

An aerial photograph of a snowy mountain slope. A prominent curved ski run or path is visible, bordered by a metal railing. The snow is uneven, with some rocky patches and tracks. A small cabin or structure is visible near the bottom center of the slope. The overall scene is set in a high-altitude, alpine environment.

# Financial Analyst Conference 2017

Olten, 6 March 2017

- 
1. Demanding environment
  2. Net debt reduced significantly in 2016
  3. Financial results
  4. Transformation of the Group
  5. Outlook for 2017
  6. Questions and answers

# Demanding environment 1

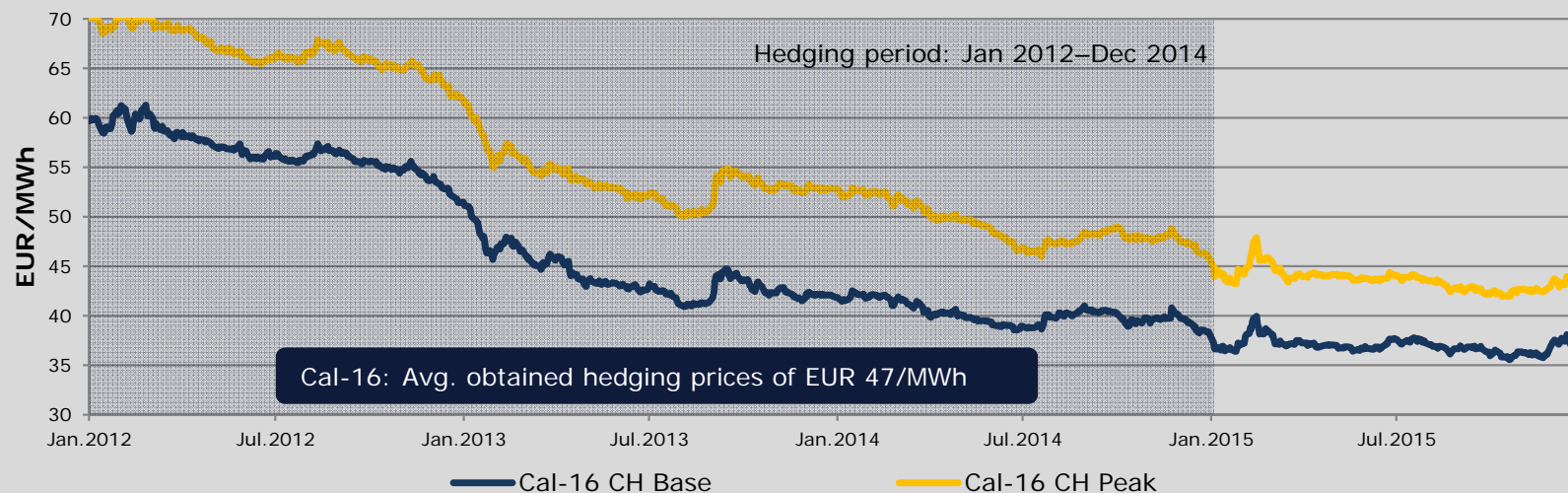
## International factors result in low wholesale prices

Low commodity and CO<sub>2</sub> prices

Subsidies for new renewable energies

Moderate economic growth

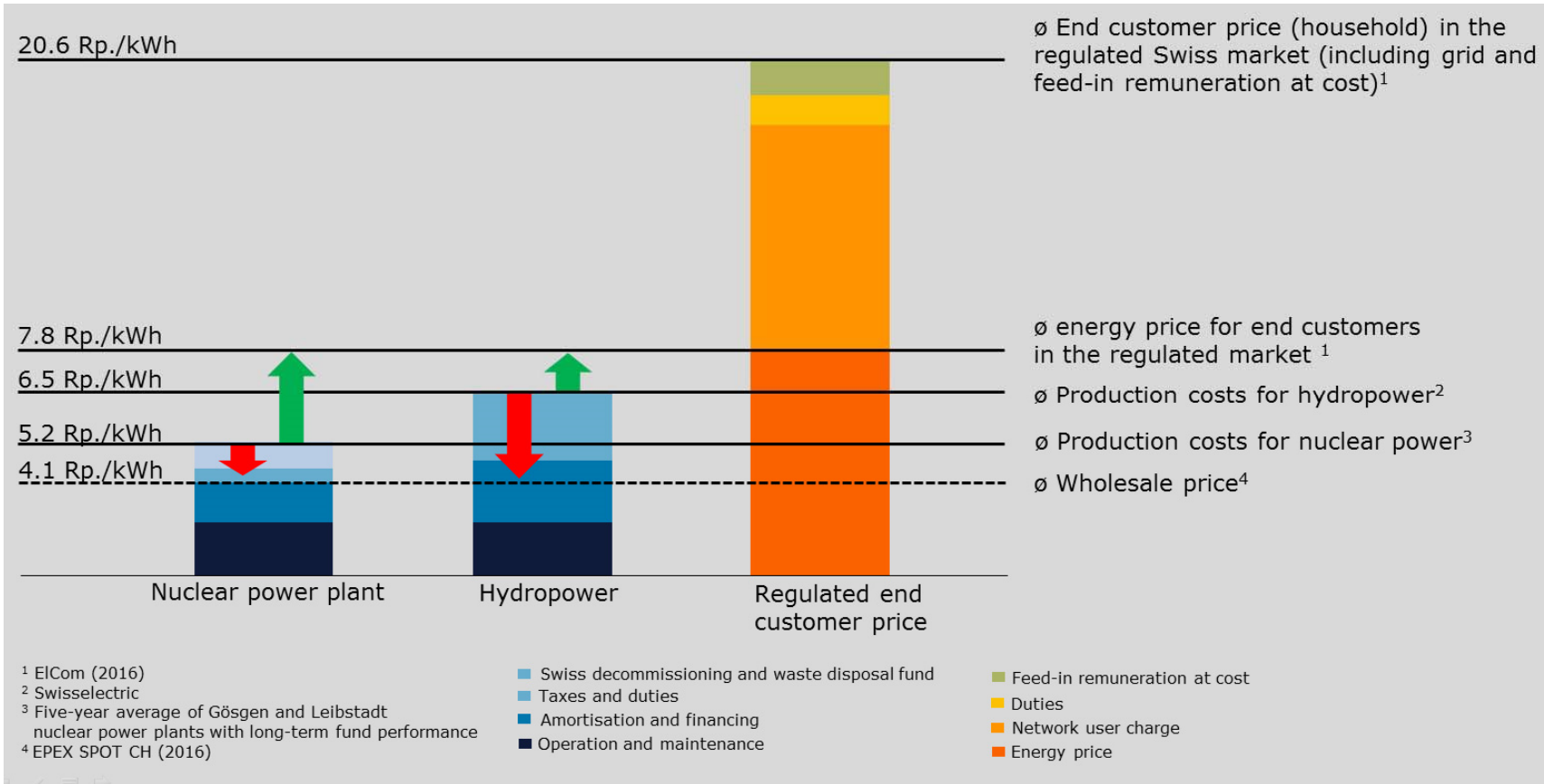
### Production overcapacities



**Pressure on Swiss hydropower and nuclear power plants**

# Demanding environment 2

## Regulatory framework conditions distort the Swiss market



**Pressure on electricity producers without end customers and distribution grid**

# Net debt reduced significantly in 2016



## As announced, EBITDA before exceptional items down on the previous year

- Low wholesale prices
- Unscheduled downtime at Leibstadt nuclear power plant



## First strategic pillar: structural measures being implemented

- Process to open up the hydropower portfolio not complete
- Clearing the portfolio of non-strategic assets advanced
- Cost management continued



## Strengthening of balance sheet

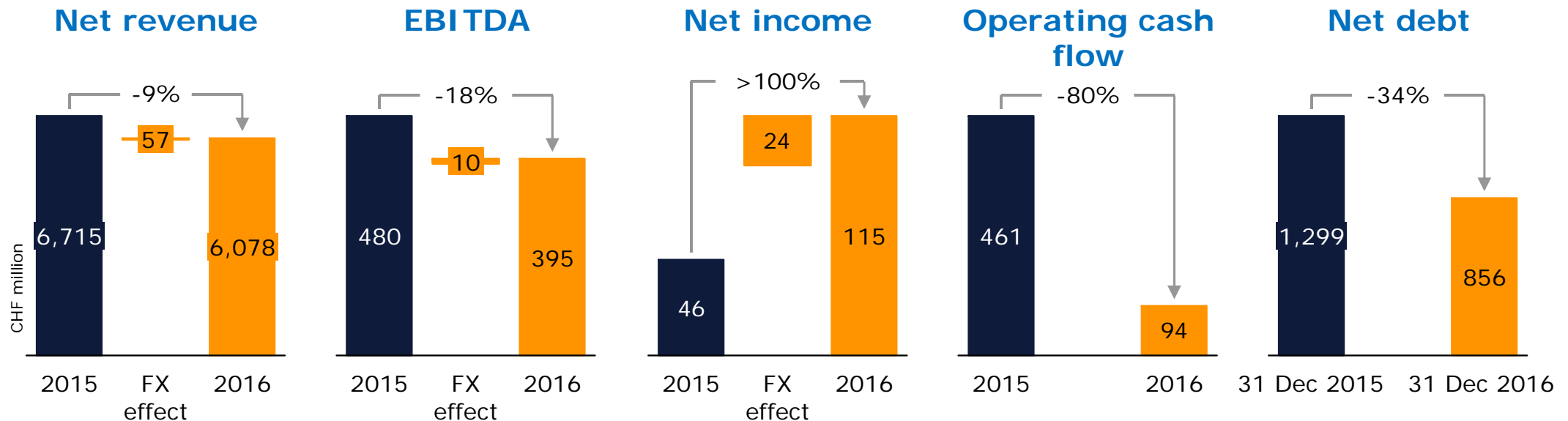
- Net debt at CHF 856 million, below the one-billion mark for the first time
- Net debt/EBITDA improved to 2.2x.
- Sound liquidity of CHF 1.5 billion



