Six-Monthly Financial Report

January to June 2015

Adjusted EBITDA
€1,276.8 million

Group net profit
€1,056.5 million

Forecast for adjusted EBITDA 2015
0% to -5% compared to the previous year

Investment in renewable energies
€165.0 million / 34.2% of the overall investment

Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	01/01–30/06/2015	01/01–30/06/2014	Change in %	01/01–31/12/2014
External revenue	10,913.8	10,387.6	5.1	21,002.5
TOP Adjusted EBITDA	1,276.8	1,271.5	0.4	2,167.4
TOP Share of the adjusted EBITDA accounted for by Sales in € million/in %	179.4/14.1	132.2/10.4	35.7/–	230.6/10.6
TOP Share of the adjusted EBITDA accounted for by Grids in € million/in %	437.0/34.2	470.3/37.0	-7.1/–	886.3/40.9
TOP Share of the adjusted EBITDA accounted for by Renewable Energies in € million/in %	87.5/6.9	81.1/6.4	7.9/–	191.4/8.8
TOP Share of the adjusted EBITDA accounted for by Generation and Trading in € million/in %	542.5/42.5	595.7/46.9	-8.9/–	899.5/41.5
Share of the adjusted EBITDA accounted for by Other/Consolidation in € million/in %	30.4/2.3	-7.8/-0.7	–/–	-40.4/-1.8
EBITDA	1,109.1	899.0	23.4	2,137.3
Adjusted EBIT	824.1	816.4	0.9	1,290.5
EBIT	645.9	-789.9	–	0.1
Adjusted Group net profit[1]	1,028.4	381.0	–	479.4
Group net profit/loss[1]	1,056.5	-735.1	–	-450.7
Earnings per share from adjusted Group net profit[1] in €	3.80	1.41	–	1.77
Earnings per share from Group net profit/loss[1] in €	3.90	-2.71	–	-1.66
Cash flow from operating activities	794.7	1,054.2	-24.6	1,775.7
Free cash flow	365.9	474.6	-22.9	330.2
Capital expenditures	526.3	752.1	-30.0	1,956.7

Non-financial performance indicators[2]	01/01–30/06/2015	01/01–30/06/2014	Change in %	01/01–31/12/2014
Customers goal dimension				
TOP EnBW/Yello Brand Attractiveness Index	44/34	43/37	2.3/-8.1	43/36
TOP EnBW/Yello Customer Satisfaction Index	132/148	109/143	21.1/3.5	114/145
TOP SAIDI (electricity) in min/year	13	10	30.0	15
Employees goal dimension				
TOP LTIF[3]	2.9	3.3	-12.1	4.3

Employees of the EnBW Group[4, 5]	30/06/2015	30/06/2014	Change in %	31/12/2014
Employees	20,061	19,926	0.7	20,092

[1] In relation to shares in profit/loss attributable to the equity holders of EnBW AG.
[2] The values for the key performance indicators of the Employee Commitment Index (ECI) and of "installed output of renewable energies and the share of the generation capacity accounted for by renewable energies" will be exclusively collected at the end of the year.
[3] Variations in the group of consolidated companies; only those companies controlled by the Group are included.
[4] Number of employees excluding marginally employed persons, apprentices/trainees and inactive employees.
[5] 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 31/12/2014 is carried forward.

TOP The integrated management of EnBW comprises financial and non-financial goals. Our key performance indicators are marked with this symbol.

At a glance **2015**

EnBW decided at an early stage: We want to play a reliable and influential role in reshaping the energy system. "Energiewende. Safe. Hands on." is our guiding principle.

We already realigned our business model two years ago and have rigorously implemented our strategy since then. We are countering the foreseeable falling earnings from conventional generation and trading by expanding generation from renewable sources of energy, extending the stable grids business and engaging in an innovation and service-based campaign to promote business in the area of "Customer proximity". EnBW views itself as an energy company that is active along the entire value chain. In the process, we are supported by our regional roots in Baden-Württemberg and by a stable group of shareholders, who, like us, are pursuing long-term goals.

As one of the largest energy supply companies in Germany, we supply electricity, gas, water and energy-related products and services to approximately 5.5 million customers.

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Highlights
April to July 2015

April

EnBW Baltic 2 feeds electricity into the grid for the first time

The first wind power plants at the offshore wind farm EnBW Baltic 2 that is currently still under construction fed the first kilowatt hours of electricity into the grid at the end of April. Of the total of 80 wind power plants planned, 60 have been installed and will be successively connected up to the grid. EnBW Baltic 2 is being built 32 kilometres north of the Baltic island of Rügen and will comprise a total output of 288 MW. The offshore wind farm can generate 1,200 GWh of electricity per year that covers the aggregate requirements of around 340,000 households and saves 900,000 tonnes of CO_2.

Public Wi-Fi in Wiesloch's city centre

As part of a pilot project, the City of Wiesloch is modernising its municipal infrastructure with the multifunctional street lighting "SM!GHT Base" – a new development from EnBW. Five Wi-Fi access points and a central Internet connection have already been integrated into existing street lights. In the process, relevant user experiences with the public Wi-Fi network will be collected and used to further refine the technology. EnBW is the largest supplier of street lighting in Baden-Württemberg, working together with almost 300 local authorities.

May

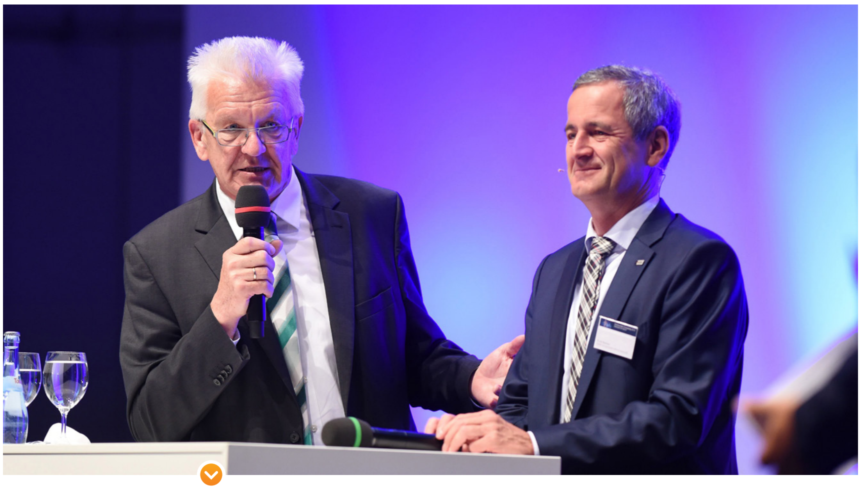
Borusan EnBW Enerji places further wind farms into operation

The German-Turkish joint venture Borusan EnBW Enerji, in which the partners Borusan and EnBW each hold a 50% stake, has successfully concluded three further onshore projects: Following a one-year construction period, the Koru and Harmanlik onshore wind farms in north-west Turkey were placed into operation in May and the Mut wind farm in south Turkey was placed into operation in June – each wind farm has an output of 50 MW. This now brings the total capacity of the renewable portfolio of the German-Turkish joint venture to around 337 MW. Another onshore wind farm called Fuatres (30 MW) is still under construction and is expected to be completed by the end of the year.

June

EnBW is a premium sponsor of KA300

Under the motto "Together we are one idea ahead", EnBW is participating in the summer festival to mark the 300th birthday of the City of Karlsruhe with numerous campaigns and events. In particular, the focus is being placed on innovative themes such as electromobility and multifunctional street lighting: Amongst other things, EnBW has handed over two mobile pedelec charging and hiring stations – each with ten charging spaces and eight pedelecs – to the city. The two stations have a sustainable wooden design and were set up in two central locations in Karlsruhe. EnBW is providing the 16 pedelecs on loan until 2019 and covering the operating costs for servicing and maintaining the stations for one year.



5. EnBW Energy Day for local authorities – vision of "Communities 4.0"

EnBW invited mayors, local authority and state politicians and managing directors of public utilities to an Energy Day for the fifth time. Minister President Winfried Kretschmann and EnBW CEO Dr. Frank Mastiaux reported on the implementation status of the Energiewende and current developments in the energy industry. Under the motto "Marketplace for Decision Makers", top-class speakers and experts exchanged information and entered into discussion during specialist talks. It is not only the Energiewende but also the development and provision of attractive living and working spaces that is a challenge for local authorities in a new energy era. This includes, for example, providing fast Internet connections, reliable electricity and gas grids or new street lighting systems.

Agreement on the repatriation of reprocessing waste

The German Federal Ministry for the Environment and the operators of the German nuclear power plants agreed on a decision-making process for the repatriation of all waste from the reprocessing of German fuel rods in France and Great Britain. In a joint framework paper, both sides endorsed the repatriation of reprocessing waste to Germany from La Hague and Sellafield as quickly as possible.

Cooperation with TOTAL Energie Gas

TOTAL Energie Gas GmbH and EnBW will work together as partners in future for handling energy sales. EnBW is handling associated energy industry processes in the areas of meter data management, market communication, customer services and billing and claims management with immediate effect for the electricity division at TOTAL. There are already plans for EnBW to take over further services for the gas division. EnBW is one of the most experienced service providers on the market for energy industry-related system solutions and process handling services on a cloud basis. This comparatively new business model is based in the highly regulated environment of the energy sector.

July

PROKON creditors select the cooperation model option

As part of a bidding process, EnBW had made a binding offer to the insolvency administrator of PROKON for the acquisition of PROKON. The offer was presented to the PROKON creditors' meeting as a recapitalisation option, providing an alternative to the cooperation model. However, the creditors of PROKON Regenerative Energien GmbH voted by a majority during the creditors' meeting in Hamburg for the continuation of PROKON as a cooperative with the participation of the previous rights holders.

Significant financial developments in the first half of 2015

> **The adjusted EBITDA of EnBW** in the first half of 2015 remained almost stable in comparison to the same period of the previous year at €1,276.8 million.

> **As a result, the operating result** lay in the upper range of the forecast for the 2015 financial year, which confirms the expected change in adjusted EBITDA of 0 % to -5 %.

> **Above all, positive effects from the adjusted financial result** led to a rise in the adjusted Group net profit attributable to the shareholders of EnBW AG to €1,028.4 million (previous year: €381.0 million).

> **The non-operating result** had less impact on the Group operating result than in the previous year. The Group net profit attributable to the equity holders of EnBW AG stood at €1,056.5 million by the middle of the year. Earnings per share amounted to €3.90 compared to €-2.71 in the previous year.

> **Adjusted net debt** fell in comparison to the end of 2014 by €452.0 million to €7,530.6 million.

Interim Group management report

Business activity and strategy

Business activity

As an integrated energy supply company, EnBW operates in Germany along the entire energy industry value chain and has a diversified business portfolio with a balanced risk-return profile.

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 includes the transmission and distribution of electricity and gas, the provision of grid-related services – for instance the operation of grids for customers – and water supply services.
- Activities in the area of power generation from water, wind and sun are combined under the Renewable Energies segment.
- The Generation and Trading segment encompasses the generation and trading of electricity, the gas midstream business, district heating, environmental services and decommissioning of power plants.

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

Our core market is Baden-Württemberg, where we are positioned as market leader. Beyond our core market, we operate throughout Germany and in Europe. We supply customers all over Germany through our subsidiaries Yello Strom GmbH and Sales & Solutions GmbH. Energiedienst Holding AG, in which EnBW is a majority shareholder, supplies customers in South Baden and Switzerland. Stadtwerke Düsseldorf AG, a further company in which EnBW holds a majority stake, supplies customers in Düsseldorf, the capital of North Rhine-Westphalia, while EWE Aktiengesellschaft, in which EnBW is a minority shareholder, supplies Oldenburg in Lower Saxony. A share in Pražská energetika a.s. (PRE), the third-largest electricity supply company in the Czech Republic, means that EnBW is also active on the Czech market. We participate in the growth market of Turkey through our joint venture with the Borusan Group. Furthermore, we are also active in Austria.

EnBW supplies in total around 5.5 million customers with energy. The B2C (business-to-customer) customer group includes private customers, commercial enterprises, the housing industry and agriculture. The B2B (business-to-business) customer group encompasses, for example, major commercial enterprises and industrial customers, as well as redistributors, municipal utilities, local authorities and public entities. With its strong brands, EnBW enjoys a close relationship with customers, orientating itself to their needs through its efficiency and quality.

Market conditions and structures

Market conditions in the energy sector are currently undergoing profound change. Efforts to achieve greater autonomy and decentralised energy generation, as well as falling energy consumption due to improved energy efficiency, are leading to a change in the patterns of demand and consumption on the part of customers. An increase in price and cost awareness and the continued strong orientation towards sustainability support this development. Cities and communities are also playing a role in this change.

The trend towards decentralisation is benefiting from technological advances, which is leading to a massive decline in the costs associated with decentralised energy generation, particularly with regard to photovoltaic power plants, but also to those relating to combined heat and power plants (CHP) and wind power plants. The role of centralised electricity generation is being fundamentally transformed as a result, leading to considerably fewer operating hours in power plants. Nuclear power generation will be phased out by 2022, with plants being successively and safely decommissioned.

Corporate strategy

We have closely analysed future revenue sources in the energy industry to further develop our business portfolio. According to our estimations, revenue flows in the energy industry will shift considerably. Renewable energies, grids and the decentralised solution business are growing in importance. On this basis, we have developed the EnBW 2020 strategy guided by the principle “Energiewende. Safe. Hands on.”, which charts the course for the future development of our business model and strengthens the future viability of the company.

Two operating models

The two complementary operating models of “Customer proximity” and the “Engine room of the Energiewende” lie at the core of the EnBW 2020 strategy. “Customer proximity” shifts the focus of our activities onto the customer to an even greater degree. Core elements here are consistent innovation management, shorter development times for new products and services and well-balanced partnership models. In the

"Engine room of the Energiewende", we are building, in particular, on operational excellence and a strict efficiency and cost orientation to achieve defined levels of quality, in order to ensure the efficient and safe operation, construction and decommissioning of energy supply plants and infrastructure. Furthermore, EnBW actively offers the opportunity to invest in grids and power plants, especially to local authorities.

Realigning the business portfolio

EnBW aims to more than double its share of renewable energies in its generation portfolio, raising it from a current level of 19% (based on the reference year of 2012) to more than 40% in 2020. Our capacities derived from onshore wind farms will be increased significantly in the target markets of Germany and Turkey. Offshore wind power represents a further opportunity for growth. By investing extensively in grid expansion, we will be making a substantial contribution to the infrastructure required by the energy system and thus to the security of supply.

By 2020, a significant share of the Group's earnings (the target value of adjusted EBITDA is between €2.3 and €2.5 billion) is to be raised from strategic initiatives. Innovative products and services will form another important pillar of the company's business. The overall share of adjusted EBITDA accounted for by the regulated grid business and renewable energies will increase from the current level of approximately 40% (based on the reference year of 2012) to around 70% in 2020. This will improve the risk-return profile of EnBW.

Extensive investments and divestitures

EnBW intends to invest €14.1 billion in total by 2020 (based on the reference year of 2012). In this context, the focus will be placed on expanding wind and hydropower on an industrial scale. In addition, we will concentrate on the expansion and upgrading of our transmission and distribution grids right through to so-called smart grids. From a regional point of view, and beyond our core market of Baden-Württemberg, we will be focusing our investment activities on Germany, Switzerland, the Czech Republic and Turkey. To obtain the financial headroom required for these extensive investments, we have considerably extended our divestiture programme, involving conventional divestitures and cash flow from participating investment models and the disposal of assets and subsidies, to around €5.1 billion (based on the reference year of 2012).

