23 March 2022

Annual Press Conference Presentation

– Check against delivery –

[Chart 1]

Dr. Frank Mastiaux

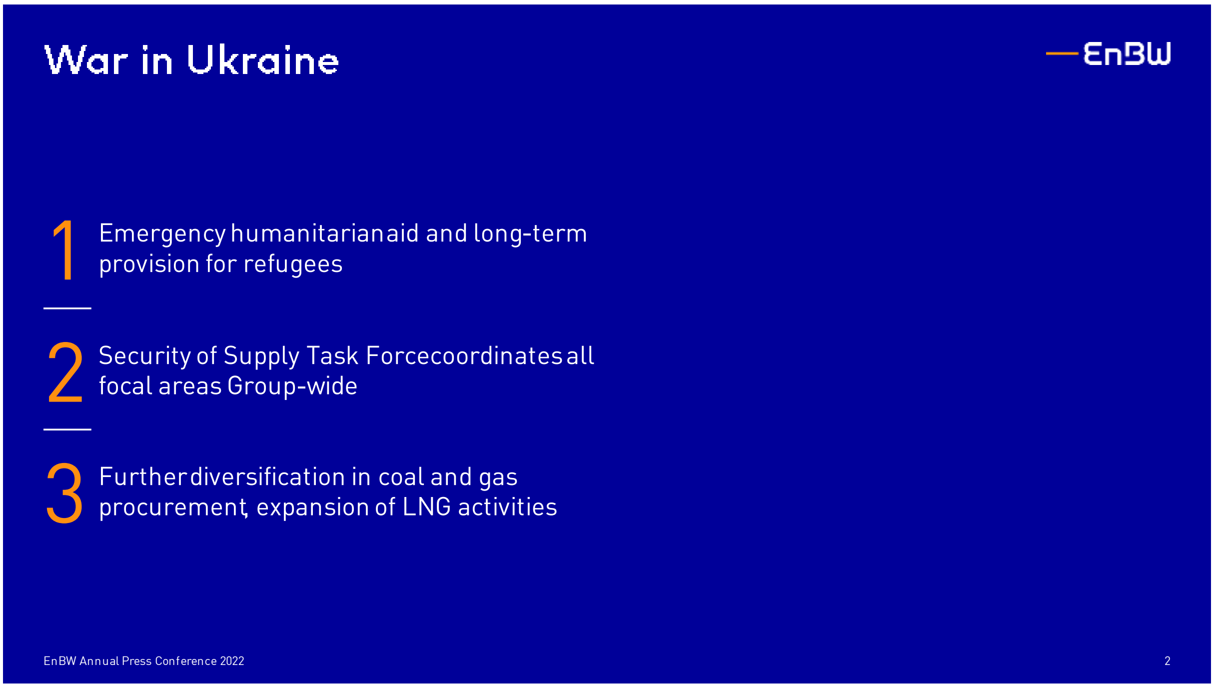
Ladies and Gentlemen,

Welcome to our Annual Press Conference for the 2021 financial year. Thank you for joining us – both here in the auditorium and live online.

After a successful year, I would have liked to start this press conference on a correspondingly positive note. But the fact that there is a war going on against a sovereign country and people here in Europe means that I am unable to do this. The events leave me, leave us appalled. We strongly condemn Russia's belligerent attack on the Ukrainian people and fully support the actions of the German government.

Although we as a company do not have any activities in Ukraine or Russia, we do have a number of team members who come from Ukraine and who are worried about their homeland and the safety of their loved ones.

They have our full sympathy and solidarity.



[Chart 2]

Ladies and Gentlemen,

Directly after 24 February, we at EnBW provided financial support with immediate assistance for Aktion Deutschland hilft – the German relief coalition – and for local aid organisations.

We are seeing huge willingness to help among our workforce, and we as a company are providing support wherever we can.

An appeal for donations among our workforce raised 90,000 euros in just a few days. We have an initiative of our own, “EnBW hilft”, which is supported with great personal commitment by my respected colleague on the Board of Management, Colette Rückert-Hennen.

Our numerous volunteers coordinate their activities on EnBW’s social intranet, and as a company we provide practical help on a large scale – for example with a food truck from our event management team feeding arrivals at Berlin’s main station, or with extra days’ leave for employees so that they can get involved. We are going to provide company apartments and training places for refugees, and we support public emergency shelters with meals from our works canteens and with wifi from our telecommunications subsidiaries NetCom and Plusnet. Both of the latter are not charging for phone calls to Ukraine.

As well as providing short-term support for the people who arrive here and have lost their homes and social safety nets, we also want to give them an outlook for the future. This is why, back in 2015, when many refugees arrived in our country from war-torn, crisis regions in the Middle East, we launched an integration programme to prepare them for training with us. People from that programme remain with us to this day. As well as skilled work at EnBW, they have found a new and secure home here. We are very happy about this and we hope we can do the same for people from Ukraine.

