

Quarterly Statement January to March 2022



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.

Q1 2022 at a glance

- Adjusted EBITDA of the EnBW Group of €1,185.0 million significantly higher than in previous year
- Sustainable Generation Infrastructure segment is main earnings driver
- Large liquidity buffer to cushion price fluctuations on the market
- Earnings forecast for whole of 2022 currently unchanged despite higher level of uncertainty

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The EnBW Group

Changes to the segment reporting

Due to a change in the allocation of business activities to the different Board of Management remits, there has been a change in the composition of our segments. The area of contracting was previously allocated to the Smart Infrastructure for Customers segment but is now part of the Sustainable Generation Infrastructure segment. Innovation activities were previously reported under the Smart Infrastructure for Customers segment but will be presented under the System Critical Infrastructure segment from 2022 onwards. The figures for the comparative periods have been restated in each case.

Results of operations

Material developments in the income statement

The increase in revenue of €6,897.3 million in comparison to the same period of the previous year to €13,724.5 million was primarily attributable to higher sales prices in the electricity and gas sectors. The cost of materials was €6,858.0 million higher than the figure in the previous year and corresponds to the increase in revenue. Other operating income increased by €1,799.3 million in comparison to the previous year. This was attributable to higher income from derivatives and the reversal of provisions for onerous contracts due to the early termination of an electricity procurement agreement. There was also a corresponding increase in other operating expenses of €1,283.4 million, which was also due to the higher valuation of derivatives in comparison to the value in the previous year.

The investment result in the reporting period stood at €66.3 million, which was €37.8 million higher than the figure of €28.5 million in the previous year. This increase was primarily the result of higher income from the dedicated financial assets. The financial result fell in the reporting period in comparison to the same period of the previous year by €97.8 million to €-42.8 million (previous year: €55.0 million). The main reason for this development was a lower result from the market valuation of securities.

Overall, earnings before tax (EBT) totaled €990.8 million in the first quarter of the 2022 financial year, compared with €524.8 million in the same period of the previous year.

Earnings

The Group net profit/loss attributable to the shareholders of EnBW AG increased from €321.1 million in the same period of the previous year by €285.2 million to €606.3 million in the reporting period. Earnings per share amounted to €2.24, compared to €1.19 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 ¹	01/01– 31/03/2022	01/01– 31/03/2021	Change in %	01/01– 31/12/2021
Smart Infrastructure for Customers	103.3	123.6	-16.4	344.0
System Critical Infrastructure	352.7	370.5	-4.8	1,263.0
Sustainable Generation Infrastructure	821.1	373.9	119.6	1,539.7
Other/Consolidation	-92.1	-53.9	-70.9	-187.4
Total	1,185.0	814.1	45.6	2,959.3

¹ The figures for the previous year have been restated.

Share of adjusted EBITDA accounted for by the segments

in % ¹	01/01– 31/03/2022	01/01– 31/03/2021	01/01– 31/12/2021
Smart Infrastructure for Customers	8.7	15.2	11.6
System Critical Infrastructure	29.8	45.5	42.7
Sustainable Generation Infrastructure	69.3	45.9	52.0
Other/Consolidation	-7.8	-6.6	-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 increased in the first three months of 2022 in comparison to the poor performance in the same period of the previous year by 45.6%. Adjusted for the effects of changes in the consolidated companies, the adjusted EBITDA of the EnBW Group would have increased by 43.4%.

Smart Infrastructure for Customers: The adjusted EBITDA in the Smart Infrastructure for Customers segment decreased in the first three months of 2022 by 16.4% in comparison to the same period of the previous year. Adjusted for the effects of changes in the consolidated companies, earnings fell by 19.0%. This fall in earnings was due to increased procurement costs.

System Critical Infrastructure: The adjusted EBITDA in the System Critical Infrastructure segment decreased in the first three months of 2022 by 4.8% in comparison to the same period of the previous year. Adjusted for the effects of the changes in the consolidated companies, the decrease was 5.0%. The reason for this fall in earnings was the considerably higher expenses for the grid reserve to maintain the security of supply due to the strong increase in the number of deployments and prices.

Sustainable Generation Infrastructure: The adjusted EBITDA in the Sustainable Generation Infrastructure segment increased significantly in the first three months of 2022 by 119.6% in comparison to the same period of the previous year. Adjusted for the effects of changes in the consolidated companies, earnings increased by 115.1%.

