The EnBW Group

Financial and strategic performance indicators

Results of operations

Falling electricity sales, increasing gas sales

Electricity sales of the EnBW Group (without Grids)

in billions of kWh	Sales		Renewable Energies		Generation and Trading		Total (without Grids)		Change in %
	2015	2014	2015	2014	2015	2014	2015	2014	
Retail and commercial customers (B2C)	15.5	15.8	0.0	0.0	0.0	0.0	15.5	15.8	-1.9
Business and industrial customers (B2B)	31.5	31.2	0.0	0.0	0.0	0.0	31.5	31.2	1.0
Trade	0.7	0.6	3.2	4.0	64.7	74.5	68.6	79.1	-13.3
Total	**47.7**	**47.6**	**3.2**	**4.0**	**64.7**	**74.5**	**115.6**	**126.1**	**-8.3**

In the 2015 financial year, electricity sales of the EnBW Group were lower than the level in the previous year. This fall was primarily attributable to lower trading activities; the effect on the earnings potential of the company is, however, limited. In a persistently challenging competitive environment, electricity sales in business with retail and commercial customers (B2C) fell slightly. Sales in the business and industrial customer sector (B2B) were slightly higher than in the previous year. As of the beginning of 2015, electricity sales from the Grids segment will no longer be disclosed because the Independent Transmission Operators (E ITO) no longer report their data (primarily throughput volumes from the German Renewable Energies Act (EEG)). The previous year's figures have been restated accordingly.

Gas sales of the EnBW Group (without Grids)

in billions of kWh	Sales		Generation and Trading		Total (without Grids)		Change in %
	2015	2014	2015	2014	2015	2014	
Retail and commercial customers (B2C)	10.5	8.7	0.0	0.0	10.5	8.7	20.7
Business and industrial customers (B2B)	69.9	62.4	0.0	0.0	69.9	62.4	12.0
Trade	1.5	0.7	53.3	44.7	54.8	45.4	20.7
Total	**81.9**	**71.8**	**53.3**	**44.7**	**135.2**	**116.5**	**16.1**

The gas sales of the EnBW Group increased significantly compared to the previous year. This development was primarily contributed to by increased sales to business and industrial customers (B2B). Gas sales in the retail customer business (B2C) rose due to both a slight increase in the number of customers and the cooler weather in comparison to the same period of the previous year. Trading activities were significantly above the level in the previous year. However, their effect on the earnings potential of the company is limited.

External revenue increases due to EnBW Baltic 2 offshore wind farm and higher earnings from use of grids

External revenue of the EnBW Group by segment

in € million[1]	2015	2014	Change in %
Sales	9,061.2	9,066.8	-0.1
Grids	6,350.6	6,230.5	1.9
Renewable Energies	447.0	407.4	9.7
Generation and Trading	5,300.4	5,290.1	0.2
Other/Consolidation	7.3	7.7	-5.2
Total	**21,166.5**	**21,002.5**	**0.8**

[1] After deduction of electricity and energy taxes.

Sales: In the Sales segment in 2015, revenue was at the same level as in the previous year. Higher revenues in the gas sector due to increased gas sales were able to compensate for the lower revenues from electricity sales.

Grids: Revenue in the Grids segment increased in the reporting period compared to the previous year primarily as a result of higher revenues from the use of the grids.

Renewable Energies: In the Renewable Energies segment, revenue increased in comparison to the previous year. This was mainly attributable to the commissioning of our offshore wind farm EnBW Baltic 2. In addition, a compensation payment from 50Hertz Transmission GmbH for the late commissioning of the wind farm also had a positive effect. It was thus possible to more than compensate for the fall in revenues from run-of-river power plants – due to the drop in the price of electricity and lower water levels – compared to the previous year.

Generation and Trading: Revenue in the Generation and Trading segment stood at the same level as in the previous year. It was possible to offset the fall in revenue due to lower electricity prices through higher gas sales.

Material developments in the income statement

The balance from other operating income and other operating expenses in the reporting period was €-332.7 million, after €173.2 million in the previous year. This change was primarily due to lower earnings from reversals of impairments in comparison to the previous year and expenses stated in the reporting period relating to the planned acquisition of a company. The fall in the cost of materials of 0.8% to €17,364.7 million was mainly attributable to lower allocations to the provisions for onerous contracts for electricity procurement agreements which no longer cover costs in comparison to the previous year. Amortisation and depreciation of €1,641.2 million was significantly lower than the level in the previous year of €2,137.2 million. This was primarily due to lower impairment losses on the generation portfolio compared to the previous year. The investment result stood at the same level as in the previous year. The financial result improved significantly in the reporting period in comparison to the previous year by €611.4 million to €-24.0 million (previous year: €-635.4 million). This was primarily due to income from the disposal of securities in the first half of 2015. Earnings before tax (EBT) thus increased to €274.2 million, after €-609.7 million in the previous year. The complete consolidated financial statements can be found at www.enbw.com/report2015-downloads.

Improved Group net profit

The Group net profit attributable to the shareholders of EnBW AG increased in the 2015 financial year by €590.8 million to €124.9 million compared to the figure in the same period of the previous year of €-465.9 million (previous year restated). Earnings per share amounted to €0.46 in 2015 compared to €-1.72 in the previous year (previous year restated).

Adjusted earnings and non-operating result

The sustainable profitability of operating activities is of particular importance for the internal management and external communication of the current and future earnings potential of EnBW. The operating result is disclosed in the form of adjusted EBITDA – earnings before interest, tax, depreciation and amortisation and adjusted for extraordinary items – which we use as a key reporting indicator. The extraordinary items are presented and explained in the section "Non-operating result".

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

Adjusted EBITDA of the EnBW Group by segment

in € million	2015	2014	Change in %	Forecast 2015
Sales	255.3	230.6	10.7	+10% to +20%
Grids[1]	747.4	886.3	-15.7	-10% to -20%
Renewable Energies	287.4	191.4	50.2	more than 20%
Generation and Trading	777.3	899.5	-13.6	-15% to -25%
Other/Consolidation	42.2	-40.4	–	–
Total	**2,109.6**	**2,167.4**	**-2.7**	**0% to -5%**

[1] The forecast for the Grids segment was adjusted during the year.

Share of adjusted EBITDA for the Group accounted for by the segments

in %	2015	2014	Forecast 2015
Sales	12.1	10.6	10% to 15%
Grids[1]	35.4	40.9	30% to 40%
Renewable Energies[1]	13.6	8.8	10% to 20%
Generation and Trading[1]	36.8	41.5	30% to 40%
Other/ Consolidation	2.1	-1.8	–
Total	**100.0**	**100.0**	

[1] The forecast for the share accounted for by the Grids segment was adjusted during the year. As a result of this adjustment, the shares accounted for by the Renewable Energies segment and the Generation and Trading segment were also adjusted.

The adjusted EBITDA for the EnBW Group fell slightly in the 2015 financial year in line with our expectations.

Sales: The adjusted EBITDA for the Sales segment was higher than the level in the previous year and thus in line with our forecast. This rise can be mainly attributed to an improved result in the gas and heating sector due to the lower temperature levels. The segment's share of the adjusted EBITDA for the Group increased within the range of our original and adjusted forecast.

Grids: The adjusted EBITDA for the Grids segment in 2015 fell significantly below the level in the previous year and more than in our original forecast (0% to -10%) but in line with our corrected forecast that was made during the course of the year. In comparison to the previous year, higher revenues from the use of the grids, due in part to the temperature levels, had a positive effect. This was offset by negative earnings effects such as the new contract arrangement with the City of Stuttgart and increases in the number of employees for the expansion of the grid. In addition, the result was heavily influenced by negative extraordinary items such as expenses for compensation payments as part of the management of transmission losses, higher costs for decentralised feed-ins and the retroactive adjustment of the water price in Stuttgart. These extraordinary effects also led to the adjustment of the forecast for the segment during the course of the year. Accordingly, the share of the adjusted EBITDA for the Group accounted for by this segment fell and stood within the range of both our original (35% to 40%) and adjusted forecasts.

