

Media release

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Axpo posts exceptionally good results for FY 2022/23, despite challenging year

- **Axpo can look back on a successful 2022/23 financial year. In a challenging environment, its strategy paid off: the company became stronger and the outlook remains positive.**
- **With an adjusted EBIT of CHF 2,689 million (prior year: CHF 392 million), Axpo achieved exceptionally good results, the largest contribution coming from its international customer and trading business. The result for the period amounted to CHF 3,389 million.**
- **As markets returned to normal after the previous year's turmoil, the anticipated financial normalisation effects materialised. Cash inflow totalled CHF 3,859 million, equity was strengthened significantly, and net financial position is positive.**
- **The Swiss federal government decreed CHF 4 billion credit line – which Axpo did not utilise at any time – was revoked at Axpo's request as of 1 December 2023.**
- **Axpo successfully expanded activities in renewable energies and innovative customer and energy trading solutions. Total investments made by the company amounted to CHF 475 million, of which CHF 230 million was invested in Switzerland.**
- **As a leading international energy company, Axpo continued to make an important impact: contributing significantly to a secure energy supply system, advancing the energy transition and building up renewables, and growing the customer business with energy trading solutions.**
- **Harald Gauck will become Axpo's new Chief Financial Officer on 1 January 2024, replacing Joris Gröflin, who has been in charge of finances since 2019.**

In an environment that continued to be challenging, Axpo demonstrated strength, confirmed its position as an international energy leader, and achieved exceptionally good results for the 2022/23 financial year (1 October 2022 to 30 September 2023). The company strategy of diversification across business areas and geographical markets proved key to this success. At the same time, Axpo made a significant and reliable contribution to the security of energy supply in Switzerland, covering around 40% of Swiss electricity consumption. Axpo also continued to make consistent progress in the expansion of solar and wind energy, both at home and internationally. As a driving force behind the energy transition, the company also invested in innovative hydrogen, biomass, energy storage, geothermal and intelligent power grid projects.

Strong operating performance

Following the turmoil experienced during the summer of 2022, energy markets returned to normal in the reporting year, although prices continued to remain above the long-term average. Axpo achieved an average price of 7 cents per kilowatt hour (kWh) for electricity generated by its Swiss power plants. This was due to prices hedged three years ago, meaning Axpo was only able to achieve marginal benefits from higher electricity prices on the spot market. Corporate customers, such as grid operators who hedged electricity prices by purchasing from Axpo three years ago, were therefore able to pass on low prices to end customers. Axpo subsidiary CKW, which operates in the end customer sector, has regularly supplied electricity at below-average prices in Switzerland and will be one of the best priced suppliers in 2024. In addition to international customer business, these exceptionally good results were in particular down to a strong operating performance, high power plant availability, and the anticipated financial effects of market normalisation.

Axpo CEO Christoph Brand said: "Due to the extreme volatility seen on the markets at various times, the last eighteen months were very challenging. But Axpo has emerged from this period even stronger, as our strategy of diversification across business areas and countries once again paid off. Based on the long-term preservation and growth of the company's value, it confirms our significant contribution to a secure energy supply system, our determination to advance the energy transition and build up renewables, and our will to grow the customer business with energy trading solutions."

Exceptionally good results supported by the effects of market normalisation

Axpo's total income for the reporting period was CHF 10,451 million, slightly down on the previous year's figure (CHF 10,546 million). It should be noted that shifts in income due to the hedging of Swiss electricity production had a negative impact on total income in the prior year (CHF 1,470 million) and a positive impact in the reporting year (CHF 1,913 million). Adjusted for these effects, total income for the period amounted to CHF 8,378 million, around 30 per cent lower than the year before (CHF 12,016 million). This is due primarily to significantly lower electricity and gas prices. Lower prices and the higher availability of power plants also led to a marked 65% fall in expenses for energy procurement to CHF 3,454 million (prior year: CHF 9,731 million).

A 14% increase in operating expenses to CHF 1,852 million (prior year: CHF 1,623 million) was associated with growth of the business and the effects of inflation. Following depreciation of CHF 471 million (prior year: CHF 373 million), an adjusted EBIT of CHF 2,689 million (prior year: CHF 392 million) was posted. Trading & Sales once again achieved excellent results, with an operating income of CHF 1,688 million (prior year: CHF 1,177 million). While the previous year's adjusted earnings in Generation & Distribution were negative at CHF -132 million, the business area achieved an adjusted EBIT of CHF 352 million for the reporting year. Axpo subsidiary CKW posted an adjusted EBIT of CHF 160 million (prior year: CHF 93 million).

