

Conference call on the first six months 2015 >

EnBW Energie
Baden-Württemberg AG



Karlsruhe, 30 July 2015

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Economic and regulatory environment

- › Pressure on electricity **wholesale market prices** remains
- › Publication of **White Paper**
 - › Electricity market 2.0 with capacity reserve and amendment of German Regulation on **Power Plant Reserve (ResKV)**
 - › Reduction of **CO₂ emissions**: Transfer of lignite power plants into capacity reserve and gradual shut-down
 - › Grid expansion: Favoured **underground cables** solution will lead to time delay and higher cost

Operating performance

- › EnBW Baltic 2: Partial commissioning
- › EnBW 2020 unchanged after **PROKON** creditors optioned for the cooperation model option
- › Joint-venture in **Turkey**: installed capacity of renewable portfolio reaching 337 MW

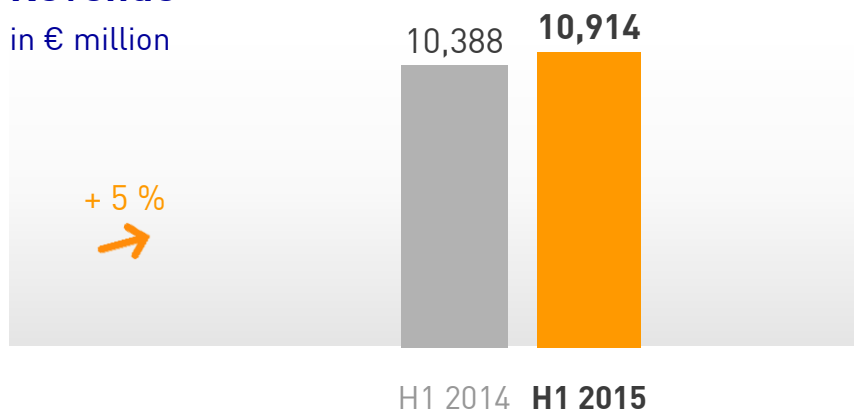
Financial performance

- › € 366 m free cash flow positive
- › Reduction of **adj. net debt** by € 452 m due to FCF and decreased pension provisions based on increased discount rate
- › **Adj. financial result** of € 349 m (capital gains from the sale of securities) with positive impact on adj. group net profit