Renewable Energies: In the Renewable Energies segment, the adjusted EBITDA increased compared to the previous year as expected. It was possible to overcompensate for the poor earnings performance of our run-of-river power plants resulting from lower electricity prices compared to the same period of the previous year through the full commissioning of our offshore wind farm EnBW Baltic 2 and the expansion of onshore wind power plants. The share of the adjusted EBITDA for the Group accounted for by this segment increased in comparison to the previous year. However, it lies slightly below our original forecast (15% to 20%) but within the scope of our adjusted forecast. The forecast for the share of the adjusted EBITDA for the Group accounted for by the Renewable Energies segment also had to be adjusted during the course of the year due to the amended forecast for the Grids segment.

Generation and Trading: In the Generation and Trading segment, adjusted EBITDA fell significantly compared to the previous year yet a little less than predicted in our forecast. The falling prices and spreads on wholesale electricity markets had a negative effect on earnings in this segment. Another negative factor was an electricity procurement agreement in the nuclear sector that expired in the third quarter of 2015. In contrast, our efficiency improvement measures and the reimbursement of costs as part of the reserve power plant legislation supported the earnings performance. For example, two blocks at the Heilbronn power plant were also contracted as network reserve power plants in April 2015. In addition, a disciplined approach to spending had a positive effect on our cost structures; this made it possible to restrict the fall in earnings to a greater extent than predicted in our forecast. The share of the adjusted EBITDA for the Group accounted for by this segment fell significantly. It lies outside of our original forecast (30% to 35%) but within the scope of our adjusted forecast. The forecast for the share of the adjusted EBITDA for the Group accounted for by this segment also had to be adjusted because the forecast for the Grids segment had been amended.

Adjusted earnings indicators

Adjusted earnings indicators of the EnBW Group

in € million[1]	2015	2014	Change in %
Adjusted EBITDA	**2,109.6**	**2,167.4**	**-2.7**
Scheduled amortisation and depreciation	-927.7	-876.9	5.8
Adjusted EBIT	**1,181.9**	**1,290.5**	**-8.4**
Adjusted investment result	135.2	73.4	84.2
Adjusted financial result	75.8	-542.8	–
Adjusted income taxes	-358.0	-266.9	-34.1
Adjusted Group net profit	**1,034.9**	**554.2**	**86.7**
of which profit/loss shares attributable to non-controlling interests	(83.2)	(90.0)	-7.6
of which profit/loss shares attributable to the shareholders of EnBW AG	(951.7)	(464.2)	105.0

[1] The figures for the previous year have been restated.

The increase in the adjusted investment result was due above all to higher earnings from entities accounted for using the equity method and other financial investments. Against the background of positive developments on the stock market and a possible change in the taxation of diversified shareholdings, it was possible to realise tax-free profits in the first half of 2015 from the disposal of securities, which led to a significant increase in the adjusted financial result in the 2015 financial year. The announced change in the taxation of diversified shareholdings was ultimately not included by the German government in the reform package for the Investment Law (Investmentgesetz) at the end of 2015. The adjusted tax rate thus stood at 25.7% in the reporting period, compared to 32.5% in the previous year (previous year restated). The increase in the adjusted Group net profit attributable to the shareholders of EnBW AG compared to the previous year was mainly due to this effect, which is adjusted in the calculation of the dividend payout ratio.

Non-operating result burdened by impairment losses

Non-operating result of the EnBW Group

in € million	2015	2014	Change in %
Income/expenses relating to nuclear power	43.8	-30.1	–
Income from the release of other provisions	82.7	36.4	127.2
Result from disposals	52.1	96.3	-45.9
Addition to the provisions for onerous contracts relating to electricity procurement agreements	-295.0	-433.6	32.0
Earnings from reversals of impairments	59.5	350.3	-83.0
Restructuring	-20.8	-45.0	53.8
Other non-operating result	-113.7	-4.4	–
Non-operating EBITDA	**-191.4**	**-30.1**	**–**
Impairment losses	-713.5	-1,260.3	43.4
Non-operating EBIT	**-904.9**	**-1,290.4**	**29.9**
Non-operating investment result	-114.0	-47.8	-138.5
Non-operating financial result	-99.8	-92.6	-7.8
Non-operating income taxes	284.3	473.8	-40.0
Non-operating Group net loss	**-834.4**	**-957.0**	**12.8**
of which profit/loss shares attributable to non-controlling interests	(-7.6)	(-26.9)	71.7
of which profit/loss shares attributable to the shareholders of EnBW AG	(-826.8)	(-930.1)	11.1

The loss in non-operating EBITDA increased compared to the previous year. This was primarily due to lower earnings from reversals of impairments in comparison to the previous year. In the reporting period, these concern reversals of impairments to the fair value of assets held for sale in relation to the disposal of EnBW Propower GmbH. In addition, there were reversals of impairments on gas distribution grids that had been subject to impairment losses in previous years. In the previous year, a reversal of an impairment to the generation portfolio resulting from the market interest rates had been carried out in the final quarter. Furthermore, costs relating to the planned acquisition of a company reported under the other non-operating result were also accounted for in the reporting year. Non-operating EBIT improved in the reporting period compared to the previous year. This development was primarily attributable to lower impairment losses on the generation portfolio compared to the same period of the previous year. The non-operating investment result in the reporting period contains evaluation effects relating to the restructuring of shareholdings with EWE Aktiengesellschaft. In the previous year, the non-operating investment result contained substantial impairments on the project planning costs for a foreign equity investment. The non-operating financial result was mainly burdened in both years by the adjustment to the discount rate for nuclear provisions. The reduction of the discount rate from 4.8% as of 31 December 2014 to 4.7% in the first half of 2015 had an effect of €-77.4 million in the reporting year, the negative impact in the previous year was primarily due to the reduction in the discount rate from 5.0% to 4.8%. The non-operating Group net loss attributable to the shareholders of EnBW AG amounted to €826.8 million in the reporting period, compared to €930.1 million in the previous year.

Financial position

Financial management of EnBW

Basis and objectives

Financial management is responsible for securing the existing financial assets of the EnBW Group and their development, as well as for guaranteeing a sufficient level of liquidity reserves. This ensures that the Group is able to meet its payment obligations at all times without restriction. The financial transactions permitted by the Board of Management of EnBW, and the specified scope within which they may be carried out, define the Treasury guidelines of the EnBW Group. The guidelines are applicable to all business entities that are either consolidated in full or with which EnBW AG has a profit and loss transfer agreement. The guidelines also act as basic principles for all other business entities. The centralised financial management system serves to minimise risks, provide transparency and optimise costs.

In the operating business, derivatives are generally deployed for hedging purposes only: for example, for forward contracts for electricity and primary energy source trading. This also applies for foreign exchange and interest rate derivatives. Propriety trading is only permitted within narrow, clearly defined limits.

Another important aspect of financial management is to manage financial assets (asset management) in order to cover the corresponding obligations to make provisions.

Treasury

The Treasury controls all processes in all business entities that are consolidated in full, or with which EnBW AG has a profit and loss transfer agreement. Liquidity management is based on a rolling liquidity planning system and applies within the scope of validity defined above. The Treasury is also responsible for the central management of credit lines and bank guarantees, the issuing of guarantees and letters of comfort, as well as interest rate risk and currency management.

Interest rate risk and currency management

Interest rate risk and currency management involves the management and monitoring of interest-bearing and interest-sensitive assets and liabilities. The consolidated entities regularly report on the existing risk position via the rolling liquidity planning system. An interest rate risk strategy is devised based on an analysis conducted every quarter on an aggregated basis. The purpose is to limit the impact of fluctuations in interest rates and interest rate risks on the results of operations and net assets.

The interest rates on the financial liabilities of the EnBW Group are predominantly fixed. We use interest rate derivatives to keep the relationship between fixed and variable interest rates within predefined limits in order to optimise the interest earnings of EnBW. The potential risk is determined on the basis of current interest rates and possible changes in these interest rates.

