

Exceptionally good results following a challenging financial year

Annual media conference, 4 December 2023



Agenda

1. Highlights from the financial year

Christoph Brand
CEO Axpo Group

2. Key financial figures in detail

Joris Gröflin
CFO Axpo Group

3. Strategy implementation & outlook

Christoph Brand
CEO Axpo Group

4. Your questions

Highlights

Christoph Brand, CEO Axpo Group



Exceptionally good results

In a challenging environment



Adjusted EBIT

Previous year:
392 million CHF



Equity

Previous year:
7432 million CHF



Liquidity

Previous year:
4101 million CHF



Highlights from the financial year

- High availability of power plants, significant contribution to a secure and reliable electricity supply
- Increased liquidity and strengthened equity
- Activities in renewable energies expanded
- Concrete climate goals signed off
- Investments of CHF 475 million, of which CHF 230 million in Switzerland
- Goal of being the largest training organisation in the branch by 2030
- Outstanding commitment from over 6,700 employees



Exceptionally good results

Strengthened resilience following turmoil



Diversified strategy
again pays off



Highest contribution to
earnings from
international customer
and trading business



Resilience increased,
credit line from federal
government revoked

Credit line from federal government

Revoked at Axpo's request

- The decree from the federal government on the CHF 4 billion credit line was revoked at Axpo's request on 1 December 2023
- Axpo did not utilise the credit line at any time
- FiRECA still applies for Axpo until the end of 2026
- Audit confirms in March 2023:
 - Axpo has a detailed and well-documented risk management concept and a detailed liquidity management system that is standard in the industry
 - No significant deficiencies or objections identified



Significant earnings from international customer and trading business

- Average price of 7 cents/kWh for electricity delivered from Swiss power plants, only negligible benefits from higher electricity prices on the spot market
- Axpo's subsidiary CKW is regularly one of the suppliers with below-average prices, and in 2024 it will even be one of the best priced suppliers
- Highest contribution to earnings from international customer and trading business thanks to position as leading energy trading company



Key financial figures in detail

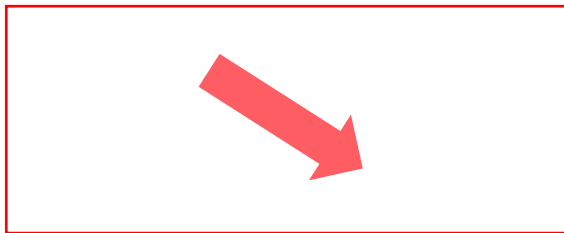
Joris Gröflin, CFO Axpo Group



Decreasing energy prices in volatile markets

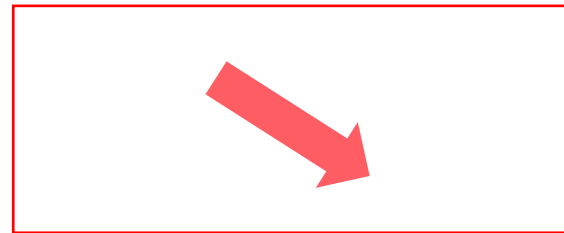
Power price

Cal 23 /24 (EUR/MWh)



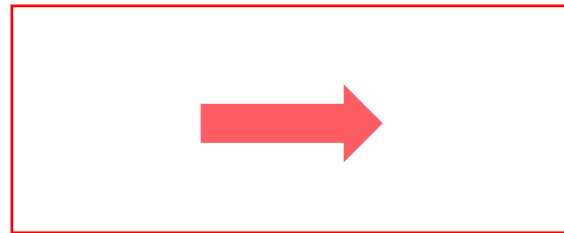
Country spread

LT Power Spread CH-DE (EUR/MWh)



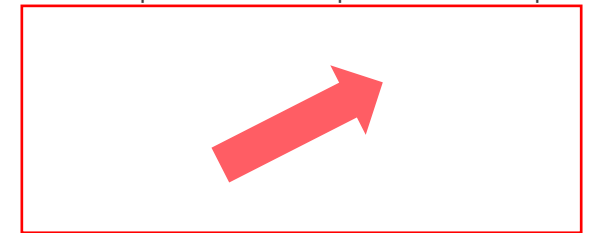
FX rate

FX rate EUR / CHF



Stock market

SMI



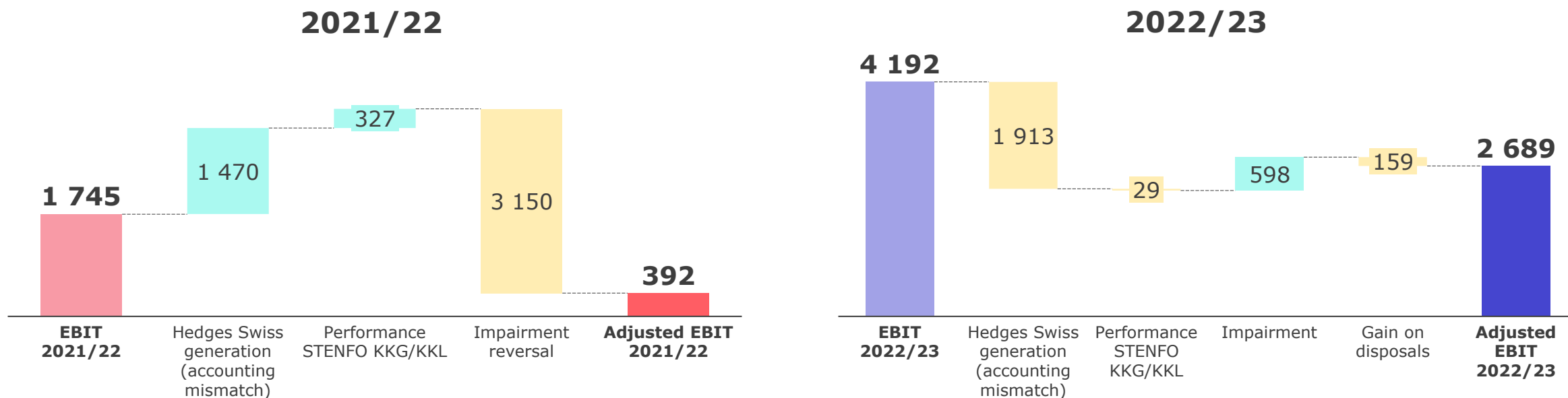
Extraordinary results in terms of profitability and cash flows

in CHF million

	2022/23	vs. previous year	
Adjusted EBIT	2 689	+2 297	<ul style="list-style-type: none"> • Exceptional results in Trading & Sales • Higher generation from nuclear and hydro power plants
EBIT	4 192	+2 447	<ul style="list-style-type: none"> • Positive impact from hedging of Swiss generation (accounting mismatch) • Positive performance STENFO +4.4%
Result for the period	3 389	+2 794	<ul style="list-style-type: none"> • Extraordinary result supported by profit shifts and capital market development
Free cash flow	3 766	+7 025	<ul style="list-style-type: none"> • Strong cash flows as expected supported by decreasing prices
Equity	11 565	+4 133	<ul style="list-style-type: none"> • Substantial increase in equity
Net financial position	390	+4 034	<ul style="list-style-type: none"> • Net financial position improved by CHF 4 billion within one year

