

# Axpo Analyst Conference First half of 2021/22

Baden, 13 June 2022



# Agenda for Analyst Call

**Welcome**

**Key points for the first half of 2021/22**

**Financial developments**

**Outlook**

**Questions**

Andrea Wallimann, Moderator

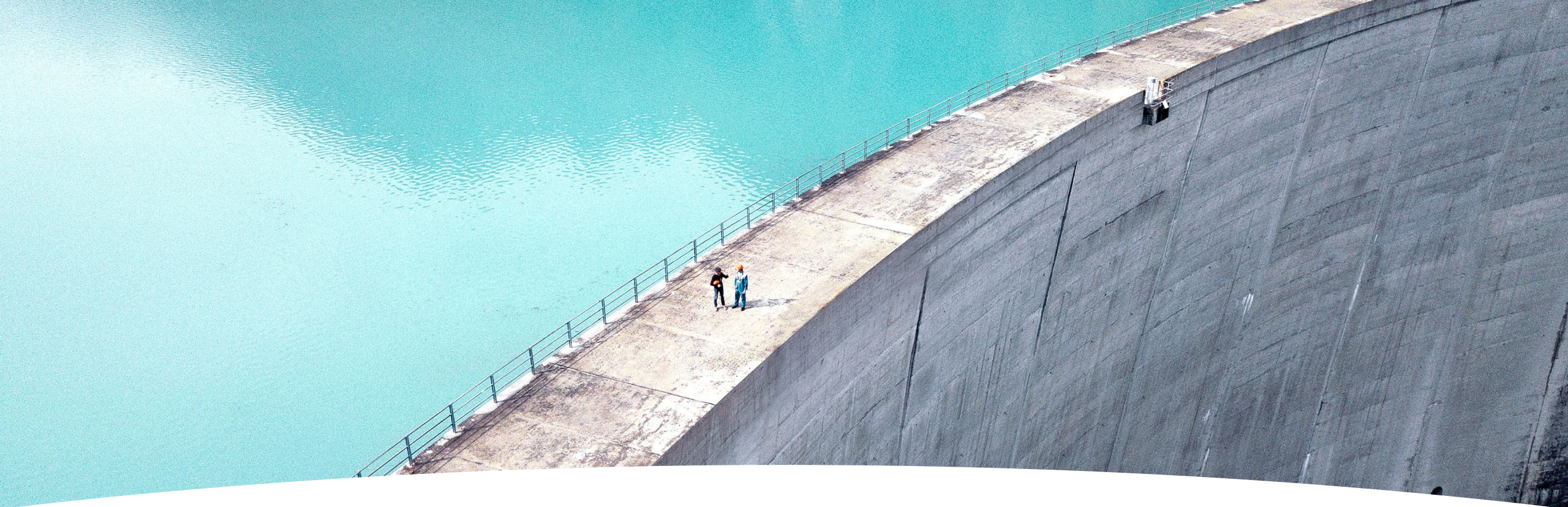
Joris Gröflin, CFO

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Joris Gröflin, CFO

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# 1 Key points for the first half of 2021/22





# Our strategy

# Our business areas

## 1 Renewable energy

- 10 GW in PV international
- 3 GW in onshore wind international

## 2 Trading & origination

- International growth
- Growth in origination with focus on PPAs
- Supports the expansion of renewable energies

## 3 Swiss business

- Leading role for CO2-free energy future
- Digitalization and efficiency
- Services for power utilities
- Leader in PV, batteries and hydrogen

