

# Investor and analyst conference call FY 2020 >



**Thomas Kusterer** Chief Financial Officer  
**Ingo Peter Voigt** Head of Finance, M&A and Investor Relations

25 March 2021

## Key messages

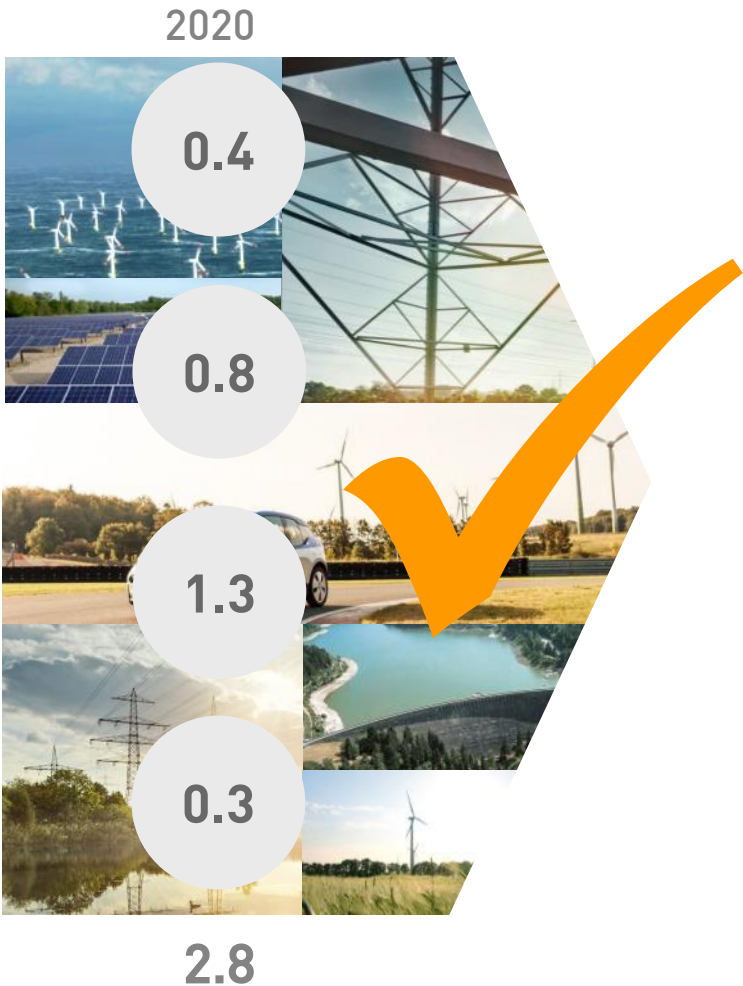
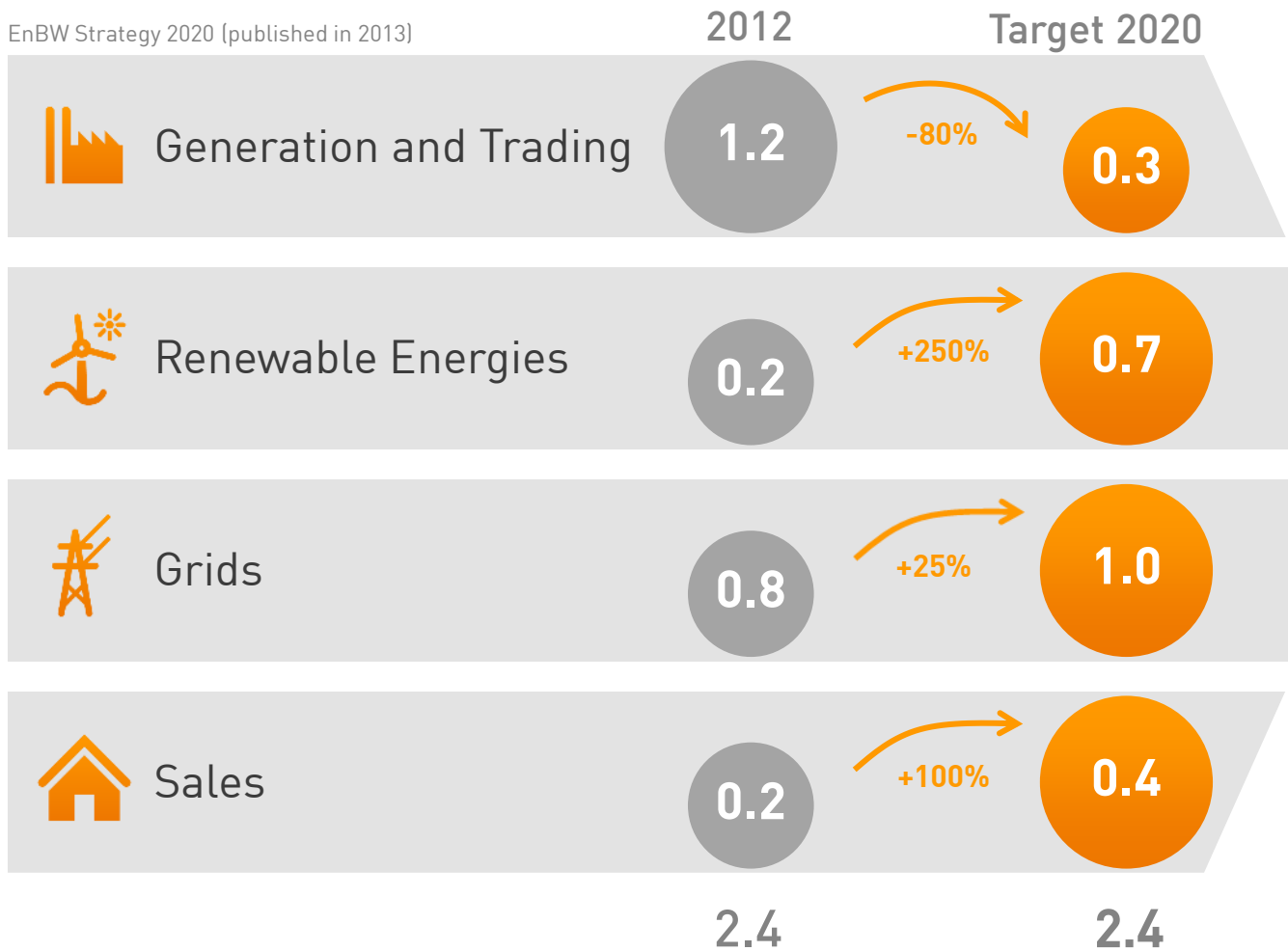


- ✓ Adjusted EBITDA forecast 2020 achieved
- ✓ Moderate COVID-19 impact proves resilient business model
- ✓ Sustainable finance continues: €500 m Green Subordinated and €1.5 bn sustainable syndicated loan facility
- ✓ EnBW and bp jointly develop two offshore wind farms in UK (2 x 1.5 GW)
- ✓ Climate-neutral by 2035
- ✓ EnBW 2020 Strategy completed

# EnBW 2020 Strategy completed – Adjusted EBITDA target overachieved



EnBW Strategy 2020 (published in 2013)

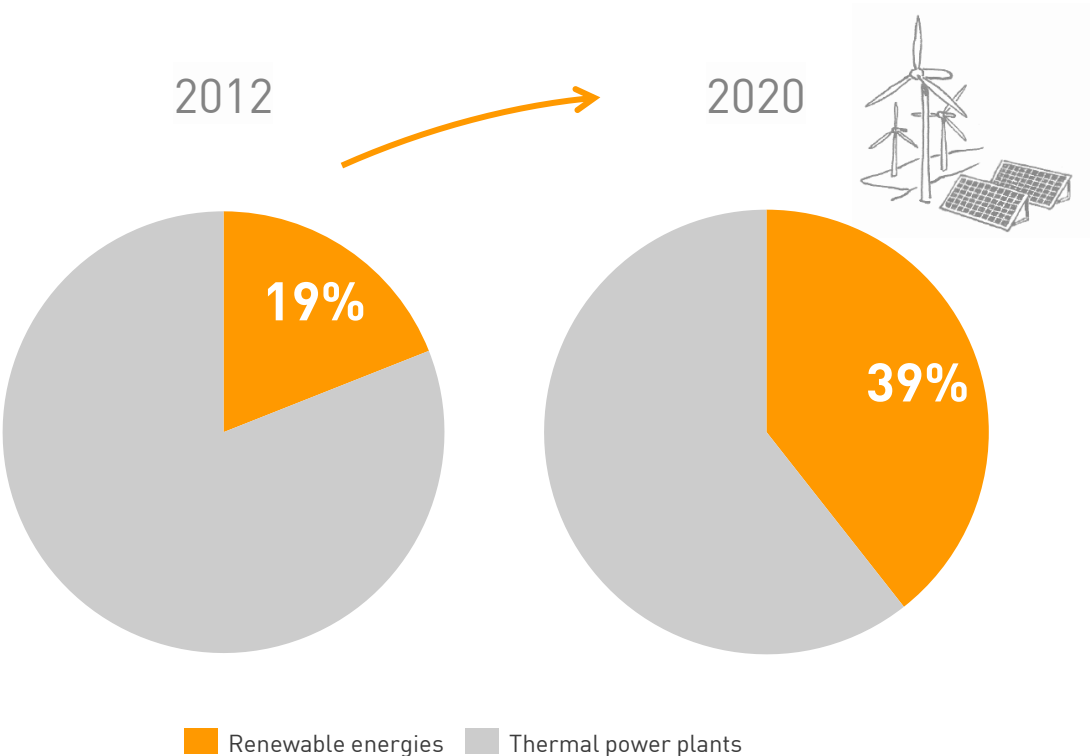


# Environment targets 2020 - underlining our sustainability commitment



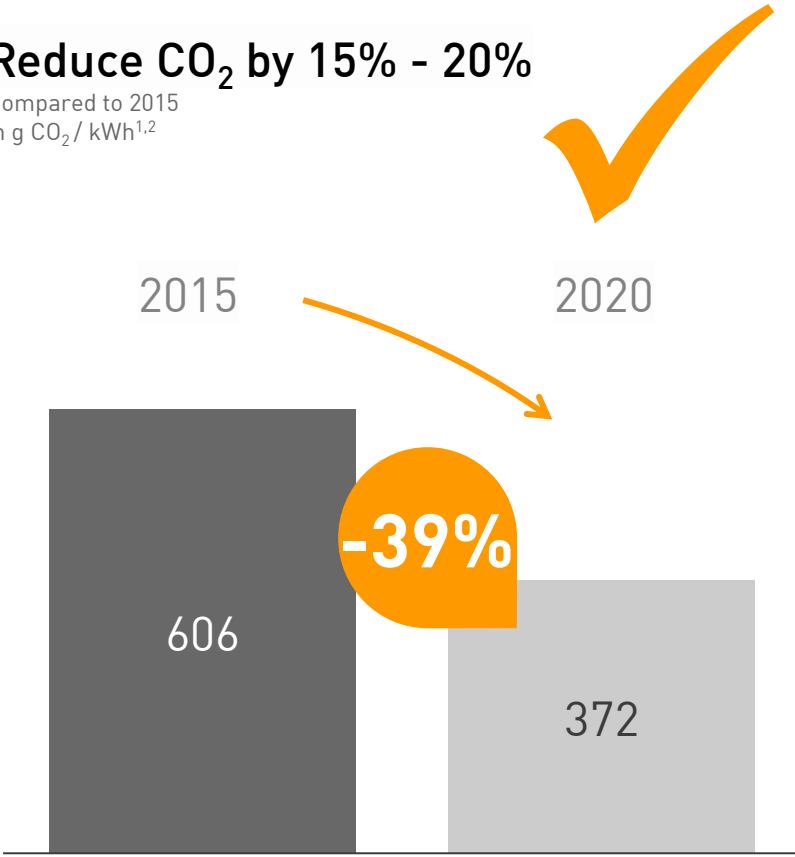
## Expand renewable energies to > 40%

Share of renewable energy capacities



## Reduce CO<sub>2</sub> by 15% - 20%

Compared to 2015  
in g CO<sub>2</sub> / kWh<sup>1,2</sup>



<sup>1</sup> Includes redispatching

<sup>2</sup> The CO<sub>2</sub> intensity KPI is calculated excluding nuclear power. Including nuclear power, CO<sub>2</sub> intensity for 2020 is 268 g/kWh (2019: 235 g/kWh).

