

# Press release >

## EnBW remains on course to reach earnings turnaround

First half of the year sees increased revenues and earnings / Temporary effects impact Sales and Grids / Earnings forecast of between 0 and +5 percent for entire year reaffirmed

Karlsruhe. In the first half of 2017, EnBW Energie Baden-Württemberg AG and its 21,324 employees (+4.5 percent) achieved revenue of around 10.48 billion euro (+6.8 percent) and an operating result (adjusted EBITDA) of around 1.07 billion euro. This represents an increase of 10.9 percent compared to the previous year. The significant increase in earnings is due in part to temporary effects that will be compensated for during the remainder of the year. EnBW is thus reaffirming its forecast for the year as a whole and expects an operating result of between 0 and +5 percent above the previous year. The full consolidation of VNG-Verbundnetz Gas Aktiengesellschaft on 18 May has had a positive impact on the revenue, sales, operating result and number of employees.

Group net profit stands at around 1.68 billion euro (previous year -194.2 million euro). This increase is primarily due to the reimbursement of the nuclear fuel rod tax that was declared to be unconstitutional in June 2017, as well as the sale of 49.89 percent of the shares in the "EnBW Hohe See" offshore wind farm in February. As a result of these two effects, the earnings per share attributable to the shareholders of EnBW AG is 6.20 euro, compared to -0.72 euro for the same period in the previous year. The equity ratio also improved to 13.2 percent compared to 8.3 percent at the end of the previous year due mainly to the reimbursement of the nuclear fuel rod tax. At the same time, the net debt fell by around 11 percent to its current figure of around 8.9 billion euro compared to the end of 2016 (around 10 billion euro).

Thomas Kusterer, Chief Financial Officer: "Following a rather weak first quarter, we were able to make a pleasing recovery in the second quarter. In terms of our earnings target for 2017, we are now well on track but we must continue to make every effort to achieve it. This applies to both the implementation of our growth projects and also our efficiency measures. The reimbursement of the nuclear fuel rod tax changes nothing in this regard. Although it eases the tense situation in terms of equity and debt on the balance sheet, it is just a one-off extraordinary effect. Therefore, we will continue to make rigorous efforts to ensure that we are competitive in every single area of our operating business, both in terms of our products and our expenditure. And we will continue to invest in the expansion of the grids, in onshore and offshore wind power, in electromobility and in new products for our customers. With further growth in these areas, we will achieve our strategic targets for 2020."

In the Sales segment, the adjusted EBITDA increased by 30.7 percent to 180.8 million euro (previous year: 138.3 million euro) in the first six months of 2017. The increase in earnings is due to, amongst other things, the withdrawal from the loss-making B2B commodity business under the EnBW and Watt brands. Furthermore, it includes positive out-of-period effects – such as settlements made for previous years with third party grid operators for the transmission of volumes of electricity to our customers – that were not yet accounted for to this extent in the same period of the previous year. EnBW continues to expect an increase in earnings of 15 to 25 percent for the overall year.

The adjusted EBITDA for the Grids segment of 610.6 million euro was 16.6 percent above the figure in the previous year (523.8 million euro). This was primarily due to the full consolidation of VNG. The operating result for the Grids segment also contained positive out-of-period effects that were not yet accounted for to this extent in the first half of 2016. The forecast for the current financial year thus remains stable at an operating result of between -5 and +5 percent compared to the previous year.

The operating result in the Renewable Energies segment had been negatively impacted above all in the first three months by low water levels at our run-of-river power plants and a poor wind yield. It was possible to partially compensate for this development in the second quarter. The adjusted EBITDA of 152.4 million euro was thus at the level achieved in the same period of the previous year (153.1 million euro). This result is expected to be even higher due to the continued expansion of onshore wind farms in the second half of the year. Growth of around 250 megawatts in the onshore sector is planned for the whole year. The earnings forecast for the Renewable Energies segment is thus unchanged at 5 to 15 percent above the previous year. The installed output from Renewable Energies was 3.1 gigawatts at the end of the previous year.