Around €4.5 billion of the overall investments planned up to 2020 have already been realised as of 30 June 2015, while approximately €1.4 billion of our divestiture programme was implemented as of the same date.

Economic and political 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 trends

Anticipated development of gross domestic product (GDP) in 2015

in %	2015	2014
World	3.3	3.4
Eurozone	1.5	0.9
Germany	2.1	1.6
Austria	0.5	0.3
Switzerland	0.8	2.0
Czech Republic	2.5	2.0
Turkey	3.1	2.9

Global economic growth in 2015 is expected to be similar to that in 2014. The gross domestic product (GDP) of the eurozone thus grew in real terms by 1.0% in the first quarter of 2015 compared to the same period of the previous year. This growth was contributed to above all by the improved economic situation in the southern European member states. The increase in macroeconomic output in Germany of 1.1% was only slightly above the average figure for the eurozone.

Economic growth has been supported by private consumption, government expenditure and investment. This has been offset by reductions in stock and lower net exports. In Austria, economic output grew by just 0.3%. The causes were a relatively high level of inflation, which exerted pressure on real wages and thus on private consumption, and a noticeable reluctance to invest. GDP in Switzerland grew by 1.1% in the first quarter compared to the previous year as a result of private consumption and capital expenditure. In contrast, there was the negative influence of the sharp rise in the exchange rate for the Swiss franc. The substantial growth of the economy in the Czech Republic by 4.2% in the first quarter of 2015 was supported by the strong rise in private consumption and healthy investment activities. In Turkey, economic growth of 2.3% in the same period was supported by an increase in private consumption of 4.5% and higher government expenditure of 2.5%. Overall, the macroeconomic trends are expected to have a limited positive influence on the business performance of EnBW in 2015.

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 the price trends in primary sources of energy, CO_2 allowances and electricity on the wholesale markets. Therefore, EnBW uses the forward market to procure the required quantities of primary energy sources and CO_2 allowances for electricity generation in advance and to sell scheduled electricity production. The terms and conditions of the supply contracts agreed in previous years are decisive factors impacting costs and income in the first six months of 2015. The price developments seen on the forward market in the first six months of 2015 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: In January 2015, oil prices reached their lowest level for six years at under US $50/bbl (front month). The price of crude oil fluctuated greatly, increasing to around US $65/bbl by the end of June. This increase in price was due above all, to reports from the USA about the lower number of drilling rigs being deployed and the declining global investment in new oil projects. Furthermore, a significant growth in demand was expected due to the low prices. Market participants then anticipated that scarcity on the market would follow due to these factors. Falling prices in the meantime were particularly due to announcements by OPEC that they would not reduce oil production, as well as the strength of the US dollar compared to currencies in producing countries – caused by the expected change in interest rate policy in the USA. Furthermore, the possible agreement in the nuclear dispute with Iran had a downward effect on prices as the return of Iran to the international oil market is expected to increase the level of supply. The front year price trends largely followed the price fluctuations on the spot market, although at a somewhat higher level. This points to the fact that market participants expect higher oil prices again in the future.

Coal market: The prices on the coal market fell further during the winter half-year 2014/2015. This price trend was due, on the one hand, to slower growth in the demand for coal in China combined with restrictions on coal imports. On the other hand, it was caused by the lower demand in Europe and also Asia due to the above-average temperatures. In addition, currency devaluations in emerging countries and lower freight and production costs as a result of the decrease in the price of oil contributed to falling prices. In the second quarter of 2015, both the spot and forward market prices for coal experienced sideways movement with only minor fluctuations. Factors that helped maintain prices such as falling exports from Columbia or cuts in production in South Africa, Australia, the USA and Indonesia, increased demand for coal in India and the rebounding price of oil were on the whole balanced by factors that had a downward effect on prices – primarily the lower demand in China and Great Britain. The supply situation on the global coal market is generally good. Therefore, market participants expect stable prices in future at the current low level, which will have an impact on the development of forward market prices.

Development of prices on the oil and coal markets

	Average H1/2015	Average H1/2014	Average 2014
Crude oil (Brent) front month (daily quotes in US $/bbl)	59.35	108.82	99.45
Crude oil (Brent), rolling front year price (daily quotes in US $/bbl)	67.01	102.83	98.72
Coal – API #2 rolling front year price in US $/t	59.07	81.99	78.24

Gas market: Long-term gas import contracts form the primary basis of Germany's gas supply. Prices primarily track the oil price trends 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 €21.11/MWh in April 2015, which is 12.4% below the December 2014 figure (€24.10/MWh) and 12.0% below the figure for the same month in the previous year. 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.

At the beginning of 2015, the average spot and forward prices for gas on the TTF rose significantly due to the liquidation of speculative positions at the turn of the year. The escalation of the crisis in the Ukraine and the announcement of cutbacks in production on the Groningen gas field pushed prices upwards at the end of January and beginning of February. However, this development in prices remained at a lower level than in the previous year: The spot price for gas in the first half of 2015 was on average €0.38/MWh below the average figure for the same period of the previous year, while the rolling front year forward price fluctuated on average around €3.47/MWh below the previous year's figure in the first half of 2015. The difference in the price levels was due primarily to the milder weather and the strong fall in oil prices in the second half of 2014.

Market participants currently expect the price of gas to be predominantly influenced in future by those factors driving the price upwards: The uncertainty about future developments in the Ukraine and the possibility of stricter sanctions being imposed against Russia continues, the political discussions in the Netherlands about the risks of gas production from the Groningen gas field have intensified and the gas storage facilities in Germany are currently comparatively poorly stocked. This will be offset by the further expansion of renewable energies in Europe, which will also lead to a lower structural demand for gas.

Development of prices for natural gas on the TTF (Dutch wholesale market)

in €/MWh	Average H1/2015	Average H1/2014	Average 2014
Spot	21.25	21.63	20.88
Rolling front year price	21.45	24.92	24.36

CO_2 allowances: Under the European emissions trading system, proof must be provided of allowances for CO_2 emissions from power plants. The price of emission allowances (EU Allowance – EUA) rose to over €7/t CO_2 during the course of 2014 after the EU resolution on backloading. Since the beginning of 2015, the prices for CO_2 allowances have fluctuated in a range between €6.50 and €7.80/t CO_2. The proposal by the Environment Committee of the EU Parliament for a Market Stability Reserve (MSR), which is due to start in 2019 and envisages the transfer of the backloading volumes to the reserve, and its subsequent approval in the second quarter of 2015, resulted in a temporary increase in prices. In contrast, the continued low level of emissions that was attributable to the mild weather and the high input of energy from renewable sources had a dampening effect on prices. There is a high level of supply for Certified Emission Reductions (CER) and a low level of demand due to their limited usability.

The future development of prices for CO_2 allowances will be determined primarily by the introduction of the Market Stability Reserve (MSR) from 2019. Further recommendations for the reform of the EU Emissions Trading System (ETS) directive for the implementation of the 2030 targets were presented on 15 July 2015. Furthermore, the hedging measures undertaken by the energy supply companies, the expansion of renewable energies, the effect of efforts to increase energy efficiency and economic trends will all play a role in determining price levels.

Development of prices for emission allowances/daily quotes

in €/t CO_2	Average H1/2015	Average H1/2014	Average 2014
EUA – rolling front year price	7.22	5.64	5.96
CER – rolling front year price	0.44	0.22	0.17

Electricity wholesale market: The average price on the spot market of the European Power Exchange EPEX SPOT for the immediate delivery of electricity to the German/Austrian market (base load product) in the first half of 2015 was €2.14/MWh or 6.6% below the price in the same period of 2014. The decisive factor for this development was the improved availability of power plants due to the commissioning of several new hard coal power stations in 2014 that continue to have low deployment costs thanks to the low price of hard coal. Another factor pushing prices downwards was the high level of electricity generation from wind power, above all in January 2015. The fall in prices was limited to some extent by somewhat lower temperatures in February and March, in comparison to the very mild weather in the previous year.

The forward market price for electricity on the European Energy Exchange (EEX) for front year delivery fell by €3.24/MWh or 9.2% in the first six months of the year compared to the front year contracts in the previous year, because the strong decline in fuel prices clearly overcompensated for the increase in prices for CO_2 allowances. Furthermore, the fact that the majority of new hard coal power stations will have been commissioned by 2016 and the installed output from wind power plants will rise significantly has exerted downward pressure on the prices for front year contracts.

A slight fall in prices is noticeable on the forward market for 2016/2017. This fall in prices reflects, above all, the expectation of the continued price-lowering expansion of renewable energies in the coming years. In particular, the significant expansion of wind power plants both on land and at sea is expected. Trading for 2018 is currently slightly above the 2017 level, which is due, amongst other things, to changes in the power plant stock due to the phasing out of nuclear power plants.

Development of prices for electricity, base load product

in €/MWh	Average H1/2015	Average H1/2014	Average 2014
Spot	30.22	32.36	32.76
Delivery – rolling front year price	32.03	35.27	35.09

Prices for retail and industrial customers: According to calculations by the German Association of Energy and Water Industries (BDEW) published in March 2015, the average monthly electricity bill for a household with an annual consumption of 3,500 kWh will be €84.02 in 2015, slightly below the figure of €84.99 for the previous year. Taxes, duties and levies continue to account for more than half of this amount; these have increased since 1998 by a total of 267%. In contrast, the proportion of the price relating to procurement, network user charges and sales only increased by 6% in this period. In the case of industrial customers receiving a medium-voltage supply, the average electricity price including electricity taxes should remain stable at 15.32 ct/kWh in 2015 in comparison to the previous year according to calculations made by the BDEW. According to figures released by the German Federal Statistical Office in May 2015, natural gas prices for private households had fallen by 1.0% compared to the same month in the previous year; the price of natural gas for industrial customers fell by 5.9%.

Political and regulatory environment

European energy policy

EU energy and climate strategy: In its communication on energy union, the European Commission presented a concrete plan of action for the next few years and aims to support the transformation of the energy sector through the key areas of policy for the security of energy supply, foreign policy and the European internal energy market – including the further expansion of relevant infrastructure in each case. The goal is to make significant progress across Europe in the areas of energy efficiency, decarbonisation, and research and development. This strategy was to a large extent substantiated by the energy ministers in June 2015. However, the EU heads of state and government want to continue to keep this topic regularly on the agenda and issue fundamental guidelines. Alongside the already initiated revision of the security of gas supply directive, particular attention will be paid initially to the actual implementation of the rules governing the internal energy market, as well as to examining the design of the market. Other important initiatives focus on the further expansion of renewable energies and the heating/cooling and transport sectors.

European internal energy market: The European Commission initiated the consultation process on the future design of the market by issuing a communication package on 15 July 2015, with corresponding legislative proposals to follow next year. The consultation process focuses on the following aspects: guaranteeing sufficient capacities and the avoidance of negative cross-border interdependencies due to national capacity mechanisms, the integration of renewable energies into the market and system, strengthening the management of demand and the more active participation of the consumer, as well as the clarification of the future role of distribution grid operators. Possible institutional changes, such as strengthening the position of a European regulator, are also dealt with in the communication package.

In addition, pressure from European neighbours to find a solution to the bottlenecks at the borders has increased further, including the question of splitting Germany/Austria or Germany itself into price zones. The Agency for the Cooperation of Energy Regulators (ACER) examined this situation following a request from Poland and is due to issue its recommendations on 16 September 2015. It is not yet possible to predict the extent to which national regulators and the European Commission, with the introduction of an infringement procedure, will support these recommendations. In this context, the possibility of the discussion being expanded to splitting Germany into price zones cannot be ruled out.

Targets for 2030: In order to implement the climate and energy policy targets for 2030 that were issued in 2014, the European Commission presented a legislative proposal to revise the EU Emissions Trading System (ETS) directive on 15 July 2015. Other necessary implementation measures such as the distribution of the emission reduction targets in the non-ETS sectors to individual member states and the adaptation of the renewable energy and energy efficiency directives will then follow in 2016/2017. Especially with respect to the further expansion of renewable energies, the governance process to be defined by the European Commission is of particular importance in the view of EnBW. It is to guarantee the fulfilment of the targets by member states.

Emissions trading: The legislative process for the reform of the ETS directive through the introduction of a Market Stability Reserve (MSR) was largely concluded in the second half of 2014 – only the formal ratification by the Council of the European Union remains and will take place shortly. The result is generally welcomed by EnBW. Although EnBW advocated an even earlier start date, much was ultimately achieved with a start date in 2019 – with the immediate adoption of the backloading volumes and the inclusion to a large extent of any allowances that remain unallocated at the end of the current trading period in the reserve. As well as the adjustment of the linear reduction factor, the reform of the ETS directive to implement the 2030 framework that was introduced on 15 July 2015 together with a proposal for corresponding legislation comprises a more fundamental examination of the system for free allocations and also of the exemptions for the protection of exposed sectors that are particularly burdened by international competition (carbon leakage sectors). In the reform, EnBW will pay particular attention to possible effects on the auction budget, the free allocations for the energy sector in the Eastern European member states and in the area of district heating, as well as the design of the New Entrants Reserve.

Financial services legislation: The processes for clarifying the regulations in the Markets in Financial Instruments Directive (MiFID 2) in terms of their effects on the energy industry continues to be of particular importance in this area. A particularly critical aspect remains the final design of the specific exemption for commodity dealers: There is a danger that the exemption will be so narrowly defined that its application will become almost impossible in most cases and will thus result in corresponding licensing requirements. The same is also true for the question of when electricity and gas transactions are to be classified as financial instruments. Alongside the scope of application of the MiFID 2, this will also have a significant impact on the regulation governing the trading of over-the-counter derivatives (EMIR), as well as on the regulation governing energy market integrity and transparency (REMIT). A number of legislative processes are still also ongoing here that will define how this regulation will be implemented in law, particularly when it comes to reporting obligations which can have a significant impact both on costs and business operations.

German energy policy

Energiewende/amendment to the German Renewable Energies Act (EEG): The EEG 2014 is designed to pave the way for changing the method of funding for renewable energies to a competitive auction system. The German Federal Cabinet approved the corresponding ordinance on pilot photovoltaic auctions at the end of January 2015. It stipulates that the German Federal Network Agency (BNetzA) will carry out three rounds of auctions in 2015. EnBW participated in the first auction in the middle of April. As the basis for further discussions on suitable auction models, the German Federal Ministry of Economic Affairs and Energy (BMWi) presented market analyses for the relevant renewable technologies at the beginning of March. The next step is now the presentation of concrete key points about the relevant auction models. The BMWi plans to issue these key points in the summer for consultation.

Reserve power plants: As a result of the general economic conditions, conventional power plants are being increasingly forced into becoming permanently unprofitable and must therefore be gradually decommissioned. 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 reasonably reimbursed for the costs that arise as a result of this obligation. For power plant operators, the reimbursement of the full costs, including the returns on their invested capital, will be necessary because the financial burden will soon become unsustainable for companies in the sector. EnBW will be unable to make further investment decisions until there is sufficient confidence about future energy policy conditions.

Design of the electricity market: Following the public consultation on the "Green Book" of proposals for the future design of the electricity market, the white paper "Ein Strommarkt für die Energiewende" (An Electricity Market for the Energiewende) was published by the German government on 3 July 2015. This indicates the direction of the planned reform of the electricity market and contains concrete regulatory proposals for the design of the "Electricity Market 2.0". The German government made it clear in the white paper that they will, in any case, reform the Energy-only-Market (EOM 2.0) and introduce a capacity reserve. However, the solutions discussed in the white paper still need to be defined in more detail to a large extent before they can be implemented. The white paper will be available for public consultation until the end of August. EnBW will participate in this consultation process. The strong market orientation of the white paper is welcomed by EnBW. There is currently no need for a complete reorientation of the design of the market in the sense of introducing capacity markets. We view the introduction of a reserve and the reform of the EOM as a low-risk and inexpensive option for continuing to guarantee a secure supply by strengthening market forces.

