

Half-Year Results 2019

ALPIQ

Olten, 26 August 2019



1. Alpiq generates solid half-year operating result as expected
2. Key financial figures
3. Alpiq will benefit from increased prices from 2020 onwards
4. Decarbonisation opens up new business opportunities
5. Questions and answers

Alpiq generates solid half-year operating result as expected



Alpiq well positioned with its business model

- EBITDA before exceptional items down on previous year as expected: CHF 55 million
 - Positive European and strong trading business: CHF 111 million
 - Unprofitable Swiss electricity production: CHF -56 million

Solid balance sheet

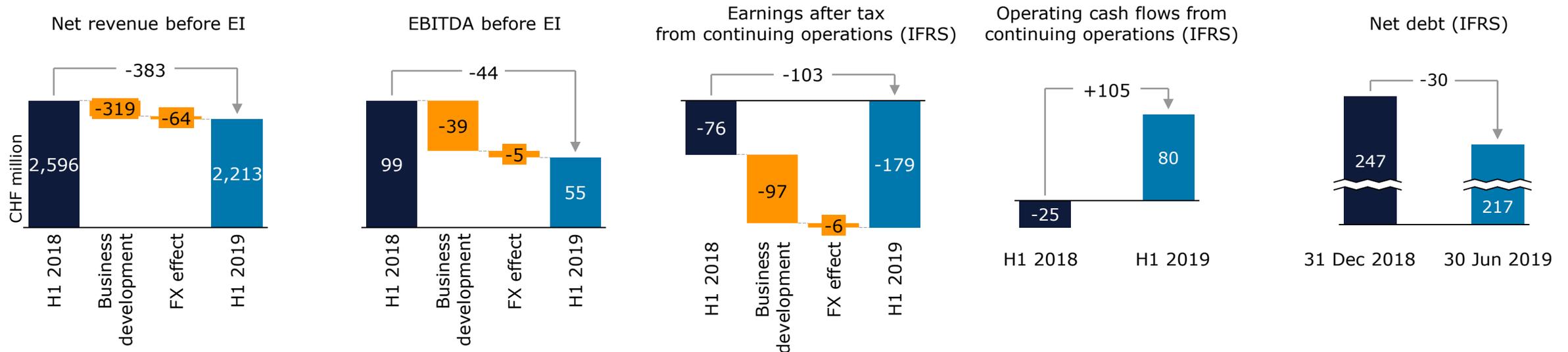
- Operating cash flow increased: CHF 80 million
- Liquidity strengthened: CHF 1.31 billion
- Equity ratio increased: 46.6 %

Decarbonisation opens up new business opportunities

- Phasing out coal reduces Alpiq's carbon footprint by 2.1 million tonnes per year
- Alpiq as enabler of CO₂-free mobility
- Flexible energy storage solutions as a core competence

2019 interim key financial figures

Alpiq generates solid half-year operating result as expected

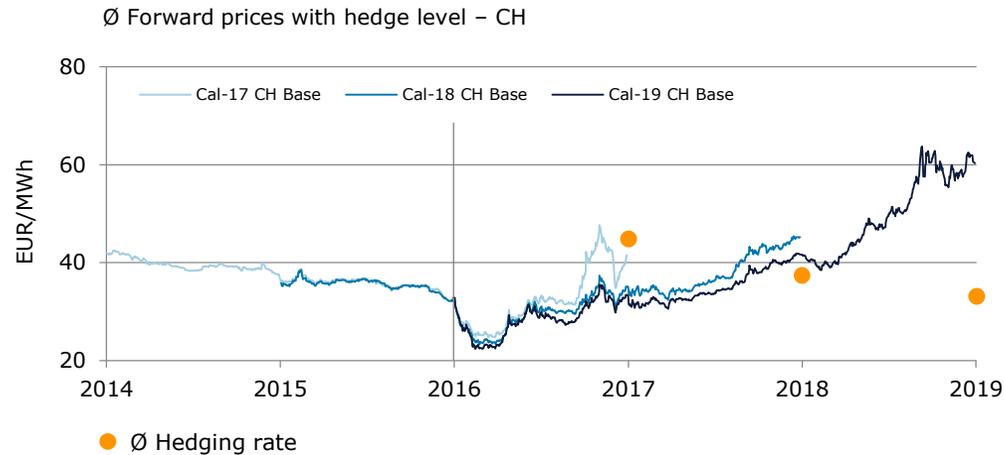


Results of operations before exceptional items (EI)

- As announced, EBITDA of CHF 55 million down on the previous year. Lower contributions by Generation Switzerland and Generation International, partly compensated for by better trading results in Italy and positive development in Eastern Europe
- Operating cash flows up on the previous year
- Reduction of net debt compared to the end of 2018

Hedging transactions for Swiss electricity production with time-delayed effect

Alpiq hedges energy and currency in advance on a rolling two- to three-year basis on average



