ANALYST AND INVESTOR MEETING 2021 FINANCIAL YEAR

5 April 2022

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Analyst and investor meeting – 2021 financial year

Agenda

- **Review of the 2021 financial year** Roland Leuenberger, CEO
- **Finances in the 2021 financial year** Lorenzo Trezzini, CFO
- **Outlook** Roland Leuenberger, CEO
- **Questions**
- **Upcoming events**

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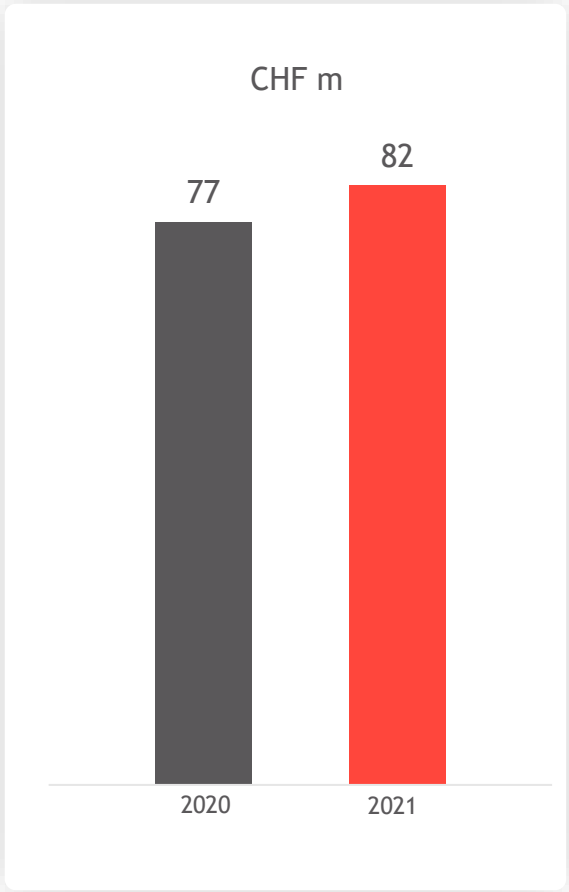
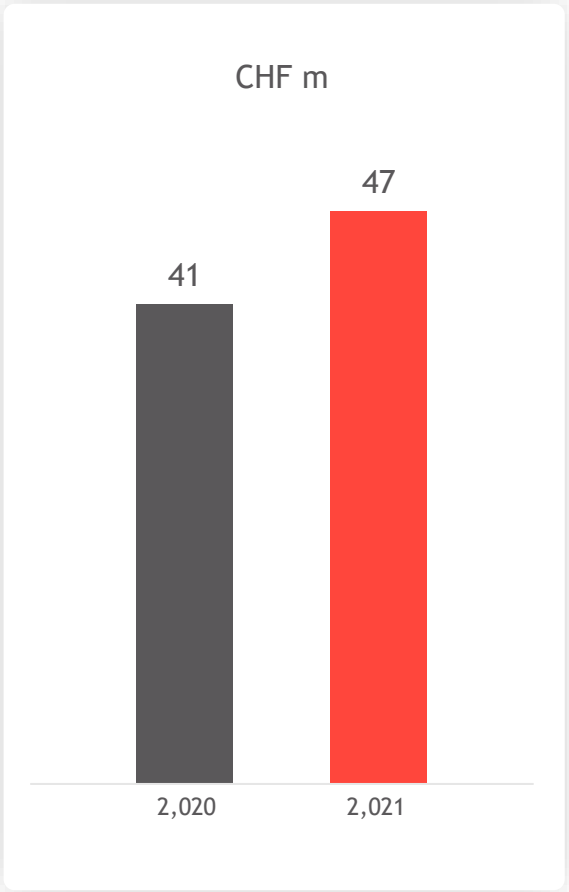
Review of the 2021 financial year

Increases in EBIT and group profit

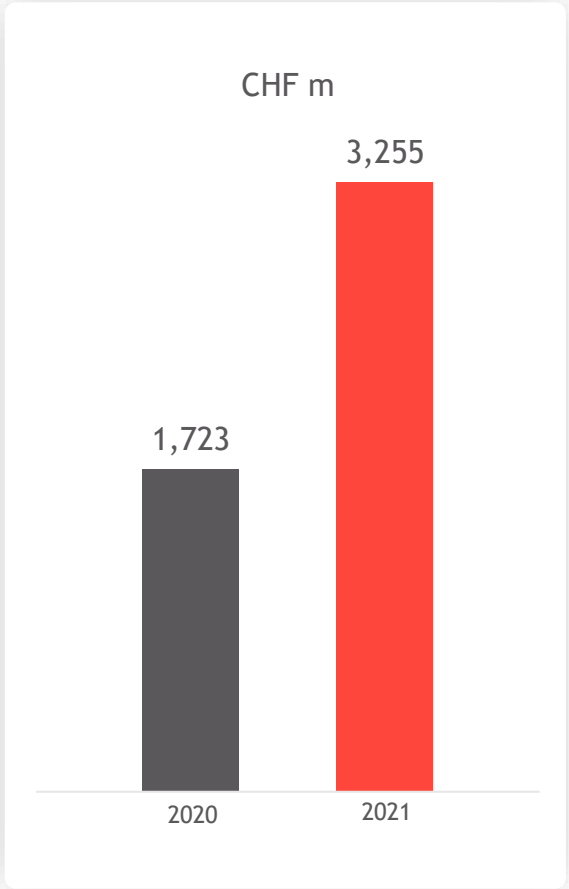
EBIT



Group profit



Total operating revenue



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Review of the 2021 financial year

Highlights and main drivers of annual results

Trading
Record-high electricity prices impacted trading results only sporadically

Extraordinary factors
One-time income of CHF 21 million from adjustment of purchase price of Swissgrid grid assets

Repower Italy
- Increased margins on renewables and retail business
- Demand for balancing energy returned to normal compared with prior year

Electric mobility
Sales targets exceeded thanks to major orders
Ambitious growth targets

Review of the 2021 financial year

Swissgrid price adjustment for transfer of transmission grid

Transmission assets transferred to Swissgrid. Provisional value of transfer based among other things on 2011 tariff ruling (on the basis of 2009)

1st adjustment to valuation: Among other things on 2012 tariff ruling (on the basis of 2010) and results of post closing due diligence

2nd adjustment to valuation: Final adjustment of valuation based on ElCom ruling on 2011 and 2012 differences

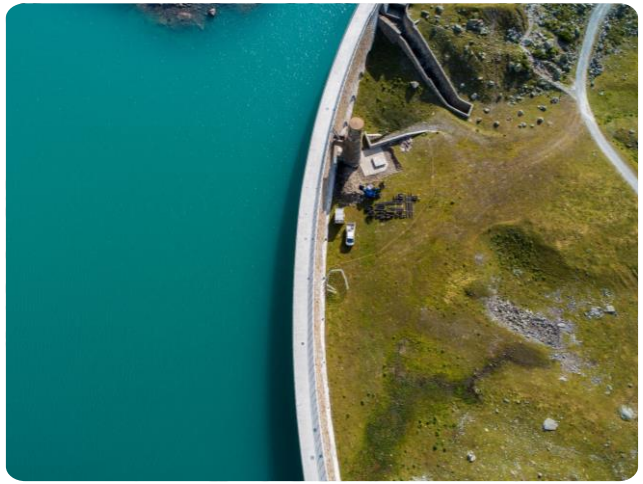
2013

2021 and 2022

- Receipt of final compensation from Swissgrid AG marked for Repower successful completion of the transfer of the transmission grid, a complex undertaking which had taken many years.
- Thanks to thorough and successful management of the procedure around the 2011 and 2012 differences, Repower was able to create a good foundation for the final compensation.

Review of the 2021 financial year

Investments in energy transition and supply security



Stepping up hydropower

- Total modernisation of Robbia hydropower plant well advanced → boosting production by 10%
- Reversion waiver compensation of CHF 24 million for the lower stage Valposchiavo plants
- Total of CHF 104 million invested, of which around 74 million in Switzerland/Graubünden

Photovoltaic and wind power

- More than 200 new PV installations connected to Repower grid
- Pioneering role in bifacial solar modules (Robigo, Udine, Brindisi) → boosting production by 44%
- Rosario wind farm in Sassari (Sardinia) commences operation (6 MW)

Modern grid infrastructure

- Thanks to new cable lines, 13 pylons and 71 wooden poles removed in Upper Engadine alone
- Total of CHF 25.4 million invested in Repower's power grid

