Nine-Monthly Financial Report

January to September 2014

EnBW

Key figures

EnBW Group

€ million[1]	01/01–30/09/2014	01/01–30/09/2013	Variance %	01/01–31/12/2013
Revenue				
Sales	6,579.4	7,001.8	-6.0	9,568.4
Grids	4,765.8	4,573.2	4.2	5,707.6
Renewable Energies	291.0	271.1	7.3	372.3
Generation and Trading	3,823.1	3,756.2	1.8	4,888.3
Other/Consolidation	7.2	5.1	41.2	8.2
External revenue, total	**15,466.5**	**15,607.4**	**-0.9**	**20,544.8**
Adjusted EBITDA	1,632.2	1,822.7	-10.5	2,224.7
EBITDA	1,251.6	1,539.3	-18.7	1,999.7
Adjusted EBIT	966.2	1,152.7	-16.2	1,339.5
EBIT	-648.2	868.6	-	1,024.1
Adjusted Group net profit[2]	350.4	516.1	-32.1	462.3
Group net profit/loss[2]	-770.6	234.1	-	51.0
Earnings per share from adjusted Group net profit[2] in €	1.29	1.91	-32.5	1.71
Earnings per share from Group net profit/loss[2] in €	-2.85	0.86	-	0.19
Cash flow from operating activities	1,467.2	1,216.5	20.6	1,919.1
Free cash flow	631.3	889.1	-29.0	1,168.2
Capital expenditures	1,287.1	615.1	109.3	1,108.3

Energy sales of the EnBW Group

Billions of kWh	01/01–30/09/2014	01/01–30/09/2013	Variance %	01/01–31/12/2013
Electricity	102.2	98.4	3.9	128.0
Gas	83.9	71.5	17.3	100.0

Employees of the EnBW Group

Number[1, 3]	30/09/2014	30/09/2013	Variance %	31/12/2013
Employees	19,989	19,775	1.1	19,844

[1] The figures for the comparative periods have been restated.
[2] In relation to the profit/loss shares attributable to the equity holders of EnBW AG.
[3] Number of employees excluding apprentices/trainees and excluding inactive employees.

At a glance

We are clearly committed to the German Energiewende. We have set the course for the future of EnBW with our EnBW 2020 strategy, while simultaneously asserting our position as one of Germany's largest energy supply companies.

We currently supply electricity, gas, water and energy-related products and services to approximately 5.5 million customers. In order to remain the first point of contact for energy issues, we are focusing on our strategic objective of "customer proximity" and responding to the growing demand for local, intelligent and sustainable energy-related solutions with new products and services.

We are redesigning our generation facilities and grids to become the "engine room of the Energiewende".Besides our strength in the area of hydropower, we are mainly expanding our activities in the wind energy sector. With the aid of our grid subsidiaries, we are integrating more and more renewable energy into the system.

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Disclaimer

This report has been prepared for information purposes only. It does not constitute an offer or an investment recommendation. EnBW undertakes no obligation whatsoever to update the information and forward-looking statements in this report. More explanations are provided on page 51.

Significant financial developments

- In the first nine months of 2014, adjusted EBITDA of the EnBW Group reached €1,632.2 million, which was 10.5% lower than the figure posted for the same period in the previous year. This fall in earnings was primarily recorded in the Generation and Trading segment and the Grids segment. Overall, our operating results are developing in line with our expectations.

- The extraordinary expenses already reported in the Six-Monthly Financial Report led to a non-operating Group net loss attributable to the shareholders of EnBW AG of €1,121.0 million.

- The adjusted Group net profit attributable to the equity holders of EnBW AG fell by 32.1% to €350.4 million.

- EnBW more than doubled its volume of investment to €1,287.1 million in the first nine months of 2014 in comparison to the previous year. The company has aligned its business model to consistently meet the demands faced as a result of the German Energiewende.

- The conditions within the energy industry in Germany remain difficult. Nevertheless, EnBW continues to believe that the operating result of the Group will only decline slightly by up to 5% in the 2014 financial year.

Highlights from July to October 2014

July

EnBW continues to expand its comprehensive range of services

After successfully winning the contracts for two invitations to tender, EnBW is further expanding its comprehensive range of services. The "Operations" business unit has won the two largest tenders to date for energy-related payment and settlement services in Germany. EnBW has thus become the market leader for the issuing of grid charges in Germany.

EnBW acquires the shares held by Eni in a joint venture in the gas sector

EnBW will purchase the 50% share of EnBW Eni Verwaltungsgesellschaft mbH, Karlsruhe, held by the Eni Group, Rome, and thus indirectly 50% of GasVersorgung Süddeutschland GmbH, Stuttgart, and 50% of terranets bw GmbH, Stuttgart. EnBW and Eni founded the joint venture in 2002. By significantly expanding its position on the gas sales and gas transport markets, EnBW is continuing to rigorously implement its existing gas strategy and striving for further growth.

EnBW sells a stake in its onshore wind farms to regional companies

Eleven municipal utilities in Baden-Württemberg and a regional energy service provider have agreed to a cooperation model with EnBW. In total, the companies will acquire a 20% share of our onshore wind farms, which are distributed across 17 locations in Germany. These wind power plants are already in operation and have a total output of 156 MW.

August

First wind power plant for EnBW Baltic 2 erected in the Baltic Sea

EnBW has reached an important milestone in the realisation of its second offshore wind farm: The first wind power plant has now been erected and towers above the German Baltic Sea with a hub height of around 80 metres.

September

Borusan EnBW Enerji awarded the largest onshore contract in Turkey

The German-Turkish joint venture "Borusan EnBW Enerji", in which partners Borusan and EnBW each hold a 50% stake, has formally commissioned its second onshore wind farm in Balabanli, near to Istanbul. In addition, the foundations have been laid for the construction of five further projects with a total capacity of 207 MW.

300th specialist conference of the EnBW Energy Efficiency Network

"Knowledge grows when it is shared." This has been the experience gained by the around 270 companies from across Germany who have been participating in the "EnBW Energy Efficiency Network" since 2006. These companies have been able to realise savings of around 300 million kWh per year with the help of EnBW. Furthermore, the 300th specialist conference of the EnBW Energy Efficiency Network proved to be the perfect occasion for the presentation of the first "EnBW Energy Efficiency Innovation Prize".

October

Reduction in the size of the EnBW Board of Management

The EnBW Board of Management has been reduced in size from five to four departments. This change was already agreed last year between the Supervisory Board and the Board of Management. Against a background of persistent economic challenges in the energy sector and as part of the organisational restructuring of the company, the area of sales, marketing, trading and distribution grids will now no longer function as an independent department within the Board of Management.

EnBW officially starts operating RDK 8

An open day was held at the new power plant unit at the Rheinhafen-Dampfkraftwerk Karlsruhe – otherwise known as RDK 8 – to officially mark the start of operations. RDK 8 is one of the most efficient and environmentally friendly coal power stations in the world and sets new standards thanks to a variety of technical innovations. Overall, this new power plant has a gross electrical output of 912 MW and can deliver 220 MW of district heating. Therefore, RDK 8 will make a significant contribution to the security of the electricity supply in the region and become an important supplier of district heating to the city of Karlsruhe.

EnBW on the capital market

Safeguarding the company's financial stability and good standing on the capital market is hugely important for EnBW. The continuous financial market communication by EnBW supports its good position on the capital market. The goal is to maintain and further strengthen the trust placed in EnBW by capital market participants through open dialogue.

Established issuer on the debt capital market

The finance required to fund the business activities of EnBW is secured through equity financing and our strong internal financing capabilities. In addition, the company has sufficient and flexible access to the capital market at all times and utilises a variety of short- and long-term debt financing solutions.

The outstanding bonds issued by EnBW have a well-balanced maturity profile. In the 2014 financial year, there are no bonds due for repayment. For the purpose of optimising refinancing costs, EnBW constantly analyses and assesses the latest developments on the capital market in order to take advantage, where appropriate, of a favourable climate on the capital market for the issuing of bonds.

Following the issuing of a hybrid bond in March 2014 to strengthen the creditworthiness and liquidity of the company, EnBW raised a further €750 million during the further course of the year to pre-finance maturities due over the next few years. A bond with a volume of €500 million and a term to maturity of twelve years was issued at the end of May 2014. Three private placements with a total volume of €250 million followed in June and July (The EnBW Group › Financial position › p. 18).

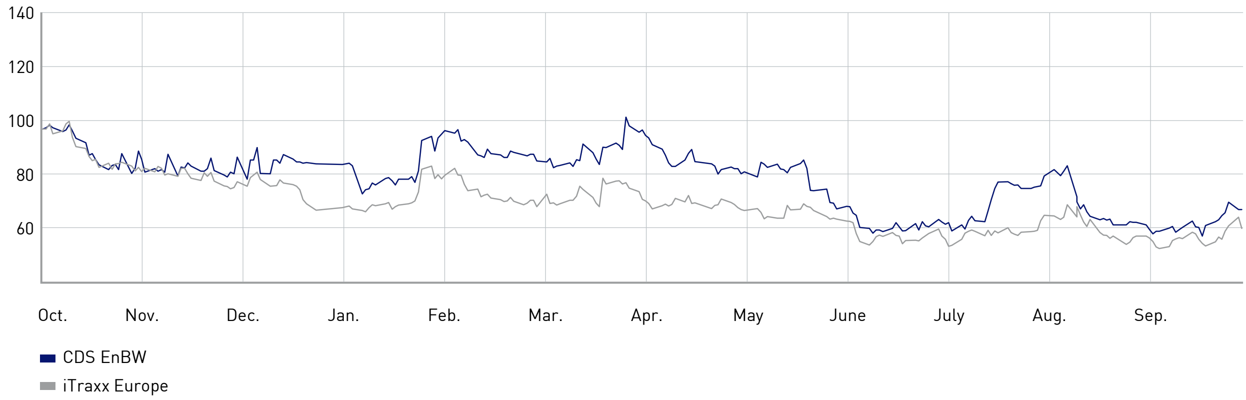
The sound financial profile of EnBW and the success of the strategic restructuring of the company have been confirmed by the A ratings issued to the company. The latest ratings update was issued by Fitch in August. The current ratings (Standard & Poor's A-/outlook stable, Moody's A3/outlook negative and Fitch A-/outlook stable) remain unchanged.

Alongside the key performance indicators issued by the rating agencies, the dynamic leverage ratio (adjusted net debt/adjusted EBITDA) is a central financial performance indicator used by EnBW. The goal is to achieve a dynamic leverage ratio of less than 3.3; this key indicator stood at 3.28 at the end of 2013. EnBW is aiming to reduce its net debt even further.

Development of a five-year credit default swap (CDS) for EnBW

The low interest rate policy followed by the European Central Bank and its activities to rescue the euro led to a reduction in perceived risk by investors in 2013. Investors continue to be on the lookout for favourable returns. However, the associated demand-driven reduction in risk premiums amongst the 125 largest European companies, measured according to the iTraxx Europe Index, has lost some momentum in 2014 compared to the previous year; in the third quarter of the year, the trend toward falling risk premiums came to an end for the time being. The risk premiums of the German energy suppliers, including EnBW, only initially benefited from this positive development to a below-average extent. EnBW risk premiums have however gained ground in comparison to the index during the course of the year.

Performance of the credit default swaps October 2013 to September 2014 in %



Share and shareholder composition

The two major shareholders of EnBW AG, the Federal State of Baden-Württemberg (indirectly via NECKARPRI-Beteiligungsgesellschaft mbH) and OEW Energie-Beteiligungs GmbH each hold 46.75% of the share capital in the company. The overall shareholder composition as of 30 September 2014 breaks down as follows:

Shareholders of EnBW in %[1]

OEW Energie-Beteiligungs GmbH	46.75
NECKARPRI-Beteiligungsgesellschaft mbH	46.75
Badische Energieaktionärs-Vereinigung	2.45
Gemeindeelektrizitätsverband Schwarzwald-Donau	0.97
Neckar-Elektrizitätsverband	0.63
EnBW Energie Baden-Württemberg AG	2.08
Free float	0.39

[1] The figures do not add up to 100% due to rounding differences.

As a result of the small proportion of EnBW AG shares in free float and the very limited trading volumes in the shares as a result, the EnBW stock market price is only subject to minor fluctuations. The stock market price stood at €26.85 on 30 September 2014.

Dialogue with the capital market

EnBW engages in continuous and open dialogue with capital market participants in order to ensure investors, analysts and rating agencies maintain their trust in the company at all times. The EnBW Banking Day, in which around 60 guests participated, was held for the eleventh time at the Europa Park in Rust on 22 May 2014. This event gave us the opportunity to present our “customer proximity” model, which forms part of our EnBW 2020 strategy, in more detail to representatives from our core banks and provide them with information on current developments within the company and the latest issues in the energy sector. In the third quarter, EnBW continued its dialogue with investors during the company’s annual Investor Update event held at financial centres in Germany, the Netherlands, London, Edinburgh, Paris and Zurich. This year’s Capital Market Day was held on 1 October 2014. The event included, amongst other things, presentations by the management of the company focusing on the political and regulatory environment in the energy sector. In October, the company also issued its “Factbook 2014”.

Interim Group management report (unaudited)

Business activity and economic environment

As an integrated energy company, the EnBW Group operates along the entire value chain. In view of the fundamental changes in the energy landscape, EnBW is restructuring its business portfolio in a future-oriented way. Electricity prices on the wholesale market continue to fall, which has weakened the viability of conventional power plants. Energy policy is one of the key themes being addressed by the new EU Commission and the German government.

Business activity

EnBW ranks as one of the most important energy supply companies and energy service providers in Germany and Europe – with its strong roots in Baden-Württemberg. As an integrated energy company, the EnBW Group operates along the entire value chain, offering an extensive portfolio of services. With a workforce of around 20,000 employees, the company supplies electricity, gas, water and energy-related products and services to approximately 5.5 million customers.

Business operations are divided into four segments:

- The **Sales segment** encompasses the sale of electricity and gas, as well as the provision of energy-related services such as invoicing services or energy supply contracting and energy-saving contracting.
- The **Grids segment** comprises the transportation and distribution of electricity and gas, the provision of grid-related services, for instance the operation of grids for third parties, and water supply services.
- The company's activities in the area of power generation from renewable energy sources – above all using wind power and hydropower – are combined under the **Renewable Energies segment**.
- The **Generation and Trading segment** includes power generated from other sources, trading in electricity, the gas midstream business (grid gas level) and waste disposal activities.

Other/Consolidation includes activities which are not otherwise allocated to the separately presented segments.

Heterogeneous market structures

EnBW operates on three different market levels. The business activities carried out by EnBW in the highly competitive wholesale markets include electricity generation, procurement of primary energy sources and CO_2 allowances, as well as electricity trading. An efficient and flexible generation and procurement portfolio is a key factor for success in this area. The regulated markets are characterised by political, legal and regulatory requirements. This applies to our grids and to renewable energies, above all onshore and offshore wind power and hydropower. Customer-focused energy consultation, as well as services relating to the efficient use of energy and decentralised energy systems, are becoming increasingly important on the end customer markets.

Corporate strategy

The new energy concept in Germany, the German Energiewende, and its associated political and regulatory consequences are fundamentally transforming the energy landscape. As a major player in the German Energiewende, EnBW aims to take advantage of the opportunities arising from the changing energy market and thereby clearly differentiate itself from the competition. This requires a broad restructuring of the business portfolio, which was already initiated last year within the framework of the EnBW 2020 strategy. Our new focus is characterised by a consistent orientation towards customer requirements, as well as by the expansion of renewable energies and the grid infrastructures required for them.

Significant restructuring of the business portfolio: The share of the generation capacity of EnBW accounted for by renewable energies is set to more than double from 19% today to over 40% by 2020. It is planned, for example, to increase onshore wind park capacities from the current level of about 200 MW to around 1,750 MW. Offshore wind power represents a further opportunity for growth. As a result of considerable investments in the expansion of the grid, EnBW will be making a material contribution to providing the infrastructure required by the energy system. Innovative products will form another important pillar of our business. This restructuring of the business portfolio will increase the overall share accounted for by the stable and regulated grid business and renewable energies in adjusted EBITDA to more than 70% by 2020. This will make the business risk profile of EnBW significantly more robust as a result.

Extensive investments and divestitures: EnBW intends to invest €14.1 billion in total by 2020. In this context, the focus will be placed on expanding wind power on an industrial scale. Moreover, EnBW will also concentrate on the targeted expansion of the transportation and distribution grids, all the way through to so-called "smart grids". On a regional basis, starting from our core market of Baden-Württemberg, the company's growth activities will focus on Germany, Austria, Switzerland and Turkey. In order to create the financial scope for these extensive investments, EnBW has considerably extended its divestiture programme – with conventional divestitures and cash flow from financial participation models, the disposal of assets, as well as subsidies – to around €5.1 billion at the end of 2013.

