

Investor Conference Call FY 2016

29 March 2017 >

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Relevant external factors 2016

Law initiated by KFK

Transfer of intermediate and final storage of radioactive waste to the federal state

Nuclear power plant operators will transfer financial funds (17.4bn € plus 35% risk premium)

Significant revaluation of nuclear liabilities due to shorter maturities for remaining nuclear provisions

Low interest rate environment

Further reduction of discount rate, especially for pension provisions

Valuation effect leading to significant increase of pension provisions

Non-cash effect with negative impact on net debt



2016

Operating performance on track



Revenue

in € million

21,167

19,368

-9%

2015

2016

Adjusted EBITDA

in € million

2,110

1,939

-8%

2015

2016

Group profit/loss¹

in € million

158

2016

-1,797

¹ Profit/loss shares attributable to the shareholders of EnBW AG

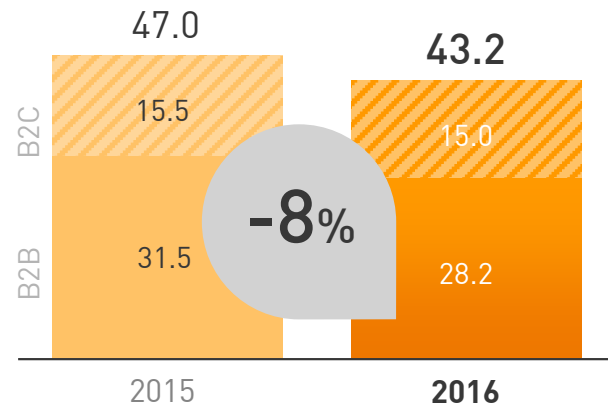


Sales

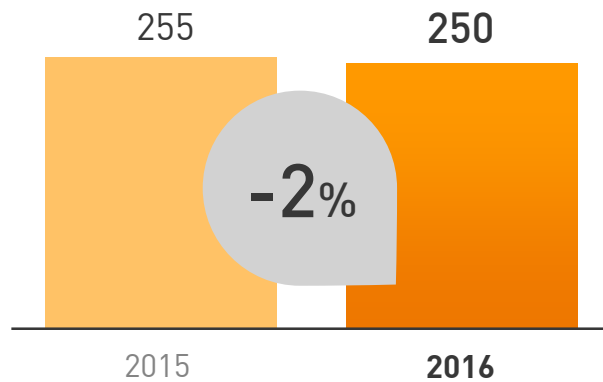
Slight operating decrease in line with expectations



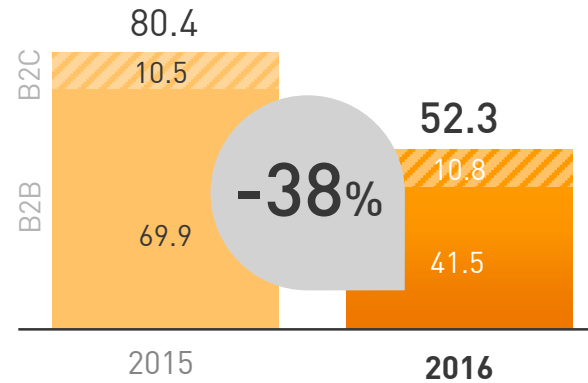
Sales volume Electricity in TWh



Adjusted EBITDA in € million



Gas



+ First positive effects from withdrawal from the unprofitable EnBW and Watt B2B commodity business

- Sale of EnBW Propower GmbH plant as of 31.12.2015

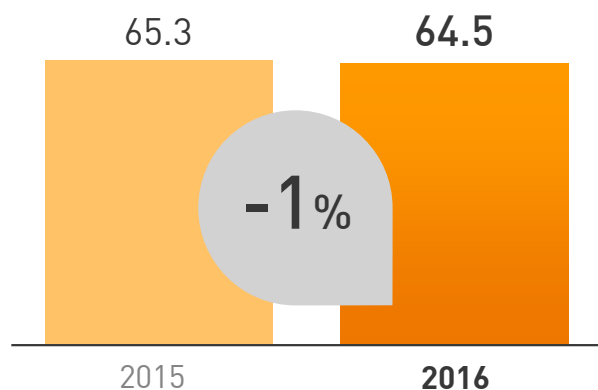


Grids

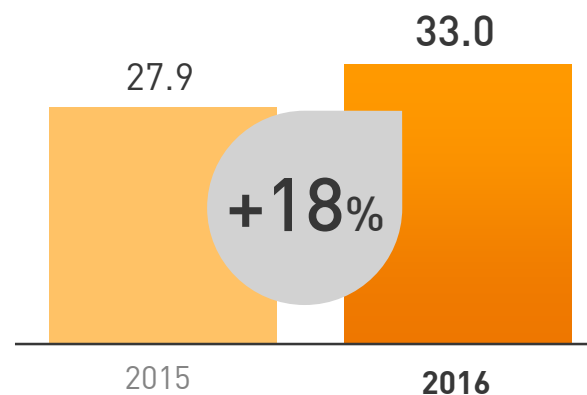
Significant increase as expected



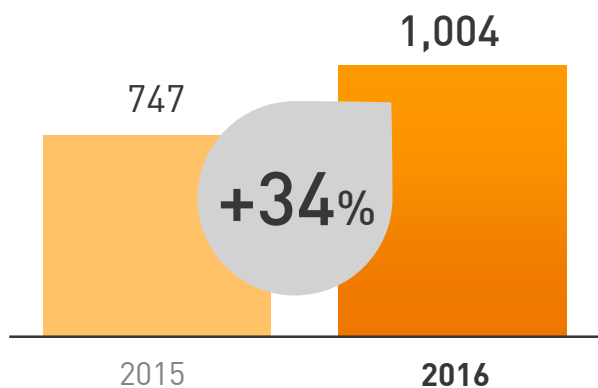
Sales volume Electricity in TWh



Gas



Adjusted EBITDA in € million



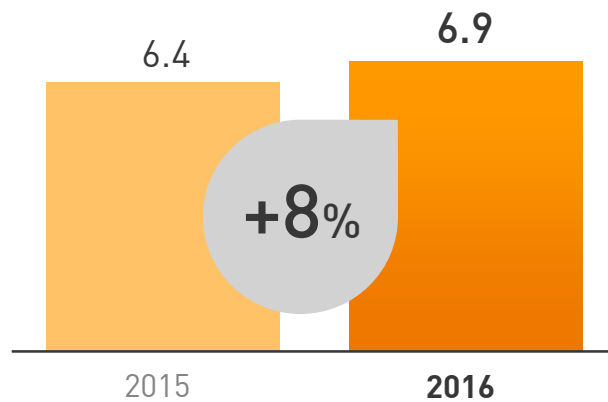
- + Non-recurring negative one-off effects in 2015
- + Increased revenue for electricity and gas grids primarily due to higher pension provisions



