



Vontobel – General Update

Thomas Bucher, CFO Alpiq Holding AG

Zürich, Feb 12, 2018

Financial & General Recap

ALPIQ





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

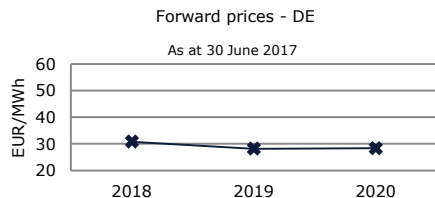
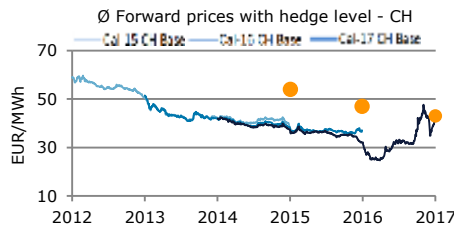
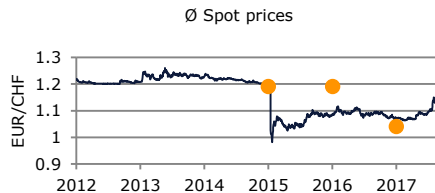
- Generation Switzerland business division operating at a loss
- Opening up the hydropower portfolio suspended



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

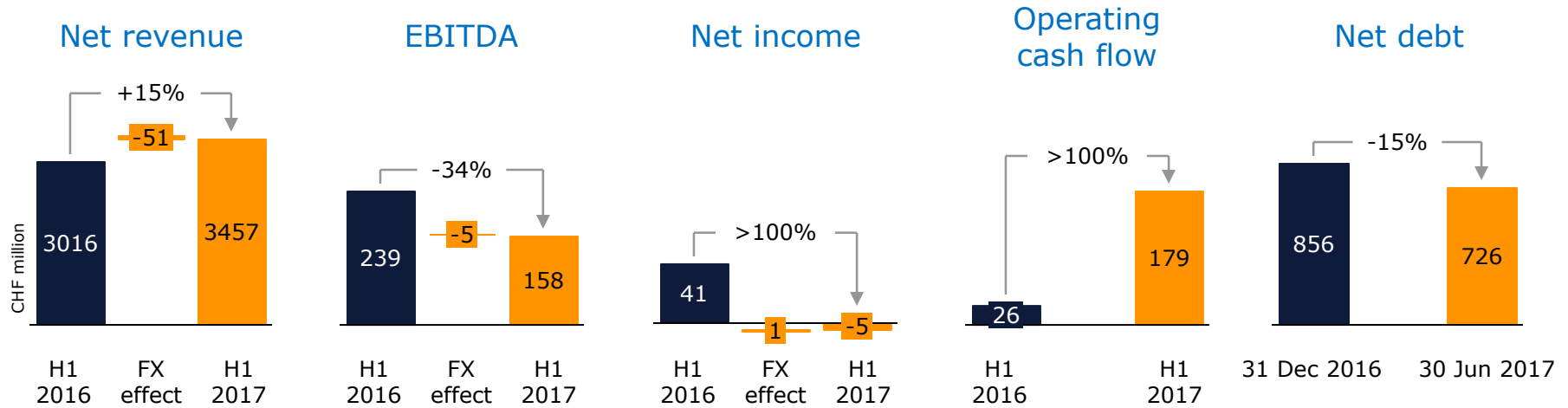
Forward prices at a low level for now

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

H1 2017 Key Financial Figures

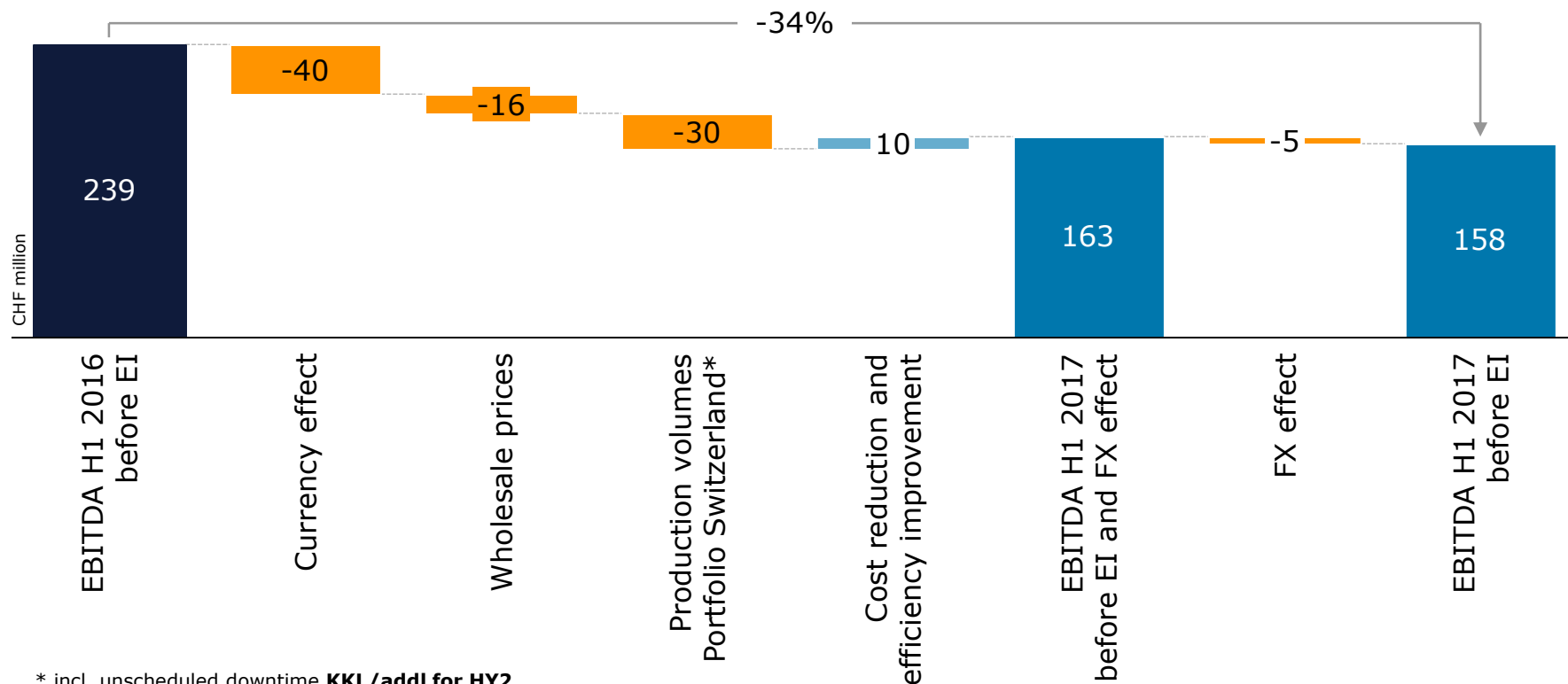


Results of operations before exceptional items (EI)