Time lapse of wholesale price effect causes lower earnings in H1 2019

Ø Hedging rate	2017:	44 EUR/MWh
	2018:	38 EUR/MWh
	H1 2019:	34 EUR/MWh

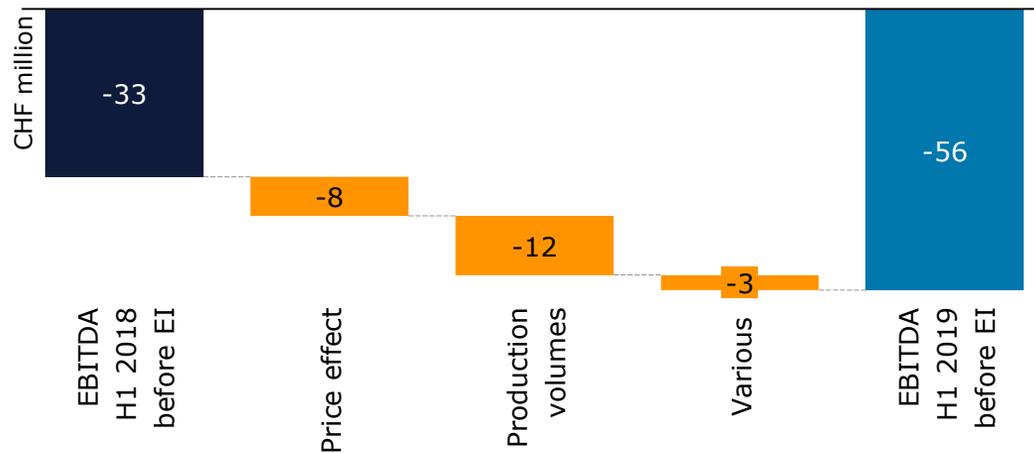


Currency effect with marginal impact compared to the previous year

Ø Hedging rate	2017:	1.04 EUR/CHF
	2018:	1.06 EUR/CHF
	H1 2019:	1.08 EUR/CHF

Development of EBITDA by business division (I)

Unprofitable Swiss electricity production

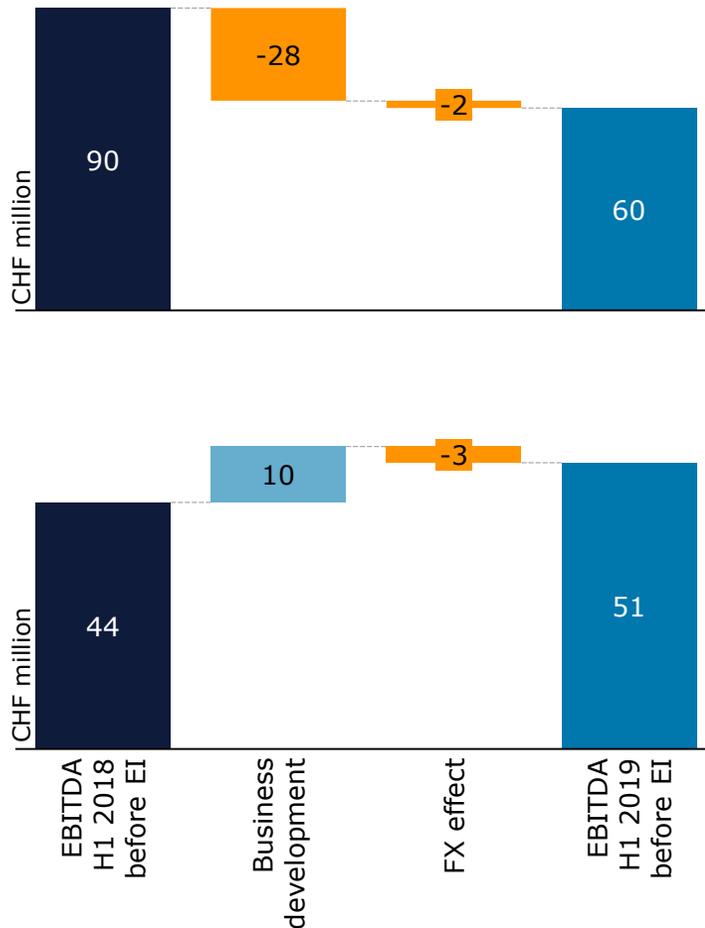


Generation Switzerland

- Alpiq systematically hedges production in the market against price and currency fluctuations
- It hedges in advance on a rolling two- to three-year basis on average
- Earnings burdened compared to the previous year having been hedged at lower prices
- Production volumes down on the previous year:
 - Long-term purchase agreement in the area of nuclear energy expired
 - Lower inflows in the area of hydropower

Development of EBITDA by business division (II)

Positive European and strong trading business



Generation International

- Thermal production: Down on the previous year due to a newly negotiated energy contract in Hungary attributable to changes in market conditions
- Renewable energies: Down on the previous year mainly due to less wind in Italy

