

Analysts' conference call Half-year financial results 2019/20

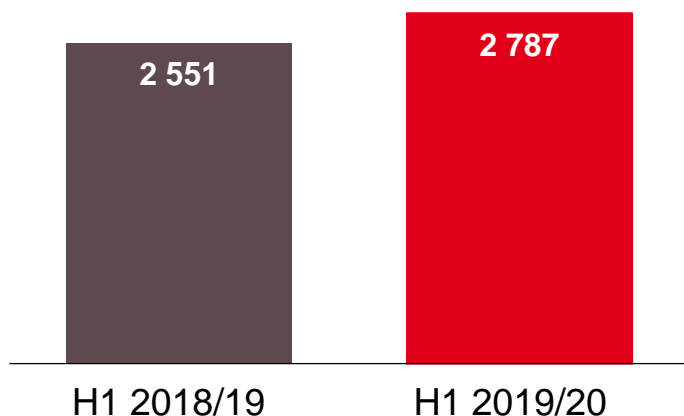
Joris Gröflin, CFO Axpo Holding
Baden, 8 June 2020

Strong operating performance – but profit pushed down by value fluctuations

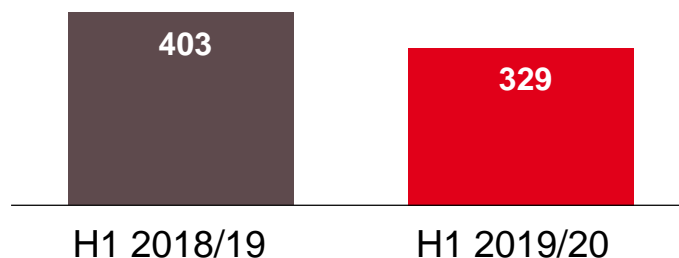
in CHF mn	H1 2019/20	vs previous year	
Total income	2 787	+ 236	<ul style="list-style-type: none"> • Higher production revenue • Strong trading result
EBIT (before STENFO value fluctuations)	496	+ 27%	<ul style="list-style-type: none"> • Record result from Trading & Sales • CKW up significantly on previous year
Result for the period	- 24	- 459	<ul style="list-style-type: none"> • STENFO return and performance of securities portfolio negatively impact financial result
Free cash flow	- 220	+ 131	<ul style="list-style-type: none"> • Improved cash flow from operating activities • Lower net investments due to divestments
Equity	6 168	+ 268	<ul style="list-style-type: none"> • Realisation of losses from hedge accounting • Decrease in pension obligation based on actuarial report
Outlook			<ul style="list-style-type: none"> • Significantly lower annual result expected for 2019/20 compared with previous year

Strong operating performance – negative STENFO effect of CHF 389 mn

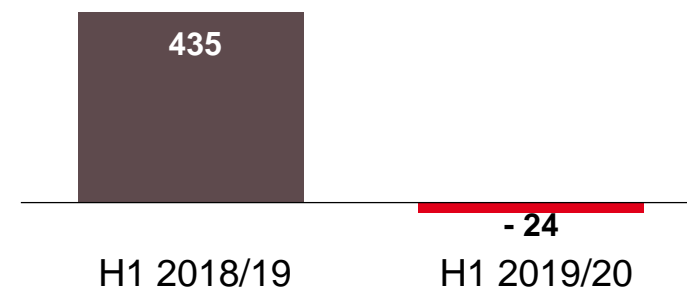
Total income
in CHF mn



EBIT
in CHF mn



Result for the period
in CHF mn



- Higher production revenue
- Trading income
- Higher sales in retail business

- EBIT before STENFO value fluctuations up CHF 105 mn on previous year
- Higher production value and record trading result
- STENFO value fluctuations push EBIT down by CHF 167 mn

- STENFO value fluctuations push financial result down by CHF 222 mn
- Additional valuation losses on financial investments

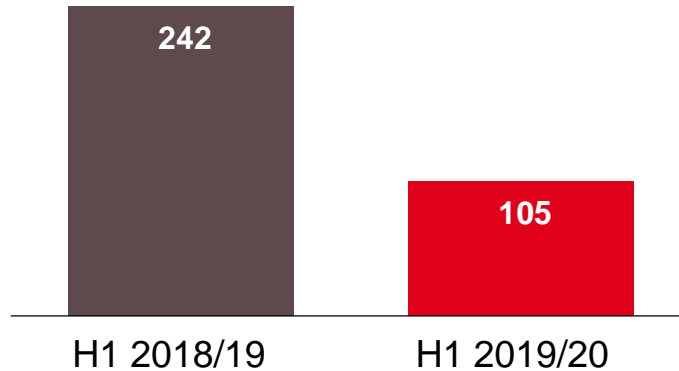
EBIT up by 27% before value fluctuations

in CHF mn



EBIT by segment

Assets
in CHF mn



- EBIT before STENFO value fluctuations of CHF 229 mn (previous year: CHF 232 mn)
- Higher electricity prices and high power plant production
- As in previous year, earnings contributions from gas-fired combined-cycle power plants in Italy
- Negative effect from impairment reversals in previous year
- Higher depreciation due to acquisition of Urbasolar