Ultimate storage/nuclear power provisions: A government/federal state commission is continuing its work on the selection of sites. Criteria for an ultimate storage site for highly radioactive waste are due to be defined on the basis of the Site Selection Act by the middle of 2016. In addition, transports from the reprocessing plants to the Gorleben interim storage site are to be discontinued. 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. The commissioning of the ultimate storage site for low- and medium-level radioactive waste – the Konrad mine – has been delayed further and is not yet due to take place before 2022. A concrete commissioning date has not been named by the German Federal Office for Radiation Protection. On the basis of the results of an audit of financial security in the nuclear power sector, the German Federal Ministry for Economic Affairs and Energy is examining the current provisions held by the nuclear power plant operators with the aid of a stress test. The goal is to clarify whether all obligations and the anticipated costs associated with them have been completely included in the provisions that have been made. An associated goal is to increase the level of transparency for the general public. Once the stress test has been completed, there are also plans for legislative measures to establish the permanent responsibility of the companies and for the possible establishment of a fund under public law by transferring the provisions held by the operators. The audit is due to be published in the autumn of 2015.

Climate Protection Action Programme 2020: The Climate Protection Action Programme envisages, amongst other things, further reductions in CO_2 emissions from conventional power plants to the amount of 22 million tonnes of CO_2 by 2020. After the German Federal Ministry for Economic Affairs and Energy presented the key points of a "National Contribution to Climate Protection" in March, there was vigorous debate during the first half of the year about how this required reduction could be implemented in concrete terms in law. This would have meant the introduction of an obligatory climate levy once the emission exemption limit had been reached for each power plant unit and would have particularly affected brown coal power plants. Following a long public discussion about the possible effects of this measure, the leaders of the political parties CDU, CSU and SPD ultimately agreed to implement an alternative model – which had been co-developed by the IG BCE (German Industrial Union for Mining, Chemicals and Energy) – on 1 July 2015. This envisages the gradual decommissioning of brown coal power plant units equivalent to an output of 2.7 GW by 2020. The affected power plant units will be initially transferred to a capacity reserve on a contractual basis for four years, for which the operators will receive cost-based remuneration. The German government expects that these measures will deliver CO_2 savings of between 11 and 12.5 million tonnes by 2020. The gap to achieve the total reduction of 22 million tonnes will be achieved through higher levels of funding for combined heat and power plants and efficiency measures for buildings, local authorities, industry and the railways. EnBW is not directly affected by the brown coal reserve. In the company's opinion, this political compromise is appropriate for cushioning possible social hardships relating to this structural change. In comparison to the original proposal, this solution could, however, lead to higher economic costs. Therefore, a transparent solution for reimbursing the costs needs to be delivered as part of the legislative process that begins after the summer break.

Outside of the electricity sector, energy efficiency measures will make the greatest contribution to the Climate Protection Action Programme to ensure the achievement of the national savings targets of 40% is still possible by 2020. EnBW supports this general initiative but nevertheless advocates, above all, the idea of exploiting the untapped potential for reducing greenhouse gases outside of the ETS sector. 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, is key to achieving Germany's climate protection goals.

Reform of the Combined Heat and Power Act (KWKG): The first draft bill for the reform of the Combined Heat and Power Act (KWKG) was published on 9 July 2015. The reform will, amongst other things, now only apply the existing 25% target for 2020 to thermal power plants instead of the entire generation system and introduce new funding for existing power plants that is limited to gas-fired power plants. The annual CHP funding cap is set to be raised from the current level of €750 million to €1.5 billion in the future. €0.5 billion of the total funding has been allocated for the replacement of existing coal-fired power plants with gas-fired power plants and a moderate level of funding for new gas-fired power plant projects. The draft bill also includes the widespread abolition of surcharges for power plants >50 kW for own consumption and the introduction of a direct marketing obligation for power plants >100 kW. The law is limited until 2020. As part of its strategic positioning, EnBW is advocating, amongst other things, the retention of own consumption surcharges for decentralised CHP plants and larger surcharges for new power plants for the general supply of energy, as well as for stronger incentives for switching from coal-based to gas-based power plants. The EU will be notified about the draft bill over the summer break, while the parliamentary legislative process for the draft bill will begin after the summer break. The KWKG is due to come into force on 1 January 2016.

National Energy Efficiency Action Plan: The main focus of the National Energy Efficiency Action Plan lies 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. The key measures in the action programme include an expansion of the building renovation programme, the introduction of an energy-efficient tendering model (with the focus on electricity) and the expansion of the guarantee provisions for contracting agreements.

Regulation of the electricity and gas markets

Network charges for electricity: The second regulatory period began on 1 January 2014. As a result of the still outstanding settlement of the regulatory account, not all of the electricity distribution system operators have received their final notification on the upper revenue limits from the German Federal Network Agency (BNetzA). Therefore, there may still be slight differences between the preliminary and the final upper revenue caps.

Further development of the regulatory regime for network charges for electricity/gas: The BNetzA published a detailed report in January 2015 evaluating the incentive regulations in which they, on the one hand, analysed the effects of the previous incentive regulations and, on the other hand, made proposals for the further development of the regulatory regime starting from the third regulatory period. On the basis of this report, the BMWi presented key points on the reform of the Incentive Regulation Ordinance. A cabinet resolution on changes to the Incentive Regulation Ordinance is expected to be published in the summer of 2015. The adjustments to the regulatory regime for network charges for electricity and gas is then due to become effective from the third regulatory period (electricity in 2019, gas in 2018).

Electricity Network Development Plan (NDP) 2014/2015, Offshore Network Development Plan (O-NDP) 2014/2015: The BNetzA has examined the draft versions of the network development plans revised by the transmission system operators (TSO) and published their preliminary results at the end of February 2015, and presented them for consultation up to 15 May 2015. EnBW participated in this public dialogue by submitting its own statement. The TSO took into account the revised version of the EEG that has been valid since August 2014 when developing the NDPs. In the third joint Electricity NDP 2014, the TSO determined the requirements for the restructuring and expansion of the network on land within a time frame up to 2024. While also taking into account the changed framework conditions in the new EEG, the BNetzA has, in particular, once again confirmed the HVDC connections already indicated in the German Federal Requirements Plan Act. The EnBW subsidiary TransnetBW is involved in the HVDC projects ULTRANET and Suedlink and is responsible for the optimisation and expansion of the high-voltage grid in Baden-Württemberg. The O-NDP 2014 comprises the expansion plans for the next ten years for the connection lines for the offshore wind farms in the North Sea and the Baltic Sea. From today’s perspective, the BNetzA believes two of the seven measures proposed by the TSO can be approved. The connection systems already commissioned by the TSO have been deemed to be approved and their necessity will not be reinvestigated as part of the examination of the O-NDP. The final approval of the NDPs 2014 by the BNetzA is still pending. The publication of the first draft versions of the Electricity NDP 2015 and O-NDP 2015 by the TSO is expected in the third quarter of 2015.

Network Development Plan (NDP) Gas 2015: The BNetzA published their draft version of the Gas NDP 2015 on 14 April 2015 and presented it for consultation. Alongside the initial 14 grid measures that are to a large extent already under construction, the current draft envisages a further 73 measures for the expansion of the national gas infrastructure over the next ten years. The volume of investment for the planned expansion comes to around €2.8 billion up to 2020, and will rise to a total of €3.5 billion by 2025. In particular, major expansion measures are planned in the south-east and north-west of Germany. In order to cover the necessary transmission capacities for natural gas in Baden-Württemberg and thus to make a significant contribution to the security of supply, it is important to highlight the North Black Forest Pipeline that is already being constructed by the EnBW subsidiary terranets bw as a measure in the NDP. This measure will be realised in two construction phases. The first construction phase from Au am Rhein to Ettlingen has been put into operation. The second construction phase from Ettlingen to Leonberg (56 km) has been submitted for planning approval. The construction work is expected to be completed by the end of 2015.

Smart metering systems: The BMWi, which has taken the leading role in this area, presented the key points for a package of ordinances on smart networks on 9 February 2015. The paper contains seven key points on a roll-out ordinance, data communications ordinance and measurement system ordinance and describes, amongst other things, the path for the roll-out, installation obligations and refinancing, as well as the design of the competitive elements and secure data communications as envisaged by the BMWi. It does not envisage a comprehensive roll-out of smart measurement systems but rather a gradual introduction in line with the greatest available benefits for the network and efficiency. The installation obligation starts for consumers from >6,000 kWh or for renewable energy(RE)/CHP power plants from >7 kW. The plan is for smart meters to be comprehensively installed by 2032. The ordinances mentioned above were originally due to be approved by the German Federal Cabinet in June 2015, but they have not yet been presented and the subsequent process is likely to be delayed as a result. In any case, they will only be addressed in the Bundesrat after the summer break. The ordinances are due to come into force at the earliest in the fourth quarter of 2015. EnBW will actively participate in the legislative process for the ordinances. The key issues for EnBW are the prompt refinancing of investment in smart energy networks, non-discriminatory competition and efficient data communication.

The EnBW Group

Financial performance indicators

Results of operations

Electricity sales stable, gas sales increased

Electricity sales of the EnBW Group (without Grids)

in billions of kWh 01/01–30/06	Sales		Renewable Energies		Generation and Trading		Total (without Grids)		Change in %
	2015	2014	2015	2014	2015	2014	2015	2014	
Retail and commercial customers (B2C)	8.2	8.4	0.0	0.0	0.0	0.0	8.2	8.4	-2.4
Business and industrial customers (B2B)	15.7	15.6	0.0	0.0	0.0	0.0	15.7	15.6	0.6
Trade	0.3	0.2	1.5	1.9	34.4	33.8	36.2	35.9	0.8
Total	**24.2**	**24.2**	**1.5**	**1.9**	**34.4**	**33.8**	**60.1**	**59.9**	**0.3**

In the first half of 2015, electricity sales of the EnBW Group were at the same level as in the previous year. Electricity sales in the trade business rose slightly, although their effect on the earnings potential of the company is limited. In a persistently challenging competitive environment, electricity sales in business with retail and commercial customers (B2C) fell slightly. In the business and industrial customers (B2B) sector, sales increased marginally due to higher consumption by existing customers. Since the beginning of 2015, electricity sales from the Grids segment will no longer be disclosed because the Independent Transmission Operators (ITO) no longer report their data (primarily throughput volumes from the German Renewable Energies Act (EEG)). The previous year's figures have been restated accordingly.

Gas sales of the EnBW Group

in billions of kWh 01/01 – 30/06	Sales		Generation and Trading		Total		Change in %
	2015	2014	2015	2014	2015	2014	
Retail and commercial customers (B2C)	6.4	5.0	0.0	0.0	6.4	5.0	28.0
Business and industrial customers (B2B)	45.1	28.4	0.0	0.0	45.1	28.4	58.8
Trade	0.6	0.3	38.3	22.6	38.9	22.9	69.9
Total	**52.1**	**33.7**	**38.3**	**22.6**	**90.4**	**56.3**	**60.6**

The gas sales of the EnBW Group increased significantly compared to the same period of the previous year. This development was primarily contributed to by increased sales to business and industrial customers (B2B) and growth in trading activities. The main reason for this development in the B2B sector was higher sales due to the weather. The increase in the sale of gas to trade was mostly due to the optimised management of our plants, for example, by increasing withdrawals from storage reserves. However, the effect on the earnings potential of the company is limited. Gas sales in the retail customer business (B2C) rose due to both an increase in the number of customers and the cooler weather in comparison to the same period of the previous year.

External revenue increases due to a growth in gas sales

External revenue of the EnBW Group by segment

in € million[1]	01/01–30/06/2015	01/01–30/06/2014	Change in %	01/01–31/12/2014
Sales	4,920.2	4,622.5	6.4	9,066.8
Grids	3,156.8	3,044.2	3.7	6,230.5
Renewable Energies	163.2	195.2	-16.4	407.4
Generation and Trading	2,669.5	2,520.9	5.9	5,290.1
Other/Consolidation	4.1	4.8	-14.6	7.7
Total	**10,913.8**	**10,387.6**	**5.1**	**21,002.5**

[1] After deduction of electricity and energy taxes.

Sales: Revenue in the Sales segment increased in the first six months of 2015 in comparison to the same period of the previous year, mainly as a result of higher gas sales.

Grids: Revenue in the Grids segment increased in the reporting period compared to the previous year due to higher revenues from the use of the grids.

Renewable Energies: In the Renewable Energies segment, revenue fell in the first half of 2015 in comparison to the previous year. This was primarily attributable to falling electricity prices for electricity produced by run-of-river power plants and falling trading revenues, which only have a limited effect on the operating result.

Generation and Trading: Revenue in the Generation and Trading segment increased in the reporting period in comparison to the same period of the previous year. The fall in revenue due to lower electricity prices was more than compensated for by growth in gas trading activities.

Material developments in the income statement

The negative balance from other operating income and other operating expenses in the reporting period increased from € -93.2 million in the previous year to € -155.5 million in the reporting period. An increase in the cost of materials by 3.0% to €8,885.4 million was mainly due to the increase in Group revenue. In addition, the cost of materials was impacted by further provisions for onerous contracts for electricity procurement agreements which no longer cover costs. Amortisation and depreciation of €463.2 million was lower than the level in the previous year of €1,688.9 million, which had primarily been due to higher impairment losses on the generation portfolio. The investment result stood at €316.9 million, which was €293.0 million higher than the figure in the previous year of €23.9 million. This was mainly influenced by a write-up of a company accounted for using the equity method in the second quarter of 2015. The financial result improved in the reporting period in comparison to the same period of the previous year by €471.3 million to €235.6 million (previous year: € -235.7 million). This was primarily due to income from the sale of securities in the first half of 2015. This was offset by the adjustment to the discount rate for nuclear power provisions from 4.8% as of 31 December 2014 to 4.7% as of 30 June 2015. Overall, earnings before tax (EBT) totalled €1,198.4 million in the first six months of the 2015 financial year, compared with € -1,001.7 million for the same period in the previous year.

Earnings

The Group net profit attributable to the equity holders of EnBW AG increased in the reporting period by €1,791.6 million to €1,056.5 compared to the figure in the same period of the previous year of € -735.1 million. Earnings per share amounted to €3.90 in the reporting period compared to € -2.71 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 potential 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. The extraordinary items are presented and explained in the section "Non-operating result".

TOP Adjusted EBITDA of the EnBW Group by segment

in € million	01/01–30/06/2015	01/01–30/06/2014	Change in %	01/01–31/12/2014
Sales	179.4	132.2	35.7	230.6
Grids	437.0	470.3	-7.1	886.3
Renewable Energies	87.5	81.1	7.9	191.4
Generation and Trading	542.5	595.7	-8.9	899.5
Other/Consolidation	30.4	-7.8	–	-40.4
Total	**1,276.8**	**1,271.5**	**0.4**	**2,167.4**

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

in %	01/01–30/06/2015	01/01–30/06/2014	01/01–31/12/2014
Sales	14.1	10.4	10.6
Grids	34.2	37.0	40.9
Renewable Energies	6.9	6.4	8.8
Generation and Trading	42.5	46.9	41.5
Other/Consolidation	2.3	-0.7	-1.8
Total	**100.0**	**100.0**	**100.0**

The adjusted EBITDA for the EnBW Group stood at the same level as in the previous year and was thus at the higher end of the range for the forecast for the 2015 financial year of 0% to -5%.