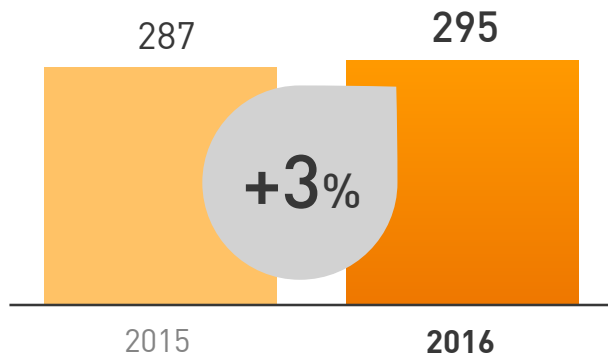
Renewable Energies

Moderate growth only

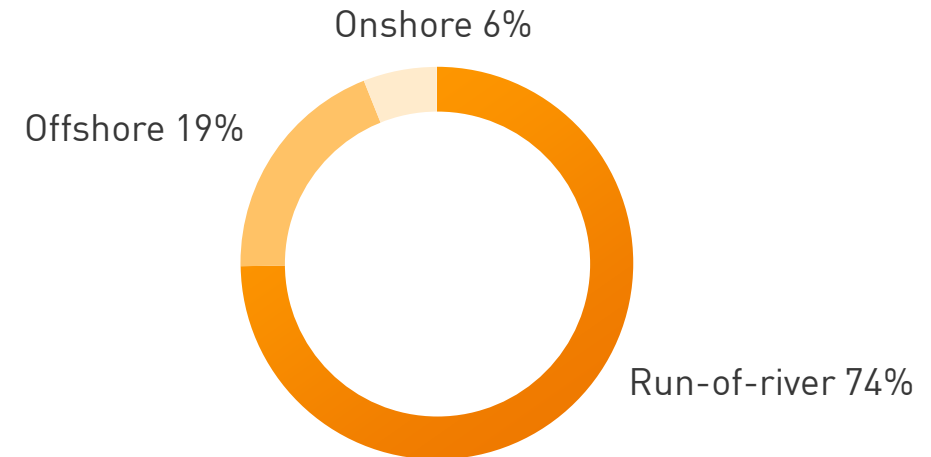
Generation volume in TWh



Adjusted EBITDA in € million



Renewables generation mix in TWh¹



- Full year earnings contribution of Baltic 2, but
- Wind strength did not reach expected long-term average
- Decreased margins for run-of-river power plants due to the declined electricity prices

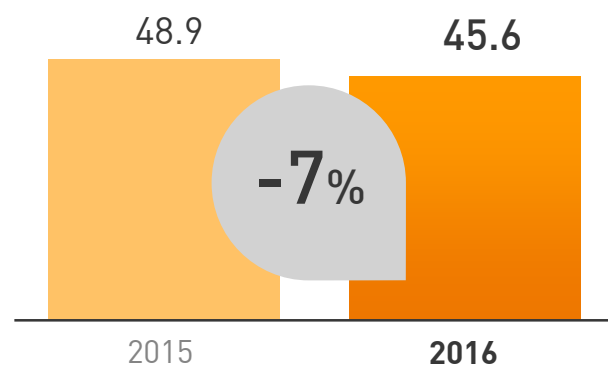
¹Includes long-term procurement agreements and generation from partly owned power stations; the figures indicated are taken from the segments; segment excludes generation from pump storage plants that is associated in the generation and trading segment. Divergence from 100 percent possible due to rounding effects.



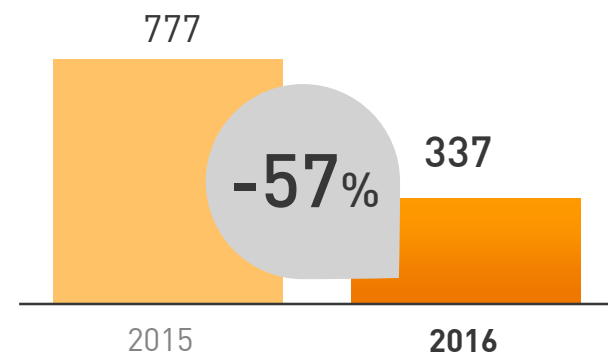
Generation and Trading

Substantial drop as scheduled

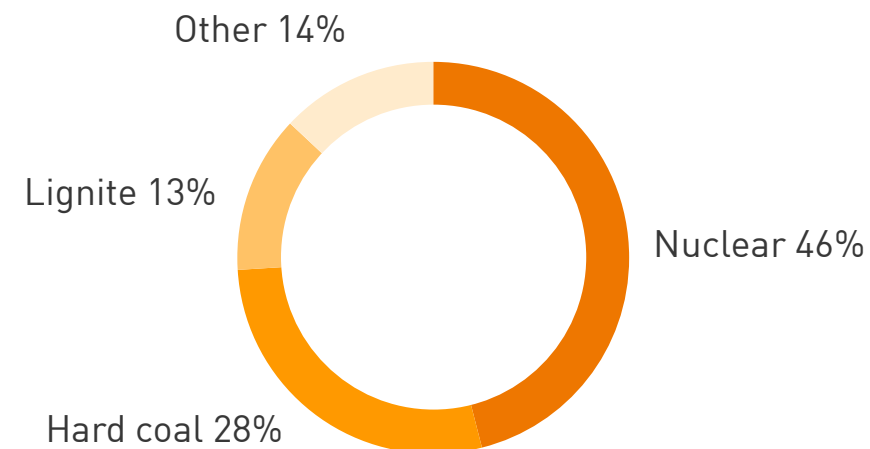
Generation volume in TWh



Adjusted EBITDA in € million



Conventional generation mix in TWh¹



- Lower wholesale market electricity prices and spreads in earlier periods for delivery in 2016
- Expired electricity procurement agreement in the nuclear sector

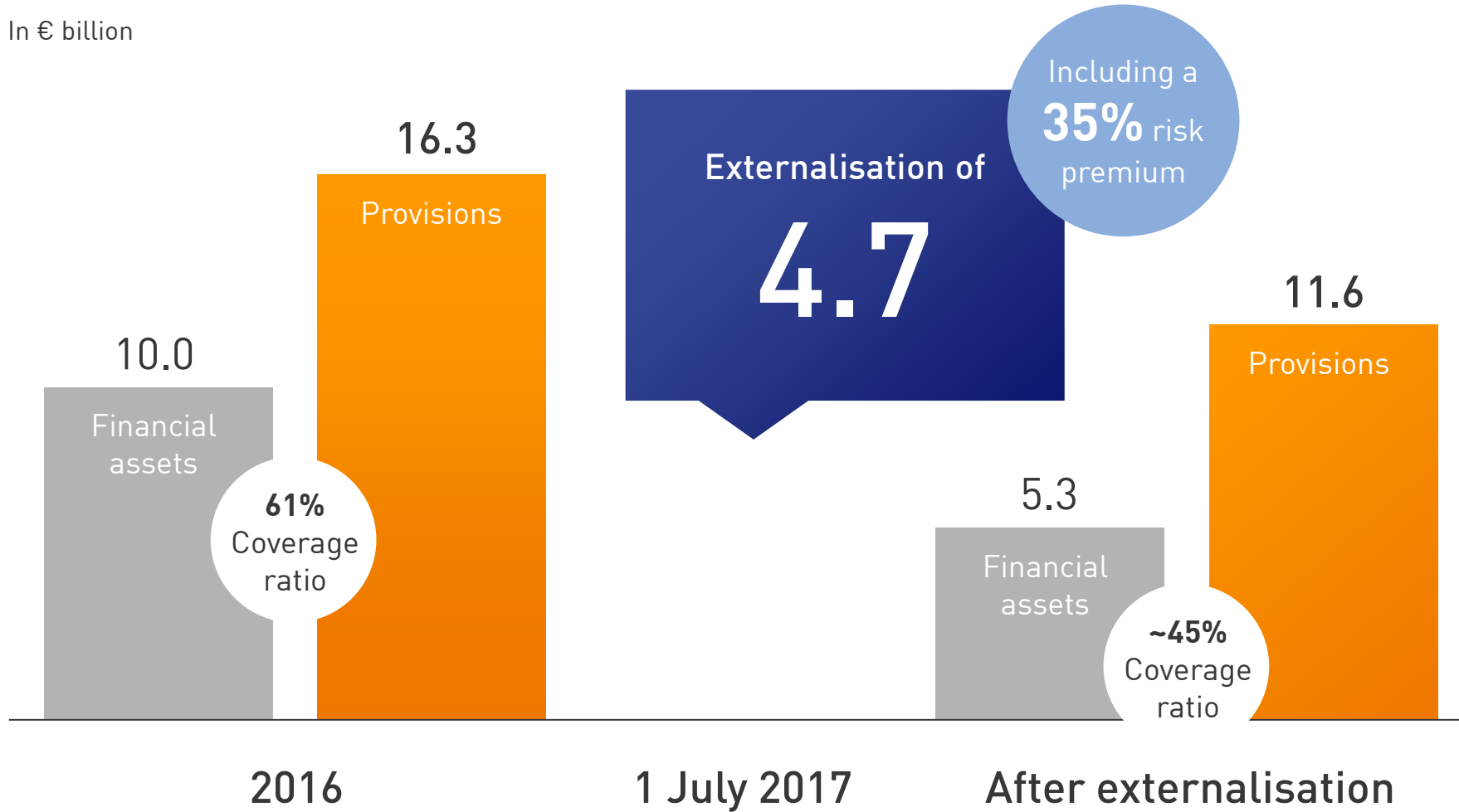
¹ Includes long-term procurement agreements and generation from partly owned power stations; the figures indicated are taken from the segments. Segment includes pump storage plants. Divergence from 100 percent possible due to rounding effects.



