

Vontobel Lunch presentation

ALPIQ

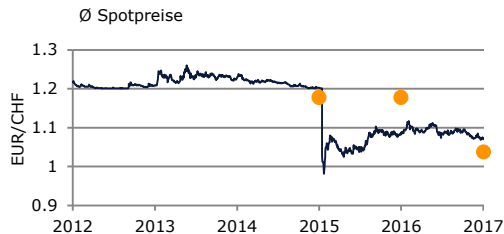
Thomas Bucher, CFO Alpiq Holding AG

Zürich, 26 June 2018



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1. Demanding environment
 2. European business supports Swiss production
 3. Financial results
 4. Disposal of Engineering Services & Focus on core business
 5. Outlook
 6. Questions and answers

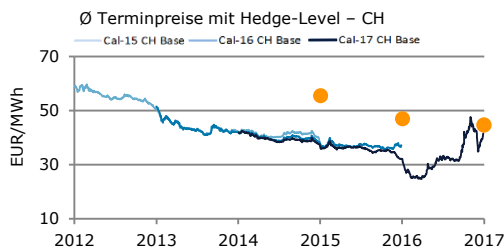
Power production impacted by low wholesale prices and currency effects



SNB decision from 2015 has negative currency effect with a time lapse

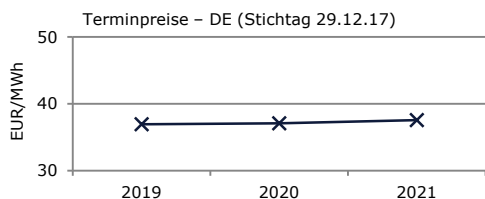
As expected, consequences of the decision to discontinue the minimum EUR exchange rate 2015 evident in 2017

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
 2017: EUR 44/MWh



Forward prices at low level in short/medium term

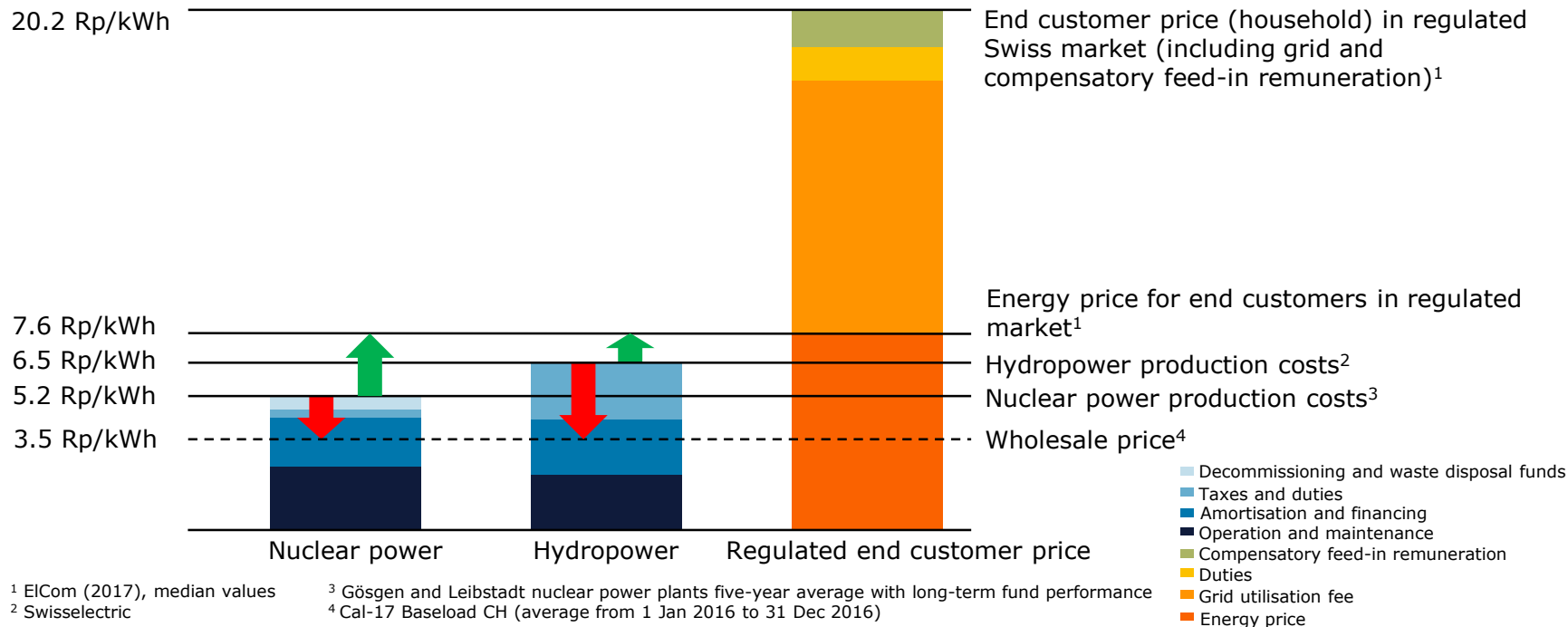
Ø forward prices from 2019 to 2021:
 EUR 37/MWh (CAL Base DE)
 EUR 41/MWh (CAL Base CH)

