Medienfrühstück
2017
Wachstumsbereiche
erwirtschaften
gesamten
Betriebsgewinn
–
Schweizer
Stromproduktion
defizär
Alpiq Holding AG
- Olten, 28. August 2017
Vontobel – General Update
Thomas Bucher, CFO Alpiq Holding AG
Zürich, Feb 12, 2018
Financial & General Recap
Alpiq is on track – HY17 messages

As announced, EBITDA down on the previous year
- Low wholesale prices
- Negative currency effects
- Downtime at Leibstadt nuclear power plant / and in HY2/17

Strengthening the balance sheet
- Net debt reduced to CHF 726 million
- Sound liquidity of CHF 1.5 billion
- Stable equity ratio of 40.9%

First strategic pillar
- Generation Switzerland business division operating at a loss
- Opening up the hydropower portfolio suspended

Second strategic pillar
- Growth areas generate entire results of operations
- Structuring of growth areas for investors is on schedule
Low wholesale prices negatively impact electricity production

**SNB decision from 2015 has negative currency effect on H1/2017**
Consequences of the decision to abolish the minimum EUR exchange rate in 2015 only now apparent in H1/2017

- **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
  - H1/17: EUR 44/MWh

**Forward prices at a low level for now**

- **Ø Forward prices 2018 to 2020:**
  - EUR 29/MWh (CAL Base DE)
  - EUR 35/MWh (CAL Base CH)

Alpiq hedges energy and currency in advance on a three-year basis on Ø
Results of operations before exceptional items (EI)

- As announced, EBITDA of CHF 81 million down on the previous year
- Cash flow from operating activities includes compensation from Swissgrid (CHF 95 million)
- Net debt reduction of CHF 130 million compared to the end of 2016
Development of EBITDA
Results from Swiss electricity production lowers results

-34%

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA H1 2016 before EI</td>
<td>239</td>
<td>-40</td>
<td>-16</td>
<td>-30</td>
<td>10</td>
<td>163</td>
</tr>
<tr>
<td>EBITDA H1 2017 before EI and FX effect</td>
<td>163</td>
<td>-5</td>
<td>158</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* incl. unscheduled downtime KKL/addl for HY2

Cost reduction and efficiency improvement
Wholesale prices
Currency effect
Production volumes Portfolio Switzerland*

Alpiq Holding Ltd.

Analyst Call 2017 / Updated
Maturity profile as at 30 June 2017

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 130 million to CHF 726 million
• Net debt/EBITDA before exceptional items of 2.3
Balance sheet remains stable

<table>
<thead>
<tr>
<th>CHF million</th>
<th>30 Jun 2017</th>
<th>31 Dec 2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity (incl. term deposits and securities)</td>
<td>1,474</td>
<td>1,524</td>
<td>-3%</td>
</tr>
<tr>
<td>Other current assets</td>
<td>2,252</td>
<td>2,524</td>
<td>-11%</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2,666</td>
<td>2,705</td>
<td>-1%</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>2,938</td>
<td>2,985</td>
<td>-2%</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>106</td>
<td>114</td>
<td>-7%</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>9,436</strong></td>
<td><strong>9,852</strong></td>
<td><strong>-4%</strong></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td><strong>3,860</strong></td>
<td><strong>3,886</strong></td>
<td><strong>-1%</strong></td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>2,200</td>
<td>2,380</td>
<td>-8%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>3,356</td>
<td>3,566</td>
<td>-6%</td>
</tr>
<tr>
<td>Liabilities held for sale</td>
<td>20</td>
<td>20</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>9,436</strong></td>
<td><strong>9,852</strong></td>
<td><strong>-4%</strong></td>
</tr>
<tr>
<td>Net debt</td>
<td>726</td>
<td>856</td>
<td>-15%</td>
</tr>
<tr>
<td>Net debt/EBITDA before exceptional items</td>
<td>2.3</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td><strong>Equity ratio</strong></td>
<td><strong>40.9%</strong></td>
<td><strong>39.4%</strong></td>
<td></td>
</tr>
</tbody>
</table>

- Sound **Liquidity** of CHF 1.5 billion
- **Stable Equity**
- **Equity ratio at 40.9%**
Stringent cost and balance sheet management dampens the decrease in earnings

**Currency effect & effects of low wholesale prices**
- Lower results in Swiss portfolio

**Downtime at Leibstadt nuclear power plant**
- Results negatively affected by the unscheduled downtime

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

**Balance sheet management intensified**
- Non-strategic investments sold
- Selective growth investments made
- Net debt reduced