Expected financial effects materialised

in CHF million



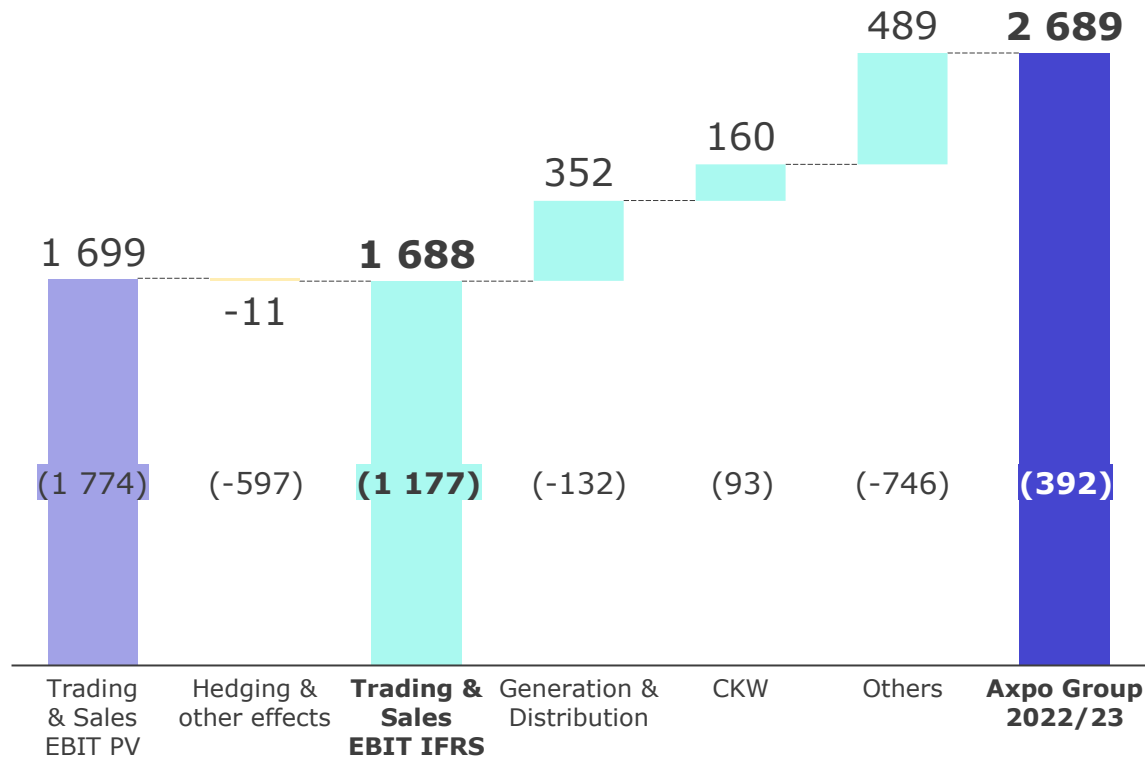
- Negative impact from hedging Swiss generation (accounting mismatch - unrealized)
- Negative performance STENFO -13.6%

- Positive impact from hedging Swiss generation (accounting mismatch - unrealized)
- Positive performance STENFO +4.4%
- Impairment mainly relates to Linth-Limmern

Positive contribution from all business areas – Trading & Sales exceptionally strong

in CHF million

Adjusted EBIT 2022/23

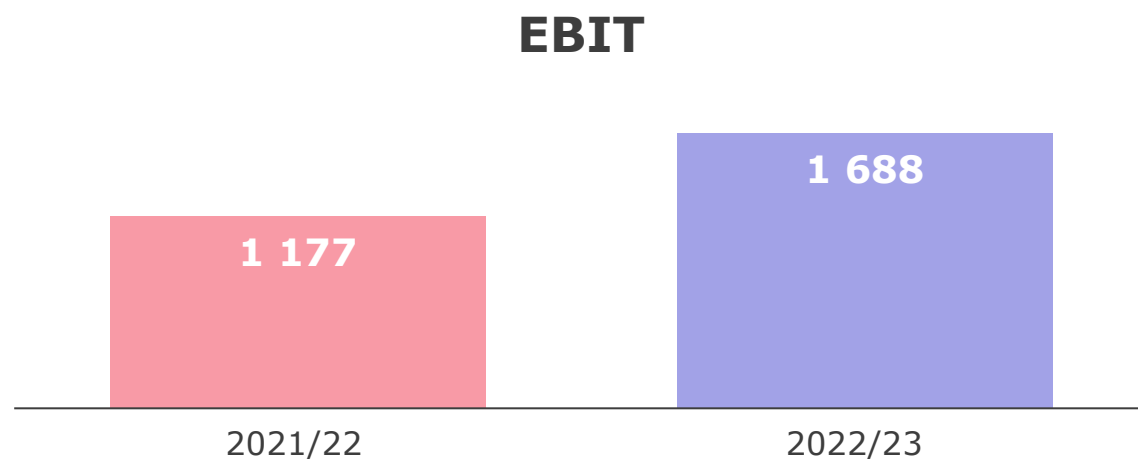


- Again extraordinary results in Trading & Sales
- Higher generation from nuclear and hydro power plants as main driver for Generation & Distribution
- CKW benefited from higher availability of power plants and higher prices
- Others mainly include the impact of hedging Swiss generation (accounting mismatch) not offsetting on segment level (reverse impact from prior year)

Prior year figures in brackets

EBIT by segment Trading & Sales

in CHF million



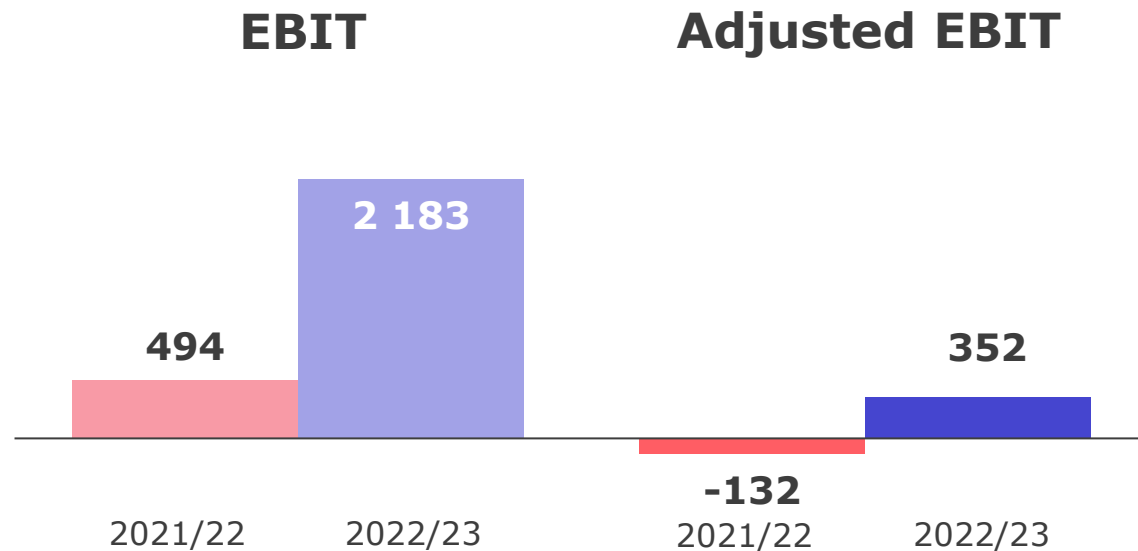
- High demand for tailor made energy solutions supports strong growth in Origination
- Proprietary trading benefiting from market volatility
- Asset-backed trading below exceptional prior year but still way above average historical results
- Significant reduction of risk metrics

in CHF million

	2021/22	2022/23
Gross margin asset-backed trading	1 313	648
Gross margin origination	885	1 168
Gross margin proprietary trading	89	504
Gross margin	2 287	2 320
Operating expenses	- 513	- 620
EBIT in Performance View	1 774	1 699
Hedging effects / other reconciliation items	- 597	- 11
EBIT IFRS	1 177	1 688

