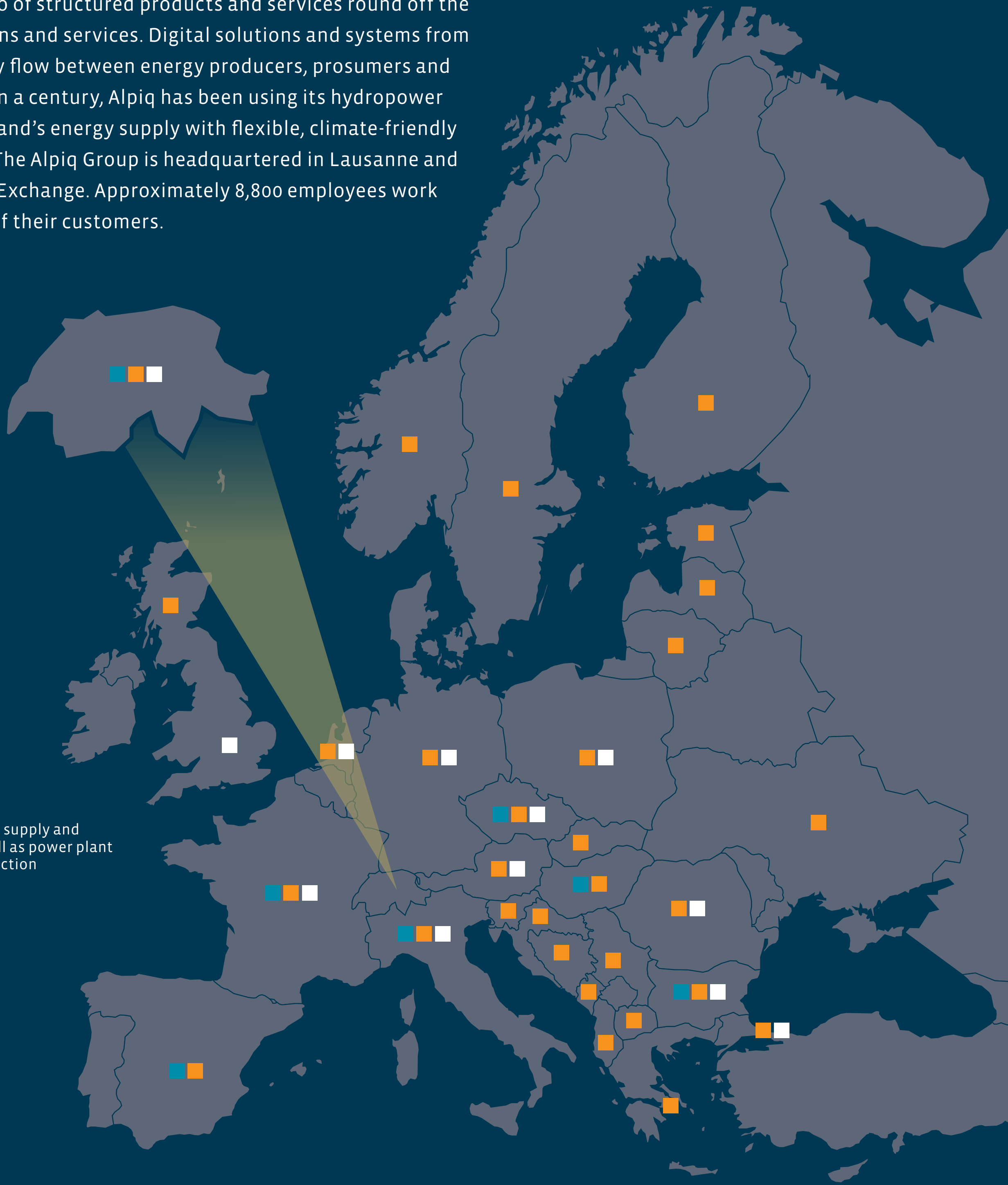
ALPIQ

2017
Annual Report

Alpiq in brief

Alpiq is a leading Swiss energy service provider and electricity producer and offers its European customers extensive energy management services for buildings and plants, transport technology as well as power and industrial plant engineering. In Europe, Alpiq leads the way in the marketing of flexibility, both for its own Swiss hydropower portfolio and for its customers' decentralised energy generation units. Trading on the European energy exchanges and a portfolio of structured products and services round off the wide spectrum of solutions and services. Digital solutions and systems from Alpiq optimise the energy flow between energy producers, prosumers and consumers. For more than a century, Alpiq has been using its hydropower plants to secure Switzerland's energy supply with flexible, climate-friendly and efficient electricity. The Alpiq Group is headquartered in Lausanne and is listed on the SIX Swiss Exchange. Approximately 8,800 employees work every day in the service of their customers.



Power production

Trading and sales activities

Building technology, energy supply and transport technology as well as power plant and industrial plant construction

2017 Key Financial Figures

Alpiq Group

CHF million	% change 2016–2017 (results of operations)	Results of operations before exceptional items 2017 Total	2017 of which, continuing operations[1]	2016 Total	2016 of which, continuing operations[1]	Results under IFRS 2017 Total	2017 of which, continuing operations[1]	2016 Total	2016 of which, continuing operations[1]
Net revenue	18.0	7,173	5,533	6,078	4,412	7,163	5,525	6,078	4,412
Earnings before interest, tax, depreciation and amortisation (EBITDA)	–23.8	301	245	395	325	278	343	778	710
Depreciation, amortisation and impairment	–2.1	–187	–164	–191	–166	–187	–164	–399	–374
Earnings before interest and tax (EBIT)	–44.1	114	81	204	159	91	179	379	336
as % of net revenue		1.6	1.5	3.4	3.6	1.3	3.2	6.2	7.6
Net income	> –100.0	–33		115		–84	4	294	260
as % of net revenue		–0.5		1.9		–1.2	0.1	4.8	5.9
Net divestments / (net investments)						–134		598	

CHF million	31 Dec 2017	31 Dec 2016
Total assets	10,197	10,008
Total equity	3,965	3,886
as % of total assets	38.9	38.8

	2017 Total	2017 of which, continuing operations[1]	2016 Total	2016 of which, continuing operations[1]
In-house generation[2] (GWh)	14,792	14,792	14,439	14,439
Number of employees at the reporting date	8,795	1,504	8,517	1,429

1 For explanations, please refer to note 31 of the consolidated financial statements
2 Net (after deducting pumped energy), excluding long-term purchase contracts

Per share data

CHF	% change 2016–2017	2017	2016
Par value	0.0	10	10
Share price at 31 December	–25.9	63	85
High	–16.8	89	107
Low	1.6	63	62
Net income[1]	> –100.0	–4.34	9.38
Dividend	0.0	0.00	0.00

1 For calculations, please refer to note 9 of the consolidated financial statements

The financial summary 2013 – 2017 is shown on pages 158 and 159 of the Financial Report. A detailed overview of the shareholder structure can be found on pages 17 and 18 of the Corporate Governance Report.

Shareholder structure

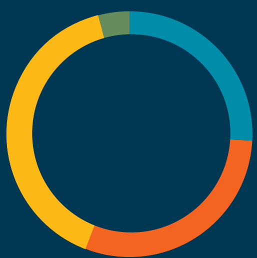
As at 31 December 2017, the share capital of Alpiq Holding Ltd. amounted to CHF 278.7 million, divided into 27,874,649 registered shares with a nominal value of CHF 10 each.

Shareholders at 31 Dec 2017	Stakes in %
EOS HOLDING SA	31.44
EDF Alpes Investissements Sàrl	25.04
Consortium of Swiss minority shareholders	31.43
Free float	12.09

Power plants in 2017	MW	Installed capacity MW	GWh	Production GWh
Hydropower		**2,677**		**3,907**
Switzerland	2,677		3,907	
Small-scale hydropower, wind, photovoltaics		**306**		**506**
Switzerland	16		48	
Bulgaria	73		138	
France	14		35	
Italy	203		285	
Nuclear power		**795**		**4,401**
Switzerland	795		4,401	
Conventional thermal power		**2,160**		**5,978**
Italy	318		2,522	
Spain [1]	846		877	
Czech Republic	593		2,062	
Hungary	403		517	
Total [2]		**5,938**		**14,792**

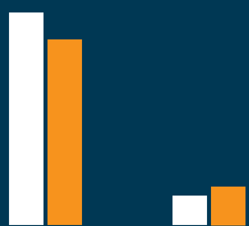
1 Of the installed capacity, 50 % is owned by Alpiq and 50 % is managed by Alpiq
2 Net (after deducting pumped energy), excluding long-term purchase contracts

Power production in 2017

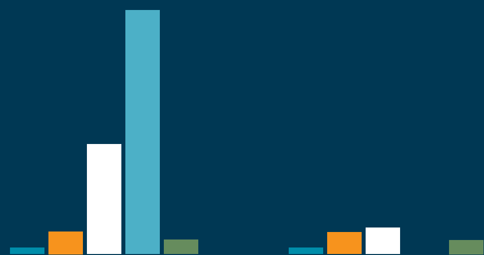


	Total
Hydropower 26 %	3,907 GWh
Nuclear power 30 %	4,401 GWh
Conventional thermal power 40 %	5,978 GWh
Small-scale hydropower, wind, photovoltaics 4 %	506 GWh
Total	14,792 GWh
Total 2016	14,439 GWh

Employees as at 31 December 2017



	Total	%	of which, continuing operations	%
Switzerland	4,697	53	653	43
Europe	4,098	47	851	57
Total	8,795		1,504	
of whom apprentices	481		8	
Total 2016	8,517		1,429	



	Total	%	of which, continuing operations	%
Generation Switzerland	127	1	127	8
Digital & Commerce	486	6	486	32
Industrial Engineering	2,426	28	582	39
Building Technology & Design	5,447	62	–	–
Group Center	309	3	309	21
Total	8,795		1,504	

Group Structure as at 31 December 2017

Generation Switzerland

- Hydro Power Generation
- Nuclear Power Generation

The Generation Switzerland business division comprises the production of electricity from Swiss hydropower and nuclear power. The power plant portfolio includes run-of-river power plants, storage and pumped storage power plants, interests in the Gösgen and Leibstadt nuclear power plants as well as the Nant de Drance pumped storage power plant project. The business division also manages the stakes held in both HYDRO Exploitation SA and Kernkraftwerk-Beteiligungsgesellschaft AG.

Digital & Commerce

- smart Energy West
- smart Energy East
- Digital Technologies & Innovation

The Digital & Commerce business division comprises the optimisation of Alpiq's own power plants, the optimisation of decentralised generation units as well as the production of electricity from third parties' renewable energies. The business division also covers trading activities with standardised and structured products for electricity and gas as well as emission allowances and certificates. In addition, the division focuses on further developing products and services with artificial, self-learning intelligence in order to optimise and connect all energy management systems in the future with the help of digitalisation. In order to one day take on a key role as a key digital mobility service provider in Europe, Digital & Commerce has a fully developed centre of competence for e-mobility.

Industrial Engineering

- Nuclear Decommissioning
- Power & Heat
- Industrial Plants
- Renewable Energy Sources

The Industrial Engineering business division covers the construction, operation and dismantling of power plants, the industrial plant business and the new renewable energies. This includes the dismantling of nuclear power plants, the planning, construction and operation of decentralised, environmentally-friendly energy generation systems – including solar thermal power plants – as well as the operation and maintenance of thermal power plants and new renewable energies in Switzerland and in Europe. The engineering expertise and services that Alpiq provides to meet the individual needs of industrial customers in the production and energy sector are also bundled in this business division.

Building Technology & Design

- Building Technologies Switzerland
- Building Technologies Europe
- Transportation

The Building Technology & Design business division covers the full range of building technology and building management services, leading the market in both Switzerland and Italy. It develops and realises forward-looking and energy-efficient solutions in various industries for customers. Topical issues relating to smart homes and smart buildings with photovoltaic as well as solar and energy storage systems are integral to this business division. The Transportation business unit, which carries out complex transport projects in the area of international railway and road infrastructure as well as designs, plans and builds challenging energy supply and high-voltage systems, also belongs to this business division.

Annual Report

Letter to our shareholders

Jasmin Staiblin, CEO
Jens Alder, Chairman of the Board of Directors

Dear shareholder,

The 2017 financial year saw the Alpiq Group increase net revenue to CHF 7.2 billion (2016: CHF 6.1 billion) and generate EBITDA before exceptional items of CHF 301 million (2016: CHF 395 million). The drivers of net revenue are higher transaction volumes in the international trading and sales business. As expected, the main reasons behind the lower EBITDA before exceptional items compared to the previous year are negative currency effects as a result of expiring hedges. These were concluded before the decision was taken by the Swiss National Bank in January 2015 to abolish the minimum euro exchange rate and had negative effects with a time lapse on the 2017 financial year. Furthermore, there were unscheduled downtimes at the Leibstadt nuclear power plant.

Entire Swiss power production operating at a loss

In addition to negative currency effects and unscheduled downtimes at the Leibstadt nuclear power plant, the persistently low wholesale prices made it impossible for the Swiss power production of Alpiq to operate economically in the market. Despite stringent cost management, the deficit of the Generation Switzerland business division for the business year 2017 amounted to around CHF 180 million after consistently accounting for all costs.

In August 2017, the Board of Directors decided to suspend the process of opening up Alpiq's hydropower portfolio to investors. The main reason for the suspension was the fact that the three criteria defined for the transaction – price, contractual conditions and transaction security – were not all fulfilled. In particular, potential investors were not prepared to share the burden of the unforeseeable regulatory risks.

Alpiq adjusted its nuclear energy portfolio and terminated the contract for electricity procurement from the French nuclear power plant Fessenheim via Kernkraftwerk-Beteiligungsgesellschaft AG as at the end of 2017. In the meantime, Alpiq has also signed a contract to sell five percentage points of its stake in Kernkraftwerk Leibstadt AG, making the subsidiary Alpiq Suisse SA a pure play hydropower company that offers electricity from 100 % renewable hydropower on the market.

Asymmetry on the Swiss electricity market distorts competition

From an energy policy perspective, 2017 was an important year for Switzerland. The acceptance of the first package of measures relating to the Energy Strategy 2050 in May 2017 has set the course for future energy policy in Switzerland, also including hydropower. On the one hand, a market premium of 0.2 centimes per kilowatt hour from 2018 with a limited duration of five years is designed to take the pressure off electricity from hydropower plants, the market price of which is well below production cost. On the other hand, investment aid will support the construction of hydropower plants. These two measures are not enough to enable Swiss hydropower to survive in the market in the long run.

The electricity market in Switzerland is still split: Electricity producers with bound end customers can sell their electricity at a profit in a monopoly. By contrast, pure play electricity producers like Alpiq have to sell their electricity at wholesale prices below production costs at a loss in the market, even though both producers hold an interest in the same power plant portfolio. In addition, the missing money problem of hydropower in the market means that neither replacement investments to maintain the substance nor new investments to expand hydropower are being made. The investment gaps are therefore undermining the foundation of the Energy Strategy 2050 and also causing delays to the planned expansion of hydropower.

Unlike the subsidised new renewable energies, hydropower, which is likewise renewable, is subject to high government levies, such as water taxes. Before the end customer market was opened up, all end customers in a monopoly paid water taxes, thus sharing the production costs of hydropower. Since the partial liberalisation of the market, this is no longer the case: water taxes burden the hydropower producers in the market, who are making a loss at the current market prices.

Swiss electricity producers also need non-discriminatory access to the European markets in order to be able to optimally market the flexibility of hydropower in the neighbouring countries.

These three elements should be tackled all together. Alpiq will continue to work on systematically unbundling the Swiss electricity sector as well as providing facts for the policy discussion and promoting the equal treatment of all market participants.

The Board of Directors will submit a proposal to the Annual General Meeting that it distribute no dividend because of the continued negative earnings of Swiss production and the prevailing market asymmetry, which heavily distorts competition. In addition, Alpiq will pay no interest on its hybrid loan to the Swiss consortium shareholders. However, the hybrid bond that was placed publicly will continue to be serviced.

Unprofitable Swiss power production supported by profitable European business

In contrast to the Generation Switzerland business division, international energy trading, the customer business, power production from flexible power plants in Europe and new renewable energies made significantly positive contributions to earnings and thus recorded a strong operating performance.The international energy business generated more than 60 % of earnings and was able to support the unprofitable Swiss production.

Alpiq reports solid operating performance

The result of the Digital & Commerce business division exceeded the previous year. This chiefly stems from the successful performance of international energy trading in Europe as well as the ongoing development of the customer business with structured products. In the area of digitalisation, Alpiq implemented smart solutions to increase the efficiency of its own core business and developed new products and services for its European customers. Alpiq was ranked number one for digitalisation in the Swiss energy industry in 2017.

The Industrial Engineering business division was able to hold its own in a demanding European environment. The thermal power plant portfolio and production from new renewable energies made the biggest contribution to the Alpiq Group’s results of operations.

The Building Technology & Design business division recorded stable results of operations, reporting growth in both revenue and winning new orders. As the market leader for building technology in Switzerland, Alpiq provides its customers with sustainable and fully integrated end-to-end digital solutions for buildings and plants on a one-stop-shop basis. In transportation technology, Alpiq acquired Lundy Projects Ltd., a specialist company for overhead line and signal structures in the UK. This acquisition promoted Alpiq to the number-one position for overhead line technology in Europe.

Alpiq also systematically continued its cost reduction and efficiency enhancement programme in 2017. Capital management measures also enabled it to further reduce net debt. In addition, the company still has sound liquidity of CHF 1.4 billion. The equity ratio stands at a stable 38.9 %.

Sale of the industrial business creates added value for the Group

Special emphasis was placed on implementing the process to open up the growth areas for investors, which was communicated at the beginning of March 2017. The challenging situation of Swiss production on the market means that Alpiq currently does not have the funds to enhance the Engineering Services business and thus to strengthen its number-one position in various markets. Alpiq is therefore no longer the right owner for the Engineering Services business with operations in the industrial market. The Board of Directors therefore tasked management with selling the industrial business. The incoming funds will make the Alpiq Group net debt-free, create significant added value for the Group and strengthen its core business.

In connection with this, Alpiq signed an agreement on the sale of the Engineering Services business with Bouygues Construction, Guyancourt (France), for CHF 850 million. Closing is planned for the second half of 2018. The sale is subject to customary conditions including the approval by the relevant antitrust authorities in the EU and Switzerland.

With Bouygues Construction as the new owner it is a win-win situation that offers both companies and their employees new business prospects. InTec and the Kraftanlagen Group give the new owner access to an attractive portfolio of innovative, profitable businesses in growth markets. It can successfully develop the business further, make the necessary investments and tap the existing potential. These are the ideal prerequisites for InTec and the Kraftanlagen Group to be able to capitalise on their leading positions under a new umbrella structure. The transaction opens up new prospects for 7,650 employees, around 4,000 employees and 420 apprentices of which are in Switzerland.

Alpiq to focus on its core business

This divestment makes Alpiq fit for the future and allows it to focus on its core business, which comprises power production in Switzerland as well as international activities consisting of the flexible, diversified power plant portfolio, the new renewable energies and the strong market presence in energy trading. In addition, Alpiq intends to increase efficiency by making its core business more digital and subsequently enhancing its customer portfolio with smart solutions, also outside of Switzerland. The main priority is still on strengthening access to capital markets and on ensuring sound liquidity.

Outlook

Alpiq expects results of operations in 2018 to be down on the previous year. This is attributable to persistently low wholesale prices, which put Swiss power production under pressure. By contrast, the newly introduced market premium will slightly ease the burden on Swiss hydropower, which makes a loss selling its energy below production costs on the market. In its international business, Alpiq anticipates positive contributions from energy trading, European power production and the new renewable energies.

In the medium to long term, Alpiq expects electricity and CO_2 wholesale prices to recover slightly, which will reduce the corresponding pressure on the results of Alpiq's power production in Switzerland. The expansion of new renewable energies will shape the energy landscape to a large extent and requires a highly flexible power plant portfolio. Alpiq is well prepared for this. Furthermore, the fact that the Swiss franc has weakened on the euro will have a positive effect on Alpiq's earnings with a time lapse.

Many thanks to employees and shareholders

Our thanks are primarily owed to our employees in Switzerland and Europe. Their daily commitment, flexibility and expertise support our customers and their needs and bring Alpiq closer to the energy future – step by step.

Dear shareholder, the Board of Directors and the Executive Board of Alpiq would like to thank you for your trust. We will consistently continue to fulfil our responsibility and focus all our efforts on making the company develop profitably in order to take full advantage of the potential offered by the energy future.

Jens Alder,
Chairman of the Board of Directors

Jasmin Staiblin,
CEO

25 March 2018

Corporate Governance

Alpiq is committed to transparent and responsible business management, and pursues sustainable corporate development. Transparency and fairness are ensured by effective management and controlling systems, an open information policy and ethical principles. Alpiq adheres to the recommendations of the Swiss Code of Best Practice for Corporate Governance. Whenever the company establishes and realises its own formal principles, these are disclosed and explained within this report. Alpiq's Corporate Governance principles and rules are set out in its Articles of Association and Organisational Regulations, the Executive Board Regulations and Group Regulations, in its organisational chart and in the assignment of associated companies. The following report describes this practice and is structured according to the Corporate Governance guidelines of SIX Swiss Exchange. The Remuneration Report presents the requisite disclosures of the senior managers' compensation and investment interests. Except where otherwise stated, all information given is as at 31 December 2017.

1 Group and shareholder structure

1.1 Group structure

1.1.1 Alpiq Group operating structure

As at 31 December 2017, the parent company Alpiq Holding Ltd., domiciled in Lausanne, Switzerland, had a share capital of CHF 278,746,490, divided into 27,874,649 registered shares with a nominal value of CHF 10 each.

The registered shares are listed on SIX Swiss Exchange under ISIN CH0034389707. At year-end, market capitalisation stood at CHF 1,757,496,619 (closing price on 31 December 2017 × number of shares).

As at 31 December 2017, the Alpiq Group's management structure comprises the four operational business divisions of Generation Switzerland, Digital & Commerce, Industrial Engineering and Building Technology & Design. The Group Centre consists of the Financial Services functional division and the functional units Human Resources, Legal & Compliance, Communications & Public Affairs and Risk Management, which directly report to the CEO.

1.1.2 Listed companies included in the Alpiq Group's consolidation scope

No consolidated listed Group companies exist.

1.1.3 Unlisted companies included in the Alpiq Group's consolidation scope

The consolidated unlisted Group companies are named in note 33 of the consolidated financial statements.

1.2 Major shareholders

Significant shareholders according to the entry in the share register are presented below. Purchasers of majority shareholdings in Alpiq Holding Ltd. are not required to make a public tender offer pursuant to the Swiss Stock Exchange and Securities Trading Act (opting out). The competencies of the shareholders are governed by law and by the company's Articles of Association. Furthermore, a consortium/shareholder agreement is in place between EOS Holding SA (Lausanne), EDF Alpes Investissements Sàrl (Martigny) and the consortium of Swiss minority shareholders, consisting of Genossenschaft Elektra Birseck (Münchenstein), Genossenschaft Elektra Baselland (Liestal), the canton of Solothurn, Aziende Industriali di Lugano (AIL) SA, IBAarau AG and WWZ AG. The consortium agreement governs the merger between Aare-Tessin Ltd. for Electricity (Atel) and the operating units of EOS Holding SA and the interest held by EDF (50 %) in the electricity purchase rights of Electricité d'Emosson SA. The merger was completed on 27 January 2009. The agreement also governs matters concerning Alpiq's corporate governance and reciprocal pre-emptive rights held by partners in the consortium.

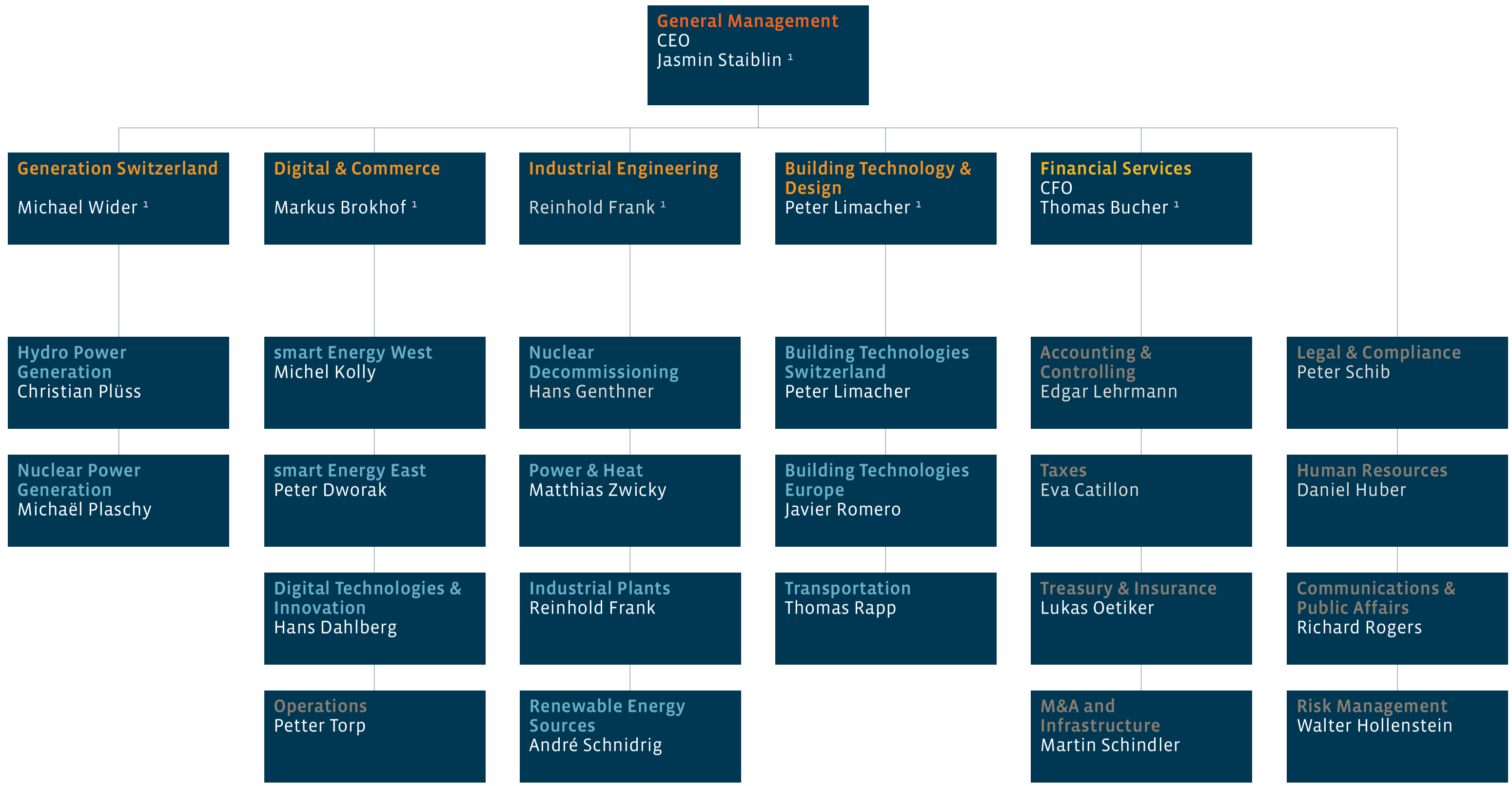
Shareholders as at 31 December 2017

Shareholder	Percentage ownership interest
EOS HOLDING SA (EOSH)	31.44
EDF Alpes Investissements Sàrl (EDFAI)	25.04
EBM (Genossenschaft Elektra Birseck)	13.65
EBL (Genossenschaft Elektra Baselland)	7.13
Canton of Solothurn	5.61
Aziende Industriali di Lugano (AIL) SA	2.13
IBAarau AG (IBA)	2.00
WWZ AG	0.91
Free float	12.09

1.3 Cross-shareholdings

No cross-shareholdings exist.

Organisation as at 31 December 2017



General Management
Business Division
Business Unit
Functional Division
Functional Unit

1 Member of the Executive Board

2 Capital structure

2.1 Share capital

As at 31 December 2017, the share capital of Alpiq Holding Ltd. was at CHF 278,746,490, divided into 27,874,649 registered shares with a nominal value of CHF 10 each. The shares are fully paid up.

2.2 Conditional and authorised capital in particular

Alpiq Holding Ltd. has no conditional or authorised capital.

2.3 Changes in equity

Statements of changes in equity can be found in the Financial Report on pages 76 and 77 for the consolidated financial statements of the Alpiq Group and on page 167 for the statutory financial statements of Alpiq Holding Ltd. The statements of changes in equity for the year 2015 can be found in the 2016 Annual Report in the Financial Report on page 75 for the consolidated financial statements of the Alpiq Group, and on page 161 for the statutory financial statements of Alpiq Holding Ltd.

2.4 Shares and participation certificates

As at 31 December 2017, Alpiq Holding Ltd. has issued 27,874,649 registered shares with a nominal value of CHF 10 each. The shares are fully paid up and eligible for dividends. Each share represented at the Annual General Meeting of Alpiq Holding Ltd. has one vote. No restrictions exist on transferability or voting rights.

The company has issued no participation certificates.

2.5 Bonus certificates

The company has issued no bonus certificates.

2.6 Restrictions on transferability and nominee registrations

There are no restrictions in the Articles of Association relating to the transferability of the shares of Alpiq Holding Ltd., and no special regulations have been issued for the registration of trustees and nominees.

2.7 Convertible bonds and warrants

The company has neither outstanding convertible bonds nor has it issued any warrants. The company has hybrid capital, as described in detail in note 18 of the consolidated financial statements.

3 Board of Directors

The Board of Directors is responsible for the overall management and strategic direction of the Alpiq Group as well as for supervising the Executive Board.

3.1/3.2 Members of the Board of Directors and other activities and vested interests

The Board of Directors consists of the following 13 members:

Board of Directors as at 31 December 2017

Jens Alder, Zurich, Switzerland, Chairman
Jean-Yves Pidoux, Lausanne, Switzerland, Deputy Chairman
Conrad Ammann, Zurich, Switzerland
François Driesen, Paris, France
Alexander Kummer-Grämiger, Laufen, Switzerland
Claude Lässer, Marly, Switzerland
René Longet, Grand-Lancy, Switzerland
Wolfgang Martz, Montreux, Switzerland
John Morris, Le Vésinet, France
Patrick Pruvot, Soisy-sur-Seine, France
Heinz Saner, Olten, Switzerland
Urs Steiner, Laufen, Switzerland
Tilmann Steinhagen, Paris, France
Secretary to the Board of Directors: Roger Schoch

The members of the Board of Directors are listed on pages 36 and 37. The Board of Directors regularly reviews its composition in relation to a balance of specialist knowledge, experience and diversity, and is also endeavouring to include female members in the future based on the Organisational Regulations. As at 31 December 2017, the Board of Directors does not include a female member. The curricula vitae, professional backgrounds, information about operational management tasks for Alpiq Holding Ltd. or a Group company, about non-executive members' managerial tasks and significant business relationships during the three financial years preceding the period under review, as well as information about further activities and vested interests of the members of the Board of Directors can be found on Alpiq's website at www.alpiq.com/bod.

3.3 Number of permissible additional activities

Pursuant to Art. 24 (1) of the Articles of Association, no member of the Board of Directors can hold more than five additional mandates at listed companies. In addition, no member of the Board of Directors can hold more than ten additional mandates at unlisted companies. Pursuant to Art. 24 (2) of the Articles of Association, this restriction does not include:

- Mandates in companies which Alpiq controls directly or indirectly or in joint coordination with third parties, or which control Alpiq directly or indirectly or in joint coordination with third parties;
- Mandates that a member of the Board of Directors fulfils at the instruction of the company or a company that it controls directly or indirectly. Besides the mandates pursuant to Art. 24 (1) of the Articles of Association, no member of the Board of Directors can hold more than ten such mandates;
- Mandates in associations, non-profit organisations and foundations, as well as benefit and pension foundations. Besides the mandates pursuant to Art. 24 (1) of the Articles of Association, no member of the Board of Directors can hold more than ten such mandates.

Pursuant to Art. 24 (3) of the Articles of Association, mandates are defined as mandates in the respective uppermost management and administrative body of a legal entity that is required to be entered in the Swiss commercial register or a corresponding foreign register. Mandates in various legal entities that are under joint control are considered to be one mandate.

3.4 Election and period of office

Pursuant to Art. 12 (3) of the Articles of Association, the Annual General Meeting individually appoints the members of the Board of Directors and the Chairman of the Board of Directors. Pursuant to Art. 12 (4) of the Articles of Association, the one-year period of office of the members of the Board of Directors as well as of the Chairman of the Board of Directors ends at the conclusion of the subsequent Annual General Meeting. Re-election is possible.

First-time election and remaining period of office of the individual members of the Board of Directors:

Name	First-time election to the Board of Directors	End of period of office
Jens Alder	2015	2018
Jean-Yves Pidoux	2009	2018
Conrad Ammann	2012	2018
François Driesen	2012	2018
Alexander Kummer-Grämiger	2013	2018
Claude Lässer	2009	2018
René Longet	2013	2018
Wolfgang Martz	2016	2018
John Morris	2016	2018
Patrick Pruvot	2016	2018
Heinz Saner	2017	2018
Urs Steiner	2004	2018
Tilmann Steinhagen	2015	2018

No regulations that differ from statutory provisions have been established in the Articles of Association concerning the appointment of the Chairman, the members of the Compensation Committee and the independent voting proxy. More detailed information is available on Alpiq’s website at www.alpiq.com/articles-of-association.

3.5 Internal organisation

3.5.1 Allocation of tasks within the Board of Directors

The tasks of the Board of Directors are set out in the Swiss Code of Obligations, in Art. 11 of the Articles of Association as well as in the Organisational Regulations of Alpiq Holding Ltd. The Articles of Association and the Organisational Regulations can be downloaded from the company's website at www.alpiq.com/articles-of-association. It is the responsibility of the Board of Directors to ensure that the shareholders are able to form and express an informed opinion.

