Quarterly Statement

January to March 2021

Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	01/01–31/03/2021	01/01–31/03/2020	Change in %	01/01–31/12/2020
External revenue [1]	6,827.2	5,579.2	22.4	19,694.3
Adjusted EBITDA	814.1	944.8	-13.8	2,781.2
Share of adjusted EBITDA accounted for by Smart Infrastructure for Customers in € million/in % [1]	116.2/14.3	78.7/8.3	47.6/–	335.0/12.0
Share of adjusted EBITDA accounted for by System Critical Infrastructure in € million/in %	378.4/46.5	416.4/44.1	-9.1/–	1,346.6/48.4
Share of adjusted EBITDA accounted for by Sustainable Generation Infrastructure in € million/in % [1]	373.4/45.9	497.4/52.6	-24.9/–	1,277.8/45.9
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	-53.9/-6.7	-47.7/-5.0	-13.0/–	-178.2/-6.3
EBITDA	810.3	768.5	5.4	2,663.3
Adjusted EBIT	445.8	625.7	-28.8	1,391.5
EBIT	441.3	449.4	-1.8	1,102.7
Adjusted Group net profit [2]	320.8	77.6	–	682.8
Group net profit/loss [2]	321.1	-10.4	–	596.1
Earnings per share from Group net profit in € [2]	1.19	-0.04	–	2.2
Retained cash flow	724.6	778.3	-6.9	1,638.5
Net cash investment	374.2	216.5	72.9	1,826.9

in € million	31/03/2021	31/12/2020	Change in %	
Net debt	12,370.5	14,406.5	-14.1	

Employees [3, 4]

	31/03/2021	31/03/2020	Change in %	31/12/2020
Employees	24,828	23,618	5.1	24,655
Employee equivalents [5]	23,290	22,145	5.2	23,078

1 The figures for the previous year have been restated.
2 In relation to the profit/loss attributable to the shareholders of EnBW AG.
3 Number of employees excluding apprentices/trainees and inactive employees.
4 The number of employees for the ITOs (ONTRAS Gastransport GmbH, terranets bw GmbH and TransnetBW GmbH) is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2020 is carried forward.
5 Converted into full-time equivalents.

Q1 2021 at a glance

- Adjusted EBITDA of the EnBW Group of €814.1 million is below the level of the previous year due to temporary effects
- Group net profit increases significantly to €321.1 million due to improved financial result
- Net debt decreases by 14% due to increase in the discount rate for pension provisions and receipt of EEG payments
- Higher investment in the expansion of renewable energies and electromobility
- Earnings forecast for whole of 2021 remains unchanged

Contents

Offshore wind power at EnBW: Looking back and looking forward

Almost exactly ten years ago, EnBW Baltic 1 marked the starting point for the development of commercial offshore wind power in Germany on 2 May 2011. We have added a further three major offshore wind farms since then. And EnBW is continuing on this path. We now want to use our expertise to develop more wind farms out at sea – both at home and internationally.

Wind farms in the North and Baltic Seas are making an ever more important contribution to the generation of emission-free electricity in Germany. Offshore wind turbines with a total output of around 20,000 megawatts (MW) will be installed off the coast of Germany by 2030, supplying up to 20 million households on aggregate with clean electricity according to the German Offshore Wind Energy Foundation. And we want to be operating a large proportion of them: By 2025 alone, we aim to increase our wind energy capacities from 2,000 MW to 4,500 MW. Offshore will continue to play a big part in this development.

Offshore wind energy in Germany was still in its very early stages ten years ago. At sea, Germany had only had research projects and prototypes up to that point in time. We started commercial utilization with 21 wind turbines located around 16 kilometers north of the Darß-Zingst peninsula: EnBW Baltic 1 was placed into operation on 2 May 2011 and is still reliably generating electricity today with a total output of 48.3 MW, enough to supply 50,000 households on aggregate.

"Baltic 1 was really pioneering work both for Germany and also for EnBW and we were able to demonstrate that offshore wind farms could be operated in an economically viable way," says Frank Mastiaux, Chief Executive Officer of EnBW. Since then we have continued to demonstrate our strength in the planning, construction and operation of offshore wind farms. Such as with EnBW Baltic 2: The significantly larger "big brother" to EnBW Baltic 1 has 80 wind turbines, a total output of 288 MW and was connected to the grid in 2015. The wind turbines at EnBW Baltic 2 are almost one third larger than those at Baltic 1. Its site covers an area of 27 km², which is four times as large as EnBW Baltic 1, and it can generate six times as much electricity.

