



# Axpo Analyst Conference Financial Year 2021/22

Baden, 08 December 2022



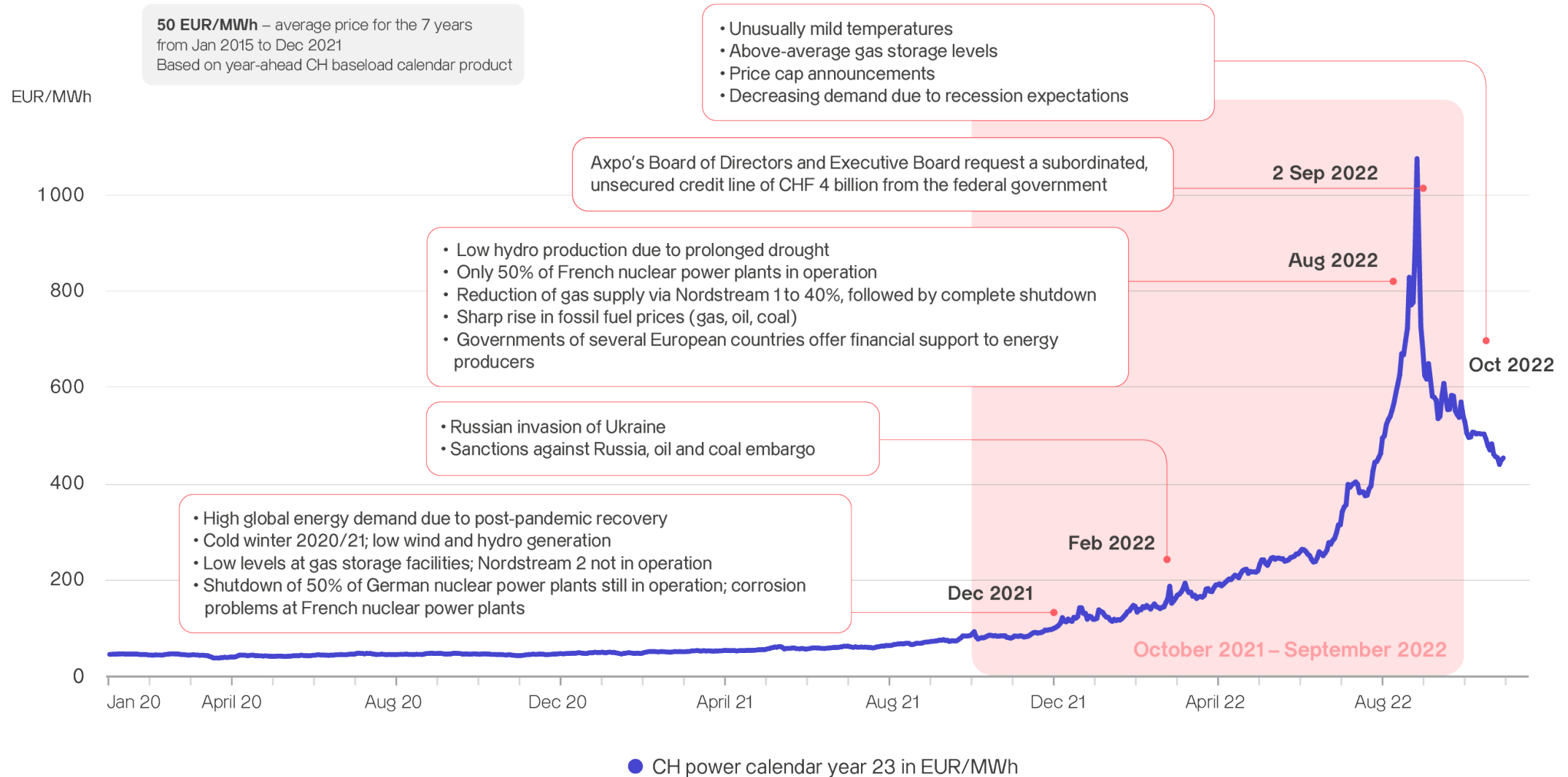
# Agenda

- 1. Global turmoil**
- 2. Financial figures in detail**
- 3. Axpo strategy and ambition**
- 4. Outlook**

