

Alpiq Annual Media Conference 2009 Results of the Alpiq Group

ALPIQ

Zurich, 24 March 2010

K. Baumgartner, Executive Board Member, CFO



Agenda

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1. At a glance
2. Market Environment
3. Alpiq Group
4. Energy Segment
5. Energy Services Segment
6. Appropriation of Retained Earnings
7. Outlook and Summary

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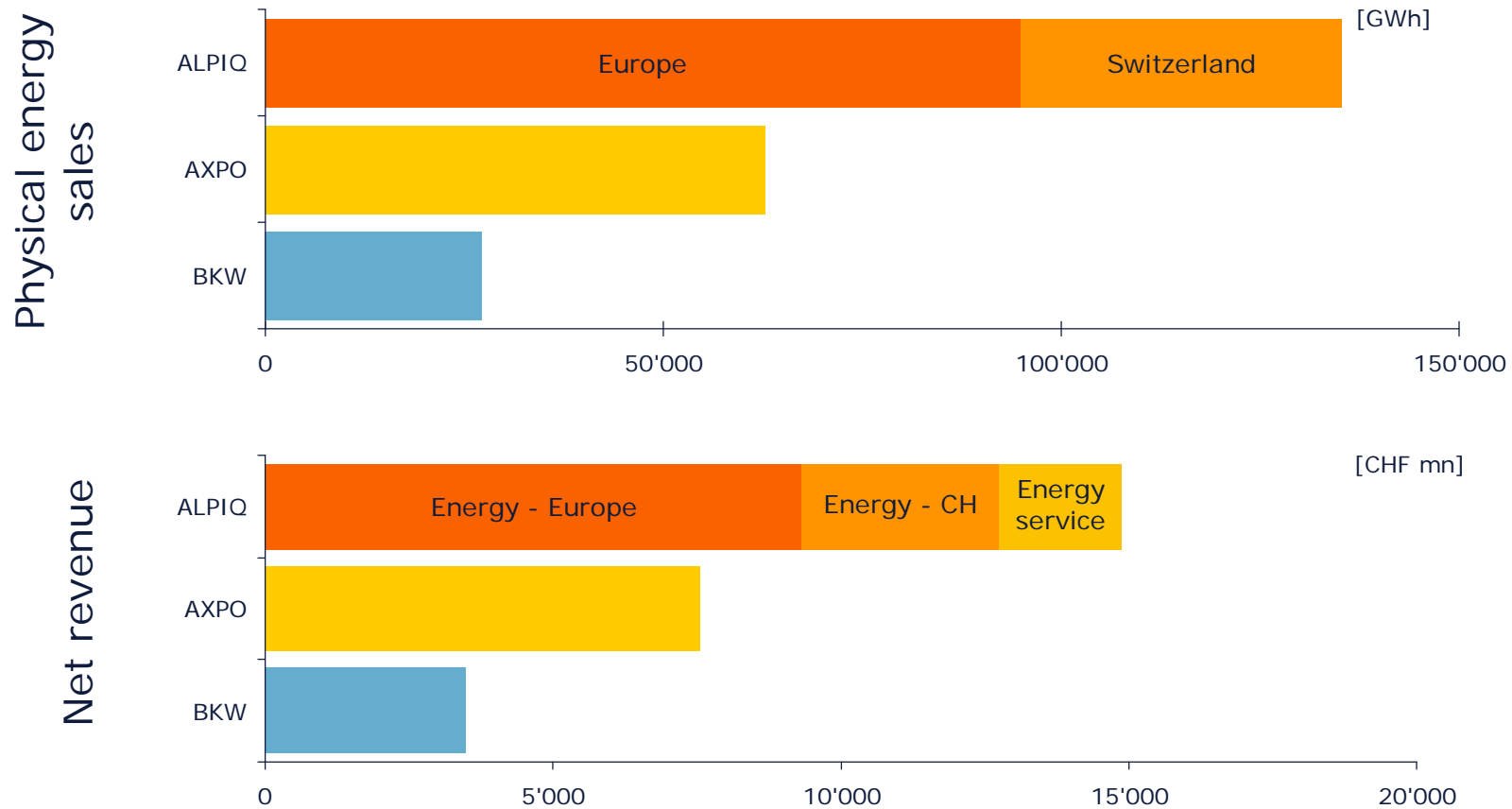
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At a glance: Operating performance above expectation, satisfying results

- First financial year as the Alpiq Group
 - 2008 proforma („as if ...“)
 - Integration and renaming costs
- Economic and financial crisis
 - Decline in demand, prices and margins
 - Lower liquidity; higher risks
- Market liberalisation in Switzerland
 - Reduction in grid charges by Elcom
 - Billing of ancillary service costs to production
- **Nevertheless:**
 - **Operating performance above expectation**
 - **Satisfying results**

Leading energy services provider in Switzerland with a broad European reach





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Declining demand due to recession yet supply unchanged ...

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-  Electricity consumption down by **approx. 2%**
-  Electricity consumption down by **approx. 3.5%**, regionally by up to 8%

-  Electricity production up by **approx. 1%** thanks to good availability of hydroelectric and nuclear power stations
-  Electricity production **unchanged**
 - No major power plant outages
 - No other extraordinary one-off effects

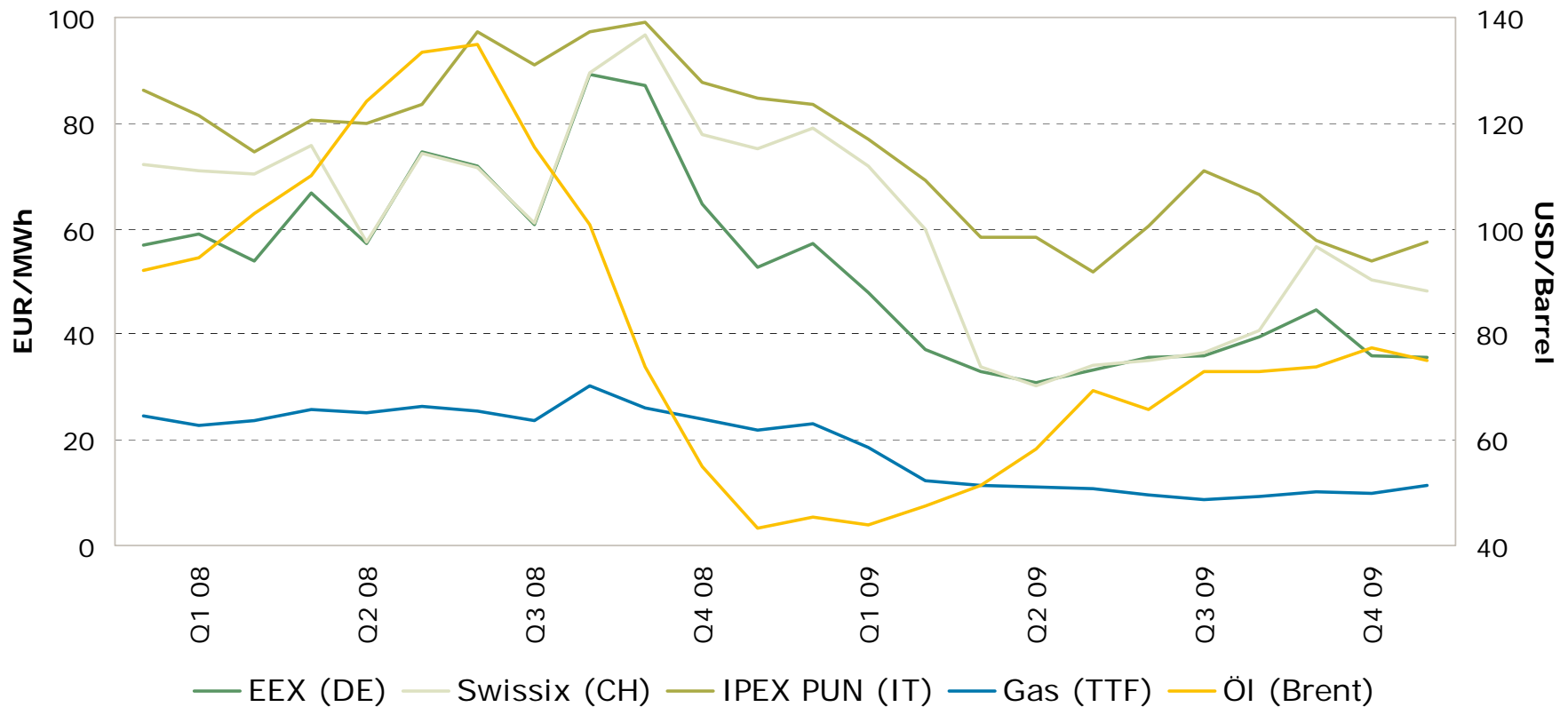
→ High supply and lower demand depresses electricity price level and impacts margins.