The Chairman determines the agenda for Board meetings after consultation with the CEO. Any member of the Board of Directors may submit a written request for a particular item to be included on the agenda. The members of the Board of Directors receive documentation in advance of meetings that enables them to prepare for items on the agenda. Executive Board members normally attend meetings of the Board of Directors in an advisory capacity. They leave the meeting if the Chairman so directs. Should any conflicts of interest arise, the members of the Board of Directors concerned must also leave the meeting. Minutes are kept of the Board's deliberations and resolutions. The minutes are distributed to the members of the Board of Directors and approved at the following Board meeting. Between meetings, any member of the Board of Directors may ask the CEO for information about the company's business and, with the Chairman's authorisation, about individual transactions. To the extent required for the performance of their duties, any member of the Board of Directors may ask the Chairman to arrange for them to inspect books and files.

3.5.2 Committees of the Board of Directors

Audit and Risk Committee (ARC)

The ARC consists exclusively of non-executive and independent members of the Board of Directors, most of whom have finance and accounting experience. The ARC consists of Tilmann Steinhagen (Chairman), Dr Conrad Ammann (member) and Claude Lässer (member). The ARC's role is to support the Board of Directors in carrying out its supervisory duties, and particularly with regard to monitoring and assessing the performance and independence of the internal and external auditors, the controlling system, financial accounting, risk management, compliance and corporate governance.

Nomination and Remuneration Committee (NRC)

The NRC consists of Wolfgang Martz (Chairman), François Driesen (member) and Urs Steiner (member). The NRC's task consists in supporting the Board of Directors in discharging its supervisory duty regarding succession planning (Board of Directors and Executive Board), determining and reviewing remuneration policy and guidelines, as well as performance targets, preparing proposals on the remuneration of the Board of Directors and the Executive Board on behalf of the Annual General Meeting, determining all other terms and conditions of employment of the members of the Board of Directors and approving the other contract terms and conditions of employment for the CEO (as proposed by the Chairman of the Board) and for the Executive Board (as proposed by the CEO).

Strategic Committee (SC)

The Board of Directors set up an Ad hoc Committee for the Alpiq Group's new strategic orientation in 2015 and converted this into the Strategic Committee (SC) at the end of 2016. The SC thus replaced the Ad hoc Committee and convenes as an independent committee. The SC's tasks mainly include the preliminary treatment of motions of a strategic nature, strategy development and monitoring the implementation of strategic projects. The SC's members are Jens Alder (Chairman), Dr Conrad Ammann (member), Jean-Yves Pidoux (member) and Patrick Pruvot (member).

Ad hoc Committee (AC)

After completing a tax audit on the Bucharest branch of Alpiq Energy SE, Prague, the Romanian tax authority ANAF (Agenţia Naţională de Administrare Fiscală) issued Alpiq the final decision regarding tax liability in the amount of RON 793 million (translated at the annual average RON / CHF exchange rate: CHF 199 million) for value added tax, corporate income tax and penalties for the period of 2010 to 2014. The decision made by the ANAF will be contested by Alpiq by making use of all available local and international legal means of appeal. The Board of Directors formed an Ad hoc Committee (AC) to deal with this significant process. The AC's members are Jens Alder (Chairman), Dr Conrad Ammann (member), Tilmann Steinhagen (member), François Driesen (member) and Claude Lässer (member).

3.5.3 Working methods of the Board of Directors and its committees

The Board of Directors convenes in response to an invitation by the Chairman as and when business requires, although at least once per quarter. During the reporting year, the Board of Directors held six ordinary meetings, each lasting an average of seven hours. It also held one extraordinary meeting lasting four hours. Unlike the previous year, there were no conference calls, but there was one circular resolution that could not be passed in an ordinary meeting. The members of the Board of Directors attend the meetings in person. By way of exception, the Board of Directors can allow one of its members to vote by telephone or video as long as three-quarters of all members approve. In the reporting year, all but one member of the Board of Directors attended all ordinary and extraordinary meetings. The Board of Directors has a quorum if a majority of its members are present. No attendance quorum is required solely to note the implementation of a capital increase, and to subsequently approve the related amendment to the Articles of Association. The Board of Directors passes its resolutions and conducts its elections with the majority of votes (general quorum for passing of resolutions). A qualified quorum for passing resolutions is required for investments and divestments if such transactions would result in the consolidated net debt of Alpiq Holding Ltd. amounting to more than five times the EBITDA of the last consolidated annual financial statements, changes to the local allocation of business and functional divisions as well as of the Executive Board, equity and equity-similar capital market transactions, and the cancellation or amendment of the provision relating to qualified passing of resolutions. Abstentions do not count as votes cast. In the event of a tie, the Chairman has the casting vote. Resolutions can also be passed by way of written circular, unless a member demands a verbal consultation.

The ARC submits proposals to the Board of Directors for its approval and reports verbally at each Board meeting on its activities, resolutions, conclusions and recommendations. If the ARC fails to reach consensus on matters within its remit, a decision is made by the plenary Board of Directors. Minutes of

ARC meetings are circulated to all members of the Board of Directors for their information. As a rule, the Chairman, CEO, CFO, Head of Internal Audit and the statutory auditors attend the ARC's meetings. Depending on the agenda, other Executive Board members or business and functional unit heads also attend. During the reporting year, the ARC held seven ordinary meetings, each lasting an average of four hours. In the reporting year, all but one member of the ARC attended all ARC meetings (in some cases by video conference). There were no conference calls. The ARC focuses primarily on the interim and annual financial statements, planning and budgeting, the quality and appropriateness of internal and external reporting as well as the business risk management measures, the internal control system (ICS) or monitoring business activities in terms of adherence to statutory and internal requirements (compliance). Furthermore, it works closely with the appointment, programme as well as the reports and recommendations of internal and external auditors. It also deals with topics such as impairment charges, debt and the securing of liquidity.

The NRC submits proposals to the Board of Directors for its approval and reports verbally at each Board meeting on its activities, resolutions, conclusions and recommendations. If the NBC fails to reach consensus on matters within its remit, a decision is made by the plenary Board of Directors. Minutes of NRC meetings are circulated to all members of the Board of Directors for their information. As a rule, the Chairman, CEO and Head of Human Resources attend the NRC's meetings. During the reporting year, the NRC held six meetings, each lasting around two hours. In the reporting year, all members of the NRC attended all NRC meetings (in some cases by video conference for practical and time-related reasons). There were no conference calls.

The SC submits proposals to the Board of Directors for its approval and reports verbally at each Board meeting on its activities, resolutions, conclusions and recommendations. If the SC fails to reach a consensus on matters or recommendations within its remit, such matters are also brought to the Board of Directors' attention. The CEO is a permanent guest at each meeting and the CFO and selected members of the Executive Board also usually attend. During the reporting year, the SC held five ordinary meetings lasting an average of four hours and one extraordinary meeting lasting one hour. In the reporting year, all members of the SC attended all SC meetings. Two meetings were held as conference calls for practical and time-related reasons.

The AC submits proposals to the Board of Directors for its approval and reports verbally at each Board meeting on its activities, resolutions, conclusions and recommendations. As a rule, the CEO, CFO and selected Executive Board members attend all meetings. During the reporting year, the AC held three meetings by conference call, each lasting an average of one hour.

The members of the Board of Directors ensure that they fulfil their duties even in the case of increased time demands. The Board of Directors conducts an annual self-appraisal both of its work and that of its committees. In 2017, it also performed an analysis for this purpose including an evaluation with resulting measures. As a result of this, the Board of Directors for instance took part in internal company training events in selected areas (for example, trading, origination as well as Europe's energy markets).

3.6 Division of responsibilities

The Board of Directors has delegated responsibility for the Alpiq Group's entire operational management to the CEO. The CEO chairs the Executive Board, and has delegated some of her management responsibilities to the Executive Board members. The Organisational Regulations and the Executive Board Regulations govern authorities and the division of responsibilities between the Board of Directors and the CEO or Executive Board. As part of the Group Guidelines, the CEO has issued regulations governing the assignment of authorities and responsibilities. These regulations apply throughout the Group.

3.7 Information and controlling instruments in relation to the Executive Board

The Executive Board reports annually to the Board of Directors on strategic, medium-term and annual targets and on the progress made in attaining them. The Board of Directors issues a code of conduct to ensure compliance with the applicable norms. During the financial year, the Executive Board reports quarterly on business performance, progress in achieving targets and other important developments (activity report). The Board of Directors also receives a regular summary report including key financial figures, an assessment of the risk situation and ongoing internal audits (Alpiq Group short-form reports). Furthermore, the Board of Directors receives a written quarterly report showing detailed financial information and the principal activities and projects of the various business and functional divisions. The Board of Directors also has three standing committees: the Audit and Risk Committee (ARC), the Nomination and Remuneration Committee (NRC) and the Strategic Committee (SC). There is also an Ad hoc Committee (AC) that was created to deal with the tax matter in Romania.

The external auditors submit a comprehensive report to the Board of Directors and give a verbal presentation of the results and findings of their audit and of their future key audit areas.

Internal Audit, which reports directly to the Chairman of the Board and the ARC and is managed by the General Administrative Office, provides independent and objective auditing and advisory services aimed at adding value and improving business processes. It supports the organisation in achieving its objectives by using a systematic and targeted approach to evaluate the effectiveness of risk management, control mechanisms, and management and supervisory processes, and by helping to improve them. Internal Audit is a management tool for the Board of Directors and its committees, in particular for the ARC. Internal Audit is intended to assist the Board of Directors and Executive Board in performing their monitoring and controlling functions. At the ARC's request, the Board of Directors approves the risk-oriented audit schedule of Internal Audit on an annual basis and acknowledges the annual accountability report. The individual audit reports are submitted to the respective line manager, the Chairman and (in summary form) to the ARC, and are tabled for discussion at each meeting. As and when necessary, Internal Audit also engages an external co-sourcing audit partner to assist it with its work.

Risk Management monitors strategic and operational risks, particularly market, credit and liquidity risks. The Board of Directors receives an annual written report on the situation and developments in Group-wide risk management and its most important constituents. The report presents principles and limits, details compliance with them and contains information on planned expansion moves. Central Risk Management reports to the CEO and proposes limits for the individual areas based on the results of analyses. The Executive Board is responsible for assigning the related risk categories. The overall limit for the Alpiq Group is set annually by the Board of Directors. The Risk Management Committee (RMC), a subcommittee of the Executive Board, monitors compliance with the limits and principles of risk management.

Compliance is integrated into the Legal & Compliance functional unit and reports directly to the Chairman of the Board of Directors. The compliance management system includes annual compliance risk analyses in order to enhance the compliance culture, as well as risk-based training on compliance topics. In addition, the compliance management system covers communication, advisory services on compliance issues on behalf of the Chairman of the Board of Directors, the Executive Board or the ARC, implementing the policy management system, managing the whistle-blower system as well as maintaining the Group's transnational compliance partner network. The Alpiq Group's code of conduct is available in nine languages. 13 cases, most of which affected the personal integrity of employees, were reported via the whistle-blower system in 2017. Two employment contracts were ended as a result of unethical behaviour. A total of more than 100 cases relied on compliance advice, investigations and assessments in 2017, among others on topics relating to M&A and divestment projects, governance questions, intermediary agreements and competition law. In this way, Compliance assists the Board of Directors and the Executive Board in ensuring that the company and its employees act in accordance with the rules and regulations.

4 Executive Board

4.1/4.2 Members of the Executive Board and their other activities and vested interests

As at 31 December 2017, the Executive Board comprised six members. The members of the Executive Board are listed on pages 38 and 39. Curricula vitae, professional background and information about any earlier activities on behalf of the Alpiq Group, as well as about other activities and vested interests, can be found on Alpiq's website at www.alpiq.com/executive-board.

4.3 Number of permissible additional activities

Pursuant to Art. 24 (1) of the Articles of Association, no Executive Board member can hold more than two additional mandates at listed companies. In addition, no Executive Board member can hold more than five additional mandates at unlisted companies. Pursuant to Art. 24 (2) of the Articles of Association, this restriction does not include:

- Mandates in companies which Alpiq controls directly or indirectly or in joint coordination with third parties, or which control Alpiq directly or indirectly or in joint coordination with third parties;
- Mandates that an Executive Board member fulfils at the instruction of the company or a company that the company controls directly or indirectly. Besides the mandates pursuant to Art. 24 (1) of the Articles of Association, no Executive Board member can hold more than ten such mandates;
- Mandates in associations, non-profit organisations and foundations, as well as benefit and pension foundations. Besides the mandates pursuant to Art. 24 (1) of the Articles of Association, no Executive Board member can hold more than ten such mandates.

Pursuant to Art. 24 (3) of the Articles of Association, mandates are defined as mandates in the respective uppermost management and administrative body of a legal entity that is required to be entered in the Swiss commercial register or a corresponding foreign register. Mandates in various legal entities that are under joint control are considered to be one mandate.

4.4 Management contracts

No management contracts exist between Alpiq Holding Ltd. and companies or natural persons outside the Alpiq Group.

5 Remuneration, shareholdings and loans

Information on the bases and elements of remuneration, participation programmes or loans for each of the current and former members of the Board of Directors and Executive Board of the Alpiq Group, as well as the area of responsibility and methodology in relation to how they are set, are disclosed in the separate Remuneration Report.

Art. 21 of the Articles of Association sets out the regulations relating to the principles concerning performance-related compensation and the allocation of participation share certificates and conversion and warrant rights, as well as the additional amount for the compensation of Executive Board members who are appointed after the vote on compensation at the Annual General Meeting.

Art. 25 of the Articles of Association sets out the regulations relating to credits and benefits made to members of the Board of Directors and Executive Board.

Art. 20 of the Articles of Association sets out the regulations concerning how the Annual General Meeting votes on compensation.

6 Shareholders' participation rights

Shareholders' participation rights are governed by law and by the company's Articles of Association.

6.1 Restrictions on voting rights and proxy voting

Each share represented at the Annual General Meeting carries one vote. No restrictions exist on transferability or voting rights. As a consequence, no regulations exist in the Articles of Association that differ from the law in relation to participation at the Annual General Meeting.

Any shareholder can be represented by an independent proxy elected by the Annual General Meeting pursuant to Art. 19 of the Articles of Association. Proxy authorisations and instructions can also be issued to the proxy electronically.

6.2 Quorums pursuant to the Articles of Association

At the Annual General Meeting, only the quorums as determined in the Swiss Code of Obligations are valid (see Art. 10 of the Articles of Association).

6.3 Convening the Annual General Meeting

Annual General Meetings are convened in accordance with the rules set out in the Swiss Code of Obligations (see Art. 8 (2) of the Articles of Association).

6.4 Inclusion of an item on the agenda

Pursuant to Art. 8 (2) of the Articles of Association, the convening document is required to disclose the agenda items and proposed motions. Pursuant to Art. 8 (4) of the Articles of Association, up to 50 days prior to an Annual General Meeting shareholders representing shares with an aggregate par value of at least CHF 1 million may request that a particular item be included on the agenda.

6.5 Entries in the share register

Registered shares must be entered in the share register at least one week before the Annual General Meeting in order for shareholders to be eligible to vote.

7 Change of control and defensive measures

7.1 Mandatory tender offer

Purchasers of majority shareholdings in Alpiq Holding Ltd. are not required to make a public tender offer pursuant to the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (opting out). The Articles of Association do not provide for any defensive measures.

7.2 Change-of-control clauses

The Executive Board members' employment contracts do not contain any change-of-control clauses.

8 Auditors

8.1 Duration of mandate and period of office of main auditor

Ernst & Young AG act as the auditors of Alpiq Holding Ltd. The statutory and Group auditors are appointed by the Annual General Meeting for a one-year term.

The current lead audit partner of Ernst & Young AG has been performing this function since the 2015 financial year.

8.2/8.3 Auditors' fees and additional fees

Performance and fees are reviewed annually. For the past financial year, Ernst & Young AG received fees of CHF 4.6 million for their services as statutory and Group auditors (previous year: CHF 3.8 million). Of this amount, CHF 2.9 million was paid for audit services (CHF 2.9 million), CHF 1.3 million for audit-related services (CHF 0.4 million), CHF 0.4 million for tax services (CHF 0.3 million) and CHF 0.0 million for transaction support (CHF 0.2 million).

8.4 External audit information mechanisms

The ARC is the supervisory body for the external auditors. The external auditors report to the ARC at least once a year on the audits they have conducted and the resultant findings and recommendations. The ARC agrees audit plans with the external auditors in advance and assesses their work. The external auditors submit a comprehensive report to the full Board of Directors once a year. The ARC regularly invites the external auditors to attend its meetings, which occurred seven times in the reporting year.

9 Information policy

Alpiq provides shareholders, potential investors and all other stakeholders with comprehensive, timely and regular information through its Annual and Interim Reports, at annual media and financial analyst conferences and at the Annual General Meetings. Communication channels also include the company's regularly updated website at www.alpiq.com, as well as media releases on important events. Contact addresses are listed on the website at www.alpiq.com/contact/en. Key dates for the current financial year are shown on the second to last page of this report.

2017 Annual General Meeting

At the ninth ordinary Annual General Meeting of Alpiq Holding Ltd., held on 18 May 2017, the 159 shareholders present approved the 2016 consolidated financial statements of the Alpiq Group, as well as the 2016 Annual Report and stand-alone financial statements of Alpiq Holding Ltd. Due to the fact that the company's profitability situation remains strained, the Annual General Meeting approved the Board of Director's proposal not to pay a dividend. Discharge from liability was granted to the Board of Directors. Heinz Saner was appointed to the Board of Directors to replace Christian Wanner, who stepped down from the Board. The statutory auditors were re-elected for another year.

Board of Directors as at 31 December 2017

Jens Alder
Chairman of the Board of Directors
– Dipl. El. Ing. ETH Zurich, MBA INSEAD, Fontainebleau
– Swiss national
– Chairman: Goldbach Group AG, Küsnacht
– Director: CA Inc., New York
– Chairman of the Supervisory Board: ColVisTec AG, Berlin

Dr. Jean-Yves Pidoux
Vice-Chairman
– Doctor in sociology and anthropology
– Lausanne City Councillor, Municipal Utilities Director
– Swiss national
– Chairman: AGEPP Ltd, Lavey-Morcles; Boisy TV S.A., Lausanne; LFO SA, Lausanne; SI-REN SA, Lausanne
– Director: Forces Motrices Hongrin-Léman S.A., Château-d'Oex; Romande Energie Holding SA, Morges; EOS Holding SA, Lausanne; CADOUEST SA, Prilly; Gaznat SA, Lausanne; Forces motrices de l'Aboyeu SA, Collonges; Petrosvibri S.A., Vevey; Transports Publics de la Région Lausannoise sa, Renens; EPURA SA, Lausanne; Vaud-Fribourg TV SA, Lausanne; Mediaprofil SA, Vevey; Kantonale Feuer- und Naturgefahren-versicherung des Kantons Waadt (ECA), Pully

Dr. Conrad Ammann
Member
– Dipl. El. Ing. ETH Zurich, Dr. sc. techn., BWI (postgraduate diploma in industrial management) ETH Zurich
– CEO EBM (Genossenschaft Elektra Birseck), Münchenstein
– Swiss national
– Director: Kraftwerk Birsfelden AG, Birsfelden; Aare Versorgungs AG (AVAG), Olten
– Board member: Handelskammer beider Basel (Basel Chamber of Commerce)

François Driesen
Member
– DESS de droit des affaires et de fiscalité (Paris II University)
– EDF Legal Director, Internal Controlling and International Risks
– French national
– Director: EDF Luminus, Belgium; EDF Norte Fluminense, Brazil; Nachtigal Hydro Power Company (NHPC), Cameroon
– Executive Board Chairman: EDF Alpes Investissements Sàrl, Martigny

Alexander Kummer-Grämiger
Member
– Lic. iur. et oec. HSG, lawyer and notary, business arbitrator IRP-HSG
– Swiss national
– Chairman: EBM (Genossenschaft Elektra Birseck), Münchenstein; GREBET Immobilien AG, Bettlach; Aluminium - Laufen Ltd Liesberg, Liesberg; EGK Grundversicherungen AG, Laufen; EGK Privatver-sicherungen AG, Laufen
– Director: Duravit Schweiz AG, Othmarsingen; Sportshop Karrer AG, Laufen; Gremolith Verwaltungs AG, Kirchberg SG; Fridolin Karrer Immobilien AG, Laufen

Claude Lässer
Member
– Lic. rer. pol., former Fribourg State Councillor
– Swiss national
– Chairman: Groupe E Ltd, Granges-Paccot
– Vice-Chairman: EOS Holding SA, Lausanne
– Director: Groupe E Celsius Ltd, Fribourg

René Longet
Member
– Lic. phil I, University of Geneva
– Swiss national
– Vice-Chairman: Services industriels de Genève, Vernier
– Director: EOS Holding SA, Lausanne

Wolfgang Martz
Member
– Dipl. Ing. Agr. ETH Zurich, postgraduate studies in management, marketing and business management at IMD Business School Lausanne, INSEAD Fontainebleau and London Business School
– Swiss national
– Chairman: Société Coopérative Immobilière Montreux (SOCIM), Montreux
– Vice-Chairman: Romande Energie Holding SA, Morges
– Director: EOS Holding SA, Lausanne; Schenk S.A., Rolle; Schenk Holding SA, Rolle
– Chairman: Caisse de pension de Schenk Holding SA, Rolle; Caisse de pension de Schenk SA, Rolle

John Morris
Member
– London Business School (Corporate Finance Programme), Aston Business School (MBA), Sheffield Hallam University (BSc with Honours in Engineering & Business Studies)
– British national
– Chairman of the Supervisory Board: EDF Deutschland GmbH, Berlin
– Director: EDF Belgium, Brussels; Sloe Centrale B.V., Vlissingen

Patrick Pruvot
Member
– Studied engineering at the Ecole Nationale Supérieure d'Electricité et de Mécanique in Nancy, university degree in Mechanical Engineering
– European Director, EDF
– French national
– Director: EDF Luminus, Belgium; Fenice S.p.A, Italy

Heinz Saner
Member
– Lic. iur. lawyer and notary, Advanced Management Program INSEAD, Paris; Stanford Executive Program, California
– Independent business and legal consultant primarily in the energy sector
– Swiss national

Urs Steiner
Member
– Energy Engineer (Higher Technical Institute)
– CEO Genossenschaft Elektra Baselland, Liestal
– Swiss national
– Chairman: EBL Telecom AG, Liestal; EBL Wind Invest AG, Liestal
– Vice-Chairman: Geo-Energie Suisse AG, Zurich
– Director: Kraftwerk Birsfelden AG, Birsfelden; Kraftwerk Augst AG, Augst
– Management Board Chairman: Verein Energie Zukunft Schweiz (EZS), Basel

Tilmann Steinhagen
Member
– Study of business administration and law, University of Münster and Paris Dauphine University
– EDF Senior Vice President, CFO
– French and German national

Executive Board as at 31 December 2017

Jasmin Staiblin
CEO
- Electrical engineering graduate, Technical University Karlsruhe, Germany; Royal Technical University of Stockholm, Sweden
- German national
- Born 1970
- With Alpiq Group since 2013, as CEO
- Director: Georg Fischer Ltd, Schaffhausen; Rolls-Royce plc, London; Seves Group S.à.r.l., Luxembourg

Michael Wider
Head of Generation Switzerland, Deputy CEO
- MA in Law, MBA, Stanford Executive Program
- Swiss national
- Born 1961
- With Alpiq Group since 2003, as Executive Board member
- Chairman: HYDRO Exploitation SA, Sion; Nant de Drance SA, Finhaut; Kernkraftwerk Gösgen-Däniken AG, Däniken; Electricité d'Emosson SA, Martigny; Grande Dixence SA, Sion
- Director: Kernkraftwerk Leibstadt AG, Leibstadt; Régie de Fribourg S.A., Fribourg; EURELECTRIC, Brussels
- Chairman: Verband Schweizerischer Elektrizitätsunternehmen (VSE), Aarau
- Council member: Nukleare Entsorgung (BFE), Ittigen

Thomas Bucher
Head of Financial Services, CFO
- MA in economic sciences, University of St. Gallen; International Executive Program, INSEAD, Fontainebleau and Singapore
- Swiss national
- Born 1966
- With Alpiq Group since 2015, as Executive Board member
- Chairman: Alpiq InTec Ltd, Olten
- Director: Grande Dixence SA, Sion; Kernkraftwerk Gösgen-Däniken AG, Däniken; Kernkraftwerk Leibstadt AG, Leibstadt; TARENO Ltd, Basel
- Chairman of the Supervisory Board: Kraftanlagen München GmbH, Munich
- Board member: Solothurner Handelskammer (Solothurn Chamber of Commerce), Solothurn

Markus Brokhof
Head of Digital & Commerce
- Mining engineering graduate, Clausthal University of Technology, Clausthal-Zellerfeld, Germany
- German national
- Born 1966
- With Alpiq Group since 2014, as Executive Board member
- Chairman: Alpiq E-Mobility Ltd, Zurich
- Energy Sector Council member: Biberach University of Applied Sciences, Germany

Reinhold Frank
Head of Industrial Engineering
- Dipl. Ing., Dipl. Wirtsch.Ing., Stanford Executive Program
- German national
- Born 1955
- With Alpiq Group since 2006, as Executive Board member
- Vice-Chairman: Alpiq InTec Ltd, Olten
- Chairman of the General Management and Technical Director: Kraftanlagen München GmbH, Munich

Peter Limacher
Head of Building Technology & Design
- Dipl. El. Ing. HTL in electrical engineering, Lucerne University of Applied Sciences and Arts
- Swiss national
- Born 1961
- With Alpiq Group since 2017, as Executive Board member
- Vice-Chairman: Verband Schweizerischer Elektro-Installationsfirmen (VSEI), Zurich

Remuneration Report

The Remuneration Report was prepared by the Board of Directors in accordance with the Swiss Code of Obligations, the Ordinance against Excessive Compensation with respect to Listed Stock Corporations (OaEC), the SIX Swiss Exchange Directive on Information Relating to Corporate Governance, and the Swiss Code of Best Practice for Corporate Governance. As laid down under the Articles of Association, the Annual General Meeting approves the overall remuneration amounts for the Board of Directors and the Executive Board once a year, separately and with binding effect, prospectively for the following financial year. The advantages of this system lie in the good combination of legal certainty for the company and greater co-determination rights for shareholders. The Board of Directors will continue to extend an invitation to the Annual General Meeting to approve the Remuneration Report once a year by way of separate consultative vote. More information on voting on remuneration by the Annual General Meeting can be found under Art. 20 of the Articles of Association: www.alpiq.com/articles-of-association.

Compensation Governance

The Nomination and Remuneration Committee (NRC)

The NRC is Alpiq Holding Ltd.'s remuneration committee formally appointed by the Annual General Meeting. The committee comprises at least three members of the Board of Directors, nominated through individual election, who serve the company in a non-executive role and, in as much, do not have material vested interests that compromise the objectivity required for performing their duties. In accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations (OaEC) and the Articles of Association, the members' term of office is restricted to the period marked by the end of the next regular Annual General Meeting. Re-election is possible.

The NRC's task consists in supporting the Board of Directors in discharging its supervisory duty in respect of succession planning (Board of Directors and Executive Board), determining and reviewing remuneration policy and guidelines, as well as performance targets, preparing proposals on the remuneration of the Board of Directors and the Executive Board on behalf of the Annual General Meeting, determining all other terms and conditions of employment of the members of the Board of Directors and approving the other contract terms and conditions of employment for the CEO and for the Executive Board.

The tasks and the duties of the NRC comprise the following in particular:

1. Nomination

Approval of selection criteria, evaluation of the CEO's proposals and subsequent formulation of the proposals to be put to the Board of Directors for nominating the members of Alpiq Holding Ltd.'s Executive Board.

2. Performance assessment / objectives

Determining the CEO's annual objectives (based on a proposal from the Chairman of the Board of Directors) and assessment of the CEO's performance. Approval of the annual objectives of the Executive Board (based on the recommendation of the CEO) and performance assessment by the CEO.

3. Contracts and terms of employment

Proposal on the remuneration of the individual members of the Board of Directors. Proposal on special conditions and additional remuneration of the members serving on the Board of Directors' committees. Proposal on the general contractual conditions, and in particular the remuneration of the Chairman of the Board of Directors. Proposal on the overall remuneration and approval of further terms of employment for the CEO and for the individual members of the Executive Board. Approval of the bonus regulations for the CEO and the Executive Board.

The NRC submits proposals to the Board of Directors for approval and, at each meeting, reports verbally on its activities, resolutions, conclusions and recommendations. Minutes of NRC meetings are circulated to all members of the Board of Directors for their information. The Chairman of the Board of Directors and the CEO are generally invited to the meeting except when their own performances are assessed or contractual terms or terms of employment are requested and / or recommended or approved. This ruling applies to all members of the Board of Directors and the Executive Board.

The decision-making processes are summarised in the following table:

A = Approval / decision
R = Recommendation / proposal
FI = For information
P = Proposal

		CEO	Chair-man	NRC	BoD	AGM
1.	**Procedural questions (Art. 2 (1) of the NRC Regulations)**					
1.1.	Instituting investigations and enquiries			A		
1.2.	Requesting information	(FI)		A		
2.	**Nomination (Art. 5.1 of the NRC Regulations)**					
2.1.	Approval of selection criteria			A		
2.2.	Proposals to the BoD for nomination of EB members	P		R	A	
2.3.	Election of heads of business and functional units	A				
2.4.	Renaming of companies / mergers / transfers of units to other areas	A		FI		
2.5.	Formation of new companies / reorganisations / winding down of units	A		FI		
2.6.	Nomination of heads of business units / functional units and of business divisions / functional divisions of the Boards of Directors of the subsidiaries and associated companies as well as other significant associates held by the holding company	A		FI	FI	
3.	**Performance assessment / objectives (Art. 5.2 of the NRC Regulations)**					
3.1.	Determining the annual objectives of the CEO		P	A		
3.2.	Performance assessment of the CEO		P	A		
3.3.	Approval of the annual objectives and performance assessment of the EB	P		A		
4.	**Contracts and terms of employment (Art. 5.3 of the NRC Regulations)**					
4.1.	Remuneration of the members of the BoD, Chairman, ARC, NRC and members of the EB			R	P	A
4.2.	General contractual conditions of the Chairman and special conditions of the BoD			P	A	
4.3.	Other terms of employment for the CEO		P	A		
4.4.	Other terms of employment for EB members	A				
4.5.	Remuneration policy of heads of business and functional units	A		FI		
4.6.	Bonus regulations	P		A		

AGM	Annual General Meeting
ARC	Audit and Risk Committee
BoD	Board of Directors
Chairman	Chairman of the Board of Directors
EB	Executive Board
NRC	Nomination and Remuneration Committee

The NRC meets as often as business requires, at minimum once a year. In the reporting year, the NRC held six meetings, each of which lasted around two hours on average. The content of the meetings is summarised as follows:

Number of meetings	6
Average duration	2 hours
Main topics	Proposal to the Board of Directors for nominating a member of the Executive Board. Determining the CEO's annual objectives (based on a proposal from the Chairman) and assessment of the CEO's performance. Approval of the annual objectives of the Executive Board (based on the recommendation of the CEO) and performance assessment by the CEO. Proposal on the remuneration of the individual members of the Board of Directors. Proposal on special conditions and additional remuneration of the members serving on the Board of Directors' committees. Proposal on the general contractual conditions, in particular the remuneration of the Chairman of the Board of Directors. Proposal (by the Chairman) on the overall remuneration and approval of further terms of employment for the CEO as well as proposal (by the CEO) on the overall remuneration for the individual members of the Executive Board. Approval of the bonus regulations for the CEO / Executive Board. Composition of the Board of Directors and its committees.

Market-compliant remuneration

To ensure that the remuneration of members of the Executive Board [1] and the Board of Directors conforms to standard market practice, Alpiq regularly engages independent external consultancy firms to evaluate overall remuneration packages relative to the market environment.

On a market comparison, the current fixed remuneration paid to the members of the Executive Board and the Board of Directors is in accordance with the median of the peer group.

1 Where no differentiation is made between the CEO and Executive Board, the CEO is treated in all cases as a member of the Executive Board.

Key changes for the Executive Board in the reporting year

In the reporting year, the amount and structure of remuneration for the Executive Board remained unchanged compared to the previous year.

The Energy Services business division was split into the Building Technology & Design and Industrial Engineering business divisions as at 1 April 2017.

As at 1 April 2017, Peter Limacher became the member of the Executive Board responsible for the Building Technology & Design business division.

Reinhold Frank, who was previously responsible for the Energy Services business division, took over responsibility for the Industrial Engineering business division as at 1 April 2017.

Remuneration policy

Alpiq provides competitive remuneration and a performance- and value-based bonus system, in accordance with the Articles of Association, which are designed to motivate senior management to sustainably enhance shareholder value. Alpiq's remuneration guidelines and bonus system ensure that senior management salaries are commensurate with the relevant tasks and responsibilities.

For this reason, the remuneration components of Executive Board members in the reporting year consist of a fixed, non-performance-related base salary, a short-term, performance-related variable component (short-term incentive (STI)) as well as a turnaround incentive (TAI) linked directly to the implementation of the corporate strategy that protects the interests of the company and investors. For details of Executive Board remuneration, please see pages 50 and 51 of the Remuneration Report.

In the reporting year, there were no share option schemes for members of Alpiq's governing bodies under which the governing bodies hold or receive actual shares.[1]

The principles underlying variable remuneration, which take account of specific performance targets set for the company, accord with the Articles of Association and are aligned with Alpiq's corporate strategy. More information on the principles underlying performance and value-based remuneration can be found under Art. 22 of the Articles of Association: www.alpiq.com/articles-of-association.

If all targets are achieved, the ratio of fixed base salary to variable salary components (STI and TAI) is generally 41 % fixed remuneration and 59 % variable remuneration in the case of the CEO, and an average of 43 % fixed remuneration and 57 % variable remuneration for the other members of the Executive Board.

