

# Conference call H1 2016 >

EnBW Energie  
Baden-Württemberg AG



Karlsruhe, 28 July 2016

Thomas Kusterer, Chief Financial Officer

Ingo Peter Voigt, Head of Finance, M&A and Investor Relations

# Continued challenging economic & regulatory environment

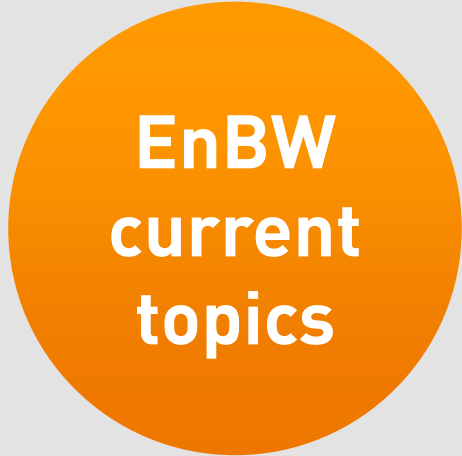
**Electricity wholesale market prices** remain under pressure

## **German Renewables Energy Act with new legislation as of 1 January 2017**

- ✓ Feed in tariffs will be replaced by competitive tendering processes
- ✓ Offshore wind
  - In 2021 min. 500 and max. 750 MW in the Baltic Sea only
  - As of 2026 projects via tender process only
- ✓ Onshore wind
  - First tender process in May 2017
  - Only competitive projects will receive subsidies

## **German nuclear commission (KFK)**

- ✓ German nuclear law postponed until 29 August 2016
- ✓ Timetable unchanged

A large orange circle containing the text "EnBW current topics" in white, bold, sans-serif font.

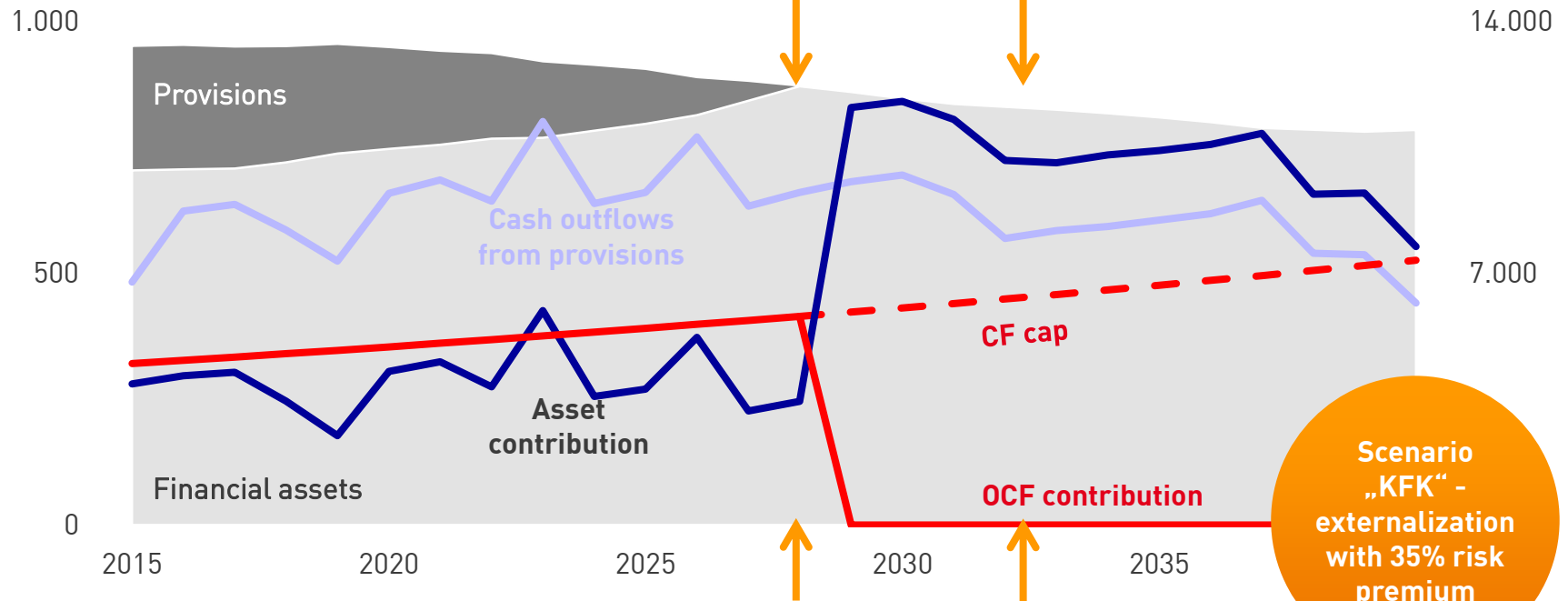
**EnBW  
current  
topics**

# No short to medium term impact of KFK proposal on operating cash flow due to EnBW's Asset Liability Management Model

+ 4 years →

<b>Pre KFK</b>	<b>Post KFK</b>
<b>100%</b>	<b>100%</b>
<b>coverage</b>	<b>coverage</b>
Projected 2028	Projected 2032

in € million



**Scenario „KFK“ - externalization with 35% risk premium**

Assumptions: Model data as of end 2015, discount factor: 2.3% pensions, 4.7% nuclear, externalization assumed in 2015 completely from dedicated assets