## Second strategic pillar: creating structures for future growth

- Pool profitable business divisions
- Open up growth areas to investors

# 2016 Key Financial Figures



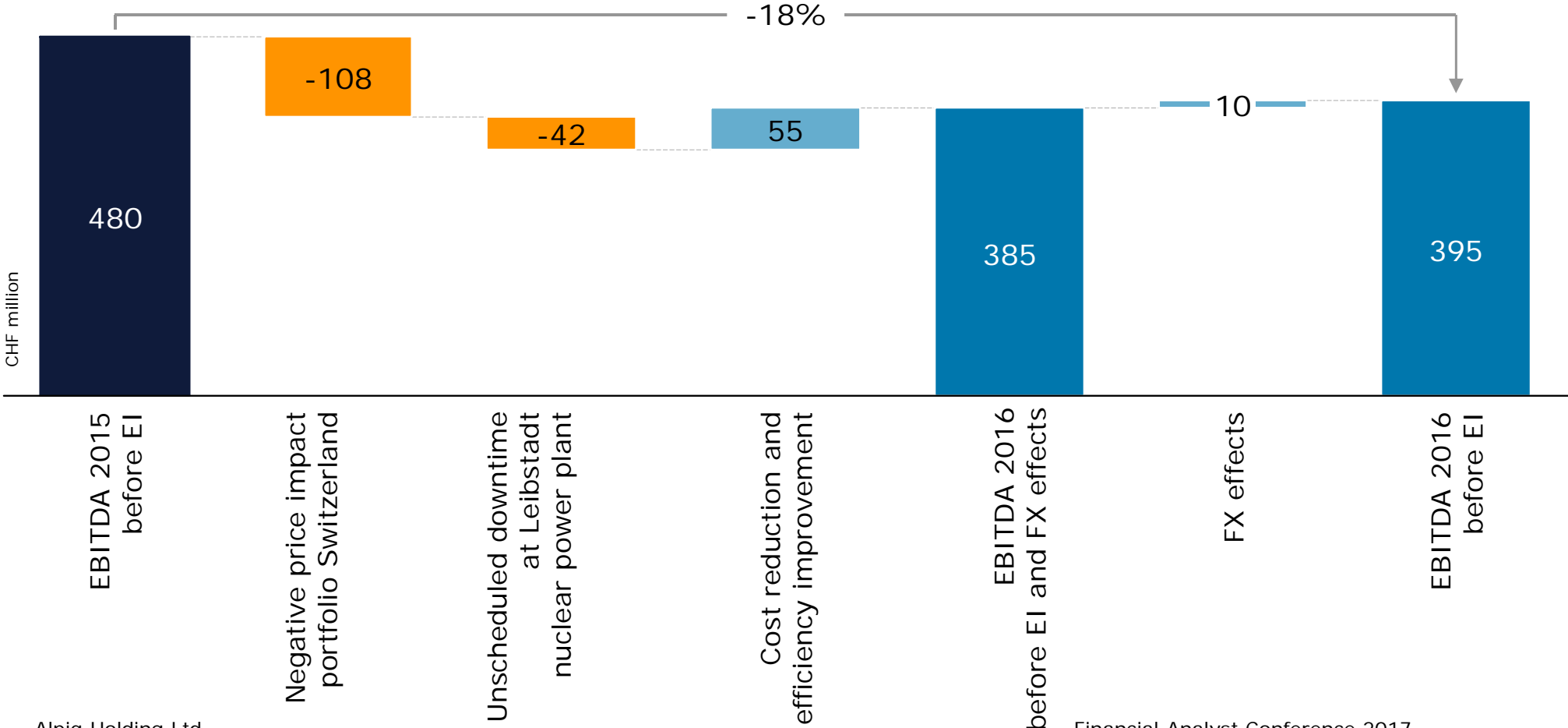
## Results of operations before exceptional items (EI)

- EBITDA of CHF 395 million; down CHF 85 million on previous year
- Cash flow from operating activities of CHF 94 million; cash-relevant effect in 2016 from the change of valuation method regarding entitlements from the Federal decommissioning and waste disposal funds of CHF -151 million in the previous year
- Net debt at CHF 856 million; decrease of CHF 443 million compared to the end of 2015, due to disposals

# Development of EBITDA

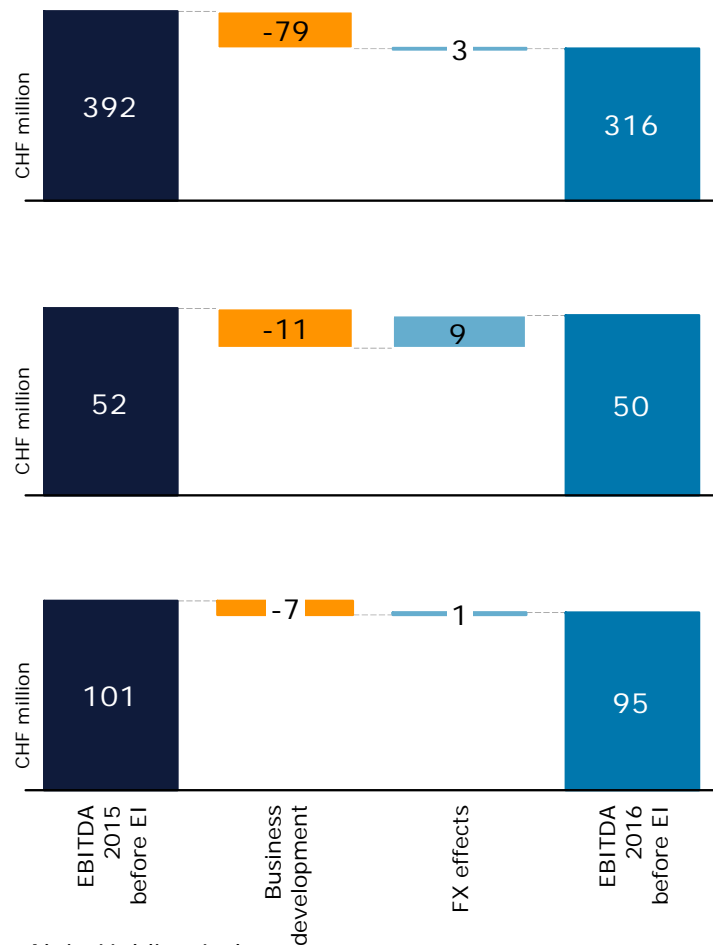


## Cost management softens decrease in earnings





# EBITDA development of the business divisions



## Generation

- Lower wholesale prices hedged at lower level
- Unscheduled downtime at Leibstadt nuclear power plant
- Cost management yielding positive effects
- International production achieved a profit

