

A person wearing a white hard hat and an orange safety harness is seen from the side, working on a large array of solar panels. The panels are mounted on a roof and extend towards the horizon. In the background, there is a dense forest of green trees and rolling hills under a clear blue sky. The person is holding a tool or a small device near the panels.

Analyst Conference Financial year 2019/20

Baden, 10 December 2020

Agenda Analyst Conference

13:00 p.m.	Welcome, Information on the event	Andrea Wallimann
13:05 p.m.	Review of the 2019/20 financial year	Christoph Brand
13:15 p.m.	Finance in the 2019/20 financial year	Joris Gröflin
13:35 p.m.	Outlook, Strategy	Christoph Brand
13:50 p.m.	Questions and answers	
14:10 p.m.	End of the Analyst Conference	Andrea Wallimann



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

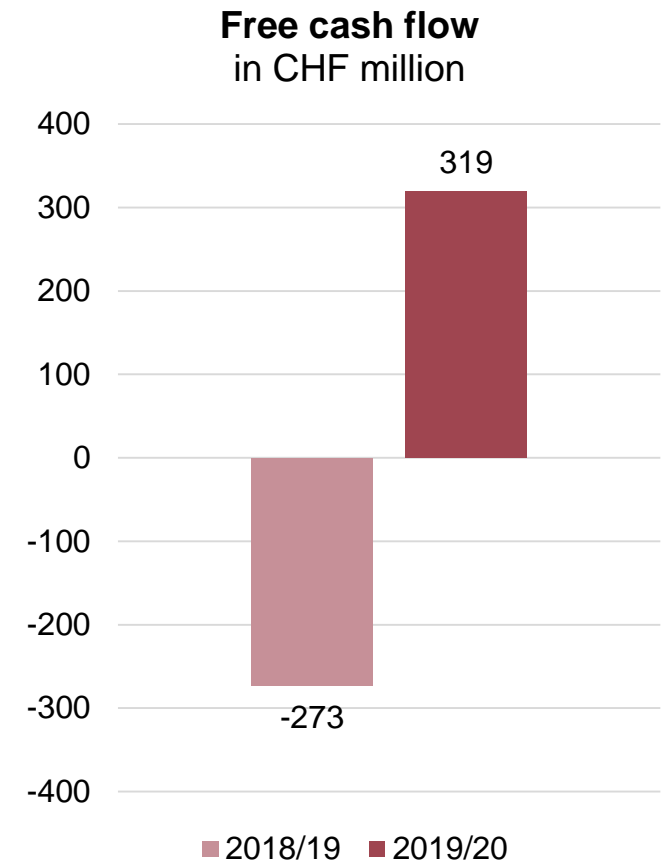
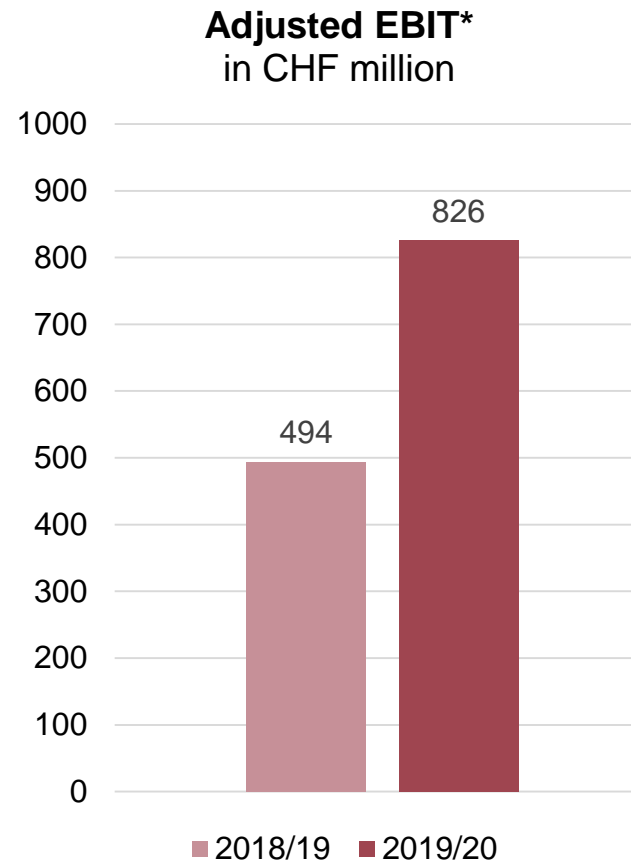
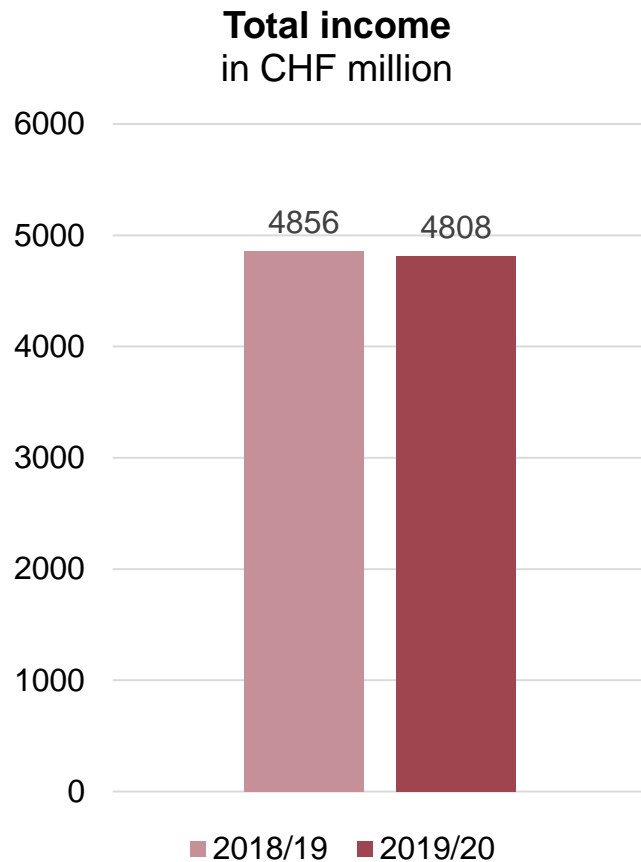
Trading

All activities post extraordinary results

Coronavirus

Crisis well handled – but what comes next?

