Bank / Analyst Call
Half-Year Results 2022

25 August 2022

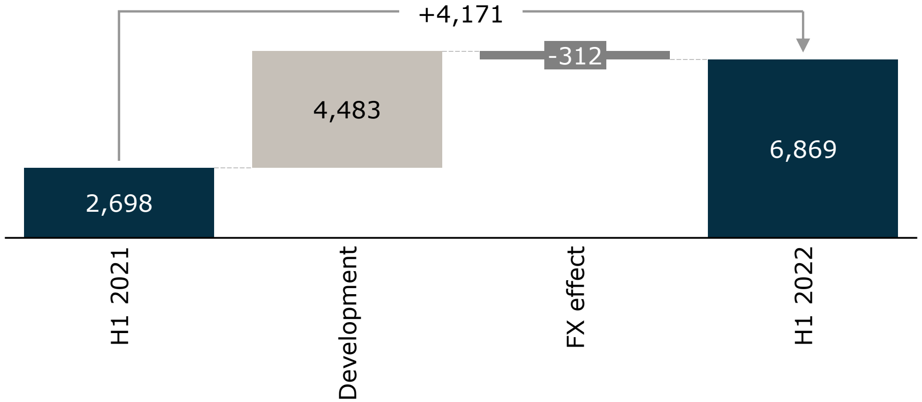
ALPIQ

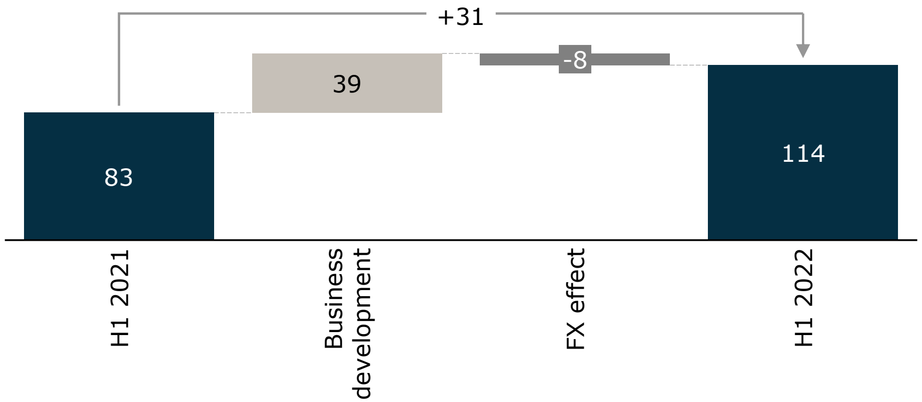
TODAY'S MAIN TOPICS

- Explaining good operating performance
- Understanding liquidity challenges
- Putting into perspective the burden on IFRS earnings mainly caused by temporary exceptional items
- Discussing market volatility and outlook
- Answering questions

Alpiq generates positive results of operations above previous year

Adjusted figures (in CHF million)

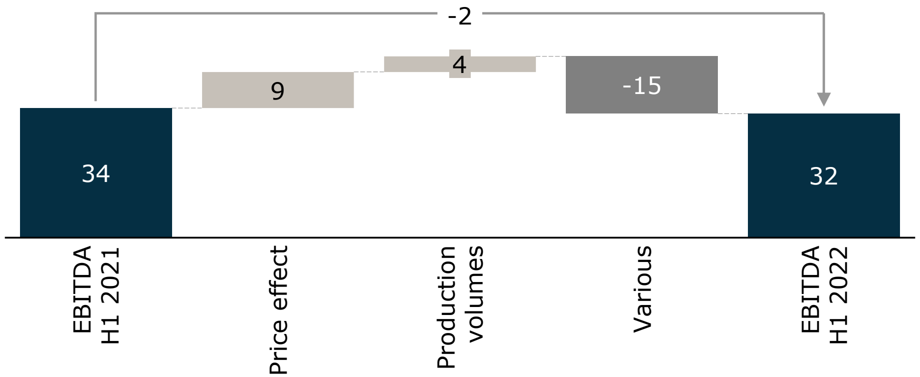




Net revenue	
Switzerland	420
International	3,819
Digital & Commerce	3,982
Group Centre & other companies	4
Consolidation & Reconciliation	-1,356
EBITDA	
Switzerland	32
International	-2
Digital & Commerce	128
Group Centre & other companies	-44

Adjusted EBITDA (in CHF million) – Switzerland business division

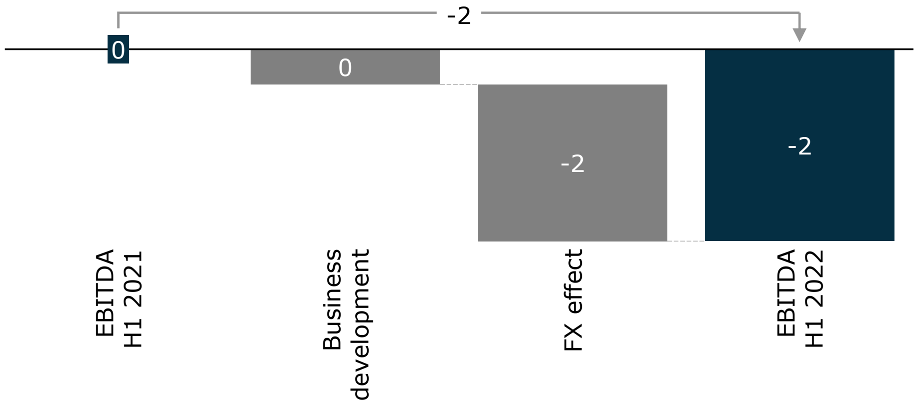
Switzerland Division remains stable



- Swiss power production on a par with the previous year, although the previous-year result included the additional compensation from Swissgrid for the sale of the Swiss high-voltage grid.
- In hydropower, positive price effects compensate for higher costs.
- In nuclear power, cost decreased due, among other things, to less maintenance work at Leibstadt power plant compared to the previous year.