Immediate humanitarian help and support are important and urgent, but we also have to deal with the difficult overall operational situation created by the war in Ukraine.

We moved quickly to establish a task force for all parts of EnBW that are relevant to energy supplies. Led by my Board of Management colleague Georg Stamatelopoulos, the task force examines all aspects and scenarios, and coordinates activities across the Group – both with clear lines of responsibility within the company and externally with partners in industry, sectoral associations, public agencies and policymaking. This collaboration with all stakeholders and partners is working extremely well.

As I already mentioned, we at EnBW have no activities of our own in Ukraine or Russia. So we did not have to evacuate any employees or close any operations. But as an energy company with over 5.5 million customers and our own coal and gas-fired power plants, we currently source a significant share of hard coal and gas from Russia.

The situation in this regard is as follows:

In terms of hard coal, out of around 4.2 million metric tons at EnBW in 2021, just under 3.6 million came from Russia. We currently have little problem getting the coal we need. Our existing stockpiles reach well into this year, so we can also guarantee a secure supply of electricity and heat for our customers.

Incidentally, source countries for hard coal do change over time according to commercial terms and availability. Russia is not locked in as a supplier for years ahead. We already began further diversifying our coal sourcing late last year and we are now stepping up procurement from alternative source countries. Because of this, we consider the situation to be manageable, even if Russian coal supplies should cease.

With regard to gas, in total as EnBW – and that includes our subsidiaries, such as VNG – we bought around 495 terawatt-hours of gas in 2021. Most of this we source on the European wholesale market. Around 20 percent is under direct purchase agreements with Russian suppliers. This is already set to become less from the beginning of 2023 by contractual agreement.

We are now stepping up efforts to diversify our sources of supply here. For liquefied natural gas, we already started building trading and procurement capabilities some years ago. We procured over a dozen ships of LNG for trading last year and we will continue to expand these activities. So we are already prepared to increase LNG supplies from overseas markets. However, as is well known, and like most others in the market, it is not feasible for us to quickly replace Russian gas should it theoretically cease to be available. Germany will have to go on importing gas for some time to come. We therefore welcome the energy partnerships that Minister Habeck has initiated with various source regions in recent days. They will help diversify our procurement of LNG worldwide.

As EnBW, we have no trading relationships with Russia beyond the purchase of coal and gas.

So much for our current operational supply situation. My colleague Thomas Kusterer will say something about the commercial side in a moment.

I will then conclude with a look ahead – as far as that is possible in the current volatile situation.

[Chart 3]

Ladies and Gentlemen,

The current situation in Ukraine makes it hard to focus on facts and figures for the 2021 financial year. Because of this, I will keep this review short.

EnBW generated earnings of almost three billion euros in 2021, increasing adjusted EBITDA year-on-year for the fifth time in a row. With that, we achieved our targets for 2021 in financial terms. This is a very pleasing outcome overall.

The main drivers were once again the grids business and renewables. Despite a generally weak wind year, our offshore wind farms, including Hohe See and Albatros, contributed reliably to Group performance.

In addition, in the fourth quarter, our thermal power plants made a larger contribution than assumed. The gas and carbon price trend combined with ‘natural’, weather-related factors meant that our thermal generating capacity was in high demand last year and, together with our trading activities, contributed to a significant rise in earnings.

We also achieved significant growth in our relatively new business areas – for example in the delivery of subsidy-free large-scale solar and offshore wind projects, or in the expansion of fast-charging infrastructure for electric mobility, where we are now the German market leader.

