Financial statements of the EnBW Group 2017

Without management report

On track

2020 strategy

Financial statements

of the EnBW Group

Income statement

in € million	Notes	2017	2016	Change in %
Revenue including electricity and energy taxes		22,622.7	20,080.2	12.7
Electricity and energy taxes		-648.7	-711.8	-8.9
Revenue	(1)	**21,974.0**	**19,368.4**	**13.5**
Changes in inventories		22.7	15.9	42.8
Other own work capitalised		134.9	118.5	13.8
Other operating income	(2)	2,750.3	807.5	–
Cost of materials	(3)	-18,189.3	-16,681.3	9.0
Personnel expenses	(4)	-1,777.1	-1,673.4	6.2
Other operating expenses	(5)	-1,163.1	-1,224.9	-5.0
EBITDA		**3,752.4**	**730.7**	**–**
Amortisation and depreciation	(6)	-1,248.4	-2,393.6	-47.8
Earnings before interest and taxes (EBIT)		**2,504.0**	**-1,662.9**	**–**
Investment result	(7)	159.3	117.6	35.5
of which net profit/loss from entities accounted for using the equity method		(43.3)	(-10.0)	–
of which other profit/loss from investments		(116.0)	(127.6)	-9.1
Financial result	(8)	194.6	-1,176.6	–
of which finance income		(704.1)	(431.9)	63.0
of which finance costs		(-509.5)	(-1,608.5)	-68.3
Earnings before tax (EBT)		**2,857.9**	**-2,721.9**	**–**
Income tax	(9)	-681.6	1,049.4	–
Group net profit/loss		**2,176.3**	**-1,672.5**	**–**
of which profit/loss shares attributable to non-controlling interests		(122.2)	(124.7)	-2.0
of which profit/loss shares attributable to the shareholders of EnBW AG		(2,054.1)	(-1,797.2)	–
EnBW AG shares outstanding (million), weighted average		**270.855**	**270.855**	**0.0**
Earnings per share from Group net profit/loss (€)[1]	(23)	**7.58**	**-6.64**	**–**

1 Diluted and basic; in relation to profit/loss attributable to the shareholders of EnBW AG.

Statement of comprehensive income

in € million[1]	2017	2016	Change in %
Group net profit/loss	**2,176.3**	**-1,672.5**	**–**
Revaluation of pensions and similar obligations	86.6	-427.4	–
Entities accounted for using the equity method	0.0	1.4	-100.0
Income taxes on other comprehensive income	-14.7	124.1	–
Total of other comprehensive income and expenses without future reclassifications impacting earnings	**71.9**	**-301.9**	**–**
Currency translation differences	46.0	7.0	–
Cash flow hedge	4.5	247.8	-98.2
Available-for-sale financial assets	103.8	192.8	-46.2
Entities accounted for using the equity method	-4.1	-39.8	89.7
Income taxes on other comprehensive income	-33.1	-105.2	68.5
Total of other comprehensive income and expenses with future reclassifications impacting earnings	**117.1**	**302.6**	**-61.3**
Total other comprehensive income	**189.0**	**0.7**	**–**
Total comprehensive income	**2,365.3**	**-1,671.8**	**–**
of which profit/loss shares attributable to non-controlling interests	(135.6)	(130.3)	4.1
of which profit/loss shares attributable to the shareholders of EnBW AG	(2,229.7)	(-1,802.1)	–

1 Further information is available in the notes under (18) "Equity".

Balance sheet

in € million	Notes	31/12/2017	31/12/2016
Assets			
Non-current assets			
Intangible assets	(10)	1,905.9	1,636.5
Property, plant and equipment	(11)	15,597.4	13,481.9
Entities accounted for using the equity method	(12)	1,388.6	1,835.6
Other financial assets	(13)	5,985.7	6,428.0
Trade receivables	(14)	320.9	357.4
Other non-current assets	(15)	611.7	410.1
Deferred taxes	(20)	956.4	1,268.9
		26,766.6	**25,418.4**
Current assets			
Inventories		958.1	806.8
Financial assets	(16)	588.1	2,389.5
Trade receivables	(14)	4,408.7	3,129.1
Other current assets	(15)	2,847.1	2,626.9
Cash and cash equivalents	(17)	3,213.3	3,991.6
		12,015.3	**12,943.9**
Assets held for sale	(22)	3.0	173.0
		12,018.3	**13,116.9**
		38,784.9	**38,535.3**
Equity and liabilities			
Equity	(18)		
Shares of the shareholders of EnBW AG			
Subscribed capital		708.1	708.1
Capital reserve		774.2	774.2
Revenue reserves		3,636.6	1,582.5
Treasury shares		-204.1	-204.1
Other comprehensive income		-1,367.4	-1,543.0
		3,547.4	**1,317.7**
Non-controlling interests		2,315.5	1,898.5
		5,862.9	**3,216.2**
Non-current liabilities			
Provisions	(19)	13,124.5	13,011.9
Deferred taxes	(20)	799.4	652.8
Financial liabilities	(21)	5,952.0	6,720.2
Other liabilities and subsidies	(21)	2,043.8	1,787.1
		21,919.7	**22,172.0**
Current liabilities			
Provisions	(19)	1,598.7	6,060.2
Financial liabilities	(21)	1,306.8	1,208.7
Trade payables	(21)	4,838.1	3,193.0
Other liabilities and subsidies	(21)	3,258.7	2,661.2
		11,002.3	**13,123.1**
Liabilities directly associated with assets classified as held for sale	(22)	0.0	24.0
		11,002.3	**13,147.1**
		38,784.9	**38,535.3**

Cash flow statement

in € million[1]	2017	2016
1. Operating activities		
EBITDA	3,752.4	730.7
Changes in provisions	-472.3	721.9
Result from disposals	-317.8	-28.4
Other non-cash expenses/income	-68.1	-49.7
Change in assets and liabilities from operating activities	-4,671.4	-657.5
Inventories	(-27.3)	(67.9)
Net balance of trade receivables and payables	(277.6)	(-302.6)
Net balance of other assets and liabilities	(-4,921.7)	(-422.8)
Income tax received/paid	81.1	-243.4
Cash flow from operating activities	**-1,696.1**	**473.6**
2. Investing activities		
Capital expenditure on intangible assets and property, plant and equipment	-1,419.2	-1,189.4
Disposals of intangible assets and property, plant and equipment	52.8	115.5
Cash received from construction cost and investment subsidies and tax refunds from recognised exploration expenditure	113.8	61.1
Acquisition of subsidiaries, entities accounted for using the equity method and interests in joint operations	-227.9	-961.3
Sale of subsidiaries, entities accounted for using the equity method and interests in joint operations	235.4	189.9
Cash paid for investments in other financial assets	-721.2	-331.6
Sale of other financial assets	3,491.0	2,065.2
Cash received/paid for investments in connection with short-term finance planning	44.3	39.4
Interest received	452.1	203.0
Dividends received	139.6	142.1
Cash flow from investing activities	**2,160.7**	**333.9**
3. Financing activities		
Interest paid for financing activities	-425.6	-351.3
Dividends paid	-84.7	-226.1
Cash received for changes in ownership interest without loss of control	1.5	0.0
Cash paid for changes in ownership interest without loss of control	0.0	-8.0
Increase in financial liabilities	302.3	999.2
Repayment of financial liabilities	-1,279.8	-704.8
Payments from alterations of capital in non-controlling interests	-55.0	-25.6
Cash flow from financing activities	**-1,541.3**	**-316.6**
Net change in cash and cash equivalents	**-1,076.7**	**490.9**
Change in cash and cash equivalents due to changes in the consolidated companies	300.3	0.0
Net foreign exchange difference	-1.9	-0.4
Change in cash and cash equivalents	**-778.3**	**490.5**
Cash and cash equivalents at the beginning of the period	3,991.6	3,501.1
Cash and cash equivalents at the end of the period	**3,213.3**	**3,991.6**

1 Further information is available in the notes under (31) "Notes to the cash flow statement".

Statement of changes in equity

in € million[1]				Other comprehensive income[3]							
	Subscribed capital and capital reserve[2]	Revenue reserves	Treasury shares	Revaluation of pensions and similar obligations	Currency translation differences	Cash flow hedge	Available-for-sale financial assets	Entities accounted for using the equity method	Shares of the shareholders of EnBW AG	Non-controlling interests[3]	Total
As of 01/01/2016	**1,482.3**	**3,634.8**	**-204.1**	**-1,482.7**	**-54.4**	**-256.9**	**213.1**	**-63.3**	**3,268.8**	**1,854.4**	**5,123.2**
Other comprehensive income				-301.9	6.2	159.2	170.0	-38.4	-4.9	5.6	0.7
Group net profit/loss		-1,797.2							-1,797.2	124.7	-1,672.5
Total comprehensive income	**0.0**	**-1,797.2**	**0.0**	**-301.9**	**6.2**	**159.2**	**170.0**	**-38.4**	**-1,802.1**	**130.3**	**-1,671.8**
Dividends paid		-149.0							-149.0	-59.1	-208.1
Other changes		-106.1						106.1	0.0	-27.1	-27.1
As of 31/12/2016	**1,482.3**	**1,582.5**	**-204.1**	**-1,784.6**	**-48.2**	**-97.7**	**383.1**	**4.4**	**1,317.7**	**1,898.5**	**3,216.2**
Other comprehensive income				67.7	36.2	-11.5	87.3	-4.1	175.6	13.4	189.0
Group net profit/loss		2,054.1							2,054.1	122.2	2,176.3
Total comprehensive income	**0.0**	**2,054.1**	**0.0**	**67.7**	**36.2**	**-11.5**	**87.3**	**-4.1**	**2,229.7**	**135.6**	**2,365.3**
Dividends paid									0.0	-84.7	-84.7
Other changes									0.0	366.1	366.1
As of 31/12/2017	**1,482.3**	**3,636.6**	**-204.1**	**-1,716.9**	**-12.0**	**-109.2**	**470.4**	**0.3**	**3,547.4**	**2,315.5**	**5,862.9**

1 Further information is available in the notes under (18) "Equity".
2 Of which subscribed capital €708.1 million (31/12/2016: €708.1 million, 01/01/2016: €708.1 million) and capital reserve €774.2 million (31/12/2016: €774.2 million, 01/01/2016: €774.2 million).
3 Of which other comprehensive income directly associated with the assets held for sale as of 31/12/2017 to the amount of €0.0 million (31/12/2016: €0.0 million, 01/01/2016: € -45.4 million). Of which attributable to the shareholders of EnBW AG: €0.0 million (31/12/2016: €0.0 million, 01/01/2016: € -45.4 million). Of which attributable to non-controlling interests: €0.0 million (31/12/2016: €0.0 million, 01/01/2016: €0.0 million).

Notes to the 2017 financial statements of the EnBW Group

General principles

In accordance with section 315e (1) German Commercial Code (HGB), EnBW Energie Baden-Württemberg AG (EnBW), as the highest-level parent company in the EnBW Group, prepares the consolidated financial statements according to the International Financial Reporting Standards (IFRS), the adoption of which is mandatory in the European Union as of the reporting date. The interpretations promulgated by the IFRS Interpretations Committee (IFRS IC) are also taken into account. IFRS and interpretations whose application is not yet mandatory are not adopted. The consolidated financial statements therefore comply with those IFRS and interpretations issued by the International Accounting Standards Board (IASB) which have been endorsed by the EU.

The consolidated financial statements are presented in millions of euros (€ million). The income statement as well as the statement of comprehensive income, the balance sheet, the cash flow statement and the statement of changes in equity of the EnBW Group are presented separately.

In the interest of clarity, items have been combined in the income statement and in the balance sheet, and disclosed separately and explained in the notes.

The income statement has been prepared using the nature of expense method.

Significant events in the reporting period such as the change to the discount rate for pension and nuclear provisions are described and detailed descriptions of the segments are given in the EnBW Group section of the management report.

The consolidated financial statements are prepared as of the reporting date of the parent company's financial statements. The parent company's financial year is the calendar year.

The registered office of the company is in Karlsruhe, Germany. The address is EnBW Energie Baden-Württemberg AG, Durlacher Allee 93, 76131 Karlsruhe. It is entered at the District Court of Mannheim under HRB no. 107956.

EnBW's principal activities are described in the segment reporting.

EnBW's Board of Management prepared and released the consolidated financial statements for issue on 1 March 2018.

Consolidation principles

The financial statements of the domestic and foreign companies included in the consolidation were prepared in a standardised manner in accordance with the accounting policies which are applicable at EnBW.

Business combinations are accounted for using the acquisition method. The cost of a business combination is measured based on the fair value of the assets acquired and liabilities assumed or entered into as of the acquisition date. Non-controlling interests are measured at the proportionate fair value of the identified assets and the liabilities assumed. Incidental acquisition costs are expensed as incurred. If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss when the acquirer obtains control. Any excess of the cost of a business combination plus the amount of any non-controlling interest in the acquiree over the acquired identifiable assets, assumed liabilities and contingent liabilities is reported as goodwill if positive or, if negative, is reassessed and recognised through profit or loss.

A change in the ownership interest in an entity which continues to be fully consolidated is accounted for as an equity transaction. All remaining interests are remeasured at fair value upon loss of control.

Receivables, liabilities and provisions between the consolidated entities are netted. Intercompany income is set off against the corresponding expenses. Intercompany profits and losses are eliminated unless they are not of minor importance.

Consolidated companies

In accordance with the full consolidation method, all subsidiaries under the control of the Group are included. The Group controls an associate if it is exposed to risks or has rights to variable returns as a result of its involvement in the associate, and the Group has the ability to use its power over the associate in a way that affects the amount of the returns from the associate. In the full consolidation process, the assets and liabilities of a subsidiary are included in the consolidated financial statements in their entirety.

The equity method is used when there is a joint arrangement in the form of a joint venture or a significant influence may be exercised over the business policy of the associate, but the entity does not qualify as a subsidiary. At the time of acquisition they are recognised at cost and subsequently recognised according to the amortised proportionate net assets. The carrying amounts are increased or reduced each year by the proportionate profit or loss, dividends paid or other changes in equity. This means that when shareholdings are being measured, only the company's proportional equity, rather than its assets and liabilities, is shown in the consolidated financial statements. Any goodwill is included in the stated value of the shareholding in question. Any negative differences are recognised in profit or loss in the investment result.

Joint arrangements that are classified as joint operations are reported based on the proportion of the assets, liabilities, income and expenses which are attributable to us in compliance with the respective applicable IFRS.

Interests in subsidiaries, joint ventures or associates which, in the Group's opinion, are of minor significance, or are not controlled due to their participation structure and as such no significant influence is exercised over them, are reported in accordance with IAS 39. Indicators for determining the materiality of subsidiaries are the revenue, earnings and equity of these companies.

There are no reciprocal shareholdings in the EnBW Group as defined by section 19 (1) German Stock Corporation Act (AktG).

The consolidated companies are as follows:

Type of consolidation

Number of companies	31/12/2017	31/12/2016
Fully consolidated companies	146	122
Entities accounted for using the equity method	22	17
Joint operations	3	3

Changes in the consolidated companies

Of the companies included in the consolidated financial statements by way of full consolidation, 18 (previous year: 12) domestic companies and 14 (previous year: 3) foreign companies were consolidated for the first time in the reporting year, 2 (previous year: 4) domestic companies and zero (previous year: 3) foreign companies were deconsolidated. In addition, 6 domestic companies (previous year: 4) were merged. The increase in fully consolidated companies and entities accounted for using the equity method was primarily due to the full consolidation of VNG-Verbundnetz Gas Aktiengesellschaft (VNG). In addition, the two wind farms EnBW Hohe See GmbH & Co. KG and EnBW Albatros GmbH & Co. KG are no longer fully consolidated after a loss of control but are accounted for as a joint venture using the equity method in the consolidated financial statements.

First-time full consolidation of affiliated entities 2017

First-time full consolidation of VNG-Verbundnetz Gas Aktiengesellschaft

In order to strengthen the gas business, EnBW acquired 74.21% of VNG-Verbundnetz Gas Aktiengesellschaft, Leipzig, from EWE Aktiengesellschaft, Oldenburg, in the second quarter of 2016. After obtaining control by gaining a majority on the Supervisory Board, VNG and its subsidiaries, which were previously accounted for as a joint venture using the equity method, are now fully consolidated in the EnBW consolidated financial statements as of 18 May 2017. VNG is a horizontally and vertically integrated group of companies in the European gas industry that is particularly active in the areas of exploration and production, gas transport and gas storage, as well as trading and services.

The fair value of the VNG shares at the time of full consolidation was €1,314.1 million. As the disposal of the VNG shares accounted for using the equity method was worth €1,298.6 million, there was investment income of €15.5 million. The value of the non-controlling interest was calculated pro rata at fair value based on the identifiable net assets of VNG and stands at €412.5 million. The goodwill represents, in particular, synergies in the grids sector and is not deductible for tax purposes.

Following its full consolidation, VNG contributed €2,308.7 million to revenues and €-32.7 million to earnings after income taxes in the 2017 financial year. If VNG had been fully consolidated since the beginning of the year, Group revenue would have increased by €1,416.3 million to €23,390.3 million and earnings after income taxes would have increased by €36.1 million to €2,212.4 million.

The following assets and liabilities were taken over as part of the acquisition:

in € million	Carrying amount according to IFRS	Recognised at acquisition
Intangible assets	44.4	290.5
Property, plant and equipment	1,436.2	1,881.0
Other non-current assets	456.8	659.1
Cash and cash equivalents	296.7	296.7
Other current assets	1,351.2	1,351.2
Total assets	**3,585.3**	**4,478.5**
Non-current liabilities	961.6	1,318.0
Current liabilities	1,558.1	1,561.1
Total liabilities	**2,519.7**	**2,879.1**
Net assets	1,065.6	1,599.4
Non-controlling interests		412.5
Net assets attributable to the shareholders of EnBW AG		1,186.9
Fair value of the VNG shares		1,314.1
Goodwill		127.2

The fair value of the trade receivables acquired as part of the business combination stood at €1,029.9 million. It is anticipated that the total amount of the trade receivables will be largely collected so that the gross value corresponds to the fair value of the trade receivables.

Changes in the shareholdings of fully consolidated companies with loss of control in 2017

Sale of interest in EnBW Hohe See GmbH & Co. KG

EnBW Energie Baden-Württemberg AG sold 49.89% of the shares in EnBW Hohe See GmbH & Co. KG, Hamburg, to a subsidiary of the Canadian company Enbridge Inc., Calgary, on 8 February 2017. EnBW Hohe See GmbH & Co. KG is an offshore wind farm in the North Sea that is currently under construction. EnBW is reporting the remaining shares in EnBW Hohe See GmbH & Co. KG in the consolidated financial statements temporarily as a joint venture using the equity method due to the lack of control during the construction phase as a result of a requirement for unanimity in the General Meeting of Shareholders during the construction phase. Income of €256.3 million was generated as a result of the transaction and has been reported under other operating income.

It includes an amount of €116.3 million that is due to the measurement of the remaining shareholding at fair value.

Sale of interest in EnBW Albatros GmbH & Co. KG

EnBW Energie Baden-Württemberg AG sold 49.89% of the shares in EnBW Albatros GmbH & Co. KG, Hamburg, to a subsidiary of the Canadian company Enbridge Inc., Calgary, on 6 December 2017. EnBW Albatros GmbH & Co. KG is an offshore wind farm in the North Sea that is currently under construction. EnBW is reporting the remaining shares in EnBW Albatros GmbH & Co. KG in the consolidated financial statements temporarily as a joint venture using the equity method due to the lack of control during the construction phase as a result of a requirement for unanimity in the General Meeting of Shareholders during the construction phase. Income of €48.9 million was generated as a result of the transaction and has been reported under other operating income. It includes an amount of €22.6 million that is due to the measurement of the remaining shareholding at fair value.

Acquisition and disposal of entities accounted for using the equity method in 2016

Acquisition of shares in VNG-Verbundnetz Gas Aktiengesellschaft and disposal of shares in EWE Aktiengesellschaft

In return for the acquisition of 74.21% of the shares in VNG-Verbundnetz Gas Aktiengesellschaft from EWE Aktiengesellschaft, EnBW divested itself of a 20% share in EWE on 20 April 2016. In addition, a cash settlement was paid by EnBW to EWE and the Ems-Weser-Elbe Versorgungs- und Entsorgungsverband (EWE-Verband). VNG was initially accounted for by EnBW in the consolidated financial statements using the equity method due to a lack of control as a result of the majority held on the Supervisory Board. The remaining 6% shareholding in EWE has been recognised under other financial assets since this time. VNG was allocated in the segment reporting to Other/Consolidation as a company accounted for using the equity method.

Changes in accounting policies

First-time adoption of amended accounting standards

The International Accounting Standards Board (IASB) and the IFRS IC have adopted the following new standards, amendments to existing standards, and interpretations whose application is mandatory as from the 2017 financial year:

- **Amendments to IAS 7 (2016) "Disclosure Initiative":** The amendments require additional disclosures in the notes to present changes to liabilities from the company's financing activities. EnBW has included a reconciliation account in note "(21) Liabilities and subsidies".
- **Collective standard for the amendment of various IFRS (2016) "Improvements to the IFRS Cycle 2014-2016"** with regard to the amendments to IFRS 12
- **Amendments to IAS 12 (2016) "Recognition of deferred tax assets for unrealised losses"**

These new rules have no material impact on the EnBW consolidated financial statements.

Effects of new accounting standards that are not yet mandatory

The IASB and IFRS IC have already published the following standards and interpretations whose adoption is not yet mandatory for the 2017 financial year. The most important changes are presented below:

- **IFRS 9 "Financial Instruments":** The publication of IFRS 9 (2014) completed IASB's three-phase revision of the rules on the accounting of financial instruments. The standard must be applied for financial years beginning on or after 1 January 2018. Due to the change in requirements for the classification of financial instruments, differences compared to the classification and measurement of financial assets previously required under IAS 39 will arise. In the IFRS 9 implementation project of the EnBW Group, it is apparent that the "at fair value through profit or loss" measurement category will, in future, increase in significance. At the transition date, EnBW will not utilise the option for equity instruments (€2,803.9 million) and will thus measure them at fair value through profit or loss. As of 31 December 2017, equity instruments are already primarily measured at their fair value. A significant transition effect as of 1 January 2018 is not anticipated. The financial assets that were previously classified as "available for sale" and are used as debt instruments will be allocated under the "hold to collect and sell" business model. If the interest test is satisfied, these will be recognised at fair value through profit or loss. Around 70% of the financial assets will thus be measured at fair value through profit or loss in future. Furthermore, transition to the expected credit loss model will tend to increase the required risk provisions. At EnBW, this will mainly affect trade receivables and securities recognised at fair value through other comprehensive income. The determination of risk provisions for trade receivables will be carried out using the simplified impairment model of IFRS 9 based on historical default rates within the portfolio. Instrument-specific loss probabilities and rates will be used to determine the expected losses on securities. Due to the complexity of the calculations, the quantification of the effect of the transition to the expected credit loss model has not yet been fully completed. However, EnBW anticipates a not insignificant effect on equity as a result. An improvement is also expected as a result of the new rules on hedge accounting because certain restrictions in the current rules of IAS 39 have been removed with the new IFRS 9 and so a larger range of hedging instruments and hedged items has become available. EnBW will utilise the hedge accounting rules in IFRS 9 for existing hedges at the transition date. A decision on whether to expand it to other hedges will be made during the 2018 financial year on a case-by-case basis. EnBW will utilise the option of not stating any comparative figures for previous years.
- **IFRS 15 "Revenue from Contracts with Customers" and amendments (2016) "Clarifications to IFRS 15 Revenue from Contracts with Customers":** In contrast to the current rules, the new standard includes a principles-based five-step model for recognising revenue from contracts with customers. The standard replaces the current rules on revenue recognition in IAS 11 and IAS 18 and the associated interpretations. The standard must be applied for the first time for financial years beginning on or after 1 January 2018. In terms of transition relief, the Group will utilise the modified retrospective approach, where the standard only needs to be used for the latest reporting period presented in the financial statements (2018 financial year). The 2017 comparative period will still be presented using the old regulations.
  In order to examine the impact of IFRS 15 on the consolidated financial statements, EnBW started a project to systematically document and analyse the contract types at the different value-added stages. The business areas in the core Group and the companies where there is a majority shareholding were examined for this purpose. The results of the project showed that there will be no material impact due to the introduction of IFRS 15. As of 1 January 2018, the revenue reserves will increase in total by between €515 million and €625 million. The accounting changes identified in the analysis mainly affect the areas described below.
  Especially in the Sales segment, the costs for acquiring contracts, which were directly recognised as an expense up to now, will be capitalised under other assets and released over the expected term of the contract as other operational expenses. This will also result in an increase in the revenue reserves of between €15 million and €25 million at the time of transition. There will be no effect on revenue due to the capitalisation of the costs for acquiring contracts in the future, it will only have an earnings effect.
  In the case of regulatory levies and duties, especially for EEG and KWK, the application of IFRS 15 will result in lower revenue and correspondingly a lower cost of materials being reported. The cause of this reporting change are the revised and supplemented criteria for checking the "principal" or "agent" relationships. We expect that this will result in the revenue reported being between 0% and 5% lower in 2018.
  Furthermore, as part of the introduction of IFRS 15, the period of release for construction cost subsidies in the regulated sector for electricity and gas will also be changed to 20 years because the period of release will in future no longer be based on useful life but rather on the Electricity Grid Charges Ordinance (StromNEV) and the Gas Grid Charges Ordinance (GasNEV). The revenue reserves will increase as a result by €500 million and €600 million. Due to this transition, we anticipate lower revenue of between €3 million and €4 million from this effect in 2018. Construction cost subsidies will also be reported as contract liabilities in the notes to the consolidated financial statements in the future.

- **IFRS 16 "Leases":** The standard replaces the current standard for accounting for leases IAS 17 and the associated interpretations. The new standard introduces a uniform accounting model, whereby leases are recognised on the balance sheet of the lessee. The lessee recognises a right-of-use to the underlying asset and a lease liability that represents its obligation to make lease payments. There are exemptions for short-term leases and leases where the asset has a low value. EnBW has started its first assessment of the possible effects on the consolidated financial statements. Accounting for expenses for operating leases on a straight-line basis according to IAS 17 will be replaced by depreciation of the right-of-use assets and interest expenses for the liabilities from the lease. EnBW will probably utilise the exemptions for short-term leases and leases where the underlying asset has a low value. In terms of transition relief, the Group will utilise the modified retrospective approach as a lessee. It is not possible to estimate the effects on the assets and liabilities at this point in time because, amongst other things, there is uncertainty about potential further leases. The standard must be applied for financial years beginning on or after 1 January 2019. The option of early application will not be utilised and the standard will be applied for the first time in the EnBW Group in the 2019 financial year.

The IASB and the IFRS IC have also published the following standards and interpretations whose use is expected to have no material impact on the EnBW consolidated financial statements. Their application in the future is subject to their endorsement by the EU into European law.

- Collective standard for the amendment of various IFRS (2016) "Improvements to the IFRS Cycle 2014-2016" with regard to the amendments to IFRS 1 and IAS 28
- Collective standard for the amendment of various IFRS (2017) "Improvements to the IFRS Cycle 2015-2017"
- IAS 28 amendments (2017) "Long-term interests in Associates and Joint Ventures"
- Amendments to IAS 40 (2016) "Transfer of investment property"
- Amendments to IFRS 2 (2016) "Classification and Measurement of Share-based Payment Transactions"
- Amendments to IFRS 4 (2016) "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"
- IFRS 9 Amendments (2017) "Prepayment features with negative compensation"
- Amendments to IFRS 10 and IAS 28 (2014) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts"
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration"
- IFRIC 23 "Uncertainty over Income Tax Treatments"

Adjustment to capital employed and net debt

In order to improve the presentation of the net assets, we have adjusted the definition of non-current and current loans in 2017. The change to the definition has an effect on our performance indicators capital employed and net debt. Loans to affiliated entities, entities accounted for using the equity method and other investments allocated to capital employed will be reported in the same way as shares under capital employed. Other loans will also be reported under capital employed. As of 31 December 2016, the current financial assets allocated to net debt fell by €8.8 million and the non-current loans fell by €34.3 million due to this effect. The capital employed increased accordingly by €43.1 million as of 31 December 2016.

Significant accounting policies

Intangible assets

Intangible assets acquired for a consideration are carried at amortised cost and, except for goodwill, are amortised using the straight-line method over their useful life. The amortisation period of purchased software ranges from 3 to 5 years; the amortisation period of franchises for power plants is between 15 and 65 years. Customer relationships are amortised over their expected useful life of between 4 and 30 years, water rights and the underlying franchises are amortised over 20 years. The amortisation period for exploration licences is dependent on production and is anticipated to be between 12 and 18 years.

Petroleum/natural gas production licences and exploration costs are reported using the successful efforts accounting method according to IFRS 6. The costs will be amalgamated in so-called cost centres. The assets are measured at their acquisition or production costs; the subsequent measurement is carried out based on the acquisition cost method. Assets related to secure and economically recoverable deposits will be reclassified under property, plant and equipment and depreciated from this point in time.

Internally generated intangible assets are recognised at cost if it is probable that a future economic benefit will flow to the company from the use of the asset and the cost of the asset can be reliably determined. If the recognition criteria are not satisfied, costs are expensed immediately through profit or loss in the year in which they were incurred. At the EnBW Group, these assets relate to software programmes that are amortised on a straight-line basis over a useful life of five years.

The useful lives and amortisation methods are reviewed regularly.

In accordance with the provisions of the IFRS, goodwill from business combinations is not amortised, but tested for impairment at least once a year and whenever there is any indication that the recoverable amount may be lower than the carrying amount.

Property, plant and equipment

Items of property, plant and equipment are measured at cost. Items that are subject to wear and tear are depreciated using the straight-line method over the expected useful life of their individual components. Depreciation is recorded pro rata temporis in the year of addition.

Maintenance and repair costs are recorded as expenses. Renewal or maintenance expenses which lead to future economic benefits of an asset are capitalised.

Construction cost subsidies and investment grants or subsidies are not deducted from the cost of the asset concerned, but recognised on the liabilities side of the balance sheet.

The nuclear power plants also contain the present value, net of depreciation, of the estimated cost of decommissioning and dismantling the contaminated facilities.

Depreciation on our major items of property, plant and equipment is computed using the following uniform Group-wide useful lives:

Useful life	
in years	
Buildings	25 – 100
Power plants	10 – 50
Electricity distribution plants	25 – 45
Gas distribution plants	10 – 55
Water distribution plants	15 – 40
District heat distribution plants	15 – 40
Telecommunications distribution facilities	4 – 20
Other equipment, factory and office equipment	4 – 14

The useful lives and depreciation methods are reviewed regularly.

Property, plant and equipment are derecognised upon disposal or when no further economic benefits are expected from their continued use or sale. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period the asset is derecognised.

Borrowing costs

If a qualifying asset necessarily takes a substantial period of time (more than twelve months) to be made ready for its intended use, the borrowing costs incurred until it is ready for its intended use that are directly attributable to its acquisition or production are capitalised as part of the respective asset. Where there are specific debt financing arrangements, the respective borrowing costs incurred are used. Where the debt financing arrangements are not specific, borrowing costs are capitalised using a uniform rate within the Group of 3.2% (previous year: 3.5%). Borrowing costs totalling €5.7 million were capitalised in the financial year (previous year: €5.8 million).

Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. This also applies for agreements that do not explicitly describe the conveyance of such a right. Leases are classified either as finance leases or as operating leases.

Leases where the EnBW Group as lessee retains substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. The leased asset is recognised at the lower of fair value and the present value of the minimum lease payments. A liability of the same amount is recognised.

The recognised leased asset is depreciated over the shorter of its useful life and the lease term. The liability is repaid and carried forward in subsequent periods using the effective interest method. All other leases where the EnBW Group is the lessee are classified as operating leases. Lease payments and instalments from operating leases are recognised directly as an expense in the income statement.

Leases where the EnBW Group as lessor transfers substantially all the risks and rewards of ownership of the leased asset to the lessee are recognised as finance leases at the lessor. A receivable is recognised for the amount of the net investment in the lease. The payments made by the lessee are recognised as repayments on the principal or interest income using the effective interest method. All other leases where the EnBW Group is the lessor are classified as operating leases. The leased asset remains in the consolidated balance sheet and is depreciated. The payments made by the lessee are recognised as income on a straight-line basis over the term of the lease.

Impairment losses/reversals of impairment losses

The carrying amounts of intangible assets, property, plant and equipment and investment properties are tested for impairment when circumstances or events indicate that there could be an impairment or increase in value. If such indications exist, the recoverable amount of the asset concerned is determined in impairment testing. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

The fair value is determined on the basis of a business valuation model and reflects the best estimate of the amount at which a third party would acquire the asset. The value in use corresponds to the present value of the future cash flows expected to be derived from an asset or cash-generating unit. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If it is not possible to determine the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset can be allocated.

Goodwill arising from business combinations is allocated to the cash-generating units or groups of cash-generating units that are expected to achieve synergies from the business combination.

The recoverable amount of these cash-generating units or groups of cash-generating units is tested for impairment at least once a year. An additional test is performed whenever there is any indication that the carrying amount may not be recoverable. For more information, please refer to note (10) “Intangible assets”.

If the recoverable amount of an asset falls short of its carrying amount, an impairment loss is recognised in profit or loss immediately. In the event of impairment losses on cash-generating units to which goodwill has been allocated, the goodwill is reduced first. If the impairment loss exceeds the carrying amount of the goodwill, the difference is allocated proportionally to the remaining non-current assets of the cash-generating unit.