# Global turmoil



# Worst turmoil ever seen

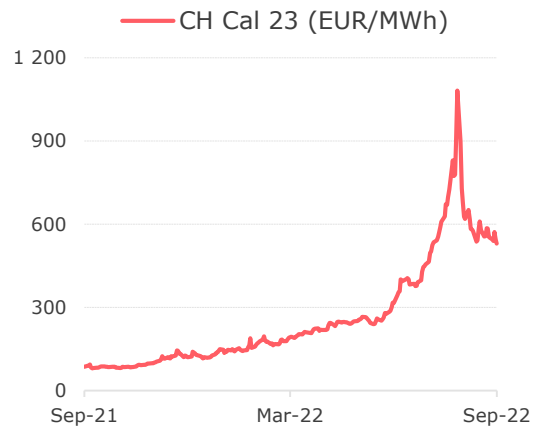


Financial  
figures in  
detail



# An unprecedented year

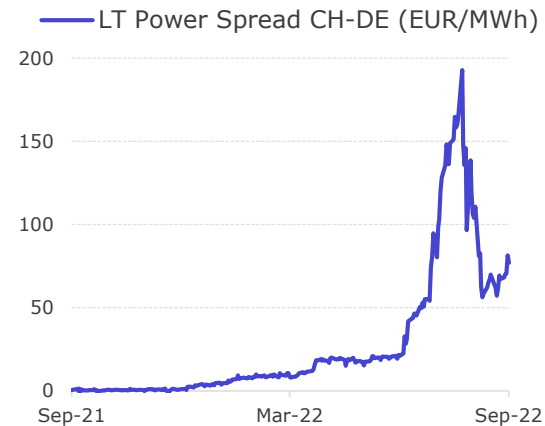
## Power price



**x 20**

Historical power price movements

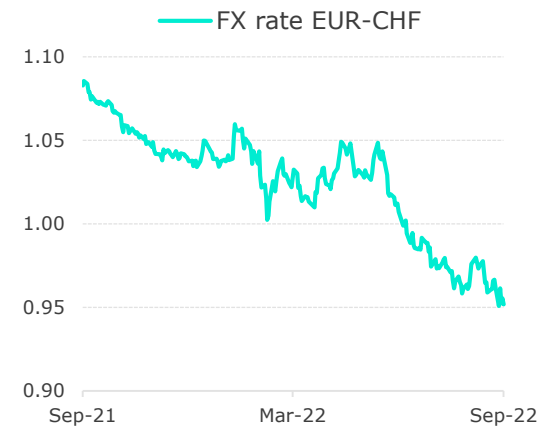
## Country spread



**x 150**

Decoupling of Swiss and German power price

## FX rate



**-12%**

Weakening of EUR vs. CHF

## Stock market



**-12%**

SMI performance

# Results driven by turbulent markets

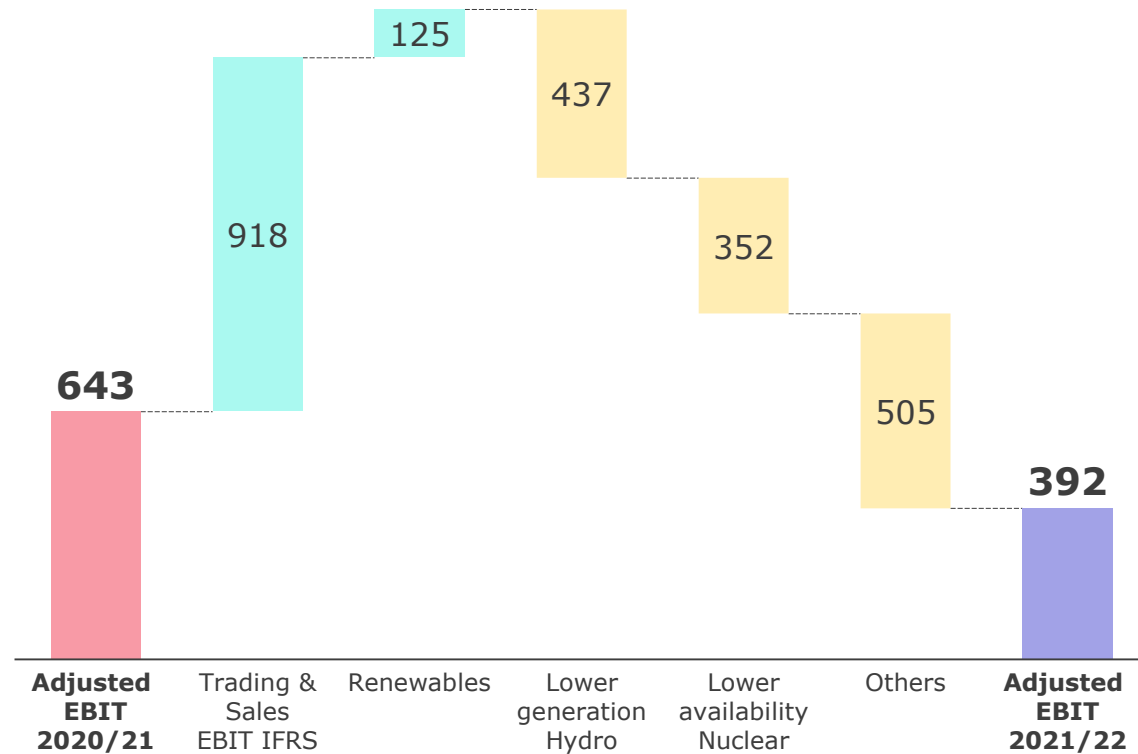
in CHF million

	2021/22	vs. previous year	
<b>Adjusted EBIT</b>	<b>392</b>	<b>- 251</b>	<ul style="list-style-type: none"> <li>• Exceptional results in Trading &amp; Sales</li> <li>• Repurchase of power at market prices due to unplanned outages and persistent dryness</li> </ul>
<b>EBIT</b>	<b>1 745</b>	<b>+1 229</b>	<ul style="list-style-type: none"> <li>• Substantial impairment reversal</li> <li>• Negative impact from hedging of Swiss generation (accounting mismatch)</li> <li>• Negative performance STENFO -13.6%</li> </ul>
<b>Results for the period</b>	<b>594</b>	<b>- 13</b>	<ul style="list-style-type: none"> <li>• Negative performance of capital markets</li> <li>• Exchange rate losses (weakening of EUR vs. CHF)</li> </ul>
<b>Free cash flow</b>	<b>- 3 259</b>	<b>- 3 821</b>	<ul style="list-style-type: none"> <li>• Cash outflow due to Swiss generation hedging</li> </ul>
<b>Equity</b>	<b>7 432</b>	<b>+ 205</b>	<ul style="list-style-type: none"> <li>• Increase in equity</li> </ul>
<b>Net debt</b>	<b>- 3 644</b>	<b>- 3 420</b>	<ul style="list-style-type: none"> <li>• Additional fundraising to strengthen liquidity</li> <li>• Credit facility from Swiss government not used as of today</li> </ul>



