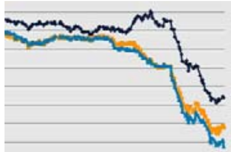
Financial Analysts Conference 2016
Alpiq challenged by low wholesale prices

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

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Main drivers 2015

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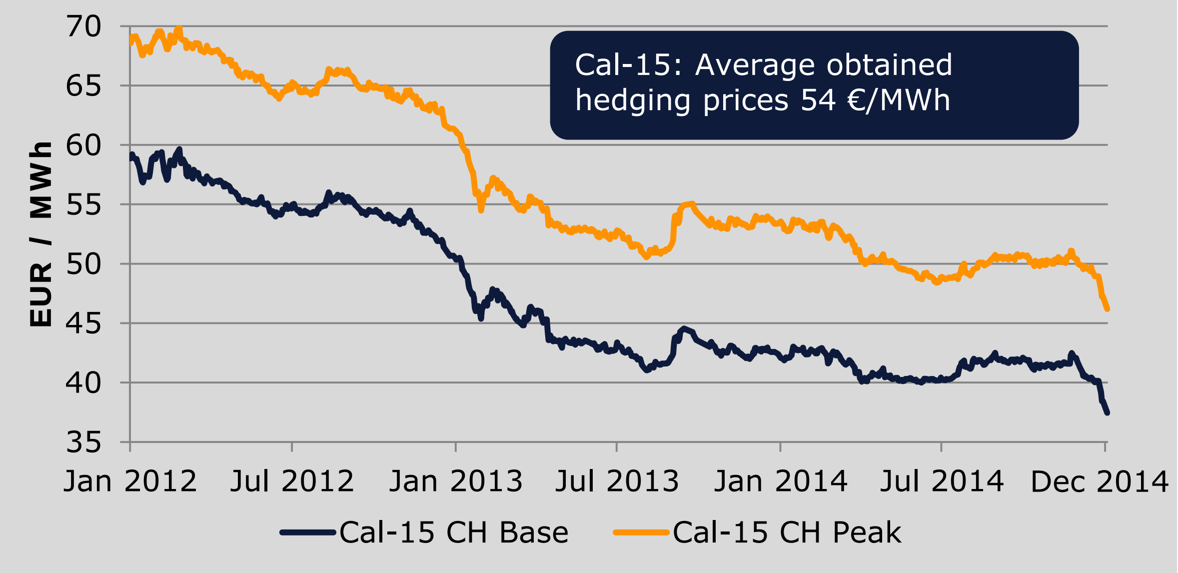
Low commodity and CO2 prices

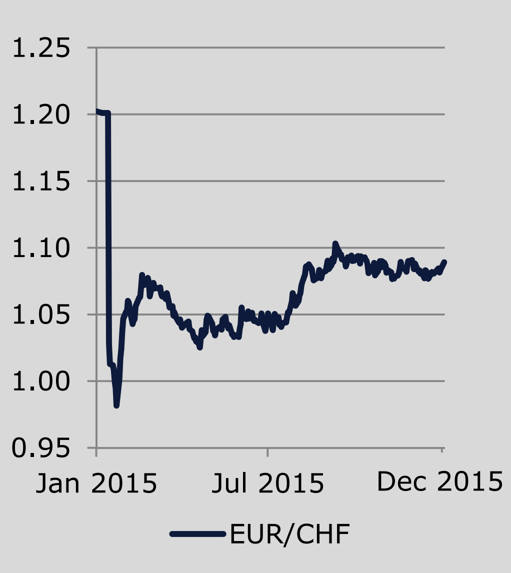
Subsidies for new renewable energies

Subdued economic growth

SNB decision 15 January 2015

Production overcapacities





Pressure on Swiss power plants

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Business development

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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

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Appealing operating result despite a difficult environment

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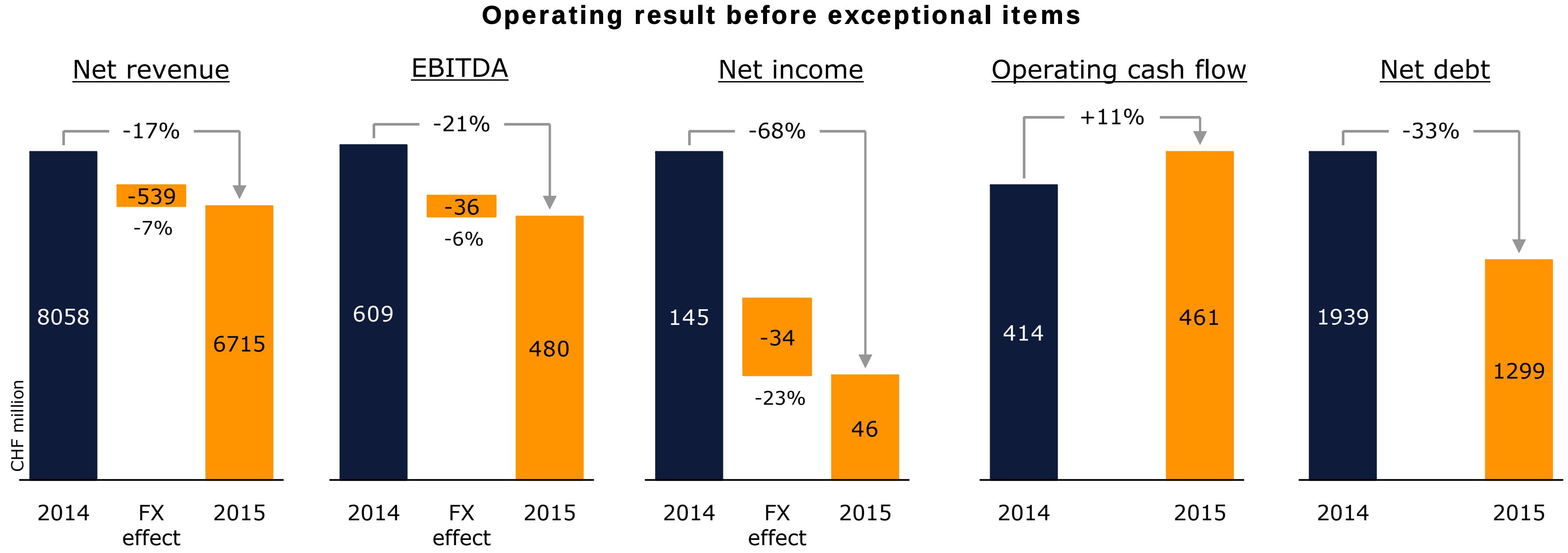

- Low wholesale prices and the strong Swiss franc burdened results
- Operating EBITDA comes in at CHF 480 million, which is CHF 129 million down year-on-year (thereof FX effect CHF 36 million)
- Net income is at CHF 46 million, down CHF 99 million due to strength of the Swiss franc and the poor performance 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

