



# Axpo annual media conference 2020/21 financial year

Baden, 9 December 2021



# Agenda

## Welcome

Andrea Wallimann

## FY 2020/21

- |   |                 |
|---|-----------------|
| • Highlights of the year                        | Christoph Brand |
| • Financial performance                         | Joris Gröflin   |
| • Group strategy                                | Christoph Brand |
| • Further development of Axpo and energy policy | Christoph Brand |
| • Outlook/conclusion                            | Christoph Brand |

## Questions

All





# Highlights FY 2020/21

Christoph Brand, CEO



# Good results – Group strategy on track



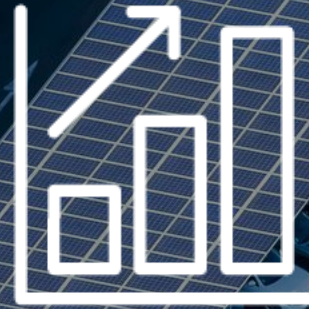
## Results

Good results in a  
challenging  
environment



## Group strategy

Ambitious goals –  
successful start



## International

Continued growth



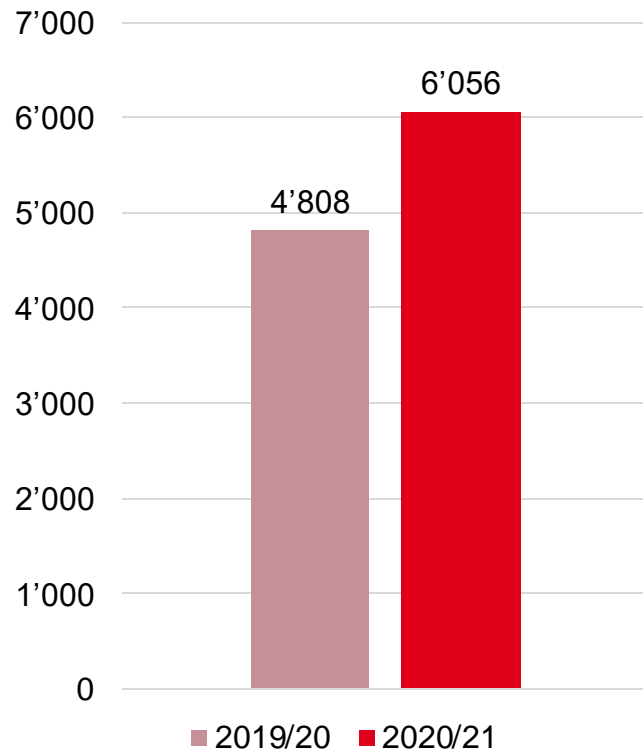
## Switzerland

Strong despite  
regulatory challenges

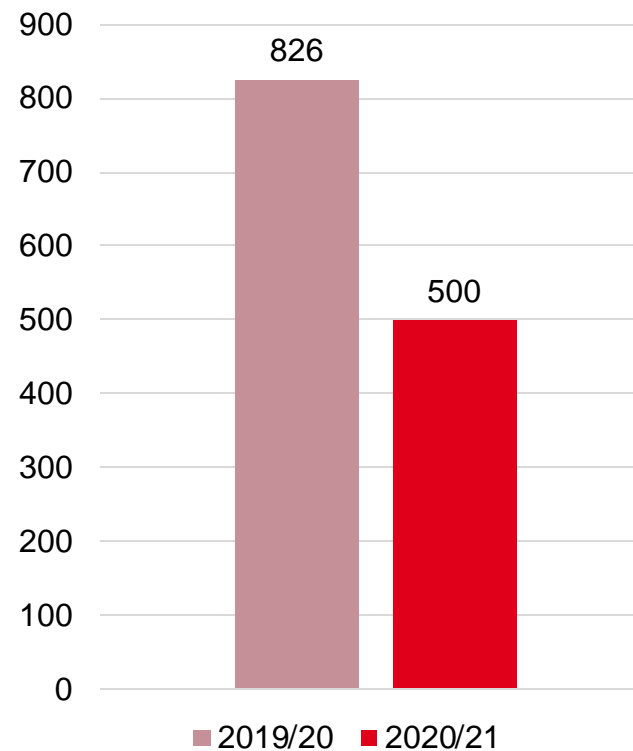


# Profitability as expected – free cash flow improved

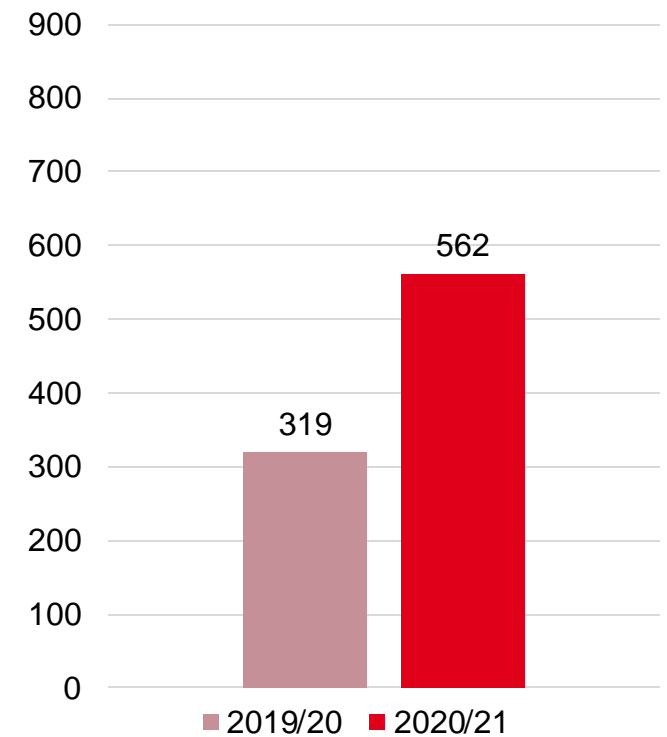
**Total income**  
in CHF million



**Adjusted EBIT\***  
in CHF million



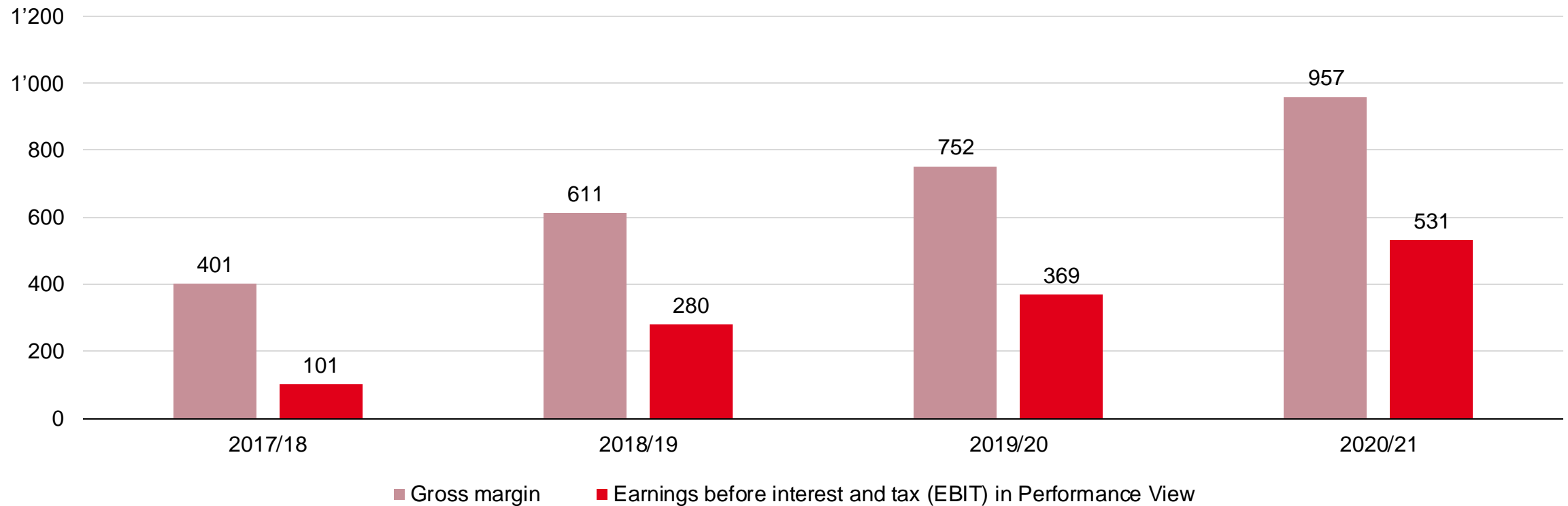
**Free cash flow**  
in CHF million



\*excluding impairment, STENFO value fluctuation and Swissgrid compensation

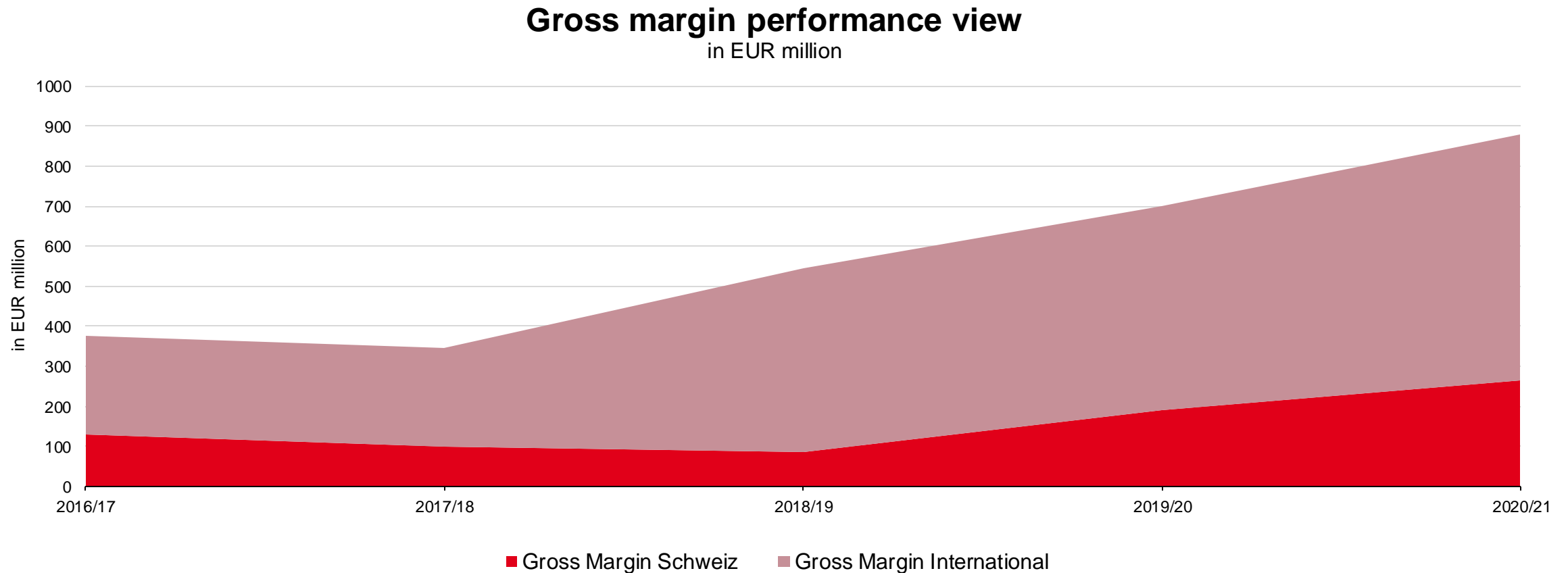
# Trading & Sales posts exceptional results again

