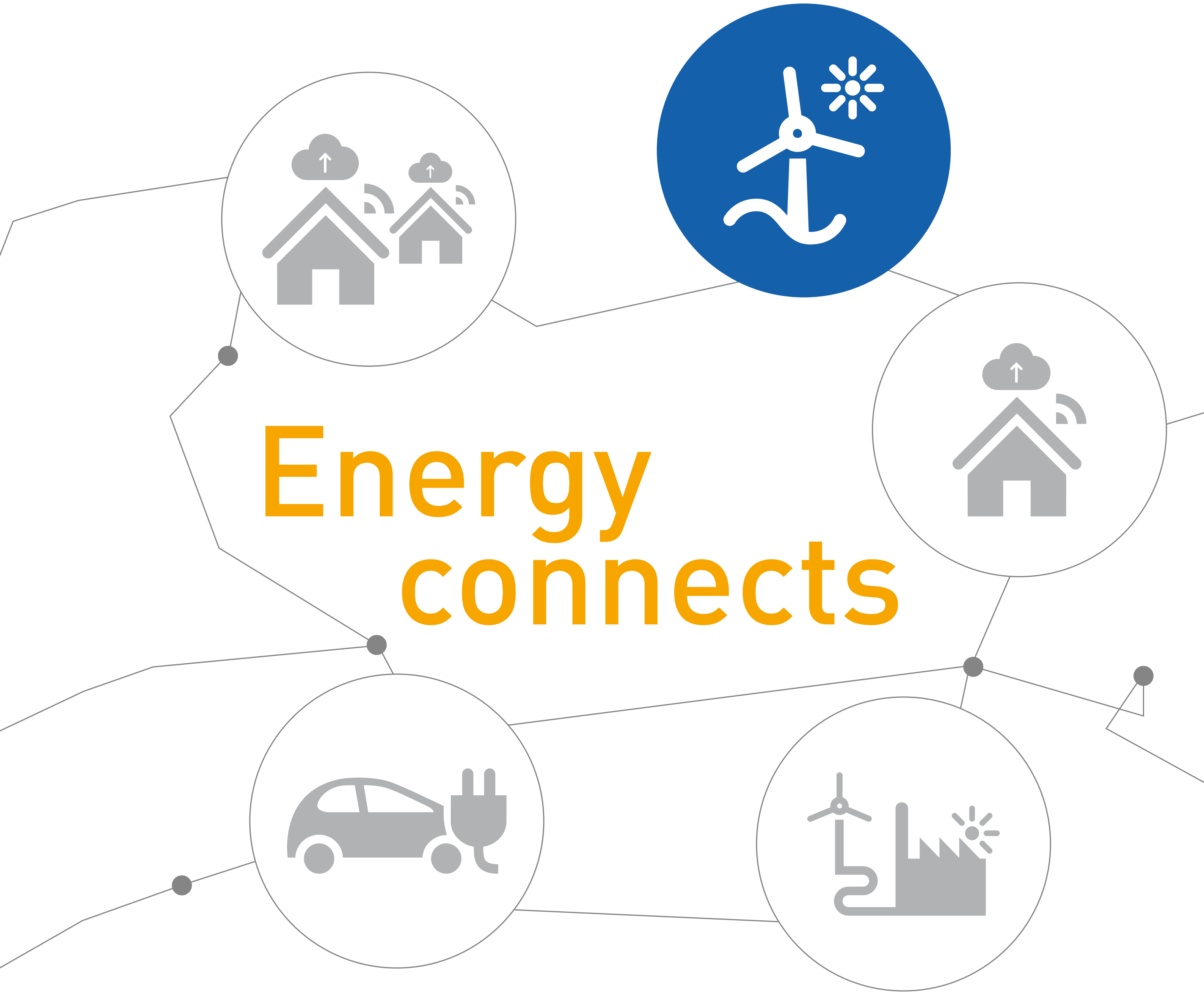
Quarterly Statement

January to March 2017



Energy connects

Adjusted EBITDA > falls to €513.4 million

Group net profit > significant increase to €380.6 million

Earnings forecast for 2017 > unchanged at 0% to +5%

Investment in renewable energies > significantly increased to €149.7 million

Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	01/01–31/03/2017	01/01–31/03/2016	Change in %	01/01–31/12/2016
External revenue	5,171.8	5,195.1	-0.4	19,368.4
Adjusted EBITDA	513.4	621.0	-17.3	1,938.9
Share of adjusted EBITDA accounted for by Sales in € million/in %	78.3/15.3	67.5/10.9	16.0/–	249.7/12.9
Share of adjusted EBITDA accounted for by Grids in € million/in %	308.6/60.1	286.4/46.1	7.8/–	1,004.1/51.8
Share of adjusted EBITDA accounted for by Renewable Energies in € million/in %	79.3/15.4	92.1/14.8	-13.9/–	295.3/15.2
Share of adjusted EBITDA accounted for by Generation and Trading in € million/in %	42.5/8.3	170.8/27.5	-75.1/–	337.2/17.4
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	4.7/0.9	4.2/0.7	11.9/–	52.6/2.7
EBITDA	773.1	618.0	25.1	730.7
Adjusted EBIT	273.0	398.8	-31.5	1,024.5
EBIT	532.7	395.8	34.6	-1,662.9
Group net profit/loss[1]	380.6	51.0	–	-1,797.2
Earnings per share from Group net profit/loss[1] in €	1.41	0.19	–	-6.64
Retained cash flow	386.2	349.6	10.5	949.5
Net (cash) investment	-3.5	-59.9	-94.2	1,316.9

Employees[2, 3]

	31/03/2017	31/03/2016	Change in %	31/12/2016
Number	20,337	20,332	0.0	20,409

[1] In relation to the profit/loss attributable to the shareholders of EnBW AG.
[2] Number of employees excluding marginally employed persons, apprentices/trainees and inactive employees.
[3] The number of employees for the ITOs (TransnetBW GmbH and terranets bw GmbH) is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2016 is carried forward.