Forward prices as at reporting date 30 Jun 2017

Ø forward prices from 2019 to 2021:
 EUR 29/MWh (CAL Base DE)
 EUR 34/MWh (CAL Base CH)

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

Asymmetry on the Swiss electricity market distorts competition



Power production operating at a loss in the partially liberated Swiss market

European business supports Swiss production



- Alpiq increases net revenue to CHF 7.2 billion
- EBITDA before exceptional items of CHF 301 million



- Net debt reduced from CHF 0.9 billion to CHF 0.7 billion
- Liquidity of CHF 1.4 billion at sound level

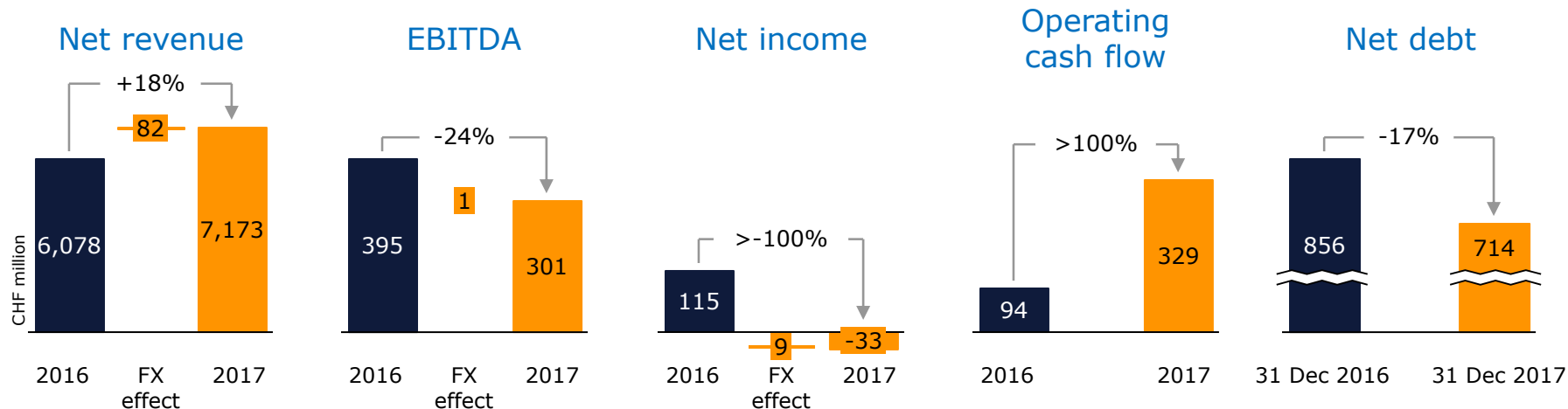


- International energy business generates more than 60% of earnings
- Swiss business impacted by wholesale prices and currency effects



- Spin-off and sale of the industrial business creates added value and strengthens core business
- No more net debt thanks to sales proceeds of CHF 850 million

