

# Conference call Q1-Q3 2016 >

EnBW Energie  
Baden-Württemberg AG



Karlsruhe, 10 November 2016  
Thomas Kusterer, Chief Financial Officer  
Ingo Peter Voigt, Head of Finance, M&A and Investor Relations



# Continued challenging economic & regulatory environment



Continuous impact due to **low interest rate** environment

**Low margin** environment for conventional power plants ongoing

## **Reduced return for network operators**

- ✓ Rate for new facilities: 6.91% (currently 9.05% )
- ✓ Rate for existing facilities: 5.12% (currently 7.14%)
- ✓ Next regulatory periods:
  - ✓ Gas networks: 2018 – 2022
  - ✓ Electricity network: 2019 - 2023

## **EEG cost allocation published for 2017**

- ✓ Expansion of renewables generation mostly due to wind offshore and onshore
  - ✓ from 176 TWh to 187 TWh
- ✓ New EEG cost allocation of 6.88 cent/kWh (2016: 6.35 cent/kWh)
  - ✓ sum of about € 24bn

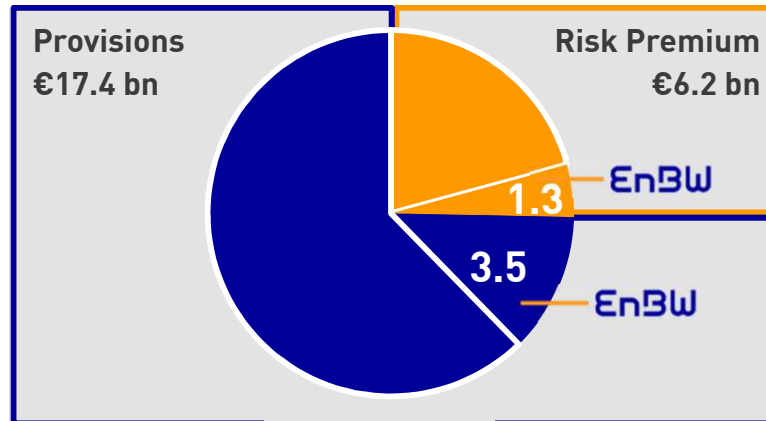
A large orange circle containing the text 'Current topics' in white. To the right of the circle is a faint, grey silhouette of a power transmission tower. The text 'Current topics' is centered within the circle.

**Current  
topics**

# KFK: Payment of risk premium will lead to release from interim and final storage liabilities



Total volume for externalisation: € 23.6 bn



## Net debt effect:

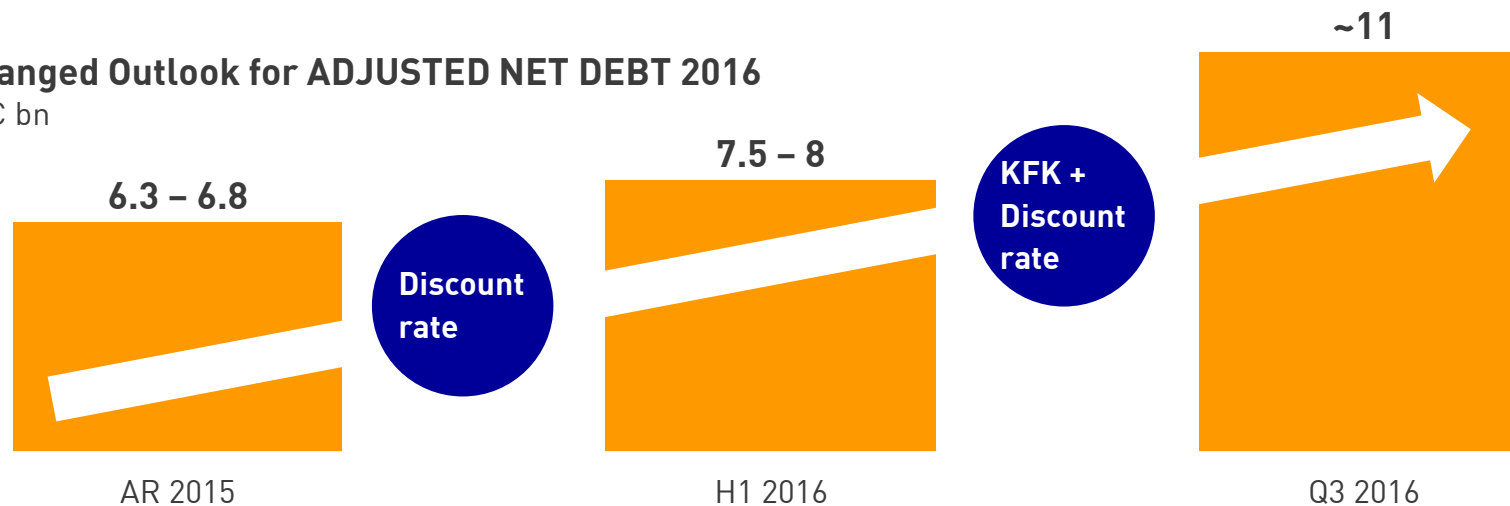
- ✓ Risk premium: €1.3bn + €0.1bn discount rate