# Exceptional results in Trading & Sales offset by lower power generation

in CHF million

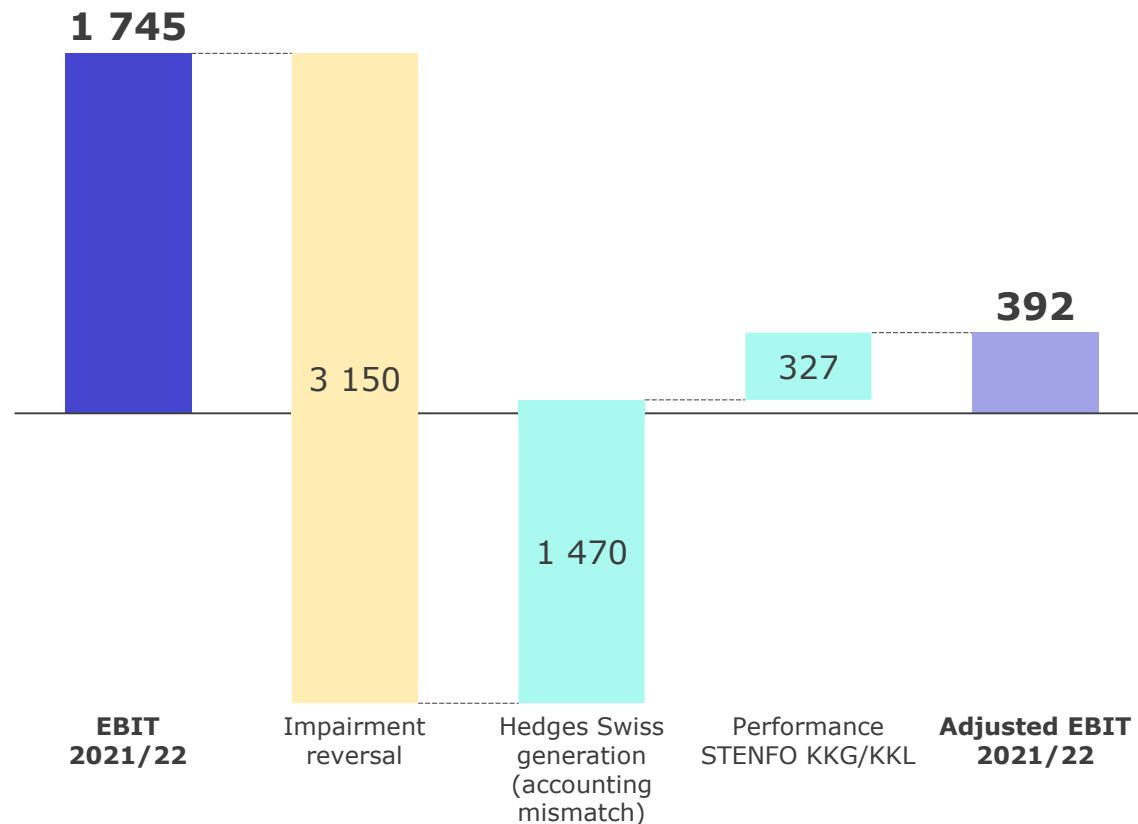


- Exceptional results in Trading & Sales
- Sale of wind/solar plants
- Increase in personnel and other operating expenses
- Impact of hedging Swiss generation (accounting mismatch) not offsetting on segment level



# Substantial one-off effects impact EBIT

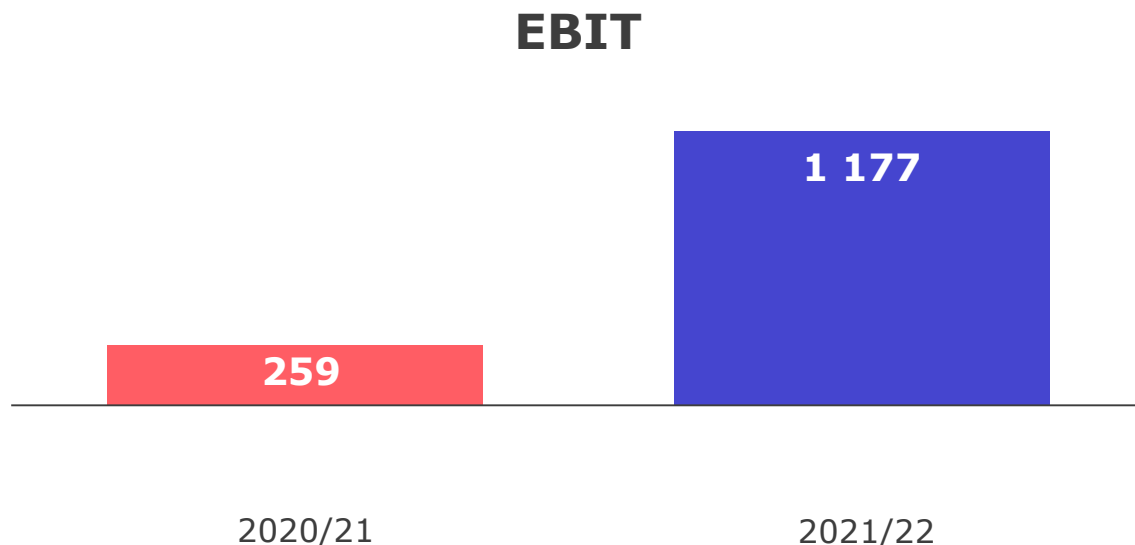
in CHF million



- Increased power prices drive substantial impairment reversal; significant share relates to pump storage plant Linth-Limmern
- After impairment reversal, majority of assets at amortized carrying amount
- Negative impact from hedging Swiss generation (accounting mismatch - unrealized)
- Negative performance STENFO -13.6%