- 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

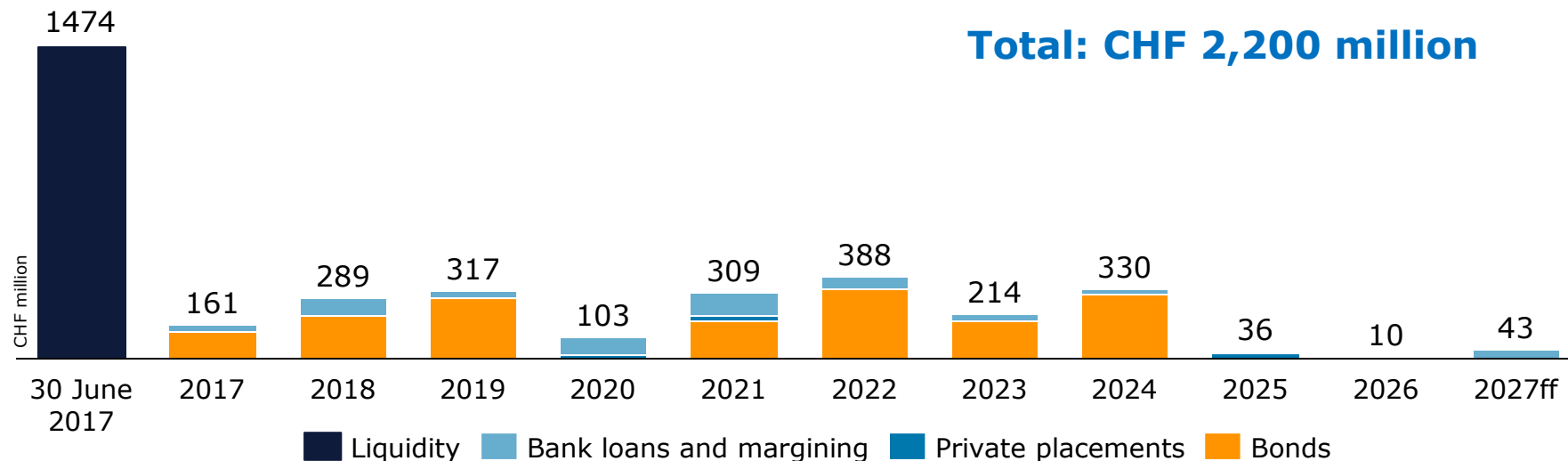
Development of EBITDA

Results from Swiss electricity production lowers results



Maturity profile as at 30 June 2017

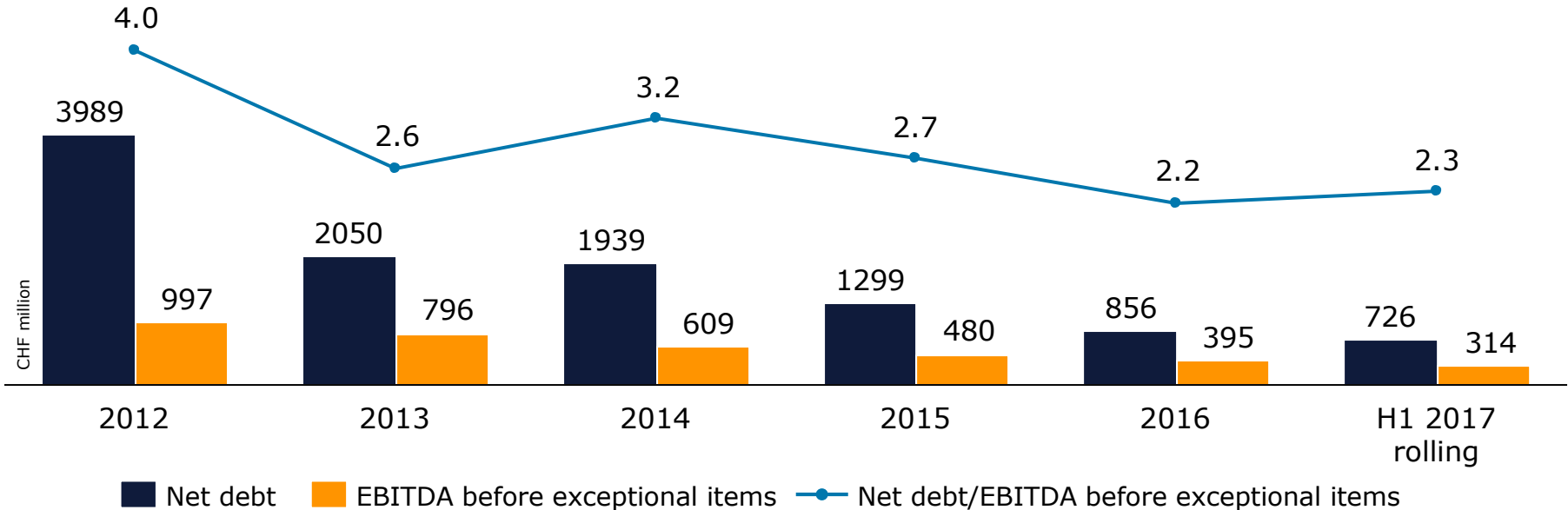
Financial liabilities staggered over long term



- 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

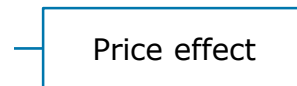
CHF million	30 Jun 2017	31 Dec 2016	Change
Liquidity (incl. term deposits and securities)	1,474	1,524	-3%
Other current assets	2,252	2,524	-11%
Property, plant and equipment	2,666	2,705	-1%
Other non-current assets	2,938	2,985	-2%
Assets held for sale	106	114	-7%
Total assets	9,436	9,852	-4%
Equity	3,860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

- 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



Negative currency effect of **CHF 40 million**

Negative effect of wholesale prices **CHF 16 million**

Downtime at Leibstadt nuclear power plant

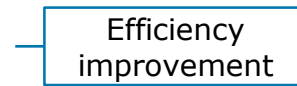
- **Results negatively affected** by the unscheduled downtime