1 The phantom share programme implemented in 2015 was ended on 31 December 2015. The hypothetical amount totalling CHF 3,926 is contained in the consolidated annual financial statements for 2017.

Regulations on exceptions

In situations where one or several Executive Board members harm the company with their behaviour, the NRC can rule that the CEO (by request of the Chairman of the Board of Directors), or the members of the Executive Board (by request of the CEO), receive no bonus (STI and / or TAI).

Regulations on additional amounts

In the case of members of the Executive Board who enter into the service of the company or who are promoted to the Executive Board in the financial year following approval of the remuneration by the Annual General Meeting, Alpiq is authorised to pay remuneration for the CEO and for other senior executive functions that individually does not exceed 50 % of the respective overall amount of Executive Board remuneration last approved. More information on the regulations governing the application of additional amounts for Executive Board members can be found under Art. 21 of the Articles of Association: www.alpiq.com/articles-of-association.

Remuneration of Executive Board members in the reporting year

The employment contracts, terms and conditions of employment and remuneration for members of the Executive Board were approved by the NRC for the reporting year.

In the 2017 financial year, Executive Board members received remuneration in accordance with the Bonus Regulations that have been in force since 1 January 2016 and received remuneration consisting of the following components:

- Non-performance-related fixed base salary
- Short-term incentive (STI)
- Turnaround incentive (TAI)
- Additional payments in the form of car expenses in line with the valid regulations
- Social security contributions and pension plan payments

Fixed remuneration

The fixed base salary is paid out monthly and does not depend on performance. The amount is calculated based on the respective function and area of responsibility.

A fixed component of remuneration comprises other additional payments in the form of car expenses in accordance with the Expenses Regulations valid since 1 January 2012.

Variable salary

Under the terms of the Bonus Regulations, the CEO and the heads of business and functional divisions are entitled to a variable salary. If a member of the Executive Board performs a dual function, the variable salary is based on the higher function only.

Short-term incentive (STI)

The NRC calculates the nominal amount of the STI as a percentage of the total compensation (the sum of fixed compensation, STI and TAI). If all targets are achieved, the nominal amount is set at 34 % of the total compensation for the CEO and an average of 28 % of the total compensation for the other members of the Executive Board. The STI consists of the following three components: EBITDA (weighting 50 %), cash flow from operating activities (weighting 25 %) and net debt / EBITDA (weighting 25 %).

In the reporting year, 101 % of the defined EBITDA targets were reached, while those relating to cash flow from operating activities and those relating to net debt / EBITDA were achieved at a rate of 120 % and 120 %, respectively.

Once the financial year has ended, the NRC assesses performance target attainment. The STI is paid out with the monthly salary following the Annual General Meeting.

Turnaround incentive (TAI)

In 2017, 50 % of the TAI is based on qualitative targets that are derived from the corporate strategy and the corresponding implementation plan approved by the Board of Directors. 95 % of the qualitative targets was achieved in the reporting year.

The other 50 % of the TAI is derived from relevant financial parameters in accordance with the budget for 2017 approved by the Board of Directors. In the reporting year, the parameters were liquidity and the net debt / EBITDA ratio. 120 % of the corresponding targets was achieved.

50 % of the bonus is paid out in the month after the Annual General Meeting of the following year (June 2018). All persons entitled to a bonus had unterminated employment contracts on 30 November 2017. 50% of the bonus will be paid out in December 2018 if the relevant conditions in the Bonus Regulations are fulfilled.

Pension schemes

Along with all other Alpiq employees, Executive Board members participate in the PKE-CPE Vorsorgestiftung Energie (Swiss defined contribution plan).

The base salary and STI target are covered by insurance. The CEO takes part in the PKE-CPE as well as in the Gemini pension plans.

More information on regulations governing pension benefits can be found under Art. 25.3 of the Articles of Association: www.alpiq.com/articles-of-association.

Remuneration paid to members of the Executive Board in 2017

Remuneration paid to the Executive Board amounted to a total of CHF 7.4 million in the reporting year (previous year: CHF 6.3 million). Of this amount, CHF 6.3 million (CHF 5.3 million) is attributable to regular compensation, and CHF 1.1 million (CHF 1.0 million) is attributable to social security contributions. Maximum remuneration for 2017 approved by the Annual General Meeting amounted to a total of CHF 7.4 million, of which CHF 7.4 million was effectively paid out. This amount also includes the remuneration of Peter Limacher, who was appointed as a member of the Executive Board as at 1 April 2017.

In the reporting year, the ratio of fixed salary components (totalling CHF 3.8 million) to variable components (totalling CHF 3.6 million) was 51 % to 49 %.

2017 CHF thousand	Sum total Executive Board	Highest-paid member Jasmin Staiblin (CEO)
Base salary	2,520.0	650.0
Social security contributions [1]	1,101.9	267.5
Other remuneration [2]	140.7	33.0
Total fixed remuneration	**3,762.6**	**950.5**
Short-term incentive (STI)	1,912.9	608.2
Turnaround incentive (TAI)	1,637.5	400.0
Long-term incentive (LTI) [3]	100.0	0
Total variable remuneration	**3,650.4**	**1,008.2**
Total remuneration	**7,413.0**	**1,958.7**

Each member of the Executive Board was paid an additional annual expense allowance of CHF 24 thousand, and the highest paid member (CEO) received CHF 30 thousand. Expense allowances for the Executive Board totalled CHF 144 thousand.

The amount of bonuses reported corresponds to the variable salary component approved by the NRC for the 2017 financial year.

In accordance with the OaEC and the Articles of Association, no signing-on bonuses or loss of entitlements were paid in the reporting year.

No sureties, guarantees, pledges in favour of third parties or receivables waivers were granted in the reporting year.

No loans were extended to serving or former members of the Executive Board. More information on regulations pertaining to loans can be found under Art. 25.1 of the Articles of Association: www.alpiq.com/articles-of-association.

1 Employer social security contributions were paid in accordance with statutory requirements and totalled CHF 1,101.9 thousand in 2017.

2 “Other remuneration” includes car expenses.

3 This amount was paid out in connection with litigation with a former Executive Board member relating to a 2014/15 employment contract. This litigation came to an end in 2017.

Remuneration paid to members of the Executive Board in 2016

In the previous year, the ratio of fixed salary components (totalling CHF 3.4 million) to variable components (totalling CHF 2.9 million) was 53 % to 47 %.

2016 CHF thousand	Sum total Executive Board	Highest-paid member Jasmin Staiblin (CEO)
Base salary	2,265.0	650.0
Social security contributions [1]	947.0	259.9
Other remuneration [2]	123.7	33.0
Total fixed remuneration	**3,335.7**	**942.9**
Short-term incentive (STI)	1,584.0	567.6
Turnaround incentive (TAI)	1,335.5	368.4
Total variable remuneration	**2,919.5**	**936.0**
Total remuneration	**6,255.2**	**1,878.9**

Each member of the Executive Board was paid an additional annual expense allowance of CHF 24 thousand, and the highest paid member (CEO) received CHF 30 thousand. Expense allowances for the Executive Board totalled CHF 126 thousand.

The amount of bonuses reported represented the variable salary component approved by the NRC for the 2016 financial year. The bonuses for 2016 were paid out after the Annual General Meeting in May 2017.

1 Employer social security contributions were paid in accordance with statutory requirements and totalled CHF 947.0 thousand in 2016.

2 “Other remuneration” includes car expenses.

Members of the Board of Directors' remuneration in the reporting year

Members of the Board of Directors receive fixed remuneration, additional attendance fees, expense allowances and statutory pension benefits. These components are not performance-related. The amount of fixed remuneration depends on whether an office is held as Chairman or as a Board member, as well as on mandates held in other committees of the Board of Directors. Apart from the statutory social security contributions, members of the Board of Directors do not receive any other pension benefits, in particular no pension contributions. Members of the Board of Directors participate neither in the STI nor TAI schemes.

Remuneration paid to the Board of Directors in 2017

In 2017, the Board of Directors received remuneration totalling CHF 2.6 million (previous year: CHF 2.6 million). Of this amount, CHF 2.5 million (CHF 2.5 million) is attributable to regular compensation, and CHF 0.1 million (CHF 0.1 million) is attributable to statutory pension benefits.

A breakdown of payments made to the members of the Board of Directors is shown in the table below.

CHF thousand	Fixed remuneration	Attendance fees	Expense allowances	Other remuneration [1]
Jens Alder (Chairman of the Board of Directors)	450.0	0	0	65.8
Jean-Yves Pidoux (Deputy Chairman of the Board of Directors)	112.3	58.0	12.6	
Conrad Ammann	116.0	80.0	13.5	12.5
François Driesen	116.0	46.0	13.5	
Alexander Kummer-Grämiger	104.0	28.0	12.0	4.1
Claude Lässer	111.5	46.0	12.9	18.4
René Longet	104.0	28.0	12.0	
Wolfgang Martz (NRC Chairman)	128.0	44.0	15.5	26.3
John Morris	104.0	28.0	12.0	
Patrick Pruvot	104.0	42.0	12.0	
Heinz Saner	64.6	16.0	7.5	2.5
Urs Steiner	116.0	52.0	13.5	
Tilmann Steinhagen (ARC Chairman)	128.0	60.0	15.5	
Total for members of the Board of Directors serving on 31 December 2017	**1,758.4**	**528.0**	**152.5**	**129.6**
Christian Wanner (Deputy Chairman of the Board of Directors) [2]	56.0	14.4	6.9	0.2
Sum total for members of the Board of Directors	**1,814.4**	**542.4**	**159.4**	**129.8**

1 Employer social security contributions were paid in accordance with statutory requirements and amounted to a total of CHF 129.8 thousand in 2017.

2 Including Kernkraftwerk Gösgen-Däniken AG (KKG). Christian Wanner reached the statutory retirement age in 2017 and left the Board of Directors in May 2017. Jean-Yves Pidoux took over his role as Deputy Chairman of the Board of Directors of Alpiq Holding Ltd. Christian Wanner remains on the Board of Directors of Kernkraftwerk Gösgen-Däniken AG (KKG).

Remuneration paid to the Board of Directors in 2016

Remuneration paid to members of the Board of Directors comprises fixed remuneration, additional attendance fees, expense allowances and statutory pension benefits. These components are not performance-related. A breakdown of payments made to the members of the Board of Directors is shown in the table below.

CHF thousand	Fixed remuneration	Attendance fees	Expense allowances	Other remuneration [1]
Jens Alder (Chairman of the Board of Directors)	450.0	0	0	66.1
Christian Wanner (Deputy Chairman of the Board of Directors) [2]	144.1	30.2	15.4	0.8
Conrad Ammann	116.0	52.0	13.5	8.1
François Driesen	116.0	54.0	13.5	
Alexander Kummer-Grämiger	104.0	28.0	12.0	4.4
Claude Lässer	104.0	28.0	12.0	15.1
René Longet	104.0	28.0	12.0	
Wolfgang Martz (NRC Chairman)	86.4	28.0	10.5	17.6
John Morris	70.2	16.0	8.1	
Jean-Yves Pidoux	116.0	48.0	13.5	
Patrick Pruvot	70.2	14.0	8.1	
Urs Steiner	116.0	52.0	13.5	
Tilmann Steinhagen (ARC Chairman)	128.0	50.0	15.5	
Total for members of the Board of Directors serving on 31 December 2016	**1,724.9**	**428.2**	**147.6**	**112.1**
Heiko Berg	34.1	12.0	3.9	
Philipp Büssenschütt	34.1	12.0	3.9	
Guy Mustaki (NRC Chairman)	42.0	26.0	5.1	10.3
Sum total for members of the Board of Directors	**1,835.1**	**478.2**	**160.5**	**122.4**

Remuneration comprises Directors' fees, attendance fees and payments for serving on the ARC, the NRC and the Ad hoc Committee, which has been replaced by the Strategic Committee.

1 Employer social security contributions were paid in accordance with statutory requirements and amounted to a total of CHF 122.4 thousand in 2016.

2 Including Kernkraftwerk Gösgen-Däniken AG (KKG), Alpiq Versorgungs AG (AVAG) and Aare Energie AG (a.en). Following the sale of AVAG and the shares it held in a.en as at 7 July 2016, Christian Wanner resigned from these two Boards of Directors. The contributions until his departure are included in the remuneration.

Shares held by members of the Board of Directors and of the Executive Board

Information on shares held by members of the Board of Directors and of the Executive Board can be found on page 168 of the Annual Report.

Employment contracts of members of the Executive Board and of the Board of Directors

The provisions in members of the Executive Board employee contracts are in line with the OaEC.

Members of the Board of Directors may be mandated on a temporary or permanent basis; the annual election to the Board of Directors by the Annual General Meeting is, however, exclusively decisive for determining the mandate. Members of the Board of Directors are elected as delegates by the shareholders and are directly contracted. There are no employment contracts between Alpiq Holding Ltd. and members of the Board of Directors.

In accordance with the Articles of Association, temporary employment contracts may be signed with members of the Executive Board for a maximum of twelve months, or permanent contracts with a period of notice of a maximum of twelve months. The employment contracts do not provide for any severance payments.

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To the General Meeting of
Alpiq Holding Ltd., Lausanne

Zurich, 24 March 2018

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Alpiq Holding Ltd. for the year ended 31 December 2017. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections “Remuneration paid to members of the Executive Board in 2017 and 2016” on pages 50 to 52 and “Remuneration paid to the Board of Directors in 2017 and 2016” on pages 53 to 55 of the remuneration report.

Board of Directors’ responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s responsibility
Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Building a better working world

Opinion
In our opinion, the remuneration report for the year ended 31 December 2017 of Alpiq Holding Ltd. complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Martin Gröli
Licensed audit expert
(Auditor in charge)

Mathias Zeller
Licensed audit expert

Financial Report

Financial Review

Against the background of a challenging market environment, the Alpiq Group achieved solid operating results, which, as announced, were down on the previous year.

In the traditional generation business in Switzerland, earnings were negatively impacted year-on-year by the expiring hedges that were concluded before the decision was taken by the Swiss National Bank to abolish the minimum euro exchange rate in 2015 and unscheduled downtimes at the Leibstadt nuclear power plant. The persistently low wholesale prices, which are still below production costs, were also a factor.

Following the completion of the market investigation, Alpiq decided to sell the Engineering Services business – comprising the Building Technologies Switzerland, Building Technologies Europe and Transportation business units of the Alpiq InTec Group as well as the Industrial Plants and Nuclear Decommissioning business units and the portion of the Power & Heat business unit attributable to the Kraftanlagen Group. In connection with this, Alpiq signed an agreement on the sale of the Engineering Services business with Bouygues Construction, Guyancourt (France), for CHF 850 million. Closing is planned for the second half of 2018. The sale is subject to customary conditions including the approval by the relevant antitrust authorities in the EU and Switzerland.

In addition to the optimisation of Alpiq's own power plants and third-party production plants, trading activities with standardised and structured products for electricity and gas as well as emission allowances, the Digital & Commerce business division also developed new products and services for customers in Europe, in particular in the areas of e-mobility, smart grids, home energy management, demand response services as well as flexibility services in energy trading.

The Group-wide measures to reduce costs and increase efficiency were continuously and systematically pursued. With net revenue of CHF 7.2 billion (up 18 % on the previous year), the Group generated EBITDA before exceptional items of CHF 301 million (down 24 %), and EBIT of CHF 114 million (down 44 %). Also before exceptional items, the net income of CHF – 33 million was down on the previous year (CHF 115 million). Alpiq was able to reduce net debt from CHF 0.9 billion to CHF 0.7 billion as at 31 December 2017, primarily on account of consistent net working capital management as well as the additional compensation received from Swissgrid AG for transferring its share in the Swiss high-voltage grid. The equity ratio stands at a stable 38.9 %. The gearing ratio of net debt / EBITDA before exceptional items was 2.4 as at 31 December 2017 compared to 2.2 as at the end of 2016. The main priority is still on strengthening access to capital markets and ensuring sound liquidity.

The exceptional items for the financial year 2017 amount to a total of CHF 18 million before or CHF 51 million after income taxes. In the arbitration proceedings between Kraftanlagen ARGE Olkiluoto 3 GesbR (KAO) and Bilfinger Piping Technologies GmbH, the final ruling was against KAO. This ruling led to a write-off of receivables and inventories as well as other expenses. Moreover, Alpiq recorded costs in connection with restructuring measures and provisions for an onerous energy agreement abroad. Alpiq also disclosed a contingent liability in the amount of CHF 199 million in the notes to the consolidated financial statements in connection with a tax audit in Romania. Furthermore, the following exceptional items had

2017: Consolidated income statement (pro forma statement before and after exceptional items)

CHF million	2017 Results of operations before exceptional items	2017 Exceptional items [1]	2017 Results under IFRS	2016 Results of operations before exceptional items	2016 Exceptional items [2]	2016 Results under IFRS
Net revenue	**7,173**	**– 10**	**7,163**	**6,078**		**6,078**
Own work capitalised	5		5	5		5
Other operating income	58	1	59	62	177	239
Total revenue and other income	**7,236**	**– 9**	**7,227**	**6,145**	**177**	**6,322**
Energy and inventory costs	– 5,920	123	– 5,797	– 4,717	213	– 4,504
Employee costs	– 849		– 849	– 818	– 2	– 820
Other operating expenses	– 166	– 137	– 303	– 215	– 5	– 220
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**301**	**– 23**	**278**	**395**	**383**	**778**
Depreciation, amortisation and impairment	– 187		– 187	– 191	– 208	– 399
Earnings before interest and tax (EBIT)	**114**	**– 23**	**91**	**204**	**175**	**379**
Share of results of partner power plants and other associates	– 17		– 17	– 39	– 186	– 225
Finance costs	– 108		– 108	– 137	– 1	– 138
Finance income	17	5	22	14	113	127
Earnings before tax	**6**	**– 18**	**– 12**	**42**	**101**	**143**
Income tax expense	– 39	– 33	– 72	73	78	151
Net income	**– 33**	**– 51**	**– 84**	**115**	**179**	**294**

1 Including effects in connection with arbitration proceedings, provisions, effects from business disposals and other exceptional items
2 Including impairment losses and provisions, effects from business disposals and other exceptional items

a positive effect. There was higher volatility in electricity prices for short-term deliveries, from which highly flexible pumped storage power plants in particular benefit. For this reason, a provision for the future procurement of energy from the Nant de Drance SA pumped storage power plant, which is under construction in Switzerland, was reduced. As in the previous year, the funds for the nuclear decommissioning and waste disposal of Kernkraftwerk Gösgen-Däniken AG and Kernkraftwerk Leibstadt AG performed positively on account of the developments on the international capital markets.

After exceptional items, the Alpiq Group, including its minority interests, generated a net income of CHF – 84 million. To allow transparent presentation and demarcation of the exceptional items, the consolidated income statement is also presented as a pro forma statement, as was also the case in the previous year. The following commentary on the financial performance of the Alpiq Group and its business divisions relates to an operational view, in other words, to earnings development before exceptional items.

Alpiq Group: results of operations (before exceptional items)

Adjusted to reflect the aforementioned exceptional items, results of operations at EBITDA level were down by CHF 94 million compared to the previous year to CHF 301 million. Growth areas were able to counter the comparatively negative development year-on-year in the traditional generation business in Switzerland from the previous year, but were not able to compensate for it.

Generation Switzerland business division

The Generation Switzerland business division concentrates on the production of electricity from Swiss hydropower and nuclear power. The power plant portfolio includes run-of-river power plants, storage and pumped storage power plants as well as interests in Kernkraftwerk Gösgen-Däniken AG and Kernkraftwerk Leibstadt AG. Moreover, the business division manages shares in HYDRO Exploitation SA and Kernkraftwerk-Beteiligungsgesellschaft AG (KBG).

The expansion of the pumped storage facility at Forces Motrices Hongrin-Léman S.A., in which Alpiq holds a 39.3 % interest, was commissioned at the beginning of the year. In addition, the Nant de Drance pumped storage plant will supply electricity following commissioning in phases from 2019. Alpiq is committed to Swiss hydropower in a challenging energy policy environment and plays a significant role in securing the power supply in Switzerland in connection with the implementation of the Energy Strategy 2050. The Alpiq Group realised an innovative project upon construction of the first power-to-heat plant in Switzerland. The plant in Niedergösgen generates balancing energy and supplies the neighbouring paper factory with process steam. As at the end of the year, Kernkraftwerk-Beteiligungsgesellschaft AG (KBG), in which Alpiq holds a one-third interest, terminated the contract for electricity procurement from the French nuclear power plant Fessenheim.

At CHF 27 million, the EBITDA contribution of the Generation Switzerland business division was down year-on-year by CHF 117 million. The currency effects of the hedges entered into before 2015 and that have now expired have a significant impact on the previous-year comparison. Another key driver behind the fall in EBITDA was the production volumes that fell short of the previous year, both for nuclear energy and hydropower. With regard to interests in nuclear power plants, this was due to an unscheduled extension of the maintenance work and a power reduction imposed by the ENSI at the Leibstadt nuclear power plant. In addition, recommissioning was delayed following the annual overhaul in autumn. In the area of hydropower, fewer inflows led to a decrease in production volumes compared to the previous year and to lower water levels in the dams as at the end of the year. Wholesale prices, which are still below hydropower plant production costs, are also putting Alpiq's Swiss power production on the market under significant pressure.

Digital & Commerce business division

The Digital & Commerce business division comprises the optimisation of Alpiq's own power plants as well as the optimisation of decentralised generation units and the production of electricity from third parties' new renewable energies. The business division also covers trading activities with standardised and structured products for electricity and gas as well as emission allowances and certificates. In addition, this division focuses on further developing products and services with artificial, self-learning intelligence in order to optimise and connect all energy management systems in the future with the help of digitalisation. In order to one day take on a key role as a digital mobility service provider in Europe, Digital & Commerce has a centre of competence for e-mobility.

The low availability of French nuclear power plants and the long period of dry weather across the majority of Europe were the key drivers of the spot electricity prices. The cold spell in January bolstered electricity and gas prices in particular. The spot electricity prices in Germany, France and Switzerland rose by around 20 %, prices in Italy by more than 25 % and prices in Spain by 30 %. The coal price continued to rise substantially, especially in the second half of the year, buoyed by the scarce supply situation in the Pacific region as well as the demand for coal in Europe. The price of CO_2 certificates rose significantly following efforts to reform the European trading system for the period after 2020. The price rallied to EUR 8 / t in the fourth quarter of 2017. Together with the increasing geopolitical risks, OPEC's commitment to reduce production until the end of 2018 has contributed to the fact that crude oil prices have been consistently on the rise since September. Higher fuel prices also caused electricity forward products to increase.

In addition to the traditional trading business, Alpiq further expanded its competencies in the technology-based service business in 2017. The Energy Artificial Intelligence platform is still being marketed. The GridSense system, which reconciles power production peaks with local electricity consumption peaks, was tested successfully. As part of the SoloGrid project, in which Alpiq holds an interest, 35 single-family houses and apartments were connected through a smart electricity distribution grid. This project investigated how artificial intelligence can be used to optimise and manage the energy flow within an electricity distribution grid. Alpiq is actively driving forward the digital transformation in the new energy world. This can be seen in Oyster Lab, which develops new and innovative business models and ideas with start-up potential and serves as a clean-tech incubator for Alpiq.

At CHF 56 million, the EBITDA contribution of the Digital & Commerce business division was up year-on-year by CHF 17 million. As a result of the successful use of price volatilities, the trading units in Eastern and South-eastern Europe closed the year considerably up on the previous year. Particularly, good results were recorded in cross-border trading. In addition, Alpiq recorded higher results by successfully managing the gas portfolio and sales activities on the French market. Results from the optimisation of the hydropower and nuclear portfolio in Switzerland and the optimisation measures in Spain and Italy did not match the excellent previous-year level, despite the price volatilities taken advantage of at the beginning of the year. Furthermore, regional energy supply company Alpiq Versorgungs AG (AVAG) made no contribution to earnings following its disposal in the previous year. The further development of products and services with artificial, self-learning intelligence was systematically driven forward.

Industrial Engineering business division

The Industrial Engineering business division covers the construction, operation and dismantling of power plants, servicing industrial plants and the new renewable energies. This includes the dismantling of nuclear power plants, the planning, construction and operation of decentralised, environmentally friendly energy generation systems, servicing industrial production plants as well as the operation and maintenance of thermal power plants and plants to produce electricity from new renewable energies in Switzerland and in Europe. The Group continued to successfully diversify from the construction of power plants to the dismantling of nuclear power plants as well as industrial plant construction. The business division meets the individual needs of industrial customers along the value chain in the energy and industry area.

The market environment in the Industrial Engineering business division remained challenging in 2017. Construction of traditional energy plants in Europe stagnated at a low level on account of excess capacities and the expansion of new renewable energies. By contrast, the German market for industrial heat and power plants remained stable. In addition, decentralisation, sector combination (electricity / heat / transport) and the increasing flexibility of the European energy system are changing the market in the long term and offer opportunities for new solutions in the construction of decentralised energy production plants. Alpiq added power-to-gas production plants to its portfolio of services with the acquisition of Diamond Lite S.A., the Swiss specialist for hydrogen gas production plants, a core element for sector combination. The strategic acquisition was carried out against the background of the progressing shift away from fossil fuels on the energy markets. Alpiq is pursuing its strategy to further expand its market presence in the area of energy services and to realise potential with sector combination. The trend towards new renewable energies is unabated as these are now even competitive without subsidies at some locations. The small-scale hydropower plant Cotlan in the canton of Glarus, in which Alpiq holds a 60% interest, was successfully commissioned in January 2017. The plant is on the grounds of the former Cotlan textile factory, uses water from the Linth River to generate electricity and was commissioned as a replacement for an old power plant. The market for the dismantling of nuclear power plants is challenging, but nevertheless showed clear indications of the expected growth in 2017. As a result of the agreement on a nuclear waste disposal fund, the fundamental political framework conditions have been put into place in Germany and there will increasingly be projects put out to tender and awarded. The unit is well positioned with the conclusion of the strategic realignment in the area of nuclear decommissioning toward the dismantling of nuclear power plants, the classification and conditioning of nuclear waste as well as the development of partner cooperations and specialised site knowledge. It has already benefited from the positive developments on the market and has won a number of new orders. The European market for servicing industrial plants grew slightly in 2017. In addition to the generally good economic conditions, industry growth in particular in the chemical and petrochemical industry supported this trend. Growing costs for maintenance and modernisation, regulatory changes and trends toward digitalisation and automation bolster the good market situation.

The EBITDA contribution of the Industrial Engineering business division was on a level with the previous year at CHF 158 million. The Nuclear Decommissioning business unit closed the year slightly up on the previous year. The comparison with the previous year of the Power & Heat business unit is primarily affected by the lack of margins following the large-scale projects in the area of energy and power plant technology that were invoiced in the previous year. By contrast, the result of the thermal power plant portfolio was up on the previous year. Production volumes rose significantly. Particularly, the Italian plants that had suffered from outages in the previous year closed the year at a considerably higher level than the previous year. The Industrial Plants business unit fell short of the previous-year result. Despite slightly lower production volumes in Italy, the Renewable Energy Sources business unit far exceeded the previous-year result. The successful commissioning of the Cotlan small-scale hydropower plant in the canton of Glarus as well as the higher availability of plants in Bulgaria combined with efficient efforts to further pursue measures to reduce costs contributed to the positive development.

Building Technology & Design business division

In the area of building technology, the Building Technology & Design business division covers the full range of building technology and building management services, leading the market in both Switzerland and Italy. It designs and realises forward-looking and energy-efficient solutions in various industries for customers. Topical issues relating to smart homes and smart buildings with photovoltaic as well as solar and energy storage systems are integral to this business division. This division also carries out complex transport projects in the area of international railway and road infrastructure, where Alpiq is also one of the leading providers in Europe, as well as designing, planning and building challenging energy supply and high-voltage systems. The purchase of Lundy Projects Ltd. in autumn made Alpiq the European number one in overhead line technology.

In the Building Technologies Switzerland and also Building Technologies Europe business units, Alpiq serves as a one-stop provider for integrated end-to-end solutions. The focus is on customer-specific projects for heating, ventilation, air conditioning, sanitation and electricity, building automation, information and communication technology (ICT) and other services. In addition, trends are taken on board with innovative topics such as building information modelling (BIM), smart homes and digital building and developed with customers. The Transportation business unit offers domestic and international customers services relating to the construction as well as the maintenance of railway and local transport infrastructure.

The construction index in Switzerland recovered from the strong decrease in 2016, although the effects of recovery in the finishing industry are delayed by up to 18 months. The outlook in Switzerland is positive for the coming months. As a result of the acceptance of the Energy Strategy 2050 and the implementing regulations of the new Energy Act, construction of medium-sized and large-scale photo-voltaic plants is expected to increase in the coming months. This will have a positive effect on the results of operations. The Building Technologies Switzerland business unit is also involved in the development and marketing of innovations in the area of digitalisation, which offers customised solutions to meet future customer needs. In the 2017 financial year, the Building Technology & Design business division carried out innovative and future-oriented projects. For example, Alpiq equipped the annual World Economic Forum (WEF) in Davos with state-of-the-art building technology and ICT again in 2017 and was also on call to ensure operations ran smoothly at all times. Furthermore, various Multitec projects such as the Graubünden cantonal hospital, the Westlink office and residential complex as well as Supernap, the largest European data centre in Milan, were successfully completed. As regards innovation, the BIM-based construction in the Millennium Centre in Lausanne and new offerings such as the BIM room allowed the Group to transcend the boundaries of traditional building technology.

The good market growth in northern Italy was leveraged to further pursue organic growth in 2017. In addition, the business fields focused on equipping cruise ships and tunnels were further expanded and form a good basis for further growth. In Austria, business activities were impacted by large-scale projects, but will stabilise in the coming months. In Germany, the Building Technologies Europe division has a strong customer base with long-standing customer relationships.

Most European countries provide extensive resources for investments in rail and infrastructure, which contributes to further market growth. The acquisition of the specialised British railway technology company Lundy Projects Ltd. made Alpiq the European number one in overhead line technology and strengthened its position as a European transportation technology specialist. The areas of activity on the UK market will be stepped up in the coming months and form a good basis for further growth.

At CHF 56 million, the EBITDA contribution of the Building Technology & Design business division was below the previous-year level by CHF 7 million. Nevertheless, order intake and order backlog increased significantly year-on-year at the end of 2017. The EBITDA comparison with the previous year is impacted by the fact that there was no contribution from the project to build rail technology in the Gotthard Base Tunnel as this was successfully completed in the previous year. The Transportation business unit increased its earnings as a result of the acquisition of railway technology company Lundy Projects Ltd. The Building Technologies Switzerland business unit fell short of the previous year. The negative impact from business in western and southern Switzerland, which remained difficult, was only partially compensated for by an easing of the situation in the Zurich, Aargau and Solothurn regions. Building Technologies Europe remained at the previous-year level. Lower earnings in Austria and Germany are compensated for by higher earnings in Italy.

Discontinued operations

Following the successful market investigation, Alpiq resolved to sell the Alpiq InTec Group and the Kraftanlagen Group. This corresponds to the Building Technology & Design business division as a whole as well as significant parts of Industrial Engineering. As these units of the Alpiq Group qualify as discontinued operations according to IFRS, the shares of the continuing and discontinued operations are disclosed in separate columns in the consolidated income statement and the consolidated statement of comprehensive income to allow transparent presentation. For further information, please refer to note 31 of the consolidated financial statements. At CHF 56 million, the EBITDA contribution of the discontinued operations was down year-on-year. The main driver of this development is the lack of the contribution from the completed project in the Gotthard Base Tunnel and the deterioration of business in western and southern Switzerland in the Alpiq InTec Group as well as the lack of margins following the large-scale projects in the area of energy and power plant technology that were invoiced in the previous year by the Kraftanlagen Group.

Group financial position and cash flow statement (after exceptional items)

Total assets amounted to CHF 10.2 billion as at the 31 December 2017 reporting date, compared with CHF 10.0 billion at the end of 2016. The balance sheet is significantly influenced by Alpiq's decision to sell the Alpiq InTec Group and the Kraftanlagen Group. In this context, non-current assets of CHF 339 million and current assets of CHF 859 million were reclassified to "Assets held for sale". Furthermore, the "Liabilities held for sale" item includes non-current liabilities of CHF 203 million and current liabilities of CHF 519 million.

Non-current assets decreased by CHF 138 million on the previous year. Taking into account the aforementioned reclassification, non-current assets not held for sale rose by around CHF 200 million. This is primarily attributable to the fact that the amount stipulated in connection with a tax audit in Romania by the Romanian tax authority ANAF

(Agenţia Naţională de Administrare Fiscală) of RON 793 million (CHF 199 million) has been secured by a bank guarantee until a legally binding assessment is issued. An amount of EUR 173 million (CHF 202 million) is secured with a pledged bank account, which is disclosed under "Non-current term deposits". Current assets not held for sale remained virtually unchanged compared to the previous year. Cash and cash equivalents recorded an increase. In addition, there was a significant increase in trade receivables as well as positive replacement values of derivatives in the trading business. This is particularly due to higher revenue and increased trading activities. The aforementioned increases are counterbalanced by a significant decrease in term deposits and a decline in securities.

Equity stood at CHF 3.9 billion as at 31 December 2017, and is CHF 79 million higher than the previous-year figure. The positive effects from the remeasurement of defined benefit plans (IAS 19), which mainly relate to the positive performance of the plan assets and the slight increase in the interest rate, more than compensate for the negative net income and the interest payments recognised on the public hybrid bond. Moreover, the net foreign exchange gains recorded in other comprehensive income that exceed losses on cash flow hedges had a positive effect on equity. The equity ratio amounted to a solid 38.9 % as at 31 December 2017 (31 December 2016: 38.8 %).

Current and non-current financial liabilities were reduced from CHF 2.4 billion to CHF 2.1 billion primarily on account of the repayment of two maturing bonds and loans. Net debt was also reduced from CHF 0.9 billion to CHF 0.7 billion due to the cash inflow from operating business. Before exceptional items, the gearing ratio of net debt / EBITDA rose slightly from 2.2 to 2.4.

