Media Release
26 August 2019

Alpiq generates solid half-year operating result as expected

- **EBITDA before exceptional items: CHF 55 million**
  Positive European and strong trading business: CHF 111 million
  Unprofitable Swiss electricity production: CHF -56 million
- **Liquidity strengthened – equity ratio increased**
- **Phase-out of coal drastically reduces carbon footprint**
- **Outlook for 2019 financial year confirmed – recovery from 2020 expected**

Lausanne – The Alpiq Group (Alpiq) generated net revenue of CHF 2.2 billion in the first half of 2019 (30 June 2018: CHF 2.6 billion) and EBITDA before exceptional items of CHF 55 million (30 June 2018: CHF 99 million). Swiss electricity production closed with a deficit, while the European business made positive contributions to earnings.

Solid balance sheet
Alpiq increased its net cash flows from operating activities of continuing operations to CHF 80 million (30 June 2018: CHF -25 million) thanks to higher EBITDA after exceptional items. As a result of systematically implementing its financial strategy, the company reduced net debt further to CHF 217 million (31 December 2018: CHF 247 million) and increased liquidity to CHF 1.31 billion (31 December 2018: CHF 1.25 billion). The equity ratio stands at a solid 46.6 % at 30 June 2019 (at 31 December 2018: 43.5 %).

Alpiq stands for Swiss hydropower
The Generation Switzerland business division closed with a deficit as expected and below the previous year. This was attributable to a lower water inflow in the area of hydropower compared to the previous-year period as well as to a long-term nuclear energy purchase contract expiring. On top of this, earnings were burdened by Swiss electricity production having been hedged at lower prices in previous years.

To optimise Swiss hydropower, Alpiq has pressed ahead with the digitalisation of its processes and further expanded its technological and economic lead in the Swiss hydropower market. Alpiq manages around one third of Switzerland's total hydropower production.

International electricity production makes biggest contribution

In the first half of 2019, the Generation International business division once again made the biggest contribution to the earnings of the Alpiq Group and closed with a positive result, albeit down on the previous year. This development was primarily attributable to the renewal of a long-term power supply contract with the gas-fired combined-cycle power plant in Hungary at current market prices. The new renewable energies, comprising onshore wind power plants and small-scale hydropower plants as well as photovoltaic systems, were successful overall. Alpiq's power plants in Europe complement the Swiss power plant portfolio and demonstrate the benefits of Alpiq's geographically and technologically diversified power plant portfolio.

Strong trading business in Europe

The Digital & Commerce business division closed the first half of 2019 with a strong result, up on the previous year. In particular, Alpiq successfully used its gas-fired combined-cycle power plants in Italy and made good use of the market dynamics in energy trading in Eastern Europe. On the French market Alpiq expanded its leading position and was awarded the title of best electricity supplier for industrial customers for the third time in a row. Energy trading in Europe once again confirmed its importance as a central element of Alpiq's business model.

New digital business models promoted and brought to market

In the area of digitalisation, Alpiq implemented solutions to increase efficiency as well as to manage energy and launched additional products and services for its customers. Alpiq was the first in Switzerland for example to operate a 1.2-MW battery storage for commercial use in the energy markets. Furthermore, Alpiq in the meantime offers a mobile battery solution with hydro-electric power for secure and environmentally friendly energy supply for large-scale events.

Enabler of CO_2-free mobility

In the area of e-mobility, Alpiq successfully maintained its position as market leader for charging infrastructure in Switzerland and expanded its market presence in Germany, Italy and Austria. In addition to this, Alpiq is playing a key role in introducing hydrogen e-mobility in Switzerland. The company recently submitted an application through Hydrospider, a joint venture with H2 Energy, for the construction of a 2-MW hydrogen production plant at Gösgen hydropower plant. In the future, the plant will use hydro-electric power to produce hydrogen for fuel-cell powered trucks. Alpiq is thus making a contribution to CO_2-free logistics in Switzerland.

Alpiq phases out coal

Looking towards the increasingly decarbonised, digitalised and decentralised energy world, Alpiq is selling its two Czech brown coal power plants Kladno and Zlín to the Czech Sev.en Energy Group. This sale reduces the carbon footprint of Alpiq's power plant portfolio by more than 60 % and means that Alpiq no longer operates coal power plants. This strategically motivated divestment is expected to be completed in the second half of 2019. Alpiq intends to use the proceeds from the transaction to continue to optimise its balance sheet and to further develop its growth areas.

Outlook for 2019 financial year confirmed – recovery from 2020 expected

As communicated back at the end of March, Alpiq expects results of operations for 2019 as a whole to be down on the previous year. This is due to the hedged electricity prices from previous years, which negatively impact Swiss electricity production compared to the same period in the previous year. The CO_2 and electricity prices on the wholesale markets, which are hedged in Swiss francs two to three years in advance each time, will have a positive effect on earnings from 2020 onwards.

Key financial figures of the Alpiq Group for the first half of 2019

Alpiq Group CHF million	Results of operations before exceptional items Half-year 2019/1	Half-year 2018/1	% change	Results under IFRS Half-year 2019/1	Half-year 2018/1	% change
Net revenue[1]	2,213	2,596	-14.8	2,233	2,594	-13.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)[1]	55	99	-44.4	118	61	93.4
Depreciation, amortisation and impairment[1]	-71	-78	-9.0	-324	-79	> 100.0
Earnings before interest and tax (EBIT)[1]	-16	21	> -100.0	-206	-18	> -100.0
as % of net revenue	-0.7	0.8		-9.2	-0.7	
Earnings after tax from continuing operations				-179	-76	> -100.0
as % of net revenue				-8.0	-2.9	
Earnings after tax from discontinued operations				-27	-48	43.8
Net income				-206	-124	-66.1
as % of net revenue				-9.2	-4.8	
Net investments / net divestments[1]				-7	16	> -100.0

1 Only continuing operations

CHF million	30 Jun 2019	31 Dec 2018	% change
Total assets	8,020	9,074	-11.6
Total equity	3,741	3,944	-5.1
as % of total assets	46.6	43.5	

	2019	2018	% change
Own production in the first half of the year (GWh)[1]	7,829	7,400	5.8
Number of employees at the reporting date (30 June / 31 Dec)[2]	1,560	1,548	0.8

1 Net (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 media conference on the Half-Year Results 2019 is taking place today, 26 August 2019, from 9.00 a.m. to 10.30 a.m., at Alpiq's registered offices in Olten.

Message for analysts: The analyst call on the Half-Year Results 2019 is taking place today, 26 August 2019, from 11.00 a.m. to 12.00 p.m.

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

For more information about Alpiq, please visit www.alpiq.com

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