# Conference call on the first six months 2015 >

EnBW Energie Baden-Württemberg AG



Karlsruhe, 30 July 2015
Thomas Kusterer, Chief Financial Officer
Ingo Peter Voigt, Senior Vice President, Head of Finance, M&A and Investor Relations



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### In H1 2015 EnBW remains on track



### Economic and regulatory environment

- > Pressure on electricity wholesale market prices remains
- > Publication of White Paper
  - Electricity market 2.0 with capacity reserve and amendment of German Regulation on Power Plant Reserve (ResKV)
  - Reduction of CO<sub>2</sub> emissions: Transfer of lignite power plants into capacity reserve and gradual shut-down
  - Grid expansion: Favoured underground cables solution will lead to time delay and higher cost

### **Operating performance**

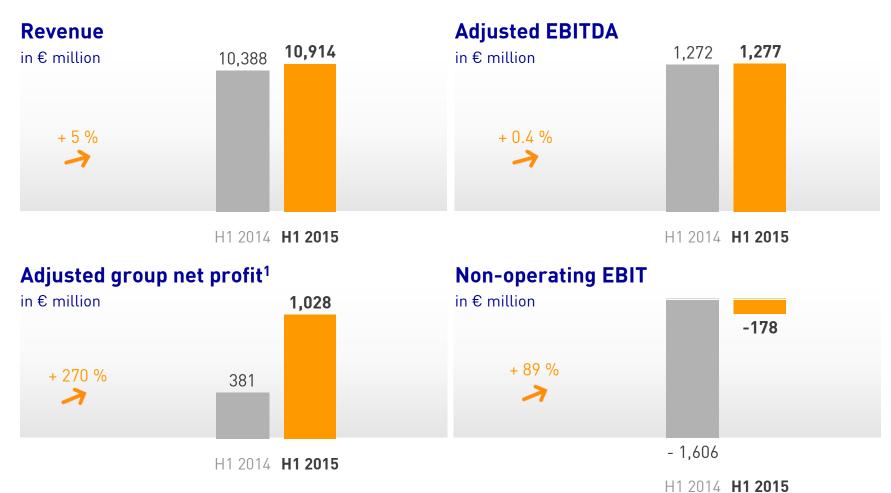
- > EnBW Baltic 2: Partial commissioning
- EnBW 2020 unchanged after PROKON creditors optioned for the cooperation model option
- > Joint-venture in Turkey: installed capacity of renewable portfolio reaching 337 MW

### Financial performance

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

### H1 2015 – Results in line with expectations



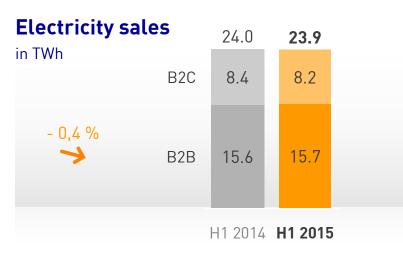


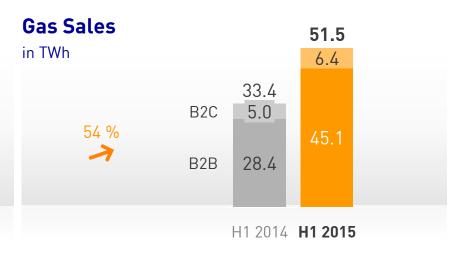
<sup>&</sup>lt;sup>1</sup> Of which profit/loss shares attributable to the shareholders of EnBW AG



# Sales – Profitability increase mainly due to higher gas sales









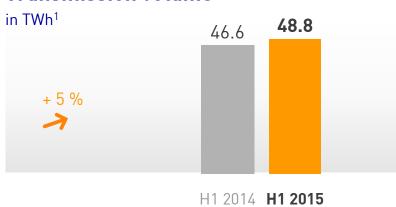
- > Weather-related higher gas sales volume
- > Ongoing optimisation in the area of sales
- Investments: € 13 m, below prior-year level (€ 22 m)



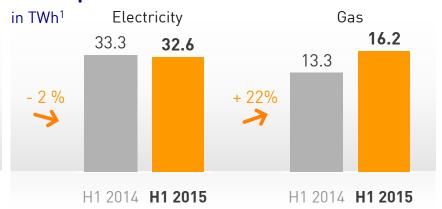
### Grids – Weather-related higher volumes, but - as expected - decreased earnings