## Effect on remaining nuclear provisions:

- ✓ Discount rate related change: mid to high 3 digit € million number

## Changed Outlook for ADJUSTED NET DEBT 2016

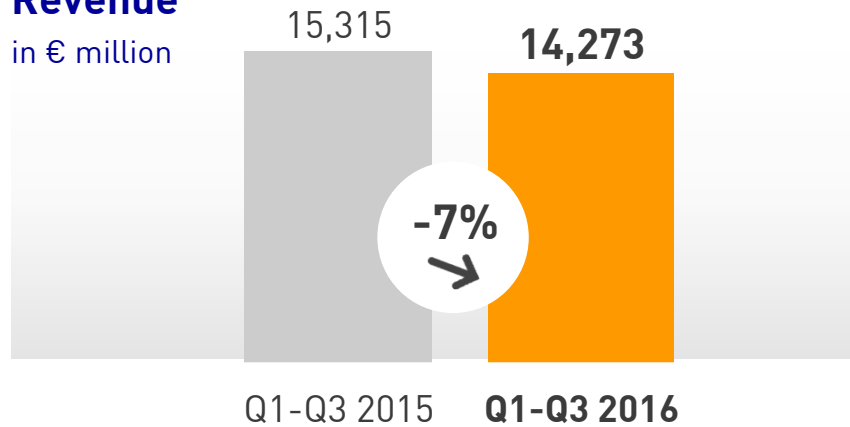
in € bn



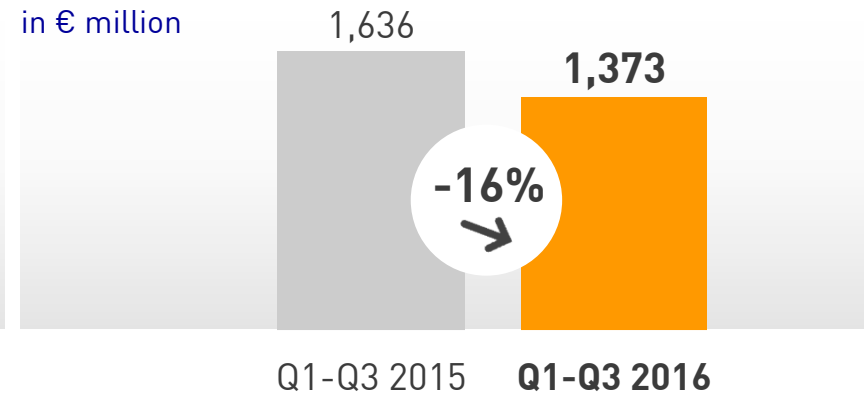
# Operating performance still affected by one-off temporary effects



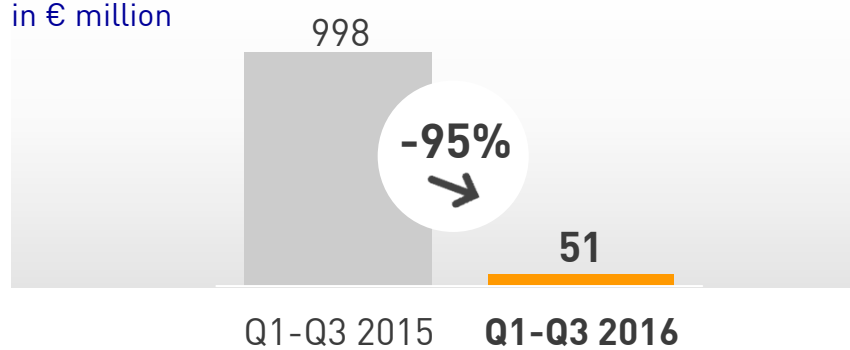
**Revenue**  
in € million



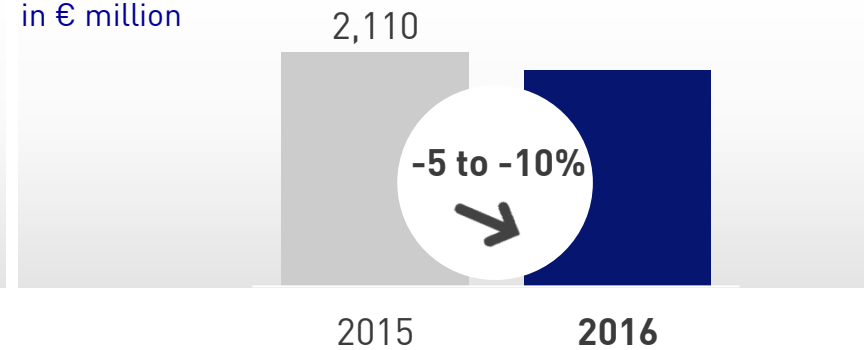
**Adjusted EBITDA**  
in € million



**Adjusted Group net profit<sup>1</sup>**  
in € million



**Outlook Adjusted EBITDA**  
in € million

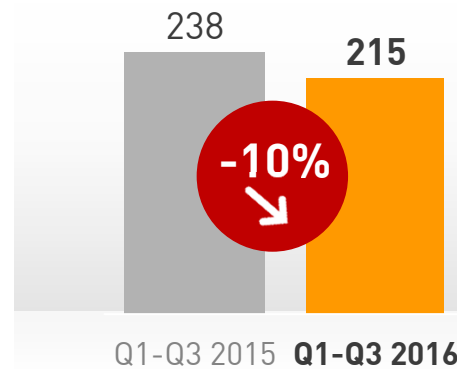


<sup>1</sup> Of which profit/loss shares attributable to the shareholders of EnBW AG

