



Opérateur d'électricité et de gaz

PRESS RELEASE

Paris, 12 May 2010.

Revenues of €219 million in first quarter 2010, up 59.5%

- Full contribution made by generation facilities, with revenues of €52.8million
- Customer base almost stable at 421.700 sites as at end of March, in line with sales strategy announced in last March
- NOME bill presented to French Cabinet on 14 April 2010

POWEO, the leading independent electricity and gas operator in France, presents its key business indicators for the first quarter of 2010 (unaudited figures):

(€ million)	1st quarter		
	2010	2009	% change
Electricity generation	52.8	3.4	+1,438.8%
Electricity sales	83.3	77.4	+7.6%
Gas sales	50.7	35.4	+43.2%
Services	3.6	3.3	+9.3%
Transport and taxes	28.8	20.2	+42.4%
Revenue excluding Energy Management	219.2	139.8	+56.8%
Energy Management	(0.2)	(2.5)	-92.0%
Consolidated revenue	219.0	137.3	+59.5%

In the first quarter of 2010, POWEO posted revenue of €219.0 million, up 59.5% compared with the first quarter of 2009. As anticipated in the full-year guidance given when the 2009 results were presented, revenue growth picked up strongly in the first quarter of 2010, reflecting largely the contribution made by the Pont-sur-Sambre power plant which was commissioned at the end of September 2009. This power plant alone contributed €48.0 million on revenue in the quarter ended, in addition to which €4.8 million was contributed by renewable energy generation facilities.

Given the significant generation capacity now operated by POWEO, revenue from electricity generation is now reported separately from electricity sales. The Group's consolidated income statement now reflects fully POWEO's model as an integrated operator producing as well as marketing energy.

Electricity sales increased slightly overall, but with contrasted performances in each segment as highlighted by the table below:

Electricity sales by segment (€ million)	1 st quarter		
	2010	2009	% change
<i>Profiled residential customers (1)</i>	14.6	8.1	+79.5%
<i>Profiled professional customers (1)</i>	18.7	17.9	+4.8%
<i>Remote metering customers (2)</i>	31.6	27.3	+15.7%
<i>Networks and other</i>	18.4	24.1	-23.7%
Electricity sales	83.3	77.4	+7.6%

(1) Residential or professional customer sites for which consumption is estimated by reference to standard consumption profiles and corrected periodically by a visual reading of the meter

(2) Professional or industrial customer sites for which consumption is significant and therefore determined on a real-time basis using remote metering

Generally, consumption by end customers was buoyed by the particularly cold weather, with low temperatures during much of the first three months of 2010. Sales to private residential customers, which increased by 79.5%, also benefited from a favourable base effect as the number of customers in portfolio increased strongly throughout 2009.

Gas sales were also buoyed by the cold weather, helping to partly offset the impact of the decrease in regulated tariffs in April 2009, down 11.3% on average, decided by the French government. Sales to large accounts were up sharply, helped by the relative moderate wholesale prices, so that total gas sales increased by 43.2% in the first quarter of 2010:

Gas sales by segment (€ million)	1 st quarter		
	2010	2009	% change
<i>Profiled residential customers (1)</i>	19.4	17.1	+13.3%
<i>Profiled professional customers (1)</i>	8.5	10.3	-17.2%
<i>Remote metering customers (2) & networks</i>	22.8	8.0	+184.8%
Gas sales	50.7	35.4	+43.2%

(1) Residential or professional customer sites for which consumption is estimated by reference to standard consumption profiles and corrected periodically by a visual reading of the meter

(2) Professional or industrial customer sites for which consumption is significant and therefore determined on a real-time basis using remote metering

It will be recalled the French energy regulator (*Commission de Régulation de l'Energie - CRE*) announced on 25 March 2010 that regulated tariffs for natural gas sales would increase by 9.7% on average with effect from 1 April 2010, the first increase in these tariffs since August 2008.

Finally, the Energy Management business made a slightly negative contribution of €0.2 million in the first quarter of 2010. This result masks the fact that the mark-to-market valuation of positions in electricity on the one hand and in gas on the other hand gave rise to quite different adjustments. In particular, the valuation of the base-load power supply capacity recognised by POWEO since 2008 (see press release of 16 March 2009) was significantly lower because forward prices declined sharply in the first quarter of 2010. However, this trend was compensated up to €13 million thanks to optimisations achieved on the gas portfolio, regarding notably the supply contract which had incurred a €23 million one-off cost at the end of 2009 (see press release of 17 December 2009).

Note, however, that forward prices rebounded sharply in April. Given POWEO's sensitivity (around €4 million for every €1 change in forward prices – see press release of 18 March 2010), this rebound could have a favourable impact on the half-year contribution made by Energy Management were prices to hold at this level until the end of the first half.

