

Grid stability is the top priority

Balance sheet press conference 2022

Aarau, 27 April 2022

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Swissgrid operates in a dynamic environment



There can be no security of supply without grid security



We work closely with national and international partners



We are building the extra-high-voltage grid of the future



We find innovative solutions for the operation and maintenance of the extra-high-voltage grid

We work closely with national and international partners



- Expert report: Swissgrid is working with industry to develop measures for long-term security of supply and grid stability in Switzerland.



- Swissgrid remains committed to finding a way to work with its European partners on a technical level.

We are building the extra-high-voltage grid of the future



- Construction work on the Chamoson – Chippis and La Bâtiaz – Le Verney grid construction projects will be completed in 2022.
- Important construction progress was made on the Pradella – La Punt and Mörel-Filet – Ernen grid projects.



- The sectoral plan procedure for the Marmorera – Tinizong and Innertkirchen – Mettlen lines has been submitted.
- The Airolo – Lavorgo, Chippis – Mörel and Bickigen – Chippis projects are currently in the planning approval process.



- Work has begun on the «Strategic Grid 2040».
- Swissgrid is preparing the multi-year grid plan in coordination with distribution system and European transmission system operators on the basis of the Scenario Framework Switzerland.

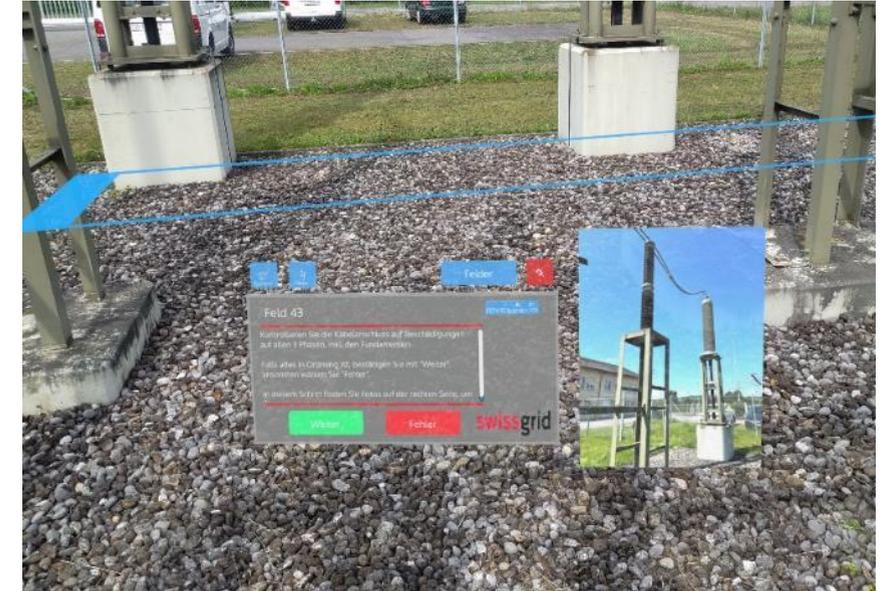
We find innovative solutions for the operation and maintenance of the extra-high-voltage grid



- The crowd balancing platform Equigy has a new member in the form of the Austrian grid operator APG.
- Swissgrid has launched a pilot project with ewz that focuses on cooperation between transmission and distribution system operators.



- We continued our successful use of drones in plant management.
- This project increases precision and efficiency in corrosion measurement, has a positive impact on system operation, and helps to avoid bottlenecks.



- Swissgrid has launched an augmented reality (AR) project for inspecting plants.
- AR technology offers new opportunities for optimising and standardising processes at Swissgrid.