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



# Trading & Sales

## Earnings contribution Switzerland & international







# Financial performance

Joris Gröflin, CFO



# Cash flow improved – reduction of net debt

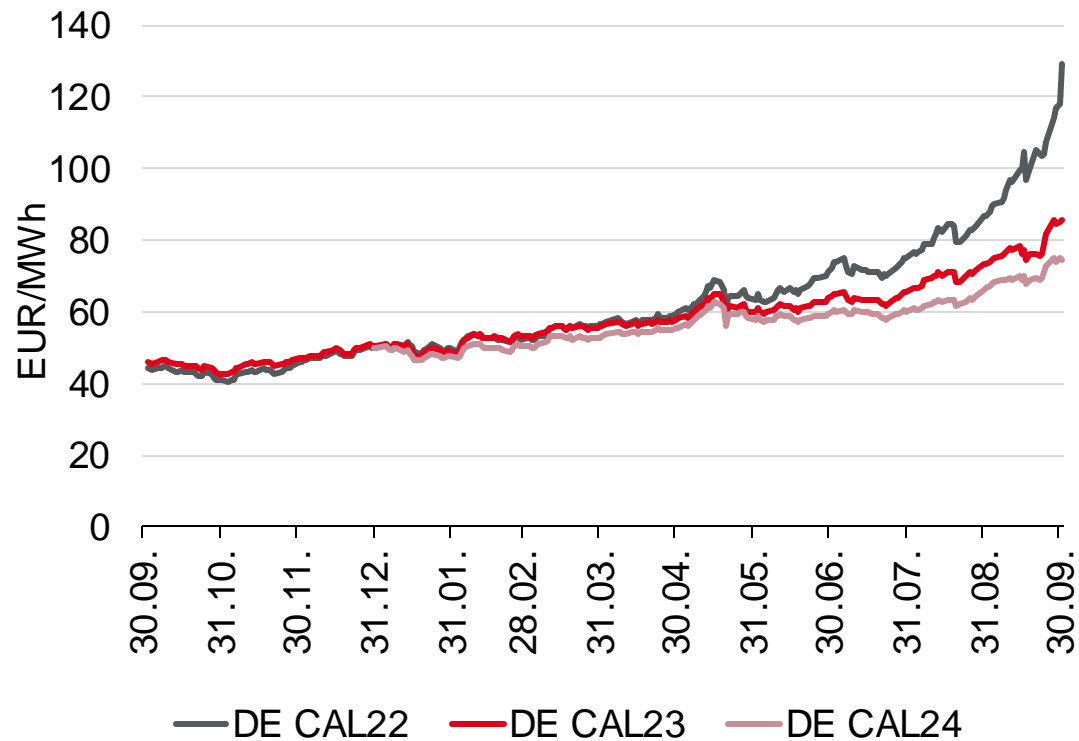
	2020/21	vs. previous year	
in CHF million			
<b>EBITDA</b>	<b>1 126</b>	<b>-4%</b>	<ul style="list-style-type: none"> <li>EBITDA at previous year's level</li> </ul>
<b>Adjusted EBIT</b>	<b>500</b>	<b>-39%</b>	<ul style="list-style-type: none"> <li>Higher results from power generation</li> <li>Strong result from Trading &amp; Sales</li> <li>Deferred income to future periods due to temporary hedging effects</li> </ul>
<b>Result 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

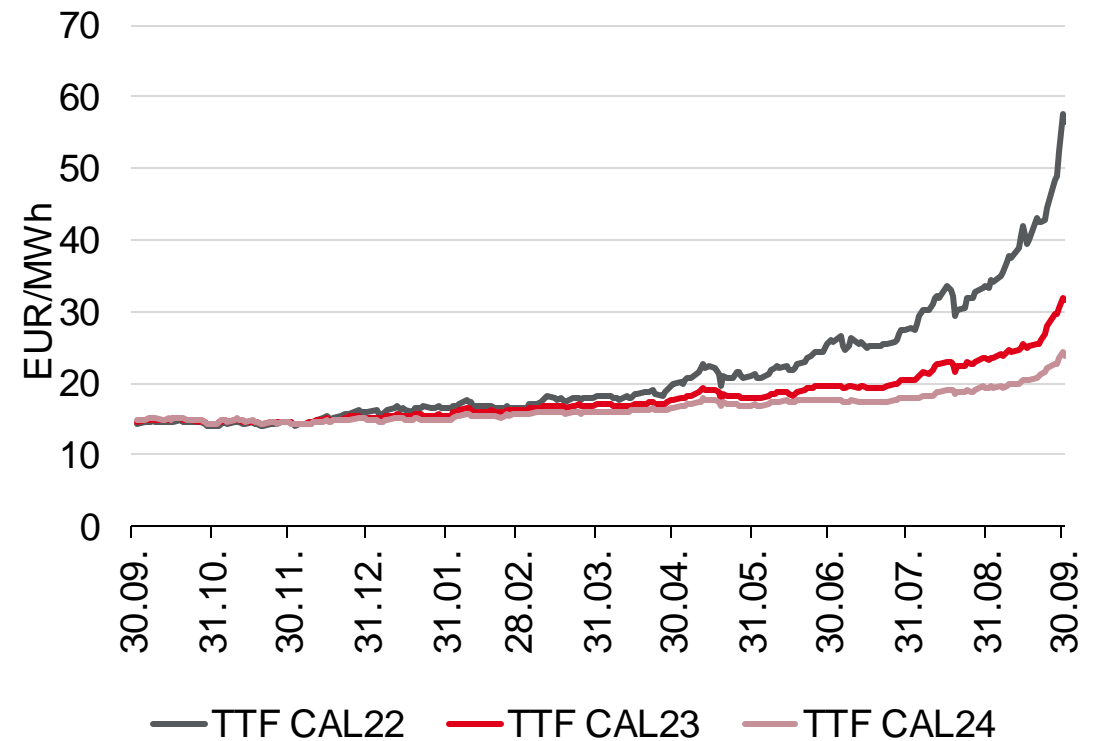
## Power forward prices Germany

Factor 2.7x



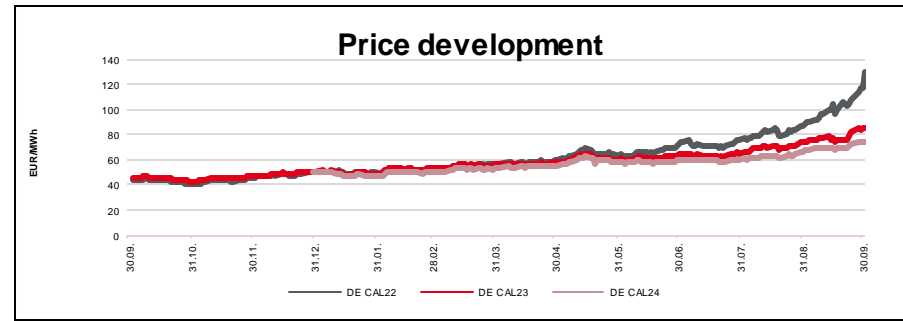
## Gas forward prices TTF

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 30.9.2021 (3 years hedging):

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

## Mid-term outlook

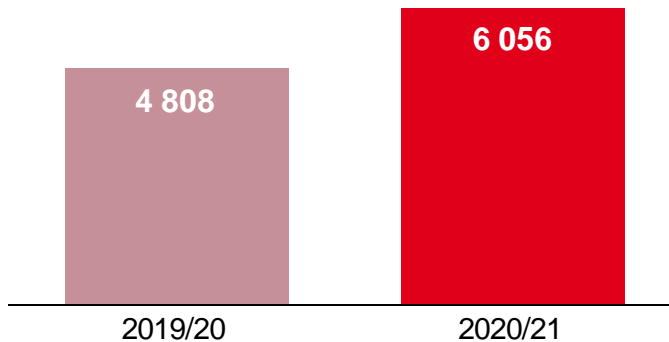
Positive impact on profitability of increasing power prices :

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



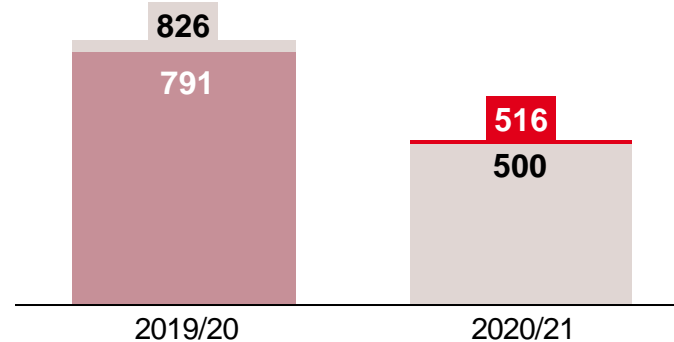
# Performance of STENFO with positive impact

**Total income**  
in CHF million



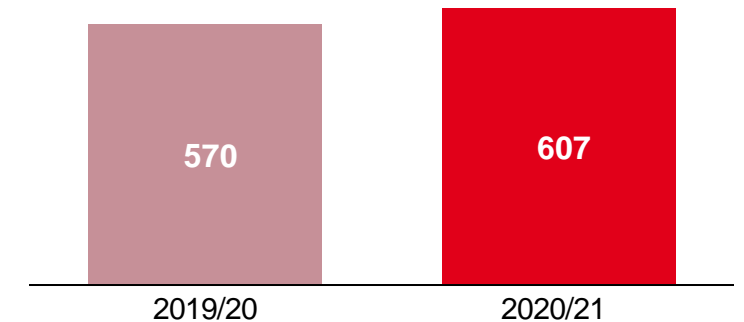
- Higher power prices
- Higher results from energy trading
- Sale of wind and solar parks
- Compensation for assets transferred to Swissgrid

**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

**Results of the period**  
in CHF million



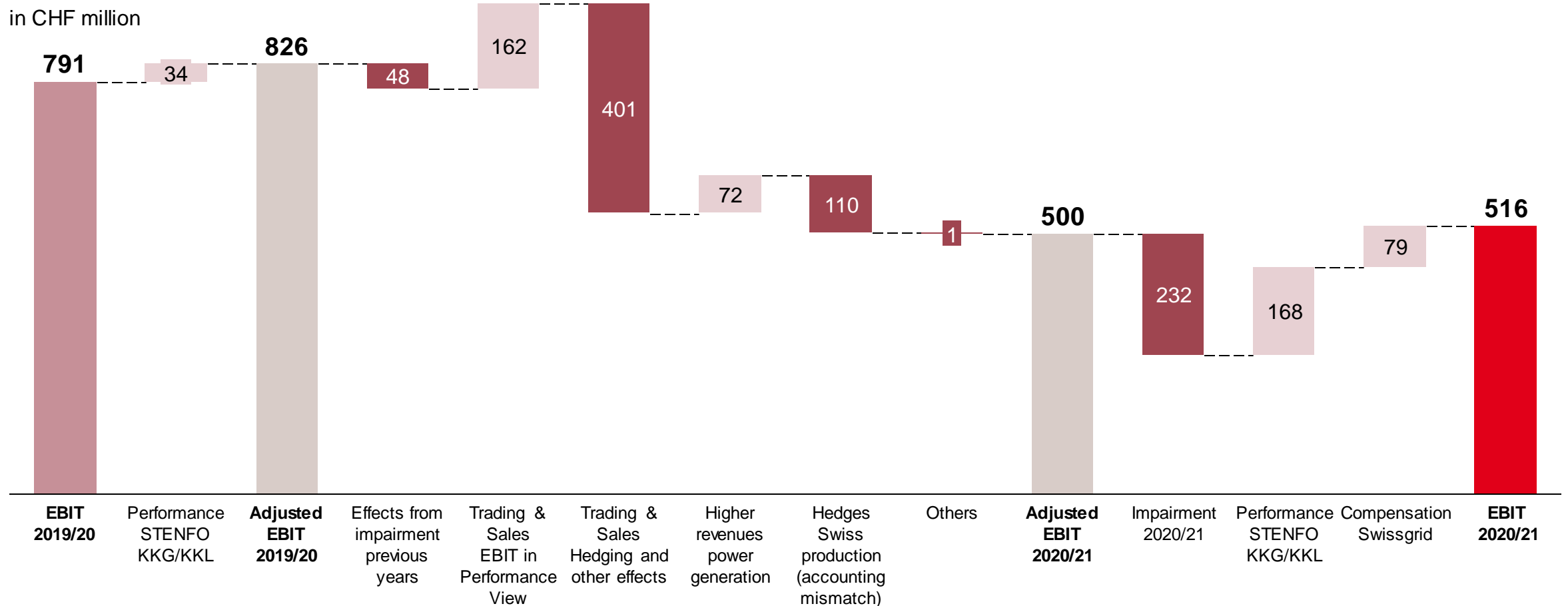
- Performance of STENFO and financial assets with positive impact of CHF 375 million vs. previous year

adjusted EBIT   EBIT 2019/20   EBIT 2020/21



# Adjusted EBIT

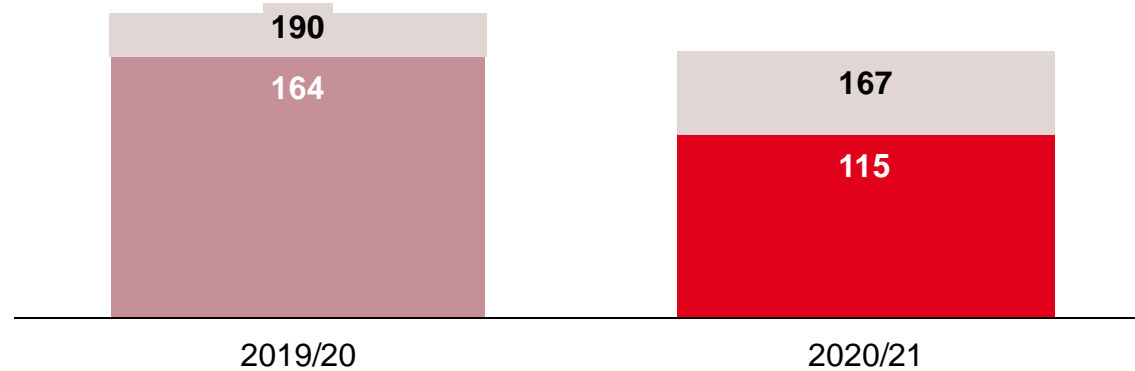
negatively impacted by temporary shifts of income due to hedging effects