Adjusted EBITDA (in CHF million) – International business division

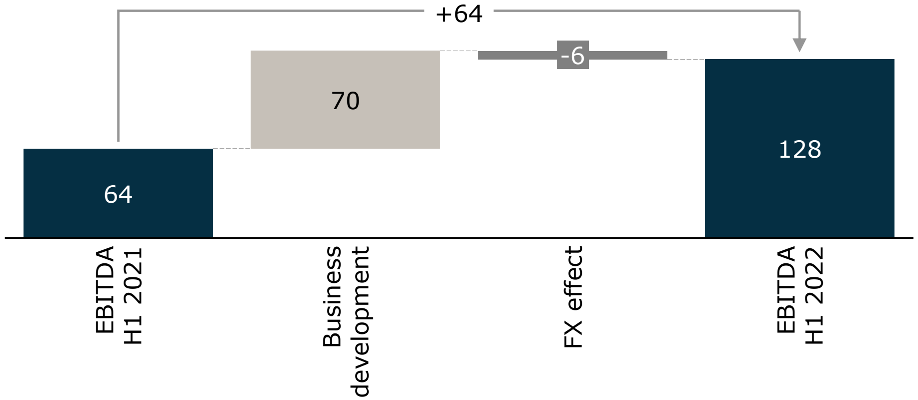
International Division was down slightly



- Current market developments have significantly increased the credit risk at some counterparties, which had a negative impact on results of operations.
- In France, Alpiq exceeded the previous-year results in the area of industrial customers.
- In Italy und Hungary, the gas-fired combined-cycle power plants contributed to system stability thanks to their high availability.
- In Spain, the gas-fired combined-cycle power plant Plana del Vent was put back into operation.

Adjusted EBITDA (in CHF million) – Digital & Commerce business division

Very strong trading result thanks to the opportunities offered by a highly volatile market environment



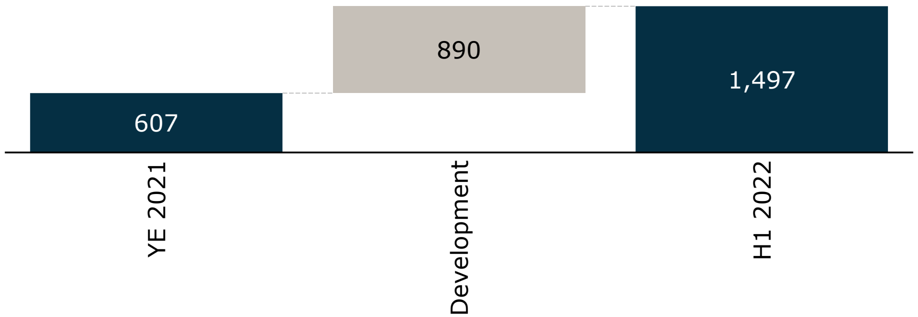
- Optimisation of the power plant portfolio in both Switzerland and internationally generated higher earnings.
- Alpiq made very good use of the opportunities offered by a highly volatile environment.
- As expected, the exceptionally good previous-year result from grid support services in Italy could not be repeated due to changes in the regulatory environment and higher availability of other flexible power plants in the region.

Energy crisis leads to a challenging market environment

High requirement for cash collateral could be partially mitigated by a good operating performance

Figures in CHF million	
Cash flows from operating activities	-416
Cash flows from investing activities	22
Cash flows from financing activities	312
Currency translation difference	-18
Change in cash	**-100**

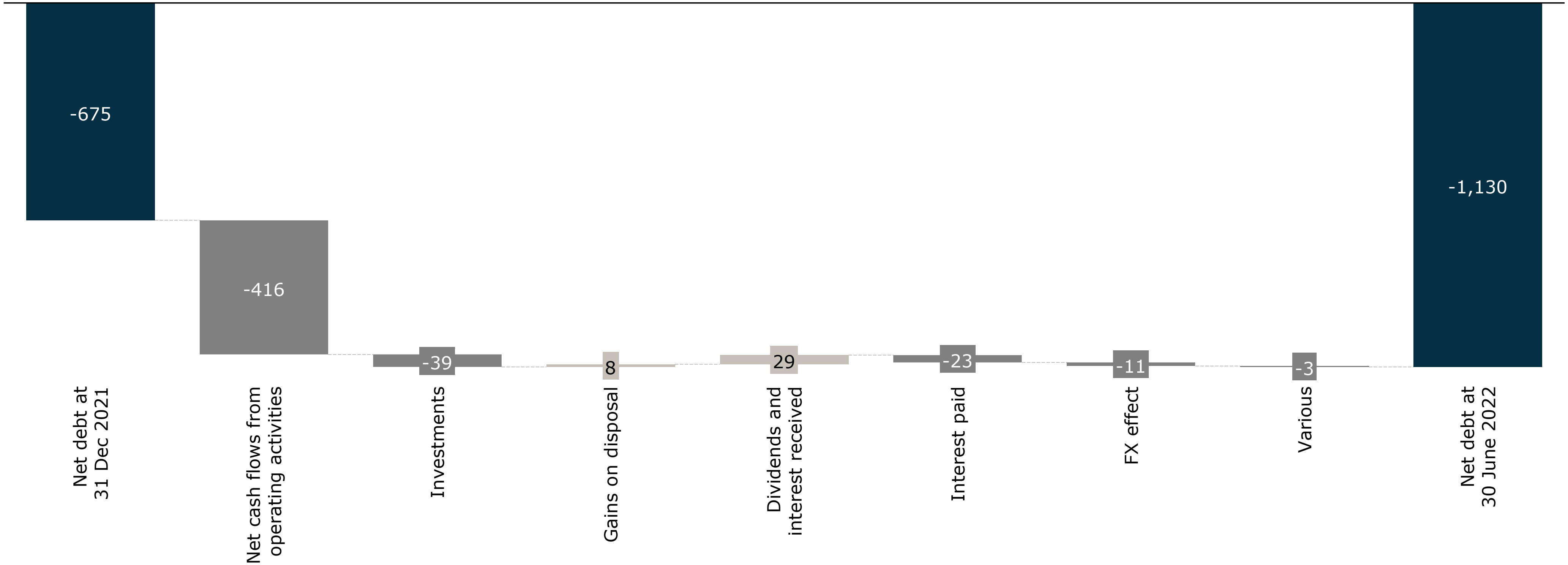
Development cash collateral incl. exchanges



- High cash out due to massive increase in collateral could be partially mitigated.
- Additional financing was secured to ensure a stable liquidity base.
- Current market environment leads to unprecedented development in required cash collateral; YE 2021 was already strongly impacted compared to historical figures (e.g. cash collateral 30 June 2021 were at CHF -9 million).

