



EnBW Energie Baden-Württemberg AG

Conference call

First nine months of fiscal year 2011

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Karlsruhe
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Energie
braucht Impulse

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Agenda



- EnBW is prepared to actively manage the energy change
- Performance in the first nine months of 2011
- Outlook 2011 unchanged
- Package of measures: first actions taken
- Back-up

Changed market environment reduces profitability, but EnBW is well prepared to actively manage the energy change



› Energy concept 2050 and targets 2020:

Reduce consumption by 50%¹ (target 2020: 20%¹) and CO₂ emissions by min. 80%² (target 2020: 40%²). Increase of share of renewables to 80%³ (target 2020: 35%³)



› Change in energy concept by the German government:

- › Shut-down of 8 nuclear power plants
- › Reduction in life-time of nuclear power plants
- › New: nuclear fuel rod tax despite nuclear phase-out (2011-16)

2011



› Lower wholesale market prices

- › Forward price levels expected to increase due to energy-change

2012



› Full auctioning of CO₂ emission allowances from 2013 onwards

2013

Implications for EnBW

Short-term implications

- › Shutdown of two smaller reactors (total capacity: 1,766 MW)
- › Abandonment of earlier lifetime extensions for larger reactors GKN II (1,400 MW until 2022) & KKP 2 (1,468 MW until 2019)
- › Nuclear fuel rod tax despite nuclear phase-out (2011-16)

However

- › Longest remaining nuclear lifetime of all German nuclear power plants operators
- › Very modern, low CO₂, and flexible conventional fleet
- › Strong expertise in renewables
- › Decision to bring an action against nuclear fuel rod tax assessment for KKP 2 (15 July 2011)
- › In principle no replacement risk

Increase in total electricity sales mainly due to B2B and trading – Without GESO effect gas sales stabilized



In billions of kWh	1/1-30/9/ 2011	1/1-30/9/ 2010	Variance
Electricity sales	116.9	109.9	6.4%
Retail customers	13.6	14.7	-7.5%
Industry and redistributors	37.6	35.7	5.3%
Trading	65.7	59.5	10.4%
Gas sales	42.8	37.7	13.5%
Retail customers	5.4	8.2	-34.1%
Industry and redistributors	31.0	29.5	5.1%
Trading	6.4	0.0	-

➤ **Electricity segments:**

- Rising unit sales in the industry/redistributors and trading division
- Decrease in unit sales to retail customers due to fiercer competition and milder winter