# Additional efficiency measures of €250m until 2020<sup>1</sup>



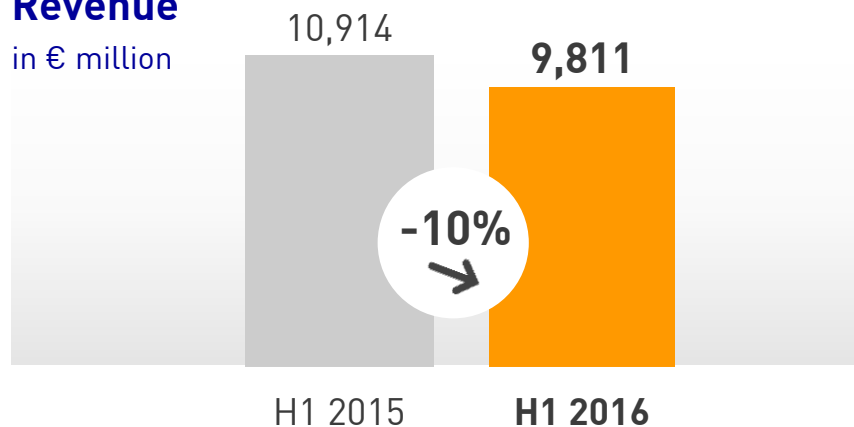
	Sales 	Administrative functions	Generation & Trading 
Implementation phase	<p><b>Withdrawal from B2B Commodity Business</b> </p> <ul style="list-style-type: none"><li>• Unprofitable &amp; no growth perspective</li><li>• Ongoing customer contracts will be fulfilled</li><li>• 400 employees affected</li></ul>	<p><b>Considerable savings</b></p> <ul style="list-style-type: none"><li>• Corresponding structural effects (personal savings)</li><li>• Productivity improvements</li><li>• Reduction in scope of services</li><li>• Outsourcing</li></ul>	
Conception phase	<p><b>B2C</b> </p> <p>Focused customer and competition-oriented approach</p>	<p>Concrete measures for each functional unit</p>	<p>Further cost reductions to be implemented</p>

<sup>1</sup> Includes efficiency measures of shareholdings  
Conference Call H1 2016, 28 July 2016

# H1 2016 – Operating performance affected by one-off temporary effects

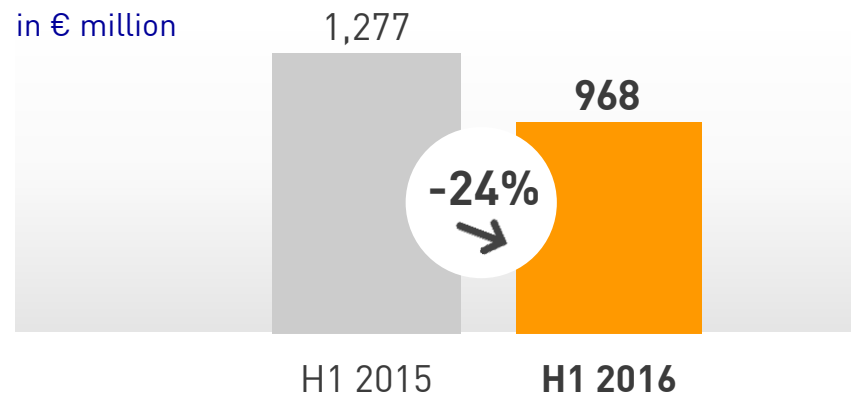
## Revenue

in € million



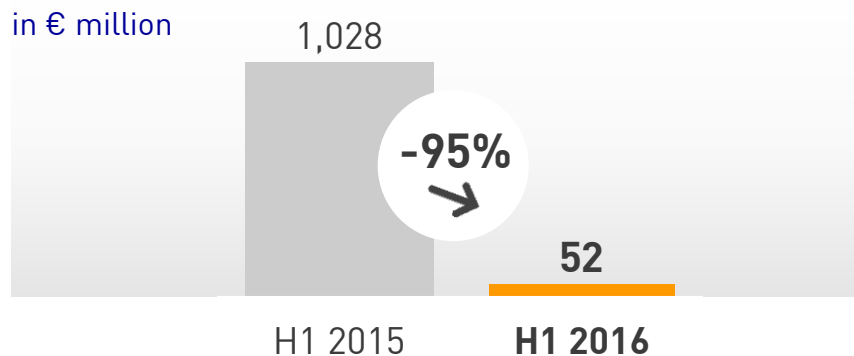
## Adjusted EBITDA

in € million



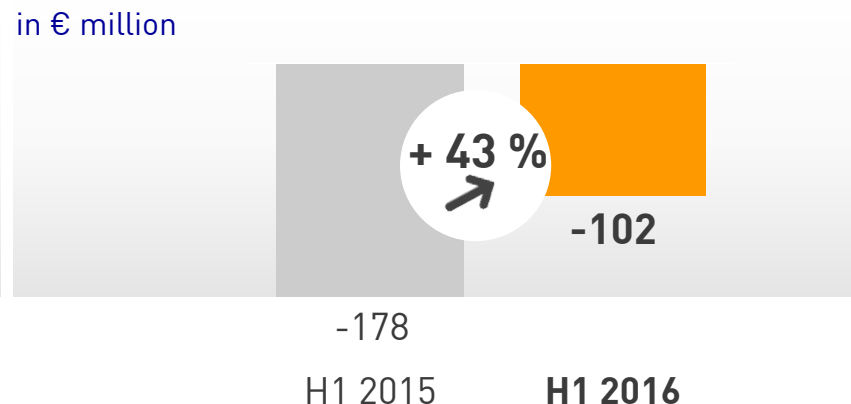
## Adjusted Group net profit<sup>1</sup>

in € million



## Non-operating EBIT

in € million



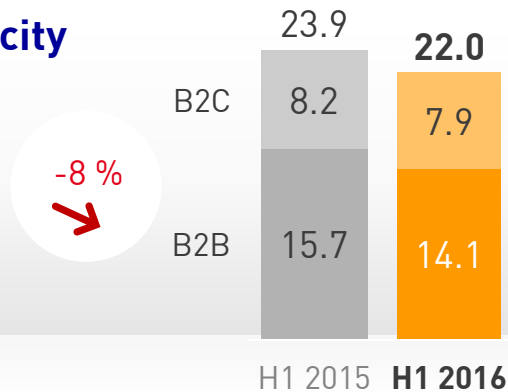
<sup>1</sup> Of which profit/loss shares attributable to the shareholders of EnBW AG



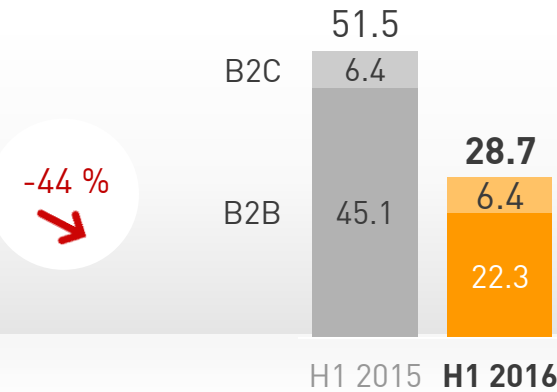
# Sales - Decrease in profitability in line with expectations

