

Media Release

Advance information on fiscal 2011

Result impacted by impairment charges and provisions – net loss much smaller than expected

Berne, 17 February 2012

In a challenging economic and regulatory environment, the BKW Group recorded total consolidated operating revenue of CHF 2,633 million for the 2011 financial year: 5.6% lower than in 2010. Electricity sales dropped by 7.9% to 20,721 Gigawatt hours (GWh). Low market prices coupled with the strong Swiss franc and, above all, impairment charges and provisions for new fossil-thermal power plants, drove operating income (EBITDA) down by 70.9% year-on-year to CHF 138 million. Adjusted for the exceptional charges, EBITDA amounts to CHF 418 million or 11.8% below the prior-year level. The results were weighed down by impairment charges and the difficult trend on international markets, leading to a net loss of CHF 66 million. Net profit, adjusting for impairment charges and provisions, amounted to CHF 123 million, corresponding to a reduction of 45.1% compared to the prior year.

In 2011 the BKW Group generated total consolidated operating revenue of CHF 2,633 million: CHF 155 million or 5.6% lower than the previous year. This decline was attributable in particular to lower electricity prices, the strong Swiss franc and the challenging economic climate.

Sales in Switzerland were slightly higher year-on-year, rising by 0.4% from 8,153 GWh to 8,186 GWh, while international sales of electricity were 11.3% lower due to economic factors, falling from 1,838 GWh to 1,630 GWh. The volume of electricity traded dropped from 11,838 to 10,332 GWh.

In 2011 the BKW Group generated 9,865 GWh of electricity, corresponding to a reduction of 687 GWh compared to the previous year (10,552 GWh). The main reasons for this reduction were the lower volume of electricity generated by hydroelectric power plants and the lower availability of Mühleberg nuclear power plant (KKM) due to work undertaken to optimise the SUSAN emergency system. Nevertheless, in 2011 the KKM produced 2,494 GWh of electricity in 2011. Moreover, the volume of electricity produced by new renewable energy facilities was significantly higher than in 2010 (+195 GWh).

Extraordinary impairment charges and provisions drive results down

The impairment tests performed on production facilities for the year-end financial statements necessitated a pre-tax correction of CHF -318 million. The impairments concerned the new production plants in Wilhelmshaven, Livorno Ferraris and



BKW Inc.
BKW FMB Energy Ltd.
Media Communications
Viktoriaplatz 2
3000 Berne 25

Tel 031 330 51 07
Fax 031 330 57 90

info@bkw-fmb.ch
www.bkw-fmb.ch

Tamarete: plants in which the BKW Group holds a minority interest and from which it purchases electricity at production cost. Based on estimated future market developments, BKW expects that these production costs will be higher than the recoverable market prices in future. For this reason the bulk of the revaluation was recognised as a provision for onerous energy procurement contracts and thus as operating expense. Another impairment charge concerns a revaluation of the carrying amount of a shareholding, and is accounted for under income from equity-valued companies.

At CHF 129 million, the tax income resulting from extraordinary impairment charges and provisions is much higher than originally expected. This is because impairments on the carrying amount of shareholdings give rise to additional income tax relief in accordance with IFRS. The net effect of these exceptional charges is a reduction of CHF 189 million in the BKW Group's net profit for the year.

At CHF 138 million, operating income before depreciation, amortisation and impairment was 70.9% lower year-on-year. The result was impacted by impairment charges and provisions, leading to a net loss of CHF 66 million. Excluding the effects of extraordinary impairment charges and provisions, adjusted EBITDA amounted to CHF 418 million, while adjusted net profit was CHF 123 million or 45.1% lower year-on-year.

Dividend

The Annual General Meeting on 11 May 2012 will be asked to approve a dividend of CHF 1 per share, based on net profit for the year of CHF 123 million, adjusted for the aforementioned non-cash exceptional impairment charges and provisions.

This media release replaces the "Advance information on the annual profit or loss for 2011" previously scheduled in the financial calendar for 23 February 2012.

Facts & Figures

Income statement CHFmill.	2011 Report- ed	2011 Adjust- ment	2011 Adjust- ted	2010*	% change
Total operating revenue	2,633	0	2,633	2,788	-5.6%
Operating income (EBITDA)	138	280	418	474	-11.8%
Earnings before tax	-161	318	157	277	-43.3%
Net profit/(loss)	-66	189	123	224	-45.1%

Electricity business	2011 GWh	2010 GWh	% change
Sales Switzerland	8,186	8,153	0.4%
Sales International	1,630	1,838*	-11.3%
Trade	10,332	11,838	-12.7%
Pump/substitution energy	295	331	-10.9%
Transmission losses/own consumption	202	236	-14.4%
New renewable energies from financial interests	76	111	-31.5%
Total sales	20,721	22,507	-7.9%
Hydroelectric plants	3,406	3,743	-9.0%
Nuclear power plants incl. purchase contracts	5,373	5,921	-9.3%
Thermal power plants	703	700	0.4%
New renewable energies	383	188	103.7%
Trade (purchases) and buy-backs	10,856	11,955	-9.2%
Total purchases	20,721	22,507	-7.9%

*The figures were adjusted for the German sales business which was divested in 2010.

Detailed information on the 2011 financial year will be presented at the Annual Press Conference on 20 March 2012, along with the BKW Group's 2011 annual report and financial report.

Forthcoming dates

- Annual press conference on the 2011 financial results: 20 March 2012
- Annual General Meeting: 11 May 2012
- Presentation of Half-Yearly Results: 13 September 2012

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