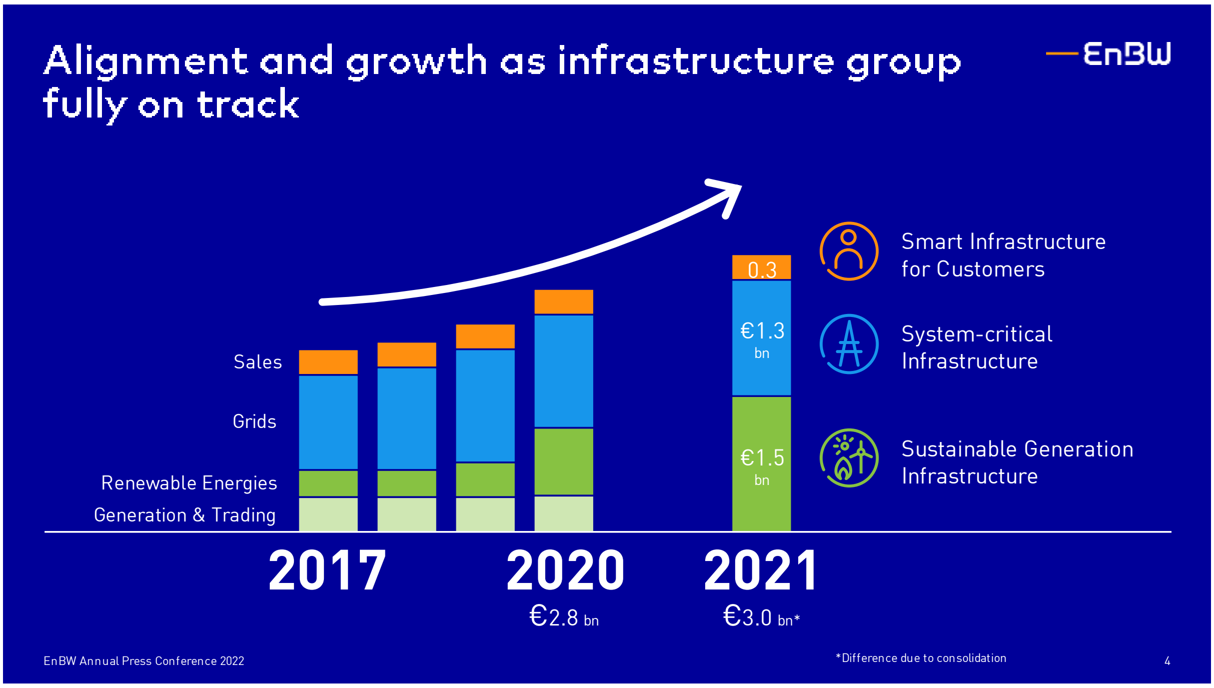
Ladies and Gentlemen,

The fact that we were able to reliably continue delivering despite the ongoing COVID pandemic and despite the huge swings on the energy markets was due, in my opinion, to two reasons:

Firstly, we have systematically invested in our capabilities over the years, including in new business areas, and we are now visibly benefiting from that.

And secondly, as an energy company, we made a conscious decision to retain our integrated portfolio along the entire value chain. This gives us full visibility across an increasingly complex energy system. We can see the systemic interdependencies, assess them and act accordingly. This is something we regard as one of EnBW's strengths over the competition.

In the end, however, the driving force of our financial and operational strength is the highly motivated and competent team at EnBW. I would therefore like to take this opportunity to personally express my special thanks and respect to all employees for their magnificent work.



[Chart 4]

Ladies and Gentlemen,

Following EnBW's radical transformation beginning in 2012, we have followed an ambitious growth path ever since 2017 under our EnBW 2025 Strategy.

As you can see in this animation, the various segments have since developed according to plan. In the meantime, we have combined the former four segments – Sales, Grids, Renewable Energies, and Generation and Trading – into the three main pillars of a sustainability-oriented infrastructure group.

The strategic orientation towards key growth markets, each with huge potential, enables us to achieve further growth, and we aim to increase Group earnings well over three billion euros by 2025.

My colleague Thomas Kusterer will now take you through the details both for last year and looking ahead.

[Chart 5]

