A worker in a red jacket and white hard hat is seen from the side, working on a large array of solar panels. The background shows a dense forest of green trees and distant hills under a clear blue sky.

# Annual Media Conference 2019/20 Financial Year

Baden, 10 December 2020

# Agenda Annual Media Conference

9.00 a.m.	Welcome, information on the event	Andrea Wallimann
09:05 a.m.	Review of the 2019/20 financial year	Christoph Brand
9.15 a.m.	Finance in the 2019/20 financial year	Joris Gröflin
9.35 a.m.	Outlook	Christoph Brand
9.50 a.m.	Questions and answers	
10.10 a.m.	End of the AMC, followed by 1:1 interviews	





**Financial year 2019/20**

**Christoph Brand, CEO**



# Strong result in a challenging environment

## Operating strength

Adjusted EBIT and cash flow significantly increased

## Renewable

Growth in wind and solar – primarily outside Switzerland

## Dividend

Stability allows distribution to be made

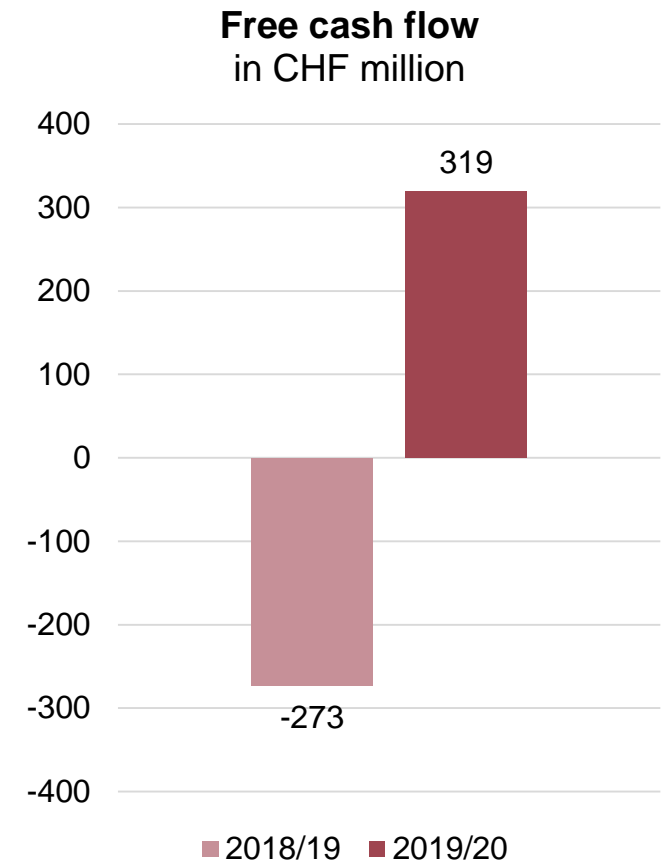
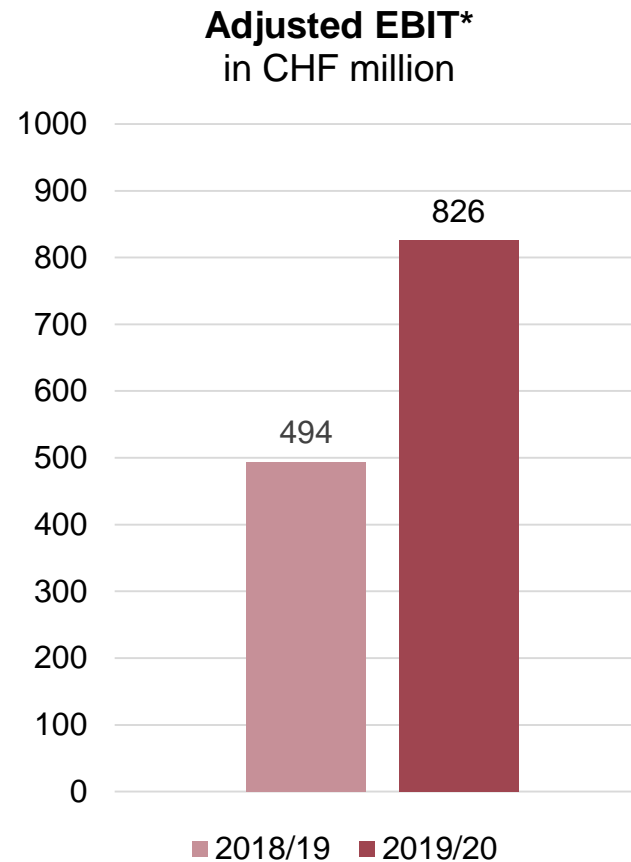
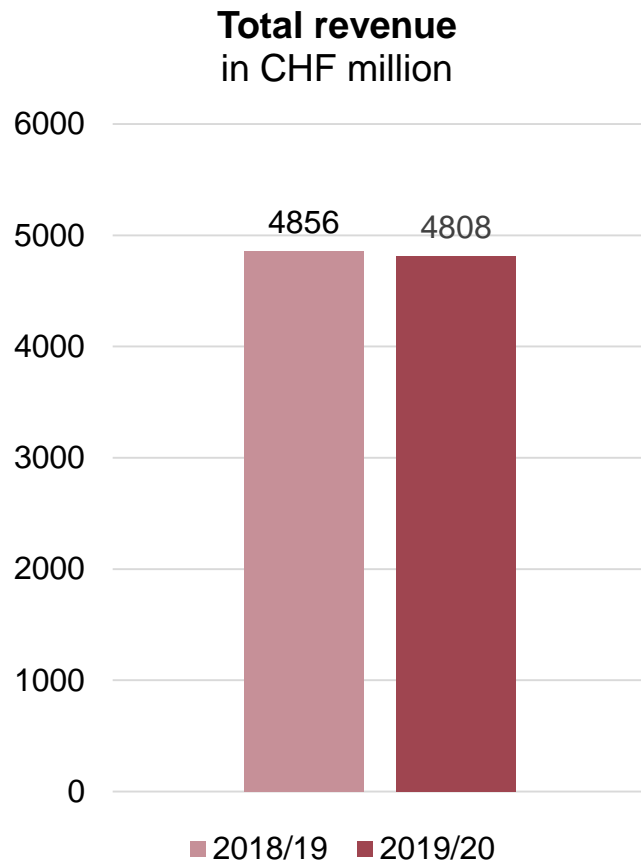
## Trading