## Generation & Distribution



- Hydro and nuclear power plants
- Wind
- PV international
- Distribution

## Trading & Sales



- Asset backed trading
- International origination and trading

## CKW

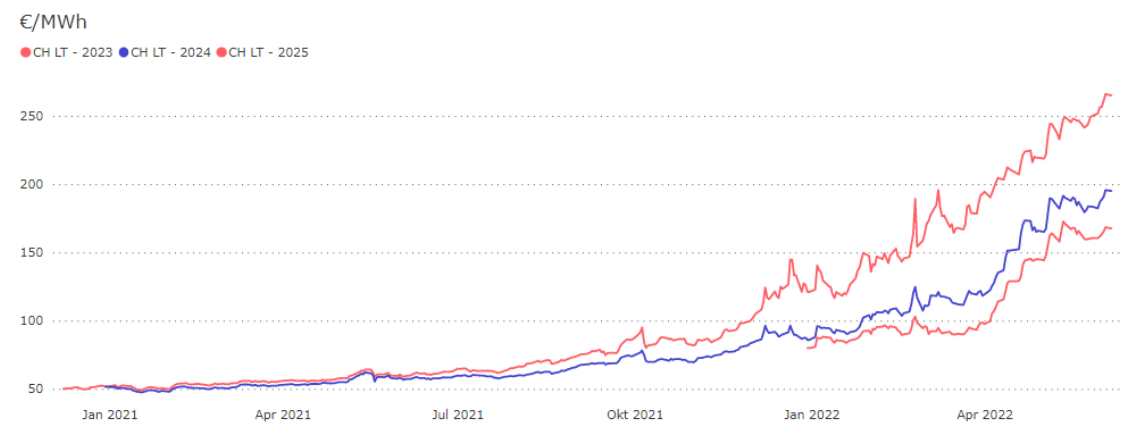


- Power generation
- Building technologies
- Distribution
- PV Switzerland

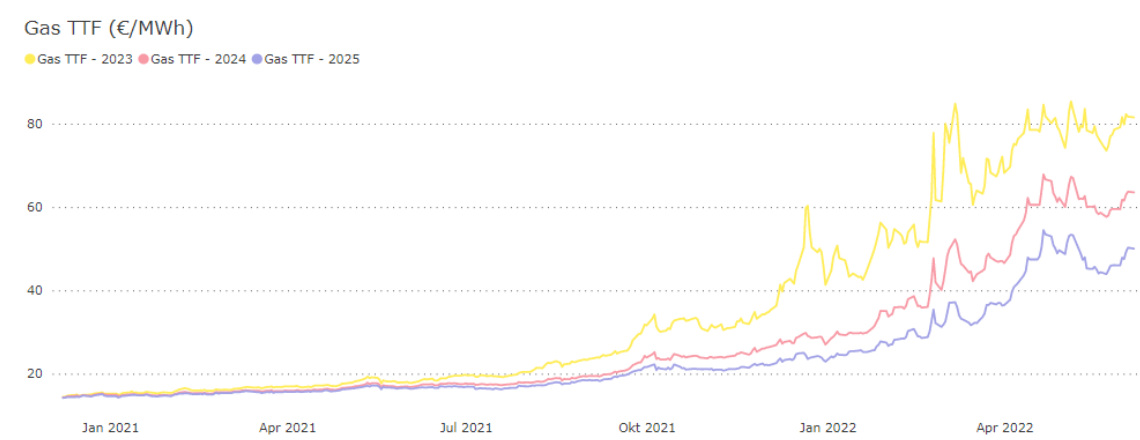


# Huge price increases and volatility already seen in 2021, further exacerbated by war

## Power and gas price trends in the past 18 months



Country	Unit	Delivery Year	Last	Average	Min	Max	Median
CH LT	€/MWh	Y-2023	265,10	102,55	49,18	266,01	75,86
CH LT	€/MWh	Y-2024	195,10	83,48	47,48	195,68	68,97
CH LT	€/MWh	Y-2025	167,60	113,77	79,93	172,65	95,60



Commodity	Unit	Delivery Year	Last	Average	Min	Max	Median
Gas TTF	€/MWh	2023	81,53	35,40	14,45	85,37	24,08
Gas TTF	€/MWh	2024	63,53	27,16	14,35	67,83	19,52
Gas TTF	€/MWh	2025	50,02	23,28	14,21	54,45	18,52

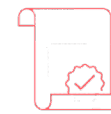
# Conclusion: very good result despite unprecedented situation on energy markets



Excellent operating result thanks to diversified business



High cash outflow due to hedging of Swiss production



Significant contribution to decarbonisation and supply security





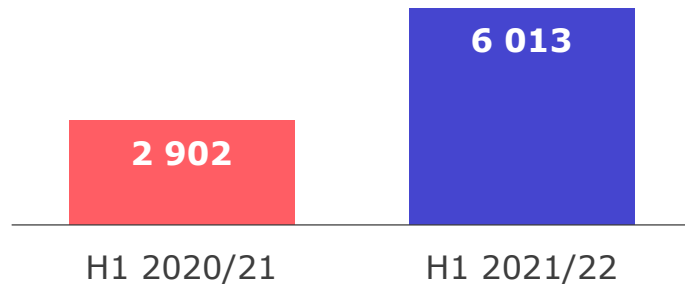
## 2 Financial performance





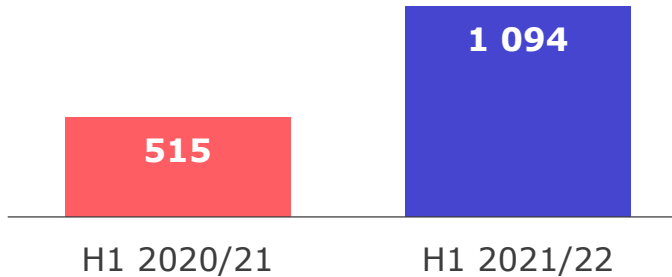
# Strong performance in challenging markets

**Total income**  
in CHF million



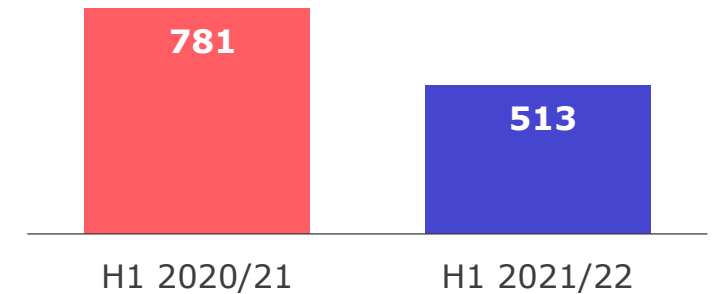
- Higher power and gas prices
- Higher result from energy trading
- Sale of wind/solar plants

**Adjusted EBIT**  
in CHF million



- Exceptional result in Trading & Sales
- Lower result from power generation

**Result for the period**  
in CHF million

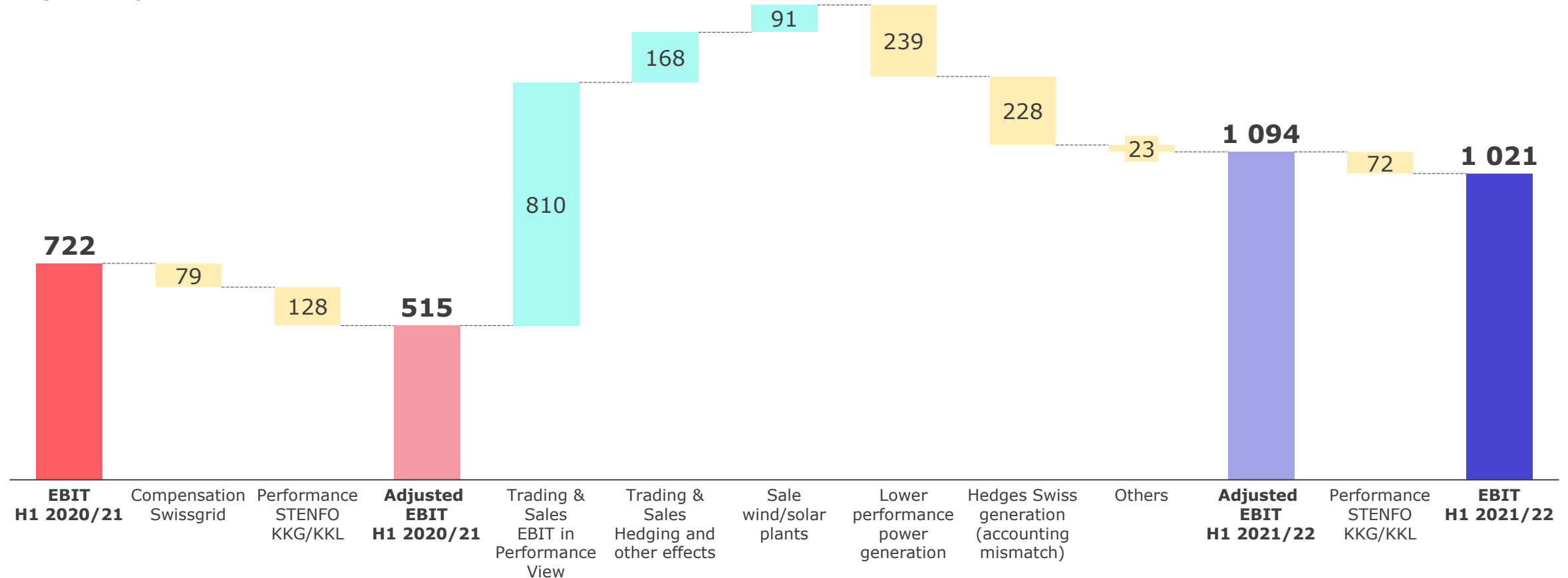


- Performance of STENFO and financial assets with negative impact of CHF 350 million vs. previous year