Generally, currency positions resulting from operations are closed by appropriate forward exchange contracts. Overall, currency fluctuations from operating activities do not have any major effect on the operating result of EnBW. Foreign exchange risks are monitored on a case-by-case basis within the framework of the currency management system.

Asset management

Our aim is to cover the Group's non-current pension and nuclear provisions within an economically feasible period of time by means of appropriate financial assets. EnBW uses a model based on cash flows to determine the effects on the balance sheet, income statement and cash flow statement over the next 30 years. Alongside the anticipated return on financial assets, the actuarial valuations of pension provisions and external expert reports on costs for nuclear disposal are taken into account. This model also allows simulations of various alternative scenarios. As of 31 December 2015, the cover funds for pension and nuclear provisions totalled €9,790.2 million (previous year: €9,602.6 million). Alongside the cover funds, there are plan assets for certain pension obligations with a market value of €1,113.8 million as of 31 December 2015 (previous year: €1,102.4 million).

We strive to reach the defined investment targets with minimum risk. We also continued our efforts to optimise the risk/return profile of the financial assets throughout 2015. The main part of the cover funds is distributed as investments across nine asset classes. The financial assets are bundled in four master funds with the following investment targets:

- Risk-optimised investments, with a performance in line with market trends
- Consideration of the effects on the balance sheet and income statement
- Broad diversification of the asset classes
- Reduction of costs and simplification of administrative processes

Financing facilities

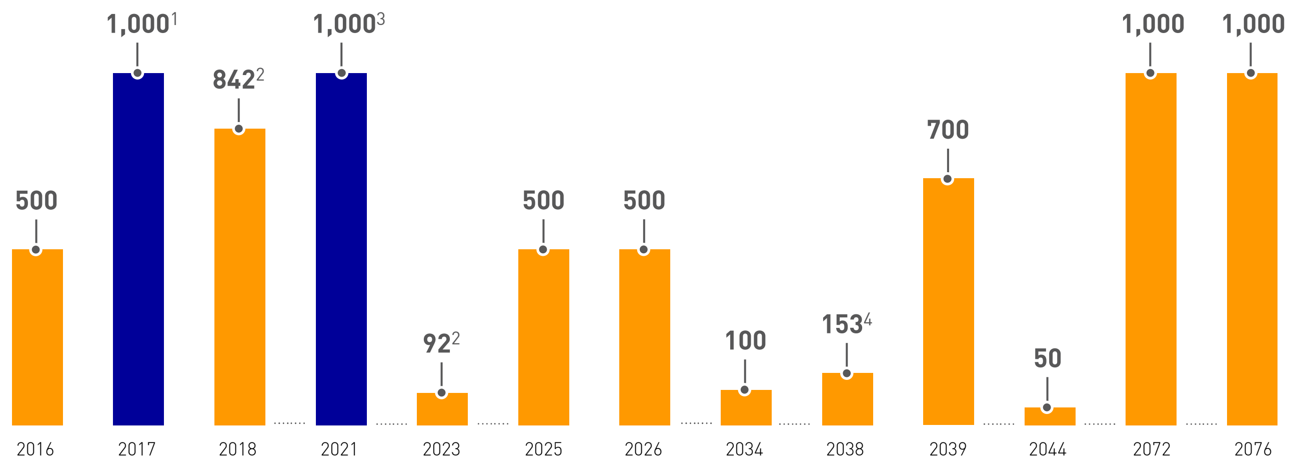
In addition to the Group's internal financing capabilities from the free cash flow of €725.8 million in 2015 (previous year: €330.2 million) and its own funds, the EnBW Group had the following instruments at its disposal to cover its overall financing needs:

- Debt Issuance Programme (DIP), via which bonds are issued, with a €7.0 billion line (€3.5 billion drawn as of 31 December 2015)
- Hybrid bonds with a total volume of €2.0 billion (as of 31 December 2015)
- Commercial paper (CP) programme for a total of €2.0 billion (undrawn as of 31 December 2015)
- Syndicated credit line of €1.5 billion with a term until 2020 (undrawn as of 31 December 2015). The extension of the term of the credit line by one year became effective on 21 July 2015, there is also a new extension option for an additional year in 2016
- Bilateral short-term credit lines (€472 million, undrawn as of 31 December 2015)
- Project financing and low-interest loans from the European Investment Bank (EIB)

EnBW is endeavouring to reduce net debt further. A bond for €750 million became due on 7 July 2015, which was repaid from the existing liquidity position. Bonds due during the 2016 financial year to the amount of €500 million will be repaid from cash flow. The EnBW bonds have a well-balanced maturity profile.

Maturity profile of EnBW bonds

in € million



[1] First call date: hybrid due in 2072.
[2] Includes CHF 100 million, converted as of the reporting date of 31/12/2015.
[3] First call date: hybrid due in 2076.
[4] Nominal with conversion as of the reporting date of 31/12/2015.

Documentation of short-term and long-term borrowings on the capital market under the established DIP and CP programmes of EnBW AG, as well as all other credit documentation with banks (e.g. syndicated lines of credit) includes internationally standardised clauses. The issuing of a negative covenant, as well as a pari passu clause, to all creditors forms a key element of the financing policy of EnBW. The use of undrawn credit lines is not subject to restrictions.

As part of its financing strategy, EnBW constantly analyses and assesses capital market trends with regard to the current interest rate environment and to any potentially favourable refinancing costs.

In the 2015 financial year, Stadtwerke Düsseldorf AG refinanced its existing corporate financing with new bank and promissory note loans. Our Czech subsidiary Pražská energetika a.s. (PRE) also utilised the favourable market conditions for refinancing bank loans and agreeing new ones.

Details on financial liabilities are presented in note 24 and explanations on other financial commitments are presented in note 28 of the notes to the consolidated financial statements at www.enbw.com/report2015-downloads.

Rating and rating trends

Maintaining a good credit standing remains the key objective of the financing strategy of EnBW. EnBW uses the E dynamic leverage ratio as a guide for this purpose, whereby the target of < 3.3 currently corresponds to the "A" ratings issued by the rating agencies. EnBW has always satisfied the relevant criteria since the rating agencies Standard & Poor's (2000), Moody's (2002) and Fitch (2009) started issuing credit ratings for the company. However, the rating agencies have adopted a more critical appraisal of energy policy conditions in the German energy utilities sector since 2011, ascribing it a weaker business risk profile. EnBW has largely withstood the sector-wide negative rating trend to date.

Overview of the ratings for EnBW – rating/outlook

	2015	2014	2013	2012	2011
Moody's	A3/negative	A3/negative	A3/negative	A3/negative	A3/negative
Standard & Poor's	A-/stable	A-/stable	A-/stable	A-/stable	A-/stable
Fitch	A-/stable	A-/stable	A-/stable	A-/stable	A-/stable

The rating agencies confirmed their ratings during the course of 2015:

Assessment by the rating agencies

Moody's (18/12/2015)	Standard & Poor's (14/12/2015)	Fitch (26/10/2015)
The conventional generation market remains challenging, the EnBW 2020 strategy aims to compensate for the negative effect of the changes to the market	Strong competitive position on the regional market	Strengthening of the future business profile due to a focus on growth in the area of renewable energies and the regulated grids business
EBITDA mix subject to low risk, increasing share of stable profit streams	Increasing share of low-risk regulated activities and greater cash flow stability through the restructuring of the generation portfolio	Strong liquidity position, lower leverage than competitors and flexible financing policy
Continuous implementation of measures to retain creditworthiness	Pressure on cash flow due to negative market conditions	Better coverage of provisions than German competitors due to earmarked financial investments
Strong support due to stable shareholder composition	Coverage ratio for pension and nuclear provisions of more than 70%	Structural challenges in area of electricity generation, risks in the implementation of the company's strategy

The current ratings reflect the transparent vision for restructuring the EnBW portfolio towards low-risk activities. The EnBW 2020 strategy is designed to ensure that the EnBW Group satisfies the requirements of the rating agencies in order to retain a good credit standing. The following aspects, amongst others, contribute to this goal:

- the planned increase in the share of EBITDA accounted for by regulated business (Grids segment and Renewable Energies segment) to around 70% by 2020
- a solid financial profile
- a conservative financial policy with flexible mechanisms for distributing dividends
- a stable shareholder composition
- an E asset liability management model based on cash flow for covering the pension and nuclear provision obligations of EnBW

By maintaining its good credit standing, EnBW endeavours to continue to:

- offer first-class opportunities for financing partners with no restrictions in the financing options available
- be regarded as a reliable business partner for trading activities
- achieve the lowest-possible capital costs
- implement an appropriate number of projects and thereby maintain the future viability of the company.

