Alpiq with strong European business

Interim results 2018

Olten, 27 August 2018
Agenda

1. Economic environment
2. Alpiq with strong European business
3. Financial results
4. Focus on core business
5. Outlook
6. Questions and answers
Hedges from previous years with a time-delayed effect

Wholesale price effect leads to lower result in H1 2018 with a time delay

<table>
<thead>
<tr>
<th>Year</th>
<th>Hedging Rate (EUR/MWh)</th>
<th>Result (EUR/MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>47</td>
<td>-</td>
</tr>
<tr>
<td>2017</td>
<td>44</td>
<td>-</td>
</tr>
<tr>
<td>H1 2018</td>
<td>38</td>
<td>-</td>
</tr>
</tbody>
</table>

Currency effects: marginal impact compared to the previous year

<table>
<thead>
<tr>
<th>Year</th>
<th>Hedging Rate (CHF/EUR)</th>
<th>Result (CHF/EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.19</td>
<td>-</td>
</tr>
<tr>
<td>2017</td>
<td>1.04</td>
<td>-</td>
</tr>
<tr>
<td>H1 2018</td>
<td>1.06</td>
<td>-</td>
</tr>
</tbody>
</table>

Forward prices in H1 2018 recovered

<table>
<thead>
<tr>
<th>Year</th>
<th>Forward Price (EUR/MWh)</th>
<th>Result (EUR/MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>37</td>
<td>-</td>
</tr>
<tr>
<td>H1 2017</td>
<td>37</td>
<td>-</td>
</tr>
<tr>
<td>(01 Jan - 30 Jun 2018)</td>
<td>EUR 37/MWh (CAL Base DE)</td>
<td>-</td>
</tr>
<tr>
<td>EUR 42/MWh (CAL Base CH)</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

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

EBITDA from continuing operations before exceptional items: CHF 93 million
- Strong European and trading business: CHF 130 million
- Unprofitable Swiss electricity production: CHF -37 million

Solid balance sheet
- Equity ratio: 38.8%
- Liquidity: CHF 1.1 billion

Successful spin-off of the industrial business
- Added value for the Alpiq Group
- Gross cash inflow of CHF 0.8 billion

1 from transaction as at 31 July 2018
### Results of operations before exceptional items (EI)

- At CHF 93 million, EBITDA from continuing operations below the previous year, as announced.
- Transaction of the industrial business successfully concluded as of the end of July. Cash inflow not yet reflected in the key financial figures as of the end of June.
### Development of EBITDA before exceptional items

<table>
<thead>
<tr>
<th>Category</th>
<th>Alpiq Group EBITDA H1 2017</th>
<th>Discontinued operations</th>
<th>Continuing operations</th>
<th>Alpiq Group EBITDA H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price effect</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production volumes portfolio Switzerland (mainly KKL)</td>
<td>-64</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs partner power plants</td>
<td>26</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>International Thermal Production &amp; RES</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading &amp; Commerce</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Set-up costs DTI</td>
<td>-24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FX effect</td>
<td>83</td>
<td></td>
<td></td>
<td>93</td>
</tr>
<tr>
<td>Continuing operations</td>
<td>2</td>
<td></td>
<td></td>
<td>89</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>-4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production volumes portfolio Switzerland (mainly KKL)</td>
<td>-31%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade &amp; Commerce</td>
<td>-64</td>
<td></td>
<td></td>
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Despite higher production volumes, the higher availability of the Leibstadt nuclear power plant (the unscheduled extension of maintenance work at the Leibstadt nuclear power plant in the previous year) and systematic cost management, the result is down on the previous year.

- Low wholesale prices are having a delayed impact on Swiss electricity production compared to the previous year.

- After consistently applying full-cost accounting, the total loss of the Generation Switzerland business division amounts to around CHF -75 million in the first half of 2018.

*The results of the fully consolidated partner power plants and those accounted for using the equity method contain hedges, O&M, depreciation and amortisation, taxes and duties and cost of capital, either at the partner power plant or directly at Alpiq.
Development of EBITDA by business division (II)

**Digital & Commerce**
- Energy trading is down on the previous year; the French market in particular was unable to repeat the strong previous-year result
- New digitalisation solutions implemented, in particular in the areas of electro-mobility and flexibility marketing in energy trading

**Renewable Energy Sources**
- Production volumes and prices at the wind farms in Italy significantly above the previous-year level

**Power & Heat: Owner + Operator**
- Steady earnings from international production
Development of net income before EI

Results partner power plants/associates -49

Net income H1 2018 before FX effect -50

Continuing operations -42

Discontinued operations -8

Net income H1 2017

-5

-9

-52

Delta at EBITDA level before FX effect

Depreciation before FX effect -5

Results 3

partner power plants/associates -4

Financial result 18

Income tax expense

Net income H1 2018 before FX effect -49

FX effect 7

Continuing operations

Discontinued operations

Net income H1 2018

Lower deferred tax liabilities

Lower tax expense following lower result
Change in cash flow from operating activities
Alpiq Group; H1 2018 compared to H1 2017

Cash flow from operating activities H1 2017: 179
Discontinued operations: -95
One-time payment by Swissgrid AG in H1 2017: -118
Change in NWC in H1 2017: -39
Continuing operations:
- Lower EBITDA: -41
- Investment in NWC: -64
Cash flow from operating activities H1 2018: -144