Source: www.energiedialog.ch (07.01.2010)

...placing pressure on price level for electricity and fuels









Electricity, Gas and Oil Prices



Source: Alpiq analysis

Regulatory environment in Switzerland and Europe in a state of flux

-  Electricity Supply Act in force from beginning of 2009 (→partial market liberalisation)
-  Elcom decisions (tariffs for transmission system/ancillary service costs)
-  New legal requirements and conditions
-  Ongoing negotiations between CH and EU
 - Inclusion of hydropower in renewable energies
 - Hedging of long-term contracts with France
-  Approval of climate package
 - Ambitious climate policy targets up to 2020
 - Additional measures for the promotion of renewable energies
-  Approval of 3rd EU energy market package
 - Strengthening solidarity among member countries
 - etc.

Source: NZZ online

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Alpiq Group scope of consolidation: acquisitions impacting revenue and EBIT



Newly acquired companies which influenced 2009 net revenue and EBIT:

Additions 2009:

- EOS Group (28.01.2009)
- Electricité d'Emosson SA/EDF purchase rights (28.01.2009)
- Rossetto Impianti S.p.A. (28.03.2009)
- Alpiq RomEnergie S.R.L./ex-EHOL (01.07.2009)

Additions 2008:

- Energiakolmio Oy, Jyväskylä/FI (31.05.2008)

Proforma 2008 financial year ("as if the merger had already taken place in 02/08")



- To evaluate operating performance, a consolidated statement was prepared for 2008 based on the premise that the merger between the Atel Group and the EOS Group had taken place in February 2008.
- 2009 consolidated figures for Atel including EOS and Emosson activities from February 2008.
- Inclusion of financial expenses related to the transaction.
- Amortisation of remeasured assets and liabilities sim. to 2009.

Derivation of proforma key figures for 2008



CHF mill.	EOS 2008	Atel 2008	Cons. effect PPA	Proforma 2008
Revenue	3 181	12 897	-65	16 013
EBITDA	290	1 281	+56	1 627
EBIT	233	1 001	-87	1 147
Group profit	153	733	-154	732
Fixed assets	1 812	5 884	+6 063	13 759
Current assets	699	4 682	-67	5 314
Shareholders' equity	1 227	3 830	+2 289	7 346
Liabilities	1 284	6 736	+3 707	11 727

Operating results slightly below the record 2008 year

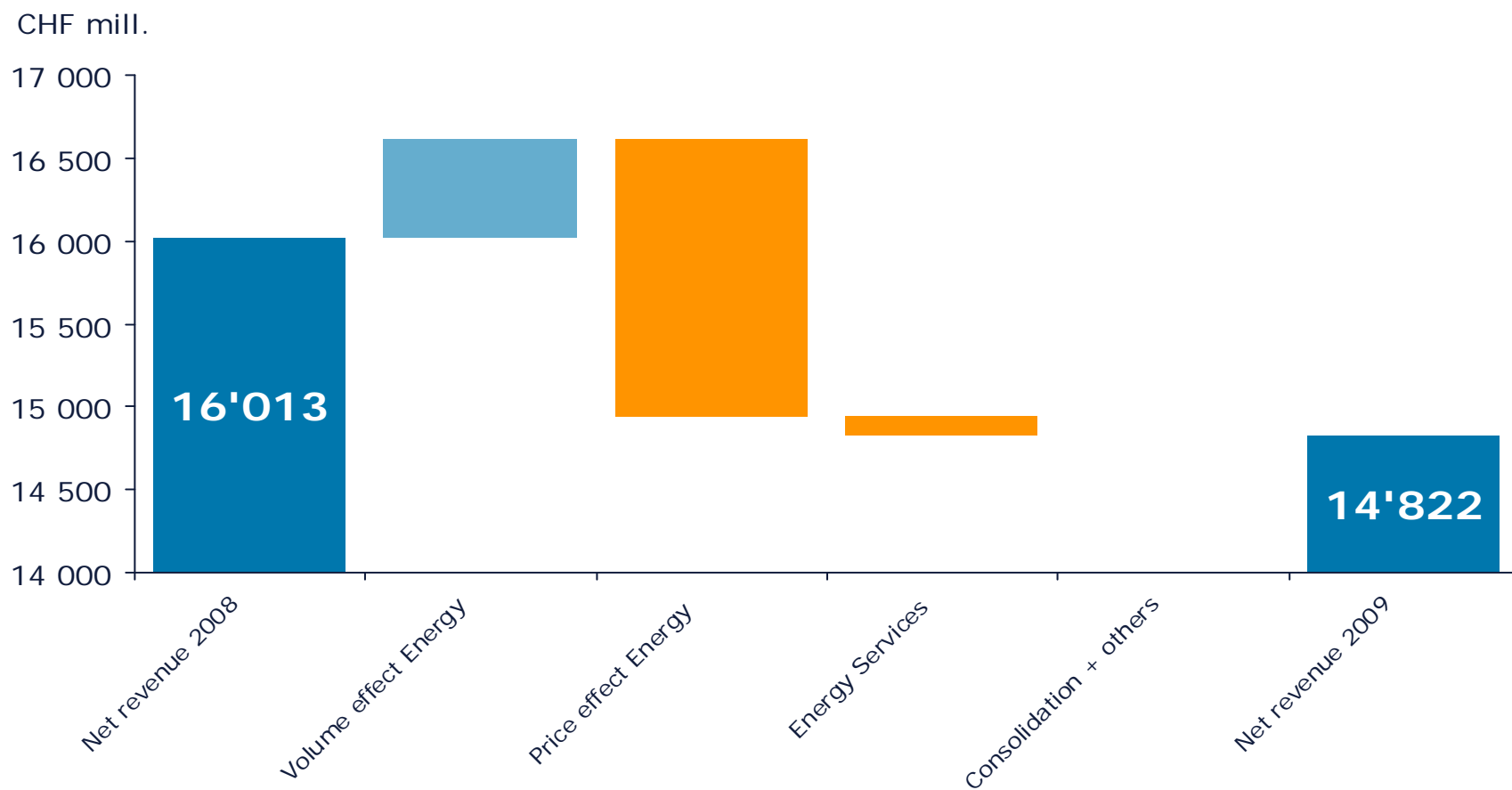
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CHF mill.	2008	2009	Change
Net revenue	16 013	14 822	-7%
<i>(+ standard businesses)</i>	18 513	25 896	+40%
Revenues	16 403	15 134	-8%
Operating expenses	-14 776	-13 589	+8%
EBITDA	1 627	1 545	-5%
Amortisation and depreciation	-480	-481	-0%
EBIT	1 147	1 064	-7%
Finance result	-215	-164	+24%
Income taxes	-200	-224	-12%
Group profit incl. minority interests	732	676	-8%
Energy sales in GWh	129 600	135 248	+4%
Trading in standardised products, in GWh	265 206	359 760	+36%