Review of the 2021 financial year

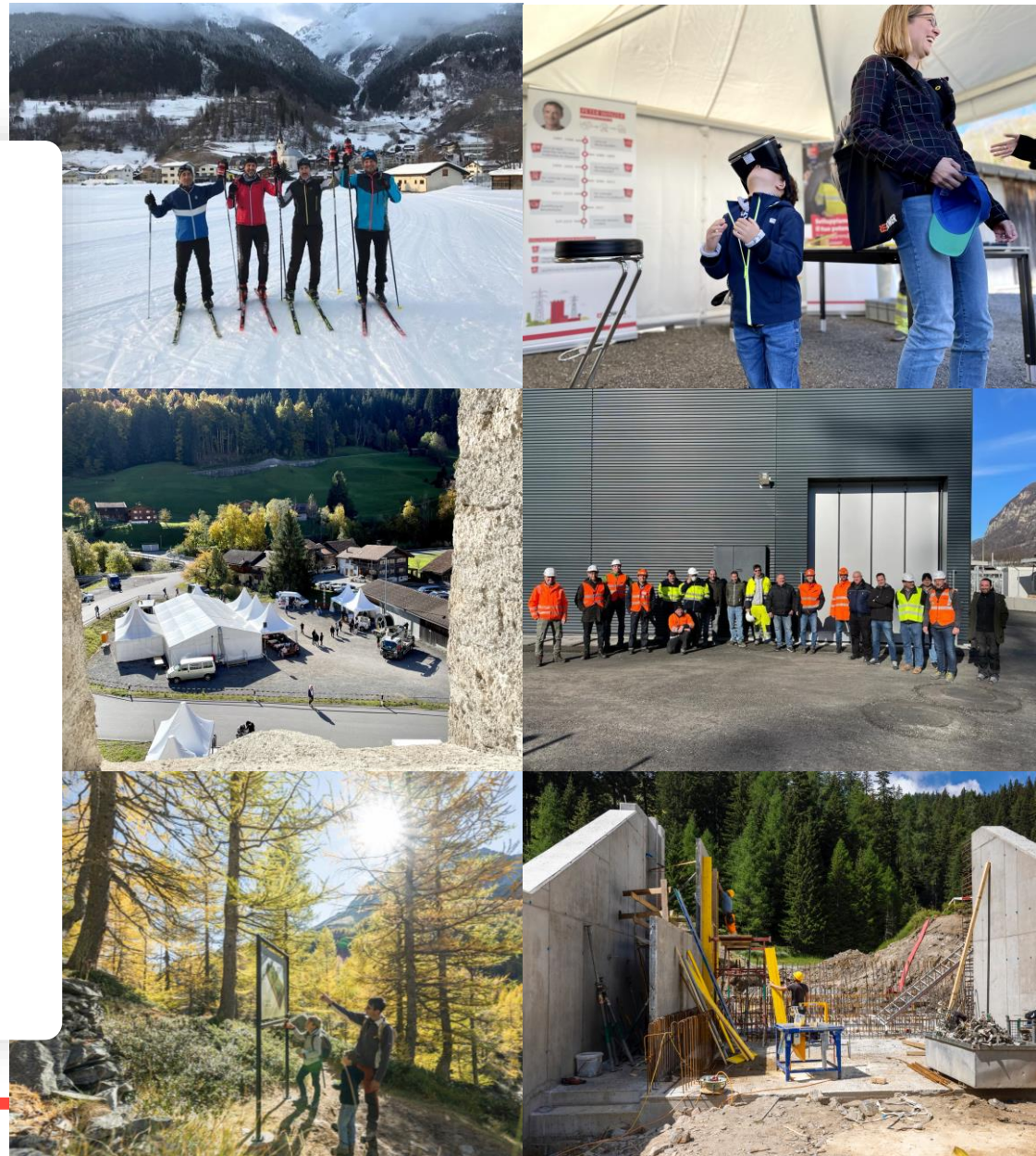
High level of regional value creation

Repower as a place to work:

- 463 employees working in Graubünden together earned CHF 34.8 million
- Contracts worth CHF 30.3 million to Graubünden businesses

Repower as a creator of value:

- CHF 17.5 million in water rates and other concession fees
- CHF 4.7 million in tax in Graubünden
- CHF 4.4 million in public levies for basic supply
- CHF 2.9 million for parties feeding energy back
- CHF 375,000 sponsorship budget for Graubünden



Analyst and investor meeting – 2021 financial year

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- Outlook — Roland Leuenberger
- Questions
- Upcoming events

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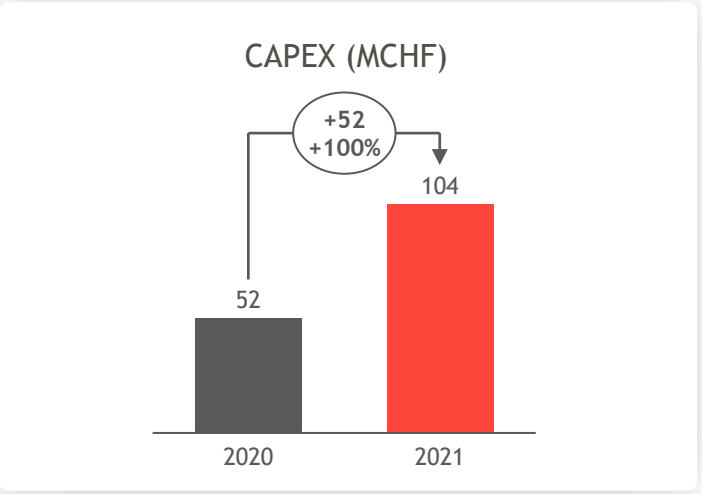
Highlights

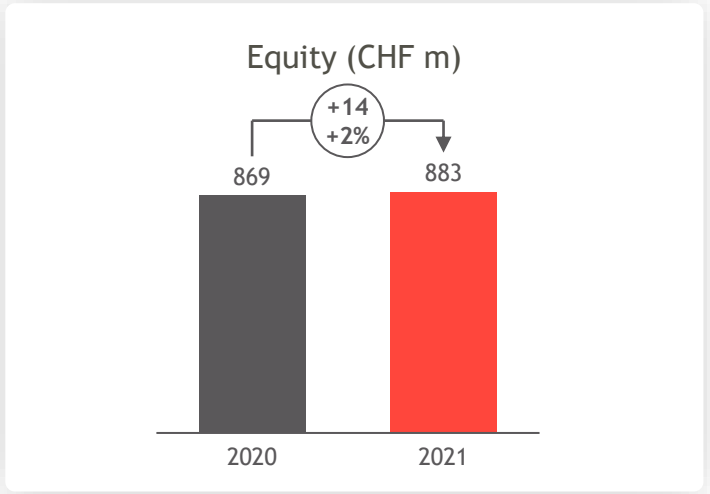
Repower posts solid EBIT and group earnings

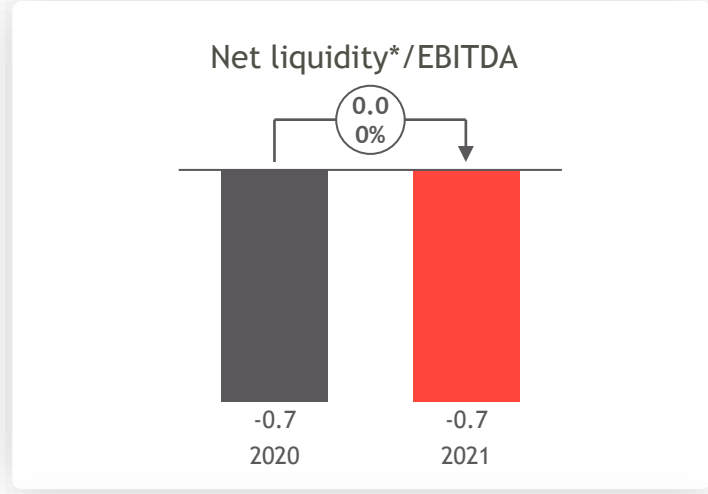
- **Group EBIT CHF 81.8 m** (prior year CHF 76.9 m; +6.4%)
- **EBIT Switzerland several times higher then 2020** helped by compensation from the transfer of high-voltage grid to Swissgrid
- **EBIT Italy 21% down on prior year.** Demand for balancing energy (Teverola) has returned to normal compared with prior year. Sales business has recovered from Covid-19. Renewables business posts good results thanks to increase in wind and solar generation
- **Solid group earnings** of **CHF 47.1 m** (+14% vs prior year)

