

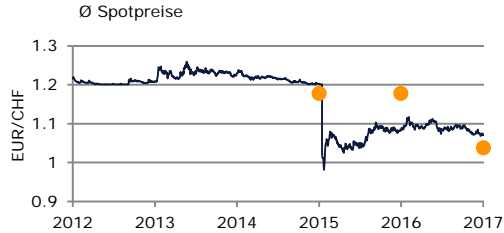
# Financial Analyst Conference 2018

Olten, 26 March 2018



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1. Demanding environment
  2. European business supports Swiss production
  3. Financial results
  4. Focus on core business
  5. Outlook
  6. Questions and answers

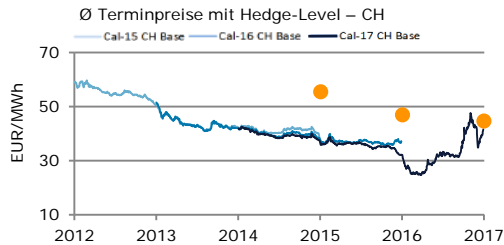
# Power production impacted by low wholesale prices and currency effects



## SNB decision from 2015 has negative currency effect with a time lapse

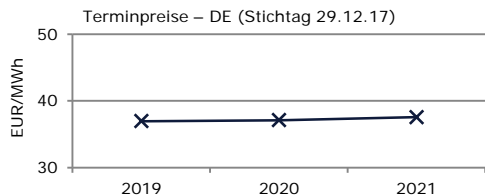
As expected, consequences of the decision to discontinue the minimum EUR exchange rate 2015 evident in 2017

Ø hedging rate            2015: CHF 1.19/EUR  
                                   2016: CHF 1.19/EUR  
                                   2017: CHF 1.04/EUR



## Drop in wholesale prices leads to lower hedge level

Ø hedge level            2015: EUR 54/MWh  
                                   2016: EUR 47/MWh  
                                   2017: EUR 44/MWh



## Forward prices at low level in short/medium term

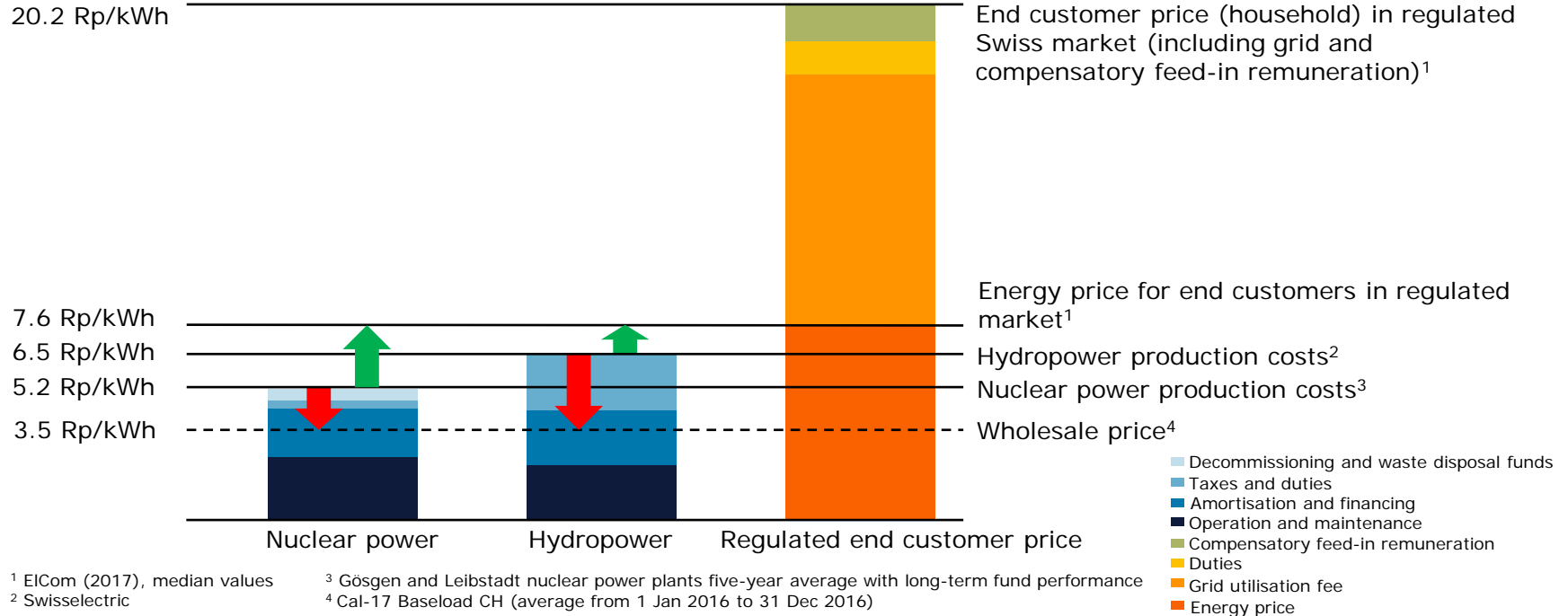
Ø forward prices from 2019 to 2021:  
 EUR 37/MWh (CAL Base DE)  
 EUR 41/MWh (CAL Base CH)

## Forward prices as at reporting date 30 Jun 2017

Ø forward prices from 2019 to 2021:  
 EUR 29/MWh (CAL Base DE)  
 EUR 34/MWh (CAL Base CH)

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

# Asymmetry on the Swiss electricity market distorts competition



**Power production operating at a loss in the partially liberated Swiss market**

# European business supports Swiss production



- Alpiq increases net revenue to CHF 7.2 billion
- EBITDA before exceptional items of CHF 301 million



- Net debt reduced from CHF 0.9 billion to CHF 0.7 billion
- Liquidity of CHF 1.4 billion at sound level

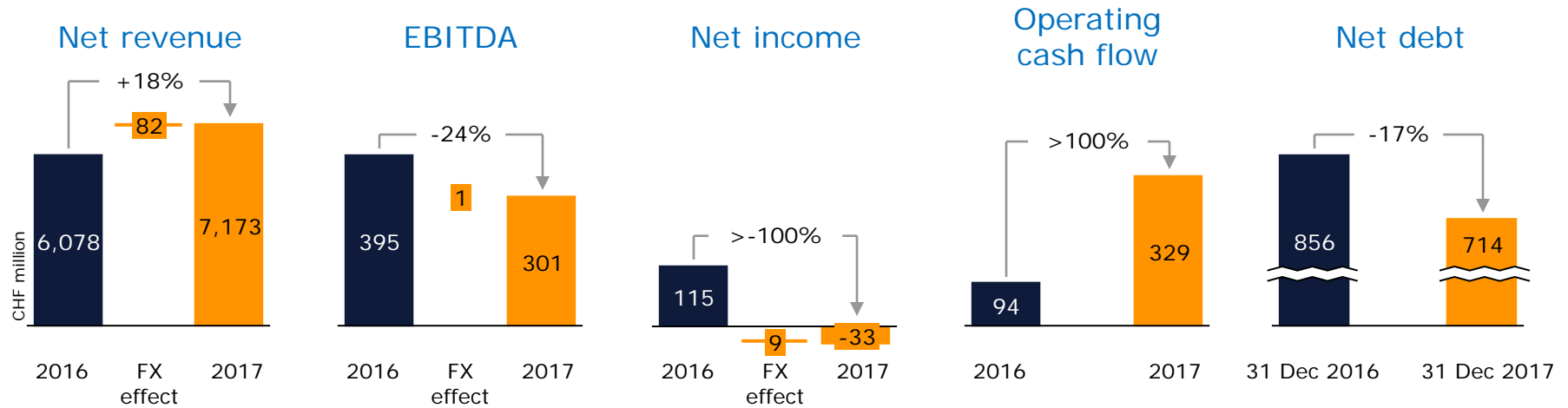


- International energy business generates more than 60% of earnings
- Swiss business impacted by wholesale prices and currency effects



- Spin-off and sale of the industrial business creates added value and strengthens core business
- No more net debt thanks to sales proceeds of CHF 850 million