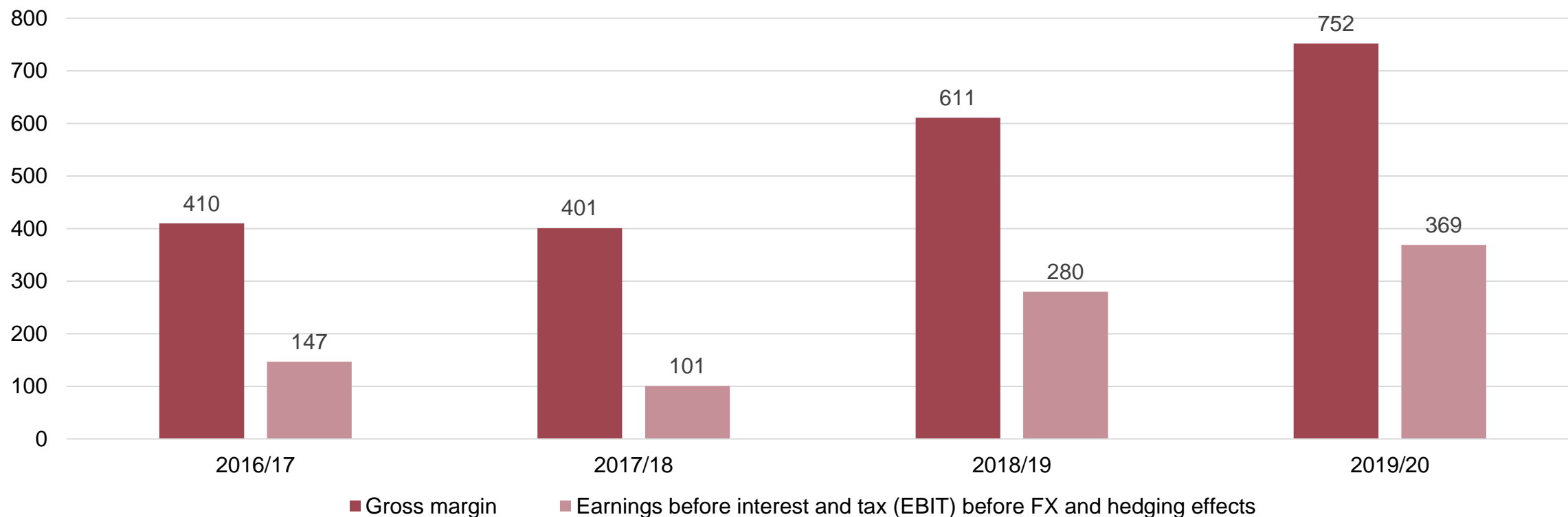
High profitability – free cash greatly improved



*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 revisions 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