Investment analysis

Net cash investments of the EnBW Group

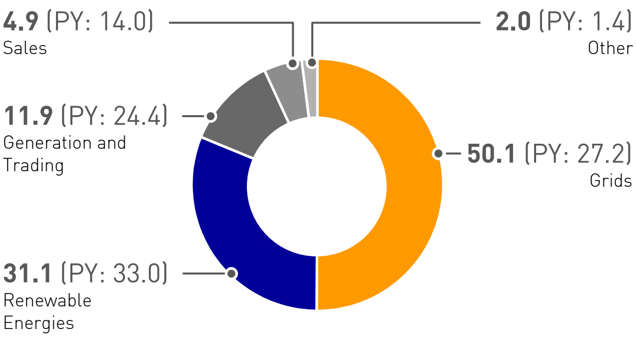
in € million[1]	2015	2014	Change in %
Investments on growth projects	1,026.1	1,506.7	-31.9
Investments on existing projects	435.5	450.0	-3.2
Total investments	**1,461.6**	**1,956.7**	**-25.3**
Conventional divestitures[2]	-35.6	-130.1	-72.6
Participation models	-719.8	-125.3	–
Other disposals and construction cost subsidies	-218.4	-274.0	-20.3
Total divestitures	**-973.8**	**-529.4**	**83.9**
Net (cash) investments	**487.8**	**1,427.3**	**-65.8**

[1] Excluding equity investments held as financial assets.
[2] Does not include cash and cash equivalents relinquished with the sale of fully consolidated companies. These amounted to €6.5 million in the reporting period (previous year: €0.0 million).

The investment volume of the EnBW Group fell as planned during the 2015 financial year compared to the previous year by 25.3%. This was due to the fact that the major power plant project RDK 8 and the EnBW Baltic 2 offshore wind farm have been completed and the investments on the Lausward Combined Cycle Gas Turbine (CCGT) power plant was significantly less than in the previous year. Furthermore, capital expenditure in the previous year included the acquisition of the 50% share of EnBW Gas Verwaltungsgesellschaft mbH. Around 70.2% of the overall gross investment was attributable to growth projects; the proportion of investments on existing facilities stood at 29.8% and was primarily allocated to existing power stations and grid infrastructure.

Investments by segment

in %



In the reporting period, €71.5 million was invested in strengthening the **Sales** segment. Investments in the same period of the previous year totalled €274.3 million, which was primarily due to the acquisition of the 50% share of EnBW Gas Verwaltungsgesellschaft mbH.

Investments in the **Grids** segment of €732.8 million was higher than in the previous year (€531.5 million), mainly due to the expansion and upgrade of the grids and the connection of facilities for the generation of renewable energies, as well as the construction of the long-distance North Black Forest Pipeline for gas.

Investments in the **Renewable Energies** segment of €455.0 million was lower than in the previous year (€646.6 million) because the offshore wind farm EnBW Baltic 2 was completed in the summer of 2015 and the majority of the investments on this project was in 2014.

Investments totalling €174.3 million in the **Generation and Trading** segment was significantly lower than in the previous year (€476.6 million) due to the completion of the power plant project RDK 8. Furthermore, investments for the construction of the Lausward CCGT power plant was significantly lower than in the previous year.

It was possible to finance around 67% of the gross investments through divestitures in the reporting year. These primarily comprised the sales of 49.89% of the shares in the offshore wind farm EnBW Baltic 2 and the disposal of grids as part of re-municipalisation. Due to the largely completed processes for extending concession agreements in the grids sector, cash inflows from the sales of grids fell in comparison to the previous year. Furthermore, the previous year included divestitures from the successful realisation of participation models, mainly in the area of onshore wind farms.

Capital commitments for the acquisition of intangible assets and property, plant and equipment amounted to €501.9 million as of 31 December 2015 (previous year: €984.9 million). Commitments to acquire entities totalled €660.5 million (previous year: €549.4 million). Capital commitments are financed from current funds from operations (FFO).

Liquidity analysis

Free cash flow of the EnBW Group

in € million	2015	2014	Change in %
Cash flow from operating activities	**1,918.3**	**1,775.7**	**8.0**
Change in assets and liabilities from operating activities	137.7	-254.7	–
Interest and dividends received	380.6	323.5	17.7
Interest paid for financing activities	-375.1	-338.6	10.8
Funds from operations (FFO)	**2,061.5**	**1,505.9**	**36.9**
Change in assets and liabilities from operating activities	-137.7	254.7	–
Capital expenditures on intangible assets and property, plant and equipment	-1,416.4	-1,704.4	-16.9
Disposals of intangible assets and property, plant and equipment	140.2	194.1	-27.8
Cash received from construction cost and investment subsidies	78.2	79.9	-2.1
Free cash flow	**725.8**	**330.2**	**119.8**

Cash flow from operating activities and funds from operations (FFO) increased in comparison to the previous year. The clear increase in FFO was influenced mainly by higher tax refunds and lower tax payments in the reporting period. In the cash flow from operating activities, this was offset by the net balance of assets and liabilities from operating activities. This changed significantly compared to the previous year: While the balance of assets and liabilities fell by €254.7 million in the previous year, it increased in the current reporting period by €137.7 million. This development was primarily due to the net balance of trade receivables and payables, which was especially influenced by factors relating to the EEG and sales. This was offset by lower capital expenditures on intangible assets and property, plant and equipment in comparison to the same period of the previous year. Free cash flow increased significantly compared to the previous year by €395.6 million.

Retained cash flow of the EnBW Group

in € million	2015	2014	Change in %
Funds from operations (FFO)	**2,061.5**	**1,505.9**	**36.9**
Dividends paid	-269.7	-261.8	3.0
Retained cash flow	**1,791.8**	**1,244.1**	**44.0**

As a result of the increase in the FFO, retained cash flow also rose significantly. Dividend payments stood at almost the same level as in the previous year. The retained cash flow reflects our internal financing capabilities; it is available to the company for future investments without the need to raise additional debt (p. 17).

Cash flow statement of the EnBW Group

in € million	2015	2014	Change in %
Cash flow from operating activities	1,918.3	1,775.7	8.0
Cash flow from investing activities	-814.2	-2,776.6	-70.7
Cash flow from financing activities	-798.5	1,760.9	–
Change in cash and cash equivalents[1]	**305.6**	**760.0**	**-59.8**
Net foreign exchange difference	10.3	0.3	–
Change in cash and cash equivalents[1]	**315.9**	**760.3**	**-58.5**

[1] Includes cash and cash equivalents from assets held for sale.

Cash flow from investing activities declined significantly in comparison to the previous year, which was primarily attributable to lower investments and higher divestitures in securities. In addition, capital expenditures on intangible assets and property, plant and equipment of EnBW AG fell in comparison to the previous year due to the completion of major projects.

Cash flow from financing activities in the reporting period returned an outflow of cash, which was primarily due to the planned repayment of a bond with a volume of €750 million. In contrast, the issuing of a hybrid bond with a volume of €1 billion in particular, as well as four bonds with a total volume of €750 million and a loan from the European Investment Bank (EIB) had led to an inflow of cash in the same period of the previous year. The Group's cash and cash equivalents (including cash and cash equivalents from assets held for sale) increased in the reporting period by €315.9 million.

The solvency of the EnBW Group was ensured at all times throughout the 2015 financial year due to the company's available liquidity, a continued positive free cash flow and the external sources available for financing. The company's future solvency is secured by its solid financial position (p. 55 ff.).