# 2017 Key Financial Figures

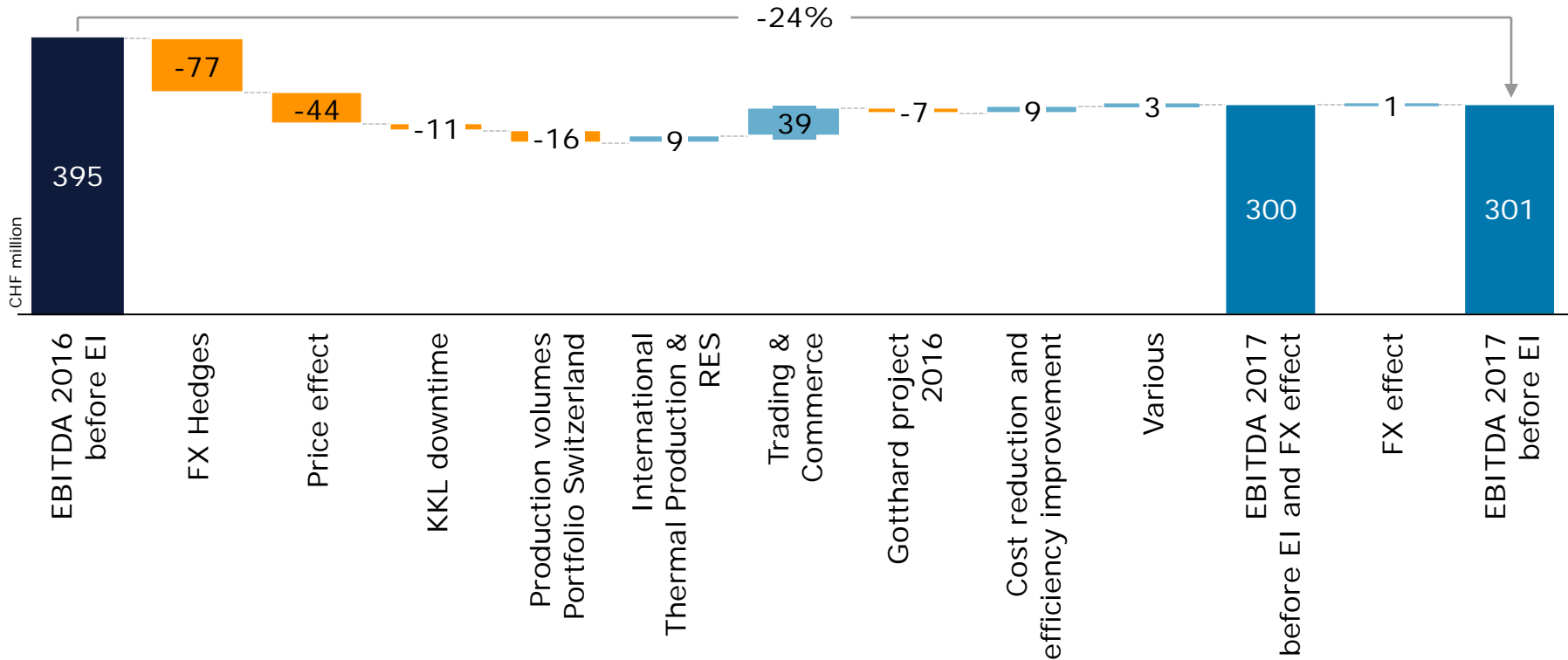


## Results of operations before exceptional items (EI)

- Higher net revenue mainly attributable to trading and sales activities in Market France
- As announced, EBITDA of CHF 301 million down on the previous year
- Operating Cash Flow significantly improved, i.a. due to active capital management
- Net debt reduction of CHF 142 million compared to the end of 2016

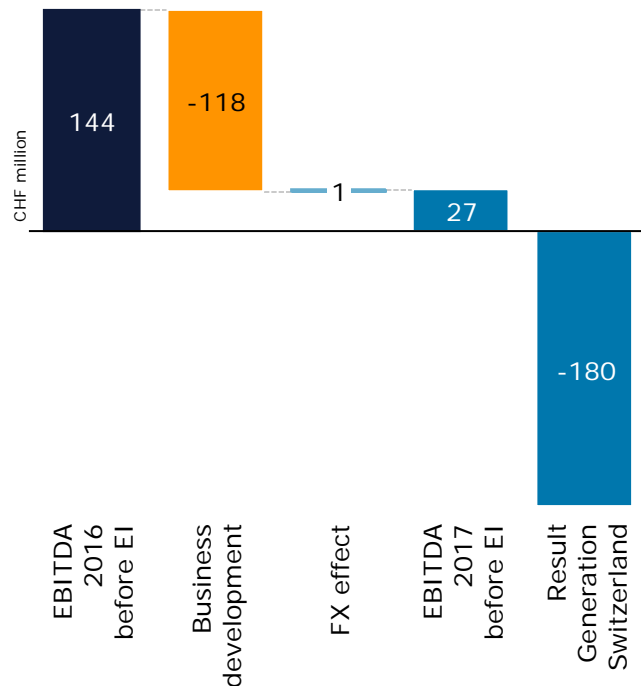
# Development of EBITDA

## Results from Swiss electricity production lowers results



# EBITDA development by business division (I)

## Generation Switzerland burdened by external factors



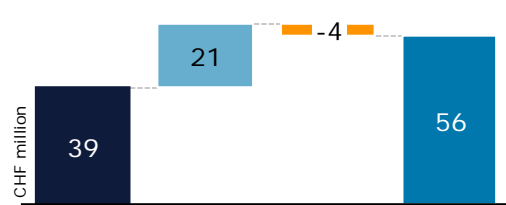
### Generation Switzerland

- Negative exchange rate effects caused by expiring hedges
- Wholesale prices below production costs
- Unscheduled extension of the maintenance work and an imposed power reduction at the Leibstadt nuclear power plant
- Lower production volumes

Results of partner power plants (consolidated in full and using the equity method) include O&M, amortisation and depreciation, taxes and fees as well as capital costs, either at the partner power plant or at Alpiq directly

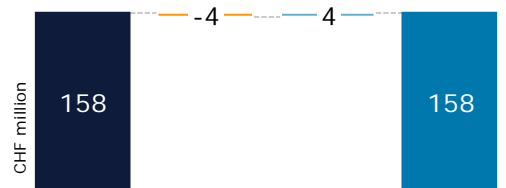


# EBITDA development by business division (II)



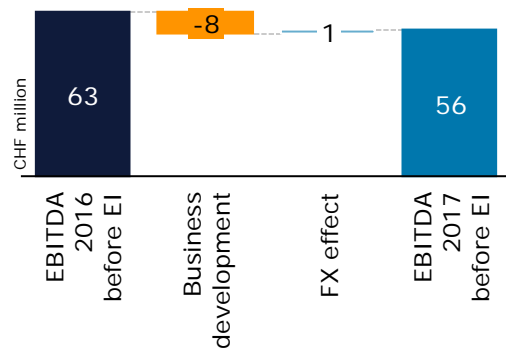
## Digital & Commerce

- Successful use of price volatilities in Italy and Eastern Europe
- Sales activities in Market France up on the previous year
- Optimisation of power plant portfolio in CH and Spain below previous year
- No contribution from AVAG after disposal in July 2016



## Industrial Engineering

- Contributions from Thermal Production and RES up on the previous year
- Margins in energy and power plant technology down on the previous year
- Increasing demand in the area of dismantling nuclear facilities