Two operating models: Customers are at the heart of the EnBW 2020 strategy. Consistent innovation management, shorter development times for new products and services and balanced partnership models will become key components of our operating model **"customer proximity".** EnBW aims to establish advantages over its competitors through the use of customer segment-specific system and turnkey complete solutions, innovations and a strong brand portfolio. An innovation campus is supporting the rapid and forward-looking development of products. Particularly in the area of energy-related services, the intention is to supplement existing expertise and augment the product range through, amongst other things, partnerships. The planned expansion of business with and for municipal utilities and local authorities will become an important business sector, primarily based on partnership cooperation models. In the management of infrastructure critical to the energy system – in the **"engine room of the Energiewende"** – the features of efficiency, safety, simplicity and flexibility play important roles. EnBW relies on operational excellence, a strict focus on efficiency and cost-orientation for the achievement of defined quality standards, as well as standardisation. Partnerships formed in the area of technological developments will serve to minimise cost and risk. In addition, EnBW actively offers the opportunity to invest in grids and power plants – especially to local authorities.

"ONE EnBW": This term stands for a performance-driven organisational structure, which focuses on the requirements of the customers of EnBW through rapid decision-making processes and maximum efficiency. The implementation of the new structure was completed on 1 May 2014 with retrospective economic effect as of 1 January 2014. In the process, the complexity of the EnBW Group was considerably reduced through the merger of important Group companies. Alongside a new structural concept for the Group, the strategic realignment of EnBW comprises its repositioning on the market, a new management model and the restructuring of the financial organisation of the company. The further optimisation of the Group remains a continuous task. Therefore, the company will continue to introduce measures to increase efficiency and further optimise the structure of the Group after completion of "ONE EnBW".

Economic environment

The business performance of EnBW is influenced by a wide range of external factors. Factors that have a decisive influence on the corporate development of EnBW are the macroeconomic environment, price trends on the markets for electricity, fuel and CO_2 allowances, as well as political and regulatory decisions.

Macroeconomic situation

The world economy has continued to recover in the past few months – although with slightly less momentum than at the beginning of the year. Real economic output in the eurozone countries thus increased in the second quarter of 2014 by just 0.7% in comparison to the same period of the previous year, following growth in the first quarter of nearly 1.0%. In Germany, the growth rate also slowed significantly from 2.5% in the first quarter to just 0.8% in the second quarter. Similar developments were observed in Austria: After a modest increase in economic output of 0.3% in the first quarter, economic indicators point towards a stagnating economy in the second quarter. In Switzerland, economic growth slowed from 2.6% in the first quarter to just 0.6% in the second quarter. In contrast, the economy in the Czech Republic remained very robust with an increase in economic output of 2.7% in the second quarter, following growth of 2.9% in the first quarter. The political uncertainty in Turkey led to a clear slowdown in the pace of growth in the country from 4.7% in the first quarter to 2.1% in the second quarter. The first indicators of economic performance in the third quarter suggest that growth has weakened further in all of those markets relevant to EnBW.

Market situation for primary energy sources, CO_2 allowances and electricity

The overriding objective of the trading activities carried out by EnBW is to reduce the uncertainty in the generation margin that can arise as a result of price trends for primary sources of energy, CO_2 allowances and electricity on the wholesale markets. Therefore, EnBW uses the forward market to procure sufficient quantities of the primary energy sources and CO_2 allowances required for electricity generation in advance, as well as to sell scheduled electricity production. The terms and conditions of the supply contracts agreed in previous years were decisive factors impacting costs and income in the first nine months of 2014. The price developments seen on the forward market in the first nine months of 2014 will, in turn, have an effect on the results for subsequent years. This is also true on the sales side of the business for the quantities of electricity procured from EnBW on the forward market.

Oil market: Over the period from January to September 2014, oil prices (front month) fluctuated within a range of US $115/bbl to just below US $95/bbl. Despite the continuing geopolitical tensions, there was a lateral movement up to the middle of June with relatively small increases or decreases in the price of oil. Reports on the trends in important economies, loss of production in Libya and the conflict in the Ukraine did not lead to an increase in prices due to the abundant reserve capacities of OPEC and the considerable expansion of oil production in the USA. It was only following the intensification of the conflict between the Ukraine and Russia and the destabilisation of Iraq due to IS that there was a brief increase in oil prices to US $115/bbl. This was because market participants feared losses in production and the negative effect on the expansion plans for the Iraqi oil industry. However, the market settled down very quickly after the IS advance towards Baghdad and to the oil installations in the south of Iraq was halted, and oil exports from Libya increased. The abundant supply of oil on the international market and the downgraded forecasts for demand by the International Energy Agency and the US Department of Energy have resulted in a reduction of long positions held by speculative market participants. As a result, the price of oil fell to its lowest level this year at the end of the reporting period. The price trend on the forward markets largely followed the price fluctuations on the spot market.

The front month price at the end of September 2014 was US $94.67/bbl (previous year: US $108.37/bbl). The front year price stood at US $97.08/bbl (previous year: US $103.26/bbl).

Coal market: The mild 2013/2014 winter in Europe and China, the devaluation of some currencies against the US dollar in emerging economies and slower growth in the demand for coal in China led to a drop in price on the spot market for coal in the first half of 2014. Tensions in the Ukraine and a slight increase in freight prices led to a moderate increase in prices at the beginning of the third quarter, which was quickly corrected, however, due to the generally good supply situation on the world market, high stock levels, a strong fall in currency rates in emerging countries and rumours of imminent restrictions on Chinese coal imports.

Forward market prices, which were still following a downward trend on the spot market in the first quarter of the year, were able to stabilise in the second quarter of 2014. In the third quarter, there was a fall in the price of coal and a reduction in the risk premiums in relation to spot prices due to the de-escalation of the crisis in the Ukraine and negative forecasts for the future demand for imports in China. The spot price at the end of September 2014 was US $71.95/t (previous year: US $82.45/t). The front year price stood at US $74.06/t (previous year: US $83.33/t).

Development of prices on the oil and coal markets	**Average Q1–Q3/2014**	Average Q1–Q3/2013	Average 2013
Crude oil (Brent) front month (daily quotes in US $/bbl)	106.99	108.49	108.70
Crude oil (Brent) annual price 2015 (daily quotes in US $/bbl)	103.21	97.50	98.42
Coal – API #2 front year price in US $/t	80.70	91.02	88.99

Gas market: Long-term gas import contracts form the primary basis of Germany's gas supply. Prices primarily track the oil price with a time lag. The border price index for natural gas published monthly by the German Federal Office of Economics and Export Control (BAFA) stood at €20.55/MWh in August 2014, which was 24.0% below the December 2013 figure (€27.03/MWh) and 25.0% below the previous month's figure (€27.42/MWh). The wholesale markets such as the Dutch Title Transfer Facility (TTF) and the trading point of the NetConnect Germany (NCG) market area are other important sources of natural gas.

As a result of the mild weather, the average spot and forward prices on the TTF fell significantly in the first nine months of 2014. The average spot price stood €8.25/MWh below the level in the same period of the previous year, while the forward price for the 2015 calendar year was €1.49/MWh lower. Following the warm winter, there were high gas storage levels and the demand from the gas storage market remained slow in the summer months. Therefore, even the conflict in the Ukraine only led to a moderate increase in spot market prices and a short-term increase in risk premiums for forward products on the gas market in the third quarter. Nevertheless, the average forward price for deliveries in 2015 remained lower than the level in the previous year.

Development of prices for natural gas on the TTF (Dutch wholesale market) in €/MWh	**Average Q1–Q3/2014**	Average Q1–Q3/2013	Average 2013
Spot	17.77	26.02	27.06
Delivery 2015	24.41	25.90	26.03

CO_2 allowances: Under the European emissions trading system, proof must be provided of allowances for the amount of CO_2 emissions from power plants. After the price of emission allowances fell significantly during the course of 2013 due to the oversupply of certificates, the prices for CO_2 allowances (EU Allowance – EUA) initially rose sharply from January 2014 to over €7/t CO_2 after the EU resolution on backloading. The mild winter however also had an effect on the market for CO_2 allowances. Lower electricity consumption and a tighter clean dark spread led to reduced demand for EUAs. Therefore, prices dropped again significantly to €4.40/t CO_2 in March, while they fluctuated around €5/t CO_2 between April and the beginning of June. In the period between June and August, the price of certificates increased to €6.41/t CO_2 despite lower demand due to the halving of the number of certificates offered for auction. However, the price had already fallen again in September due to the low level of demand. The average price for emission allowances (EUA) stood at €6.14/t CO_2 in the first nine months of 2014, which was around 33% above the average price for the same period in the previous year of €4.62/t CO_2. In general, the price of certified emission reductions (CERs) trades largely in parallel with the price of the EUA certificates. As a result of the limited validity of CER certificates in the EU Emissions Trading Scheme, demand is, however, lower and prices are generally below those of the EUA certificates. CER prices have remained considerably below €1/t CO_2 since the end of 2012; they have been trading laterally with a low level of volatility.

Development of prices for emission allowances/daily quotes in €/t CO_2	**Average Q1–Q3/2014**	Average Q1–Q3/2013	Average 2013
EUA-13/EUA-14	6.14	4.62	4.51
CER-13/CER-14	0.16	0.60	0.47

Electricity wholesale market: In the first nine months of 2014, the average price of €32.07/MWh for the immediate delivery of electricity (base load product) on the spot market of the European Energy Exchange (EEX) stood at around €6/MWh or 15% lower than the average price of €37.86/MWh in the same period of the previous year. Four factors were primarily responsible for this development: a lower demand for electricity due to the weather, significantly higher feed-ins from renewable energies such as wind and solar power, the commissioning and test operations of new coal power stations and the lower prices for fuels – particularly short-term prices for coal – in the reporting period compared to the same period in the previous year. On the forward market, the average price in the first nine months of 2014 of €35.23/MWh for deliveries of base load product in 2015 was around €4/MWh or 10% below the price of €39.23/MWh for the same period in the previous year.

Development of prices for electricity (EEX) base load product in €/MWh	**Average Q1–Q3/2014**	Average Q1–Q3/2013	Average 2013
Spot	32.07	37.86	37.78
Delivery 2015	35.23	39.23	38.67

Prices for retail and industrial customers: According to an analysis of electricity prices by the German Energy and Water Association (BDEW) published in June 2014, the average monthly electricity bill for a household with an annual consumption of 3,500 kWh in 2014 came to €84.96 compared to €84.12 in the previous year. Taxes and levies accounted for more than half of this amount. As a result of lower procurement costs, EnBW will be able to keep electricity and gas prices relatively stable for most customers in 2014. Heat transfer applications are an exception and prices rose in this area by between 2.1% and 2.4% at the turn of the year 2013/2014.

In the case of industrial customers receiving a medium-voltage supply, the average electricity price including electricity taxes increased according to calculations made by the BDEW by 2.3%. from 15.02 ct/kWh in the previous year to 15.37 ct/kWh in 2014.

According to calculations by the German Federal Statistical Office, natural gas prices for private households in August 2014 had risen by 0.1% compared to the same month in the previous year; in contrast, the price of natural gas for industrial customers fell by 4.7%.

Political environment

European energy policy

Domestic European energy market: European energy policy is currently being shaped by the reorganisation and orientation process of the incoming EU Commission. The new structure will see seven vice-presidents, each leading a project team on a central theme from the agenda presented by the European Commission President, Jean-Claude Juncker. The result is that responsibility for the area of energy policy is now shared in tandem between the newly merged department of Energy and Climate Action, headed by Energy Commissioner Miguel Arias Cañete from Spain, and the Vice-President for Energy Union, Maroš Šefčovič from Slovakia. The role of the vice-presidents is to coordinate the work of the other commissioners and approve legislative proposals. However, they currently have almost no departmental staff to call on to complete these tasks as all the specialist expertise is held by the commissioners responsible for each individual department. There is thus a mutual dependency between the vice-presidents and the commissioners and some friction would appear to be inevitable in the early stages.

The post of Vice-President for Energy Union was created, in particular, in response to the crisis in the Ukraine and concerns about the security of supply. The aim is to combine various negotiation processes, strengthen negotiating positions, diversify sources of procurement and reduce the dependency on external energy. The situation with regards to the security of supply was initially analysed in detail; this process included a gas stress test which demonstrated that an interruption to supply would have a substantial impact. However, this could be significantly reduced using cooperation mechanisms between the member states. The EU Commission does not currently see an urgent need for state intervention in this area such as in gas storage.

Naturally, work will continue on the dossiers introduced by the outgoing commission. It is now anticipated that the statement on the retail energy market and the future role of distribution system operators announced for the third quarter of 2014 will be presented by the new commission at the beginning of 2015. It is to focus on changes potentially required to the existing design of the market and to regulatory requirements.

A new statement on the domestic European energy market was presented by the Barroso Commission in October. However, it mainly provided a description of the current state of the market. Successes achieved by the Barroso Commission in the energy sector such as market coupling were also identified, as well as necessary optimisation measures such as the need for an additional expansion of the network and for strengthening the distribution grids in the area of smart grids in order to make price signals from the wholesale market usable for consumers.

Framework for climate and energy policy 2030: Regarding the proposals presented by the EU Commission in the framework for climate and energy policy 2030 in January, which were expanded in July to include energy efficiency policies, the heads of state and government reached an agreement at their summit meeting on 23/24 October after some tough negotiations: The targets for 2030 are now a reduction in green house gas emissions of at least 40%, an increase in the share of renewable energy at EU level to at least 27% and an increase in energy efficiency by at least 27%, with a possible increase to 30% after a review in 2020. Furthermore, an agreement was also ultimately reached for a 15% expansion in cross-border interconnection capacities between member states, including increased efforts to achieve the previous target of 10% by 2020. While the targets for greenhouse gas reductions and the increase in the share of renewable energies are binding, however, the increase in energy efficiency and the expansion in interconnection capacities are merely non-binding targets. The broad outline for the method for allocating the greenhouse gas emission reduction in those sectors not covered by the emissions trading system to the individual member states was also defined, although without precise figures. Concrete legislative proposals for the implementation of the 2030 strategy will not follow until 2015 or later. EnBW welcomes the agreement on climate targets in principle, but nevertheless considers the guidelines on renewable energies to be insufficient to guarantee that all member states contribute reliably and with equal effort.

Emissions trading: The new legislative period for the EU parliament will also see the resumption of the legislative procedure for the reform of the Emissions Trading Directive. The proposed introduction of a Market Stability Reserve (MSR) is generally welcomed by EnBW; it is however not yet sufficient to substantially support emissions trading in the short term. Therefore, EnBW is in favour of the complete removal of at least 1.4 billion emission allowance certificates, or, at the very least, the early introduction of the MSR with the immediate adoption of the reduced quantity of certificates as a result of backloading. The German government and a number of other member states have now also officially advocated the early introduction of the MSR from 2017. This development is emphatically welcomed by EnBW. However, the outcome of this process, which is not anticipated to end before the summer of next year at the earliest, cannot yet be predicted.

Financial services legislation: The legislative procedure for the Markets in Financial Instruments Directive (MIFID 2) was concluded in the second half of 2014. This directive could have some positive impact on the energy sector. Energy companies will continue to fall outside of the directive's scope of application if their trading activities are considered an ancillary activity. Corresponding exemptions have also been agreed for the treasury activities of these companies. However, the specific conditions still need to be more clearly defined in each case in the subsequent legislative process. Another central issue is the still outstanding question of when electricity and gas transactions are to be classified as financial instruments; this will have a significant impact on both the scope of the MIFID and on the regulation governing the trading of OTC derivatives (EMIR), as well as on the regulation governing wholesale energy market integrity and transparency (REMIT). In the case of REMIT, a number of legislative processes are still ongoing to define how this regulation will be implemented in law, particularly when it comes to reporting obligations. They will have a significant impact both on costs and business operations and thus it will be necessary to continue to accompany these processes closely so as to achieve adequate regulations.

Moreover, the ongoing legislative procedures for the introduction of a European transaction tax still need to be followed closely. Depending on how the tax is structured, energy trading transactions too might incur charges.

Nuclear liability and insurance: A non-legislative statement on liability and off-site emergency preparedness in the nuclear sector is expected either by the end of this year or in the first quarter of 2015. The objective is to introduce European-wide standards in both fields.

German energy policy

German Energiewende/amendment to the EEG: The implementation of the German Energiewende still remains a key focus of the German government. The amended German Renewable Energies Act (EEG) came into force on 1 August. It has been designed to pave the way for changing the method of funding for renewable energies to an auction system by 2017 at the latest. Therefore, the key points in the design of the auction process for open-field photovoltaic plants were presented for consultation by the German Federal Ministry of Economics and Technology at the beginning of August 2014. On the basis of this pilot auction, it will be possible to gain some initial experience of this new funding instrument. EnBW participated in the consultation process by submitting its own statement. The German government is still aiming to conclude the regulations for pilot auctions this year so that the German Federal Network Agency can conduct the first auctions at the beginning of 2015.

In addition, the future design of the energy market continues to be a focus of the political agenda.

Despite the growing share accounted for by renewable energies, it will be conventional power plants that will be required to stabilise the energy supply in the future. At the same time, an increasing number of conventional power plants can no longer be operated economically. In order to prevent the closure of system-relevant power plants, the law intends to obligate operators to maintain the operational readiness of these facilities as reserve power plants. In this context, the power plant operator has a right to be reimbursed for the costs that accumulate as a result of this obligation. The precise scope of the cost reimbursements will be defined in cooperation with the BNetzA. For energy supply companies, the reimbursement of the full costs, including the returns on their invested capital, will be necessary because the financial burden will soon become intolerable for companies in the sector. Overall, the success of the German Energiewende depends on what will be decided in this context. EnBW will be unable to make further investment decisions until there is sufficient confidence about future energy policy conditions.

