2021 meeting for analysts and investors

25.10.2021
2021 meeting for analysts and investors

Agenda

- **Market and strategy**  
  Roland Leuenberger, CEO

- **Finance**  
  Lorenzo Trezzini, CFO

- **Outlook**  
  Roland Leuenberger

- **Questions**
Energy legislation

Market and strategy

- Girod parliamentary initiative
  Rigid water rate regime extended until 2030

- Investment grants for large hydro
  More resources for expanding large hydro

- Blanket framework for secure electricity supply
  Revision of energy supply and energy legislation
Electricity price

High electricity prices with pronounced volatility
Security of electricity supply

Will the lights soon go out on us?
Supply security in winter

- Federal Office of Energy forecasts important balance of 14 TWH from 2034 → According to ElCom, imports of more than 10 TWh will push the system to its limit

- Shared responsibilities (Federal Council, BFE/FOE, ElCom, BWL/FONES, Swissgrid, distribution grid operators, balance groups)

- So far, connection with Europe has assured Switzerland, and Europe, a stable supply of electricity (CH is connected with Europe via 41 lines)
Reversions of hydropower plants in Canton Graubünden

Concentration of reversions between 2035 and 2050 (i.e. “today”)

<table>
<thead>
<tr>
<th>Asset</th>
<th>End of concession</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tinzen</td>
<td>2035</td>
</tr>
<tr>
<td>Zervreila, Safien, Rothenbrunnen, Realta</td>
<td>2037</td>
</tr>
<tr>
<td>Bergeller KW</td>
<td>2039</td>
</tr>
<tr>
<td>Soazza</td>
<td>2041</td>
</tr>
<tr>
<td>Ferrera, Bärenburg, Sils, Thusis</td>
<td>2042</td>
</tr>
<tr>
<td>Domat/Emms</td>
<td>2042</td>
</tr>
<tr>
<td>Filisur</td>
<td>2046</td>
</tr>
<tr>
<td>Serdun, Tavanasa</td>
<td>2048</td>
</tr>
<tr>
<td>Ova Spin, Pradella</td>
<td>2050</td>
</tr>
<tr>
<td>Tiefencastel Ost</td>
<td>2050</td>
</tr>
</tbody>
</table>
Media conference for analysts and investors: 1st half of 2021

Agenda

- Market and strategy
  - Roland Leuenberger, CEO

- Finance
  - Lorenzo Trezzini, CFO

- Outlook
  - Roland Leuenberger

- Questions
Finance

Highlights

<table>
<thead>
<tr>
<th>Metric</th>
<th>HY 2020</th>
<th>HY 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating revenue (CHF m)</td>
<td>843</td>
<td>1'293</td>
<td>+53%</td>
</tr>
<tr>
<td>EBIT (CHF m)</td>
<td>68</td>
<td>60</td>
<td>-12%</td>
</tr>
<tr>
<td>Group profit (CHF m)</td>
<td>41</td>
<td>42</td>
<td>+2%</td>
</tr>
<tr>
<td>Operating cash flow (CHF m)</td>
<td>64</td>
<td>92</td>
<td>+44%</td>
</tr>
<tr>
<td>Equity (CHF m)</td>
<td>863</td>
<td>892</td>
<td>+3%</td>
</tr>
<tr>
<td>Number of employees (FTE)</td>
<td>563</td>
<td>594</td>
<td>+6%</td>
</tr>
</tbody>
</table>
### EBIT

Decline of CHF 8.5 m (-12%)

- **Gross margin**: Good results from sales business (E2E) and renewables not enough to offset decline in trading business (Italy and Switzerland)
- **Other income**: Results underpinned by CHF 20.5 m payment from Swissgrid (transfer of transport grid)
- **Personnel expenses**: Investment in 31 FTE in human resources (CH: +16 FTE; IT: +15 FTE)
- **Licences and concessions**: Lower licences and concessions owing to lower volumes generated
- **Other expenses**: Driven by increased investment in development costs (renewables business)
EBIT
Decline of CHF 8.5 m (-12%) by segments

- **Switzerland**: Compensation for the transfer of the transport grid to Swissgrid is more than enough to offset a decline in gross margin (CHF -14.5 m).
- **Italy**: The decline in Italy is due to a return to normal in the gross margin on balancing energy (MSM margin) versus the prior year.
- **Corporate Centre**: Helped by payments from positive court rulings, lower capital taxes and IT costs.
Segment Switzerland: EBIT

EBIT up CHF 3.3 m

- **Service Provision Division:** Reaches prior year level
- **Market Division:** Prior year’s provisions for guarantees of origin no longer apply in 2021

*excluding Corporate Centre*
Segment Italy: EBIT

Sharp (CHF 16 m) decline in EBIT driven by MSD margin

- **Trading activities:** Normalisation of MSD margins, CHF -26.7 m (-46.5%) down on 2020, and downtime at Teverola in February, lead to sharp decline
- **Sales business:** Increase in volumes sold (electricity: +17%; gas: +11%) reflected in higher margins (electricity: CHF +9.6 m; gas CHF +6.7 m)
- **Renewables business:** Higher volumes generated and gross margin (+50% versus prior year) contributed to gratifying results