Adjusted EBITDA Sustainable Generation Infrastructure

in € million ¹	01/01– 31/03/2022	01/01– 31/03/2021	Change in %
Renewable Energies	292.2	207.3	41.0
Thermal Generation and Trading	528.9	166.6	-
Sustainable Generation Infrastructure	821.1	373.9	119.6

¹ The figures for the previous year have been restated.

In the area of Renewable Energies, the adjusted EBITDA rose by 41.0% to €292.2 million. Better wind conditions as well as direct distribution contributed to the improvement in earnings. In the area of Thermal Generation and Trading, the adjusted EBITDA increased significantly in the first three months of 2022 in comparison to the same period of the previous year. The increase in earnings was due, on the one hand, to non-sustainable valuation effects and, on the other hand, to the fact that the generated volumes could be sold at significantly higher prices in comparison to the previous year.

Non-operating EBITDA

in € million	01/01– 31/03/2022	01/01– 31/03/2021	Change in %
Income/expenses relating to nuclear power	10.6	0.9	-
Result from disposals	17.6	0.5	-
Reversals of provisions for onerous contracts relating to electricity procurement agreements	174.3	0.0	-
Restructuring	-6.3	-7.4	-14.9
Other non-operating result	-30.0	2.2	-
Non-operating EBITDA	166.2	-3.8	-

The increase in non-operating EBITDA was primarily attributable to the reversal of provisions for onerous contracts due to the early termination of an electricity procurement agreement.

Group net profit

in € million	01/01– 31/03/2022			01/01– 31/03/2021		
	Total	Non- operating	Adjusted	Total	Non- operating	Adjusted
EBITDA	1,351.2	166.2	1,185.0	810.3	-3.8	814.1
Amortization and depreciation	-383.9	-0.3	-383.6	-369.0	-0.7	-368.3
EBIT	967.3	165.9	801.4	441.3	-4.5	445.8
Investment result	66.3	4.2	62.1	28.5	6.3	22.2
Financial result	-42.8	36.0	-78.8	55.0	-0.7	55.7
EBT	990.8	206.1	784.7	524.8	1.1	523.7
Income tax	-230.4	-57.8	-172.6	-130.1	1.1	-131.2
Group net profit	760.4	148.3	612.1	394.7	2.2	392.5
of which profit/loss shares attributable to non-controlling interests	(154.1)	(6.2)	(147.9)	(73.6)	(1.9)	(71.7)
of which profit/loss shares attributable to the shareholders of EnBW AG	(606.3)	(142.1)	(464.2)	(321.1)	(0.3)	(320.8)

The significant increase in Group net profit in the reporting period in comparison to the same period of the previous year is mainly the result of the considerable increase in EBITDA. This was offset to some extent by the decrease in the financial result, which was primarily due to higher expenses from the market valuations of securities.

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 of the operating business (as of 31 March 2022):

- Debt Issuance Program (DIP), via which bonds are issued: €~4.7 billion of €7.0 billion drawn. On 14 April 2022, we increased the volume of the DIP to €10 billion so that we are flexibly positioned to handle the planned investment for our 2025 strategy over the coming years.
- Subordinated bonds: €~2.5 billion
- Commercial paper (CP) program: €~1.1 billion of €2.0 billion drawn
- Sustainability-linked syndicated credit facility: €1.5 billion of €1.5 billion drawn. We fully utilized this facility at the beginning of March 2022 as a precautionary measure to further bolster our liquidity cushion. It was already repaid in full on 11 April 2022. The sustainability-linked syndicated credit facility with a term until the end of June 2026 has a further extension option up to the end of June 2027 at the latest.
- Contractually committed bilateral credit lines: €~0.8 billion of €~1.6 billion drawn. Another temporary credit line with a volume of €1.5 billion was agreed with several banks on 12 April 2022 to provide an additional liquidity buffer in 2022 against the background of the current market environment. On 5 April 2022, our subsidiary VNG agreed a credit line with KfW with a volume of €660 million and a term until April 2023. It will provide additional financial security in response to the potential risk of extreme developments on the market that cannot be excluded due to the impact the war between Russia and Ukraine may have on the energy markets.
- Project financing and 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.

The euro subordinated bond with a volume of €725 million and the US dollar subordinated bond with a volume of US\$300 million were redeemed at the earliest possible date on 5 January 2022 in accordance with their terms at their principal amounts plus interest accrued.

Rating and rating trends

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

- Moody's: Baa1/stable
- Standard & Poor's (S&P): A-/stable

The ratings from Moody's and S&P were unchanged in the first quarter.