Sales: In the Sales segment, the adjusted EBITDA increased significantly in the first six months of 2015 in comparison to the same period of the previous year, due mainly to higher gas sales as a result of the temperature. In addition, optimisation measures in the area of electricity sales contributed to this improvement in earnings. The share of the adjusted EBITDA for the Group accounted for by this segment thus also increased in comparison to the previous year.

Grids: The adjusted EBITDA for the Grids segment in the reporting period was below the level in the previous year. Higher earnings from the use of the grids due to temperature levels were largely offset by planned increases in the number of employees for the expansion of the grid and increased lease expenses relating to the new contract arrangement with the City of Stuttgart. Amongst other things, the increase in the provisions for the retroactive adjustment of the water price in Stuttgart also had an effect. The share of the adjusted EBITDA for the Group accounted for by this segment thus fell correspondingly.

Renewable Energies: The adjusted EBITDA in the Renewable Energies segment for the first half of 2015 was slightly above the value achieved in the same period of the previous year. Despite the delay in ramping up our offshore wind farm EnBW Baltic 2, it was possible to overcompensate for the unfavourable earnings performance of our run-of-river power plants resulting from lower electricity prices compared to the same period of the previous year through the moderate expansion of onshore wind power plants. The share of the adjusted EBITDA for the Group accounted for by this segment increased slightly.

Generation and Trading: The fall in the adjusted EBITDA for the Generation and Trading segment in comparison to the same period in the previous year was primarily due to falling prices and spreads on wholesale electricity markets. Temporarily higher positive valuation effects and the reimbursement of costs as part of the reserve power plant legislation could not compensate for this development. In this area, two blocks at the Heilbronn power plant were contracted as network reserve power plants in April 2015. Therefore, this segment made a lower contribution to the adjusted EBITDA for the Group in comparison to the previous year.

Adjusted earnings indicators of the EnBW Group

in € million	01/01–30/06/2015	01/01–30/06/2014	Change in %	01/01–31/12/2014
Adjusted EBITDA	**1,276.8**	**1,271.5**	**0.4**	**2,167.4**
Scheduled amortisation and depreciation	-452.7	-455.1	-0.5	-876.9
Adjusted EBIT	**824.1**	**816.4**	**0.9**	**1,290.5**
Adjusted investment result	80.6	25.1	–	73.4
Adjusted financial result	348.9	-238.1	–	-542.8
Adjusted income taxes	-182.9	-180.4	-1.4	-251.7
Adjusted Group net profit	**1,070.7**	**423.0**	**–**	**569.4**
of which profit/loss shares attributable to non-controlling interests	(42.3)	(42.0)	0.7	(90.0)
of which profit/loss shares attributable to the equity holders of EnBW AG	(1,028.4)	(381.0)	–	(479.4)

The growth in earnings in the adjusted investment result in the first half of 2015 was mainly the result of higher earnings from entities accounted for using the equity method. Against the background of the positive developments on the stock market and a possible change in the taxation of diversified shareholdings, it was possible to realise tax-free profits from the sale of securities, which led to a significant increase in the adjusted financial result in the reporting period. As a result, the adjusted tax rate stood at 14.6% in the reporting period, compared to 29.9% in the same period of the previous year. The increase in the adjusted Group net profit attributable to the equity holders of EnBW AG compared to the same period of the previous year was mainly due to this effect, which is adjusted in the calculation of the dividend payout ratio.

Non-operating result of the EnBW Group

in € million	01/01–30/06/2015	01/01–30/06/2014	Change in %
Income/expenses relating to nuclear power	28.3	-65.1	–
Income from the release of other provisions	1.0	6.8	-85.3
Result from disposals	26.5	34.0	-22.1
Increased provisions for onerous contracts relating to electricity procurement agreements	-214.7	-344.8	37.7
Other non-operating result	-8.8	-3.4	–
Non-operating EBITDA	**-167.7**	**-372.5**	**55.0**
Unscheduled write-downs	-10.5	-1,233.8	–
Non-operating EBIT	**-178.2**	**-1,606.3**	**88.9**
Non-operating investment result	236.3	-1.2	–
Non-operating financial result	-113.3	2.4	–
Non-operating income taxes	84.2	464.9	81.9
Non-operating group net profit/loss	**29.0**	**-1,140.2**	**–**
of which profit/loss shares attributable to non-controlling interests	(0.9)	(-24.1)	–
of which profit/loss shares attributable to the equity holders of EnBW AG	(28.1)	(-1,116.1)	–

The net loss in non-operating EBITDA was reduced significantly compared to the same period of the previous year. This development in the earnings performance was mainly caused by the fall in provisions for onerous contracts for electricity procurement agreements which no longer cover costs. The operating result in the area of nuclear energy also improved significantly in the reporting period. Non-operating EBIT improved significantly in the reporting period compared to the same period of the previous year. This development was primarily attributable to impairment losses predominantly on the generation portfolio in the previous year. The non-operating investment result included a write-up of a company accounted for using the equity method. The non-operating financial result achieved a negative balance of €113.3 million in the reporting period, following a positive balance of €2.4 million in the previous year. This development was mainly due to the adjustment to the discount rate for nuclear power provisions from 4.8% as of 31 December 2014 to 4.7% as of 30 June 2015. The non-operating Group net profit attributable to the equity holders of EnBW AG amounted to €28.1 million in the reporting period, compared to a non-operating Group net loss of €1,116.1 million in the previous year.

Financial position

Financing

In addition to the Group's internal financing capabilities and its own funds, the EnBW Group has the following instruments at its disposal to cover its overall financing needs:

- Commercial paper (CP) programme for a total of €2.0 billion (undrawn as of 30 June 2015)
- Syndicated credit line of €1.5 billion with a term until 2019 (undrawn as of 30 June 2015). The extension of the term of the credit line by one year became effective on 21 July 2015, there is also a new extension option for an additional year in 2016.
- Bilateral short-term credit lines of €507 million (undrawn as of 30 June 2015)
- Euro Medium Term Note (EMTN) programme with a €7.0 billion line (€4.2 billion drawn as of 30 June 2015). A bond for €750 million became due on 7 July 2015, which was repaid from the existing liquidity position. Therefore, only half of the bond issued as part of the EMTN programme is currently being utilised at €3.5 billion.

Established issuer on the debt capital market

EnBW has sufficient and flexible access to the capital market at all times.

The bond portfolio of EnBW has a well-balanced maturity profile. Following refinancing measures in the 2014 financial year, the EnBW Group is fully financed in the medium term. EnBW reserves the option to take advantage of a favourable climate on the capital market for the issuing of bonds to further optimise its financial structure. For this purpose, EnBW constantly analyses and assesses the latest developments on the capital market with regards to current interest rates and refinancing costs.

Rating and rating trends

Maintaining a good credit standing remains the key objective of the financing strategy of EnBW. The performance indicator for this is the dynamic leverage ratio. In general, a target value of <3.3 corresponds to the "A" ratings issued by the rating agencies. EnBW has always satisfied the criteria associated with an "A" rating for the rating agencies since they started issuing credit ratings for the company: Standard & Poor's in 2000, Moody's in 2002 and Fitch in 2009. However, the rating agencies have adopted a more critical appraisal of energy policy conditions in the German energy utilities sector since 2011, ascribing it a poorer business risk profile. EnBW has largely withstood the sector-wide negative rating trend to date. The current ratings reflect the restructuring of the EnBW portfolio with an increased focus on low-risk activities.

EnBW rating/rating outlook

	30/06/2015	2014	2013	2012	2011
Moody's	A3/negative	A3/negative	A3/negative	A3/negative	A3/negative
Standard & Poor's	A-/stable	A-/stable	A-/stable	A-/stable	A-/stable
Fitch	A-/stable	A-/stable	A-/stable	A-/stable	A-/stable

Investment analysis

The investment volume of the EnBW Group fell as expected during the first half of 2015 compared to the previous year by around 30%. This was due to the fact that the major power plant project RDK 8 has been completed and the investment in the Lausward Combined Cycle Gas Turbine (CCGT) power plant was significantly below the level in the same period of the previous year. Around 73% of the overall investment was attributable to growth projects; the proportion of investments in existing facilities stood at 27% in the first half of 2015 and was primarily allocated to existing power stations and grid infrastructure.

The investment in the **Grids** segment was higher than the level in the previous year, mainly due to expanding and upgrading the grids and the connection of facilities for the generation of renewable energies, as well as the construction of the North Black Forest Pipeline. This segment's share of the overall investment in intangible assets and property, plant and equipment increased from 22.4% in the same period of the previous year to 42.8% in the reporting period.

Investment in the **Renewable Energies** segment in intangible assets and property, plant and equipment was lower than the figure for the same period of the previous year because the offshore wind farm EnBW Baltic 2 is due to be completed in the summer of 2015 and the majority of the investment was made in 2014. This segment's share of the total investment in intangible assets and property, plant and equipment nevertheless increased due to the disproportionate decline in the level of investment in intangible assets and property, plant and equipment to 32.4% compared to 29.2% in the previous year. When financial investments are taken into account, this segment's share of the overall investment was 34.2%.

In the **Generation and Trading segment**, investments fell significantly compared to the same period of the previous year due to the completion of the power plant project RDK 8. Furthermore, the investment in the construction of the Lausward CCGT power plant was significantly below the level in the previous year. This segment's share of the investment in intangible assets and property, plant and equipment fell from 44.7% in the same period of the previous year to 20.2% in the reporting period.

In addition, €23.4 million, or 4.6% of the total investment in intangible assets and property, plant and equipment, was primarily invested in strengthening the **sales sector**.

The divestitures fell in comparison to the previous year due to the largely completed processes for extending the concession agreements in the grids sector.

Net cash investments of the EnBW Group

in € million	01/01–30/06/2015	01/01–30/06/2014	Change in %	01/01–31/12/2014
Sales	13.3	22.3	-40.4	76.4
Grids	217.9	162.3	34.3	521.6
Renewable Energies	165.0	212.0	-22.2	610.8
Generation and Trading	103.1	324.5	-68.2	476.5
Other/Consolidation	10.1	4.7	114.9	19.1
Capital expenditures on intangible assets and property, plant and equipment	**509.4**	**725.8**	**-29.8**	**1,704.4**
Acquisition of subsidiaries, entities accounted for using the equity method and interests in joint operations	13.7	24.3	-43.6	40.8
Acquisition of investments[1]	3.2	2.0	60.0	13.6
Cash paid for changes in ownership interest without loss of control	0.0	0.0	–	197.9
Total investments	**526.3**	**752.1**	**-30.0**	**1,956.7**
Disposals of intangible assets and property, plant and equipment	-68.4	-107.0	-36.1	-194.1
Cash received from construction cost and investment subsidies	-32.9	-38.0	-13.4	-79.9
Sale of subsidiaries, entities accounted for using the equity method and interests in joint operations[2]	-1.5	0.0	100.0	-108.9
Sale of equity investments[1]	-1.7	-12.3	-86.2	-21.2
Cash received for changes in ownership interest without loss of control	0.0	0.0	–	-89.7
Cash received from participation models	0.0	-18.0	-100.0	-35.6
Total divestitures	**-104.5**	**-175.3**	**-40.4**	**-529.4**
Net (cash) investments	**421.8**	**576.8**	**-26.9**	**1,427.3**

[1] Excluding investments held as financial assets.
[2] Does not include cash and cash equivalents relinquished with the divestiture. These amounted to €6.0 million in the reporting period (01/01–30/06/2014: €0.0 million, 01/01–31/12/2014: €0.0 million).

Liquidity analysis

Free cash flow of the EnBW Group

in € million	01/01–30/06/2015	01/01–30/06/2014	Change in %	01/01–31/12/2014
Cash flow from operating activities	**794.7**	**1,054.2**	**-24.6**	**1,775.7**
Change in assets and liabilities from operating activities	376.4	-63.1	–	-254.7
Interest and dividends received	177.5	131.9	34.6	323.5
Interest paid for financing activities	-198.2	-130.7	51.6	-338.6
Funds from operations (FFO)	**1,150.4**	**992.3**	**15.9**	**1,505.9**
Change in assets and liabilities from operating activities	-376.4	63.1	–	254.7
Capital expenditures on intangible assets and property, plant and equipment	-509.4	-725.8	-29.8	-1,704.4
Disposals of intangible assets and property, plant and equipment	68.4	107.0	-36.1	194.1
Cash received from construction cost and investment subsidies	32.9	38.0	-13.4	79.9
Free cash flow	**365.9**	**474.6**	**-22.9**	**330.2**

Cash flow from operating activities fell significantly in comparison to the same period in the previous year, while funds from operations (FFO) stood above the level in the previous year. This increase was mainly influenced by tax refunds and lower tax payments in the reporting period. 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 fell by €63.1 million in the same period of the previous year, it increased in the current reporting period by €376.4 million. This development was primarily due to the net balance of trade receivables and payables, which was especially influenced by sales and factors relating to the EEG. This was offset by lower investment in intangible assets and property, plant and equipment in comparison to the same period of the previous year. Therefore, free cash flow fell in comparison to the same period of the previous year by €108.7 million.

Cash flow statement of the EnBW Group

in € million	01/01–30/06/2015	01/01–30/06/2014	Change in %	01/01–31/12/2014
Cash flow from operating activities	794.7	1,054.2	-24.6	1,775.7
Cash flow from investing activities	-137.4	-2,006.4	-93.2	-2,776.6
Cash flow from financing activities	-527.7	1,981.3	–	1,760.9
Net change in cash and cash equivalents	**129.6**	**1,029.1**	**-87.4**	**760.0**
Net foreign exchange difference	6.7	0.1	–	0.3
Change in cash and cash equivalents	**136.3**	**1,029.2**	**-86.8**	**760.3**

Cash flow from investing activities declined significantly in comparison to the previous year. This decrease is primarily attributable to lower investment in securities. In addition, there was also less investment made 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 outflow of cash, while there was still a cash inflow in the same period of the previous year. This change in comparison to the same period of the previous year is mainly attributable to a significant reduction in financial liabilities. In the same period of the previous year, this figure included the issuing of a hybrid bond with a volume of €1 billion, three bonds with a total volume of €700 million and a loan from the European Investment Bank (EIB). The Group's cash and cash equivalents increased by €136.3 million in the reporting period.

Net assets

The total assets held by the EnBW Group grew by €1,147.9 million as of the reporting date of 30 June 2015. Non-current assets rose by €223.1 million, which was mainly due to the increase in property, plant and equipment as a result of the increase in the Group's investment activities by €190.6 million to €13,872.3 million. Current assets increased by €995.7 million. This was primarily attributable to higher trade receivables in the sales businesses and the growth in trading activities. Divestitures of distribution grids and our shares in the Bexbach power plant led to a decrease in assets held for sale.

The equity held by the EnBW Group increased by €789.3 million as of the reporting date of 30 June 2015. The increase in revenue reserves by €868.8 million was primarily attributable to the achieved result in the period, which was offset by the distribution of dividends at the end of April. The losses in other comprehensive income were around the same level as in the previous year. The non-current liabilities of the EnBW Group rose in the reporting period by a total of €218.4 million, which was primarily due to an increase in financial liabilities and the increase in provisions. The total increase in current liabilities of €188.7 million is primarily attributable to higher liabilities relating to trade payables due to the growth in trading activities.