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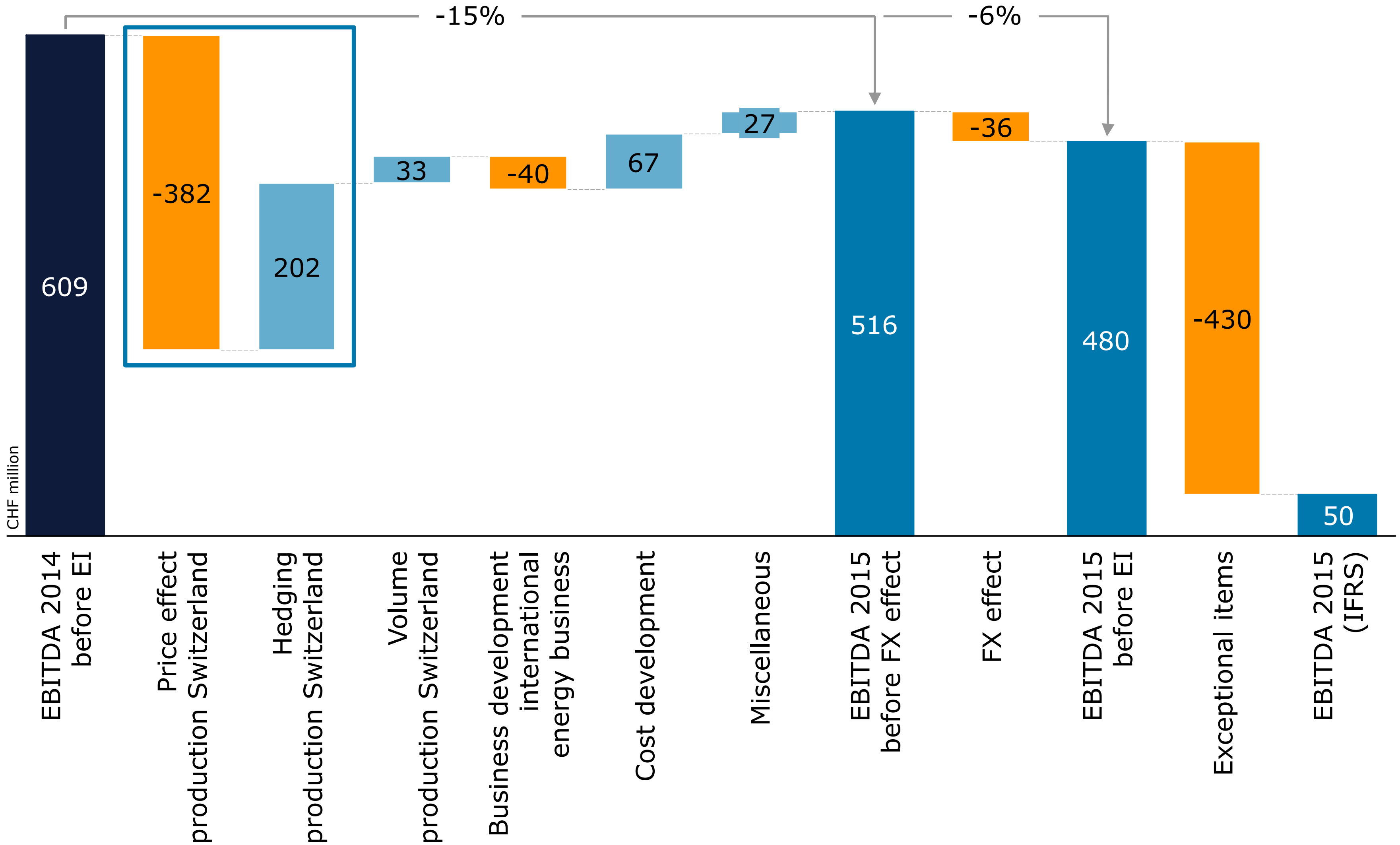

EBITDA development in the divisions

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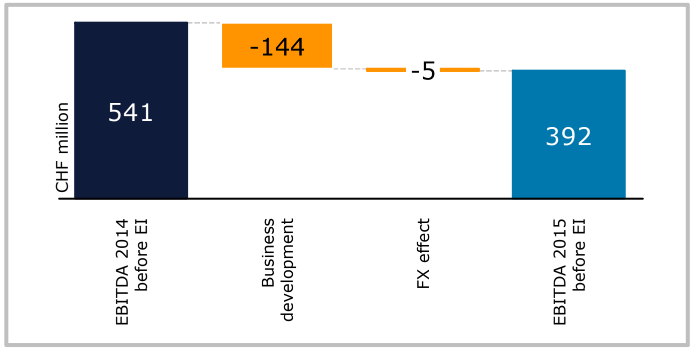
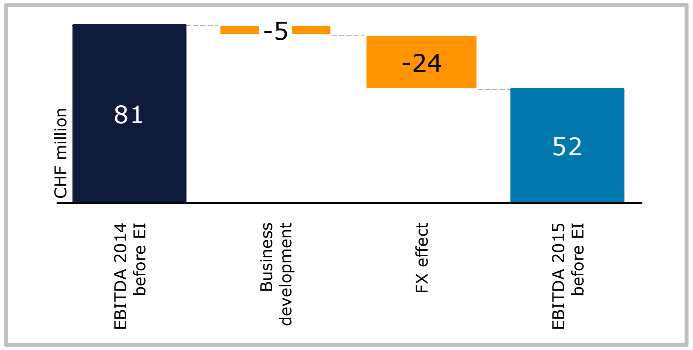


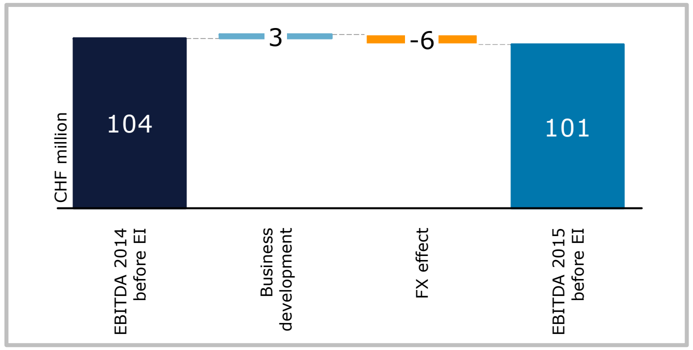
Generation

- 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

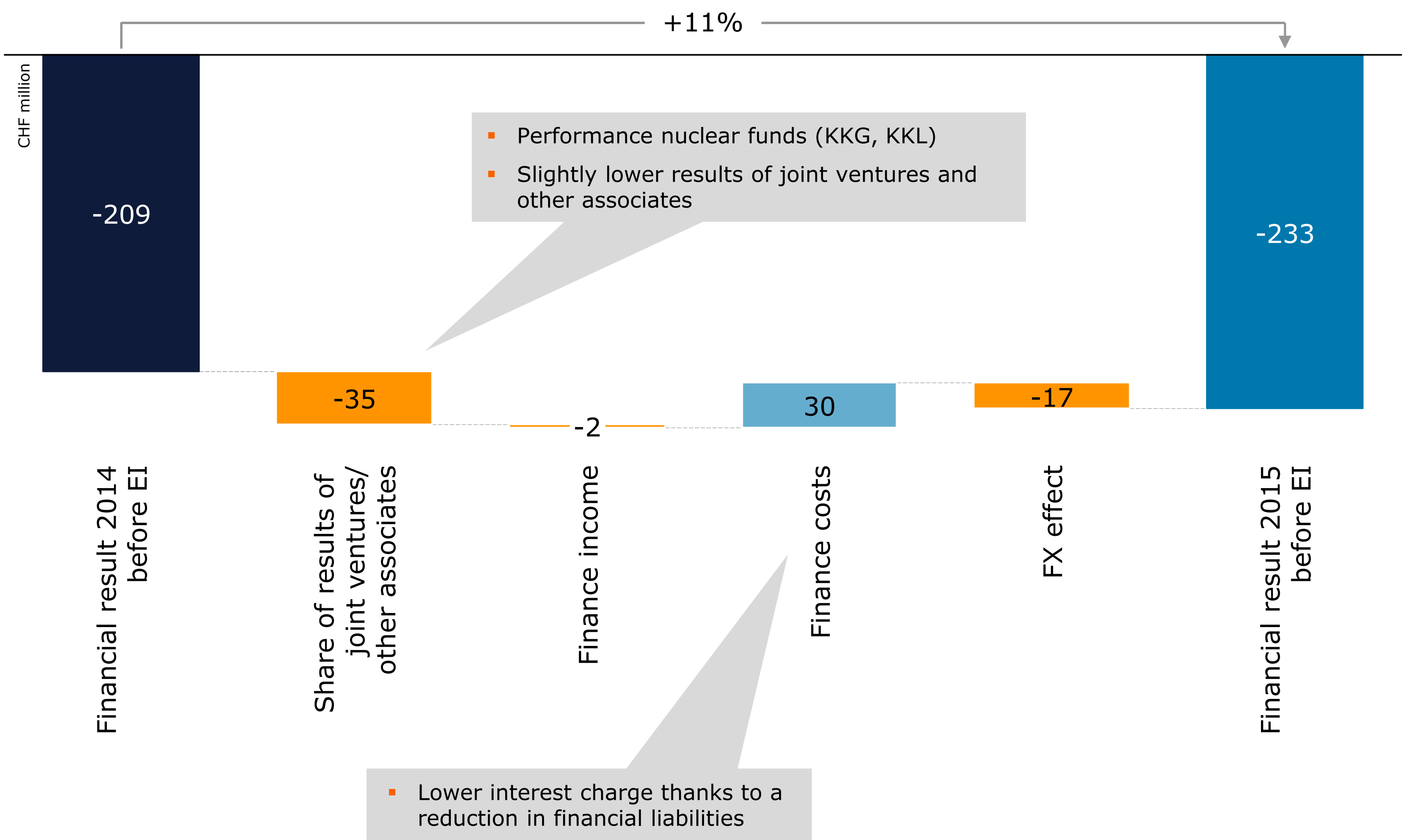
- Growing competition in the ancillary services markets puts pressure on international power plant optimisation
- The strong Swiss franc has a negative impact on the optimisation
- Wholesale business in Central and Eastern Europe, adjusted for FX effects, is on previous year‵s level
- International origination 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 financial result