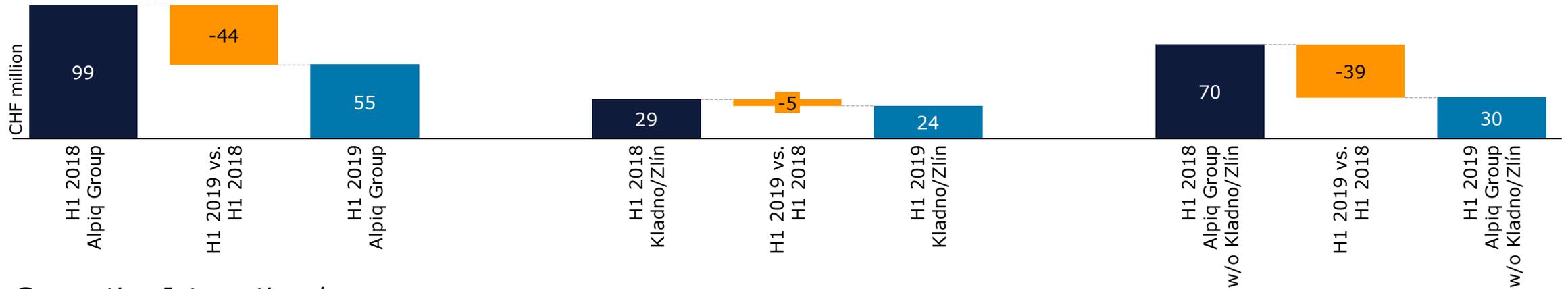
Digital & Commerce

- Excellent results in the ancillary services market in Italy
- Positive development in Eastern Europe

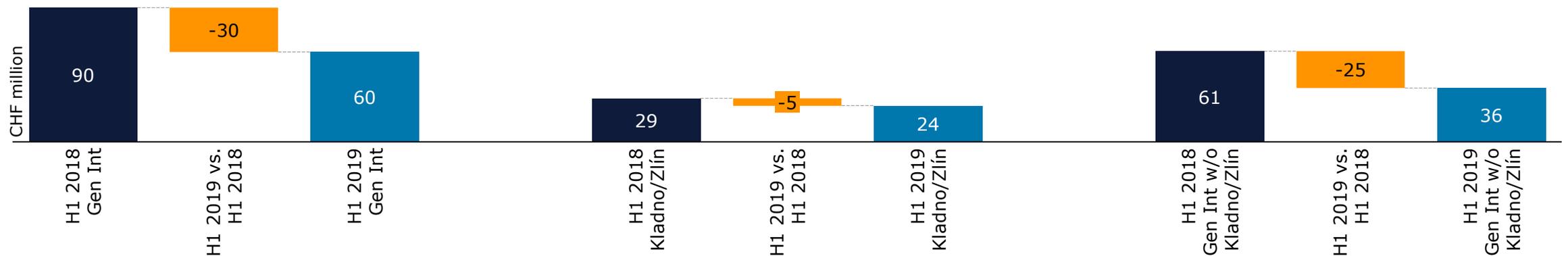
Development of EBITDA before EI after phase-out of coal

Phase-out of coal drastically reduces Alpiq's carbon footprint: Divestment of brown coal power plants is expected to be completed in the second half of 2019

Alpiq Group



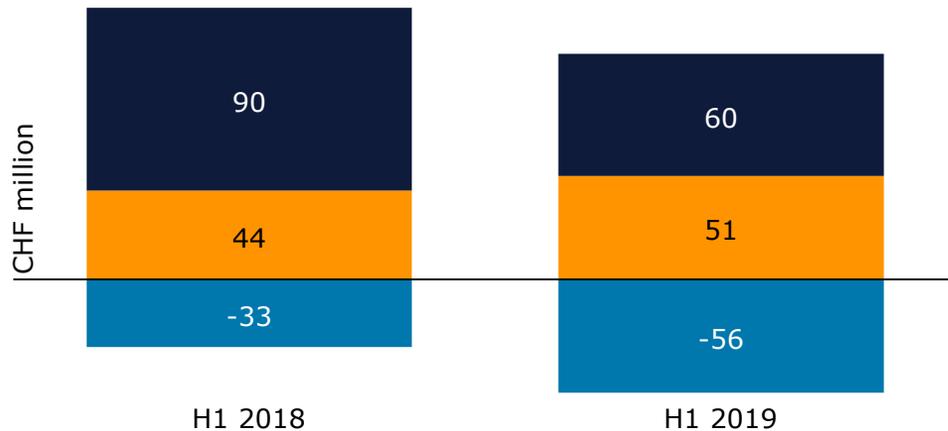
Generation International



Alpiq generates solid half-year operating result as expected

Positive European and strong trading business

EBITDA before EI



- Generation International
- Digital & Commerce
- Generation Switzerland



International production: Once again makes the biggest contribution to the earnings of the Alpiq Group



Digital & Commerce: Pleasing business performance and higher contribution to earnings



