

# Analyst Call First Half Year 2020/21

June 14, 2021

# Agenda for Analyst Call

## Welcome

Andrea Wallimann

## Interim Report 2020/21

Joris Gröflin

- Key points for first half of 2020/21
- Update on international business
- Update on Swiss business
- Financial developments
- Update on Group strategy
- Outlook

## Questions

Joris Gröflin





**First half of 2020/21**



# Solid result – implementation of Group strategy on track



## Renewables

Further growth in wind and solar – but especially abroad



## Group strategy

Ambitious goals – implementation on track



## Operational stability

Adjusted EBIT and cash flow improved



## Coronavirus

Crisis handled well – stability ensured





## **Business highlights**

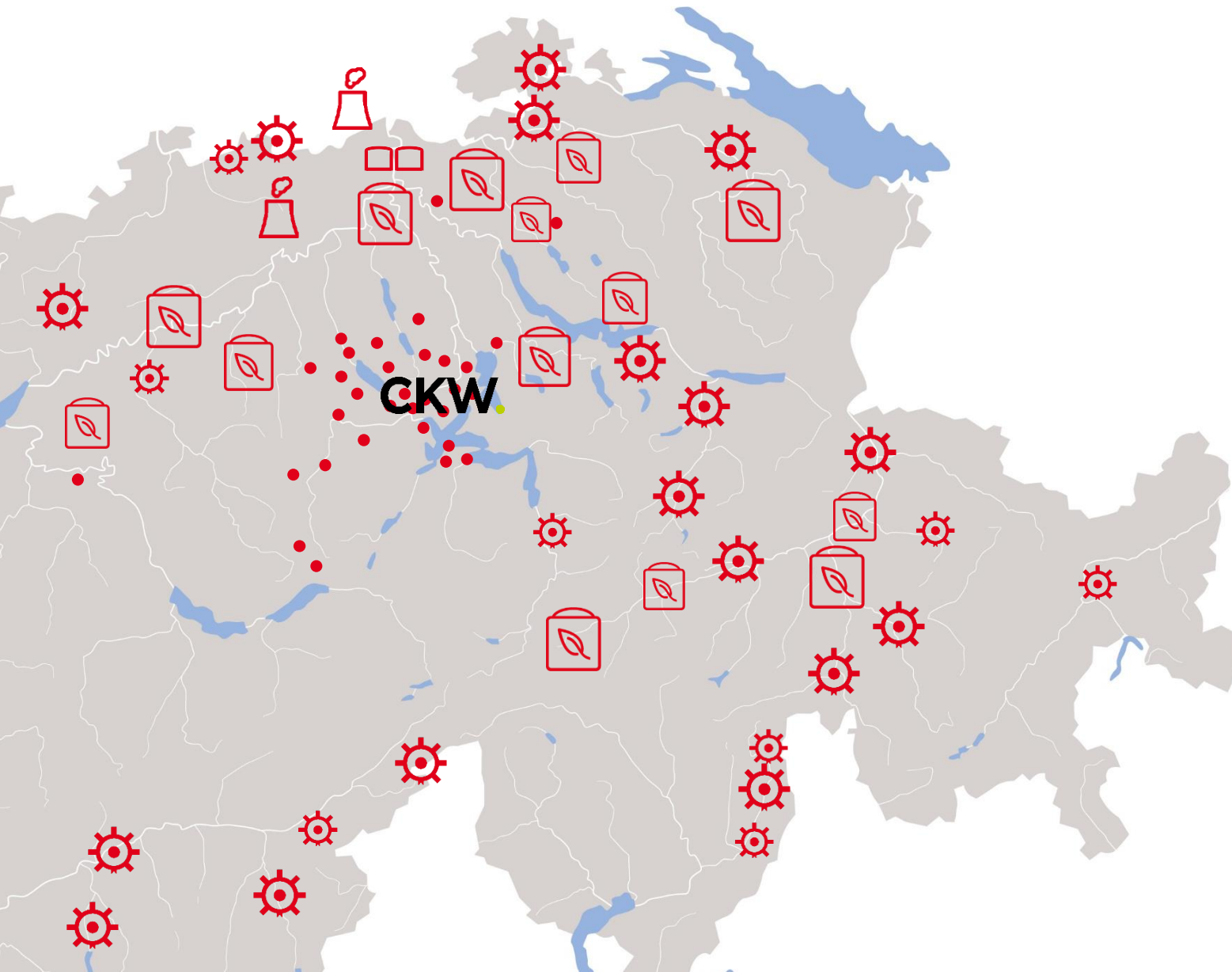
# Business highlights

## International

- New branches: 40 markets, 30 countries
- Volkswind: Growth continued
- Urbasolar: Total output almost doubled
- PPA: High demand for bespoke energy solutions



# Business highlights



## Switzerland

- AlpinSolar: Start of construction
- Nuclear energy: Revisions subject to special conditions
- CKW: PV growth strategy
- Hydro power: Positioning as smart maintenance provider
- Biomass: New plants in Rapperswil-Jona and Döttingen





# Financial developments



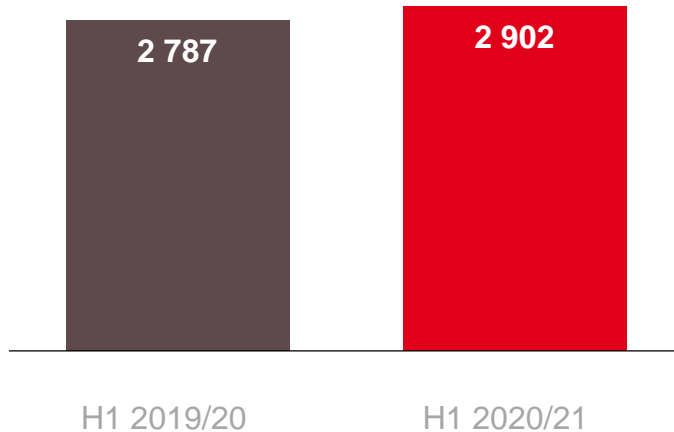
# Growth in adjusted EBIT by 4% to 515 MCHF – financial markets with positive impact on result of the period

in CHF million	H1 2020/21	vs. previous year	
<b>Total income</b>	<b>2 902</b>	<b>+115</b>	<ul style="list-style-type: none"> <li>• Higher power prices, lower power generation</li> <li>• Compensation for assets transferred to Swissgrid</li> </ul>
<b>Adjusted EBIT</b>	<b>515</b>	<b>+4%</b>	<ul style="list-style-type: none"> <li>• Higher revenues from power generation</li> <li>• In previous year extraordinary result of Trading &amp; Sales</li> </ul>
<b>Result of the period</b>	<b>781</b>	<b>+805</b>	<ul style="list-style-type: none"> <li>• Performance of Swiss nuclear funds (STENFO) and financial assets drive extraordinary results (negative impact in previous year)</li> </ul>
<b>Free cash flow</b>	<b>-89</b>	<b>+131</b>	<ul style="list-style-type: none"> <li>• Higher operating cash flow</li> <li>• Investments at previous year's level</li> </ul>
<b>Equity ratio</b>	<b>30.5%</b>	<b>+350 Basis points</b>	<ul style="list-style-type: none"> <li>• Lower equity ratio compared to 30.09.2020 (31.1%) due to increased balance sheet total</li> </ul>
<b>Outlook</b>			<ul style="list-style-type: none"> <li>• Lower operating results expected in 2020/21</li> </ul>