- Price effect
  - Negative currency effect of CHF 40 million

- Volume effect
  - Net negative effect of CHF 30 million in 2017

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

- Cost savings

- Decrease in total assets
  - Net debt reduced to CHF 726 million

- Portfolio streamlining
  - Stable equity ratio of 40.9%
Event after the reporting period
Tax field audit in Romania

- Preliminary assessment of Alpiq Energy SE, Prague, issued by Romanian tax authority ANAF in the amount of RON 798 million (CHF 192 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 798 million recognised in first half of 2017; disclosed as contingent liability
Opening up the hydropower portfolio suspended

- Not all criteria for the transaction fulfilled
- Political measures for immediate action under discussion as a transitional solution
Structuring the growth areas of investors is on schedule

Alpiq Holding Ltd.

Generation Switzerland

EBITDA before EI: CHF -2 million
128 employees

Digital & Commerce

EBITDA before exceptional items: CHF 162 million
Three growth areas: 8,069 employees

Industrial Engineering

Building Technology & Design

EBITDA before exceptional items: CHF 158 million; thereof Group Centre and other companies CHF -2 million / employees as at 30 June 2017: 8,495
Outlook

**Influencing factors on EBITDA before exceptional items**
- Persistently low wholesale prices
- Negative currency effects
- Cost management / increasing efficiency

**Generation Switzerland**
- Competition distorted by regulatory conditions
- Political measures for immediate action needed

**D&C, IE and BT&D growth areas**
- Preparatory activities / market investigation 2017
- Open for investors from 2018 onwards
Market, Regulatory & Implications
Druck auf die Marktpreise

Geringe Nachfrage durch geringeres Wirtschaftswachstum und erhöhte Energieeffizienz

Marktverzerrung: Hohe Subventionen für neue erneuerbare Energiequellen

Trotz der Stilllegung von Kernkraftwerken gibt es Überkapazität

Niedrige Rohstoff- und CO₂-Preise. Kohlekraftwerke durch geringen Kohle- und CO₂-Ausstoß sehr wettbewerbsfähig

Baseload, Germany, Forward prices 2018 [€/MWh]

Source: Alpiq Holding Ltd – Financial Analyst Conference, 6th of March 2017
## CO2 price development

- **Decommissioning of power plants**
  - Rate of new installations slowing
- **Increased share of RES**
  - New RES capacities, increasing price volatility
  - New RES capacities, more flexibility in the market could reduce volatility
- **Fuel price development**
  - OPEC intervention announced to continue
  - LNG glut / increasing world wide gas demand Chinese coal imports?
  - Economic growth? Price increase to attract needed investments
- **CO2 price development**
  - Strong price increase after trilogue negotiations expecting EU ETS reform
  - EU ETS reform reduces supply of certificates
  - Stronger emission targets in the EU reduce supply of certificates
- **Decommissioning of power plants**
  - Some coal plants put in reserve but with minor impact
  - Nuclear phase out in Germany
  - Coal phase out in some European countries, Nuclear decommissioning in FR

## Swiss/German forward power price sensitivity

### Sensitivity parameters

<table>
<thead>
<tr>
<th>Driver</th>
<th>Short term (&lt; 1y)</th>
<th>Mid term (3-5y)</th>
<th>Long term (&gt; 5y)</th>
</tr>
</thead>
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<td>Nuclear phase out in Germany</td>
<td>Coal phase out in some European countries, Nuclear decommissioning in FR</td>
</tr>
</tbody>
</table>
Portfolien der Stromerzeugung in Europa sind sehr unterschiedlich; das fordert unterschiedliche Strategien.

**Frankreich**: Vor allem Nuklear

**Deutschland**: Vor allem Fossil: Kohle

**Italien**: Vor allem Fossil: Erdgas

**Schweiz**: Wasser und Nuklear
Profitabilität der Schweizer Wasserkraftproduktion ist nicht mehr gewährleistet

Die Merit Order Kurve ist preisbildend

Grenzkosten
Kohle gelten als Preisreferenz vs.
Vollkosten Wasser

DE merit order, Wintertag 2017
EU-Länder haben auf fallende Preise reagiert und ihre nationale Stromproduktion geschützt.

Nationale Vorschriften - > CH für neues Marktdesign?

