



Analyst and Media  
Conference FY 2023

Zurich, 12.03.2024

BKW continues its growth  
trajectory with strong result

# Agenda

- 1 Review FY 2023  
CEO Robert Itschner
- 2 Financials FY 2023  
CFO Martin Zwysig
- 3 Strategy and outlook  
CEO Robert Itschner
- 4 Q&A



# BKW posts strong FY 2023 result

**Revenue**

CHF 4,598 m

**EBIT**

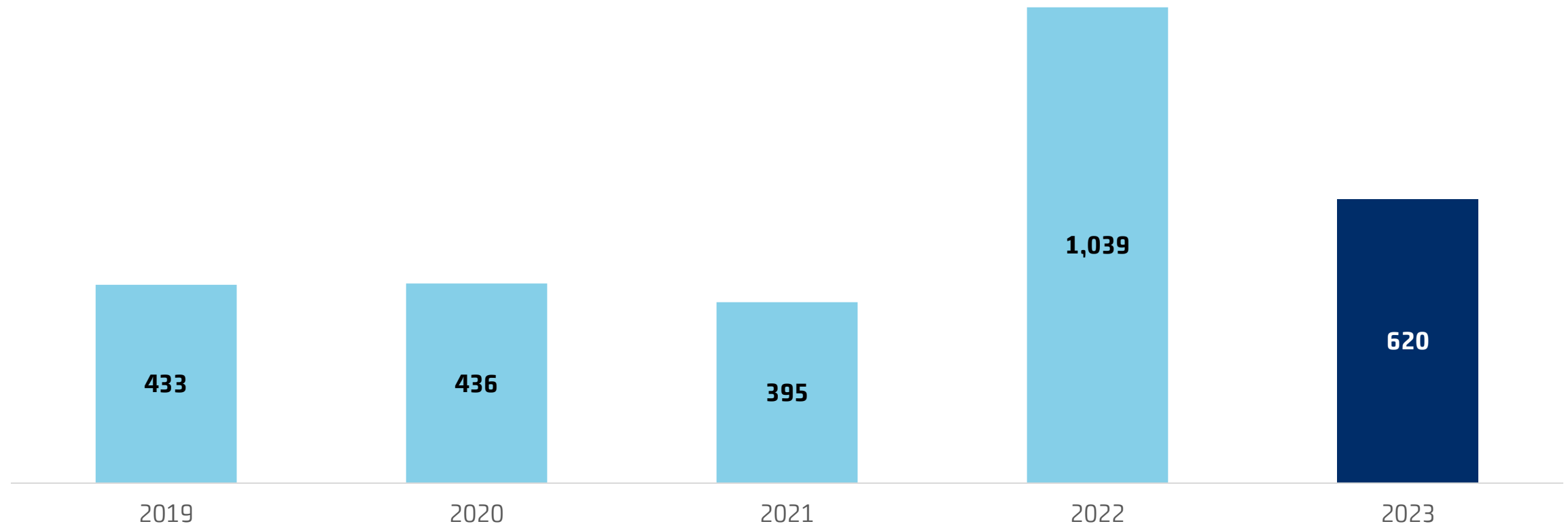
CHF 620 m

**Operating net profit**

CHF 432 m

# BKW on long-term growth trajectory

**EBIT in CHF m**



# Focus on proven three-pillar strategy allows growth along the entire energy value chain

## Energy



## Grid



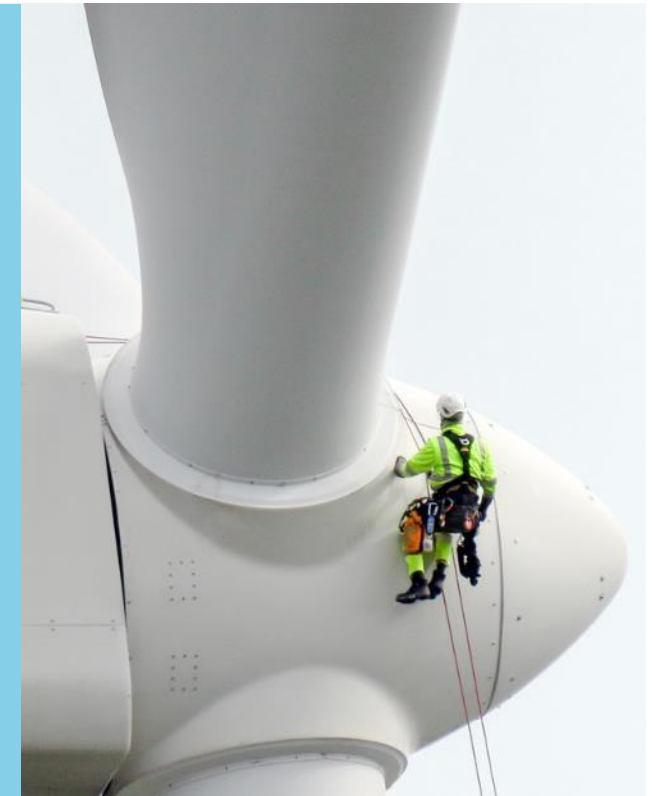
## Services





# Energy: Continuous growth in energy production and trading

- **Strong momentum for the expansion of renewables in Switzerland**  
Positive decision on the Trift concession, building permit received for Tramelan, strong pipeline for ground-mounted solar installations
- **Exceeding the target of 1 GW of new renewables by 2026**  
New wind farms with 255 MW acquired in Sweden and Italy
- **Expansion of customer-specific energy solutions**  
More than 1 GW in new PPAs concluded in Europe, growth in decentralized flexibility
- **De-risking the production portfolio**  
KKM free of nuclear fuels ahead of schedule



# Grid: Stable contribution to EBIT

- **Security of supply**  
99.996% availability of BKW grid
- **Integration of renewable production into grid**  
Over 23,500 PV systems with 500 MW connected to BKW grid  
(+50% from 2022 to 2023)
- **Substantial investments, generating stable cash flows**  
CAPEX of more than CHF 120 m per year



# Services: Strong order backlog, launch of two-year program to improve profitability

- **Strong order backlog**

Project volume of EUR 330 m to upgrade electrical infrastructure in Germany and of CHF 218 m in the public sector

- **Ongoing portfolio optimization**

Introduction of consolidation measures, launch of the largest engineering network in the DACH region