The German government published a “Green Book” of proposals for the future design of the electricity market at the end of October 2014. Its purpose is to put the options for the future design of the electricity market to stakeholders for further discussion. The public consultation will then be followed by a so-called White Book next year that will contain concrete legislative proposals for the future design of the market.

Climate Protection Action Programme 2020: The German Federal Ministry for the Environment (BMUB) is planning to introduce a Climate Protection Action Programme to the cabinet of the German government at the beginning of December 2014. This has been prompted by the fact that Germany is in danger of missing its national greenhouse gas reduction target of 40% by 2020 (compared to the reference year of 1990) according to a projection report commissioned by the German government. The report indicates that a figure of only 33% will be achieved if no further measures are taken. This shortfall is to be plugged by a programme of measures in the energy sector, which will be announced by the responsible government departments. The BMUB believes that the greatest potential for reduction lies in the energy industry. The programme is currently being agreed at a departmental level within the government and no concrete measures have been announced as yet. EnBW welcomes the plans to tap the unused potential for reducing greenhouse gases. In order to avoid market distortions and to proceed in the most cost-efficient way possible, EnBW favours action at a European level in all of those areas where pan-European policy instruments such as the emissions trading system (ETS) already exist. Alongside a rapid and ambitious reform of the ETS, EnBW believes that increasing the electrification of heating and mobility, in combination with strong incentives for energy conservation, are key to achieving Germany’s climate protection goals.

National Energy Efficiency Action Plan: The German government also plans to adopt a National Energy Efficiency Action Plan by the end of the year. It will be used to implement central requirements of the EU Energy Efficiency Directive to improve energy efficiency in Germany. The main focus of this action plan will lie in reducing final energy consumption, particularly in the heating sector.

Furthermore, the German government plans to introduce other initiatives to stimulate the market for energy services.

Basic Supply Ordinances for Electricity and Gas (StromGVV, GasGVV): The German cabinet adopted a reform to the basic supply ordinances for electricity and gas on 27 August 2014. The reform introduces new regulations for the disclosure of general prices, as well as for changing prices in the basic supply of energy. EnBW was very intensively involved in the sector discussions and negotiations with the German Federal Ministry of Economics and Technology (BMWI) via the German Energy and Water Association (BDEW). Despite the large number of grids, the current version of the reform means that EnBW will still just about be able in practice to implement these new, extended requirements for transparency without any significant additional costs. The final reading of the changes to the basic supply ordinances by the German Bundesrat took place on 10 October. The amended ordinances are due to come into effect this year so that they will already need to be observed in any price adjustments on 1 January 2015.

Ultimate storage: A government/federal state commission has now started work on the selection of sites. Criteria for an ultimate storage site are due to be defined on the basis of the Site Selection Act by 2016. In addition, transports from the reprocessing plants to the Gorleben interim storage site are to be discontinued. Therefore, the German government has reached an agreement with France that the return of the waste stored at the La Hague reprocessing plant will not take place before 2016.

Renewable Energy Heating Law for Baden-Württemberg (EWärmeG BW): The state cabinet agreed on the draft bill for the reform of EWärmeG BW on 29 July 2014. Interested parties from industry and society in general were able to put forward their opinions on the draft bill up to 30 September. EnBW also participated in the public consultation process. As the regulations contained in the existing EWärmeG BW from 2007 will not be changed by the reform, EnBW has not changed its views on this subject. The inclusion of non-residential buildings, an increased level of openness for technology and the integration of an individual renovation schedule into the law could, however, additionally promote some of the business models pursued by EnBW. The parliamentary procedure for EWärmeG is due to be concluded in the first half of 2015. The law is then due to come into force by 1 July 2015.

Increase to the water extraction charge (WEE) in Baden-Württemberg: The state cabinet resolved on 23 September 2014 to increase the water extraction charge in two stages in order to finance measures in the area of flood protection. This will affect EnBW in terms of the provision of water in Stuttgart and the extraction of water for cooling purposes in their power plants. The legislation for the increase in the water extraction charges is due to be concluded by the state parliament of Baden-Württemberg by the end of the year as part of a law accompanying the state budget.

The EnBW Group

The adjusted EBITDA for the EnBW Group fell by 10.5% to €1,632.2 million in the first nine months of 2014. Our operating result is thus developing in line with our expectations. We continue to expect a decline in the operating result of up to 5% for the year as a whole. And by more than doubling our volume of investment, we are consistently pushing forward the realignment of the Group.

Results of operations

Unit sales and revenue

Electricity sales of the EnBW Group 01/01–30/09/2014 in billions of kWh	Sales	Grids	Renewable Energies	Generation and Trading	Total
Retail customers (B2C)	11.4	0.0	0.0	0.0	11.4
Industry and redistributors (B2B)	23.6	0.0	0.0	0.0	23.6
Trade	0.5	10.4	3.1	53.2	67.2
Total	**35.5**	**10.4**	**3.1**	**53.2**	**102.2**

Electricity sales of the EnBW Group 01/01–30/09/2013 in billions of kWh	Sales	Grids	Renewable Energies	Generation and Trading	Total
Retail customers (B2C)	12.6	0.0	0.0	0.0	12.6
Industry and redistributors (B2B)	25.6	0.0	0.2	1.5	27.3
Trade	0.4	11.0	2.7	44.4	58.5
Total	**38.6**	**11.0**	**2.9**	**45.9**	**98.4**

In the first nine months of 2014, electricity sales of the EnBW Group increased in total by 3.9% to 102.2 billion kWh compared with the same period in the previous year. However, this increase can be exclusively attributed to a rise of 14.9% in electricity sales in the trade business to 67.2 billion kWh, and therefore its significance for the earnings potential of the company is limited. The competitive environment for business with private customers, as well as with industrial customers and redistributors, remained very challenging. For this reason, electricity sales to private customers (B2C) fell by 9.5% to 11.4 billion kWh in comparison to the level in the previous year. Electricity sales from business with industrial customers and redistributors (B2B) stood at 23.6 billion kWh in the reporting period, down 13.6% in comparison to the figure for the same period in the previous year.

Gas sales of the EnBW Group 01/01–30/09/2014 in billions of kWh	Sales	Generation and Trading	Total
Retail customers (B2C)	5.5	0.0	5.5
Industry and redistributors (B2B)	43.4	0.0	43.4
Trade	0.5	34.5	35.0
Total	**49.4**	**34.5**	**83.9**

Gas sales of the EnBW Group 01/01–30/09/2013 in billions of kWh	Sales	Generation and Trading	Total
Retail customers (B2C)	6.8	0.0	6.8
Industry and redistributors (B2B)	39.2	0.0	39.2
Trade	0.5	25.0	25.5
Total	**46.5**	**25.0**	**71.5**

The gas sales of the EnBW Group increased in the reporting period by 17.3% to 83.9 billion kWh compared to the previous year. The expansion of our trading activities by 37.3% to 35.0 billion kWh and the increase in sales from business with industrial customers and redistributors (B2B) of 10.7% to 43.4 billion kWh contributed to this increase. The reason for this change was primarily the acceptance of contractually agreed minimum purchase volumes at the end of the gas financial year. In contrast, gas sales in the retail customer business (B2C) fell by 19.1% in comparison to the same period of the previous year to 5.5 billion kWh, due to the milder weather. After adjustments for temperature, it was nevertheless possible to still increase gas sales in this area.

External revenue of the EnBW Group by segment in € million[1,2]	01/01–30/09/2014	01/01–30/09/2013	Variance %	01/01–31/12/2013
Sales	6,579.4	7,001.8	-6.0	9,568.4
Grids	4,765.8	4,573.2	4.2	5,707.6
Renewable Energies	291.0	271.1	7.3	372.3
Generation and Trading	3,823.1	3,756.2	1.8	4,888.3
Other/Consolidation	7.2	5.1	41.2	8.2
Total	**15,466.5**	**15,607.4**	**-0.9**	**20,544.8**

[1] The figures for the comparative periods have been restated.
[2] After deduction of electricity and energy taxes.

Overall, the EnBW Group achieved external revenue in the reporting period, including electricity and energy taxes, of €16,037.8 million. After deducting these taxes, revenue stood at €15,466.5 million, which is 0.9% lower than the figure for the previous year.

Sales: In the Sales segment, revenue fell in the first nine months of 2014 in comparison to the same period in the previous year by 6.0% to €6,579.4 million. This fall in revenue is primarily due to the lower sales volumes in the electricity sector.

Grids: Revenue in the Grids segment increased in the reporting period by 4.2% to €4,765.8 million in comparison to the previous year. The increase in revenue is primarily due to higher EEG cost allocations.

Renewable Energies: In the Renewable Energies segment, revenue increased in the first nine months of 2014 in comparison to the same period in the previous year by 7.3% to €291.0 million. This growth was primarily due to the expansion of onshore wind power plants.

Generation and Trading: Revenue in the Generation and Trading segment increased in the reporting period by 1.8% to €3,823.1 million compared to the previous year. The fall in revenue due to lower electricity prices was more than compensated for by growth in trading activities.

Material developments in the income statement

The negative balance of € -141.2 million from other operating income and other operating expenses in the reporting period showed an increase from the value of € -63.8 million in the same period of the previous year, primarily due to valuation effects from derivatives. The cost of materials increased by 0.5% to €12,968.4 million due to increased provisions for onerous contracts for electricity procurement agreements which no longer cover costs. Write-downs increased by €1,229.1 million to €1,899.8 million in comparison with the value for the previous year. This significant increase is primarily due to impairment losses on the generation portfolio. The investment result of €19.4 million was €47.9 million below the previous year's figure of €67.3 million, which was primarily due to the net loss from entities accounted for using the equity method. The financial result improved in the reporting period in comparison with the figure for the previous year by €117.9 million to € -401.2 million (previous year: € -519.1 million). The lower ongoing interest expenses for pension provisions contributed to this development. Moreover, the figure for the previous year also included, in particular, interest expenses from an adjustment to the interest rate for provisions relating to nuclear power from 5.4% to 5.3% and higher out-of-period interest expenses. Overall, earnings before tax (EBT) totalled € -1,030.0 million in the first nine months of the 2014 financial year, compared with €416,8 million for the same period in the previous year.

Earnings

The Group net profit attributable to the equity holders of EnBW AG fell by €1,004.7 million to € -770.6 million in the reporting period compared to the same period of the previous year (€234.1 million). Earnings per share amounted to € -2.85 in the reporting period compared to €0.86 for the same period in the previous year.

Adjusted earnings and non-operating result

The sustainable profitability of operating activities is of particular importance for the internal management and external communication of the current and future earnings performance of EnBW. The operating result is disclosed in the form of adjusted EBITDA – earnings before interest, tax, depreciation and amortisation adjusted for extraordinary items – which we use as a key reporting indicator.

Adjusted EBITDA of the EnBW Group by segment in € million[1]	01/01–30/09/2014	01/01–30/09/2013	Variance %	01/01–31/12/2013
Sales	226.7	212.7	6.6	227.1
Grids	656.4	755.2	-13.1	961.8
Renewable Energies	145.5	158.3	-8.1	220.2
Generation and Trading	615.7	708.3	-13.1	839.0
Other/Consolidation	-12.1	-11.8	-2.5	-23.4
Total	**1,632.2**	**1,822.7**	**-10.5**	**2,224.7**

[1] The figures for the comparative periods have been restated.

The adjusted EBITDA of the EnBW Group stood at €1,632.2 million in the first nine months of 2014, 10.5% below the figure in the previous year of €1,822.7 million. The change in earnings continued to be influenced by valuation effects from derivatives, which had made a highly positive contribution to the adjusted EBITDA in the previous year. These effects will lose their importance during the remainder of the year. Therefore, we continue to expect a decline in the operating result of 0% to -5% for 2014 as a whole.

Sales: The adjusted EBITDA for the Sales segment improved in the first nine months of 2014 by 6.6% to €226.7 million in comparison to the figure for the same period in the previous year of €212.7 million. This positive development resulted, in particular, from optimisation measures in the customer portfolio as part of the implementation of the EnBW 2020 strategy. The result for gas sales was below the level for the previous year due to the significantly milder winter. The share of the Group adjusted EBITDA for this segment increased to 13.9% in the first nine months of 2014 compared to 11.7% in the same period of the previous year.

Grids: The adjusted EBITDA for the Grids segment fell in the reporting period by 13.1% to €656.4 million compared to the figure of €755.2 million for the same period in the previous year. This fall in earnings is mainly attributable to lower network user charges because of the reduced distribution volumes which resulted from lower electricity and gas sales due to the weather conditions. Furthermore, the earnings in the same period of the previous year benefited from positive extraordinary items from the preceding regulatory period. The share of the Group adjusted EBITDA for this segment fell to 40.2% in the reporting period compared to 41.4% in the same period of the previous year.

Renewable Energies: The adjusted EBITDA in the Renewable Energies segment stood at €145.5 million in the first nine months of 2014, 8.1% below the figure in the previous year of €158.3 million. The earnings performance was primarily influenced by lower electricity production in comparison to the levels generated in the previous year from run-of-river power plants as a result of low precipitation and lower water levels. More favourable operating conditions in the same period of the previous year had led to an above-average level of electricity generation. In contrast, electricity generation from wind power was above the level for the previous year due to the construction of new facilities. The share of Group adjusted EBITDA for this segment rose from 8.7% in the previous year to 8.9% in the reporting period.

Generation and Trading: In the Generation and Trading segment, adjusted EBITDA fell by 13.1% from €708.3 million in the same period of the previous year to €615.7 million in the reporting period. This reduction was primarily the result of valuation effects from derivatives, which had made a highly positive contribution in the previous year, as well as the lower base prices in electricity production. The segment accounted for 37.7% of the Group adjusted EBITDA in the reporting period, compared to 38.9% in the previous year.

Other/Consolidation: The adjusted EBITDA stood in the reporting period at € -12.1 million (previous year: € -11.8 million).

Adjusted earnings indicators of the EnBW Group in € million[1]	01/01–30/09/2014	01/01–30/09/2013	Variance %	01/01–31/12/2013
Adjusted EBITDA	**1,632.2**	**1,822.7**	**-10.5**	**2,224.7**
Amortisation and depreciation	-666.0	-670.0	-0.6	-885.2
Adjusted EBIT	**966.2**	**1,152.7**	**-16.2**	**1,339.5**
Adjusted investment result	22.6	101.5	-77.7	118.2
Adjusted financial result	-401.3	-453.3	11.5	-681.7
Adjusted income taxes	-175.6	-213.0	17.6	-214.5
Adjusted Group net profit	**411.9**	**587.9**	**-29.9**	**561.5**
of which profit/loss shares attributable to non-controlling interests	(61.5)	(71.8)	-14.3	(99.2)
of which profit/loss shares attributable to the equity holders of EnBW AG	(350.4)	(516.1)	-32.1	(462.3)

[1] The figures for the comparative periods have been restated.

The adjusted investment result of €22.6 million for the first nine months of 2014 was 77.7% lower than the level in the previous year of €101.5 million. This decline in earnings is primarily due to the transfer of associated companies into a Contractual Trust Arrangement (CTA) at the end of 2013. The shortfall in the adjusted financial result of €401.3 million in the reporting period was 11.5% less than in the same period for the previous year (€453.3 million). The causes were lower interest expenses for pension provisions and higher out-of-period interest expenses in the previous year.

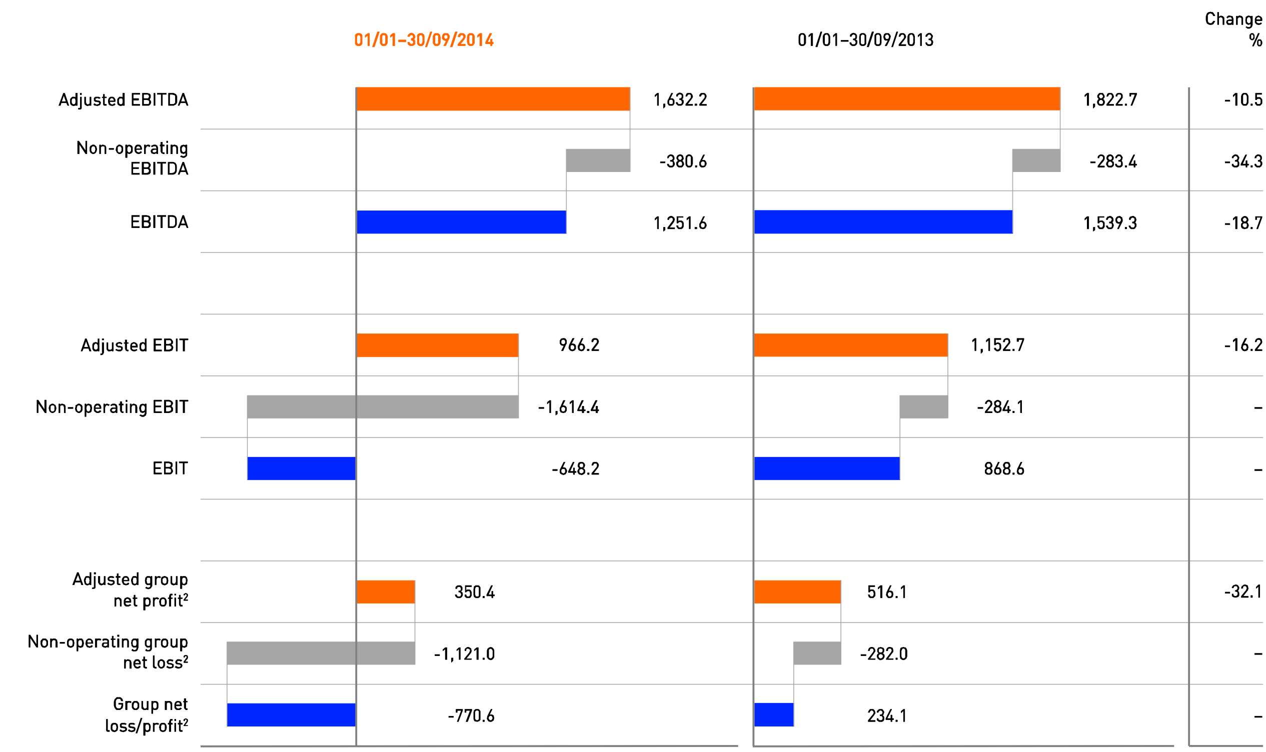
Adjusted income taxes came to €175.6 million in the reporting period, compared with €213.0 million in the previous year. The adjusted tax rate was 29.9% in the reporting period, compared with 26.6% in the same period for the previous year. The adjusted Group net profit attributable to the equity holders of EnBW AG of €350.4 million fell by 32.1% in comparison to the figure for the same period of the previous year of €516.1 million.

