

# Investor Conference Call FY 2017

## 22 March 2018 >

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



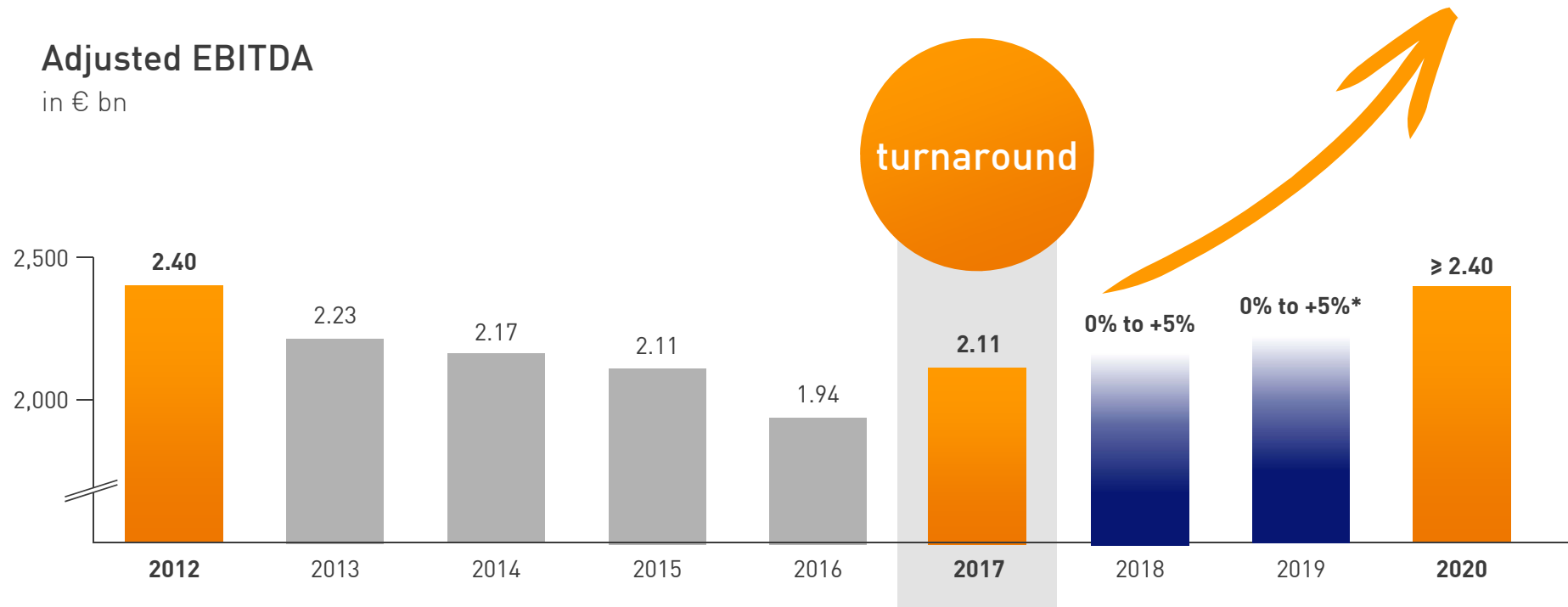


# Earnings turnaround achieved in 2017

— EnBW

## Adjusted EBITDA

in € bn



\* Referred to forecast 2018

- > Operating performance
- > Efficiency measures
- > Financial discipline



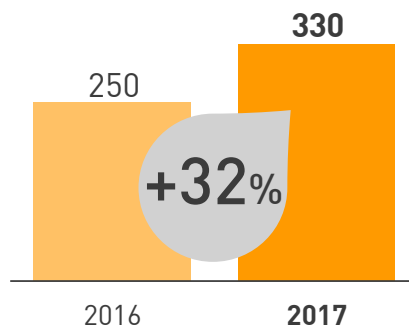
## Sales

Operating increase above expectations

— EnBW

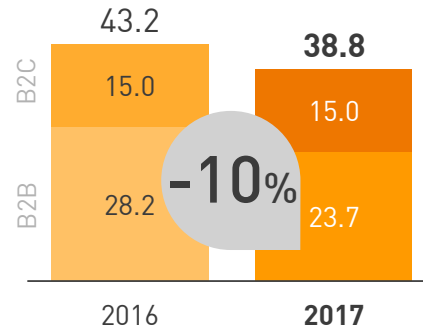
### Adjusted EBITDA

in € m



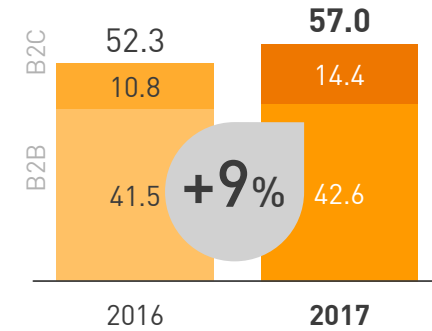
### Sales volume Electricity

in TWh



### Gas

in TWh



Positive effects from exiting the unprofitable EnBW and Watt B2B commodity business in 2016