Development of net income

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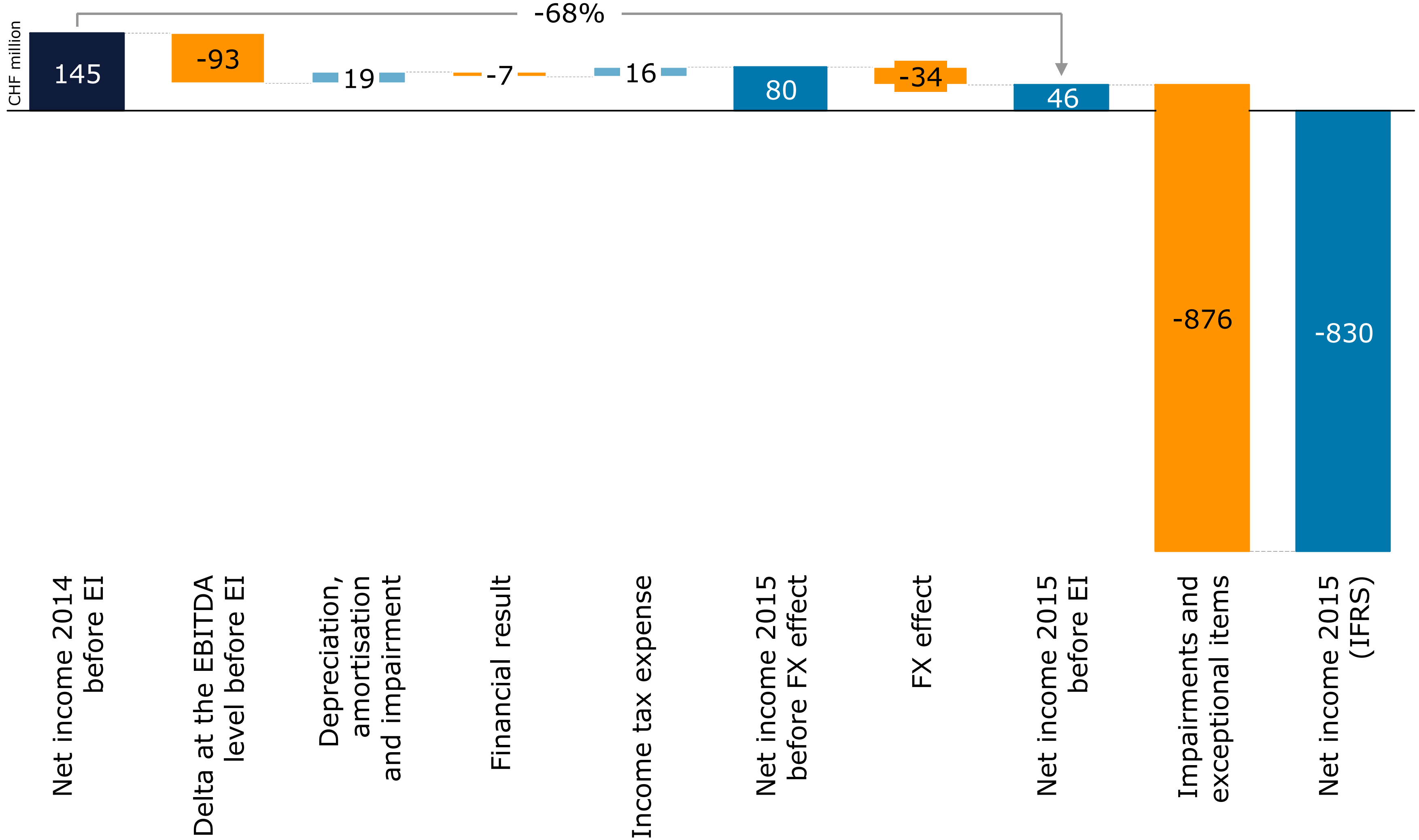
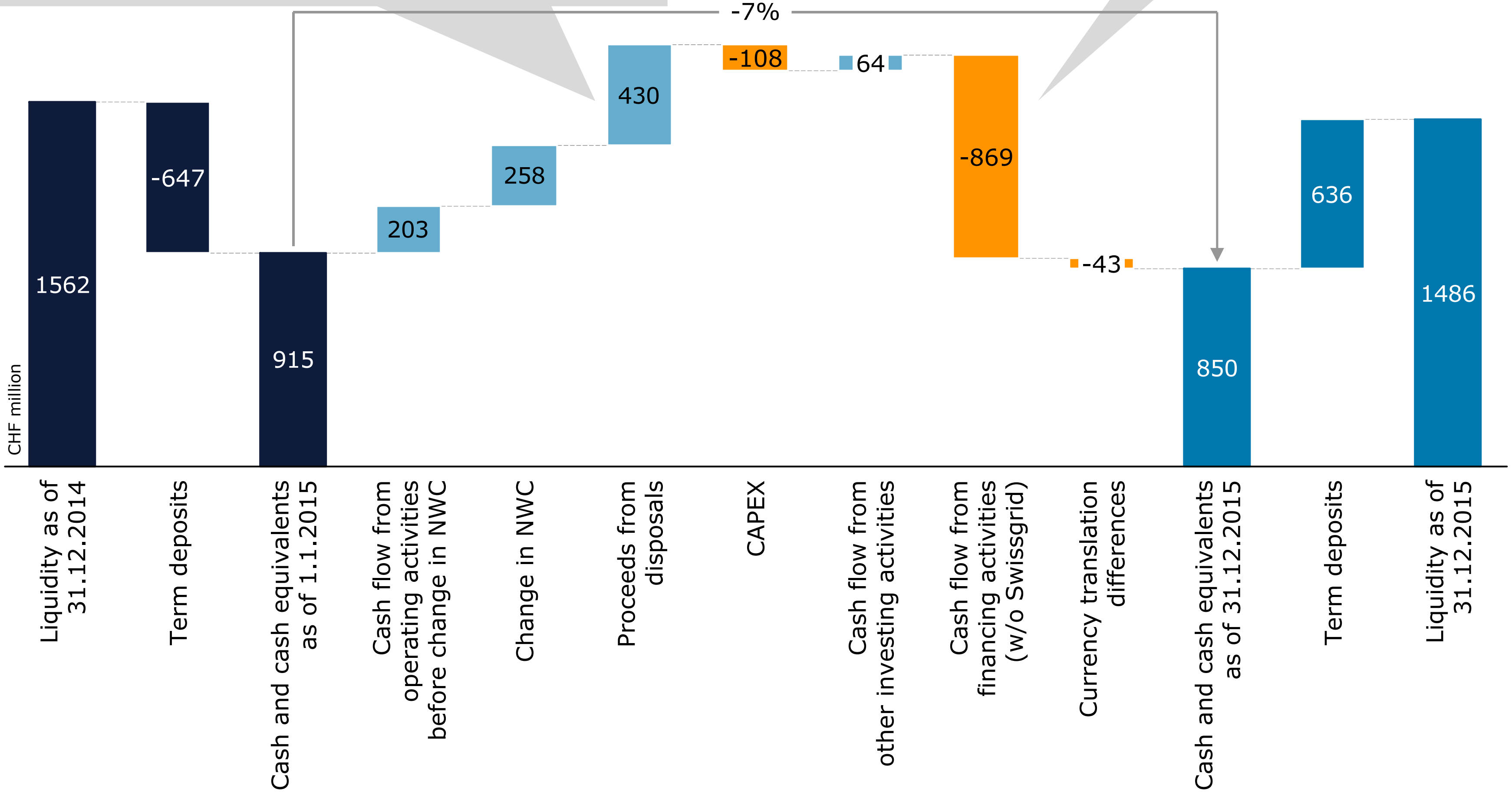