# Adjusted EBITDA: Sales and Grids



## SALES Adjusted EBITDA in € million

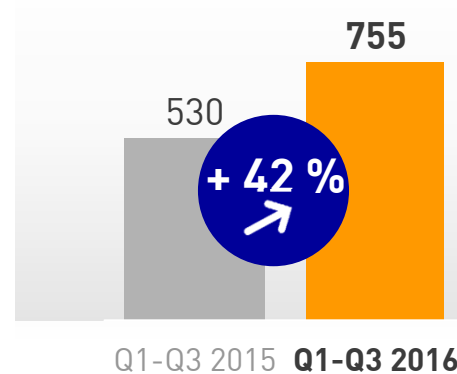


- Sale of EnBW Propower GmbH with the Eisenhüttenstadt CHP plant as of 31.12.2015

New Forecast:  
2015 -> 2016



## GRIDS 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
- Higher costs for network reserve
- Planned staff increase in the light of grid expansion

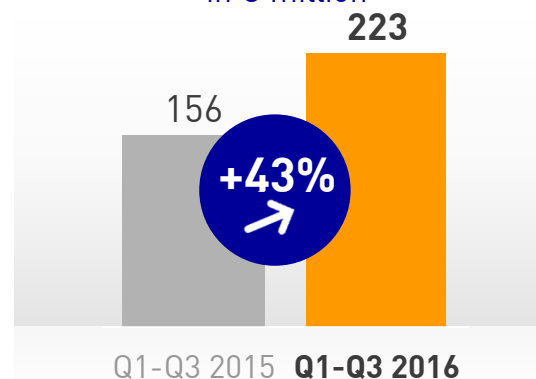
Forecast:  
2015 -> 2016



# Adjusted EBITDA: Renewable Energies and Generation & Trading

## RE: Adjusted EBITDA

in € million



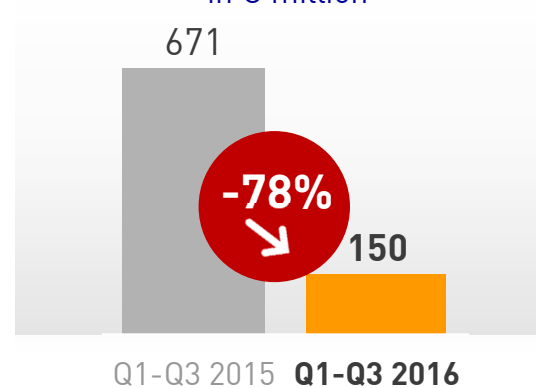
- + Full commissioning of Baltic 2
- Wind strength did not reach long-term average
- Decreased margins for run-of-river power plants due to the declined electricity prices

**New Forecast:**  
2015 -> 2016



## G&T: Adjusted EBITDA

in € million

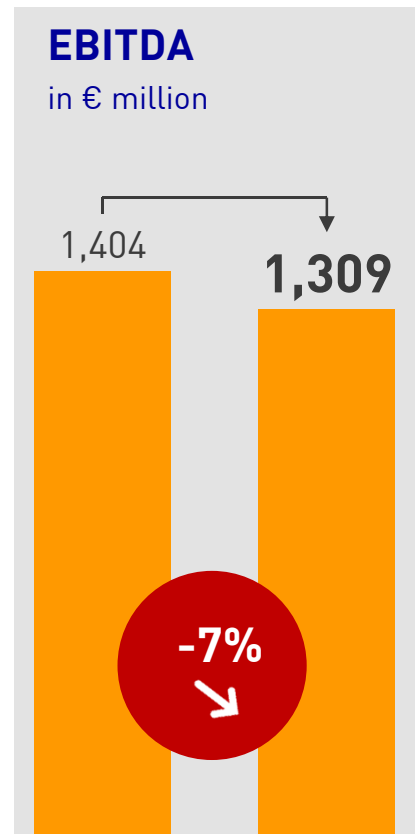


- Revision of nuclear power station GKN II in Q3 instead of Q4
  - > Temporary lower electricity production
  - > Temporary higher expenses
  - > Nuclear fuel rod tax
- Falling electricity prices and spreads in earlier periods in which we agreed on fixed sales prices for supply in 2016
- Valuation effects relating to derivatives