If the reason for a previously recognised impairment loss no longer exists at a later date, the impairment loss is reversed. The increased carrying amount of the asset attributable to a reversal may not exceed the carrying amount that would have been determined had no impairment loss been recognised in previous years (amortised cost).

An impairment loss recognised for goodwill may not be reversed in a subsequent period. Accordingly, impairment losses on goodwill are not reversed.

Financial assets

Investments in non-consolidated affiliated entities, in associates not accounted for using the equity method and in other investments, as well as some of the securities, are allocated to the “available for sale” measurement category. This measurement category includes all financial assets that are not “held for trading”, “held to maturity” or “loans and receivables”. They are measured at fair value if it can be determined reliably; unrealised gains and losses are recognised directly in equity. If the fair value cannot be determined reliably, these financial assets are measured at amortised cost. Most of these assets are other investments, which are not traded on an active market.

If there is any permanent or significant impairment as of the reporting date, the adjustments to the lower market value are recognised in profit or loss. The unrealised gains or losses previously recognised directly in equity are recognised in profit or loss upon sale. Impairment losses are reflected in an allowance account.

Loans are accounted for at amortised cost. Loans subject to market interest rates are recognised at nominal value, and low-interest or interest-free loans at present value. Some bad debt allowances are recognised via an allowance account. The decision whether the bad debt allowance reduces the carrying amount directly, or does so indirectly via an allowance account, depends on the probability of the anticipated default.

The securities recognised as current financial assets and allocated to the “held for trading” category are measured at fair value through profit or loss. The fair value equals the quoted price or repurchase price as of the reporting date. Changes in fair value are recognised immediately in profit or loss.

Inventories

Inventories are recorded at cost. As a rule, they are measured at average prices. Pursuant to IAS 2, costs of conversion contain the direct costs and an appropriate portion of the necessary materials and production overheads including depreciation. Costs of conversion are determined on the basis of normal capacity utilisation. Borrowing costs are not capitalised as a component of costs of conversion. Appropriate allowance is made for risks relating to slow-moving goods. Where necessary, the lower net realisable value compared to the carrying amount is recognised. Reversals of impairment losses on inventories are deducted from the cost of materials.

The nuclear fuel rods disclosed in the inventories are measured at amortised cost. Amortisation is determined in accordance with consumption.

Inventories acquired for trading purposes are recognised at fair value less costs to sell.

Emission allowances

Emission allowances acquired for production purposes are recognised at cost as inventories. Emission allowances acquired for trading purposes are recognised as other assets at fair value through profit or loss, and any fluctuation in fair value is recognised directly in profit or loss.

The obligation to return CO_2 allowances is accounted for under other provisions. The carrying amount of the provision is determined based on the carrying amount of the existing emission allowances. If further emission allowances are needed, they are accounted for at their fair value as of the reporting date.

Trade receivables and other assets

Trade receivables and other assets are accounted for at cost less any bad debt allowances required based on the actual bad debt risk. Trade receivables usually have short terms to maturity. Consequently, their carrying amounts as of the reporting date approximate their fair value. Receivables that bear off-market interest with remaining terms to maturity of more than one year are reported in the balance sheet at present value.

For other current assets, it is assumed that the fair value approximates the carrying amount. For other non-current assets, the market value is determined by discounting the expected future cash flows. Some bad debt allowances are recognised by means of an allowance account. The decision whether the bad debt allowance reduces the carrying amount directly, or does so indirectly via an allowance account, depends on the probability of the anticipated default.

Treasury shares

Own equity instruments which are repurchased (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

Provisions for pensions and similar obligations
For defined benefit plans, provisions for pensions and similar obligations are determined using the projected unit credit method in accordance with IAS 19. This method considers current and future pension benefits known at the reporting date as well as future anticipated salary and pension increases. Actuarial gains and losses are recorded in their entirety in the financial year in which they arise. They are reported outside of the income statement in the statement of comprehensive income as part of the cumulative changes not impacting income and recorded directly in equity. There will be no recognition in profit and loss in subsequent periods. Plan assets of funds established to cover the pension obligations are deducted from the provision. The service cost is disclosed in personnel expenses, while the net interest portion of additions to the provision and the return on plan assets are recorded in the financial result. Payments for defined contribution plans are recognised as personnel expenses.

Provisions relating to nuclear power
Up until 31 December 2016, provisions relating to nuclear power included obligations for the decommissioning and disposal of nuclear power plants, as well as the disposal of fuel rods and operating waste. The Act for the Reorganisation of Responsibility in Nuclear Waste Management, which came into force in the middle of June 2017, establishes new rules for the roles and financial responsibilities of the German government and operators. According to the new law, operators are responsible for the decommissioning and dismantling of their nuclear power plants, as well as for the conditioning and packaging of the radioactive waste. The provisions accumulated for these purposes will remain with the companies. The transport, intermediate storage and final storage of the waste will, in future, be the responsibility of the German government, who have been provided with the money to finance these tasks by the operators of the nuclear power plants. The evaluation of the provisions is carried out mainly on the basis of estimates, which for decommissioning and disposal costs are primarily derived from sector-specific appraisals. The provisions are recognised at the discounted settlement amount at the time they originated.

Other provisions
Other provisions take account of all legal or constructive obligations towards third parties resulting from past events that are identifiable at the reporting date, to the extent that it is probable that they will lead to an outflow of resources in future and their amount can be reliably estimated. The provisions are recognised at their settlement amount. They are measured at the estimated future amount or the amount most likely to be incurred.

The non-current provisions are stated at the future amount needed to settle the obligation discounted to the reporting date. This does not apply to provisions for pensions and similar obligations. These are subject to special rules in accordance with IAS 19.

Deferred taxes
Deferred taxes are recorded in accordance with the temporary concept (IAS 12) on all temporary differences between the tax accounts and the IFRS balance sheet of the individual entities. Deferred taxes from consolidation entries are recognised separately. Deferred tax assets are recognised on deductible temporary differences and carryforwards of unused tax losses if it is reasonably certain that they will be recovered.

Deferred taxes are calculated on the basis of the tax rates that apply or that are expected to apply in the individual countries at the time of utilisation. A tax rate of 29.4% (previous year: 29.0%) was applied for German Group companies. Tax assets and tax liabilities are netted with each other by consolidated tax group or entity if the conditions to do so have been satisfied.

Financial liabilities
Financial liabilities are recorded at fair value upon initial recognition. After initial recognition, they are measured at amortised cost. Liabilities from finance leases are measured at the lower of fair value and present value of the minimum lease payments at the date when the leased asset is recognised.

The fair value of bonds listed on the capital market is the nominal value multiplied by the quoted price as of the reporting date. For current financial liabilities, it is assumed that the fair value corresponds to the carrying amount. For non-current financial liabilities, the market value is determined by discounting the expected future cash outflows. If these financial liabilities are subject to floating interest rates, the carrying amount corresponds to the fair value.

Trade payables and other liabilities

Trade payables and other liabilities are recognised at the amount repayable. Trade payables primarily have short terms to maturity. Consequently, their carrying amounts as of the reporting date approximate their fair value. For other current liabilities, it is assumed that the fair value corresponds to the carrying amount. For other non-current liabilities, the market value is determined by discounting the expected future cash outflows. The construction cost subsidies carried as liabilities are released to revenue in accordance with the use of the subsidised item of property, plant and equipment. As a rule, the period of release for construction cost subsidies is between 38 and 45 years. Investment cost subsidies are released over the depreciation period of the subsidised assets. The release is offset openly against the amortisations.

Assets held for sale and liabilities directly associated with assets classified as held for sale

Assets held for sale are individual non-current assets and groups of assets which can be sold in their present condition, whose sale is highly probable and which satisfy all the criteria defined in IFRS 5. The item “liabilities directly associated with assets classified as held for sale” includes liabilities that are part of a group of assets held for sale.

Assets that meet the criteria to be classified as assets held for sale for the first time are measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets ceases.

Gains or losses from measuring individual assets and groups of assets held for sale are disclosed as profit or loss from continuing operations until they are finally sold.

Derivatives

Derivatives are measured at fair value in accordance with IAS 39. Both the counterparty’s credit default risk and that of the company itself are taken into account in the calculation of fair value. Default risk with respect to an individual counterparty is calculated on the basis of the net risk position. In the case of derivatives for which net recording is not permitted, the credit default risk calculated on the basis of the net position is recorded in proportion to the fair value before the value adjustment. In accordance with the “net approach”, this involves allocating the value adjustment solely to the derivatives’ asset or liability surplus that arises. The derivatives are recognised under other assets and other liabilities and subsidies.

Derivatives are measured using quoted prices in active markets such as stock market prices. Where such prices are not available, the fair values are determined by reference to generally accepted valuation techniques. Quoted prices in active markets are used as inputs wherever possible. If they are not available either, entity-specific planning assumptions are considered in the valuation.

If they are contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item, in accordance with the entity’s expected purchase, sale or usage requirements (own use), they are not recognised as derivatives under IAS 39, but as executory contracts in accordance with IAS 37.

Derivatives are classified as “held for trading” unless hedge accounting is used. Changes in fair value are recognised in profit or loss.

For derivatives used in a hedge, the accounting treatment of changes in fair value depends on the nature of the hedge.

In the case of changes in the fair value of cash flow hedges which are used to offset future cash flow risks arising from existing hedged items or highly probable forecast transactions, the unrealised gains and losses are initially recognised directly in equity (other comprehensive income) in the amount of the hedged item covered. Amounts are reclassified to the income statement when the hedged item impacts profit or loss.

In the case of a fair value hedge used to hedge the fair value of reported assets or liabilities, the gains or losses from the measurement of derivatives and the associated hedged items are recognised in profit or loss.

Foreign currency risks from investments with a foreign functional currency are secured by hedges of a net investment in a foreign operation. Unrealised exchange differences are initially recognised in equity and reclassified to profit or loss when the foreign operation is sold.

Primary and derivative financial instruments will be netted in the balance sheet if an unconditional right to offset exists, or when there is an intention to offset or realise the asset and settle the liability.

Contingent liabilities

Contingent liabilities are possible obligations to third parties or present obligations where the probability of an outflow of resources is remote or the amount cannot be determined reliably. Contingent liabilities outside of company acquisitions are not recognised.

Financial guarantees

Financial guarantees are contracts where EnBW is required to make specified payments to reimburse the holder for a loss incurred because a debtor fails to meet its payment obligations under the financial guarantee. Financial guarantees are measured at fair value upon initial recognition. After initial recognition, the financial guarantees are measured at the higher of amortised cost and the best estimate of the present obligation as of the reporting date.

Revenue recognition

Revenue is generally recognised when the risk has been transferred to the customer. Substantially all the risks and rewards are transferred to the customer upon the transfer of title or ownership. Revenue is measured at the fair value of the consideration received or receivable for goods or services. Revenue is recognised net of any sales deductions such as price discounts and rebates and of VAT, as well as after elimination of intercompany sales. Most of the revenue is generated from the sale of electricity and gas, the distribution of electricity and gas, as well as waste disposal, energy-related services and water supply.

Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive payment is established.

Exercise of judgement and estimates when applying accounting policies

The preparation of the consolidated financial statements requires judgements and estimates to be made in applying the accounting policies that affect the reported amounts of assets and liabilities, revenue and expenses, and the disclosure of contingent liabilities.

The following judgements in particular have to be made in the process of applying the accounting policies:

- Judgement is required with respect to certain commodity futures contracts to determine whether they are derivatives as defined by IAS 39 or executory contracts in accordance with the provisions of IAS 37.
- Financial assets are allocated to the IAS 39 measurement categories: “held for trading”, “available for sale”, “held to maturity” and “loans and receivables”.

These estimates are based on assumptions and forecasts which, by their very nature, are uncertain and may be subject to change. The key future-oriented assumptions and other sources of uncertainty as of the reporting date, concerning estimates which have given rise to a considerable risk that material adjustments of carrying amounts of assets and liabilities may be required in the next financial year, are explained below:

Goodwill: Goodwill is tested for impairment at least once a year. The impairment test involves estimates that concern, above all, future cash inflows. To determine the recoverable amount, an appropriate discount rate must be chosen. Future changes in the overall economic, industry or company situation may reduce cash inflows or the discount rate, and thus potentially lead to an impairment of goodwill.

Exploration costs: Exploration costs are reported using the successful efforts accounting method. The costs for exploration drilling and licence-specific seismic data and analyses are capitalised. All capitalised exploration costs must be examined from an economic, technical and strategic perspective at least once a year to see whether any development is economically advantageous.

Property, plant and equipment: Property, plant and equipment are tested for impairment when circumstances or events indicate that there could be an impairment or increase in value. For our power plants in particular, in addition to technical progress and damage, expectations that have changed regarding short, medium and long-term electricity prices and the service life of the power plants may lead to impairment losses or reversals of impairment losses. A suitable interest rate is to be used when performing the impairment tests. If this interest rate changes, for example due to a change in the macroeconomic or industry situation, recognition of impairment losses or reversals of impairment losses may also be necessary.

Impairment of available-for-sale financial assets: Changes in the value of financial assets in the “available for sale” measurement category are recognised directly in equity. Permanent impairment is recognised in the profit or loss for the period. A significant (20% or more) or prolonged (over the last nine months) decline in the fair value of an investment in an equity instrument below its amortised cost is objective evidence of permanent impairment.

Determining the fair value of financial assets and financial liabilities: The fair value of financial assets and financial liabilities is determined by reference to quoted market prices, insofar as the financial instruments are traded on an active market, or by using valuation techniques such as the discounted cash flow method. Where the parameters used in the valuation techniques are not supported by observable market data, assumptions need to be made which can affect the fair value of financial assets and financial liabilities.

Trade receivables and other assets: To take account of the credit risk, allowances for doubtful accounts are set up. The amount of the allowance includes estimates and judgements concerning individual receivables, based on the age structure of the receivables, the customers’ credit rating, past experience relating to the derecognition of receivables and changes in payment terms.

Pension provisions: When calculating pension provisions, differences compared to the actual obligations incurred over time may arise from the selection of underlying assumptions, such as the discount rate or trends, use of demographic probabilities based on the 2005 G Heubeck mortality tables and accepted approximation methods for future pension increases from the statutory pension insurance fund.

Nuclear provisions: The provisions for the decommissioning and dismantling of the power plants, as well as for the conditioning and packaging of radioactive waste, are based mainly on external appraisals that are updated annually. These appraisals are based on cost estimates of the settlement value for each obligation. The uncertainty inherent in the estimates is due primarily to departures from the assumed cost development and changes in payment dates. Changes in the discount rate could also lead to an adjustment of the nuclear provisions.

Provisions for onerous contracts: Provisions for onerous contracts are generally set up for onerous procurement and sales agreements. Future changes in market prices on the procurement or sales side or in the discount rates may lead to an adjustment of the provisions for onerous contracts.

Acquisition accounting: For acquisition accounting purposes, all identifiable assets, liabilities and contingent liabilities acquired in a share purchase are recognised at fair value as of the date of acquisition for first-time consolidation purposes. Estimates are used to calculate the fair value of these assets and liabilities as of the date of acquisition. Land and buildings as well as other equipment, factory and office equipment are generally measured by independent appraisers. Marketable securities are recognised at market price. If the purchase price agreement includes contingent consideration, accounting for those purchase price components also requires estimates.

The measurement of intangible assets is based on the nature of the intangible asset as well as the complexity of determining fair value. Fair value is therefore determined on the basis of an independent external valuation appraisal.

Income tax: Estimates are also needed to capitalise tax assets, to set up tax liabilities and to assess the temporary differences arising from differences in the accounting treatment of certain items in the financial statements between the consolidated balance sheet in accordance with IFRS and the tax accounts. Capitalisation of tax refund claims and the setting up of tax liabilities are fundamentally only recognised if the relevant payments are likely. Deferred tax assets are, in principle, only recognised when the future tax advantages will probably be realised. Deferred tax assets or liabilities are recognised on temporary differences. Deferred tax assets are recognised for all carryforwards of unused tax losses to the extent that it is probable that taxable profit will be available against which the loss carryforwards can be utilised. The judgement exercised by management regarding the anticipated timing and level of future taxable profits, as well as regarding future tax planning strategies, is significant in determining the amount of deferred tax assets that can be recognised.

Entities accounted for using the equity method: IFRS financial statements were not available to us for all entities. Therefore, these entities were accounted for using the equity method based on an estimate of the HGB-IFRS differences. An impairment test is performed on investments accounted for using the equity method, which also requires the use of estimates.

Potential effects due to changes in estimates in other areas are explained in the respective sections. For more information, please refer to note (19) “Provisions”.

Currency translation

In the separate financial statements of the entities, business transactions in foreign currency are translated at the rate of the transaction date. Non-monetary items are measured at the rate prevailing when they were first recorded. Monetary items are translated at the closing rate as of the reporting date. Exchange differences from monetary items that are allocable to operating activities are recognised in other operating income or other operating expenses with effect on profit or loss. Translation differences from financing activities are disclosed in the interest result.

The reporting currency of EnBW, which is also the functional currency, is the euro (€). The financial statements of the Group entities are translated to euros. Currency translation is performed in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" using the modified closing rate method. Under this method, the assets and liabilities of entities that do not report in euros are translated at the mean rate prevailing on the reporting date, while expenses and income are translated at the average annual rate. The companies concerned are foreign entities. Differences from the currency translation of assets and liabilities compared to the translation of the previous year, as well as exchange differences between the income statement and the balance sheet, are recognised directly in equity under other comprehensive income. The same procedure is applied by analogy for foreign entities accounted for using the equity method.

Currency translation was based on the following exchange rates, amongst others:

€1	Closing rate		Average rate	
	31/12/2017	31/12/2016	2017	2016
Swiss franc	1.17	1.07	1.11	1.09
Pound sterling	0.89	0.86	0.88	0.82
US dollar	1.20	1.05	1.13	1.11
Czech koruna	25.54	27.02	26.33	27.03
Japanese yen	135.01	123.40	126.63	120.33
Norwegian krone	9.84	9.09	9.33	9.29
Danish krone	7.44	7.43	7.44	7.45
Polish zloty	4.18	4.41	4.26	4.36

Notes to the income statement and the balance sheet

(1) Revenue

Revenue is recorded when goods or services have been delivered and the risk has been transferred to the customer. The electricity and energy tax paid by the entities is deducted from revenue in the income statement.

For the sale of electricity and gas to customer groups (especially private customers) for which the units supplied are measured and billed during the reporting period, revenue between billing and the end of the reporting period is based on a projection using past consumption values while taking into account the impact of current temperatures and calendar-related effects.

Most of the revenue is generated from the sale of electricity and gas to wholesale markets and consumers. In addition, this item includes revenue from the distribution of electricity and gas, deliveries of heat, water and services, as well as own-account trading and disposal.

In the interest of a more accurate presentation of the business development, income and expenses from energy trading businesses are disclosed net. The net disclosure means that revenue from energy trading businesses is reported net of the related cost of materials. For the 2017 financial year, the net energy trading revenue amounted to €13,427.6 million (previous year: €8,089.6 million).

The segment reporting contains a breakdown of revenue by business segment, geographical segment and product.

(2) Other operating income

in € million	2017	2016
Income from reimbursement of nuclear fuel rod tax	1,444.9	0.0
Income from disposals	327.6	41.6
Income from the reversals of provisions	274.7	154.9
Income from derivatives	152.2	280.5
Income from the reversals of impairment losses	93.1	5.9
Rent and lease income	26.6	25.7
Income from the reversal and reduction of specific bad debt allowances	10.7	8.4
Miscellaneous	420.5	290.5
Total	**2,750.3**	**807.5**

Income from disposals in the 2017 financial year includes mainly income from the sale of 49.89% of the shares in each of EnBW Hohe See GmbH & Co. KG and EnBW Albatros GmbH & Co. KG.

The increase in income from the reversals of provisions was attributable primarily to the reversal of nuclear provisions, mainly due to an update of the cost estimate for the decommissioning of nuclear power plants. In addition, provisions for onerous contracts for long-term electricity procurement agreements were reversed due to increased electricity prices in the medium term.

The reversals of impairment losses in the 2017 financial year mainly consist of reversals of impairment losses on power plants. They are allocated to the Generation and Trading segment for segment reporting purposes. The recoverable amount was calculated on the basis of the fair value less selling costs and corresponds to Level 3 of the IFRS 13 fair value hierarchy. Using a business valuation model, the fair value was derived from cash flow planning, based on, amongst other things, the medium-term planning approved by the Board of Management and valid as of the date of the impairment test as well as long-term market expectations beyond the detailed planning horizon. The plans were based on past experience and on long-term market expectations beyond the detailed planning horizon. The discount rate used in the valuation was 5.5% (previous year: 5.4%). The reasons for the reversals of impairment losses were positive expectations of how electricity prices will develop in the short and medium term, and the effect of the improvements in efficiency and optimisation of costs introduced by the company. The fair value calculated for the power plants of €2.3 billion is therefore slightly above the carrying amount.

In the reporting year, income from currency exchange rate gains amounted to €26.5 million (previous year: €20.5 million).

Miscellaneous other operating income includes income from the reversal of accruals and income from insurance claims.

(3) Cost of materials

in € million	2017	2016
Cost of materials and supplies and of purchased merchandise	15,310.7	13,910.7
Cost of purchased services	2,877.0	2,770.6
Exploration costs	1.6	0.0
Total	**18,189.3**	**16,681.3**

Cost of materials and supplies and of purchased merchandise comprises in particular electricity and gas procurement costs including increases in provisions for onerous contracts for electricity procurement agreements. In addition, it includes the necessary increase – other than due to accretion – in provisions for the decommissioning of nuclear power plants, unless these are required to be recognised as part of the cost of the asset. Expenses relating to nuclear power also include costs for the disposal of irradiated fuel rods and radioactive waste, as well as the consumption of nuclear fuel rods and nuclear fuels. In the previous year, these also included expenses for the nuclear fuel rod tax which had to be paid up until 2016 for any new fuel rods used. Fuel costs for conventional power plants, as well as costs for the procurement of CO_2 allowances, are also recorded under this item.

Cost of purchased services mainly contains expenses for use of the grids, services purchased for the operation and maintenance of the plants as well as franchise fees. In addition, other expenses directly attributable to services rendered are disclosed under cost of purchased services.

(4) Personnel expenses

in € million	2017	2016
Wages and salaries	1,334.3	1,262.5
Social security, pension and other benefit costs	442.8	410.9
of which for post-employment benefits	(210.5)	(192.7)
Total	**1,777.1**	**1,673.4**

Employees

annual average	2017	2016
Sales	3,258	3,267
Grids	8,729	8,273
Renewable Energies	1,049	873
Generation and Trading	5,393	5,112
Other	2,648	2,780
Employees	**21,077**	**20,305**
Apprentices and trainees including DH students in the Group	869	811

The total number includes employees of joint operations of 6 employees (previous year: 7) based on the proportion attributable to EnBW.

(5) Other operating expenses

in € million	2017	2016
Administrative and selling costs and other overheads	335.9	292.1
Expenses from derivatives	182.4	330.8
Other personnel expenses	101.1	126.4
Audit, legal and consulting fees	85.7	73.9
Advertising expenses	75.3	66.1
Expense from specific bad debt allowances	60.9	64.8
Rent and lease expenses	59.5	53.0
Insurance	52.3	51.9
Other taxes	36.7	19.1
Dues and levies	17.4	13.8
Costs from disposals	9.8	13.2
Miscellaneous	146.1	119.8
Total	**1,163.1**	**1,224.9**

Miscellaneous other operating expenses contain non-operating expenses of €16.1 million (previous year: €15.0 million) and expenses from currency exchange rate losses amounting to €39.9 million (previous year: €20.8 million). In addition, this item comprises commissions and research and development expenses.

(6) Amortisation and depreciation

in € million	2017	2016
Amortisation of intangible assets	156.8	171.1
Depreciation of property, plant and equipment	1,094.0	2,221.7
Depreciation of investment properties	1.4	2.4
Reversals of investment cost subsidies	-3.8	-1.6
Total	**1,248.4**	**2,393.6**

In the reporting year, there were no impairment losses to goodwill (previous year: €20.5 million).

The impairment losses on other intangible assets, property, plant and equipment and investment property amounted to €134.2 million (previous year: €1,458.7 million). In the current reporting year, the impairments mainly comprised impairment losses on gas storage facilities and exploration licences and are primarily allocated to the Generation and Trading segment in the segment reporting. The recoverable amount was calculated on the basis of the fair value less selling costs and corresponds to Level 3 of the IFRS 13 fair value hierarchy. Using a business valuation model, the fair value was derived from cash flow planning, based on the medium-term planning approved by the Board of Management and valid as of the date of the impairment test as well as long-term market expectations beyond the detailed planning horizon. The plans were based on past experience and on estimates concerning future market development. The discount rates used in the valuations were between 3.7% and 9.0%. The impairment losses on the exploration licences were mainly due to significantly higher exploration costs. The fair value calculated for these licences of €53.8 million was thus below the carrying amount. In the case of the gas storage facilities, amended revenue and cost estimates led to a reduction in the fair values calculated for these facilities, which came to €37.6 million and was thus below the carrying amount.

In the previous year, the impairments mainly comprised impairment losses on power plants and were primarily allocated to the Generation and Trading segment in the segment reporting. The discount rate used in the valuation was 5.4%. In particular, the impairment losses were due to two main factors: On the one hand, the increase in nuclear provisions due to the Act for the Reorganisation of Responsibility in Nuclear Waste Management on the liabilities side led to an increase in the tested carrying amount of our power plants on the assets side of the balance sheet, while on the other hand, the evaluation of the service life of our conventional power plants was adjusted as part of discussions about future decarbonisation. The fair value calculated for the power plants of around €2.4 billion was therefore significantly below the carrying amount. With regard to the impact on possible future changes to key estimation parameters, please refer to the “Exercise of judgement and estimates when applying accounting policies” section.

(7) Investment result

in € million	2017	2016
Share of profit/loss of entities accounted for using the equity method	45.4	-5.4
Write-downs on entities accounted for using the equity method	-2.1	-4.6
Net profit/loss from entities accounted for using the equity method	**43.3**	**-10.0**
Investment income	110.1	92.9
Write-downs on investments	-9.8	-4.1
Result from the sale of equity investments	15.7	38.8
Other profit/loss from investments[1]	**116.0**	**127.6**
Investment result (+income/-expense)	**159.3**	**117.6**

1 Of which €73.7 million (previous year: €53.6 million) was income from investments held as financial assets.

In the 2017 financial year, the result from the sale of equity investments mainly relates to the recognition of the shares in VNG, which had previously been accounted for using the equity method, at fair value at the time of its first-time full consolidation. In the previous year, this mainly related to the sale of the EWE shares.

The write-downs on investments in the 2017 financial year mainly relate to other investments and also investments held as financial assets. In the previous year, the write-downs mainly related to investments held as financial assets.

(8) Financial result

in € million	2017	2016
Interest and similar income	404.6	290.7
Other finance income	299.5	141.2
Finance income	**704.1**	**431.9**
Borrowing costs	-264.5	-308.1
Other interest and similar expenses	-20.8	-578.2
Interest portion of increases in liabilities	-159.6	-523.6
Personnel provisions	(-116.3)	(-129.5)
Provisions relating to nuclear power	(-28.3)	(-378.6)
Other non-current provisions	(-7.8)	(-6.7)
Other liabilities	(-7.2)	(-8.8)
Other finance costs	-64.6	-198.6
Finance costs	**-509.5**	**-1,608.5**
Financial result (+ income/- costs)	**194.6**	**-1,176.6**

Interest and similar income contains interest income from interest-bearing securities and loans, dividends, other profit shares and interest income on back taxes. In the 2017 financial year, this item included the interest income resulting from the interest received due to the legal proceedings for the reimbursement of the nuclear fuel rod tax. In addition, there was interest income in the 2017 financial year as a result of adjusting the discount rate for the remaining nuclear provisions held by EnBW from 0.5% to 0.72%. In the 2017 financial year, interest income of €19.2 million (previous year: €22.8 million) was offset against economically related interest expenses. Other finance income primarily contains realised market price gains on the sale of securities amounting to €222.0 million (previous year: €128.4 million).

Borrowing costs are composed as follows:

in € million	2017	2016
Expenses incurred for bank interest and bonds	247.5	287.7
Interest portion of the costs of finance lease agreements	2.8	1.7
Other borrowing costs	14.2	18.7
Borrowing costs	**264.5**	**308.1**

The interest portion of increases in liabilities relates mainly to the annual accretion of the non-current provisions. In the previous year, there were interest expenses as a result of reducing the discount rate for the remaining nuclear provisions held by EnBW from 4.7% to 0.5%. This was due to the reassessment of the remaining nuclear provisions as a result of the Act for the Reorganisation of Responsibility in Nuclear Waste Management.

In the reporting period, other finance costs primarily comprises expenses from impairment losses on our financial investments of €3.8 million (previous year: €133.3 million), which were mainly allocated to the "available for sale" measurement category, as well as market price losses on sales of securities amounting to €21.3 million (previous year: €53.9 million). In the reporting period, impairment losses on loans of €0.6 million (previous year: €3.1 million) were recognised.

The total interest income and expenses for financial assets and financial liabilities presented in the financial result breaks down as follows:

Total interest income and expenses

in € million	2017	2016
Total interest income	216.1	240.3
Total interest expenses	-263.7	-350.5

The total interest income and expenses arose from financial instruments that are not measured at fair value through profit or loss. The main items here are interest received from loans and bank balances as well as interest and dividends received from financial assets classified as "available for sale". The interest expenses were incurred in particular on bonds, bank liabilities and finance lease liabilities.

As in the previous year, total interest income does not include any material interest income from impaired financial assets.

(9) Income tax

in € million	2017	2016
Actual income tax		
Domestic corporate income tax	195.3	48.8
Domestic trade tax	130.2	37.4
Foreign income taxes	44.7	44.9
Total (-income/+expense)	**370.2**	**131.1**
Deferred taxes		
Germany	356.4	-1,175.4
Abroad	-45.0	-5.1
Total (-income/+expense)	**311.4**	**-1,180.5**
Income tax (-income/+expense)	**681.6**	**-1,049.4**

The actual income taxes amounting to €370.2 million (previous year: €131.1 million) concern income tax expenses from the current financial year amounting to €313.7 million (previous year: €135.9 million expenses) and income tax expenses for past periods amounting to €56.5 million (previous year: €4.8 million income).

The deferred tax expenses amounting to €311.4 million (previous year: €1,180.5 million income) concern deferred tax income from the current financial year amounting to €394.6 million (previous year: €1,087.3 million income) and deferred tax expenses for past periods amounting to €83.2 million (previous year: €93.2 million income). The balance of the deferred taxes contains income totalling €6.3 million (previous year: €1.4 million income) from the change in tax rates.

The corporate income tax rate was 15.0% (previous year: 15.0%) plus a solidarity surcharge of 5.5% (previous year: 5.5%) of the corporate income tax. The trade tax rate was 13.6% (previous year: 13.2%). This represents a tax rate on income of 29.4% (previous year: 29.0%). The adjustment to the Group tax rate was due to an increase in the weighted trade tax assessment rates of the local authorities in the EnBW AG trade tax group. For the foreign entities, the tax rate applicable in the country in which they are based of between 19.0% and 25.2% is used to calculate income taxes. The influence of deviating tax rates has increased due to the consolidation of companies in countries with higher tax rates, especially Norway. This has also resulted in deferred tax assets due to tax credits. Deferred tax assets and liabilities are measured at the tax rates expected to apply when the asset is realised or the liability is settled.