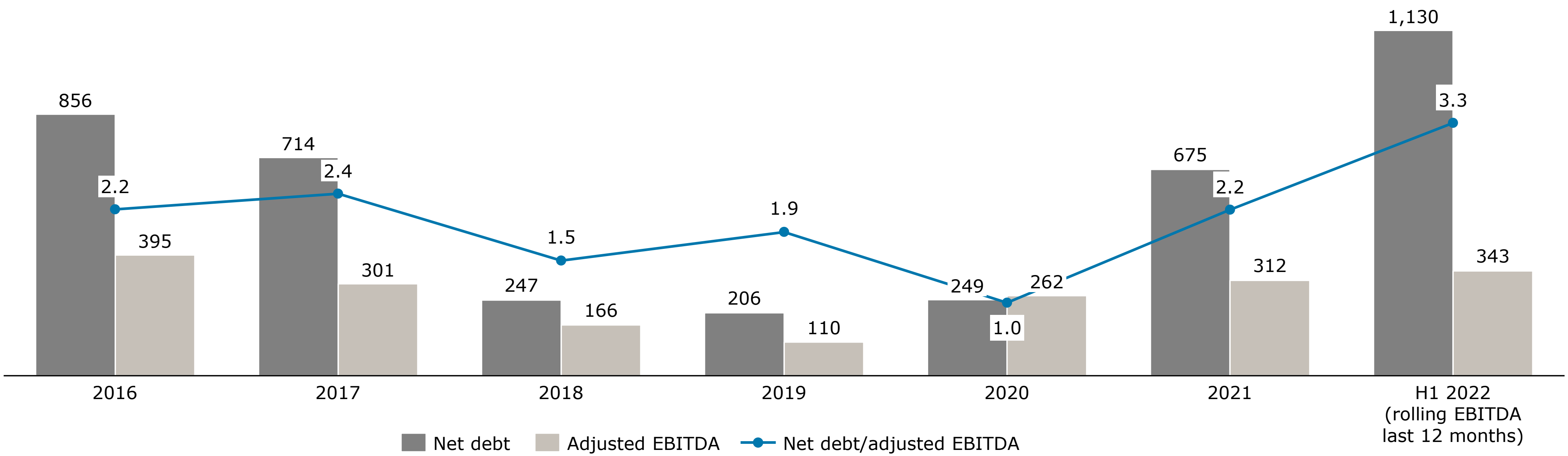
Temporary increase in net debt due to collateral in trading

Development of net debt (in CHF million)



Increase in net debt/adjusted EBITDA items ratio

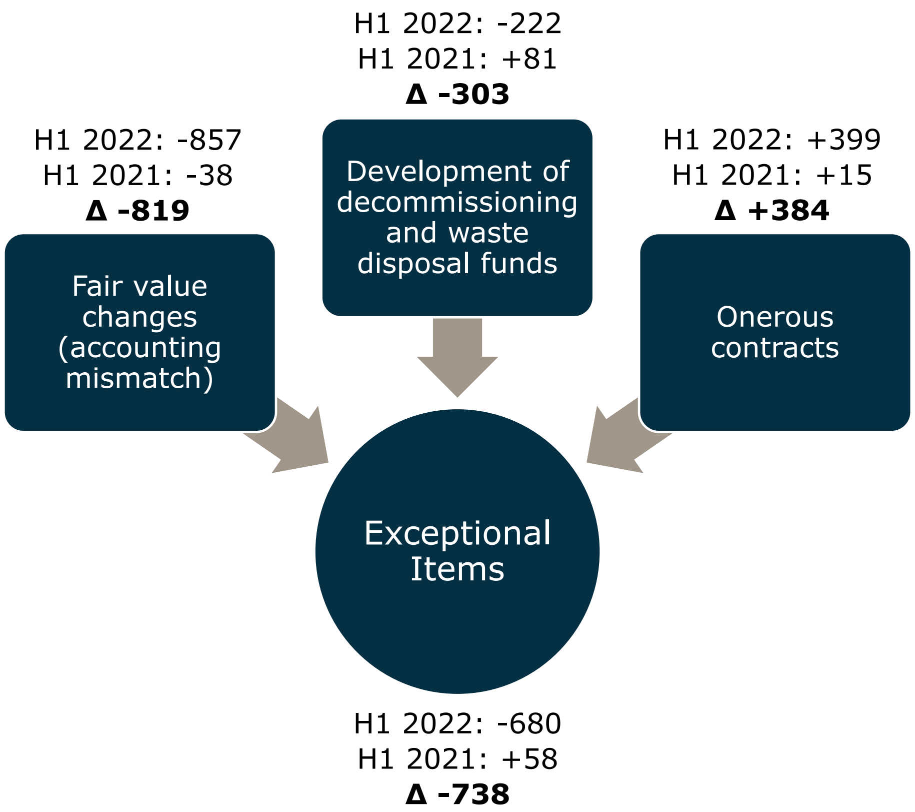
Net debt, adjusted EBITDA (in CHF million)



- Net debt of CHF 1,130 million (31 December 2021: 675)
- Net debt/adjusted EBITDA of 3.3 (31 December 2021: 2.2)

Significant exceptional items burden the IFRS result

Exceptional items on EBITDA level (in CHF million)



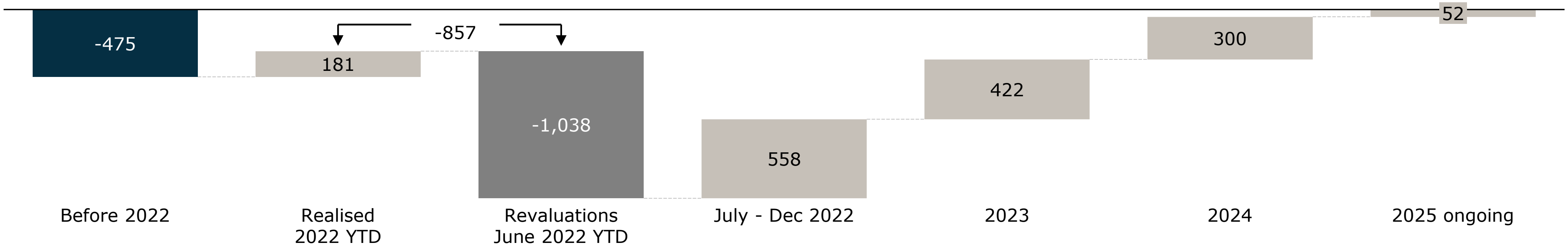
Fair value changes (accounting mismatch): Future production volumes and the physical power purchase agreements are not measured at fair value (off-balance sheet items) while some hedging instru-ments are revalued through the P&L immediately. This results in an accounting mismatch.