Non-operating result of the EnBW Group in € million[1]	01/01–30/09/2014	01/01–30/09/2013	Variance %
Income/expenses relating to nuclear power	-67.5	-155.4	56.6
Income from the release of other provisions	8.6	71.3	-87.9
Profit/loss on disposal of non-current assets	42.3	18.7	126.2
Addition to the provision for onerous contracts relating to electricity procurement agreements	-345.9	-181.9	-90.2
Restructuring	-16.6	-9.1	-82.4
Other non-operating result	-1.5	-27.0	94.4
Non-operating EBITDA	**-380.6**	**-283.4**	**-34.3**
Impairment losses	-1,233.8	-0.7	–
Non-operating EBIT	**-1,614.4**	**-284.1**	**–**
Non-operating investment result	-3.2	-34.2	90.6
Non-operating financial result	0.1	-65.8	–
Non-operating income taxes	468.1	100.7	–
Non-operating Group net loss	**-1,149.4**	**-283.4**	**–**
of which profit/loss shares attributable to non-controlling interests	(-28.4)	(-1.4)	–
of which profit/loss shares attributable to the equity holders of EnBW AG	(-1,121.0)	(-282.0)	–

[1] The figures for the comparative period have been restated.

Non-operating EBITDA stood at € -380.6 in the first nine months of 2014 compared with € -283.4 million in the same period of the previous year. This development in the earnings performance was mainly caused by the increase in provisions by €164.0 million to €345.9 million, for onerous contracts for long-term electricity procurement agreements which no longer cover costs. In contrast, expenses relating to nuclear power of €67.5 million in the reporting period fell by €87.9 million compared to the value in the same period of the previous year, when they had been burdened by obligations within the Site Selection Act (Standortauswahlgesetz). Unscheduled write-downs predominantly on the generation portfolio in the amount of €1,233.8 million, which were a result of the considerably worsening expectations regarding long-term electricity price developments, led to a fall of €1,330.3 million in the non-operating EBIT to €-1,614.4 million in comparison to the same period of the previous year. According to assessments made by EnBW, there is no prospect of an improvement in the market situation in the medium term. Therefore, it can be assumed that there will also be a persistently low price level for electricity in the coming years, which will significantly diminish the future achievable earnings contributions particularly from coal power stations. In contrast, the tax relief from non-operating income taxes increased in the reporting period to €468.1 million compared to €100.7 million in the same period of the previous year. The non-operating Group net loss attributable to the equity holders of EnBW AG stood at €1,121.0 million in the reporting period, compared to €282.0 million in the previous year.

Financial performance of the EnBW Group
in € million[1]



[1] The figures for the comparative period have been restated.
[2] In relation to the profit/loss shares attributable to the equity holders of EnBW AG.

Financial position

Financing

Funds from operations (FFO), which amounted to €1,182.5 million in the first nine months of 2014, form a cornerstone of the financing of EnBW.

In terms of external financing, the company has various instruments at its disposal, some of which have not been utilised to date:

- Commercial paper (CP) programme for a total of €2.0 billion (undrawn as of 30 September 2014)
- Syndicated credit line of €1.5 billion (undrawn as of 30 September 2014)
- Bilateral short-term credit lines (€503 million, undrawn as of 30 September 2014)
- Euro Medium Term Note (EMTN) programme with a €7.0 billion line (€4.2 billion drawn as of 30 September 2014)

The existing syndicated credit line was reduced to €1.5 billion on 21 July and has been extended initially until July 2019. In addition, extension options have also been agreed, giving the opportunity to extend the credit line in 2015 and 2016 by one additional year each up to July 2021 at the latest.

EnBW issued a bond with a volume of €500 million and a term to maturity of twelve years at the end of May 2014. The bond was given a coupon of 2.5% and will be used to pre-finance future maturities due on the capital markets. The bond was significantly oversubscribed. In addition, EnBW made three private placements with a total volume of €250 million in the period between June and August 2014. EnBW had already successfully issued a hybrid bond with a total volume of €1 billion in March 2014.

There are no bonds due during the current financial year. EnBW is endeavouring to reduce net debt further, while the EnBW bonds have a well-balanced maturity structure. EnBW analyses and assesses capital market trends with regard to the interest rate environment and to any potentially favourable refinancing costs, as it can make sense to issue a bond in a favourable capital market environment when taking into account corresponding opportunity costs.

Capital expenditures and acquisitions

The investment volume of the EnBW Group has, as part of the implementation of the EnBW 2020 strategy, more than doubled in the first nine months of 2014 to €1,287.1 million in comparison to the figure for the previous year of €615.1 million. Around 83% of the overall investment was attributable to growth projects such as the Lausward Combined Cycle Gas Turbine (CCGT) power plant, the major project EnBW Baltic 2 and the expansion of the grids. The proportion of investments in existing facilities stood at around 17% in the first nine months of 2014 and was primarily allocated to existing power stations and grid infrastructure.

Investment in intangible assets and property, plant and equipment stood at €1,049.4 million in the reporting period, while financial investments came to €237.7 million. The purchase of the 50% share of EnBW Gas Verwaltungsgesellschaft mbH, Karlsruhe (previously EnBW Eni Verwaltungsgesellschaft mbH, Karlsruhe), which was held by the Italian energy group Eni S.p.A., and with it indirectly a 50% share in both GasVersorgung Süddeutschland GmbH, Stuttgart, and terranets bw GmbH, Stuttgart, accounted for €197.9 million of this investment. The remaining financial investments stood at €39.8 million and were mainly related to a capital increase in an entity accounted for using the equity method.

When offset against divestitures amounting to €304.7 million that were mainly attributable to capital gains from local authority grids after the loss of the corresponding concessions, net capital expenditure in the reporting period stood at €982.4 million. In the same period of the previous year, net capital expenditure – after divestitures amounting to €169.1 million – stood at €446.0 million.

In the Generation and Trading segment and the Renewable Energies segment, investments by the EnBW Group more than doubled in the first nine months of 2014 in comparison to the same period in the previous year. Investment in the Generation and Trading segment thus increased in the reporting period to €377.5 million compared to €161.6 million in the previous year; this accounted for the largest proportion of investments in intangible assets and property, plant and equipment with 36.0% (previous year: 26.7%). Investments in the Renewable Energies segment stood at €339.5 million compared to €144.3 million in the same period of the previous year; the proportion of the total investment in intangible assets and property, plant and equipment for this segment increased from 23.8% to 32.4%. Investment in the Grids segment stood at €278.4 million in the reporting period compared with €265.9 million in the previous year. This concentrated mainly on expanding and upgrading the grids and the connection of facilities for the generation of renewable energies by our grid subsidiaries. However, this segment's share of the investment in intangible assets and property, plant and equipment fell from 43.9% in the same period of the previous year to 26.5% in the reporting period. Furthermore, €54.0 million or 5.1% of the investment in intangible assets and property, plant and equipment was primarily invested in strengthening sales for expanding the range of services offered as a supplier of decentralised solutions – such as contracting, for example.

Net cash investments of the EnBW Group in € million[1]	01/01–30/09/2014	01/01–30/09/2013	Variance %	01/01–31/12/2013
Sales	44.5	22.2	100.5	56.8
Grids	278.4	265.9	4.7	462.0
Renewable Energies	339.5	144.3	135.3	316.5
Generation and Trading	377.5	161.6	133.6	207.4
Other/Consolidation	9.5	11.5	-17.4	17.5
Total capital expenditures on intangible assets and property, plant and equipment	**1,049.4**	**605.5**	**73.3**	**1,060.2**
Cash paid for the acquisition of subsidiaries and entities accounted for using the equity method	34.2	6.8	–	39.2
Cash paid for the acquisition of investments[2]	5.6	2.8	100.0	8.9
Cash paid for changes in ownership interest without loss of control	197.9	0.0	–	0.0
Total investments	**1,287.1**	**615.1**	**109.3**	**1,108.3**
Cash received from the disposal of intangible assets and property, plant and equipment	-139.9	-73.3	90.9	-172.4
Cash received from construction cost and investment subsidies	-54.2	-51.1	6.1	-72.6
Cash received from the sale of subsidiaries and entities accounted for using the equity method[3]	0.0	-18.3	–	-18.3
Income from the sale of equity investments[2]	-17.5	-10.2	71.6	-12.5
Cash received for changes in ownership interest without loss of control	-57.5	0.0	–	0.0
Cash received from participation models	-35.6	-16.2	119.8	-16.2
Total divestitures	**-304.7**	**-169.1**	**80.2**	**-292.0**
Net (cash) investments	**982.4**	**446.0**	**120.3**	**816.3**

[1] The figures for the comparative periods have been restated.
[2] Excluding investments held as financial assets.
[3] Does not include cash and cash equivalents relinquished with the divestiture. These amounted to €0.0 million in the reporting period (01/01–30/9/2013: €8.4 million; 01/01–31/12/2013: €8.4 million).

Liquidity analysis

Free cash flow of the EnBW Group in € million[1]	01/01–30/09/2014	01/01–30/09/2013	Variance %	01/01–31/12/2013
Cash flow from operating activities	**1,467.2**	**1,216.5**	**20.6**	**1,919.1**
Change in assets and liabilities from operating activities	-304.1	86.4	–	-318.1
Interest and dividends received	211.2	304.0	-30.5	368.0
Interest paid for financing activities	-191.8	-150.3	27.6	-303.7
Funds from operations (FFO)	**1,182.5**	**1,456.6**	**-18.8**	**1,665.3**
Change in assets and liabilities from operating activities	304.1	-86.4	–	318.1
Capital expenditures on intangible assets and property, plant and equipment	-1,049.4	-605.5	73.3	-1,060.2
Cash received from the disposal of intangible assets and property, plant and equipment	139.9	73.3	90.9	172.4
Cash received from construction cost and investment subsidies	54.2	51.1	6.1	72.6
Free cash flow	**631.3**	**889.1**	**-29.0**	**1,168.2**

[1] The figures for the comparative periods have been restated.

The cash flow from operating activities increased by 20.6% in the first nine months of 2014 to €1,467.2 million compared to the figure in the previous year of €1,216.5 million. In contrast, funds from operations (FFO) of €1,182.5 million in the reporting period reflected an 18.8% decrease compared with the figure for the previous year of €1,456.6 million. This decrease was mainly due to the fall in adjusted EBITDA in comparison to the previous year. The net balance of assets and liabilities arising from operating activities changed significantly in comparison to the same period in the previous year. While the balance of assets and liabilities increased by €86.4 million in the same period of the previous year, it fell in the current reporting period by €304.1 million. This was primarily due to the balance of trade receivables and payables, which was especially influenced by factors relating to the EEG. Therefore, free cash flow reduced by €257.8 million or 29.0% to €631.3 million.

Cash flow statement of the EnBW Group in € million[1]	01/01–30/09/2014	01/01–30/09/2013	Variance %	01/01–31/12/2013
Cash flow from operating activities	1,467.2	1,216.5	20.6	1,919.1
Cash flow from investing activities	-2,349.8	-74.9	–	-572.4
Cash flow from financing activities	1,755.2	-566.6	–	-1,509.4
Net change in cash and cash equivalents	**872.6**	**575.0**	**51.8**	**-162.7**
Net foreign exchange difference	0.3	-0.1	–	-1.2
Change in cash and cash equivalents	**872.9**	**574.9**	**51.8**	**-163.9**

[1] The figures for the comparative periods have been restated.

The cash flow from investment activities reported a cash outflow of €2,349.8 million in the first nine months of 2014 compared with €74.9 million the year before. This increase was primarily the result of a significant rise in the investment in securities in comparison to the previous year. In addition, there was also significantly higher investment in intangible assets and property, plant and equipment in comparison to the same period of the previous year.

Cash flow from financing activities returned an inflow of cash in the amount of €1,755.2 million in the reporting period. In the same period of the previous year, there was a cash outflow in this area of €566.6 million. This change in comparison to the same period of the previous year is mainly attributable to a significant increase in financial liabilities. This figure primarily includes the issuing of a hybrid bond with a volume of €1 billion, four bonds with a total volume of €750 million and a loan from the European Investment Bank (EIB). The Group’s cash and cash equivalents increased by €872.9 million in the reporting period.

Net assets

The total assets held by the EnBW Group increased from €35,758.3 million on the reporting date in 2013 by 5.3% to €37,654.6 million at the end of September 2014. Non-current assets increased by €1,136.6 million or 4.5% to €26,644.5 million. Other financial assets increased here by €2,003.2 million to €8,403.1 million, due above all to the purchase of securities for investment purposes. Deferred taxes increased by €483.0 million to €740.8 million; this was offset by a reduction in property, plant and equipment of €1,143.8 million to €12,925.9 million, which was mainly attributable to impairment losses on power plants. Current assets rose by €588.3 million or 5.8% to €10,748.4 million, which was primarily due to the increase in cash and cash equivalents from the issuing of bonds. The increase in assets held for sale was primarily attributable to the reclassification of distribution facilities as part of the re-municipalisation process.

The equity held by the EnBW Group fell from €6,082.7 million at the end of 2013 to €4,354.5 million on 30 September 2014. Revenue reserves fell by €934.0 million to €3,444.9 million due to the distribution of dividends at the end of April and as a result of covering the deficit for the reporting period. The losses in other comprehensive income grew by €631.6 million to € -1,423.4 million, which was mainly caused by a further reduction in the discount rate for pension provisions. The non-current liabilities of the EnBW Group rose in the reporting period by a total of €2,713.5 million to €23,800.4 million, which was mainly due to an increase in financial liabilities and the increase in provisions. The increase in financial liabilities resulted from the issuing of a hybrid bond, four further bonds and the disbursement of an EIB loan for the offshore wind farm EnBW Baltic 2. This was offset by the reclassification based on the maturity date of a €750 million bond due in 2015 from non-current to current liabilities. Current liabilities thus increased as a result by a total of €787.6 million to €9,343.7 million. This increase in the liabilities directly associated with assets classified as held for sale is primarily due to the reclassification of construction cost subsidies.

Balance sheet structure of the EnBW Group in € million[1]	30/09/2014	31/12/2013	Variance %
Non-current assets	26,644.5	25,507.9	4.5
Current assets	10,748.4	10,160.1	5.8
Assets held for sale	261.7	90.3	–
Assets	**37,654.6**	**35,758.3**	**5.3**
Equity	4,354.5	6,082.7	-28.4
Non-current liabilities	23,800.4	21,086.9	12.9
Current liabilities	9,343.7	8,556.1	9.2
Liabilities directly associated with assets classified as held for sale	156.0	32.6	–
Equity and liabilities	**37,654.6**	**35,758.3**	**5.3**

[1] The figures for the comparative period have been restated.

Adjusted net debt

As of 30 September 2014, adjusted net debt rose by 2.9% or €209.8 million compared to the figure posted at the end of 2013 to €7,481.1 million. The increase in current financial assets, long-term investments and financial liabilities was mainly attributable to the issuing of a hybrid bond with a volume of €1 billion, the issuing of four bonds with a total volume of €750 million and the disbursement of an EIB loan to the amount of €500 million. As 50% of the nominal value of the hybrid bond is classified as equity and is thus recognised as a deduction by the rating agencies Moody's and Standard & Poor's, the hybrid bond has led to a reduction of €500 million in the adjusted net debt. In addition, the positive free cash flow reduced the adjusted net debt. This was offset by increased pension provisions due to the reduction of the interest rate from 3.75% by 31 December 2013 to 2.70% by 30 September 2014, as well as by cash outflows for dividend payments.