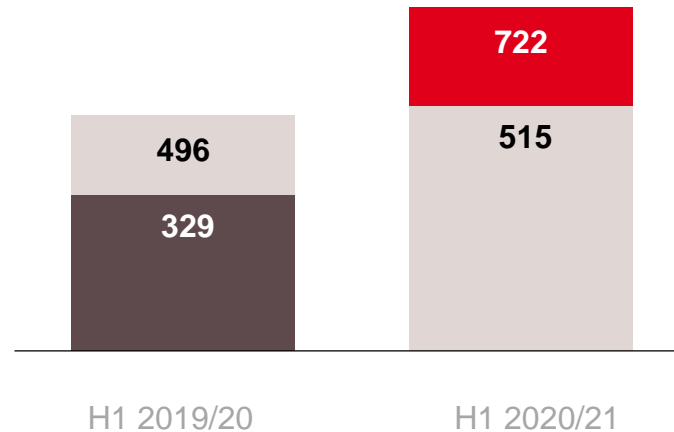
# Performance of STENFO with positive impact

## Total income in CHF million



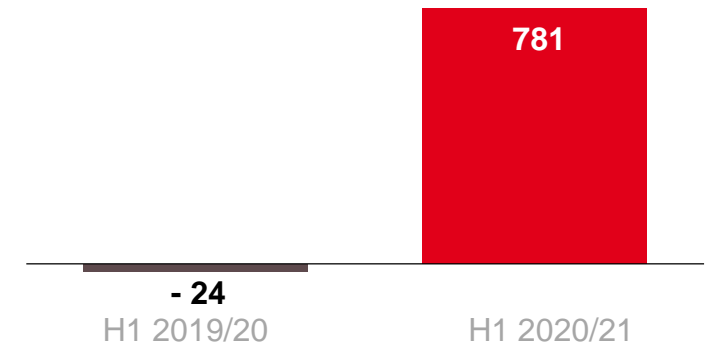
- Higher power prices
- Compensation for assets transferred to Swissgrid

## EBIT in CHF million



- Higher revenues from power generation
- In previous year extraordinary high trading result
- Performance of Swiss nuclear funds (STENFO) with positive impact of CHF +295 million vs. previous year

## Result of the period in CHF million

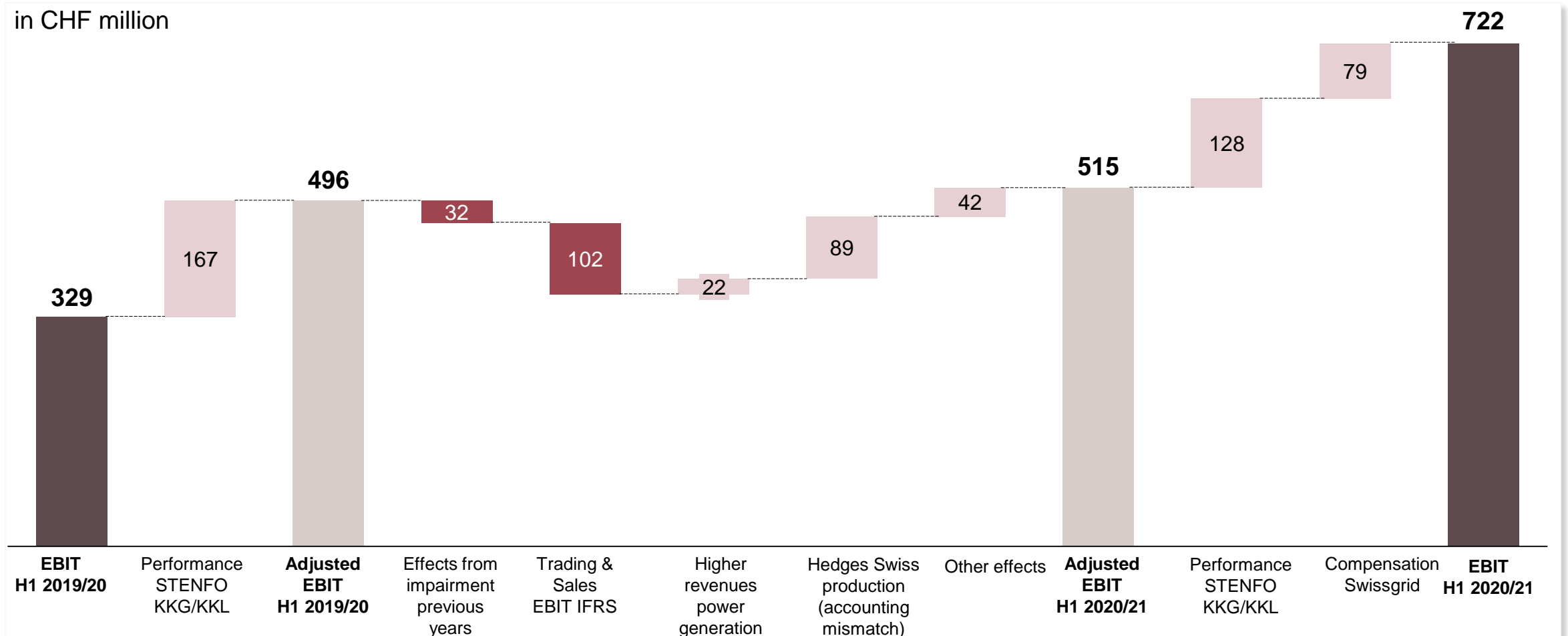


- Performance of STENFO and financial assets with positive impact of CHF +800 million vs. previous year

adjusted EBIT



# Adjusted EBIT at previous year's level of ~ 500 MCHF

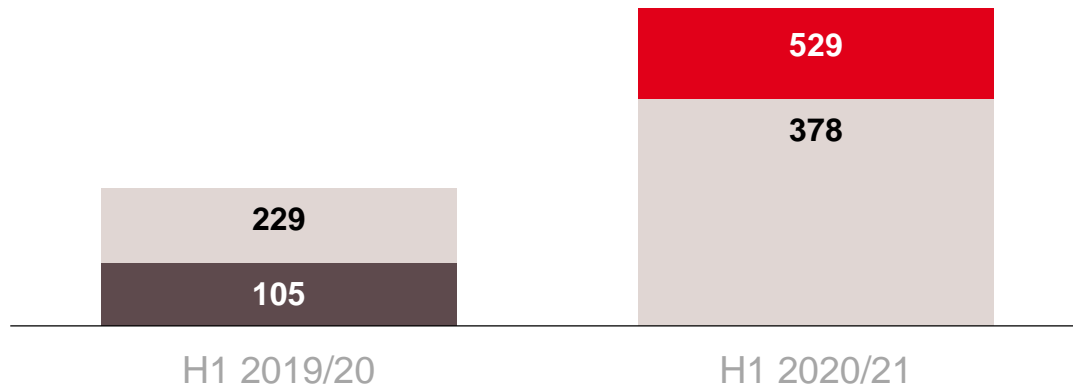




# EBIT by segment

## Generation & Distribution

in CHF million



- Higher sales due to increased power prices
- High unrealised profit on hedges of Swiss production (accounting mismatch)
- Positive impact from STENFO valuation

## CKW

in CHF million



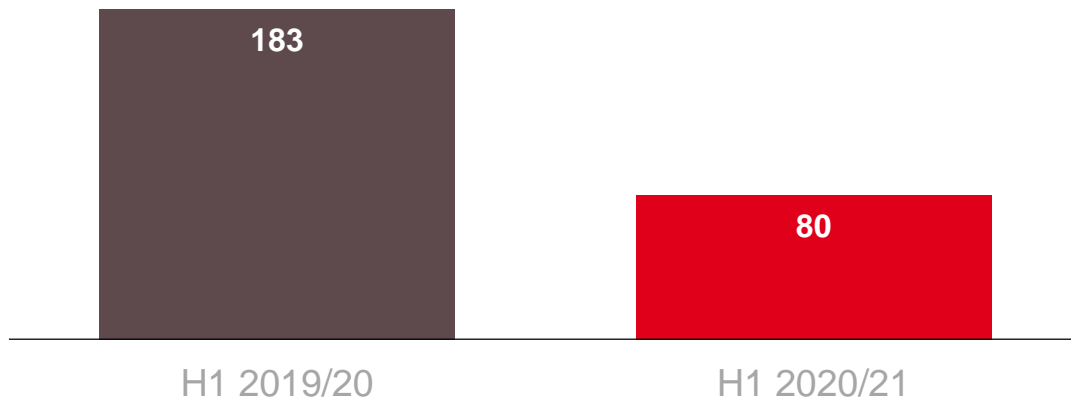
- Strong trading result in previous year
- Change in recognition of regulated grid results
- Positive impact from STENFO valuation