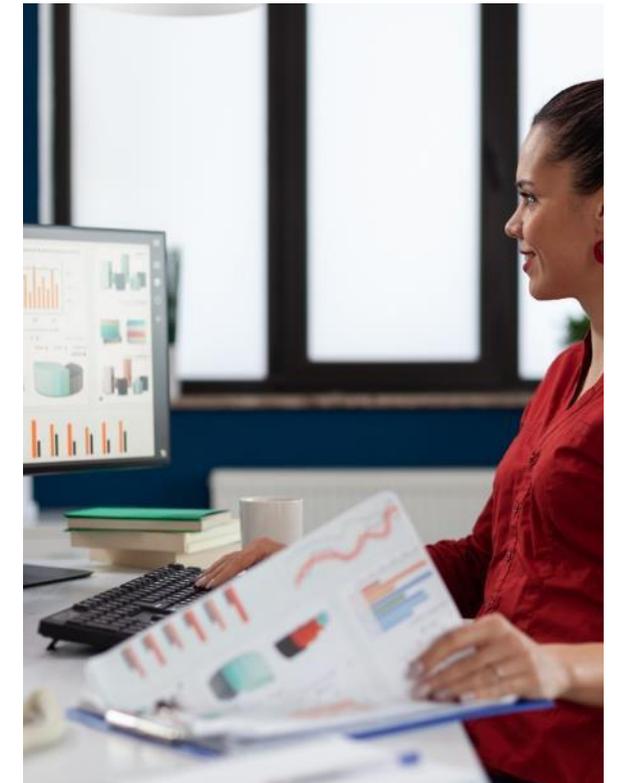
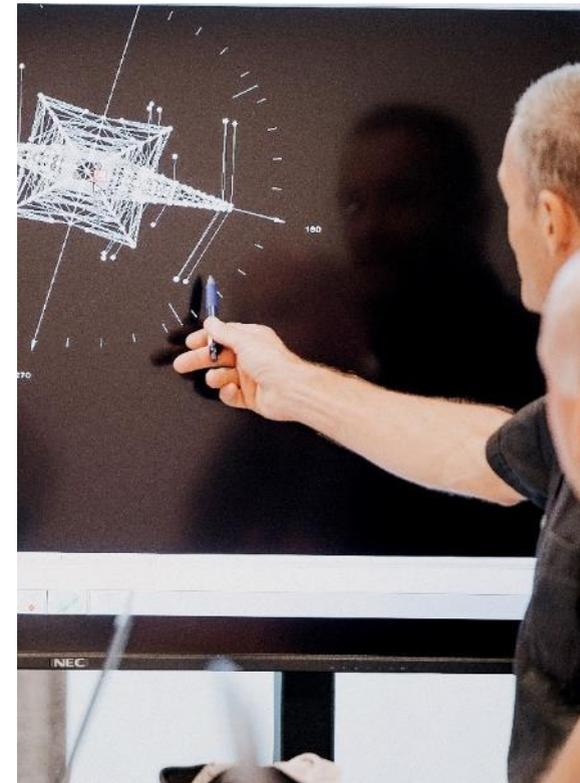
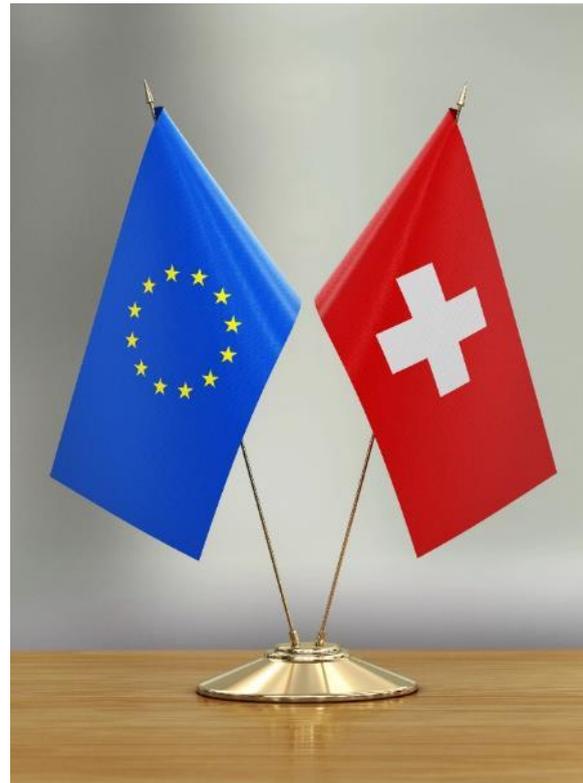
Electricity flows through us. For Switzerland. Today and tomorrow.

Swissgrid does everything in its power to ensure Switzerland's grid-related security of supply.

Swissgrid remains committed to finding a way to work with its European partners.

Swissgrid is driving forward digitalisation and process automation within the company with the aim of achieving greater efficiency.

Swissgrid has achieved solid results in a challenging environment, enabling it to further strengthen its financial basis.



Security of supply requires grid security!

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2021 financial result & financial outlook

Doris Barnert
Head of Corporate Services / CFO

Aarau, 27 April 2022



Swissgrid achieves a solid financial result in a challenging environment



Swissgrid operates one of the most critical infrastructures in Switzerland.

Today, Switzerland has a reliable electricity supply and grid stability.

Swissgrid is doing its bit to ensure that this remains the case going forward. To achieve this, Swissgrid will need stable financial framework conditions in the future, too.



In 2021, Swissgrid achieved **EBIT** of CHF 204.3 million (+CHF 87.6 million). The higher figure is due in particular to regulatory one-time effects arising from the final remuneration paid for the grid takeovers.

Swissgrid achieved an **annual result** of CHF 106.2 million (+40%).



Total assets at the end of 2021 came to CHF 3.5 billion.

The **equity ratio** fell to 35.7% (-3.4%) as a consequence of the higher total assets.