## Sales volume in TWh

### Electricity

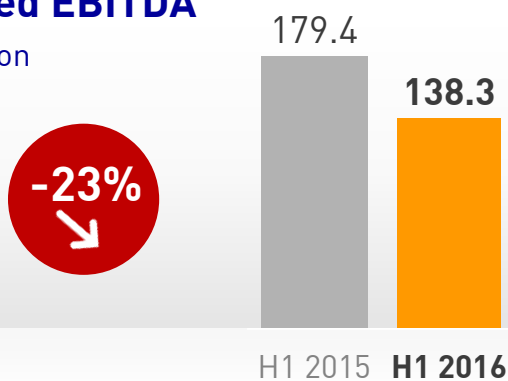


### Gas



## Adjusted EBITDA

in € million



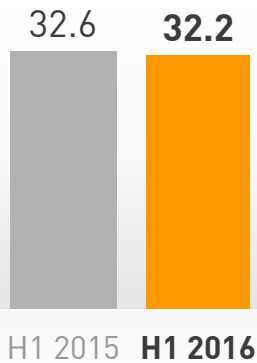
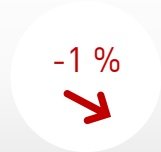
— Sale of EnBW Propower GmbH with the Eisenhüttenstadt CHP plant as of 31.12.2015



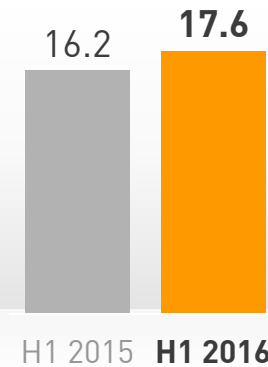
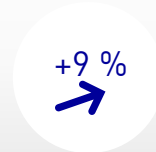
# Grids – Increase in earnings and higher segment's share of adjusted EBITDA

## Transmission volume in TWh<sup>1</sup>

### Electricity

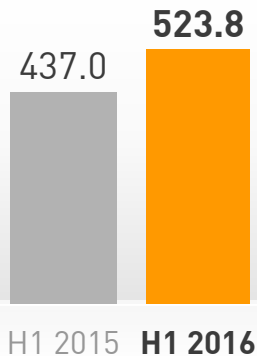


### Gas



## Adjusted EBITDA

in € million



- Increased revenue for electricity and gas grids primarily due to higher pension provisions
- Higher costs for network reserve
- Planned staff increase in the light of grid expansion

<sup>1</sup> Distribution only

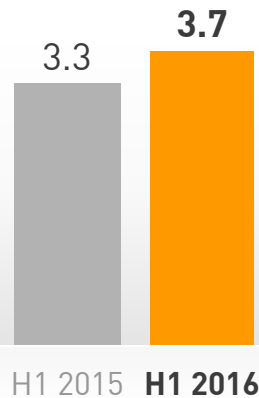


# Renewable Energies – Baltic 2 as the profit driver

## Generation volume

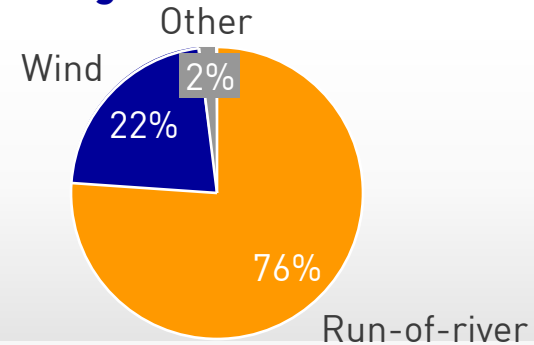
in TWh<sup>1</sup>

+ 12 %  
→



## Renewables generation mix

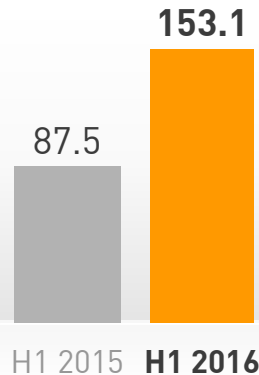
in TWh<sup>1</sup>



## Adjusted EBITDA

in € million

+75%  
→



Full commissioning of Baltic 2



Decreased margins for run-of-river power plants due to the declined electricity prices