Q1 2017

"We are realising an important project to **secure the future** of EnBW with **EnBW Hohe See**.

We are thus completing an important step in the implementation of our EnBW 2020 strategy. With an investment volume of around €1.8 billion, the 497 MW wind farm is not only the largest EnBW project to date in the area of renewable energies but also represents one of the largest investments in the history of the company. Following its commissioning in 2019, the wind farm will make a substantial contribution to our Group operating result."

Dr. Frank Mastiaux, Chairman of the Board of Management

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Energy connected

Trends such as digitalisation, decentralisation and urbanisation mean that the energy sector is becoming ever more integrated into areas such as urban planning, broadband networks, safety and transportation. Renewable energies or the virtual power plant, are thus equally as important to EnBW as future themes such as the smart city, sustainable mobility and the connected home. The task is now to network various different infrastructures both within and beyond the energy sector even more strongly together and to expand renewable energies. In doing so, EnBW will further develop its standing as a competent and reliable partner for customers, citizens and local authorities. We demonstrate how we are successfully achieving this goal in this report using the example of our EnBW Hohe See wind farm.

Navigation: Internet link   Page reference

Electricity the

Only water and clouds can currently be seen 100 kilometres north-west of Helgoland. Yet one of the largest wind farms in Germany is due to be constructed here in 2019 that will generate enough electricity to supply 560,000 households.

The Supervisory Board has given the green light for the construction of EnBW Hohe See – the Group's first North Sea wind farm. A total of 71 turbines will have a capacity of around 500 MW – significantly more than the company's two other offshore wind farms in the Baltic Sea: EnBW Baltic 1 and EnBW Baltic 2 have a joint total capacity of almost 340 MW.

Other projects at the planning stage

The decision to construct another wind farm in the North Sea was also taken recently. It is called EnBW Albatros and will be erected at the same time as EnBW Hohe See, which will result in beneficial synergy effects. Both projects would have a combined capacity of 610 MW.

EnBW will also substantially expand offshore wind power over the long term. This is not set to change despite the new legal framework which greatly reduces the funding of renewable energies. EnBW was already successful against the competition in the first auction process held in the middle of April and has had its bid for the construction of the EnBW He Dreiht North Sea wind farm accepted. It is due to generate electricity with an output of 900 MW from 2025. The project is one of the first offshore wind farms in the world that will operate at a profit even without funding.

High volume of investment

The Group is investing vast sums in the expansion of offshore wind power. The EnBW Hohe See wind farm is one of the largest investments in the history of the Group. The total expenditure stands at around €1.8 billion. EnBW is bearing a little more than half of this cost. The rest is being borne by its partner Enbridge, with whom the project is being jointly realised. The Canadian company specialises in infrastructure for the energy industry and has great experience in the offshore sector.

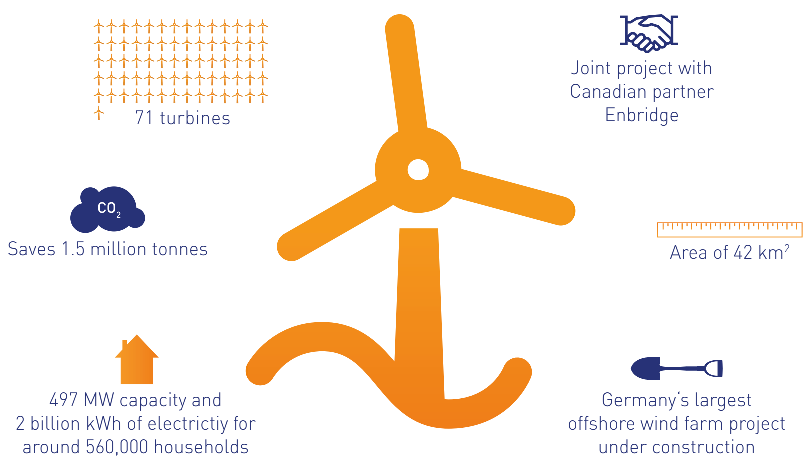
Shared financing

Both parties have agreed to finance and realise the planning and construction of EnBW Hohe See together. EnBW will manage the work and be supported by experts from Enbridge. EnBW will operate and maintain all of the turbines when the wind farm has been completed. The aim is to expand the partnership with Enbridge: The Canadian company has an option to participate in the planned EnBW Albatros wind farm.

"With Enbridge at our side, we can realise our largest offshore wind farm to date and, at the same time, generate financial scope for the development of new projects," says Chief Executive Officer Frank Mastiaux. "This is now the third successful participation model through which we are able to share the risk and thus represents another major step in the implementation of our EnBW 2020 strategy."

on high seas

EnBW Hohe See – at a glance



3 questions for Jörn Däinghaus

Project Manager for EnBW Hohe See

What is different about the EnBW Hohe See project in comparison to previous offshore wind farms?

First of all, the site is much further out to sea. The distance to the coast is around 100 kilometres and this presents special logistical challenges. In addition, EnBW Hohe See is the largest EnBW wind farm to date. We will operate turbines with a capacity of 7 MW at the wind farm. This is almost double the capacity of those turbines currently operating at EnBW Baltic 2 and three times of those operating at EnBW Baltic 1.

What components make up the 71 wind turbines that will be erected for EnBW Hohe See?

There are five main components: The wind turbine will be held by a pillar rammed into the seabed – the monopile. A transition piece is connected to the top and then comes the tower, nacelle and blades. Each wind turbine weighs around 2,300 tonnes and this means that we will be using enough steel to build 22 Eiffel Towers at the wind farm.

In terms of the Energiewende, what does EnBW Hohe See deliver?

The wind farm has a total capacity of 497 MW and will thus generate 2 billion kWh of electricity per year. This is sufficient to cover the aggregate requirements of around 560,000 households with renewable electricity – which is more than all of the households in Saarland.