■ adjusted EBIT

# EBIT by segment

## Trading & Sales, EBIT IFRS

in CHF million

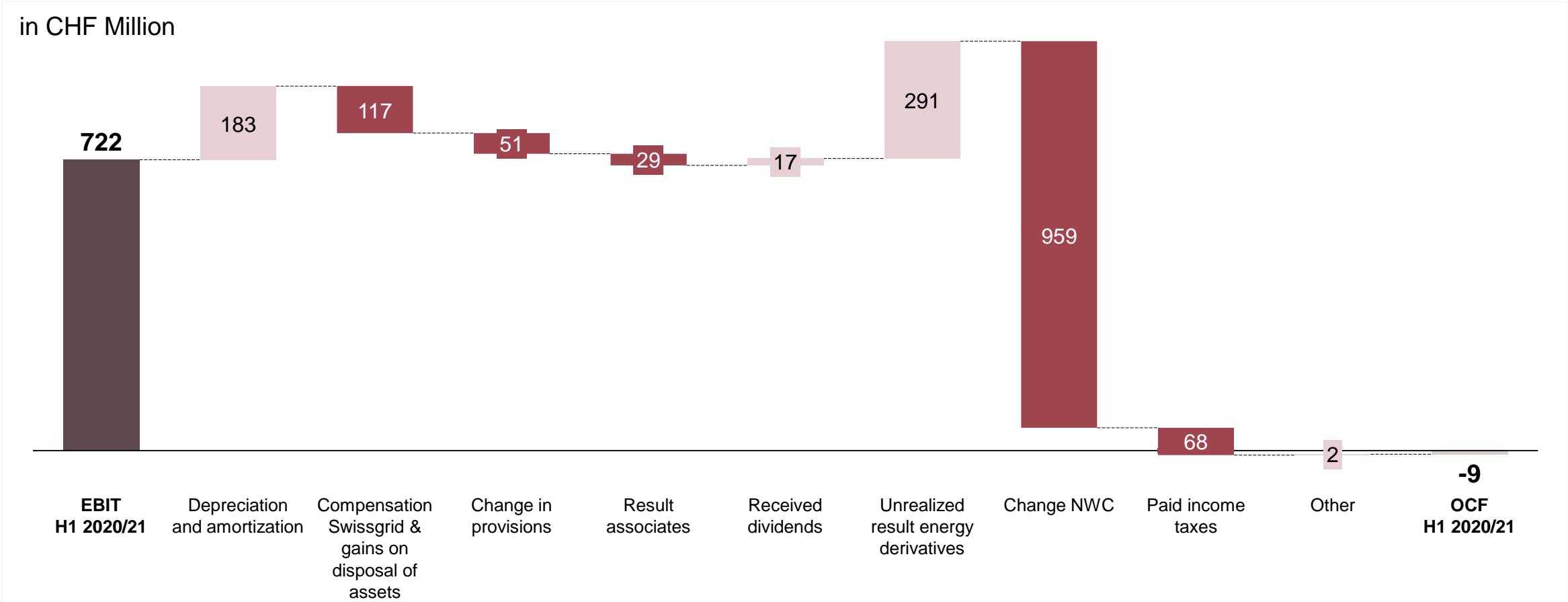


- Increase in gross margin origination by +10 %
- Normalization of asset-backed and proprietary trading results after extraordinary previous year
- Lower operating expenses (previous year negatively impacted by Covid-19)

in CHF million	H1 2019/20	H1 2020/21
Gross margin asset-backed trading	111	51
Gross margin origination	151	166
Gross margin proprietary trading	226	93
<b>Gross margin</b>	<b>488</b>	<b>310</b>
Operating expenses	-211	-171
<b>EBIT before hedging and other effects</b>	<b>277</b>	<b>139</b>
Hedging effects / other reconciliation items	-94	-59
<b>EBIT IFRS</b>	<b>183</b>	<b>80</b>