Liabilities from defined benefit plans (IAS 19) were reduced significantly on account of the aforementioned reasons. Due to a reduction of a provision for onerous contracts, provisions showed a significant decrease. The increase in deferred income tax liabilities (net) is mainly attributable to the utilisation of loss carryforwards and a decrease in liabilities from defined benefit plans (IAS 19). The other current liabilities increased, primarily on account of the higher trade payables and the higher liabilities in connection with derivatives in the trading business.

Cash flow from operating activities increased year-on-year by CHF 235 million to CHF 329 million. The significant reduction in net working capital of CHF 279 million stands out in this context. In addition to its consistent management, the prepayment of around CHF 100 million received from Swissgrid AG in January 2017 for the higher compensation for the transmission grid had a positive effect, among other things. As in the previous year, investments in property, plant and equipment were handled exclusively on an as-needed basis and decreased from CHF 104 million to CHF 91 million. Investments in subsidiaries and associates rose compared to the previous year on account of the acquisition of Lundy Projects Ltd. and Diamond Lite S.A. as well as the proportionate capital increase at Nant de Drance SA. Term deposits were significantly reduced in the 2017 financial year. The resulting freed-up funds were used for the aforementioned investments as well as to finance the net repayment of bonds and loans. Cash flow from financing activities is therefore also mainly characterised by this net repayment of financial liabilities. The Group kept cash outflow at a minimum by deciding not to pay any interest on the hybrid loan of the main Swiss shareholders and the decision of the Annual General Meeting not to distribute a dividend for the 2016 financial year. Overall, cash and cash equivalents (including cash and cash equivalents included under "Assets held for sale") increased by CHF 0.3 billion to CHF 0.8 billion.

Outlook

Alpiq expects results of operations in 2018 to be down on the previous year. This is attributable to persistently low wholesale prices, which put Swiss power production under pressure. By contrast, the newly introduced market premium will slightly ease the burden on Swiss hydropower, which makes a loss selling its energy below production costs on the market. In its international business, Alpiq anticipates positive contributions from energy trading, European power production and the new renewable energies.

In the medium to long term, Alpiq expects electricity and CO_2 wholesale prices to recover slightly, which will reduce the corresponding pressure on the results of Alpiq's power production in Switzerland. The expansion of new renewable energies will shape the energy landscape to a large extent and requires a highly flexible power plant portfolio. Alpiq is well prepared for this. Furthermore, the fact that the Swiss franc has weakened on the euro will have a positive effect on Alpiq's earnings with a time lapse.

Consolidated Financial Statements of the Alpiq Group

Consolidated Income Statement

CHF million	Note	Continuing operations 2017	Discontinued operations 2017	Total for 2017	Continuing operations 2016	Discontinued operations 2016	Total for 2016
Net revenue	28	**5,525**	**1,638**	**7,163**	**4,412**	**1,666**	**6,078**
Own work capitalised		5		5	5		5
Other operating income	30	50	9	59	234	5	239
Total revenue and other income		**5,580**	**1,647**	**7,227**	**4,651**	**1,671**	**6,322**
Energy and inventory costs	4	– 4,942	– 855	– 5,797	– 3,673	– 831	– 4,504
Employee costs	5	– 187	– 662	– 849	– 173	– 647	– 820
Other operating expenses		– 108	– 195	– 303	– 95	– 125	– 220
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**343**	**– 65**	**278**	**710**	**68**	**778**
Depreciation, amortisation and impairment	6	– 164	– 23	– 187	– 374	– 25	– 399
Earnings before interest and tax (EBIT)		**179**	**– 88**	**91**	**336**	**43**	**379**
Share of results of partner power plants and other associates	13	– 18	1	– 17	– 232	7	– 225
Finance costs	7	– 108		– 108	– 133	– 5	– 138
Finance income	7	21	1	22	127		127
Earnings before tax		**74**	**– 86**	**– 12**	**98**	**45**	**143**
Income tax expense	8	– 70	– 2	– 72	162	– 11	151
Net income		**4**	**– 88**	**– 84**	**260**	**34**	**294**
Attributable to non-controlling interests		5		5			
Attributable to equity investors of Alpiq Holding Ltd.		– 1	– 88	– 89	260	34	294
Earnings per share in CHF	9	**– 1.18**	**– 3.16**	**– 4.34**	**8.15**	**1.23**	**9.38**

For more information on changes in the presentation of the financial statements, please refer to pages 82 and 83.

Consolidated Statement of Comprehensive Income

CHF million	Continuing operations 2017	Discontinued operations 2017	Total for 2017	Continuing operations 2016	Discontinued operations 2016	Total for 2016
Net income	**4**	**– 88**	**– 84**	**260**	**34**	**294**
Cash flow hedges (subsidiaries)	– 24		– 24	– 14		– 14
Income tax expense	– 2		– 2			
Net of income tax	– 26		– 26	– 14		– 14
Cash flow hedges (partner power plants and other associates)	1		1	1		1
Income tax expense						
Net of income tax	1		1	1		1
Currency translation differences	62	13	75	– 16		– 16
Income tax expense	– 2		– 2			
Net of income tax	60	13	73	– 16		– 16
Items that may be reclassified subsequently to the income statement, net of tax	**35**	**13**	**48**	**– 29**		**– 29**
Remeasurements of defined benefit plans (subsidiaries)	74	86	160	8	– 17	– 9
Income tax expense	– 15	– 22	– 37	– 2	4	2
Net of income tax	59	64	123	6	– 13	– 7
Remeasurements of defined benefit plans (partner power plants and other associates)	31		31	15		15
Income tax expense	– 6		– 6	– 5		– 5
Net of income tax	25		25	10		10
Items that will not be reclassified to the income statement, net of tax	**84**	**64**	**148**	**16**	**– 13**	**3**
Other comprehensive income	**119**	**77**	**196**	**– 13**	**– 13**	**– 26**
Total comprehensive income	**123**	**– 11**	**112**	**247**	**21**	**268**
Attributable to non-controlling interests	4		4			
Attributable to equity investors of Alpiq Holding Ltd.	119	– 11	108	247	21	268

For more information on changes in the presentation of the financial statements, please refer to pages 82 and 83.

Consolidated Balance Sheet

Assets

CHF million	Note	31 Dec 2017	31 Dec 2016 (restated)
Property, plant and equipment	10	2,565	2,749
Intangible assets	11, 12	153	234
Investments in partner power plants and other associates	13	2,516	2,501
Non-current term deposits	26	202	5
Other non-current financial assets	14	204	263
Deferred income tax assets	8	15	41
Non-current assets		**5,655**	**5,793**
Inventories	15	59	80
Trade and other receivables	16	1,267	1,798
Current term deposits		347	937
Securities		26	50
Cash and cash equivalents	17	662	532
Derivative financial instruments		883	680
Prepayments and accrued income		100	133
Current assets excluding assets held for sale		**3,344**	**4,210**
Assets held for sale	31	1,198	5
Current assets including assets held for sale		**4,542**	**4,215**
Total assets		**10,197**	**10,008**

For more information on changes in the presentation of the financial statements, please refer to pages 82 and 83.

Equity and liabilities

CHF million	Note	31 Dec 2017	31 Dec 2016 (restated)
Share capital	18	279	279
Share premium		4,259	4,259
Hybrid capital	18	1,017	1,017
Retained earnings		– 1,615	– 1,690
Equity attributable to equity investors of Alpiq Holding Ltd.		**3,940**	**3,865**
Non-controlling interests		25	21
Total equity		**3,965**	**3,886**
Non-current provisions	19	400	471
Deferred income tax liabilities	8	533	468
Defined benefit liabilities	24	18	313
Non-current financial liabilities	20	1,767	1,904
Other non-current liabilities	21	271	318
Non-current liabilities		**2,989**	**3,474**
Current income tax liabilities		6	5
Current provisions	19	79	88
Current financial liabilities	20	342	476
Other current liabilities	22	1,014	1,089
Derivative financial instruments		818	673
Accruals and deferred income		262	316
Current liabilities excluding liabilities held for sale		**2,521**	**2,647**
Liabilities held for sale	31	722	1
Current liabilities including liabilities held for sale		**3,243**	**2,648**
Total liabilities		**6,232**	**6,122**
Total equity and liabilities		**10,197**	**10,008**

For more information on changes in the presentation of the financial statements, please refer to pages 82 and 83.

Consolidated Statement of Changes in Equity

CHF million	Share capital	Share premium	Hybrid capital	Cash flow hedge reserve	Currency translation differences	Retained earnings	Attributable to equity investors of Alpiq Holding Ltd.	Non-controlling interests	Total equity
Equity at 31 December 2016	**279**	**4,259**	**1,017**	**– 29**	**– 821**	**– 840**	**3,865**	**21**	**3,886**
Net income for the period						– 89	**– 89**	5	**– 84**
Other comprehensive income				– 27	76	148	**197**	– 1	**196**
Total comprehensive income				**– 27**	**76**	**59**	**108**	**4**	**112**
Dividends							**0**	– 5	**– 5**
Distributions to hybrid investors						– 33	**– 33**		**– 33**
Change in non-controlling interests							**0**	5	**5**
Equity at 31 December 2017	**279**	**4,259**	**1,017**	**– 56**	**– 745**	**– 814**	**3,940**	**25**	**3,965**

The Board of Directors of Alpiq submits a proposal to the Annual General Meeting on 16 May 2018 that it distribute no dividend for the 2017 financial year.

CHF million	Share capital	Share premium	Hybrid capital	Cash flow hedge reserve	Currency translation differences	Retained earnings	Attributable to equity investors of Alpiq Holding Ltd.	Non-controlling interests	Total equity
Equity at 31 December 2015	**279**	**4,259**	**1,017**	**– 16**	**– 805**	**– 1,064**	**3,670**	**149**	**3,819**
Net income for the period						294	**294**		**294**
Other comprehensive income				– 13	– 16	3	**– 26**		**– 26**
Total comprehensive income				**– 13**	**– 16**	**297**	**268**		**268**
Dividends							**0**	– 4	**– 4**
Distributions to hybrid investors						– 33	**– 33**		**– 33**
Change in non-controlling interests						– 40	**– 40**	– 124	**– 164**
Equity at 31 December 2016	**279**	**4,259**	**1,017**	**– 29**	**– 821**	**– 840**	**3,865**	**21**	**3,886**

Consolidated Statement of Cash Flows

CHF million	Note	2017	2016
Earnings before tax		**– 12**	**143**
Adjustments for:			
Own work capitalised		– 5	– 5
Depreciation, amortisation and impairment	6	187	399
Gain on sale of non-current assets		– 10	– 7
Share of results of partner power plants and other associates	13	17	225
Financial result	7	86	11
Other non-cash income and expenses		– 11	– 91
Change in provisions (excl. interest)	19	– 86	– 264
Change in defined benefit liabilities and other non-current liabilities		14	6
Change in fair value of derivative financial instruments		– 83	26
Change in net working capital (excl. derivatives, current financial assets / liabilities and current provisions)		279	– 291
Other financial income and expenses		– 17	– 10
Income tax paid		– 30	– 48
Net cash flows from operating activities		**329**	**94**
Property, plant and equipment and intangible assets			
Investments	10, 11	– 91	– 104
Proceeds from disposals		27	17
Subsidiaries			
Acquisitions	29	– 42	– 12
Proceeds from disposals	30	5	265
Associates			
Investments		– 47	
Proceeds from disposals		8	403
Other non-current financial assets			
Investments	14	– 5	– 6
Proceeds from disposals / repayments		11	35
Change in current and non-current term deposits		387	– 306
Investments in / proceeds from disposals of securities		26	– 50
Dividends from partner power plants, other associates and financial investments		38	40
Interest received		3	17
Net cash flows from investing activities		**320**	**299**

CHF million	Note	2017	2016
Dividends paid to non-controlling interests		– 5	– 4
Proceeds from financial liabilities	20	192	170
Repayment of financial liabilities	20	– 483	– 586
Change in non-controlling interests		1	– 161
Distributions to hybrid investors recognised in equity outside profit and loss	18	– 33	– 33
Interest paid		– 78	– 94
Net cash flows from financing activities		**– 406**	**– 708**
Currency translation differences		**33**	**– 3**
Change in cash and cash equivalents		**276**	**– 318**
Analysis:			
Cash and cash equivalents at 1 January		532	850
Cash and cash equivalents at 31 December		808	532
Change		**276**	**– 318**

The amounts reported above also include cash flows from "Assets held for sale".

Separate cash flows from discontinued operations are disclosed in note 31. The aforementioned cash and cash equivalents of CHF 808 million as at 31 December 2017 reported in the consolidated statement of cash flows also contain cash and cash equivalents included under "Assets held for sale" of CHF 146 million.

Notes to the Consolidated Financial Statements

1 Significant accounting policies

Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Alpiq Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) issued by the International Accounting Standards Board (IASB), and comply with Swiss law. The consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the Alpiq Group. They have been prepared on a historical cost basis, except for certain items such as financial instruments, which have been measured at fair value in some instances. The consolidated financial statements were authorised for issue by the Board of Directors of Alpiq Holding Ltd. on 24 March 2018 and are subject to approval by shareholders at the Annual General Meeting on 16 May 2018.

Adoption of new and revised accounting standards

As at 1 January 2017, the following amendments to the International Financial Reporting Standards (IFRS) applied by the Alpiq Group entered into force:

- Amendments to IAS 7 Statement of Cash Flows
- Amendments to IAS 12 Income Taxes
- Annual Improvements to IFRSs (2014 – 2016 Cycle)

Additional disclosures in connection with the changes in financial liabilities are presented in note 20 as a result of the amendments to IAS 7 Statement of Cash Flows. The other amendments have no significant impact on the Alpiq Group.

IFRS effective in future periods

The IASB and the IFRIC published the following new standards and interpretations of relevance for Alpiq:

Standard / interpretation	Effective as at	Adoption planned from
IFRS 9: Financial Instruments	1 Jan 2018	1 Jan 2018
IFRS 15: Revenue from Contracts with Customers	1 Jan 2018	1 Jan 2018
IFRS 16: Leases	1 Jan 2019	1 Jan 2019
IFRIC 22: Foreign Currency Transactions and Advance Consideration	1 Jan 2018	1 Jan 2018
IFRIC 23: Uncertainty over Income Tax Treatments	1 Jan 2019	1 Jan 2019
Annual Improvements to IFRSs (2015 – 2017 Cycle)	1 Jan 2019	1 Jan 2019

Alpiq is currently examining the potential effects on the consolidated financial statements from these new and amended standards and interpretations. Based on the analysis so far, Alpiq expects the following impact:

IFRS 9 governs the classification and measurement of financial instruments as well as hedge accounting. The number of measurement categories for financial assets were reduced. For the calculation of impairment losses, the expected credit loss model will now have to be applied, meaning that anticipated losses have to be recognised in future as well. The amended guidance regarding hedge accounting focuses more strongly on a company's internal risk management system. For the Alpiq Group, the amendments relating to classification only affect disclosure. The effect from the application of the expected credit loss model will result in the recognition of additional impairment losses on financial assets of approximately CHF 5 million. These are recognised together with the resulting effects on deferred taxes in retained earnings in the opening balance as at 1 January 2018. The Alpiq Group is not affected by the amendments to the recognition of hedge accounting because the current method can continue to be applied.

IFRS 15 defines when and how much revenue is to be recognised and replaces the rulings previously contained in various standards and interpretations. For energy transactions, only own use transactions fall within the scope of IFRS 15. The revenue recognition associated with energy supplies will still be recorded at the time of delivery. In the Industrial Engineering and Building Technology & Design business divisions, revenue will for the most part continue to be recognised over time. The refined regulations on the principal / agent topic mean that certain transactions previously recognised on a gross basis under revenue (2017 financial year: around CHF 100 million) and in expenses (2017 financial year: around CHF 100 million) now have to be reported on a net basis under revenue. Alpiq does not anticipate any other significant changes to revenue recognition. Alpiq intends to apply the full retrospective method according to IFRS 15 for the first time.

IFRS 16 regulates the recognition, measurement and presentation of leases. The amendments mean that the contractual rights and liabilities for future lease payments from most lease agreements must be recognised in the balance sheet. This results in an increase in non-current assets and a simultaneous increase in current and non-current liabilities. Most lease payments will no longer be recognised under "Other operating expenses", but rather as amortisation of lease liabilities. The corresponding increase in "Earnings before interest, tax, depreciation and amortisation (EBITDA)" will largely be compensated for by amortisation of contractual rights and interest expenses for lease liabilities. As a result, no significant impact on net income is expected. Alpiq intends to recognise the cumulative effect of applying IFRS 16 for the first time in retained earnings (or other components of equity) in the opening balance as at 1 January 2019. Alpiq is currently conducting a group-wide detailed analysis of leases in order to assess the effects on the consolidated financial statements from the future application of IFRS 16.

IFRIC 22, IFRIC 23 and the Annual Improvements to IFRSs (2015 – 2017 Cycle) have no significant impact on the Alpiq Group.

Changes in the presentation of the financial statements

Alpiq reviews the presentation of financial reporting in terms of transparency, comprehensibility and accuracy on an ongoing basis. Previous-year figures are adjusted in the case of significant changes or adjustments. The following adjustments were made in these consolidated financial statements compared to the previous year:

Changes in the consolidated income statement and consolidated statement of comprehensive income

Alpiq resolved to sell the Alpiq InTec Group and the Kraftanlagen Group (see note 31). As these parts of the Alpiq Group qualify as discontinued operations, the shares of the continuing and discontinued operations are disclosed in separate columns in the 2017 consolidated income statement and the 2017 consolidated statement of comprehensive income as well as in the 2016 comparative figures to allow transparent presentation. In addition, “Plant maintenance costs” are now disclosed under “Energy and inventory costs”.

Changes in the presentation of the consolidated balance sheet

In the second half of 2017, Alpiq decided not to sell the non-strategic minority interests in the Generation Switzerland business division and the gas-fired combined-cycle power plant in Hungary, which had been classified as held for sale as at 30 June 2017 and 31 December 2016 (see note 31). In addition, the wind farm project company Blåsmark Vindkraft AB (100 %) is no longer classified as held for sale. In compliance with IFRS 5, “Assets held for sale” and “Liabilities held for sale” were adjusted accordingly in the balance sheet as at 31 December 2016. As a result, non-current assets as at 31 December 2016 rose by CHF 98 million and current assets decreased by CHF 98 million. Non-current liabilities rose by CHF 14 million and current liabilities decreased by CHF 14 million.

Correction of presentation errors in the consolidated balance sheet

Alpiq determined that the principle of recognising construction contracts at gross figures was not complied with in full in the past. Instead, work for which partial billings invoiced exceeded the work performed was offset against work for which the work performed exceeded the partial billings invoiced. The net amount was disclosed within assets. This means that receivables, current assets, other current liabilities, current liabilities as well as total assets were understated by CHF 156 million as at 31 December 2016 and by CHF 140 million as at 31 December 2015. The balance sheet and notes 16 and 22 were adjusted. As a result, the equity ratio decreased from 39.4 % to 38.8 % as at 31 December 2016. This correction did not impact the consolidated income statement or the statement of cash flows.

Changes in the consolidated balance sheet as at 31 December 2016

CHF million	31 Dec 2016 (reported)	Assets and liabilities no longer held for sale	Correction of construction contracts	31 Dec 2016 (restated)
Property, plant and equipment	2,705	44		2,749
Intangible assets	234			234
Investments in partner power plants and other associates	2,449	52		2,501
Non-current term deposits	5			5
Other non-current financial assets	263			263
Deferred income tax assets	39	2		41
Non-current assets	**5,695**	**98**		**5,793**
Inventories	73	7		80
Trade and other receivables	1,638	4	156	1,798
Current term deposits	937			937
Securities	50			50
Cash and cash equivalents	532			532
Derivative financial instruments	680			680
Prepayments and accrued income	133			133
Current assets excluding assets held for sale	**4,043**	**11**	**156**	**4,210**
Assets held for sale	114	– 109		5
Current assets including assets held for sale	**4,157**	**– 98**	**156**	**4,215**
Total assets	**9,852**		**156**	**10,008**

Total equity	**3,886**			**3,886**
Non-current provisions	463	8		471
Deferred income tax liabilities	462	6		468
Defined benefit liabilities	313			313
Non-current financial liabilities	1,904			1,904
Other non-current liabilities	318			318
Non-current liabilities	**3,460**	**14**		**3,474**
Current income tax liabilities	5			5
Current provisions	88			88
Current financial liabilities	476			476
Other current liabilities	929	4	156	1,089
Derivative financial instruments	673			673
Accruals and deferred income	315	1		316
Current liabilities excluding liabilities held for sale	**2,486**	**5**	**156**	**2,647**
Liabilities held for sale	20	– 19		1
Current liabilities including liabilities held for sale	**2,506**	**– 14**	**156**	**2,648**
Total liabilities	**5,966**		**156**	**6,122**
Total equity and liabilities	**9,852**		**156**	**10,008**

Basis of consolidation

The consolidated financial statements of the Alpiq Group comprise the consolidated financial statements of Alpiq Holding Ltd., domiciled in Switzerland, and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intragroup balances, transactions, income and expenses are eliminated in full.

Subsidiaries are companies that are controlled by Alpiq Holding Ltd., either directly or indirectly. Such companies are consolidated as at the date control was obtained. Companies are deconsolidated or recognised under “Investments in partner power plants and other associates” or under “Other non-current financial assets” when control over the company is lost.

Investments in partner power plants and other associates in which the Alpiq Group has significant influence are included in the consolidated financial statements by applying the equity method. The Alpiq Group’s interest in the assets, liabilities, income and expenses of such companies is disclosed in note 13 of the consolidated financial statements.

In accordance with IAS 39, all other investments are recognised at fair value and included in non-current assets as “Other non-current financial assets”.

Foreign currency translation

The consolidated financial statements are presented in Swiss francs (CHF), which is both the functional currency of Alpiq Holding Ltd. and its reporting currency. The functional currency of each company in the Group is determined by the economic environment in which it operates. Transactions in foreign currencies are recorded in the Group company’s functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate on the reporting date. The resultant currency translation differences are recognised in the income statement.

Receivables and loans due from foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, part of the company’s net investment in that foreign operation. The resulting translation differences are recognised separately in other comprehensive income as part of the foreign currency translation differences and reclassified from equity to the income statement on disposal of the net investment in the foreign operation.

The assets and liabilities of subsidiaries are translated into Swiss francs at the closing exchange rate at the reporting date. Income statement items are translated at the average exchange rates for the reporting period. Currency translation differences are recognised as a separate item in other comprehensive income. On disposal of a subsidiary or loss of control, on disposal of an associate or partner power plant, or the loss of significant influence, the cumulative currency translation differences relating to that subsidiary are recognised in the income statement as part of the gain or loss on sale in the period in which the subsidiary is disposed of, or control ceases.

The following exchange rates were used for currency translation:

Unit	Closing rate at 31 Dec 2017	Closing rate at 31 Dec 2016	Average rate for 2017	Average rate for 2016
1 EUR	1.170	1.074	1.112	1.090
1 GBP	1.319	1.254	1.269	1.336
1 USD	0.976	1.019	0.985	0.986
100 CZK	4.583	3.974	4.226	4.033
100 HUF	0.377	0.347	0.359	0.350
100 NOK	11.892	11.819	11.916	11.735
100 PLN	28.015	24.350	26.123	24.989
100 RON	25.120	23.659	24.326	24.277

Intragroup transactions

Goods and services provided between Group companies are invoiced at contractually agreed transfer or market prices. Electricity generated by partner power plants is invoiced to shareholders at full cost under the existing partner agreements.

Revenue recognition

Revenue from the sale of goods and services is recognised in the income statement when the goods or services are delivered. Revenue from construction contracts is generally recognised applying the percentage-of-completion method by reference to the stage of completion of the contract activity. Revenue from energy transactions is recognised on the basis of the motive underlying the transaction.

Energy transactions for the management of the Group's own production portfolio for the purpose of the receipt or delivery of energy in accordance with Alpiq's expected purchase, sale or usage requirements and contracts for physical delivery of energy to customers are recognised as own use transactions pursuant to IAS 39. Accordingly, revenue is recognised gross under net revenue on the delivery date, as well as under energy and inventory costs.

Hedges exceeding the volume of own use transactions arising from the extended management activities of the production portfolio as well as energy transactions concluded for trading purposes with the intention of generating profits from short-term market price volatility constitute derivative financial instruments and, after initial recognition, are measured at fair value. Changes in value in such energy transactions are recognised on a net basis in net revenue applying the net method (net gains and losses from trading).

Income tax expense

Income tax expense represents the sum of current and deferred income tax. Current income tax is calculated on taxable earnings using the tax rates that have been enacted by the end of the reporting period. Deferred income tax is calculated using the tax rates enacted or substantively enacted as at the reporting date.

Deferred taxes are recognised due to the differing recognition of certain income and expense items in the Group's annual internal accounts and annual tax accounts. Deferred tax arising from temporary differences is calculated applying the balance sheet liability method. Deferred tax is not recognised for differences associated with investments in Group Companies, which will not reverse in the foreseeable future, and where the timing of the reversal is controlled by the Group.

Deferred tax assets are recognised when it is probable that they will be realised. Unrecognised tax loss carryforwards and unrecognised deferred tax assets are disclosed.

Discontinued operations and non-current assets held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. The asset must be available for immediate sale in its present condition, and the sale must be highly probable within the next twelve months. The same applies to a group of assets and related liabilities if they are to be disposed of together in a single transaction (disposal group).

The Alpiq Group measures non-current assets and disposal groups classified as held for sale at the lower of carrying amount and fair value less costs of disposal. These assets or disposal groups, once classified as held for sale, are no longer depreciated or amortised. On the balance sheet, the assets and liabilities are presented separately from the Group's other assets and liabilities.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any impairment losses. Depreciation is applied on a straight-line basis over the estimated useful lives of each class of asset, or to the expiry date of power plant licences. The useful lives of the various classes of assets range as follows:

Buildings	20 – 60 years
Land	only in case of impairment
Power plants	20 – 80 years
Transmission assets	15 – 40 years
Machinery, equipment and vehicles	3 – 20 years
Assets under construction	if impairment is already evident

Obligations to restore land and sites after licence expiry or decommissioning are accounted for individually in accordance with the contract terms. Estimated restoration costs (including decommissioning costs) are included in the cost of acquisition and manufacture, and are recognised as a provision. Replacements and improvements are capitalised if they substantially extend the useful life, increase the capacity or substantially improve the quality of the property, plant or equipment.

Costs relating to regular and major overhauls are recognised as a replacement in the carrying amount of the item of property, plant and equipment if the recognition criteria for capitalisation are met. Repairs, maintenance and ordinary upkeep of buildings and operating facilities are expensed as incurred.

The carrying amount of an item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected. Any gain or loss arising from the disposal of the asset is recognised in the income statement.

The residual value and useful life of an asset are reviewed at least at each financial year end, and adjusted where required.

Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. The cost of an acquisition comprises the consideration transferred to acquire the assets, liabilities and contingent liabilities of the acquiree. The consideration is measured as the cash paid, the fair value of the assets transferred as well as the liabilities incurred and the contingent considerations assumed on the acquisition date. Subsequent market changes from contingent considerations are recognised in the income statement. The net assets acquired, comprising identifiable assets, liabilities and contingent liabilities, are recognised at their acquisition-date fair values. Costs incurred in connection with a business combination are expensed as incurred.

Where the Group does not acquire 100 % ownership, non-controlling interests are recognised as a component of consolidated equity. For each business combination, Alpiq measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Non-controlling interests over which the Alpiq Group holds options (call options) or has granted options (written put options), however, are only recognised as non-controlling interests if the exercise price is based on fair value. Corresponding call options are recognised at fair value, and corresponding put options at the present value of the exercise price.

The Group treats the acquisition of non-controlling interests as a pure equity transaction. Any difference between purchase consideration and net assets acquired is taken to retained earnings.

Goodwill represents the difference between the cost of acquisition and the fair value of the Group's share of the identifiable net assets acquired. Goodwill and fair value adjustments to net assets are recognised in the acquiree's assets and liabilities, in the acquiree's functional currency. Goodwill is not amortised, but is tested for impairment at least annually. Goodwill may also arise from investments in associates, and corresponds to the difference between the cost of investment and the Group's share of the fair value of the identifiable net assets. Such goodwill forms part of the carrying amount at which the associate is recognised.

Intangible assets

Intangible assets are initially measured at cost, and are subsequently carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over their useful economic lives, and assessed for impairment whenever indications exist that they may be impaired. The amortisation period and amortisation method are reviewed at least at each financial year end. The useful lives of the intangible assets currently recognised range from 2 to 68 years.

Energy purchase rights

Energy purchase rights are recognised as “Intangible assets” on the balance sheet. They comprise prepayments for rights to purchase energy in the long term, including capitalised interest. Amortisation of energy purchase rights are applied in line with the scope of the energy purchases made each year in relation to the total energy purchase quantity agreed contractually. This item also includes long-term energy purchase agreements acquired in business combinations.

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets with finite useful lives are reviewed at each reporting date to determine whether any indications of impairment exist. If the asset’s carrying amount exceeds its estimated recoverable amount, it is written down to its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal, and its value in use. Value in use is calculated by discounting the estimated future cash flows (discounted cash flow method). If the asset does not generate cash inflows that are independent of those from other assets, the recoverable amount of the individual asset is estimated for the cash-generating unit to which the asset belongs.

An impairment loss previously recognised for an asset is reversed in the income statement if the impairment no longer exists, or has decreased. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

Goodwill is allocated to the cash-generating units to which the goodwill relates. These generally represent the identifiable regional sales, service and production activities. Goodwill is tested for impairment annually. If the recoverable amount of the cash-generating unit, i.e. the higher of the unit’s fair value less costs of disposal and its value in use, is less than the carrying amount, an impairment loss is recognised. The method used for testing cash-generating units for impairment is disclosed in note 12. The annual impairment test is monitored centrally within the Group.

Investments in associates and joint arrangements

An associate is a company over which the Alpiq Group is in a position to exercise significant influence through participation in the financial and operating policy decisions of the investee, and that is neither a subsidiary nor a joint arrangement. Where appropriate, companies may likewise be accounted for as associates in the consolidated financial statements by applying the equity method, even if the ownership interest is less than 20 %. This applies especially where the Alpiq Group is represented in the authoritative decision-making bodies, such as the Board of Directors, and participates in operating and financial policymaking, or where market-relevant information is exchanged. The equity method is also applied to assess companies over which Alpiq, despite having a related ownership interest of 50 % or greater, has no control, as a result of restrictions in articles of association, contracts and organisational rules. Partner power plants over which Alpiq has no control are classified as associates and accounted for using the equity method.

A joint arrangement is the joint control of a joint venture or a joint operation. Specific delineation is made on the basis of specific rights and duties of the parties involved with respect to the assets, liabilities, income and expenditure associated with the joint arrangement. The assets, liabilities, income and expenses of joint operations are recognised proportionally, whereas joint arrangements are included in the consolidated financial statements applying the equity method.

The financial statements of associates and joint arrangements are prepared applying uniform accounting policies as a matter of principle. Companies that apply different accounting standards for the preparation of their local financial statements also prepare statements of reconciliation according to IFRS.

Inventories

Inventories are stated at the lower of cost (calculated applying the FIFO method or the average cost method) and net realisable value. Cost includes all expenditures incurred in acquiring the inventories and in bringing them to their storage location. Production cost comprises all direct material and manufacturing costs, and those overheads that have been incurred in bringing the inventories to their present location and condition.

Accounting for CO_2 emission allowances

Allocated CO_2 emission allowances are initially recognised at nominal value (nil value). CO_2 emission allowances purchased to meet the Group's generation requirements are initially recognised under inventories at cost. A liability is recognised when CO_2 emissions exceed the emission allowances that were allocated originally, plus those purchased subsequently. The liability is measured at the cost of purchased allowances up to the level of purchased allowances held. The portion exceeding the CO_2 emission allowances held is recognised at fair value at the reporting date. Changes in the liability are recognised as energy costs.

Leases

Under IAS 17, leases are classified as either finance or operating leases. Transactions that substantially transfer all the risks and rewards incidental to ownership of the leased item to the Alpiq Group as the lessee, and where it consequently acquires economic ownership, are treated as finance leases. At the start of the lease, the leased asset is capitalised at the lower of its fair value or the present value of the minimum lease payments, and a corresponding liability is recognised. The finance lease liabilities are reported on the balance sheet under "Current and non-current financial liabilities".

The leased asset is depreciated over its useful economic life. If it is insufficiently certain at the start of the lease that the Alpiq Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and the asset's useful life. In subsequent periods, the liability is recognised applying the effective interest method.

All other leases that do not substantially transfer all the risks and rewards of ownership to the Alpiq Group are treated as operating leases, and are not recognised on the balance sheet. The lease payments are expensed on a straight-line basis over the lease term. In total, operating leases held by the Alpiq Group are currently immaterial.

Construction contracts

Work performed for customers under construction contracts in the Industrial Engineering and Building Technology & Design business divisions is recognised applying the percentage-of-completion method, and the amount to be recognised as an asset is included under “Trade and other receivables” and “Net revenue”. The stage of completion is measured by reference to the extent of work performed to date or in accordance with the costs already incurred. Contract costs are expensed in the period in which they are incurred.

When the stage of completion or the outcome of contracts or groups of contracts cannot be estimated reliably, contract revenue is recognised only to the extent of incurred contract costs that are likely to be recoverable. Write-downs or provisions are recognised for any losses expected to be incurred on construction contracts. For contracts in progress, the revenue agreed in the contract and any subsequent variations confirmed by the customer in writing are recognised as contract revenue.

Provisions

Provisions cover all (legal or constructive) obligations arising from past transactions or events that are known at the reporting date and likely to be incurred, but are uncertain as to timing and / or amount. Provisions are measured at the best estimate of the expenditure required to settle the obligation.