All activities post extraordinary results

## Coronavirus

Crisis well handled – but what comes next?

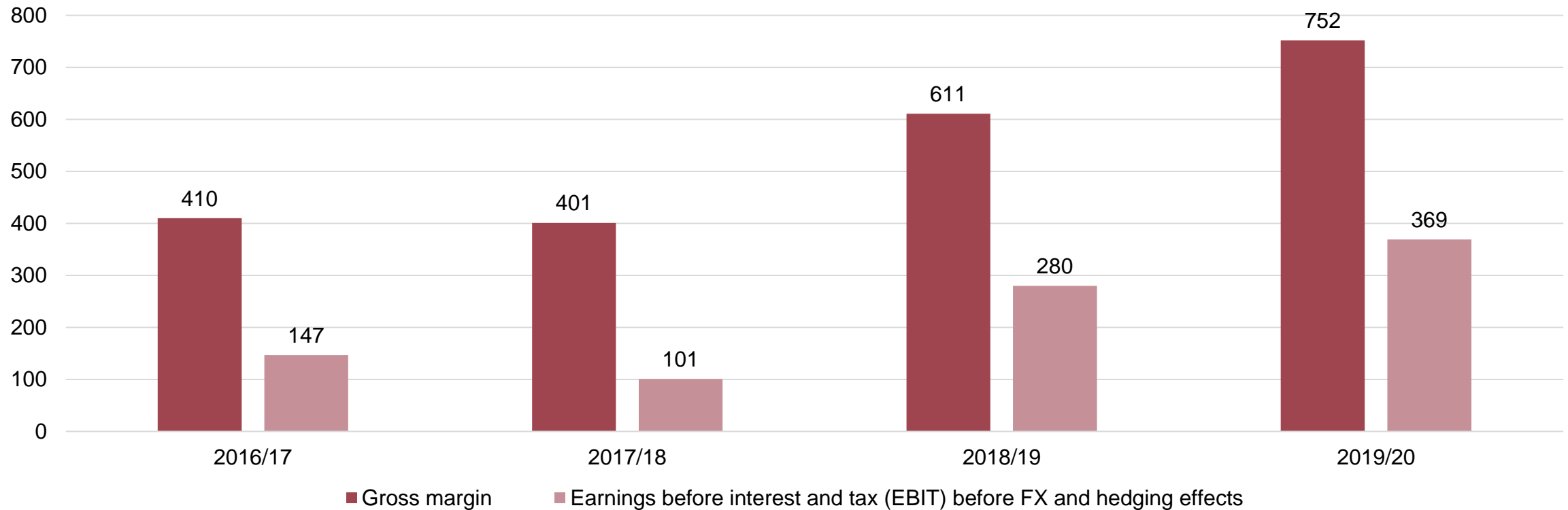
# High profitability – free cash greatly improved



\*excluding the impairment reversals in the previous year and the higher/lower STENFO return

# Trading posts exceptionally good results

**Gross margin and EBIT before FX and hedging effects**  
in CHF million (performance view)





# Renewable energies remain on growth path



## No. 1 for renewables

- EE: largest producer in Switzerland
- Swiss energy company that invests most in RE abroad
- Total installed capacity 5,080 MW



## PV and wind

- Total PV capacity 373 MW, another 1,000 MW planned
- Wind: 130 turbines with 300 MW, another 4,000 MW under development
- Targeted support and incentives abroad



## Success stories

- PV for Disneyland Paris
- CKW: A PV plant every day
- Wind portfolio 15x higher than installed capacity in Switzerland
- No. 1 for auction volume in France



## AlpinSolar

- Building permit obtained, customer found for PV electricity via PPA
- Under current conditions, still not capable of being operated at a profit
- No support as SFOE lighthouse project
- Realisation open

# Provided stability in coronavirus crisis



- Fast and professional response
- Power plants always kept operating
- Challenging NPP inspections successfully completed
- Employees demonstrate resilience and pragmatism
- Major boost for digitisation and new forms of work
- 2nd wave: measures taken for protection at the workplace