Deferred taxes comprise the following:

in € million	2017	2016
Origination or reversal of temporary differences	238.3	-1,109.0
Origination of carryforwards of unused tax losses	-19.9	-1.8
Utilisation of carryforwards of unused tax losses	96.3	2.9
Correction in previous year for carryforwards of unused tax losses	-3.3	-74.8
Write-down of carryforwards of unused tax losses	0.0	2.2
Deferred taxes (-income/+expense)	**311.4**	**-1,180.5**

The reconciliation from the expected income tax expense to the current income tax expense is presented below:

in € million	2017	in %	2016	in %
Earnings before tax	**2,857.9**		**-2,721.9**	
Expected tax rate		29.4		29.0
Expected income tax (-income/+expense)	**840.2**		**-789.4**	
Tax effects				
Differences in foreign tax rates and tax rate differences	-45.4	-1.6	-18.1	0.7
Tax-free income	-73.7	-2.6	-41.2	1.5
Non-deductible expenses	13.9	0.5	73.0	-2.7
Impairment losses on goodwill	0.0	0.0	5.9	-0.2
Add-backs and reductions for trade tax purposes	11.9	0.4	12.2	-0.4
Accounting for joint ventures and associates using the equity method	-12.3	-0.4	4.9	-0.2
Adjustment/valuation/non-recognition of losses carried forward and temporary differences	0.0	0.0	-183.2	6.7
Zero-rated disposals of investments	-4.4	-0.2	-12.0	0.4
Taxes relating to other periods	-26.7	-0.9	-98.0	3.6
Tax credit	-11.0	-0.4	0.0	0.0
Other	-10.9	-0.4	-3.5	0.2
Current income tax (-income/+expense)	**681.6**		**-1,049.4**	
Current tax rate		**23.8**		**38.6**

(10) Intangible assets

in € million	Franchises, industrial property rights and similar rights and assets	Exploration costs	Internally generated intangible assets	Goodwill	Other	Total
Cost						
As of 01/01/2017	1,809.3	0.0	99.6	817.4	7.8	2,734.1
Increase/decrease due to changes in the consolidated companies	271.7	20.7	-0.2	141.5	2.6	436.3
Additions	35.7	7.4	4.8	0.0	12.4	60.3
Reclassifications	7.7	0.0	0.0	0.0	-6.0	1.7
Reclassification to assets held for sale	-25.9	0.0	0.0	0.0	0.0	-25.9
Currency adjustments	-18.9	-0.2	0.0	14.6	0.0	-4.5
Disposals	-61.9	0.0	-2.0	0.0	-0.2	-64.1
As of 31/12/2017	2,017.7	27.9	102.2	973.5	16.6	3,137.9
Accumulated amortisation						
As of 01/01/2017	958.8	0.0	90.8	48.0	0.0	1,097.6
Additions	98.6	0.0	2.8	0.0	0.0	101.4
Currency adjustments	-3.5	0.0	0.0	0.0	0.0	-3.5
Disposals	-13.4	0.0	-2.0	0.0	0.0	-15.4
Impairment	54.9	0.5	0.0	0.0	0.0	55.4
Reversal of impairment losses	-3.5	0.0	0.0	0.0	0.0	-3.5
As of 31/12/2017	1,091.9	0.5	91.6	48.0	0.0	1,232.0
Carrying amounts						
As of 31/12/2017	925.8	27.4	10.6	925.5	16.6	1,905.9

in € million	Franchises, industrial property rights and similar rights and assets	Internally generated intangible assets	Goodwill	Other	Total
Cost					
As of 01/01/2016	2,239.7	93.4	785.0	10.3	3,128.4
Increase/decrease due to changes in the consolidated companies	4.8	0.0	32.4	0.0	37.2
Additions	47.2	4.7	0.0	5.0	56.9
Reclassifications	3.3	1.5	0.0	-4.6	0.2
Reclassification to assets held for sale	-30.0	0.0	0.0	0.0	-30.0
Currency adjustments	2.6	0.0	0.0	0.0	2.6
Disposals	-458.3	0.0	0.0	-2.9	-461.2
As of 31/12/2016	1,809.3	99.6	817.4	7.8	2,734.1
Accumulated amortisation					
As of 01/01/2016	1,270.4	85.6	27.5	0.0	1,383.5
Decrease due to changes in the consolidated companies	-0.1	0.0	0.0	0.0	-0.1
Additions	73.6	5.2	0.0	0.0	78.8
Reclassification to assets held for sale	-0.1	0.0	0.0	0.0	-0.1
Currency adjustments	0.9	0.0	0.0	0.0	0.9
Disposals	-457.7	0.0	0.0	0.0	-457.7
Impairment	71.8	0.0	20.5	0.0	92.3
As of 31/12/2016	958.8	90.8	48.0	0.0	1,097.6
Carrying amounts					
As of 31/12/2016	850.5	8.8	769.4	7.8	1,636.5

The carrying amount of the intangible assets includes franchises to operate power plants amounting to €521.1 million (previous year: €568.4 million) and customer relationships amounting to €147.1 million (previous year: €130.7 million). The remaining terms of power plant franchises are between 15 and 65 years. For customer relationships, the remaining terms are between 4 and 30 years. The amortisation period for exploration licences is dependent on production and is anticipated to be between 12 and 18 years.

In 2017, a total of €39.8 million (previous year: €37.3 million) was spent on research and development. This sum contains public subsidies totalling €2.9 million (previous year: €3.8 million). The criteria for their recognition required under IFRS were not satisfied.

The following table provides information on the exploration costs contained within various items of the consolidated financial statements. In the segment reporting, the exploration business is allocated to the Generation and Trading segment.

in € million	2017	2016
Impairment losses on exploration	-0.5	0.0
Other exploration costs	-1.6	0.0
Costs from exploration activities	**-2.1**	**0.0**
Assets from exploration	27.4	0.0
Net payments for operative exploration activities	-1.6	0.0
Net payments for investing activities for exploration	-7.4	0.0

For the purpose of impairment testing, goodwill was allocated to the respective cash-generating units or groups of cash-generating units. The recoverable amount of the cash-generating units is calculated on the basis of the fair value less selling costs and corresponds to Level 3 of the IFRS 13 valuation hierarchy. Using a business valuation model, the fair value is derived from cash flow planning, based on the medium-term planning approved by the Board of Management for a period of three years and valid as of the date of the impairment test. The plans are based on past experience and on estimates concerning future market development. In justified, exceptional cases it is based on a longer detailed planning period, provided that this is necessitated by commercial or regulatory requirements.

Key assumptions underlying the determination of fair value less costs to sell include projections of future electricity and gas prices, materials prices, company-specific investing activities, the regulatory framework as well as growth and discount rates.

The interest rates used for discounting the cash flows are calculated on the basis of market data and are between 3.5% and 6.7% after tax, or between 4.9% and 8.3% before tax (previous year: 3.4% to 6.8% after tax, and 4.8% to 8.4% before tax).

Constant growth rates of 0.0% and 1.5% are used to extrapolate the cash flows beyond the detailed planning period in order to take into account the expected price and volume-related growth (previous year: 0.0% and 1.5%).

In 2017, there will be no impairments to goodwill (previous year: €20.5 million). Impairment losses in the previous year related to one of our cash-generating units in gas distribution/gas sales. The impairment losses were due mainly to the deterioration in the earnings forecast for sales.

In all other cash-generating units, the recoverable amounts were above the relevant carrying amounts so that, based on the current assessment of the economic situation, only a significant change in the main measurement parameters would lead to an impairment.

As of 31 December 2017, goodwill totalled €925.5 million (previous year: €769.4 million). Of this figure, 86.5% (previous year: 84.6%) is attributable to the cash-generating units or groups of cash-generating units presented in the table below:

Cash-generating units/groups of cash-generating units

	Discount rates after tax (%)		Goodwill in € million	
	2017	2016	2017	2016
PRE subgroup	4.7 – 6.7	4.6 – 6.8	267.1	250.1
Electricity sales and distribution	3.5 – 5.5	3.4 – 5.6	131.7	131.7
Stadtwerke Düsseldorf AG subgroup	3.5 – 5.5	3.4 – 5.9	127.4	127.4
Energiedienst Holding AG subgroup	3.5 – 5.5	3.4 – 5.6	147.1	142.0
ONTRAS Gastransport GmbH	3.5	–	127.2	0.0

The goodwill allocated to the other cash-generating units or groups of cash-generating units accounted for less than 13.5% (previous year: 15.4%) of total goodwill in each case. Its aggregate total amounted to €125.0 million (previous year: €118.2 million).

(11) Property, plant and equipment

in € million	Land and buildings	Power plants	Distribution plants	Other equipment	Fixed assets under construction	Total
Cost						
As of 01/01/2017	4,020.7	18,887.5	14,431.5	1,614.4	656.7	39,610.8
Increase/decrease due to changes in the consolidated companies	49.1	369.8	1,078.9	238.5	177.1	1,913.4
Additions	29.7	110.7	421.5	65.4	725.9	1,353.2
Reclassifications	6.3	73.6	167.0	16.6	-276.4	-12.9
Reclassification to assets held for sale	-3.0	0.0	-2.8	-0.1	-60.1	-66.0
Currency adjustments	6.2	-22.7	77.8	-1.8	0.1	59.6
Disposals	-88.4	-896.0	-56.2	-55.5	-3.9	-1,100.0
As of 31/12/2017	4,020.6	18,522.9	16,117.7	1,877.5	1,219.4	41,758.1
Accumulated amortisation						
As of 01/01/2017	2,209.6	14,065.2	8,626.2	1,226.0	1.9	26,128.9
Additions	67.6	475.3	366.3	106.6	0.0	1,015.8
Reclassifications	-2.3	1.2	-1.2	1.0	-1.1	-2.4
Reclassification to assets held for sale	0.0	0.0	-0.5	0.0	0.0	-0.5
Currency adjustments	2.8	-15.2	35.0	-1.9	0.0	20.7
Disposals	-84.8	-809.1	-44.5	-52.3	0.0	-990.7
Impairment	3.3	46.0	5.3	0.4	23.2	78.2
Reversal of impairment losses	-12.2	-75.6	-0.2	-1.3	0.0	-89.3
As of 31/12/2017	2,184.0	13,687.8	8,986.4	1,278.5	24.0	26,160.7
Carrying amounts						
As of 31/12/2017	1,836.6	4,835.1	7,131.3	599.0	1,195.4	15,597.4

in € million	Land and buildings	Power plants	Distribution plants	Other equipment	Fixed assets under construction	Total
Cost						
As of 01/01/2016	3,894.6	17,161.0	13,955.5	1,564.3	1,044.2	37,619.6
Increase/decrease due to changes in the consolidated companies	2.1	22.3	1.3	1.5	0.8	28.0
Additions	59.3	1,291.4	459.6	61.3	442.8	2,314.4
Reclassifications	85.3	477.5	174.0	21.0	-768.8	-11.0
Reclassification to assets held for sale	-0.1	-3.4	-67.5	-0.2	-55.8	-127.0
Currency adjustments	0.1	2.6	0.2	0.1	0.1	3.1
Disposals	-20.6	-63.9	-91.6	-33.6	-6.6	-216.3
As of 31/12/2016	4,020.7	18,887.5	14,431.5	1,614.4	656.7	39,610.8
Accumulated amortisation						
As of 01/01/2016	1,993.7	12,499.3	8,450.1	1,165.0	3.4	24,111.5
Decrease due to changes in the consolidated companies	0.0	-0.2	0.0	-0.2	0.0	-0.4
Additions	63.8	381.1	309.8	81.2	0.0	835.9
Reclassifications	-3.7	22.6	-22.5	0.8	0.0	-2.8
Reclassification to assets held for sale	0.2	-1.2	-46.9	0.0	0.0	-47.9
Currency adjustments	0.0	1.8	0.1	0.1	0.0	2.0
Disposals	-15.0	-36.9	-66.8	-32.7	-2.1	-153.5
Impairment	171.3	1,199.1	2.4	12.4	0.6	1,385.8
Reversal of impairment losses	-0.7	-0.4	0.0	-0.6	0.0	-1.7
As of 31/12/2016	2,209.6	14,065.2	8,626.2	1,226.0	1.9	26,128.9
Carrying amounts						
As of 31/12/2016	1,811.1	4,822.3	5,805.3	388.4	654.8	13,481.9

Items of property, plant and equipment amounting to €71.9 million (previous year: €83.5 million) serve as collateral for liabilities to banks.

The land and buildings also include, amongst other things, similar rights and buildings on leasehold land. Other plant and equipment includes waste disposal plants, other technical plants as well as factory and office equipment.

The carrying amounts of property, plant and equipment include €15.3 million (previous year: €16.7 million) accounted for by finance lease agreements. These relate mainly to hydropower plants and natural gas caverns whose contractual term covers most of their useful life.

The Group's capital expenditures on intangible assets and property, plant and equipment totalling €1,419.2 million (previous year: €1,189.4 million) can be derived from the statement of changes in non-current assets as follows:

in € million	2017	2016
Additions to intangible assets and property, plant and equipment according to the statement of changes in non-current assets	1,413.5	2,371.3
Less additions to assets recognised under finance leases	-3.7	-1.6
Less additions to the provision recognised for the decommissioning and dismantling of property, plant and equipment	-23.7	-1,211.0
Plus additions to intangible assets and property, plant and equipment of assets held for sale	33.1	30.7
Capital expenditure on intangible assets and property, plant and equipment	**1,419.2**	**1,189.4**

(12) Entities accounted for using the equity method

Both joint ventures and associates are accounted for using the equity method.

VNG-Verbundnetz Gas Aktiengesellschaft (VNG), with headquarters in Leipzig, was a joint venture of material significance to the EnBW consolidated financial statements due to the carrying amount of the investment. In the second quarter of 2016, EnBW acquired 74.21% of this company, which was fully consolidated in the EnBW Group due to gaining a majority on the Supervisory Board and obtaining control of the company from 18 May 2017.

The following tables show a summary of the financial information for VNG:

Earnings data

in € million	2016
Revenue[1]	7,213.9
Scheduled amortisation and depreciation	-135.7
Interest and similar income	4.8
Interest and similar expenses	-21.8
Income taxes	39.4
Net loss for the year from continuing operations	-8.2
Other income	7.5
Total comprehensive income	-0.7
Dividends received	0.0

1 Before netting of revenue and cost of materials.

Balance sheet data

in € million	31/12/2016
Non-current assets	3,014.8
Current assets	1,241.7
of which cash and cash equivalents	(51.8)
Non-current liabilities	1,414.7
of which financial liabilities	(330.5)
Current liabilities	1,195.3
of which financial liabilities	(147.4)
Net assets	1,646.5
Adjustment to EnBW's interest	-358.0
Carrying amount of entities accounted for using the equity method	1,288.5

The following table shows a summary of the financial information for the remaining entities accounted for using the equity method:

Financial data (EnBW's interest)

in € million	2017		2016	
	Associates	Joint ventures	Associates	Joint ventures
Carrying amount of entities accounted for using the equity method	621.2	767.4	319.1	228.0
Net profit/loss for the year from continuing operations	38.8	6.6	22.5	-12.1
Other income	-1.8	-15.7	-4.6	4.9
Total comprehensive income	37.0	-9.1	18.0	-7.1

Elektrizitätswerk Rheinau AG and Fernwärme Ulm GmbH have a different reporting date and are consolidated with the figures from their financial statements for the year ending 30 September 2017.

(13) Other financial assets

in € million	Shares in affiliated entities	Other investments[1,2]	Non-current securities[3]	Investment properties	Loans	Total
Cost						
As of 01/01/2017	110.7	1,472.6	5,030.1	102.5	58.2	6,774.1
Increase/decrease due to changes in the consolidated companies	14.3	57.3	0.0	0.0	106.1	177.7
Additions	9.4	425.0	2,088.3	0.0	22.2	2,544.9
Reclassifications	0.0	0.3	-271.7	8.0	-12.9	-276.3
Reclassification to assets held for sale	6.6	0.0	0.0	0.0	0.0	6.6
Currency adjustments	0.0	-3.9	0.0	0.0	-1.1	-5.0
Disposals	-2.3	-186.3	-2,749.5	-3.0	-21.1	-2,962.2
As of 31/12/2017	138.7	1,765.0	4,097.2	107.5	151.4	6,259.8
Accumulated amortisation						
As of 01/01/2017	32.4	107.4	146.8	55.0	4.5	346.1
Additions	0.0	0.0	0.0	0.8	0.0	0.8
Impairment	1.8	8.0	3.8	0.6	0.6	14.8
Reclassifications	0.0	0.0	0.0	2.7	0.0	2.7
Currency adjustments	0.0	-0.8	0.0	0.0	0.0	-0.8
Disposals	0.0	-3.4	-83.4	-1.6	-0.8	-89.2
Reversal of impairment losses	0.0	0.0	0.0	-0.3	0.0	-0.3
As of 31/12/2017	34.2	111.2	67.2	57.2	4.3	274.1
Carrying amounts						
As of 31/12/2017	104.5	1,653.8	4,030.0	50.3	147.1	5,985.7

1 €122.1 million of the additions to acquisition costs and €10.9 million of the derecognition of acquisition costs originate from the market valuation.
2 The carrying amounts include €1,451.3 million accounted for by investments held as financial assets.
3 €246.6 million of the additions to acquisition costs and €43.6 million of the derecognition of acquisition costs originate from the market valuation.

in € million	Shares in affiliated entities	Other investments[1, 2]	Non-current securities[3]	Investment properties	Loans	Total
Cost						
As of 01/01/2016	107.5	1,292.9	7,037.6	143.5	56.2	8,637.7
Decrease due to changes in the consolidated companies	-2.7	-0.6	0.0	0.0	0.0	-3.3
Additions	11.5	254.7	2,407.9	0.2	8.5	2,682.8
Reclassifications	-1.1	2.0	-999.3	8.7	-2.3	-992.0
Reclassification to assets held for sale	-1.7	0.0	0.0	-44.3	0.0	-46.0
Currency adjustments	0.0	0.4	0.0	0.0	0.1	0.5
Disposals	-2.8	-76.8	-3,416.1	-5.6	-4.3	-3,505.6
As of 31/12/2016	110.7	1,472.6	5,030.1	102.5	58.2	6,774.1
Accumulated amortisation						
As of 01/01/2016	32.4	103.8	116.2	74.6	1.4	328.4
Decrease due to changes in the consolidated companies	0.0	-0.6	0.0	0.0	0.0	-0.6
Additions	0.0	0.0	0.0	1.3	0.0	1.3
Impairment	0.0	4.1	133.3	1.1	3.1	141.6
Reclassifications	0.0	0.0	0.0	3.7	0.0	3.7
Reclassification to assets held for sale	0.0	0.0	0.0	-17.5	0.0	-17.5
Currency adjustments	0.0	0.1	0.0	0.0	0.0	0.1
Disposals	0.0	0.0	-102.7	-4.0	0.0	-106.7
Reversal of impairment losses	0.0	0.0	0.0	-4.2	0.0	-4.2
As of 31/12/2016	32.4	107.4	146.8	55.0	4.5	346.1
Carrying amounts						
As of 31/12/2016	78.3	1,365.2	4,883.3	47.5	53.7	6,428.0

1 €30.5 million of the additions to acquisition costs and €13.6 million of the derecognition of acquisition costs originate from the market valuation.
2 The carrying amounts include €1,236.2 million accounted for by investments held as financial assets.
3 €281.6 million of the additions to acquisition costs and €221.0 million of the derecognition of acquisition costs originate from the market valuation.

The investments in affiliated entities disclosed in the financial assets are entities that are not included in the consolidated financial statements due to immateriality.

The non-current securities are mainly fixed-income securities as well as listed shares. To a large extent, the non-current securities are held in special funds. For consolidation purposes, the individual securities in the special funds are shown separately in the consolidated balance sheet by type of investment. The non-current securities, loans and investments which are held as financial assets are available to the operating business in the amount of €4.3 million (previous year: €42.5 million) and to cover the pension and nuclear provisions in the amount of €5,487.6 million (previous year restated: €6,096.4 million). From the loans, €136.5 million (previous year: €34.3 million) were allocated to capital employed.

The receivables from irredeemable operating leases of the EnBW Group amounting to €139.0 million (previous year: €134.1 million) are essentially the result of leasing commercial and residential property. As in the previous year, no contingent rent was recognised in the reporting period.

The minimum lease payments receivable are due as follows:

in € million	2017	2016
Due within 1 year	27.2	42.5
Due in 1 to 5 years	32.0	26.2
Due in more than 5 years	79.8	65.4
Total	**139.0**	**134.1**

The loans consist of loans to affiliated entities amounting to €13.9 million (previous year: €2.5 million), loans to entities accounted for using the equity method of €109.0 million (previous year: €18.3 million), loans to investments held as financial assets of €10.6 million (previous year: €19.4 million) and to operative investments allocated to capital employed of €6.5 million (previous year: €0.0 million) and other loans allocated to capital employed of €7.1 million (previous year: €13.5 million).

Impairment losses on financial assets are recorded on a separate allowance account and presented in the statement of changes in non-current assets.

(14) Trade receivables

in € million			31/12/2017			31/12/2016
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	4,408.7	320.9	4,729.6	3,129.1	357.4	3,486.5
of which receivables from affiliated entities	(16.5)	(0.0)	(16.5)	(25.5)	(0.0)	(25.5)
of which receivables from other investees and investors	(65.6)	(0.0)	(65.6)	(45.2)	(0.0)	(45.2)
of which receivables from entities accounted for using the equity method	(28.2)	(0.0)	(28.2)	(26.5)	(0.0)	(26.5)

Non-current trade receivables principally include receivables relating to electricity supplies, whose term to maturity does not match the customary business cycle.

The movements in the provision for impairment of trade receivables break down as follows:

in € million	2017	2016
As of 01/01	105.8	83.4
Utilisation	-16.8	-25.8
Net additions	35.2	48.2
As of 31/12	**124.2**	**105.8**

The credit risks inherent in trade receivables are presented below:

in € million	31/12/2017	31/12/2016
Not past due and not impaired	4,333.9	3,434.3
Past due, but not impaired		
Due within 3 months	150.9	6.8
Due in between 3 and 6 months	4.7	5.1
Due in between 6 months and 1 year	24.9	5.3
Due in more than 1 year	11.9	10.8
Impaired	203.3	24.2
Total	**4,729.6**	**3,486.5**

There was no indication as of the reporting date that any impairment losses needed to be recognised on the trade receivables recorded as not impaired.

(15) Other assets

in € million		31/12/2017			31/12/2016	
	Current	Non-current	Total	Current	Non-current	Total
Income tax refund claims	101.7	0.5	102.2	420.9	1.4	422.3
Other tax refund claims	122.8	0.0	122.8	81.7	0.0	81.7
Interest from tax refunds	4.6	0.0	4.6	98.5	0.0	98.5
Derivatives	1,936.8	292.2	2,229.0	1,456.1	242.4	1,698.5
of which without hedges	(1,917.2)	(188.3)	(2,105.5)	(1,377.5)	(129.2)	(1,506.7)
of which cash flow hedge	(17.4)	(12.2)	(29.6)	(78.6)	(4.7)	(83.3)
of which fair value hedge	(2.2)	(91.7)	(93.9)	(0.0)	(108.5)	(108.5)
Finance lease receivables	4.8	21.0	25.8	5.2	26.4	31.6
Payments on account	65.0	49.2	114.2	57.2	49.6	106.8
Active prepaid expenses	27.8	44.3	72.1	17.9	34.9	52.8
Miscellaneous assets	583.6	204.5	788.1	489.4	55.4	544.8
Total	**2,847.1**	**611.7**	**3,458.8**	**2,626.9**	**410.1**	**3,037.0**

Current and non-current income tax refund claims mainly include deductible tax on investment income from previous years.

The finance lease receivables arose from supply contracts for various forms of energy such as electricity, heat, cooling and compressed air, under which the economic ownership of the leased technical equipment and machinery is allocable to the lessee. The leases contain escalation clauses, as well as renewal and purchase price options.

The agreements are based on the following parameters and terms to maturity:

in € million	31/12/2017	31/12/2016
Total lease instalments	32.1	41.3
Interest portion of outstanding lease instalments	6.3	9.7
Present value of outstanding lease instalments	**25.8**	**31.6**

The outstanding lease instalments are due as follows:

in € million	31/12/2017		31/12/2016	
	Nominal value	Present value	Nominal value	Present value
Due within 1 year	6.0	5.1	7.2	5.6
Due in 1 to 5 years	14.0	10.6	18.5	13.4
Due in more than 5 years	12.1	10.1	15.6	12.6
Total	**32.1**	**25.8**	**41.3**	**31.6**

As in the previous year, no impairment losses or reversals of impairment losses had to be recognised on outstanding finance lease receivables.

Payments on account contain prepayments for electricity procurement agreements amounting to €49.9 million (previous year: €50.3 million).

Miscellaneous assets contain collateral for exchange-based and over-the-counter trading businesses amounting to €380.0 million (previous year: €287.2 million), as well as variation margins of €4.0 million (previous year: €38.3 million). A market interest rate is applied to the collateral provided for exchange-based trading businesses. This collateral will be used by the stock exchanges in the event that the obligations resulting from stock market transactions are not met. In addition, miscellaneous assets contain the surplus cover from benefit entitlements of €179.3 million (previous year: €33.4 million).

Bad debt allowances on other assets measured at amortised cost developed as follows:

in € million	2017	2016
As of 01/01	33.1	32.8
Utilisation	0.0	-0.8
Net additions	3.6	1.1
As of 31/12	**36.7**	**33.1**

The credit risks of financial instruments disclosed under other assets break down as follows:

in € million	31/12/2017	31/12/2016
Not past due and not impaired	2,860.8	2,238.8
Past due, but not impaired		
Due within 3 months	0.3	0.2
Due in between 3 and 6 months	0.1	0.1
Due in between 6 months and 1 year	0.1	0.0
Due in more than 1 year	0.2	0.2
Impaired	0.1	0.8
Total	**2,861.6**	**2,240.1**

There was no indication as of the reporting date that any impairment losses needed to be recognised on the other assets recorded as not impaired.

(16) Financial assets

The profit participation rights, funds and shares mainly consist of fixed-income securities, while other current financial assets essentially include loans. The current financial assets are available to the operating business in the amount of €277.0 million (previous year restated: €320.7 million) and to cover the pension and nuclear provisions in the amount of €307.2 million (previous year: €2,060.0 million). From the loans allocated to the current financial assets, €3.9 million (previous year: €8.8 million) was assigned to capital employed.

in € million	31/12/2017	31/12/2016
Profit participation rights, funds and shares	377.0	2,295.6
Other current financial assets	211.1	93.9
Total	**588.1**	**2,389.5**

(17) Cash and cash equivalents

Cash and cash equivalents relate primarily to bank deposits, largely in the form of time and day-to-day deposits. Cash and cash equivalents of €21.5 million (previous year: €0.1 million) are subject to restrictions on disposal.

Cash and cash equivalents are available to the operating business in the amount of €2,954.7 million (previous year: €2,264.3 million) and to cover pension and nuclear provisions in the amount of €258.6 million (previous year: €1,727.3 million).

(18) Equity

The development of equity and total comprehensive income is presented separately in the statement of changes in equity. The components of total comprehensive income are presented in the statement of comprehensive income.

Subscribed capital

The share capital of EnBW AG amounts to €708,108,042.24 as of 31 December 2017 (previous year: €708,108,042.24) and is divided into 276,604,704 (previous year: 276,604,704) no-par-value bearer shares, all of which have been fully paid-in. The no-par-value shares each represent an imputed share of €2.56 per share (previous year: €2.56 per share) of the subscribed capital.

Capital reserve

The capital reserve contains the amounts received from the issue of shares of EnBW AG which exceed the imputed value of the shares.

Revenue reserves

The revenue reserves primarily contain the pro rata revenue reserves of the parent company and the other companies included in the consolidation after the date of acquisition accounting.

Retained earnings/loss of EnBW AG

Taking account of the loss carried forward amounting to €63.5 million (previous year: profit carried forward of €168.4 million) and the transfer to other revenue reserves amounting to €963.0 million (previous year: €0.0 million), retained earnings amounted to €963.2 million (previous year: retained loss of €63.5 million). We will propose to the Annual General Meeting that a dividend of €0.50 per share be distributed from the retained earnings of EnBW AG. Due to the retained loss of EnBW AG in the previous year, no dividends were distributed. As of 31 December 2017, a total of 270,855,027 shares (previous year: 270,855,027 shares) were entitled to dividends. If the Annual General Meeting approves this proposal, the total amount distributed by EnBW AG for the 2017 financial year will be €135.4 million.

The retained earnings (previous year: retained loss) of EnBW AG are disclosed under revenue reserves.

Treasury shares

As of 31 December 2017, EnBW AG holds 5,749,677 (previous year: 5,749,677) treasury shares. The acquisition cost of the treasury shares amounting to €204.1 million (previous year: €204.1 million) was deducted from the carrying amount of the equity. The amount of share capital attributable to them is €14,719,173.12 (previous year: €14,719,173.12). This corresponds to 2.1% (previous year: 2.1%) of the subscribed capital. The treasury shares were acquired on 28 and 29 December 1998 based on the authorisation issued on 25 August 1998 by the Annual General Meeting pursuant to section 71 (1) No. 8 AktG. The acquisition was carried out with a view to planned cooperations with domestic and foreign energy suppliers, as well as industrial customers, that were to be underpinned by mutual capital participations.

The company has no rights or dividend entitlements from directly held treasury shares; they are not entitled to dividends. In accordance with the rulings of IFRS, the treasury shares are not recognised as securities, but are offset in one sum against equity in the balance sheet.

Other comprehensive income

Other comprehensive income comprises changes in the market value of available-for-sale financial assets, changes in the market value of cash flow hedges, amounts recognised directly in equity for accounting for entities using the equity method, currency translation differences from the translation of financial statements of foreign entities, and the revaluation of pensions and similar obligations.

For details on the changes recognised directly in equity on available-for-sale financial assets and of cash flow hedges, please refer to note (24) “Accounting for financial instruments”.

Presentation of the components of other comprehensive income:

2017 in € million	Revaluation of pensions and similar obligations	Currency translation differences	Cash flow hedge	Available-for-sale financial assets	Entities accounted for using the equity method	Share-holders of EnBW AG	Non-controlling interests	Total
Unrealised changes in market value in the current period	81.2	39.5	-42.6	298.5	1.9	378.5	15.0	393.5
Reclassification adjustments included in the income statement	0.0	0.0	123.0	-196.9	-6.0	-79.9	-0.2	-80.1
Reclassification to cost of hedged items	0.0	0.0	-76.6	0.0	0.0	-76.6	0.0	-76.6
Other comprehensive income before tax	**81.2**	**39.5**	**3.8**	**101.6**	**-4.1**	**222.0**	**14.8**	**236.8**
Income tax	-13.5	-3.3	-15.3	-14.3	0.0	-46.4	-1.4	-47.8
Other comprehensive income	**67.7**	**36.2**	**-11.5**	**87.3**	**-4.1**	**175.6**	**13.4**	**189.0**

2016 in € million	Revaluation of pensions and similar obligations	Currency translation differences	Cash flow hedge	Available-for-sale financial assets	Entities accounted for using the equity method	Share-holders of EnBW AG	Non-controlling interests	Total
Unrealised changes in market value in the current period	-425.4	5.0	195.7	134.0	0.4	-90.3	6.3	-84.0
Reclassification adjustments included in the income statement	0.0	0.8	-11.2	58.8	-38.8	9.6	0.7	10.3
Reclassification to cost of hedged items	0.0	0.0	55.5	0.0	0.0	55.5	0.0	55.5
Other comprehensive income before tax	**-425.4**	**5.8**	**240.0**	**192.8**	**-38.4**	**-25.2**	**7.0**	**-18.2**
Income tax	123.5	0.4	-80.8	-22.8	0.0	20.3	-1.4	18.9
Other comprehensive income	**-301.9**	**6.2**	**159.2**	**170.0**	**-38.4**	**-4.9**	**5.6**	**0.7**

Presentation of the tax effects relating to unrealised gains and losses in equity:

in € million	2017			2016		
	Before tax	Tax expenses/ income	After tax	Before tax	Tax expenses/ income	After tax
Revaluation of pensions and similar obligations	86.6	-14.7	71.9	-427.4	124.5	-302.9
Currency translation differences	46.0	-3.3	42.7	5.9	0.3	6.2
Cash flow hedge	-41.7	-24.7	-66.4	202.9	-76.6	126.3
Available-for-sale financial assets	300.7	-20.3	280.4	134.2	-43.1	91.1
Entities accounted for using the equity method	1.9	0.0	1.9	0.4	0.0	0.4
Other comprehensive income	**393.5**	**-63.0**	**330.5**	**-84.0**	**5.1**	**-78.9**

Presentation of the tax effects of reclassification adjustments included in the income statement and the cost of hedged items:

in € million			2017			2016
	Before tax	Tax expenses/ income	After tax	Before tax	Tax expenses/ income	After tax
Currency translation differences	0.0	0.0	0.0	1.1	0.1	1.2
Cash flow hedge	46.2	9.6	55.8	44.9	-6.6	38.3
Available-for-sale financial assets	-196.9	5.6	-191.3	58.6	20.3	78.9
Entities accounted for using the equity method	-6.0	0.0	-6.0	-38.8	0.0	-38.8
Other comprehensive income	**-156.7**	**15.2**	**-141.5**	**65.8**	**13.8**	**79.6**

Non-controlling interests

Non-controlling interests are shares in Group companies held by third parties. They relate, in particular, to the Energiedienst group, VNG-Verbundnetz Gas Aktiengesellschaft, Stadtwerke Düsseldorf AG and Pražská energetika a.s., with their relevant subsidiaries and EnBW Baltic 2 S.C.S.