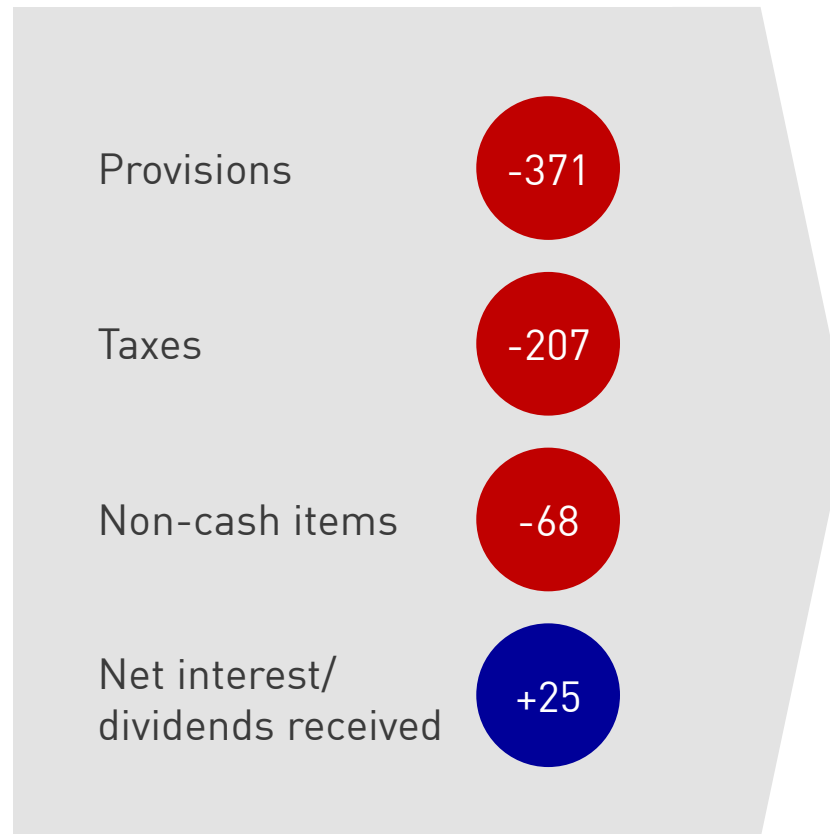
**Forecast:**  
2015 -> 2016



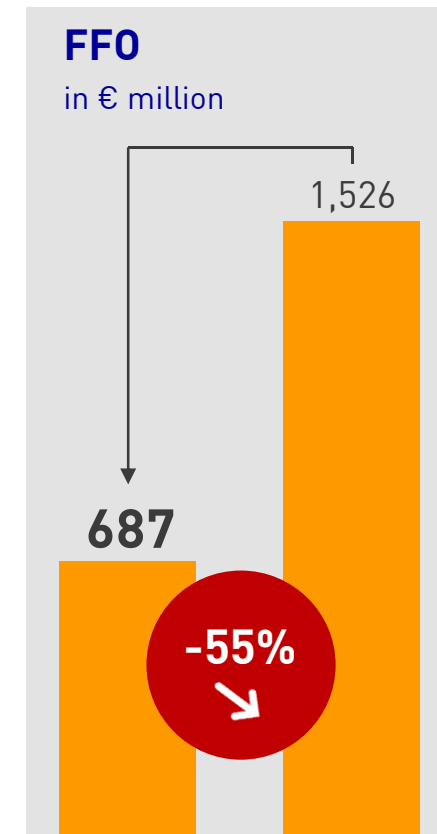
# Decrease in FFO mainly attributable to additional tax payments and provisions