- **Result impacted in 2023 by non-recurring items**

Value adjustments on projects and impairment losses

- **Improvement in profitability**

Two-year program launched to increase profitability





# ESG: Important progress in sustainability

- **Environment**

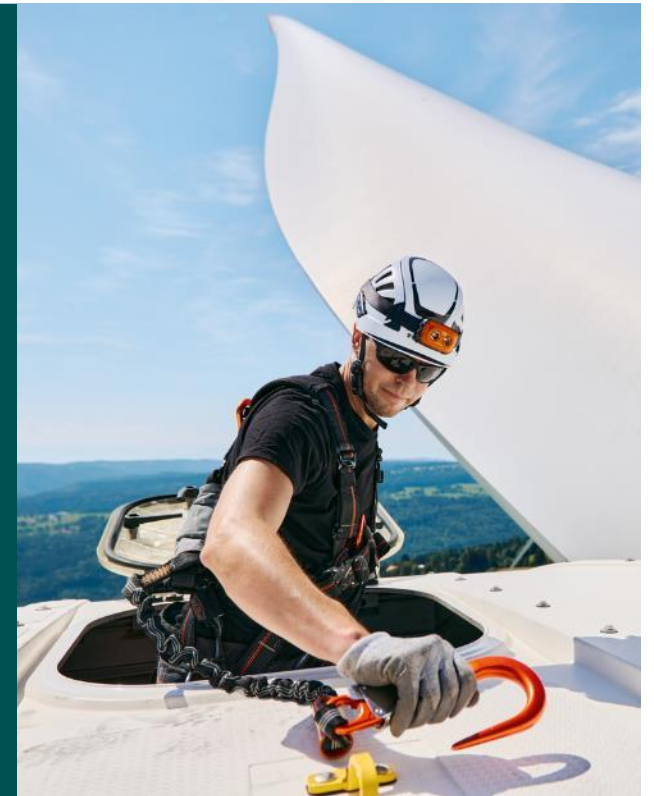
Targets set: Net Zero 2040 for energy business; 100% electrification of vehicle fleet by 2030

- **Social**

Signing of the SUVA Charter for occupational safety, launch of diversity and inclusion communities, signing of Advance Diversity Charter

- **Governance**

Further development of the BKW Integrity Line whistleblower system





# Financials FY 2023



# Successful FY 2023 after extraordinary FY 2022

<b>CHF m</b>	<b>2022</b>	<b>2023</b>	Delta	Delta %
<b>Revenue</b>	<b>5,199</b>	<b>4,598</b>	<b>-601</b>	<b>-12%</b>
EBITDA	1,247	953	-294	-24%
<i>EBITDA in % of revenue</i>	<i>24.0%</i>	<i>20.7%</i>		
<b>EBIT</b>	<b>1,039</b>	<b>620</b>	<b>-418</b>	<b>-40%</b>
<i>EBIT in % of revenue</i>	<i>20.0%</i>	<i>13.5%</i>		
Operating net profit	713	432	-281	-40%
<i>Operating net profit in % of revenue</i>	<i>13.7%</i>	<i>9.4%</i>		
<b>Net profit</b>	<b>574</b>	<b>488</b>	<b>-86</b>	<b>-15%</b>
<i>Net profit in % of revenue</i>	<i>11.0%</i>	<i>10.6%</i>		
<b>Operating Cash Flow</b>	<b>730</b>	<b>704</b>	<b>-27</b>	<b>-4%</b>
Return on Capital Employed (ROCE)	15.1%	8.1%		
<b>Equity ratio</b>	<b>36.9%</b>	<b>45.8%</b>		

## Revenue

Lower energy prices

## EBIT

Extraordinary portfolio management and trading result in previous year;  
Impairment losses (non-cash)

## Net profit

Positive performance STENFO

## Operating Cash Flow

High cash conversion

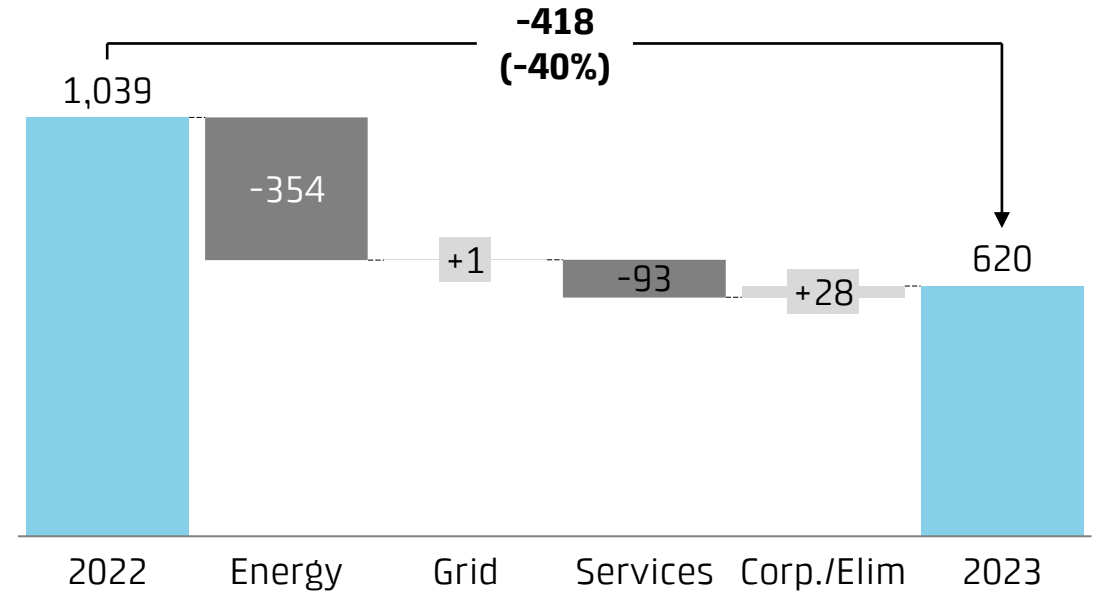
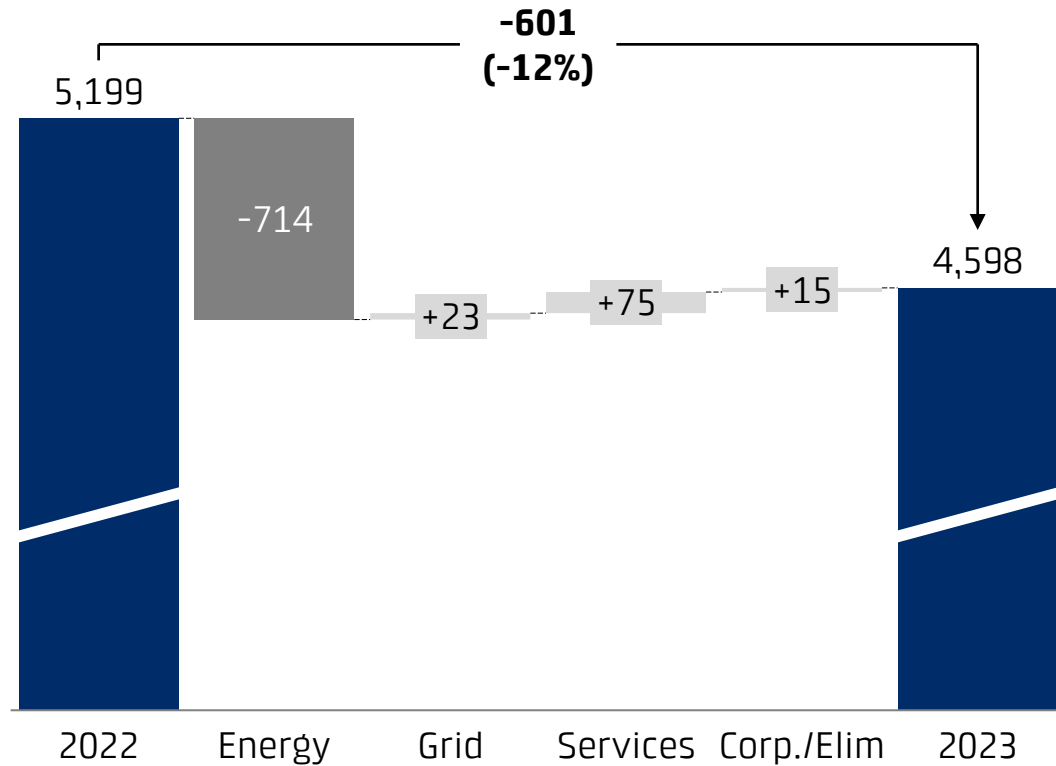
## Equity ratio