Financial information for subsidiaries where there is a significant influence without a controlling interest

in € million					2017
	Energiedienst Holding AG	VNG-Verbundnetz Gas Aktiengesell-schaft	Stadtwerke Düsseldorf AG	Pražská energetika a.s.	EnBW Baltic 2 S.C.S.
Capital share in %	33.33	25.79	45.05	30.16	49.89
Annual net profit from non-controlling interests	4.6	-7.5	41.2	28.2	47.8
Dividends paid	10.2	5.2	30.0	0.0	35.4
Carrying amount of non-controlling interests	386.8	406.8	377.1	280.6	733.2
Balance sheet data					
Non-current assets	1,496.2	2,760.7	1,388.2	1,136.3	1,428.1
Current assets	363.3	2,112.1	638.3	250.2	265.3
Non-current liabilities	490.9	1,215.8	770.9	256.6	120.4
Current liabilities	191.5	2,075.2	461.4	195.3	28.6
Funds from operations (FFO)	156.0	209.1	148.5	67.5	190.4
Earnings data					
Adjusted EBITDA	81.2	172.4	189.1	180.1	196.1

Financial information for subsidiaries where there is a significant influence without a controlling interest

in € million				2016
	Energiedienst Holding AG	Stadtwerke Düsseldorf AG	Pražská energetika a.s.	EnBW Baltic 2 S.C.S.
Capital share in %	33.33	45.05	30.16	49.89
Annual net profit from non-controlling interests	6.7	49.1	24.5	38.4
Dividends paid	10.6	21.6	19.2	2.4
Carrying amount of non-controlling interests	395.4	363.1	237.2	772.7
Balance sheet data				
Non-current assets	1,535.9	1,420.5	1,057.5	1,517.4
Current assets	378.2	554.4	96.5	259.2
Non-current liabilities	540.1	812.2	247.2	130.1
Current liabilities	177.3	399.7	116.2	23.2
Funds from operations (FFO)	161.3	167.1	80.7	167.8
Earnings data				
Adjusted EBITDA	92.8	213.5	167.7	174.3

(19) Provisions

The provisions disclosed separately according to maturity in the balance sheet are combined for the purposes of disclosures in the notes to the financial statements.

in € million			31/12/2017			31/12/2016
	Current	Non-current	Total	Current	Non-current	Total
Provisions for pensions and similar obligations	156.1	6,185.1	6,341.2	146.7	5,970.0	6,116.7
Provisions relating to nuclear power	614.8	5,187.9	5,802.7	5,277.2	5,694.8	10,972.0
Provisions for non-contractual nuclear obligations	(409.5)	(2,403.7)	(2,813.2)	(323.1)	(2,683.0)	(3,006.1)
Provisions for contractual nuclear obligations	(205.3)	(2,784.2)	(2,989.5)	(4,954.1)	(3,011.8)	(7,965.9)
Other provisions	827.8	1,751.5	2,579.3	636.3	1,347.1	1,983.4
Other dismantling obligations	(9.3)	(720.4)	(729.7)	(0.0)	(154.9)	(154.9)
Provisions for onerous contracts	(163.2)	(619.1)	(782.3)	(141.2)	(798.3)	(939.5)
Other electricity provisions	(269.7)	(0.0)	(269.7)	(186.8)	(10.8)	(197.6)
Personnel provisions	(119.4)	(151.2)	(270.6)	(122.5)	(135.2)	(257.7)
Miscellaneous provisions	(266.2)	(260.8)	(527.0)	(185.8)	(247.9)	(433.7)
Total	**1,598.7**	**13,124.5**	**14,723.2**	**6,060.2**	**13,011.9**	**19,072.1**

Provisions for pensions and similar obligations

The provisions for pensions and similar obligations are recorded on the basis of actuarial valuations for the existing commitments for future and current post-employment benefits to current and former employees with a pension entitlement, as well as their surviving dependants. A substantial majority of the employees of the EnBW Group are entitled to pension payments from defined benefit pension plans. There are different post-employment provision schemes, which reflect how long the respective employees have served the company. In the case of employees who have already retired, the schemes in question are mainly final salary-based systems, in which the pension paid is calculated on the basis of the length of service, the rate of increase and the last pensionable income. As of 1 January 2005, this system was decoupled from the adjustments to the statutory pension insurance system as part of a reorganisation. The amount of provisions for pensions and similar obligations as of 31 December 2017 was €5,612.9 million (previous year: €5,586.7 million). The bulk of the active employees are covered by ongoing salary-based schemes and/or a pension component system in the form of an average salary plan, in which the pension paid consists of annual pension components. The related provisions amounted to €549.0 million (previous year: €496.6 million). For employees who joined the company from 1998 onwards, the pension commitment is based solely on a pension component system. In addition, the employees are granted energy-price reductions during the period in which they receive their pensions.

The pensioners and those with prospective pension entitlements are distributed as follows amongst the different post-employment provision schemes:

Number of employees	31/12/2017		31/12/2016	
	Staff with prospective pension entitlements	Pensioners	Staff with prospective pension entitlements	Pensioners
Closed systems dependent on final salary	8,143	13,599	8,507	13,450
Pension component systems	8,532	335	8,308	296

The commitments are measured above all on the basis of the length of service and remuneration of the employees. In addition, the company pension scheme includes defined benefit obligations under multi-employer plans using the same measurement basis. The contributions payable to the supplemental pension plan are made as a certain percentage of the respective employee's remuneration that is subject to the supplemental pension plan.

The amount of provisions earmarked for the defined benefit obligations corresponds to the present value of the expected future obligations. The provisions are calculated using actuarial methods. Plan assets were created in accordance with IAS 19.8 and will be used exclusively to cover pension obligations. They are deducted from the pension obligations. These exist in the form of contractual trust arrangements (CTA) in the EnBW Group. A CTA is a legally structured trustee arrangement for the capital cover of direct pension commitments with separated and spun-off assets.

The objective of asset management in this area is to cover the non-current provisions for pensions and similar obligations, as well as the Group's nuclear provisions, within an economically sensible period by means of appropriate financial investments. The investment goals indicated shall be achieved with a minimum of risk. As of 31 December 2017, the dedicated financial assets for pension and nuclear provisions totalled approximately €6.2 billion (previous year restated: €9.9 billion) and were allocated to a total of nine asset classes. In addition to direct investments, financial investments were bundled within two master funds and the infrastructure funds consolidated in a SICAV (société d'investissement à capital variable, open-ended investment company).

The following premises are taken into account when investments are made:

- Risk-optimised performance in line with the market is targeted.
- The risk was minimised by, for example, the implementation of an intervention line concept, the establishment of issuer limits and minimum ratings for bonds, adherence to a broad diversification of asset classes and further appropriate measures.
- The impact on the balance sheet and the income statement are to be minimised.
- Reducing costs and simplifying administration are also major priorities.

The anticipated development of the cash flow of the post-employment provision scheme is as follows:

in € million	2017	2018 – 2022[1]	2023 – 2027[1]	2028 – 2032[1]	2033 – 2037[1]	2038 – 2042[1]	2043 – 2047[1]	2048 – 2052[1]
Closed systems dependent on final salary	154.0	167.0	198.6	232.0	244.0	232.4	207.2	170.1
Pension component systems	1.8	1.9	4.6	10.6	20.6	30.9	42.4	54.7
Total	**155.8**	**168.9**	**203.2**	**242.6**	**264.6**	**263.3**	**249.6**	**224.8**

1 Average values for five years.

Changes in the underlying parameters for calculating the provisions for pensions and similar obligations would have the following impact on their amounts:

in € million	31/12/2017		31/12/2016	
	Pension component systems	Closed post-retirement systems dependent on final salary	Pension component systems	Closed post-retirement systems dependent on final salary
Discount rate +/-0.5%	-89.5 / 107.2	-509.3 / 579.7	-80.9 / 97.1	-501.4 / 571.4
Salary trend +/-0.5%	19.1 /-17.6	146.4 /-128.8	14.8 /-13.8	130.5 /-114.7
Pension trend +/-0.5%	5.8 /-6.6	413.4 /-375.4	4.6 /-4.3	408.6 /-371.7
Life expectancy +/-1 year	7.8 /-18.1	243.2 /-236.3	16.6 /-16.6	234.6 /-230.1

The parameters for the sensitivity analysis were chosen from the point of view of materiality. Their impact on the defined benefit obligation (DBO) was determined separately in each case to prevent interactions. The parameter variation is based on past experience and the long-term planning premises applied within the Group.

The material parameters (average values) for calculating the defined-benefit pension commitments at the Group's domestic companies are shown below:

in %	31/12/2017	31/12/2016
Actuarial interest rate	1.80	1.90
Future expected wage and salary increases	2.75	2.70
Future expected pension increase	1.90	1.90
Employee turnover	2.00	2.00

The calculations are based on the 2005 G mortality tables devised by Prof. Dr. Klaus Heubeck.

The expenses for pensions and similar obligations is comprised as follows:

in € million	2017	2016
Current service cost	122.6	110.8
Past service cost	0.0	-2.5
Interest income from plan assets	-19.2	-22.8
Interest costs	134.1	150.0
Recording in the income statement	**237.5**	**235.5**
Income from plan assets excluding interest income	-219.2	-53.1
Actuarial gains (-)/losses (+) from changes in demographic assumptions	0.0	-1.6
Actuarial gains (-)/losses (+) from changes in financial assumptions	117.8	463.3
Actuarial gains (-)/losses (+) from experience-based restatements	14.8	18.8
Recording in the statement of comprehensive income	**-86.6**	**427.4**
Total	**150.9**	**662.9**

The development of the pension provisions, categorised by the present value of the defined benefit commitment and the market value of the plan assets, is as follows:

in € million	31/12/2017	31/12/2016
Defined benefit obligation at the beginning of the financial year	7,221.8	6,738.8
Current service cost	122.6	110.8
Interest costs	134.1	150.0
Benefits paid	-259.1	-264.8
Actuarial gains (-)/losses (+)	132.6	480.5
Actuarial gains (-)/losses (+) from changes in demographic assumptions	(0.0)	(-1.6)
Actuarial gains (-)/losses (+) from changes in financial assumptions	(117.8)	(463.3)
Actuarial gains (-)/losses (+) from experience-based restatements	(14.8)	(18.8)
Past service cost	0.0	-2.5
Changes in the consolidated companies and currency adjustments	26.2	-1.5
Reclassifications	10.3	10.5
Present value of the defined benefit obligation at the end of the financial year	**7,388.5**	**7,221.8**
Fair market value of plan assets at the beginning of the financial year	1,138.5	1,113.8
Interest income	19.2	22.8
Appropriations to (+)/transfers from (-) plan assets[1]	-38.2	60.2
Benefits paid	-103.3	-112.4
Income from plan assets excluding interest income	219.2	53.1
Change in consolidated companies, currency adjustments and reclassifications	-8.8	1.0
Fair market value of plan assets at the end of the financial year	**1,226.6**	**1,138.5**
Surplus cover from benefit entitlements	179.3	33.4
Provisions for pensions and similar obligations	**6,341.2**	**6,116.7**

1 Applies almost exclusively to the employer's contributions.

Payments into the plan assets in the amount of €9.1 million (previous year: €8.6 million) are planned in the subsequent period.

The present value of the defined benefit obligation breaks down as follows by asset-funded and non-asset-funded status:

in € million	31/12/2017	31/12/2016
Funded benefits	1,435.4	1,219.5
Full funding	(1,408.9)	(1,191.6)
Partial funding	(26.5)	(27.9)
Pension entitlements without asset funding	5,953.1	6,002.3

The present value of the benefit obligations, the fair market value of plan assets and the plan surplus or deficit have developed as follows:

in € million	31/12/2017	31/12/2016
Present value of benefit obligations	7,388.5	7,221.8
Fair market value of plan assets	1,226.6	1,138.5
Plan surplus or deficit	6,161.9	6,083.3

The plan assets consist of the following asset classes:

in %	31/12/2017	31/12/2016
Shares	91.8	86.1
Share-based investment funds	0.4	0.0
Fixed-income funds	1.7	0.9
Fixed-income securities	6.1	7.7
Land and buildings	1.7	1.9
Current financial assets	1.0	0.9
Other	-2.7	2.5
	100.0	**100.0**

The plan assets are invested almost entirely within the EU and mainly in energy supply companies. Their performance is subject to country-specific and energy-industry risks. They do not include any shares of EnBW Group companies or any owner-occupied property. The investment strategy takes into consideration the maturity structure and volume of benefit obligations.

The plan assets mainly have market price listings on active markets. The shares contain €262.7 million (previous year: €285.7 million) whose fair value was determined with the help of the discounted cash flow method in the absence of an active market.

Multi-employer plans

Multi-employer plans, which are defined benefit plans, are accounted for as defined contribution plans because the information required to allocate the obligations and plan assets to the respective participating employer and the corresponding expenses is not provided by the supplemental pension plans. The expenses from defined benefit obligations via multi-employer plans amounted to €15.0 million (previous year: €14.8 million). Appropriations of a similar magnitude are anticipated for the subsequent year. Potential future increases in contributions from obligations that are not fully funded will not have a significant effect on the EnBW Group.

The employer's contributions to statutory pension insurance in 2017 amounted to €98.4 million (previous year: €93.0 million).

Provisions relating to nuclear power

The provisions relating to nuclear power as of 31 December 2017 were formed for the conditioning and packaging of radioactive waste, as well as for the decommissioning and dismantling of the nuclear power plants. Before the Act for the Reorganisation of Responsibility in Nuclear Waste Management 2017, the provisions as of 31 December 2016 also covered the transport, intermediate storage and final storage of the waste.

The evaluation of the provisions is carried out mainly on the basis of estimates, which for decommissioning and disposal costs are primarily derived from sector-specific appraisals. The provisions are recognised at the discounted settlement amount at the time they originated.

in € million	31/12/2017	31/12/2016
Remaining with EnBW		
Remaining operation and post-operation	725.6	1,061.7
Dismantling including preparation	3,691.3	3,668.8
Treatment of residual material, packaging of radioactive waste	969.1	1,162.9
Other	416.7	320.7
	5,802.7	**6,214.1**
Passing to disposal fund		
Containers, transportation, waste, other	0.0	1,274.3
Intermediate storage	0.0	1,000.7
Konrad mine final storage facility	0.0	727.7
Final storage facility for highly radioactive waste	0.0	1,755.2
	0.0	**4,757.9**
Total	**5,802.7**	**10,972.0**

The remaining provisions relating to nuclear power are discounted at a risk-free interest rate of on average around 0.7% (previous year: 0.5%). A corresponding rate of increase of costs of around 1.7% (previous year: 1.4%) is applied. This results in a net interest (spread) of around -1.0% (previous year: -0.9%), which generally corresponds to the real interest rate. The change in the discount rate and the rate of increase of costs led overall to an increase in the remaining nuclear power provisions of €49.8 million (previous year: €1,081.5 million).

A reduction or increase of 0.1 percentage points in the real interest rate would increase the present value of the remaining provisions held by EnBW by €52.5 million (previous year: €41.3 million) or reduce them by €54.4 million (previous year: €55.5 million), respectively.

The nominal amount (without taking into account the effects of the discount rate and rate of increase of costs) of the remaining provisions held by EnBW was €5,295.0 million as of 31 December 2017 (previous year: €5,742.9 million).

The Act for the Reorganisation of Responsibility in Nuclear Waste Management reflects the recommendation made by the "Commission to examine the financing of the phase-out of nuclear power" (KFK) appointed by the German Federal Ministry for Economic Affairs and Energy in 2015. Accordingly, the responsibility for intermediate and final storage now lies in the hands of the government. The financial burden was borne by the companies through payment of the required cash funds into a "fund for the financing of nuclear waste management" (disposal fund). The operators of the nuclear power plants will continue to be responsible for the complete financing and management of the decommissioning, dismantling and specialist packaging of the radioactive waste. The government, which was already responsible for the implementation of the final storage, will now also be responsible for its financing as well as the implementation and financing of intermediate storage.

EnBW paid the basic amount including interest for the first half of 2017, and also the additional risk premium into the disposal fund on 3 July 2017. The immediate payment of the risk premium releases EnBW from the payment of any subsequent contributions. The due amount of €4,849.6 million was reclassified under other liabilities, of which €4,769.0 million was accounted for under operating cash flow and €80.6 million under interest paid for financing activities.

The provisions for the decommissioning and dismantling of contaminated plants, as well as for fuel rods, are recognised at the discounted settlement amount at the time of commissioning. This is disclosed accordingly under the power plants and depreciated. Changes in estimates due to changes in assumptions concerning the future development of costs were generally recognised without effect on profit or loss by adjusting the appropriate balance sheet items downwards by €18.1 million (previous year: adjusted upwards by €1,174.2 million). Changes in estimates relating to decommissioned power plants were recognised as profit or loss.

Decommissioning and dismantling costs are calculated on the basis of the scenario that assumes that the plants will be removed immediately. The provisions are partially offset by receivables amounting to €369.5 million (previous year: €779.4 million) which relate to dismantling obligations for nuclear power plants assumed by a contractual partner in connection with electricity supplies.

Other provisions

The other dismantling obligations mainly relate to gas storage facilities, offshore production plants and wind and hydroelectric power plants.

The provisions for onerous contracts concern future obligations from onerous procurement and sales agreements. The obligations mainly relate to the procurement of electricity.

Other electricity provisions primarily relate to obligations from CO_2 emission allowances.

Personnel provisions primarily concern obligations from phased retirement arrangements, long-service awards and restructuring measures.

The provisions developed as follows in the reporting year:

Provisions

in € million	As of 01/01/2017	Increases	Reversals	Accretion	Changes recognised in equity	Changes in the consolidated companies, currency adjustments and reclassifications	Utilisation	As of 31/12/2017
Provisions for pensions and similar obligations	6,116.7	122.6	0.0	114.9	-86.6	229.4	155.8	6,341.2
Provisions relating to nuclear power[1]	10,972.0	195.3	174.2	28.3	-18.1	-4,856.3	344.3	5,802.7
Other provisions	1,983.4	537.3	151.7	9.2	-89.2	792.8	502.5	2,579.3
Other dismantling obligations	(154.9)	(0.2)	(0.8)	(6.9)	(-89.2)	(659.4)	(1.7)	(729.7)
Provisions for onerous contracts	(939.5)	(19.1)	(66.9)	(0.0)	(0.0)	(21.8)	(131.2)	(782.3)
Other electricity provisions	(197.6)	(254.3)	(7.1)	(0.3)	(0.0)	(-10.8)	(164.6)	(269.7)
Personnel provisions	(257.7)	(108.1)	(11.7)	(1.4)	(0.0)	(10.5)	(95.4)	(270.6)
Miscellaneous provisions	(433.7)	(155.6)	(65.2)	(0.6)	(0.0)	(111.9)	(109.6)	(527.0)
Total	**19,072.1**	**855.2**	**325.9**	**152.4**	**-193.9**	**-3,834.1**	**1,002.6**	**14,723.2**

1 Utilisation breaks down into decommissioning and dismantling totalling €249.9 million, disposal of spent fuel rods totalling €90.5 million and waste totalling €3.9 million.

(20) Deferred taxes

The deferred taxes on measurement differences compared to the tax accounts break down as follows:

in € million	31/12/2017		31/12/2016	
	Deferred tax assets[1]	Deferred tax liabilities[1]	Deferred tax assets[1]	Deferred tax liabilities[1]
Intangible assets	31.0	238.9	21.2	60.7
Property, plant and equipment	249.7	1,983.8	448.0	1,744.6
Financial assets	35.1	213.2	133.8	328.0
Other assets	78.3	22.8	8.6	33.1
Derivative financial instruments	0.7	68.3	0.0	53.3
Non-current assets	**394.8**	**2,527.0**	**611.6**	**2,219.7**
Inventories	55.9	18.8	49.9	9.0
Financial assets	0.0	12.9	0.0	56.8
Other assets	140.1	719.8	65.5	506.3
Current assets	**196.0**	**751.5**	**115.4**	**572.1**
Provisions	1,657.2	33.5	1,659.8	81.3
Liabilities and subsidies	312.2	66.9	230.2	89.6
Non-current liabilities	**1,969.4**	**100.4**	**1,890.0**	**170.9**
Provisions	300.4	78.6	368.5	6.0
Liabilities and subsidies	772.8	120.4	543.5	47.6
Current liabilities	**1,073.2**	**199.0**	**912.0**	**53.6**
Carryforwards of unused tax losses	101.5	0.0	103.4	0.0
Deferred taxes before netting	**3,734.9**	**3,577.9**	**3,632.4**	**3,016.3**
Netting	-2,778.5	-2,778.5	-2,363.5	-2,363.5
Deferred taxes after netting	**956.4**	**799.4**	**1,268.9**	**652.8**

1 Deferred tax assets and liabilities prior to netting.

In the 2017 financial year, €2,778.5 million (previous year: €2,363.5 million) in deferred tax assets was netted against deferred tax liabilities. Deferred taxes are netted with each other per consolidated tax group or entity if the conditions to do so have been satisfied.

In the measurement differences compared to the tax accounts, a negative balance from deferred taxes resulting from consolidation of €45.1 million (previous year: €54.0 million negative balance) is taken into account.

In addition, deferred tax assets on measurement differences compared to the tax accounts contain €2.3 million (previous year: €4.3 million) in non-current financial assets, €719.1 million (previous year: €734.1 million) in non-current provisions and €48.1 million (previous year: €43.7 million) in current liabilities and subsidies that were offset against equity.

The deferred tax liabilities on measurement differences compared to the tax accounts contain €84.0 million (previous year: €71.4 million) in non-current financial assets and €38.0 million (previous year: €15.4 million) in current financial assets that were offset against equity.

In order to evaluate the deferred tax assets from deductible temporary differences in assets and carryforwards of unused tax losses, a tax planning forecast was derived based on the company's multi-year plans and corporate strategy. In this process, it was possible at EnBW and the main Group companies to prove with sufficient certainty that there would be adequate taxable income available in the planning horizon used as the basis for the tax planning forecast for the full capitalisation of deferred tax assets both from deductible temporary differences in assets and also carryforwards of unused tax losses.

Carryforwards of unused tax losses are composed as follows:

in € million	31/12/2017		31/12/2016	
	Corporate income tax	Trade tax	Corporate income tax	Trade tax
Unlimited ability to carry forward the previously unused tax losses for which no deferred tax assets have been recognised in the balance sheet	117.6	161.6	118.7	171.3
Deferred taxes on the non-valued carryforwards of unused tax losses that would theoretically have to be formed	18.6	21.9	18.8	22.6
Unlimited ability to carry forward the existing unused tax losses for which deferred tax assets were formed[1]	281.8	30.5	432.7	269.7

1 Almost exclusively concern German companies.

According to the Tax Privilege Reduction Act, from 2004 onwards only 60% of current taxable income exceeding €1 million can be offset against carryforwards of unused tax losses. Carryforwards of unused tax losses reduced the actual tax burden by €238.0 million (previous year: €28.2 million).

The deferred taxes on carryforwards of unused tax losses break down as follows:

in € million	31/12/2017	31/12/2016
Corporate income tax (or comparable foreign tax)	97.5	68.1
Trade tax	4.0	35.3
Total	**101.5**	**103.4**

Presentation of the development of deferred taxes on carryforwards of unused tax losses:

in € million	31/12/2017	31/12/2016
Opening balance	103.4	31.9
Utilisation of tax losses	-96.3	-2.9
Correction of unrecognised carryforwards of unused tax losses in previous years (addition)	3.3	74.8
Origination of tax losses (addition)	19.9	1.8
Additions to consolidated companies	71.2	0.0
Write-downs	0.0	-2.2
Closing balance	**101.5**	**103.4**

In the previous year, the earlier adjustments of and non-recognition of deferred tax assets on carryforwards of unused tax losses and deductible temporary differences of €183.2 million were reversed or withdrawn.

In the reporting period, there were no deferred taxes on interest amounts carried forward as in the previous year.

No deferred tax liabilities were recognised on temporary differences of €10.7 million (previous year: €8.5 million) in connection with shares in subsidiaries because it is not likely that these temporary differences will reverse in the foreseeable future.

Deferred tax assets totalling €647.5 million (previous year: €695.3 million in deferred tax assets) were offset directly against equity under other comprehensive income as of 31 December 2017.

(21) Liabilities and subsidies

Financial liabilities

Breakdown of financial liabilities as of 31 December 2017 compared to the previous year:

in € million[1]		31/12/2017			31/12/2016	
	Current	Non-current	Total	Current	Non-current	Total
Hybrid bonds	0.0	1,959.5	1,959.5	999.9	1,989.9	2,989.8
Bonds	835.5	2,139.3	2,974.8	0.0	3,018.3	3,018.3
Liabilities to banks	381.3	1,324.3	1,705.6	121.4	1,334.1	1,455.5
Other financial liabilities	90.0	528.9	618.9	87.4	377.9	465.3
Financial liabilities	**1,306.8**	**5,952.0**	**7,258.8**	**1,208.7**	**6,720.2**	**7,928.9**

1 Please refer to note (24) "Accounting for financial instruments" for more details on the credit and liquidity risk, fair values and undiscounted cash flows by year.

Of the non-current financial liabilities, €2,829.4 million (previous year: €2,568.5 million) have a term of between one year and five years, and €3,122.6 million (previous year: €4,151.7 million) have a term of more than five years.

Overview of the hybrid bonds

Issuer	Issue volume	Carrying amounts	Coupon	Maturity
EnBW AG[1]	€1,000 million	€992.9 million	3.625%	02/04/2076
EnBW AG[2]	€725 million	€717.9 million	3.375%	05/04/2077
EnBW AG[2]	US-$ 300 million	€248.7 million	3.003%[3]	05/04/2077
		€1,959.5 million		

1 Repayment option for EnBW every five years after the first interest payment date; the earliest possible date is 02/04/2021.
2 Repayment option for EnBW every five years after the first interest payment date; the earliest possible date is 05/04/2022.
3 After the swap into euro.

In February 2017, EnBW exercised the call option on its hybrid bond issued in 2011 and increased in 2012 as of the first call date. The repayment of the security with a total volume of €1.0 billion was carried out on 3 April 2017.

All outstanding hybrid bonds include early repayment rights for EnBW and are subordinate to all other financial liabilities, although they have equal ranking with each other. EnBW has the option of suspending interest payments. However, these interest payments must be subsequently paid if EnBW pays dividends or services another hybrid bond. Based on their terms and conditions, all EnBW bonds qualify for 50% of the amount being recognised as equity in accordance with the methods used by the rating agencies Moody's and Standard & Poor's.

An overview of our senior bonds

Issuer	Issue volume	Carrying amounts	Coupon	Maturity
Public bonds				
EnBW International Finance B.V.	CHF 100 million	€86.0 million[1]	1.250%	12/07/2018
EnBW International Finance B.V.	€750 million	€749.5 million	6.875%	20/11/2018
EnBW International Finance B.V.	CHF 100 million	€85.2 million	2.250%	12/07/2023
EnBW International Finance B.V.	€500 million	€571.0 million[1]	4.875%	16/01/2025
EnBW International Finance B.V.	€500 million	€498.5 million	2.500%	04/06/2026
EnBW International Finance B.V.	€600 million	€589.5 million	6.125%	07/07/2039
Private placements				
EnBW International Finance B.V.	€100 million	€98.3 million	2.875%	13/06/2034
EnBW International Finance B.V.	JPY 20 billion	€148.1 million	5.460%[2]	16/12/2038
EnBW International Finance B.V.	€100 million	€99.2 million	3.080%	16/06/2039
EnBW International Finance B.V.	€50 million	€49.5 million	2.900%	01/08/2044
		€2,974.8 million		

1 Adjusted for valuation effects from interest-induced hedging transactions.
2 After the swap into euro.

No senior bonds were due for repayment in 2017.

Commercial paper programme
As of the reporting date, no funds had been drawn under the commercial paper programme set up by EnBW and the EnBW International Finance B.V. for short-term financing purposes, as in the previous year.

Liabilities to banks
Liabilities to banks increased in the 2017 financial year, mainly due to the first-time consolidation of VNG. This was offset by scheduled repayments that were made by EnBW and its subsidiaries. The majority of the outstanding liabilities to banks are bilateral loan agreements.

The existing syndicated credit line for €1.5 billion (previous year: €1.5 billion) was extended for the last time in the previous year and has a term until July 2021. The credit line remained unused as of 31 December 2017.

In addition, a further €1.4 billion (previous year: €348 million) in bilateral free credit lines was available within the Group. This increase was primarily due to the first-time consolidation of VNG. These credit lines are not subject to any restrictions as regards their utilisation.

The liabilities to banks are not collateralised with real estate liens as in the previous year. Liabilities to banks to the amount of €123.8 million are collateralised with other types of security (previous year: €128.5 million).

Other financial liabilities
The item “other financial liabilities” primarily includes long-term promissory notes from subsidiaries and long-term finance lease agreements. The increase in the 2017 financial year was primarily attributable to the first-time consolidation of VNG.

The minimum payments from finance leases included in other financial liabilities have the following maturities:

in € million	31/12/2017		31/12/2016	
	Nominal value	Present value	Nominal value	Present value
Due within 1 year	9.4	3.5	3.1	1.4
Due in 1 to 5 years	33.8	10.6	10.9	4.3
Due in more than 5 years	169.7	89.6	49.2	27.2
Total	**212.9**	**103.7**	**63.2**	**32.9**

Development of the financial liabilities included in the cash flow from financing activities
Financial liabilities included in the cash flow from financing activities item in the cash flow statement can be reconciled as follows:

in € million	01/01/2017	Cash-relevant changes	Non-cash-relevant changes					31/12/2017
			Changes in the group of consolidated companies	Currency effects	Fair value	Accrued interest	Other changes	
Hybrid bonds	2,989.8	-1,000.0	0.0	-34.2	0.0	0.0	3.9	1,959.5
Bonds	3,018.3	0.0	0.0	-29.2	-15.8	0.0	1.5	2,974.8
Liabilities to banks	1,455.5	36.4	201.3	5.6	-0.7	5.0	2.5	1,705.6
Other financial liabilities	465.3	-23.4	182.6	-6.2	0.4	0.8	-0.6	618.9
Financial liabilities[1]	**7,928.9**	**-987.0**	**383.9**	**-64.0**	**-16.1**	**5.8**	**7.3**	**7,258.8**
Other liabilities (interest on bonds)	151.4	-271.8	0.0	0.0	0.0	235.1	0.0	114.7
Total	**8,080.3**	**-1,258.8**	**383.9**	**-64.0**	**-16.1**	**240.9**	**7.3**	**7,373.5**

1 The cash-relevant changes include €9.5 million from interest payments.

Other liabilities and subsidies

Other liabilities and subsidies disclosed separately according to maturity in the balance sheet are combined in the notes to the financial statements.

in € million	31/12/2017	31/12/2016
Non-current liabilities	704.4	508.5
Current liabilities	8,030.4	5,788.8
Liabilities	**8,734.8**	**6,297.3**
Non-current subsidies	1,339.4	1,278.6
Current subsidies	66.4	65.4
Subsidies	**1,405.8**	**1,344.0**
Non-current liabilities and subsidies	2,043.8	1,787.1
Current liabilities and subsidies	8,096.8	5,854.2
Liabilities and subsidies	**10,140.6**	**7,641.3**

Other liabilities as of 31 December 2017 break down as follows compared to the previous year:

in € million[1]			31/12/2017			31/12/2016
	Current	Non-current	Total	Current	Non-current	Total
Payments received on account	61.3	29.3	90.6	106.6	33.0	139.6
Trade payables	4,838.1	0.5	4,838.6	3,193.0	0.4	3,193.4
of which liabilities to affiliated entities	(22.3)	(0.0)	(22.3)	(7.7)	(0.0)	(7.7)
of which liabilities to other investees and investors	(62.4)	(0.0)	(62.4)	(57.4)	(0.0)	(57.4)
of which liabilities to entities accounted for using the equity method	(58.0)	(0.0)	(58.0)	(43.9)	(0.0)	(43.9)
Other deferred income	27.2	176.9	204.1	25.0	214.5	239.5
Liabilities from derivatives	2,017.1	249.3	2,266.4	1,482.8	76.6	1,559.4
of which without hedges	(1,985.3)	(185.6)	(2,170.9)	(1,458.3)	(61.6)	(1,519.9)
of which cash flow hedge	(31.8)	(63.7)	(95.5)	(24.5)	(15.0)	(39.5)
Income tax liabilities	176.0	146.1	322.1	111.9	78.2	190.1
Miscellaneous liabilities	910.7	102.3	1,013.0	869.5	105.8	975.3
of which interest from back taxes	(0.8)	(0.0)	(0.8)	(3.0)	(0.0)	(3.0)
of which from other taxes	(154.2)	(0.0)	(154.2)	(117.5)	(0.0)	(117.5)
of which relating to social security	(15.5)	(0.1)	(15.6)	(15.2)	(5.9)	(21.1)
Other liabilities	**8,030.4**	**704.4**	**8,734.8**	**5,788.8**	**508.5**	**6,297.3**

1 Please refer to note (24) "Accounting for financial instruments" for more details on the credit and liquidity risk, fair values and undiscounted cash flows by year.

Of the other non-current liabilities, €577.5 million (previous year: €392.5 million) has a remaining term of between one year and five years, and €126.9 million (previous year: €116.0 million) has a remaining term of more than five years.

Trade payables include obligations for outstanding invoices amounting to €1,132.4 million (previous year: €1,065.4 million).

Miscellaneous liabilities mainly concern collateral for over-the-counter trading business (margin calls received) amounting to €172.9 million (previous year: €224.5 million), as well as exchange-based trading business (variation margins) of €60.1 million (previous year: €35.7 million), interest obligations from bonds amounting to €114.7 million (previous year: €151.4 million) and non-controlling interests in fully consolidated partnerships recorded as liabilities to the amount of €77.8 million (previous year: €78.9 million).

Subsidies mainly include construction and investment cost subsidies.

in € million	31/12/2017	31/12/2016
Investment cost subsidies	8.5	10.8
Other subsidies from public authorities	13.7	11.8
Construction cost subsidies	1,383.6	1,321.4
Total	**1,405.8**	**1,344.0**

The construction cost subsidies which have not yet been recognised in profit or loss were largely granted for investments in the electricity and gas sectors; the title to the subsidised assets is retained by the EnBW Group companies. The subsidies are released over the estimated useful life of the subsidised assets.

(22) Assets held for sale and liabilities directly associated with assets classified as held for sale

Assets held for sale

in € million	31/12/2017	31/12/2016
Intangible assets	0.0	29.9
Property, plant and equipment	3.0	109.2
Other financial assets	0.0	33.4
Other assets	0.0	0.5
Total	**3.0**	**173.0**

Liabilities directly associated with assets classified as held for sale

in € million	31/12/2017	31/12/2016
Other liabilities and subsidies	0.0	24.0
Total	**0.0**	**24.0**

The property, plant and equipment held for sale in the reporting year refers mainly to pieces of land and buildings held for sale. This is allocated in the segment reporting under Other/Consolidation.

In the previous year, intangible assets and property, plant and equipment held for sale mainly comprised the EnBW Hohe See GmbH & Co. KG offshore wind farm, the sale of shares in which led to a loss of economic control at the beginning of 2017. In addition, property, plant and equipment held for sale included distribution facilities connected with franchise losses. This was allocated in the segment reporting under Renewable Energies and Grids. Other financial assets held for sale in the previous year referred particularly to a piece of land and building held for sale as part of our divestiture strategy. This was allocated in the segment reporting under Other/Consolidation.