Adjusted net debt of the EnBW Group in € million[1]	30/09/2014	31/12/2013	Variance %
Cash and cash equivalents	-4,044.6	-3,154.0	28.2
Cash and cash equivalents of the special funds and short-term investments to cover pension and nuclear power provisions	1,258.8	1,083.9	16.1
Adjusted cash and cash equivalents	**-2,785.8**	**-2,070.1**	**34.6**
Bonds	6,222.0	4,466.7	39.3
Liabilities to banks	1,694.3	1,002.3	69.0
Other financial liabilities	217.1	303.1	-28.4
Financial liabilities	**8,133.4**	**5,772.1**	**40.9**
Recognised net financial liabilities[2]	**5,347.6**	**3,702.0**	**44.5**
Pension and nuclear power provisions	14,451.7	13,308.1	8.6
Fair value of plan assets	-1,026.4	-1,068.6	-3.9
Long-term investments and loans[3]	-8,209.0	-6,235.7	31.6
Cash and cash equivalents of the special funds and short-term investments to cover pension and nuclear power provisions	-1,258.8	-1,083.9	16.1
Other	-81.9	-73.9	10.8
Recognised net debt[3]	**9,223.2**	**8,548.0**	**7.9**
Market value of CO_2 allowances purchased for planned future electricity generation	0.0	-33.9	–
Non-current receivables associated with nuclear power provisions	-617.8	-623.9	-1.0
Valuation effects from interest-induced hedging transactions	-124.3	-118.9	4.5
Restatement of 50% of the nominal amount of the hybrid bonds[4]	-1,000.0	-500.0	100.0
Adjusted net debt[3]	**7,481.1**	**7,271.3**	**2.9**

[1] The figures for the comparative period have been restated.
[2] Adjusted for valuation effects from interest-induced hedging transactions and 50% of the nominal amount of the hybrid bonds, net financial liabilities amounted to €4,223.3 million (31/12/2013 restated: €3,083.1 million).
[3] Includes investments held as financial assets.
[4] The structural characteristics of our hybrid bonds meet the criteria for half of the bond to be classified as equity, and half as debt, by the rating agencies Moody's and Standard & Poor's.

Related parties

Transactions with related parties are disclosed in the notes and explanations of the interim consolidated financial statements.

Other important Group topics

EnBW is convinced that long-term economic success can only be secured when a company also lives up to its responsibilities to employees, the environment and society as a whole. A responsible procurement strategy and agile research and development activities also contribute to safeguarding the future success of the company.

Employees

Employees of the EnBW Group[1, 2]	30/09/2014	31/12/2013	Variance %
Sales	3,292	3,461	-4.9
Grids	7,705	7,487	2.9
Renewable Energies	519	485	7.0
Generation and Trading	5,415	5,436	-0.4
Other/Consolidation	3,058	2,975	2.8
Total	**19,989**	**19,844**	**0.7**
Number of full-time equivalents[3]	18,443	18,378	0.4

[1] The figures for the comparative period have been restated.
[2] Number of employees excluding apprentices/trainees and excluding inactive employees.
[3] Converted into full-time equivalents.

As of 30 September 2014, the EnBW Group employed 19,989 people. The recruitment policy at EnBW primarily focuses on the strategic growth areas of Sales, Grids and Renewable Energies. However, the deconsolidation of EZG Operations GmbH has led to a reduction in the number of employees in the Sales segment. The change in Other/Consolidation is mainly due to the movement of employees from the Grids segment as a result of restructuring within the Group. Overall, the number of employees was slightly higher than the level at the end of 2013.

Around 200 young people started their apprenticeships or degree studies at EnBW in September 2014. These young people are offered a broad spectrum of apprenticeships as well as dual and cooperative university courses at a variety of locations. This includes, for example, apprenticeships to become electronic technicians or IT officers. The Bachelor's degree courses cover subjects such as electrical engineering, industrial engineering and business informatics. EnBW employs over 700 apprentices and students in total. The proportion of female apprentices and students is currently over 20%. The number of new appointments is based on actual requirements for personnel in the company. Therefore, EnBW offers apprentices and students good prospects of being offered permanent employment after the conclusion of their apprenticeships or degree studies.

The latest employee survey revealed that the subject of human resource development is viewed as being very important at EnBW but employees still see some room for improvement. The survey asked for a response to the question of how the existing expertise and skills held by employees can be best developed in order to open up new career prospects. It is for this reason that a new and more efficient format has been introduced: the "Personal Development Plan" (PDP). It replaces the previous development plan and, alongside agreements on targets and the delegation of responsibility, represents an important part of the annual employee appraisal. A new feature of the PDP is that employees can actively initiate the appraisal at a time of their own choosing. Another new feature is that employees can also discuss their personal development plan with managers from other teams or company divisions – which enables more knowledge and experience to be integrated into the process. The PDP promotes and encourages employees to act on their own initiative and gives the development plan new impetus.

EnBW is actively engaged in promoting the health of its employees. In this context, EnBW is one of the premium sponsors of the Baden Marathon, which was held for the 32nd time in Karlsruhe on 21 September 2014. A total of more than 200 employees from EnBW took part this year in the marathon, half-marathon and marathon relay at this traditional event. Alongside the health aspect, the focus is also placed on the concepts of teamwork and getting involved.

The environment

EnBW shares responsibility for our environment and climate protection. Therefore, environmental and climate protection forms an integral part of our corporate strategy. Supplying our customers with energy causes emissions, above all through the operation of power plants, and we also use natural resources and space. EnBW strives to achieve a balance between entrepreneurial, political and social goals with respect to ecology and thus aims to maintain social acceptance for our activities as an energy company.

EnBW is pursuing the goal of reducing the energy consumption of its own properties and thus any associated CO_2 emissions by 20% by 2020. On the basis of an enhanced energy control system that collects and evaluates consumption data, the company is able to quickly implement energy-saving measures that require a low level of investment. These measures range from the optimisation of lighting and operating strategies for technical systems through to the optimal use of heat pumps. A pilot project is currently testing whether this concept can be applied to external property and thus whether it is marketable.

Netze BW GmbH has been successfully working together with regional bird protection and nature conservation associations for many years. In particular, this work has involved providing nests and nesting boxes for endangered bird species on electricity pylons. In order to help protect the peregrine falcon, a nesting aid was mounted this summer on a steel lattice pylon on the power line between Achern and Freiburg at a height of 28 metres. The 110,000-volt high-voltage power line was initially de-energised, tested and earthed – before the climbing skills of the fitters from Netze BW GmbH were put to the test.

Society

Companies of the size and importance of EnBW are not only active as business entities, but also play a role in society. In the interests of generally safeguarding the future, EnBW provides particular support in the area of education, with emphasis on the concepts of interaction and getting involved. This social commitment is mainly focused in the area where the company has its predominant sphere of influence: Baden-Württemberg.

EnBW offers its expertise and up to 500 euros in funding within the scope of the energy@school initiative to help promote creative, energy-saving projects. High schools (schools that cover years 7–10) across Baden-Württemberg can submit their ideas on the subject of "saving energy in school" until 31 March 2015. A specialist jury will examine all of the project ideas submitted and make a decision on funding. This educational initiative was started by EnBW in cooperation with the Foundation for Cultural Youth Work (Stiftung Kulturelle Jugendarbeit) and the Ministry of Education, Youth and Sport in Baden-Württemberg. The KIT Children's University (KIT Kinder-Uni) event was held for the twelfth time between 5 and 21 August 2014 at the Karlsruhe Institute of Technology. The KIT Children's University provides children with hands-on experience of science and technology. Children can attend lectures that have been specially tailored to young people, in which scientific and technical subjects are explained in a vivid and exciting way. EnBW took part in the opening exhibition held for the KIT Children's University with an exhibition stand focusing on the subject of energy. At the exhibition stand, children were able to complete an energy diploma by taking part in an energy rally through the various energy-based exhibits.

The series of lectures presented by EnBW called "Köpfe unserer Zeit" (Great Minds of Our Time) continued in autumn 2014 with two events in Stuttgart and Karlsruhe. Special guest was the renowned cabaret artist Christoph Sonntag from the Swabian region of Germany.

EnBW places great importance on maintaining continuous dialogue with all social groups. To mark the commissioning of the hard coal power station RDK 8 (Rheinhafen-Dampfkraftwerk Karlsruhe), a family day was held on 11 October on the grounds of the power station for citizens of the Karlsruhe region, employees and neighbours. Alongside a tour of this impressive power station, discussions held at the event involving Günther H. Oettinger, member of the EU Commission, Dr. Frank Mentrup, Mayor of the City of Karlsruhe, and the members of the Board of Management at EnBW, Dr. Frank Mastiaux and Dr. Hans-Josef Zimmer, were the focus of special interest for almost 7,000 visitors.

Procurement

A large number of suppliers and service providers contribute to the services rendered by EnBW. EnBW places great importance on the efficient and sustainable design of their procurement processes and on continuously increasing the value added by the Procurement Department. In this respect, the Procurement Department will also make a significant contribution to the future viability of the Group in the next few years, above and beyond the savings achieved as part of the "Fokus" efficiency project for 2014.

Procurement processes at EnBW have been made even more efficient and transparent as a result of the development of an integrated purchasing platform and the introduction of automated ordering processes. The purchasing platform includes standardised pre-qualification of suppliers, participation in invitations to tender and the submitting of offers, as well as the recording of services rendered. Suppliers and buyers can access important information on procurement processes from a central source and interact online with the Central Procurement Department.

As part of the ongoing introduction of the system, it has been possible to generate further synergies by integrating existing processes into the pre-qualification process. In order to guarantee the high level of quality in the supplier chain, we support the observance of our high standards for environmental management with additional on-site visits to our suppliers.

EnBW clearly acknowledges its responsibility towards people and the environment. In exercising this responsibility, EnBW develops codes of conduct for the responsible procurement of hard coal and other raw materials. These codes of conduct cover the expectations placed on business partners by EnBW in terms of respecting human rights, compliance, working conditions and environmental protection. The findings from numerous stakeholder consultations with producers, dealers, NGOs (non-governmental organisations), trade unions and representatives from the field of science are integrated into the development of the codes of conduct. The codes of conduct will be used in future as the benchmark for evaluating EnBW and its contractual partners and are now being gradually implemented – starting with the direct dealer contracts for suppliers of hard coal.

In cooperation with the Friedrich Ebert Foundation in Columbia and the IG BCE trade union, EnBW held a two-day specialist conference in September 2014 which focused on the challenges of responsible coal mining in Columbia. A total of 90 high-level participants from the areas of politics and industry, as well as representatives from trade unions, non-governmental organisations and the indigenous population, took part in the presentations and panel discussions. This specialist conference provided a platform for dialogue between government, private industry and non-governmental social organisations for the first time. The event not only enabled participants to discuss improvements to the living conditions of miners and residents, but also encouraged the various parties, who had in some case enjoyed a rather confrontational relationship in the past, to find concrete solutions together.

Research and innovation

The EnBW innovation campus, which started work in the summer of 2014 at the Rhine harbour in Karlsruhe, stands for creativity and the quick development of new business ideas across all customer segments. The first cross-Group team focused on developing the street lighting of tomorrow. The result was lots of innovative ideas and also some surprising ones. The second initiative has now also been launched. The aim is to create in three months a marketable energy management solution for home-owners consisting of a control system, a photovoltaic system, an associated battery storage system and an advice pack, and then to pilot the result of the project in the first households. The project will focus on the intelligent management of the entire system, not only on the combination of the photovoltaic and energy storage systems. The project team aims to utilise expertise and experience from across the entire Group in order to develop the first pilot systems by the end of December. Four product development teams are due to have started work at the innovation campus by the end of 2014.

EnBW has been testing the interplay between renewable energies and heat transfer systems using storage heaters and heat pumps in a pilot scheme in the Baden town of Boxberg since the summer of 2013. A total of 150 heat transfer systems are being used in Boxberg and other regions in order to make good use of the surplus green electricity generated by wind farms or solar power plants and to stabilise the grids at the same time. The potential offered by this concept of a "virtual power plant" is hugely significant: The output from the heat transfer systems installed in those areas where the EnBW grid subsidiaries operate corresponds in theory to the output generated by two to three large power plants.

Another example of the fruitful cooperation between research and industry is a micro gas turbine that started operating in Leonberg in July. The turbine is about as large and heavy as a car engine and can generate electricity and heat simultaneously – while also being highly energy efficient. The system now being used in Leonberg is a particularly interesting solution for businesses and local authorities. However, private households could also benefit in the long term from this joint development between EnBW and the German Aerospace Center (DLR). The micro gas turbine has the potential to become yet another component for the range of products offered by EnBW for the operation of small, highly efficient and environmentally friendly power stations for our customers.

New fuel cell heating devices powered by gas and developed by partners of EnBW are currently being successfully launched onto the wider market. They guarantee the particularly efficient provision of electricity and heat to buildings, while being very low in CO_2 emissions. EnBW offers this innovative technology as part of a complete package: The energy contracting model “Fuel Cell Plus” – which is based on a ten-year contractual period – begins with the selection of a suitable new fuel cell system and includes expanding the existing system and incorporating it into the new one, as well as maintenance, optimisation and servicing over the contractual period. This product has been designed, in particular, for single-family houses, small businesses and smaller public facilities.

JatroSolutions GmbH, a start-up company founded back in 2008 with the help of EnBW which carries out research into biofuel cells, will support Deutsche Lufthansa AG in the future by setting up a raw materials supply chain for the provision of bio-synthetic kerosene from jatropha plants. By mixing this with kerosene sourced from fossil fuels, the aim is to significantly improve the carbon footprint of aircraft. An experimental farm will be used from 2015 to demonstrate that growing the wild plant jatropha, which also thrives in infertile soil, for the extraction of its oil can be achieved in a socially acceptable, eco-friendly and profitable way. EnBW has provided support worth several millions of euros to JatroSolutions GmbH, of which it is the majority shareholder, for its ongoing work on the cultivation of this energy crop.

Report on risks and opportunities

There have been slight improvements in the first nine months of 2014 compared to the report issued at the end of 2013, although the risks faced by the EnBW Group continue to be high. The German Energiewende presents the energy industry with challenges yet also offers opportunities for resolute and flexible market participants. No risks currently exist that might jeopardise the EnBW Group as a going concern.

EnBW defines a risk or opportunity as an event or a number of events that might result in a potentially negative or positive future deviation from the targets that the Group has set for itself, an individual company or function. In other words, the potential non-attainment or over-attainment of strategic, operational, financial (especially budgeted results of operations, net assets or financial position) and compliance targets. Risks may either arise from events that are generally calculable, but which are nevertheless subject to chance or other unpredictable occurrences. Opportunities may arise within the sphere of operations of the EnBW Group or as part of an individual business activity. Opportunities frequently represent the reverse aspects of corresponding risks.

Using the report on risks in the Group Management Report 2013 and the Six-Monthly Financial Report 2014 as a basis, only the significant risks or opportunities which have changed or arisen in the reporting period are described in this quarterly financial report for January to September 2014.

Cross-segment risks and opportunities

EU sanctions against Russia: As a result of the conflict in Ukraine, the EU imposed sanctions against Russian institutions, companies and individuals during the course of 2014 and tightened them once again in September. Alongside sanctions by Russia against the EU, there is also the threat of a new dispute about Russian gas deliveries. In the Generation and Trading segment, these sanctions could have a negative impact on existing business relations with Russian companies. In the Grids segment, it is not possible to completely exclude the risk of possible supply bottlenecks for gas. While in the Sales segment, there is an increased risk of default by German companies that are active in the Russian Federation, due to a possible drop in sales and the possible risk of shortfalls in electricity and gas deliveries due to corresponding cutbacks in production. In terms of the financial assets of EnBW, there is currently at most a very low chance that the risk of default on isolated bonds from German, Austrian and Russian issuers in the overall portfolio at EnBW may increase due to the broad level of diversification.

Discount rate applied to pension provisions: As a result of the continued fall in interest rates, EnBW reduced the discount rate applied to pension provisions to 2.70%, down 0.4 percentage points in comparison to 30 June 2014. This renewed fall has led to a total increase in the present value of the defined pension benefit obligations of €977 million compared to 31 December 2013, which affects the amount of the adjusted net debt of EnBW. In this context, EnBW continues to identify a low level of opportunity and a high level of risk due to the volatility of financial markets and the resulting interest rate fluctuations. Therefore, this could lead to further effects in the mid three-digit million euro range on the adjusted net debt at the end of the year.

Grids segment

Price control under cartel law: The EnBW subsidiary Netze BW GmbH increased its prices as the water supplier to Stuttgart on 1 August 2012, and in doing so was merely passing on the increased costs it has incurred since 2007. In 2013, the energy cartel office responsible for Baden-Württemberg (EKartB) initiated abuse proceedings against EnBW under cartel law. In September 2014, Netze BW GmbH received a price reduction order from the EKartB with retroactive effect back to August 2007. If the price reduction order becomes legally binding, this could have negative effects on the adjusted net debt and an impact on the key performance indicator dynamic leverage ratio. Because of the special topographical conditions for the supply of water in Stuttgart, EnBW nevertheless continues to believe that merely passing on any increased costs is justified. These proceedings are likely to continue for some considerable time.

Overall assessment

The risks and opportunities facing the EnBW Group at the end of the reporting period have slightly improved in comparison to the statements made in the Group Management Report 2013. Nevertheless, there continues to be an overall high level of risk, which is due, in particular, to the political and regulatory consequences of the German Energiewende. No risks currently exist that might jeopardise the EnBW Group as a going concern.