EBIT by segment Generation & Distribution

in CHF million

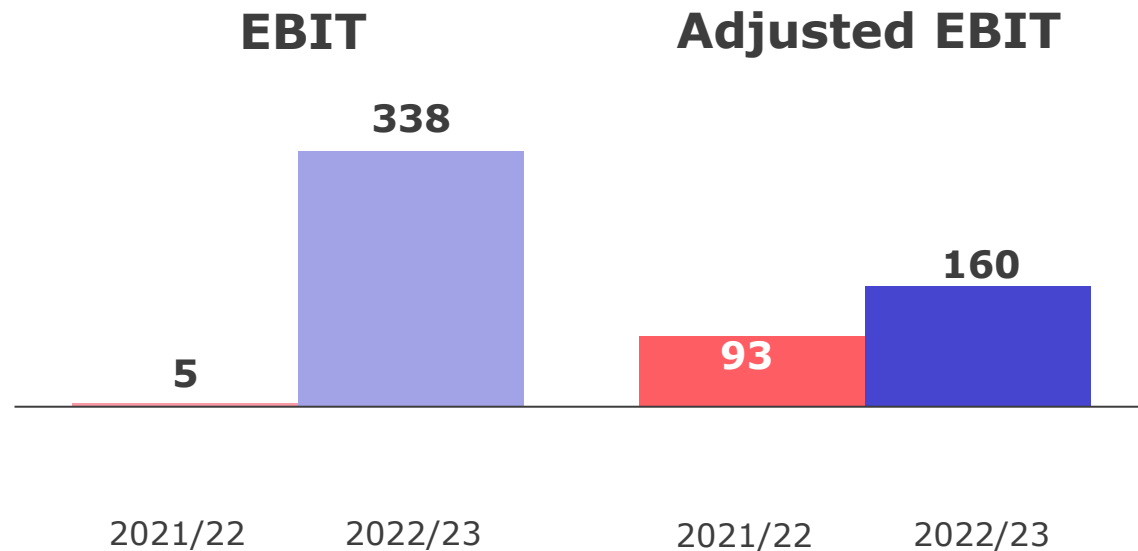


- Higher generation from nuclear power plants and hydro power plants due to higher availability and weather conditions
- No sale of wind/solar plants partially as expected
- Impairment reversal of prior year results in higher ordinary depreciation
- Positive impact from hedging of Swiss generation (accounting mismatch - unrealized), STENFO and gain on disposal of non-strategic investments
- Impairment mainly attributable to pump-storage power plant Linth-Limmern

Adjusted EBIT excluding the higher/lower STENFO return, impairment/impairment reversal on power plants, temporary shifts in income from hedging power generation and gain on disposals

EBIT by segment CKW

in CHF million



- Higher power prices and higher results from asset optimization
- Higher generation from nuclear power plants
- Positive impact from hedging of Swiss generation (accounting mismatch - unrealized), STENFO and gain on disposal from EWA-energieUri-Group

Adjusted EBIT excluding the higher/lower STENFO return, impairment/impairment reversal on power plants, temporary shifts in income from hedging power generation and gain on disposals

Result for the period also benefits from STENFO and FX result

in CHF million

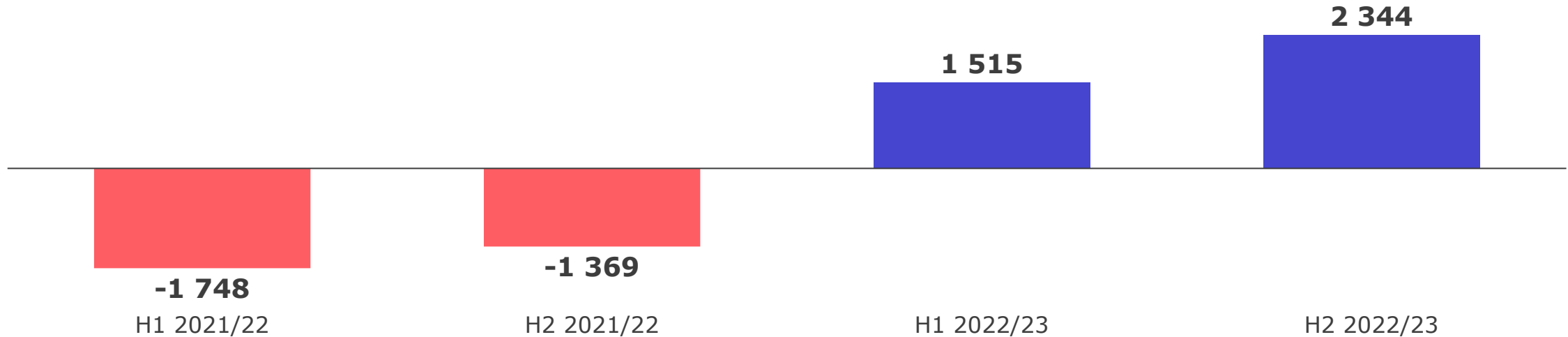
	2021/22	2022/23
EBIT	1 745	4 192
Net interest expense	-208	-119
Performance STENFO	-410	+114
Net FX-result	-447	+57
Other financial result	27	-131
Income tax expense	-113	-724
Result for the period	594	3 389

- Positive performance on financial markets drives STENFO impact (additional EBIT-impact of CHF +29 million)
- Exchange rate gains on monetary items (strengthening of EUR vs. CHF)
- Income tax rate of 18%

Operating cash flow of CHF 3 859 million

in CHF million

Cash flow from operating activities



- 2021/22 substantial outflow of funds for collateral payments due to hedging Swiss generation
- Strong operating performance 2022/23
- Reflows from collaterals due to realization and decreasing power prices in 2022/23