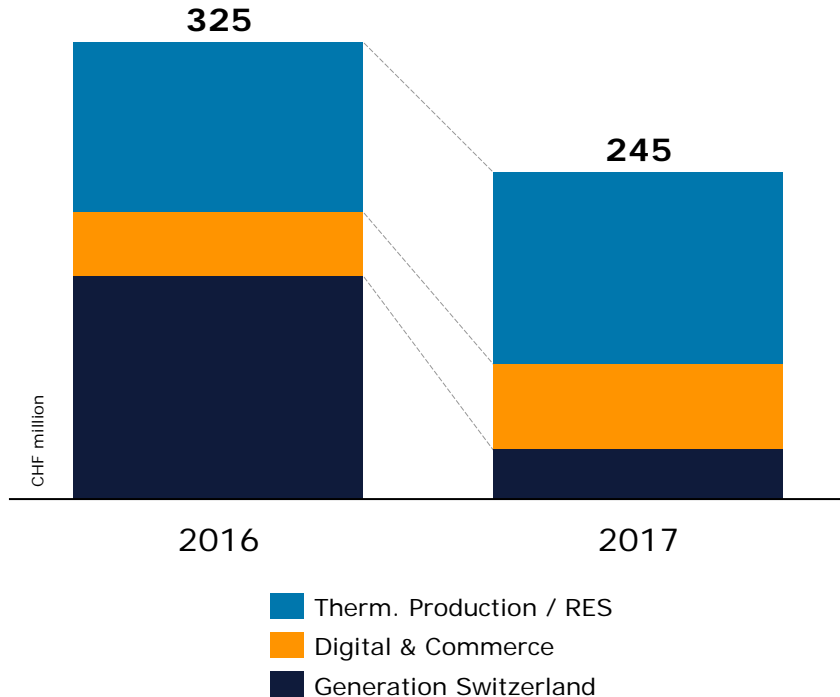
## Building Technology & Design

- Significant increase in order intake and order backlog
- Decrease in EBITDA attributable to the successful completion of the Gotthard Base Tunnel project in the previous year
- Positive contribution to earnings from acquisition of Lundy Projects Ltd.

# Continuing operations

## Swiss production supported by European business

EBITDA before EI  
continuing operation



Increased contribution from thermal production and RES



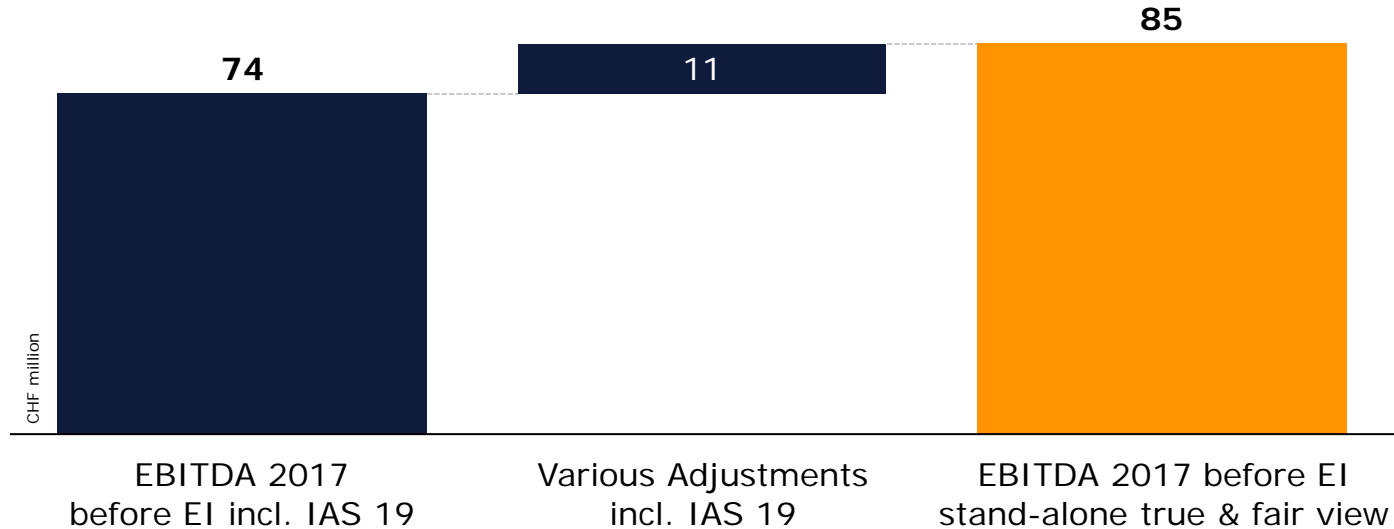
Stronger results from international production



Negative exchange rate effects caused by expiring hedges, wholesale prices below production costs