Significant events after the reporting date

No events that are considered particularly significant for assessing the results of operations, financial position and net assets of EnBW occurred after 30 September 2014.

Forecast

The general conditions in the energy industry in Germany remain difficult. The operating result of the EnBW Group is expected to decline by up to 5% in the 2014 financial year. At the same time, EnBW will consistently push ahead with the restructuring of the company in line with the guidelines in the EnBW 2020 strategy.

In the following forecast, we take an in-depth look at the expected future development of EnBW and the business environment in the current financial year. It should be noted that the present conditions increase the level of uncertainty with which predictions about the future development of the company can be made, as the assumptions upon which they are based can quickly become outdated. The present environment provides both opportunities and risks for the corporate development of EnBW. Current risks are summarised in the chapter "Report on risks and opportunities". (Report on risks and opportunities > p. 27 f.).

Gross domestic product (GDP) growth in %	2014	2013
World	3.3	3.3
Eurozone	0.8	-0.4
Germany	1.3	0.1
Austria	0.8	0.3
Switzerland	1.8	1.9
Czech Republic	2.5	-1.0
Turkey	2.3	4.1

Expected economic conditions

Future macroeconomic trends: The rate of economic growth in the world economy in 2014 is expected to remain at the same level as the previous year at 3.3%. Economic growth in the industrialised countries will accelerate a little, although the rate of economic recovery is set to be significantly slower than was expected at the beginning of the year. Following a decline in economic output in the previous year, the eurozone freed itself from the recession in 2014. In Germany, economic growth is expected to accelerate from 0.1% in 2013 to 1.3% in 2014. The driving force for this growth will be domestic demand, led by private consumption. Other foreign economies that are relevant for the business activities of EnBW are also demonstrating positive developments: In Austria, economic output is due to increase by 0.8% in 2014, compared to growth of just 0.3% in the previous year. The Swiss economy has been forecast to grow by 1.8%, which is about the same level as the previous year. Economic output in the Czech Republic is set to increase by 2.5% during the current year following a poor performance in 2013. It is only in Turkey where economic growth is forecast to slow down from 4.1% to 2.3%.

Future demand for energy: Global energy consumption is set to increase by 41% between 2012 and 2035 according to the BP Energy Outlook 2035. While yearly growth rates during this period should reach an average level of 2.3% in the emerging and developing economies, energy consumption in industrial countries is set to virtually stagnate with a yearly growth of 0.2%. In Germany, primary energy consumption and economic output have become largely decoupled in the past years. In the event of economic growth in the medium and longterm of 1% per year, a study in June 2014 commissioned by the Federal Ministry of Economics and Technology predicts a fall in primary energy consumption of 1.5% per year in the period between 2011 and 2020 and 1.2% per year in the period between 2011 and 2050. Productivity based on primary energy consumption will thus increase significantly. The proportion of renewable energies in primary energy consumption is estimated to rise from 10.8% in 2011 to 18.4% by 2020 and 34.5% by 2050.

Future trends in markets for primary energy sources, CO_2 allowances and electricity: The forward market prices are experiencing a period of backwardation and point to the fact that market participants expect lower oil prices in the future. Fundamental factors that support this expectation are the considerable expansion of oil production outside OPEC – particularly in North America. On the other hand, the gradual reversal of the expansive US monetary policy has been reflected in a reduction in speculative investments on the oil market.

Forward coal prices are exhibiting a contango situation for the coming year, meaning that the market participants currently expect an increase in future coal prices. This expectation is based to a significant extent on the positive development of the world economy. A number of risk factors exist that could lead to a further fall in the price of coal: Sluggish growth in China and India would lower the demand for coal in these countries. In addition, China is striving to achieve a greater level of supply from its own coal production, which would lead to a fall in demand on the market. In addition, the further expansion of renewable energies – predominantly in Europe – as well as measures for limiting the emissions from coal-fired power generation, as planned in the USA and China, would result in a falling demand for coal.

Market participants are expecting slightly higher prices over the next few years on the gas market. However, stable or lower prices are more likely over the coming months, as the gas storage facilities in Germany are well stocked and demand for gas on the gas storage market is likely to remain moderate. Moreover, further expansion in renewable energies will also induce a lower structural demand for gas in Europe, since such expansion will primarily reduce the periods when gas power plants are utilised. In contrast, a significant increase in the demand for Liquefied Natural Gas (LNG) in Asia is expected in the next three months, which may have the effect of increasing prices on the European gas market due to a reduction in deliveries of LNG to Europe.

It will primarily be the reduced supply of certificates due to backloading, economic developments in the EU and the associated levels of emissions that will be the major factors influencing price trends during the remainder of the year. Moreover, future price trends will be decisively influenced by the outcome of discussions about the introduction of a Market Stability Reserve (MSR).

Forward market prices for electricity for 2015 and 2016 at the end of September 2014 stood at €34.72/MWh and €33.80/MWh, respectively – compared to an average spot price of €37.78/MWh in 2013. Therefore, market participants expect further decreases in the spot market prices for electricity over the next couple of years. On the supply side, this expectation is supported by the expansion of renewable energies and the commissioning of new conventional power plants. An increased demand for electricity due to current economic developments – especially from industry – is only expected to have a minor effect on the stabilisation of electricity prices.

Future development of the sector: The energy sector is undergoing a period of radical change. In Germany, the Energiewende is fundamentally changing the political and regulatory conditions, while the structure of the market and the competition are in a state of flux. In the area of generation, the rise in renewable energies is reshaping the energy landscape. On the sales side, competition in business with private and industrial customers remains acute in both the electricity and gas sectors: The number of suppliers from outside the sector is increasing and customers have a very high level of price sensitivity. Many cities and communities are also pursuing the re-municipalisation of their electricity and water supplies. In this challenging environment, companies in the sector need to review their business models and orientate themselves to the new market conditions.

Future corporate development

Capital expenditure: EnBW is planning an extensive €5.0 billion investment programme for the 2014 to 2016 period to enable the company to continue to play an active role in shaping the German Energiewende. Some €3.6 billion will be used for growth projects and €1.4 billion for existing facilities. More than a third of the investment is planned for the Renewable Energies segment, particularly in our offshore project EnBW Baltic 2 and the development of the onshore portfolio. Around 38% of the investment will be made in the Grids segment – to support the expansion in renewable energies and to ensure security of supply.

Safeguarding the company's financial stability is hugely significant for EnBW in this process. In view of the difficult environment in the energy industry, divestitures to the amount of €2.4 billion are also planned to underpin the financing of the investment programme during the planning period. Around €1.0 billion of these are attributable to participation models: EnBW is providing local authorities, municipal utilities, industrial and commercial customers, as well as citizens, with the opportunity to take an active role in the German Energiewende. A significant element of the other disposals totalling around €0.7 billion will result from concession losses by the grid companies. Around €0.6 billion is attributable to the sale of strategic investments.

The investment programme for the 2014 to 2016 period has been implemented in line with expectations to date.

Expected earnings trends for the current year: The adjusted EBITDA for the EnBW Group fell by 10.5% to €1,632.2 million in the first nine months of 2014. The earnings performance has been overly influenced by a base effect in the valuation of derivatives, which will lose its importance during the course of the year. Therefore, we continue to expect a decline in adjusted EBITDA of up to 5% for the financial year 2014 – which is unchanged from the statements made in the Group Management Report 2013.

The operating result in the Sales segment is set to increase by between 10% and 20% in 2014. In the electricity sales business, it is likely that a more positive customer portfolio composition will result in a higher margin. In addition, an extraordinary charge in the area of gas procurement deriving from 2013 will cease to apply in 2014.

In the Grids segment, the adjusted EBITDA – after a rise in 2013 – is expected to fall in 2014 by between 5% and 15%. At the start of the second regulatory period, extraordinary items during the first regulatory period for the distribution grid will cease to apply.

At the beginning of the year, we stated our expectation for earnings in the Renewable Energies segment to grow by between 5% and 15% in 2014. However, low precipitation and low water levels in the first half of the year led to reduced electricity production from our run-of-river power plants. In addition, there has been a temporary delay to the ramping up of our offshore wind farm EnBW Baltic 2, which is nevertheless scheduled to be fully operational by April 2015. For these reasons, we already correspondingly adjusted our expectations for the earnings performance in this segment in the Six-Monthly Financial Report, and currently expect a reduction in earnings of between 5% and 15% for the financial year 2014. The company's activities in the area of onshore wind energy will, however, make a positive contribution to the earnings performance.

Adjusted EBITDA in the Generation and Trading segment is expected to fall slightly in 2014. The primary cause for this development will continue to be the falling prices on wholesale electricity markets during preceding periods in which we agreed on fixed sales prices for quantities of electricity to be supplied in 2014. Efficiency improvement measures will only slightly cushion these negative influences in 2014.

As things currently stand, there will be no effect on earnings in 2014 due to any changes to the companies that are included in the consolidated financial statements.

As a result, adjusted EBITDA at the EnBW Group in 2014 will be up to 5% below the 2013 level. This is mainly due to the reduction in wholesale market prices, as well as the fact that the extraordinary items from the first regulatory period cease to apply. The full effect of the "Fokus" efficiency project will already begin to make itself felt during 2014 – a year earlier than expected.

Earnings performance in 2014 (adjusted EBITDA)[1] compared with the previous year	Q3 2014	2013
Sales	+10% to +20%	+10% to +20%
Grids	-5% to -15%	-5% to -15%
Renewable Energies	-5% to -15%	+5% to +15%
Generation and Trading	0% to -5%	0% to -5%
Other/Consolidation	–	–
Consolidated companies	No change	No change
Adjusted EBITDA, Group	**0% to -5%**	**0% to -5%**

[1] Segments adjusted for changes in the consolidated companies.

The extraordinary expenses due to impairment losses on power plants and increased provisions for onerous contracts for electricity procurement agreements which no longer cover costs reported in the consolidated financial statements from 30 September 2014 will – as already explained in the Six-Monthly Financial Report – have no influence on the Group net profit adjusted for special factors. This is the figure used as the basis for assessing the payment of dividends.

Dynamic leverage ratio: It is probable that we will be unable to fully finance the very high level of net capital expenditure in 2014 from current cash flow (funds from operations, FFO) – especially in view of the EnBW Baltic 2 project. The decreasing discount rate for pensions will also have a negative impact on our previous prognosis for 2014. On the other hand, the successful issuing of our hybrid bond has had a positive effect. Adjusted net debt is expected to increase slightly for these reasons. Therefore, we now expect an adjusted net debt of between €7.6 billion and €8.0 billion. Based on the earnings forecast, we are expecting a dynamic leverage ratio of between 3.4 and 3.8 as stated in the EnBW Annual Report 2013, and we are thus confident that we can retain our current rating level as a result.

There are no significant new findings related to any other key performance indicators stated in the Group Management Report 2013 in the areas of finance, customers, employees, compliance and ecology.

Interim financial statements of the EnBW Group (unaudited)

Income statement

€ million[1]	01/07–30/09/2014	01/07–30/09/2013	01/01–30/09/2014	01/01–30/09/2013
Revenue including electricity and energy taxes	5,242.2	5,186.6	16,037.8	16,231.1
Electricity and energy taxes	-163.3	-178.7	-571.3	-623.7
Revenue	**5,078.9**	**5,007.9**	**15,466.5**	**15,607.4**
Changes in inventories	12.6	1.8	32.5	13.9
Other own work capitalised	20.4	14.6	51.6	37.1
Other operating income	103.8	196.2	493.7	697.3
Cost of materials	-4,343.7	-4,207.5	-12,968.4	-12,899.2
Personnel expenses	-367.6	-361.2	-1,189.4	-1,156.1
Other operating expenses	-151.8	-213.6	-634.9	-761.1
EBITDA	**352.6**	**438.2**	**1,251.6**	**1,539.3**
Amortisation and depreciation	-210.9	-231.1	-1,899.8	-670.7
Earnings before interest and taxes (EBIT)	**141.7**	**207.1**	**-648.2**	**868.6**
Investment result	-4.5	-13.3	19.4	67.3
of which net profit/loss from entities accounted for using the equity method	(-24.4)	(-24.7)	(-12.1)	(68.2)
of which other income from investments	(19.9)	(11.4)	(31.5)	(-0.9)
Financial result	-165.5	-159.9	-401.2	-519.1
of which finance revenue	(73.0)	(81.9)	(277.8)	(293.3)
of which finance costs	(-238.5)	(-241.8)	(-679.0)	(-812.4)
Earnings before tax (EBT)	**-28.3**	**33.9**	**-1,030.0**	**416.8**
Income tax	8.0	25.5	292.5	-112.3
Group net profit/loss	**-20.3**	**59.4**	**-737.5**	**304.5**
of which profit/loss shares attributable to non-controlling interests	(15.2)	(15.8)	(33.1)	(70.4)
of which profit/loss shares attributable to the equity holders of EnBW AG	(-35.5)	(43.6)	(-770.6)	(234.1)
Shares outstanding (million), weighted average	**270.855**	**270.855**	**270.855**	**270.855**
Earnings per share from Group net profit/loss (€)[2]	**-0.13**	**0.16**	**-2.85**	**0.86**

[1] The figures for the comparative periods have been restated.
[2] Basic and diluted; in relation to the profit/loss attributable to the equity holders of EnBW AG.

Statement of comprehensive income

€ million	01/07–30/09/2014	01/07–30/09/2013	01/01–30/09/2014	01/01–30/09/2013
Group net profit/loss	**-20.3**	**59.4**	**-737.5**	**304.5**
Revaluation of pensions and similar obligations	-425.5	0.0	-1,054.4	75.2
Entities accounted for using the equity method	-32.3	0.0	-83.6	0.0
Income taxes on other comprehensive income	117.7	0.0	299.6	-21.8
Total of other comprehensive income and expenses without future reclassifications impacting earnings	**-340.1**	**0.0**	**-838.4**	**53.4**
Difference from currency translation	6.7	-5.7	6.8	-43.2
Cash flow hedge	65.0	60.2	2.1	-148.9
Available-for-sale financial assets	37.6	87.7	205.0	-10.6
Entities accounted for using the equity method	31.8	0.0	21.6	0.0
Income taxes on other comprehensive income	-23.9	-19.2	-30.9	55.9
Total of other comprehensive income and expenses with future reclassifications impacting earnings	**117.2**	**123.0**	**204.6**	**-146.8**
Total comprehensive income	**-243.2**	**182.4**	**-1,371.3**	**211.1**
of which profit/loss shares attributable to non-controlling interests	(28.1)	(13.0)	(30.9)	(59.6)
of which profit/loss shares attributable to the equity holders of EnBW AG	(-271.3)	(169.4)	(-1,402.2)	(151.5)

Balance sheet

€ million[1]	30/09/2014	31/12/2013	01/01/2013
Assets			
Non-current assets			
Intangible assets	1,718.9	1,844.1	1,930.2
Property, plant and equipment	12,925.9	14,069.7	13,920.2
Investment properties	76.2	77.0	81.5
Entities accounted for using the equity method	1,896.0	1,927.4	2,219.0
Other financial assets	8,403.1	6,399.9	6,058.7
Trade receivables	625.7	641.9	567.4
Income tax refund claims	12.9	12.9	17.1
Other non-current assets	245.0	277.2	298.5
Deferred taxes	740.8	257.8	48.3
	26,644.5	**25,507.9**	**25,140.9**
Current assets			
Inventories	1,093.3	1,353.9	1,285.9
Financial assets	761.8	750.3	785.6
Trade receivables	3,706.1	3,745.0	3,919.5
Income tax refund claims	347.7	343.1	169.4
Other current assets	1,541.7	1,542.9	1,836.5
Cash and cash equivalents	3,297.8	2,424.9	2,588.8
	10,748.4	**10,160.1**	**10,585.7**
Assets held for sale	261.7	90.3	681.1
	11,010.1	**10,250.4**	**11,266.8**
	37,654.6	**35,758.3**	**36,407.7**
Equity and liabilities			
Equity			
Equity holders of EnBW AG			
Subscribed capital	708.1	708.1	708.1
Capital reserve	774.2	774.2	774.2
Revenue reserves	3,444.9	4,378.9	4,559.1
Treasury shares	-204.1	-204.1	-204.1
Other comprehensive income	-1,423.4	-791.8	-697.9
	3,299.7	**4,865.3**	**5,139.4**
Non-controlling interests	1,054.8	1,217.4	1,236.5
	4,354.5	**6,082.7**	**6,375.9**
Non-current liabilities			
Provisions	13,920.1	12,450.7	12,260.6
Deferred taxes	708.4	955.7	1,000.8
Financial liabilities	7,161.5	5,547.4	5,563.9
Income tax liabilities	159.4	164.4	289.6
Other liabilities and subsidies	1,851.0	1,968.7	2,006.0
	23,800.4	**21,086.9**	**21,120.9**
Current liabilities			
Provisions	1,140.0	1,391.6	1,226.1
Financial liabilities	971.9	224.7	1,201.1
Trade payables	4,154.2	3,611.0	3,472.2
Income tax liabilities	452.5	418.0	254.6
Other liabilities and subsidies	2,625.1	2,910.8	2,756.3
	9,343.7	**8,556.1**	**8,910.3**
Liabilities directly associated with assets classified as held for sale	156.0	32.6	0.6
	9,499.7	**8,588.7**	**8,910.9**
	37,654.6	**35,758.3**	**36,407.7**

[1] The figures for the comparative periods have been restated.