H1 2015 – Results in line with expectations

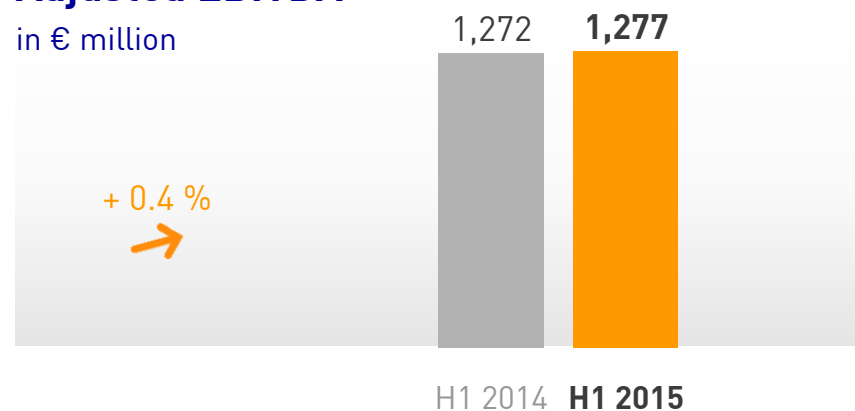
Revenue

in € million



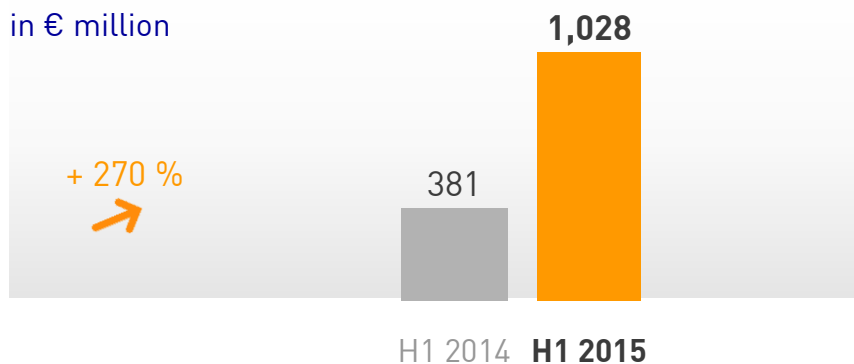
Adjusted EBITDA

in € million



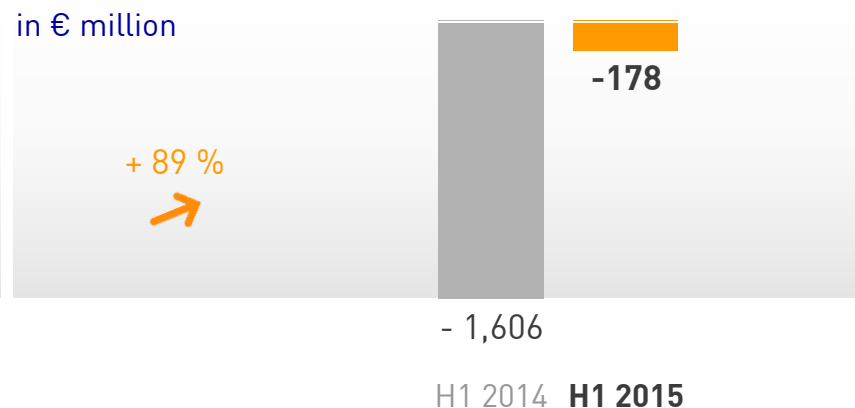
Adjusted group net profit¹

in € million



Non-operating EBIT

in € million



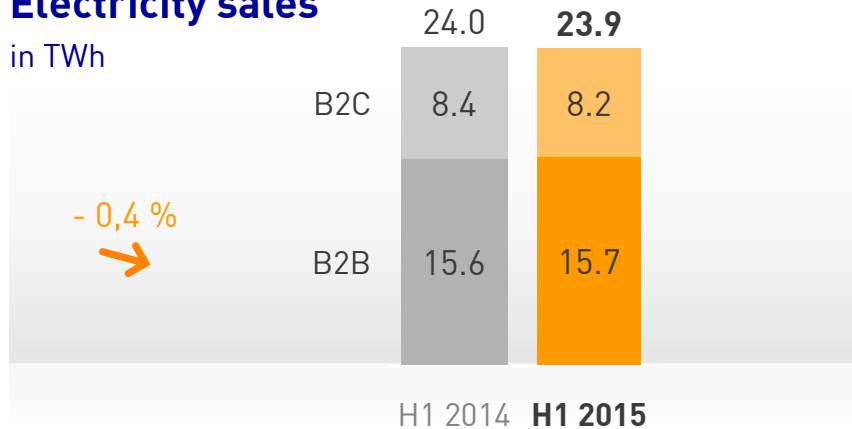
¹ Of which profit/loss shares attributable to the shareholders of EnBW AG



Sales – Profitability increase mainly due to higher gas sales

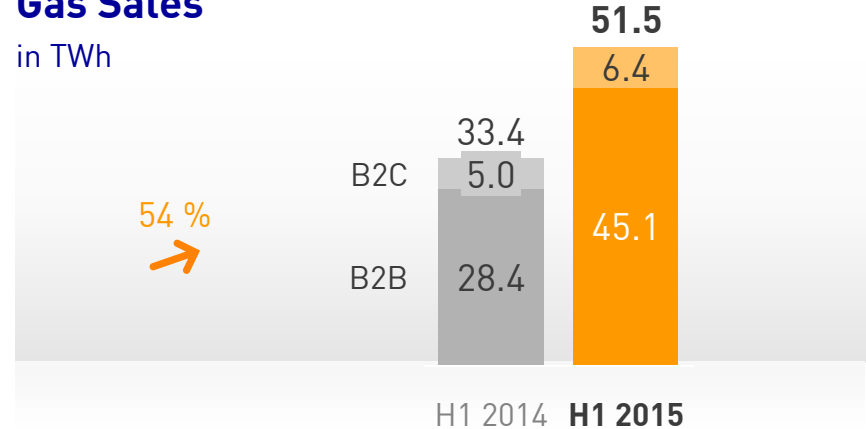
Electricity sales

in TWh



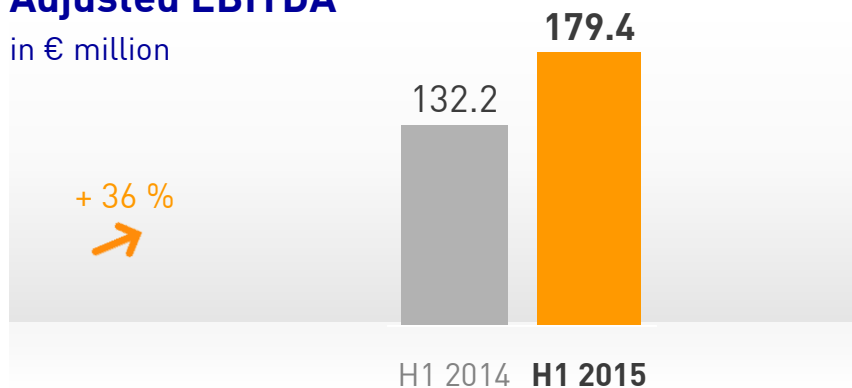
Gas Sales

in TWh



Adjusted EBITDA

in € million



Key messages

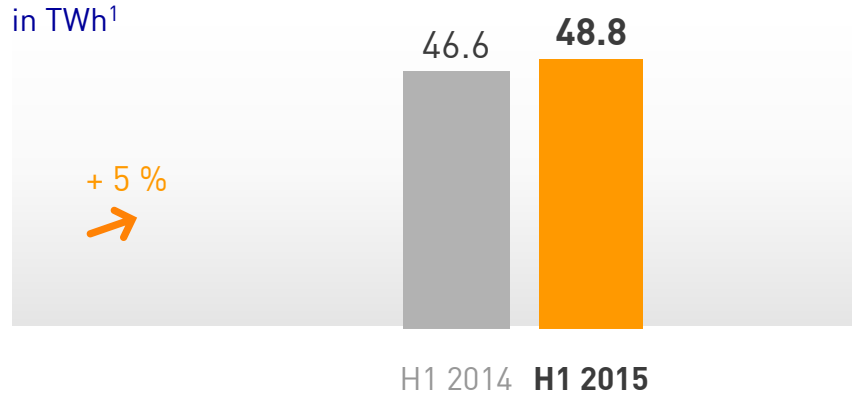
- > Weather-related higher gas sales volume
- > Ongoing optimisation in the area of sales
- > Investments: € 13 m, below prior-year level (€ 22 m)



