Analyst and investor conference

Repower's market environment and positioning

Zurich, 30 October 2017

REPOWER
Unsere Energie für Sie.

Agenda

• Dynamic market environment	Kurt Bobst
• Strategic areas of focus	Kurt Bobst
• Implementation: what stage are we at?	Kurt Bobst
• Financial developments	Brigitte Krapf
• Investor relations	Brigitte Krapf
• Outlook	Kurt Bobst
• Questions and drinks	All

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The new world of energy is digital, connected and customer-centred

Centralised generation

Distributed generation

Growing competition

Monopoly

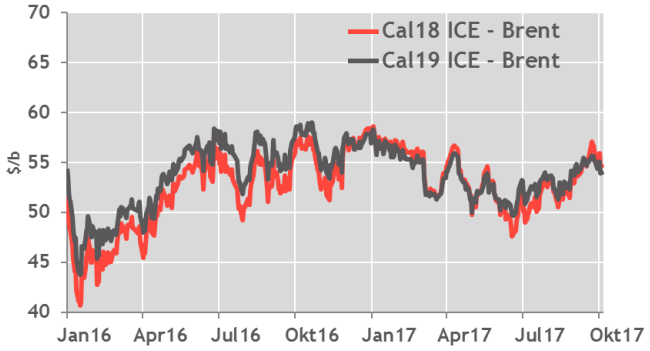
Electricity distribution

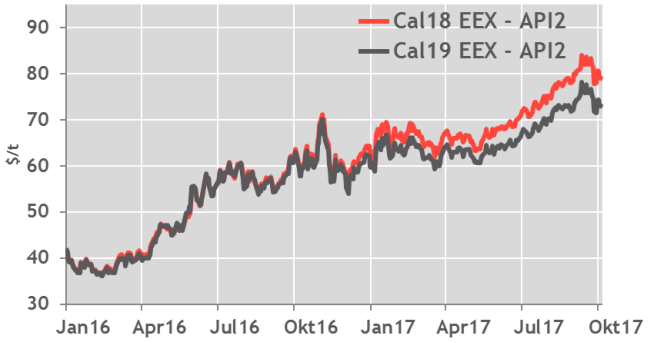
Digital transformation and systems convergence

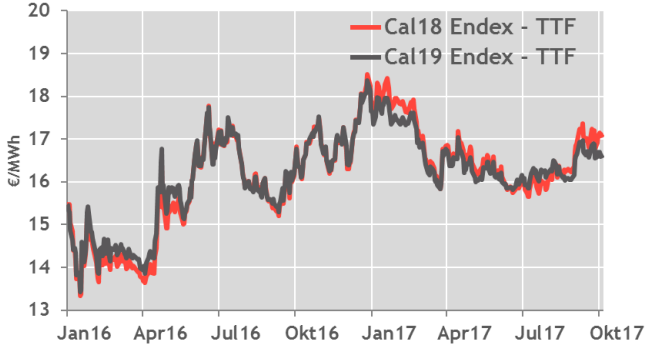
Flexibility and energy efficiency

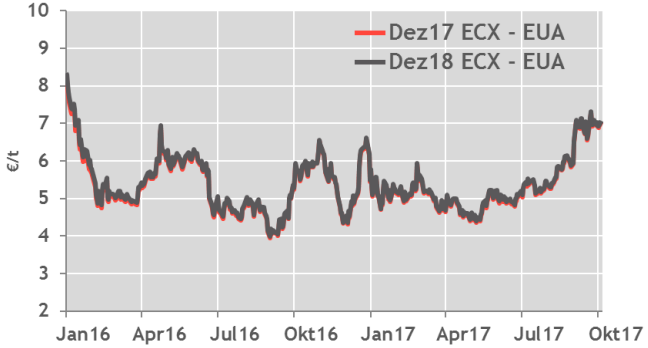
Plannable loads and physical grid connection

From 2016 development of commodity prices has been volatile









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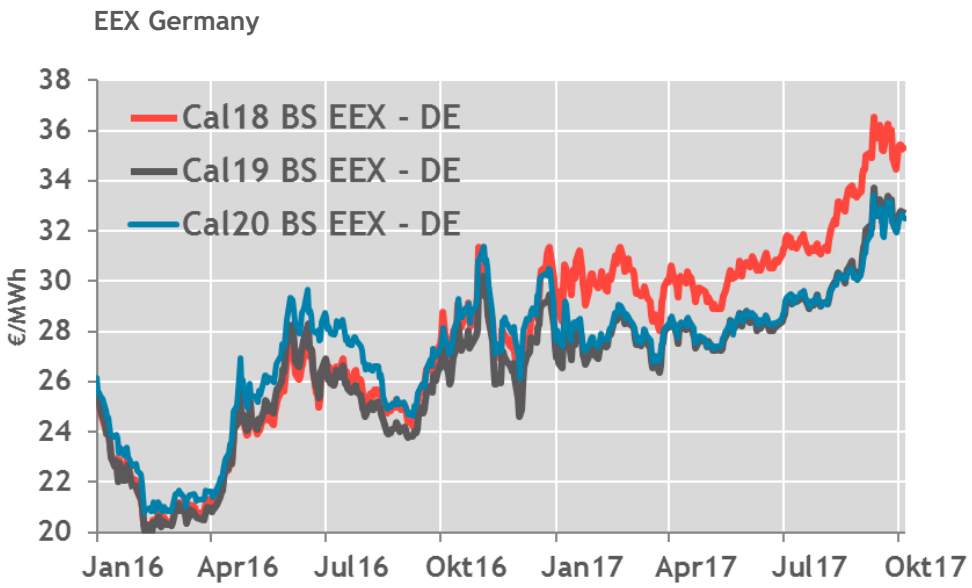
2019 and 2020 price increases levelling off again



- High expectations at the long end
- 80% increase in Cal-18 price in 18 months: +16 EUR/MWh
- Market expectations for Cal-19 and Cal-20 more muted: increase of 12 EUR/MWh since February 16; spread of 3 EUR/MWh with front calendar

Dynamic market environment

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The environment will be more market-oriented in the future

