Forecast

In our forecast we take a look, insofar as is possible, at the expected future growth and development of EnBW in the years 2021 to 2023. Due to the changes in segment reporting from the 2021 financial year, the forecast will focus on the development of the future segments "Smart infrastructure for customers," "System critical infrastructure" and "Sustainable generation infrastructure" (p. 26 f.).

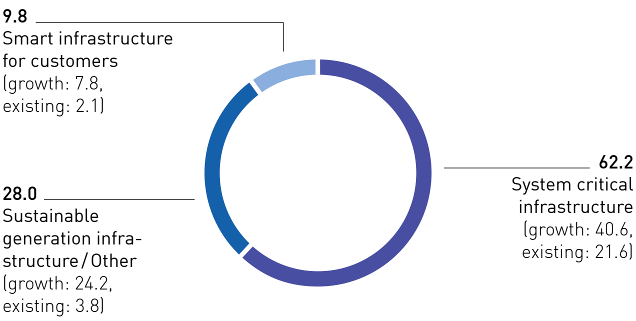
The expected economic, political and regulatory conditions are presented in the chapter "General conditions" (p. 57 ff.). Potential factors influencing the forecast are described in detail in the "Report on opportunities and risks" (p. 100 ff.).

Expected trends in the finance and strategy goal dimensions

Investment over a three-year period

In order to continue to play an active role in shaping the Energiewende, gross investment of €8.4 billion is planned for the 2021 to 2023 period. This represents on average €2.8 billion per year. €2.3 billion (27%) of this investment will be on existing projects and €6.1 billion (73%) on growth projects. The majority of the gross investment (83%) will be in the "System critical infrastructure" segment and the expansion of renewable energies.

Total investment 2021–2023
in %



Around 10% of the investment is planned for the **Smart infrastructure for customers** segment, of which approximately 8% will be for growth investment. This investment is mainly intended for the expansion of electromobility, as well as for the development of energy solutions.

Around 62% of the investment will flow into the **System critical infrastructure** segment, of which growth investment will account for 41% of the overall gross investment. In order to make the transmission of renewable energies from the north to the south of Germany possible, funds have been allocated to the transmission grid for the realization of two HVDC projects (Glossary, from p. 138) ULTRANET and SuedLink that involve our subsidiary TransnetBW and are part of the Network Development Plan (Glossary, from p. 138). In addition, extensive investment in the expansion and upgrading of the existing grids is planned by our grid subsidiaries.

Around 28% of the investment is planned for the **Sustainable generation infrastructure** segment and for other investment (other investment: 2%). 24% of the investment will be on growth themes. Investment of around €1.7 billion for the expansion of renewable energies is planned for the period 2021 to 2023, which corresponds to 20% of the gross investment. The planned investment in renewable energies includes funds for the realization of further offshore wind farms, such as our EnBW He Dreiht wind farm in the German North Sea, and for further offshore projects in Great Britain. In addition, investment is planned for the construction of onshore wind farms to achieve a total capacity of 1,500 MW at home and abroad by 2023 and for photovoltaic parks (including the two solar parks Gottesgabe and Alttrebbin, each with a capacity of around 150 MW_p, by the end of 2021) from our comprehensive project pipeline (p. 46). Furthermore, the investment planned in the "Sustainable generation infrastructure" segment includes the construction of a gas turbine power plant in Marbach am Neckar as special technical equipment for grids (Glossary, from p. 138). The groundbreaking ceremony was held in October 2020. Other investment mainly involves investment in the central IT system and financial investments in minority shareholdings.

The investment program of the EnBW Group thus supports our strategy of expanding renewable energies and ensuring security of supply in the regulated areas of the transmission and distribution grids, as well as the expansion of charging infrastructure for the benefit of electromobility.

The total investment volume of around €8.4 billion between 2021 and 2023 will be accompanied by divestitures of around €0.7 billion. These include divestitures in the onshore and photovoltaic sectors, which will build on our already realized participation models. The remaining divestitures will involve the receipt of construction cost subsidies and the participation model "EnBW connects." This local authority participation model is attracting a great deal of interest from local authorities (p. 78).

The balance of gross investment and divestitures gives the net investment, which is €7.7 billion or €2.6 billion on average per year.

TOP Adjusted EBITDA and TOP the share of the adjusted EBITDA accounted for by the segments

Development in 2021 (adjusted EBITDA and the share of adjusted EBITDA accounted for by the segments) compared to the previous year

	Earnings performance (adjusted EBITDA) compared to the previous year		Development of the share of adjusted EBITDA for the EnBW Group accounted for by the segments	
	2021	2020	2021	2020
Smart infrastructure for customers	€300 to €375 million	€335.0 million	10% to 15%	12.0%
System-critical infrastructure	€1,300 to €1,400 million	€1,346.6 million	40% to 50%	48.4%
Sustainable generation infrastructure	€1,375 to €1,475 million	€1,277.7 million	45% to 55%	45.9%
Other/Consolidation		€-178.2 million		-6.3%
Total	**€2,825 to €2,975 million**	**€2,781.2 million**		**100.0%**