More on this subject:
www.enbw.com/wind-energy
www.enbw.com/wir-machen-das-schon

The EnBW Group

Results of operations

Material developments in the income statement

The balance from other operating income and other operating expenses increased from € -172.8 million in the same period of the previous year to €150.2 million in the reporting period. This was due mainly to the sale of 49.89% of the shares in EnBW Hohe See GmbH & Co. KG and the revaluation of the remaining shares, as well as the lower valuation effects from derivatives in comparison to the previous year. The cost of materials stood at €4,195.1 million, which was 3.8% higher than the figure in the previous year. This was primarily attributable to the temporary shutdown of the Philippsburg 2 nuclear power plant. The financial result improved in the reporting period in comparison to the same period of the previous year by €276.4 million to €10.3 million (previous year: € -266.1 million). This increase was due primarily to capital gains from the sale of securities and interest effects on the nuclear provisions. Overall, earnings before tax (EBT) totalled €565.3 million in the first three months of the 2017 financial year, compared with €143.6 million in the previous year.

Earnings

The Group net profit/loss attributable to the shareholders of EnBW AG increased from €51.0 million in the comparative period by €329.6 million to €380.6 million in the reporting period. Earnings per share amounted to €1.41 in the reporting period compared to €0.19 for the same period in the previous year.

Adjusted earnings and non-operating result

The sum of the adjusted earnings figures and non-operating figures gives the figures on the income sheet. The non-operating result includes effects that either cannot be predicted or cannot be directly influenced by EnBW and as such are not relevant to the ongoing management of the company. The effects are presented and explained in the section on the non-operating result (p. 5). The business activities relevant to the ongoing management of the company are of particular importance for internal management and for the external communication of the current and future earnings potential of EnBW. We use the adjusted EBITDA – earnings before the investment and financial results, income taxes and amortisation, adjusted for non-operating effects – as the key reporting indicator for disclosing this information.

Adjusted EBITDA of the EnBW Group by segment

in € million	01/01–31/03/2017	01/01–31/03/2016	Change in %	01/01–31/12/2016
Sales	78.3	67.5	16.0	249.7
Grids	308.6	286.4	7.8	1,004.1
Renewable Energies	79.3	92.1	-13.9	295.3
Generation and Trading	42.5	170.8	-75.1	337.2
Other/Consolidation	4.7	4.2	11.9	52.6
Total	**513.4**	**621.0**	**-17.3**	**1,938.9**

Share of adjusted EBITDA for the EnBW Group accounted for by the segments

in %	01/01–31/03/2017	01/01–31/03/2016	01/01–31/12/2016
Sales	15.3	10.9	12.9
Grids	60.1	46.1	51.8
Renewable Energies	15.4	14.8	15.2
Generation and Trading	8.3	27.5	17.4
Other/Consolidation	0.9	0.7	2.7
Total	**100.0**	**100.0**	**100.0**

The adjusted EBITDA of the EnBW Group fell in the first three months of the 2017 financial year compared to the same period of the previous year and was thus outside the range of our forecast for the 2017 financial year of 0% to +5%. This was primarily due to the temporary shutdown of Block 2 of our Philippsburg nuclear power plant (KKP 2). We anticipate compensatory effects during the remainder of the year such as the full consolidation of VNG-Verbundnetz Gas Aktiengesellschaft (VNG), the elimination of the nuclear fuel rod tax and the commissioning of new onshore wind farms.

Sales: The adjusted EBITDA for the Sales segment increased in the first three months of the year in comparison to the same period of the previous year. On the one hand, this was due to positive effects from the withdrawal from the B2B commodity business under the EnBW and Watt brands, while on the other hand, the billing service for other sales and network operators contributed to the improvement in earnings due to lower start-up costs.

Grids: The adjusted EBITDA in the Grids segment increased in the first three months of 2017 in comparison to the same period of the previous year. This was due mainly to higher earnings from the use of the gas distribution grids related to temperature.

Renewable Energies: In the Renewable Energies segment, adjusted EBITDA fell in the first three months in comparison to the previous year. This was caused by the weather conditions: The wind yields from our offshore and onshore wind farms were below the levels in the same period of the previous year. In addition, electricity generation from our run-of-river power plants was negatively influenced by lower water levels in comparison to the previous year. Moreover, the electricity delivered from our hydropower plants in 2017 was sold on the forward market at lower wholesale market prices than in the previous year.

Generation and Trading: In the Generation and Trading segment, the adjusted EBITDA fell significantly in the first three months of the year in comparison to the previous year. This was primarily due to the temporary shutdown of KKP 2. The annual inspection originally planned for the summer of 2017 was brought forward due to the temporary shutdown. In addition, our electricity deliveries were sold on the forward market at lower wholesale market prices than in the previous year.

Non-operating EBITDA of the EnBW Group

in € million	01/01–31/03/2017	01/01–31/03/2016	Change in %
Income/expenses relating to nuclear power	4.0	-7.3	–
Result from disposals	269.3	5.5	–
Restructuring	-5.7	-3.8	-50.0
Other non-operating result	-7.9	2.6	–
Non-operating EBITDA	**259.7**	**-3.0**	**–**

The non-operating EBITDA and the non-operating EBIT increased significantly in the reporting period compared to the previous year. This positive earnings performance was primarily influenced by the sale of 49.89% of the shares in EnBW Hohe See GmbH & Co. KG and the revaluation of the remaining shares.