Reduced ramp-up costs for billing service for other sales and grid operators



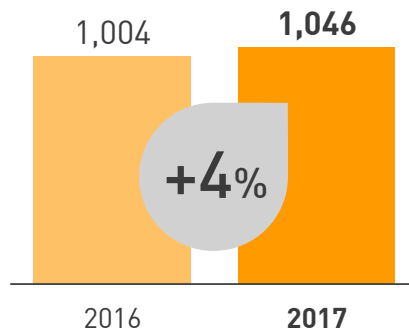
Grids

Increase as expected

— EnBW

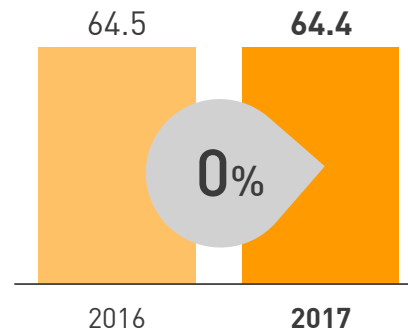
### Adjusted EBITDA

in € m

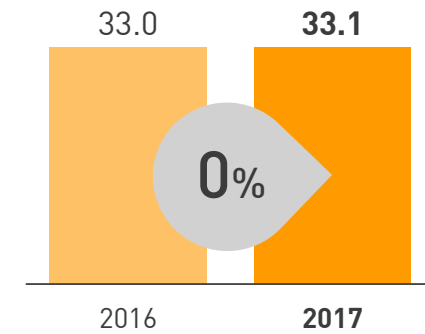


### Transmission volume Electricity Gas

in TWh



in TWh



Positive effects due to first-time consolidation of VNG



Lower earnings from use of distribution grids



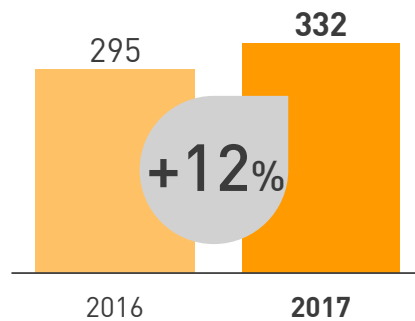
## Renewable Energies

Increase mainly driven by higher wind yields

EnBW

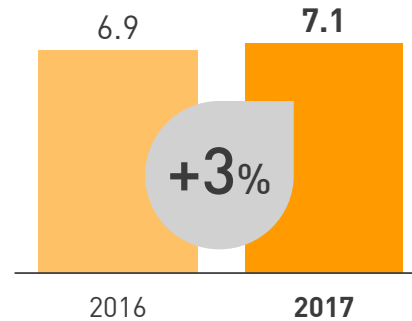
### Adjusted EBITDA

in € m



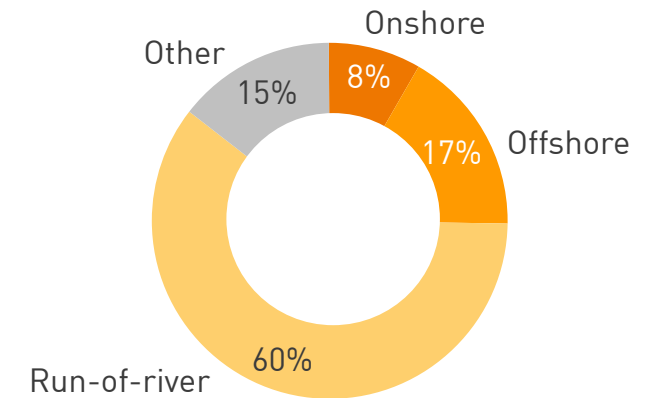
### Generation volume

in TWh<sup>1</sup>



### Renewables generation mix

in TWh



- + Higher wind yields compared to previous year, notably at offshore wind farms
- + Further onshore wind farms commissioned (+204 MW)
- Reduced water levels at our run-of-river power plants
- Electricity from run-of-river power plants sold on forward market at lower wholesale market prices



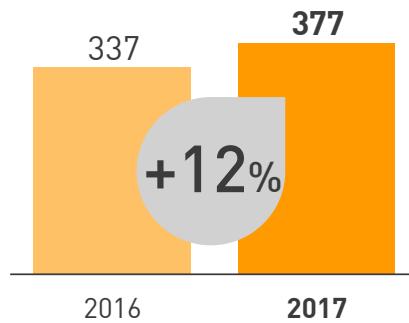
## Generation and Trading

Earnings increase mainly due to consolidation effects

EnBW

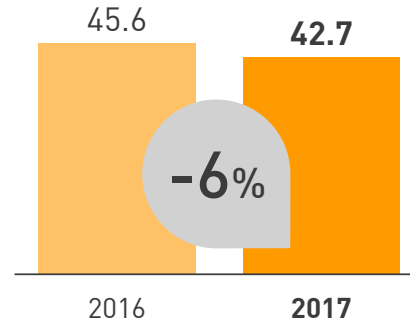
### Adjusted EBITDA

in € m



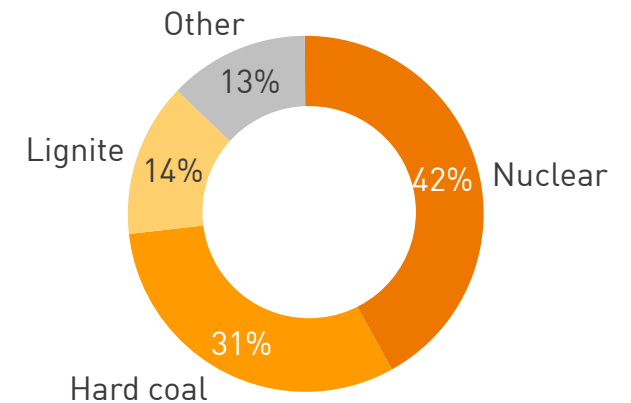
### Generation volume

in TWh<sup>1</sup>



### Conventional generation mix

in TWh



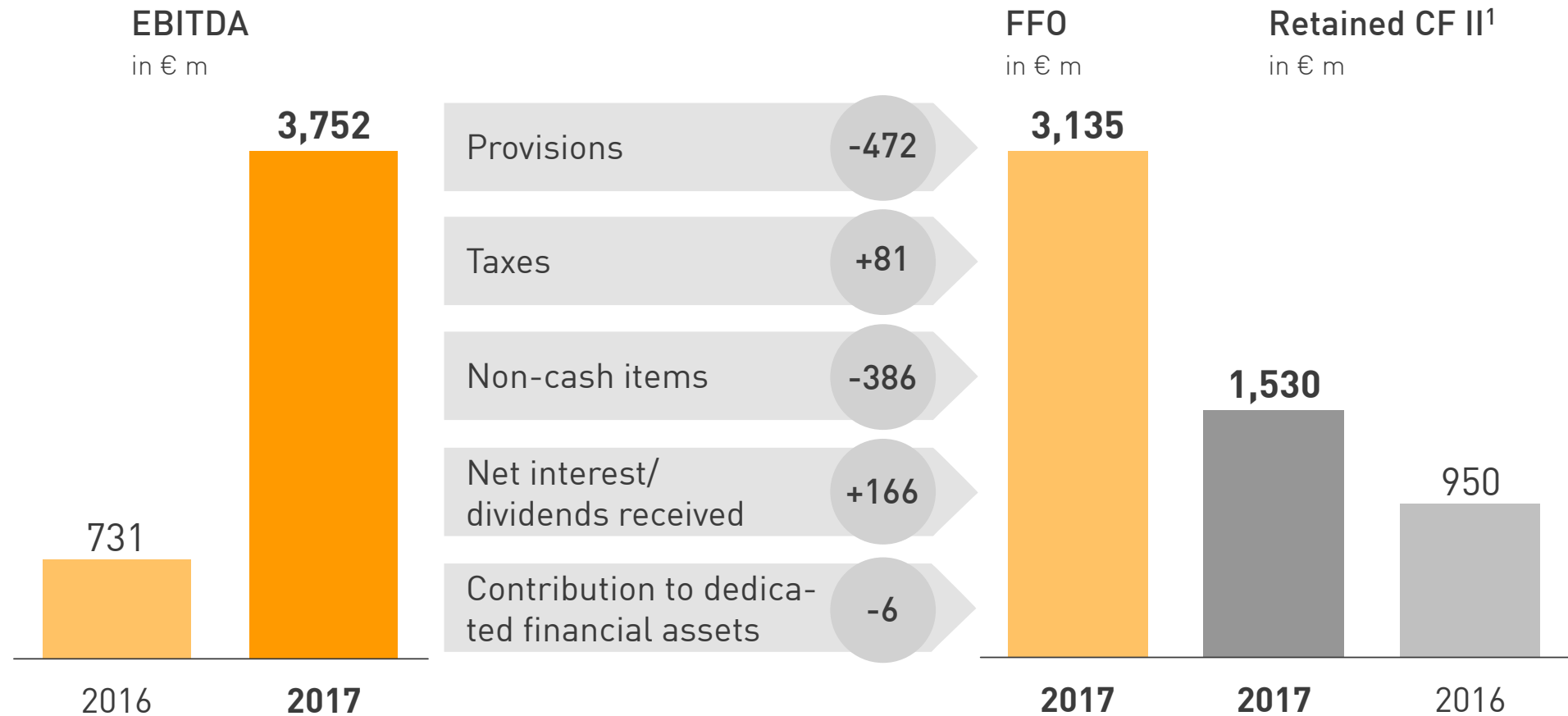
- + Positive effects due to first-time consolidation of VNG
- + Positive effects from elimination of nuclear fuel tax
- Shutdown of KKP 2 nuclear power plant
- Delivered electricity sold on forward market at lower wholesale market prices