Continuous investments – divestment efforts concluded

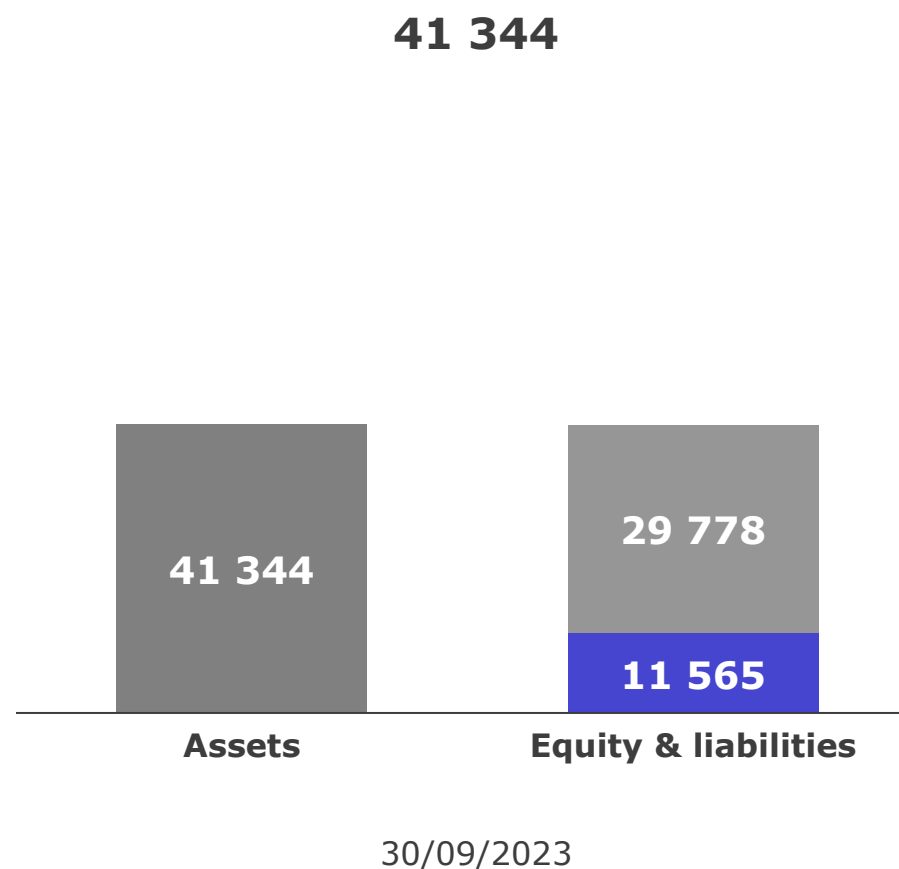
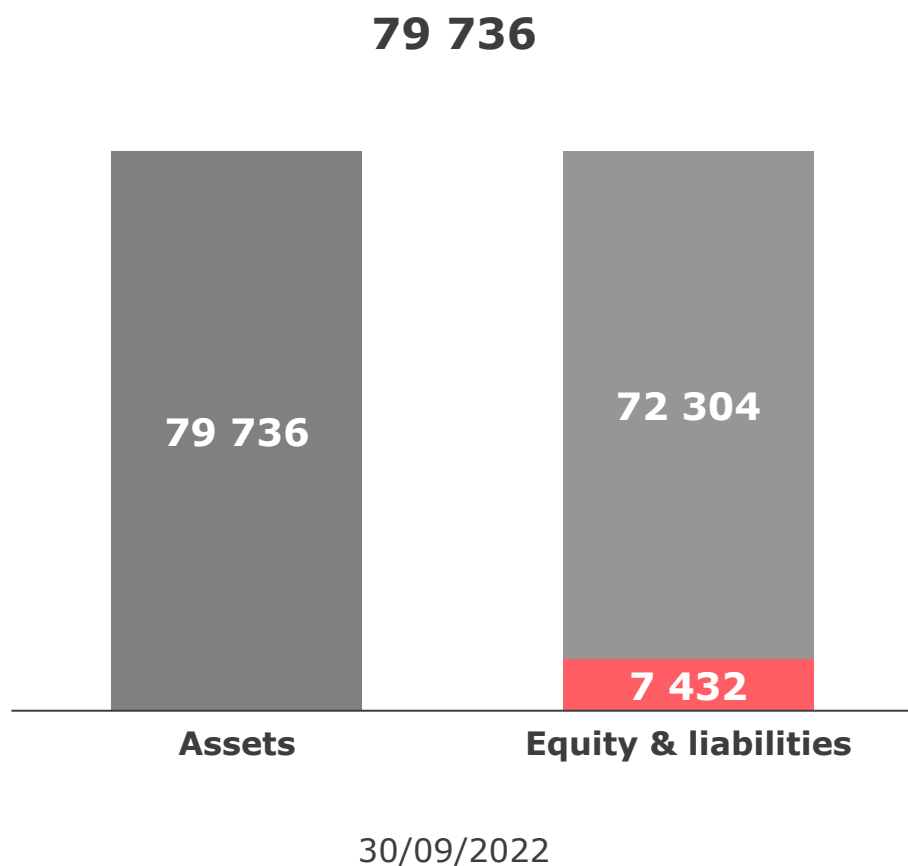
in CHF million

	2021/22	2022/23
Hydro	34	46
Nuclear	47	30
Distribution	104	122
Renewables	261	232
Other effects	42	45
Gross investments	488	475
Divestments, other	-346	-382
Net investments	142	93

- Gross investments of CHF 475 million mainly in renewables and distribution, of which
 - CHF 230 million in Switzerland
 - CHF 245 million international
- Disposal of non-strategic investments
 - Sale of 5% interest in Trans Adriatic Pipeline
 - Sale of 52.3% interest in EWA-energieUri-Group

Equity increase to CHF 11.6 billion

in CHF million



Positive net financial position

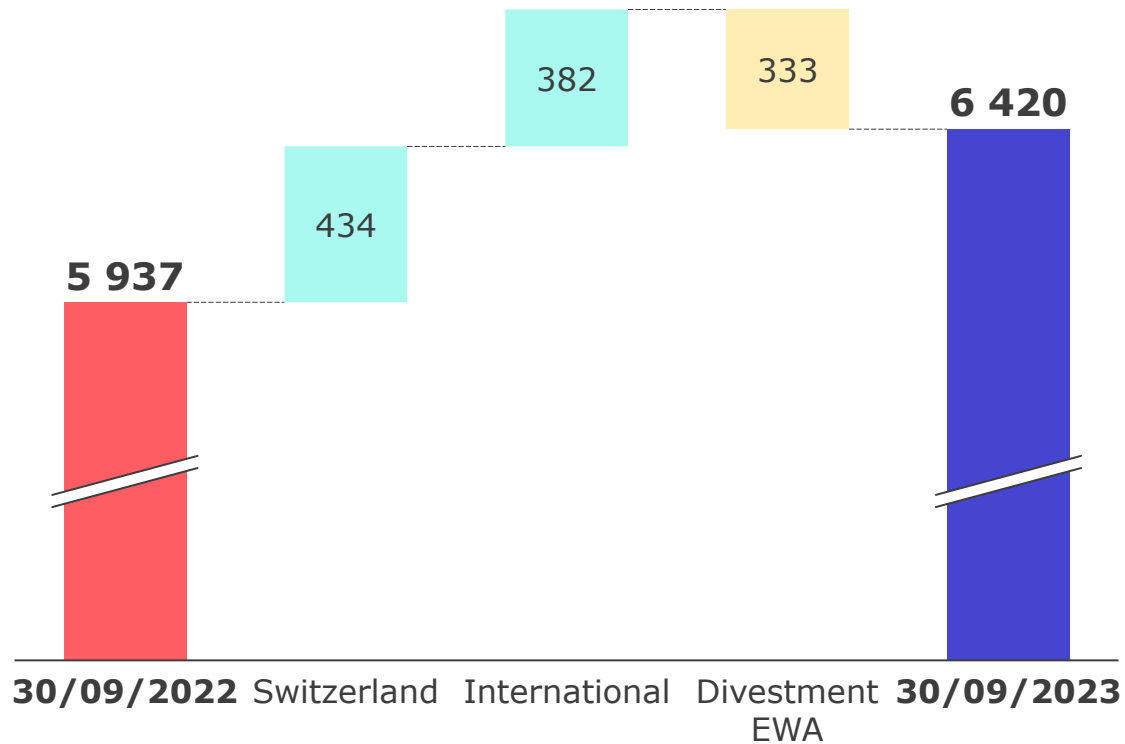
in CHF million

	30/09/2022	30/09/2023
Current financial liabilities	-2 890	-2 535
Non-current financial liabilities	-4 855	-4 616
Total eligible debt	-7 745	-7 151
Cash and cash equivalents	3 907	7 394
Time deposits	10	0
Financial assets	185	148
Total liquidity	4 101	7 542
Net financial position	- 3 644	390

- Reduction of net debt by CHF 4 billion within 12 months
- Increase of unsecured credit lines with financial institutions to CHF 11.6 billion, thereof CHF 6.1 billion committed
- Sale of minority share of Volt Beteiligung AG
- Unsecured, subordinated credit facility from Swiss government of CHF 4 billion never used

Growth in strategic areas

in full-time equivalents (FTE)