# EBIT by segment Trading & Sales

in CHF million



- Significantly exceeding previous year's result in asset-backed trading and in origination business
- High demand for tailor made energy solutions supports strong growth in Origination
- Losses from under-delivery of Russian gas fully absorbed

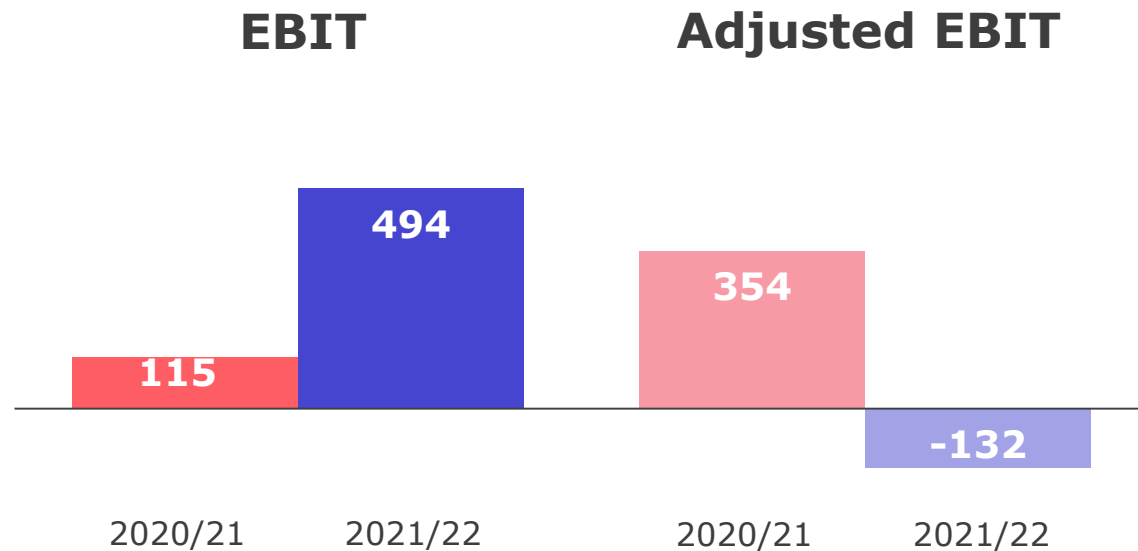
in CHF million

	2020/21	2021/22
Gross margin asset-backed trading	353	1 313
Gross margin origination	518	885
Gross margin proprietary trading	86	89
<b>Gross margin</b>	<b>957</b>	<b>2 287</b>
Operating expenses	- 426	- 513
<b>EBIT in Performance View</b>	<b>531</b>	<b>1 774</b>
Hedging effects / other reconciliation items	- 272	- 597
<b>EBIT IFRS</b>	<b>259</b>	<b>1 177</b>

# EBIT by segment

## Generation & Distribution

in CHF million

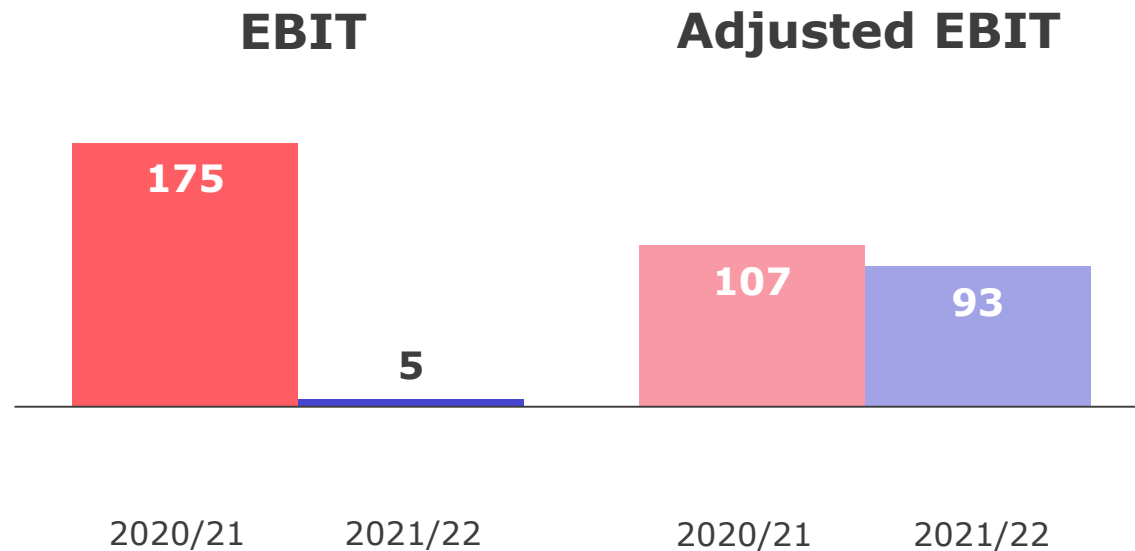


- Sale of wind/solar plants
- Extended maintenance of Leibstadt nuclear power plant and limited availability of nuclear power plants in France
- Lower generation of hydro power plants due to persistent dryness
- Negative impact from hedging of Swiss generation (accounting mismatch - unrealized) and STENFO
- Substantial impairment reversal