# Finance developments

Joris Gröflin, CFO

# Axpo posts strong operating results – extraordinary year for Trading & Sales

in CHF million

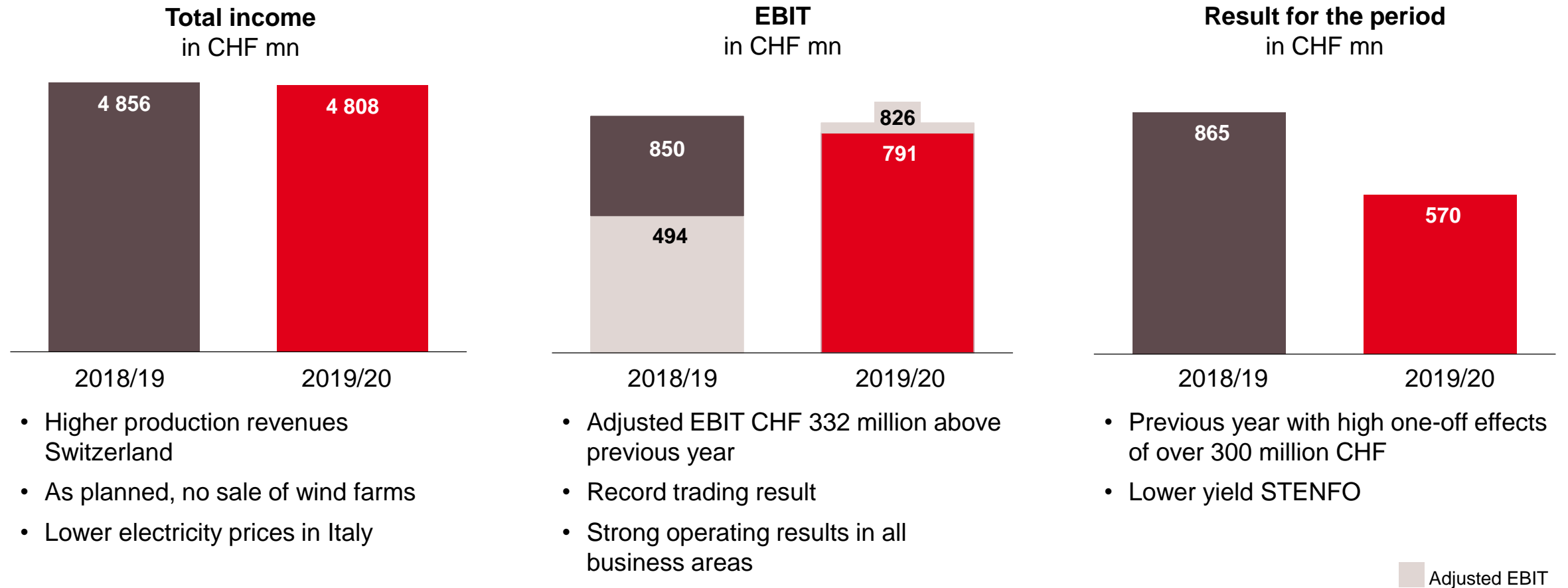
2019/20

vs previous year

Total income	<b>4 808</b>	<b>-48</b>	<ul style="list-style-type: none"> <li>Higher electricity prices in Switzerland neutralised by lower prices in Italy</li> <li>As planned, no sales of wind farms</li> </ul>
Adjusted EBIT	<b>826</b>	<b>+67%</b>	<ul style="list-style-type: none"> <li>Extraordinary results from Trading &amp; Sales</li> <li>Higher electricity prices</li> </ul>
Result for the period	<b>570</b>	<b>-295</b>	<ul style="list-style-type: none"> <li>Previous year contains one-off effects of CHF 308 million due to reversals of impairment losses</li> <li>STENFO yield of 0.9% (previous year: 6.5%)</li> </ul>
Free cash flow	<b>319</b>	<b>+592</b>	<ul style="list-style-type: none"> <li>High operating cash flow of CHF 594 million</li> <li>Lower investments also due to project delays caused by Covid-19</li> </ul>
Equity ratio / dividend	<b>31.1%</b>	<b>+270 Basis points</b>	<ul style="list-style-type: none"> <li>Significant increase in the equity ratio (30.09.2019: 28.4 %)</li> <li>Distribution of a dividend of CHF 80 million proposed</li> </ul>
Outlook			<ul style="list-style-type: none"> <li>Lower results expected in 2020/21</li> </ul>

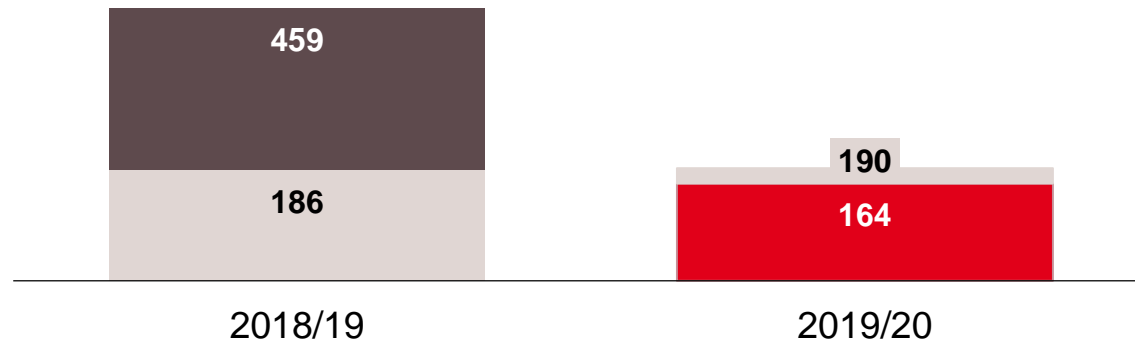


# Strong profitability with stable total income



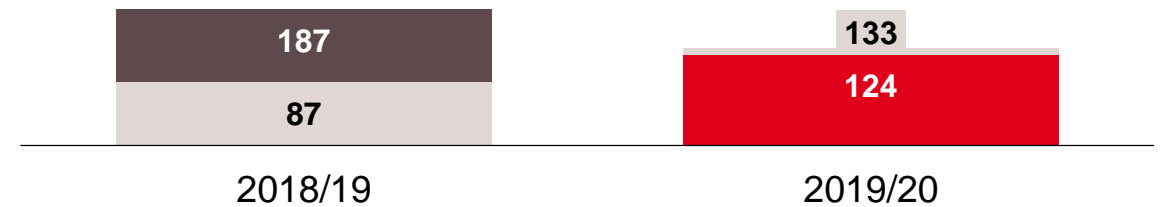
# G&D and CKW: Adjusted EBIT improved

**Generation & Distribution**  
in CHF million



- Adjusted EBIT at previous year's level
- Higher production revenues due to higher prices
- No sales of wind/solar farms as planned
- Negative effect from impairment reversals in previous year