Number of customer sites stable pending the reform of the electricity market

In the first quarter of 2010, the number of active POWEO customer sites increased by 2.5% to 421,700 and breaks down as follows:

Number of active customer sites	31 March 2010	31 December 2009	% change
Electricity	304,300	296,300	+2.7%
o/w Residential	200,100	193,600	+3.4%
o/w Professional	104,200	102,700	+1.5%
Gas	117,400	115,100	+2.0%
o/w Residential	111,300	109,100	+2.0%
o/w Professional	6,100	6,000	+1.7%
Total	421,700	411,400	+2.5%
o/w Residential	311,400	302,700	+2.9%
o/w Professional	110,300	108,700	+1.5%

In line with its standstill strategy pending the planned reform of the French electricity market (see section below), POWEO stabilised the pace at which new customers are being added to portfolio, the objective being to offset the natural attrition in the customer base. Accordingly, the number of residential sites increased slightly, up 2.9% in the first quarter, while the number of professional sites remained almost stable, up 1.5%.

The monthly contract termination rate for residential customers held at between 3% and 4% in the first quarter of 2010, in line with levels in previous quarters. POWEO is pressing on with its efforts to reduce the monthly churn rate to close to 2% by the end of the year. It will be recalled that the objective is to stabilise the overall number of active customer sites this year while improving the quality of the customer base.

Lastly, the inter-community commission for power and gas tender offer in the Ile-de-France region (Sigeif) has just granted to POWEO a contract for 135 million kWh per year to supply 440 sites of

which public schools, hospitals and communities. POWEO operates a business unit dedicated to the « Entreprises » segment which primarily targets SME and industrial players. POWEO, which supplied more than 1 TWh in 2009 to this segment, intends to double this figure in 2010.

Last lap for a second gas-fired power station

Since the commissioning of the Pont-sur-Sambre power station in the Nord-Pas-de-Calais region in September 2009, POWEO has an installed capacity of 505MW in total, of which 412MW in non-conventional thermal energy (i.e. combined cycle gas turbines) and 93MW in renewable energies. The production facilities are carried by POWEO Production, which is controlled by POWEO SA (60% of the capital) and Verbund (40%).

As regards the second combined cycle gas turbine power station that is being developed by POWEO at Toul, the Group expects to finalise its investment decision and to sign all related contracts during the second quarter of 2010 and to close the project financing in the autumn, as previously announced. With the construction expected to take 30 months, the power station is scheduled to be commissioned at the end of 2012. Taking into account the Group's development in renewable energies, installed capacity should double to more than 1,000MW at end-2012 once the Toul power station has been commissioned.

NOME bill presented to French Cabinet, reversibility to be prolonged and extended soon to gas consumers

On 14 April 2010, the French Cabinet examined the bill on the New Organisation of the Electricity Market (*Loi sur la Nouvelle Organisation du Marché de l'Electricité – Loi NOME*) presented by Jean-Louis Borloo, the Minister for Ecology.

The government's objective is to enable all suppliers to provide customers with electricity at competitive prices. With this reform, each new entrant will be able to purchase electricity from EDF to meet the needs of its customers in France, up to a maximum of 100 TWh per year. This electricity will be sold on the basis of the full production cost incurred by EDF's base-load power stations. The new regulatory framework, which will remain in place until 2025, calls for regulated tariffs to be maintained for small consumers (i.e. residential and business customers, which account for 95% of customers in France). On the other hand, regulated tariffs for large customers will be withdrawn in 2015.

Ahead of this reform, which is indispensable for the continuation of the Group's supply activities, POWEO very much supports the bill tabled by Senator Ladislav Poniatowski, which proposes to prolong total reversibility for small consumers (≤ 36 kVA), which was temporarily instituted in 2008 until 1 July 2010. Some amendments have also provided for the reversibility's extension to gas tariffs for small consumers. This identical treatment will allow for a better management of dual offerings. In other respect, the transitory tariff called TarTAM would be prolonged until 31 December 2010. The bill was examined by the Senate, then by the National Assembly's Economic Affairs Commission on 28 April, and should be voted by the French Parliament in the next few weeks.

Ambitions unchanged for the full-year

POWEO keeps unchanged its ambitions for 2010 as disclosed in last March, which do not take into account power market prices' bounce back recorded in April:

- A substantial pick-up in revenue growth, mainly driven by the full-year operation of its generation facilities. The number of active sites is set to remain stable at end-2010, whereby the Group targets a qualitative improvement in its customer mix in order to increase margins, while reducing churn and bad debts;

- An operating loss of €20-30 million, as the Supply division is set to continue generating losses, given that the actual implementation of the electricity reform is likely to be delayed until January 2011.

Next financial communication event

POWEO's shareholders have been convened to an Ordinary General Meeting to be held at 6.00 pm on Thursday 17 June 2010 at the Meurice Hotel, 228 rue de Rivoli, 75001 Paris, France.

About POWEO

POWEO, the leading independent electricity and gas operator in France, supplies energy and energy efficiency and environmental services to over 400,000 customer sites. POWEO also develops power generation capacity within the framework of its integrated operator strategy, with the aim of using renewable energies such as wind power, solar, hydroelectricity and biofuels to generate 25% of its production capacity. POWEO currently has over 500 MW in installed capacity, including 412 MW provided by its first natural gas combined-cycle power generation plant at Pont-sur-Sambre (Nord-Pas-de-Calais region). POWEO is listed on the Alternext compartment of the Euronext Paris Stock Exchange (ALPWO / FR0004191674). For more information please visit the company's website: www.poweo.com.

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