Cash flow statement

€ million[1]	01/01–30/09/2014	01/01–30/09/2013
1 Operating activities		
EBITDA	1,251.6	1,539.3
Changes in provisions	127.9	81.2
Profit/loss on disposal of non-current assets	-40.3	-14.2
Other non-cash expenses/income	-44.5	-53.5
Change in assets and liabilities from operating activities	304.1	-86.4
Inventories	(-51.7)	(-65.3)
Net balance of trade receivables and payables	(592.3)	(222.5)
Net balance of other assets and liabilities	(-236.5)	(-243.6)
Income tax paid	-131.6	-249.9
Cash flow from operating activities	**1,467.2**	**1,216.5**
2 Investing activities		
Capital expenditures on intangible assets and property, plant and equipment	-1,049.4	-605.5
Cash received from the disposal of intangible assets and property, plant and equipment	139.9	73.3
Cash received from construction cost and investment subsidies	54.2	51.1
Cash paid for the acquisition of subsidiaries and entities accounted for using the equity method	-34.2	-6.8
Cash received from the sale of subsidiaries and entities accounted for using the equity method	0.0	9.9
Change in securities and investments	-1,671.5	99.1
Interest received	126.6	146.4
Dividends received	84.6	157.6
Cash flow from investing activities	**-2,349.8**	**-74.9**
3 Financing activities		
Interest paid for financing activities	-191.8	-150.3
Dividends paid	-259.3	-304.8
Cash received for changes in ownership interest without loss of control	57.5	0.0
Cash paid for changes in ownership interest without loss of control	-197.9	0.0
Increase in financial liabilities	2,494.0	368.0
Repayment of financial liabilities	-147.3	-479.5
Cash flow from financing activities	**1,755.2**	**-566.6**
Net change in cash and cash equivalents	**872.6**	**575.0**
Net foreign exchange difference	0.3	-0.1
Change in cash and cash equivalents	**872.9**	**574.9**
Cash and cash equivalents at the beginning of the period	2,424.9	2,588.8
Cash and cash equivalents at the end of the period	**3,297.8**	**3,163.7**

[1] The figures for the comparative period have been restated.

Statement of changes in equity

€ million				Other comprehensive income						
	Subscribed capital and capital reserve	Revenue reserves	Treasury shares	Revaluation of pensions and similar obligations	Difference from currency translation	Cash flow hedge	Available-for-sale financial assets	Entities accounted for using the equity method	Equity holders of EnBW AG	Non-controlling interests	Total
As of: 01/01/2013	**1,482.3**	**4,559.1**	**-204.1**	**-806.2**	**-74.6**	**-172.8**	**355.7**	**0.0**	**5,139.4**	**1,236.5**	**6,375.9**
Other comprehensive income				53.9	-32.7	-106.2	2.4		-82.6	-10.8	-93.4
Group net profit		234.1							234.1	70.4	304.5
Total comprehensive income	**0.0**	**234.1**	**0.0**	**53.9**	**-32.7**	**-106.2**	**2.4**	**0.0**	**151.5**	**59.6**	**211.1**
Dividends paid		-230.2							-230.2	-55.6	-285.8
Other changes		-1.0							-1.0	-12.4	-13.4
As of: 30/09/2013	**1,482.3**	**4,562.0**	**-204.1**	**-752.3**	**-107.3**	**-279.0**	**358.1**	**0.0**	**5,059.7**	**1,228.1**	**6,287.8**
As of: 01/01/2014	**1,482.3**	**4,378.9**	**-204.1**	**-783.1**	**-100.1**	**-311.1**	**402.5**	**0.0**	**4,865.3**	**1,217.4**	**6,082.7**
Other comprehensive income				-750.1	2.4	4.4	173.7	-62.0	-631.6	-2.2	-633.8
Group net loss/profit		-770.6							-770.6	33.1	-737.5
Total comprehensive income	**0.0**	**-770.6**	**0.0**	**-750.1**	**2.4**	**4.4**	**173.7**	**-62.0**	**-1,402.2**	**30.9**	**-1,371.3**
Dividends paid		-186.9							-186.9	-54.7	-241.6
Other changes		23.5							23.5	-138.8	-115.3
As of: 30/09/2014	**1,482.3**	**3,444.9**	**-204.1**	**-1,533.2**	**-97.7**	**-306.7**	**576.2**	**-62.0**	**3,299.7**	**1,054.8**	**4,354.5**

Notes and explanations

Accounting policies

The interim financial statements of the EnBW Group are prepared according to the International Financial Reporting Standards (IFRS), the adoption of which is mandatory in the EU as of the reporting date. In addition, the related interpretations (IFRIC/SIC) are observed. Standards and interpretations that have not yet come into force have not been adopted.

The accounting policies applied for the interim consolidated financial statements as of 30 September 2014, as well as the evaluation methods and input parameters for measuring fair value, are the same as those used for the consolidated financial statements as of 31 December 2013 with the exception of the new policies described below.

In accordance with IAS 34, the form of reporting chosen for the presentation of the consolidated financial statements of EnBW AG as of 30 September 2014 was shortened in comparison with that used for the consolidated financial statements as of 31 December 2013.

In addition to the income statement, the statement of comprehensive income, balance sheet, abridged cash flow statement and statement of changes in equity for the EnBW Group are presented separately.

All significant transactions and events in the reporting period are explained in the Interim Group Management Report.

Changes in accounting policies

The International Accounting Standards Board (IASB) and the IFRS Interpretation Committee (IFRS IC) have adopted the following new standards and amendments to existing standards whose application is mandatory as from the 2014 financial year:

- **Amendments to IAS 32 (2011) "Offsetting Financial Assets and Financial Liabilities":** The amendment specifies the prerequisites for the offsetting of financial assets and financial liabilities by establishing additional application guidelines. This amendment to the standard has led to the following effects:

Adjustment to the balance sheet in € million	30/09/2014	31/12/2013	01/01/2013
Other current assets	-413.5	-394.1	-368.9
Other current liabilities and subsidies	-413.5	-394.1	-368.9

- **Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets":** EnBW voluntarily decided to adopt the amendment to the standard early in 2013. The first application of the standard led to additional notes in the 2013 financial year.
- **IFRS 11 "Joint Arrangements":** IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers" and contains provisions regulating the identification, classification and accounting of joint arrangements. IFRS 11 now differentiates between joint ventures and joint operations. In the case of a joint venture, the parties that have joint control of a legally independent company have a share of the net assets of that arrangement. In joint operations, the parties that have joint control have direct rights to the assets, and obligations for the liabilities, relating to the arrangement. In accordance with IFRS 11, joint ventures must be accounted for using the equity method. In the case of joint operations, the proportional share of assets, liabilities, income and expenses must be reported. The initial application of IFRS 11 has led to the classification of Friedeburger Speicherbetriebsgesellschaft mbH "Crystal", Rheinkraftwerk Iffezheim GmbH and Rhonewerke AG as joint operations and included in the consolidated financial statements on a proportional basis. These companies

were previously accounted for in the consolidated financial statements using the equity method. Adjustments have been carried out for previous years in accordance with IAS 8. The following shows the impact of the transition to IFRS 11:

Adjustments to the income statement in € million	01/01–30/09/2014	01/01–30/09/2013
Revenue including electricity and energy taxes	3.6	2.5
Electricity and energy taxes	0.0	0.0
Revenue	**3.6**	**2.5**
Other operating income	-0.4	0.2
Cost of materials	4.6	5.4
Personnel expenses	-0.2	-0.1
Other operating expenses	-1.0	-1.1
EBITDA	**6.6**	**6.9**
Amortisation and depreciation	-37.8	-2.8
Earnings before interest and taxes (EBIT)	**-31.2**	**4.1**
Investment result	22.3	-2.4
of which net profit/loss from entities accounted for using the equity method	(22.3)	(-2.4)
Financial result	0.0	0.5
of which finance costs	(0.0)	(0.5)
Earnings before tax (EBT)	**-8.9**	**2.2**
Income tax	8.9	-2.2
Group net profit	**0.0**	**0.0**

Adjustment to the balance sheet in € million	30/09/2014	31/12/2013	01/01/2013
Assets			
Non-current assets			
Intangible assets	0.1	3.3	3.5
Property, plant and equipment	59.2	145.3	137.7
Entities accounted for using the equity method	-67.5	-139.4	-136.9
Deferred taxes	4.4	0.0	0.0
	-3.8	**9.2**	**4.3**
Current assets			
Trade receivables	-0.4	-2.0	0.2
Other current assets	0.8	1.0	0.9
Cash and cash equivalents	3.7	3.7	5.5
	4.1	**2.7**	**6.6**
	0.3	**11.9**	**10.9**
Equity and liabilities			
Non-current liabilities			
Provisions	0.5	2.3	2.1
Deferred taxes	0.0	2.0	2.0
	0.5	**4.3**	**4.1**
Current liabilities			
Provisions	0.7	0.6	0.5
Trade payables	-1.1	6.3	5.7
Income tax liabilities	0.0	0.4	0.4
Other liabilities and subsidies	0.2	0.3	0.2
	-0.2	**7.6**	**6.8**
	0.3	**11.9**	**10.9**

Adjustments to the cash flow statement in € million	01/01–30/09/2014	01/01–30/09/2013
1 Operating activities		
EBITDA	6.6	6.9
Changes in provisions	0.1	0.8
Profit/loss on disposal of non-current assets	0.0	-0.2
Change in assets and liabilities from operating activities	-2.1	-3.1
Net balance of trade receivables and payables	(-1.5)	(-3.0)
Net balance of other assets and liabilities	(-0.6)	(-0.1)
Income tax paid	-0.7	-0.4
Cash flow from operating activities	**3.9**	**4.0**
2 Investing activities		
Capital expenditures on intangible assets and property, plant and equipment	-0.3	-5.3
Cash received from the disposal of intangible assets and property, plant and equipment	0.1	0.7
Cash paid for the acquisition of subsidiaries and entities accounted for using the equity method	0.0	2.5
Cash received from the sale of subsidiaries and entities accounted for using the equity method	-2.0	-2.0
Dividends received	-1.7	-1.5
Cash flow from investing activities	**-3.9**	**-5.6**
3 Financing activities		
Interest paid for financing activities	0.0	0.5
Cash flow from financing activities	**0.0**	**0.5**
Change in cash and cash equivalents	**0.0**	**-1.1**
Cash and cash equivalents at the beginning of the period	3.7	5.5
Cash and cash equivalents at the end of the period	**3.7**	**4.4**

Adjustment to contingent liabilities and other financial commitments in € million	30/09/2014	31/12/2013	01/01/2013
Contingent liabilities	-0.1	-0.1	-5.5
Other financial commitments	-149.7	-116.3	-99.3

- **IFRS 12 "Disclosure of Interests in Other Entities":** This new standard governs the disclosure obligations regarding Group relationships in the notes to the consolidated financial statements, as well as the disclosure obligations regarding joint arrangements and associates. The first-time adoption of IFRS 12 necessitates additional disclosures in the notes to the annual financial statements for the EnBW Group.

- The following new standards or amendments to existing standards have no significant impact on the EnBW consolidated financial statements:
  - IAS 27 revision (2011) "Separate Financial Statements"
  - IAS 28 amendments (2011) "Investments in Associates and Joint Ventures"
  - IAS 39 amendment (2013) "Novation of Derivatives"
  - IFRS 10 "Consolidated Financial Statements"
  - Amendments to IFRS 10, IFRS 11 and IFRS 12 (2012) "Transition Guidance"
  - Amendments to IFRS 10, IFRS 12 and IAS 27 (2012) "Investment Entities"

Consolidation principles

The financial statements of the domestic and foreign companies included in the consolidation were prepared in a standardised manner in accordance with the accounting policies which are applicable at EnBW.

Corporate acquisitions are reported using the purchase method. The acquisition costs of an acquired company constitute the fair values of the assets transferred and of the liabilities which are entered into or assumed as of the time of acquisition. The valuation of non-controlling interests is carried out at the proportional fair value of the assets identified and the liabilities assumed. Incidental acquisition costs are reported as expenses as of the time they come into being. In the case of gradual mergers, the proportion of equity previously held in the acquired company by the acquirer is redefined at its fair value as of the time of acquisition when control over the company has been attained, with the resultant gain or loss being reported through profit and loss. Any difference between the acquisition costs of a corporate acquisition plus the sum total of all non-controlling interests in the acquired company and the acquired identifiable assets and the liabilities and contingent liabilities assumed are reported as goodwill if they are asset-side or posted to profit or loss following a further analysis if they are on the liabilities side.

Any change in the size of a shareholding in a still fully consolidated company is reported as an equity transaction. When control over the company is lost, all remaining shares are measured anew at their fair value.

Any receivables, liabilities and provisions between consolidated companies are offset against each other. Intra-Group income is set off against the corresponding expenses. Intercompany profits and losses are eliminated if they are not of subordinate importance.

Consolidated companies

Under the full consolidation method, all subsidiaries under the control of the Group are included. The Group controls an associated company if it is exposed to risks or has rights to variable returns as a result of its involvement in the associated company, and the Group has the ability to use its power over the associated company in a way that affects the amount of the returns from the associated company. In the process of full consolidation, the assets and liabilities of a subsidiary are included in the consolidated financial statements in their entirety.

The equity method is used when there is a joint agreement in the form of a joint venture or a significant influence may be exercised over the business policy of the associated company, but the entity does not qualify as a subsidiary. This means that when shares are being measured, only the company's proportional equity, rather than its assets and liabilities, is shown in the consolidated financial statements. Any goodwill is included in the stated value of the shareholding in question. Any negative differences are recognised in profit or loss via the investment result.

Joint agreements that are classified as joint operations are reported based on the proportion of the assets, liabilities, income and expenses which are attributable to the parent company in compliance with the relevantly applicable IFRS.

Shares in subsidiaries, joint ventures or associated companies which, in the Group's opinion, are of minor significance are reported in accordance with IAS 39. Indicators for determining the materiality of subsidiaries are the revenue, earnings and equity of these companies.

There are no reciprocal shareholdings in the EnBW Group as defined by Section 19 (1), German Companies Act (AktG).

The companies have been consolidated as follows:

Type of consolidation and number[1]	30/09/2014	31/12/2013	30/09/2013
Full consolidation	107	117	115
Entities accounted for using the equity method	17	16	19
Joint operations	2	3	3

[1] The figures for the comparative periods have been restated.

The decline in the number of fully consolidated companies is primarily due to mergers as part of the new structural concept "ONE EnBW" for reducing the complexity of the Group.

The initial application of IFRS 11 in 2014 has led to the classification of Friedeburger Speicherbetriebsgesellschaft mbH "Crystal", Rheinkraftwerk Iffezheim GmbH and Rhonewerke AG as joint operations. The previous year's figures have been restated accordingly.

As a result of a contractual agreement, Rheinkraftwerk Iffezheim GmbH will no longer be classified as a joint operation from August 2014, but accounted for instead using the equity method.

Changes in the shareholdings of already fully consolidated companies

Purchase of further shares in EnBW Gas Verwaltungsgesellschaft mbH

On 5 August 2014, the EnBW Group purchased a further 50% of the shares in EnBW Gas Verwaltungsgesellschaft mbH, Karlsruhe (previously EnBW Eni Verwaltungsgesellschaft mbH, Karlsruhe), and thus indirectly purchased a further 50% of the shares in GasVersorgung Süddeutschland GmbH, Stuttgart, and in terranets bw GmbH, Stuttgart, from the Italian energy group Eni S.p.A. As a result of this transaction, our shareholding in EnBW Gas Verwaltungsgesellschaft mbH increased to 100%. EnBW had already previously held operative control over EnBW Gas Verwaltungsgesellschaft mbH through a contractual agreement. A purchase price of €197.9 million was paid for the shares, which EnBW paid in cash. The amount attributable to non-controlling interests was €193.1 million. The difference between the purchase price and the amount attributable to non-controlling interests in the amount of €4.8 million was recorded under revenue reserves and other comprehensive income in equity.

The impact of the purchase of these further shares in EnBW Gas Verwaltungsgesellschaft mbH on the EnBW consolidated financial statements is shown below:

€ million	2014
Consideration paid	197.9
Amount attributable to non-controlling interests	-193.1
Amount recognised under other comprehensive income	-13.1
Amount recognised under revenue reserves	8.3

Amortisation and depreciation

€ million[1]	01/01–30/09/2014	01/01–30/09/2013
Write-downs of intangible assets	130.8	82.2
Write-downs of tangible assets	1,769.2	589.2
Write-downs of investment properties	1.4	1.4
Release of investment cost subsidies	-1.6	-2.1
Total	**1,899.8**	**670.7**

[1] The figures for the comparative period have been restated.