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



# FFO: Significant increase Mainly driven by the nuclear fuel tax refund

— EnBW

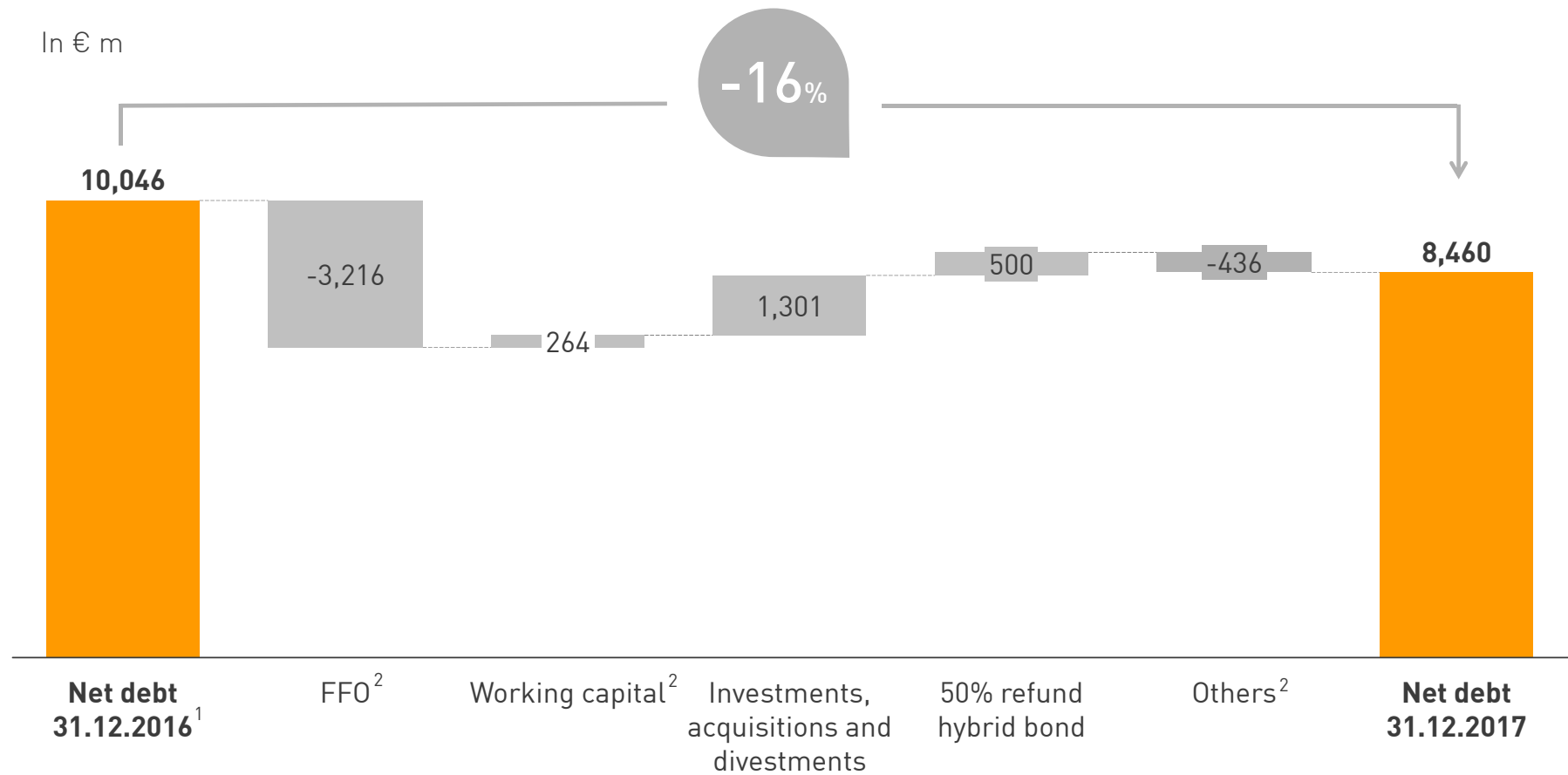


<sup>1</sup> Retained CF corrected for effects of the nuclear fuel tax refund



## Decrease in net debt mainly due to nuclear fuel tax refund

— EnBW



<sup>1</sup> The figure for the previous year has been restated

<sup>2</sup> Netted of for KFK effects





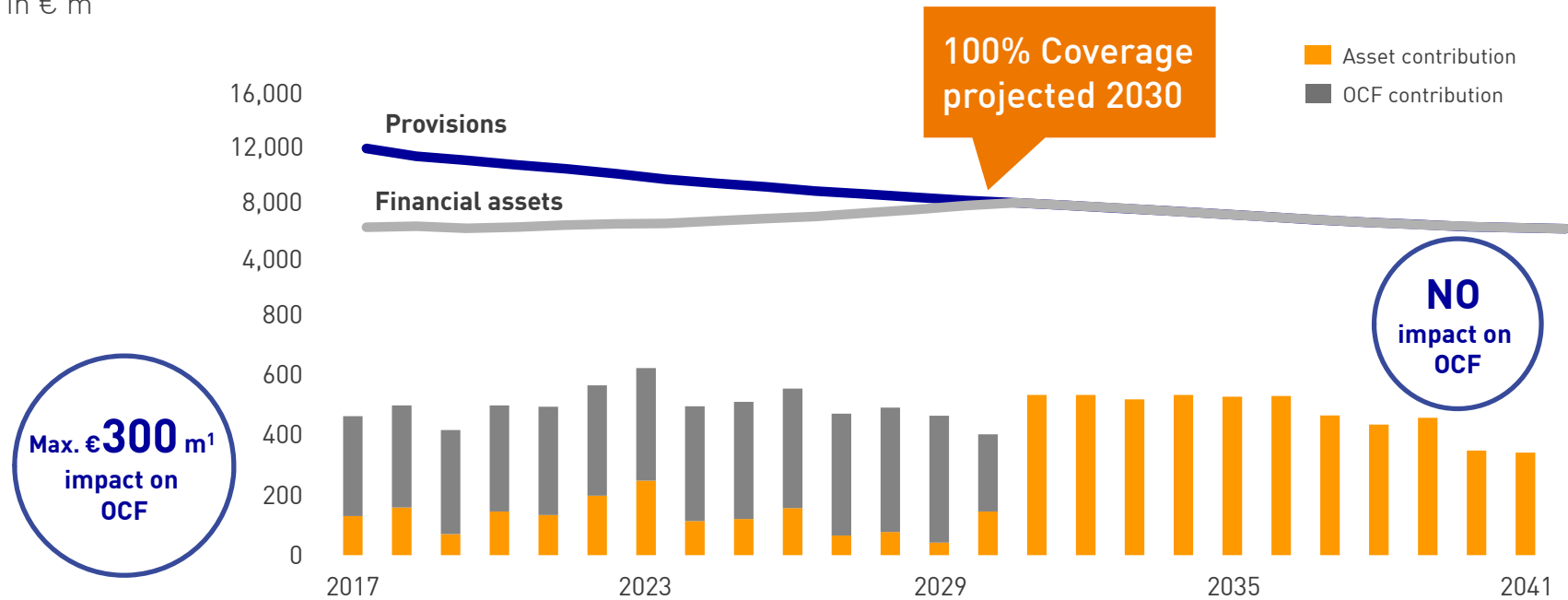
# Asset Liability Management Model

## EnBW nuclear and pension provisions still covered



### EnBW's CF-based model

in € m



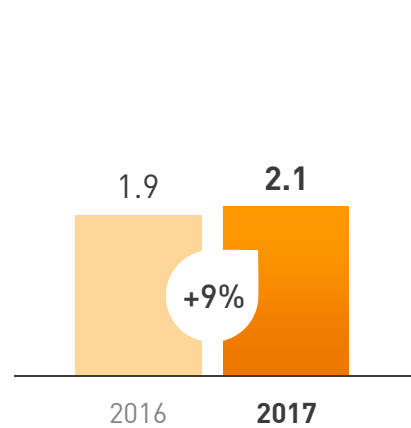
<sup>1</sup> Adjusted for inflation



# Relevance of strategic performance drivers remains



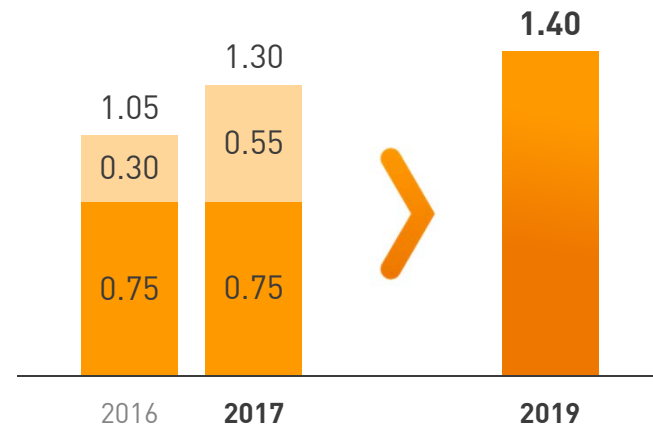
Operating performance increased in all segments



Adjusted EBITA  
in € bn



Accelerated ramp up of efficiency measures

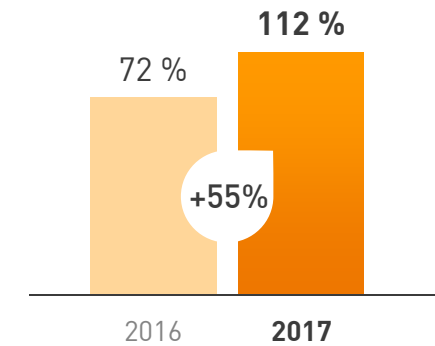


in € bn

additional  
FOKUS



Financial strength improved



Internal financing capability  
Retained Cash Flow minus  
Net investments >0



Strong group profit and EPS driven by operating performance and nuclear fuel tax refund

