

ALPIQ

A large concrete dam with a walkway on top, surrounded by a mountainous landscape with snow-capped peaks and a reservoir. The dam is a massive, curved structure made of grey concrete, with a paved walkway and a metal railing along the top. A large group of people is gathered on the walkway in the lower-left corner. The background features steep, rocky mountains with patches of snow and a clear blue sky. A reservoir of turquoise water is visible on the right side of the dam.

Alpiq records a strong result 2023

Banking & Analysts Information annual results, 28 February 2024

Agenda

1. 2023 Milestones – Antje Kanngiesser, CEO
2. 2023 Key financial figures – Luca Baroni, CFO
3. Strategy and outlook – Antje Kanngiesser, CEO
4. Q&A

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Alpiq records strong results

2023

1,184

CHF million
adjusted EBITDA

820

CHF million
adjusted net income

618

CHF million
operating cash flow

1,944

CHF million
Liquidity

8,420

CHF million
adjusted total revenue

16,840

GWh
Annual production

Milestones along our value chain

Assets: in 2022/23, a total of CHF 316 million was invested in the security of supply



Improving security of supply
Renovation of Fionnay and Nendaz,
Flumenthal & Gabi power plants

Successful completion of wind
farm Tormoseröd
Increased deployment of Plana
del Vent to provide grid-flexibility

Strengthening of winter energy:
- Alpine PV and wind energy
- Hydropower storage projects

Milestones along our value chain

Trading



Integrated trading and risk management
Graduate programme for young talent

Origination/Customer business



Strong portfolio management and proximity to major customers. High customer retention.
Growing third party market access portfolio in Germany and Spain



"Together for a better climate and improved security of supply"

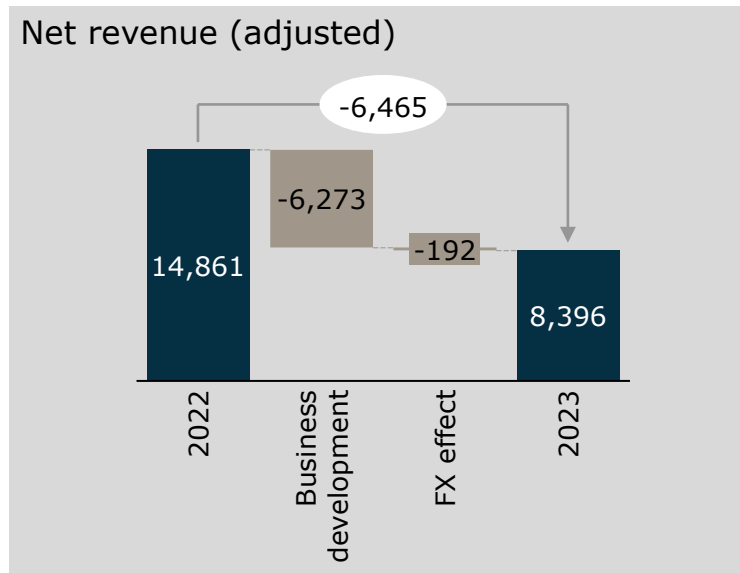
- Target of net zero by 2040
- Awareness continued with #prixalpiq
- Secure Base Leadership trip with 240 managers inspires
- Proportion of women in senior management (EB-1) increased from 6% to 25% since 2021
- 2023 employee satisfaction with Employee Net Promoter Score of +24
- Holistic code of conduct is trained
- Governance further improved with new auditor

Agenda

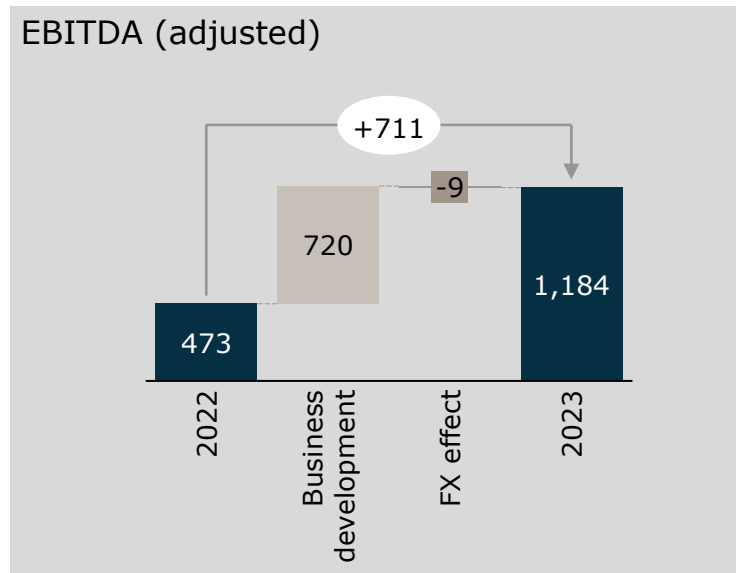
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Alpiq Group generated a very good result in a stabilising market environment

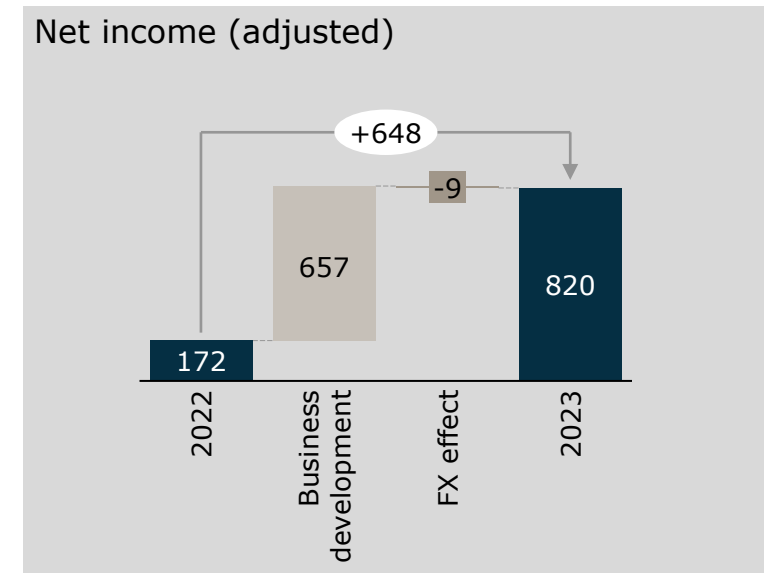
Key financial figures (in CHF million)



Adjusted net revenue decreased due to lower price level on the energy markets.