# Discontinued operations

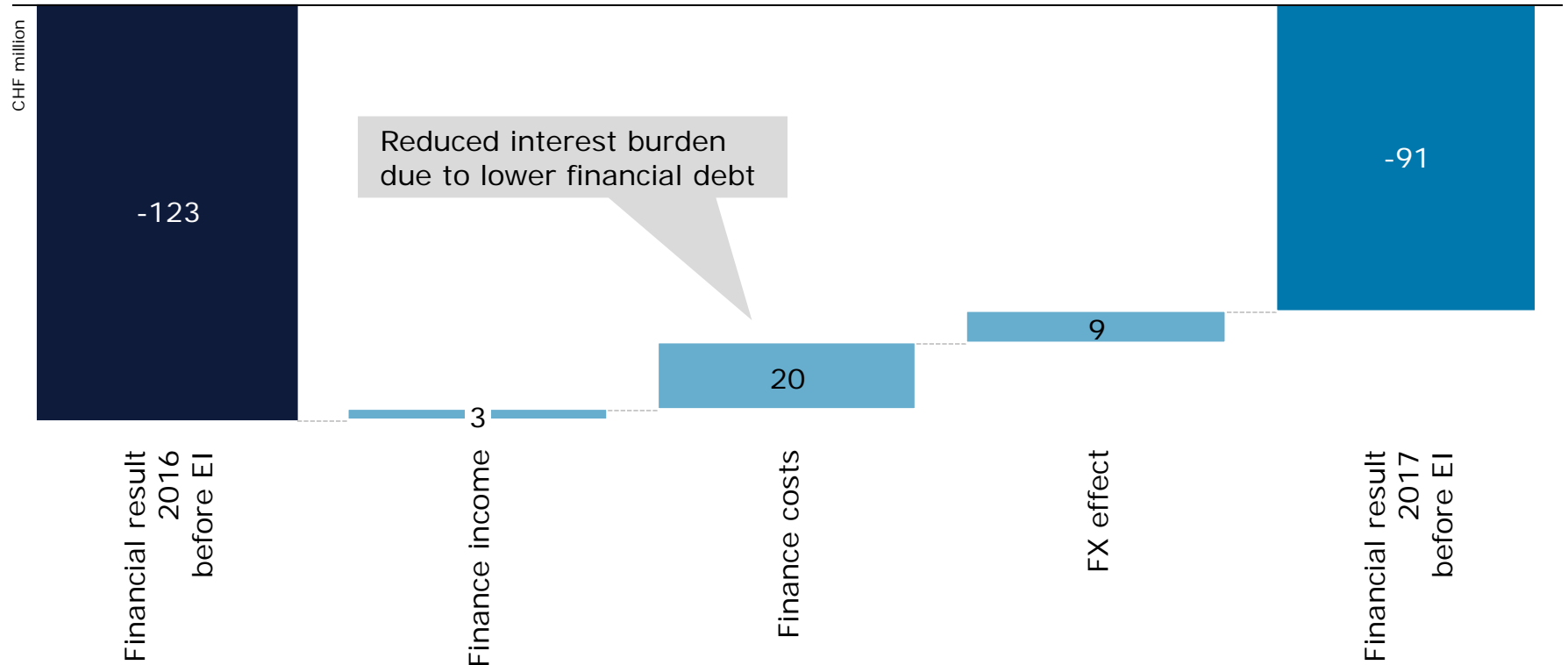
## EBITDA 2017 Bridge



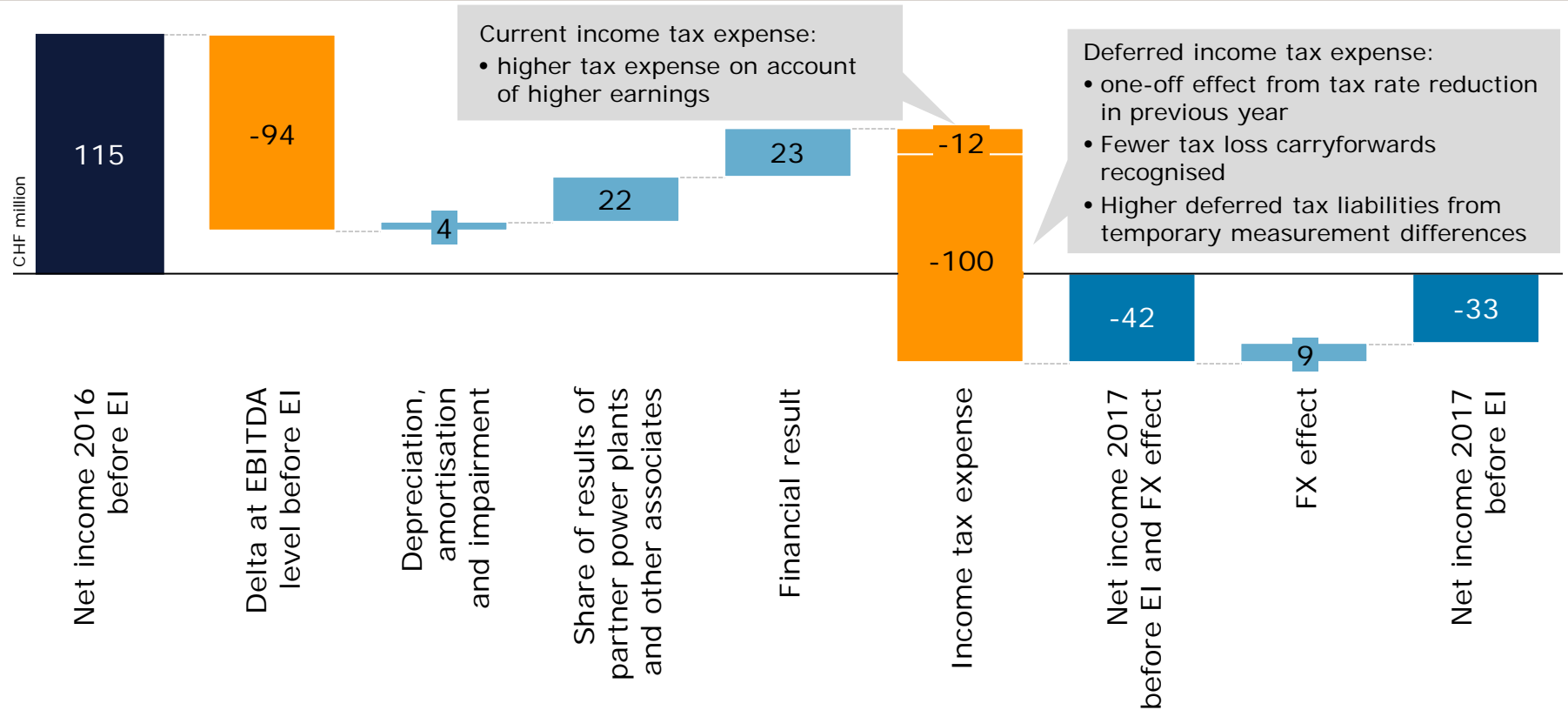
Equivalent of EBIT Bridge incl. CHF 23 million depreciation and amortisation