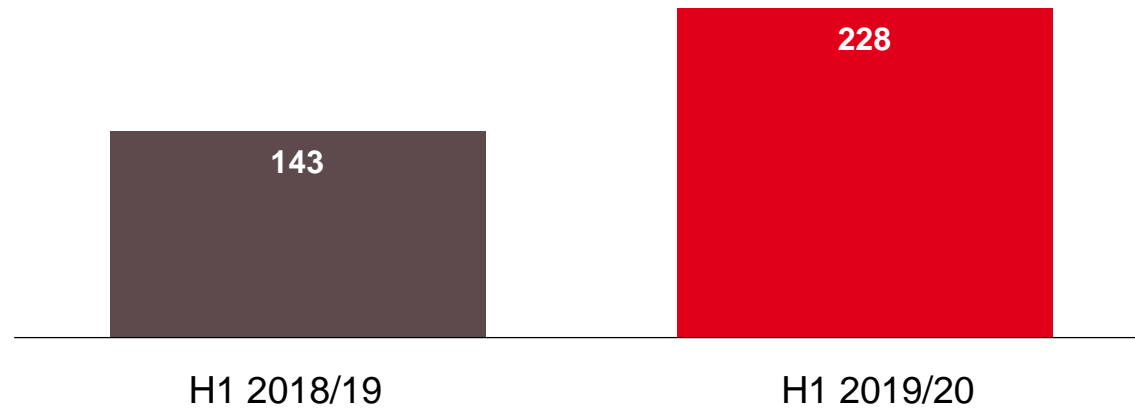
CKW
in CHF mn



- EBIT before STENFO value fluctuations of CHF 82 mn (previous year: CHF 48 mn)
- Higher electricity prices
- Successful energy trading
- Negative effect from impairment reversals in previous year

EBIT by segment

Trading & Sales in CHF mn

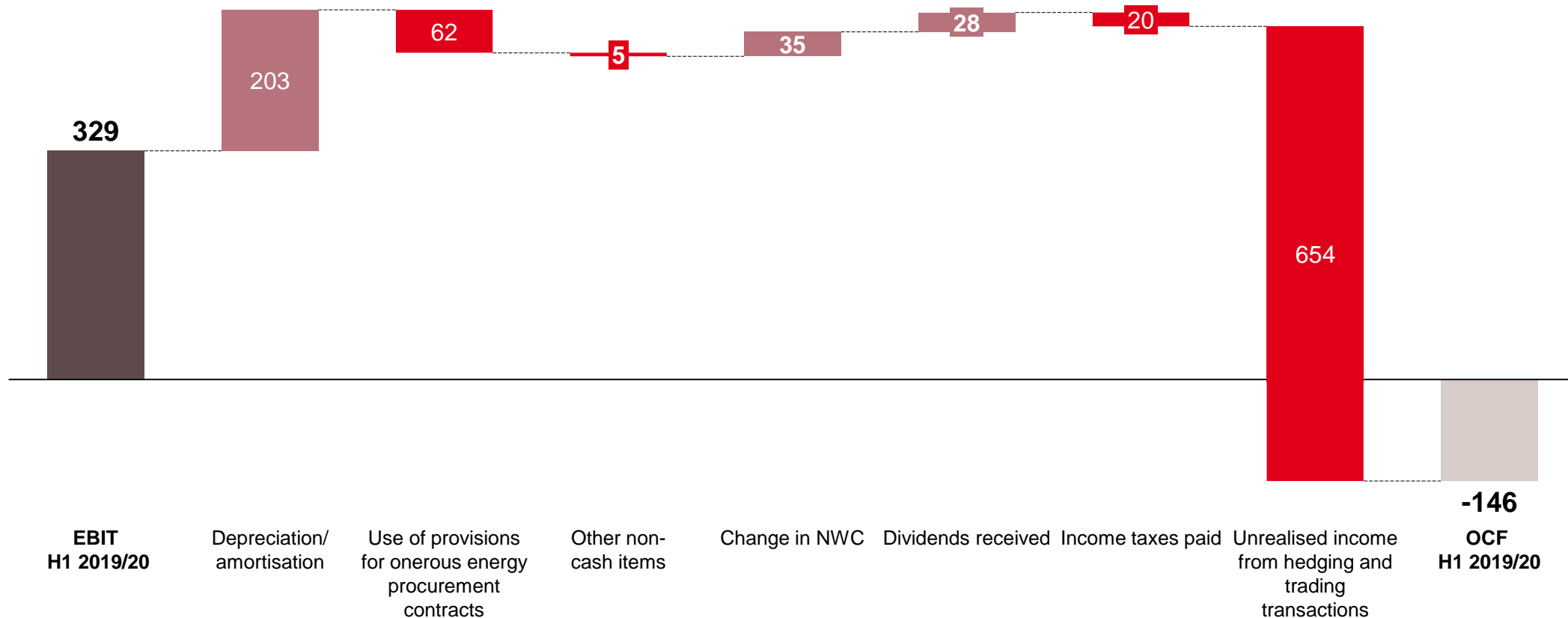


- All trading divisions record significant improvement
- High unrealised trading income
- Volatile market price fluctuations lead to higher hedging effects compared with previous year