The adjusted EBITDA of the **Smart infrastructure for customers** segment will reach about the same level in 2021 as in the previous year. We expect stable earnings in a challenging market environment, even against the backdrop of the ongoing coronavirus pandemic. We thus anticipate a stable share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA of the **System critical infrastructure** segment will reach the same level in 2021 as in the 2020 financial year. Revenue from the use of the grids is expected to increase slightly in comparison to the previous year, despite the ongoing coronavirus pandemic, as a result of returns on increased investment activity in projects that are included in the Network Development Plan Electricity and Network Development Plan Gas (Glossary, from p. 138). We expect a stable or slightly decreasing in the share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA for the **Sustainable generation infrastructure** segment will increase significantly in 2021. Renewable energies will contribute around €900 million to earnings. The further expansion of power plants for the utilization of renewable energies will have a positive impact on the earnings performance. The forecasts for wind yields and thus for the volume of electricity generated are based on the long-term average. As the wind yields in 2020 were below this level, we expect higher earnings in 2021 in comparison to the previous year. In addition, we expect a consistently good trading performance in 2021. The share of the adjusted EBITDA for the Group accounted for by this segment should reach at least the level in the previous year.

The **adjusted EBITDA** for the EnBW Group will increase further in 2021 and be between €2.825 billion and €2.975 billion. We expect the adjusted EBITDA for the Group to be higher in 2022 than in 2021. This will be due to the stabilization of and improvement in earnings in all segments.

The **EBITDA** in 2021 and 2022 will develop in line with the adjusted EBITDA. We do not make any forecasts relating to material non-operating effects.

The **EBT** relevant to remuneration will be between €1.1 billion to €1.2 billion in 2021. This is an increase in comparison to the previous year, which will be due to the elimination of negative non-operating effects on earnings. A further slight increase in EBT is expected in 2022. The accuracy of the forecast for EBT is, however, dependent on other exogenous factors relevant to the non-operating result that cannot be planned for, such as impairment losses, the reversal of impairment losses or impending losses on onerous contracts for electricity procurement agreements.

Assuming an adjusted EBITDA in the range of €2.825 billion to €2.975 billion, we expect to achieve a **retained cash flow** (p. 72) of between €1.6 billion and €1.7 billion. Adjusted for dividend payments (including payments from investments to third parties) and income tax payments, we expect an FFO (Glossary, from p. 138) relevant to remuneration of between €2.3 billion and €2.4 billion. We expect that the retained cash flow in 2022 will be slightly higher than in 2021.

TOP Debt repayment potential

Key performance indicator

	2021	2020
Debt repayment potential in %	11.5 – 12.5	–

Following the transition to the 2025 growth strategy, the key performance indicator internal financing capability will be replaced by the new key performance indicator debt repayment potential from 2021 on. We expect a debt repayment potential of around 11.5% to 12.5% for 2021. The development of the debt repayment potential is dependent on factors within net debt that are outside of the company's influence, such as the development of interest rates for non-current provisions, the performance of the dedicated financial assets and the future development of the EEG account.

TOP ROCE

Key performance indicator

	2021	2020
ROCE in %	5.3 – 6.3	6.3

In the 2021 financial year, ROCE is expected to be between 5.3% and 6.3% and will thus at best achieve the same level as in the previous year. In general, investments tend to lead at first to a fall in ROCE as a result of low initial contributions to earnings. This will be the case due to the cost of capital for the planned investment in the grids and offshore wind farms in 2021, which will not yet have a positive effect on earnings, together with an unchanged EBIT. ROCE is expected to stabilize in 2022 at the same level as in 2021.

In 2021, the ROA relevant to remuneration will be between 5.1% and 5.6%. It is thus expected to reach at least the level in the previous year due to the elimination of negative non-operating effects on earnings from 2020. As things currently stand, we expect that the ROA will fall slightly in 2022 in comparison to 2021.

Expected trends in the customers and society goal dimension

Key performance indicators

	2021	2020
Reputation Index	55–58	55.5
Customer Satisfaction Index for EnBW/Yello	127–139/ 150–161	132/159
SAIDI (electricity) in min./year[1]	15–20	15

1 SAIDI includes all unscheduled interruptions to supply that last more than three minutes for the end consumer.

TOP Reputation Index

EnBW will strive to improve its reputation continuously and noticeably over the next few years. The Reputation Index is an important non-financial performance indicator because it is influenced by a whole series of factors that are important to the future viability of our company. The existing reputation management department and stakeholder team at EnBW can recommend measures for optimizing the reputation of the company.

TOP Customer Satisfaction Index

We continue to expect a high level of competitive pressure in 2021 both from direct competitors within the energy industry and, to an increasing extent, competitors from other sectors that have already entered the energy market or will do so shortly. In addition, exogenous factors could negatively impact customer satisfaction more and more in the future, such as discussions about the future of coal-fired power generation, the development of state levies, the proposed gradual increase in CO_2 prices up to 2023 included in the German government's climate action package, increasing costs or delays to the expansion of the grids.