**CKW**  
in CHF million



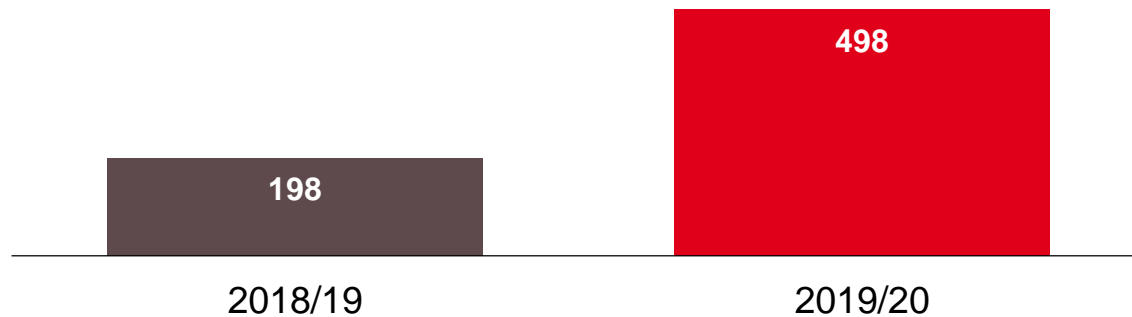
- Higher production revenues and a strong trading result
- Negative effect from impairment reversals in previous year
- Reversal of provision for energy tariffs CHF 43 million

Adjusted EBIT



# Trading & Sales with extraordinary result

Trading & Sales, EBIT IFRS  
in CHF million



- Previous year's result significantly surpassed once again
- Strong results in asset backed trading and proprietary trading
- Origination lower than last year due to high uncertainty related to Covid-19

	2018/19	2019/20
in CHF million		
Gross margin asset-backed trading	135	248
Gross margin origination	291	217
Gross margin proprietary trading	185	287
<b>Gross margin</b>	<b>611</b>	<b>752</b>
Operating expenses	-331	-383
<b>EBIT before hedging and other effects</b>	<b>280</b>	<b>369</b>
Hedging effects	-29	33
Other reconciliation items	-53	96
<b>IFRS EBIT</b>	<b>198</b>	<b>498</b>

# Most of the investments in networks and renewables

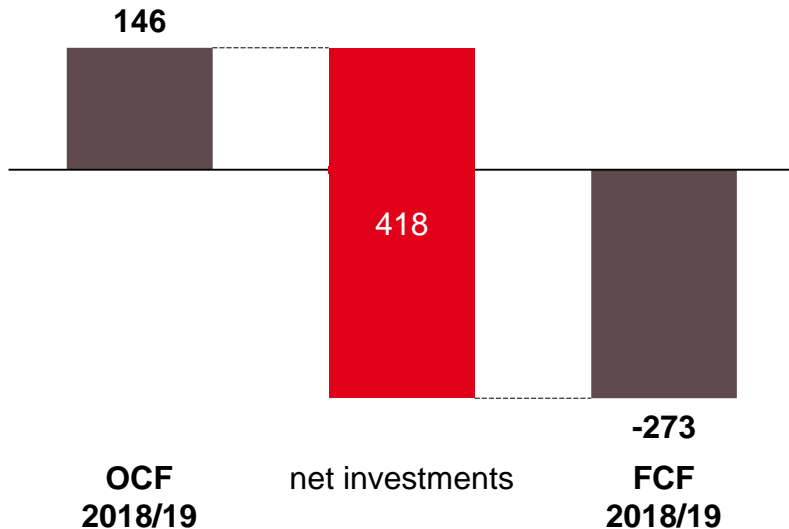
in CHF million	2018/19	2019/20	Change
Hydro	36	33	-3
Nuclear	15	43	+28
Distribution	86	96	+10
Renewables	270	107	-163
Other effects	11	-4	-15
<b>Net investment</b>	<b>418</b>	<b>275</b>	<b>-143</b>

- Substantial investment in distribution
- Various project delays due to Covid-19, especially with Renewables
- In the previous year acquisition of Urbasolar