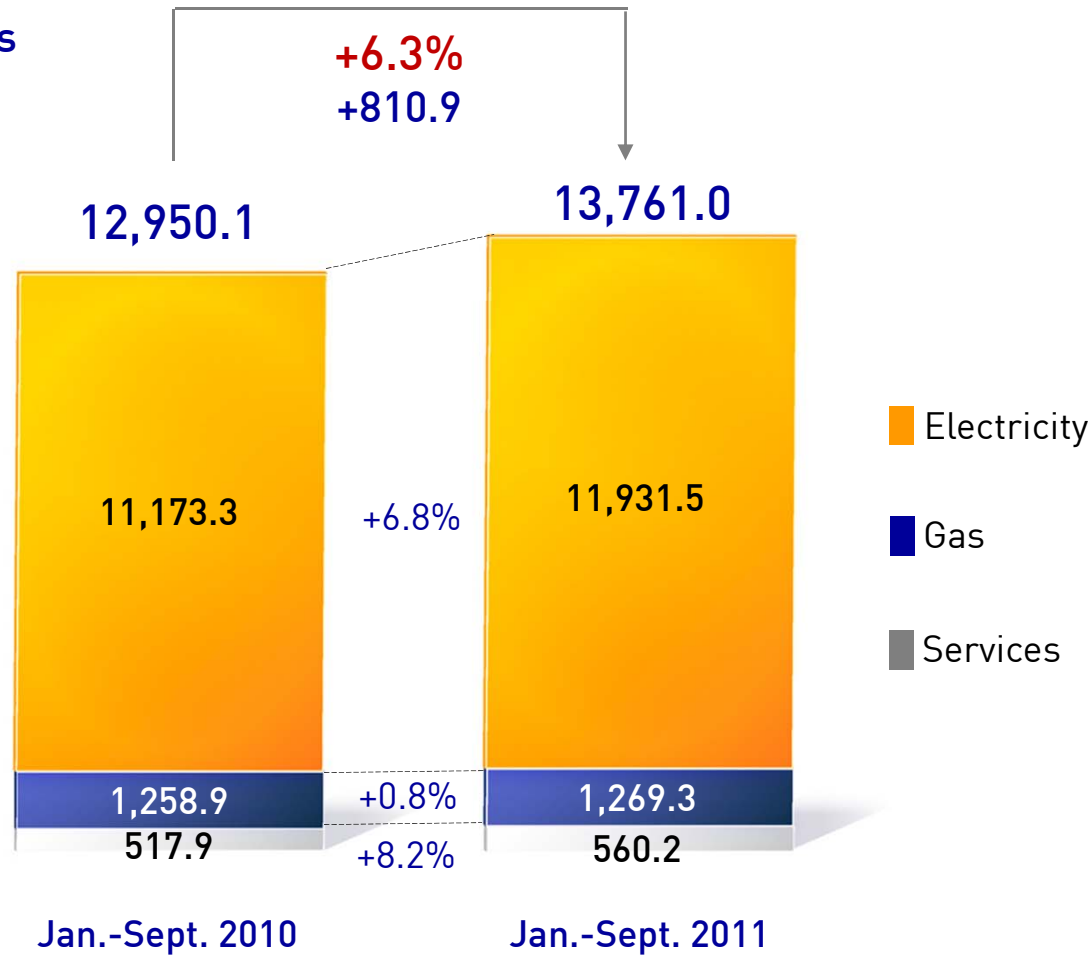
➤ **Gas segment:**

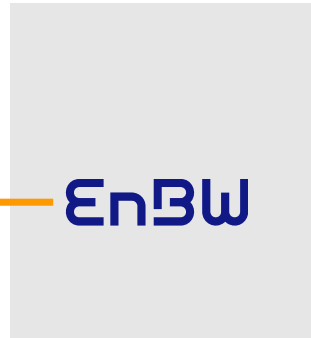
- Stable development in the industry/redistributors segment
- Decrease in unit sales with retail customers mainly due to deconsolidation of GESO (about 40%) and milder winter