<sup>1</sup> 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

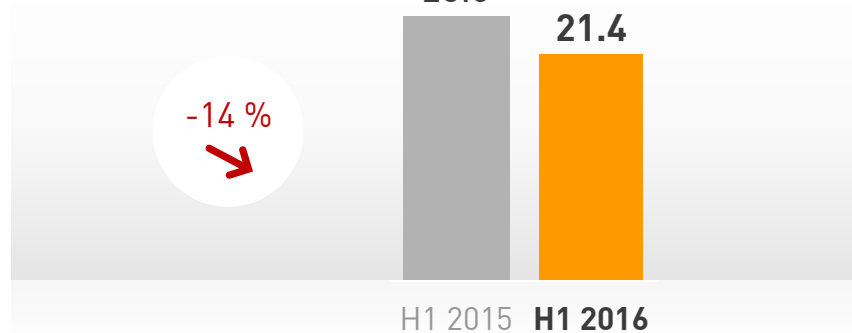




# Generation & Trading – High temporary negative effects

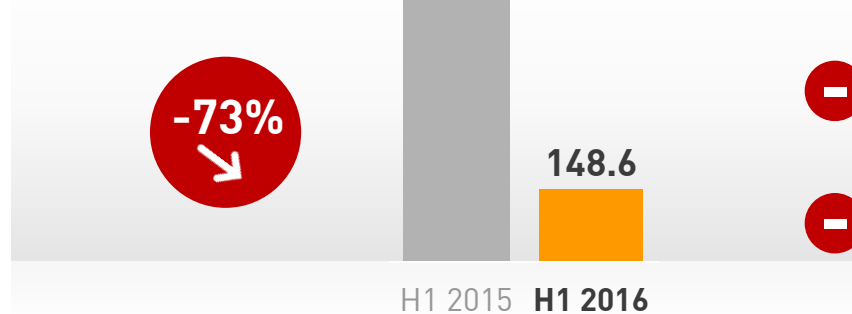
## Thermal generation volume

in TWh<sup>1,2</sup>



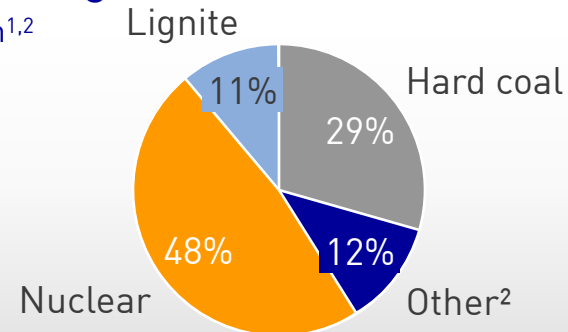
## Adjusted EBITDA

in € million



## Thermal generation mix

in TWh<sup>1,2</sup>

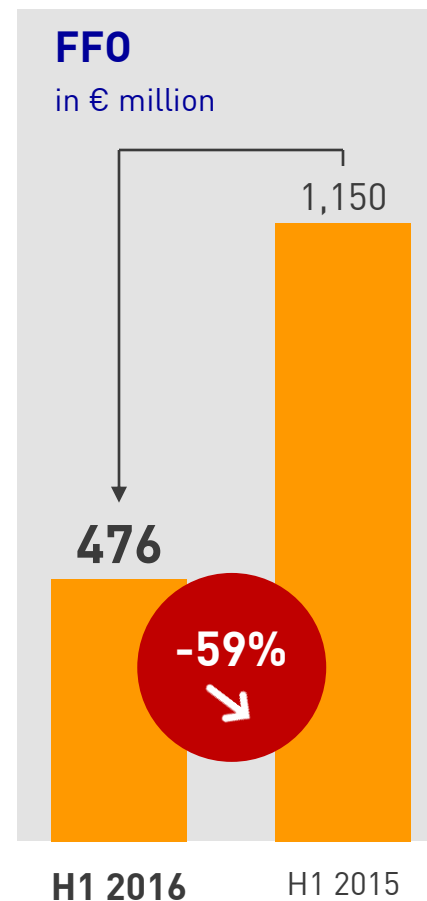
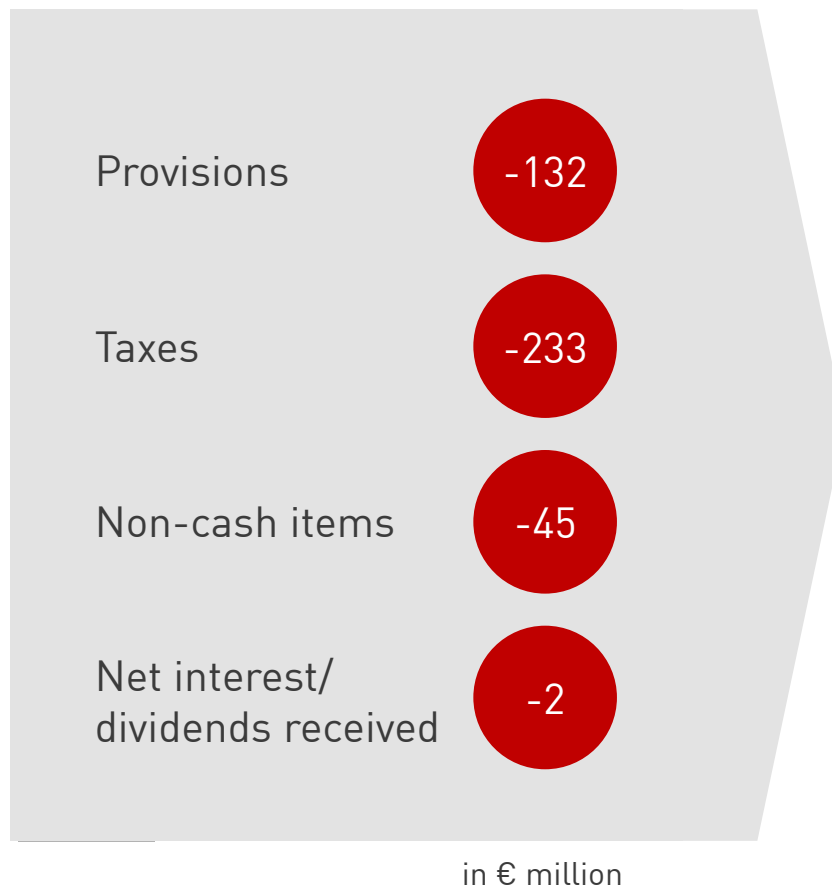
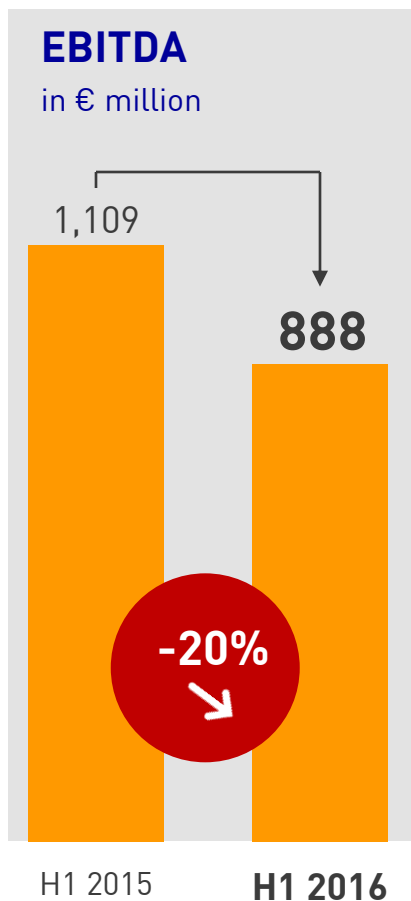


- Revision of nuclear power station KKP2 in H1 instead of H2
  - > Temporary lower electricity production
  - > Temporary higher expenses
  - > Nuclear fuel rod tax
- Falling electricity prices and spreads in earlier periods in which we agreed on fixed sales prices for supply in 2016
- Valuation effects relating to derivatives

