

# BKW's strategy

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CEO



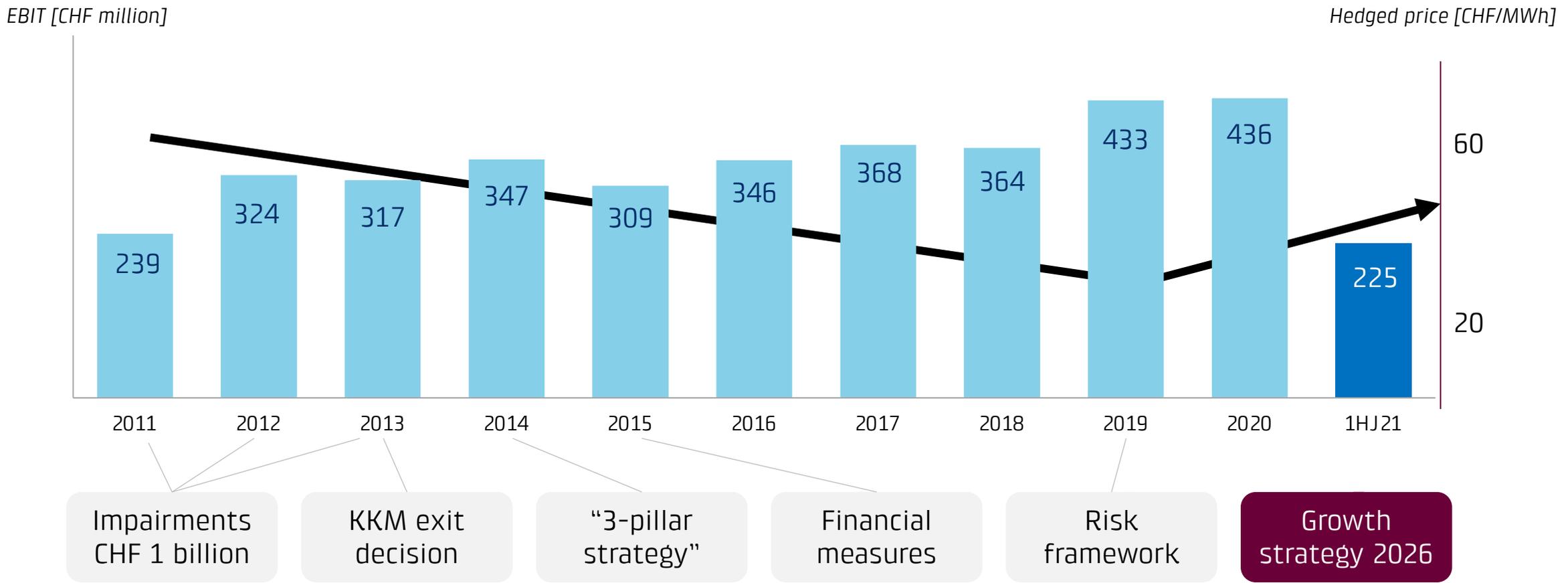
# Balancing prosperity and the environment: integrated and trend-setting solutions from BKW



Our markets:

- Energy
- Infrastructure
- Buildings

# Strategic foundation for growth created



Electricity price collapse overcompensated

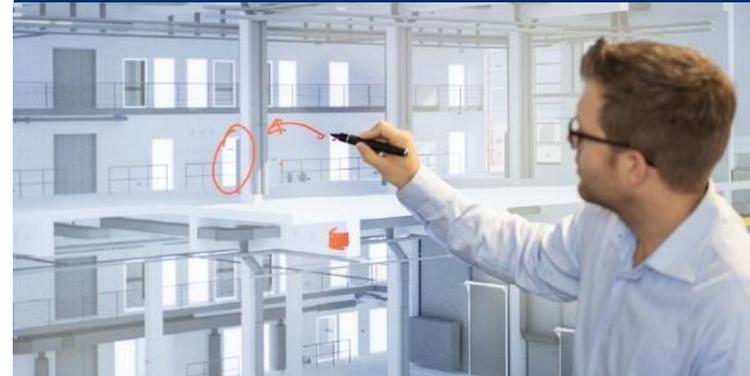
# Strong megatrends driving growth at BKW

## Urbanization



- Growth of metropolitan areas
- High demand for new builds and replacement
- Greater comfort and complexity

## Technologization



- Increased use of technology
- Digitalization of buildings
- Efficient use of resources

## Climate change



- Political roadmap
- Sustainability
- Transformation of energy system

Energy 

Infrastructure 

Buildings 

# Electricity is a growth market

By 2030:

**+15%**

Electricity usage  
3,300 TWh (2019)

**+160%**

New renewables  
580 TWh (2019)

**+25%**

Flexibilities  
360 GW (2019)

BKW in growing target markets

Note: ENTSO-E Europe market region

# BKW earns money with electricity (again)

## Trend since 2019:

- Major increase in electricity prices
- Positive revenue effect on BKW

## Hedged electricity prices:



Base load in delivery year, Swiss market

# Attractive growth perspectives in Engineering

Region  
**DACH**



Growing target market – trend 2026 

**CHF 100 billion**

Focus on attractive segments, e.g.

 green building

High fragmentation – consolidation opportunity

Players	Top 3 share	BKW
<b>1,000</b>	<b>1%</b>	<b>#1</b>

BKW in growing target markets

Source: Euroconstruct, BKW analysis note: Only engineering companies with staff >50

# Attractive growth perspectives in Building Solutions

Region  
CH



Growing target market – trend **2026**

**CHF 45 billion**



Focus on attractive segments, e.g.



Building automation

High fragmentation – consolidation opportunity

Players  
**10,000**

Top 3 share  
**10%**

BKW  
**#2**

BKW in growing target markets

# Attractive growth perspectives in Infra Services

Region  
**DACH**



Growing target market – trend **2026**

**CHF 9 billion**



Focus on attractive segments, e.g.



