

# UniCredit European Energy & Utilities Credit Conference >



17 November 2020

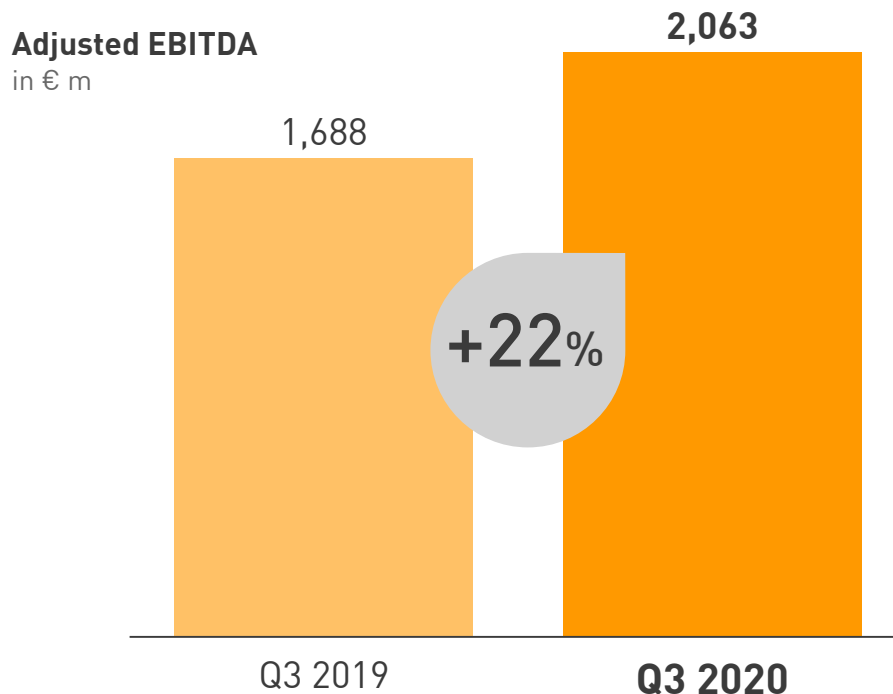
**Ingo Peter Voigt**, Senior Vice President  
Head of Finance, M&A and Investor Relations



## Effects of COVID-19 pandemic on adjusted EBITDA

### Adjusted EBITDA Q3 2020 on Group level not significantly effected by COVID-19

- › Sales: Initial negative impact on EnBW subsidiaries:  
Lower sales to B2B customers and resale of the contracted volumes at lower price levels
- › Grids: Decline in earnings in distributions grids due to lower volumes



## EnBW takes responsibility at an exceptional time

### 24/7 security of supply: electricity, gas, water and heat

### Protecting the health of EnBW's employees

- › Investments in IT and digital infrastructure pay off
- › 10,000 working from home
- › Strict safety measures for on-site teams for essential key units