### **Transmission volume**



### **Development of transmission volumes**



### **Adjusted EBITDA**



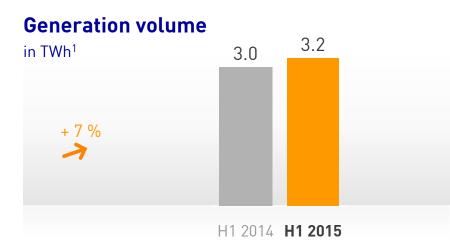
- > Temperature-related increased gas transmission volumes
- > But several negative earnings impacts
  - > Staff increase due to grid expansion
  - Higher lease expenses relating to the new contract arrangement with the City of Stuttgart
  - One-off effect due to subsequent price adjustment for water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

<sup>&</sup>lt;sup>1</sup> Distribution only

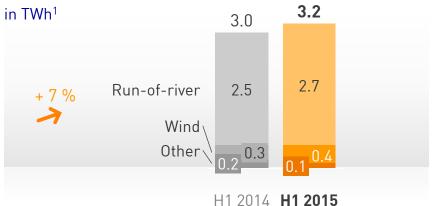


## Renewable energies – Slight increase in profitability

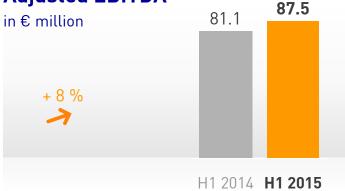








### **Adjusted EBITDA**



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

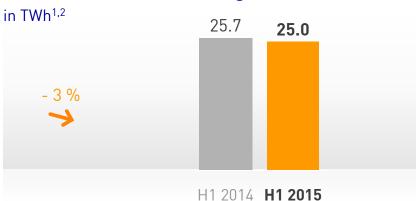
<sup>&</sup>lt;sup>1</sup> Includes long-term procurement agreements and generation from partly owned power stations; the figures indicated are taken from the segments; segment excludes generation from pump storage plants that is associated in the generation and trading segment



# Generation & Trading – As expected decreasing profitability continues



### Conventional & nuclear generation volume



### Development of fossil generation mix



### **Adjusted EBITDA**



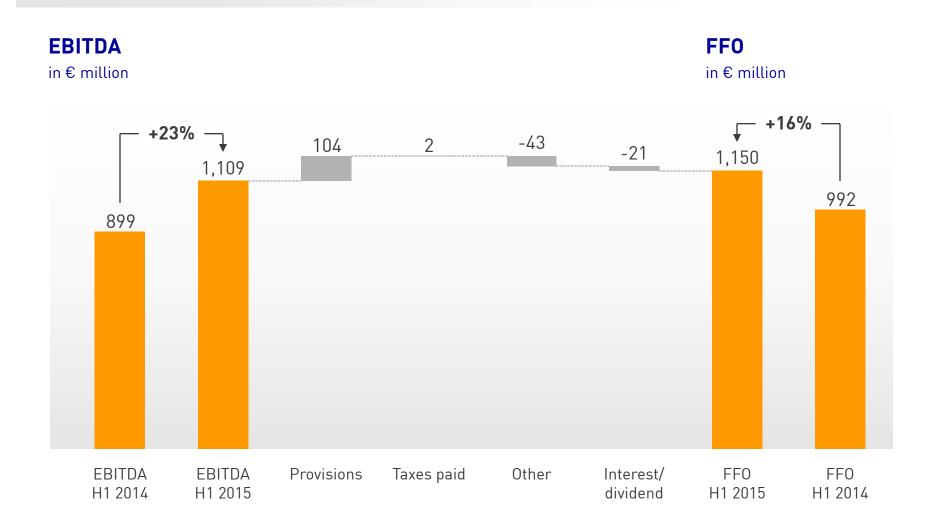
- > Decreasing prices and spreads on wholesale market
- > Positive earnings effects
  - > Temporarily higher positive valuation effects
  - Reimbursement of cost due to Ordinance on Reserve Power Plants
- Investments: €103m, significantly lower than in H1 2014 (€ 325m)