Revenue growth driven by volume and price effects, especially in Q3



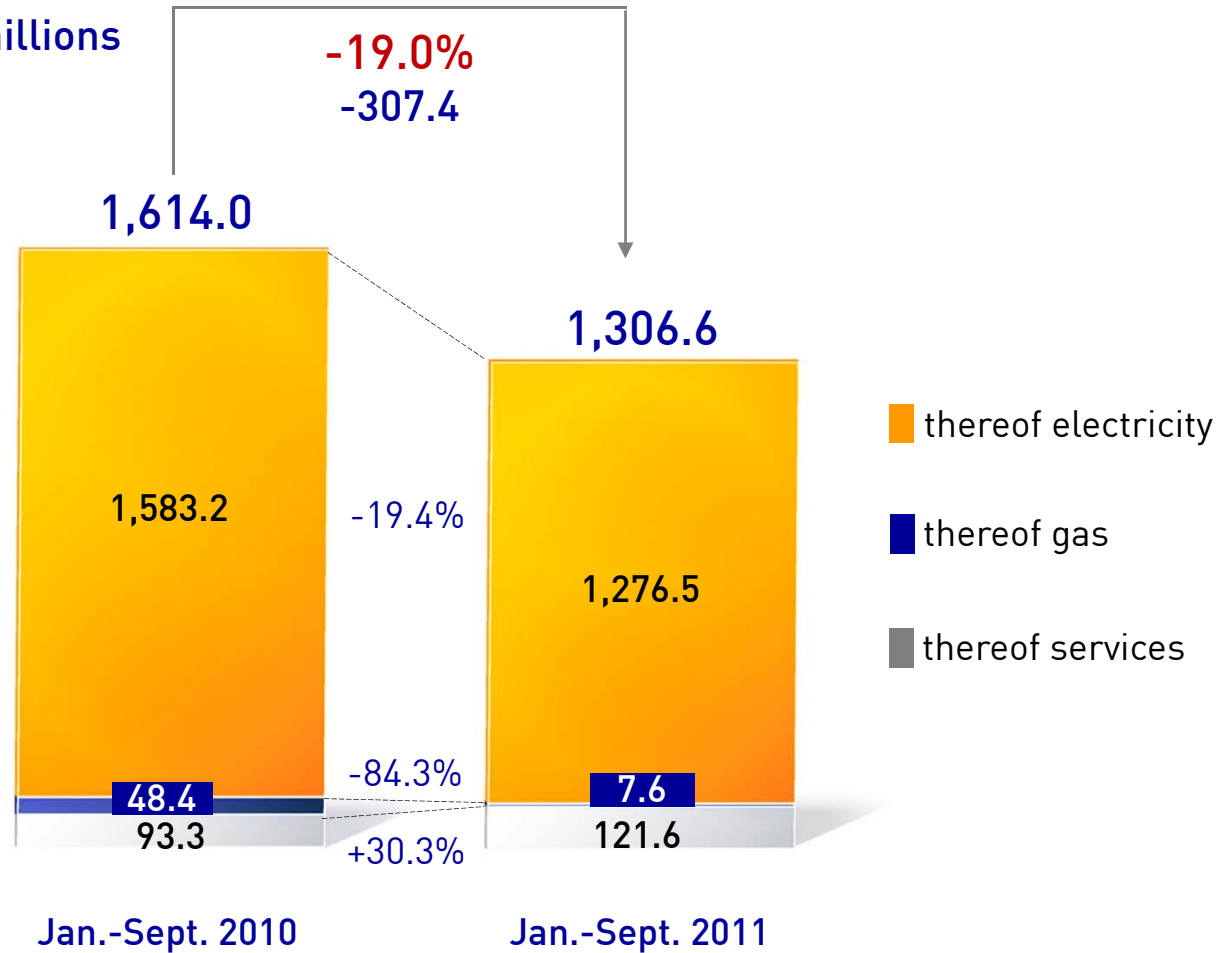
Revenue in € millions





**Despite stable operating performance in Q3,
adjusted EBIT decreased by 19% due to Moratorium and
modification of the German Atomic Energy Act**