Strong increase in equity and normalization of balance sheet total, both strengthen equity ratio

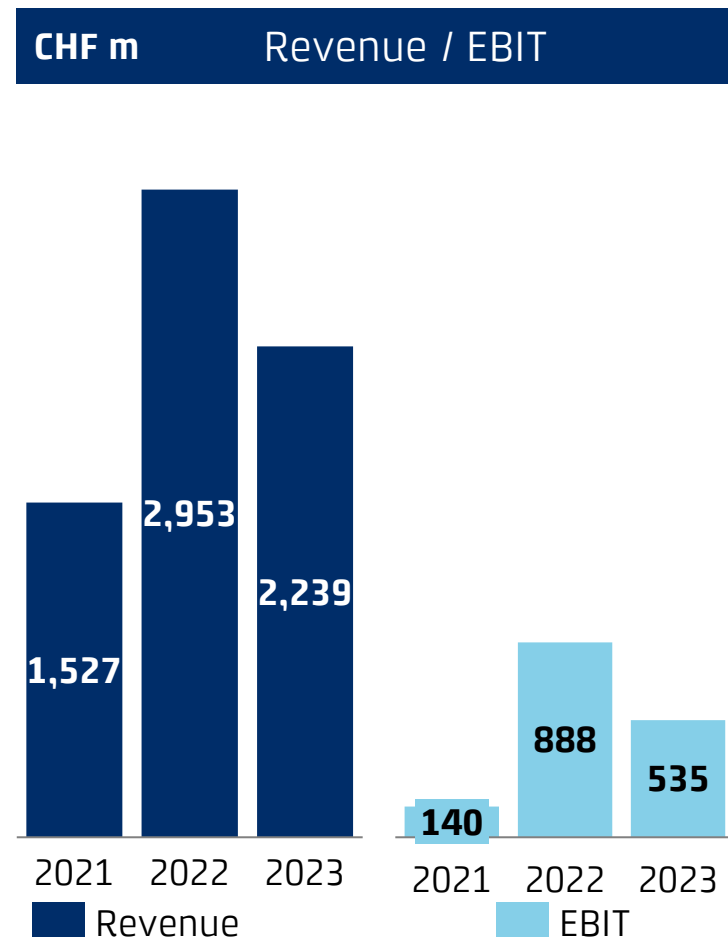
# Calming down of the energy markets crucial for the development of overall performance and EBIT

CHF m Revenue

CHF m EBIT



# Energy: Once again successful portfolio management and trading results



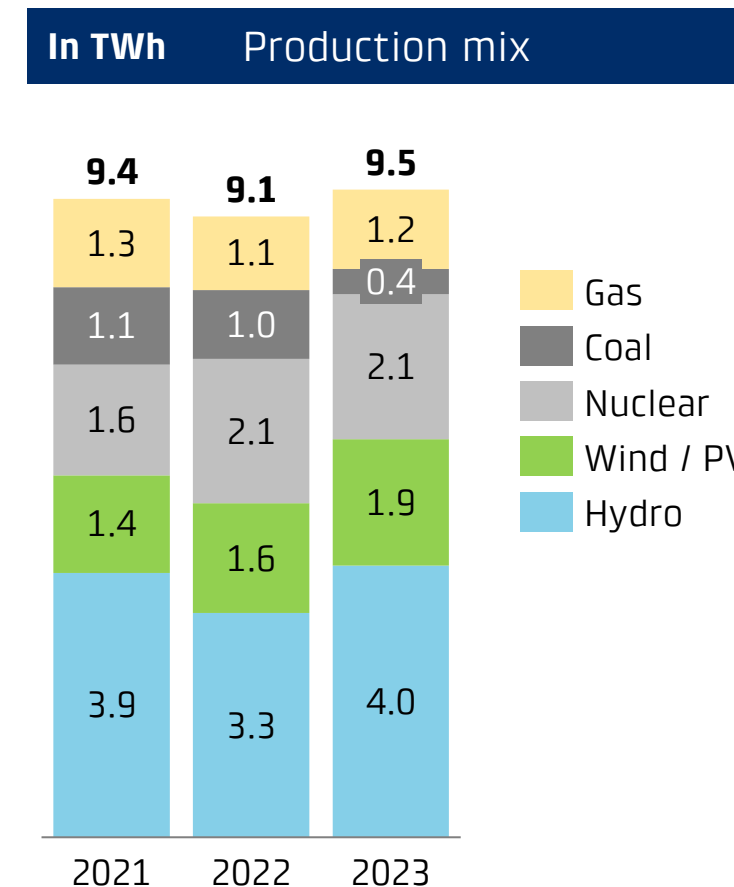
**Key points**

**Revenue**

- Lower prices in wholesale market
- Supported by higher production volumes

**EBIT**

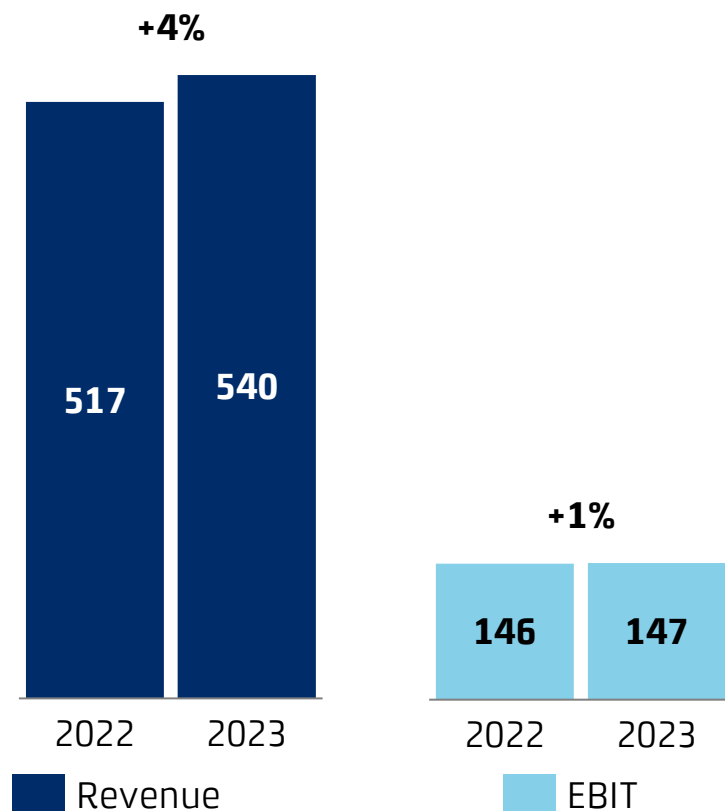
- Successful portfolio management and trading results
- Lower procurement costs KKL
- Higher production hydro plants