Group net profit of the EnBW Group

in € million	01/01–31/03/2017	01/01–31/03/2016	Change in %	01/01–31/12/2016
Adjusted EBIT	273.0	398.8	-31.5	1,024.5
Adjusted EBITDA	(513.4)	(621.0)	-17.3	(1,938.9)
Scheduled amortisation and depreciation	(-240.4)	(-222.2)	8.2	(-914.4)
Non-operating EBIT	259.7	-3.0	–	-2,687.4
Non-operating EBITDA	(259.7)	(-3.0)	–	(-1,208.2)
Impairment losses	(0.0)	(0.0)	–	(-1,479.2)
EBIT	**532.7**	**395.8**	**34.6**	**-1,662.9**
Investment result	22.3	13.9	60.4	117.6
Financial result	10.3	-266.1	–	-1,176.6
Income tax	-147.3	-53.7	–	1,049.4
Group net profit/loss	**418.0**	**89.9**	**–**	**-1,672.5**
of which profit/loss shares attributable to non-controlling interests	(37.4)	(38.9)	-3.9	(124.7)
of which profit/loss shares attributable to the shareholders of EnBW AG	(380.6)	(51.0)	–	(-1,797.2)

The substantial increase in the financial result in comparison to the previous year was due to, amongst other things, the sale of securities in preparation for the payment to the KFK fund (commission to examine the financing of the phase-out of nuclear power). In addition, there was a positive effect on earnings in the reporting period due to the increase in the discount rate for nuclear provisions from 0.5% to 0.66%. In the comparative period, the update had led to a negative impact on earnings. The reduction in the discount rate compared to the previous year resulted in a lower increase to reflect the passage of time of the remaining nuclear provisions held by EnBW. Due to their short-term nature, the provisions to be transferred to the KFK fund were also no longer increased to reflect the passage of time in the reporting period.

Financial position

Financing

In addition to the Group's internal financing capability and its own funds, the EnBW Group has the following instruments at its disposal to cover its overall financing needs (as of 31 March 2017):

- Debt Issuance Programme (DIP), via which bonds are issued: €3.0 billion of €7.0 billion has been drawn
- Hybrid bonds: €3.0 billion
- Commercial paper (CP) programme: €2.0 billion undrawn
- Syndicated credit line: €1.5 billion undrawn with a term until 2021
- Bilateral free credit lines: €334 million
- Project financing and low-interest loans from the European Investment Bank (EIB)

Established issuer on the debt capital market

EnBW has sufficient and flexible access to the capital market at all times. The EnBW bonds have a well-balanced maturity profile. As part of its financing strategy, EnBW constantly assesses capital market trends with regard to the current interest rate environment and to any potentially favourable refinancing costs.

In February, EnBW exercised the call option on its hybrid bond issued in 2011 and increased in 2012 as of the first call date. The repayment of securities with a total volume of €1 billion was carried out on 3 April 2017. No senior bonds are due for repayment in 2017.

Rating and rating trends

EnBW strives to receive a solid investment-grade rating. By limiting the cash-relevant net investment to the retained cash flow, measured by the internal financing capability, EnBW manages the level of net financial liabilities. The company thus maintains its high level of financial discipline, irrespective of the interest rate-related volatility of the pension and nuclear provisions. EnBW has covered its pension and nuclear provision obligations within the time frames necessary via its asset liability management model for more than ten years.

Investment analysis

Net cash investment of the EnBW Group

in € million[1, 2]	01/01–31/03/2017	01/01–31/03/2016	Change in %	01/01–31/12/2016
Investments in growth projects[3]	201.3	86.9	131.7	2,070.7
Investments in existing projects	65.3	74.3	-12.1	514.4
Total investments	**266.6**	**161.2**	**65.4**	**2,585.1**
Conventional divestitures[4]	-217.8	-182.6	19.3	-1,123.6
Participation models	2.7	-0.9	–	32.0
Other disposals and construction cost subsidies	-55.0	-37.6	46.3	-176.6
Total divestitures	**-270.1**	**-221.1**	**22.2**	**-1,268.2**
Net (cash) investment	**-3.5**	**-59.9**	**94.2**	**1,316.9**

[1] The figures for the previous year have been restated. Alterations of capital in non-controlling interests are also included in the participation models from the Integrated Annual Report 2016 onwards. There were no changes in capital in the period from 01/01–31/03/2016.
[2] Excluding equity investments held as financial assets.
[3] Does not include cash and cash equivalents acquired with the acquisition of fully consolidated companies. These amounted to €0.0 million in the reporting period (01/01–31/03/2016: €0.0 million, 01/01–31/12/2016: €2.1 million).
[4] Does not include cash and cash equivalents relinquished with the sale of fully consolidated companies. These amounted to €51.0 million in the reporting period (01/01–31/03/2016: €1.4 million, 01/01–31/12/2016: €1.4 million).

Investment by the EnBW Group increased significantly in the first quarter of 2017 compared to the previous year due to the EnBW Hohe See offshore project.

Around 75.5% of overall gross investment was attributable to growth projects; the proportion of investments in existing facilities stood at 24.5%.

In the first three months of the year, €17.8 million was invested in strengthening the **Sales** segment. In the previous year, investment in this segment stood at €10.3 million.

Investment in the **Grids** segment stood at €81.7 million, compared to €100.6 million in the previous year. This was mainly attributable to measures for the expansion and upgrade of the grids.

Investment in the **Renewable Energies** segment of €149.7 million was significantly higher than the figure in the previous year (€20.4 million) because the EnBW Hohe See offshore wind farm has entered the realisation phase and there was significantly more investment in the construction of offshore wind farms compared to the previous year.

Investment in the **Generation and Trading** segment was €16.6 million in the first quarter, compared to €25.5 million in the previous year.

Conventional divestitures were above the figure in the previous year due to the sale of 49.89% of the shares in EnBW Hohe See GmbH & Co. KG.