Completion of the transmission system transfer



The final remuneration paid in 2021 to the former transmission system owners concluded the **largest and most complex transaction stipulated by law to date** in Switzerland.



This transfer of the transmission system, as stipulated in the Electricity Supply Act, involved **more than 17,000 installations** with a **total value** of approximately **CHF 3.0 billion**.



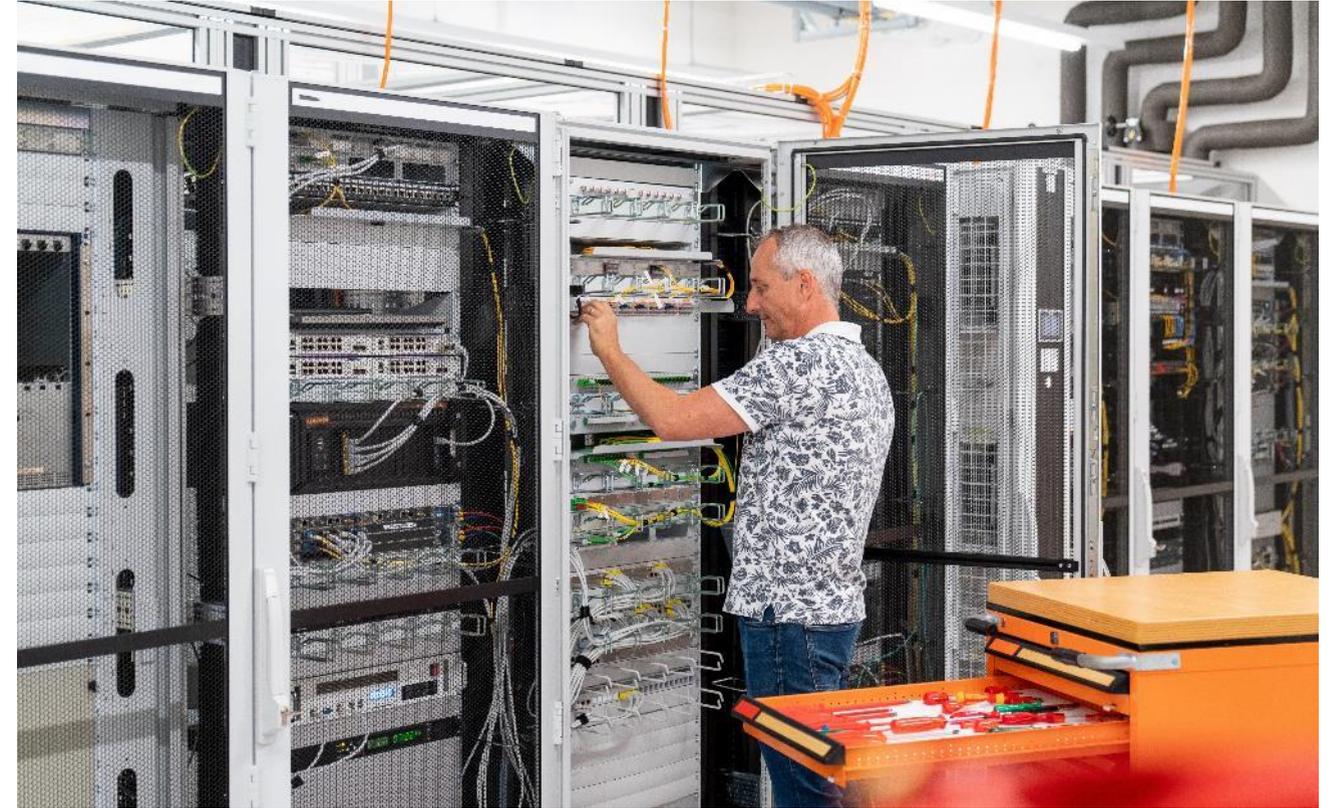
As of 1 January 2021, the final remuneration resulted in non-current assets that were CHF 117.4 million higher, and equity increased by CHF 35.2 million.

The final remuneration also positively influenced net income due to the regulatory effects.

Investments in the transmission system and security



Swissgrid invested CHF 178.9 million (+11.1%) in grid infrastructure in 2021.



The total **volume of investment** in infrastructure and security amounted to CHF 208.6 million (+17%).

Electricity prices on the spot and futures markets



For months now, the electricity market has been characterised by an **extraordinary price increase** and persistently high price volatility.



Swissgrid does not engage in electricity trading, but procures control power and ancillary services energy for the purpose of stabilising the grid.

Procurement costs depend on price trends on the electricity markets. Swissgrid can collect these over future tariff periods.



As a result of the large increase in electricity prices in the second half of 2021, **procurement costs** increased by CHF 189.0 million to CHF 417.5 million, while **net turnover** increased to CHF 715.1 million, exceeding the previous year's result by CHF 126.9 million.