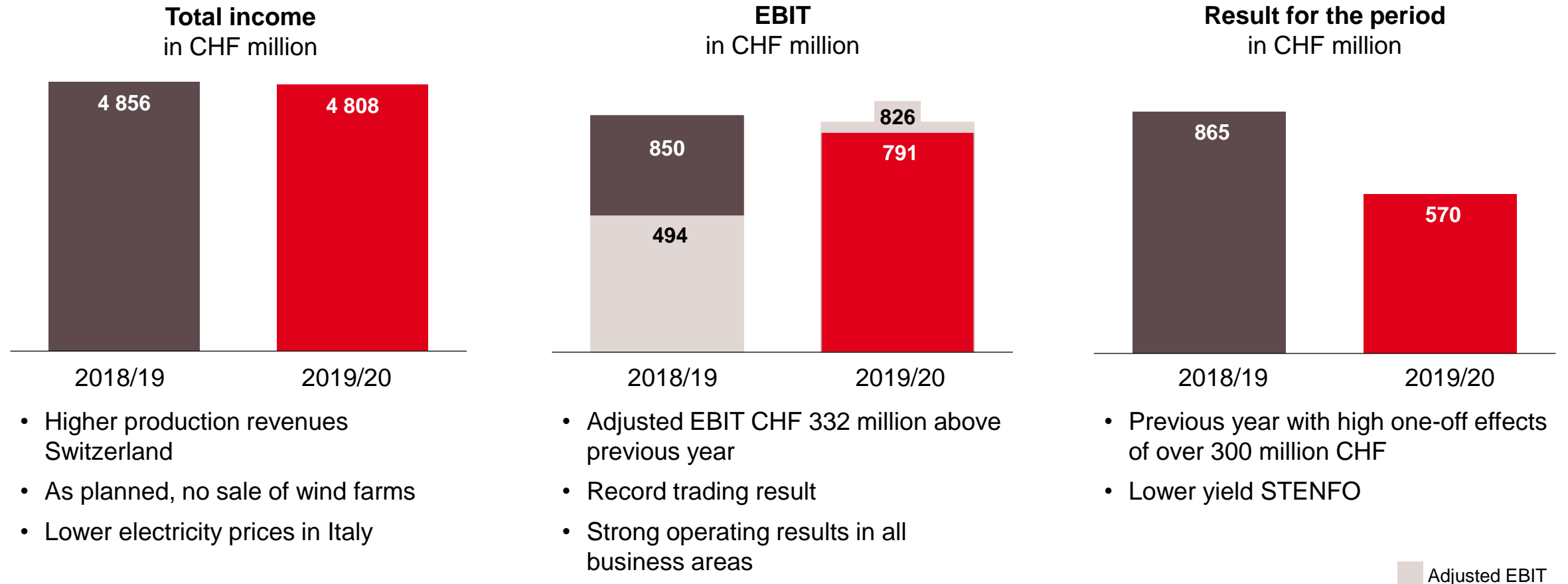
Finance developments

Joris Gröflin, CFO

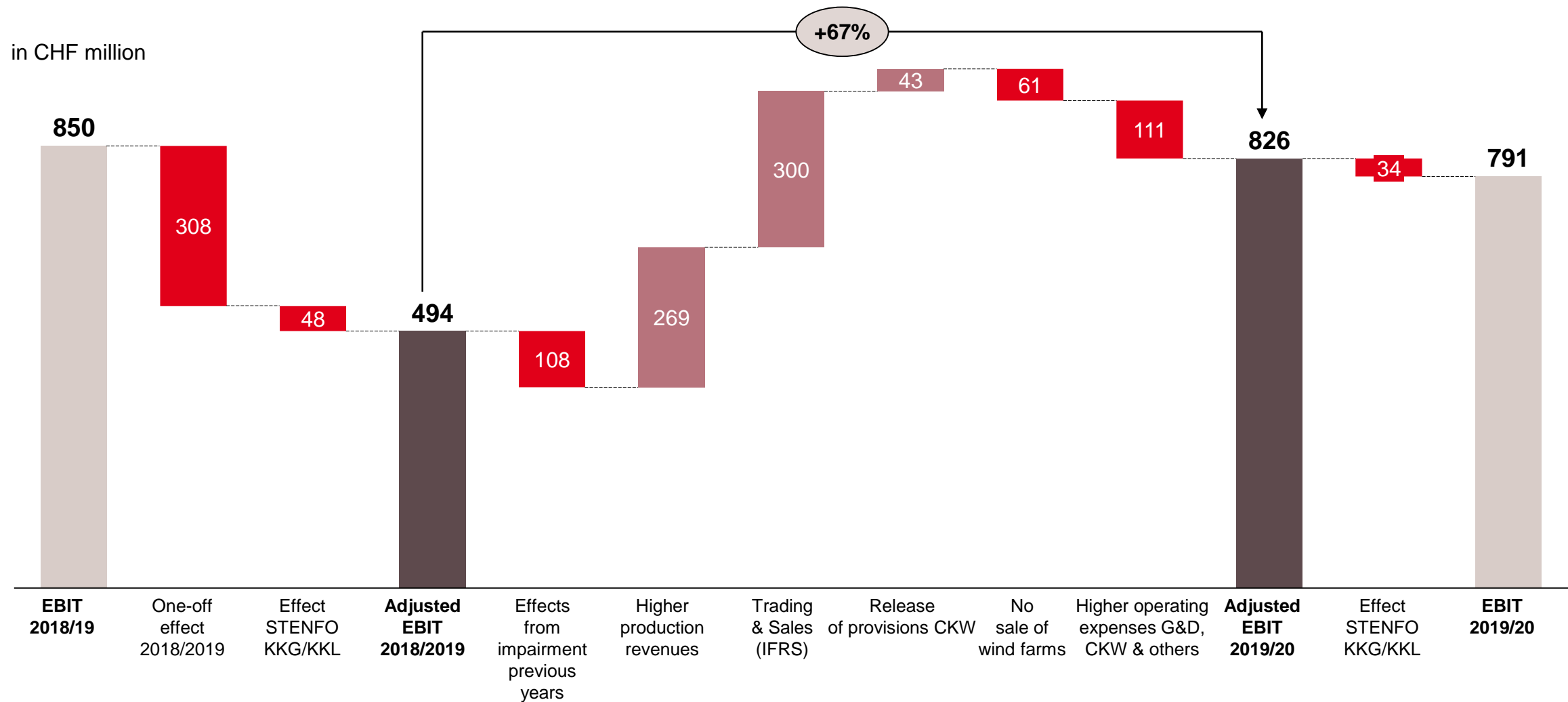
Axpo posts strong operating results – extraordinary year for Trading & Sales

in CHF million	2019/20	vs previous year	
Total income	4 808	-48	<ul style="list-style-type: none"> Higher electricity prices in Switzerland neutralised by lower prices in Italy As planned, no sales of wind farms
Adjusted EBIT	826	+67%	<ul style="list-style-type: none"> Extraordinary results from Trading & Sales Higher electricity prices
Result for the period	570	-295	<ul style="list-style-type: none"> Previous year contains one-off effects of CHF 308 million due to reversals of impairment STENFO yield of 0.9% (previous year: 6.5%)
Free cash flow	319	+592	<ul style="list-style-type: none"> High operating cash flow of CHF 594 million Lower investments also due to project delays caused by Covid-19
Equity ratio / dividend	31.1%	+270 Basis points	<ul style="list-style-type: none"> Significant increase in the equity ratio (30.09.2019: 28.4 %) Distribution of a dividend of CHF 80 million proposed
Outlook			<ul style="list-style-type: none"> Lower results expected in 2020/21

Strong profitability with stable total income



Adjusted EBIT: Increase of 67%



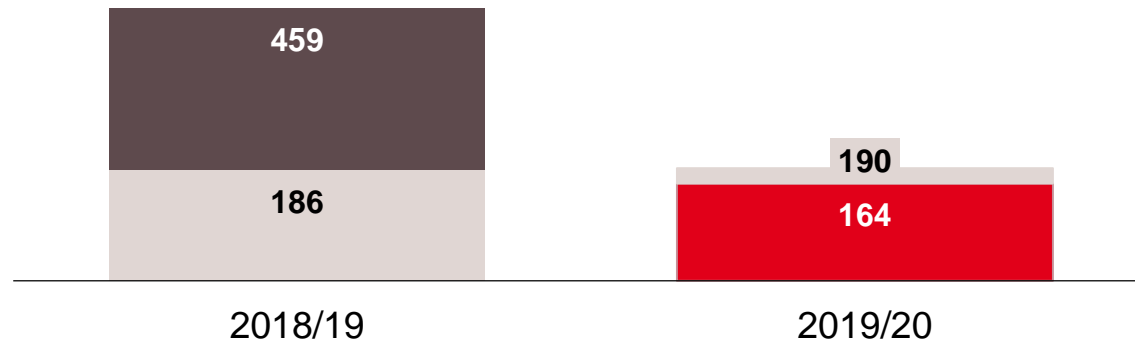
Adjusted EBIT with significant increase

	2018/19			2019/20		
in CHF million	as reported	One-off effects	adjusted	as reported	One-off effects	adjusted
Total income	4 856		4 856	4 808		4 808
Expenses for energy procurement, grid usage and goods purchased	-2 511	-394	-2 906	-2 330	+34	- 2 296
Expenses for materials and third-party supplies	-197		-197	-226		-226
Personnel expenses	-681		-681	-761		-761
Other operating expenses	-352		-352	-392		-392
Share of result of partner plants and other associates	42	+22	65	70		70
Depreciation, amortisation and impairments	-307	+16	-291	-377		-377
Earnings before interest and tax (EBIT)	850	-356	494	791	+34	826

- Adjusted EBIT 2019/20 excluding effect from STENFO value fluctuation of CHF -34 million
- Adjusted EBIT 2018/19 excluding reversal of impairment loss of CHF 308 million and STENFO value fluctuation of CHF 48 million

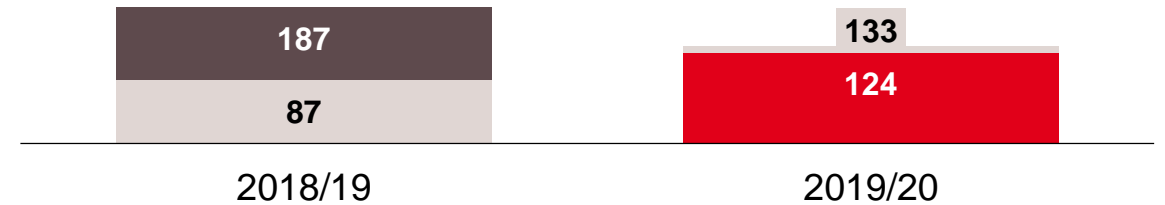
G&D and CKW: Adjusted EBIT improved

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

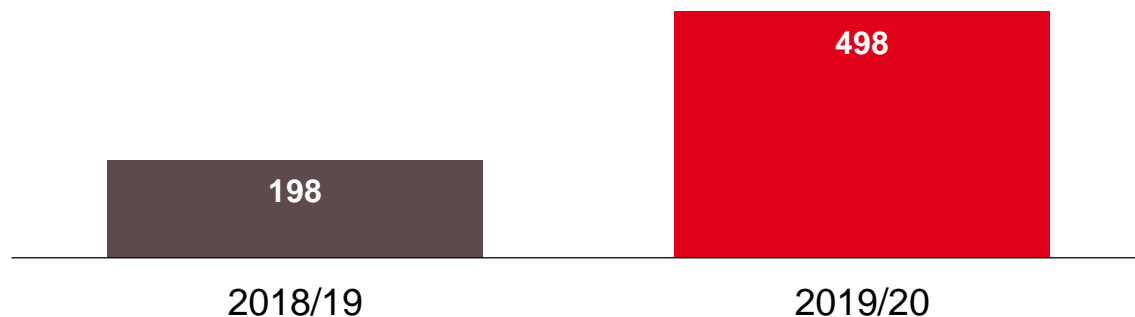


- Higher production revenues and a strong trading result
- Negative effect from impairment reversals in previous year
- Reversal of provision for energy tariffs CHF 43 million