# Taking social responsibility in times of COVID-19

## Social responsibility beyond energy supply

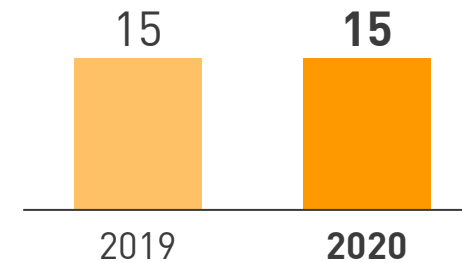
- Donation of face masks to medical facilities
- No electricity and gas supply cut-offs
- Donation of €300,000
- 24/7 security of supply



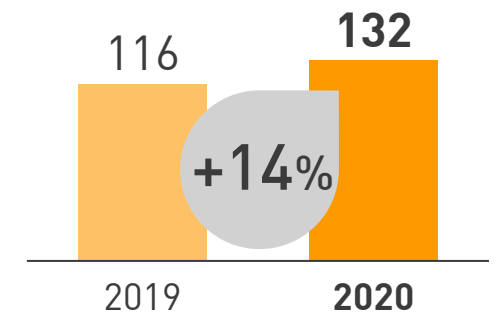
## Protecting health of EnBW's employees

- EnBW Corona Taskforce
- 10,000 working from home - modern digital infrastructure
- Strict safety measures for on-site teams
- Virtual offers: e.g. meditation, sports and homeschooling chats

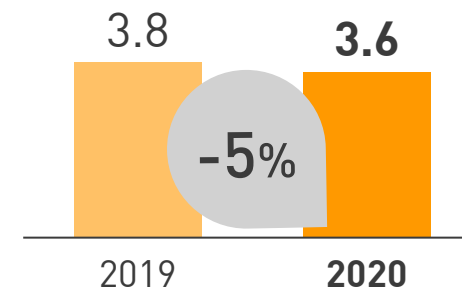
## Supply reliability: SAIDI in min / year



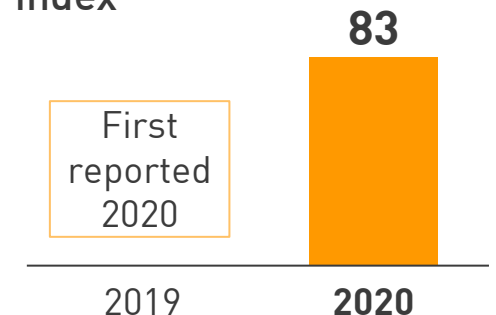
## EnBW customer satisfaction index



## Occupational safety: LTIF



## People engagement index<sup>1</sup>



<sup>1</sup> KPI first reported for fiscal year 2020 and replaces employee commitment index. No comparative figure available for 2019 and no forecast for 2020. The employee commitment index target for 2020 was already overachieved in 2019.

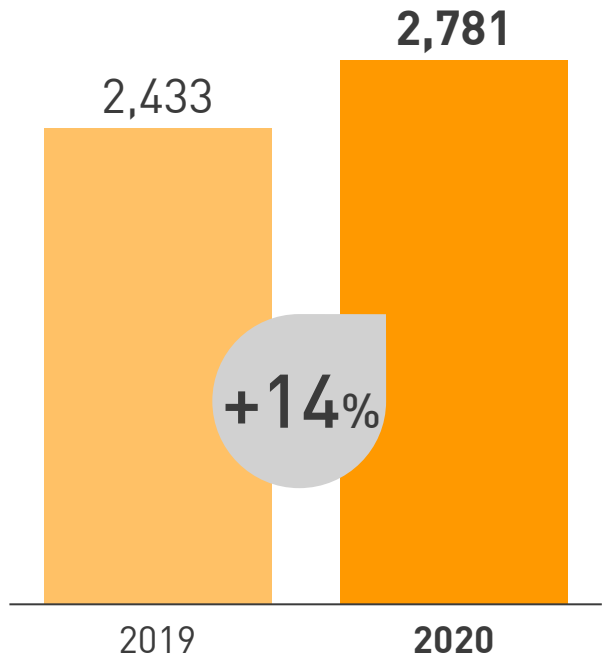
SAIDI: System Average Interruption Duration Index LTIF: Lost Time Injury Frequency

# Increase in adjusted EBITDA as expected – positive development in all segments

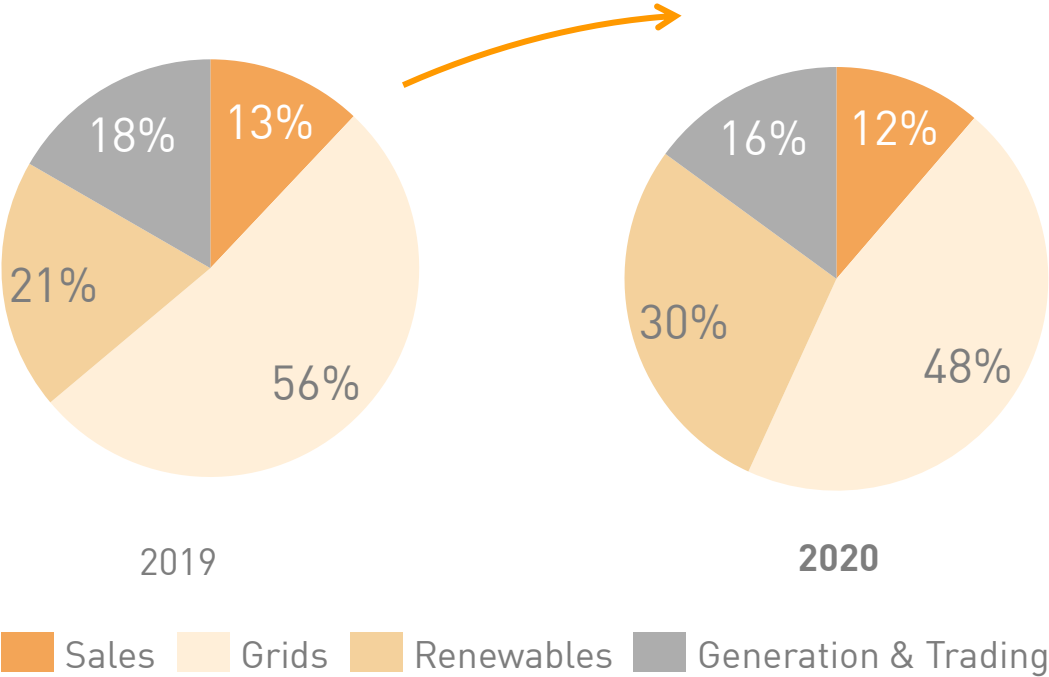


## Adjusted EBITDA

in € m



## Share of adjusted EBITDA by segments<sup>1</sup>



Divergence from 100% due to others/consolidation

<sup>1</sup> Previous year's figures restated

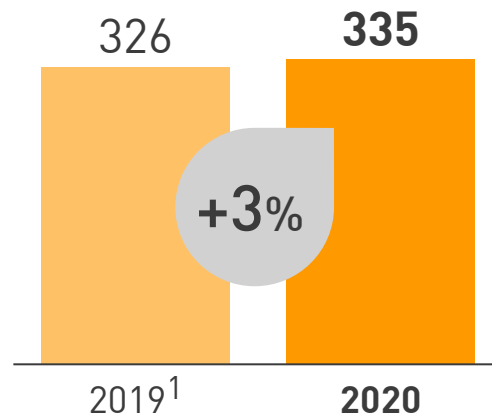


## Sales Earnings increase driven by the acquisition of Plusnet



### Adjusted EBITDA

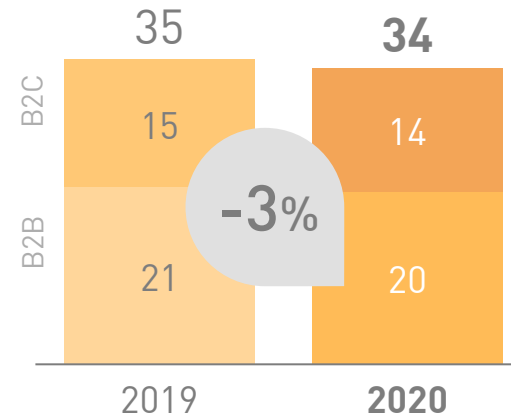
in € m



### Sales volume

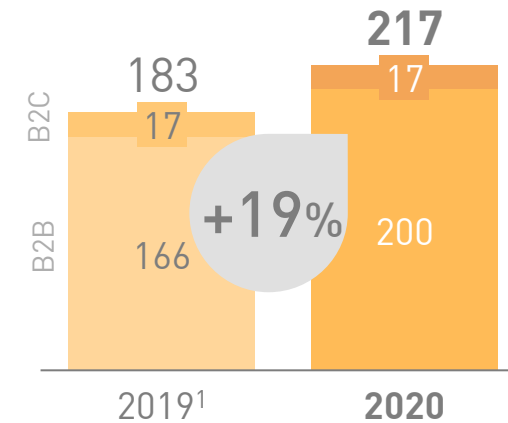
#### Electricity

in TWh



#### Gas

in TWh



- ⊕ Plusnet contributing to earnings for full year for the first time
- ⊕ Higher result relating to other periods due to adjustments in provisions
- ⊖ Negative impact of COVID-19 on EnBW subsidiaries: Lower B2B sales and resale of contracted volumes at lower price levels