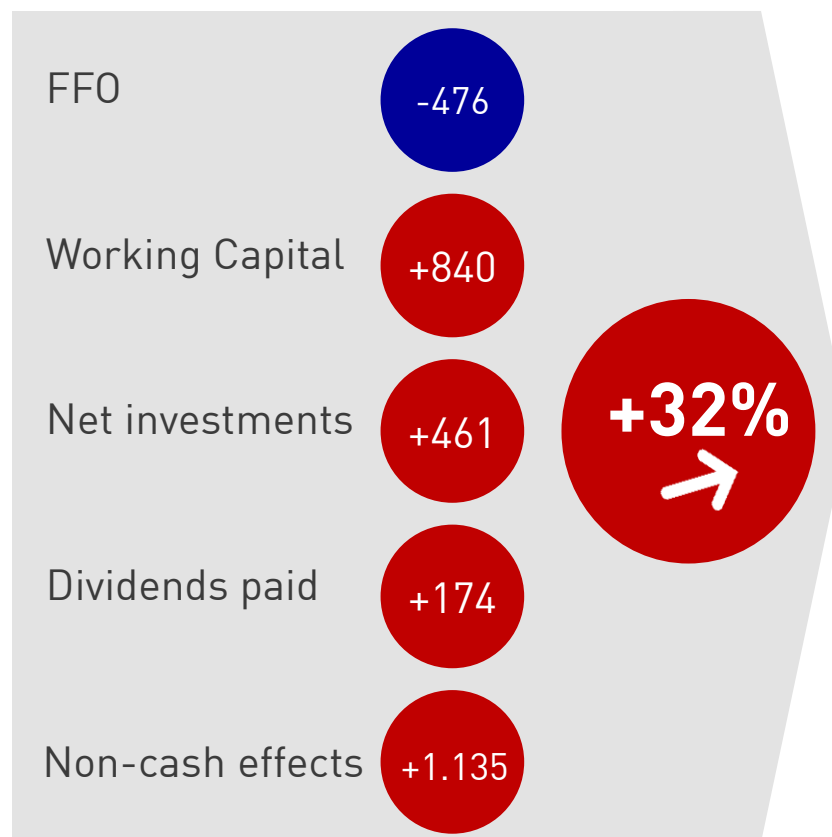
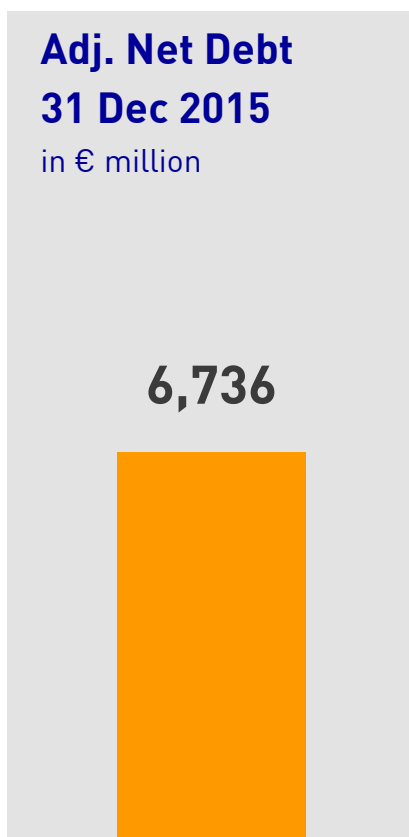
<sup>1</sup> Includes long-term procurement agreements and generation from partly owned power stations; the figures indicated are taken from the segments

<sup>2</sup> Segment includes pump storage plants

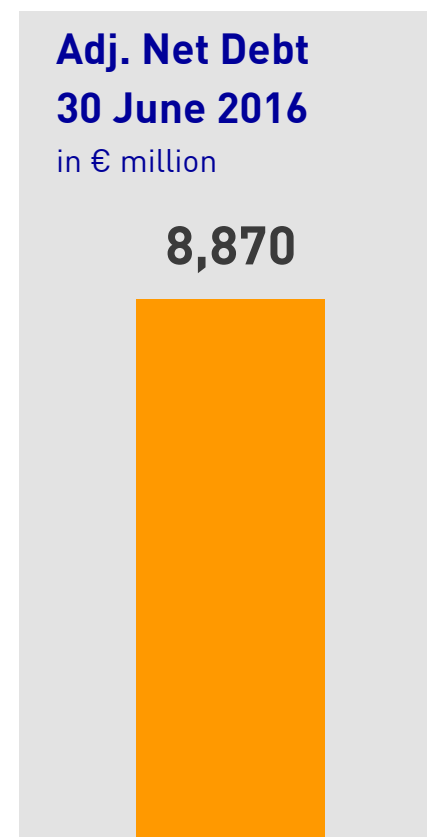
# Decrease in FFO mainly attributable to additional tax payments



# Increase of Adjusted Net Debt mainly due to decrease in discount rates for provisions and increase of working capital







in € million



# Adj EBITDA Outlook 2016 reconfirmed; dynamic leverage ratio will increase



	Group	Sales 	Grids 	Renewable Energies 	Generation & Trading 	Dynamic leverage ratio
<b>Adj. EBITDA 2015</b>	€2.1 bn	€255 m	€747 m	€287 m	€777 m	3.19
<b>Outlook 2016</b>	<b>-5 to -10%</b>	<b>&lt; -20%</b>	<b>&gt; +20%</b>	<b>+10 to +20%</b>	<b>&lt; -20%</b>	<b>3.7 to 4.2</b>