Objectives	Scenarios	Investment	CO_2-price	Grid	Renewables	Thermal	Demand
Climate protection Technological progress Efficiency gains Systems integration Smart grids Energy only market	Competitive MARKET-ORIENTED	Subsidies run out from 2020 onwards: 70% of investments in day-ahead market paid out	ETS market regulates emissions targets. CO_2 price 2050: 50 EUR/t	Better market design allows greater exploitation of NTC values: 45%→60% New capacity in Central Europe: +6GW	Ambitious renewable generation targets Now DE 30% FR 20% IT 40% 2050 DE 65% FR 50% IT 60%	Coal-fired capacity will be replaced by gas-fired plants to enable more flexible deployment by 2050: Coal -50% Gas +50% Life of nuclear plants in DE/BE: 40-50 years In FR/CH around 60 years	Slight increase in demand: <0.5% per year Demand for flexibility increases by 10% **Fuel prices** 2050 vs now Coal +65% Gas +100% Oil +80%
	OVER-REGULATION Regulated	Heavy subsidies continue. 0% of investments paid out via day-ahead market	No ETS/CO_2-reform. CO_2 market price 2050: 20 EUR/t	Current NTC methodology remains in place. Only around 50% of cross-border capacity used. +10GW in new capacity			
	Repower	2025-35: Shift from regulated to competitive					

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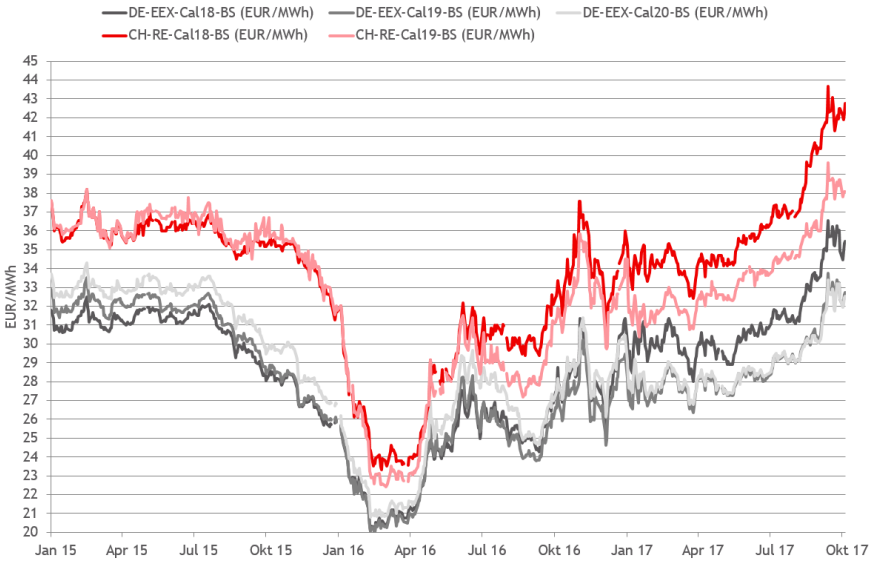
Prices can go up as well as down

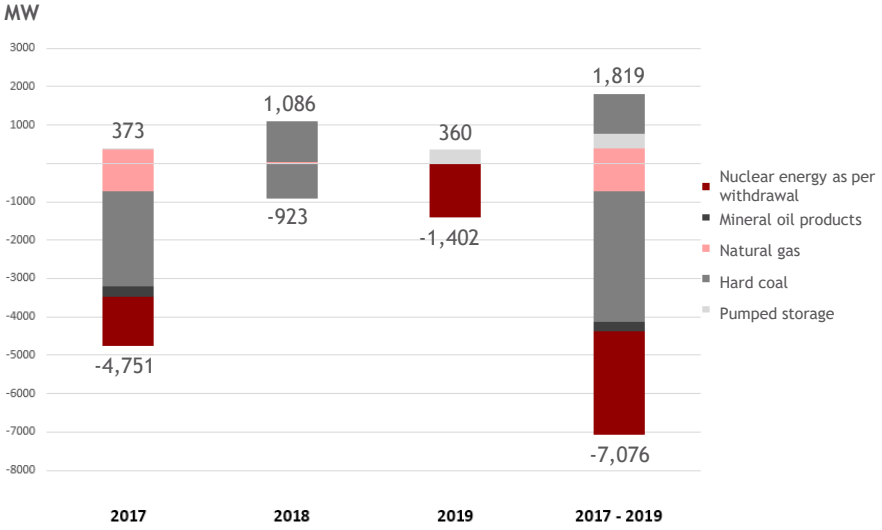
- Two winters where prices increased
- From March 16 sharp upward correction, followed by stabilising forward prices: Cal-18 CH from 23.5 EUR/MWh to around 42 EUR/MWh (+78%)
- Spot market prices for physical delivery CH end-16 at 38 EUR/MWh; expectation end-2017 at 46 EUR/MWh
- Many large producers have already largely hedged 2018/19: there will be a lack of sellers



Increasingly volatile prices in prospect

- Europe's portfolio of thermal assets is getting older and older:
  → Outages on the increase; harder to predict maintenance time
  → Price volatility increasing
- Relevant "base load" generation plants taken off the grid;
  Germany around –5 GW 2017-19
- Next CO_2 phase and political signals from Germany having a bullish influence on CO_2 prices

Power generation plants in Germany: New installations (currently in trial operation or construction) and announced definitive shutdowns (2017-19 planning data)



Status 31 Mar 17
Source: Federal Network Agency monitoring report

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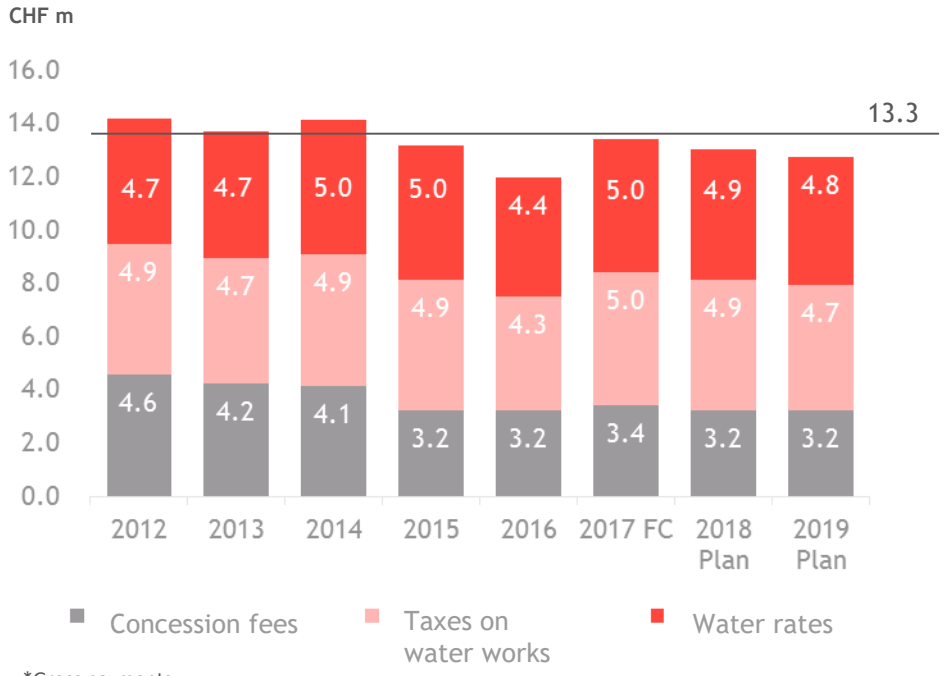
Constant payments flowing into public coffers



