

Media release

29 May 2024

Axpo strategy continues to deliver results

- **As market normality returns, Axpo continues successful implementation of strategy and makes good operational progress.**
- **First six months of 2023/24 financial year see company post CHF 1,476 million adjusted EBIT.**
- **Positive contribution to earnings reported from all business areas.**
- **Equity further strengthened, positive net finance position.**
- **Axpo makes important contribution to Swiss electricity supply and takes further measures to safeguard future long-term energy security.**

In the first six months of the 2023/24 financial year (1 October 2023 to 31 March 2024), the Axpo Group further strengthened its position as an international energy leader by continuing to successfully implement its three-pillar corporate strategy. As Switzerland's largest producer of electricity, Axpo made a significant contribution to a secure energy supply system, advancing the energy transition by building renewables while successfully growing its customer business with energy trading solutions.

Axpo is making good progress in operating terms, with all business areas contributing to the reporting period's positive results. The success of Axpo's growth strategy is also reflected in the number of additional positions created in the company. At the end of March 2024, the Group employed more than 7,000 employees in 6,689 full-time equivalent positions. Axpo is well positioned as an attractive employer to recruit the specialists it requires. The company has been certified as a 'Best Workplace™' in Switzerland (2024), Spain (2024) and Portugal (2023) by Great Place To Work®, a global authority in workplace culture.

Good results achieved in a changing market environment

As a result of the mild winter, markets continued to return to normal during the reporting period, with energy prices approaching pre-crisis levels. Volatility also fell significantly compared to the same period in the prior year. In this changed market environment, Axpo's strategy achieved good results. Adjusted earnings before interest and tax (EBIT) came to CHF 1,476 million (prior year: CHF 2,242 million), with all business areas making a positive contribution. Earnings from business with Swiss customers were marginal, however. During the reporting period, Axpo achieved an average price of 5 cents per kilowatt hour (kWh) for electricity generated by Swiss power plants. This was due to prices hedged three years ago. In the first six months of the financial year, Axpo posted total income of CHF 4,217 million, 35 per cent down on the same period in the prior year. This was due primarily to significantly lower prices for electricity and gas compared to the same period in the previous year. In the Generation & Distribution and CKW business areas,

adjusted earnings rose thanks to an increase in electricity production compared to the year before. Favourable conditions saw electricity production from hydropower up 18 per cent, generating 4.7 terawatt hours (TWh). At 10.6 TWh, electricity production from nuclear power was 3 per cent up on the prior year, while new renewable energies saw an increase of 12 per cent to 1.1 TWh. The sale of three French wind farms also made a significant contribution to earnings.

Axpo also posted good results in Trading & Sales. While decreased volatility led to reduced market opportunities and a significant drop in earnings potential, in Europe the normalisation of market prices saw a marked increase in interest from industrial companies in long-term corporate power purchase agreements (PPA). As a leading international participant in PPAs, Axpo was able to benefit from this trend and acquire more customers. The market for PPAs will continue to grow as decarbonisation advances, offering further earnings potential for Axpo. Taking into account the reversion of hydropower plants, already underway, and the upcoming decommissioning of nuclear power plants, Axpo's business strategy is key to maintaining and continuing to increase the company's profitability.

Taking into consideration the negative impact from the accounting mismatch amounting to CHF 338 million and the positive impact of CHF 159 million from funds for decommissioning and dismantling nuclear power plants (STENFO), operating income totalled CHF 1,297 million (prior year: CHF 3,854 million). The result for the reporting period amounted to CHF 1,221 million (prior year: CHF 3,214 million).

Cash flow in line with expectations

Funds from business operations totalled CHF 359 million during the reporting period (prior year: CHF 1,515 million). As anticipated, while collateral payments for hedging Swiss electricity production continued to flow back to the company, they did not reach the levels seen in the previous year. Moreover, income tax payments of CHF 466 million were also significantly higher (prior year: CHF 165 million). Gross investments – particularly in renewable energies and the further expansion of power grids – amounted to CHF 203 million, the same as the previous year. Net investments totalled CHF 134 million (prior year: CHF 192 million). This resulted in a free cash flow of CHF 225 million (prior year: CHF 1,322 million).

Equity strengthened and financial flexibility increased

Continued market normalisation also impacted the balance sheet. During the reporting period, total assets further decreased, from CHF 41,344 million as at 30 September 2023 to CHF 38,093 million as at 31 March 2024. Equity continued to grow, amounting to CHF 12,848 million as at 31 March 2024 (30 September 2023: CHF 11,565 million). Liquidity amounted to CHF 6,987 million while financial liabilities totalled CHF 6,370 million. This resulted in a positive net finance position of CHF 618 million. In February 2024, Axpo reached agreement with an international banking consortium for an unsecured, revolving committed credit line with a sustainability-linked component totalling EUR 7.0 billion. In doing so, the company refinanced the two existing committed credit lines of EUR 3.0 billion each from 2022 and increased its financial flexibility.

