



# Axpo Analyst Conference Financial Year 2020/21

Baden, 9 December 2021



# Agenda Analyst Conference

## Welcome

Andrea Wallimann, Host

## FY 2020/21

Joris Gröflin, CFO

- Highlights of the year
- Financial performance
- Group strategy
- Outlook/conclusion

## Questions

Joris Gröflin, CFO





# Highlights FY 2020/21

Joris Gröflin, CFO



# Good result – Group strategy on track



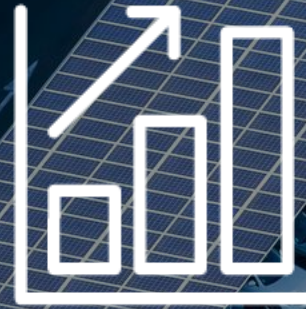
## Results

Good results in a  
challenging  
environment



## Group strategy

Ambitious goals –  
successful start



## International

Continued growth



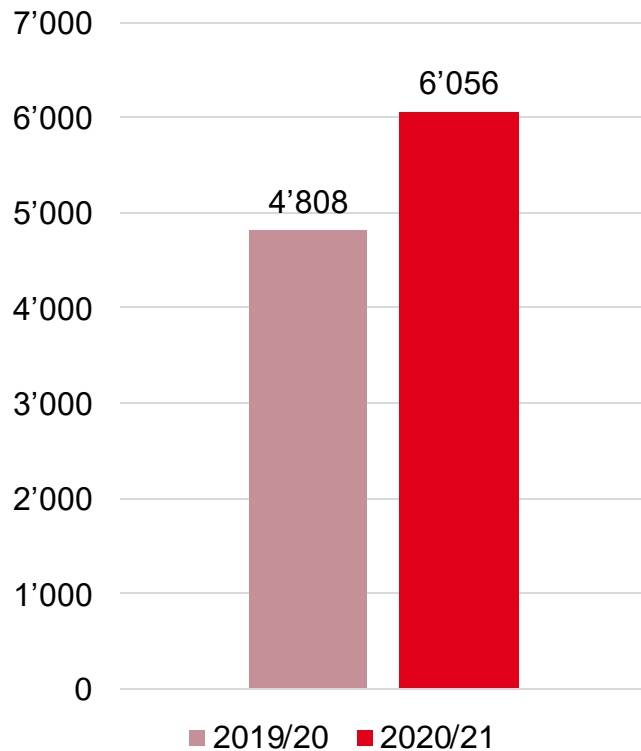
## Switzerland

Strong despite  
regulatory challenges

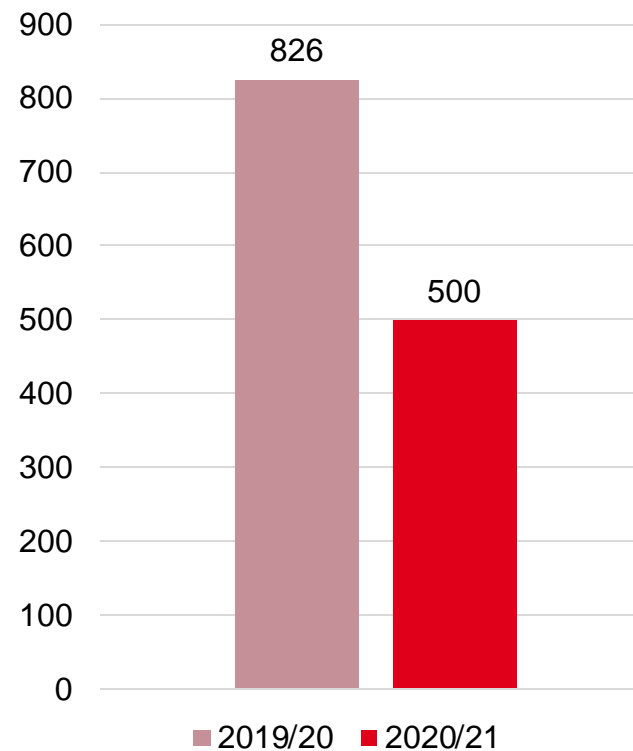


# Profitability as expected – free cash flow improved

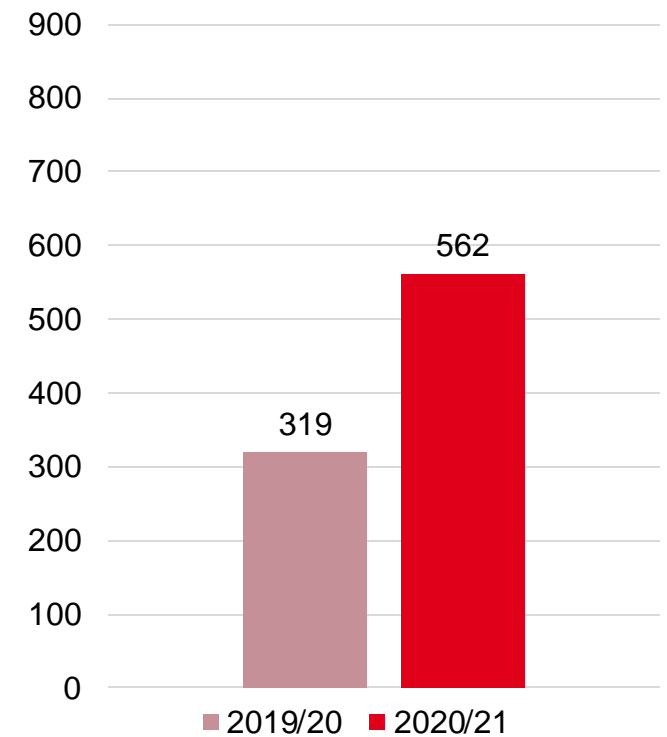
**Total income**  
in CHF million



**Adjusted EBIT\***  
in CHF million



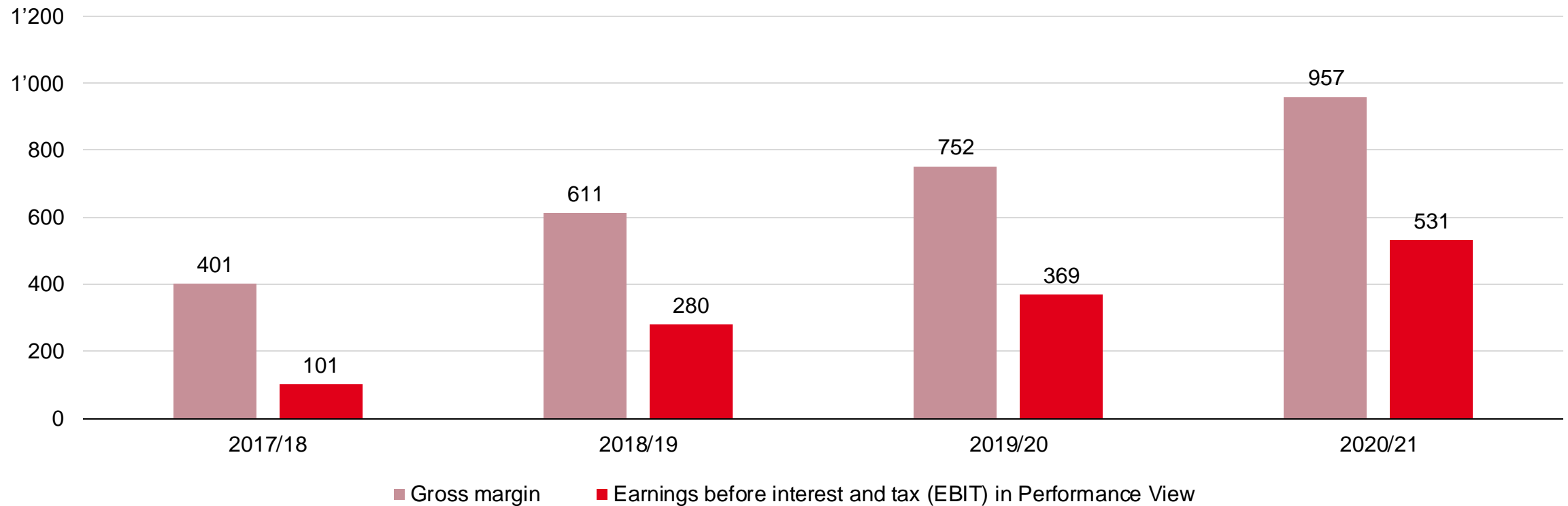
**Free cash flow**  
in CHF million



\*excluding impairment, STENFO value fluctuation and Swissgrid compensation

# Trading & Sales posts exceptional results again

**Gross margin and EBIT in Performance View**  
in CHF million







# Financial performance

Joris Gröflin, CFO



# Cash flow improved – reduction of net debt

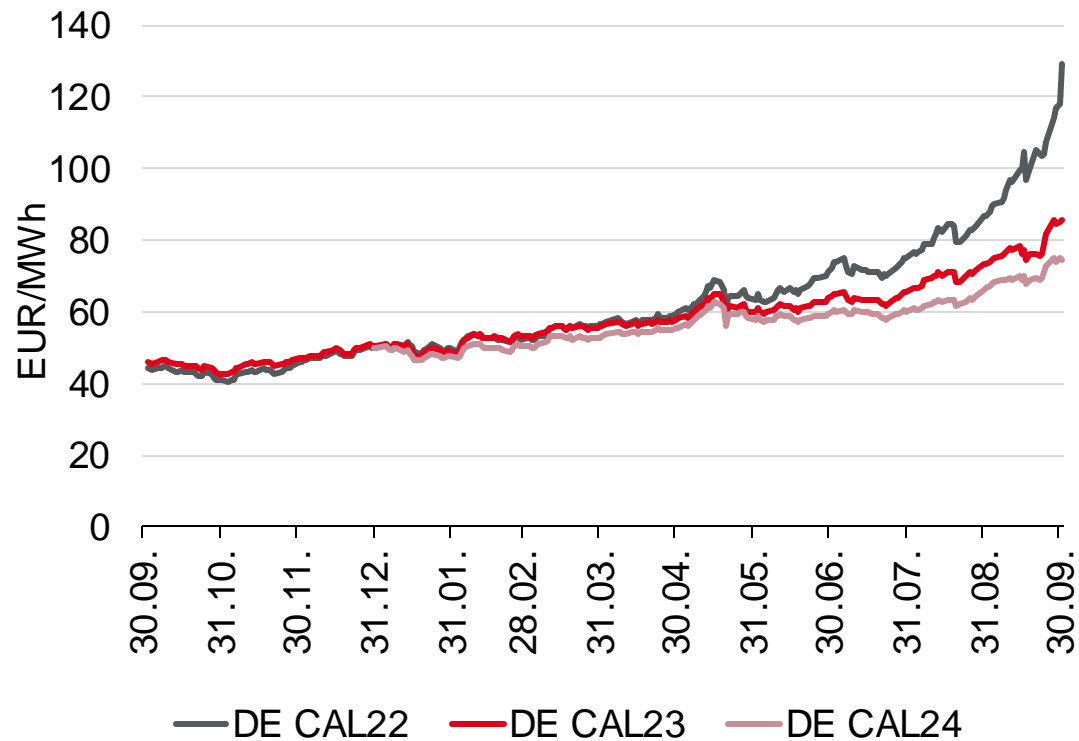
	2020/21	vs. previous year	
in CHF million			
<b>EBITDA</b>	<b>1 126</b>	<b>- 4%</b>	<ul style="list-style-type: none"> <li>EBITDA at previous year's level</li> </ul>
<b>Adjusted EBIT</b>	<b>500</b>	<b>- 39%</b>	<ul style="list-style-type: none"> <li>Higher results from power generation</li> <li>Strong result of Trading &amp; Sales</li> <li>Deferred income to future periods due to temporary hedging effects</li> </ul>