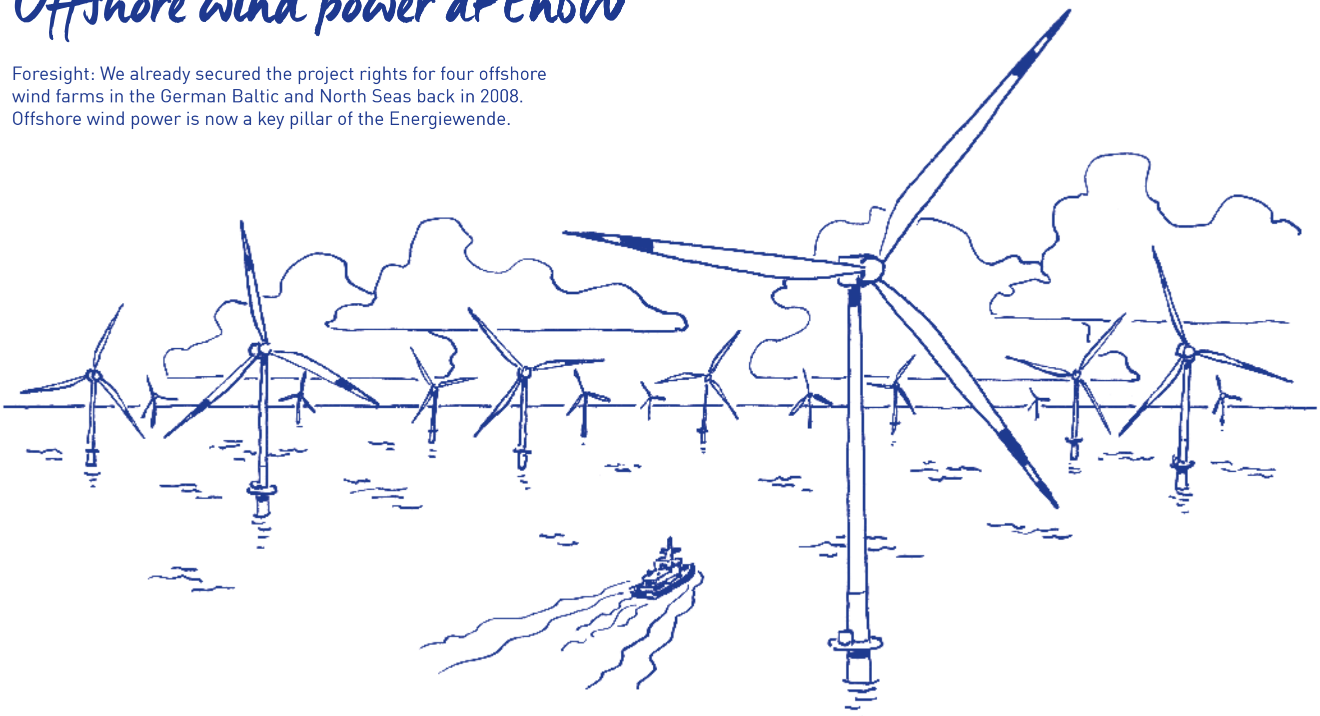
7 MW

of output is supplied by every gearless turbine at the EnBW Hohe See and Albatros wind farms, almost twice as much as those at EnBW Baltic 2.

We didn't have to wait long after the commissioning of EnBW Baltic 2 before we realized our next milestone: "The EnBW Hohe See and EnBW Albatros wind farms were our first project in the North Sea and taken together we essentially constructed what is currently the largest wind farm in Germany," explains Stefan Kansy, Head of New Generation Construction Projects at EnBW. "Both farms have been fully connected to the grid since January 2020 and supply enough green energy for 710,000 private households on aggregate – which corresponds to a large city with 1 million inhabitants." The technological advances were also immense: Instead of the 3.6 MW turbines at EnBW Baltic 2, turbines with an output of 7 MW each were installed at EnBW Hohe See and Albatros.

Offshore wind power at EnBW

Foresight: We already secured the project rights for four offshore wind farms in the German Baltic and North Seas back in 2008. Offshore wind power is now a key pillar of the Energiewende.



2008
Acquisition of project rights for four offshore wind farms in the German Baltic and North Seas.

2010–2011
Construction and commissioning of EnBW Baltic 1.

2013–2015
Construction and commissioning of EnBW Baltic 2.

2017
Bid for EnBW He Dreiht accepted in Germany's first offshore wind auction.

2018
Joint venture with Trident Winds to develop the floating wind project "Morro Bay" off the coast of California.

2018
Investment in three offshore wind projects in Taiwan; opening of the EnBW office in Taipei.

2018–2019
Construction and commissioning of EnBW Hohe See and Albatros.

2019
Opening of the EnBW development offices in New Jersey and Boston.

2021
Two sites with a total output of 3,000 MW secured in GB in cooperation with bp.

2023
Planned investment decision for EnBW He Dreiht.

2025
Planned commissioning of EnBW He Dreiht.

2028
Planned commissioning of offshore wind farms in the Irish Sea.

2025

EnBW He Dreiht in the North Sea – currently one of Europe's largest offshore wind farms – is due to be placed into operation

The EnBW He Dreiht wind farm, which we plan to construct near to EnBW Hohe See and Albatros with a total output of 900 MW, will see a significant increase in the output of the turbines once again and each one is expected to generate more than 10 MW. We aim to place this offshore wind farm – which is one of the largest in Europe and will not depend on any state funding – into operation in 2025. Our three neighboring wind farms in the North Sea will together supply 1,500 MW of power. That's a powerful piece of the Energiewende.

Offshore power has also become an important element of the future energy supply internationally. We want to use our expertise to also promote the sustainable generation of energy in other countries. In February this year, we had our joint bid with bp accepted for the sites for two offshore wind farms in Great Britain with a total output of 3,000 MW and plan to place them into operation in 2028. We have also been an investor in three offshore projects in Taiwan since 2018, while in the USA, we have been making the preparations for an offshore project off the coast of California in a joint venture with Trident Winds since 2018. The special feature of the "Morro Bay" wind farm with an output of up to 1,000 MW is that it will use floating wind turbines – another innovative technology that will help push forward the Energiewende.

The EnBW Group

Changes to the segment reporting

As part of the EnBW 2025 strategy, EnBW has been divided into three new segments since the beginning of 2021 that focus on infrastructure. “Sales” activities have become the new segment “Smart Infrastructure for Customers” and the “Grids” segment has become the “System Critical Infrastructure” segment. Finally, the “Sustainable Generation Infrastructure” segment has been formed from the previous “Renewable Energies” and “Generation and Trading” segments. The figures for the previous year have been restated in accordance with the new segment reporting.

