

# Annual Media Conference 2018/19 Financial Year

Thomas Sieber, Chairman & Delegate of the Board of Directors, Axpo Holding AG

Joris Gröflin, CFO, Axpo Holding AG

11 December 2019

# Annual Media Conference Agenda

9.30 a.m.	<b>Review of the 2018/19 financial year</b>	Thomas Sieber
10.00 a.m.	<b>Finance in the 2018/19 financial year</b>	Joris Gröflin
10.15 a.m.	<b>Outlook for the 2019/20 financial year</b>	Thomas Sieber
10.25 a.m.	<b>Questions and answers</b>	
10.45 a.m.	<b>End of media conference</b>	

1:1 interviews follow



# Key points for the 2018/19 financial year

**Strong operating result** with EBIT before one-off effects up 56% to CHF 542 million

**Urbasolar** as a platform to develop photovoltaics for large-scale plants

Opportunities seized, record result in **Trading & Sales**

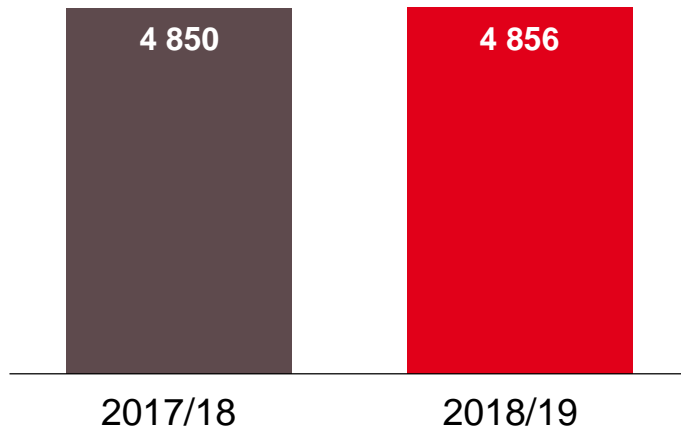
**Stability** increased, **growth** sought

