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EnBW

Press Release »

After another successful financial year, EnBW is well positioned for major changes in the energy supply system

- **Adjusted EBITDA increased for fifth time in a row, despite difficult environment**
- **War in Ukraine also marks a turning point for the future energy supply system**
- **With its integrated portfolio and matching capabilities, EnBW will contribute comprehensively to a secure and sustainable energy future**

Stuttgart. Speaking at this year's annual press conference, EnBW CEO Frank Mastiaux took a clear stance on the war in Ukraine. "The fact that war is being waged in Europe against a sovereign country and people leaves us appalled. We strongly condemn Russia's belligerent attack on the Ukrainian people and we fully support the actions of the German government."

The company and its employees are supporting people in and from Ukraine with a comprehensive package of both immediate and long-term aid initiatives. Mastiaux: "The priority right now is to provide immediate and comprehensive help. But the war is not solely a humanitarian disaster. It will profoundly and lastingly change the energy landscape in Germany and across Europe. Enhancing security of supply without neglecting climate action is now the main challenge for the joint efforts of business enterprises and policymakers." In the short term, he added, the focus is also on safeguarding against potential energy shortages while protecting private households and industry from untenable price increases. EnBW has already begun diversifying its sources of supply for coal and gas as swiftly as possible, said Mastiaux.

With a view to the future of energy supply, EnBW CEO Mastiaux said: "We now have to further accelerate the transition to carbon-neutral energy supplies in Germany for the long term. This applies for all investment in renewables and the hydrogen sector and for the respective necessary infrastructure, from electricity and gas grids to electric mobility. This, together with effective implementation processes, must be focal areas of energy policy, regulation and the way we organize ourselves. With its integrated set-up across the entire energy value chain and matching capabilities, EnBW will make an important contribution to this objective.

Successful growth in a challenging 2021 financial year

EnBW's CEO presented a positive review of the reporting year. Mastiaux: "EnBW consistently continued its path of growth in a challenging environment last year and increased Group operating earnings for the fifth year in succession. This is to some degree an outcome of our consciously integrated position across all stages of the energy value chain. This gives us full visibility across all aspects of an increasingly complex energy system."

With the strategy EnBW 2025, as a provider of sustainable infrastructure solutions in the energy sector and beyond, the Company moved early to align with relevant megatrends. Mastiaux: "The pace of growth is further accelerating in renewables, in the ongoing expansion of electricity and gas distribution, in electric mobility and in telecommunications. For EnBW, this means an even broader range of investment opportunities in the years ahead, both in our established businesses and in new business areas."

Substantial earnings growth in 2021 despite difficult environment

EnBW once again delivered substantial earnings growth in financial year 2021. Group operating earnings (adjusted EBITDA) went up by 6.4% to €2.96 billion. CFO Thomas Kusterer: "This put earnings in 2021 at the upper end of our guidance range. In the second year of the COVID-19 pandemic, and despite major fluctuations in the energy industry environment, we once again significantly increased our earnings."

Due to higher energy and commodities prices, external revenue climbed by 63% to approximately €32.15 billion. The number of employees increased by 5.7% to 26,064. Kusterer: "The high energy price volatility on wholesale markets also presented us with considerable challenges. EnBW's integrated portfolio along the entire energy value chain visibly provides stability, especially in these uncertain times." The Company also has a solid internal financial capacity. "This is a strong starting point for the further implementation of our Strategy 2025, in which we plan additional growth, above all in our established business areas of renewables and grids," Kusterer added.

Group net profit was down about 39% year-on-year to €363 million. This was mainly due to impairment losses on the generation portfolio recognised at mid-year 2021. Adjusted for these one-off effects, EnBW generated Group net profit attributable to the shareholders of EnBW AG of approximately €1,203 million in the reporting year. A dividend of €1.10 euros per share was proposed at the Annual General Meeting.

The EnBW Group's **investment**, at around €2.47 billion, was 35% higher than in the previous year. This mainly relates to success in the seabed area auction for the construction of offshore wind farms in Great Britain and to the expansion of electricity transmission grids. Some 72% of total investment was for growth projects such as the expansion of renewables, grid expansion and the rollout of charging infrastructure for electric vehicles.

2021 financial year: varied segmental performance

Adjusted EBITDA in the **Smart Infrastructure for Customers** segment decreased 3.6% year on year to €323 million. This was due in particular to the negative impact of new customer sign-ups for basic service at short notice because of insolvencies and contract terminations on the part of individual competitors, as the extra quantities of electricity and gas needed to serve those customers had to be quickly purchased on the market at high prices.

The **System Critical Infrastructure** segment (electricity and gas transmission and distribution grids) was down 4.3% on the previous year at €1.29 billion. This is mainly due to significantly higher costs of the grid reserve and of balancing energy to maintain security of supply.

Adjusted EBITDA in the **Sustainable Generation Infrastructure** segment (Renewable Energies and Thermal Generation and Trading) increased significantly by 20.1% to €1.54 billion. In Renewable Energies, adjusted EBITDA fell by 5% to €794 million due to poor wind conditions across Germany. Adjusted EBITDA in Thermal Generation and Trading rose 67.6% year-on-year. This resulted from higher generating volumes at conventional power plants and greater wholesale market volatility.