# Grid: Stable earnings contributions and higher investments in renewal and expansion

CHF m Revenue / EBIT



Key points

## Revenue

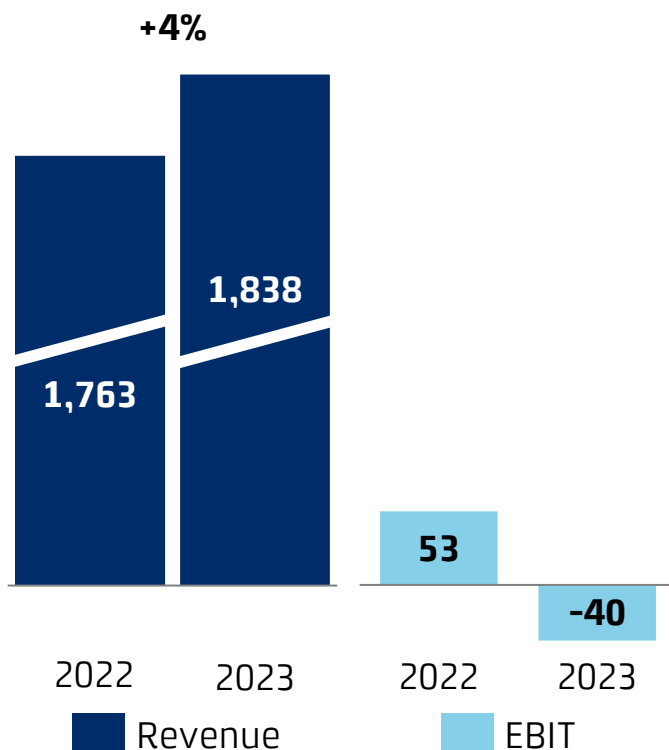
- Pass through of higher transmission grid tariffs from Swissgrid
- Lower transmission volumes

## EBIT

- Lower transmission volumes
- Reduced intake from the high-voltage grid

# Services: Two-year program to strengthen profitability and efficiency for future growth

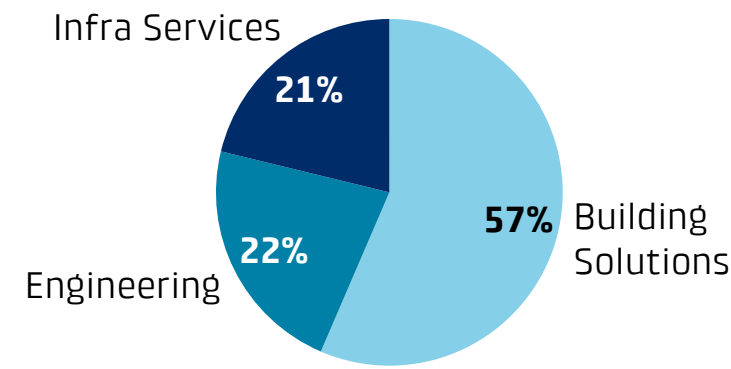
CHF m Revenue / EBIT



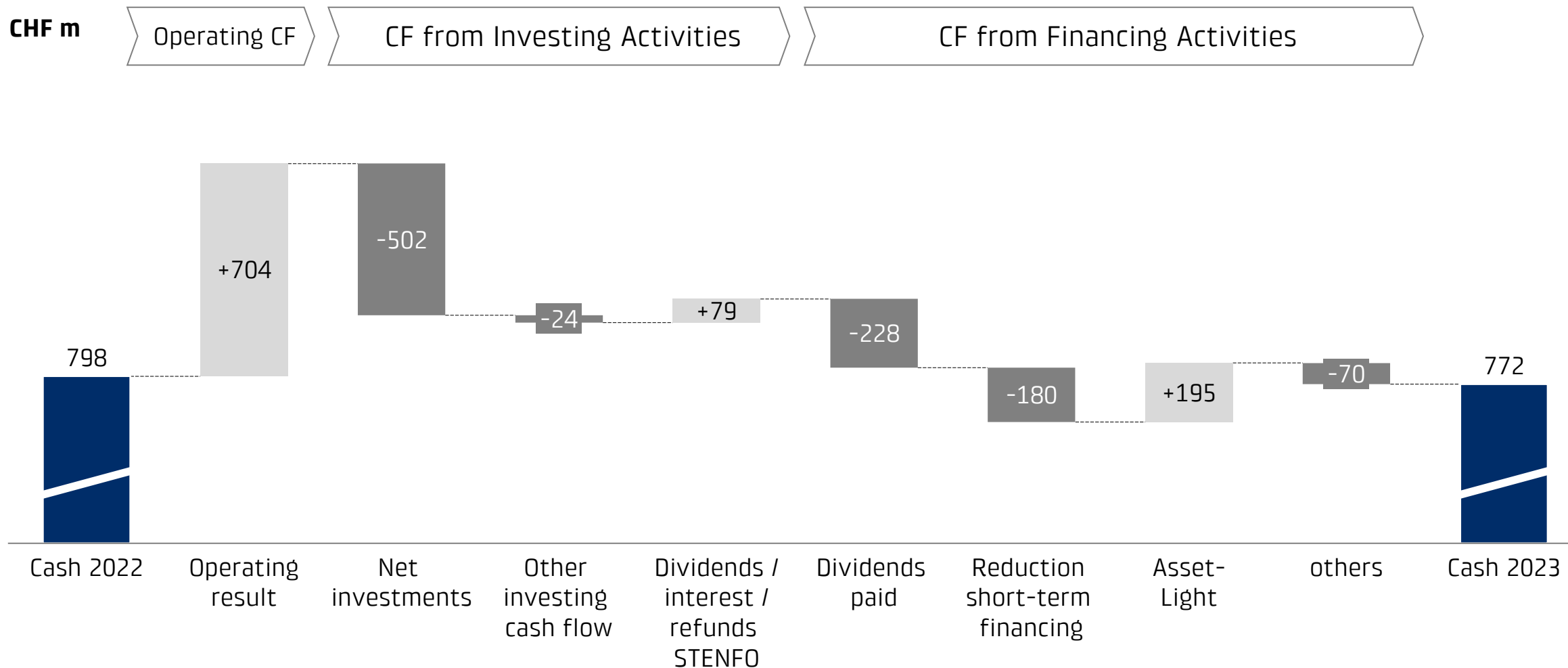
Key points

- Revenue**
- Growth in electro installation and IT
  - Small inorganic growth
  - Delayed project awards
- EBIT**
- Operating performance below expectation
  - Investments in the development of efficient structures
  - Value adjustments on projects and impairment losses on customer lists and trademark rights

