

Media Release

22 March 2017

Kraftwerke Vorderrhein AG: Lower annual production due to drought

Today, the 60th General Meeting of Kraftwerke Vorderrhein AG (KVR) in Ilanz approved the annual financial statement 2015/16 and the payment of a 1.0% dividend from the share capital of CHF 80 million. The financial year 2015/16 was marked by a long drought period that had a negative impact on inflows and hence on power production.

Owing to the long drought period in the fall and winter of 2015/16, as well as the above-average dry summer in 2016, KVR recorded significantly lower inflows to its production facilities in Surselva in the previous financial year (1 October 2015 to 30 September 2016). The total annual useable inflow amounted to 169.9 million m³, corresponding to 90,3% of the 10-year average. In the rainy year 2014/15 the annual total amounted to 224.1 million m³, approximately 23.5% over the 10-year average.

While the useable inflow amounted to 1.1 times the storage capacity of the three reservoirs Sta. Maria, Nalps and Curnera, the natural run-of-river inflow to the Runcahez compensating reservoir reached 292.6 million m³ this year. This corresponds to 92.8% of the 10-year average. KVR's gross energy production of 724.0 million kilowatt hours (kWh) only reached 89.4% of the 10-year average (previous year 984.1 million kWh).

The annual costs to partners amounted to CHF 32.392 million. As compared to the previous year, costs dropped by CHF 1.262 million. The proportion of annual costs for Axpo Power AG amounted to CHF 26.136 million, corresponding to an energy consumption of 557.6 GWh. The Canton of Grisons paid CHF 3.531 million in annual costs and consumed an energy volume of 84.7 GWh. The Vorderrheintal shareholder communities paid a total of CHF 2.726 million in annual costs. In turn, they received an energy volume amounting to 63.7 GWh.

Despite lower annual costs, production costs for a kilowatt-hour of electricity increased by 1.11 cents to 4.59 cents (previous year: 3.48 cents) due to low energy production.

Renovation and maintenance work successfully completed

In addition to regular maintenance work, various inspections and renovations were carried in the KVR plants in the reporting year. These included the completion of monitoring measures in connection with the NEAT construction site in the fall of 2015 when the last leakage test in the Nalps-Tgom pressure tunnel and a level measurement in the Sta. Maria-Nalps pressure tunnel were performed. In the spring of 2016, the Runcahez compensating reservoir was drained and cleaned, and at the same time the

Axpo Holding AG

Corporate Communications

Parkstrasse 23 | CH-5401 Baden

T 0800 44 11 00 (Schweiz) | T +41 56 200 41 10 (International)

medien@axpo.com | www.axpo.com



Sedrun-Medel headrace tunnel was drained for inspection. The latter was carried out in preparation of the planned installation of a 16-kV cable.

In March 2016, the rockslide in Val Strem created additional work: The Strem water catchment had to be diverted until the end of April 2016. The reconnection of the catchment caused extensive silting in the Sedrun water catchment owing to heavy sedimentation. To prevent sediment from entering the catchment tunnel some 600 m³ of silt had to be excavated.

In addition, KVR invested in new railings, barriers and guardrails in the previous financial year. These enhance work safety and the safety of hikers in the area of the KVR plants.

Board of Directors

The Annual General Meeting reappointed Armin Candinas as the representative of the shareholder communities. Ernst Sax was appointed to the Board of Directors as the representative of the Canton of Grisons. Jörg Huwyler, Dr. Jürg Wädensweiler and Hans-Peter Zehnder represent Axpo Power AG on the Board. The term of office is one year.

The shareholders of Kraftwerke Vorderrhein AG (KVR) are Axpo Power AG (81.5%), the Canton of Grisons (10%) as well as the shareholder communities of Medel/Lucmagn, Breil/Brigels, Tujetsch, Disentis/Mustér, Sumvitg and Trun with 8.5%.

Additional information

Axpo Holding AG | Corporate Communications

Media Hotline: 0800 44 11 00 (Switzerland) | T +41 56 200 41 10 (International)

www.axpo.com

About Axpo

The Axpo Group produces, trades and distributes energy reliably for more than 3 million people and several thousand companies in Switzerland and in over 30 countries throughout Europe. Around 4500 employees combine the expertise from 100 years of climate-friendly power production with innovative strength for a sustainable energy future. Axpo is an international leader in energy trading and in the development of tailor-made energy solutions for its customers.