High-voltage grid  
expansion

High fragmentation – consolidation opportunity

Players  
**500**

Top 3 share  
**20%**

BKW  
**#2<sup>1</sup>**

BKW in growing target markets

# Strategic perspectives 2026

## Energy



### Growth

- Expand new renewables
- Flexibility as a business model
- Capitalize on electricity price

## Services



### Growth

- Focus on attractive target markets
- Customer synergies through BKW's network
- Build on technologization

## Power Grid



### Stability

- Enable energy system of the future
- Stable, regulated revenue

Growth and stability

# BKW in outstanding position for growth

## Leader in key markets

**#2** New renewables  
CH

**#1-2** Services

**#1** Power grid CH

1,420 MW (2014), 700 MW (2020)

## Integrated expertise

 Power production:  
All key technologies

 Building technologies

 Power grid and infra-  
structures (e.g. transport)

2 Swissgrid (2015), AEK (2016)

## Implementation strength

**+70%** Renewables since  
2013<sup>1</sup>

**1.5** Revenue 2020  
Services  
[CHF billion]

**swissgrid** Expansion of grid<sup>2</sup>  


# Our ambition 2026

**EBIT: CHF 700 million**

**Revenue: CHF 4.5 - 5.0 billion**



**Energy: EBIT CHF 400 million** ↗



**Grid: EBIT CHF 150 million** →

**Services: EBIT CHF 200 million** ↗



# Sustainability a key element of BKW's strategy



- BKW joins UN Global Compact
- Contribution to 10 development goals
- Initial ESG reporting for 2021
- BKW's services core to sustainability