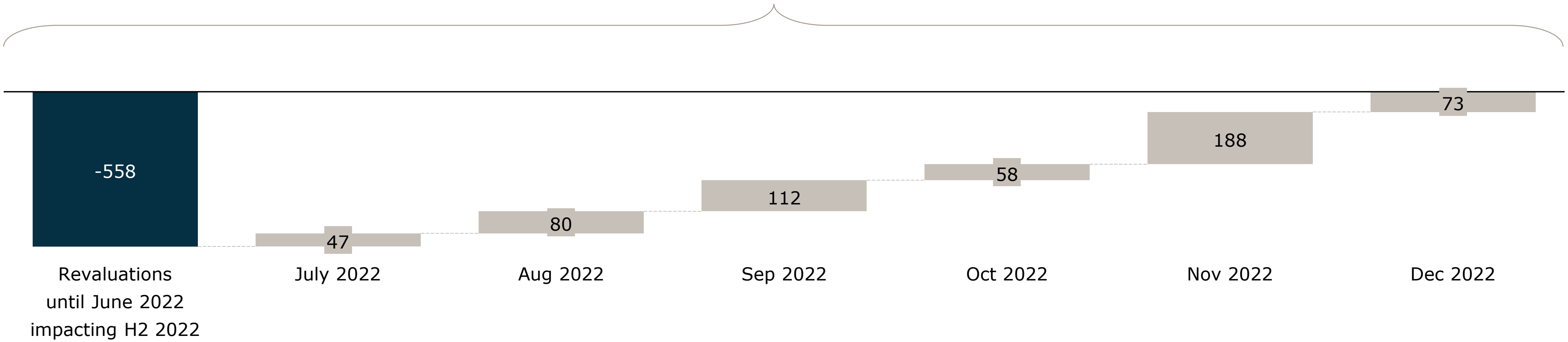
Development of decommissioning and waste disposal funds: Investments of these two funds are exposed to market fluctuations and changes in estimates. The difference between the actual return and the budgeted return is classified as an exceptional item. Total funds Alpiq share as of 30 June 2022: CHF 1,544 million

Onerous contracts: Effects in connection with the future procurement of energy from Nant de Drance power plant and a contract abroad.

Development of fair value changes (accounting mismatch)

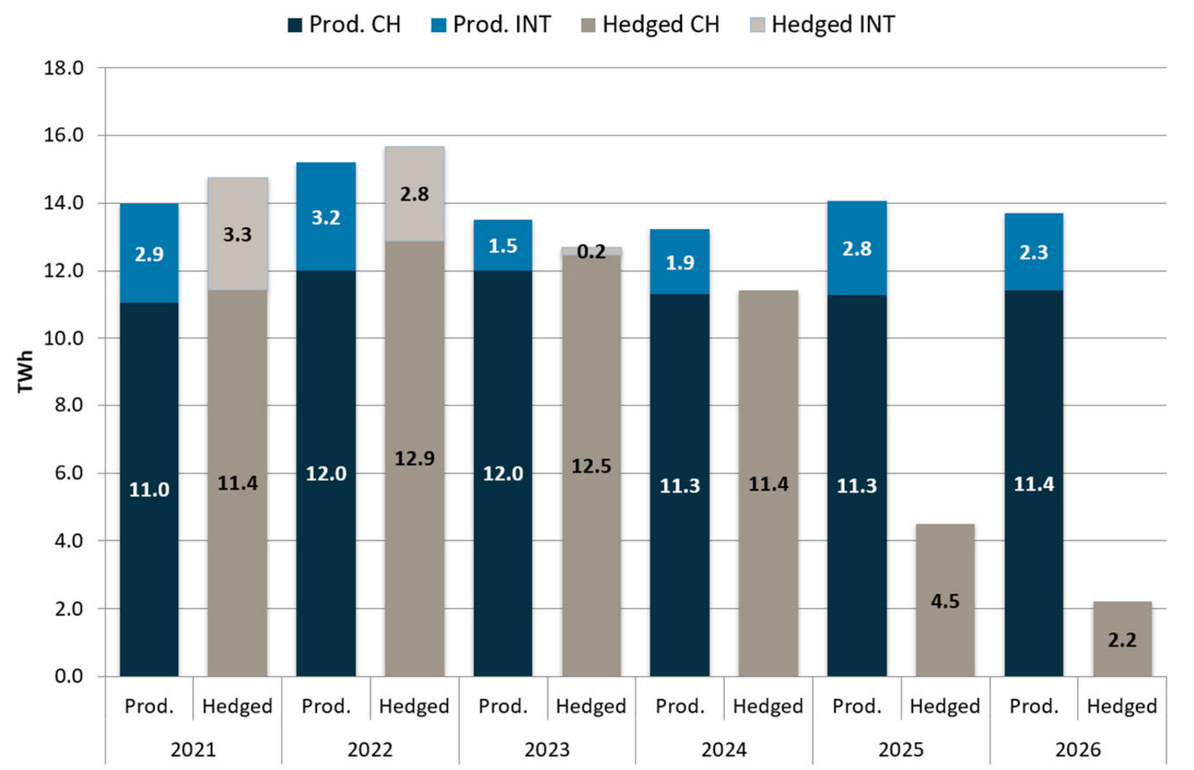
Accounting mismatch from financial hedges, which will be offset in the next years (in CHF million)





Future production and hedges

Price increases have a delayed impact due to the hedging strategy in place



Ø hedging price

(standard product, no partner agreement)