2017 Key Financial Figures

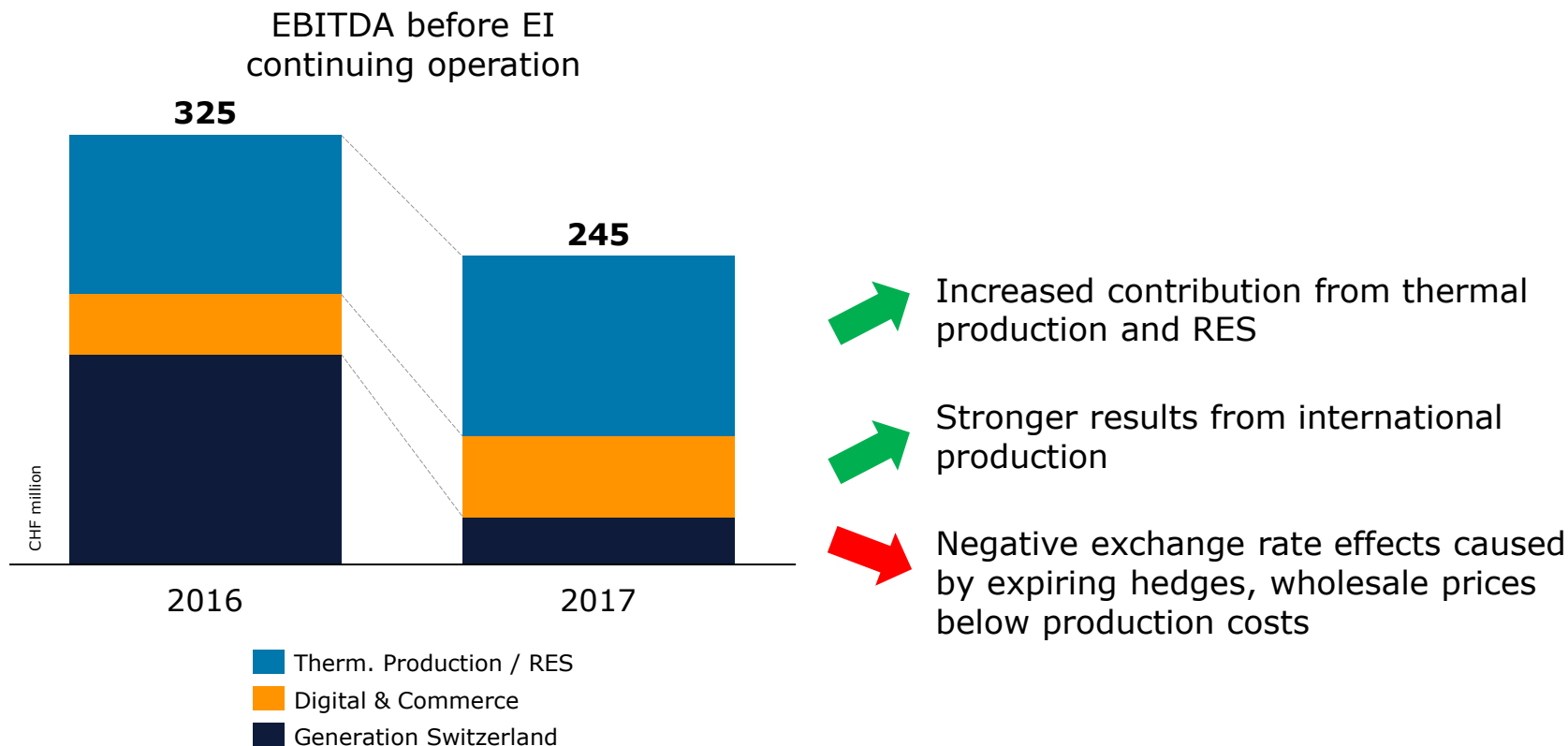


Results of operations before exceptional items (EI)

- Higher net revenue mainly attributable to trading and sales activities in Market France
- As announced, EBITDA of CHF 301 million down on the previous year
- Operating Cash Flow significantly improved, i.a. due to active capital management
- Net debt reduction of CHF 142 million compared to the end of 2016

Continuing operations

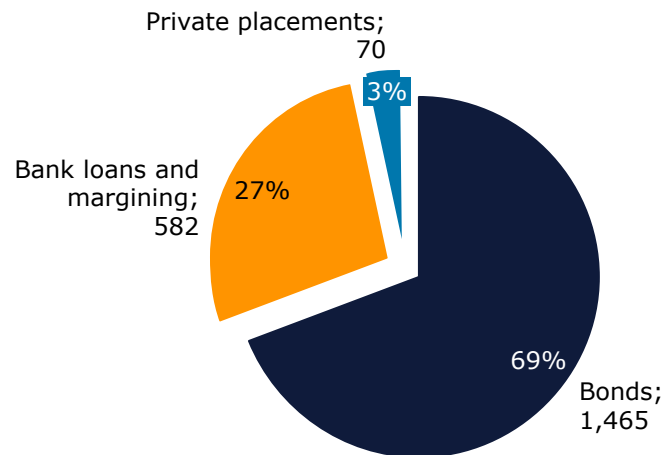
Swiss production supported by European business