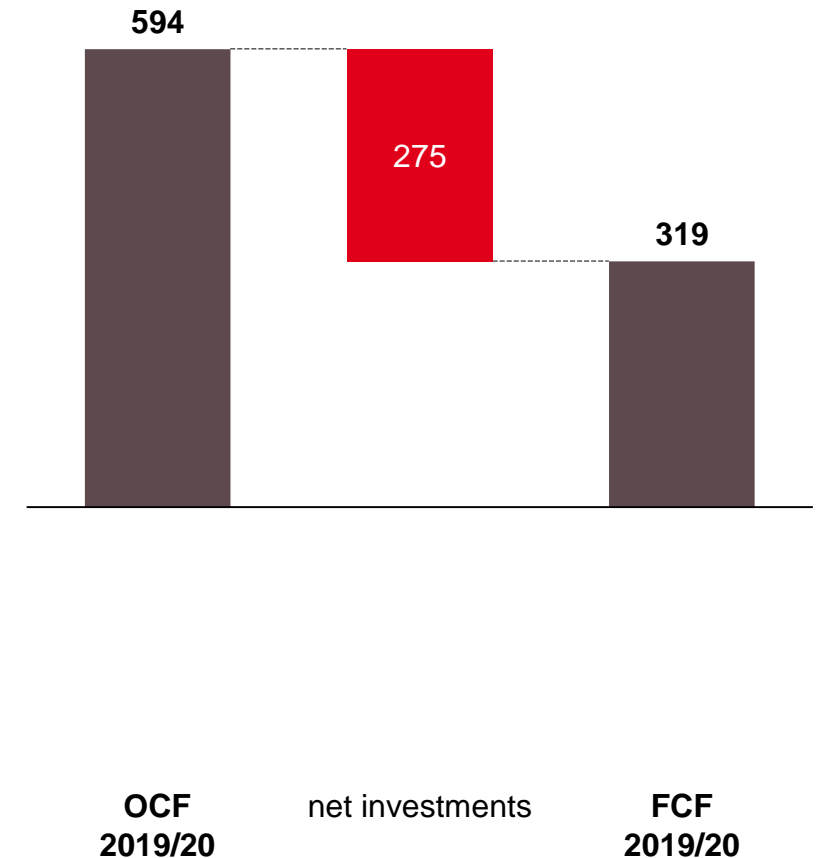


# Strong operating performance causes free cash flow of CHF 319 million