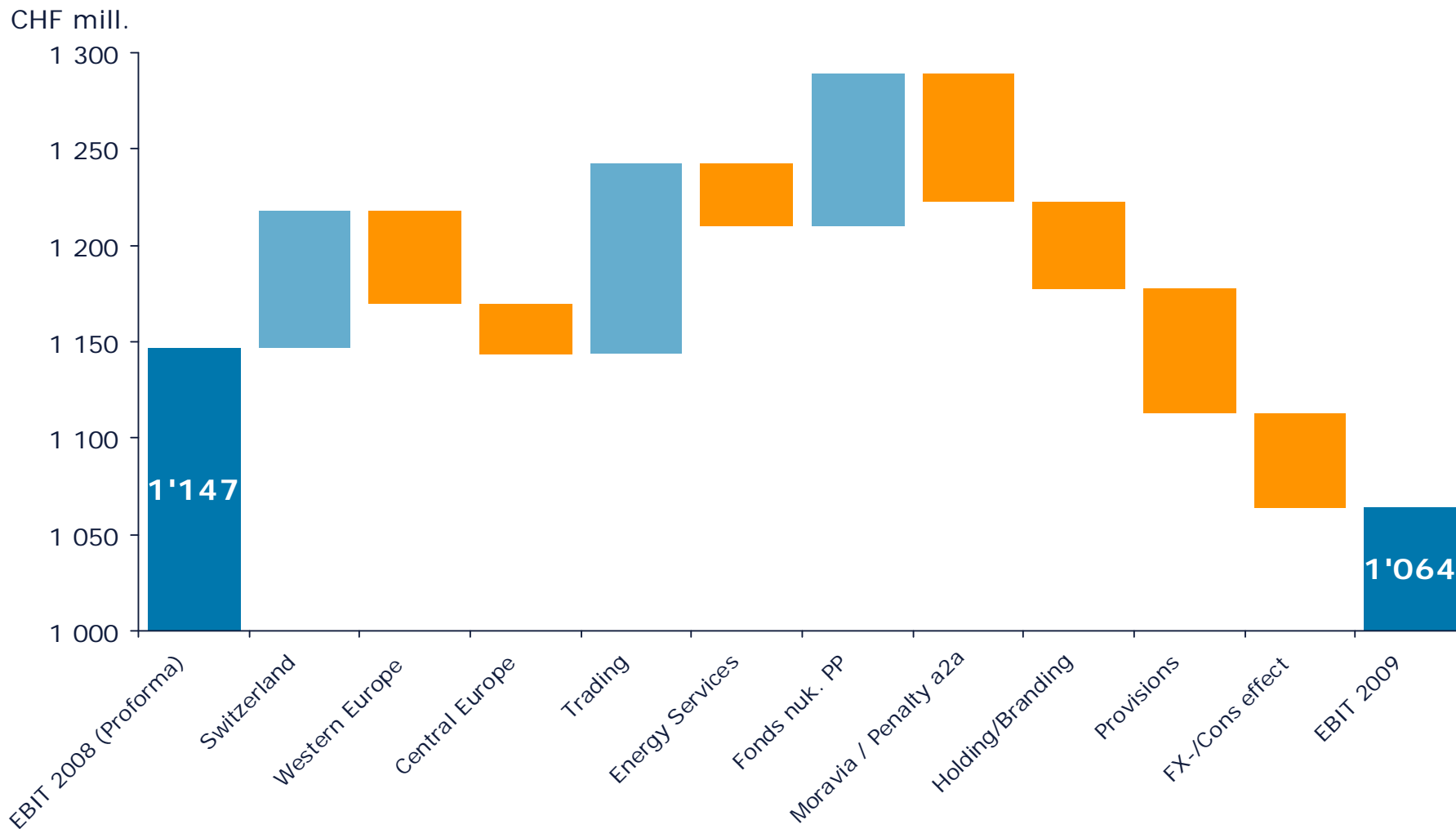
- + Good production availability (mainly in CH & CEE)
- + Good trading performance (chiefly asset trading)
- + Flexible, consistent exploitation of opportunities in various markets for sales
- + Significantly better year-on-year results for the nuclear power plant disposal fund
- + Energy services order backlog from prior year at good prices

- Decline in volume and prices due to recession (surpluses/narrower margins)
- Strong decline in spark spreads in Q1
- ElCom decisions
- Integration and renaming costs
- Reduction in market liquidity
- Loss on Moravia; decline in A2A results
- Higher taxes in various European countries

Net revenue 2008/2009: Energy price effects as main drivers



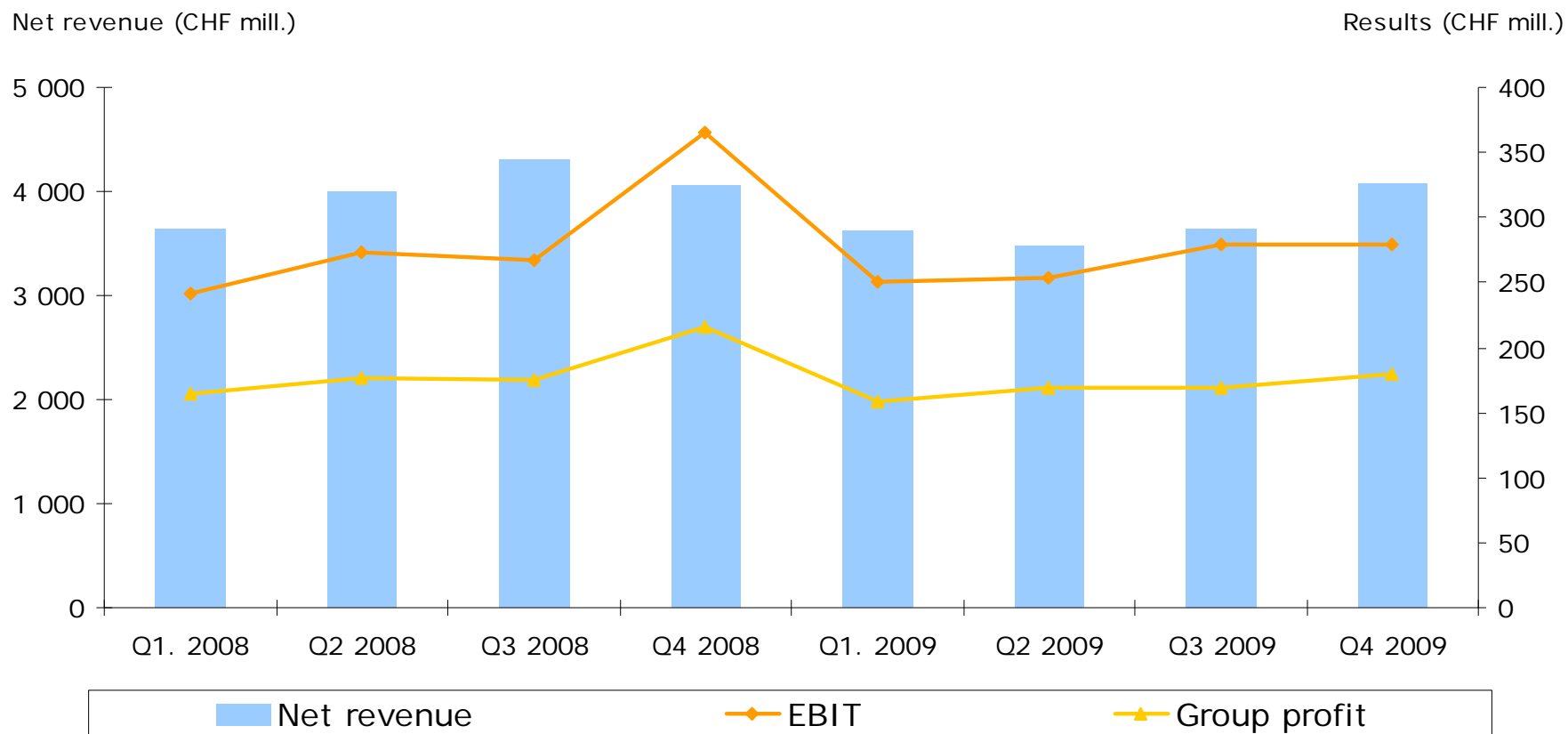
EBIT 2008/2009: various negative one-off effects



Adjusted 2009 EBIT around CHF 120 million higher than reported EBIT (19)