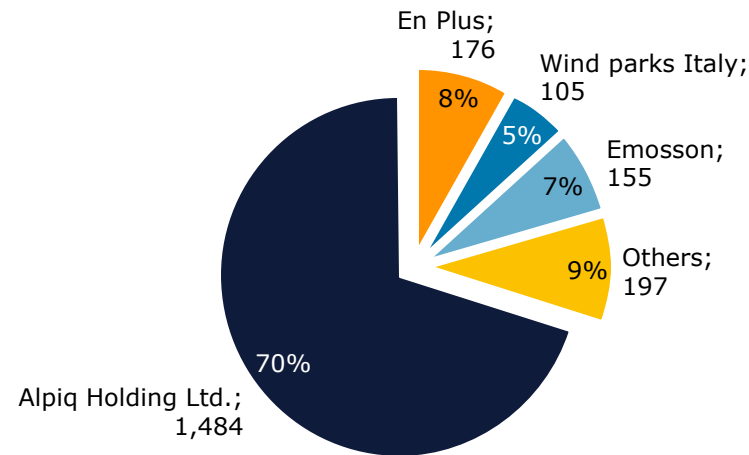
Financing mix as at 31 December 2017

Degree of centralisation remains high

Instruments (CHF million)



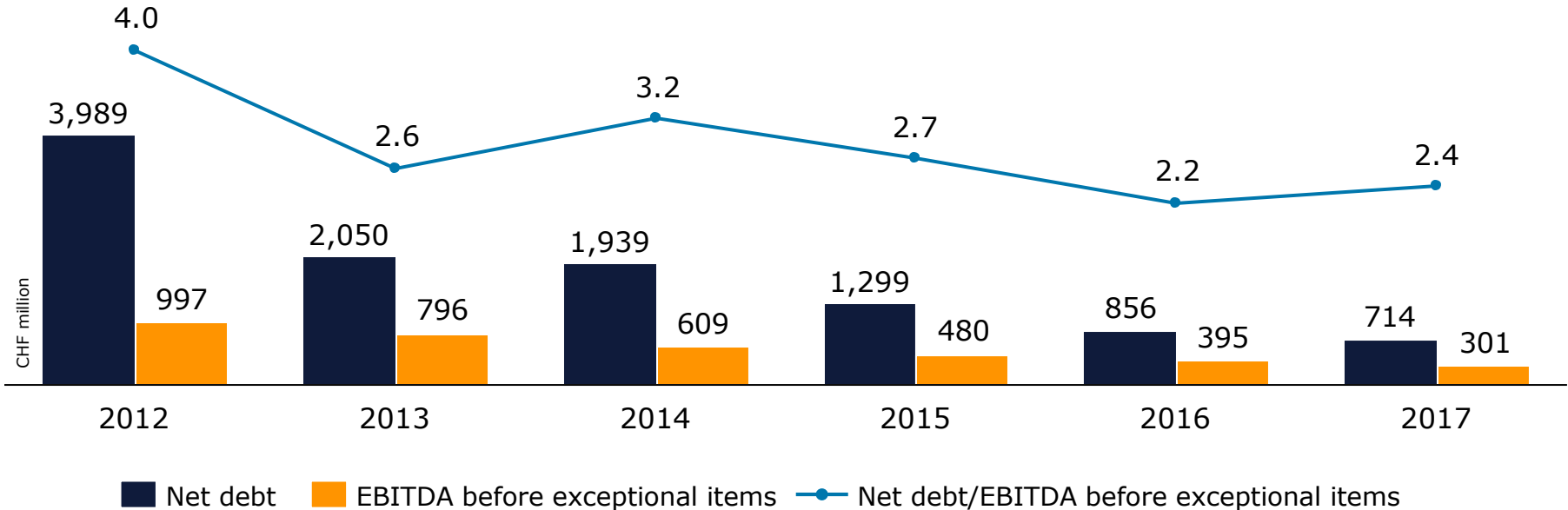
Creditors (CHF million)