<sup>1</sup> Previous year's figures restated

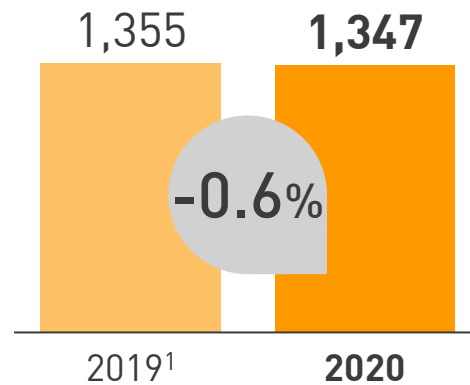


## Grids Earnings on prior year level



### Adjusted EBITDA

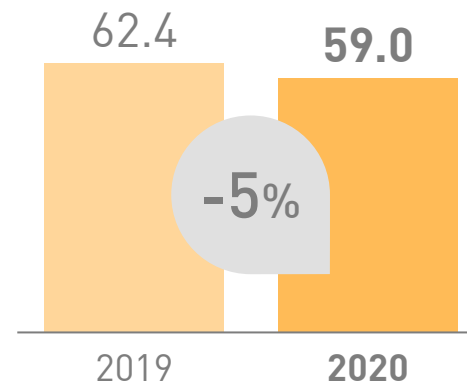
in € m



### Transmission volume

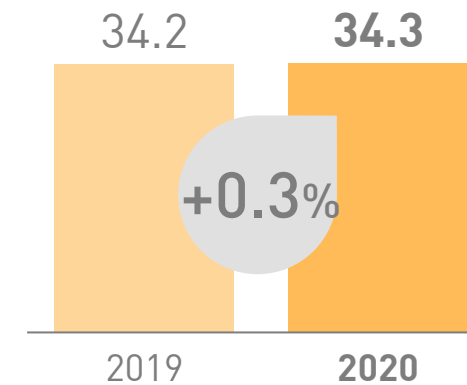
Electricity



in TWh



Gas

in TWh



-  Transmission grids: Higher revenue from use of gas and electricity
-  Distribution grids: Decline in earnings due to lower volumes mainly COVID-19 driven

<sup>1</sup> Previous year's figures restated





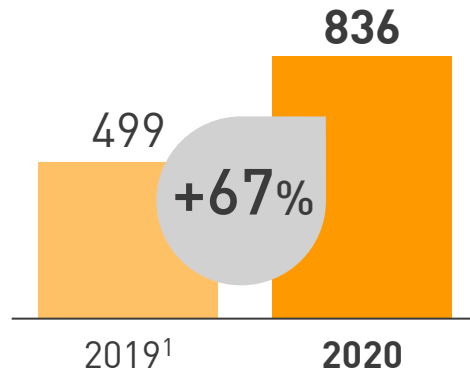
# Renewable Energies

## Hohe See and Albatros significantly boost earnings



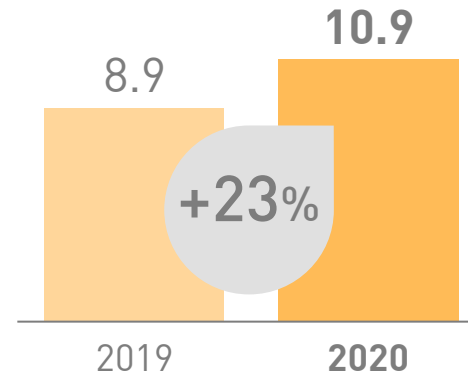
### Adjusted EBITDA

in € m

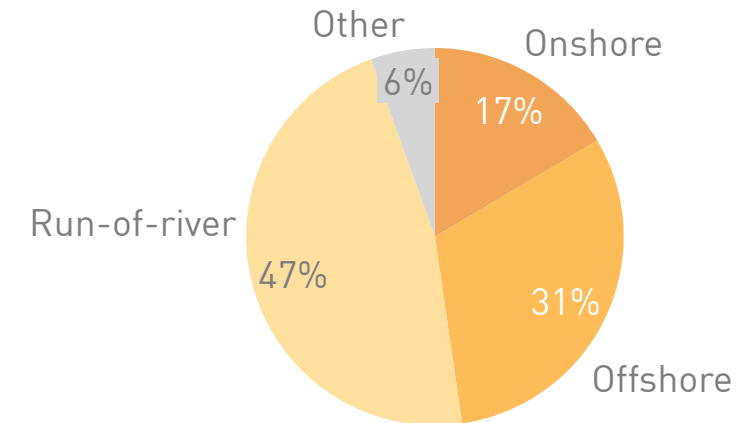


### Generation volume

in TWh



### Renewables generation mix



May not add up to 100% due to rounding

- ⊕ Full year earnings contribution of offshore wind farms Hohe See and Albatros<sup>3</sup>
- ⊕ Full year earnings contribution of Valeco
- ⊕ Electricity volumes from hydropower plants sold at higher wholesale market prices
- ⊕ Higher onshore wind yields

<sup>1</sup> Previous year's figures restated

<sup>2</sup> Figures are taken from the segments. Segment excludes generation from pump storage plants that is included in the Generation and Trading segment

<sup>3</sup> COD of Hohe See in Q4 2019 and Albatros in Q1 2020



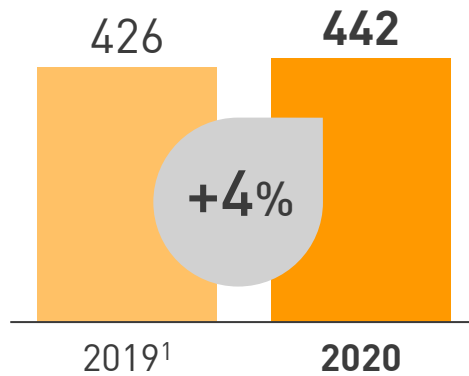
## Generation and Trading

### Market environment fosters profitability



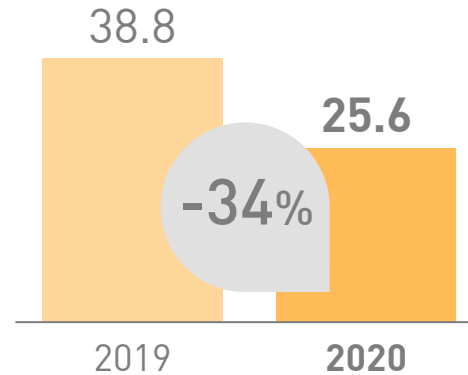
#### Adjusted EBITDA

in € m

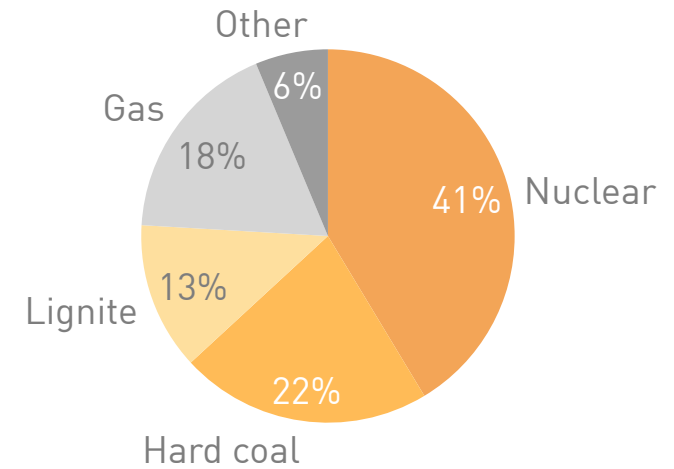


#### Generation volume

in TWh



#### Conventional generation mix



May not add up to 100% due to rounding

- ⊕ Electricity sold at higher wholesale market prices
- ⊕ Profitable trading activities due to increased volatility on wholesale markets
- ⊖ As expected KKP2 no longer contributing to earnings

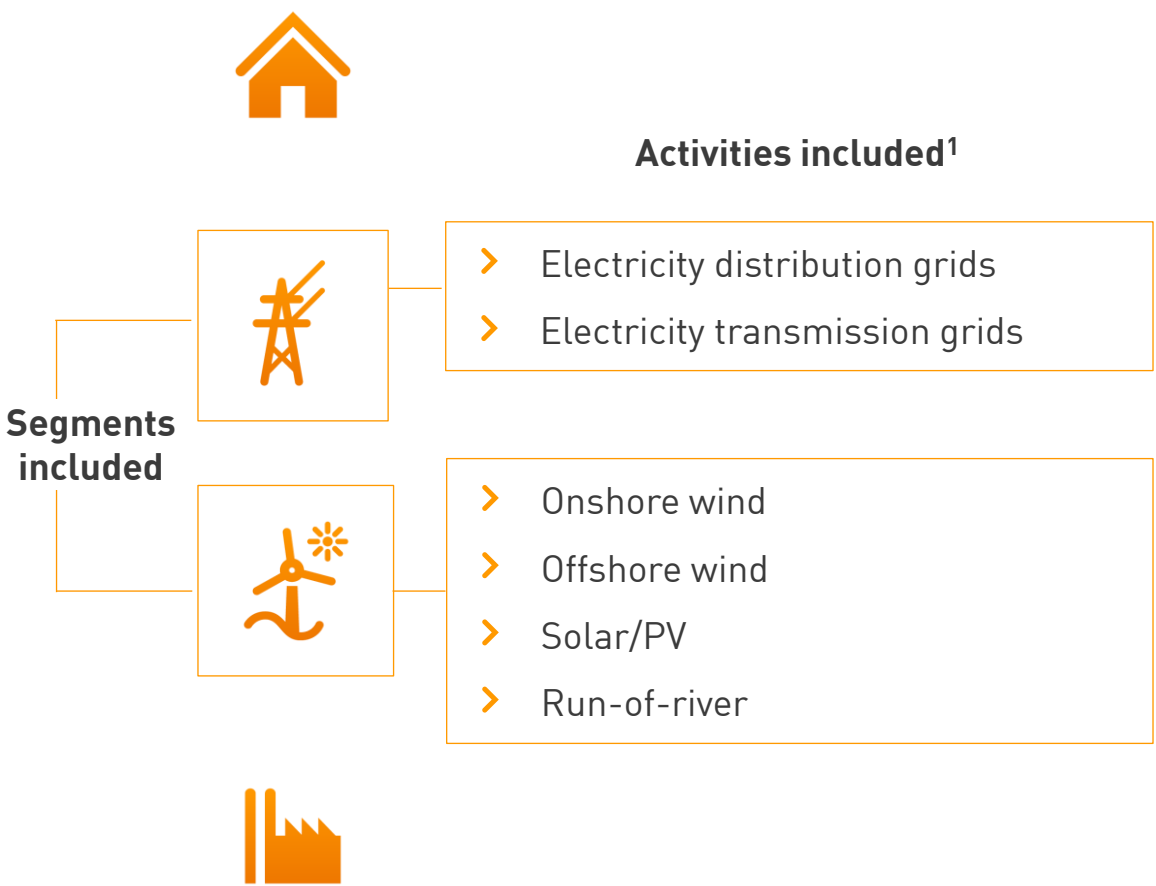
<sup>1</sup> Previous year's figures restated

<sup>2</sup> Figures are taken from the segments. Segment includes pump storage plants

