

Foreword

Dear reader,

Alpiq is looking back on an unusual financial year in many ways. The ongoing COVID-19 pandemic has dominated people's lives and influenced markets worldwide.

In a challenging year, Alpiq has again maintained its position and proved: we are stable. Our company's operating and financial results are solid; our shareholder structure is firmly established.

The path for future growth has been paved. Alpiq has clearly defined its role in a low-emission, digital energy future: as a European electricity producer and energy service provider with Swiss roots, we want to and will make a reliable contribution to a better climate and an improved security of supply.



Jens Alder

Tried-and-tested business continuity management during COVID-19 pandemic

From day one of the COVID-19 pandemic, Alpiq systematically aligned its measures to two overarching objectives: first, to protect the health of its employees and their family members and second, to limit the risk of infection among employees, in order to secure business operations at all times. We succeeded in doing so: our business continuity management system demonstrated the whole time that it is crisis-proof.

Working from home quickly established itself as a new, modern way of working for the majority of our employees and was well received. The reliability, stability and security of our IT systems certainly played a role in the widespread acceptance of a digital working environment. The Alpiq colleagues in the power plants, in the control centres and on the trading floors – where a minimum level of presence and personal interaction are crucial for operations and business success – worked under what were at times substantially more difficult conditions and adhering to strict protective measures. As a proven authority, Alpiq's crisis team continuously monitored and was involved in all measures that were implemented with a high degree of discipline and cooperation.

No one could have predicted the length of time and extent to which we would all be affected by the COVID-19 pandemic, and an end is not yet in sight. So far, Alpiq has managed to master this extraordinary situation very well, even though we cannot conclusively estimate the long-term effects at present. We continued our business activities without any major restrictions at all times and on all markets, even under these more difficult conditions. Our business model is robust, even during a pandemic.

Alpiq reports strong results of operations

The Alpiq Group generated EBITDA before exceptional items of CHF 262 million in the 2020 financial year. All three business divisions made positive contributions to earnings. Our company benefited in particular from hedged electricity prices for Swiss production,

higher demand for flexible power production and higher market volatility on the energy markets.

The **Generation Switzerland** business division closed the year with EBITDA before exceptional items of CHF 135 million. The main drivers were hedged electricity prices, strict cost management and high availability of the plants. However, the price recovery on the forward markets cannot distract from the fact that new investments in large-scale hydropower currently only make sense with government support. Alpiq recorded higher production in the area of nuclear power, as some of the planned overhauls were postponed in consultation with the Swiss Federal Nuclear Safety Inspectorate to 2021 because of the COVID-19 pandemic.

The **Generation International** business division again closed the year with positive EBITDA before exceptional items of CHF 59 million. As expected, earnings were down on the previous year because there were no contributions from the Czech brown coal-fired power plants Kladno and Zlín after their divestment for strategic reasons in 2019.

The **Digital & Commerce** business division closed the year with EBITDA before exceptional items of CHF 99 million. In particular, energy trading generated stronger income and achieved very good earnings. The reasons for this were higher demand for flexible power production, sharply rising prices and higher market volatility on the energy markets.

Solid and strengthened balance sheet

We systematically continued our financial strategy and further strengthened our solid balance sheet. Alpiq increased its net cash flows from operating activities of continuing operations to CHF 117 million. Due to higher results of operations, the gearing ratio (net debt / EBITDA before exceptional items) decreased to 1.0 at 31 December 2020. Alpiq has sound liquidity of CHF 1 billion at 31 December 2020.

Arbitration proceedings settled

Alpiq and Bouygues Construction have drawn a line under the litigation from the sale of the Engineering Services business that has been ongoing since 2018 and reached a settlement in 2020. I am grateful that this dispute has been settled, so that we can now refocus the internal resources tied up in it fully on our core business and on implementing the corporate strategy.

Strategic realignment on sustainable energy business

2020 was a year of realignment for Alpiq. Alpiq pursues a sustainable, financially sound and risk-adjusted business model and has a firm foundation. Together, the Board of Directors and Executive Board of Alpiq have redefined its corporate purpose and we are also committed to putting this into practice: **our sustainable energy business contributes to a better climate and an improved security of supply**. In a multi-step process, Alpiq has developed a corporate strategy that focuses on its strengths and allows us to leverage future market opportunities.