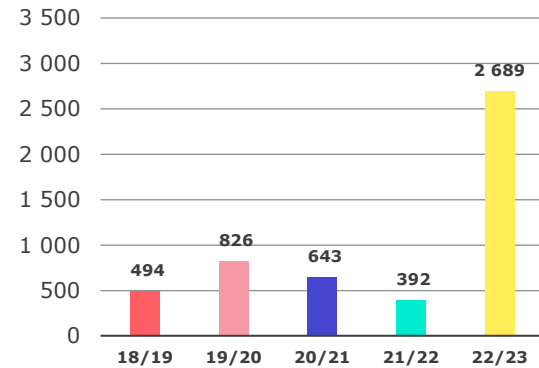


- Growth in Switzerland driven by building technologies and digitalisation
- Growth in wind and solar international
- Trading & Sales with growth in international origination business

Axpo with improved financial profile

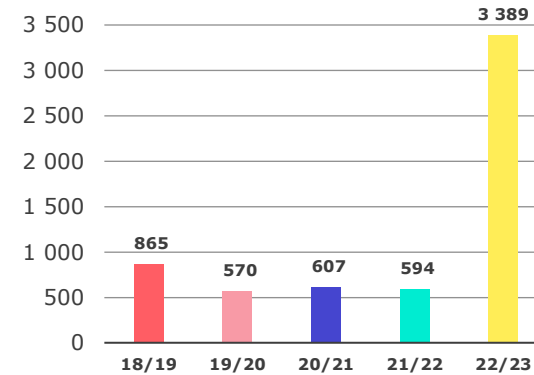
Adjusted EBIT

in CHF million



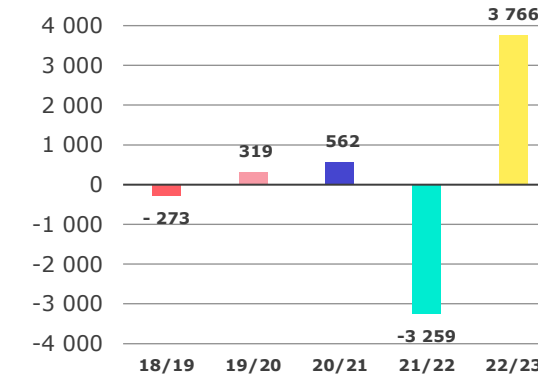
Result for the period

in CHF million



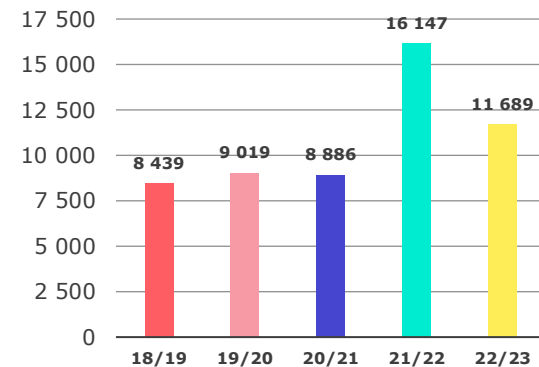
Free cash flow

in CHF million



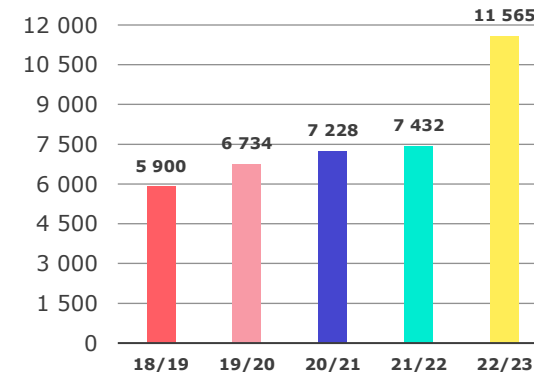
Net operating assets

in CHF million



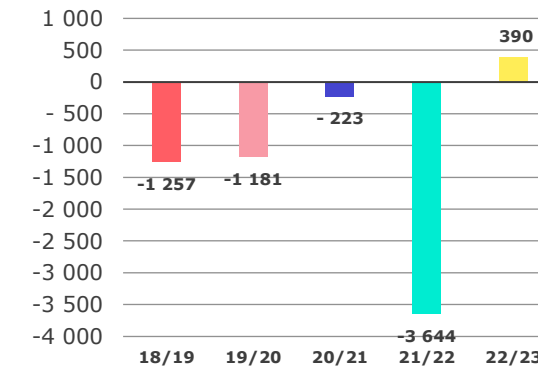
Equity

in CHF million

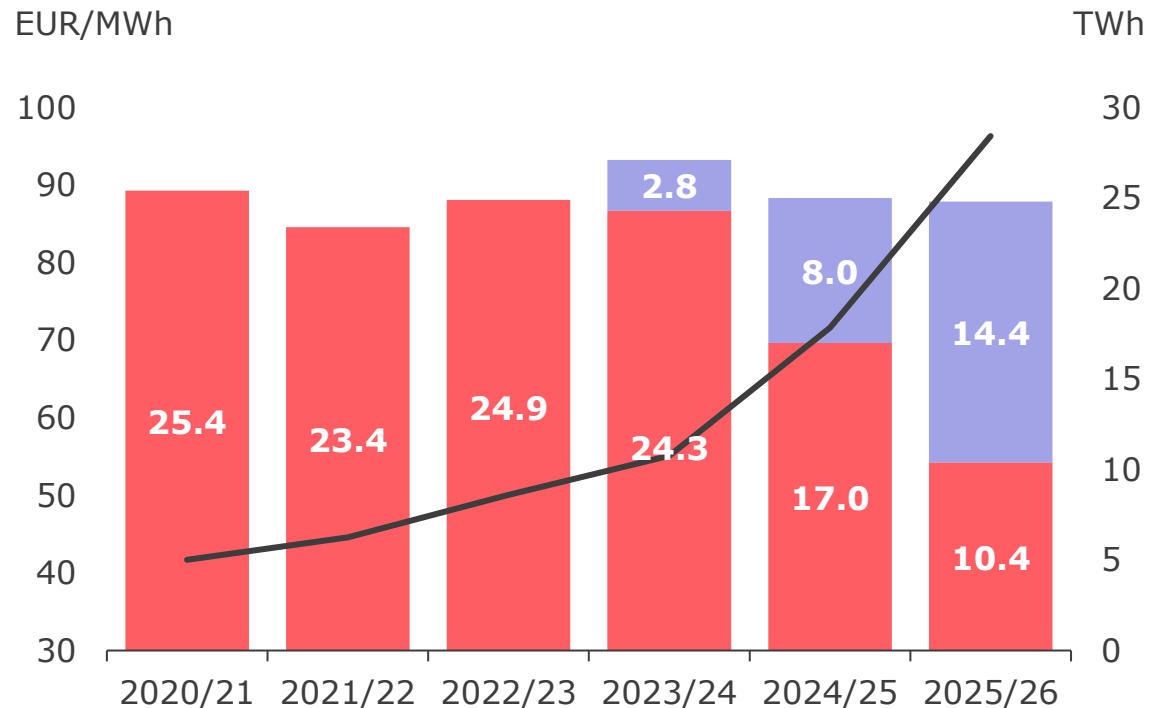


Net financial position

in CHF million



Status hedged position Swiss generation



- Hedging policy adjusted
- Total volume of 52 TWh was hedged as of 30 September 2023 (30.9.2022: 64 TWh)
- 2023/24: average hedged price of 55 EUR/MWh (30.9.2022 55 EUR/MWh)
- 2024/25: average hedged price of 72 EUR/MWh (30.9.2022 66 EUR/MWh)
- 2025/26: average hedged price of 96 EUR/MWh
- Axpo will benefit from higher prices from 2024/25 onwards