Swiss production: Unprofitable and down on the previous year

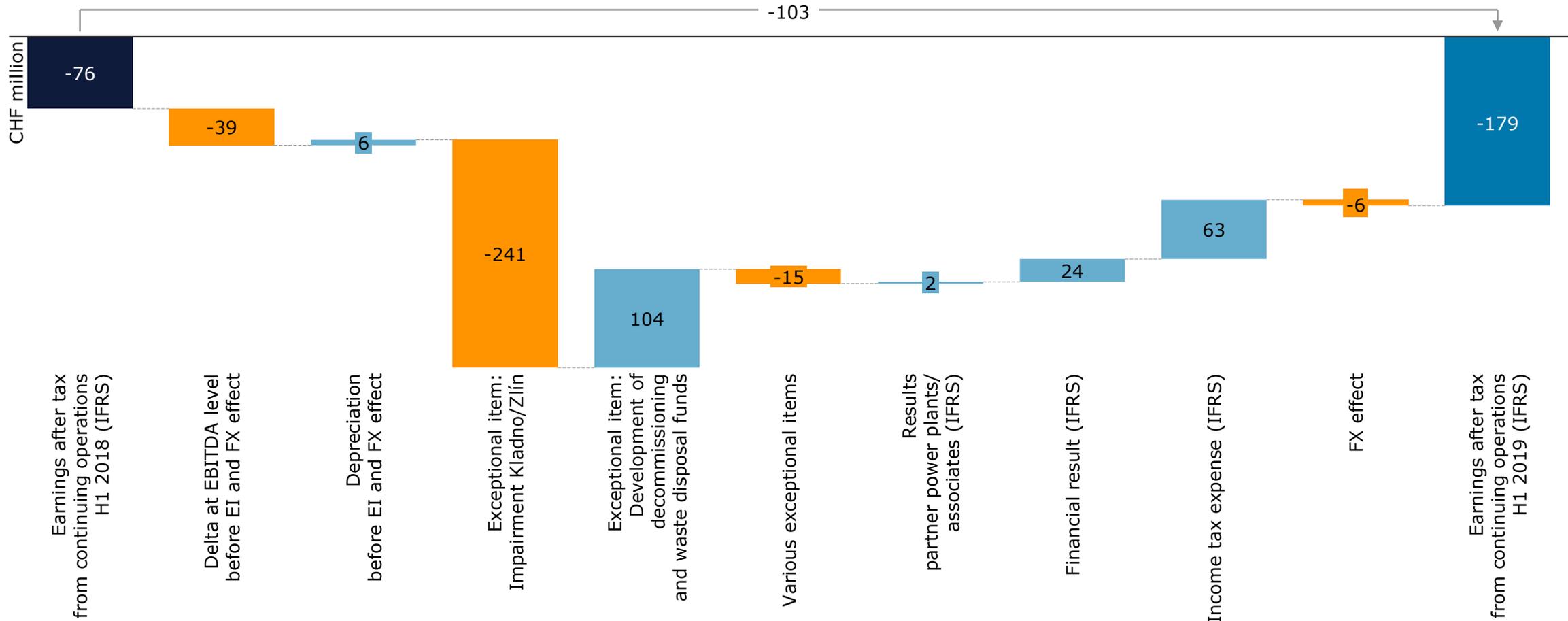
Exceptional items on EBITDA level

Alpiq uses alternative performance measures to measure and present its operating performance, making adjustments to the IFRS results for so-called exceptional items (EI).

CHF million	H1 2019	H1 2018
Development of decommissioning and waste disposal funds	78	-26
Effects from business disposals	2	-1
Impairment losses and onerous contracts	-39	2
Restructuring costs and litigation	-3	-7
Fair value changes (accounting mismatch)	25	-6
Total exceptional items on EBITDA level	63	-38