# Recipe for success – networking and cooperation

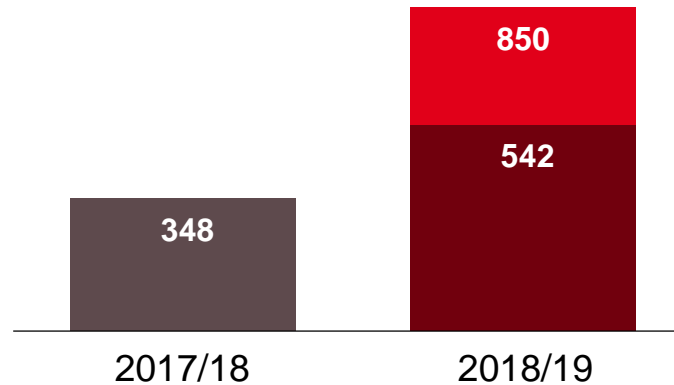


# Strong profitability with stable total income

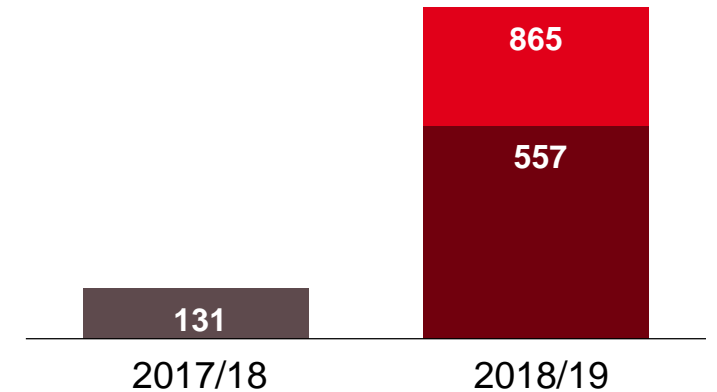
**Total income**  
in CHF million



**EBIT**  
in CHF million



**Result for the period**  
in CHF million



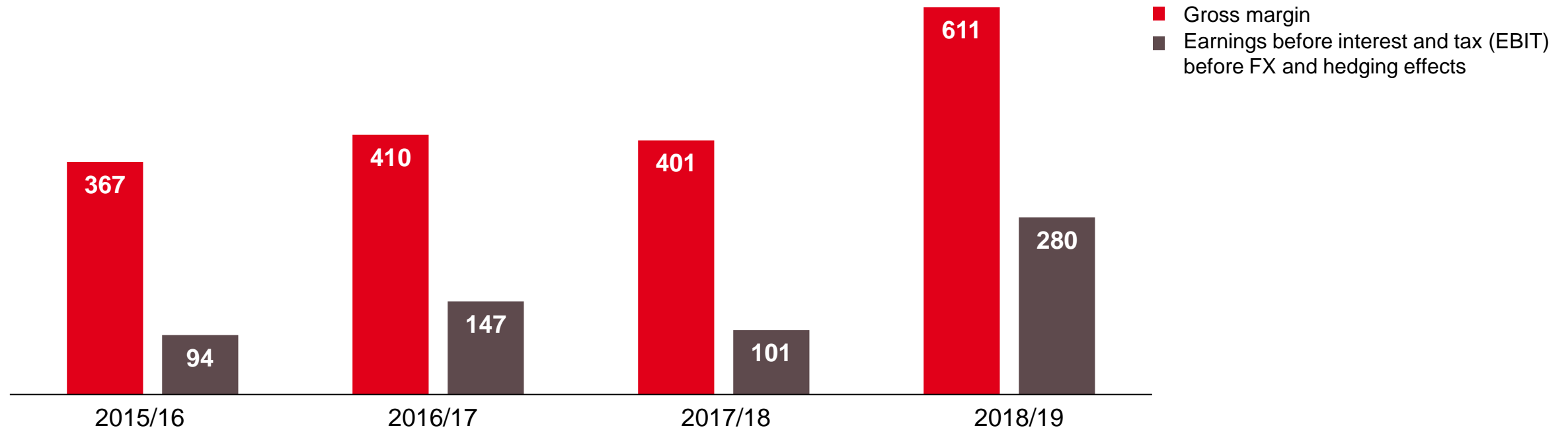


# **International Business**

# Record result in energy trading and customer business

## Gross margin and EBIT before FX and hedging effects

in CHF million (performance view)







International Business

## **PPA market offers great potential**

- Rapid growth in renewable energy power purchase agreements (PPAs)
- Renewable energy expected to increase by over 100 gigawatts (GW) in Europe by 2030
- Axpo is strongly positioned with wind and solar PPAs
- 58 per cent of the plants under construction are open to PPAs