<b>Results of the period</b>	<b>607</b>	<b>+ 37</b>	<ul style="list-style-type: none"> <li>Performance of financial assets and Swiss nuclear funds (STENFO) drive results of the period</li> </ul>
<b>Free cash flow</b>	<b>562</b>	<b>+ 243</b>	<ul style="list-style-type: none"> <li>Higher operating cash flow</li> <li>Significant investments in renewables</li> </ul>
<b>Equity</b>	<b>7 228</b>	<b>+ 493</b>	<ul style="list-style-type: none"> <li>Increase of equity by CHF 500 million</li> <li>Proposed dividend of CHF 80 million</li> </ul>
<b>Net debt</b>	<b>- 223</b>	<b>+ 957</b>	<ul style="list-style-type: none"> <li>Substantial reduction of net debt due to higher free cash flow</li> <li>Reduction of financial liabilities due to sale of wind and solar parks</li> </ul>



# Extraordinary energy price movements

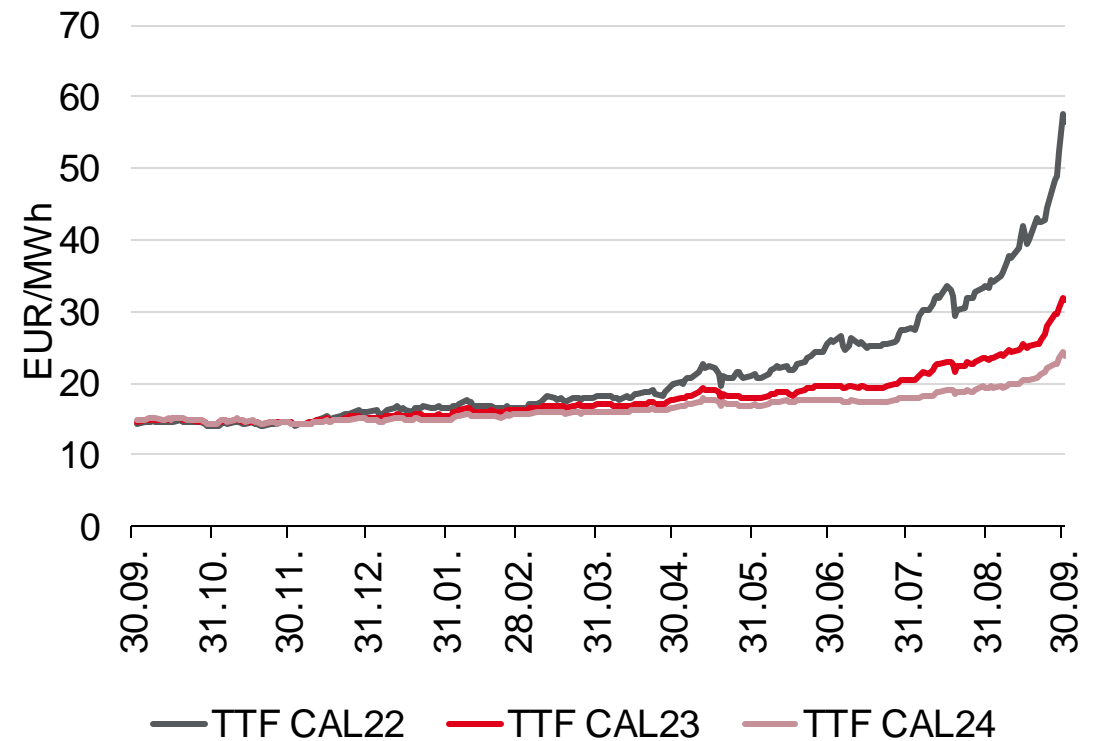
## Power forward prices Germany

Factor 2.7x



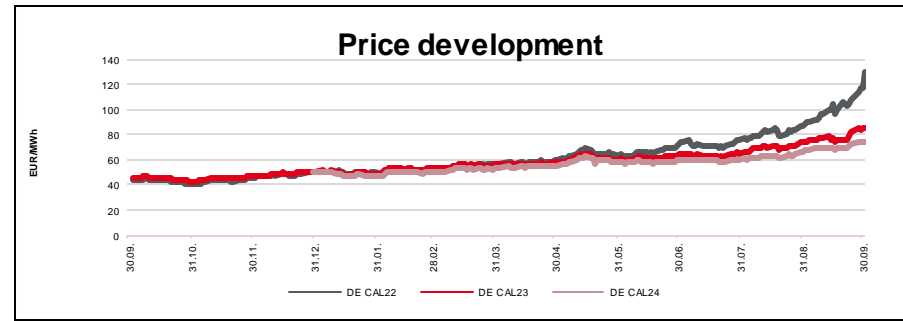
## Gas forward prices TTF

Factor 3.9x





# Increasing energy prices with significant impact on financials



## Income statement

Shifts of income into future periods due to accounting mismatches:

→ CHF 272 million for T&S only

## Balance sheet

70 TWh production hedged as of 30/09/2021 (3 years hedging):

→ Significant driver of substantial balance sheet expansion of CHF 23 billion

## Mid-term outlook

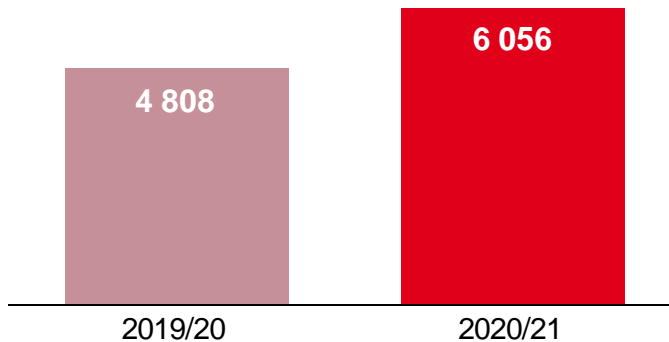
Positive impact on profitability of increasing power prices :

→ Significant potential increase in the mid-term; less short-term impact due to hedging strategy (up to 3 years in advance)



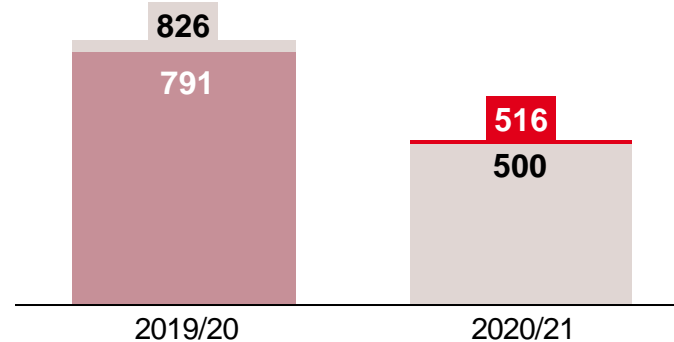
# Performance of STENFO with positive impact

**Total income**  
in CHF million



- Higher power prices
- Higher results from energy trading
- Sale of wind and solar parks
- Compensation for assets transferred to Swissgrid