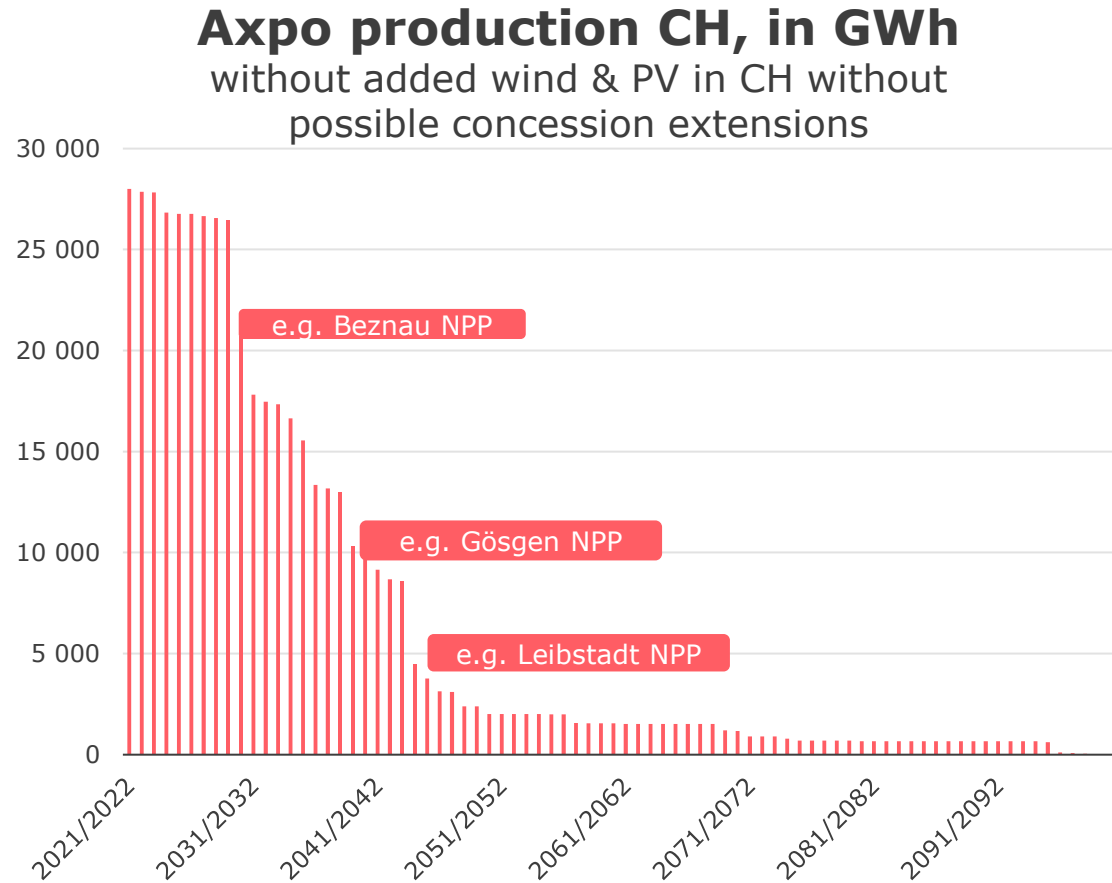
■ Open position at planned production volume (TWh)
■ Hedged position baseload (TWh)

Strategy & outlook

Christoph Brand,
CEO Axpo Group



Long-term value retention



- The goal is to maintain the company's value and allow for a dividend to be distributed
- Active efforts to extend concessions where economically viable
- Axpo Group remains strong in distribution (grids) and the sale of energy in Switzerland
- Ambitious expansion of PV and wind in Switzerland to counteract decline
- Realistically, however, Axpo Switzerland will be much smaller in the long term than it is today
- **Diversified strategy offers growth possibilities**