Results of operations

Material developments in the income statement

The increase in revenue of €1,248.0 million in comparison to the figure in the previous year to €6,827.2 million was primarily attributable to changes to the group of consolidated companies and higher sales volumes in the electricity and gas sectors. The cost of materials was €1,143.1 million higher than the figure in the previous year and corresponds to the increase in revenue. The restatement of the figures for the previous year relates to the offsetting method for revenues and cost of materials that has no effect on the result of the Group. The investment result in the reporting period stood at €28.5 million, which was €39.6 million lower than the figure of €68.1 million in the previous year. This decrease was mainly due to the revaluation of the shares in EnBW Albatros in the same period of the previous year. EnBW Albatros is no longer accounted for using the equity method but has instead been fully consolidated since the beginning of 2020. The financial result improved in the reporting period in comparison to the same period of the previous year by €519.3 million to €55.0 million (previous year: €-464.3 million). The primary reason for this development was a significantly higher result from the market valuation of securities. The result in the same period of the previous year reflected the uncertainties on the global securities markets caused by the coronavirus pandemic. Overall, earnings before tax (EBT) totaled €524.8 million in the first three months of the 2021 financial year, compared with €53.2 million in the same period of the previous year.

Earnings

The Group net profit/loss attributable to the shareholders of EnBW AG improved from €-10.4 million in the same period of the previous year by €331.5 million to €321.1 million in the reporting period. Earnings per share amounted to €1.19 compared to €-0.04 in the previous year.

Adjusted earnings and non-operating result

The sum of the adjusted earnings figures and non-operating figures gives the figures on the income statement. The non-operating result includes effects that either cannot be predicted or cannot be directly influenced by EnBW and as such are not relevant to the ongoing management of the company. The effects are presented in the section “Non-operating EBITDA.” The business activities relevant to the ongoing management of the company are of particular importance for internal management and for the external communication of the current and future earnings potential of EnBW. We use the adjusted EBITDA – earnings before the investment and financial results, income taxes and amortization, adjusted for non-operating effects – as the key reporting indicator for disclosing this information.

Adjusted EBITDA by segment

in € million	01/01–31/03/2021	01/01–31/03/2020	Change in %	01/01–31/12/2020
Smart Infrastructure for Customers [1]	116.2	78.7	47.6	335.0
System Critical Infrastructure	378.4	416.4	-9.1	1,346.6
Sustainable Generation Infrastructure [1]	373.4	497.4	-24.9	1,277.8
Other/Consolidation	-53.9	-47.7	-13.0	-178.2
Total	**814.1**	**944.8**	**-13.8**	**2,781.2**

1 The figures for the previous year have been restated.

Share of adjusted EBITDA accounted for by the segments

in %	01/01–31/03/2021	01/01–31/03/2020	01/01–31/12/2020
Smart Infrastructure for Customers [1]	14.3	8.3	12.0
System Critical Infrastructure	46.5	44.1	48.4
Sustainable Generation Infrastructure [1]	45.9	52.6	45.9
Other/Consolidation	-6.7	-5.0	-6.3
Total	**100.0**	**100.0**	**100.0**

1 The figures for the previous year have been restated.

The adjusted EBITDA of the EnBW Group decreased in the first three months of 2021 in comparison to the same period of the previous year by 13.8%. Adjusted for the effects of changes in the consolidated companies, the adjusted EBITDA of the EnBW Group would have decreased by 13.9%. This decrease in comparison to the figure in the previous year is mainly due to temporary effects.

Smart Infrastructure for Customers: The adjusted EBITDA in the Smart Infrastructure for Customers segment increased in the first three months of 2021 by 47.6% in comparison to the same period of the previous year. Adjusted for the effects of changes in the consolidated companies, earnings increased by 52.9%. The reason for this increase in earnings was a largely temporary extraordinary effect caused, in particular, by passing on state levies as part of the pricing measures introduced on 1 April every year.

System Critical Infrastructure: The adjusted EBITDA in the System Critical Infrastructure segment decreased in the first three months of 2021 by 9.1% in comparison to the same period of the previous year. Adjusted for the effects of the changes in the consolidated companies, the decrease was 9.7%. The reason for this fall in earnings was the increase in personnel expenses, which was mainly due to the required expansion of the grids and which could not be fully offset by higher revenue from the use of the grids.

Sustainable Generation Infrastructure: The adjusted EBITDA in the Sustainable Generation Infrastructure segment decreased in the first three months of 2021 by 24.9% in comparison to the same period of the previous year.

Adjusted EBITDA Sustainable Generation Infrastructure

in € million	01/01–31/03/2021	01/01–31/03/2020	Change in %
Renewable Energies	207.3	236.1	-12.2
Thermal Generation and Trading [1]	166.1	261.3	-36.4
Sustainable Generation Infrastructure	**373.4**	**497.4**	**-24.9**

1 The figures for the previous year have been restated.

In the area of Renewable Energies, the adjusted EBITDA fell by 12.2% to €207.3 million. Adjusted for the effects of the changes in the consolidated companies, the decrease was 12.3%. This fall was primarily attributable to poorer wind conditions – both in comparison to the same period of the previous year and the long-term average. In the area of Thermal Generation and Trading, the adjusted EBITDA decreased in the first three months of 2021 by 36.4% in comparison to the same period of the previous year. The loss of positive valuation effects from the previous year has had a temporary impact on earnings.

Non-operating EBITDA

in € million	01/01–31/03/2021	01/01–31/03/2020	Change in %
Income/expenses relating to nuclear power	0.9	14.3	–
Result from disposals	0.5	1.1	-54.5
Reversals of/additions to the provisions for onerous contracts relating to electricity procurement agreements	0.0	-3.0	–
Restructuring	-7.4	-5.9	25.4
Valuation effects	-2.0	-115.6	-98.3
Other non-operating result	4.2	-67.2	–
Non-operating EBITDA	**-3.8**	**-176.3**	**-97.8**

The increase in non-operating EBITDA was mainly due to a lower write-down on the inventories in gas storage facilities in accordance with IFRS 9 in comparison to the previous year and lower extraordinary tax expenses.