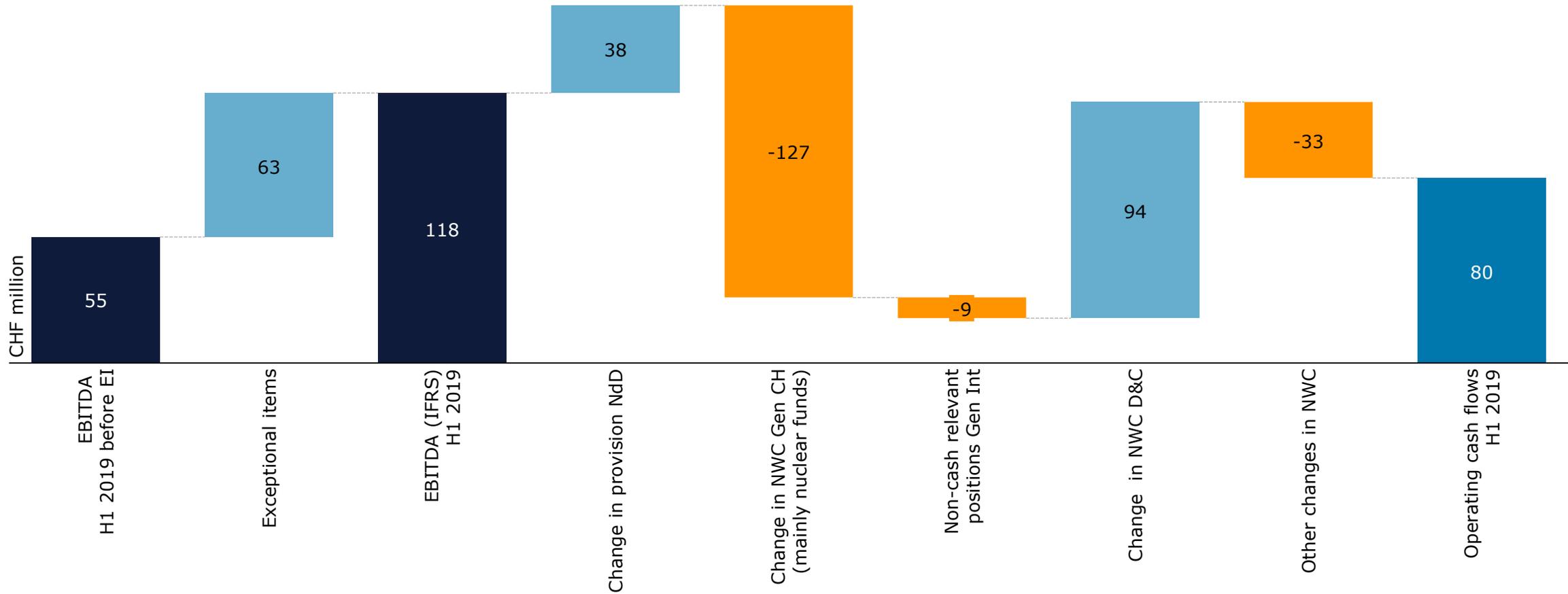
Development of earnings after tax from continuing operations (IFRS)