The unscheduled impairment write-downs of other intangible assets, tangible assets and investment properties amounted to €1,233.8 million (previous year: €0.7 million). In the current financial year, the unscheduled write-downs predominantly included impairment losses on power plants and can be primarily allocated to the Generation and Trading segment in the segment reporting. The recoverable amount was determined based on fair value less costs to sell and corresponds to Level 3 of the valuation hierarchy in IFRS 13. The calculation of fair value is carried out using a business valuation model, which takes cash flow planning into account, and which is based, amongst other things, on the medium-term plans approved by the Board of Management valid at the time of the impairment tests, as well as the long-term market expectations beyond the detailed planning horizon. The plans are based on past experience and on estimates concerning the future market development. The discount rate used in the valuation is 6.9% (previous year: 6.9%). The reason for the impairment losses lies in considerably worsening expectations regarding long-term electricity price developments, particularly from today's perspective and based on comprehensive market analyses. The fair value calculated for the power plants of around €3.6 billion thus lies significantly below the carrying amount.

Investment result

€ million[1]	01/01–30/09/2014	01/01–30/09/2013
Share of profit/loss of entities accounted for using the equity method	-7.0	26.5
Write-downs/write-ups of entities accounted for using the equity method	-5.1	41.7
Net profit/loss from entities accounted for using the equity method	**-12.1**	**68.2**
Investment income	28.9	64.8
Write-downs of investments	-7.9	-67.5
Write-ups of investments	0.0	2.1
Income from the sale of equity investments	10.5	-0.3
Other profit/loss from investments	**31.5**	**-0.9**
Investment result (+ income/ - costs)	**19.4**	**67.3**

[1] The figures for the comparative period have been restated.

Financial result

€ million[1]	01/01–30/09/2014	01/01–30/09/2013
Interest and similar income	129.4	136.9
Other financial income	148.4	156.4
Finance income	**277.8**	**293.3**
Borrowing costs	-202.6	-205.4
Other interest and similar expenses	-20.7	-94.8
Interest portion of increases in liabilities	-412.9	-443.1
Personnel provisions	(-128.5)	(-154.5)
Provisions relating to nuclear power	(-278.9)	(-282.4)
Other non-current provisions	(-1.4)	(-1.6)
Other liabilities	(-4.1)	(-4.6)
Other finance costs	-42.8	-69.1
Finance costs	**-679.0**	**-812.4**
Financial result (+ income/ - costs)	**-401.2**	**-519.1**

[1] The figures for the comparative period have been restated.

Assets held for sale and liabilities directly associated with assets classified as held for sale

The increase in the assets held for sale was primarily due to the reclassification of the electricity and gas networks in the State Capital of Stuttgart resulting from the council resolution made by the City of Stuttgart on 13 March 2014.

The increase in liabilities directly associated with assets held for sale is essentially due to the related construction cost subsidies.

Treasury shares

As of 30 September 2014, EnBW AG holds 5,749,677 treasury shares (31 December 2013: 5,749,677 treasury shares). The cost of acquiring the treasury shares to the amount of €204.1 million was deducted from the carrying amount of the equity. The attributable amount of share capital amounts to €14,719,173.12 (2.1% of the subscribed capital).

Dividends

On 29 April 2014, the EnBW Annual General Meeting approved the proposal by the Board of Management and the Supervisory Board to distribute a dividend of €0.69 per share for the financial year 2013. This corresponds to a dividend payment of €186.9 million.

Contingent liabilities and financial commitments

Compared to 31 December 2013, contingent liabilities and financial commitments decreased by €679.7 million to €29,047.1 million. This reduction results first and foremost from adjustments in the long-term purchase obligations in the gas sector.

Notes to the cash flow statement

€ million[1]	01/01–30/09/2014	01/01–30/09/2013
Interest paid for investing activities (capitalised borrowing costs)	-30.6	-32.9
Interest paid for financing activities	-191.8	-150.3
Total interest paid in the period	**-222.4**	**-183.2**

[1] The figures for the comparative period have been restated.

Notes relating to fair values

The fair values and carrying amounts of the financial assets and financial liabilities under the individual balance sheet items are shown below.

Carrying amounts and fair values of financial instruments in € million[1]		30/09/2014			31/12/2013	
	Fair value	Not within the scope of application	Carrying amount	Fair value	Not within the scope of application	Carrying amount
Financial assets	9,234.2		9,164.9	7,195.3		7,150.2
Held for trading	(254.9)		(254.9)	(258.2)		(258.2)
Available for sale[2]	(7,721.9)		(7,721.9)	(5,852.7)		(5,852.7)
Held to maturity	(1,185.2)		(1,115.9)	(1,009.2)		(964.1)
Loans and receivables	(72.2)		(72.2)	(75.2)		(75.2)
Trade receivables	4,331.8		4,331.8	4,386.9		4,386.9
Other assets	1,554.3	232.4	1,786.7	1,572.2	247.9	1,820.1
Held for trading	(799.8)		(799.8)	(914.9)		(914.9)
Loans and receivables	(574.4)		(574.4)	(495.2)		(495.2)
Derivatives in hedge relationships	(148.2)		(148.2)	(126.5)		(126.5)
Amount stated as per IAS 17	(31.9)		(31.9)	(35.6)		(35.6)
Cash and cash equivalents	3,297.8		3,297.8	2,424.9		2,424.9
Total	**18,418.1**	**232.4**	**18,581.2**	**15,579.3**	**247.9**	**15,782.1**
Financial liabilities	9,001.5		8,133.4	6,386.8		5,772.1
Measured at amortised cost[3]	(8,875.0)		(8,006.9)	(6,195.0)		(5,580.3)
Amount stated as per IAS 17	(126.5)		(126.5)	(191.8)		(191.8)
Trade payables	2,613.6	1,540.6	4,154.2	414.2	3,196.8	3,611.0
Other liabilities and subsidies	2,424.5	2,051.6	4,476.1	2,433.3	2,446.2	4,879.5
Held for trading	(1,081.8)		(1,081.8)	(1,458.4)		(1,458.4)
Measured at amortised cost	(1,138.4)		(1,138.4)	(791.7)		(791.7)
Derivatives in hedge relationships	(204.3)		(204.3)	(183.2)		(183.2)
Total	**14,039.6**	**3,592.2**	**16,763.7**	**9,234.3**	**5,643.0**	**14,262.6**

[1] The figures for the comparative period have been restated.
[2] Available-for-sale financial assets include equity instruments of €936.2 million (previous year: €776.8 million) measured at amortised cost whose fair value cannot be reliably determined.
[3] Of the financial liabilities measured at amortised cost, €1,236.2 million are part of a fair value hedge (previous year: €1,214.6 million).

Counterparty default risk is taken into account when measuring the fair value of derivative financial instruments. Default risk with respect to an individual counterparty is calculated on the basis of the net risk position.

Hierarchy of input data in € million[1]	30/09/2014		31/12/2013	
	1st level	**2nd level**	1st level	2nd level
Financial assets	3,990.7	3,049.9	3,442.3	1,891.8
Held for trading	(254.9)		(258.2)	
Available for sale	(3,735.8)	(3,049.9)	(3,184.1)	(1,891.8)
Other assets	11.9	936.1	3.2	1,038.2
Held for trading	(11.9)	(787.9)	(3.2)	(911.7)
Derivatives in hedge relationships		(148.2)		(126.5)
Total	**4,002.6**	**3,986.0**	**3,445.5**	**2,930.0**
Other liabilities and subsidies	32.2	1,253.9	21.6	1,620.0
Held for trading	(19.5)	(1,062.3)	(14.0)	(1,444.4)
Derivatives in hedge relationships	(12.7)	(191.6)	(7.6)	(175.6)
Total	**32.2**	**1,253.9**	**21.6**	**1,620.0**

[1] The figures for the comparative period have been restated.

Segment reporting

01/01–30/09/2014 in € million	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
External revenue	6,579.4	4,765.8	291.0	3,823.1	7.2	15,466.5
Intercompany revenue	264.5	1,907.0	273.3	2,071.4	-4,516.2	0.0
Total revenue	6,843.9	6,672.8	564.3	5,894.5	-4,509.0	15,466.5
Adjusted EBITDA	226.7	656.4	145.5	615.7	-12.1	1,632.2
EBITDA	238.7	690.3	137.1	205.5	-20.0	1,251.6
Adjusted EBIT	180.2	399.9	102.0	315.3	-31.2	966.2
EBIT	192.2	433.8	63.0	-1,298.1	-39.1	-648.2
Scheduled amortisation and depreciation	-46.5	-256.5	-43.5	-300.4	-19.1	-666.0
Impairment losses	0.0	0.0	-30.6	-1,203.2	0.0	-1,233.8
Capital employed as of 30/09/2014	681.3	4,742.1	2,340.9	3,138.7	2,006.5	12,909.5

01/01–30/09/2013 in € million[1]	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
External revenue	7,001.8	4,573.2	271.1	3,756.2	5.1	15,607.4
Intercompany revenue	471.9	1,977.2	324.3	2,407.8	-5,181.2	0.0
Total revenue	7,473.7	6,550.4	595.4	6,164.0	-5,176.1	15,607.4
Adjusted EBITDA	212.7	755.2	158.3	708.3	-11.8	1,822.7
EBITDA	211.3	784.2	158.4	375.7	9.7	1,539.3
Adjusted EBIT	165.6	479.0	115.1	428.2	-35.2	1,152.7
EBIT	163.6	507.9	115.2	95.6	-13.7	868.6
Scheduled amortisation and depreciation	-47.1	-276.2	-43.2	-280.1	-23.4	-670.0
Impairment losses	-0.6	-0.1	0.0	0.0	0.0	-0.7
Capital employed as of 31/12/2013	955.6	5,137.1	2,037.3	3,947.7	1,830.9	13,908.6

[1] The figures for the comparative period have been restated.

Adjusted EBITDA is one of the key internal performance indicators. It is an earnings ratio adjusted for non-operating effects which accurately reflects the development of results of operations. In the management report, the development of the segments is explained with the aid of adjusted EBITDA. Adjusted EBITDA can be reconciled to earnings before taxes (EBT) as follows:

€ million[1]	01/01–30/09/2014	01/01–30/09/2013
Adjusted EBITDA	1,632.2	1,822.7
Non-operating EBITDA	-380.6	-283.4
EBITDA	**1,251.6**	**1,539.3**
Amortisation and depreciation	-1,899.8	-670.7
Earnings before interest and taxes (EBIT)	**-648.2**	**868.6**
Investment result	19.4	67.3
Financial result	-401.2	-519.1
Earnings before tax (EBT)	**-1,030.0**	**416.8**

[1] The figures for the comparative period have been restated.

Segment reporting is based on internal reporting.

Sales of electricity and gas, as well as the provision of energy-related services, such as invoicing services or energy supply and energy-saving contracting, are summarised in the Sales segment. The Grids segment encompasses the value-added stages of transmission and distribution of electricity and gas. In addition, the provision of grid-related services and the supply of water is reported in the Grids segment. Activities in the area of power generation using renewable energies are presented in their own business segment. In addition to the other generation and trading of electricity, the Generation and Trading segment also contains gas midstream operations (grid gas level) with import contracts and infrastructure, storage, trading and portfolio management. The disposal business was also allocated to the Generation and Trading segment. Assets, liabilities, income and expenses which are attributable to EnBW AG, our shareholdings in EWE Aktiengesellschaft and other activities which cannot be attributed to the segments presented separately are shown together with eliminations between the segments in the Other/Consolidation column. The costs directly attributable to EnBW AG are allocated to the individual segments using allocation keys.

The segment figures have been determined in accordance with the accounting policies used in the consolidated financial statements. Intercompany revenue shows the level of sales between Group companies. Intersegment sales were made at market prices.

Related parties (entities)

Related parties include, above all, the Federal State of Baden-Württemberg and Zweckverband Oberschwäbische Elektrizitätswerke as indirect major shareholders of EnBW AG. As of 30 September 2014, the Federal State of Baden-Württemberg and NECKARPRI GmbH indirectly held 46.75% of the shares in EnBW AG, and NECKARPRI-Beteiligungsgesellschaft mbH held the same amount directly. Zweckverband Oberschwäbische Elektrizitätswerke directly held 46.75% of the shares in EnBW AG, and OEW Energie-Beteiligungs GmbH (OEW GmbH) held the same amount indirectly.

The transactions concluded with the federal state and entities controlled or jointly controlled by it, or over which it has significant influence, essentially relate to supplying public entities such as universities, government authorities, zoos and clinics with electricity, gas and district heating. The revenue from these transactions was immaterial in the reporting period; most of the receivables had been settled as of 30 September 2014. All business transactions with the federal state were based on terms and conditions customary on the market. There are no contingent liabilities or financial commitments to the federal state.

Except for dividends paid, there are no business relations with OEW GmbH or NECKARPRI-Beteiligungsgesellschaft mbH.

Business relations with joint ventures accounted for using the equity method are as follows:

Income statement in € million	01/01–30/09/2014	01/01–30/09/2013
Revenue	7.9	6.5
Cost of materials	-3.2	-3.4

Balance sheet in € million	30/09/2014	31/12/2013
Receivables	7.2	2.6
Liabilities	3.6	4.6

Revenues and costs of materials result predominantly from electricity supply and procurement contracts. Receivables and liabilities are due within one year. All business relationships with joint ventures were conducted at customary market terms and conditions.

In the course of ordinary business activities, transactions are also made with associated companies, including municipal entities (municipal utilities, in particular) that are accounted for using the equity method. The exchange of services with these companies was conducted at customary market terms and conditions and had the following impact on the income statement and balance sheet of the EnBW Group:

Income statement in € million	01/01–30/09/2014	01/01–30/09/2013
Revenue	237.6	200.4
Cost of materials	-186.4	-205.1

Balance sheet in € million	30/09/2014	31/12/2013
Other loans	10.7	9.8
Receivables	17.0	20.6
Payments on account	8.7	13.9
Liabilities	24.4	44.6

The receivables and liabilities for the reporting period are generally due within one year.

The business relationships in joint operations, whose assets, liabilities, income and expenses have been reported on a proportional basis, are as follows:

Income statement in € million	01/01–30/09/2014	01/01–30/09/2013
Revenue	1.2	2.0
Cost of materials	-5.5	-7.4

Balance sheet in € million	30/09/2014	31/12/2013
Receivables	0.5	1.3
Liabilities	0.3	3.8

Revenues and the cost of materials result predominantly from business in the areas of electricity and gas. The receivables and liabilities are due within one year. All business relationships with joint ventures were conducted at customary market terms and conditions.

Related parties also include the EnBW Trust e.V., which manages the plan assets for securing the pension obligations.

Related parties (individuals)

The EnBW Group has not entered into any significant transactions with individuals that are related parties.

Board of Management and Supervisory Board

Board of Management

Dr. Frank Mastiaux, Karlsruhe
Chief Executive Officer
since 1 October 2012
Appointed until 30 September 2017

Dr. Bernhard Beck LL.M., Stuttgart
Chief Personnel Officer
since 1 October 2002
Appointed until 30 September 2017

Thomas Kusterer, Ettlingen
Chief Financial Officer
since 1 April 2011
Appointed until 31 March 2019

Dr. Hans-Josef Zimmer, Steinfeld (Pfalz)
Chief Technical Officer
since 1 January 2012
Appointed until 31 December 2016

Dr. Dirk Mausbeck, Karlsruhe
Chief Commercial Officer
(until 30 September 2014)

Supervisory Board

Dr. Claus Dieter Hoffmann, Stuttgart
Managing Partner
of H + H Senior Advisors GmbH
Chairman

Dietrich Herd, Philippsburg
Chairman of the Group works council for the EnBW Group, also Chairman of the central works council "production sector" and Chairman of the works council at the Philippsburg location for the "production sector" of EnBW Energie Baden-Württemberg AG
Deputy Chairman

Stefan Paul Hamm, Gerlingen
Regional Department Secretary for Utilities and Waste Management, ver.di Baden-Württemberg

Silke Krebs, Stuttgart
Minister in the State Ministry
of Baden-Württemberg

Marianne Kugler-Wendt, Heilbronn
Regional Director, ver.di,
Heilbronn-Neckar-Franconia district

Wolfgang Lang, Karlsruhe
Consultant for functional units at EnBW Energie Baden-Württemberg AG

**Dr. Hubert Lienhard,
Heidenheim an der Brenz**
Chief Executive Officer of Voith GmbH

Sebastian Maier, Ellenberg
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Key
Active member
Inactive member

As of: 11 November 2014

Important notes

Published by
EnBW Energie Baden-Württemberg AG
Durlacher Allee 93
76131 Karlsruhe
www.enbw.com

Coordination and editor
EnBW Energie Baden-Württemberg AG
Corporate Communications

Concept and design
IR-One AG & Co. KG, Hamburg

Typesetting
In-house using FIRE.sys

Printed by
Elanders Germany GmbH, Waiblingen

Photographs
Highlights
EnBW Energie Baden-Württemberg AG

Date of publication
11 November 2014

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Financial calendar

11 | 11 | 2014
Publication of the Nine-Monthly Financial Report January to September 2014

17 | 03 | 2015
Publication of the Annual Report 2014

29 | 04 | 2015
Annual General Meeting 2015

12 | 05 | 2015
Publication of the Quarterly Financial Report January to March 2015

30 | 07 | 2015
Publication of the Six-Monthly Financial Report January to June 2015

13 | 11 | 2015
Publication of the Nine-Monthly Financial Report January to September 2015

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