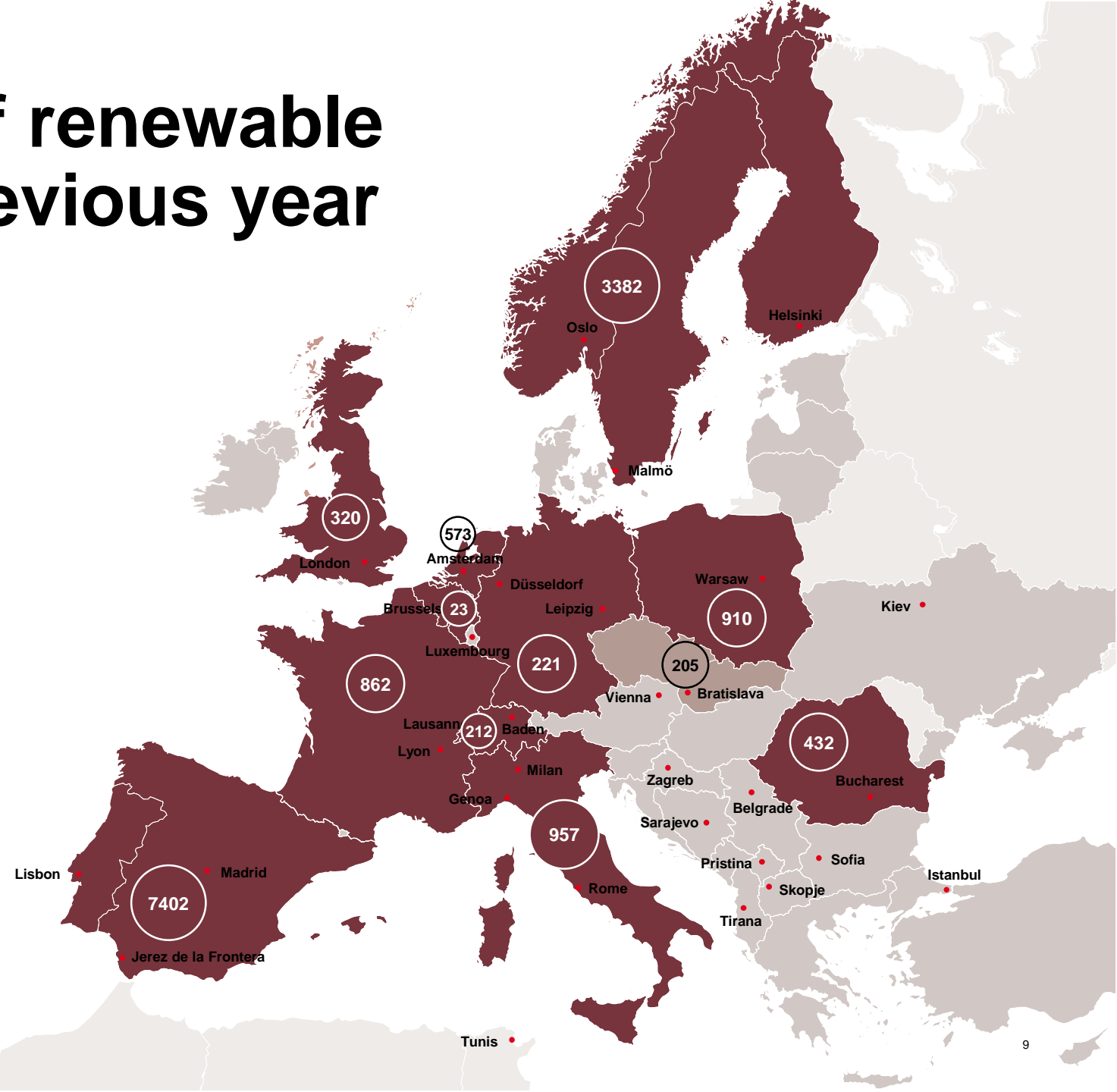


# Customer portfolio of renewable energy up 10% on previous year

Axpo markets a large customer portfolio:

- Wind energy
- Photovoltaics
- Biomass
- Hydro power

The installed capacity has grown by 10% to **15 500 MW**



# Further examples of growth



400 000  
feed-in  
points

**Italy**  
Success with end customers



>40  
customers

**USA**  
Encouraging development



>100 TWh

**Gas**  
Growth in gas business



**Renewable energy**

# Volkswind – remains on course for success

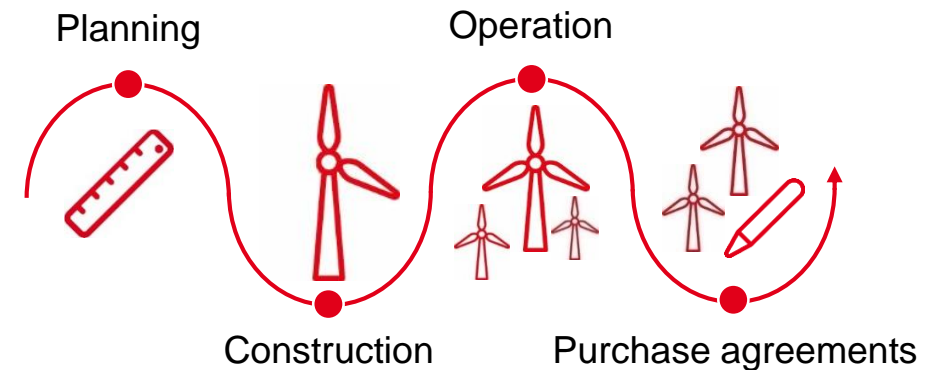


**70**  
wind farms

**1000 MW**  
output

**3000 MW**  
project pipeline

Volkswind covers the entire value chain





# Akquisition von Urbasolar

Perfekter strategischer Match



**Ground-mounted plants**



**Car park canopies**



**Rooftop systems**



Growth



Business model



Geographical footprint



Track record



Project pipeline





**Swiss business**



# Photovoltaics in Switzerland



**CKW**  
Successful solar business



**AlpinSolar**  
Pioneering venture on Lake Mutt



**PV systems**  
On larger spaces



# Highlights 2018/19



2 MW  
battery  
storage

## CKW

Stable result – battery storage system expanded



+ 40%  
sales

## Avectris

Increased revenue – growth through acquisitions



CHF 100m  
investments  
p.a.

## Netze

Infrastructure development – investment in grids > CHF 100 million p.a.



# Beznau nuclear power plant turns 50



## Safe nuclear power plant operation

More time for renewable expansion



## Beznau climate-friendly power plant

> 300 million tons of CO<sub>2</sub> saved so far



## 50th anniversary of KKB

Thanks to the employees



**Digital transformation**

# Digitisation projects throughout the Group



## Grid 4.0

Use of robotics and analytics



## Hydro 4.0

First digital power plant in Sarganserland



## Green accelerator

Blockchain-based platform with GE



# Artificial intelligence supports wind power marketing



- Big data project: Application for optimised distribution of wind power launched on the Spanish market
- Innovative application provides continuously updated wind forecasts and trading recommendations
- Initial successes seen shortly after launch
- Now: launch in other markets



