

28 July 2016

Press release >

EnBW upholds its earnings forecast for 2016

Six-monthly result impacted by temporary negative effects / Grids and Renewable Energies show significant increase in earnings / Volume of investment increases due to acquisition of VNG

Karlsruhe. In the first half of 2016, EnBW Energie Baden-Württemberg AG and its 20,263 employees achieved revenue of around 9.8 billion euro and an operating result (adjusted EBITDA) of 967.5 million euro. This represents a fall of 24.2 percent compared to the previous year, which was however primarily due to temporary effects. These effects will be balanced out during the remainder of the year. EnBW is thus upholding its forecast for the whole of the 2016 financial year and expects an adjusted Group EBITDA of between 5 and 10 percent below the level in the previous year.

Thomas Kusterer, CFO: "The already very difficult conditions have deteriorated even further in the past few months. Therefore, we have resolutely pushed forward our efforts for improving efficiency. It is not least for this reason that the results in all our of business areas were either in line with expectations or better in the first half of 2016, even when temporary effects are currently distorting comparisons with the previous year. The performance in the Grids and Renewable Energies segments – which will form the cornerstones of our earnings in the future in accordance with our 2020 strategy – was particularly pleasing. We have given the implementation of our strategy and the associated investment programme the highest level of priority. That is why we have recently agreed further targeted efficiency measures and have already started to implement them."

The performance of the Grids segment developed pleasingly with an adjusted EBITDA in the reporting period of 523.8 million euro, which was 20 percent higher than the previous year. Accordingly, the share of the adjusted EBITDA for the Group accounted for by this segment increased substantially from 34.2 percent in the first half of 2015 to 54.1 percent. Higher revenues from the use of the electricity and gas grids were the reason for this development. This was offset by higher expenses incurred for the grid reserve and the planned increases in the number of employees for the expansion of the grids. For the whole financial year, EnBW expects an operating result of more than 20 percent above the level in the previous year.

The adjusted EBITDA of 153.1 million euro in the Renewable Energies segment was 75 percent higher than the value in the same period of the previous year. Accordingly, the share of the EBITDA for the Group accounted for by Renewable Energies increased from 6.9 percent to 15.8 percent. These figures are primarily due to the full commissioning of our offshore wind

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farm EnBW Baltic 2 in the second half of 2015 and will balance out during the remainder of the year. As a result, it was possible up to now to compensate for the negative performance of the run-of-river power plants. EnBW thus expects an increase in earnings in the Renewable Energies segment for the whole 2016 financial year of 10 to 20 percent in comparison to the previous year.

The adjusted EBITDA in the Generation and Trading segment fell in comparison to the same period of the previous year by around 73 percent to 148.6 million euro. Alongside falling prices and spreads on wholesale electricity markets compared to the previous year, this was mainly due to temporary effects: For example, the inspection of the Philippsburg nuclear power plant was already completed in the first half of 2016; the inspection was only carried out in the second half of the year in 2015. For the whole financial year, EnBW continues to expect an operating result in this segment of more than 20 percent below the level in the previous year.

In the Sales segment, the adjusted EBITDA fell in the first half of the year to 138.3 million euro. This represented a fall of 22.9 percent and was primarily due to the sale of EnBW Propower GmbH together with the Eisenhüttenstadt CHP plant as of 31 December 2015. For the whole financial year, EnBW continues to anticipate a fall in the sales result of more than 20 percent in comparison to the previous year.

The adjusted Group net profit attributable to the shareholders of EnBW AG of 52.1 million euro in the reporting period was significantly below the figure in the previous year of 1.03 billion euro. Alongside the fall in adjusted EBITDA, the main cause was the fall in the adjusted financial result. This was strongly influenced in the first half of 2015 by capital gains on disposals of securities.