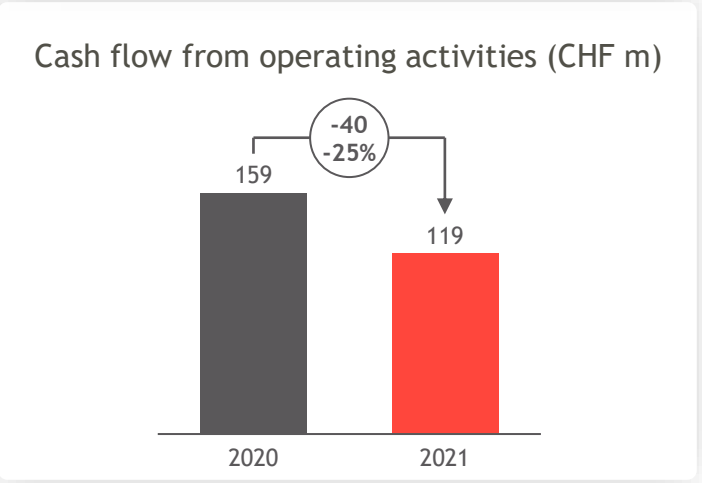
Other KPIs

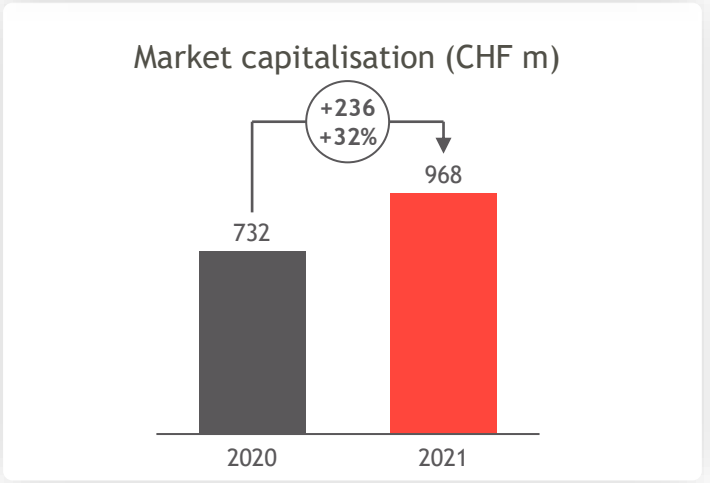
Overview

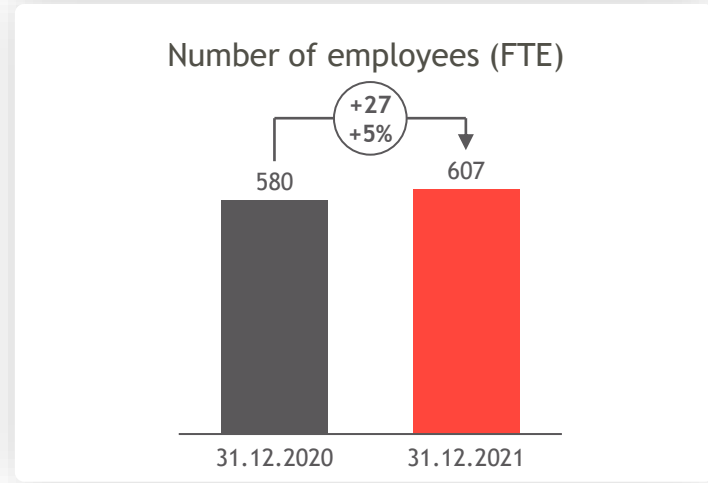












* Net debt running at CHF -97 million (net liquidity), hence negative figures for debt ratio

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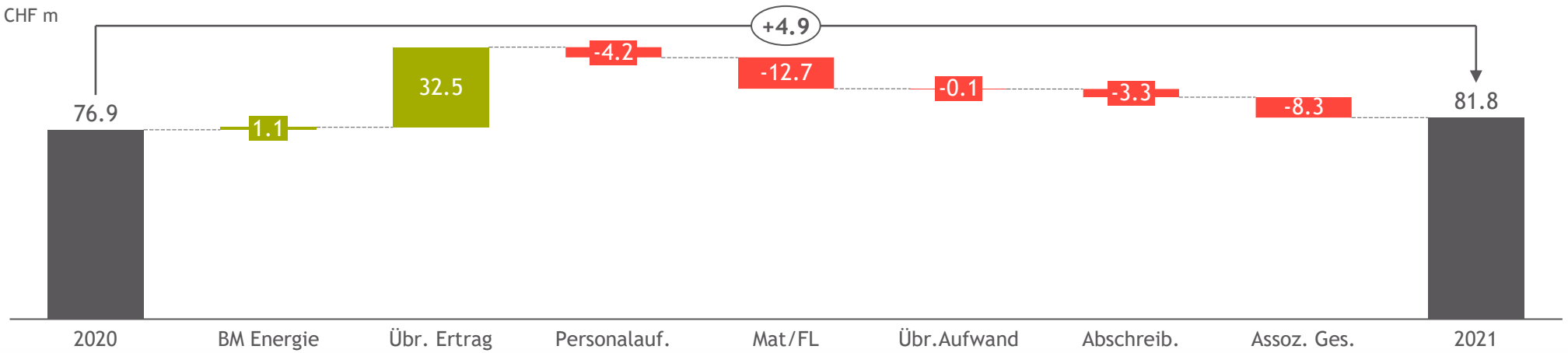
EBIT

Increase of CHF 4.9 m (+6.4%)



- **Other income** includes CHF 21.0 m in compensation from Swissgrid for BA2 (transfer of transmission grid), CHF 3.8 m in market premiums and increases in sales of services for third parties.
- Increase in **personnel expenses** owing to total increase of an average of 31 FTE (Switzerland +16 FTE and Italy +15 FTE).
- Higher sales in services for third parties lead to higher costs of **materials and third-party services**.
- There were cost savings in **other expenses**. The item also includes development costs for renewable energy (greenfield projects).
- **Earnings from associates** include impairments of CHF –4.0 m. Prior year includes profit on the sale of an associate (CHF +5.8 m).

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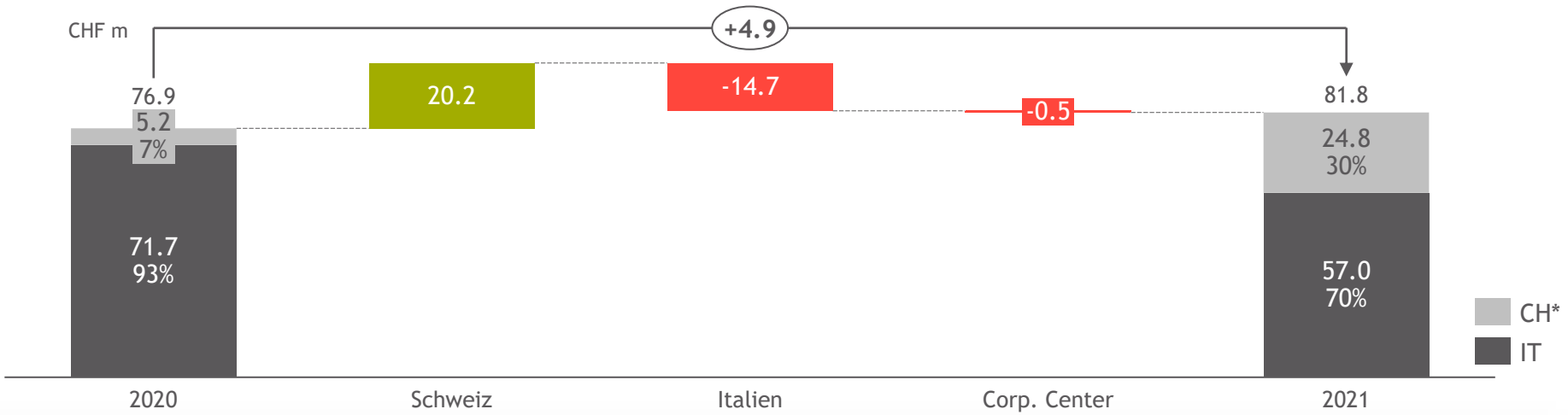
EBIT

Increase of CHF 4.9 m (+6.4%) by segments



- In 2021 **Repower** benefited from compensation for high-voltage grid (CHF +21.0 m). Prior year figure included grid-related compensation of CHF +7.3 m.
- Decline in **Italy** driven by reduction in gross margin (MSD margin), although this was partly offset by better results in sales (increased volumes and margin) and renewables (increases in wind and solar production).
- **Corporate Centre** below prior year owing to CHF –4.0 m in impairments on associates. Savings on the OPEX side had a positive impact on results.

* including Corporate Centre

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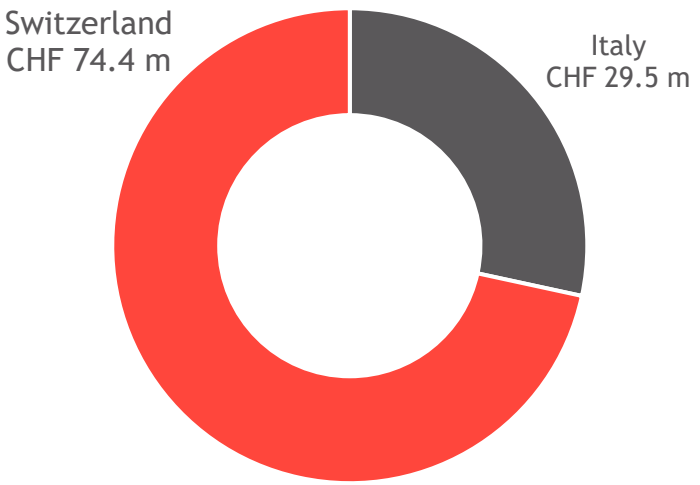
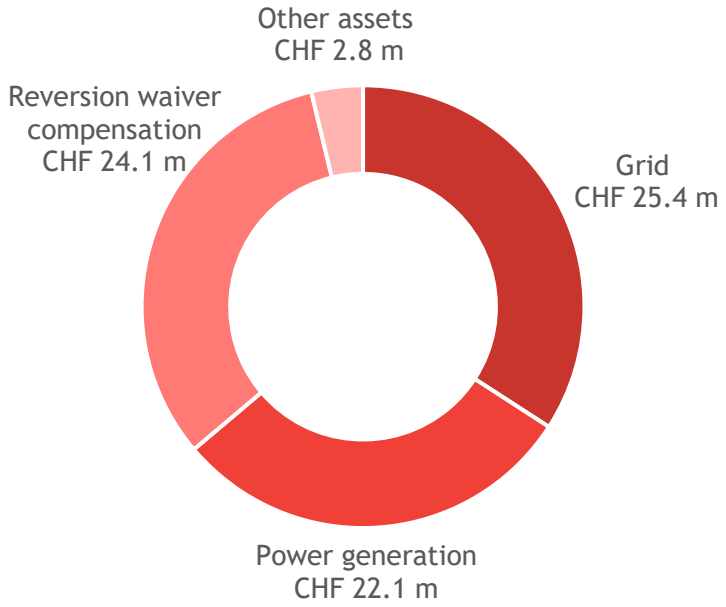
Capex

