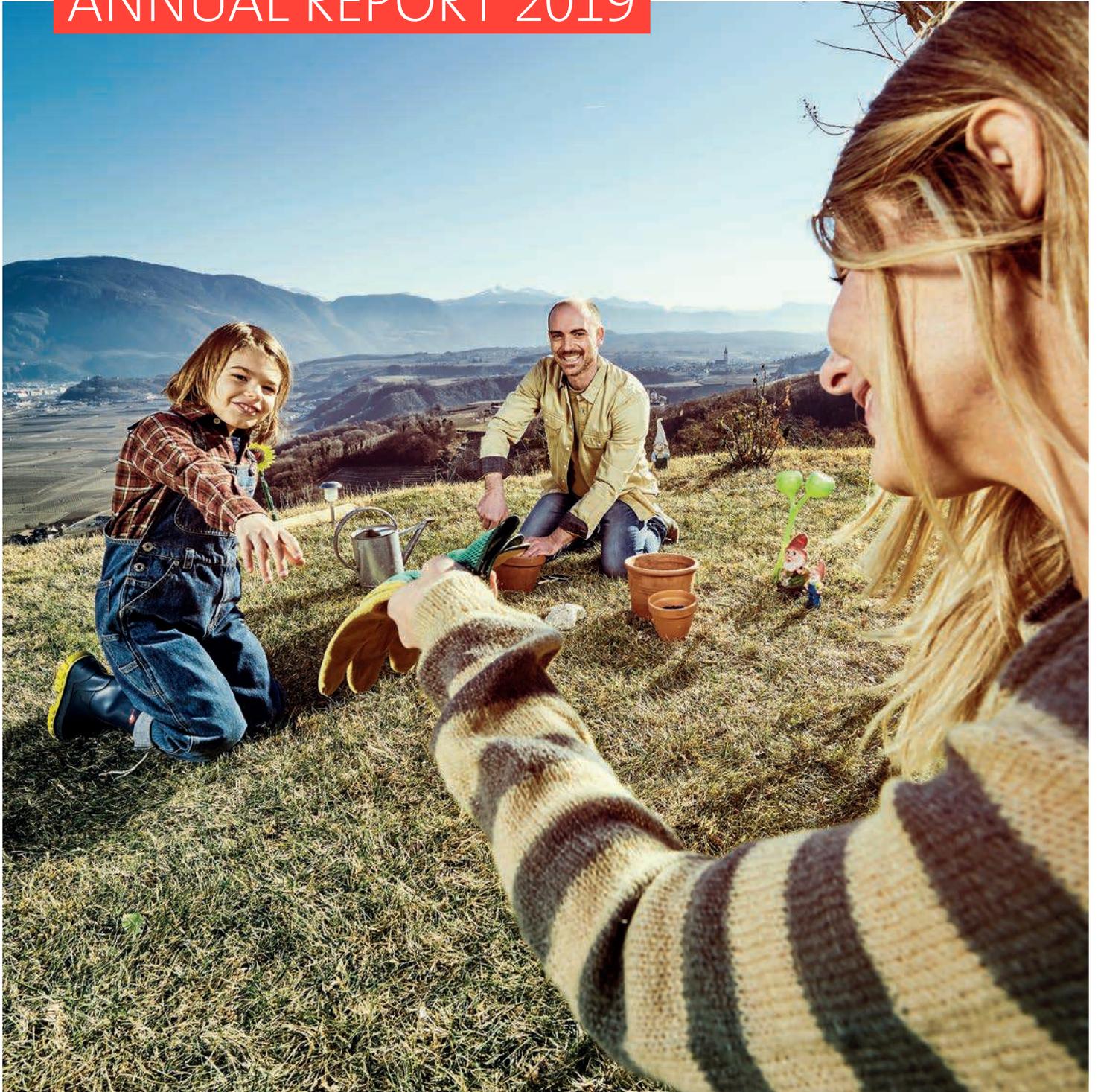


ANNUAL REPORT 2019



Overview

OVERVIEW OF THE YEAR 2019

1.9

billion francs

total operating revenues in 2019

Repower Italy records highest EBIT in its history

65.2

million francs

operating income (EBIT)

Merchant line

title to Swiss side transferred to
Swissgrid

Voters say Yes to modifying Valposchiavo concession

renovation of Robbia power plant to
begin in 2020

Construction begins at Mendrisio substation

Repower builds two turnkey
substations for SBB and AIM
(Aziende Industriali Mendrisio)

Security of supply boosted in Graubünden

St. Antönien and Ascharina
connected to high-capacity
underground line

Repower strengthens partnerships

- Establishment of esolva ag
- Successful first year for Repower
Renewable
- Prättigau power station cascade
transferred to Repartner Produktions
AG

Uncertainty in Italy

capacity market regime to be
introduced from 2022

Italy showcases electrical innovation

- [Launch of LAMBRO cargo bike](#)
- [Repower² electric boat completes successful promotional tour](#)

Wind power boosted

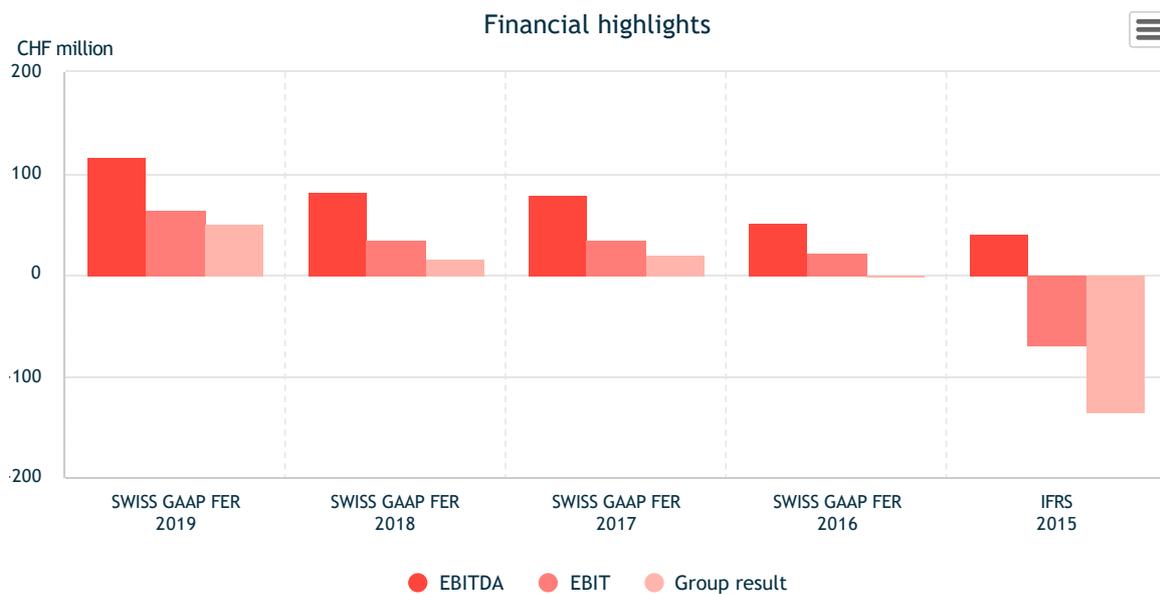
[new turbine goes into operation in Lübbenau, Germany](#)

Change in CEO

[Kurt Bobst leaves Repower, director](#)
[Roland Leuenberger takes over as CEO](#)

FINANCIAL HIGHLIGHTS

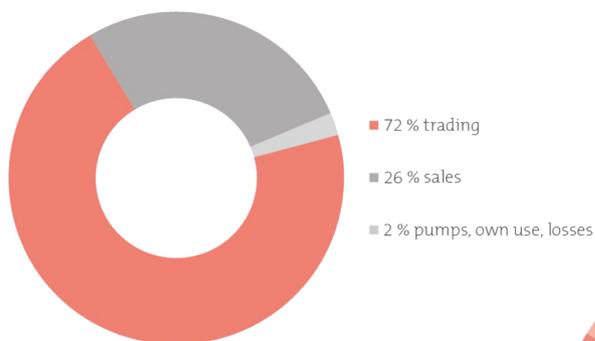
	2019	2018	2017	2016	2015
	Swiss GAAP FER	Swiss GAAP FER	Swiss GAAP FER	Swiss GAAP FER	IFRS
CHF million					
Revenue and income					
Total operating revenue	1,937	2,090	1,847	1,724	1,890
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	117	82	79	52	41
Depreciation/amortisation and value adjustments	-52	-47	-45	-30	-109
Earnings before interest and taxes (EBIT)	65	35	34	22	-69
Group earnings	50	16	20	-1	-136
Balance sheet					
Balance sheet total at 31 December	1,876	1,873	1,822	1,701	1,828
Equity at 31 December	844	807	769	737	600
Equity ratio	45%	43%	42%	43%	33%
Further key figures					
Energy gross margin	264	223	208	194	178
Economic value added	-1	-20	-18	-29	-112
Funds from Operations (FFO)	103	60	72	30	11
Cash flow from operating activities	126	55	43	78	17
Net debt	-29	45	-2	-9	270
Net debt factor	-0.3	0,5	0.0	-0,1	4,5
FFO/net debt	<0%	134%	< 0%	<0%	4,1%
Investments	41	35	32	33	31
Headcount (FTE)	539	591	578	563	632



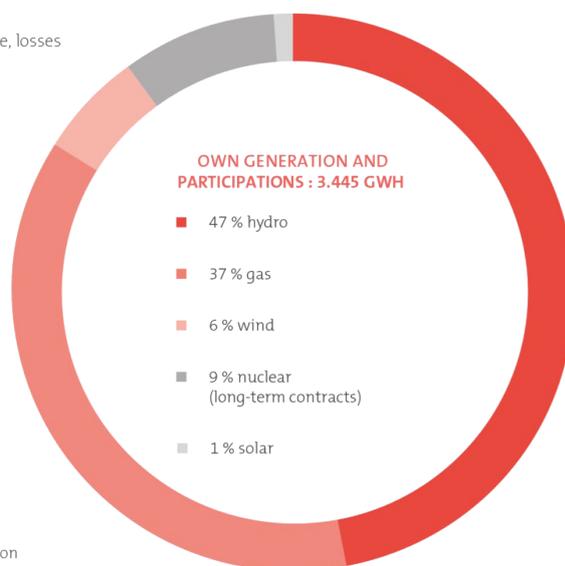
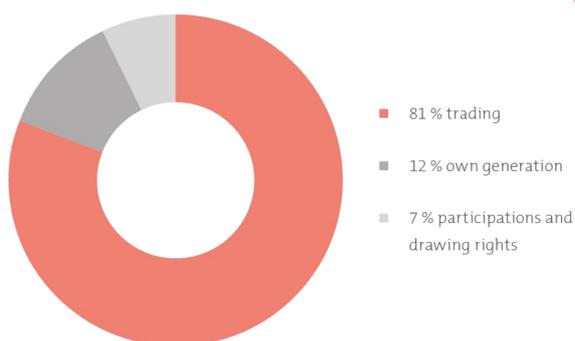
ENERGY BALANCE SHEET

	2019	2018	Change
Electricity business in GWh			
Trading	12,979	12,519	4%
Supply/sales	4,577	4,473	2%
Pumps, own use, losses	326	318	3%
Electricity sales	17,883	17,310	3%
Trading	14,437	14,362	1%
Own generation	2,226	1,662	34%
Energy from participations	1,219	1,286	-5%
Electricity procurement	17,883	17,310	3%
Gas business in 1,000 m3			
Sales to end customers	324,073	349,736	-7%
Trading (sales)	3,201,280	1,098,572	191%
Gas sales	3,525,353	1,448,309	143%
Consumption of Teverola gas-fired power plant (Italy)	250,681	178,461	40%

ELECTRICITY SALES 2019: 17.883 GWH



ELECTRICITY PROCUREMENT 2019: 17.883 GWH

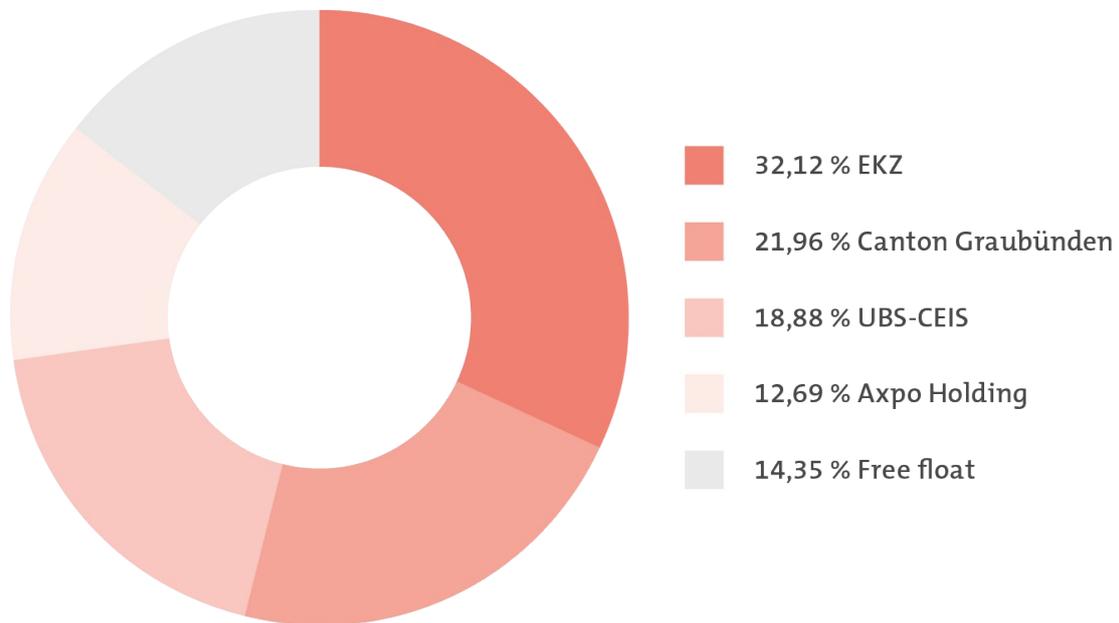


STOCK STATISTICS

Share capital	7,390,968	registered shares	@ CHF	1.00	CHF 7.4 million
2019					
2018					
Prices (CHF) on OTC-X, Berner Kantonalbank					
Registered share			High	104	80
			Low	72	66
Dividends (CHF)					
	2019 ¹⁾	2018	2017	2016	
Registered share	2.50	0.50	0.00	-	

1) The 2019 dividend is subject to the decision of the annual general meeting. There are no restrictions or limitations on voting rights.

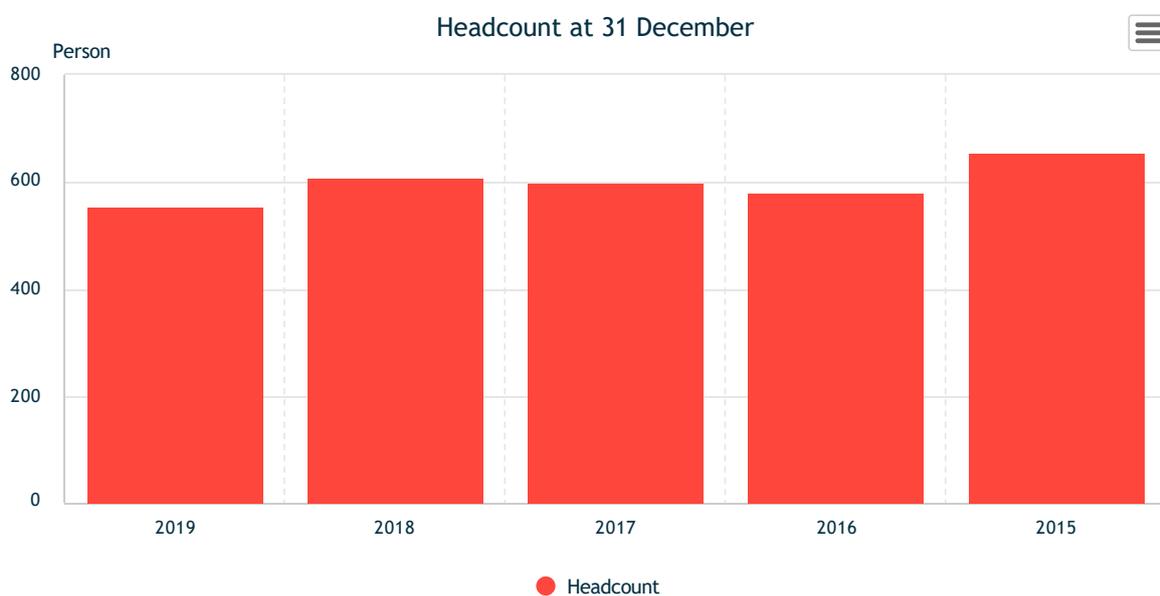
REPOWER'S SHAREHOLDER STRUCTURE AT CLOSE OF ACCOUNTS ON 31 DECEMBER



HEADCOUNT

at 31 December	2019	2018
Total ¹⁾	555	610
Switzerland	388	442
Italy	167	168
Trainees	30	30
Sales consultants Italy	510	599

1) For the numbers in full-time equivalents (FTEs) see "Financial highlights" table. Since October 2019 the employees of the former SWIBI AG are no longer been recognised.



Foreword from the chairman of the board of directors and the CEO



REPOWER SEES OPERATING INCOME ALMOST DOUBLE

The year 2019 was shaped by negative price developments and a high level of volatility on the electricity markets. Repower defied these conditions, and thanks to the right strategy was able to post excellent results in asset management and trading. In 2019 Repower Italy recorded the highest operating income (EBIT) in its history. At 65.2 million francs, Repower Group EBIT was almost double the previous year's.

ENVIRONMENT

As expected, the market environment remained challenging in 2019, with the EUR/CHF exchange rate not developing in Repower's favour. Delivery prices were under heavy pressure last year, with baseload electricity prices in Switzerland 21.6 per cent lower than the prior year. In 2019 the price of baseload electricity was around EUR 40.9/MWh in Switzerland and EUR 52.3/MWh in Italy. The market was influenced by various factors: mild winter temperatures, and strong hydropower and wind generation combined with low gas and coal prices. Plans to introduce a capacity market regime from 2022 have led to uncertainty in the Italian market, and it is still difficult to gauge the impact of this on future results at the Teverola combined cycle gas turbine plant. The goal of the capacity market will be to assure grid stability and security of supply in the medium to long term and thus facilitate the political goal of increasing the generation of renewable electricity. The anticipated full liberalisation of the energy market for end consumers in Italy has been postponed another 18 months to 2022.

RESULTS

Despite the difficult market conditions, Repower saw another improvement in operating results in 2019. At CHF 1.9 billion, 2019 total operating revenues were 7.3 per cent down on the previous year's figure. At 65.2 million francs operating income (EBIT), by contrast, was significantly higher than in 2018 – with an outstanding year in Italy making a major contribution.

Repower proved that with the right strategy it is also able to operate profitably in a difficult market. A skilful hedging and management strategy enabled the company to post excellent results in asset management and trading. Hydroelectric production was significantly better in 2019 than the year before. The Swiss section of the Campocologno–Tirano merchant line, which this year again made a gratifying contribution to EBIT, had to be transferred to Swissgrid in October 2019, and in future will no longer be reflected in Repower's results. In the year under review Repower Italy's efforts to optimally harness the balancing energy market paid off, helping it to an excellent return in this area.

Despite the overhaul of the Teverola combined cycle gas turbine plant, which was conducted as planned during the fourth quarter, the facility again delivered very good results in 2019, in excess of the budgeted figures. The subsidiary Repower Renewable held its own in the market, and at the end of 2019 was at the previous year's level with 164 GWh of electricity generated. This result underscores the high quality of the assets acquired in 2018.

The equity ratio is a solid 45 per cent. There was a significant year-on-year increase in cash flow from operating activities to CHF 126 million; this figure exceeded investment many times over.

THANK YOU

This excellent result could only be achieved thanks to dedicated employees who believe in the company and work to achieve its goals on a daily basis. We would like to express our warm thanks for their contribution. We would also like to thank our customers, partners and shareholders for the trust they have placed in us.

OUTLOOK AND OBJECTIVES

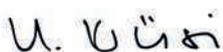
Market conditions remain extremely challenging and volatile. Radical change in the energy industry, low energy prices and the impact of COVID-19 on the economy will continue to occupy us for some time to come.

The changes in the energy arena are real and can already be felt. In Germany many nuclear power stations have already been phased out, and the first coal-fired plant is to be removed from the grid in 2020. Not only this, but in 2019 the coal commission agreed to phase out brown coal (lignite) by 2038. Italy also intends to shut down all its coal-fired facilities by 2025, and France is planning to do so by 2022. In December 2019 the Mühleberg nuclear plant in Switzerland was removed from the grid. All the other nuclear plants can continue to generate electricity for as long as they are safe.

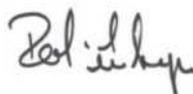
Repower will continue to systematically drive the generation of electricity from renewable resources. The priority in the next few years will be to renovate its hydropower assets in Switzerland, particularly the entire Valposchiavo chain, including the complete refurbishment of the Robbia plant, and to expand generation of solar and wind power in Italy. Thanks to the Teverola combined cycle gas turbine plant, last year Repower was able to make a major contribution to grid stability in the Italian Centro Sud electricity zone. However, given the introduction of a capacity market regime for balancing energy, there is no guarantee that Teverola will continue to make the same contribution to financial earnings in the years to come.

Repower will also drive its partner strategy further ahead in the future. The establishment this year of EVUolution AG with (at present) five partners marks a major step forward in terms of digital solutions “made by the pros for the pros”, underscoring Repower’s ambition of taking a leading role in innovation.

Especially in these times of coronavirus, Repower has demonstrated that it can build on a strong corporate culture, a high level of employee identification, and solid operational processes. Repower will now benefit from the balance sheet built up over recent years, a strong equity ratio and high levels of liquidity. Even though it rates growth prospects as intact overall, given low energy trading prices and the impact of the coronavirus on the real economy, Repower does not expect its 2020 business performance to match the prior year results.



Dr. Monika Krüsi
Chairman of the
Board of Directors



Roland Leuenberger
CEO



Consolidated Financial Statements of the Repower Group

Comments on the consolidated financial statements

REPOWER SEES 84 PER CENT YEAR-ON-YEAR INCREASE IN OPERATING INCOME

HIGHLY VOLATILE MARKET PRICES ENABLE MARKET OPPORTUNITIES TO BE SUCCESSFULLY EXPLOITED – BASIC SUPPLY MAKES STABLE CONTRIBUTION TO EARNINGS – BEST OPERATING RESULTS IN ITALIAN MARKET IN REPOWER’S HISTORY TO DATE

In 2019 Repower was able to significantly exceed both the prior year’s results and expectations for 2019. After a decline in the first quarter there was very high volatility in prices on the energy market, but no clear trend. As in the previous year, Repower managed to profitably exploit its long position in this market environment. At the same time it could capitalise on volatile energy market prices and the accompanying market opportunities in speculative trading. Also worthy of mention are the continued stability and support provided by earnings from energy supply and another increase in revenues from contracts for third parties. In Italy Repower was able to increase the volumes of electricity and gas sold as budgeted and thus achieve its financial targets. There was an extremely substantial contribution to earnings from marketing energy from the Teverola combined-cycle gas turbine plant on the day ahead market and, in particular, on the balancing energy market. Once again the earnings from this business were significantly better than anticipated. In its first complete year of operation, Repower Renewable in Italy contributed a gratifying result, even if it was slightly below expectations because of the delayed commissioning of a wind farm.

The 2019 financial year ended with earnings before interest and tax (EBIT) of CHF 65 million. Income before income taxes came to CHF 54 million, with annual profit for the year CHF 50 million. Annual profit without minority interests came to CHF 46 million.

The comments on Repower Group’s 2019 financial results below, including the prior-year comparisons, refer entirely to the results stated under Swiss GAAP FER.

At CHF 1,915 million, Repower Group net sales from goods and services were up 8 per cent year on year (prior year: CHF 2,074 million). The main reasons for this were a slight decline in energy trading turnover in both Switzerland and Italy. Sales revenues in Italy were up around 4.6 per cent in local currency. However, the fact that the average euro exchange rate was around 4 per cent lower than the previous year neutralised this effect in Swiss francs, the reporting currency. Gross energy margin improved markedly, up CHF 41 million from CHF 223 million to CHF 264 million. Major factors in this were the gratifying results from energy trading in Switzerland mentioned above and the very efficient deployment of the Teverola power plant on the balancing energy market in response to market demand. Contributions to the CHF 41 million increase break down as follows: Switzerland CHF +16 million, and Italy CHF +25 million.

Operating expenses (without energy procurement) declined by around CHF 25 million year on year to CHF 202 million (from CHF 178 million the year before). An increase in the cost of materials and third-party services (up CHF 17 million) was primarily attributable in Switzerland to expansion in work for third parties and the development of new products. In Italy this increase was due to higher costs at Repower Renewable (which saw its first complete year of operation) and an increase in compensation paid to the sales network. An increase in personnel expense (up CHF 3 million) is related to a one-off deposit by Repower to the pension fund to compensate for the reduction in the conversion rate in Switzerland. An overall increase in operating expenses (up CHF 3 million) was due to expenses in connection with the development of new products, the refinement of IT systems, and efforts to grow sales in Italy. A substantial year-on-year increase in energy generated resulted in higher concession charges (up CHF 1 million).