Alpiq focuses on its strengths

Our robust business model is based on the operation and marketing of highly flexible Swiss hydropower, Swiss nuclear power, flexible gas-fired combined-cycle power plants in Italy, Spain and Hungary as well as wind farms and photovoltaic plants in several European countries. Alpiq is taking this ideal foundation and using its energy expertise to optimise its business with the operation of third-party plants and marketing of the electricity produced at these, with its European energy trading business as well as the sale of energy directly to business customers in Europe.

Based on the successful core business and in order to optimise the portfolio in terms of its risk-bearing capacity and profitability, Alpiq will further expand its energy trading and energy sales to business customers. Targeted investments will help make existing power production plants more flexible. In addition, Alpiq will operate more third-party plants and market their electricity, particularly in the area of new renewable energies. Top priority here is on developing and expanding digital competencies and applications.

Systematic strategy implementation in all areas

Within the framework of the realignment, Alpiq has decided to separate itself from any businesses and activities that are no longer part of the core strategic business. This includes, for instance, the business installing charging stations for electromobility.

Stable shareholder structure and smaller Board of Directors

Alpiq has a stable shareholder structure. Since the end of June 2020, Alpiq Holding Ltd. has been fully controlled by Schweizer Kraftwerksbeteiligungs-AG, the consortium of Swiss minority shareholders and EOS Holding SA.

At the end of October, the Board of Directors of Alpiq Holding Ltd. was reduced in size from 13 to 10 members. By resolution of the Extraordinary General Meeting, the outstanding shareholder hybrid loans amounting to CHF 366.5 million were also converted into equity. This step was in line with our systematic financial strategy, solidified Alpiq's ability to access capital markets, simplified our capital structure and strengthened our equity position.

Board of Directors proposes dividend distribution

Due to the positive earnings situation, the Board of Directors of Alpiq Holding Ltd. will submit a proposal to the Annual General Meeting to distribute a dividend of CHF 46 million for the 2020 financial year. The next interest payment on the publicly placed hybrid bond is due on 15 November 2021.

Antje Kanngiesser starts on 1 March 2021

With Antje Kanngiesser as the new CEO of the Alpiq Group, Alpiq is tackling a new growth chapter on the European markets. Antje Kanngiesser has an outstanding and deep understanding of the energy industry and is the ideal person to lead Alpiq into the future. I am delighted that she has joined us at Alpiq. Together, she and my colleagues on the Board of Directors and Executive Board will enhance and systematically implement the strategy.

From 1 March onwards, I will be concentrating on the strategic management of Alpiq Holding Ltd. as Chairman of the Board of Directors. On behalf of the entire company, I wish all the very best to André Schnidrig, who stepped down as CEO in autumn to focus fully on his recovery after unexpectedly getting ill.

Positive earnings down on previous year expected for 2021

Alpiq will also invest in its tried-and-tested, sustainable business model in 2021. For the 2021 financial year, Alpiq expects positive results of operations that are down on the previous year. While the electricity and CO₂ prices on the wholesale markets hedged in Swiss francs will also have a positive effect on Alpiq's earnings in 2021, the annual results for 2020 contain one-off effects that had an above-average positive effect on earnings. In 2021, an extended overhaul of the Leibstadt nuclear power plant will have a major impact on earnings. Furthermore, the effects of the COVID-19 pandemic cannot yet be fully assessed at present.

Swiss hydropower needs electricity agreement with the EU

Alpiq is absolutely convinced that the electricity agreement is very important for both the security of the electricity supply in Switzerland and Swiss hydropower. The Energy Strategy 2050 can only be successful with an efficient exchange of renewable energies across the whole of Europe. Hydropower ideally complements the volatile power production of renewable energies in Europe. With its seamless integration into the European electricity market, climate-friendly, reliable and highly flexible Swiss hydropower really comes into its own and will generate the resources needed to maintain it. This is Alpiq's contribution to a climate-friendly energy future.

Many thanks to employees

Implementing our strategy and the challenges of the day-to-day business are only possible thanks to the conviction, enthusiasm and utmost dedication of each and every employee. On behalf of Alpiq's Executive Board and Board of Directors, I would like to thank all of our employees for their excellent work and engagement in an extraordinary year.

