

Media Release
24 August 2020

Robust business model, even during a pandemic

- **COVID-19 pandemic: Alpiq business model has proved to be robust**
- **Swiss power production, European and trading business profitable with EBITDA before exceptional items of CHF 116 million**
- **Liquidity strengthened – solid equity ratio**
- **Positive results of operations expected for the 2020 financial year**
- **Strategy focuses on strengthening climate protection and security of supply**

Lausanne – The Alpiq Group (Alpiq) generated EBITDA before exceptional items of CHF 116 million in the first half of 2020 (first half of 2019: CHF 55 million). All three business divisions made positive contributions to earnings. At CHF 37 million, Swiss power production was up on the previous-year period (CHF -56 million) as expected, international power production closed positively despite the phase-out of coal at CHF 24 million (CHF 60 million), international energy trading generated earnings of CHF 58 million in the first half of 2020 that were up on the earnings of the previous-year period (CHF 53 million) and made the biggest contribution to results of operations.

Alpiq business model has proved to be robust

The COVID-19 pandemic resulted in dramatically lower demand for electricity from industrial customers, especially in April and May, and therefore in very low electricity prices. Alpiq was well protected against these negative effects thanks to its hedging of power production over two to three years. Moreover, Alpiq was able to leverage numerous opportunities on the international energy markets. To some extent, this made up for the lower demand in the international industrial customer business. The Alpiq business model has proved to be robust, even under these difficult conditions.

Nothing works without electricity

Reliable power production is key for the security of supply. Alpiq's business continuity management system allowed it to respond to the COVID-19 pandemic at a very early stage: All employees who were not required to work on site have been efficiently working from home since March. Despite this challenging situation, Alpiq operated all power plants

with no disruptions and acted without any restrictions on the international energy markets at all times, to the benefit of its customers.

Solid balance sheet

Alpiq increased its net cash flows from operating activities of continuing operations to CHF 180 million (first half of 2019: CHF 80 million). As a result of continuing to systematically implement its financial strategy, the company reduced its net debt further to CHF 64 million (31 December 2019: CHF 206 million) and increased liquidity to CHF 1.16 billion (31 December 2019: CHF 1.10 billion). The equity ratio stands at a solid 50.3 % at 30 June 2020 (at 31 December 2019: 49.8 %).

Swiss power production benefits from hedged wholesale prices

As expected, the Generation Switzerland business division closed up on the previous-year period with EBITDA of CHF 37 million (first half of 2019: CHF -56 million). The prices hedged in previous years had a positive impact on the Swiss power production result. The price recovery on the forward markets cannot distract from the fact that large-scale hydropower has to be operated under the challenging conditions in the market. Alpiq will continue to work to ensure that hydropower can play its central role in securing the long-term security of supply.

At the Nant de Drance pumped storage power plant, in which Alpiq holds a stake of 39 %, the test phase of technical commissioning started in spring 2020. The 900 MW power plant will be gradually commissioned and will make its contribution to strengthening climate protection and to security of supply from the end of 2021. Alpiq manages around one third of Switzerland's total hydropower production.

International power production working successfully

Alpiq has a geographically and technologically diversified power plant portfolio. The flexible gas-fired combined-cycle power plants in Europe ideally complement the Swiss portfolio. The Generation International business division closed the first half of 2020 with EBITDA of CHF 24 million, which was down on the previous year, as expected (first half of 2019: CHF 60 million). In the previous-year period, the contributions of the Czech coal-fired power plants Kladno and Zlín had still counted here. These were divested with a view to lower-emission power production. In addition, the new renewable energies, comprising onshore wind power plants and small-scale hydropower plants as well as photovoltaic systems, were successful overall.

International energy trading leverages market opportunities

In the first half of 2020, the Digital & Commerce business division generated EBITDA of CHF 58 million, up on the previous year (first half of 2019: CHF 53 million). And this was even though the environment was negatively influenced by the COVID-19 pandemic, particularly in the key markets of France, Italy and Spain, where demand for energy in the

(industrial and commercial) customer business collapsed dramatically at times. However, Alpiq was well positioned and successfully leveraged numerous opportunities in other markets.