- The capital market remains the most important source of financing
- The structural subordination of the Alpiq Holding Ltd. remains on a low level
- Non-utilised committed credit lines of around CHF 400 million

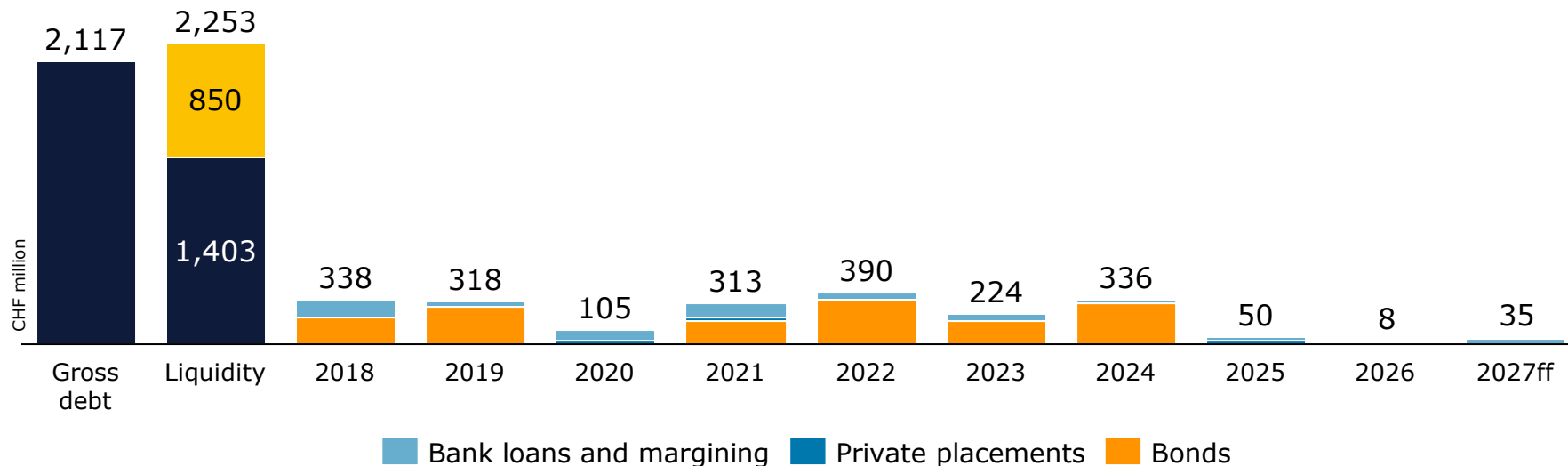
Financial liabilities

Debt situation improved significantly



- Net debt further reduced by CHF 142 million to CHF 714 million
- Net debt/EBITDA before exceptional items of 2.4

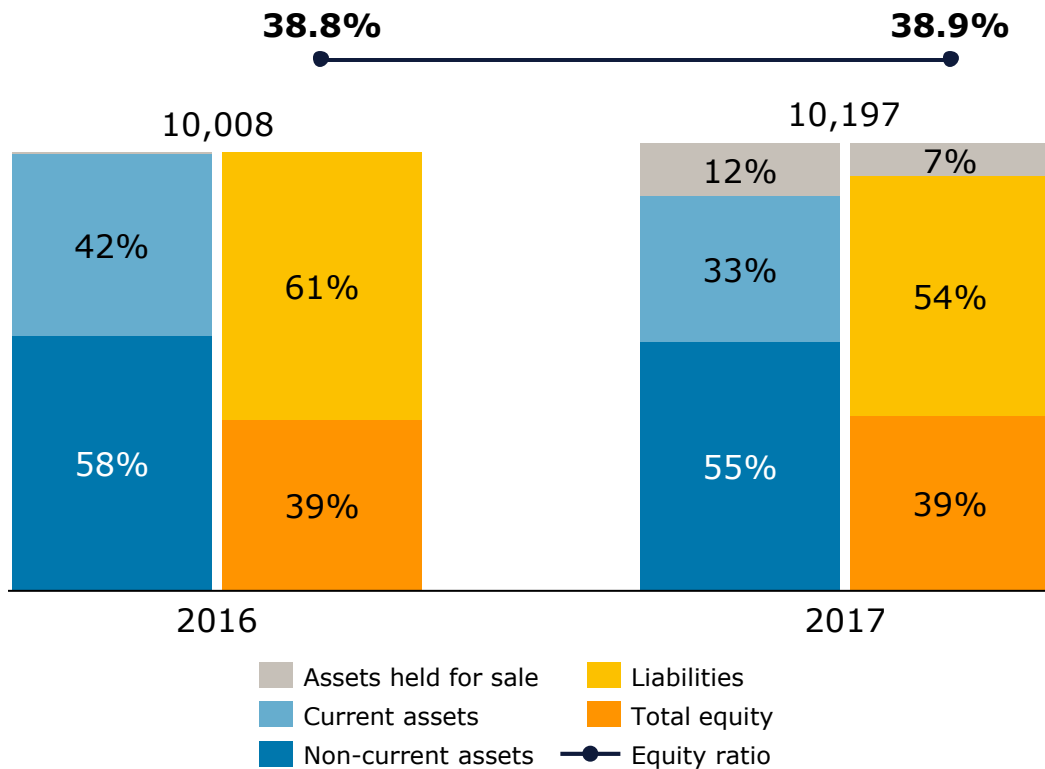
Development debt situation after closing of the transaction