# Finance developments

Joris Gröflin, CFO, Axpo Holding AG

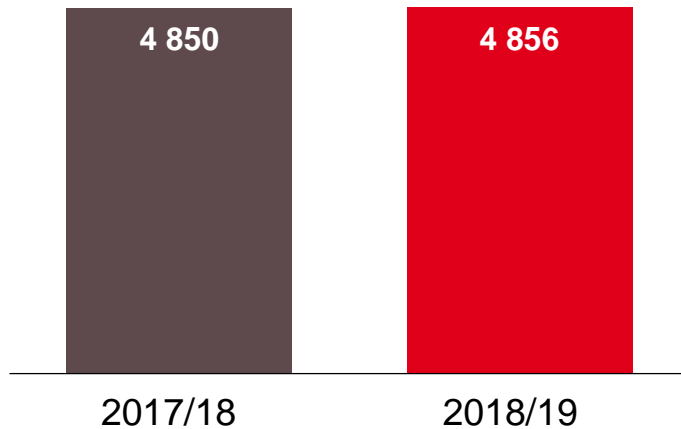
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# Operating profit up at Axpo – extraordinary year for Trading & Sales

in Mio. CHF	2018/19	vs. previous year	
Total income	4 856	+6	<ul style="list-style-type: none"> <li>Effect of first-time application of IFRS 15 offset by growing retail business</li> </ul>
EBIT before one-off effects	542	+56%	<ul style="list-style-type: none"> <li>Extraordinary results for Trading and Sales</li> <li>Assets up significantly on previous year</li> </ul>
Result for the period	865	+733	<ul style="list-style-type: none"> <li>One-off effects of CHF 308 million due to reversals of impairment losses</li> <li>Positive tax result thanks to one-off effects</li> </ul>
Free cash flow	-273	-549	<ul style="list-style-type: none"> <li>Lower cash flow from operating activities</li> <li>Higher capital expenditure due to acquisitions</li> </ul>
Equity ratio	28,4%	+600 Basis points	<ul style="list-style-type: none"> <li>Improvement on 30.9.2018 (22.4%)</li> </ul>
Outlook			<ul style="list-style-type: none"> <li>Substantial improvement in revenues from electricity sales starting from 2019/20</li> <li>Exceptionally good results in 2018/19</li> </ul>

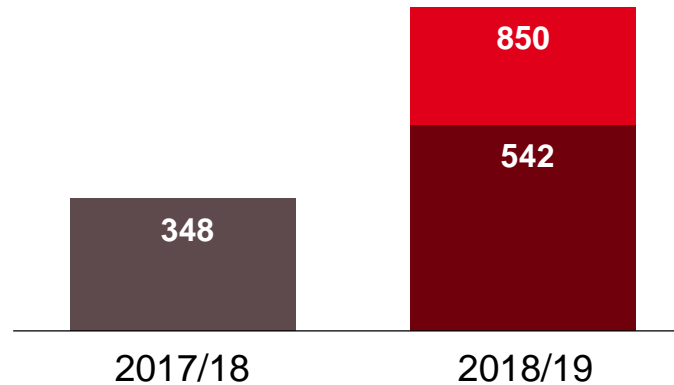
# Strong profitability with stable total income

**Total income**  
in CHF million



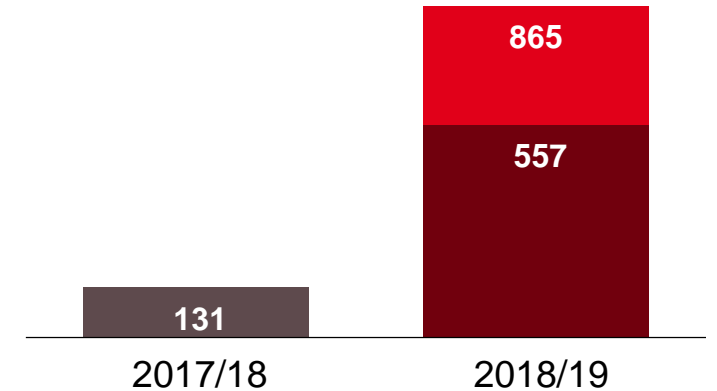
- Lower electricity prices
- Higher income from retail business in Italy and Portugal