Group net profit/loss

in € million	01/01–31/03/2021			01/01–31/03/2020		
	Total	Non-operating	Adjusted	Total	Non-operating	Adjusted
EBITDA	**810.3**	**-3.8**	**814.1**	**768.5**	**-176.3**	**944.8**
Amortization and depreciation	-369.0	-0.7	-368.3	-319.1	0.0	-319.1
EBIT	**441.3**	**-4.5**	**445.8**	**449.4**	**-176.3**	**625.7**
Investment result	28.5	6.3	22.2	68.1	53.1	15.0
Financial result	55.0	-0.7	55.7	-464.3	-16.2	-448.1
EBT	**524.8**	**1.1**	**523.7**	**53.2**	**-139.4**	**192.6**
Income tax	-130.1	1.1	-131.2	-38.9	11.8	-50.7
Group net profit/loss	**394.7**	**2.2**	**392.5**	**14.3**	**-127.6**	**141.9**
of which profit/loss shares attributable to non-controlling interests	(73.6)	(1.9)	(71.7)	(24.7)	(-39.6)	(64.3)
of which profit/loss shares attributable to the shareholders of EnBW AG	(321.1)	(0.3)	(320.8)	(-10.4)	(-88.0)	(77.6)

The increase in Group net profit in the reporting period in comparison to the same period of the previous year is mainly due to the significant improvement in the financial result. The reason for this development was income from the market valuation of securities, compared to high costs from market valuations in the previous year. Higher income tax expenses had a negative effect in the reporting period. Please refer to the section "Material developments in the income statement" for further information on this subject.

Financial position

Financing

Alongside the internal financing capability and our own funds, we have the following financing instruments at our disposal to cover the financing needs for the operating business (as of 31 March 2021):

- Debt Issuance Program (DIP), via which bonds are issued: €4.7 billion of €7.0 billion has been drawn
- Subordinated bonds: €3.5 billion
- Commercial paper (CP) program: €0.27 billion of €2.0 billion drawn
- Sustainability-linked syndicated credit facility: €1.5 billion undrawn, with a term until the end of June 2025 and an annual extension option after the first and second full year until the end of June 2027 at the latest
- Committed bilateral credit lines: €0.3 billion of €1.2 billion drawn
- Project financing and low-interest loans from the European Investment Bank (EIB)
- In addition, subsidiaries have other financing activities in the form of bank loans and promissory notes.

Established issuer on the debt capital market

We have sufficient and flexible access to the capital market at all times. The EnBW bonds continue to have a well-balanced maturity profile. As part of our financing strategy, we constantly assess capital market trends with regard to the current interest rate environment and to any potentially favorable refinancing opportunities.

We issued two corporate bonds in the middle of February, each with a volume of €500 million. The bond with a term of seven years has a coupon of 0.125%. The bond with a term of twelve years has a coupon of 0.500%. Due to high demand, we were able to issue the bonds at attractive conditions.

Rating and rating trends

We aim to hold solid investment-grade ratings. EnBW currently has the following issuer ratings:

- Moody's: A3/negative
- Standard & Poor's (S&P): A-/stable

We have decided to concentrate in future on the two large rating agencies Moody's and S&P. Our rating by the agency Fitch ended on 22 March 2021. The ratings from Moody's and S&P were unchanged in the first quarter.

Net debt

Net debt

in € million	31/03/2021	31/12/2020	Change in %
Cash and cash equivalents available to the operating business	-3,141.9	-959.0	–
Current financial assets available to the operating business	-668.7	-463.8	44.2
Long-term securities available to the operating business	-2.4	-2.1	14.3
Bonds	8,424.0	7,161.9	17.6
Liabilities to banks	1,631.1	1,771.9	-7.9
Other financial liabilities	679.4	679.5	0.0
Lease liabilities	881.2	886.4	-0.6
Valuation effects from interest-induced hedging transactions	-37.7	-51.6	-26.9
Restatement of 50 % of the nominal amount of the subordinated bonds [1]	-1,746.3	-1,746.3	–
Other	-58.0	-45.0	28.9
Net financial debt	**5,960.7**	**7,231.9**	**-17.6**
Provisions for pensions and similar obligations [2]	7,657.5	8,338.5	-8.2
Provisions relating to nuclear power	5,309.2	5,415.3	-2.0
Receivables relating to nuclear obligations	-360.6	-358.9	0.5
Net pension and nuclear obligations	**12,606.1**	**13,394.9**	**-5.9**
Long-term securities and loans to cover the pension and nuclear obligations [3]	-5,536.1	-5,318.2	4.1
Cash and cash equivalents to cover the pension and nuclear obligations	-269.6	-293.7	-8.2
Current financial assets to cover the pension and nuclear obligations	-87.0	-276.9	-68.6
Surplus cover from benefit entitlements	-280.5	-307.6	-8.8
Other	-23.1	-23.9	-3.3
Dedicated financial assets	**-6,196.3**	**-6,220.3**	**-0.4**
Net debt relating to pension and nuclear obligations	**6,409.8**	**7,174.6**	**-10.7**
Net debt	**12,370.5**	**14,406.5**	**-14.1**

1 The structural characteristics of our subordinated bonds meet the criteria for half of them to be classified as equity, and half as debt, by the rating agencies Moody's and Standard & Poor's.
2 Less the market value of the plan assets (excluding the surplus cover from benefit entitlements) of €949.8 million (31/12/2020: €949.9 million).
3 Includes equity investments held as financial assets.

As of 31 March 2021, net debt fell by €2,036.0 million compared to the figure posted at the end of 2020. This fall was mainly due to the increase in the discount rate for pension provisions, the receipt of EEG payments and a decrease in collateral. As of 31 March 2021, the balance on the EEG bank account stood at €374.3 million (31 December 2020: €-629.3 million).