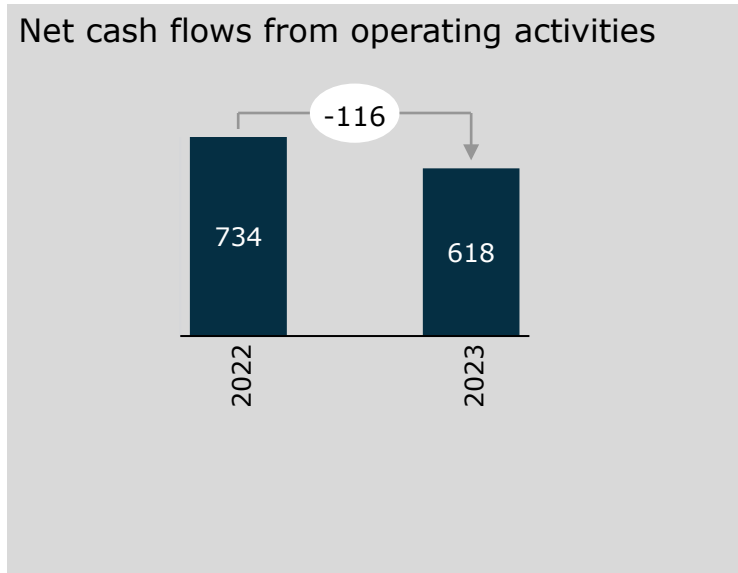
Adjusted EBITDA increased, positive results from all three value chain elements - Assets, Trading and Origination – which exceeded previous year's results and contributed to this outstanding result.



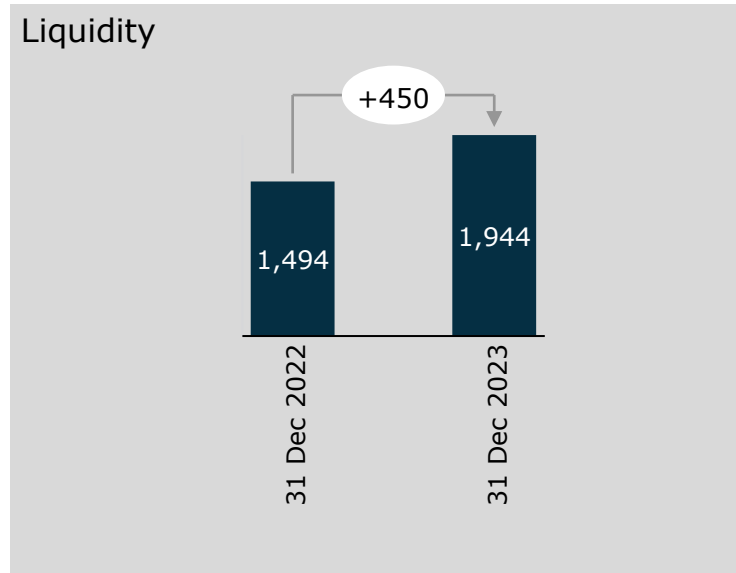
Adjusted net income increased thanks to the excellent contributions along the value chain.

Alpiq Group significantly improved liquidity situation

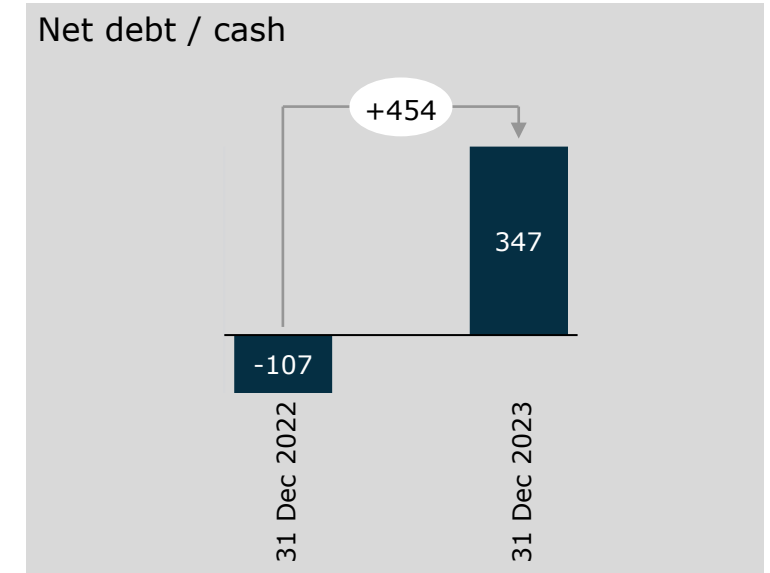
Key financial figures (in CHF million)



Cash flow from operating activities slightly below previous year. Positive earnings from the very good operational performance in 2023 partly offset by the change in fair value of derivative financial instruments.



Significant improvement of liquidity situation resulting from the operating cash flow, compensating the dividend payment.



Thanks to the operating cash flow, Alpiq is able to report net cash.

Financial Steering: from a Divisional to a Value Chain Structure

The new integrated steering of the Alpiq Group along the value chain contributed significantly to the result

Divisional Structure (until 31 Dec 2022)



- The financial steering focuses on generating value across the company.
- Management Structure remains with a focus on collaboration along the value creation chain.
- The Value Chain Structure provides more transparency on the value created within Alpiq.







Value Chain Structure (from 1 Jan 2023)



Group Figures

Pro forma segment reporting Value Chain vs former Divisional structure (2022)











Increased inter-segment transactions due to internal hedging activities between Asset Trading CH and Sales CH resp. Overhead Trading (Market Access), Origination France resp. Germany and Overhead Trading (Market Access), as well as between Portfolio Management Sales, Origination Italy, Origination Spain and Origination France and Gas Trading (hedging of residual gas positions).

	VALUE CHAIN VIEW					DIVISIONAL VIEW				
	2022					2022				
CHF million	 Assets	 Trading	 Origination	Other ¹⁾	Alpiq Group	 Switzerland	 International	 Trading	Other ¹⁾	Alpiq Group
Adjusted total revenue and other income	5,101	6,492	10,173	-6,867	14,899	849	8,645	8,796	-3,391	14,899
Adjusted energy and other costs	-4,631	-6,504	-10,107	6,816	-14,426	-846	-8,511	-8,409	3,340	-14,426
Adjusted EBITDA	470	-12	66	-51	473	3	134	387	-51	473
Adjusted EBIT	368	-12	63	-66	353	-61	93	387	-66	353

¹⁾ The segment results are carried over to the Alpiq Group's consolidated figures by including the units with limited market operations (Corporate), Group consolidation effects as well as other reconciliation items.