# Development of financial result

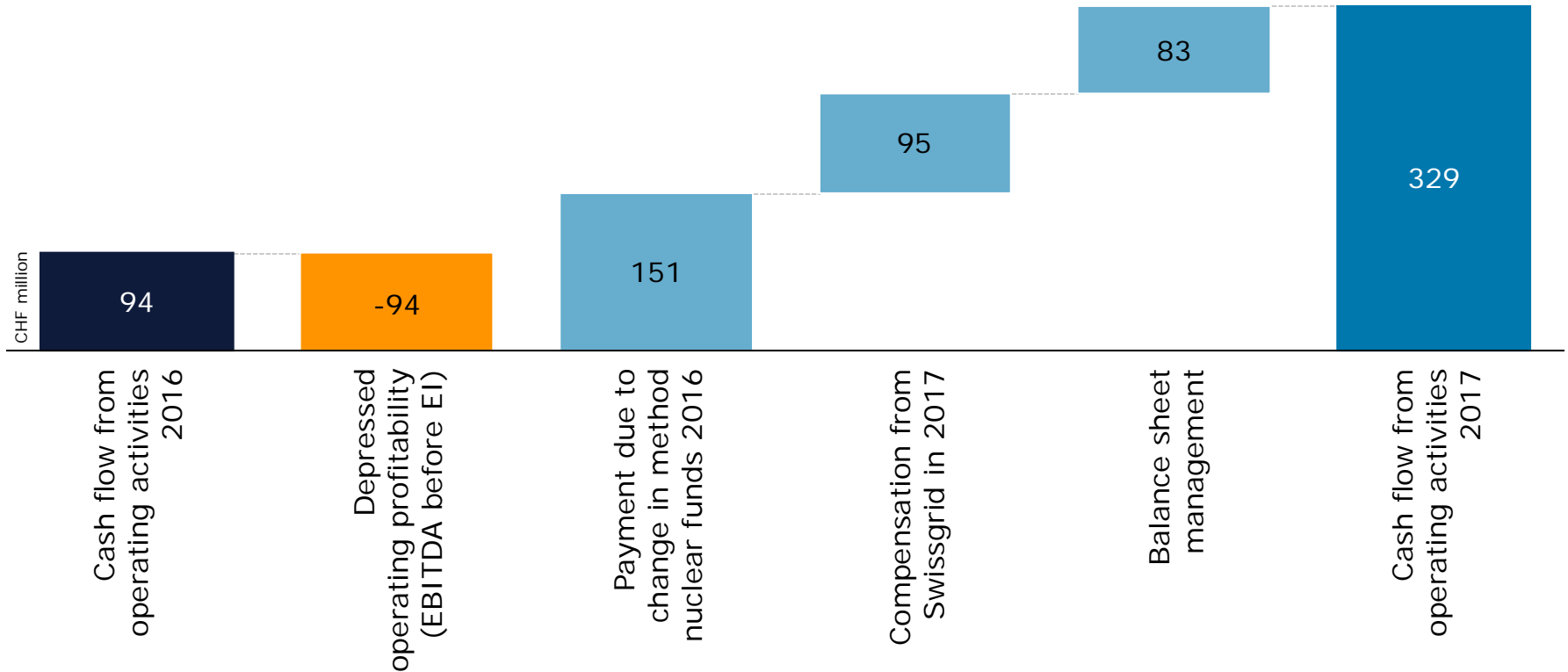
## Financial result up to previous year



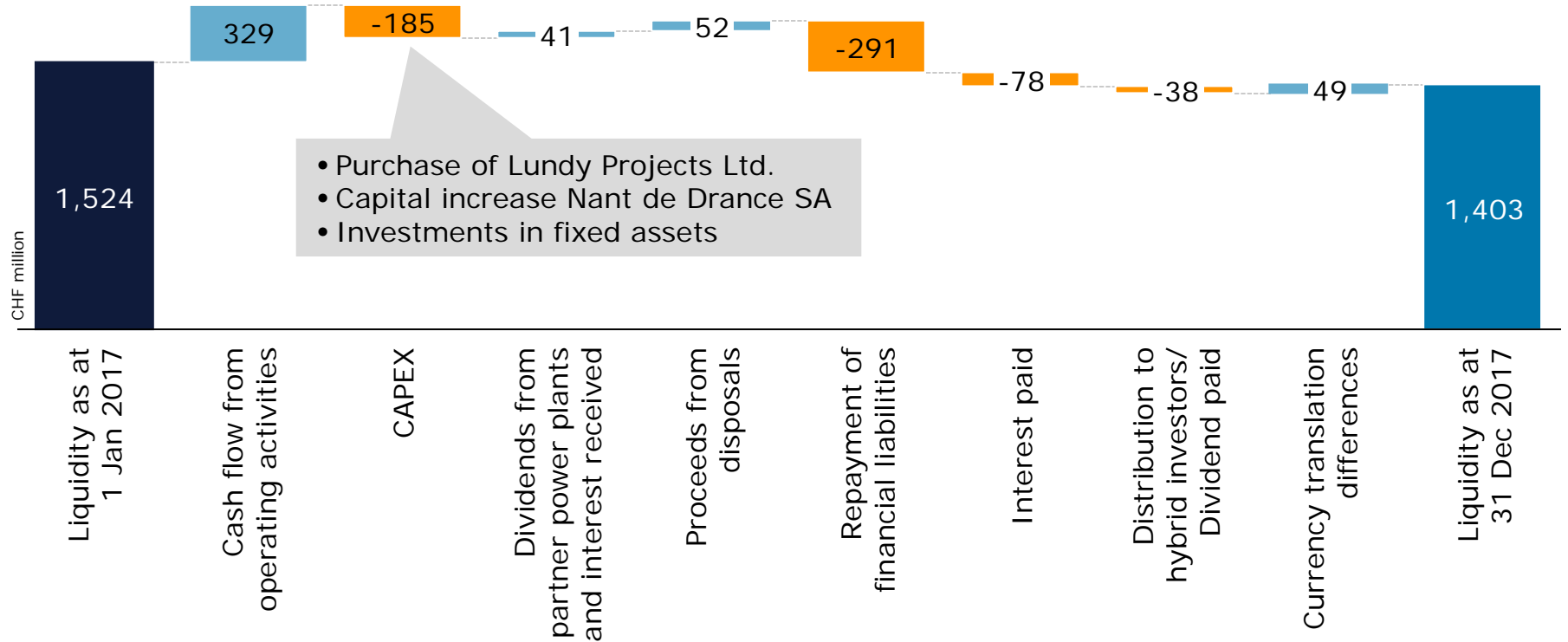
# Development of net income



# Change in cash flow from operating activities 2017 compared to 2016



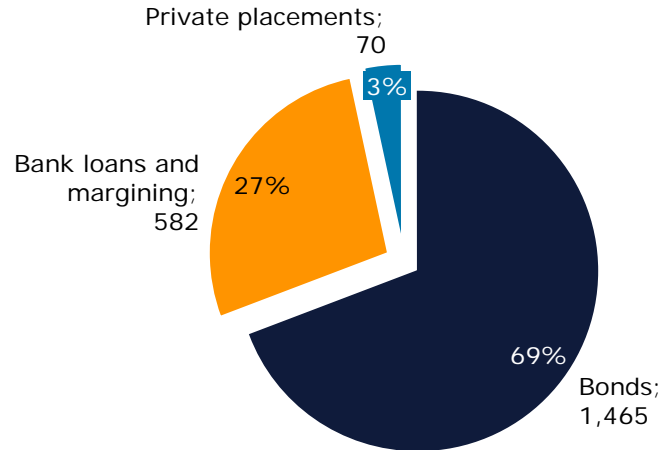
# Statement of cash flows



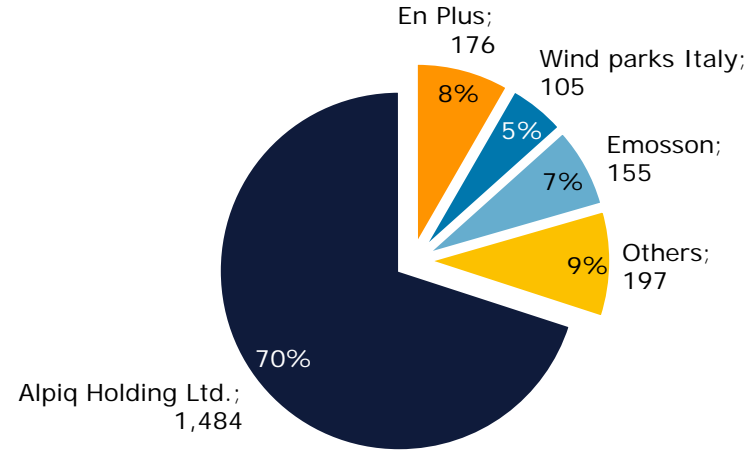
# Financing mix as at 31 December 2017

## Degree of centralisation remains high

### Instruments (CHF million)



### Creditors (CHF million)

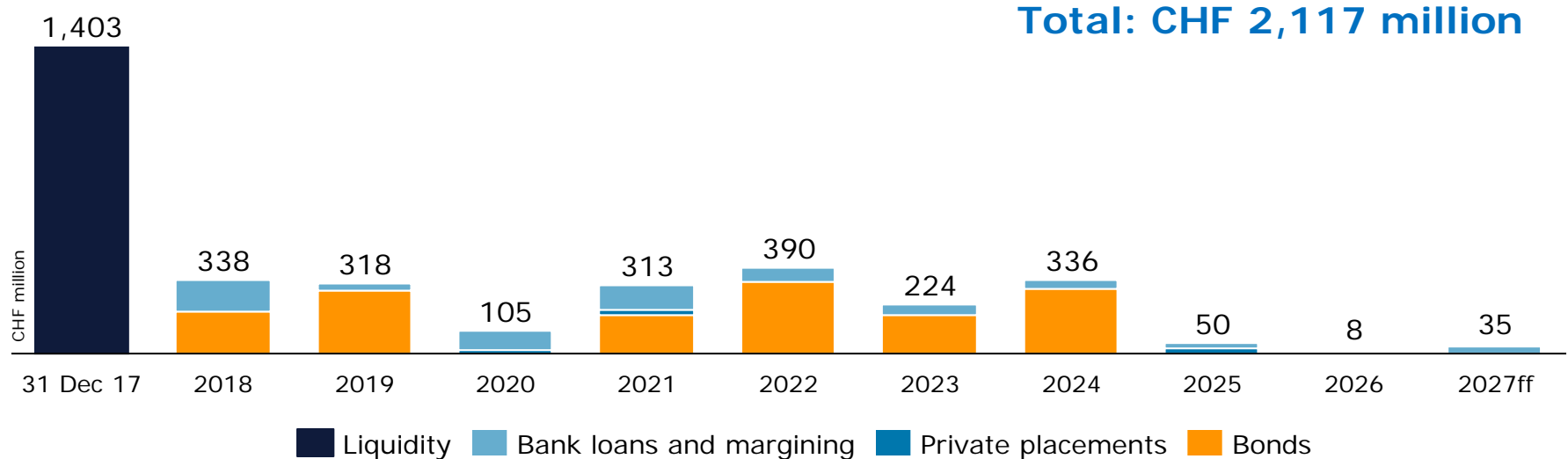


- The capital market remains the most important source of financing
- The structural subordination of the Alpiq Holding Ltd. remains on a low level
- Non-utilised committed credit lines of around CHF 400 million



# Maturity profile as at 31 December 2017

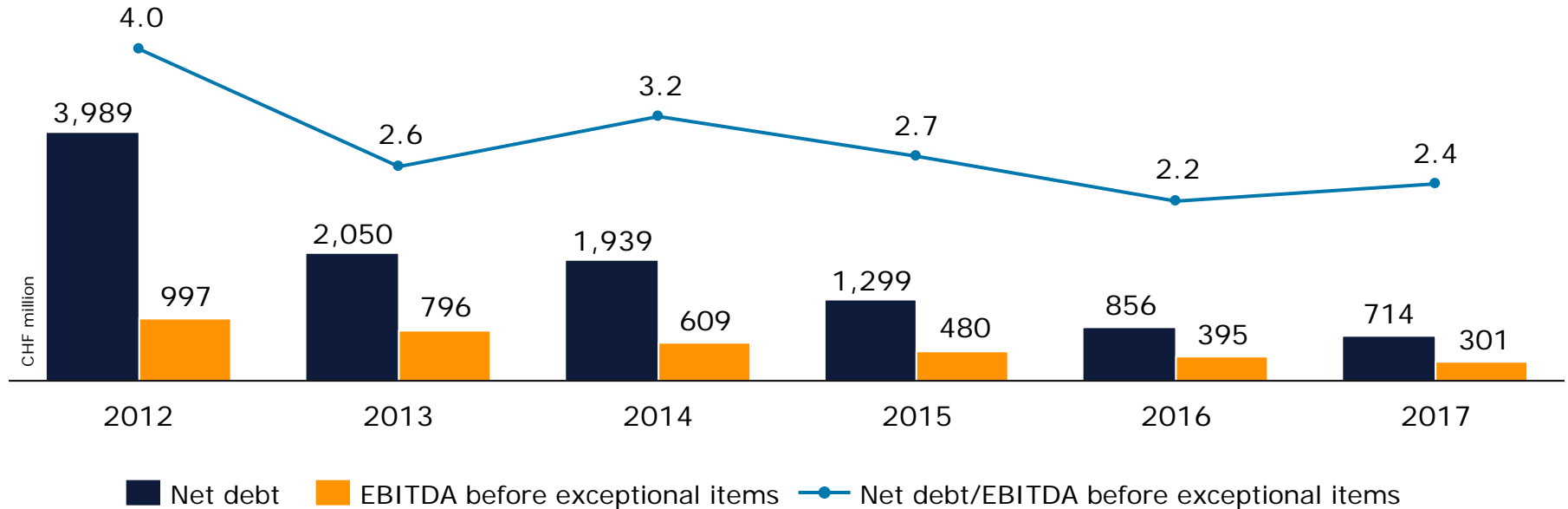
## Financial liabilities staggered over long term



