Annual Results Media Conference 2015

Zurich, 9 March 2015
Agenda

1. Main focus
2. Market environment
3. Operating performance
4. Financial results
5. Group transformation
6. Questions & answers
7. Appendix
Group transformation showing positive effects

Operating result better than expected
- Low wholesale prices burden the result
- Operating EBITDA better than expected:
  - Cost reduction measures intensified in H2
  - Gas-driven power plants in SP, IT, FR optimally deployed in Q4
  - Building and transport technology stronger in Q4

Competitiveness improved
- Processes sustainably simplified
- Historical organic complexity reduced
- Cost savings of an annual CHF 100 million from 2015 onwards

Financial flexibility strengthened
- Bonds with maturities in 2015 to 2018 worth CHF 543 million repurchased and successful placement of a new CHF 300 million bond with a ten-year maturity
- Gross debt reduced by almost CHF 1 billion
- Solid liquidity of around CHF 1.6 billion

Most important divestments
1st Tranche
- CHF 75 million (CF 2014)
2nd Tranche
- CHF 288 million (CF 2015)
3rd Tranche
- Negotiations ongoing (CF 2015)

Strategy
- Necessity of saving Swiss hydropower addressed
- Energy trading adjusted to the new requirements of the energy transition
- Energy services business further expanded
Agenda

1. Key topics
2. Market environment
3. Operating performance
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7. Appendix
Wholesale prices at a persistent, historical low level

1. Power plant construction before the economic crisis
2. High subsidisation and prioritisation of the new renewable energies
3. Subdued economic development in Europe and trend towards energy efficiency

Ongoing high surplus capacity levels in Europe
Low oil, coal and CO₂ prices and renaissance of coal
Pressure on gas and hydropower plants
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Operating performance in 2014 at a glance

**Conventional power plants under pressure**
- Swiss hydropower particularly hard hit
- Further reduction in costs; condition-based maintenance
- Alpiq is committed to saving Swiss hydropower

**Energy trading optimised**
- Use of short-term markets and ancillary services
- Top position in cross-border trading in Central and Eastern Europe maintained
- Energy trading aligned to the requirements of the energy transition

**Energy services expanded**
- Building and transport technology again higher year-on-year; position in e-mobility strengthened
- Power plant business characterised by reticent investments; Alpiq diversifies in industrial sector
Key figures in 2014
Traditional energy business remains under pressure

<table>
<thead>
<tr>
<th>CHF million</th>
<th>FY 2013 before exceptional items</th>
<th>FY 2013</th>
<th>FY 2014 before exceptional items</th>
<th>FY 2014</th>
<th>Y/Y deviation before exceptional items (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>9 370</td>
<td>9 370</td>
<td>8 058</td>
<td>8 058</td>
<td>-14%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>796</td>
<td>789</td>
<td>609</td>
<td>312</td>
<td>-24%</td>
</tr>
<tr>
<td>EBIT</td>
<td>499</td>
<td>279</td>
<td>356</td>
<td>-673</td>
<td>-29%</td>
</tr>
<tr>
<td>Net income</td>
<td>274</td>
<td>18</td>
<td>145</td>
<td>-902</td>
<td>-47%</td>
</tr>
<tr>
<td>Net debt</td>
<td>2 050</td>
<td></td>
<td>1 939</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>670</td>
<td></td>
<td>414</td>
<td>-38%</td>
<td></td>
</tr>
</tbody>
</table>

- Net revenue reflects smaller business portfolio driven by divestments and closing of selected markets
- Wholesale prices remain at low level
- Cost reduction measures with positive impact
- Further reduction in net debt
- Lower operating result leads to lower level of cash flow from operating activities
Market development
Market environment remains challenging

- Subdued economic growth in Europe
- Sustained high subsidisation of new renewable energies
- Another downturn in market prices

Source: EEX
Development of net revenue (y/y)

-14% decrease in net revenue from 2013 to 2014.

- Lower generation volumes
- Gas contract with Spain no longer applicable
- Scaling back of sales activities in Italy
- Poorer wind conditions (IT)
- Problems with freezing (BG)
- Discontinuation of SES
- Negative price effect
- Higher sales volume
- Higher volume y/y
- Gas contract with Spain no longer applicable
- Closing of markets in Germany and Spain
- Miscellaneous

Net revenue 2013: 9'370 CHF million
Net revenue 2014: 8'058 CHF million

Development of net revenue (y/y): -14%
Development of EBITDA (y/y)

EBITDA 2013 (IFRS)  
EBITDA 2014 (IFRS)
Development of EBITDA before exceptional items (q/q)

- International thermal power generation: Expiry of favourable contract
- RES: lower generation due to poor wind conditions
- RES: Revenue-based charges in Bulgaria
- Provisions for restructuring costs

- Absence of earnings contribution from SES
- Non-recurrent positive impact on previous year from AS repayments
- CEE with lower margins

- Lower hydro production volumes
- Alignment of financial amortisation period of KKG/KKL
- Lower volumes in international thermal power generation
- Scaling back of sales activities in Italy

- Lower fixed costs at the partner plants
- Alignment of financial amortisation period of KKG/KKL
- Higher production volumes from combined cycle gas turbines
- Building technology

Persistently low wholesale prices
## Allocation of IFRS impairment losses and provisions

As a result of lower price expectations and the challenging regulatory environment, impairment was carried out on the following assets and provisions:

- **Power generation Switzerland**
  - Hydropower plants
- **International power generation**
  - Gas fired combined-cycle power plants in Italy and Hungary
- **Power plants for renewable energies in Italy**