Investment analysis

Net cash investment

in € million[1]	01/01–31/03/2021	01/01–31/03/2020	Change in %	01/01–31/12/2020
Investments in growth projects[2]	446.9	219.0	104.1	1,704.8
Investments in existing projects	125.3	81.4	53.9	820.9
Total investments	**572.2**	**300.4**	**90.5**	**2,525.7**
Divestitures[3]	-5.0	-24.5	-79.6	-33.1
Participation models	-135.0	-29.9	–	-283.7
Disposals of long-term loans	-0.3	-0.2	50.0	-20.0
Other disposals and subsidies	-57.7	-29.3	96.9	-362.0
Total divestitures	**-198.0**	**-83.9**	**136.0**	**-698.8**
Net (cash) investment	**374.2**	**216.5**	**72.9**	**1,826.9**

1 Excluding investments held as financial assets.
2 Does not include cash and cash equivalents acquired with the acquisition of fully consolidated companies. (01/01/2020–31/03/2020: €0.0 million, 01/01/20–31/12/2020: €16.8 million).
3 Does not include cash and cash equivalents relinquished with the sale of fully consolidated companies. (01/01/2020–31/03/2020: €0.0 million, 01/01/2020–31/12/2020: €39.9 million).

Investment by the EnBW Group in the first quarter of 2021 of €572.2 million was significantly higher than the level in the previous year (€300.4 million). This was due primarily to our successful bids for offshore wind rights for the construction of offshore wind farms in Great Britain. Around 78.1% of overall gross investment was attributable to growth projects; the proportion of investment in existing facilities stood at 21.9%.

Investment in the Smart Infrastructure for Customers segment of €51.5 million was significantly higher than the level in the same period of the previous year (€26.3 million), which was mainly a result of higher investment in the area of electromobility.

Investment in the System Critical Infrastructure segment of €185.8 million was higher than the level in the previous year of €169.0 million. In both years, it was primarily attributable to the expansion of the transmission grids by our Group subsidiaries TransnetBW, terranets bw and ONTRAS Gastransport. In addition, our grid companies invested in the expansion and increasingly the renewal of the distribution grid, as well as in the expansion of the grid infrastructure for the benefit of electromobility.

There was investment of €327.9 million in the Sustainable Generation Infrastructure segment, which was significantly higher than the level in the same period of the previous year (€96.6 million). €306.5 million of this investment was in the area of Renewable Energies, compared to €86.7 million in the same period of the previous year. This increase was primarily attributable to the offshore wind sector due to our successful participation in the auction in Great Britain. Investment in Thermal Generation and Trading stood at €21.4 million and was thus higher than the level in the same period of the previous year (€9.9 million). This was mainly the result of the major overhaul of the Lippendorf power plant this year.

Other investments of €7.0 million were slightly below the comparative value of €8.5 million for the same period of the previous year.

Divestitures increased compared to the figure in the previous year from €83.9 million to €198.0 million. This was primarily due to the sale of shares in a portfolio of onshore wind farms in connection with our participation models.

Liquidity analysis

Condensed cash flow statement

in € million	01/01–31/03/2021	01/01–31/03/2020	Change in %	01/01–31/12/2020
Cash flow from operating activities	1,598.6	-222.7	–	1,158.1
Cash flow from investing activities	-603.1	-4.7	–	-1,978.5
Cash flow from financing activities	1,162.5	569.4	–	681.9
Net change in cash and cash equivalents	**2,158.0**	**342.0**	**–**	**-138.5**
Change in cash and cash equivalents due to changes in the consolidated companies	-1.6	21.5	–	38.7
Net foreign exchange difference	2.4	-5.9	–	-11.4
Change in cash and cash equivalents due to risk provisions	0.0	0.0	–	0.1
Change in cash and cash equivalents	**2,158.8**	**357.6**	**–**	**-111.1**

The significant increase in cash flow from operating activities in comparison to the same period of the previous year was caused primarily by an inflow of cash in the net current assets on the reporting date. This was mainly attributable to lower deposits of collateral made against the backdrop of current fluctuations on the market and the sharp fall in the net balance of trade receivables and payables in comparison to the previous year as a result of the payments to settle the EEG bank account.

Cash flow from investing activities returned a higher outflow of cash in the reporting period compared to the previous year. This was mainly due to the successful bids for offshore wind rights for the construction of offshore wind farms in Great Britain and higher net investment as part of the portfolio management of securities and financial investments.

Cash flow from financing activities returned a significantly higher cash inflow than in the previous year. In particular, this was attributable to the issuing of two senior bonds in the first quarter of 2021, each with a nominal volume of €500 million. In addition, other short-term loans in the reporting period led to a rise in cash inflow.

The solvency of the EnBW Group was ensured in the first quarter of 2021 thanks to the company's internal financing capability and the external sources available for financing. The company's future solvency is secured by its solid financial position and results of operations.

Retained cash flow

in € million	01/01–31/03/2021	01/01–31/03/2020	Change in %	01/01–31/12/2020
EBITDA	**810.3**	**768.5**	**5.4**	**2,663.3**
Changes in provisions	-100.3	-112.0	-10.4	-553.3
Non-cash-relevant expenses/income	10.3	119.5	-91.4	-26.1
Income tax paid	-31.7	-37.5	-15.5	-207.8
Interest and dividends received	54.1	60.2	-10.1	264.5
Interest paid for financing activities	-51.8	-35.1	47.6	-236.1
Dedicated financial assets contribution	33.7	14.7	129.3	123.1
Funds from operations (FFO)	**724.6**	**778.3**	**-6.9**	**2,027.6**
Dividends paid	0.0	0.0	–	-389.1
Retained cash flow[1]	**724.6**	**778.3**	**-6.9**	**1,638.5**

1 Adjusted for the effects from the reimbursement of the nuclear fuel rod tax of €60.0 million, the adjusted retained cash flow stood at €838.3 million in the previous year (01/01–31/03/2020). There is no adjustment in the reporting year.

Funds from operations (FFO) fell in comparison to the same period of the previous year despite the improved EBITDA. This was mainly due to lower non-cash-relevant expenses and higher interest paid. This was offset to some extent by a larger positive dedicated financial assets contribution.

As in the previous year, the retained cash flow corresponds to the FFO. It is an expression of the internal financing capability of EnBW and reflects the funds that are available to the company for investment – after all stakeholder claims have been settled – without the need to raise additional debt.