## Commerce & Trading

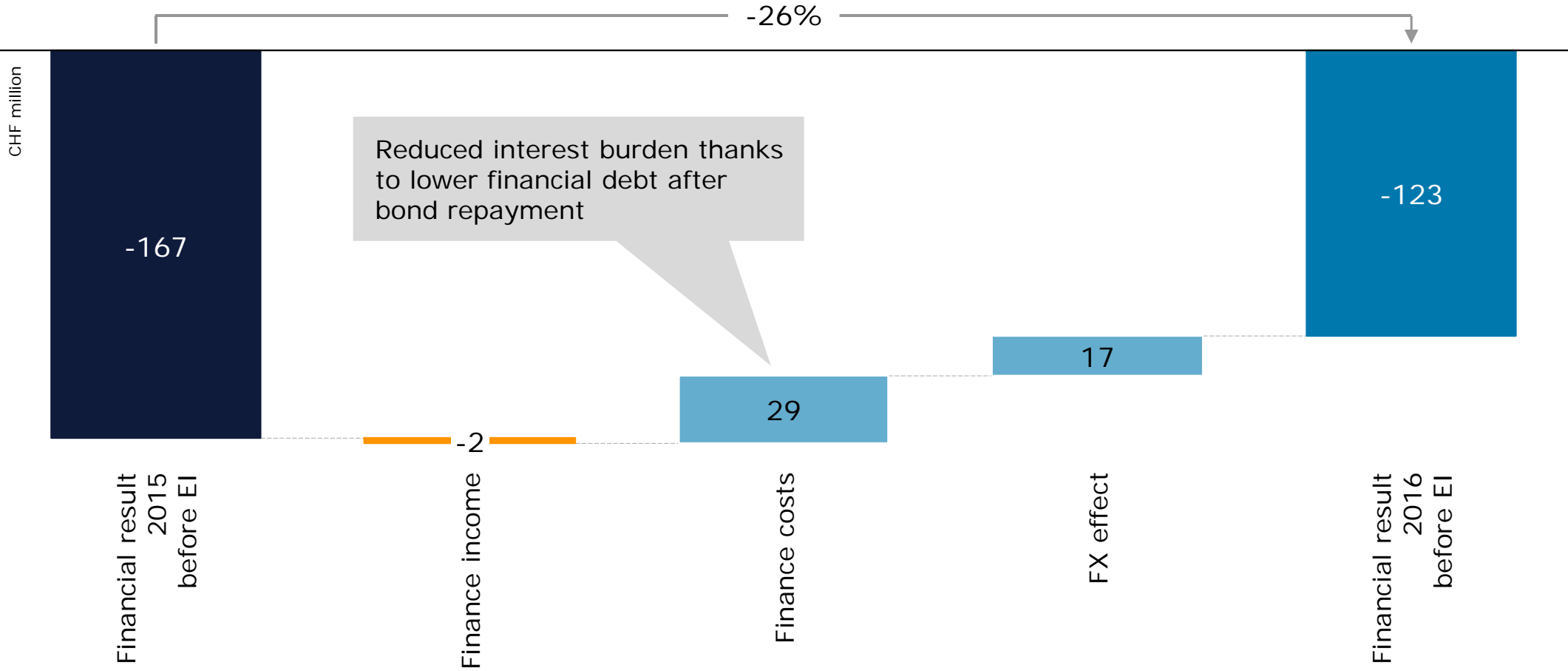
- Swiss and international optimisation up on the previous year
- Eastern and South-Eastern Europe down on the previous year
- No contribution from AVAG after disposal in July 2016

## Energy Services

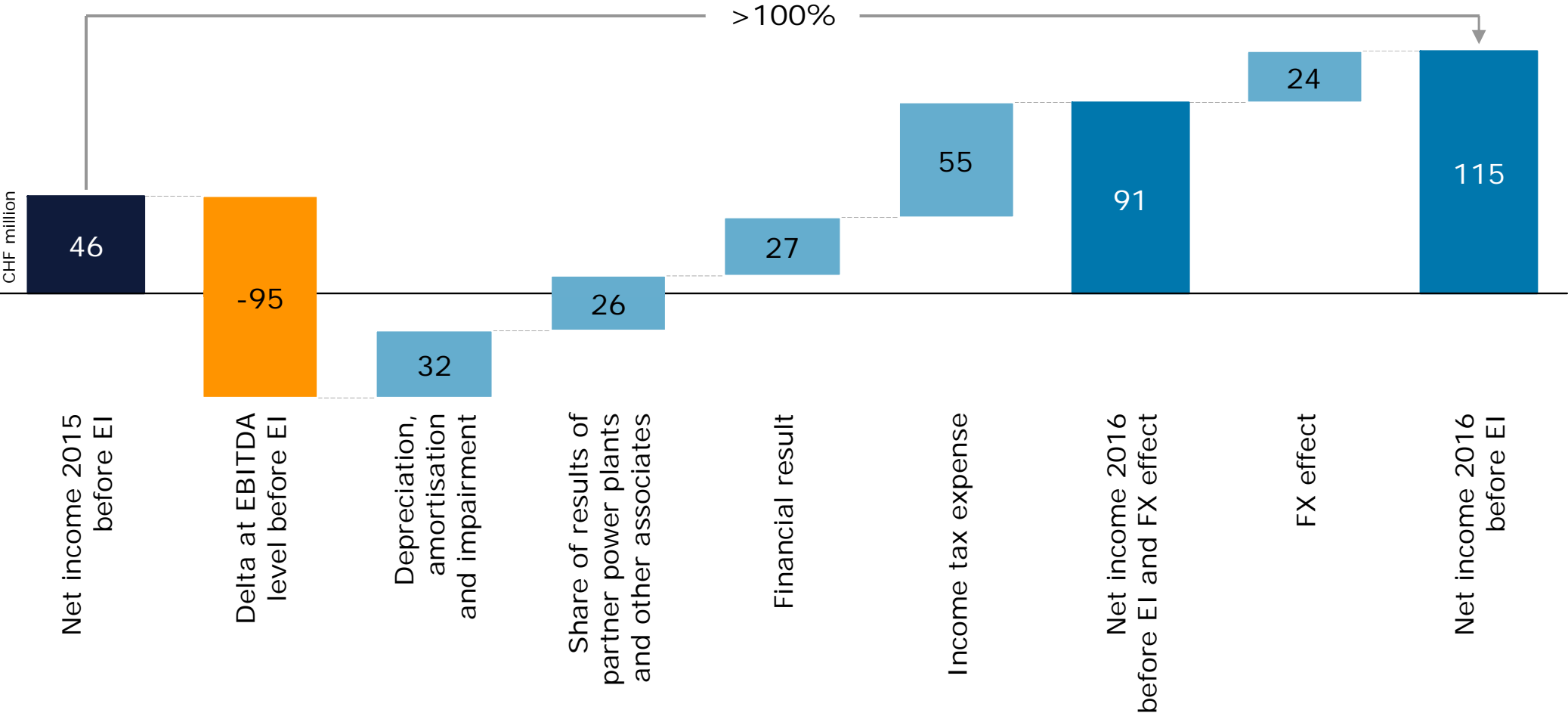
- Increased order intake and order backlog
- Higher revenue compared to previous year
- Market remains competitive
- Targeted acquisitions in growth areas