Investments worth CHF 103.9 m, 72% of which in Switzerland

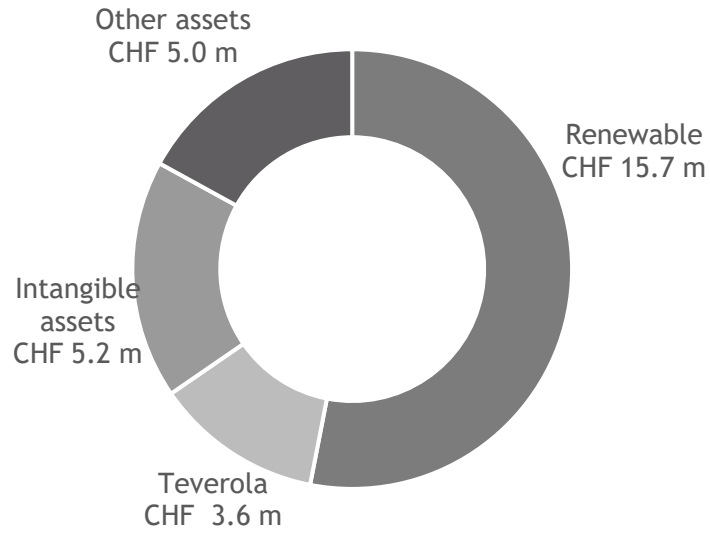
Total CHF 103.9 m (prior year CHF 51.6 m)



Switzerland CHF 74.4 m (prior year CHF 39.9 m)



Italy CHF 29.5 m (prior year CHF 11.7 m)



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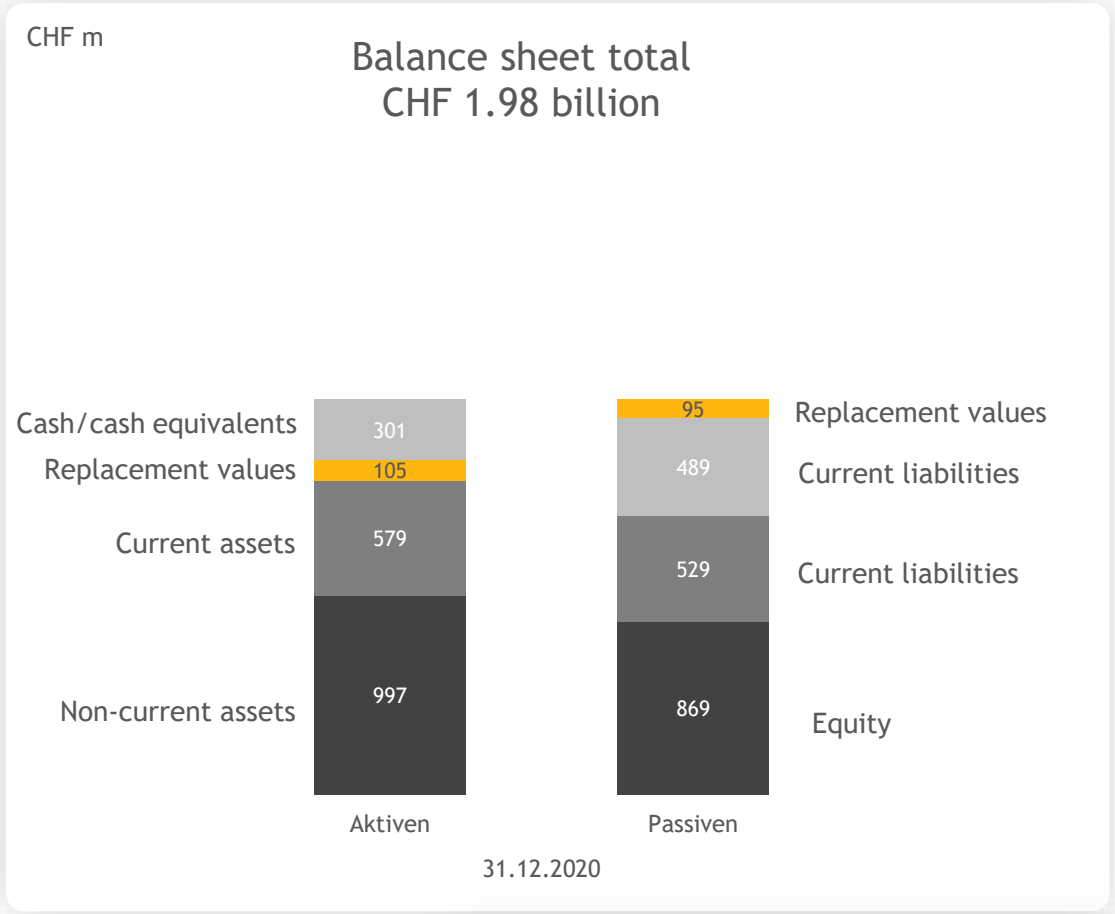
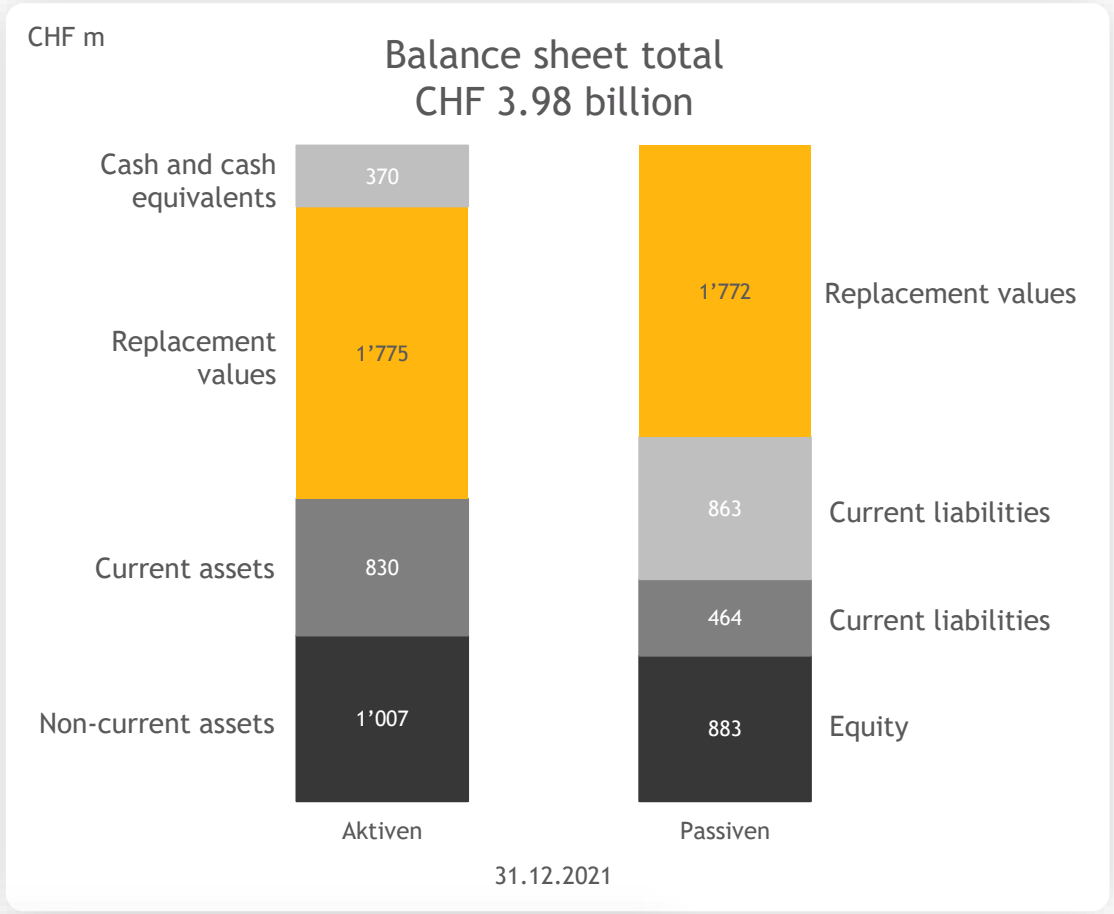
Equity