# BKW fit for the future



BKW - a growth platform



Energy and Services engines of growth



Stability and resilience through Grid



Ambition defined: **EBIT 2026 CHF 700 million**

Growth with operational excellence and controlled risk

# Strategy 2026: Financials

**Ronald Trächsel**  
CFO

CAPITAL MARKETS DAY, 29.10.2021

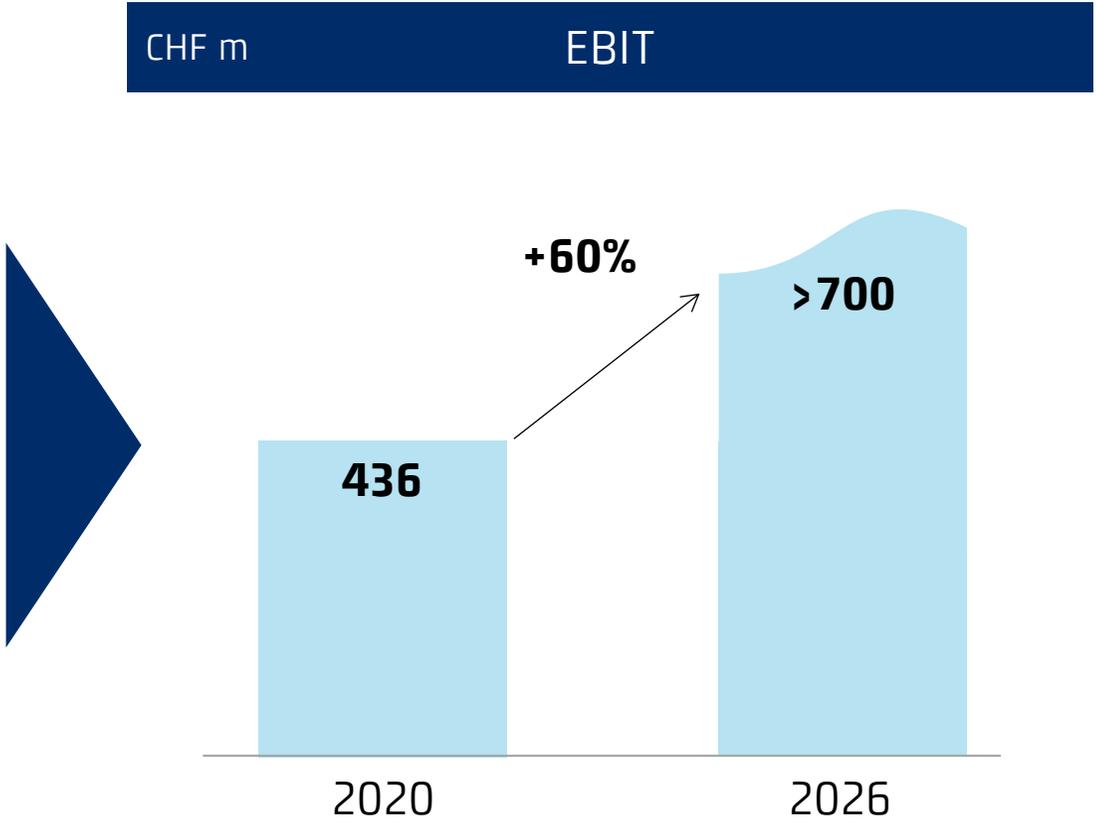


# Growth strategy delivers substantial EBIT plus

**BKW Growth Strategy**

Energy	Services	Grid
		
<b>Strong growth</b>	<b>Strong growth</b>	<b>Stability</b>

Growth with limited risk exposure



Significant growth driven by Services and Energy business

# BKW financial risk framework ensures growth with limited downside risk

BKW risk framework ensures A-rating

## Energy



Growth potential:	high
Financial risk:	high

## Services



Growth potential:	high
Financial risk:	low

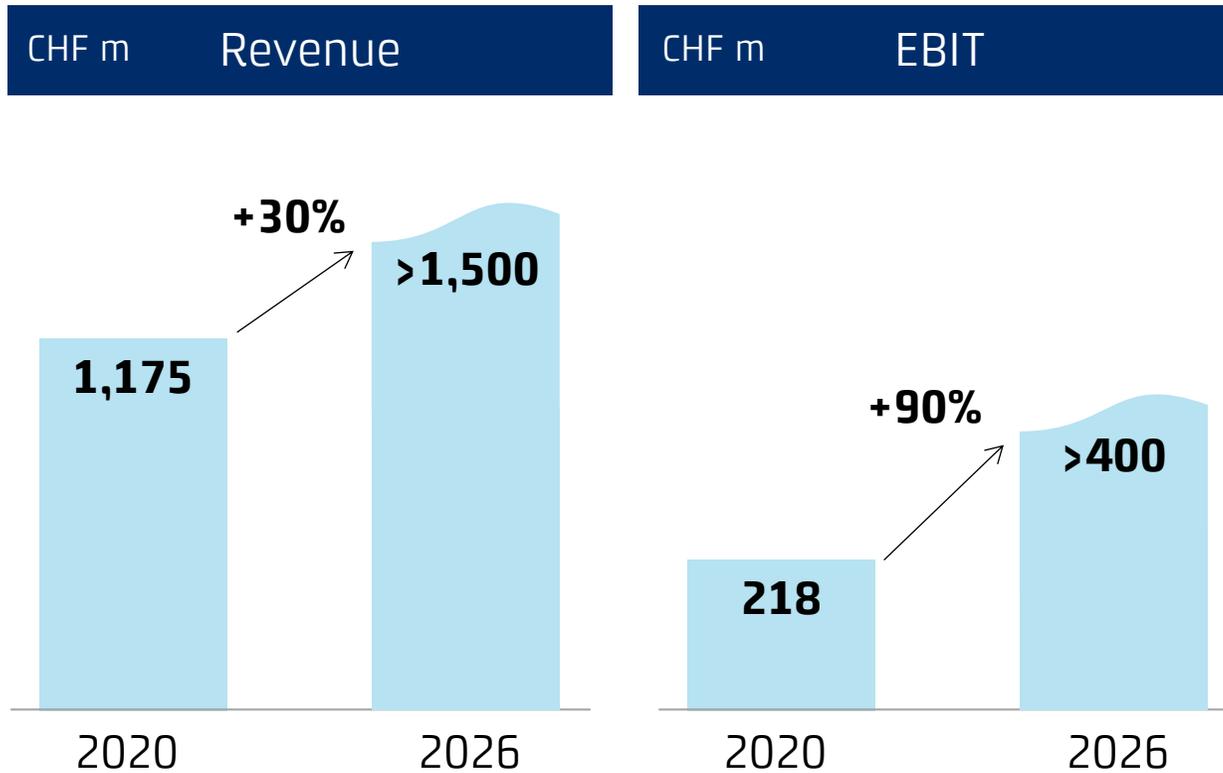
## Grid



Growth potential:	low
Financial risk:	low

Well balanced risk within BKW

# BU Energy: Significant growth

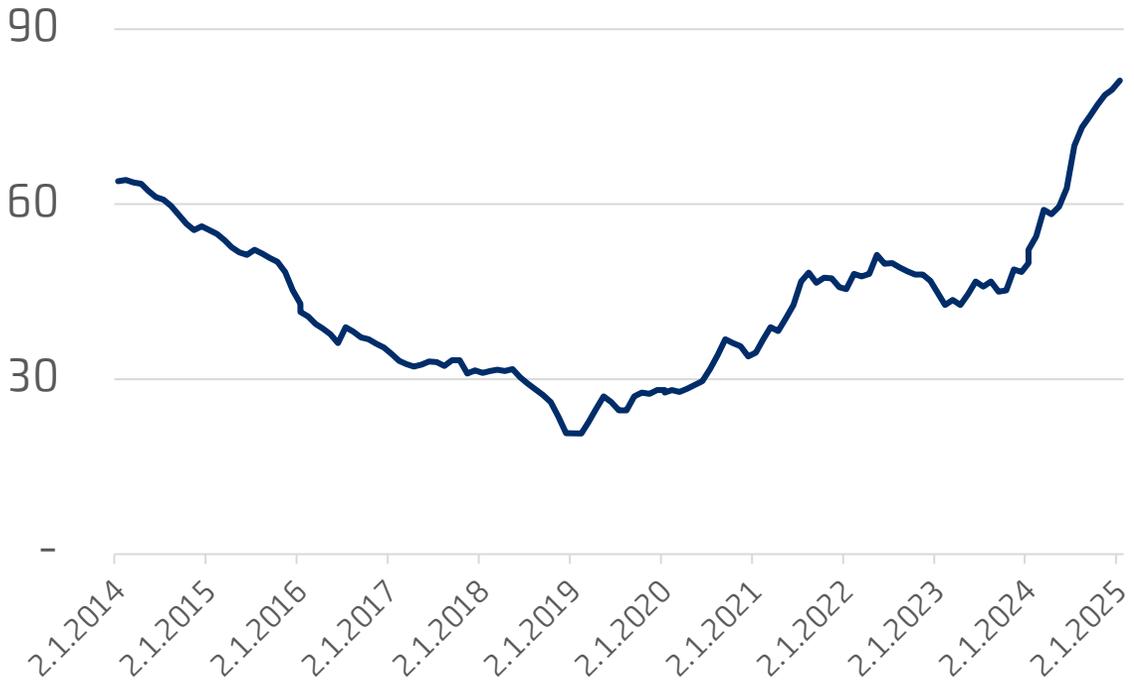


Growth drivers	
Increasing power demand	Renewables growth above market
Increasing power prices	Substantial investment in renewable capacities
Enhance flex trading	Enhance smart energy solutions

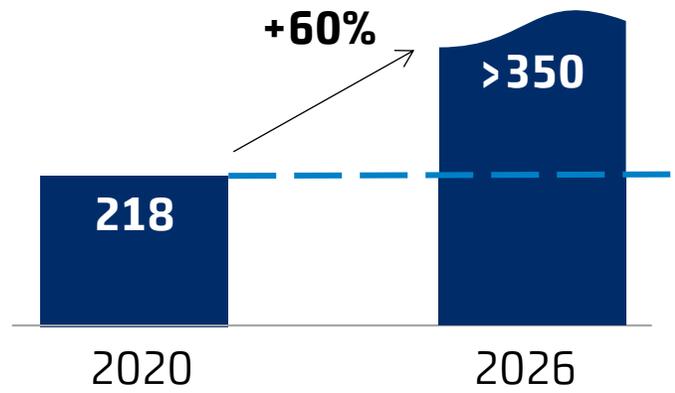
Energy strategy delivers 90% EBIT growth