Group Figures

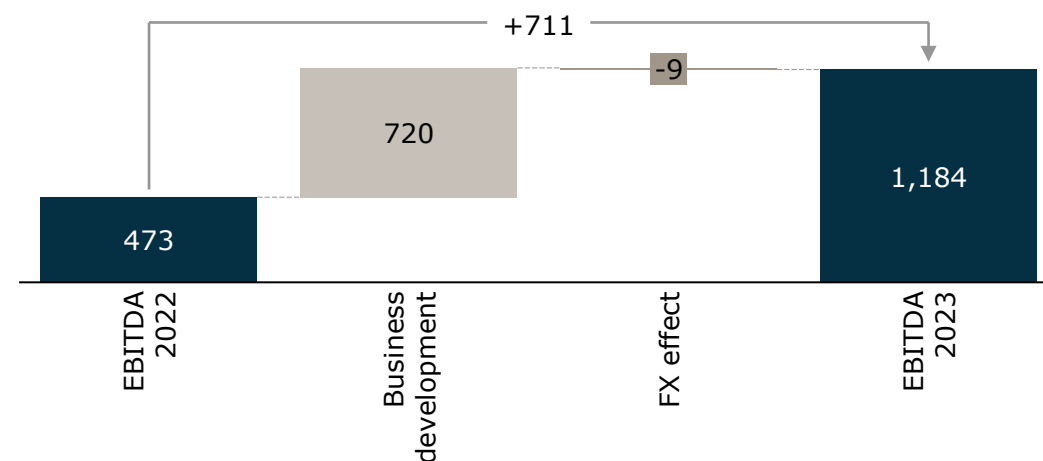
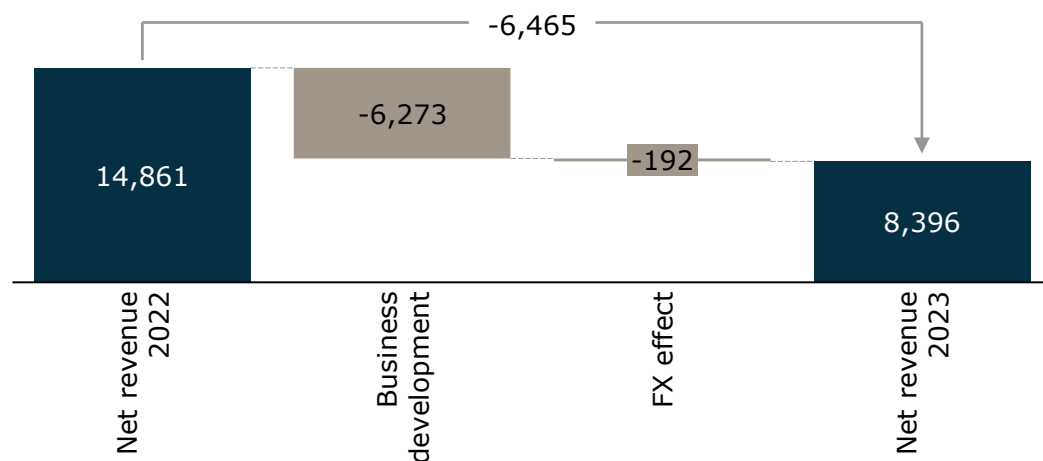
Pro forma segment reporting Value Chain 2023 vs 2022

	VALUE CHAIN VIEW									
	2023					2022				
CHF million	 Assets	 Trading	 Origination	 Other ¹⁾	 Alpiq Group	 Assets	 Trading	 Origination	 Other ¹⁾	 Alpiq Group
Adjusted total revenue and other income	3,704	3,075	6,431	-4,790	8,420	5,101	6,492	10,173	-6,867	14,899
Adjusted energy and other costs	-2,664	-3,021	-6,262	4,711	-7,236	-4,631	-6,504	-10,107	6,816	-14,426
Adjusted EBITDA	1,040	54	169	-79	1,184	470	-12	66	-51	473
Adjusted EBIT	940	54	166	-88	1,072	368	-12	63	-66	353

¹⁾ The segment results are carried over to the Alpiq Group's consolidated figures by including the units with limited market operations (Corporate), Group consolidation effects as well as other reconciliation items.

Positive results of operations above previous year due mainly to flexible production portfolio and high availability of our plants; well-positioned Trading and Origination

Adjusted figures (in CHF million)



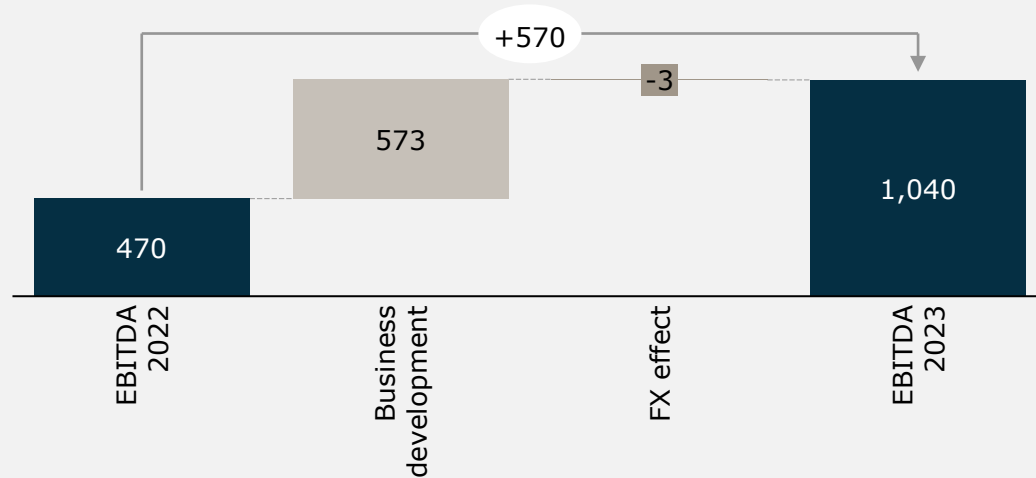
Net revenue 2023

Assets	3,672
Trading	3,074
Origination	6,431
Other / intercompany	-4,781

EBITDA 2023

Assets	1,040
Trading	54
Origination	169
Other	-79

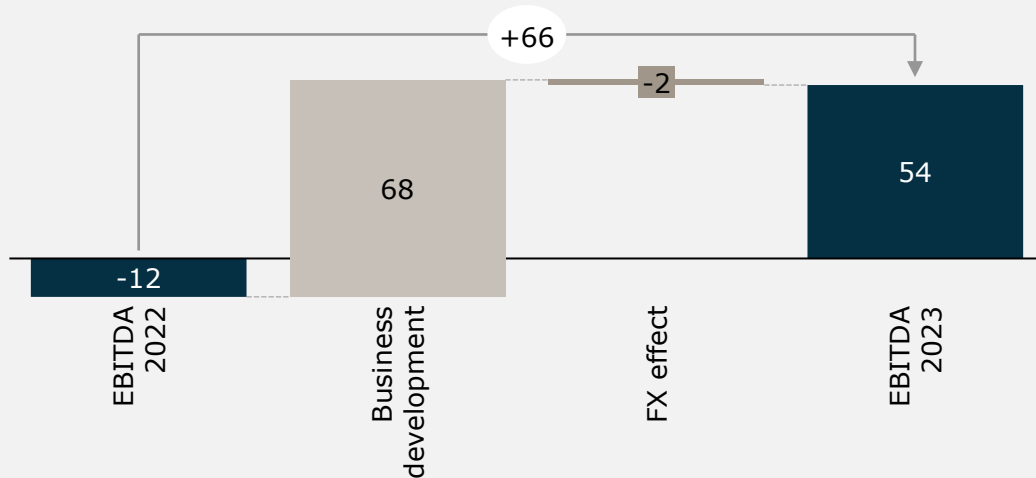
Adjusted EBITDA (in CHF million)



Assets – excellent results thanks to flexible plants paired with high availability

- Assets exceeded the previous year result thanks to the Swiss power production with its very flexible hydropower plants.
- The hydropower plants increased production thanks to higher inflows, partly as a result of the heavy rainfall in autumn.
- The Italian, Spanish and Hungarian asset-based business benefited from high availability of the thermal powerplants.
- Alpiq's ancillary services once again contributed to grid stability in the respective markets.