Grids – Weather-related higher volumes, but – as expected – decreased earnings

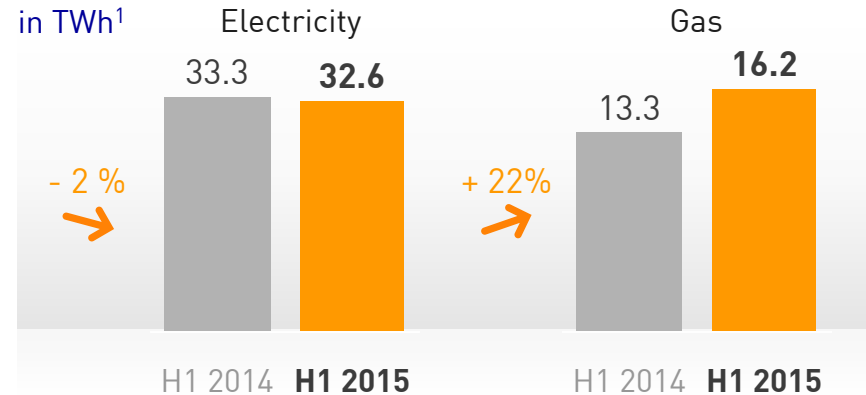
Transmission volume

in TWh¹



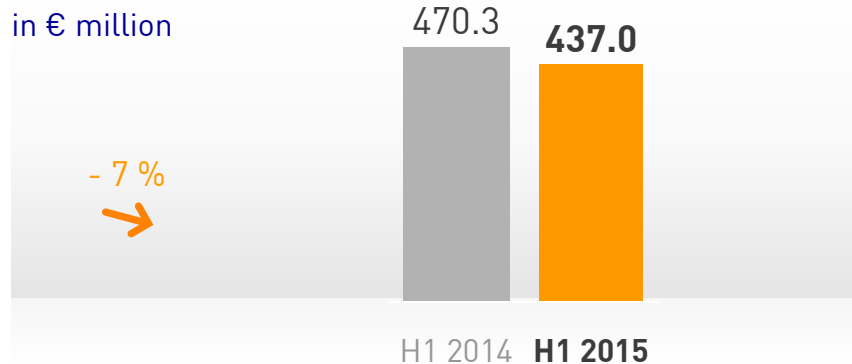
Development of transmission volumes

in TWh¹



Adjusted EBITDA

in € million



Key messages

- > Temperature-related increased gas transmission volumes
- > But several negative earnings impacts
 - > Staff increase due to grid expansion
 - > Higher lease expenses relating to the new contract arrangement with the City of Stuttgart
 - > One-off effect due to subsequent price adjustment for water price in Stuttgart
- > Investments: With € 218 m 34 % above H1 2014 (162 m)

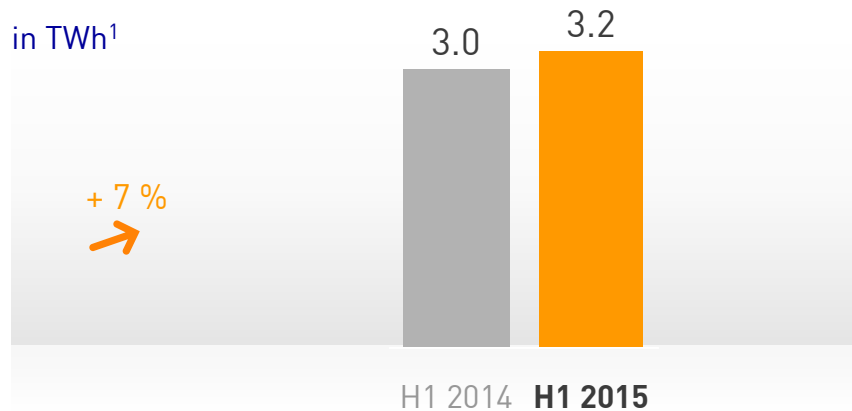
¹ Distribution only



Renewable energies – Slight increase in profitability

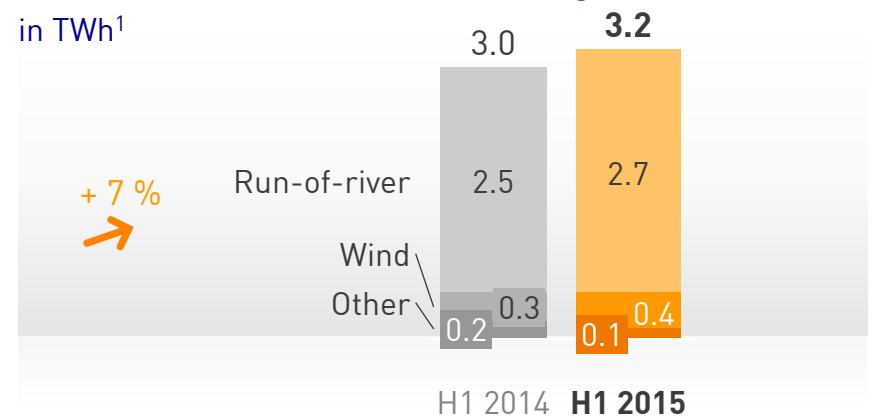
Generation volume

in TWh¹



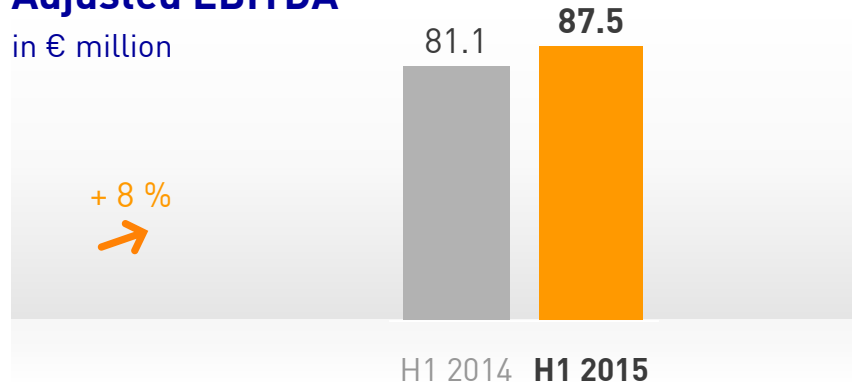
Development of renewables generation mix

in TWh¹



Adjusted EBITDA

in € million



Key messages

- > Lower prices for electricity production from run-of-river power plants
- > Positive earning effects outweigh negative ones
- > Partial commissioning of offshore wind farm Baltic 2
- > Moderate commissioning of onshore wind farms
- > Investments of € 165 m lower in H1 2014 (€ 212 m)

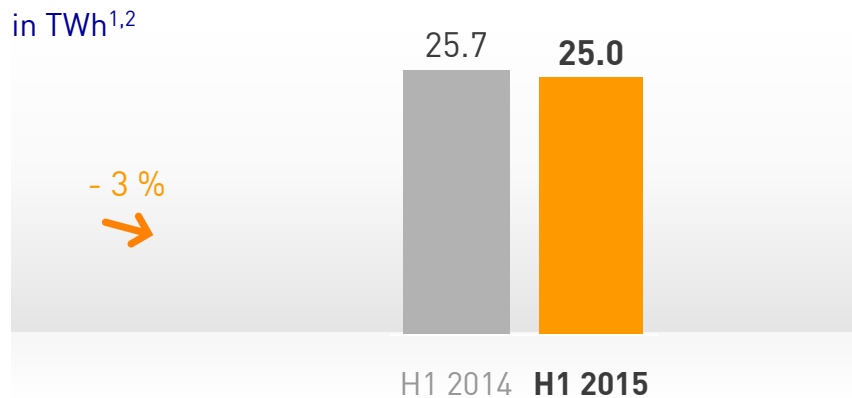
¹ Includes long-term procurement agreements and generation from partly owned power stations; the figures indicated are taken from the segments; segment excludes generation from pump storage plants that is associated in the generation and trading segment