2023: 51.1 EUR/MWh

2024: 75.4 EUR/MWh

Results of operations

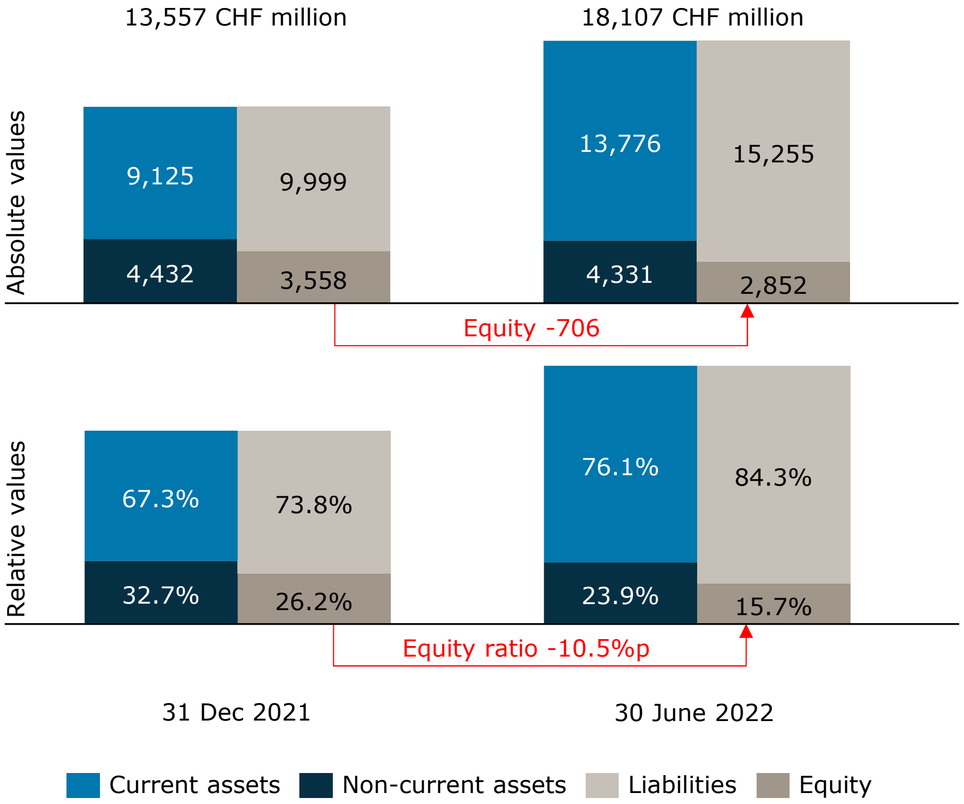
Exceptional Items

H1 2022: -680
H1 2021: +58
Δ -738

	Half-year 2022			Half-year 2021		
In CHF million	**Adjusted**	**Exceptional items**	**IFRS**	**Adjusted**	**Exceptional items**	**IFRS**
Net revenue	6,869	-841	6,028	2,698	-44	2,654
Total revenue and other income	**6,881**	**-841**	**6,040**	**2,733**	**-44**	**2,689**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**114**	**-680**	**-566**	**83**	**58**	**141**
Depreciation, amortisation and impairment			-59			-66
Earnings before interest and tax (EBIT)			**-625**			**75**
Share of results of partner power plants and other associates & Financial result			-40			-36
Earnings before tax			**-665**			**39**
Income tax income / (expense)			73			-23
Net (loss) / income			**-592**			**16**

Balance sheet

Increase in balance sheet total resulting from a rise in energy prices



Equity ratio: 15.7%

(31 December 2021: 26.2%)

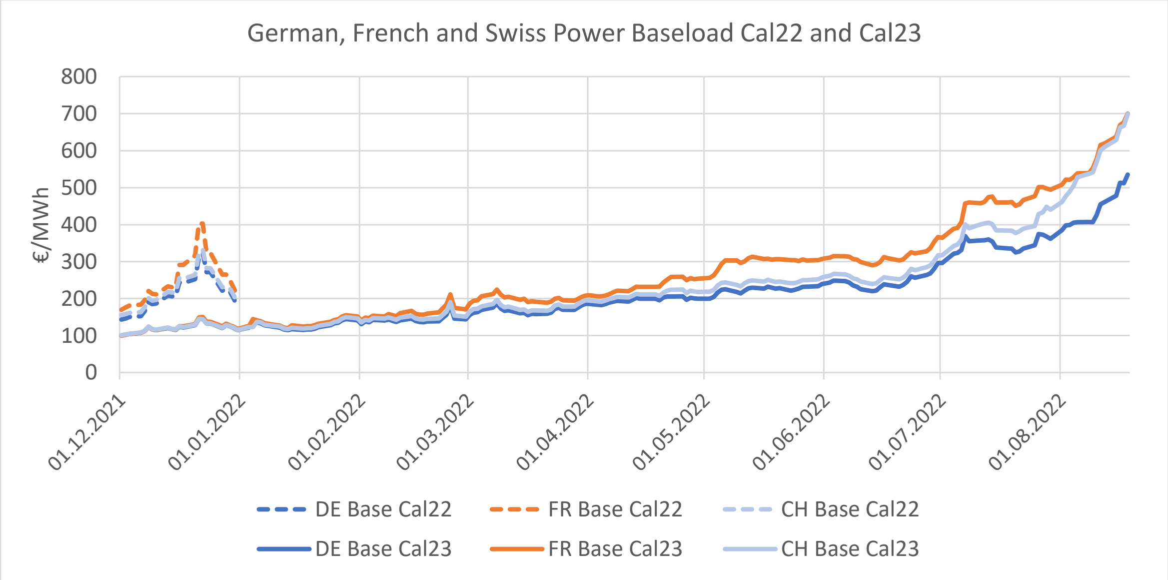
Increase in balance sheet total resulting from a rise in energy prices strongly impacting the derivative financial instruments in the current assets.

Equity decreased due to the net loss and the effects from the remeasurement of defined benefit pension plans.