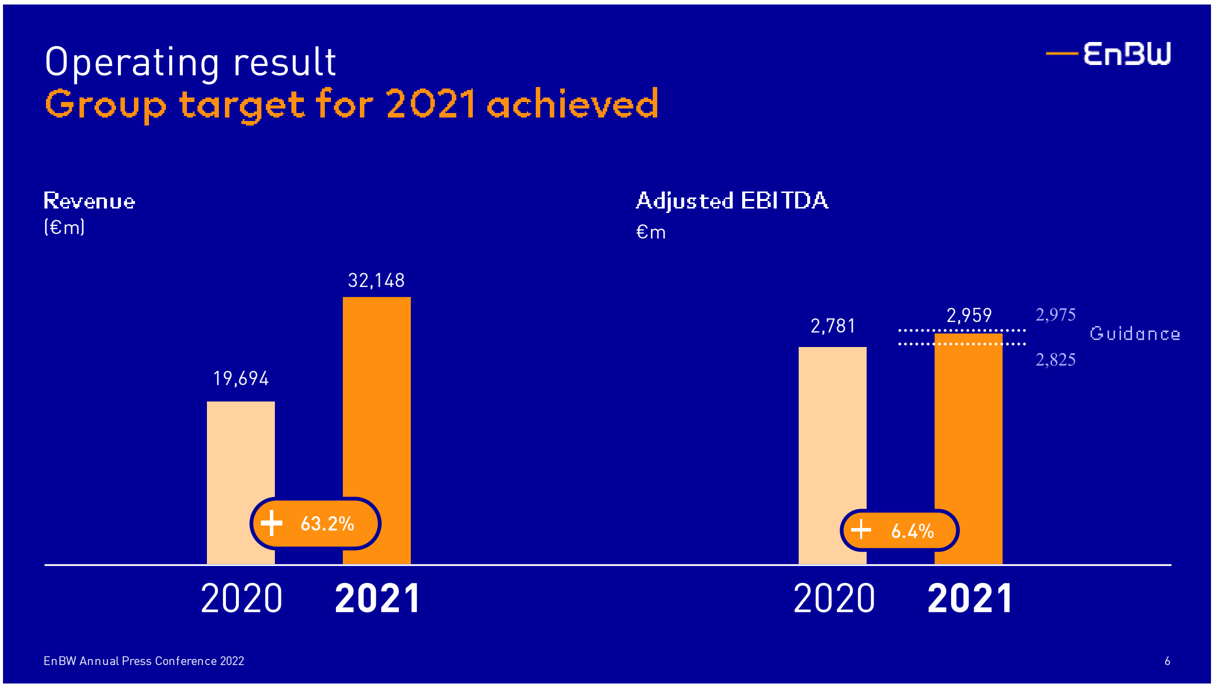
Thomas Kusterer

Thank you, Frank.

Ladies and Gentlemen,

I, too, am deeply shocked by the war in Ukraine. The current events overshadow everything else.

Despite this, please allow me to take a brief look at EnBW's financial performance in the 2021 financial year.



[Chart 6]

External sales in 2021 were 32.1 billion euros, which is substantially higher than the previous year’s 19.7 billion euros.

The main factor driving this exceptional increase was the significant rise in prices for electricity and gas, among other commodities, on the energy exchanges in the 2021 financial year.

As Frank Mastiaux has already explained, we achieved a further increase in our operating result at Group level as planned in 2021. **Adjusted EBITDA** increased by 6.4 percent to 2 billion 959 million euros, which is within – and at the upper end of – our forecast range of plus 2 to plus 7 percent.

The increased use of our coal, gas and nuclear power plants to meet higher electricity demand and ensure system stability contributed significantly to this increase.

We also had positive earnings contributions from electricity and gas trading as a result of higher market volatility. This enabled us to more than offset a weather-related decrease in earnings from renewables in a relatively low-wind year.

After the Covid-related deep fall in economic output in 2020, the world economy rebounded strongly in 2021, resulting in high global demand for energy and commodities.

Prices for electricity, carbon allowances and key commodities such as gas and coal rose sharply as a result – especially in the final quarter of 2021 – and were highly volatile, as we have just mentioned.

The strong price effects were also felt on our end-customer sales side. Our forward-looking and long-term procurement strategy at EnBW nevertheless enabled us to keep the price impact for our customers moderate by market standards. However, we were negatively impacted by competitors filing for insolvency and ceasing to supply customers.

Nevertheless, our operating result in 2021 – as already explained at the beginning – is at the upper end of our projected target range of 2 billion 825 million to 2 billion 975 million euros.

Ladies and Gentlemen,

This once again underscores our robust business model.

The breadth of the portfolio and EnBW's integrated lineup along the entire value chain have shown their value in a wide variety of market conditions. They ensure stability, especially in times of uncertainty and volatility.

This is plainly visible when we take a look at the earnings performance of the individual segments.

[Chart 7]

The **Smart Infrastructure for Customers** segment contributed around 11 percent to the operating result in 2021. Adjusted EBITDA decreased slightly by just under four percent to 323 million euros, which is within our guidance range of 300 to 375 million euros.

The slight year-on-year fall in earnings relates mainly to a number of energy providers filing for insolvency and ceasing to supply customers, as just mentioned.

This meant we had large numbers of new customer sign-ups for basic service. Those new sign-ups led to unbudgeted high costs for catch-up procurement at EnBW.

We also had to recognise bad debt allowances on a moderate scale. Without these one-off effects, our operating result in this segment would have been higher than in the previous year.

At just under 44 percent, the **System Critical Infrastructure** segment contributed slightly less than half of our operating result in 2021. Adjusted EBITDA here was about four percent down on the prior year at 1 billion 289 million euros, which is only very slightly short of our guidance range of 1.3 to 1.4 billion euros.

The two main reasons for this are significantly higher expenses for plants in the grid reserve and the procurement of balancing energy to maintain security of supply at all times.