Revenue split

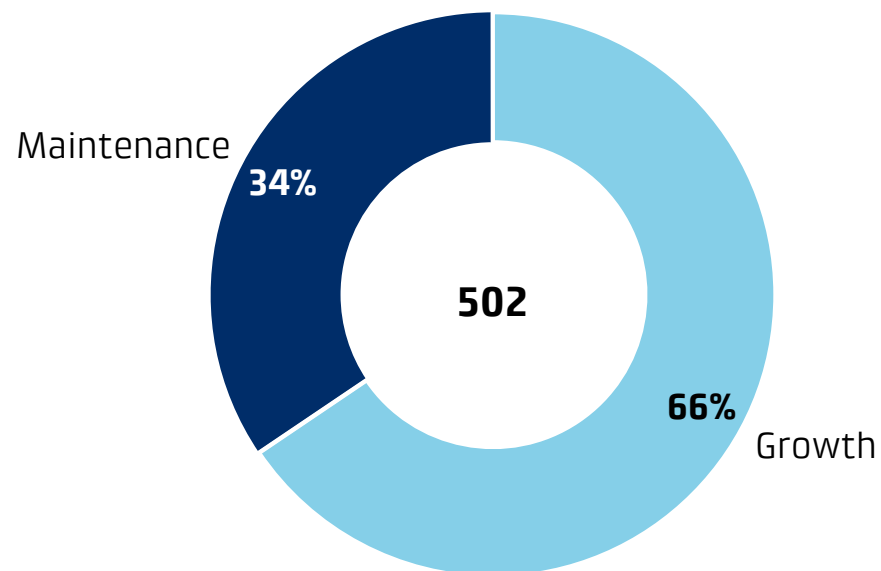


# Investments covered by strong operating cash flow

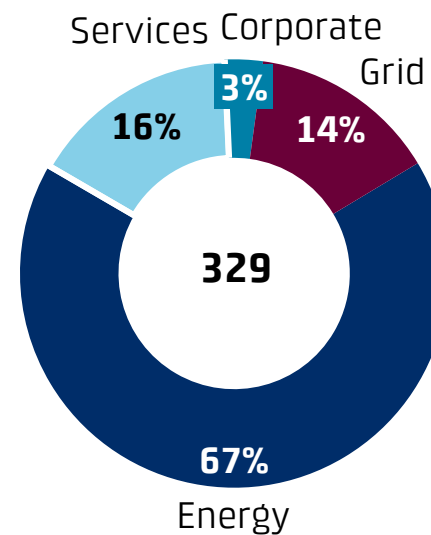


# Major investments in growth and energy transition

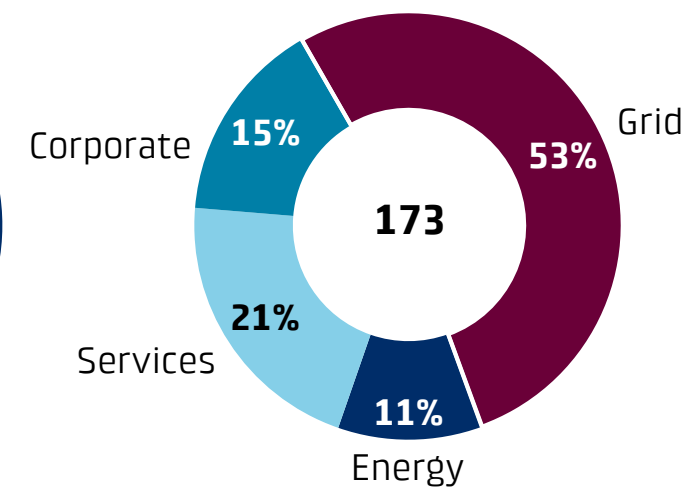
