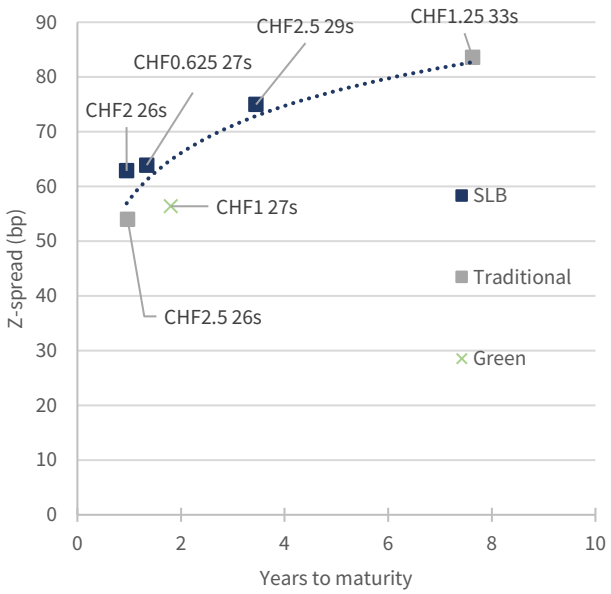
Axpo misses its SLB targets

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Axpo Holdings AG (ticker AXPOSW), a Swiss energy producer, has been using sustainability-linked finance since 2022. It released a Sustainability-Linked Bond (SLB) framework in Jan 2022,[1] and followed this with two two-tranche deals that same year, totalling CHF1bn of issuance.[2,3] The company has also included sustainability-linked features in its syndicated loans,[4] revolving credit facilities,[5] and promissory notes.[6]

While some of the loan financing seems to include multiple KPIs, the bonds only reference the cumulative renewable energy capacity installed since Sep 2021, with a target of 1,500 MW by Sep 2024 and 2,300 MW by Sep 2025.[1] **Neither target has been achieved.**[7]

Figure 1. Axpo bond pricing. Source: Bloomberg Finance L. P., accessed 3 Oct 2025.



On 30 Sep 2025 it was reported to the Swiss Stock Exchange that the 2025 target was missed, and that three impacted SLBs would pay an increased coupon.[8] The coupon in the Bloomberg representation of the bond was immediately updated, and historically this has translated into a swift repricing of affected bonds, to reflect the value of the increased coupon.

As shown in Figure 1 and Figure 4 later in this report, the SLBs do not yet seem to have fully digested the value of the increased coupon, which may signal further repricing to come.

[1] "Sustainability-Linked Bond Framework", Axpo, Jan 2022.
[2] "Axpo places sustainability-linked bond in the amount of CHF 500 million", Axpo, 25 Jan 2022.
[3] "Axpo issues sustainability-linked bond in the amount of CHF 500 million", Axpo, 18 Aug 2022.
[4] "Axpo further diversifies financing with sustainability-linked Samurai loan", Axpo, 20 Sep 2024.
[5] "Axpo secures EUR 2.5 billion revolving credit facility linked to sustainability targets", Axpo, 7 Feb 2022.
[6] P42 of "Sustainability Report 2023/24", Axpo, accessed 30 Sep 2025.
[7] P41 of the 2024 sustainability report confirms the 2024 target was missed, and discloses that the 2025 target will likely not be met. This was confirmed in a note to the Swiss Stock Exchange in "Axpo Holding AG Sustainability-Linked Bonds Target missed", SIX, 30 Sep 2025.