Net negative effect of **CHF 30 million** in 2017

Cost savings introduced

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

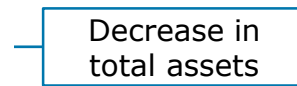


A total of around **CHF 400 million** saved as a result of cost-reduction and efficiency improvement programmes



Balance sheet management intensified

- Non-strategic investments **sold**
- Selective **growth investments** made
- **Net debt** reduced



Net debt reduced to **CHF 726 million**



Stable equity ratio of **40.9%**

Event after the reporting period

Tax field audit in Romania

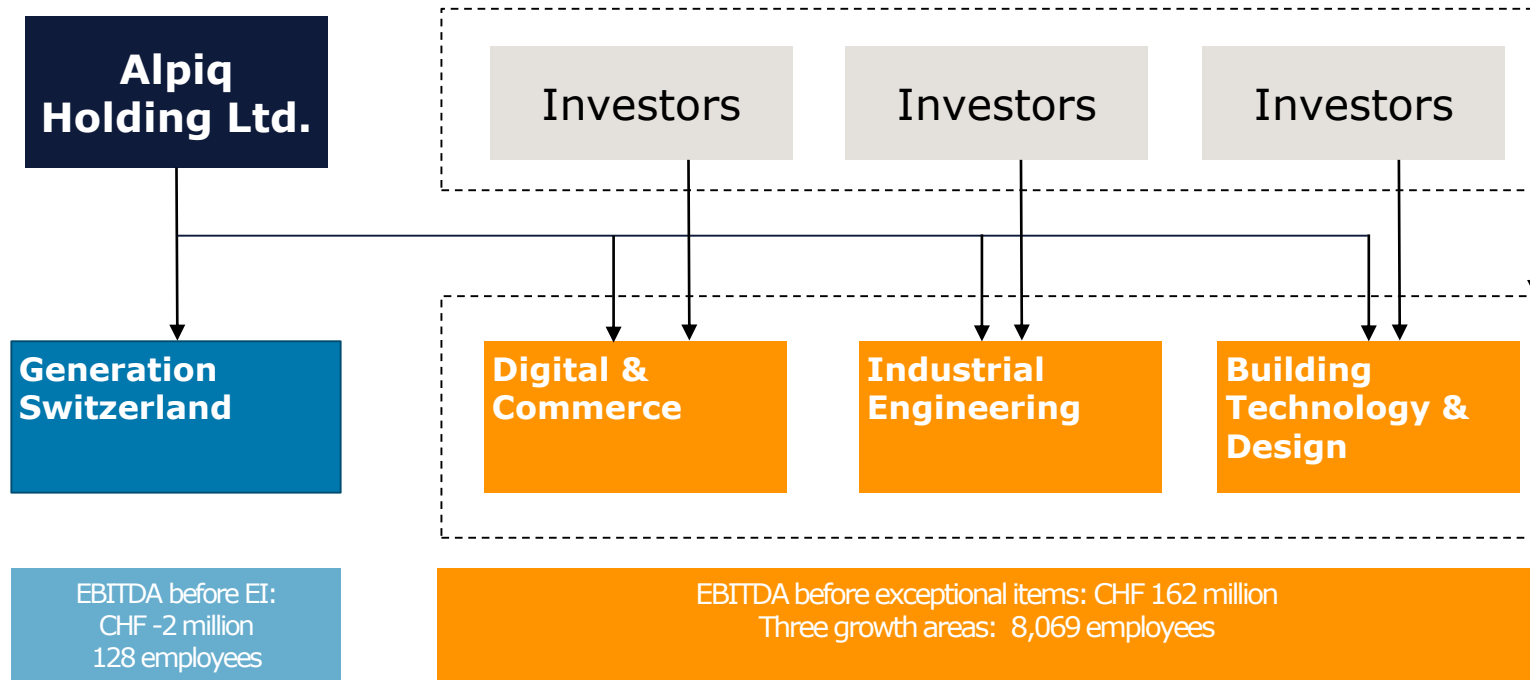
- Preliminary assessment of Alpiq Energy SE, Prague, issued by Romanian tax authority ANAF in the amount of RON 798 million (CHF 192 million) for the period of 2010 to 2014
- Alpiq has contested on account of its reasoning and the extent of the amount assessed
- Alpiq currently deems it unlikely that 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



