

# Media release

12 December 2018

## Operating result increased by 29% – profitable growth in international business

**Axpo achieved a strong result in the 2017/18 financial year, with both the operating result (CHF 348 million, +29%) and cash flow from operating activities (CHF 474 million, +171%) increasing substantially compared with the previous year. This is mainly due to the strong operating performance in international business and renewable energies. However, the result in the reporting year was again weighed down by Swiss electricity production. The rise in electricity prices since 2016 will have a delayed impact on the results.**

By adopting a strategy geared towards growth, diversification and increasing value, Axpo took early steps to ensure profitable growth. Following the pleasing result of the previous year, this positive trend continued in the 2017/18 financial year. International activities made excellent progress in particular, with energy trading, renewable energies, system services and customer business that is not dependent on the electricity price making substantial contributions to the result for the period. Nevertheless, revenues from electricity sales remain low because Axpo always hedges its production up to three years in advance and the current rise in electricity prices will thus only have an impact in the 2019/20 financial year.

Axpo significantly boosted its EBIT to CHF 348 million (previous year: CHF 269 million), an increase which illustrates both the operational progress made and cost discipline, resulting in recurring savings of over CHF 200 million each year. The higher availability of the Beznau and Leibstadt nuclear power plants also made a positive contribution. In addition, EBIT reflects deferred trading profit from the previous year. Cash flow from operating activities climbed sharply to CHF 474 million (previous year: CHF 175 million), free cash flow rose to CHF 276 million (previous year: CHF -119 million). Due to one-off effects in the previous year, the result for the period dropped to CHF 131 million (previous year: CHF 310 million). Total income fell to CHF 4,850 million (previous year: CHF 5,567 million), which is solely due to an adjustment to the accounting method for hedged items. Physical delivery of electricity to customers grew by 2.8% to 70.9 TWh.

Investments amounted to CHF 198 million with a focus on the safe operation of power plants. There is currently hardly any investment in hydro power due to poor income prospects. Total liquidity climbed to CHF 5.0 billion (previous year: CHF 4.7 billion). Equity rose by CHF 95 million to CHF 4,979 million.

### Substantial profit increase in international business

International operations delivered another positive performance. Axpo now has a presence in 28 countries and is active in 39 markets. European trading was also successful. Axpo is the leading marketer of renewable energies in Europe with 14,000 MW. Axpo further expanded its business activities on the Iberian Peninsula, in Italy and in Northern Europe, while Axpo US, established in 2016, yielded positive profit contribution. In electricity sales for private customers, Axpo already has more than 200,000 delivery points in Italy and its Italian gas-fired combined-cycle power plants generated substantial contributions to the result with system services. Axpo subsidiary Volkswind sold four wind farms from its extensive portfolio in France, a transaction that forms part of the strategy geared towards profitable growth in renewable energies, which includes building and operating as well as selling wind farms. The company constructed five wind farms in France in the last financial year and has now built a total of 60 wind farms with an output of 700 MW.

The physical delivery of electricity to customers in Europe grew by 2.8% to 70.9 TWh, while the volume in international trade in liquefied natural gas (LNG) increased by 17.5% to 23.5 TWh. In energy trading, the

heightened volatility of the markets was successfully exploited and the rising CO2 and electricity prices were anticipated. International operations contributed a total of around CHF 150 million to the result.

Business that is not dependent on the electricity price made gains in Switzerland too, with IT service provider and Axpo subsidiary Avectris reporting strong growth in business for external customers. Revenues increased to CHF 89.5 million (previous year: CHF 67 million), while operating profit (EBITDA) rose to CHF 8.8 million. Axpo subsidiary CKW achieved an operating result of CHF 103 million (previous year: CHF 78 million) and boosted revenues by 8.3% to CHF 917 million. The growing diversification to become a comprehensive energy supplier supported this encouraging result.

### Higher electricity prices to have an impact from 2020

As the electricity prices are hedged for three years, the 2018/19 financial year will once again be hit by low electricity revenues. Since prices bottomed out in 2016, Axpo is expecting electricity revenues to be around CHF 150 million lower in the current financial year. For the financial years 2019/20 and 2020/21, Axpo has been able to sell most of its production at significantly higher prices, which will have a positive impact on the result.

In an economic and political environment that remains uncertain, Axpo will continue along its chosen path of increasing value and retain a clear focus on cost discipline in addition to targeted growth and diversifying its portfolio.

### Key figures for the Axpo Group, 2017/18 financial year (01.10.2017 – 30.09.2018):

	2017/18	2016/17
Total assets in CHF million	22 216	19 023
Total income in CHF million	4 850	5 567
EBIT in CHF million	348	269
EBIT as % of total income	7.2	4.8
Result for the period in CHF million	131	310
Cash flow from operating activities in CHF million	474	175
Net investment in non-current assets in CHF million	-198	-294
Free cash flow in CHF million	276	-119
Equity in CHF million	4 979	4 884
Net financial assets in CHF million	206	56
Number of employees (FTEs) on reporting date	4 441	4 222

Information on Axpo's 2017/18 business figures can be found at:

[www.axpo.com/amc18](http://www.axpo.com/amc18)

**About Axpo:** The Axpo Group produces, trades and distributes energy reliably for more than 3 million people and several thousand companies in Switzerland and in over 30 countries throughout Europe. Around 4,300 employees combine the expertise from 100 years of climate-friendly power production with innovative strength for a sustainable energy future. Axpo is an international leader in energy trading and the development of tailor-made energy solutions for its customers.

**Further information**

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