In CHF million	30 Jun 21	31 Dec 21	30 Jun 22
Energy derivatives (assets) *as a % of total assets*	2,060 *22.4%*	5,060 *37.3%*	9,452 *52.2%*
Energy derivatives (liabilities) *as a % of total liabilities*	1,887 *20.6%*	5,322 *39.3%*	10,362 *57.2%*

Outlook – Especially the energy market has become “VUCA”

… but due to Alpiq’s high flexible long position, rising and volatile prices have and will have a positive effect on operational earnings



- ⇨ Alpiq is very well positioned with its business model.
- ⇨ The biggest challenge at the moment is not profitability but securing financing for cash collateral.
- ⇨ Due to the strong fair value adjustments and a potentially negative performance of the decommissioning and waste disposal funds (STENFO), a positive IFRS net result cannot be assumed with certainty until the end of the year.
- ⇨ To reduce IFRS earnings volatility, Alpiq has launched a project to introduce hedge accounting in specific areas in the second half of 2022; although the introduction of hedge accounting basically can reduce the volatility of results at the IFRS net income level, this result will still impact equity through other comprehensive income (OCI).

Handover responsibility for Investor Relations to Annet van der Laan at 1 September 2022

Lukas Oetiker: “Many thanks and all the best to all of you!”

Lukas Oetiker
Head of Treasury & Insurance
Early retirement from 30 September 2022
after 24 years at Atel / Alpiq

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Appendix

How to deal with the accounting mismatch?
Basically, there are three concepts used to manage the volatility and reduce the accounting mismatch, which are used cumulatively by market participants to a varying degree.

Own use exemption

An own use transaction is a contract entered into and continuously held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements (IFRS 9.2.4).

Contracts classified under own use are held off balance sheet (meaning there is no change in fair value recorded in P&L). Nevertheless, these contracts must be monitored for profitability, since they could become onerous. The application of own use involves judgement.

Adjusted key performance indicators

Alternative performance measures reflect internal risk management and show the economic result for the period under review according to the definition of the company. Alpiq discloses results of adjusted results of operations on EBITDA level in the financial review. One of the exceptional items disclosed are fair value changes of energy derivatives entered into to hedge future power production as well as energy procurement / delivery contracts causing an accounting mismatch due to different accounting treatment under IFRS.

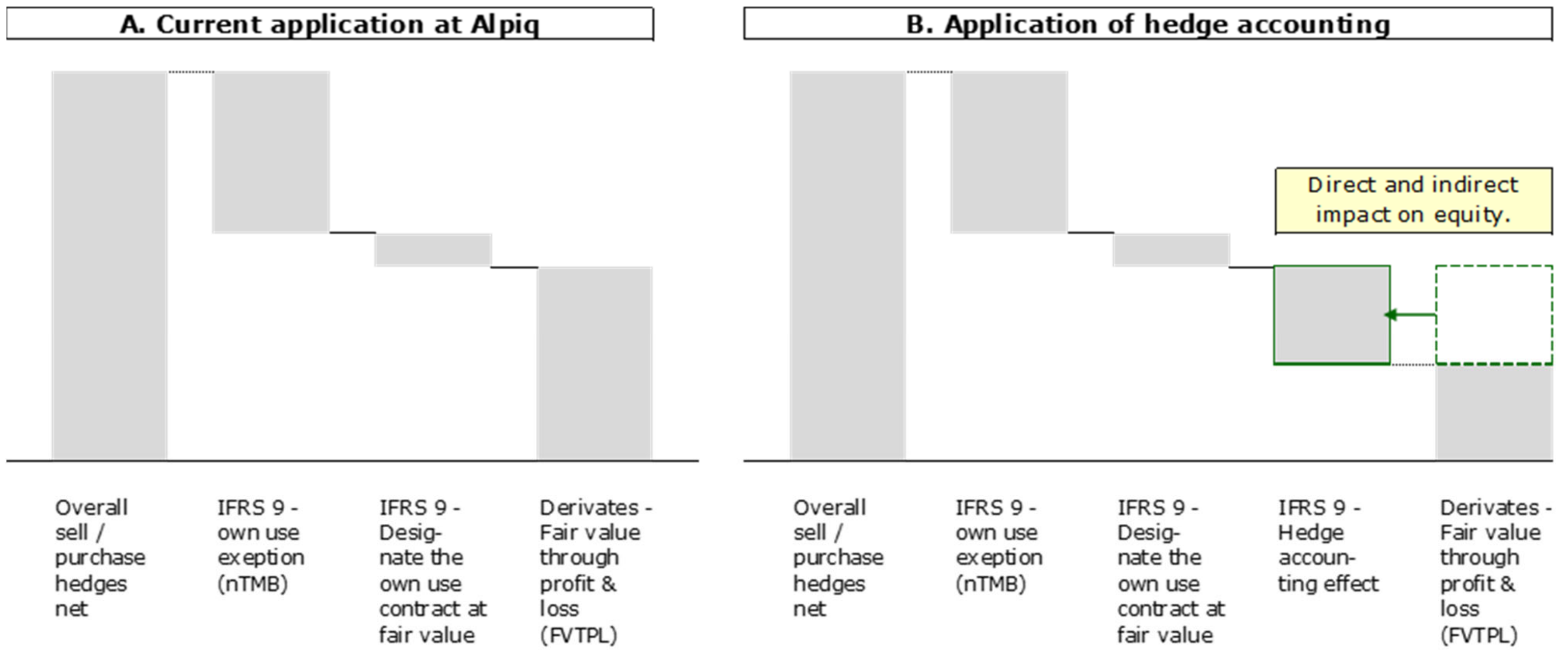
Application of hedge accounting

The objective of hedge accounting is to represent, in the financial statements, the effect of risk management activities that use financial instruments to manage exposures arising from risks that could affect P&L. It is a matching concept that eliminates or reduces volatility in P&L that otherwise would arise if the hedged item and the hedging instrument were accounted for separately under IFRS. Provided the hedge is effective, changes in the fair value of the hedging instrument are initially recognised in OCI and taken to a separate component of equity. Any ineffective portion is recognised directly in P&L.

Cash flow hedge accounting is commonly applied in the industry but mostly for:
- inflexible power such as run-of-river and nuclear power generating
- all-in-one hedges for physically delivered contract which fail the own use test; and
- purchase of input material such as gas, coal, green certificates or material for the construction of generation assets

Alpiq does not yet apply hedge accounting for energy contracts. Apiq plans to implement hedge accounting in some specific cases in the near future.