# BU Energy: Positive impact from increasing power prices

EUR m Power price development\*



CHF m EBIT growth due to price increase

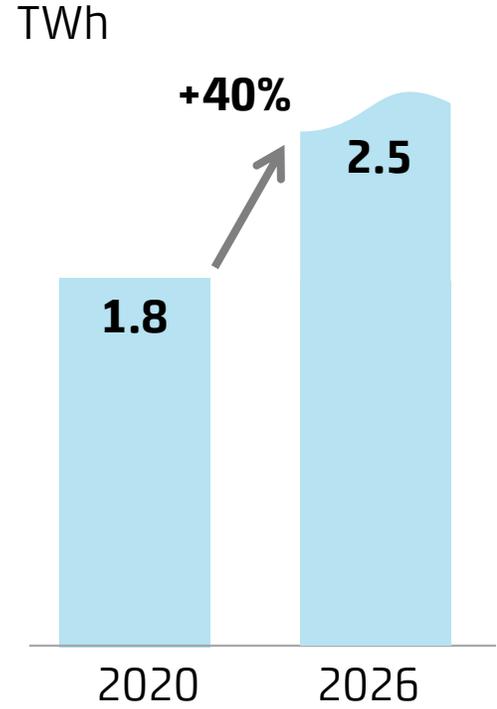


\*Power DE Future base in EUR/MWh

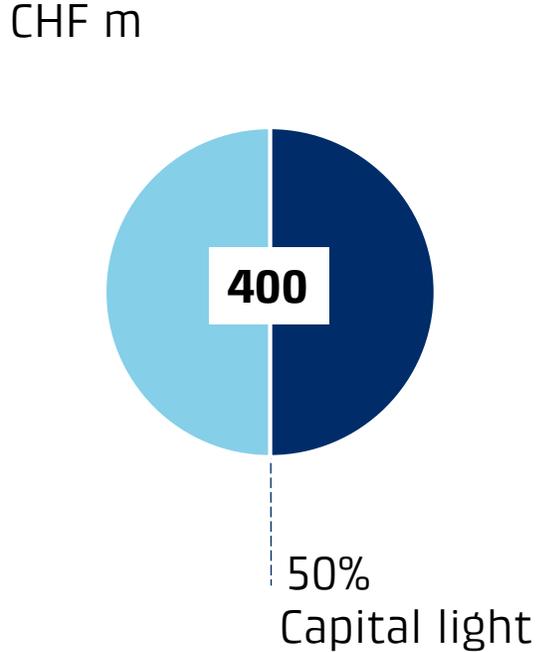
At current volumes, 10 CHF/MWh increase leads technically to CHF 60m EBIT

# BU Energy: Investments in regulated or contracted new renewables

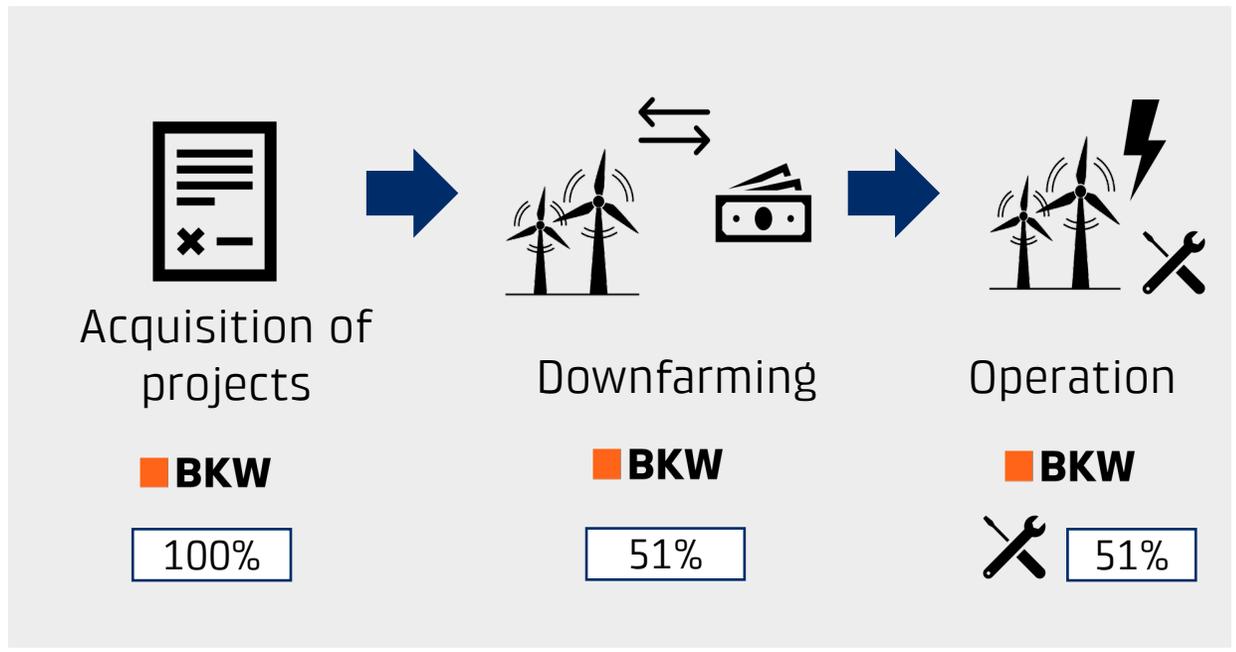
## Generation volume



## Investments



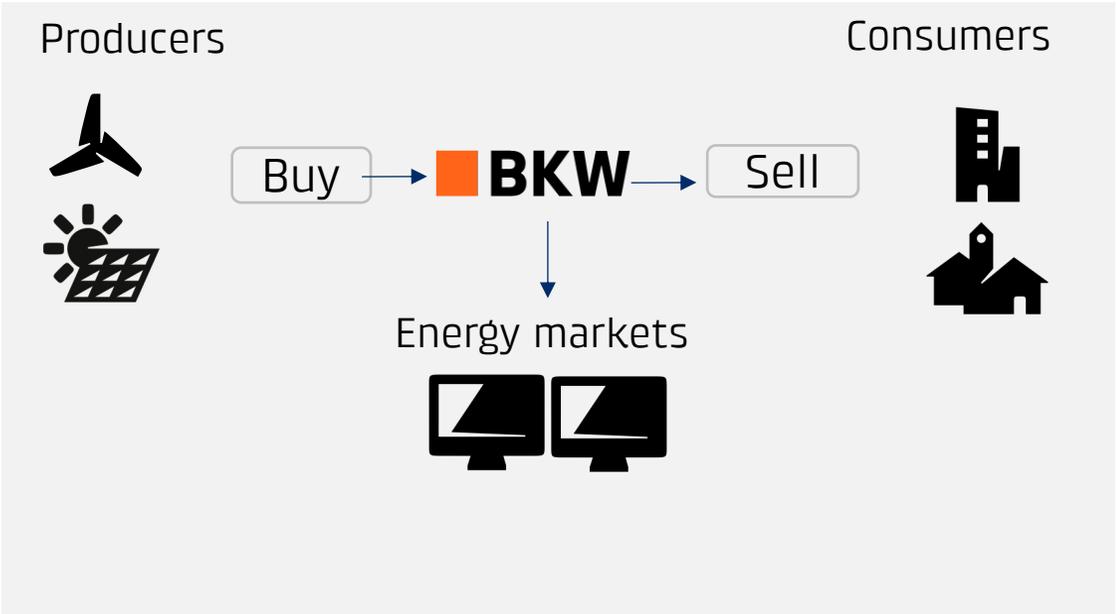
## Capital light investments in renewables