Condensed balance sheet of the EnBW Group

in € million	30/06/2015	31/12/2014	Change in %
Non-current assets	27,605.7	27,382.6	0.8
Current assets	11,820.7	10,825.0	9.2
Assets held for sale	33.6	104.5	-67.8
Assets	**39,460.0**	**38,312.1**	**3.0**
Equity	5,334.9	4,545.6	17.4
Non-current liabilities	24,365.1	24,146.7	0.9
Current liabilities	9,760.0	9,571.3	2.0
Liabilities directly associated with assets classified as held for sale	0.0	48.5	-100.0
Equity and liabilities	**39,460.0**	**38,312.1**	**3.0**

Adjusted net debt

As of 30 June 2015, adjusted net debt fell by €452.0 million compared to the figure posted at the end of 2014. This reduction was primarily due to lower pension provisions as a result of the increase in the discount rate from 2.2% at the end of the year to 2.45% as of 30 June 2015. In addition, the positive free cash flow reduced the adjusted net debt. This was offset by the payment of dividends and the fall in the discount rate for nuclear power provisions from 4.8% to 4.7%.

Adjusted net debt of the EnBW Group

in € million	30/06/2015	31/12/2014	Change in %
Cash and cash equivalents	-4,319.5	-3,939.5	9.6
Cash and cash equivalents of the special funds and short-term investments to cover pension and nuclear power provisions	1,487.6	1,282.1	16.0
Adjusted cash and cash equivalents	**-2,831.9**	**-2,657.4**	**6.6**
Bonds	6,236.2	6,225.6	0.2
Liabilities to banks	1,763.6	1,813.1	-2.7
Other financial liabilities	180.6	226.9	-20.4
Financial liabilities	**8,180.4**	**8,265.6**	**-1.0**
Recognised net financial liabilities[1]	**5,348.5**	**5,608.2**	**-4.6**
Pension and nuclear power provisions	14,901.2	14,959.8	-0.4
Fair market value of plan assets	-1,146.0	-1,102.4	4.0
Long-term investments and loans to cover the pension and nuclear power provisions[2]	-8,212.9	-8,320.5	-1.3
Cash and cash equivalents of the special funds and short-term investments to cover pension and nuclear power provisions	-1,487.6	-1,282.1	16.0
Other	-57.9	-68.5	-15.5
Recognised net debt[2]	**9,345.3**	**9,794.5**	**-4.6**
Non-current receivables associated with nuclear power provisions	-692.2	-675.4	2.5
Valuation effects from interest-induced hedging transactions	-122.5	-136.5	-10.3
Restatement of 50% of the nominal amount of the hybrid bonds[3]	-1,000.0	-1,000.0	0.0
Adjusted net debt[2]	**7,530.6**	**7,982.6**	**-5.7**

[1] Adjusted for valuation effects from interest-induced hedging transactions and 50% of the nominal amount of the hybrid bonds, net financial liabilities amounted to €4,226.0 million (31/12/2014: €4,471.7 million).
[2] Includes investments held as financial assets.
[3] 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.

Non-financial performance indicators

Starting in 2015, EnBW is reporting every half year on the key non-financial performance indicators presented in the Group management report 2014. Exceptions are the Employee Commitment Index (ECI) in the employees goal dimension and the key performance indicator of "installed output of renewable energies and the share of the generation capacity accounted for by renewable energies" in the environment goal dimension. The values for these key indicators will be exclusively collected at the end of the year.

Customers goal dimension

Key performance indicators

	01/01–30/06/2015	01/01–30/06/2014	Change in %	01/01–31/12/2014
Brand Attractiveness Index for EnBW/Yello	44/34	43/37	2.3/-8.1	43/36
Customer Satisfaction Index for EnBW/Yello	132/148	109/143	21.1/3.5	114/145
SAIDI (electricity) in min/year	13	10	30.0	15

TOP Brand Attractiveness Index

The brand attractiveness of EnBW increased slightly in the first half of 2015 compared to the same period of the previous year. One explanation for this development is the price reduction for the product electricity. In addition, the consistent and credible communication of the realignment of the company had a positive impact on the perception of EnBW. The brand attractiveness of Yello fell further. This is probably due to the stronger emphasis placed on sales themes compared to the rather restrained investment in the brand.

TOP Customer Satisfaction Index

Customer satisfaction is an important element for generating customer loyalty. The satisfaction of the customers of EnBW increased strongly in almost all aspects in the first half of 2015 compared to the corresponding period in the previous year. Improvements in the following categories were particularly noteworthy: "trustworthiness", "credibility", "value for money", "offers a fair price", "helps customers to save energy and money" and "engagement in preserving nature and the environment". The higher rating in the "value for money" category was probably triggered by a price reduction by EnBW on 1 January 2015 for the product electricity. In contrast, there was only a modest development in the satisfaction of the customers of Yello. The cause could be measures for increasing efficiency in the area of customer services.

TOP SAIDI

The security of the energy supply is fundamentally important to our customers. The SAIDI – measured by the average length of supply interruptions experienced annually by each connected customer – remained at a very good level in the first half of 2015 in the grid area operated by EnBW and also in comparison to the other grid areas in Germany. There were no exceptionally heavy storms in Baden-Württemberg and supply interruptions remained at normal levels.

Current developments

EnBW has set itself ambitious goals in the Sales segment: It aims to double its operating result in comparison to 2012 to €400 million by 2020. The guiding principle on the path to reaching this target is the fulfilment of the wishes and needs of customers.

Innovative products and services make a particular contribution to achieving this goal. One example: The "Operations" business unit at EnBW has secured the company TOTAL Energie Gas GmbH as a new services customer. TOTAL has been selling natural gas to public utilities, industrial and commercial customers across Germany since April 2011 and has also been supplying electricity to commercial customers since May 2015. EnBW is supporting TOTAL in handling associated energy industry processes in the areas of meter data management, market communication, customer services and billing and claims management for the electricity division. There are already plans for EnBW to take over other services for the gas division. In the highly regulated environment of the energy sector, EnBW is one of the most experienced service providers on the market for this comparatively new business model for providing energy industry-related system solutions and process handling services on a cloud basis.

The customers of Yello have been able to order a product package that offers both energy provision and a tablet PC in one since 2014. Initially introduced with the Samsung Galaxy Tab 4, customers are now able to receive an iPad Air when they conclude an electricity or gas contract with the tariff Yello Plus from the summer of 2015. This tariff also offers a full price guarantee for a minimum term of two years and electricity that has been sourced 100% from renewable energies. In combination with the tablet PC, Yello Strom is also offering the "Strom-Check" (electricity check) app to bring transparency to daily electricity consumption.

EnBW has been pushing forward the "EnBW Energy Efficiency Network" concept for almost ten years. This involves companies in one region working together to promote energy efficiency in their businesses, supported by the energy technology expertise offered by EnBW. The 35th network was officially formed at the end of April in the Swabia region and currently has twelve participating companies. More than 300 industrial companies throughout Germany are engaged in the efficiency networks run by EnBW. Almost 100,000 tonnes of CO_2 are saved annually as a result.

EnBW is further expanding its product portfolio for small and medium-sized companies. The products “EnBW Network Energy Audit” and “EnBW Solution Package for the Energy Audit” support customers in the introduction of an energy management system (EMS). An analysis of the energy flows in the company and efficiency measures derived from them form the basis for achieving reductions in energy costs and savings on electricity tax. EnBW has been able to secure around 300 customers and more than 500 contracts for these products already in the market test phase.

Employees goal dimension

Key performance indicators

	01/01–30/06/2015	01/01–30/06/2014	Change in %	01/01–31/12/2014
LTIF[1]	2.9	3.3	-12.1	4.3

[1] Variations in the group of consolidated companies; only those companies controlled by the Group are included.

TOP LTIF

The key performance indicator LTIF (Lost Time Injury Frequency) has shown significant improvements both in comparison to the entire 2014 financial year and also the same period of the previous year. It was possible to considerably reduce the frequency of accidents. This reduction was due above all to intensive measures in the area of conventional generation, such as the incentive programme “100 days without accidents”. When comparing the performance indicators, it is important to note that the grid companies TNG and Transnet BW are not included for periods of less than a year in the LTIF for regulatory reasons.

Further performance indicators for personnel

Employees of the EnBW Group[1]

	30/06/2015	31/12/2014	Change in %
Sales	3,268	3,322	-1.6
Grids[2]	7,765	7,824	-0.7
Renewable Energies	764	519	47.2
Generation and Trading	5,219	5,432	-3.9
Other	3,045	2,995	1.7
Total	**20,061**	**20,092**	**-0.2**
Number of full-time equivalents[3]	18,515	18,524	0.0

[1] Number of employees excluding marginally employed persons, apprentices/trainees and inactive employees.
[2] 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 31/12/2014 is carried forward.
[3] Converted into full-time equivalents.

As of 30 June 2015, the EnBW Group employed 20,061 people. In light of the continuation of our recruitment policy in 2015 – essentially limited to strategic growth areas of EnBW – the number of employees stood slightly below the level at the end of the 2014 financial year. The de facto increase in the number of employees in the Grids segment is not discernible because it was compensated for by restructuring within the Group and the associated transfer of employees to the Renewable Energies segment. The reason for the increase in Other/Consolidation is primarily the movement of employees from the Sales and Generation and Trading segments as a result of restructuring within the Group.

Current developments

The Employers Association for Electricity Power Plants in Baden-Württemberg and the union ver.di agreed a collective remuneration agreement for the years 2015 to 2017 and a follow-up regulation for the terminated collective wage agreement in March 2015. The first stage of the agreed changes to the pay levels up to 2017 was implemented on 1 April 2015. In addition, we have systematically pushed forward the implementation of the new pay structure, including the grouping of employees within the new remuneration system.

As part of the PRO EnBW project, the number of functional units had been reduced from over 20 by more than a half as of 1 January 2015. The number of management functions was reduced as a result by more than 20%. The result: larger areas of responsibility, clearer responsibilities and quicker decision-making paths. The goal is also to position the functional units closer to business operations. The necessary processes and possible adjustments will be developed in close cooperation with the business units during the further course of 2015.

Following the restructuring of the functional units through “ONE EnBW” and “PRO EnBW”, Human Resources is reorienting itself through the P:initiative programme. Under the motto “meet – change – achieve”, HR wants to assume a leading role in promoting cooperation between the business units and functional units.

The networking of systems and process is progressing all the time and will become an important factor for the success of the growth areas of EnBW. For this reason, IT was reorganised on 1 June 2015 and has been rigorously aligned to meet the requirements of the business and functional units. In order to provide these units with even better support in future for the development of products or the simplification of processes, the aim is to improve the speed and quality with which IT-related matters are implemented.

In the area of internal communication, the blogging platform “Teamblog” is being used to an increasing extent. The large number of contributions to discussions and high numbers of comments indicate a lively cross-company dialogue across hierarchical, departmental and company boundaries. Teamblog authors from management present strategies and ideas for their implementation that deal with areas that are important for the future of the company. Employees write about projects, product ideas and solutions, as well as adding posts about topics relating to culture and change.

Environment goal dimension

Our offshore wind farm EnBW Baltic 2 with a total of 80 wind power plants has been completely installed. Almost all of the power plants have been put into operation and are ready to feed into the grid. We anticipate that the full commissioning of the wind farm in the summer of 2015 will increase the share of our generation capacity accounted for by renewable energies. We measure the expansion of renewable energies with our key performance indicator “installed output of renewable energies and the share of the generation capacity accounted for by renewable energies” which are recorded on an annual basis.

As a large energy company, EnBW shares responsibility for our environment and climate protection. Supplying our customers with energy causes emissions, above all through the operation of power plants, and uses natural resources and space. Environmental and climate protection form an integral part of the EnBW corporate strategy.

The long-term success of an energy supply company’s activities hinges on acceptance by society. EnBW strives to achieve a balance between respecting the environment and achieving its corporate, political and social goals, and underpins this commitment with a diverse range of activities.

As in the previous year, EnBW was involved in the Sustainability Days organised by the State of Baden-Württemberg in the middle of June 2015 – an initiative of the Ministry of the Environment, Climate Protection and the Energy Sector Baden-Württemberg. In the EnBW Shop in Stuttgart, EnBW provided information on its green electricity and biogas products and presented the financial “Extra Plus Points” for changing private heating systems over to modern natural gas technology. Another event took place at the pumped storage power station Glems, where interested parties could receive information on this form of energy generation.

Another example: Triggered by the tendency of storks to build their nests on masts used to support power lines, EnBW has been involved for many years in re-establishing and boosting the numbers of this distinctive bird in Baden-Württemberg. The fitters from Netze BW GmbH have thus been involved in ringing young birds for many years, which has enabled research to be carried out into their migration routes. Particularly endangered nesting places are secured by attaching insulating tubes over the low-voltage power lines. In some cases, EnBW even installs new masts for these birds who are very faithful to their established nesting sites when the existing electricity mast needs to be dismantled for technical reasons. EnBW further intensified its activities in the 2015 breeding season.

Furthermore, spawning sites were inaugurated in June 2015 in Stockach – in cooperation with the Heinz-Sielmann-Stiftung – and in the Schaffhausen Regional Nature Park – in cooperation with the BUND Ortsgruppe – as part of the EnBW amphibian protection programme. The EnBW amphibian protection programme was initiated in 2011 together with the Baden-Württemberg State Institute for the Environment, Measurements and Nature Conservation (LUBW). This funding programme has supported 58 amphibian projects since 2011.

Other important Group topics

In dialogue with our stakeholders

Current examples

Stakeholders	Dialogue platforms	Significant issues	Further information
Shareholders/ capital market	> Annual General Meeting	> Discharge of the Board of Management/Supervisory Board, resolution on appropriation of earnings	www.enbw.com/annual-general-meeting
	> 12th EnBW Bankers' Day	> Information about current developments within the company and the energy sector	www.enbw.com/investor-update
	> Publication of the Six-Monthly Financial Report January to June 2015	> Corporate economic development	www.enbw.com/financial-publications
Employees	> Dialogue platforms	> Intranet applications such as the Teamblog or Expertfinder and the 1492@enbw.com format for the cross-departmental and non-hierarchical development of ideas	Page 23
Customers	> Energy efficiency networks	> "EnBW Energy Efficiency Network Schwabia" founded with eleven companies	www.enbw.com/netzwerk-energieeffizienz
Local authorities/ public utilities	> Energy day for local authorities 2015	> Exchange of information and ideas on current developments in the energy industry and "Marketplace for Decision Makers"	www.enbw.com/kommunaler-energietag
Society	> Schemes for children/young people in the areas of education, knowledge and learning	> "EFFEKTE" Science Festival, "energy@school" competition	Page 25 www.enbw.com/ka300 www.enbw.com/energyatschool
	> EnBW amphibian protection programme	> Inauguration of spawning sites in Stockach and Schaffhausen/on-site visits, press appointments	Page 23
	> Sustainability Days Baden-Württemberg 2015 (Nachhaltigkeitstage)	> Advice and events at the EnBW Shop Stuttgart and at the pumped storage power station in Glems	www.nachhaltigkeitstage-bw.de
Suppliers/ business partners	> Dialogue on coal procurement from Columbia	> Discussion in Berlin with representatives of three mining companies and the Deputy Mining Minister from Columbia	Page 27
	> Central purchasing platform	> Standardised pre-qualification of suppliers and electronic interaction between suppliers and the Central Procurement Department	Page 27
	> "Fast Trackday" – start-up mentoring at the EnBW Innovation Campus	> Start-up bootcamp on a tour of recruitment for the 2nd round of "Smart Transportation and Energy" at the EnBW Innovation Campus	www.startupbootcamp.org
Politics	> Debate evening of the Energy & Climate Protection Foundation (Stiftung Energie & Klimaschutz)	> Mechanisms and funding systems for expanding renewable energies in other countries	www.energieundklimaschutzbw.de
	> EnBW Energy and Business Club (Energie- und WirtschaftsClub – EWC)	> Exchange of information and ideas on the subject of the "Energiewende and Energy Efficiency"	
	> Reforestation project of the Stiftung Energie & Klimaschutz (Energy & Climate Protection Foundation)	> Conclusion of the three-year project for conserving the Neckar black poplar with a planting campaign	www.energieundklimaschutzbw.de

Shares and capital market

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 June 2015 breaks down as follows:

Equity holders of EnBW AG

Shares 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 €24.99 on 30 June 2015.