# EBIT by segments (1/2)

## Generation & Distribution

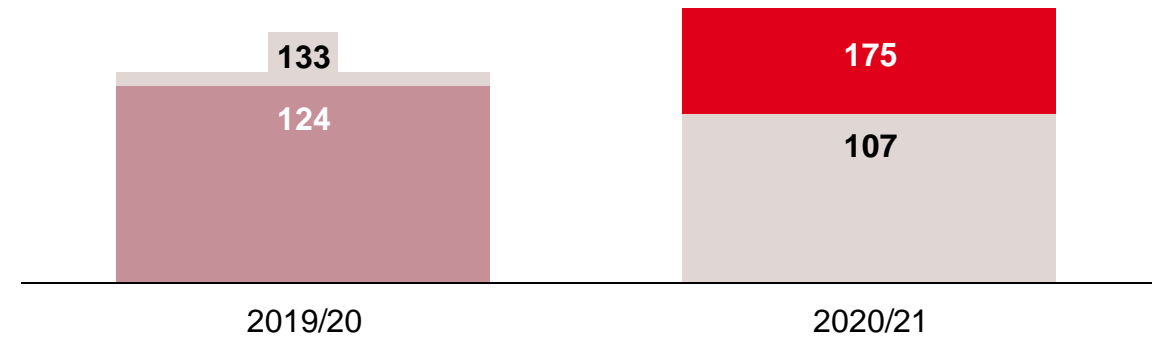
in CHF million



- 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



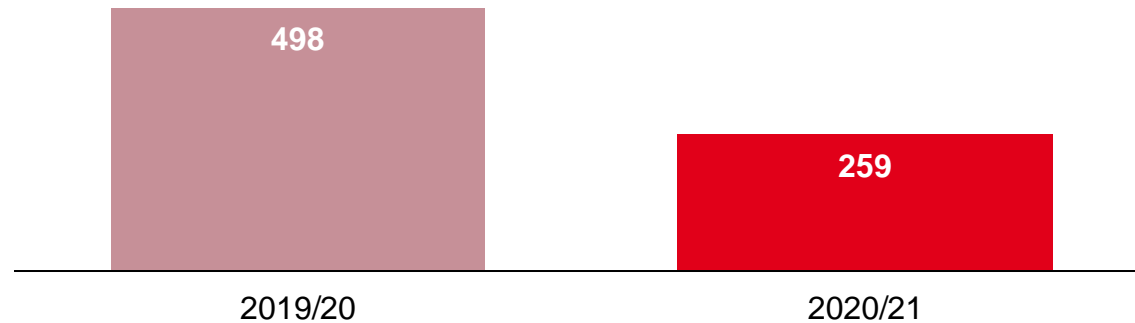
- Strong trading result in previous year
- Lower availability of KKL due to extended maintenance
- Positive impact of STENFO valuation

adjusted EBIT EBIT 2019/20 EBIT 2020/21



# EBIT by segments (2/2)

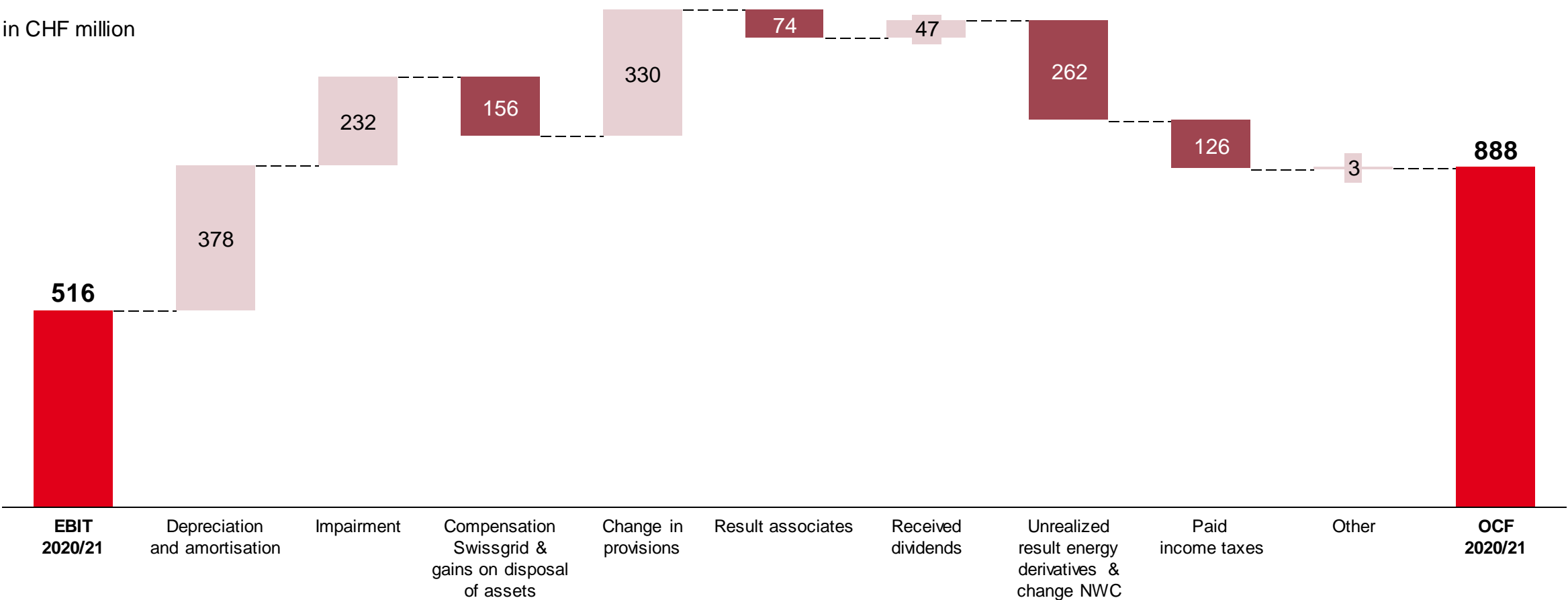
## Trading & Sales, EBIT IFRS in CHF million