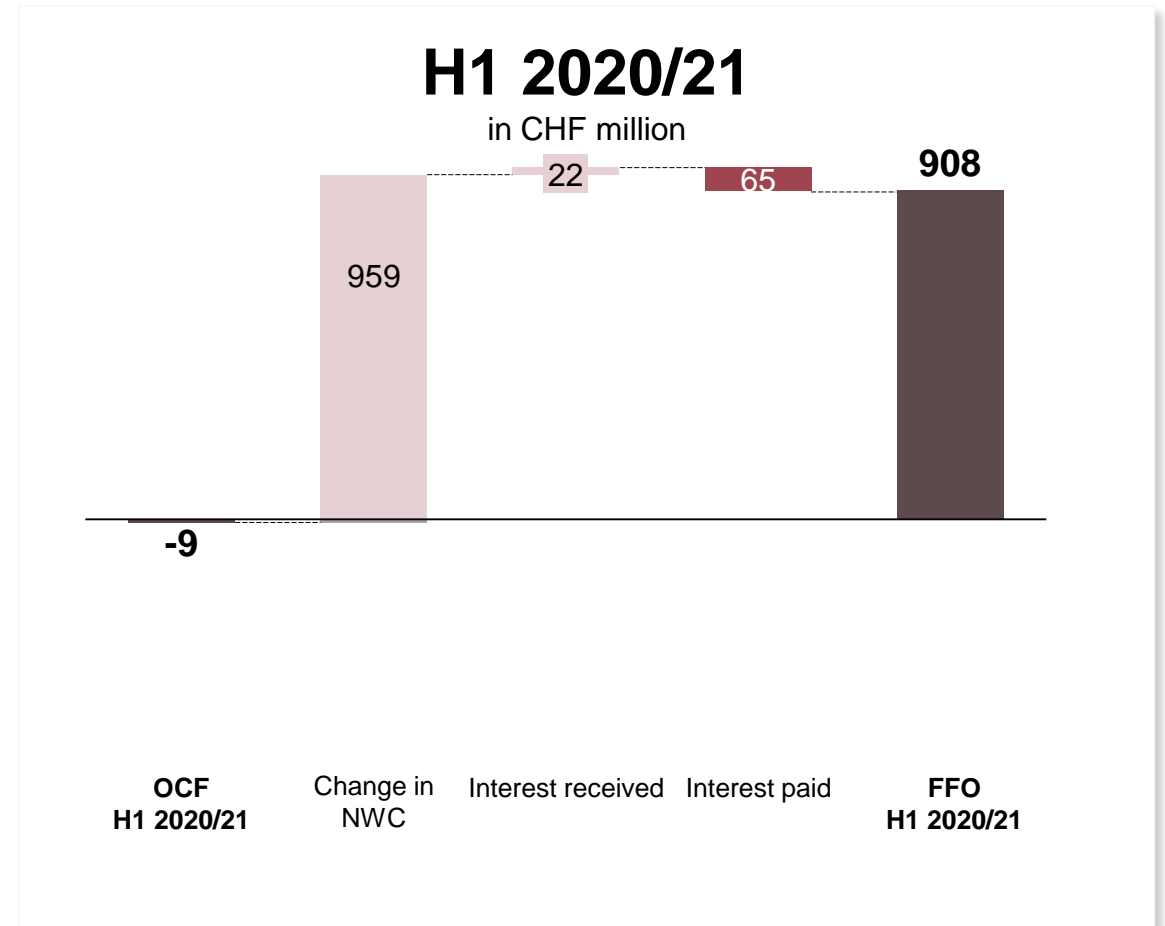
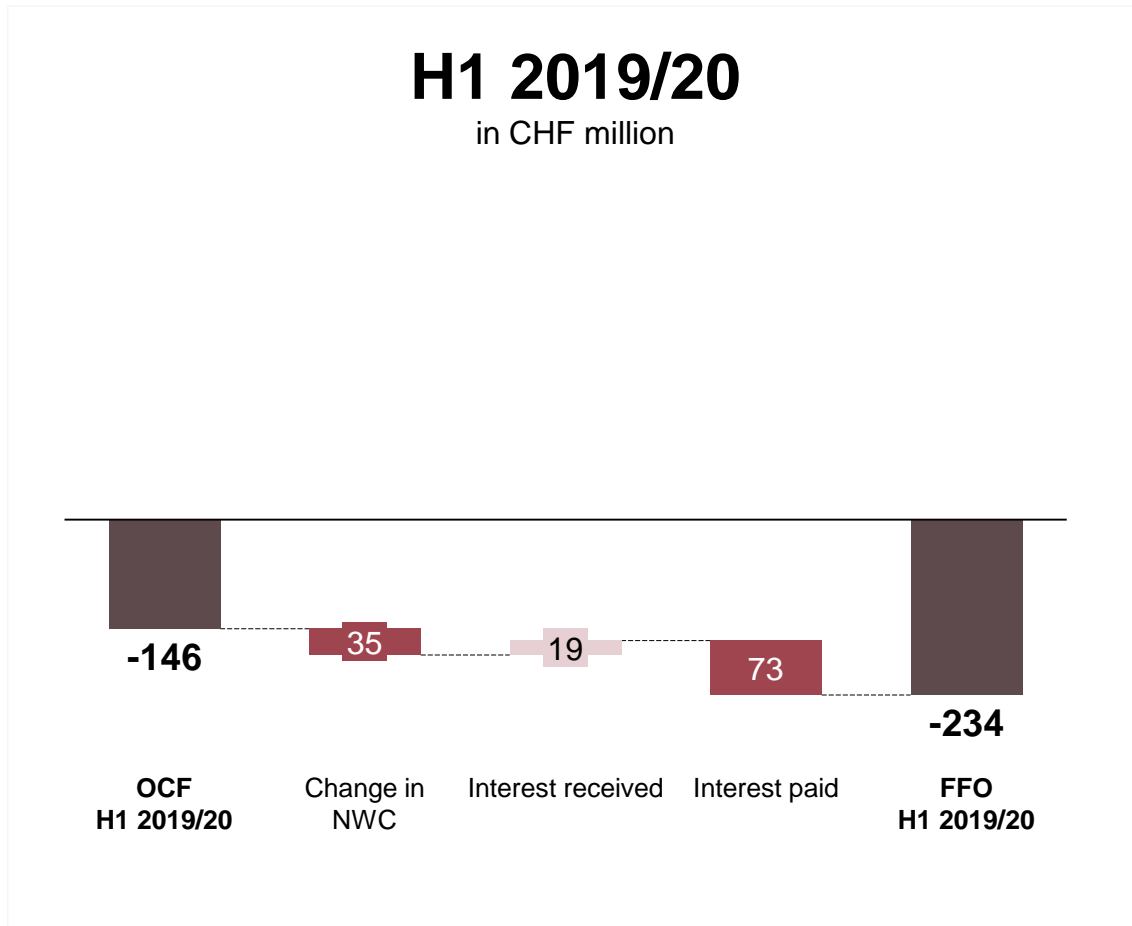


# Increase in net working capital due to cash outflow on collaterals



Growth in trading volume and increasing commodity prices lead to higher net working capital (accrued income, increase in margins and collaterals with counterparties)

# Increase in commodity prices with major impact on FFO





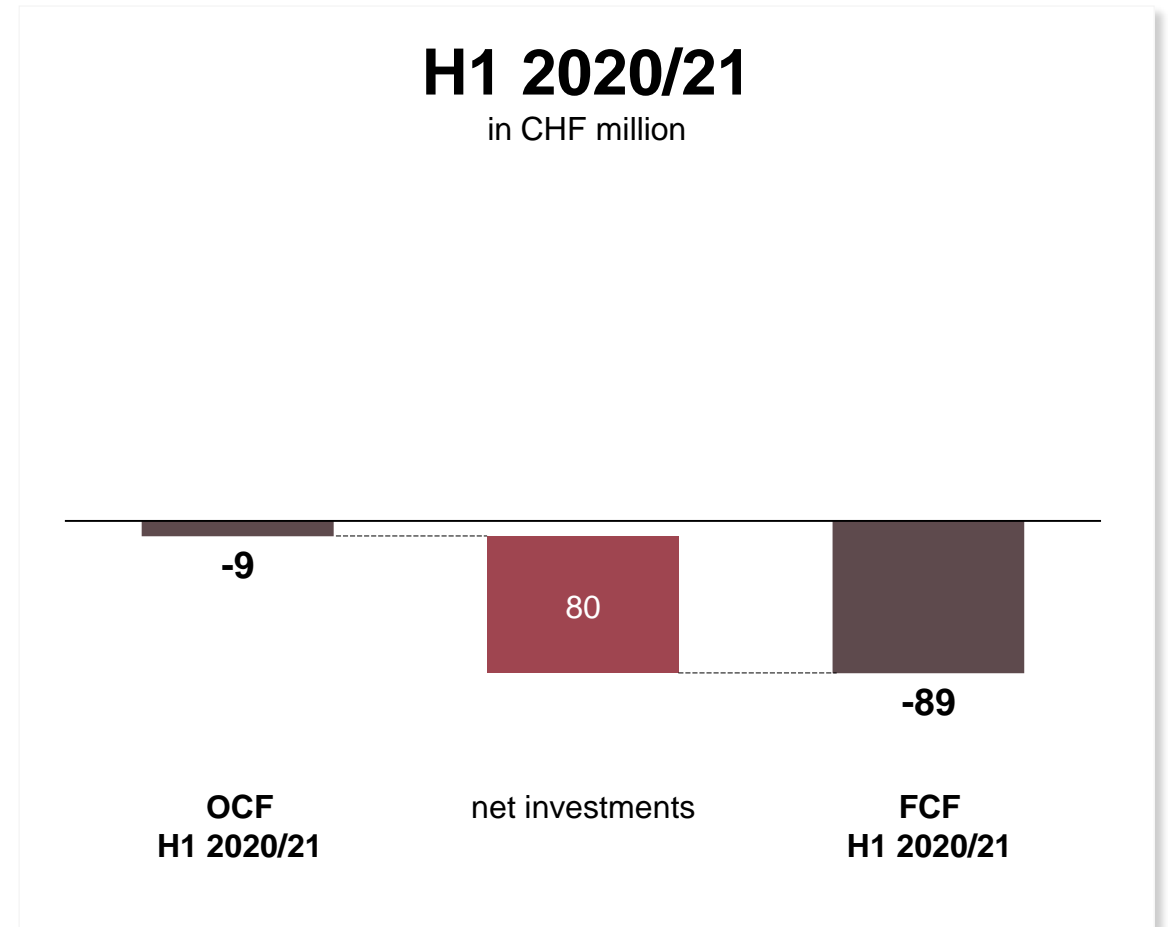
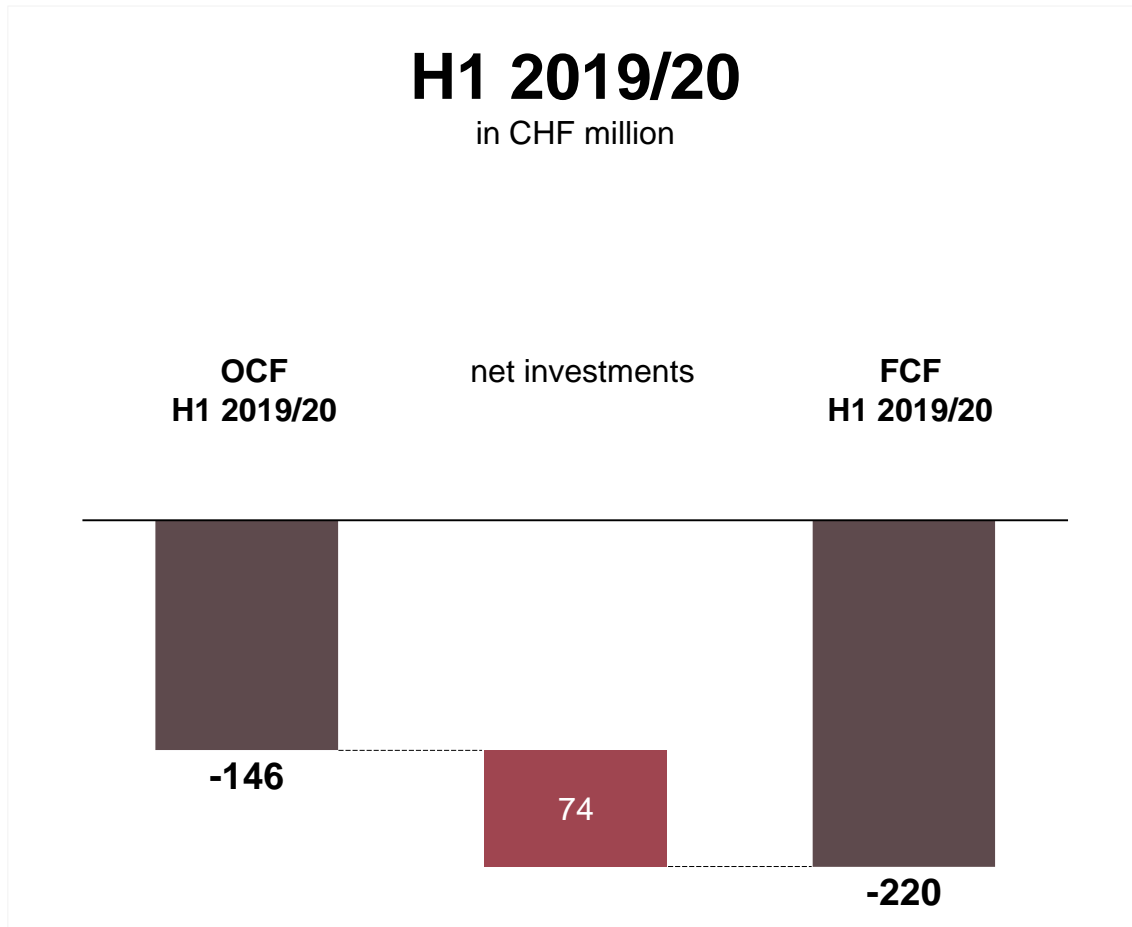
# Investments mainly in distribution and renewables