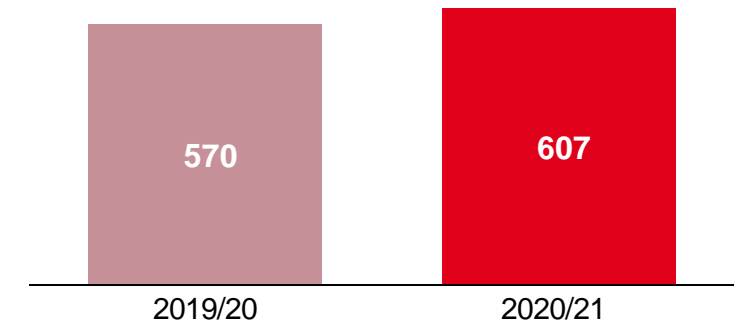
**EBIT**  
in CHF million



- Adjusted EBIT CHF 326 million below previous year
- High trading result negatively impacted by substantial price movements at year-end
- Positive impact of STENFO / Swissgrid absorbed by impairments

adjusted EBIT   EBIT 2019/20   EBIT 2020/21

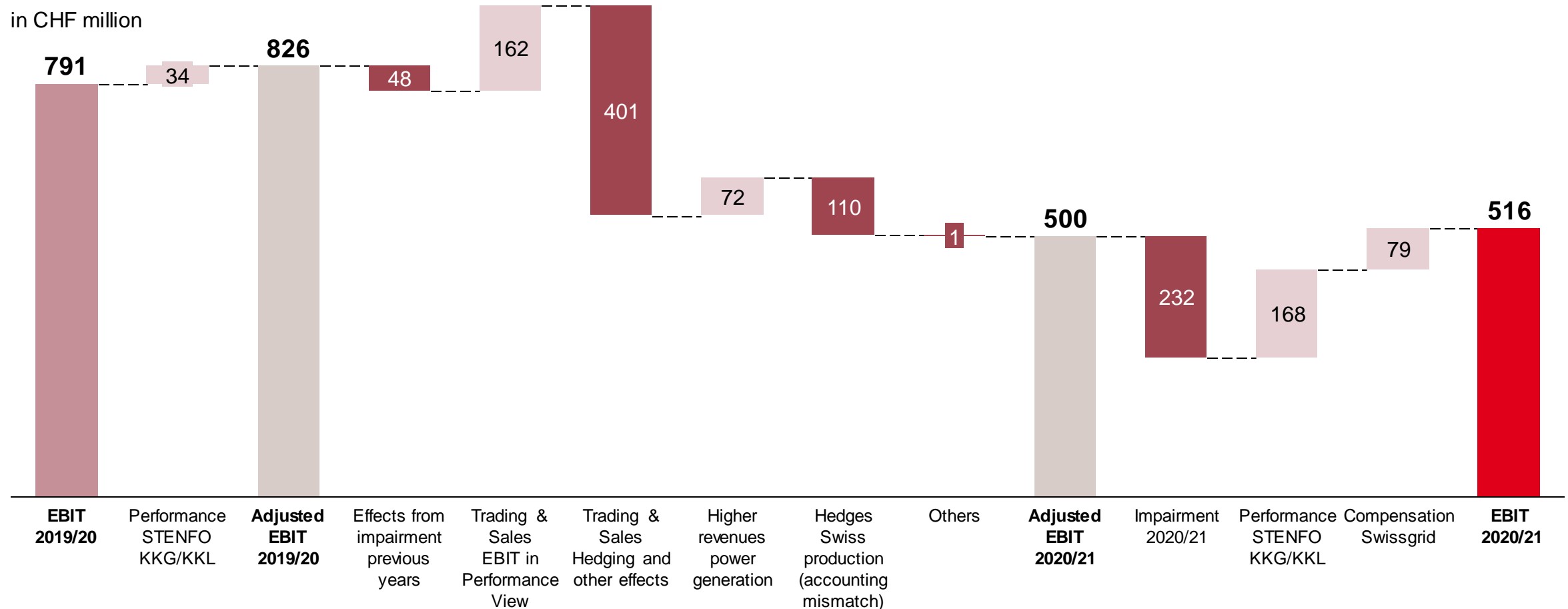
**Results of the period**  
in CHF million



- Performance of STENFO and financial assets with positive impact of CHF 375 million vs. previous year



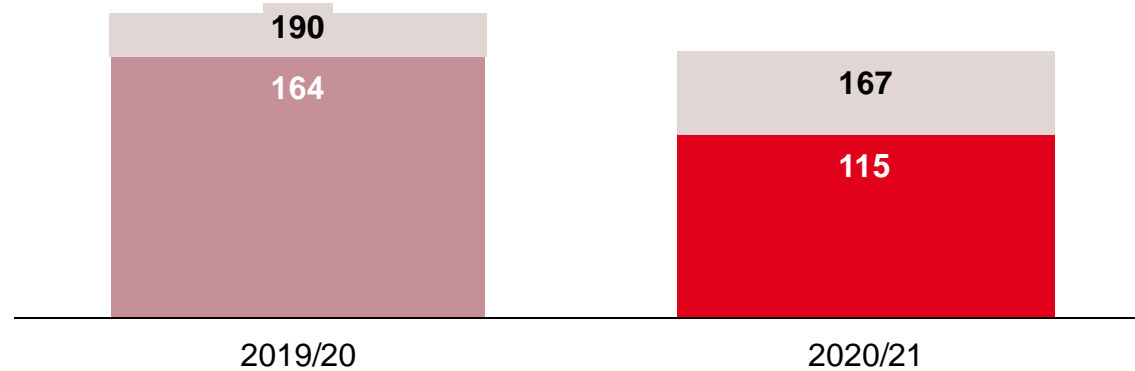
# Adjusted EBIT negatively impacted by temporary shifts of income due to hedging effects



# EBIT by segments (1/2)

## Generation & Distribution

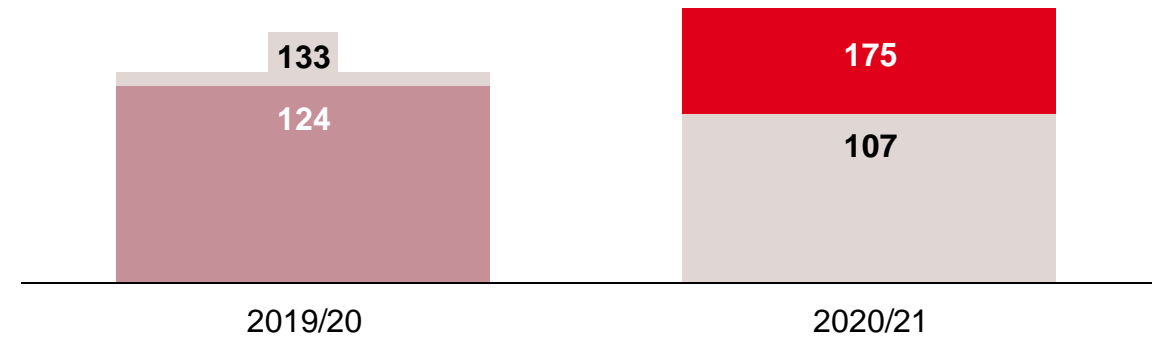
in CHF million



- Higher sales due to increased power prices and sale of wind and solar parks
- Substantial unrealised loss from hedging Swiss production (accounting mismatch)
- Positive impact of STENFO valuation

## CKW

in CHF million



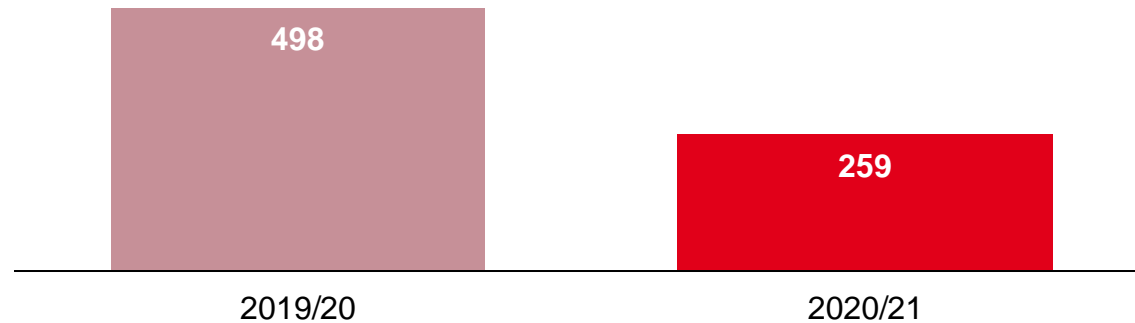
- Strong trading result in previous year
- Lower availability of KKL due to extended maintenance
- Positive impact of STENFO valuation