Net assets

Condensed balance sheet of the EnBW Group

in € million[1]	31/12/2015	31/12/2014	Change in %
Assets			
Non-current assets	25,587.8	27,382.6	-6.6
of which intangible assets	(1,744.9)	(1,783.0)	-2.1
of which property, plant and equipment	(13,508.1)	(13,681.7)	-1.3
of which entities accounted for using the equity method	(826.1)	(1,941.0)	-57.4
of which other financial assets	(8,240.4)	(8,513.4)	-3.2
of which deferred taxes	(93.4)	(430.0)	-78.3
Current assets	11,554.5	10,825.0	6.7
Assets held for sale	1,015.9	104.5	–
	38,158.2	**38,312.1**	**-0.4**
Equity and liabilities			
Equity	5,089.5	4,545.6	12.0
Non-current liabilities	23,791.7	24,146.7	-1.5
of which provisions	(14,478.1)	(14,302.2)	1.2
of which deferred taxes	(670.7)	(648.9)	3.4
of which financial liabilities	(6,810.0)	(7,187.1)	-5.2
Current liabilities	9,276.2	9,571.3	-3.1
of which provisions	(1,342.8)	(1,151.6)	16.6
of which financial liabilities	(758.2)	(1,078.5)	-29.7
Liabilities directly associated with assets classified as held for sale	0.8	48.5	-98.4
	38,158.2	**38,312.1**	**-0.4**

[1] The figures for the previous year have been restated.

As of the reporting date of 31 December 2015, the total assets held by the EnBW Group stood at a slightly lower level than in the previous year. Non-current assets fell by €1,794.8 million. In particular, this was due to the fall in the number of entities accounted for using the equity method following the reclassification of our 20% shareholding in EWE under assets held for sale. Other non-current financial assets decreased primarily as a result of a reclassification under current assets due to a change in maturity. Current assets also increased primarily for this reason and due to the purchase of securities by €729.5 million. The increase in assets held for sale is primarily due to the reclassification of our 20% shareholding in EWE. This was offset to some extent by the disposal of distribution grids and our shares in the Bexbach power plant.

The equity held by the EnBW Group increased by €543.9 million as of the reporting date of 31 December 2015. This increase is primarily attributable to funds received from the sale of 49.89% of the shares in EnBW Baltic 2 S.C.S. to an Australian financial investor, which increased the non-controlling interests in equity. This was offset by a fall in revenue reserves of €90.9 million; the distribution of dividends at the end of April exceeded the positive result in the reporting period. The losses in other comprehensive income increased by €113.7 million to € -1,644.2 million, which was primarily due to the fall in reserves of available-for-sale financial assets. This was offset by the revaluation of pensions and similar obligations. The equity ratio thus increased from 11.9% to 13.3% compared to the previous year's reporting date.

The non-current liabilities of the EnBW Group fell by €355.0 million primarily as a result of a reclassification of financial liabilities due to a change in maturity. The total fall in current liabilities of €295.1 million is primarily attributable to the decline in current financial liabilities due to the repayment of a bond with a volume of €750 million. This was offset by the reclassification due to a change in maturity.

Adjusted net debt

As of 31 December 2015, adjusted net debt fell by €1,247.1 million compared to the figure posted at the end of 2014. This significant fall is mainly due to the sale of 49.89% of the shares in EnBW Baltic 2 S.C.S. The repayment of a bond with a volume of €750 million that was due in July 2015 reduced the financial liabilities and the adjusted short-term funds. In addition, lower pension provisions due to the increase in the discount rate from 2.2% to 2.3% and the positive free cash flow reduced the adjusted net debt. This was offset by the payment of dividends and the fall in the discount rate from 4.8% to 4.7% and thus a fall in the real interest rate level from 1.3% to 1.2% for nuclear provisions. The adjusted net debt developed within the scope of our adjusted forecast range from €6.4 billion to €6.9 billion (original forecast: €7.0 billion to €7.5 billion). The adjustment to the forecast which was made during the course of the year was due, in particular, to the recovery of the discount rate for pension provisions.

Adjusted net debt of the EnBW Group

in € million	31/12/2015	31/12/2014	Change in %
Short-term funds	-4,836.9	-3,939.5	22.8
Short-term funds of the special funds and short-term securities to cover pension and nuclear provisions	1,755.2	1,282.1	36.9
Adjusted short-term funds	**-3,081.7**	**-2,657.4**	**16.0**
Bonds	5,492.2	6,225.6	-11.8
Liabilities to banks	1,588.5	1,813.1	-12.4
Other financial liabilities	487.5	226.9	114.9
Financial liabilities	**7,568.2**	**8,265.6**	**-8.4**
Recognised net financial liabilities[1]	**4,486.5**	**5,608.2**	**-20.0**
Pension and nuclear provisions	15,069.7	14,959.8	0.7
Fair market value of plan assets	-1,113.8	-1,102.4	1.0
Long-term securities and loans to cover the pension and nuclear provisions[2]	-8,035.0	-8,320.5	-3.4
Short-term funds of the special funds and short-term securities to cover pension and nuclear provisions	-1,755.2	-1,282.1	36.9
Other	-51.4	-68.5	-25.0
Recognised net debt[2]	**8,600.8**	**9,794.5**	**-12.2**
Non-current receivables associated with nuclear provisions	-759.2	-675.4	12.4
Valuation effects from interest-induced hedging transactions	-106.1	-136.5	-22.3
Restatement of 50% of the nominal amount of the hybrid bonds[3]	-1,000.0	-1,000.0	0.0
Adjusted net debt[2]	**6,735.5**	**7,982.6**	**-15.6**

[1] Adjusted for valuation effects from interest-induced hedging transactions and 50% of the nominal amount of the hybrid bonds, net financial liabilities amounted to €3,380.4 million (31 December 2014: €4,471.7 million).
[2] Includes equity investments held as financial assets.
[3] The structural characteristics of our hybrid bonds meet the criteria for half of the bond to be classified as equity, and half as debt, by the rating agencies Moody's and Standard & Poor's.

TOP Dynamic leverage ratio

Dynamic leverage ratio of the EnBW Group

in years	2015	2014	Change in %
Adjusted net debt in € million	6,735.5	7,982.6	-15.6
Adjusted EBITDA in € million	2,109.6	2,167.4	-2.7
Dynamic leverage ratio	**3.19**	**3.68**	**-13.3**

The dynamic leverage ratio fell as of 31 December 2015 due to the significant decrease in the adjusted net debt to 3.19 (p. 61). This development was within the scope of our adjusted forecast range of 3.0 to 3.4 (original forecast: 3.2 to 3.6; this adjustment made during the course of the year was due to the change in the adjusted net debt).

TOP ROCE and value added

The cost of capital before tax represents the minimum return on capital employed (average capital employed). Positive value is added when the return on capital employed (ROCE) exceeds the cost of capital. The cost of capital is determined based on the weighted average cost of equity and debt together. The value of equity is based here on a market valuation and thus deviates from the value recognised in the balance sheet. The cost of equity is based on the return of a risk-free investment and a company-specific risk premium. The latter is calculated as the difference between a risk-free investment and the return for the overall market, weighted with a company-specific beta factor. The terms according to which the EnBW Group can obtain long-term debt funding are used to determine the cost of debt.

There are various factors that influence value added. The level of ROCE and value added depend not only on the development of the operating result but above all on the invested capital. Large-scale investments tend to significantly increase the capital employed in the early years, while the effect on income that boosts value, however, only filters through over a lengthier period of time, often long after the investments were initially made. This is especially true of capital expenditure on property, plant and equipment relating to the construction of new power plants, which do not have any positive effect on the operating result of the Group until after they are commissioned. Capital expenditure on power generation facilities, on the other hand, is already taken into account in the capital employed during the construction phase. In a comparison of individual years, the development of ROCE and value added is, to a certain extent, cyclical in nature, depending on the investment volume. This effect is therefore inherent in the system and results in lower ROCE in phases of strong growth or phases of investment.