Further expansion of renewable energy – obstacles for Alpine solar projects

Axpo continued to develop renewable energy sources. In the solar power sector, its CKW subsidiary installs an average of two roof-mounted systems a day across Switzerland. The largest photovoltaic system installed by CKW to date commenced operations at the distribution site of healthcare wholesaler Galexis in Niederbipp. It will produce around 2 gigawatt hours (GWh) of electricity per year. At Schüpfheim, the official ground-breaking ceremony took place for a high-performance wood-heating plant. Thanks to modern wood gasification technology, this facility will supply climate-friendly heating for up to 1,000 households and electricity for around 660 four-person households. Regarding Alpine solar developments, Axpo had to cancel the Alpin Solar Ybrig project in the canton of Schwyz and two planned projects in the municipality of Ilanz/Glion following their rejection by local voters. Elsewhere, the Glarus Süd project was discontinued due to a lack of profitability. However, evaluation is still ongoing at two projects in the municipalities of Tujetsch and Disentis, both of which have been approved by voters. Overall, significant impediments remain to the development of large-scale solar plants in Switzerland. These include acceptance among local communities and issues of profitability due to prevailing market conditions and the regulatory framework.

Outside Switzerland, Axpo is seeing much more rapid progress in the development of renewable energy sources. In addition to wind and solar projects across Europe – in Scandinavia, France, Germany and Spain – Axpo is involved in the development of two large-scale ground-mounted solar systems in Italy. The project in Lombardy for Novelis – a global leader in aluminium rolling and recycling – is already providing electricity to its factory and will enable the company to significantly reduce CO₂ emissions. Axpo has also been awarded the contract for building a large solar plant in Calabria for Italian agricultural company Favella Group. With a capacity of 13 megawatt peak (MWp), this should produce around 24 GWh of electricity a year.

Hydrogen projects taking shape

Green hydrogen, which is produced from renewable energy, will make an important contribution to decarbonisation. In Switzerland, Axpo is playing a leading role in both project development and the production of green hydrogen. Specific projects include the largest green hydrogen production plant in Switzerland to date, which commenced operations in April 2024 at the Reichenau hydropower plant in Domat/Ems; the planned plant in Wildegg-Brugg; and the first hydrogen-powered passenger ship on Lake Lucerne, which will be fuelled by regionally produced green hydrogen. Working with Infinite Green Energy (IGE), Axpo is also planning a large hydrogen production plant in Valle Peligna in the Abruzzo region of Italy. This facility should provide up to 12 tonnes of hydrogen a day for use by energy-intensive industrial and transportation companies, leading to potential CO₂ savings of tens of thousands of tonnes a year.

Innovations continue, with more in the pipeline

As renewable energies continue to expand, batteries are becoming increasingly important for energy storage. Axpo has been committed to the project development, construction and commercial marketing of large-scale battery solutions for several years. The company develops and operates several storage facilities in Switzerland and provides marketing services to third parties. In early 2024, Axpo put its first energy storage plant in Sweden into operation. The 20 MW/20 MWh plant was connected to the power grid by local energy company Landskrona Energi, and provides energy balancing to maintain the grid's equilibrium. Optimising one's own electricity consumption is also an important part of the energy future. In April 2024, Axpo's subsidiary CKW became the first major energy supplier in Switzerland to complete the conversion to intelligent electricity meters for all its

customers. These smart meters use 75 per cent less electricity than the old meters and allow customers to identify 'electricity guzzlers' in their homes via the CKW Energie Tracker app and reduce their electricity consumption accordingly. The app was developed with Swedish software company Eliq. Axpo has been an investor in the company, which specialises in analysing large numbers of energy data points using artificial intelligence, since November 2023.

Measures for safeguarding a secure energy supply

For Switzerland to make progress with decarbonisation and achieve its climate targets, it urgently needs more electricity. Based on predicted demand, by 2050 the country will have an energy shortfall of more than 50 TWh. This is significantly more than the entire volume currently produced by hydropower and corresponds to 80 per cent of today's electricity consumption. As Switzerland's largest producer of electricity, Axpo wants to play a major role in closing this gap and safeguarding the security of the country's energy supply. Projects identified by the Hydropower Roundtable should increase winter electricity production by 2 TWh. As part of these efforts, Axpo is investigating the technical feasibility and profitability of the hydro dams in its sphere of influence. The company has also decided to check the technical feasibility of operating nuclear power plants beyond their 60-year operating limit. Axpo has also submitted a project proposal through the Swiss federal tender process for a new emergency reserve power plant at Auhafen in Muttenz. The gas turbine power plant is intended to be powered by eMethanol, depending on the availability of the fuel. The proposal has been developed in close cooperation with local partners and cantonal authorities, and could cover the electricity consumption of around 100,000 households in the event of an emergency shortage.

Outlook

Given the global political situation, markets remain unstable and future developments uncertain. Despite those challenges, however, Axpo is well positioned and continues to consistently implement its corporate strategy. Seasonal trends will see results for the second half of the year (1 April to 30 September 2024) weaker than the first. Nevertheless, increased market prices for electricity are expected to have a positive impact on earnings from the 2024/25 financial year onwards. It should also be noted that since the start of 2022 Axpo no longer hedges its entire electricity production for three years. The STENFO value fluctuations will also have an impact on future results.

Link to [half year report](#)

Key figures at Axpo Group

(1 October 2023 – 31 March 2024)

	Half-year 2023/24 (in CHF million)	Half-year 2022/23 (in CHF million)
Total income	4,217	6,503
Earnings before interest and tax (EBIT)	1,297	3,854
as % of total income	30.8%	59.3%
Adjusted EBIT	1,476	2,242
as % of total income	35.0%	34.5%
Result for the period (profit)	1,221	3,214
as % of total income	29.0%	49.4%
Cash flow from operating activities	359	1,515
Net investments in non-current assets (excluding loan receivables)	-134	-192
Total assets	38,093	53,701
Net financial position	681	-2,608
Equity including non-controlling interests	12,848	11,044
Employees (full-time equivalents)	6,689	6,260

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 7,000 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

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