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

# EBIT by segment CKW

in CHF million



- Higher power prices and higher results from asset optimization
- Extended maintenance of Leibstadt nuclear power plant and limited availability of nuclear power plants in France with negative impact on results
- Negative impact from hedging of Swiss generation (accounting mismatch - unrealized) and STENFO
- Substantial impairment reversal

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

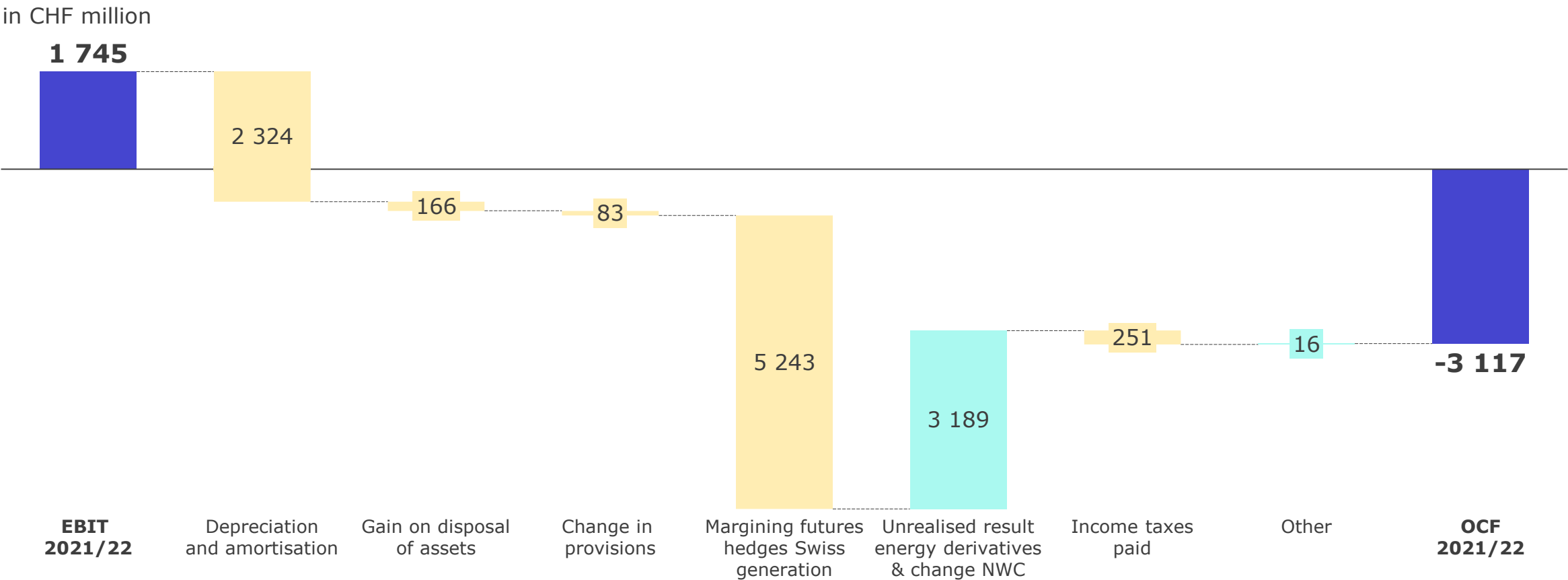
# Result for the period impacted by STENFO

in CHF million

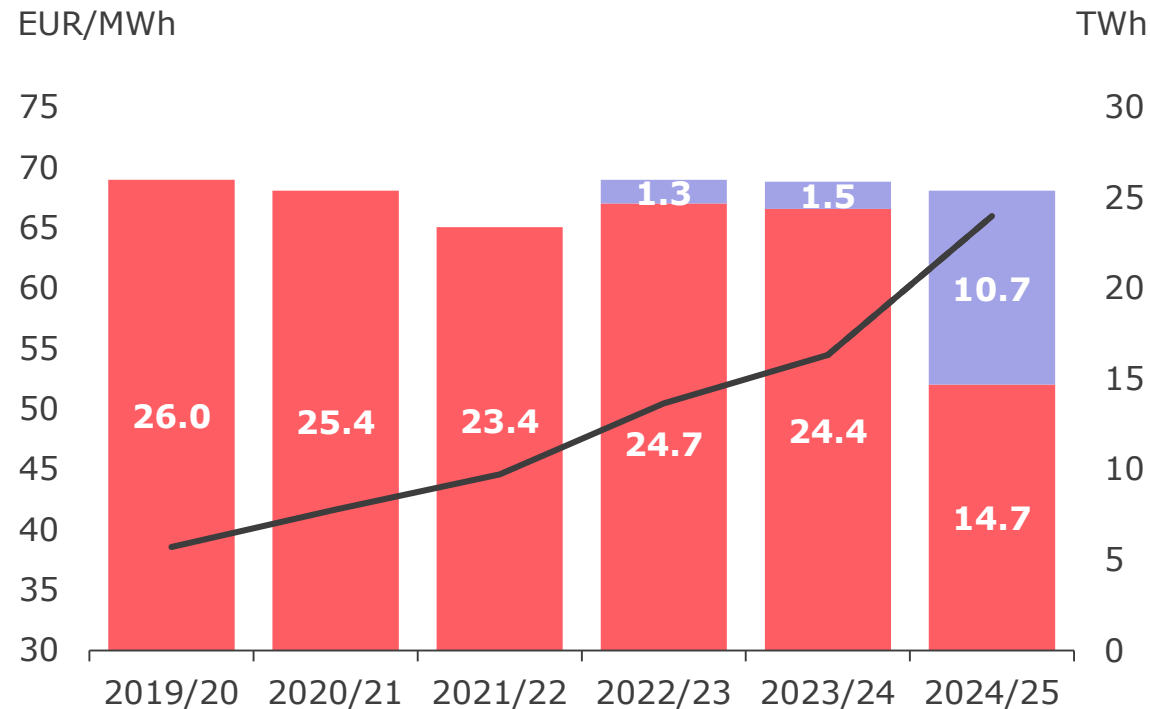
	2020/21	2021/22
<b>EBIT</b>	<b>516</b>	<b>1 745</b>
Net interest expense	-176	-208
Performance STENFO	338	-410
Net FX-result	12	-447
Other financial result	61	27
Income tax expense	-144	-113
<b>Result for the period</b>	<b>607</b>	<b>594</b>