Sufficient financial assets even after externalisation



In € billion



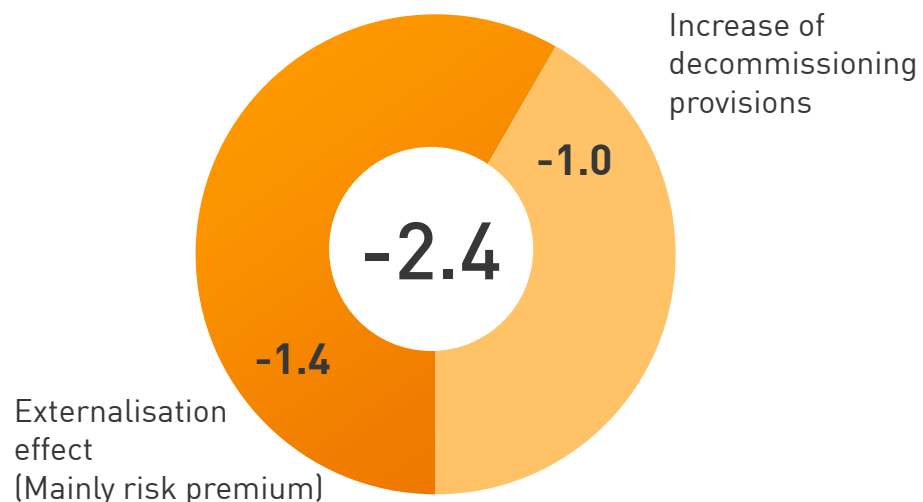


Law initiated by KfK has a negative impact in 2016... ... but will have a positive impact as of 2017ff



Impact on EnBW's EBT 2016

in € billion



Financial result will improve by ~ 200m € p.a.¹ ...

- ✓ Risk-free interest rate of on average 0.5%
- ✓ Rate of increase of costs of ~1.4%
- ✓ Spread of around -0.9% as real interest rate

Increase of remaining nuclear power provisions by €1,045 million to € 6,214 million due to lower spread

Nominal amount of remaining nuclear provisions: €5,743 million²

... but EBT will rise by ~100m € p.a. only

Higher annual depreciation over remaining life time of nuclear power plants

¹ Depending on future development of interest rate to be applied

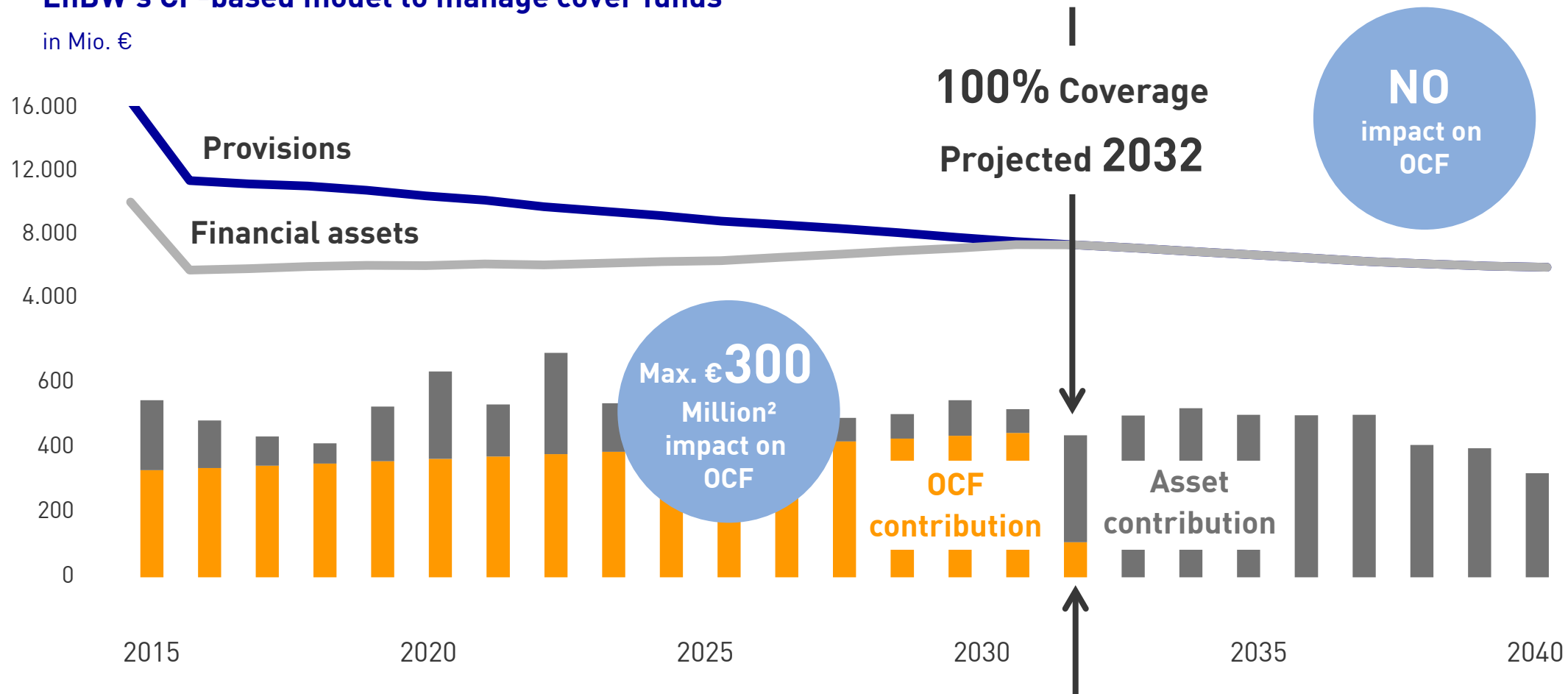
² The nominal amount (without taking into account the effects of the discount rate and rate of increase of costs).

