

Press release

12 June 2023

Axpo achieves exceptional half-year results

In the first six months of financial year 2022/23, the Axpo Group successfully implemented its strategy in what continued to be a challenging environment. A solid operational performance led to positive earnings contributions from all areas of the business, with international trading once again delivering excellent results. The anticipated financial benefits of market stabilisation saw a strongly positive impact on results from shifts in earnings. Funds used to hedge electricity production flowed back to the company, the balance sheet total shrank substantially, and net debt was reduced significantly. This resulted in an adjusted EBIT of CHF 2,242 million (previous year: CHF 1,303 million) and profits of CHF 3,214 million (previous year: CHF 513 million). With 14.2 terawatt hours (TWh), Axpo made the largest contribution to Switzerland's electricity supply during the reporting period, accounting for approximately 40% of the country's electricity consumption.

In the first half of financial year 2022/23 (1 October 2022 to 31 March 2023), the Axpo Group (Axpo) continued to implement its strategy successfully in what remained a very challenging environment. Boosted by the expected financial benefits of energy market stabilisation, the company achieved exceptional results. During the reporting period, Axpo also continued to forge ahead with the expansion of renewable energies in Switzerland and abroad, significantly increasing its solar expansion target in Switzerland by 2030. In the international trading business, Axpo capitalised on market opportunities, again achieving outstanding financial results in Trading & Sales. However, the contribution to earnings from business with Swiss distribution customers was marginal. Electricity from Swiss power plants was sold at an average of CHF 0.08 per kilowatt hour (kWh) during the reporting period due to the prices hedged three years earlier. This meant that Axpo benefited only marginally in this business area from higher electricity spot prices. The company is expecting an average price of around CHF 0.06 per kWh for the full year. Axpo has still not drawn on the credit facility requested from the federal government as a precaution during the extreme situation in late August 2022.

Axpo CEO Christoph Brand said: "The markets remain very challenging, but our diversified strategy also presents us with many opportunities. We reliably make the largest contribution to Swiss electricity production, continue to expand renewable energies in Switzerland and Europe, and help our international customers to drive the energy transition, secure their long-term energy needs and reduce their CO₂ emissions. There are technical solutions to address the challenge of a secure and sustainable energy supply in Switzerland. Axpo has tremendous expertise in the expansion of renewable energies and intends to further strengthen its leading role in Switzerland. What is however needed first and foremost is the regulatory basis for construction to take place. Together, politics, the

industry and society are called upon to create the framework conditions so that Switzerland can achieve both a high level of supply security and the climate targets.”

Adjusted EBIT significantly higher

After extreme price fluctuations in the summer of 2022, wholesale energy prices dropped in the autumn but remained volatile. A relatively mild winter and precautionary measures and cost-saving efforts by many countries led to a slight easing in the energy markets by the end of the reporting period. Axpo's total revenue in the first six months of the financial year amounted to CHF 6,503 million, up 8% year on year. Adjusted earnings before interest and taxes (EBIT) amounted to CHF 2,242 million (previous year: CHF 1,303 million), with all business areas making a positive contribution to the results. Trading & Sales, in particular [Origination](#), once again achieved excellent results, and electricity production also made a significantly higher contribution to earnings than in the same period last year due to the high availability of nuclear and hydro power plants. Taking into account the strong positive impact of earnings shifts amounting to CHF 1,567 million in this period and the positive earnings effect from the fund for the decommissioning and disposal of nuclear power plants (STENFO), EBIT amounted to CHF 3,854 million. Company profits also benefited from currency effects and the change to STENFO valuation, and amounted to CHF 3,214 million after taxes of CHF 736 million (previous year: CHF 513 million).

Return of security deposits

Although Axpo experienced an outflow of funds totalling CHF 1,748 million from its operating activities during the same period last year, the company recorded an inflow of CHF 1,515 million during this reporting period. As previously communicated, this effect is related to the hedging of Swiss electricity production. The additional financial security made necessary by rising electricity prices is now flowing back to the company on fulfilment of the contracts and delivery of the electricity. The effect was dampened slightly, however, as the portfolio was increasingly hedged against price shocks as part of a stronger focus on ensuring liquidity. On the one hand, the funds returned will be used to reduce debt and, on the other hand, support the planned expansion of renewable energies and development of the customer business. Gross investments in the reporting period amounted to CHF 203 million, with CHF 87 million allocated to the expansion of renewable energies in Switzerland and abroad, CHF 50 million to the Swiss power grid, and a further CHF 46 million to Swiss hydro and nuclear power plants. After divestments totalling CHF 11 million, net investments amounted to CHF 192 million. This resulted in a free cash flow of CHF 1,322 million (previous year: CHF –1,895 million).

Equity increased significantly

The balance sheet total shrank substantially from CHF 79.7 billion at the end of the previous financial year (30 September 2022) to CHF 53.7 billion. This was attributable mainly to significantly lower [replacement costs](#) due to price developments. Net debt decreased by CHF 1,036 million to CHF 2,608 million during the reporting period, and liquidity stood at CHF 4,723 million as at 31 March 2023. In October 2022, the company secured additional credit facilities of CHF 3.0 billion from banks and other financial institutions, raising the total syndicated and committed credit lines with banks to CHF 6.0 billion. Equity increased by CHF 3,612 million during the reporting period, reaching CHF 11,044 million. Energy price risks in the trading business (measured by value-at-risk) decreased significantly.