- 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



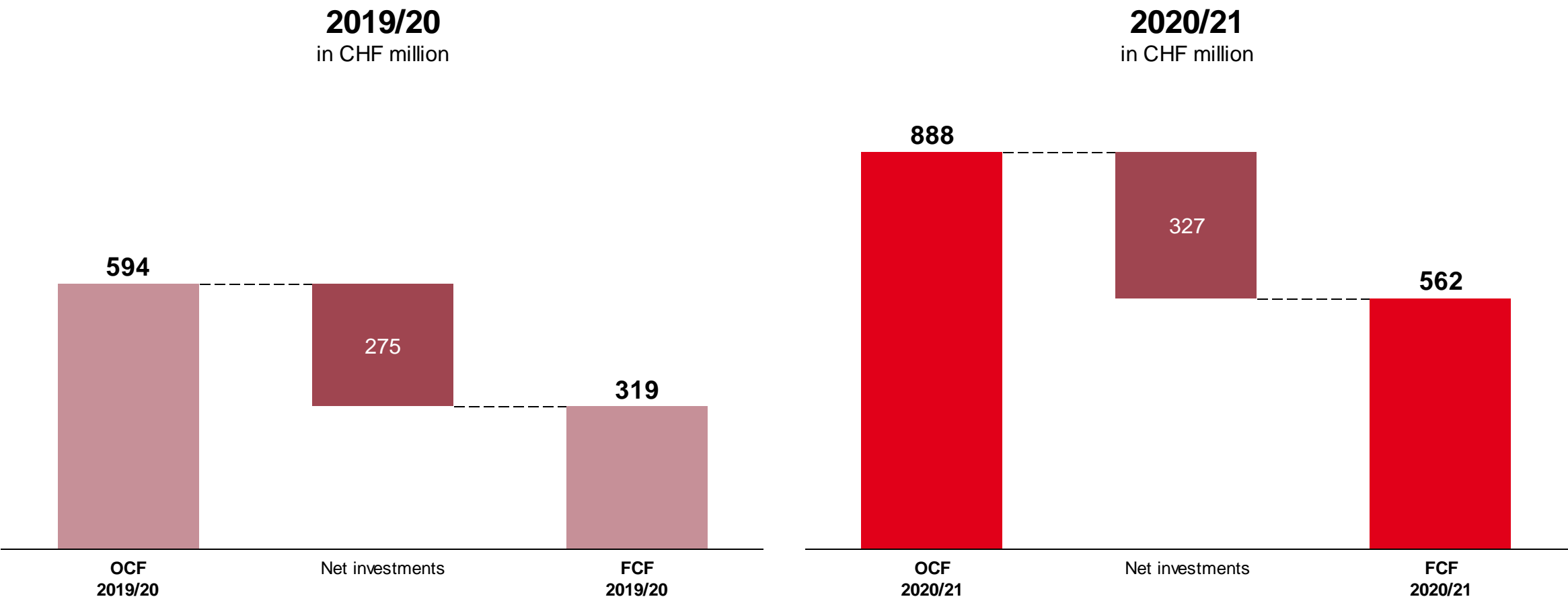


# Investments mainly in renewables and distribution

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



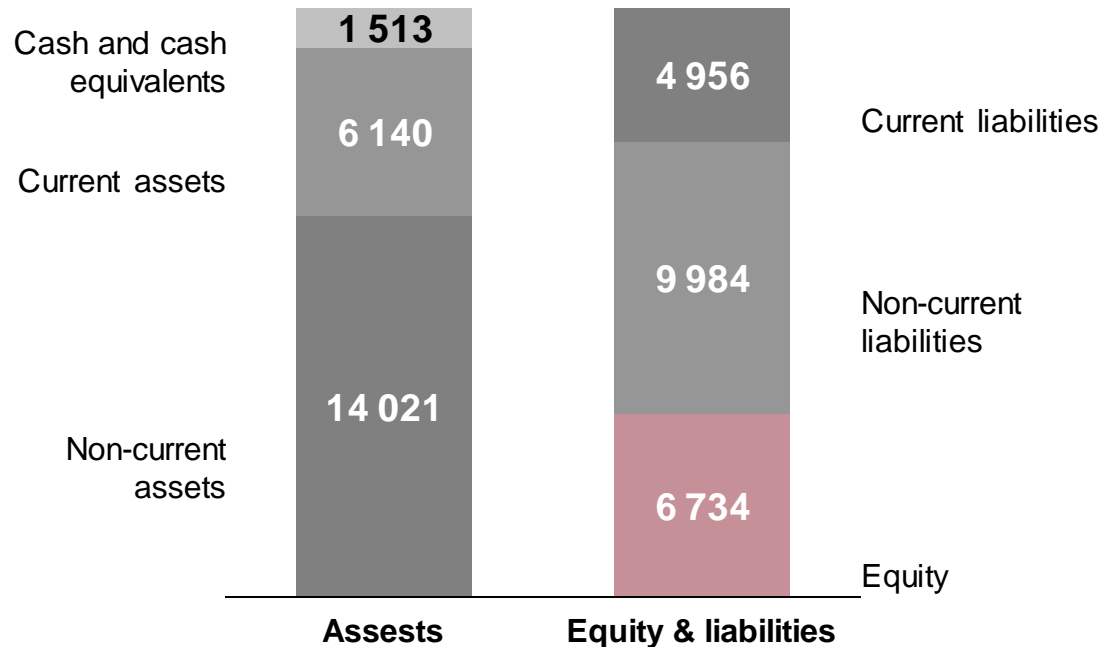


# Equity increases to CHF 7.2 billion

## Balance sheet comparison

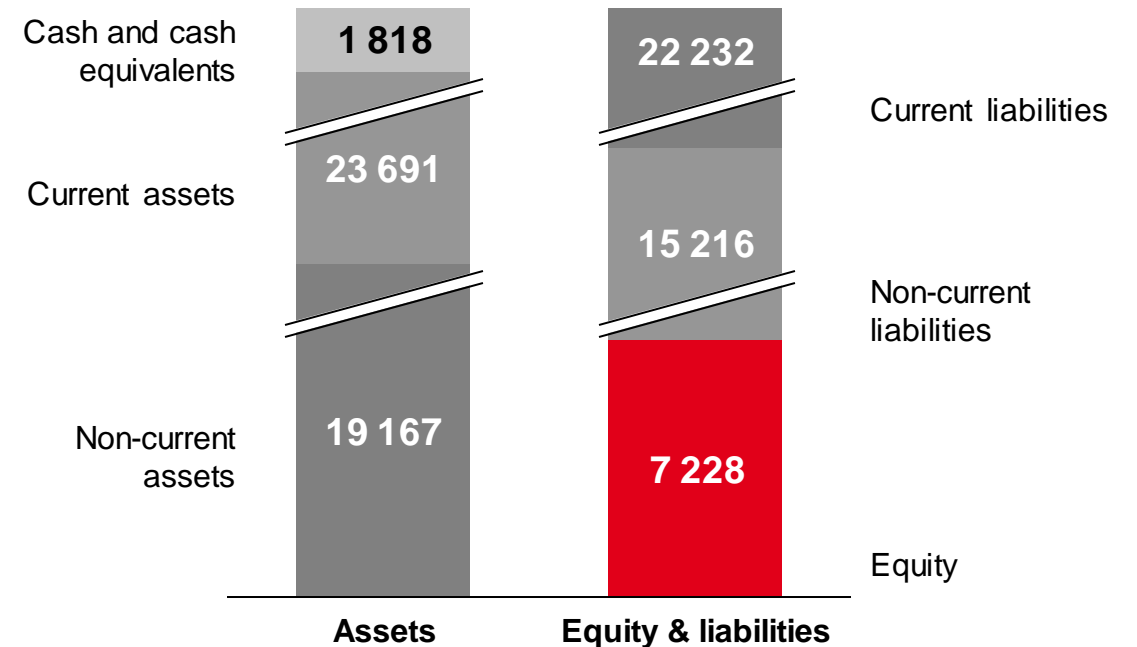
in CHF million

**21 674**



30/09/2020

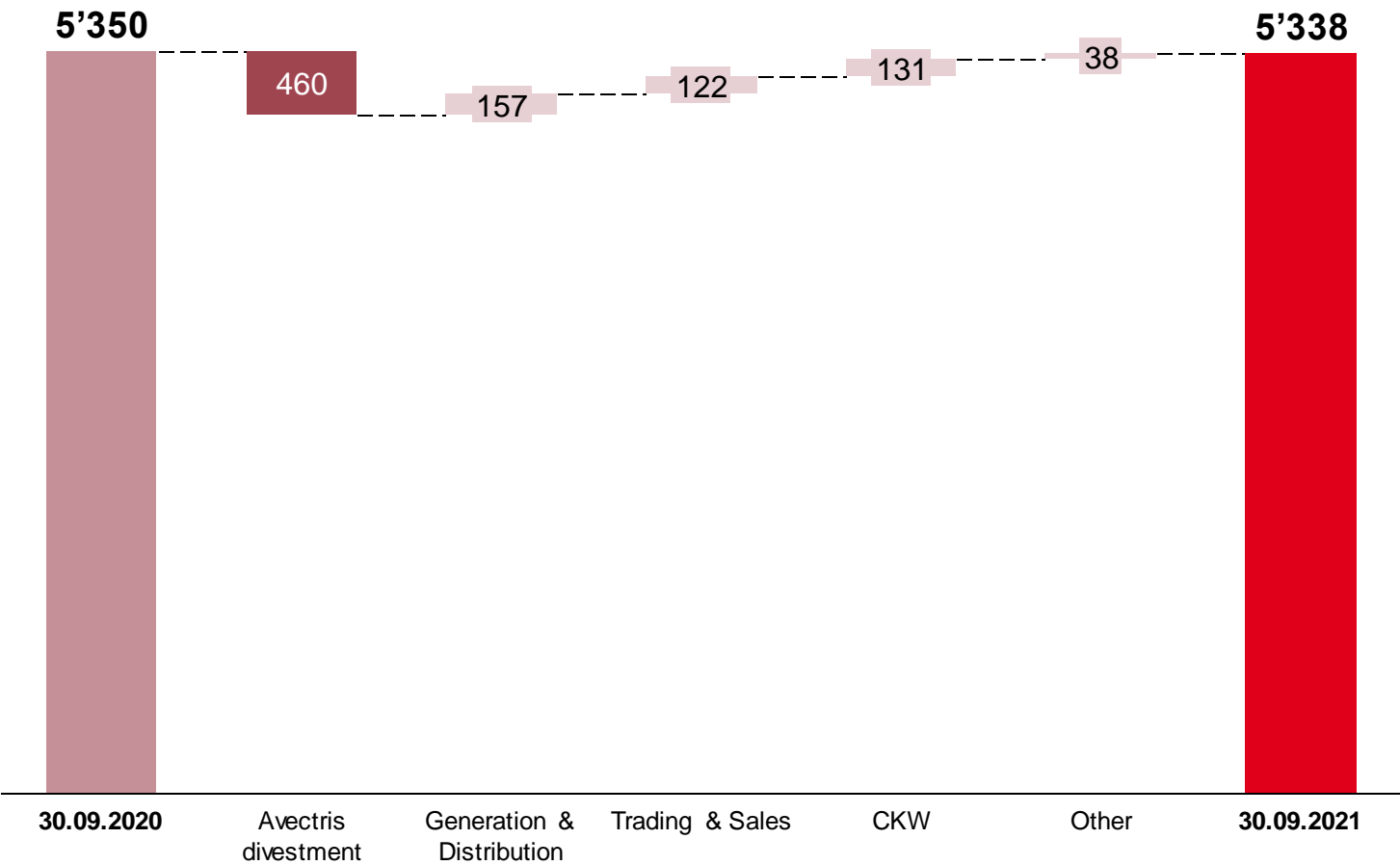
**44 676**



30/09/2021

# Growth in strategic areas

Employees – full-time equivalents



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



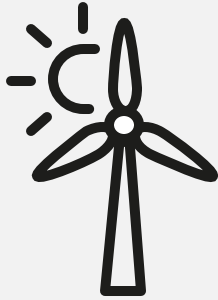


# Implementation of Group strategy

Christoph Brand, CEO



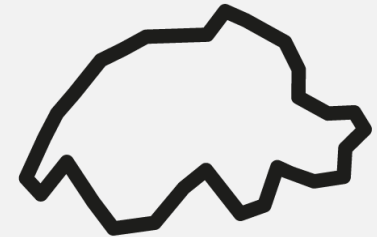
# Strategic focus on three main priorities



**Renewable energy**



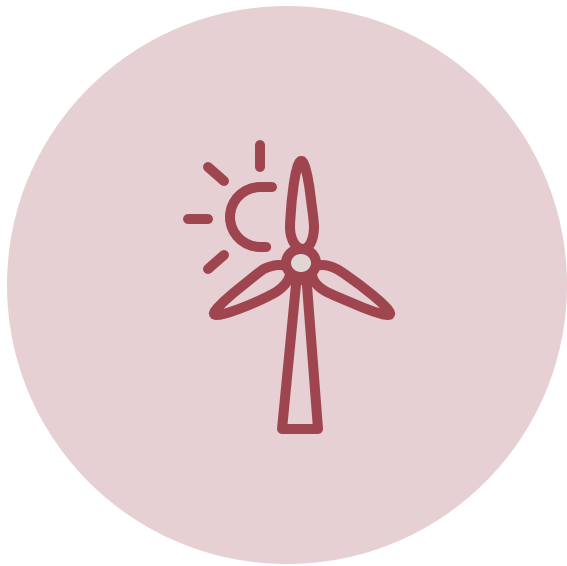
**Trading & origination**



**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



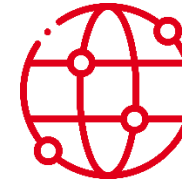
New projects: 132 MW realised  
in the 2020/21 financial year



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

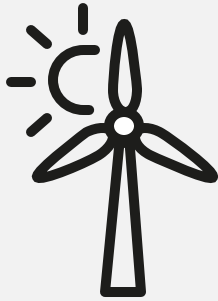


3,000 MW in the  
pipeline



Targeted support  
and incentives  
abroad

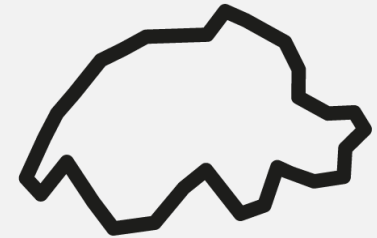
# Strategic focus on three main priorities