<table>
<thead>
<tr>
<th>Mio. CHF</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power generation Switzerland</td>
<td>691</td>
</tr>
<tr>
<td>Power generation Hungary</td>
<td>22</td>
</tr>
<tr>
<td>Power generation Italy</td>
<td>23</td>
</tr>
<tr>
<td>Renewable energies Italy</td>
<td>18</td>
</tr>
<tr>
<td>Projects</td>
<td>114</td>
</tr>
<tr>
<td>Holding, Group Centre</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total impairment losses for assets</strong></td>
<td><strong>875</strong></td>
</tr>
<tr>
<td>Provision for loss-making contracts</td>
<td>298</td>
</tr>
<tr>
<td>Liabilities for purchase and supply contracts</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Total impairment losses and provisions</strong></td>
<td><strong>1'172</strong></td>
</tr>
<tr>
<td>Taxes</td>
<td>-125</td>
</tr>
<tr>
<td><strong>Total impairment losses and provisions</strong></td>
<td><strong>1'047</strong></td>
</tr>
</tbody>
</table>
Reduction of gross debt

- Gross debt reduced by almost CHF 1 billion
- Solid liquidity of around CHF 1.6 billion
- Net debt reduced further to below CHF 2 billion
- Owing to lower result, increase in factor net of exceptional items to 3.2x
Scrip dividend of CHF 2 from reserves from capital contributions

1. External framework conditions

- Challenging economic environment – intensified by SNB’s decision to discontinue minimum EUR exchange rate
- Challenging environment in the energy sector
  - Wholesale prices at a historically low level
  - Pan-European uncertainty as to the direction of energy policy

Scrip dividend, consisting of two alternatives for the shareholder:

1) Cash dividend of CHF 2
2) Share dividend (new shares to be issued instead of cash dividend)

2. Alpiq’s intention

- As before, Alpiq pays dividend of CHF 2 - public shareholders have the right to cash dividends or to new shares
- Alpiq lowers cash outflow
- Syndicate shareholders show their support by subscribing to new shares
- Share capital is raised
- Interest paid to hybrid investors ensured
Guidance 2015
Impact of the SNB decision

15/01/2015: The Swiss National Bank (SNB) decides to discontinue the minimum EUR rate of 1.20 against the Swiss franc (CHF)

1. Lower results of foreign Group companies reporting in EUR
   Translation effect on other income

2. Transactions anticipated in 2015 and 2016 fully hedged
   The consequences of the SNB decision will be reviewed in the course of the half-year results 2015
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From a capital-intensive power producer to an energy service provider with innovative full-service solutions

**Changed framework conditions**

**New technologies**

**New players**

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**Adapt existing business to the environment**

**Divestments**
- Swissgrid participations
- Streamlining of hydropower portfolio

**Swiss hydropower**
- Recognise as renewable energy

**Energy trading**
- Leverage further opportunities from the energy transition
- Expand geographical reach of activities

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**Use new opportunities with energy services**

**Building technology/e-mobility**
- IReL: Building automation
- Helion Solar: Number one in Switzerland
- Partner business: Access/accounting system for charging stations throughout Switzerland

**Transport technology**
- Expansion of rail transport technology

**Plant decommissioning**
- Founding of Swiss Decommissioning AG
Guidance 2015
Challenging market environment here to stay

**Environment**
- Moderate economic growth
- Volatile currency environment – SNB's decision to discontinue minimum EUR exchange rate
- Ongoing high subsidies for new renewable energies
- Surplus capacities
- Wholesale prices remain at low level

**Alpiq's answer**
- Continuation of rigorous cost management
- Further reduction in net debt thanks to cash inflow from divestments
- Selective investment in high-growth areas
You ask. We will answer.
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Development of EBIT (y/y)

- CHF million

- EBIT 2013 (IFRS)
  - Exceptional items 2013
  - EBIT 2013 before exceptional items
- Changes in structure
- Operations
- Non-recurrent items
- Costs savings
- Restructuring provisions
- Miscellaneous
- EBIT 2014 before exceptional items
- Exceptional items 2014
- EBIT 2014 (IFRS)

- >-100%
- -29%

- 279
- 499
- -8
- -112
- -46
- 51
- -22
- -6
- 356
- -1'029
- -673
Cash flow from operating activities
Interest paid
Hybrid interest paid
Interest received
Dividend from partner power plants/associates
Cash flow from operating activities – adjusted
Change in net working capital
Funds from operations 2014

CHF million

414
-147
-48
18
61
298
-23
275
Generation portfolio

**Installed capacity**
- **New renewable energies**: 5%
- **Nuclear energy**: 12%
- **Hydropower**: 43%
- **Coal and gas**: 40%

**Power production**
- **New renewable energies**: 3%
- **Nuclear energy**: 38%
- **Hydropower**: 33%
- **Coal and gas**: 26%

**6 417 MW (- 45 MW y/y)**

**16 307 GWh (-862 GWh y/y)**
Shareholder structure

EOS Holding: 31.38%
EDF: 25.00%
EBM: 13.63%
EBL: 7.12%
Canton Solothurn: 5.60%
AIL: 2.12%
IBAarau: 2.00%
WWZ: 0.91%
Public: 12.24%

Consortium of Swiss minority shareholders (KSM): 31.38%
Organisation as of 31/12/2014

1) Thomas Bucher will take over as CEO from Patrick Mariller on 1 April 2015
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
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<tbody>
<tr>
<td>9 March 2015</td>
<td>Annual Results 2014</td>
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<tr>
<td></td>
<td>Annual Results Media and Financial Analyst Conference</td>
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<tr>
<td>30 April 2015</td>
<td>Annual General Meeting of Alpiq Holding AG</td>
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<td>28 August 2015</td>
<td>Interim Results 2015</td>
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<td></td>
<td>Media Breakfast and Analyst Conference Call</td>
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