Value added to the EnBW Group for 2015 by segment

	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
Adjusted EBIT including investment result[1] in € million	199.2	451.3	161.1	409.5	77.2	1,298.3
Average capital employed in € million	800.5	4,669.0	2,820.7	2,377.2	2,953.0	13,620.4
ROCE in %	**24.9**	**9.7**	**5.7**	**17.2**	**–**	**9.5**
Cost of capital in %	8.2	5.9	7.5	8.4	–	6.9
Value added in € million	**133.7**	**177.4**	**-50.8**	**209.2**	**–**	**354.1**

[1] Adjusted investment result excluding income from equity investments held as financial assets to the amount of €82.6 million and adjusted for taxes (adjusted investment result/0.71 - adjusted investment result; where 0.71 = 1 - tax rate 29%).

Value added to the EnBW Group for 2014 by segment[1]

	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
Adjusted EBIT including investment result[2] in € million	169.5	571.4	127.9	529.9	-51.2	1,347.5
Average capital employed in € million	856.1	4,868.7	2,261.8	3,350.3	2,086.7	13,423.6
ROCE in %	**19.8**	**11.7**	**5.7**	**15.8**	**–**	**10.0**
Cost of capital in %	8.5	6.2	7.9	8.7	–	7.2
Value added in € million	**96.7**	**267.8**	**-49.8**	**237.9**	**–**	**375.9**

[1] The figures for the previous year have been restated.
[2] Adjusted investment result excluding income from equity investments held as financial assets to the amount of €40.4 million and adjusted for taxes (adjusted investment result/0.71 - adjusted investment result; where 0.71 = 1 - tax rate 29%).

Despite the continued difficult market and industry conditions, the positive value added generated by the EnBW Group only fell slightly in the 2015 financial year compared to the previous year to €354.1 million. The adjusted EBIT including the investment result only fell slightly in 2015, while the average capital employed only increased marginally. At the same time, the risk-adjusted weighted average cost of capital fell again slightly compared to the previous year due to the low interest rate. These effects led to the ROCE being at the higher end of our exceptions for the 2015 financial year at 9.5% (forecast 2015: 8.5% to 9.5%).

Sales: Value added in the Sales segment increased in 2015 by €37.0 million. This improvement was contributed to both by the significantly better result and the fact that the cost of capital fell by 0.3 percentage points. The average capital employed fell slightly, which was mainly due to the proportional consideration of the sale of EnBW Propower GmbH with the Eisenhüttenstadt CHP plant as of 31 December 2015 in the calculation of the average capital base.

Grids: Value added in the Grids segment fell in the reporting year by €90.4 million in comparison to 2014. This was caused by the decrease in ROCE of 2.0 percentage points. This decrease was due to the significant fall in adjusted EBIT including the investment result in comparison to the previous year. The decrease in the average capital employed was caused by the lower working capital due to concession fees and lower current receivables.

Renewable Energies: Value added in the Renewable Energies segment remained almost constant compared to the previous year at €-50.8 million. On the one hand, it was possible to significantly increase the operating result due to the commissioning of the offshore wind farm EnBW Baltic 2 during the course of the year, while, on the other hand, the capital base in the reporting year increased further due to investments in renewable energies. The ROCE for this segment remained unchanged at 5.7% with a lower weighted average cost of capital of 7.5%.

Generation and Trading: The Generation and Trading segment achieved value added of €209.2 million in the 2015 financial year. The weighted average cost of capital fell again compared to the previous year by 0.3 percentage points. The adjusted EBIT including the investment result fell by €120.4 million to €409.5 million. At the same time, the capital base decreased primarily as a result of significantly lower working capital (including amongst other things inventories) and lower deferred taxes. In addition, the impairment losses recognised on the generation portfolio at the end of the 2015 financial year had a proportionate effect on the average capital employed.

Non-financial performance indicators

Customers goal dimension

Key performance indicators

Key performance indicators

	2015	2014	Change in %	Forecast 2015
Brand Attractiveness Index for EnBW/Yello	43/35	43/36	0.0/-2.8	44/38
Customer Satisfaction Index for EnBW/Yello	136/152	114/145	19.3/4.8	120/150
SAIDI (electricity) in min/year	15	15	0.0	15

TOP **Brand Attractiveness Index:** The brand attractiveness of EnBW remained unchanged in 2015 compared to the previous year. Here, the two aspects of "level of brand awareness" and "level of disappointment if withdrew from the market" showed strong improvements. In the forecast for 2015, we anticipated a slightly higher level of brand attractiveness. The reason for this development is the postponement of an image campaign originally planned for autumn 2015 to the spring of 2016. The attractiveness of the Yello brand fell slightly in 2015; we also predicted here an increased level of brand attractiveness in our forecast. Overall, there was greater emphasis placed on sales-related issues in 2015 and a rather restrained investment in the brand.

TOP **Customer Satisfaction Index:** It was possible to significantly improve the satisfaction of EnBW customers in 2015 and also significantly exceed our forecast in this area. This increase can be explained, amongst other things, by a more positive perception of the company's image – which was also supported by the activities of EnBW in the area of wind power. The slight decrease in electricity prices for many EnBW customers and the constant price of gas in 2015 also supported this positive development. The satisfaction of the customers of Yello once again reached a very good level in 2015 and slightly exceeded our forecast. The new Yello Strom product portfolio is also increasingly contributing to this high level of satisfaction.

TOP **SAIDI:** The reliability of the energy supply is fundamentally important to our customers. Measured by the length of supply interruptions experienced per connected customer, the same good level was achieved in 2015 in the grid area operated by EnBW as in the previous year. There were no exceptionally heavy storms in Baden-Württemberg in the reporting year and supply interruptions remained at a normal level.

Employees goal dimension

Key performance indicators

Key performance indicators

	2015	2014	Change in %	Forecast 2015
Employee Commitment Index (ECI)[1]	60	56	7.1	58
LTIF[1]	3.8	4.3	-11.6	≤ previous-year figure

[1] Variations in the group of consolidated companies; see also the definition of key performance indicators on page 25.

TOP **Employee Commitment Index (ECI):** A short survey for monitoring the ECI was once again carried out between 14 September and 2 October 2015. This employee survey (MAB) comprised just twelve questions and was carried out by taking a random representative sample. As in the previous full MAB surveys, it collected information on the level of commitment of the employees to the Group and to their respective company.

The results of the MAB-Blitzlicht (Employee Flashlight) show a clear increase in the MCI from 56 to 60 points, which also exceeded our forecast by two points. EnBW has thus experienced a clear reversal in the trends relating to employee commitment and taken a significant step to achieving the target of 65 points by 2020. This positive development can be attributed to the fact that employees gave significantly more positive answers to questions on the themes of overall satisfaction and attractiveness of the employer, as well as in relation to the competitiveness and future viability of EnBW than in 2014. The values for identification and motivational climate remained stable at a high level. This positive reversal of the trend was affirmed by all areas of the workforce, most clearly by the top management personnel.

TOP **LTIF:** The LTIF (Lost Time Injury Frequency) is the key performance indicator for occupational safety. The value of 3.8 in 2015 was significantly lower than the already low level in the previous year. The different programmes for improving occupational safety in the Group are clearly having an effect. However, the average days of absence per accident rose from 10.5 to 15.3 days. The main reason for this development were three accidents with exceptionally long periods of absence.

The largest Group project in the area of occupational safety in 2015 was the introduction of the new EHS (Environment, Health and Safety) software. Important elements of this software are the documentation of risk assessments and hazardous substance management. The software was tested in two pilot schemes in 2015 and its roll-out across the Group will begin in 2016. The aim is for all designated areas to be successfully working with the software by the end of 2017.

In the area of conventional and renewable generation, the "100 days without accidents" campaign was held in 2015. The 100 day goal was achieved a total of eight times across a number of power plants. The Occupational Safety Initiative ("InA") that was started in 2013 at the grid companies was also continued in 2015. One focus here was the "Stop before you start" campaign: a request to once again reconsider the safety of a planned procedure directly before starting work. The follow-up project "InA 2" will be put into action in 2016.