adjusted EBIT EBIT 2019/20 EBIT 2020/21



# EBIT by segments (2/2)

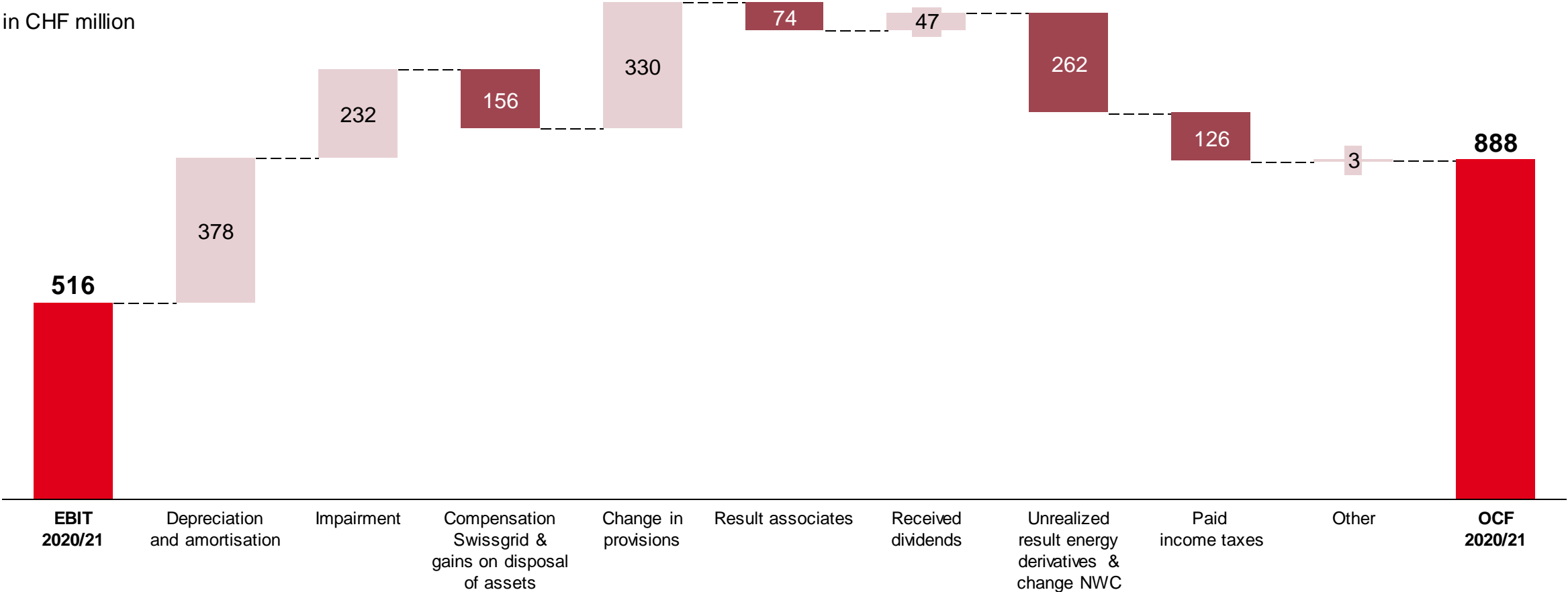
## Trading & Sales, EBIT IFRS in CHF million



- Previous year's result (before hedging and other effects) significantly exceeded once again
- Strong results in asset backed trading and origination
- Substantial price movements at year-end with negative impact on EBIT IFRS (temporary effects)

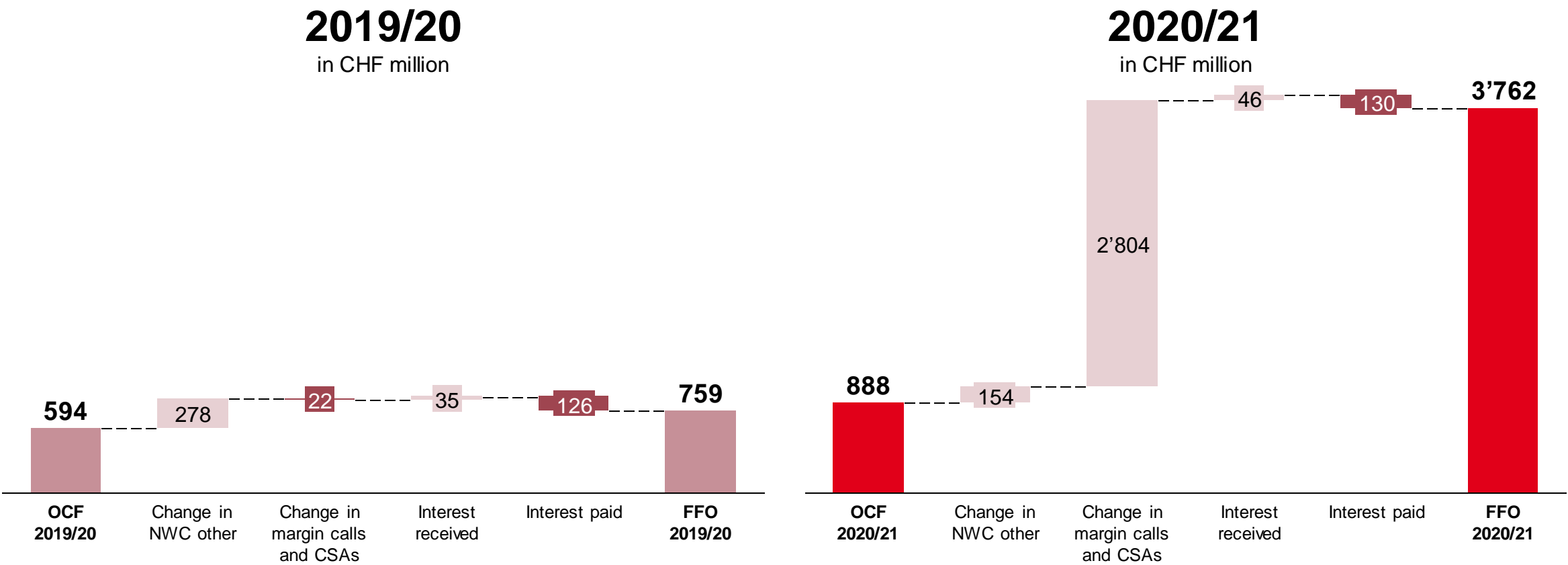
in CHF million	2019/20	2020/21
Gross margin asset-backed trading	248	353
Gross margin origination	217	518
Gross margin proprietary trading	287	86
<b>Gross margin</b>	<b>752</b>	<b>957</b>
Operating expenses	-383	-426
<b>EBIT in Performance View</b>	<b>369</b>	<b>531</b>
Hedging effects / other reconciliation items	129	-272
<b>EBIT IFRS</b>	<b>498</b>	<b>259</b>

# Improvement of operating cash flow to 888 million CHF despite increase in net working capital





# Increase in commodity prices with major impact on FFO



Growth in trading volume and increasing commodity prices led to higher net working capital (accrued income, increase in margins and collaterals with counterparties)

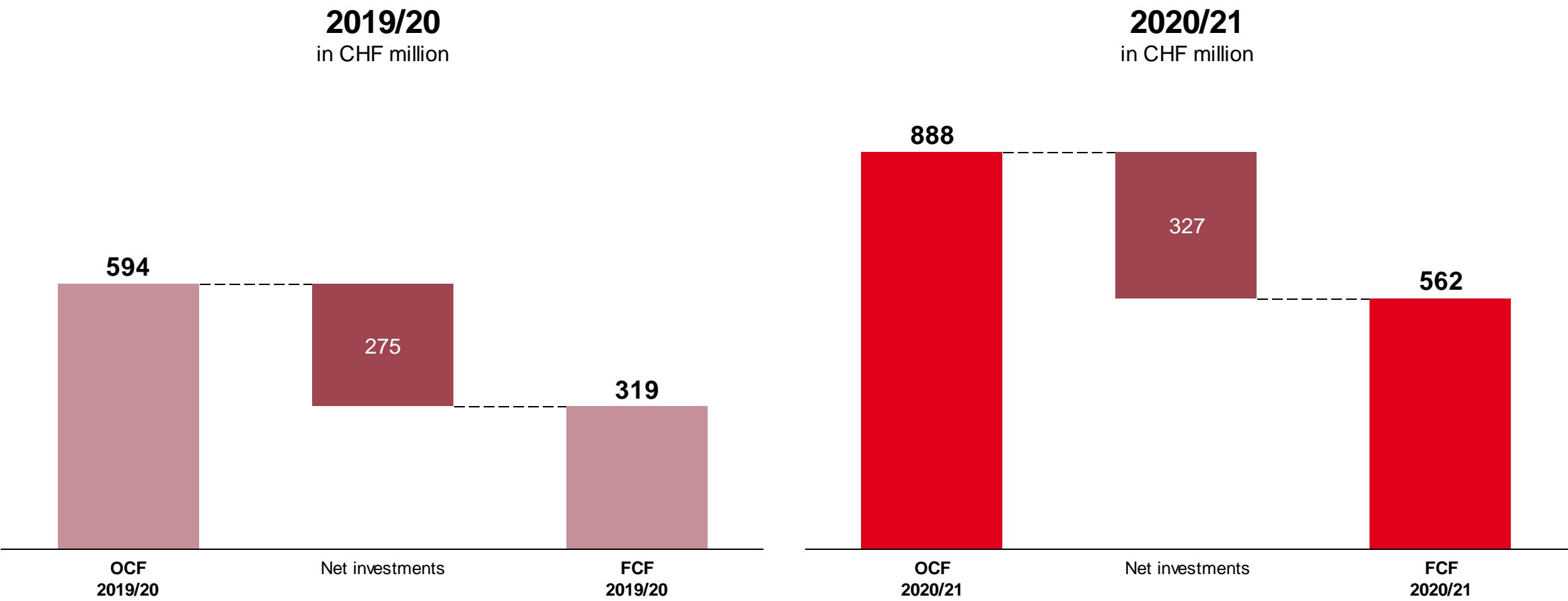
# Investments mainly in renewables and distribution

in CHF million	2019/20	2020/21	Change
Hydro	26	13	-12
Nuclear	43	40	-3
Distribution	96	111	+15
Renewables	107	249	+141
Other effects	85	70	-16
<b>Gross investment</b>	<b>357</b>	<b>482</b>	<b>+125</b>
Divestments, other	-82	-156	-73
<b>Net investment</b>	<b>275</b>	<b>327</b>	<b>+52</b>

- Gross investment of CHF 482 million, of which
  - CHF 220 million in Switzerland
  - CHF 262 million international
- Continuous investments and divestments in renewables (asset light business model)
- Substantial investments in distribution
- Divestment of Avectris and withdrawal of STENFO KKB