To improve the satisfaction of our customers, we are thus also expanding our range of sustainable energy industry services and energy solutions and targeting our sales activities in this direction in 2021. We aim to become climate neutral with respect to our own emissions (Scope 1 and 2) by 2035 and in this context are also making the product portfolio environmentally sustainable. We are combining traditional energy products (electricity and gas) with household and energy-related products and services for our customers. Some examples are "EnBW mobility+" – a combination of our EnBW mobility+ app with access to the EnBW HyperNetwork – or enabling customers to charge their electric cars at home using their own wall box. Using our advanced digital skills, we offer our customers customized products and services. On this basis, we are striving to achieve a Customer Satisfaction Index for EnBW of between 127 and 139 points in the 2021 financial year. Through new digital skills, personalized offers and a clear focus on sustainability, Yello is striving to slightly improve its Customer Satisfaction Index in the 2021 financial year to between 150 and 161 points.

TOP SAIDI

The grid subsidiaries of EnBW have always achieved a highly reliable supply throughout their grid area and for their customers. The corresponding key performance indicator SAIDI, which states the average duration of supply interruptions per end consumer per year, stood at 15 minutes in 2020. We are striving to achieve a value of between 15 and 20 minutes in the 2021 financial year and subsequent years.

Expected trends in the environment goal dimension

Key performance indicators

	2021	2020
Installed output of RE in GW and the share of the generation capacity accounted for by RE in %	5.2–5.4/ 40.5–41.5	4.9/39.0
CO_2 intensity in g/kWh[1, 2]	0%–15%	372

1 Includes redispatch deployment.
2 Nuclear generation is not included in the calculation for the key performance indicator CO_2 intensity.

TOP Installed output of renewable energies (RE) and the share of the generation capacity accounted for by RE

The installed output of renewable energies and the share of the generation capacity of the Group accounted for by renewable energies will continue to rise in 2021. This increase will be mainly attributable to photovoltaics with the full commissioning of the Weesow-Willmersdorf solar park and the Gottesgabe and Alttrebbin parks that are currently under construction. In addition, we are planning to further expand onshore wind power. In subsequent years, we also expect a continuous increase in the installed output of renewable energies. This will thus increase the share of the generation capacity accounted for by RE further.

TOP CO_2 intensity

With respect to our target of reducing the CO_2 intensity of our own electricity generation, the years 2019 and 2020 were exceptional years that were subject to extraordinary effects. The repercussions of the coronavirus pandemic were felt throughout almost the whole of 2020. We expect the conditions to normalize in 2021. Therefore, we anticipate CO_2 intensity in 2021 at the same level as in 2020 in the best-case scenario, and an increase of 15% in the worst-case scenario. In comparison to the reference year of 2018 used for our target of climate neutrality, which was also the last year without extraordinary effects, this forecast corresponds to a reduction in CO_2 intensity of between 20% and 30%.

Expected trends in the employees goal dimension

Key performance indicators

	2021	2020
People Engagement Index (PEI)[1]	≥ 77	83
LTIF for companies controlled by the Group[2, 3, 4]	2.0–2.2	2.1
LTIF overall[2, 3]	3.6–3.8	3.6

1 Variations in the group of consolidated companies (all companies with more than 100 employees are generally considered (except ITOs)).
2 LTIF indicates how many LTI occurred per one million working hours performed. Further information on the calculation of this performance indicator can be found on p. 40.
3 Variations in the group of consolidated companies (all companies with more than 100 employees, excluding agency workers and contractors, are generally considered).
4 Except for companies in the area of waste management.

TOP People Engagement Index

The People Engagement Index (PEI) was measured for the first time in 2020 and stood at 83 points in the reporting year. However, it is probable that this very good result reflects the fact that employees have attached too much importance to the company's handling of the impact of the coronavirus pandemic in their positive assessment. An international benchmark index compiled using similar questions at numerous companies from various different sectors stood at 74 points in 2020. Taking into account this global benchmark score and the extraordinary effect of the coronavirus pandemic on this index in 2020, we are striving to achieve a target value for the PEI of at least 77 points in 2021.

TOP LTIF

We are committed to our goal of continuously improving occupational safety within the company for both our own employees and those of our partner companies who carry out work on behalf of EnBW. Therefore, we have implemented numerous accident prevention measures. Our activities in 2020 were highly influenced by the coronavirus pandemic. As a critical infrastructure company, we have a responsibility to ensure a reliable supply of energy. The coronavirus pandemic will also have a big impact on safe and healthy working practices in 2021. Irrespective of this challenge, we are still striving to continuously reduce both the LTIF for companies controlled by the Group and LTIF overall.

Overall assessment of anticipated developments by the management

We anticipate a further increase in the adjusted EBITDA for the Group in 2021 in comparison to the previous year. The share of earnings accounted for by the "Sustainable generation infrastructure" segment will increase significantly in the process. We will always strive to maintain a balanced financing structure, solid financial profile and thus solid investment-grade ratings (Glossary, from p. 138). With respect to our non-financial key performance indicators, we expect a stable to positive development in 2021 – with the exception of the People Engagement Index (PEI), which was subject to extraordinary effects in 2020.