Annual Media Conference 2016
Alpiq challenged by low wholesale prices

Olten, 7 March 2016
Agenda

1. Main focus
2. Main drivers
3. Business development
4. Financial results
5. Group transformation – structural measures
6. Questions & answers
Main focus

- Alpiq challenged by low wholesale prices
- Cost reduction programme successfully implemented
- Further reduction of net debt
- Targeted investments in Energy Services growth fields
- Structural measures established
- BOD proposes no dividend payment to the Annual General Meeting
Agenda

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Main drivers 2015

- Low commodity and CO2 prices
- Subsidies for new renewable energies
- Subdued economic growth
- SNB decision 15 January 2015

Production overcapacities

Pressure on Swiss power plants
1. Main focus
2. Main drivers
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Business development

Generation
• ISO Certificate 55001: Cost reductions taking effect
• Portfolio streamlining: Complexity reduced and efficiency increased
• Pumped storage projects: FMHL+ and Nant de Drance on course

Commerce & Trading
• Origination and natural gas business: Expanded further
• 24/7 trading: Leading player in the Swiss energy market
• Eastern/South Eastern Europe: Leading position in cross-border trading

Energy Services
• EBITDA margin maintained; increased order volume
• Targeted investments; integration on course
• Further growth potential
Agenda

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Appealing operating result despite a difficult environment

- Low wholesale prices and the strong Swiss franc burdened results
- Operating EBITDA comes in at CHF 480 million, which is CHF 129 million down year-on-year (thereof FX effect CHF 36 million)
- Net income is at CHF 46 million, down CHF 99 million due to strength of the Swiss franc and the poor performance of the nuclear funds
- Cash flow from operating activities amounts to CHF 461 million, which is CHF 47 million up year-on-year
- Net debt is at CHF 1,299 million, having been reduced by CHF 640 million through net working capital management and successful disposals
Development of EBITDA
Stringent cost management is having a positive impact

EBITDA 2015 before EI
EBITDA 2015 before FX effect
Exceptional items
EBITDA 2015 (IFRS)

-382
516
-430
50

Price effect production Switzerland
202
-40

Hedging production Switzerland
33

Volume production Switzerland
67

Business development international energy business

Cost development
-15%

FX effect
-6%

EBITDA 2014 before EI
609

CHF million

-15%

-6%

-15%

-6%
EBITDA development in the divisions

**Generation**
- Price-induced year-on-year decline of Swiss power plants
- International electricity generation business, adjusted for FX effects, is under year-on-year
- Renewable Energy Sources (RES) burdened by bad wind conditions
  - Partially offset by positive volume effect from hydraulic power generation
- Stringent cost management is having a positive impact

**Commerce & Trading**
- Growing competition in the ancillary services markets puts pressure on international power plant optimisation
- The strong Swiss franc has a negative impact on the optimisation
- Wholesale business in Central and Eastern Europe, adjusted for FX effects, is on previous year’s level
- International origination and natural gas business is being expanded further

**Energy Services**
- Order inflows are up year-on-year
- Positive EBITDA development affected by FX effect
- EBITDA margin at 6.6% remains stable on previous year’s level
- Integration of acquisitions on track
# Development of net income

<table>
<thead>
<tr>
<th>CHF million</th>
<th>Delta at the EBITDA level before EI</th>
<th>Depreciation, amortisation and impairment</th>
<th>Financial result</th>
<th>Income tax expense</th>
<th>Net income 2015 before FX effect</th>
<th>FX effect</th>
<th>Net income 2015 before EI</th>
<th>Impairments and exceptional items</th>
<th>Net income 2015 (IFRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>145</td>
<td>-93</td>
<td>19</td>
<td>-7</td>
<td>16</td>
<td>80</td>
<td>-34</td>
<td>46</td>
<td>-876</td>
<td>-830</td>
</tr>
</tbody>
</table>

Net income 2015 before EI: 145

-68% decrease

Net income 2014 before EI: 218
## Acquisitions/disposals 2015

### Acquisitions

**Energy Services**
- Helion Solar Group
- Balfour Beatty Rail Italy S.p.A.
- IRel AG

**Participation in hydropower plants in Switzerland**
- Alpiq Hydro Ticino SA
- Forces Motrices du Grand-Saint-Bernard SA
- Forces Motrices de Conches SA
- Forces Motrices de Fully SA

### Disposals

**Portfolio streamlining**
- 3CB SAS (Bayet)
- Powernext SA
- Power Plant Portfolio Norway

**Non-strategic assets**
- 49.9% Swissgrid AG shares & shareholder loan
- 51.1% Swissgrid AG shares
- EEX

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*Transactions signed & closed*

*Transactions signed; not yet closed*
Continuous improvement of the debt situation

- Gross debt additionally reduced by CHF 165 million owing to bond buyback
- Sound liquidity of around CHF 1.5 billion (previous year: CHF 1.6 billion)
- Net debt further reduced by CHF 640 million to around CHF 1.3 billion
- Net debt/EBITDA before exceptional items is at a stable 2.7x (previous year: 3.2x)
Follow through with stringent cost and balance sheet management to maintain capital market viability