Guidance for 2022: further increase in earnings to over €3 billion for the first time

EnBW expects a further increase in earnings this year. Kusterer: "We expect that our adjusted EBITDA will exceed the three-billion mark for the first time, in a range between €3.03 billion and €3.18 billion. However, the current situation is marked by considerable uncertainty. We do not expect any significant deviation from our guidance from today's perspective, but current events mean we do not have 100% certainty."

For the Sustainable Generation Infrastructure segment, earnings are expected to be between €1.65 billion and €1.75 billion. The System Critical Infrastructure segment is expected to be stable relative to the previous year, contributing around €1.23 billion to €1.33 billion to earnings. Higher earnings of between €350 million and €425 million are expected in the Smart Infrastructure for Customers (sales) segment.

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Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	2021	2020	Change in %
External revenue	**32,147.9**	19,694.3	63.2
Adjusted EBITDA	**2,959.3**	2,781.2	6.4
Share of adjusted EBITDA accounted for by Smart Infrastructure for Customers in € million/in %	**323.1/10.9**	335.0/12.0	-3.6/-
Share of adjusted EBITDA accounted for by System Critical Infrastructure in € million/in %	**1,288.5/43.5**	1,346.6/48.4	-4.3/-
Share of adjusted EBITDA accounted for by Sustainable Generation Infrastructure in € million/in %	**1,535.1/51.9**	1,277.8/45.9	20.1/-
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	**-187.4/-6.3**	-178.2/-6.3	-5.2/-
EBITDA	**2,803.5**	2,663.3	5.3
Adjusted EBIT	**1,402.9**	1,391.5	0.8
EBIT	**158.8**	1,102.7	-85.6
Adjusted Group net profit[1]	**1,203.2**	682.8	76.2
Group net profit[1]	**363.2**	596.1	-39.1
EnBW share price as of 31/12	**76.00**	56.00	35.7
Earnings per share from Group net profit (€)[1]	**1.34**	2.20	-39.1
Dividend per share/dividend payout ratio in %[2,3]	**1.10/36**	1.00/40	-/-
Retained cash flow	**1,783.8**	1,638.5	8.9
Debt repayment potential in %[4]	**20.3**	11.4	–
Net cash investment	**2,471.2**	1,826.9	35.3
Net debt[4]	**8,786.1**	14,406.5	-39.0
Net financial debt[4]	**2,901.1**	7,231.9	-59.9
Return on capital employed (ROCE) in %	**7.0**	6.3	–
Weighted average cost of capital before tax in %	**4.9**	5.2	–
Average capital employed	**21,711.5**	23,025.6	-5.7
Value added	**455.9**	253.3	80.0

Non-financial performance indicators

	2021	2020	Change in %
Customers and society goal dimension			
Reputation Index	**55**	56	-1.8
EnBW/Yello Customer Satisfaction Index	**127/159**	132/159	-3.8/-
SAIDI (electricity) in min./year	**16**	15	6.7
Environment goal dimension			
Installed output of renewable energies (RE) in GW and the share of the generation capacity accounted for by RE in %	**5.1/40.1**	4.9/39.0	4.1/-
CO_2 intensity in g/kWh[5,6]	**478**	342	39.8
Employees goal dimension			
People Engagement Index (PEI)[7]	**82**	83	-1.2
LTIF for companies controlled by the Group[8,9] / LTIF overall[8]	**2.3/3.3**	2.1/3.6	9.5/-8.3

Employees[10]

	31/12/2021	31/12/2020	Change in %
Employees	**26,064**	24,655	5.7
Employee equivalents[11]	**24,519**	23,078	6.2

1 In relation to the profit/loss attributable to the shareholders of EnBW AG.
2 For 2021, subject to approval from the ordinary Annual General Meeting on 05/05/2022.
3 Adjusted for the valuation effects of IFRS 9 in 2021.
4 For the calculation of the adjusted net debt and adjusted debt repayment potential, please refer to the section "The EnBW Group" of the management report.
5 The figures for the previous year have been restated.
6 The calculation method for the key performance indicator CO_2 intensity will be restricted in future to include only factors that can be controlled by the company. In contrast to previous years, the share related to redispatch that cannot be controlled by EnBW is no longer included. Using the previous calculation method, the CO_2 intensity for the 2021 financial year would have been 492 g/kWh. This performance indicator still excludes nuclear generation. The CO_2 intensity including nuclear generation for the reporting year was 384 g/kWh (previous year: 268 g/kWh). We publish a five-year comparison of the performance indicators in our "Multi-year overview" on p. 289.
7 Variations in the group of consolidated companies (all companies with more than 100 employees are considered (except ITOs)). Companies that were fully consolidated for the first time in the fourth quarter of 2021 were not included in the employee surveys for the PEI.
8 Variations in the group of consolidated companies (all companies with more than 100 employees, excluding external agency workers and contractors, are considered). Companies that were fully consolidated for the first time during the 2021 financial year were not included in the calculations for the LTIF performance indicators.
9 Except for companies in the area of waste management.
10 Number of employees excluding apprentices/trainees and inactive employees.
11 Converted into full-time equivalents.

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