Alpiq carried out an employee survey in 2020 that brought extremely encouraging results to light. Employees' engagement is high and their satisfaction with Alpiq as an employer is above average in many respects. In the Board of Directors and Executive Board, this gives us both pleasure and motivation in equal measure to consistently fulfil our responsibility in these challenging times and in future. We want to develop Alpiq further as a sustainable, clearly positioned player and profitable company on the European energy market.

A handwritten signature in blue ink, appearing to read 'Jens Alder', is positioned above a faint, light blue circular stamp. The stamp contains the text 'Alpiq' and 'Chairman and Delegate of the Board of Directors'.

Jens Alder
Chairman and Delegate of the Board of
Directors

24 February 2021

Key Financial Figures

CHF million	Results of operations before exceptional items			Results under IFRS		
	2020	2019 (adjusted) ¹	% change	2020	2019	% change
Net revenue	3,823	4,059	- 6	3,905	4,099	- 5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	262	110	138	293	168	74
Depreciation, amortisation and impairment ²	- 93	- 127	- 27	- 80	- 401	- 80
Earnings before interest and tax (EBIT)	169	- 17	> 100	213	- 233	> 100
As % of net revenue	4.4	- 0.4		5.5	- 5.7	
Earnings after tax from continuing operations				166	- 226	> 100
As % of net revenue				4.3	- 5.5	
Earnings after tax from discontinued operations				- 56	- 42	- 33
Net income				110	- 268	> 100
As % of net revenue				2.8	- 6.5	

- 1 Since 2020, results of operations before exceptional items without Flexitricity Ltd. and e-mobility business. The comparative figures from 2019 have been adjusted; for explanations, see note 2.1 of the notes to the consolidated financial statements.
- 2 In 2020, including reversals of impairment losses

CHF million	31 Dec 2020	31 Dec 2019 (adjusted) ¹	% change
Total assets	7,368	7,360	0
Total equity	3,772	3,671	3
As % of total assets	51.2	49.9	
Net debt ²	249	206	21
Net debt / EBITDA before exceptional items	1.0	1.9	

- 1 See note 1.4 of the notes to the consolidated financial statements
- 2 See note 3.1 of the notes to the consolidated financial statements

	2020	2019	% change
Own production (GWh) ¹	13,690	15,407	- 11
Number of employees at the reporting date ²	1,258	1,226	3
Of which in Switzerland	704	676	4
Of which in surrounding European countries	554	550	1

- 1 Net share attributable to Alpiq from total power plant production (after deducting pumped energy), excluding long-term purchase contracts
- 2 Full-time equivalents

Highlights

New concession for the Gösgen hydropower plant for 70 years

The current concession for the Gösgen hydropower plant and the Winznau weir expires in 2027. Since the Winznau weir requires extensive renovation, the Swiss cantons of Solothurn and Aargau, the grantors of the concession, and Alpiq Hydro Aare AG, the concession holder, entered into negotiations regarding early renewal of the concession.

With the approval of the cantonal councillors Roland FÜRST (canton of Solothurn) and Stephan ATTIGER (canton of Aargau), the concession came into force on 23 September 2020 with retroactive effect from 1 January 2020. The new concession applies for 70 years, i.e. until the end of 2089. Thus, the Gösgen hydropower plant will continue to make an important contribution to the environmentally responsible and climate-friendly production of power and the security of supply in Switzerland over the coming decades.

In the next few years, Alpiq will invest more than CHF 63 million in the Gösgen hydropower plant, in particular in the construction of the new Winznau weir. This includes around CHF 12 million for a total of 21 compensation measures. These measures significantly improve the environmental footprint of the hydropower utilisation at the Gösgen hydropower plant in line with the Swiss Federal Act on the Protection of Nature and Cultural Heritage (NHG).

The Gösgen hydropower plant was commissioned in 1917. Between 1996 and 2000, the engine house was completely rebuilt. The largest run-of-river power plant on the river Aare has an average annual output of 300 million kWh, which equates to the average annual consumption of around 75,000 households. The power plant utilises the gradient of the river Aare over a stretch of 14.5 kilometres. 93 % of this stretch runs through the canton of Solothurn, 7 % through the canton of Aargau. The concession fee is distributed accordingly to the two cantons.



The new concession for the Gösgen hydropower plant is in place until 2089.

