

LETTER TO SHAREHOLDERS

Successful BKW consistently drives forward three-pillar strategy

The BKW Group¹ achieved the second-best result in its history in 2023. This primarily thanks to the success in the Energy business area. BKW has intensified its ongoing efficiency program in the Services area. The grid continues to be a stable enabler of the energy transition. BKW will continue to systematically develop its three-pillar strategy with the business areas mentioned above. It wants to continue to grow along the value-added chain from renewable power production to secure distribution and the efficient use of energy.

Dear Shareholders, Ladies and Gentlemen,

The company achieved a strong operating profit and closed the fiscal year with an EBIT of CHF 620 million. This success encourages the Board of Directors and Executive Board to continue investing in the energy future and to focus on the attractive growth markets along the value-added chain – from renewable power production, to smart distribution grids, to the efficient use of energy in buildings, industry and mobility.

Positive overall result

BKW generated a strong operating net profit of CHF 432 million in 2023. At CHF 620 million, EBIT was within the guidance. The Energy business made a particularly strong contribution to this result. The Grid segment's share was solid as usual, while the Services business remained well below expectations due to adjustments and impairments.

Energy business exceeded expectations

Results came in even better than expected in the Energy business. A decisive factor for this success was a very good result in the trading and management areas. As in the previous year, BKW was able to make optimum use of opportunities thanks to its solid liquidity and appropriate risk management. In addition, it successfully expanded its business with Power Purchase Agreements (PPA).

Measures in the Services business

As announced a year ago, BKW has initiated measures to strengthen profitability in the Services

business. As part of this two-year program, it conducted an in-depth review of the service companies. In 2023, this review resulted in one-off items that weighed on profitability.

At the same time, BKW continues to see attractive growth opportunities for its Services business in the infrastructure and buildings markets. In this context, BKW is examining selective acquisitions and divestments in order to focus the portfolio even more strongly on energy efficiency and photovoltaics in the building sector, the expansion of supply infrastructures and e-mobility.

High investments in renewable technologies

As in 2023, BKW intends to continue investing in plants for the production of renewable energies, both in Switzerland and abroad in 2024. BKW has a project pipeline of over CHF 1 billion in Switzerland alone. This includes, among others, the expansion of the Trift and Grimsensee hydroelectric projects, multiple ground-mounted solar plants, as well as the Tramelan and Jeanbrenin wind projects.

BKW also continues to invest over CHF 120 million annually in grid expansion, which is vital to the energy transition with its strong growth in local solar plants. In 2024, as Switzerland's largest distribution grid operator, BKW will also begin the nationwide roll out of smart meters to all customers. By the end of 2028, BKW will install over 400,000 smart electricity meters.

At the same time, BKW is strengthening its sustainability strategy along the SUCCESS frame-

work. This comprises seven action areas: From the reduction of our own impact on climate change and the careful use of resources, to social aspects in corporate management. For example, in 2023 BKW has set itself the goal of reducing its greenhouse gas emissions in the Energy business to net zero by 2040 and electrifying its vehicle fleet by 2030.

Increase in EBIT guidance

For 2024, BKW expects another above-average result in the Energy business area – also thanks to the electricity prices already secured for the coming years and the further expansion using PPAs. In addition, the measures taken will lead to an improvement in the earnings performance in the Services business. Expectations are complemented by the continued stable earnings in the Grid business. Overall, BKW is assuming annual EBIT guidance of CHF 650 to 750 million for the current 2024 fiscal year, which corresponds to an increase of CHF 100 million compared to the 2023 EBIT guidance.

We would like to take this opportunity to thank everyone who has accompanied us on our successful journey: our customers, suppliers and partners, our shareholders and, above all, our employees, who show their dedication to BKW every day. We look forward to continuing on this successful journey with them all in 2024.

Kind regards,



Roger Baillod
Chairman of
the Board of Directors



Robert Itschner
CEO



Roger Baillod and Robert Itschner in the BKW trading room.

Changes to the Group Executive Board

There were changes to the Group Executive Board of BKW in fiscal year 2023. Sven Behrend took over from Werner Sturm as CEO of Infra Services on May 1. On July 1, Martin Zwyssig succeeded Ronald Trächsel as CFO. BKW also adjusted its organizational structure as of November 1: The three managing directors of the Infra Services, Building Solutions, and Engineering service divisions are now part of the Group Executive Board. Stefan Sewckow, as Head of the Energy Markets business, is also new to the Group Executive Board. Corinne Montandon, previously Head of Energy Markets & Group Services, took over as Head of Power Grid. She replaced Roland K pfer, who came to the end of a successful career and headed into well-deserved retirement.

Roger Baillod, Chairman of the Board of Directors of BKW AG

¹ The BKW Group comprises BKW AG and its Group companies. For better readability, the Group will be referred to below as BKW. Where the text relates to BKW AG or BKW Energie AG, this is expressly mentioned.