	H1 2018/19	H1 2019/20
in CHF mn		
Gross margin asset-backed trading	81	111
Gross margin origination and proprietary trading	238	377
Gross margin	319	488
Operating expenses	- 154	-211
EBIT before FX and hedging effects	165	277
Foreign exchange effects	43	45
Hedging effects	- 21	-126
Other reconciliation items	- 44	32
IFRS EBIT	143	228

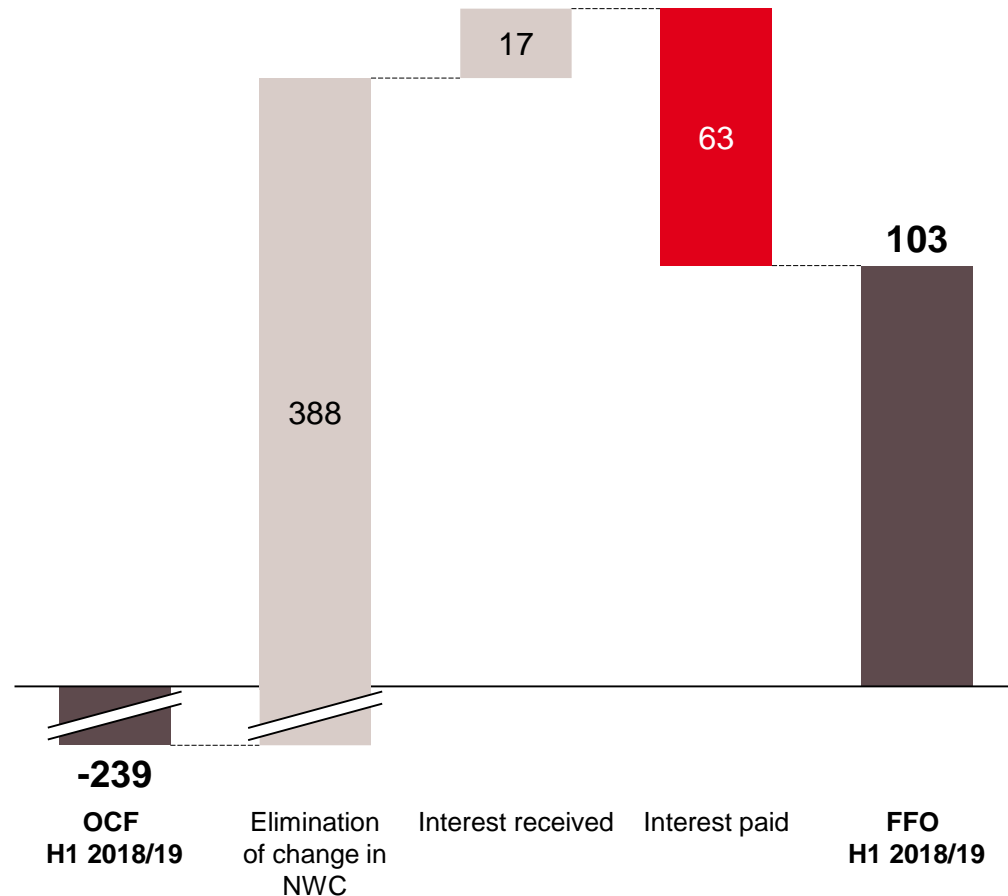
Cash flow heavily driven by unrealized income from hedging and trading transactions