Phase-out of coal burdening earnings



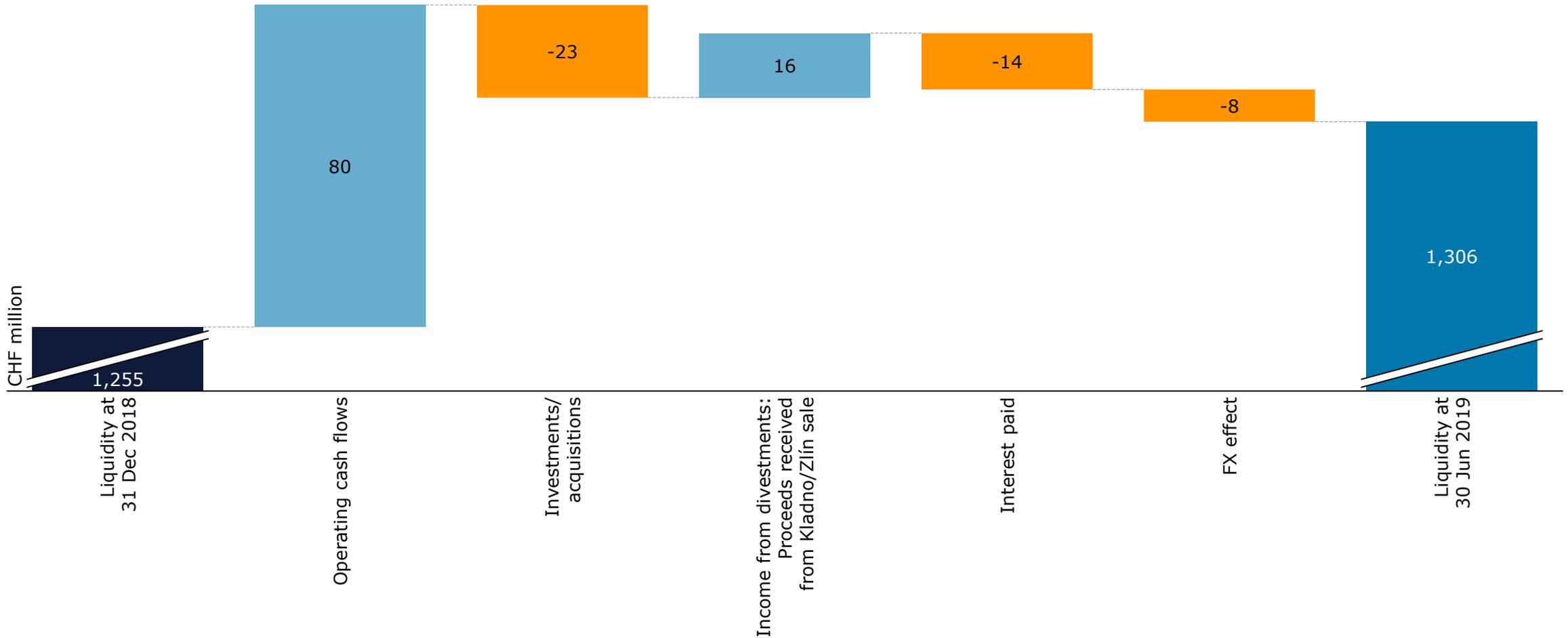
Development of operating cash flows

Operating cash flows increased



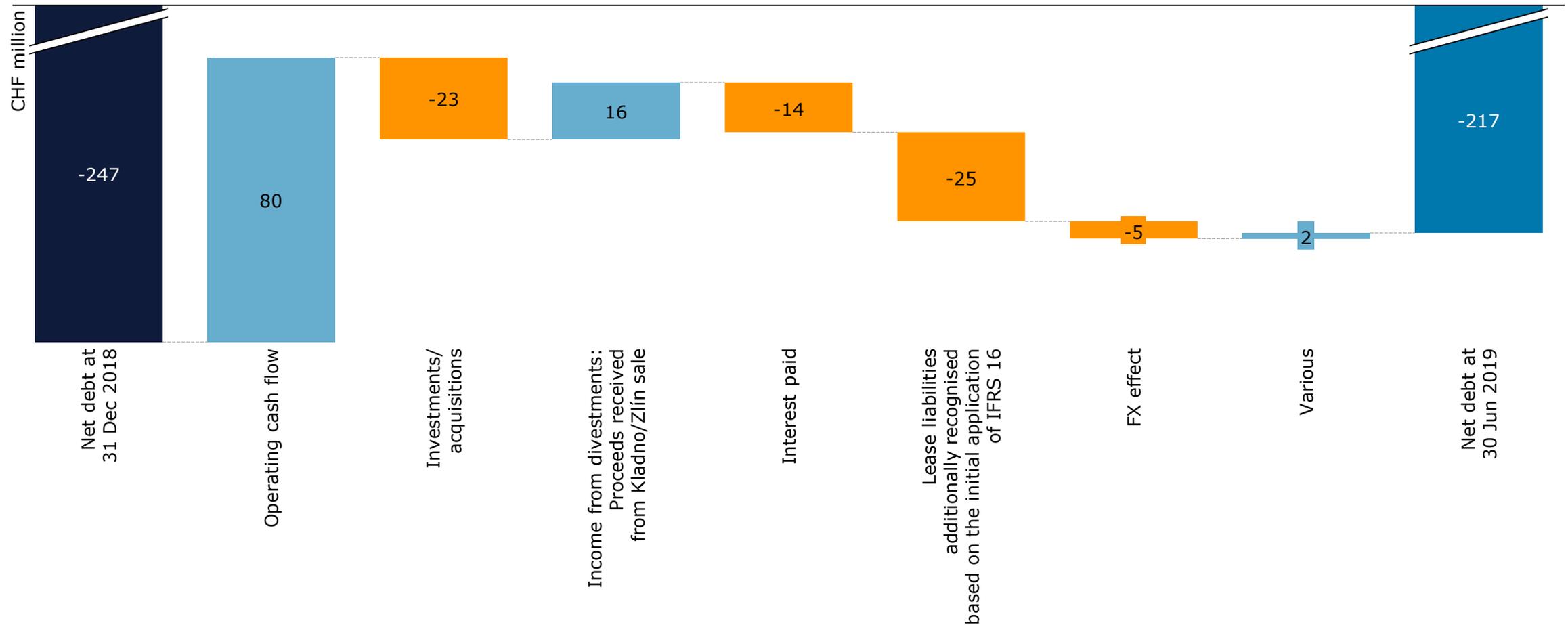
Cash flow

Liquidity strengthened



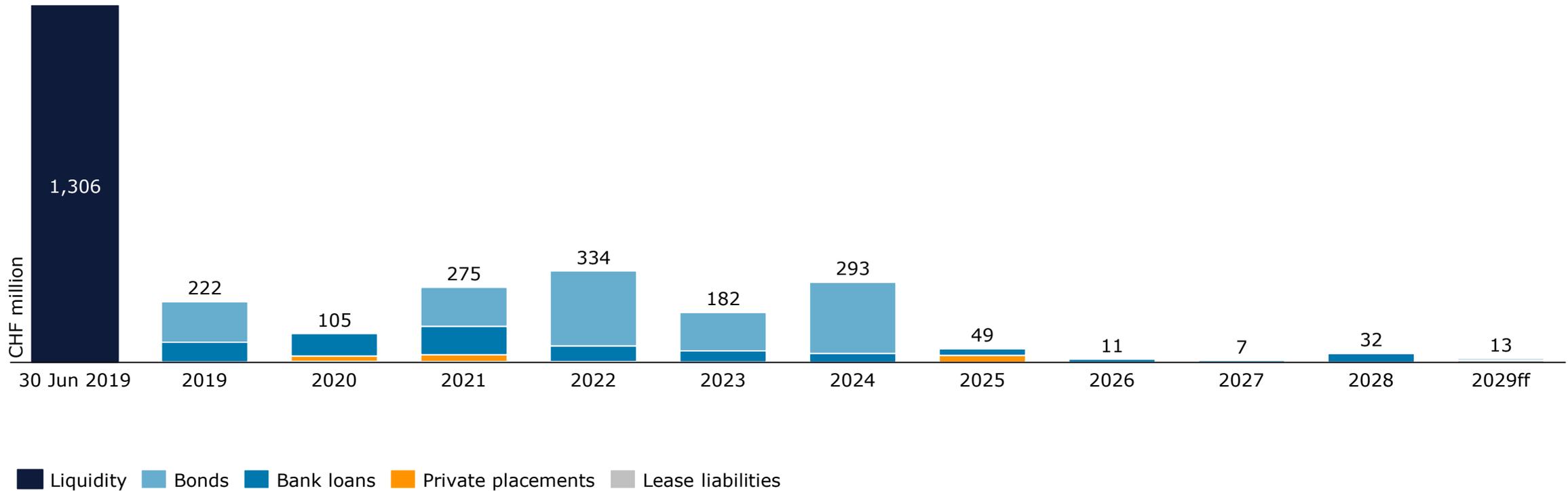
Development of net debt

Reduction of net debt compared to the end of 2018