Scheduled depreciation/amortisation came in at CHF 52 million for 2019, up CHF +6 million on the previous year. This increase is due primarily to Repower Renewable's renewable generation assets in Italy combined with the fact that this was the company's first full year of operation. Unlike the previous year, only a slight impairment charge (CHF –1 million) was taken in the year under review.

There was a year-on-year improvement in financial results, with a loss of CHF 12 million versus a loss of CHF 16 million the previous year. The growing strength of the franc led to a slight year-on-year increase in currency losses, up CHF 1 million to CHF 10 million. However, thanks to hedging transactions it was possible to substantially neutralise this effect. The year under review saw an increase in interest on financial liabilities from CHF 9 million in 2018 to CHF 11 million in 2019 because of Repower Renewable. There was a positive effect of around CHF 4 million resulting from the remeasurement of the recoverability of a financial investment.

Repower Group posted earnings before interest and taxes (EBIT) of CHF 65 million, around 84 per cent higher than the CHF 35 million recorded the previous year. Another very positive development was a substantial increase in funds from operations (FFO), up to CHF 103 million from CHF 60 million the previous year. FFO is an important additional performance indicator for Repower alongside cash flow from operating activities, representing cash flow before change in net current assets and taxes paid.

Repower posted group earnings of CHF 50 million for 2019 (prior year: CHF 16 million). This significant year-on-year increase is very gratifying, and was due to improvements in various key earnings components in both Switzerland and Italy.

After an increase the previous year resulting from the acquisition of renewable generation assets in Italy, there was a decline in tangible assets (down CHF 28 million) without any notable additions or disposals. A year-on-year decline in inventories (down CHF 24 million) was the result of the winding down of gas inventories. Finally, net investment in short-term investments resulted in an increase in securities (up CHF 44 million).

OUTLOOK

Over the year under review Repower was able to exploit a number of market developments to its benefit to achieve gratifying results. In addition to the regulatory aspects of the energy transition, the current financial year will be dominated by two challenges: the development of energy trading prices, which are currently very low, and the impact of the coronavirus on the real economy. COVID-19 will exacerbate what were already challenging market conditions, and uncertainty around the political and market framework will remain. The environment for the energy industry cannot be expected to become much more stable in the coming year. Energy prices will remain highly volatile. The economic impact of the coronavirus in Switzerland, and even more so in Italy, is difficult to predict. Repower will benefit from the balance sheet built up over recent years, a strong equity ratio and high levels of liquidity.

Basically the company can still anticipate growth. But given that energy prices are at such low levels and that the economic implications of the coronavirus crisis cannot yet be assessed, Repower does not expect its 2020 business performance to match the prior year results.



Annual report

Repower Switzerland

Repower closed the year with EBIT of 29.8 million francs, 70.3 per cent up on the prior year. There was a year-on-year increase of around eight per cent in hydropower generation, and overall electricity sales came to a tidy 10 TWh or so. A skilful hedging and management strategy enabled Repower Switzerland to post excellent results in asset management and international trading.

PARTNERSHIPS

Repower has moved forward systematically with its partner strategy in various different areas. At the end of November 2019, energy services companies EcoWatt AG, Sacin AG and SWIBI AG merged, commencing joint operations as esolva ag on 1 December. The combination of these three entities has created a business with great potential for development and growth in an increasingly challenging market. Esolva ag is held as follows: around 40 per cent by Repower AG, and approximately 30 per cent each by St.Gallisch-Appenzellische Kraftwerke AG and EKT Holding AG, plus small shareholders.

Also as part of the partner strategy, Repower, Repartner Produktions AG and its ten shareholding utilities in Switzerland and Liechtenstein have signed agreements governing the transfer of the Prättigau power generation assets, including the relevant concessions, to Repartner Produktions AG on 1 January 2020. Repower holds a 51 per cent interest in Repartner Produktions AG and will continue to maintain, operate and manage the Prättigau facilities.

The idea of establishing the joint venture tiko Energy Solutions AG also goes back to Repower. In 2012, Repower and Swisscom decided to invest in a company working to shape the future of intelligent energy use. To take the next steps along the growth track, tiko now has to go international. At the beginning of the year it found a very good partner to help it do so in the form of the French energy group ENGIE. ENGIE employs 150,000 people and operates on all five continents. The energy group became the principal controlling shareholder in tiko. Swisscom and Repower still hold interests in the company.

Repower has a long history of collaboration with Rhaetian Railway (RhB) that started over 100 years ago with the supply of electricity to Kraftwerke Brusio's power plants. We discussed this partnership with RhB director Renato Fasciati:

INTERVIEW

RENATO FASCIATI, DIRECTOR OF RHB (RHAETIAN RAILWAY)

A HUNDRED YEARS AGO THE GREAT CHALLENGE FOR RHB WAS ELECTRIFICATION. WHAT CHANGES ARE RHB HAVING TO DEAL WITH NOW?

RhB is in a thoroughgoing modernisation phase. Besides maintaining our assets, expanding our infrastructure and plans to extend our offering, we're in the midst of RhB's biggest ever rolling stock procurement project: putting the new Capricorn electric multiple units into service. Naturally the opportunities and challenges of digitalisation are an important topic for us as well.

IN 1910 REPOWER'S LEGACY COMPANY KRAFTWERKE BRUSIO AG SIGNED ITS FIRST ELECTRICITY SUPPLY AGREEMENT WITH RHB. THE BUSINESS RELATIONSHIP HAS LASTED TO THIS DAY. WHAT DO YOU THINK IS THE SECRET OF ITS LONGEVITY?

It's true: Kraftwerke Brusio AG signed its first electricity supply agreement with Berninabahn-Gesellschaft (BB), which was subsequently taken over by Rhaetian Railway in 1943. The partnership has always been founded on mutual respect, professionalism and the common Grabünden roots that bind us.

A HEALTHY RELATIONSHIP ALSO INVOLVES REGULARLY SETTING NEW SHARED GOALS. FOR EXAMPLE RHB IS NOW USING REPOWER'S EASYASSET. WHAT HAS RHB'S EXPERIENCE BEEN WITH THE NEW ASSET MANAGEMENT TOOL?

Since 2018 we've been using the EASYASSET tool, customised to our needs, to do preventive maintenance on our control systems. New asset data are added on an ongoing basis. EASYASSET is well established with our staff. It's easy to handle and enables us to optimise our processes.



INVESTING IN THE FUTURE

In line with our strategy of generating electricity only from renewable resources, we continue to invest in wind power. In 2019 Repartner Wind GmbH added another turbine to its wind farm in Lübbenau, Germany. This involved investment of some EUR 6.8 million.

PLUG'N ROLL, Repower's Swiss-wide full-service provider of electric mobility solutions, recorded impressive growth rates in 2019 and was able to further consolidate its position in the PUBLIC, BUSINESS and HOME segments of the market. Over 2019 as a whole the number of charges made via our systems increased by 353 per cent, with the energy supplied up a whole 602 per cent year on year. Annual sales also doubled, with no change in the cost structure. This is due firstly to powerful growth in the Swiss e-mobility market. Secondly, with the help of new product innovations such as its newly launched load management solution, the new PLUG'N ROLL app and new rapid charging stations, PLUG'N ROLL made a convincing case to existing partners as well as acquiring and delivering new customer projects across industries. Improvements in the billing system, CRM and operations also helped.

PostBus Ltd's involvement with electric mobility includes plans to invest with Repower in the clean public transport of the future. We talked about this in our interview with PostBus Ltd chief Christian Plüss:

INTERVIEW

CHRISTIAN PLÜSS, HEAD OF POSTAUTO AG (POSTBUS LTD)

WHY IS POSTBUS PROMOTING ELECTRIC VEHICLES?

As a quasi-federal entity operating as Switzerland's largest public-sector bus operator, it goes without saying that we play our part in reducing carbon emissions. Because battery-driven buses are the furthest advanced of any alternative drive technologies, this is the option we're backing at present.

WHY DOES POSTBUS NEED REPOWER AG AS A PARTNER?

PostBus knows how to plan the deployment of buses in public transportation, as well as operating them on a day-to-day basis. But electromobility raises new questions around setting up and running the charging infrastructure and providing renewable energy to charge vehicle batteries. In this area we're glad to be able to rely on strong partners such as Repower.

HOW HAS THE PARTNERSHIP WITH REPOWER GONE SO FAR?

In June 2019 we signed a letter of intent. Now we're in the process of firming things up to turn our initial visions into a viable project. We're very satisfied with our collaboration. Both partners have a common goal. They complement and support each other profitably.

WILL POSTBUS AT SOME POINT BE USING ELECTRIC VEHICLES ON A ROUTINE BASIS?

PostBus intends to put 100 electric vehicles into service by 2024. In the longer term we want to operate a fleet that runs without fossil fuels. At the moment we're going with electric buses, but at the same time we're monitoring developments in fuel cell technology and synthetic fuels.



REPOWER PROJECTS

Modernisation of hydropower assets in Valposchiavo

The decision of voters in the municipalities of Poschiavo and Brusio to approve changes in the concession on 19 May 2019 marked an important step along the way to comprehensively modernising the company's hydropower assets in Valposchiavo. The project revolves around the complete renovation of the Robbia power plant, for which Repower was granted a Swiss Federal Office of Energy investment grant running into the double-digit millions in March 2019.

Various contracts for the renovation are currently being put out to tender to enable the work to commence on schedule in May 2020. Repower plans to invest a total of around 150 million francs in its Valposchiavo hydropower assets. The work will include fish protection, fish accessibility and revitalisation measures.

The upgrade of the water protection set-up at Miralago requires measures to connect the river Poschiavino along its length where the Lago di Poschiavo lake discharges to allow fish to navigate, as well as a fish protection set-up at the intake. Unfortunately it was not possible to start construction at Miralago in autumn 2019 because the Swiss Federal Office for the Environment had not yet granted funding for the relevant fish accessibility and protection measures. Construction has been postponed, probably by a year to autumn 2020.

Enhancing St. Antönien grid and connecting Schanielabach power plant

Repower has laid a five-kilometre-long underground cable to connect the Schanielabach power plant to the grid. The line runs through almost impassable territory into the rock wall of a 100-year-old water tunnel, right down to Küblis. In addition to connecting the Schanielabach plant to the grid, this move also makes the supply of electricity to the villages of St. Antönien and Ascharina considerably more reliable.

This was discussed in more detail in our interview with Christian Kasper, mayor of Luzein:

CHRISTIAN KASPER, MAYOR OF LUZEIN

IN 2019 REPOWER CONNECTED ST. ANTÖNIEN AND ASCHARINA TO THE ELECTRICITY GRID VIA A HIGH-CAPACITY UNDERGROUND LINE. WHAT'S THE ADVANTAGE FOR ST. ANTÖNIEN UND ASCHARINA?

It has really major advantages. The new line gives us security of supply. With the overhead line we used to have, we repeatedly had problems and prolonged outages in winters with a lot of snow. And in bad weather it was difficult to fix the problems.

HAVE THERE BEEN ANY MORE POWER CUTS SINCE THE NEW LINE HAS BEEN IN OPERATION?

No, no outages at all. We're very happy about that. In the winter of 2018 we experienced not having electricity for three days. The phones didn't even work. Without a mobile you soon have a problem in a situation like that. "As uh Narratheater" – a real drama – as we in the Prättigau would say.

THIS ADDITIONAL LINE CAPACITY ALSO MEANS THAT ST. ANTÖNIEN AND ASCHARINA CAN NOW EXPLOIT THEIR FULL SOLAR POTENTIAL. HOW WOULD YOU RATE THE POTENTIAL?

Huge! If we were able to build a solar power installation by the avalanche protection structure on the Chüenihorn the potential would be very great indeed. We don't yet know precisely how the federal government intends to assure security of supply. But with the Chüenihorn we'd have a cut and dried project that could make a contribution to the energy transition. So far the project has failed simply for reasons of economic viability. With the additional line capacity its chances are probably somewhat better again.



Bever grid linkage

The Bever grid linkage project involves permanently joining the new 110-kV grid run by Engadiner Kraftwerke (EKW) with Repower's existing 60-kV grid in the Upper Engadine. This involves total investment of CHF 4.9 million. The project covers the dimensioning, engineering and assembly work. The necessary execution and commissioning work was done while the 60 kV switchgear was running. The new components were successfully commissioned in mid-November 2019. Once the remaining work has been completed, the project will be concluded at the end of June 2020.

WORK AND SERVICES FOR THIRD PARTIES

In 2019 Repower again demonstrated its prowess as a provider of services to third parties, with orders for technical work of over 20 million francs, around 50 per cent higher than the previous year.

General contractor job for Mendrisio

The opening of the Gotthard and Ceneri base tunnels has boosted rail transportation capacity on the Gotthard axis and increased power requirements. It is necessary to build a frequency inverter and a 16.7 Hz substation in the Mendrisio Tana area. At the same time the 50-year-old substation run by Aziende Industriali Mendrisio (AIM) has to be replaced.

Having won the tender, Repower has taken charge of planning, executing and commissioning two turnkey substations, including all the technical equipment necessary for operation and the preparatory construction work for the new frequency inverter in Mendrisio. Building work on the first substation commenced in January 2019, and the construction could be done on schedule in the course of the year. The substation will be commissioned in stages in the first half of 2020 for handover to AIM. Then construction of the second substation will commence so that it can be handed over to the SBB to operate in December 2021. The contract is worth around 19 million francs.

Swissgrid grants Repower Lot 12

In Swissgrid's 2019 tender, Repower won the contract for Lot 12 (the maintenance of substations in southern Graubünden) for another three years. This means that it can continue to build on the in-depth know-how gathered in the last five years and continue the good partnership with Swissgrid.

We talked about our partnership with Yves Zumwald, CEO of Swissgrid AG:

INTERVIEW

YVES ZUMWALD, CEO OF SWISSGRID

YVES ZUMWALD, THE SWISS ELECTRICITY GRID IS SAFE AND RELIABLE. WHAT IS SWISSGRID DOING TO MAKE SURE THIS CONTINUES TO BE SO IN THE FUTURE?

Digitalisation is creating new options for maintaining and planning lines, and thus for modernising the transmission grid. Not only this, but new market products [products in the marketplace??] are enabling constant optimisation of the utilisation of existing capacities. Last but not least, close cooperation with our European partners is crucial to a reliable supply of electricity.

SWISSGRID WORKS WITH VARIOUS PARTNERS TO MAINTAIN AND MODERNISE ITS 6,700-KILOMETRE-LONG GRID. WHAT CRITERIA DO YOU USE TO CHOOSE THEM?

Swissgrid selects its partners in accordance with public procurement law. Particular emphasis is placed on finding reliable, competent service providers that deliver quality work, know-how and good value for money and which have, if possible, regional roots.

AMONG OTHER THINGS REPOWER HAS ALREADY PLANNED A 220 KV SUBSTATION IN AVEGNO ON BEHALF OF SWISSGRID, AND IS ALSO RESPONSIBLE FOR MAINTAINING YOUR SUBSTATIONS IN SOUTHERN GRAUBÜNDEN. WHAT DO YOU LIKE ABOUT WORKING WITH REPOWER?

Avegno was the first substation project Swissgrid undertook with Repower. Repower provided support with planning and execution, as well as managing commissioning. The entire team consisted of reliable planners who managed the project well and completed it on schedule. The good availability of the Repower team was also praised by the municipal authorities in Avegno Gordevio.



SBB optimisation system service

The SBB has renewed Repower's contract to provide optimisation system services for a further four years. The system allows the SBB to optimise its entire portfolio, and is used for short-term power plant deployment, in the budgeting process, and for project evaluations. In addition the service includes price forecasting, market information and market access. Various refinements and developments are also planned.

In future the system will also use the functions of ENERGYSACE, a web-based portfolio management platform. The plan is to integrate dynamic evaluation of future projects within the portfolio. Other new features will include a price forecasting model for grid costs and detailed optimisation options.

Pradella substation: expansion of 380 kV gas insulated switchgear

Swissgrid's project involves refurbishing the secondary systems to expand the existing GIS switchgear at the Pradella substation near Scuol. The project encompassed dimensioning, engineering, delivery, assembly and commissioning for the replacement and expansion of the entire secondary systems. Most of the assembly work had been completed by the end of 2019. The plan is to commission the new secondary systems and the expanded high-voltage equipment in stages until autumn 2021. The project is due for completion by 2023. The contract will be worth around CHF 1.8 million.

Other work and services for third parties

As in previous years, in 2019 Repower also successfully worked on various jobs related to Engadiner Kraftwerke's high- and medium-voltage equipment. Last year Repower's current contract with EKW for grid services such as planning, operation and maintenance, as well as the expansion of the high and medium-voltage grid, was renewed for another ten years. EKW director Michael Roth talked with us about the successful collaboration with Repower:

INTERVIEW

MICHAEL ROTH, ENGADINER KRAFTWERKE AG DIREKTOR

MICHAEL ROTH, ENGADINER KRAFTWERKE COMMISSIONED REPOWER TO COMBINE ITS NEW 110 KV GRID (EKW) WITH THE EXISTING 60 KV GRID (REPOWER) IN THE UPPER ENGADINE. HOW DID THE WORK GO, AND HOW WAS THE PARTNERSHIP?

A number of years ago Repower and EKW realised that joining the two grids would have benefits and took the necessary steps. The conversion work went without any appreciable problems. The specialists at the two companies have known each other for years and collaborate on a professional and comradely basis. This is very helpful in difficult stages of a project.

WHY DOES ENGADINER KRAFTWERKE AG NEED A PARTNER FOR THIS TYPE OF WORK?

Given the fairly modest number of our own assets and the work involved, EKW can't deploy its own specialists for every issue. For this reason we're glad to be able to draw on highly qualified professionals from other companies as and when we need them.

EKW HAS DECIDED TO CONTINUE ITS GRID SERVICES AGREEMENT WITH REPOWER. WE'D LIKE TO THANK YOU FOR THE TRUST YOU'VE PLACED IN US. WHY DID YOU CHOOSE REPOWER?

The irregular workload and the trend to wired, low-maintenance grid installations prompted us to seek cooperation in our grid business. Repower's experience and geographic proximity were decisive factors. Now we can look back on five years of successful cooperation which we couldn't imagine living without. On the contrary, our experience has confirmed that the decision to work together back then was the right one.



As a subcontractor working on behalf of ABB Power Grids Switzerland AG, in 2019 Repower did assembly work on new construction projects at other Graubünden utilities. The services involved assembling primary and secondary systems. Repower also did work for its longstanding business partner RhB (Rhaetian Railway) in 2019. One contract involved modifying the feeders and contact lines at the southern portal of the Vereina tunnel in Sargliains. In addition, Repower adapted and enhanced the software in connection with the conversion of the testing sequences for the contact lines. Last year Repower also assumed overall construction management on behalf of RhB for the installation of two new photovoltaic installations.

Thanks to the long years of experience and expertise of its staff, during the year under review Repower was able to further consolidate relationships with existing customers and acquire new ones. During 2019 the company worked on numerous small contracts for various utilities and site network operators, including maintaining grid and generation assets, expanding and maintaining lighting, advice and specialist work on high-voltage installations, and troubleshooting of all types.

The digital future of energy is a matter concerning utilities large and small. In this interview Cla Filip Pitsch, CEO of PEM (Providimaint Electric Val Müstair), explains why working with a large energy provider like Repower is so important to him:

INTERVIEW

CLA FILIP PITSCHE, CEO OF PEM (PROVEDIMAINTE ELECTRIC VAL MÜSTAIR)

PEM WAS ESTABLISHED IN 1955. WHAT HAS CHANGED SINCE THEN?

In many areas electricity providers have to meet greater challenges. In 1955 PEM operated primarily in the valley itself. These days, even as a small energy provider you're part of the greater whole, which also means you have to meet all the federal rules and regulations. Digitalisation has also arrived at PEM. A good example is smart meters. We used to bill on the basis of a meter, or even on a flat basis. Now things are much more complex.

REPOWER ALSO OFFERS ITS SERVICES ON A "MADE BY THE PROS FOR THE PROS" BASIS. WHY DO UTILITIES NEED THE HELP OF OTHER UTILITIES IN THE FIRST PLACE?

Energy companies have to adapt and change regularly in response to requirements set by politicians. A small utility like us can no longer cover all these bases on its own. Implementing all the new requirements correctly inevitably stretches small utilities beyond their limits. Our staff are all so heavily involved in daily business that in certain situations we rely on the help of large companies such as Repower.

PEM AND REPOWER HAVE ALREADY DELIVERED A NUMBER OF SUCCESSFUL PROJECTS TOGETHER. WHAT DO YOU LIKE ABOUT WORKING WITH REPOWER?

The lines of communication are short, and the way we work together is no-nonsense. Repower is very quick to grasp our needs in Val Müstair. One of the reasons for this is certainly that both companies operate in Graubünden. For example we don't have to explain to Repower the difference between winter and summer operation in the mountains. This makes communicating and working together easier.

YOU'VE ALREADY MENTIONED THE EXAMPLE OF SMART METERING. PEM HAS ALREADY INSTALLED SMARTPOWER (REPOWER'S SMART METERING PROJECT) WITH CUSTOMERS ON A PILOT BASIS. WHAT'S BEEN YOUR INITIAL EXPERIENCE?

In the run-up we spent a long time looking for a suitable smart meter. The only thing that convinced us was Repower's solution. The technical concept behind SMARTPOWER best matched our ideas. Our initial experience has been good. Naturally there are always teething problems and challenges to be resolved during the pilot phase. But we're still convinced by the product and are planning the rollout throughout the entire valley.



SUSTAINABILITY

Repower used around 400,000 francs from the naturemade star fund to upgrade the Cavaglia plateau environmentally and agriculturally. The goal of these revitalisation measures was to create a mosaic of different habitats with open expanses of gravel, pioneer communities and forest and shrub ecosystems. These measures were made possible by Repower's naturemade star fund, financed by green power from the Palü and Cavaglia power plants. Repower customers choosing the PUREPOWER product pay a premium in return for high-quality certified green power from Graubünden. The premium is earmarked for specific regional environmental protection projects and the energy transition.

Thanks to collaboration between the "100% Valposchiavo" brand and Repower, since October 2019 there has also been Valposchiavo hydropower with the "100% Valposchiavo" certificate, sold as H2O Valposchiavo. This marks the addition of energy to the range of 100% Valposchiavo products. The first major customer for H2O Valposchiavo is the municipality of Poschiavo itself, which has been supplying this type of power to its consumers as standard since the beginning of 2020.

Repower actively supports efforts to promote the increased use of solar energy. Those who generate solar power in Repower's supply area are rewarded:

Generating electricity locally – on the rooves of Canton Graubünden

A major Swiss retailer sells a whole range of domestically produced foods under the banner “made locally for local people”. This also applies to the solar power generated in Repower’s supply area.

Repower actively supports expansion of solar energy generation

Direct from roof to socket: electricity can’t be produced any more locally than that. People who generate solar power for their own use are champions of sustainability and local production. All that’s required is a sunny location and a suitable surface to install solar panels. If a photovoltaic installation produces more electricity than you need for your own use, the surplus has to be taken up and paid for by the local electricity company. Rather than seeing this rule as an inconvenient obligation, Repower wants to actively support the increased production of solar power. For this reason it currently offers producers of solar power a price of 12 cents per kilowatt hour (including acceptance of guarantees of origin). That’s one of the highest remuneration tariffs paid in Switzerland. In recent years there has been a steady increase in the number of solar power producers from whom Repower buys electricity. At the end of 2019 there were a good 400 producers all over Graubünden.

The more consumed, the more generated

This development, and particularly the high feed-in tariff, is only possible because Repower also have customers that use green power and pay a premium for it. For example SOLARPOWER, consisting of 100 per cent Graubünden solar power, costs 9.6 cents per kilowatt hour more than the standard product AQUAPOWER consisting of 100 per cent renewable energy. The more customers buy SOLARPOWER, the more solar power Repower can buy from private producers. And the greater the demand, the more Repower can pay private producers for their solar power. In other words, customers choosing SOLARPOWER are directly driving the continued expansion of photovoltaic generation capacity in the region.

SUN@HOME: turnkey solar installations

Demand for photovoltaic installations on the part of private energy consumers is great, as is the remaining potential. In addition to paying attractive feed-in tariffs to small producers, Repower also promotes solar energy planning, constructing and operating of solar installations. Last year it launched SUN@HOME in its supply area, a solution for using and storing energy from the sun that also enables customers to optimise their own energy consumption. In concrete terms, the SUN@HOME free and easy package covers the planning and installation of turnkey solar installations, meeting growing demand on the part of Repower’s customers.

Gradually more and more green solar energy is generated on the roofs of Graubünden and supplied to environmentally aware customers in the form of SOLARPOWER – all produced locally for local people.