Adjusted EBIT

Trading & Sales with extraordinary result

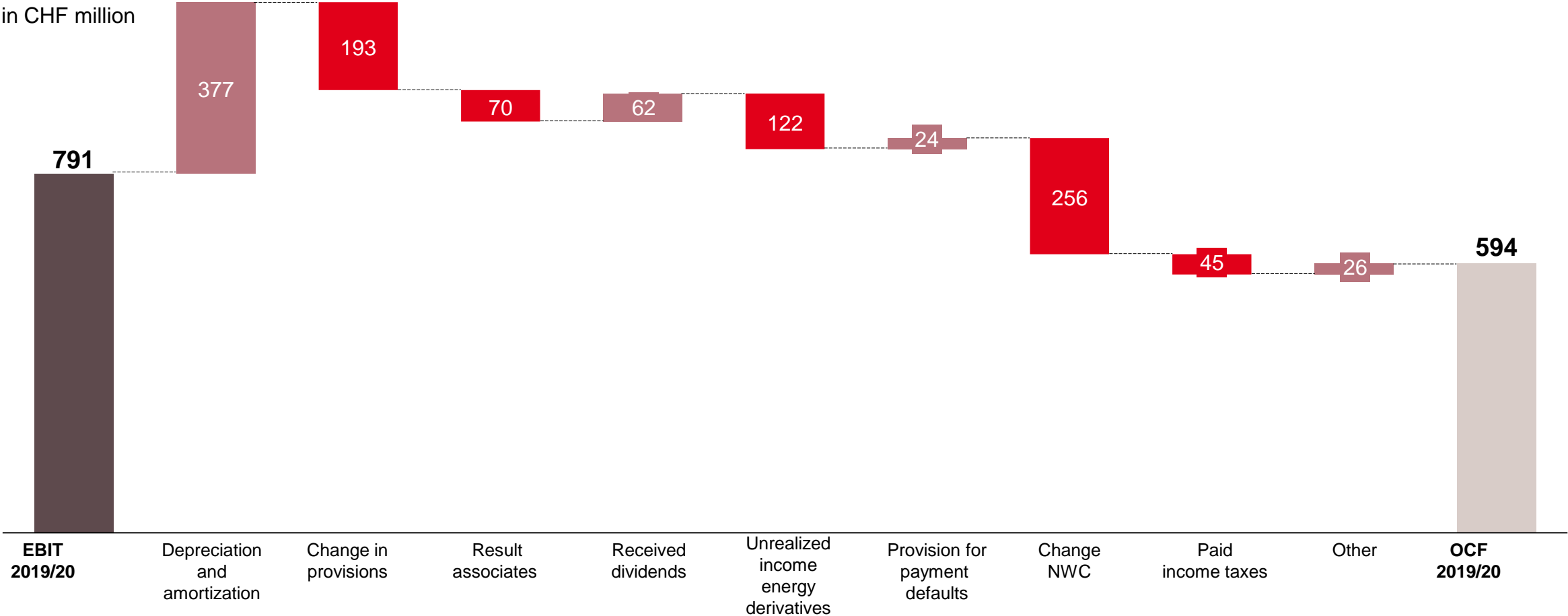
Trading & Sales, EBIT IFRS
in CHF million



- 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

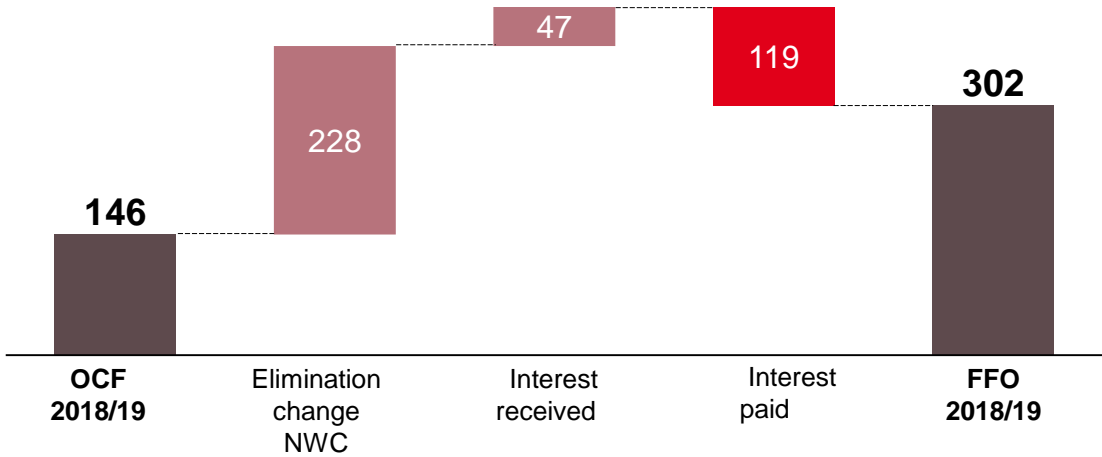
	2018/19	2019/20
in CHF million		
Gross margin asset-backed trading	135	248
Gross margin origination	291	217
Gross margin proprietary trading	185	287
Gross margin	611	752
Operating expenses	-331	-383
EBIT before hedging and other effects	280	369
Hedging effects	-29	33
Other reconciliation items	-53	96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