— EnBW

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

**-1.8 bn €** 2016  
**2.1 bn €** 2017

### Earnings per share<sup>1</sup>

**-6.64€** 2016  
**7.58€** 2017

### Net debt of the EnBW Group

**10.0 bn €** 2016  
**8.5 bn €** 2017

### Equity ratio

**8.3 %** 2016  
**15.1 %** 2017

**Dividend  
proposal 2017**

in €/share

**0.50**

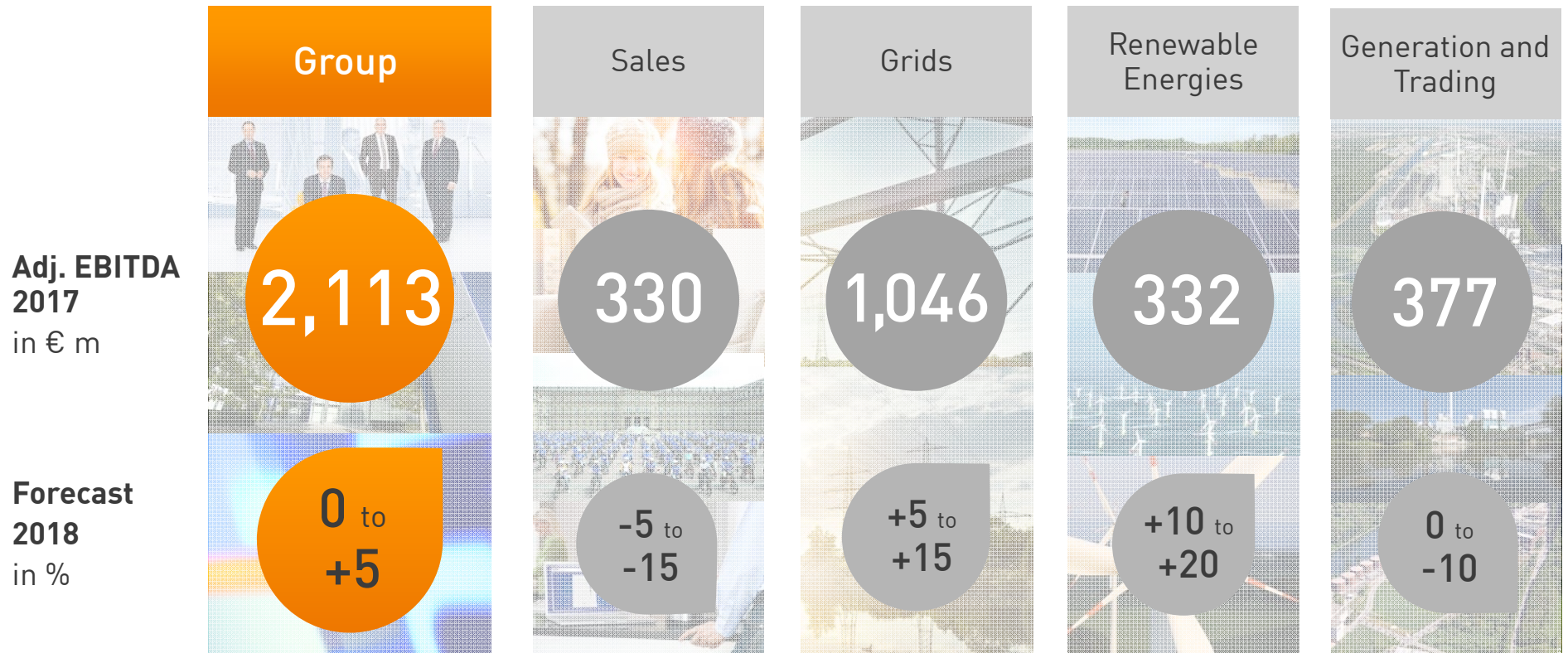


# Outlook





## Outlook operating performance 2018



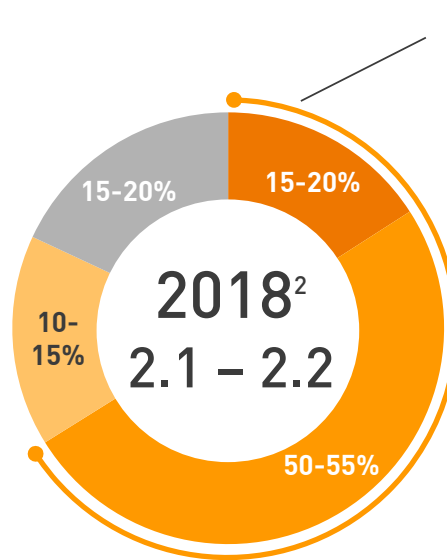
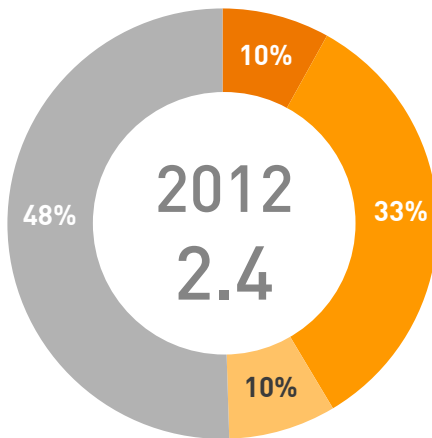


# Portfolio transition shows substantial progress, in line with EnBW's 2020 strategy

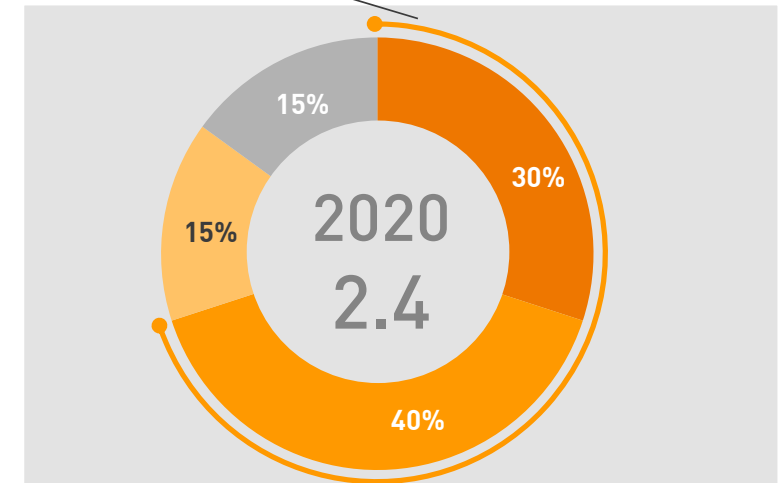


## Adjusted EBITDA<sup>1</sup>

in € bn



Share of low-risk earnings



■ Renewable Energies ■ Grids ■ Sales ■ Generation & Trading

<sup>1</sup> Divergence from 100% possible due to rounding effects

<sup>2</sup> Forecast