*Gross payments

- Concession charges dependent on production and plant availability
- Charges for water rates and taxes on water works:

1990-97	54 CHF/kW*
1997-2010	80 CHF/kW
2011-14	100 CHF/kW
2015-19	110 CHF/kW

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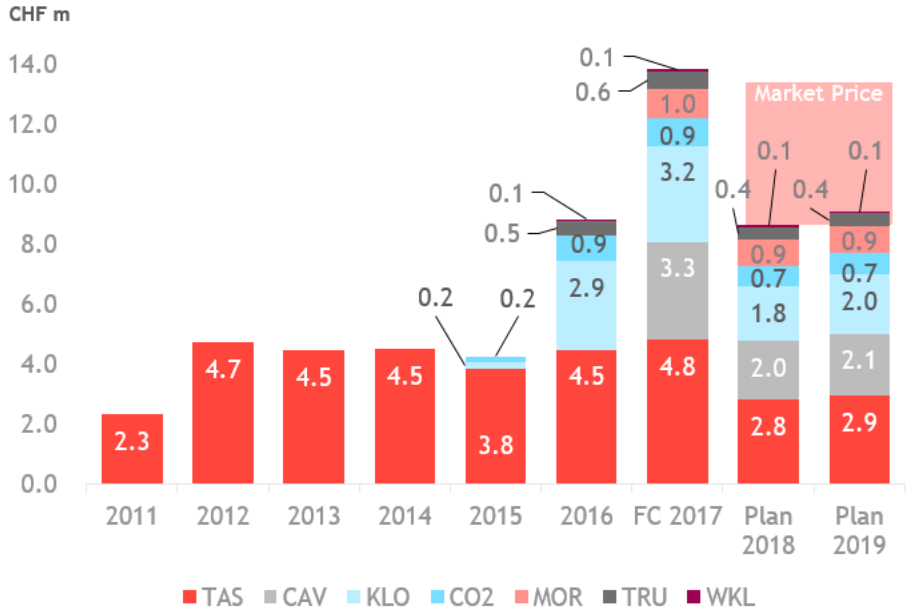
Successful implementation of “KEV-isation” (from 2018 EVS)



- From 2018/19 new regime with lower rates
- Revenues from marketing of energy; difference will be covered by subsidies
- Total proceeds comparable to those in 2017 forecast

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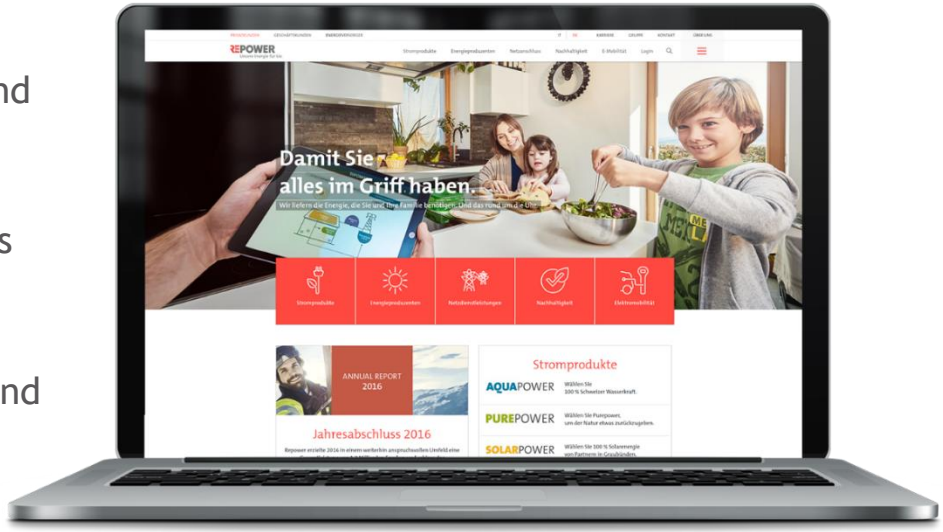
Repower's vision maps a clear course

Repower will become the leading provider of energy and services in Switzerland and Italy

- We know the needs of customers and take them seriously
- We show flexibility to satisfy the needs of customers promptly and as effectively as possible
- Our energy and services offerings stand out in terms of high quality and customer utility



Six strategic areas of focus to our goal

Switzerland: Expand energy business and enter gas market

Schwitzerland: Digitise processes and develop new products

Switzerland: Expend supply services as full-service provider

Italy: Grow in SME segment by means of try-and-buy strategy

Italy: Enter small retail market and build digital distribution channel

Switzerland: Actively market work for third parties

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Our recipe for success (1/2)

Key markets

We concentrate on our key markets, Switzerland and Italy (including the origination business in Germany).

Digitalisation

We develop innovative, intelligent and efficient solutions for our customers.

Partnerships

We continue to develop our business model within strategic partnerships, and aim to be our customers' partner of choice.

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Our recipe for success (2/2)

Service provider

We will build on our core competencies in generation, grid and trading to become the leading service provider.

Sales

Our business is systematically geared to our sales targets.

Sustainability

In the future 100% of the electricity we generate will come from renewable resources, and we will deploy our assets in line with our goals as a leading energy and service provider.