Taking into account the above mentioned shifts in income, the positive impact of funds required for the decommissioning and disposal of nuclear power plants (STENFO) of CHF 29 million, impairment losses of CHF 598 million, and gain on disposals of CHF 159 million, operating income for the reported period was CHF 4,192 million (prior year: CHF 1,745 million). The impairment losses due to significantly lower electricity prices compared to autumn 2022, following the impairment reversals of the prior year, also resulted in a lower than expected price level in the medium term. This in turn led to an adjustment to the impairment of power plants as part of the annual impairment test carried out in line with the IFRS standard. When a negative financial result of CHF 80 million (prior year: CHF -

1,038 million) and tax expenses of CHF 724 million (prior year: CHF 113 million) are allowed for, the result for the period was CHF 3,389 million (prior year: CHF 594 million).

Strong cash inflow from operational activity

While the significantly higher collateral required in hedging Swiss electricity production led to a cash outflow of CHF 3,117 million in the prior year, Axpo recorded a cash inflow from operating activities of CHF 3,859 million for the reporting period. Gross investments – primarily in solar and wind energy and grid expansion – were CHF 475 million, approximately in line with the prior year (CHF 488 million). Divestments included reduction of CKW's share in EWA-energie Uri from 62.3% to 10.0%, and disposal of the 5% interest in the Trans Adriatic Pipeline AG (TAP). As a result, net investments amounted to CHF 93 million (prior year: CHF 142 million)

Equity significantly strengthened

The normalisation of markets also had the anticipated effect on the balance sheet, specifically on replacement values which moved in parallel with market prices on both sides of the balance sheet. Total assets as at 30 September 2023 were CHF 41,344 million, significantly below the previous 12 months (30 September 2022: CHF 79,736 million). Equity was strengthened considerably, increasing by more than CHF 4 billion, from CHF 7,432 million at the end of the prior year to CHF 11,565 million as at 30 September 2023. Liquidity increased from CHF 4,101 million to CHF 7,542 million during the reporting period, with financial liabilities falling from CHF 7,745 million to CHF 7,151 million. Net debt also improved compared to the end of the prior year by more than CHF 4 billion to net cash of CHF 390 million as at 30 September 2023.

No drawdown on federal government line of credit

The CHF 4 billion line of credit, granted by the federal government at the start of September 2022 as a precaution due to the extreme situation then prevailing, was not utilised by Axpo at any time. The corresponding decree was revoked at Axpo's request as of 1 December 2023. Irrespective of this, the Federal Act on Subsidiary Financial Aid to support Systemically Critical Companies in the Electricity Industry (FiRECA), which came into force on 1 October 2022, remains in effect until 31 December 2026. Under this federal law, systemically critical electricity producers, including Axpo, can apply to the federal government for subsidiary financial aid in the event of unforeseen liquidity squeezes.

Important contribution to energy supply

Once again, Axpo made a significant contribution to a secure and reliable electricity supply during the past financial year. With more than 100 power plants operated with partners and long-term energy procurement contracts, Axpo covered around 40% of Swiss electricity demand. Generation from nuclear power increased by 5% to 18.7 TWh. Thanks to the investments made in previous years, the Leibstadt nuclear power plant produced more energy than ever before during 2022, amounting to 9.8 TWh. The Beznau nuclear power plant was once again distinguished by its high availability. Furthermore, during the reporting period Axpo and its partner ENAG (Energiefinanzierungs AG) extended the energy procurement contracts with Electricité de France (EDF) to 2039. As a result, around 1.5 TWh of electricity a year will flow into Switzerland from 2025, corresponding to the average annual consumption of 350,000 four-person households. Hydropower production reached 8.9 TWh, 8% up on the previous year. Solar and wind power generation increased by 15% to 1.9 TWh.

Expansion of renewable energies

Axpo further expanded electricity generation from its solar and wind plants during the reporting year, adding 202 MW of solar energy and 113 MW of wind power capacity to its portfolio. One of Switzerland's leading installers of photovoltaics on buildings, Axpo subsidiary CKW commissions around 700 systems a year. Axpo is also a pioneer of Alpine solar plants. In addition to its facility on the Muttssee Dam, which has been fully operational since September 2022, the company is developing projects near the Nalps reservoir, the Disentis ski resort in Graubünden, and Oberiberg in the Schwyz canton. These plants are part of Axpo's solar initiative and will make important contributions to a reliable electricity supply, particularly during winter. Axpo's wind power activities during the reporting year included the establishment of a new team charged with accelerating the development, construction and operation of wind power plants in Switzerland, where a number of projects are planned. As the share of solar and wind energy in the electricity mix rises, the importance of storage options is also on the increase. With this in mind, Axpo is driving forward with various battery projects at home and abroad. In Switzerland and across Europe, Axpo is also actively contributing to development of the hydrogen economy, and has commenced construction of its first hydrogen production facilities in Switzerland.