Liquidity analysis

Free cash flow of the EnBW Group

in € million[1]	01/01–31/03/2017	01/01–31/03/2016	Change in %	01/01–31/12/2016
EBITDA	**773.1**	**618.0**	**25.1**	**730.7**
Changes in provisions	-132.6	-72.0	84.2	721.9
Non-cash-relevant expenses/income	-263.7	-19.2	–	-78.1
Income tax paid	-42.1	-187.2	-77.5	-243.4
Interest and dividends received	55.4	86.8	-36.2	345.1
Interest paid for financing activities	-27.6	-54.2	-49.1	-351.3
Contribution to dedicated financial assets	23.7	-12.7	–	50.7
Funds from operations (FFO)	**386.2**	**359.5**	**7.4**	**1,175.6**
Change in assets and liabilities from operating activities	-132.7	-431.2	-69.2	-657.5
Capital expenditure on intangible assets and property, plant and equipment	-167.5	-156.5	7.0	-1,189.4
Disposals of intangible assets and property, plant and equipment	37.3	23.7	57.4	115.5
Cash received from construction cost and investment subsidies	17.7	13.9	27.3	61.1
Free cash flow	**141.0**	**-190.6**	**–**	**-494.7**

[1] The figures for the previous year have been restated. From the Integrated Annual Report 2016 onwards, dedicated financial assets are included in both the FFO and also the free cash flow.

The funds from operations (FFO) increased only slightly in comparison to the previous year. This increase was mainly attributable to lower income tax paid because there were higher payments of tax arrears in the previous year. The net balance of assets and liabilities from operating activities fell in comparison to the previous year. This was due primarily to a lower net balance of trade receivables and payables that was influenced by EEG effects. Overall, free cash flow increased in comparison to the same period of the previous year by €331.6 million.

Retained cash flow of the EnBW Group

in € million[1]	01/01–31/03/2017	01/01–31/03/2016	Change in %	01/01–31/12/2016
Funds from operations (FFO)	**386.2**	**359.5**	**7.4**	**1,175.6**
Dividends paid	0.0	-9.9	-100.0	-226.1
Retained cash flow	**386.2**	**349.6**	**10.5**	**949.5**

[1] The figures for the previous year have been restated. From the Integrated Annual Report 2016 onwards, dedicated financial assets are included in both the FFO and also the retained cash flow.

Due to the modest increase in FFO, the retained cash flow also only increased slightly despite the fact that dividend payments fell. The retained cash flow reflects the internal financing capability of EnBW. After consideration of all stakeholder groups such as employees for example, it is available to the company for investment without the need to raise additional debt.

Condensed cash flow statement of the EnBW Group

in € million	01/01–31/03/2017	01/01–31/03/2016	Change in %	01/01–31/12/2016
Cash flow from operating activities	202.0	-91.6	–	473.6
Cash flow from investing activities	930.0	312.8	–	333.9
Cash flow from financing activities	-61.3	-147.6	58.5	-316.6
Net change in cash and cash equivalents	**1,070.7**	**73.6**	**–**	**490.9**
Net foreign exchange difference	0.6	0.9	-33.3	-0.4
Change in cash and cash equivalents	**1,071.3**	**74.5**	**–**	**490.5**

Cash flow from investing activities increased significantly in comparison to the previous year. The cash inflow was primarily due to the sale of shares in EnBW Hohe See GmbH & Co. KG and higher sales of securities against the background of the expected cash outflow to finance the KFK fund.

Cash flow from financing activities fell significantly in comparison to the previous year. This was due to lower repayments of financial liabilities and lower interest payments on tax arrears paid in the current period.

Net assets

Condensed balance sheet of the EnBW Group

in € million	31/03/2017	31/12/2016	Change in %
Non-current assets	25,153.7	25,418.4	-1.0
Current assets	13,418.1	12,943.9	3.7
Assets held for sale	6.8	173.0	-96.1
Assets	**38,578.6**	**38,535.3**	**0.1**
Equity	3,801.7	3,216.2	18.2
Non-current liabilities	21,909.9	22,172.0	-1.2
Current liabilities	12,867.0	13,123.1	-2.0
Liabilities directly associated with assets classified as held for sale	0.0	24.0	-100.0
Equity and liabilities	**38,578.6**	**38,535.3**	**0.1**

As of 31 March 2017, the total assets held by the EnBW Group were slightly higher than the level at the end of the previous year. The fall in non-current assets was due to, amongst other things, the sale of securities. This was offset by the increase in the carrying amount of entities accounted for using the equity method of €285.4 million. The reason for this was primarily the sale of 49.89% of the shares in EnBW Hohe See GmbH & Co. KG and the reporting of the remaining shares as a joint venture using the equity method. Assets held for sale decreased by €166.2 million which was also due primarily to the sale of shares in EnBW Hohe See GmbH & Co. KG. The current financial assets reduced mainly because of the sale of securities, while other current assets fell due to a reduction in the derivatives. These effects were more than offset by the increase in cash and cash equivalents.

The equity held by the EnBW Group increased by €585.5 million as of the reporting date of 31 March 2017. This was primarily due to an increase in revenue reserves due to the positive result and the fall in losses in other comprehensive income. The reason for the latter effect was mainly the adjustment of the discount rate for pension provisions from 1.9% to 1.95%, as well as the higher market value of securities. The non-current provisions fell by €213.2 million. One reason for this development was the adjustment of the discount rate for pension provisions, as well as for nuclear provisions from 0.5% to 0.66%. Current liabilities fell by €256.1 million. This decrease was primarily attributable to a reduction in the derivatives. In contrast, there was an increase in trade payables.