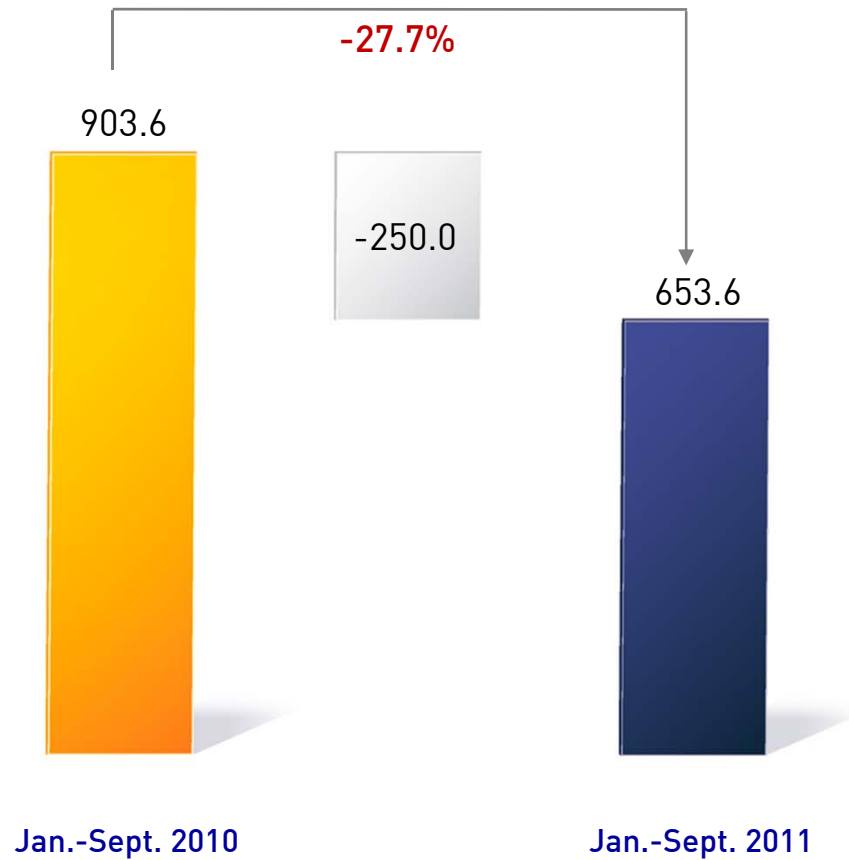
Adjusted EBIT in € millions



Adjusted group net profit decreased mainly due to lower adjusted EBIT



Adjusted group net profit in € millions*

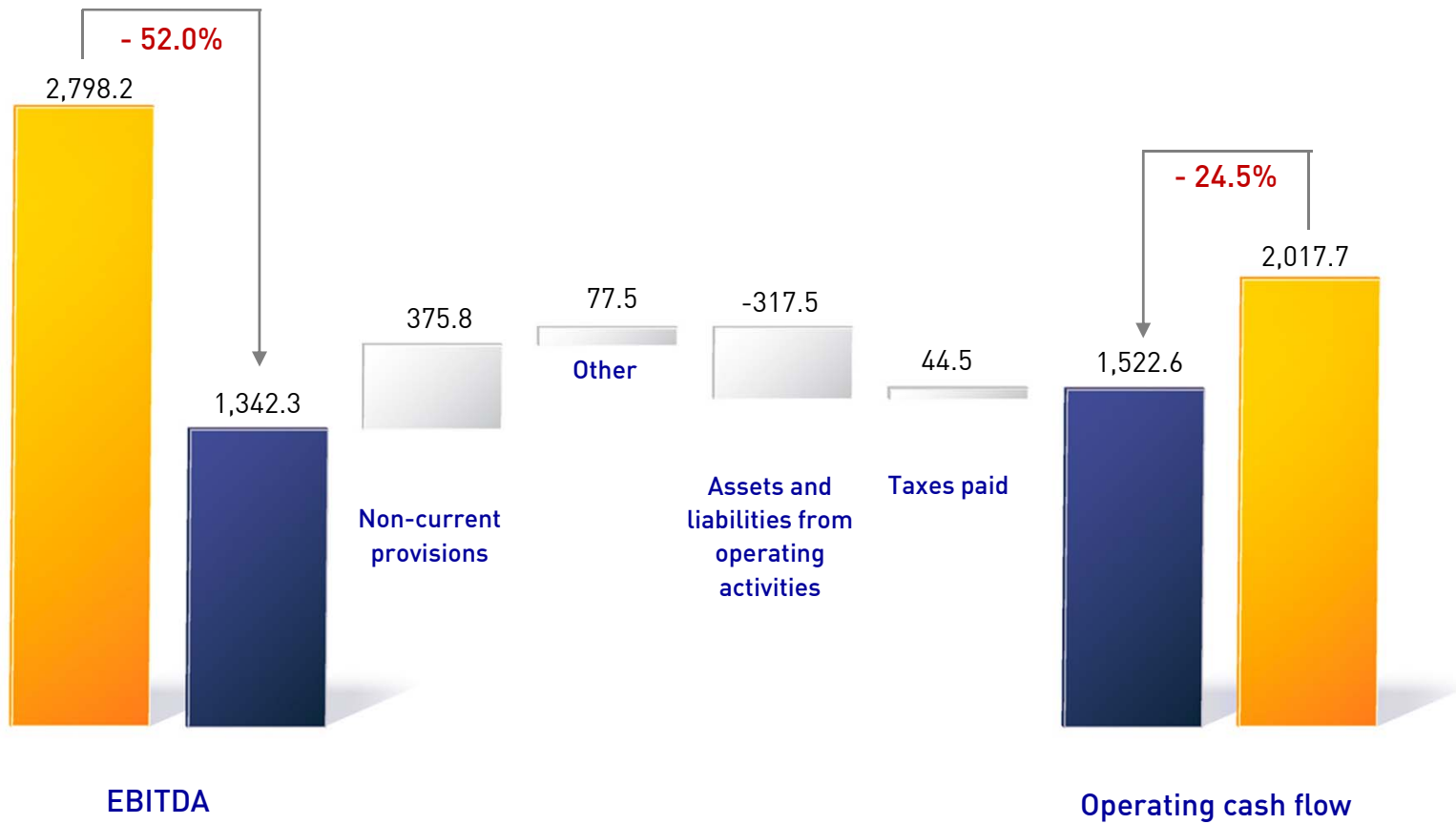