Statement of cash flows
Active balance sheet management

Proceeds from disposals enable further reduction of net debt
- Swissgrid loan and equity stake: CHF 337 million
- Bayet: CHF 48 million
- Powernext/EEX: CHF 18 million
- Hydropower plants/projects: CHF 28 million

- Repayment of debt



Acquisitions/disposals 2015

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Acquisitions

Energy Services

- **Helion Solar Group**
- **Balfour Beatty Rail Italy S.p.A.**
- **IReL AG**

Disposals

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**

Portfolio streamlining

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

Non-strategic assets

- 49.9% **Swissgrid AG** shares & shareholder loan
- 51.1% **Swissgrid AG** shares
- **Powernext SA**
- **EEX**

—— Transactions signed & closed

- - - - Transactions signed; not yet closed

Bond buyback & new issue
Debt portfolio successfully optimised

Buyback of bonds

CHF 340 million

Placement of a new bond

CHF 175 million

=

Optimised maturity profile

+

Stronger balance sheet

- Successful buyback of bonds with maturities in 2016 to 2019 amounting to CHF 340 million
- Buyback offer was limited to a maximum nominal value of CHF 450 million and affected six bonds with maturities in 2016 to 2019 at a nominal value of CHF 1,379 billion
- Alpiq thereby reduced its gross debt, reduced its balance sheet total and improved the maturity profile
- It successfully placed a new bond with a nominal value of CHF 175 million with an eight-year duration and a coupon of 2.125%

Financing mix as of 31 December 2015
Sustainable reduction in average interest

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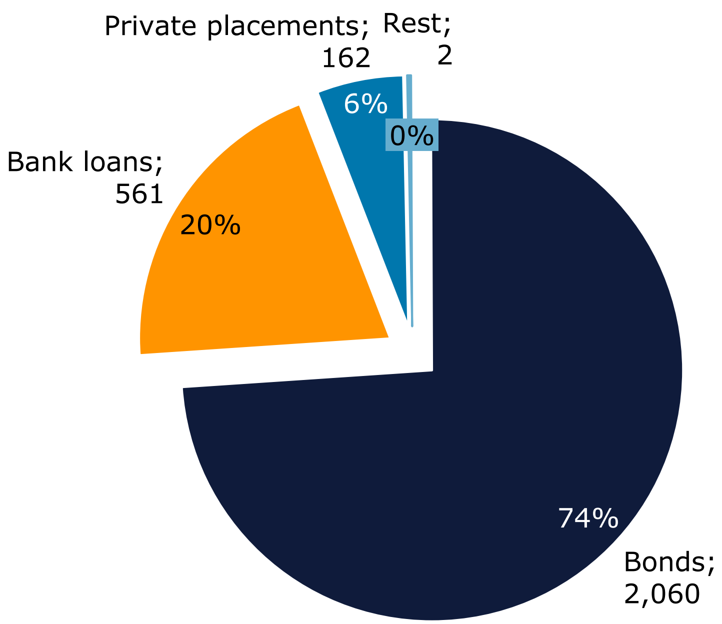
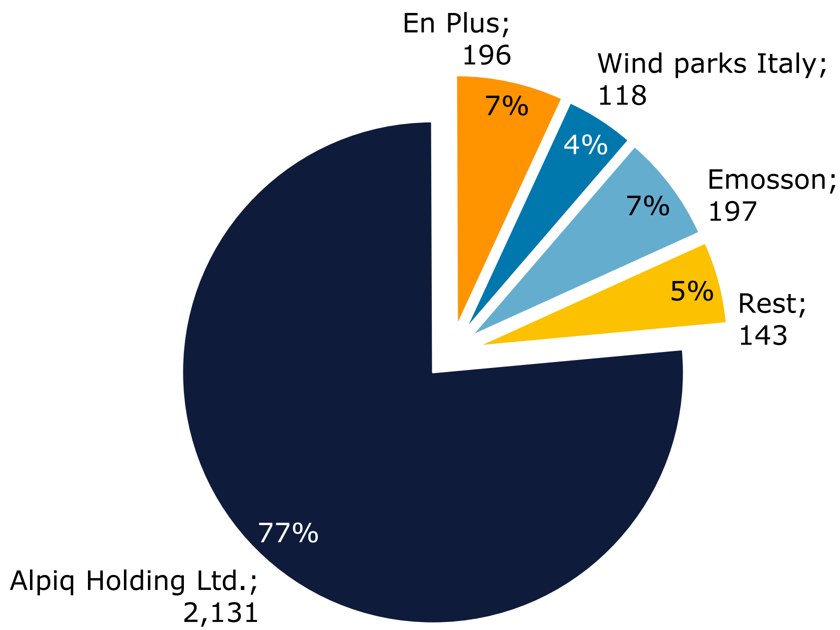
Instruments (CHF million)



Total: CHF 2,785 million

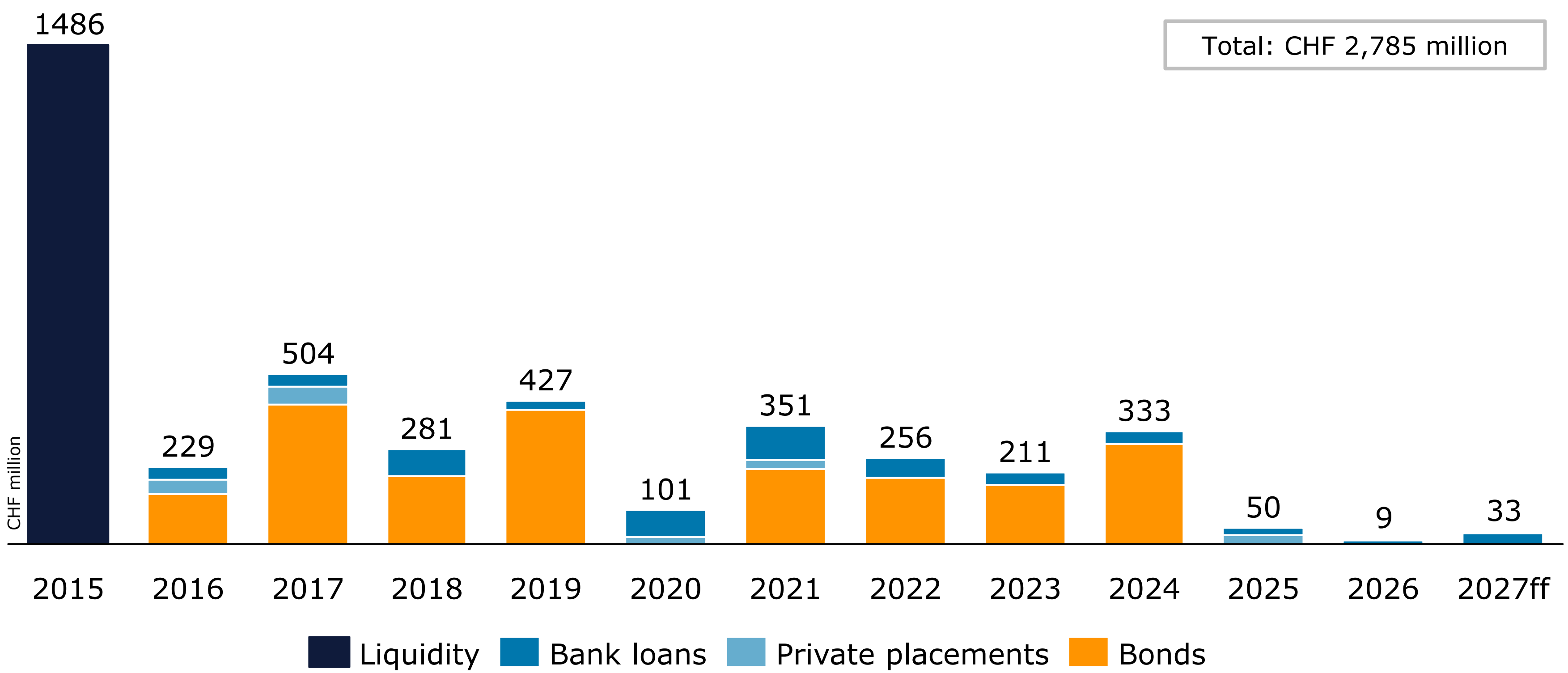
Financing (CHF million)



