



Facts & Figures

Financials

	1 st half-year	1 st half-year	
	2004	2003	2003
	CHF million	CHF million	CHF million
Total operating revenue	1,552.0	1,256.3	2,944.5
Operating income	159.8	140.5	285.5
Net profit	127.6	125.6	252.8
Cash flow provided by operating activities	262.7	205.6	217.3
Purchase of property, plant and equipment	55.2	29.5	78.3
Balance sheet total	4,897.3	4,571.5	4,810.9
Shareholders' equity	2,253.2	2,070.5	2,199.1
as % of balance sheet total	46.0	45.3	45.7

Electricity business

	GWh	GWh	GWh
Electricity sales Switzerland	3,497	3,407	6,708
Electricity sales International	1,849	2,224	4,437
Electricity trading	17,272	13,040	32,063
Pump/substitution energy	183	370	678
Transmission losses/own consumption	194	146	350
Total sales	22,995	19,187	44,236
Volume generated by hydroelectric plants	1,585	1,925	3,915
Volume generated by nuclear power plants incl. purchase contracts	3,052	3,048	5,786
Volume generated from decentral plants	7	6	14
Trade (purchases) and energy buy-backs	18,351	14,208	34,521
Total purchases	22,995	19,187	44,236
Employees (Full Time Equivalent)	2,063	1,990	2,032

Information on shares

	CHF	CHF	CHF
Par value	25.00	25.00	25.00
Shares prices (day-end price)			
End of period	560.00	327.00	479.00
Period high	655.00	380.00	479.00
Period low	479.00	300.00	300.00
Earnings per share	24.40	24.32	48.68
Shareholders' equity per share	430.45	396.75	420.89
Market capitalisation in CHF million	2,931.3	1,707.9	2,502.7

Further expansion of market position

The BKW Group posted a successful first half-year 2004, in which market position was consistently expanded and revenue and profit increased. This positive result is attributable first and foremost to developments in the electricity business.

Growth in trading business

Following on from last year, further growth was also recorded in the trading business. The planned consolidation was completed in the international sales area. The business environment during the first six months of 2004 was dominated by the issue of electricity market deregulation and the associated preparations.

Slight rise in half-year result

In the first half of 2004, BKW increased profit by 2 percent over the previous-year period to CHF 128 million. Revenue climbed to CHF 1,552 million, representing a growth of CHF 296 million or 24 percent over the previous-year period, attributable among other things to trading and sales in Switzerland. Operative earnings i.e. earnings before interest and taxes (EBIT) also rose by 14 percent to CHF 160 million.

Challenges posed by energy policy

The liberalisation of the Swiss electricity market is proceeding apace. In the first half of 2004, as in previous years, BKW worked on a number of levels to promote

the creation of a new market structure. Among the major issues addressed were the establishment of a national grid company, and a reorganisation of the industry structure.

National grid company

Under the lead management of swisselectric (the organisation of Swiss electricity network companies), BKW and other owners of the Swiss transmission network decided to set up Swissgrid, a national private-law company which will be established in phases and is scheduled to take over responsibility for operation of the Swiss transmission network from as early as 1 January, 2005. Plans are in place to appoint a streamlined supervisory committee for the transmission network at a later stage.

A number of options for the formulation of a new electricity industry structure (EIS) are currently being pursued in Switzerland ahead of the deregulated market. BKW has long supported the orderly and full liberalisation of the electricity market, and will continue to work towards the concrete realisation and implementation of this market structure.

BKW is convinced that a deregulated market that functions according to fair, transparent rules offers the optimal conditions for the efficient supply of its customers and the Swiss economy.

Strategy and outlook

With vertical integration of production, trade, networks and sales, BKW is well-positioned on the market. Thanks to this strategy, the company was able to exploit the higher prices on the electricity market during the first half of 2004. Synergies and efficient business activities also contributed to the increase in revenue and profit in the first half-year. However, due to the announced price reductions which will take effect on 1 October 2004, as well as the absence of special effects in the financial result, the full-year figures for 2004 will be below the extraordinary figures reported for 2003. BKW expects to close 2004 with a higher profit than in 2002.