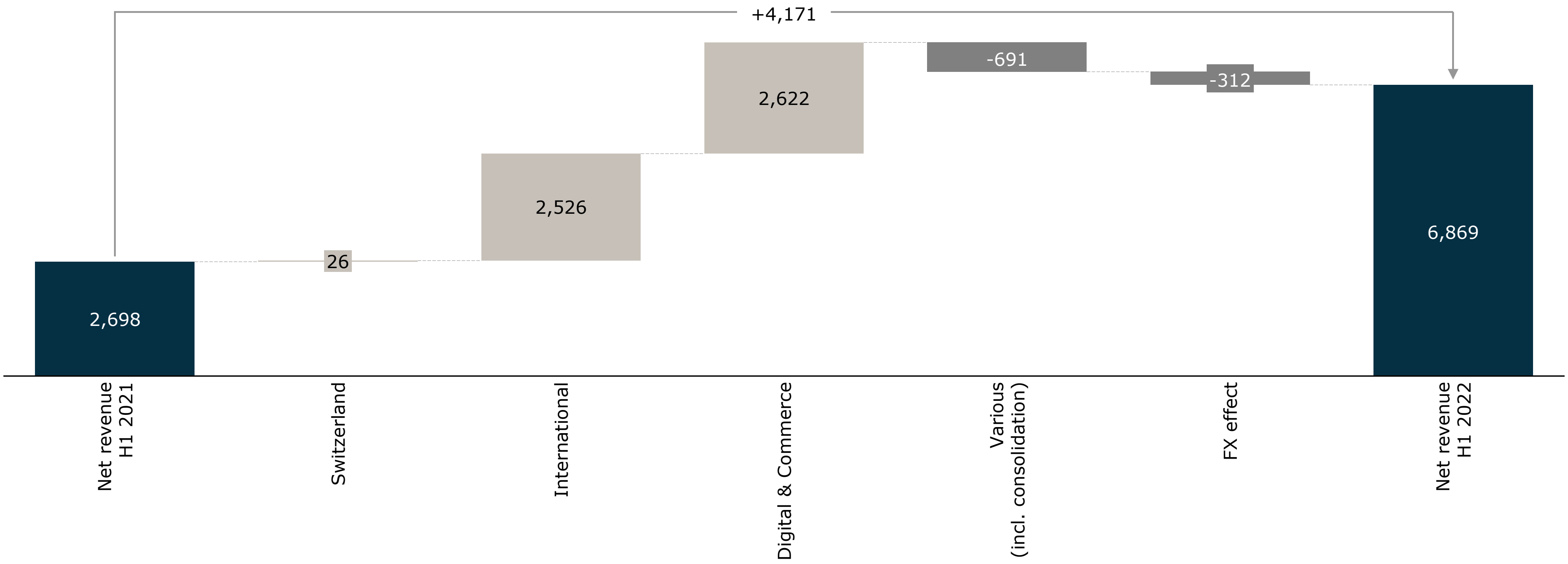
Simplified schematic representation of how hedges can be handled



⇨ Only the own use concept has a neutral effect on the P&L and balance sheet; the application of hedge accounting does not lead to any change in the absolute amount of equity.

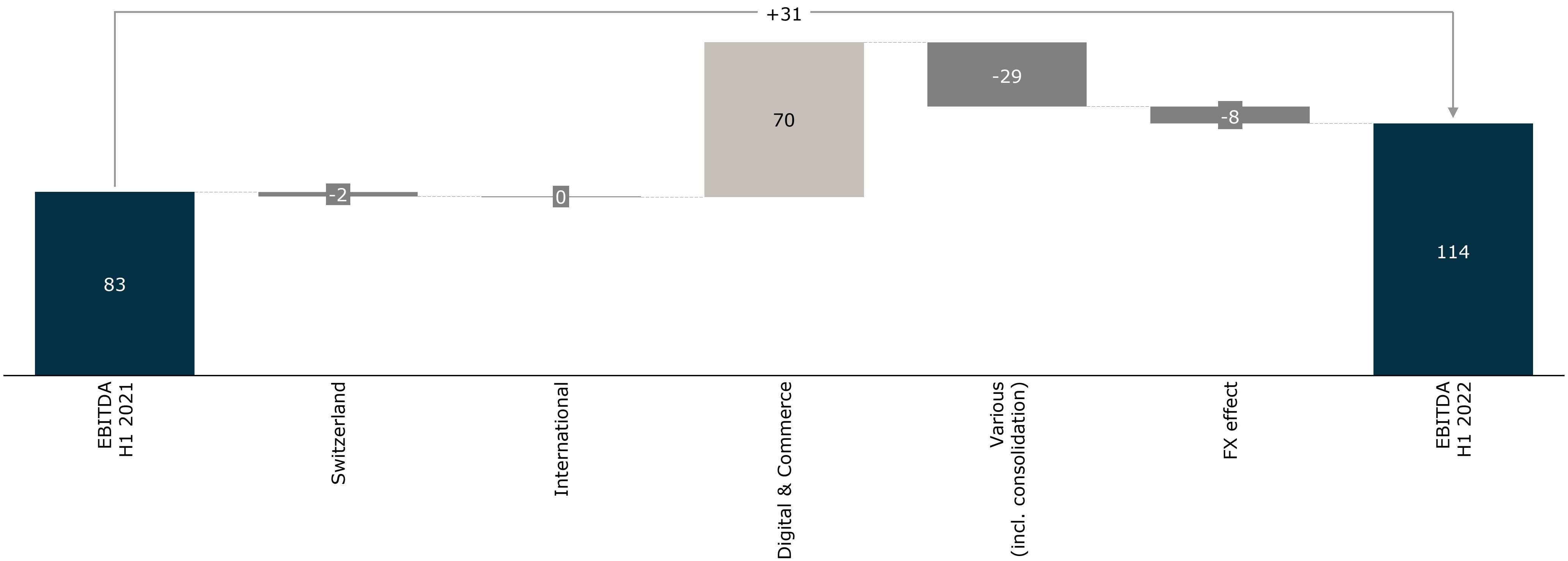
Development of net revenue

Adjusted figures (in CHF million)