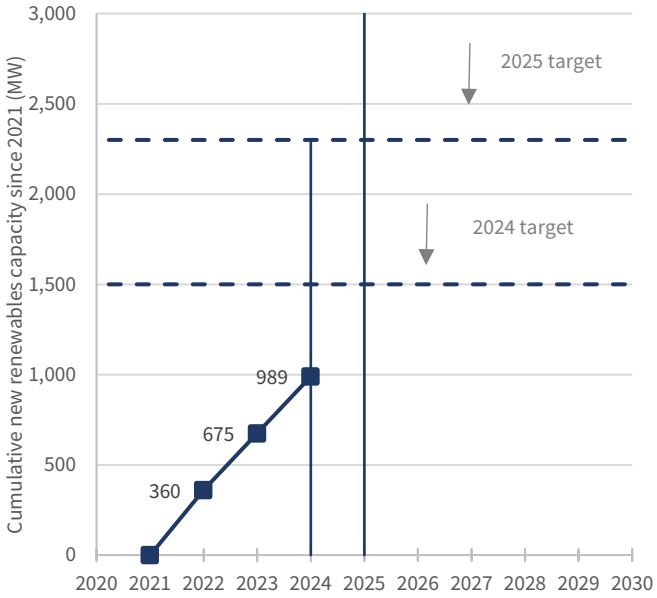
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KPI performance

The KPI referenced by the SLBs is cumulative renewables capacity added since 2021. Historical data is shown in Figure 2. The cumulative capacity amount for 2024 was 989MW, below the target of 1,500MW. While it has been disclosed that the 2025 target was missed, there was no information on the actual capacity figure for this year.[8]

In the 2024 sustainability report, Axpo cites a variety of challenges which impeded the pace of its renewables expansion — *"from lengthy approval procedures to a shortage of skilled workers and turmoil on the energy markets due to the volatile geopolitical situation"*.[6]

Figure 2. Axpo cumulative renewables added since 2021. Source Axpo.



The company also notes in its sustainability report that the targets were highly ambitious, a claim that seems to be corroborated by the results: the 2024 target was missed by 34%.

SLB bond details

Axpo has six bonds outstanding, three of which are SLBs. The details are in Table 1.

For the three SLBs included in the Swiss Stock Exchange report, we have interpreted the "total coupon effective date" as being the first date on which the full coupon is paid, rather than the first date the higher coupon begins to accrue from. However, we cannot confirm this due to the prospectuses not being public. But this does align with Bloomberg's coupon changes, which were implemented in the bond structure on the day of the announcement.

Table 1. Outstanding Axpo bonds. Source: Bloomberg Finance L. P., accessed 3 Oct 2025.

Description	ISIN	Issue Date	Maturity	Currency	Amount Outstanding	ESG Label	Total cumulative step-up coupon
AXPOSW CHF1 27s	CH0468581571	23-Jul-20	23-Jul-27	CHF	133,000,000	Green	
AXPOSW CHF0.625 27s	CH1160188343	04-Feb-22	04-Feb-27	CHF	300,000,000	SLB	0.68%
AXPOSW CHF2 26s	CH1204259779	15-Sep-22	15-Sep-26	CHF	300,000,000	SLB	0.20%
AXPOSW CHF2.5 29s	CH1204259787	15-Sep-22	15-Mar-29	CHF	200,000,000	SLB	0.60%
AXPOSW CHF2.5 26s	CH1293238015	22-Sep-23	22-Sep-26	CHF	300,000,000		
AXPOSW CHF1.25 33s	CH1415780100	19-May-25	19-May-33	CHF	160,000,000		

[8] "Axpo Holding AG Sustainability-Linked Bonds Target missed", SIX, 30 Sep 2025.

Market pricing

The announcement was processed by Bloomberg immediately, and the coupons in the bond structures were adjusted.[9] As the bond representation accurately matches the expected coupon, market spreads should be in line with those of other bonds.

Current pricing is shown in Figure . This suggests the SLBs are trading quite a bit wider than other bonds. The 2% is around 9bps wider than the vanilla 2.5% 26s despite both maturing in Sep 2026.

Figure 3. Axpo bond pricing. Source: Bloomberg Finance L. P., accessed 3 Oct 2025.