# Development of financial result

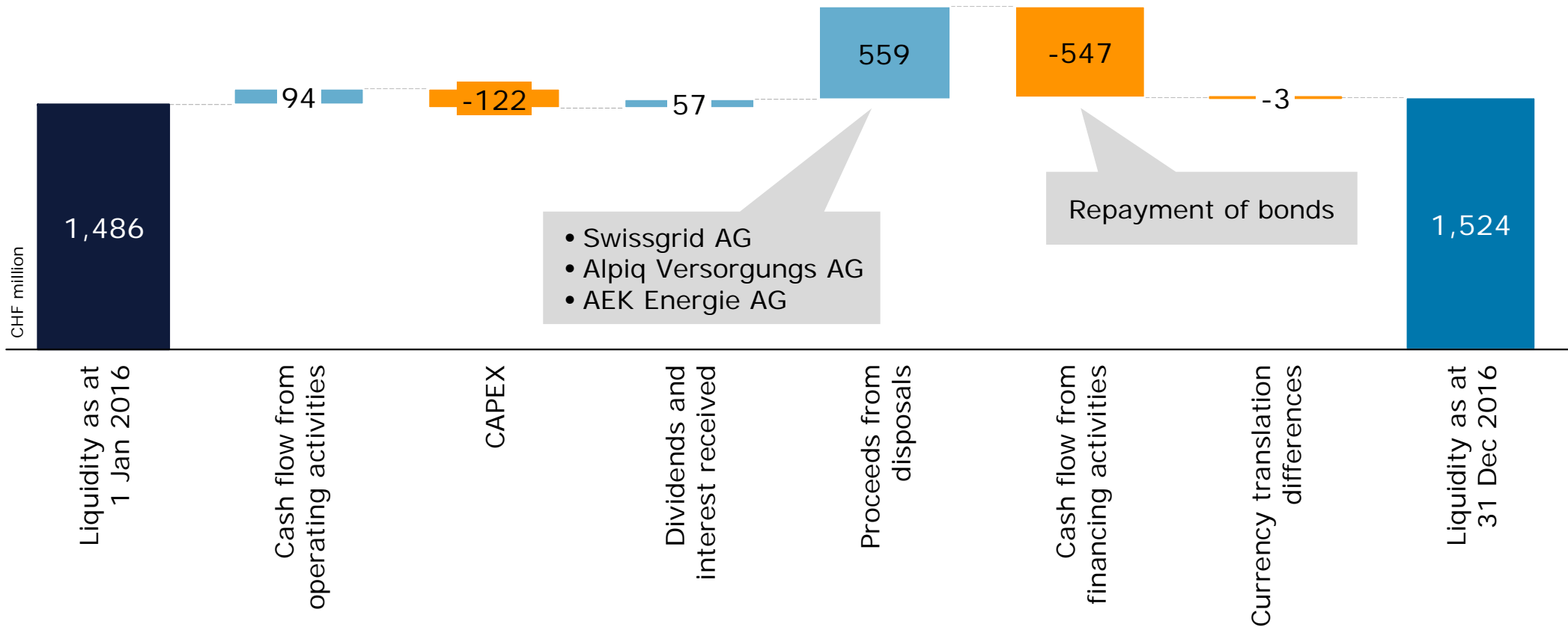


# Development of net income

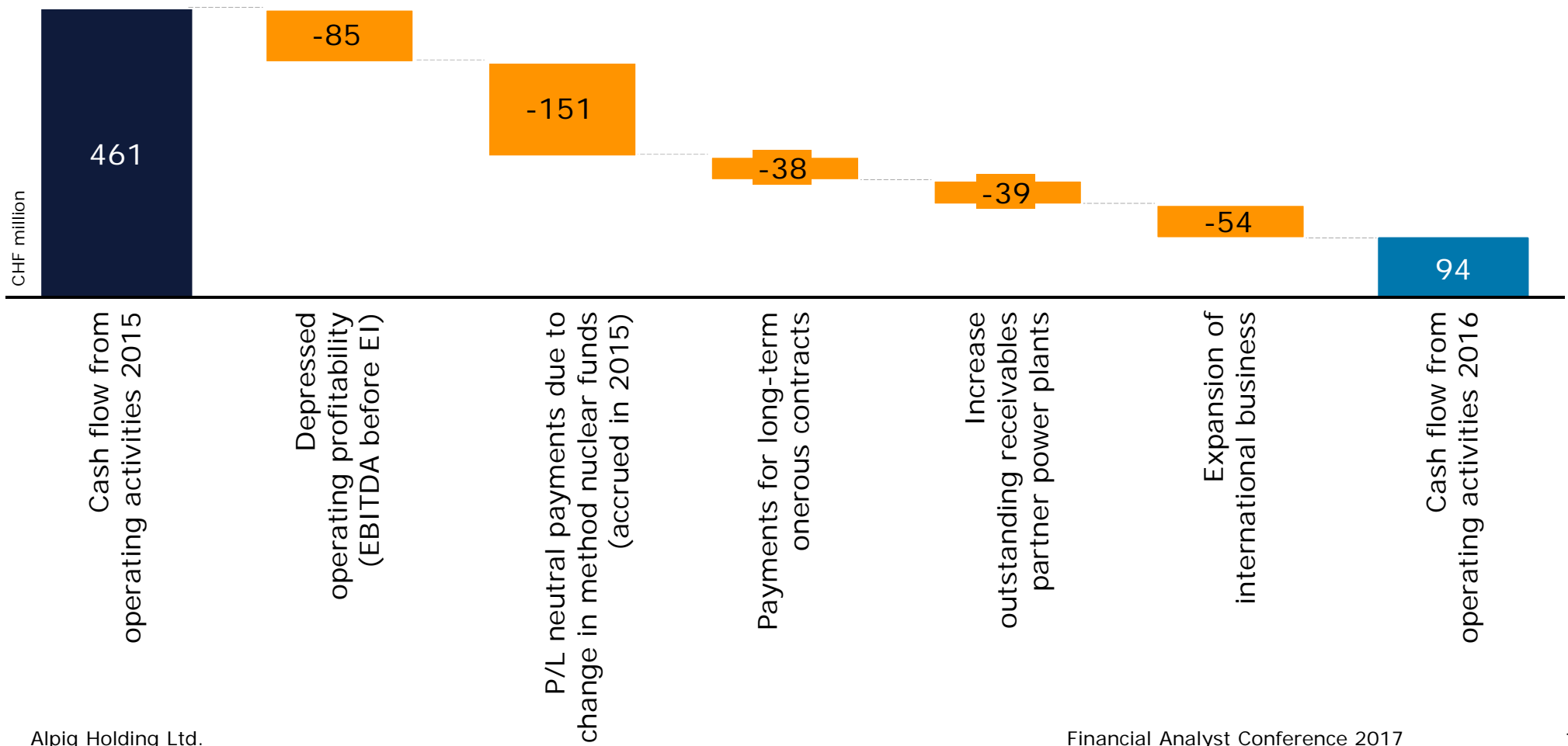


# Statement of cash flows

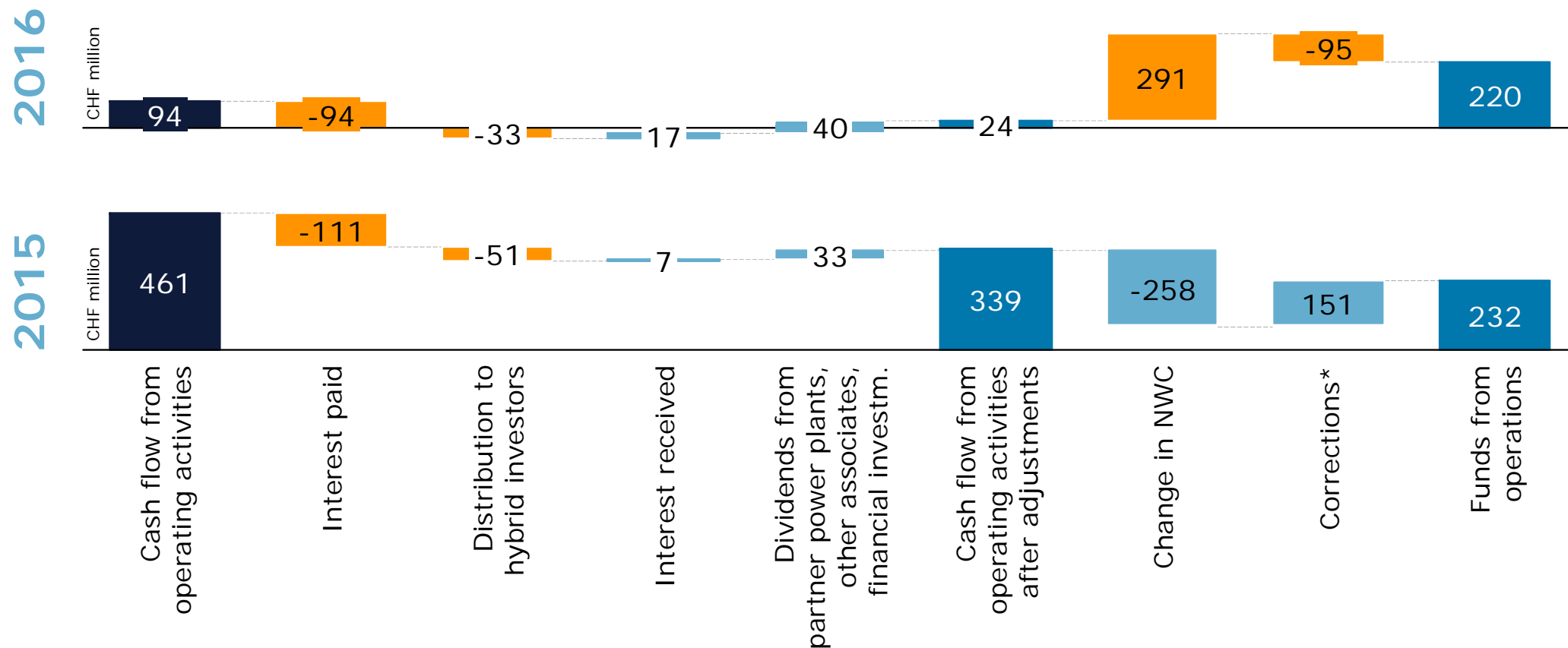
## Active balance sheet management



# Change in cash flow from operating activities 2016 compared to 2015



# Funds from operations in 2016 compared to 2015



\* For better comparability, the following significant NWC effects were separated:

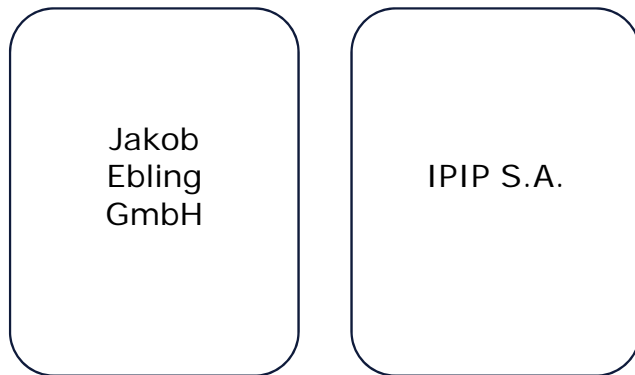
2015: Deferred costs due to an effect from change of valuation method regarding entitlements to the state decommissioning and waste disposal funds

2016: Receivable due from Swissgrid AG from the higher compensation for the transmission grid