Strong operating cash flow despite increase in NWC

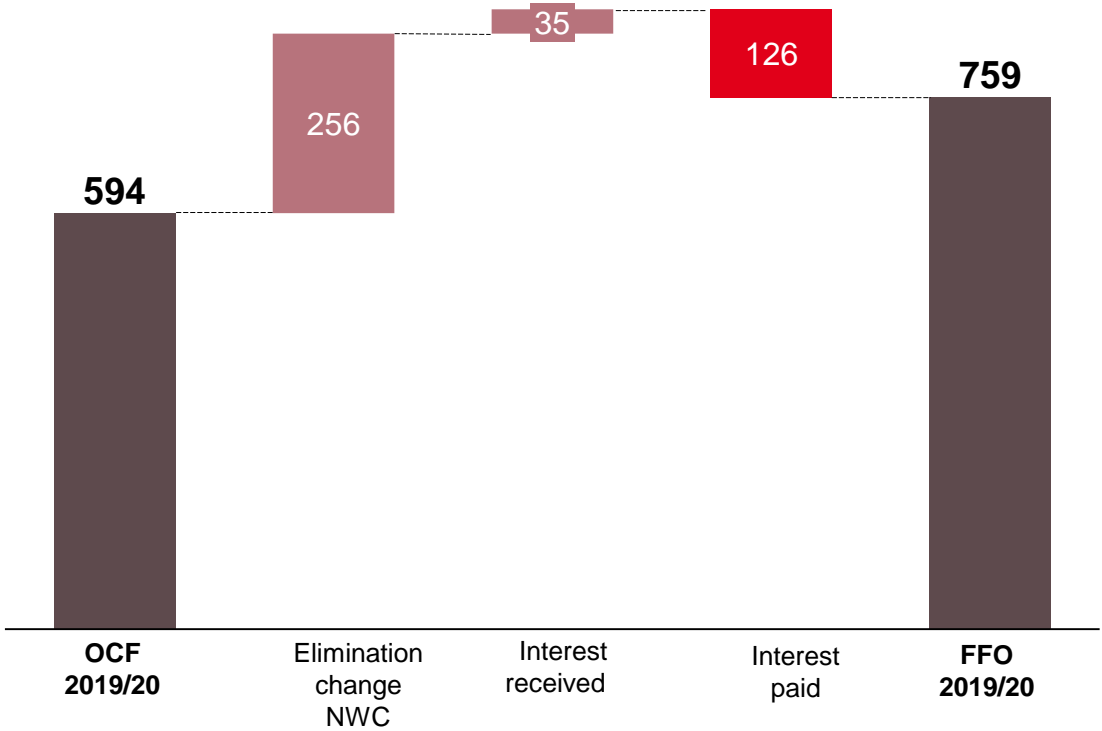


Funds from Operations (FFO) of CHF 759 million

2018/19
in CHF million



2019/20
in CHF million



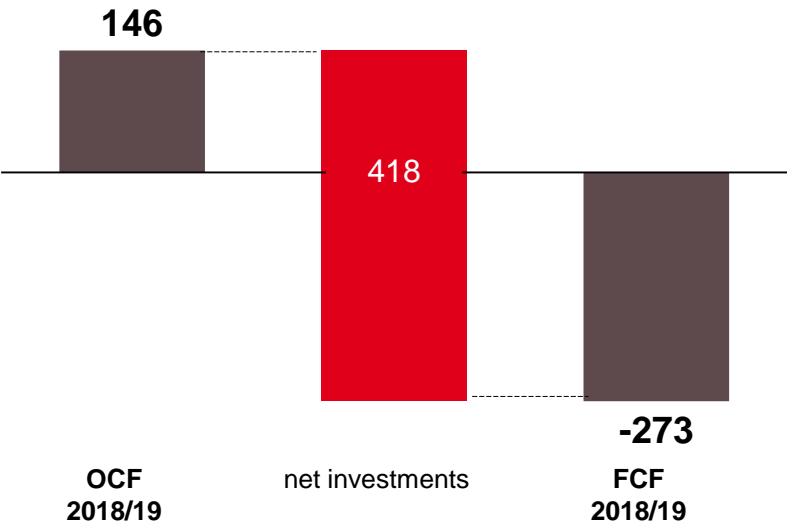
Most of the investments in distribution and renewables

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
Net investment	418	275	-143

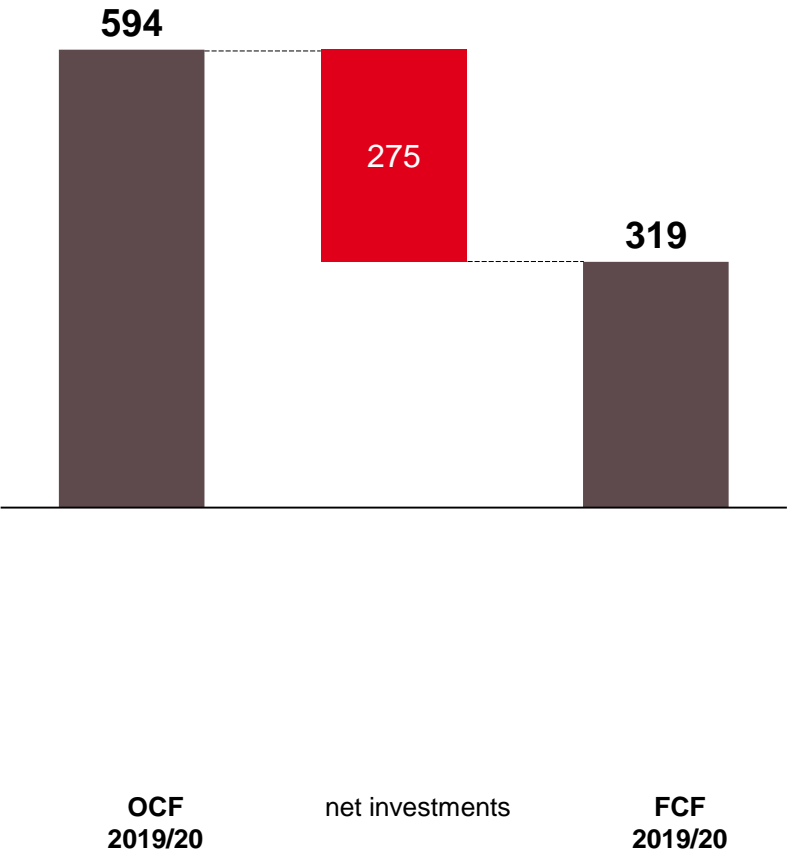
- Substantial investment in distribution
- Various project delays due to Covid-19, especially with Renewables
- In the previous year acquisition of Urbasolar