Net assets

Condensed balance sheet

in € million	31/03/2021	31/12/2020	Change in %
Non-current assets	33,263.6	33,284.7	-0.1
Current assets	13,602.5	12,645.3	7.6
Assets held for sale	3.8	35.0	-89.1
Assets	**46,869.9**	**45,965.0**	**2.0**
Equity	8,815.1	7,768.8	13.5
Non-current liabilities	26,720.8	26,447.2	1.0
Current liabilities	11,334.0	11,744.7	-3.5
Liabilities directly associated with assets classified as held for sale	0.0	4.3	–
Equity and liabilities	**46,869.9**	**45,965.0**	**2.0**

As of 31 March 2021, the total assets were slightly higher than the level at the end of the previous year. Non-current assets decreased by €21.1 million. Current assets increased by €957.2 million. This was mainly due to higher bank balances, and was offset to some extent by a fall in the derivatives and receivables related to the EEG.

As of 31 March 2021, equity increased by €1,046.3 million. This was primarily attributable to the Group net profit achieved in the reporting period and the increase in the discount rate for pensions. The equity ratio increased from 16.9% at the end of 2020 to 18.8% on the reporting date.

Non-current liabilities increased by €273.6 million, which was mainly the result of issuing two bonds. This was offset to some extent by a fall in the pension provisions caused by the interest rate. Current liabilities decreased by €410.7 million. This development was primarily attributable to a fall in derivatives.

Forecast

In the following forecast we take a look at the expected development of EnBW in the current financial year. It should be noted that the present conditions – such as the further development of the coronavirus pandemic – increase the level of uncertainty with which predictions about the future development of the company can be made.

Adjusted EBITDA and the share of the adjusted EBITDA accounted for by the segments

Development in 2021 (adjusted EBITDA and the share of adjusted EBITDA accounted for by the segments) compared to the previous year

	Earnings performance (adjusted EBITDA) compared to the previous year		Development of the share of adjusted EBITDA for the EnBW Group accounted for by the segments	
	2021	2020	2021	2020
Smart Infrastructure for Customers	€300 to €375 million	€335.0 million	10% to 15%	12.0%
System Critical Infrastructure	€1,300 to €1,400 million	€1,346.6 million	40% to 50%	48.4%
Sustainable Generation Infrastructure	€1,375 to €1,475 million	€1,277.7 million	45% to 55%	45.9%
Other/Consolidation		€-178.2 million		-6.3%
Total	**€2,825 to €2,975 million**	**€2,781.2 million**		**100.0%**

The earnings forecast for the entire Group and the individual segments for the whole 2021 financial year remains unchanged from that given in the 2020 Group management report, despite the lower earnings in the first quarter compared to the same period of the previous year.

The adjusted EBITDA of the **Smart Infrastructure for Customers** segment will reach about the same level in 2021 as in the previous year. We expect stable earnings in a challenging market environment – even against the backdrop of the ongoing coronavirus pandemic and the pricing measures implemented in April. We thus anticipate a stable share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA of the **System Critical Infrastructure** segment will reach the same level in 2021 as in the 2020 financial year. Revenue from the use of the grids is expected to increase slightly in comparison to the previous year, despite the ongoing coronavirus pandemic, as a result of returns on increased investment activity in projects that are included in the Network Development Plan Electricity and Network Development Plan Gas. We expect a stable or slightly decreasing share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA for the **Sustainable Generation Infrastructure** segment will increase significantly in 2021. Renewable energies will contribute around €900 million to earnings. The further expansion of power plants for the utilization of renewable energies will have a positive impact on the earnings performance. The forecasts for wind yields and thus for the volume of electricity generated are based on the long-term average. As the wind yields in 2020 were below this level, we expect higher earnings during the remainder of 2021 in comparison to the previous year. In addition, we expect a consistently good trading performance in 2021. The share of the adjusted EBITDA for the Group accounted for by this segment should reach at least the level in the previous year.

The adjusted EBITDA for the **EnBW Group** will increase further in 2021 and be between €2,825 billion and €2,975 billion. We expect the adjusted EBITDA for the Group to be higher in 2022 than in 2021. This will be due to the stabilization of, and improvement in, earnings in all segments.

Opportunities and risks

Using the report on risks in the 2020 Group management report as a basis, only the material opportunities or risks which have significantly changed, arisen or ceased to exist in the reporting period are described in this Quarterly Statement January to March 2021. A detailed presentation of the opportunity and risk position can be found in the Integrated Annual Report 2020 from p. 100 onwards.

In comparison to the report issued at the end of 2020, the risks faced by the EnBW Group improved in the first three months of 2021. No risks currently exist that might jeopardize the EnBW Group as a going concern.

Cross-segment opportunities and risks

Discount rate applied to pension provisions: As of the reporting date of 31 March 2021, the discount rate was 1.15%, which was up 0.40 percentage points on the rate at the end of 2020 (0.75%). The future development of interest rates could have a negative impact in the low three-digit million euro range or a positive impact in the high three-digit million euro range on the development of net debt in 2021 and thus an impact on the key performance indicator debt repayment potential. Against the background of the expected development of interest rates in future, we currently identify an increased level of opportunity and a low level of risk.

Margins/liquidity requirements: The high volatility on the commodity markets has resulted in high margin requirements in the current year. The further utilization of liquidity for other margin requirements cannot be excluded. In general, there is also a risk of additional liquidity requirements if the rating agencies downgrade the credit rating of EnBW. The risk can be covered by existing credit lines. As part of a liquidity management project, the processes and funds required at short notice have also been further optimized. These effects could have a positive impact in the high three-digit million euro range or a negative impact in the low three-digit million euro range in 2021 on the development of net debt and thus an impact on the key performance indicator debt repayment potential, as well as an indirect impact on the key performance indicator ROCE via capital employed. We currently identify a balanced level of opportunity and risk in this area.

