Analysts’ and investors’ meeting on the 2016 financial year
Agenda

› Areas of focus in 2016
› Financial results
› Strategic positioning
› Assessment of environment and outlook
› New communications media
› Questions
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2016 areas of focus at a glance

Positive operating income

Earnings
- Total operating revenue CHF 1.74 bn
- EBIT CHF 22 m
- Group result CHF -13 m
- Cash flow CHF 69 m

Positive
- Financial stability assured
- Morteratsch power plant on grid after record-quick construction
- Product range and consultant network in Italy expanded
- Energy supply agreement with Repartner
- Risks in business model and balance sheet reduced

Strategy
- Realignment of corporate organisation complete
- Efforts to boost sales component under way
- Successful steps on the way to safeguarding hydropower assets – but still a long way to go
2016 areas of focus at a glance

Impact of operating environment on results varies

Positive factors

- Teverola’s contribution to earnings way above expectations
- Results of sales in Italy include better-than-budgeted electricity and gas margins
- Earnings bolstered by supply business in Switzerland

Negative factors

- Long-term agreements hit earnings in a negative market environment (low prices in trading)
- Substantial decline in Italy/Switzerland price spreads erodes cross-border trading’s contribution to margin
- Small contribution to earnings from speculative trading

Exceptional items

- Impairment losses and gains on generation assets have positive net effect
- Results impacted by efforts to sort out overdue receivables in Italy
- Slight increase in provision for onerous contracts
### Key fields of operation

**Strategy being implemented step by step**

<table>
<thead>
<tr>
<th>Concentration</th>
</tr>
</thead>
<tbody>
<tr>
<td>› Efforts to narrow focus to Swiss (including business in Germany) and Italian markets complete</td>
</tr>
<tr>
<td>› SEI wound up</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>› Teverola and nuclear power under consideration</td>
</tr>
<tr>
<td>› Mixpower no longer offered in basic supply in Switzerland</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>› Service business in Switzerland expanded</td>
</tr>
<tr>
<td>› Service and product development efforts driven forward</td>
</tr>
<tr>
<td>› Products successfully launched on Swiss and Italian markets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partnerships</th>
</tr>
</thead>
<tbody>
<tr>
<td>› Morteratsch financing and operating model proves its worth</td>
</tr>
<tr>
<td>› Repartner collaboration stepped up even further</td>
</tr>
<tr>
<td>› Optimisation of Repower/SWiBi partnership under way</td>
</tr>
</tbody>
</table>
Increase in capital via rights issue
Shareholder base expanded and equity base strengthened

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elektrizitätswerke des Kantons Zürich (EKZ)</td>
<td>28.32%</td>
</tr>
<tr>
<td>Canton Graubünden</td>
<td>21.96%</td>
</tr>
<tr>
<td>UBS Clean Energy Infrastructure KGK (UBS-CEIS)</td>
<td>18.88%</td>
</tr>
<tr>
<td>Axpo Holding</td>
<td>12.69%</td>
</tr>
<tr>
<td>Free float</td>
<td>18.15%</td>
</tr>
</tbody>
</table>

- Successful capital increase via rights issue shows that market recognises expediency of Repower’s strategy
- Proceeds of rights issue: CHF 171.3 m
- Equity base substantially stronger: equity ratio 44.8%
- Since start of trading in May, price has risen from CHF 42 to around CHF 60
- Number of transactions indicates lively interest
Agenda

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Financial results

**Capital base strengthened, operating income above expectations**

Key messages for 2016

- Successful rights issue raises CHF 171 million in additional capital
- Operating income well above expectations
- Comprehensive divestments have positive impact (property, Romanian business and connecta)
- Significant items resulting from efforts to sort out overdue receivables in Italy and from impairment gains on generation assets
## Financial results

### Operating income well above prior year

<table>
<thead>
<tr>
<th>CHF m</th>
<th>2016 before exceptional items</th>
<th>2016 before exceptional items</th>
<th>2015 before exceptional items</th>
<th>2015 before exceptional items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating revenue</td>
<td>1,740</td>
<td>1,740</td>
<td>1,890</td>
<td>1,890</td>
</tr>
<tr>
<td>Gross margin</td>
<td>196</td>
<td>195</td>
<td>185</td>
<td>178</td>
</tr>
<tr>
<td>EBITDA</td>
<td>75</td>
<td>52</td>
<td>59</td>
<td>41</td>
</tr>
<tr>
<td>EBIT</td>
<td>30</td>
<td>22</td>
<td>12</td>
<td>-69</td>
</tr>
<tr>
<td>Group result</td>
<td>-5</td>
<td>-13</td>
<td>-46</td>
<td>-136</td>
</tr>
<tr>
<td>FFO (funds from operations)</td>
<td>22</td>
<td></td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>CFO (cash flow from operating activities)</td>
<td>69</td>
<td></td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Investments*</td>
<td>24</td>
<td></td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>FFO/net debt</td>
<td>55%</td>
<td></td>
<td>4.1%</td>
<td></td>
</tr>
<tr>
<td>Net debt/EBITDA</td>
<td>0.5</td>
<td></td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>Equity ratio</td>
<td>45%</td>
<td></td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Headcount on December 31 (FTEs)</td>
<td>563</td>
<td></td>
<td>632</td>
<td></td>
</tr>
</tbody>
</table>