Asset Liability Management model – EnBW remains prepared to timely cover nuclear and pension provisions



EnBW's CF-based model to manage cover funds¹

in Mio. €



¹ Assumptions: Discount rates: 1.9% pensions, 4.6% nuclear provisions in 2016 and 0.95% beyond 2016, Externalisation from cover funds assumed in 2017

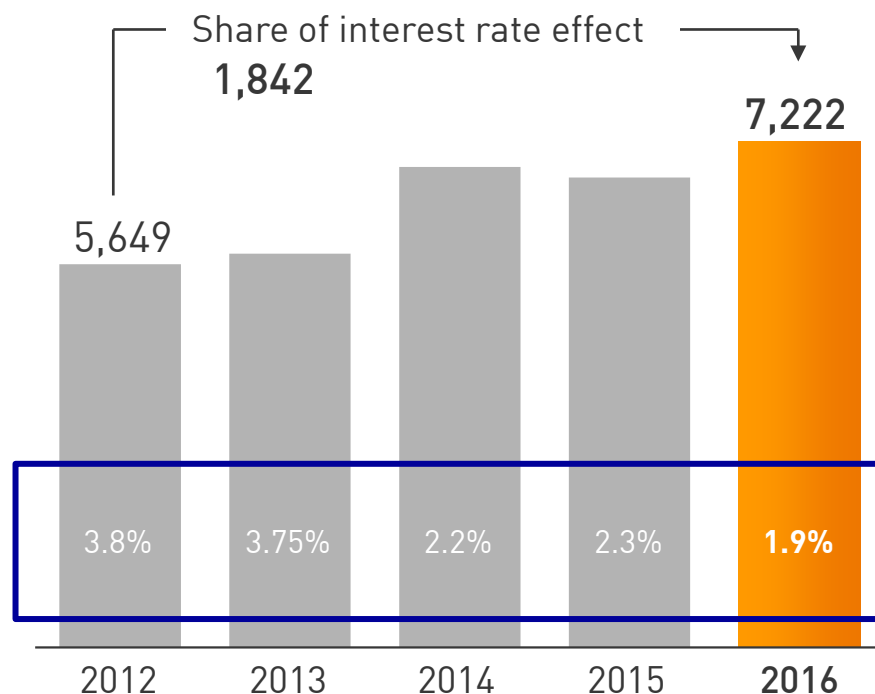
² Adjusted for inflation



Increase of provisions due to continuing low interest rate level

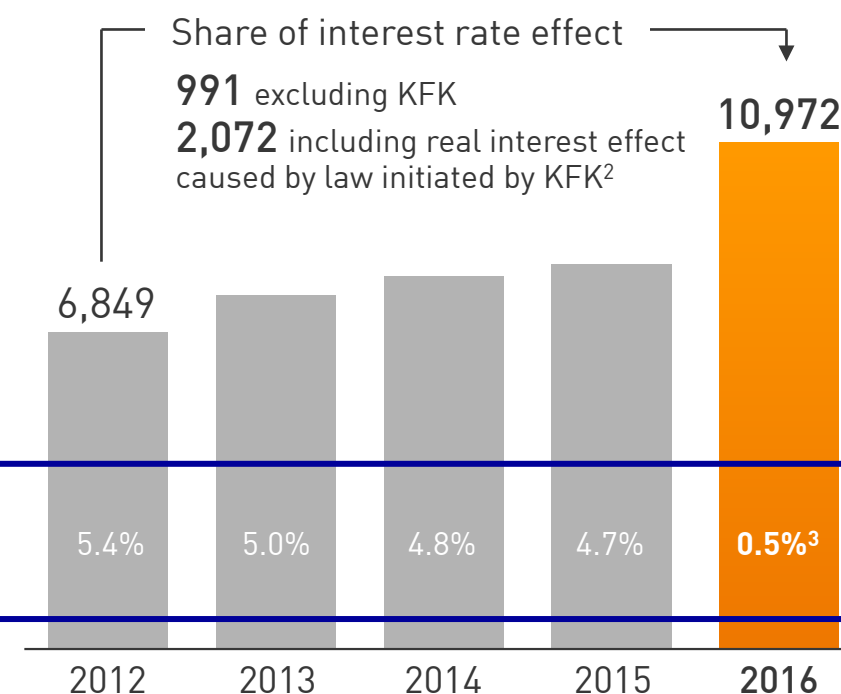
Pension provisions¹

in € million



Nuclear provisions

in € million



Discount rate

¹ Before deduction of Contractual Trust Agreement (CTA)

² KFK: Commission to examine the financing of the phase-out of nuclear power

³ Average interest rate after implementation of law initiated by KFK



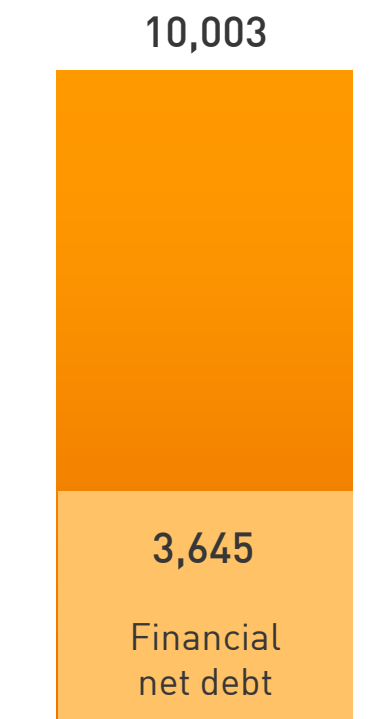
Significantly higher net debt due to decrease in discount rates for provisions and risk premium

Net debt 2015
in € million



+49%

Net debt 2016
in € million





We stick to our conservative financial policy



Asset Liability Management Model

Timely coverage of pension and nuclear obligations

Active management of corresponding financial assets

Impact on operating cash flow of a max. € **300**m p.a. adjusted for inflation

After full coverage no more funding through operating cash flow

Operating business

Management of net financial liabilities

Internal financing capability new key performance indicator

Limitation of cash relevant net investments to retained cash flow of an average € **1.3**bn p.a.

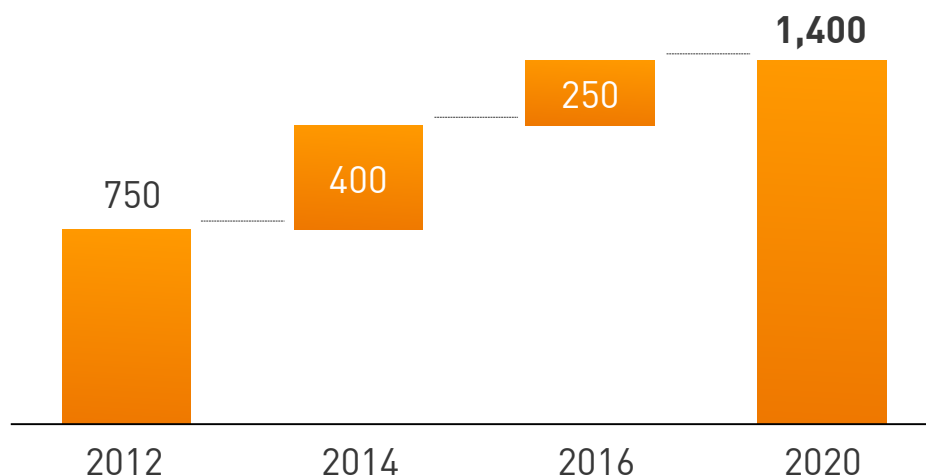
Further implementation of strategy can be executed by internal financial resources only



All stakeholder groups contribute to the company's future sustainability

Efficiency programme¹

in € million/p.a.