Renewable energy



Trading & origination

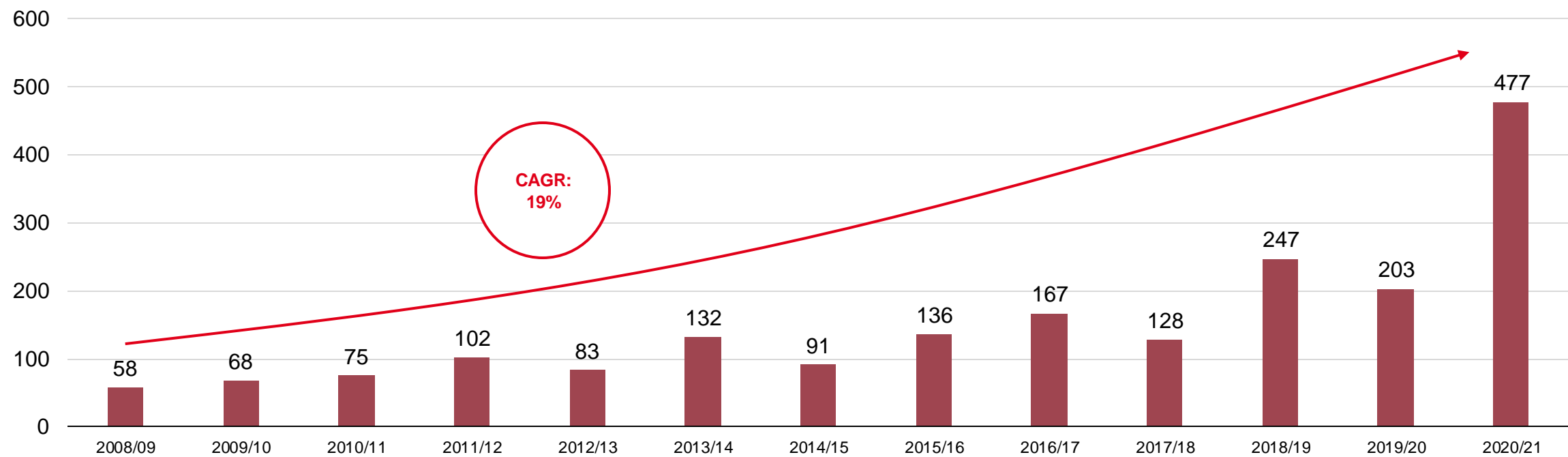


Swiss business

# 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)

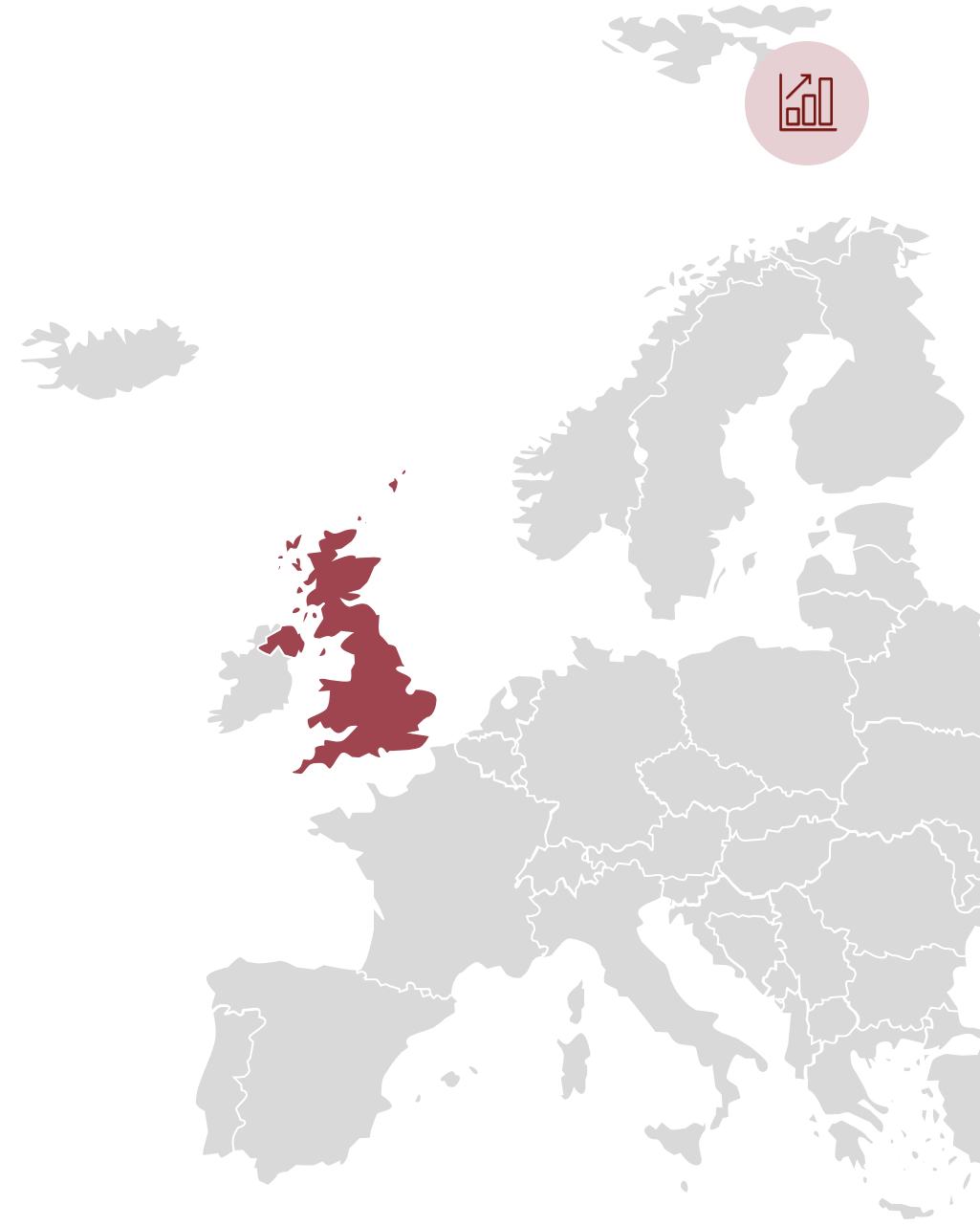


# PPAs: high demand for bespoke energy solutions

1.

## PPAs in the UK

50 MW from  
waste incineration  
plant



# PPAs: high demand for bespoke energy solutions

1.

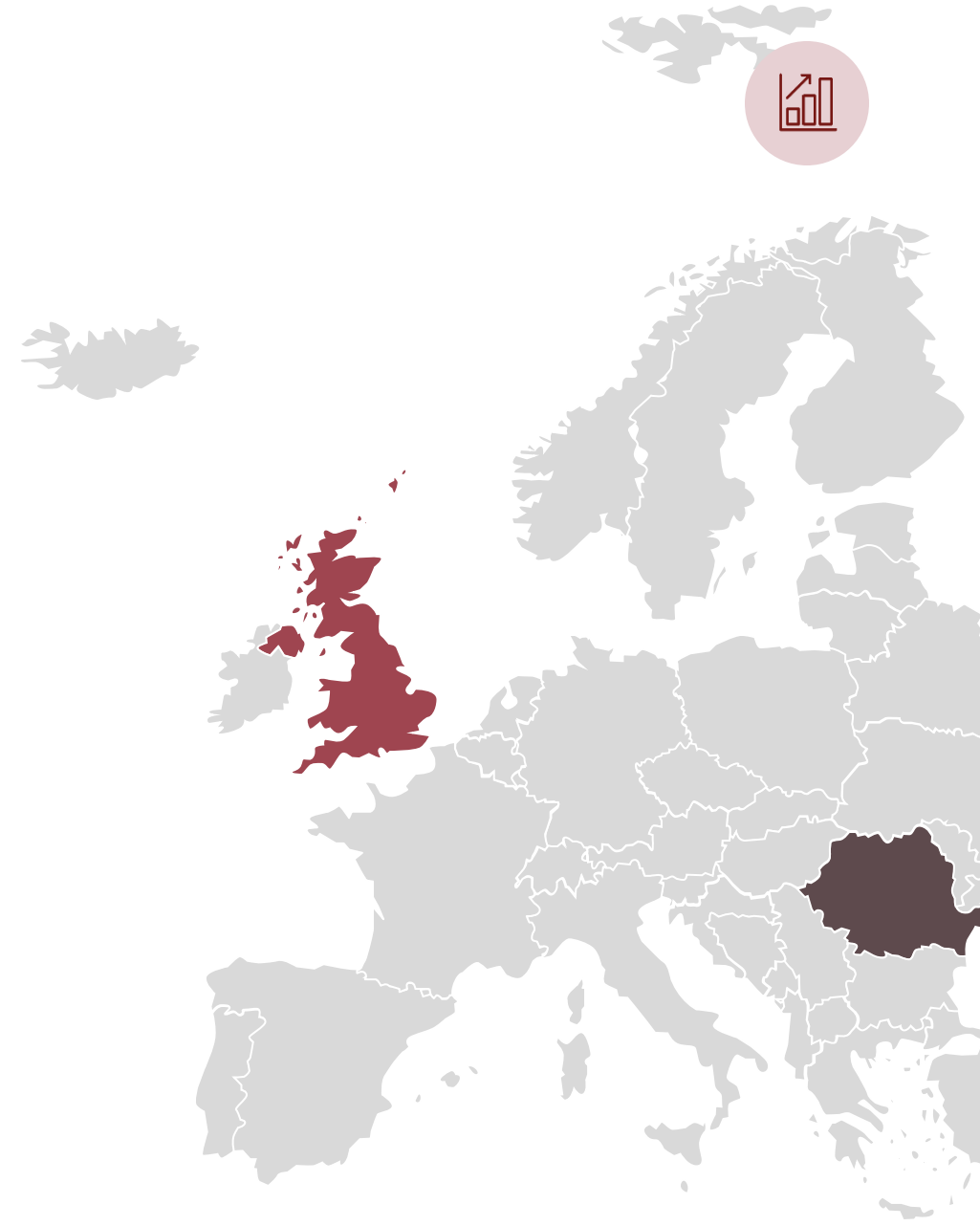
## PPAs in the UK

50 MW from  
waste incineration  
plant

2.

## PPAs in Romania

Electricity from  
the largest  
onshore wind farm  
in Europe



# PPAs: high demand for bespoke energy solutions



1.

## PPAs in the UK

50 MW from  
waste incineration  
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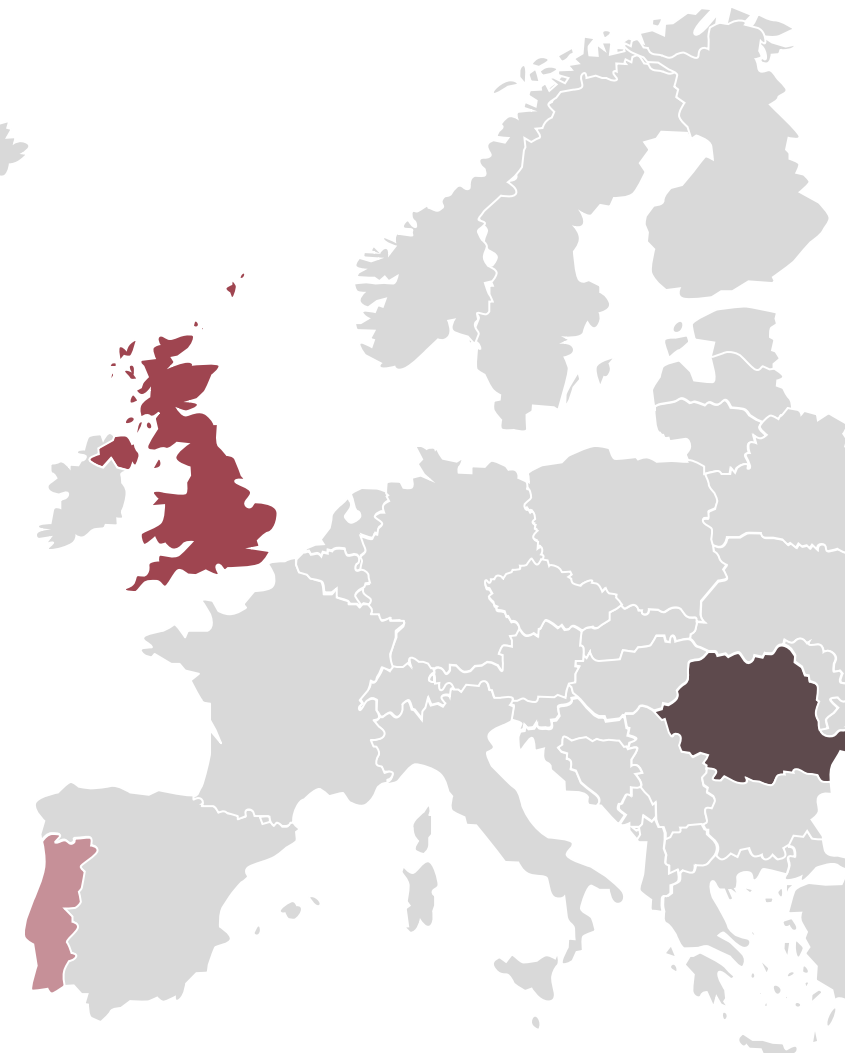
## PPAs in Romania

Electricity from  
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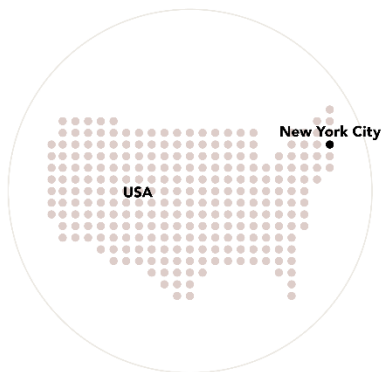
3.