BKW will increase installed capacity of new renewable energies by 300 MW until 2026

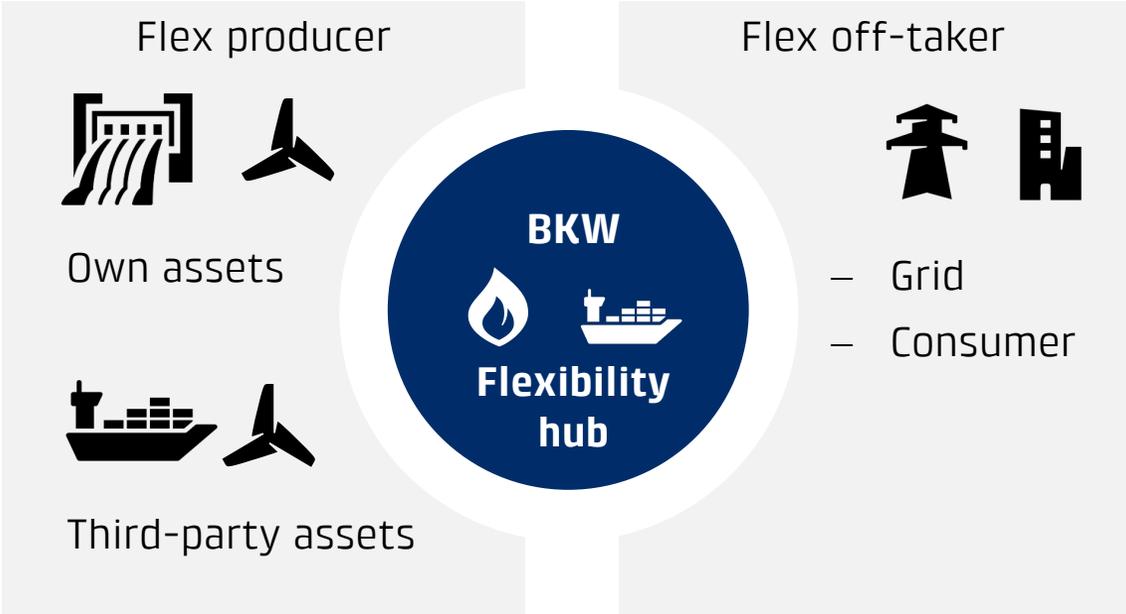
# BU Energy: Increasing market for PPA and flexibility