Generation & Trading – As expected decreasing profitability continues

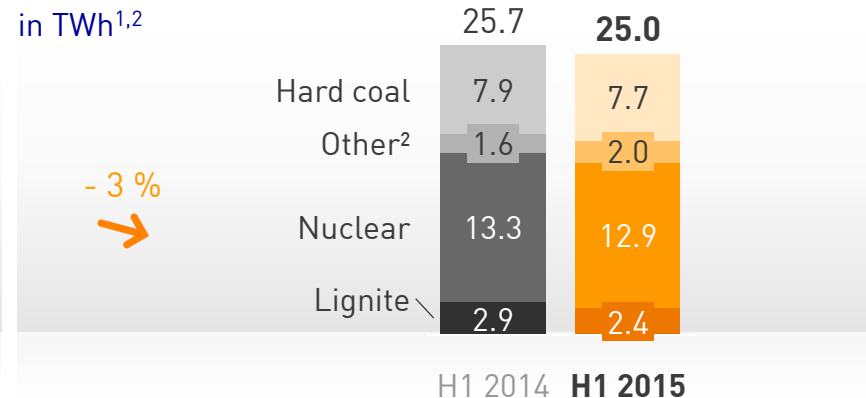
Conventional & nuclear generation volume

in TWh^{1,2}



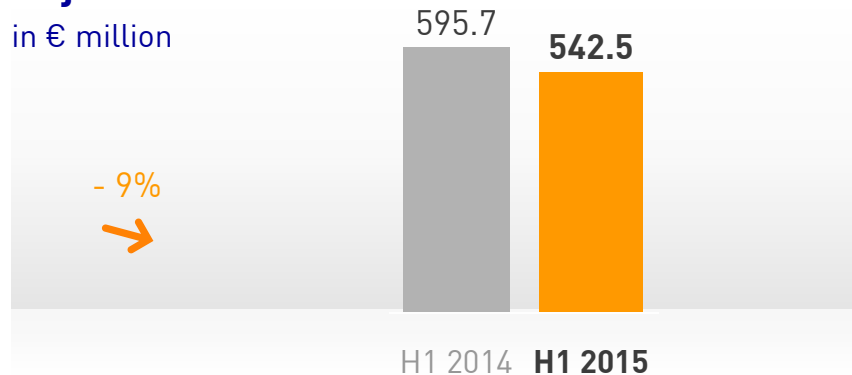
Development of fossil generation mix

in TWh^{1,2}



Adjusted EBITDA

in € million



Key messages

- > Decreasing prices and spreads on wholesale market
- > Positive earnings effects
 - > Temporarily higher positive valuation effects
 - > Reimbursement of cost due to Ordinance on Reserve Power Plants
- > Investments: €103m, significantly lower than in H1 2014 (€ 325m)

¹ Includes long-term procurement agreements and generation from partly owned power stations; the figures indicated are taken from the segments