Net debt

Net debt of the EnBW Group

in € million	31/03/2017	31/12/2016	Change in %
Cash and cash equivalents available to the operative business	-2,054.7	-2,264.3	-9.3
Current financial assets available to the operative business	-331.2	-329.5	0.5
Long-term securities and loans available to the operative business	-42.5	-42.5	0.0
Bonds	5,998.7	6,008.1	-0.2
Liabilities to banks	1,424.8	1,455.5	-2.1
Other financial liabilities	464.4	465.3	-0.2
Valuation effects from interest-induced hedging transactions	-90.2	-109.2	-17.4
Restatement of 50% of the nominal amount of the hybrid bonds[1]	-1,496.3	-1,496.3	0.0
Other	-33.9	-42.1	-19.5
Net financial liabilities	**3,839.1**	**3,645.0**	**5.3**
Provisions for pensions and similar obligations[2]	6,057.4	6,116.7	-1.0
Provisions relating to nuclear power	10,822.4	10,972.0	-1.4
Pension and dismantling provisions	**16,879.8**	**17,088.7**	**-1.2**
Long-term securities and loans to cover the pension and dismantling provisions[3]	-5,803.3	-6,130.7	-5.3
Cash and cash equivalents to cover the pension and dismantling provisions	-3,008.2	-1,727.3	74.2
Current financial assets to cover the pension and dismantling provisions	-1,628.6	-2,060.0	-20.9
Surplus cover from benefit entitlements	-84.5	-33.4	–
Dedicated financial assets	**-10,524.6**	**-9,951.4**	**5.8**
Receivables relating to nuclear provisions	-790.4	-779.4	1.4
Net debt relating to pension and dismantling provisions	**5,564.8**	**6,357.9**	**-12.5**
Net debt	**9,403.9**	**10,002.9**	**-6.0**

[1] 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. However, Standard & Poor's asseses the equity nature of the hybrid bond repaid in April 2017 at 0% since the new issue of bonds in October 2016 because the rating agency views the latter as replacement bonds.
[2] Less the market value of the plan assets of €1,119.3 million (31/12/2016: €1,105.1 million).
[3] Includes equity investments held as financial assets.

As of 31 March 2017, net debt fell by €599.0 million compared to the figure posted at the end of 2016. This decrease is attributable to the lower pension and nuclear provisions due to the slight increase in the discount rates in the first quarter of 2017. In addition, the positive free cash flow and the sale of 49.89% of the shares in the EnBW Hohe See GmbH & Co. KG wind farm at the beginning of 2017 contributed to the fall in net debt.

Due to the expected cash outflow to finance the KFK fund, the nuclear provisions and the dedicated financial assets, as well as the receivables associated with nuclear provisions, will fall by around €4.8 billion in comparison to the 2016 financial statements.

The amount to be paid to the fund increased from €4.7 billion to €4.8 billion. The reason for this was the final determination of the payment contributions by the German Federal Ministry for Economic Affairs and Energy that took into account differences between the estimated expenditure for 2015 and 2016 and the actual expenditure.

Forecast

In the following forecast, we take a look at the expected future development of EnBW 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.

Adjusted EBITDA and the share of the adjusted EBITDA accounted for by the segments

Expected development of earnings in 2017 compared to the previous year

	Adjusted EBITDA		Share of adjusted EBITDA for the Group accounted for by the segments	
	Q1 2017	2016	Q1 2017	2016
Sales	+15% to +25%	+15% to +25%	10% to 20%	10% to 20%
Grids	-5% to +5%	-5% to +5%	45% to 55%	45% to 55%
Renewable Energies	+5% to +15%	+5% to +15%	15% to 20%	15% to 20%
Generation and Trading	-10% to -20%	-10% to -20%	10% to 20%	10% to 20%
Other/Consolidation	–	–	–	–
Adjusted EBITDA, Group	**0% to +5%**	**0% to +5%**		

The earnings forecast for the entire Group and the individual segments for the whole 2017 financial year remains unchanged from that given in the Group management report 2016. The earnings from VNG-Verbundnetz Gas Aktiengesellschaft (VNG) are included for the first time in the forecast for adjusted EBITDA in 2017. However, the actual level of this earnings contribution depends on the timing of the first-time consolidation. As the planned first-time consolidation will take place during the year, it is not expected to contain the first business months where VNG achieves high earnings due to seasonal effects.

In the **Sales** segment, we expect a positive earnings performance in 2017 in comparison to the previous year. On the one hand, there will be positive effects from the withdrawal from the B2B commodity business under the EnBW and Watt brands, as well as optimisation measures in the retail customer business (B2C), while on the other hand, the billing service for other sales and network operators will contribute to the improvement in earnings. The planned first-time consolidation of VNG during the year will only result in a slight increase in the adjusted EBITDA. Therefore, we expect a stable or a slight increase in the share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA for the **Grids** segment in 2017 is set to reach the same level as the previous year and it will thus continue to be the segment with the highest earnings. Earnings will be positively influenced by the planned first-time consolidation of VNG during the year. In contrast, the slightly lower earnings from the use of the grids in comparison to the previous year will lead to a deterioration. We expect a stable or a slight decrease in the share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA for the **Renewable Energies** segment will increase further in 2017. We have already placed most of the electricity deliveries for 2017 from our run-of-river power plants on the forward market. The contribution margins achieved here are lower than those in 2016. This negative effect can be offset by the expansion of onshore wind farms in the second half of the year. Our forecasts are generally based on wind yields that correspond to the long-term average. As the wind conditions in the previous year were below average, there will be higher earnings in comparison to the previous year for this reason alone. However, the level of improvement is dependent on the actual wind strength. In the first three months of the year, the wind strength was below the long-term average. Nevertheless, we expect a stable or a slight increase overall in the share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA for the **Generation and Trading** segment will continue to fall in 2017 despite the elimination of the nuclear fuel rod tax. This is due to the fact that we have already placed most of the electricity deliveries for 2017 on the forward market at lower margins than in the previous year. As those months where VNG achieves high earnings due to weather conditions will not flow into the result for this segment, we anticipate a negative contribution to earnings by VNG. The share of the adjusted EBITDA for the Group accounted for by this segment will fall slightly.

The **adjusted EBITDA** for the EnBW Group in 2017 will thus increase again for the first time in a number of years and be between 0% and +5% above the level in 2016. In comparison to the previous year, the continued lower contribution margins for our electricity deliveries this year that were already placed on the forward market could be offset by the positive developments in sales and the expansion in the area of wind power, as well as expected higher wind yields compared to the previous year.