Diversified strategy again pays off

Three pillars



Energy supply

Make an important contribution to ensuring a reliable energy supply system



Renewable energies

Drive the energy transition forward and expand renewable energy sources



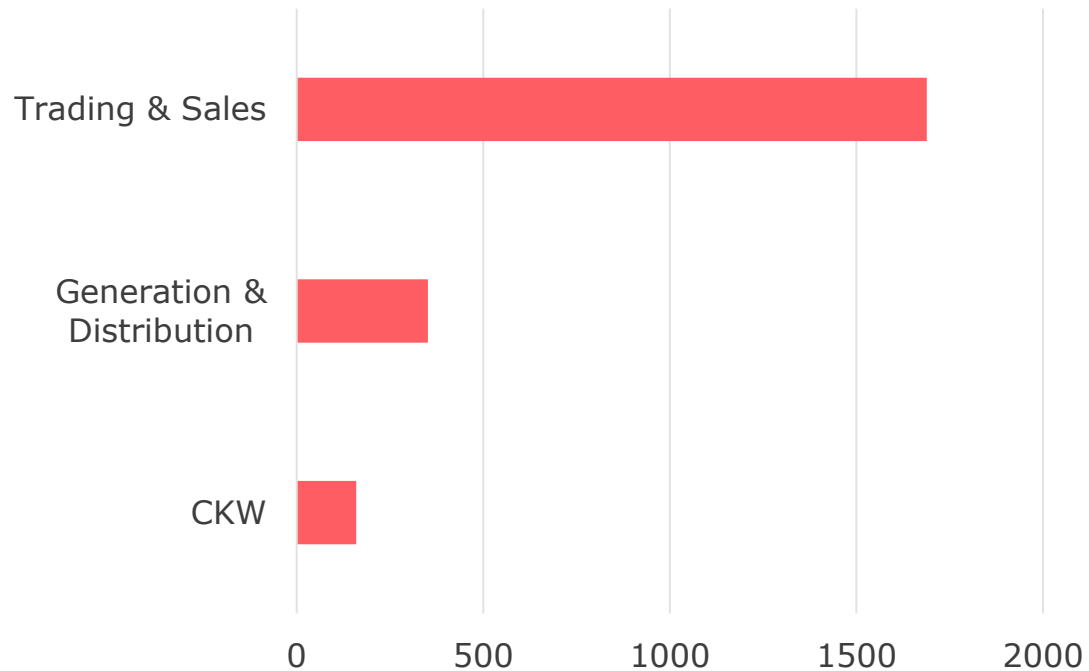
Customer and trading business

Expand customer business with energy trading solutions

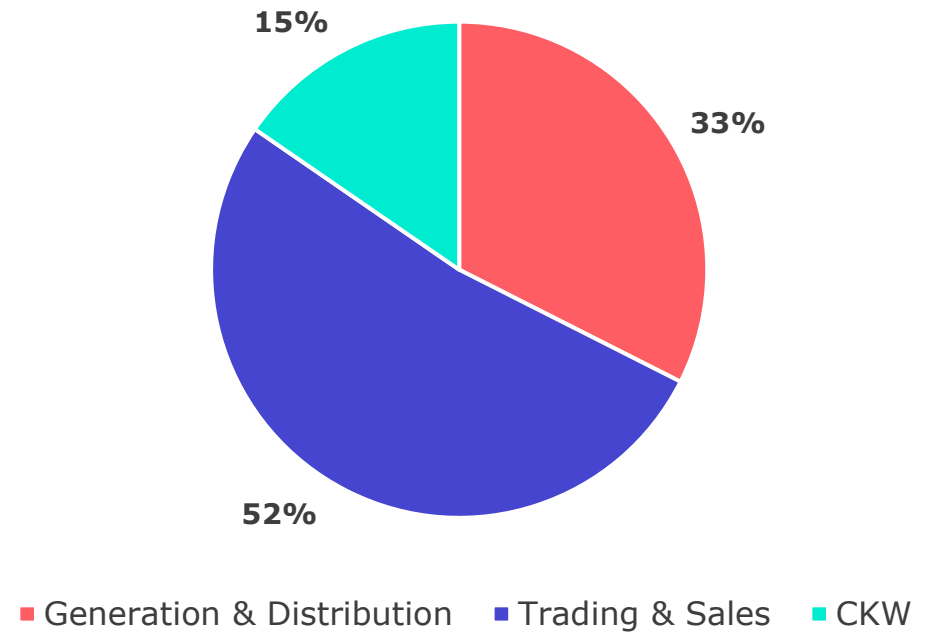


Diversified business

Adj. EBIT 2022/23



Adj. EBIT previous 10 years



Important contribution to ensuring a reliable supply system

Particularly in Switzerland

- Around 40% of Swiss electricity demand covered
- Production from nuclear power (+5%) and hydropower (+8%) increased
- Procurement contracts with Electricité de France extended
- Winter 22/23: 1 TWh Water retained, renovation postponed, participation in emergency power groups, part of the federal “Winter 2022/23 Energy Supply Task Force”
- Preparations for winter 2023/24, including award of hydropower reserves for winter 2023/24 by federal government



Drive the energy transition forward and expand renewable energies

In Europe, including Switzerland

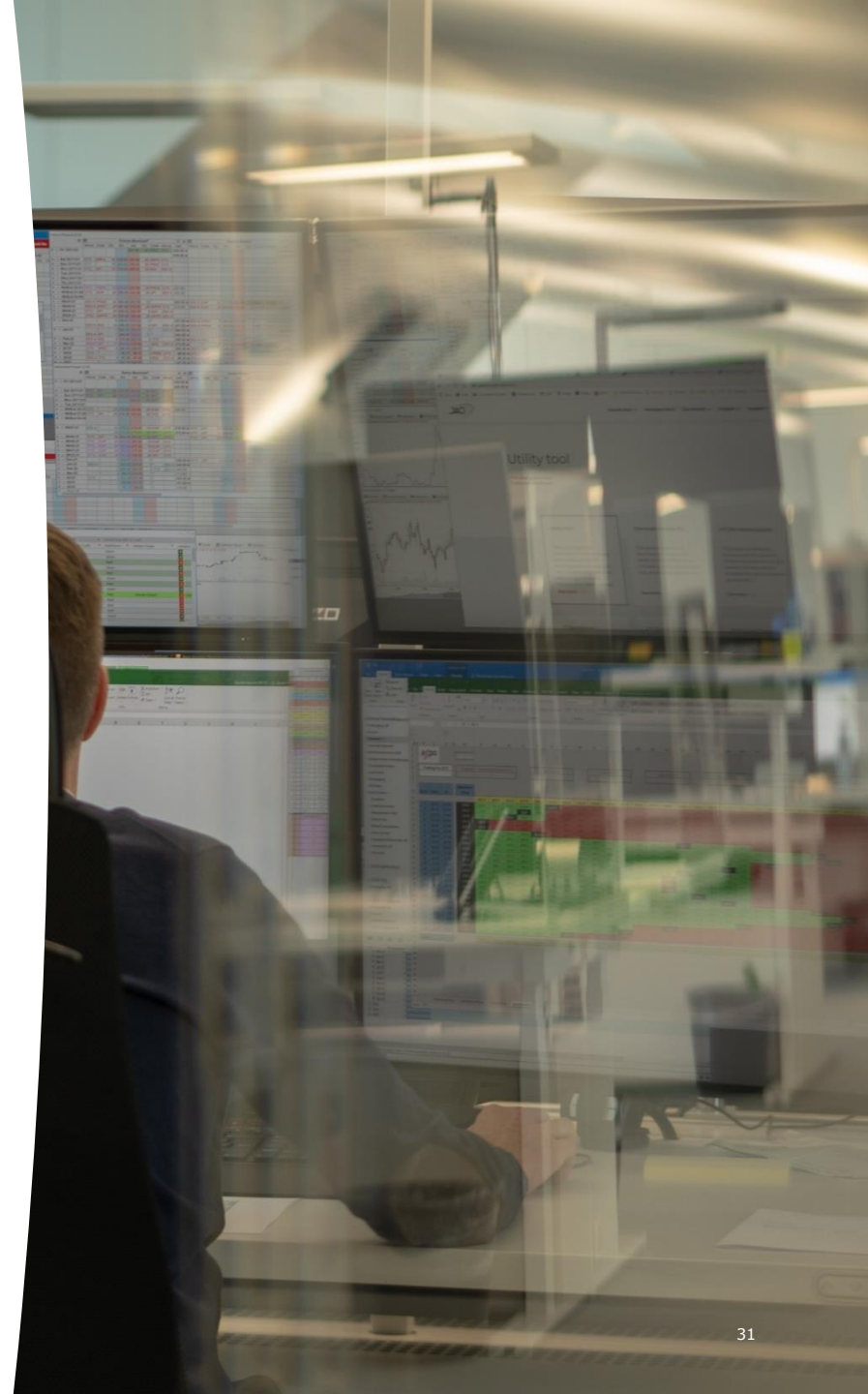
- 202 MW of solar energy added
- Planning of 360 GWh solar plant in Spain
- Over 700 photovoltaic systems installed on roofs in Switzerland by Axpo's subsidiary CKW
- Pioneering work in Alpine PV, several concrete projects
- 113 MW of wind power added
- Start of construction for first Axpo hydrogen facilities in Switzerland



Customer and trading business as driver of growth

International market

- Supply of electricity and gas to SMEs through to multi-national wholesale customers
- Asset backed trading: Sale from own power plants
- Proprietary trading: Includes procurement of liquefied natural gas and storage capacities for Switzerland
- New power purchase agreements (PPA), e.g. solar power for Nestlé factories in Poland
- PPA with Siltronic in Germany reduces CO2 emissions by 25,000 tonnes
- Energy Risk Award as world's best electricity trader



Climate goals signed off

Exceeding legal requirements

- By 2030: CO2 emissions from own electricity consumption and vehicle fleet reduced to zero
- By 2040: Emissions in Axpo's direct sphere of influence decarbonised (net zero in Scope 1 and Scope 2)
- By 2050: All emissions fully decarbonised (net zero in Scope 1, 2 and 3)



High ambitions in the field of training

Commitment to dual training system

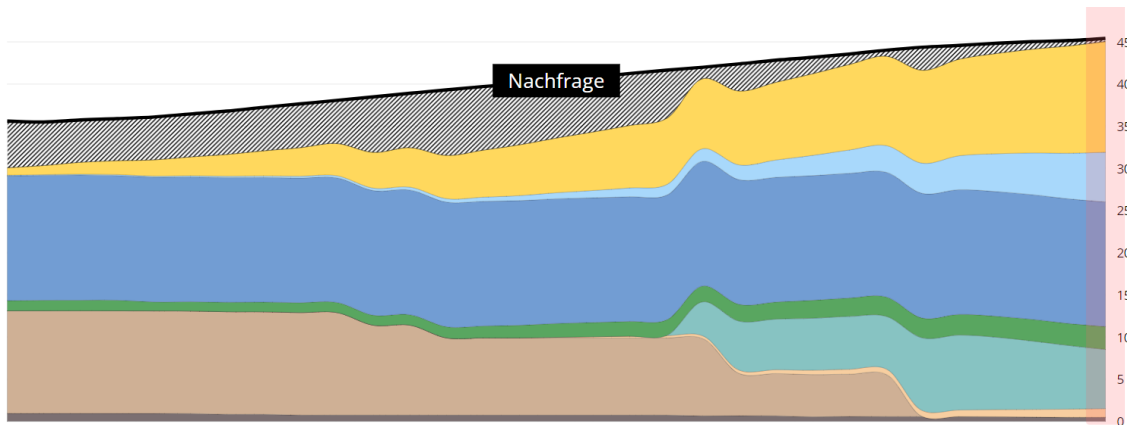
- Energy transition needs specialists, and also apprentices in particular
- The Axpo Group aims to become one of the largest training organisations in Switzerland by 2030 with over 600 apprentices
- In a cross-sector comparison, the Axpo Group will lead with an apprenticeship quota of around 15% (measured in terms of the total number of Axpo Group employees in Switzerland)