Due to the acquisition of 74.2 percent of the shares in VNG, the investment volume of the EnBW Group of around 1.67 billion euro increased significantly in the first half of 2016 compared to the previous year (526.3 million euro). At the same time, divestitures were successful due to the sale of shares in EWE. In terms of the overall investment, around 90 percent was accounted for by growth projects. In accordance with the corporate strategy, the main areas of focus were the expansion of Renewable Energies, the transmission and distribution grids for electricity and gas and the strengthening of the gas business.

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Performance indicators of the EnBW Group

Financial and strategic performance indicators

| in € million | 01/01 – 30/06/2016 | 01/01 – 30/06/2015 | Change in % | 01/01 – 31/12/2015 |
|--|-----------------------|-----------------------|----------------|-----------------------|
| External revenue | 9,811.4 | 10,913.8 | -10.1 | 21,166.5 |
| TOP Adjusted EBITDA | 967.5 | 1,276.8 | -24.2 | 2,109.6 |
| TOP Share of adjusted EBITDA accounted for by Sales in € million/in % | 138.3/14.3 | 179.4/14.1 | -22.9/- | 255.3/12.1 |
| TOP Share of adjusted EBITDA accounted for by Grids in € million/in % | 523.8/54.1 | 437.0/34.2 | 19.9/- | 747.4/35.4 |
| TOP Share of adjusted EBITDA accounted for by Renewable Energies in € million/in % | 153.1/15.8 | 87.5/6.9 | 75.0/- | 287.4/13.6 |
| TOP Share of adjusted EBITDA accounted for by Generation and Trading in € million/in % | 148.6/15.4 | 542.5/42.5 | -72.6/- | 777.3/36.8 |
| Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in % | 3.7/0.4 | 30.4/2.3 | -87.8/- | 42.2/2.1 |
| EBITDA | 887.8 | 1,109.1 | -20.0 | 1,918.2 |
| Adjusted EBIT | 504.0 | 824.1 | -38.8 | 1,181.9 |
| EBIT | 402.0 | 645.9 | -37.8 | 277.0 |
| Adjusted Group net profit ¹ | 52.1 | 1,028.4 | -94.9 | 951.7 |
| Group net loss/profit ¹ | -194.2 | 1,056.5 | - | 124.9 |
| Earnings per share from adjusted Group net profit ¹ in € | 0.19 | 3.80 | -94.9 | 3.51 |
| Earnings per share from Group net loss/profit ¹ in € | -0.72 | 3.90 | - | 0.46 |
| Cash flow from operating activities | -362.4 | 794.7 | - | 1,918.3 |
| Free cash flow | -607.4 | 365.9 | - | 725.8 |
| Investments | 1,663.4 | 526.3 | - | 1,461.6 |

Non-financial performance indicators²

| | 01/01 – 30/06/2016 | 01/01 – 30/06/2015 | Change in % | 01/01 – 31/12/2015 |
|---|-----------------------|-----------------------|-------------|-----------------------|
| Customers goal dimension | | | | |
| TOP EnBW/Yello Brand Attractiveness Index | 45/38 | 44/34 | 2.3/11.8 | 43/35 |
| TOP EnBW/Yello Customer Satisfaction Index | 127/143 | 132/148 | -3.8/-3.4 | 136/152 |
| TOP SAIDI (electricity) in min./year | 11 | 13 | -15.4 | 15 |
| Employees goal dimension | | | | |
| TOP LTIF ³ | 3.7 | 2.9 | 27.6 | 3.8 |

Employees^{4, 5}

| | 30/06/2016 | 30/06/2015 | Change in % | 31/12/2015 |
|--------|------------|------------|----------------|------------|
| Number | 20,263 | 20,061 | 1.0 | 20,288 |

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

² The values for the key performance indicators Employee Commitment Index (ECI) and "installed output of renewable energies and the share of the generation capacity in % accounted for by renewable energies" will be exclusively collected at the end of the year.

³ Variations in the group of consolidated companies; only those companies controlled by the Group are included.

⁴ Number of employees excluding marginally employed persons, apprentices/trainees and inactive employees.

⁵ The number of employees for the ITOs (TransnetBW GmbH and terranets bw GmbH) is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2015 is carried forward.