- Sales proceeds for InTec and Kraftanlagen Group of CHF 850 million
- Net debt becomes Net liquidity of CHF 136 million based on 2017 pro-forma and subject to closing accounts

Balance Sheet remains stable

Alpiq with sound liquidity and stable equity



- Sound **liquidity:**
CHF 1.4 billion
- Stable **equity:**
CHF 4.0 billion
- **Equity ratio at 38.9%**

- Assessment of Alpiq Energy SE, Prague, issued by Romanian tax authority ANAF in the amount of RON 793 million (CHF 199 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 793 million recognised; secured by a bank guarantee in the amount of CHF 202 million; disclosed under non-current term deposits

Stringent cost and balance sheet management to continue

Currency effect & effects of low wholesale prices

- **Lower results** in Swiss portfolio

Price effect

Negative currency hedging effect of **CHF -77 million**
Negative effect of wholesale prices **CHF -44 million**

Downtime at Leibstadt nuclear power plant

- **Results negatively affected** by the unscheduled downtime

Volume effect

Net negative effect of **CHF -11 million** in 2017

Cost savings introduced

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

Efficiency improvement

Cost savings

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

Capital management intensified

- Intensive **capital management**
- Sale of **Engineering Services business**
- **Net debt free**

Net debt

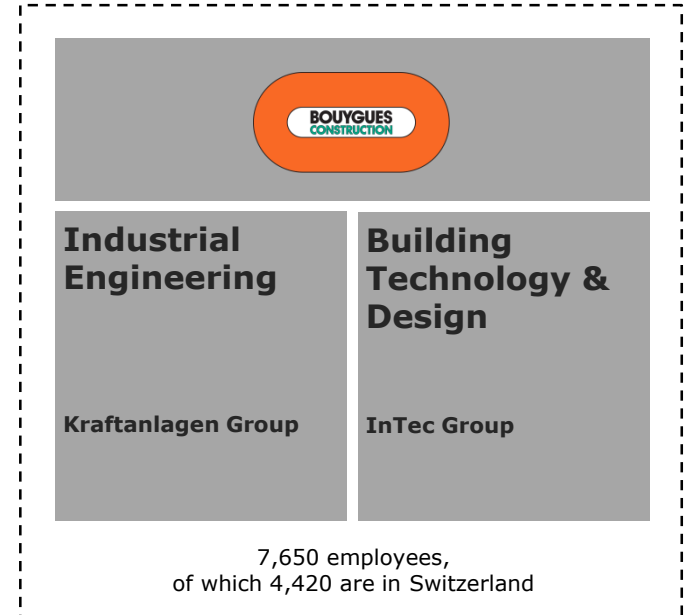
Portfolio streamlining

Net debt reduced to **CHF 714 million** (31.12.17)
Net liquidity of CHF 136 million free after closing
Stable equity ratio of **38.9%**

Alpiq splits off industrial business for CHF 850 million



1,550 employees



7,650 employees,
of which 4,420 are in Switzerland

Transaction creates significant added value for the Alpiq Group and strengthens its core business