## PPA Power Purchase Agreements



Energy with timely limited capital investment

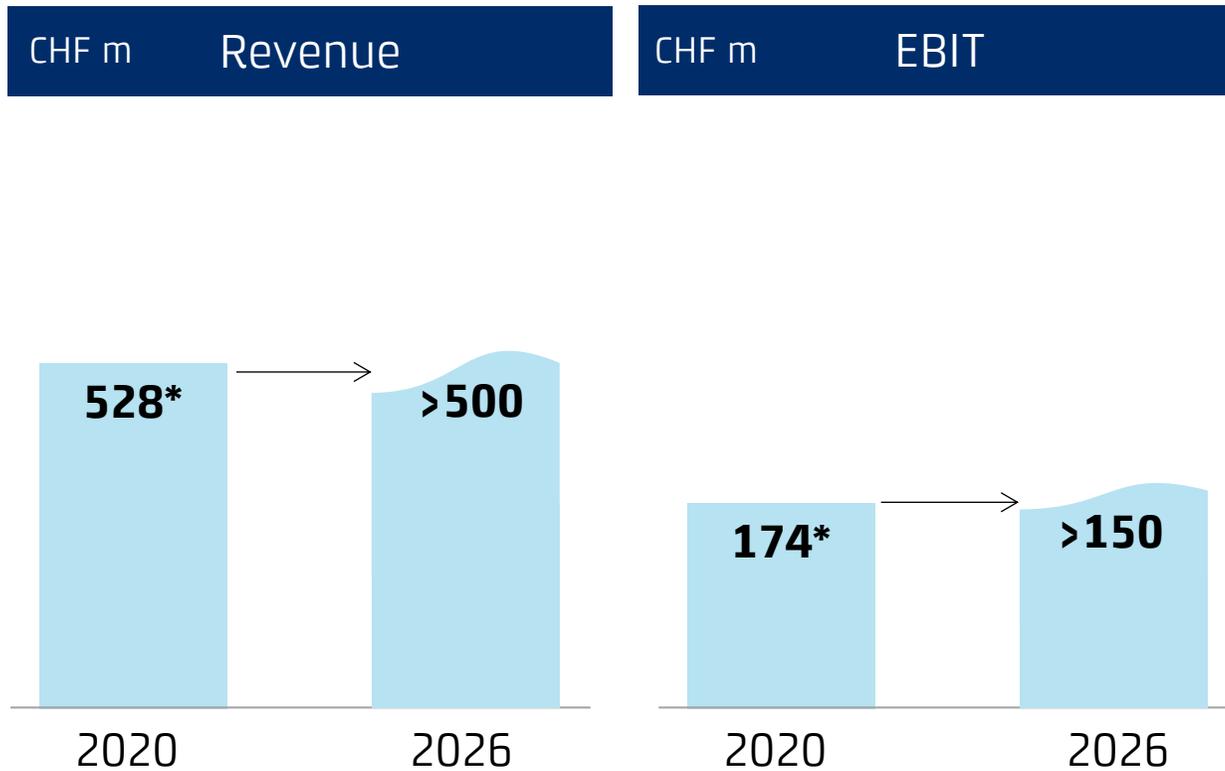
## Increasing value of flexibility



Enhancement of BKW's large trading competence

BKW's strong trading unit excellently positioned in growing markets

# BU Grid: Stable EBIT provider and cash generator



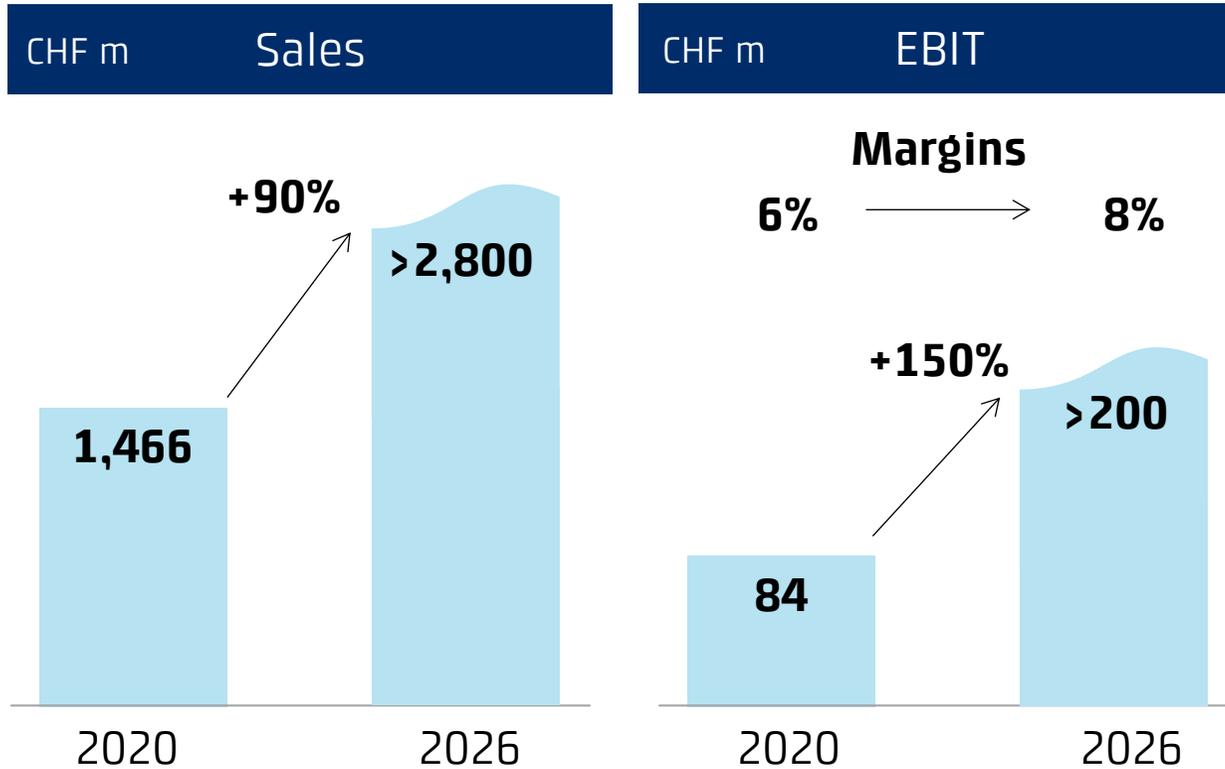
### Stable business

- Regulated WACC at 3.8%
- Reliable cash generation
- Enhance grid management capacities
- Optimize investments

\* Without one-off Swissgrid CHF 39m

Solid and stable contribution

# BU Services: Uniquely positioned as integrated service provider

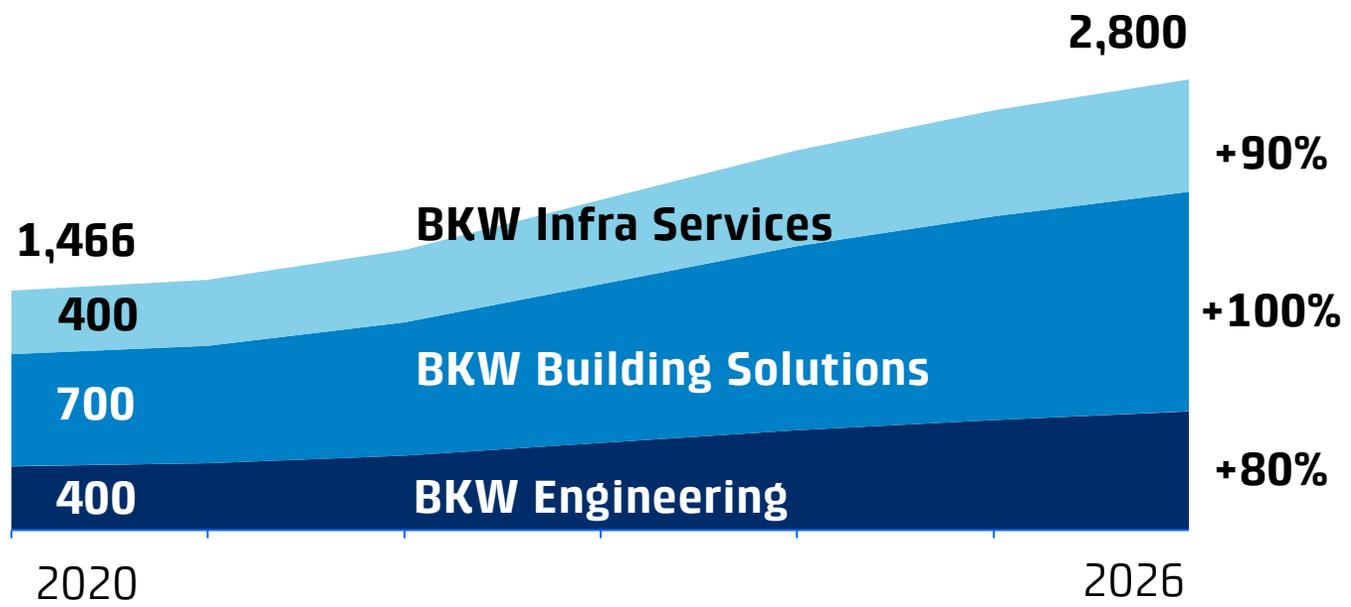


- ### Growth drivers
- Megatrends: Urbanization, Technologization, Climate change
  - Market trend towards complex projects
  - Network of competencies