Target groups in Switzerland

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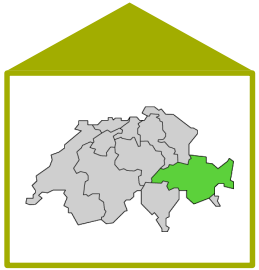
Our potential: broad know-how in the service of our target customers

Energy utilities

Infrastructure operators

Market customers and basic supply



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Plug’n Roll: the all-in-one package for electric vehicle pioneers

- Around 80 charging stations (CH)
- 36 locations (CH)
- Around 2,700 registered customers (CH)
- Around 10,000 app downloads
- Around 175 charging stations in Italy

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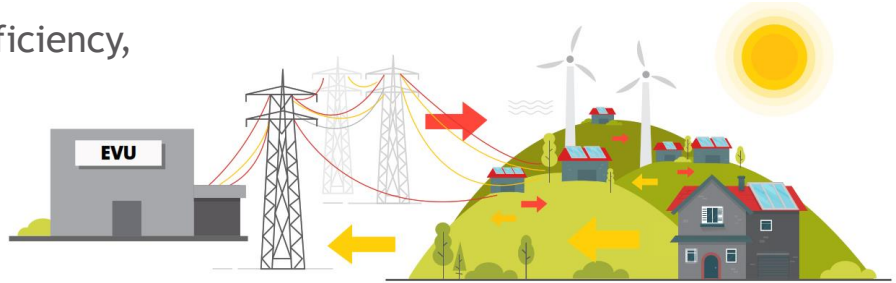
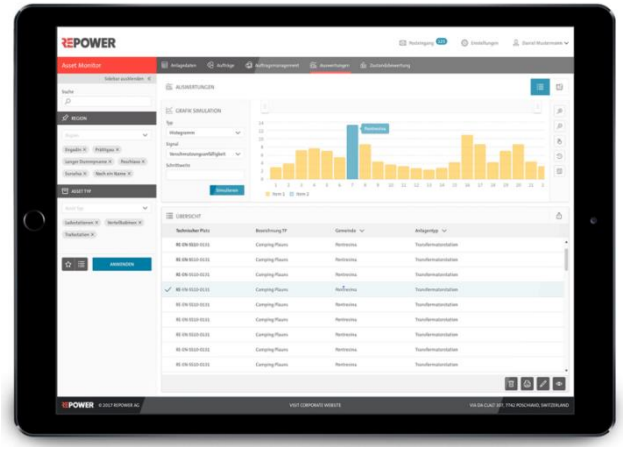
Smartpower: tomorrow's smart metering and energy management

- New grid-related challenges: distributed rather than centralised; digital rather than analogue; flexible rather than planned
- Comprehensive modular solutions for energy utilities
- Output-based price models
- Incentives for end users
- Grid optimisation for energy utilities
- Comprehensive transparency
- ES 2050: smart metering, energy efficiency, promotion of renewables



Asset Monitor: the future of asset management



- Efficient management of assets
- End-to-end overview and control
- Optimum timing for service and maintenance

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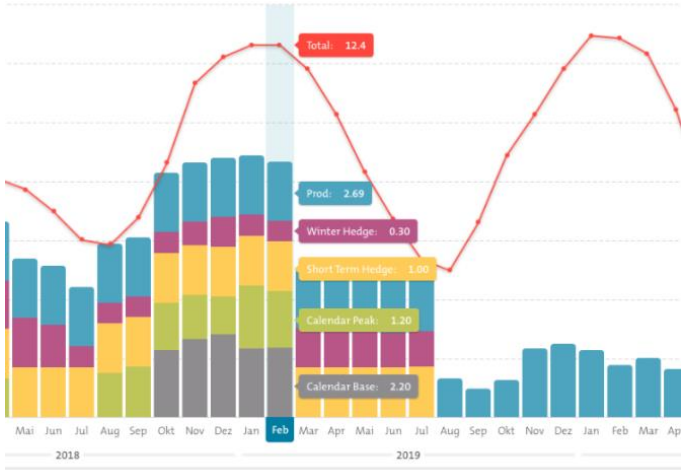
Energy Space: the new dimension in portfolio management



- Web-based platform for energy utilities for managing energy portfolio
- Concrete support for portfolio managers
- Comprehensive market access
- Simulation of transactions and hedging strategies
- Short-term optimisation
- Balance group management
- Highly transparent
- Permanent risk assessment

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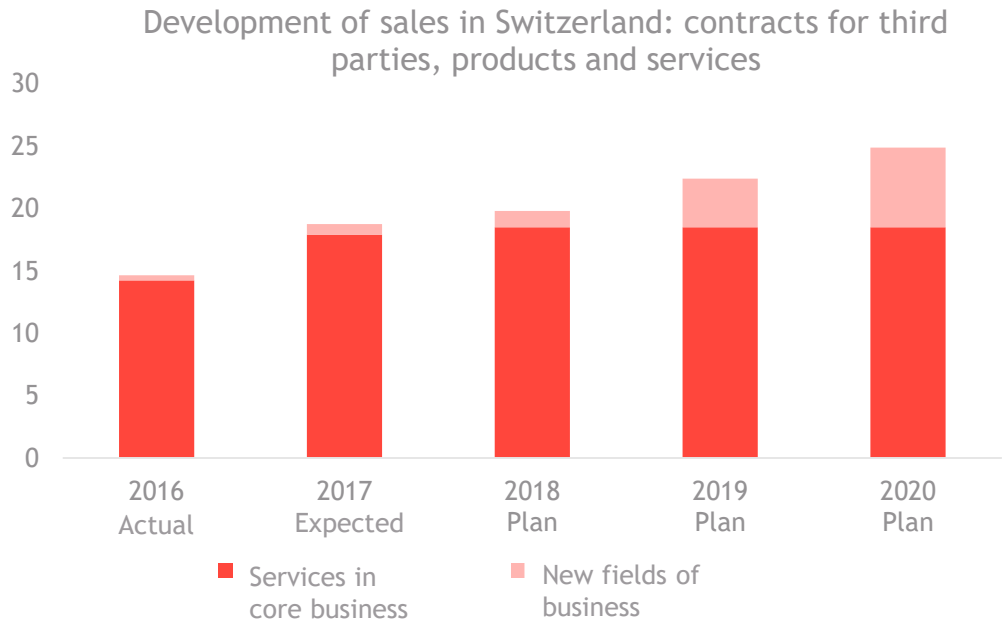
New fields of business are already impacting earnings



- Significant growth in new fields of business with products such as
  - Electric vehicles
  - Asset Monitor
  - Services
  - Smartpower
- Revenues from services in core business relatively stable

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Substantial devaluation of the franc, and slight long-term recovery in interest rates

10-year CHF SWAP (Source: Bloomberg)

EUR/CHF exchange rate (Source: Bloomberg)

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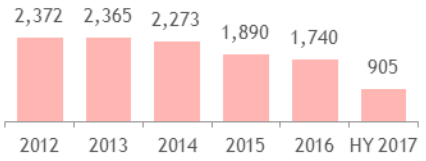
Figures for 2012 to 2017