Increase in total assets and liabilities leads to lower equity ratio





Increasing energy prices result in doubling of balance sheet total

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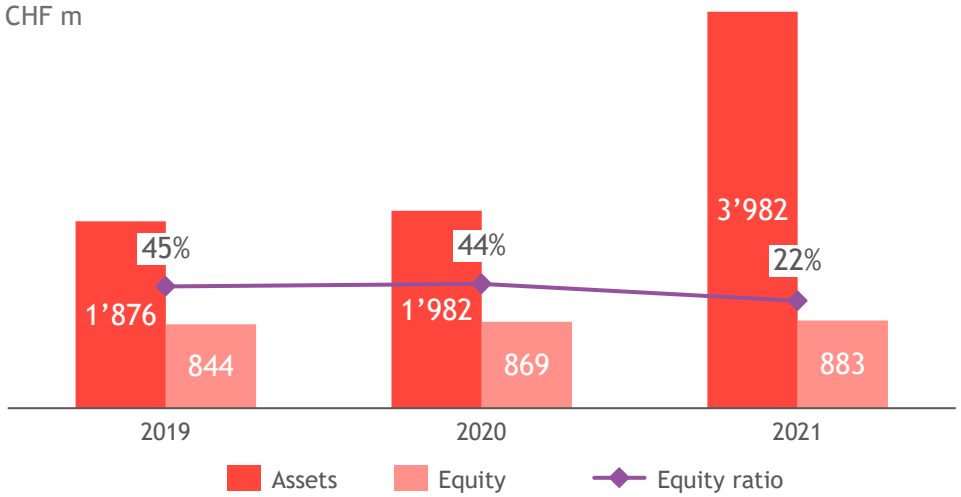
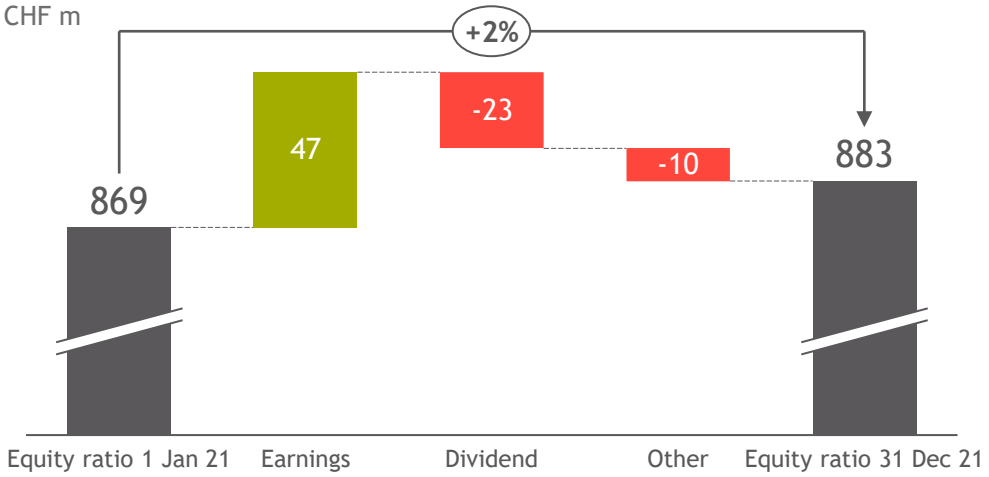
Equity

Further strengthening in equity (CHF +14 m/+2%)



Decline in equity ratio due to higher balance sheet total (driven by higher replacement values)

- Equity ratio running at 22%. Target range of 35% to 45% should be achieved again medium term



Increase in equity

- Thanks to strong annual results, equity after dividend increased by CHF 14 m
- “Other” includes EUR/CHF translation losses

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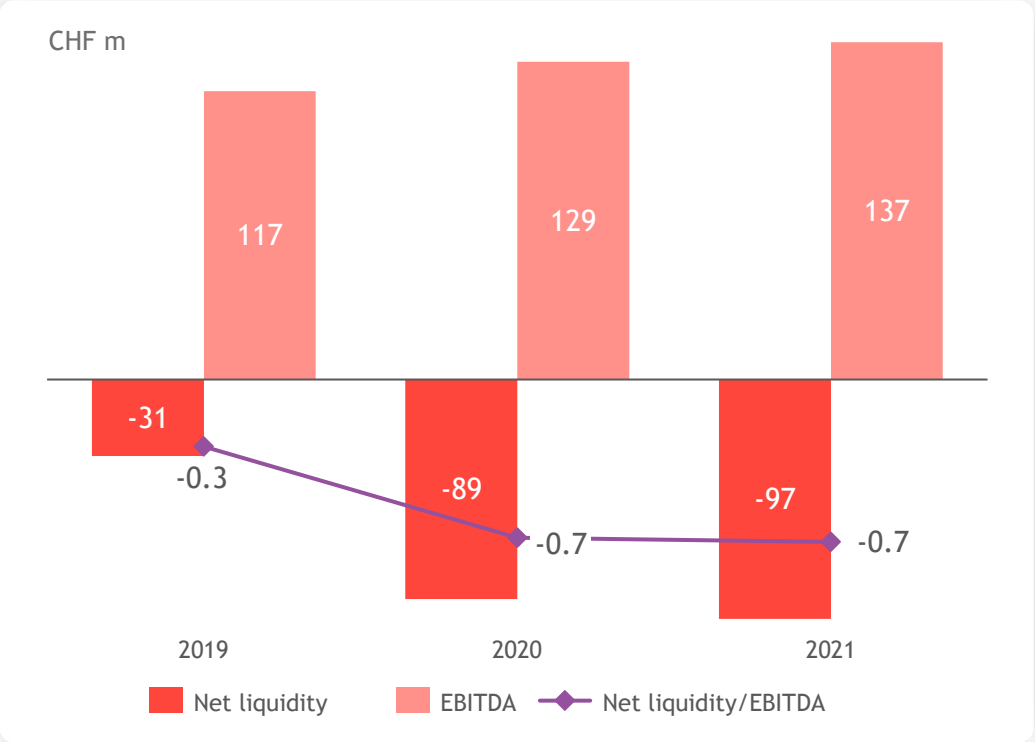
Net liquidity

Net liquidity still at high level



CHF m	2020	2021
Cash and cash equivalents	301	370
+ securities and fixed-term deposits	196	154
./. financial liabilities	405	425
./. interest liabilities	3	2
Net liquidity*	-89	-97

*Net liquidity, indicated by a minus sign, now comes to CHF -97 million

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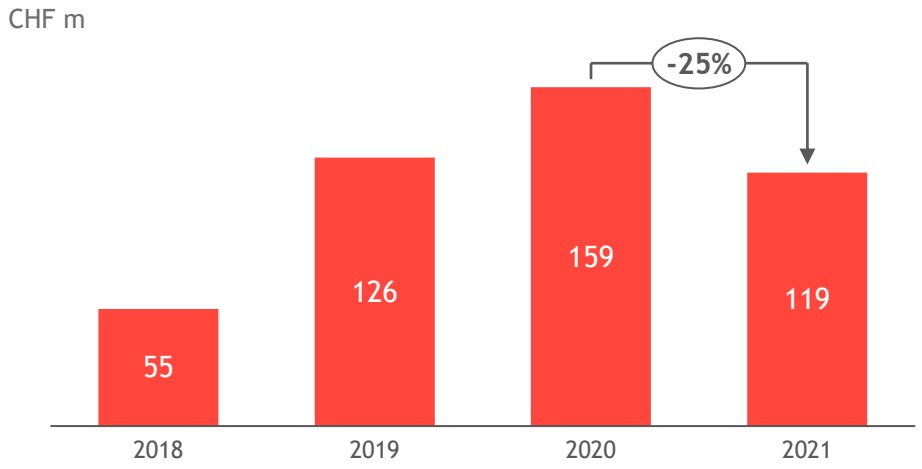
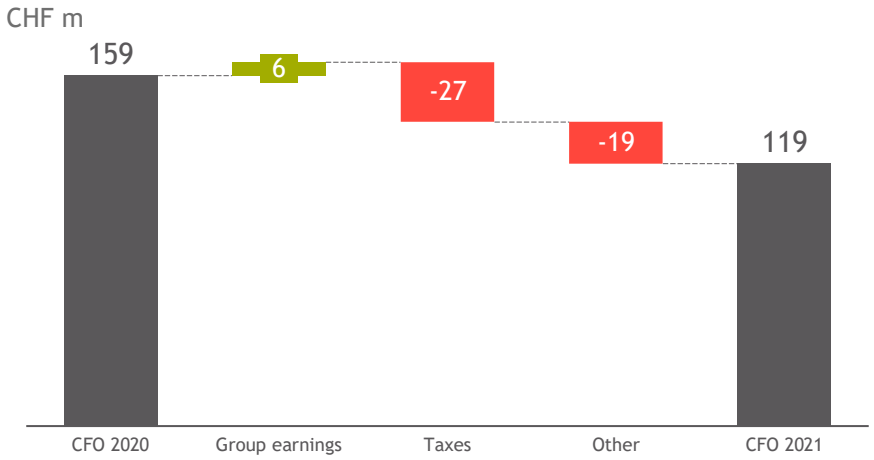
Cash flow from operating activities (CFO)

Decline in cash flow from operating activities (CHF -40.0 m)



- Cash flow from operating activities remains at high level.