Q1-Q3 2015    **Q1-Q3 2016**

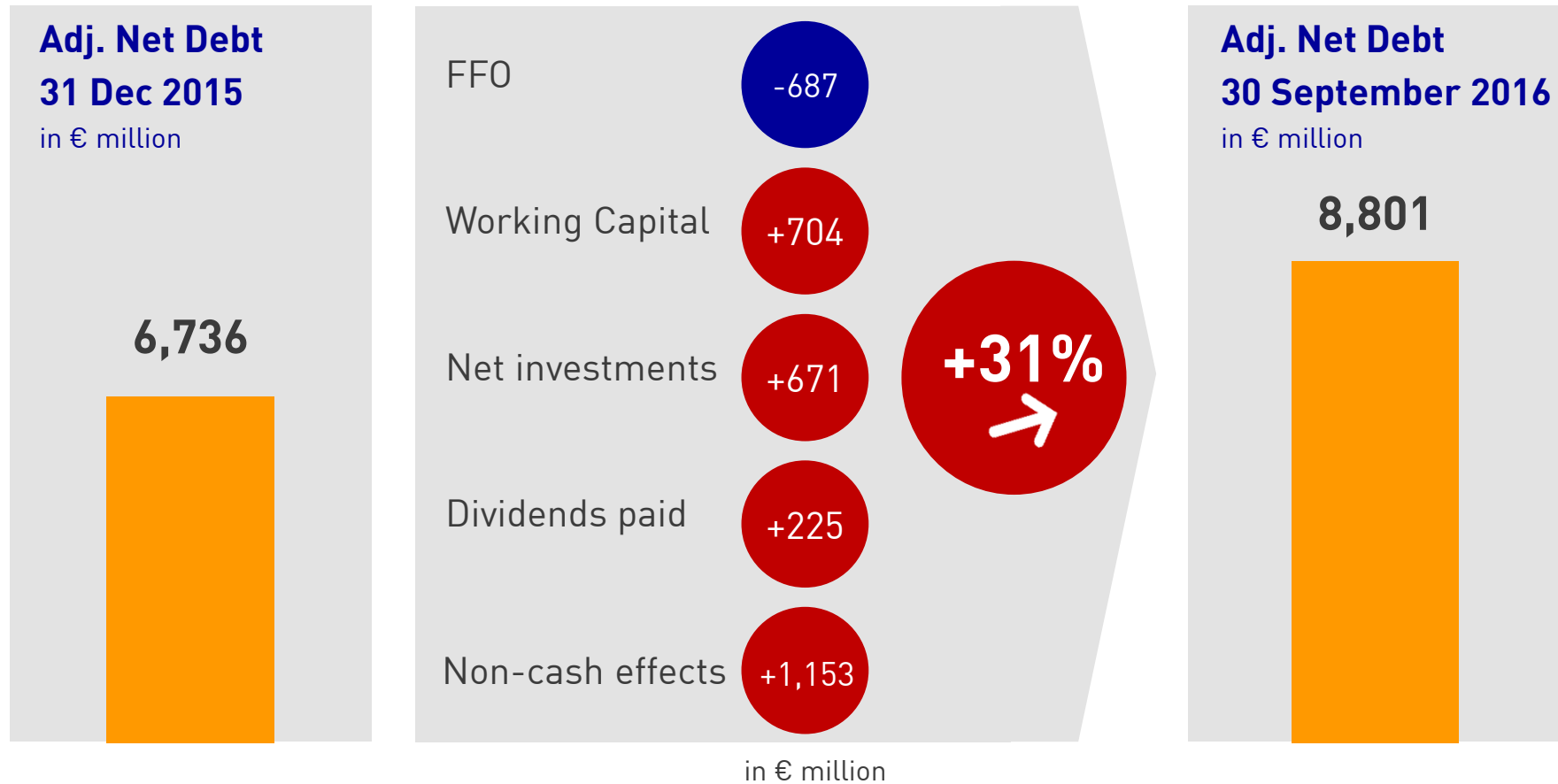


in € million



**Q1-Q3 2016**    Q1-Q3 2015

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





## What to expect from EnBW



- › Profitability: Adj. EBITDA  
**2016: -5 to -10% compared to 2015**
- › Financing and net debt development:  
**Retained CF positive**
- › EnBW 2020 strategy  
**Ongoing implementation**

**Commitment  
to solid IG  
rating**

- › Dividend and capex flexibility
- › Stable shareholder structure
- › Solid funding policy
  - › Diversified
  - › well-spread maturities
  - › hybrid capital support

# Questions & Answers >

The next conference call on fiscal year 2016  
will take place on 28 March 2017



# Appendix



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# Non-operating result



## Non-operating result

in € million

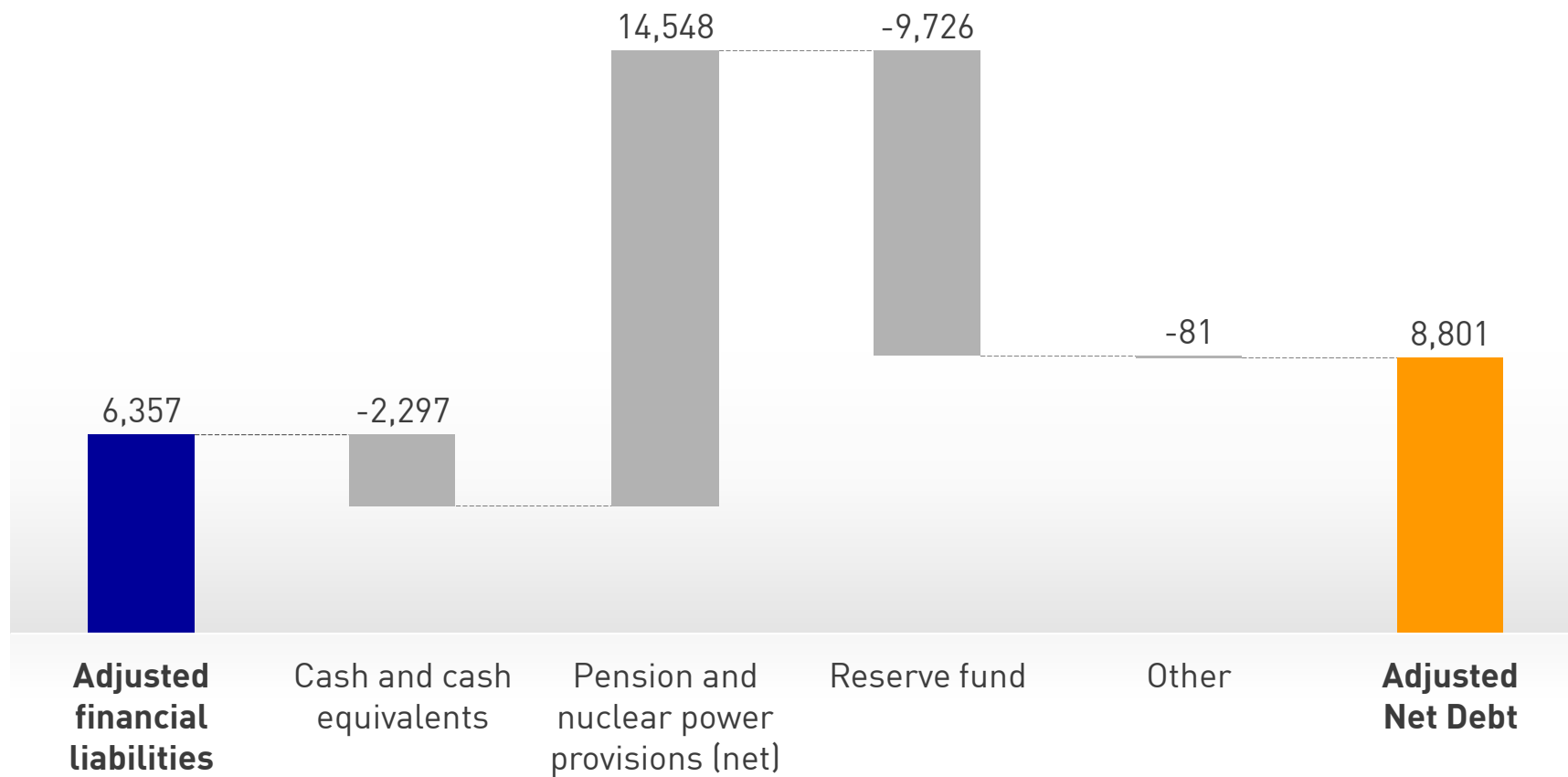
	Q1-Q3 2016	Q1-Q3 2015	Variance in %
Income/expenses relating to nuclear power	-6.9	26.8	-
Results from disposals	35.0	25.0	40.0
Addition to the provision for onerous contracts relating to electricity procurement agreements	0.0	-214.7	100.0
Earnings from reversals of impairment	0.0	34.7	-100.0
Restructuring	-84.6	-10.9	-
Other non-operating result	-7.7	-93.0	-
<b>Non-operating EBITDA</b>	<b>-64.2</b>	<b>-232.1</b>	<b>72.3</b>
Impairment losses	-22.5	-11.1	-102.7
<b>Non-operating EBIT</b>	<b>-86.7</b>	<b>-243.2</b>	<b>64.4</b>
Non-operating investment result	22.4	-17.5	-
Non-operating financial result	-170.7	-95.8	-78.2
Non-operating income taxes	-4.8	70.1	-
<b>Non-operating Group net loss</b>	<b>-239.8</b>	<b>-286.4</b>	<b>16.3</b>
of which loss shares attributable to non-controlling interests	(3.3)	(0.9)	-
of which loss shares attributable to the shareholders of EnBW AG	(-243.1)	(-287.3)	15.4