### Realistic earnings target 2020

- > Expansion of onshore wind from 540 MW to 1,000 MW
- > In 2019 commissioning of 609 MW offshore wind farms Hohe See and Albatros
- > Continuous investments in distribution and transmission grids
- > Efficiency measures of € 1.4 bn will be achieved in 2019 already



## Wind offshore: EnBW goes international



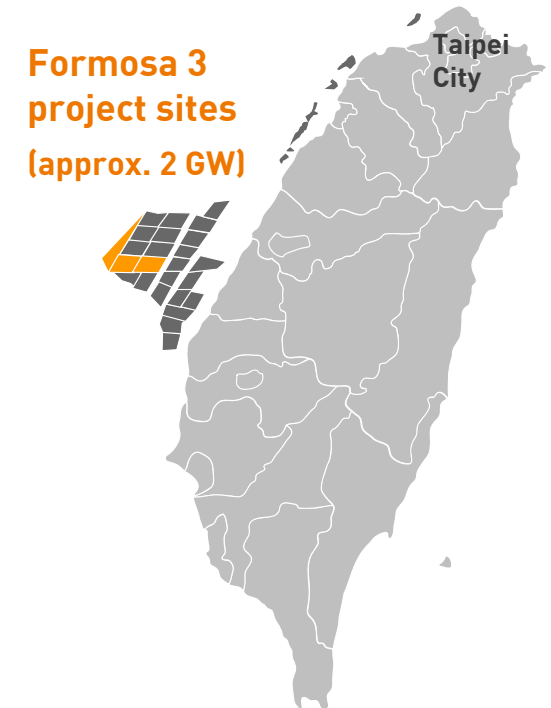
Formosa 3 – three project sites with a total capacity of approx. 2,000 MW, acquisition of 37.5% stake

Joint venture contains the strengths of EnBW, Macquarie Capital and Swancor

Fixed 20-year PPA with a feed-in tariff higher than European benchmarks

Favourable sites with good wind energy potential and lower water depth

Next steps: EU merger control clearance, secure grid capacity, start tendering process



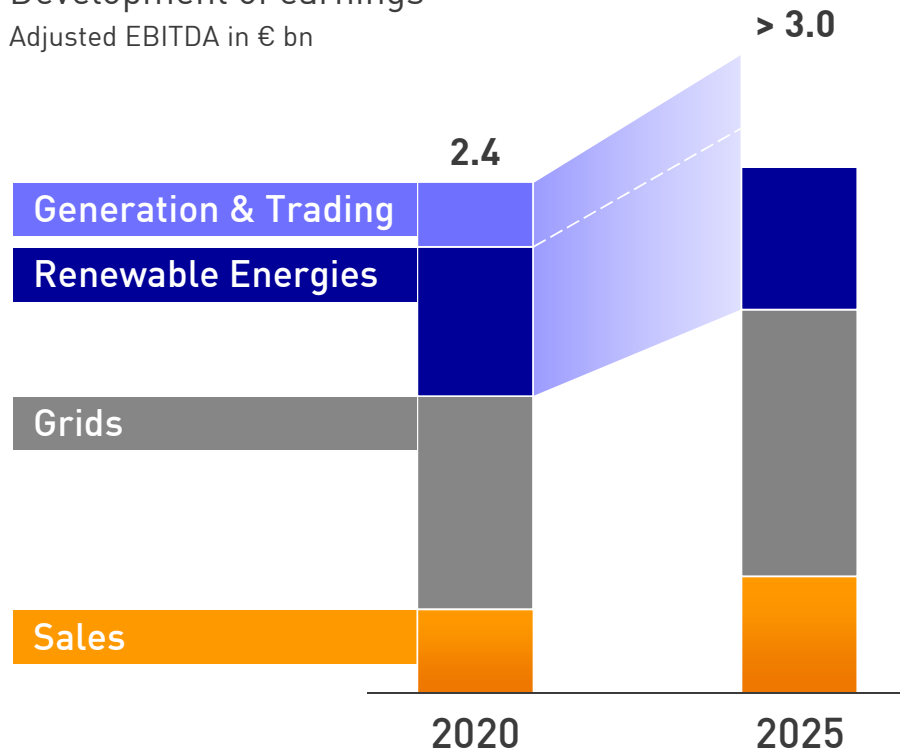
Potential offshore wind farms Taiwan



We have defined specific growth targets beyond 2020, with a clear set of priorities