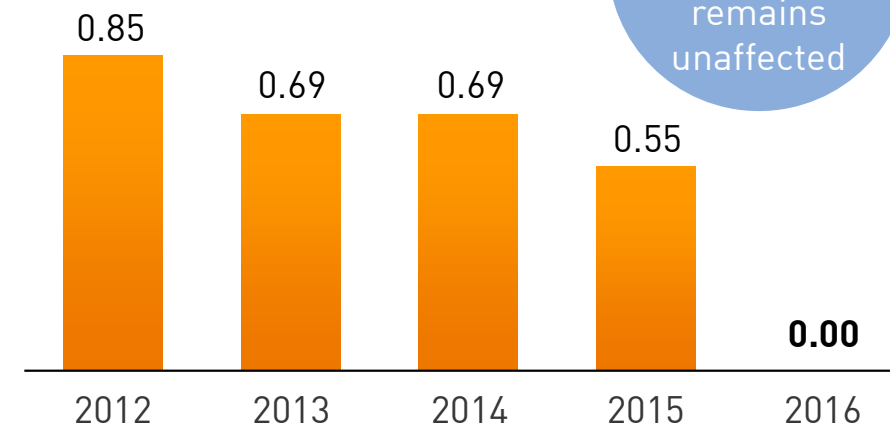


Employees and Management

- > One controllable Euro out of three has already been saved
- > Salary cut of **6.3%** for management and employees

Dividend

in €



Shareholder

- > Due to the net loss on EnBW AG level **no dividend payment** for fiscal year 2016

¹ 2012, 2014 and 2016 Start of different efficiency programmes; 2020 Ramp-up of all efficiency programmes achieved on a sustainable basis



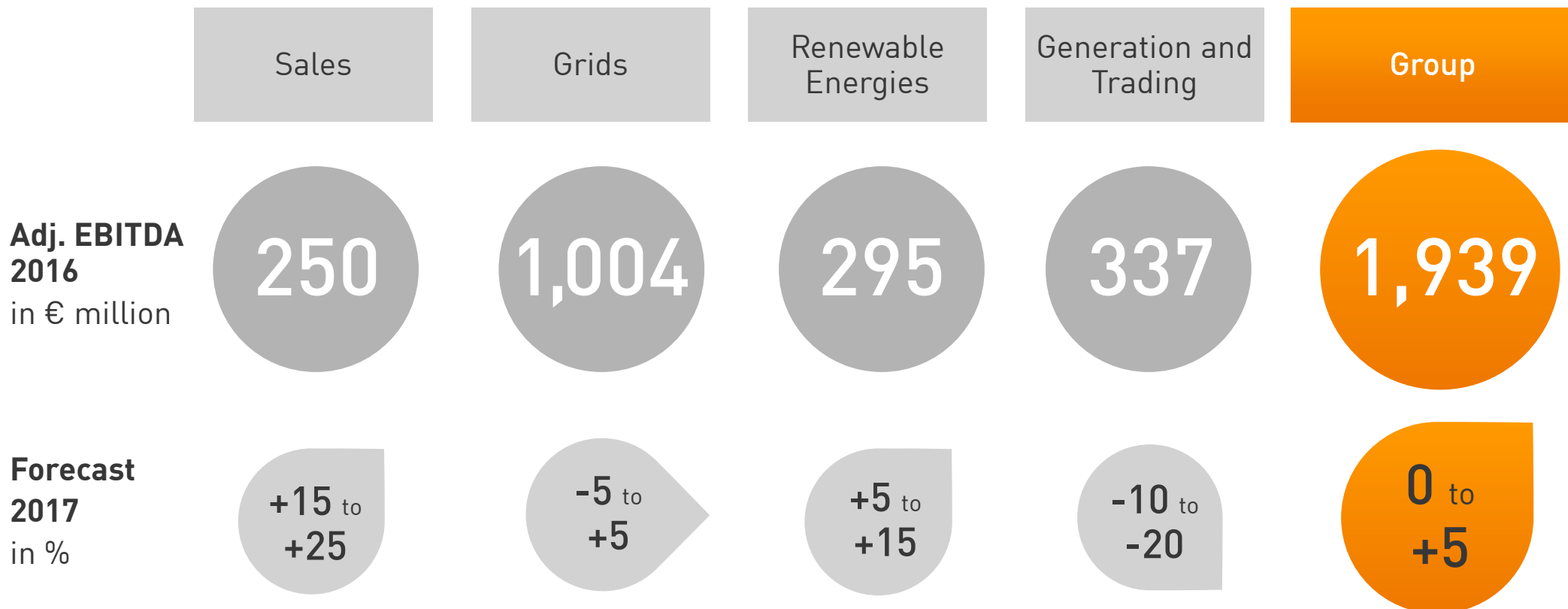
Outlook





Outlook operating performance 2017

Turnaround expected



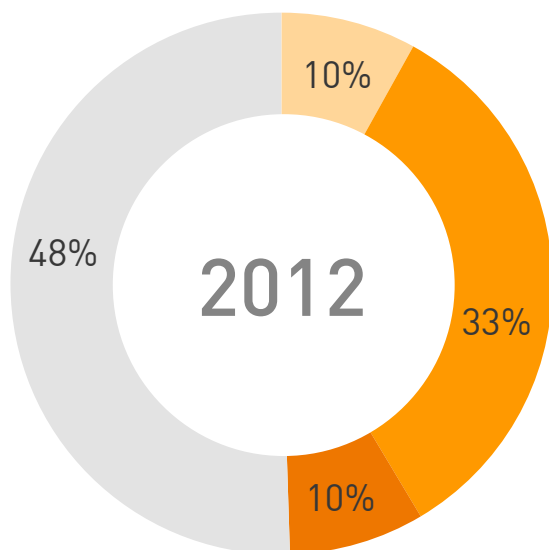


Strategic Outlook

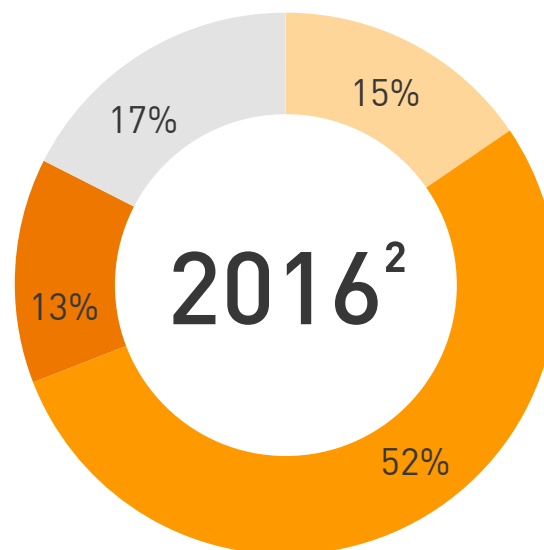
In line with EnBW's strategy our portfolio restructuring is progressing as planned



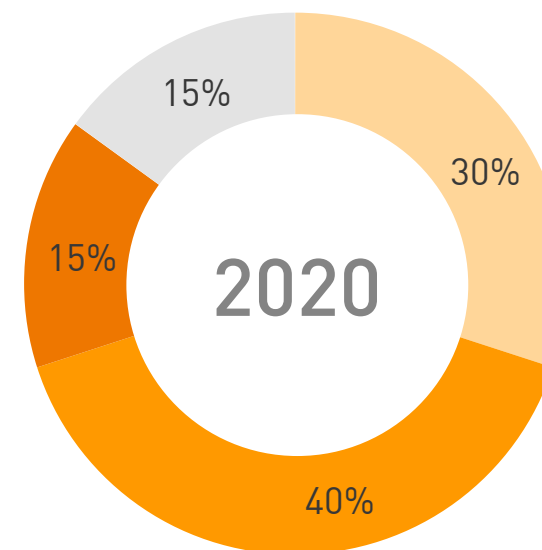
Adjusted EBITDA¹



2.4
€ billion



1.9
€ billion



2.4
€ billion

- Sales
- Grids
- Renewable Energies
- Generation & Trading

¹ In 2012 divergence from 100 percent possible due to rounding effects

² 3% of the Adjusted EBITDA in 2016 relates to others



Strategic Outlook

What to expect from the future utilities environment?