# EnBW is pioneering on EU taxonomy – reporting share of environmentally sustainable business activities

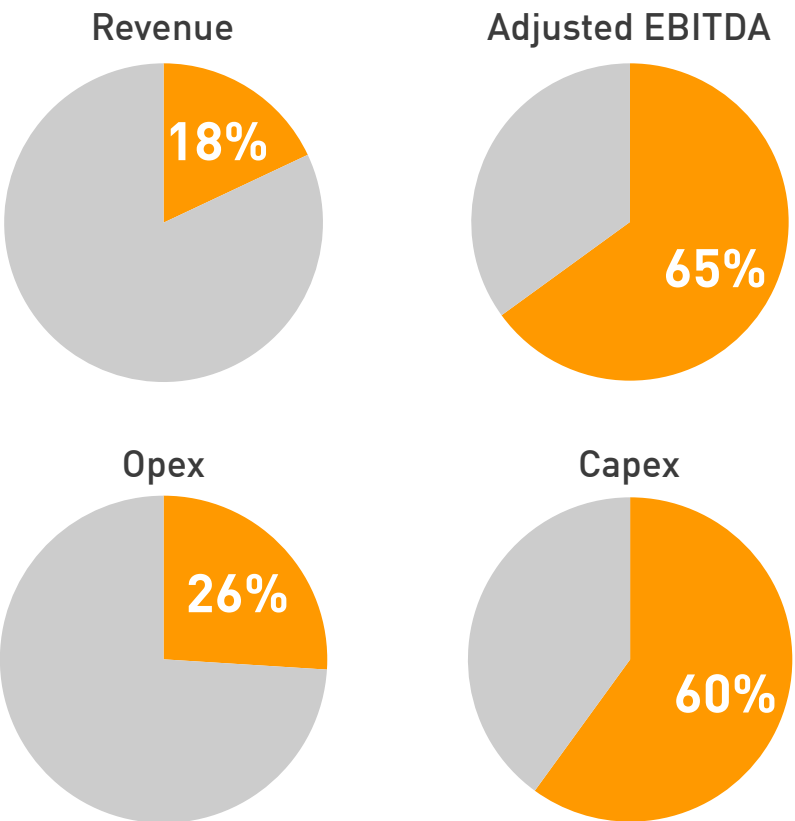


## Renewable energies and grids in first step



<sup>1</sup>Activities not included:  
Grids: Gas distribution and transmission grids, grid services, water      Renewable Energies: Biomass

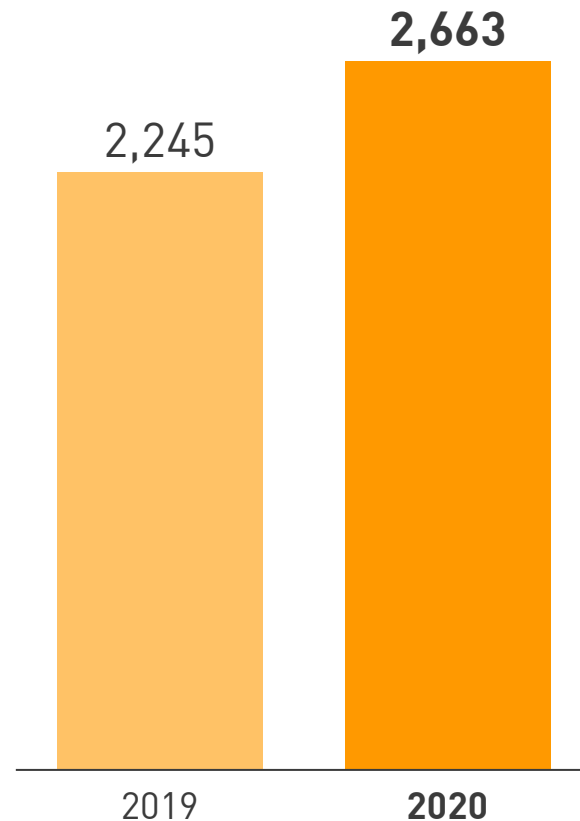
## Share of environmentally sustainable business activities of EnBW Group in 2020



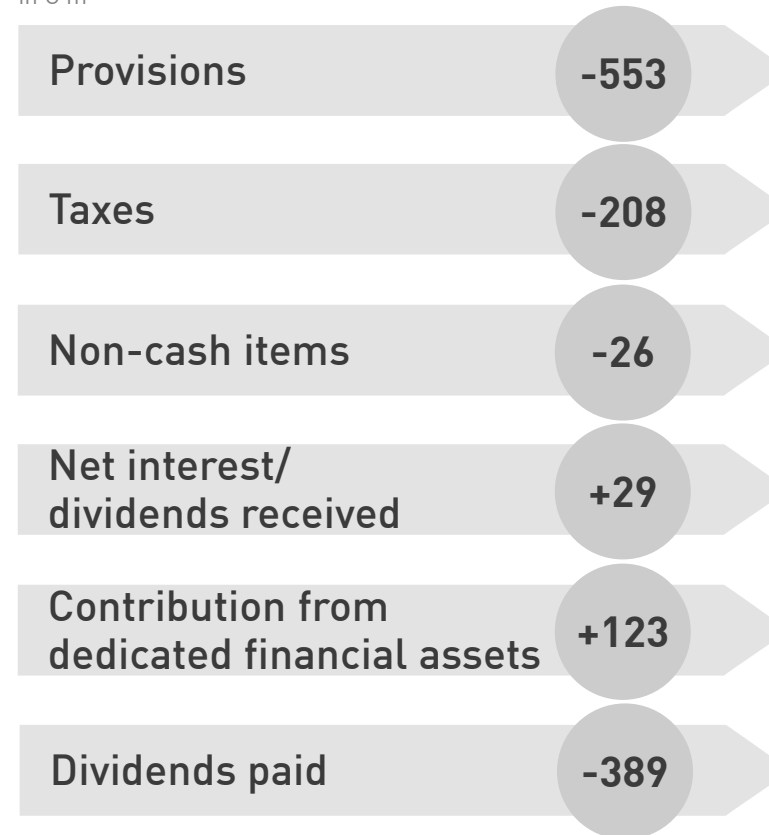
## Retained cash flow increase mainly driven by the increased cash-relevant EBITDA and lower income taxes paid

### EBITDA

in € m

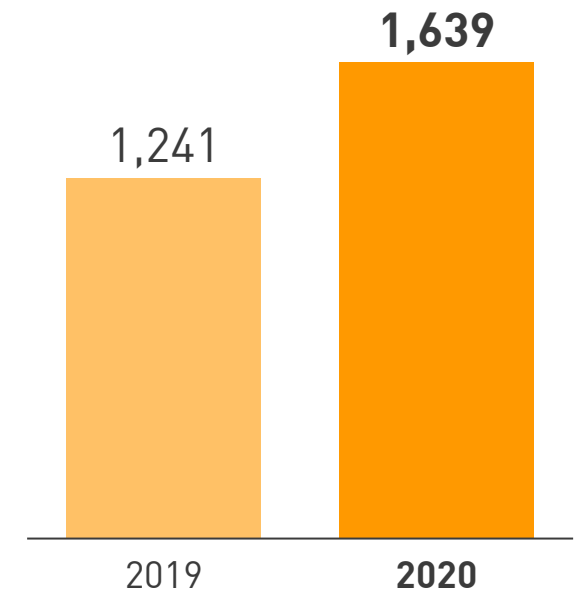


in € m



### Retained cash flow<sup>1</sup>

in € m

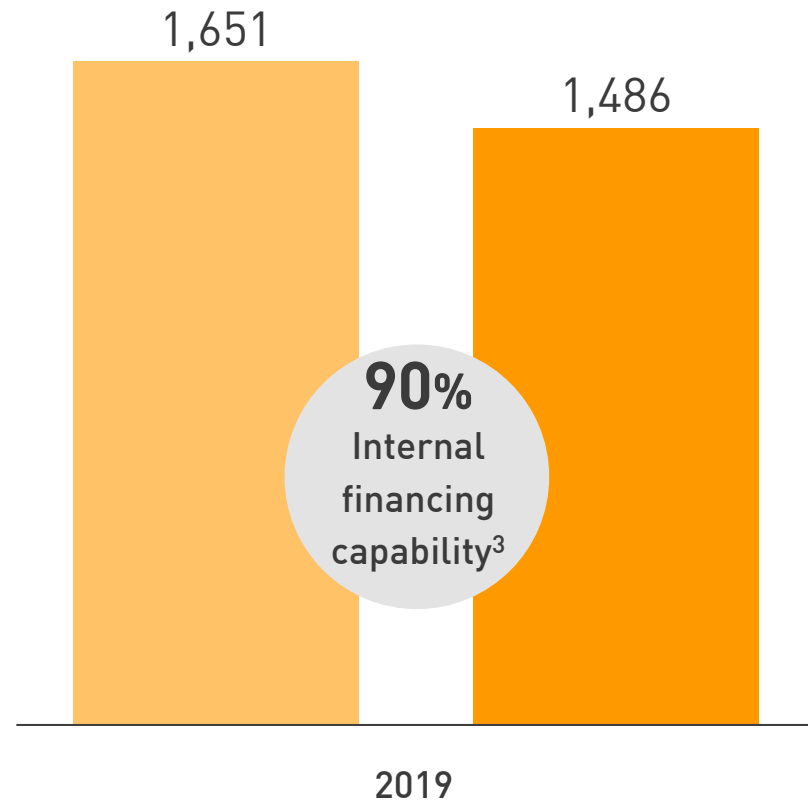


<sup>1</sup> Retained cash flow adjusted for the effects of the nuclear fuel tax refund of € 240.0 m (Previous year: €245.0 m).