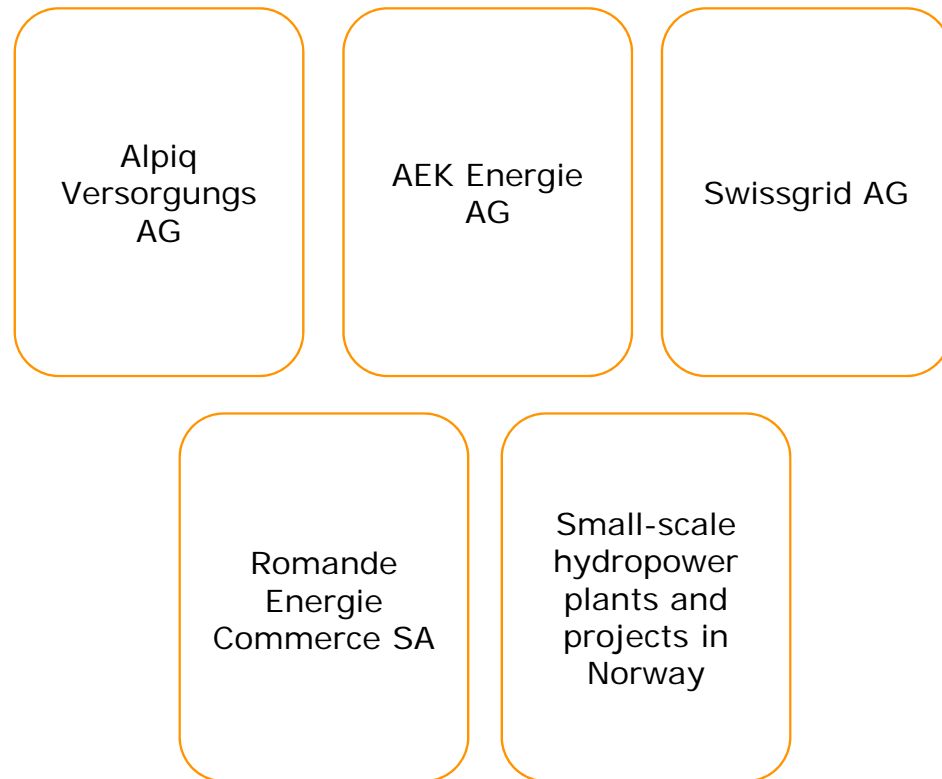
# Acquisitions and disposals in 2016

## Acquisitions

Business Division  
Energy Services



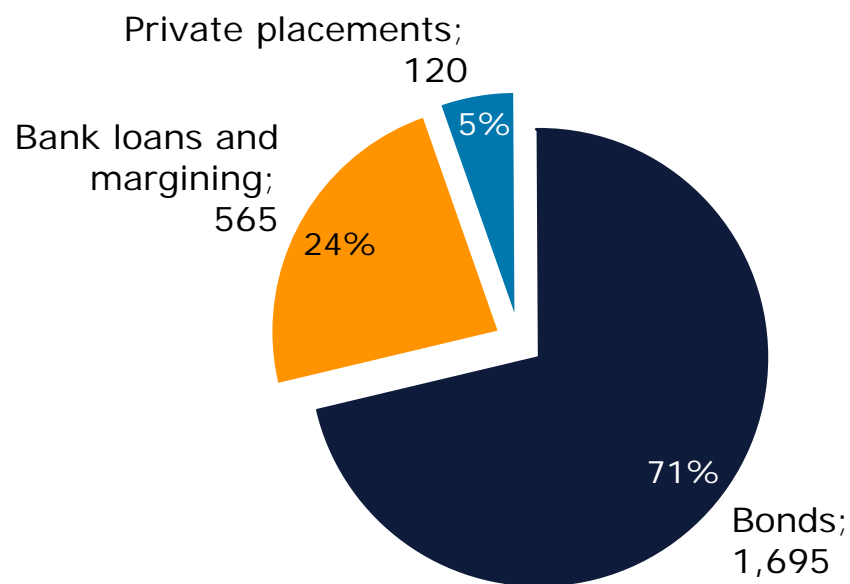
## Disposals



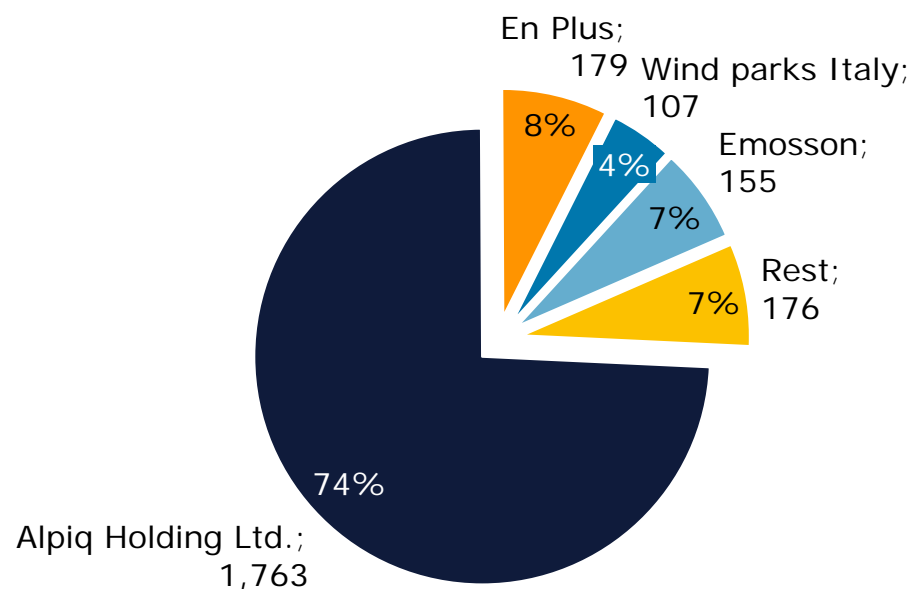
# Financing mix as at 31 December 2016

Degree of centralisation remains high

## Instruments (CHF million)



## Creditors (CHF million)

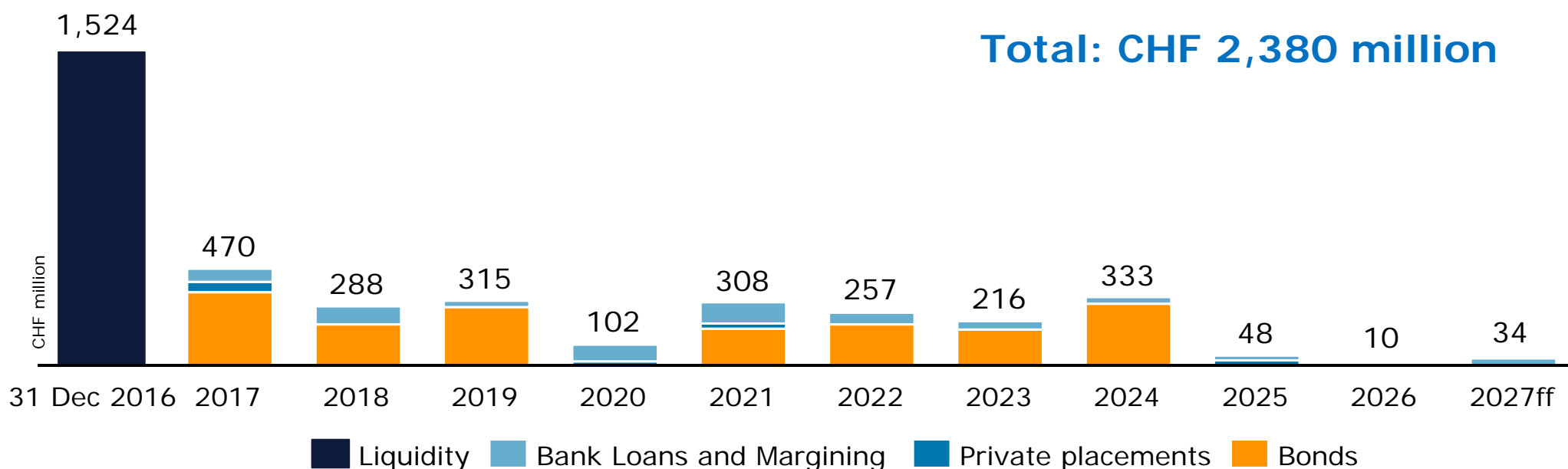


- The capital market remains the most important source of financing
- The structural subordination of the Alpiq Holding Ltd. remains on a low level
- Non-utilised committed credit lines of around CHF 400 million