- CHF 27 m in tax payments, notably CHF +14 m in prepayments, CHF +11 m payment of prior year tax debt in Repower Italia tax group
- The item Other includes, among other things, changes in the NUV and outflows from forward exchange transactions.

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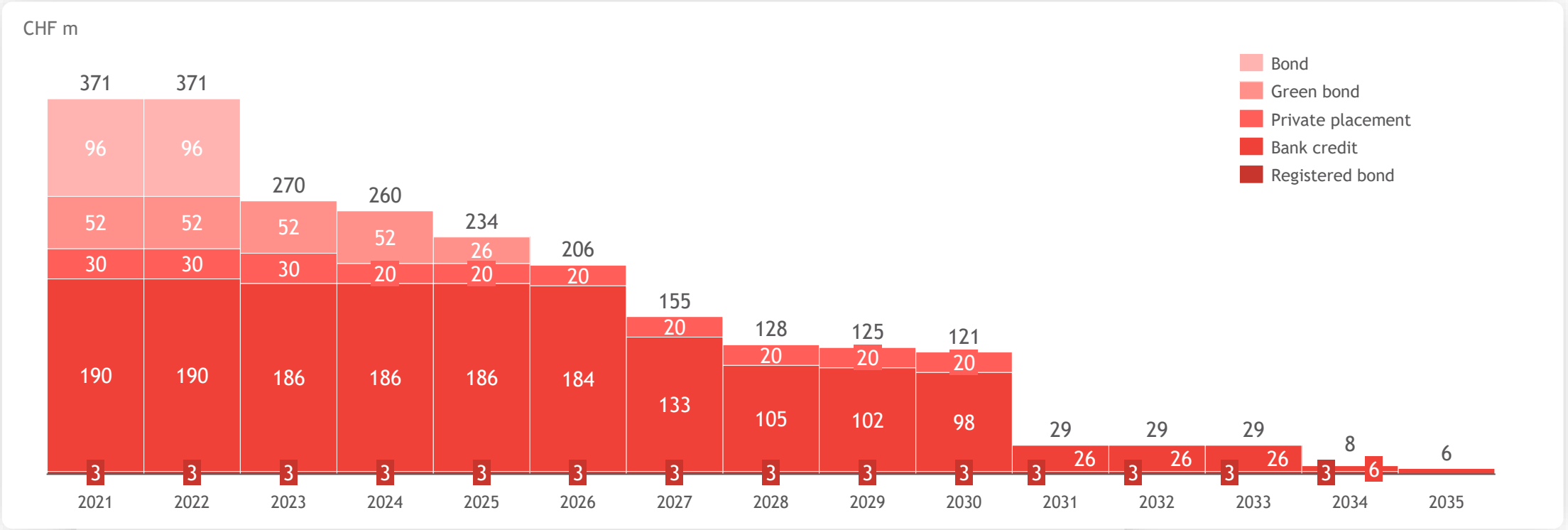
Overview of financial liabilities to banks

At 31 December 2021: CHF 370.8 m



- Diversified portfolio of financial liabilities
- Bond matures on 20 July 2022; (partial) refinancing sought

Does not include loans to minorities, lease liabilities, other financial liabilities and forward transactions

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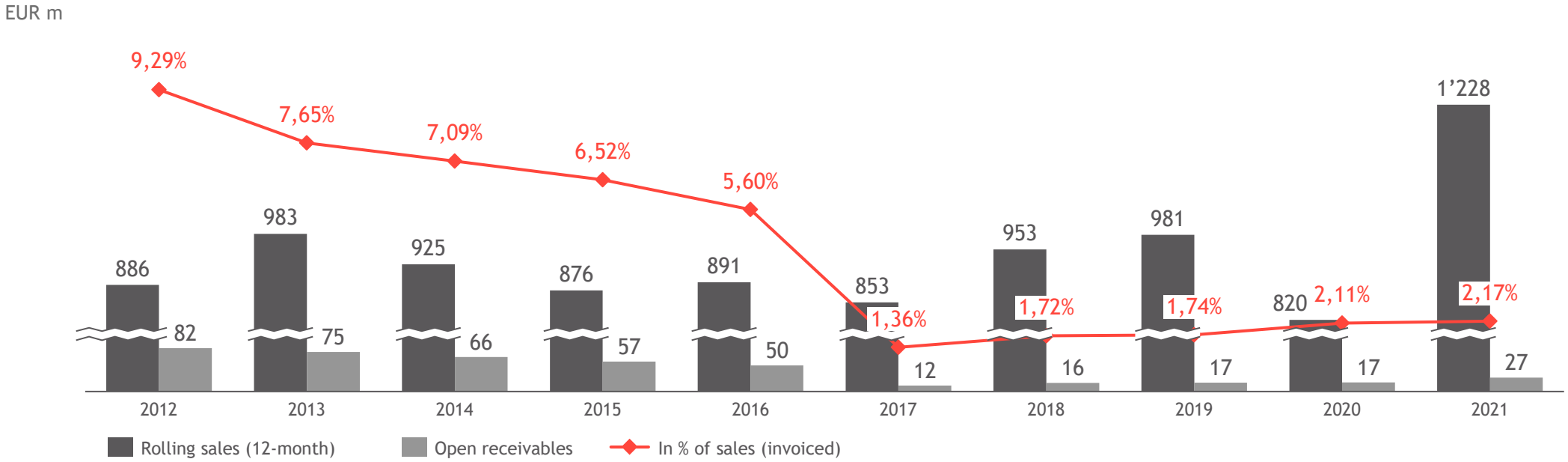
Italy

Slight increase in overdue receivables as percentage of sales



- Overdue receivables increased by end of 2021, but still stable in terms of sales. Sharp increase in sales in second half of 2021 owing to prices.
- Long-term trend positive, thanks among other things to optimised accounts receivable management and selective customer checks

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Capital market

Current 2021 ratings

RATING AGENCY	LONG-/SHORT TERM RATING	OUTLOOK	DATE	ANALYST	PHONE/E-MAIL
UBS	BBB-	Deteriorating	21.04.2021	Alexandra Bossert	+41 44 239 14 76 alexandra.bossert@ubs.com
Credit Suisse	Mid BBB	Stable	08.04.2021	Daniel Rupli	+41 44 333 13 79 daniel.rupli@credit-suisse.com
ZKB	BBB-	Positive	27.08.2021	Armin Rechberger	+41 44 292 39 51 armin.rechberger@zkb.ch

Analyst and investor meeting – 2021 financial year

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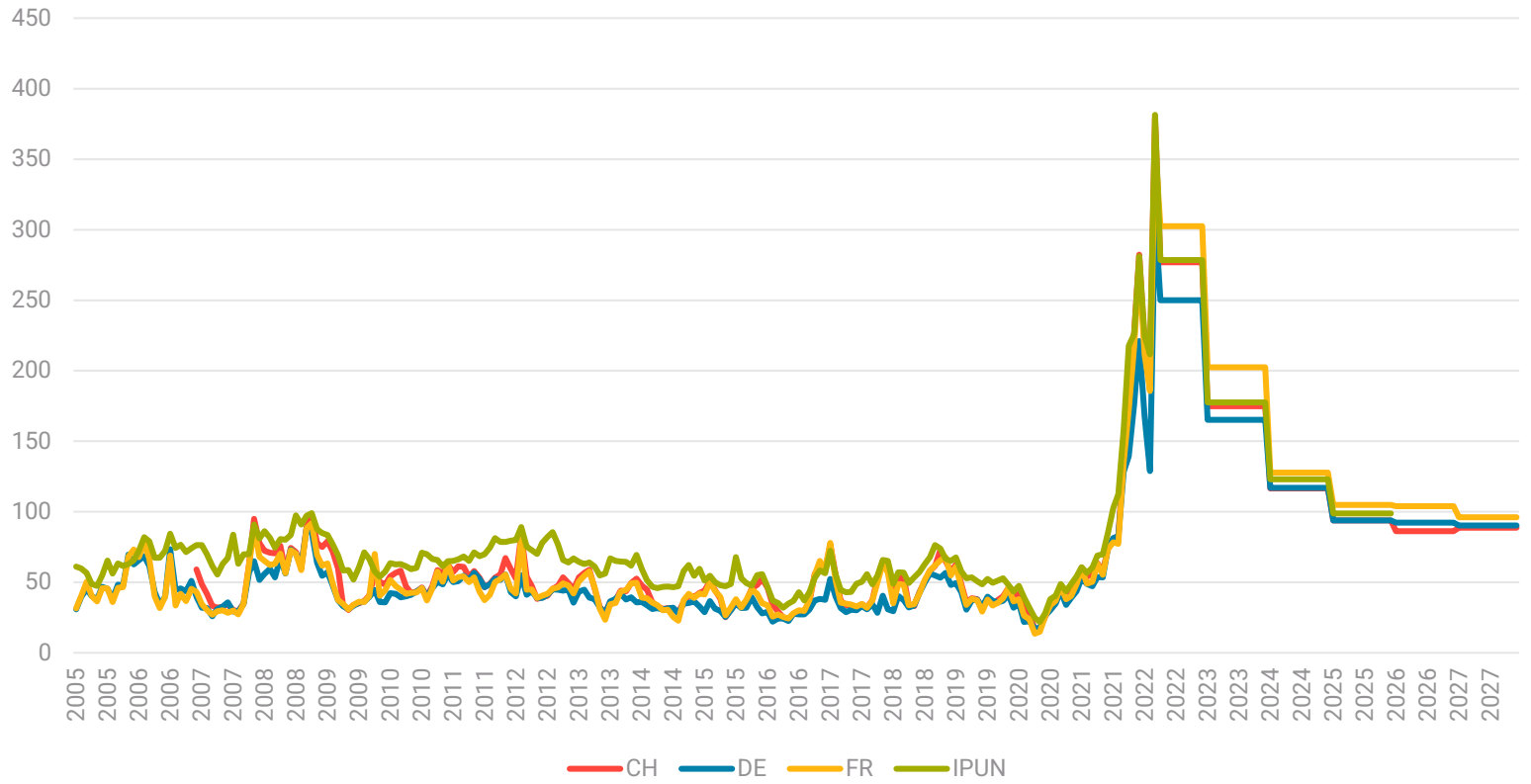
Outlook