BKW increases electricity sales

Western European electricity markets continued to register the long-term trend towards higher prices in the first half year of 2004. Following a sharp rise in the previous year, prices dipped slightly at the beginning of 2004, only to rise again towards the end of the second quarter after a brief period of stabilisation. Against this backdrop, BKW adjusted its flexible production capacities to address market needs.

In the first half-year of 2004, electricity sales rose by 19.8 percent to 22,995 GWh compared with the previous-year period. Following a rapid expansion phase in recent years, BKW subsidiaries in Italy and Germany turned their attentions to consolidation of their current market positions. As a result, international sales of electricity dropped by 16.9 percent to 1,849 GWh. By contrast, sales in Switzerland rose year-on-year by 2.6 percent to 3,497 GWh. A further increase in sales was achieved through new customer acquisition and increased demand from existing customers.

Compared to the above-average previous-year period, the volume of electricity generated in the first six months of 2004 dropped from 4,979 GWh to 4,644

GWh. While production from nuclear power plants as well as contract purchases remained on a par with the previous year's high level, production at hydroelectricity plants fell by 340 GWh to 1,585 GWh. This reduction is primarily due to production stoppages in conjunction with the planned overhaul of BKW's partner plant, Kraftwerke Oberhasli (KWO). On the other hand, production by BKW's own hydroelectric plants, the majority of which are operated as run-of-river plants, was at the same high level as the previous-year period. The temporary halt in supplies of electricity from Fessenheim nuclear power plant in France was offset by a record volume generated by the Mühleberg nuclear power plant.

Expansion of production and transmission capacity

Good progress was made in the planning and construction of a facility for increasing the production of peak load energy at the Kraftwerke Oberhasli (KWO) partner plant, thereby achieving an important milestone. The Federal Council defined the perimeter for the moorland on the Grimsel so as to allow the dam wall to be raised, as planned.

Progress was also made in the network infrastructure area in the period under review. The Wattenwil-Mühleberg section of the Mühleberg-Innertkirchen high-voltage line is to be expanded from 132 kV to 220 kV, giving the line a national dimension. The planned increase in production will cover the continually growing demand for electricity in the Bernese Oberland and the Berne region, and at the same time meet the new requirements imposed by the alpine rail transversal (NEAT). The BKW underwater cable between Spiez and Oberhofen, which was damaged by a short-circuit in 2003, was put back into operation in the period under review. The total investment in the new 3.9 km long 50 kV cable was CHF 2.6 million.

A concrete step towards new renewable energies

In the summer of 2004, construction was begun on BKW's new 12,000 m² solar power plant on the roof of the Stade de Suisse in Berne. Thanks to the use of highly efficient solar cells, the CHF 7 million modern solar power plant will achieve a peak output of 850 kW on completion of the first phase. In the first half-year of 2004 BKW subsidiary JUVENT SA, which operates Switzerland's largest wind power plant in the Bernese Jura, was granted a permit to build two turbines each capable of 1,750 kW output. From the autumn of 2004, this will increase the plant's output from 4.1 to 7.6 Megawatt and, given good wind conditions, generate some 10 million kWh per year: equivalent to almost 90 percent of total Swiss wind power production.

Implementation of price measures

Preparations are now complete for implementation of the electricity price reductions worth CHF 50 million which BKW announced for SMEs, residential customers and sales partners in autumn

2003. The new prices are scheduled to take effect on this autumn, and will be launched along with adjusted product offerings in conjunction with Youtility partners. Prices for large customers were reduced at an earlier stage.

In the period under review, BKW also modified the community contract for directly supplied communities in the cantons of Berne and Jura and adapted it to the new conditions. The master contract was drawn up in cooperation with the communities.

Total turnover and operating revenue up thanks to trading growth

In the first half of 2004 the BKW Group increased total consolidated operating revenue by 24 percent year-on-year from CHF 1256.3 million to CHF 1552.0 million, as a result of a marked rise of CHF 314 million in trading revenue to CHF 843 million. International sales dropped by 7.2 percent to CHF 132 million due to consolidation of market positions. However, as a result of higher prices, revenue dropped by a lower percentage than electricity sales. Revenue from sales in Switzerland remained stable overall. As a result of difficult conditions on the international gas market during the first half of 2004, the gas business was unable to match the volume and revenue of the previous-year period.