Facts and figures on the generation of solar power

Number of private electricity producers in Repower’s supply area (with guarantees of origin)
440 (2019)

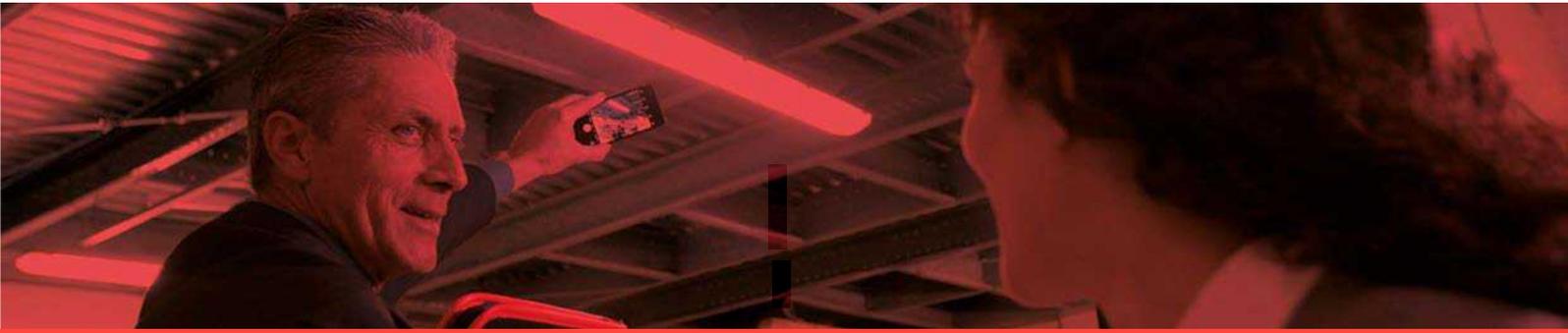
Remuneration tariff paid by Repower (excluding GoO)
8 cents/kWh (2019)

Remuneration tariff paid by Repower (including GoO)
12 cents/kWh (2019)

In 2017 Repower launched two green bonds totalling 50 million euros to finance various renewable electricity generation assets. The two transactions underpin the execution of Repower's strategy. Every year Ernst & Young verifies the corresponding financial information on the basis of the promissory note agreement. The insights gained from this audit are set down in a report on the actual findings on financial information in connection with the issue of promissory notes. The requirements set down in the promissory note agreement were met.

EBIT CONTRIBUTION

In 2019, Repower Switzerland posted operating income (EBIT) of CHF 29.8 million.



Annual report

Repower Italy

With EBIT of 50.9 million francs, Repower Italy recorded the best operating income in its history, surpassing the prior-year result by 73.7 per cent. Last year the company served 44,250 electricity consumers and 17,115 gas customers, all small and medium-sized enterprises (SMEs). The gratifyingly high volumes of renewable energy generated underscore the quality of the assets acquired in 2018 with Repower Renewable S.p.A. Repower Italia S.p.A.'s subsidiary generated similar volumes as in the prior year, producing 142 GWh of wind power, 17 GWh of solar energy and 5 GWh of hydroelectricity. Two additional wind installations owned by Repower Italy generated 32 GWh, better than budgeted. Despite the overhaul of the Teverola combined cycle gas turbine plant, which was conducted as planned during the fourth quarter, the facility delivered extraordinarily good results. The plant generated 785 GWh of electricity, 46.6 per cent up on the prior year.

MARKETING AND COMMUNICATIONS

In 2019 the “I’ve got Repower” campaign was launched with the aim of boosting Repower Italy’s positioning and brand recognition. It was a great success and attracted a lot of attention. Repower wants to use the expressive, highly recognisable commercial, borrowing from the song “The Power” from Snap!, to reach a broader audience.

In 2019 a new power product called DUCALE was launched, combining the pool price with a fixed price. A formula is used to divided the supply period into two periods: in the first six months, the electricity consumed is priced on the basis of a single price, specified by the product, between the national single price (PUN) and actual consumption. From the seventh month on, the power consumed is priced at a single, fixed hourly price.

ELECTROMOBILITY AND INNOVATIONS

In March 2019 the third edition of the “White Paper” on sustainable transportation and electric vehicles powered by Repower was presented to an audience of media representatives and other people interested in mobility. Each edition of the White Paper generates an even greater response, and it is now seen in Italy as a relevant, independent source for anyone wishing to get an overview of a constantly evolving industry.

Repower Italy is putting a great deal of effort into driving electromobility forward. The promotional tour for the Repower^e electric boat, launched back in 2018, also got a great response in 2019, with the vessel making its way in Italy from Lake Varese and Lake Garda and from Liguria to Lake Lugano before being presented to the local media in Lugano too. The mayor of Lugano, Marco Borradori, himself committed to emission-free vehicles, showed particular interest in this technology. The tour showcased the Repower^e electric boat as a flexible and efficient mode of transport that is a silent, environmentally friendly way of discovering the beauty of nature.

Repower Italy has also been able to tap into a rapid increase in sales of electric bikes in Italy in recent years. In northern Europe lightweight three-wheel vehicles are also very popular, with clear advantages over cars and vans in urban environments with narrow streets. This prompted Repower Italy to commission the well-known industrial designer Makio Hasuike to design three-wheeled electric vehicles of its own. The result is two cargobikes, the LAMBROgio and the LAMBROgino. These lightweight three-wheelers with pedal assist can be used in a wide range of settings, from urban transportation and logistics to commercial and industrial use.



REPOWER ITALY AWAY FROM HOME

Repower Italy is also taking its products abroad. Among other things it was one of the 30 select Italian companies given the opportunity to showcase their design products at the China International Import Expo (CIIE), presenting the aesthetically pleasing E-LOUNGE, a multifunctional bench with charging facilities for electric bikes and mobile devices. The E-LOUNGE demonstrates how design and innovation can help promote smart cities. The bench, which was designed by Milan studio Antonio Lanzillo & Partners, marries award-winning Italian design with Swiss technology and craftsmanship. Its good looks and functionality have earned the E-LOUNGE a gold German Design Award.

The new cargobikes and the E-LOUNGE were also presented in public at other fairs in the course of 2019. The LAMBROgio and LAMBROgino were unveiled for the first time in spring 2019 at the world's most important design event, the Design Week in Milan. We also provided eight E-LOUNGES for the site under the banner of solutions for living and the smart city. At the Esposizione Internazionale Ciclo e Motociclo (EICMA), the world's biggest fair for the entire two-wheel sector, the focus in autumn 2019 was on the two cargobikes, while E-LOUNGES were provided for visitors to rest and charge their mobile devices.

SUSTAINABILITY

In addition to promoting sustainability in energy terms, Repower Italy deliberately thinks outside the box. This includes initiating "Repower on board", a programme promoting investment in companies and projects around sustainable products and sustainable living. Among other things this has resulted in support for Planet Farms, a business working in vertical farming, a technology using multistorey buildings to enable viable agriculture and the mass production of plant and animal products in built-up urban areas without environmental pollution or pesticides. Repower Italy holds an interest in Planet Farms, which in 2020 will commence operations with a vertical farm in the Milan area, so far the biggest of its sort in Europe.

Repower Italy has also combined energy with innovation. Among other things this spawned the idea for the Premio Speciale Repower innovation prize, awarded for the second time in 2019 in conjunction with the Premio Gaetano Marzotto, the most important award for start-ups at the European level. The award goes to a start-up business that is developing particularly innovative products. The winner of the ninth Premio Gaetano Marzotto, presented on 21 November 2019, was RiceHouse, a young company that converts waste from Italian rice processors into an environmentally friendly material for all types of construction, as well as a clean energy resource.

Our clients also place great emphasis on sustainability and value what Repower has to offer. Pastificio Cirigliano, for example, a company that has been a customer of Repower Italy for many years, opted two years ago for Verde Dentro, the product featuring electricity from 100 per cent renewable resources. Antonio Cirigliano, one of the brothers who owns the family business, explained why this environmental awareness is so important for them and their customers:

INTERVIEW

ANTONIO CIRIGLIANO, CO-OWNER OF PASTIFICIO CIRIGLIANO

PASTIFICIO CIRIGLIANO: FRESH PASTA WITH A GREEN HEART!

Italian quality, two generations of entrepreneurs who started as a small bakery in Moliterno (Potenza) in the Basilicata, and an eye to the environment: these are Pastificio Cirigliano's recipe for success. The pasta factory produces fresh pasta from local ingredients according to traditional methods, including drawing the pasta through bronze moulds and drying it naturally.

For the last eight years, Cirigliano has been using products and services from Repower. For the last two years it has also been using Verde Dentro: Repower supplies the company with electricity from 100 per cent renewable resources with double certification. With this environmental awareness increasingly appreciated by customers, Cirigliano has decided to print the Verde Dentro logo on the packaging of its pasta. We talked about this in our interview with Antonio Cirigliano, one of the three brothers who own the business.

WHERE WOULD YOU SAY THE STRENGTH OF YOUR BUSINESS LIES?

In the high quality of our pasta. It's a genuine Italian artisan product. It all started with a small bakery started by our father back in the sixties; over the years we grew, first with the addition of two milling plants in Spinosa and Moliterno (Potenza), then with our pasta factory. We produce on an artisan basis, not industrially. Our customers love our pasta because it reminds them of the homemade pasta their mothers and grandmothers made. We're close to our local customers, but our clientele also includes major retailers from all over Italy. We also export to the UK, Spain and Switzerland.

WHAT REPOWER SERVICES DO YOU USE?

Repower has been supplying us with electricity and gas for the last eight years. Two years ago our Repower sales consultant suggested that we use green power in the form of the Verde Dentro package. This certifies that the electricity and gas we use are 100 per cent clean. This is crucial for us, because we want to produce artisan products with respect for the local area and the natural environment.

WHERE DOES THE RELATIONSHIP WITH REPOWER SCORE HIGHLY WHEN IT COMES TO ADVISING YOU AND TAKING ACCOUNT OF YOUR SPECIFIC SITUATION?

A business consists of people, so personal relationships are very important to us. We feel very well-looked-after at Repower because they take account of our specific needs. We have an excellent relationship with our consultant. The service is outstanding: Repower helps us to constantly monitor our energy consumption, and our consultant gives us good advice on how to save energy in our production processes – a key factor when it comes to keeping our costs in hand. It's a competent company that we can rely on to give us good advice and resolve any problems early on.

THE VERDE DENTRO LOGO ALSO APPEARS ON YOUR PACKAGING. WHAT'S THE BENEFIT IN TERMS OF YOUR COMMUNICATIONS? HOW HAVE YOUR CUSTOMERS RESPONDED?

It's been very positive for our image and reputation. Our customers want information, and ask us what Verde Dentro means. They're getting more and more aware about environmental matters; particularly here in Basilicata, where we have the biggest oil reserves in Continental Europe, customers are glad to see a small business like ours caring about clean energy and using renewable resources.



Efforts to expand the RICARICA 101 electric vehicle charging network in Italy continue. Many winegrowers wishing to offer their guests an EV charging point have also joined the network. For many years the wine business has been a special area of focus for Repower Italy, and the company is proud of its cooperation with Vinibuoni d'Italia. The joint aim of the two organisations is to promote the culture of wine and sustainable transportation. At the new edition of the Meran/Merano wine festival there was an award for the winegrowing property doing the most to promote efficient consumption, electric transport and the use of renewable electricity. The award went to Produttori di Manduria, a property in Manduria.

One of these winegrowing properties that promote electric transport and use electricity from renewable resources is Venica & Venica. Ornella Venica, who manages the property, talked to us about her operation and the very special relationship she and her family nurture with Repower:

INTERVIEW

ORNELLA VENICA, WINE RESORT VENICA & VENICA MANAGER

VENICA & VENICA: PASSIONATE ABOUT WINE AND NATURE SINCE 1930

Venica & Venica is a family-run winegrowing property with 40 hectares of vines in the DOC Collio area. The Venica family has lived in Dolegna del Collio in the province of Gorizia since 1930. Back then, grandfather Daniele acquired the house and the surrounding land, which he worked as a tenant farmer in rhythm with nature.

Thanks to an innovative approach and ongoing research, Daniele's grandsons, Gianni und Giorgio, have managed to give the winegrowing business an environmentally-friendly identity, creating the Wine Resort Venica & Venica. Venica & Venica spokesperson Ornella tells us about a corporate culture rooted in good, tried-and-tested practices and respect for the environment, people and the community.

WHERE WOULD YOU SAY THE STRENGTH OF YOUR BUSINESS LIES?

The most important factor is definitely the beautiful location of our vineyard among the hills of the Collio, with the Julian Alps in the background. We're not far from the border with Slovenia, and it's only ten kilometres to UNESCO World Heritage Centre Cividale del Friuli.

We offer guests the opportunity to visit our historical cellars and taste our wines. Our hospitality business also includes the Wine Resort, with six rooms and two apartments where guests can spend relaxing holidays enjoying the smells, sights and sounds of our unique region.

SUSTAINABLE TRANSPORTATION AND HIGH-END ACCOMMODATION: WHY DO YOU THINK THAT'S SUCH A WINNING COMBINATION?

These days you can't talk about quality of life and hospitality without taking account of the environment. Some examples? Since 2006 we've been using solar modules to produce electricity and domestic hot water.

A year after that we acquired a 60 kilowatt wood-fired boiler fuelled from our own woodland, which we use to heat the cellar and provide hot water to the rooms.

Since 2011 we've been part of the V.I.V.A. SUSTAINABLE WINE project, a programme initiated by the ministry of the environment to promote the sustainability of Italian wine cellars and evaluate the impact of winegrowing on nature.

Since 2017 our guests have been able to charge their electric vehicles at a PALINA charging station from Repower. This year, to mark our 90-year anniversary, we'll also be installing a Repower E-LOUNGE bench, which also charges electric bikes. This will help promote electric bike tourism in our region.

I think it's safe to say that guests enjoying a stay in first-class holiday accommodation like Venica & Venica see themselves as part of a process in which producers and consumers work hand in hand to make a difference as guardians of the terroir.

WHERE DOES REPOWER SCORE HIGHLY WHEN IT COMES TO ADVISING YOU AND TAKING ACCOUNT OF YOUR SPECIFIC SITUATION?

I think our relationship with our Repower consultant, Carlo Uccelli, can best be described as follows: focus on our needs as a customer and personalised, high-quality service. From the outset our relationship was close and based on trust. After a thorough analysis of our business situation (back then we were using the services of one of Repower's competitors) he was able to pinpoint and work on the areas that needed improvement – extremely professionally and with a great eye for detail.

WHAT RESPONSES HAVE YOU HAD IN TERMS OF THE VISIBILITY OF YOUR BUSINESS SINCE INSTALLING THE PALINA CHARGING POINT?

It has to be said that it'll be some time before electric mobility is established across the board in this country. What Repower is doing in this respect is really remarkable. We hope success will come as quickly as possible.

We're proud to have a strategic alliance with a company like Repower, and it's something we also noted in our 2019 sustainability report: Repower isn't just an energy provider, but a real ally.

WHAT ARE THE ADVANTAGES OF BEING PART OF A CHARGING NETWORK LIKE RICARICA 101 CONNECTING HUNDREDS OF CHARGING POINTS ACROSS ITALY, AS OPPOSED TO OPERATING AS AN INDEPENDENT, INDIVIDUAL CHARGING SERVICE?

The main point of being part of charging network is networking. The more members the better! It means you have integrated, more efficient communications that make everyone involved in the project more visible.



EBIT CONTRIBUTION

In 2019 Repower Italy generating operating income (EBIT) of 50.9 million francs, the best result in the history of Repower.



Annual report

Repower Inside

VERY GOOD RESULTS FROM 2019 STAFF SURVEY

The results of the 2019 survey of employee satisfaction and commitment were very positive, with Repower staff rating the organisation better in all areas compared with the 2017 poll. Repower is seen as an even better place to work than it was two years ago. There has also been a substantial increase in commitment to the business.

PRAISE FOR WORKPLACE SAFETY MEASURES

In autumn 2019 various business partners assessed workplace safety at Repower sites as part of our safety evaluation. Without exception, their feedback was very positive. They emphasised Repower's safety policy, the way people prepare for work, the emergency set-up, the well-trained staff, and the organisation and order at construction sites. At Repower safety is thoroughly planned, appropriately trained and implemented, and periodically controlled. Repower also markets its health and safety know-how to other energy utilities. Besides advice and training it provides support with introducing and running health and safety and environmental management systems.

REPOWER ONE OF SWITZERLAND'S CERTIFIED PROVIDERS OF APPRENTICESHIPS

In 2019 Repower again received the Great Start award for Swiss businesses offering apprenticeships. In a survey of all Repower apprentices, 96 per cent said that the company was the optimum place to train for a trade and start out on a career. Besides taking account of the opinions of apprentices, the award also evaluated the company's strategy, particularly in terms of training.

REPOWER SWITZERLAND CUSHIONS IMPACT OF LOWER PENSION FUND CONVERSION RATES

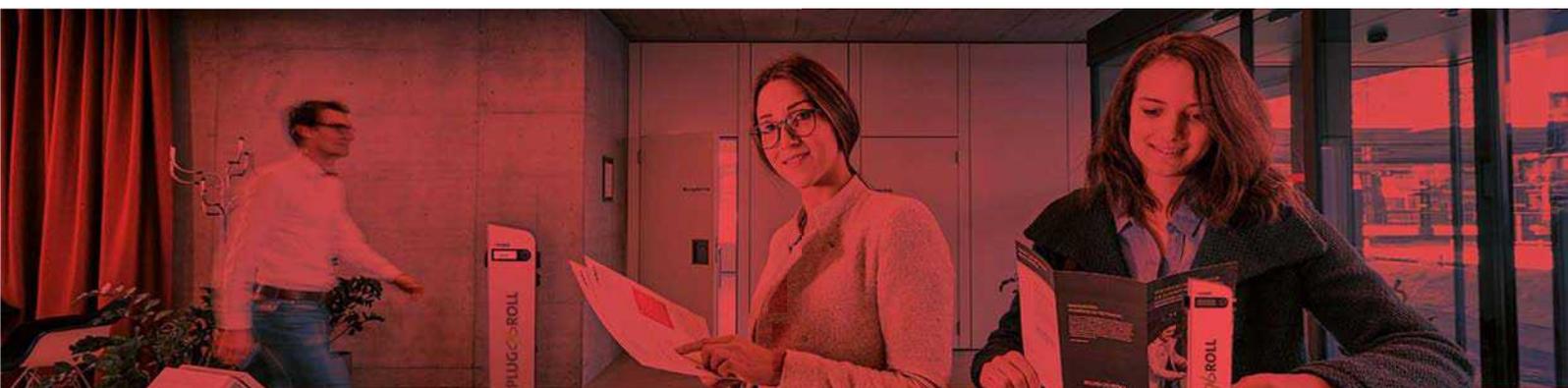
Steadily growing life expectancy and declining returns on assets are also forcing the pension fund for Repower employees to adjust its conversion rates. While this results in greater parity between the generations, it does lead to lower pensions for future retirees. To cushion the effects of this reduction at least in part, Repower's management and board of directors have decided on compensatory measures, with employees aged over 50 benefiting from a one-off payment into the pension fund.

REPOWER UNDER NEW LEADERSHIP

After 11 years at the head of the company, Kurt Bobst decided to leave Repower in September 2019. As CEO of Repower since 2008, Bobst had successfully navigated the business through the energy market crisis and played a crucial role in repositioning the company as a provider of energy services. Roland Leuenberger, a member of the board of directors of Repower, has headed the company as interim CEO since September 2019. At the beginning of April 2020 he was appointed CEO by the board of directors.

FELIX VONTOBEL APPOINTED MEMBER OF SWISS FEDERAL ELECTRICITY COMMISSION (ELCOM)

On 27 November 2019, the Swiss Federal Council appointed Felix Vontobel as a new member of ElCom, starting 1 July 2020. This means that Vontobel will leave Repower in June 2020. He joined the former Kraftwerke Brusio AG in 1987, playing a major role in the development of the business over the last 32 years. From 1992 to 2017 he sat on the executive board, and from 2001 to 2017 also served as the deputy CEO of Repower.



Corporate Governance

Governance

This section complies with the principles set down in the Swiss Code of Best Practice for Corporate Governance, and contains key information on corporate governance in the Repower Group. The information is also available [here](#).

BASIC PRINCIPLES

The principles of corporate governance are laid down in the articles of association and in the organisational regulations and related assignment of authority and responsibility. The board of directors and executive board regularly review these principles and revise them as and when required.

GROUP STRUCTURE AND SHAREHOLDERS

The Repower Group consists of Repower AG and its holdings. The registered office of Repower AG is in Brusio in Canton Graubünden, and its postal address is Via da Clalt 12, 7742 Poschiavo. Repower is a sales and service company operating in the energy business, with over 100 years of experience. Its key markets are Switzerland (including the origination business in Germany) and Italy. The group operates along the entire electricity value chain, from generation and trading to distribution and sales, and in the gas business. It also develops intelligent systems to facilitate the energy transition. Repower draws on its deep energy expertise to offer its services to other customers and deliver contracts for third parties. The Repower Group employs around 560 people. The operational group structure comprises four divisions – Service Provision, Market, Italy, and Finance & Services – plus three administrative units reporting direct to the CEO (see the diagram showing Repower's organisation as of 31 December 2019 further down on this page).

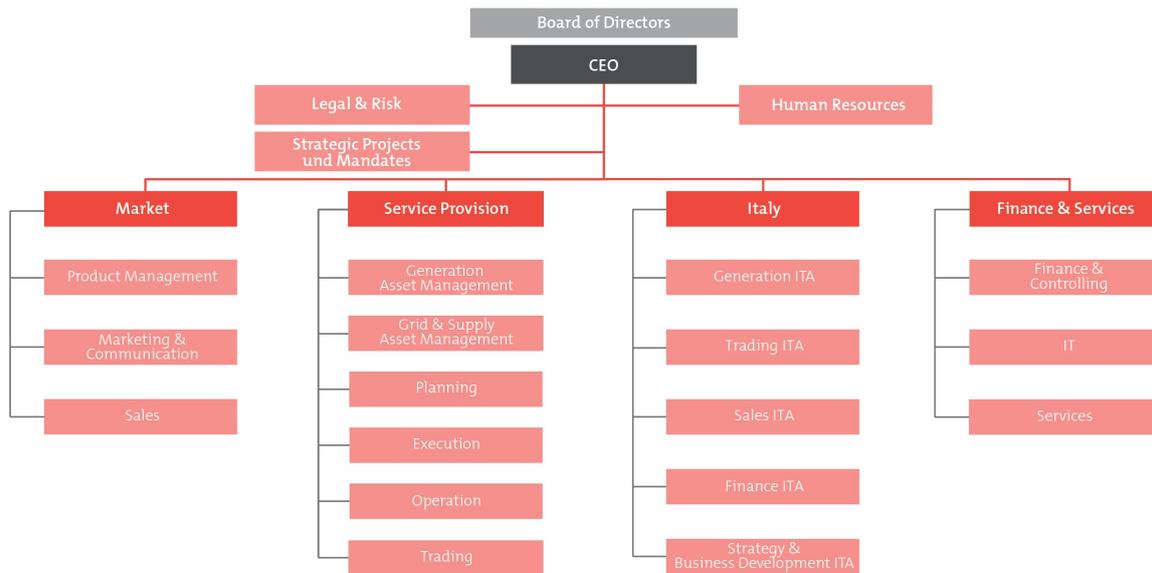
The Service Provision division encompasses Generation Asset Management, Grid and Supply Asset Management, Planning, Execution, Operations and Trading.

The Market division comprises the Product Management, Market & Communications and Sales units. The role of this division is to design, manage, market, distribute and sell services and products. Active key account management is in place for the energy utility customer segment. This division is also responsible for the sales business in Switzerland and Germany.

The Italy division is in charge of sales of electricity, natural gas and green power certificates and the operation and maintenance of generation facilities in Italy.

The Finance & Services division manages finance and controlling, IT and services.

The Human Resources, Legal & Risk and Strategic Projects & Mandates units report directly to the CEO.



Organisation per 31.12.2019

The individual operations are managed centrally by Repower AG and are not organised into separate legal structures. However, if management by Repower AG is deemed impossible or inefficient for legal, fiscal or regulatory reasons, or if new legal entities are added (for example through acquisition), management is handled by legally independent subsidiaries. An overview of shareholdings can be found [here](#).

Repower AG registered shares are traded on Berner Kantonalbank's OTC-X platform. In addition, Repower shares are available on the Zürcher Kantonalbank and Lienhardt & Partner platforms.

As of the 31 December 2019 cut-off date, Elektrizitätswerke des Kantons Zürich (EKZ) holds 32.12 per cent, Canton Graubünden 21.96 per cent, UBS Clean Energy Infrastructure KGK (UBS-CEIS) 18.88 per cent and Axpo Holding AG (Axpo) 12.69 per cent of the shares; together they thus hold 85.65 per cent of the voting rights. The anchor shareholders are committed to one another through a shareholders' agreement. As a core provision of this agreement, the parties agree that Repower AG shall operate as a private, independent, profit-oriented energy supply company based in Canton Graubünden managed according to business principles with broad-based activities including generation (hydropower) in Canton Graubünden and the core markets Switzerland and Italy. The shareholders' agreement also contains limitations on transferability as well as detailed provisions governing corporate governance.

No cross-shareholdings exist. The remaining 14.35 per cent of the unified registered shares are in free float.