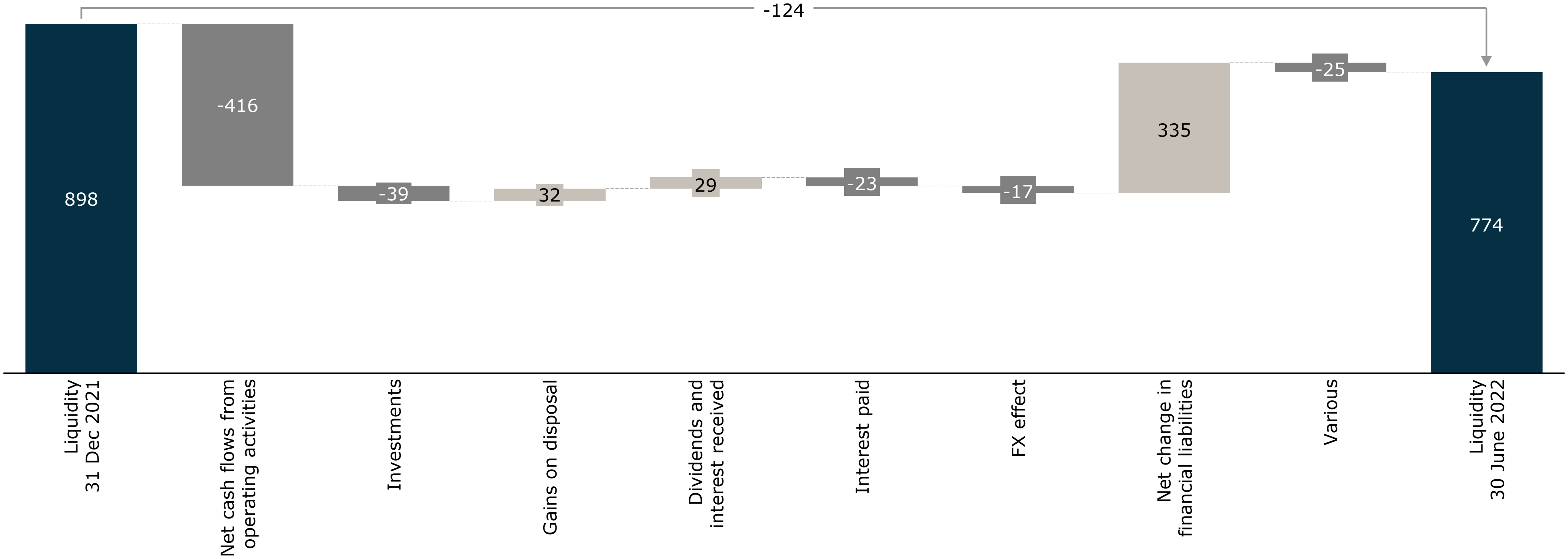
Development of EBITDA

Adjusted figures (in CHF million)



Development of liquidity

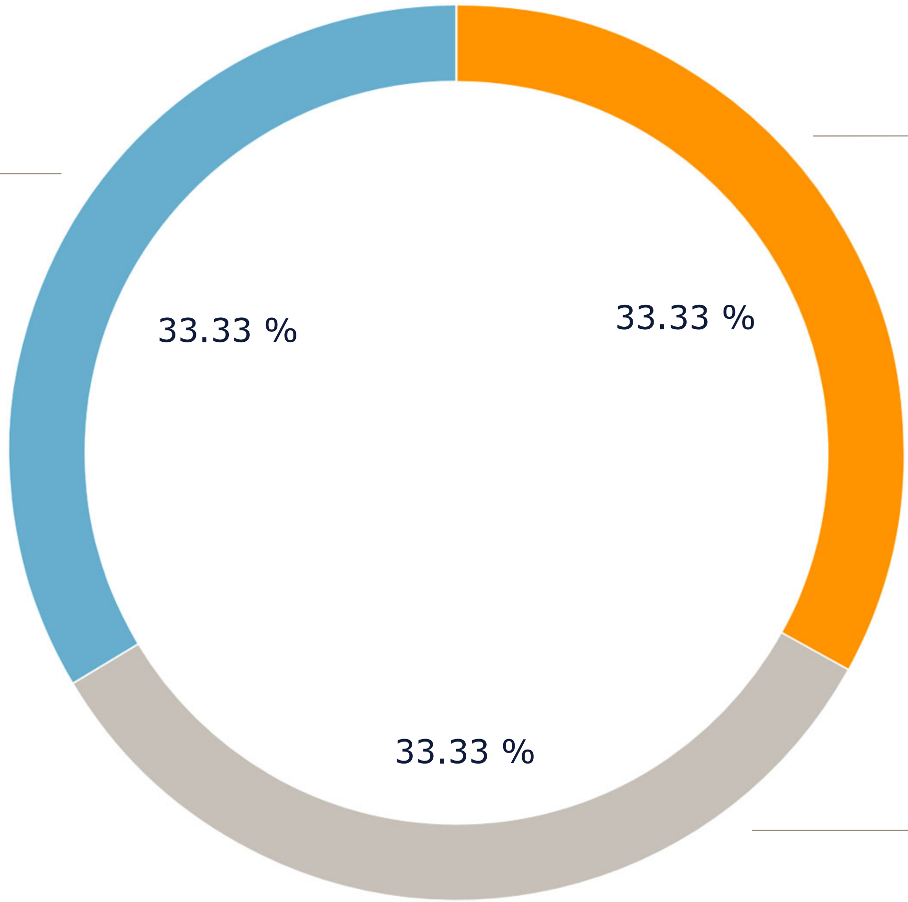
Figures (in CHF million)



Shareholder structure Alpiq Holding Ltd.

Consortium of Swiss Minority Shareholders:

EBM (Genossenschaft Elektra Birseck) Primeo Energie Group	19.90
EBL (Genossenschaft Elektra Baselland)	6.44
Eniwa Holding AG	2.12
Aziende Industriali di Lugano SA	1.79
IBB Holding AG	1.12
RES (Regio Energie Solothurn)	1.00
WWZ AG	0.96



EOS Holding SA

Schweizer Kraftwerksbeteiligungs-AG

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