- Negative performance on financial markets drives STENFO impact (additional EBIT-impact of CHF -327 million)
- Exchange rate losses (weakening of EUR vs. CHF)
- Income tax rate of 16%

# Cash outflow due to Swiss generation hedging



# Status hedged position Swiss generation

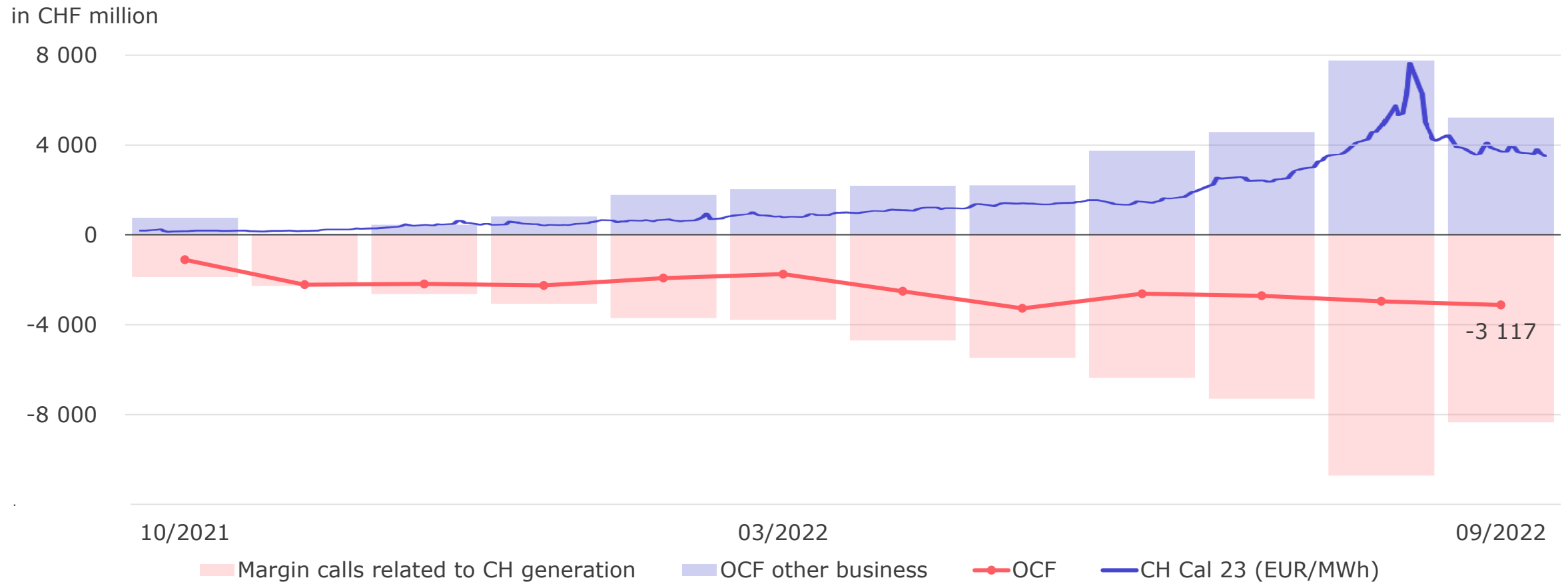


- Open position at planned production volume (TWh)
- Hedged position baseload (TWh)

- Hedging Swiss generation stopped in January 2022 due to strained liquidity situation
- Hedging policy adjusted
- Total volume of 64 TWh was hedged as of 30 September 2022 (prior year: 70 TWh)
- Hedged prices between 51 EUR/MWh in 2022/23 and 66 EUR/MWh in 2024/25
- Axpo will benefit from higher prices from 2024/25 onwards



International business partially compensated cash drain from hedging Swiss generation