In the Generation and Trading segment, the adjusted EBITDA fell in the first six months of the year by 31.2 percent to 102.3 million euro. In addition to the temporary shutdown of the Philippsburg 2 nuclear power plant, lower wholesale market prices also had a negative effect. The negative effect of the temporary shutdown will lessen in the year-on-year comparison over the further course of the year. The nuclear fuel rod tax has also been eliminated so that EnBW continues to expect a yearly segment result of between 10 and 20 percent below the previous year.

The investment volume of the EnBW Group fell significantly in the first half of 2017 compared to the same period of the previous year because the acquisition of 74.21 percent of the shares in VNG was realised in April 2016. In terms of the overall gross investment of 604 million euro, around 75.2 percent was accounted for by growth projects. In the Renewable Energies segment, the investment of 240.0 million euro was significantly higher than the figure in the previous year (50.6 million euro) due to the start of construction at the EnBW Hohe See and Albatros offshore wind farms. In addition, compared to the previous year, a significantly higher rate of expansion of the onshore wind farms is planned.

## Performance indicators of the EnBW Group

### Financial and strategic performance indicators

in € million	01/01 – 30/06/2017	01/01 – 30/06/2016	Change in %	01/01 – 31/12/2016
External revenue	10,475.8	9,811.4	6.8	19,368.4
Adjusted EBITDA	1,072.6	967.5	10.9	1,938.9
<b>TOP</b> Share of adjusted EBITDA accounted for by Sales in € million/in %	180.8/16.9	138.3/14.3	30.7/-	249.7/12.9
<b>TOP</b> Share of adjusted EBITDA accounted for by Grids in € million/in %	610.6/56.9	523.8/54.1	16.6/-	1,004.1/51.8
<b>TOP</b> Share of adjusted EBITDA accounted for by Renewable Energies in € million/in %	152.4/14.2	153.1/15.8	-0.5/-	295.3/15.2
<b>TOP</b> Share of adjusted EBITDA accounted for by Generation and Trading in € million/in %	102.3/9.5	148.6/15.4	-31.2/-	337.2/17.4
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	26.5/2.5	3.7/0.4	- / -	52.6/2.7
EBITDA	2,639.6	887.8	-	730.7
Adjusted EBIT	543.0	504.0	7.7	1,024.5
EBIT	2,082.6	402.0	-	-1,662.9
Group net profit/loss <sup>1</sup>	1,679.3	-194.2	-	-1,797.2
Earnings per share from Group net profit/loss in € <sup>1</sup>	6.20	-0.72	-	-6.64
Retained cash flow	1,884.6	289.9	-	949.5
Net (cash) investment	398.5	479.3	-16.9	1,316.9

### Non-financial performance indicators<sup>2</sup>

	01/01 – 30/06/2017	01/01 – 30/06/2016	Change in %	01/01 – 31/12/2016
<b>Customers goal dimension</b>				
<b>TOP</b> EnBW/Yello Customer Satisfaction Index <sup>3</sup>	139/164	127/143	9.4/14.7	132/150
<b>TOP</b> SAIDI (electricity) in min/year	14	11	27.3	16
<b>Employees goal dimension</b>				
<b>TOP</b> LTIF <sup>4</sup>	3.1	3.7	-16.2	3.9

### Employees<sup>5, 6</sup>

	30/06/2017	30/06/2016	Change in %	31/12/2016
Number	21,324	20,263	5.2	20,409

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

<sup>2</sup> The values for the key performance indicators Reputation Index, Employee Commitment Index (ECI), "installed output of renewable energies in GW and the share of the generation capacity in % accounted for by renewable energies" and CO<sub>2</sub> intensity will be exclusively collected at the end of the year.

<sup>3</sup> EnBW has been working together with a new market research company since 2017. Despite using the same survey methodology and random sampling, current and earlier values are only comparable to a limited extent.

<sup>4</sup> Variations in the group of consolidated companies; only those companies controlled by the Group are included.

<sup>5</sup> Number of employees excluding marginally employed persons, apprentices/trainees and inactive employees.

<sup>6</sup> The number of employees for the ITOs is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2016 is carried forward.