New prospects with international industrial owner

Alpiq focuses on the core business

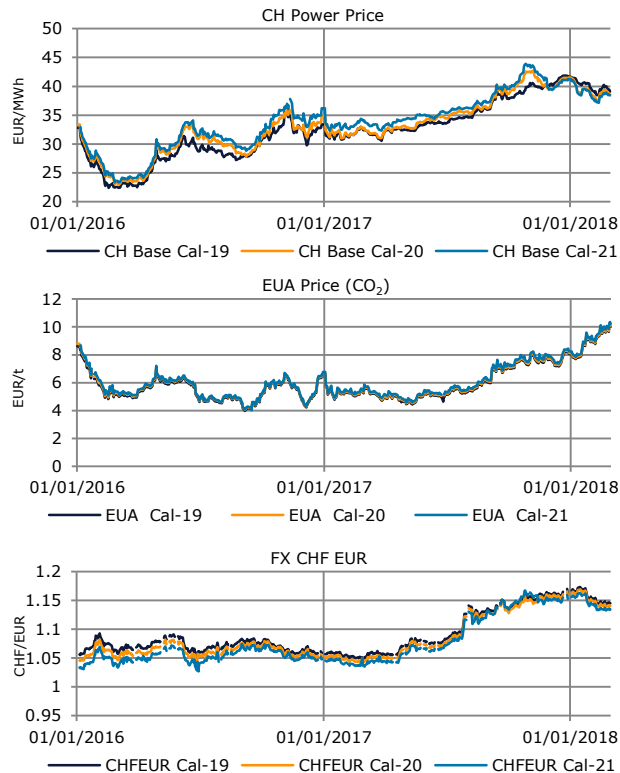


2018 remains challenging



- Low wholesale prices continue to put Swiss production under pressure
- Slight relief for Swiss hydropower through market premium
- International energy business generates positive contributions to support Swiss production

Recovery on the horizon in the medium to long term



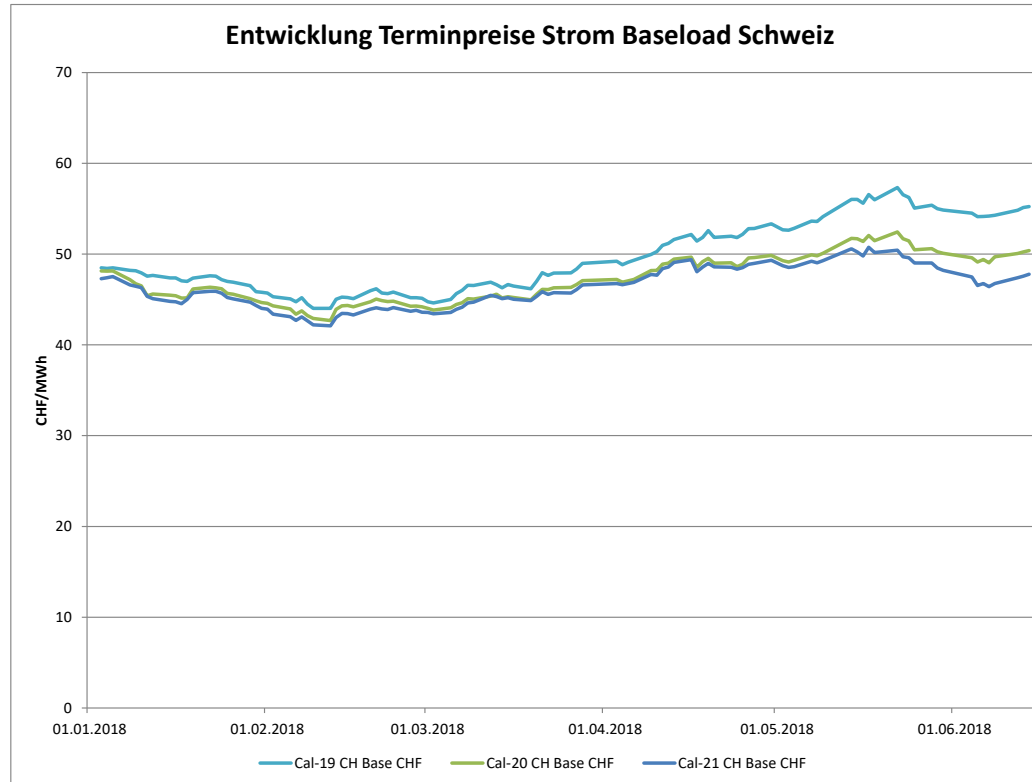
Slightly positive development on the markets