in CHF mn

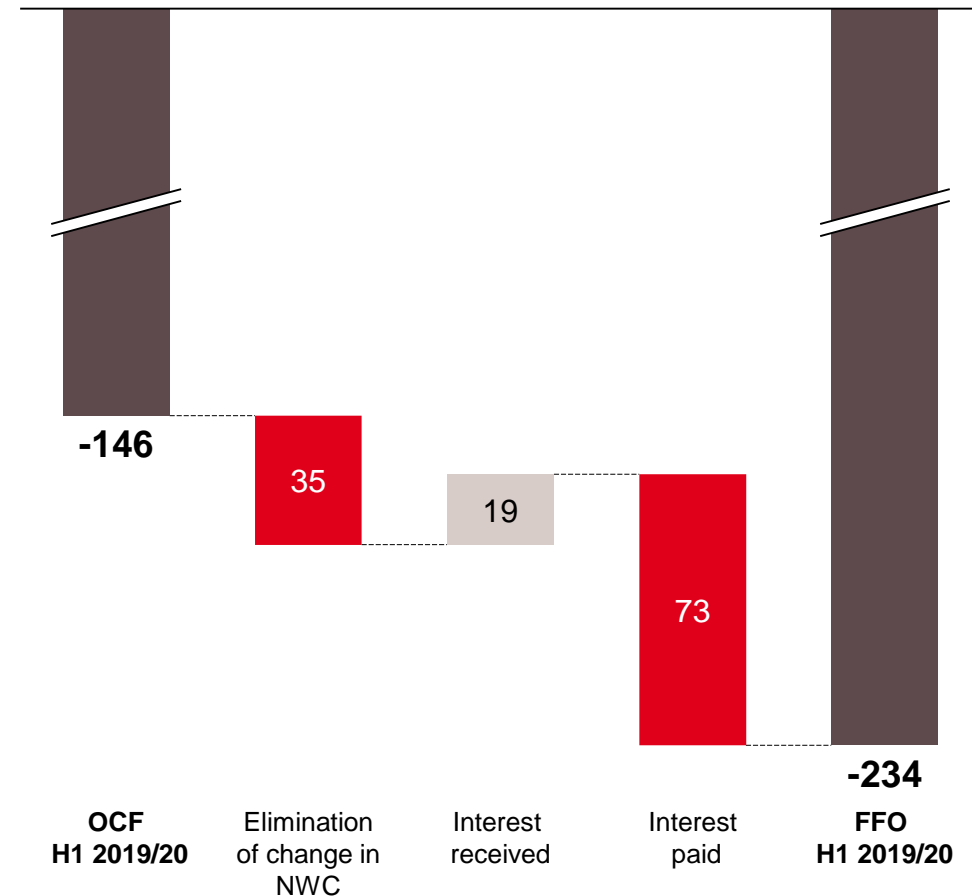


Fewer funds tied up in net working capital compared with previous year

H1 2018/19 in CHF mn



H1 2019/20 in CHF mn



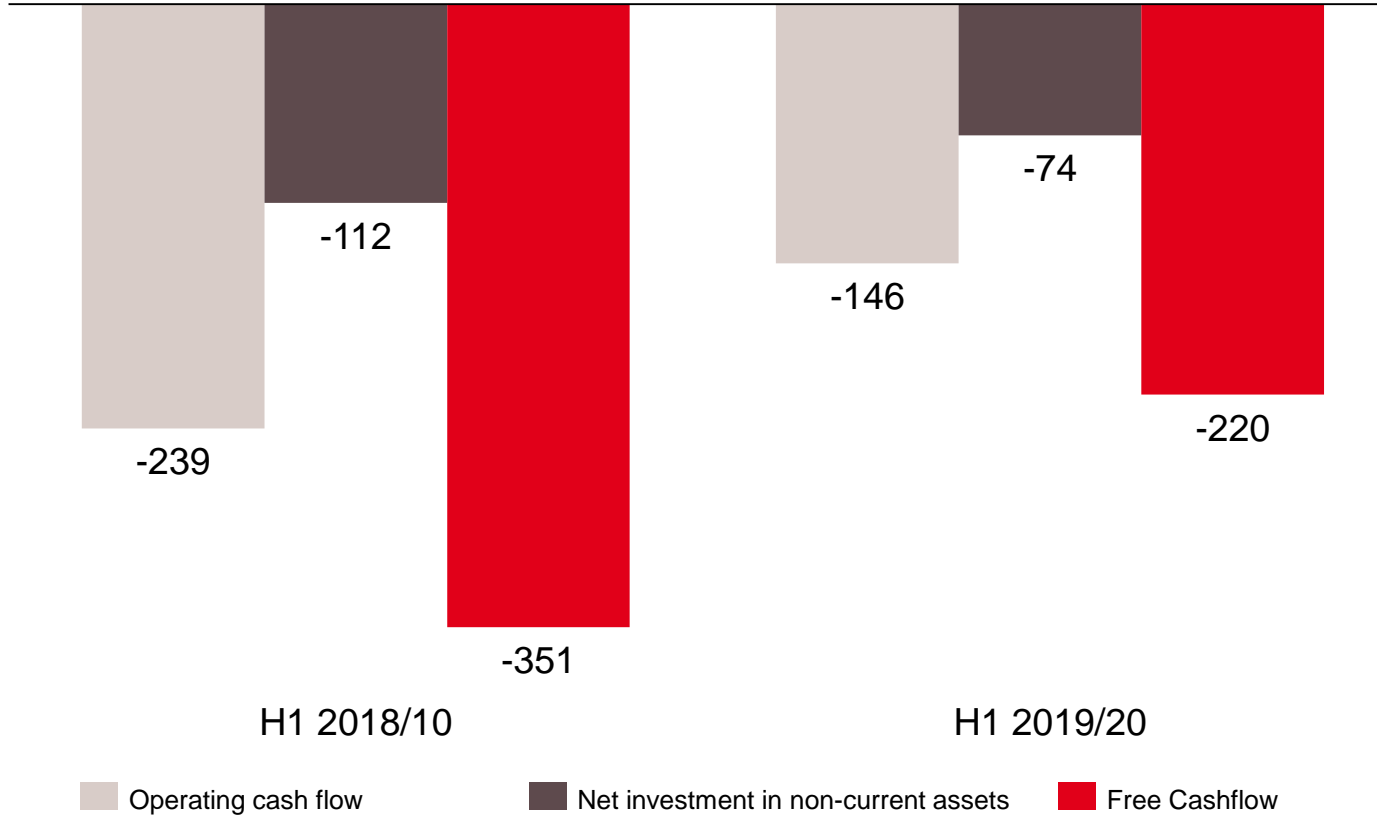
Investments primarily in grids and new energies