² Segment includes pump storage plants

Increase in FFO mainly attributable to tax refunds as well as lower tax payments

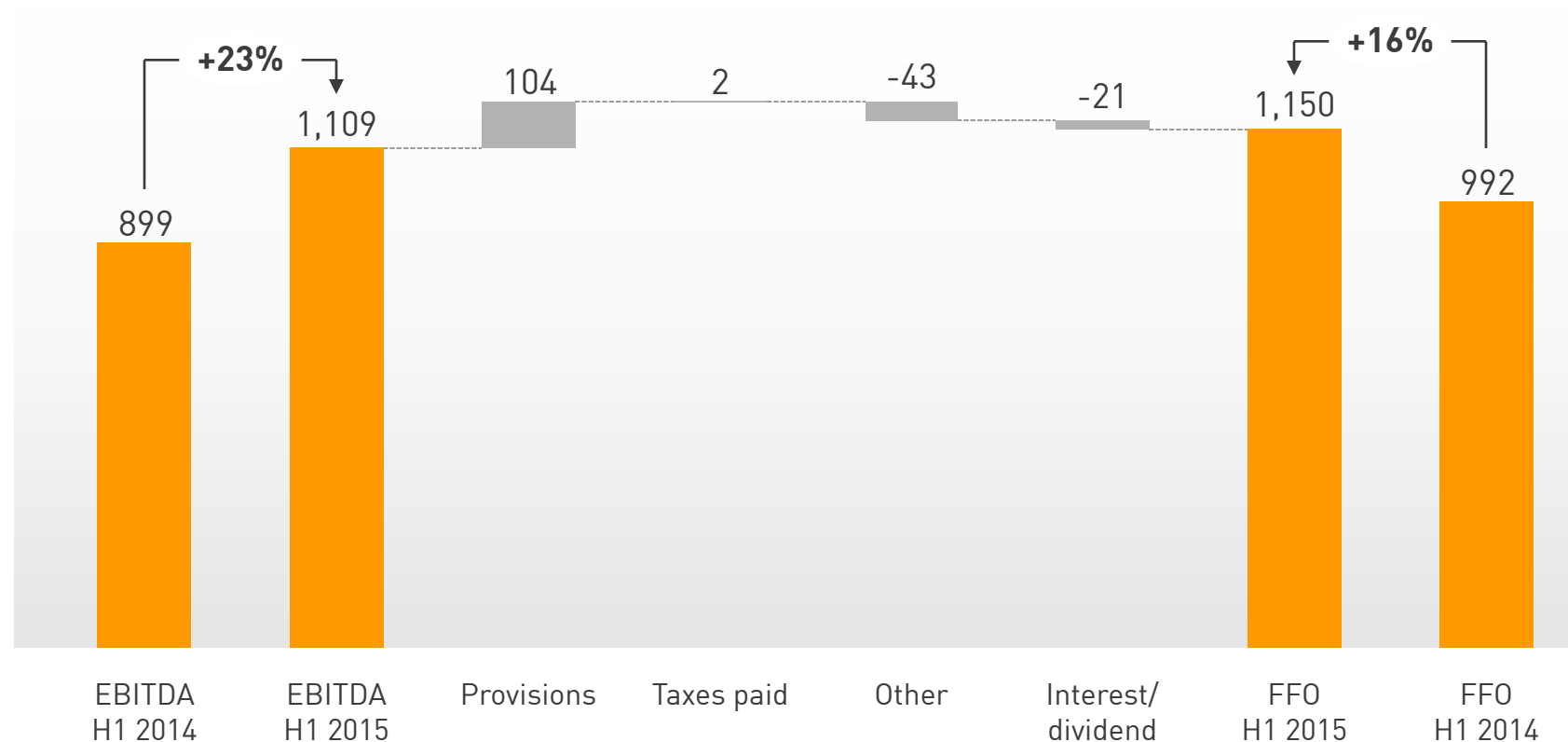


EBITDA

in € million

FFO

in € million

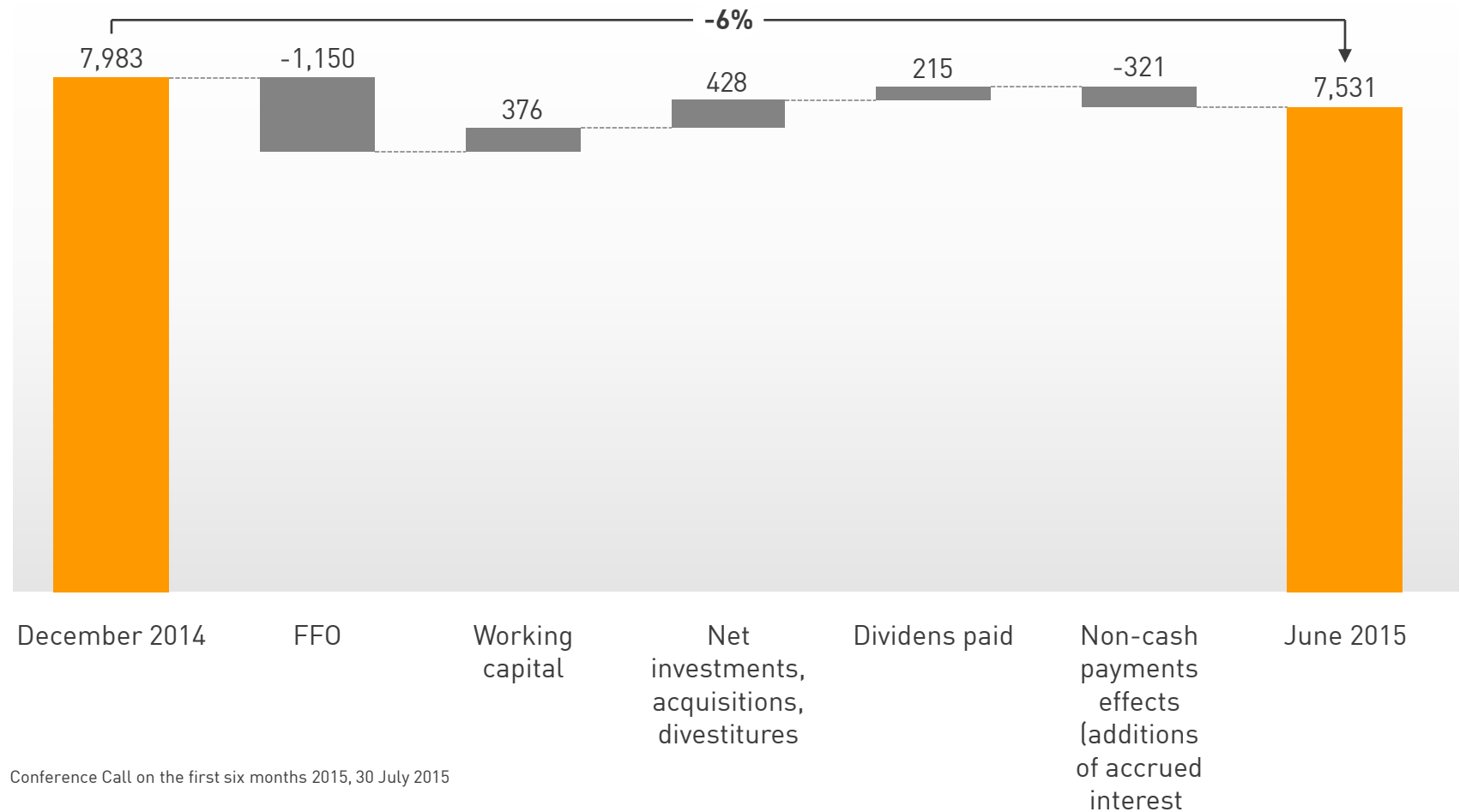


Adjusted net debt reduction mainly due to FCF and decreased NPV of pension provisions



Adjusted Net Debt

in € million



Adjusted EBITDA outlook 2015 unchanged



Adjusted EBITDA

	2014	Outlook 2015 ¹	
Group	€ 2,167 million	0 % to -5 %	↘
Sales	€ 231 million	+10 % to +20 %	↗
Grids	€ 886 million	0 % to -10 %	↘
Renewable Energies	€ 191 million	> 20%	↗
Generation and Trading	€ 900 million	-15 % to -25 %	↘