		1H2017	2016	2015*	2014	2013	2012*
Total operating revenue	CHFm	905	1,740	1,890	2,273	2,365	2,372
EBITDA	CHFm	43	52	41	77	74	148
EBIT	CHFm	20	22	-69	26	-150	83
Group profit	CHFm	1	-13	-136	-33	-152	31
Balance sheet total	CHFm	1,681	1,705	1,828	2,126	2,043	2,302
Equity ratio	%	47%	45%	33%	36%	39%	42%
Energy gross margin	CHFm	109	195	178	240	255	351
Economic value added	CHFm	-8	-33	-112	-57	-188	-29
Cash flow	CHFm	19	69	17	98	69	54
Net debt	CHFm	-11	41	270	234	328	365
Net debt to EBITDA		-0.1	0.5	4.5	2.6	2.6	2.5
FFO/net debt	%	-313%	55%	4.1%	26.8%	25.4%	24.4%
CAPEX**	CHFm	11	24	24	28	53	114
Number of employees	FTE	569	563	632	666	707	746

* Restated ** Investment in tangible assets, intangible assets and associates, and investment-type loans

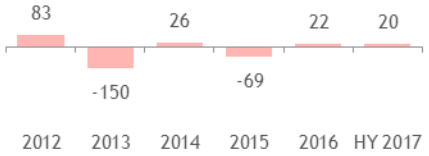
Development of sales

CHF m



Development of EBIT

CHF m



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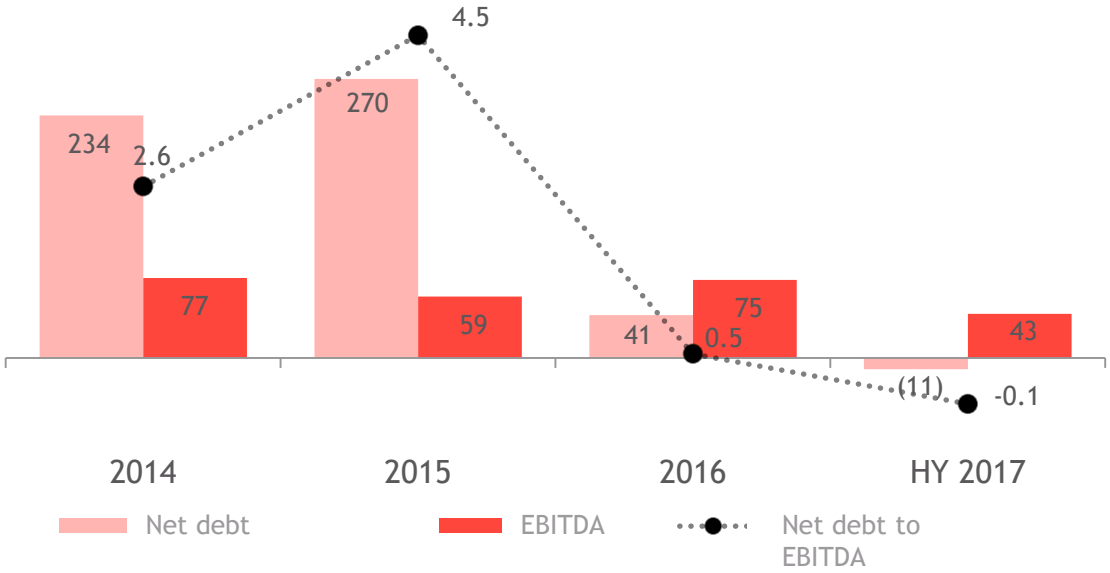
Development of net debt to EBITDA



- The result is positive net liquidity for Repower
- All interest-bearing financial liabilities can be covered by assets
- Net debt to EBITDA is running at close to zero

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Three central pillars

Healthy balance sheet structure

- Net debt to EBITDA not greater than 3 over several years
- Operating cash flow covers investment over a period of several years

Good supply of liquidity

- Dynamic approach to minimum liquidity
- Adequate cover thanks to unused but assured lines of credit at various banks
- Forward-looking management of liquidity and maturities of financing

Adequate financing policy

- Access to capital markets assured at all times
- Financing instruments with fairly long maturities and fixed interest rates matching business profile
- Forward-looking financial planning taking account of interest and exchange rate developments

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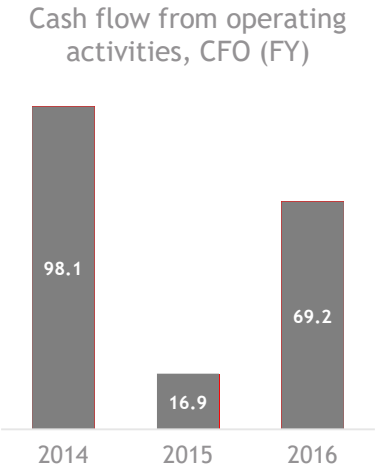
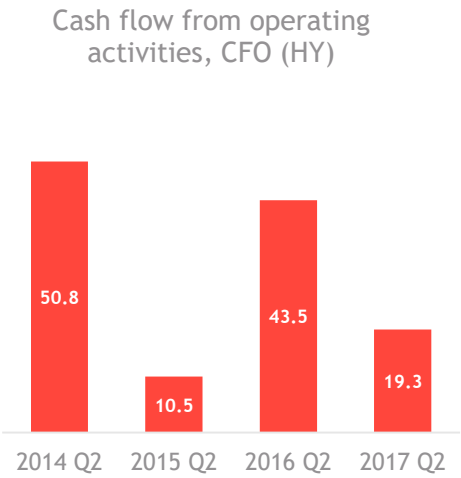
Development of cash flow from operating activities (CHF m)





- Material effects, 1H17
- CHF 20 m in depreciation on tangible assets
- CHF 16.6 m change in net working capital
- Reduction in liabilities in Italy
- Reduction in overdue receivables in Italy