Power Switcher 2.0

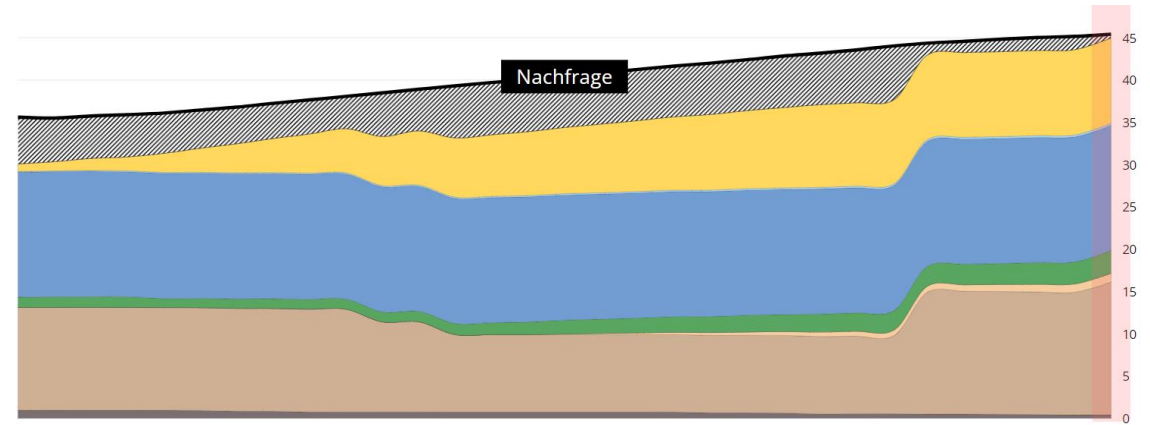
Axpo scenario "Renewables"

PV (roof, ground, Alpine), hydropower, wind power, low-CO2 gas-fired power plants



Axpo scenario "Landscape"

Roof-mounted PV, hydropower, new nuclear power plants



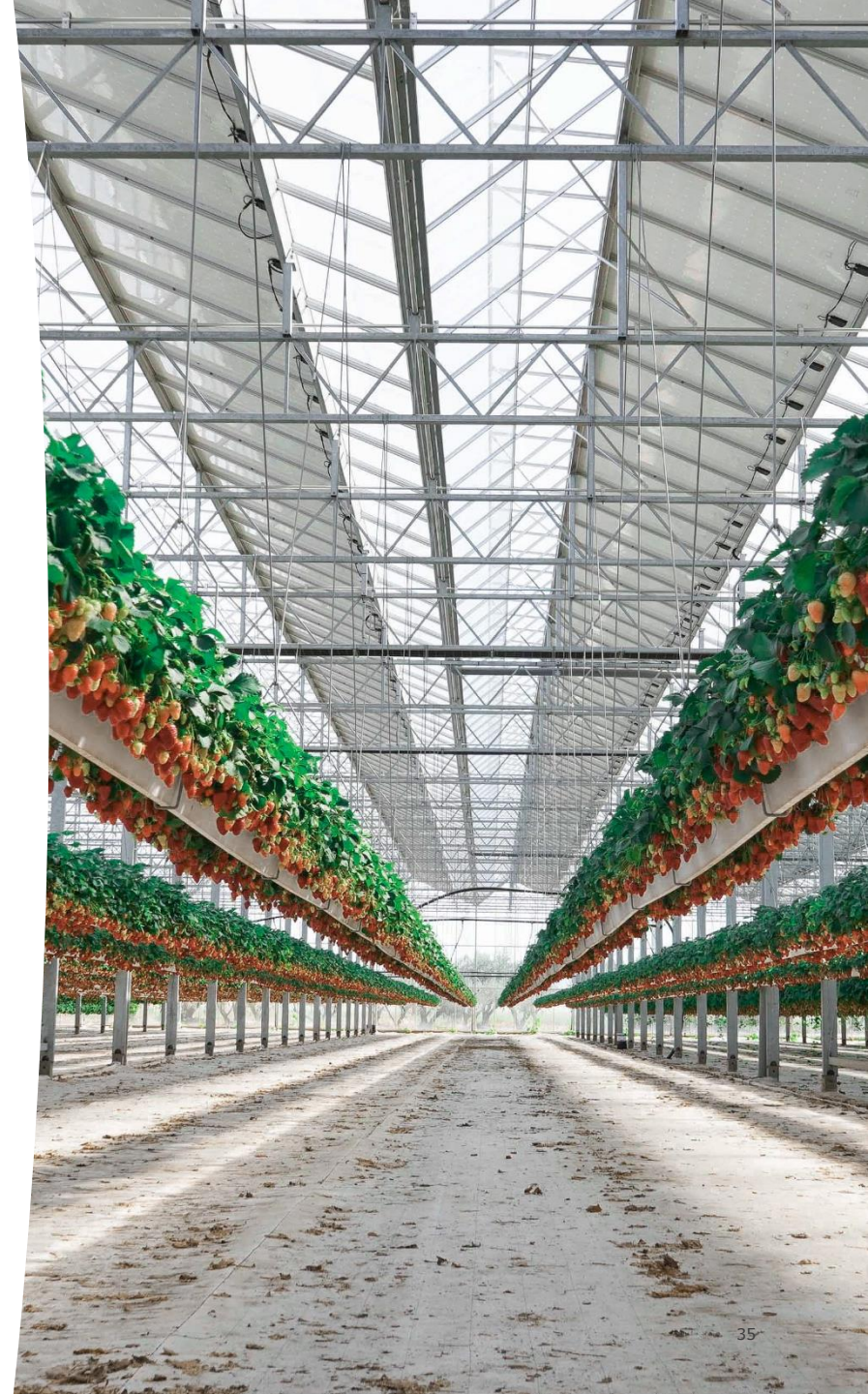
<https://powerswitcher.axpo.com/>

Switzerland is not on track

Various paths lead to the goal

The following applies to all paths:

- No path without fundamental compromises from all
- Energy self-sufficiency technically and economically not feasible
- Focus on a single technology has high costs and risks
- Implementation also needs instruments
- Time frames: Not all technological options are open in all time frames
- Immediate and rapid expansion of renewable energies essential in all cases



Outlook

Strategy allows for positive outlook



Lower result expected for 2023/24 as normalisation effects will not be repeated



Higher electricity prices will have a positive impact on results from financial year 2024/25



Axpo will further expand its leading position as an international energy company

Harald Gauck new CFO from 1 Januar 2024



- Many years of sound experience in all areas of energy trading as well as in the production and distribution of energy
- Since 2008 in different management roles in finance of Axpo
- Currently Head of Controlling & Services in Business Area Trading & Sales
- Swiss and German national
- PhD in Physics at the University of Konstanz

Your Questions



a x p o

Anhang



Price trends since 2020