Expansion of the origination business in Finland and Norway

Alpiq is investing in its origination business and is expanding its customer business both in Oslo and at a new location close to Helsinki. The energy trade sector is becoming increasingly dynamic and complex and the production of power from new renewable energies, such as wind and photovoltaics, is increasing rapidly. The number of electricity producers is also growing continuously. For this reason, risk management, market access, direct marketing and the need for individual solutions is becoming increasingly important for producers and consumers alike.

Alpiq's energy specialists will meet this growing customer demand in Finland and Norway even better in future. The aim is to further increase the market share in the Nordic countries. Customers benefit from the additional expertise in tailored offerings, market access and selling electricity from new renewable energies. Alpiq has been present in all major European markets for many years, including Norway, Sweden and Finland. Alpiq is expanding its origination expertise in these countries in line with its corporate strategy of placing greater focus on business customers.



Helsinki: Museum of Contemporary Art Kiasma. Photo: iStock

Alpiq operates the largest electrolysis plant in Switzerland

The largest electrolysis plant in Switzerland for producing green, climate-friendly hydrogen is located at the Alpiq Gösgen hydropower plant. It was built by Hydros spider, a joint venture between H2 Energy, Alpiq and Linde Gas (PanGas). Water is separated into hydrogen and oxygen using only electricity that is produced on-site from 100 % hydropower. The plant has a capacity of 2 MW and produces hydrogen for commercial use in emission-free heavy goods transport. On 2 June 2020, the first special container filled with 350 kg of green hydrogen was transported to St. Gallen and is now available at a new hydrogen filling station.

Hydros spider's 2 MW plant produces around 300 tons of hydrogen a year, which equates to the annual consumption of 40 to 50 trucks or around 1,700 passenger cars. The hydrogen is produced using renewable energy and is a central element in the emission-free mobility business model that Hydros spider is currently establishing with Hyundai Hydrogen Mobility (HHM) and the H2 Mobility Switzerland Association. The model was initiated by H2 Energy on a private-sector basis. As well as the production and procurement of green hydrogen by Hydros spider, it includes Hyundai fuel cell heavy-duty trucks, a plan to expand the filling station infrastructure and a commitment by logistics and transport companies to use fuel cell heavy-duty trucks in the future.

By 2025, 1,600 Hyundai fuel cell heavy-duty trucks will be on Switzerland's roads thanks to this unique hydrogen ecosystem. The first fuel cell heavy-duty trucks were already delivered in October 2020. Their only emission is water. As a result, a sustainable, climate-friendly link between the energy and mobility sectors has become reality in the area of heavy goods transport.



The electrolysis plant produces hydrogen from electricity generated by the Gösgen hydropower plant.
Photo: Jean-Luc Grossmann

Alpiq embarks on a new chapter of growth with its new CEO

The Board of Directors of Alpiq Holding Ltd. has appointed Antje Kanngiesser as the new CEO of the Alpiq Group. She succeeds André Schnidrig, who has resigned for health reasons. She holds a doctorate in law as well as an Executive Master of Business Administration from IMD Lausanne and has been Head of Group Markets & Services at BKW since 2017 and a member of the Group Executive Board of the BKW Group since 2019. After a year as head of the general secretariat and the legal services in 2014, she was Head of the BKW Group Management and a member of the extended Group Executive Board from 2015 to 2017. Antje Kanngiesser will take up her position as the new CEO of the Alpiq Group on 1 March 2021.

During her time at BKW, she drove forward the corporate transformation by realigning business models, digitalising energy sales and firmly establishing modern working methods. Before joining BKW, she successfully served in various management positions with the Alpiq Group and Energie Ouest Suisse (EOS). Antje Kanngiesser has both German and Swiss citizenship and lives in Murten together with her family.

Antje Kanngiesser: "I look forward to leading Alpiq into the next phase of its corporate history based on its well-established and focused strategy. Together, we will continue to face many challenges, but we will also be able to seize great opportunities in the European markets." She is an outstanding executive with strong communication skills and excellent analytical abilities. She has a deep understanding of the energy industry, is familiar with the relevant business processes of an international energy company such as Alpiq and has extensive commercial expertise.



Antje Kanngiesser will take on the role of Alpiq's new CEO on 1 March 2021.

Grid synchronisation: successful tests in Nant de Drance

The first machine group at the new Nant de Drance pumped storage power plant was successfully connected to the high-voltage grid for the first time on 5 August 2020. The first synchronisation in the current test phase marks a major step on the journey to making the power plant fully operational. From the end of 2021, the flexible power plant with a capacity of 900 MW will make an important contribution to the security of supply.