Strong operating performance results in free cash flow of CHF 319 million

2018/19
in CHF million

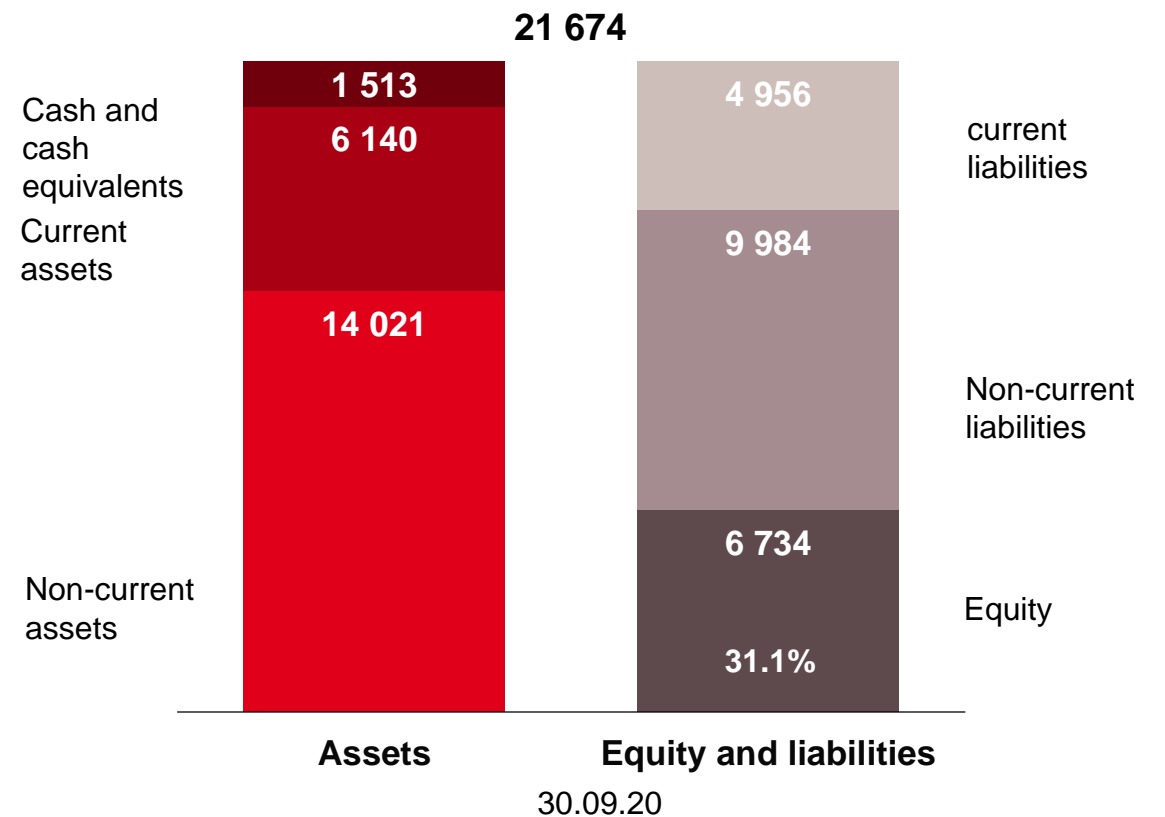
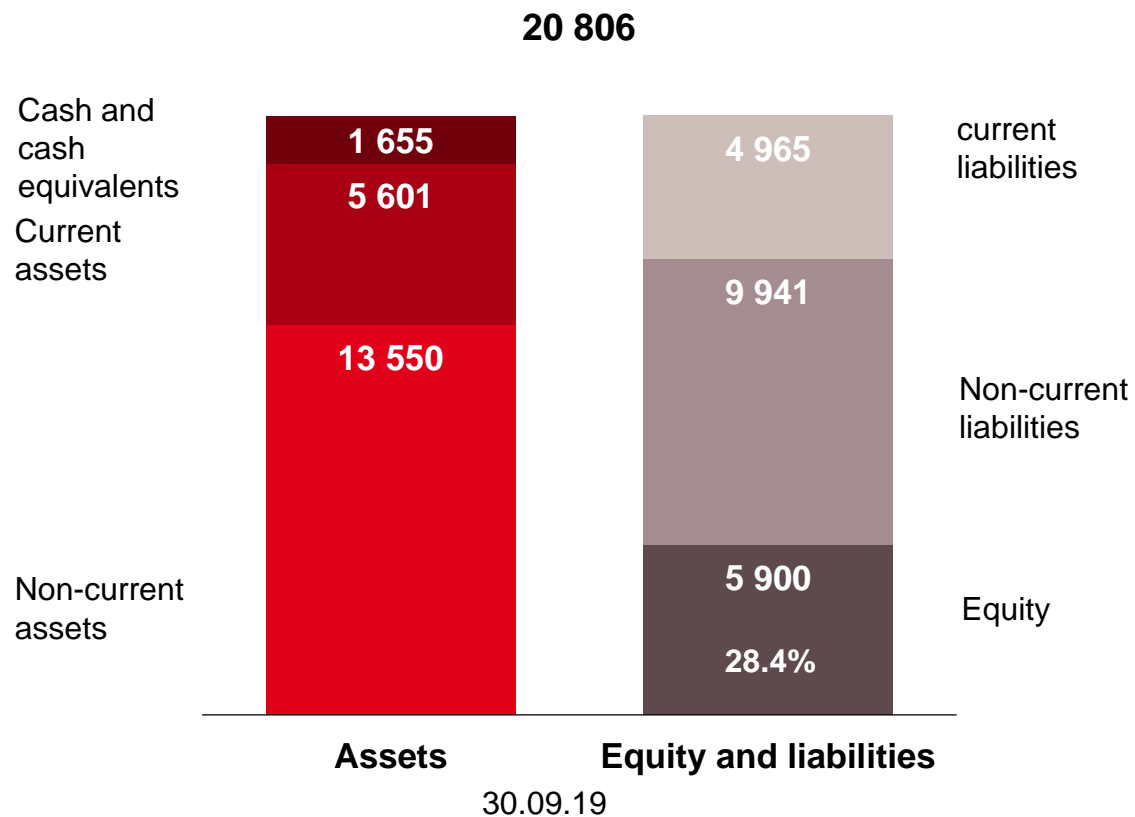


2019/20
in CHF million



Equity increases to CHF 6.7 billion

in CHF million / equity ratio in %



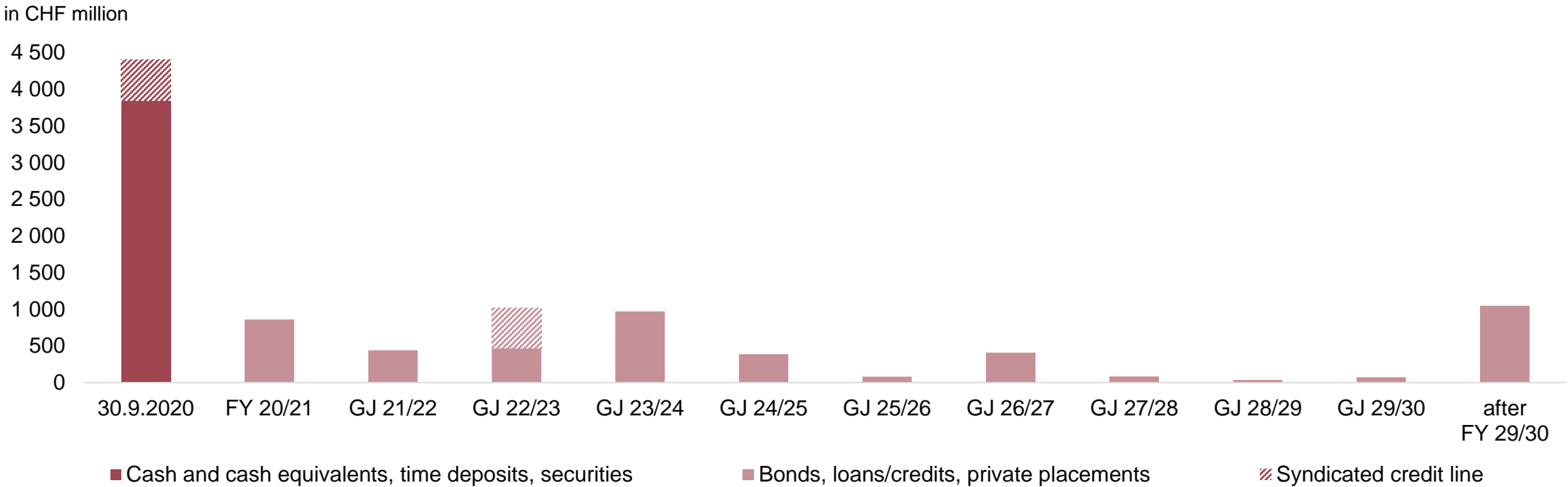
Improvement in net financial position with higher liquidity