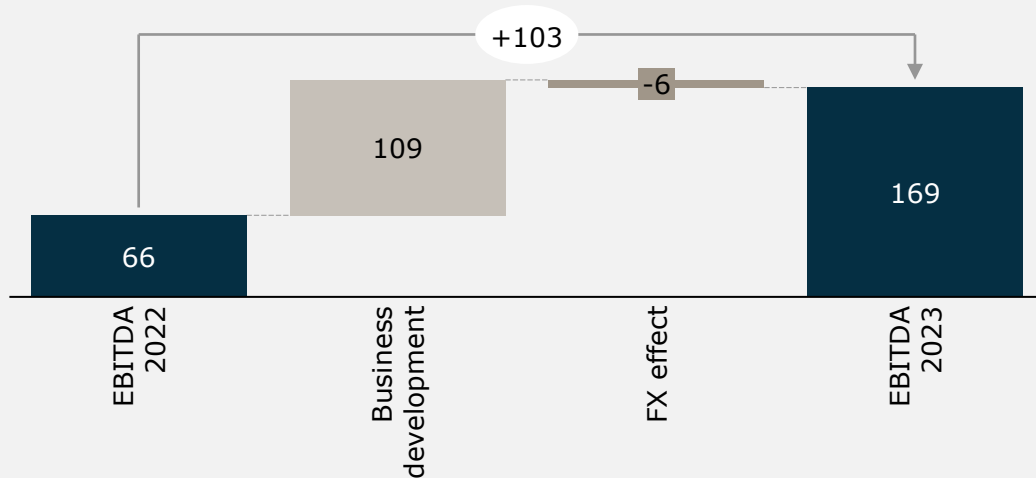
Adjusted EBITDA (in CHF million)



Trading – well positioned in electricity and certificate trading

- Despite lower prices, less volatility and the associated fewer opportunities in the trading business, Alpiq achieved a good result with commodity trading.
- In the Western Europe region in particular, the previous year's result was exceeded thanks to electricity and certificate trading and management of cross-border capacities.

Adjusted EBITDA (in CHF million)

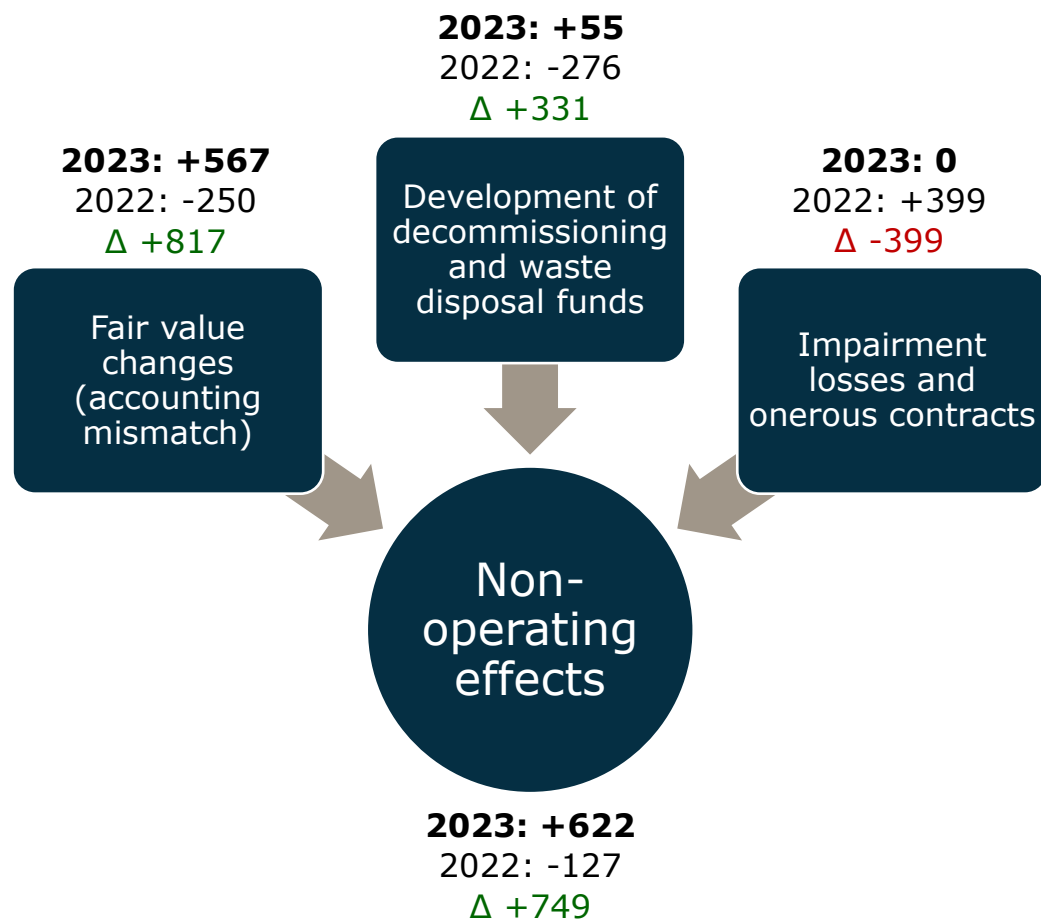


Origination – good market positioning and long-standing customer relationships across Europe paid off

- The customer business benefited from calmer market conditions.
- In the French market, the key account business increased significantly.
- The German market rose on the previous year thanks to day-ahead market access deals and structured and flexible products.
- The sales business in the Italian, Spanish and Hungarian markets also made a positive contribution to the result.

Significant non-operating effects in the IFRS result

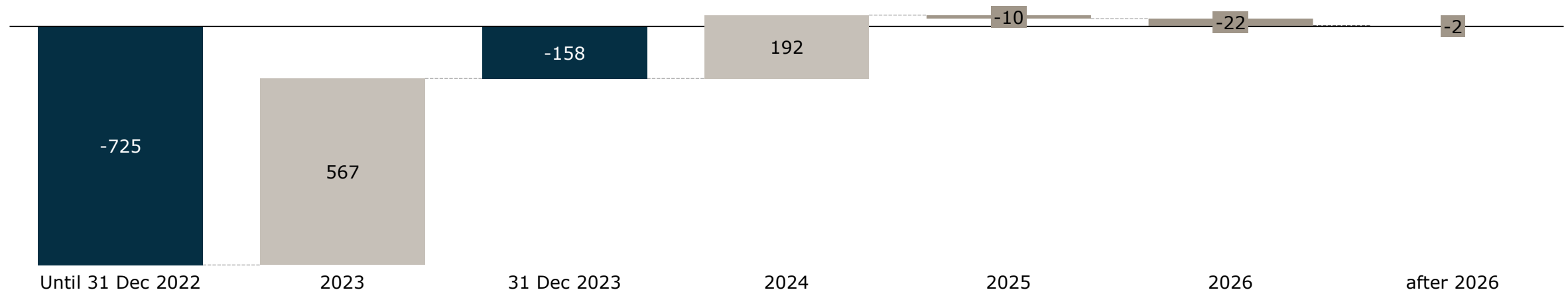
Non-operating effects on EBITDA level (in CHF million)



- **Fair value changes (accounting mismatch):** Future production volumes and physical power purchase agreements are not measured at fair value (off-balance sheet items); some hedging instruments are revalued through the P&L immediately.
- **Development of decommissioning and waste disposal funds:** Investments of these two funds are exposed to market fluctuations and changes in estimates. The difference between the actual return and the budgeted return is classified as a non-operating effects.
- **Impairment losses and onerous contracts:** Effects in connection with future procurement of energy from Nant de Drance power plant (until June 2022). No onerous contracts, impairments or reversals of impairment losses stated as non-operating effects during 2023.