Net debt

in € million	31/03/2022	31/12/2021	Change in %
Cash and cash equivalents available to the operating business	-9,718.2	-6,466.5	50.3
Adjusted cash and cash equivalents available to the operating business ¹	(-7,800.1)	(-5,251.3)	(48.5)
Current financial assets available to the operating business	-705.7	-934.5	-24.5
Adjusted current financial assets available to the operating business ¹	(-405.7)	(-584.5)	(-30.6)
Long-term securities available to the operating business	-2.9	-2.1	38.1
Bonds	8,247.1	8,401.0	-1.8
Liabilities to banks	4,670.1	2,067.4	125.9
Other financial liabilities	1,568.5	782.0	100.6
Lease liabilities	885.4	884.5	0.1
Valuation effects from interest-induced hedging transactions	-42.7	-53.0	-19.4
Restatement of 50% of the nominal amount of the subordinated bonds ²	-1,250.0	-1,746.3	-28.4
Other	-46.4	-31.4	47.8
Net financial debt	3,605.2	2,901.1	24.3
Adjusted net financial debt ¹	(5,823.3)	(4,466.3)	(30.4)
Provisions for pensions and similar obligations ³	6,920.8	7,772.4	-11.0
Provisions relating to nuclear power	4,811.5	4,955.6	-2.9
Receivables relating to nuclear obligations	-362.0	-365.8	-1.0
Net pension and nuclear obligations	11,370.3	12,362.2	-8.0
Long-term securities and loans to cover the pension and nuclear obligations ⁴	-5,836.9	-6,053.4	-3.6
Cash and cash equivalents to cover the pension and nuclear obligations	-188.3	-186.5	1.0
Current financial assets to cover the pension and nuclear obligations	-87.3	-97.3	-10.3
Surplus cover from benefit entitlements	-95.8	-121.5	-21.2
Other	-22.5	-18.5	21.6
Dedicated financial assets	-6,230.8	-6,477.2	-3.8
Net debt relating to pension and nuclear obligations	5,139.5	5,885.0	-12.7
Net debt	8,744.7	8,786.1	-0.5
Adjusted net debt ¹	(10,962.8)	(10,351.3)	(5.9)

¹ Adjusted for EEG funds totaling €2,218.1 million (previous year: €1,565.2 million).

² 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.

³ Less the market value of the plan assets (excluding the surplus cover from benefit entitlements) of €856.3 million (31/12/2021: €869.9 million).

⁴ Includes equity investments held as financial assets.

Net debt on 31 March 2022 was at the same level as at the end of the previous year. The higher net financial debt in comparison to that reporting date was mainly due to the repayment of two subordinated bonds and the fact that they are no longer recognized under equity. This was offset to some extent by the fall in net debt due to the pension and nuclear provisions, mainly as a result of the increase in the interest rate for the pension provisions. Cash and cash equivalents include EEG funds of €1,918.1 million, while current financial assets include EEG funds of €300.0 million.

Investment analysis

Net cash investment

in € million ¹	01/01– 31/03/2022	01/01– 31/03/2021	Change in %	01/01– 31/12/2021
Total gross investment ²	499.8	572.2	-12.7	2,808.5
Divestitures ³	-59.2	-5.0	-	-20.4
Participation models	-3.5	-135.0	-97.4	-147.9
Disposals of long-term loans	0.0	-0.3	-100.0	-1.1
Other disposals and subsidies	-35.3	-57.7	-38.8	-167.9
Total divestitures	-98.0	-198.0	-50.5	-337.3
Net (cash) investment	401.8	374.2	7.4	2,471.2

1 Excluding investments held as financial assets.

2 Does not include cash and cash equivalents acquired with the acquisition of fully consolidated companies. These amounted to €0.0 million in the reporting period (01/01–31/03/2021: €0.0 million, 01/01–31/12/2021: €0.0 million).

3 Does not include cash and cash equivalents relinquished with the sale of fully consolidated companies. These amounted to €0.0 million in the reporting period (01/01–31/03/2021: €0.0 million, 01/01–31/12/2021: €0.0 million).

Gross investment by the EnBW Group in the first three months of 2022 was lower than the level in the same period of the previous year. This was primarily attributable to the acceptance of our bid and the associated payment of the auction price to secure the sites for the development of offshore wind farms in the Irish Sea in Great Britain in the previous year.

Gross investment in the **Smart Infrastructure for Customers** segment of €77.3 million was higher than the level in the same period of the previous year (previous year restated: €50.0 million), which was mainly a result of a higher investment in the area of electromobility.