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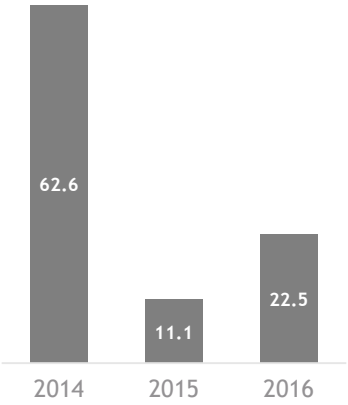
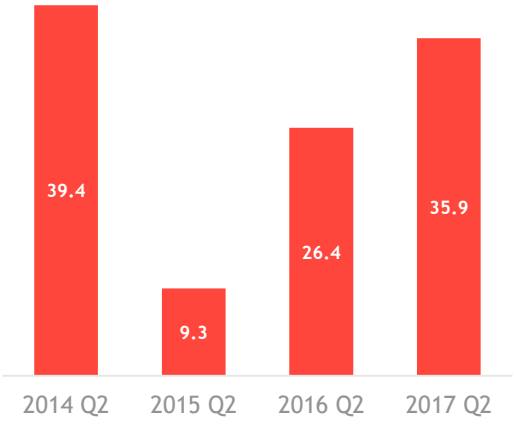
Development of funds from operations (CHF m)

Funds from operations, FFO (FY)



Funds from operations, FFO (HY)



- Much better operating result in 1H17 than prior year

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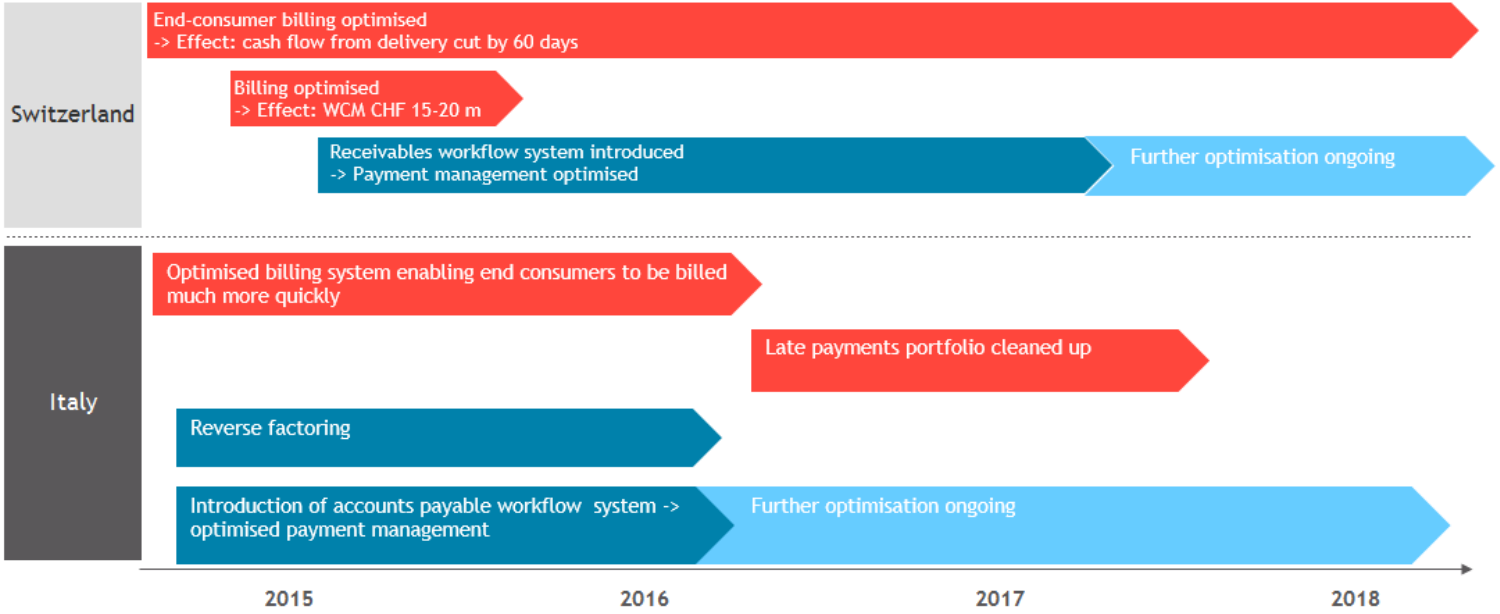
Various WCM measures in Switzerland and Italy



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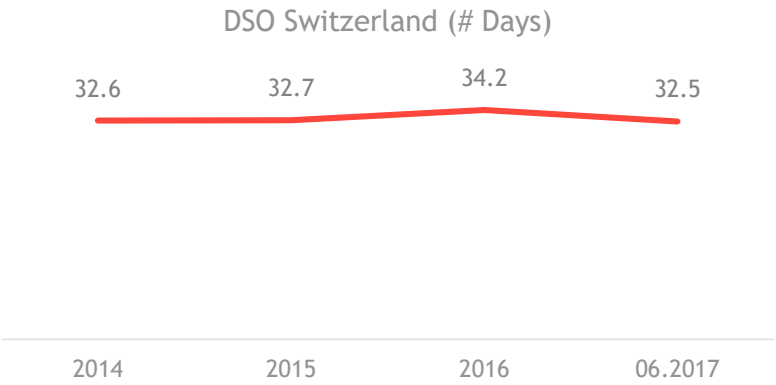
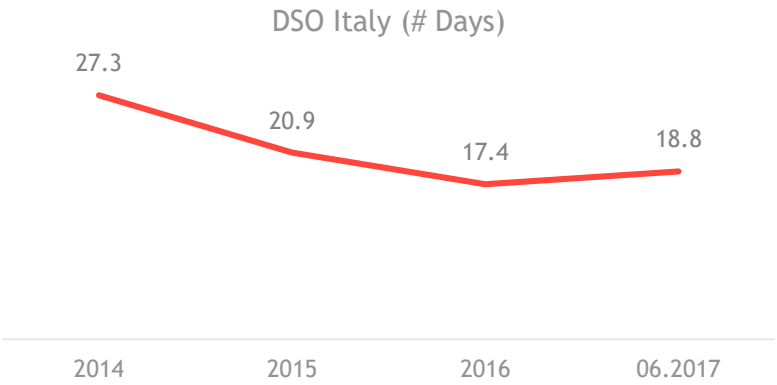
Payment times optimised and under control





- DSO CH at constant level; frequency of bills to end consumers increased
- DSO Italy substantially reduced, thanks among other things to optimised payment terms and prompt accounts receivable management