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. As part of the annual investor updates, EnBW provided international investors with an up-to-date overview of the company in the first quarter of 2015 in the most important European financial centres of London, Paris, Zurich, Frankfurt, Edinburgh and in the Netherlands. Alongside the conditions in the energy industry, the main themes covered were the implementation of the EnBW 2020 strategy, the improved risk-return profile of the Group and the financial discipline and flexibility criteria for making investments. The EnBW Bankers' Day was held for the twelfth time on 20 May 2015. EnBW welcomed around 60 representatives from its core banks and the Federal Finance Minister Dr. Wolfgang Schäuble as a guest speaker to its representative offices in Berlin. The Capital Market Day will be held on 1 October 2015 in Karlsruhe. An update to the EnBW Factbook will also be published on this day.

Society

EnBW regards itself as a corporate citizen. In the interests of safeguarding the future in general, the company provides support primarily in the areas of education, knowledge and learning. Interaction and getting involved are further guiding principles of our social commitment, which first and foremost focuses on Baden-Württemberg – the predominant sphere of influence of EnBW.

The City of Karlsruhe, headquarters of EnBW, is celebrating its 300th birthday (KA300) from 17 June to 27 September 2015. EnBW is supporting this important occasion with numerous campaigns and events under the motto "Together we are one idea ahead". In particular, the focus is being placed on innovative projects such as electromobility and multi-functional street lighting, as well as on cultural contributions. EnBW thus handed over two multifunctional SM!GHT (smart.city.light) street lights to the city on 17 June 2015, which stand out not only due to their energy-saving LED lighting but, moreover, also serve as charging stations for electric vehicles. In addition, they can collect environmental data and provide citizens with a feeling of safety thanks to their emergency call buttons. A Wi-Fi module also means SM!GHT can be used to provide public Internet access. Two charging and hiring stations for pedelecs with electric drive systems were also handed over on 26 June 2015.

As part of the "EFFEKTE Karlsruhe" science festival, numerous experiments dealing with the subjects of wind energy and "electricity hands-on" were conducted as an interactive exhibit in the EnBW Energy Workshop.

The exhibition "Czech painting in the 20th century" was held at the EnBW headquarters on Durlacher Allee from 20 May to 24 July 2015. A representative cross-section of 44 works of art from the comprehensive collection owned by the EnBW subsidiary Pražská energetika a.s. (PRE) were selected for the exhibition. The exhibition gave an interesting insight into the development of Czech art in the 20th century from realism through to abstract art. This art collection will also be displayed at EnBW City in Stuttgart from 3 August to 18 September 2015.

At the beginning of June, representatives from more than 300 cities and communities already met at the EnBW Energy Day for Local Authorities with the motto "Marketplace for Decision Makers". EnBW invited mayors, local authority and state politicians and managing directors of public utilities to the Energy Day for the fifth time since 2005. The central themes of the event were – alongside the structure of the Energiewende – the development and provision of attractive living and working spaces, achieved for example through the provision of fast Internet connections, reliable electricity and gas grids, new street lighting systems or efficient energy solutions and local authority concepts for climate protection.

Research and innovation

EnBW continues to drive forward the search for new business fields with its research and innovation activities. The company specifically targets partnerships and participating interests in other companies in order to supplement its own expertise. Potential business ideas are developed within the company and are also externally sourced and exploited in order to expand the portfolio in line with the EnBW 2020 strategy. Internal start-up teams are established at the EnBW Innovation Campus where they can develop their ideas through to market maturity. The concepts developed by external start-ups are linked with and supplemented by internal concepts at EnBW. EnBW focuses here on combining competencies in the energy industry with innovations from the digital world in order to generate new business.

The Innovation Box, for example, will also be used in future to secure new business ideas. This concept is currently in the pilot phase and will be opened up to all employees of EnBW from the end of September 2015. The Innovation Box is an internal crowdsourcing platform on which employees can post their ideas for new business models and discuss them with colleagues. Based on the Canvas business model, the innovative concepts are then submitted to Innovation Management for evaluation. From there, the most promising ideas are moved to the Innovation Campus for further development – ideally through to market maturity. A positive side effect of the Innovation Box is that, as a social media platform, it promotes open discussion and the kind of innovative culture that is so important for the future of the company.

As part of its innovation strategy, EnBW is building the skills required for successfully positioning itself in new business fields. The company EnBW New Ventures GmbH is investing in young companies by providing venture capital. The first investment has already been completed: EnBW acquired 15% of the start-up company DZ-4 from Hamburg at the beginning of July 2015. The company leases solar power plants and electricity storage systems to private customers for supplying energy for their own needs. It also supplies green electricity from the grid where required. As part of this strategic partnership, EnBW receives valuable impetus in the area of the digitalisation of the energy industry.

In cooperation with Deutsche ACCUmotive – a subsidiary of Daimler AG – EnBW will in future provide homeowners with a holistic solution for realising their own private household Energiewende. This will optimise energy consumption through the combination of "EnergyBASE" – the intelligent energy management system from EnBW – and a lithium-ion storage system for private households from ACCUmotive. All facilities in a household that depend on energy will communicate with one another – from the photovoltaics on the roof, the charging point for the electric car and the interfaces with building technology through to the energy storage system in the cellar. The EnergyBASE platform will recognise when the self-generated electricity can be fed into the distribution gird for a profit or whether it is better to use it for the household's own consumption or store it temporarily for later use. The platform also utilises external information such as weather forecasts. In addition, an electricity tariff that is tailored to this interplay of technologies will support EnBW customers in future to optimise their own consumption ratio and thus always find the cheapest solution for them. As EnergyBASE is independent of any further hardware system, it will be open to use with other hardware (overnight storage, heat pumps, e-mobility) developed by a variety of manufacturers and will thus be able to accompany customers over the long term as they achieve their own personal Energiewende.

The initial offer, depending on the relevant requirements, will provide an individual solution that includes advice, a photovoltaic power plant, an ACCUmotive energy storage system, the EnergyBASE platform as the central energy management system and a green electricity tariff for covering residual electricity needs. EnergyBASE is an independent decentralised energy management platform and the associated overall system will be offered as a white-label product to interested public utilities and other companies.

In addition to innovation activities, the area of research and innovation is also carrying out research into technical solutions that could be marketed as new products for the benefit of our customers over the long term. The goal is to quickly recognise new trends and market opportunities and to realise corresponding product solutions for them.

In cooperation with a plant manufacturer, EnBW concluded the testing of a prototype for an even more efficient micro gas turbine in April 2015. Micro gas turbines are an alternative to gas motors and are especially suitable for use in decentralised electricity and heat supply systems for business customers and local authorities. In a project that forms part of the "Research Platform for Decentralised Energy" with the German Aerospace Center (DLR), research was carried out into possibilities for the more efficient use of fuel and the findings systematically implemented in a pilot plant with the help of funding from the German government. This plant has now been transferred into regular operation and can in concrete terms generate 6% more electrical energy from natural gas due to improvements in heat recovery and the burner. The micro gas turbine has the potential to become yet another component in the range of products offered by EnBW for the operation of small, highly efficient and environmentally friendly power stations for customers – potentially also for private customers.

Turning biogenic residues into usable products instead of just disposing of them is the goal of a process developed by EnBW together with the Karlsruhe Institute of Technology (KIT). The Karlsruhe Pilot Plant achieved continuous operation for one week for the first time in May with a throughput of one tonne of biomass per day. In a continuous process called Biomass Steam Processing (BSP), the system can convert, for example, the contents of organic waste bins collected by local authorities into synthetic coal, which can then be used as energy or as a soil conditioner and thus generate additional revenues.

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.

A significant step towards fulfilling these requirements was taken by the Procurement Department with the start of the "Procurement transformation" project. On the basis of best practice approaches from industry, the goal over the next two years will be to identify and realise further optimisation potential for EnBW. In addition, the Procurement Department will become even more strongly anchored within the Group in its role as a partner for generating added value. As part of this project, the first stage for realising optimisation potential was concluded at the end of July 2015. The next two stages will now follow in the period up to April 2016. A pilot project in cooperation with suppliers has been successfully completed. The aim is now to apply the concept developed in the project to all product groups in the third quarter of 2015.

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. The pre-qualification process has already been carried out with more than half of suppliers; all important suppliers will be obligated to observe legal and social standards by the end of 2015.

An important step towards a new system environment in purchasing was made with the introduction of a high-performance supplier evaluation system in July 2015. It will place even more focus on the requirements set by the individual product groups and specialist departments and will thus represent a cornerstone for the optimisation of supplier management at EnBW.

In the area of coal procurement, there has been a shift on the West European market for imported coal in terms of the countries of origin: The proportion of coal supplied by South Africa has fallen because they are once again selling more in Asia. In the first half of 2015, more than a third of the coal supplied to the EnBW power plants was sourced in Columbia, almost a third was purchased from Russia and another third was sourced by EnBW from South Africa, the USA, Germany and Australia.

Following the multi-stakeholder conference in September 2014 in Bogata, EnBW has developed further measures for providing technical support in Columbia. EnBW has placed the focus on the important theme of water after consultation with the coal producers: The goal is to improve the supply of water to the Cesar and La Guajira mining regions. In these extremely dry regions, EnBW has identified pilot projects offering a high degree of scalability that could make a significant contribution to improving living conditions.

EnBW participated in a discussion on the current situation in the Columbian mining sector with the Columbian Deputy Mining Minister in Berlin on 7 May 2015. Ahead of this meeting, representatives from EnBW met with the chairmen of the three largest mining companies in Columbia at the EnBW representative offices in Berlin to exchange information. The findings from the fact-finding mission with non-governmental organisations that took place in March 2014 were presented by EnBW at the meeting.

Report on risks and opportunities

In comparison to the report issued at the end of 2014, the EnBW Group continued to face a high level of risk in the first six months of 2015. There are still great challenges faced by the energy industry due to the Energiewende in Germany, yet it also offers opportunities to 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 and compliance targets. Risks may either arise from events that are generally calculable but which are nevertheless subject to chance or from 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 2014 and in the Quarterly Financial Report January to March 2015 as a basis, only the significant risks or opportunities which have changed, arisen or ceased to exist in the reporting period are described in this Six-Monthly Financial Report for January to June 2015.

Cross-segment risks and opportunities

Market prices of financial investments: The financial investments managed by the asset management system are exposed to price changes and other loss risks as a result of the volatile financial market environment. If these risks lead to a significant and prolonged depreciation in the fair market value of these assets then the affected securities are subject to write-downs. As far as the market prices of financial investments are concerned, we currently identify a balanced level of opportunity and risk due to a broad diversification across various investment classes. This could have either a positive or negative impact on the key performance indicator dynamic leverage ratio through corresponding effects on adjusted net debt in the high three-digit million euro range.

Discount rate applied to pension provisions: As a result of the current rise in interest rates, EnBW increased the discount rate applied to pension provisions by 0.25 percentage points from 2.2% to 2.45% in comparison to 31 December 2014. This resulted in the present value of the defined pension benefit obligations decreasing by €261.9 million. The uncertain future development of interest rates may have a positive or negative effect on adjusted net debt due to changes in pension provisions. In this context, EnBW continues to identify a low level of opportunity and a high level of risk. This could result in further effects on the adjusted net debt in a mid-three-digit million euro range and on the key performance indicator dynamic leverage ratio.

Grids segment

Price controls under cartel law: In September 2014, EnBW received a price reduction order for the water prices in Stuttgart from the energy cartel office with retroactive effect back to August 2007. The Baden-Württemberg antitrust authority and Netze BW GmbH agreed a settlement in July 2015 that removes the risk of any further negative effects. This risk thus no longer exists.

Generation and Trading segment

Changes to interest rates on nuclear power provisions: The discount rate is a key factor influencing the present value of nuclear power provisions. The interest rate was reduced by 0.1 percentage points to 4.7% as of the reporting date of 30 June 2015. This has led to an increase in the nuclear power provisions of €136.9 million compared to 31 December 2014. Furthermore, we currently identify a low level of risk for the remainder of the financial year.

Nuclear fuel rod tax: After the nuclear fuel rod tax for the years 2011 to 2014 was announced, EnBW submitted lawsuits for each year to the Freiburg Finance Court on the basis that the tax breached German constitutional and European law. The European Court of Justice (ECJ) decided in its ruling of 4 June 2015 that the nuclear fuel rod tax does not contravene European law. The ruling by the German Federal Constitutional Court is independent of the ruling by the ECJ because it is examining whether the tax is compatible with German constitutional law. This ruling is still expected during the course of 2015. If the German Federal Constitutional Court decides in favour of EnBW and judges the nuclear fuel rod tax to be unconstitutional, it would need to be repaid to EnBW. EnBW had paid €1.1 billion in nuclear fuel rod tax as of 30 June 2015.

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.

Expected trends in financial key performance indicators

Implementation of the strategy for a three-year period

An extensive €4.0 billion investment programme is planned for the 2015 to 2017 period to ensure the company can continue to play an active role in structuring the Energiewende. These investments are split into €2.7 billion for growth projects and €1.3 billion for investments in existing plants.

Around one third of the investment is attributable to the Renewable Energies segment. This primarily includes funds for the planning of other offshore projects, as well as for inorganic and organic growth of onshore wind farms. Around half of the investment will flow into the Grids segment to support the expansion in renewable energies and to ensure security of supply.

In order to finance this volume of investment totalling around €4 billion, divestitures amounting to €1.9 billion are planned in the years 2015 to 2017, which corresponds to around 50% of the investment programme. 40% of the divestitures deal with projects in the area of renewable energies. The participation model for EnBW Baltic 2 will be realised in the second half of 2015. Furthermore, divestitures in the onshore sector are intended. A quarter of the divestitures will result from the sale of property and the receipt of construction cost subsidies. Around 33% will be attributable to the disposal of investments.

The investment and divestiture programme for the 2015 to 2017 period has to date been implemented as planned.

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

Expected development of earnings in 2015[1] compared to the previous year

	Adjusted EBITDA		Share of the adjusted EBITDA accounted for by the segments in the EnBW Group	
	H1 2015	2014	**H1 2015**	2014
Sales	+10% to +20%	+10% to +20%	10% to 15%	10% to 15%
Grids	0% to -10%	0% to -10%	35% to 40%	35% to 40%
Renewable Energies	more than 20%	more than 20%	15% to 20%	15% to 20%
Generation and Trading	-15% to -25%	-15% to -25%	30% to 35%	30% to 35%
Other/Consolidation	–	–	–	–
Adjusted EBITDA, Group	**0% to -5%**	**0% to -5%**		

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

The earnings forecast for the whole 2015 financial year remains unchanged from that given in the Group management report 2014 and the Quarterly Financial Report January to March 2015.