Quarterly performance 2008/2009:
peak in Q4/08; flattening in 2009



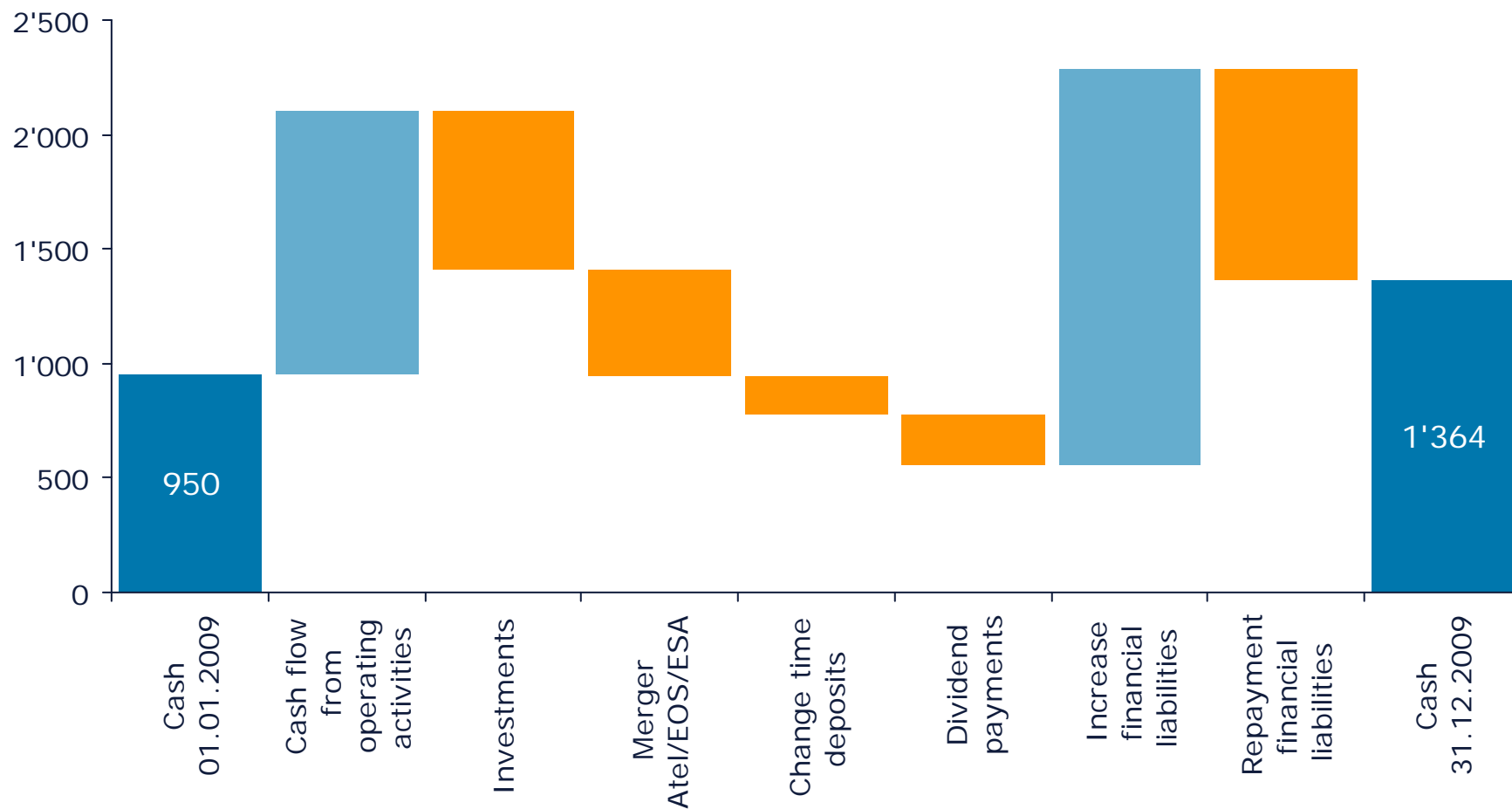
Finance result and taxes: higher taxes drive Group profit down



CHF mill.	2008	2009
EBIT	1 147	1064
Net interest result	-117	-151
Other financial expense (net)	-34	-9
Gain/loss from FX valuation (realised/unrealised)	-64	-4
Total finance result	-215	-164
Income taxes	-200	-224
Group profit	732	676

2009 cash flow statement: higher cash inflow from operating activities

CHF mill.



Main investments in 2009

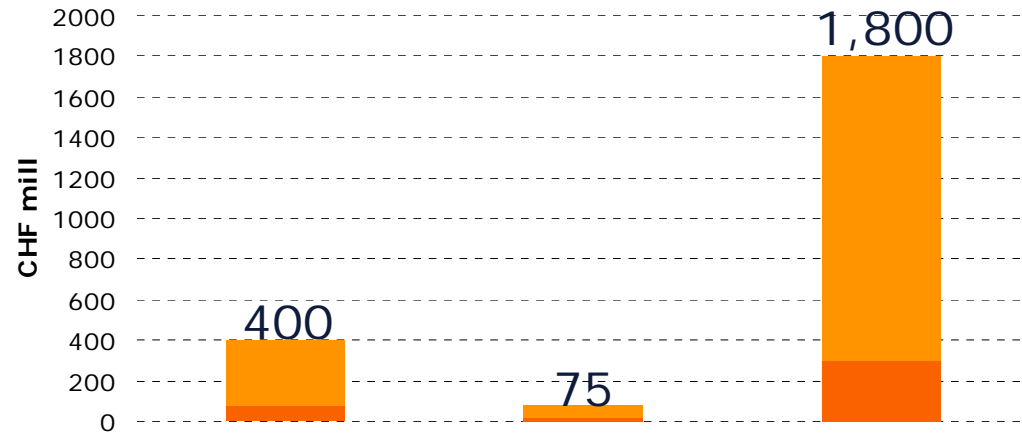


Investments in property, plant & equipment / shareholdings CHF mill.	Statement 2009
San Severo (400 MW CCGT; 60%)	178
Bayet (400 MW CCGT)	164
Alpiq RomEnergie S.R.L./ex-EHOL (Sales Romania)	83
Vetrocom (50 MW wind farm, Bulgaria)	33
Spreetal (56 MW gas-fired)	16
Hispalec (Sales Spain)	3
Rossetto (Energy Services Italy)	10
Investments in renovations	202
Miscellaneous	5

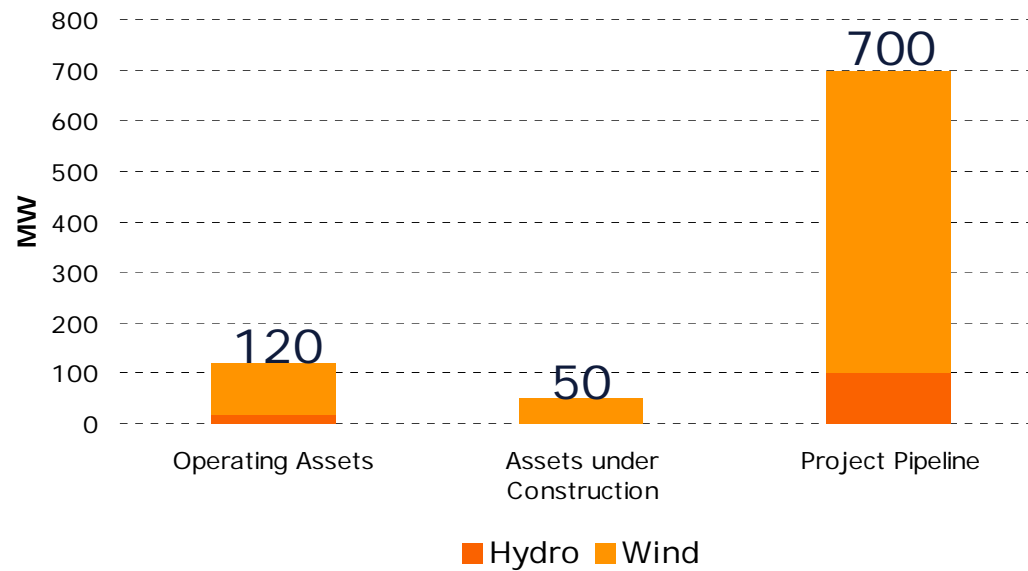
Strong drive to expand renewable energies