Other performance indicators

Employees of the EnBW Group[1]

	31/12/2015	31/12/2014	Change in %
Sales	3,300	3,322	-0.7
Grids	8,086	7,824	3.3
Renewable Energies	815	519	57.0
Generation and Trading	5,167	5,432	-4.9
Other	2,920	2,995	-2.5
Total	**20,288**	**20,092**	**1.0**
Number of full-time equivalents[2]	18,763	18,524	1.3

[1] Number of employees excluding apprentices/trainees and inactive employees.
[2] Converted into full-time equivalents.

As of 31 December 2015, the EnBW Group had 20,288 employees. As new appointments are only being made in strategic growth fields, the number of employees was just slightly higher than the level at the end of 2014. The growing importance of regulated business is reflected in the increase in the number of employees in the Grids segment. The increase in the number of employees in the Renewable Energies segment is mainly due to the company Pražská energetika a.s. (PRE) being moved to this segment from the Grids segment. The falling number of employees in Other/Consolidation resulted primarily from the planned departure of employees based on an earlier restructuring programme, although this effect was partially offset by the movement of employees from the Sales and Generation and Trading segments as a result of restructuring within the Group.

Further key performance indicators for personnel: Further key performance indicators for personnel can be found on our website at www.enbw.com/weitere-kennzahlen. These include, for example, the regional distribution of our employees, the proportion of women in the workforce and in management personnel, or the proportion of disabled people in the workforce.

The main features of our HR policy

Executive management: The Energiewende poses challenges to EnBW that necessitate radical changes for management personnel and employees. The newly conceived Leadership Development Department supports this process of change by accompanying the functional and business units in the realisation of their operative responsibility as a management team. The necessary changes in attitude of management personnel and the skills required to face the new challenges are defined within the management team and then implemented and evaluated using teambuilding measures. The Leadership Development Department offers advice in this area, makes suitable tools available and ensures Group-wide monitoring and quality assurance.

Safeguarding and promoting expertise: Personnel development is also continuously directed towards the implementation of the corporate strategy: from supply-oriented development to needs-based, independent and action-oriented learning. The launch of the PE Campus (Personnel Development Campus) – an online platform providing information and training opportunities for management personnel and employees – also supports this realignment by making learning and personnel development more flexible and useable for the individual, while at the same time requiring a lower budget.

Any trainee or student who successfully concludes their training or degree studies within the EnBW Group will subsequently receive a 12-month employment contract. If relevant demand exists, suitable trainees/students will be offered permanent contracts. This is particularly true for job profiles in the areas of electronics and for dual degree studies for which there is a high demand on the job market. As a result of the rigorous alignment of the recruitment figures and job profiles/dual degree courses to the actual needs within the company, there has been a consistent rise in the number of graduates offered permanent contracts.

Diversity at EnBW also contributes to being better able to fulfil market requirements and thus to secure the future of the company. EnBW promotes diversity and an inclusive atmosphere in order to maintain and improve productivity, performance, innovation and its attractiveness as an employer. In this area, EnBW concentrates on the following four categories: gender, age, disability and life style. In terms of gender, the measures adopted by the company have included the definition of obligatory targets for the proportion of women in management positions. The target is to increase the proportion of women in top management positions at EnBW AG from 4.2% (as of April 2015) to 7.5% by 31 December 2016, while the proportion of women in upper management positions should be increased from 8.0% (as of April 2015) to 10.6%. The targets for 2020 for both of these management levels at EnBW AG is approximately 20% in each case. Every third new appointment in top and upper management at the functional and business units should be a woman. Numerous measures – such as our mentoring programme for female employees with potential and with members of the Board of Management and other managers as mentors – are supporting these targets. In order to also demonstrate our commitment to diversity to the outside world, EnBW has joined the "Diversity Charter" (Charta der Vielfalt). This corporate initiative with around 2,200 members promotes diversity in companies and institutions under the patronage of the Federal Chancellor Angela Merkel.

The aim of 1492@enbw is to use new methods to develop cross-sector business ideas. The third phase of this successful concept – which has resulted in a number of projects being transferred to the EnBW Innovation Campus to take them through to market maturity (p. 38) – began in the middle of October 2015. This success has also been recognised externally: The specialist magazine "Human Resources Manager" presented EnBW with an award for its "1492@enbw" initiative in the "Employee engagement" category, ahead of other entrants such as BASF or Deutsche Telekom.

Effective and efficient HR policy at EnBW AG: Human Resources is currently reorienting itself through the "P:initiative" programme. Under the motto "meet – change – achieve", HR wants to assume a leading role in promoting cooperation between the business units and functional units.

The restructuring of the functional units has helped to contribute to the aim of bringing the company nearer to its operating business: Their number has been more than halved from over 20 as of 1 January 2015. The number of management functions was reduced as a result by more than 20%. The result: larger areas of responsibility, clearer responsibilities and quicker decision making paths.

IT was also reorganised on 1 June 2015 and has been rigorously aligned to meet the requirements of the business and functional units. In order to use IT solutions to speed up business initiatives and processes and make them viable in the future, we have established new forms of integrated collaboration.

During an analysis of our own generation as a whole, as well as shareholdings in power plants and electricity procurement agreements, the focus was placed on examining the potential for making savings. An important outcome here was also the introduction of a new organisational structure: A process-oriented structure replaced the previous location-based structure as of 1 April 2015. In addition, the plan is to reduce the number of employees by around 290 in a socially responsible manner by the end of 2018.

The Employers Association for Electricity Power Plants in Baden-Württemberg and the union ver.di reached a collective remuneration agreement in March for the years 2015 to 2017 and a follow-up regulation for the terminated collective wage agreement. The first stage of the agreed changes to the pay levels up to 2017 was implemented on 1 April. Preparations for the introduction of the new remuneration system on 1 January 2016 were completed on time.

Health management

The welfare of employees has always been an important issue for EnBW. As part of occupational health and safety management, the company offers a variety of activities in the areas of occupational safety and health protection. In times when there is high pressure to change, topics such as "healthy change management", "personal stress management" and "resilience" are important elements. We utilise a mix of traditional methods of learning, such as seminars, and modern solutions, such as e-learning or audio books, to reach as many employees as possible.

Environment goal dimension

Key performance indicator

Key performance indicator

	2015	2014	Change in %	Forecast 2015
Installed output of RE in GW and the share of the generation capacity accounted for by RE in %	3.1/23.6	2.6/19.1	19.2/–	3.0/22.1

TOP **Installed output of renewable energies (RE) and the share of the generation capacity accounted for by RE:** In the 2015 reporting year, installed output from renewable energies increased significantly compared to 2014 to 3.1 GW and thus slightly exceeded our forecast. The most important reason for this was the full commissioning of our offshore wind farm EnBW Baltic 2. In addition, the onshore wind farm Harthäuser Wald operated by our subsidiary ZEAG Energie – the largest wind farm in Baden-Württemberg to date – was connected to the grid at the end of October 2015. The share of the generation capacity accounted for by renewable energies at EnBW increased accordingly to 23.6%.

Breakdown of the generation portfolio of the EnBW Group[1] (as of 31/12)

Electrical output[2] in MW	2015	2014
Renewable Energies	**3,055**	**2,632**
Run-of-river power plants	1,036	947
Storage/pumped storage power plants using the natural flow of water[2]	1,322	1,322
Wind onshore	247	194
Wind offshore	336	48
Other renewable energies	114	121
Thermal power plants[3]	**9,872**	**11,116**
Brown coal	875	875
Hard coal	3,956	4,776
Gas	1,180	1,191
Other thermal power plants	383	396
Pumped storage power plants that do not use the natural flow of water[2]	545	545
Nuclear power plants	2,933	3,333
Installed output of EnBW Group (without standby reserve)	**12,927**	**13,748**
of which renewable in %	23.6	19.1
of which low CO_2 in %[4]	13.3	12.6

[1] The generation portfolio includes long-term procurement agreements and generation from partly owned power plants.
[2] Output values irrespective of marketing channel, for storage: generation capacity.
[3] Including pumped storage power plants that do not use the natural flow of water.
[4] Excluding renewable energies; only gas power plants and storage power plants that do not use the natural flow of water.