**2013**
- Massnahmen eingeführt
- Massnahmen vorgeschlagen oder in Entwicklung
- «energy only» Märkte

**2016**
- Die Marktpreise setzen nicht genügend Investitionsanreize
- Zahlreiche EU-Länder führen ergänzend zum Energy-Only-Markt Mechanismen zur Vergütung von Leistung ein
- Kapazitätsmärkte, strategische Reserven etc. sind darauf ausgelegt, nationale Bedürfnisse zu decken
Partial liberalisation of the market distorts competition

End customer price (household) in regulated Swiss market (incl. grid and compensatory feed-in remuneration)¹

Missing incentivization in a natural monopoly situation

Energy price for end customers in regulated market¹

Hydropower production costs²

Nuclear power production costs³

Wholesale price⁴

20.2 ct./kWh

7.6 ct./kWh

6.5 ct./kWh

5.2 ct./kWh

3.5 ct./kWh

Nuclear energy

Hydropower

Regulated end customer price

1 ElCom (2017), median values
2 Swisselectric
3 Gösgen and Leibstadt nuclear power plants
4 Cal-17 Baseload CH (01.01.2016-31.12.2016)

Energy price for end customers in regulated market¹

Hydropower production costs²

Nuclear power production costs³

Wholesale price⁴

1 ElCom (2017), median values
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Electricity production operating at a loss in the partially liberated Swiss market

Alpiq Holding Ltd.
Stark unterschiedliche Margen entlang der Wertschöpfungskette

| Quellen: ElCom, Swissgrid, öffentlichen Daten |

<table>
<thead>
<tr>
<th>Bereich</th>
<th>Marge</th>
<th>Übertragungs - Netz</th>
<th>Verteilnetz</th>
<th>Strom</th>
<th>KEV</th>
<th>Gebühren</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milliarden CHF - 2017</td>
<td>9.1</td>
<td>3.4</td>
<td>3.8</td>
<td>0.9</td>
<td>0.3</td>
<td>9.1</td>
</tr>
<tr>
<td>Marge</td>
<td>8%</td>
<td>37%</td>
<td>41%</td>
<td>n.a.</td>
<td>n.a.</td>
<td>100%</td>
</tr>
<tr>
<td>bis 35%</td>
<td>12%</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>100%</td>
</tr>
<tr>
<td>bis 25%</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>100%</td>
</tr>
<tr>
<td>0-5%</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>100%</td>
</tr>
</tbody>
</table>

Quelle: ElCom, Swissgrid, öffentlichen Daten
Starke Integration des Netzes in das europäische Netz ist Priorität

EU-CH Bilaterales Abkommen

Die Schweiz ist im Zentrum vom Stromtransport in Zentralwesteuropa und ihre Rolle wird mit der Verbreitung von erneuerbaren Energien steigen

Um Zugang zu den EU-Strommärkten zu erhalten, sollte das Land seinen Markt vollständig liberalisieren und über ein EU-kompatibles Marktdesign verfügen

Die Schweiz verhandelt über ein allgemeines bilaterales Abkommen mit der EU, einschließlich energiepolitischen Themen (nach einer Entscheidung von 2014 zur Einschränkung der Einwanderung ausgesetzt)

Ein Stromabkommen ist nicht überlebenswichtig; die Vorteile überwiegen aber. Die CH soll ihre Lösung erarbeiten, sie dann mit der EU abgleichen. Nicht umgekehrt.
Die Marktöffnung ist der Ankerpunkt für alle relevante Themen

Schlüsselfragen
• Modalitäten Marktöffnung
• Einfluss auf die CH Stromproduktion und auf die Versorgungssicherheit der CH
• Ausmass eines evtl. erforderlichen Schutz für die einheimische, erneuerbare Produktion im Hinblick auf die Ziele der ES 2050
• Rahmen für den weiteren Zubau von EE in einem geöffneten Markt
Zeitplan ist sehr eng – aber entscheidend für die Zukunft

Politischer Zeitplan

Erstes Maßnahmenpaket Energiestrategie 2050
Klima- und Energielenkungssystem (KELLS)
Marktnahes Modell
Strategie Stromnetze
Kostenzuteilung Grundversorgung / Markt
Neuregelung Wasserzinsen (Revision WRG)
Revision StromVG (Paket 1)
Revision Fömmelgesetz
Totalrevision CO2-Gesetz
Revision Datenschutzgesetz
Sachplan geologische Tiefenlager
Gasversorgungsgesetz
Revision StromVG (Paket 2)
Bundesbeschluss zweite Etappe Strommarkträgeröffnung
Stromabkommen Schweiz-EU