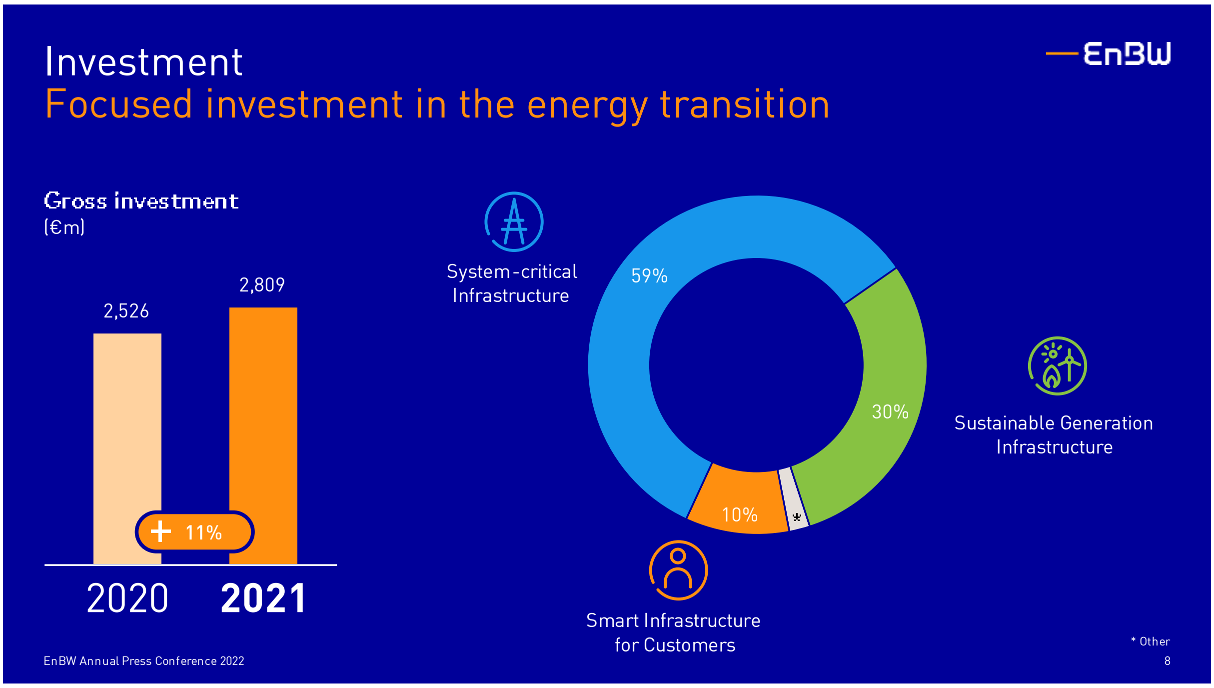
Let’s turn to the **Sustainable Generation Infrastructure** segment, which recorded significant growth and accounted for about 52 percent of earnings. In 2021, the segment operating result increased by 20 percent year-on-year. At 1 billion 535 million euros, it is above our guidance range of 1 billion 375 million to 1 billion 475 million euros.

Within this, adjusted EBITDA in **Renewable Energies** fell by about five percent to just under 800 million euros. This is largely due to below-average wind conditions throughout Germany in 2021, not only compared with the previous year, but also compared with the long-term average.

The resulting well-below-average generation volumes from renewables, combined with higher energy demand than in the previous year, meant that our thermal generation plants were dispatched far more frequently than in 2020.

Those higher generation volumes, in combination with the higher electricity prices already mentioned, contributed to the large earnings increase in Thermal Generation and Trading.

The pronounced wholesale market volatility also resulted in higher earnings contributions from our electricity and gas trading activities. As a result, adjusted EBITDA went up by more than 67 percent to 741 million euros.



[Chart 8]

Let's now take a look at investment in the 2021 financial year:

Gross investment totalled just over 2.8 billion euros, 11 percent higher than in the previous year. We primarily invested in the expansion of electricity transmission networks and renewables, and thus with a strong focus on implementing the energy transition. 72 percent of our total investment went on growth projects.

Investment in the **Smart Infrastructure for Customers segment**, which made up about 10 percent of total investment spending, primarily focused on further expanding our fast charging infrastructure for electric vehicles.

Looking at the investment split among our operating segments, our **System Critical Infrastructure** segment stands out. This accounts for more than half of all investment spending, mainly on the expansion of our electricity and gas grids. We are making a significant contribution here to modernising and expanding grid-based energy infrastructure in Germany.

In the **Sustainable Generation Infrastructure** segment, we invested around 840 million euros in the further expansion of renewables.