Positive profit trend with lower financial result

Higher income from energy trading led to an increase in energy procurement from third parties. Despite the higher operating expenses arising from these third-party purchases, earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 11 percent or CHF 20.0 million to 202.1 million. Since depreciation ex-

penses increased only marginally, the operating result (EBIT) rose year-on-year by CHF 19.3 million or 14 percent.

The financial result fell by CHF 26.0 million to –CHF 8.7 million. This is primarily attributable to the weaker Euro exchange rate as well as lower exchange rate gains on securities in general. Despite the absence of the positive effects which impacted the financial result in 2003, the BKW group increased the half-year result compared to the previous-year period by 1.6 percent to CHF 127.6 million.

The balance sheet total increased further in the first half of 2004, rising by 2 percent compared to the end of 2003 and a good 7 percent over the past twelve-month period. While current assets dipped, non-current assets rose due to an increase in long-term financial assets. Liabilities and shareholders' equity remained stable. Shareholders' equity rose by a good 2 percent to CHF 2253.2 million compared to the end of 2003, while the equity ratio increased slightly from 45.7 percent to 46.0 percent. Provisions for nuclear waste disposal and for energy procurement and sales contracts were used according to

plan in the period under review. No significant changes were recorded in other provisions.

Higher cash flow from operating activities

At CHF 263 million, cash flow provided by operating activities was approximately CHF 57 million above the prior-year figure. This increase is largely due to the higher earnings before interest, taxes, depreciation and amortisation, and the larger drop in net current assets.

As in 2003, cash flow provided by operating activities was invested primarily in short and long-term financial assets. The increase in financing activities is a result of an increase of CHF 6.2 in the dividend payment to CHF 15.0 per share.

Interim Consolidated Financial Statements of the BKW Group

Consolidated Income Statement

CHF (million)	Note	1 st half-year 2004	1 st half-year 2003	2003
Net sales	2	1,528.6	1,237.8	2,888.9
Own capitalised cost		8.9	7.4	16.2
Other operating income		14.5	11.1	39.4
Total operating revenue		1,552.0	1,256.3	2,944.5
Energy procurement	3	-1,094.1	-828.7	-2,078.0
Nuclear fuel and disposal		-16.3	-15.2	-30.6
Material and third-party services		-52.5	-54.0	-112.3
Personnel expenses		-116.8	-110.8	-216.7
Other operating expenses		-70.2	-65.5	-136.9
Total operating expenses		-1,349.9	-1,074.2	-2,574.5
Operating income before depreciation and amortisation		202.1	182.1	370.0
Depreciation and amortisation		-42.3	-41.6	-84.5
Operating income		159.8	140.5	285.5
Financial result		-8.7	17.3	21.7
Income from associated companies		8.5	8.2	16.0
Result before income taxes and minority interests		159.6	166.0	323.2
Income taxes		-31.6	-39.6	-68.9
Result before minority interests		128.0	126.4	254.3
Minority interests		-0.4	-0.8	-1.5
Net profit		127.6	125.6	252.8
Earnings per share in CHF		24.40	24.32	48.68

Interim Consolidated Financial Statements of the BKW Group

Consolidated Balance Sheet

Assets

CHF (million)	30.06.2004	30.06.2003	31.12.2003
Property, plant and equipment	1,275.6	1,260.6	1,264.5
Investments in associated companies	367.5	362.4	371.6
Non-current financial assets	1,316.5	1,216.4	1,195.0
Deferred tax assets	37.9	42.0	40.0
Intangible assets	22.6	23.2	23.1
Total non-current assets	3,020.1	2,904.6	2,894.2
Inventories	91.9	85.0	97.8
Accounts receivable	1,415.3	1,224.8	1,450.4
Cash and cash equivalents	284.7	292.7	278.6
Prepaid expenses and accrued income	85.3	64.4	89.9
Total current assets	1,877.2	1,666.9	1,916.7
Total assets	4,897.3	4,571.5	4,810.9