**FY 2018/19**  
in CHF million

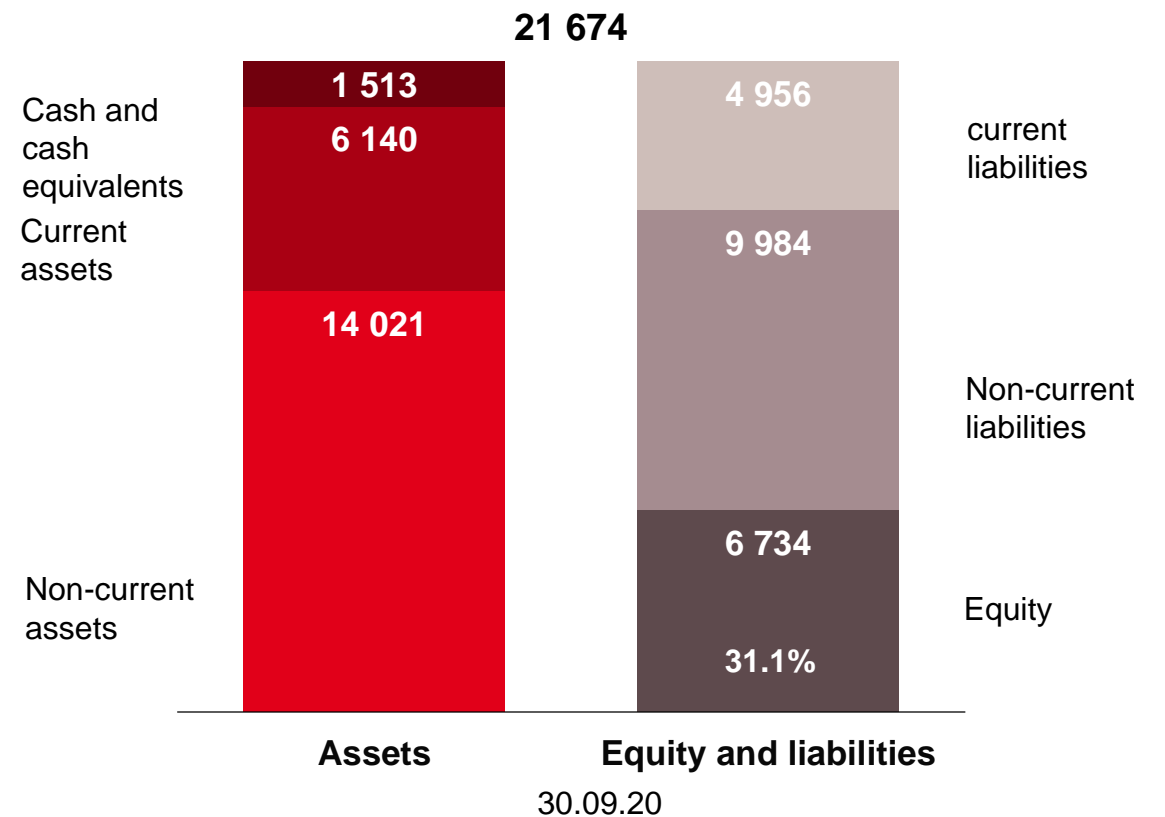
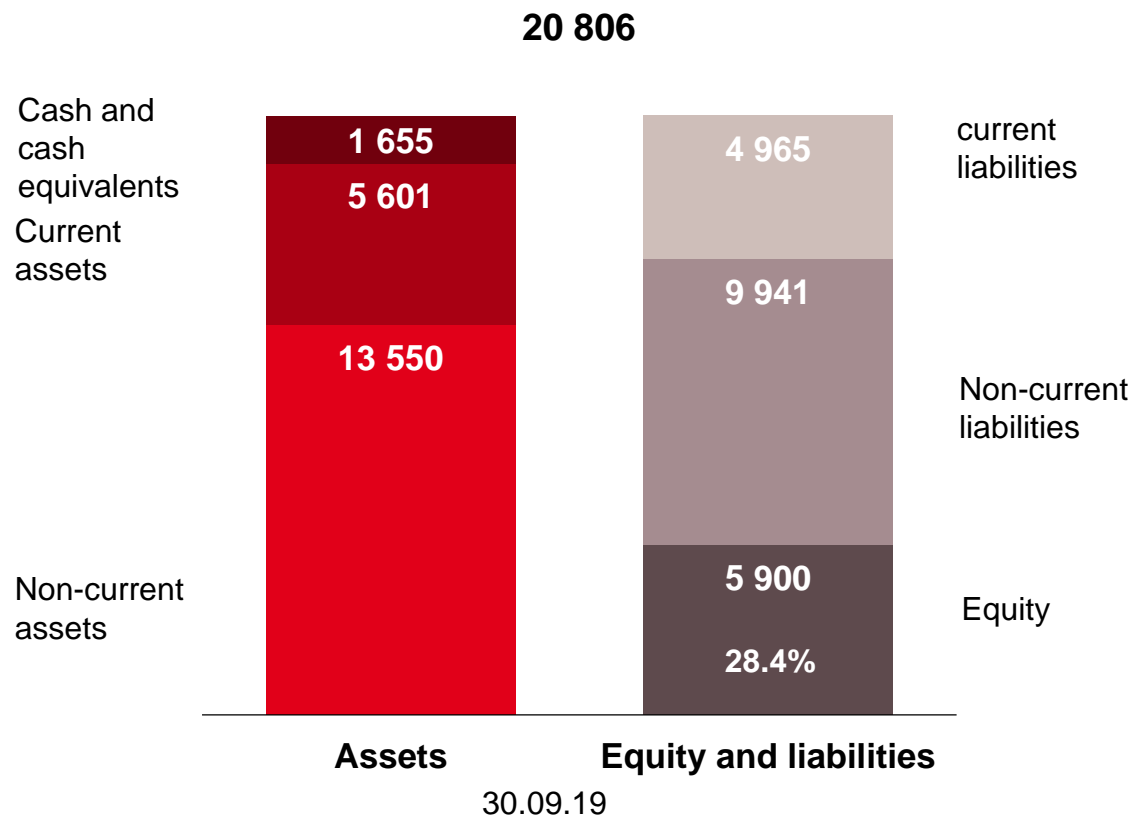