Excellent market position delivers profitable growth

# BU Services: Sales breakdown

CHF m Sales



Strong growth

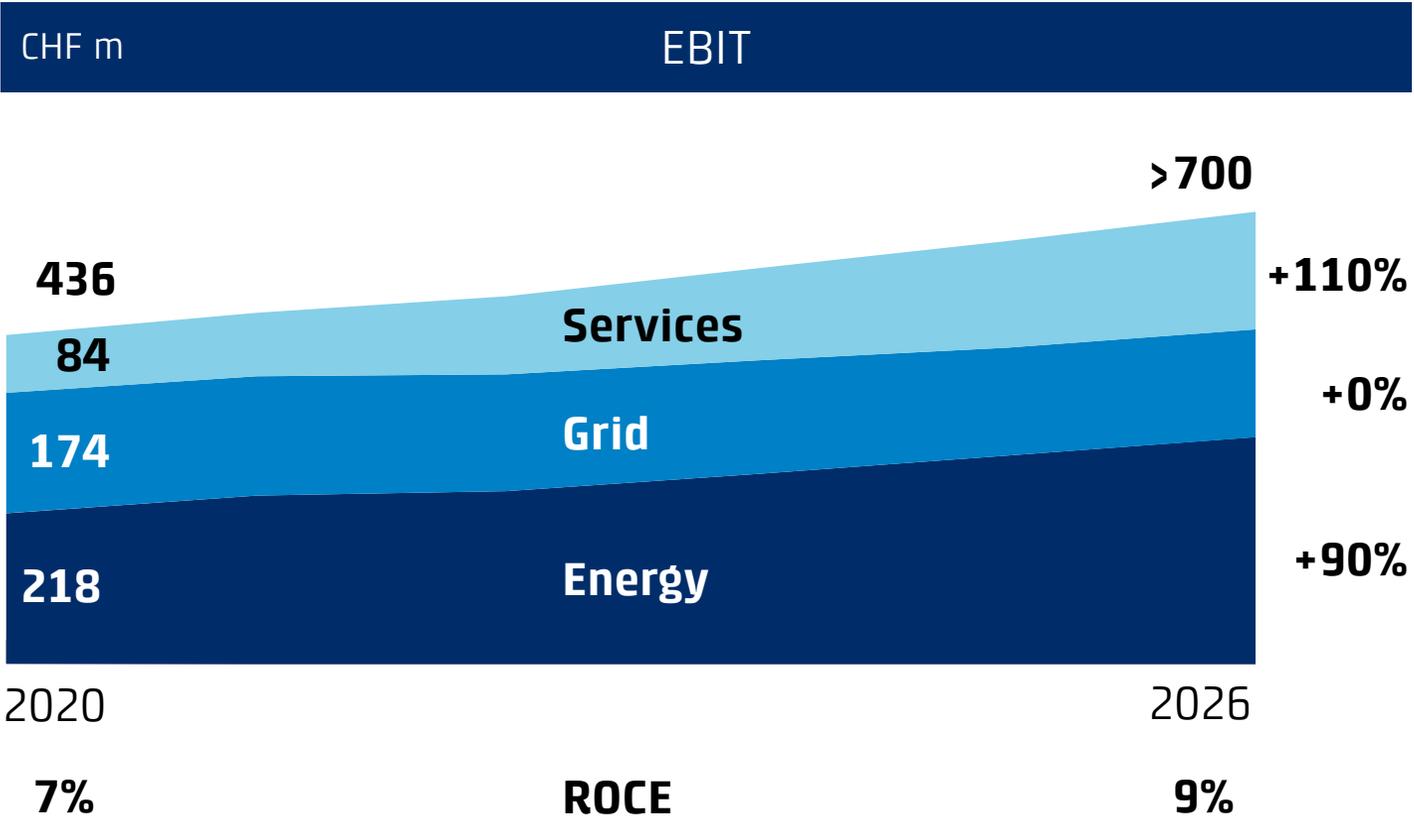
Organic growth 4% p.a.  
→ above market

Acquisitions

Competence network promotes  
topline growth

Strong and profitable growth of all business lines

# BKW Group: 60% EBIT increase



### Key points

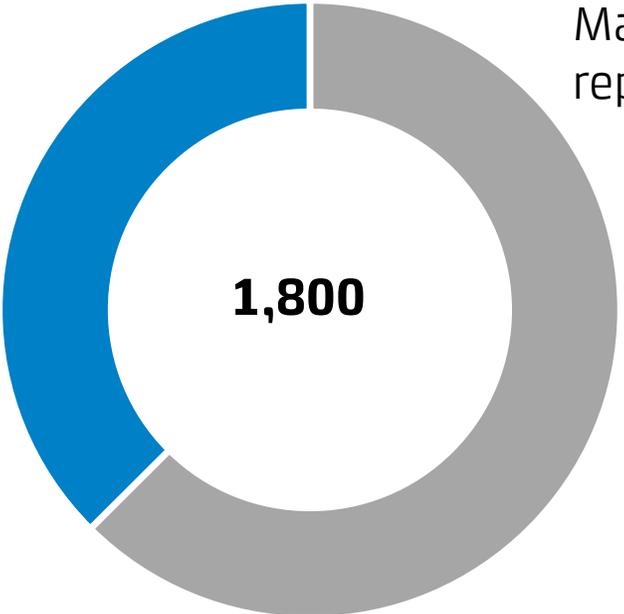
- Strong growth in Energy and Services
- Stable Grid development
- ROCE improvement 7% → 9%

BKW strategy delivers 60% rise in EBIT while increasing profitability and rentability