Total: CHF 2,785 million

- Bonds account for around three quarters of debt outstanding
- Around 80% of borrowings accounted for by Alpiq Holding Ltd.
- Average interest within the Group of 2.96% (previous year: 3.05%)

Maturity profile as of 31 December 2015 sustainably improved



- Maturities are matched with sound liquidity of around CHF 1.5 billion
- Maturity profile permanently improved thanks to the buyback of bonds and the placement of a new bond

Continuous improvement of the debt situation

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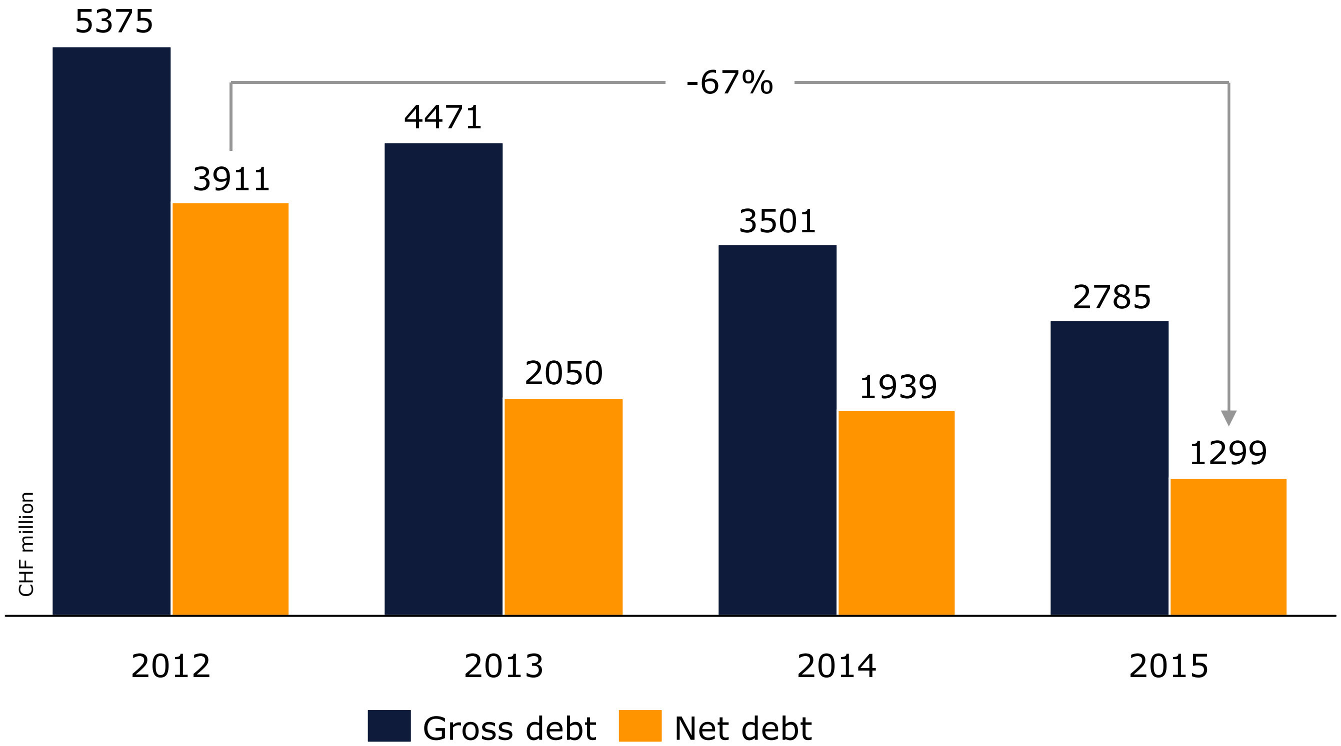

- Gross debt additionally reduced by CHF 165 million owing to bond buyback
- Sound liquidity of around CHF 1.5 billion (previous year: CHF 1.6 billion)
- Net debt further reduced by CHF 640 million to around CHF 1.3 billion
- Net debt/EBITDA before exceptional items is at a stable 2.7x (previous year: 3.2x)

Balance sheet
Liquidity remains at a sound level

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CHF million	31.12.2015	31.12.2014	Deviation
Cash and cash equivalents (incl. term deposits)	1,486	1,562	-5%
Other current assets	2,023	2,343	-14%
Property, plant and equipment	2,928	3,684	-21%
Other non-current assets	3,453	3,791	-9%
Assets held for sale	545	481	13%
Total assets	**10,435**	**11,861**	**-12%**
Equity	3,819	4,712	-19%
Borrowings	2,785	3,501	-20%
Other liabilities	3,774	3,646	4%
Liabilities held for sale	57	2	>+100%
Total equity and liabilities	**10,435**	**11,861**	**-12%**
Net debt	**1,299**	**1,939**	**-33%**
Equity ratio	**36.6%**	**39.7%**	**-8%**

- **Total assets** 12% and **current assets** 10% lower year-on-year
- 20% decrease of **borrowings**
- Change in **equity** owing to
  - Impairment losses, provisions and other exceptional items (CHF -876 million)
  - Dividend distribution incl. NCI (CHF -10 million)
  - Distribution to hybrid investors (CHF -51 million)
  - IAS 19 (CHF -65 million)
- **Stable equity ratio at 36.6%**

Follow through with stringent cost and balance sheet management to maintain capital market viability

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Effects of the low wholesale prices

- Lower **wholesale prices** burden the results
- The resultant negative effect was largely offset by consistent implementation of the **hedging strategy**
- **Impairment losses and provisions** mainly on **hydropower plants and projects in Switzerland**

Price effect → Negative effect of **CHF 180 million** (net)

Impairment → Impairment losses and provisions of **CHF 855 million** after income tax especially due to the strong Swiss franc

Already initiated cost savings are having a positive impact

- Processes and systems being permanently **simplified**
- Historical **complexity being reduced**
- **Nearshoring**

Efficiency improvement / Cost savings → More than **CHF 270 millions** savings cumulated over the last years owing to efficiency improve-ment and cost saving programs

Balance sheet management fostered

- **Sale** of non-strategic interests
- Selective **growth investments**
- **Buyback** of bonds and **placement** of a new bond
- Reduction of **net working capital**
- **Gross debt** reduced by CHF 716 million to CHF 2,785 million

Balance sheet reduction / Portfolio streamlining →

Financing structure optimised

Financing costs reduced

Net debt reduced by **CHF 640 million**

Stable equity ratio at **36.6%**

Agenda

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Group transformation
Wholesale prices drop once again

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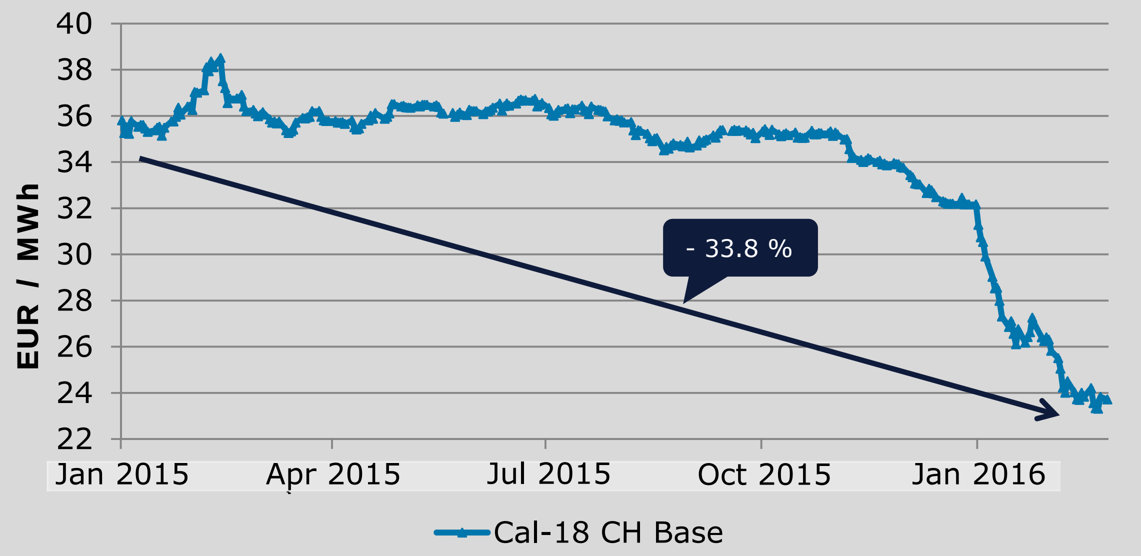
Low commodity and CO2 prices