**CHF m** Investment



**CHF m** Growth



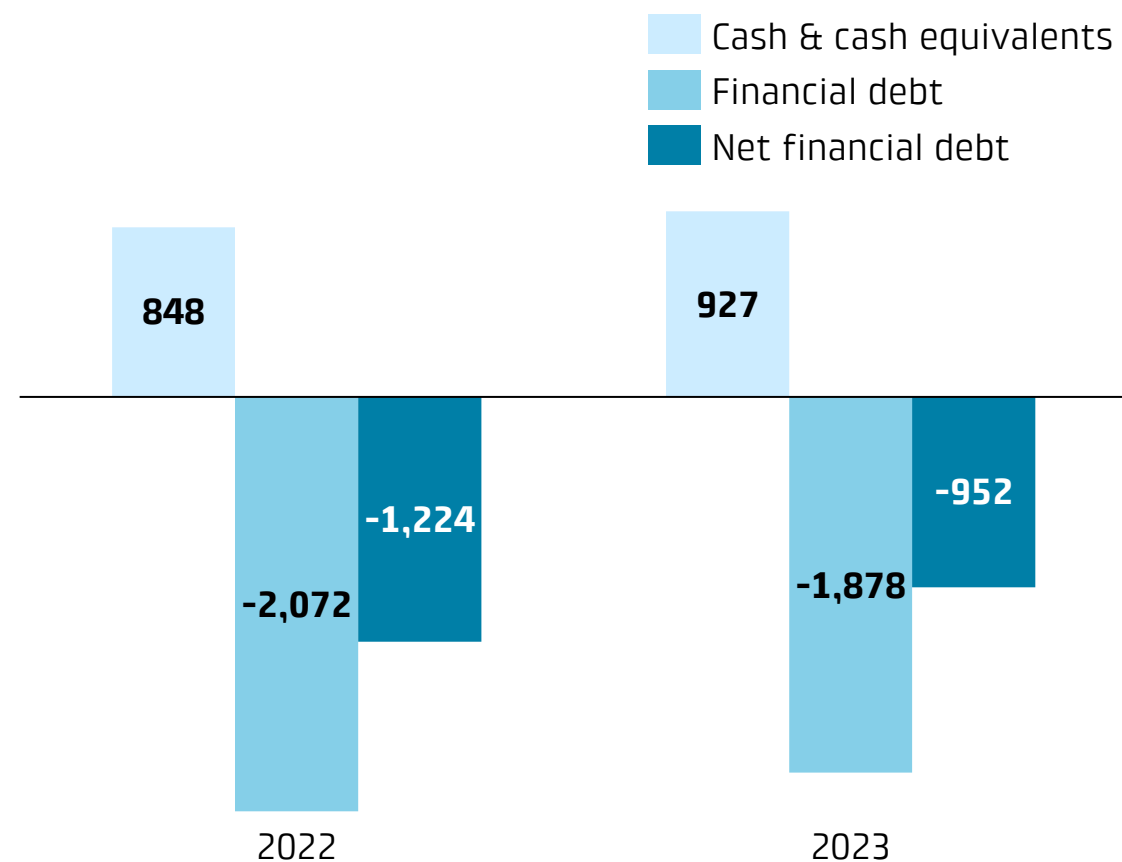
**CHF m** Maintenance



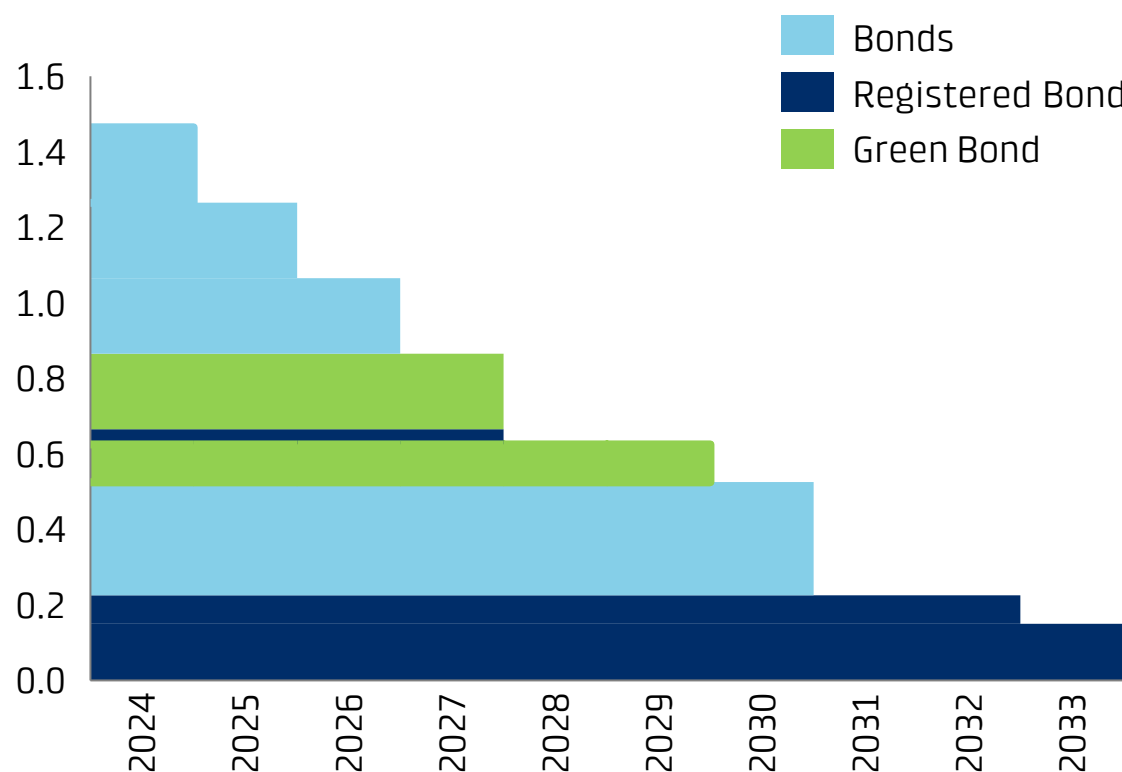
# Net debt again below CHF 1 bn

## Well-balanced maturity profile ensures financial flexibility

**CHF m** Net debt



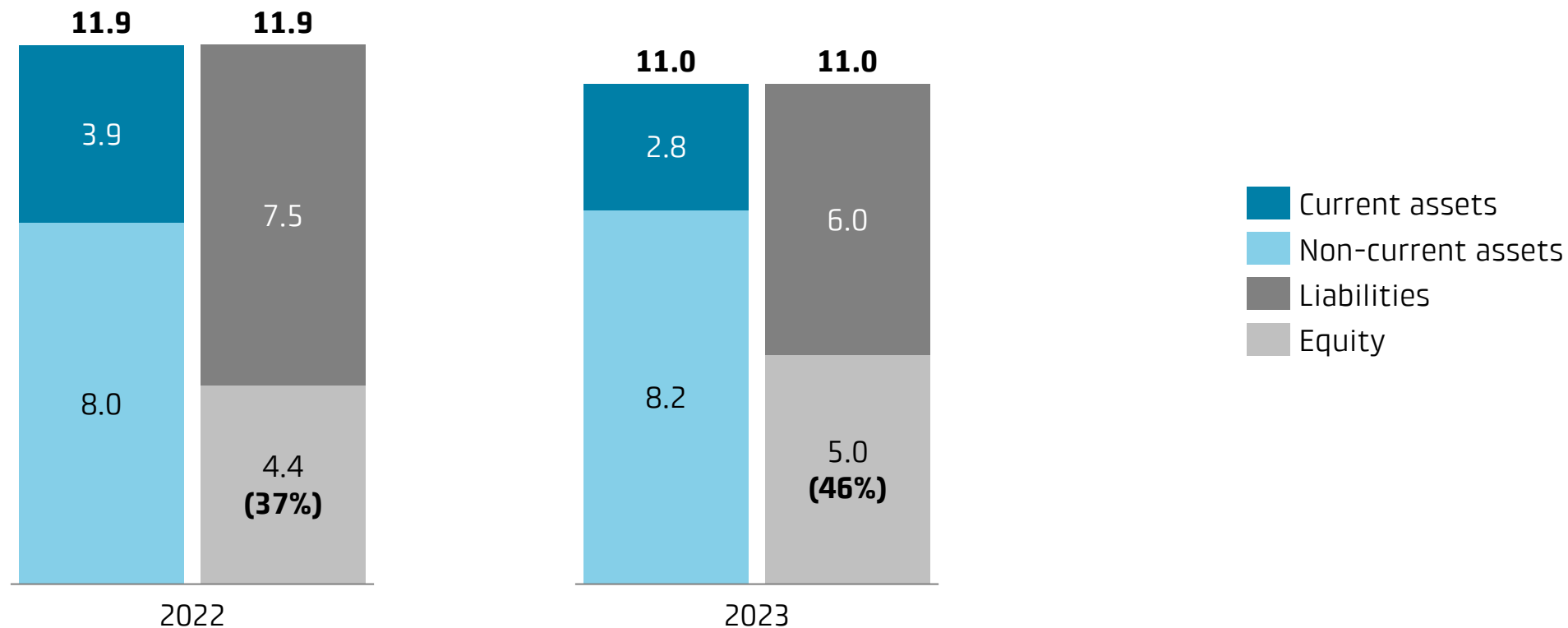
