

Ad hoc announcement pursuant to Art. 53 LR
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Alpiq with strong results and high positive cash flow

Alpiq achieves strong results of operations in the extremely turbulent environment of the past year. Adjusted EBITDA rises to CHF 473 million and is up 51 % on the previous year. Thanks to decisive action and targeted measures, liquidity risks were minimised and the challenges of the volatile energy market successfully weathered. Together with partners, Alpiq wants to invest more than CHF 1 billion in the expansion of renewable energies in Switzerland.

Lausanne – 2022 was a very challenging year for the energy industry: war in Ukraine, high dependency on Russian gas supplies that were at first reduced and then stopped completely, long outages at several French nuclear power plants, a prolonged dry period and less precipitation during the very hot summer. Given the threat of electricity and gas shortages, the summer months were dominated by new record prices on the energy markets. Prices only started to fall again towards the end of August but are still at a much higher level than in previous years.

In this highly demanding environment, Alpiq was able to overcome the financial challenges on its own and at the same time significantly improve its operating performance. The adjusted results of operations (EBITDA before exceptional items) in 2022 came to CHF 473 million and were thus CHF 161 million higher than in the previous year. Alpiq made a substantial contribution to strengthening the security of supply in Switzerland and Europe with its forward-looking management of the highly flexible and efficient production portfolio.

Antje Kanngiesser, CEO of Alpiq:

“We worked very well in all areas under pressure in 2022 and were able to support our customers and partners. Our reliable power plants allowed us to play our part in strengthening the security of supply in winter. We ‘moved mountains’ to take part in the government’s hydropower reserve by buying back large energy volumes from the markets, postponing long-planned

maintenance work and accepting a CHF 70 million decrease in results of operations with a focus on not making a loss.”

After 14 years under construction, the Nant de Drance pumped storage power plant with a capacity of 900 MW in the southwest of the canton of Valais was commissioned at 1 July 2022. Since then, the power plant has made a significant contribution to grid stability and its huge capacity is available at very short notice – either to generate energy quickly or to absorb surplus energy from the grid and store this temporarily. The power plant’s official inauguration celebrations took place in September.

Less precipitation, hydropower reserve and system stability

All plants managed by Alpiq in Switzerland and other countries either met or even exceeded expectations relating to technical and commercial availability. This availability provided the basis for very successful asset trading. Alpiq made optimum use of its power plants and their flexibility on the market in the past year and thus contributed to the security of supply and to system stability.

The **Switzerland business division** made a substantial contribution to the high availability of the plants. And this in a very challenging year that was heavily impacted by lower inflows on account of less precipitation. Nevertheless, the extraordinarily strong inflow of melt water from the glaciers melting in the summer heat and the forward-looking water management meant that we recorded good fill levels in most of the reservoirs in Valais in autumn. The high production volumes from the stable and reliable nuclear power plants Gösgen and Leibstadt almost compensated for the lower supply volumes from France. The participation in the auction for the hydropower reserve and the associated shift of a production volume of 218 GWh into the current year reduced earnings in favour of 2023. Overall, the business division closed the year with adjusted results of operations of CHF 3 million, only marginally below the previous year (CHF 7 million).

The **International business division** generated an excellent adjusted result of operations of CHF 134 million (previous year: CHF -17 million). Key factors here were the high reliability of our flexible gas power plants in Italy, Spain and Hungary in combination with high prices. Our forward-looking action in the customer business also contributed to the strong result. The high availability of our power plants (renewable and combined gas-fired) made a substantial contribution to system stability and to the security of supply in the respective countries.

The **Trading business division** managed Alpiq’s well-balanced power plant portfolio in an optimal way, used it efficiently and thus played a major role in liquidity management during this very challenging year. It increased its contribution to the adjusted results of

operations by CHF 49 million to CHF 387 million. The high volatility of prices and the unpredictable availability of power plants and raw materials alike demanded extraordinary efforts from the various trading desks.