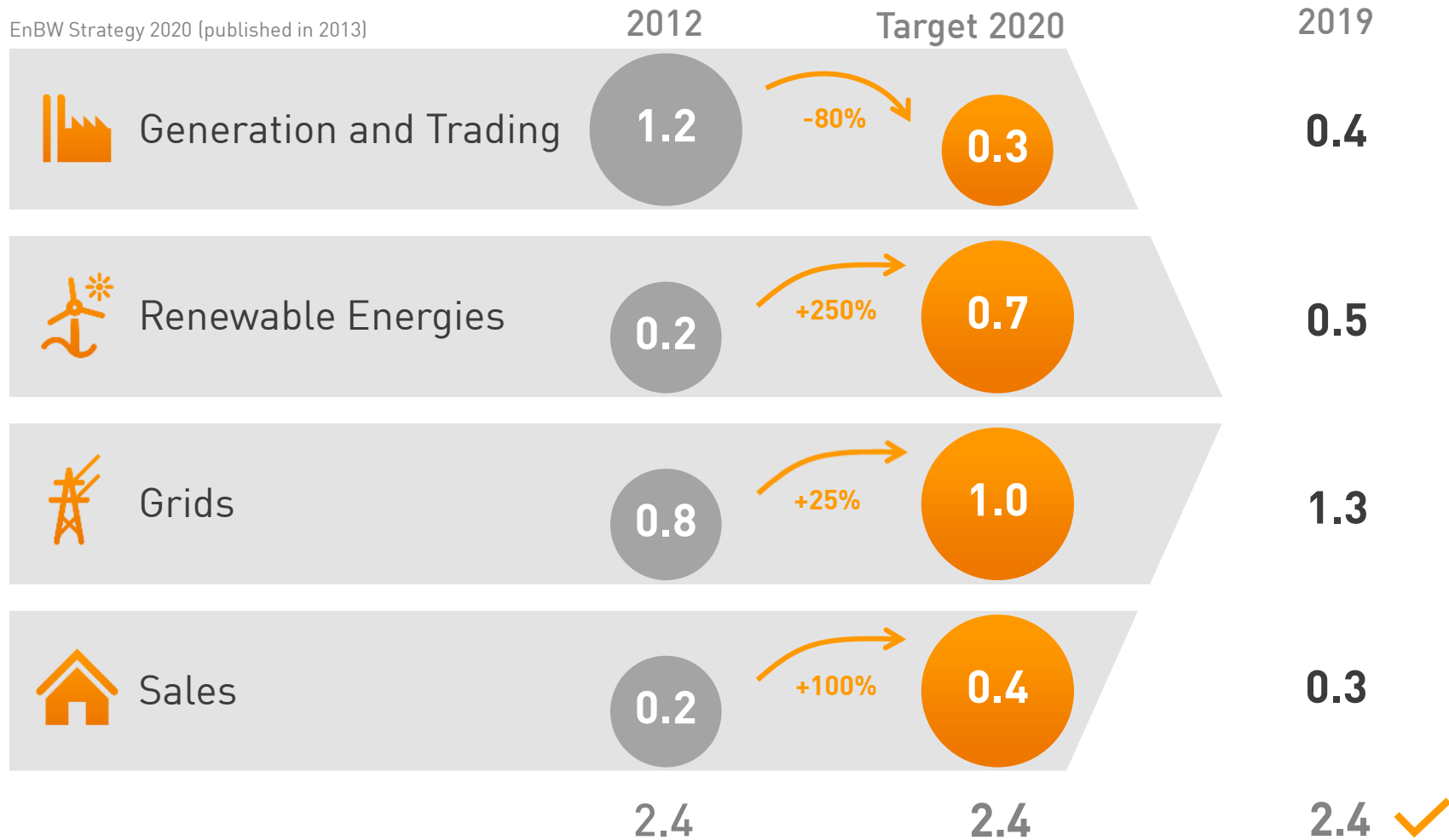
### Social responsibility beyond energy supply

- › Donation of face masks to medical facilities
- › Restoring connections to all those who had their electricity and gas supplies cut off in the first months of 2020
- › Donation of €150,000 to food banks
- › Support book business/stores in Baden-Württemberg