Phase 1

Mostly driven by energy politics and regulation

Expansion of renewable energies

Nuclear energy exit

Reduced economic relevance of conventional generation

Expansion of electricity and gas grids

Phase 2

Increasing market driven process leading to cost depression, innovation, new customer needs and new competition

Increasing competitiveness and market integration of renewable energies

Business model redesign and technical innovation (storage, emobilty etc.)

Digitalisation and interconnectivity (smart grids, virtual power plants etc.)

Customer need individualisation



Strategic Outlook

What to expect beyond Strategy EnBW 2020?



Focus on infrastructure systems to achieve above average growth

Balanced business portfolio with regulated and non regulated business segments

Development of infrastructural growth areas evolving from our core competencies

Continued key role of existing growth areas renewable energies, grids and customer solutions

Efficiency agenda will remain vital against the background of an even more intense competition



Questions & Answers





Appendix



- › Additional information Page 22
- › Service information Page 31



Non-operating result (in € million)

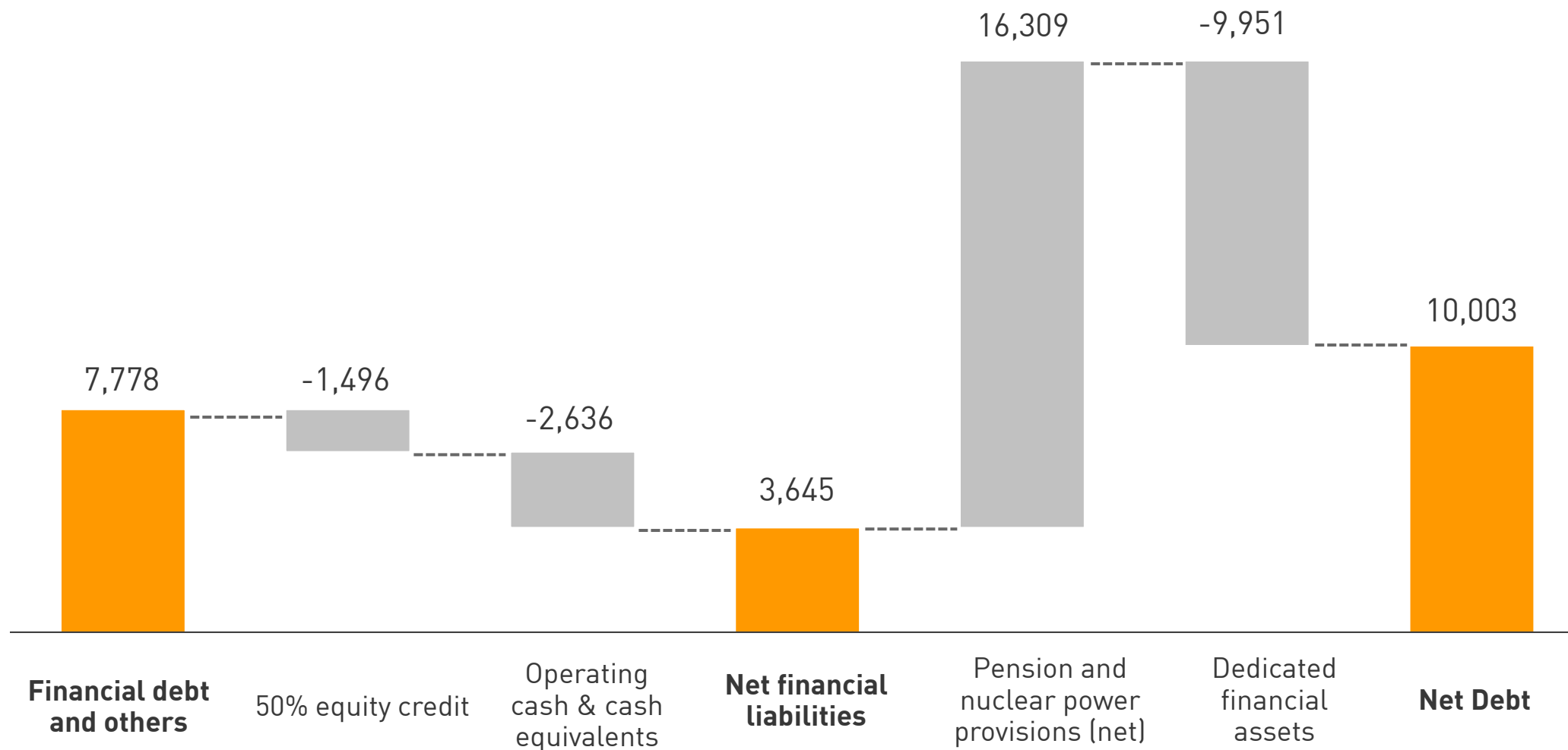
— EnBW

	2016	2015	Variance in %
Income/expenses relating to nuclear power	-860.6	43.8	-
Income from the release of other provisions	18.9	82.7	-77.1
Result from disposals	28.4	52.1	-45.5
Addition to the provisions for onerous contracts relating to electricity procurement agreements	-198.1	-295.0	32.8
Income from reversals of impairments losses	5.9	59.5	-90.1
Restructuring	-110.4	-20.8	-
Other non-operating result	-92.3	-113.7	18.8
Non-operating EBITDA	-1,208.2	-191.4	-
Impairment losses	-1,479.2	-713.5	-
Non-operating EBIT	-2,687.4	-904.9	-



Calculation of net debt (in € million)