¹In comparison with adjusted EBITDA 2014

Questions & Answers >



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Non-operating result



Non-operating result

in € million

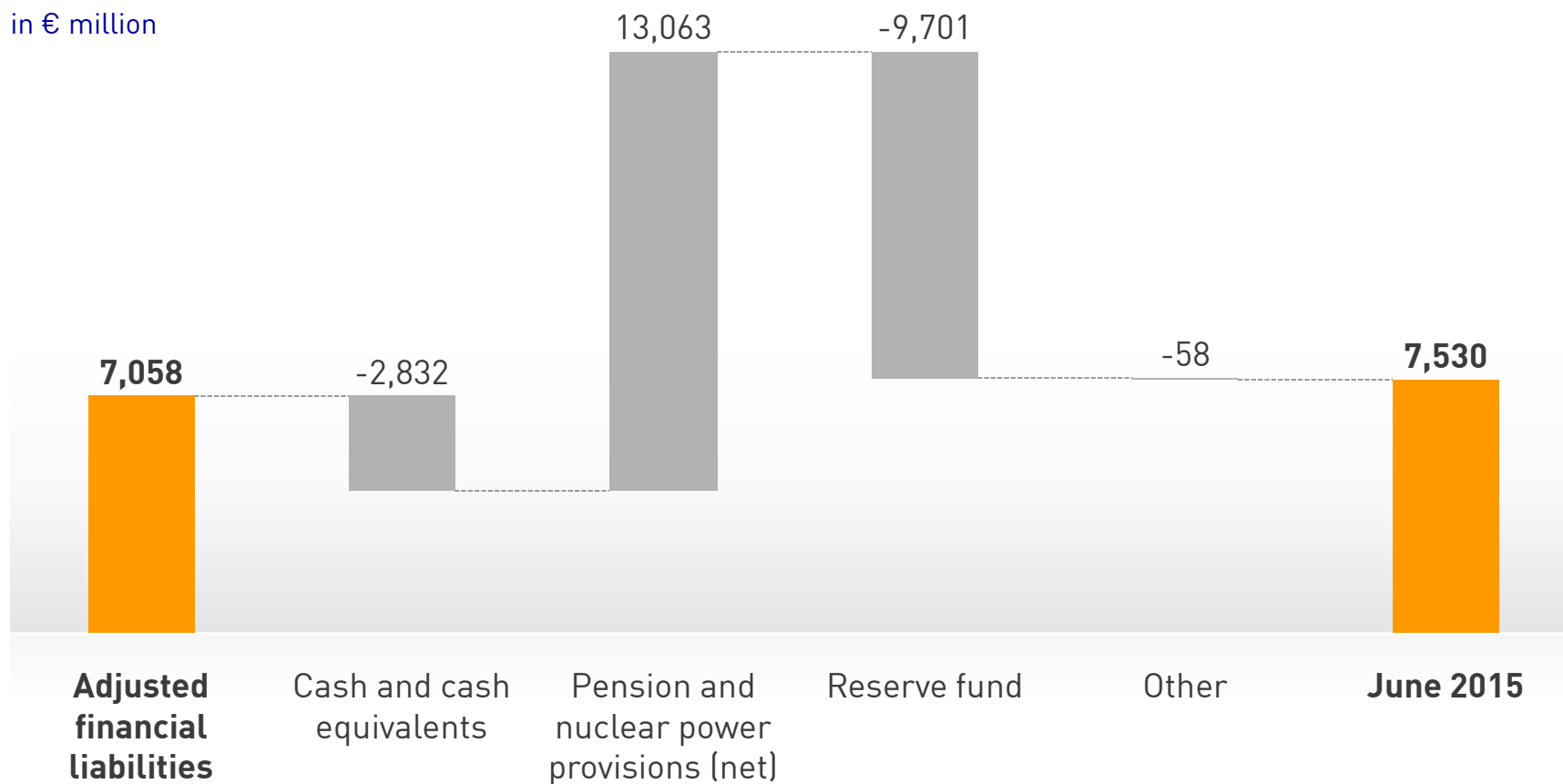
	H1 2015	H1 2014
Income/expenses relating to nuclear power	28.3	- 65.1
Income from the reversal of other provisions	1.0	6.8
Disposal gains/losses	26.5	34.0
Addition to the provision for onerous contracts relating to electricity procurement agreements	-214.7	-344.8
Other non-operating result	-8.8	-3.4
Non-operating EBITDA	-167.7	-372.5
Impairment losses	-10.5	-1,233.8
Non-operating EBIT	-178.2	-1,606.3
Non-operating investment result	236.3	-1.2
Non-operating financial result	-113.3	2.4
Non-operating income taxes	84.2	464.9
Non-operating group net profit/loss	29.0	-1,140.2
of which profit/loss shares attributable to non-controlling interests	(0.9)	(-24.1)
of which profit/loss shares attributable to the equity holders of EnBW AG	(28.1)	(-1,116.1)