# Questions & Answers >



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# Non-operating result



## Non-operating result

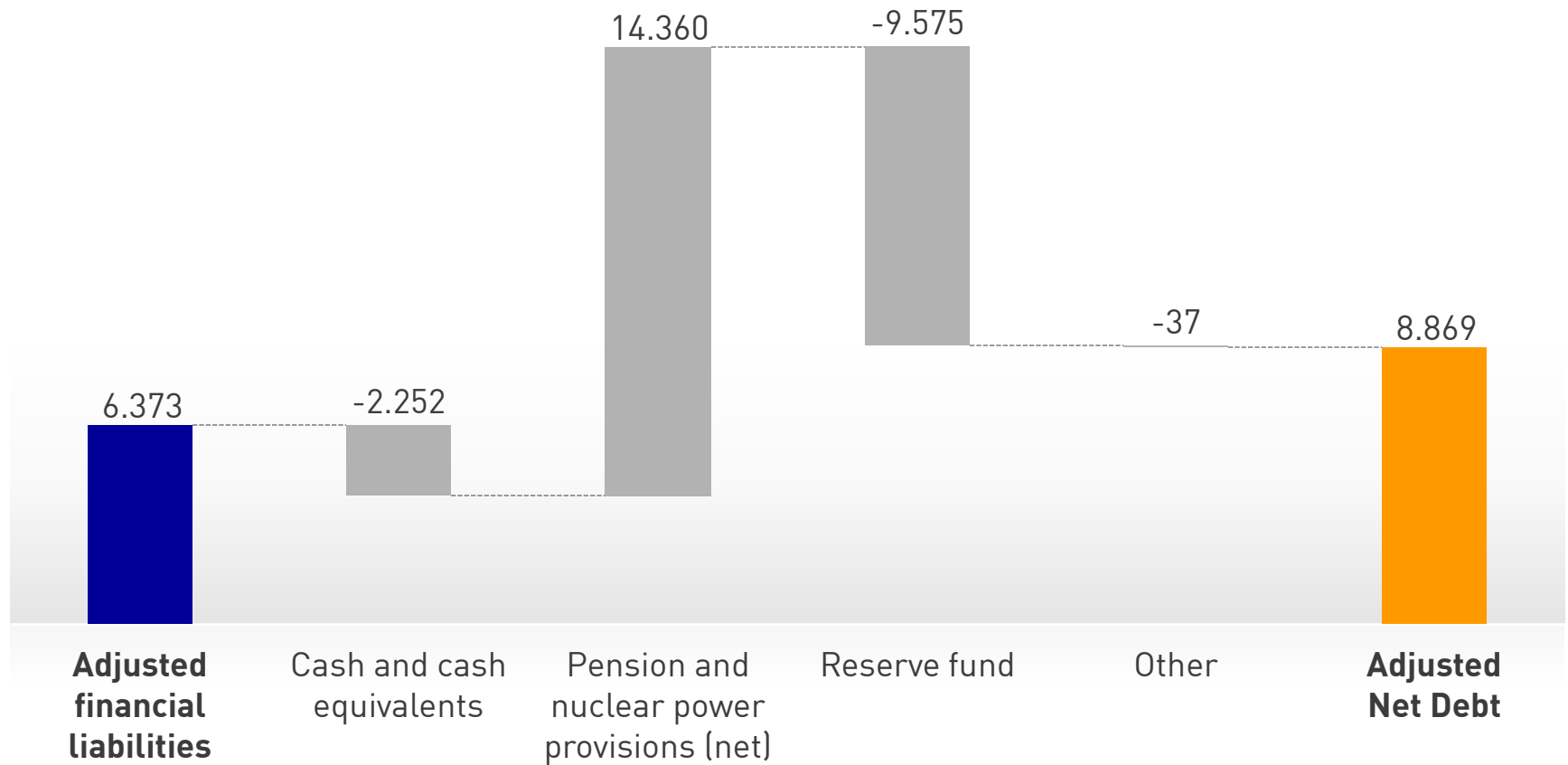
in € million

	H1 2016	H1 2015	Variance in %
Income/expenses relating to nuclear power	-7.3	28.3	-
Results from disposals	11.5	26.5	-56.6
Addition to the provision for onerous contracts relating to electricity procurement agreements	0.0	-214.7	100.0
Restructuring	-77.8	-7.3	-
Other non-operating result	-6.1	-0.5	-
<b>Non-operating EBITDA</b>	<b>-79.7</b>	<b>-167.7</b>	<b>52.5</b>
Impairment losses	-22.3	-10.5	-112.4
<b>Non-operating EBIT</b>	<b>-102.0</b>	<b>-178.2</b>	<b>42.8</b>
Non-operating investment result	33.1	236.3	-86.0
Non-operating financial result	-152.1	-113.3	-34.2
Non-operating income taxes	41.4	84.2	-50.8
<b>Non-operating Group net loss/profit</b>	<b>-179.6</b>	<b>29.0</b>	<b>-</b>
of which loss shares attributable to non-controlling interests	(-0.3)	(0.9)	-
of which loss shares attributable to the shareholders of EnBW AG	(-179.3)	(28.1)	-