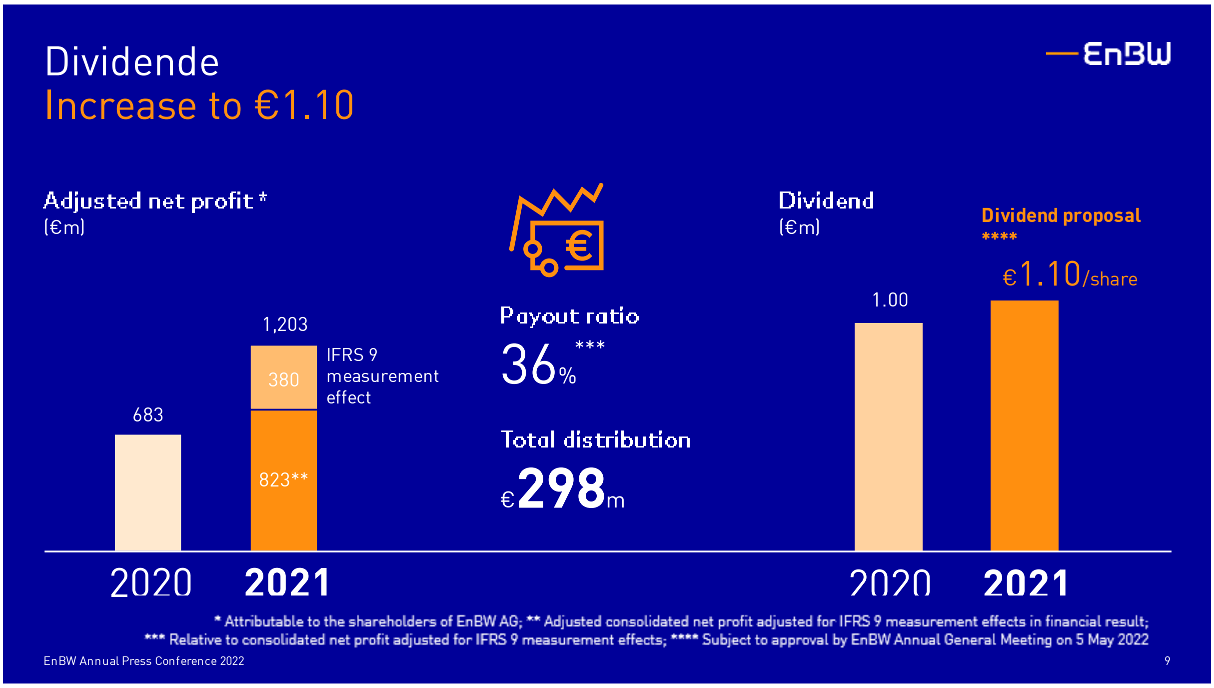
Ladies and Gentlemen,

At this point, I would like to take a brief look at our future development focuses in the offshore wind sector:

Especially in light of our growth opportunities off the coast of Great Britain together with bp, and the new German government's ambitious targets for the expansion of offshore wind power, we intend to concentrate in future on developing the offshore pipeline in our core European markets.

Accordingly, we recently decided to sell our offshore activities in the USA – after winning the auction for an area off the coast of New York – to our previous partner, TotalEnergies.

Let us now turn to adjusted net profit and, coupled with that, the proposed dividend for financial year 2021.



[Chart 9]

Adjusted net profit attributable to the shareholders of EnBW AG came to 1 billion 203 million euros, which is around 76 percent higher than in the previous year.

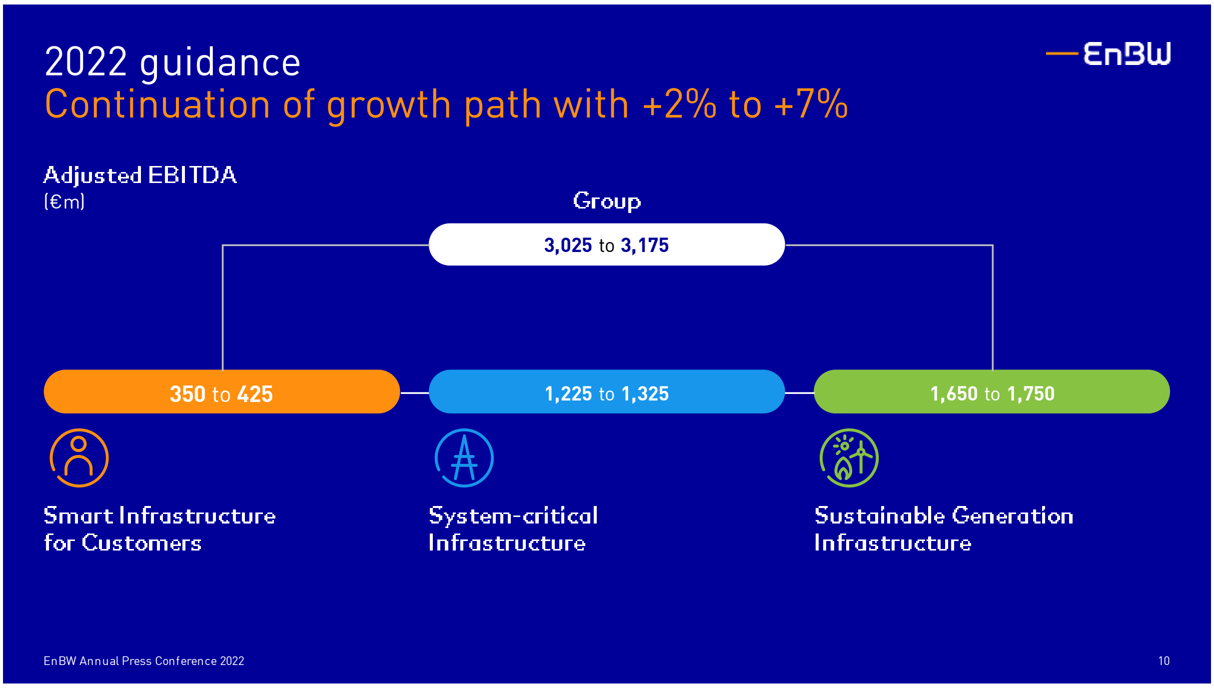
Alongside the improvement in our operating result, this substantial increase was mainly due to the substantially higher financial result. This in turn was due to the very positive trend in the capital markets in 2021, which significantly increased the value of our securities holdings that cover our long-term provisions.