# Continuous investments in renewables and divestments of non-strategic assets

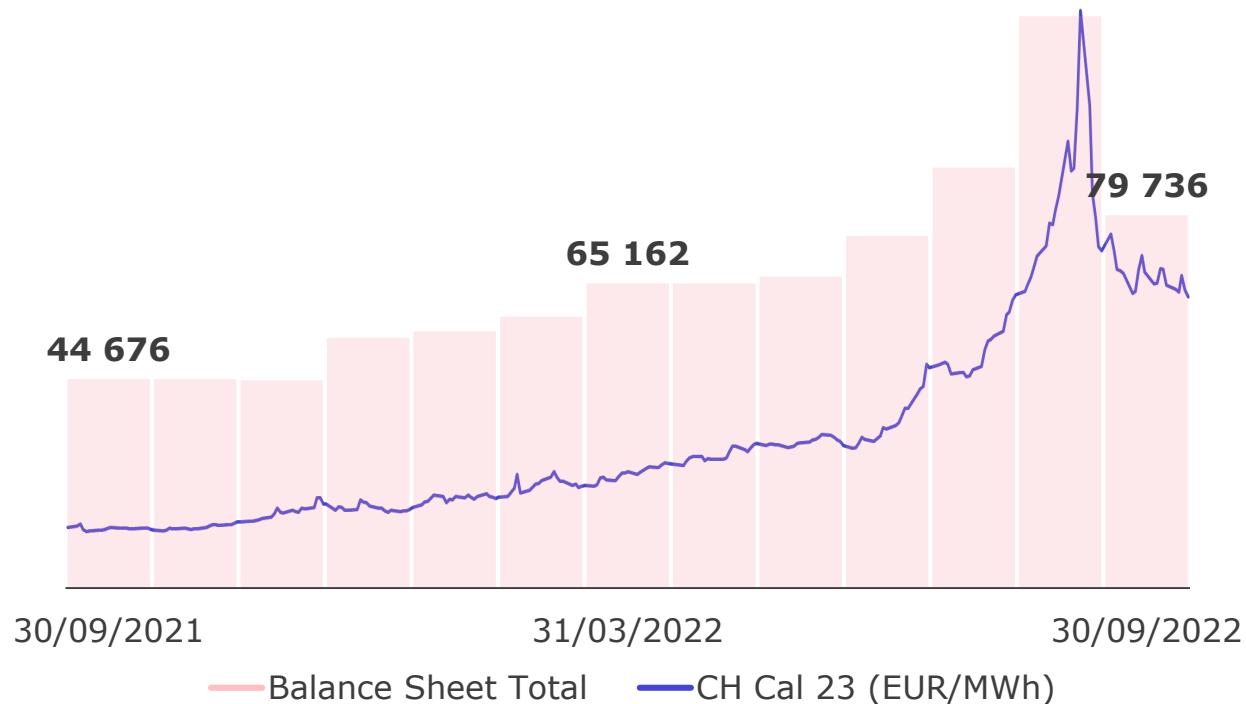
in CHF million

	2020/21	2021/22
Hydro	13	34
Nuclear	40	47
Distribution	111	104
Renewables	249	261
Other effects	70	42
<b>Gross investments</b>	<b>482</b>	<b>488</b>
Divestments other	-156	-346
<b>Net investments</b>	<b>327</b>	<b>142</b>

- Gross investments of CHF 488 million, of which
  - CHF 213 million in Switzerland
  - CHF 275 million international
- Continuous investments and divestments in renewables (asset light model)
- Divestments of non-strategic assets

# Reflecting market prices in total balance sheet

in CHF million



- Total balance sheet is “breathing” in line with change in market prices
- Changes in market prices are reflected by replacement values from customer contracts and respective hedges (asset and liability side)
- If market prices increase from 50 to 200 EUR/MWh, replacement values increase by 150 EUR
- End of August balance sheet total amounted to more than CHF 100 billion

