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EnBW on track in first quarter despite corona

Strong growth in renewables / full-year 2020 earnings guidance unaltered to date / corona effects in further course of year not yet quantifiable / CFO Thomas Kusterer: “We have a stable business model to carry us relatively well through the crisis.”

Karlsruhe. EnBW has continued the positive earnings trend of the last two years through the first quarter of 2020. The corona pandemic thus had no impact on the operating result in the first three months of the financial year.

With a workforce of 23,618 (+8.5%), EnBW generated revenue of some €5.41 billion and an operating result (adjusted EBITDA) of some €945 million, an increase of 20.5% on the same period a year earlier (€784 million). This increase in earnings is mainly due to the good performance of the Renewable Energies segment. The earnings guidance for the full year 2020 remains unaltered to date. Adjusted EBITDA for the 2020 financial year is expected to be in a range between €2.75 billion and €2.9 billion, which is 13% to 19% percent above the previous year.

CFO Thomas Kusterer: “We have set ourselves a target of a substantial increase in earnings for the full year. As a result of our two offshore wind farms Hohe See and Albatros coming into operation, we expect significantly higher earnings in particular in our renewables business. At present, however, there is still considerable uncertainty regarding the effects of the corona pandemic over the year as a whole. What is certain is that we will have a negative impact from corona.”

In the weeks ahead, the scale of the effects caused by corona is to be analysed in more detail, partly also so that targeted countermeasures can be taken as needed. EnBW is currently confident of being able to attain its earnings targets for this year despite corona, at least at the lower end of the guidance range. “Overall, we have a good basis and a stable business model to carry us relatively well through the crisis,” Kusterer emphasised.

Net profit attributable to the shareholders of EnBW AG went down from €273.8 billion in the previous year’s period to a €10.4 million loss in the period under review. Earnings per share consequently amounted to a loss of €0.04, compared with a positive €1.01 a year earlier. The fall in Group net profit is primarily due to the lower financial result. This reflects the valuation of securities portfolios as of the reporting date.

Performance by segment

Adjusted EBITDA in the Sales segment increased 15.8% year-on-year to €77.9 million in the first three months of 2020. Telecommunications company Plusnet contributed to earnings here from the beginning of the third quarter of 2019.

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Adjusted EBITDA in the Grids segment was €416.4 million (down 2.9%) in the first quarter of 2020, almost matching the previous year's period. The slight decrease in earnings is due among other things to lower grid revenue in the gas distribution grids as a result of the milder weather.

Adjusted EBITDA in the Renewable Energies segment rose by a substantial 93.8% year-on-year to €236.1 million. The marked increase in earnings is largely due to the two offshore wind farms EnBW Hohe See and EnBW Albatros coming into operation. Better spring wind conditions at offshore and onshore wind farms and higher water levels at the run-of-river power plants also contributed to the positive earnings performance.

Adjusted EBITDA in the Generation and Trading segment increased by 26.6% in the first three months of 2020 to €262.1 million. It was possible for electricity to be sold at higher wholesale market prices than in the same period of the previous year. Earnings contributions from trading activities also had a positive effect due to increased volatility on wholesale markets.

The EnBW Group's total investment, at around €300 million, was about 10% down on the first three months of the previous year (€336 million). 73% of total gross investment related to growth projects, primarily in Grids and Renewable Energies segments. Capital expenditure in the first quarter of 2020 focused among other things on completion of the Hohe See and Albatros offshore wind farms, on grid expansion and replacement expenditure in the distribution grid and on investment in electric mobility.

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Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	01/01– 31/03/2020	01/01– 31/03/2019	Change in %	01/01– 31/12/2019
External revenue ¹	5,411.7	5,908.7	-8.4	18,765.0
Adjusted EBITDA ¹	944.8	783.9	20.5	2,432.5
Share of adjusted EBITDA accounted for by Sales in € million/in % ¹	77.9/8.2	67.3/8.6	15.8/-	322.8/13.3
Share of adjusted EBITDA accounted for by Grids in € million/in % ¹	416.4/44.1	428.7/54.7	-2.9/-	1,355.3/55.7
Share of adjusted EBITDA accounted for by Renewable Energies in € million/in % ¹	236.1/25.0	121.8/15.5	93.8/-	499.3/20.5
Share of adjusted EBITDA accounted for by Generation and Trading in € million/in % ¹	262.1/27.7	207.1/26.4	26.6/-	429.5/17.7
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in % ¹	-47.7/-5.0	-41.0/-5.2	-16.3/-	-174.4/-7.2
EBITDA	768.5	707.9	8.6	2,245.2
Adjusted EBIT ¹	625.7	436.9	43.2	944.7
EBIT	449.4	360.7	24.6	596.7
Adjusted Group net profit ^{1,2}	77.6	369.8	-79.0	786.8
Group net profit/loss ²	-10.4	273.8	-	734.2
Earnings per share from Group net profit/loss in € ²	-0.04	1.01	-	2.71
Retained cash flow	778.3	536.2	45.2	1,240.7
Total investment ¹	300.4	336.0	-10.6	3,315.2

in € million	31/03/2020	31/12/2019	Change in %
Net debt	13,666.6	12,852.4	6.3

Employees^{3,4}

	31/03/2020	31/03/2019	Change in %	31/12/2019
Employees	23,618	21,773	8.5	23,293
Full-time equivalents ⁵	22,145	20,382	8.6	21,843

¹ The figures for the previous year have been restated.

² In relation to the profit/loss attributable to the shareholders of EnBW AG.

³ Number of employees excluding apprentices/trainees and inactive employees.

⁴ The number of employees for the ITOs (ONTRAS Gastransport GmbH, terranets bw GmbH und TransnetBW GmbH) is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2019 is carried forward.

⁵ Converted into full-time equivalents.

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