# Calculation of adjusted net debt



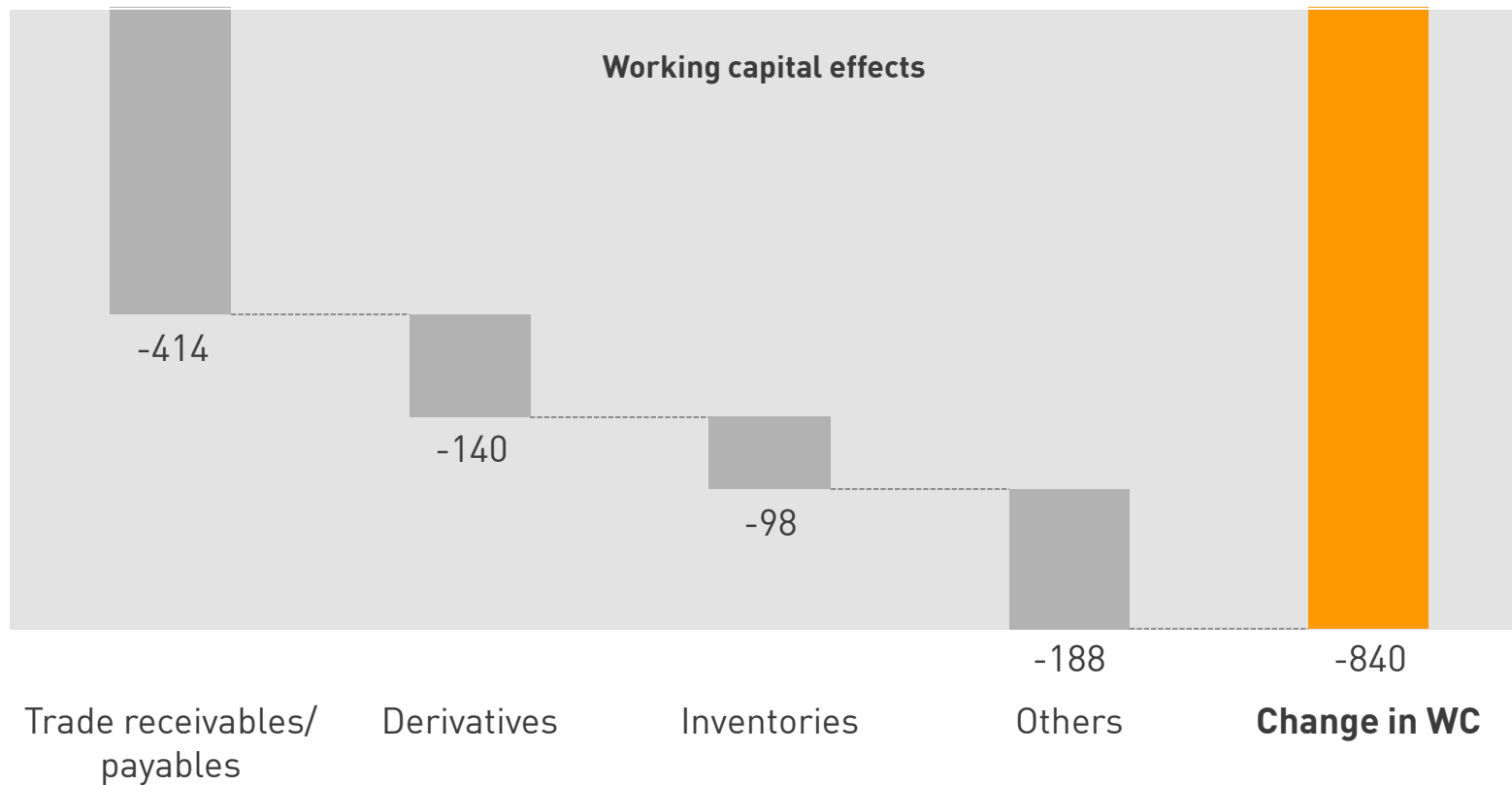
in € million





# Change in working capital mainly due to higher trade receivables/payables

in € million



# Income statement



## Income statement

in € million

	H1 2016	H1 2015	Variance in %
<b>Revenue</b>	<b>9,811.4</b>	<b>10,913.8</b>	<b>-10.1</b>
Changes in inventories/other own work capitalised	76.6	63.5	20.6
Cost of materials	-7,814.4	-8,885.4	12.1
Personnel expenses	-849.2	-827.3	-2.6
Other operating income/expenses	-336.6	-155.5	-116.5
<b>EBITDA</b>	<b>887.8</b>	<b>1,109.1</b>	<b>-20.0</b>
Amortisation and depreciation	-485.8	-463.2	-4.9
<b>EBIT</b>	<b>402.0</b>	<b>645.9</b>	<b>-37.8</b>
Investment and financial result	-466.3	552.5	-
<b>EBT</b>	<b>-64.3</b>	<b>1,198.4</b>	<b>-</b>
Income tax	-7.2	-98.7	92.7
<b>Group net profit</b>	<b>-71.5</b>	<b>1,099.7</b>	<b>-</b>
of which profit shares attributable to non-controlling interests	(55.7)	(43.2)	(28.9)
of which profit shares attributable to the shareholders of EnBW AG	(-127.2)	(1,056.5)	-

# Cash flow statement



## Free cash flow

in € million

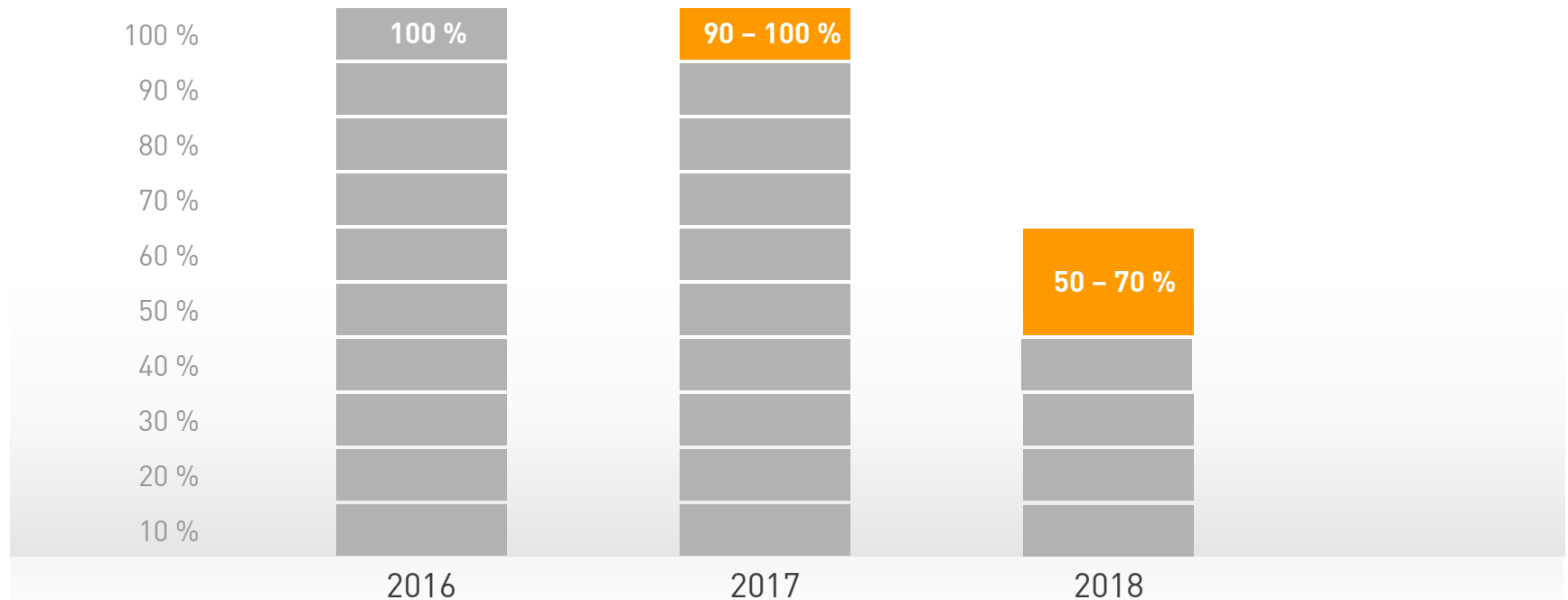
	H1 2016	H1 2015	Variance in %
<b>Operating cash flow</b>	<b>-362.4</b>	<b>794.7</b>	<b>-</b>
Change in assets and liabilities from operating activities	840.3	376.4	123.2
Interest and dividends received	190.2	177.5	7.2
Interest paid for financing activities	-191.7	-198.2	-3.3
<b>Funds from Operations (FFO)</b>	<b>476.4</b>	<b>1,150.4</b>	<b>-58.6</b>
Change in assets and liabilities from operating activities	-840.3	-376.4	123.2
Capital expenditures on intangible assets and property, plant and equipment	-342.4	-509.4	-32.8
Cash received from disposals of intangible assets and property, plant and equipment	71.7	68.4	4.8
Cash received from construction cost and investment subsidies	27.2	32.9	-17.3
<b>Free cash flow</b>	<b>-607.4</b>	<b>365.9</b>	<b>-</b>