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



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

ALPIQ



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



Swiss/German forward power price sensitivity

Sensitivity parameters

Positive impact

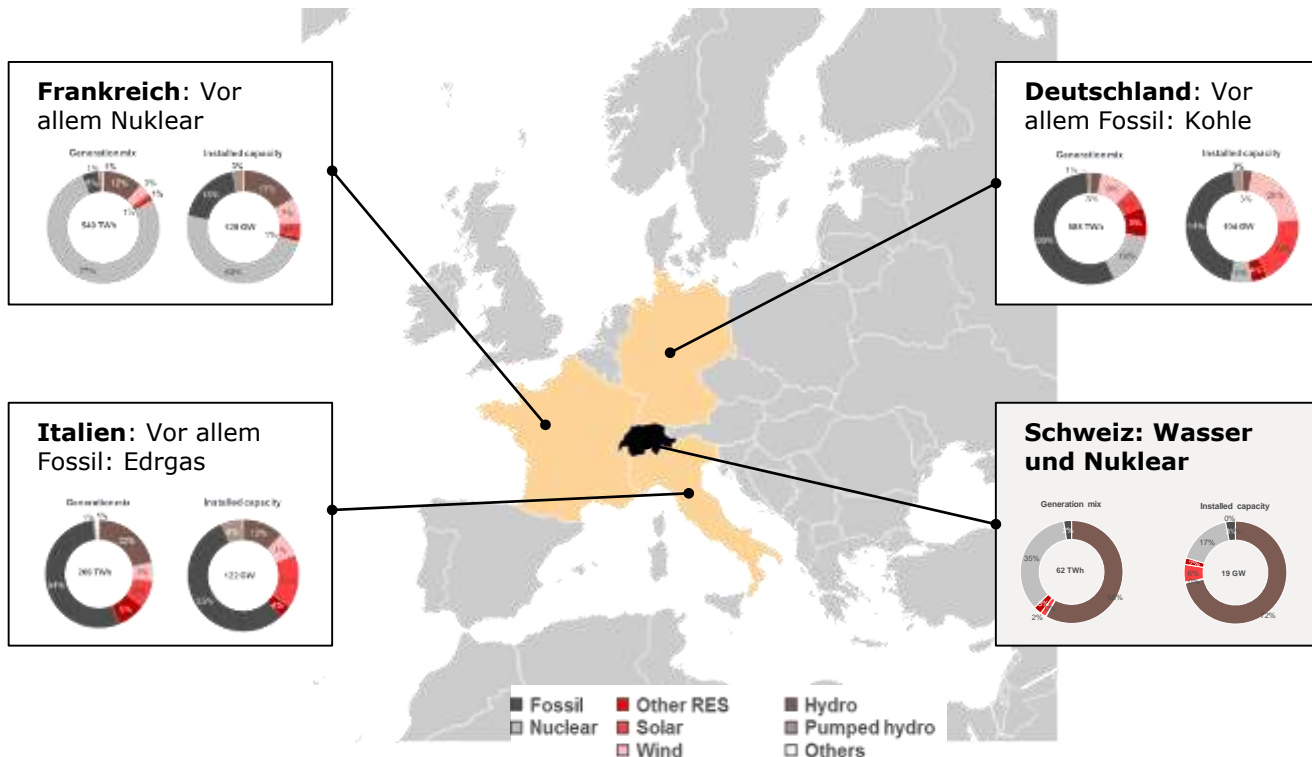
Neutral impact

Negative impact

Driver	Short term (< 1y)	Mid term (3-5y)	Long term (> 5y)
Increased share of RES	 Rate of new installations slowing	 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

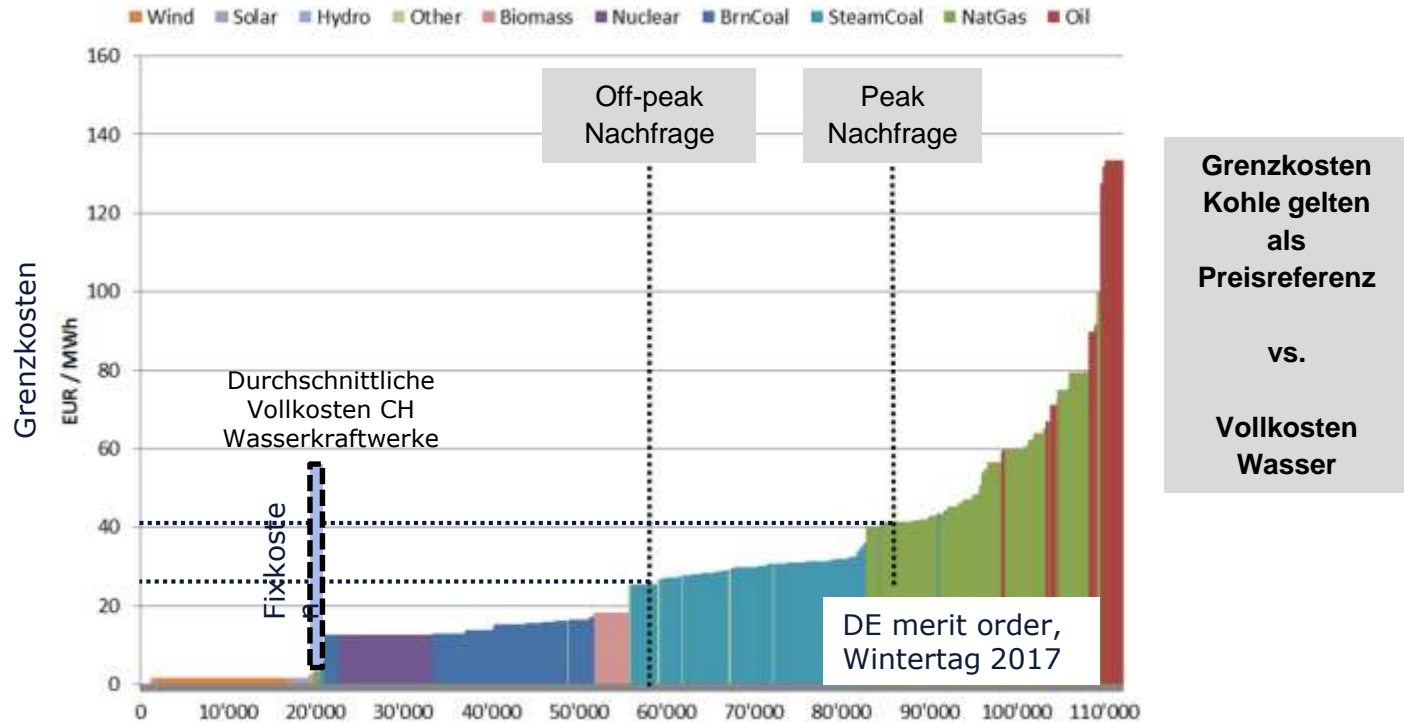
Portfolien der Stromerzeugung in Europa sind sehr unterschiedlich; das fordert unterschiedliche Strategien