Our dividend policy, which remains unchanged, is for a payout ratio in a range between 40 and 60 percent of adjusted net profit.

Due to the very high reporting-date market valuation of securities, however, this effect was adjusted out of adjusted net profit when determining the dividend for 2021.

Our **dividend proposal** for 2021 is 1 euro and 10 cents per eligible share, marking a 10 cent increase on the previous year's dividend. The total distribution amount is 298 million euros, which equates to a 36 percent payout ratio based on adjusted net profit excluding mark-to-market measurement of securities.

This means we are deliberately proposing a dividend slightly below the target range, thus leaving additional funds to finance our Company's future growth and strengthening our equity base.



[Chart 10]

Ladies and Gentlemen,

Let me conclude by presenting our guidance for financial year 2022.

Overall, the current situation is marked by considerable uncertainty due to the Ukraine war. The situation is dynamically developing, so we generally expect increased earnings volatility.

Based on our assessment of opportunities and risks, we do not currently anticipate any significant deviation from forecast.

In the **Smart Infrastructure for Customers** segment, we expect adjusted EBITDA of 350 million to 425 million euros this year, which is an increase of between 8 and 32 percent.

In the **System Critical Infrastructure** segment, we expect earnings of between 1 billion 225 million and 1 billion 325 million euros, which is in a range between minus 5 and plus 3 percent relative to the previous year, with an operating result about the same as in the previous year.

In our third segment, **Sustainable Generation Infrastructure**, we expect adjusted EBITDA to be between EUR 1 billion 650 million and EUR 1 billion 750 million – an increase of between 7 and 14 percent.

The **Renewable Energies** business is expected to contribute around 900 million euros to earnings. After poor wind availability in 2021, we expect that wind yields in 2022 will be in line with the average of previous years.

Due to higher wholesale market prices and spreads, we also expect higher earnings in our **Thermal Generation and Trading** business area in 2022.

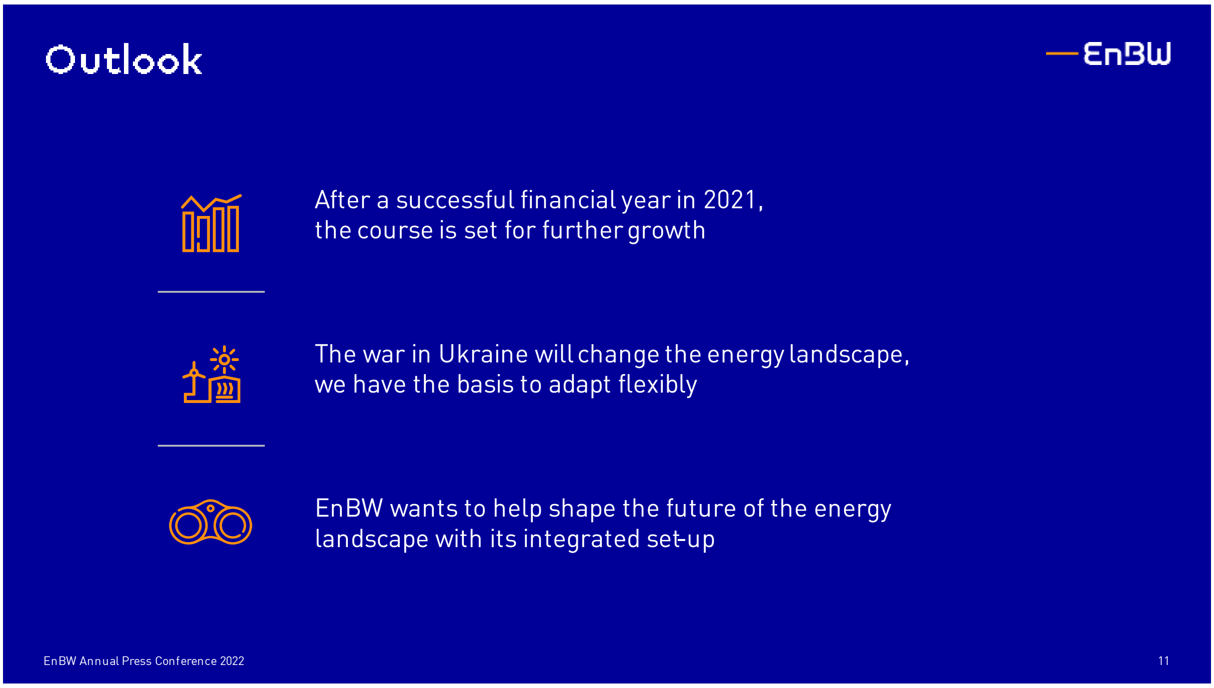
At **Group level**, we continue to expect earnings to increase by between 2 and 7 percent this year.