<table>
<thead>
<tr>
<th>Effects of the low wholesale prices</th>
<th>Price effect</th>
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</thead>
<tbody>
<tr>
<td>▪ Lower <em>wholesale prices</em> burden the results</td>
<td></td>
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<tr>
<td>▪ The resultant negative effect was largely offset by consistent implementation of the <em>hedging strategy</em></td>
<td></td>
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<tr>
<td>▪ <em>Impairment losses and provisions</em> mainly on <em>hydropower plants and projects in Switzerland</em></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Already initiated cost savings are having a positive impact</th>
<th>Impairment</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Processes and systems being permanently simplified</td>
<td></td>
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<tr>
<td>▪ Historical <em>complexity being reduced</em></td>
<td></td>
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<tr>
<td>▪ <em>Nearshoring</em></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance sheet management fostered</th>
<th>Efficiency improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ <em>Sale</em> of non-strategic interests</td>
<td></td>
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<tr>
<td>▪ Selective <em>growth investments</em></td>
<td></td>
</tr>
<tr>
<td>▪ <em>Buyback</em> of bonds and <em>placement</em> of a new bond</td>
<td></td>
</tr>
<tr>
<td>▪ Reduction of <em>net working capital</em></td>
<td></td>
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<tr>
<td>▪ <em>Gross debt</em> reduced by CHF 716 million to CHF 2,785 million</td>
<td></td>
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- **Negative effect of CHF 180 million (net)**
  Impairment losses and provisions of **CHF 855 million** after income tax especially due to the strong Swiss franc

- **More than CHF 270 millions savings** cumulated over the last years owing to efficiency improvement and cost saving programs

- **Portfolio streamlining**
  - Financing structure optimised
  - Financing costs reduced
  - Net debt reduced by **CHF 640 million**
  - Stable equity ratio at **36.6%**
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6. Questions & answers
Group transformation
Wholesale prices drop once again

Low commodity and CO2 prices
Subsidies for new renewable energies
Subdued economic growth

Production overcapacities

Pressure on Swiss power plants intensified
Group transformation: Regulatory framework conditions distort the market

- End customer price (household) in regulated Swiss market: 20.6 ct./KWh
- Energy price for end customers in regulated market: 7.8 ct./KWh
- Hydropower production costs: 6.5 ct./KWh
- Wholesale price (closing date view): 2.8 ct./KWh

Sources: EPEX SPOT CH, ElCom (2016)
Group transformation
Structural measures

Opening up to 49% of the hydropower portfolio
- Reduce dependency on wholesale prices
- Domestic and foreign investors
- Swiss utilities

Divestment of non-strategic assets
- Portfolio streamlining
- Reduce complexity, increase efficiency

Commerce & Trading, Energy Services
- Both areas with innovative solutions
- Cost leader
- Growth potential

Ensuring capital market viability
Hydropower portfolio

- Attractive, flexible hydropower portfolio
- Large storage capacity, suitable for ancillary services
- Installed capacity: approx. 2,700 MW
- Average annual production: approx. 5 TWh

12 storage power plants
- 2,500 MW capacity

1 pumped storage power plant
- 94 MW capacity

5 run-of-river power plants
- 120 MW capacity
Recognise Swiss hydropower as a renewable energy

- Structure duties more flexibly
- Review financing models
- Introduce time-limited market premium
- Quota model as option in the long term
You ask. We answer.
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7. Appendix
## Organisation at 31 December 2015

| General Management | Jasmin Staiblin¹
| CEO |

### Business Division

#### Generation
- **Hydro Power Generation**
  - Christian Plüss
- **Nuclear Power Generation**
  - Michaël Plaschy
- **Thermal Power Generation**
  - Matthias Zwicky
- **RES & Generation Development**
  - André Schnidrig a.i.

#### Commerce & Trading
- **Power West**
  - Pierre Guesry
- **Markets Central Eastern and South Eastern Europe**
  - Peter Dworak
- **Cross Commodity Trading & Origination**
  - Michel Kolly
- **Operations**
  - Petter Torp

#### Energy Services
- **Alpiq InTec**
  - Peter Limacher
- **Kraftanlagen Gruppe**
  - Reinhold Frank

#### Financial Services
- **Accounting & Controlling**
  - Edgar Lehrmann
- **Finance Projects & Transformation**
  - Martin Schindler
- **Taxes**
  - Eva Catillon
- **Treasury & Insurance**
  - Lukas Oetiker
- **Information Technology**
  - Thomas Habel
- **Risk Management**
  - Walter Hollenstein

#### Functional Division

<table>
<thead>
<tr>
<th>General Management</th>
<th>Functional Division</th>
<th>Functional Unit</th>
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<tbody>
<tr>
<td>Business Division</td>
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<tr>
<td>Business Unit</td>
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1) Member of the Executive Board
2) Richard Rogers succeeded Andreas Richner as Head Communications & Public Affairs a.i. on 4 February 2016.
3) The Strategy & Development functional unit was wound down as of 31 January 2016.
# Financial Calendar 2016

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>7 March 2016</td>
<td>Annual Results 2015&lt;br&gt;Annual Results Media and Financial Analyst Conference</td>
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<td>28 April 2016</td>
<td>Annual General Meeting of Alpiq Holding AG</td>
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<tr>
<td>26 August 2016</td>
<td>Interim Results 2016&lt;br&gt;Media Breakfast and Analyst Conference Call</td>
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