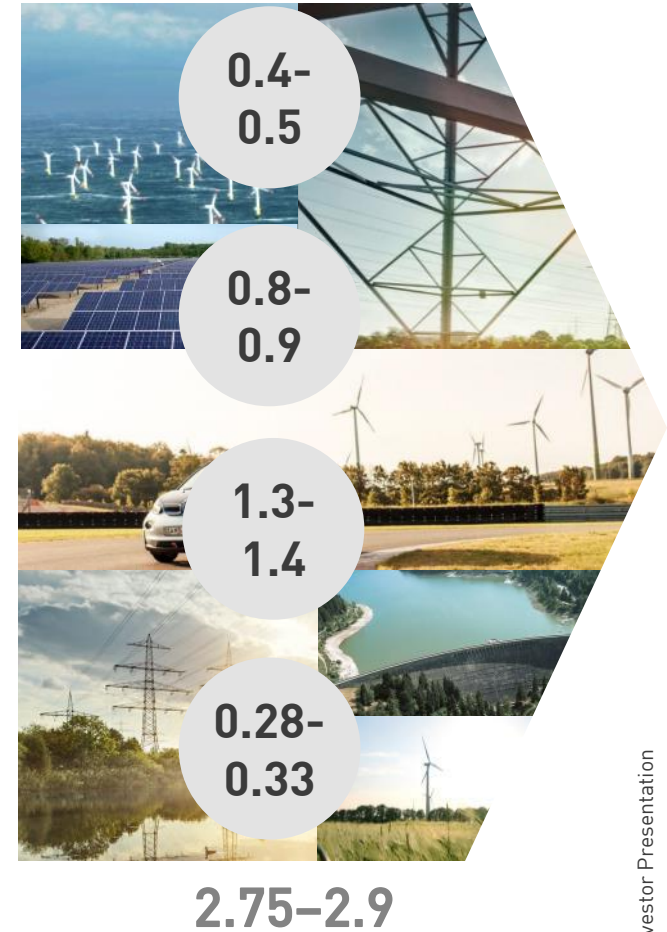


# Portfolio transformation successful – overall EBITDA 2020 target already achieved in 2019 – overachievement expected in 2020

EnBW Strategy 2020 (published in 2013)



Forecast 2020



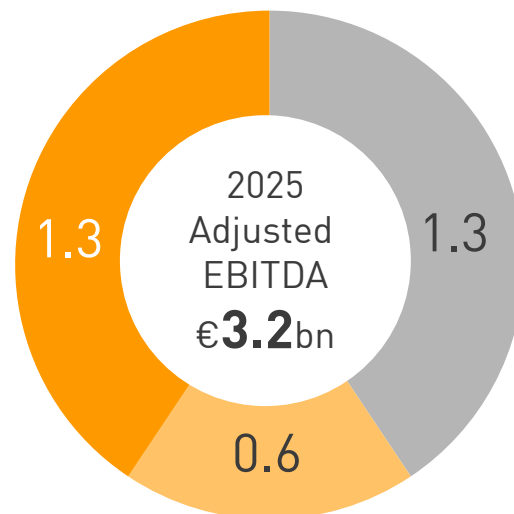
# EnBW 2025 Strategy: Developing into a sustainable and innovative infrastructure partner



## From portfolio transformation to growing profitability

### Sustainable generation infrastructure

- › Increase wind power
- › Expansion solar energy in Germany
- › Further projects without subsidies
- › Internationalisation



### System-critical infrastructure

- › Expansion of transmission system by construction of Suedlink and Ultranet
- › Converting distribution into smart grids
- › Transformation of the gas sector: focus on climate-neutral gasses and getting gas infrastructure H<sub>2</sub> ready



### Smart infrastructure for customers

- › Expansion of the quick-charging grid and retaining market leadership
- › Growth in the telecommunication sector by infrastructure and service activities
- › Transferring competencies to new and digital business models based on infrastructure