— EnBW

Development of earnings  
Adjusted EBITDA in € bn



### 1 Sustainable power infrastructure

- › Expansion of onshore and offshore wind to > 3,500 MW by 2025
- › Selective international business activities
- › CO<sub>2</sub>-reduced generation (e.g. midstream gas, fuel switch)

### 2 System-critical infrastructure

- › Expansion of the distribution and electricity transmission grid
- › Growth of network-related services
- › New areas of system-critical infrastructure (e.g. public security)

### 3 Intelligent infrastructure for the customer

- › Cost reduction and digitization of B2C sales as well as transformation to customer infrastructure business
- › New infrastructure-related business areas beyond energy (e.g. mobility infrastructure)





# Questions & Answers





## Appendix

— EnBW

- › Additional information Page 19
- › Service information Page 27



## Non-operating result

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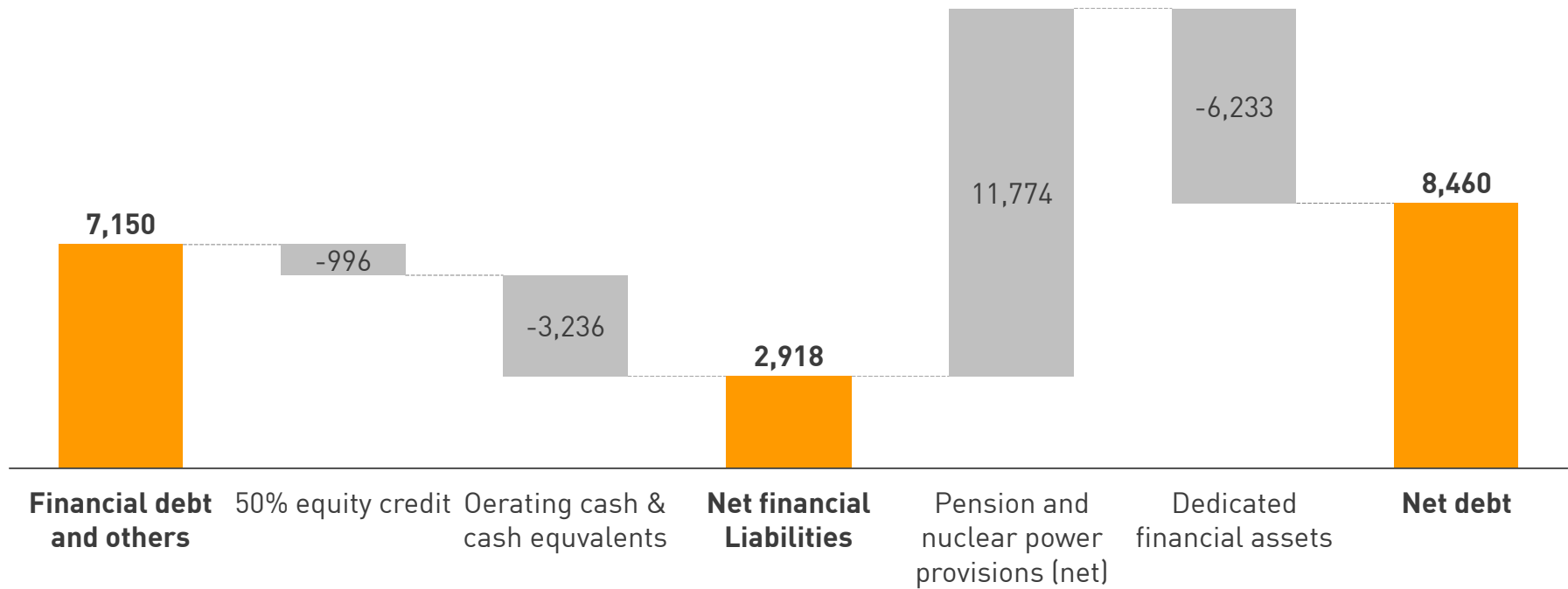
In € m	2017	2016	Variance in %
Income/expenses relating to nuclear power	1,278.2	-860.6	-
Income from the release of other provisions	25.7	18.9	36.0
Result from disposals	317.8	28.4	-
Release of/Addition to the provisions for onerous contracts relating to electricity procurement agreements	59.2	-198.1	-
Income from reversals of impairment losses	93.1	5.9	-
Restructuring	-70.0	-110.4	36.6
Other non-operating result	-64.6	-92.3	30.0
<b>Non-operating EBITDA</b>	<b>1,639.4</b>	<b>-1,208.2</b>	-
Impairment losses	-134.2	-1,479.2	-
<b>Non-operating EBIT</b>	<b>1,505.2</b>	<b>-2,687.4</b>	-