*Other: finance/management and generation
Tax expense and net profit

Tax expense: decline owing to lower taxable profits in Italy

- The decline in tax expense in Italy is mainly due to lower earnings

Financial earnings come to CHF -7.6 m (prior year CHF -10.1 m), primarily consisting of interest expense and the premature repayment of interest rate swaps

1H21 profit comes to CHF 42.4 m (up CHF 1.6 m from CHF 40.8 m in 1H20)
Equity

Further strengthening in equity (CHF +23 m/3%)

Equity ratio declines owing to higher total assets (higher replacement values)

- Equity ratio of 40% within target range of 35% to 45%

Increase in equity

- Thanks to strong half-year results, equity after dividend increased by CHF 23 m
Capex
Investment of CHF 53.5 m in tangible and intangible assets

- In the first year a total of CHF 53.5 m was invested.
- CHF 42.3 m was invested in Switzerland and CHF 11.2 m in Italy
- The biggest investment in Switzerland was CHF 24.1 m for reversion waiver compensation in Valposchiavo
- CHF 8.6 m was invested in grid assets and CHF 7.8 m in generation assets
Net liquidity

Net debt to EBITDA declines further

<table>
<thead>
<tr>
<th>CHF m</th>
<th>HY 2020</th>
<th>HY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>301</td>
<td>285</td>
</tr>
<tr>
<td>+ securities and fixed-term deposits</td>
<td>196</td>
<td>198</td>
</tr>
<tr>
<td>./ financial liabilities</td>
<td>405</td>
<td>377</td>
</tr>
<tr>
<td>./ Interest liabilities</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Net liquidity*</td>
<td>-89</td>
<td>-103</td>
</tr>
</tbody>
</table>

*Net liquidity, indicated by a minus sign, now comes to CHF -103 million
Financial liabilities: Repower AG

Total CHF 256 m on 30 June 2021

- Liabilities are broadly diversified in terms of counterparties and maturities
- Broad range of debt instruments (bonds, credits, loans, registered bonds, etc.)
Italy

Overdue receivables still at low level

- Long-term trend positive, thanks among other things to optimised accounts receivable management and selective customer checks
- Despite sustained impact of Covid-19 receivables had declined to below 3% again by end-June 2021
## Capital market

### 2021 ratings

<table>
<thead>
<tr>
<th>RATING AGENCY</th>
<th>LONG-/SHORT TERM RATING</th>
<th>OUTLOOK</th>
<th>DATE</th>
<th>ANALYST</th>
<th>PHONE/E-MAIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>UBS</td>
<td>BBB-</td>
<td>Deteriorating</td>
<td>21.04.2021</td>
<td>Alexandra Bossert</td>
<td>+41 44 239 14 76 <a href="mailto:alexandra.bossert@ubs.com">alexandra.bossert@ubs.com</a></td>
</tr>
<tr>
<td>Credit Suisse</td>
<td>Mid BBB</td>
<td>Stable</td>
<td>08.04.2021</td>
<td>Daniel Rupli</td>
<td>+41 44 333 13 79 <a href="mailto:daniel.rupli@credit-suisse.com">daniel.rupli@credit-suisse.com</a></td>
</tr>
<tr>
<td>ZKB</td>
<td>BBB-</td>
<td>Positive</td>
<td>27.08.2021</td>
<td>Armin Rechberger</td>
<td>+41 44 292 39 51 <a href="mailto:armin.rechberger@zkb.ch">armin.rechberger@zkb.ch</a></td>
</tr>
</tbody>
</table>
Financial policy

Three central pillars

Healthy balance sheet structure
- Net debt/EBITDA < 0 thanks to net liquidity
- Operating cash flow covers investment and dividends over a period of several years

Good supply of liquidity
- Adequate cover with unused lines of credit at various banks
- Forward-looking management of liquidity and maturities of financing

Adequate financing policy
- Access to capital markets assured at all times
- Financing instruments match the profile of the business
- Forward-looking financial planning taking account of exchange rate developments
2021 media conference for analysts and investors

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- Market and strategy
  Roland Leuenberger, CEO

- Finance
  Lorenzo Trezzini, CFO

- Outlook
  Roland Leuenberger

- Questions
Outlook
We put our energy into the future

Strategy
Joining forces, boosting profitability

Energy transition
Pushing ahead hard with own hydro and PV projects

Electricity market
Characterised by extraordinarily high electricity prices and great volatility

Coronavirus
Electricity consumption in 1st half of 2021 back to pre-Covid level

Earnings
Second half of 2021 will be solid but less strong
2021 media conference for analysts and investors

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- Finance                     Lorenzo Trezzini, CFO
- Outlook                     Roland Leuenberger
- Questions
Questions

Instructions for webinar questions

Please enter your questions in the box provided in the webinar tool.
## Agenda

Next dates in the financial agenda

<table>
<thead>
<tr>
<th>Key dates</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5 April 2022</strong></td>
<td>Annual media conference</td>
</tr>
<tr>
<td><strong>18 May 2022</strong></td>
<td>Annual general meeting in Klosters</td>
</tr>
</tbody>
</table>
MANY THANKS!

25.10.2021