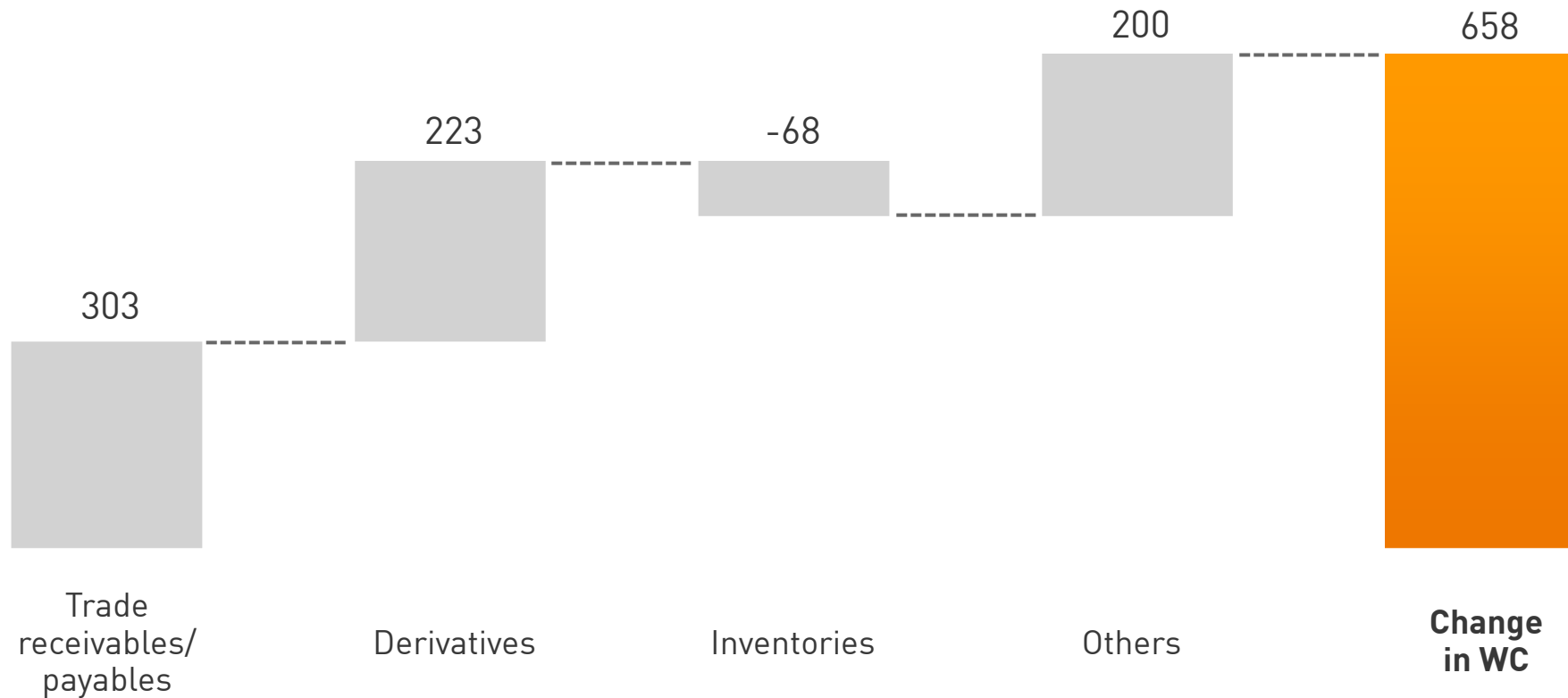
— EnBW





Working capital effects (in € million)

— EnBW





Income statement (in € million)

— EnBW

	2016	2015	Variance in %
Revenue	19,368.4	21,166.5	-8.5
Changes in inventories/other own work capitalised	134.4	90.4	48.7
Cost of materials	-16,681.3	-17,364.7	3.9
Personnel expenses	-1,673.4	-1,641.3	-2.0
Other operating income/expenses	-417.4	-332.7	-25.5
EBITDA	730.7	1,918.2	-61.9
Amortisation and depreciation	-2,393.6	-1,641.2	-45.8
EBIT	-1,662.9	277.0	-
Investment and financial result	-1,059.0	-2.8	-
EBT	-2,721.9	274.2	-
Income tax	1,049.4	-40.0	-
Group net profit	-1,672.5	234.2	-
of which profit/loss shares attributable to non-controlling interests	124.7	76.0	64.1
of which profit/loss shares attributable to the shareholders of EnBW AG	-1,797.2	158.2	-



Cash flow statement (in € million)

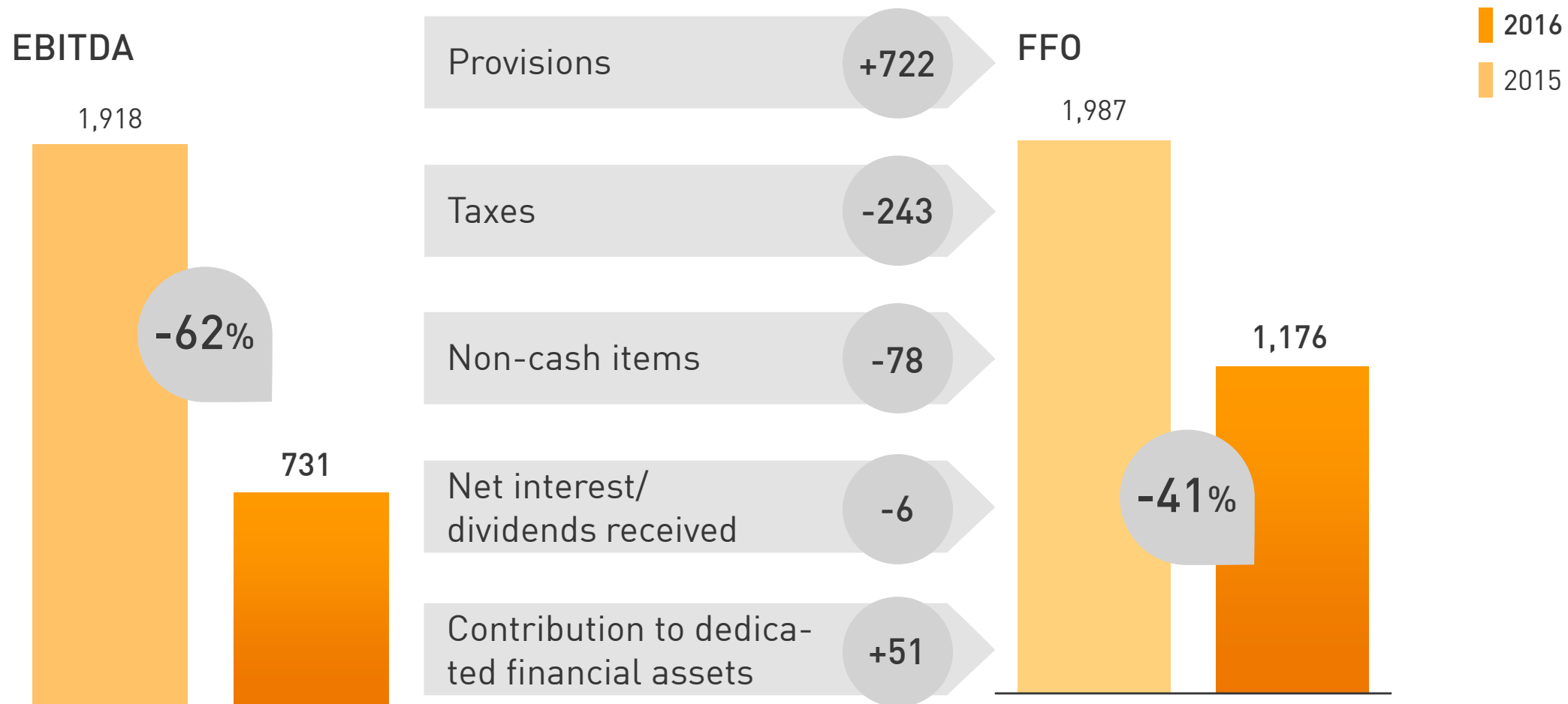
— EnBW

	2016	2015	Variance in %
EBITDA	730.7	1,918.2	-61.9
Changes in provisions	721.9	145.6	-
Non-cash-relevant income/expenses	-78.1	-120.0	34.9
Income tax paid/received	-243.4	112.2	-
Interest and dividends received	345.1	380.6	-9.3
Interest paid for financing activities	-351.3	-375.1	-6.3
Contribution of dedicated financial assets	50.7	-74.2	-
Funds from Operations (FFO)	1,175.6	1,987.3	-40.8
Change in assets and liabilities from operating activities	-657.5	-137.7	-
Capital expenditures on intangible assets and property, plant and equipment	-1,189.4	-1,416.4	-16.0
Disposals of intangible assets and property, plant and equipment	115.5	140.2	-17.6
Cash received from construction cost and investment subsidies	61.1	78.2	-21.9
Free cash flow	-494.7	651.6	-



Decrease in FFO mainly attributable to additional tax payments (in € million)