Very successful international customer and trading business

Axpo again confirmed its strong position as a leading international energy trader during the reporting period. At the heart of its business is the reliable and bespoke supply of energy from proprietary power plants and other sources to client companies as well as the provision of associated services. During the year, based on a survey of customers and market participants, Axpo received the prestigious Energy Risk Commodity Rankings Award as the world's best power dealer. This award recognises Axpo's ability to deliver innovative solutions and tailored energy products and services to customers, even in a challenging environment. It is also a tribute to Axpo's expertise and high performance that the company is able to conclude significant long-term supply contracts to help customers achieve their sustainability goals.

Concrete sustainability ambitions set

The financial year also saw Axpo set itself a concrete net-zero ambition, as defined by the global Greenhouse Gas Protocol (GHGP). By 2030, the company will reduce CO₂ emissions from its own electricity consumption and vehicle fleet to zero. Going further, by 2040 Axpo also wants to decarbonise the emissions in its direct sphere of influence (net zero in GHGP Scopes 1 and 2) and thus exceed legal requirements. Ultimately, Axpo aims to achieve climate neutrality across the entire value chain by 2050 (net zero in Scopes 1, 2 and 3).

Positive outlook

Despite the challenging environment, the financial year 2022/23 was one of success for Axpo. With its strategy, expertise and market position, the company is in a strong place. The Board of Directors and management are convinced that Axpo can defend and further expand its leadership as an international energy company well into the future. Lower results are expected for the financial year 2023/24, however, as various financial effects that had a positive impact on this reporting year will no longer be repeated following market normalisation. In terms of the financial outlook, it must also be taken into account that Axpo ceased to hedge its entire electricity production for a period of three years. Higher electricity prices will have a positive impact on Axpo's results from the financial year 2024/25. Fluctuations in the value of funds required for the decommissioning and disposal of nuclear power plants (STENFO) will also impact future results. The Board of Directors decided to not propose a dividend for the reporting year in view of the credit line

granted by the federal government. However, Axpo assumes that in future an appropriate dividend can be distributed once more.

Harald Gauck new CFO of the Axpo Group

The Board of Directors of Axpo Holding AG has elected Harald Gauck (52) as CFO and member of the Axpo Executive Board. Gauck has worked for Axpo in various senior management positions in finance since 2008 and replaces Joris Gröflin, who has been in charge of this area since 2019. Harald Gauck is a Swiss and German national and following a master's degree, he completed a PhD in Physics at the University of Konstanz. He has many years of in-depth experience in all areas of energy trading, as well as energy production and distribution. He will take on his new role as of 1 January 2024.

Axpo CEO Christoph Brand said: "I want to thank Joris Gröflin very much for his great commitment to the Axpo Group and his dedication to the successful development of our company. Together with his team, he has made a significant contribution to Axpo's success in overcoming the upheavals of the energy crisis. I'm pleased that in Harald Gauck we've been able to appoint a very skilled and experienced expert in the fields of finance and energy, and especially that we were able to fill this strategically important role with a candidate from within the company. Thanks to his current position as Head of Controlling & Services in the Trading & Sales business area, Harald Gauck has extensive knowledge of the company and its processes. He currently heads up an area with more than 200 employees at various international Axpo locations. I'm confident that his broad expertise will help reinforce our financial stability and keep the company on course for continued success."

Key Axpo Group numbers

(1 October 2022 – 30 September 2023)

	2022/23 (in CHF million)	2021/22 (in CHF million)
Total income	10,451	10,546
Earnings before interest and tax (EBIT)	4,192	1,745
as % of total income	40.1%	16.5%
Adjusted EBIT	2,689	392
as % of total income	25.7%	3.7
Result for the period (profit)	3,389	594
as % of total income	32.4%	5.6%
Cash flow from operating activities	3,859	−3,117
Net investments	−93	−142
Total assets	41,344	79,736
Net financial position	390	−3,644
Equity including non-controlling interests	11,565	7,432
Employees (full-time equivalents)	6,420	5,937



More information is available at www.axpo.com/annualresults

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.

More information

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