## Internal financing capability at more than 100%

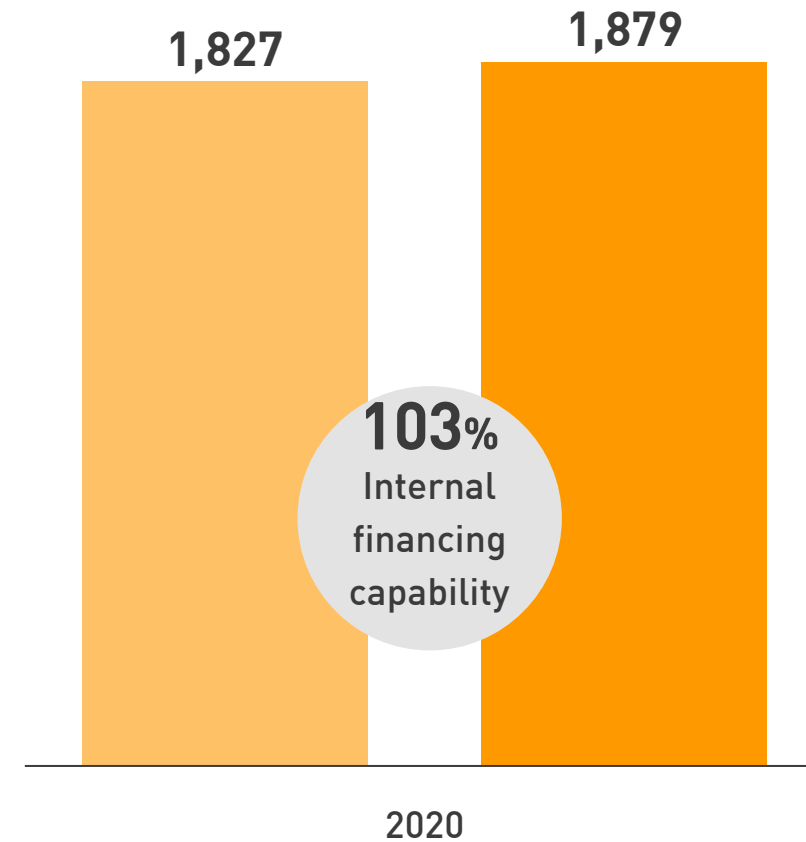
Net investments<sup>1</sup>  
in € m

Adjusted RCF<sup>2</sup>  
in € m



Net investments<sup>1</sup>  
in € m

Adjusted RCF<sup>2</sup>  
in € m

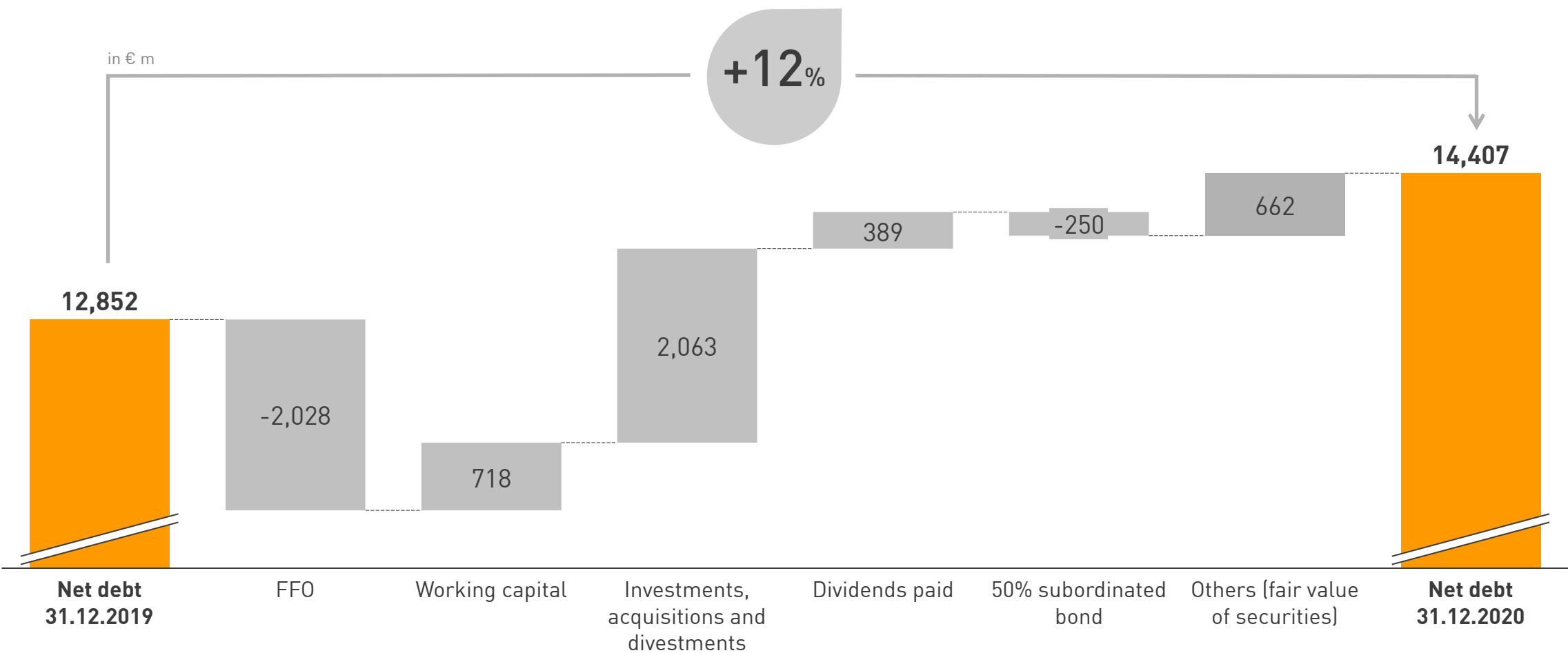


<sup>1</sup> Adjusted for early growth investments in the amount of € 0.0 million (previous year: € 830.6 million).

<sup>2</sup> Adjusted for the effects of the nuclear fuel tax refund of € 240.0 m (Previous year: €245.0 m). RCF: Retained cash flow

<sup>3</sup> Previous year's figures restated

# Increase in net debt mainly due to lower discount rate on pension provisions and extraordinary increase in EEG payments



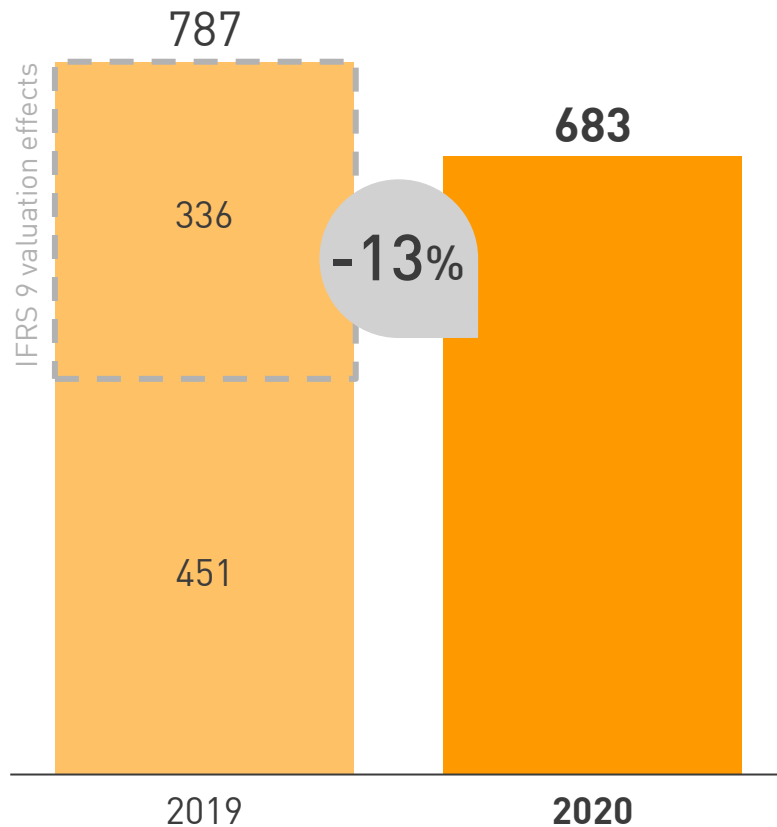
EEG: Erneuerbare Energien-Gesetz (Renewable Energy Act)

# Increased dividend proposal remains at lower end of dividend policy range



## Adjusted Group net profit<sup>1</sup>

in € m



Dividend policy: Payout ratio of 40%-60%

Dividend proposal 2020 **€1** per share<sup>2</sup>

Distribution **€271 m**

Payout ratio  
**40%**

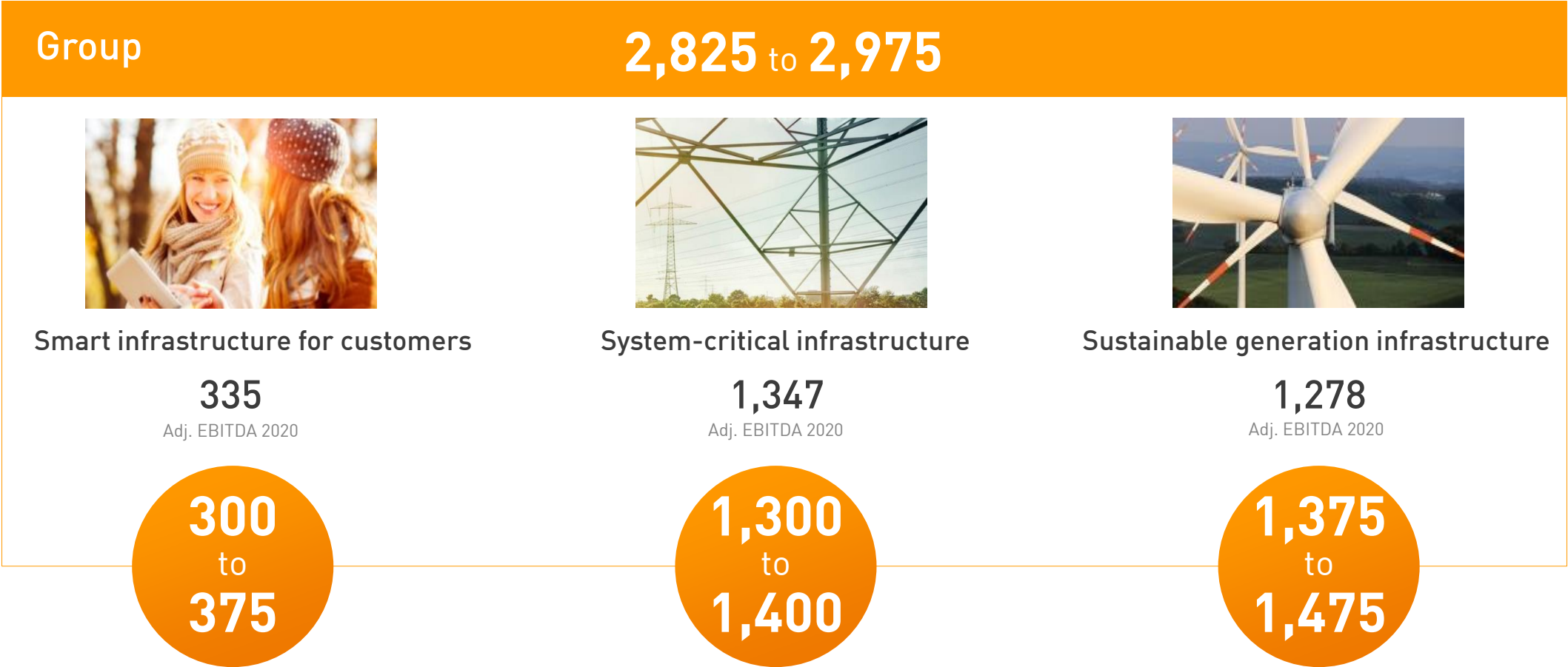
<sup>1</sup> Profit attributable to the shareholders of EnBW AG