- Maturities are countered by a sound liquidity base of around CHF 1.4 billion
- Maturity profile staggered over long term without significant spikes
- Further systematic reduction of debt in the pipeline

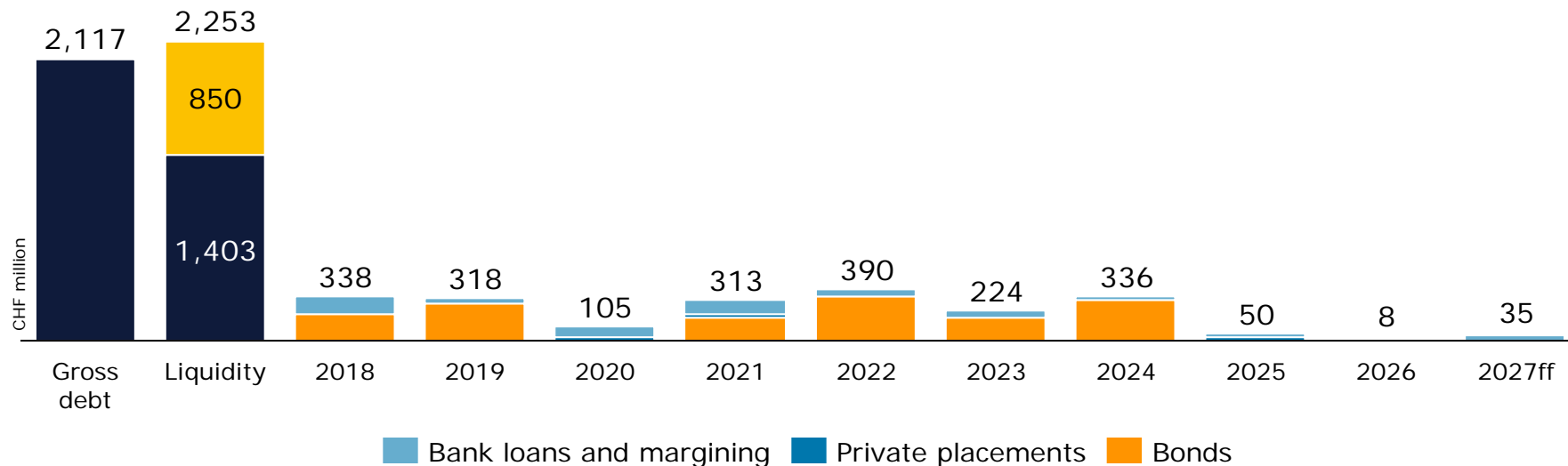
# Financial liabilities

## Debt situation improved significantly



- Net debt further reduced by CHF 142 million to CHF 714 million
- Net debt/EBITDA before exceptional items of 2.4

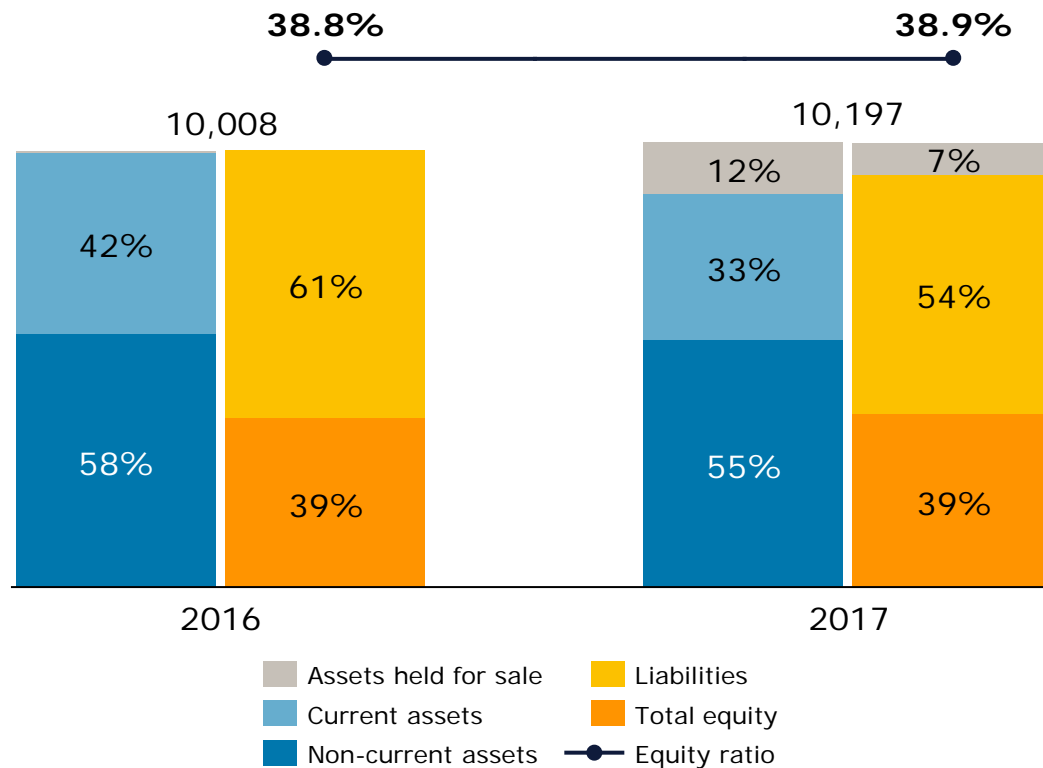
# Development debt situation after closing of the transaction



- Sales proceeds for InTec and Kraftanlagen Group of CHF 850 million
- Net debt becomes Net liquidity of CHF 136 million

# Balance Sheet remains stable

## Alpiq with sound liquidity and stable equity



- Sound **liquidity**:  
**CHF 1.4 billion**
- Stable **equity**:  
**CHF 4.0 billion**
- **Equity ratio at 38.9%**

- Assessment of Alpiq Energy SE, Prague, issued by Romanian tax authority ANAF in the amount of RON 793 million (CHF 199 million) for the period of 2010 to 2014
- Alpiq has contested on account of its reasoning and the extent of the amount assessed
- Alpiq currently deems it unlikely that this assessment will result in a negative outcome for the company
- No liability (provision) of RON 793 million recognised; secured by a bank guarantee in the amount of CHF 202 million; disclosed under non-current term deposits

# Stringent cost and balance sheet management dampens the decrease in earnings

## Currency effect & effects of low wholesale prices

- **Lower results** in Swiss portfolio

Price effect

Negative currency hedging effect of **CHF -77 million**

Negative effect of wholesale prices **CHF -44 million**

## Downtime at Leibstadt nuclear power plant

- **Results negatively affected** by the unscheduled downtime

Volume effect

Net negative effect of **CHF -11 million** in 2017

## Cost savings introduced

- Processes and systems sustainably **simplified**
- **Complexity** that had developed over time **reduced**
- **Nearshoring continued**