The **EBITDA** can only be forecast to a limited extent because it is strongly influenced by effects not relevant to the ongoing management of the company that cannot be planned for. This includes, for example, allocations to, or reversals, of provisions for onerous contracts. We currently anticipate an EBITDA in 2017 that will be higher than the adjusted EBITDA by an amount in the low to mid three-digit million euro range. This is mainly due to income from the planned sale of shares, most of which were already realised in the first three months of 2017.

Opportunities and risks

In comparison to the report issued at the end of 2016, the risks faced by the EnBW Group remained largely unchanged in the first three months of 2017. No risks currently exist that might jeopardise the EnBW Group as a going concern.

Using the report on risks in the Group management report 2016 as a basis, only the significant opportunities or risks which have changed, arisen or ceased to exist in the reporting period are described in this Quarterly Statement for January to March 2017.

Cross-segment opportunities and risks

Discount rate applied to pension provisions: At the end of March 2017, the discount rate was 1.95%, which was up 0.05 percentage points on the rate at the end of the reporting date of 31 December 2016 (1.9%). This resulted in the present value of the defined pension benefit obligations decreasing by €57.1 million. The uncertain future development of interest rates with its impact on pension provisions may have either a positive or negative effect on the net debt. While monitoring interest rate assessments and interest rate developments, we currently identify a high level of opportunity and low level of risk in this area. This risk could have a negative impact on net debt in the low two-digit million euro range during the course of 2017, while the opportunity could have a correspondingly positive impact in the low four-digit million euro range.

Generation and Trading segment

Margin payments: As a result of unfavourable developments on the market, margin requirements for stock market transactions and bilateral margin agreements can lead to short-term cash outflows. These are settled again at the latest when the underlying futures transactions are fulfilled. This liquidity risk is constantly monitored using stress tests. As a result of fluctuating prices and higher volumes on the wholesale market, there is the potential for higher margin payments. Slightly higher electricity prices and falling CO_2 prices led to additional temporary cash outflows. In this context, we currently identify a medium level of risk and a high level of opportunity. As a result, this could have corresponding effects in 2017 in the low three-digit million euro range that may have a positive or negative impact on the key performance indicator ROCE.

Income statement

in € million	01/01–31/03/2017	01/01–31/03/2016
Revenue including electricity and energy taxes	5,355.0	5,399.3
Electricity and energy taxes	-183.2	-204.2
Revenue	**5,171.8**	**5,195.1**
Changes in inventories	26.2	30.2
Other own work capitalised	18.1	18.1
Other operating income	315.3	227.2
Cost of materials	-4,195.1	-4,040.3
Personnel expenses	-398.1	-412.3
Other operating expenses	-165.1	-400.0
EBITDA	**773.1**	**618.0**
Amortisation and depreciation	-240.4	-222.2
Earnings before interest and taxes (EBIT)	**532.7**	**395.8**
Investment result	22.3	13.9
of which net profit/loss from entities accounted for using the equity method	(15.6)	(12.0)
of which other profit/loss from investments	(6.7)	(1.9)
Financial result	10.3	-266.1
of which finance income	(133.7)	(110.2)
of which finance costs	(-123.4)	(-376.3)
Earnings before tax (EBT)	**565.3**	**143.6**
Income tax	-147.3	-53.7
Group net profit/loss	**418.0**	**89.9**
of which profit/loss shares attributable to non-controlling interests	(37.4)	(38.9)
of which profit/loss shares attributable to the shareholders of EnBW AG	(380.6)	(51.0)
EnBW AG shares outstanding (million), weighted average	**270.855**	**270.855**
Earnings per share from Group net profit/loss (€)[1]	**1.41**	**0.19**

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

Statement of comprehensive income

in € million	01/01–31/03/2017	01/01–31/03/2016
Group net profit/loss	**418.0**	**89.9**
Revaluation of pensions and similar obligations	106.2	-390.7
Entities accounted for using the equity method	0.0	1.4
Income taxes on other comprehensive income	-30.8	20.8
Total of other comprehensive income and expenses without future reclassifications impacting earnings	**75.4**	**-368.5**
Currency translation differences	-1.1	-6.1
Cash flow hedge	39.1	36.3
Available-for-sale financial assets	56.4	-70.7
Entities accounted for using the equity method	1.6	-6.2
Income taxes on other comprehensive income	6.5	-17.6
Total of other comprehensive income and expenses with future reclassifications impacting earnings	**102.5**	**-64.3**
Other comprehensive income	**177.9**	**-432.8**
Total comprehensive income	**595.9**	**-342.9**
of which profit/loss shares attributable to non-controlling interests	(36.3)	(34.8)
of which profit/loss shares attributable to the shareholders of EnBW AG	(559.6)	(-377.7)

Balance sheet

in € million	31/03/2017	31/12/2016
Assets		
Non-current assets		
Intangible assets	1,633.0	1,636.5
Property, plant and equipment	13,355.3	13,481.9
Entities accounted for using the equity method	2,121.0	1,835.6
Other financial assets	6,120.1	6,428.0
Trade receivables	368.4	357.4
Other non-current assets	421.5	410.1
Deferred taxes	1,134.4	1,268.9
	25,153.7	**25,418.4**
Current assets		
Inventories	768.1	806.8
Financial assets	1,959.8	2,389.5
Trade receivables	3,404.6	3,129.1
Other current assets	2,222.7	2,626.9
Cash and cash equivalents	5,062.9	3,991.6
	13,418.1	**12,943.9**
Assets held for sale	6.8	173.0
	13,424.9	**13,116.9**
	38,578.6	**38,535.3**
Equity and liabilities		
Equity		
Shareholders of EnBW AG		
Subscribed capital	708.1	708.1
Capital reserve	774.2	774.2
Revenue reserves	1,963.1	1,582.5
Treasury shares	-204.1	-204.1
Other comprehensive income	-1,364.0	-1,543.0
	1,877.3	**1,317.7**
Non-controlling interests	1,924.4	1,898.5
	3,801.7	**3,216.2**
Non-current liabilities		
Provisions	12,798.7	13,011.9
Deferred taxes	660.0	652.8
Financial liabilities	6,687.0	6,720.2
Other liabilities and subsidies	1,764.2	1,787.1
	21,909.9	**22,172.0**
Current liabilities		
Provisions	6,074.2	6,060.2
Financial liabilities	1,200.9	1,208.7
Trade payables	3,441.6	3,193.0
Other liabilities and subsidies	2,150.3	2,661.2
	12,867.0	**13,123.1**
Liabilities directly associated with assets classified as held for sale	0.0	24.0
	12,867.0	**13,147.1**
	38,578.6	**38,535.3**