Liquidity risks mitigated thanks to immediate measures

In 2022, Alpiq systematically maximised its financial flexibility and actively managed liquidity requirements, reducing these wherever possible. Swift, determined and coordinated action across all business divisions stabilised the company for the long term. The close collaboration, between management, the Board of Directors and shareholders, built trust and strength into Alpiq's business model and made it more resilient.

Luca Baroni, CFO of Alpiq:

"The price fluctuations have been an enormous challenge for us. We managed to overcome this difficult period on our own thanks to the impressive and untiring commitment of our employees in all areas and levels."

Alpiq has dramatically increased its liquidity compared to the previous year and, with roughly CHF 1.5 billion at 31 December 2022, is in a sound position for potential risks. A large portion of this liquidity was generated from operating activities: the operating cash flow came to CHF 734 million in the 2022 financial year, which corresponds to an increase of over CHF 1 billion on the previous year. The headroom (operating liquidity plus open committed credit lines) stood at CHF 2 billion at the end of 2022, around twice as high as at the end of 2021. This is also attributable to successful financing on the financial markets. Alpiq was also able to rely on the support of its shareholders, who granted Alpiq a new guaranteed credit line that has not yet been utilised.

Strong net income, even with earnings shift

The rapid increase in electricity prices had a huge negative influence on the valuation of hedges for Alpiq's own production. This is a temporary effect, with no impact on the operating business, which must be recorded in accordance with the IFRS accounting requirements. In 2022, this negative net effect on IFRS earnings comes to CHF 250 million as of the reporting date.

The performance of the Decommissioning Fund for Nuclear Facilities and Waste Disposal Fund for Nuclear Power Plants (STENFO) also has a significant negative impact. Following

the weak performance of the stock markets in 2022, this contributed CHF -276 million to net income before taxes (IFRS).

However, these disadvantageous non-operating effects are compensated to a large extent by the operating performance. Overall, 2022 closed with positive net income (IFRS) of CHF 111 million.

One billion for the expansion of renewable energies

Investments must be made quickly and sustainably in order to overcome the climate and energy crisis: in energy efficiency as well as renewable production and storage capacities. In Switzerland alone, Alpiq has invested CHF 750 million in the security of supply over the past five years, numerous projects are at the approval stage and the construction applications for others, such as the solar projects Gondosolar, Prafleuri and Ovronnaz, are waiting to be submitted. Together with its partners, Alpiq wants to invest around CHF 1 billion in renewable production and storage capacities in Switzerland. In the expansion of hydropower, Alpiq is driving forward four Round Table projects. The Gornerli project, a 650 GWh multi-purpose reservoir for winter energy near Zermatt, has the highest priority for the security of supply. Additional photovoltaic projects are also in the pipeline, such as an alpine solar power plant as well as installations on roofs of industrial or farm buildings or infrastructures. When evaluating and implementing solar installations, the focus is on projects located in areas where humans have already left visible traces and where existing infrastructure can be used.

Antje Kanngiesser, CEO of Alpiq:

“Climate change and the security of supply allow no time for delay. All of us need to take action: save energy, expand renewable energies and storage and drive forward the research and development of sustainable energy solutions in a targeted way.”

In addition to the investments in Switzerland, Alpiq wants to expand renewable energy production in its international business. The focus here is on the markets where Alpiq already has a strong presence. The project pipeline includes photovoltaic, wind and hydropower projects in various countries. Following supply difficulties for the wind turbines, it should now be possible to complete the Tormoseröd wind farm in Sweden in the current year.

Alpiq also expects good operating performance in 2023

The market environment remains volatile and uncertain. However, Alpiq has become significantly more resilient thanks to the measures taken. Alpiq also expect a good operating performance in 2023, although the strong fluctuations in value and the performance of the STENFO may also significantly influence earnings in the current year. The Board of Directors of Alpiq will submit a proposal to the Annual General Meeting that no dividend be distributed for the financial year ended 2022.

Annual Report of the Alpiq Group 2022

- [Key financial figures of the Alpiq Group](#) – PDF
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