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

<sup>&</sup>lt;sup>2</sup> Segment includes pump storage plants

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



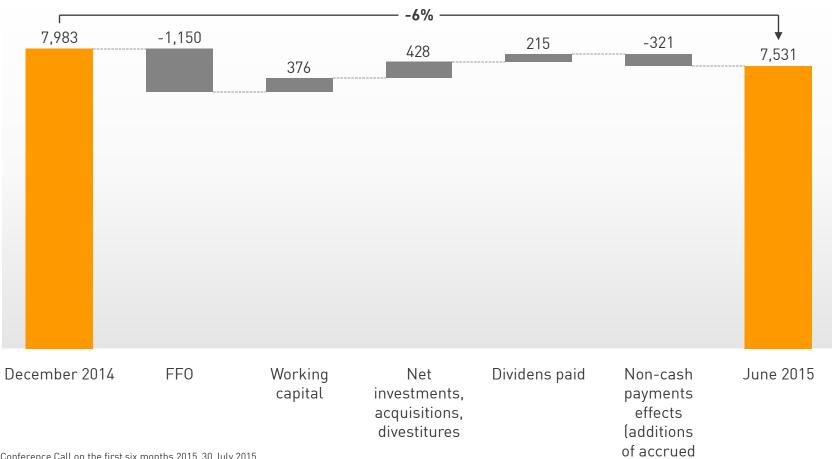


### Adjusted net debt reduction mainly due to FCF and decreased NPV of pension provisions



### **Adjusted Net Debt**

in € million



interest

### Adjusted EBITDA outlook 2015 unchanged



### **Adjusted EBITDA**

	2014	Outlook 2015 <sup>1</sup>	
Group	€ 2,167 million	0 % to -5 %	×
Sales	€ 231 million	+10 % to +20 %	7
Grids	€ 886 million	0 % to -10 %	×
Renewable Energies	€ 191 million	> 20%	A
Generation and Trading	€ 900 million	-15 % to -25 %	×