* Includes investment in tangible assets, intangible assets and associates, and investment-type loans
Financial results

Exceptional items impact operating results

Total impact on EBIT around CHF -8 million

CHF m

- EBIT 2016 b.e.i.: 30.0
- Long-term contracts: -1.5
- Impairment on receivables: 21.6
- Impairment gains: 14.9
- EBIT a.e.i.: 21.7
Financial results

**EBIT reflects better gross margin and further cost reductions**

Comparison of 2015 and 2016 operating earnings before exceptional items
The share of EBIT contributions from “regulated” businesses increases further

Breakdown of EBIT contributions from regulated and unregulated business

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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT contribution, regulated</td>
<td>18</td>
<td>17</td>
<td>21</td>
<td>22</td>
<td>6</td>
<td>26</td>
<td>24</td>
<td>15</td>
<td>32</td>
</tr>
<tr>
<td>EBIT contribution, non-regulated</td>
<td>24</td>
<td>15</td>
<td>13</td>
<td>27</td>
<td>4</td>
<td>23</td>
<td>32</td>
<td>17</td>
<td>13</td>
</tr>
</tbody>
</table>

EBIT CONTRIBUTION FROM REGULATED BUSINESS

- Switzerland
  - Basic supply plus KEV feed-in remuneration at cost for hydropower
  - EEG feed-in tariff for wind power

- Italy
  - Certificati verdi for wind power

- Outlook
  - Higher feed-in remuneration at cost (KEV) payments anticipated in the future (Cavaglia and Trun plants fully included in scheme and two smaller generation assets expected to be brought in in 2018)
Financial results

Revenues from non-energy business maintained at a good level

Development of revenues from services, 2012-16

- Revenues from services related to household connections depend on general construction activity
- Increase in revenues thanks to expansion of SWiBi’s business; plans for further expansion
- The volume of services to third parties could be maintained at a high level thanks to good order books and competitive offerings
- New products and extended market access are designed to achieve a further increase in the coming years
Financial results

Cost reductions continue

Costs reduced by almost CHF 50 m versus 2012

Continued efforts to streamline organisation, withdrawal from Eastern Europe virtually complete

Operating expense continues to decline thanks to cost management and greater efficiency

Headcount reduced by more than 180 FTEs versus 2012
Financial results

**Negative gross margin impacts Swiss market**

**Market Switzerland before exceptional items**

<table>
<thead>
<tr>
<th>CHF m</th>
<th>Gross margin</th>
<th>EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>119 (-16%)</td>
<td>32 (-61%)</td>
</tr>
<tr>
<td>FY 2016</td>
<td>100</td>
<td>13</td>
</tr>
</tbody>
</table>

Gross margin again well below prior year

- Long-term items continue to put pressure on margins
- Speculative trading margin well below expectations
- Sales slightly better than expected, Grid in line with expectations

Decline in gross margin impacts operating results

- Another year-on-year decline in operating expenses
- Other operating revenues in line with expectations
Financial results

Positive contribution from ancillary services in Italian market

Market Italy before exceptional items

Gratifying increase in gross energy margin
- Revenues from ancillary services at Teverola combined-cycle gas turbine plant well above expectations
- Sales margins (electricity and gas) well above expectations
- Trading margins better than expected, thanks in particular to deployment of Teverola plant

Recovery in margin impacts EBIT
- Higher energy margin directly impacts operating income
- EBIT before exceptional items much better than expected
Financial results

Free cash flow again positive in 2016

Operating cash flow covers capex and dividend

CHF m

Financing principle

➢ Investment will continue to be key in the future for existing business and realignment

➢ Future investment and any dividends to be funded from current cash flow

* 2015 includes proceeds of sale of Swissgrid interests for CHF 59 m, hence negative cash flow
* 2016 includes proceeds of sale of properties and group companies (totalling CHF 42 m), hence negative cash flow
* Excludes investment/divestment in financial assets
Financial results