in CHF million

	30/9/19	30/9/20
Current financial liabilities	-941	-892
Non-current financial liabilities	-4 205	-4 137
Total eligible debt	-5 146	-5 029
Cash and cash equivalents	1 655	1 513
Time deposits	733	877
Non-current financial assets	1 500	1 459
Total liquidity	3 889	3 848
Net financial position	-1 257	-1 181

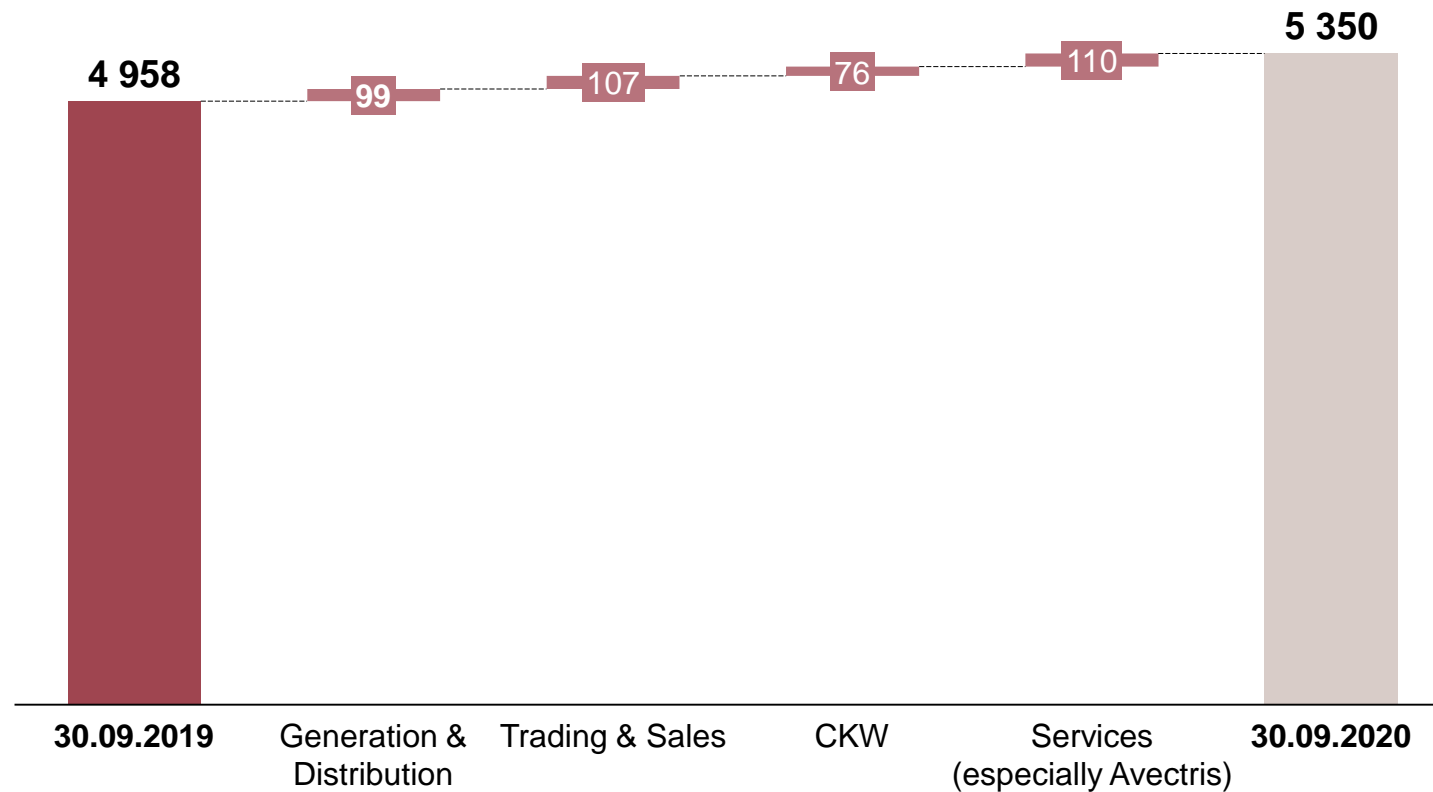
- Reduction in financial liabilities through repayment of bond
- Conclusion of committed syndicated loan for CHF 550 million in April 2020 (term of at least 3 years)

Balanced maturity profile of bonds and loans



Business expansion supported by employees

Employees - full-time equivalents



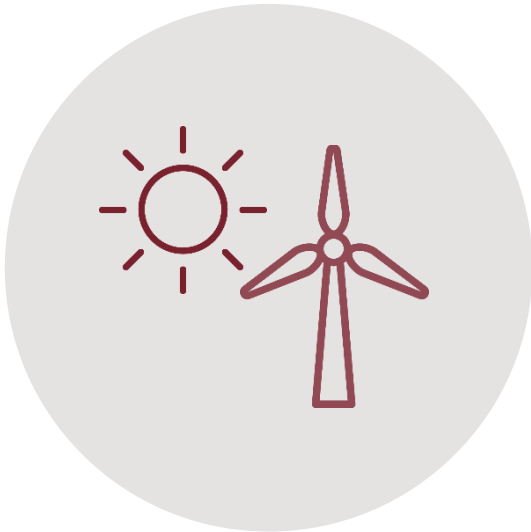
- Increase in personnel in photovoltaics, distribution, building services engineering and in the international trading business
- Acquisition of IT service provider and expansion of business activities Avectris