Provisions are measured at the level of the expected cash outflow, discounted to the reporting date. Provisions are reviewed at each reporting date, and adjusted to reflect current developments. The discount rates applied are pre-tax rates that reflect current market assessments of the time value of money and risks specific to the liability.

Pension schemes

The Group operates a number of pension schemes as required by law.

Swiss consolidated Group companies in the Generation Switzerland and Digital & Commerce business divisions as well as in the Group Centre participate in a legally independent pension scheme which meets the criteria of a defined benefit plan in accordance with IAS 19. Employees of foreign subsidiaries are generally covered by state social security schemes or independent defined contribution pension plans in accordance with national practices. These plans meet the criteria of a defined contribution plan according to IAS 19.

Group companies belonging to Alpiq InTec in Switzerland participate in legally independent pension schemes, some of which are fully reinsured. The pension plans under these schemes are classified as defined benefit plans under IAS 19. Most employees of foreign companies are covered by state social security schemes that meet the criteria of defined contribution plans according to IAS 19.

The German Kraftanlagen Group primarily operates a pension scheme where the employer has a constructive obligation to pay benefits, in other words, no legally independent pension scheme exists. Defined benefit liabilities are recognised on the company's balance sheet. These defined benefit liabilities are measured on the basis of annual actuarial valuations of the existing benefit obligation. Benefits are paid directly by the company. Under IAS 19, a constructive obligation to pay benefits under German law constitutes an unfunded plan, and is reported as a net liability on the balance sheet. As no separate plan assets exist to meet the obligation, the actual payments are deducted from the defined benefit liabilities on the balance sheet.

The defined benefit obligation is calculated annually by independent pension experts using the projected unit credit method. This accrued benefit method prorated on service recognises not only the known benefits and benefits accrued at the reporting date, but also expected future salary and pension increases. In order to reflect mortality rates, the Continuous Mortality Investigation (CMI) model is used for the companies in Switzerland and generation tables are used for the Kraftanlagen Group. Generation tables are based on the latest mortality data from predominantly private pension funds, and take account of future changes in mortality over time. By contrast, mortality data according to the CMI model is calculated based on a long-term rate of change. The discount factor applied, or as the case may be, the projected interest rate for retirement assets, is based on the market yields on high-quality corporate bonds on the reporting date. The net interest result is recognised directly in finance costs / income; any remaining employee benefit costs are included in employee costs. Actuarial gains and losses are recognised in other comprehensive income as part of equity in the period in which they occur. Past service costs are recognised directly in the income statement as employee costs.

All plans are funded by both employer and employee contributions, as a rule. Employer contributions paid or owed to pension schemes that provide defined contribution pension plans are recognised directly in the income statement.

Share-based payments

The Alpiq Group generally settles share-based payments in cash. Cash-settled share-based payments are measured at fair value on each reporting date applying a recognised valuation model. The expense is recognised in the income statement over the vesting period, with a corresponding liability also being recognised.

Contingent liabilities

Potential or existing liabilities for which an outflow of resources is not considered probable are not recognised on the balance sheet. However, the nature and extent of contingent liabilities existing on the reporting date is disclosed as a contingent liability in the notes to the consolidated financial statements.

Financial instruments

Financial instruments include cash and cash equivalents, current and non-current term deposits, securities, derivative financial instruments, financial investments, receivables and current and non-current financial liabilities. In accordance with the applicable rules under IAS 39, financial assets and liabilities are classified as follows, and measured uniformly according to their classification:

- Financial assets or liabilities at fair value through profit or loss
- Loans and receivables
- Available-for-sale financial assets
- Other financial liabilities

Financial assets and liabilities are initially recognised at fair value (plus or less transaction costs, respectively, except in the case of “Assets or liabilities at fair value through profit or loss”). Purchases and sales of financial assets at normal market conditions are recognised on the trade date.

Financial assets or liabilities at fair value through profit or loss

Financial assets classified as held for trading are acquired principally for the purpose of generating a profit from short-term price fluctuations. Derivatives are also classified as assets or liabilities held for trading. In addition, financial assets or liabilities can be included in this category if the IAS 39 criteria are met.

After initial recognition, derivative financial instruments held for trading in the energy business are carried at fair value, with fair value changes being recognised in net revenue in the period in which they occur. For a few positions where no quoted price in an active market is available, fair value is determined using a price curve model. Other derivatives held for trading and other financial instruments designated in this category are subsequently recognised at fair value, with fair value changes being recognised in finance income or finance costs.

Financial investments where investment and disposal decisions are based on changes in fair value are classified as financial assets or liabilities at fair value through profit or loss. This type of allocation is in accordance with the Financial Risk Policy of the Alpiq Group.

Securities held for trading and recognised in current assets mainly comprise collective investments. These are part of a portfolio of financial instruments that are managed together. All securities are recognised at fair value. Changes in value are recognised through profit or loss in the corresponding period.

Loans and receivables

“Loans and receivables” comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortised cost applying the effective interest method, as a rule. Gains and losses are recognised in the income statement when the financial asset is derecognised or impaired.

Liquid assets are also allocated to the “Loans and receivables” category. These comprise cash at banks, cash in postal checking accounts, demand deposits and term deposits with a maturity of 90 days or less on initial recognition.

Receivables are recognised at nominal value, less any impairment required. Trade receivables from and trade payables to the same counterparties are offset, provided that a netting agreement has been reached with the counterparties, and payment is made on a net basis.

Available-for-sale financial assets

All other financial assets are classified as available for sale. Changes in the fair value of items classified as available for sale are recognised in other comprehensive income, and are only transferred to the income statement upon disposal thereof.

Other financial liabilities

These liabilities include current and non-current payment obligations, which are stated at amortised cost, as well as accruals and deferred income.

Impairment and uncollectibility of financial assets

The Group assesses on each reporting date whether any objective evidence exists that a financial asset or a group of financial assets has become impaired.

For assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The amount of any loss is recognised in the income statement. An impairment loss previously recognised for an asset is reversed through the income statement if the impairment no longer exists, or has decreased. An impairment loss is reversed only if the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised.

For assets carried at cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Losses are recognised in the income statement.

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, a loss (measured as the difference between acquisition cost and the current fair value) is reclassified from equity and to the income statement. By contrast, with debt instruments, any subsequent reversal of an impairment loss to an equity instrument is not recognised in the income statement.

Hedge accounting

Alpiq uses energy, foreign currency and interest rate derivatives to hedge exposure to fluctuations in the cash flows of highly probable forecast transactions (cash flow hedges). In contrast to the recognition of energy derivatives, Alpiq uses hedge accounting for certain foreign currency and interest rate derivatives.

Before designating a new hedging instrument, the Group conducts a thorough analysis of the risk situation, describes the effect of the hedging instrument, and documents the objectives and strategy for undertaking the hedge, together with the methods that will be applied to assess and measure its effectiveness on an ongoing basis. The designation of a new hedging instrument is authorised formally. Hedges are assessed on an ongoing basis to determine that they actually have been highly effective throughout the entire reporting period.

The effective portion of the gain or loss on a hedging instrument is recognised directly in other comprehensive income, while any ineffective portion is recognised immediately in the income statement. Amounts recognised in other comprehensive income are transferred to the income statement in the period when the hedged transaction affects the income statement.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the income statement. When the hedging instrument expires, is sold, terminated or exercised without replacement or rollover, or when the hedge no longer meets hedge accounting criteria, amounts previously recognised in other comprehensive income remain in equity as a separate component until the hedged transaction occurs.

Estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires the management to make important estimates and assumptions that significantly affect recognised assets and liabilities as well as reported income and expenses. Estimates and assumptions are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. They serve as the basis for the recognition of assets and liabilities whose measurement is not derived from market data. Actual amounts may differ from the estimates. Estimates and assumptions are reviewed on an ongoing basis. Any revisions to estimates and assumptions are recognised and disclosed in the period in which they are identified.

Impairment of assets

Property, plant and equipment and intangible assets with finite useful lives are reviewed at each reporting date to determine whether any indications of impairment exist. Goodwill is tested for impairment annually. To assess whether an impairment exists, the expected future cash flows are calculated on the basis of historical empirical data and current market expectations. The fair value that is calculated in this manner mainly comprises estimates relating to wholesale prices on European forward markets and forecasts of medium- and long-term energy prices, foreign currencies (especially EUR / CHF and EUR / USD exchange rates), inflation rates, discounting rates, regulatory conditions and investment activities relating to the company. Estimates of external factors are reviewed periodically using external market data and market analyses. Actual results can differ from these estimates, resulting in significant adjustments in subsequent periods.

Provisions

Obligations from guarantees and warranties, restructuring, litigation or onerous contracts may arise in the course of the Alpiq Group's operating activities. Provisions for such obligations are recognised on the basis of future cash outflows expected at the reporting date. When calculating the need to recognise a provision, assumptions must be made that are subject to a degree of uncertainty, which may then result in some significant adjustments in subsequent periods. In particular, assumptions relating to future changes in market prices, long-term interest rates and currency translation effects (EUR into CHF) may result in significant adjustments in "Provisions for onerous contracts".

Pension schemes

The calculation of the recognised defined benefit liabilities is based on statistical and actuarial assumptions. Such assumptions can differ substantially from actual circumstances due to changes in market conditions and the economic environment, higher or lower exit rates, longer or shorter lives of plan participants and other estimated factors. Such deviations may have an impact on the defined benefit liabilities recognised in future reporting periods. The principal assumptions are disclosed in note 24.

Transfer of the Swiss high-voltage grid

On 3 January 2013, Alpiq transferred its share in the Swiss high-voltage grid to national grid operator Swissgrid AG based on provisional contribution values. Final measurement will be part of a measurement or purchase price adjustment (second measurement adjustment). To this end, any non-appealable rulings for all proceedings relevant for the measurement must be complete for all former owners of the transmission grid. The final contribution values may deviate from the provisional contribution values. The duration and outcome of the proceedings are still uncertain.

Furthermore, Alpiq received higher compensation for transferring its share in the Swiss high-voltage grid on account of the ruling by the Swiss Federal Electricity Commission (ElCom) on the measurement method in the 2016 financial year. The final amount of this additional compensation cannot be determined until the proceedings on the margin differences and the second measurement adjustment are complete. This is expected to result in a further positive effect on earnings for Alpiq.

Income tax expense

Assumptions are made based on local legal principles in calculating current income tax. Income taxes that are actually payable may deviate from the values originally calculated, as the definitive assessment is not finalised until years after the end of the reporting period in some cases. The resulting risks are identified, assessed and recognised where necessary. Deferred tax assets are calculated in part using far-reaching estimates. The underlying forecasts pertain to a period of several years and comprise, among other things, a forecast of future taxable income as well as interpretations of the existing legal basis.

2 Financial risk management

General principles

The Alpiq Group's operating activities are exposed to strategic and operational risks, in particular market (energy price risk, foreign currency risk and interest rate risk), credit and liquidity risks. The principles of the Group's risk management policy are established by the Board of Directors. The Executive Board is responsible for their development and implementation. The Risk Management Committee monitors compliance with the principles and policies. It also defines the hedging strategy for the production of the Group's own power plant portfolio, which is approved by the Executive Board.

The principles for managing risks in the Alpiq Group are set out in the Group Risk Policy. They comprise guidelines on the incurring, measurement, management and mitigation of business risks and specify the organisation and responsibilities for risk management. The units responsible manage their risks within the framework of the risk management policy and the limits defined for their areas of activity. The objective is to maintain a reasonable balance between the business risks incurred, earnings and risk-bearing equity.

The Group Risk Policy comprises a Group-wide Business Risk Policy, an Energy Risk Policy specifically for the energy business and a Financial Risk Policy. The Business Risk Policy governs the annual risk mapping process, the definition and monitoring of the measures to reduce exposure to operational and strategic risks as well as integral security management. The Energy Risk Policy defines the processes and methods to manage market and credit risks in the energy business. It also regulates the management of liquidity fluctuations caused by trading activities on stock exchanges and under bilateral arrangements to settle margin differences. Furthermore, it defines the principles of the hedging strategy for energy production trading books. The Financial Risk Policy defines the substance, organisation and system for financial risk management within the Alpiq Group. It defines the management of liquidity, foreign currency and interest rate risks.

The Risk Management functional unit is responsible for managing risks and reports to the CEO. The functional unit provides methods and tools for implementing risk management.

During the annual business risk assessment process, strategic and operational risks throughout the Group are recorded and assessed, and then assigned to the identified risk owners for management and monitoring. The Risk Management functional unit monitors the implementation of the measures. Exposure limits are set for market, credit and liquidity risks, which are adjusted in the context of the company's overall risk-bearing capacity and with compliance monitored on an ongoing basis.

The Risk Management functional unit also supports the business divisions, the functional divisions and the business units in their risk management activities. Risk Management coordinates activities and reporting with line management through to unit manager level, and ensures timely reporting to the Board of Directors, Executive Board and the Risk Management Committee.

Capital management

Across the Alpiq Group, capital is managed in line with the Group's overall financial strategy. The strategy is focused on the Group's reported consolidated equity and net debt to EBITDA ratio. As at 31 December 2017, the Group reports an equity ratio of 38.9 % (previous year (restated): 38.8 %).

Alpiq Holding Ltd. procures a significant portion of financing centrally. The Swiss capital market forms the main source of financing. As at 31 December 2017, Alpiq Holding Ltd. held 71 % of the Group's total financial liabilities (74 %). The level of financial liabilities must stand at a reasonable level relative to profitability in order to ensure a credit rating in line with sector norms. The ratio of net debt to EBITDA before exceptional items plays a decisive role in capital management. During the budgeting and planning process, the Board of Directors takes notice annually of the planned performance of the figures critical for capital management. In addition, it receives regular reports on current developments.

The net debt to EBITDA ratio before exceptional items is calculated as follows:

CHF million	31 Dec 2017	31 Dec 2016
Non-current financial liabilities	1,767	1,904
Non-current financial liabilities under liabilities held for sale	4	
Current financial liabilities	342	476
Current financial liabilities under liabilities held for sale	4	
Financial liabilities	**2,117**	**2,380**
Non-current term deposits [1]	202	5
Current term deposits	347	937
Current term deposits under assets held for sale	20	
Securities	26	50
Cash and cash equivalents	662	532
Cash and cash equivalents under assets held for sale	146	
Financial assets (liquidity)	**1,403**	**1,524**
Net debt	**714**	**856**
EBITDA before exceptional items	301	395
Net debt / EBITDA before exceptional items	**2.4**	**2.2**

1 See note 26

The Alpiq Group has the following covenants from finance agreements:

					Financial covenants		Other covenants
Agreement	Maturity	In CHF million	Utilisation at 31 Dec 2017 in CHF million	Utilisation at 31 Dec 2016 in CHF million	Equity ratio	Net debt / EBITDA	Bank rating
Syndicated loan line	Dec 18	200	0	0	x	x	x

The above-mentioned covenants from finance agreements are tested twice annually. The counterparty has a right to terminate the agreement if the covenants are breached. As at 31 December 2017 and 31 December 2016, all covenants were met, based on reported IFRS earnings.

Financial instruments

Carrying amounts and fair values of financial assets and liabilities

CHF million	Note	Carrying amount at 31 Dec 2017	Fair value at 31 Dec 2017	Carrying amount at 31 Dec 2016 (restated)	Fair value at 31 Dec 2016 (restated)
Positive replacement values of derivatives					
Energy derivatives		878	878	668	668
Currency and interest rate derivatives		5	5	12	12
Securities		26	26	50	50
Financial investments	14	1	1	1	1
Total financial assets at fair value through profit or loss		**910**	**910**	**731**	**731**
Financial investments	14			4	4
Total available-for-sale financial assets		**0**	**0**	**4**	**4**
Cash and cash equivalents	17	662	662	532	532
Term deposits	26	549	549	942	942
Trade receivables	16	929	929	1,099	1,099
Other current receivables	16	299	299	409	409
Loans receivable	14	6	6	10	10
Other non-current assets	14	197	197	248	248
Total loans and receivables		**2,642**	**2,642**	**3,240**	**3,240**
Total financial assets		**3,552**	**3,552**	**3,975**	**3,975**

CHF million	Note	Carrying amount at 31 Dec 2017	Fair value at 31 Dec 2017	Carrying amount at 31 Dec 2016 (restated)	Fair value at 31 Dec 2016 (restated)
Negative replacement values of derivatives					
Energy derivatives		754	754	603	603
Currency and interest rate derivatives		64	64	70	70
Total financial liabilities at fair value through profit or loss		**818**	**818**	**673**	**673**
Trade payables	22	745	745	657	657
Bonds	20	1,465	1,485	1,695	1,729
Loans payable	20	594	597	657	659
Other financial liabilities, incl. put options		505	505	485	485
Total other financial liabilities		**3,309**	**3,332**	**3,494**	**3,530**
Total financial liabilities		**4,127**	**4,150**	**4,167**	**4,203**

At the reporting date, the Alpiq Group measured the following assets and liabilities at their fair value, or disclosed a fair value. The fair value hierarchy shown below was used to classify the financial instruments:

Level 1: Quoted prices in active markets for identical assets or liabilities
Level 2: Valuation model based on prices quoted in active markets that have a significant effect on the fair value
Level 3: Valuation models utilising inputs which are not based on quoted prices in active markets and which have a significant effect on fair value

CHF million	31 Dec 2017	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Energy derivatives	878		878	
Currency and interest rate derivatives	5		5	
Securities	26		26	
Financial investments	1		1	
Financial liabilities measured at fair value				
Energy derivatives	754		754	
Currency and interest rate derivatives	64		64	
Other financial liabilities				
Bonds	1,485	1,485		
Loans payable	597		597	

CHF million	31 Dec 2016	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Energy derivatives	668		668	
Currency and interest rate derivatives	12		12	
Securities	50		50	
Financial investments	5		5	
Financial liabilities measured at fair value				
Energy derivatives	603		603	
Currency and interest rate derivatives	70		70	
Other financial liabilities				
Bonds	1,729	1,729		
Loans payable	659		659	

During the financial years ending 31 December 2017 and 31 December 2016, no transfers occurred between Levels 1 and 2, or transfers from Level 3.

The energy, currency and interest rate derivatives comprise OTC products to be classified as Level 2.

Bonds and loans payable are recognised at amortised cost. The fair value of the loans payable corresponds to the contractually agreed interest and amortisation payments discounted at market rates.

Expense / income related to financial assets and liabilities

CHF million	Income statement 2017	Other comprehensive income 2017	Income statement 2016 (restated)	Other comprehensive income 2016
Net gains / losses				
On financial assets and liabilities recognised at fair value through profit or loss	24	– 24	110	– 14
On loans and receivables	– 5			
Interest income and expense				
Interest income on financial assets not measured at fair value	2		19	
Interest expense on financial liabilities not measured at fair value	– 70		– 88	

In the 2017 financial year, impairments of CHF 9 million were recognised with respect to trade receivables (previous year: CHF 4 million). More information about impairment is provided in the table "Impairment of trade receivables".

Market risk

The Alpiq Group's exposure to market risk primarily comprises energy price risk, foreign currency risk and interest rate risk. These risks are monitored on an ongoing basis and managed using derivative financial instruments.

Market risk is measured within the framework of the Group Risk Policy that sets out rules on the taking of risks as well as their measurement, limitation and monitoring. Compliance with these risk limits is monitored on an ongoing basis by the Risk Management Committee based on regular reporting by the Risk Management functional unit.

Energy price risk

Energy price risk refers to potential price fluctuations that could have an adverse impact on the Alpiq Group. These fluctuations can arise from factors such as variations in price volatility, market price movements, or changing correlations between markets and products. Energy liquidity risks also belong to this category. They occur when an open energy position cannot be closed out, or can only be closed out on very unfavourable terms due to a lack of market bids.

Future own use energy transactions are not reported in the balance sheet. Energy transactions are also conducted as part of the programme to optimise Alpiq's power plant portfolio. A large proportion of the replacement values for energy derivatives shown as at the reporting date are attributable to optimisation positions, with positive and negative replacement values generally cancelling each other out. Alpiq also engages in limited energy derivatives trading.

The energy derivatives concluded by the Alpiq Group are usually forward contracts. The fair values are calculated on the basis of the difference between the contractually fixed forward prices and current forward prices applicable at the reporting date. The effect of credit risk on fair values is not material.

The risks associated with trading and optimisation transactions are managed via clearly defined responsibilities and stipulated risk limits in accordance with the Group Risk Policy. Risk Management reports regularly on compliance with these limits to the Risk Management Committee and the Executive Board utilising a formalised risk reporting system. The risk positions are monitored in accordance with the "Value at Risk" (VaR) and "Profit at Risk" (PaR) industry standards.

Foreign currency risk

The Alpiq Group seeks wherever possible to mitigate foreign currency risks by natural hedging of operating income and expenses denominated in foreign currencies. The remaining foreign currency risk is hedged by means of forward transactions in accordance with the Group's Financial Risk Policy.

Net investments in foreign subsidiaries are also exposed to changes in foreign exchange rates, although the difference in inflation rates should offset these changes over the long term. Investments in foreign subsidiaries (translation risks) are not hedged for this reason.

Foreign currency risk arising from energy generation or purchasing is contractually transferred to the counterparty wherever possible. Where this is not possible or is only partly possible, forward currency contracts with a medium-term hedging horizon are deployed to manage exposure centrally on the market in line with the Group's Financial Risk Policy. Hedge accounting is used where possible to avoid fluctuations in results. The foreign currency derivatives are all OTC products. The fair values are calculated on the basis of the difference between the contractually fixed forward prices and current forward prices applicable at the reporting date.

Interest rate risk

The risks arising from volatility in interest rates relate to the interest-bearing financial assets and liabilities of the Alpiq Group. According to the Group's Financial Risk Policy, liquidity is invested for a maximum of two years. The funding required for the business, however, is obtained on a long-term basis at fixed interest rates. Financing instruments with variable interest rates, particularly those that are long-term, are generally hedged by means of interest rate swaps. This means that a change in interest rates applied to interest-bearing assets has an impact on financial income.

The interest rate derivatives are all OTC products. The fair value is determined by discounting the contractually agreed payment streams with current market interest rates.

Sensitivity analysis

To illustrate the sensitivity of market risks to the Alpiq Group's financial results, the effects of reasonably possible changes in the market risks listed above are set out below. The sensitivities are based in each case on financial instruments recognised on the reporting date.

The possible annual percentage changes in the fair values of energy derivatives are determined from the commodity market prices for electricity, gas, coal and oil over the past three years. The sensitivities are calculated by applying maximum deviations from the mean with a 99 % confidence level.

The reasonably possible changes in foreign currency prices are calculated on the basis of historical (one year) fluctuations. A variation by +/–1 standard deviation from the calculated mean is considered to be reasonably possible. Interest rate swap sensitivity is shown as the effect on the change in fair value that would arise from a 1 % parallel shift in the yield curve.

Each type of risk is quantified assuming that all other variables remain constant. The effects for continuing operations are shown before tax.

			31 Dec 2017			31 Dec 2016 (restated)
CHF million	+/– change	+/– effect on profit before income tax	+/– effect on OCI before income tax	+/– change	+/– effect on profit before income tax	+/– effect on OCI before income tax
Energy price risk	57.9 %	72		48.6 %	32	
EUR/CHF currency risk	4.7 %	12	25	4.3 %	24	14
EUR/USD currency risk	6.8 %	2		8.2 %	1	1
EUR/CZK currency risk	3.3 %	2		0.7 %		
EUR/PLN currency risk	4.5 %	1		6.9 %	2	1
USD/CHF currency risk	6.8 %	2		8.1 %	3	
Interest rate risk	1.0 %	11	11	1.0 %	17	13

Credit risk management

Credit risk management deals with potential losses arising from business partners' inability to meet their contractual obligations to the Alpiq Group.

Credit risk management in the energy business encompasses all business units and subsidiaries that transact significant business volumes with external counterparties. It entails regular monitoring of outstanding receivables from counterparties and their expected future changes, as well as an analysis of the creditworthiness of new and existing counterparties. Besides energy derivatives recognised as financial instruments on the balance sheet, credit risk management also covers physical receipt or delivery contracts. Credit risk is primarily managed by applying rating-based credit limits. The Alpiq Group classifies counterparties or groups of counterparties (with similar risk characteristics) in risk categories (AAA – CCC) based on probability of default. Once established, these ratings are applied as the basis for setting credit limits. Such limits may be increased if collateral (such as guarantees, advances or insurance cover) is provided. The ratings of active counterparties are reviewed periodically and credit limits are adjusted where appropriate. The policy in the energy business is to enter into contracts only with counterparties that meet the criteria of the Group Risk Policy. Outstanding credit exposures are monitored and managed on an ongoing basis using a formalised process.

Credit exposure related to the Alpiq InTec Group and the Kraftanlagen Group is managed and monitored on a decentralised basis, focusing mainly on receivables management. Local operational management is provided periodically with comprehensive reporting containing all information required to assess outstanding receivables.

In order to actively manage the credit risk associated with cash and cash equivalents and term deposits, the central Treasury functional unit at the Alpiq Group sets limits that restrict the amount of assets held at a counterparty. The limits are calculated and monitored monthly based on a number of factors. As in the previous year, no significant concentrations of risk existed at the reporting date, as cash and cash equivalents and term deposits are widely diversified, staggered over time and invested with counterparties with a low credit risk. To date, no impairment losses have been recognised on receivables due from financial counterparties.

The maximum credit risk is calculated at CHF 3,552 million as at 31 December 2017 (previous year (restated): CHF 3,975 million). For a detailed summary, please refer to the fair values disclosed in the table "Carrying amounts and fair values of financial assets and liabilities". Credit risk is reduced by collateral. The Alpiq Group's exposure to concentrations of risk is minimised due to the number of customers, geographical diversification as well as the consolidation of positions.

Offsetting of financial assets and liabilities as well as collateral

A substantial portion of the energy contracts entered into by the Alpiq Group is based on agreements containing a netting arrangement. Receivables and payables are only presented on a net basis on the balance sheet if a legally enforceable right to offsetting of the recognised amounts exists, and the intention exists to settle on a net basis.

			31 Dec 2017			31 Dec 2016
CHF million	Gross carrying amount	Offset	Net carrying amount in the balance sheet	Gross carrying amount (restated)	Offset	Net carrying amount in the balance sheet (restated)
Financial assets						
Trade receivables	2,764	1,835	929	2,031	932	1,099
Positive replacement values of energy derivatives	3,406	2,528	878	3,041	2,373	668
Positive replacement values of currency and interest rate derivatives	5		5	12		12
Financial liabilities						
Trade payables	2,580	1,835	745	1,589	932	657
Negative replacement values of energy derivatives	3,282	2,528	754	2,976	2,373	603
Negative replacement values of currency and interest rate derivatives	64		64	70		70

Furthermore, additional collateral, such as guarantees, variation margin payments or insurance cover, is collected where required. As a rule, the collateral held by the Alpiq Group covers both unrecognised energy transactions involving physical delivery and transactions recognised as financial instruments. For this reason, and also on account of its structure, collateral cannot be usefully assigned to individual balance sheet items. Financial collateral received and issued in connection with the bilateral agreements to settle margin differences is presented in the following:

		31 Dec 2017		31 Dec 2016
CHF million	Financial collateral received	Financial collateral issued	Financial collateral received	Financial collateral issued
Cash collateral	50	13	28	68
Guarantees [1]	24	21		
Total	**74**	**34**	**28**	**68**

1 Guarantees to associates or third parties in favour of third parties are presented in note 26.

Impairment of trade receivables

CHF million	31 Dec 2017	31 Dec 2016 (restated)
Carrying amount before impairment	961	1,139
Impaired	– 32	– 40
Impairment at beginning of year	– 40	– 39
Impairment charge for the year	– 9	– 4
Amounts written off as uncollectible	6	1
Unused amounts reversed	1	2
Reclassified to “Assets held for sale”	13	
Currency translation differences	– 3	
Impairment at end of year	– 32	– 40

2017: Age analysis of trade receivables

CHF million	Carrying amount before impairment	Of which, impaired	Impairment	Carrying amount after impairment
Not past due	854			854
1–90 days past due	63	– 2	– 2	61
91–180 days past due				
181–360 days past due	3	– 2	– 1	2
Over 360 days past due	41	– 33	– 29	12
Total	**961**	**– 37**	**– 32**	**929**

2016: Age analysis of trade receivables

CHF million	Carrying amount before impairment (restated)	Of which, impaired	Impairment	Carrying amount after impairment (restated)
Not past due	856	– 2	– 1	855
1–90 days past due	118	– 2	– 1	117
91–180 days past due	6	– 1		6
181–360 days past due	21			21
Over 360 days past due	138	– 127	– 38	100
Total	**1,139**	**– 132**	**– 40**	**1,099**

In this reporting year and in the previous one, with the exception of the write-down of receivables in connection with Kraftanlagen ARGE Olkiluoto 3 GesbR (see note 3), a minor extent of trade receivables was written off on the basis of a certificate of unpaid debts, for which no impairment had previously been recorded due to a lack of indications of impairment.

In the previous year, most receivables over 360 days past due related to receivables from services rendered for the “Creation of piping systems for the nuclear power plant Olkiluoto 3 – Nuclear Island” project by the Kraftanlagen Group (see note 3). Receivables also exist that could not be settled on time due to the strained economic situation. Alpiq is in close contact with corresponding debtors. Impairment losses have been recognised for expected defaults. In the case of the unimpaired items, no indications existed on the reporting date that the debtors would be unable to fulfil their payment obligations.

Liquidity risk

A substantial portion of the receivables in European energy trading are offset and settled on specified dates, reducing peak cash flow requirements. Margin agreements are commonly used on energy commodity exchanges and among large energy traders to reduce counterparty risk. Energy price movements can consequently lead to substantial receivables or payables in the short term. The Alpiq Group manages such variable liquidity requirements by means of an early warning system, by maintaining sufficient liquid resources and by obtaining committed credit facilities from banks. The Treasury & Insurance functional unit is responsible for Group-wide liquidity management. Its role is to plan, monitor, provide and optimise liquidity throughout the Group on a monthly rolling basis.

The contractual maturities of financial liabilities are disclosed below. Where the intention exists to refinance loans at the end of the contract term, but refinancing has not yet been contractually secured, a cash outflow on maturity is assumed. Accordingly, actual cash flows can differ significantly from the contractual maturities.

Cash flows from derivatives are presented on a gross basis when the amounts are actually settled gross. To reflect the actual liquidity risk arising from such financial instruments, the cash inflows from derivatives are shown on a separate line in addition to the cash outflows.

2017: Maturity analysis of financial liabilities

	Carrying amount						Cash flows
CHF million		<1 month	1–3 months	4–12 months	1–5 years	>5 years	Total
Non-derivative financial liabilities							
Trade payables	745	709	18	18			745
Bonds	1,465		103	136	891	494	1,624
Loans payable	594	2	52	59	387	193	693
Other financial liabilities	505	24	47	211	212	11	505
Derivative financial instruments							
Net carrying amount of derivative financial instruments	65						
Net carrying amount of energy derivatives	124						
Gross cash inflows		1,346	3,921	9,940	2,597		17,804
Gross cash outflows		– 1,330	– 3,918	– 9,974	– 2,860		– 18,082
Net carrying amount of currency / interest rate derivatives	– 59						
Gross cash inflows		410	627	823	27	2	1,889
Gross cash outflows		– 413	– 632	– 837	– 61	– 7	– 1,950

2016: Maturity analysis of financial liabilities

CHF million	Carrying amount (restated)	<1 month	1–3 months	4–12 months	1–5 years	>5 years	Cash flows (restated) Total
Non-derivative financial liabilities							
Trade payables	657	556	88	13			657
Bonds	1,695		107	301	773	712	1,893
Loans payable	657		3	105	416	255	779
Other financial liabilities	485	18	37	165	205	60	485
Derivative financial instruments							
Net carrying amount of derivative financial instruments	7						
Net carrying amount of energy derivatives	65						
Gross cash inflows		1,067	3,744	9,341	3,260		17,412
Gross cash outflows		– 1,054	– 3,691	– 9,325	– 3,406		– 17,476
Net carrying amount of currency / interest rate derivatives	– 58						
Gross cash inflows		33	72	536		3	644
Gross cash outflows		– 33	– 73	– 544	– 45	– 12	– 707

Hedge accounting

Foreign currency hedges

Foreign currency positions from the sale of Swiss production capacity in euros are hedged utilising forward transactions on the basis of the expected transaction volumes. The underlying transactions will be recognised in the income statements for 2018 to 2021. The hedges are proven as highly effective. The unrealised loss of CHF 34 million (previous year: loss of CHF 17 million), with related deferred tax assets of CHF 2 million (deferred tax assets of CHF 1 million), is recorded in other comprehensive income as at 31 December 2017.

Interest rate swaps

As at 31 December 2017, interest rate swaps were in place in order to fix interest rates on variable-interest project financing facilities. The project financing facilities in Italy have a remaining maturity of between seven and twelve years. The hedges are proven as highly effective. The unrealised gain of CHF 11 million (previous year: gain of CHF 4 million), with related deferred tax liabilities of CHF 4 million (deferred tax liabilities of CHF 1 million), is recorded in other comprehensive income as at 31 December 2017.

CHF million	2017
Negative replacement values of interest rate swaps on 1 January	**42**
Change in fair value	– 11
Currency translation differences	4
Negative replacement values of interest rate swaps on 31 December	**35**

Hedges recognised directly in other comprehensive income taking into account deferred taxes comprise the following:

CHF million	Assets 2017	Liabilities 2017	Assets 2016	Liabilities 2016
Interest rate swaps		30		37
Foreign currency hedges		32		

Once the transaction has occurred, amounts recognised in other comprehensive income as at 31 December 2017 are transferred to the income statement. In 2017, net losses of CHF 5 million (previous year: gains of CHF 6 million) were reclassified from equity to net revenue. The ineffective portion of the hedge recognised immediately in the income statement during the reporting year was immaterial.