As has already been mentioned, however, this may still change over the course of the year, depending on further developments in the Ukraine war.

Ladies and Gentlemen,

That’s it from me.

Now back to Frank Mastiaux.



[Chart 11]

Thank you, Thomas.

Ladies and Gentlemen,

The energy industry environment has been in a state of ongoing change for many years.

We acted early to address relevant megatrends, including rapidly rising demand for renewable energy sources and high-performance grids, the accelerating growth of electric mobility, the ongoing digital transformation and developments surrounding hydrogen. And we set our strategic priorities accordingly some years ago.

All of these trends either continued as before or further accelerated in 2021. This means the opportunities and investment options for EnBW in each and every one of these fields have further grown – and this is the basis for our ambitious earnings and growth targets for 2025.

On the other hand, the war Ukraine will bring additional radical change to the energy landscape in our country and across Europe. Until now, sustainability has mainly been associated with mitigating climate change. Now there is an increased focus on security of supply.

It is now important to keep sustainability in mind while we do more on supply security.

Right now, the signs are that we can expect the changes to be mostly about diversifying our energy supplies while keeping them sustainable and affordable.

What this realignment will look like in detail, and on what timeline, is hard to predict. For some questions – especially ones of a short-term nature, such as a gas crisis scenario – we do not yet have satisfactory operational answers.

But what is clear is that our country's energy supply must switch faster and on a bigger scale to renewables and hydrogen.

As a consequence, this means both expanding AND substantially accelerating all necessary investment in the required infrastructure. To achieve this, we need lean processes and efficient implementation more than ever before. This needs to be a focus of energy policy, regulation, and self-organisation in our country, and has to be tackled straight away.

As EnBW, we aim to contribute to this transformation to the best of our abilities, in two ways:

Firstly, by our substantial and already planned investment in renewables, in expanding electricity and gas grids, and in fuel-switch power plants that run on gas to start with and are later climate-neutral with hydrogen, thus ensuring secure basic service. We are also investing heavily year for year in a nationwide charging infrastructure for sustainable electric mobility.

Secondly, the energy supply business is geared to long time horizons and has become massively more complex in recent years. Alongside obvious individual changes, it is important to keep the whole system with its interdependencies in view. This is something we see clearly from the energy transition so far.

And precisely because EnBW is the only major energy provider still to cover the entire value chain, we want to make our cross-cutting system expertise available in dialogue with policymakers and our partners in trade and industry, so that we can provide the best possible support in the joint efforts towards a successful transformation.

Ladies and Gentlemen,

Drawing to a close:

The war in Ukraine has caused great suffering for many people. At the same time, it marks the beginning of radical changes in our energy supply. These changes still involve many unknowns, which we need to identify over time and, ideally, quickly deal with.

As EnBW, we are determined to work with all our expertise and capabilities for a secure and sustainable energy future. At the same time, as a company that today has over 24,000 employees, we want to continue to grow our business and invest in accelerating the energy transition.

We aim to achieve the best possible balance between these two objectives in the interests of responsible corporate governance.

Thank you for your attention, Ladies and Gentlemen.

Thomas Kusterer and I are now available to answer your questions.


EnBW
We now look forward to your questions.


EnBW
EnBW HyperNetz
Thank you for your interest.
You will find all materials relating to the Annual Press Conference at
www.enbw.com/press-conference