Specialists have been testing the turbine-generator groups in the power plant cavern since March 2020. Synchronising the first machine with the high-voltage grid is a milestone on the way to commissioning the power plant. The grid connection tests are part of the commissioning process, which began in November 2019 when the intake valves were opened. The tests ensure that every component of the power plant meets the safety, quality and reliability requirements.

The shareholders of Nant de Drance SA (Alpiq's share: 39 %) have invested around CHF 2.2 billion in the construction of the pumped storage power plant. This investment demonstrates a long-term vision as well as willingness to face the challenges posed by the future power supply. Depending on demand, the 900 MW power plant will be able to produce or store large quantities of electricity within a very short period of time. This exceptional flexibility is gaining in importance as power production is becoming increasingly volatile due to the expansion of new renewable energies and the growing demand for flexibility. The balancing energy provided by Nant de Drance can balance short-term differences between power production and consumption. The plant will make a decisive contribution to ensuring the stability of the European electricity grid and the security of supply within Switzerland.



Ball valve in the cavern of the Nant de Drance pumped storage power plant. Photo: Sebastien Moret

Largest battery storage unit in Switzerland prequalifies for secondary control power

Alpiq manages the most powerful battery in Switzerland on behalf of MW Storage Ltd. The battery prequalified for the provision of secondary control power on 24 September 2020. The 20 MW battery is located in Ingenbohl in the Swiss canton of Schwyz and contributes to the stabilisation of the electricity grid.

In addition to its own storage power plants, Alpiq's flexibility portfolio contains an increasing number of smaller and larger third-party plants. In the third quarter of 2020, the most powerful battery in Switzerland was added to this portfolio, as a result of which the grid operator Swissgrid granted prequalification for the provision of secondary control power. Alpiq therefore strengthened its leading position in asset management for customers.

One of the main challenges of commissioning a battery storage unit is the interaction between the battery and the software; the battery only responds to the communication signals correctly and quickly enough if this interaction works. The status of the battery and schedules are automatically transmitted to the Trading department using artificial intelligence in order to procure or sell energy. Alpiq's concept for ancillary services is fully developed and its software for managing decentralised pools is tried and tested.

Because there had not been a battery project of this magnitude in Switzerland before, close cooperation between the manufacturer, the owner MW Storage and Swissgrid was especially important. As the capacity of 18 MWh can be used for secondary control power, the partners are now planning to utilise the storage unit for primary control power. This is another step towards making the battery use as profitable as possible for MW Storage Ltd.



The battery storage unit in central Switzerland has a power of 20 MW.

Power purchase agreement for the 50 MW Alizarsun solar project

Alpiq is further expanding its business in the area of long-term power purchase agreements (PPA) for renewable energies. On 24 September 2020, Alpiq – in a consortium with Solaer and Himin – entered into a long-term PPA for the 50 MW Alizarsun solar project.

The Alizarsun solar project is located in Paracuellos del Jalón (Zaragoza) in Aragón, one of the leading regions in Spain for the development of renewable plants. The contract will start in 2021 and run for the next ten years. As part of the PPA, Alpiq will sell the generated electricity on the market for renewable energies.

With the long-term power purchase agreements, Alpiq and its partners increase their planning security and mitigate market risks. Alpiq's PPA solutions are tailor-made and take into account not only specific cost structures and geographical conditions, but also the growing customer requirements regarding risk management. In Spain, Alpiq has already signed long-term purchase agreements for over 300 MW of installed capacity.

Solaer is one of the most successful developers of photovoltaic plants in Israel. Its project pipeline comprises plants with a total capacity of around 1 GW. Himin was established in China in 2007 and has branches in Italy, Chile and Argentina. Himin develops, constructs and operates photovoltaic plants. In addition to its cooperation in Spain, the consortium is developing photovoltaic projects with a total capacity of 800 MW in Italy.



Alpiq is expanding its business with long-term power purchase agreements for photovoltaic plants.
Photo: Keystone-SDA/laif/Franco Barbagallo

About us



Nant de Drance pumped storage power station in the Valais Alps. View on the Vieux Emosson reservoir, 295 meters below is the Lac d'Emosson.
Photo: Sébastien Moret

Alpiq is a leading Swiss energy company that is active throughout Europe. Our energy business contributes to a better climate and improves the security of supply in Switzerland and for our customers on the European markets. We pursue a sustainable, financially sound and risk-adjusted business model.