Gross investment in the **System Critical Infrastructure** segment of €232.7 million was higher than the level in the previous year of €185.8 million. In both years, the investment was mainly linked to projects at our Group subsidiaries TransnetBW and terranets bw that are included in the network development plans. In addition, our grid companies invested in the expansion and renewal of the distribution grid.

There was gross investment of €176.5 million in the **Sustainable Generation Infrastructure** segment, which was lower than the level in the same period of the previous year (previous year restated: €329.4 million). Some €153.5 million of this investment was in the area of Renewable Energies, compared to €306.5 million in the same period of the previous year. This decrease was mainly in the area of offshore wind power due to securing the sites in the Irish Sea and payment of the associated auction price in the same period of the previous year. At the beginning of this year, our bid for the development of an offshore wind farm in the Scottish Sea was accepted. Gross investment in the Thermal Generation and Trading area stood at €23.0 million and was at the same level as in the previous year (previous year restated: €22.9 million).

Other gross investment of €13.3 million was higher than the level in the same period of the previous year of €7.0 million.

Divestitures were below the level in the same period of the previous year and were mainly related to our exit from the offshore wind power business in the USA. The divestitures in the same period of the previous year comprised the sale of shares in a portfolio of onshore wind farms and the transfer of the gas grid to the City of Stuttgart.

Liquidity analysis

Condensed cash flow statement

in € million	01/01– 31/03/2022	01/01– 31/03/2021	Change in %	01/01– 31/12/2021
Cash flow from operating activities	132.2	1,598.6	-91.7	7,597.8
Cash flow from investing activities	-15.7	-603.1	-97.4	-2,859.1
Cash flow from financing activities	3,134.2	1,162.5	–	600.1
Net change in cash and cash equivalents	3,250.7	2,158.0	50.6	5,338.8
Change in cash and cash equivalents due to changes in the consolidated companies	-3.2	-1.6	100.0	29.0
Net foreign exchange difference	6.1	2.4	–	32.4
Change in cash and cash equivalents due to risk provisions	0.0	0.0	–	0.1
Change in cash and cash equivalents	3,253.4	2,158.8	50.7	5,400.4

Despite a clear increase in cash-relevant EBITDA, cash flow from operating activities fell significantly in comparison to the same period of the previous year. This development was mainly due to an outflow of cash in the net current assets for reasons related to the reporting date. This was primarily attributable to the purchase of emissions allowances and the receipt of lower deposits of collateral made against the backdrop of current fluctuations on the market.

Cash flow from investing activities returned a lower outflow of cash in the reporting period compared to the same period of the previous year, which was mainly due to higher net returns as part of the portfolio management of securities and financial investments. In addition, there were lower cash payments for shares in entities accounted for using the equity method than in the same period of the previous year. This was primarily attributable to the foundation of two companies in Great Britain and the associated bids for offshore wind rights for the construction of offshore wind farms in the previous year. This was offset to some extent by higher capital expenditure on intangible assets and property, plant and equipment.

Cash flow from financing activities returned a significantly higher cash inflow than in the previous year. In the reporting period, this was primarily due to an increase in short-term loans as part of liquidity management. This was offset to some extent by the repayment of two subordinated bonds.

The solvency of the EnBW Group was ensured as of the reporting date 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– 31/03/2022	01/01– 31/03/2021	Change in %	01/01– 31/12/2021
EBITDA	1,351.2	810.3	66.8	2,803.5
Changes in provisions	-304.9	-100.3	–	-103.9
Non-cash-relevant expenses/income	-146.9	10.3	–	-396.3
Income tax paid	-14.1	-31.7	-55.5	-200.6
Interest and dividends received	78.0	54.1	44.2	358.0
Interest paid	-70.9	-51.8	36.9	-314.5
Dedicated financial assets contribution	-9.1	33.7	–	184.8
Funds from operations (FFO)	883.3	724.6	21.9	2,331.0
Dividends paid	0.0	0.0	–	-547.2
Retained cash flow	883.3	724.6	21.9	1,783.8

Funds from operations (FFO) were higher than the level in the previous year, which was primarily caused by the significantly higher EBITDA. In comparison to the previous year, this was offset to some extent by the reduction in provisions, which was mainly due to the reversal of provisions for onerous contracts for an electricity procurement agreement, as well as higher non-cash-relevant income (previous year: expenditure).