Accounting mismatch from financial hedges will have a positive impact on next years' IFRS result

Accounting mismatch and expected reversals (based on energy prices as of 31 Dec 2023, in CHF million)



- The accounting treatment in accordance with IFRS of financial energy price hedges leads to earnings being shifted to future periods (accounting mismatch).
- While the accounting mismatch has reduced significantly in 2023, there is still a positive effect expected on the result in the subsequent financial year.

Reduction of the accounting mismatch

The extended application of the own use approach will prospectively reduce the volatility of the non-operating (accounting mismatch) earnings in the IFRS results

- Accounting mismatch is driven by fair value changes of energy derivative under IFRS 9 entered to hedge Alpiq's future power production or to fulfil energy contracts classified as normal executory contracts or under the "Own-Use" exemption. Only the fair value changes of the energy derivatives under IFRS 9 between the last and the current balance sheet date are recognized in the reporting year.
- In 2023, Alpiq analyzed potential changes in their "Own-Use" concept to reduce the accounting mismatch. From 2024 onwards Alpiq will classify certain cash-settled financial instruments, such as exchange traded futures, to hedge Alpiq's own production and certain customers sales portfolios not any longer under IFRS 9 but under the "Own Use" exemption. Those changes are expected to minimize Alpiq's "Accounting Mismatch" over time. Of course, to get rid of fully of any Accounting Mismatch is not possible under IFRS accounting standards.

Consolidated income statement

Pro forma statement before and after non-operating effects (in CHF million)

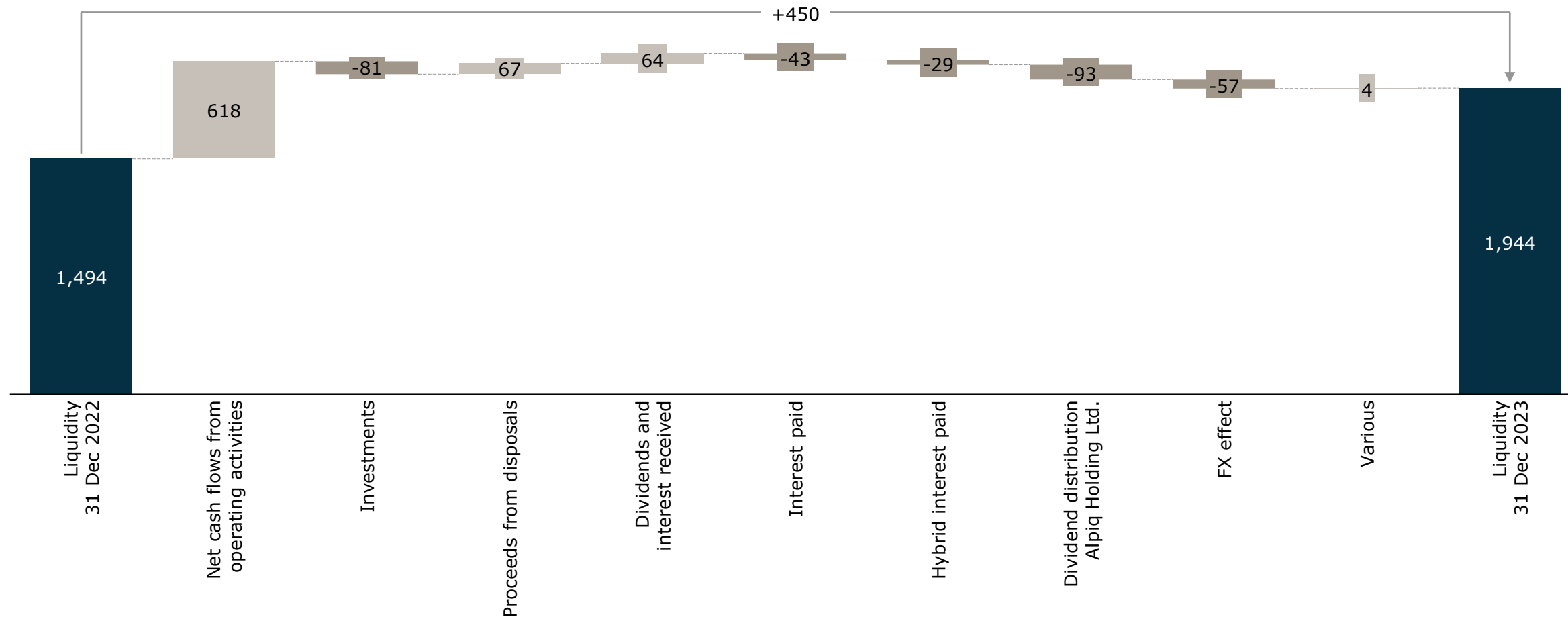
	2023			2022		
	Adjusted	Non-operating effects	IFRS	Adjusted	Non-operating effects	IFRS
Net revenue	8,396	563	8,959	14,861	-230	14,631
Total revenue and other income	8,420	563	8,983	14,899	-230	14,669
Earnings before interest, tax, depreciation and amortization (EBITDA)	1,184	622	1,806	473	-127	346
Depreciation, amortisation and impairment ¹⁾	-112		-112	-120	23	-97
Earnings before interest and tax (EBIT)	1,072	622	1,694	353	-104	249
Share of results of partner power plants and other associates & Financial result	-120		-120	-133		-133
Earnings before tax (EBT)	952	622	1,574	220	-104	116
Income tax (expense) / income ²⁾	-132	-106	-238	-48	43	-5
Net income / (loss)	820	516	1,336	172	-61	111

¹⁾ In 2022, including reversals of impairment losses

²⁾ Since 2023, Alpiq calculates the tax effect on non-operating effects. The previous year figures have been extended accordingly.