Investment total



Installed capacity

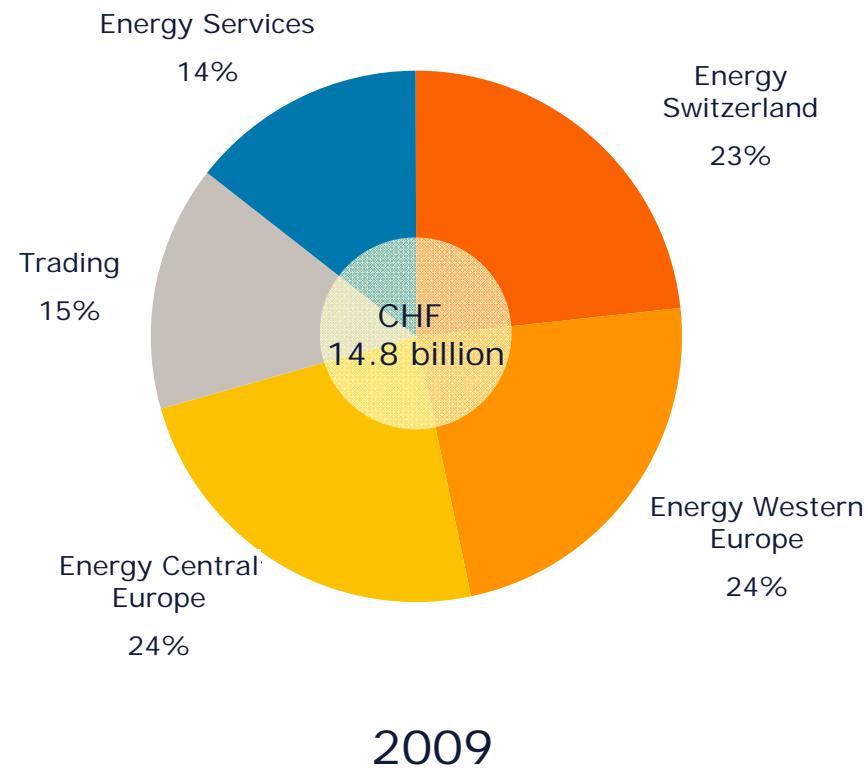
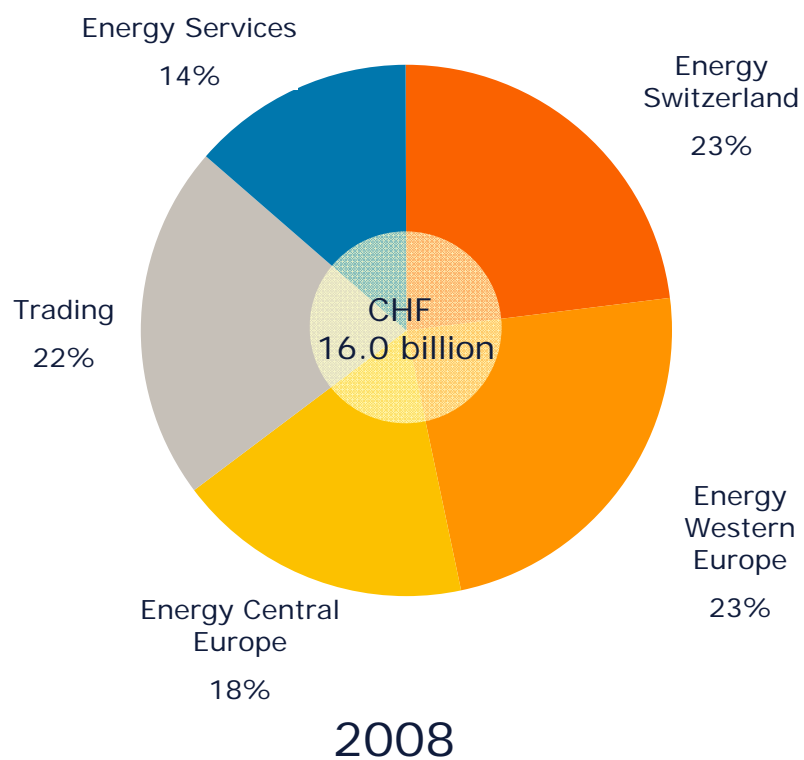


Balance sheet composition 2008/2009: stable balance sheet despite high investments

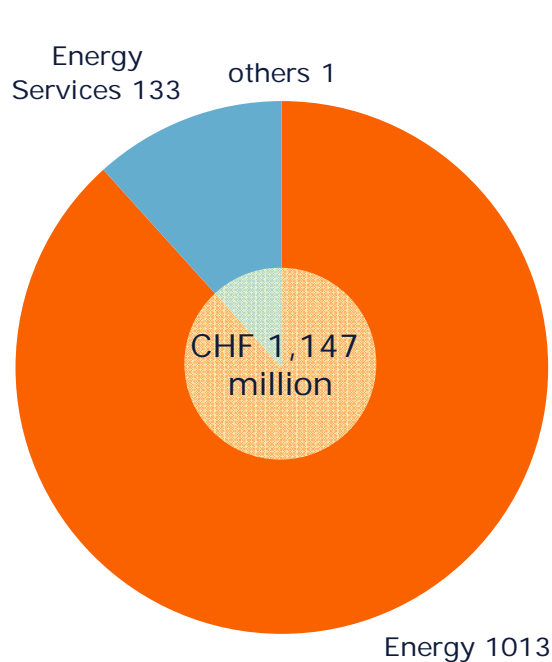
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CHF mill.	2008	2009	Change
Fixed assets	13 759	14 302	+4%
Current assets	5 314	5 797	+9%
(of which cash and cash equivalents)	1 159	1 364	+18%
Equity incl. minority interests	7 346	7 930	+8%
Liabilities	11 727	12 169	+4%
Total assets	19 073	20 099	+5%
Net debt / equity	52.9%	47.3%	-11%
Equity ratio	38.5%	39.5%	+2%
Net debt / EBITDA	2.4	2.4	0%

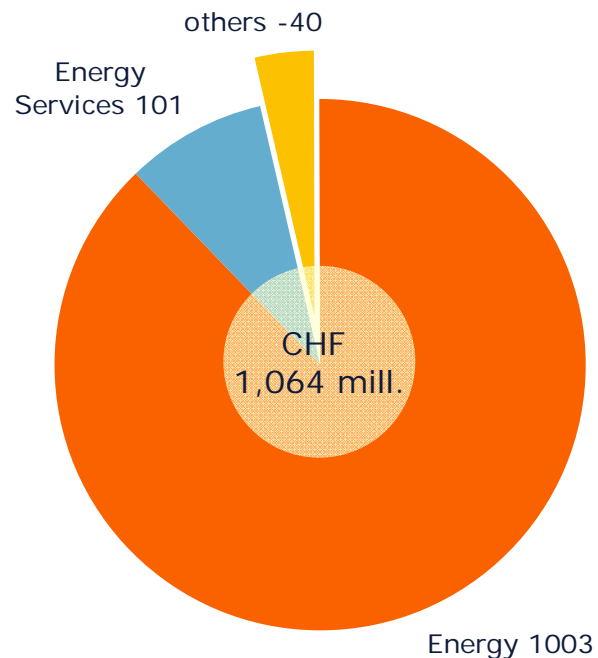
Net revenue composition 2008/2009: Energy Central Europe up; Trading down



EBIT composition 2008/2009: Energy Services share down slightly



2008



2009

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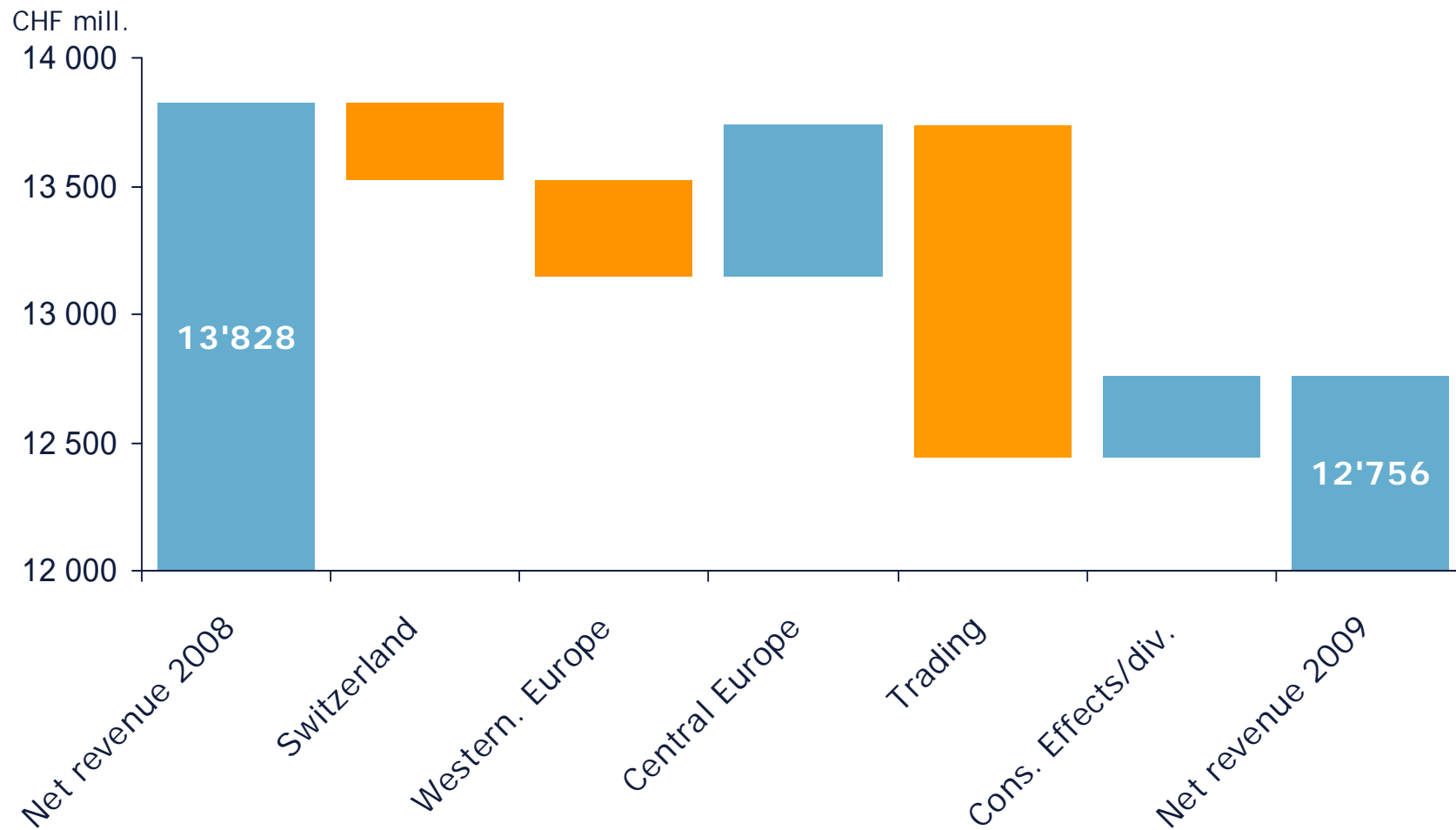
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Key Figures Energy Segment: EBIT at prior-year level