* In relation to loss/profit shares attributable to the equity holders of EnBW AG

Operating cash flow decreased mainly due to lower EBITDA and higher assets and liabilities from operating activities



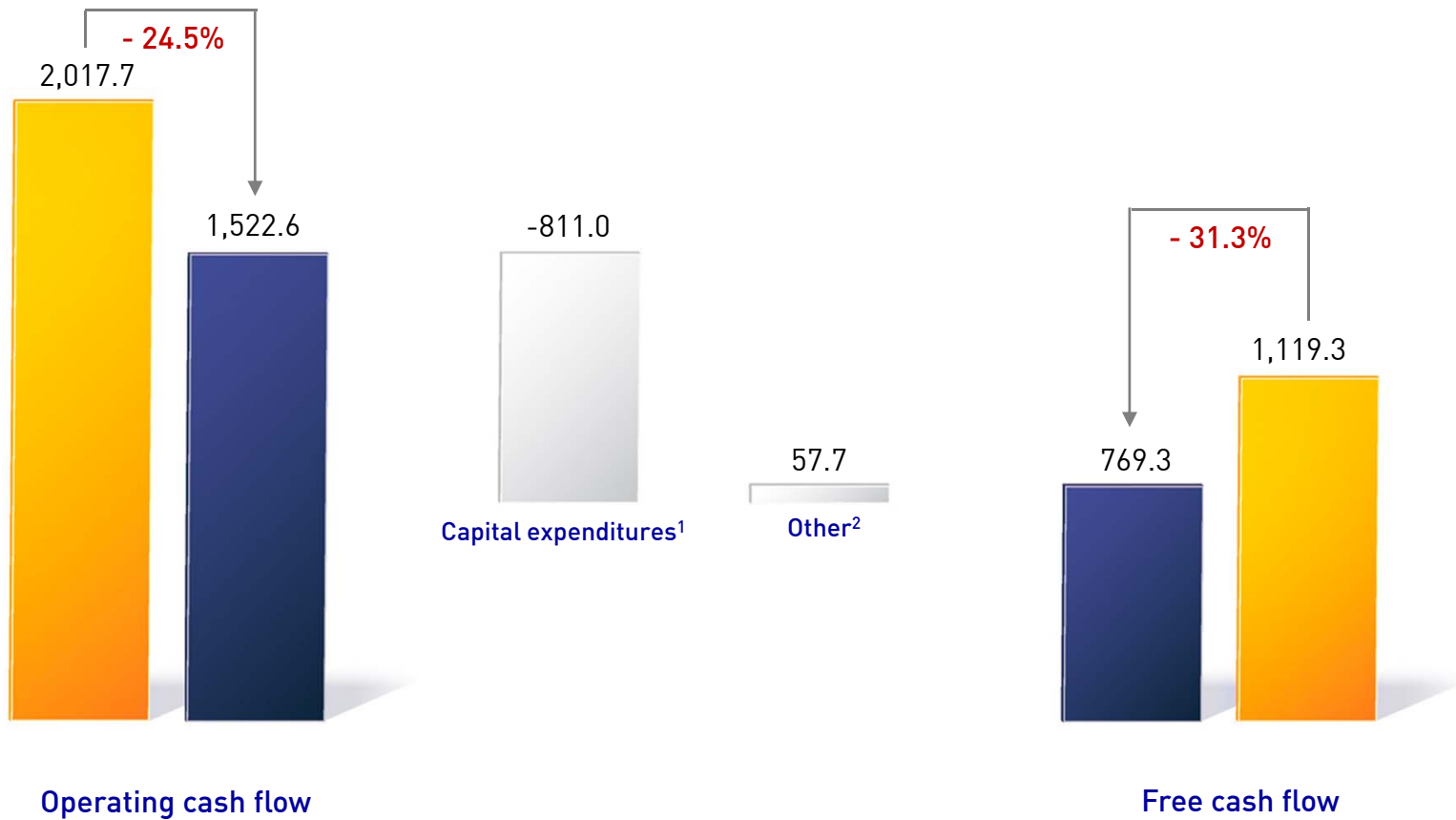
€ millions ■ Jan.-Sept. 2010 ■ Jan.-Sept. 2011