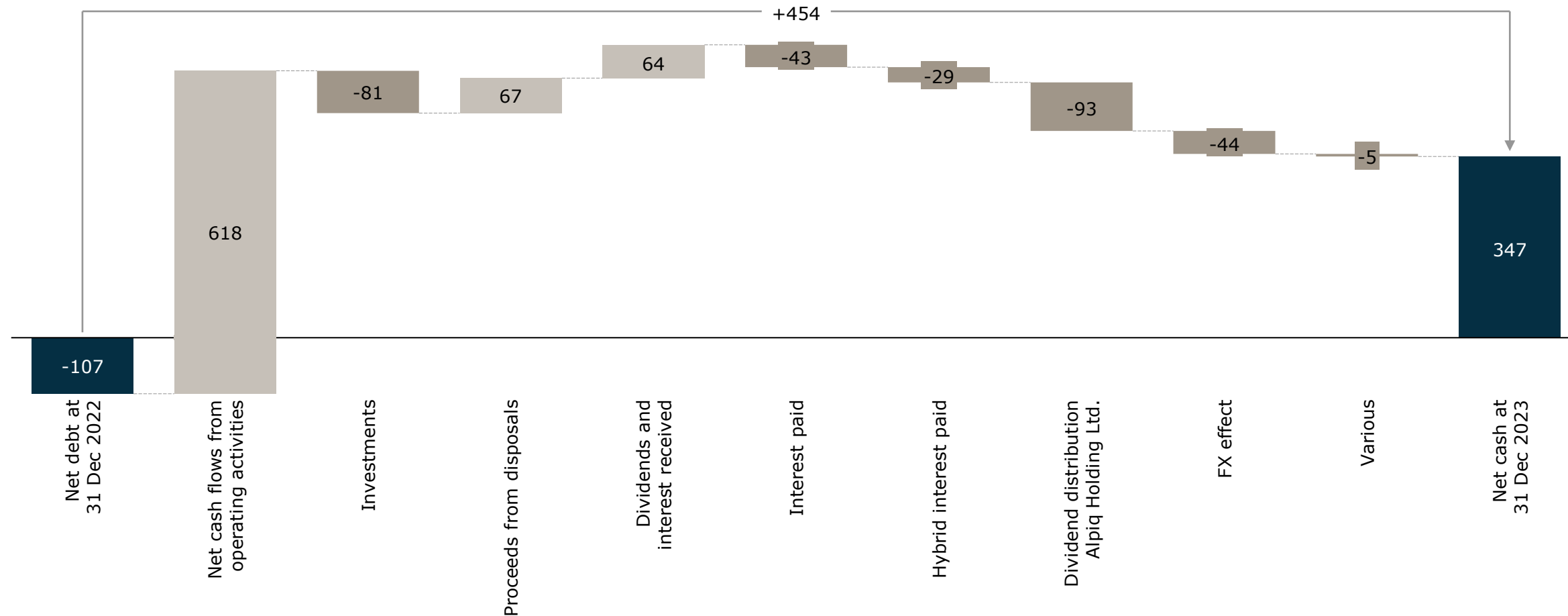
Alpiq significantly improved its liquidity situation

Development of liquidity (in CHF million)



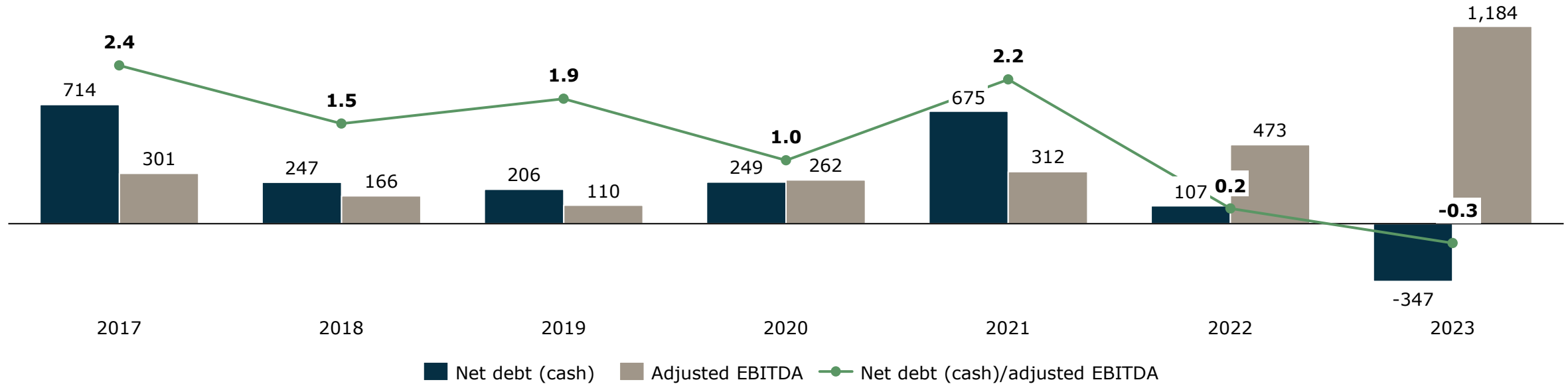
Net debt turned into net cash

Development of net debt / net cash (in CHF million)



Further improved net debt (cash)/adjusted EBITDA ratio

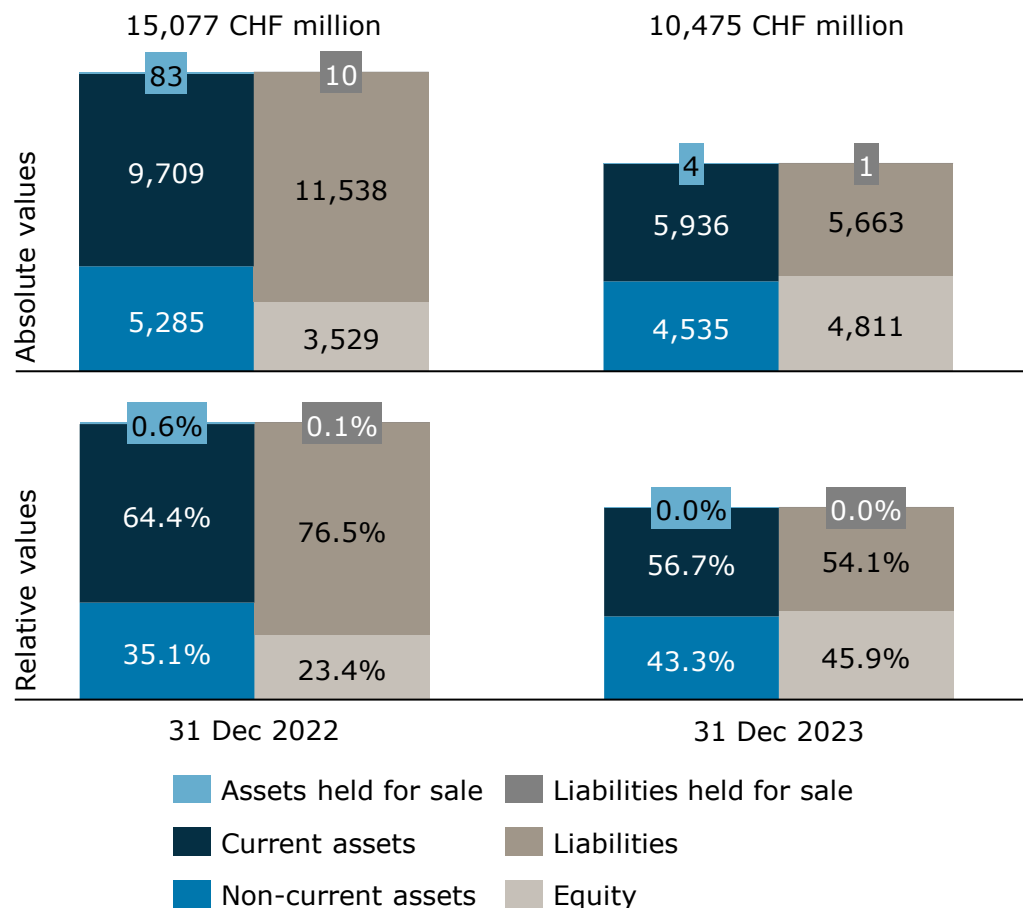
Net debt (cash), adjusted EBITDA (in CHF million)