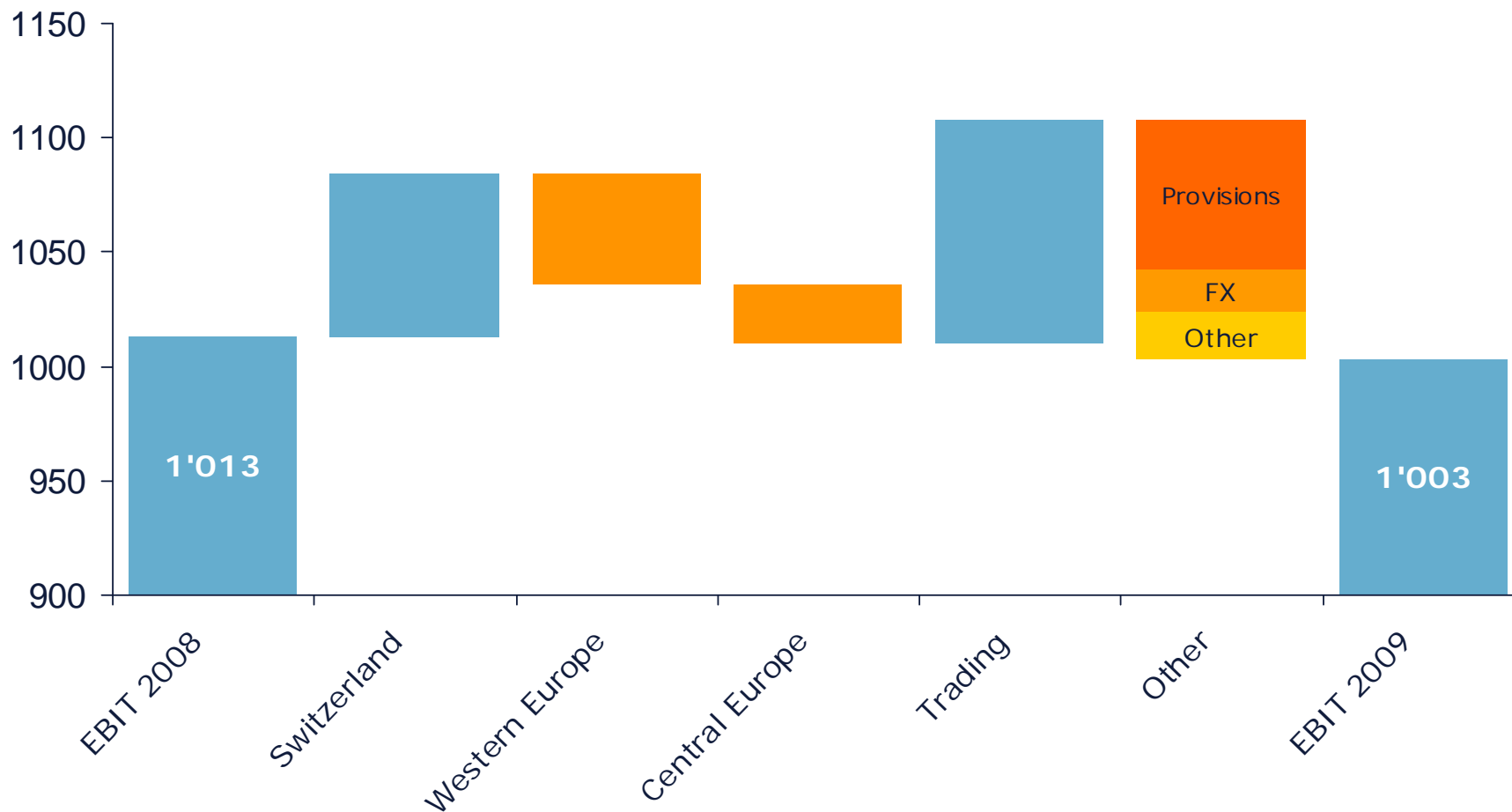
CHF mill.	2008	2009	Change
Sales (TWh)	129.6	135.2	+4%
Proprietary production (TWh)	17.4	19.4	+11%
Revenue	13 828	12 756	-8%
EBIT	1 013	1 003	-1%
Segment profit	662	659	-0%
Employees (FTE)	2 210	2 289	+4%

Net revenue 2008/2009:
down especially due to very low prices



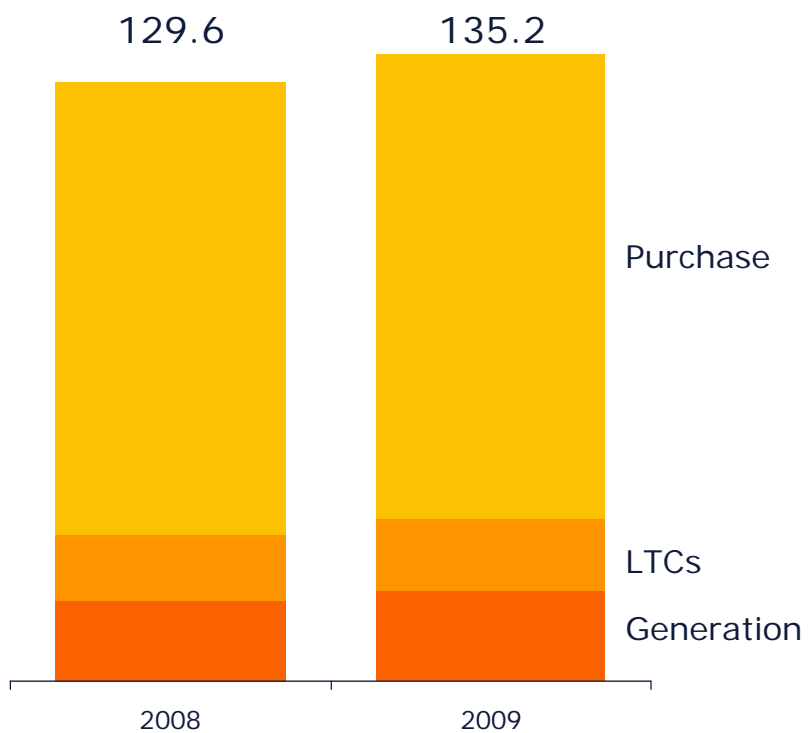
EBIT 2008/2009: Trading & special effects as main drivers

[CHF mill.]