## PPA in Portugal

Renewable  
energy from four  
PV plants







# Axpo continues to grow

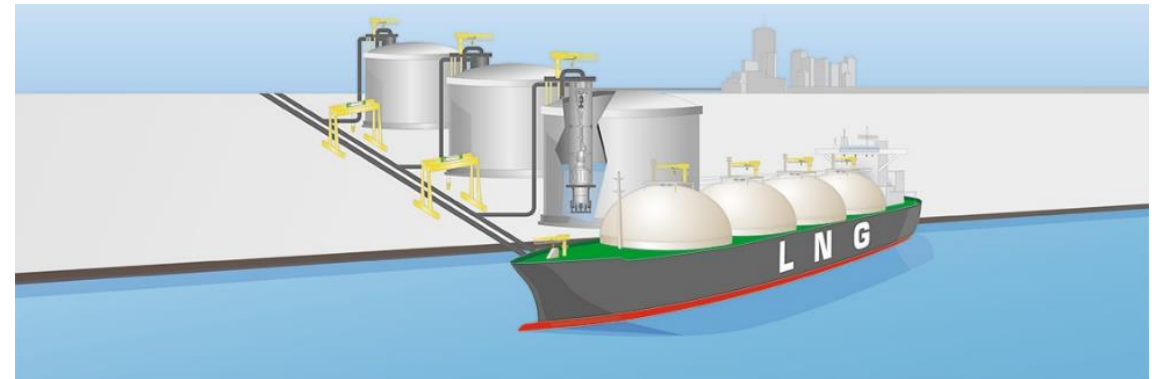
- Present in 32 countries and more than 40 markets
- 1,311 employees outside Switzerland (+202 employees compared with previous year)
- Axpo markets 19,700 MW of renewable capacity in Europe 2013 – 2021
- Ratio of investments in Switzerland to other countries is 3:1



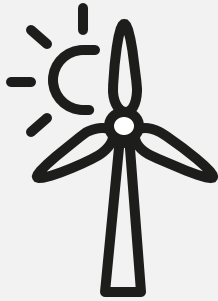
# Synergies between Switzerland and other countries



- Leverage expertise in trading business for the development and utilisation of renewable energy
- Access to specific hydrogen expertise (mass production of hydrogen in Europe)
- Gas trading (including LNG) as a strategically relevant competence (contribution to ensuring security of supply in Switzerland?)
- PPAs for large battery systems



# Strategic focus on three main priorities



Renewable energy



Trading & origination



**Swiss business**

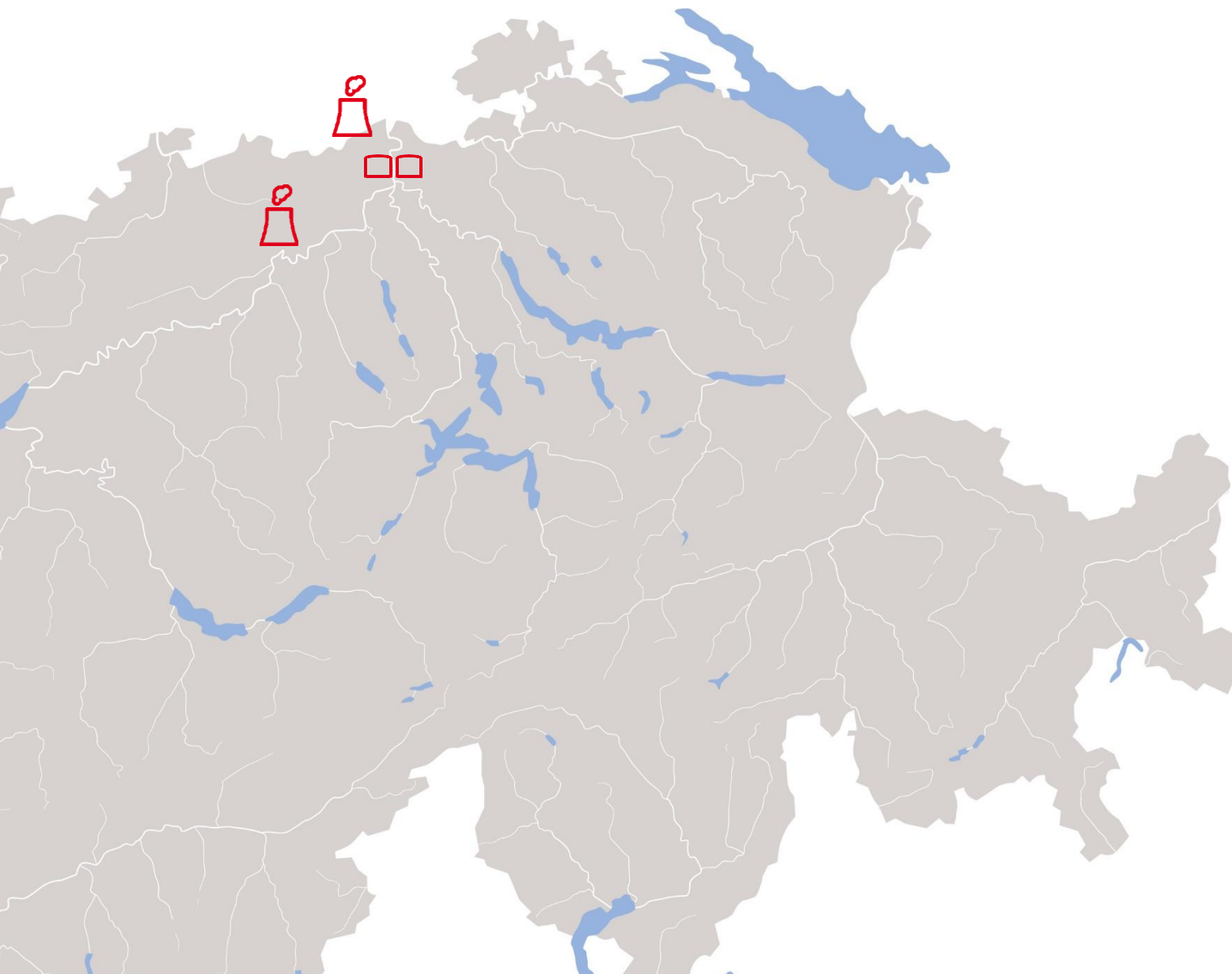


**AlpinSolar**

## Pioneering project in the Swiss Alps

- First electricity produced
- Full commissioning due summer 2022
- But considerable challenges for similar projects

