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EnBW continues to make progress in third quarter and reaffirms earnings growth for 2021

Full-year guidance stable and unaltered / no significant impact of coronavirus pandemic / marked reduction in net debt

Karlsruhe. With a workforce of 25,041 (+3.9%), EnBW generated revenue of €18.72 billion in the first nine months of 2021 (previous year: €13.68 billion) and an operating result (adjusted EBITDA) of €1.97 billion (previous year: €2.06 billion).

Earnings were thus down only slightly year on year (by 4.4%). In the preceding quarter, the shortfall had still been 7%. The lower quarterly earnings figure is mainly due to temporary valuation effects – which will cancel out by the end of the year – and to generally poorer wind conditions, both offshore and onshore. The corona pandemic, meanwhile, had no significant impact on the operating business in the first nine months of 2021. The full-year earnings guidance for 2021 therefore remains unaltered. Adjusted EBITDA for the 2021 financial year is expected to be in a range between €2.825 billion and €2.975 billion. This corresponds to between 2% and 7% earnings growth on last year.

“Despite no change in the weak wind conditions, we have continued to make progress in the third quarter. I am confident that we will be able to grow further by the end of this year and deliver our fifth consecutive increase in earnings in 2021,” said CFO Thomas Kusterer. “To make sure we hold that trend going forward, we will also continue to invest in sustainable growth and expand wind and solar power, electricity and gas grids, e-mobility and telecommunications.”

To meet its target of climate neutrality by 2035, EnBW continues to rely on sustainable financial instruments such as the €500 million green bond issued in late August. Kusterer: “Sustainability remains the compass that guides all our activities. Our financing activities are no exception.”

Net debt went down in the third quarter by €3.55 billion to €10.86 billion, a 25% decrease. This was mainly due to higher security margin payments received for trading contracts, payments received under the German Renewable Energy Act (EEG) and an increase in the discount rate on pension provisions. Investment in growth projects, in areas such as renewables and electric mobility, rose around 12% compared with the previous year.

Net profit attributable to the shareholders of EnBW AG went down from €250 million in the previous year’s period to a negative €27 million in the first nine months of 2021. This was mainly due to impairment losses on the generation portfolio recognised at mid-year. However, these have no impact on the operating business or on the dividend size, the distribution of which is based on adjusted earnings. An offsetting factor was a significant improvement in the financial result due to a gain from marking securities to market.

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Performance by segment

Adjusted EBITDA in the **Smart Infrastructure for Customers** segment increased 37% year on year to around €297 million in the first nine months of 2021. The earnings growth over the first nine months of the previous year mainly relates to improved earnings at all sales companies in the electricity and gas business. Leipzig-based EnBW subsidiary Senec additionally recorded a positive earnings trend.

In the **System Critical Infrastructure** segment (Grids), the adjusted EBITDA of €991 million is 3.8% down year on year. The drop in earnings here is mainly due to the increase in personnel expenses necessitated by grid expansion and was not fully compensated for by the slight rise in grid revenue.

Adjusted EBITDA in the **Sustainable Generation Infrastructure** segment (Renewable Energies and Thermal Generation and Trading) marked an 11% decrease on the same period last year. In Renewable Energies, adjusted EBITDA fell by 7% to €544 million. The shortfall was mainly due to poor wind conditions at offshore and onshore wind farms, relative both to the previous year and to the long-term average. In Thermal Generation and Trading, adjusted EBITDA was down 18% year on year in the first nine months of 2021. Earnings here were affected by temporary negative valuation effects.

The EnBW Group's **investment**, at €1.71 billion in the first nine months of 2021, was significantly higher than in the same period of the previous year (€1.52 billion). This mainly relates to bidding success in the seabed area auction for the construction of offshore wind farms in Great Britain. Some 73% of total investment was for growth projects such as the expansion of renewables and the rollout of charging infrastructure for electric vehicles.

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Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	01/01– 30/09/2021	01/01– 30/09/2020	Change in %	01/01– 31/12/2020
External revenue	18,720.8	13,682.0	36.8	19,694.3
Adjusted EBITDA	1,972.6	2,062.5	-4.4	2,781.2
Share of adjusted EBITDA accounted for by Smart Infrastructure for Customers in € million/in %	296.8/15.0	216.0/10.5	37.4/-	335.0/12.0
Share of adjusted EBITDA accounted for by System Critical Infrastructure in € million/in %	991.3/50.3	1,030.1/49.9	-3.8/-	1,346.6/48.4
Share of adjusted EBITDA accounted for by Sustainable Generation Infrastructure in € million/in %	852.7/43.2	961.4/46.6	-11.3/-	1,277.8/45.9
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	-168.2/-8.5	-145.0/-7.0	-16.0/-	-178.2/-6.3
EBITDA	1,782.6	1,944.6	-8.3	2,663.3
Adjusted EBIT	861.0	1,087.4	-20.8	1,391.5
EBIT	-286.4	880.3	-	1,102.7
Adjusted Group net profit ¹	729.9	367.2	98.8	682.8
Group net profit/loss ¹	-26.6	250.2	-	596.1
Earnings per share from Group net profit/loss (€) ¹	-0.10	0.92	-	2.20
Retained cash flow	892.8	1,113.7	-19.8	1,638.5
Net cash investment	1,433.3	1,035.8	38.4	1,826.9
in € million	30/09/2021	31/12/2020	Change in %	
Net debt	10,861.5	14,406.5	-24.6	

Employees ^{2,3}

	30/09/2021	30/09/2020	Change in %	31/12/2020
Employees	25,041	24,111	3.9	24,655
Employee equivalents ⁴	23,527	22,582	4.2	23,078

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

² Number of employees excluding apprentices/trainees and inactive employees.

³ 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.

⁴ Converted into full-time equivalents.

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