# Improvement in free cash flow

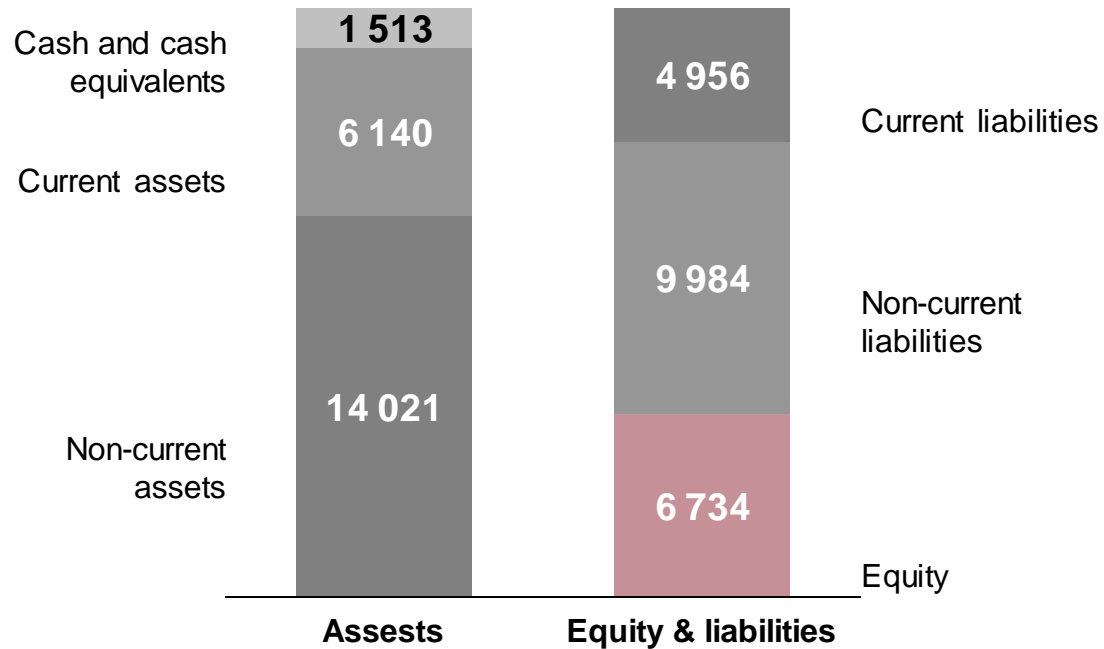


# Equity increases to CHF 7.2 billion

## Balance sheet comparison

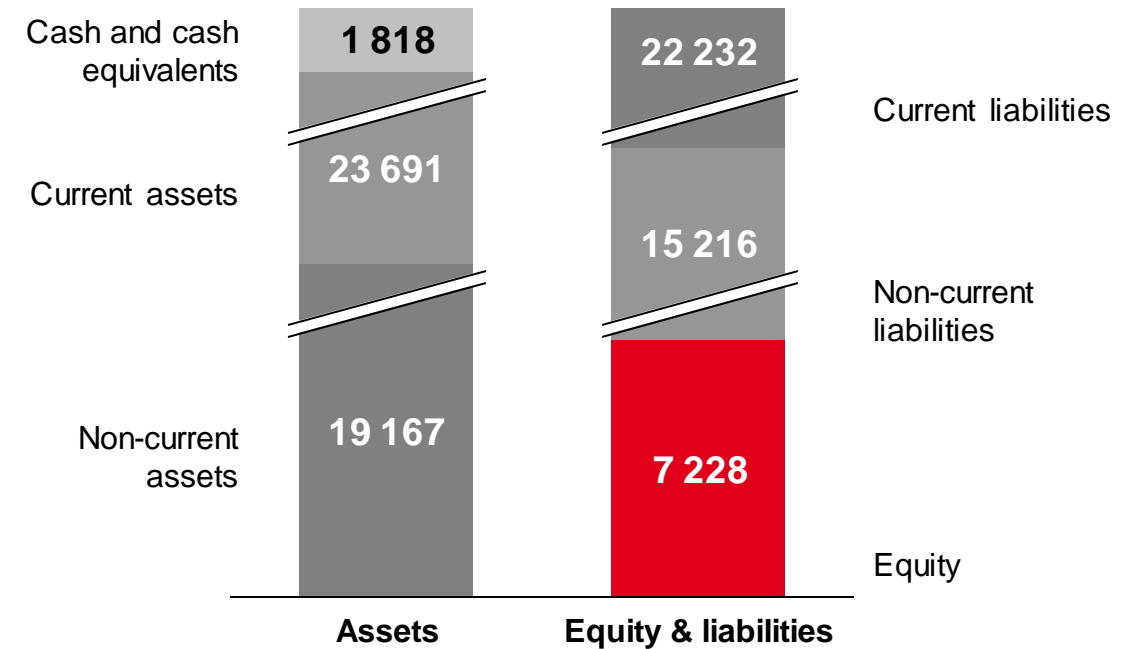
in CHF million

**21 674**



30/09/2020

**44 676**



30/09/2021

# Substantial reduction of net debt

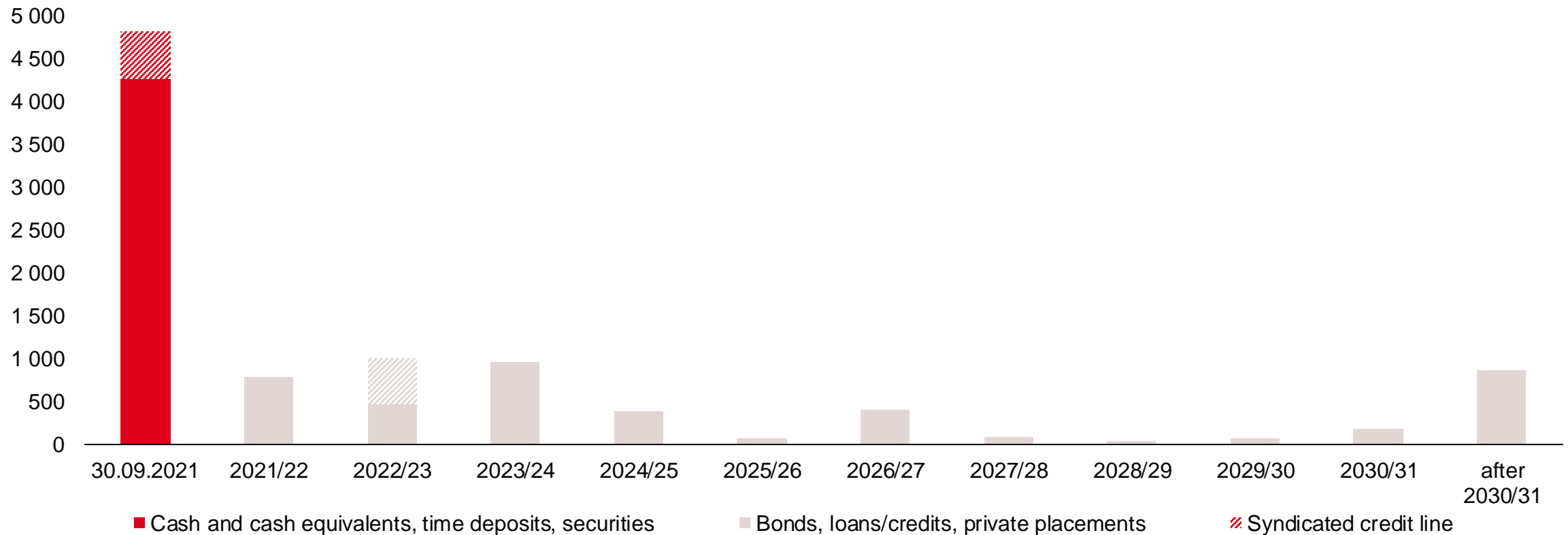
in CHF million	30.09.2020	30.09.2021
Current financial liabilities	-892	-812
Non-current financial liabilities	-4 137	-3 680
<b>Total eligible debt</b>	<b>-5 029</b>	<b>-4 492</b>
Cash and cash equivalents	1 513	1 818
Time deposits	877	760
Financial assets	1 459	1 690
<b>Total liquidity</b>	<b>3 848</b>	<b>4 268</b>
<b>Net financial position</b>	<b>-1 181</b>	<b>-223</b>

- Positive free cash flow increases total liquidity
- Financial assets positively impacted by performance of financial markets
- Reduction of financial liabilities due to sale of wind and solar parks