3 Impairment losses

2017: Allocation of impairment losses and provisions

The company did not have to recognise any impairment losses on power plants as expected electricity prices have not decreased further since the end of 2016. The hourly profile of low electricity prices is slightly more volatile than in previous periods, from which the highly flexible pumped storage power plants in particular benefit. For this reason, the provision for the onerous contract relating to the future procurement of energy from the Nant de Drance SA pumped storage power plant was reduced by CHF 54 million. The Group had to increase a provision for an onerous contract abroad by CHF 1 million. Furthermore, the Group had to recognise an impairment loss of CHF 6 million in the Industrial Engineering business division for a wind farm project in Scandinavia as well as an impairment loss of CHF 4 million in connection with the early return of concession rights in a small-scale hydropower plant in Italy.

In the arbitration proceedings between Kraftanlagen ARGE Olkiluoto 3 GesbR (KAO) – consisting of Kraftanlagen München GmbH and Kraftanlagen Heidelberg GmbH – and Bilfinger Piping Technologies GmbH, the German Institution for Arbitration e.V. has ruled against KAO. This ruling led to write-downs of receivables of CHF 61 million, which were recognised under "Other operating expenses" for discontinued operations and included in the "Change in net working capital" in the statement of cash flows.

2016: Allocation of impairment losses and provisions

CHF million	Business division	Pre-tax discount rate	Post-tax discount rate	Property, plant and equipment	Intangible assets	Partner power plants	Total
Power Generation Switzerland	Generation Switzerland	5.8 %	4.6 %	– 49	– 117	– 195	– 361
Renewable Energy France	Industrial Engineering	8.5 %	4.5 %		– 1		– 1
Renewable Energy Italy	Industrial Engineering	8.4 %	6.0 %	– 38	– 1		– 39
Total impairment losses for assets				**– 87**	**– 119**	**– 195**	**– 401**
Provision for onerous contracts							225
Liabilities for purchase and supply contracts [1]							– 3
Total impairment losses and provisions							**– 179**

1 In the business combination between Atel and EOS in 2009, loss-making purchase and supply contracts were contributed by EOS and recorded among the Alpiq Group's non-current liabilities at the then fair value. Their valuation at current market prices at 31 December 2016 led to an increase in the liabilities carried.

4 Energy and inventory costs

CHF million	2017	2016 (restated)
Electricity purchased from third parties	–3,885	–2,837
Electricity purchased from partner power plants	–448	–500
Electricity purchased from other associates		–8
Other energy purchases	–606	–479
Cost of inventories	–6	–13
Other energy and inventory costs	–49	–61
Total before provisions	**–4,994**	**–3,898**
Provisions	53	225
Total	**–4,942**	**–3,673**

The item "Other energy purchases" primarily contains the cost of procuring fuels (gas and coals) and certificates. The item "Other energy and inventory costs" mainly comprises water taxes, concession fees and plant maintenance costs.

5 Employee costs

CHF million	2017	2016 (restated)
Wages and salaries	–146	–137
Defined benefit pension costs	–15	–14
Defined contribution pension costs	–1	–1
Other employee costs	–25	–21
Total	**–187**	**–173**

Average number of employees

	2017	2016 (restated)
Employees (full-time equivalents)	1,455	1,421
Apprentices	9	11
Total [1]	**1,464**	**1,432**

1 Only continuing operations

Number of employees at the reporting date

	31 Dec 2017	31 Dec 2016 (restated)
Employees (full-time equivalents)	1,496	1,419
Apprentices	8	10
Total [1]	**1,504**	**1,429**

1 Only continuing operations

6 Depreciation, amortisation and impairment

CHF million	2017	2016 (restated)
Depreciation of property, plant and equipment	– 133	– 136
Amortisation of energy purchase rights	– 11	– 23
Amortisation of other intangible assets	– 10	– 9
Impairment of property, plant and equipment and intangible assets	– 10	– 206
Total	**– 164**	**– 374**

Notes 3 and 12 disclose information about the impairment tests.

7 Finance costs and finance income

CHF million	2017	2016 (restated)
Finance costs		
Interest expense	– 71	– 85
Net interest on pension plans and provisions	– 19	– 23
Other finance costs	– 14	– 18
Net foreign exchange gains / (losses)	– 4	– 7
Total	**– 108**	**– 133**
Finance income		
Interest income	7	19
Other finance income	14	108
Total	**21**	**127**
Financial result	**– 87**	**– 6**

The item “Other finance income” included gains from the sale of shares in associates of CHF 99 million in the previous year.

8 Income tax expense

Income tax recognised directly in other comprehensive income

CHF million	2017	2016 (restated)
Deferred income tax	– 25	– 7
Total	**– 25**	**– 7**

Income tax expense charged to the income statement

CHF million	2017	2016 (restated)
Current income tax	– 32	– 23
Deferred income tax	– 38	185
Total	**– 70**	**162**

Reconciliation

CHF million	2017	2016[1] (restated)
Earnings before tax	74	98
Expected income tax rate (Swiss average rate)	21 %	21 %
Income tax at the expected income tax rate	– 16	– 21
Increase / (decrease) in income tax expense due to:		
21 % difference in tax rate compared to locally expected income tax rates	– 24	– 9
Effect of non-deductible expenses for tax purposes	– 79	– 45
Effect of adjustments in respect of prior periods	3	12
Effects of income exempt from tax	36	32
Effect of valuation of tax loss carryforwards	6	143
Effect of changes in tax rates	1	51
Other effects	3	– 1
Total income tax expense	**– 70**	**162**
Effective income tax rate	94.6 %	– 165.3 %

1 Adjusted to the application of the income tax rate according to the Swiss average rate

Deferred tax assets and liabilities by origination of temporary differences

CHF million	31 Dec 2017	31 Dec 2016 (restated)
Tax losses and tax assets not yet used	18	88
Other non-current assets	5	85
Current assets	14	1
Provisions and liabilities	31	39
Total gross deferred tax assets	**68**	**213**
Property, plant and equipment	215	226
Other non-current assets	259	324
Current assets	49	41
Provisions and liabilities	63	49
Total gross deferred tax liabilities	**586**	**640**
Net deferred tax liability	**518**	**427**
Tax assets recognised in the balance sheet	15	41
Tax liabilities recognised in the balance sheet	533	468

As at 31 December 2017, individual subsidiaries (excluding assets held for sale) held tax loss carryforwards totalling CHF 737 million (previous year: CHF 1,466 million), which are available for offsetting against future taxable profits.

Deferred tax assets are recognised for tax loss carryforwards only to the extent that realisation of the related tax benefit is probable. The Alpiq Group has an unrecognised tax benefit on tax loss carryforwards of CHF 646 million (CHF 980 million) in the balance sheet item “Deferred income tax”. The average tax rate on tax loss carryforwards that are not eligible for capitalisation is 23.4 % (20.5 %).

These tax loss carryforwards expire in the following periods:

CHF million	31 Dec 2017	31 Dec 2016
Within 1 year		44
Within 2 – 3 years	243	192
After 3 years	403	744
Total	**646**	**980**

In addition, non-capitalised deductible temporary valuation differences exist in an amount of CHF 197 million (CHF 64 million).

9 Earnings per share

	Continuing operations 2017	Discontinued operations 2017	2017	Continuing operations 2016	Discontinued operations 2016	2016
Net income attributable to equity investors of Alpiq Holding Ltd. (CHF million)	– 1	– 88	– 89	260	34	294
Interest on hybrid capital attributable to the period (CHF million) [1]	– 33		– 33	– 33		– 33
Share of Alpiq Holding Ltd. stockholders in net income (CHF million)	**– 34**	**– 88**	**– 122**	**227**	**34**	**261**
Weighted average number of shares outstanding			27,874,649			27,874,649
Earnings per share (CHF)	**– 1.18**	**– 3.16**	**– 4.34**	**8.15**	**1.23**	**9.38**

1 See note 18

No circumstances exist that would lead to a dilution of earnings per share.

10 Property, plant and equipment

CHF million	Land and buildings	Power plants	Transmission assets	Other plant and equipment	Assets under construction	Total
Gross carrying amount at 31 December 2016	**303**	**5,524**	**41**	**274**	**209**	**6,351**
Acquisition / disposal of subsidiaries		5		1		6
Investments	3	7		38	35	83
Reclassifications		58		1	– 59	0
Disposals	– 7	– 3		– 37	– 9	– 56
Reclassified to “Assets held for sale”	– 114	– 7		– 223	– 2	– 346
Currency translation differences	5	211		8	1	225
Gross carrying amount at 31 December 2017	**190**	**5,795**	**41**	**62**	**175**	**6,263**
Accumulated depreciation and impairment at 31 December 2016	**– 97**	**– 3,161**	**– 29**	**– 180**	**– 135**	**– 3,602**
Depreciation charge	– 6	– 125	– 3	– 18		– 152
Impairment					– 6	– 6
Disposals	5	2		23	9	39
Reclassified to “Assets held for sale”	40	1		128		169
Currency translation differences	– 2	– 138		– 6		– 146
Accumulated depreciation and impairment at 31 December 2017	**– 60**	**– 3,421**	**– 32**	**– 53**	**– 132**	**– 3,698**
Net carrying amount at 31 December 2017	**130**	**2,374**	**9**	**9**	**43**	**2,565**

At the reporting date, the Group had contractual commitments of CHF 14 million (previous year: CHF 16 million) for the construction and acquisition of property, plant and equipment.

The Alpiq Group operates a wind farm, which is primarily funded through a long-term lease agreement. As at 31 December 2017, the net carrying amount of property, plant and equipment held under finance leases was CHF 30 million (CHF 30 million).

CHF million	Land and buildings	Power plants (restated)	Transmission assets	Other plant and equipment (restated)	Assets under construction (restated)	Total (restated)
Gross carrying amount at 31 December 2015	**301**	**5,525**	**39**	**269**	**201**	**6,335**
Investments	4	3		33	43	83
Own work capitalised					1	1
Reclassifications		27	2	1	– 30	0
Disposals	– 2	– 12		– 29		– 43
Reclassified to “Assets held for sale”					– 5	– 5
Currency translation differences		– 19			– 1	– 20
Gross carrying amount at 31 December 2016	**303**	**5,524**	**41**	**274**	**209**	**6,351**
Accumulated depreciation and impairment at 31 December 2015	**– 92**	**– 2,971**	**– 27**	**– 178**	**– 139**	**– 3,407**
Depreciation charge	– 7	– 126	– 2	– 21		– 156
Impairment		– 87				– 87
Disposals	2	11		19		32
Reclassified to “Assets held for sale”					4	4
Currency translation differences		12				12
Accumulated depreciation and impairment at 31 December 2016	**– 97**	**– 3,161**	**– 29**	**– 180**	**– 135**	**– 3,602**
Net carrying amount at 31 December 2016	**206**	**2,363**	**12**	**94**	**74**	**2,749**

Commitments under finance leases

CHF million	Minimum lease payments at 31 Dec 2017	Minimum lease payments at 31 Dec 2016	Present value at 31 Dec 2017	Present value at 31 Dec 2016
Within 1 year	4	3	4	3
Within 2 – 5 years	15	13	13	12
More than 5 years	25	27	18	18
Total	**44**	**43**	**35**	**33**
Finance charges	– 9	– 10		
Present value of minimum lease payments	**35**	**33**	**35**	**33**

The present value of minimum lease payments amounted to CHF 35 million at the reporting date (CHF 33 million), of which CHF 4 million is reported as current financial liabilities (CHF 3 million) and CHF 31 million as non-current financial liabilities (CHF 30 million).

11 Intangible assets

CHF million	Energy purchase rights	Goodwill	Other intangible assets	Assets under construction	Total
Gross carrying amount at 31 December 2016	**1,486**	**740**	**471**	**14**	**2,711**
Acquisition / disposal of subsidiaries		34	22		56
Investments			3	5	8
Own work capitalised				5	5
Reclassifications			9	– 7	2
Disposals			– 2		– 2
Reclassified to “Assets held for sale”		– 133	– 52		– 185
Currency translation differences	6	7	17		30
Gross carrying amount at 31 December 2017	**1,492**	**648**	**468**	**17**	**2,625**
Accumulated amortisation and impairment at 31 December 2016	**– 1,444**	**– 647**	**– 386**	**0**	**– 2,477**
Amortisation charge	– 11		– 14		– 25
Impairment			– 4		– 4
Disposals			2		2
Reclassified to “Assets held for sale”		33	23		56
Currency translation differences	– 6	– 5	– 13		– 24
Accumulated amortisation and impairment at 31 December 2017	**– 1,461**	**– 619**	**– 392**	**0**	**– 2,472**
Net carrying amount at 31 December 2017	**31**	**29**	**76**	**17**	**153**
Gross carrying amount at 31 December 2015	**1,485**	**731**	**477**	**4**	**2,697**
Acquisition / disposal of subsidiaries		12	2		14
Investments			1	9	10
Own work capitalised				4	4
Reclassifications	2		– 2	– 3	– 3
Disposals			– 1		– 1
Reclassified to “Assets held for sale”			– 4		– 4
Currency translation differences	– 1	– 3	– 2		– 6
Gross carrying amount at 31 December 2016	**1,486**	**740**	**471**	**14**	**2,711**
Accumulated amortisation and impairment at 31 December 2015	**– 1,305**	**– 647**	**– 370**	**0**	**– 2,322**
Amortisation charge	– 23		– 14		– 37
Impairment	– 117		– 2		– 119
Reclassifications			– 3		– 3
Disposals			1		1
Currency translation differences	1		2		3
Accumulated amortisation and impairment at 31 December 2016	**– 1,444**	**– 647**	**– 386**	**0**	**– 2,477**
Net carrying amount at 31 December 2016	**42**	**93**	**85**	**14**	**234**

12 Goodwill impairment test

Goodwill has been allocated to the following cash-generating units for impairment testing purposes:

CHF million	Pre-tax discount rate at 31 Dec 2017	Post-tax discount rate at 31 Dec 2017	Carrying amount at 31 Dec 2017	Pre-tax discount rate at 31 Dec 2016	Post-tax discount rate at 31 Dec 2016	Carrying amount at 31 Dec 2016
Trading and sales activities Eastern and South-Eastern Europe	7.1 %	6.0 %	12	8.1 %	6.6 %	12
Energy Management	6.9 %	6.0 %	17	7.0 %	6.1 %	16
Alpiq InTec [1]				4.6 %	4.0 %	52
Kraftanlagen Group [1]				5.2 %	4.1 %	13
Total			**29**			**93**

1 Discontinued operations

The recoverable amounts applied for impairment testing are based on value in use. For the first three years, business plans as approved by the management are applied to calculate values in use. These plans were prepared on the basis of historical empirical data and current market expectations. To calculate the terminal values, the cash flows were inflated by a growth rate of 2.0 % (previous year: 2.0 %). This growth rate corresponds to the long-term average that Alpiq expects. The discounting rates that have been applied reflect the current market estimate for the specific risks to be allocated to the cash-generating units.

13 Investments in partner power plants and other associates

CHF million	Partner power plants	Other associates	Total
Carrying amount at 31 December 2015	**2,661**	**57**	**2,718**
Dividends	– 25	– 13	– 38
Share of profit / loss	– 40	8	– 32
IAS 19 and IAS 39 effects recognised in other comprehensive income	16		16
Impairment	– 195		– 195
Reclassifications	39	1	40
Disposals	– 8		– 8
Carrying amount at 31 December 2016 (restated)	**2,448**	**53**	**2,501**
Investments	47	1	48
Dividends	– 25	– 13	– 38
Share of profit / loss	– 18	1	– 17
IAS 19 and IAS 39 effects recognised in other comprehensive income	32		32
Disposals	– 6	– 2	– 8
Reclassified to “Assets held for sale”		– 4	– 4
Currency translation differences		2	2
Carrying amount at 31 December 2017	**2,478**	**38**	**2,516**

The item “Reclassifications” for partner power plants included the proportionate capital increase of CHF 39 million at Nant de Drance SA in the previous year. The capital increase was performed by converting a shareholder loan and had no effect on cash in the previous year.

All material partner power plants and other associates are valued in accordance with uniform IFRS principles, and are accounted for in the consolidated financial statements applying the equity method. Reconciliation statements are prepared where no IFRS financial statements are available.

The reporting date of a few partner power plants (hydrological year) and other associates differs from that of the Group. The most recent available financial statements of these companies are utilised to prepare the consolidated financial statements of the Alpiq Group. Significant transactions and events that occur between the end of the most recent reporting period and 31 December are taken into account in the consolidated financial statements.

2017: Summarised financial information

Under the partner agreements in force, the shareholders of partner power plants are required to take on the energy and pay the annual costs allotted to their ownership interest (including interest and repayment of liabilities) throughout the concession period. Furthermore, nuclear power plant owners are required to pay limited additional contributions to the decommissioning and waste disposal fund, in case one primary contributor is unable to fulfil payments. The partner agreements run through the useful life of the power plant, or through the concession period, and cannot be terminated. For individual partner power plants, Alpiq assigned a portion of the energy to be granted to it on account of its ownership interest as well as the associated obligation to pay its annual costs to another company. In such cases, the reported interest relevant from an economic perspective may differ from the interest held pursuant to corporate law.

The merger of Atel and EOS, which formed Alpiq in 2009, led to fair value adjustments being made on the acquired assets in the course of the business combination. These are included in the summarised financial information and are calculated on the basis of a weighting.

Material partner power plants and other associates

	Partner power plants									
	Grande Dixence SA		Nant de Drance SA		Kernkraftwerk Gösgen-Däniken AG		Kernkraftwerk Leibstadt AG		Kernkraftwerk-Beteiligungs-gesellschaft AG (KBG)	
CHF million	Gross values	Alpiq share	Gross values	Alpiq share	Gross values	Alpiq share	Gross values	Alpiq share	Gross values	Alpiq share
Non-current assets	2,318	1,391	1,748	682	3,275	1,310	5,020	1,625	868	289
of which, non-current financial assets	7	4			2,038	815	1,931	625		
Current assets	32	19	44	17	191	76	276	89	14	5
of which, cash and current financial assets	27	16	4	2	69	27	63	20	11	4
Non-current liabilities	781	468	1,238	482	3,041	1,216	3,822	1,237	40	13
of which, non-current financial liabilities	779	467	1,237	482	136	55	400	129	40	13
Current liabilities	196	118	97	38	94	38	330	107	83	28
of which, current financial liabilities	170	102							60	20
Total equity	**1,373**	**824**	**457**	**179**	**331**	**132**	**1,144**	**370**	**759**	**253**
Revenue	157	94	3	1	223	89	370	120	211	70
Expenses	– 189	– 114	– 2	– 1	– 167	– 67	– 337	– 110	– 286	– 95
Net income	**– 32**	**– 20**	**1**	**0**	**56**	**22**	**33**	**10**	**– 75**	**– 25**
Other comprehensive income			3	1	37	15	38	12		
Total comprehensive income	**– 32**	**– 20**	**4**	**1**	**93**	**37**	**71**	**22**	**– 75**	**– 25**
Dividends received		**5**				**7**		**8**		**2**

The associates classified as material by Alpiq comprise only strategically significant partner power plants. No market prices are available for any of these companies.

Individually immaterial partner power plants and other associates

	Partner power plants		Other associates	
CHF million	Gross values	Alpiq share	Gross values	Alpiq share
Non-current assets	4,210	1,108	201	49
of which, non-current financial assets	78	10		
Current assets	105	20	103	25
of which, cash and current financial assets	53	10	89	20
Non-current liabilities	1,636	347	130	30
of which, non-current financial liabilities	1,609	342	101	22
Current liabilities	317	61	22	6
of which, current financial liabilities	163	32		
Total equity	**2,362**	**720**	**152**	**38**
Revenue	405	84	129	36
Expenses	– 408	– 89	– 121	– 35
Net income	**– 3**	**– 5**	**8**	**1**
Other comprehensive income	27	4		
Total comprehensive income	**24**	**– 1**	**8**	**1**

The Alpiq Group’s share of the regular annual costs of all partner power plants in 2017 amounted to CHF 448 million (previous year: CHF 500 million). This amount is included in energy and inventory costs.

2016: Summarised financial information

Material partner power plants and other associates

	Partner power plants									
	Grande Dixence SA		Nant de Drance SA		Kernkraftwerk Gösgen-Däniken AG		Kernkraftwerk Leibstadt AG		Kernkraftwerk-Beteiligungs-gesellschaft AG (KBG)	
CHF million	Gross values	Alpiq share	Gross values	Alpiq share	Gross values	Alpiq share	Gross values	Alpiq share	Gross values	Alpiq share
Non-current assets	2,397	1,438	1,488	580	3,270	1,307	4,775	1,546	981	327
of which, non-current financial assets	5	3			1,798	719	1,736	562		
Current assets	23	14	183	71	345	138	349	113	20	6
of which, cash and current financial assets	12	7	80	31	250	100	104	34	11	4
Non-current liabilities	940	564	1,237	482	3,244	1,298	3,812	1,234	1	
of which, non-current financial liabilities	938	563	1,237	482	135	54	400	129		
Current liabilities	65	39	97	38	114	45	214	69	159	53
of which, current financial liabilities									125	42
Total equity	**1,415**	**849**	**337**	**131**	**257**	**102**	**1,098**	**356**	**841**	**280**
Revenue	166	100	2	1	343	137	386	125	213	71
Expenses	– 432	– 260	– 10	– 4	– 296	– 118	– 379	– 123	– 391	– 130
Net income	**– 266**	**– 160**	**– 8**	**– 3**	**47**	**19**	**7**	**2**	**– 178**	**– 59**
Other comprehensive income			3	1	33	13	8	2		
Total comprehensive income	**– 266**	**– 160**	**– 5**	**– 2**	**80**	**32**	**15**	**4**	**– 178**	**– 59**
Dividends received		**5**				**7**		**8**		**2**

Individually immaterial partner power plants and other associates

CHF million	Partner power plants		Other associates	
	Gross values (restated)	Alpiq share (restated)	Gross values	Alpiq share
Non-current assets	4,255	1,120	190	50
of which, non-current financial assets	84	11	1	
Current assets	110	21	176	63
of which, cash and current financial assets	49	9	120	38
Non-current liabilities	1,643	341	145	33
of which, non-current financial liabilities	1,585	334	93	21
Current liabilities	353	70	64	27
of which, current financial liabilities	190	37		
Total equity	**2,369**	**730**	**157**	**53**
Revenue	379	72	194	67
Expenses	– 461	– 106	– 170	– 59
Net income	**– 82**	**– 34**	**24**	**8**
Other comprehensive income	– 7		– 8	
Total comprehensive income	**– 89**	**– 34**	**16**	**8**

14 Other non-current financial assets

CHF million	Financial investments	Loans receivable	Other non-current assets	Total
Carrying amount at 31 December 2015	**5**	**71**	**248**	**324**
Investments	1	5		6
Reclassifications	– 1	– 40		– 41
Disposals		– 25		– 25
Currency translation differences		– 1		– 1
Carrying amount at 31 December 2016	**5**	**10**	**248**	**263**
Investments		5		5
Reclassifications	– 4	1	– 49	– 52
Disposals		– 5		– 5
Impairment			– 2	– 2
Reclassified to “Assets held for sale”		– 6		– 6
Currency translation differences		1		1
Carrying amount at 31 December 2017	**1**	**6**	**197**	**204**

Alpiq has disposed of all of the loan claims received from Swissgrid AG in 2014 as part of the transfer of high-voltage grids. As part of the disposal, the Swissgrid loan tranches were sold without the contractually related conversion rights. Swissgrid AG can, or must, convert the loans into equity if certain conditions arise. In this instance, the buyers of the loans would receive shares in the equity of Swissgrid AG. In the case of a conversion, however, Alpiq is obligated on the basis of the contract with the buyers of the loans to purchase from the buyer all shares in the equity of Swissgrid AG arising from the conversion to a maximum amount of CHF 246 million. As a consequence, although Alpiq has sold the loans, it has also entered into a directly related obligation in an amount of CHF 246 million. Due to the aforementioned contractual structure of the transaction, the loans could not be derecognised and remain on Alpiq’s books as “Other non-current assets” in an amount of CHF 197 million (previous year: CHF 246 million) and as “Receivables” in the amount of CHF 49 million (CHF 0 million) on account of the maturity of the underlying Swissgrid AG convertible bonds. The reclassification to receivables means that this amount of Swissgrid AG convertible bonds will be due for repayment in the next twelve months. Financial liabilities also exist in the amount of the obligations that were entered into as a result of the sales. These are included under “Other non-current liabilities” in the amount of CHF 197 million (CHF 246 million) and under “Other current liabilities” in the amount of CHF 49 million (CHF 0 million).

15 Inventories

At the reporting date, inventories primarily included fuels (gas and coal) carried at CHF 31 million (previous year (restated): CHF 33 million), CO_2 emission allowances at CHF 17 million (CHF 12 million) as well as consumables and supplies valued at CHF 11 million (CHF 35 million).

16 Trade and other receivables

CHF million	31 Dec 2017	31 Dec 2016 (restated)
Trade receivables	929	1,099
Prepayments to suppliers	39	38
Unbilled revenue		251
Other current receivables	299	410
Total	**1,267**	**1,798**

Trade receivables from and trade payables to the same counterparties are offset, provided that a netting agreement has been reached with the counterparties, and payment is made on a net basis. For further details, please refer to note 2.

Unbilled revenue related to construction contracts is reported by reference to the stage of completion, less advances received, as follows:

CHF million	31 Dec 2017	31 Dec 2016 (restated)
Unbilled revenue (gross)		1,115
Advances received from customers		– 864
Unbilled revenue (net)	**0**	**251**

Total unbilled revenue as at 31 December 2017 is included under “Assets held for sale”.

17 Cash and cash equivalents

CHF million	31 Dec 2017	31 Dec 2016
Cash at bank and in hand	659	513
Term deposits with a maturity of 90 days or less	3	19
Total	**662**	**532**

18 Equity

Share capital

The share capital of CHF 278.7 million (previous year: CHF 278.7 million) consists of 27,874,649 registered shares at par value of CHF 10 each (27,874,649 registered shares) and is fully paid in. The shareholder structure breaks down as follows:

	Stakes in % at 31 Dec 2017	Stakes in % at 31 Dec 2016
EOS HOLDING SA (EOSH)	31.44	31.44
EDF Alpes Investissements Sàrl (EDFAI)	25.04	25.04
EBM (Genossenschaft Elektra Birseck)	13.65	13.65
EBL (Genossenschaft Elektra Baselland)	7.13	7.13
Canton of Solothurn	5.61	5.61
Aziende Industriali di Lugano (AIL) SA	2.13	2.13
IBAarau AG (IBA)	2.00	2.00
WWZ AG	0.91	0.91
Free float	12.09	12.09

Hybrid capital

In 2013, the main Swiss shareholders subscribed to a hybrid loan in the amount of CHF 367 million. In addition, Alpiq placed a CHF 650 million public hybrid bond on the Swiss capital market.

The total hybrid capital of CHF 1,017 million is for an unlimited duration, and qualifies as equity capital under IFRS accounting guidelines. Alpiq has the right to repay the public hybrid bond early, albeit at the earliest as at 15 November 2018, and subsequently annually. The hybrid loan from the main Swiss shareholders can be repaid only after the public hybrid bond has been repaid, and is subordinate to it. Under certain circumstances, Alpiq can repay the hybrid loan from the main Swiss shareholders with shares or equivalent hybrid instruments. Interest on the hybrid capital can be paid in the form of a 5 % coupon until initial repayment on 15 November 2018. On this date and every five years thereafter, the interest rate is adjusted in line with prevailing market conditions. In 2023 and 2043, the interest rate will be increased by an additional 25 bps and 75 bps respectively. Interest payments on the hybrid loan from the main Swiss shareholders can be suspended at Alpiq's discretion without the need for Alpiq to subsequently pay the suspended interest. The interest on the public hybrid bond can also be suspended. In this case, however, the payment of interest only lapses after three years.

On 6 March 2017, Alpiq announced that it will not pay interest on the hybrid loan from the main Swiss shareholders for the period from March 2016 to March 2017. The hybrid bond that was placed publicly was serviced, by contrast. The interest after tax attributable to 2017 was CHF 33 million (CHF 33 million). Interest from the public hybrid bond that is attributable to the reporting year and approved interest payments on the hybrid loan meet the criteria of a preference dividend, irrespective of whether the interest was paid or a legal obligation for the payment exists, and is deducted from the "Net income attributable to equity investors of Alpiq Holding Ltd." for the calculation of the undiluted earnings per share.

The accrued interest after tax amounted to a total of CHF 19 million as at 31 December 2017 (CHF 19 million). As no legally enforceable payment obligation exists, the accrued interest was not accrued as a financial liability, and was not deducted from equity. Interest payments totalling CHF 33 million occurred in 2017 (Swiss main shareholders CHF 0 million, public hybrid bond CHF 33 million). Due to the equity character of the hybrid capital, these distributions were carried directly to equity (retained earnings).

19 Provisions

CHF million	Provision for onerous contracts	Provision for restructuring	Provision for decommis-sioning own power plants	Provision for warranties	Other provisions	Total
Balance of non-current provisions at 31 December 2016 (restated)	**378**	**0**	**43**	**14**	**36**	**471**
Current provisions	23	19		2	44	88
Total provisions at 31 December 2016 (restated)	**401**	**19**	**43**	**16**	**80**	**559**
Allocated	10			2	32	44
Unwinding of discount	17		1			18
Utilised	– 35	– 1		– 2	– 10	– 48
Unused amounts reversed	– 57	– 6		– 4	– 15	– 82
Reclassified	– 3				3	0
Reclassified to “Liabilities held for sale”	– 10			– 9	– 9	– 28
Currency translation differences	11		1	1	3	16
Total provisions at 31 December 2017	**334**	**12**	**45**	**4**	**84**	**479**
Less current provisions	– 28	– 12			– 39	– 79
Balance of non-current provisions at 31 December 2017	**306**	**0**	**45**	**4**	**45**	**400**

The provision for onerous contracts covers the present value of the existing onerous contracts from energy trading and sales as well as construction contracts as determined at the reporting date.

The provision for restructuring covers the costs expected in future from the restructuring programmes initiated in previous years. The provision includes costs arising in the course of restructuring and not relating to the Group's continuing operations.

The provision for decommissioning the Group's own power plant portfolio covers the estimated costs of decommissioning and restoration obligations associated with the Group's existing power plants.

The provision for warranties was calculated based on historical data and contractual agreements.

Other provisions include obligations arising from the human resources area, existing and pending obligations from litigation as well as other general operating risks evaluated as probable to materialise.

Substantial provisions where the time value of money is material are recognised at present value, with interest charged to finance costs.

20 Financial liabilities

CHF million	Bonds	Loans payable	Other	Total
Non-current financial liabilities as at 1 January 2017	1,333	571		1,904
Current financial liabilities as at 1 January 2017	362	86	28	476
Financial liabilities as at 1 January 2017	**1,695**	**657**	**28**	**2,380**
Proceeds from financial liabilities	130	40	22	192
Repayment of financial liabilities	– 362	– 121		– 483
Acquisition / disposal of subsidiaries		1		1
Unwinding of discount	2			2
Reclassified to “Liabilities held for sale”		– 8		– 8
Currency translation differences		25		25
Financial liabilities as at 31 December 2017	**1,465**	**594**	**50**	**2,109**
Non-current financial liabilities as at 31 December 2017	1,265	502		1,767
Current financial liabilities as at 31 December 2017	200	92	50	342

Bonds outstanding at the reporting date

CHF million	Maturity	Earliest repayment date	Effective interest rate %	Carrying amount at 31 Dec 2017	Carrying amount at 31 Dec 2016
Alpiq Holding Ltd. CHF 100 million face value, 4 % fixed rate	2009/2017	10 Feb 2017	4.167		100
Alpiq Holding Ltd. CHF 132 million face value, 2 % fixed rate [1]	2012/2017	13 Apr 2017	2.160		132
Alpiq Holding Ltd. CHF 100 million face value, 2 5/8 % fixed rate	2006/2018	1 Mar 2018	2.788	100	100
Alpiq Holding Ltd. CHF 100 million face value, 3 7/8 % fixed rate	2008/2018	30 Oct 2018	4.020	100	100
Alpiq Holding Ltd. CHF 284 million face value, 3 % fixed rate [1]	2009/2019	25 Nov 2019	3.184	283	283
Alpiq Holding Ltd. CHF 179 million face value, 2 1/4 % fixed rate [1]	2011/2021	20 Sept 2021	2.400	178	178
Alpiq Holding Ltd. CHF 200 million face value, 3 % fixed rate	2012/2022	16 May 2022	3.056	200	199
Alpiq Holding Ltd. CHF 175 million face value, 2 1/8 % fixed rate	2015/2023	30 Jun 2023	2.125	175	175
Alpiq Holding Ltd. CHF 300 million face value, 2 5/8 % fixed rate	2014/2024	29 Jul 2024	2.710	299	298
Electricité d'Emosson SA CHF 130 million face value, 2 1/4 % fixed rate	2005/2017	26 Oct 2017	2.250		130
Electricité d'Emosson SA CHF 130 million face value, 1 3/8 % fixed rate	2017/2022	2 Nov 2017	1.441	130	

1 Partial repurchase at 14 September 2016

Relative to face value, the weighted interest rate issued at the reporting date on bonds was 2.56 % (previous year: 2.65 %), and 3.82 % (3.77 %) on loans payable. These also include project financing facilities denominated in euros. The weighted average rate of interest on the bonds and loans payable amounts to 2.93 % (2.95 %).

As at 14 September 2016, Alpiq repurchased bonds with a face value of CHF 218 million and with maturity in the 2017 and 2021 range.

21 Other non-current liabilities

CHF million	31 Dec 2017	31 Dec 2016
Written put options	11	12
Other non-current liabilities	260	306
Total	**271**	**318**

The item “Other non-current liabilities” includes obligations of CHF 197 million (previous year: CHF 246 million) arising from the sale of loans receivable due from Swissgrid AG. Note 14 provides further information about the transaction.