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	31/03/2022	31/12/2021	Change in %
Non-current assets	35,495.9	35,232.5	0.7
Current assets	46,609.3	35,986.7	29.5
Assets held for sale	3.3	54.0	-93.9
Assets	82,108.5	71,273.2	15.2
Equity	10,284.2	8,499.3	21.0
Non-current liabilities	27,868.9	28,531.0	-2.3
Current liabilities	43,955.4	34,242.9	28.4
Equity and liabilities	82,108.5	71,273.2	15.2

As of 31 March 2022, total assets were significantly higher than the level at the end of the previous year. Non-current assets increased by €263.4 million between the two reporting dates. The increase in current assets of €10,622.6 million was mainly the result of an increase in cash and cash equivalents and derivatives against the backdrop of current price fluctuations on the market. Trade receivables also increased.

As of 31 March 2022, equity increased by €1,784.9 million. The primary reasons for this development were the Group net profit achieved in the reporting period and the decrease in negative other comprehensive income due mainly to an increase in the discount rate for the pension provisions from 1.15% at the end of 2021 to 1.80% as of 31 March 2022. The equity ratio increased from 11.9% at the end of 2021 to 12.5% on the reporting date.

Non-current liabilities decreased by €662.1 million, which was mainly the result of the fall in the pension provisions caused by the interest rate and the reversal of provisions for onerous contracts for an electricity procurement agreement. Current liabilities increased significantly by €9,712.5 million compared to the level at the end of the previous year. This development was mainly the result of an increase in financial liabilities as part of short-term liquidity management. In addition, derivatives rose due to current fluctuations on the market, while trade payables also increased.

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 war between Russia and Ukraine as well as high volatility on the markets 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 2022 (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	
	2022	2021	2022	2021
Smart Infrastructure for Customers	€350 to €425 million	€344.0 million	10% to 15%	11.6%
System Critical Infrastructure	€1,225 to €1,325 million	€1,263.0 million	35% to 45%	42.7%
Sustainable Generation Infrastructure	€1,650 to €1,750 million	€1,539.7 million	50% to 60%	52.0%
Other/Consolidation		€-187.4 million		-6.3%
Total	€3,025 to €3,175 million	€2,959.3 million		100.0%

The earnings forecast from the combined management report 2021 for the whole of 2022 for the Group and the individual segments remains unchanged, even if there may be changes within the segments due to the war between Russia and Ukraine.

The adjusted EBITDA of the **Smart Infrastructure for Customers** segment in 2022 will be higher than the level in the previous year. We expect higher earnings due to growth in our new business fields and at our subsidiary SENEK. However, it is still uncertain whether the negative impacts of increasing numbers of customers being provided with a basic supply of energy at high additional procurement costs and of impairments on receivables will continue in the future. 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 of the **System Critical Infrastructure** segment will reach about the same level in 2022 as in the 2021 financial year. Revenue from the use of the grids is expected to increase slightly in comparison to the previous year 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. In contrast, there is a risk that higher expenses for the grid reserve, redispatch and balancing energy since the end of 2021 will continue in 2022 and negatively impact the operating result. We expect a stable or decreasing share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA of the **Sustainable Generation Infrastructure** segment will increase further in 2022. Renewable energies will contribute around €900 million to earnings. 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 the 2021 financial year were below this level due to poorer weather conditions, we expect higher earnings in 2022 in comparison to the previous year. The further expansion of power plants for the utilization of renewable energies and the prevailing high prices will have a positive impact on the earnings performance. We also expect earnings from our thermal power plants to improve in 2022 due to higher wholesale market prices and spreads. However, political embargoes could pose a possible risk to earnings. 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 2022 and be between €3.025 billion and €3.175 billion.

Opportunities and risks

In comparison to the report issued at the end of 2021, the opportunities and risks faced by the EnBW Group worsened in general in the first three months of 2022. The war between Russia and Ukraine is having a noticeable impact on our value-added chain. In particular, supply reliability, price trends, the availability of raw materials and other materials, and the increasing risk of cyberattacks are playing a role in this regard. The individual risks relevant to reporting are presented in the respective segments. No risks currently exist that might jeopardize the EnBW Group as a going concern. Using the report on risks in the 2021 Group management report as a basis, only the material opportunities or risks that have significantly changed, arisen or ceased to exist in the reporting period are described in this Quarterly Statement January to March 2022. A detailed presentation of the opportunity and risk position can be found in the Integrated Annual Report 2021 from p. 128 onwards.