Effects of the pandemic: The coronavirus pandemic has had the following material effects on the opportunity and risk position in individual business areas:

In B2B sales, there is an increased risk due to the sale of lower quantities of electricity at lower prices. Possible payment defaults due to impending insolvencies are being closely monitored. These effects could have a negative impact in the mid single-digit to low double-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify an increased level of risk in this area.

In the grids sector, there may be lower revenue from the use of the grids depending on the future development of the pandemic, the economy as a whole and any reduced load on the grid as a result. This could have a negative impact in the high single-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify a low level of risk in this area.

Sustainable Generation Infrastructure

Fluctuations in energy yield in the North Sea and Baltic Sea: There is a general opportunity or risk for wind power plants due to fluctuations in the energy yield. These naturally arising fluctuations in yield could have a positive effect in the low double-digit million euro range or a negative effect in the mid double-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. As our wind farm portfolio continues to grow, the variation in the level of opportunity and risk will naturally increase.

Dismantling of nuclear power plants: For long-term major projects such as the remaining operation and dismantling of a nuclear power plant, there is a general risk that delays and additional costs may arise over the course of time due to changed framework conditions. Moreover, there is also an opportunity to make lasting cost savings due to synergies over the course of time and due to learning effects for subsequent dismantling activities. During the project planning stage, opportunities and risks were identified that could result in reduced or additional costs or adjustments to the term of the project. There could be opportunities that have an impact in the low double-digit million euro range and risks that have an impact in the low three-digit million euro range on the development of net debt and thus on the key performance indicator debt repayment potential in 2021. We currently identify an increased level of risk in this area.

Income statement

in € million [1]	01/01–31/03/2021	01/01–31/03/2020	Change in %
Revenue including electricity and energy taxes	6,987.9	5,727.8	22.0
Electricity and energy taxes	-160.7	-148.6	8.1
Revenue	**6,827.2**	**5,579.2**	**22.4**
Changes in inventories	29.9	20.8	43.7
Other own work capitalized	36.4	37.2	-2.2
Other operating income	210.8	547.7	-61.5
Cost of materials	-5,320.9	-4,177.8	27.4
Personnel expenses	-566.9	-500.5	13.3
Impairment losses	-10.2	-14.1	-27.7
Other operating expenses	-396.0	-724.0	-45.3
EBITDA	**810.3**	**768.5**	**5.4**
Amortization and depreciation	-369.0	-319.1	15.6
Earnings before interest and taxes (EBIT)	**441.3**	**449.4**	**-1.8**
Investment result	28.5	68.1	-58.1
of which net profit/loss from entities accounted for using the equity method	(18.4)	(4.0)	–
of which other profit/loss from investments	(10.1)	(64.1)	-84.2
Financial result	55.0	-464.3	–
of which finance income	(189.4)	(101.6)	86.4
of which finance costs	(-134.4)	(-565.9)	-76.3
Earnings before tax (EBT)	**524.8**	**53.2**	**–**
Income tax	-130.1	-38.9	–
Group net profit	**394.7**	**14.3**	**–**
of which profit/loss shares attributable to non-controlling interests	(73.6)	(24.7)	–
of which profit/loss shares attributable to the shareholders of EnBW AG	(321.1)	(-10.4)	–
EnBW AG shares outstanding (million), weighted average	**270.855**	**270.855**	**0.0**
Earnings per share from Group net profit (€) [2]	**1.19**	**-0.04**	**–**

1 The figures for the previous year have been restated.
2 Diluted and basic; in relation to profit/loss attributable to the shareholders of EnBW AG.

Statement of comprehensive income

in € million	01/01–31/03/2021	01/01–31/03/2020	Change in %
Group net profit	**394.7**	**14.3**	**–**
Revaluation of pensions and similar obligations	666.8	-59.8	–
Entities accounted for using the equity method	0.9	-0.3	–
Income taxes on other comprehensive income	-197.8	15.0	–
Total of other comprehensive income and expenses without future reclassifications impacting earnings	**469.9**	**-45.1**	**–**
Currency translation differences	5.8	-76.8	-107.6
Cash flow hedge	69.4	-80.3	–
Financial assets at fair value in equity	-21.5	-51.1	-57.9
Entities accounted for using the equity method	-0.3	-3.6	-91.7
Income taxes on other comprehensive income	-11.6	35.9	-132.3
Total of other comprehensive income and expenses with future reclassifications impacting earnings	**41.8**	**-175.9**	**-123.8**
Total other comprehensive income	**511.7**	**-221.0**	**–**
Total comprehensive income	**906.4**	**-206.7**	**–**
of which profit/loss shares attributable to non-controlling interests	(79.2)	(-8.6)	–
of which profit/loss shares attributable to the shareholders of EnBW AG	(827.2)	(-198.1)	–

Balance sheet

in € million	31/03/2021	31/12/2020
Assets		
Non-current assets		
Intangible assets	3,484.6	3,498.5
Property, plant and equipment	19,950.4	19,990.9
Entities accounted for using the equity method	988.1	968.9
Other financial assets	6,417.1	6,185.2
Trade receivables	333.5	331.7
Other non-current assets	1,032.2	964.8
Deferred taxes	1,057.7	1,344.7
	33,263.6	**33,284.7**
Current assets		
Inventories	998.8	1,151.1
Financial assets	776.1	759.5
Trade receivables	4,346.5	4,836.7
Other current assets	4,069.6	4,645.3
Cash and cash equivalents	3,411.5	1,252.7
	13,602.5	**12,645.3**
Assets held for sale	3.8	35.0
	13,606.3	**12,680.3**
	46,869.9	**45,965.0**
Equity and liabilities		
Equity		
Shares of the shareholders of EnBW AG		
Subscribed capital	708.1	708.1
Capital reserve	774.2	774.2
Revenue reserves	6,006.0	5,629.7
Treasury shares	-204.1	-204.1
Other comprehensive income	-2,494.2	-3,000.3
	4,790.0	**3,907.6**
Non-controlling interests	4,025.1	3,861.2
	8,815.1	**7,768.8**
Non-current liabilities		
Provisions	14,028.7	14,803.4
Deferred taxes	927.5	916.0
Financial liabilities	9,089.6	8,120.1
Other liabilities and subsidies	2,675.0	2,607.7
	26,720.8	**26,447.2**
Current liabilities		
Provisions	1,509.6	1,479.6
Financial liabilities	1,644.8	1,493.1
Trade payables	3,772.6	4,053.1
Other liabilities and subsidies	4,407.0	4,718.9
	11,334.0	**11,744.7**
Liabilities directly associated with assets classified as held for sale	0.0	4.3
	11,334.0	**11,749.0**
	46,869.9	**45,965.0**