Free cash flow decreased due to lower operating cash flow – EnBW consequently pursues capex optimisation



€ millions ■ Jan.-Sept. 2010 ■ Jan.-Sept. 2011

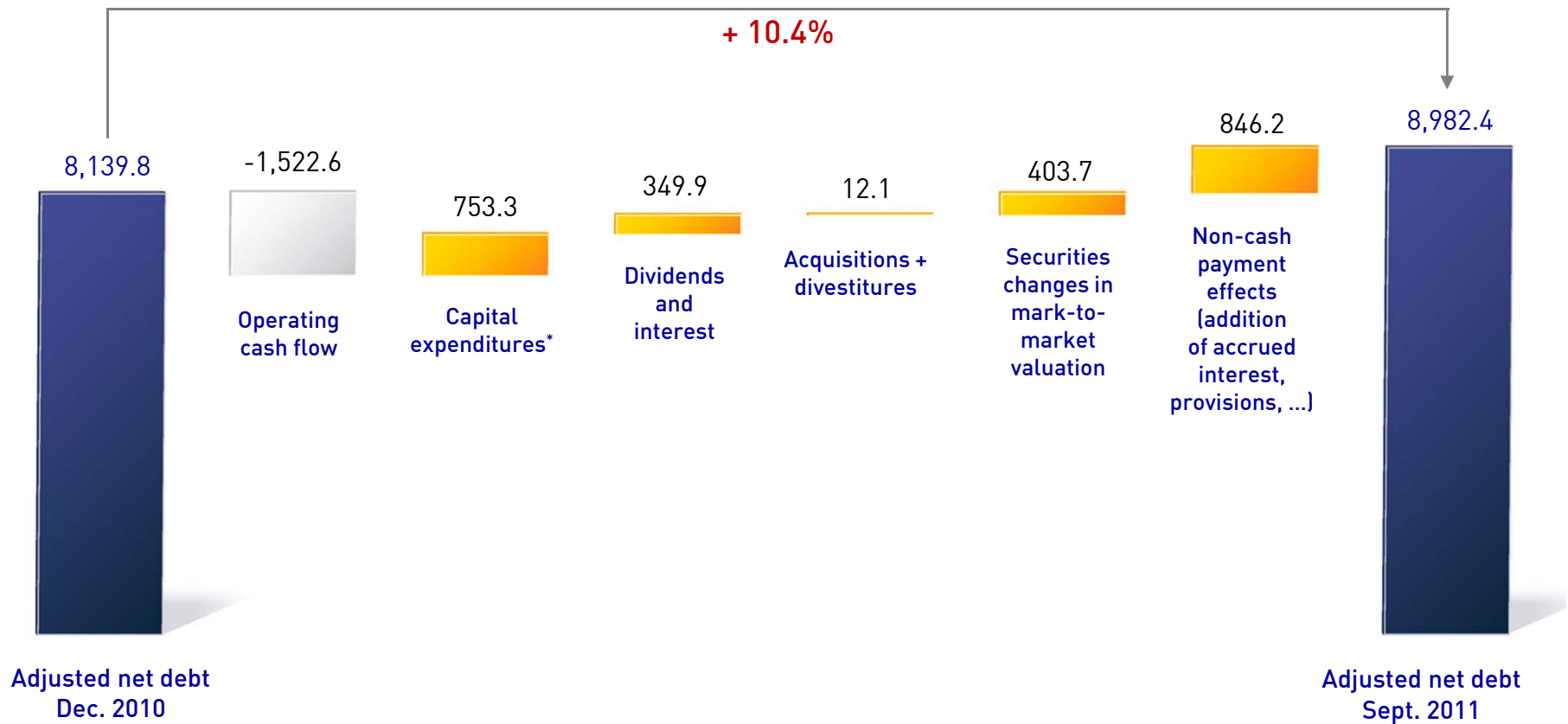


¹ For intangible assets and property, plant and equipment
² Cash received from disposals of intangible assets and property, plant and equipment as well as cash received from construction cost and investment subsidies

Adjusted net debt increased due to nuclear provisions



€ millions



* For intangible assets and property, plant and equipment (net); also include cash received from disposals of intangible assets and property, plant and equipment as well as cash received from construction cost and investment subsidies

EnBW keeps outlook 2011 at an unchanged level compared to H1 2011



EnBW	Current outlook 2011 Interim report Q3 2011	Outlook 2011 Interim report H1 2011	Outlook 2011 Annual report 2010
Adjusted EBIT electricity generat. & trading	significantly falling	significantly falling	falling
Adjusted EBIT electricity grid and sales	significantly falling	significantly falling	significantly falling
Adjusted EBIT gas	significantly falling	falling	falling
Adjusted EBIT energy & environm. services	increasing	stable	falling
Adjusted EBIT on group level	- 20% to - 25%	- 20% to - 25%	- 10% to - 15%

EnBW has already delivered on its package of measures with its hybrid bond, OEW's announcement of capital support and increase of FOKUS



Concentration on core competencies of EnBW's business model	<ul style="list-style-type: none">➤ Maintain a stable sustainable, low CO₂ generation portfolio➤ Realise profitable growth in the areas of renewable energies, energy solutions for customers, energy management and energy efficiency
Stay focused on solid financial strategy	<ul style="list-style-type: none">➤ Hybrid bond➤ Capital increase➤ Dividend model