Our core business is the production of electricity from flexible CO₂-free hydropower and climate-friendly nuclear power in Switzerland as well as from wind power and photovoltaics in several European countries. In addition, we operate modern and flexible gas-fired combined-cycle power plants in Italy, Spain and Hungary.

Our core business also comprises energy trading. We sell production from our own plants as well as third-party plants on our modern and efficient trading platform, and operate a trading business for electricity, gas and other energy products in more than 30 countries. A sustainable and cost-effective energy procurement strategy is an important aspect of any business. Our Sales & Origination team supports industrial and business customers with sustainable energy management as well as a wide range of energy solutions and services.

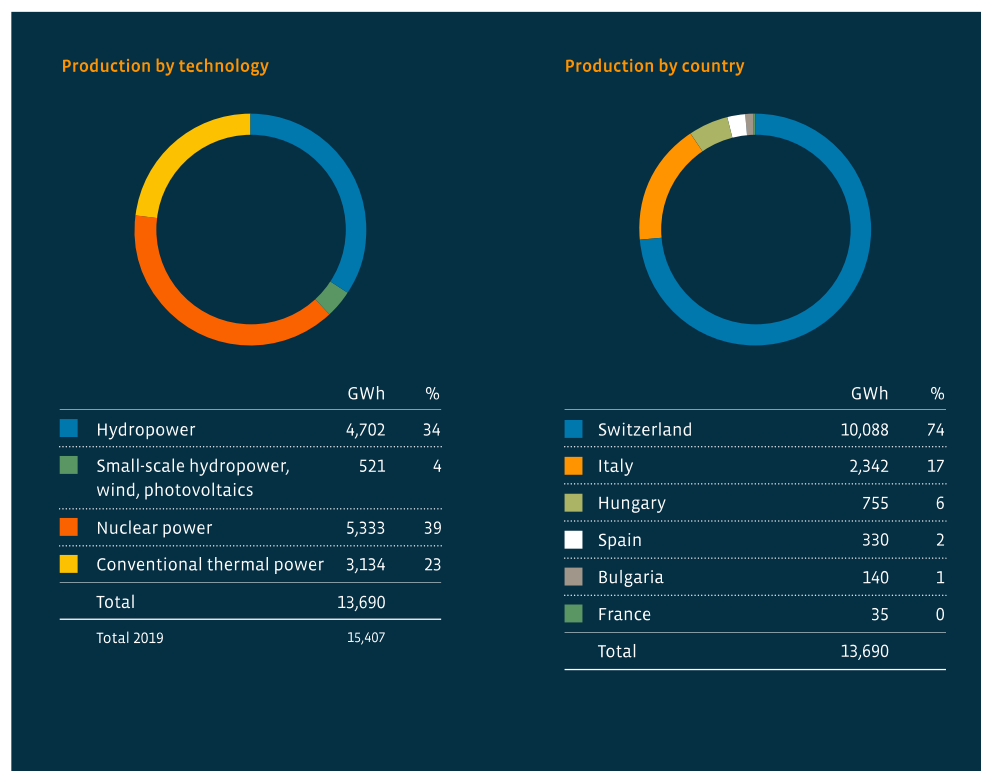
One of our main priorities is developing and expanding digital competencies and applications in order to strengthen the core business, improve our competitiveness and efficiency as well as to open up new business opportunities. We have around 1,300 employees and are headquartered in Lausanne.

Power Production in 2020

Power Plants	Installed capacity at 31.12.2020 ¹		Production 2020 ²	
	MW	MW	GWh	GWh
Hydropower		2,910		4,702
Switzerland	2,910		4,702	
Small-scale hydropower, wind, photovoltaics		326		521
Switzerland	17		53	
Bulgaria	72		140	
France	13		35	
Italy	224		293	
Nuclear power		676		5,333
Switzerland	676		5,333	
Conventional thermal power		1,317		3,134
Italy	491		2,049	
Spain	423		330	
Hungary	403		755	
Total		5,229		13,690

1 Based on Alpiq's net share of total power plant production

2 Alpiq's net share of total power plant production (after deducting pumped energy), excluding long-term purchase contracts



Organisational structure

We organise our business into three business divisions: Generation Switzerland, Generation International and Digital & Commerce.