**EBIT**  
in CHF million



- Improved operating performance
- Record trading result

**Result for the period**  
in CHF million



- Significant one-off effects of CHF 308 million
- Improved financial result

■ Before one-off effects

# Reported profit includes one-off effects of CHF 308 million

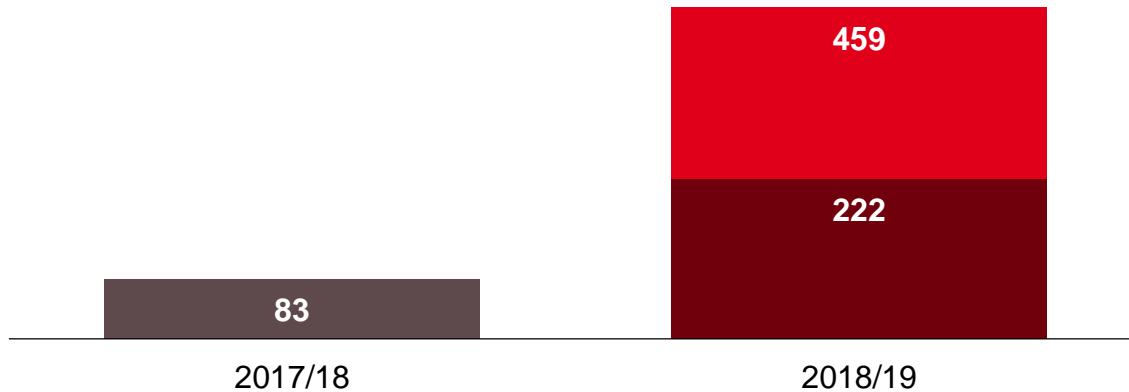
in CHF million	2017/18	Special effects 2018/19			2018/19
		Reported	Impairment reversals	Nuclear provisions	Excluding one-off effects
Total income	4 850	4 856			4 856
Earnings before interest and tax (EBIT)	348	850	-398	90	542
Result for the period	131	865	-398	90	557

- Impairment reversals of CHF 398 million due to higher electricity prices
- Decoupling of parameters for nuclear provisions and the Decommissioning and Disposal Funds led to additional provisions of CHF 90 million



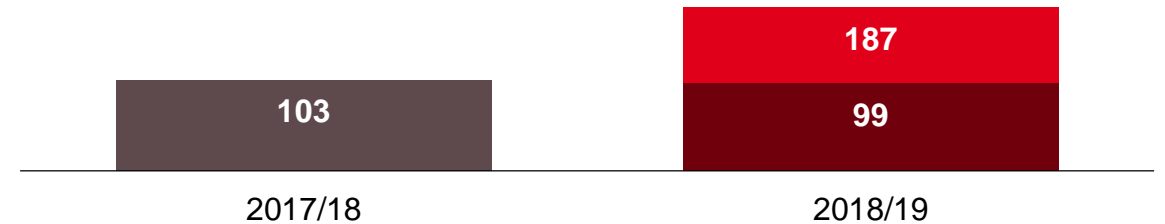
# EBIT by segment

**Assets**  
in CHF million



- Lower electricity prices partially offset by higher availability of power plants
- STENFO return at 6.5%
- Market premium for large-scale hydroelectric power plants and Swiss Federal Supreme Court decision on the taxation of partner plants
- As in previous year, significant earnings contributions from gas-fired combined-cycle power plants in Italy
- Impairment reversals of CHF 237 million

**CKW**  
in CHF million



- EBIT before one-off effects at previous year's level
- Previous year included positive one-off effects
- Impairment reversals of CHF 88 million

■ Before one-off effects

# EBIT by segment

## Trading & Sales in CHF million



- All regions and businesses contributed to the extraordinary 2018/19 results
- Effect of intragroup foreign currency hedging up on previous year
- Hedging effects significantly lower than in the previous year due to sideways movement of electricity prices
- Other reconciliation items mainly driven by different valuation of gas inventories

	2017/18	2018/19
in CHF million		
Gross margin asset-backed trading	139	135
Gross margin origination and proprietary trading	263	476
<b>Gross margin</b>	<b>401</b>	<b>611</b>
Operating expenses	-300	-331
<b>EBIT before FX and hedging effects</b>	<b>101</b>	<b>280</b>
Foreign exchange effects	72	122
Hedging effects	91	-29
Other reconciliation items	-34	-50
<b>IFRS EBIT</b>	<b>230</b>	<b>323</b>