**FY 2019/20**  
in CHF million



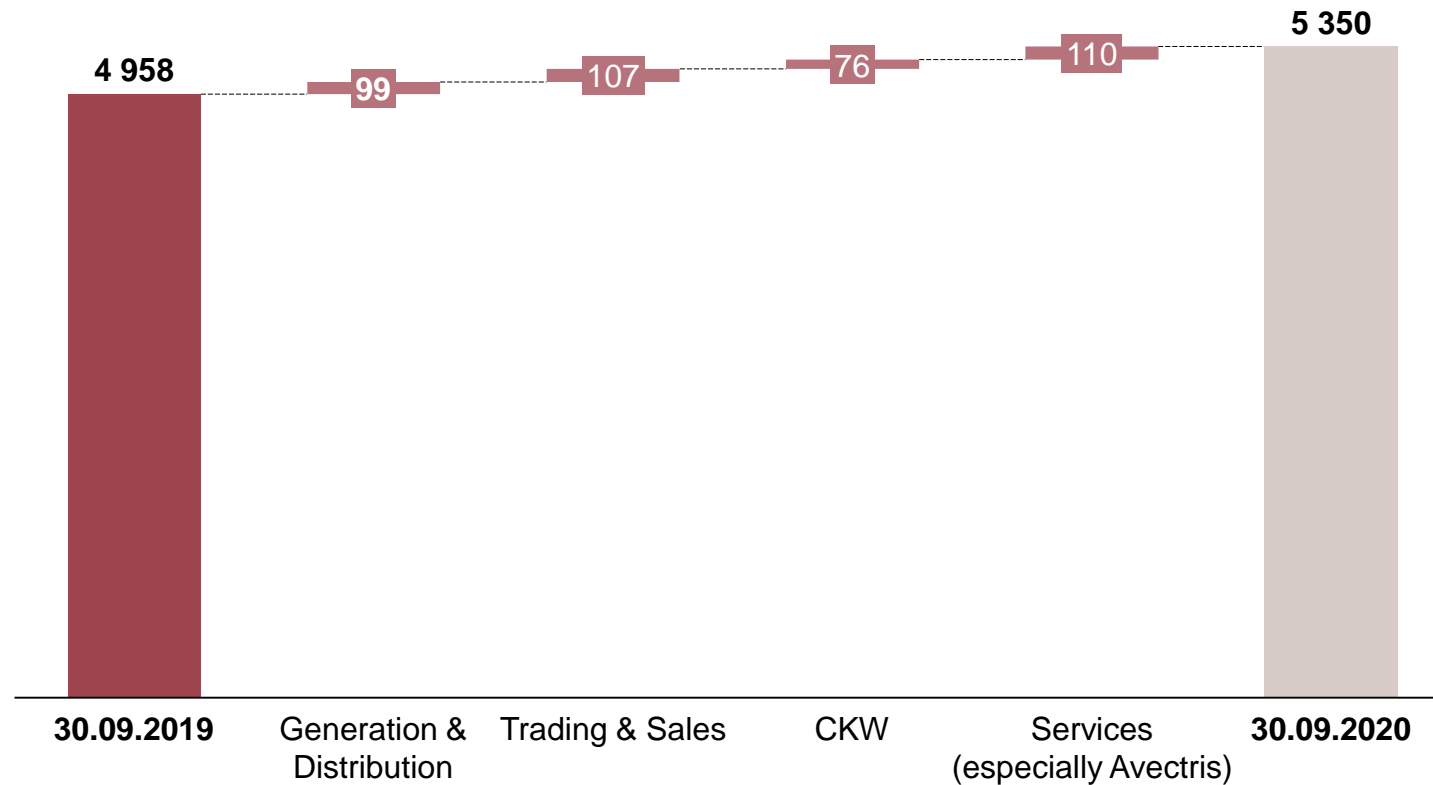
# Equity increases to CHF 6.7 billion

in CHF mn / equity ratio in %



# Business expansion supported by employees

Employees - full-time equivalents



- Increase in personnel in photovoltaics, distribution, building services engineering and in the international trading business
- Acquisition of IT service provider and expansion of business activities Avectris

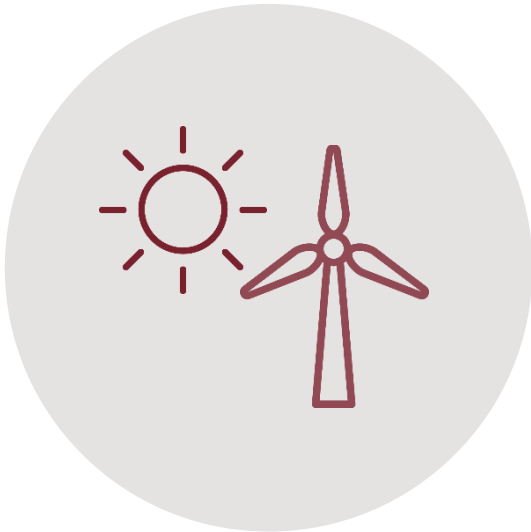




# Outlook

Christoph Brand, CEO

# Challenges and market trends



## RE become standard

Weather dependence of renewable energies makes storage and trade even more important



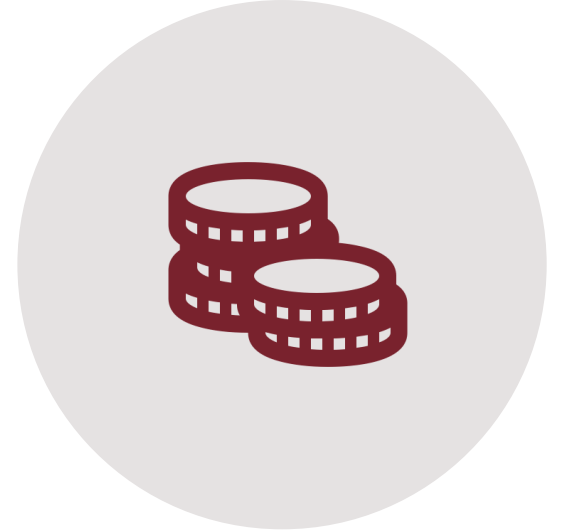
## Rising power demand

Electricity demand will increase massively through decarbonisation



## Consequences of coronavirus crisis

Coronavirus crisis with impact on medium-term growth in electricity prices difficult to assess



## Price volatility

Strong expansion of renewable energies causes high volatility in electricity prices

# Energy transition: Difference between energy policy wishes and economic reality

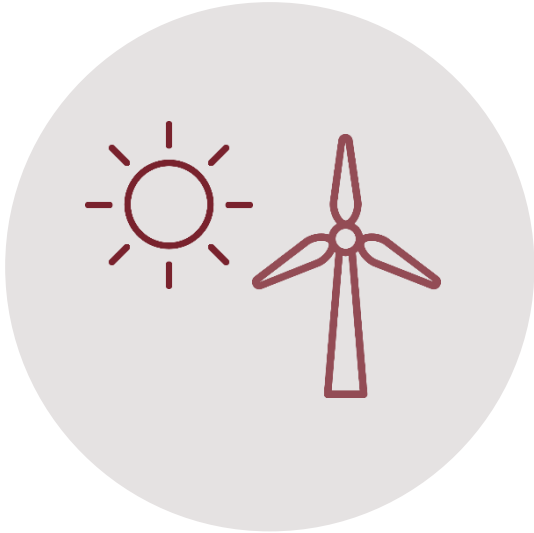


- Electricity shortage according to FOCP top risk for Switzerland, greater losses than during pandemic, heat wave or earthquake
- Expansion of renewable energies progressing too slowly
- Hydropower is structurally disadvantaged (water charge!)
- Amendment to Energy Act and Electricity Supply Act: step in the right direction – but not yet sufficient. (Axpo demands, among other things, a floating market premium and risk guarantee)
- Axpo is therefore currently expanding renewables outside Switzerland – which is good for climate, cost-effectiveness and electricity capacity – but Switzerland also needs domestic expansion

