

## Ad hoc announcement pursuant to Art. 53 LR

# Media release

11 June 2021

## Axpo posts higher operating result

- **Operating result of CHF 515 million achieved, a slight increase on the previous year**
- **International presence expanded in line with strategy, investments made in renewable energies, hydrogen and battery businesses launched and Avectris sold**

The Axpo Group achieved a good result in the first half of the 2020/21 financial year (1 October 2020 until 31 March 2021). Before special effects, operating profit (adjusted EBIT) increased by 4 per cent over the previous year to CHF 515 million.

Christoph Brand, CEO of Axpo: “As evidenced by the good results for the first half of the 2020/21 financial year, the performance of our operating business is steady. At the same time, we’re also working on setting the course for the future. We’ve expanded our international presence, are continuing to successfully invest in renewable energies, and are also investing in future-oriented technologies like batteries and hydrogen. In Switzerland, too, we would like to ramp up our investment in renewable energies. To that end, we have contributed to the political debate by proposing several different solutions, one of which is a floating market premium. We will continue to promote advances in the transition to a CO<sub>2</sub>-free energy future.”

### Good operating performance

The increase in the hedged electricity price on the electricity market in the first half of the 2020/21 financial year resulted in a CHF 115 million year-on-year increase in total revenues to CHF 2,902 million.

Operating earnings (EBIT) amounted to CHF 722 million. A year-on-year comparison of operating earnings needs to factor in fluctuations in the funds for the decommissioning and disposal of nuclear power plants (STENFO). The collapse of the financial markets in March 2020 had a highly negative impact on the STENFO return in the income statement of the prior-year period. During the current reporting period, on the other hand, positive financial market development sent the STENFO return soaring.

After adjusting for these financial market fluctuations and the one-off additional compensation for the transfer of the power grid to Swissgrid (based on the ruling by the Federal Electricity Commission, ElCom), the operating result came to CHF 515 million, which is slightly higher than in the previous year. This increase is attributable in particular to higher production revenues. These more than offset the lower trading result, which had been extremely high in the prior-year period.

The net result amounted to CHF 781 million. Here, too, developments on the financial markets made an extremely positive contribution during the reporting period. Net debt increased from CHF 1,181 million to CHF 1,229 million and liquidity remained high. Equity rose from CHF 6,734 million to CHF 7,626 million.

## **Leading position in electricity marketing reinforced**

During the reporting period, Axpo reinforced its role as a leading marketer of renewable energy in Europe and, among other things, concluded a PPA with CGN Europe Energy to market the full output of Belgium's largest onshore wind farm. The 82 MW, 11-turbine wind farm produces some 150 GWh of electricity every year. Axpo concluded an extremely important electricity supply agreement in Poland: In the future, Axpo Polska will supply Johnson Matthey, a leader in sustainable technologies, with green electricity to operate an e-car battery factory in Konin. The factory is expected to be commissioned in 2022.

## **Outside Switzerland: investment increased in renewable energies and new technologies; presence expanded**

Volkswind and Urbasolar have continued to grow. Volkswind realised projects involving around 80 MW during the reporting period, while Urbasolar has projects with a total of 300 MW that are still under construction but scheduled for completion during the current financial year. Axpo is currently setting up dedicated departments for both the Batteries and Hydrogen business areas. Batteries and hydrogen will rapidly gain in importance in the coming years as a means of storing electricity from renewable sources and making it permanently available. In all areas, Axpo aims to accelerate growth in existing markets and tap new markets. In this context, Axpo opened new offices in Singapore and Greece at the end of 2020, further strengthening its international presence.

## **Inside Switzerland: growth limited by regulatory conditions**

While Axpo is driving growth in renewable energies in international markets, the regulatory conditions in Switzerland mean that there are still only very few opportunities to do this at home. However, Axpo continues to advance as Switzerland's largest producer of renewables. This is demonstrated by the unique "AlpinSolar" project, construction on which began in June. Initiated by Axpo, this joint project to install a large-scale alpine solar plant on the Muttsee dam will be realised in cooperation with IWB. Within the scope of Switzerland's first big solar PPA, the Denner retail chain will be purchasing alpine solar power for a 20-year period. In the retail solar energy business, Axpo and its subsidiary CKW are successful in terms of their market in Central Switzerland and the way they take an ambitious approach to the future. CKW's focus is on photovoltaic systems on the roofs of residential dwellings, larger buildings and public facilities. It is expanding this business segment with the takeover of Solarville AG, as announced in May 2021.

In the coming months, Axpo will continue to drive forward the implementation of the Group strategy. The Group's ongoing growth initiatives are supported by a number of overarching initiatives, for example in the area of advanced analytics and data platforms. Henriette Wendt, who left Microsoft Switzerland to join Axpo on 1 June 2021 as its Chief Operating Officer and member of the Executive Board, will also play an important role in these overarching initiatives.

## **Outlook**

The higher price of electricity is enabling Axpo to hedge its production at higher prices. Since January 2021, there has been a tendency in the market for years in the near future, such as 2022 and 2023, to achieve higher prices than later years. A higher price level than today is also foreseeable for later years, however, and that will tend to have a positive impact on the result in the upcoming financial years.

Financial market volatility means that fluctuations can be expected in the value of the STENFO funds and the securities portfolio in future, which will have a corresponding impact on the result. The result for the current financial year will be influenced, among other things, by the further effects of the pandemic. Defaults due to customers' inability to pay were low at Axpo in the first half of the year. Should the economic situation stabilise, no negative effects on the result are expected in this context. Taking into account the special items incurred in the first half of the year and in anticipation that the operational business will remain solid, the company expects the operating result for the 2020/21 financial year to be lower than in the previous year.

### Key figures of the Axpo Group, first half of 2020/21

(1 October 2020 to 31 March 2021)

	HY 2020/21 in CHF million	HY 2019/20 in CHF million
Total income	2 902	2 787
Earnings before interest and tax (EBIT, before STENFO value fluctuations and additional compensation for transmission systems)	515	496
as % of total income	17.7%	17.8%
Earnings before interest and tax (EBIT)	722	329
as % of total income	24.9%	11.8%
Result for the period	781	-24
as % of total income	26.9%	-0.9%
Cash flow from operating activities	-9	-146
Net investments in non-current assets (excl. loan receivables)	-80	-74
Total assets	25 034	22 815
Equity incl. non-controlling interests	7 626	6 168
Equity ratio in % of total assets	30.5%	27.0%
Employees (full-time equivalents)	5 069	5 051

**About Axpo:** Axpo is Switzerland's largest producer of renewable energy and an international leader in energy trading and the marketing of solar and wind power. 5,000 employees combine experience and expertise with a passion for innovation. Axpo develops innovative energy solutions based on state-of-the-art technologies for its customers in 30 countries in Europe, North America and Asia.

**Further information**

Axpo Holding AG, Corporate Communications

T 0800 44 11 00 (Switzerland), T +41 56 200 41 10 (International)

[www.axpo.com](http://www.axpo.com)