# Exceptional result in Trading & Sales more than compensate lower production volumes

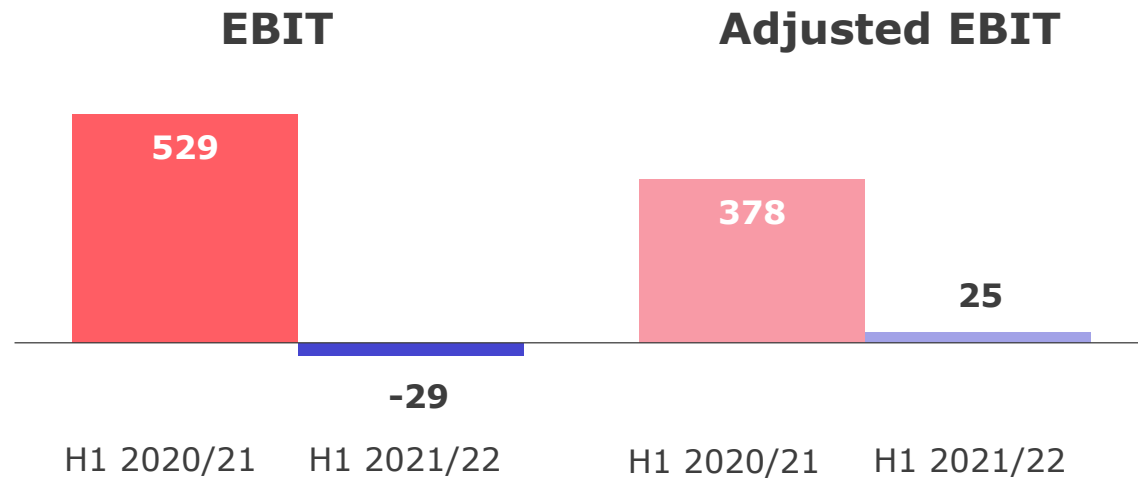
in CHF million



# EBIT by segment

## Generation & Distribution

in CHF million



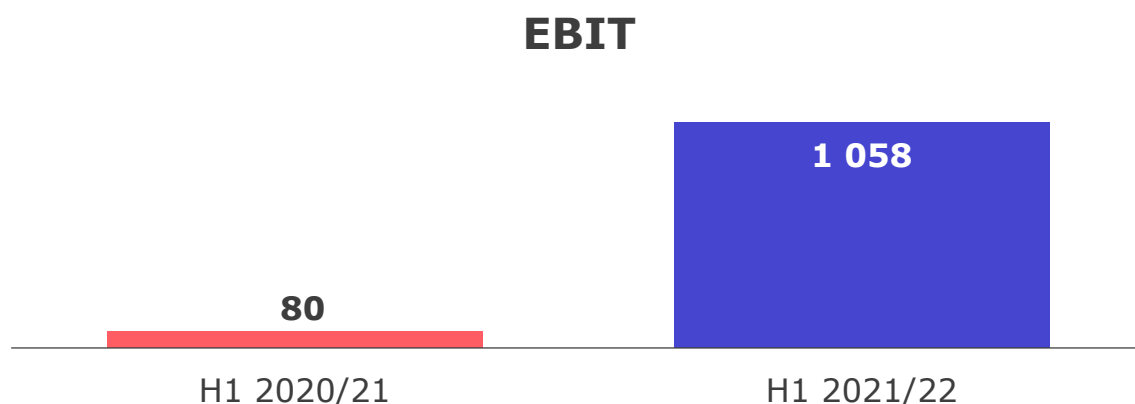
- Sale of wind/solar plants
- Extended maintenance of Leibstadt nuclear power plant and limited availability of nuclear power plants in France
- Lower generation of hydro power plants
- Negative impact from hedging of Swiss generation (accounting mismatch - unrealized)



# EBIT by segment

## Trading & Sales

in CHF million

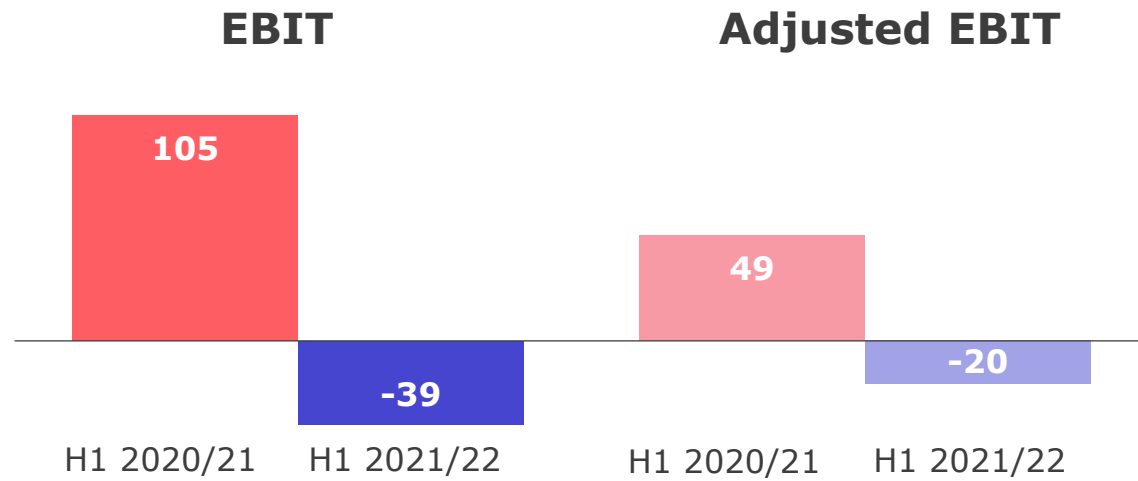


- Significantly exceeding previous year's result in all business activities
- High demand for tailor made energy solutions supports strong growth in Origination
- Benefits from broad diversification regarding geographical markets and lines of business

in CHF million	H1 2020/21	H1 2021/22
Gross margin asset-backed trading	51	459
Gross margin origination	166	531
Gross margin proprietary trading	93	281
<b>Gross margin</b>	<b>310</b>	<b>1 271</b>
Operating expenses	- 171	- 322
<b>EBIT in Performance View</b>	<b>139</b>	<b>949</b>
Hedging effects / other reconciliation items	- 59	+ 109
<b>EBIT IFRS</b>	<b>80</b>	<b>1 058</b>