Record-high electricity prices will not last



- Thanks to higher electricity prices, we anticipate growing revenues from the sale of electricity in 2022.
- Already in the medium term the market is assuming significantly lower prices.

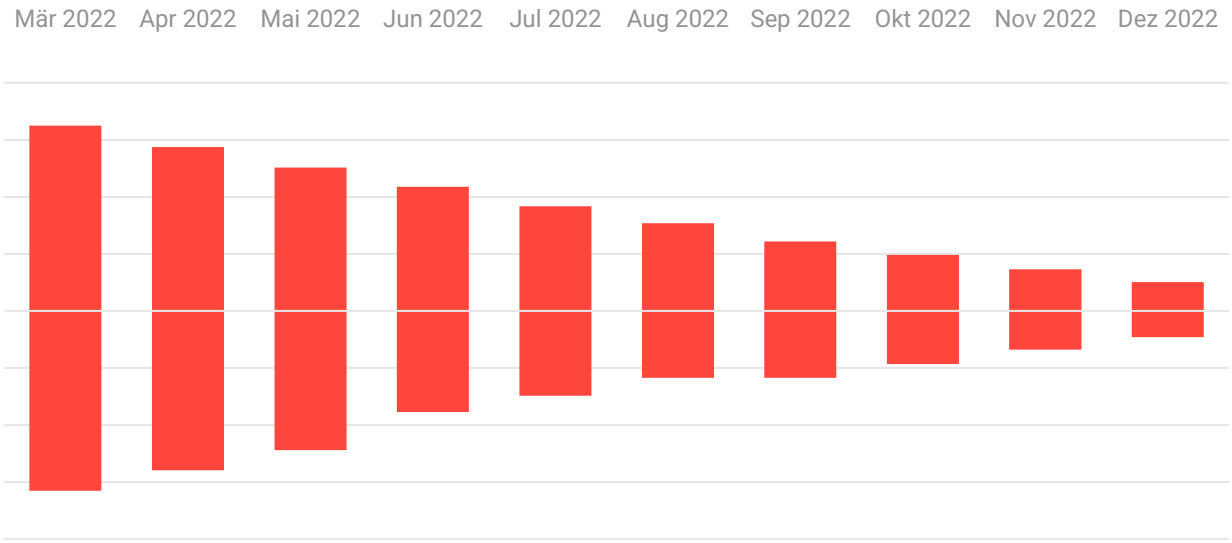
Baseload CH, DE, FR, IPUN

Outlook

Assessment of counterparty risk

- The counterparty risk will decline constantly in the course of 2022 (maturity of contracts)
- The counterparty risk primarily relates to very large European companies with state guarantees and significant production of their own

Expected (negative and positive) replacement values over the course of 2022



Outlook

Company strategy

Market Switzerland

Generation and grid

- Expansion of renewable generation (especially winter power)
- Robbia power plant -> enlargement of tunnel, decommissioning of machinery
- Further development of Chlus power generation project
- Optimisation of 60kV grid in Surselva wiring of 60 kV grid in Laax
- Drive merchant line forward as a matter of priority

Trading and energy sales

- Managing and expanding GoO portfolio
- Focus on new fields of business (GrischaDataMining, hydrogen)
- Business development activities (go-live of smart meter rollout, algotrading)

Electric mobility and solar power

- Sales target doubled
- E-mobility: deepen cooperation and reinforce market presence
- Expand solar power installation capacity

Outlook

Company strategy

Market Italy

Generation

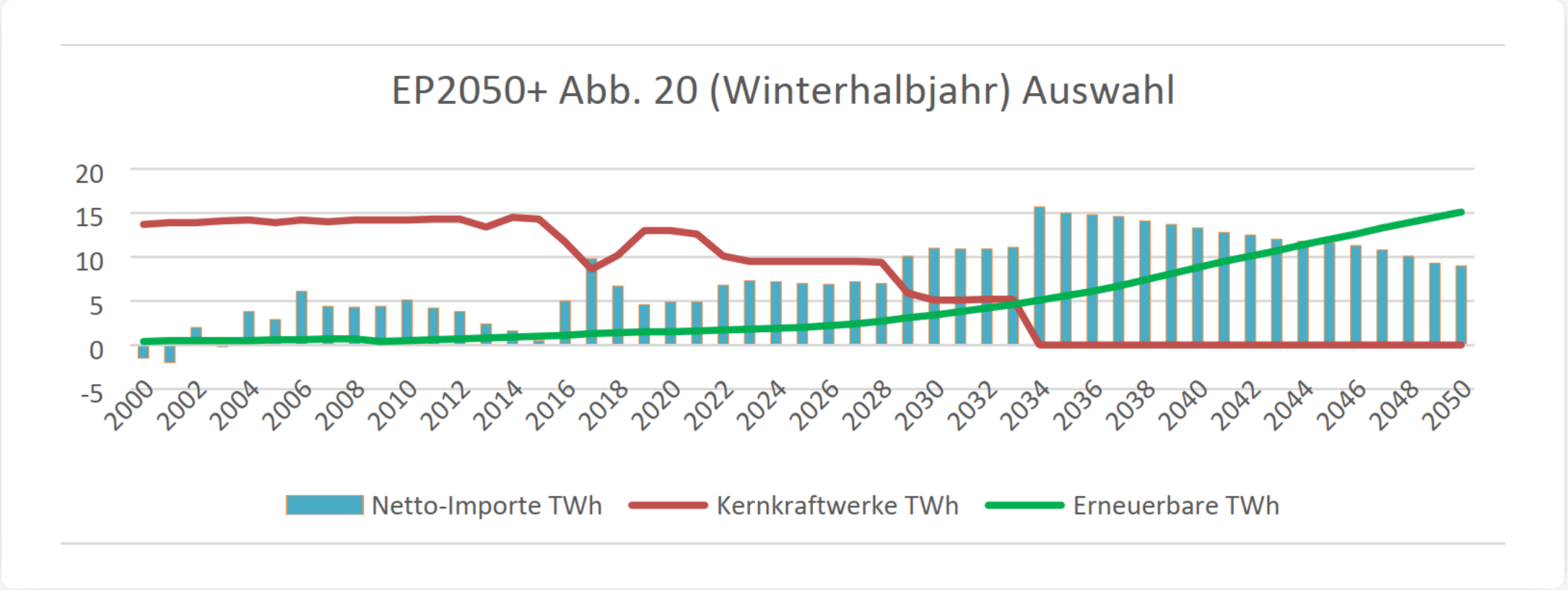
- Modernise Repower Renewable assets (reblading, bifacial modules)
- Develop greenfield projects
- Further develop the Campolattaro power generation project
- Review strategic focus of Teverola plant

Energy sales

- Steady growth in end-to-end sales business (while preserving margins and controlling risks)
- Further develop value added services (such as Sibila)

Outlook

Security of supply: there's a lot to do



Graph: "Security of supply in winter: fact sheet on import risks" ElCom, June 2021

Outlook

Security of supply: plenty of movement at political level

- Girod parliamentary initiative
- Blanket framework (EnG and StromVG)
- Revision of water rights legislation
- Federal Council measures against power shortage (gas-fired plants, hydropower reserves, security of energy supply steering committee)

Outlook

Security of supply: ten priority measures

Short term

- Rapidly establish energy reserve
- Maintain security of investments in converting/expanding and digitalising grids
- Increase transparency of grid transfer capacity in grid
- Moderate implementation of environmental and water regulations