**CHF bn** Maturity profile bonds





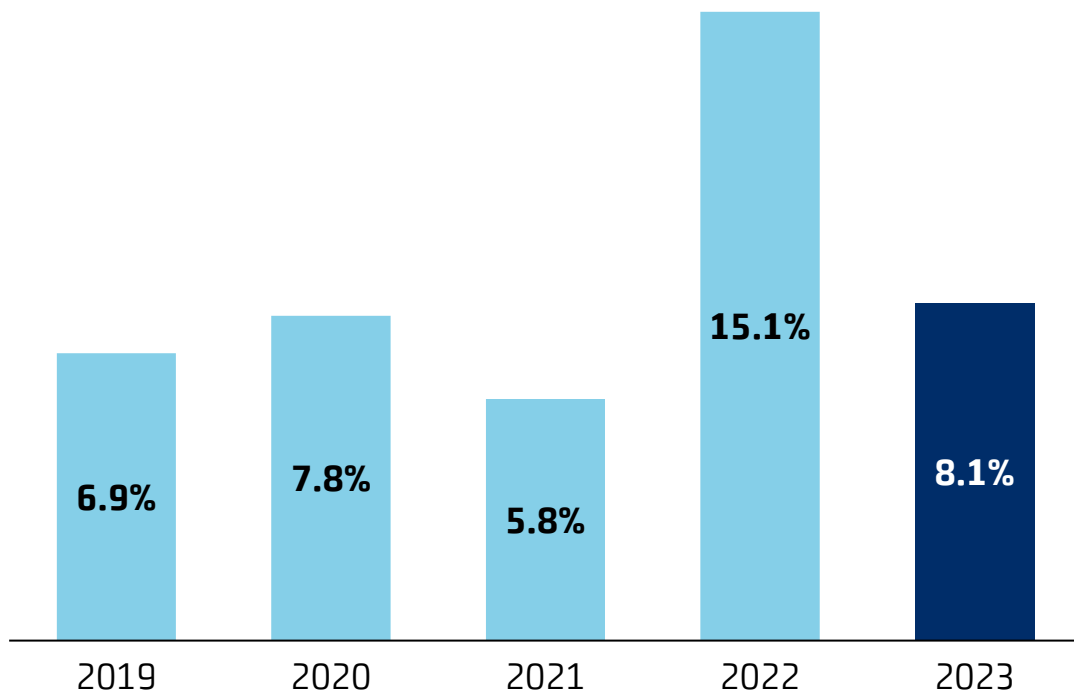
# Increase in equity ratio and normalization of balance sheet total

CHF bn



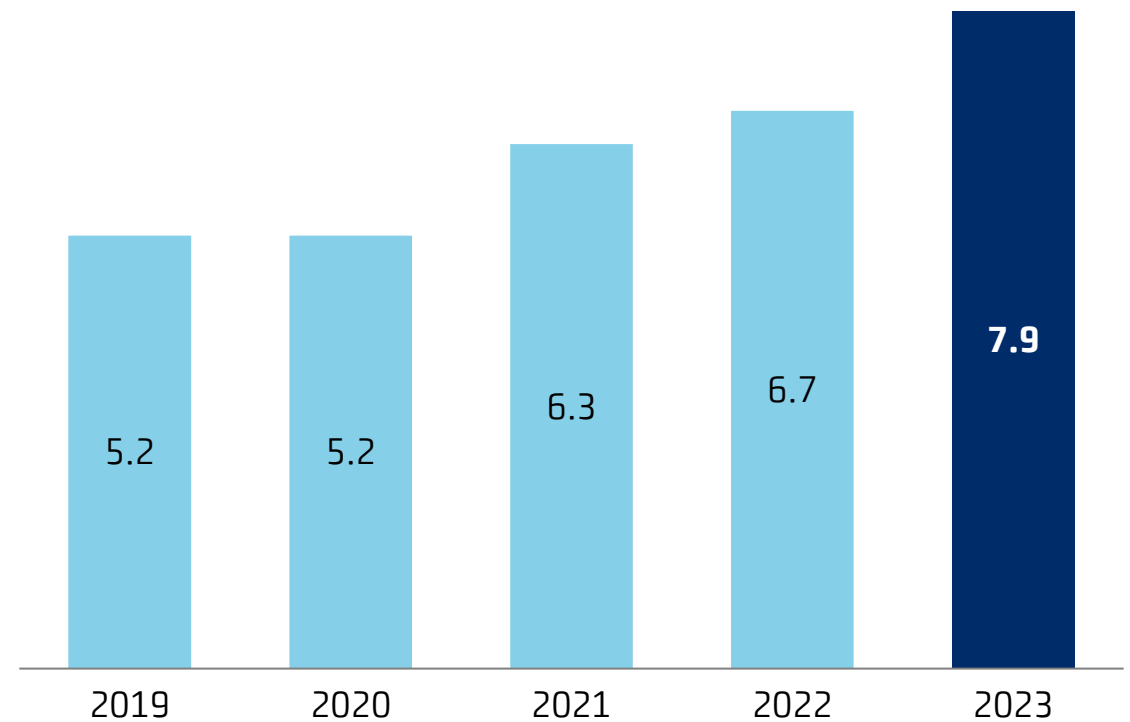
# Return on capital employed exceeds the capital costs

Return on capital employed (ROCE)