CAPITAL STRUCTURE

The share capital of Repower AG (information on the share capital supplementary to the balance sheet is given in the [Changes in consolidated equity](#) section) consists of 7,390,968 registered shares (Swiss securities no. 32,009,699) each with a par value of CHF 1. Each registered share entitles the holder to one vote at the annual general meeting. The registered shares have a dividend entitlement. There are no preferential rights or restrictions on voting rights. No authorised or conditional capital exists. Repower AG has no outstanding dividend right certificates. Repower AG has issued no convertible bonds, options or other securities that entitle the holders to shares in Repower AG. Based on the stock exchange prices for the registered shares, the company had a market capitalisation of around CHF 739 million at the end of 2019.

BOARD OF DIRECTORS

MEMBERS

The members of the board of directors are listed in the [Members of the board of directors](#) section. On 16 September 2019, Roland Leuenberger (a member of the board of directors) took over executive leadership from Kurt Bobst. In July 2019 the board of directors had appointed Roland Leuenberger as interim CEO and managing director. The other members of the board of directors of Repower AG do not perform operational management tasks for the company. No members of the board of directors sit on the executive boards of group companies. In the three financial years preceding the year under review, no member of the board of directors was entrusted with any executive functions within the Repower Group. Some members of the board of directors perform executive functions for Elektrizitätswerke des Kantons Zürich or Axpo Holding AG – both anchor shareholders – or their affiliated companies. Normal business relations exist with these companies.

ELECTION AND TERM OF OFFICE

The members of the board of directors are elected annually by the annual general meeting individually or together. The term of office ends with the completion of the next annual general meeting. Newly elected members complete the terms of office of their predecessors. The board of directors currently comprises seven members, the maximum permissible number under the articles of association. Re-election is possible. Under the terms of the organisational regulations, members of the board of directors must give up their seats on the board as a rule at the annual general meeting following the end of the year in which they reach age 70. The board of directors may make exceptions to this rule.

INTERNAL ORGANISATION

The board of directors determines its own internal organisation. It elects its chair, vice chair and secretary; the secretary need not be a member of the board of directors. There is also an audit committee and a personnel committee. Members of the committees are elected for the same term of office as the board of directors. The members of the audit and personnel committees are detailed in the [Members of the board of directors](#) section. These two committees prepare business for the board of directors and provide the board of directors with periodic reports on their activities in a suitable format. They do not have decisionmaking powers.

Together with the general secretariat and the CEO, the chair of the board of directors draws up the agenda for meetings of the board of directors. Members of the board of directors generally receive proposals relating to each agenda item eight days in advance of meetings. These proposals include background information as well as an evaluation and a motion by the executive board and by the committees. The board of directors meets at the invitation of the chair or, if the latter is not available, of the vice chair, as often as required to conduct its business. The board of directors generally meets at least once a quarter. The board of directors must be convened whenever one of its members or the CEO makes a written request to this effect, stating the reason.

The members of the executive board generally attend every meeting of the board of directors. The board of directors basically constitutes a quorum if the majority of its members are present. The board of directors passes resolutions by a majority vote. The chair does not have a casting vote. Minutes are taken of the business and resolutions of the board of directors and are submitted to the board for approval at its next regular meeting.

The committees and the board of directors follow the same procedures in terms of convocation, procedure of the meetings and decisionmaking.

In the year under review the board of directors met 11 times, and the committees ten times. Meetings of the bodies normally last half a day.

AUDIT COMMITTEE

The audit committee evaluates the efficacy of the external audit and the functional effectiveness of the risk management processes. It can engage the external auditor or other external advisors to perform special audits for the purpose of internal control. The audit committee also reviews the status of company compliance with various standards (annual compliance report). The committee inspects the individual and consolidated financial statements and the interim financial statements intended for publication; it discusses the financial statements with the CFO and, insofar as this is deemed necessary, with the head of the external auditors and the CEO. Finally, it also assesses whether the individual and consolidated financial statements can be recommended to the board of directors for submission to the annual general meeting. It evaluates the services and fees of the external auditors and verifies their independence. It also determines whether the auditing role is compatible with any consulting mandates. The audit committee evaluates the overall financing of the company and individual financing measures, the company's medium and long-term cash planning, and its liquidity and working capital management. It also evaluates the budgets, long-term financial plans and the principles used to measure non-current assets.

PERSONNEL COMMITTEE

The personnel committee oversees on behalf of the board of directors the objectives and principles of personnel policy and obtains from the CEO information on the implementation of the principles of compensation and personnel policy. Once a year the personnel committee reviews the objectives of the CEO and their attainment, submitting them to the board of directors for approval. Also once a year, the committee reviews the appraisal of the members of the executive board proposed by the CEO (including the achievement of objectives and compensation). The personnel committee obtains from the CEO information on personnel development (including succession planning) at management level and the corresponding measures at executive level. It evaluates and discusses the company's and group companies' compensation guidelines and schemes and reviews their efficacy, attractiveness and competitiveness. The committee sets down the principles for selecting candidates for the executive board, oversees the selection procedure in line with these principles and evaluates, with the CEO, the candidates for the nominations to be made by the board of directors for membership of the executive board. The personnel committee prepares re-elections and new elections within the board of directors, taking account of the shareholder structure. It also reviews appropriate insurance policies for members of the board of directors and executive board, and proposes any necessary modifications to the board of directors.

ASSIGNMENT OF AUTHORITY AND RESPONSIBILITY TO THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

Types of authority granted to the board of directors and the executive board are defined in the organisational regulations and the related assignment of authority and responsibility. The board of directors is responsible for the overall direction and strategic orientation of the Repower Group and for supervising the executive board. It reviews and determines on an annual basis the objectives and strategy of the Repower Group as well as the corporate policy in all sectors, and makes decisions regarding short- and long-term corporate planning. It also deals with the organisational structure, accounting structure, internal control system and financial planning, the appointment and discharge of the persons entrusted with management and representation (namely the CEO, deputy CEO and the other members of the executive board), preparation of the annual report, preparations for the annual general meeting and implementation of its resolutions, passing resolutions on capital increases and the resulting amendments to the articles of association, examining the qualifications of specially qualified auditors in the instances provided for under the law, and making decisions on compensation policy. The board of directors has delegated the entire operational management of the Repower Group to the CEO. The CEO has delegated certain management functions to the members of the executive board. Some types of business or transactions must be presented to the board of directors for a decision in accordance with the assignment of authority and responsibility (annex to the organisational regulations). The organisational regulations were revised during the year under review and approved by the board of directors at its meeting on 22 August 2019.

INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE EXECUTIVE BOARD

At each meeting of the board of directors, the CEO and the members of the executive board report on current business developments, important business transactions and the status of major projects. Aside from these meetings, any member of the board of directors may ask the CEO to provide information about the course of business and also, if the chair agrees, about individual transactions. Supervision and control of the executive board is handled by approving the annual planning and on the basis of detailed quarterly reporting comparing actual and target figures. Quarterly reporting includes data on the volumes of energy sold and procured, the income statement and balance sheet (including expected values for the most important key figures, namely energy sales, total operating revenue, operating income, profit, cash flow, capital expenditure, property, plant and equipment, total assets, equity, economic value added), energy trading risks (market risks and counterparty risks) and key projects. Important key figures on the Swiss and Italian markets, trading and the Corporate Centre also form part of the quarterly reporting. The Repower Group also does segment reporting in accordance with Swiss GAAP FER 31 (for more information, see the paragraph on [segment reporting](#)). The board of directors also receives quarterly progress reports and final performance reports on key projects, as well as – if specifically requested – status reports on individual business activities. Annual and long-term planning covers corporate objectives, key projects and financial planning. In addition there are risk management and auditors' reports to facilitate the assessment of management and the risk situation. The Repower Group has a risk management system which is described in detail in a policy issued by the board of directors. At the end of each year the board of directors defines the risk strategy for the following financial year. Significant risks must be brought to the attention of the board of directors at least once a year, with quarterly updates to advise the board of directors of any changes in these risks. The auditors draw up a comprehensive report once a year documenting the key findings of their audit.

REPOWER GROUP EXECUTIVE BOARD

Kurt Bobst

CEO (Chairman of the Executive Board of Repower Group) and Head of Market (until 15 September 2019)

Roland Leuenberger

CEO (Chairman of the Executive Board of Repower Group) and Head of Market (from 16 September 2019)

Brigitte Krapf

CFO (Head of Finance & Services), deputy CEO

Samuel Bontadelli

COO (Head of Service Provision)

Fabio Bocchiola

Head of Italy

The list in the [Executive board](#) section provides detailed information on members of the executive board (name, age, position, nationality, date of joining the company, professional background, and other activities and interests). No management tasks were transferred to third parties.

COMPENSATION, SHAREHOLDINGS AND LOANS

CONTENT OF COMPENSATION AND PROCEDURE FOR SETTING COMPENSATION

Under the terms of the articles of association the board of directors sets the annual compensation paid to its members. The members of the board of directors receive compensation based on the work they have performed and their responsibilities in accordance with the remuneration rules. The board of directors was compensated in accordance with the remuneration rules of 21 June 2016. The compensation consists of a flat fee that already covers any out-of-pocket expenses. This compensation does not depend on the company's earnings.

The compensation paid to members of the executive board comprises a fixed and a variable component. The fixed and variable components paid to the CEO are set on an annual basis by the personnel committee and approved by the board of directors. Those paid to the members of the executive board are set by the CEO and noted by the board of directors.

All compensation components are paid in cash.

COMPENSATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS

In the year under review the members of the board of directors received cash compensation in the amount of CHF 704,176 (prior year: CHF 672,130). Compensation breaks down in detail as follows:

	Member of the board of directors from/to	2019			2018		
		Gross compensation	Employer contributions	Total compensation	Gross compensation	Employer contributions	Total compensation
CHF							
Total		690,000	14,176	704,176	657,954	14,176	672,130
Dr Monika Krüsi, Chairwoman ¹⁾	from 16.05.18	150,000	-	150,000	93,956	-	93,956
Peter Eugster, Vice Chairman ¹⁾	from 21.06.16	90,000	-	90,000	90,000	-	90,000
Dr Urs Rengel ¹⁾	from 21.06.16	90,000	-	90,000	90,000	-	90,000
Dr Martin Schmid	from 23.05.08	90,000	7,088	97,088	90,000	7,088	97,088
Claudio Lardi	from 04.05.11	90,000	7,088	97,088	90,000	7,088	97,088
Roland Leuenberger ¹⁾	from 21.06.16	90,000	-	90,000	90,000	-	90,000
Hansueli Sallenbach ¹⁾	from 16.05.18	90,000	-	90,000	56,374	-	56,374
Dr Pierin Vincenz, Chairman ¹⁾	until 16.05.18	-	-	-	23,750	-	23,750
Rolf W. Mathis ¹⁾	until 16.05.18	-	-	-	33,874	-	33,874

1) In accordance with the instructions of the members of the board of directors affected, the entire compensation is transferred to their employers.

COMPENSATION PAID TO MEMBERS OF THE EXECUTIVE BOARD

In the year under review the members of the executive board received cash compensation in the amount of CHF 2,633,660 (prior year CHF 2,433,655). Compensation breaks down in detail as follows:

	Gross compensation (fixed)	Gross compensation (variable)	Employer contributions	Other benefits	Total compensation
CHF					
2019					
Total members of the executive board	1,612,595	547,565	473,500	-	2,633,660
Kurt Bobst, CEO (until 15.09.2019) *	454,435	186,000	133,001	-	773,436
Roland Leuenberger, CEO a.i (from 16.09.2019) **	230,611	-	-	-	230,611
Other members of the executive board	927,549	361,565	340,499	-	1,629,613

* Compensation until 31.12.2019

** Compensation from 01.09.2019

	Gross compensation (fixed)	Gross compensation (variable)	Employer contributions	Other benefits	Total compensation
CHF					
2018					
Total members of the executive board	1,403,426	516,460	513,769	-	2,433,655
Kurt Bobst, CEO	460,525	172,900	135,277	-	768,702
Other members of the executive board	942,901	343,560	378,492	-	1,664,953

SHAREHOLDERS' RIGHTS OF PARTICIPATION

Shareholders' rights to assets and participation are in accordance with the law and the articles of association. None of the provisions of the articles of association deviate from statutory provisions, with the exception of the placement of an item of business on the agenda of the annual general meeting. To do so, a shareholder or several shareholders must hold at least CHF 100,000 of share capital and submit a written request at least 50 days prior to the annual general meeting.

One shareholder or several shareholders who together hold at least 10 per cent of the share capital may request in writing that an extraordinary general meeting be convened, provided that the request states the proposals and the item of business. An ordinary general meeting of shareholders takes place every year, no more than six months after the end of the financial year.

Each shareholder may be represented at the annual general meeting by granting another shareholder authority in writing or by granting the independent proxy authority in writing or electronically. Each share entitles the holder to one vote at the annual general meeting.

AUDITOR

Since 2015, Ernst & Young AG, Zurich, has served as the statutory auditor and Group auditor appointed annually by the annual general meeting. The auditor in charge is Willy Hofstetter. Ernst & Young AG was paid a total fee of CHF 535 thousand for its auditing services for the Group in the 2019 financial year and CHF 76 thousand for other consulting services.

SUPERVISION AND CONTROL INSTRUMENTS VIS-À-VIS THE AUDITORS

The audit committee monitors the credentials, independence and performance of the auditor and its audit experts. It obtains information at least once a year from the audit managers and the executive board concerning the planning, execution and findings of the audit work. The audit committee asks the auditors to provide the audit plans and any proposals for improving internal controls. The auditors draw up for the board of directors a comprehensive report with findings on accounting practices, internal controls, the execution and results of the audit. The items and improvements discussed in the report are reviewed by the auditors in an interim audit and the results are presented to the audit committee. In 2019 representatives of the external auditor participated in three meetings of the audit committee.

INFORMATION POLICY

The Repower Group provides its shareholders, potential investors and other stakeholders with comprehensive, timely and regular information in the form of annual and semi-annual reports, at the annual press conference, analysts' meetings and the annual general meeting of shareholders. Important developments are communicated via news releases (news releases by email can be requested [here](#)). The [website](#), which is regularly updated, serves as an additional source of information.

Board of directors*

MEMBERS OF THE BOARD OF DIRECTORS ARE ELECTED TO SERVE UNTIL THE 2020 ANNUAL GENERAL MEETING.



Dr Monika Krüsi (b. 1962)

Swiss and Italian citizen; PhD in business informatics, lic. oec. publ., University of Zurich
Chair of the board of directors

Member of the board since 2018

PROFESSIONAL CAREER

CURRENT

- Partner at management consultant MKP Consulting AG (since 2003)

PREVIOUS

- Partner at Venture Incubator Partners AG (2001 – 03)
- Associate partner at McKinsey & Company responsible for clients in the industrial and transport sectors, focusing on growth, innovation and repositioning (1991 – 2001)

OTHER ACTIVITIES AND FUNCTIONS

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Member of the board of directors of Burckhardt Compression AG, Energie 360°, RUAG Holding AG, Signal AG and Suhner AG
- Member of the board of Technopark Luzern



Peter Eugster (b. 1958)

Swiss citizen; EMBA, HWV degree in business and economics
Vice-Chairman of the Board of Directors, member of the Audit Committee of the Board of Directors (since September 2019 chairman of the Audit Committee of the Board of Directors)

Member of the Board of Directors since 2016

PROFESSIONAL CAREER

CURRENT

- CFO of Elektrizitätswerke des Kantons Zürich (since 2004)

PREVIOUS

- CFO at Ascom Systec AG (2000 – 04)
- Finance director at P.J. Carroll & Co. Ltd., Dublin (1997 – 2000)
- Finance & HR Director Sullana AG (1989–1997)
- Controller at Sullana AG (1987 – 89)
- Accounting manager at Johnson Wax AG (1984 – 87)
- Assistant in auditing and tax consulting at Füllemann & Dr. Rauber AG (1982 – 84)

OTHER ACTIVITIES AND FUNCTIONS

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Chairman of the boards of directors of Certum Sicherheit AG, EKZ Renewables AG and Enpuls AG
- Member of the boards of directors of BSU Bank Genossenschaft and enersuisse AG
- Trustee of PKE Vorsorgestiftung Energie



Dr Urs Rengel (b. 1962)

Swiss citizen; Dr. sc. techn., Dipl. El. Ing. ETHZ, Executive MBA University of St. Gallen
Chairman of the Personnel Committee of the Board of Directors

Member of the Board of Directors since 2016

PROFESSIONAL CAREER

CURRENT

- CEO of Elektrizitätswerke des Kantons Zürich (since 2004)

PREVIOUS

Elektrizitätswerke des Kantons Zürich:

- Head of energy distribution and member of the executive board (2001 – 03)
- Head of grid and member of the extended executive board (2000 – 01)

Brugg Kabel AG:

- Head of development and high voltage accessories profit centre (1997 – 2000)
- Head of test laboratories (1995 – 97)
- Project manager and research assistant (1990 – 95)

OTHER ACTIVITIES AND FUNCTIONS

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Chairman of the board of directors of EKZ Eltop AG
- Member of the boards of directors of Kernkraftwerk Gösgen Däniken AG and Gruner AG
- Member of the management board of the Association of Swiss Electricity Companies (VSE)



Dr Martin Schmid (b. 1969)

Swiss citizen; Dr. iur. HSG, lawyer

Member of the Audit Committee of the Board of Directors

Member of the Board of Directors since 2008

PROFESSIONAL CAREER

CURRENT

- Lawyer with Kunz Schmid Rechtsanwälte und Notare AG, Chur

PREVIOUS

- Head of the Department of Finance and Municipalities (2008 – 11)
- Member of the cantonal executive council, head of the Department of Justice, Security and Health (2003 – 08)
- Assistant at the Institute for Financial Science and Financial Law/IFF, University of St. Gallen, part-time positions with PricewaterhouseCoopers and part-time independent lawyer (1997 – 2002)

OTHER ACTIVITIES AND FUNCTIONS

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Chairman of the boards of directors of Engadiner Kraftwerke AG, Elettricità Industriale SA and Calanda Kies und Beton Gruppe
- Chairman of the Swiss Gas Industry Association (VSG) and Entwicklung Schweiz
- Chairman of the Board of Trustees and Board of Directors of the Cantonal Hospital of Graubünden
- Member of the boards of directors of Fontavis AG, Swissgas AG, Siegfried AG and Swiss Life Holding AG

PERMANENT POSITIONS WITH IMPORTANT INTEREST GROUPS

- Member of the executive committee of economiesuisse

OFFICIAL FUNCTIONS AND POLITICAL OFFICES

- Member of the Swiss Council of States for Canton Graubünden



Claudio Lardi (b. 1955)

Swiss citizen; lic. iur., lawyer

Member of the Personnel Committee of the Board of Directors

Member of the Board of Directors since 2011

PROFESSIONAL CAREER

CURRENT

- Lawyer

PREVIOUS

- Member of the Executive Council of Canton Graubünden (1999 – 2010)

OTHER ACTIVITIES AND FUNCTIONS

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Member of the board of directors of Oleodotto del Reno SA

PERMANENT POSITIONS WITH IMPORTANT INTEREST GROUPS

- Chairman of Caritas Graubünden
- Chairman of the Board of Education of the Education Centre for Health and Social Affairs, Chur



Roland Leuenberger (b. 1968)

Swiss citizen; degree in economics and business administration

Delegated by Board of Directors since September 2019

Chairman of the Audit Committee of the Board of Directors (June 2016 to August 2019)

Member of the Board of Directors since 2016

PROFESSIONAL CAREER

CURRENT

- CEO and Head of Market ad interim of Repower AG since September 2019
- Delegated by Board of Directors since September 2019

PREVIOUS

- Founder partner and member of the executive board of EVU Partners AG (2010 – 19)
- Founder partner and member of the executive board of Fontavis AG (2011 – 18)
- CEO of Co-Investor AG (2007 – 08)
- UBS AG Head of Finance & Controlling Wealth Management International (2004 – 06)
- Various management roles at UBS AG (1996 – 2003)



Hansueli Sallenbach (b. 1966)

Swiss citizen; lic. iur., lawyer, M.B.L.-HSG

Member of the personnel committee of the board of directors

Member of the board since 2018

PROFESSIONAL CAREER

CURRENT

- Head Legal, Compliance & Regulatory and secretary of the executive board of Axpo Holding AG (since 2007)

PREVIOUS

- Head of legal at AEW Energie AG, head of the AEW services department (real estate, logistics and managing equity holdings), and deputy head of the AEW finance unit (2000 – 07)
- Lawyer at a medium-sized law firm in Zurich (1997 – 2000)

OTHER ACTIVITIES AND FUNCTIONS

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Member of the boards of directors of Centralschweizerische Kraftwerke AG (CKW), Axpo Services AG, Axpo AG and Etrans AG

* Details of mandates are correct as of 31 December 2019.



Corporate Governance

Executive management*



Kurt Bobst (b. 1965)

Swiss citizen; federally certified controller

CEO since 2008 and Head of Market (until September 2019)

PREVIOUS SENIOR POSITIONS

- Head of management consulting at Pöyry, CEO of Pöyry Switzerland (2002–08)
- Business consultant at PwC and A.T. Kearney (1995–2001)
- Head of financial accounting at Atel (1992–95)
- Head of administration at SABAG Hägendorf (1985–92)

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Member of the board of directors of Enkom AG



Roland Leuenberger (b. 1968)

Swiss citizen; degree in economics and business administration

Since September 2019: Delegated by Repower AG Board of Directors

Since September 2019: CEO and Head of Market ad interim

From June 2016 to August 2019: chair of the Audit Committee of the Board of Directors of Repower AG

Since 2016: Member of the Board of Directors of Repower AG

PREVIOUS SENIOR POSITIONS

- Founder partner and member of executive board of EVU Partners AG (2010 – 19)
- Founder partner and member of executive board of Fontavis AG (2011 – 18)
- CEO of Co-Investor AG (2007 – 08)
- UBS AG Head of Finance & Controlling Wealth Management International (2004 – 06)
- Various management roles at UBS AG (1996 – 2003)



Brigitte Krapf (b. 1981)

Swiss citizen; FH degree in business and economics/bachelor of science in business administration, MAS in corporate finance, CAS Swiss Certified Treasurer SCT®

Since 2018: Deputy CEO

Since 2017: member of the executive board and CFO (Head of Finance & Services)

Since 2014: Head of Treasury

PREVIOUS SENIOR POSITIONS

- (Junior) corporate client advisor at UBS AG (St. Gallen, Zurich, New York and Chur) (2007 – 14)
- Clerk, St. Gallen cantonal unemployment bureau (2003 – 07)
- Various roles at UBS AG (1997 – 2003)

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Vice chairwoman of the board of directors of esolva AG
- Member of the board of directors of Repartner Produktions AG
- Mandate at an Italian subsidiary
- Member of the board of VSF (association of Swiss CFOs)



Samuel Bontadelli (b. 1979)

Swiss citizen; degree in electrical engineering, Executive MBA

Since 2018: Member of the Executive Board and COO
(Head of Service Provision)

Since 2011: Head of Trading

Since 2007: Head of Generation Switzerland

Since 2003: Asset Management Transmission

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- ▣ Chairman of the board of directors of Repartner Produktions AG
- ▣ Member of the board of directors of AKEB
- ▣ Mandates at various Italian subsidiaries
- ▣ Member of various operating, financial and technical committees at Swiss partner plants



Fabio Bocchiola (b. 1964)

Italian citizen; diploma in business administration, piano diploma from the conservatory in Brescia

Since 2010: Member of the Executive Board and Head of Italy

Since 2002: Rezia Energia Italia S.p.A. (now Repower Italia S.p.A.)

PREVIOUS SENIOR POSITIONS

- EnBW, head of sales (2000 – 02)
- EDISON, key account manager (1996 – 99)
- ASTER, assistant operations manager (1995 – 96)
- DALKIA, regional manager, Central and Southern Italy, with one year's experience in France (1990 – 95)

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Mandates at various Italian subsidiaries
- Member of the board of Planet Farms Italia Società Agricola S.r.l.

PERMANENT POSITIONS WITH IMPORTANT INTEREST GROUPS

- President of ConTe Cooperativa Sociale
- President of the Energia Libera energy industry association
- Vice president of the Swiss Chamber of Commerce in Italy

Consolidated income statement

CHF thousand		2019	2018
	Note		
Net sales from goods and services	1	1,915,261	2,073,879
Own costs capitalised	2	6,412	6,946
Change in inventory of sales orders	3	553	1,052
Other operating income	4	15,052	8,137
Total operating revenue		1,937,278	2,090,014
Share of earnings from associates and joint ventures	5	-133	-3,936
Energy procurement	6	-1,617,586	-1,826,488
Concession fees	7	-18,357	-16,974
Personnel expenses	8	-76,166	-73,160
Materials and third party services	9	-48,850	-31,948
Other operating expenses	10	-58,838	-55,543
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		117,348	81,965
Depreciation and value adjustments of tangible assets	11	-49,303	-43,459
Amortisation and value adjustments of intangible assets	12	-2,825	-3,133
Earnings before interest and taxes (EBIT)		65,220	35,373
Financial income	13	15,085	9,372
Financial expenses	13	-26,758	-25,548
Earnings before taxes		53,547	19,197
Income taxes	14	-3,147	-2,875
Group earnings		50,400	16,322
Share of group earnings attributable to Repower shareholders		46,383	13,893
Share of group earnings attributable to minorities		4,017	2,429
Share of group earnings attributable to Repower shareholders per registered share (in CHF) *		6.28	1.88
Average number of registered shares in circulation		7,390,665	7,390,755

* The undiluted group earnings are calculated on the basis of the weighted average number of shares. There are no factors resulting in a dilution of earnings per share.