We expect that the **Sales** segment will deliver a growth in earnings in 2015. In the area of electricity and gas sales, this will be primarily attributable to lower temperatures in the first half of the year compared to the previous year. As a result, we anticipate higher earnings in both the electricity and gas sales sectors. Before the new sales strategy is implemented, we anticipate a period of consolidation for decentralised solutions in the energy sector. We expect 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 is expected to fall slightly in 2015 as in the previous year. Higher earnings from the use of the grids due to temperature levels will not be able to compensate for the negative effects such as the new contract arrangement with the City of Stuttgart or one-off extraordinary expenses such as the retroactive adjustment of the water price in Stuttgart. We expect 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 significantly in 2015. The drop in the wholesale market price for electricity and the accompanying negative effects on earnings from our run-of-river power plants will be more than compensated for by the expected full commissioning of our offshore wind farm EnBW Baltic 2 in the summer of 2015. In addition, the expansion of the onshore wind energy sector will also result in an increase in earnings. We will more than double the installed output in the area of wind energy. As a result of this positive development, the share of the adjusted EBITDA for the Group accounted for by this segment will increase significantly.

The adjusted EBITDA for the **Generation and Trading** segment will fall significantly in 2015. This is due primarily to the noticeably falling prices and spreads on wholesale electricity markets during preceding periods in which we agreed on fixed sales prices for quantities of electricity to be supplied in 2015. Our efficiency improvement measures can only partly cushion these negative influences in this segment in 2015. As a result, the share of the adjusted EBITDA for the Group accounted for by this segment will fall significantly.

As a result, adjusted EBITDA at a Group level in 2015 will be between 0% and -5% below the 2014 level. This is mainly due to falling wholesale market prices and spreads. The commissioning of our offshore wind farm EnBW Baltic 2, as well as our improvements in efficiency, will not be able to fully compensate for these negative effects.

TOP Dynamic leverage ratio

Key performance indicator

	2015	2014
Dynamic leverage ratio	3.6–4.0	3.68

As a result of the significant fall in interest rates and the discount rates applied to pension provisions and nuclear power provisions at the end of 2014 and during the course of the first quarter of 2015, we adjusted our forecast for the adjusted net debt in 2015 in the Quarterly Financial Report January to March 2015 to between €7.7 billion and €8.2 billion. However, the discount rates applied to pension provisions and nuclear power provisions increased again in the last quarter. If this development continues in the second half of the year, it will have a positive effect on the forecasts for the adjusted net debt and the dynamic leverage ratio. On the basis of the earnings forecast 2015 and the volatile development in interest rates, we currently forecast – unchanged from the Quarterly Financial Report January to March 2015 – a dynamic leverage ratio of 3.6 to 4.0. Irrespective of the interest rate-related fluctuations in the pension and nuclear power provisions, we are convinced that the future payments made for these obligations can be completely settled with the help of our cover fund without needing to rely any more heavily on the cash flow from operating activities and funds from operations (FFO) than in the past. We can verify this with our cash flow-based model for controlling the cover fund. The coverage ratio for pension and nuclear power provisions on 30 June 2015 was almost 75%. Therefore, we are confident of retaining our rating levels even in a continued challenging environment.

TOP ROCE

There are no significant changes compared to the expectations formulated for the 2015 financial year in the forecast published in the integrated ENBW Report 2014.

Expected trends in non-financial key performance indicators

After the end of the first half of 2015, there are no significant changes to the non-financial performance indicators compared to the expectations formulated for the 2015 financial year in the forecast published in the integrated ENBW Report 2014.

Significant events after the reporting date

A bond for €750 million became due on 7 July 2015, which was repaid from the existing liquidity position.

Interim financial statements of the EnBW Group

Income statement

in € million	01/04 – 30/06/2015	01/04 – 30/06/2014	01/01 – 30/06/2015	01/01 – 30/06/2014
Revenue including electricity and energy taxes	5,193.7	4,924.4	11,317.9	10,795.6
Electricity and energy taxes	-176.1	-173.8	-404.1	-408.0
Revenue	**5,017.6**	**4,750.6**	**10,913.8**	**10,387.6**
Changes in inventories	16.5	12.9	28.0	19.9
Other own work capitalised	20.8	17.5	35.5	31.2
Other operating income	90.6	209.1	339.0	389.9
Cost of materials	-4,134.8	-4,161.1	-8,885.4	-8,624.7
Personnel expenses	-422.9	-425.8	-827.3	-821.8
Other operating expenses	-209.1	-250.6	-494.5	-483.1
EBITDA	**378.7**	**152.6**	**1,109.1**	**899.0**
Amortisation and depreciation	-238.5	-1,468.8	-463.2	-1,688.9
Earnings before interest and taxes (EBIT)	**140.2**	**-1,316.2**	**645.9**	**-789.9**
Investment result	257.9	-8.2	316.9	23.9
of which net profit/loss from entities accounted for using the equity method	(246.3)	(-21.5)	(303.2)	(12.3)
of which other income from investments	(11.6)	(13.3)	(13.7)	(11.6)
Financial result	18.5	-131.3	235.6	-235.7
of which finance revenue	(186.3)	(79.8)	(824.1)	(204.8)
of which finance costs	(-167.8)	(-211.1)	(-588.5)	(-440.5)
Earnings before tax (EBT)	**416.6**	**-1,455.7**	**1,198.4**	**-1,001.7**
Income tax	-29.2	419.9	-98.7	284.5
Group net profit/loss	**387.4**	**-1,035.8**	**1,099.7**	**-717.2**
of which profit/loss shares attributable to non-controlling interests	(15.0)	(-6.0)	(43.2)	(17.9)
of which profit/loss shares attributable to the equity holders of EnBW AG	(372.4)	(-1,029.8)	(1,056.5)	(-735.1)
EnBW AG shares outstanding (million), weighted average	**270.855**	**270.855**	**270.855**	**270.855**
Earnings per share from Group net profit/loss (€)[1]	**1.37**	**-3.80**	**3.90**	**-2.71**

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

Statement of comprehensive income

in € million	01/04–30/06/2015	01/04–30/06/2014	01/01–30/06/2015	01/01–30/06/2014
Group net profit/loss	**387.4**	**-1,035.8**	**1,099.7**	**-717.2**
Revaluation of pensions and similar obligations	1,100.5	-390.5	331.3	-628.9
Entities accounted for using the equity method	-30.9	-51.3	-81.3	-51.3
Income taxes on other comprehensive income	-83.0	119.0	6.2	181.9
Total of other comprehensive income and expenses without future reclassifications impacting earnings	**986.6**	**-322.8**	**256.2**	**-498.3**
Currency translation differences	5.3	0.0	42.3	0.1
Cash flow hedge	85.8	30.5	69.7	-62.9
Available-for-sale financial assets	-317.0	169.8	-450.5	167.4
Entities accounted for using the equity method	8.3	-10.2	3.6	-10.2
Income taxes on other comprehensive income	9.7	-25.4	13.8	-7.0
Total of other comprehensive income and expenses with future reclassifications impacting earnings	**-207.9**	**164.7**	**-321.1**	**87.4**
Total other comprehensive income	**778.7**	**-158.1**	**-64.9**	**-410.9**
Total comprehensive income	**1,166.1**	**-1,193.9**	**1,034.8**	**-1,128.1**
of which profit/loss shares attributable to non-controlling interests	(16.9)	(-9.5)	(57.4)	(2.8)
of which profit/loss shares attributable to the equity holders of EnBW AG	(1,149.2)	(-1,184.4)	(977.4)	(-1,130.9)

Balance sheet

in € million	30/06/2015	31/12/2014
Assets		
Non-current assets		
Intangible assets	1,783.8	1,783.0
Property, plant and equipment	13,872.3	13,681.7
Investment properties	74.3	75.8
Entities accounted for using the equity method	2,113.3	1,941.0
Other financial assets	8,408.5	8,513.4
Trade receivables	695.3	678.6
Income tax refund claims	9.1	9.1
Other non-current assets[1]	266.4	270.0
Deferred taxes	382.7	430.0
	27,605.7	**27,382.6**
Current assets		
Inventories	830.9	1,135.4
Financial assets	1,015.9	780.1
Trade receivables	4,246.0	3,193.1
Income tax refund claims	381.7	451.6
Other current assets	2,024.7	2,085.6
Cash and cash equivalents	3,321.5	3,179.2
	11,820.7	**10,825.0**
Assets held for sale	33.6	104.5
	11,854.3	**10,929.5**
	39,460.0	**38,312.1**
Equity and liabilities		
Equity		
Equity holders of EnBW AG		
Subscribed capital	708.1	708.1
Capital reserve	774.2	774.2
Revenue reserves	4,638.1	3,769.3
Treasury shares	-204.1	-204.1
Other comprehensive income	-1,686.5	-1,607.4
	4,229.8	**3,440.1**
Non-controlling interests	1,105.1	1,105.5
	5,334.9	**4,545.6**
Non-current liabilities		
Provisions	14,377.0	14,302.2
Deferred taxes	696.4	648.9
Financial liabilities	7,251.5	7,187.1
Income tax liabilities	134.3	134.3
Other liabilities and subsidies[1]	1,905.9	1,874.2
	24,365.1	**24,146.7**
Current liabilities		
Provisions	1,079.3	1,151.6
Financial liabilities	928.9	1,078.5
Trade payables	4,636.1	3,829.6
Income tax liabilities	289.8	330.9
Other liabilities and subsidies	2,825.9	3,180.7
	9,760.0	**9,571.3**
Liabilities directly associated with assets classified as held for sale	0.0	48.5
	9,760.0	**9,619.8**
	39,460.0	**38,312.1**

[1] To improve the presentation of net assets and the financial position as of the Six-Monthly Financial Statement 2015, accrued interest from the interest rate swaps is reported together with the fair value under other non-current assets (€6.8 million) and other non-current liabilities and subsidies (€4.8 million).

Cash flow statement

in € million	01/01–30/06/2015	01/01–30/06/2014
1. Operating activities		
EBITDA	1,109.1	899.0
Changes in provisions	103.8	258.6
Result from disposals	-24.3	-32.4
Other non-cash expenses/income	-19.1	-29.1
Change in assets and liabilities from operating activities	-376.4	63.1
Inventories	(114.8)	(-21.2)
Net balance of trade receivables and payables	(-281.2)	(167.7)
Net balance of other assets and liabilities	(-210.0)	(-83.4)
Income tax paid	1.6	-105.0
Cash flow from operating activities	**794.7**	**1,054.2**
2. Investing activities		
Capital expenditures on intangible assets and property, plant and equipment	-509.4	-725.8
Disposals of intangible assets and property, plant and equipment	68.4	107.0
Cash received from construction cost and investment subsidies	32.9	38.0
Acquisition/sale of subsidiaries, entities accounted for using the equity method and interests in joint operations	-18.2	-24.3
Changes in securities and investments	111.4	-1,533.2
Interest received	133.5	89.8
Dividends received	44.0	42.1
Cash flow from investing activities	**-137.4**	**-2,006.4**
3. Financing activities		
Interest paid for financing activities	-198.2	-130.7
Dividends paid	-215.0	-211.4
Increase in financial liabilities	151.6	2,427.0
Repayment of financial liabilities	-263.2	-103.6
Payments from the capital reduction of non-controlling interests	-2.9	0.0
Cash flow from financing activities	**-527.7**	**1,981.3**
Net change in cash and cash equivalents	**129.6**	**1,029.1**
Net foreign exchange difference	6.7	0.1
Change in cash and cash equivalents	**136.3**	**1,029.2**
Cash and cash equivalents at the beginning of the period	3,185.2	2,424.9
Cash and cash equivalents at the end of the period	**3,321.5**	**3,454.1**

Statement of changes in equity

in € million				Other comprehensive income							
	Subscribed capital and capital reserve	Revenue reserves	Treasury shares	Revaluation of pensions and similar obligations	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: 01/01/2014	**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				-444.8	-2.0	-30.8	143.3	-61.5	-395.8	-15.1	-410.9
Group net profit/loss		-735.1							-735.1	17.9	-717.2
Total comprehensive income	**0.0**	**-735.1**	**0.0**	**-444.8**	**-2.0**	**-30.8**	**143.3**	**-61.5**	**-1,130.9**	**2.8**	**-1,128.1**
Dividends paid		-186.9							-186.9	-42.9	-229.8
Other changes		10.2							10.2	8.0	18.2
As of: 30/06/2014	**1,482.3**	**3,467.1**	**-204.1**	**-1,227.9**	**-102.1**	**-341.9**	**545.8**	**-61.5**	**3,557.7**	**1,185.3**	**4,743.0**
As of: 01/01/2015	**1,482.3**	**3,769.3**	**-204.1**	**-1,729.1**	**-95.6**	**-334.3**	**605.3**	**-53.7**	**3,440.1**	**1,105.5**	**4,545.6**
Other comprehensive income				340.6	29.9	46.8	-418.7	-77.7	-79.1	14.2	-64.9
Group net profit		1,056.5							1,056.5	43.2	1,099.7
Total comprehensive income	**0.0**	**1,056.5**	**0.0**	**340.6**	**29.9**	**46.8**	**-418.7**	**-77.7**	**977.4**	**57.4**	**1,034.8**
Dividends paid		-186.9							-186.9	-46.5	-233.4
Other changes		-0.8							-0.8	-11.3	-12.1
As of: 30/06/2015	**1,482.3**	**4,638.1**	**-204.1**	**-1,388.5**	**-65.7**	**-287.5**	**186.6**	**-131.4**	**4,229.8**	**1,105.1**	**5,334.9**

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 June 2015, 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 2014 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 June 2015 was shortened in comparison with that used for the consolidated financial statements as of 31 December 2014.

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 2015 financial year:

- **Collective standard for the amendment of various IFRS (2013) "Improvements to the IFRS Cycle 2011–2013":** The amendments are the result of the annual IASB improvement process. The amendments are intended to clarify the wording of the standards and remove any unintended inconsistencies between them. The cycle affects IAS 40, IFRS 3 and IFRS 13. The amendments are effective for the first time for financial years beginning on or after 1 January 2015. The amendments have no effect on the consolidated financial statements of EnBW.
- **IFRIC 21 "Levies":** The interpretation clarifies, for levies which are imposed by government and do not fall within the application scope of another IFRS, how and, in particular, when such obligations in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" must be classified as liabilities. The amendments are effective for the first time for financial years beginning on or after 17 June 2014. The first-time adoption of IFRIC 21 has no effect on the consolidated financial statements of EnBW.

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.

Business combinations are accounted for using the acquisition method. The cost of a business combination is measured based on the fair value of the assets acquired and liabilities assumed or entered into as of the acquisition date. Non-controlling interests are measured at the proportionate fair value of the identified assets and the liabilities assumed. Incidental acquisition costs are expensed as incurred. If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss when the acquirer obtains control. Any excess of the cost of a business combination plus the amount of any non-controlling interest in the acquiree over the acquired identifiable assets, assumed liabilities and contingent liabilities is reported as goodwill if positive or, if negative, is reassessed and recognised as a gain through profit or loss.

A change in the ownership interest in an entity which continues to be fully consolidated is accounted for as an equity transaction. All remaining interests are remeasured at fair value upon loss of control.

Receivables, liabilities and provisions between the consolidated entities are netted. Intra-Group income is set off against the corresponding expenses. Intercompany profits and losses are eliminated unless they are of minor importance.

Consolidated companies

In accordance with the full consolidation method, all subsidiaries under the control of the Group are included. The Group controls an associate if it is exposed to risks or has rights to variable returns as a result of its involvement in the associate, and the Group has the ability to use its power over the associate in a way that affects the amount of the returns from the associate. In the full consolidation process, 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 arrangement in the form of a joint venture or a significant influence may be exercised over the business policy of the associate, but the entity does not qualify as a subsidiary. This means that when shareholdings 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 in the investment result.