Subsidies for new renewable energies

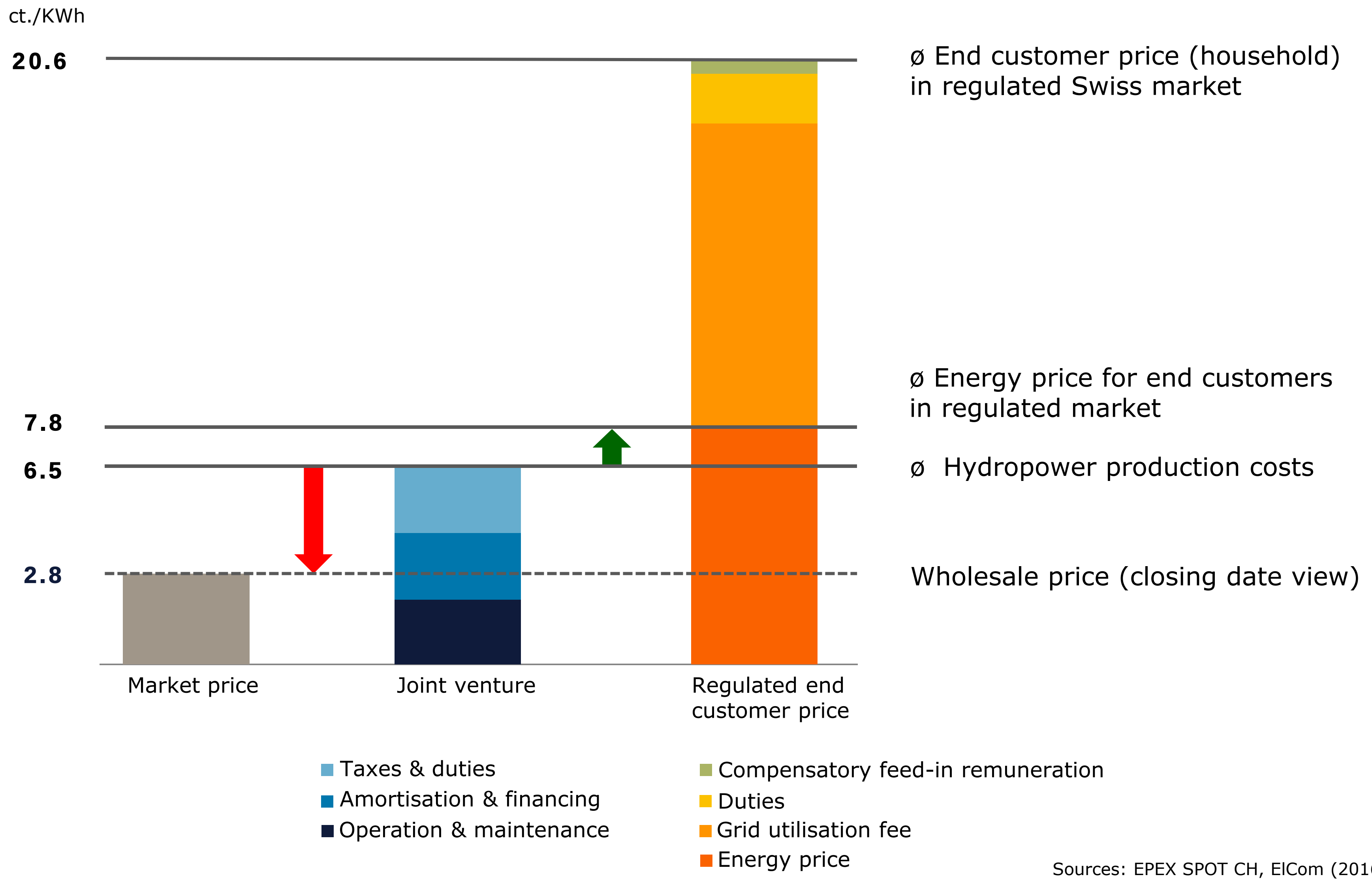
Subdued economic growth

Production overcapacities



Pressure on Swiss power plants intensified

Group transformation: Regulatory framework conditions distort the market



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

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- 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

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- 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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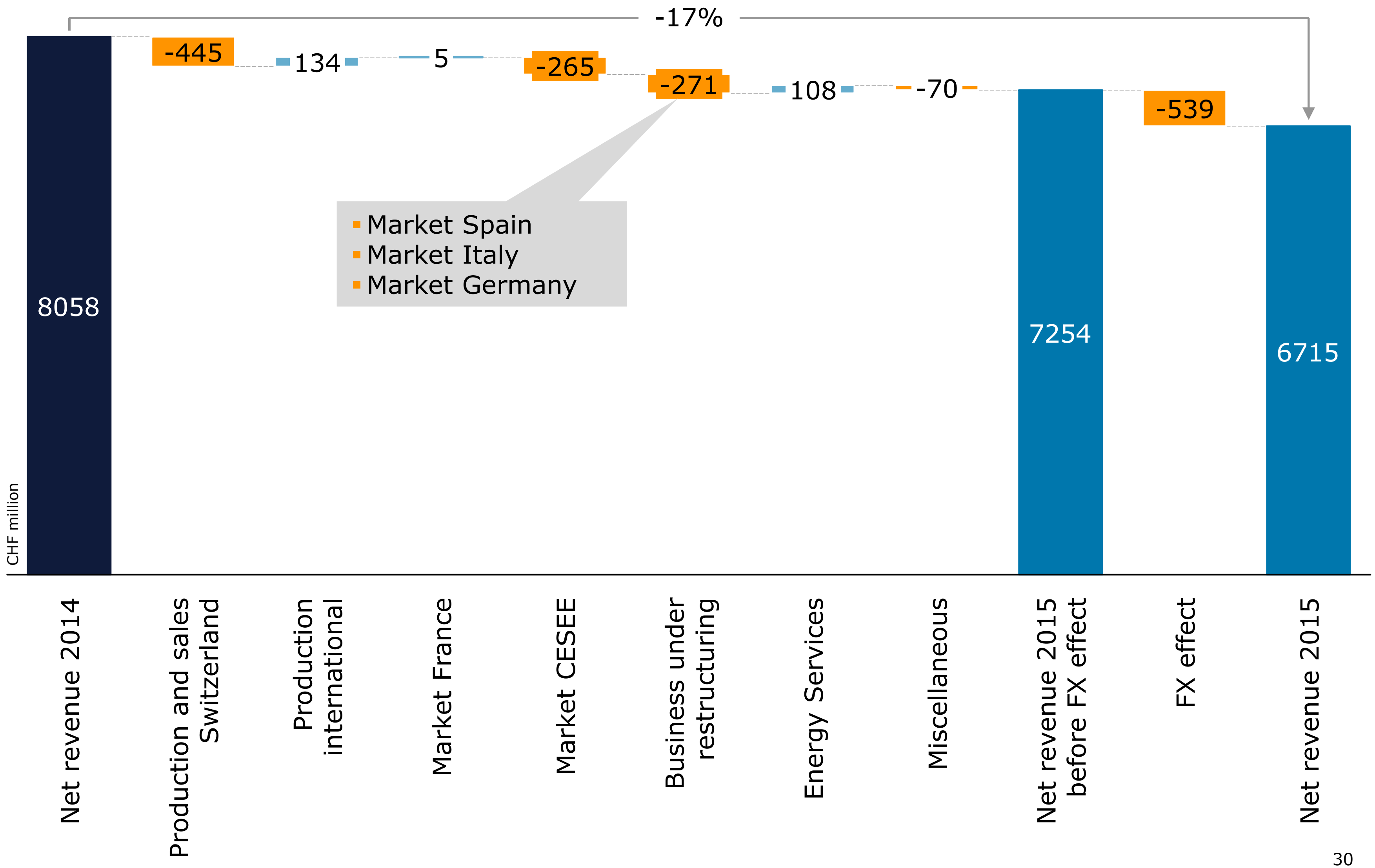
7. Appendix