## Calculation of net debt

— EnBW

In € m

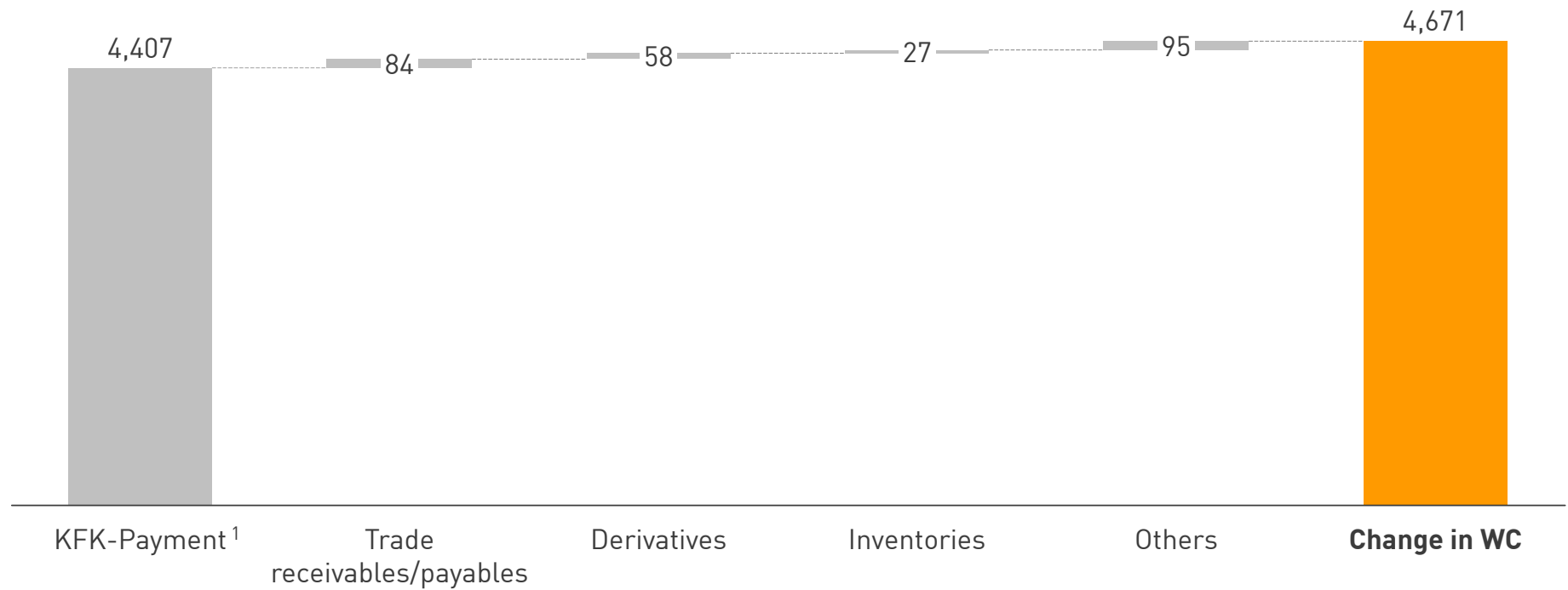




## Working capital effects

— EnBW

In € m



<sup>1</sup> Less a contractual partner's share of nuclear decommissioning obligations assumed in connection with electricity deliveries



## Income statement

— EnBW

In € m	2017	2016	Variance in %
<b>Revenue</b>	<b>21,974.0</b>	<b>19,368.4</b>	<b>13.5</b>
Changes in inventories/other own work capitalized	157.6	134.4	17.3
Cost of materials	-18,189.3	-16,681.3	9.0
Personnel expenses	-1,777.1	-1,673.4	6.2
Other operating income/expenses	1,587.2	417.4	-
<b>EBITDA</b>	<b>3,752.4</b>	<b>730.7</b>	<b>-</b>
Amortisation and depreciation	-1,248.4	-2,393.6	-47.8
<b>EBIT</b>	<b>2,504.0</b>	<b>-1,662.9</b>	<b>-</b>
Investment and financial result	353.9	-1,059.0	-
<b>EBT</b>	<b>2,857.9</b>	<b>-2,721.9</b>	<b>-</b>
Income tax	-681.6	1,049.4	-
<b>Group net profit</b>	<b>2,176.3</b>	<b>-1,672.5</b>	<b>-</b>
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	-



## Cash flow statement

— EnBW

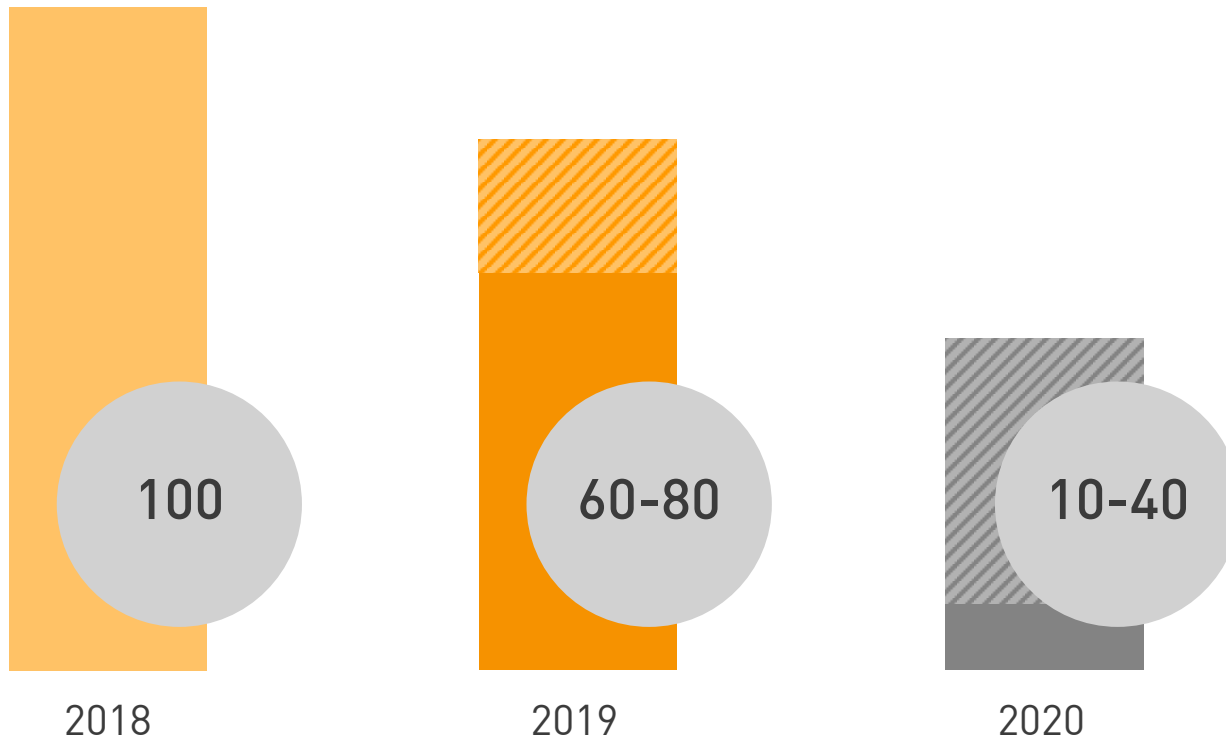
In € m	2017	2016	Variance in %
<b>EBITDA</b>	<b>3,752.4</b>	<b>730.7</b>	-
Changes in provisions	-472.3	721.9	-
Non-cash-relevant income/expenses	-385.9	-78.1	-
Income tax paid/received	81.1	-243.4	-
Interest and dividends received	591.7	345.1	71.5
Interest paid for financing activities	-425.6	-351.3	21.2
Contribution of dedicated financial assets	-6.4	50.7	-
<b>Funds from Operations (FFO)</b>	<b>3,135.0</b>	<b>1,175.6</b>	-
Change in assets and liabilities from operating activities	-4,671.4	-657.5	-
Capital expenditures on intangible assets and property, plant and equipment	-1,419.2	-1,189.4	19.3
Disposals of intangible assets and property, plant and equipment	52.8	115.5	-54.3
Cash received from construction cost and investment subsidies	113.8	61.1	86.3
<b>Free cashflow</b>	<b>-2,789.0</b>	<b>-494.7</b>	-