Significant increase of efficiency measures	<ul style="list-style-type: none">➤ Implement additional efficiency measures under the "FOKUS" programme➤ Increase of original target of a total volume of € 300m p.a. to € 750m p.a. Development of measures until year-end 2014, subsequently full P&L contribution
Adjustment of investment/divestiture programme	<ul style="list-style-type: none">➤ Reduce investment programme➤ Increase divestitures while maintaining the general strategic alignment➤ Optimize capital employed / CAPEX via cooperations

Based on its good preparation and communication, EnBW achieved optimal outcome from hybrid bond issuance



- At the start of September **EnBW travelled with 2 teams and met over 100 investors** in the UK, Germany, the Netherlands, France and Switzerland to market the transaction
 - Investor questions mainly on **business and financial strategy, utility sector and hybrid structure**
- On 24 October 2011 orderbook built swiftly with **“lead orders” by institutional investors** from the UK, Germany and the Netherlands leading to a **clear oversubscription** of the bond which allowed an allocation
 - **to ensure a diversified high quality distribution**
 - **to support secondary trading performance**
- Decision of EnBW to launch a **transaction size of € 750m at a coupon of 7.375%** (yield of 7.500% and spread over mid-swap of +540bp) due to
 - investors’ sensitivity around **deal size**
 - clear communication regarding **pricing**

OEW passed a resolution expressing its willingness to support EnBW with further capital *



... Oberschwäbische Elektrizitätswerke are **in principle willing to support EnBW AG with a capital injection.**

... The company has expressed its willingness to have a capital increase performed in order to remain able **to invest in renewable energies and the new energy concept in future.** ...