Classification of the level of opportunity/risk

Level	Adjusted EBITDA	Net debt
Low	< €100 million	< €350 million
Moderate	≥ €100 million to < €350 million	≥ €350 million to < €1,200 million
Significant	≥ €350 million to < €600 million	≥ €1,200 million to < €2,000 million
Material	≥ €600 million	≥ €2,000 million

Cross-segment opportunities and risks

State-sponsored cyberattacks due to the war between Russia and Ukraine: The war is also being accompanied by attacks in cyberspace. There is an increasing risk of state-sponsored cyberattacks. The Federal Office for Information Security has received information that the possibility of cyberattacks on critical infrastructure and/or suppliers could increase in the foreseeable future. On the reporting date, there was no indication that there would be more than a low to moderate level of risk in this area in 2022. This potential risk would have an impact on the key performance indicator adjusted EBITDA and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator value spread via the adjusted EBIT.

Discount rate applied to pension provisions: There is a general opportunity and risk associated with any change in the discount rate applied to the pension provisions because the present value of the pension provisions falls when the discount rate increases and increases when the discount rate falls. As of the reporting date of 31 March 2022, the discount rate was 1.8%, which was up 0.65 percentage points on the rate at the end of 2021 (1.15%). Against the background of the expected development of interest rates in future, we identify a material level of opportunity and moderate level of risk in 2022. This will have an impact on net debt and thus on the key performance indicator debt repayment potential.

Margin/liquidity requirements: Due to unforeseeable developments (exacerbated by the war between Russia and Ukraine), the Group's liquidity planning is subject to an inherent degree of uncertainty. There is a material level of opportunity and risk in 2022 with an impact on net debt and thus on the key performance indicator debt repayment potential, as well as on the key performance indicator value spread via capital employed.

System Critical Infrastructure segment

Possible consequences of the war between Russia and Ukraine on system critical infrastructure: Russia's attack on Ukraine could have a material impact on the grid infrastructure, such as on the operation of the gas grid and on the supply chain (required raw materials and grid construction materials). On the reporting date, there was no indication that there would be more than a low level of risk in this area in 2022. This potential risk would have an impact on the key performance indicator adjusted EBITDA and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator value spread via the adjusted EBIT.

Additional expenses for the grid reserve and redispatch: At TransnetBW, high market prices for fuels and electricity and increased load flows have resulted in increasing expenses for redispatching and the grid reserve. This development has also been exacerbated by the war between Russia and Ukraine. Any increased expenses in 2022 will be recovered again from 2025. At the same time, the higher expenses are being offset to some extent by revenue from congestion management. There is a low level of opportunity and a material level of risk with an impact on the key performance indicator adjusted EBITDA in 2022. This will have an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator value spread via the adjusted EBIT.

Year-end balance on the EEG bank account: The EEG bank account is a separately managed bank account in accordance with section 5 of the German Compensation Mechanism Ordinance (AusglMechV) and is kept separate from other areas of activity. In accordance with AusglMechV, a deficit or surplus on the account balance can have a temporary positive or negative effect on the calculation of the net debt of EnBW, respectively. As of the reporting date of 31 March 2022, there was a surplus of €2,218.1 million on the EEG bank account of our subsidiary TransnetBW (reporting date of 31 December 2021: €1,565.2 million). We expect the EEG account to develop positively throughout 2022 and have a positive bank balance at the end of the year. There is a material level of opportunity with an impact on net debt and thus on the key performance indicator debt repayment potential.

Sustainable Generation Infrastructure segment

Possible consequences of the war between Russia and Ukraine in the trading sector: The war could have an impact on different areas of the trading sector. In the event of possible shortages, in particular, we believe that the greatest risks are to the gas business, above all in the areas of transport, storage management and distribution. In addition, there is a risk of price increases for the procurement of materials and services. On the reporting date, there was no indication that there would be more than a low to moderate level of risk in this area in 2022. This potential risk would have an impact on the key performance indicator adjusted EBITDA and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator value spread via the adjusted EBIT.

Supply chain risks in generation and operation: Due to the protracted pandemic, the effects of the war between Russia and Ukraine and increasing inflation, we expect unplanned price increases and exceptionally long delivery times in certain cases, especially for materials and supplies. There is a low level of risk with an impact on the key performance indicator adjusted EBITDA in 2022 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator value spread via the adjusted EBIT.

Power plant optimization: Following the conclusion of the hedging of generation activities, the Trading business unit now manages the further deployment of the power plants. This is being carried out as part of power plant optimization on the forward market, through the sale of system services and through placements on the spot and intraday trading platforms. We currently identify a high level of volatility due to prices on the market and thus a low to significant level of opportunity in 2022 with an impact on the key performance indicator adjusted EBITDA and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator value spread via the adjusted EBIT.