- Marginal recovery in electricity and CO₂ prices
- Positive effect from CHF/EUR exchange rate with a time lapse

Policy-makers recognise need for action

- Full liberalisation of the electricity market would correct market asymmetry
- New market model and water tax regulations would make it possible to operate economically with hydropower
- EU electricity accord would secure international market access for hydropower

Development prices from beg 2018 to June 2018 (in CHF/MWh)



Alpiq is fit for the future



- Successful divestment creates significant added value for the Group
- No more net debt thanks to sale proceeds of CHF 850 million
- Focus on core business: Generation Switzerland, Digital & Commerce, international thermal production, new renewable energies
- Positive developments on markets (electricity/CO₂ prices) and regarding regulation (hydropower) in the medium/long term
- Opportunities in the areas of decarbonisation, decentralisation and digitalisation

You ask. We answer.

ALPIQ



27 August 2018

Interim results 2018 (Olten)

Media Breakfast and Analyst Conference Call

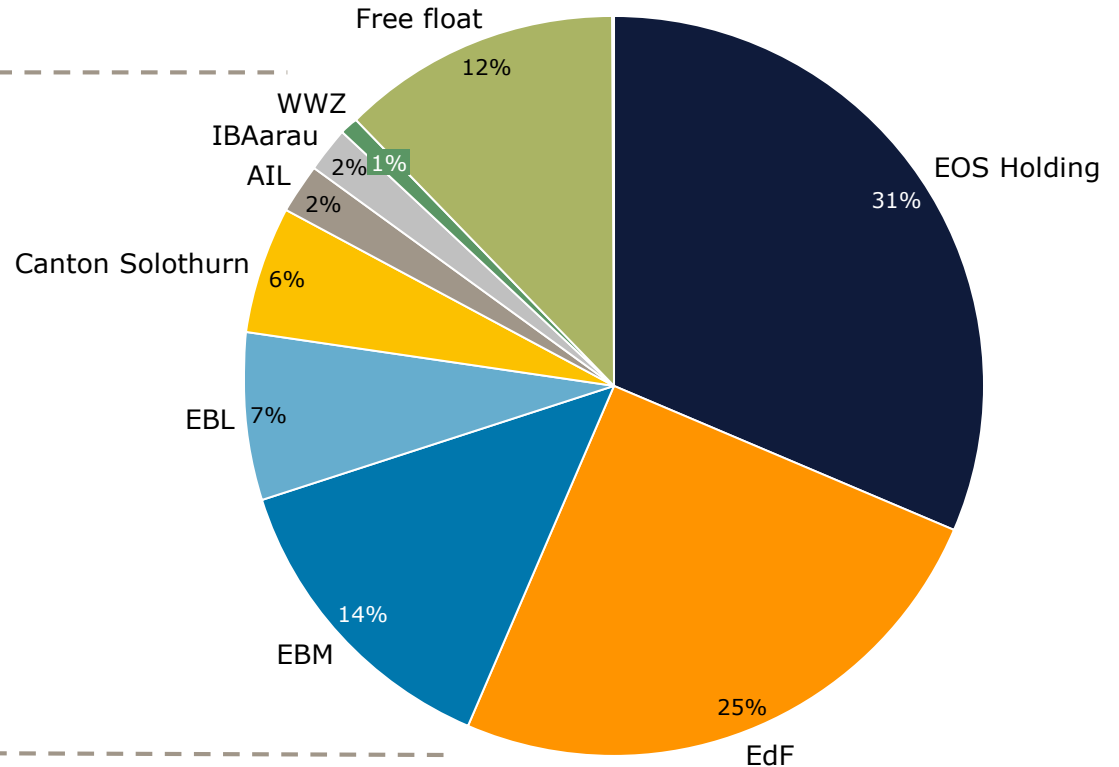
Shareholder structure as at 31 December 2017

Number of shares outstanding:

27,874,649

Consortium of Swiss minority
shareholders (KSM):

31.43 %



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