in CHF million	H1 2019/20	H1 2020/21	Change
Hydro	12	9	-3
Nuclear	3	22	+19
Distribution	34	51	+17
Renewables	19	50	+31
Other effects	6	-52	-58
<b>Net investment</b>	<b>74</b>	<b>80</b>	<b>6</b>



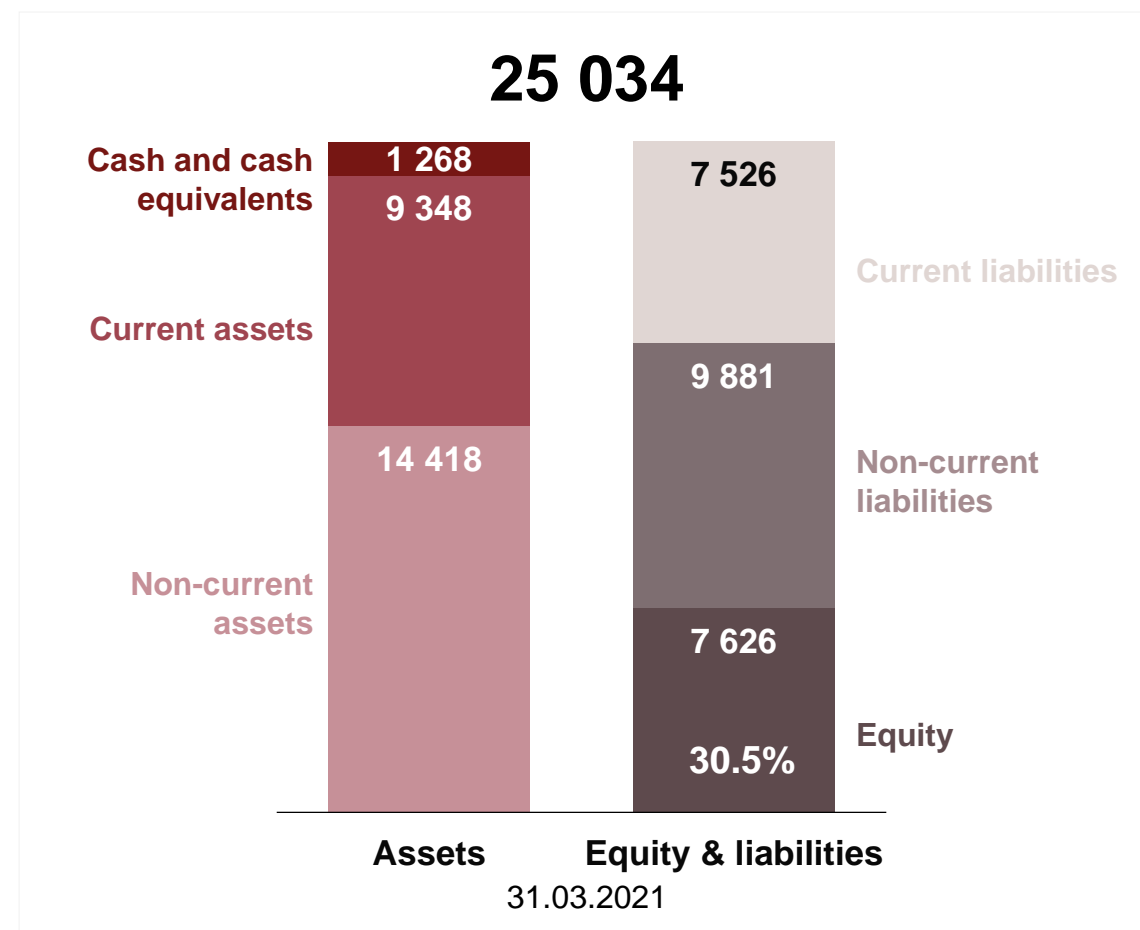
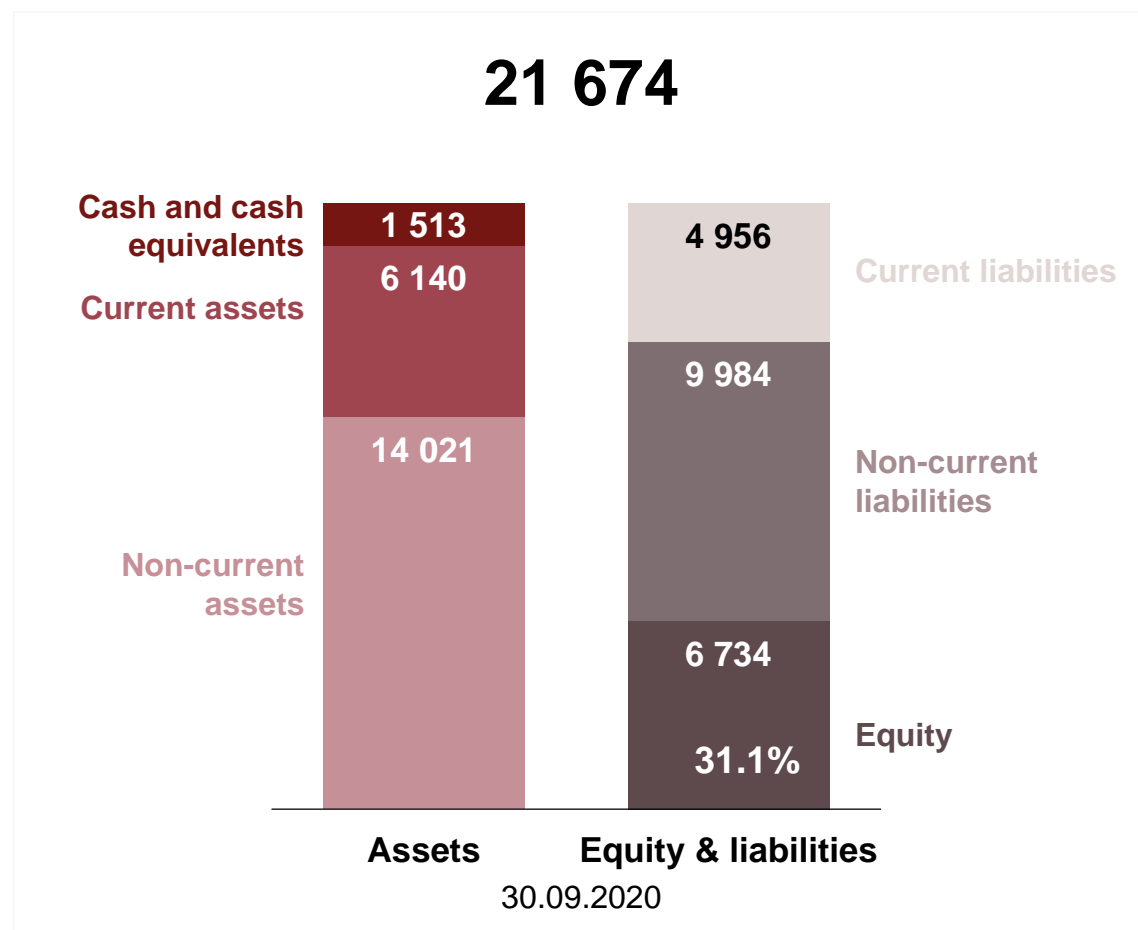
- High investments in renewables
- Substantial investments in distribution
- Divestment Avectris