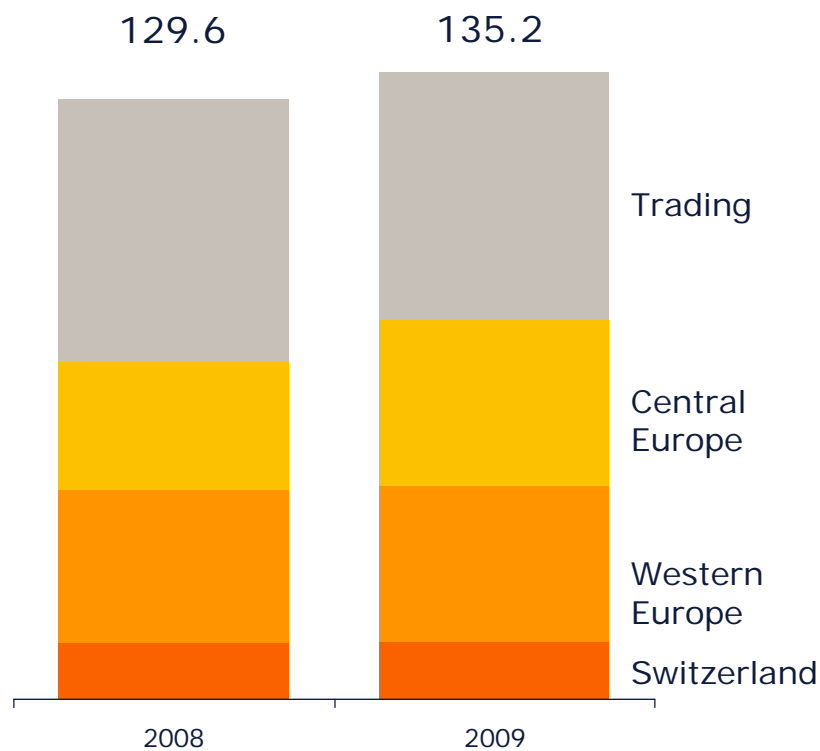


Energy balance sheet 2008/2009 in TWh: Central Europe up; Trading down

Energy procurement



Energy sales



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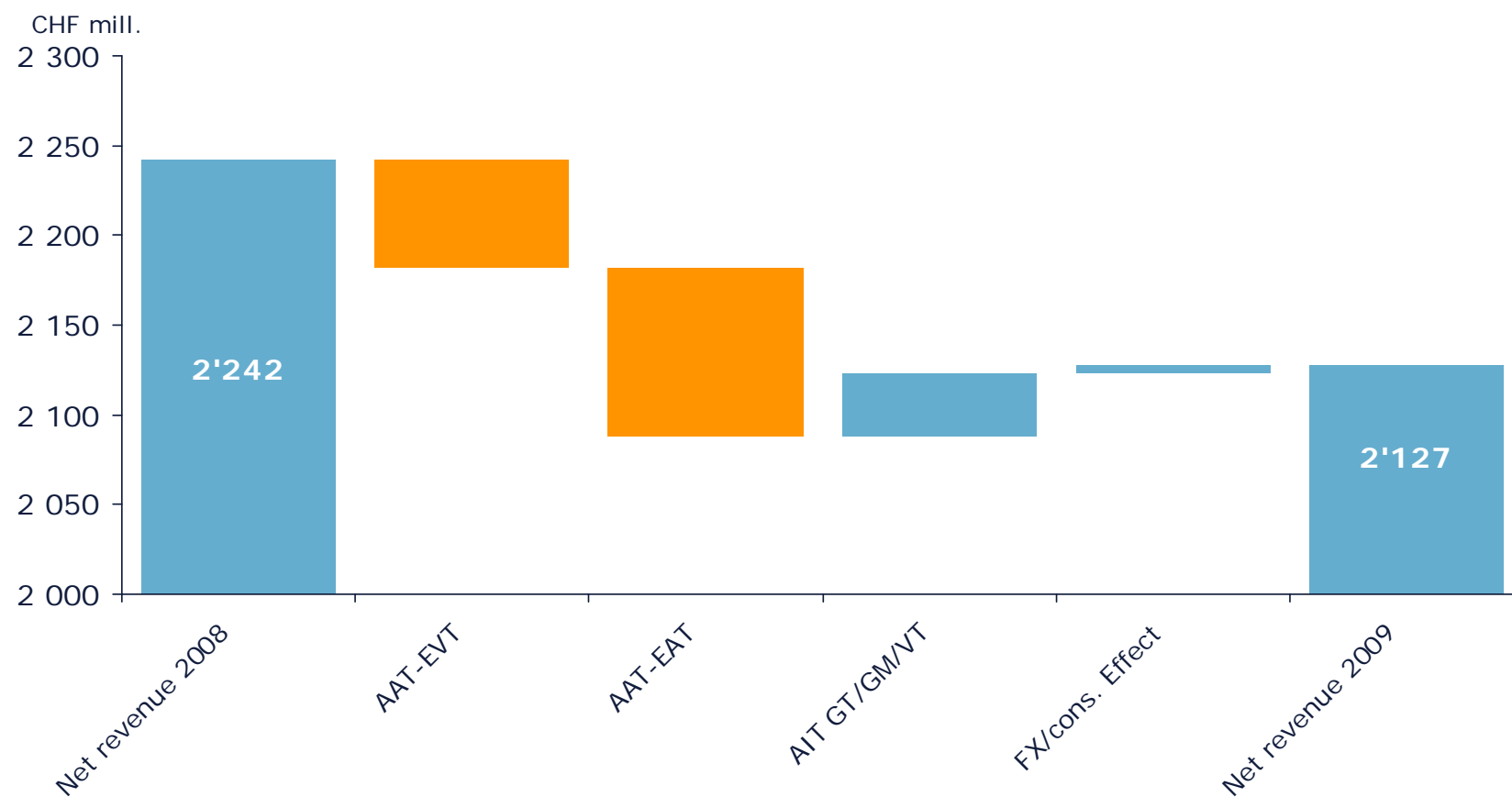
Key Figures Energy Services Segment: good results but substantially lower

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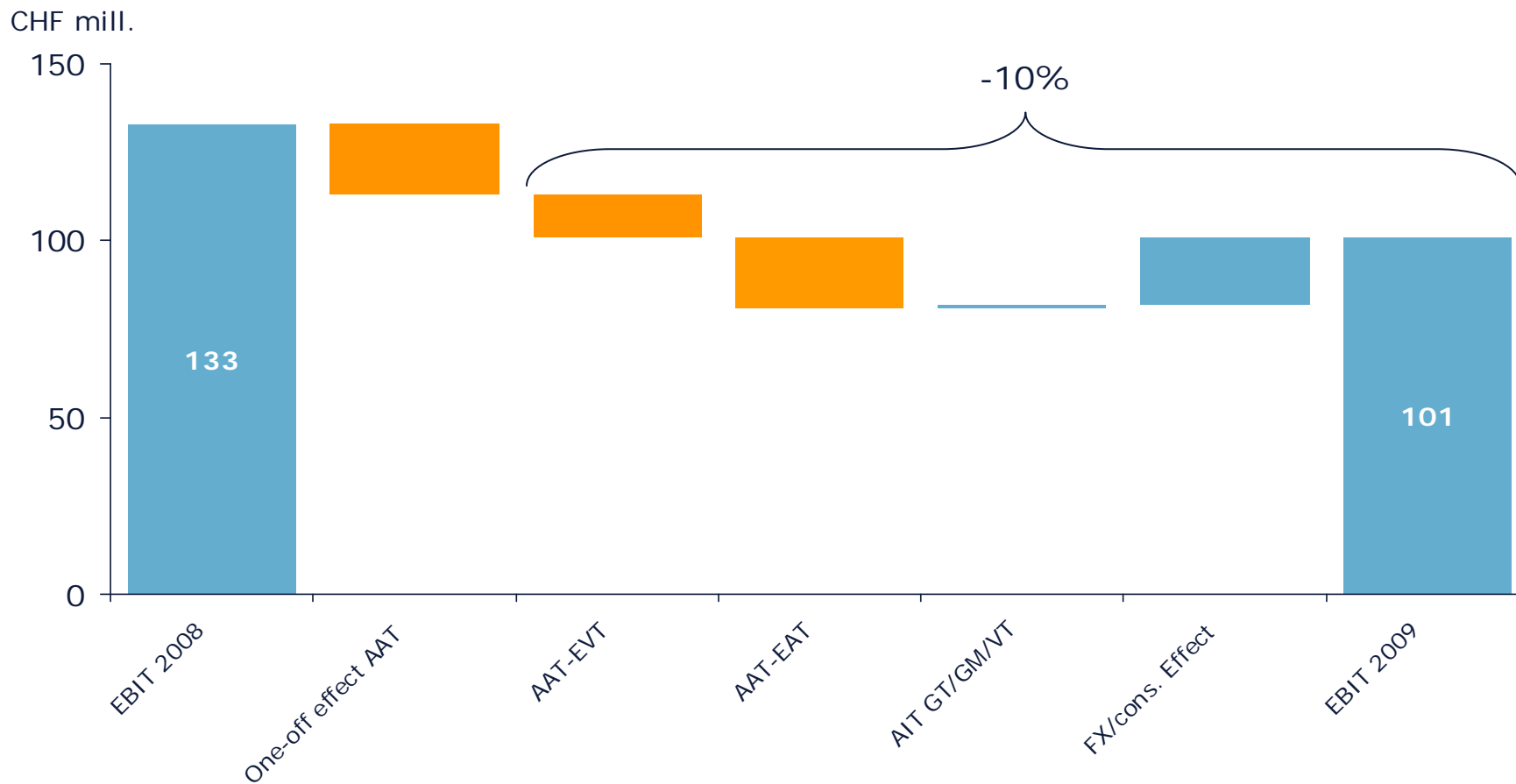
CHF mill.	2008	2009	Change
Incoming orders	2 304	2 436	+6%
Revenue	2 242	2 127	-5%
EBIT	133*	101	-24%
Segment result	110*	75	-32%
Employees (FTE)	8 123	8 339	+3%

