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EnBW: Solid start to the new financial year despite large swings in energy markets

Broad portfolio ensures stability in volatile market environment / Earnings guidance for 2022 confirmed / Significant earnings growth in Generation segment / noticeable negative impacts on Sales and Grids

Karlsruhe. EnBW felt the effects of the Ukraine crisis in individual segments during the first quarter of the new 2022 financial year. Despite these negative impacts, however, first-quarter earnings were significantly higher than in the previous year. This was partly due to a weak first quarter in the previous year, 2021, and partly to the positive performance of the generation business, which more than compensated for negative factors in other areas. EnBW CFO Thomas Kusterer: "This once again demonstrates how our broad portfolio and our Company's integrated lineup along the entire energy industry value chain ensure a high degree of stability, even in a difficult and volatile market environment."

With a workforce of 26,268 (+5.8%), EnBW generated revenue of some €13.72 billion (previous year: €6.83 billion) and an operating result (adjusted EBITDA) of €1.19 billion, an increase of 46% on the same period a year earlier (€814.1 million). The improvement in earnings mainly relates to the Sustainable Generation Infrastructure segment, including trading activities. Greater use had to be made of conventional power plants to safeguard security of supply, with a corresponding positive effect on earnings. The earnings contribution from renewable energy sources was also higher, mainly due to better wind conditions and the addition of new renewable generating capacity.

Conversely, earnings in the System Critical Infrastructure (Grids) and Smart Infrastructure for Customers (Sales) segments were down by 4.8% and 16.4% respectively, reflecting the current difficult general situation as a result of the Ukraine crisis. In the case of Grids, the main factor was an increase in the cost of the grid reserve, meaning interventions in grid operation to safeguard system stability. For Sales, the steep year-on-year increase in electricity and gas purchase prices resulted in lower earnings.

Kusterer: "Providing people with a secure supply of electricity and gas is one of EnBW's central tasks. We are doing everything in our power to deliver on our special responsibility here by deploying our grid infrastructure and power plant portfolio. At the same time, we are working flat out to substitute purchases of Russian gas and coal while having due regard to sustainability and economic considerations and without endangering security of supply. We are making very good progress here and will cease purchasing Russian coal from as early as mid-August. Regarding gas, too, we are working hard towards a significant diversification of supply sources, above all by expanding our LNG activities."

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EnBW already has many years of experience in LNG trading. At the end of March, it signed a cooperation agreement with Hanseatic Energy Hub for around 33 TWh per year via the LNG terminal in Stade, northern Germany.

The full-year earnings guidance for 2022 therefore remains unaltered, despite increased uncertainty due to the Russian war in Ukraine. Adjusted EBITDA for the 2022 financial year is expected to be in a range between €3.025 billion and €3.175 billion, corresponding to a year-on-year increase of 2% to 7%.

Net profit attributable to the shareholders of EnBW AG increased sharply from €321.1 million in the previous year's period to €606.3 million in the first quarter of 2022. Earnings per share were consequently €2.24, versus €1.19 a year earlier.

Performance by segment

Adjusted EBITDA in the **Smart Infrastructure for Customers** segment was down 16.4% year-on-year to €103.3 million in the first three months of 2021. The main reason for the lower earnings in the first three months was the increase in electricity and gas procurement costs.

In the **System Critical Infrastructure** segment (Grids), the adjusted EBITDA of €352.7 million is 4.8% down year on year. The fall in earnings is mainly due to the increased cost of the grid reserve to safeguard system stability.

Adjusted EBITDA in the **Sustainable Generation Infrastructure** segment (Renewable Energies and Thermal Generation and Trading) increased by 119.6% to €821.1 million. In Renewable Energies, adjusted EBITDA went up by 41% to €292.2 million. The increase in earnings was mainly due to significantly better spring wind conditions this year at offshore and onshore wind farms and to newly added solar farms. Adjusted EBITDA in Thermal Generation and Trading likewise increased significantly year on year to €528.9 million in the first three months of 2021. This is mainly due to higher wholesale selling prices for electricity volumes compared to the previous year. Temporary valuation effects also increased earnings.

The EnBW Group's **investment**, at €499.8 million in the first three months of 2022, was slightly down on the same period of the previous year (€572.2 million). This is mainly attributable to the previous year's bidding success in the seabed area auction for the construction of offshore wind farms in Great Britain. The majority of total investment was for growth projects such as grid expansion 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- 31/03/2022	01/01- 31/03/2021	Change in %	01/01- 31/12/2021
External revenue	13,724.5	6,827.2	101.0	32,147.9
Adjusted EBITDA	1,185.0	814.1	45.6	2,959.3
Share of adjusted EBITDA accounted for by Smart Infrastructure for Customers in € million/in % ¹	103.3/8.7	123.6/15.2	-16.4/-	344.0/11.6
Share of adjusted EBITDA accounted for by System Critical Infrastructure in € million/in % ¹	352.7/29.8	370.5/45.5	-4.8/-	1,263.0/42.7
Share of adjusted EBITDA accounted for by Sustainable Generation Infrastructure in € million/in % ¹	821.1/69.3	373.9/45.9	119.6/-	1,539.7/52.0
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	-92.1/-7.8	-53.9/-6.6	-70.9/-	-187.4/-6.3
EBITDA	1,351.2	810.3	66.8	2,803.5
Adjusted EBIT	801.4	445.8	79.8	1,402.9
EBIT	967.3	441.3	119.2	158.8
Adjusted Group net profit ²	464.2	320.8	44.7	1,203.2
Group net profit ²	606.3	321.1	88.8	363.2
Earnings per share from Group net profit (€) ²	2.24	1.19	88.8	1.34
Retained cash flow	883.3	724.6	21.9	1,783.8
Net cash investment	401.8	374.2	7.4	2,471.2
in € million	31/03/2022	31/12/2021	Change in %	
Net debt	8,744.7	8,786.1	-0.5	

Employees^{3,4}

	31/03/2022	31/03/2021	Change in %	31/12/2021
Employees	26,268	24,828	5.8	26,064
Employee equivalents ⁵	24,663	23,290	5.9	24,519

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 31/12/2021 is carried forward.

⁵ Converted into full-time equivalents.

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