# EBIT by segment CKW

in CHF million

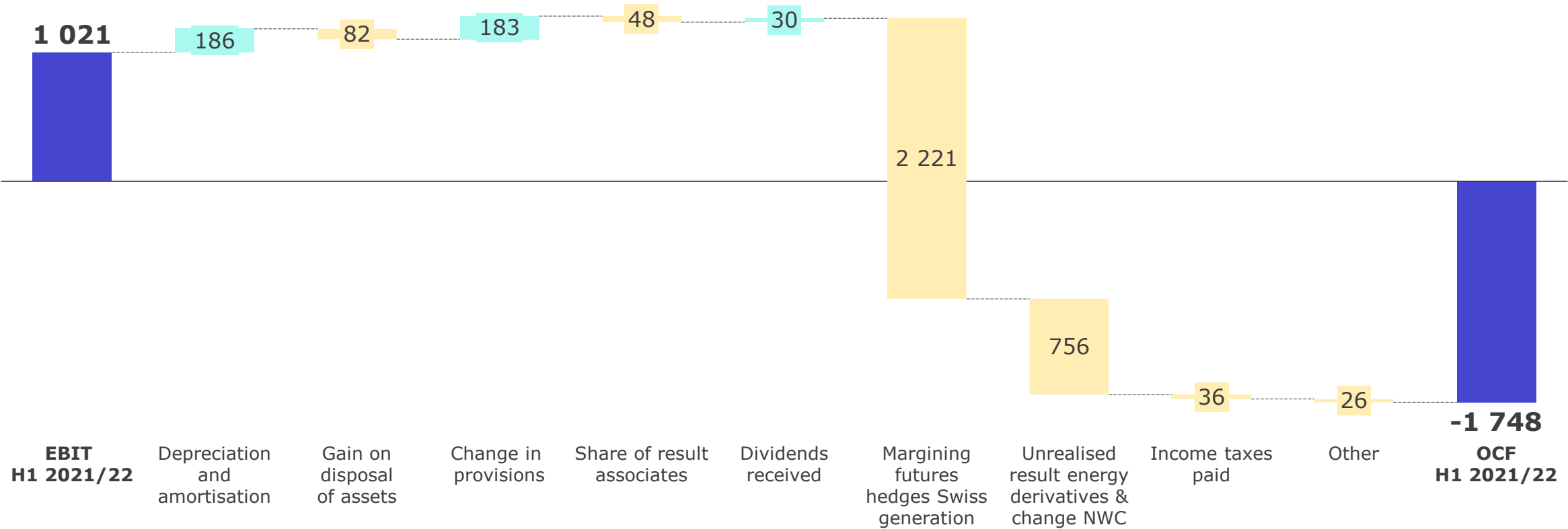


- Extended maintenance of Leibstadt nuclear power plant
- Limited availability of nuclear power plants in France



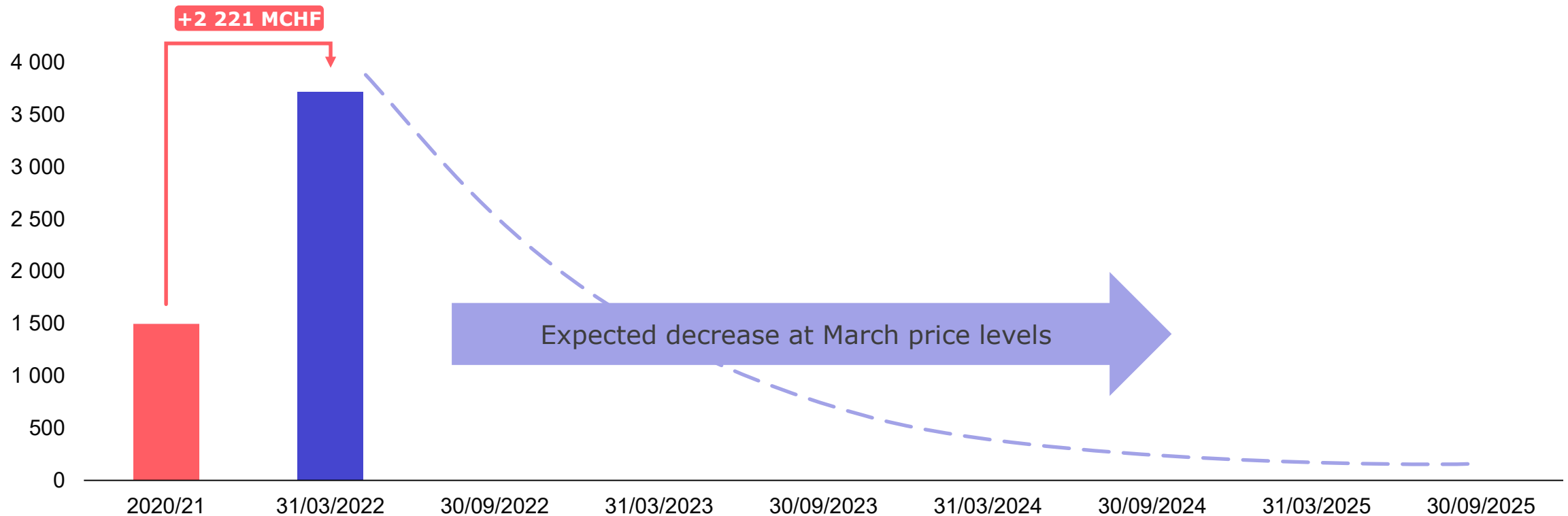
# Cash outflow due to Swiss generation hedging