Cash flow statement

in € million	01/01–31/03/2021	01/01–31/03/2020
1. Operating activities		
Group net profit	394.7	14.3
Income tax	130.1	38.9
Investment and financial result	-83.5	396.2
Amortization and depreciation	369.0	319.1
EBITDA	810.3	768.5
Changes in provisions	-100.3	-112.0
Result from disposals of assets	-0.4	-1.1
Other non-cash-relevant expenses/income	10.7	120.6
Change in assets and liabilities from operating activities	910.0	-961.2
Inventories	(168.8)	(58.1)
Net balance of trade receivables and payables	(215.1)	(-665.0)
Net balance of other assets and liabilities	(526.2)	(-354.3)
Income tax paid	-31.7	-37.5
Cash flow from operating activities	**1,598.6**	**-222.7**
2. Investing activities		
Capital expenditure on intangible assets and property, plant and equipment	-299.0	-285.7
Disposals of intangible assets and property, plant and equipment	42.5	7.2
Cash received from subsidies for construction costs and investments	15.2	22.1
Acquisition/sale of subsidiaries, entities accounted for using the equity method and interests in joint operations	-260.5	-1.9
Change in securities and financial investments	-155.4	193.4
Interest received	44.7	47.7
Dividends received	9.4	12.5
Cash flow from investing activities	**-603.1**	**-4.7**
3. Financing activities		
Interest paid for financing activities	-51.8	-35.1
Cash received for changes in ownership interest without loss of control	127.3	0.0
Increase in financial liabilities	1,465.6	1,227.3
Repayment of financial liabilities	-350.7	-626.1
Repayment of lease liabilities	-34.4	-25.7
Cash received for alterations of capital in non-controlling interests	6.5	29.0
Cash flow from financing activities	**1,162.5**	**569.4**
Net change in cash and cash equivalents	**2,158.0**	**342.0**
Change in cash and cash equivalents due to changes in the consolidated companies	-1.6	21.5
Net foreign exchange difference	2.4	-5.9
Change in cash and cash equivalents	**2,158.8**	**357.6**
Cash and cash equivalents at the beginning of the period	1,252.7	1,363.8
Cash and cash equivalents at the end of the period	**3,411.5**	**1,721.4**

Statement of changes in equity

in € million				Other comprehensive income							
	Subscribed capital and capital reserve	Revenue reserves	Treasury shares	Revaluation of pensions and similar obligations	Currency translation differences	Cash flow hedge	Financial assets at fair value in equity	Entities accounted for using the equity method	Shares of the shareholders of EnBW AG	Non-controlling interests	Total
As of 01/01/2020	**1,482.3**	**5,234.5**	**-204.1**	**-2,503.5**	**8.5**	**-81.6**	**13.0**	**-2.0**	**3,947.1**	**3,498.0**	**7,445.1**
Total other comprehensive income				-35.7	-60.4	-51.6	-36.2	-3.8	-187.7	-33.3	-221.0
Group net profit/loss		-10.4							-10.4	24.7	14.3
Total comprehensive income	**0.0**	**-10.4**	**0.0**	**-35.7**	**-60.4**	**-51.6**	**-36.2**	**-3.8**	**-198.1**	**-8.6**	**-206.7**
Dividends		0.0							0.0	0.0	0.0
Other changes [1]		0.0							0.0	283.2	283.2
As of 31/03/2020	**1,482.3**	**5,224.1**	**-204.1**	**-2,539.2**	**-51.9**	**-133.2**	**-23.2**	**-5.8**	**3,749.0**	**3,772.6**	**7,521.6**
As of 01/01/2021	**1,482.3**	**5,629.7**	**-204.1**	**-2,922.9**	**-23.7**	**-78.5**	**29.5**	**-4.7**	**3,907.6**	**3,861.2**	**7,768.8**
Total other comprehensive income				465.9	6.9	46.0	-13.2	0.5	506.1	5.6	511.7
Group net profit		321.1							321.1	73.6	394.7
Total comprehensive income	**0.0**	**321.1**	**0.0**	**465.9**	**6.9**	**46.0**	**-13.2**	**0.5**	**827.2**	**79.2**	**906.4**
Dividends		0.0							0.0	-5.2	-5.2
Other changes [1]		55.2							55.2	89.9	145.1
As of 31/03/2021	**1,482.3**	**6,006.0**	**-204.1**	**-2,457.0**	**-16.8**	**-32.5**	**16.3**	**-4.2**	**4,790.0**	**4,025.1**	**8,815.1**

1 Of which changes in revenue reserves due to changes in ownership interest in subsidiaries without loss of control of €55.2 million (previous year €0.0 million).
Of which changes in non-controlling interests due to changes in ownership interest in subsidiaries without loss of control of €72.1 million (previous year €0.0 million).

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Financial calendar

10 May 2021
Publication of the Quarterly Statement
January to March 2021

29 July 2021
Publication of the Six-Monthly Financial Report
January to June 2021

12 November 2021
Publication of the Quarterly Statement
January to September 2021

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