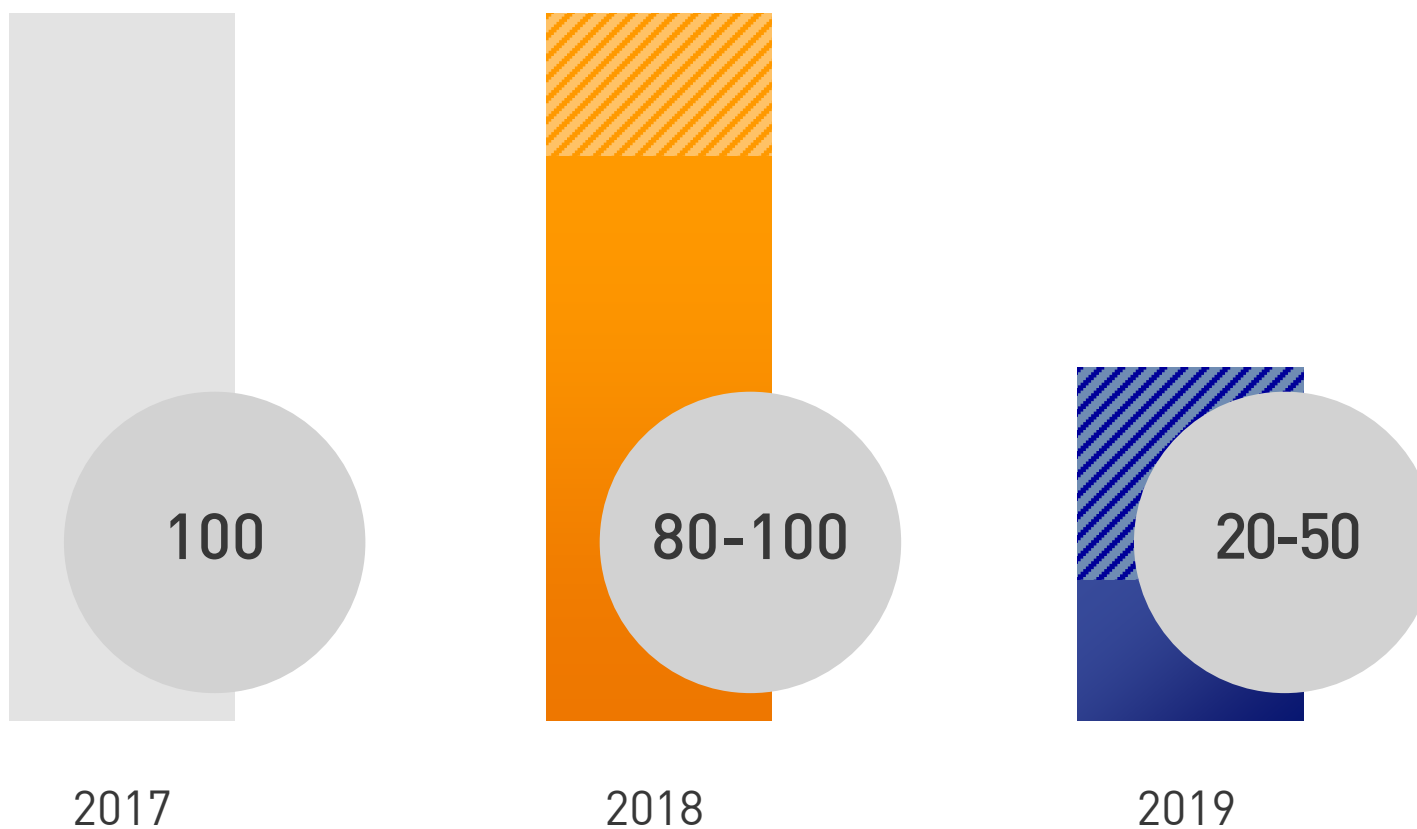
— EnBW





Hedge levels¹ (in %)

— EnBW





EnBW's flexible access to financing sources supports its strong liquidity position



Debt Issuance Programme

€7 billion

Thereof € 3.5 bn utilised

Hybrid bonds

€3 billion

Commercial Paper Programme

€2 billion

undrawn

Syndicated credit line

€1.5 billion

undrawn
Maturity date: 2021

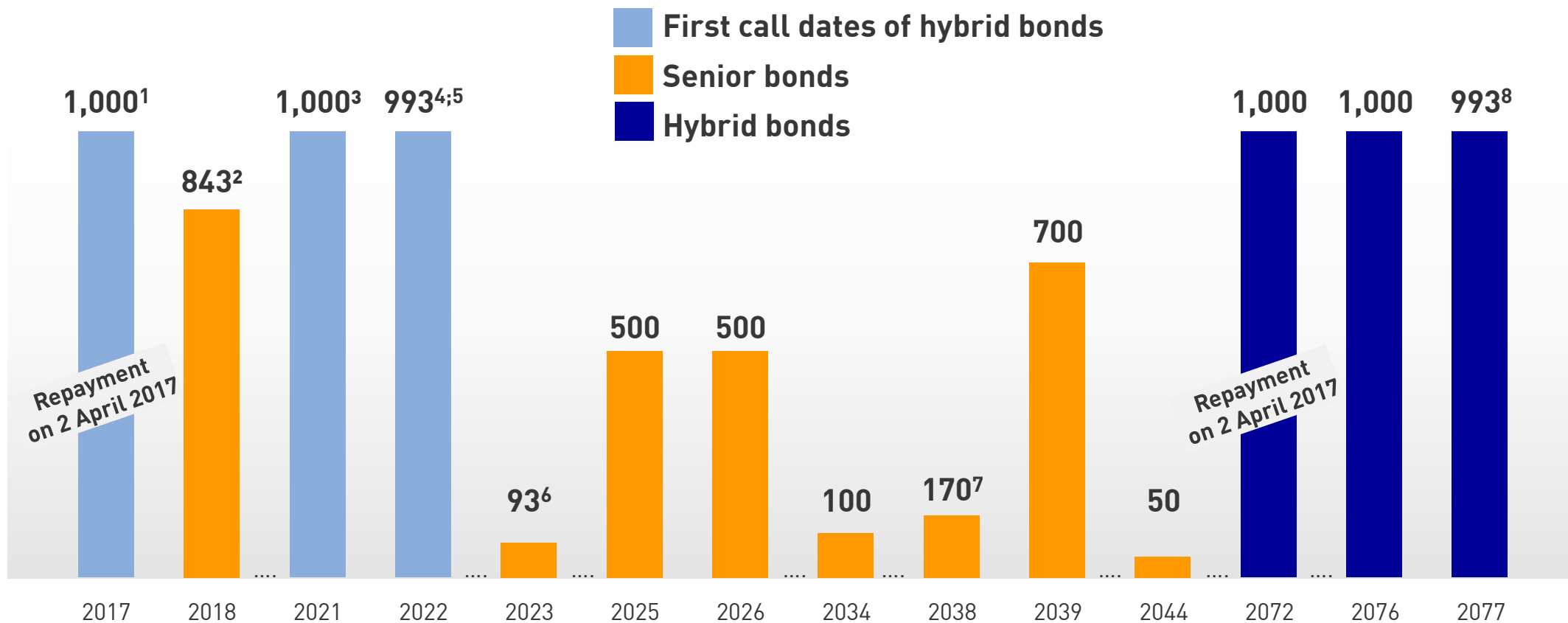
Bilateral free credit line

€348 million

Project financing and low-interest loans from the EIB



Maturities of EnBW's bonds (in € million)



¹ First call date: hybrid maturing in 2072
³ First call date: hybrid maturing in 2076
⁵ Includes USD 300 million (swap in EUR)
⁷ JPY 20 billion (swap in EUR)

² Includes CHF 100 million, converted as of the reporting date of 31/12/2016
⁴ First call date: hybrid maturing in 2077
⁶ Includes CHF 100 million, converted as of the reporting date of 31/12/2016
⁸ Includes USD 300 million, converted as of the reporting date of 05/10/2016



Financial calendar 2017

— EnBW

2017

28 March	Integrated Annual Report: January-December 2016
9 May	Annual General Meeting 2017
15 May	Quarterly Statement January to March 2017 Conference time: 01:00 pm
21 July	Six-Monthly Financial Report 2017 Conference time: 01:00 pm
20 September	Capital Markets Day
10 November	Quarterly Statement January to September 2017 Conference time: 01:00 pm



Upcoming
Events



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Important links

Check further information on our webpage:

[Financial Report](#)

[Financial Calender 2017](#)

[EnBW Investor Relations contact](#)

[Financing facilities](#)

[Maturities of EnBW's bonds](#)



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