- Net cash of CHF 347 million (31 December 2022: Net debt of CHF 107 million)
- Net debt (cash)/adjusted EBITDA ratio of -0.3 (31 December 2022: +0.2)

Balance sheet – equity ratio improved to 45.9%

Without the energy derivatives, the equity ratio would be 55.4% rather than 45.9%

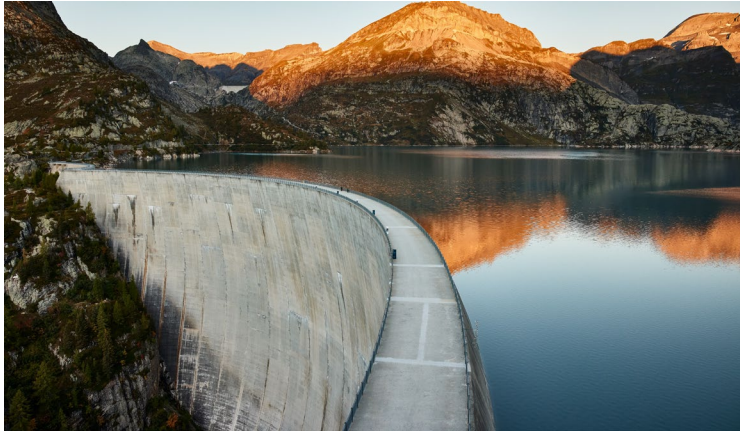


- **Equity ratio: 45.9%** (31 December 2022: 23.4%)
Equity ratio nearly doubled due to decrease in total balance sheet as a result of lower energy prices and higher net income.
Equity stood at CHF 4,8 billion.
- Volatile energy prices in 2022 strongly impacted derivative financial instruments in the current assets in prior periods.

In CHF million	31 Dec 22	31 Dec 23
Energy derivatives (assets) <i>as a % of total assets</i>	5,078 33.7%	2,339 22.3%
Energy derivatives (liabilities) <i>as a % of total liabilities</i>	5,506 36.5%	1,786 17.1%
<i>Equity ratio w/o Energy derivatives (liabilities)</i>	36.9%	55.4%

Outlook

Alpiq is well positioned in a volatile market environment



- Focus on core markets and capabilities
- Investments in flexible production
- Expansion of the Trading business and Origination activities to strengthen the company along value chain



- Alpiq is confident for financial year 2024
- All three value chain elements are expected to generate good operative results
- The non-operating effects will be lower in 2024 year and in the coming years

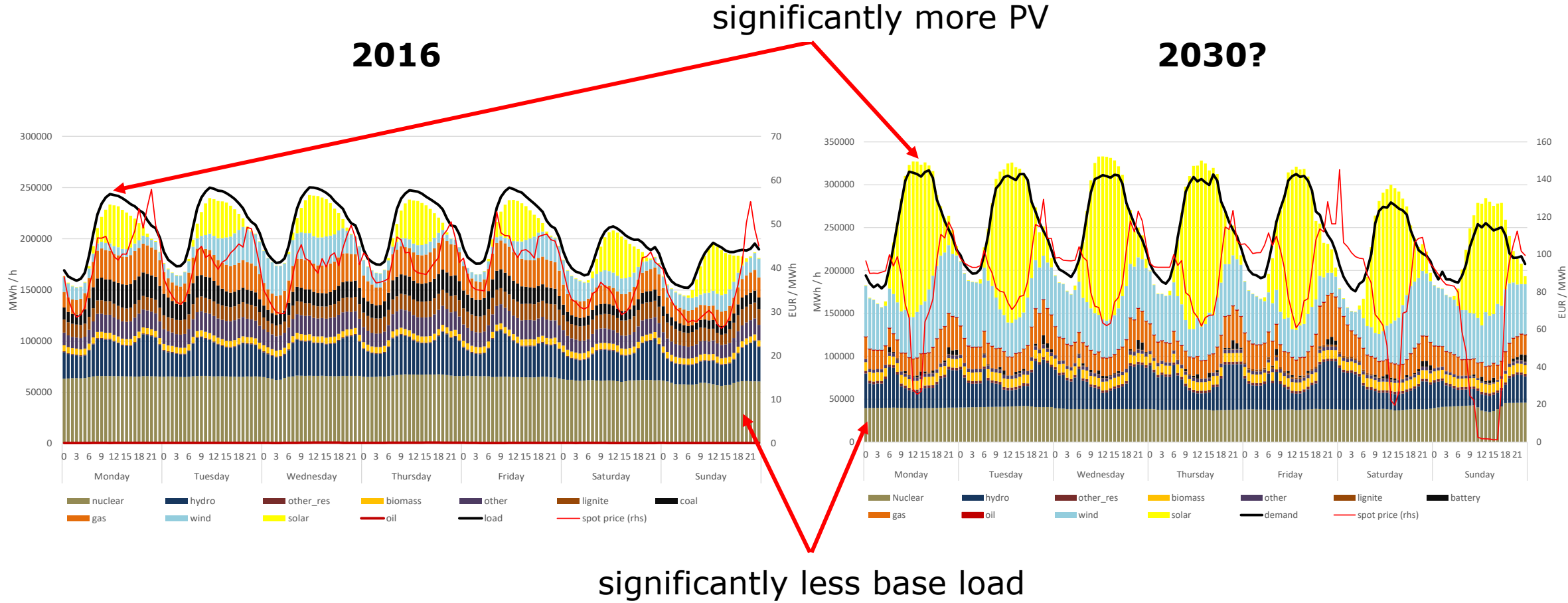


- Alpiq expects to maintain good liquidity and net cash situation in 2024
- Proposition of an ordinary dividend distribution of CHF 116 million in total