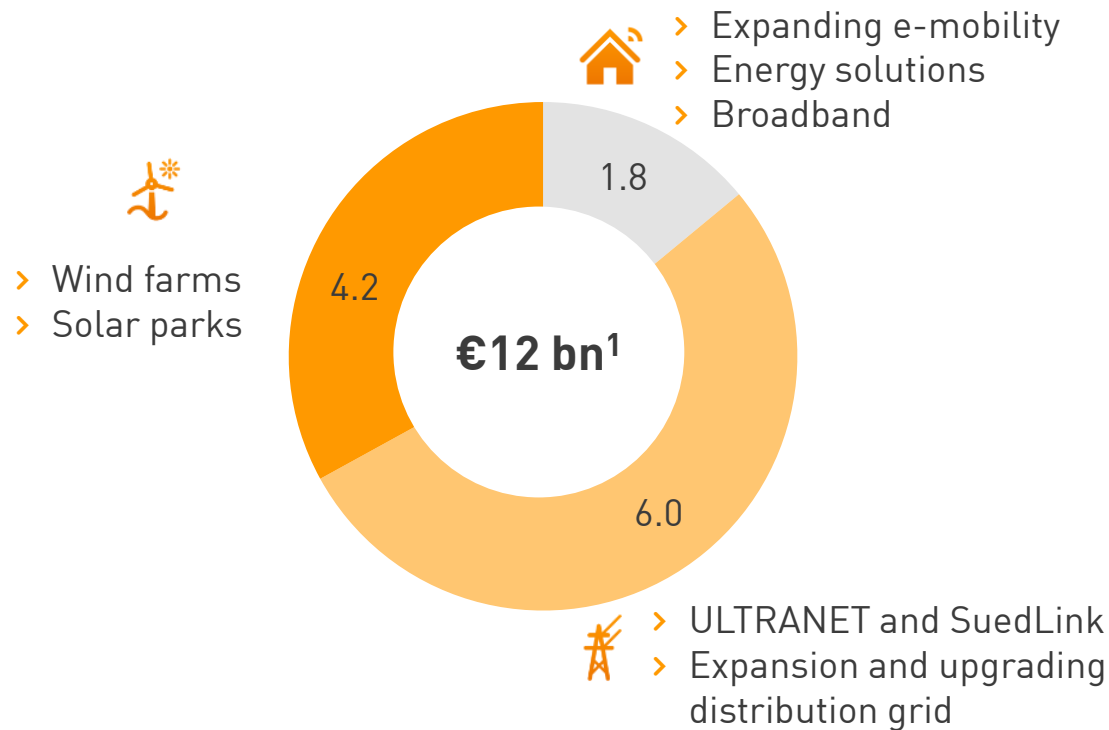


# Infrastructure investments fit well with EnBW's business model and Sustainable Development Goals

## Investment volume 2021-2025

in € bn

80% growth



- Sustainable generation infrastructure
- System-critical infrastructure
- Smart infrastructure for customers

<sup>1</sup> Rounded figure

## Contribution to the UN Sustainable Development Goals

**7** AFFORDABLE AND CLEAN ENERGY



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



**11** SUSTAINABLE CITIES AND COMMUNITIES



**13** CLIMATE ACTION



# Strong sustainability ratings based on EnBW's non-financial goals and integrated reporting



## Corporate sustainability ratings 2019



Top 10%



Prime Status



Top 24%



Leader

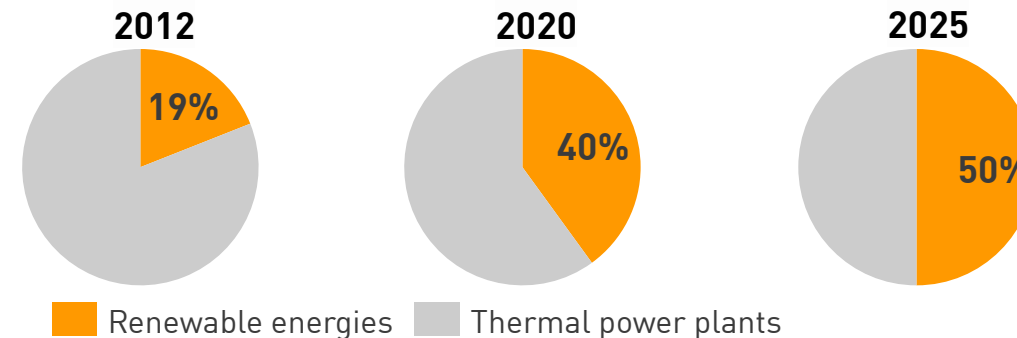


Top 25%



Management

## Transformation of our generation portfolio



## Non-financial KPIs

	2019	Target 2025
> Installed output of RE in GW / share of the generation capacity accounted for by RE	4.4 / 31.8	7.5 to 8.0 / > 50
> CO2 intensity (reference year 2020)	419	-10 to -20%
> Occupational safety: LTIF for companies controlled by the Group / LTIF overall	2.1 / 3.8	2.1 / 3.5
> Supply reliability: SAIDI (electricity) in min./year	15	< 20