<sup>2</sup> Subject to the approval of the AGM

# Outlook 2021 – Further increase in adjusted EBITDA expected



Outlook 2021 in € m



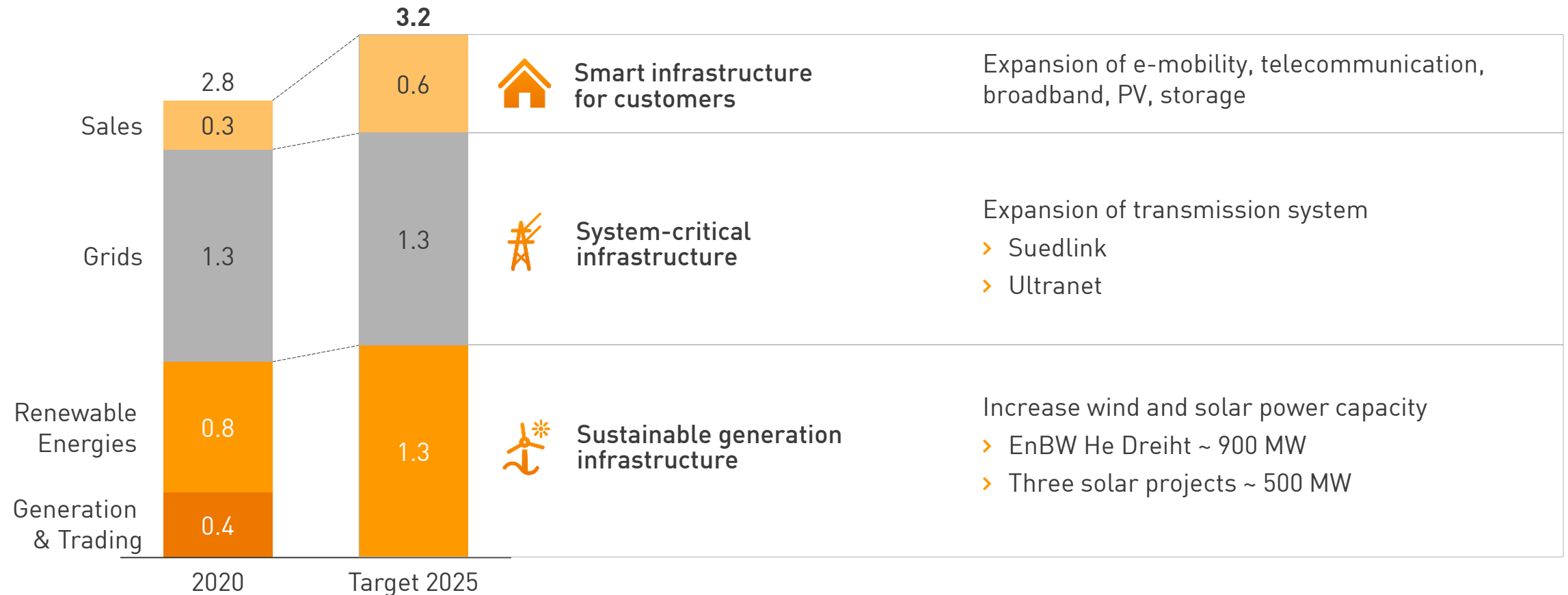


# EnBW 2025 Strategy: Developing into a sustainable and innovative infrastructure partner



## Earnings growth

Adj. EBITDA in € bn



# EnBW and bp plan to build two offshore wind farms in UK



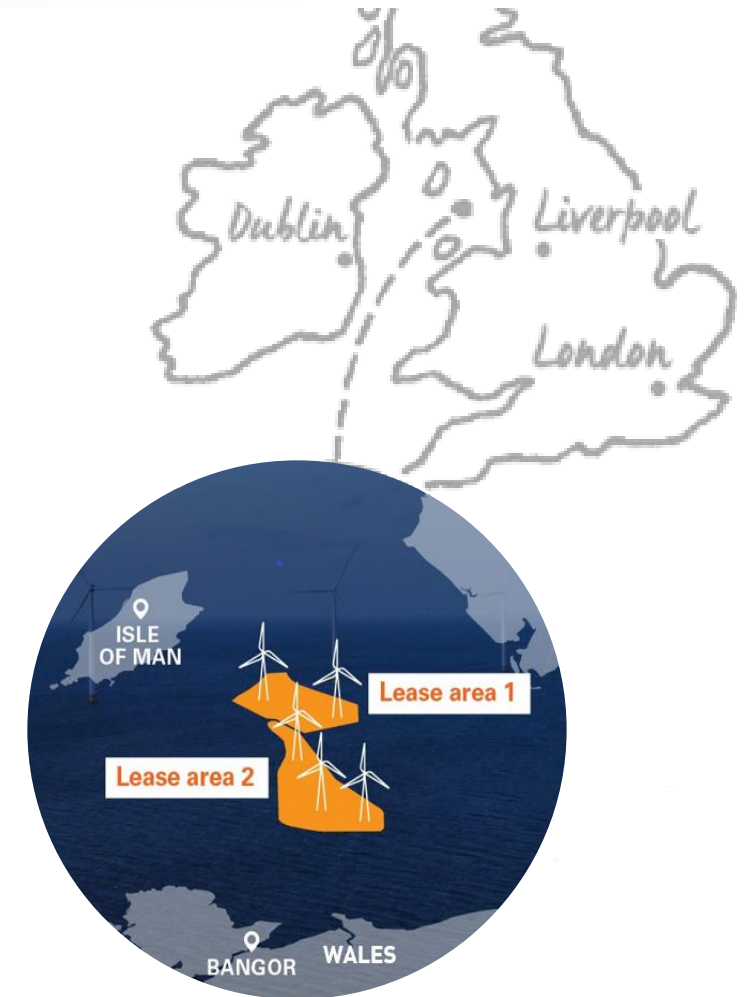
## Awarded combined capacity of 3 GW

Most attractive areas in the auction:

Cost-effective grid access , favorable approval prospects, synergies in planning and above average wind conditions

## Next Steps

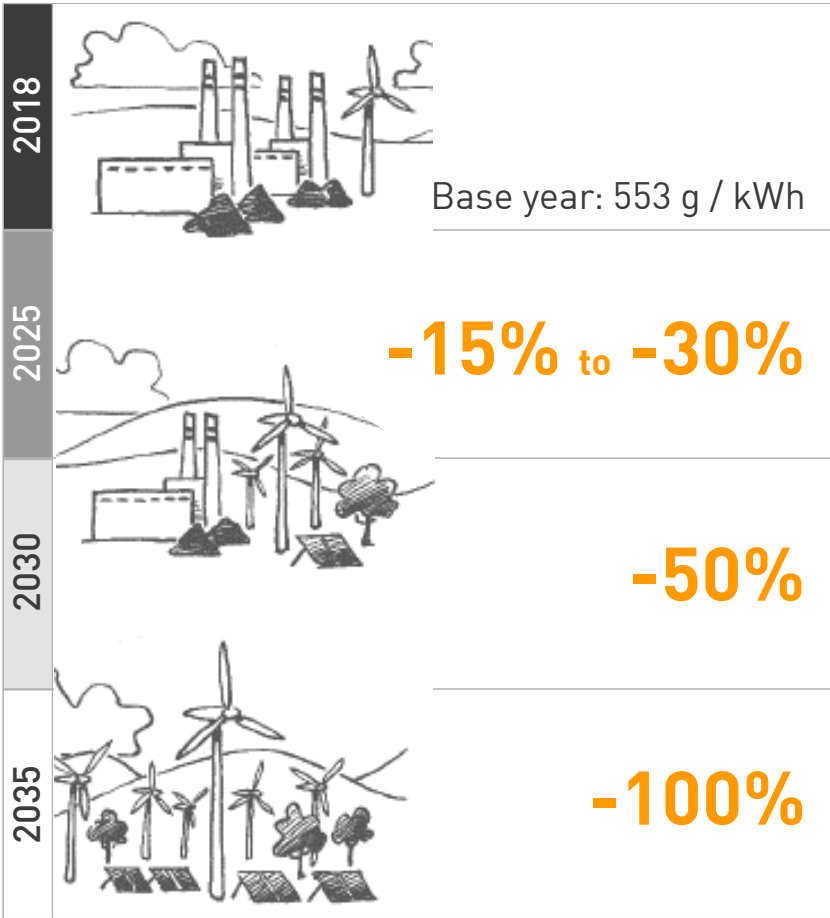
- |      |   |
|------|---|
| 2021 | <ul style="list-style-type: none"><li>› Habitats Regulations Assessment by TCE</li><li>› Establish project companies</li></ul>  |
| 2022 | <ul style="list-style-type: none"><li>› Signing of Lease Agreement with TCE</li><li>› Onsite environmental studies and project planning</li><li>› Application for DCO, lease contract with TCE (60 years)</li><li>› CfD auction for power off-take agreement (15-year term)</li></ul> |
| 2026 | <ul style="list-style-type: none"><li>› Expected FID</li></ul>  |
| 2028 | <ul style="list-style-type: none"><li>› Expected start COD</li></ul>  |



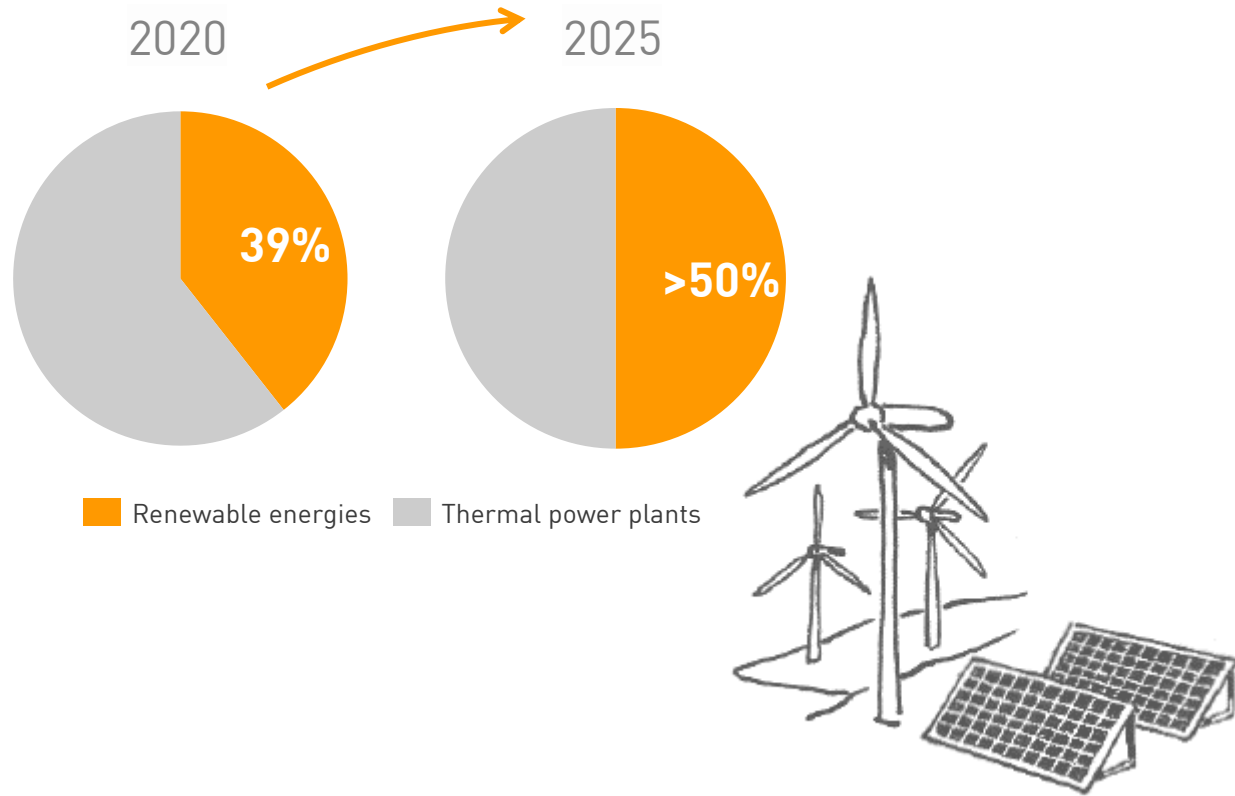
# Further ambitious target - EnBW aims for climate neutrality by 2035



## Reduction of CO<sub>2</sub> emissions to net zero<sup>1</sup>



## Expand renewable energies



<sup>1</sup> EnBW's climate neutrality target relates to own emissions (Scope 1 and 2). Target relates to CO<sub>2</sub>eq (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and SF<sub>6</sub>). Base year 2018. Includes some offsetting of remaining residual emissions by purchase of recognised offsetting certificates.