# Hedge levels



## Hedge levels<sup>1</sup>

in %



<sup>1</sup> As of 30 June 2016

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



## Debt Issuance Programme

€ **7 billion**

€ 3.5 bn utilised as of 30 June 2016

## Hybrid bonds

€ **2 billion**

## Commercial Paper Programme

€ **2 billion**

undrawn as of 30 June 2016

## Syndicated credit line

€ **1.5 billion**

- undrawn as of 30 June 2016 with maturity date in 2020
- one year prolongation until 2021 as of 21 July 2016: € 1.38 billion

## Bilateral short-term credit line

€ **0.35 billion**

undrawn as of 30 June 2016

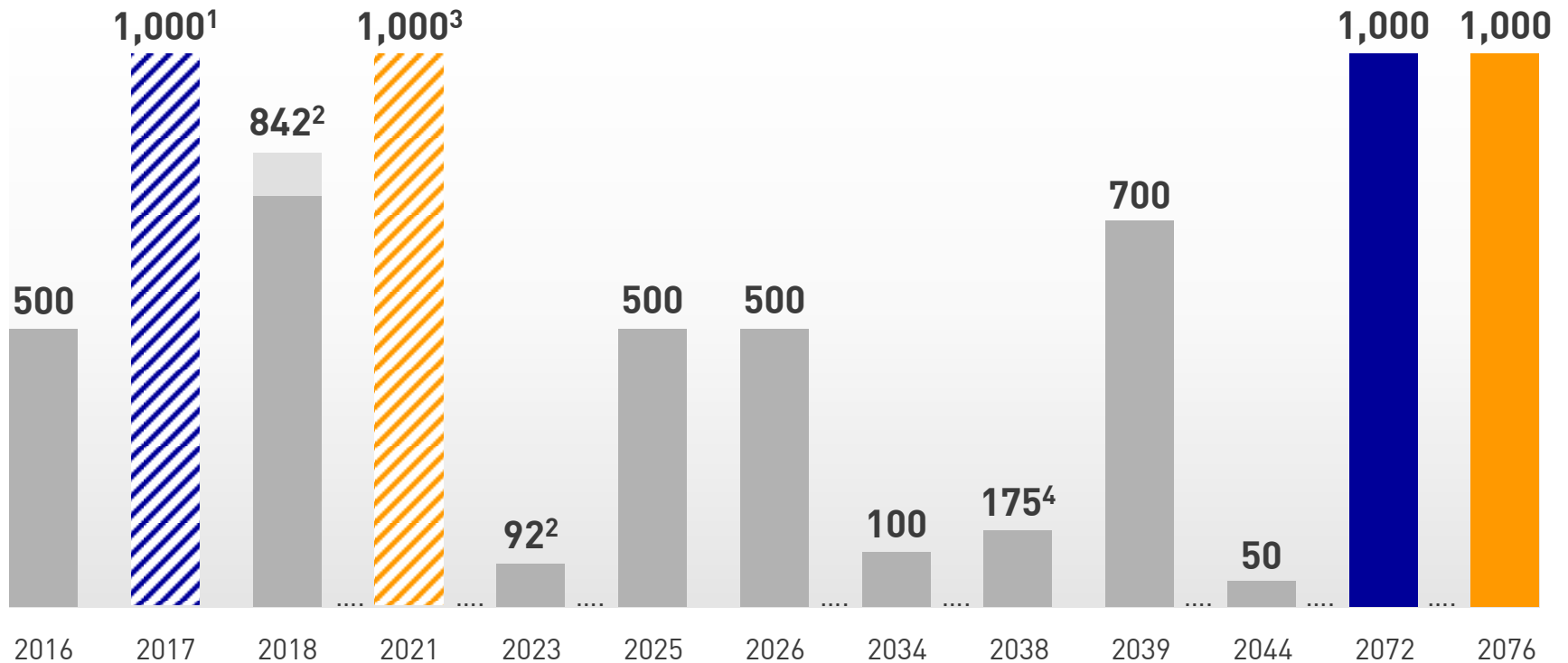
## Project financing & low-interest loans from the EIB

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



## Maturities of EnBW's bonds

€ million



<sup>1</sup> First call date of hybrid maturing in 2072

<sup>2</sup> Including CHF 100m converted as of the reporting date 30/6/2016

<sup>3</sup> First call date of hybrid maturing in 2076

<sup>4</sup> Nominal with conversion as of the reporting date 30/6/2016

## 2016

29 September

Capital Market Day in Frankfurt

10 November

Report: January–September 2016

Conference time: 01:00 pm

## 2017

28 March

Integrated Annual Report:  
January–December 2016

9 May

Annual General Meeting 2017



Upcoming  
Events



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