# Hedge levels<sup>1</sup>

— EnBW

In %



<sup>1</sup>As of 31 December 2017

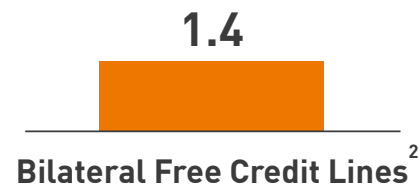
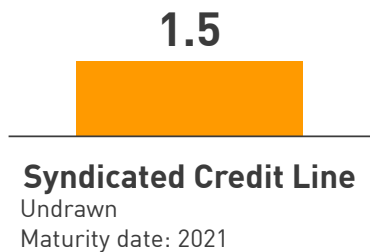
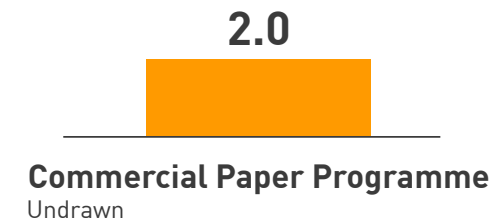
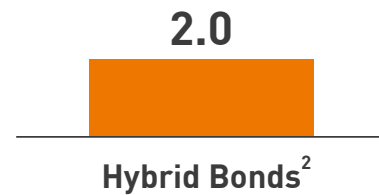
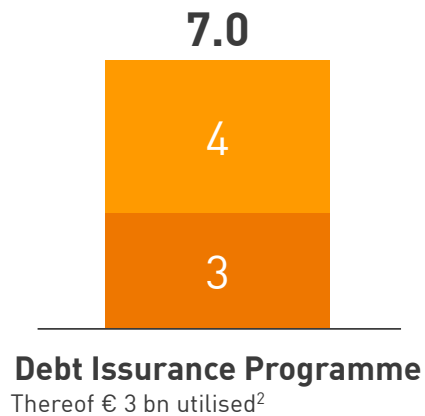




# EnBW has a flexible access to various financing sources<sup>1</sup>



In € bn



Project financing and low-interest loans from the EIB

<sup>1</sup> As of 31 December 2017

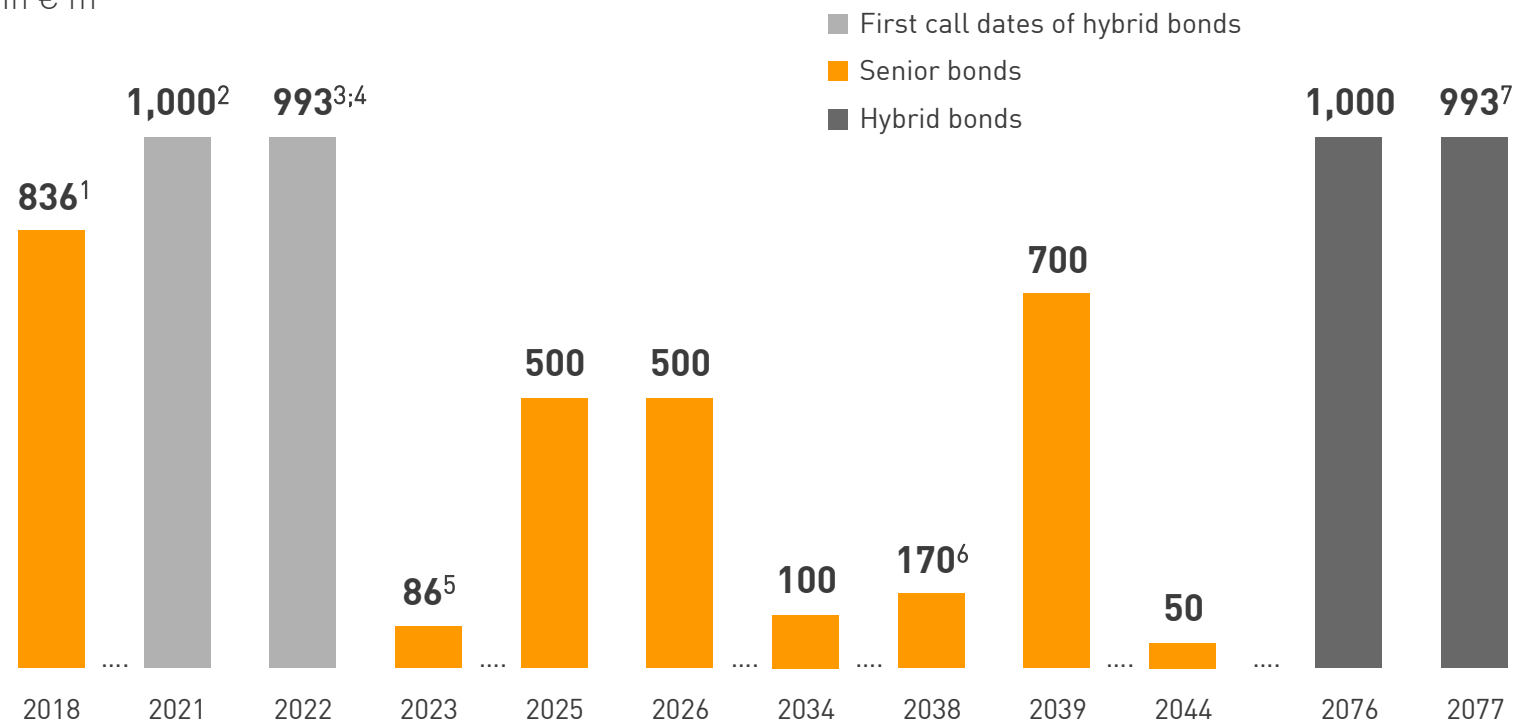
<sup>2</sup> Rounded figures



## Maturities of EnBW's bonds



In € m



<sup>1</sup> Includes CHF 100 million, converted as of the reporting date of 31/12/2017

<sup>3</sup> First call date: hybrid maturing in 2077

<sup>5</sup> CHF 100 million, converted as of the reporting date of 31/12/2017

<sup>7</sup> Includes USD 300 million, converted as of 05/10/2016

<sup>2</sup> First call date: hybrid maturing in 2076

<sup>4</sup> Includes USD 300 million (swap in EUR), Coupon for Swap 5,125%

<sup>6</sup> JPY 20 billion (swap in EUR), Coupon for Swap 3,880%



## Financial calendar 2018 & important links



### Financial calendar 2018



March 22, 2018

May 08, 2018

May 15, 2018

July 26, 2018

November 12, 2018

Integrated Annual Report January to December 2017 (Conference time: 03:00 pm)

Annual General Meeting 2018

Quarterly Statement January to March 2018 (Conference time: 10:00 am)

Six-Monthly Financial Report January to June 2018 (Conference time: 01:00 pm)

Quarterly Statement January to September 2018 (Conference time: 01:00 pm)

### Important links



Annual Statement 2017

<https://www.enbw.com/report2017>

Financial Calendar

<https://www.enbw.com/company/investors/events/finance-calender/>

Investor Relations contact

<https://www.enbw.com/company/investors/service-contact/contact/>

Financing facilities

<https://www.enbw.com/company/investors/strategy/>

Maturities of our bonds

<https://www.enbw.com/company/investors/bonds-share/bonds/>



## EnBW IR contacts



Ingo Peter Voigt

**Head of Finance, M&A and  
Investor Relations**

T +49 721 – 6314375  
[i.voigt@enbw.com](mailto:i.voigt@enbw.com)



Julia von Wietersheim

**Senior Manager  
Investor Relations**

T +49 721 – 6312060  
[j.vonwietersheim@enbw.com](mailto:j.vonwietersheim@enbw.com)



Jacqueline Möhle

**Manager  
Investor Relations**

T +49 721 – 6312697  
[j.moehle@enbw.com](mailto:j.moehle@enbw.com)



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