Other liabilities and subsidies in connection with the assets held for sale in the previous year referred mainly to current trade payables and construction cost subsidies.

Other disclosures

(23) Earnings per share

Earnings per share is determined by dividing the profit or loss attributable to the shareholders of EnBW AG by the average number of shares outstanding. This indicator may be diluted by potential shares on account of share options or convertible bonds. As EnBW does not have any potential shares, the basic earnings per share is identical to the diluted earnings per share.

Earnings per share		2017	2016
Earnings from continuing operations	in € million	2,176.3	-1,672.5
of which profit/loss shares attributable to the shareholders of EnBW AG	in € million	(2,054.1)	(-1,797.2)
Group net profit/loss	in € million	2,176.3	-1,672.5
of which profit/loss shares attributable to the shareholders of EnBW AG	in € million	(2,054.1)	(-1,797.2)
Number of shares outstanding (weighted average)	thousands	270,855	270,855
Earnings per share from continuing operations[1]	in €	7.58	-6.64
Earnings per share from Group net profit/loss (€)[1]	in €	7.58	-6.64
Proposed dividend per share for the EnBW AG 2017 financial year	in €	0.50	–

1 In relation to the profit/loss attributable to the shareholders of EnBW AG.

(24) Accounting for financial instruments

Financial instruments include primary financial instruments and derivatives. On the assets side, primary financial instruments mainly consist of financial assets, trade receivables, other assets, and cash and cash equivalents. On the liabilities side, they consist of financial liabilities, trade payables and other liabilities.

Fair value and carrying amounts of financial instruments by measurement category

The table below shows the fair values and carrying amounts of the financial assets and financial liabilities contained in the individual balance sheet items: If it is not indicated separately, the fair value is measured recurrently.

31/12/2017		Hierarchy of input data					
in € million	Fair value	Level 1	Level 2	Level 3	Measured at amortised cost	Not in IFRS 7's field of application	Carrying amount
Financial assets	6,523.5	450.7	3,664.4	1,576.5	831.9	50.3	6,573.8
Held for trading	(57.3)	(57.3)					(57.3)
Available for sale	(6,108.0)	(393.4)	(3,664.4)	(1,576.5)	(473.7)		(6,108.0)
Loans and receivables	(358.2)				(358.2)		(358.2)
Trade receivables	4,729.6				4,729.6		4,729.6
Loans and receivables	(4,729.6)				(4,729.6)		(4,729.6)
Other assets	2,861.6	389.2	1,839.8		632.6	597.2	3,458.8
Held for trading[1]	(2,105.5)	(371.4)	(1,734.1)				(2,105.5)
Loans and receivables	(606.8)				(606.8)		(606.8)
Derivatives in hedge accounting	(123.5)	(17.8)	(105.7)				(123.5)
Carrying amount in accordance with IAS 17	(25.8)				(25.8)		(25.8)
Cash and cash equivalents	3,213.3				3,213.3		3,213.3
Loans and receivables	(3,213.3)				(3,213.3)		(3,213.3)
Assets held for sale[2]						3.0	3.0
Total assets	**17,328.0**	**839.9**	**5,504.2**	**1,576.5**	**9,407.4**	**650.5**	**17,978.5**
Financial liabilities	8,145.9				7,258.8		7,258.8
Measured at amortised cost[3]	(8,042.2)				(7,155.1)		(7,155.1)
Carrying amount in accordance with IAS 17	(103.7)				(103.7)		(103.7)
Trade payables	747.2				747.2	4,090.9	4,838.1
Measured at amortised cost	(747.2)				(747.2)		(747.2)
Other liabilities and subsidies	2,799.9	439.7	1,826.7		533.5	2,502.6	5,302.5
Held for trading	(2,170.9)	(439.7)	(1,731.2)				(2,170.9)
Measured at amortised cost	(533.5)				(533.5)		(533.5)
Derivatives in hedge accounting	(95.5)		(95.5)				(95.5)
Total liabilities	**11,693.0**	**439.7**	**1,826.7**	**0.0**	**8,539.5**	**6,593.5**	**17,399.4**

1 Of which €1.6 million measured at fair value through profit or loss when reported for the first time.
2 This refers to a non-recurring measurement of the fair value due to the application of IFRS 5.
3 Of the financial liabilities measured at amortised cost, an amount of €459.7 million is part of fair value hedges.

31/12/2016[1]		Hierarchy of input data					
in € million	Fair value	Level 1	Level 2	Level 3	Measured at amortised cost	Not in IFRS 7's field of application	Carrying amount
Financial assets	8,770.0	4,901.7	1,985.3	891.1	991.9	47.5	8,817.5
Held for trading	(59.4)	(59.4)					(59.4)
Available for sale	(8,563.0)	(4,842.3)	(1,985.3)	(891.1)	(844.3)		(8,563.0)
Loans and receivables	(147.6)				(147.6)		(147.6)
Trade receivables	3,486.5				3,486.5		3,486.5
Loans and receivables	(3,486.5)				(3,486.5)		(3,486.5)
Other assets	2,240.1	2.4	1,696.1		541.6	796.9	3,037.0
Held for trading[2]	(1,506.7)	(0.2)	(1,506.5)				(1,506.7)
Loans and receivables	(510.0)				(510.0)		(510.0)
Derivatives in hedge accounting	(191.8)	(2.2)	(189.6)				(191.8)
Carrying amount in accordance with IAS 17	(31.6)				(31.6)		(31.6)
Cash and cash equivalents	3,991.6				3,991.6		3,991.6
Loans and receivables	(3,991.6)				(3,991.6)		(3,991.6)
Assets held for sale[3]	6.6				6.6	166.4	173.0
Total assets	**18,494.8**	**4,904.1**	**3,681.4**	**891.1**	**9,018.2**	**1,010.8**	**19,505.6**
Financial liabilities	8,708.0				7,928.9		7,928.9
Measured at amortised cost[4]	(8,675.1)				(7,896.0)		(7,896.0)
Carrying amount in accordance with IAS 17	(32.9)				(32.9)		(32.9)
Trade payables	516.5				516.5	2,676.5	3,193.0
Measured at amortised cost	(516.5)				(516.5)		(516.5)
Other liabilities and subsidies	2,150.6	0.2	1,559.2		591.2	2,297.7	4,448.3
Held for trading	(1,519.9)	(0.1)	(1,519.8)				(1,519.9)
Measured at amortised cost	(591.2)				(591.2)		(591.2)
Derivatives in hedge accounting	(39.5)	(0.1)	(39.4)				(39.5)
Liabilities directly associated with assets classified as held for sale	15.3				15.3	8.7	24.0
Total liabilities	**11,390.4**	**0.2**	**1,559.2**	**0.0**	**9,051.9**	**4,982.9**	**15,594.2**

1 The figures for the previous year have been restated.
2 Of which €8.1 million measured at fair value through profit or loss when reported for the first time.
3 This refers to a non-recurring measurement of the fair value due to the application of IFRS 5.
4 Of the financial liabilities measured at amortised cost, an amount of €483.1 million is part of fair value hedges.

Calculation of the fair values is explained in the section entitled accounting policies. The individual levels of the valuation hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Procedures that use input parameters which have a material impact on the recorded fair value and are not based on observable market data

At the end of each reporting period it is determined whether there is any reason to reclassify between the levels of the valuation hierarchy. A reclassification is carried out if the valuation procedure for measuring fair value is being changed and the input factors with significance for the valuation lead to different allocations to the respective levels.

The fair value of the assets in the “held for trading” measurement category amounts to €2,162.8 million (previous year: €1,566.1 million), of which €428.7 million is allocated to the first hierarchical level (previous year: €59.6 million), and €1,734.1 million to the second hierarchical level (previous year: €1,506.5 million). This includes financial instruments of €1.6 million (previous year: €8.1 million) that were allocated to this category when reported for the first time. The assets of the “available for sale” measurement category have a fair value totalling €6,108.0 million (previous year restated: €8,569.6 million), of which €393.4 million is allocated to the first hierarchical level (previous year restated: €4,842.3 million), €3,664.4 million to the second hierarchical level (previous year: €1,985.3 million), €1,576.5 million to the third hierarchical level (previous year restated: €891.1 million) and €473.7 million to “measured at amortised cost” (previous year: €850.9 million). Assets classified as “loans and receivables” are measured at amortised cost and amount to €8,907.9 million (previous year: €8,135.7 million). Equity instruments measured at cost had a carrying amount of €473.7 million as of the reporting date (previous year: €850.9 million).

In the previous year, a total of €970.0 million was reclassified from the category “held to maturity” to the category “available for sale” due to the termination of the holding intent. The securities are allocated to hierarchical Level 1.

The financial instruments allocated to the “held for trading” measurement category when reported for the first time comprise securities containing embedded derivatives which cannot be separated. The maximum credit risk amounts to €1.6 million (previous year: €8.1 million). The evaluation is carried out at market rates.

As of 31 December 2017, equity instruments in the “available for sale” category previously measured at amortised cost of €537.6 million were reclassified to Level 3 and measured at fair value for the first time in the reporting year, because the measurement factors that previously precluded the fair value to be reliably determined no longer exist. In order to determine the fair value, a Level 3 measurement method is used as no prices listed in active markets are available. The measurement is made on the basis of the net asset value. The difference between the carrying amount and the fair value was recognised directly in other comprehensive income. The equity instruments allocated to Level 3 are investments in private equity companies.

The fair values of investments in private equity companies are provided by the respective investment companies. The fair value depends on the changes in market value of the respective asset. The most up-to-date fair value available is taken as the basis in each case.

The following table shows the development of the financial instruments to be accounted for at fair value in accordance with Level 3:

in € million[1]	As of 01/01/2017	Changes in consolidated companies, currency adjustments, other	Changes recognised in profit or loss	Changes recognised in equity	Additions	Disposals	As of 31/12/2017
Financial assets	1,316.9	42.1	-1.7	115.8	259.3	-155.9	1,576.5

1 The figures for the previous year have been restated.

In the financial year, gains from Level 3 financial instruments were recognised in the investment result in the amount of €65.3 million (previous year restated: €39.9 million), of which €65.3 million (previous year restated: €22.3 million) is accounted for by financial instruments still held on the reporting date.

Financial liabilities as of 31 December 2017 include bonds with a fair value of €5,813.1 million (previous year: €6,768.6 million) and liabilities to banks with a fair value of €1,714.1 million (previous year: €1,474.2 million). The fair value of the bonds and of the liabilities to banks must be allocated to hierarchical Level 1 and 2, respectively.

Disclosures – offsetting financial assets and financial liabilities

The derivative financial instruments are part of standard market netting agreements. Master netting agreements exist with our business partners that were created with banks, in particular, on the basis of ISDA agreements (International Swaps and Derivatives Association). Transactions concluded as part of commodity transactions are generally subject to EFET agreements (European Federation of Energy Traders). The netting agreements are included in the calculations of fair value.

The following table contains the financial instruments netted in the balance sheet and those which, irrespective of that, are subject to a legally enforceable netting agreement. These financial instruments are contained in the non-netted amounts. In addition, the non-netted amounts also contain collateral to be furnished in advance for on-exchange transactions.

31/12/2017				Non-netted amounts		
in € million	Gross amounts	Netting	Net amounts accounted for	Master netting agreement	Financial collateral received/paid	Net amount
Other assets	2,941.1	-229.5	2,711.6	-2,192.8	-171.1	347.7
Held for trading	(2,679.9)	(-56.4)	(2,623.5)	(-2,140.4)	(-171.1)	(312.0)
Loans and receivables	(73.2)	(0.0)	(73.2)	(-48.6)	(0.0)	(24.6)
Derivatives in hedge accounting	(188.0)	(-173.1)	(14.9)	(-3.8)	(0.0)	(11.1)
Other liabilities and subsidies	3,021.3	-217.6	2,803.7	-2,192.8	-325.6	285.3
Held for trading	(2,790.0)	(-74.8)	(2,715.2)	(-2,140.4)	(-312.4)	(262.4)
Measured at amortised cost	(66.6)	(0.0)	(66.6)	(-48.6)	(0.0)	(18.0)
Derivatives in hedge accounting	(164.7)	(-142.8)	(21.9)	(-3.8)	(-13.2)	(4.9)

31/12/2016				Non-netted amounts		
in € million	Gross amounts	Netting	Net amounts accounted for	Master netting agreement	Financial collateral received/paid	Net amount
Other assets	1,845.2	-95.0	1,750.2	-1,254.6	-223.9	271.7
Held for trading	(1,719.6)	(-40.9)	(1,678.7)	(-1,241.7)	(-223.9)	(213.1)
Derivatives in hedge accounting	(125.6)	(-54.1)	(71.5)	(-12.9)	(0.0)	(58.6)
Other liabilities and subsidies	1,676.5	-136.3	1,540.2	-1,254.6	-258.3	27.3
Held for trading	(1,543.5)	(-20.1)	(1,523.4)	(-1,241.7)	(-254.4)	(27.3)
Derivatives in hedge accounting	(133.0)	(-116.2)	(16.8)	(-12.9)	(-3.9)	(0.0)

The following net gains/losses were presented in the income statement:

Net gains or losses by measurement category

in € million	2017	2016
Financial assets and liabilities held for trading	53.1	-50.2
Available-for-sale financial assets	147.7	-25.4
Loans and receivables	-92.1	-64.6
Financial liabilities measured at amortised cost	-0.7	0.0

The presentation of net gains and losses does not include derivatives that are used as hedging instruments. Stand-alone derivatives are included in the “financial assets and liabilities held for trading” measurement category. Please refer to note (8) “Financial result” for information on the total interest income and expenses arising from assets available for sale, loans and receivables, as well as financial liabilities measured at amortised cost.

The net gain (previous year: net loss) posted in the “financial assets and liabilities held for trading” measurement category includes gains from marking to market and gains on sale, as well as interest and currency effects.

As in the previous year, the net gain (previous year: net loss) recorded in the “available-for-sale financial assets” measurement category includes gains on sale as well as valuation allowances.

As in the previous year, the net loss recorded in the “loans and receivables” measurement category arises from the valuation allowances and the negative currency effects, which are higher than the write-ups.

In the reporting year, the net loss on financial liabilities measured at amortised cost was attributable primarily to credit fees.

Earnings from changes in the market value of available-for-sale financial assets were recognised directly in equity in the amount of €300.7 million in the 2017 financial year (previous year: €134.2 million). Of the changes in market values posted with no impact on income, €196.9 million was transferred with a positive earnings impact (previous year: €58.6 million with a negative earnings impact) to the income statement.

The valuation allowances on financial assets in the “available for sale” and “loans and receivables” measurement categories amount to €13.6 million (previous year: €137.4 million) and €0.6 million (previous year: €3.1 million), respectively. In the 2017 financial year, impairment losses were recognised on trade receivables amounting to €42.7 million (previous year: €47.1 million) and on other assets, measured at amortised cost, totalling €4.6 million (previous year: €1.7 million). As of 31 December 2017, valuation allowances on financial assets, trade receivables and other assets totalled €165.2 million (previous year: €143.4 million).

Derivative financial instruments and hedging

Derivatives: Both physical and financial options and forward transactions are entered into to hedge risks in the commodity area, while forward transactions are used almost exclusively in the foreign exchange area. In the area of financing, swap transactions are concluded to minimise risks.

All derivatives held for trading are accounted for as assets or liabilities. They are measured at fair value.

Changes in the fair value of derivatives which are neither intended solely for own use nor qualify as cash flow hedges are recorded in the income statement.

Hedge accounting in accordance with IAS 39 is applied in the finance area mainly for currency hedges for investments with a foreign functional currency and for interest rate hedges for non-current liabilities. In the commodity area, fluctuations of future cash flows from forecast procurement and sales transactions are hedged.

Cash flow hedges have been entered into particularly in the commodity area to cover price risks from future sales and procurement transactions, to limit the currency risk from liabilities denominated in foreign currency and to limit the risk of interest rate fluctuation of floating-rate liabilities.

The change in the fair value of the hedges used, particularly forward contracts and futures, is, insofar as they are effective, recorded directly in other comprehensive income (measurement of financial instruments at market value) until termination of the hedge. The ineffective portion of the gain or loss on the hedging instrument is immediately recognised in profit or loss.

Date of the reclassification of the result that was directly recognised in equity to the 2017 income statement

in € million	Fair value	2018	2019 – 2022	>2022
Currency-related cash flow hedges	-82.5	-8.4	-26.9	-47.2
Commodity cash flow hedges	40.7	81.5	-40.8	0.0
Interest-related cash flow hedges	2.5	0.0	0.0	2.5
Other derivative cash flow hedges	3.7	0.1	3.6	0.0

Date of the reclassification of the result that was directly recognised in equity to the 2016 income statement

in € million	Fair value	2017	2018 – 2021	>2021
Currency-related cash flow hedges	39.8	38.8	16.6	-15.6
Commodity cash flow hedges	-55.0	20.4	-75.4	0.0
Interest-related cash flow hedges	0.7	0.0	0.0	0.7
Other derivative cash flow hedges	-3.8	-6.4	2.6	0.0

As of 31 December 2017, unrealised losses from derivatives amounted to €106.7 million (previous year: €111.2 million). The effective portion of the cash flow hedges amounting to €41.6 million (previous year: € -203.4 million) was recognised directly in equity in the reporting period. From the ineffective portion of the cash flow hedges in 2017, there arose expenses of €1.1 million (previous year: income in the amount of €4.6 million) and expenses from reclassifications from other comprehensive income in the amount of €123.0 million (previous year: income in the amount of €11.2 million) to the income statement. The reclassifications were made to revenue (decrease of €58.3 million, previous year: increase of €66.4 million), cost of materials (increase of €20.6 million, previous year: €74.4 million) and the financial result (decrease of €44.1 million, previous year: increase of €25.7 million). Moreover, the amounts reclassified in the previous year also included expenses as a result of the de-designation of cash flow hedges amounting to €6.5 million. An amount of €76.6 million was reclassified from inventories (previous year: €55.5 million reclassified to inventories) to other comprehensive income. This led to a decrease (previous year: increase) in acquisition costs.

As of 31 December 2017, existing hedged transactions that are covered by cash flow hedges with terms of up to around 59 years (previous year: up to 60 years) are included in the foreign currencies section. In the commodity area, the terms of planned underlying transactions are generally up to four years (previous year: up to four years).

For optimisation purposes, hedging relationships are redesignated and de-designated as is customary in the industry.

Fair value hedges are entered into above all to hedge fixed-income liabilities against market price risks. Interest rate swaps are used as hedging instruments. With a fair value hedge, both the hedged transaction and the hedging instrument for an exposure are measured at fair value through profit or loss. The change of €15.9 million in the fair value of hedging instruments was recognised in the income statement with a negative impact on earnings in the reporting period (previous year: €0.8 million with a positive impact on earnings). For hedged liabilities, the fluctuation in market values arising from the hedged risk was also recognised in profit or loss. In the reporting year, the fluctuations in market values totalling €15.8 million that resulted from the underlying transactions were measured through profit or loss with a positive impact on earnings (previous year: €0.8 million with a negative impact on earnings).

Hedges of net investments in foreign operations: Primary foreign currency bonds are used to hedge against foreign exchange risks from investments with a foreign functional currency. As of 31 December 2017, €36.5 million (previous year: €46.5 million) arising from the hedges' exchange rate changes was reported within equity as unrealised losses under "currency translation". Hedges of net investments in foreign operations are 100% effective.

Contracts that have been concluded to meet the company's expected usage requirements are not recorded in the balance sheet pursuant to the provisions of IAS 39.

Regular way purchases or sales (spot purchases/sales) of primary financial instruments are generally recognised as of the settlement date at fair value taking into account the transaction costs. Derivative financial assets are recognised as of the trading date. Derivative and primary financial instruments are recognised in the balance sheet when EnBW becomes party to the contract.

Purchases and sales of fuels are made in euros or US dollars.

Counterparty risks are assessed taking into account the period for which the current replacement and selling risk has been calculated. Moreover, these risks are analysed with reference to the current rating by the rating agencies Moody's and Standard & Poor's. An internal rating procedure is used for trading partners that do not have such an external rating.

The counterparty risk is based on replacement and selling risks resulting from the market value of the item in question with the individual trading partner as of the reporting date. Netting options agreed in master agreements concluded with the trading partner are also taken into account when determining the counterparty risk.

If there is a netting agreement, positive and negative market values are netted for each trading partner. Otherwise, only positive market values are taken into consideration.

Counterparty risk Moody's, S&P and/or internal rating

in € million	31/12/2017		31/12/2016	
	< 1 year	1–5 years	< 1 year	1–5 years
up to A1	37.8	9.0	27.3	7.2
up to A3	25.2	16.1	50.1	13.3
Baa1	59.4	155.3	19.2	21.7
up to Baa3	21.4	27.9	11.3	13.7
below Baa3	2.6	3.9	18.1	3.2
Total	**146.4**	**212.2**	**126.0**	**59.1**

Derivatives used for hedging purposes can be reconciled to other comprehensive income (cash flow hedge) as follows:

in € million[1]	31/12/2017	31/12/2016	Change
Derivatives used in cash flow hedges with a positive fair value	202.7	136.9	65.8
Derivatives used in cash flow hedges with a negative fair value	238.3	155.2	83.1
	-35.6	**-18.3**	**-17.3**
Deferred tax on change recognised directly in equity in derivatives used in cash flow hedges	-0.5	13.9	-14.4
Hedge ineffectiveness	0.0	-1.1	1.1
Cascading effects	-118.9	-54.8	-64.1
Effects realised from hedged transactions[2]	47.8	-36.1	83.9
Non-controlling interests	-2.0	-1.3	-0.7
Cash flow hedge (recognised in equity)	**-109.2**	**-97.7**	**-11.5**

1 Before offsetting financial assets and financial liabilities according to IAS 32.
2 Of which €14.4 million (previous year: € -19.7 million) which will be reclassified to the income statement in the period 2018–2020 (previous year: 2017–2018).

The cascading effects concern the changes in market value of the futures that are part of hedges accumulated until the time of cascading.

In cascading, annual and quarterly futures are settled by other futures instead of in cash.

Risk management system

As an energy supply company, EnBW is exposed to financial price risks in the currency, interest and commodity areas in the course of its operating activities, investments and financing transactions. In addition, there are credit and liquidity risks. It is company policy to eliminate or limit these risks by systematic risk management.

Exchange rate fluctuations between the euro and other currencies, fluctuation in interest rates on international money and capital markets, as well as fluctuating prices on the markets for electricity, coal, gas and emission allowances are the main price risks for EnBW. The hedging policy used to limit these risks is set forth by the Board of Management and is documented in intercompany guidelines. It also provides for the use of derivatives.

The derivatives used to hedge against financial risks are subject to the assessment criteria defined in the risk management guidelines. These include value-at-risk ratios and position limit and loss limits. The segregation of duties between trading and back-office processing and control is a further key element of our risk management.

The corresponding financial transactions are only concluded with counterparties with excellent credit ratings. Using suitable hedging instruments, it is possible to make use of market opportunities while hedging the risk position.

The risks arising from financial instruments as well as the methods used to assess and manage them have not changed significantly since the previous year.

For further details on EnBW's risk management system, we refer to our explanations given in the risk report contained in the management report.

Credit risk: EnBW is exposed to credit risks that result from the counterparties not fulfilling contractual agreements. EnBW manages its credit risks by generally demanding a high credit rating of its counterparties and limiting the credit risk with counterparties. The credit ratings of counterparties are continually monitored by EnBW's system for managing credit ratings. Commodity and energy transactions are generally made under master agreements such as EFET, ISDA or IETA.

These master agreements are generally only entered into following careful scrutiny of the counterparty's creditworthiness. Exceptions to this business policy can be made only if it is in the justified interest of the company, e.g. in order to penetrate new markets. In terms of the customer structure, the receivables from individual counterparties are not large enough to give rise to a significant concentration of risks.

Financial investments are only made with the investment limits and counterparties defined in the treasury guidelines. Compliance with these guidelines is constantly monitored by the internal control system (ICS).

The maximum credit risk from financial assets (including derivatives with positive market value) is equivalent to the carrying amounts recognised in the balance sheet. As of 31 December 2017, the maximum credit risk amounts to €17,328.0 million (previous year: €18,494.8 million).

Liquidity risk: Liquidity risks arise for EnBW from the obligation to repay liabilities fully and punctually. The objective of EnBW's cash and liquidity management is to secure the company's solvency at all times.

Cash management determines any cash requirements and inflows on a central basis. By offsetting cash requirements and cash inflows, the number of banking transactions is reduced to a minimum. The offsetting is carried out by cash pooling. Cash management has implemented standardised processes and systems to manage bank accounts and internal clearing accounts and perform automated payment transactions.

For liquidity management purposes, a finance plan based on cash flows is prepared centrally. As they arise, finance needs are covered by suitable liquidity management instruments. In addition to ensuring that liquidity is available on a daily basis, EnBW maintains further liquidity reserves of €2.9 billion (previous year: €1.8 billion) which are available at short notice. The amount of liquidity reserves is based on strategic liquidity planning, taking into account defined worst-case parameters. The liquidity reserve is made up of contractually agreed, syndicated and free credit lines with various terms to maturity. In view of the liquidity available and existing credit lines, EnBW does not consider there to be any concentration of risk.

For further details on financial liabilities refer to note (21) “Liabilities and subsidies”.

The tables below show future undiscounted cash flows from financial liabilities and derivative financial instruments that affect the future liquidity situation of the EnBW Group.

The analysis includes all contractual obligations as of the reporting date 31 December 2017 that are disclosed in the balance sheet.

Interest and redemption payments are taken into consideration for debt instruments issued and liabilities to banks.

The interest payments on fixed-income financial instruments are based on the contractually agreed interest rates. For financial instruments subject to floating interest, the interest rates last fixed prior to 31 December 2017 were used.

Foreign currency financial instruments are translated at the respective spot price as of 31 December 2017.

Where derivatives are concerned, positive or negative market values are generally included, provided they give rise to a net outflow of resources. Undiscounted cash flows are based on the following terms and conditions:

- Swap transactions are only included in the liquidity analysis provided they give rise to a net outflow of resources.
- Forward exchange transactions are taken into account provided they give rise to an outflow of resources.
- In the case of forward transactions, all calls are taken into account. The future cash flows are equivalent to the quantities measured at the contractually agreed price.
- Futures transactions are not included in the liquidity analysis because they are settled by daily variation margins.

Undiscounted cash flows as of 31/12/2017

in € million	Total	2018	2019	2020	2021	Cash flows > 2021
Non-derivative financial liabilities						
Debt instruments issued	6,716.2	1,062.9	174.5	174.2	1,173.9	4,130.7
Liabilities to banks	1,767.5	389.0	113.4	161.6	103.5	1,000.0
Finance lease liabilities	212.9	9.4	8.2	8.2	8.1	179.0
Other financial liabilities	554.4	48.6	84.3	35.1	35.1	351.3
Trade payables	747.2	747.2				
Other financial obligations	478.9	451.2	7.0	5.2	8.7	6.8
Derivative financial assets[1]	9,540.1	6,958.4	1,793.9	722.5	64.8	0.5
Derivative financial liabilities[1]	1,787.5	1,421.4	158.6	137.8	22.6	47.1
Financial guarantees	258.3	258.3				
Total	**22,063.0**	**11,346.4**	**2,339.9**	**1,244.6**	**1,416.7**	**5,715.4**

1 Before netting according to IAS 32.

Undiscounted cash flows as of 31/12/2016

in € million	Total	2017	2018	2019	2020	Cash flows > 2020
Non-derivative financial liabilities						
Debt instruments issued	8,064.6	1,277.9	1,072.7	176.5	176.1	5,361.4
Liabilities to banks	1,508.6	132.0	120.1	103.8	158.4	994.3
Finance lease liabilities	63.2	3.1	4.4	3.4	3.1	49.2
Other financial liabilities	467.6	65.0	15.9	61.8	11.8	313.1
Trade payables	516.5	516.5				
Other financial obligations	596.4	494.6	11.0	1.3	9.5	80.0
Derivative financial assets[1]	5,347.5	4,069.2	937.2	336.7	4.4	
Derivative financial liabilities[1]	1,820.4	1,370.4	399.4	35.5	3.5	11.6
Financial guarantees	250.8	250.8				
Total	**18,635.6**	**8,179.5**	**2,560.7**	**719.0**	**366.8**	**6,809.6**

1 Before netting according to IAS 32.

The increase in the liquidity risk for the derivative financial assets is mainly due to a higher volume of forward transactions. The sustained recovery of market prices on the commodity markets is the decisive factor for classifying these derivatives under financial assets. Because only the derivatives that cause a cash outflow are presented and the netting agreements concluded with numerous trading partners as part of our risk management activities are also left out here, the EnBW Group's actual liquidity risk from derivatives is not revealed directly.

Market price risks
Market price risks can arise from foreign exchange and interest rate risks as well as from commodity and other price risks for shares, share-based investment funds and interest-bearing securities. The price risks are reduced through the implementation of a comprehensive hedging concept and the associated conclusion of risk positions.

The main foreign currency risks of EnBW result from procurement and hedging of prices for its fuel requirements, gas and oil trading business and liabilities denominated in foreign currency. Other currency risks resulting from investments in shares, share-based investment funds and fixed-income securities are taken into account under other price risks due to their minor significance for the dedicated financial assets. The currency risk is hedged with the help of appropriate standardised financial instruments – in the reporting period, forward exchange contracts in particular – on the basis of continuously monitored exchange rate forecasts. Foreign exchange risks are hedged centrally. EnBW principally has exposure to currency risks from US dollars and Swiss francs. The deviation used to derive information on the currency sensitivity is determined on the basis of an annual analysis of the average deviation in the exchange rates.

The net assets tied up at foreign Group entities outside the eurozone, and their related translation risks, are hedged against exchange rate fluctuation only in exceptional cases.

The effects of changes in exchange rates on the net profit/loss for the year and on equity are analysed below. The analysis was made assuming that all other parameters, such as interest rates, remain unchanged. The analysis includes financial instruments of €1,407.8 million (previous year: €1,424.8 million) whose exchange rate exposure might affect equity or the net profit/loss for the year. The information presented in the table shows only the effects on the net profit/loss for the year and on equity in the case of an increase in the exchange rates, a reduction of the same amount would have the opposite effect.

These are mainly hedging instruments from cash flow hedges and from hedges of net investments in foreign operations, stand-alone derivatives and receivables and liabilities denominated in foreign currency.

Currency risk

in € million			31/12/2017	31/12/2016
Euros against all currencies	+7% (previous year: +10%)	Net profit/loss	-3.6	-19.0
	+7% (previous year: +10%)	Equity	42.7	65.8
of which euros/ US dollars	+7% (previous year: +10%)	Net profit/loss	(-7.8)	(-25.5)
	+7% (previous year: +10%)	Equity	(34.9)	(53.7)
of which euros/ Swiss francs	+7% (previous year: +10%)	Net profit/loss	(4.2)	(6.5)
	+7% (previous year: +10%)	Equity	(7.8)	(12.1)

EnBW uses a multitude of interest-sensitive financial instruments in order to meet the requirements of operational and strategic liquidity management. Interest rate risks only stem from floating-rate instruments.

Interest-induced changes in the market value of interest-bearing securities in the “available for sale” measurement category are presented under other price risks for shares, share-based investment funds and interest-bearing securities.

On the assets side, there is interest exposure from bank balances and on the liabilities side from floating-rate liabilities to banks. In addition, there are interest rate risks from derivatives in the form of swap transactions. EnBW mainly has interest rate risks in the eurozone. The analysis includes financial assets of €1,447.5 million (previous year: €1,935.0 million) and financial liabilities of €1,854.5 million (previous year: €1,736.0 million), whose interest rate exposure might affect equity or the net profit/loss for the year.

The effects of changes in interest rates on the net profit/loss for the year and on equity on the reporting date are analysed below. The situation on the reporting date for the period is decisive for the quantitative information; the effects for one year on the current reporting period are presented. The analysis was made assuming that all other parameters, such as exchange rates, remain unchanged. The analysis includes only financial instruments whose interest rate exposure might affect equity or the net profit/loss for the year. For analysis purposes, the average change in yield over the last ten years was used.

Interest rate risk

in € million		31/12/2017	31/12/2016
Increase in interest rate +60 basis points (previous year: +65 basis points)	Net profit/loss	-3.4	1.3
of which interest rate derivatives	Net profit/loss	(-2.0)	(-2.3)
of which cash at banks with a floating interest rate	Net profit/loss	(7.6)	(11.3)
of which primary financial liabilities with a floating interest rate	Net profit/loss	(-9.0)	(-7.7)
Decrease in interest rate -60 basis points (previous year: -65 basis points)	Net profit/loss	2.7	-1.8
of which interest rate derivatives	Net profit/loss	(2.0)	(2.3)
of which cash at banks with a floating interest rate	Net profit/loss	(-7.6)	(-11.3)
of which primary financial liabilities with a floating interest rate	Net profit/loss	(8.3)	(7.2)

In the context of our energy trading activities, EnBW enters into energy trading contracts for the purpose of price risk management, optimisation of power stations, load equalisation and optimisation of margins. Trading for own account is only permitted within narrow, clearly defined boundaries.

The price risks mostly arise from the procurement and sale of electricity, the procurement of coal, gas and oil as fuels, and the procurement of emission allowances. Furthermore, EnBW is exposed to price risks from speculative items entered into in own-account trading. The price risks are hedged using appropriate financial instruments on the basis of continuously monitored forecasts of market prices. The hedging instruments used in the reporting period were forwards, futures, swaps and options.