Efficiency improvement

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

Cost savings

## Capital management intensified

- Intensive **capital management**
- Sale of **Engineering Services business**
- **Net debt free**

Net debt

Net debt reduced to **CHF 714 million** (31.12.17)

Portfolio streamlining

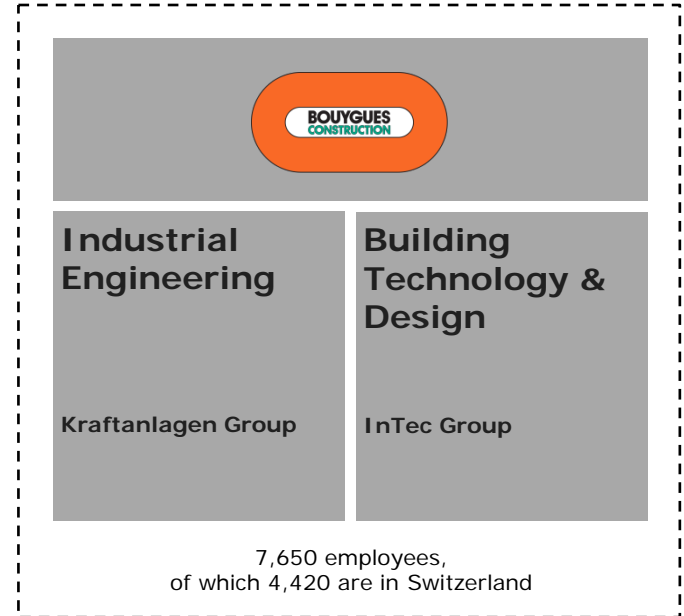
**Net liquidity of CHF 136 million** free after closing

Stable equity ratio of **38.9%**

# Alpiq splits off industrial business for CHF 850 million



1,550 employees



7,650 employees,  
of which 4,420 are in Switzerland

Transaction creates significant added value for the Alpiq Group and strengthens its core business

New prospects with international industrial owner

# Alpiq focuses on the core business

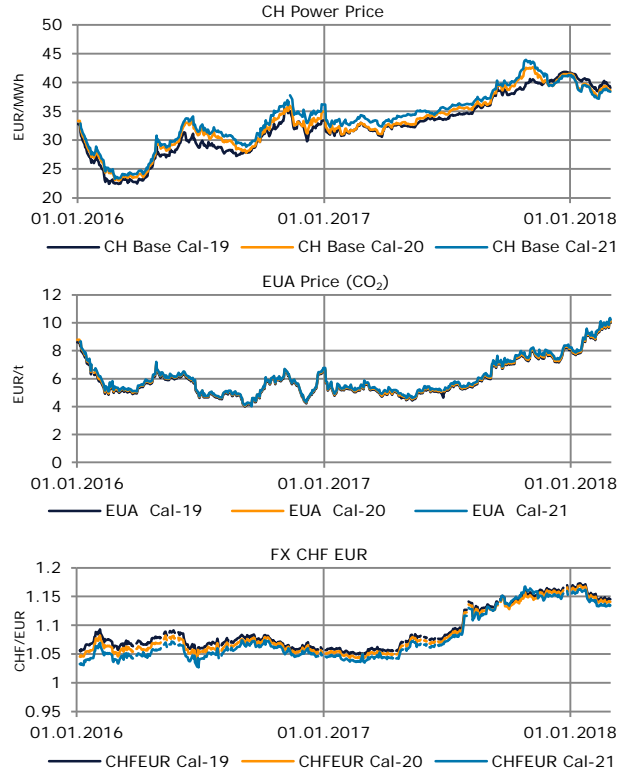






- Low wholesale prices continue to put Swiss production under pressure
- Slight relief for Swiss hydropower through market premium
- International energy business generates positive contributions to support Swiss production

# Recovery on the horizon in the medium to long term



## Slightly positive development on the markets

- Marginal recovery in electricity and CO<sub>2</sub> prices
- Positive effect from CHF/EUR exchange rate with a time lapse

## Policy-makers recognise need for action

- Full liberalisation of the electricity market would correct market asymmetry
- New market model and water tax regulations would make it possible to operate economically with hydropower
- EU electricity accord would secure international market access for hydropower



- Successful divestment creates significant added value for the Group
- No more net debt thanks to sale proceeds of CHF 850 million
- Focus on core business: Generation Switzerland, Digital & Commerce, international thermal production, new renewable energies
- Positive developments on markets (electricity/CO<sub>2</sub> prices) and regarding regulation (hydropower) in the medium/long term
- Opportunities in the areas of decarbonisation, decentralisation and digitalisation

You ask. We answer.

ALPIQ



# Organisation prior to closing



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

16 May 2018

9th Annual General Meeting of Alpiq Holding Ltd. (Lausanne)

27 August 2018

Interim results 2018 (Olten)

Media Breakfast and Analyst Conference Call

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This communication contains, among other things, forward-looking statements and information. Such statements include, but are not limited to, statements regarding management objectives, business profit trends, profit margins, costs, returns on equity, risk management or the competitive environment, all of which are inherently speculative in nature. Terms such as "*anticipate*," "*assume*," "*aim*," "*goals*," "*projects*," "*intend*," "*plan*," "*believe*," "*try*," "*estimate*," and variations of such terms, and similar expressions have the purpose of clarifying forward-looking statements. These statements are based on our current estimates and assumptions, and are therefore to some extent subject to risks and uncertainties. Therefore, Alpiq's actual results may differ materially from, and substantially contradict, forward-looking statements made expressly or implicitly. Factors contributing to or likely to cause such divergent outcomes include, but are not limited to, the general economic situation, competition with other companies, the effects and risks of new technologies, the Company's ongoing capital needs, financing costs, delays in integrating mergers or acquisitions, changes in operating expenses, currency fluctuations, changes in the regulatory environment on the domestic and foreign energy markets, oil price and margin fluctuations for Alpiq products, attracting and retaining qualified employees, political risks in countries where the Company operates, changes in applicable law, the realisation of synergies and other factors mentioned in this communication.