in CHF mn	H1 2018/19	H1 2019/20	Change
Hydro energy	13	12	-1
Nuclear energy	7	3	-4
Grids	32	34	+2
New energies	18	19	+1
Other effects	42	6	-36
Net investment	112	74	-38

- Other: Divestments of non-strategic wind farms in France

Free cash flow

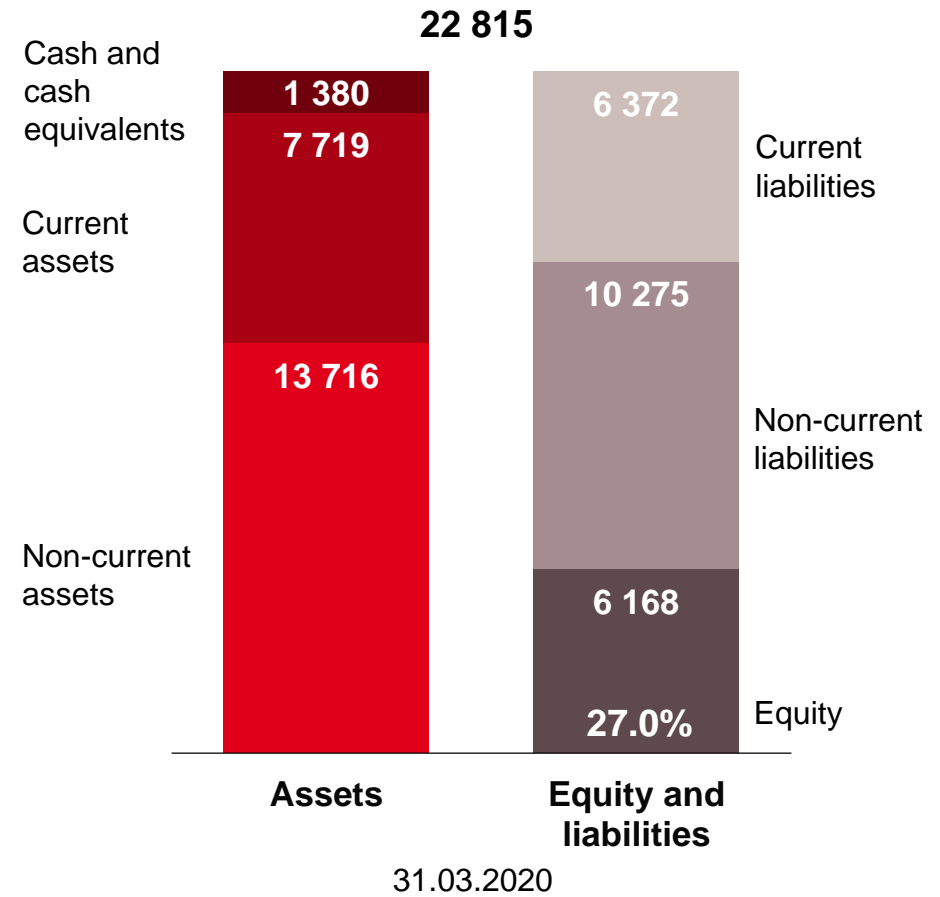
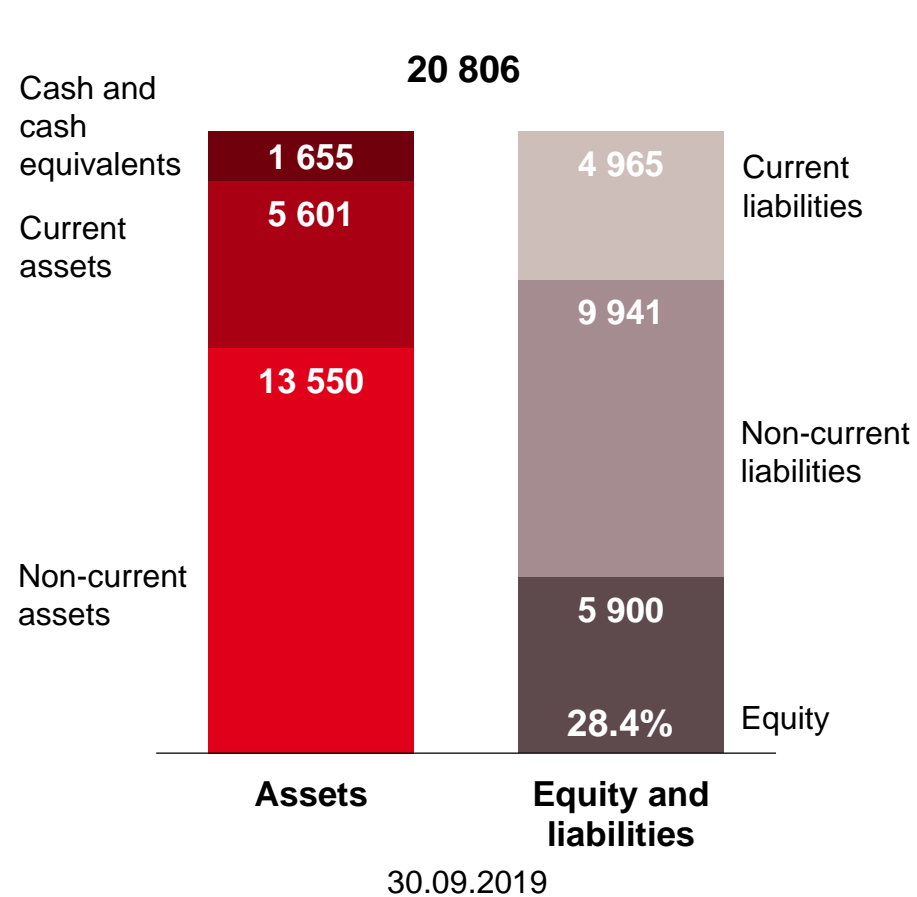
in CHF mn