B: Botschaft
BR: Bundesrat
LR: Differenzbereinigung NR-SR
N-R/N: Nationalrat
Ref.: Referendariatsfest
SR/H: Ständerat
UREK: Kommission für Umwelt, Raumplanung und Energie
VA: Volksabstimmung
VL: Vernehmlassung
Energy Sector Transformation
Digital transformation isn't a threat or a risk for energy sector, but rather a leverage and a chance to enter in a new world!
The energy sector is undergoing a transformation

### Core elements

- **Decentralization**
  - Volatile generation (wind, solar) will require system integration, via remote asset management: curtailment of load or generation, DRM/DSM
  - Distributed generation at prosumer sites will lead to **new business models** for B2B and B2C segments

- **Decarbonization**
  - Power sector as a **key driver for GHG emission** needs to contribute significantly in reaching reduction targets
  - **Energy efficiency targets** directly affect B2B and B2C end-users who require clean energy and smart solutions to reduce energy demand

- **Digitization**
  - **Advanced analytics** define future industry leaders
  - Central relevance of **digital and social channels** for customer interaction
  - Unlocking of big potential in internal processes through **digital**
  - New organizational and leadership challenges

### Drivers

- **Subsidies** for renewable generation technology
  - **Political push** towards liberalization
  - Political shaping and **shifting of balances** between incumbent and new industries

- **Public commitment** to low-carbon society
  - **Political push** towards energy efficiency and "green" power

- **Changed customer behavior**
  - **New market entrants** and business models
  - Improved **data processing capabilities**

### Phase of market evolution

- **Drivers**
- **Decentralization**
- **Decarbonization**
- **Digitization**
- **Sector compounding**

### Core elements

- **Volatile generation** (wind, solar) will require system integration, via remote asset management: curtailment of load or generation, DRM/DSM
- Distributed generation at prosumer sites will lead to **new business models** for B2B and B2C segments

### Implications

- Value pools will shift from traditional to new businesses
- Innovative energy players can drive new businesses – need to stay ahead of the game, in finding future winning models
- Opportunities emerge for new partnerships, with adjacent or completely different industry sectors

### Drivers

- **Subsidies** for renewable generation technology
  - **Political push** towards liberalization
  - Political shaping and **shifting of balances** between incumbent and new industries

- **Public commitment** to low-carbon society
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- **Changed customer behavior**
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### Implications

- Blurring sector boundaries due to increasing electrification
- Sectors that are especially affected include **electric power utilities, mobility providers, and heating companies**

### Core elements

- **Volatile generation** (wind, solar) will require system integration, via remote asset management: curtailment of load or generation, DRM/DSM
- Distributed generation at prosumer sites will lead to **new business models** for B2B and B2C segments

### Phase of market evolution

- **Drivers**
- **Decentralization**
- **Decarbonization**
- **Digitization**
- **Sector compounding**
The old energy world
At a glance

- Clearly defined market roles
- Unilateral energy flows
- Only a few competitors
The new Energy World
At a glance

- Variety of diversified market roles
- Two-way energy and data flows
- Many different competitors
Outlook
Alpiq is on track – HY17 and beyond

As announced, EBITDA down on the previous year at HY1/17
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- KKL 5% transaction with BKW announced

Second strategic pillar
- Growth areas generate entire results of operations
- Structuring of growth areas for investors is on schedule
## Financial calendar 2018

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>26 March 2018</td>
<td>Full-year results 2017 Annual Media and Financial Analyst Conference</td>
</tr>
<tr>
<td>16 May 2018</td>
<td>Annual General Meeting of Alpiq Holding Ltd.</td>
</tr>
<tr>
<td>27 August 2018</td>
<td>Interim results 2018 Media Breakfast and Analyst Conference Call</td>
</tr>
</tbody>
</table>
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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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Shareholder structure as at 30 June 2017

Number of shares outstanding: 27,874,649

Consortium of Swiss minority shareholders (KSM): 31.43%

Free float 12.09%
WWZ 0.91%
IBAarau 2.00%
AIL 2.13%
Canton Solothurn 5.61%
EBL 7.13%
EBM 13.65%
EdF 25.04%
EOS Holding 31.44%