Liabilities and shareholders' equity

CHF (million)	30.06.2004	30.06.2003	31.12.2003
Share capital	132.0	132.0	132.0
Additional paid-in capital	35.0	35.0	35.0
Retained earnings	2,088.9	1,910.4	2,038.3
Own shares	-2.7	-6.9	-6.2
Total shareholders' equity	2,253.2	2,070.5	2,199.1
Minority interests	16.0	20.3	20.9
Deferred tax liabilities	467.7	469.3	467.1
Long-term provisions	1,291.2	1,258.7	1,289.8
Long-term debts	200.0	200.0	200.0
Other long-term liabilities	129.4	122.3	121.8
Total long-term liabilities	2,088.3	2,050.3	2,078.7
Other short-term liabilities	379.3	304.1	413.9
Liabilities from income taxes	61.4	48.4	46.7
Accrued expenses and deferred income	99.1	77.9	51.6
Total short-term liabilities	539.8	430.4	512.2
Total liabilities	2,628.1	2,480.7	2,590.9
Total liabilities and shareholders' equity	4,897.3	4,571.5	4,810.9

Interim Consolidated Financial Statements of the BKW Group

Changes in Consolidated Equity

CHF (million)	Share capital	Additional paid-in capital	Retained earnings Accumulated profit	Retained earnings Translation adjustments	Own shares	Total
Equity at 31.12.2002	132.0	35.0	1,817.6	-1.0	-39.1	1,944.5
Net profit			125.6			125.6
Dividends			-34.8			-34.8
Purchase/sale of own shares			2.1		32.2	34.3
Translation adjustments				0.9		0.9
Equity at 30.06.2003	132.0	35.0	1,910.5	-0.1	-6.9	2,070.5
Equity at 31.12.2003	132.0	35.0	2,037.7	0.6	-6.2	2,199.1
Net profit			127.6			127.6
Dividends			-78.5			-78.5
Purchase/sale of own shares			1.8		3.5	5.3
Translation adjustments				-0.3		-0.3
Equity at 30.06.2004	132.0	35.0	2,088.6	0.3	-2.7	2,253.2

Interim Consolidated Financial Statements of the BKW Group

Consolidated Cash Flow Statement (condensed)

Mio. CHF	1 st half-year	1 st half-year	
	2004	2003	2003
Cash flow provided by operating activities	262.7	205.6	217.3
Net investments in:			
Property, plant and equipment and intangible assets	-53.1	-28.7	-71.6
Participations, financial claims and financial assets	-187.9	-167.5	-164.9
Interest and dividends received	44.3	44.5	68.3
Cash flow used for investing activities	-196.7	-151.7	-168.2
Purchase/sale of own shares	-0.1	-6.3	-7.2
Change in long-term liabilities	23.7	-7.9	-5.5
Interest and dividends paid	-79.3	-34.9	-45.6
Cash flow used for financing activities	-55.7	-49.1	-58.3
Translation adjustments on cash and cash equivalents	-4.2	9.3	9.2
Net change in cash and cash equivalents	6.1	14.1	0.0
Cash and cash equivalents at start of reporting period	278.6	278.6	278.6
Cash and cash equivalents at end of reporting period	284.7	292.7	278.6

Interim Consolidated Financial Statements of the BKW Group

Notes to the Interim Consolidated Financial Statements

1 Accounting principles

The unaudited Interim Consolidated Financial Statements for the half-year ended 30 June 2004 have been prepared in accordance with the accounting principles as stated on pages 34–38 of the 2003 Annual Report. These are based on the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB). The standard on Interim Financial Reporting (IAS 34) was observed. The interim consolidated financial statements provide a true and fair view of the financial position, the results of operations and the cash flows of the BKW Group.

There were no significant changes in the accounting principles and the scope of consolidation of the BKW Group.