**→ This is primarily a Swiss problem. We'd like to help solve it.**



# Strategic priority: focus on three main pillars



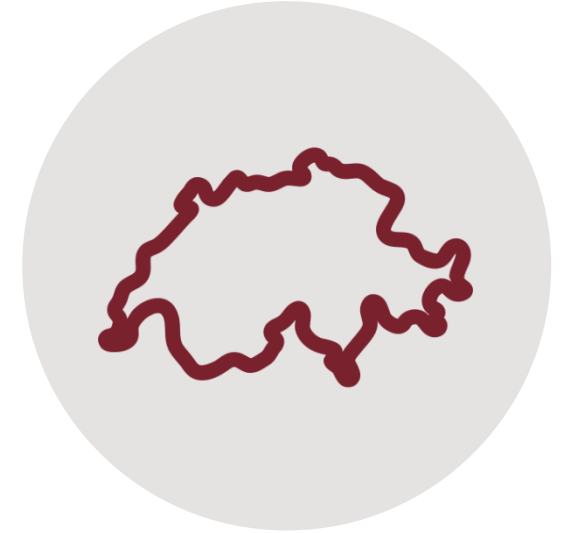
## Renewable energies

- Bold expansion where economically attractive
- Growth in PV and wind
- Future technologies such as hydrogen and batteries



## Trading and origination

- International growth (focus on Europe, USA and Asia)
- Growth in origination with focus on PPAs
- Supports the expansion of renewable energies

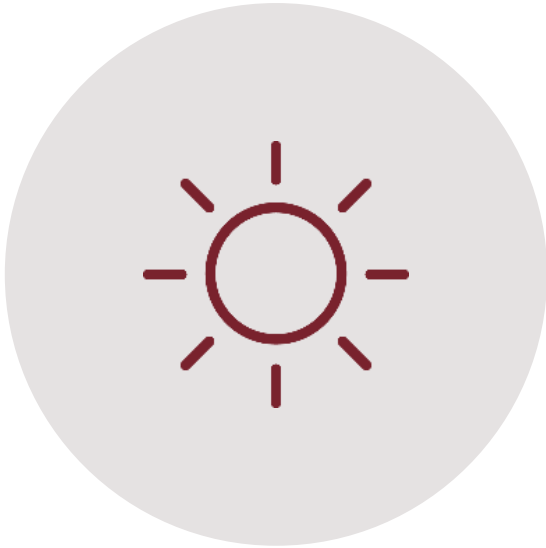


## Swiss business

- Leading role for CO2-free energy future
- Digitalization and efficiency
- Services for power utilities
- Leader in PV, batteries and hydrogen

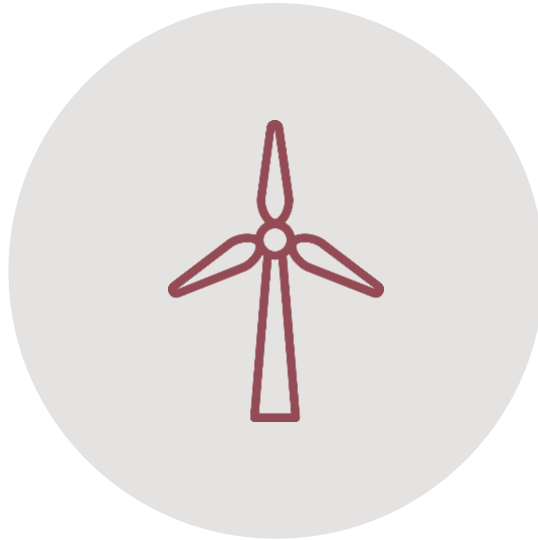
# Ambitious growth targets

Ambition 2030



**PV international**

**10GW**



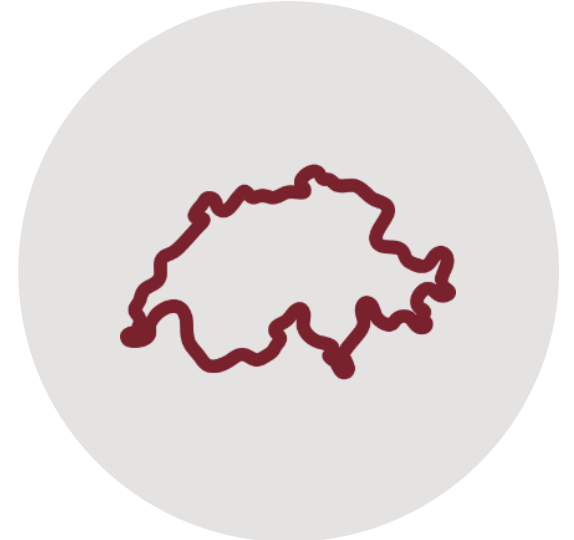
**Wind onshore international**

**3GW**



**PPA**

**4x Volume**



**PV Switzerland**

**200MW**

# Consequences of strategic priority



- Focusing investments on three main pillars
- Cost efficiency to obtain more funds for additional investments in growth areas
- Targeted divestments to free up capital
- Digitisation, further evolution of the corporate culture
- Consistent positioning as an international energy company with Swiss roots



# Outlook for the 20/21 financial year



- Current FY: good start despite coronavirus
- Pandemic creating uncertainty and dampening economic growth, energy demand and investments
- Electricity prices: sideways movement expected, prices secured for the next few years
- Possible negative effects of the pandemic on financial markets
- Lower result than in FY 19/20 expected

# Conclusion

## Trading & Origination

Strong FY 19/20, Lower result is expected for FY 2020/21

## Renewable Energies

Energy world in transition  
Rising energy demand – focus on RE and new technologies

## Stable Swiss Business

Axpo Strategy:  
Renewable energies  
Trading & Origination  
Stable Swiss Business

## Supportive

Energy transition CH: not secured, risk of supply shortages / import dependencies – problem of lacking incentives.  
Axpo is willing to help.






**Q&A**



**Full of energy**

**a**  **p o**