# Improvement in free cash flow





# Equity increases to CHF 7.6 billion



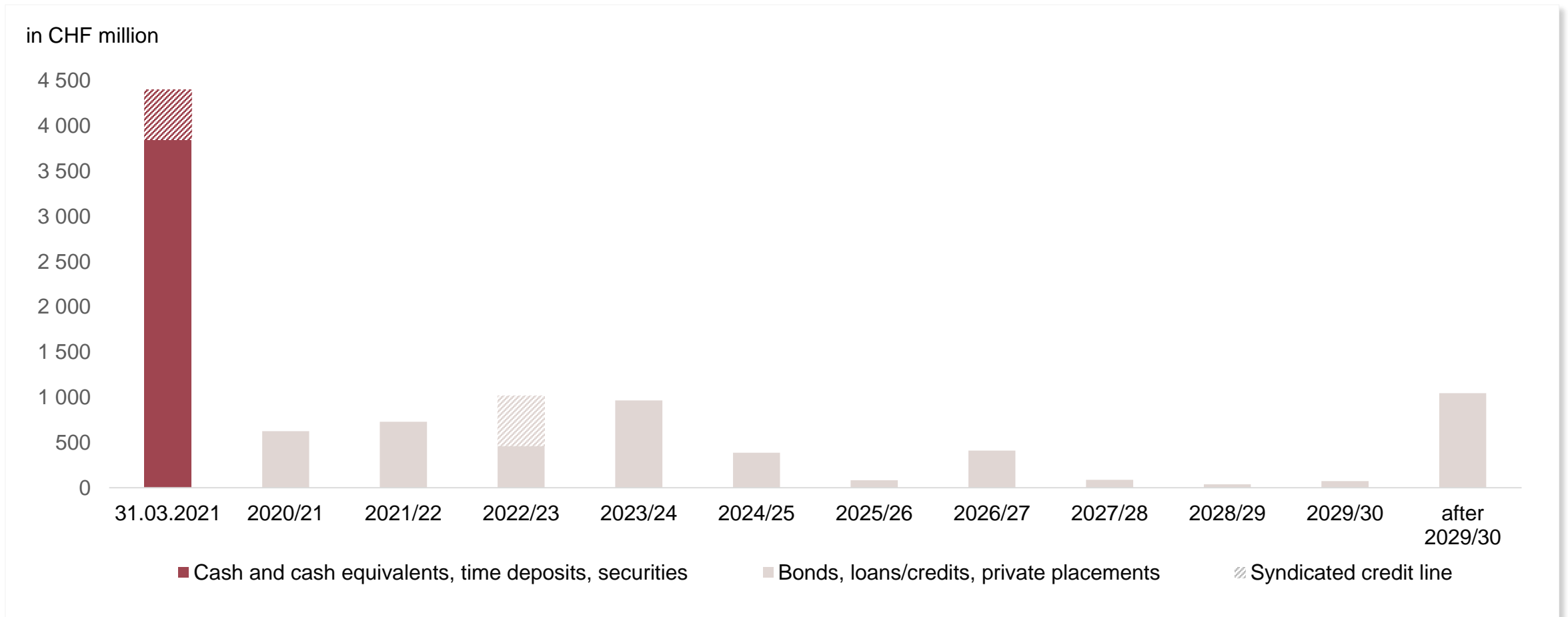
in CHF million / equity ratio in %

# Steady net financial position with high liquidity

in CHF million	30.09.2020	31.03.2021
Current financial liabilities	-892	-1 196
Non-current financial liabilities	-4 137	-3 884
<b>Total eligible debt</b>	<b>-5 029</b>	<b>-5 080</b>
Cash and cash equivalents	1 513	1 268
Time deposits	877	907
Financial assets	1 459	1 676
<b>Total liquidity</b>	<b>3 848</b>	<b>3 851</b>
<b>Net financial position</b>	<b>-1 181</b>	<b>-1 229</b>

- Negative free cash flow and dividend payment reduce liquidity
- Financial assets positively impacted by performance of financial markets