22 Other current liabilities

CHF million	31 Dec 2017	31 Dec 2016 (restated)
Trade payables	745	657
Other current liabilities	237	196
Advances from customers	31	8
Advances for construction contracts	1	228
Total	**1,014**	**1,089**

Trade payables to suppliers who are also customers are settled with trade receivables, provided that a netting agreement has been reached with the counterparties, and payment is made on a net basis. For further details, please refer to note 2.

The item “Other current liabilities” includes obligations of CHF 49 million (previous year: CHF 0 million) arising from the sale of loans receivable due from Swissgrid AG. Note 14 provides further information about the transaction.

Advances for construction contracts include the recognition of the gross amount due to customers for contract work as a liability, whereby prepayments received for these construction contracts exceed the costs incurred including profit share.

CHF million	31 Dec 2017	31 Dec 2016
Advances for construction contracts (gross)	2	1,062
Unbilled revenue	– 1	– 834
Advances for construction contracts (net)	**1**	**228**

The majority of advances for construction contracts as at 31 December 2017 is included under “Assets held for sale”.

23 Related party transactions

Related parties include partner power plants, other associates and major shareholders with significant influence on the Alpiq Group as well as employee pension schemes, the Board of Directors and the Executive Board. EOS Holding SA and EDFAI have significant influence over the Alpiq Group and are referred to below as “Other related companies”.

Transactions between the Group and related companies

CHF million	2017 Partner power plants	2017 Other associates	2017 Other related companies	2016 Partner power plants	2016 Other associates	2016 Other related companies
Total revenue and other income						
Revenue from energy sales	54	12	376	45	120	15
Other service revenue	12			10	2	
Operating expenses						
Energy costs	– 448		– 347	– 500	– 8	– 276
Other service costs		– 2			– 1	
Financial result						
Interest income				1		

Outstanding balances with related companies at the reporting date

CHF million	31 Dec 2017 Partner power plants	31 Dec 2017 Other associates	31 Dec 2017 Other related companies	31 Dec 2016 Partner power plants	31 Dec 2016 Other associates	31 Dec 2016 Other related companies
Receivables						
Other non-current financial assets	1	1		1	3	
Current financial receivables	18			46		
Other current receivables	58			74		
Trade receivables	6	1	21	13	2	6
Derivative financial instruments			51			
Liabilities						
Trade payables	15		40	7		11
Other current liabilities	17		1	48		
Derivative financial instruments			20			17

Investments in partner power plants and other associates are presented in note 13. The Alpiq Group has contractual power offtake arrangements with partner power plants. Electricity is purchased according to the ownership interest, although no volumes have been agreed contractually. Power generation capacity depends on optimum utilisation of the power plants. The costs for power production at the partner power plants are assumed on a cost-plus basis.

Non-financial energy trading contracts outstanding with other associates and other related companies comprised a contract volume of 171 TWh as at 31 December 2017 (previous year: 128 TWh) and a gross value of CHF 5.8 billion (CHF 4.1 billion).

Details of transactions between the Group and its employee pension schemes are disclosed in note 24.

Members of the Board of Directors and the Executive Board

The total compensation for the Board of Directors and the Executive Board breaks down as follows:

	Board of Directors		Executive Board	
CHF million	2017	2016	2017	2016
Fixed and variable remuneration	2.5	2.5	6.3	5.3
Social security contributions	0.1	0.1	1.1	1.0
Total	**2.6**	**2.6**	**7.4**	**6.3**

The phantom share programme from 2015 was still in place for the Executive Board. Further information about this share-based compensation can be found in note 25.

Detailed information on the total compensation of the Board of Directors and the Executive Board is presented in the remuneration report.

24 Employee benefits

Defined benefit pension costs recognised in the income statement

CHF million	2017	2016
Current service cost	– 48	– 48
Net interest expense of defined benefit plans	– 3	– 4
Defined benefit pension costs [1]	**– 51**	**– 52**

1 Of which, an amount of CHF –36 million (previous year: CHF –37 million) relates to discontinued operations

Defined benefit liability in the balance sheet

CHF million	31 Dec 2017	31 Dec 2016
Present value of defined benefit obligation	726	1,505
Fair value of plan assets	708	1,192
Net defined benefit liability [1]	**18**	**313**
of which, Swiss pension plans [1]	18	223
of which, German pension plans [1]		90

1 Excluding “Liabilities held for sale”

Reconciliation of net defined benefit liability

CHF million	2017	2016
Net defined benefit liability at 1 January	**313**	**293**
Defined benefit expense recognised in the income statement	51	52
Defined benefit expense recognised in other comprehensive income	– 160	9
Contributions by employer to legally independent pension schemes	– 33	– 33
Benefits paid directly by employer	– 7	– 7
Reclassified to “Liabilities held for sale”	– 154	
Currency translation differences	8	– 1
Net defined benefit liability at 31 December	**18**	**313**

Changes in the present value of the defined benefit obligation

CHF million	2017	2016
Defined benefit obligation at 1 January	**1,505**	**1,429**
Interest expense on defined benefit obligations	10	13
Current service cost	48	48
Contributions by plan participants	21	21
Benefits paid	– 64	– 62
Remeasurements:		
Financial assumptions	– 22	51
Demographic assumptions	– 39	– 6
Experience adjustments	8	12
Reclassified to “Liabilities held for sale”	– 749	
Currency translation differences	8	– 1
Defined benefit obligation at 31 December	**726**	**1,505**

After reclassification to “Liabilities held for sale”, the weighted average duration of the defined benefit obligation as at the reporting date is 13.3 years (previous year: 15.5 years).

Changes in the fair value of the plan assets

CHF million	2017	2016
Fair value of plan assets at 1 January	**1,192**	**1,136**
Interest income on plan assets	7	9
Contributions by employer to legally independent pension schemes	33	33
Contributions by plan participants	21	21
Benefits paid	– 57	– 55
Remeasurement on plan assets	107	48
Reclassified to “Liabilities held for sale”	– 595	
Fair value of plan assets at 31 December	**708**	**1,192**

Asset classes of plan assets

CHF million	31 Dec 2017	31 Dec 2016
Quoted market prices		
Cash and cash equivalents	15	9
Equity instruments of third parties	537	467
Debt instruments of third parties	471	456
Property funds	109	101
Other investments	70	63
Reclassified to “Liabilities held for sale”	– 591	
Total plan assets at fair value (quoted market prices)	**611**	**1,096**
Unquoted market prices		
Property not used by the company	98	93
Other investments	3	3
Reclassified to “Liabilities held for sale”	– 4	
Total plan assets at fair value (unquoted market prices)	**97**	**96**
Total fair value of plan assets	**708**	**1,192**

2017: Actuarial assumptions

%	Swiss plans	German plans
Discount rate [1]	0.63	
Expected rates of salary increase (weighted average) [1]	0.50	

1 Excluding “Liabilities held for sale”

2016: Actuarial assumptions

%	Swiss plans	German plans
Discount rate	0.61	1.45
Expected rates of salary increase (weighted average)	0.50	2.70

For the first time, life expectancy has been calculated for the Swiss plans by applying the CMI model with an estimated long-term rate of change of 1.25 % (previous year: BVG 2015 generation tables). At the Alpiq Group including discontinued operations, the change resulted in a reduction of net defined benefit liabilities of CHF 38.5 million. In the income statement, this had an effect on pension costs of CHF 1.3 million in 2017. The Heubeck 2005G tables (previous year: Heubeck 2005G tables) have been used for the German plans.

Sensitivity analysis

The valuation of the net defined benefit obligation is particularly sensitive in terms of changes in the discount rate, assumptions of salary increase and in life expectancy. The following table summarises the effects of a change in these assumptions on the present value of the net defined benefit obligation after reclassification to “Liabilities held for sale”.

CHF million	2017	2016
Discount rate		
0.25 % increase	– 23	– 57
0.25 % reduction	25	61
Rate of salary increase		
0.25 % increase	2	8
0.25 % reduction	– 2	– 8
Life expectancy		
1 year increase	29	51
1 year reduction	– 29	– 51

In each case, the sensitivity analysis takes into consideration a change of one assumption while all of the other assumptions remain unchanged. This approach does not take into account that some assumptions are dependent on each other.

Expected contributions by the employer and plan participants for the next period

Employer social security contributions are estimated at CHF 10 million and employee contributions are estimated at CHF 7 million for continuing operations for 2018.

25 Share-based payments

Executive Board members received phantom shares in the 2015 financial year. These will fall due in 2018. The phantom share programme ended on 31 December 2015. As a result, no further shares were issued after this date. Share-based compensation is principally cash-settled, although the Board of Directors is authorised to also make payment in shares in Alpiq Holding Ltd. Due to the intention to settle in cash and the resultant de facto obligation, Alpiq regards this programme as cash-settled, share-based payments.

Phantom shares securitise the entitlement to payment of the positive difference between the fair value of the Alpiq Holding Ltd. share at the end of three years and the fair value of the Alpiq Holding Ltd. share when the phantom shares are allocated. This entails converting the payout amount based on the share price at the end of the three-year period into a number of shares. Payment is subject to the condition that the beneficiaries are employed within the company on the vesting date. The level of payout is based on the appreciation of the share price, and can lie between 0 % and 150 % of the allocated value.

The allocation of CHF 0.6 million (100 %) occurred on 1 May 2015. Any payout under the programme will consequently occur after the end of the three-year vesting period as at 30 April 2018. The fair value of the phantom share programme outstanding is calculated on each reporting date applying a Black-Scholes model, and recognised in the income statement over the vesting period. The costs for cash-settled, share-based compensation in 2017 and the liability as at 31 December 2017 are not considered material.

26 Contingent liabilities and guarantees

After completing the tax audit on the Bucharest branch of Alpiq Energy SE, Prague, the Romanian tax authority ANAF (Agenția Națională de Administrare Fiscală) issued Alpiq the final decision in September 2017 regarding tax assessment in the amount of RON 793 million (CHF 199 million) for value added tax, corporate income tax and penalties (including late payment penalties) for the period of 2010 to 2014. The decision by ANAF will be contested by Alpiq by making use of all available local and international legal means of appeal. The tax assessment determined by ANAF will be contested on account of its reasoning and the extent of the amount assessed, as Alpiq is firmly convinced that the activities of Alpiq Energy SE in Romania have always been carried out in accordance with the applicable Romanian and European rules and regulations. Alpiq's position is supported by current assessments provided by external legal and tax experts. Alpiq deems it unlikely that this assessment will result in a negative outcome for the company and has therefore decided not to record a liability for the tax assessment. The amount stipulated by ANAF of RON 793 million (CHF 199 million) has been secured by a bank guarantee until a legally binding assessment is issued. An amount of EUR 173 million (CHF 202 million) is secured with a pledged bank account, which is disclosed under "Non-current term deposits".

In the first quarter of 2015, the state prosecutor of Munich I and the German Federal Antitrust Office started proceedings against various companies active in the industry for technical building equipment, including Kraftanlagen München GmbH. Kraftanlagen München GmbH is cooperating fully with the authorities. The outcome of these proceedings and any associated fines issued depend on official and judicial rulings that are currently unknown. Kraftanlagen München GmbH deems a condemnatory verdict unlikely. A provision was recognised for the associated legal costs.

In addition, contingent liabilities from pledges, guarantees and other commitments to third parties in favour of third parties amounted to CHF 16 million as at the reporting date (previous year: CHF 12 million). Alpiq is jointly and severally liable for all partner power plants in the form of simple partnerships under civil law in which Group companies hold an interest. For additional commitments in connection with partner power plants, please see note 13.

27 Pledged assets

The power plants of Aero Rossa S.r.l., Aragona / IT, En Plus S.r.l., Milan / IT, and Enpower 3 S.r.l., Aragona / IT, are funded through common project financing arrangements with banks. The related liabilities are reported on the consolidated balance sheet. The Alpiq Group has assigned CHF 71 million of its interests in these power plants to the financing banks (previous year: CHF 70 million). Information on the pledged non-current term deposit is presented in note 26.

28 Segment information

The segment reporting of the Alpiq Group is based on the Group's internal organisational and management structure and the internal financial information reported to the chief operating decision maker. The reportable segments under IFRS 8 consist of four business divisions, as shown in the organisation chart on page 19. The Executive Board evaluates each of these separately for the purpose of assessing performance and allocating resources. Segment results (EBITDA, EBIT) are the key performance indicators used for internal management and assessment purposes at Alpiq. Besides energy procurement and production costs, operating costs comprise all costs of operations, including personnel and service expenses.

Alpiq adjusted its organisational and management structure as at 1 April 2017. The business divisions Generation, Commerce & Trading and Energy Services disclosed in the 2016 Annual Report were replaced by a structure based on industry criteria. The new business divisions of the Alpiq Group are Generation Switzerland, Digital & Commerce, Industrial Engineering and Building Technology & Design. A new concept for charging Group Centre costs on a full-cost basis (EBITDA) was also introduced. Previous-year segment reporting has been restated for comparability.

- The Generation Switzerland business division comprises the production of electricity from Swiss hydropower and nuclear power. The power plant portfolio includes run-of-river power plants, storage and pumped storage power plants, investments in the Gösgen and Leibstadt nuclear power plants as well as the Nant de Drance pumped storage power plant project. Moreover, the business division manages shares in HYDRO Exploitation SA and Kernkraftwerk-Beteiligungsgesellschaft AG (KBG).

- The Digital & Commerce business division comprises the optimisation of Alpiq's own power plants, the optimisation of decentralised generation units as well as the production of electricity from third parties' renewable energies. The business division also covers trading activities with standardised and structured products for electricity and gas as well as emission allowances and certificates. In addition, the business division focuses on further developing products and services with artificial, self-learning intelligence in order to optimise and connect all energy management systems in the future with the help of digitalisation. Furthermore, Digital & Commerce has a centre of competence for e-mobility.

- The Industrial Engineering business division covers the construction, operation and dismantling of power plants, the industrial plant business and the new renewable energies. This includes the dismantling of nuclear power plants, the planning, construction and operation of decentralised, environmentally friendly energy generation systems – including solar thermal power plants – as well as the operation and maintenance of thermal power plants and plants to produce electricity from new renewable energies in Switzerland and in Europe. The engineering expertise and services that Alpiq provides to meet the individual needs of industrial customers in the production and energy sector are also bundled in this business division.

- The Building Technology & Design business division covers the full range of building technology and building management services, leading the market in both Switzerland and Italy. It develops and realises forward-looking and energy-efficient solutions in various industries for customers. Topical issues relating to smart homes and smart buildings with photovoltaic as well as solar and energy storage systems are integral to this business division. The Transportation business unit, which carries out complex transport projects in the area of international railway and road infrastructure as well as designing, planning and building challenging energy supply and high-voltage systems also belongs to this business division.

No operating business segments have been aggregated in the presentation of reportable segments. The business divisions' results are carried over to the Alpiq Group's consolidated figures by way of including the units with no market operations (Group Centre and other companies) as well as Group consolidation effects (including foreign currency effects from using other average exchange rates in management reporting). Group Centre and other companies include the financial and non-strategic investments which cannot be allocated directly to the business divisions as well as activities of the Group headquarters, including Alpiq Holding Ltd. and the functional units.

2017: Information by business division

CHF million	Generation Switzerland	Digital & Commerce	Industrial Engineering	Building Technology & Design	Group Centre & other companies	Consolidation	Alpiq Group	Discontinued operations	Continuing operations
External revenue from energy sales	139	5,073	304			– 3	5,513		5,513
External revenue from construction contracts		6	336	1,303		– 1	1,644	1,640	4
Revenue from energy and financial derivatives	– 12	28			1	– 1	16		16
of which, proprietary trading		13					13		13
of which, hedging transactions	– 12	15			1	– 1	3		3
Exceptional items [1]	– 8		– 2				– 10	– 2	– 8
Total external net revenue before exceptional items	**127**	**5,107**	**640**	**1,303**	**1**	**– 5**	**7,173**	**1,640**	**5,533**
Total external net revenue	**119**	**5,107**	**638**	**1,303**	**1**	**– 5**	**7,163**	**1,638**	**5,525**
Inter-segment transactions	576	12	96	12	1	– 697	0		
Total net revenue before exceptional items	**703**	**5,119**	**736**	**1,315**	**2**	**– 702**	**7,173**	**1,640**	**5,533**
Total net revenue	**695**	**5,119**	**734**	**1,315**	**2**	**– 702**	**7,163**	**1,638**	**5,525**
Other income	27	6	19	10	13	– 12	63	8	55
Exceptional items [1]			1				1	1	
Total revenue before exceptional items	**730**	**5,125**	**755**	**1,325**	**15**	**– 714**	**7,236**	**1,648**	**5,588**
Total revenue and other income	**722**	**5,125**	**754**	**1,325**	**15**	**– 714**	**7,227**	**1,647**	**5,580**
Operating costs	– 703	– 5,069	– 597	– 1,269	– 14	717	– 6,935	– 1,592	– 5,343
Exceptional items [1]	124	– 2	– 94	– 26	– 16		– 14	– 120	106
EBITDA before exceptional items	**27**	**56**	**158**	**56**	**1**	**3**	**301**	**56**	**245**
EBITDA	**143**	**54**	**63**	**30**	**– 15**	**3**	**278**	**– 65**	**343**
Depreciation, amortisation and impairment	– 69	– 4	– 91	– 17	– 6		– 187	– 23	– 164
EBIT before exceptional items	**– 42**	**52**	**67**	**39**	**– 5**	**3**	**114**	**33**	**81**
EBIT	**74**	**50**	**– 28**	**13**	**– 21**	**3**	**91**	**– 88**	**179**
Number of employees as at 31 December	127	486	2,426	5,447	309		8,795	7,291	1,504
Property, plant and equipment	1,499	5	989	150	99		2,742		
Intangible assets	58	46	49	116	13		282		
Investments in partner power plants and other associates	2,480		33	4	3		2,520		
Total non-current assets [2]	**4,037**	**51**	**1,071**	**270**	**115**	**0**	**5,544**		
Net capital expenditure on property, plant and equipment and intangible assets [3]	– 10	– 3	– 30	– 19	– 2		– 64		

1 Including effects in connection with arbitration proceedings, provisions, effects from business disposals and other exceptional items
2 Including "Assets held for sale"
3 Including net capital expenditure on property, plant and equipment and intangible assets of discontinued operations

Revenue from trading in energy and financial derivatives comprises realised net gains and losses from settled contracts and unrealised changes in the fair value of unsettled contracts.

There were no transactions with any single external customers that amounted to 10 % or more of the consolidated net revenue of the Alpiq Group.

2016: Information by business division

CHF million	Generation Switzerland	Digital & Commerce	Industrial Engineering	Building Technology & Design	Group Centre & other companies	Consoli-dation	Alpiq Group	Discontinued operations	Continuing operations
External revenue from energy sales	134	3,979	282			– 2	4,393		4,393
External revenue from construction contracts		4	366	1,306		– 6	1,670	1,666	4
Revenue from energy and financial derivatives	26	– 10			– 1		15		15
of which, proprietary trading		3					3		3
of which, hedging transactions	26	– 13			– 1		12		12
Total external net revenue	**160**	**3,973**	**648**	**1,306**	**– 1**	**– 8**	**6,078**	**1,666**	**4,412**
Inter-segment transactions	389	– 263	76	13		– 215	0		
Total net revenue	**549**	**3,710**	**724**	**1,319**	**– 1**	**– 223**	**6,078**	**1,666**	**4,412**
Other income	28	7	26	5	16	– 15	67	5	62
Exceptional items [1]	81				96		177		177
Total revenue before exceptional items	**577**	**3,717**	**750**	**1,324**	**15**	**– 238**	**6,145**	**1,671**	**4,474**
Total revenue and other income	**658**	**3,717**	**750**	**1,324**	**111**	**– 238**	**6,322**	**1,671**	**4,651**
Operating costs	– 433	– 3,678	– 592	– 1,261	– 20	234	– 5,750	– 1,601	– 4,149
Exceptional items [1]	251	– 38	– 2		– 5		206	– 2	208
EBITDA before exceptional items	**144**	**39**	**158**	**63**	**– 5**	**– 4**	**395**	**70**	**325**
EBITDA	**476**	**1**	**156**	**63**	**86**	**– 4**	**778**	**68**	**710**
Depreciation, amortisation and impairment	– 77	– 5	– 83	– 18	– 8		– 191	– 25	– 166
Exceptional items [1]	– 168		– 40				– 208		– 208
EBIT before exceptional items	**67**	**34**	**75**	**45**	**– 13**	**– 4**	**204**	**45**	**159**
EBIT	**231**	**– 4**	**33**	**45**	**78**	**– 4**	**379**	**43**	**336**
Number of employees as at 31 December	123	426	2,460	5,213	295		8,517	7,088	1,429
Property, plant and equipment	1,327	221	966	134	102		2,750		
Intangible assets	66	44	51	62	15		238		
Investments in partner power plants and other associates	2,450	1	30	16	4		2,501		
Total non-current assets [2]	**3,843**	**266**	**1,047**	**212**	**121**	**0**	**5,489**		
Net capital expenditure on property, plant and equipment and intangible assets [3]	– 22	– 10	– 28	– 22	– 5		– 87		

1 Including impairment losses and provisions, effects from business disposals and other exceptional items
2 Including "Assets held for sale"
3 Including net capital expenditure on property, plant and equipment and intangible assets of discontinued operations

2017: Information by geographical area

CHF million	Switzerland	Germany	France	Italy	Czech Republic	Hungary	Poland	United Kingdom	Other countries	Alpiq Group
External revenue [1]	1,906	857	1,391	494	502	248	276	245	1,244	7,163
Property, plant and equipment [2]	1,549		132	227	569	38		1	49	2,565
Intangible assets [2]	93		8	14	8			17	13	153
Investments in partner power plants and other associates [2]	2,494			22						2,516
Total non-current assets	**4,136**	**0**	**140**	**263**	**577**	**38**	**0**	**18**	**62**	**5,234**

1 CHF 5,525 million attributable to continuing operations and CHF 1,638 million to discontinued operations
2 Excluding "Assets held for sale".

2016: Information by geographical area

CHF million	Switzerland (restated)	Germany	France	Italy	Czech Republic	Hungary (restated)	Poland	United Kingdom	Other countries (restated)	Alpiq Group (restated)
External revenue [1]	2,071	978	801	445	245	217	282	46	993	6,078
Property, plant and equipment [2]	1,713	23	132	229	556	38			58	2,749
Intangible assets [2]	141	14	8	29	11			16	15	234
Investments in partner power plants and other associates [2]	2,479			21					1	2,501
Total non-current assets	**4,333**	**37**	**140**	**279**	**567**	**38**	**0**	**16**	**74**	**5,484**

1 CHF 4,412 million attributable to continuing operations and CHF 1,666 million to discontinued operations
2 Excluding "Assets held for sale"

Net revenue from external customers by country is allocated based on the customer's country of domicile. Non-current assets consist of property, plant and equipment, intangible assets and investments in the respective countries. Those countries in which Alpiq generated the most net revenue in the reporting period and / or previous year are presented separately in this segment information. Net revenue generated in other countries is aggregated under "Other countries".

29 Business combinations

2017: Business combinations

The following companies were acquired and integrated into the consolidated financial statements in 2017:

Industrial Engineering business division

30 June 2017: 100 % of Diamond Lite S.A., Herisau / CH

Building Technology & Design business division

9 October 2017: 100 % of Lundy Projects Ltd., Stockport / UK

The acquisition costs totalled CHF 75 million. Fair values were allocated as follows in the balance sheet:

CHF million	Fair value
Property, plant and equipment	6
Intangible assets	22
Inventories	1
Trade and other receivables	9
Cash and cash equivalents	16
Deferred income tax liabilities	– 4
Current financial liabilities	– 1
Trade payables	– 6
Other current liabilities	– 2
Net assets acquired	**41**
Goodwill arising from acquisition activities	34
Net cash flow arising from acquisition activities	
Acquisition costs	– 75
Cash and cash equivalents acquired with subsidiaries	16
Deferred consideration liabilities	17
Net cash flow	**– 42**

Diamond Lite S.A., Herisau / CH

At the end of June 2017, Alpiq acquired 100 % of Diamond Lite S.A., Herisau / CH. The company is a specialist for hydrogen gas production plants.

Lundy Projects Ltd., Stockport / UK

At the beginning of October 2017, Alpiq acquired 100 % of Lundy Projects Ltd., Stockport / UK, a specialist company for overhead line and signal structures in the rail sector in the UK.

The goodwill acquired from the transaction corresponds to the anticipated synergies from the addition to the existing operating activities, as well as the anticipated additional benefit arising from the expansion into new markets.

2016: Business combinations

The following companies were acquired and integrated into the consolidated financial statements in 2016:

Building Technology & Design business division

3 February 2016: 100 % of Jakob Ebling Heizung Lüftung Sanitär GmbH, Nierstein / DE

Industrial Engineering business division

9 May 2016: 95.5 % of IPIP S.A., Ploiesti / RO

The acquisition costs totalled CHF 12 million. Fair values were allocated as follows in the balance sheet:

CHF million	Fair value
Intangible assets	2
Trade and other receivables	6
Deferred income tax liabilities	– 1
Non-current financial liabilities	– 1
Trade payables	– 6
Net assets	**0**
Non-controlling interests	
Net assets acquired	**0**
Goodwill arising from acquisition activities	12
Net cash flow arising from acquisition activities	
Acquisition costs	– 12
Net cash flow	**– 12**

Jakob Ebling Heizung Lüftung Sanitär GmbH, Nierstein / DE

In early February 2016, Alpiq acquired 100 % of Jakob Ebling Heizung Lüftung Sanitär GmbH, Nierstein / DE. The company is specialised in planning and installing heating, ventilation, cooling and control technology systems.

IPIP S.A., Ploiesti / RO

At the beginning of May 2016, Alpiq acquired 95.5 % of IPIP S.A., Ploiesti / RO. The company is a renowned service provider in engineering and project management for infrastructure in the oil processing industry. The range of services includes consulting, concept and feasibility studies, cost calculations as well as project planning and management.

The goodwill acquired from the transactions corresponds to the anticipated synergies from the addition to the existing operating activities, as well as the anticipated additional benefit arising from the expansion into new markets.

30 Business disposals

The following company was disposed of during the reporting period:

- Tysvær Vindpark AS, Rogaland / NO

In the previous year, Alpiq Versorgungs AG (AVAG), Olten / CH, was sold.

The book profit from the disposal of CHF 1 million (previous year: CHF 96 million) is recognised under “Other operating income”.

The assets and liabilities on the disposal date were as follows:

CHF million	2017	2016
Property, plant and equipment	1	214
Intangible assets	4	2
Inventories		1
Trade and other receivables		17
Cash and cash equivalents		36
Prepayments and accrued income		7
Deferred income tax	– 1	– 39
Other current and non-current liabilities		– 16
Accruals and deferred income		– 10
Non-controlling interests		– 7
Net assets disposed of	**4**	**205**

Net cash flow from disposals

CHF million	2017	2016
Cash and cash equivalents disposed of with subsidiaries		– 36
Consideration received	5	301
Net cash flow	**5**	**265**

On 3 January 2013, Alpiq transferred its share in the Swiss high-voltage grid to national grid operator Swissgrid AG as part of a share deal. As a result, the two Alpiq grid companies were deconsolidated. On 20 October 2016, the Swiss Federal Electricity Commission (ElCom) passed a new ruling on the measurement method for plants that had already been transferred. Based on an estimate by Alpiq, additional disposal proceeds of CHF 81 million were also recorded in the item “Other operating income” in the 2016 financial year. The interest components of CHF 14 million were posted to “Interest income”. A payment on account was received in the first quarter of 2017.

31 Assets held for sale

As at the 31 December 2016 reporting date, the three wind farm project companies in Scandinavia, Blåsmark Vindkraft AB (100 %), Tormoseröd Vindpark AB (100 %) and Tysvær Vindpark AS (100 %), several non-strategic minority investments in the Generation Switzerland business division as well as the gas-fired combined-cycle power plant Csepel in Hungary were recognised as “Assets held for sale” due to the intention to sell them.

On 27 March 2017, Alpiq completed the sale of its interest in Tysvær Vindpark AS.

In the second half of 2017, Alpiq decided not to sell the non-strategic minority interests in the Generation Switzerland business division as well as the gas-fired combined-cycle power plant Csepel in Hungary, which had been classified as held for sale as at 30 June 2017. The wind farm project company Blåsmark Vindkraft AB is no longer classified as held for sale, as a sale within the next twelve months is no longer deemed probable.

In addition, Alpiq resolved to sell the Engineering Services business, which comprises the Alpiq InTec Group and the Kraftanlagen Group. These Groups, which constitute the entire Building Technology & Design business division as well as significant parts of Industrial Engineering, are classified as discontinued operations and are disclosed in separate columns in the 2017 consolidated income statement and the 2017 consolidated statement of comprehensive income as well as the 2016 comparative figures. The companies of these Groups are listed in note 33. On 25 March 2018, Alpiq signed an agreement on the sale of the Engineering Services business with Bouygues Construction, Guyancourt (France), for CHF 850 million. Closing is planned for the second half of 2018. The sale is subject to customary conditions including the approval by the relevant antitrust authorities in the EU and Switzerland. It is not currently possible to estimate the resulting book profit because this depends largely on the net assets of the Engineering Services business at the time control is lost.

As at 31 December 2017, currency translation losses of CHF 50 million related to assets held for sale are recorded in equity.

Assets

CHF million	31 Dec 2017	31 Dec 2016 (restated)
Property, plant and equipment	177	1
Intangible assets	129	4
Investments in partner power plants and other associates	4	
Other non-current financial assets	6	
Deferred income tax assets	23	
Inventories	29	
Trade and other receivables	654	
Current term deposits	20	
Cash and cash equivalents	146	
Prepayments and accrued income	10	
Total assets held for sale	**1,198**	**5**

Equity and liabilities

CHF million	31 Dec 2017	31 Dec 2016 (restated)
Non-current provisions	18	
Deferred income tax liabilities	15	1
Defined benefit liabilities	154	
Non-current financial liabilities	4	
Other non-current liabilities	12	
Current income tax liabilities	8	
Current provisions	10	
Current financial liabilities	4	
Other current liabilities	443	
Accruals and deferred income	54	
Total liabilities held for sale	**722**	**1**

The cash flows from discontinued operations break down as follows:

CHF million	2017	2016
Net cash flows from operating activities	– 37	38
Net cash flows from investing activities	– 1	– 23
Net cash flows from financing activities	– 5	– 6
Net cash flows from discontinued operations	**– 43**	**9**

32 Events after the reporting period

Alpiq InTec AG acquired a 50 % interest in Alpiq Burkhalter Technik AG from its joint venture partner Burkhalter Holding AG in mid-January 2018. Alpiq InTec AG is now the new sole owner of Alpiq Burkhalter Technik AG.

At the end of January 2018, Alpiq EcoPower AG signed an agreement with Moncada Energy Group (MEG), under which Alpiq EcoPower AG transfers its 22 % interest in M&A Rinnovabili S.r.l. to MEG and in return receives a wind farm with an output of 9.3 MW as well as solar plants with an output of 14 MW. Closing is planned for the first quarter of 2018. Alpiq does not expect this transaction to have a material effect on the 2018 net income of the Alpiq Group.

At the beginning of February 2018, Alpiq and BKW agreed to terminate an electricity supply contract. Under this contract, BKW had purchased 5.3 % of the electricity generated at the Leibstadt nuclear power plant (KKL) from Alpiq since it was commissioned. In return, Alpiq assigned a direct interest of 5.0 % of the share capital in the KKL to BKW. Closing is planned for the second quarter of 2018. Alpiq does not expect this transaction to have a material effect on the 2018 net income of the Alpiq Group.

On 25 March 2018, Alpiq signed an agreement on the sale of the Engineering Services business. For more information, please refer to note 31.