Consolidated balance sheet

CHF thousand		31.12.2019	31.12.2018 Restated*
	Note		
Assets			
Tangible assets	15	809,039	836,677
Intangible assets	16	12,657	12,088
Investments in associates and joint ventures	17	6,450	3,945
Financial assets	18	36,024	45,440
Deferred tax assets	19	34,600	37,810
Non-current assets		898,770	935,960
Inventories	20	16,692	40,302
Trade accounts receivable	21	54,994	48,861
Other receivables	22	37,352	26,150
Prepaid expenses and accrued income	23	306,408	279,167
Securities	24	107,562	63,684
Positive replacement values of held for trading positions	25	86,691	162,117
Cash and cash equivalents	26	367,131	316,314
Current assets		976,830	936,595
Total assets		1,875,600	1,872,555

*) See «Correction of errors and changes in presentation» section

		31.12.2019	31.12.2018 Restated*
CHF thousand			
	Note		
Liabilities and shareholders' equity			
Share capital		7,391	7,391
Treasury shares		-16	-22
Capital reserves		198,320	202,008
Retained earnings (including group earnings)		561,525	515,174
Accumulated translation differences		-2,437	1,408
Shareholders' equity excluding minorities		764,783	725,959
Minorities		79,705	80,983
Shareholders' equity		844,488	806,942
Non-current provisions	27	11,032	16,033
Deferred tax liabilities	28	22,209	24,243
Non-current financial liabilities	29	435,347	430,281
Other non-current liabilities	30	61,773	63,500
Non-current liabilities		530,361	534,057
Current financial liabilities	29	17,719	11,437
Negative replacement values of held for trading positions	25	64,000	150,277
Current provisions	27	841	32
Trade accounts payable	31	77,984	68,930
Other current liabilities	32	23,155	29,109
Deferred income and accrued expenses	33	317,052	271,771
Current liabilities		500,751	531,556
Liabilities		1,031,112	1,065,613
Total liabilities and shareholders' equity		1,875,600	1,872,555

*) See «Correction of errors and changes in presentation» section

Changes in consolidated shareholders' equity

	Share capital	Treasury shares	Capital reserves	Retained earnings	Accumulated translation differences	Shareholders' equity excluding minorities	Minorities	Total shareholders' equity
CHF thousand								
Equity at 1 January 2018	7,391	-15	202,004	511,625	5,498	726,503	42,953	769,456
Group earnings				13,893		13,893	2,429	16,322
Effect of currency translation					-4,090	-4,090	-194	-4,284
Dividends						-	-1,065	-1,065
Purchase/sale of treasury shares		-7	4			-3		-3
Changes in consolidation				-10,344		-10,344	36,860	26,516
Equity at 31 December 2018	7,391	-22	202,008	515,174	1,408	725,959	80,983	806,942

	Share capital	Treasury shares	Capital reserves	Retained earnings	Accumulated translation differences	Shareholders' equity excluding minorities	Minorities	Total shareholders' equity
CHF thousand								
Equity at 1 January 2019	7,391	-22	202,008	515,174	1,408	725,959	80,983	806,942
Group earnings				46,383		46,383	4,017	50,400
Effect of currency translation					-3,821	-3,821	-2,022	-5,843
Dividends			-3,695			-3,695	-1,176	-4,871
Purchase/sale of treasury shares		-196	7			-189	-62	-251
Changes in consolidation		202		-202		-	-1,335	-1,335
Purchase/sale of minorities				170	-24	146	-700	-554
Equity at 31 December 2019	7,391	-16	198,320	561,525	-2,437	764,783	79,705	844,488

The share capital consists of 7,390,968 fully paid-up registered shares, each with a nominal value of CHF 1.00.

Consolidated cash flow statement

CHF thousand		2019	2018 Restated*
	Note		
Group earnings		50,400	16,322
Income taxes	14	3,147	2,875
Share of earnings from associates and joint ventures	5	133	3,936
Dividends from associates and joint ventures	17	5	1
Net financial income	13	11,673	16,176
Depreciation/amortisation, impairment and reversal of impairment of tangible and intangible assets	11/12	52,128	46,592
Gain/loss on the disposals of tangible and intangible assets		612	312
Gain/loss on the sales of group companies		-518	-
Change in non-current provisions (without interest)		-5,543	-6,056
Change in replacement values of held for trading positions		-10,888	-10,944
Other non-cash income and expenses		-1,553	-1,896
Other financial cash outflow and inflow		3,326	-7,238
Funds from Operations (FFO)		102,922	60,080
Changes			
Inventory		22,871	-16,406
Trade accounts receivable		-8,382	25,011
Other receivables (without income taxes)		-13,164	8,031
Prepaid expenses and accrued income		-36,194	28,183
Current provisions		829	-223
Trade accounts payable		10,203	-5,787
Other current liabilities (without taxes)		-4,966	1,419
Deferred income and accrued expenses		54,260	-44,409
Income taxes paid		-2,259	-918
Cash flow from operating activities		126,120	54,981

CHF thousand		2019	2018 Restated*
	Note		
Additions of tangible assets	15	-36,496	-28,071
Disposals of tangible assets		2,736	833
Additions of current and non-current financial assets		-74,561	-115,660
Disposals of current and non-current financial assets		44,896	90,092
Additions of intangible assets	16	-4,422	-3,848
Additions of group companies		-	-8,223
Disposals of group companies (less cash and cash equivalents disposed of)		-2,313	-
Dividends received from third parties		201	224
Interest received		770	276
Cash flow from investing activities		-69,189	-64,377
Increase in financial liabilities		36,338	-
Repayment of financial liabilities		-19,076	-51,317
Dividend payments		-4,871	-1,065
Purchase/sale of treasury shares		-251	-3
Purchase of minorities		-554	-
Interest paid		-9,616	-9,526
Cash flow from financing activities		1,970	-61,911
Effect of currency translation		-8,084	-6,858
Change in cash and cash equivalents		50,817	-78,165
Cash and cash equivalents at 1 January		316,314	394,479
Cash and cash equivalents at 31 December	26	367,131	316,314

*) See «Correction of errors and changes in presentation» section

Funds from operations (FFO) is defined as cash flow from operating activities before change in net current assets and income taxes paid.

A payment of CHF 2,313 thousand received from disposals of group companies in the year under review relates to the change for esolva ag, formerly SWIBI AG, from full consolidation to the equity method (see the “[Transition from full consolidation to equity method](#)” section).

Payments of CHF 8,223 thousand for investments in group companies in 2018 relate to the acquisition of Elettrostudio Energia S.p.A., made by way of a cash payment and a contribution of existing group companies (see “[Additions to the scope of consolidation](#)” section).

Notes to the consolidated financial statements: principles

1 ACCOUNTING AND VALUATION PRINCIPLES

GENERAL INFORMATION

Repower Group prepares its financial statements in accordance with the entire Accounting and Reporting Recommendations (Swiss GAAP FER), providing a true and fair view of the assets, liabilities, financial position and profit or loss of the Repower Group.

The disclosure of accruals and deferrals for goods and services delivered or received but not yet invoiced was changed (see the section entitled "2 Correction of accounting error").

In individual cases roundings can mean that figures in this report do not add up to the exact total specified, and that the specified percentages do not exactly result from the stated figures.

2 CORRECTION OF ACCOUNTING ERRORS AND CHANGES IN PRESENTATION

In 2019 Repower corrected an accounting error. Accruals and deferrals for goods and services delivered or received but not yet invoiced, previously recognised in trade accounts receivable and payable, are now recognised in prepaid expenses and accrued income/deferred income and accrued expenses. In making this change, Repower is adhering to the minimum format recommended in Swiss GAAP FER 3 Presentation and format. According to the Swiss GAAP FER Framework, the prior year figures affected must be restated. The consequences are as follows:

	2018	Restatement	2018 Restated
CHF thousands			
Impact on the consolidated balance sheet			
Assets			
Trade accounts receivable	324,354	-275,493	48,861
Prepaid expenses and accrued income	3,674	275,493	279,167
Liabilities and shareholders' equity			
Trade accounts payable	323,990	-255,060	68,930
Deferred income and accrued expenses	16,711	255,060	271,771

There are reclassifications within current assets and current liabilities.

	2018	Restatement	2018 Restated
CHF thousands			
Impact on the consolidated cash flow statement			
Changes			
Trade accounts receivable	54,182	-29,171	25,011
Prepaid expenses and accrued income	-988	29,171	28,183
Trade accounts payable	-50,229	44,442	-5,787
Deferred income and accrued expenses	33	-44,442	-44,409

Cash flow from operating activities remains unchanged.

3 CONSOLIDATION

SCOPE OF CONSOLIDATION

The present consolidated financial statements encompass the financial statements of Repower AG and all investments where Repower holds, directly or indirectly, more than 50 per cent of the votes or can exercise control in some other way. These investments are fully consolidated. Associated organisations and joint ventures are included in the financial statements in accordance with the equity method.

OVERVIEW OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Company	Head office	Currency	Issued capital in thousands	Holding 31.12.2019	Method ¹⁾
Repower AG	Brusio	CHF	7,391	-	F
Ovra elettrica Ferrera SA	Trun	CHF	3,000	49.00%	F
Alvezza SA in Liquidation	Disentis	CHF	500	62.00%	F
Repartner Produktions AG	Poschiavo	CHF	20,000	51.00%	F
Repower Deutschland GmbH	Dortmund	EUR	11,525	100.00%	F
Repartner Wind GmbH	Dortmund	EUR	25	51.00%	F
Repower Italia S.p.A.	Milan	EUR	2,000	100.00%	F
Repower Vendita Italia S.p.A.	Milan	EUR	4,000	100.00%	F
SET S.p.A.	Milan	EUR	120	61.00%	F
Energia Sud S.r.l.	Milan	EUR	1,500	100.00%	F
SEA S.p.A.	Milan	EUR	120	65.00%	F
REC S.r.l.	Milan	EUR	10	65.00%	F
MERA S.r.l.	Milan	EUR	100	100.00%	F
Immobiliare Saline S.r.l.	Milan	EUR	10	100.00%	F
REV S.r.l.	Milan	EUR	10	100.00%	F
Repower Renewable S.p.A.	Venice	EUR	66,736	65.00%	F
Impianto Eolico Pian dei Corsi S.r.l.	Venice	EUR	200	37.38%	F
ESE Cerignola S.r.l.	Venice	EUR	100	65.00%	F
RES S.r.l.	Venice	EUR	150	65.00%	F
Cramet Energie S.r.l.	Venice	EUR	20	65.00%	F
ESE Terlizzi S.r.l.	Venice	EUR	20	65.00%	F
ESE Salento S.r.l.	Venice	EUR	10	65.00%	F
Elettrosud Rinnovabili S.r.l.	Venice	EUR	10	65.00%	F
Quinta Energia S.r.l.	Erice	EUR	50	65.00%	F
ESE Armo S.r.l.	Venice	EUR	30	65.00%	F
ESE Nurra S.r.l.	Venice	EUR	200	43.55%	F
ESE Castalguglielmo S.r.l.	Venice	EUR	30	65.00%	F
Compagnia Energie Rinnovabili S.r.l.	Venice	EUR	100	65.00%	F
Parco Eolico Busetto S.p.A.	Erice	EUR	500	65.00%	F
ERA S.c.ar.l.	Venice	EUR	30	64.99%	F
ESE Apricena S.r.l.	Venice	EUR	30	65.00%	F
EL.IT.E. S.p.A.	Milan	EUR	3,889	46.55%	E
Aerochetto S.r.l.	Catania	EUR	2,000	39.00%	E
Kraftwerk Morteratsch AG ²⁾	Pontresina	CHF	500	10.00%	E
Grischelectra AG ³⁾	Chur	CHF	1,000	11.00%	E
Terra di Conte S.r.l.	Lucera	EUR	10	32.50%	E
esolva ag	Weinfelden	CHF	792	42.05%	E

1) Key: F Fully consolidated, E Equity Method

2) Repower AG holds 10% of the share capital and 35,7% of the voting rights of Kraftwerk Morteratsch AG.

3) Only 20 percent of the issued capital has been paid in.

All subsidiaries, associates and joint ventures with the exception of Grischelectra AG, which closes its accounts on 30 September, close their accounts at the end of the calendar year.

Ovra elettrica Ferrera SA, Trun, is a power plant company in which the local municipality holds a 51 per cent stake. The Repower Group bears full operating responsibility for this company via Repower AG and sells 100 per cent of the energy generated on the market. The Repower Group thus exercises overall control and Ovra elettrica Ferrera SA is fully consolidated.

In contrast to the share capital held, Repower exercises 30 per cent of the votes in Grischelectra AG and on the basis of contractual arrangements controls Grischelectra AG in conjunction with Canton Graubünden. Grischelectra AG is a joint venture.

Under the contractual arrangements governing the interests in Kraftwerk Morteratsch AG and Terra di Conte S.r.l., all relevant decisions must be made unanimously. Kraftwerk Morteratsch AG and Terra di Conte S.r.l. are joint ventures.

ADDITIONS TO THE SCOPE OF CONSOLIDATION

There were no additions to the scope of consolidation in 2019.

In 2018 Repower acquired an interest of 65 per cent in Repower Renewable S.p.A., which for its part has holdings in hydro-, solar and wind power assets, by way of a contribution of the existing group companies SEA S.p.A. and REC S.r.l. and a cash payment.

The table below summarises the material amounts booked for assets and liabilities acquired on the date of acquisition, plus the purchase price and goodwill resulting from the acquisition.

CHF thousand	Note	Total
Tangible assets	15	115,068
Investments in associates and joint ventures	17	267
Financial assets and securities	18, 24	3,030
Deferred tax assets	19	733
Inventories	20	12
Trade accounts receivable	21	4,564
Other receivables	22	4,098
Prepaid expenses and accrued income	23	611
Cash and cash equivalents	26	6,185
Current and non-current provisions	27	-1,676
Current and non-current financial liabilities	29	-87,367
Trade accounts payable	31	-3,364
Other current liabilities	32	-1,039
Deferred income and accrued expenses	33	-1,160
Book value SEA S.p.A. and REC S.r.l.		29,555
Share attributable to minorities		-26,516
Total net assets		43,001
Goodwill	16	962
Book value SEA S.p.A. and REC S.r.l.		-29,555
Cash consideration paid		14,408
Acquired cash and cash equivalents		-6,185
Cash out flow from acquisition		8,223

The goodwill was capitalised as intangible assets and will be amortised over a period of five years.

TRANSITION FROM THE EQUITY METHOD TO RECOGNITION AT COST

In March 2019 Engie New Business acquired an interest in tiko Energy Solutions AG by way of a unilateral capital increase. Repower's interest in tiko Energy Solutions AG declined from 35.0 to 19.85 per cent. The existing investment and loan receivable that compose the net investment in the company are recognised at cost; the recognised value is based on the equity value of Repower's interest in the company at the moment the significant influence ceased to be exercised. Impairment of CHF 4,481 thousand on the investment and loan receivable resulting from the application of the equity method was reversed.

TRANSITION FROM FULL CONSOLIDATION TO EQUITY METHOD

At the end of November 2019, energy services companies EcoWatt AG, Sacin AG and SWIBI AG merged, commencing joint operations as esolva ag on 1 December 2019.

In the run-up to the merger, to create the target shareholder structure Repower sold 10 per cent of its shares in SWIBI AG to one of the participating shareholders for CHF 2,486 thousand. With effect 30 September 2019 the previous shareholders of EcoWatt AG and Sacin AG deposited their shares in return for new shares in SWIBI AG. Repower AG's interest in the capital and votes of SWIBI declined from 76.58 per cent to 42.05 per cent. The investment is no longer fully consolidated, but is recognised in the consolidated financial statements as an associate.

The investment in the associate is initially recognised in the transitional consolidation according to the proportional carrying value (CHF 2,396 thousand) of the net assets of SWIBI AG measured at the time of disposal. The investment is then recorded in accordance with the equity method.

The transitional consolidation gives income of CHF 518 thousand, disclosed in the consolidated income statement under other operating income. Net cash outflow of CHF 2,313 thousand is disclosed in the cash flow statement in disposals of group companies (less cash and cash equivalents) under cash flow from investing activities.

The material balance sheet effects are shown in the following table:

CHF thousands	Note	Total
Tangible assets	15	375
Intangible assets	16	553
Financial assets	18	68
Inventories	20	285
Trade accounts receivable	21	846
Other receivables	22	114
Prepaid expenses and accrued income	23	148
Cash and cash equivalents	26	4,799
Deferred tax liabilities	28	-114
Trade accounts payable	31	-404
Other current liabilities	32	-193
Deferred income and accrued expenses	33	-778
Minorities		-1,335
Net assets derecognised		4,364
Cash consideration received		2,486
Investments in associate company		2,396
Net assets derecognised		-4,364
Result from transition consolidation		518
Cash consideration received		2,486
Cash and cash equivalents disposed of		-4,799
Net cash outflow arising from transition consolidation		-2,313

CHANGES IN THE OWNERSHIP INTERESTS WITHOUT LOSS OF CONTROL

On 1 January 2019 the wholly-owned subsidiary Lagobianco SA was merged into Repower AG.

In 2019, non-controlling interests were acquired in ESE Salento S.r.l. and ESE Nurra S.r.l. The net cash outflow of CHF 554 thousand is offset by non-controlling interests of CHF 700 thousand. The difference was allocated to the majority shareholder's capital.

In connection with the acquisition of Repower Renewable S.p.A. in the 2018 financial year, the group's interest in SEA S.p.A. and REC S.r.l. has declined to 65 per cent.

CONSOLIDATION METHOD

Capital consolidation is done in accordance with the purchase method. When an entity is purchased its assets and liabilities as of the date of acquisition are revalued in accordance with uniform group principles. Any remaining goodwill (the difference between the purchase price and the share of equity) is capitalised and amortised over 5 years or a maximum of 20 years. Assets and liabilities and income and expenses at fully consolidated entities are integrated in their entirety in the consolidated financial statements. Minority interests in the equity and minority interests in the profits of fully consolidated entities are stated separately.

Intragroup receivables and liabilities, income and expenses and investments are netted out and interim gains eliminated. Investments in associates and joint ventures are accounted for using the equity method.

CONVERSION OF FOREIGN CURRENCIES

Each group company determines the functional currency in which it draws up its individual financial statements. Company financial statements in foreign currencies are converted as follows: assets and liabilities at the closing rate on the balance sheet date, equity at historical rates. The income and cash flow statements are converted at the average rate for the year. The resulting translation differences are recognised directly in equity. On the disposal of entities the translation differences attributable to them are reclassified in the consolidated statement of changes in equity from accumulated translation differences to retained earnings.

Foreign currency transactions contained in the individual financial statements of consolidated entities are converted at the relevant daily rate, and foreign currency balances are converted on the closing date at the closing rate on the balance sheet date. The resulting differences in rates are recognised in profit or loss.

The following exchange rates were used for the most important foreign currency:

Currency	Unit	Closing exchange rate		Average exchange rate	
		31.12.2019	31.12.2018	2019	2018
EUR	1	1.08540	1.12690	1.11276	1.15463

CASH FLOW STATEMENT

The cash and cash equivalents fund form the basis of the consolidated cash flow statement. Cash flow from operating activities is calculated by the indirect method.

4 VALUATION PRINCIPLES

TANGIBLE ASSETS

Tangible assets are initially recognised at the lower of cost (acquisition or manufacturing cost). Repower capitalises borrowing costs if construction takes more than one year and it is a major investment project. For the purposes of subsequent measurement, Repower does scheduled straight-line amortisation over the expected useful life. Estimated useful lives are calculated in accordance with the recommendations of the Association of Swiss Electricity Companies and are within the following ranges for each category:

Category	Useful life
Power plants	20 – 80 years depending on the type of facility
Grids	15 – 40 years
Land	Indefinite
Buildings	30 – 60 years
Plant and business equipment	3 – 20 years
Assets under construction	Reclassification to the corresponding category when available for use; any impairments are recognised immediately

INTANGIBLE ASSETS

Intangible assets are initially recognised at the lower of cost (acquisition or manufacturing cost). Provided the prerequisites for capitalisation are met, intangible assets generated internally are capitalised. Amortisation is done on a straight-line basis. The estimated useful lives for the individual categories are within the following ranges:

Category	Useful life
Goodwill	5 - 20 years
Other intangible assets	3 - 5 years

The useful lives of concession rights and rights of use are determined by the relevant contractual provisions.

IMPAIRMENT

Assets are tested for impairment on every balance sheet date. If there is evidence of impairment, an impairment test is carried out to calculate the recoverable value. The recoverable value is the higher of net selling price and value in use. If the carrying amount exceeds the recoverable value, an adjustment is made in the income statement by way of unscheduled amortisation. If there is a material improvement in the facts considered while calculating the recoverable value, an impairment recognised in earlier reporting periods will be fully or partially reversed in the income statement, with the exception of goodwill.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures are recognised using the equity method. Any goodwill is a component of the interest in the entity.

FINANCIAL ASSETS

Financial assets comprise securities and loans extended for the purposes of long-term investment, and derivatives. Non-current securities and loans are recognised at cost less any impairment. Derivatives are recognised at current values.

DEFERRED TAXES

Deferred taxes are calculated on the basis of balance sheet temporary differences. Temporary differences between the values of balance sheet positions determined in accordance with Swiss GAAP FER principles and those determined in accordance with tax law form the basis for recognising deferred income tax assets and liabilities. Given the uncertainty involved in offsetting loss carryforwards against future earnings, deferred taxes are not capitalised.

INVENTORY

Inventories are goods used in the regular course of business for the purposes of disposal, manufacturing goods or providing services. They are initially recognised at the lower of cost (acquisition or manufacturing cost). The closing inventory is valued at the lower of average cost or net market price. Settlement discounts received are recognised as financial income.

Repower provides services for third parties. Individually not-material contracts are recognised under inventories recognised at acquisition or production cost.

RECEIVABLES FROM GOODS AND SERVICES

Receivables from goods and services comprise receivables from business activities where the delivery or service has already been fulfilled but the debtor's payment has not been received. Receivables are measured at nominal value taking due account of necessary impairment.

OTHER RECEIVABLES

Individually material orders for Repower in the context of its service business, are recognised as other receivables in proportion to revenues, net of any amounts already invoiced and prepayments received, provided the relevant requirements of FER 22 Long-term contracts are met. The percentage of completion for application of the percentage of completion method is calculated individually for each contract using the cost to cost method.

This item still contains all other current receivables. They are measured at nominal value taking due account of necessary impairment.

PREPAID EXPENSES AND ACCRUED INCOME/DEFERRED INCOME AND ACCRUED EXPENSES

Prepaid expenses and accrued income/deferred income and accrued expenses are designed to ensure that assets and liabilities at the balance sheet date are presented correctly and that income and expense are recognised on an accrual basis in the income statement.

In particular, goods and services delivered or received but not yet invoiced are recognised in prepaid expenses and accrued income/deferred income and accrued expenses.

SECURITIES

Securities comprise shares, bonds and fund units as well as derivatives and short-term investments. Both initial and subsequent measurement is done at current values. If no current value is available, non-current securities are valued no higher than their acquisition costs less any impairments.

REPLACEMENT VALUES FOR HELD-FOR-TRADING POSITIONS

Contracts in the form of forward transactions (forwards and futures) conducted with the intention of achieving a trading profit or margin are treated as derivative financial instruments and recognised as held-for-trading positions or replacement values. On the balance sheet date, all open derivative financial instruments from energy trading transactions are measured at fair value through profit or loss, and the positive and negative replacement values are recognised under assets and liabilities. Positive replacement values represent receivables. Negative replacement values represent liabilities. The replacement value is the difference in price compared to the closing price.

The open contracts are measured on the basis of market data from electricity exchanges (e.g. EEX Leipzig). For contracts for which no liquid market exists, measurement is based on a valuation model.

Current transactions are offset at positive and negative replacement value if the respective contract terms provide for this and the intention to offset exists and is legally permitted.

Realised and unrealised income from held-for-trading positions is recognised as net sales from goods and services.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents item comprises cash, sight deposits at banks and other financial institutions (e.g. PostFinance) and cash equivalents, provided they are held as a cash reserve, are highly liquid and convertible to cash at short notice, and are subject to only negligible fluctuations in value. Cash equivalents have a maximum residual term to maturity at the balance sheet date. Fixed-term deposits callable at short notice with an agreed term of more than 90 days are likewise deemed to be cash equivalents, provided that on the balance sheet date they are available for payment purposes by termination within 90 days.

PROVISIONS

A provision is a probable liability based on an event that occurred before the balance sheet date; the amount of the liability and/or the date on which it will fall due is uncertain but can be estimated. Provisions are recognised for actual and statutory obligations and for impending risks and losses. Existing provisions are remeasured on every balance sheet date. Provisions are divided into current provisions (due within twelve months) and non-current provisions (due after twelve months). If there is a material time factor involved, the provision is discounted.