The sensitivity of the measurement of derivatives to the price of electricity, coal, oil, gas and emission allowances is analysed below. The analysis was made assuming that all other parameters remain unchanged. It includes only derivatives whose changes in market value affect equity or the net profit/loss for the year. These are derivatives that are accounted for as stand-alone derivatives as well as derivatives used as hedging instruments in cash flow hedges. For all commodities, typical volatilities were determined and rounded on the basis of the front year. These volatilities give the percentage rate by which the market price is shifted on the evaluation date. For all commodities, the resulting changes in market prices are multiplied by the sensitivities and aggregated for each commodity.

The analysis does not include any derivatives that are intended for the purpose of receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements (own use), and are not required to be accounted for in accordance with IAS 39. Our generation and distribution positions are not included in the analysis either.

The sensitivities presented below therefore do not represent the actual economic risks that the EnBW Group is exposed to and serve solely to satisfy the disclosure requirements of IFRS 7.

The information presented in the table shows only the effects on the net profit/loss for the year and on equity in the case of an increase in prices, a reduction of the same amount would have the opposite effect.

Price risks

in € million			31/12/2017	31/12/2016
Electricity	+20% (previous year: +25%)	Net profit/loss	-77.7	-55.7
	+20% (previous year: +25%)	Equity	-158.1	-185.3
Coal	+25% (previous year: +30%)	Net profit/loss	17.2	2.2
	+25% (previous year: +30%)	Equity	127.2	160.3
Oil	+20% (previous year: +35%)	Net profit/loss	5.5	7.6
	+20% (previous year: +35%)	Equity	0.0	5.6
Gas	+15% (previous year: +25%)	Net profit/loss	-34.0	-18.0
	+15% (previous year: +25%)	Equity	0.0	19.0
Emission allowances	+45% (previous year: +55%)	Net profit/loss	51.5	51.7
	+45% (previous year: +55%)	Equity	34.9	8.4

EnBW has investments in shares and share-based investment funds and fixed-income securities that pose price risks for the company, which include, amongst other things, currency risk. When selecting securities, the company always attaches particular importance to high marketability and a good credit rating. As of the reporting date 31 December 2017, shares, share-based investment funds and fixed-income securities totalling €4,115.1 million (previous year: €7,178.8 million) were exposed to the market risk.

The effects of price risks from shares and share-based investment funds as well as interest-bearing securities on the net profit/loss for the year and on equity are analysed below. The analysis was made assuming that all other parameters, such as interest, remain unchanged. The analysis includes financial instruments whose price risks might affect equity or the net profit/loss for the year. The analysis of the market price risk of shares and share-based investment funds was carried out based on historical volatility. A standard deviation was assumed as a realistic scenario. The market risk of fixed-income securities was analysed by modified duration. Taking into account the changes in interest rates assumed (see interest rate risk) in relation to the fair value of fixed-income securities, results are determined in absolute figures. The premises on which the sensitivity analysis is based are 15% for shares and share-based investment funds (previous year: 15%) and 2% for interest-bearing securities (previous year: 2%).

In the risk scenario in question, the net profit/loss for the year would improve by €1.1 million (previous year: €1.2 million). The hypothetical change in profit/loss for the year is due to fixed-income securities. In the risk scenario in question, the equity would increase by €332.3 million (previous year: €455.8 million). Of the hypothetical change in equity, €289.8 million (previous year: €361.7 million) is accounted for by shares and share-based investment funds and €42.5 million (previous year: €94.2 million) by fixed-income securities. The information presented shows only the effects on the net profit/loss for the year and on equity in the case of an increase in the values of shares, share-based investment funds and interest-bearing securities, a reduction of the same amount would have the opposite effect.

(25) Contingent liabilities and other financial commitments

The disclosures on contingent liabilities and other financial commitments relate to the nominal values.

Contingent liabilities

After the amended German Atomic Power Act (AtG) and the amended Directive on the Coverage Provisions in the Nuclear Power Industry (AtDeckV) came into force on 27 April 2002, German nuclear power plant operators are required to provide evidence of coverage provision up to a maximum amount of €2.5 billion per case of damage for risks related to nuclear power. Of this provision, €255.6 million is covered by uniform third-party liability insurance. Nuklear Haftpflicht GbR now only provides solidarity coverage in respect of claims relating to officially prescribed evacuation measures ranging from €0.5 million to €15 million. In proportion to their shares in the nuclear power plants, Group companies have undertaken to provide the operating companies responsible for the nuclear power plants with sufficient liquidity to enable them to meet their obligations arising from their membership of Nuklear Haftpflicht GbR at any time.

In order to fulfil the subsequent coverage provision amounting to €2,244.4 million per case of damage, EnBW and the other parent companies of the German nuclear power station operators reached a solidarity agreement on 11 July, 27 July, 21 August and 28 August 2001, which was extended with agreements on 25 March, 18 April, 28 April and 1 June 2011, to provide a liable nuclear power station operator with sufficient funding – after exhausting its own possibilities and those of its parent companies – to meet its payment obligations in the event of a claim for damages. According to the agreement, EnBW has to bear a 24.9% share of the liability coverage as of 31 December 2017, and 26.4% as of 1 January 2018, plus 5% for costs to settle any claims for damages. Sufficient provisions have been made to ensure this liquidity and are taken into account in the liquidity plan.

EnBW, Kernkraftwerk Obrigheim GmbH (KWO) and EnBW Kernkraft GmbH (EnKK) are members of the European Mutual Association for Nuclear Insurance (EMANI). Comprehensive property insurance has been taken out with EMANI for all nuclear power plant blocks operated by EnBW – the policyholder for the GKN nuclear power plant blocks is EnKK, for the KKP nuclear power plant blocks it is EnBW and for the KWO nuclear power plant block it is KWO. In the event that the guarantee fund held by EMANI is exhausted, or if EMANI no longer holds the legally stipulated liquidity, EMANI can demand the payment of an amount up to six times the annual net premium from the members in accordance with its statutes. The annual net premium for all nuclear power plant blocks operated by EnBW is currently €1.4 million, of which €0.7 million is for the KKP power plant blocks.

In addition, there are other contingent liabilities at the EnBW Group amounting to €2,261.0 million (previous year: €55.2 million). This amount includes guarantees of €2,242.3 million (previous year: €32.0 million), which increased due to the issuing of guarantees for EnBW Hohe See GmbH & Co. KG and EnBW Albatros GmbH & Co. KG. The amount also includes €12.8 million (previous year: €16.0 million) for pending litigation where no provisions were made because the counterparty is unlikely to win the case. More detailed explanations on important legal risks, for which contingent liabilities are reported, can be found in the risk report. In addition, various court cases, investigations by authorities or proceedings and other claims are pending against EnBW. The chances of these being successful are, however, remote and they are therefore not reported under contingent liabilities.

Other financial commitments

The EnBW Group has long-term purchase commitments for natural gas, coal and other fossil fuels, as well as for electricity. In addition, there are commitments from long-term agreements for the purchase, conversion, enrichment, production and disposal of uranium. The total volume of these commitments amounts to €32.0 billion (previous year: €18.2 billion), of which €5.8 billion (previous year: €4.1 billion) is due within one year. This increase was primarily due to the first-time consolidation of VNG and long-term supply agreements in the gas sector.

Miscellaneous other financial commitments break down as follows:

in € million	31/12/2017			Of which due in	31/12/2016
		< 1 year	1 – 5 years	> 5 years	
Financial commitments from rent and lease agreements	584.3	119.8	295.7	168.8	469.0
Purchase commitments	1,048.6	654.7	322.6	71.3	932.5
Investment obligations for intangible assets and property, plant and equipment	829.1	380.0	444.1	5.0	478.5
Financial commitments from corporate acquisitions[1]	454.1	165.1	244.8	44.2	553.3
Other financial commitments	442.0	252.8	60.0	129.2	461.9
Total	**3,358.1**	**1,572.4**	**1,367.2**	**418.5**	**2,895.2**

1 Financial commitments from corporate acquisitions < 1 year include investments held as financial assets amounting to €113.8 million (previous year: €210.4 million).

(26) Significant restrictions

As a result of regulatory and legal requirements, the ability of the Group to transfer assets within the Group is limited to some extent.

In accordance with the Energy Industry Act (EnWG), independent transmission operators must possess the financial, technical, material and human resources required to operate the transmission grid. For this purpose, the independent transmission operators must be the owner, either directly or through shareholdings, of all of the assets required to operate the transmission grid.

As of 31 December 2017, the EnBW Group held a total of €2,262.0 million (previous year: €1,026.9 million) in assets restricted due to these legal regulations.

(27) Audit fees

The fees of the Group auditor KPMG AG Wirtschaftsprüfungsgesellschaft, which are recorded as an expense, break down as follows:

in € million	2017	2016
Statutory audit	3.7	2.8
Other attestation services	1.0	0.7
Tax advisory services	0.1	0.4
Other services	0.5	1.3
Total	**5.3**	**5.2**

KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual and consolidated financial statements of EnBW AG and various annual financial statements of its subsidiaries. As part of the audit services, there were reviews of interim financial statements and a project-related review of IT applications, as well as the internal control system for those functions outsourced to service providers. In addition, there was a review of the compliance management system (Tax CMS). Furthermore, other legal or contractual audits were carried out, such as audits according to EEG or KWKG.

In connection with matters relating to value added tax and ongoing income taxes, we were also provided with tax advice by KPMG AG Wirtschaftsprüfungsgesellschaft. In addition, KPMG AG Wirtschaftsprüfungsgesellschaft provided advisory services in connection with the initial introduction of accounting standards, such as IFRS 15 and IFRS 9, and advised us on business transactions. Finally, KPMG AG Wirtschaftsprüfungsgesellschaft provided us with support in the introduction of a document management system.

(28) Exemptions pursuant to section 264 (3) or section 264b HGB

The following German subsidiaries made use of some or all of the exemption provisions of section 264 (3) German Commercial Code (HGB) or section 264b HGB in the 2017 financial year:

Exemptions pursuant to section 264 (3) HGB

- EnBW Offshore 1 GmbH, Stuttgart
- EnBW Offshore 2 GmbH, Stuttgart
- EnBW Offshore 3 GmbH, Stuttgart
- EnBW Perspektiven GmbH, Karlsruhe
- EnBW REG Beteiligungsgesellschaft mbH, Stuttgart
- EnBW Rückbauservice GmbH, Stuttgart
- EnBW Wind Onshore Instandhaltungs GmbH, Karlsruhe
- MSE Mobile Schlammentwässerungs GmbH, Karlsbad-Ittersbach
- Netze BW Wasser GmbH, Stuttgart
- NWS Finanzierung GmbH, Karlsruhe
- NWS REG Beteiligungsgesellschaft mbH, Stuttgart
- RBS wave GmbH, Stuttgart

- TPLUS GmbH, Karlsruhe
- u-plus Umweltservice GmbH, Karlsruhe
- Watt Synergia GmbH, Frankfurt am Main

Exemptions pursuant to section 264b HGB

- EnBW City GmbH & Co. KG, Obrigheim
- EVGA Grundstücks- und Gebäudemanagement GmbH & Co. KG, Obrigheim
- Facilma Grundbesitzmanagement und -service GmbH & Co. Besitz KG, Obrigheim
- NWS Grundstücksmanagement GmbH & Co. KG, Obrigheim

(29) Declaration of compliance with the German Corporate Governance Code

The Board of Management and Supervisory Board of EnBW Energie Baden-Württemberg AG issued the declaration of compliance with the German Corporate Governance Code required by section 161 German Stock Corporations Act (AktG) on 7 December 2017 and made it permanently available to shareholders on the Internet at www.enbw.com/declarationofcompliance.

(30) Share deals and shareholdings of key management personnel

The company did not receive any notices in the 2017 financial year about transactions involving EnBW shares or related financial instruments concerning persons in managerial positions or those persons closely related to them in accordance with section 15a German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The EnBW shares held by all members of the Board of Management and the Supervisory Board total less than 1% of all shares issued by the company.

(31) Notes to the cash flow statement

The cash flow statement is split up into cash flows from operating, investing and financing activities. The balance of the cash flow statement represents the change in cash and cash equivalents during the 2017 financial year amounting to € -1,076.7 million (previous year: €490.9 million).

Cash and cash equivalents relate almost exclusively to bank balances, largely in the form of time and call deposits. In the 2017 financial year, cash flow from operating activities amounted to € -1,696.1 million (previous year: €473.6 million).

Other non-cash expenses and income break down as follows:

in € million	2017	2016
Income from the reversal of construction cost subsidies	-66.9	-64.7
Income and expenses from changes in specific bad debt allowances	52.8	59.2
Reversal of impairment losses on property, plant and equipment and intangible assets	-93.1	-5.9
Write-ups/write-downs on inventories	27.6	-31.8
Other	11.5	-6.5
Total	**-68.1**	**-49.7**

In the 2017 financial year, €84.7 million (previous year: €77.1 million) was distributed to third-party shareholders of Group companies.

The purchase prices paid in cash for the acquisition of subsidiaries and entities accounted for using the equity method, as well as for shares in joint operations, totalled €227.9 million (previous year: €963.4 million). In the reporting year, no (previous year: €2.1 million) cash and cash equivalents were acquired in the course of share purchases. The cash payments in the reporting period primarily concerned capital increases at entities accounted for using the equity method. The cash payments in the comparative period related mainly to the acquisition of 74.21% of the shares in VNG. The consideration transferred included a non-cash proportion comprising 10% of the shares in EWE (€419.8 million). A cash settlement was also paid for the acquisition of VNG. Property, plant and equipment of €3.5 million, other assets of €14.5 million, provisions of €0.5 million, financial liabilities of €9.9 million and other liabilities of €6.1 million were acquired with the purchase of Connected Wind Services A/S. Property, plant and equipment of €23.2 million, other assets of €1.6 million, provisions of

€1.5 million, financial liabilities of €0.2 million and other liabilities of €1.8 million were acquired with the purchase of four onshore wind farms – SCE Wind Bremervörde GmbH & Co. KG, SCE Wind Ostercappeln GmbH & Co. KG, SCE Wind Rositz GmbH & Co. KG and SCE Wind Zernitz GmbH & Co. KG. In addition, the cash payments included capital increases at entities accounted for using the equity method.

The sale prices from the disposal of subsidiaries and entities fully consolidated and accounted for using the equity method as well as for shares in joint operations totalled €293.2 million (previous year: €191.3 million). Cash and cash equivalents of €57.8 million (previous year: €1.4 million) were relinquished in the reporting year as a result of the sale of shares. In the reporting period, the cash received mainly resulted from the partial sale of EnBW Hohe See GmbH & Co. KG and EnBW Albatros GmbH & Co. KG. Due to the partial sale of EnBW Hohe See GmbH & Co. KG and its associated allocation as an entity accounted for using the equity method at the beginning of 2017, assets held for sale of €133.0 million and the liabilities directly associated with assets classified as held for sale of €25.5 million were derecognised. Due to the partial sale of EnBW Albatros GmbH & Co. KG and its associated allocation as an entity accounted for using the equity method at the end of 2017, assets held for sale of €103.4 million and the liabilities directly associated with assets classified as held for sale of €9.6 million were derecognised. In addition, there was a purchase price adjustment and a capital reduction at entities accounted for using the equity method. In the comparative period, the cash receipts largely resulted from the receipt of the purchase price for EnBW Propower GmbH at the beginning of 2016. The sale itself was already completed at the end of 2015. As a result of the disposal of Thermogas Gas- und Gerätevertriebs-GmbH, property, plant and equipment of €2.5 million, other assets of €4.7 million and other liabilities and subsidies of €1.7 million were derecognised. The disposal of Energiedienstleistungen Rhein-Neckar GmbH resulted in the derecognition of property, plant and equipment of €0.5 million, other assets of €3.9 million, provisions of €2.7 million and other liabilities and subsidies of €1.5 million.

Cash-relevant net investment in the section “The EnBW Group” of the management report can be reconciled as follows:

in € million	2017	2016
Cash flow from investing activities	2,160.7	333.9
- Interest and dividends received	-591.7	-345.1
- Cash received/paid for investments in connection with short-term finance planning	-44.3	-39.4
- Net investments held as financial assets	110.6	162.9
- Net investments in property held as financial assets	-28.2	-4.0
- Net investments in other assets	-2,912.3	-1,392.5
- Acquired/relinquished cash[1]	0.0	-0.7
+ Payments for alterations of capital in non-controlling interests	-55.0	-25.6
+ Cash received/cash paid for changes in ownership interest without loss of control	1.5	-8.0
+ Cash received/paid from participation models	-8.4	1.6
Cash payments for net investments	**-1,367.1**	**-1,316.9**

1 In the reporting period, this does not include cash and cash equivalents of €51.0 million relinquished with the sale of shares in EnBW Hohe See GmbH & Co. KG and €6.8 million relinquished with the sale of shares in EnBW Albatros GmbH & Co. KG because they will be used for future investment in the development of both offshore wind farms.

The dedicated financial assets contribution of € -6.4 million (previous year: €50.7 million) is reported separately for representing the retained cash flow in the liquidity analysis in the section “The EnBW Group” of the management report.

For further explanations on the cash flow statement, please refer to the details given in the management report on the financial position of the EnBW Group. The reconciliation of the financial liabilities included in the cash flow from financing activities is contained in section (21) “Liabilities and subsidies”.

(32) Additional disclosures on capital management

Capital management at EnBW covers the management of liabilities, as well as of financial assets. Financial assets include non-current securities and loans, as well as current financial assets and cash and cash equivalents. On the liabilities side, capital management covers financial liabilities, as well as provisions for pensions and those relating to nuclear power.

By limiting cash-relevant net investment to the level of the retained cash flow II, measured by the internal financing capability, EnBW controls the level of net financial debt irrespective of the interest rate-related volatility of the pension and nuclear provisions. EnBW ensures the timely coverage of the pension and nuclear obligations using an asset liability management model. EnBW uses this cash flow-based model to determine the anticipated effects over the next 30 years, based on appraisals of the pension provisions, as well as appraisals of the nuclear provisions. This model forms the basis for the management of the financial assets. It allows simulations of various alternative return and provision scenarios.

The burden of the operating business to meet the pension and nuclear obligations is limited to €300 million annually (adjusted for inflation) due to an ongoing contribution of financial assets. If the provisions are fully covered by the financial assets, no further funds will be taken from operating cash flow as part of the model.

EnBW uses a rolling planning horizon of three months for the short-term management of liquidity. EnBW also uses tools which allow forecasts to be made about liquidity requirements beyond the medium-term period.

EnBW has a well-balanced maturity profile for its financial liabilities. The financial policy focuses on ensuring the solvency of the company, limiting financial risks and optimising capital costs. As of 31 December 2017, the creditworthiness of EnBW was rated by the rating agencies Moody’s, Standard and Poor’s and Fitch with Baa1 stable, A- stable and A- stable, respectively.

(33) Segment reporting

01/01 – 31/12/2017 in € million	Sales	Grids	Renewable Energies	Generation and Trading	Other / Consolidation	Total
Revenue						
External revenue	7,354.3	7,471.8	507.5	6,631.1	9.3	21,974.0
Internal revenue	921.1	2,558.6	281.3	2,739.2	-6,500.2	0.0
Total revenue	8,275.4	10,030.4	788.8	9,370.3	-6,490.9	21,974.0
Earnings indicators						
Adjusted EBITDA	330.0	1,045.9	331.7	377.1	28.3	2,113.0
EBITDA	317.8	1,025.3	622.5	1,703.1	83.7	3,752.4
Adjusted EBIT	261.8	610.5	171.3	-45.7	0.9	998.8
EBIT	241.0	589.1	448.6	1,169.0	56.3	2,504.0
Income from reversals of impairment losses	0.0	0.5	0.9	91.7	0.0	93.1
Scheduled amortisation and depreciation	-68.2	-435.4	-160.4	-422.8	-27.4	-1,114.2
Impairment losses	-8.6	-0.8	-13.5	-111.3	0.0	-134.2
Net profit/loss from entities accounted for using the equity method	3.7	29.8	-4.4	-0.2	14.4	43.3
Significant non-cash items	31.2	27.2	2.8	0.6	-14.1	47.7
Assets and liabilities						
Capital employed	1,004.6	6,534.8	3,501.9	2,293.0	2,062.2	15,396.5
of which carrying amount of entities accounted for using the equity method	(198.8)	(386.0)	(670.2)	(133.6)	(0.0)	(1,388.6)
Capital expenditures on intangible assets and property, plant and equipment	83.3	784.0	417.3	115.7	18.9	1,419.2

01/01 – 31/12/2016 in € million[1]	Sales	Grids	Renewable Energies	Generation and Trading	Other / Consolidation	Total
Revenue						
External revenue	7,771.1	6,643.7	510.6	4,433.9	9.1	19,368.4
Internal revenue	431.4	2,639.0	272.4	2,341.8	-5,684.6	0.0
Total revenue	8,202.5	9,282.7	783.0	6,775.7	-5,675.5	19,368.4
Earnings indicators						
Adjusted EBITDA	249.7	1,004.1	295.3	337.2	52.6	1,938.9
EBITDA	177.1	897.2	293.8	-739.3	101.9	730.7
Adjusted EBIT	193.2	636.9	142.1	26.8	25.5	1,024.5
EBIT	76.4	527.1	128.8	-2,467.5	72.3	-1,662.9
Income from reversals of impairment losses	0.2	2.9	0.0	1.4	1.4	5.9
Scheduled amortisation and depreciation	-56.5	-367.2	-153.2	-310.4	-27.1	-914.4
Impairment losses	-44.2	-2.9	-11.8	-1,417.8	-2.5	-1,479.2
Net profit/loss from entities accounted for using the equity method	0.0	12.9	-16.5	4.6	-11.0	-10.0
Significant non-cash items	22.0	16.8	8.6	11.2	-12.5	46.1
Assets and liabilities						
Capital employed	527.9	5,332.2	3,066.5	2,094.2	3,816.6	14,837.4
of which carrying amount of entities accounted for using the equity method	(0.0)	(282.7)	(207.7)	(56.7)	(1,288.5)	(1,835.6)
Capital expenditures on intangible assets and property, plant and equipment	51.9	795.6	208.1	111.1	22.7	1,189.4

1 The figures for the previous year have been restated.

Adjusted EBITDA is one of the key internal performance indicators. Adjusted EBITDA is an earnings ratio before the investment and financial results, income taxes and amortisation, adjusted for non-operating effects, which accurately reflects the development of results of operations. In the management report, the performance of the segments is explained with the aid of adjusted EBITDA.

Adjusted EBITDA can be reconciled to earnings before taxes (EBT) as follows:

in € million	2017	2016
Adjusted EBITDA	2,113.0	1,938.9
Non-operating EBITDA	1,639.4	-1,208.2
of which income/expenses relating to nuclear power	(1,278.2)	(-860.6)
of which income from the reversals of other provisions	(25.7)	(18.9)
of which result from disposals	(317.8)	(28.4)
of which addition to the provisions for onerous contracts relating to electricity procurement agreements	(59.2)	(-198.1)
of which income from reversals of impairment losses	(93.1)	(5.9)
of which restructuring	(-70.0)	(-110.4)
of which other non-operating result	(-64.6)	(-92.3)
EBITDA	**3,752.4**	**730.7**
Amortisation and depreciation	-1,248.4	-2,393.6
Earnings before interest and taxes (EBIT)	**2,504.0**	**-1,662.9**
Investment result	159.3	117.6
Financial result	194.6	-1,176.6
Earnings before tax (EBT)	**2,857.9**	**-2,721.9**

The components of non-operating EBITDA can be found on the income statement, in particular, in income to the amount of €1,971.4 million (previous year: €167.8 million), as well as in expenses to the amount of €332.0 million (previous year: €1,376.0 million).

Segment reporting is based on internal reporting.

Sales of electricity and gas, as well as the provision of energy-related services, such as billing services or energy supply and energy-saving contracting or new energy solutions, are summarised in the Sales segment. The Grids segment encompasses the value-added stages of transmission and distribution of electricity and gas. In addition, the provision of grid-related services and the supply of water is reported in the Grids segment. Activities in the area of power generation using renewable energies are presented in their own segment. This includes the project development, construction and operation of power plants based on renewable energies. In addition to the generation and trading of electricity and gas, the Generation and Trading segment also comprises the provision of system services, gas midstream operations, district heating, environmental services and the area dealing with the dismantling of nuclear power plants, as well as the new area of the exploration and production of natural gas following the full consolidation of VNG. Our shareholding in VNG that was still accounted for using the equity method as of 31 December 2016 and other activities which cannot be attributed to the separately presented activities of the segments are disclosed together with eliminations between the segments under Other/Consolidation.

The segment figures have been determined in accordance with the accounting policies used in the consolidated financial statements. Internal revenue shows the level of sales between Group companies. Sales between the segments were made at market prices.

The significant non-cash items principally comprise expenses from allocations to provisions, income from the reversal of construction cost subsidies and deferred liabilities.

Capital employed, which we record as segment assets, comprises all assets from the operating business. Non-interest-bearing liabilities – such as trade payables – are deducted.

Capital employed is calculated as follows:

in € million[1]	31/12/2017	31/12/2016
Intangible assets	1,905.9	1,636.5
Property, plant and equipment	15,597.4	13,481.9
Investment properties	50.3	47.5
Investments[2]	1,695.6	2,042.9
Loans	140.4	43.1
Inventories	958.1	806.8
Trade receivables[3]	4,343.6	2,681.6
Other assets[4]	3,162.8	3,036.6
of which income tax assets	(102.2)	(422.3)
of which other tax assets	(122.8)	(81.7)
of which derivatives	(2,229.0)	(1,698.5)
of which payments made on account	(114.2)	(106.8)
of which prepaid expenses	(72.1)	(52.8)
of which miscellaneous assets	(792.7)	(643.3)
of which assets held for sale	(3.0)	(173.0)
of which components attributable to net debt	(-273.2)	(-141.8)
Other provisions	-2,579.3	-1,983.4
Trade payables and other liabilities[5]	-8,629.5	-6,228.2
of which payments received on account	(-90.6)	(-139.6)
of which trade payables	(-4,816.3)	(-3,185.7)
of which other deferred income	(-204.1)	(-239.5)
of which derivatives	(-2,266.4)	(-1,559.4)
of which income tax liabilities	(-322.1)	(-190.1)
of which other liabilities	(-935.2)	(-896.4)
of which liabilities directly associated with the assets classified as held for sale	(0.0)	(-24.0)
of which components attributable to net debt	(5.2)	(6.5)
Subsidies	-1,405.8	-1,344.0
Deferred taxes[6]	157.0	616.1
Capital employed	**15,396.5**	**14,837.4**
Average capital employed[7]	**15,146.1**	**13,760.9**

1 The figures for the previous year have been restated: The capital employed amounted to €12,985.6 million as of 01/01/2016. It includes retroactive restatements due to the inclusion of loans that are now allocated to capital employed in the amount of €50.2 million. The restatement affects all segments.
2 Including entities accounted for using the equity method, shares in affiliated entities and other investments allocable to operating activities.
3 Excluding affiliated entities, excluding receivables associated with nuclear provisions.
4 Excluding net profit from CTA, excluding valuation effects from interest-induced hedging transactions.
5 Excluding affiliated entities, excluding non-controlling interests in fully consolidated partnerships recognised as liabilities.
6 Deferred tax assets and liabilities netted.
7 Average calculation based on the relevant quarterly values for the reporting year and the year-end value for the previous year.

External revenue by region is determined based on the place supplied. The EnBW Group does not generate 10% or more of its external revenue with any one external customer.

External revenue by region

in € million	2017	2016
Germany	20,085.6	18,189.4
European currency zone excluding Germany	701.6	186.7
Rest of Europe	1,186.6	992.0
Rest of world	0.2	0.3
	21,974.0	**19,368.4**

External revenue by product

in € million	2017	2016
Electricity	15,400.0	15,025.5
Gas	5,527.4	3,293.5
Energy and environmental services/other	1,046.6	1,049.4
	21,974.0	**19,368.4**

Intangible assets and property, plant and equipment by region

in € million	31/12/2017	31/12/2016
Germany	15,433.5	13,472.0
Rest of Europe	2,069.8	1,646.4
	17,503.3	**15,118.4**

(34) Related parties (entities)

Related parties include, above all, the Federal State of Baden-Württemberg and Zweckverband Oberschwäbische Elektrizitätswerke (OEW) as indirect major shareholders of EnBW AG. As of 31 December 2017, the Federal State of Baden-Württemberg and its wholly owned subsidiary NECKARPRI GmbH indirectly held 46.75% (unchanged) of the shares in EnBW AG, and NECKARPRI-Beteiligungsgesellschaft mbH held the same amount directly. NECKAPRI-Beteiligungsgesellschaft mbH is a wholly owned subsidiary of NECKARPRI GmbH. OEW indirectly held 46.75% (unchanged) of the shares in EnBW AG, and its wholly owned subsidiary OEW Energie-Beteiligungs GmbH (OEW GmbH) held the same amount directly. This means that related parties include, in particular, the federal state, NECKARPRI GmbH, OEW, OEW GmbH and entities controlled or jointly controlled by them, or over which they have a significant influence.

The transactions concluded with the federal state and entities controlled or jointly controlled by it, or over which it has significant influence, essentially relate to supplying public entities such as universities, government authorities, zoos and clinics with electricity, gas and district heating. The revenue from these transactions was immaterial in the reporting period; most of the receivables had been settled as of 31 December 2017. All business transactions with the federal state were based on customary market terms and conditions. There are no contingent liabilities or financial commitments to the Federal State.

Except for dividends paid in the previous year, there are no business relations with OEW GmbH or NECKARPRI-Beteiligungsgesellschaft mbH.

Business relations with related parties, which, amongst others, result from supply and procurement agreements in the electricity and gas sectors and took place at customary market terms and conditions, are as follows:

in € million	2017		2016	
	Joint ventures accounted for using the equity method	Associated companies accounted for using the equity method	Joint ventures accounted for using the equity method	Associated companies accounted for using the equity method
Income	270.7	286.0	113.2	233.8
Expenses	-86.5	-258.9	-91.9	-314.9
Assets	110.5	38.7	3.7	53.9
Liabilities	6.2	392.9	5.6	436.4
Other obligations	2,371.7	112.4	262.3	143.3

In business relations with joint ventures accounted for using the equity method, receivables and liabilities are due within one year. Assets rose significantly due to an increase in loans as a result of changes in the consolidated companies. Due to the granting of sureties to wind farms, there was an exceptional increase in other obligations related to these companies. In addition, other obligations also includes guarantees, lease agreements with Stuttgart Netze GmbH and future purchase price obligations.

The business relations with associated companies accounted for using the equity method, including with municipal entities (particularly municipal utilities) mainly exist in the course of ordinary business activity. The receivables and liabilities for the reporting period are almost exclusively due within one year. There are also provisions for long-term procurement agreements that are regularly adjusted to current market assessments. Other obligations to these entities result primarily from long-term purchase obligations in the electricity sector.

Related parties also include the EnBW Trust e.V., which manages the plan assets for securing pension obligations.

(35) Related parties (individuals)

The EnBW Group has not entered into any significant transactions with individuals that are related parties.

The basic principles of the remuneration system and amount of remuneration for the Board of Management, the Supervisory Board and former members of the Board of Management are presented in the remuneration report, which is part of the combined management report.

Total remuneration paid to the Board of Management for the 2017 financial year amounted to €8.6 million (previous year: €8.0 million). Short-term benefits amount to €5.3 million (previous year: €5.0 million) and long-term benefits to €3.3 million (previous year: €3.0 million). As of the 1 January 2016, the defined benefit pension commitments for the serving members of the Board of Management were transferred to the new defined contribution system. The resulting pension commitments are €1.0 million (previous year: €1.0 million). For this group of people, there was an expense of €1.3 million in the 2017 financial year (previous year: €1.2 million income, including one-off income of €2.5 million due to the transfer of the pension commitments), which includes service and interest costs. There are defined benefit obligations in accordance with IFRS of €15.2 million for the current members of the Board of Management (previous year: €14.4 million).

Former members of the Board of Management and their surviving dependants received €4.7 million (previous year: €6.5 million), of which to former members of boards of management, and their surviving dependants, from formerly independent companies €0.6 million (previous year: €1.1 million). There are defined benefit obligations to former members of the Board of Management and their surviving dependants in accordance with IFRS of €98.8 million (previous year: €97.2 million), of which to former members of boards of management, and their surviving dependants, from formerly independent companies €27.6 million (previous year: €26.2 million).

As in the previous year, no loans or advances to members of the Board of Management existed at the end of the financial year.

The remuneration system of the Supervisory Board is also presented in the remuneration report, which is part of the combined management report.

The members of the Supervisory Board will receive total remuneration of €1.3 million for the 2017 financial year (previous year: €1.3 million). In addition to fixed components, the remuneration includes attendance fees and board remuneration from subsidiaries.

As in the previous year, there were no loans or advances to members of the Supervisory Board in the 2017 financial year.