# Maturity profile as at 31 December 2016

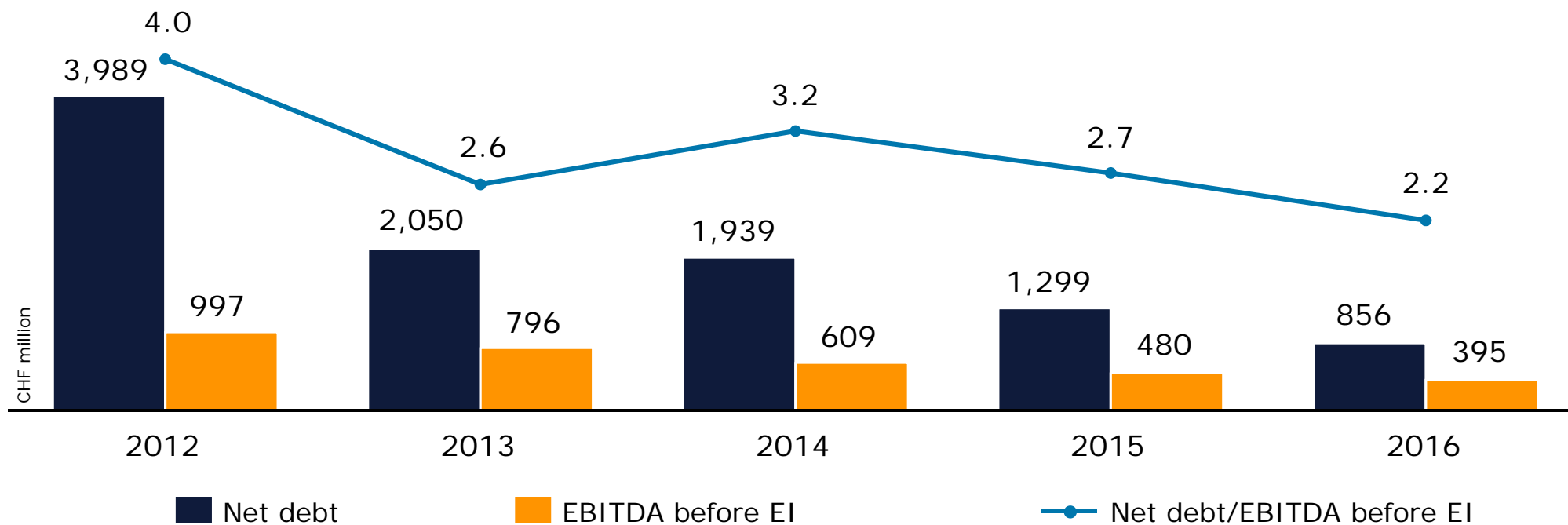
## Financial liabilities staggered over long term



- Maturities are countered by a sound liquidity base of around CHF 1.5 billion
- Maturity profile staggered over long term without significant spikes
- Further systematic reduction of debt in the pipeline

# Financial liabilities

## Debt situation improved significantly



- Net debt further reduced by CHF 443 million to CHF 856 million
- Net debt/EBITDA before exceptional items of 2.2

# Balance sheet remains stable



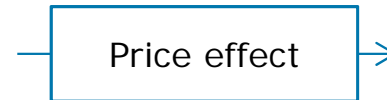
CHF million	31 Dec 2016	31 Dec 2015	Change
<b>Liquidity (incl. term deposits and securities)</b>	<b>1,524</b>	<b>1,486</b>	<b>3%</b>
Other current assets	2,524	2,023	25%
Property, plant and equipment	2,705	2,928	-8%
Other non-current assets	2,985	3,453	-14%
Assets held for sale	114	545	-79%
<b>Total assets</b>	<b>9,852</b>	<b>10,435</b>	<b>-6%</b>
<b>Equity</b>	<b>3,886</b>	<b>3,819</b>	<b>2%</b>
Financial liabilities	2,380	2,785	-15%
Other liabilities	3,566	3,774	-6%
Liabilities held for sale	20	57	-65%
<b>Total equity and liabilities</b>	<b>9,852</b>	<b>10,435</b>	<b>-6%</b>
<b>Net debt</b>	<b>856</b>	<b>1,299</b>	<b>-34%</b>
<b>Net debt/EBITDA before exceptional items</b>	<b>2.2</b>	<b>2.7</b>	<b>-20%</b>
<b>Equity ratio</b>	<b>39.4%</b>	<b>36.6%</b>	<b>8%</b>

- 3% increase of **liquidity**
- Stable **equity**
  - Net income (CHF +294 million)
  - Interest on hybrid capital (CHF -33 million)
  - Change in non-controlling interests (CHF -164 million)
- **Equity ratio at 39.4 %**

# Systematic cost and balance sheet management counters decrease in earnings

## Effects of low wholesale prices

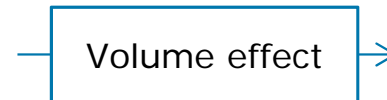
- **Lower results** in Swiss portfolio



Negative effect of CHF **108 million** (net)

## Downtime at Leibstadt nuclear power plant

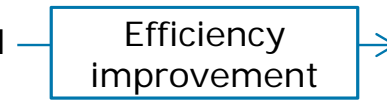
- **Results weighed down** as a result of unscheduled downtime



Negative effect of CHF **42 million** (net)

## Cost savings introduced prove effective

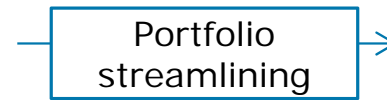
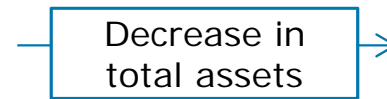
- Sustainable processes and systems **simplified**
- **Complexity** that had developed over time **reduced**
- **Nearshoring continued**



A total of around **CHF 400 million** saved in recent years as a result of cost-reduction and efficiency improvement programmes

## Balance sheet management intensified

- Non-strategic investments **sold**
- Selective **growth investments** made
- **Net debt** reduced



Net debt reduced to **CHF 856 million**

Stable equity ratio of **39.4 %**

# Transformation of the Group

## Structural measures being implemented



### Opening up to 49 % of hydropower portfolio

- Is not completed
- Criteria for completion:
  - Price
  - Contractual conditions
  - Transaction security



### Streamlining the portfolio and cost management

- Disposal of AVAG, AEK, REC
- Sale of Swissgrid completed
- Cost management continued



### Creating structures for future growth

- Pooling profitable business divisions
- Open up growth areas to investors
- Alpiq retains control

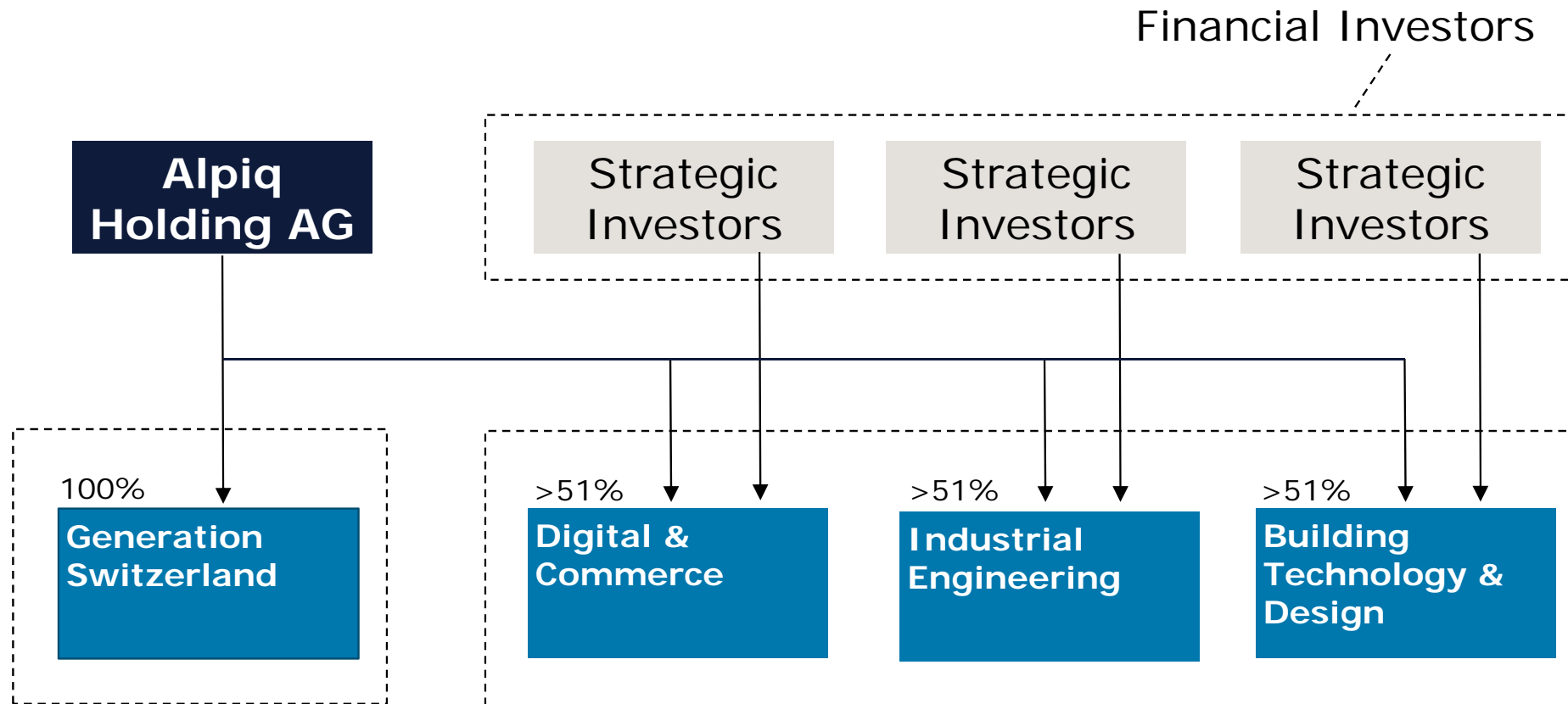
# Transformation of the Group

## The changing energy landscape offers opportunities



# Transformation of the Group

Alpiq is creating structures for future growth





# Industrial Engineering

Competent partner for industrial customers in Europe

**ALPIQ**



- Industrial plant engineering
- Construction, operation, maintenance and dismantling of power plants
- Dismantling of nuclear power plants
- Decentralised, environmentally friendly energy generation systems
- Regulated, new renewable energies