FINANCIAL LIABILITIES

Financial liabilities comprise both financing activities and derivatives, and are recognised at nominal or current values. Any differences between the acquisition cost and the redemption value of bonds or registered bonds are amortised on a straight-line basis over the term of the instruments. Interest accrued but not yet charged is accrued and recognised as deferred income and accrued expenses on the balance sheet date. Depending on the term, it is recognised under non-current or current financial liabilities.

OTHER NON-CURRENT LIABILITIES

Other non-current liabilities comprise all liabilities not belonging to the other categories that are not due within twelve months after the balance sheet date. In particular, under this item Repower recognises received connection fees and grid cost contributions, which are charged to profit or loss over a period of 35 years.

LIABILITIES FROM GOODS AND SERVICES

Payables from goods and services are current liabilities with a remaining term of less than twelve months arising from deliveries, work performances, services, lease agreements, etc.). They are recognised at nominal values.

OTHER CURRENT LIABILITIES

This item comprises all other current liabilities that cannot be assigned to payables from goods and services. They are recognised at nominal values.

PENSION PROVISIONS

On the balance sheet date, employees of Repower AG in Switzerland were members of the PKE Vorsorgestiftung Energie pension fund. This is a legally independent pension fund operating as a defined contribution plan in accordance with the Federal Law on Occupational Pensions for Old Age, Survivors and Disability (BVG). Pension benefit obligations are measured and recognised in accordance with Swiss GAAP FER 16. The economic impacts of pension institutions on the entity are either economic benefits or economic obligations. Economic benefits and economic obligations are evaluated at the balance sheet date and recognised in the entity's financial statements. Employer contribution reserves are recognised at nominal or present value as financial assets.

A peculiarity of Italian law is the payment of severance pay. This corresponds to around one month's pay for every year of employment, and must be paid in all cases when an employment relationship is terminated. The provision for this obligation is calculated according to a recognised method specific to the country, and the change is recognised in personnel expenses.

CASH FLOW HEDGES

Derivative transactions entered into for the purpose of hedging cash flows with a high probability of occurrence are not recorded on the balance sheet, but are disclosed in the notes.

LEASES

A lease is an agreement whereby certain goods are ceded for the use of the lessee in return for a payment. A distinction is made between finance and operating leases. A finance lease is defined as a lease that transfers all material risks and rewards of ownership to the lessee. Otherwise the lease is deemed to be an operating lease. The asset leased under a finance lease is recognised as tangible assets and financial liabilities. Lease instalments paid are apportioned between the finance charge and the reduction in the outstanding liability. Assets leased under operating leases are not recognised on the balance sheet. Paid and received leasing instalments are recognised in the period in which they occur.

OFF-BALANCE-SHEET BUSINESS

Contingent assets and liabilities are measured at the balance sheet date and disclosed in the notes. If an outflow of funds without a simultaneous usable inflow of funds is probable and estimable, a corresponding provision is recognised.

TRANSACTIONS WITH RELATED PARTIES

Related parties (natural persons and legal entities) are parties which can directly or indirectly exert a significant influence on the group's financial and operational decisions. Organisations that for their part are directly or indirectly controlled by related parties are likewise deemed to be related. All material transactions and resulting balances or liabilities vis-à-vis related parties are disclosed in these consolidated financial statements.

Notes to the consolidated financial statements: notes

1 NET SALES FROM GOODS AND SERVICES

CHF thousand	2019	2018
Net sales from goods and services	1,915,261	2,073,879
Revenue from energy business	1,881,936	2,049,398
Revenues from services and other usual business activities	33,325	24,481

Revenue from energy business and revenues from services and other usual business activities are recognised in the income statement when delivery of goods or services has been performed. Sales of products and related services are broken down into their material performance obligations, measured, and realised on the date they are performed.

Long-term contracts are recognised in accordance with the percentage of completion method. Revenues from services and other usual business activities contain revenues of CHF 6,767 thousand (prior year: CHF 0 thousand).

A breakdown of net revenues by Repower AG business segment is presented in the note on segment reporting ([Note 37](#)).

2 INTERNALLY PRODUCED AND CAPITALISED ASSETS

CHF thousand	2019	2018
Own costs capitalised	6,412	6,946

Internally produced and capitalised assets essentially comprise investments in Repower AG's generation and grid assets.

3 CHANGE IN INVENTORY OF SALES ORDERS

CHF thousand	2019	2018
Change in inventory of sales orders	553	1,052

The item "Change in inventory of sales orders" relates to work orders not yet completed for inventories.

4 OTHER OPERATING INCOME

CHF thousand	2019	2018
Other operating income	15,052	8,137
Profit from disposal of tangible assets	853	633
Refund from insurance for operating loss	9,737	2,944
Revenue from other operating activities	4,462	4,560

In 2018 a technical fault occurred at the Teverola power plant which was remedied in the course of the annual overhauls in 2018 and 2019. Repower received reimbursement of CHF 9,737 thousand (2019) and CHF 2,944 thousand (2018) from its business interruption insurance for downtime.

Furthermore in 2019 a good performance guarantee for the construction of a power plant was collected for an amount of CHF 967 thousand (see [Note 15](#)).

5 EARNINGS FROM ASSOCIATES AND JOINT VENTURES

	2019	2018
CHF thousand		
Share of earnings from associates and joint ventures	-133	-3,936
Associated organisations	-197	-3,938
Joint ventures	64	2

The prior year loss was substantially due to tiko Energy Solutions AG. In 2019 the company was no longer recognised using the equity method, but was recognised under financial assets (see [Note 18](#)).

6 ENERGY PROCUREMENT

	2019	2018
CHF thousand		
Energy procurement	-1,617,586	-1,826,488

In 2019 provisions of CHF 5,900 thousand for long-term energy procurement agreements (versus CHF 5,954 thousand the prior year) were reversed and recognised under energy procurement (see [Note 27](#)).

7 CONCESSION FEES

	2019	2018
CHF thousand		
Concession fees	-18,357	-16,974
Water rates/hydro plant taxes	-10,317	-9,365
Other concession fees	-8,040	-7,609

8 PERSONNEL EXPENSES

	2019	2018
CHF thousand		
Personnel expenses	-76,166	-73,160
Wages and salaries	-57,959	-57,669
Social security costs and other personnel costs	-18,207	-15,491

To compensate for the future reduction in conversion rates for the occupational pensions of employees in Switzerland, Repower AG made an additional employer's contribution of CHF 3,087 thousand in the 2019 financial year. The resulting expense is recognised in social security costs and other personnel costs.

9 MATERIALS AND OUTSIDE SERVICES

	2019	2018
CHF thousand		
Materials and third party services	-48,850	-31,948
Materials	-8,003	-7,554
Third party services	-40,847	-24,394

Materials and outside services contain expenses for maintaining and operating technical assets, external services for operational processes and the performance of services by third parties.

The increase in outside services is due among other things to the following: growth in contracts for third parties, particularly the construction of the Mendrisio substation; the development of new products and the first-time inclusion of Repower Renewable for a full year, and higher compensation paid to commercial agents in Italy.

10 OTHER OPERATING EXPENSES

	2019	2018
CHF thousand		
Other operating expenses	-58,838	-55,543
Cost of premises	-4,260	-4,133
Vehicle and transport costs	-2,059	-2,217
Administrative costs	-8,116	-9,138
IT costs	-10,085	-10,343
Marketing & communications	-10,363	-9,268
Allowances for doubtful accounts	-3,821	-5,573
Capital taxes, levies and fees	-6,404	-6,265
Other operating expenses	-13,730	-8,606

Information on the development of allowances for doubtful accounts can be found in [Note 21](#).

11 DEPRECIATION/AMORTISATION, IMPAIRMENT AND REVERSAL OF IMPAIRMENT OF TANGIBLE ASSETS

	2019	2018
CHF thousand		
Depreciation and value adjustments of tangible assets	-49,303	-43,459

The balance for the 2018 financial year contains neither a reversal nor impairment, while the 2019 balance contains impairment of CHF 1,983 thousand (see [Note 15](#)).

12 DEPRECIATION/AMORTISATION, IMPAIRMENT AND REVERSAL OF IMPAIRMENT OF INTANGIBLE ASSETS

	2019	2018
CHF thousand		
Amortisation and value adjustments of intangible assets	-2,825	-3,133

Neither impairment gains nor impairment losses were recognised in 2018 and 2019.

13 NET FINANCIAL INCOME

	2019	2018
CHF thousand		
Financial income	15,085	9,372
Interest income	1,142	726
Dividend income	201	224
Changes in the value of securities held for trading	8,031	8,398
Reversal of impairment financial investments	4,481	-
Gain on early repayment of liabilities	1,193	-
Other financial income	37	24
Financial expenses	-26,758	-25,548
Interest expense	-10,804	-9,318
Interest accumulated on provisions	-775	-1,217
Changes in securities held for trading	-2,414	-574
Currency translation	-9,885	-8,924
Loss on premature repayment of liabilities	-	-1,595
Other financial expenses	-2,880	-3,920
Net financial result	-11,673	-16,176

The changes in the value of securities held for trading relate to interest rate swaps and forward exchange transactions to hedge currency and interest rate risks.

The revaluation of financial assets in 2019 comprises the reversal of the equity investment and loan to tiko Energy Solutions AG up to the acquisition costs.

In 2019 the early repayment of a loan liability continued to result in income of CHF 1,193 thousand.

In 2018 the losses on early repayment of liabilities related to the early partial re-purchase of bonds with a nominal value of CHF 18,555 thousand.

14 INCOME TAXES

	2019	2018
CHF thousand		
Income taxes referred to in the income statement	-3,147	-2,875
Current income taxes	-3,961	-4,096
Deferred income taxes	814	1,221

The reconciliation between the actual tax burden and the expected tax burden for the financial years ending on 31 December 2019 and 2018 is as follows:

	2019	2018
CHF thousand		
Reconciliation		
Income before taxes	53,547	19,197
Income tax rate for parent company	16.1%	16.1%
Income taxes at expected income tax rate	-8,632	-3,095
Tax effect from income taxed at other tax rates	-3,393	-4,132
Tax effect from tax-free income/non-tax-deductible expenses	-105	20,910
Tax losses in the current year for which no deferred tax assets were recognised	-324	-17,042
Tax loss carryforwards for which no deferred tax assets were recognised	10,093	3,796
Regional production tax in Italy - IRAP	-2,142	-1,573
Change in tax rate	1,625	0
Income taxes for previous years	297	-928
Non-usable withholding tax	-562	-202
Other	-4	-609
Income taxes referred to in the income statement	-3,147	-2,875
Effective income tax rate	5.9%	15.0%

UNRECOGNISED TAX LOSS CARRYFORWARDS

On the balance sheet date there were unrecognised tax loss carryforwards of CHF 106,960 thousand (prior year: CHF 214,660 thousand). The ability to offset of loss carryforwards against future earnings involves uncertainty.

This results in unrecognised deferred tax assets of CHF 22,395 thousand (prior year: CHF 43,218 thousand). Given the uncertainty involved in offsetting loss carryforwards against future earnings, deferred taxes are not capitalised (Swiss GAAP FER 11/23).

15 TANGIBLE ASSETS

	Power plants	Grids	Assets under construction	Land and buildings	Other	Total
CHF thousand						
Gross values at 1 January 2018	900,382	758,671	80,864	72,293	53,565	1,865,775
Own costs capitalised	-	345	6,601	-	-	6,946
Additions	77	389	18,493	151	2,015	21,125
Additions from changes in consolidation	110,117	-	4,937	8	6	115,068
Disposals	-	-6,089	-9,522	-14	-125	-15,750
Reclassifications between asset classes	320	18,165	-19,542	-68	1,125	-
Effect of currency translation	-16,039	-	-309	-639	-848	-17,835
Gross values at 31 December 2018	994,857	771,481	81,522	71,731	55,738	1,975,329
Accumulated depreciation and value adjustments at 1 January 2018	-546,331	-439,179	-69,485	-33,627	-31,987	-1,120,609
Depreciation	-21,340	-17,226	-	-670	-4,223	-43,459
Disposals	-	4,941	9,517	14	118	14,590
Reclassifications between asset classes	-	-12	-	12	-	-
Effect of currency translation	9,627	-	188	574	437	10,826
Accumulated depreciation and value adjustments at 31 December 2018	-558,044	-451,476	-59,780	-33,697	-35,655	-1,138,652
Net values at 31 December 2018	436,813	320,005	21,742	38,034	20,083	836,677
of which security pledged for debts						53,565
Gross values at 1 January 2019	994,857	771,481	81,522	71,731	55,738	1,975,329
Own costs capitalised	-	330	6,082	-	-	6,412
Additions	189	262	27,331	22	2,438	30,242
Disposals	-	-14,791	-52,897	-73	-445	-68,206
Disposals from changes in consolidation	-	-	-	-	-2,394	-2,394
Reclassifications between asset classes	8,630	18,034	-28,181	10	1,728	221
Effect of currency translation	-18,863	-	-499	-603	-872	-20,837
Gross values at 31 December 2019	984,813	775,316	33,358	71,087	56,193	1,920,767
Accumulated depreciation and value adjustments at 1 January 2019	-558,044	-451,476	-59,780	-33,697	-35,655	-1,138,652
Depreciation	-25,283	-17,229	-	-679	-4,129	-47,320
Impairments	-	-	-1,983	-	-	-1,983
Disposals	-	10,713	52,094	43	343	63,193
Disposals from changes in consolidation	-	-	-	-	2,019	2,019
Effect of currency translation	9,807	-	178	550	480	11,015
Accumulated depreciation and value adjustments at 31 December 2019	-573,520	-457,992	-9,491	-33,783	-36,942	-1,111,728
Net values at 31 December 2019	411,293	317,324	23,867	37,304	19,251	809,039
of which security pledged for debts						77,953

Land and buildings connected with power generation and grid facilities are accounted for under power plants and grid assets.

The increase in the net values of tangible assets pledged as security for debts relates essentially to a bank loan taken up in the 2019 financial year.

The impairment charge recognised in 2019 related to a payment to a supplier that was unable to meet its obligation. In this context a good performance guarantee was collected for an amount of CHF 967 thousand. The income is recognised as other operating income (see [Note 4](#)).

LEASED POWER PLANTS

CHF 47,469 thousand of the addition in scope of consolidation the prior year relates to leased power plants (see the “Additions to the scope of consolidation” section).

The net carrying amount of the generation assets held as part of the finance leasing agreement totalled CHF 41,057 thousand (previous year: CHF 46,721 thousand) at the closing date.

Total lease liabilities come to CHF 27,431 thousand (prior year: CHF 31,375 thousand).

16 INTANGIBLE ASSETS

CHF thousand	Goodwill	Software	Concessions and rights of use	Other	Total
Gross values at 1 January 2018	-	26,479	17,146	1,586	45,211
Additions	-	1,640	254	1,954	3,848
Additions from changes in consolidation	962	-	-	-	962
Disposals	-	-21	-	-	-21
Reclassifications between asset classes	-	1,093	-	-1,093	-
Effect of currency translation	-7	-349	-40	-62	-458
Gross values at 31 December 2018	955	28,842	17,360	2,385	49,542
Accumulated amortisation and value adjustments at 1 January 2018	-	-21,879	-12,567	-177	-34,623
Amortisation	-	-2,746	-352	-35	-3,133
Disposals	-	21	-	-	21
Effect of currency translation	-	274	-	7	281
Accumulated amortisation and value adjustments at 31 December 2018	-	-24,330	-12,919	-205	-37,454
Net values at 31 December 2018	955	4,512	4,441	2,180	12,088
Gross values at 1 January 2019	955	28,842	17,360	2,385	49,542
Additions	-	1,891	26	2,505	4,422
Disposals	-	-	-5	-	-5
Disposals from changes in consolidation	-	-1,696	-	-	-1,696
Reclassifications between asset classes	-	909	-	-1,130	-221
Effect of currency translation	-35	-392	-39	-117	-583
Gross values at 31 December 2019	920	29,554	17,342	3,643	51,459
Accumulated amortisation and value adjustments at 1 January 2019	-	-24,330	-12,919	-205	-37,454
Amortisation	-189	-2,231	-354	-51	-2,825
Disposals from changes in consolidation	-	1,143	-	-	1,143
Effect of currency translation	5	320	-	9	334
Accumulated amortisation and value adjustments at 31 December 2019	-184	-25,098	-13,273	-247	-38,802
Net values at 31 December 2019	736	4,456	4,069	3,396	12,657

The goodwill stems from the acquisition of Repower Renewable S.p.A. in December 2018 (see the “Additions to the scope of consolidation” section).

17 INVESTMENTS IN ASSOCIATED ORGANISATIONS AND JOINT VENTURES

	2019	2018
CHF thousand		
Investments in associates and joint ventures	6,450	3,945
EL.IT.E S.p.A.	3,616	3,556
esolva ag	2,396	-
Terra di conte S.r.l.	286	257
Grischelectra AG	27	27
Kraftwerk Morteratsch AG	125	105
Carrying amounts at 1 January	3,945	3,632
Additions from changes in consolidation	-	267
Addition of esolva ag	2,396	
Dividends	-5	-1
Effect of currency translation	-148	-138
Share of earnings	262	185
Carrying amounts at 31 December	6,450	3,945
Decrease in loans receivable		
01.01.2020	-19,404	-15,530
Share of earnings	-395	-4,121
Disposal tiko Energy Solutions AG	12,834	-
Effect of currency translation	252	247
31 December	-6,713	-19,404

Losses exceeding the carrying amount of the investments deriving from at-equity valuation are netted with the loans receivable (see Note 18) as part of the net investment, and are presented in the table above.

Since 1 October 2019, SWIBI AG has no longer been recognised as a subsidiary, but as an associate under the name of esolva ag in the consolidated financial statements (see the "[Transition from full consolidation to equity method](#)" section).

In March 2019 Engie New Business acquired an interest in tiko Energy Solutions AG by way of a unilateral capital increase. Repower's interest declined from 35.0 to 19.85 per cent. The carrying amount of the investment came to CHF 0 thousand, and the cumulated loan's reductions for losses came to CHF 12,843 thousand. The investment and loan are recognised at cost under financial assets (see [Note 18](#)).

The loan's reductions for losses of CHF 6,713 thousand as of 31 December 2019 relates to the loan to the associate Aerochetto S.r.l.

18 FINANCIAL ASSETS

	31.12.2019	31.12.2018
CHF thousand		
Financial assets	36,024	45,440
AKEB Aktiengesellschaft für Kernenergiebeteiligungen	6,500	6,300
Kraftwerke Hinterrhein AG	6,300	6,500
tiko energy solutions AG	2,813	-
Loans receivable	4,628	5,989
Non-current securities	4,071	4,074
Employer contribution reserves	-	68
Fixed term deposits	11,712	22,509

Repower AG holds interests of 7.0 per cent and 6.5 per cent respectively in the partner plants AKEB Aktiengesellschaft für Kernenergie-Beteiligungen, Lucerne, and Kraftwerke Hinterrhein AG, Thusis. Repower's interest in tiko Energy Solutions AG, Ittingen, is 19.85 per cent.

The investment in tiko Energy Solutions AG was recognised as an associate the prior year (see [Note 17](#)). The carrying amounts of the investment and loan to the company came to CHF 0 thousand and CHF 5,365 thousand respectively. With the inclusion of the new investor and the debt relief, an impairment gain of CHF 4,481 thousand was recognised in financial income (see [Note 13](#)). The carrying amounts disclosed for both the investment and the loan correspond to their amortised cost.

The active loans relate to loans to associates and joint ventures amounting to CHF 486 thousand (prior year: CHF 5,873 thousand). Accumulated impairments of CHF 6,713 thousand (prior year: CHF 19,404 thousand) were recognised under this item (see [Note 17](#)).

The employer contribution reserve account in the prior year related to SWIBI AG, which in the prior year was fully consolidated and is now recognised as an associate under the name esolva ag (see the "[Transition from full consolidation to equity method](#)" section).

19 DEFERRED TAX ASSETS

CHF thousand	2019	2018
Deferred tax assets	34,600	37,810

The tax rates used to calculate deferred income tax items are 14.7 per cent for Switzerland (prior year: 16.1 per cent), 24.0 per cent for Italy, and between 29.0 and 32.8 per cent for Germany.

20 INVENTORIES

CHF thousand	31.12.2019	31.12.2018
Inventories	16,692	40,302
Emission certificates	3,583	5,836
Gas	-	23,527
Work in progress	7,782	5,418
Inventories of materials	5,327	5,521

Work in progress relates to services provided by Repower to third parties and not yet billed. In the 2019 financial year impairment losses of CHF 51 thousand were recognised on inventories (prior year: CHF 0 thousand), and CHF 0 thousand (prior year: CHF 18 thousand) in impairment losses was reversed.

By the end of the year the entire inventories of gas had been sold.

21 RECEIVABLES FROM GOODS AND SERVICES

	31.12.2019	31.12.2018 Restated*
CHF thousand		
Trade accounts receivable	54,994	48,861
Trade accounts receivable	67,233	60,720
Allowances for doubtful accounts	-12,239	-11,859
Development of allowances for doubtful accounts		
Carrying amount at 1 January	11,859	9,599
Additions	4,264	4,992
Utilisations	-2,719	-2,206
Reversals	-739	-175
Effect of currency translation	-426	-351
End balance at 31 December	12,239	11,859

*) See «Correction of errors and changes in presentation» section

The stated receivables from goods and services also include claims on associates and joint ventures amounting to CHF 476 thousand (prior year restated: CHF 523 thousand).

Receivables from goods and services are measured by applying individual and lump-sum adjustments to the non-impaired positions based on their maturity structure and historical experience.

22 OTHER RECEIVABLES

	31.12.2019	31.12.2018
CHF thousand		
Other receivables	37,352	26,150
Current income tax receivables	4,151	5,338
VAT receivables	11,783	5,373
Advance payments for inventories	5,514	3,347
Security deposits paid	9,685	4,189
Other receivables	6,219	7,903

Other receivables include accrued revenues from contracts amounting to CHF 6,767 (prior year: CHF 0 thousand) less advance payments received of CHF 5,761 thousand (prior year: CHF 0 thousand).

23 PREPAID EXPENSES AND ACCRUED INCOME

	31.12.2019	31.12.2018 Restated*
CHF thousand		
Prepaid expenses and accrued income	306,408	279,167
Trade accounts receivable invoices not issued yet	299,625	273,285
Power trades from participations	221	2,208
Other prepaid expenses and accrued income	6,562	3,674

*) See «Correction of errors and changes in presentation» section

24 SECURITIES

	31.12.2019	31.12.2018
CHF thousand		
Securities	107,562	63,684
Fixed term deposits (4-12 months)	102,562	61,269
Forward foreign currency contracts	4,596	2,000
Other securities	404	415

25 REPLACEMENT VALUES OF HELD-FOR-TRADING POSITIONS

	31.12.2019	31.12.2018
CHF thousand		
Positive replacement values	86,691	162,117
Negative replacement values	64,000	150,277

26 CASH AND CASH EQUIVALENTS

	31.12.2019	31.12.2018
CHF thousand		
Cash and cash equivalents	367,131	316,314
Sight deposits	309,142	221,238
Cash invested for less than 90 days	57,989	95,076

At the balance sheet date, Repower also has the following unused bank credit lines:

	31.12.2019	31.12.2018
CHF thousand		
Credit lines	158,714	199,705
Unused general credit lines	36,088	31,174
Additional unused credit lines for the purpose of issuing guarantees	122,626	168,531

27 PROVISIONS

	Litigation and court proceedings	Dismantling provisions	Provisions for onerous contracts	Severance pay	Other provisions	Total
CHF thousand						
Carrying value at 1 January 2018	796	2,926	9,978	3,692	2,404	19,796
Additions	231	-	-	588	391	1,210
Additions from changes in consolidation	11	1,665	-	-	-	1,676
Utilisations	-	-	-	-275	-92	-367
Reversals	-	-	-5,954	-217	-951	-7,122
Interest	-	39	1,178	-	-	1,217
Effect of currency translation	-35	-98	-	-139	-73	-345
Carrying value at 31 December 2018	1,003	4,532	5,202	3,649	1,679	16,065
Carrying value at 1 January 2019	1,003	4,532	5,202	3,649	1,679	16,065
Additions	-	159	-	553	1,233	1,945
Utilisations	-11	-	-	-188	-11	-210
Reversals	-	-	-5,900	-	-390	-6,290
Interest	-	77	698	-	-	775
Effect of currency translation	-37	-150	-	-143	-82	-412
Carrying value at 31 December 2019	955	4,618	-	3,871	2,429	11,873
Non-current Provisions						
Carrying value at 31 December 2018	1,003	4,532	5,202	3,649	1,647	16,033
Carrying value at 31 December 2019	955	4,618	-	3,871	1,588	11,032
Current provisions						
Carrying value at 31 December 2018	-	-	-	-	32	32
Carrying value at 31 December 2019	-	-	-	-	841	841

PROVISIONS FOR ONEROUS CONTRACTS

The decision on whether there is a threat of loss on a long-term sales or procurement contract and the resulting recognition of a provision essentially depends on the situation of the relevant contractual prices and expected procurement or sales prices. In 2019 the entire provision that existed at the end of the prior year was released under energy procurement in the Market Switzerland segment because there was no longer a provisioning requirement on the 31 December 2019 cut-off date.