Development of net revenue

The reduced net revenue reflects the low wholesale prices



Development of EBIT

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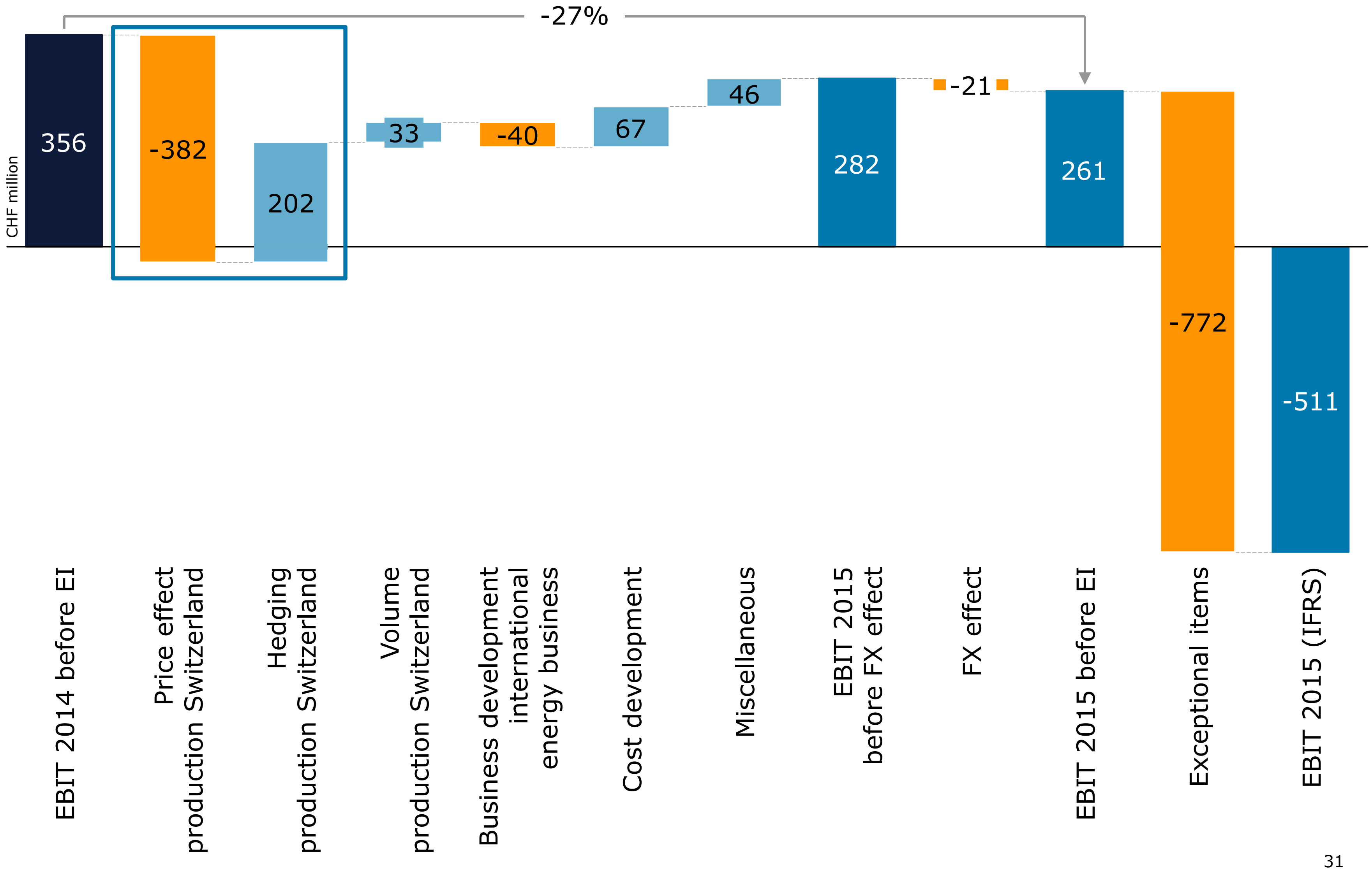
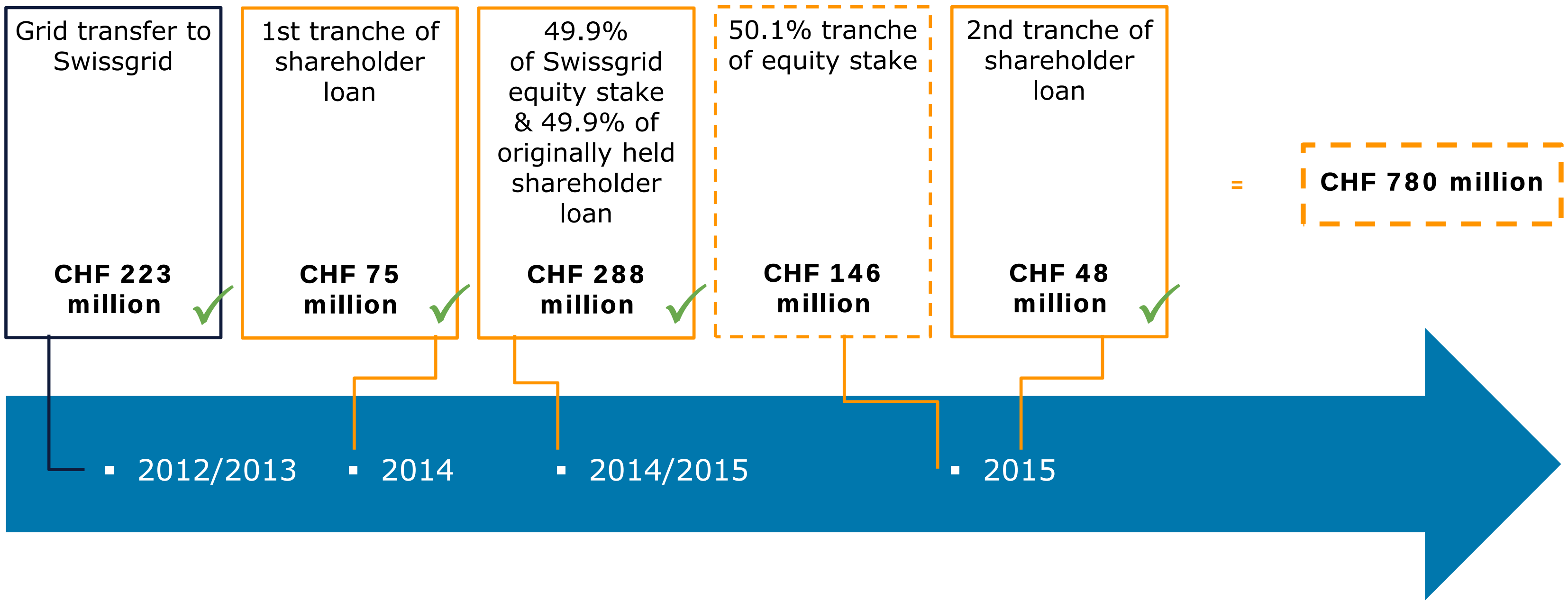
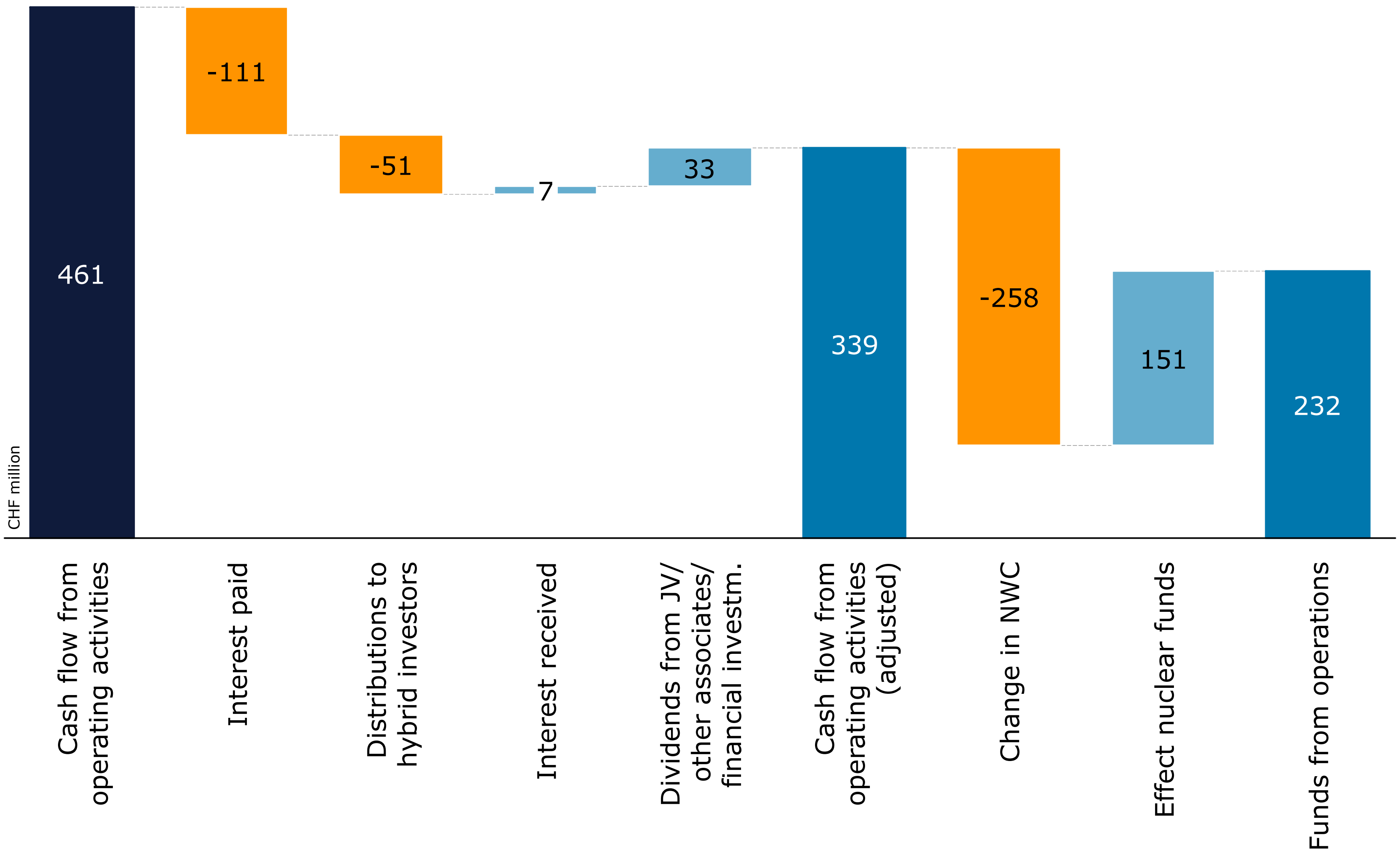