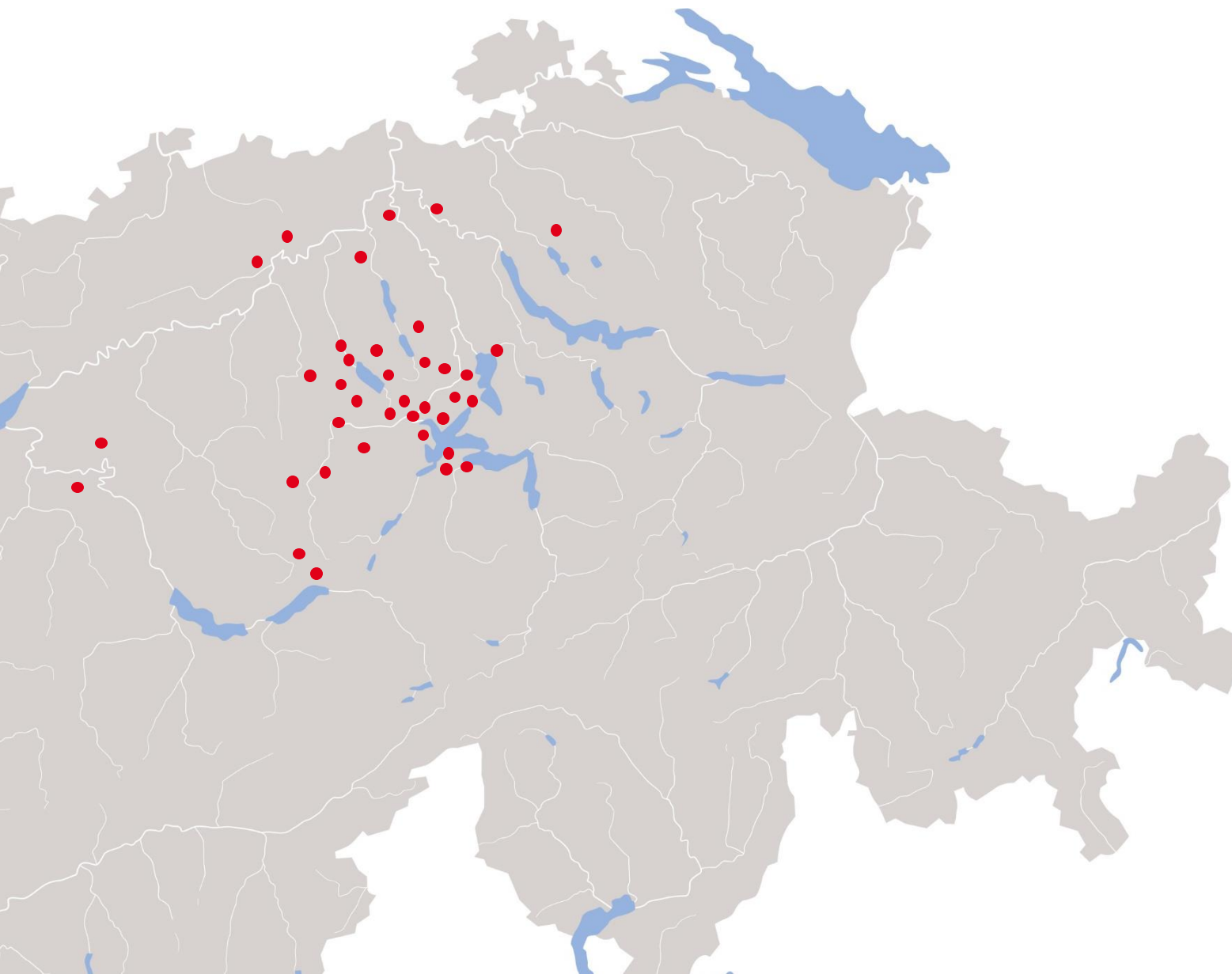




## Nuclear power

# Investing in security

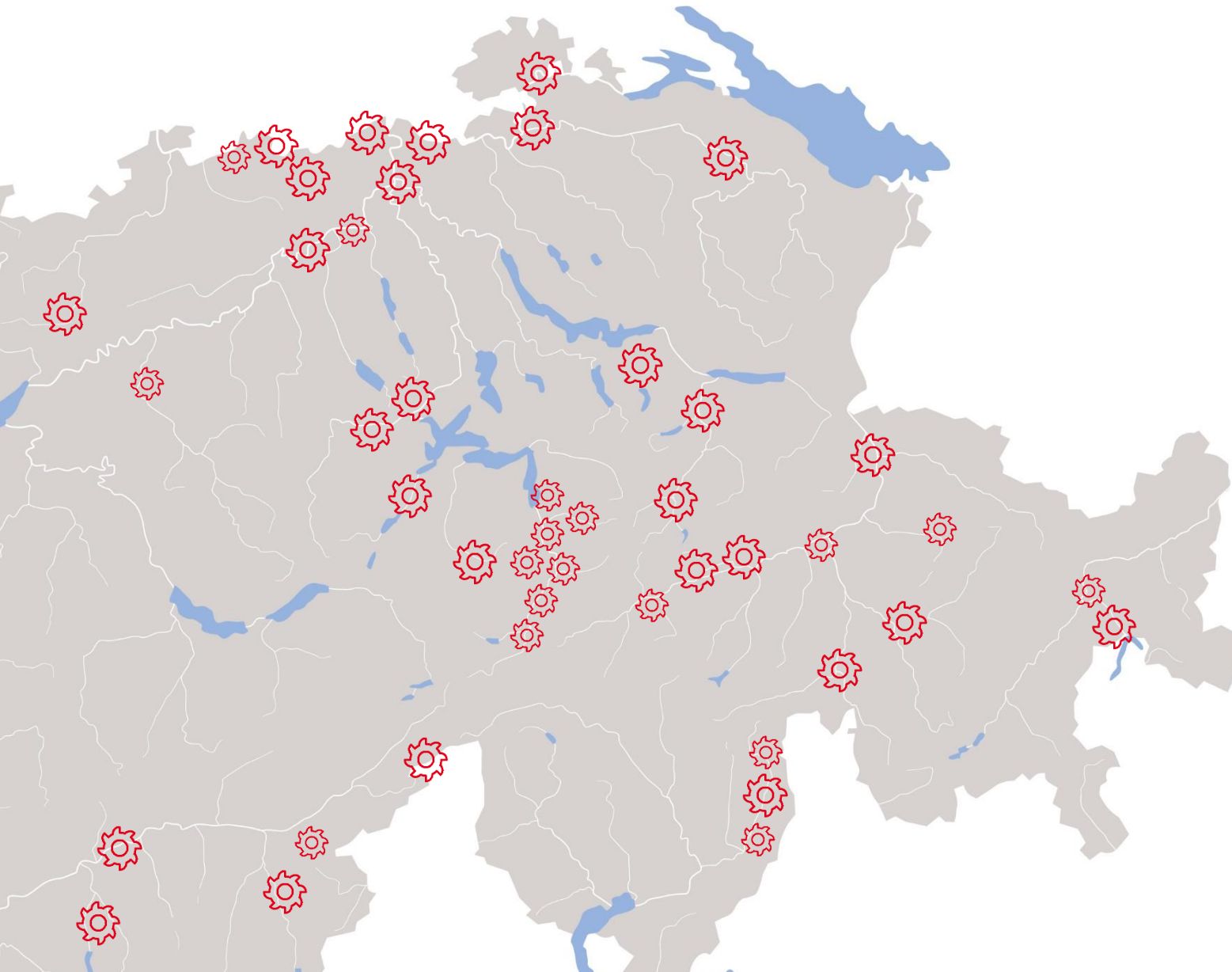
- Pandemic presents challenges for inspections
- Leibstadt nuclear power plant (KKL): new condenser and modernisation of reactor circulation system
- Large-scale investment in safety and extension of operating life
- Investment of several hundred million Swiss francs needed to achieve an operating life of at least 60 years



**CKW**

## Further expansion of PV

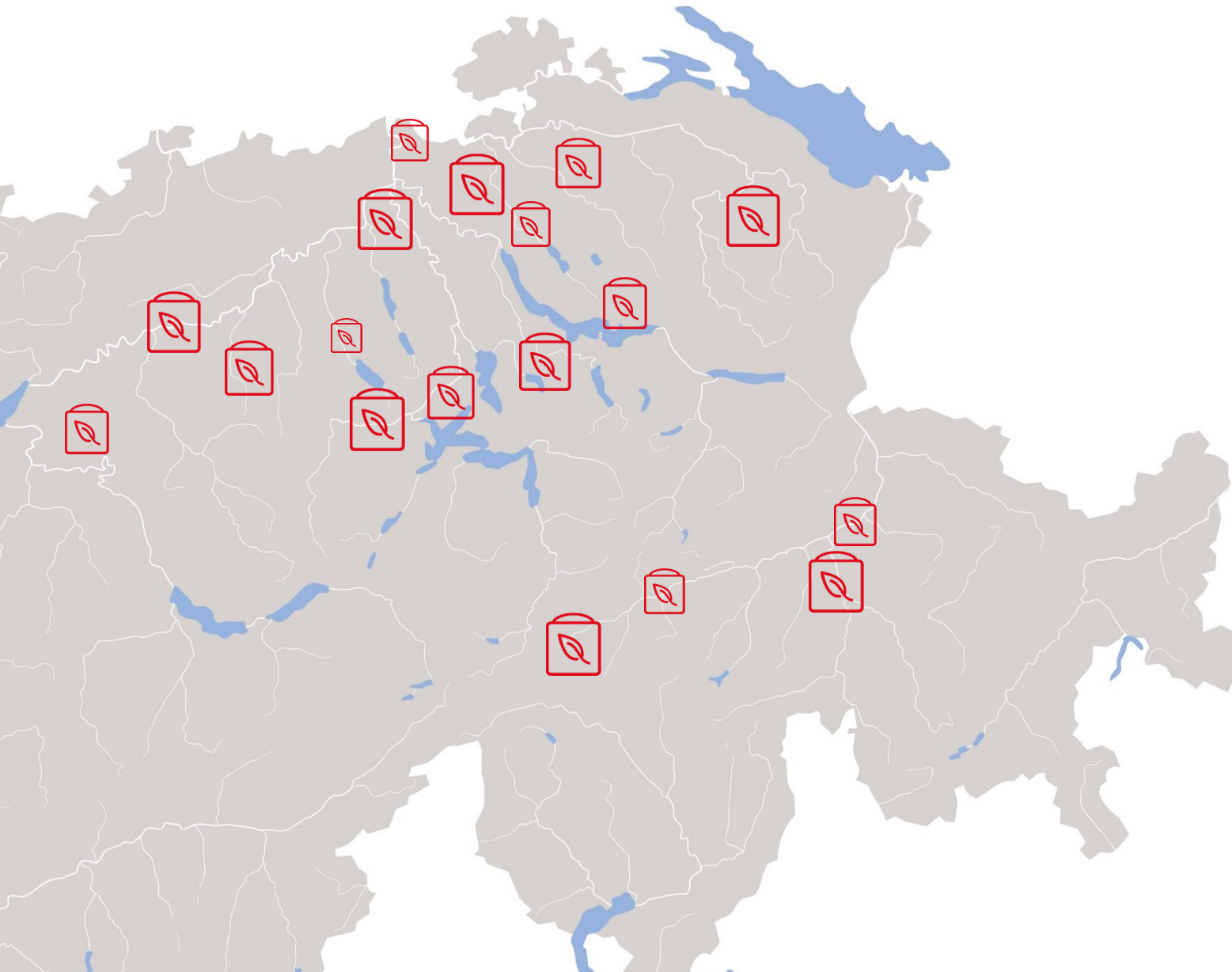
- Acquisition of Solarville and Elektro Basilisk AG
- PV business expanded to North-Eastern and North-Western Switzerland
- 233 PV plants installed, PV sales growth +36%
- PV project on parabolic antennas in Leuk



## Hydro power

# Efficiency and digitalisation

- Biggest hydro power producer: 9.9 TWh
- July floods managed well
- Water charges have negative impact of CHF 120 million on returns
- Leader in efficiency, digitalisation and technology – including for third parties
- Concession obtained for Waldemme small-scale hydro power plant

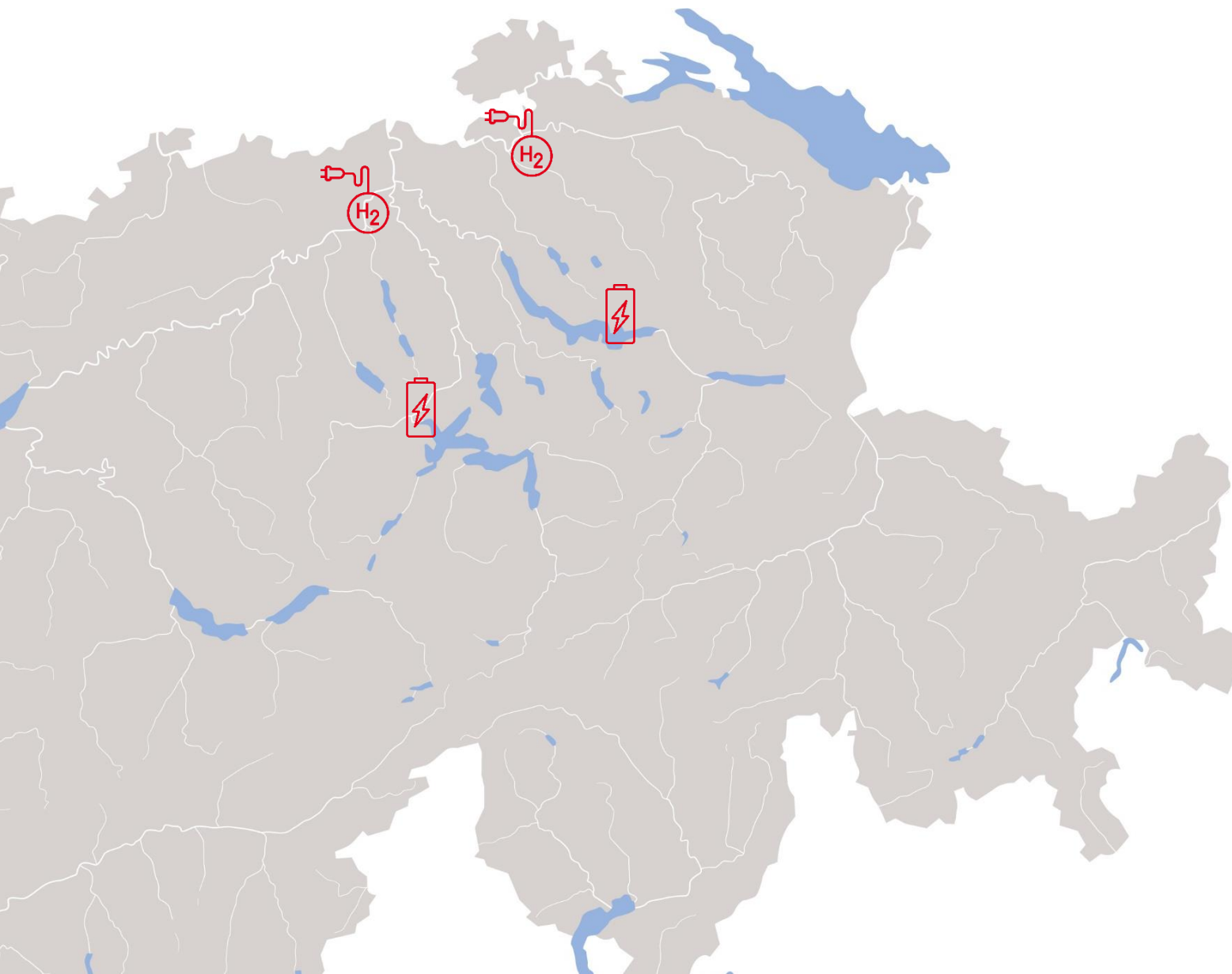


## Biomass

# New plants planned

- 22 sites, 300,000 tonnes of green waste, 180,000 tonnes of wood
- Jona energy park: plans for new plant in Obersee region
- Döttingen: plans for new wood-fired heating plant
- Six new plants planned in the medium term





## Hydrogen & batteries

# Promising business areas

- Targeted investments in Switzerland and abroad – new teams established
- H2 plants in Wildegg-Brugg and Eglisau – others to follow
- Construction, operation and management of large batteries, e.g. battery storage in Rathausen





# Further development of Axpo and energy policy

Christoph Brand, CEO



# Further development of Axpo



Growth through  
internationalisation



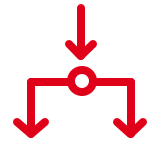
Supporting the  
energy transition



Focus

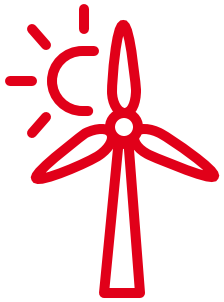


Digitalisation



Efficient  
organisation

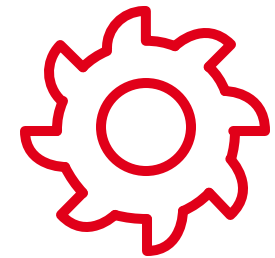
# Significant movement at political level