# Significant investment in Photovoltaics and Wind energy

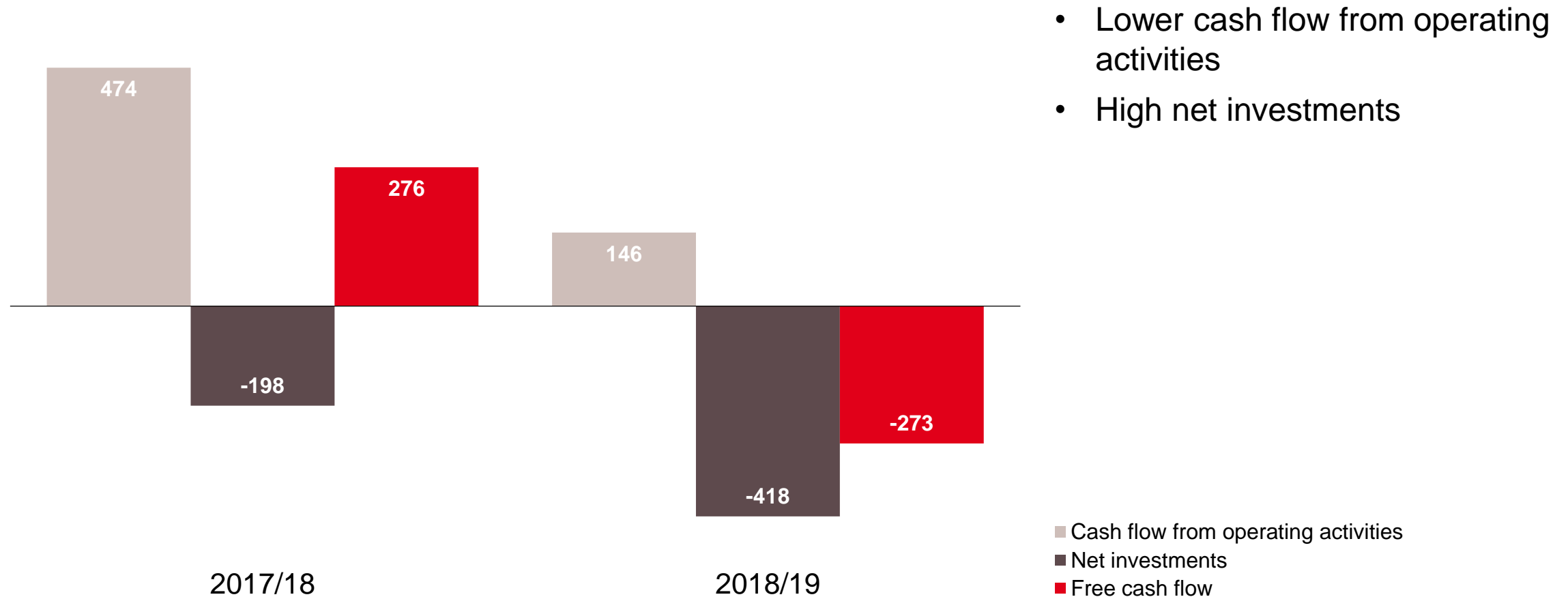
in CHF million	2017/18	2018/19	Change
Hydro energy	105	36	-69
Nuclear energy	31	15	-16
Grids	90	86	-4
New energies	37	270	+233
Other effects	-65	11	+76
<b>Net investments</b>	<b>198</b>	<b>418</b>	<b>+220</b>

- Lower investment in hydro energy due to termination of PSW Limmern project
- Acquisition of Urbasolar
- Previous year's figures positively influenced by the sale of the investments in GeoEnergie Taufkirchen and Elektrizitätswerk des Kantons Schaffhausen