# Planned investments next five years

## CHF m Investments

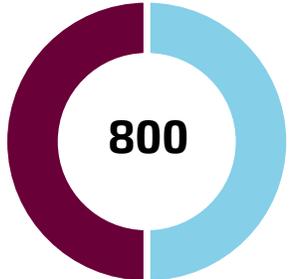
Growth



Maintenance/  
replacement

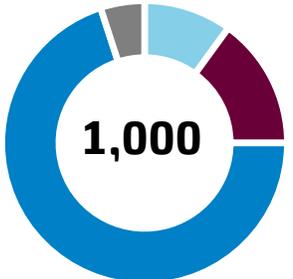
## CHF m Growth

- Services
- Energy



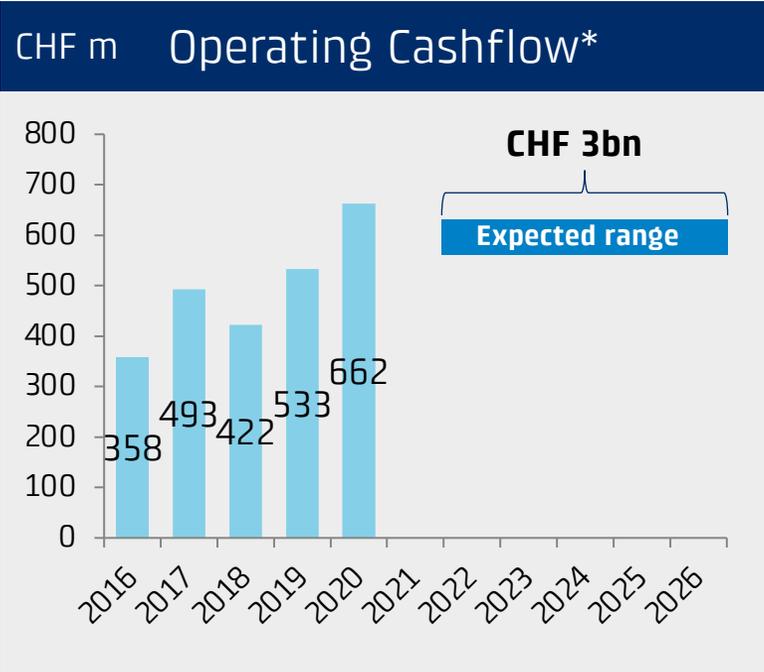
## CHF m Maintenance/replacement

- Services
- Energy
- Grid
- Other

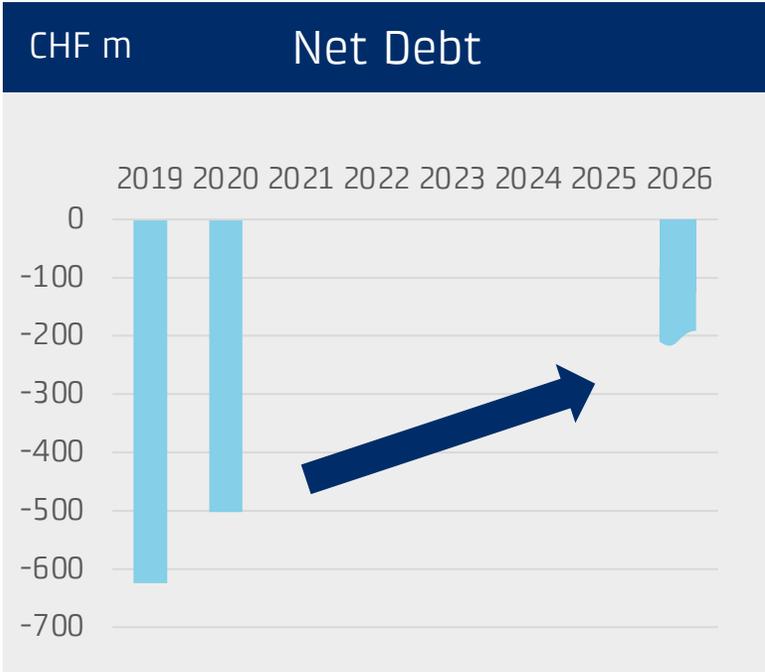


Significant growth investments in renewable energies and Services

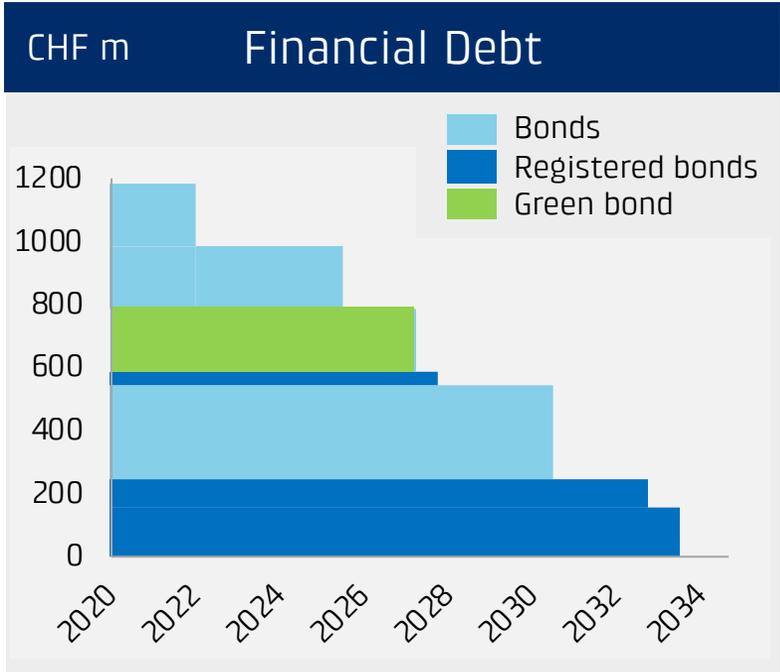
# Strong and stable cash generation



Investments fully financed by own cash generation



Low level of net debt further reduced



Balanced maturity profile

\* before payments for decommissioning/disposal KKM

Excellent financial situation ensures strategic flexibility; A-rating maintained

# Strategy 2026: Key financials

## BKW growth strategy

Revenue	EBIT	Cash Generation 2022-2026	Investments 2022-2026	Net debt
<b>CHF 4.5-5bn</b>	<b>CHF 700m</b>	<b>CHF 3bn</b>	<b>CHF 1.8bn</b>	<b>CHF 0.2bn</b>
<b>+50%</b>	<b>+60%</b>			<b>-60%</b>

Increase of enterprise value; sustainable dividend payments

# 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.*