Solar ambition significantly increased

During the reporting period, Axpo continued to successfully and consistently implement its three-pillar strategy of taking a pioneering role on the road to a carbon-free future in Switzerland, expanding renewable energies, and growing the international customer and trading businesses. In light of the improved general conditions, the company significantly increased its solar expansion target. With a total investment of about CHF 1.5 billion, Axpo now aims to expand capacity by 1.2 GW in the Alps and Swiss Mittelland by 2030, provided that the general conditions - such as approval procedures or grid connections - allow it. This capacity will be enough to meet the annual energy needs of more than 300,000 households. After completing the AlpinSolar project at Mutsee and launching the NalpSolar project at Nalps dam, Axpo announced another alpine solar project: Oвра Solara Magriel in Disentis. In the area of photovoltaics system installation (PV), Axpo subsidiary CKW plays a leading role in Switzerland and currently installs more than 700 systems a year on single-family homes and commercial buildings.

Innovative green hydrogen projects underway

In the expanding field of hydrogen, Axpo began the construction of a 2.5 megawatt (MW) hydrogen production facility at the Reichenau hydropower plant, in collaboration with electric utility Rhienergie. The plant will use hydropower to produce up to 350 tonnes of green hydrogen annually, equivalent to about 1.5 million litres of diesel fuel. CKW is also planning to create a unique nationwide ecosystem of renewable energies in the Dagmersellen municipality, working with Galliker Transport, Emmi and PanGas. At the heart of this ecosystem is a large wood-fired cogeneration plant operated by CKW, which aims to start generating heat and electricity from 2027, including for green hydrogen production. The project represents an important step towards achieving the strategic energy goals of the participating companies and Switzerland.

Wind and battery projects advance

Axpo is aiming to ramp up its investments in Swiss wind power if the general conditions remain favourable. CKW is currently working on plans for several wind power plants, and has conducted wind measurements at six locations and communicated its plans to the public. Axpo is also pushing ahead with the development and construction of wind projects abroad and has opened a new site in Vaasa, Finland. From this important Nordic energy hub, Axpo will develop, build and operate wind farms across the country. Furthermore, Axpo has taken on a project for the construction of a battery storage facility in Sweden and will build a lithium-ion-based storage facility in the southern town of Landskrona with a capacity of 20 megawatt hours (MWh). Axpo has also expanded its business in long-term power purchase agreements (PPAs), which make an increasingly important contribution to the company's results, and successfully concluded its first PPAs in Serbia and Croatia.

Outlook

Axpo is performing well operationally and is successfully implementing its strategy. The market situation has stabilised but remains fragile, making forecasts difficult. Due to seasonality, the second half of the year is expected to be weaker than the first. It should be noted that Axpo adjusted its hedging strategy in early 2022 and no longer hedges its entire Swiss electricity production for three years. The electricity production hedged for three years still amounted to 59 TWh as at 31 March 2023 (30 September 2022: 64 TWh). The average hedged prices range from EUR 51/MWh in the current financial year to EUR 87/MWh in financial year 2025/26. The higher electricity prices will have a positive influence on Axpo's financial results starting from financial year 2024/25. Furthermore, the effect of shifts in earnings is expected to be significantly weaker in future, while cash flow will continue to be positively affected by the return of security deposits for Swiss electricity

production on the fulfilment of contracts. STENFO valuation changes will also continue to affect the company's financial results.

Link to [half-year report](#)

Key figures Axpo Group

(1 October – 31 March)

	HY 2022/23 (in CHF million)	HY 2021/22 (in CHF million)
Total revenue	6,503	6,013
Earnings before interest and taxes (EBIT)	3,854	1,021
in % of total revenue	59.3%	17.0%
EBIT adjusted	2,242	1,303
in % of total revenue	35.5%	21.7%
Company result (profit)	3,214	513
in % of total revenue	49.4%	8.5%
Cash flow from operational activities	1,515	-1,748
Net investments in non-current assets (without loan receivables)	-192	-147
Balance sheet total	53 701	65 162
Net financial position	-2,608	-2,221
Shareholder equity, including minority interests	11,044	7,615
Employees (full-time equivalents)	6,260	5,545

About Axpo:

Axpo is driven by a single purpose – to enable a sustainable future through innovative energy solutions. Axpo is Switzerland's largest producer of renewable energy and an international leader in energy trading and the marketing of solar and wind power. Axpo combines the experience and expertise of more than 6,000 employees who are driven by a passion for innovation, collaboration and impactful change. Using cutting-edge technologies, Axpo innovates to meet the evolving needs of its customers in over 30 countries across Europe, North America and Asia.

Additional information

Axpo Holding AG, Corporate Communications
T 0800 44 11 00 (Switzerland), T +41 56 200 41 10 (international)
medien@axpo.com