*One-off effect of CHF 20 million (CHF 14 million post-tax) AAT Group

Net revenue 2008/2009: AAT down; AIT up



EBIT 2008/2009:
AAT down; AIT unchanged



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Appropriation of 2009 earnings: increase in payout ratio and dividend per share



- Increase in payout ratio from 30% to **35%** of consolidated Group profit incl. minority interests
- Total payout **CHF 236.5 million** (2008: CHF 218.3 million)
- Number of shares **27,189,873** (2008: 21,837,918)
- Dividend per share **CHF 8.70** (2008: CHF 10)

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Expectation: stable supply and slightly higher demand & price

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Market situation (supply / demand)

- Supply largely stable
- Slight rise in demand (saturated markets **approx. +1% p.a.**; unsaturated markets **approx. +2%**)

Price level

- Current forward prices for 2010-2012 indicate the expected rise in average price level of **5-10% p.a.**

- + Demand / price trend stable /rising
- + Growth in synergies from merger
- + Declining costs of integration
- + Absence of negative one-off effects
- ± Exchange rates?
- ± Disposal fund for nuclear power plants?
- Continued surplus capacity/supply still greater than demand
- Continued pressure on prices and margins, sustained volatility
- Uncertainty re. grid fees, ancillary services
- Poorer order quality for energy services

Outlook for 2010 results: about the same as in 2009

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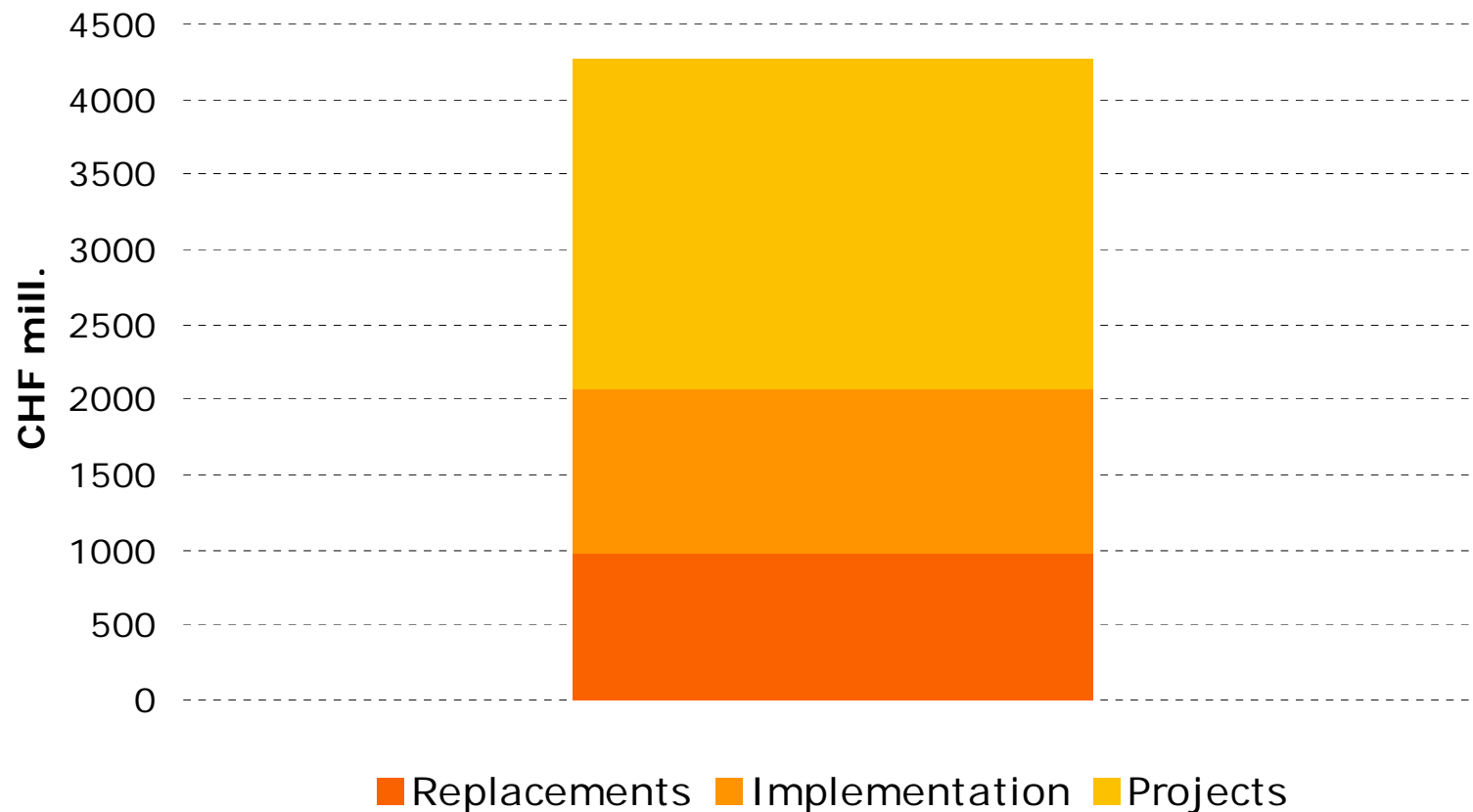
CHF mill.	2008	2009	2010
Net revenue	16 013	14 822	➔
EBITDA	1 627	1 545	➔
EBIT	1 147	1 064	➔
Group profit	732	676	➔

Our goal: slight improvement over 2009!

Total planned investments over the next five years amount to a good CHF 4 billion



Planned Investments 2010-2014



Merger offers major value-add potential in the medium term



- Capacity growth (+ ~2000 MW)
 - Expansion of long position
 - Improvement in flexibility and mix
 - Portfolio effects (better optimisation)
 - Pooling of skills and expertise
-
- CAGR net revenue: approx. 3-5% p.a.
 - CAGR EBITDA: approx. 3-4% p.a. *

* without LTC EdF/ENEL

Package of measures for gradual debt reduction 2010-2012

- Consistent exploitation of synergies
- Concentration and scaling of investments
- Divestment options
- Optimise tied-up capital
- Management of results volatility
- Cost management

→ Award of "A" rating

Many thanks for your attention –
any questions?

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- 22.04.2010** 2010 Annual General Meeting
Lausanne, Palais de Beaulieu
- 07.05.2010** Alpiq 2010 First Quarter Results
- 27.08.2010** Alpiq 2010 Interim Results
- 05.11.2010** Alpiq 2010 Third Quarter Result

This presentation contains forward-looking statements and information.

In particular, certain statements with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management and competition are forward-looking by nature. Words such as "expects", "assumes", "aims", "goals", "projects", "intends", "plans", "believes", "seeks", "estimate", variations of such words and similar expressions are intended to identify forward-looking statements. Such statements are based on our current estimates and certain assumptions and are therefore subject to certain risks and uncertainties.

Alpiq's results may therefore differ materially and adversely from those expressed or implied in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions, the impact of competition, political and economic developments in the countries in which Alpiq operates, regulatory developments in the energy market in Switzerland and abroad, and fluctuations in oil prices and margins for Alpiq products. Any forward-looking statements made by or on behalf of Alpiq reflect only the estimated situation on the date on which they are issued.