Interim results 2018
Cash flow Alpiq Group

Liquidity as at 06/30/2018

-144

Liquidity as at 12/31/2017

-22

25

39

-20

-11

-212

1,403

1,058

Cash flow from operating activities

CAPEX

Dividends from partner power plants and interest received

Proceeds from disposals

Interest paid

Currency translation differences

Repayment of financial liabilities

Liquidity as at 06/30/2018

Mio. CHF
Development of debt situation following completion of the transaction

800 Mio. CHF gross cash inflow
-84 Mio. CHF Deconsolidation of sold companies
716 Mio. CHF net cash inflow

- Net cash inflow from the sale of the InTec Group and the Kraftanlagen Group
- Maturities are counterbalanced by a sound liquidity base
- Maturity profile staggered over long term without significant spikes
- Further systematic reduction of gross debt

Alpiq Holding Ltd.
Breakdown of financial liabilities (I)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net debt</th>
<th>EBITDA before exceptional items (rolling)</th>
<th>Net debt/EBITDA before exceptional items</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3,989</td>
<td>997</td>
<td>4.0</td>
</tr>
<tr>
<td>2013</td>
<td>2,050</td>
<td>796</td>
<td>2.6</td>
</tr>
<tr>
<td>2014</td>
<td>1,939</td>
<td>609</td>
<td>3.2</td>
</tr>
<tr>
<td>2015</td>
<td>1,299</td>
<td>480</td>
<td>2.7</td>
</tr>
<tr>
<td>2016</td>
<td>856</td>
<td>395</td>
<td>2.2</td>
</tr>
<tr>
<td>2017</td>
<td>714</td>
<td>301</td>
<td>2.4</td>
</tr>
<tr>
<td>June 2018</td>
<td>878</td>
<td>232</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Interim results 2018
Breakdown of financial liabilities (II)

- Pro-forma net debt/EBITDA following completion of the transaction of the industrial business significantly reduced to 0.7
Balance sheet remains stable
Alpiq with sound liquidity and stable equity

- Sound **liquidity**:  
  – Before transaction: CHF 1.1 billion  
  – After transaction pro-forma: CHF 1.8 billion

- Stable **equity**: CHF 3.9 billion

- **Equity ratio**:  
  – Before transaction: 38.8%  
  – After transaction pro-forma: around 44%

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets held for sale</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Liabilities held for sale</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Current assets</td>
<td>55%</td>
<td>55%</td>
</tr>
<tr>
<td>Liabilities</td>
<td>39%</td>
<td>39%</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Equity</td>
<td>54%</td>
<td>53%</td>
</tr>
</tbody>
</table>
Alpiq with strong European business

**Focus on core business**
- Spin-off of the industrial business successfully concluded
- Portfolio adjustment → Substantial net cash inflow

**Swiss electricity production unprofitable**
- Lower results in Swiss portfolio
- Price effect → Low wholesale prices are having a time-delayed impact on Swiss electricity production compared to the previous year

**Strong European and trading business**
- Significant contributions from RES and thermal production
- Strong contributions from international energy trading, large-customer and retail business
- Price and volume effect → Significantly positive EBITDA contributions
• Low wholesale prices will continue to put Swiss production under pressure with a time delay
• International energy business will make positive contributions to support Swiss production
• Stable balance sheet after transaction
Alpiq emerges stronger from transformation phase

**European player with Swiss roots**
- Present in 30 countries across Europe
- Streamlined with 1,550 employees
- Efficiently and competitively positioned

**Substantial increase in liquidity**
- Deficit of Swiss electricity production covered
- Gross debt positions optimised
- Selective investments in growth areas

**Focused core business**
- Focused profile after spin-off
- Organic growth
- Growth areas of electro-mobility and digitalisation
Alpiq focuses on the core business

**Production**
- Swiss production
- International thermal production
- New renewable energies
- Decentralised production by third parties

**Marketing**
- Asset optimisation
- International energy trading
- Large customers and retail
- Digital solutions

**Customers**
- Utilities
- Industry and commerce
- Grid operators
- Prosumer
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Motorists take off with our subscription-based bundles combining “juice” and car. Everything included for a fixed price. Own nothing and cancel anytime. Register at www.juicar.com.

- **Electric Vehicle**: BMW i3 or Nissan Leaf I/II including insurance, maintenance etc.
- **Public Charging App**: Access to more than 70,000 charging points across Europe
- **Smart Home Charger**: Competitive and fixed-price installation service included
- **Green Electricity**: Flat rate for vehicle charging, and green household tariff
Medium-term outlook

**Wholesale prices**
- doubled since 2016
- increased by a third in 2018

**CO₂ prices**
- quadrupled since 2016
- doubled in 2018

**CHF/EUR rate**
- positive currency effect

Rising wholesale prices are having a time-delayed positive effect on result.
You ask. We answer.
## Financial calendar 2019

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 March 2019</td>
<td>Full-year results 2018&lt;br&gt;Annual Media and Financial Analyst Conference</td>
</tr>
<tr>
<td>14 May 2019</td>
<td>Annual General Meeting of Alpiq Holding Ltd. in Olten</td>
</tr>
<tr>
<td>26 August 2019</td>
<td>Interim results 2019&lt;br&gt;Media Breakfast and Analyst Conference Call</td>
</tr>
</tbody>
</table>
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