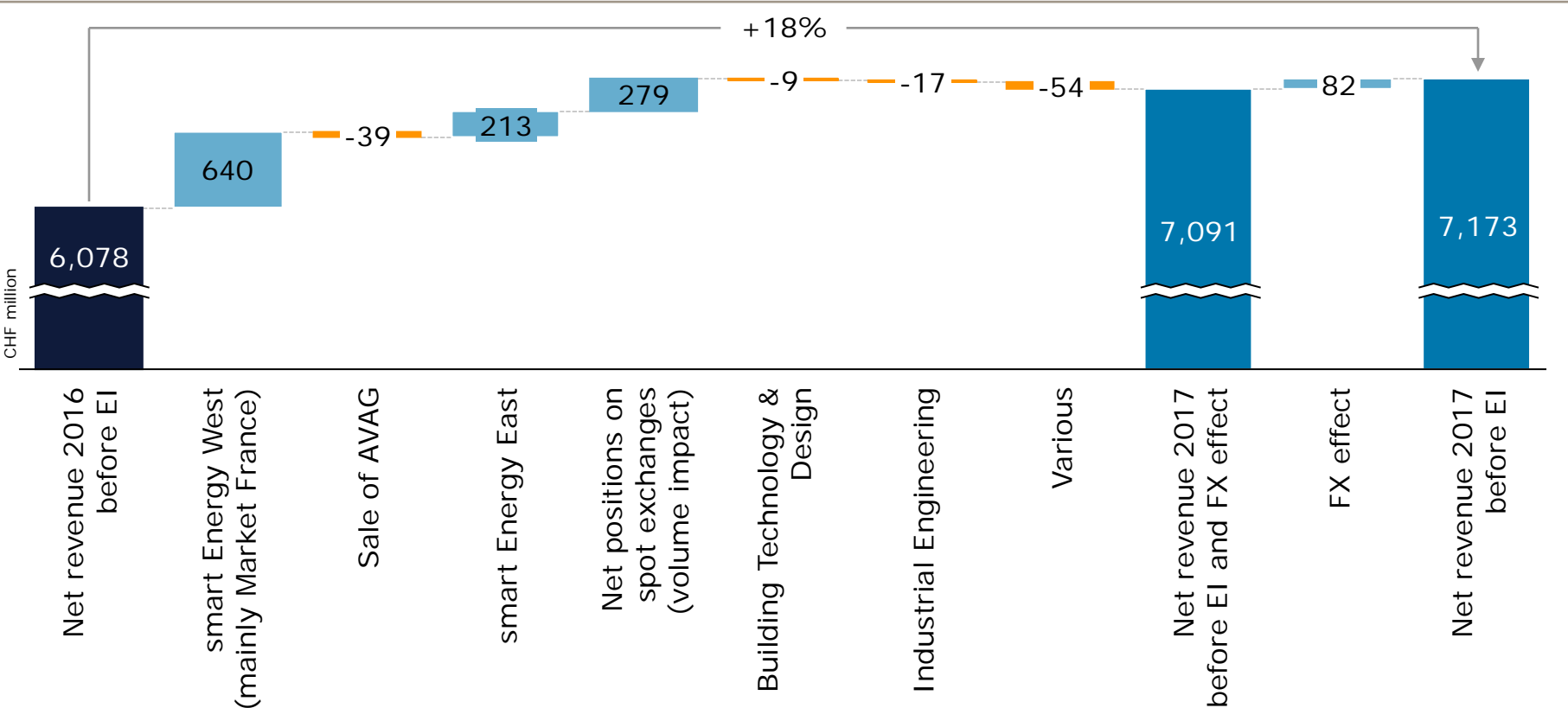
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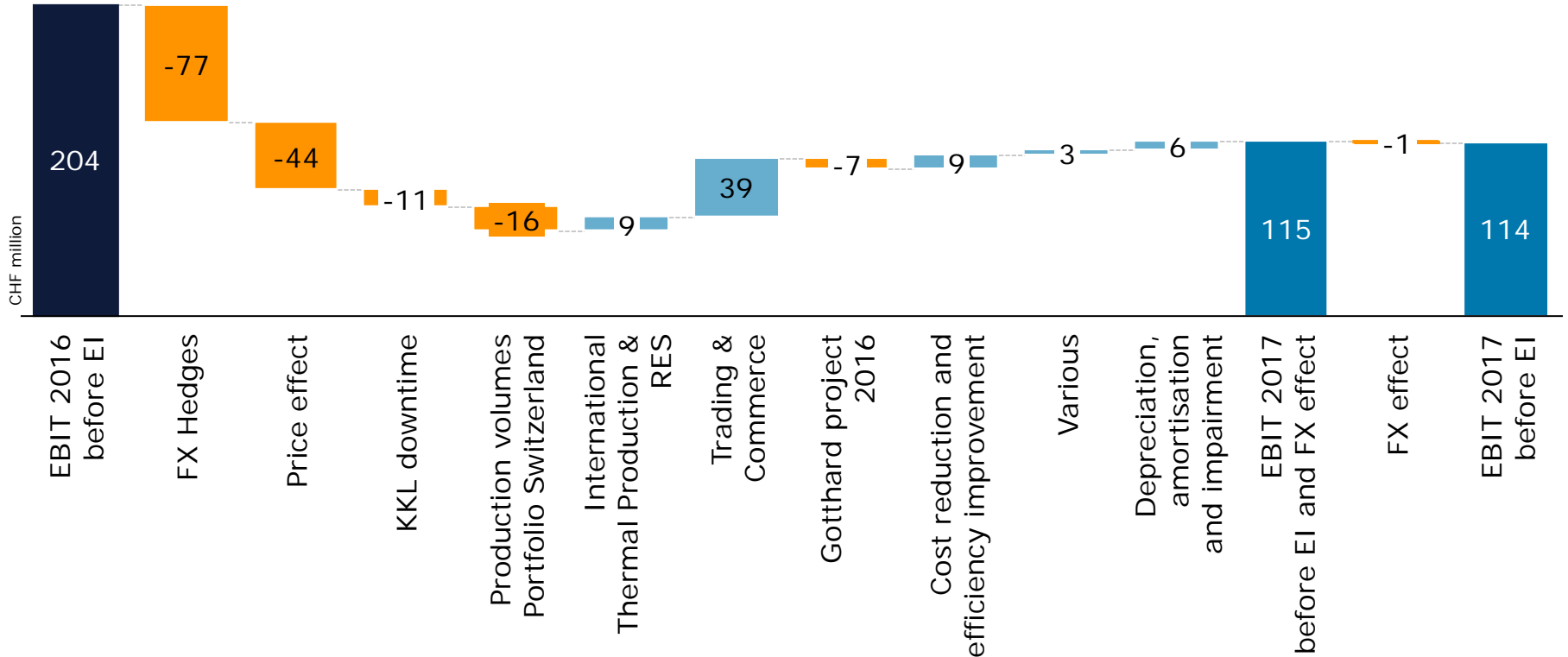




# Development of net revenue



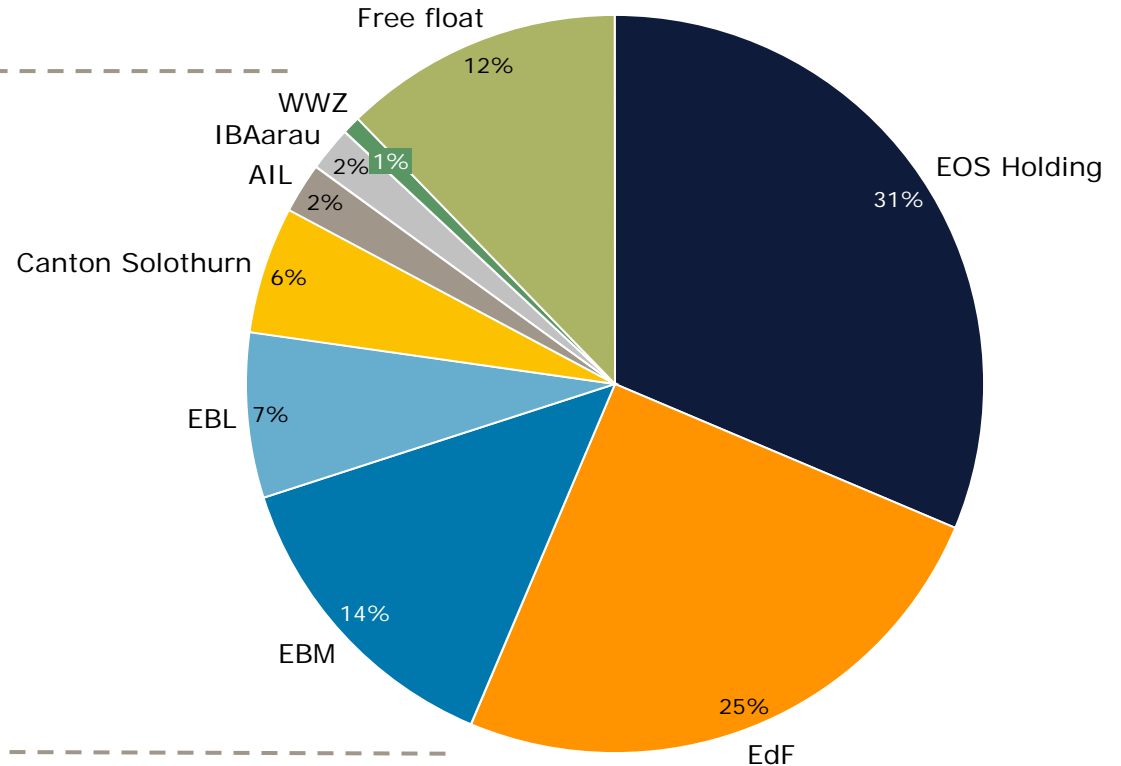
# Development of EBIT



# Shareholder structure as at 31 December 2017

Number of shares outstanding:

27,874,649



Consortium of Swiss minority shareholders (KSM):

31.43 %