## Active engagement to promote disclosure and raise awareness on relevant sustainability topics

- > Technical Expert Group on Sustainable Finance (TEG)
- > Task Force on Climate Related Financial Disclosures (TCFD)
- > Sustainable Finance Committee
- > International Integrated Reporting Council (IIRC)

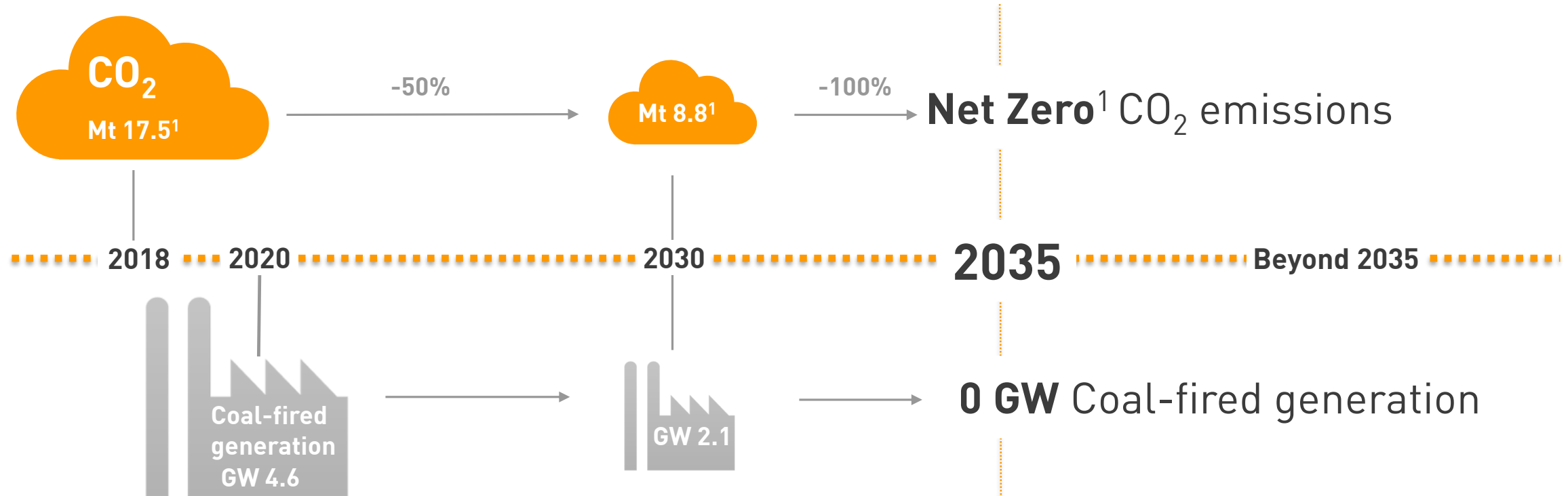


## Promote sustainable action in all business segments

- > Integrated Reporting since 2014
- > Green Bond Impact Reporting since 2018



# EnBW aims for climate neutrality by 2035



## Main reduction measures until 2035

- > Decommissioning of coal-fired power plants
- > Fuel switch
- > Green grid loss purchases

## Main reduction measures beyond 2035

- > Conversion from natural to climate neutral gases
- > Offsetting of residual fossil emissions

<sup>1</sup> Direct and indirect CO<sub>2</sub> emissions (Scope 1 and 2) (mainly power generation and grid losses)

Scope 1 (All direct emissions from the activities of an organisation or under their control) Scope 2 (Indirect emissions from electricity purchased and used by the organization)