Stromerzeugung in Nachbarländern



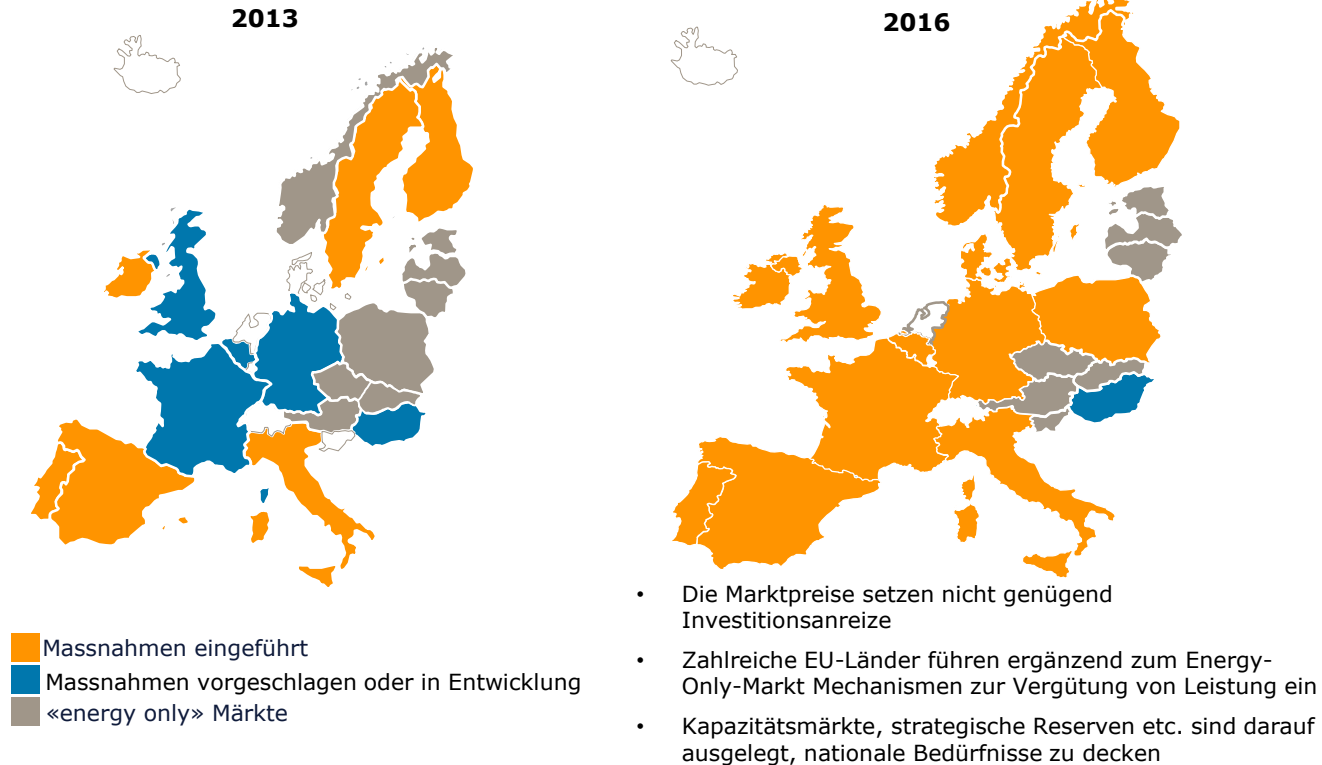
Profitabilität der Schweizer Wasserkraftproduktion ist nicht mehr gewährleistet

Die Merit Order Kurve ist preisbildend

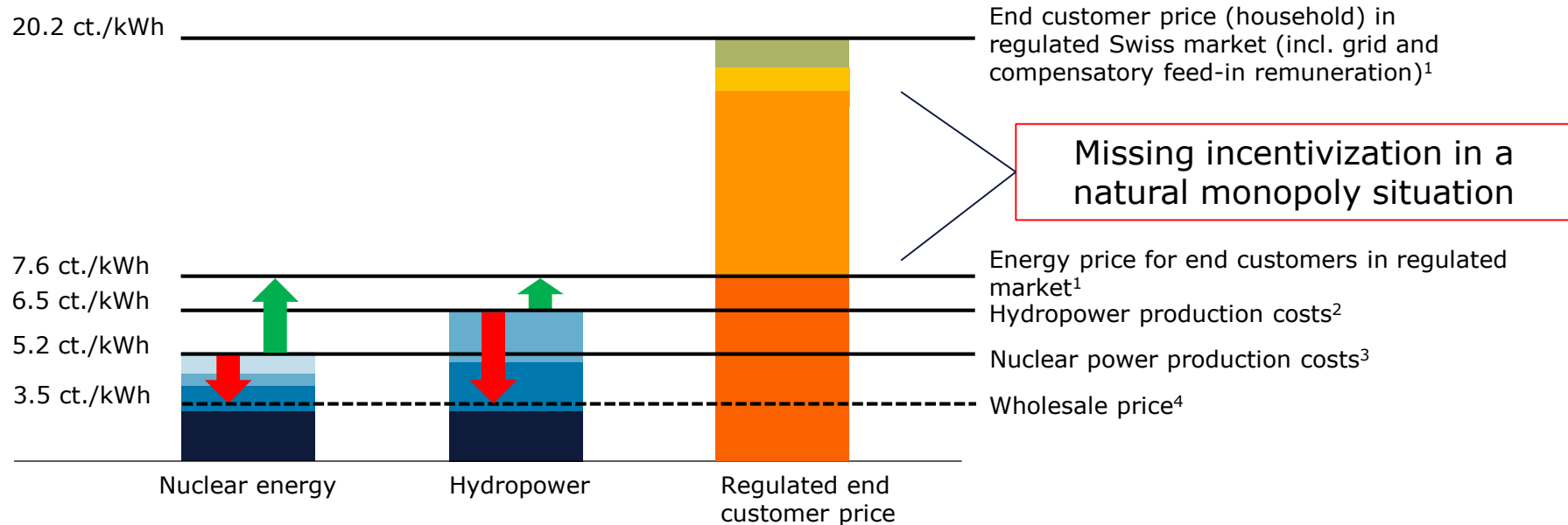


EU Länder haben auf fallende Preise reagiert und ihre nationale Stromproduktion geschützt

Nationale Vorschriften - > CH für neues Marktdesign?



Partial liberalisation of the market distorts competition



¹ ECom (2017), median values

² Swisselectric

³ Gösgen and Leibstadt nuclear power plants

5-year average with long-term fund performance

⁴ Cal-17 Baseload CH (Ø 01.01.2016-31.12.2016)