SEVERANCE PAY

When an employment relationship is terminated in Italy, the employee is entitled to severance pay corresponding to almost one month's pay for each year of employment (see [Note 34](#)).

DISMANTLING PROVISIONS

The dismantling provisions category comprises various provisions for the dismantling of operating installations. Taken individually they are immaterial. Additions in 2019 were recognised under tangible assets.

OTHER PROVISIONS

A supplier of wind power equipment was unable to meet its commitment (see [Note 15](#)), delaying the construction of a Repower AG wind power plant for which a minimum feed-in tariff had already been agreed. Given the threat of a penalty resulting from the delay in the commencement of production, a provision of CHF 818 thousand was made.

28 DEFERRED TAX LIABILITIES

	2019	2018
CHF thousand		
Deferred tax liabilities	22,209	24,243

The tax rates used to calculate deferred income tax items are 14.7 per cent for Switzerland (prior year: 16.1 per cent), 24.0 per cent for Italy, and between 29.0 and 32.8 per cent for Germany.

29 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

	Currency	Interest rate	Current	Maturity 1- years	Maturity more than 5 years	Total Non Current
CHF thousand						
Financial liabilities 31.12.2019			17,719	192,592	242,755	435,347
Bonds	CHF	2.4%	-200	96,128	-	96,128
Loans	CHF	1.2% - 3.6%	865	10,000	70,000	80,000
Loans ¹⁾	EUR	variable	9,011	28,620	35,573	64,193
Loans	EUR	1.7% - 1.9%	-	27,135	27,135	54,270
Liabilities for finance leasing	EUR	1.1% - 1.4%	2,837	11,834	12,760	24,594
Loan from minorities	CHF	no interest	390	1,560	17,941	19,501
Loan from minorities ²⁾	CHF	0.3%	745	3,725	51,773	55,498
Loan from minorities	EUR	no interest	-34	-138	2,057	1,919
Loan from minorities	EUR	3.9%	3,088	13,616	9,642	23,258
Registered bond	EUR	3.4%	-7	-28	2,646	2,618
Other financial liabilities ³⁾	CHF	no interest	738	-	-	-
Other financial liabilities	EUR	no interest	100	140	-	140
Forward foreign currency contracts	CHF		186	-	-	-
Swaps	CHF		-	-	13,228	13,228
Financial liabilities are carried in the following currencies:						
Swiss francs			2,724	111,413	152,942	264,355
Euro (translated)			14,995	81,179	89,813	170,992

1) This item includes bank loans in the amount of TCHF 62'207. Mortgage assignments were pledged as security for the investment. The fixed assets pledged in this connection are disclosed in Note 15.

2) The balances of short-term loans, loans with a «maturity of 1-5 years» and TCHF 44,706 of loans with a «maturity of more than 5 years» are released to income in accordance with the maturities shown. As of 1 January 2020, the balances are reclassified to other liabilities (see events after the balance sheet date).

3) Mortgage assignments were pledged as security for the investment loan of TCHF 212. The fixed assets pledged in this connection are disclosed in Note 15.

	Currency	Interest rate	Current	Maturity 1- years	Maturity more than 5 years	Total Non Current
CHF thousand						
Financial liabilities 31.12.2018			11,437	154,817	275,464	430,281
Bonds	CHF	2.4%	-200	95,927	-	95,927
Loans	CHF	1.2% - 3.6%	75	10,865	70,000	80,865
Loans ¹⁾	EUR	variable	3,420	17,004	30,311	47,315
Loans	EUR	1.7% - 1.9%	-	-	56,345	56,345
Liabilities for finance leasing	CHF	2.5%	21	11	-	11
Liabilities for finance leasing	EUR	1.2% - 1.4%	2,895	12,079	16,401	28,480
Loan from minorities	CHF	no interest	390	1,560	18,331	19,891
Loan from minorities	CHF	0.3%	852	3,409	52,834	56,243
Loan from minorities	EUR	no interest	-57	-228	3,340	3,112
Loan from minorities	EUR	3.9%	3,084	13,601	13,752	27,353
Registered bond	EUR	3.4%	-7	-29	2,740	2,711
Other financial liabilities ²⁾	CHF	no interest	719	213	-	213
Other financial liabilities	EUR	no interest	189	405	-	405
Forward foreign currency contracts	CHF		56	-	-	-
Swaps	CHF		-	-	11,410	11,410

Financial liabilities are carried in the following currencies:

Swiss francs	1,913	111,985	152,575	264,560
Euro (translated)	9,524	42,832	122,889	165,721

1) This item includes bank loans in the amount of TCHF 40'069 coming from the acquired companies. The fixed assets pledged in this connection are disclosed in Note 15.

2) Mortgage assignments were pledged as security for the investment loan of TCHF 425. The fixed assets pledged in this connection are disclosed in Note 15.

Negative amounts presented in the table are scheduled allocations of net expenditures.

30 OTHER NON-CURRENT LIABILITIES

	2019	2018
CHF thousand		
Other non-current liabilities	61,773	63,500
Connection fees and grid cost contributions	61,559	63,273
Other	214	227

This item comprises accrued connection fees and grid cost contributions received from customers, which are charged to profit or loss over a period of 35 years via net sales from goods and services in the Market Switzerland segment.

31 TRADE CREDITORS

	31.12.2019	31.12.2018 Restated*
CHF thousand		
Trade accounts payable	77,984	68,930

*) See «Correction of errors and changes in presentation» section

The stated liabilities from goods and services also include liabilities vis-à-vis associates and joint ventures amounting to CHF 838 thousand (prior year restated: CHF 1,704 thousand)

32 OTHER CURRENT LIABILITIES

	31.12.2019	31.12.2018
CHF thousand		
Other current liabilities	23,155	29,109
Excise taxes	7,119	7,778
Connection fees and grid cost contributions	3,541	3,576
Customer prepayments	1,378	3,917
VAT liabilities	1,328	513
Current income tax liabilities	124	1,390
Other current liabilities	9,665	11,935

The customer prepayments item contains prepayments of CHF 1,032 thousand (prior year: CHF 3,855 thousand) for third-party contracts.

33 DEFERRED INCOME AND ACCRUED EXPENSES

	31.12.2019	31.12.2018 Restated*
CHF thousand		
Deferred income and accrued expenses	317,052	271,771
Trade accounts payable invoices to be received	296,363	251,717
Deferred income for capital and other taxes, charges and levies	5,389	5,306
Accrued annual leave and overtime	4,937	5,760
Accrued other personnel expenses	3,664	2,601
Accrued power trades from participations	3,190	3,343
Accrued interest	2,644	2,710
Other accrued expenses	865	334

*) See «Correction of errors and changes in presentation» section

34 PENSION SCHEMES

EMPLOYER CONTRIBUTION RESERVES

The employer contribution reserve account of CHF 68 thousand recognised as of 31 December 2018 under non-current financial assets relates to SWIBI AG, which was a fully consolidated group company the prior year. Since 2019 the company has been recognised as an associate under the name of esolva ag. The utilisation and result of employer contribution reserves came to CHF 0 thousand (prior year: CHF 12 thousand).

ECONOMIC BENEFIT/ECONOMIC LIABILITY AND PENSION BENEFIT EXPENSES

	Overfunding/ underfunding	Organisation's share of economic liability		Change on prior year	Contributions concerning the business period	Pension benefit expenses within personnel expenses	
	31.12.2019	31.12.2019	31.12.2018	2019	2019	2019	2018
CHF thousand							
Pension plans without overfunding/underfunding	-	-	-	-	6,558	6,558	3,620
Pension institutions with unfunded obligations	-	-3,871	-3,649	-222	234	787	759
Total	-	-3,871	-3,649	-222	6,792	7,345	4,379

In 2019 Repower AG and its employees joined the joint pension scheme of the PKE Vorsorgestiftung foundation. The previous year the pension fund for employees of Repower AG had still been organised as an independent pension scheme of the collective foundation of the PKE Vorsorgestiftung foundation.

The item "Pension institutions with unfunded obligations" relates to the obligation to pay severance pay in Italy (see [Note 27](#)). The change in the stated provision related to pension benefit expenses in the income statement comes to CHF 554 thousand at the average exchange rate.

To compensate for the future reduction in conversion rates for the occupational pensions of employees in Switzerland, Repower AG made an additional employer's contribution of CHF 3,087 thousand in the 2019 financial year (see [Note 8](#)).

35 DERIVATIVE FINANCIAL INSTRUMENTS

	Replacement values		Replacement values	
	positive	negative	positive	negative
	31.12.2019		31.12.2018	
CHF thousand				
On-balance-sheet derivatives				
Held for trading				
Interest derivatives	-	13,228	-	11,410
Currency derivatives	4,596	186	2,000	56
Energy derivatives	837,020	814,329	1,009,980	998,141
Total on-balance-sheet derivatives	841,616	827,743	1,011,980	1,009,607
Netting	-750,329	-750,329	-847,863	-847,863
Net value on balance sheet	91,287	77,414	164,117	161,744
Off-balance-sheet derivatives				
Held for cash flow hedges				
Interest derivatives	-	2,804	-	2,129
Energy derivatives	130,549	120,398	33,621	56,870
Total off-balance-sheet derivatives	130,549	123,202	33,621	58,999
Total derivative financial instruments	221,836	200,616	197,738	220,743

The line "netting" refers to the netting of energy derivatives transactions entered into with the same counterparty and with whom there are enforceable netting agreements.

Cash flow hedges used as hedging transactions are not recognised on the balance sheet and therefore do not yet impact the balance sheet. Off-balance-sheet energy and interest derivatives are used to hedge future cash flows with a high probability of occurrence.

36 TRANSACTIONS WITH RELATED PARTIES

The balances and liabilities reported on the balance sheet and the transactions contained in the income statement vis-à-vis related parties are related to business with the main shareholders and Repower AG entities, associates, partner plants and joint ventures controlled by them.

The following balance sheet and profit and loss items contain the following amounts vis-à-vis related third parties:

	31.12.2019	31.12.2018 Restated*
CHF thousand		
Income statement item		
Net Sales from goods and services	15,935	67,759
Energy procurement	-73,972	-46,425
Financial and other operating income	402	437
Financial and other operating expenses	-2,684	-192
Balance sheet item		
Assets		
Financial assets	1,486	5,873
Trade accounts receivable	840	917
Prepaid expenses and accrued income	2,612	3,328
Positive replacement values of held for trading positions	3,415	7,899
Liabilities		
Non-current liabilities	9,418	9,571
Trade accounts payable	1,725	1,856
Deferred income and accrued expenses	9,857	6,362
Negative replacement values of held for trading positions	16,756	11,017
Off-balance-sheet energy derivatives		
Held for cash flow hedges		
Positive replacement values	5,280	453
Negative replacement values	5,842	6,694

*) See «Correction of errors and changes in presentation» section

Transactions are at market prices, or in the case of Grischelectra AG at annual costs.

Canton Graubünden is deemed to be a related party in its capacity as a shareholder. Canton Graubünden's energy business is transacted via Grischelectra AG, which is included as a related party in the table above. Official business such as levying taxes, concession-related charges, fees, etc., is done on a statutory basis and is therefore not included here.

Compensation paid to members of the board of directors and executive board is disclosed in the Corporate Governance section.

37 SEGMENT REPORTING

Segment reporting is done by geographic market and reflects internal management and reporting structures. The information provided is that used by management for steering and assessing the business performance and development of the individual segments. For each business segment, internal steering, performance measurement and capital allocation are carried out on the basis of the segment's income before interest and income taxes (EBIT). Segment income is calculated on the basis of the accounting and valuation principles used at group level.

	Market Switzerland	Market Italy	Other segments and activities	Group
CHF thousand				
2019				
Net sales from goods and services	676,324	1,269,071	-30,134	1,915,261
Net sales from goods and services	675,696	1,239,425	140	1,915,261
Net sales from goods and services between segments	628	29,646	-30,274	-
Earnings before interest and taxes (EBIT)	29,778	50,903	-15,461	65,220

	Market Switzerland	Market Italy	Other segments and activities	Group
CHF thousand				
2018				
Net sales from goods and services	715,313	1,419,405	-60,839	2,073,879
Net sales from goods and services	691,193	1,382,535	151	2,073,879
Net sales from goods and services between segments	24,120	36,870	-60,990	-
Earnings before interest and taxes (EBIT)	17,478	29,317	-11,422	35,373

38 TREASURY SHARES

	2019		2018	
	Number of shares	Carrying amount in CHF	Number of shares	Carrying amount in CHF
Initial balance at 1 January	301	22,084	256	15,365
Purchases	351	30,227	605	42,835
Disposals	-480	-36,303	-560	-36,116
Ending balance at 31 December	172	16,008	301	22,084

Purchases/disposals of treasury shares relate to Repower AG registered shares. In the year under review Repower AG bought 351 shares (prior year 605) at CHF 86.12 (prior year CHF 70.80) and sold 480 shares (prior year 560) at an average price of CHF 90.29 (prior year CHF 71.31).

39 OFF-BALANCE-SHEET BUSINESS

In the course of regular business the group granted guarantees, bank guarantees and sureties in favour of third parties, directly and via commercial banks. These came to CHF 144,431 thousand (prior year: CHF 150,236 thousand).

There is a service agreement for the Teverola power plant, concluded for 25 years and ending in June 2029. This resulted in an irrevocable payment obligation of CHF 10,431 thousand as per 31 December 2019 (prior year: CHF 11,970 thousand).

In the course of usual business, litigation can arise which results in contingent liabilities. These contingent liabilities are not expected to result in material liabilities within Repower Group in addition to the provisions already made for litigation (see [Note 27](#)). On the other hand there is litigation under way where Repower is asserting its rights, which, if it is successful, could result in inflowing payments.

	31.12.2019	31.12.2018
CHF thousand		
Off-balance-sheet liabilities		
Operating lease (nominal value)	13,320	14,777
Due within 1 year	3,085	2,976
Due in 1-5 years	4,658	5,323
Due in more than 5 years	5,577	6,478
Procurement contracts	733,681	646,002
Due within 1 year	120,753	112,394
Due in 1-5 years	367,720	363,206
Due in more than 5 years	245,208	170,402

At the reporting date of the financial year under review, the outstanding minimum lease payments consisted of CHF 12,297 thousand for property and buildings (prior year: CHF 13,850 thousand) and CHF 1,023 thousand for motor vehicles (prior year CHF 927 thousand).

Obligations to take delivery of electrical energy deriving from the interests in AKEB Aktiengesellschaft für Kernenergie, Lucerne, Kraftwerke Hinterrhein AG, Thusis, and Grischelectra AG are not included in the above table. The volume and price of electricity delivered depend on actual future production and costs incurred by these companies.

Pledges are recognised under the relevant assets.

40 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 17 December 2019 Repower AG, its subsidiary Repartner Produktions AG, and the other companies with interests in this company agreed to transfer the power generation assets in the Prättigau, including the concessions, to Repartner Produktions AG. The transfer took place on 1 January 2020. In connection with this transaction the shareholders of Repartner Produktions AG transferred their shareholder loan of CHF 49,176 thousand to Repower AG. From the group point of view this transfer should be seen as an advance payment received for energy delivery, and will be charged to profit or loss over the remaining 66 year concession period.

The financial statements were approved for publication by the board of directors on 2 April 2020. They are subject to the approval of the annual general meeting, which will take place on 20 May 2020.

Report of the statutory auditor



Ernst & Young AG
Maagplatz 1
Postfach
CH-8010 Zürich

Telefon +41 58 286 3111
Fax +41 58 286 30 04
www.ey.com/ch

Zurich, 6 April 2020

To the General Meeting of Repower AG, Brusio

REPORT OF THE AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Repower AG, which comprise the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, the changes in consolidated equity, and the notes to the consolidated financial statements, for the year ended 31 December 2019.



BOARD OF DIRECTORS' RESPONSIBILITY

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



OPINION

In our opinion, the consolidated financial statements for the year ended 31 December 2019 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.



REPORT ON KEY AUDIT MATTERS BASED ON THE CIRCULAR 1/2015 OF THE FEDERAL AUDIT OVERSIGHT AUTHORITY

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Classification, valuation and presentation of energy derivatives

Risk	<p>The accounting treatment of energy derivatives is a result of its classification as "held-for-trading" or "Cashflow-Hedges". Classification requires judgment and has a material impact on both consolidated balance sheet presentation and group result.</p> <p>The valuation of these "held-for-trading" instruments is derived from observable market data on active markets. The positive and negative replacement values are presented net when legally enforceable netting agreements are in place.</p> <p>The Company defines policies and procedures to account for energy contracts. These include the definition of segregation of duties and controls.</p> <p>Due to the significance of these transactions, significant judgment and the potential impact on the financial statements, the accounting of energy derivatives was considered significant in our audit. Refer to notes 1 and 35 of the consolidated financial statements for further information.</p>
Our audit response	<p>We evaluated the Group's policies and procedures around classification, valuation and netting of open positions including the established segregation of duties and discussed these with the Group. We assessed internal controls over the Group's accounting for such trading activity.</p> <p>For a sample of energy derivatives, we tested the observable inputs into valuation models by reference to externally available market data.</p> <p>Our audit did not give rise to any objections with regard to the recognition and measurement of the energy derivatives.</p>

Valuation of tangible assets and energy procurement contracts

Risk	<p>Tangible assets are a material balance sheet item amounting to 43.1% of total assets in the consolidated balance sheet. These comprise primarily power plants, grids and other non-current assets of the Group. In the financial year 2019, no extraordinary value adjustments were made. In addition, there are long-term purchase commitments which could significantly affect the amount of contractual commitments and thus the potential need for provisions.</p> <p>The valuation of tangible assets and energy procurement contracts by Repower depends on various valuation parameters and has a material impact on net income. The testing for potential value adjustments involves the use of estimates and assumptions, such as the forecast production volume, the forecast long-term energy price curve, foreign exchange rates impacting future earnings and cash flows. In addition, discount rates are relevant in obtaining a value in use as of the date of the valuation. Refer to Note 15 and 27 for further information.</p>
Our audit response	<p>We assessed the Group's valuation approach related to its tangible assets and energy procurement contracts. We further assessed the process to derive the underlying assumptions and estimates around forecast production volumes, the forecast long-term energy price curve and foreign exchange rates. We evaluated the internal controls related to the budgeting and forecasting process as well as the process to derive assumptions and estimates. We evaluated the mathematical correctness of the impairment testing model and involved valuation specialists to evaluate the methodology.</p> <p>We assessed the cash flows derived for each tested tangible asset and how the discount rate including applicable input variables was determined. We corroborated the input variables to the discount rate based on sources provided by the Group and tested them against observable market data.</p> <p>Our audit did not give rise to any objections with regard to the process used to derive the assumptions and valuation of the tangible assets and energy procurement contracts.</p>



REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the board of directors.

We recommend that the financial statements submitted to you be approved.

Ernst & Young AG

Income statement

CHF thousand		2019	2018
	Note		
Net sales	1	654,674	691,709
Change in inventories for work in progress	2	553	1,052
Own costs capitalised		6,413	6,948
Other operating income		21,618	27,588
Total operating revenue		683,258	727,297
Energy procurement		-518,137	-580,786
Materials and third party services		-28,494	-19,805
Concession fees		-17,969	-16,611
Personnel expenses		-53,359	-49,827
Other operating expenses		-21,631	-24,313
Depreciation/amortisation and impairment	3	-25,588	-31,728
Operating expenses		-665,178	-723,070
Operating earnings before interest, extraordinary items and taxes		18,080	4,227
Financial income		60,324	55,017
Financial expenses		-61,840	-51,777
Operating earnings before taxes		16,564	7,467
Non-operating income		578	682
Extraordinary, non-recurring or prior period income	4	3,685	1,217
Extraordinary, non-recurring or prior period expenses	5	-1,274	-354
Earnings before taxes		19,553	9,012
Taxes		-4,598	-5,087
Net earnings for the year		14,955	3,925

Balance sheet

		31.12.2019	31.12.2018
CHF thousand			
	Note		
Assets			
Cash and cash equivalents and current assets listed at the stock exchange	6	368,861	381,312
Current securities and other financial instruments not listed at the stock exchange	7	102,562	61,269
Trade accounts receivable	8	53,993	322,063
Other receivables	9	30,960	8,246
Inventories and non-invoiced services	10	6,862	10,725
Prepaid expenses and accrued income	11	350,893	2,791
Current assets		914,131	786,406
Financial assets	12	132,867	233,687
Shareholdings		220,250	233,422
Tangible assets		371,574	366,444
Intangible assets	13	10,799	16,507
Non-current assets		735,490	850,060
Total assets		1,649,621	1,636,466
CHF thousand		31.12.2019	31.12.2018
	Note		
Liabilities and shareholders' equity			
Trade accounts payable	14	18,683	298,140
Current interest-bearing liabilities	15	-	2,029
Other current liabilities	16	73,231	136,571
Deferred income and accrued expenses	17	372,281	20,507
Current liabilities		464,195	457,247
Non-current interest-bearing liabilities	18	367,342	369,520
Other non-current liabilities	19	49,657	49,104
Non-current provisions	20	16,071	19,511
Non-current liabilities		433,070	438,135
Liabilities		897,265	895,382
Share capital		7,391	7,391
Legal reserve from capital		180,640	184,335
Legal reserve from retained earnings		17,123	17,123
Free reserves from earnings			
Other reserves		511,985	491,979
Retained earnings		35,233	40,278
Treasury shares		-16	-22
Shareholders' equity	21	752,356	741,084
Total liabilities and shareholder's equity		1,649,621	1,636,466

Notes to the financial statements: general

GENERAL

The company was established in 1904 under the name of Kraftwerke Brusio AG. In 2000, Kraftwerke Brusio AG (Poschiavo) merged with AG Bündner Kraftwerke (Klosters) and Rhätische Werke für Elektrizität (Thusis) to form Rätia Energie AG. In 2010 the company was renamed Repower AG. The purpose of the company is to generate, transmit, distribute, trade in and sell energy, and provide services directly or indirectly in this connection.

Notes to the financial statements: principles

A. ACCOUNTING PRINCIPLES

The present financial statements were prepared in accordance with the provisions of Swiss financial reporting law (Title Thirty-Two of the Code of Obligations).

B. ACCOUNTING AND VALUATION PRINCIPLES

The main items are recognised as follows:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash holdings and bank and postal account balances, and are recognised on the balance sheet at nominal value.

CURRENT ASSETS WITH A STOCK EXCHANGE PRICE

Derivative financial instruments held for trading with a directly observable market price or directly observable input parameters are recognised at fair value. Fluctuation reserves are not created.

HEDGING TRANSACTIONS

Future cash flows in foreign currencies can be hedged. The corresponding derivative is recognised in profit or loss on the occurrence of the underlying transaction.

TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are recognised at nominal value and impaired if necessary. The amount at the end of the period may be subjected to a flat rate impairment at a rate accepted for tax purposes.

OTHER RECEIVABLES

Other receivables are measured at nominal values. Any counterparty risks are accounted for by means of necessary impairment.

Provided the conditions for large orders are met, long-term construction contracts are valued in accordance with the percentage of completion (PoC) method. Following the consolidated financial statements, these are recognised in other receivables. Under the PoC method, in addition to acquisition or production costs a portion of profits corresponding to the percentage of completion of the order is recognised, provided that the order's realisation is reasonably certain. The percentage of completion is calculated on the basis of the accrued costs in relation to the anticipated total costs (cost to cost). If the conditions for applying the PoC method are not met, recognition is under non-invoiced services.

INVENTORIES AND NON-INVOICED SERVICES

Inventories and non-invoiced services are recognised at acquisition or production cost taking account of economically necessary impairments. Otherwise impairment may be done at a rate accepted for tax purposes.

PREPAID EXPENSES AND ACCRUED INCOME/DEFERRED INCOME AND ACCRUED EXPENSES

Prepaid expenses and accrued income/deferred income and accrued expenses comprise the asset and liability items resulting from the accrual and deferral of individual items of expense and income in accordance with the accrual and matching principle. The origination costs of interest-bearing liabilities are capitalised under prepaid expenses and accrued income. Prepaid expenses and accrued income/deferred income and accrued expenses are recognised at nominal values.

FINANCIAL ASSETS AND SHAREHOLDINGS

Financial assets and shareholdings are recognised at cost taking account of necessary impairment. Financial assets and shareholdings are measured on a unit of account basis.

ACCOUNTING STANDARDS/CONSISTENCY

In the 2019 financial year Repower AG corrected an accounting error versus the prior year. Accruals and deferrals for goods and services delivered or received but not yet invoiced, previously recognised in trade accounts receivable and payable, are now recognised in prepaid expenses and accrued income/deferred income and accrued expenses. Prepaid expenses and accrued income contains accruals and deferrals for CHF 347,789 thousand, while deferred income and accrued expenses contains accruals and deferrals for CHF 354,174 thousand. From this financial year the accounting method used for the individual financial statements will follow the disclosure method used in the consolidated financial statements.

Investments where Repower AG holds an interest of less than 20 per cent were until now recognised under investments. From the 2019 financial year, such minority interests are recognised as financial assets as prescribed by the Swiss Code of Obligations. Minority interests totalled CHF 15,935 thousand (prior year: CHF 13,122 thousand).

TANGIBLE ASSETS

Tangible assets are recognised at acquisition or production cost less accumulated depreciation and any impairment losses. Amortisation is done on a straight-line basis over the subsequent intangible assets.

