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Press Release >

EnBW continues positive earnings trend

Adjusted EBITDA up 3.3% on previous year / 0% to 5% full-year earnings guidance confirmed / impact of low river levels and weak wind conditions

Karlsruhe. EnBW Energie Baden-Württemberg AG closed the first nine months of the 2018 financial year with a slight year-on-year increase in earnings. With a workforce of 21,502 (+1.0%), EnBW generated revenue of some 17.40 billion euros (+13.4%) and an operating result (adjusted EBITDA) of some 1.57 million euros. This corresponds to 3.3% earnings growth compared with the same period a year earlier. At the same time, EnBW has once again confirmed its full-year guidance of 0% to 5% growth in the operating result compared with 2017.

“A cause of concern for us this year in particular, however, is something we cannot influence: the weather,” said CFO Thomas Kusterer. “Currently, low river levels and weak wind conditions are having a negative impact on our business. We stick to our earnings forecast for the current financial year. But whether we finish more towards the upper end of our earnings corridor thanks to our good performance or possibly more towards the lower end is not least down to whether the unfavourable meteorological conditions continue.”

EnBW is confident with regard to the successful implementation of its strategy through to 2020. Kusterer: “We are making good progress with the transformation of our company towards renewable energies and smart infrastructure solutions. The growth projects we have initiated and our rigorously implemented efficiency improvements are delivering positive results. EnBW is sure of being able to meet the targets set for 2020.

Adjusted EBITDA in the Sales segment was 204.2 million euros in the first nine months of 2018, 10.2% below the same period of the previous year. The decrease in earnings is mainly due to the absence of positive past-period effects such as settlements with third-party grid operators. Such effects had raised the previous year’s result. Earnings for the year as a whole are therefore expected to be 5% to 15% down on 2017.

The Grids segment sustained its positive performance. Adjusted EBITDA went up to 979.1 million euros, an increase of 18.1% in the first nine months of 2018 relative to the same period a year earlier. The full consolidation of VNG contributed significantly to this outcome. The



guidance for the operating result in the current financial year therefore stays at between +5% and +15% compared with the previous year.

Adjusted EBITDA in the Renewable Energies segment rose to 215.6 million euros in the first nine months of 2018. This represents a 4.1% decrease on the previous year. The main reason is lower wind farm yields, most of all at offshore installations. Offshore wind speeds in the first nine months of this year were significantly below the long-term average used for planning purposes. This shortfall was not fully offset by the onshore wind farms brought into operation last year and the slight increase in run-of-river power generation this spring. Persistent low river levels also mean that run-of-river yields are expected to decrease further in the fourth quarter. In light of this, the full-year earnings forecast for the Renewable Energies segment has been revised from +10% to +20% to -10% to +5%.

Adjusted EBITDA in the Generation and Trading segment was 189.8 million euros in the first nine months of 2018, a decrease of 3.7% on the same period of the previous year. As in past years, electricity sales were made at slightly lower wholesale prices on the forward market than in the previous year. The negative impact that this has on earnings will increase over the further course of the year and will be augmented by the prolonged annual inspection of Neckarwestheim nuclear power plant's Unit II (GKN II). The power plant has been back online since 8 November. The forecast for full-year segmental earnings therefore remains unaltered at between 0 and -10% compared with the previous year.

Net profit attributable to the shareholders of EnBW AG decreased from 1.87 billion euros in the first nine months of the previous year to approximately 469 million euros in the first nine months of 2018. This is mostly due to the effects of the nuclear fuel tax refund, which had a positive impact on earnings in the previous year. Earnings per share came to 1.73 euros in the reporting period, compared with 6.90 euros in the same period a year earlier.

The EnBW Group stepped up gross capital expenditure in the first nine months of 2018 relative to the previous year. This mainly related to the expansion of electricity grids, VNG's stake in the European gas pipeline link (EUGAL), and the Hohe See and Albatros offshore wind farms. Some 78% of total capital expenditure was therefore accounted for by growth projects, while replacement expenditure accounted for approximately 22%.

Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	01/01– 30/09/2018	01/01– 30/09/2017	Change in %	01/01– 31/12/2017
External revenue	17,397.4	15,337.4	13.4	21,974.0
Adjusted EBITDA	1,571.9	1,521.8	3.3	2,113.0
Share of adjusted EBITDA accounted for by Sales in € million/in %	204.2/13.0	227.3/14.9	-10.2/-	330.0/15.6
Share of adjusted EBITDA accounted for by Grids in € million/in %	979.1/62.3	829.3/54.5	18.1/-	1,045.9/49.5
Share of adjusted EBITDA accounted for by Renewable Energies in € million/in %	215.6/13.7	224.8/14.8	-4.1/-	331.7/15.7
Share of adjusted EBITDA accounted for by Generation and Trading in € million/in %	189.8/12.1	197.1/13.0	-3.7/-	377.1/17.8
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	-16.8/-1.1	43.3/2.8	- / -	28.3/1.4
EBITDA	1,675.2	3,064.1	-45.3	3,752.4
Adjusted EBIT	680.4	708.5	-4.0	998.8
EBIT	777.4	2,223.2	-65.0	2,504.0
Group net profit ¹	468.7	1,868.7	-74.9	2,054.1
Earnings per share from Group net profit ¹ in €	1.73	6.90	-74.9	7.58
Retained cash flow	464.0	2,565.7	-81.9	3,050.3
Retained cash flow II	614.0	1,044.9	-41.2	1,529.5
Net (cash) investment	602.7	730.2	-17.5	1,367.1

Employees^{2, 3}

	30/09/2018	30/09/2017	Change in %	31/12/2017
Number	21,502	21,298	1.0	21,352
Number of full-time equivalents ⁴	20,091	19,874	1.1	19,939

1 In relation to the profit/loss attributable to the shareholders of EnBW AG.

2 Number of employees excluding apprentices/trainees and inactive employees.

3 The number of employees for the ITOs (ONTRAS Gastransport GmbH, terranets bw GmbH and TransnetBW GmbH) is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2017 is carried forward.

4 Converted into full-time equivalents.

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