in CHF million



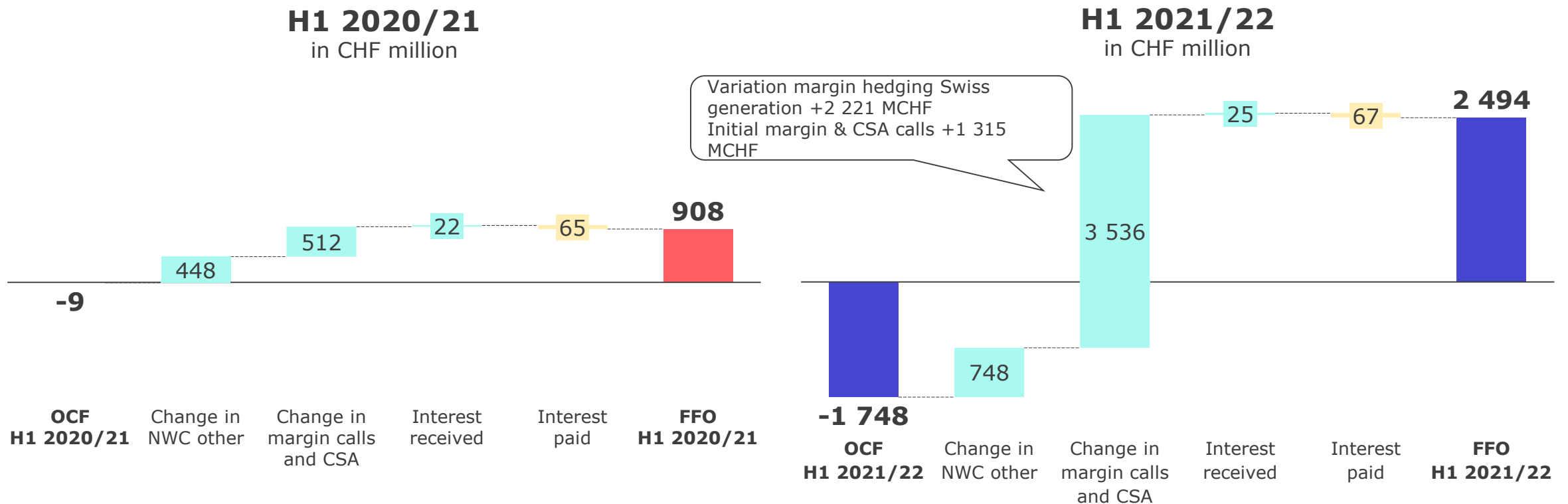
# CHF 3.7 billion of variation margin stem from hedging Swiss generation through futures

in CHF million





# Energy price increase with major impact on FFO



# Continuous investments in renewables

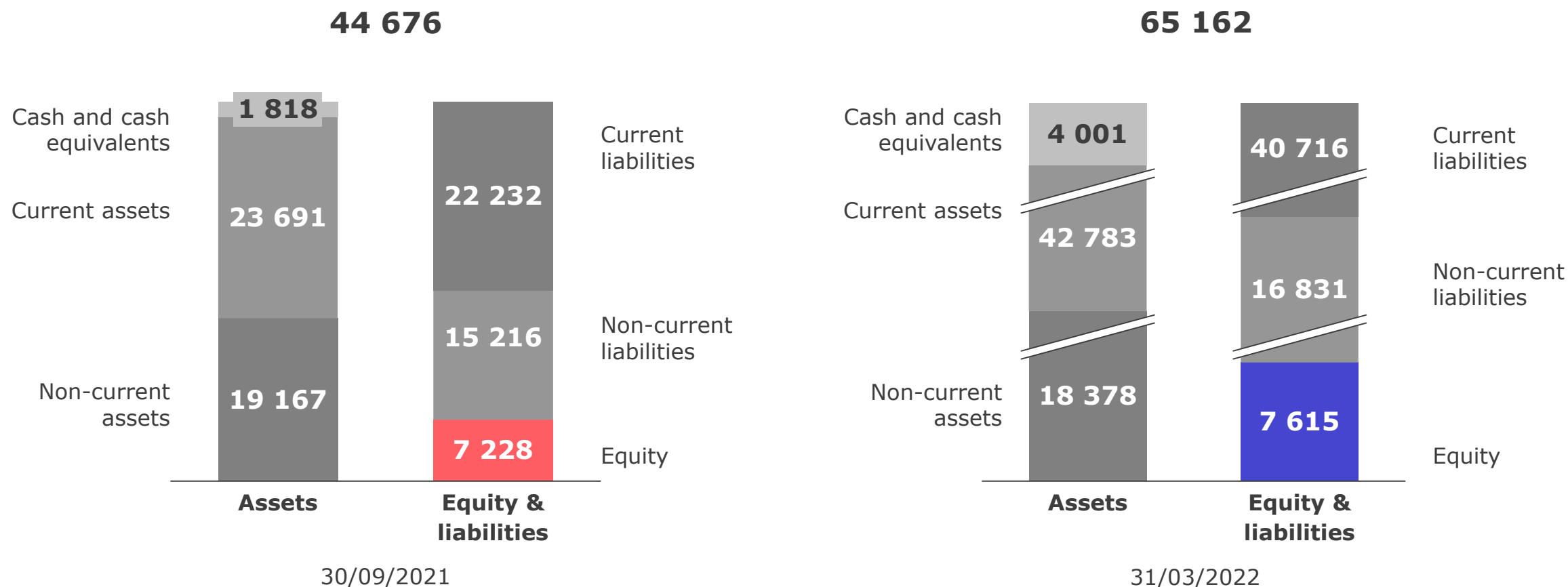
in CHF million

	H1 2020/21	H1 2021/22	Change
Hydro	9	13	+4
Nuclear	22	20	-2
Distribution	51	41	-10
Renewables	50	94	+44
Other effects	21	28	+7
<b>Gross investment</b>	<b>153</b>	<b>196</b>	<b>+43</b>
Divestment, other	-73	-49	+24
<b>Net investment</b>	<b>80</b>	<b>147</b>	<b>+67</b>

- Gross investment of CHF 196 million, of which
  - CHF 101 million in Switzerland
  - CHF 95 million international
- Continuous investments and divestments in renewables (asset light business model)
- Substantial investments in distribution
- Divestment of Avectris in previous year