Category	Useful life
Power plants and concession period	20 – 80 years depending on the type of facility
Grids	15 – 40 years
Land	Indefinite; any impairments are recognised immediately
Buildings	30 – 60 years
Plant and business equipment	3 – 20 years
Assets under construction	Reclassification to the corresponding category when available for use; any impairments are recognised immediately

INTANGIBLE ASSETS

Intangible assets are amortised on a straight-line basis. If there are indications of overvaluation, necessary impairments are taken into account.

CURRENT LIABILITIES

Current liabilities are recognised at nominal value.

NON-CURRENT LIABILITIES

Non-current liabilities comprise a) long-term, interest-bearing financial liabilities at nominal value and b) other non-interest-bearing long-term liabilities.

PROVISIONS

A provision is a probable liability deriving from a past event; the amount of the liability and/or the date on which it will fall due is uncertain but can be estimated. The amount of provisions is based on the management's assessment, and reflects the future outflows of funds that can be anticipated as of the balance sheet date.

TREASURY SHARES

Treasury shares are recognised as a negative item in shareholders' equity on the date of acquisition, without any subsequent measurement. On resale the profit or loss is booked directly to free reserves from earnings under the other reserves.

Notes to the financial statements: C. Notes

1 NET SALES

	2019	2018
CHF thousand		
Net sales	654,674	691,709
Revenue from energy sales	628,815	688,275
Gain on held-for-trading positions	19,092	3,434
Revenue from long term contracts ¹⁾	6,767	-

1) Long term contracts are recognised to the percentage of completion-method erfasst.

2 CHANGES IN VALUE OF WORK IN PROGRESS

	2019	2018
CHF thousand		
Change in inventories for work in progress	553	1,052
Change in inventories for work in progress	553	1,052

3 DEPRECIATION/AMORTISATION AND IMPAIRMENT

	2019	2018
CHF thousand		
Depreciation/amortisation and impairment	-25,588	-31,728
Depreciation of tangible assets	-16,138	-15,966
Amortisation of intangible assets	-6,166	-6,207
Impairment of financial assets and investments	-3,284	-9,555

4 EXTRAORDINARY, NON-RECURRING OR PRIOR-PERIOD INCOME

	2019	2018
CHF thousand		
Extraordinary, non-recurring or prior period income	3,685	1,217
Gains on disposals of assets	2,463	782
Other extraordinary, non-recurring or prior period income ¹⁾	1,222	435

1) This item mainly includes insurance compensations for fire damage to the plant of Papierfabrik Landquart, storm damage caused by Burglind and incidents due to high snow loads in the supply area (previous year: mainly insurance compensation for damage and compensation for the granting of an advance sale right after contract termination).

5 EXTRAORDINARY, NON-RECURRING OR PRIOR PERIOD EXPENSES

	2019	2018
CHF thousand		
Extraordinary, non-recurring or prior period expenses	-1,274	-354
Loss on disposals of assets under construction	-806	-5
Loss on disposals of assets	-348	-347
Other extraordinary, non-recurring or prior period expenses	-120	-2

6 CASH AND CASH EQUIVALENTS AND CURRENT ASSETS LISTED AT THE STOCK EXCHANGE

	31.12.2019	31.12.2018
CHF thousand		
Cash and cash equivalents and current assets listed at the stock exchange	368,861	381,312
Cash and cash equivalents	270,933	217,094
Energy trading	10,347	27,320
Positive replacement values of held for trading positions	87,581	136,898

7 CURRENT SECURITIES AND OTHER FINANCIAL INSTRUMENTS NOT LISTED AT THE STOCK EXCHANGE

	31.12.2019	31.12.2018
CHF thousand		
Current securities and other financial instruments not listed at the stock exchange	102,562	61,269
Fixed- term deposits (maturity within 12 months)	102,562	61,269

8 TRADE ACCOUNTS RECEIVABLE

	31.12.2019	31.12.2018
CHF thousand		
Trade accounts receivable	53,993	322,063
Third parties	29,227	273,097
Participants and management bodies	336	11,952
Investments	24,430	37,014

The prior year total for receivables from goods and services includes accruals and deferrals for invoices from investments and energy bills amounting to CHF 289,671 thousand. In the year under review the entire accruals and deferrals were recognised under prepaid expenses and accrued income.

9 OTHER RECEIVABLES

	31.12.2019	31.12.2018
CHF thousand		
Other receivables	30,960	8,246
Third parties ¹⁾	15,147	6,953
Investments	15,813	1,293

1) This item includes accrued contract revenues of TCHF 6'767 (previous year: TCHF 0) less advance payments received of TCHF 5'761 (previous year: TCHF 0).

10 INVENTORIES AND NON-INVOICED SERVICES

	31.12.2019	31.12.2018
CHF thousand		
Inventories and non-invoiced services	6,862	10,725
Inventories	2,012	6,428
Non-invoiced services	4,850	4,297

11 PREPAID EXPENSES AND ACCRUED INCOME

	31.12.2019	31.12.2018
CHF thousand		
Prepaid expenses and accrued income	350,893	2,791
Third parties	326,974	2,559
Participants and management bodies	20,561	-
Investments	3,358	232

The total for the year under review contains prepaid expenses and accrued income of CHF 347,789 thousand from investments and for energy bills.

12 FINANCIAL ASSETS

	31.12.2019	31.12.2018
CHF thousand		
Financial assets	132,867	233,687
Securities	18,501	2,547
Fixed-term deposits >12 months	10,000	20,000
Non-current receivables third parties	4,030	411
Loans to investments ¹⁾	100,336	210,729

1) In the «Loans to investments» there is a credit, for which a subordination of 4'348 thousand francs has been granted (2018: TCHF 13'150).

13 INTANGIBLE ASSETS

	31.12.2019	31.12.2018
CHF thousand		
Intangible assets	10,799	16,507
Concessions and reversion waiver compensation	6,516	12,562
Rights of use	1,782	1,307
Software	2,501	2,223
Intangible assets under development	-	415

14 TRADE ACCOUNTS PAYABLE

	31.12.2019	31.12.2018
CHF thousand		
Trade accounts payable	18,683	298,140
Third parties	16,655	271,289
Participants and management bodies	887	12,767
Investments	1,141	14,084

The prior year total for trade accounts payable includes accruals and deferrals from investments and for energy bills amounting to CHF 279,778 thousand. In the year under review the entire accruals and deferrals were recognised under deferred income and accrued expenses.

15 CURRENT INTEREST-BEARING LIABILITIES

	31.12.2019	31.12.2018
CHF thousand		
Current interest-bearing liabilities	-	2,029
Other current interest-bearing liabilities	-	2,029
Investments	-	2,029

16 OTHER CURRENT LIABILITIES

	31.12.2019	31.12.2018
CHF thousand		
Other current liabilities	73,231	136,571
Third parties ¹⁾	63,018	132,510
Participants and management bodies	9,163	3,133
Investments	1,050	928
Other current liabilities	73,241	136,571
Negative replacement values of held for trading positions	61,660	124,263
Other current liabilities	11,581	12,308

1) Includes an interest-free investment loan running from 2007 to 2020. Mortgage assignments were pledged as security; see further notes to the financial statements, contingent liabilities, sureties, guarantee obligations and pledges in favour of third parties.

17 DEFERRED INCOME AND ACCRUED EXPENSES

	31.12.2019	31.12.2018
CHF thousand		
Deferred income and accrued expenses	372,281	20,507
Third parties	331,269	18,892
Participants and management bodies	24,021	-
Investments	16,991	1,615

The total for the year under review contains prepaid expenses and accrued income of CHF 354,174 thousand from investments and for energy bills.

18 NON-CURRENT INTEREST-BEARING LIABILITIES

CHF thousand			31.12.2019	31.12.2018
	Interest rate	Duration		
Non-current interest-bearing liabilities			367,342	369,520
Loans			134,270	136,346
Loan	2,500%	2010-2030	20,000	20,000
Private placement	3,625%	2008-2023	10,000	10,000
Bank loan	1.698%	2017-2024	27,135	28,173
Bank loan	1.922%	2017-2025	27,135	28,173
Bank loan	1.820%	2006-2026	50,000	50,000
Bonds			99,159	99,261
Bond	2.375%	2010-2022	96,445	96,445
Registered bond	3.400%	2014-2034	2,714	2,816
To investments			133,913	133,913

19 OTHER NON-CURRENT LIABILITIES

CHF thousand		31.12.2019	31.12.2018
Other non-current liabilities		49,657	49,104
Connection fees and grid cost contributions		9,765	8,287
Connection fees and grid cost contributions		9,765	8,287
Other non-current liabilities		39,892	40,817
Third parties		-	127
Investments		39,892	40,690

20 PROVISIONS

CHF thousand		31.12.2019	31.12.2018
Provisions		16,071	19,511
For contract risks		-	5,202
Other risks ¹⁾		16,071	14,309

1) Other risks include the value of interest rate swaps amounting to TCHF 13,228 (previous year: TCHF 11,410). Taken individually, the other items are immaterial.

21 EQUITY

	31.12.2019	31.12.2018
CHF thousand		
Shareholders' equity	752,356	741,084
Share capital	7,391	7,391
Share capital 7,390,968 registered shares at a par value of CHF 1 per share	7,391	7,391
Reserves	709,748	693,437
Legal capital reserves		
Capital reserves	180,640	184,335
Legal reserve from retained earnings	17,123	17,123
Other reserves ¹⁾	511,985	491,979
Retained earnings	35,233	40,278
Retained earnings carried forward ¹⁾	20,278	36,353
Net income for the year	14,955	3,925
Treasury shares	-16	-22

1) In the year under review the increase of TCHF 7 in other reserves is attributable to gains and losses from the sale of treasury shares. The previous year the general meeting of shareholders of 15 May 2019 approved a transfer of TCHF 20,000 from retained earnings to other reserves.

SHARE CAPITAL

Significant shareholders as defined by the Swiss Code of Obligations (OR) 663c (share of capital and voting rights):

	31.12.2019	31.12.2018
Elektrizitätswerke des Kantons Zürich (EKZ)	32.12%	29.83%
Canton Graubünden	21.96%	21.96%
UBS Clean Energy Infrastructure KGK (UBS-CEIS)	18.88%	18.88%
Axpo Holding AG, Baden	12.69%	12.69%

TREASURY SHARES

	2019		2018	
	Number of shares	Carrying value in CHF	Number of shares	Carrying value in CHF
Initial balance at 1 January	301	22,084	256	15,365
Purchases	351	30,227	605	42,835
Disposals	-480	-36,303	-560	-36,116
End balance at 31 December	172	16,008	301	22,084

In the year under review Repower AG bought 351 shares at an average price of CHF 86.12 and sold 480 shares at an average price of CHF 90.29.

The previous year Repower AG bought 605 shares at an average price of CHF 70.80 and sold 560 shares at an average price of CHF 71.31.

Notes to the financial statements: D. Further notes

NET RELEASE OF HIDDEN RESERVES

In the reporting year, hidden reserves of CHF 12,644 thousand were released (prior year: CHF 8,166 thousand).

EMPLOYEE INFORMATION

In the year under review and the previous year Repower AG had more than 250 full-time positions on annual average.

DIRECT AND INDIRECT SHAREHOLDINGS

DIRECT PARTICIPATIONS

Company	Head office	Currency	Issued capital		Share of equity and votes in %	
			31.12.2019	31.12.2018	31.12.2019	31.12.2018
Ovra elettrica Ferrera SA	Trun	CHF	3,000,000	3,000,000	49.00%	49.00%
esolva ag (vormals SWIBI AG) ¹⁾	Landquart	CHF	792,000	500,000	42.05%	76.58%
Alvezza SA in Liquidation	Disentis	CHF	500,000	500,000	62.00%	62.00%
Lagobianco SA ²⁾	Poschiavo	CHF	-	1,000,000	-	100.00%
Repartner Produktions AG	Poschiavo	CHF	20,000,000	20,000,000	51.00%	51.00%
tiko Energy Solutions AG ³⁾	Ittigen	CHF	-	13,342,325	-	35.00%
Kraftwerk Morteratsch AG ⁴⁾	Pontresina	CHF	500,000	500,000	10.00%	10.00%
Repower Deutschland GmbH	Dortmund	EUR	11,525,000	11,525,000	100.00%	100.00%
Repower Italia S.p.A.	Milan	EUR	2,000,000	2,000,000	100.00%	100.00%
MERA S.r.l.	Milan	EUR	100,000	100,000	100.00%	100.00%
EL.IT.E. S.p.A.	Milan	EUR	3,888,500	3,888,500	46.55%	46.55%

1) Esolva ag results from the merger of SWIBI AG, EcoWatt AG and Sacin AG and is officially active until 1st December 2019.

2) In the current year Lagobianco SA was merged into Repower AG.

3) Since the french energy group ENGIE joined the company, Repower AG still holds 19,85 percent of the shares and reports notw the participation under the financial assets.

4) Repower AG holds 10% of the share capital and 35,7% of the voting rights of Kraftwerk Morteratsch AG.

INDIRECT PARTICIPATIONS

Company	Head office	Currency	Issued capital		Share of equity and votes in %	
			31.12.2019	31.12.2018	31.12.2019	31.12.2018
Repartner Wind GmbH	Dortmund	EUR	25,000	25,000	51.00%	51.00%
Repower Vendita Italia S.p.A.	Milan	EUR	4,000,000	4,000,000	100.00%	100.00%
SET S.p.A.	Milan	EUR	120,000	120,000	61.00%	61.00%
Energia Sud S.r.l.	Milan	EUR	1,500,000	1,500,000	100.00%	100.00%
SEA S.p.A.	Milan	EUR	120,000	120,000	65.00%	65.00%
REC S.r.l.	Milan	EUR	10,000	10,000	65.00%	65.00%
Immobiliare Saline S.r.l.	Milan	EUR	10,000	10,000	100.00%	100.00%
REV S.r.l.	Milan	EUR	10,000	10,000	100.00%	100.00%
Aerochetto S.r.l.	Catania	EUR	2,000,000	2,000,000	39.00%	39.00%
Repower Renewable S.p.A.	Venice	EUR	66,735,660	66,735,660	65.00%	65.00%
Impianto Eolico Pian dei Corsi S.r.l.	Venice	EUR	200,000	200,000	37.38%	37.38%
ESE Cerignola S.r.l.	Venice	EUR	100,000	100,000	65.00%	65.00%
RES S.r.l.	Venice	EUR	150,000	150,000	65.00%	65.00%
Cramet Energie S.r.l.	Venice	EUR	19,600	19,600	65.00%	65.00%
ESE Trelizzi S.r.l.	Venice	EUR	19,600	19,600	65.00%	65.00%
ESE Salento S.r.l. ¹⁾	Venice	EUR	10,000	10,000	65.00%	61.75%
Elettrosud Rinnovabili S.r.l.	Venice	EUR	10,000	10,000	65.00%	65.00%
Quinta Energia S.r.l.	Erice	EUR	50,000	50,000	65.00%	65.00%
ESE Armo S.r.l.	Venice	EUR	30,000	30,000	65.00%	65.00%
ESE Nurra S.r.l. ²⁾	Venice	EUR	200,000	200,000	43.55%	33.15%
ESE Castelguglielmo S.r.l.	Venice	EUR	30,000	30,000	65.00%	65.00%
Compagnia Energie Rinnovabili S.r.l.	Venice	EUR	100,000	100,000	65.00%	65.00%
Parco Eolico Busetto S.p.A.	Erice	EUR	500,000	500,000	65.00%	65.00%
ERA S.c.r.l.	Venice	EUR	30,006	30,006	64.99%	64.99%
ESE Apricena S.r.l.	Venice	EUR	30,000	30,000	65.00%	65.00%
Terra di Conte S.r.l.	Lucera	EUR	10,000	10,000	32.50%	32.50%

1) Successive share acquisition of 3,25 percent (5 percent direct share) through Repower Renewable S.p.A.

2) Successive share acquisition of 10,4 percent (16 percent direct share) through Repower Renewable S.p.A.

CONTINGENT LIABILITIES, SURETIES, GUARANTEE OBLIGATIONS AND PLEDGES IN FAVOUR OF THIRD PARTIES

Joint liability for VAT group taxation Repartner Produktions AG and Ovra electrica Ferrera SA.

To the benefit of group companies, letters of intent and financing agreements amounting to EUR 84 million (equivalent to CHF 91 million) were concluded (prior year: EUR 97 million, equivalent to CHF 109 million).

Guarantees in favour of third parties amounting to CHF 5.9 million and EUR 6.8 million (equivalent to CHF 7.3 million) were provided (prior year: CHF 5.9 million and EUR 3.1 million, equivalent to CHF 3.5 million).

TOTAL ASSETS CEDED OR PLEDGED TO SECURE OWN LIABILITIES

Nominal value of mortgage assignment: CHF 2.55 million of which CHF 213 thousand used (prior year: CHF 213 thousand).

LEASE LIABILITIES

The maturities of lease liabilities that do not mature or cannot be terminated within 12 months break down as follows:

	31.12.2019	31.12.2018
CHF thousand		
Lease liabilities	7,132	8,321
Within 1 year	1,197	1,220
2-5 years	3,154	3,580
Over 5 years	2,781	3,521

PENSION FUND LIABILITY

On the balance sheet date there is a liability to the pension fund of CHF 413 thousand (prior year: CHF 427 thousand).

RELATED PARTIES

Receivables and liabilities vis-à-vis direct or indirect participants and management bodies and vis-à-vis undertakings in which there is a direct or indirect participation are shown separately in the notes to the financial statements. Management bodies and participants are the members of the board of directors and shareholders (Note 21) of Repower AG and the auditors.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 17 December 2019 Repower AG, its subsidiary Repartner Produktions AG, and the other companies with interests in this company agreed to transfer the power generation assets in the Prättigau, including the concessions, to Repartner Produktions AG. The power generation assets in the Prättigau were sold to Repartner Produktions AG on 1 January 2020 at their carrying amount. In connection with this transaction the shareholders of Repartner Produktions AG transferred their shareholder loan of CHF 49,176 thousand to Repower AG. The loan obligation received is recognised directly in profit or loss.

The financial statements were approved for publication by the board of directors on 2 April 2020. They are subject to the approval of the annual general meeting, which will take place on 20 May 2020.

DISCLOSURES IN ACCORDANCE WITH ART. 663C OF THE SWISS CODE OF OBLIGATIONS AT 31 DECEMBER OF THE FINANCIAL YEAR:

Board of directors	Shares in 2019	Shares in 2018
Dr Urs Rengel (from 21.06.16)	400	400
Peter Eugster, vice-chairman (from 21.06.16)	1,400	1,400

Executive board	Shares in 2019	Shares in 2018
Kurt Bobst, CEO (until 15.09.2019)	1	150
Fabio Bocchiola	-	5
Samuel Bontadelli (from 01.01.2017)	101	101

There are no other items which require disclosure.

Appropriation of retained earnings

The board of directors proposes the following appropriation of retained earnings to the annual general meeting:

Net earnings for the year 2019	CHF	14,954,821
Retained earnings carried forward	CHF	20,278,424
Retained earnings	CHF	35,233,245
Amount carried to other reserves	CHF	-15,000,000
Balance carried forward	CHF	20,233,245

The board of directors further moves that the annual general meeting approve a dividend of CHF 2.50 per registered share, to be paid from capital reserves:

Capital reserves carried forward	CHF	180,639,889
Dividend on share capital of 7.4 million CHF ¹⁾	CHF	18,477,420
Capital reserves carried forward on the next year	CHF	162,162,469

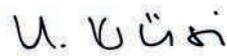
1) Qualifies as tax-neutral repayment of capital in accordance with Art. 20 of the Federal Law on Direct Federal Tax, and Art. 5 of the Federal Law on Withholding Tax.

No payment will be made on registered shares held by Repower AG on the due date. This may reduce the actual distribution accordingly.

Provided the annual general meeting passes this motion, the dividend paid from capital reserves will be due on 27 May 2020.

Poschiavo, 2 April 2020

For the Board of Directors:



Dr Monika Krüsi Chair
of the Board of
Directors

Report of the statutory auditor



Ernst & Young AG
Maagplatz 1
Postfach
CH-8010 Zürich

Telefon +41 58 286 3111
Fax +41 58 286 30 04
www.ey.com/ch

Zurich, 6 April 2020

To the General Meeting of Repower AG, Brusio

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the attached financial statements of Repower AG, which comprise the balance sheet, income statement and notes, for the year ended 31 December 2019.



BOARD OF DIRECTORS' RESPONSIBILITY

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



OPINION

In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.



REPORT ON KEY AUDIT MATTERS BASED ON THE CIRCULAR 1/2015 OF THE FEDERAL AUDIT OVERSIGHT AUTHORITY

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s Responsibilities section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of participations and loans to group companies

Risk	<p>Participations and loans to group companies represent 19.4% of total assets and are therefore a material item in the balance sheet. Due to significance of the positions and the potential uncertainty around the profitability of participations in the respective markets they operate, the assessment of the recoverability of participations and loans to group companies was a focus area of our audit.</p> <p>The Company assesses the recoverability of its participations and loans to group companies annually, considering future earnings, statutory equity and business prospects. This approach requires estimates and assumptions by the Company, such as forecast earnings and cash flows on an individual basis. Changes in estimates and assumptions including future business prospects have an impact on the recoverability of the positions.</p>
Our audit response	<p>We reviewed the Company’s approach to assess the recoverability of its participations and loans to group companies. We evaluated how the Company determined profitability and equity and other relevant forecast information. We considered the internal controls framework around defining estimates and assumptions. We assessed the recoverability of each participation individually to corroborate our understanding about its business prospects and anticipated future developments with the Company.</p> <p>Our audit did not give rise to any objections with regard to the procedure and valuation of the investments and loans to group companies.</p>

Classification, valuation and presentation of energy derivatives

Risk	<p>The accounting treatment of energy derivatives is a result of its classification as “held-for-trading” or “Cashflow-Hedges”. Classification requires judgment and has a material impact on both balance sheet presentation and net income.</p> <p>The valuation of these “held-for-trading” instruments is derived from observable market data on active markets. The positive and negative replacement values are presented net when legally enforceable netting agreements are in place.</p> <p>The Company defines policies and procedures to account for energy contracts. They include the definition of segregation of duties and controls.</p> <p>Due to the materiality of these transactions, significant judgments and the potential impact on the financial statements, the accounting of energy derivatives was a focus area of our audit. Refer to notes 1, 6 and 16 of the financial statements for further information.</p>
Our audit response	<p>We evaluated the Company’s policies and procedures around classification, valuation and netting of open positions including the established segregation of duties and discussed these with the Company. We assessed internal controls over the Company’s accounting for such trading activity.</p> <p>For a sample of energy derivatives, we tested the observable inputs into valuation models by reference to externally available market data.</p> <p>Our audit did not give rise to any objections with regard to the recognition and measurement of the energy derivatives.</p>

Valuation of tangible assets and energy procurement contracts

Risk	<p>Tangible assets are a material balance sheet item amounting to 22.5% of total assets in the balance sheet. These comprise primarily power plants, grids and other non-current assets of the Group. In the financial year 2019, no extraordinary value adjustments were made. In addition, there are long-term purchase commitments which could significantly affect the amount of contractual commitments and thus the potential need for provisions.</p> <p>The valuation of tangible assets and energy procurement contracts by Repower depends on various valuation parameters and has a material impact on net income. The testing for potential value adjustments involves the use of estimates and assumptions, such as the forecast production volume, the forecast long-term energy price curve, foreign exchange rates impacting future earnings and cash flows. In addition, discount rates are relevant in obtaining a value in use as of the date of the valuation.</p>
Our audit response	<p>We assessed the Group's valuation approach related to its tangible assets and energy procurement contracts. We further assessed the process to derive the underlying assumptions and estimates around forecast production volumes, the forecast long-term energy price curve and foreign exchange rates. We evaluated the internal controls related to the budgeting and forecasting process as well as the process to derive assumptions and estimates. We evaluated the mathematical correctness of the impairment testing model and involved valuation specialists to evaluate the methodology.</p> <p>We assessed the cash flows derived for each tested tangible asset and how the discount rate including applicable input variables was determined. We corroborated the input variables to the discount rate based on sources provided by the Group and tested them against observable market data.</p> <p>Our audit did not give rise to any objections with regard to the process used to derive the assumptions and valuation of the tangible assets and energy procurement contracts.</p>



REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young AG



2019 annual report

Events

The next dates in Repower's financial calendar:

- **20 May 2020:** Annual general meeting in Klosters
- **19 August 2020:** Information on the first six months of 2020
- **07 October 2020:** Analyst and investor conference
- **08 April 2021:** Annual media conference
- **19 May 2021:** Annual general meeting in Poschiavo

Imprint

Publisher: Repower, Poschiavo, Switzerland

Design: Repower, Poschiavo, Switzerland

Editing: Repower, Poschiavo, Switzerland

Photos: Repower, Poschiavo, Switzerland

Icons: Icons made by Freepik are licensed by CC 3.0 BY (Coins/Jumping man) and nightwolfdezines (Safety Traffic Cones)

Publishing system: Multimedia Solutions AG, Zurich, Switzerland

The annual report is published in German, Italian and English. In the event of differing interpretations, the German text is definitive.

April 2020