<sup>&</sup>lt;sup>1</sup> In comparison with adjusted EBITDA 2014

### Questions & Answers >





### **Appendix**



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### Non-operating result



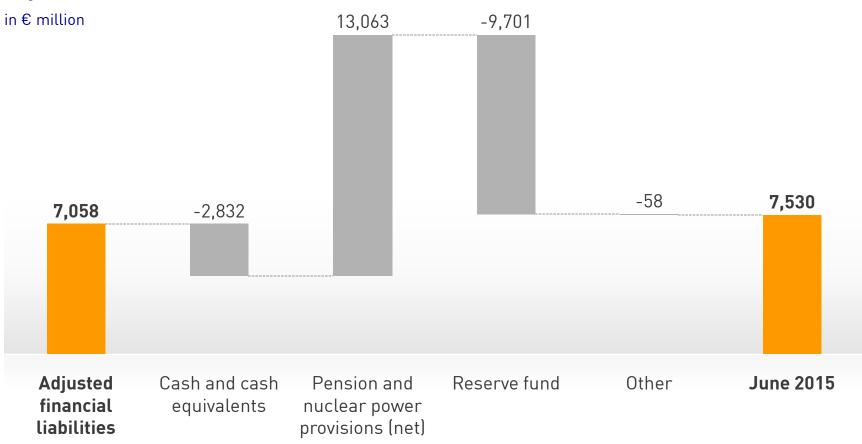
### Non-operating result

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

### Calculation of adjusted net debt



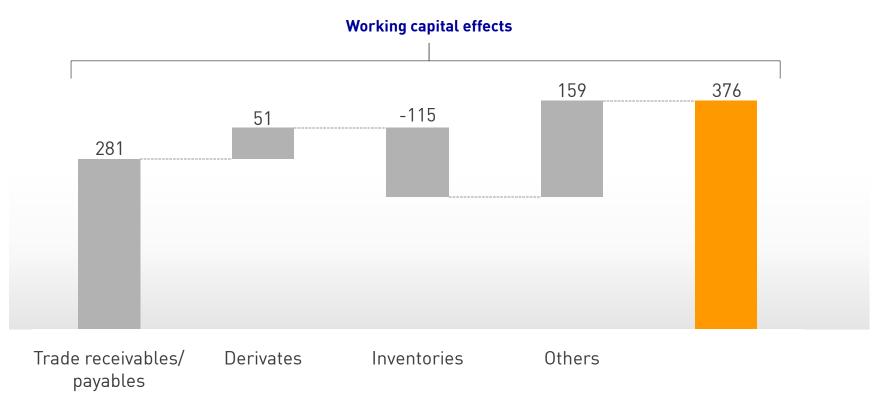
### **Adjusted Net Debt**



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



### Change in working capital



### Income statement



### Income

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

### Cash flow statement



### Free cash flow

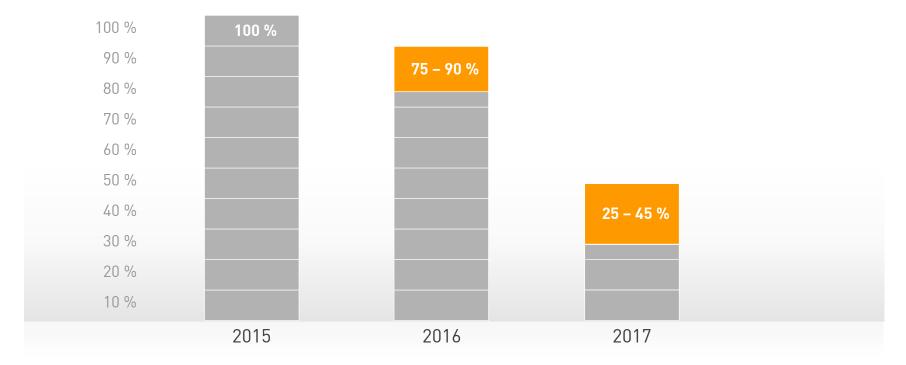
	H1 2015	H1 2014	Variance in %
Operating cash flow	794.7	1,054.2	-24.6
Change in assets and liabilities from operating activities	376.4	-63.1	_
Interest and dividends received	177.5	131.9	34.6
Interest paid for financing activities	-198.2	- 130.7	51.6
Funds from Operations (FFO)	1,150.4	992.3	15.9
Change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

### Hedge levels



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

in %



<sup>&</sup>lt;sup>1</sup> As of 30 June 2015

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



### Commercial paper prog.

€ 2.0 billion

undrawn as of 30 June 2015

### **Euro Medium Term Note prog.**

€ 7.0 billion

€ 4.2 bn utilised as of 30 June 20151

### Syndicated loan facility

€ 1.5 billion

undrawn as of 30 June 2015

### Other: **Hybrid bonds**

€ 2 billion

### Bilateral short-term credit lines

€ 507 million

undrawn as of 30 June 2015

### Other: Capital increase

€ 822 million

July 2012

### Details of the syndicated loan facility:

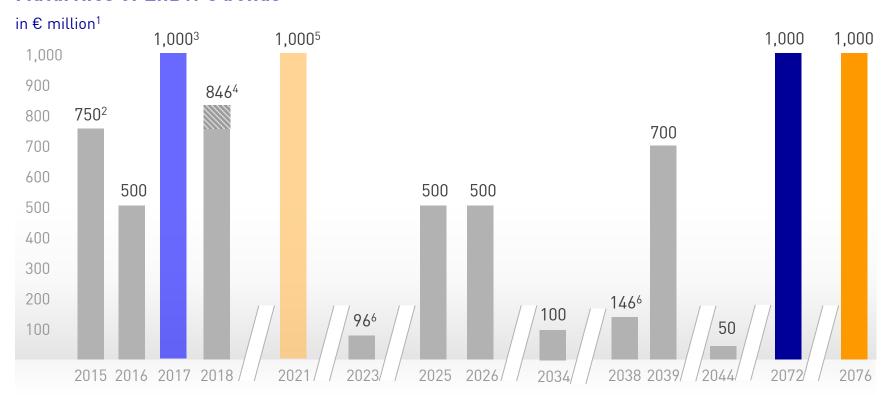
- Maturity date of 2019
- > In 2015 prolongation for a year as of 21 July 2015
- > Prolongation option in 2016 for a further year

<sup>&</sup>lt;sup>1</sup>As of 7 July 2015 repayment of a bond with a nominal value of €750 million. € 3.5 bn of EMTN utilised as of July 8 2015.

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



### Maturities of EnBW's bonds



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

### Financial calendar 2015 and 2016



> 1 October 2015	Capital Market Day 2015 in Karlsruhe
> 13 November 2015	Interim report: January–September 2015 Conference time: 15:00 CET
> 21 March 2016	. Annual report: January–December 2015 Conference time: 15:00 CET
> 10 May 2016	Annual General Meeting 2016
> 13 May 2016	Interim report: January–March 2016 Conference time: 15:00 CET
> 28 July 2016	Interim report: January–June 2016 Conference time: 15:00 CET
> 10 November 2016	. Interim report: January–September 2016 Conference time: 15:00 CET

### EnBW IR contacts





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