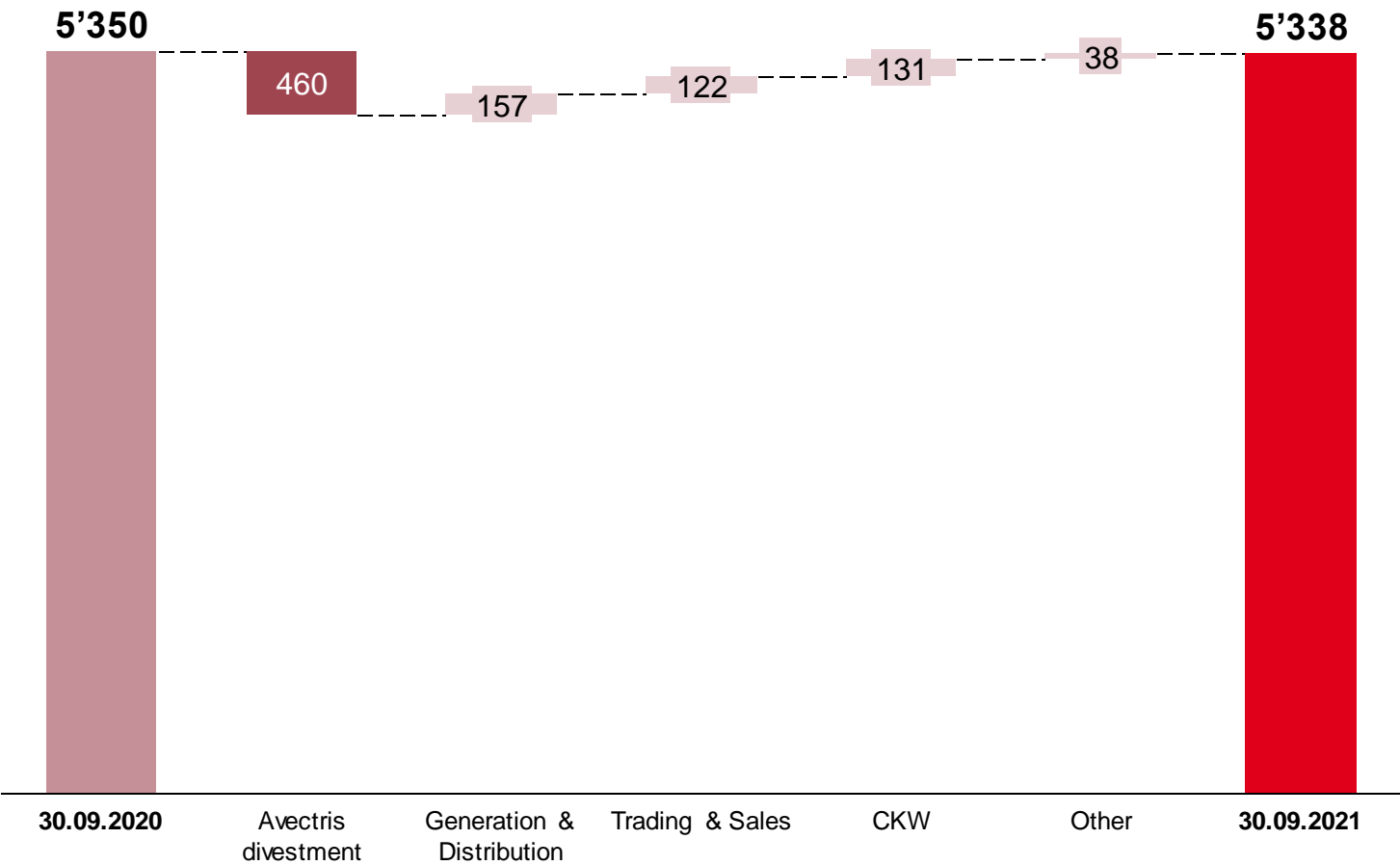
# Balanced maturity profile of bonds and loans

in CHF million



# Growth in strategic areas

Employees – full-time equivalents



- Strategic growth in renewables, international origination and trading business and building technologies
- Divestment of Avectris



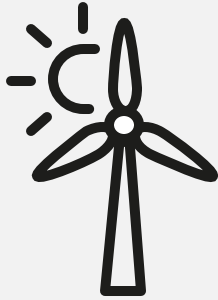


# Implementation of Group strategy

Joris Gröflin, CFO



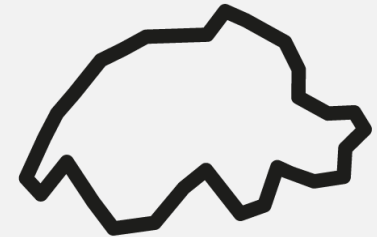
# Strategic focus on three main priorities



**Renewable energy**

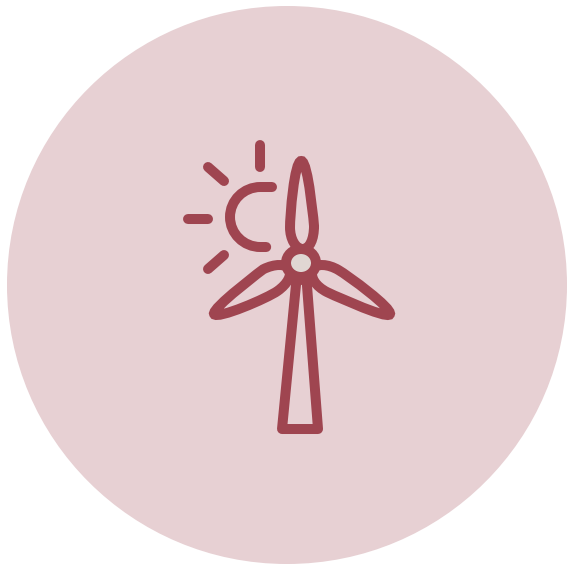


**Trading & origination**



**Swiss business**

# Strategic focus on three main priorities



**Renewable energy**



**Trading & origination**



**Swiss business**

# Our renewable energy goals



## Ambition for 2030

**10<sub>GW</sub>**

PV international

**3<sub>GW</sub>**

Onshore wind  
international

**4<sub>x</sub>**

PPA

**200<sub>MW</sub>**

PV Switzerland



# Urbasolar



Market entry in Italy and Spain



New projects: 200 MW realised in 2020/21 financial year



5,700 MW from other new projects in the pipeline



Seek acceptance: since 2018, 82 PV plants have been developed with citizen participation



2020/21 Official opening of a 25-hectare solar plant in Toulouse-Oncopole

# Volkswind



5 new wind farms sold  
in France



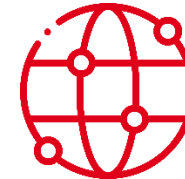
New projects: 132 MW developed  
in FY 2020/21



Auctions in France:  
successful bids for  
27% of total volume

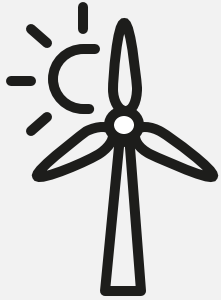


3,000 MW in the  
pipeline



Targeted support  
and incentives  
abroad

# Strategic focus on three main priorities



Renewable energy



Trading & origination



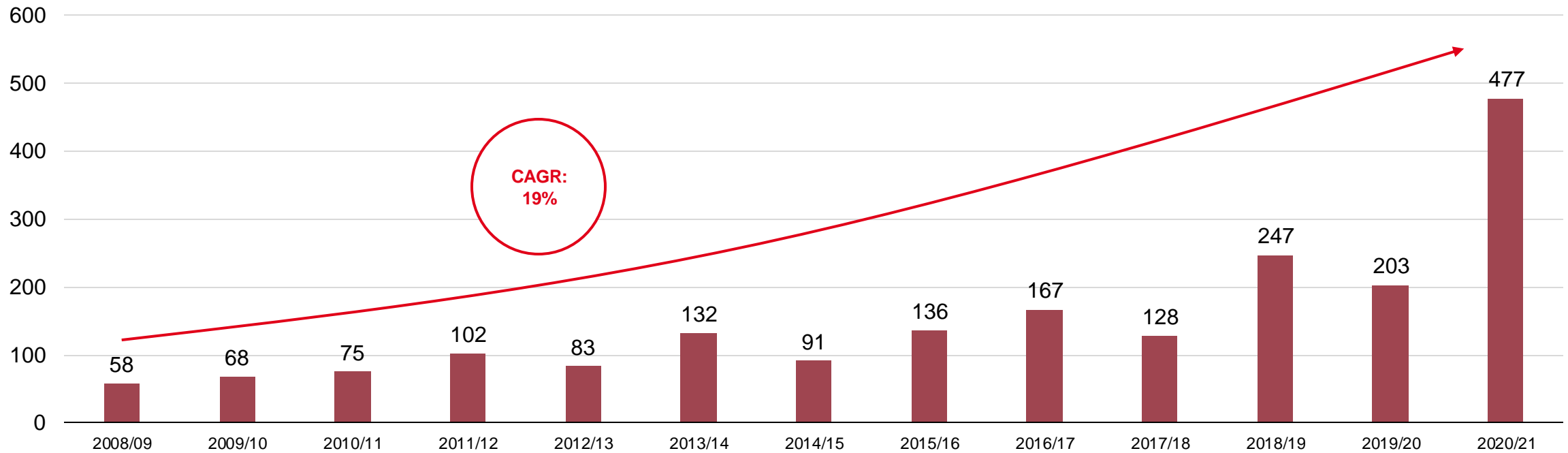
Swiss business



# Origination: encouraging growth



**Business Area Trading & Sales<sup>1)</sup> – Origination Gross Margin (Performance-View)**  
in EUR million



1) Up to and including FY 2011/12 EGL Group (Energy Trading & Origination/International Trading & Origination only)

# PPAs: high demand for bespoke energy solutions



1.

## PPAs in the UK

50 MW from  
waste incineration  
plant

2.