Maturity profile at 30 June 2019

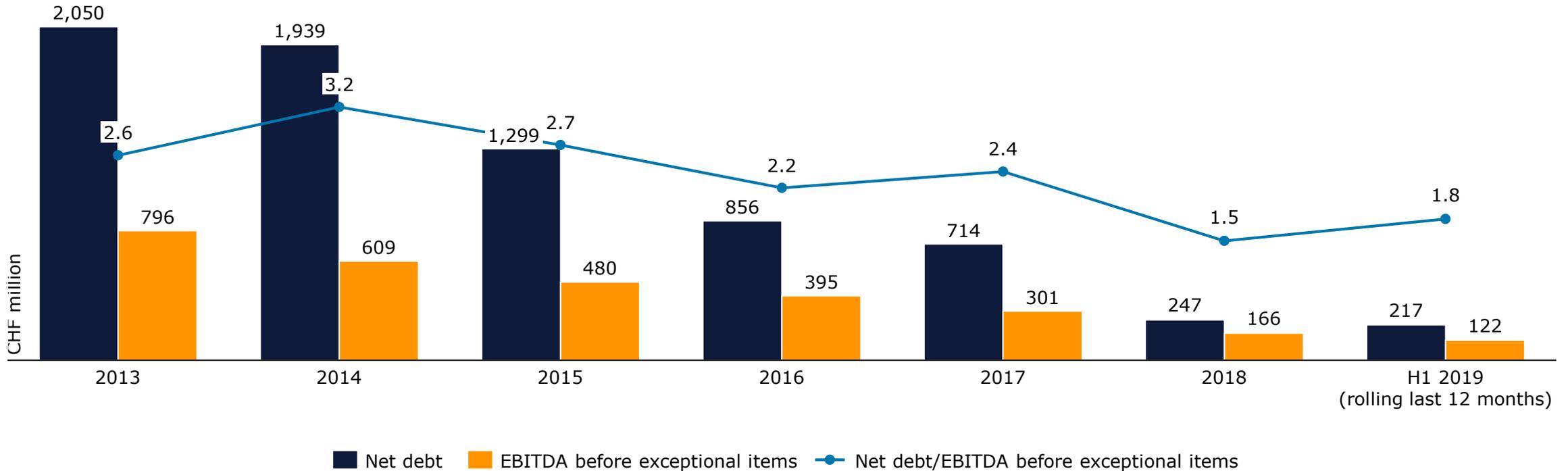
Financial liabilities staggered over long term



- Strengthened liquidity of CHF 1,306 million
- Financial liabilities of CHF 1,523 million

Financial liabilities

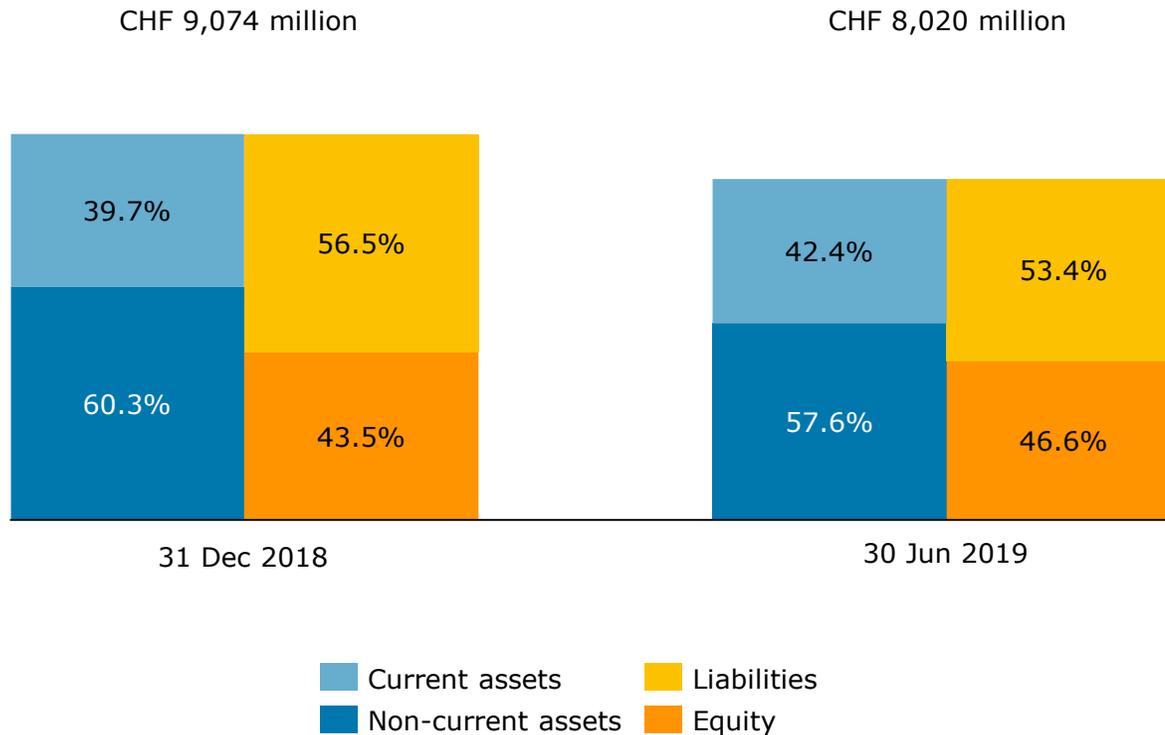
Further reduction in net debt thanks to systematically implementing the financial strategy