The **Generation Switzerland** business division comprises the production of electricity from power plants in Switzerland. This includes run-of-river power plants, storage and pumped storage power plants as well as interests in the Gösgen and Leibstadt nuclear power plants.

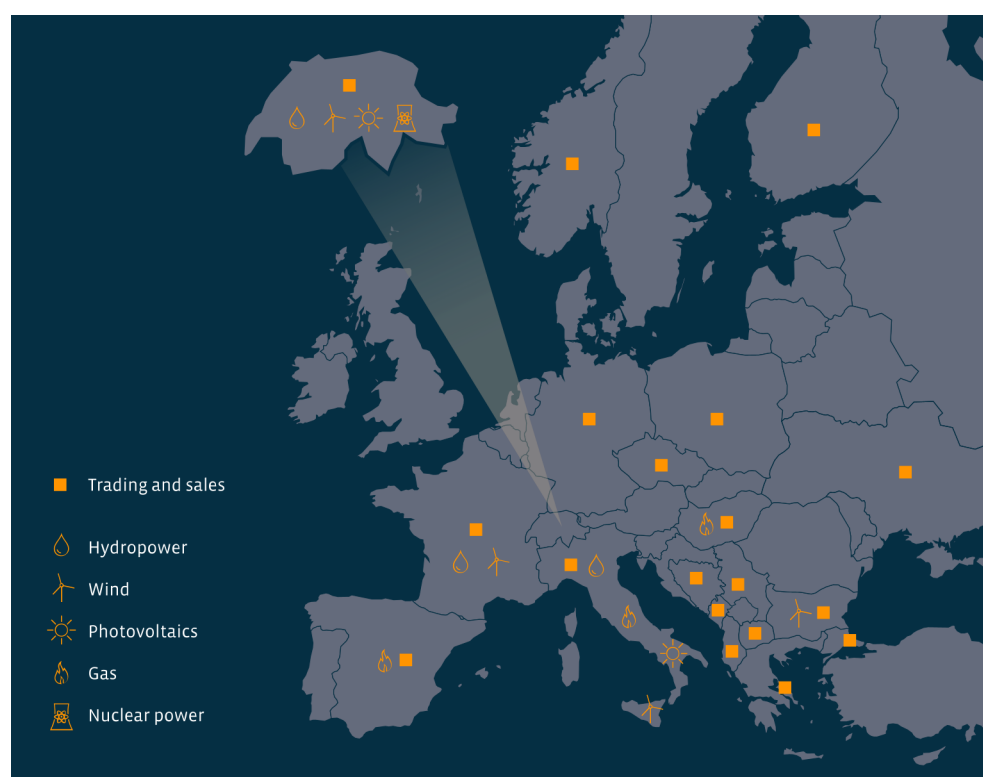
The **Generation International** business division comprises the production of electricity from new renewable energies, namely wind, small-scale hydropower and photovoltaics, in Switzerland, Italy, France and Bulgaria. This business division also produces electricity and heat from gas-fired combined-cycle power plants in Hungary, Italy and Spain.

The **Digital & Commerce** business division does not only sell electricity produced by Alpiq's plants on the European electricity trading market, but also comprises international energy trading (Merchant Trading) and direct marketing for industrial and business customers (B2B). We are planning a targeted expansion of these two business fields in synergy with our origination business. To counter the increasing volatility on the energy markets, we offer our customers flexible contracts and the option to manage their financial risks associated with energy prices. Keywords here are structured contracts based on virtual power plants (VPPs) and long-term power purchase agreements (PPAs), in particular for renewable energies. We have extensive experience in marketing power

production and optimising renewable energies. To improve our competitiveness, we are investing in the development of our optimisation and trading platform, using the possibilities offered by digital technologies.

Active throughout Europe

We are represented by branches in many European countries, both in trading and sales as well as with energy services. We operate our own power plants in Switzerland, Italy, France, Spain, Hungary and Bulgaria. We operate three trading floors at our headquarters in Lausanne as well as in Olten and Prague.



Financial Calendar

25 February 2021: Annual media conference

28 May 2021: Annual General Meeting of Alpiq Holding Ltd.

26 August 2021: Media Conference Half-Year Results 2021