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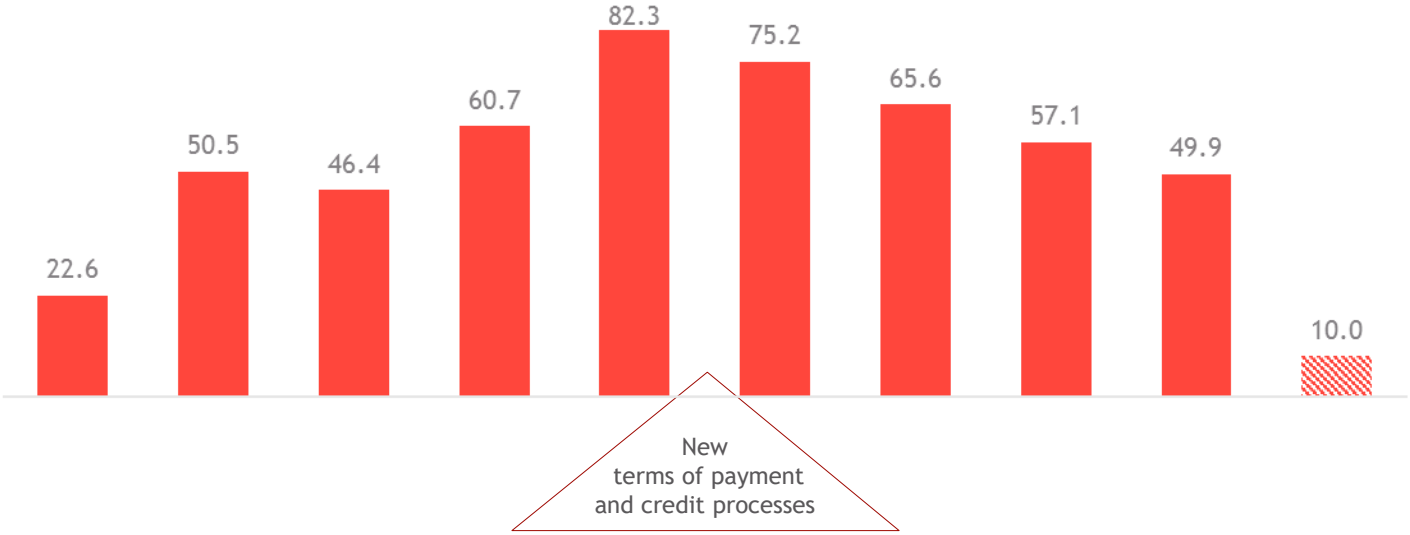
Reduction in overdue payments following modifications to processes



	2009	2010	2011	2012	2013	2014	2015	2016	2017E
Sales with VAT (EUR m)	584	700	886	983	925	876	891	794	800

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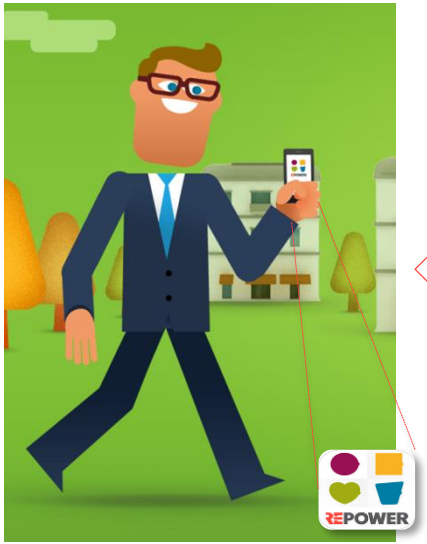
Process «Credit-Check» state of the art



Query may be done
•Directly to credit dept
•Indirectly via smartphone (dedicated app)

Prospect with exposure >100k EUR/y

NO →

Credit line assessment

- Rating (based on CERVED Group analysis)
- Historic records with Repower (if any like payment history)

- OK to acquisition
- Warranty requested
- Deny

Exceptions managed by a web based application

YES →

- *Rating*
- Insurance
- Bank's feedback
- Additional CERVED Group analysis

Exceptions managed by a web based application

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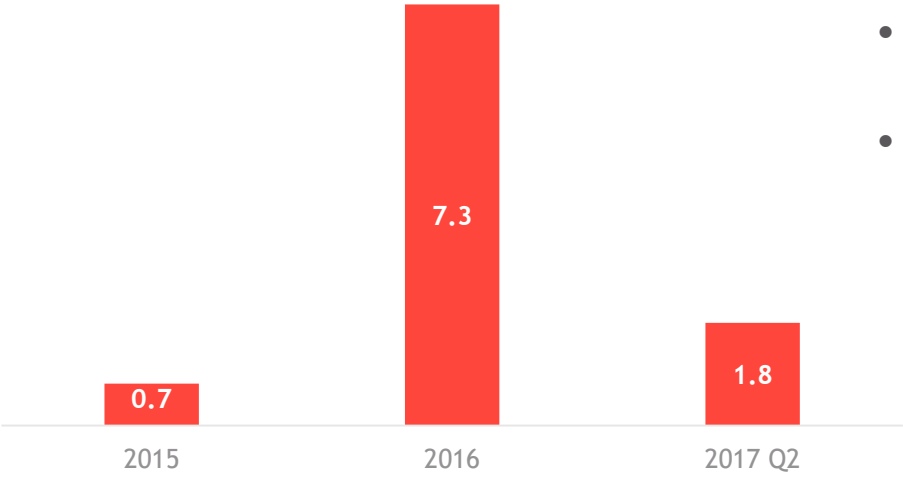
Disposal of non-operational assets

Profits from the disposal of non-current assets



- Project to dispose of many non-operational properties delivered
- Sale of remaining properties still being pursued, but with less urgency

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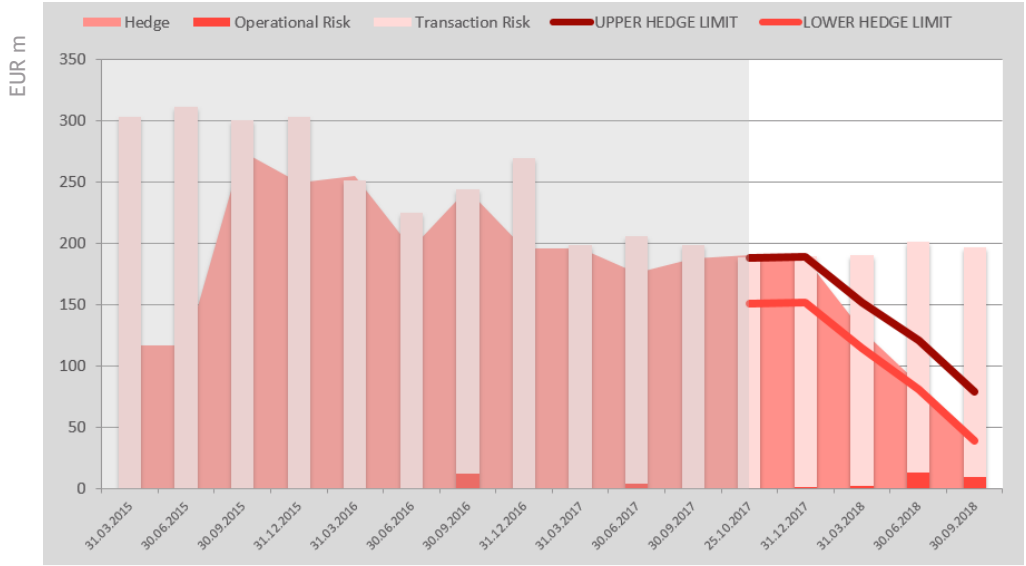
Foreign currency hedging strategy: rolling hedge