# Equity increase to CHF 7.6 billion

in CHF million



# Why do derivative financial instruments increase significantly

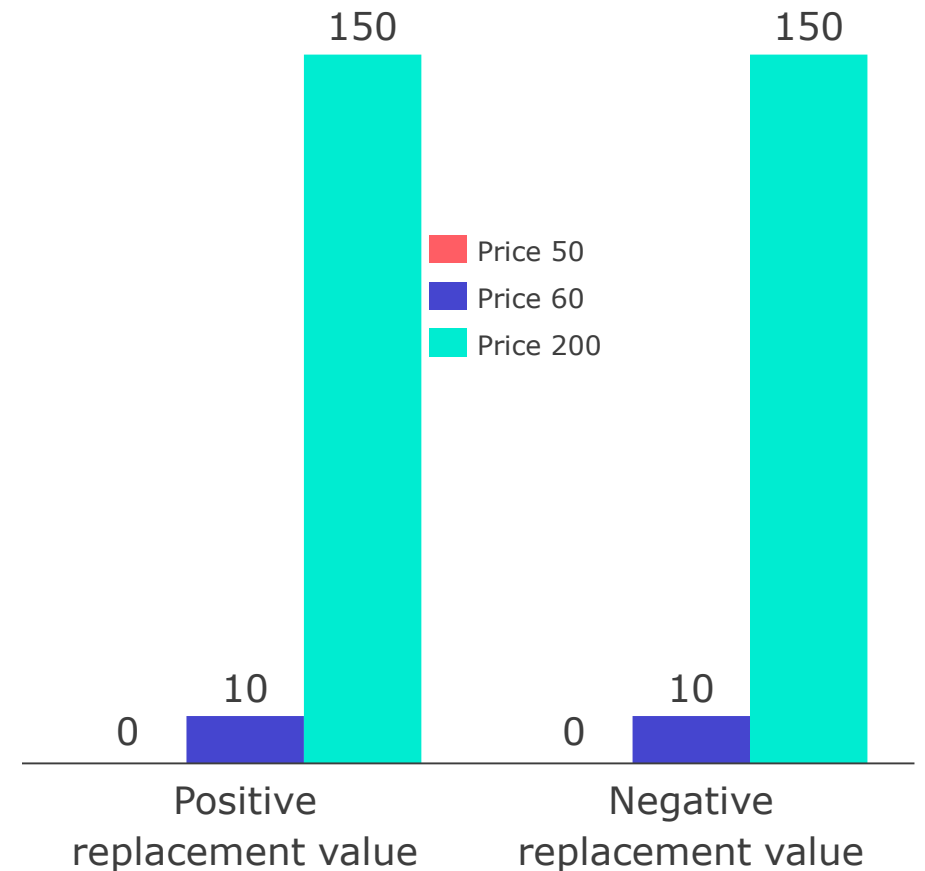
## Example of hedging Swiss generation

- Sale of power at the EEX Germany (futures) at 50 EUR/MWh
- Repurchase OTC (forward) power Germany with counterparty A
- Sale OTC (forward) of power in Switzerland with counterparty B

Price increase from 50 EUR/MWh to 60 EUR/MWh, derivative financial instruments increase by 10 EUR on asset and liability side

Prices increase from 60 EUR/MWh to 200 EUR/MWh, derivative financial instruments increase by another 140 EUR on asset and liability side

**The example shows that replacement values, total balance sheet and equity ratios are not suited for inference about open positions, risks or hedging strategy**





# Focus on liquidity management and funding

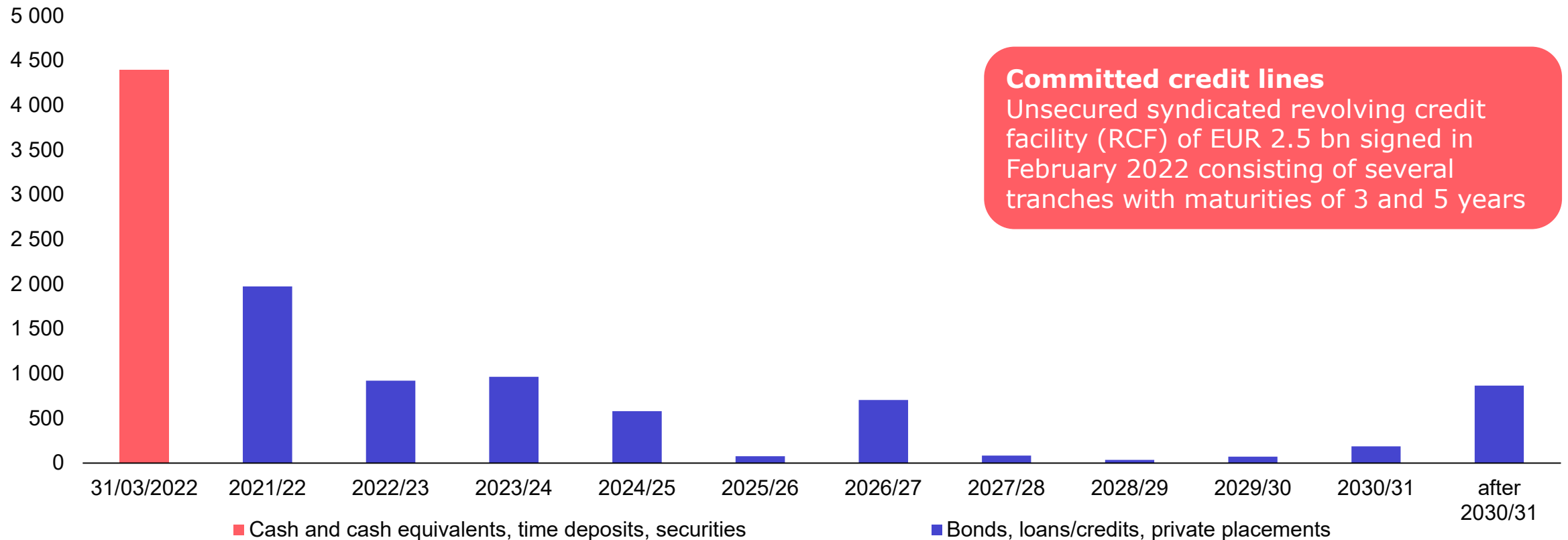
in CHF million

	30/09/2021	31/03/2022
Current financial liabilities	-812	-2 673
Non-current financial liabilities	-3 680	-3 943
<b>Total eligible debt</b>	<b>-4 492</b>	<b>-6 617</b>
Cash and cash equivalents	1 818	4 001
Time deposits	760	125
Financial assets	1 690	270
<b>Total liquidity</b>	<b>4 268</b>	<b>4 396</b>
<b>Net financial position</b>	<b>- 223</b>	<b>- 2 221</b>