Credit risk in energy trading: There is a risk that trading partners will fail to fulfill their financial obligations or be unable to fulfill them on time. Our credit management department counters this risk by carefully monitoring credit lines, conducting stress tests and introducing measures to reduce its impact. There is a low to material level of risk with an impact on the key performance indicator adjusted EBITDA in 2022 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator value spread via the adjusted EBIT.

Availability of power plants (previously: Availability and contribution margin losses in the power plant portfolio): There is a general risk that exogenous and endogenous factors will have an influence on the availability of power plants. We try to counter these risks using preventive measures. Depending on the duration of the interruption to the operation of the power plant and the prices on the energy trading market, this could have a positive or negative impact on the operating result. There is a moderate level of opportunity and material level of risk in 2022. This will have an impact on the key performance indicator adjusted EBITDA and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator value spread via the adjusted EBIT.

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 is a low level of opportunity and risk in 2022 with an impact on net debt and thus on the key performance indicator debt repayment potential.

Income statement

in € million	01/01– 31/03/2022	01/01– 31/03/2021	Change in %
Revenue including electricity and energy taxes	13,884.3	6,987.9	98.7
Electricity and energy taxes	-159.8	-160.7	-0.6
Revenue	13,724.5	6,827.2	101.0
Changes in inventories	36.5	29.9	22.1
Other own work capitalized	47.5	36.4	30.5
Other operating income	2,010.1	210.8	–
Cost of materials	-12,178.9	-5,320.9	128.9
Personnel expenses	-606.1	-566.9	6.9
Impairment losses ¹	-3.0	-10.2	-70.6
Other operating expenses	-1,679.4	-396.0	–
EBITDA	1,351.2	810.3	66.8
Amortization and depreciation	-383.9	-369.0	4.0
Earnings before interest and taxes (EBIT)	967.3	441.3	119.2
Investment result	66.3	28.5	132.6
of which net profit/loss from entities accounted for using the equity method	(13.9)	(18.4)	(-24.5)
of which other profit/loss from investments	(52.4)	(10.1)	–
Financial result	-42.8	55.0	–
of which finance income	(182.7)	(189.4)	(-3.5)
of which finance costs	(-225.5)	(-134.4)	(67.8)
Earnings before tax (EBT)	990.8	524.8	88.8
Income tax	-230.4	-130.1	77.1
Group net profit	760.4	394.7	92.7
of which profit/loss shares attributable to non-controlling interests	(154.1)	(73.6)	(109.4)
of which profit/loss shares attributable to the shareholders of EnBW AG	(606.3)	(321.1)	(88.8)
EnBW AG shares outstanding (million), weighted average	270.855	270.855	0.0
Earnings per share from Group net profit (€)²	2.24	1.19	88.8

¹ According to IFRS 9.

² Diluted and basic; in relation to profit/loss attributable to the shareholders of EnBW AG.

Statement of comprehensive income

in € million	01/01– 31/03/2022	01/01– 31/03/2021	Change in %
Group net profit	760.4	394.7	92.7
Revaluation of pensions and similar obligations	837.6	666.8	25.6
Entities accounted for using the equity method	0.0	0.9	-100.0
Income taxes on other comprehensive income	-169.6	-197.8	-14.3
Total of other comprehensive income and expenses without future reclassifications impacting earnings	668.0	469.9	42.2
Currency translation differences	30.3	5.8	-
Cash flow hedge	562.0	69.4	-
Financial assets at fair value in equity	-104.9	-21.5	-
Entities accounted for using the equity method	2.1	-0.3	-
Income taxes on other comprehensive income	-145.0	-11.6	-
Total of other comprehensive income and expenses with future reclassifications impacting earnings	344.5	41.8	-
Total other comprehensive income	1,012.5	511.7	97.9
Total comprehensive income	1,772.9	906.4	95.6
of which profit/loss shares attributable to non-controlling interests	(249.6)	(79.2)	-
of which profit/loss shares attributable to the shareholders of EnBW AG	(1,523.3)	(827.2)	(84.2)