Important milestones achieved in the process of selling the Swissgrid participation



- Non-strategic participation
- Proceeds of the sale will mostly be used for the further reduction of net debt
- Total proceeds of 780 CHF million expected from the disposal
- Basis for targeted investments in the future

Funds from operations 2015



Allocation of IFRS impairment losses and provisions

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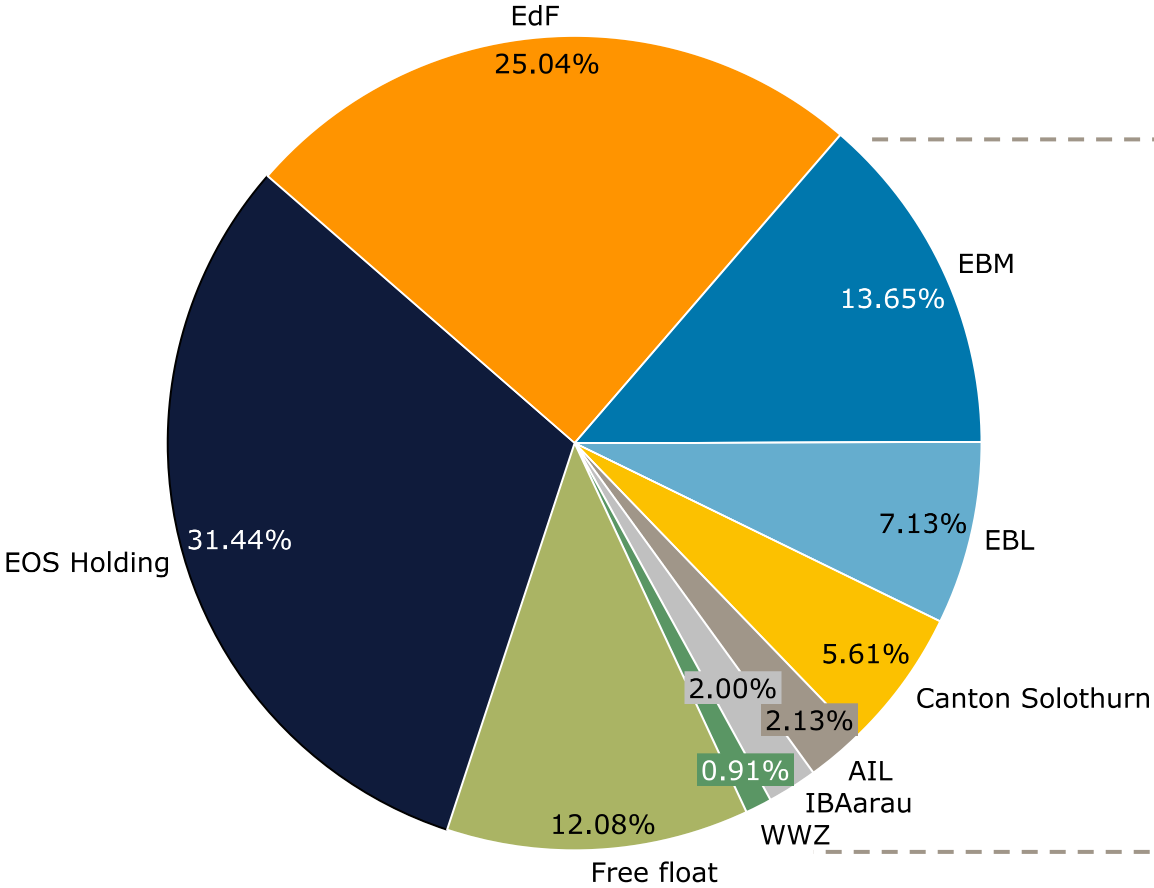
CHF million	Total
Production Switzerland	728
Production International	15
Renewable Energy	18
Total impairment losses for assets	**761**
Provision for loss-making contracts	259
Liabilities for purchase and supply contracts	-6
Total impairment losses and provisions	**1,014**
Taxes	-159
Total impairment losses and provisions	**855**

After the Swiss National Bank discontinued the minimum euro exchange rate, impairment losses were recognised and provisions were formed:

- Production Switzerland:
  - Hydropower plants and projects
- Production International:
  - Gas-fired combined-cycle power plants in Italy and Hungary
- Renewable Energy:
  - Project companies and projects

Shareholder structure as of 31 December 2015



Number of shares outstanding:
27,874,649

KSM:
Consortium of
Swiss minority shareholders;
31.44%

Organisation at 31 December 2015

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General Management
Jasmin Staiblin[1]
CEO

Generation
Michael Wider[1]
Deputy CEO

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

Commerce & Trading
Markus Brokhof[1]

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

Energy Services
Reinhold Frank[1]

- **Alpiq InTec** – Peter Limacher
- **Kraftanlagen Gruppe** – Reinhold Frank

Financial Services
Thomas Bucher[1]
CFO

- **Accounting & Controlling** – Edgar Lehrmann
- **Finance Projects & Transformation** – Martin Schindler
- **Taxes** – Eva Catillon
- **Treasury & Insurance** – Lukas Oetiker
- **Information Technology** – Thomas Habel

- **Human Resources** – Daniel Huber
- **Legal & Compliance** – Peter Schib
- **Communications & Public Affairs** – Andreas Richner[2]
- **Strategy & Development**[3] – Vlada Spasic
- **Risk Management** – Walter Hollenstein

General Management
Functional Division
Business Division
Functional Unit
Business Unit

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

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7 March 2016	Annual Results 2015 Annual Results Media and Financial Analyst Conference
28 April 2016	Annual General Meeting of Alpiq Holding AG
26 August 2016	Interim Results 2016 Media Breakfast and Analyst Conference Call

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