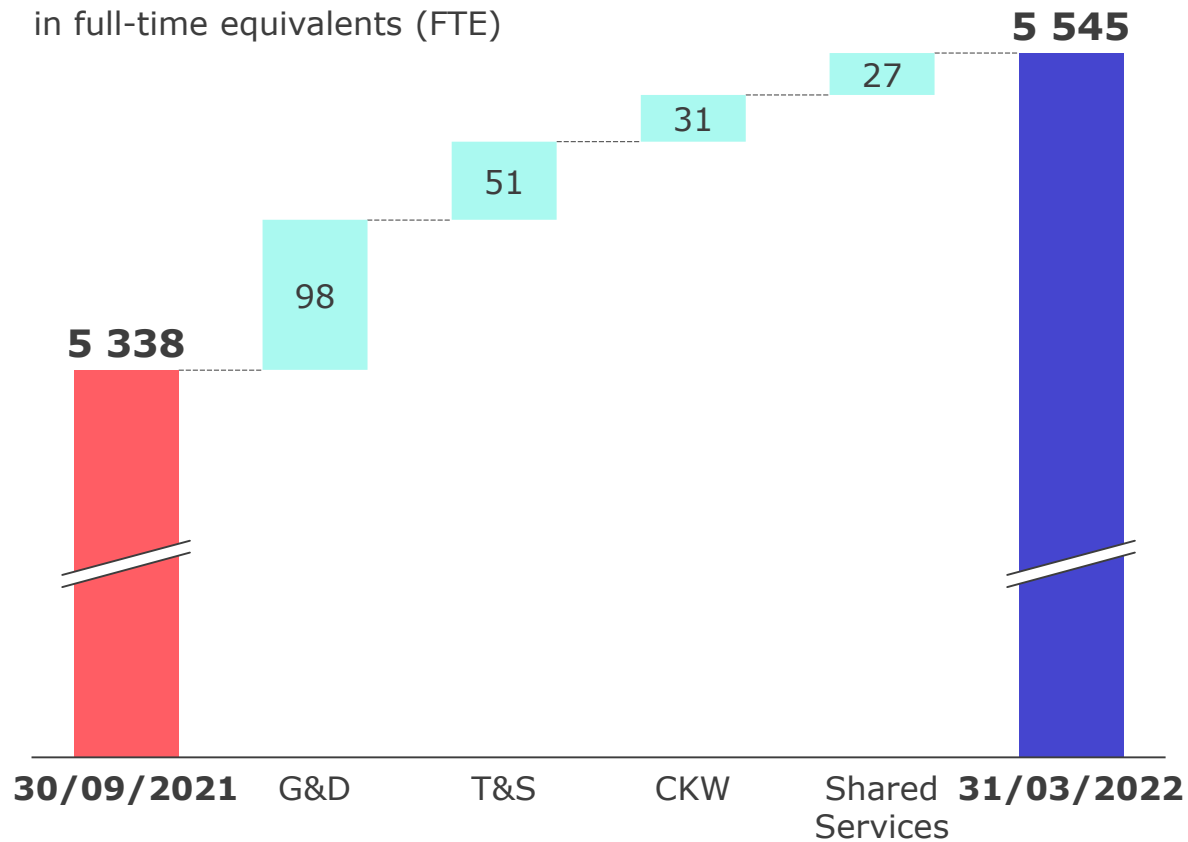
- Cash outflow compensated by additional funding
- Additional credit lines to absorb further impacts
- Placement of sustainability-linked bond in amount of CHF 500 million
- Signing of a EUR 2.5 bn unsecured syndicated revolving credit facility (RCF)
- Strengthening liquidity position of the Group

# Balanced maturity profile of bonds and loans

in CHF million

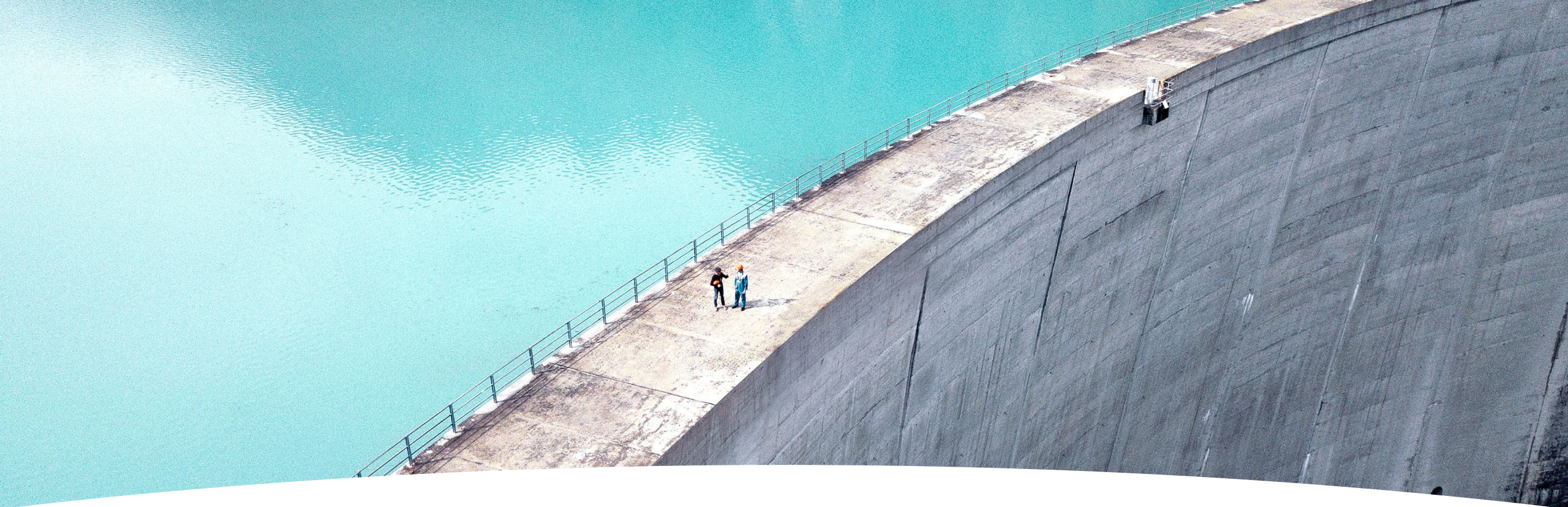


# Growth in strategic areas



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





# 3 Outlook





# Outlook

## Positive medium term impact



The current situation makes the short-term outlook highly uncertain.