# Building Technology & Design

## Focus on smart buildings and mobility

ALPIQ

- Integrated building technology
- Energy efficient end-to-end solutions
- Market leader in Switzerland
- Expansion into neighbouring markets
- International infrastructure projects





# Digital & Commerce

## New opportunities thanks to digitalisation

ALPIQ



- Optimisation of Alpiq's own power plants and decentralised generation units
- Trading natural gas & electricity and selling structured products
- Expanding digitalisation: service-oriented business models
- Alpiq digital data platform with artificial intelligence

# Transformation of the Group

Investors gain access to an attractive portfolio

**ALPIQ**



## **Industrial Engineering**

Competent partner for industrial customers in Europe



## **Building Technology & Design**

Focus on smart buildings and mobility



## **Digital & Commerce**

New opportunities thanks to digitalisation

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## **Influencing factors on EBITDA before exceptional items**

- SNB decision on the minimum EUR exchange rate
- Unscheduled downtime at Leibstadt nuclear power plant
- Low wholesale prices

## **First strategic pillar:**

### **Structural measures being implemented**

- Opening up of hydropower portfolio
- Clearing the portfolio of non-strategic assets
- Cost management/efficiency improvement

## **Second strategic pillar:**

### **strengthening industrial growth areas**

- Pooling of and focus on profitable business divisions in 2017
- Opening up to investors over the course of 2018

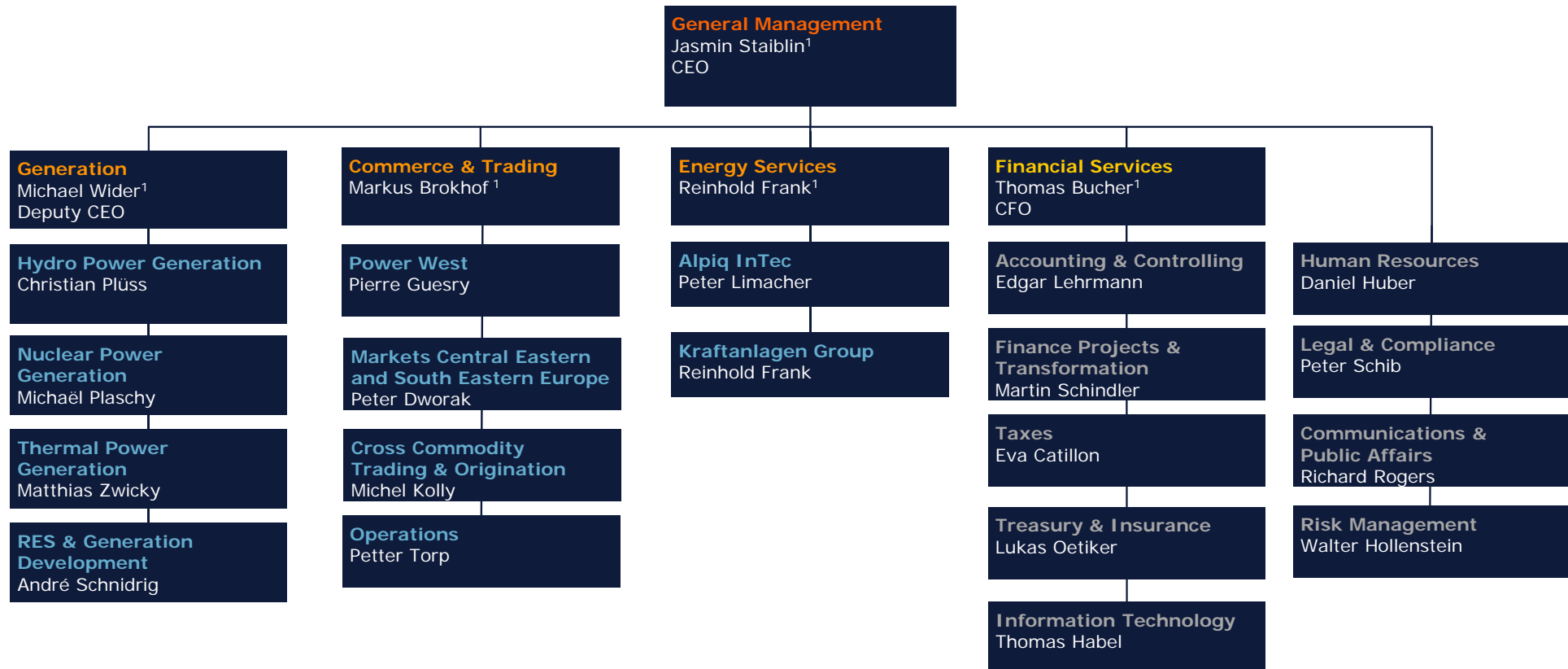


You ask. We answer.

ALPIQ



# Organisation as at 31 December 2016



- General Management
- Business Division
- Business Unit
- Functional Division
- Functional Unit
- 1) Member of the Executive Board



# Organisation as of 1 April 2017



- General Management    ■ Functional Division    1) Member of the Executive Board
- Business Division    ■ Functional Unit
- Business Unit

# Financial calendar 2017



18 May 2017

Annual General Meeting of Alpiq Holding Ltd.

28 August 2017

Interim results 2017

Media Breakfast and Analyst Conference Call

# Disclaimer



This presentation contains statements and information about the future.

In particular, these include statements regarding management goals, financial result trends, profit margins, costs, returns on equity, risk management or the competitive situation, and which are speculative in their nature. Terms such as “expect”, “assume”, “target”, “goals”, “projects”, “intend”, “plan”, “believe”, “attempt”, “estimate” and their variations, as well as similar expressions, serve to clarify long-term statements. These statements are based on our current assessments, as well as certain assumptions, and, therefore, bear risks and uncertainties to some degree.