# Free cash flow

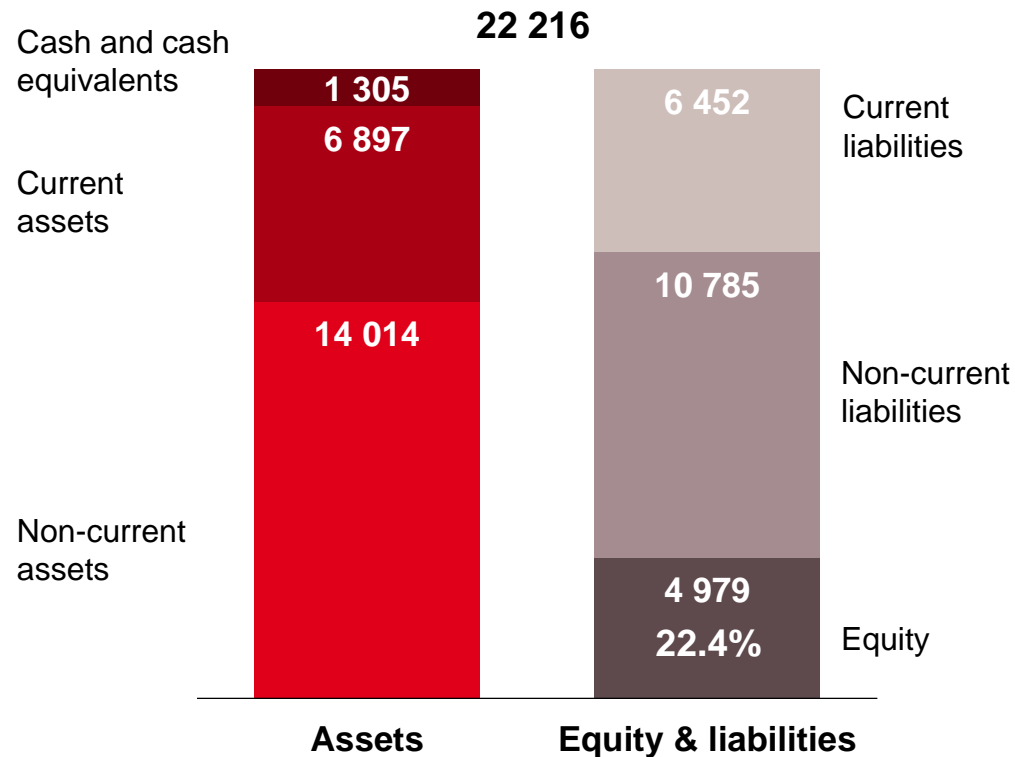
in CHF million



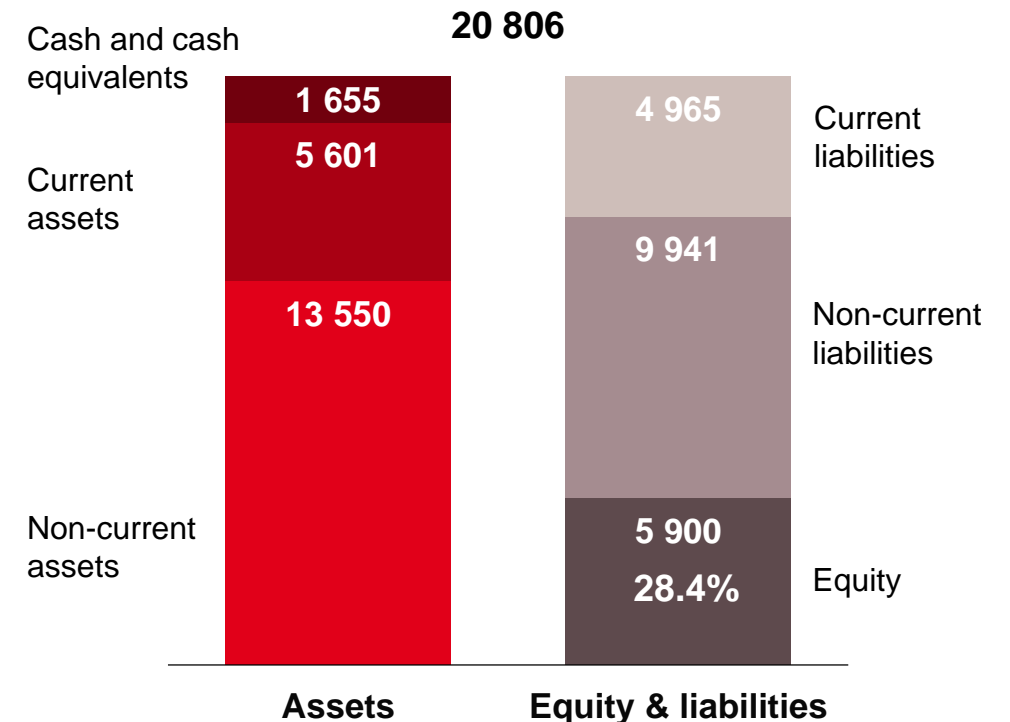
# Equity increases to CHF 5.9 billion

in CHF million / equity ratio in %

30 September 2018

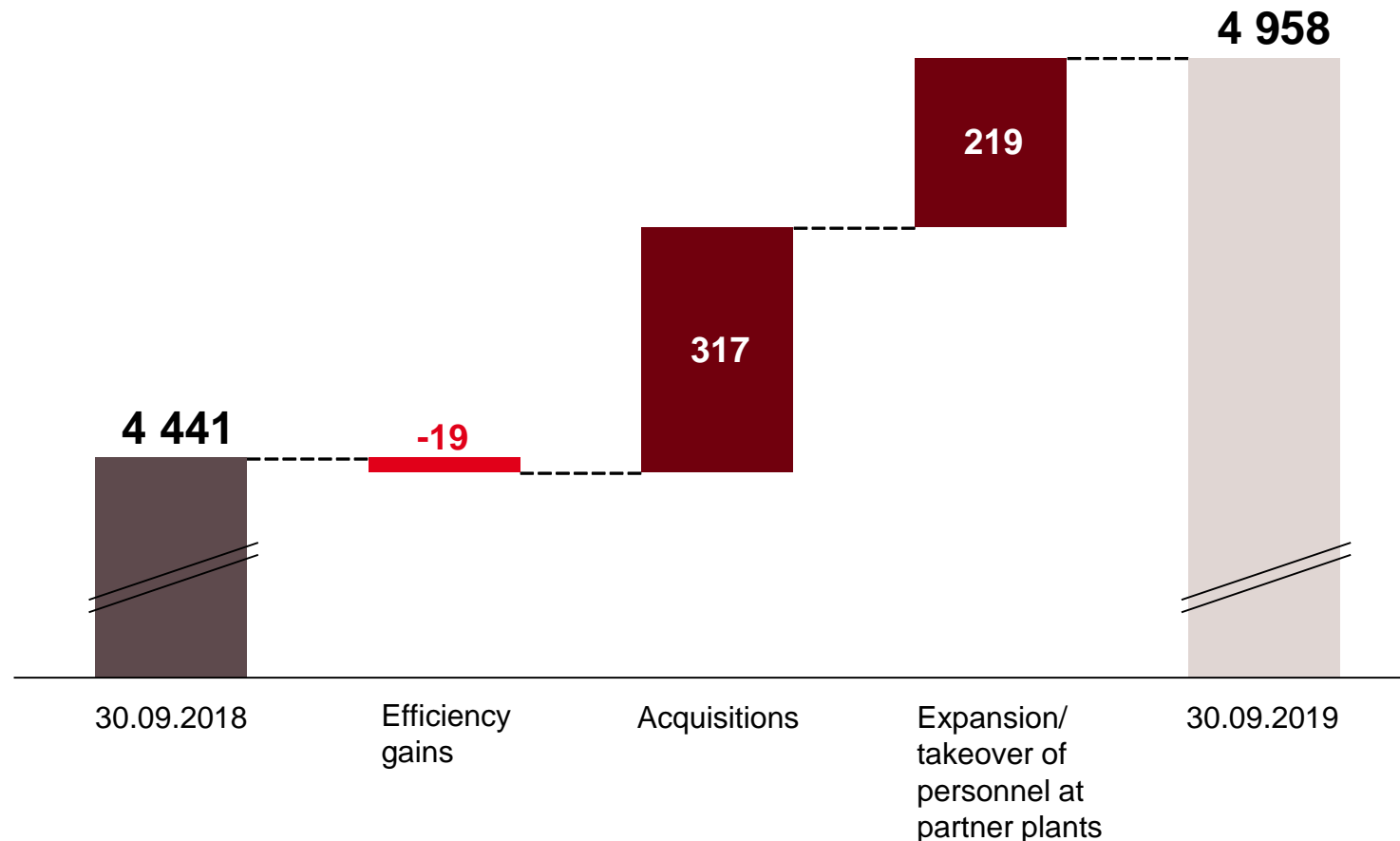


30 September 2019



# Employees

full-time equivalents



- Takeover of photovoltaic company and IT service provider, acquisition to strengthen presence in retail business in Portugal
- Increased personnel in the international trading business at CKW Gebäudetechnik and Avectris



# Outlook 2020

**Thomas Sieber, Chairman & Delegate of the Board of Directors, Axpo Holding AG**

**11 December 2019**



**2020: New era dawns after turnaround**



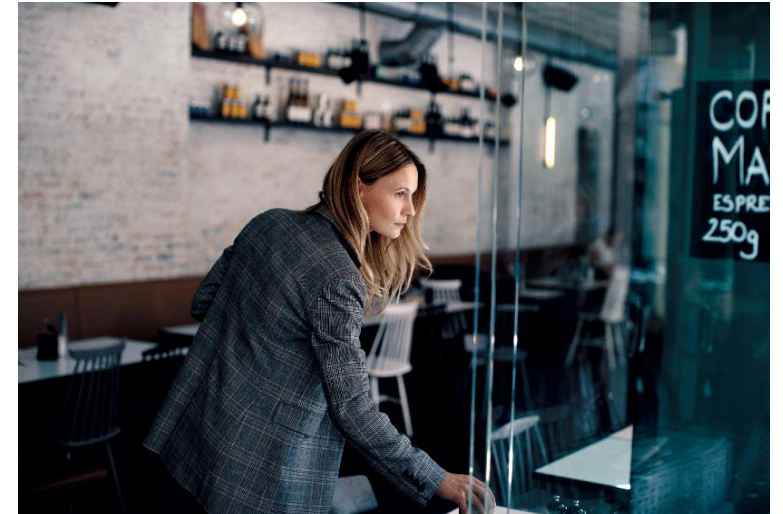
# 2020: Christoph Brand new CEO



- Extensive management experience – both with infrastructures and digital applications
- His mission in the new cycle
  - Exploit the new stability
  - Generate growth
  - Drive forward cultural change



# 2020: Build on strengths



## Grow

- Renewable energy
- Customer business abroad
- Individual energy solutions

## Optimisation

- Cost base
- Synergies
- Value chain

## Diversification

- New business areas
- Innovative solutions

**Digitalisation**

# 2020: Development of wholesale prices

Baseload in Germany for 2022 calendar year in EUR, nominal

Cal-22 in EUR/MWh

01.12.2019



# Outlook for the 2019/20 financial year



- Electricity revenues on the up
- Trading & Sales
- Political and regulatory environment
- Economic environment



# Key points for the 2018/19 financial year

## **EBIT**

before one-off effects  
up 56% to  
CHF 542 million

## **Urbasolar**

as a platform  
for photovoltaic  
development

Record result in  
**Trading & Sales**


Axpo entered  
a **new cycle**

Strategy of  
**networking**  
pays off



**Questions and answers**

**Voller Energie**

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