(36) Additional disclosures

List of shareholdings pursuant to section 313 (2) HGB as of 31 December 2017

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
Sales segment					
Fully consolidated companies					
1	bmp greengas GmbH, Munich		100.00	5,697	1,743
2	ED GrünSelect GmbH, Rheinfelden	6	100.00	496	1
3	EnBW Mainfrankenpark GmbH, Dettelbach	3	100.00	3,759	-
4	EnBW Vertriebsbeteiligungen GmbH, Stuttgart		100.00	13,711	-2
5	energieNRW GmbH, Düsseldorf	5	100.00	268	-3
6	ESD Energie Service Deutschland GmbH, Offenburg		100.00	2,059	1,804
7	eYello CZ k.s., Prague/Czech Republic	5, 16	100.00	254	0
8	G.EN. Gaz Energia Sp. z o.o., Tarnowo Podgórne/Poland		100.00	48,953	4,628
9	GasVersorgung Süddeutschland GmbH, Stuttgart	3	100.00	65,000	-
10	Gasversorgung Unterland GmbH, Heilbronn		100.00	11,930	102
11	goldgas GmbH, Vienna/Austria		100.00	35	1,010
12	goldgas GmbH, Eschborn		100.00	30,076	6,886
13	NaturEnergie+ Deutschland GmbH, Mühlacker		100.00	3,226	-1,854
14	PREzakaznicka a.s., Prague/Czech Republic	13	100.00	-	-
15	Sales & Solutions GmbH, Frankfurt am Main	3	100.00	75,618	-
16	VNG-Erdgascommerz GmbH, Leipzig		100.00	167,059	0
17	Watt Synergia GmbH, Frankfurt am Main	3	100.00	250	-
18	Yello Strom GmbH, Köln	3	100.00	1,100	-
19	ZEAG Immobilien GmbH & Co. KG, Heilbronn		100.00	3,153	1,269
20	Messerschmid Energiesysteme GmbH, Bonndorf	5	60.00	409	111
21	TRITEC AG, Aarberg/Switzerland	6	60.00	-5,166	-2,665
22	winsun AG, Steg-Hohtenn/Switzerland	6	51.00	625	-1,137
23	Energie- und Medienversorgung Sandhofer Straße GmbH & Co. KG, Mannheim	9	49.91	3,500	2,511
24	Pražská energetika a.s., Prague/Czech Republic	15	41.40	503,684	84,451
Non-consolidated affiliated entities					
25	EZG Operations GmbH, Wismar	5	100.00	161	18
26	NatürlichEnergie Swiss NES GmbH, Laufenburg/Switzerland	5	100.00	-127	-139
27	VNG ViertelEnergie GmbH, Leipzig	13	100.00	-	-
28	VNG-Erdgastankstellen GmbH, Leipzig	5	100.00	25	-187
29	Yello Solar GmbH, Köln (formerly EnBW Omega Neunundsiebzigste Verwaltungsgesellschaft mbH, Karlsruhe)	5	100.00	25	-
30	ZEAG Immobilien Verwaltungsgesellschaft mbH, Heilbronn	5	100.00	25	1
31	WTT CampusONE GmbH, Ludwigsburg	5	80.00	23	-1
32	effizienzcloud GmbH, Leipzig	13	74.99	-	-
33	KEA-Beteiligungs-GbR "Energie", Karlsruhe	8, 16	60.66	-	-
34	LIV-T GmbH, Munich	13	60.00	-	-
35	grünES GmbH, Esslingen am Neckar	5	51.00	97	-15
36	Stromvertrieb Backnang Verwaltungs GmbH, Backnang	5	51.00	25	0
37	Energie- und Medienversorgung Sandhofer Straße Verwaltungs GmbH, Mannheim	5	50.00	49	2

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
Entities accounted for using the equity method					
38	EMB Energie Mark Brandenburg GmbH, Potsdam	5	25.10	114,863	20,108
39	MITGAS Mitteldeutsche Gasversorgung GmbH, Halle (Saale)	5	24.60	120,341	28,385
Investments[18]					
40	AutenSys GmbH, Karlsruhe	5	65.00	91	-34
41	Stromvertrieb Backnang GmbH & Co. KG, Backnang	5	51.00	0	43
42	my-e-car GmbH, Lörrach	5	50.00	21	-13
43	NatürlichEnergie EMH GmbH, Monzelfeld	5	50.00	825	-8
44	Regionah Energie GmbH, Munderkingen	5	50.00	25	0
45	SMITE ITALIA S.r.l., Milan/Italy	13	50.00	-	-
46	Einhorn Energie GmbH & Co. KG, Giengen an der Brenz	5	49.90	726	618
47	Einhorn Energie Verwaltungsgesellschaft mbH, Giengen an der Brenz	5	49.90	31	1
48	Stadtwerke Freiberg a.N. Vertriebs-GmbH, Freiberg am Neckar	5	49.90	128	-48
49	Gasversorgung Pforzheim Land GmbH, Pforzheim	5	49.00	15,371	1,730
50	Biomethangas Hahnennest GmbH, Ostrach	5	40.00	102	-60
51	caplog-x GmbH, Leipzig	5	37.34	621	421
52	apio AG, Wallisellen/Switzerland	13	33.33	-	-
53	energy app provider GmbH, Essen	5	29.24	-244	-134
54	Gemeinschaft für Energieeffizienz GmbH, Düsseldorf	5	26.40	964	-761
55	espot GmbH, Stuttgart	5	25.10	537	9
56	Energieagentur Heilbronn GmbH, Heilbronn	5	25.00	64	-21
57	Stadt- und Überlandwerke GmbH Luckau-Lübbenau, Luckau	5	23.38	27,100	2,504
58	EDSR Energiedienste Staldenried AG, Staldenried/Switzerland	5	20.00	208	12
Grids segment					
Fully consolidated companies					
59	ED Mobility Support GmbH, Rheinfelden	6	100.00	53	3
60	ED Netze GmbH, Rheinfelden	3, 6	100.00	65,165	-
61	EnBW Kommunale Beteiligungen GmbH, Stuttgart	3	100.00	968,658	-
62	EnBW REG Beteiligungsgesellschaft mbH, Stuttgart	3	100.00	405,623	-
63	EVGA Grundstücks- und Gebäudemanagement GmbH & Co. KG, Obrigheim		100.00	91,621	38,343
64	KORMAK nemovitosti s.r.o., Prague/Czech Republic	5	100.00	384	33
65	KORMAK Praha a.s., Prague/Czech Republic	5	100.00	1,066	985
66	Netze BW GmbH, Stuttgart	3	100.00	1,130,861	-
67	Netze BW Wasser GmbH, Stuttgart	3	100.00	32,894	-
68	Netze-Gesellschaft Südwest mbH, Karlsruhe	3	100.00	71,139	-
69	Netzgesellschaft Düsseldorf mbH, Düsseldorf	3, 5	100.00	1,000	-
70	Netzgesellschaft Ostwürttemberg DonauRies GmbH, Ellwangen Jagst	3	100.00	135	-
71	NHF Netzgesellschaft Heilbronn-Franken mbH, Heilbronn	3	100.00	4,000	-
72	NWS Grundstücksmanagement GmbH & Co. KG, Obrigheim		100.00	320,933	50,964
73	NWS REG Beteiligungsgesellschaft mbH, Stuttgart	3	100.00	79,988	-
74	ONTRAS Gastransport GmbH, Leipzig		100.00	120,000	0
75	PREdistribuce a.s., Prague/Czech Republic	5	100.00	717,234	42,194
76	PREmereni a.s., Prague/Czech Republic	5	100.00	18,844	5,313
77	RBS wave GmbH, Stuttgart	3	100.00	503	-

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
78	terranets bw GmbH, Stuttgart	3	100.00	90,000	-
79	TransnetBW GmbH, Stuttgart	3	100.00	728,141	-
80	EnBW Ostwürttemberg DonauRies AG, Ellwangen	3	99.73	115,439	-
81	ZEAG Energie AG, Heilbronn		98.65	204,356	24,600
82	Erdgas Südwest GmbH, Karlsruhe		79.00	74,919	11,504
83	NetCom BW GmbH, Ellwangen		74.90	32,140	4,481
84	Stuttgart Netze Betrieb GmbH, Stuttgart	3	74.90	4,926	-
85	Stadtwerke Düsseldorf AG, Düsseldorf	5	54.95	473,931	32,262
86	Stromnetzgesellschaft Heilbronn GmbH & Co. KG, Heilbronn	9	49.90	37,430	2,239
87	Neckar Netze GmbH & Co. KG, Esslingen am Neckar	9	49.00	25,409	5,303
Non-consolidated affiliated entities					
88	Elektrizitätswerk Aach GmbH, Aach	5	100.00	2,698	832
89	Energieversorgung Gaildorf OHG der EnBW Kommunale Beteiligungen GmbH und der NWS REG Beteiligungsgesellschaft mbH, Gaildorf	5	100.00	2,567	940
90	Energieversorgung Raum Friedrichshafen GmbH & Co. KG, Stuttgart	5	100.00	1,286	-18
91	Energieversorgung Raum Friedrichshafen Verwaltungsgesellschaft mbH, Stuttgart	5	100.00	25	1
92	GDMcom Gesellschaft für Dokumentation und Telekommunikation mbH, Leipzig	5	100.00	304	2,133
93	GEOMAGIC GmbH, Leipzig	5	100.00	3,179	1,123
94	HEV Hohenloher Energie Versorgung GmbH, Ilshofen-Obersteinach	3, 5	100.00	10,219	-
95	Konverter Ultranet GmbH & Co. KG, Stuttgart	5	100.00	0	0
96	Konverter Ultranet Verwaltungsgesellschaft mbH, Stuttgart	5	100.00	24	0
97	Neckar Netze Verwaltungsgesellschaft mbH, Esslingen am Neckar	5, 6	100.00	112	4
98	NHL Netzgesellschaft Heilbronner Land GmbH & Co. KG, Heilbronn	13	100.00	-	-
99	NHL Verwaltungs-GmbH, Heilbronn (formerly EnBW Omega Achtundneunzigste Verwaltungsgesellschaft mbH, Stuttgart)	13	100.00	-	-
100	OSG ONTRAS Servicegesellschaft mbH, Leipzig	5	100.00	24	0
101	Seeallianz GmbH & Co. KG, Stuttgart	13	100.00	-	-
102	INFRACON Infrastruktur Service GmbH & Co. KG, Leipzig	5	99.50	3,623	1,669
103	Rieger GmbH & Co. KG, Lichtenstein, Reutlingen district	5	74.28	969	700
104	Rieger Beteiligungs-GmbH, Lichtenstein, Reutlingen district	5	74.24	47	1
105	Elektrizitätswerk Weißenhorn AG, Weißenhorn	5	63.24	3,724	473
106	Netze Pforzheim-Region GmbH & Co. KG, Pforzheim	5	60.00	19,194	1,245
107	Gasnetzgesellschaft Laupheim GmbH & Co. KG, Laupheim	5	50.10	3,590	171
108	Gasnetzgesellschaft Laupheim Verwaltungs GmbH, Laupheim	5	50.10	25	3
109	Netzgesellschaft Elz-Neckar GmbH & Co. KG, Obrigheim	5	50.10	1,183	26
110	Netzgesellschaft Elz-Neckar Verwaltungs GmbH, Obrigheim	5	50.10	30	1
111	Stromnetzgesellschaft Albershausen GmbH & Co. KG, Albershausen	5	50.10	844	20
112	Stromnetzgesellschaft Albershausen Verwaltungs GmbH, Albershausen	5	50.10	28	1
113	Stromnetzgesellschaft Heilbronn Verwaltungs-GmbH, Heilbronn	5	50.10	25	1
114	Stromnetzgesellschaft Laupheim GmbH & Co. KG, Laupheim	5	50.10	2,306	132

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
115	Stromnetzgesellschaft Laupheim Verwaltungs GmbH, Laupheim	5	50.10	25	0
Entities accounted for using the equity method					
116	Stadtwerke Esslingen am Neckar GmbH & Co. KG, Esslingen am Neckar	5	49.98	56,757	4,625
117	Pražská energetika Holding a.s., Prague/Czech Republic	5, 10	49.00	225,240	36,421
118	Zweckverband Landeswasserversorgung, Stuttgart	5	27.20	112,064	1,898
119	Heilbronner Versorgungs GmbH, Heilbronn	4, 5	25.10	38,850	-
120	Stuttgart Netze GmbH, Stuttgart	4, 5, 10	25.10	193,648	-
121	FairEnergie GmbH, Reutlingen	4, 5	24.90	111,466	-
122	Stadtwerke Hilden GmbH, Hilden	5	24.90	18,524	3,372
123	GasLINE Telekommunikationsnetzgesellschaft deutscher Gasversorgungsunternehmen mbH & Co. Kommanditgesellschaft, Straelen	5	23.39	36,213	36,213
124	Zweckverband Bodensee-Wasserversorgung, Stuttgart	5	22.13	151,119	1,200
125	Stadtwerke Karlsruhe GmbH, Karlsruhe	4, 5	20.00	165,710	-
Investments[18]					
126	Netzgesellschaft Sontheim GmbH & Co. KG, Sontheim an der Brenz	5	74.90	1,532	288
127	Netzgesellschaft Sontheim Verwaltungsgesellschaft mbH, Sontheim an der Brenz	5	74.90	25	0
128	Netzgesellschaft Steinheim GmbH & Co. KG, Steinheim am Albuch	5	74.90	248	83
129	Netzgesellschaft Steinheim Verwaltungsgesellschaft mbH, Steinheim am Albuch	5	74.90	25	0
130	Stromnetz Herrenberg Verwaltungsgesellschaft mbH, Herrenberg	5	74.90	30	1
131	Stromnetzgesellschaft Herrenberg mbH & Co. KG, Herrenberg	5	74.90	4,345	480
132	Stadtwerke Sinsheim Versorgungs GmbH & Co. KG, Sinsheim	5	60.00	6,922	1,115
133	Stadtwerke Sinsheim Verwaltungs GmbH, Sinsheim	5	60.00	28	1
134	Stromnetz Langenau GmbH & Co. KG, Langenau	5	50.10	2,651	146
135	Stromnetz Langenau Verwaltungs-GmbH, Langenau	5	50.10	32	-13
136	CESOC AG, Laufenburg/Switzerland	5	50.00	218	0
137	e.wa riss GmbH & Co. KG, Biberach	5	50.00	26,408	3,918
138	e.wa riss Verwaltungsgesellschaft mbH, Biberach	5	50.00	66	1
139	Fränkische Wasser Service GmbH, Crailsheim	5	50.00	41	4
140	HDRegioNet GmbH i.L., Düsseldorf		50.00	-	-
141	Niederrheinisch-Bergisches Gemeinschaftswasserwerk GmbH, Düsseldorf	5	50.00	2,982	102
142	Ostalbwasser Ost GmbH, Ellwangen	5	50.00	35	2
143	Ostalbwasser Service GmbH, Aalen	5	50.00	82	6
144	Ostalbwasser West GmbH, Schwäbisch Gmünd	5	50.00	55	3
145	regioaqua Gesellschaft für Wasser und Abwasser mbH, Rheinfelden	5	50.00	78	16
146	Stadtwerke Schramberg GmbH & Co. KG, Schramberg	5	50.00	14,120	2,111
147	Stadtwerke Schramberg Verwaltungsgesellschaft mbH, Schramberg	5	50.00	35	2
148	Stromnetzgesellschaft Hechingen GmbH & Co. KG, Hechingen	5	50.00	1,721	223
149	Stromnetzgesellschaft Hechingen Verwaltungs GmbH, Hechingen	5	50.00	25	0

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
150	Wasserübernahme Neuss-Wahlscheid GmbH, Neuss	5	50.00	387	17
151	Stadtwerke Emmendingen GmbH, Emmendingen	5	49.90	17,624	1,838
152	Stromnetz Blaubeuren GmbH, Blaubeuren	5	49.90	1,445	76
153	Stadtwerke Esslingen-Verwaltungsgesellschaft mbH, Esslingen am Neckar	5	49.80	41	1
154	Energie Sachsenheim GmbH & Co. KG, Sachsenheim	5	49.00	4,721	217
155	Energie Sachsenheim Verwaltungs-GmbH, Sachsenheim	5	49.00	30	2
156	Energieversorgung Strohgäu GmbH & Co. KG, Gerlingen	5	49.00	9,102	611
157	Energieversorgung Strohgäu Verwaltungs GmbH, Gerlingen	5	49.00	24	1
158	Gemeindewerke Bodanrück GmbH & Co. KG, Allensbach	5	49.00	4,542	263
159	Gemeindewerke Bodanrück Verwaltungs-GmbH, Allensbach	5	49.00	22	-4
160	LEO Energie GmbH & Co. KG, Leonberg	5	49.00	8,538	632
161	Netzgesellschaft Marbach GmbH & Co. KG, Marbach am Neckar	5	49.00	1,791	94
162	Stadtwerke Backnang GmbH, Backnang	4, 5	49.00	8,725	-
163	Stadtwerke Bad Wildbad GmbH & Co. KG, Bad Wildbad	5	49.00	6,865	929
164	Stadtwerke Bad Wildbad Verwaltungs-GmbH, Bad Wildbad	5	49.00	47	8
165	Stadtwerke Eppingen GmbH & Co. KG, Eppingen	5	48.96	7,981	264
166	Energie Calw GmbH, Calw	4, 5	48.82	12,507	-
167	Stadtwerke Münsingen GmbH, Münsingen	5	45.00	6,249	812
168	Stadtwerke Böblingen GmbH & Co. KG, Böblingen	5	41.10	34,744	2,708
169	Stadtwerke Böblingen Verwaltungs GmbH, Böblingen	5	41.10	25	0
170	Energieversorgung Südbaar GmbH & Co. KG, Blumberg	5	40.00	6,898	1,075
171	SUEnergie GmbH & Co. KG, Süßen	5	40.00	2,200	68
172	SUEnergie Verwaltungs GmbH, Süßen	5	40.00	30	1
173	Stadtwerke Weinheim GmbH, Weinheim	5	39.32	29,810	4,061
174	Energieversorgung Rottenburg am Neckar GmbH, Rottenburg am Neckar	4, 5	38.00	7,160	-
175	EVG Grächen AG, Grächen/Switzerland	5	35.00	4,851	102
176	EVN Energieversorgung Nikolai AG, St. Niklaus/Switzerland	5, 7	35.00	1,140	70
177	EVR Energieversorgung Raron AG, Raron/Switzerland	5, 7	35.00	836	82
178	EVWR Energiedienste Visp - Westlich Raron AG, Visp/Switzerland	5	35.00	2,198	242
179	Valgrid SA, Sion/Switzerland	5	35.00	20,202	1,299
180	VED Visp Energie Dienste AG, Visp/Switzerland	5, 7	35.00	2,948	241
181	Taubernetze GmbH & Co. KG, Tauberbischofsheim	5	33.00	1,825	76
182	Taubernetze Verwaltungs-GmbH, Tauberbischofsheim	5	33.00	24	1
183	ErmstalEnergie Dettingen an der Erms GmbH & Co. KG, Dettingen an der Erms	5	32.60	3,190	222
184	Versorgungsbetriebe Dettingen an der Erms Verwaltungs-GmbH, Dettingen an der Erms	5	32.60	27	1
185	eneREGIO GmbH, Muggensturm	5	32.00	9,101	755
186	Regionalnetze Linzgau GmbH, Pfullendorf	4, 5	31.64	6,462	-
187	Elektrizitätswerk Mittelbaden AG & Co. KG, Lahr	5	31.00	64,224	15,022
188	Elektrizitätswerk Mittelbaden Verwaltungsaktiengesellschaft, Lahr	5	31.00	123	7
189	Stadtwerke Bad Herrenalb GmbH, Bad Herrenalb	5	30.00	11,100	-500
190	Energie- und Wasserversorgung Bruchsal GmbH, Bruchsal	4, 5	27.41	23,002	-
191	Stadtwerke Bad Säckingen GmbH, Bad Säckingen	3, 5	26.30	8,673	-

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
192	tkt teleconsult Kommunikationstechnik GmbH, Backnang	7, 17	25.20	713	108
193	Albwerk GmbH & Co. KG, Geislingen an der Steige	5	25.10	19,999	5,254
194	Albwerk Verwaltungsgesellschaft mbH, Geislingen an der Steige	5	25.10	73	2
195	Energie Kirchheim unter Teck GmbH & Co. KG, Kirchheim unter Teck	5	25.10	9,446	705
196	Energie Kirchheim unter Teck Verwaltungs-GmbH, Kirchheim unter Teck	5	25.10	28	1
197	Energieversorgung Immenstaad GmbH & Co. KG, Immenstaad am Bodensee	5	25.10	864	18
198	Filderstadt Netze GmbH, Filderstadt (formerly EnBW Omega Einundsiebzigste Verwaltungsgesellschaft mbH, Stuttgart)	5, 17	25.10	24	-1
199	Gasnetzgesellschaft Schorndorf GmbH & Co. KG, Schorndorf	5	25.10	3,869	255
200	Gasnetzgesellschaft Winnenden mbH, Winnenden	4, 5	25.10	2,275	-
201	Gasnetzverwaltungsgesellschaft Schorndorf GmbH, Schorndorf	5	25.10	29	2
202	Gemeindewerke Brühl GmbH & Co. KG, Brühl	5	25.10	1,275	46
203	Gemeindewerke Brühl Verwaltungs-GmbH, Brühl	5	25.10	29	1
204	Gemeindewerke Plüderhausen GmbH, Plüderhausen	4, 5	25.10	1,598	-
205	Infrastrukturgesellschaft Plochingen GmbH & Co. KG, Plochingen	5	25.10	2,866	195
206	Netzgesellschaft Besigheim GmbH & Co. KG, Besigheim	5	25.10	4,810	328
207	Netzgesellschaft Besigheim Verwaltungs GmbH, Besigheim	5	25.10	29	1
208	Netzgesellschaft Leinfelden-Echterdingen GmbH, Leinfelden-Echterdingen	5	25.10	9,318	526
209	Netzgesellschaft Salach GmbH & Co. KG, Salach	5	25.10	1,325	69
210	Netzgesellschaft Salach Verwaltungs GmbH, Salach	5	25.10	28	0
211	Netzgesellschaft Schwetzingen GmbH & Co. KG, Schwetzingen	5	25.10	2,077	156
212	Netzgesellschaft Schwetzingen Verwaltungs GmbH, Schwetzingen	5	25.10	26	1
213	Netzgesellschaft Vaihingen GmbH & Co. KG, Vaihingen an der Enz	5	25.10	7,770	535
214	Netzgesellschaft Vaihingen Verwaltungs-GmbH, Vaihingen an der Enz	5	25.10	28	1
215	Stadtwerke Ellwangen GmbH, Ellwangen	4, 5	25.10	7,802	-
216	Stadtwerke Giengen GmbH, Giengen	5	25.10	12,487	866
217	Stadtwerke Schwäbisch Gmünd GmbH, Schwäbisch Gmünd	4, 5	25.10	29,251	-
218	Stadtwerke Stockach GmbH, Stockach	5	25.10	10,069	946
219	Stadtwerke Weinstadt Energieversorgung GmbH, Weinstadt	4, 5	25.10	6,153	-
220	Stadtwerke Wiesloch - Strom - GmbH & Co. KG, Wiesloch	5	25.10	25	151
221	Stromgesellschaft March GmbH & Co. KG, March	5	25.10	787	26
222	Stromnetzgesellschaft Ebersbach GmbH & Co. KG, Ebersbach an der Fils	5	25.10	3,439	178
223	Stromnetzgesellschaft Ebersbach Verwaltungs GmbH, Ebersbach an der Fils	5	25.10	29	1
224	Stromnetzgesellschaft Östlicher Schurwald GmbH & Co. KG, Rechberghausen	5	25.10	3,080	256
225	Stromnetzgesellschaft Östlicher Schurwald Verwaltungs GmbH, Rechberghausen	5	25.10	28	1
226	Technische Werke Schussental GmbH & Co. KG, Ravensburg	5	25.10	40,728	3,447
227	Technische Werke Schussental Verwaltungsgesellschaft mbH, Ravensburg	5	25.10	19	-2
228	Stadtwerke Nürtingen GmbH, Nürtingen	5	25.00	20,967	3,342

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
229	Stromversorgung Sulz am Neckar GmbH, Sulz am Neckar	5	24.90	3,993	420
230	Netzeigentumsgesellschaft Rheinstetten GmbH & Co. KG, Rheinstetten	5	24.50	4,365	153
231	Stadtwerke Wehr GmbH & Co. KG, Wehr	5	24.50	2,123	115
232	Stadtwerke Wehr Verwaltungs-GmbH, Wehr	5	24.50	20	0
233	Energieversorgung Oberes Wiesental GmbH, Todtnau	5	24.00	3,883	151
234	Netzgesellschaft Edingen-Neckarhausen GmbH & Co. KG, Edingen-Neckarhausen	5	24.00	854	68
235	ENRW Energieversorgung Rottweil GmbH & Co. KG, Rottweil	5	20.00	26,056	2,525
236	ENRW Verwaltungs-GmbH, Rottweil	5	20.00	14	0
237	Stadtwerke Sindelfingen GmbH, Sindelfingen	5	20.00	37,453	4,098
Renewable Energies segment					
Fully consolidated companies					
238	Aletsch AG, Mörel/Switzerland	6	100.00	20,869	0
239	Connected Wind Services A/S, Balle/Denmark	5	100.00	1,470	-6,243
240	Connected Wind Services Danmark A/S, Balle/Denmark	5	100.00	1,506	-3,220
241	Connected Wind Services Deutschland GmbH, Rantrum	5	100.00	708	-1,263
242	Connected Wind Services Refurbishment A/S, Balle/Denmark	5	100.00	2,923	-1,177
243	CWS-BD UG, Hamburg	5	100.00	1	0
244	EnAlpin AG, Visp/Switzerland	6	100.00	164,612	1,618
245	EnBW Biogas GmbH, Stuttgart	3	100.00	52	-
246	EnBW He Dreiht GmbH, Varel	3	100.00	1,016	-
247	EnBW Holding A.S., Gümüssuyu-Istanbul/Turkey		100.00	213,814	-2,577
248	EnBW NAG-Beteiligungsgesellschaft mbH, Stuttgart		100.00	23	0
249	EnBW Offshore 1 GmbH, Stuttgart	3	100.00	28,737	-
250	EnBW Offshore 2 GmbH, Stuttgart	3	100.00	690,453	-
251	EnBW Offshore 3 GmbH, Stuttgart	3	100.00	252,310	-
252	EnBW Offshore Service GmbH, Klausdorf-Barhöft	3	100.00	25	-
253	EnBW Solar GmbH, Stuttgart	3	100.00	25	-
254	EnBW Solarpark Tuningen GmbH, Stuttgart (formerly EnBW Omega Fünfundachtzigste Verwaltungsgesellschaft mbH, Stuttgart)	3	100.00	3,680	-
255	EnBW Wind Onshore 1 GmbH, Stuttgart	3	100.00	25	-
256	EnBW Wind Onshore 2 GmbH, Stuttgart	3	100.00	2,556	-
257	EnBW Wind Onshore Instandhaltungs GmbH, Karlsruhe	3	100.00	25	-
258	EnBW Windkraftprojekte GmbH, Stuttgart		100.00	23,462	-9,140
259	EnBW Windpark Eisenach II GmbH, Stuttgart		100.00	30,868	-239
260	Energiedienst AG, Rheinfelden	6	100.00	191,127	25,557
261	PRE FVE Svetlik s.r.o., Litvínovice/Czech Republic	5	100.00	9,430	665
262	Grünwerke GmbH, Düsseldorf	3, 5	100.00	34,070	-
263	SCE Wind Zernitz GmbH & Co. KG, Stuttgart		100.00	8,073	-16,301
264	Svenska Connected Wind Services AB, Falkenberg/Sweden	5	100.00	585	-530
265	Windpark "Auf der Weißen Trisch" GmbH, Zweibrücken	5	100.00	26	-75
266	Windpark Breitenbach GmbH, Düsseldorf	13	100.00	-	-
267	Windpark Niederlinxweiler GmbH & Co. KG, Leinfelden-Echterdingen		100.00	99	-40
268	Windpark Rot am See GmbH, Ellwangen Jagst	3	100.00	25	-
269	Windpark Webenheim GmbH & Co. KG, Stuttgart	5	100.00	149	142

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
270	EE Bürgerenergie Braunsbach GmbH & Co. KG, Braunsbach		99.99	7,600	341
271	EE BürgerEnergie Forchtenberg GmbH & Co. KG, Forchtenberg		99.99	1,485	13
272	EE BürgerEnergie Boxberg GmbH & Co. KG, Boxberg		99.98	5,600	547
273	BürgerEnergie Königheim GmbH & Co. KG, Königheim	5	99.00	100	91
274	EE Bürgerenergie Ilshofen GmbH & Co. KG, Ilshofen		98.75	1,600	116
275	EE BürgerEnergie Möckmühl GmbH & Co. KG, Möckmühl		96.15	1,559	29
276	EE BürgerEnergie Jagsthausen GmbH & Co. KG, Jagsthausen		96.11	4,479	5
277	Bürgerenergie Widdern GmbH & Co. KG, Widdern		96.07	7,500	172
278	Neckar Aktiengesellschaft, Stuttgart		82.20	10,179	0
279	EE Bürgerenergie Hardthausen GmbH & Co. KG, Hardthausen am Kocher		80.80	8,100	291
280	Geothermie-Gesellschaft Bruchsal GmbH, Bruchsal		74.90	2,918	-276
281	JatroSolutions GmbH, Stuttgart		70.49	1,060	-1,069
282	Energiedienst Holding AG, Laufenburg/Switzerland	6, 11	66.67	876,413	44,040
283	Rheinkraftwerk Neuhausen AG, Neuhausen/Switzerland	6	56.00	1,050	47
284	Solarpark Berghülen GmbH, Stuttgart (formerly EnBW Omega Einundachtzigste Verwaltungsgesellschaft mbH, Stuttgart)	5	51.00	3,161	62
285	EnBW Baltic 1 GmbH & Co. KG, Stuttgart		50.32	43,662	12,884
286	EnBW Baltic 2 S.C.S., Luxembourg/Luxembourg		50.09	1,418,380	99,367
287	EnBW Onshore Portfolio GmbH, Stuttgart		50.02	122,687	3,211
288	Kraftwerk Lötschen AG, Steg/Switzerland	6, 12	50.00	24,653	0
Joint operations					
289	Rheinkraftwerk Iffezheim GmbH, Iffezheim	10	50.00	52,547	1,803
290	Rhonewerke AG, Ernen/Switzerland	5, 10	30.00	26,818	0
Non-consolidated affiliated entities					
291	CarbonBW (Thailand) Ltd., Bangkok/Thailand	5	100.00	7,076	-277
292	EnBW Albatros Management GmbH, Hamburg (formerly EnBW Omega Siebenundsiebzigste Verwaltungsgesellschaft mbH, Karlsruhe)	5	100.00	24	-1
293	EnBW Baltic 1 Verwaltungsgesellschaft mbH, Stuttgart	5	100.00	23	1
294	EnBW Baltic 2 Management S.a r.l., Luxembourg/Luxembourg	5	100.00	13	-12
295	EnBW Baltic 2 Windpark Verwaltungsgesellschaft mbH, Stuttgart	5	100.00	28	0
296	EnBW Baltic Windpark Verwaltungsgesellschaft mbH, Stuttgart	5	100.00	31	1
297	EnBW Danemark ApS, Balle/Denmark (formerly Kriegers Flak ApS, Copenhagen/Denmark)	5	100.00	-3,287	-3,294
298	EnBW Hohe See Management GmbH, Hamburg	5	100.00	25	0
299	EnBW Wind Onshore Verwaltungsgesellschaft mbH, Stuttgart	5	100.00	25	11
300	EnBW Wind op Zee B.V., Amsterdam/Netherlands	13	100.00	-	-
301	EnBW Windpark Kleinliebringen GmbH, Stuttgart (formerly EnBW Omega Neunundneunzigste Verwaltungsgesellschaft mbH, Stuttgart)	13	100.00	-	-
302	EnBW Windpark Langenburg GmbH, Stuttgart (formerly EnBW Omega Neunzigste Verwaltungsgesellschaft mbH, Karlsruhe)	3, 5	100.00	25	-
303	Grünwerke Verwaltungs GmbH, Düsseldorf	5	100.00	33	3
304	Kemberg Windpark Management GmbH & Co. Betriebsgesellschaft KG, Düsseldorf	5	100.00	1,431	57
305	Langenburg Infrastruktur GmbH, Stuttgart	5	100.00	24	-1
306	Solarpark Karpin GmbH & Co. KG, Bad Staffelstein	13, 17	100.00	-	-