- Improved free cash flow due to higher operating cash flow and lower net investments

Equity increases to CHF 6.2 billion

in CHF mn / equity ratio in %

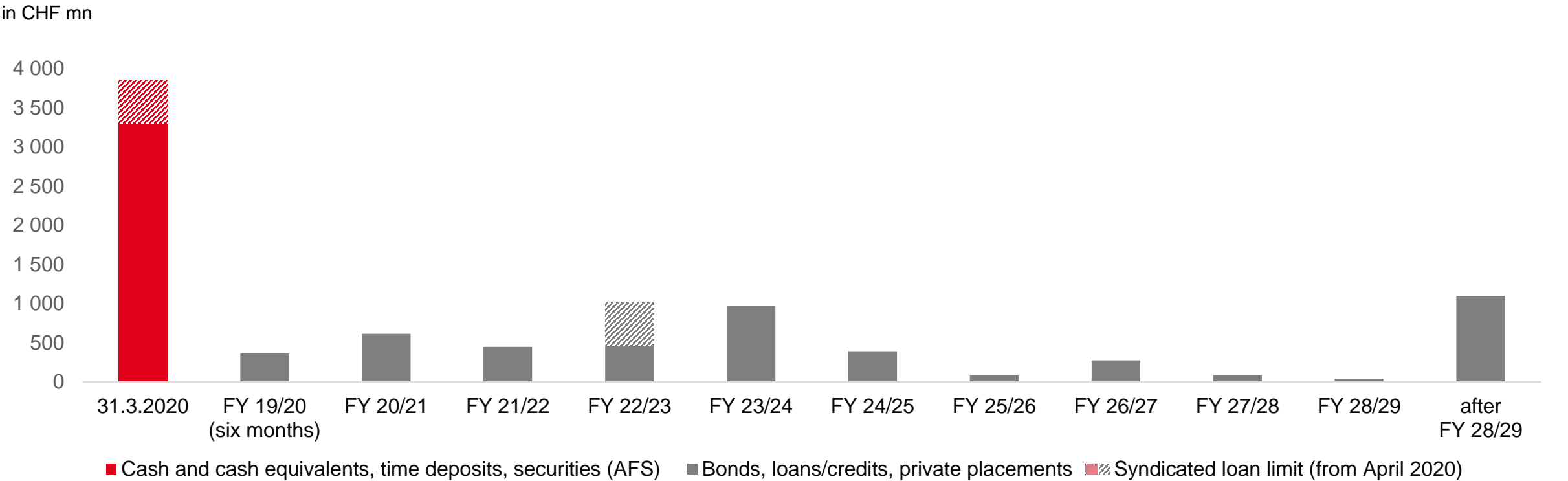


Decline in net financial position with high liquidity

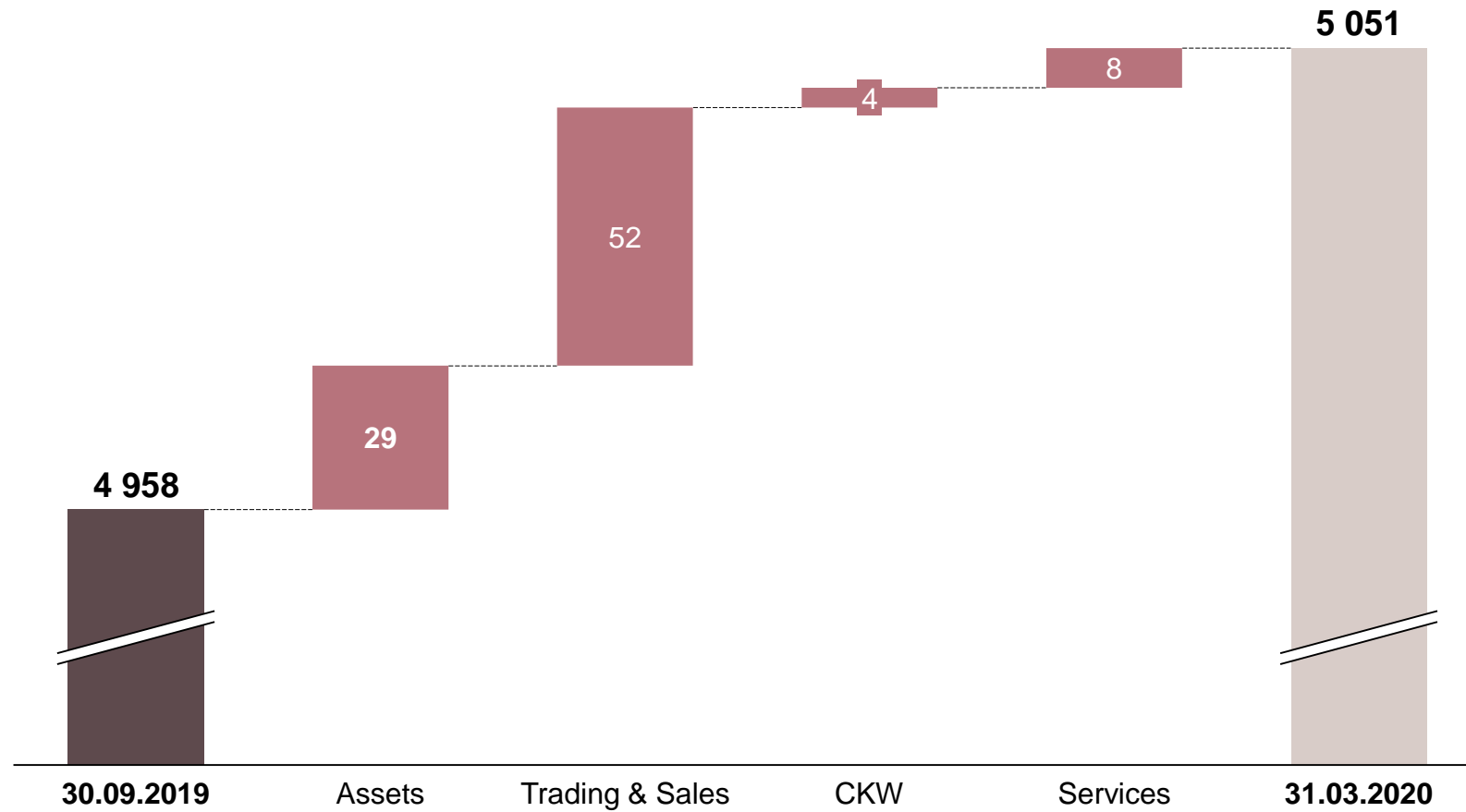
in CHF mn	30.09.2019	31.03.2020
Current financial liabilities	-941	-666
Non-current financial liabilities	-4 205	-4 314
Total eligible debt	-5 146	-4 980
Cash and cash equivalents	1 655	1 380
Time deposits	733	535
Non-current financial assets	1 500	1 382
Total liquidity	4 535	3 297
Net financial position	-1 257	-1 684
Other financial receivables	647	596
Net financial position (incl. other financial receivables)	-610	-1 088