Adjustments in the portfolio due to the sale of our shares in the Bexbach power plant (hard coal) and an expired electricity procurement agreement in the nuclear sector, the transfer of two blocks at the Heilbronn power plant into the network reserve (hard coal) and the commissioning of EnBW Baltic 2 and the onshore wind farm Harthäuser Wald with an output of 42 MW in 2015 led on balance to a reduction in the installed output to 12.9 GW and in own generation to 56.0 TWh. The thermal generation portfolio of EnBW continues to be well balanced in its mix of energy sources and the age structure of the facilities. The proportion of own generation from renewable energy sources increased significantly in 2015, which was attributable to higher production in the area of wind power. This was offset by the effect of lower water levels on own generation from run-of-river power plants.

Other performance indicators

In addition to the key performance indicators in the area of the environment, EnBW utilises a broad range of further environmental indicators for measuring, controlling and reporting. The most important performance indicators are listed in the following table. A comprehensive presentation of the environmental performance indicators for EnBW can be found on the Internet at www.enbw.com/umweltschutz.

Own generation of the EnBW Group[1] by primary energy source

in GWh	2015	2014
Renewable Energies	**7,725**	**7,163**
of which subsidised under the German Renewable Energies Act (EEG)	467	519
Run-of-river power plants	5,270	5,466
Storage power plants/pumped storage power plants using the natural flow of water	994	829
Wind onshore	385	308
Wind offshore	760	196
Other renewable energies	316	364
Thermal power plants[2]	**48,248**	**50,615**
Brown coal	5,734	6,563
Hard coal	14,330	16,401
Gas	817	742
Other thermal power plants	285	295
Pumped storage power plants that do not use the natural flow of water	1,799	1,528
Nuclear power plants	25,283	25,086
Own generation of the EnBW Group	**55,973**	**57,778**
of which renewable in %	13.8	12.4
of which low CO_2 in %[3]	4.7	3.9

[1] Long-term procurement agreements and partly owned power plants are included in own electricity generation.
[2] Including pumped storage power plants that do not use the natural flow of water.
[3] Excluding renewable energies; only gas power plants and storage power plants that do not use the natural flow of water.

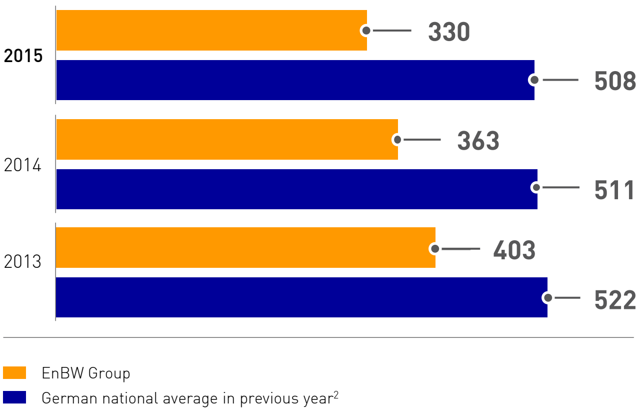
There is also information here on our wide ranging environmental activities relating to energy efficiency, the conservation of biological diversity and the protection of nature and species, such as the EnBW Amphibian Protection Programme or schemes to protect birds in the grids sector. In addition, further information relating to the Global Reporting Initiative (GRI G4) can be found on the Internet.

Carbon footprint: Direct CO_2 emissions are determined mainly by the usage of fossil fuel power plants. Accordingly, the decrease in fossil fuel-based electricity generation is also the reason for the fall in direct CO_2 emissions from 19.6 to 16.5 million tonnes CO_2eq. The indirect Scope 2 CO_2 emissions remained constant at 1.2 million tonnes CO_2eq. As a result of increased gas sales, the Scope 3 CO_2 emissions rose slightly. Numerous EnBW activities also avoid CO_2 emissions: primarily that of generating electricity from renewable energy sources. The increase in generation from renewable energies led to an increase in avoided CO_2 emissions in 2015 compared to the previous year.

In comparison to the value in the previous year of 363g CO_2/kWh, the CO_2 intensity of own electricity generation fell by around 9% to 330 g CO_2/kWh. The reason for these lower emissions is the reduction in electricity generated from fossil fuels compared to the previous year and the increase in electricity generated from renewable energy sources. The CO_2 intensity of EnBW continues to remain significantly below the overall average German national figure of 508 g CO_2/kWh in 2014.

CO_2 intensity of own electricity generation[1]

in g/kWh



[1] Own generation comprises own and partly owned power plants, as well as long-term procurement agreements.
[2] The national average of the respective reporting year is only available in autumn of the next year. The comparison is therefore made against the national average of the previous year.

Energy consumption: The total final energy consumption includes the consumption of final energy for the business activities of EnBW. It does not include conversion and transportation losses such as primary energy sources for electricity generation or grid losses. The total final energy consumption is mostly influenced by pump energy as well as the company's own requirements and the operating consumption of the generation plants. In comparison to the previous year, final energy consumption only increased slightly from 2,827 GWh to 2,851 GWh. Reduced own consumption in the power plants due to the reduction in electricity generated from fossil fuels was more than offset by the increase in energy required for pumps due to the increased electricity generated by pumped storage power plants.

The proportion of renewable energies in the final energy consumption increased from 44% in 2014 to 47% in 2015. The reason is above all the expansion of renewable energies and the increasing share of electricity generation in Germany accounted for by renewable energies.

The energy consumption of our buildings per employee fell from 9,728 kWh/employee in 2014 to 9,623 kWh/employee in 2015. This decrease was the result of a variety of measures for increasing the energy efficiency of our buildings.

Environmental protection expenditure: We report environmental expenditure in line with the requirements of the statistical offices and using the guidelines published by our sector association – the BDEW. Invesments in environmental protection decreased from €450 million in the previous year to €424 million in 2015. This is primarily attributable to the above-average investment in environmental protection in 2014 due to the erection of the offshore wind farm EnBW Baltic 2.

Environmental performance indicators[1]

	Unit	2015	2014
Carbon footprint			
Direct CO_2 emissions (Scope 1)[2]	millions of t CO_2eq	16.5	19.6
Indirect CO_2 emissions (Scope 2)[3]	millions of t CO_2eq	1.2	1.2
Other indirect CO_2 emissions (Scope 3)[4]	millions of t CO_2eq	18.2	16.9
CO_2 emissions avoided[5]	millions of t CO_2eq	5.6	5.1
CO_2 intensity of own electricity generation[6]	g CO_2/kWh	330	363
CO_2 intensity of business journeys and travel[7, 8]	g CO_2/km	184	181
Energy consumption			
Final energy consumption[8, 9]	GWh	2,851	2,827
Proportion of renewable energies in final energy consumption	%	47	44
Energy consumption of buildings per employee[10]	kWh/MA	9,623	9,728
Environmental protection expenditure[11]			
Investments in environmental protection	€ million	424	450
Current environmental protection expenses	€ million	277	268

[1] Unless otherwise indicated, the data reflect the business entities and facilities of the consolidated Group.
[2] Preliminary data.
[3] Includes greenhouse gas emissions through electricity grid losses and through electricity consumption of plants in the gas and electricity grid, water supplies and buildings.
[4] Includes greenhouse gas emissions through consumption of purchased electricity volumes by customers, consumption of gas by customers, fuel provision and business travel.
[5] Includes avoided CO_2 emissions through the expansion of renewable energies, through energy efficiency projects with customers/partners and through the generation and sale of biogas.
[6] Long-term procurement agreements and partly owned power plants are included in own electricity generation.
[7] Includes all business travel and business activities (Scope1 and Scope3).
[8] The figures for the previous year have been restated.
[9] Includes final energy consumption of production including pump energy, energy consumption of grid facilities (electricity, gas and water) excluding grid losses, energy consumption of buildings and vehicles.
[10] Calculated partially on the basis of assumptions and estimations.
[11] Pursuant to the German Environmental Statistics Act (UStatG) and BDEW guidelines on the recognition of investment and ongoing expenditure relating to environmental protection (April 2007).