Historical and current risk exposure



- 80%–100% hedge in first quarter
- Risk position calculated on a monthly basis
- Counterparty risk

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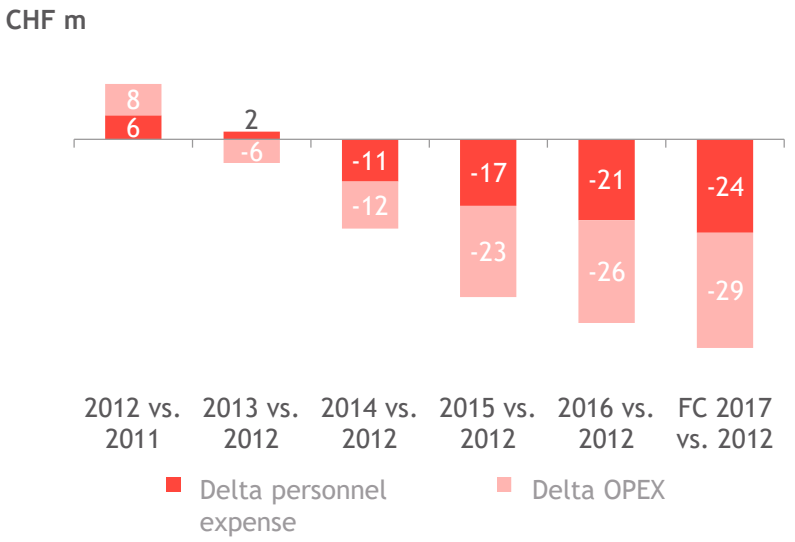
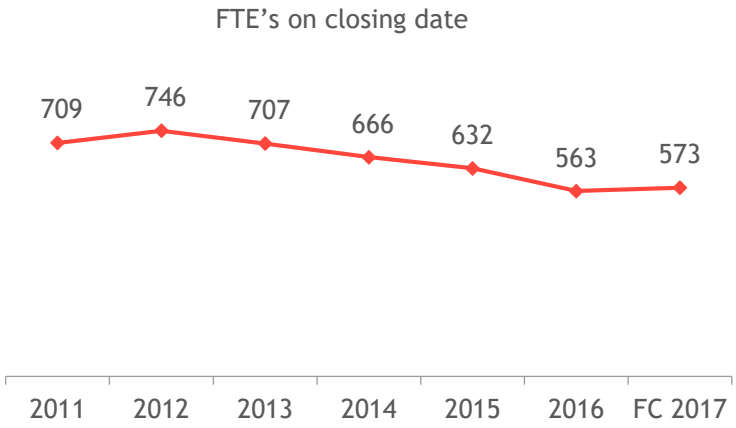
Substantial reduction in operating expense since 2012





- Number of FTEs, personnel expense and other operating expense have all been significantly reduced since 2012 thanks to structural changes and efficiency measures

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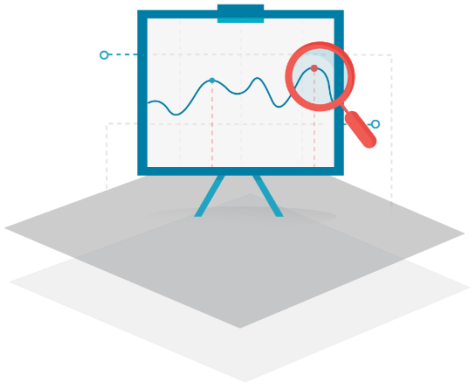
Switch from IFRS to Swiss GAAP FER



- Reasons for the change:
  - Growing complexity
  - Imbalance between outlay and benefits
  - Additional costs

- Swiss GAAP FER also allows true and fair view
- Switch retroactive to beginning of 2017
- Transparent financial reporting and comparability guaranteed

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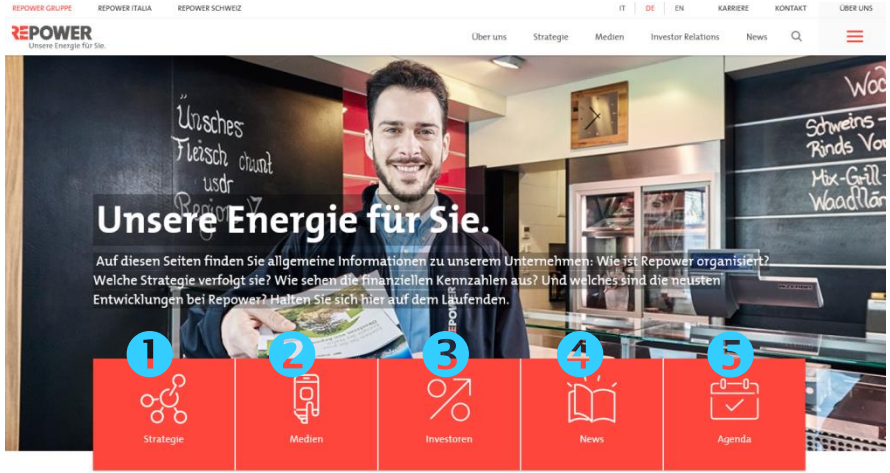
Comprehensive information on the Repower website



Group website
https://www.repower.com/en-us/

❶ = Cornerstones of strategy
❷ = Media contacts, media releases, publications, images/logos, interviews/positions
❸ = Results, annual reports, corporate governance, shares, debt, AGM, agenda, contact for investors
❹ = Direct link to media releases
❺ = Direct link to agenda

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• **Outlook**	**Kurt Bobst**

Great challenges remain

Prices

Recovery proceeding slowly

Market design

More market expected gradually from 2020

Politics

Justified concerns have a hard time

Strategy

Implementation of new products continues

Results

2017 on course in operating terms
Half-year results


Many thanks for your interest!
REPOWER
Unsere Energie für Sie.