33 Subsidiaries and Investments

Holding and finance companies

	Place of incorporation	Currency	Issued capital in million	Direct ownership interest in % (voting rights)	Consoli-dation method	Business activity	Reporting date
Alpiq Holding Ltd.	Lausanne	CHF	278.75	100.0	F	H	31 Dec
Alpiq Blue Energy AG	Olten	CHF	1.00	100.0	F *	H	31 Dec
Alpiq Deutschland GmbH	Heidelberg / DE	EUR	10.00	100.0	F *	H	31 Dec
Alpiq Ecopower France S.A.S.	Toulouse / FR	EUR	0.58	100.0	F	H	31 Dec
Alpiq Italia S.r.l.	Milan / IT	EUR	0.25	100.0	F	H	31 Dec
Alpiq Re (Guernsey) Ltd.	Guernsey / UK	EUR	3.00	100.0	F	S	31 Dec
Motor-Columbus Ltd.	Olten	CHF	0.10	100.0	F *	S	31 Dec

Energy companies

	Place of incorporation	Licence / agreement expiry	Currency	Issued capital in million	Direct ownership interest in % (voting rights)	Consoli-dation method	Business activity	Reporting date
Aare-Tessin Ltd. for Electricity	Olten		CHF	0.05	100.0	F *	S	31 Dec
Aero Rossa S.r.l.	Milan / IT		EUR	2.20	100.0	F	G	31 Dec
Alpiq Ltd.[1]	Olten		CHF	303.60	100.0	F *	SU	31 Dec
Alpiq Csepel Kft.	Budapest / HU		HUF	4,930.10	100.0	F	G	31 Dec
Alpiq Csepeli Szolgáltató Kft.	Budapest / HU		HUF	20.00	100.0	F	S	31 Dec
Alpiq EcoPower Ltd.	Olten		CHF	0.50	100.0	F *	S	31 Dec
Alpiq EcoPower Switzerland Ltd.	Olten		CHF	25.00	100.0	F	G	31 Dec
Alpiq E-Mobility Ltd.	Zurich		CHF	0.50	100.0	F	S	31 Dec
Alpiq Energia Bulgaria Ltd.	Sofia / BG		BGN	0.20	100.0	F	T	31 Dec
Alpiq Energía España S.A.U.	Barcelona / ES		EUR	20.00	100.0	F	SU	31 Dec
Alpiq Energia Italia S.p.A.[2]	Milan / IT		EUR	13.00	100.0	F	SU	31 Dec
Alpiq Energie France S.A.S.	Paris / FR		EUR	14.00	100.0	F	SU	31 Dec
Alpiq Energija BH d.o.o.	Sarajevo / BA		BAM	1.62	100.0	F	T	31 Dec
Alpiq Energija Hrvatska d.o.o. u likvidaciji	Zagreb / HR		HRK	0.02	100.0	F	T	31 Dec
Alpiq Energija RS d.o.o. Beograd	Belgrade / RS		RSD	137.75	100.0	F	T	31 Dec
Alpiq Energy Albania SHPK	Tirana / AL		ALL	17.63	100.0	F	T	31 Dec
Alpiq Energy Hellas S.A.	Athens / GR		EUR	0.06	95.0	F	T	31 Dec
Alpiq Energy SE	Prague / CZ		CZK	172.60	100.0	F	T	31 Dec
Alpiq Energy Skopje DOOEL	Skopje / MK		MKD	20.34	100.0	F	T	31 Dec
Alpiq Energy Ukraine LLC	Kiev / UA		UAH	1.16	100.0	F	T	31 Dec
Alpiq Energy Nordic AS[3]	Oslo / NO		NOK	223.00	100.0	F	T	31 Dec
Alpiq Generation (CZ) s.r.o.	Kladno / CZ		CZK	2,975.00	100.0	F	G	31 Dec
Alpiq Hydro Aare AG	Boningen		CHF	53.00	100.0	F	G	31 Dec

	Place of incorporation	Licence/agreement expiry	Currency	Issued capital in million	Direct ownership interest in % (voting rights)	Consoli-dation method	Business activity	Reporting date
Alpiq Hydro Italia S.r.l.	Milan/IT		EUR	0.73	90.0	F	G	31 Dec
Alpiq le Bayet S.A.S.	St-Paul-sur-Isère/FR		EUR	0.04	100.0	F	G	31 Dec
Alpiq RomEnergie S.R.L.	Bucharest/RO		RON	2.49	100.0	F	SU	31 Dec
Alpiq RomIndustries S.R.L.	Bucharest/RO		RON	6.61	100.0	F	SU	31 Dec
Alpiq Services CZ s.r.o.[4]	Prague/CZ		CZK	2.50	100.0	F	SU	31 Dec
Alpiq Solutions France SAS	Paris/FR		EUR	0.05	100.0	F	SU	31 Dec
Alpiq Suisse Ltd.	Lausanne		CHF	145.00	100.0	F*	SU	31 Dec
Alpiq Turkey Enerji Toptan Satis Limited Sirketi	Istanbul/TR		TRY	7.92	100.0	F	T	31 Dec
Alpiq Wind Italia S.r.l.	Milan/IT		EUR	0.01	100.0	F	G	31 Dec
Alpiq Wind Services EAD[4]	Sofia/BG		BGN	0.05	100.0	F	S	31 Dec
Atel Energy Romania S.R.L.	Bucharest/RO		RON	0.18	100.0	F	T	31 Dec
Birs Wasserkraft AG	Olten		CHF	0.10	100.0	F	G	31 Dec
Blåsmark Vindkraft AB	Danderyd/SE		SEK	0.10	100.0	F	G	31 Dec
Blenio Kraftwerke AG	Blenio	2042	CHF	60.00	17.0	E	G	30 Sept
CEPE Des Gravières SAS	Vergigny/FR		EUR	0.04	100.0	F	G	31 Dec
CERS Holding SAS	Paris/FR		EUR	0.50	15.0	E	G	31 Dec
Cleuson-Dixence[5]	Sion	2044	CHF	0.00	31.8	E	G	31 Dec
Cotlan Wasserkraft AG	Glarus Süd		CHF	4.00	60.0	F	G	31 Dec
EESP European Energy Service Platform GmbH	Berlin/DE		EUR	0.03	50.0	E	SU	31 Dec
Electra-Massa AG	Naters	2048	CHF	20.00	34.5	E	G	31 Dec
Electricité d'Emosson SA	Martigny		CHF	140.00	50.0	F	G	31 Dec
En Plus S.r.l.	Milan/IT		EUR	25.50	66.7	F	G	31 Dec
Energie Biberist AG	Biberist		CHF	5.00	25.0	E	G	31 Dec
Energie Electrique du Simplon SA (E.E.S.)	Simplon		CHF	8.00	81.9	F	G	31 Dec
Engadiner Kraftwerke AG	Zernez	2050/2074	CHF	140.00	22.0	E	G	30 Sept
Enpower 3 S.r.l.	Aragona/IT		EUR	0.04	100.0	F	G	31 Dec
Entegra Wasserkraft AG	St. Gallen		CHF	6.02	59.6	F	G	31 Dec
Ouvra Electrica Lavinuoz Lavin SA (OELL)	Zernez		CHF	2.00	25.0	E	G	31 Dec
Wasserkraftwerk Peist AG[4]	Arosa		CHF	1.00	51.0	F	G	31 Dec
Eole Jura SA	Muriaux		CHF	4.00	100.0	F	G	31 Dec
ETRANS Ltd.	Laufenburg		CHF	7.50	33.3	E	S	31 Dec
Flexitricity Ltd.	Edinburgh/UK		GBP	1.00	100.0	F	S	31 Mar
Forces Motrices Hongrin-Léman S.A. (FMHL)	Château-d'Oex	2051/2094	CHF	100.00	39.3	E	G	31 Dec
Forces Motrices de Martigny-Bourg S.A.	Martigny	2080	CHF	3.00	18.0	E	G	31 Dec
Grande Dixence SA	Sion	2044	CHF	300.00	60.0	E	G	31 Dec
Horizen GmbH[6]	Heidelberg/DE		EUR	0.03	100.0	F	SU	31 Dec
HYDRO Exploitation SA	Sion		CHF	13.00	26.2	E	S	31 Dec
Hydro-Solar Energie AG	Niederdorf		CHF	0.10	65.0	F	G	31 Dec
InnoSense AG[4]	Zurich		CHF	0.10	100.0	F	S	31 Dec
Isento Wasserkraft AG	St. Gallen		CHF	0.25	100.0	F	G	31 Dec
Kernkraftwerk Gösgen-Däniken AG	Däniken		CHF	350.00[7]	40.0	E	G	31 Dec
Kernkraftwerk Leibstadt AG	Leibstadt		CHF	450.00	32.4	E	G	31 Dec
Kernkraftwerk-Beteiligungsgesellschaft AG (KBG)	Bern	2017/2041	CHF	150.00	33.3	E	G	31 Dec

	Place of incorporation	Licence / agreement expiry	Currency	Issued capital in million	Direct ownership interest in % (voting rights)	Consoli-dation method	Business activity	Reporting date
KohleNusbaumer SA	Blonay		CHF	0.10	35.0	E	S	31 Dec
Kraftwerk Ryburg-Schwörstadt AG	Rheinfelden	2070	CHF	30.00	13.5	E	G	30 Sept
Kraftwerke Gougra AG	Sierre		CHF	50.00	54.0	F	G	30 Sept
Kraftwerke Hinterrhein AG	Thusis	2042	CHF	100.00	9.3	E	G	30 Sept
Kraftwerke Zervreila AG	Vals	2037	CHF	50.00	21.6	E	G	31 Dec
M&A Rinnovabili S.r.l.	Aragona / IT		EUR	5.00	22.0	E	G	31 Dec
Maggia Kraftwerke AG	Locarno	2035/2048	CHF	100.00	12.5	E	G	30 Sept
Kraftwerk Aegina AG	Obergoms	2047	CHF	12.00	50.0	E	G	30 Sept
Nant de Drance SA	Finhaut		CHF	350.00	39.0	E	G	31 Dec
Novel S.p.A.	Milan / IT		EUR	23.00	51.0	F	G	30 Sept
PoProstu Energia Spólka Akcyjna	Warsaw / PO		PLN	6.70	100.0	F	SU	31 Dec
PPC Bulgaria JSCo	Sofia / BG		BGN	1.20	15.0	E	T	31 Dec
Salanfe SA	Vernayaz		CHF	18.00	100.0	F	G	31 Dec
Tormoseröd Vindpark AB	Karlstad / SE		SEK	0.10	100.0	F	G	31 Dec
Unoenergia S.r.l.	Biella / IT		EUR	0.11	40.0	E	G	31 Dec
Vetrocom EOOD	Sofia / BG		BGN	136.91	100.0	F *	G	31 Dec
Wasserkraftwerk Tambobach AG	Splügen		CHF	2.00	70.0	F	G	31 Dec
Wasserkraftwerke Weinfelden AG	Weinfelden		CHF	5.00	49.0	E	G	31 Dec
Xamax AG	Olten		CHF	0.20	100.0	F	S	31 Dec
3SP S.r.l.	Milan / IT		EUR	0.01	100.0	F	G	31 Dec

1 Merged with Alpiq Grid Beteiligung AG
2 Merged with Alpiq Vercelli S.r.l.
3 Formerly Alpiq Ecopower Scandinavia AS
4 Newly founded
5 Simple partnership
6 Formerly Sodexo Energy Services GmbH
7 Of which, CHF 290 million paid in

Alpiq InTec Group companies

	Place of incorporation	Currency	Issued capital in million	Direct ownership interest in % (voting rights)	Consoli-dation method	Business activity	Reporting date
Alpiq InTec Ltd.	Olten	CHF	30.00	100.0	F*	H	31 Dec
Alpiq Burkhalter Technik AG	Zurich	CHF	0.25	50.0	E	S	31 Dec
Alpiq EnerTrans AG	Niedergösgen	CHF	0.25	100.0	F	S	31 Dec
Alpiq EnerTrans S.p.A.	Milan / IT	EUR	9.00	100.0	F	S	31 Dec
Alpiq Infra Ltd.	Zurich	CHF	0.10	100.0	F	S	31 Dec
Alpiq InTec Italia S.p.A.	Milan / IT	EUR	7.60	100.0	F	S	31 Dec
Alpiq InTec Management Ltd.	Zurich	CHF	0.10	100.0	F	S	31 Dec
Alpiq InTec Switzerland Ltd.[1]	Zurich	CHF	7.85	100.0	F	S	31 Dec
Alpiq Process Automation Ltd.	Strengelbach	CHF	0.20	100.0	F	S	31 Dec
CAD-LP SA	Meyrin	CHF	2.10	100.0	F	S	31 Dec
CAD-MICA SA	Meyrin	CHF	1.10	100.0	F	S	31 Dec
CADZIPLO SA	Plan-les-Ouates	CHF	2.58	33.0	E	S	31 Dec
Caliqua Anlagentechnik GmbH	Vienna Neudorf / AT	EUR	0.19	100.0	F	S	31 Dec
EIS Energy Investment Solutions S.R.L.	Milan / IT	EUR	0.10	40.0	E	S	31 Dec
Elektroline a.s.	Prague / CZ	EUR	0.17	100.0	F	S	31 Dec
FAD-ZIPLO SA	Meyrin	CHF	0.10	100.0	F	S	31 Dec
FAR Energia S.r.L.	Sirmione (BS) / IT	EUR	0.10	30.0	E	S	31 Dec
K+M Verkehrstechnik GmbH	Herne / DE	EUR	0.03	100.0	F	S	31 Dec
Kummler + Matter Ltd.	Zurich	CHF	2.50	100.0	F	S	31 Dec
Kummler Matter A.S.	Istanbul / TR	TRY	2.38	100.0	F	S	31 Dec
Lundy Projects Ltd.	Stockport / UK	GBP	0.00	100.0	F	S	31 Dec
Transtec Gotthard[2]	Amsteg	CHF	0.00	25.0	P	S	31 Dec

1 Formerly Alpiq InTec Ost AG, merged with Alpiq EcoServices AG, Alpiq InTec Romandie SA, Alpiq InTec Tessin AG, Alpiq InTec West AG, Helion Solar AG
2 Consortia

Kraftanlagen Group companies

	Place of incorporation	Currency	Issued capital in million	Direct ownership interest in % (voting rights)	Consolidation method	Business activity	Reporting date
Kraftanlagen München GmbH	Munich / DE	EUR	25.00	100.0	F	H/S	31 Dec
Diamond Lite S.A.	Herisau	CHF	0.10	100.0	F	S	31 Dec
ECM Ingenieur-Unternehmen für Energie- und Umwelttechnik GmbH	Munich / DE	EUR	0.05	100.0	F	S	31 Dec
FINOW Rohrsysteme GmbH	Eberswalde / DE	EUR	0.50	100.0	F	S	31 Dec
GAH Pensions GmbH	Heidelberg / DE	EUR	0.26	100.0	F	S	31 Dec
IA Tech GmbH	Jülich / DE	EUR	0.03	51.0	E	S	31 Dec
IPIP S.A.	Ploiesti / RO	RON	7.08	99.9	F	S	31 Dec
Jakob Ebling, Heizung, Lüftung, Sanitär GmbH	Nierstein / DE	EUR	0.05	100.0	F	S	31 Dec
KAROM Servicii Profesionale In Industrie S.R.L.	Ploiesti / RO	RON	2.25	51.0	F	S	31 Dec
Kraftanlagen Hamburg GmbH	Hamburg / DE	EUR	0.77	100.0	F	S	31 Dec
Kraftanlagen Heidelberg GmbH	Heidelberg / DE	EUR	0.50	100.0	F	S	31 Dec
Kraftanlagen Power Plants GmbH	Munich / DE	EUR	1.00	100.0	F	S	31 Dec
Kraftanlagen Romania S.R.L.	Ploiesti / RO	RON	2.04	100.0	F	S	31 Dec
Swiss Decommissioning & Nuclear Services AG	Olten	CHF	0.10	100.0	F	S	31 Dec

Business activity

T Trading
SU Sales and supply
G Generation
S Services
H Holding company

Consolidation method

F Fully consolidated
E Equity accounted
P Proportionate assets, liabilities, income and expenditures

* Interest held directly by Alpiq Holding Ltd.

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To the General Meeting of
Alpiq Holding Ltd., Lausanne

Zurich, 24 March 2018

Statutory auditor’s report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Alpiq Holding Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017 and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 72 to 151) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Impairment of property, plant and equipment from production facilities, intangible assets from long-term purchase and supply contracts as well as investments in production companies

Risk	Impairment losses recognized in 2017 are disclosed in note 3 of the notes to the consolidated financial statements. The calculation of impairment required Alpiq Holding Ltd. to make several estimates and assumptions, which had a significant impact on the net income for the period. The significant estimates mainly concerned future electricity prices, future exchange rates, future growth and inflation rates as well as the discount rate. The significant assumptions concerned the regulatory environment as well as the long-term investment activities. Comments on estimation uncertainty are included in note 1 of the notes to the consolidated financial statements.
Our audit response	In our audit of impairment losses, we compared the significant estimates made by Alpiq Holding Ltd. with available market data or other data made available by third parties. In addition, we compared the estimates with the relevant estimates from the prior year, and assessed these for consistency.

Assessment of onerous long-term purchase and supply contracts

Risk	Alpiq Holding Ltd. has long-term electricity purchase and supply contracts that were identified as onerous contracts due to their contractual arrangements and the current market situation as of 31 December 2017. In the year under audit, provisions for onerous contracts in the net amount of CHF 53 million were released (note 3 of the notes to the consolidated financial statements). Provisions for onerous contracts are disclosed in note 19 of the notes to the consolidated financial statements. The calculations of expected losses that are necessary for determining the provisions required Alpiq Holding Ltd. to make several estimates, which had a significant impact on the provision amount and therefore on the net income for the period. The significant estimates mainly concerned future electricity prices, future exchange rates, future growth and inflation rates as well as the discount rate. Comments on estimation uncertainty are included in note 1 of the notes to the consolidated financial statements.
Our audit response	In our audit of the provisions, we compared the significant estimates made by Alpiq Holding Ltd. with available market data or other data made available by third parties. In addition, we compared the estimates with the relevant estimates from the prior year, and assessed these for consistency. We also audited the mathematical accuracy of the valuation model.

Building a better working world

Revenue recognition for long-term projects

Risk	In the Industrial Engineering and Building Technology & Design business divisions, Alpiq Holding Ltd. recognized revenue from long-term construction contracts based on their stage of completion. Revenue recorded in these divisions is disclosed in note 28 of the notes to the consolidated financial statements. For every construction contract, revenue recognition required an estimate of the stage of completion, the expected overall costs as well as the expected overall revenue (incl. any enforceable subsequent charges). If the estimate is too high or low, this could potentially have a significant impact on the net income for the period.
Our audit response	We audited the internal control system's controls for revenue recognition defined by Alpiq Holding Ltd. with regard to their operating effectiveness. Moreover, using a risk-oriented sample, we assessed the estimates on both the stage of completion as well as on the expected overall costs and revenue for individual projects as of 31 December 2017.

Classification of energy contracts

Risk	With regard to forward and option contracts on electricity, gas and other resources, for each case Alpiq Holding Ltd. had to assess whether the transaction had been concluded with the purpose of physical realization in accordance with the expected purchase, sale or usage requirements of Alpiq Holding Ltd. Such transactions are only recognized in income under net revenue or under energy and inventory costs once they have been completed. Forward and option contracts concluded for trading purposes, however, are immediately recorded in income at fair value, with profit and loss disclosed net as trading income under net revenue. After the initial classification, Alpiq Holding Ltd. also had to assess whether the original assumptions regarding physical realization and expected purchase, sale or usage requirements were still accurate. An incorrect classification of forward contracts could potentially have a significant impact on the net income for the period.
Our audit response	We audited the internal control system's controls for initial classification as well as identification of necessary reclassifications defined by Alpiq Holding Ltd. with regard to their operating effectiveness. Furthermore, we assessed whether there are indications that would make it necessary for transactions classified as own purchase, sale or usage requirements to be classified for trading purposes as of 31 December 2017.

Classification, recognition and presentation of items held for sale and discontinued operations

Risk	The Alpiq InTec Group and the Kraftanlagen Group recognized “assets held for sale” (note 31 of the notes to the consolidated financial statements) and “discontinued operations” (note 31 of the notes to the consolidated financial statements) as of 31 December 2017. If a disposal group will primarily realize its carrying amount through a sales transaction, then it must be recognized as “assets held for sale”. This classification required Alpiq Holding Ltd. to perform an assessment as of 31 December 2017. An assessment with a different outcome could have resulted in a different presentation of assets and liabilities and financial performance.
Our audit response	We audited the classification as “assets held for sale” by evaluating the minutes of the meeting between the Board of Directors and Executive Board as well as by performing interviews with the Executive Board and executive employees in the finance department. We audited the presentation as “assets held for sale” and “liabilities held for sale” in the balance sheet using the disposal group’s combined balance sheet figures. We also audited the combined income statement figures of “discontinued operations” for the disclosure as “discontinued operations”.

Tax event in Romania

Risk	After completing a tax audit at a Group company, the Romanian tax authority made a tax claim of RON 793 million (CHF 199 million) for the period of 2010 to 2014. Alpiq Holding Ltd. deems it unlikely that this assessment will result in a cash outflow. Alpiq Holding Ltd. therefore did not recognize a provision and reported this matter as a contingent liability (note 26 of the notes to the financial statements). An assessment with a different outcome could potentially have a significant impact on the net income for the period.
Our audit response	We audited the contingent liability by holding meetings with the head of the Legal & Compliance function as well as the Executive Board of Alpiq Holding Ltd. We also reviewed the matter with internal tax specialists in Switzerland and Romania. In addition, we requested that the matter be looked at by two external experts.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the statutory financial statements, the remuneration report and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements
In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Martin Gröli	Mathias Zeller
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Financial Summary 2013 – 2017

Income statement

CHF million	2017	2016	2015	2014	2013
Net revenue	7,163	6,078	6,715	8,058	9,370
Other operating income	64	244	82	147	184
Total revenue and other income	7,227	6,322	6,797	8,205	9,554
Operating expenses	– 6,949	– 5,544	– 6,747	– 7,893	– 8,765
Earnings before interest, tax, depreciation and amortisation (EBITDA)	278	778	50	312	789
Depreciation, amortisation and impairment	– 187	– 399	– 561	– 985	– 510
Earnings before interest and tax (EBIT)	91	379	– 511	– 673	279
Share of results of partner power plants and other associates	– 17	– 225	– 347	– 173	– 126
Financial result	– 86	– 11	– 162	– 179	– 149
Income tax expense	– 72	151	190	123	14
Net income	– 84	294	– 830	– 902	18
Attributable to non-controlling interests	5		– 5	– 23	– 4
Attributable to equity investors of Alpiq Holding Ltd.	– 89	294	– 825	– 879	22
Employees [1]	8,729	8,557	8,360	8,017	7,807

1 Average number of full-time equivalents

Balance sheet

CHF million	2017	2016 (restated)	2015 (restated)	2014 (restated)	2013 (restated)
Total assets	10,197	10,008	10,575	12,018	14,669
Assets					
Non-current assets	5,655	5,793	6,381	7,475	9,083
Current assets including assets held for sale	4,542	4,215	4,194	4,543	5,586
Equity and liabilities					
Total equity	3,965	3,886	3,819	4,712	5,839
as % of total assets	38.9	38.8	36.1	39.2	39.8
Liabilities including liabilities held for sale	6,232	6,122	6,756	7,306	8,830

Per share data

CHF	2017	2016	2015	2014	2013
Par value	10	10	10	10	10
Share price at 31 December	63	85	105	90	122
High	89	107	109	129	132
Low	63	62	60	86	106
Weighted average number of shares outstanding (in thousands)	27,875	27,875	27,617	27,190	27,190
Net income	– 4.34	9.38	– 31.73	– 34.19	– 0.37
Dividend	0.00	0.00	0.00	2.00 [1]	2.00

1 Scrip dividend

Management Report of Alpiq Holding Ltd.

Alpiq Holding Ltd. is the holding company of the Alpiq Group and holds all investments, directly or indirectly, in Alpiq Group companies. In addition, the company ensures a significant portion of financing within the Group.

Alpiq Holding Ltd.'s income primarily comprises dividends and interest income from subsidiaries. Alpiq Holding Ltd. does not have any employees, nor does it have any research or development activities. The company did not distribute dividends in the reporting period.

Alpiq Holding Ltd.'s risk management is integrated into the Group-wide risk management system of the Alpiq Group. Risks identified are assessed individually based on their probability of occurrence and scope of potential losses. Appropriate measures are defined for the individual risks. Risks are systematically collected and updated once a year. The risk situation and the implementation of the measures defined are monitored. The Board of Directors of Alpiq Holding Ltd. addresses the topic of risk management at least once a year. We refer to note 2 of the consolidated financial statements for explanations on Group-wide risk management at the Alpiq Group.

Alpiq Holding Ltd. will continue to act as the holding company of the Alpiq Group in the 2018 financial year. There are no plans to change the company's business activities.

Financial Statements of Alpiq Holding Ltd.

Income statement

CHF million	Note	2017	2016
Revenue			
Dividend income	2	529	131
Finance income	3	229	153
Other income		8	33
Total revenue		**766**	**317**
Expenses			
Other expenses		– 53	– 25
Impairments on loans receivable and investments		– 24	– 99
Finance costs	4	– 343	– 210
Direct taxes		– 2	– 2
Total expenses		**– 422**	**– 336**
Net income		**344**	**– 19**

Balance sheet

Assets

CHF million	Note	31 Dec 2017	31 Dec 2016
Cash and cash equivalents		391	207
Securities		26	50
Other current receivables	5	413	1,368
Prepayments and accrued income		5	5
Current assets		**835**	**1,630**
Loans receivable	6	1,288	734
Investments	7	4,551	4,524
Non-current assets		**5,839**	**5,258**
Total assets		**6,674**	**6,888**

Equity and liabilities

CHF million	Note	31 Dec 2017	31 Dec 2016
Trade payables	8	2	
Current interest-bearing payables	9	1,470	1,800
Other current liabilities	10	15	
Accruals and deferred income		81	76
Current liabilities		**1,568**	**1,876**
Interest-bearing loans payable	11	467	517
Bonds	12	1,788	1,988
Non-current liabilities		**2,255**	**2,505**
Share capital		279	279
Statutory capital reserves			
Capital contribution reserves		1,100	1,100
Other capital reserves		4	4
Statutory revenue reserves		53	53
Retained earnings		1,415	1,071
Equity	13	**2,851**	**2,507**
Total equity and liabilities		**6,674**	**6,888**

Notes to the Financial Statements

1 Preliminary note

The financial statements of Alpiq Holding Ltd., Lausanne, have been prepared in accordance with the provisions of Swiss accounting legislation (Title 32 of the Swiss Code of Obligations). As in the previous year, the company employed no staff during the financial year.

The following section describes the main valuation principles applied that are not specified by law.

Securities

Securities held in current assets are measured at the market price on the reporting date. No fluctuation reserve is recognised.

Loans receivable / hedges

Loans receivable that are denominated in foreign currencies are measured at the closing rate on the reporting date, whereby unrealised losses are recognised, and unrealised gains are not reported. In the case of derivatives deployed in hedges, too, unrealised losses are recognised, but unrealised gains are not recognised.

Investments

The investments are generally measured individually. The only exceptions are the investments in Alpiq Ltd. and Alpiq Suisse SA, which have been tested for impairment by way of Group measurement since 2017, as these companies form an economic unit. Since 2017, Alpiq Suisse SA has operated as a meta partner power plant that sells its energy to Alpiq Ltd. at production cost.

Bonds

Bonds are recognised at face value. The discount and issue costs of bonds are recognised as finance costs in the issue year. Any premium (less issue costs) is recognised as a deferred credit and amortised on a straight-line basis over the bond's maturity.

2 Dividend income

Dividend income comprises dividends received from subsidiaries.

3 Finance income

CHF million	2017	2016
Interest income from Group companies	49	36
Other finance income from Group companies	3	3
Other finance income from third parties	10	6
Foreign exchange gain	167	108
Total	**229**	**153**

4 Finance costs

CHF million	2017	2016
Interest expense to Group companies	– 26	– 15
Interest expense to third parties	– 79	– 93
Other finance costs to third parties	– 4	– 13
Foreign exchange loss	– 234	– 89
Total	**– 343**	**– 210**

5 Other current receivables

CHF million	31 Dec 2017	31 Dec 2016
Due from Group companies	93	741
Due from shareholders		25
Due from third parties	320	602
Total	**413**	**1,368**

Other current receivables comprise current financial receivables as well as VAT and withholding tax receivables. An amount of CHF 609 million was reclassified from the loans reported as other current receivables from investments in the previous year to non-current loans receivable, as the receivables are of a non-current nature.

6 Loans receivable

CHF million	31 Dec 2017	31 Dec 2016
Due from Group companies	1,288	734
Total	**1,288**	**734**

7 Investments

A list of direct and significant indirect investments is disclosed in note 33 of the consolidated financial statements.

8 Trade payables

CHF million	31 Dec 2017	31 Dec 2016
Due to third parties	2	
Total	**2**	**0**

9 Current interest-bearing payables

CHF million	31 Dec 2017	31 Dec 2016
Due to Group companies	1,220	1,519
Due to third parties	250	281
Total	**1,470**	**1,800**

Current interest-bearing payables include cash pooling payables, maturing bonds and loans payable with a maximum 12-month term.

10 Other current liabilities

CHF million	31 Dec 2017	31 Dec 2016
Due to third parties	15	
Total	**15**	**0**

11 Interest-bearing loans payable

CHF million	31 Dec 2017	31 Dec 2016
Due to shareholders (hybrid loan)	367	367
Due to third parties	100	150
Total	**467**	**517**

The loans payable “Due to third parties” have a remaining maturity of between one and four years. The hybrid loan has an unlimited maturity.

12 Bonds

CHF million	Maturity	Earliest repayment date	Interest rate %	Face value at 31 Dec 2017	Face value at 31 Dec 2016
Fixed-rate bond issued by Alpiq Holding Ltd.	2009/2017	10 Feb 2017	4		100
Fixed-rate bond issued by Alpiq Holding Ltd.	2012/2017	13 Apr 2017	2		132
Fixed-rate bond issued by Alpiq Holding Ltd.[1]	2006/2018	1 Mar 2018	2 5/8	100	100
Fixed-rate bond issued by Alpiq Holding Ltd.[1]	2008/2018	30 Oct 2018	3 7/8	100	100
Fixed-rate bond issued by Alpiq Holding Ltd.	2009/2019	25 Nov 2019	3	284	284
Fixed-rate bond issued by Alpiq Holding Ltd.	2011/2021	20 Sept 2021	2 1/4	179	179
Fixed-rate bond issued by Alpiq Holding Ltd.	2012/2022	16 May 2022	3	200	200
Fixed-rate bond issued by Alpiq Holding Ltd.	2015/2023	30 Jun 2023	2 1/8	175	175
Fixed-rate bond issued by Alpiq Holding Ltd.	2014/2024	29 Jul 2024	2 5/8	300	300
Public hybrid bond issued by Alpiq Holding Ltd.	–	15 Nov 2018	5	650	650

1 At 31 December 2017, recognised under "Current interest-bearing liabilities"

13 Equity

CHF million	Share capital	Statutory capital reserves: Capital contribution reserves	Statutory capital reserves: Share premium	Statutory revenue reserves	Retained earnings	Total equity
Balance at 31 December 2015	**279**	**1,100**	**4**	**53**	**1,090**	**2,526**
Net income					– 19	– 19
Balance at 31 December 2016	**279**	**1,100**	**4**	**53**	**1,071**	**2,507**
Net income					344	344
Balance at 31 December 2017	**279**	**1,100**	**4**	**53**	**1,415**	**2,851**

Major shareholders

The major shareholders of Alpiq Holding Ltd. are disclosed in note 18 of the consolidated financial statements.

14 Collateral provided for third-party liabilities

Guarantees in favour of Group companies and third parties totalled CHF 732 million as at 31 December 2017 (previous year: CHF 582 million).

15 Shares held by members of the Board of Directors and Executive Board

		Number 31 Dec 2017	Number 31 Dec 2016
Conrad Ammann	Director	300	300
Alexander Kummer-Grämiger	Director	500	400
Heinz Saner	Director	16	
Urs Steiner	Director	127	127
Jasmin Staiblin	CEO	102	102
Reinhold Frank	Executive Board member	102	102
Peter Limacher	Executive Board member	50	
Michael Wider	Executive Board member	102	102
Total		**1,299**	**1,133**

16 Events after the reporting period

Alpiq Holding Ltd. sold its direct interest in Alpiq InTec Ltd. by sales agreement signed 25 March 2018 and Alpiq Deutschland GmbH, in which Alpiq Holding Ltd. holds a direct interest, also sold its interest in Kraftanlagen München GmbH for a total price of CHF 850 million. For more information, please refer to note 31 of the consolidated financial statements.

Proposal of the Board of Directors

Appropriation of retained earnings

The Board of Directors proposes to the Annual General Meeting to allocate the retained earnings as follows:

CHF	
Net income for 2017 reported in the income statement	344,067,443
Retained earnings carried forward	1,070,522,091
Retained earnings	**1,414,589,534**

Transfer to statutory revenue reserves	0
Balance to be carried forward	**1,414,589,534**

Building a better working world

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To the General Meeting of
Alpiq Holding Ltd., Lausanne

Zurich, 24 March 2018

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Alpiq Holding Ltd., which comprise the income statement, balance sheet and notes (pages 162 to 169), for the year ended 31 December 2017.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2017 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of equity investments	
Risk	As of 31 December 2017, Alpiq Holding Ltd. holds equity investments with a carrying amount of CHF 4,551 million. The assessment of impairment required Alpiq Holding Ltd. to make several estimates, which had a significant impact on the net income for the period. The significant estimates mainly concerned future electricity prices, future exchange rates, future growth and inflation rates as well as the discount rate.
Our audit response	In our audit of the impairment of investments, we compared the significant estimates made by Alpiq Holding Ltd. with available market data or other data made available by third parties. In addition, we compared the estimates with the relevant estimates from the prior year, and assessed these for consistency.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

Page 3

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Martin Gröli
Licensed audit expert
(Auditor in charge)

Mathias Zeller
Licensed audit expert

Measures

Currency

ALL	Albanian lek
BAM	Bosnia and Herzegovina convertible mark
BGN	Bulgarian lev
CHF	Swiss franc
CZK	Czech koruna
EUR	Euro
GBP	Pound sterling
HRK	Croatian kuna
HUF	Hungarian forint
MKD	Macedonian denar
NOK	Norwegian krone
PLN	Polish zloty
RON	Romanian leu
RSD	Serbian dinar
SEK	Swedish krona
TRY	Turkish lira
UAH	Ukrainian hryvnia
USD	US dollar

Energy

kWh	kilowatt-hours
MWh	megawatt-hours (1 MWh = 1,000 kWh)
GWh	gigawatt-hours (1 GWh = 1,000 MWh)
TWh	terawatt-hours (1 TWh = 1,000 GWh)
TJ	terajoules (1 TJ = 0.2778 GWh)

Power

kW	kilowatts (1 kW = 1,000 watts)
MW	megawatts (1 MW = 1,000 kilowatts)
GW	gigawatts (1 GW = 1,000 megawatts)

Photos

Cover: Using digitalisation to connect and optimise Alpiq's flow of electricity.
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Photographer: Christian O. Bruch
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Page 6: Alpiq's cleantech incubator in Zurich.
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Page 60: Alpiq's trading floor in Olten.
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Page 70: Alpiq's trading floor in Olten.
Photographer: Christian O. Bruch
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Financial calendar

16 May 2018:
Annual General Meeting

27 August 2018:
Interim Report

14 May 2019:
Annual General Meeting

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The Annual Report 2017 is published in German, French and English. The German version has precedence.

Online Annual Report

www.alpiq.com/reports

For the sake of simplicity and easier reading, we have not always included the feminine form in this report; references to the masculine should be taken to include persons of both genders where appropriate.

Alpiq Holding Ltd.

www.alpiq.com