- Net debt further reduced by CHF 30 million to CHF 217 million
- Net debt/EBITDA before exceptional items of 1.8

Solid balance sheet

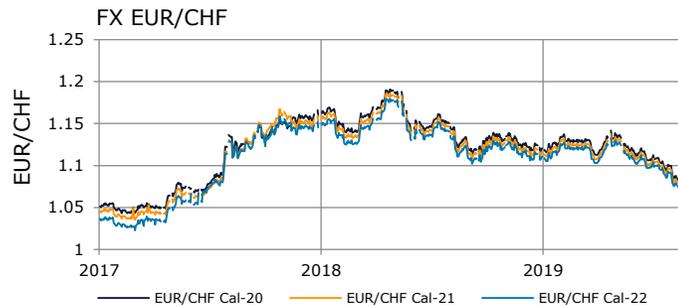
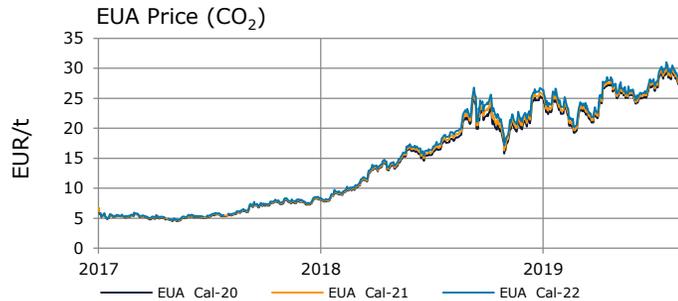
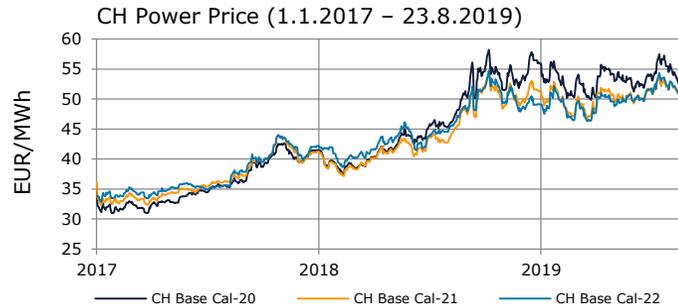
Liquidity strengthened – equity ratio increased



- **Liquidity** strengthened:
CHF 1.31 billion (31 Dec 2018: CHF 1.25 billion)
- **Equity ratio** increased:
46.6 % (31 Dec 2018: 43.5 %)

Alpiq will benefit from increased prices from 2020 onwards

Rising prices have a time-delayed positive effect on earnings



Wholesale prices

- Significant increase in electricity prices on the wholesale markets
- Ø Hedging rate: 2020: 39 EUR/MWh
2021: 47 EUR/MWh

CO₂ prices

- Quintupled since mid-2017
- More than doubled in 2018, further increase in 2019

EUR/CHF exchange rate

- Delayed positive currency effect
- Ø Hedging rate: 2020: 1.17 EUR/CHF
2021: 1.14 EUR/CHF



Alpiq phases out coal

- Alpiq reduces its carbon footprint by more than 60 %
- Proceeds being used to optimise the balance sheet and further develop growth areas



Alpiq as enabler of CO₂-free mobility

- Market presence of e-mobility expanded in Germany, Austria, Switzerland and Italy
- Entry into the area of hydrogen e-mobility to decarbonise Swiss heavy duty traffic



Flexible energy storage solutions as a core competence

- Digitalisation offers additional business opportunities
- Development of new business models together with the customer
- Alpiq well positioned as an early mover in the energy industry



2 March 2020

Annual Results 2019
Annual Media and Financial Analyst Conference

13 May 2020

2020 Annual General Meeting

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