

Media Release

EGL expects a negative net profit

Dietikon, 28 July 2010 – **The EGL Group expects a negative net profit in the lower 2-digit million range for the current financial year 2009/10. Causes can be attributed to the further serious weakening of the euro exchange rate, significant effects on costs, as well as under proportional margin development for the trading business in the 3rd quarter of the current financial year 2009/10, mainly stemming from the trading hub for Central and Central Eastern Europe in Dietikon.**

The EGL Group still realised a solid gross margin of CHF 420.9 million (-4% compared to the previous year) in the first half-year 2009/10. However, at that point in time significant effects on the expense side led to a lower half-year net profit in comparison to the previous year. Significant effects mainly included termination fees incurred following the failure to sell the Energy Plus power plant project, as well as additional expenses for electricity procurement due to the Block 3 outage of the French nuclear power plant Bugey. The financial result also came in lower as a result of lower interest incomes and the negative performance of the euro, as well as higher income taxes, which resulted in a much lower net profit of CHF 38.4 million (-69%) for the half-year per 31 March 2010.

The further devaluation of the euro at the end of June is additionally burdening EGL's financial result. Reason: EGL conducts over 90 percent of its business in Europe. Since the half-year result, the net currency result after foreign currency hedging thus dropped by CHF -38 million to CHF -65 million per 30 June 2010. In addition the gross margin from trading activities developed under proportionally in the 3rd quarter of the current financial 2009/10. Responsible for the disappointing course of business is the trading hub located in Dietikon, which manages the markets in Central and Central Eastern Europe. The other EGL trading hubs are developing within expectations despite the challenging market environment. The Assets division is also developing as anticipated, although replacement procurement for missing energy due to the Block 3 outage of the French nuclear power plant, Bugey, is a negative cost factor. Development of the natural gas business is progressing tentatively, as expected.

Measures for cost reduction, profit optimisation and investment cutbacks in place

EGL has reinforced the measures already introduced in 2009. As a result, investments for on-going and future projects have been adapted, and where necessary postponed. Furthermore, the weak performance of the trading hub for Central and Central Eastern Europe in Dietikon prompted restructuring at the end of June. By the end of 2010, the size, structures and processes in trading and back office functions will be adapted. These measures will create the preconditions for a successful origination and proprietary trading business in a changed environment.

In addition, approximately 50 fulltime positions will be eliminated by the end of 2010. Job cuts mainly pertain to Switzerland, and have already been initiated. Cutbacks are taking place through non-replacement of normal departures, early retirements and lay-offs. EGL has introduced a social compensation plan. Aside from personnel cutbacks, the cost reduction program also includes outsourcing of activities that do not belong to core business. Most of the affected staff have been offered positions with the new service provider.

Outlook

The European energy markets are still not sending out any clear signals in terms of price developments for the next months. Hence, prognoses as to trading success remain difficult to make. EGL also foresees a continued volatile euro exchange rate and unstable developments on the financial markets.

The current measures to decrease costs and optimise earnings will be completed by the end of 2010 and take effect in the new financial year 2010/11. In doing so, EGL has put the corner stone in place for continued, solid profitability.

The effects previously communicated in the first half-year, as well as the weak euro exchange rate and the significantly lower margin from trading activities in the 3rd quarter will have a strong impact on the net profit for the current financial year. Based on the current situation, EGL, therefore, anticipates a negative net profit in the lower 2-digit million range for the entire 2009/10 financial year.

Further information

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About EGL

EGL is a European energy trading company with its own assets. EGL is a leader in proprietary trading, in the sale of standardised products, and in the development of structured products and innovative services for customers. EGL is accredited to trade on all the major European energy exchanges and listed on the SIX Swiss Exchange. Its head office is in Dietikon near Zurich (Switzerland). It also has a local presence in many parts of Europe through its more than twenty subsidiaries.