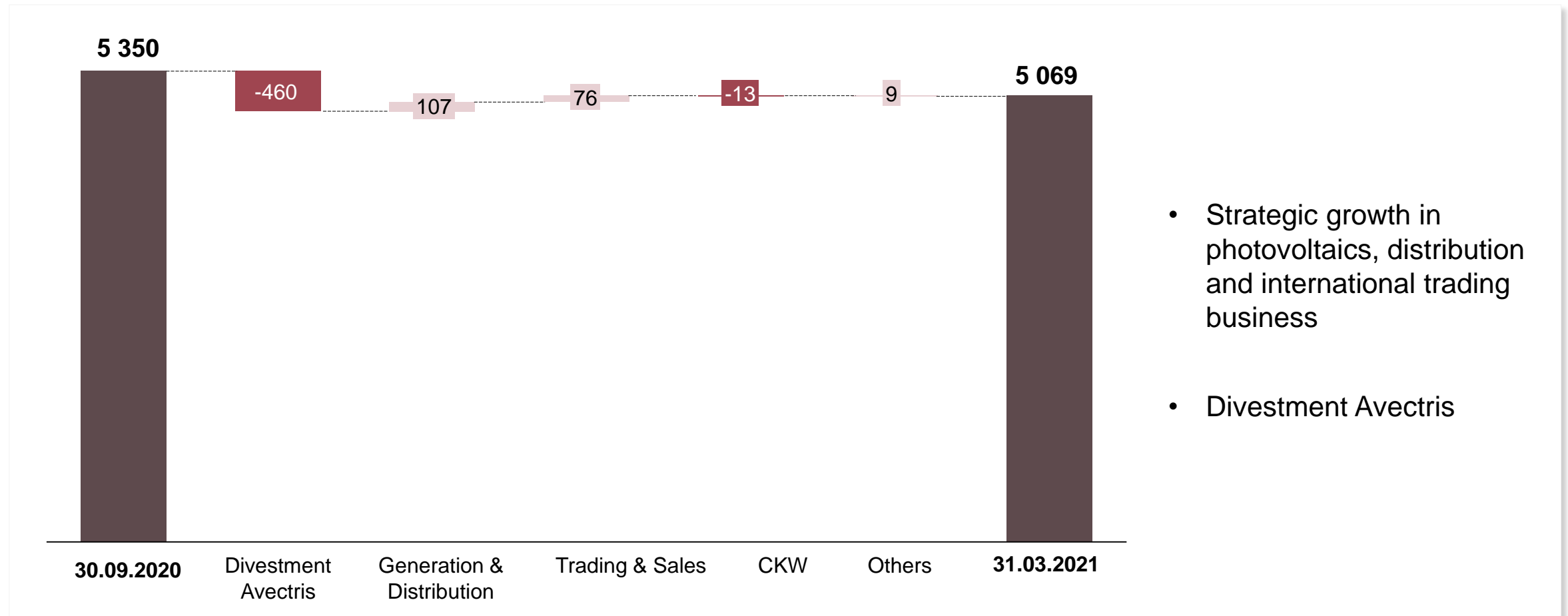
# Balanced maturity profile of bonds and loans





# Divestment Avectris and growth in strategic areas

Employees – full-time equivalents







# Group strategy



**Renewable energies:  
bold expansion where  
economically attractive**

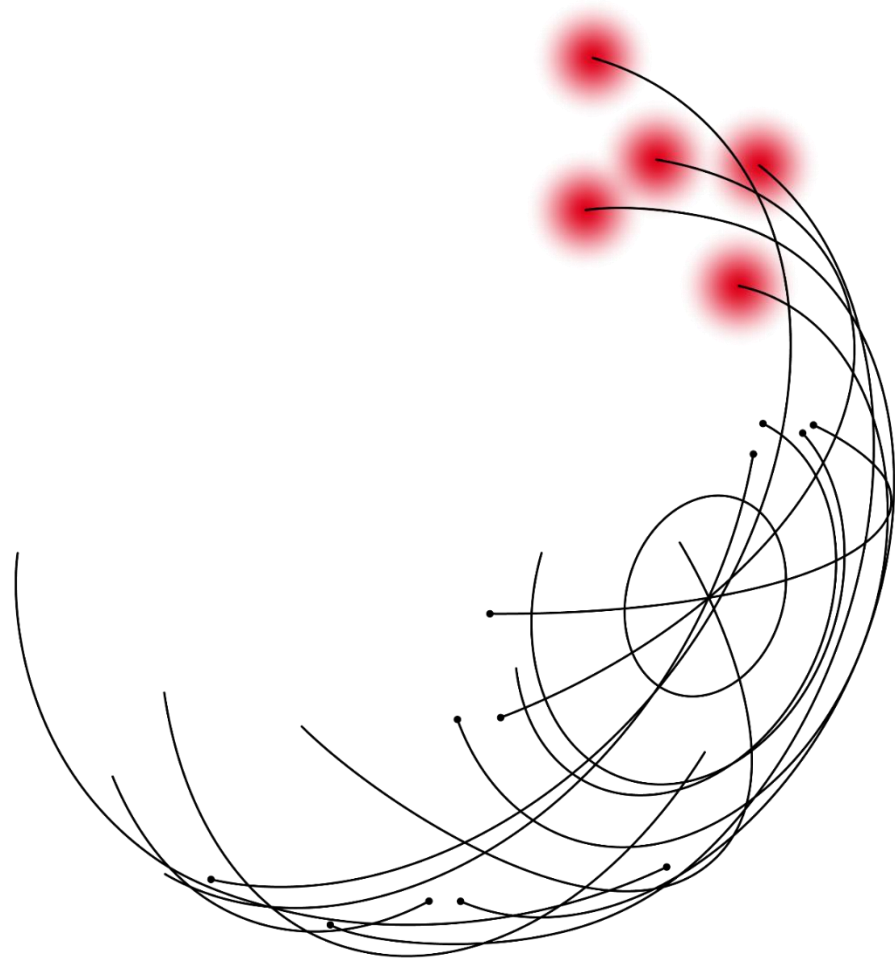
**Swiss business:  
leading role in a CO<sub>2</sub>-free  
energy future**