Outlook

Christoph Brand, CEO

Challenges and market trends



RE become standard

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



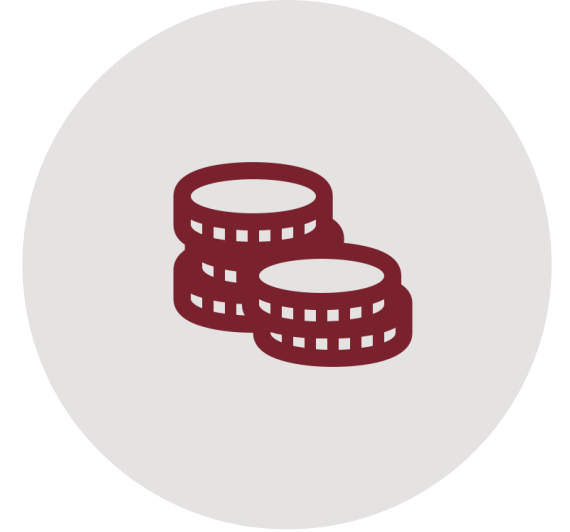
Rising power demand

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

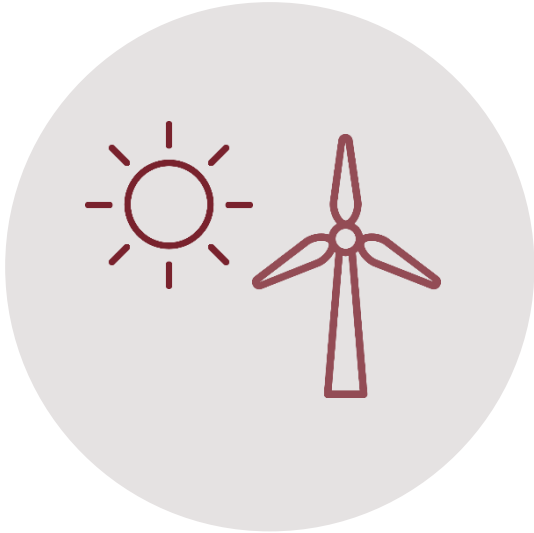
Strong expansion of renewable energies causes high volatility in electricity prices

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



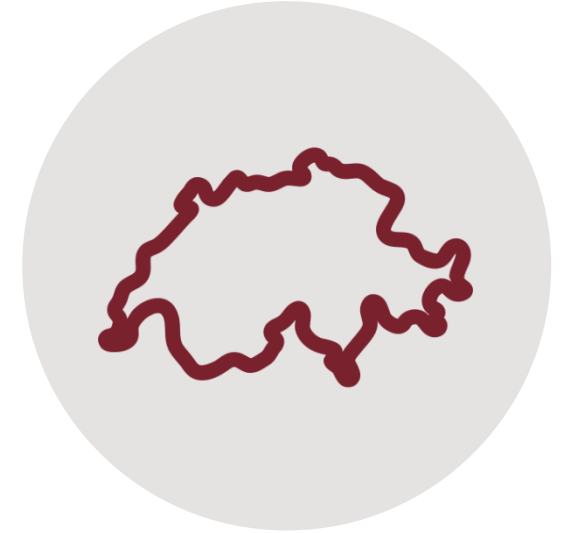
Renewable energies

- 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

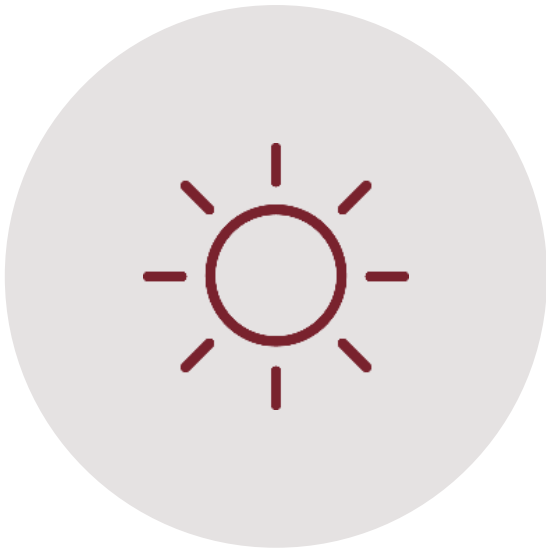


Swiss business

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

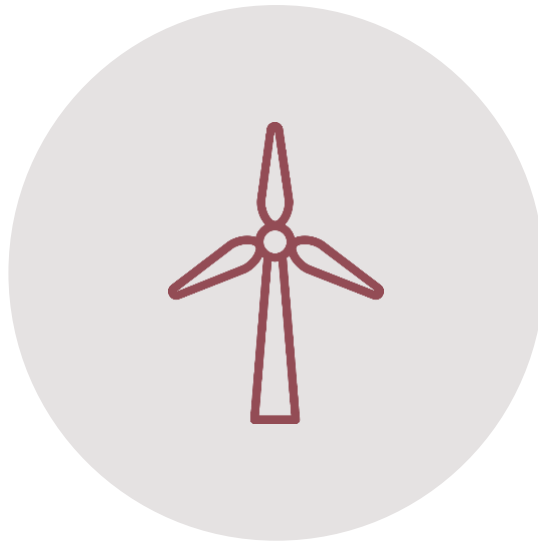
Ambitious growth targets

Ambition 2030



PV international

10GW



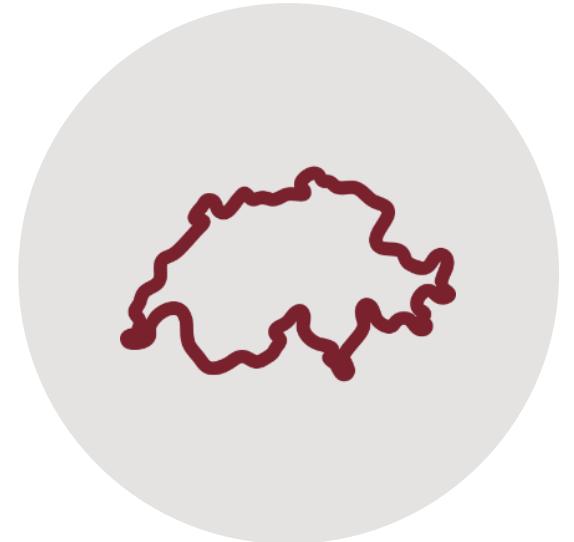
Wind onshore international

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
- Digitalization, further evolution of the corporate culture
- Consistent positioning as an international energy company with strong 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 hedged for the next few years
- Possible negative effects of the pandemic on financial markets
- Lower result than in FY 19/20 expected

Conclusion

Extraordinary

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

Supportive

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

Rising demand

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


Focus

Axpo Strategy:
Renewable energies
Trading & Origination
Stable Swiss Business



Q&A

Full of energy

a  **po**



Back-up

Clear strategic objectives for all business segments



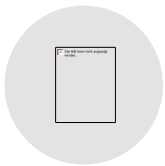
Hydro: Most efficient power plant operator, digitisation of hydroelectric power plants, services for other power plant operators



Nuclear energy: Continue operation as long as safety is guaranteed. Decommissioning after end of operation, reduce price risks of long-term contracts



Transmission grids: Continued operation of existing Axpo networks, use of latest innovative technologies, services for third parties



Retail: As a regional integrated supplier, CKW supports energy system transformation in Central Switzerland (expansion of PV, services, building technology) - synergies with Axpo are exploited