Conference Call Q1-Q3 2016, 10 November 2016

# Calculation of adjusted net debt



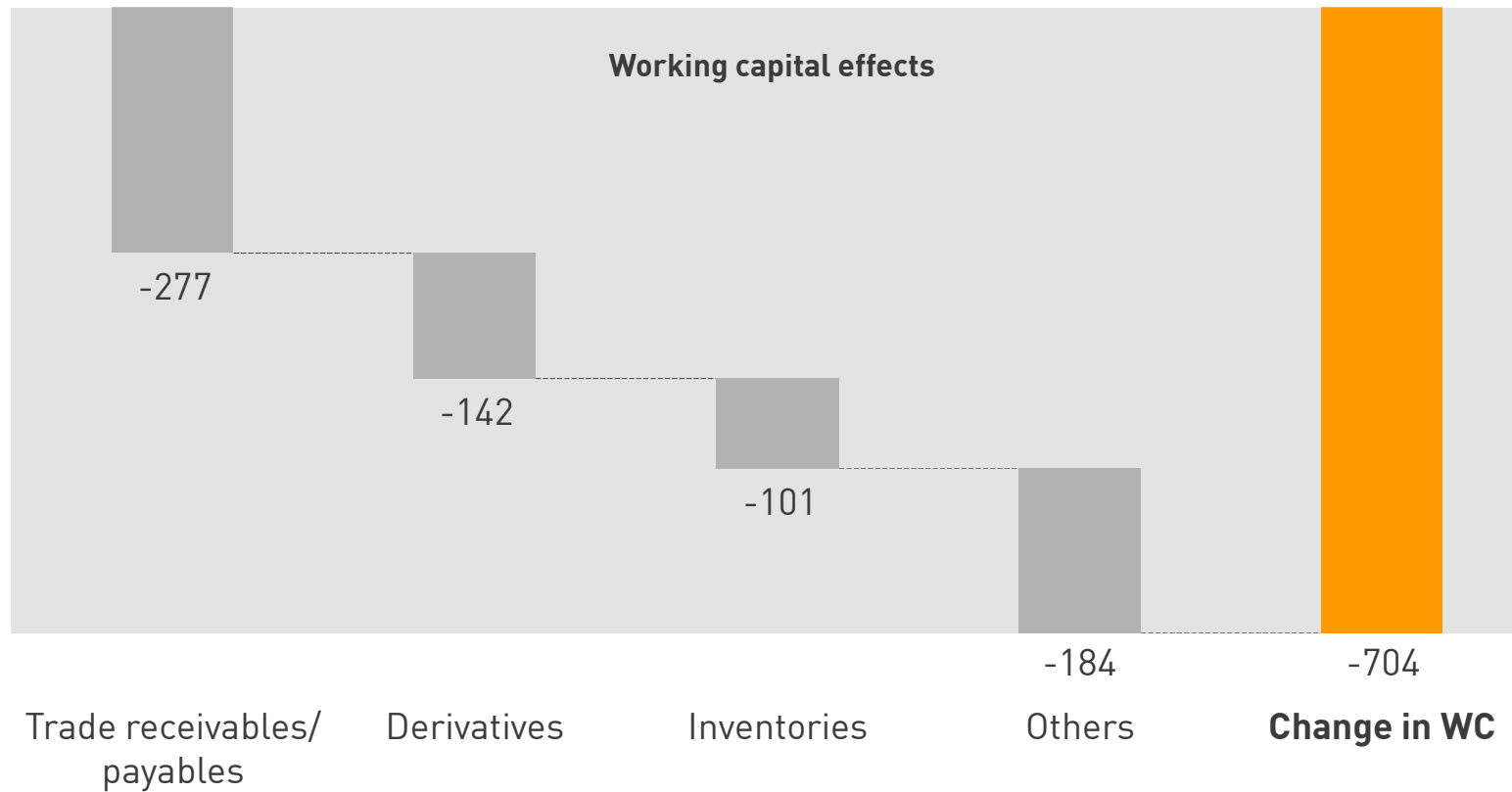
in € million



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



in € million



# Income statement



## Income statement

in € million	Q1-Q3 2016	Q1-Q3 2015	Variance in %
<b>Revenue</b>	<b>14,273.0</b>	<b>15,314.8</b>	<b>-6.8</b>
Changes in inventories/other own work capitalised	130.7	115.5	13.2
Cost of materials	-11,385.9	-12,420.4	8.3
Personnel expenses	-1,238.1	-1,213.4	-2.0
Other operating income/expenses	-471.0	-392.7	-19.9
<b>EBITDA</b>	<b>1,308.7</b>	<b>1,403.8</b>	<b>-6.8</b>
Amortisation and depreciation	-718.3	-701.3	-2.4
<b>EBIT</b>	<b>590.4</b>	<b>702.5</b>	<b>-16.0</b>
Investment and financial result	-599.2	168.7	-
<b>EBT</b>	<b>-8.8</b>	<b>871.2</b>	<b>-</b>
Income tax	-107.9	-108.9	0.9
<b>Group net profit</b>	<b>-116.7</b>	<b>762.3</b>	<b>-</b>
of which profit shares attributable to non-controlling interests	(75.8)	(51.5)	(47.2)
of which profit shares attributable to the shareholders of EnBW AG	(-192.5)	(710.8)	-

# Cash flow statement



## Free cash flow

in € million

	Q1-Q3 2016	Q1-Q3 2015	Variance in %
<b>Operating cash flow</b>	<b>-41.1</b>	<b>1,174.4</b>	<b>-</b>
Change in assets and liabilities from operating activities	703.7	322.5	118.2
Interest and dividends received	261.2	285.4	-8.5
Interest paid for financing activities	-236.4	-256.3	7.8
<b>Funds from Operations (FFO)</b>	<b>687.4</b>	<b>1,526.0</b>	<b>-55.0</b>
Change in assets and liabilities from operating activities	-703.7	-322.5	118.2
Capital expenditures on intangible assets and property, plant and equipment	-587.7	-845.5	-30.5
Cash received from disposals of intangible assets and property, plant and equipment	103.6	75.9	36.5
Cash received from construction cost and investment subsidies	44.2	50.4	-12.3
<b>Free cash flow</b>	<b>-456.2</b>	<b>484.3</b>	<b>-</b>