Alpiq expands international customer business

In the first half of 2020, Alpiq continued to expand its international presence. The newly opened location in Finland broadens the offering to the Nordic countries. Customers benefit from the additional expertise in tailor-made offerings, in particular when selling their electricity from new renewable energies. In France, Alpiq maintained its position as the third-largest energy provider for industrial and commercial customers – directly behind the two largest conventional French energy suppliers. Alpiq was also voted best supplier in the French electricity market for industrial customers for the fourth consecutive time in a customer survey. In Switzerland, Alpiq was engaged to manage the largest and highest-performing battery storage and thus strengthened its leading position in asset management for customers.

Alpiq's strategy focused on climate protection and security of supply

The change in the shareholder structure, the delisting of the Alpiq share from the Swiss Exchange and the approved squeeze-out merger marked the completion of the transitional phase. Alpiq will continue to pursue a sustainable, financially sound and risk-adjusted energy business, in order to contribute to a better climate and a greater security of supply in Switzerland and its customers on the European markets by following a clear strategy.

The pillars of the core business are confirmed and unchanged: Alpiq stands for Swiss power production, comprised of hydropower and nuclear energy, as well as international power production, comprised of new renewable energy plants and flexible gas-fired combined-cycle power plants in Europe. Alpiq's core business also covers power plant management and selling the energy generated in its own plants and in third-party plants, direct marketing for business customers and international energy trading.

Positive results of operations expected for the 2020 financial year

For 2020 as a whole, Alpiq expects positive results of operations before exceptional items to be up on the previous year. The main reason for this is the hedged electricity prices from previous years, which impact Swiss power production compared to the same period in the previous year and have a positive effect on earnings overall.

Key financial figures of the Alpiq Group for the first half of 2020

Alpiq Group CHF million	Results of operations before exceptional items			Results under IFRS		
	Half-year 2020/1	Half-year 2019/1	% change	Half-year 2020/1	Half-year 2019/1	% change
Net revenue ¹	1,813	2,213	-18.1	1,825	2,233	-18.3
Earnings before interest, tax, depreciation and amortisation (EBITDA) ¹	116	55	> 100.0	-5	118	> -100.0
Depreciation, amortisation and impairment ¹	-61	-71	-14.1	-65	-324	-79.9
Earnings before interest and tax (EBIT) ¹	55	-16	> 100.0	-70	-206	66.0
As % of net revenue	3.0	-0.7		-3.8	-9.2	
Earnings after tax from continuing operations				-84	-179	53.1
As % of net revenue				-4.6	-8.0	
Earnings after tax from discontinued operations					-27	100.0
Net income				-84	-206	59.2
As % of net revenue				-4.6	-9.2	
¹ Only continuing operations						
CHF million			30 Jun 2020	31 Dec 2019	% change	
Total assets			7,090	7,369	-3.8	
Total equity			3,566	3,671	-2.9	
As % of total assets			50.3	49.8		
			2020	2019	% change	
Own production in the first half-year (GWh) ²			6,869	7,829	-12.3	
Number of employees at the reporting date (30 June / 31 Dec) ²			1,292	1,226	5.4	
Of which in Switzerland			714	676	5.6	
Of which in surrounding European countries			578	550	5.1	
¹ Net share attributable to Alpiq from total power plant production (after deducting pumped energy), excluding long-term purchase contracts						
² Full-time equivalents						

You can find the current Interim Report as well as earlier reports at: www.alpiq.com/reports

Message for the media: The telephone media conference on the Half-Year Results 2020 is taking place today, 24 August 2020, from 9.00 a.m. to 10.30 a.m.

You can find the dossier for the interim communication here: <https://www.alpiq.com/alpiq-group/about-alpiq/publications/>

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