Decommissioning & waste disposal funds

Taxes & duties

Amortisation & financing

Operation & maintenance

Compensatory feed-in remuneration

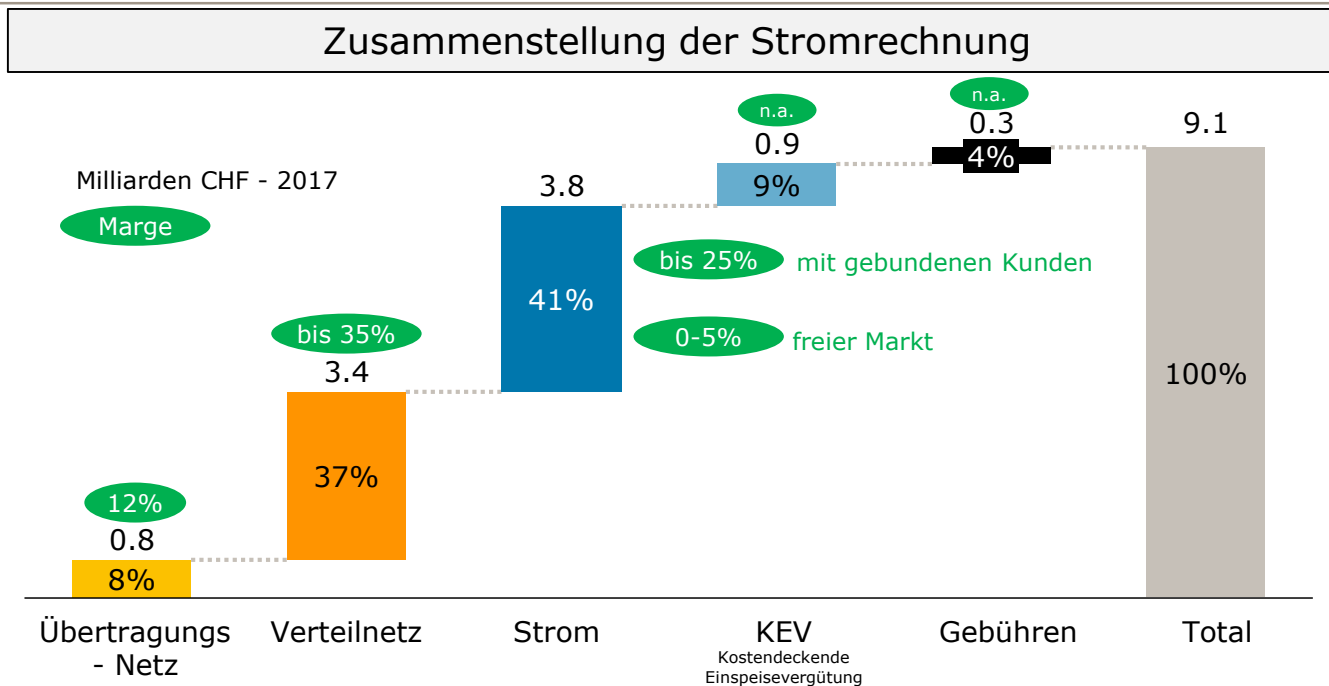
Duties

Grid utilisation fee

Energy price

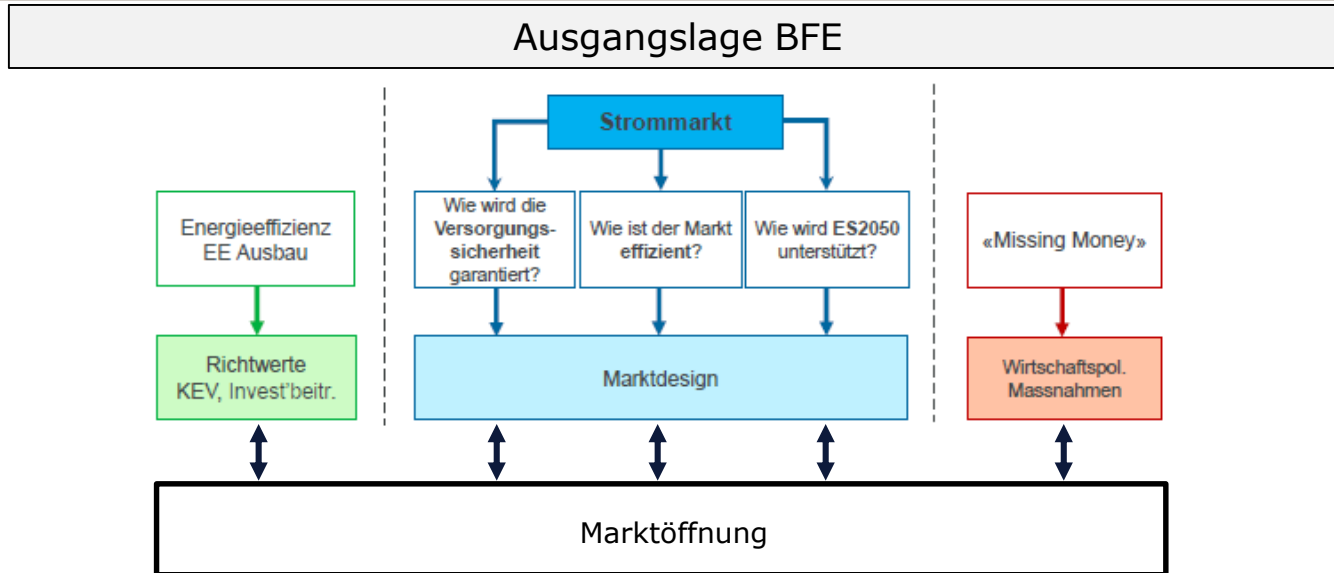
Electricity production operating at a loss in the partially liberated Swiss market