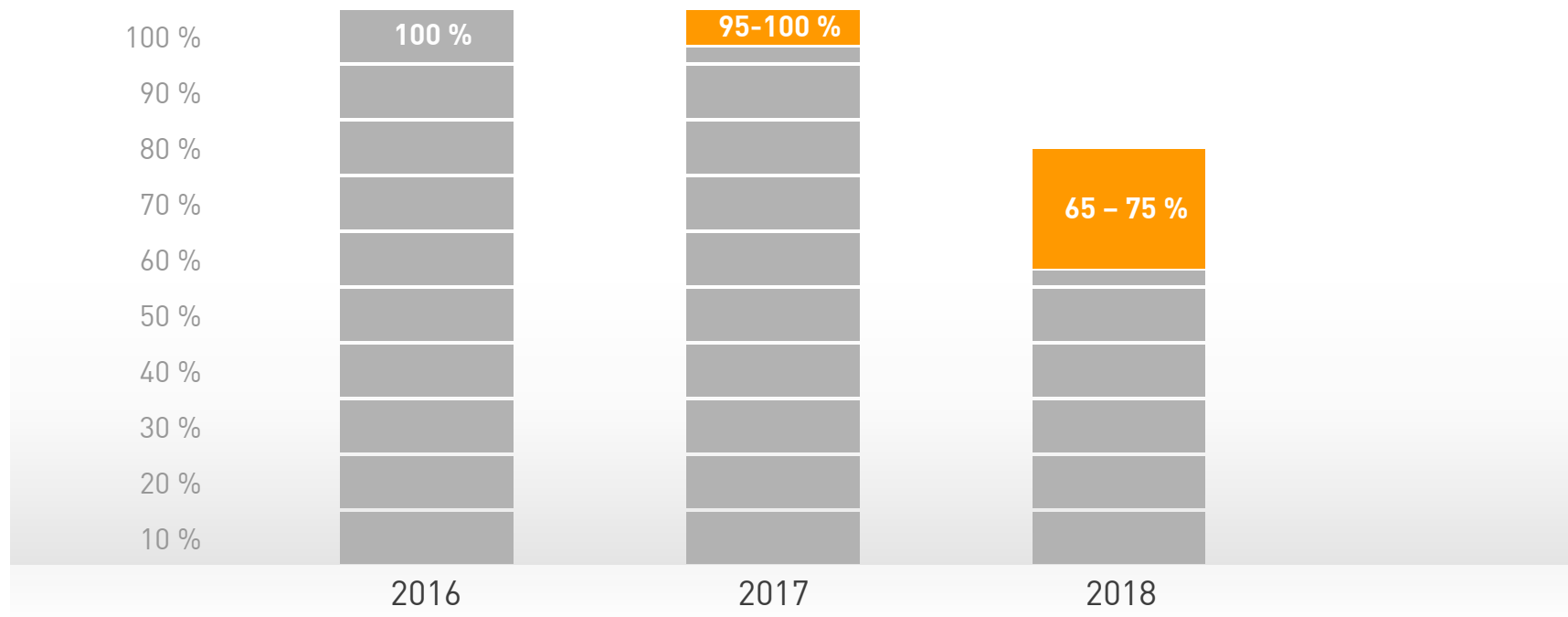


# Hedge levels



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

in %



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

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



## Debt Issuance Programme

€ **7** billion

30 September 2016: € 3.5 bn utilised

## Hybrid bonds

€ **2** billion

30 September 2016

## Commercial Paper Programme

€ **2** billion

30 September 2016: undrawn

## Syndicated credit line

€ **1.5** billion

- 30 September 2016: undrawn

## Bilateral short-term credit line

€ **0.3** billion

- 30 September 2016: undrawn

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

# EnBW successfully closed EUR 725m and USD 300m RegS bearer hybrid capital transactions



## Hybrid rationale

- › Important element of EnBW's capital structure
- › Equity credit supports IG rating
- › Cost-efficient layer by combining equity- and debt-like features

**Proactive & prudent financial policy**

## EUR 725m + USD 300m deal highlights

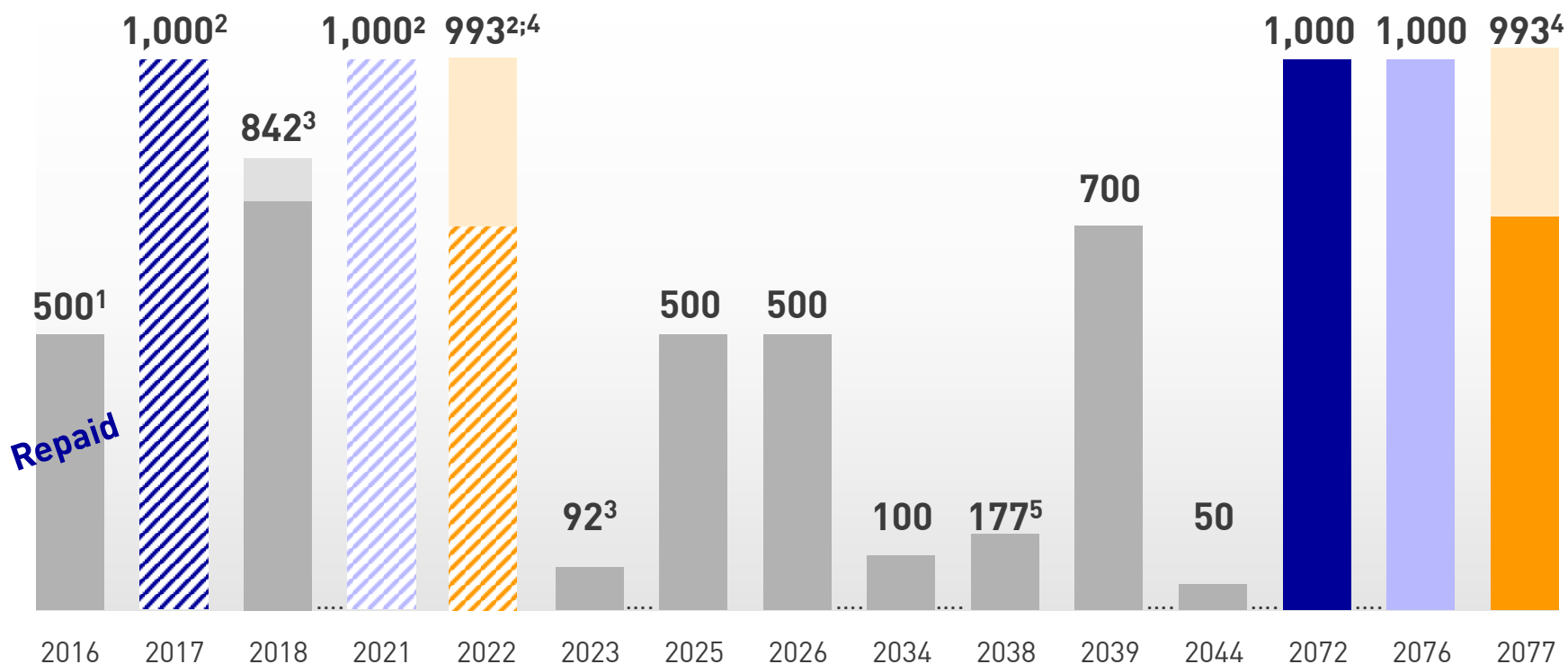
- › Taking advantage of constructive market conditions
- › 3.375% EUR coupon
- › 5.125% USD coupon translates into EUR yield of 3%
- › Investor diversification
- › Pre-funding of outstanding 7.375% hybrid

EnBW's has a diversified funding policy with no medium-term refinancing needs



### Maturities of EnBW's bonds

€ million



<sup>1</sup> Repaid from existing liquidity position as of 19/10/2016

<sup>2</sup> First call dates of hybrid bonds

<sup>3</sup> Including CHF 100m converted as of the reporting date 30/9/2016

<sup>4</sup> Including USD 300m converted as of the reporting date 05/10/2016, Settlement date 05/10/2016

<sup>5</sup> Nominal with conversion as of the reporting date 30/9/2016

# Financial calendar 2017



## 2017

28 March	Annual Report: January - December 2016
9 May	Annual General Meeting 2017
15 May	Quarterly Statement: January - March 2017
27 July	Six-Monthly Financial Report: January - June 2017
10 November	Quarterly Statement: January - September 2017



## EnBW IR contacts



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