**Parliamentary  
initiative by  
Bastien Girod**



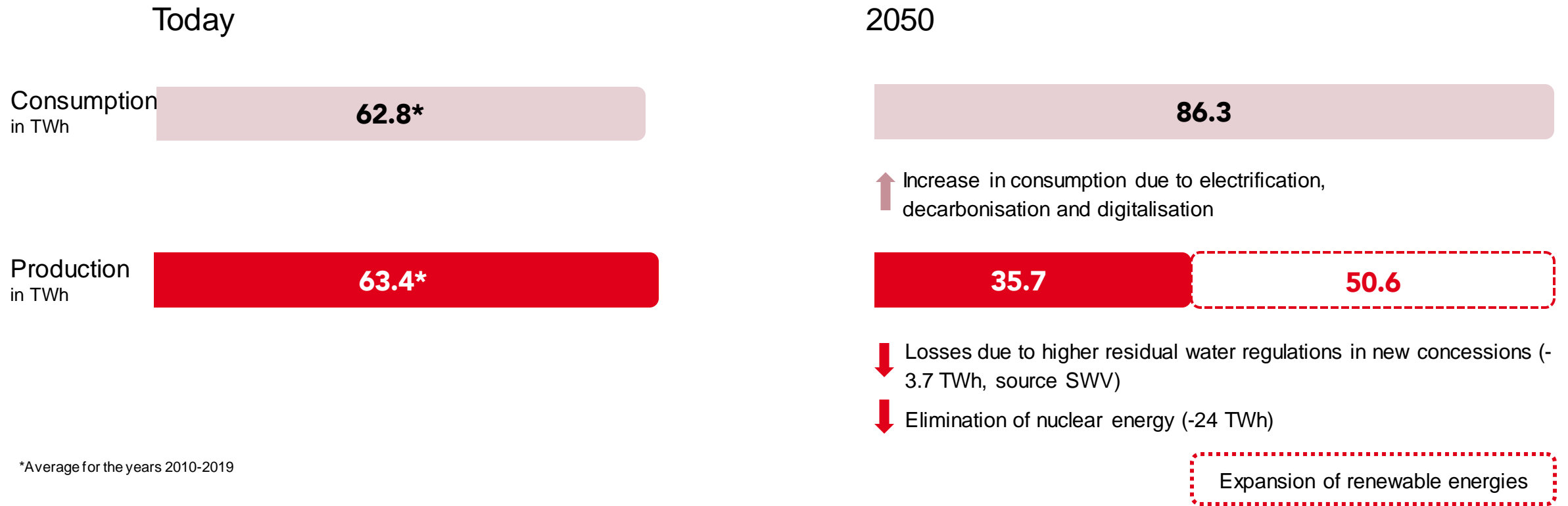
**Consolidation bill  
(Energy Act/  
Electricity Supply  
Act)**



**Revision of  
Water Rights Act**

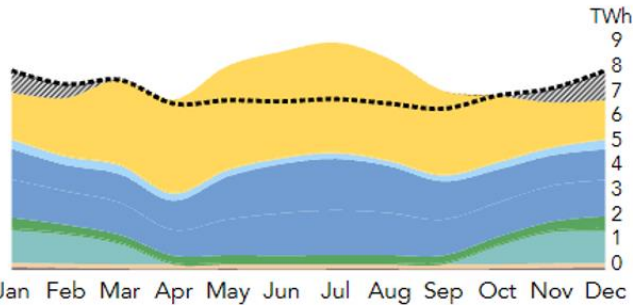


# Energy transition: enormous task

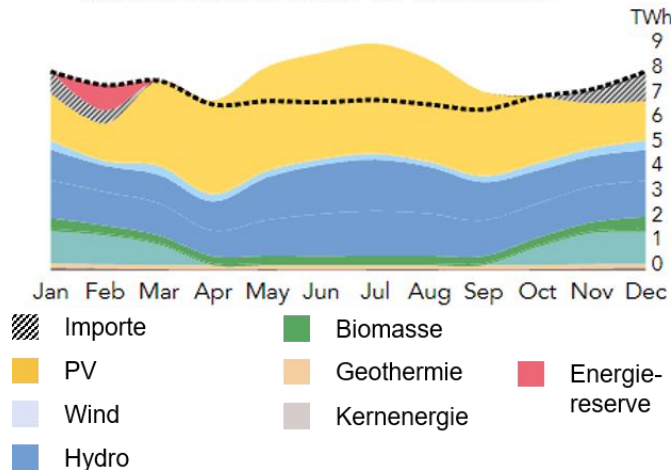


# Power Switcher

Jahresverlauf 2050 im Normalfall



Jahresverlauf 2050 im Stressfall



## An Axpo contribution

- Axpo has developed the Power Switcher – an innovative tool to transparently test the security of supply in various scenarios.
- Axpo shows which scenario is likeliest to achieve the energy transition while maintaining a highly secure electricity supply.
- The grid supplement fund must be able to take on debt temporarily.

# Necessary steps for Switzerland

- Acceleration/simplification of approval processes
- Honest presentation of energy transition costs; implementation of appropriate instruments for efficient funding
- Hydro power: active promotion of new construction projects and reform of water charges
- Balance between profitability and environmental requirements
- Not an arbitrary desire to retain nuclear power buys time to expand renewables
- Negotiations with EU on 'light' electricity agreement; short-term security measures such as storage reserve
- Open and honest discussion about winter electricity supply – time is pressing!



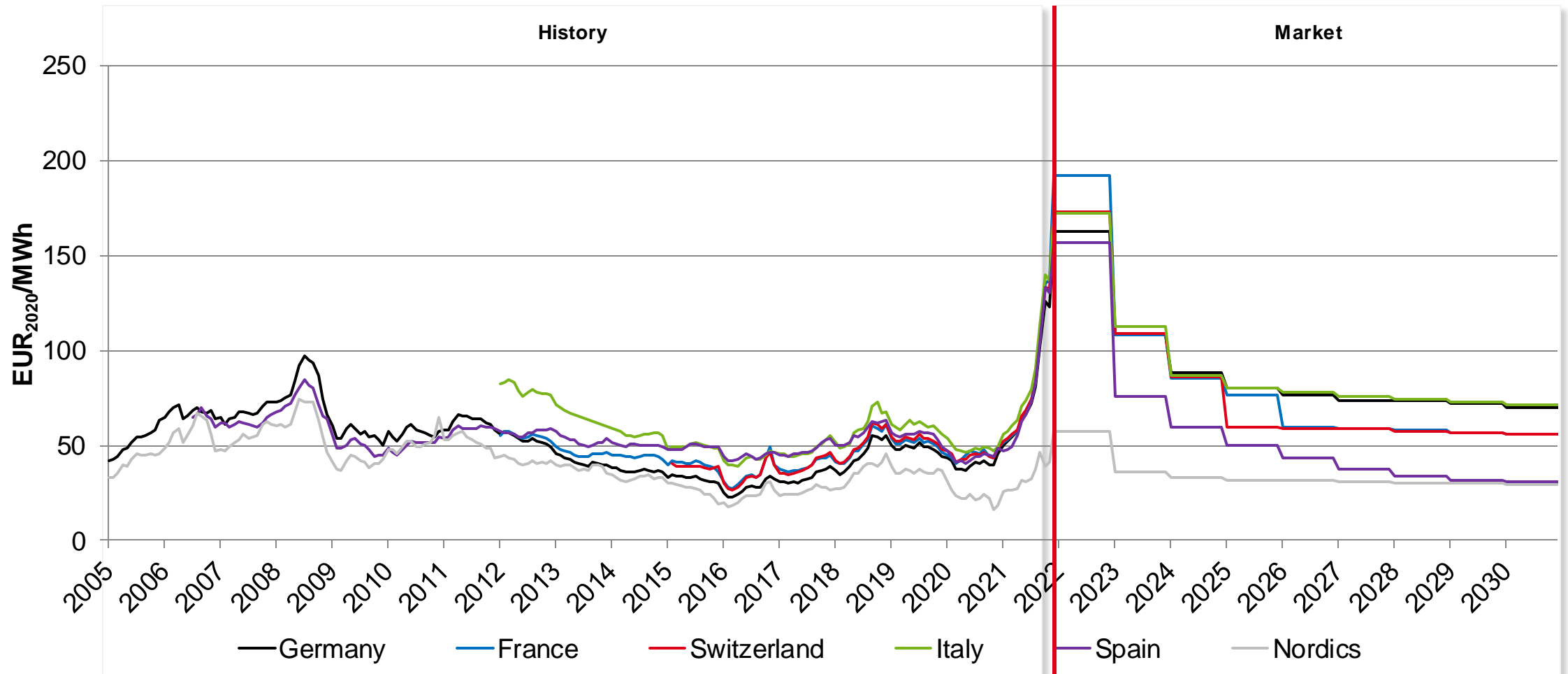


# Outlook

Christoph Brand, CEO



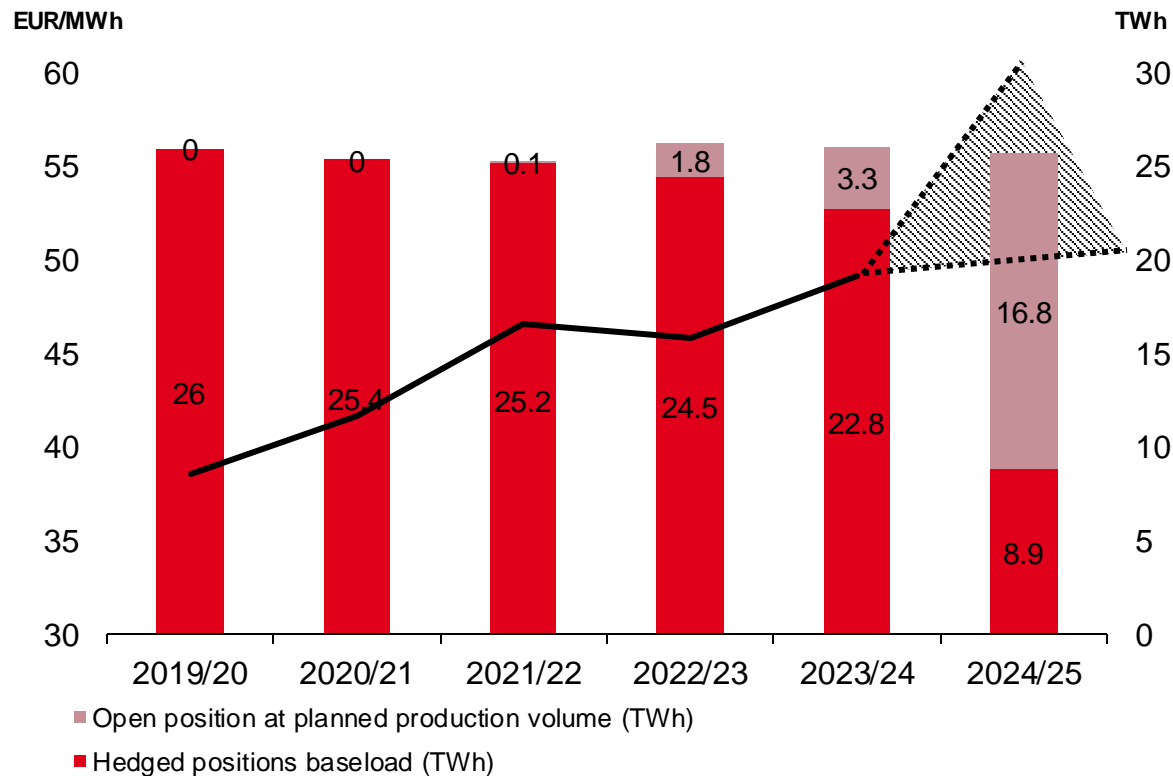
# High electricity prices are not 'new normal'



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



# Summary: good results and group strategy on track



## Results

Good annual results  
Adjusted EBIT  
CHF 500 million



## Strategy

Course set for coming  
challenges –  
implementation well  
underway



## International

New subsidiaries,  
investment in RE;  
Axpo growing primarily  
in international  
markets



## Politics

Leading role in energy  
transition; significant  
investment in  
Switzerland





# Questions

Christoph Brand, CEO

Joris Gröflin, CFO



# Further Information



**Power Switcher**

*[powerswitcher.axpo.com](https://powerswitcher.axpo.com)*



**‘Energy transition Switzerland’ website**

*[axpo.com/energy-transition](https://axpo.com/energy-transition)*




**Energy Voices podcast**

*[axpo.com/energy-voices-podcast](https://axpo.com/energy-voices-podcast)*

**Your contact: [medien@axpo.com](mailto:medien@axpo.com) / 0800 44 11 00**

**Full of energy**

**a**  **p o**