Outlook of financial expectations from 2022 onwards



EBIT (excl. the regulatory one-time effects in 2021) and **net income** will increase slightly in the coming years*.

Swissgrid's regulatory business model is based on a «cost-plus» approach.



In the next few years*, **equity** will rise steadily and the **equity ratio** will increase slightly.



Net financial debt will increase slightly due to the **investments** in the expansion of grid infrastructure and secure grid operation.

Swissgrid is solidly positioned for the future.

* ceteris paribus

Our contribution to sustainability



- Swissgrid has always taken a long-term and sustainable approach to its business activities. The company will focus even more on **sustainability** going forward.
- At Swissgrid, sustainability includes the ecological, economic and social dimensions.
- We are setting up a sustainability reporting system.
- We are placing even more emphasis on sustainability in procurement and therefore playing our part in meeting Switzerland's 2050 climate targets.

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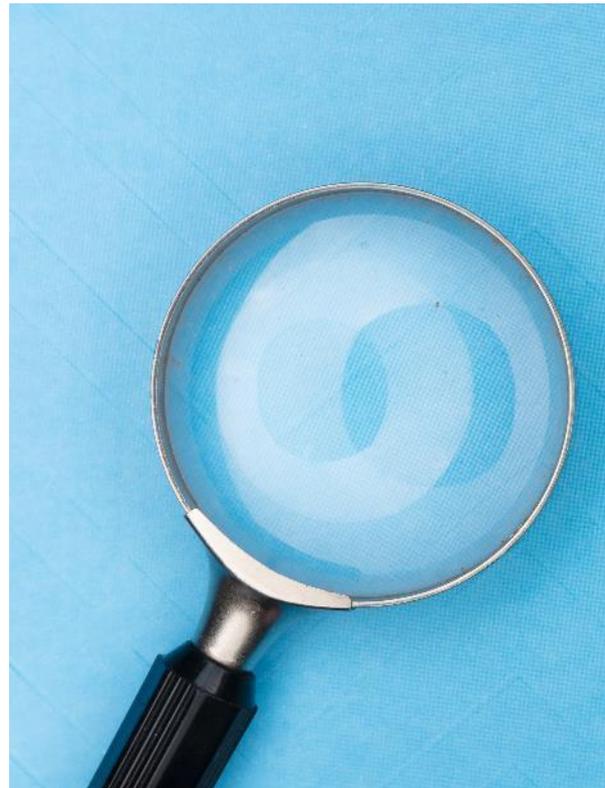
Measures are needed for long-term grid stability and security of supply

A strategic reserve is needed to supplement the planned energy reserve.

New roles and allocations of responsibilities are needed to supervise and manage the energy reserve.

Procedures need to be accelerated and incentives provided to expand domestic production capacities.

Solutions are needed at an intergovernmental level.



The strategic reserve would supplement the planned energy reserve



Energy reserve

Primarily from existing hydroelectric pump-storage power (but open to all technologies)

Aim: to prevent premature reservoir emptying in late winter and spring



Strategic reserve

New off-market back-up power plants (open to all technologies)

Aim: to bridge unexpected shortages

Two new roles and allocations of responsibility are necessary



Watchdog

- Ensures an adequate monitoring system
- The role could be assigned to the Federal Office of Energy or the Swiss Federal Electricity Commission

Supplier of Reserve (SOR)

- Serves purely as a settlement agent (tendering and settlement)
- The role would have to be assigned to an independent body

A structural energy deficit must be averted



Approval processes for grid development and expansion, as well as for new production plants, must be accelerated.



Strong emphasis should be placed on incentives for the expansion and maintenance of domestic electricity production.

An intergovernmental agreement serves as an interim solution



Swissgrid is advocating a purely technical intergovernmental agreement with the EU as an interim solution.

- Adequate consideration of Switzerland in capacity calculations
- Participation in the EU's control energy platforms (TERRE, MARI & PICASSO), which are essential for grid security
- Reduction of unplanned flows through Switzerland
- Ensuring the maximum possible import capacities

Contracts between transmission system operators are not a sustainable solution

Contract with «Italy North» region



- The contract was concluded in December 2021.
- Swissgrid is involved in cross-border capacity calculation methods, redispatch and security coordination processes.
- However, the contract is only valid for 12 months and does not cover all of the key aspects.

Contract with «CORE» region



- Swissgrid has signed a project contract with «CORE» and is involved in certain developments.
- A concept for the capacity calculation has been approved; the operational contract still has to be negotiated
- Swissgrid is not yet included in all processes. The contract is not expected to be concluded before 2023.

Political bodies must set the right course



Q&A session

Aarau, 27 April 2022

Thank you for your interest

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