- Repayment of bond and negative free cash flow reduce liquidity on the balance sheet
- Conclusion of a committed syndicated loan in the amount of CHF 550 million in April 2020 (term min. three years)

Maturity profile of bonds and loans



Employees



- Development of personnel in international trading business and in photovoltaic sector



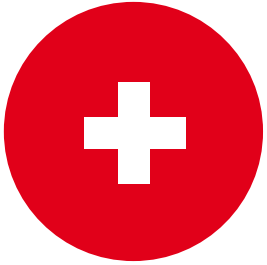
Implementation of Group strategy

Success factor for today and tomorrow

The **owner strategy** sets the framework for the Axpo Group strategy



Diversified and international



With strong base in
Swiss domestic market



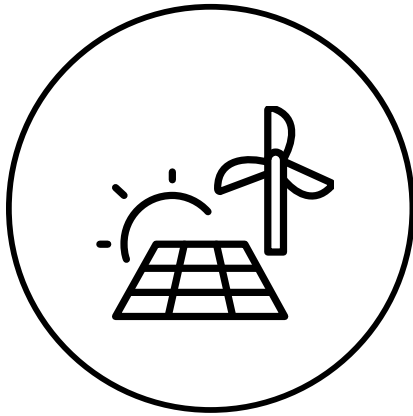
Leader in the international
electricity trading, in origination
and in the marketing of
renewables