# Questions & Answers

— EnBW



- Additional information Page 22
- Service information Page 31

# Non-operating result

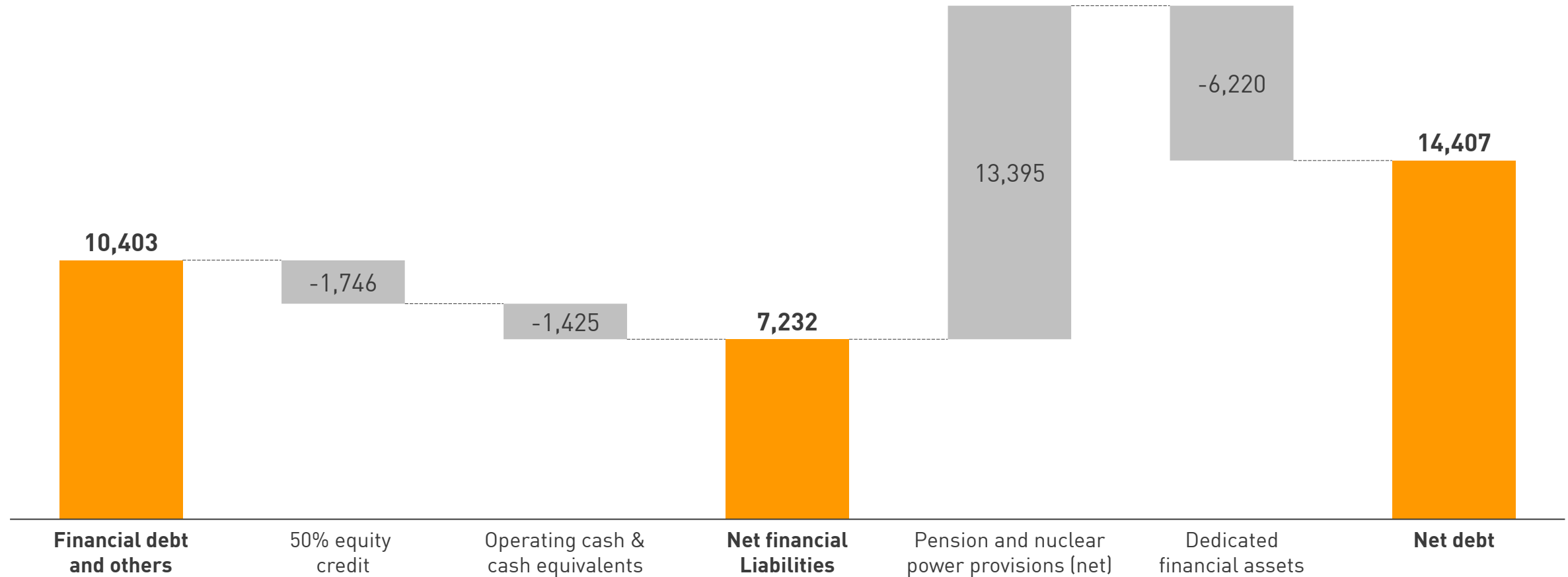


in € m	2020	2019	Variance in %
Income/expenses relating to nuclear power	43.7	-61.9	-
Income from the reversal of other provisions	38.3	48.2	-20.5
Result from disposals	2.4	18.4	-87.0
Reversals of / additions to the provisions for onerous contracts relating to electricity procurement agreements	-56.8	-54.8	-3.7
Income from reversals of impairment losses	16.9	4.5	-
Restructuring	-53.9	-41.0	-31.5
Other non-operating result	-108.5	-100.7	-7.7
<b>Non-operating EBITDA</b>	<b>-117.9</b>	<b>-187.3</b>	<b>37.0</b>
Impairment losses	-170.9	-160.7	-6.3
<b>Non-operating EBIT</b>	<b>-288.8</b>	<b>-348.0</b>	<b>17.0</b>

# Calculation of net debt<sup>1</sup>



in € m

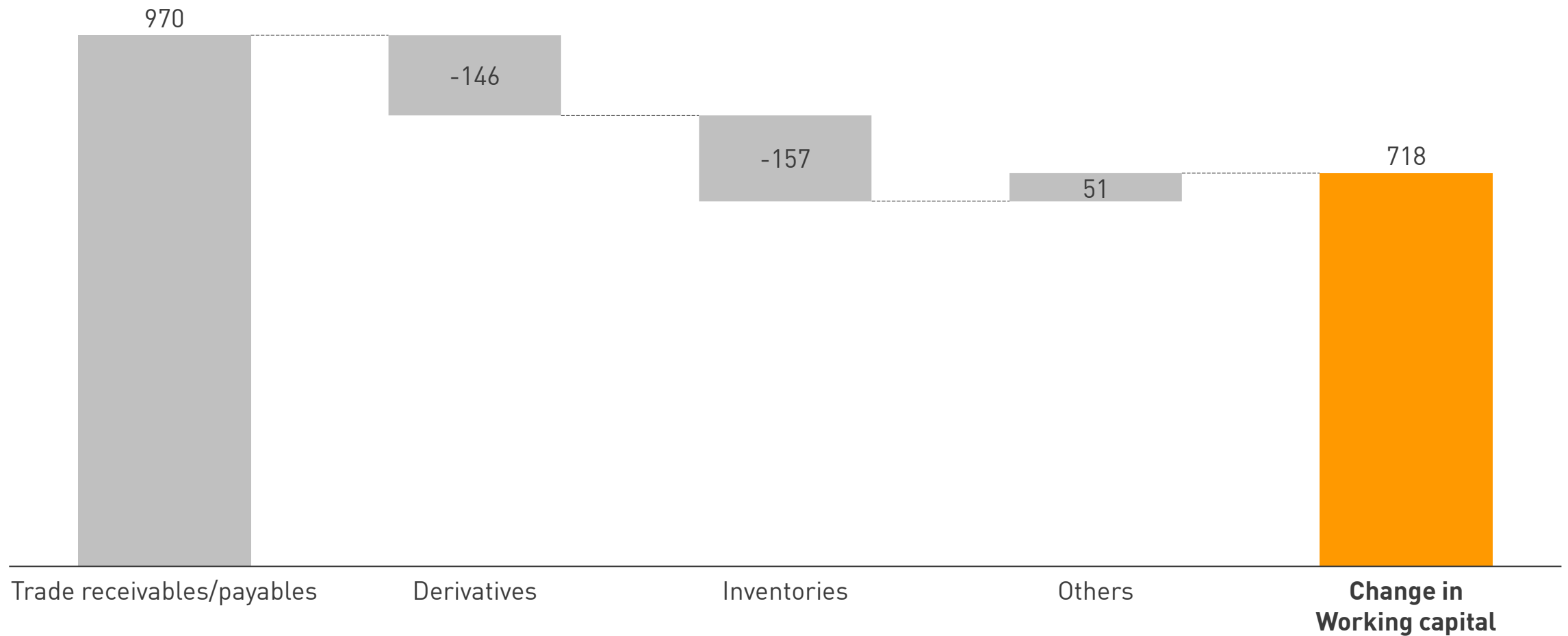


<sup>1</sup> As of 31 December 2020

## Working capital effects<sup>1</sup>



in € m



<sup>1</sup> 1.1. – 31.12.2020



# Income statement



in € m <sup>1</sup>	2020	2019	Variance in %
<b>Revenue</b>	<b>19,694.3</b>	<b>19,435.6</b>	<b>1.3</b>
Changes in inventories/other own work capitalized	245.1	166.4	47.3
Cost of materials	-14,347.5	-15,511.7	-7.5
Personnel expenses	-2,178.7	-2,007.0	8.6
Other operating income/expenses	-749.9	161.9	-
<b>EBITDA</b>	<b>2,663.3</b>	<b>2,245.2</b>	<b>18.6</b>
Amortisation and depreciation	-1,560.6	-1,648.5	-5.3
<b>EBIT</b>	<b>1,102.7</b>	<b>596.7</b>	<b>84.8</b>
Investment and financial result	-100.1	305.5	-
<b>EBT</b>	<b>1,002.6</b>	<b>902.2</b>	<b>11.1</b>
Income tax	-195.0	2.1	-
<b>Group net profit</b>	<b>807.6</b>	<b>904.3</b>	<b>-10.7</b>
of which profit shares attributable to non-controlling interests	(211.5)	(170.1)	(24.3)
of which profit shares attributable to the shareholders of EnBW AG	(596.1)	(734.2)	(-18.8)