**Trading & Origination:  
international growth  
with focus on PPAs**

# Implementation of the Group strategy

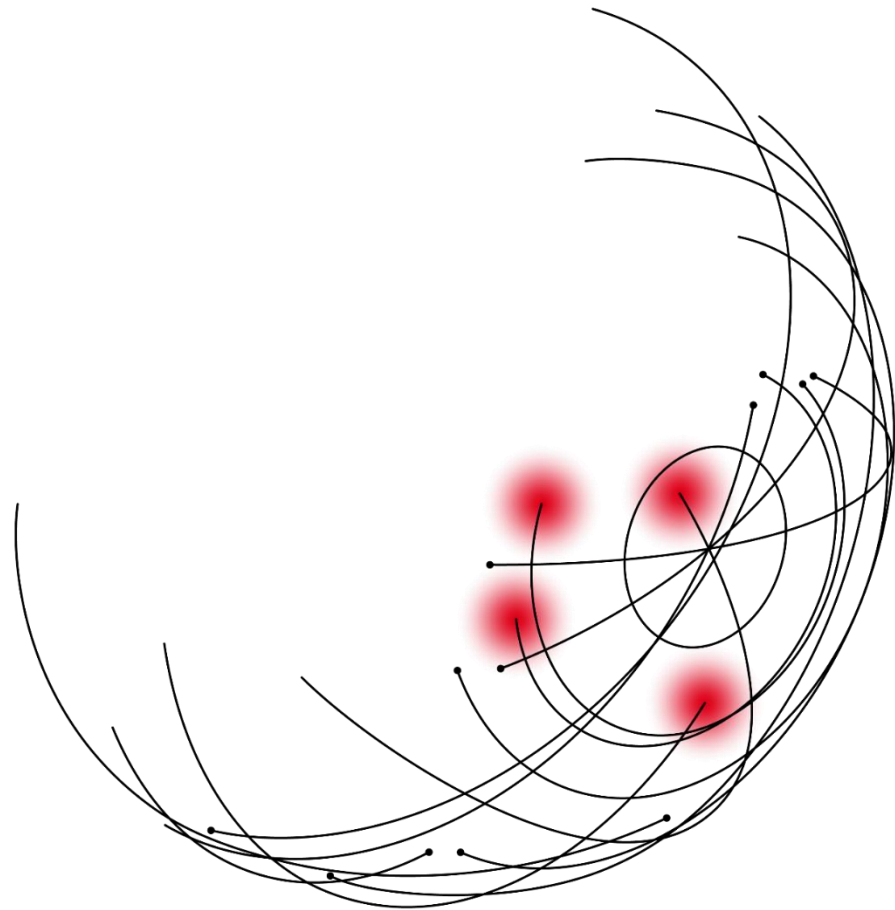


# Renewable energies: bold expansion where economically attractive



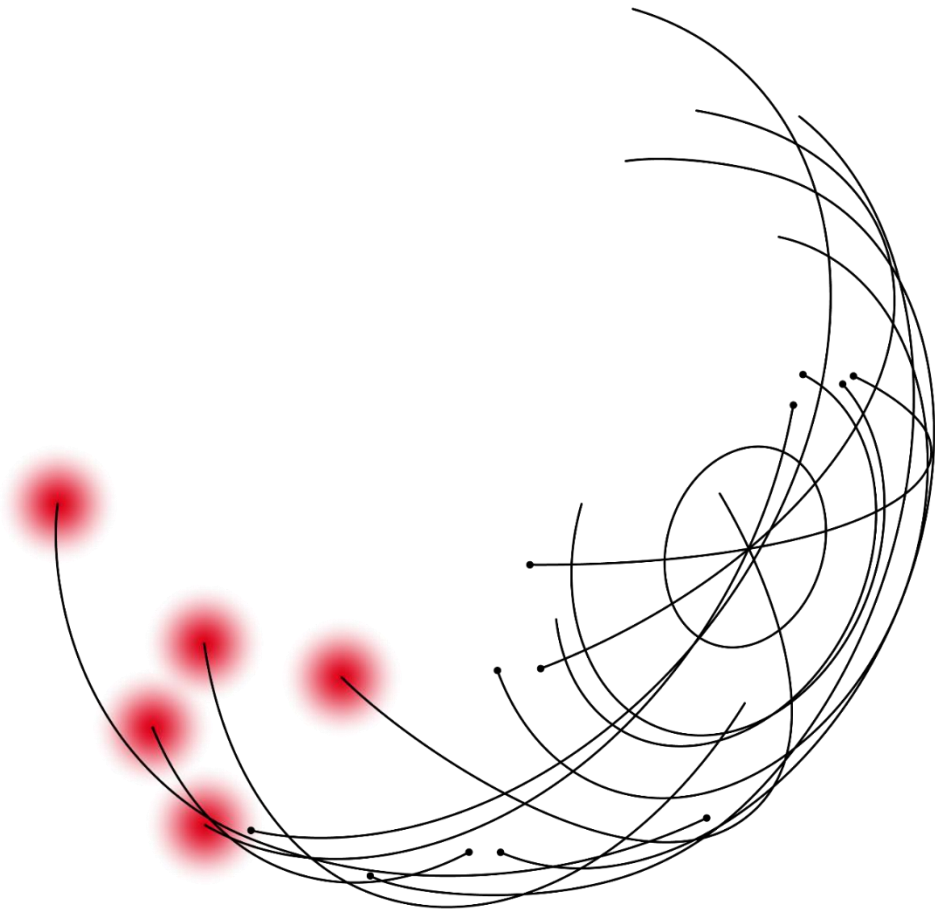
- **Photovoltaics:** Build over 10 GW by 2030 – 20 times more than today
- **Wind:** Build around 3 GW – 10 times more than today
- **Hydrogen:** New team founded; first projects will be launched internationally in 2020, around 450 MW planned by 2030
- **Batteries:** New team founded; strong growth in selected European countries; target of 1.3 GWh by 2030
- **Investments** in RE, especially internationally

# Trading & Origination: international growth with focus on PPA



- **Trading & Origination:** Drive international growth and continue to make significant contribution to results
- **PPA:** Three-fold increase in completed volumes to 40TWh by 2030
- **LNG:** Growth in Asia-Pacific region in particular; identification of new trading opportunities by the new office in Singapore
- **Axpo US:** Continued growth in attractive market

# Swiss business: leading role in a CO<sub>2</sub>-free energy future



- **Hydro power/grids:** Focus on efficiency and digitalisation – services for third-parties
- **Biomass:** 6 new fermentation plants
- **PV:** 10,000 PV installations on house roofs via CKW by 2030
- **Batteries/hydrogen:** First projects together with customers
- **Smart energy:** 7,500 systems installed annually via CKW by 2030



# Overarching strategic topics



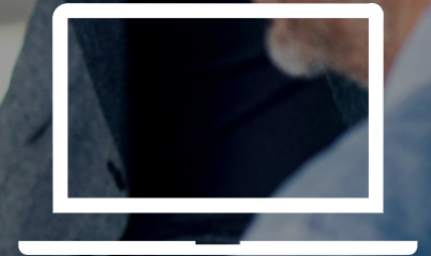
**Corporate culture**



**Management structure**



**Efficiency programme**



**Digitalisation**



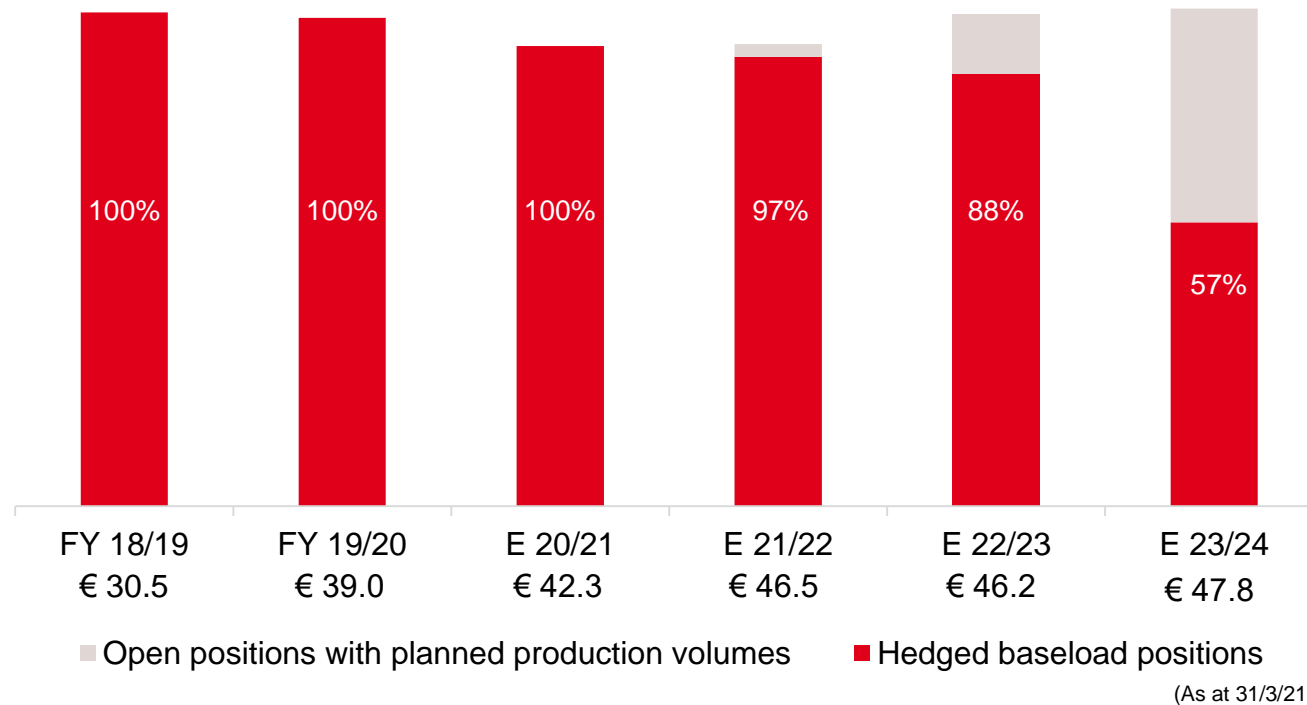


**Outlook**



# Outlook for 2020/21 financial year

Currently hedged baseload positions of Axpo incl. CKW




- Higher electricity prices: Production hedged at higher prices
- Impact of coronavirus uncertain
- Solid operating business
- Lower result expected than in previous year



# Questions



**Full of energy**

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