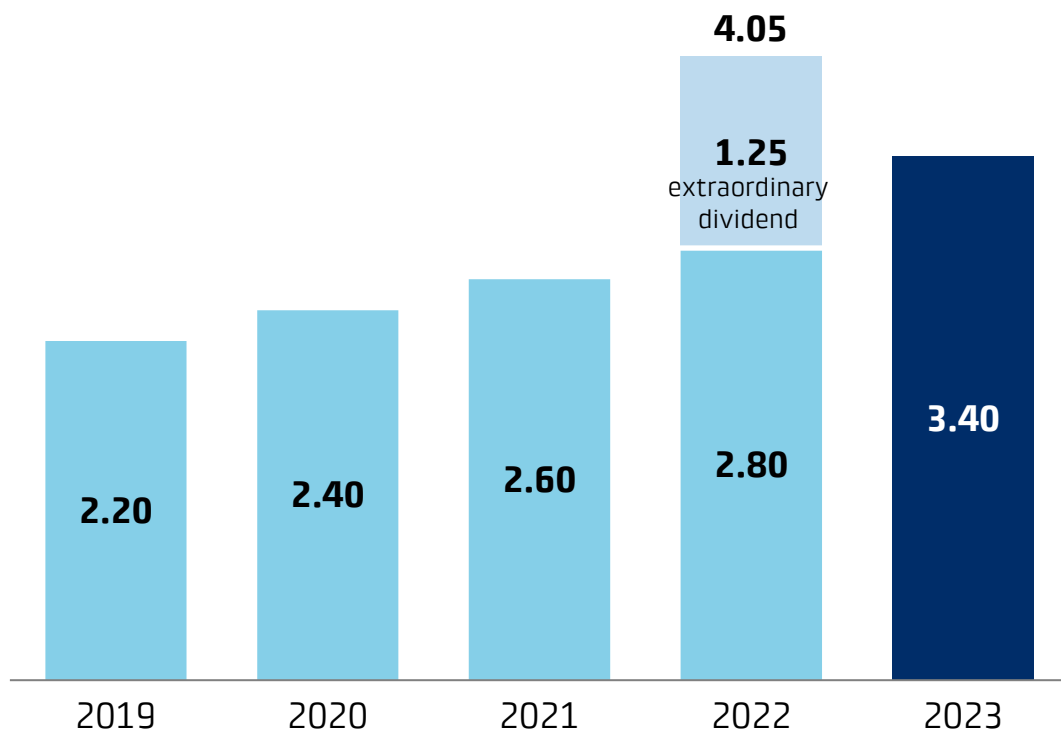
CHF bn

Market capitalization

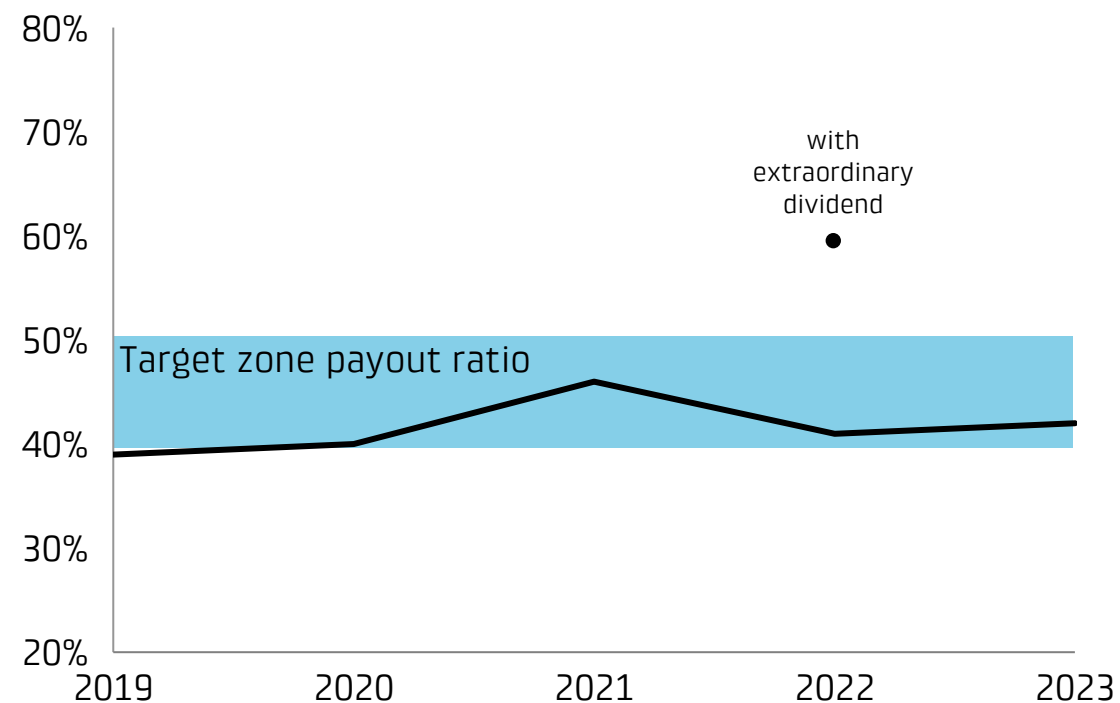


# Proposed increase in regular dividend from CHF 2.80 to **CHF 3.40** in line with BKW's dividend policy

**CHF** Dividend per share



Payout ratio





# Strategy and outlook

# BKW in attractive markets with high growth potential

## Energy



**+3,000 TWh  
market volume**

in European energy production  
by 2050

## Grid



**+CHF 75 bn  
investments**

in Swiss distribution grids  
by 2050

## Services



**+CHF 20 bn  
market volume**

in DACH region  
by 2030



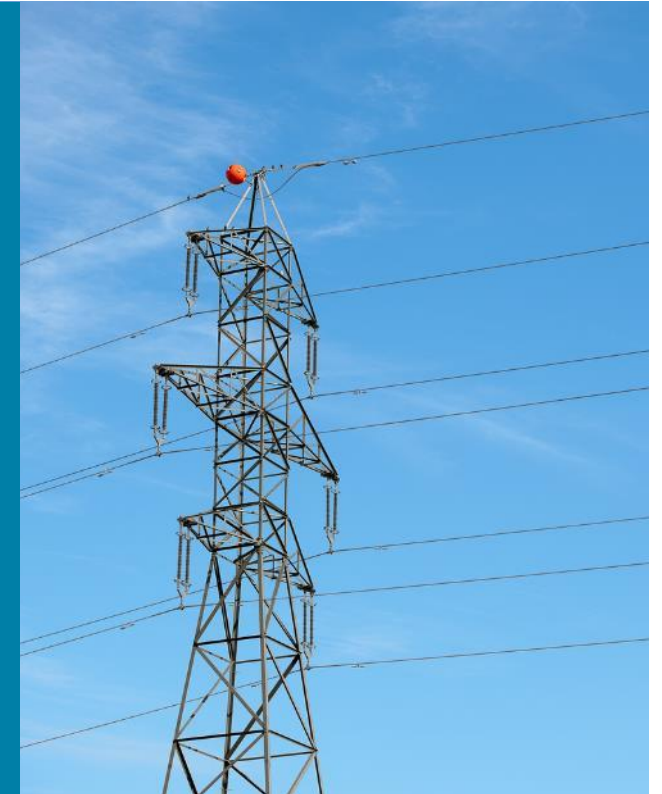
# Energy: Expansion of renewables and growth in customers solutions

- **Strengthening security of supply in Switzerland**  
Over CHF 1 bn project pipeline in hydro, wind and solar
- **Expansion of renewable electricity production in Europe**  
Focused development in BKW's core markets
- **Growth in customer solutions and energy services business**  
Growth in PPA business and flexibility services, marketing of decentralized power generation



# Grid: Speeding up of grid expansion to implement energy transition

- **Continuous investments in energy transition in the grid**  
Smart meter roll-out, grid reinforcements for renewables
- **Mitigating talent shortage**  
Program launched to recruit specialists in the grid sector
- **Involvement in political discussion**  
Acceleration of approval procedures for grid expansion



# Services: Focusing on profitability in attractive growth markets

- **Completion of the two-year program to increase profitability**  
Further strengthening of structures and operational excellence
- **Execution of the high order backlog of infrastructure projects**  
Electrical infrastructure in Germany, sustainable buildings, planning and implementation of heating networks
- **Strengthening the positioning of BKW Engineering**  
Further growth in Network of Excellence®
- **Expansion in the photovoltaic sector**  
One Solstis brand for Switzerland-wide PV offering



# ESG: Further strengthening of ESG governance in the Group and preparation for new regulatory requirements

- **General**  
Setting an ESG target for Group management, introduction of management structures, processes and systems to prepare for ESG regulatory requirements
- **Environment**  
Development of a BKW biodiversity register
- **Social**  
Strengthening of occupational health and safety prevention processes
- **Governance**  
Further strengthening of data management





# Positive outlook for FY 2024

**BKW strongly positioned**  
in attractive markets

**Focus along the entire energy value chain**

Production, distribution and energy efficiency in  
buildings, infrastructure and mobility

**Capital Markets Day**

On November 8, 2024

**EBIT outlook for FY 2024**

of CHF 650 to 750 m







# Q & A

BKW GROUP

# Annual Report 2023



We create spaces for life.



# Disclaimer

*This presentation contains forward-looking statements which are made on the basis of current expectations and assumptions. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. Potential risks and uncertainties include, among others, such factors as market and economic conditions, governmental regulations, competitive conditions, interest rates and fluctuation in currency exchange rates. Although BKW believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved. BKW undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.*