Calculation of adjusted net debt



Adjusted Net Debt

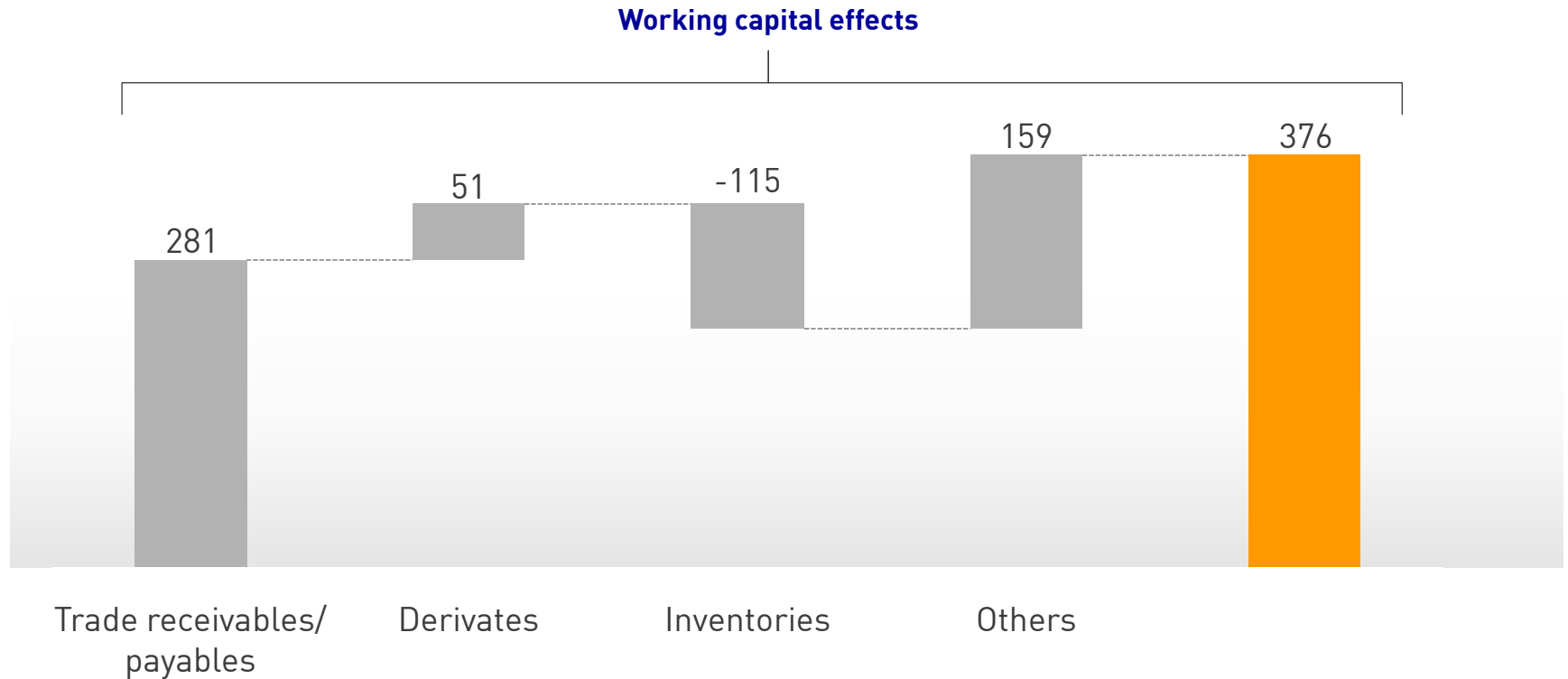
in € million



Change in working capital mainly due to increase in trade receivables/payables

Change in working capital

in € million



Income statement



Income

in € million

	H1 2015	H1 2014	Variance
Revenue	10,913.8	10,387.6	526.2
Changes in inventories/own work capitalised	63.5	51.1	12.4
Cost of materials	-8,885.4	-8,624.7	-260.7
Personnel expenses	-827.3	-821.8	-5.5
Other operating income/expenses	-155.5	-93.2	-62.3
EBITDA	1,109.1	899.0	210.1
Amortisation and depreciation	-463.2	-1,688.9	1,225.7
EBIT	645.9	-789.9	1,435.8
Investment and financial result	552.5	-211.8	764.3
EBT	1,198.4	-1,001.7	2,200.1
Income tax	-98.7	284.5	-383.2
Group net profit	1,099.7	-717.2	1,816.9
of which profit shares attributable to non-controlling interests	(43.2)	(17.9)	(25.3)
of which profit shares attributable to the equity holders of EnBW AG	(1,056.5)	(-735.1)	(1,791.6)

Cash flow statement



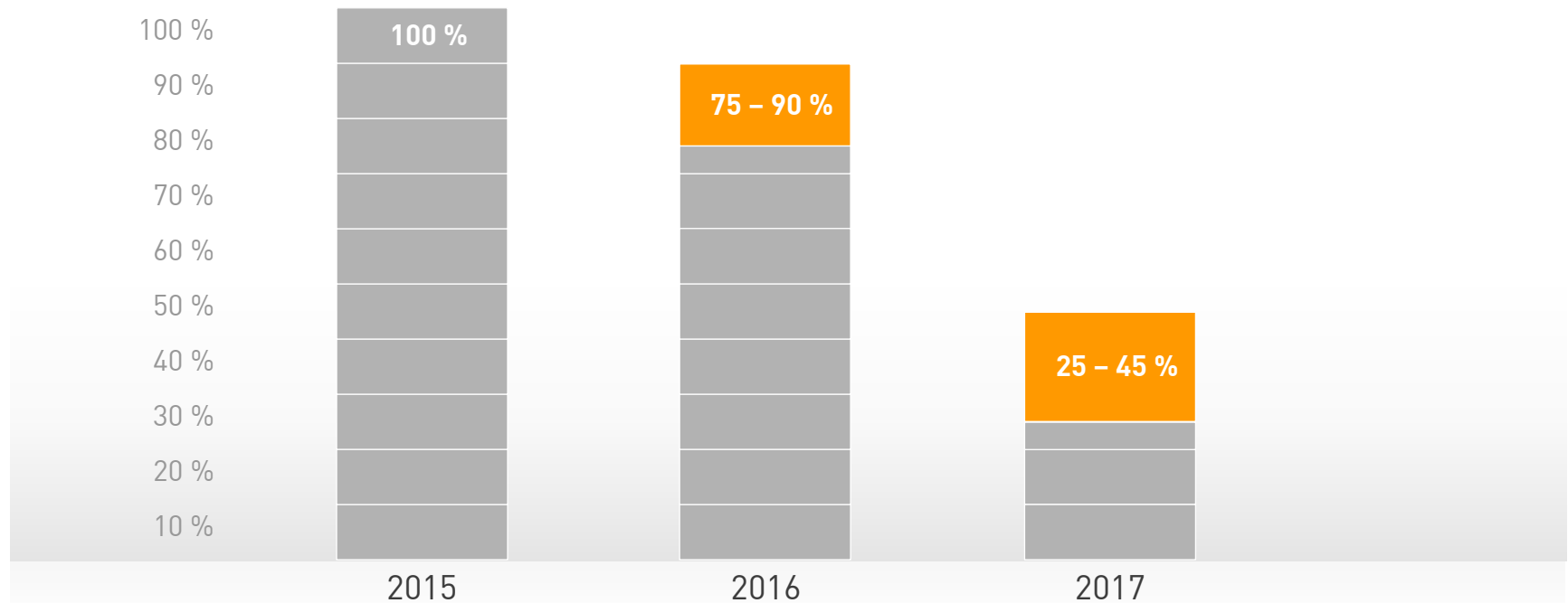
Free cash flow

in € million

	H1 2015	H1 2014	Variance in %
Operating cash flow	794.7	1,054.2	-24.6
Change in assets and liabilities from operating activities	376.4	-63.1	-
Interest and dividends received	177.5	131.9	34.6
Interest paid for financing activities	-198.2	- 130.7	51.6
Funds from Operations (FFO)	1,150.4	992.3	15.9
Change in assets and liabilities from operating activities	-376.4	63.1	-
Capital expenditures on intangible assets and property, plant and equipment	-509.4	- 725.8	-29.8
Cash received from disposals of intangible assets and property, plant and equipment	68.4	107.0	-36.1
Cash received from construction cost and investment subsidies	32.9	38.0	-13.4
Free cash flow	365.9	474.6	-22.9

Hedge levels¹

in %



¹ As of 30 June 2015

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



Commercial paper prog.

