

Media Release

Preview of 2010 annual results

Good operating result

Berne, 24 February 2011

The BKW Group held its ground in the difficult market and financial environment of 2010, ending the year with total consolidated operating revenue of CHF 3,187 million, down 11.3% versus 2009. The volume of electricity sold in 2010 dropped by 2.3% to 26,684 Gigawatt hours (GWh). The national and international energy business put in a positive performance in the face of a weak euro and lower market prices, posting operating income of CHF 481 million or 4.2% less than in 2009. The trend on international currency and financial markets had a negative impact on the financial result and on net profit, which at CHF 228 million can nevertheless be regarded as a good result given the difficult environment.

In 2010 the BKW Group recorded total consolidated operating revenue of CHF 3,187 million, corresponding to a reduction of CHF 406 million or 11.3% compared to the previous year. Excluding discontinued sales operations in Germany, total consolidated operating revenue amounted to CHF 2,788 million.

The result was impacted in particular by lower prices for electricity and the weak euro. Sales in Switzerland as well as international sales performed positively.

Sales in Switzerland rose year-on-year by 1.0% from 8,075 GWh to 8,153 GWh. The increase of 78 GWh is attributable to higher volumes of sales to existing customers and partners in BKW's supply region. Driven by economic factors, the volume of electricity sold in Germany grew by 4.3% in 2010, while total international sales rose by 247 GWh to 6,015 GWh (2009: 5,768 GWh). Due to the difficult international market environment, the volume of electricity traded fell year-on-year from 12,638 GWh to 11,839 GWh.

In 2010 the BKW Group generated 10,552 GWh of electricity, corresponding to a decrease of 26 GWh compared to the previous year (10,578 GWh). The slightly lower output from hydroelectric power plants was offset by good availability and record production figures posted by Mühleberg nuclear power plant as well as to higher generation of new renewable energies and increased production by the gas-fired combined-cycle power plant in Livorno Ferraris (Italy).

At CHF 481 million, operating income before depreciation, amortisation and impairment (EBITDA) fell year-on-year by 4.2%. Excluding sales activities in Germany which will in future constitute discontinued operations, EBITDA amounted to CHF 474 million.

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



This trend is attributable in particular to the difficult price and exchange rate conditions as well as declining margins. The less favourable situation on equity and financial markets compared to 2009, coupled with the low euro exchange rate, led to a significantly lower financial result. At CHF 228 million, net profit for 2010 was CHF 70 million or 23.5% lower year-on-year.

As in 2010, a dividend of CHF 2.50 will be proposed to the General Shareholders' Meeting on 13 May 2011.

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Facts & Figures

	2010	2009	% change
Income statement	CHFm	CHFm	
Income statement including discontinued operations in Germany			
Total operating revenue	3,187	3,593	-11.3%
Operating income (EBITDA)	481	502	-4.2%
Net profit for the year	228	298	-23.5%
From continued operations (*)			
Total operating revenue	2,788	3,235	-13.8%
Operating income (EBITDA)	474	502	-5.6%
Net profit from continued operations	224	299	-25.1%

(*) **Important note on accounting principles:** Due to disposal of the sales business in Germany on 1 January 2011, the provisions of IFRS 5 governing "discontinued operations" are already relevant for the 2010 reporting year. Although the sale was completed at the beginning of 2011, IFRS 5 requires discontinued operations to be disclosed separately in the 2010 figures and, in the case of the income statement, also for the preceding financial year. The income statement is therefore broken down into continued and discontinued operations. The disposal group is disclosed in the balance sheet as "assets and liabilities held for sale".

Electricity business	2010	2009	% change
	GWh	GWh	
Sales Switzerland	8,153	8,075	1.0%
Sales International	6,015	5,768	4.3%
Trade	11,839	12,638	-6.3%
Pump/substitution energy	331	509	-34.9%
Transmission losses/own consumption	236	265	-10.9%
New renewable energies from financial holdings	111	55	101.8%
Total sales	26,684	27,310	-2.3%
Hydroelectric plants	3,754	4,052	-7.4%
Nuclear power plants incl. purchase contracts	5,921	5,784	2.4%
Thermal power plants	700	648	8.1%
New Renewable Energies	177	94	88.8%
Trade (purchases) and buy-backs	16,132	16,732	-3.6%
Total purchases	26,684	27,310	-2.3%

The 2010 Annual Report and Financial Report of the BKW Group will be presented at the Annual Press Conference to be held on 17 March 2011.

Forthcoming dates

- ❑ Annual press conference on the 2010 financial results: 17 March 2011
- ❑ General Shareholders Meeting: 13 May 2011
- ❑ Presentation of Half-Yearly Results: 15 September 2011