<sup>1</sup> Prior-year figures adjusted

# Cash flow statement

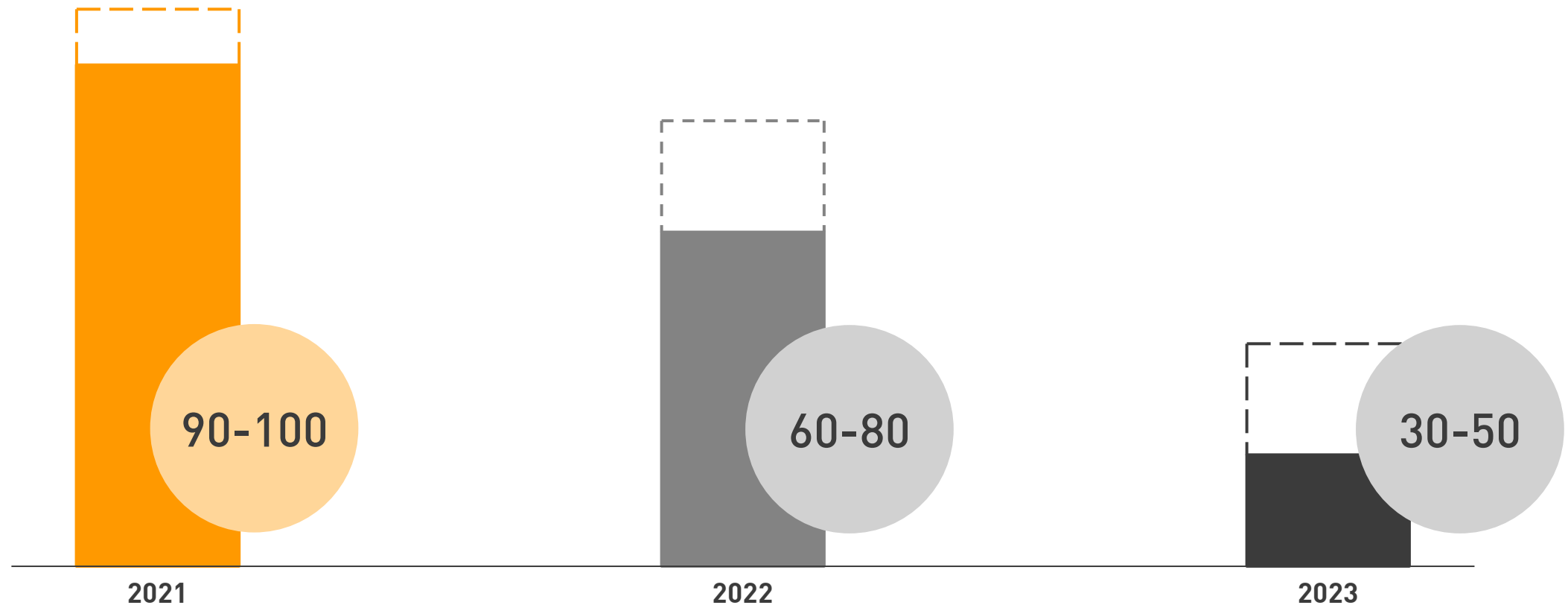


in € m	2020	2019	Variance in %
<b>EBITDA</b>	<b>2,663.3</b>	<b>2,245.2</b>	<b>18.6</b>
Changes in provisions	-553.3	-416.0	33.0
Non-cash-relevant income/expenses	-26.1	46.3	-
Income tax paid	-207.8	-409.1	-49.2
Interest and dividends received	264.5	286.5	-7.7
Interest paid for financing activities	-236.1	-214.9	9.9
Contribution of dedicated financial assets	123.1	19.2	-
<b>Funds from Operations (FFO)</b>	<b>2,027.6</b>	<b>1,557.2</b>	<b>30.2</b>
Dividends payed	-389.1	-316.5	22.9
<b>Retained Cashflow</b>	<b>1,638.5</b>	<b>1,240.7</b>	<b>32.1</b>

## Hedge levels<sup>1</sup>



in %

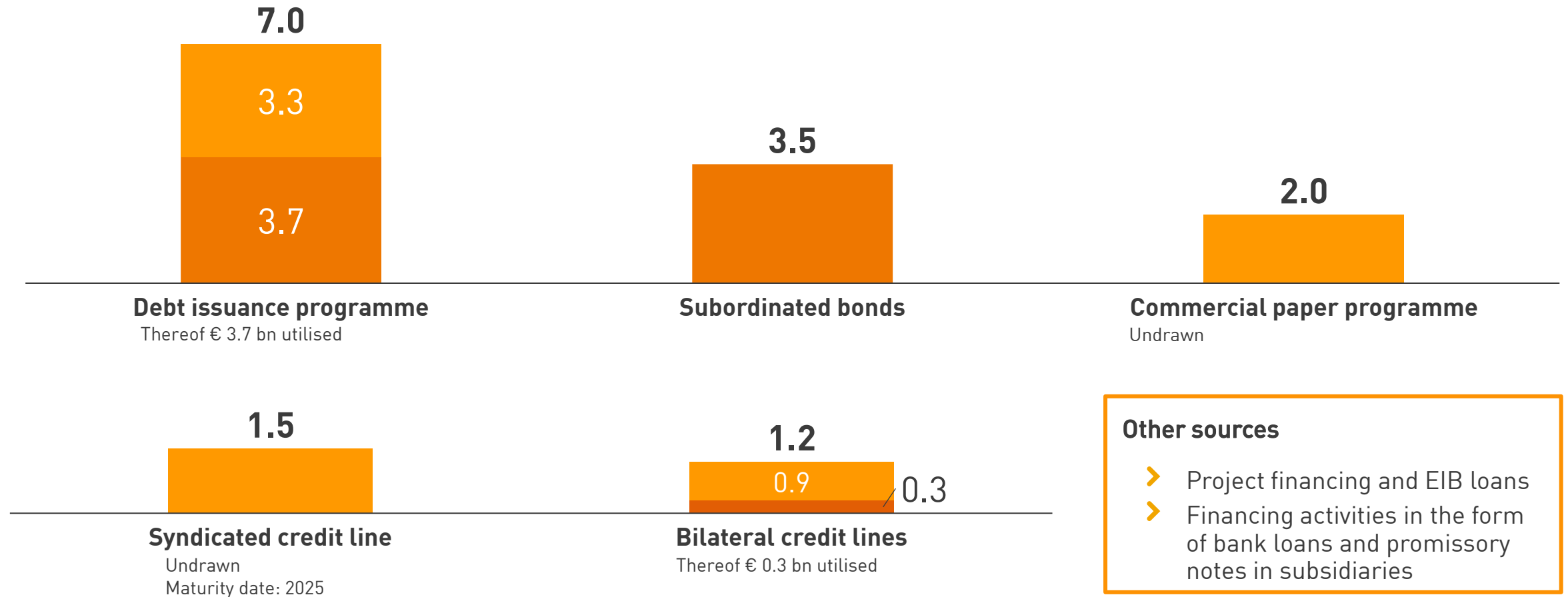


<sup>1</sup> As of 31 December 2020

# EnBW has flexible access to various financing sources <sup>1,2</sup>



in € bn



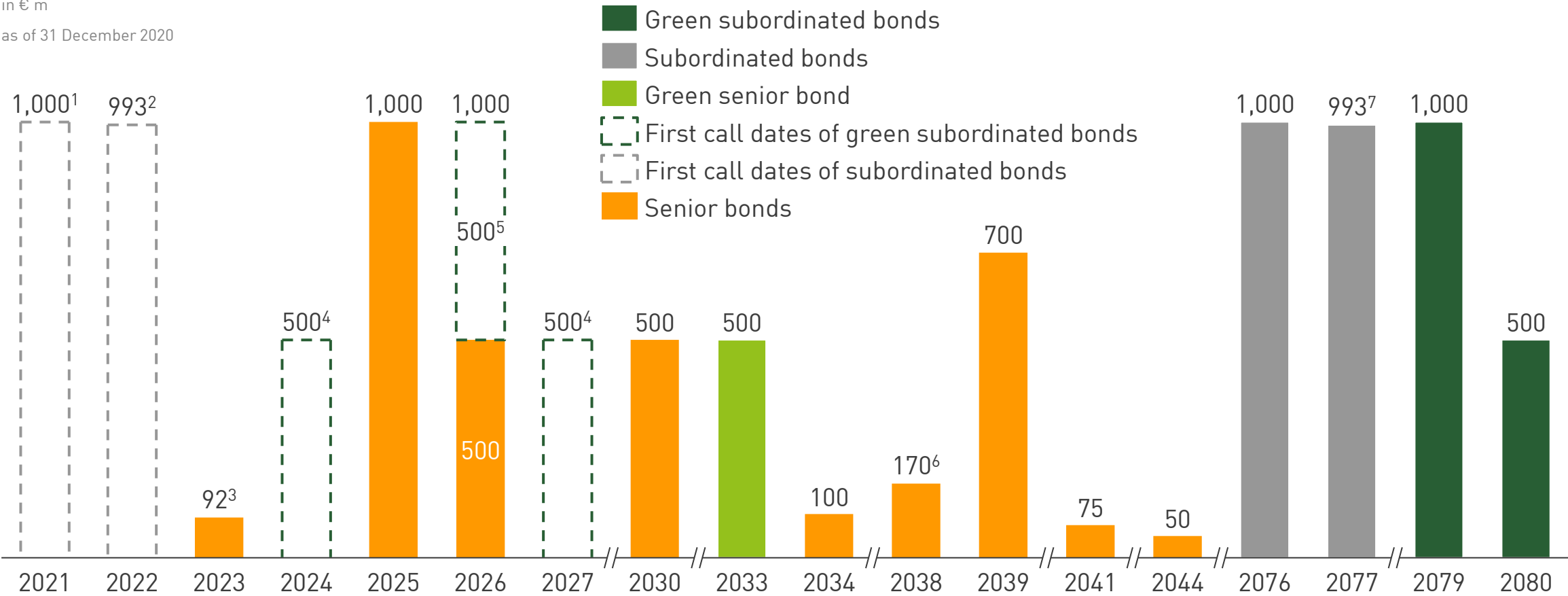
<sup>1</sup> As of 31 December 2020

<sup>2</sup> Rounded figures

# Maturities of EnBW's bonds



in € m  
as of 31 December 2020



<sup>1</sup> First call date: subordinated maturing in 2076

<sup>2</sup> First call date: subordinated maturing in 2077;  
includes USD 300 million (swap in €), coupon before swap 5.125%

<sup>3</sup> CHF 100 million, converted as of the reporting date of 31.12.2020

<sup>4</sup> First call date: green subordinated maturing in 2079

<sup>5</sup> First call date: green subordinated maturing in 2080

<sup>6</sup> JPY 20 billion (swap in €), coupon before swap 5.460%

<sup>7</sup> Includes USD 300 million, converted as of 5.10.2016

# Fixed income: Credit ratings



**A3 / negative**  
11 June 2020

- Leadership position as vertically integrated utility within Baden-Württemberg
- Significant proportion of EBITDA, around 50%, from low-risk regulated distribution and transmission activities and growing share of renewables under contracts
- Historically balanced financial policy and demonstrated commitment to robust credit quality
- Difficult operating environment in Germany for conventional generation and challenging retail markets
- Execution risks relating to a large investment programme, including offshore wind development
- Somewhat weak credit metrics following VALECO and Plusnet acquisitions, increasing pension and nuclear liabilities because of lower discount rates
- Strong shareholder support



**A- / stable**  
21 May 2020

- EnBW is strategically lowering its earnings portfolio risk, with improved cash flow visibility
- Limited exposure to COVID-19 effects
- Headroom reduced significantly due to an increase in nuclear and pension provisions and the acquisitions of VALECO and Plusnet
- New sources of EBITDA (contracted renewables and regulated network business) will compensate for higher financial leverage caused by acquisitions in 2019
- Increased visibility in credit metrics, strengthened by increasing share of sustainable power infrastructure and resilient grid business
- Moderate likelihood of government support

<sup>1</sup> A-: Senior unsecured rating

<sup>2</sup> BBB+: Long-term issuer rating

# Major sustainability ratings



<sup>1</sup> CDP Scale: A bis D (Leadership A/A-; Management B/B-; Awareness C/C-; Disclosure D/D-; Failure F )  
<sup>2</sup> Sustainalytics Scale: 0-100 (Risk Score: negligible (0-10); low (10-20); medium (20-30); high (30-40); severe (40+))  
<sup>3</sup> ISS ESG Scale: A+ bis D- (Absoluter Best-in-Class Ansatz; Auszeichnung: Prime Status)  
<sup>4</sup> MSCI Scale: AAA bis CCC (Leader AAA – AA; Average A – BB, Laggard B – CCC)



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# Financial calendar



5 May 2021	Annual General Meeting 2021
10 May 2021	Publication figures Q1 2021 Conference time Investor and Analyst Conference Call: 01:00 pm
29 July 2021	Publication figures Q2 2021 Conference time Investor and Analyst Conference Call: 01:00 pm
12 November 2021	Publication figures Q3 2021 Conference time Investor and Analyst Conference Call: 01:00 pm

**Upcoming  
events**