€ 2.0 billion

undrawn as of 30 June 2015

Syndicated loan facility

€ 1.5 billion

undrawn as of 30 June 2015

Bilateral short-term credit lines

€ 507 million

undrawn as of 30 June 2015

Euro Medium Term Note prog.

€ 7.0 billion

€ 4.2 bn utilised as of 30 June 2015¹

Other: Hybrid bonds

€ 2 billion

Other: Capital increase

€ 822 million

July 2012

Details of the syndicated loan facility:

- › Maturity date of 2019
- › In 2015 prolongation for a year as of 21 July 2015
- › Prolongation option in 2016 for a further year

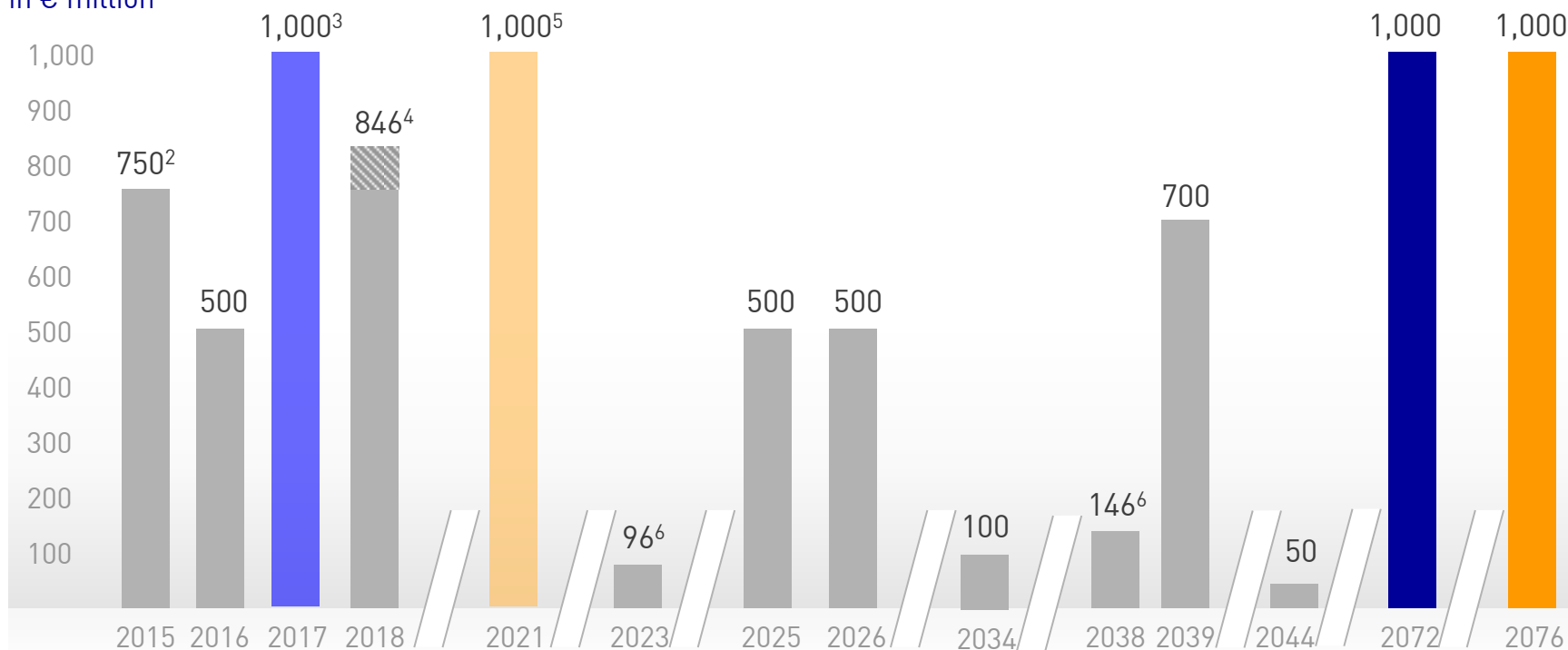
¹ As of 7 July 2015 repayment of a bond with a nominal value of €750 million. € 3.5 bn of EMTN utilised as of July 8 2015.

Favourable maturity profile and proactive funding puts EnBW in a comfortable financing situation



Maturities of EnBW's bonds

in € million¹



¹ As of 30 June 2015; ² As of 7 July 2015 repayment of a bond with a nominal value of €750 million; ³ First call date of hybrid maturing in 2072; ⁴ Including CHF 100 converted as of the reporting date 30 June 2015; ⁵ First call date of hybrid maturing in 2076; ⁶ Nominal with conversion as of the reporting date 30 June 2015

Financial calendar 2015 and 2016



- > **1 October 2015** Capital Market Day 2015 in Karlsruhe

- > **13 November 2015** Interim report: January–September 2015
Conference time: 15:00 CET

- > **21 March 2016** Annual report: January–December 2015
Conference time: 15:00 CET

- > **10 May 2016** Annual General Meeting 2016

- > **13 May 2016** Interim report: January–March 2016
Conference time: 15:00 CET

- > **28 July 2016** Interim report: January–June 2016
Conference time: 15:00 CET

- > **10 November 2016** Interim report: January–September 2016
Conference time: 15:00 CET



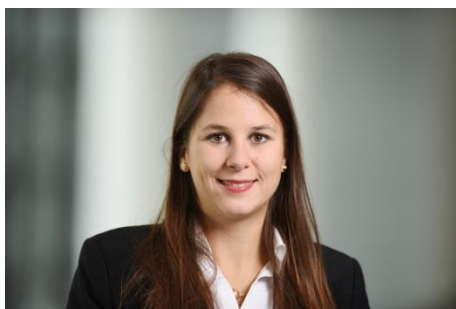
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