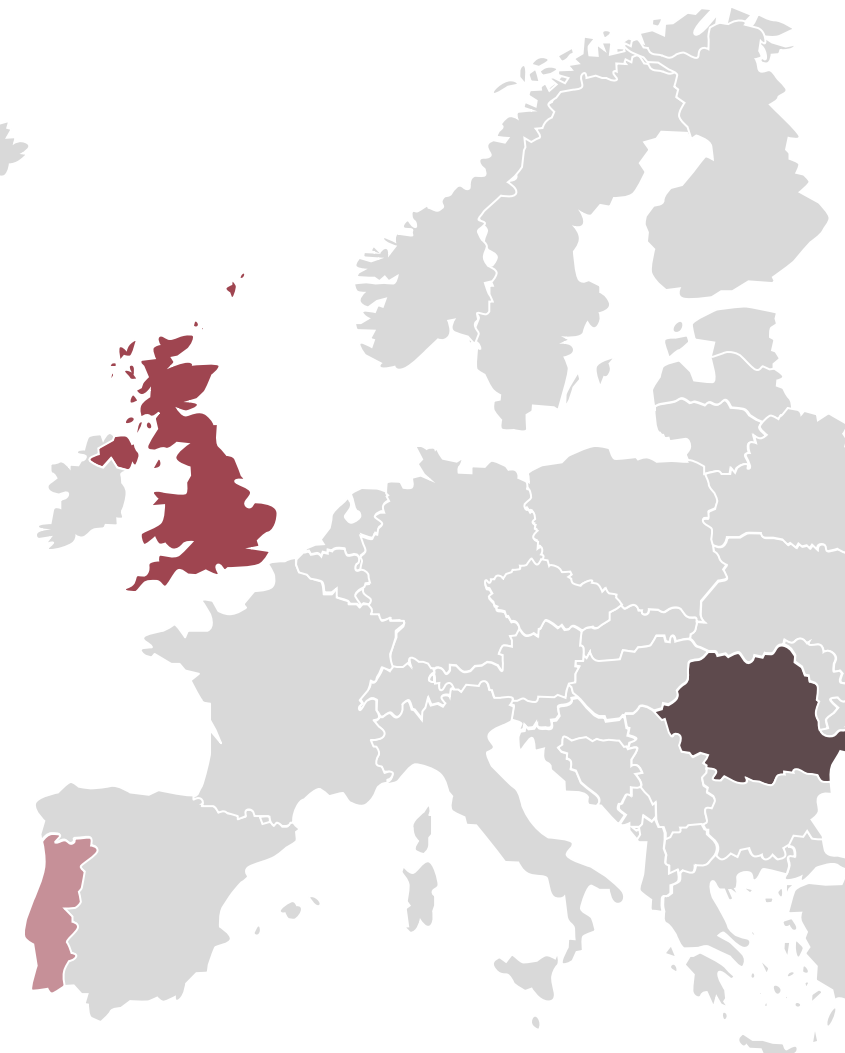
## PPAs in Romania

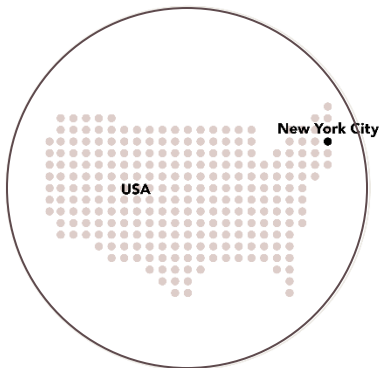
Electricity from  
the largest  
onshore wind farm in  
Europe

3.

## PPA in Portugal

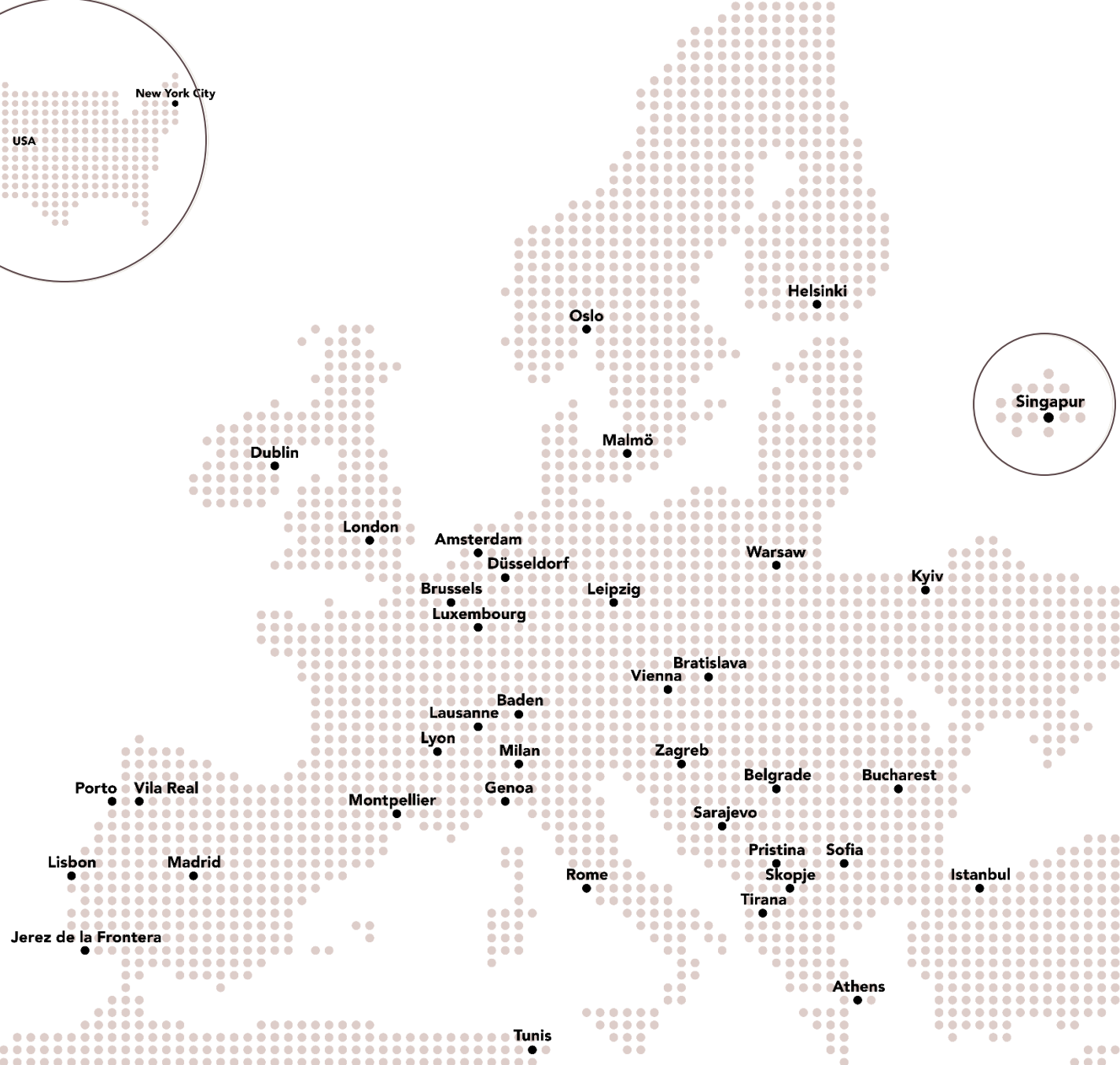
Renewable  
energy from four PV  
plants





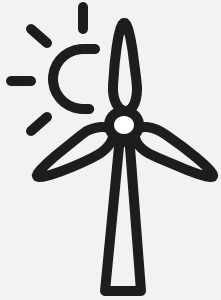
# Axpo continues to grow

- Present in 32 countries and more than 40 markets
- 1,311 employees outside Switzerland (+202 employees compared with previous year)
- Axpo markets 19,700 MW of renewable capacity in Europe (2013 – 2021)
- Ratio of investments in Switzerland to other countries is 3:1





# Strategic focus on three main priorities



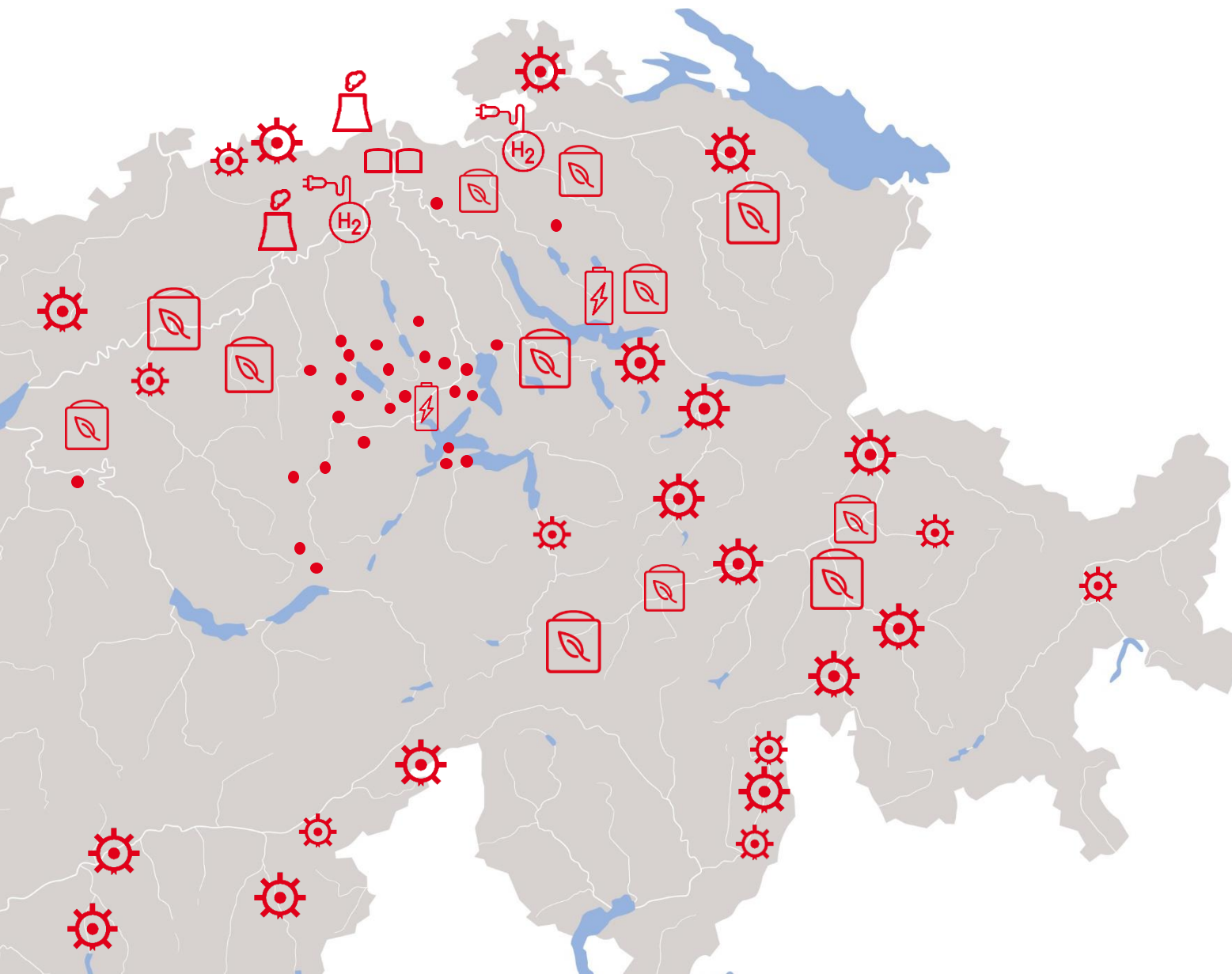
Renewable energy



Trading & origination



**Swiss business**



# Switzerland

- AlpinSolar: First electricity production
- Nuclear Energy: Invested in security
- CKW: PV growth strategy
- Hydro power: Positioning as smart maintenance provider
- Biomass: New plants in Rapperswil-Jona and Döttingen, Six new plants planned in the medium term
- Hydrogen: plants in Wildegg-Brugg and Eglisau – others to follow
- Batteries: onstruction, operation and management of large batteries, e.g. battery storage in Rathausen



