

Press release

8 June 2020

Strong operating performance – but earnings blunted by financial markets

- Axpo's power plants and grids kept operational at all times and without restrictions, including during the coronavirus crisis
- Strong operating performance on the back of record results from Trading & Sales and good operating profit contributions from Assets and CKW
- Negative impact on the result for the period due to distortions in financial markets in the wake of the pandemic crisis in February and March 2020
- Progress made in expanding the wind and photovoltaic business

BADEN - The Axpo Group's half-year financial results for 2019/20 (1 October 2019 to 31 March 2020) were influenced by two factors: a strong operating performance, which was up once again on the prior-year period, and the negative impact of volatility on the financial markets. The funds for the decommissioning and disposal of nuclear power plants (STENFO) had a particularly significant negative impact on results of CHF 389 million. Whereas earnings before interest and tax (EBIT) were still only slightly lower at CHF 329 million despite the Covid-19 crisis, the result for the period fell to CHF – 24 million.

Commenting on the results, Christoph Brand, who took over operational management as CEO of Axpo Holding AG on 1 May 2020, said: "Axpo responded quickly and effectively to the Covid-19 pandemic, and so far has handled it successfully on an operational level. This is mainly thanks to our employees' huge commitment and flexibility. The strong operating performance in the first half of 2019/20 shows that Axpo is well positioned along the entire value chain, and benefiting in particular from strong foreign business with a leading trading company and the networking of production, trading and customer solutions."

Market opportunities exploited in all trading areas

Total income increased to CHF 2,787 million (+ CHF 236 million year on year) in the first half of 2019/20 on the back of higher electricity sales and a significantly higher trading result, with the opportunities presented by the market exploited across all trading areas. Excluding the effects of the pandemic, Axpo recorded a strong operating profit, up by 26.9 percent on a comparable basis. The record result by Trading & Sales and the good operating profits from CKW and Assets contributed to this.

However, the coronavirus pandemic triggered volatility on financial markets that weighed heavily on the good operating result. Earnings before interest and tax (EBIT) were down CHF 74 million year on year (prior-year period: CHF 403 million) at CHF 329 million. At this level, the fluctuations in the value of the funds for the decommissioning and disposal of nuclear power plants (STENFO) had a clearly negative impact in the reporting period (CHF –167 million).

The result for the period was even more severely affected. The fluctuations in the value of the STENFO funds and the return on the securities portfolio also led to a significantly lower financial result compared with the previous year, resulting in a loss of CHF 24 million for the period (prior-year period: profit of CHF 435 million).

Expansion of renewable energy in Switzerland and Europe

In the period under review, the Axpo Group rigorously pursued the expansion of renewable energy in Switzerland and Europe. CKW made progress on important projects relating to the maintenance and expansion of hydropower. For example, it completed the renovation of the weir at the Rathausen power

plant and connected the Urnerloch discharge power plant to the grid. The Schächen power plant owned by the CKW subsidiary EWA was also commissioned in November 2019.

Axpo is also active in the photovoltaics segment in Switzerland. Axpo has received a building permit for the planned large-scale Alpine solar power plant on the Lake Mutt dam wall with a capacity of 2 MW. Axpo plans to construct the plant in the summer of 2021.

Axpo's French subsidiary Urbasolar added 37 MW of capacity in the reporting period, meaning that the pipeline has now risen to 426 MW. Current projects include three solar plants to produce electricity for the airports serving Paris. This year, Urbasolar will also build a solar carport (covered car park with solar panels on the roof) at the Disneyland Paris theme park. The solar plant will have a peak output of 33 MW.

The acquisition of Urbasolar in July 2019 was the reason for the increase in headcount of 500 on the previous year. For the first time in Axpo's history, there are now more than 5,000 employees.

In the reporting period, Axpo's German subsidiary Volkswind commissioned a wind farm in Leigné-les-Bois in western France with seven turbines and a capacity of 14 MW. This brings Volkswind's installed capacity to 284 MW, while the pipeline for projects to be realised in the next two financial years (2020/21 and 2021/22) has risen to around 300 MW.

Axpo is one of the leading international providers of complex, tailor-made Power Purchase Agreements (PPAs) for electricity from renewable energy in Europe and the USA. Axpo again concluded numerous PPAs during the reporting period.

Effective response to the pandemic

Axpo responded early and comprehensively to the outbreak of the Covid-19 pandemic. As a result, critical infrastructure such as power plants and grids could be kept in operation at all times without restrictions. Thanks to detailed protective measures, even the complex annual overhaul of Block 1 of the Beznau nuclear power plant was carried out without any problems.

Lower result for the year expected

Axpo is continuing its efforts to minimise the negative effects of the coronavirus crisis. Axpo's strong position in its home market of Switzerland continues to be key to its strategy. It will also continue expanding energy trading, international customer business and the marketing of renewable energy in Europe. For Axpo, Volkswind and Urbasolar are the right platforms for achieving profitable growth in the international wind and photovoltaic business. This focus will allow synergies along the entire value chain to be harnessed. It will also be able to proactively exploit the opportunities arising from the complementary market trends of digitalisation, decarbonisation and decentralisation.

The economic slump caused by the pandemic and the associated uncertainties on the financial markets may have a direct impact on the Axpo Group's results. Axpo therefore expects the result for the 2019/20 financial year to be significantly lower than in the previous year.

Key figures of the Axpo Group, first half of 2019/20 (1 October 2019 to 31 March 2020)

	H1 2019/20 CHF million	H1 2018/19 CHF million
Total income	2 787	2 551
Earnings before interest and tax (EBIT, before STENFO value fluctuations)	496	391
as % of total income	17.8%	15.3%
Earnings before interest and tax (EBIT)	329	403
as % of total income	11.8%	15.8%
Result for the period	-24	435
as % of total income	-0.9%	17.1%
Cash flow from operating activities	-146	-239
Net investments in non-current assets (excl. loan receivables)	-74	-112
Total assets	22 815	20 972
Equity (including non-controlling interests)	6 168	5 690
Equity ratio in % of total assets	27.0%	27.1%
Employees (full-time equivalents)	5 051	4 580

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. 5000 employees combine experience and expertise with a passion for innovation. Axpo develops innovative energy solutions for its customers based on state-of-the-art technologies in over 30 countries in Europe and the USA.

Further information

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