2 Net sales

CHF (million)	1 st half-year	1 st half-year	
	2004	2003	2003
Electricity sales Switzerland	455.2	455.4	888.1
Electricity sales International	132.1	142.4	294.1
Electricity trading	842.5	529.1	1,475.6
Other electricity business	64.7	57.4	121.2
Gas business	11.2	31.4	63.1
Engineering services and electrical installation business	21.0	20.8	47.1
Changes in work in progress	1.9	1.3	–0.3
Total	1,528.6	1,237.8	2,888.9

3 Energy procurement

CHF (million)	1 st half-year	1 st half-year	
	2004	2003	2003
Electricity procurement, third parties	930.1	620.4	1,646.3
Electricity procurement, joint ventures	127.9	149.4	285.4
Net use of provisions for onerous contracts	–22.4	–20.2	–40.5
Other expenses for electricity procurement	47.5	48.3	124.9
Gas procurement, third parties	11.0	30.8	61.9
Total	1,094.1	828.7	2,078.0

Investor Information and Important Dates

Performance of the BKW share

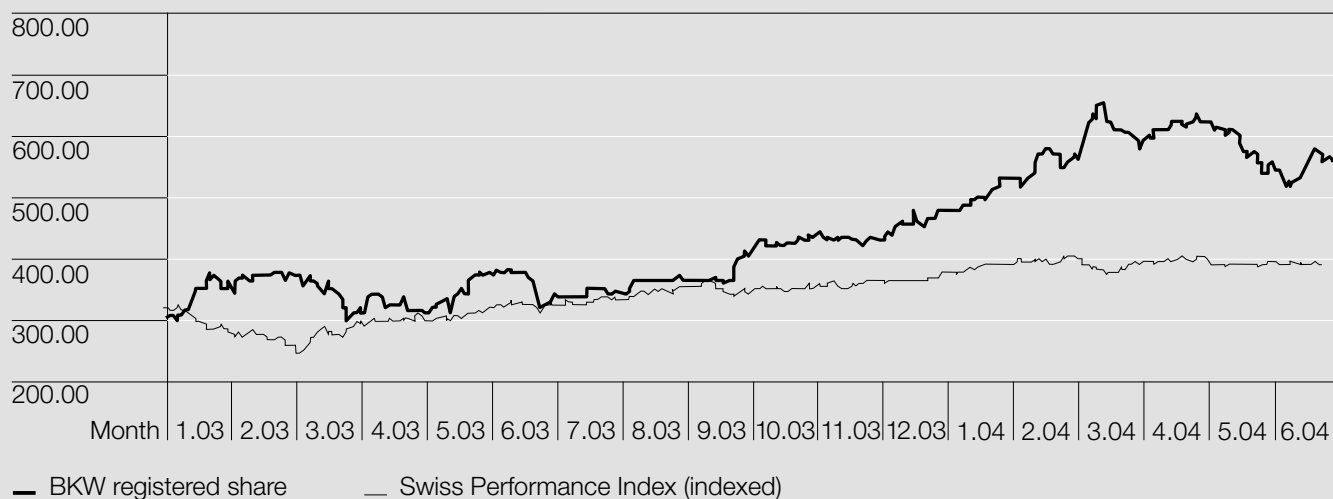
Key facts about the BKW share

BKW FMB Energy Ltd share capital of CHF 132 million is divided into 5,280,000 registered shares at a par value of CHF 25 each. In the period under review the share price rose by 16.67%.

BKW FMB Energy Ltd shares have been listed on the main segment of the SWX Swiss Exchange since 28 May 2003. The shares continue to be listed on the BX Berne eXchange.

Ticker symbol for SWX and BX:	BKWN
Share Number:	1'430'710
ISIN Code:	CH001307109

Performance of the BKW share 1.1.2003–30.6.2004 (in CHF)



Significant shareholders	at 30.06.2004	at 31.12.2003
Canton of Berne	52.91%	52.91%
E.ON Energie AG	20.00%	20.00%

The proportion of shares held by the public (free float) is approximately 27 percent. The BKW share is listed on the Swiss Performance Index (SPI).

Financial Calendar

Annual Press Conference	12 April 2005
Annual Shareholders' Meeting	26 May 2005
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