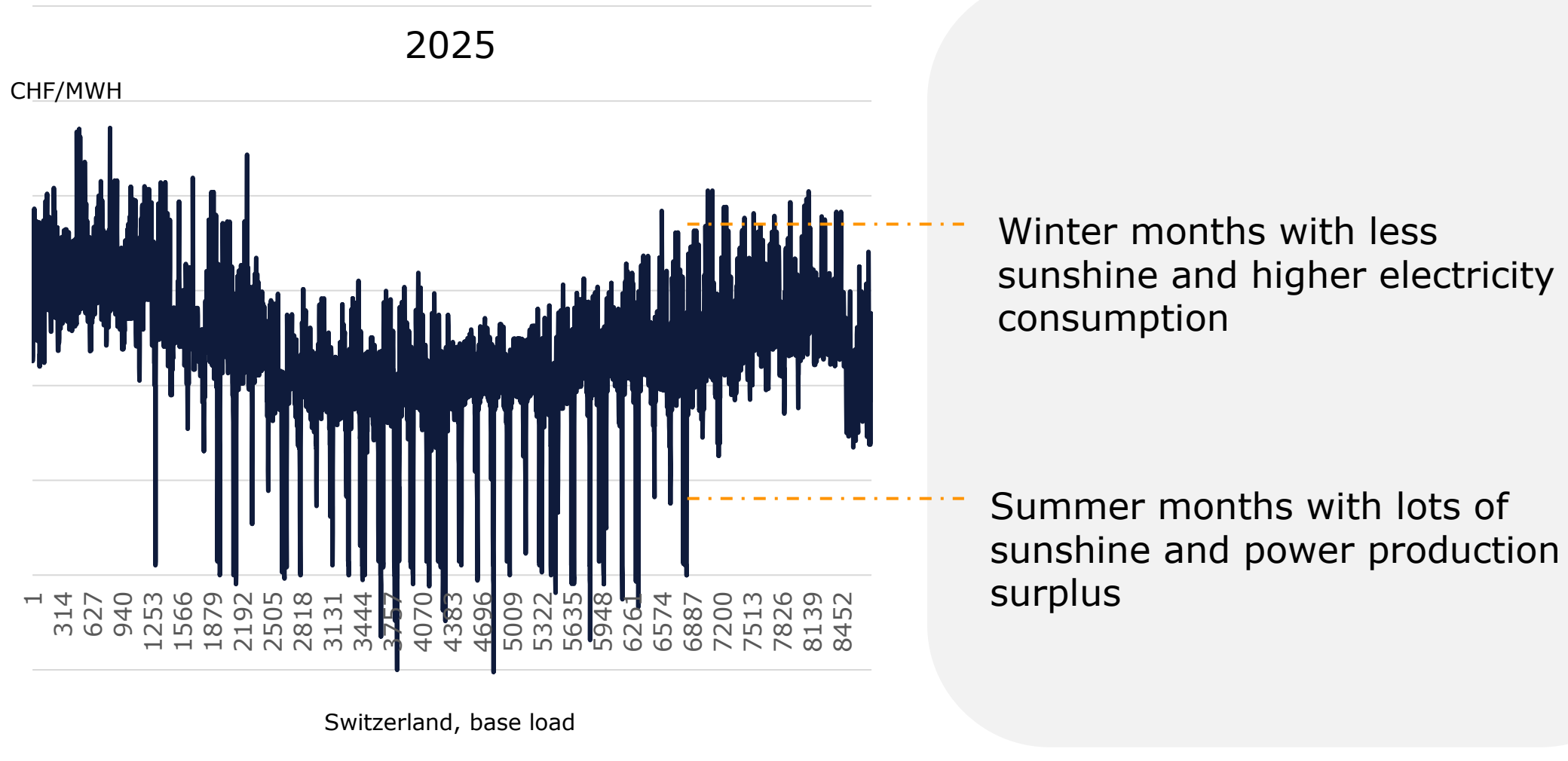
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Rapidly increasing volatility in European power market

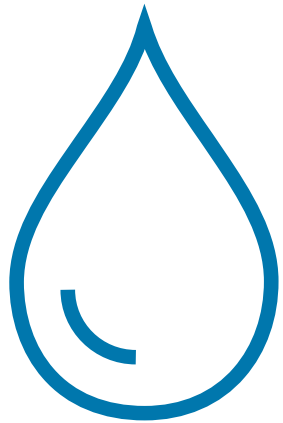


The weather becomes the key player and sets the price



Alpiq is strategically placed in a volatile environment

5,723 MW installed capacity – 80% of which is flexible



Switzerland, Europe

58.1%

Hydropower



Europe

22.9%

Conventional
thermal



Switzerland, Europe

14.5%

Nuclear



Switzerland, Europe

4.5%

Small-scale hydropower,
wind,
photovoltaic

Source: Alpiq 2023
Annual Report

Flexibility enables integration

1 GW



10 GW



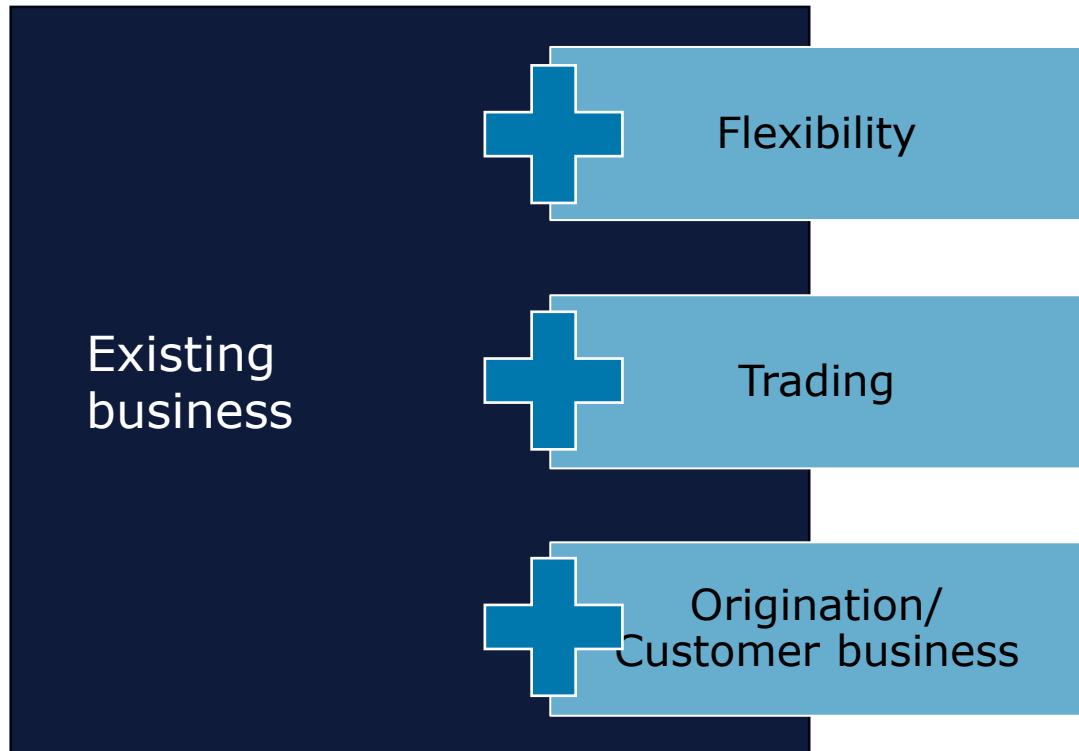
20 TWh



Flexibility is required to integrate wind and solar energy into the energy system and any decarbonisation

Alpiq in a good position in a volatile environment

Our strategy



1

Focus on core competences

- Flexible assets
- Risk management
- Large-customer business

2

Guided by corporate purpose

- Security of supply
- Net zero by 2040

3

Culture as a competitive advantage

- Value chain steering
- Values
- Leadership

A large concrete dam is the central focus, stretching across a valley. The dam's surface is textured with vertical lines and shows some water seepage. To the left, a steep, rocky slope is covered with green trees. To the right, a calm lake reflects the sky and the surrounding mountains. In the background, rugged mountains are bathed in the warm, golden light of a sunset or sunrise. The overall scene is a mix of natural beauty and human engineering.

**Together for a
better climate and an
improved security of supply**

Any questions?

Thank you very much!



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