Media Release
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Alpiq aligns strategy and organisation to changed boundary and market conditions

Alpiq adopts comprehensive restructuring programme

The electricity industry is having to adapt to sustained changes in the boundary and market conditions. Alpiq is heavily affected by this trend. In the first nine months of 2011, operating profit before depreciation and amortisation (EBITDA) fell by 22% to CHF 832 million, well below the prior-year figure. Due to impairments and provisions, 2011 is expected to close with a net loss. The Alpiq Board of Directors has therefore adopted a restructuring programme to focus on the core business, simplify the organisation and reduce costs and debt. This also entails plans to reduce the workforce by 450 jobs, around half of which will be in Switzerland.

Over the past two years, the market environment and revenue drivers of European electricity companies have deteriorated substantially. Exchange rate factors have accelerated this negative trend in recent months. Alpiq has been hard hit by this situation, as the figures for the first nine months of 2011 clearly show: EBITDA fell by 22% to CHF 832 million (CHF 1,061 million), EBIT by 39% to CHF 418 million (CHF 689 million) and profit by 57% to CHF 180 million (CHF 421 million). Revenue dipped by 3% to CHF 10.2 billion (prior year: CHF 10.5 billion). These figures do not include the extraordinary write-down of CHF 35 million for the Niederamt nuclear power station project.

Alpiq was quick to take steps to improve the situation but, as announced on 19 August 2011 with the publication of the half-year figures, additional measures are needed in order to avoid any further acceleration of this negative trend. Alpiq intends to concentrate on the profitable core business and increase efficiency by streamlining the organisation, so as to reduce operating costs by around CHF 100 million by the end of 2012.

Alpiq is also aiming to reduce net debt by CHF 1.5 - CHF 2.0 billion by the end of 2014, by concentrating investments as well as through divestments and reduced shareholdings. This also entails asset impairments and provisions which will weigh down the 2011 annual results to the tune of CHF 1.7 billion.
Hans E. Schweickardt, Chairman and CEO a.i. of Alpiq explains: "These sweeping measures are necessary in order to restore the financial balance and return to growth. We want to use the current difficult situation to prepare Alpiq effectively for the future with its new market and boundary conditions. Focusing on the core business will help us to exploit Alpiq’s core strengths once more to the hilt. We remain committed to a safe, reliable supply of electricity."

**Focus on the profitable core business and boosting energy efficiency**

Alpiq will concentrate on the core market of Switzerland and profitable niche markets in Europe. In Switzerland, in addition to making full use of existing generation capacity lifecycles, the company intends to focus on expanding the electricity generation from renewable energies, with particular emphasis on hydropower. Special attention will also be accorded to the energy efficiency business field, where there is major potential for growth in view of current energy policy objectives aimed at reducing energy consumption. With the Alpiq Intec Group (AIT) and its 3,700 employees specialising in building technology and facility management as well as transport technology and energy supply, Alpiq already commands a very strong position in this market.

**Simplifying the organisation to cut costs**

Concentration on the core business also entails a major adjustment and simplification of the organisation. This primarily concerns Alpiq’s activities on energy markets (trading and sales). The AIT Group will become part of the Energy Switzerland division. This underscores the move to step up the energy efficiency business in Switzerland and will allow market opportunities and synergies to be exploited even more effectively.

Herbert Niklaus, Head of the Energy Services division, and Peter Heydecker, Head of the Trading & Services division, will leave the Alpiq Executive Board. Erik Saether, former Head of the Alpiq Group's Market Nordic business unit, will take over as Head of Optimisation & Trading with immediate effect.

Alpiq now consists of three divisions: Energy Switzerland, Energy International and Optimisation & Trading. The smaller number of divisions will reduce complexity and shorten decision-making channels. There are also plans to reduce the workforce by 450 jobs, around half of which will be in Switzerland. This affects in particular the trading business, the international sales business, Corporate Centre as well as the central and regional support units. A severance plan is being drawn up to limit the social consequences.
As part of this reorganisation, the Annual General Meeting in April 2012 will be asked to vote on transferring the registered office of Alpiq Holding Ltd. from Neuchatel to Lausanne. The functions based in Neuchatel will be distributed among the existing locations in Olten and Lausanne; in particular, the Corporate Strategy & Development functional unit will be moved to Olten.

Outlook
2011 will close with operating results well below the prior-year figures. Taking into account the planned impairments and the restructuring costs charged to the current financial year, 2011 is expected to close with a substantial net loss. As a result of streamlining the business portfolio and the planned investment curtailments and divestments, future results will be at a level well below the figures reported in recent years. The comprehensive restructuring will, however, lay the foundation for sustainable growth in revenue and income at Alpiq, and secure the Group’s 5,000 or so jobs.

Current and earlier publications: www.alpiq.com/reports

Note to media representatives
At 09:30 today, Friday 4 November, Hans E. Schweickardt, CEO a.i., will be holding a telephone conference to answer questions.

Dial-in details:
https://alpiq.webex.com/alpiq/j.php?ED=184437157&RG=1&UID=0&RT=MTYjMjU%3D

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Alpiq: Roots in Switzerland – active in Europe

Alpiq Holding Ltd. is the leading energy trader and service provider in Switzerland, with European reach. The Alpiq Group was created in early 2009 as a result of the merger between the two energy pioneers Atel Holding Ltd and Energie Ouest Suisse SA (EOS). Active in Switzerland and Europe, it has subsidiaries in more than 20 countries and in 2010 generated consolidated annual revenue of around CHF 14 billion. Alpiq specialises in electricity generation and transmission, sales and trading, as well as energy services, and is responsible for around one-third of Switzerland’s electricity supplies.

More information on Alpiq: www.alpiq.com