# Focus on liquidity management and funding

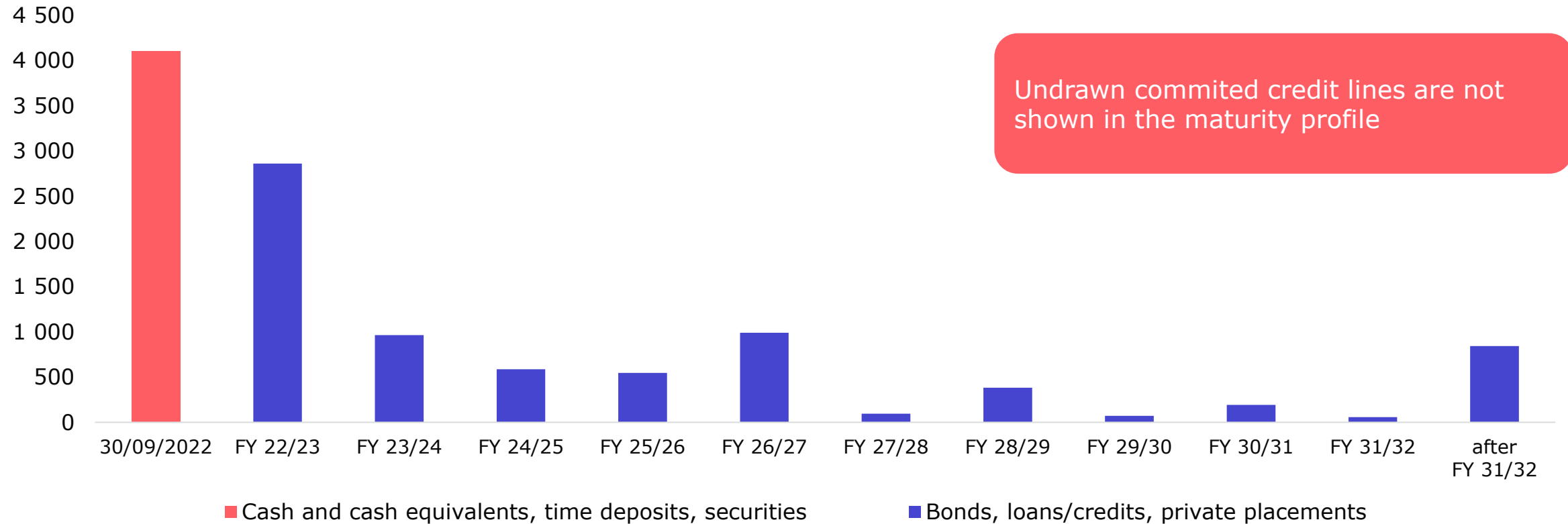
in CHF million

	30/09/2021	30/09/2022
Current financial liabilities	-812	-2 890
Non-current financial liabilities	-3 680	-4 855
<b>Total eligible debt</b>	<b>-4 492</b>	<b>-7 745</b>
Cash and cash equivalents	1 818	3 907
Time deposits	760	10
Financial assets	1 690	185
<b>Total liquidity</b>	<b>4 268</b>	<b>4 101</b>
<b>Net financial position</b>	<b>- 223</b>	<b>- 3 644</b>

- Significant cash outflow due to hedging Swiss power generation compensated by additional fundraising
- Closing of additional unsecured and committed credit lines from banks and financial institutes of EUR 3 billion in October 2022
- Unsecured, subordinated credit facility from Swiss government of CHF 4 billion not used as of today

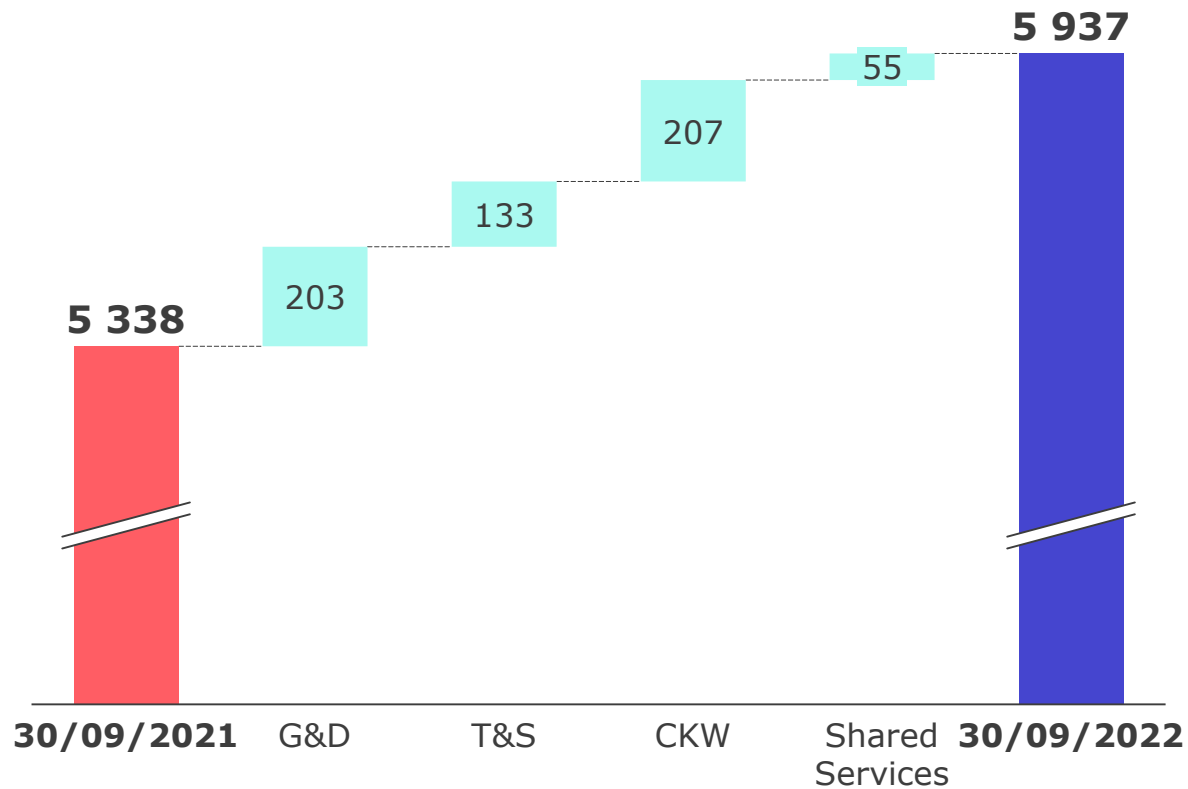
# Maturity profile of bonds and loans

in CHF million



# Growth in strategic areas

in full-time equivalents (FTE)



- Strategic growth in renewables, international origination and trading business and building technologies
- Bundling of service functions in Shared Services

# Summary



Financial year  
marked by  
unprecedented  
upheavals



Trading & sales once  
again with  
extraordinary result



Business model  
proven, positive mid-  
term outlook



# Axpo strategy and ambition



# Strategic focus on three main pillars

Diversification paying off in line with global trends



## **Swiss business**

Focus on stable supply and continual renewal, ambition to play a leading role in energy transition



## **Renewable energies**

Focus on photovoltaics and onshore wind in Europe, including Switzerland



## **Trading & origination**

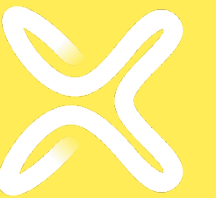
Two priorities: sale of Swiss production and long-term customer and partner agreements (PPAs)

# Ambition for 2030

Solar ambition for Switzerland increased sixfold



# Outlook



# Outlook

## Positive long-term prospects



The current situation makes the short-term outlook highly uncertain



In the medium term, higher prices will have a positive effect on Axpo's results



Cash tied up as collateral will flow back to the company

# Questions