Stark unterschiedliche Margen entlang der Wertschöpfungskette



Quellen: ElCom, Swissgrid, öffentlichen Daten

Die Marktöffnung ist der Ankerpunkt für alle relevante Themen

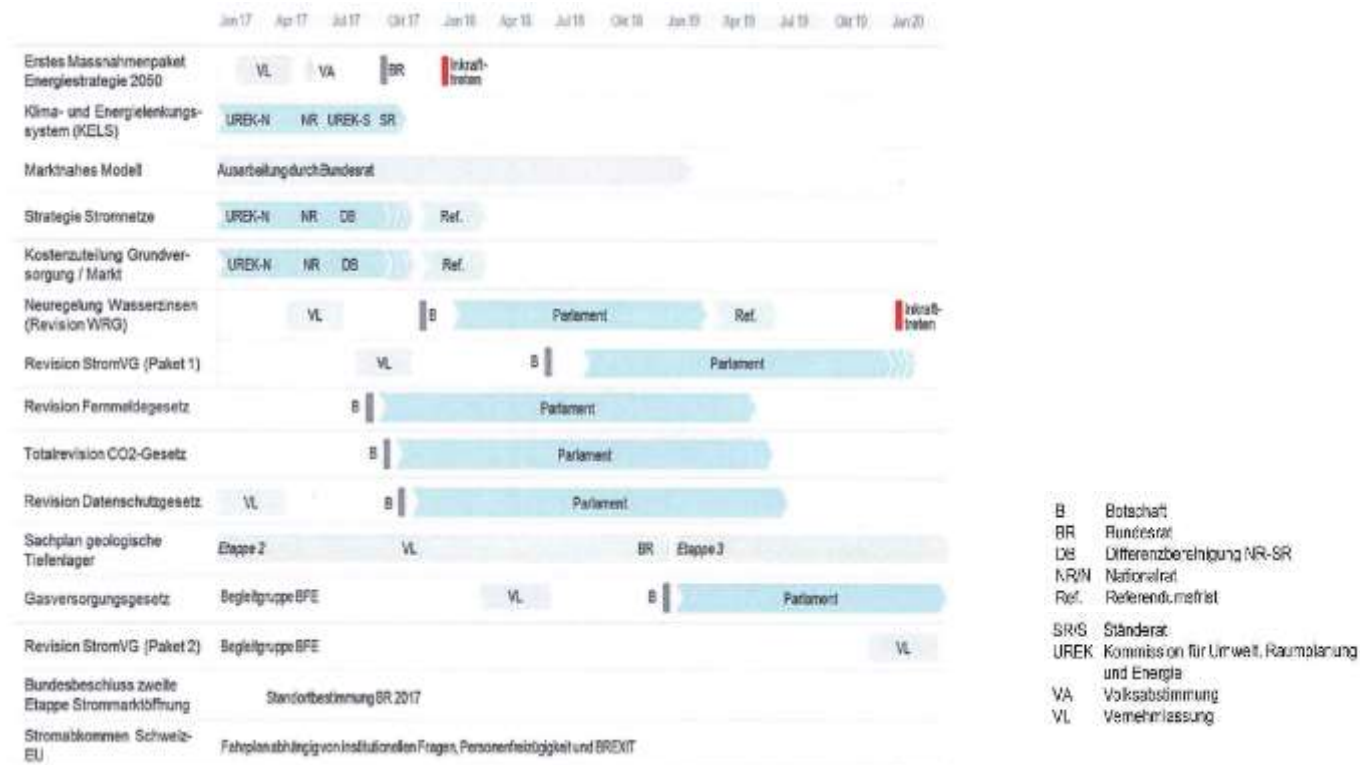


Schlüsselfragen

- 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



Energy Sector Transformation

ALPIQ



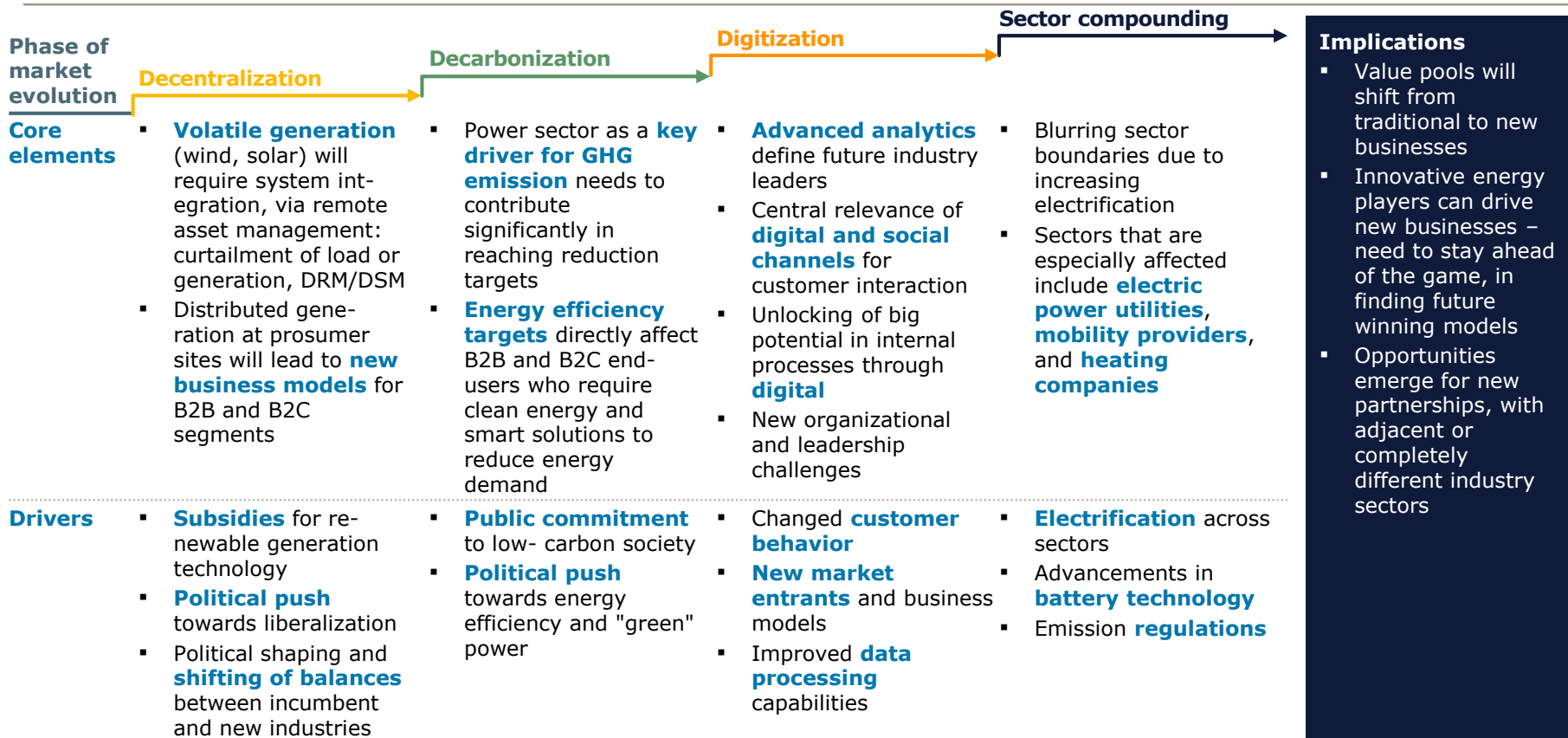
The energy sector of tomorrow

Energiewirtschaft 2016 19.1.2016



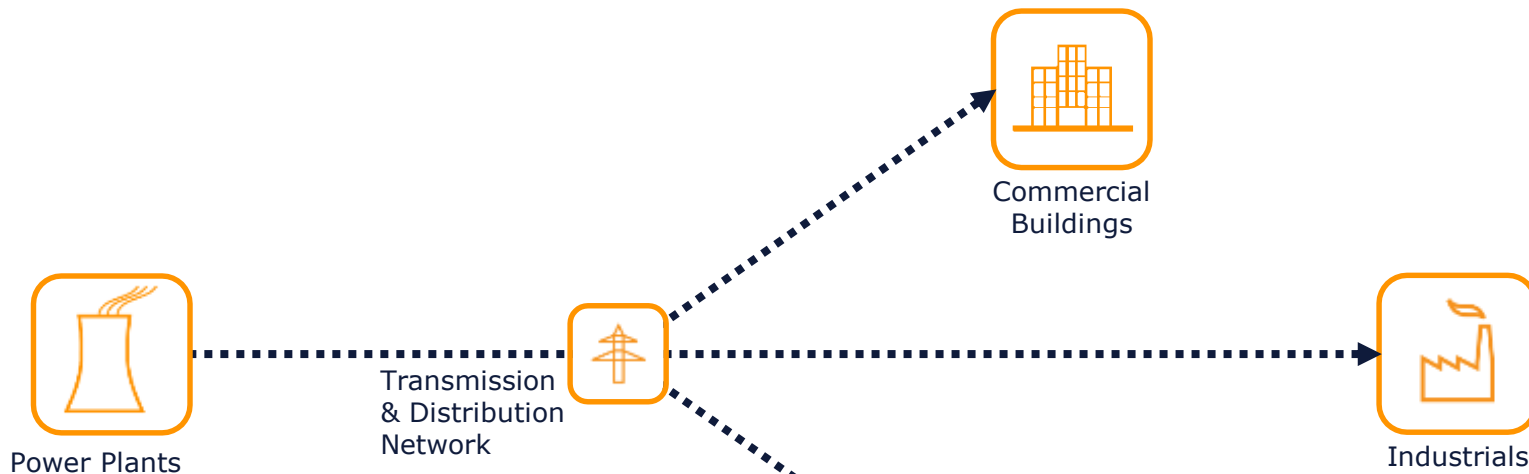
Digital transformation isn't a threat or a risk for energy sector, but rather a leverage and a chance to enter in a new world!

The energy sector is undergoing a transformation



The old energy world

At a glance

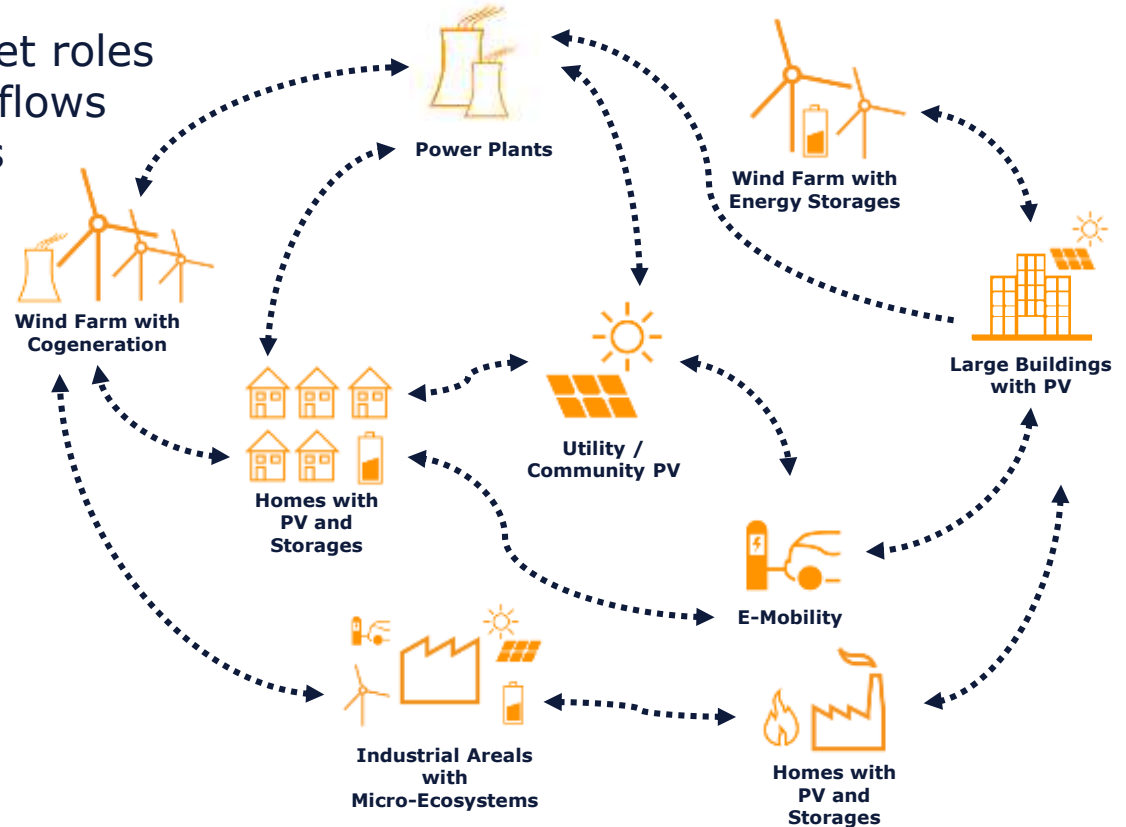


- Clearly defined market roles
- Unilateral energy flows
- Only a few competitors

The new Energy World

At a glance

- Variety of diversified market roles
- Two-way energy and data flows
- Many different competitors



Outlook

ALPIQ





As announced, EBITDA down on the previous year at HY1/17

- 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
- 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

Q&A

ALPIQ



26 March 2018

Full-year results 2017
Annual Media and Financial Analyst Conference

16 May 2018

Annual General Meeting of Alpiq Holding Ltd.

27 August 2018

Interim results 2018
Media Breakfast and Analyst Conference Call

This presentation contains statements and information about the future.

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.

As a result, Alpiq’s actual results can deviate considerably and adversely from any, specifically or implicitly made long-term statements. Among the factors that can contribute or cause such divergent results are economic framework conditions, competitive impacts, political and economic developments in the countries where Alpiq is active, changed regulatory framework conditions on the foreign and domestic energy markets, as well as oil price fluctuations and the margins for Alpiq products. Long-term statements made by Alpiq or on its behalf solely reflect the assessment of a situation at a specific point in time.

This document does not represent an offer to purchase or subscribe to Alpiq Holding Ltd. securities. Decisions on the purchase or subscription of Alpiq Holding Ltd. securities should be based solely on the official listing prospectus published by Alpiq Holding Ltd.

As provided for in Article 652a and Article 1156, respectively, of the Swiss Code of Obligations or the SIX Swiss Exchange AG listing rules, this document does not qualify as a prospectus, and hence, investor protection regulations that otherwise apply for investors in Switzerland, do not apply to this document.

Shareholder structure as at 30 June 2017

Number of shares outstanding:

27,874,649

Consortium of Swiss minority
shareholders (KSM):

31,43%