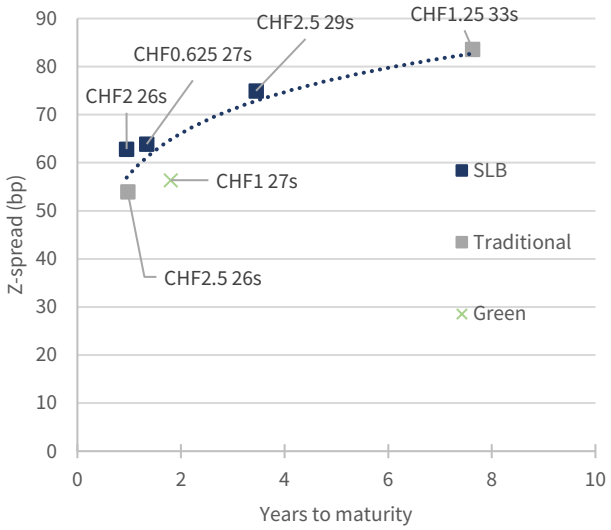
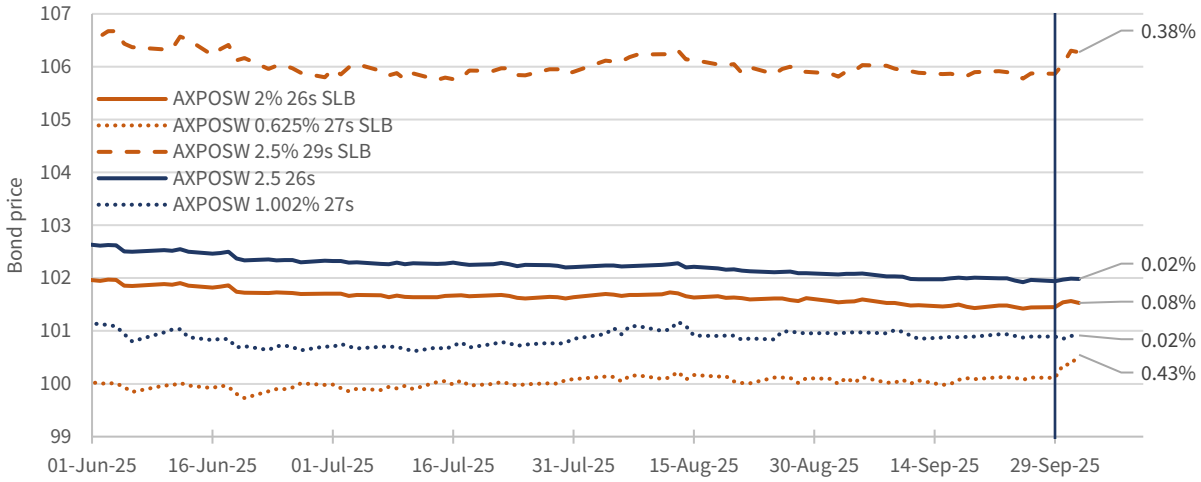


Figure 4 gives a history of the cash prices of the shorter bonds (excluding the 33s), which shows that since the announcement of the target miss there has been some repricing of the 27s and 29s (+0.43% and +0.38% respectively), but a limited move in the 26s (+0.08%).

Figure 4. Axpo historical bond prices for shorter-dated bonds. Source: Bloomberg Finance L. P., accessed 3 Oct 2025.



In all cases, the size of the move is around 40-65% of the total value of the step-up coupon. This explains why on the spread basis the bonds still look to be pricing wide in Figure 2.

In previous examples, when Bloomberg adjust coupons, we have seen swift repricing to include the full option value, and so these bonds may continue to reprice in the next few days.[10]

[9] This means market pricing moves straight from Phase 1 (where probability of step-up is uncertain, and spreads should imply the probability) to Phase 3 (where in order to match the market cash price, model spreads discontinuously increase) as described in Figure 4 in "A watershed year for the SLB market", AFII, 15 Jul 2025.

[10] Please see "London & Quadrant SLB: market update", AFII, 7 Oct 2024 and the case study on Legrand covered in "Legrand SLB: le grand objectif d'avoir un objectif", AFII, 5 Jun 2025 with a follow-up at the end of "A watershed year for the SLB market", AFII, 15 Jul 2025.

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