Balance sheet

in € million	31/03/2022	31/12/2021
Assets		
Non-current assets		
Intangible assets	3,421.2	3,417.0
Property, plant and equipment	20,442.6	20,364.4
Entities accounted for using the equity method	1,121.1	1,017.9
Other financial assets	6,662.3	6,744.3
Trade receivables	327.6	330.2
Other non-current assets	2,728.1	2,243.5
Deferred taxes	793.0	1,115.2
	35,495.9	35,232.5
Current assets		
Inventories	3,264.8	2,290.3
Financial assets	836.9	1,174.1
Trade receivables	8,395.4	5,952.5
Other current assets	24,205.7	19,916.7
Cash and cash equivalents	9,906.5	6,653.1
	46,609.3	35,986.7
Assets held for sale	3.3	54.0
	46,612.6	36,040.7
	82,108.5	71,273.2
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	6,348.4	5,742.1
Treasury shares	-204.1	-204.1
Other comprehensive income	-1,455.9	-2,372.9
	6,170.7	4,647.4
Non-controlling interests	4,113.5	3,851.9
	10,284.2	8,499.3
Non-current liabilities		
Provisions	12,814.8	14,089.5
Deferred taxes	1,178.6	1,018.3
Financial liabilities	9,148.7	9,182.5
Other liabilities and subsidies	4,726.8	4,240.7
	27,868.9	28,531.0
Current liabilities		
Provisions	2,791.7	2,676.5
Financial liabilities	5,337.1	2,067.9
Trade payables	9,350.4	6,475.8
Other liabilities and subsidies	26,476.2	23,022.7
	43,955.4	34,242.9
	82,108.5	71,273.2

Cash flow statement

in € million	01/01– 31/03/2022	01/01– 31/03/2021
1. Operating activities		
Group net profit	760.4	394.7
Income tax	230.4	130.1
Investment and financial result	-23.5	-83.5
Amortization and depreciation	383.9	369.0
EBITDA	1,351.2	810.3
Changes in provisions	-304.9	-100.3
Result from disposals of assets	-17.6	-0.4
Other non-cash-relevant expenses/income	-129.3	10.7
Change in assets and liabilities from operating activities	-753.1	910.0
Inventories	(-959.9)	(168.8)
Net balance of trade receivables and payables	(384.2)	(215.1)
Net balance of other assets and liabilities	(-177.3)	(526.2)
Income tax paid	-14.1	-31.7
Cash flow from operating activities	132.2	1,598.6
2. Investing activities		
Capital expenditure on intangible assets and property, plant and equipment	-377.6	-299.0
Disposals of intangible assets and property, plant and equipment	19.6	42.5
Cash received from subsidies for construction costs and investments	15.7	15.2
Cash paid for the acquisition of companies and interests in entities accounted for using the equity method as well as in joint operations	-85.9	-261.3
Cash received from the sale of companies and interests in entities accounted for using the equity method as well as in joint operations	24.3	0.8
Change in securities and financial investments	310.2	-155.4
Interest received	26.9	44.7
Dividends received	51.1	9.4
Cash flow from investing activities	-15.7	-603.1
3. Financing activities		
Interest paid	-70.9	-51.8
Cash received for changes in ownership interest without loss of control	0.0	127.3
Increase in financial liabilities	4,409.6	1,465.6
Repayment of financial liabilities	-1,163.2	-350.7
Repayment of lease liabilities	-44.8	-34.4
Cash received for capital increases in non-controlling interests	3.5	6.5
Cash flow from financing activities	3,134.2	1,162.5
Net change in cash and cash equivalents	3,250.7	2,158.0
Change in cash and cash equivalents due to changes in the consolidated companies	-3.2	-1.6
Net foreign exchange difference	6.1	2.4
Change in cash and cash equivalents	3,253.4	2,158.8
Cash and cash equivalents at the beginning of the period	6,653.1	1,252.7
Cash and cash equivalents at the end of the period	9,906.5	3,411.5

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 01/01/2021	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
As of 01/01/2022	1,482.3	5,742.1	-204.1	-2,559.3	43.0	136.0	9.3	-1.9	4,647.4	3,851.9	8,499.3
Total other comprehensive income				667.0	23.7	298.0	-73.8	2.1	917.0	95.5	1,012.5
Group net profit		606.3							606.3	154.1	760.4
Total comprehensive income	0.0	606.3	0.0	667.0	23.7	298.0	-73.8	2.1	1,523.3	249.6	1,772.9
Other changes ¹		0.0							0.0	12.0	12.0
As of 31/03/2022	1,482.3	6,348.4	-204.1	-1,892.3	66.7	434.0	-64.5	0.2	6,170.7	4,113.5	10,284.2

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

Financial calendar

Q1

13/05/2022

Publication of the Quarterly Statement
January to March 2022

Q2

12/08/2022

Publication of the Six-Monthly Financial Report
January to June 2022

Q3

11/11/2022

Publication of the Quarterly Statement
January to September 2022

Important notes

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