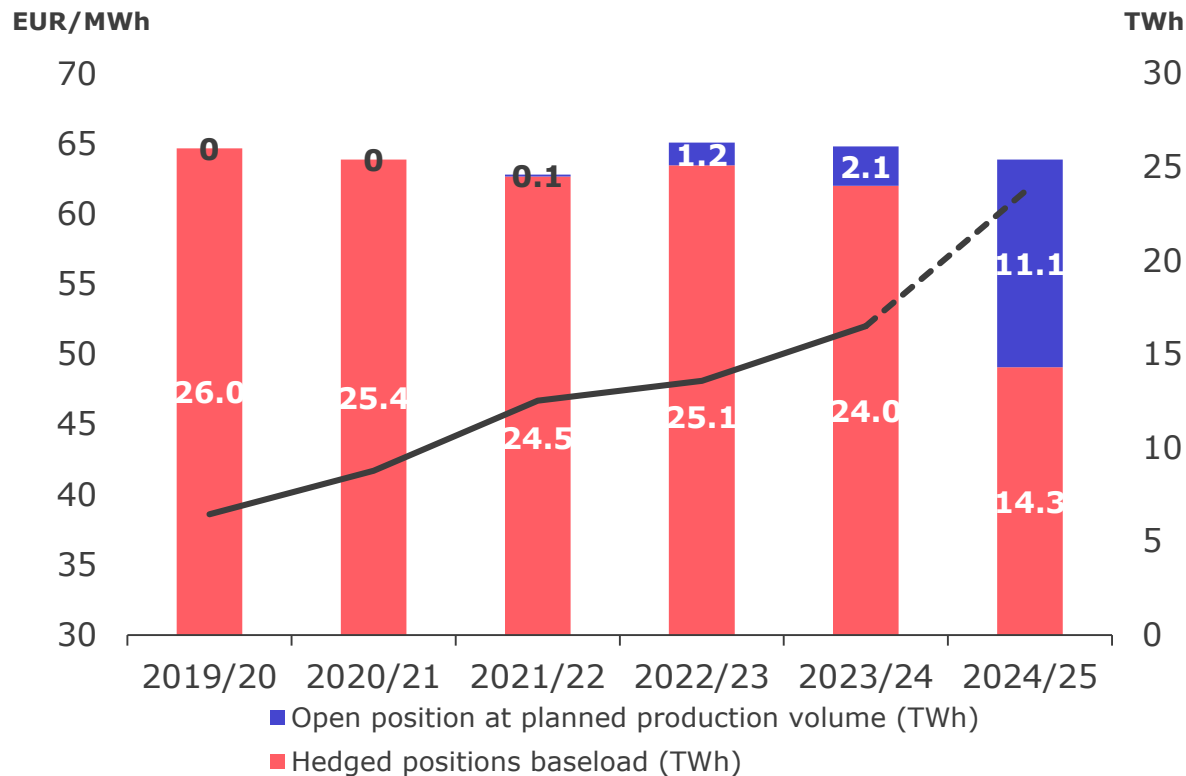
In the medium term, higher prices will have a positive effect on Axpo's results.



Cash tied up as collateral will flow back to the company.

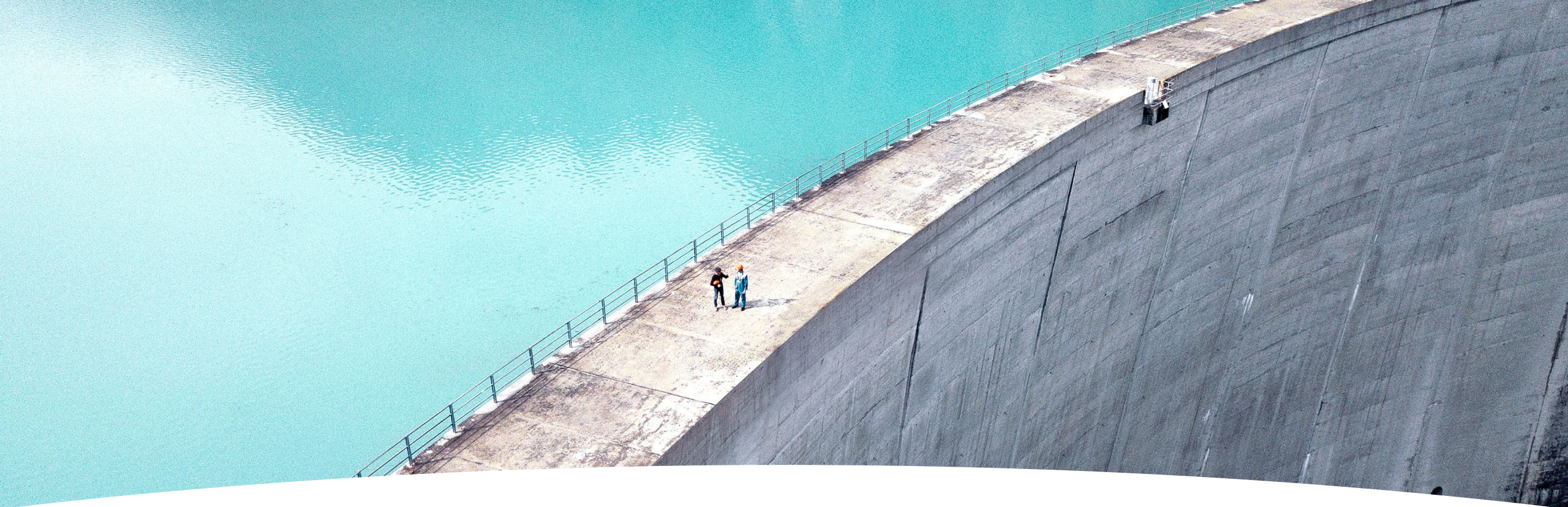
# Outlook

## Hedged baseload positions (as of 31/03/2022)



- Higher electricity prices: production hedged at higher prices
- Total volume of 67 TWh was hedged as of 31 March 2022





# 5 Questions