Powerful recovery in equity ratio thanks to successful rights issue

Development of balance sheet assets, equity and equity ratio since 2014

CHF m

New shareholders on board

- 2016 rights issue raises around CHF 171 m

Boost to equity ratio

- Target range 35% to 45%
Financial result

Net debt to EBITDA down substantially thanks to influx of capital and higher EBITDA

Development of net debt, EBITDA and net debt to EBITDA since 2014

Net debt practically eliminated

› Rights issue and divestment making an impact
› Additional positive impact from working capital management

Net debt to EBITDA at comfortable level

› Besides the items described above, better operating income further reduces net debt

2017 outlook

› Additional liquidity when energy purchase rights based on Prättigau cascade brought under Repartner
› Operating environment will remain challenging
Agenda

› Areas of focus in 2016
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› **Strategic positioning**
› Assessment of environment and outlook
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The status quo

**USP: we have strong success factors**

- Transparency
- Fair solutions

- Experts work close together
- Know-how along value chain

- Service quality
- Market and sales experience

- Ability to recognise market trends
- Development expertise
Where to next?

Our know-how is our foundation - our customers are our focus

- We offer our customers energy and services
- We strengthen our position by building strategic partnerships
- We develop innovative solutions
- We maintain our hydropower capabilities and focus on renewable electricity generation
- We operate and optimise our supply grid
- We operate in international trading
- Repower leads the way in terms of know-how, quality and efficiency in trading, generation and grids
Agenda

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➢ Questions
How will the operating environment develop?

The environment will remain challenging

**Economic environment**
- Despite an increase in spot prices, prices will only rise slightly in the longer term
- The EUR/CHF exchange rate remains a big challenge
- There is still a lack of economic growth in Europe

**Domestic & international politics**
- International uncertainty continues to be a problem
- An agreement with the EU on electricity seems a long way off
- Political reliability in Switzerland in question (referenda, EU/Swiss relations, etc.)
- Outcome of debate on water rates unclear

**Market liberalisation**
- What’s going to happen in terms of the liberalisation of the retail market? We’re preparing for both scenarios
- Repower is operating increasingly successfully in liberalised markets (Italy and services in Switzerland)
- Energy providers producing little of their own energy currently have the upper hand
## Outlook

### Slight recovery expected starting 2019

<table>
<thead>
<tr>
<th>Environment</th>
</tr>
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<tbody>
<tr>
<td>- We expect conditions to be stable in Italy, in the Swiss basic supply business and on the grid side.</td>
</tr>
<tr>
<td>- We will continue to develop our new fields of business, but the market is very competitive.</td>
</tr>
<tr>
<td>- We see good opportunities for developing our partner strategy.</td>
</tr>
<tr>
<td>- Repower has a vested interest in the resolution of open political and legal issues.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Markets remain highly volatile.</td>
</tr>
<tr>
<td>- Prices have only improved slightly medium term.</td>
</tr>
<tr>
<td>- Exchange rates likely to remain unfavourable.</td>
</tr>
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<table>
<thead>
<tr>
<th>Results</th>
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<tbody>
<tr>
<td>- 2017 operating income expected to be around 2015 levels.</td>
</tr>
<tr>
<td>- From 2019 there are signs that there will be a slight recovery (German nuclear and coal-fired plants removed from the grid).</td>
</tr>
<tr>
<td>- Market prices remain an important factor even with increased contribution of new and further developed fields of business.</td>
</tr>
</tbody>
</table>
Federal referendum on 21 May

Repower supports Energy Strategy 2050

1. The value of hydropower is basically acknowledged

2. Large hydro will receive at least some support

3. The days of the KEV feed-in scheme are numbered

4. At last we have legal and planning security

The bill reflects what is currently possible politically, with all the positive and negative aspects

→ Positive aspects dominate
Agenda

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New website

www.repower.com completely overhauled

▶ Customer focused
▶ Adapted to changing user behaviour
▶ Easier to navigate and read
▶ New imagery adopts customer’s point of view
▶ New illustrations
▶ Capable of development
▶ Ready for new web-based tools
▶ Optimised for all mobile devices
▶ Institutional information on separate level
Online annual report at onlinereport.repower.com

- Customer-oriented; adapted to changing user behaviour
- Optimised for all mobile devices
- Clear presentation; focus on services sought by the customer
- New imagery adopts customer’s point of view; new illustrations
- Capable of development; ready for new web-based tools
- No more print version of the full annual report
- Concise version available in printed form (in German and Italian)
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Key dates

➤ 2017 annual general meeting: 17 May 2017 in Pontresina
➤ 2017 interim results: 23 August 2017
➤ 2018 annual press conference: 10 April 2018, Landquart
➤ 2018 analysts’ meeting: 10 April 2018, Zurich
➤ 2018 annual general meeting: 16 May 2018, Landquart
Many thanks for your interest!