Medium term

- Initially prioritise weighing of interests between protection/use
- Technology-neutral tender for power and heat generation, distributed and/or centralised
- Bilateral Switzerland-EU accord
- Increase winter generation by adding hydropower, alpine photovoltaics wind and biomass
- Extend agreements on energy efficiency targets

Long term

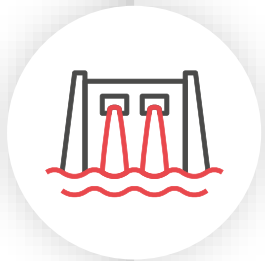
- Expand winter reservoir water capacity

Onset of effect

Short term	Medium term	Long term
By 2025	2036-2035	From 2036

Outlook

Canton Graubünden hydropower strategy



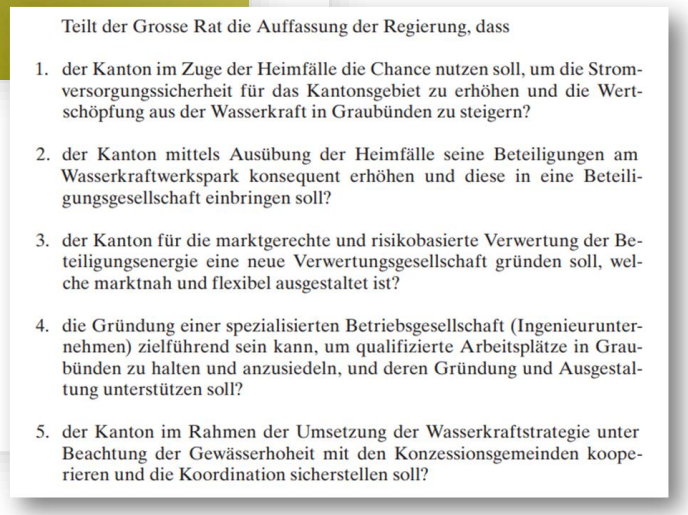
- **Graubünden government despatch** of 22 November 2021
- **5 fundamental questions** to the cantonal parliament
- **Environment, transport & energy committee motion** passed 107:0
- **Very broad support** for Graubünden government

Botschaft der Regierung
an den Grossen Rat

Heft Nr. 9/2021 – 2022

Inhalt Seite

9. Wasserkraftstrategie des Kantons Graubünden 2022 – 2050 677

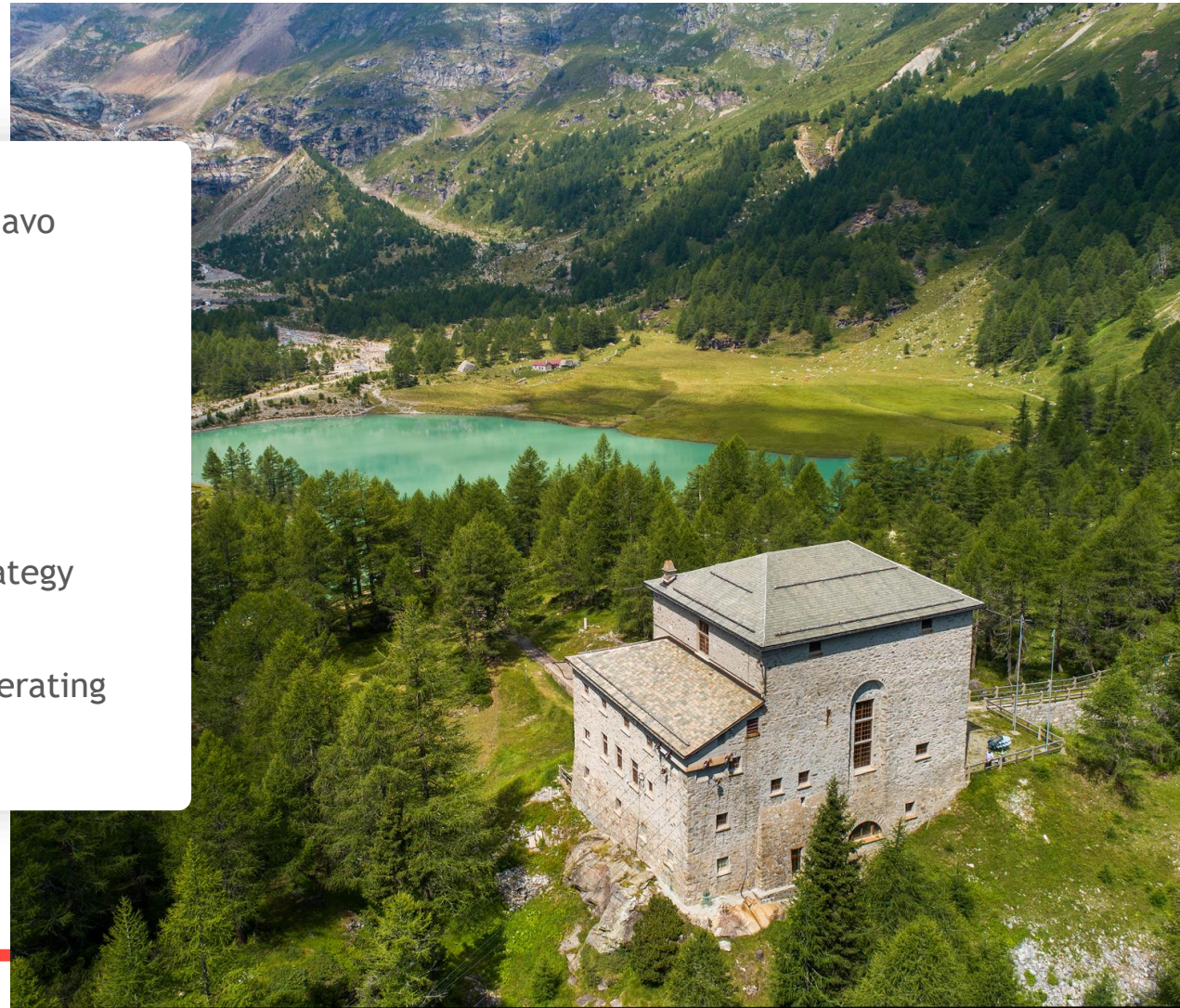

Teilt der Grosse Rat die Auffassung der Regierung, dass

1. der Kanton im Zuge der Heimfälle die Chance nutzen soll, um die Stromversorgungssicherheit für das Kantonsgebiet zu erhöhen und die Wertschöpfung aus der Wasserkraft in Graubünden zu steigern?
2. der Kanton mittels Ausübung der Heimfälle seine Beteiligungen am Wasserkraftwerkspark konsequent erhöhen und diese in eine Beteiligungsgesellschaft einbringen soll?
3. der Kanton für die marktgerechte und risikobasierte Verwertung der Beteiligungsenergie eine neue Verwertungsgesellschaft gründen soll, welche marktnah und flexibel ausgestaltet ist?
4. die Gründung einer spezialisierten Betriebsgesellschaft (Ingenieurunternehmen) zielführend sein kann, um qualifizierte Arbeitsplätze in Graubünden zu halten und anzusiedeln, und deren Gründung und Ausgestaltung unterstützen soll?
5. der Kanton im Rahmen der Umsetzung der Wasserkraftstrategie unter Beachtung der Gewässerhoheit mit den Konzessionsgemeinden kooperieren und die Koordination sicherstellen soll?

Outlook

Canton Graubünden hydropower strategy: situation for Repower

- **No upcoming reversions** of its own assets in Valposchiavo and Prättigau
- Strategy for greater profitability, job security at decentralised sites and **regional value creation**
- Government and parliament favour **local partners** with know-how for implementation of hydropower strategy
- Repower is the **only Graubünden energy company** operating along the entire electricity value chain



Outlook

Canton Graubünden hydropower strategy: situation for Repower

Repower sees the hydropower strategy as a great opportunity and would like to support the municipalities and the canton as a reliable regional partner.

Outlook

War in Ukraine

The war in Ukraine will impact and change the energy business, although it is not yet possible to fully predict the concrete effects.

- The gas for our combined-cycle plant at Teverola comes from imports from the south (Algeria and Libya) and the TAP (Trans Adriatic Pipeline)
  → The supply of gas to Teverola is thus assured
- We have no Russian business partners.
- We have suspended trading with European companies that maintain capital relationships with the Russian government (as per EU and CH sanctions package).

Outlook

Conclusions

Strategy
Focus on Switzerland and Italy.
expand and strengthen renewable power generation

Electricity market
Increases in electricity prices will have a positive impact on results in 2022

Electric mobility
Well positioned in a market with great growth potential

Politics
- Prospects of improved regulatory environment
- Hydropower strategy a great opportunity

Earnings
Expectations of a successful 2022 financial year

Analyst and investor meeting – 2021 financial year

Agenda

- Review of the 2021 financial year — Roland Leuenberger, CEO
- Finances in the 2021 financial year — Lorenzo Trezzini, CFO
- Outlook — Roland Leuenberger
- **Questions**
- Upcoming events

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Agenda

Next dates in the financial agenda

Key dates	
18 May 2022	Annual general meeting in Klosters
30 August 2022	Half-year results

MANY THANKS FOR YOUR INTEREST!

5 April 2022

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