... “We are willing to do so,” states the chairman of the association, “and **we invite the federal state of Baden-Württemberg to join in..**” ...

... “But we also want to send a message with the capital increase,” continues Widmaier, “a **message that we stand by our company,** that we are willing to bear some of the **responsibility for 20,000 employees** and that we are **willing to make our contribution to the new energy concept.**” ...

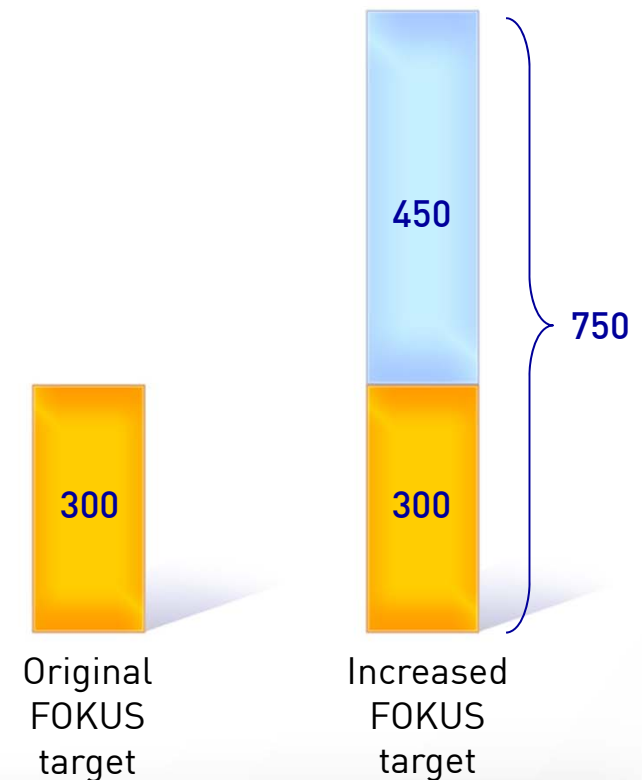
3 Efficiency programme FOKUS increased to a total volume of € 750m



FOKUS details

- Original target of a total volume of € 300m p.a.
- Increase of FOKUS target to € 750m p.a.
 - Development of measures until year-end 2014
 - Subsequently full P&L contribution
 - Sustainable employees' contribution of € 250m

Sustainable efficiency potential in € millions



Back-up



- Current status nuclear tax
- Financial calendar
- IR contacts

Nuclear fuel tax in place despite nuclear exit, but so far two German courts have raised severe concerns over constitutionality



All four operators of nuclear power plants in Germany have filed a legal complaint

- Based on both constitutional law and European law considerations, EnBW brought an action against the self-assessment return before the competent tax court in Freiburg in July 2011

First court judgements expressed serious doubt that the nuclear fuel tax is compatible with the German constitution

- E.ON: A Hamburg-based finance court seriously questioned the legality of a tax on fuel used in nuclear power plants (September 2011)
- RWE: A Munich-based court also questioned the nuclear fuel tax (October 2011)
- Both courts said it is doubtful the nuclear tax can be considered as an excise consumption tax
 - Excise taxes can usually be passed on to customers by the producer of a product, but the nuclear tax law specifically forbids the utilities to do this

Financial calendar 2012



- **7 March 2012**
Annual report for fiscal year 2011
Conference time: 15:00 CET
- **26 April 2012**
Annual General Meeting 2012
Live video webcast time: 10:00 CET
- **8 May 2012**
Interim report: January–March 2012
Conference time: 15:00 CET
- **27 July 2012**
Interim report: January–June 2012
Conference time: 15:00 CET
- **9 November 2012**
Interim report: January–September 2012
Conference time: 15:00 CET



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