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
307	Solarpark Riedlingen-Zwiefaltendorf GmbH, Stuttgart (formerly EnBW Omega Vierundachtzigste Verwaltungsgesellschaft mbH, Stuttgart)	5	100.00	24	-1
308	Windpark Freckenfeld GmbH, Stuttgart (formerly EnBW Omega Zweiundachtzigste Verwaltungsgesellschaft mbH, Stuttgart)	5	100.00	24	-1
309	Windpark Rot am See Infrastruktur GmbH, Stuttgart	5	100.00	29	-1
310	ZEAG Erneuerbare Energien GmbH, Heilbronn	5	100.00	43	18
311	JATROSELECT-Paraguay Sociedad de Responsabilidad Limitada, Volendam/Paraguay	5	99.98	333	-210
312	EE Bürgerenergie Bühlerzell GmbH & Co. KG, Bühlerzell	5	99.00	83	-6
313	EE Bürgerenergie Frankenhardt GmbH & Co. KG, Frankenhardt	5	99.00	84	-3
314	EE Bürgerenergie Hardheim GmbH & Co. KG, Hardheim	5	99.00	90	-7
315	EE Bürgerenergie Höpfingen GmbH & Co. KG, Höpfingen	5	99.00	90	-6
316	EE BürgerEnergie Krautheim GmbH & Co. KG, Krautheim	5	99.00	39	-10
317	EE BürgerEnergie Neudenau GmbH & Co. KG, Neudenau	5	99.00	79	-5
318	EE Bürgerenergie Sulzbach-Laufen GmbH & Co. KG, Sulzbach-Laufen	5	99.00	86	-3
319	Holzkraft Plus GmbH, Düsseldorf	5	90.00	167	-7
320	NatürlichSonne Trogen GmbH & Co. KG, Monzelfeld	5	90.00	291	17
321	EnPV GmbH, Karlsruhe (formerly EnBW Omega Einundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe)	13	75.10	-	-
322	JatroGreen S.A.R.L., Antananarivo/Madagascar	5	70.00	-89	-90
323	Erneuerbare Energien Neckarwestheim GmbH & Co. KG, Neckarwestheim	5	52.80	500	17
324	Alb-Windkraft Verwaltungs GmbH, Geislingen an der Steige	5	51.00	42	8
325	Solarpark Leutkirch GmbH & Co. KG, Leutkirch im Allgäu	5	51.00	10,185	655
326	Solarpark Leutkirch Verwaltungsgesellschaft mbH, Leutkirch im Allgäu	5	51.00	24	-1
327	Windenergie Tautschbuch GmbH, Riedlingen (formerly EnBW Omega Dreiundachtzigste Verwaltungsgesellschaft mbH, Stuttgart)	5	50.10	25	0
Entities accounted for using the equity method					
328	EnBW Albatros GmbH & Co. KG, Hamburg	5, 10	50.11	2,010	-2,826
329	EnBW Hohe See GmbH & Co. KG, Hamburg	5, 10	50.11	950	-75
330	Borusan EnBW Enerji yatırımları ve Üretim Anonim Şirketi, Istanbul/Turkey	5, 10	50.00	337,554	-18,634
331	Elektrizitätswerk Rheinau AG, Rheinau/Switzerland	5, 7	50.00	21,883	775
332	Bayerische-Schwäbische Wasserkraftwerke Beteiligungsgesellschaft mbH, Gundremmingen	5	37.80	54,665	266
333	KW Ackersand I AG, Stalden/Switzerland	5	25.00	1,951	0
Investments[18]					
334	Netzanschlussgesellschaft Windparks Ostercappeln/Bohmte mbH, Kirchdorf	5	66.66	25	10
335	biogasNRW GmbH i.L., Düsseldorf		50.00	-	-
336	Centrale Electrique Rhénane de Gambsheim SA, Gambsheim/France	5	50.00	9,971	0
337	Havelland-Fläming Wind GmbH, Berlin	5	50.00	126	-377
338	Kraftwerk Reckingen AG, Reckingen	5	50.00	3,204	72
339	Rheinkraftwerk Säckingen AG, Bad Säckingen	5	50.00	7,204	300
340	SwissAlpin SolarTech AG, Visp/Switzerland	5	50.00	55	0
341	Wasserkraftwerk Hausen GbR, Hausen im Wiesental	5, 16	50.00	668	-6

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
342	Windpark Schurwald GmbH, Esslingen am Neckar	5	50.00	18	-4
343	WKM Wasserkraftwerke Maulburg GmbH, Maulburg	5	50.00	459	13
344	KW Jungbach AG, St. Niklaus/Switzerland	5	49.00	3,933	193
345	Obere Donau Kraftwerke AG, Munich	5	40.00	3,180	0
346	TWKW Trinkwasserkraftwerke Niedergesteln AG, Niedergesteln/Switzerland	5	40.00	1,736	153
347	Kraftwerk Ryburg-Schwörstadt AG, Rheinfelden/Switzerland	5, 7	38.00	36,261	1,679
348	GEIE Exploitation Miniere de la Chaleur, Kutzenhausen/France	5, 16	33.33	-	-1,377
349	Windpark Prützke II GmbH & Co. KG, Düsseldorf	5	33.33	7,339	-125
350	KWT Kraftwerke Törbel-Moosalp AG, Törbel/Switzerland	5	30.00	936	45
351	Baltic Windpark Beteiligungen GmbH & Co. KG, Stuttgart	5	29.17	28,518	1,978
352	EE Bürgerenergie Heilbronn GmbH & Co. KG, Heilbronn	5	26.00	1,000	42
353	Windpark Lindtorf GmbH, Rheine	5	26.00	4,578	-406
354	Alb-Windkraft GmbH & Co. KG, Geislingen an der Steige	5	25.50	281	85
355	Biosphärenwindpark Schwäbische Alb GmbH, Münsingen	5	25.00	25	-29
356	ANOG Anergienetz Obergoms AG, Obergoms/Switzerland	5	24.50	453	13
357	KWOG Kraftwerke Obergoms AG, Obergoms/Switzerland	5	24.50	4,083	321
358	Erneuerbare Energien Zollern Alb GmbH, Balingen	5	20.00	77	-5
359	Kooperation Erneuerbare Energien im Landkreis Rottweil GmbH, Schramberg	5	20.00	77	0
360	Wasserkraftwerk Pfinztal GmbH & Co. KG, Pfinztal	5, 6	20.00	261	0
Generation and Trading segment					
Fully consolidated companies					
361	AWISTA Logistik GmbH, Düsseldorf	3, 5	100.00	3,025	-
362	EnBW Biomasse GmbH, Karlsruhe		100.00	1,449	274
363	EnBW Etzel Speicher GmbH, Karlsruhe	3	100.00	825	-
364	EnBW Grundstücksverwaltung Rheinhafen GmbH, Karlsruhe		100.00	2,219	30
365	EnBW Kraftwerk Lippendorf Beteiligungsgesellschaft mbH, Stuttgart	3	100.00	297,640	-
366	EnBW Rückbauservice GmbH, Stuttgart	3	100.00	25	-
367	ENERGIEUNION GmbH, Schwerin		100.00	4,387	0
368	Gemeinschaftsheizkraftwerk Fortuna GmbH, Düsseldorf		100.00	25	628
369	Gesellschaft für nukleares Reststoffrecycling mbH, Neckarwestheim	3	100.00	72,377	-
370	HANDEN Sp. z o.o., Warschau/Republik Polen		100.00	70,788	6,638
371	Heizkraftwerk Stuttgart GmbH, Stuttgart		100.00	5,129	0
372	Kernkraftwerk Obrigheim GmbH, Obrigheim	3	100.00	51,130	-
373	MSE Mobile Schlammentwässerungs GmbH, Karlsbad-Ittersbach	3	100.00	1,171	-
374	TAE Thermische Abfallentsorgung Ansbach GmbH, Ansbach		100.00	58,811	0
375	TPLUS GmbH, Karlsruhe	3	100.00	18,162	-
376	TWS Kernkraft GmbH, Gemmrigheim	3	100.00	149,297	-
377	u-plus Umweltservice GmbH, Karlsruhe	3	100.00	99,979	-
378	VNG Austria GmbH, Gleisdorf/Austria		100.00	320	2,616
379	VNG Danmark ApS, Copenhagen/Denmark		100.00	8,819	683
380	VNG Energie Czech s.r.o., Prague/Czech Republic		100.00	1,625	-286
381	VNG Gasspeicher GmbH, Leipzig		100.00	14,276	0

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
382	VNG Italia S.r.l., Bologna/Italy		100.00	100	1,909
383	VNG Norge AS, Stavanger/Norway		100.00	17,691	1,071
384	EnBW Kernkraft GmbH, Obrigheim	3	99.80	10,000	-
385	SPIGAS S.r.l., La Spezia/Italy		80.00	16,000	2,727
386	VNG-Verbundnetz Gas Aktiengesellschaft, Leipzig		74.21	708,615	82,983
387	AWISTA Gesellschaft für Abfallwirtschaft und Stadtreinigung mbH, Düsseldorf	5	51.00	55,143	24,615
388	KNG Kraftwerks- und Netzgesellschaft mbH, Rostock		50.40	514	8
Joint operations					
389	Friedeburger Speicherbetriebsgesellschaft mbH "Crystal", Friedeburg	10	50.00	54,971	298
Non-consolidated affiliated entities					
390	EnergieFinanz GmbH, Schwerin	5	100.00	910	110
391	VNG Handel & Vertrieb GmbH, Leipzig (formerly VNG Erste Beteiligungsgesellschaft mbH, Leipzig)	5	100.00	35	-1
392	VNG Slovakia, spol. s r.o., Bratislava/Slovakia	5	100.00	8,812	342
393	Südwestdeutsche Nuklear-Entsorgungsgesellschaft mbH, Stuttgart	5	86.49	12,179	4,807
394	Zentraldeponie Hubbelrath GmbH, Düsseldorf	5	76.00	24,569	5,797
395	Nahwärme Düsseldorf GmbH, Düsseldorf	5	66.00	2,743	348
Entities accounted for using the equity method					
396	Erdgasspeicher Peissen GmbH, Halle (Saale)	5, 10	50.00	79,050	-9,424
397	Fernwärme Ulm GmbH, Ulm	5, 7, 10	50.00	32,165	1,236
398	Schluchseewerk Aktiengesellschaft, Laufenburg Baden	5	50.00	59,339	2,809
399	Grosskraftwerk Mannheim AG, Mannheim	5	32.00	114,142	6,647
Investments[18]					
400	ANITA S.r.l., Sarzana/Italy	13	50.00	-	-
401	Fernwärme Rhein-Neckar GmbH, Mannheim	5	50.00	2,811	2,547
402	KDM Kompostierungs- und Vermarktungsgesellschaft für Stadt Düsseldorf/Kreis Mettmann mbH, Ratingen	5	50.00	3,378	421
403	Kraftwerksbatterie Heilbronn GmbH, Stuttgart	13	50.00	-	-
404	MIOGAS & LUCE S.r.l., Rozzano/Italy (formerly MIOGAS S.r.l., Rozzano/Italy)	5	50.00	2,271	318
405	Powerment GmbH & Co. KG, Ettlingen (formerly Powerment GmbH, Ettlingen)	5	50.00	7,933	3,509
406	RheinWerke GmbH, Düsseldorf	5	50.00	1,023	-137
407	MOWA Mobile Waschanlagen GmbH, Neunkirchen-Seelscheid	5	49.00	310	258
408	REMONDIS Rhein-Wupper GmbH & Co. KG, Düsseldorf	5	49.00	13,082	6,605
409	REMONDIS Rhein-Wupper Verwaltungs GmbH, Düsseldorf	5	49.00	38	1
410	HWM Holzwärme Müllheim GmbH, Müllheim	5	45.00	556	59
411	Fernwärme Zürich AG, Zurich/Switzerland	5	40.00	3,763	1,398
412	Untergrundspeicher- und Geotechnologie-Systeme Gesellschaft mit beschränkter Haftung, Mittenwalde	5	40.00	7,912	941
413	SPIGAS CLIENTI S.r.l., La Spezia/Italy	5, 7	35.00	1,230	1,110
414	Heizkraftwerk Pforzheim GmbH, Pforzheim	5	30.00	6,884	1,059
415	Contiplan AG, Vaduz/Liechtenstein	5	25.10	0	-2
416	Rheticus AG, Vaduz/Liechtenstein	5	25.10	14	-2
417	Beteiligungsgesellschaft der EVU an der Kerntechnischen Hilfsdienst GmbH - GbR, Karlsruhe	5, 16	21.59	0	0

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
418	Nuovenergie S.p.A., Milan/Italy	5	20.99	1,980	826
419	CANARBINO S.p.A., Sarzana/Italy	5, 7	20.00	35,709	3,117
Other					
Fully consolidated companies					
420	ED Immobilien GmbH & Co. KG, Rheinfelden	6	100.00	0	191
421	ED Immobilien Verwaltungsgesellschaft mbH, Rheinfelden	6	100.00	31	0
422	EnBW City GmbH & Co. KG, Obrigheim		100.00	8,885	9,259
423	EnBW Immobilienbeteiligungen GmbH, Karlsruhe		100.00	476,371	13,615
424	EnBW International Finance B.V., Amsterdam/Netherlands		100.00	1,164,210	32,496
425	EnBW Perspektiven GmbH, Karlsruhe	3	100.00	1,500	-
426	Energiedienst Support GmbH, Rheinfelden	6	100.00	357	-33
427	Facilma Grundbesitzmanagement und -service GmbH & Co. Besitz KG, Obrigheim		100.00	199,595	8,481
428	Neckarwerke Stuttgart GmbH, Stuttgart		100.00	1,880,237	46,709
429	NWS Finanzierung GmbH, Karlsruhe	3	100.00	2,475,184	-
430	SBZ Beteiligungen GmbH, Karlsruhe		100.00	-25	0
431	symbiotic services GmbH, Karlsruhe	3	100.00	25	-
432	MURVA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Grünwald	5	95.00	-10,124	434
433	EnBW VersicherungsVermittlung GmbH, Stuttgart		51.00	3,550	3,499
Non-consolidated affiliated entities					
434	BALANCE VNG Bioenergie GmbH, Leipzig	5	100.00	8,894	-357
435	E-City Immobilienverwaltungs GmbH, Karlsruhe (formerly EnBW Omega Achtundsechzigste Verwaltungsgesellschaft mbH, Karlsruhe)	3, 5	100.00	25	-
436	EnBW CZ spol. s.r.o., Prague/Czech Republic	5	100.00	457	4
437	EnBW New Ventures GmbH, Karlsruhe	3, 5	100.00	3,863	-
438	EnBW Omega Achtundachtzigste Verwaltungsgesellschaft mbH, Karlsruhe	3, 5	100.00	25	-
439	EnBW Omega Achtundsiebzigste Verwaltungsgesellschaft mbH, Karlsruhe	5	100.00	24	-1
440	EnBW Omega Achtzigste Verwaltungsgesellschaft mbH, Karlsruhe	5	100.00	24	-1
441	EnBW Omega Dreiundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe	13	100.00	-	-
442	EnBW Omega Dreiundsiebzigste Verwaltungsgesellschaft mbH, Karlsruhe	5	100.00	24	-1
443	EnBW Omega Fünfundfünfzigste Verwaltungsgesellschaft mbH, Stuttgart	3, 5	100.00	25	-
444	EnBW Omega Fünfundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe	13	100.00	-	-
445	EnBW Omega Fünfundsechzigste Verwaltungsgesellschaft mbH, Markdorf	5	100.00	24	-1
446	EnBW Omega Hundertste Verwaltungsgesellschaft mbH, Stuttgart	13	100.00	-	-
447	EnBW Omega Neunundachtzigste Verwaltungsgesellschaft mbH, Karlsruhe	3, 5	100.00	25	-
448	EnBW Omega Sechsundachtzigste Verwaltungsgesellschaft mbH, Karlsruhe	3, 5	100.00	25	-
449	EnBW Omega Sechsundneunzigste Verwaltungsgesellschaft mbH, Stuttgart	13	100.00	-	-

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
450	EnBW Omega Siebenundneunzigste Verwaltungsgesellschaft mbH, Stuttgart	13	100.00	-	-
451	EnBW Omega Siebzigste Verwaltungsgesellschaft mbH, Stuttgart	3, 5	100.00	25	-
452	EnBW Omega Vierundfünfzigste Verwaltungsgesellschaft mbH, Stuttgart	3, 5	100.00	25	-
453	EnBW Omega Vierundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe	13	100.00	-	-
454	EnBW Omega Zweiundfünfzigste Verwaltungsgesellschaft mbH, Karlsruhe	3, 5	100.00	25	-
455	EnBW Omega Zweiundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe	13	100.00	-	-
456	EnBW Omega Zweiundsiebzigste Verwaltungsgesellschaft mbH, Karlsruhe	5	100.00	24	-
457	EnBW Real Estate GmbH, Obrigheim	5	100.00	91	6
458	EnBW Senergi Immobilien GmbH, Karlsruhe	5	100.00	75	-1
459	Interconnector GmbH, Karlsruhe	3, 5	100.00	25	-
460	KMS Verwaltungsgesellschaft mbH, Stuttgart	5	100.00	45	0
461	MGMTree GmbH, Leipzig	5	100.00	46	-14
462	Rheintal PE GmbH & Co. KG, Bad Homburg v. d. Höhe	5	100.00	8,202	-236
463	SSG Verwaltungsgesellschaft mbH i.L., Kornwestheim		100.00	-	-
464	VNG Innovation GmbH, Leipzig	5	100.00	238	-1
Investments[18]					
465	Wp Global Germany Private Equity L.P., Wilmington, Delaware/USA	5, 16	100.00	153,906	15,059
466	Impulse L.P., Edinburgh/UK	5, 16	99.87	127,271	7,743
467	Continuum Capital Limited Partnership, Edinburgh/UK	5, 16	98.00	98,224	0
468	Sirius EcoTech Fonds Düsseldorf GmbH & Co. KG., Düsseldorf	5	78.15	5,827	359
469	regiodata GmbH, Lörrach	5	35.00	811	258
470	RWE - EnBW Magyaroszág Kft., Budapest/Hungary	5	30.00	392	20
471	E & G Bridge Equity Fonds GmbH & Co. KG, Munich	5, 7	29.97	2,854	3,404
472	EFR Europäische Funk-Rundsteuerung GmbH, Munich	5	25.10	3,834	2,562
473	MVV Energie AG, Mannheim	7, 14	28.76	1,066,905	91,616
474	GasLINE Telekommunikationsnetz-Geschäftsführungsgesellschaft deutscher Gasversorgungsunternehmen mbH, Straelen	5	22.67	65	2
Investments in large corporations > 5%					
475	EWE Aktiengesellschaft, Oldenburg	5	6.00	1,571,500	103,900

1 Shares of the respective parent company calculated in accordance with section 313 (2) HGB (as of 31 December 2017).
2 In the case of separate entities, the figures stem from financial statements prepared pursuant to local principles and do not show the contributions of each entity to the consolidated financial statements. For financial statements in foreign currencies, the equity is translated at the mean rate on the reporting date, while earnings are translated at average annual rates.
3 Profit and loss transfer agreement and/or domination agreement and/or loss assumption agreement.
4 Profit and loss transfer agreement with third parties.
5 Previous year's figures.
6 Preliminary figures.
7 Divergent financial year.
8 Exemption clause section 313 (3) sentence 4 HGB.
9 Control due to contractual agreement.
10 Joint control pursuant to IFRS 11.
11 Before taking treasury shares of the company into account.
12 Majority of the voting rights.
13 New company, annual financial statements not yet available.
14 No significant influence exists.
15 Other shareholdings included due to contractual control arrangements.
16 Companies whose shareholders with unlimited liability are a company that is included in the consolidated financial statements.
17 Commercial change in company shares in 2017, entered into the commercial register in 2018.
18 Includes investments that are not accounted for using the equity method because of their minor importance. They are recognised instead at their acquisition costs.

(37) Disclosures concerning franchises

Franchise agreements in the areas of electricity, gas, district heating and water are in place between the individual entities in the EnBW Group and the municipalities. The majority of the franchise agreements have a term of 20 years. There are obligations governed by law to connect to the supply networks. Under the franchise agreements, the EnBW Group is obliged to provide and maintain the facilities required to satisfy the general supply needs. In addition, it is required to pay a franchise fee to the municipalities. Upon expiry of a franchise agreement, the facilities must be returned or transferred to the municipalities or the successor network operator, respectively, in return for reasonable compensation, unless the franchise agreement is extended.

(38) Significant events after the reporting date

No events that are considered significant for assessing the results of operations, financial position and net assets of EnBW occurred after 31 December 2017.

Karlsruhe, 1 March 2018
EnBW Energie Baden-Württemberg AG

Dr. Mastiaux Dr. Beck

Kusterer Dr. Zimmer

Auditor's report

Report on the audit of the consolidated financial statements and the combined management report

Audit opinions
We have audited the consolidated financial statements of EnBW Energie Baden-Württemberg AG, Karlsruhe, and its subsidiaries (the Group) – which comprise the balance sheet as of 31 December 2017, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the financial year from 1 January to 31 December 2017 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of the EnBW Group and EnBW AG for the financial year from 1 January to 31 December 2017 (combined management report).

In our opinion, based on the findings of our audit,
- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets and financial position of the Group as of 31 December 2017, and of its results of operations for the financial year from 1 January to 31 December 2017, and
- the accompanying combined management report as a whole provides an accurate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the audit opinions
We conducted our audit of the consolidated financial statements and of the combined management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU-APrVO") and in compliance with German generally accepted standards for financial statements promulgated by Institut der Wirtschaftsprüfer (the Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of any Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with article 10 (2) letter (f) EU-APrVO, we declare that we have not provided non-audit services prohibited under article 5 (1) EU-APrVO. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key audit matters in the audit of the consolidated financial statements
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

First-time consolidation of VNG-Verbundnetz Gas Aktiengesellschaft
Please refer to the section "Changes in the consolidated companies" in the notes to the consolidated financial statements for details on the accounting policies and methods applied, the amount of goodwill and other assets and liabilities.

Financial statement risk

EnBW Energie Baden-Württemberg AG, Karlsruhe, acquired 74.21% of the shares in VNG–Verbundnetz Gas Aktiengesellschaft (VNG), Leipzig, as part of an exchange of shareholdings plus a cash payment via a contract dated 16 October 2015. This exchange was concluded on 20 April 2016. Due to changes on the Supervisory Board of VNG, EnBW gained a majority on 18 May 2017 and thus obtained control of VNG, which was previously accounted for as a joint venture using the equity method. VNG was fully consolidated in the EnBW consolidated financial statements from 18 May 2017.

The value for the goodwill acquired is determined from the fair value of the absorbed shareholding less the proportionate fair value of the identified assets acquired and the liabilities assumed. As part of the first-time full consolidation of this entity previously accounted for using the equity method, the initial fair value of this absorbed shareholding was thus determined. The acquired identifiable assets and assumed liabilities are generally recognised in accordance with IFRS 3 at fair value on the day control was obtained. For the valuation of the absorbed shares, as well as to determine and evaluate the acquired identifiable assets and assumed liabilities, EnBW Energie Baden-Württemberg AG appointed an independent assessor.

The fair value of the shares in VNG held by EnBW Energie Baden-Württemberg AG was €1,314.1 million. Taking into account the acquired proportionate net assets of €1,186.9 million, this resulted in goodwill of €127.2 million.

The valuation of the shareholding, as well as the identification and evaluation of the acquired assets and assumed liabilities, is complex and based on the discretionary assumptions made by the company. The key assumptions were the expected future cash inflows and the capital costs of the relevant business fields.

There is a financial statement risk that the acquired assets and assumed liabilities were incorrectly identified. In addition, there is a financial statement risk that these assets and liabilities, as well as the absorbed shareholding, were incorrectly evaluated and the resulting goodwill was incorrectly calculated. Furthermore, there is a risk that the information in the notes to the consolidated financial statements is not complete or proper.

Our audit approach

Using our own valuation specialists, we evaluated, amongst other things, the appropriateness of the key assumptions, as well as the identification and evaluation processes used. For this purpose, we first interviewed employees from the financial and M&A departments, as well as employees from the independent assessor appointed by the company itself, to gain an initial understanding of the subgroup being consolidated for the first time. In addition, we took into account our findings from the previous year.

We evaluated the competence, abilities and objectivity of the independent assessor appointed by EnBW Energie Baden-Württemberg AG. Furthermore, we assessed the process for identifying the acquired assets and assumed liabilities based on our knowledge of the business model of VNG-Verbundnetz Gas Aktiengesellschaft to ensure it was compliant with the requirements according to IFRS 3. We also assessed the valuation process carried out by the independent assessor in terms of the appropriateness of the valuation method, its proper and mathematically correct implementation in the valuation models, as well as the appropriateness of the valuation assumptions and valuation parameters used.

We discussed the expected future cash inflows in the business fields, which result from company planning, with the independent assessor in the context of underlying premises and checked for consistency with the premises of EnBW and with external market assessments. For the transport business field, we compared the calculated values against the regulatory valuation rates to check for plausibility. We compared the underlying assumptions and parameters used for the capital costs, especially the risk-free interest rate, market risk premium, beta factor, borrowing rate and the leverage ratio, against our own assumptions and publicly available data.

We assessed the valuation of the absorbed shareholding with respect to the valuation model used by the independent assessor. We checked the plausibility of the cash inflows to be included that were derived by the independent assessor using the planning forecasts of VNG. We also assessed the determination of goodwill from the value of the shareholding and the value of the identified and evaluated acquired assets and liabilities.

To judge the accuracy of the calculations, we selected several calculations made by the independent assessor and examined them from a risk-based standpoint. Finally, we evaluated whether the notes to the consolidated financial statements on the acquisition of VNG were complete and proper.

Our conclusions

The process used for the identification of the acquired assets and assumed liabilities, as well as for the evaluation of these assets and liabilities and the absorbed shareholding, were proper and in accordance with the applicable accounting and valuation principles. The key assumptions and parameters were appropriate and their presentation in the notes to the consolidated financial statements was complete and factually correct. The goodwill was accurately determined.

Evaluation of the provisions relating to nuclear power

Please refer to the section "Significant accounting policies/Provisions relating to nuclear power" in the notes to the consolidated financial statements for details on the accounting policies and methods applied. Information on the development of the provisions, key valuation assumptions and valuation parameters and their sensitivities can be found in sections "Exercise of judgement and estimates when applying accounting policies" and (19) "Provisions" in the notes to the consolidated financial statements.

Financial statement risk

The consolidated financial statements of EnBW Energie Baden-Württemberg AG recorded nuclear energy provisions of €5,802.7 million (previous year: €10,972.0) as of 31 December 2017. This decrease is primarily due to the effect of the Act for the Reorganisation of Responsibility in Nuclear Waste Management, which came into force in the middle of June 2017 and established new rules for the roles and financial responsibilities of the German government and operators. The transport, intermediate storage and final storage of the waste will now become the responsibility of the German government. EnBW Energie Baden-Württemberg AG paid €4,849.6 million into a fund under public law on 3 July 2017 for this purpose.

Determining the remaining obligations is complex and the calculations are dependent to a large degree on assumptions and estimations. These include, on the one hand, decommissioning and disposal costs, which include the rate of increase in costs and are primarily derived from sector-specific appraisals made by external experts, and on the other hand, estimates for the discount rate.

The risks for the consolidated financial statements relate to the fact that both the expected costs for fulfilling these obligations including the expected increase in costs and the payment dates cannot be estimated reliably. In addition, there is a risk that the fixed term discount rates were not properly determined so that overall the remaining obligations might not be valued correctly.

Our audit approach

We evaluated whether the remaining obligations, after transferring significant components of the previous obligations by paying into the fund under public law, had been appropriately identified by assessing the relevant contracts and conducting additional interviews with employees in the generation business segment of EnBW Energie Baden-Württemberg AG.

We assessed the internal control system with regards to the identification of the company's obligations and in terms of its effectiveness. In this process, we assessed the adherence to the approval process for making changes to the valuation model employed by the company and tested the accuracy of the calculations in the model ourselves using selected mathematical operations.

We assessed the competence, abilities and objectivity of the independent external experts for the cost assessments. We compared the specific costs entered in the valuation model for selected decommissioning and disposal activities including the rate of increase in costs with the cost estimates made by the external experts. To do this, we determined the chronological sequence of activities through interviews and assessed their technical feasibility. We assessed the correct processing of data within the valuation model by selecting individual items and also evaluated the mathematical accuracy. The cost increases expected and taken into account by the company were assessed based on external expectations, historical experiences of the company and existing contracts for relevant specific activities.

Using our own valuation specialists, we assessed the discount rates applied for the anticipated payment dates based on available market rates.

In addition, we investigated for selected costs whether withdrawals from the provisions during the year could be deduced and accurately determined from the available documentation such as incoming invoices from external suppliers.

Our conclusions

The model used by the company to determine the obligations is proper. The assumptions made regarding the evaluation of the remaining obligations are appropriate.

Evaluation of the cash-generating unit “EnBW Generation and Trading”

Please refer to the section “Significant accounting policies, Property, plant and equipment” in the notes to the consolidated financial statements for details on the accounting policies and methods applied. In addition, the section “Exercise of judgement and estimates when applying accounting policies/Property, plant and equipment” also explains the key judgements made when evaluating the power plants.

Financial statement risk

In previous years, the company recorded significant impairment of the cash-generating unit “EnBW Generation and Trading”. The impairment recorded in the 2016 financial year amounted to €1,458.7 million and was mainly attributable to the cash-generating unit “EnBW Generation and Trading”.

If there are indications that any previously recorded impairment losses on property, plant and equipment should be removed or reduced, the company determines the recoverable amount on the reporting date and compares this to the respective carrying amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the carrying amount is less than the recoverable amount, there is a reversal of the impairment loss. The reversal of the impairment loss is limited by the amortised cost.

The impairment tests for the cash-generating unit “EnBW Generation and Trading” are complex and are based on a series of discretionary assumptions. These include, in particular, forecasts for cash inflows and outflows based on long-term price assumptions for electricity and fuel, the discount rates applied and estimates of the remaining service lives of the coal power plants, which are influenced by political decisions.

The company has pushed forward the identification and implementation of measures to improve efficiency and optimise costs in the operational areas. Therefore, the planned costs in the cash-generating unit “EnBW Generation and Trading” have once again been reduced. In addition, expectations of how electricity prices will develop in the short and medium term improved. In this respect, there was an indication that an impairment identified in a previous period no longer existed or had reduced. As a result, the company made reversals of impairment losses totalling €93.1 million, which were mainly attributable to the cash-generating unit “EnBW Generation and Trading”.

There is a financial statement risk that the reversals of impairment losses are not appropriate and the carrying amounts of the property, plant and equipment are not correctly valued.

Our audit approach

Using our own valuation specialists, we not only assessed the accuracy of the calculations made using the company's valuation model and its conformity with the applicable valuation principles, but also the appropriateness of the key assumptions flowing into the model, as well as the accuracy of the cash inflows and outflows determined based on these assumptions.

For this purpose, we discussed, amongst other things, the key assumptions and the anticipated cash flows with those responsible for planning. These assumptions also cover the effect of the improvements in efficiency and optimisation of costs introduced by the company. By reconciling them with the budget created by the Board of Management and approved by the Supervisory Board, and also the plans created by the Board of Management and approved by the Supervisory Board, we made sure they were consistent. In relation to the short and medium-term price assumptions, we evaluated whether these were appropriately derived from contracts for forward transactions and current market data. With regards to the long-term price assumptions for electricity and fuel, the company has developed various different scenarios. The fair value of each of the power plants is determined by the company using the weighted average of the relevant valuation results from these scenarios. We assessed the appropriateness of the assumptions and scenarios by comparing them with external market assessments and studies. In addition, we evaluated the extent to which the current public discourse on decarbonisation of electricity generation had been appropriately taken into account in the valuations. Furthermore, we evaluated previous forecasts made by the company by comparing plans made in earlier financial years with the actual results realised and analysed any deviations.

We compared the underlying assumptions and parameters used for the discount rate, especially the risk-free interest rate, market risk premium, specific risk premiums and beta factor, against our own assumptions and publicly available data.

We also checked that the carrying amount after the reversal of the impairment loss did not exceed the amortised cost of the property, plant and equipment.

Our conclusions

The processes and valuation model used as the basis for the impairment tests for property, plant and equipment for the cash-generating unit “EnBW Generation and Trading” are consistent with the applicable valuation principles. The assumptions and parameters used by the company are appropriate.

Other information

Management is responsible for other information. Other information comprises the components of the annual report, excluding the audited consolidated financial statements, combined management report and our auditor’s report.

Our opinions on the consolidated financial statements and on the combined management report do not cover this other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our findings from the audit, or
- otherwise appears to be materially misstated.

Responsibility of management and the Supervisory Board for the consolidated financial statements and combined management report

Management is responsible for the preparation of the consolidated financial statements, which comply, in all material respects, with IFRS, as adopted by the EU, and the additional German legal requirements applicable under section 315e (1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, management is responsible for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern. In addition, management is responsible for disclosing, as applicable, matters related to going concern. Furthermore, management is responsible for using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Moreover, management is also responsible for the preparation of the combined management report, which as a whole provides a suitable view of the Group's position and is consistent in all material respects with the consolidated financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for such arrangements and measures (systems) as management determines are necessary to enable the preparation of a combined management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and combined management report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides a suitable view of the Group's position as well as being consistent, in all material respects, with the consolidated financial statements as well as the findings of our audit, complies with German legal requirements and suitably presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and EU-APrVO under consideration of the German generally accepted standards for the audit of financial statements promulgated by Institut der Wirtschaftsprüfer (the Institute of Public Auditors in Germany) (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements in the consolidated financial statements and the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with (German) law, and the view of the Group's position it provides.
- Perform audit procedures on the forward-looking information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by management as a basis for the forward-looking information, and evaluate the proper derivation of the forward-looking information from these assumptions. We do not express a separate opinion on the forward-looking information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them on all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further Information pursuant to section 10 EU-APrVO

We were elected as Group auditor by the Annual General Meeting on 9 May 2017. We were commissioned by the audit committee of the Supervisory Board on 23 January 2018. We have been the Group auditor of EnBW Energie Baden-Württemberg AG, Karlsruhe, continuously since the 2010 financial year.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to section 11 EU-APrVO (audit report).

Responsible auditor

The auditor responsible for the audit is Dirk Janz.

Frankfurt am Main, 1 March 2018
KPMG AG
Wirtschaftsprüfungsgesellschaft

Janz	Stratmann
German Public Auditor	German Public Auditor

Declaration of the legal representatives

We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the combined management report, which has been combined with the management report of the company, gives a true and fair view of the business development including the result and situation of the Group and also describes the significant opportunities and risks relating to the anticipated development of the Group.

Karlsruhe, 1 March 2018
EnBW Energie Baden-Württemberg AG

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Kusterer Dr. Zimmer

Important notes

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