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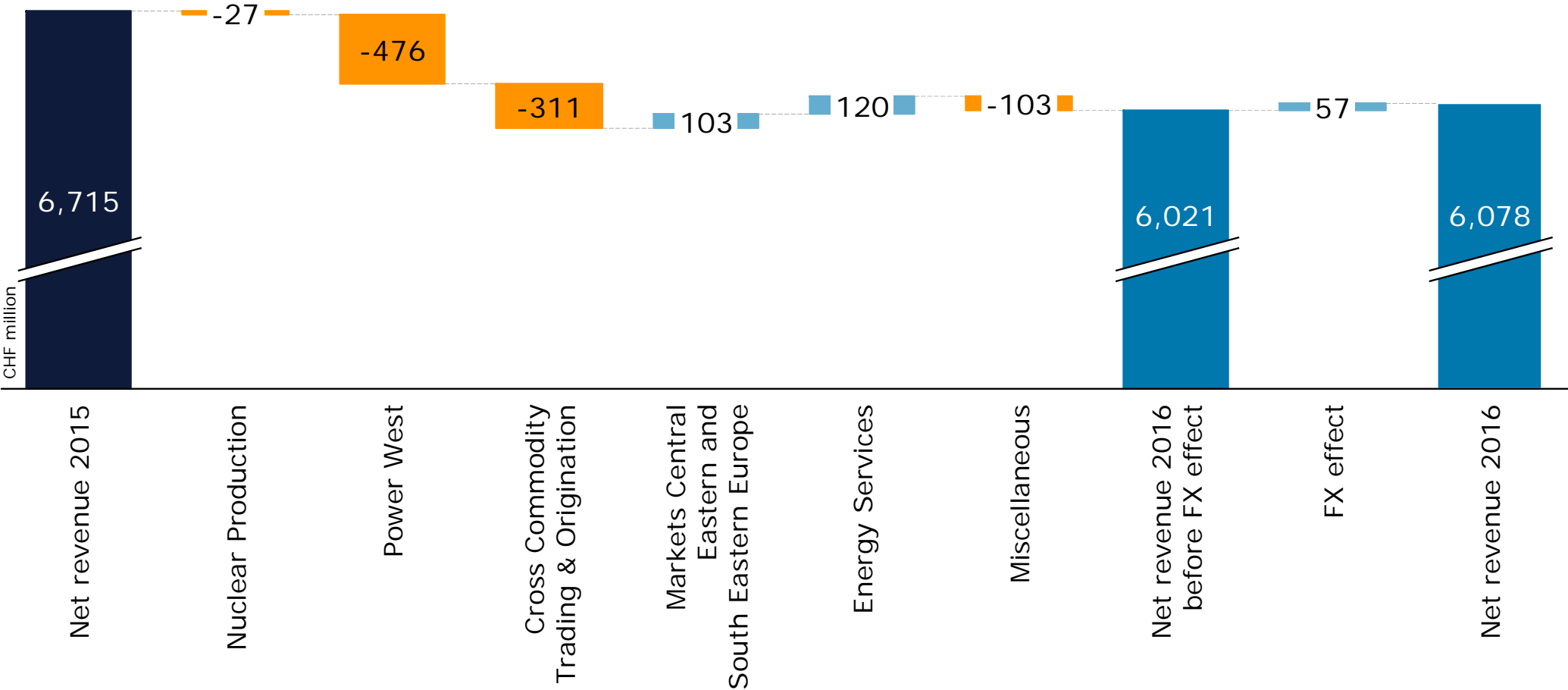
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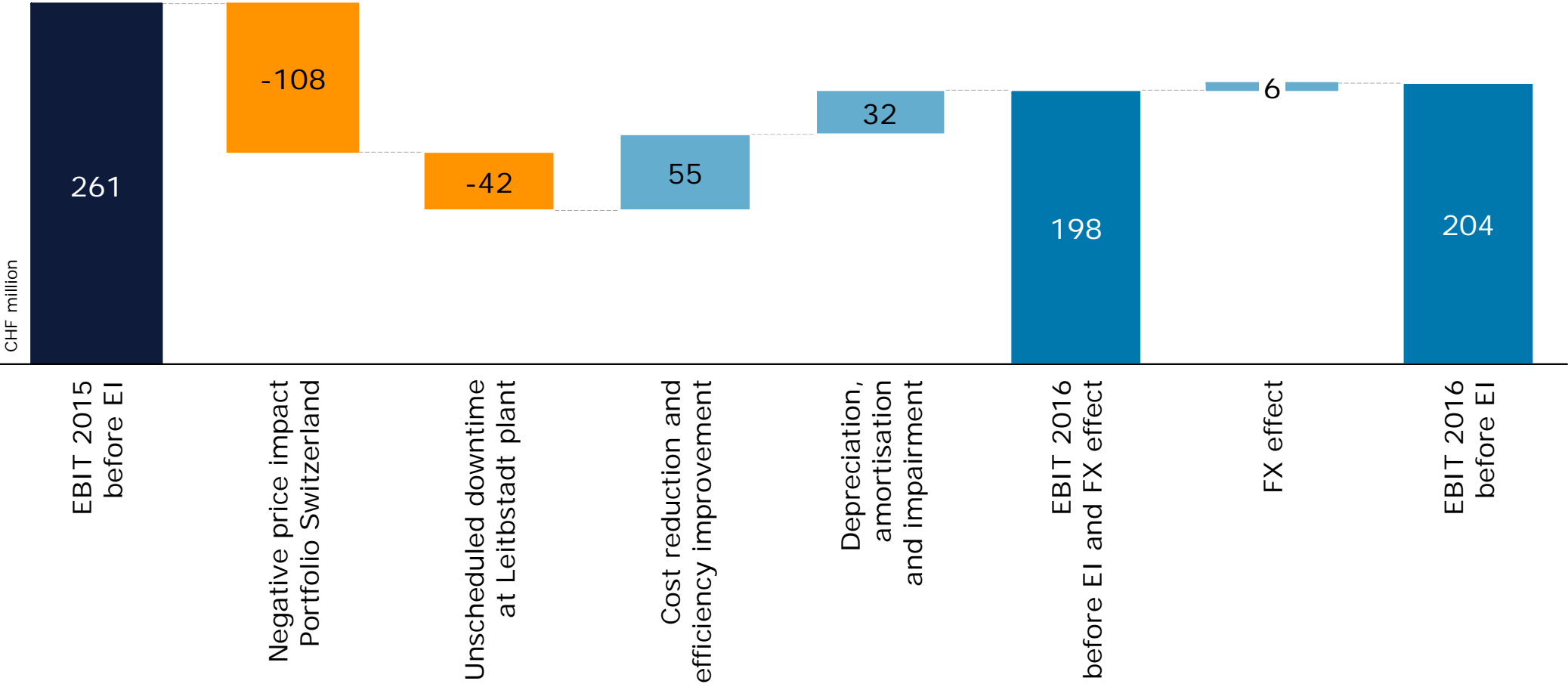
# Development of net revenue



Reduced net revenue reflects low wholesale prices



# Development of EBIT



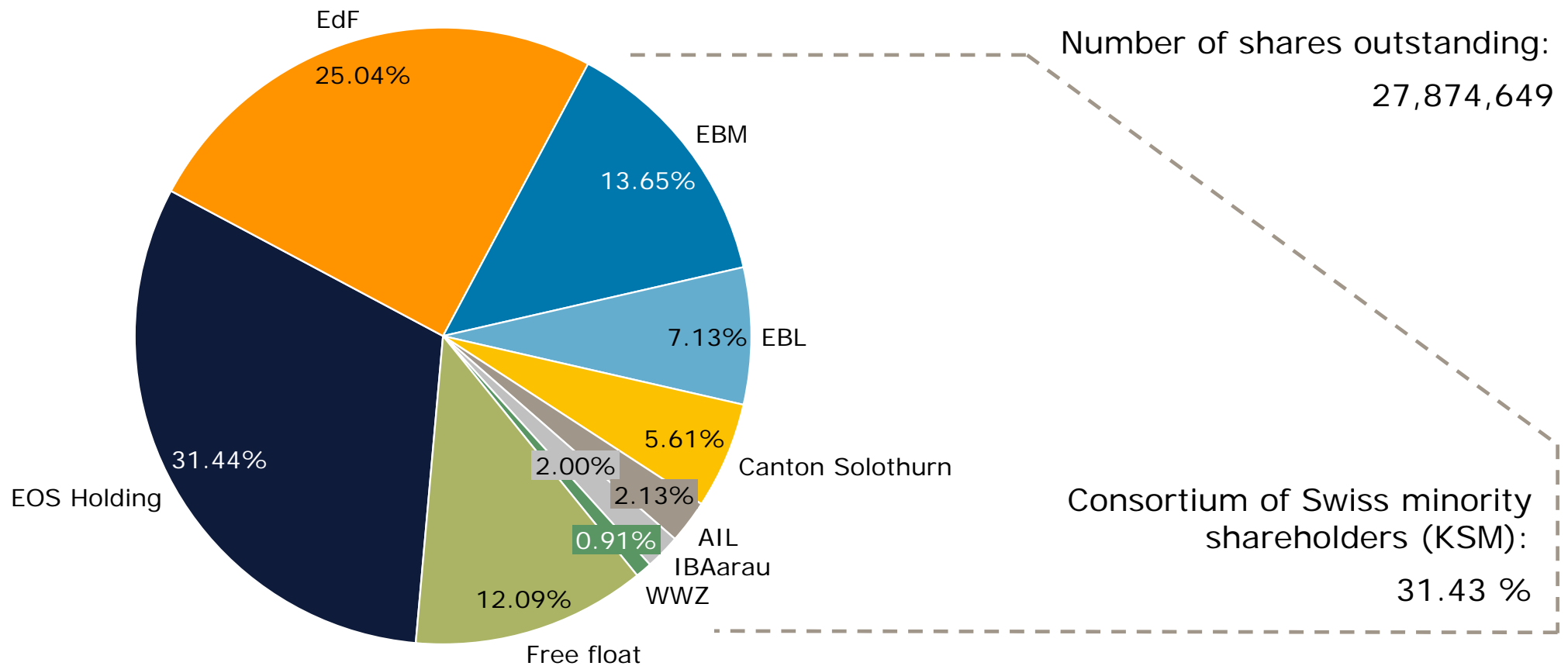
# Allocation of IFRS impairment losses and provisions

CHF million	Total
Power Generation Switzerland	-361
Renewable Energy France	-1
Renewable Energy Italy	-39
<b>Total impairment losses for assets</b>	<b>-401</b>
Provision for onerous contracts	225
Liabilities for purchase and supply contracts	-3
<b>Total impairment losses and provisions</b>	<b>-179</b>

Due to the anticipated development of electricity prices, which are expected to remain low in the long term, impairment losses were recognised and provisions were formed:

- Production Switzerland:
  - Hydropower plants and contracts
- Renewable Energy:
  - Wind farms in France and Italy

# Shareholder structure as at 31 December 2016





# Wholesale prices remain significantly under production costs