Cash flow statement

in € million	01/01–31/03/2017	01/01–31/03/2016
1. Operating activities		
EBITDA	773.1	618.0
Changes in provisions	-132.6	-72.0
Result from disposals	-269.4	-5.5
Other non-cash expenses/income	5.7	-13.7
Change in assets and liabilities from operating activities	-132.7	-431.2
Inventories	(51.0)	(-31.9)
Net balance of trade receivables and payables	(-56.9)	(-311.9)
Net balance of other assets and liabilities	(-126.8)	(-87.4)
Income tax paid	-42.1	-187.2
Cash flow from operating activities	**202.0**	**-91.6**
2. Investing activities		
Capital expenditure on intangible assets and property, plant and equipment	-167.5	-156.5
Disposals of intangible assets and property, plant and equipment	37.3	23.7
Cash received from construction cost and investment subsidies	17.7	13.9
Acquisition/sale of subsidiaries, entities accounted for using the equity method and interests in joint operations	89.2	179.4
Changes in securities and investments	897.9	165.5
Interest received	48.7	83.1
Dividends received	6.7	3.7
Cash flow from investing activities	**930.0**	**312.8**
3. Financing activities		
Interest paid for financing activities	-27.6	-54.2
Dividends paid	0.0	-9.9
Increase in financial liabilities	1.1	11.0
Repayment of financial liabilities	-34.5	-94.5
Payments from alterations of capital in non-controlling interests	-0.3	0.0
Cash flow from financing activities	**-61.3**	**-147.6**
Net change in cash and cash equivalents	**1,070.7**	**73.6**
Net foreign exchange difference	0.6	0.9
Change in cash and cash equivalents	**1,071.3**	**74.5**
Cash and cash equivalents at the beginning of the period	3,991.6	3,501.1
Cash and cash equivalents at the end of the period	**5,062.9**	**3,575.6**

Statement of changes in equity

in € million				Other comprehensive income[1]							
	Subscribed capital and capital reserve	Revenue reserves	Treasury shares	Revaluation of pensions and similar obligations	Currency translation differences	Cash flow hedge	Available-for-sale financial assets	Entities accounted for using the equity method	Shares of the shareholders of EnBW AG	Non-controlling interests[1]	Total
As of Integrated Report 2016: 01/01/2016	**1,482.3**	**3,634.8**	**-204.1**	**-1,482.7**	**-54.4**	**-256.9**	**213.1**	**-63.3**	**3,268.8**	**1,854.4**	**5,123.2**
Other comprehensive income				-367.1	-5.7	26.1	-77.2	-4.8	-428.7	-4.1	-432.8
Group net profit/loss		51.0							51.0	38.9	89.9
Total comprehensive income	**0.0**	**51.0**	**0.0**	**-367.1**	**-5.7**	**26.1**	**-77.2**	**-4.8**	**-377.7**	**34.8**	**-342.9**
Dividends paid									0.0	-9.9	-9.9
Other changes									0.0	-1.9	-1.9
As of 31/03/2016	**1,482.3**	**3,685.8**	**-204.1**	**-1,849.8**	**-60.1**	**-230.8**	**135.9**	**-68.1**	**2,891.1**	**1,877.4**	**4,768.5**
As of 01/01/2017	**1,482.3**	**1,582.5**	**-204.1**	**-1,784.6**	**-48.2**	**-97.7**	**383.1**	**4.4**	**1,317.7**	**1,898.5**	**3,216.2**
Other comprehensive income				75.9	-1.8	32.9	70.4	1.6	179.0	-1.1	177.9
Group net profit/loss		380.6							380.6	37.4	418.0
Total comprehensive income	**0.0**	**380.6**	**0.0**	**75.9**	**-1.8**	**32.9**	**70.4**	**1.6**	**559.6**	**36.3**	**595.9**
Dividends paid									0.0	-10.4	-10.4
As of 31/03/2017	**1,482.3**	**1,963.1**	**-204.1**	**-1,708.7**	**-50.0**	**-64.8**	**453.5**	**6.0**	**1,877.3**	**1,924.4**	**3,801.7**

[1] Of which other comprehensive income directly associated with the assets held for sale as of 31/03/2017 to the amount of €0.0 million (01/01/2017: €0.0 million, 31/03/2016:€ -45.4 million, 01/01/2016: € -45.4 million). Of which attributable to the shareholders of EnBW AG: €0.0 million (01/01/2017: €0.0 million, 31/03/2016: € -45.4 million, 01/01/2016: € -45.4 million). Of which attributable to non-controlling interests: €0.0 million (01/01/2017: €0.0 million, 31/03/2016: €0.0 million, 01/01/2016: €0.0 million).

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EnBW Energie Baden-Württemberg AG
Durlacher Allee 93
76131 Karlsruhe

Contact
General
Phone: 0800 1020030
E-mail: kontakt@enbw.com
Internet: www.enbw.com
Investor Relations
E-mail: investor.relations@enbw-ir.com
Internet: www.enbw.com/investoren

Financial calendar

15 May 2017
Publication of the Quarterly Statement
January to March 2017

27 July 2017
Publication of the Six-Monthly Financial
Report 2017

10 November 2017
Publication of the Quarterly Statement
January to September 2017

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