Joint arrangements 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 respective applicable IFRS.

Interests 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) of the German Companies Act (AktG).

The consolidated companies are as follows:

Type of consolidation

Number	30/06/2015	31/12/2014	30/06/2014
Full consolidation	117	114	107
Entities accounted for using the equity method	17	18	16
Joint operations	3	2	3

The increase in the number of fully consolidated companies resulted from the addition of the project companies for wind power plants to the consolidated companies.

Due to the ending of a contractual agreement, Rheinkraftwerk Iffezheim GmbH will no longer be accounted for using the equity method from June 2015 but will instead be classified as a joint operation.

Investment result

in € million	01/01–30/06/2015	01/01–30/06/2014
Share of profit/loss of entities accounted for using the equity method	65.8	17.4
Write-ups/write-downs of entities accounted for using the equity method	237.4	-5.1
Net profit/loss from entities accounted for using the equity method	**303.2**	**12.3**
Investment income	14.5	9.0
Write-downs of investments	-0.8	-7.9
Income from the sale of equity investments	0.0	10.5
Other profit/loss from investments	**13.7**	**11.6**
Investment result (+ income/- costs)	**316.9**	**23.9**

In the current financial year, the write-ups of companies accounted for using the equity method contain the reversal of the impairment for the investment in EWE AG to its recoverable amount (€1,558.0 million). This is calculated on the basis of the fair value less costs to sell and corresponds to Level 3 of the IFRS 13 valuation hierarchy. Using a business valuation model, the fair value is derived from the cash flow planning, based on the mid-term planning that is valid as of the date of the impairment test. The reversal of the impairment is necessary because of the further decrease in the interest rate level in the first half of 2015 and the associated decrease in the discount rates. The discount rate used in the valuation is 4.3% (31 December 2014: 5.3%).

Financial result

in € million	01/01–30/06/2015	01/01–30/06/2014
Interest and similar income	123.3	93.2
Other finance income	700.8	111.6
Finance income	**824.1**	**204.8**
Borrowing costs	-140.1	-125.1
Other interest and similar expenses	-158.5	-4.2
Interest portion of increases in liabilities	-258.5	-275.1
Personnel provisions	(-63.3)	(-85.5)
Provisions relating to nuclear power	(-191.3)	(-185.9)
Other non-current provisions	(-0.7)	(-1.0)
Other liabilities	(-3.2)	(-2.7)
Other finance costs	-31.4	-36.1
Finance costs	**-588.5**	**-440.5**
Financial result (+ income/- costs)	**235.6**	**-235.7**

Other finance income contains primarily market price gains on the sale of securities. Other interest and similar expenses in the first half of 2015 contains non-operating interest expenses as a result of reducing the discount rate for nuclear power provisions from 4.8% to 4.7%.

Assets held for sale

The assets held for sale refer mainly to a piece of land and building held for sale as part of our divestiture strategy.

This is allocated in the segment reporting under Other/Consolidation.

Treasury shares

As of 30 June 2015, EnBW AG holds 5,749,677 treasury shares (31 December 2014: 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 comes to €14,719,173.12 (2.1% of the subscribed capital).

Dividends

On 29 April 2015, the Annual General Meeting of EnBW 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 2014. This corresponds to a dividend payment of €186.9 million.

Contingent liabilities and financial commitments

Compared to 31 December 2014, contingent liabilities and financial commitments decreased by €754.5 million to €25,385.5 million. This change results first and foremost from a reduction in the long-term purchase obligations in the electricity and gas sector. This was offset by temporary contingent liabilities as of the reporting date due to the bid bond for the desired acquisition of PROKON.

Notes relating to fair value

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

Carrying amounts and fair value of financial instruments

in € million	30/06/2015			31/12/2014		
	Fair value	Not within the scope of application	Carrying amount	Fair value	Not within the scope of application	Carrying amount
Financial assets	9,485.5		9,424.4	9,369.8		9,293.5
Held for trading	(209.1)		(209.1)	(221.9)		(221.9)
Available for sale[1]	(8,058.3)		(8,058.3)	(7,895.6)		(7,895.6)
Held to maturity	(1,143.7)		(1,082.6)	(1,179.1)		(1,102.8)
Loans and receivables	(74.4)		(74.4)	(73.2)		(73.2)
Trade receivables	4,941.3		4,941.3	3,871.7		3,871.7
Other assets	2,016.5	274.6	2,291.1	2,109.8	245.8	2,355.6
Held for trading	(1,147.3)		(1,147.3)	(1,344.3)		(1,344.3)
Loans and receivables	(596.0)		(596.0)	(517.2)		(517.2)
Derivatives designated as hedging instruments	(241.3)		(241.3)	(215.1)		(215.1)
Carrying amount in accordance with IAS 17	(31.9)		(31.9)	(33.2)		(33.2)
Cash and cash equivalents	3,321.5		3,321.5	3,179.2		3,179.2
Total	**19,764.8**	**274.6**	**19,978.3**	**18,530.5**	**245.8**	**18,700.0**
Financial liabilities	8,971.1		8,180.4	9,289.2		8,265.6
Measured at amortised cost[2]	(8,915.4)		(8,124.7)	(9,185.3)		(8,161.7)
Carrying amount in accordance with IAS 17	(55.7)		(55.7)	(103.9)		(103.9)
Trade payables	3,111.4	1,524.7	4,636.1	463.8	3,365.8	3,829.6
Other liabilities and subsidies	2,545.3	2,186.5	4,731.8	2,849.2	2,205.7	5,054.9
Held for trading	(1,227.1)		(1,227.1)	(1,514.0)		(1,514.0)
Measured at amortised cost	(1,078.4)		(1,078.4)	(1,030.3)		(1,030.3)
Derivatives designated as hedging instruments	(239.8)		(239.8)	(304.9)		(304.9)
Total	**14,627.8**	**3,711.2**	**17,548.3**	**12,602.2**	**5,571.5**	**17,150.1**

[1] Available-for-sale financial assets include equity instruments of €1,045.6 million (31/12/2014: €987.4 million) measured at amortised cost whose fair value cannot be reliably determined.
[2] Of the financial liabilities measured at amortised cost, €1,234.1 million (31/12/2014: €1,243.6 million) are part of a fair value hedge.

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 the input data

in € million	30/06/2015		31/12/2014	
	Level 1	Level 2	Level 1	Level 2
Financial assets	4,607.4	2,614.4	4,813.0	2,317.1
Held for trading	(209.1)		(221.9)	
Available for sale	(4,398.3)	(2,614.4)	(4,591.1)	(2,317.1)
Other assets	50.8	1,337.8	45.7	1,513.7
Held for trading	(48.1)	(1,099.2)	(43.0)	(1,301.3)
Derivatives designated as hedging instruments	(2.7)	(238.6)	(2.7)	(212.4)
Total	**4,658.2**	**3,952.2**	**4,858.7**	**3,830.8**
Other liabilities and subsidies	22.8	1,444.1	12.7	1,806.2
Held for trading	(11.2)	(1,215.9)	(8.1)	(1,505.9)
Derivatives designated as hedging instruments	(11.6)	(228.2)	(4.6)	(300.3)
Total	**22.8**	**1,444.1**	**12.7**	**1,806.2**

Segment reporting

01/01–30/06/2015

in € million	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
External revenue	4,920.2	3,156.8	163.2	2,669.5	4.1	10,913.8
Internal revenue	145.5	1,332.8	164.6	1,392.6	-3,035.5	0.0
Total revenue	5,065.7	4,489.6	327.8	4,062.1	-3,031.4	10,913.8
Adjusted EBITDA	179.4	437.0	87.5	542.5	30.4	1,276.8
EBITDA	184.1	458.5	82.4	356.2	27.9	1,109.1
Adjusted EBIT	149.9	267.5	50.7	339.5	16.5	824.1
EBIT	154.6	289.0	45.6	153.2	3.5	645.9
Scheduled amortisation and depreciation	-29.5	-169.5	-36.8	-203.0	-13.9	-452.7
Unscheduled write-downs	0.0	0.0	0.0	0.0	-10.5	-10.5
Capital employed as of 30/06/2015	970.8	4,558.0	2,845.5	2,200.5	3,365.2	13,940.0

01/01–30/06/2014

in € million	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
External revenue	4,622.5	3,044.2	195.2	2,520.9	4.8	10,387.6
Internal revenue	171.3	1,341.4	174.3	1,472.8	-3,159.8	0.0
Total revenue	4,793.8	4,385.6	369.5	3,993.7	-3,155.0	10,387.6
Adjusted EBITDA	132.2	470.3	81.1	595.7	-7.8	1,271.5
EBITDA	143.7	501.6	73.9	187.8	-8.0	899.0
Adjusted EBIT	101.3	295.2	52.2	389.4	-21.7	816.4
EBIT	112.8	326.5	14.4	-1,221.7	-21.9	-789.9
Scheduled amortisation and depreciation	-30.9	-175.1	-28.9	-206.3	-13.9	-455.1
Unscheduled write-downs	0.0	0.0	-30.6	-1,203.2	0.0	-1,233.8
Capital employed as of 31/12/2014	663.3	4,709.1	2,596.6	2,704.5	2,929.4	13,602.9

Adjusted EBITDA is one of the key internal performance indicators. Adjusted EBITDA is an earnings ratio before interest, tax, depreciation and amortisation and adjusted for extraordinary items, 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:

in € million	01/01–30/06/2015	01/01–30/06/2014
Adjusted EBITDA	1,276.8	1,271.5
Non-operating EBITDA	-167.7	-372.5
EBITDA	**1,109.1**	**899.0**
Amortisation and depreciation	-463.2	-1,688.9
Earnings before interest and taxes (EBIT)	**645.9**	**-789.9**
Investment result	316.9	23.9
Financial result	235.6	-235.7
Earnings before tax (EBT)	**1,198.4**	**-1,001.7**

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 segment. In addition to the generation and trading of electricity, the Generation and Trading segment also comprises gas midstream operations, district heating, environmental services and the area dealing with the decommissioning of nuclear power plants. Our shareholdings in EWE Aktiengesellschaft and other activities which cannot be attributed to the segments presented separately are disclosed together with eliminations between the segments under Other/ Consolidation.

The segment figures have been determined in accordance with the accounting policies used in the consolidated financial statements. Internal revenue shows the level of sales between Group companies. Sales between the segments 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 June 2015, 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 June 2015. All business transactions with the federal state were based on customary market terms and conditions. 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-Beteiligungs-gesellschaft mbH.

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

Income statement

in € million	01/01–30/06/2015	01/01–30/06/2014
Revenue	5.6	5.2
Cost of materials	-12.0	-1.5

Balance sheet

in € million	30/06/2015	31/12/2014
Receivables	0.8	4.4
Liabilities	5.7	7.2

Revenues and the cost 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, relationships also exist with associated companies, including amongst others 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	01/01–30/06/2015	01/01–30/06/2014
Revenue	139.8	156.0
Cost of materials	-118.6	-117.9
Financial result	0.1	0.3

Balance sheet

in € million	30/06/2015	31/12/2014
Other loans	15.1	12.1
Receivables	23.6	26.5
Payments on account	9.4	9.0
Liabilities	31.0	40.4

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	01/01–30/06/2015	01/01–30/06/2014
Revenue	0.1	0.7
Cost of materials	-2.5	-4.3

Balance sheet

in € million	30/06/2015	31/12/2014
Receivables	0.6	0.0
Liabilities	2.3	0.2

Revenues and the cost of materials result predominantly from business in the areas of electricity and gas. 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 pension obligations.

Related parties (individuals)

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

Certification following auditor's review

To EnBW Energie Baden-Württemberg AG, Karlsruhe
We have reviewed the interim condensed consolidated financial statements, comprising the income statement, statement of comprehensive income, balance sheet, condensed cash flow statement, statement of changes in equity and selected explanatory notes, together with the interim Group management report of EnBW Energie Baden-Württemberg AG, Karlsruhe, for the period from 1 January to 30 June 2015, which are part of the six-monthly financial report pursuant to Section 37w German Securities Trading Act (WpHG). The preparation of the interim condensed consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) on interim financial reporting as adopted by the EU and of the interim Group management report in accordance with the requirements of the WpHG applicable to interim Group management reports is the responsibility of the company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim Group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS on interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in all material respects, in accordance with the applicable provisions of the WpHG. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance obtainable from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS on interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim Group management reports.

Mannheim, 29 July 2015
KPMG AG
Wirtschaftsprüfungsgesellschaft

Janz	Stratmann
German Public Auditor	German Public Auditor

Declaration of the legal representatives

We assure to the best of our knowledge that, in accordance with the accounting principles applicable for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the interim Group management report gives a true and fair view of the business development including the result and situation of the Group and also describes the significant opportunities and risks relating to the anticipated development of the Group.

Karlsruhe, 29 July 2015

EnBW Energie Baden-Württemberg AG

Dr. Mastiaux Dr. Beck

Kusterer Dr. Zimmer

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

Supervisory Board

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

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

- **Lutz Feldmann, Bochum**
  Independent business consultant
  (since 29 April 2015)

- **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 region

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

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

- **Sebastian Maier, Ellenberg**
  Member of the Group works council for the EnBW Group and Chairman of the works council at EnBW Ostwürttemberg DonauRies AG, Ellwangen

- **Arnold Messner, Aichwald**
  Deputy Chairman of the Group works council for the EnBW Group and Chairman of the central works council of Netze BW GmbH, Stuttgart

- **Dr. Wolf-Rüdiger Michel, Rottweil**
  District Administrator of the
  Rottweil district

- **Bodo Moray, Mannheim**
  Head of the Department for Utilities and Waste Management, ver.di Baden-Württemberg

- **Gunda Röstel, Flöha**
  Commercial Director of Stadtentwässerung Dresden GmbH, Dresden, and Authorised Officer of Gelsenwasser AG, Gelsenkirchen

- **Dr. Nils Schmid MdL, Reutlingen**
  Deputy Premier Minister and Minister for Finance and Economic Affairs of the Federal State of Baden-Württemberg

- **Klaus Schörnich, Düsseldorf**
  Member of the Group works council for the EnBW Group and Chairman of the works council of Stadtwerke Düsseldorf AG, Düsseldorf

- **Heinz Seiffert, Ehingen**
  District Administrator of the
  Alb-Donau district

- **Carola Wahl, Bonn**
  Senior Vice President Indirect Sales and Service at Telekom Deutschland GmbH, Bonn

- **Dietmar Weber, Esslingen**
  Member of the Group works council for the EnBW Group and Chairman of the central works council "market sector" of EnBW Energie Baden-Württemberg AG, Karlsruhe

- **Lothar Wölfle, Friedrichshafen**
  District Administrator of the Lake Constance district (since 1 July 2015)

- **Dr. Bernd-Michael Zinow, Pfinztal**
  Head of the functional unit Legal Services, Compliance and Regulation at EnBW Energie Baden-Württemberg AG, Karlsruhe

- **Gerhard Stratthaus, MdL, Brühl**
  Minister for Finance (retired)
  (until 29 April 2015)

- **Kurt Widmaier, Ravensburg**
  District Administrator of the Ravensburg district (until 30 June 2015)

Key
- **Active member**
- Inactive member

As of: 29 July 2015

Important notes

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Financial calendar

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

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

21 March 2016
Publication of the Report 2015

10 May 2016
Annual General Meeting 2016

13 May 2016
Publication of the Quarterly Financial Report
January to March 2016

28 July 2016
Publication of the Six-Monthly Financial Report
January to June 2016

10 November 2016
Publication of the Nine-Monthly Financial Report
January to September 2016

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