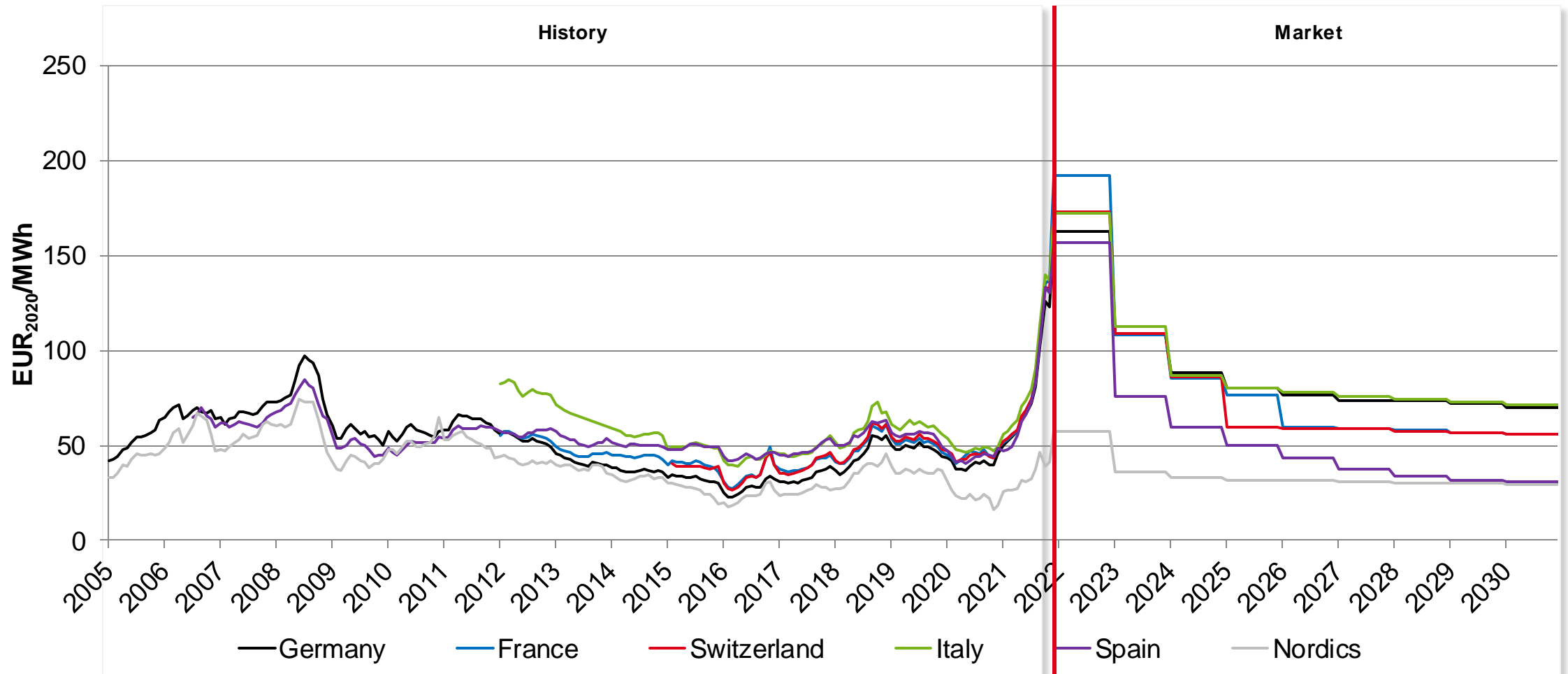


# Outlook

Joris Gröflin, CFO



# High electricity prices are not 'new normal'

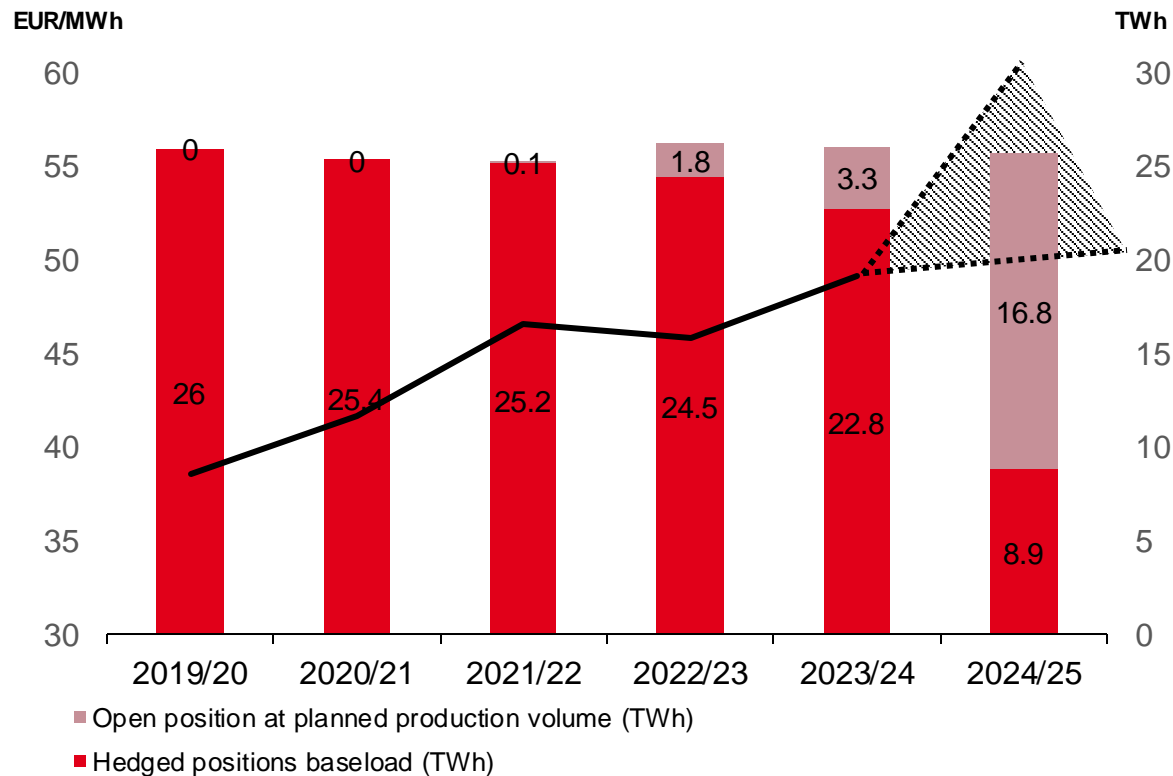


History: Rolling Forward monthly average; Future: available Calendar year Futures; Reference date: 07.12.2021



# Outlook for FY 2021/22

**Hedged baseload positions including CKW**  
(as at 30/09/2021)



- Higher electricity prices: production hedged at higher prices
- Positive effect from shifts in income
- Negative impact from extended KKL overhaul
- Solid operating business
- Results expected to be similar to previous year






# Questions

Joris Gröflin, CFO



**Full of energy**

**a**  **po**



# Appendix

# Substantial one-off effects compensating each other

	2019/20			2020/21				
	as reported	One-off effects (STENFO)	adjusted	as reported	Impairment	STENFO	Compensation Swissgrid	adjusted
in CHF million								
<b>Total income</b>	<b>4 808</b>		<b>4 808</b>	<b>6 056</b>			<b>-79</b>	<b>5 977</b>
Expenses for energy procurement, grid usage and goods purchased	-2 330	+34	- 2 296	-3 608		-168		-3 776
Expenses for materials and third-party supplies	-226		-226	-240				-240
Personnel expenses	-761		-761	-792				-792
Other operating expenses	-392		-392	-365				-365
Share of result of partner plants and other associates	70		70	74				74
Depreciation, amortisation and impairments	-377		-377	-610	+232			-378
<b>Earnings before interest and tax (EBIT)</b>	<b>791</b>	<b>+34</b>	<b>826</b>	<b>516</b>	<b>+232</b>	<b>-168</b>	<b>-79</b>	<b>500</b>

- Adjusted EBIT 2020/21 excluding impairment loss of CHF -232 million, STENFO value fluctuation of CHF 168 million and compensation Swissgrid CHF 79 million
- Adjusted EBIT 2019/20 excluding effect from STENFO value fluctuation of CHF -34 million