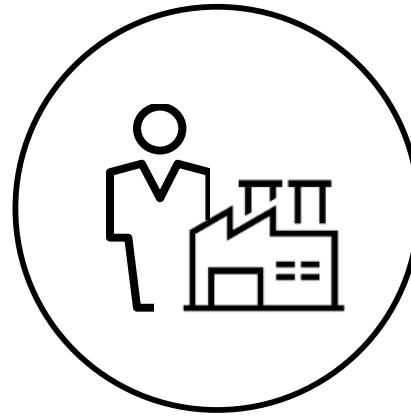
Key player in the
development of photovoltaic
and wind power in Europe

-
- Pooling of risks and exploitation of synergies along the value chain
 - Balanced investments in different growth areas and markets
 - Broad-based positioning supports participation in complementary market trends
 - Target vision in line with owner strategy

Focus for future growth



Photovoltaics
Wind power



Origination



CKW smart energy

Digitalisation & Innovation

Employees

Growth initiatives



Entry as photovoltaic developer in Italy and Spain



Expansion of PPA business for photovoltaics and wind in Europe and USA



Positioning in smart energy
One-stop shop in Switzerland



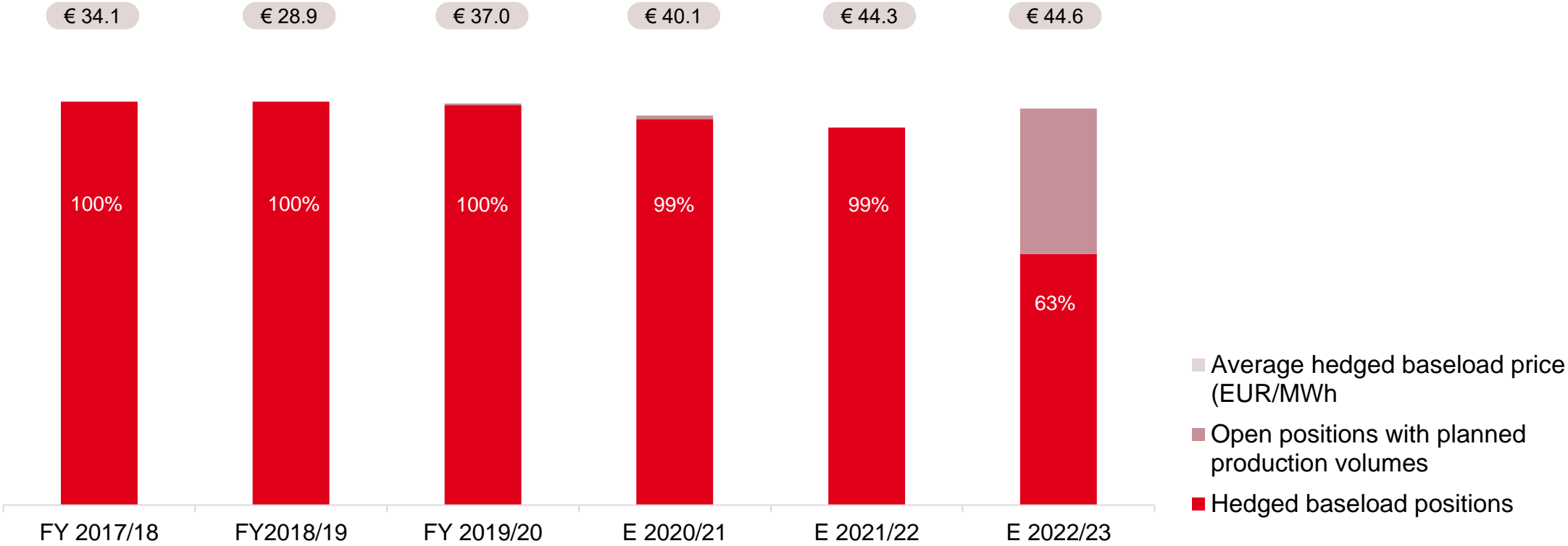
Outlook

2020: Development of wholesale prices

Baseload in Germany for 2023 calendar year in EUR



Currently hedged baseload positions



(as of 01.05.2020)

Priorities for 2nd half of 2019/20 financial year

Focus on **cost control**


Control/minimise impact of **coronavirus** on Axpo

**Outlook
FY 2019/20**
Coronavirus with many uncertainties – results expected to be significantly lower

Seize opportunities for growth:
digitalisation, renewables and international

Exert influence together with industry on **revision of Energy Act**

A man with glasses and a beard, wearing a dark blue polo shirt, is pointing his right index finger towards a large digital display. The display shows a complex hydraulic network diagram with various data points, flow rates, and labels. The diagram includes a blue line representing a pipeline, with several valves and pumps indicated by icons. Data points include flow rates like 1200.00 m³/s, 1273.05 m³/s, and 1273.05 m³/s, and power values like 1273.05 MW. Labels include 'Ramcaher', 'Ladik, Sebri', 'AB Tavanasi', and 'KUR Summe-?'. The background is dark, and the lighting is focused on the man and the display. The text 'Questions and answers' is overlaid in red at the bottom of the image.

a  **po**