## Phase-out of conventionals

### Coal exit 2035

- › Currently 6.5 GW

### Nuclear exit 2022

- › KKP 2 (1.4 GW) 2019
- › GKN II (1.1 GW) 2022

### Reserve power plants

- › 1.7 GW<sup>1</sup> until March 2023 confirmed by Federal Network Agency



## Regulated generation for grid stability

- › COD<sup>2</sup> 2022 of 300 MW highly-flexible open gas turbine in Marbach
- › Planning approval granted by Stuttgart regional council in July 2020
- › Use and operating time in the responsibility of transmission system operators



## Trading

- › 2020 generation position completely hedged one year in advance

### Strategic dimensions

- › Regional expansion into CWE and Nordics
- › Extension of product range e.g. LNG<sup>3</sup>
- › Extension of time horizon: PPA<sup>4</sup> with Energiekontor in 2019
- › Smart & digital trading strategies

<sup>1</sup> Not included in EnBW's generation portfolio, <sup>2</sup> COD: Commercial operation date, <sup>3</sup> LNG: liquified natural gas, <sup>4</sup> PPA: Power Purchase Agreement



# Renewable Energies: core of EnBW's energy transition strategy



945 MW

## Offshore wind

Secured pipeline 900 MW

### Germany

- > Hohe See 497 MW
- > Albatros 112 MW
- > Baltic 1 und 2 with 336 MW
- > EnBW He Dreiht ~ 900 MW  
FID<sup>1</sup> 2023 and COD<sup>2</sup> 2025

### Global

- > Project development in US and Taiwan

**Experienced and successful offshore developer and operator**



878 MW

## Onshore wind

Secured pipeline 2,200 MW

### Germany

- > 626 MW
- > Expansion needs further support

### France

- > 141 MW + 244 MW equity-accounted
- > 1,700 MW pipeline

### Sweden

- > 108 MW
- > Development of further projects

**Prepared to invest further when environment develops favorably**



178 MW

## Solar

Secured pipeline 840 MW

### Germany

- > 102 MW
- > Project Weesow-Wilmersdorf 187 MW, Full commission end of 2020
- > Project Langenenslingen-Wilflingen 70 MW, COD 2022

### France

- > 51 MW + 32 MW equity-accounted

**Expand expertise to neighbouring countries**

<sup>1</sup> FID: First Investment Decision; <sup>2</sup> COD: Commercial operation date

# Grids: Backbone of EnBW's sustainable business portfolio



141,000  
km

## Electricity distribution grids

Integration of renewables and e-mobility

- › Securing grid stability

**Netze BW** partnership approach

- › 116 municipalities indirectly own 9%
- › Next investment phase July 2021



3,000  
km

## Electricity transmission grids

Power transmission in Baden-Wuerttemberg, within Germany and to other European countries

- › Safe grid operation to ensure security of supply

**SuedLink** (TransnetBW & TenneT)

- › 2 x 2 GW, > 600 km
- › Definition of corridor ongoing

**ULTRANET** (TransnetBW & Amprion)

- › 2 GW, 340 km, 40 km under TransnetBW
- › Construction in Philippsburg in 2020



25,000  
km

## Gas grids

- › Secure, efficient and eco-friendly transmission of natural gas
- › Products, services and solutions

**terraneTS bw** (Baden-Wuerttemberg)

- › Nordschwarzwaldleitung: Additional connection to the Trans Europe Natural Gas Pipeline

**Ontras** (Eastern Germany)

- › Completion of the first section of EUGAL<sup>1</sup> in 2019

**Netze BW Distribution grid**

- › Project H<sub>2</sub> island: Gas infrastructure already delivers climate-friendly supply

<sup>1</sup> European Gas Pipeline Link; 480 km from the Baltic Sea to the German-Czech border, 16% participation of Ontras

# Sales: E-mobility and broadband – delivering sustainability for our customers



## Electricity and gas sales

- Migration of customers to new EnPower system
- Further reduction in product portfolio
- Realise further synergies between brands

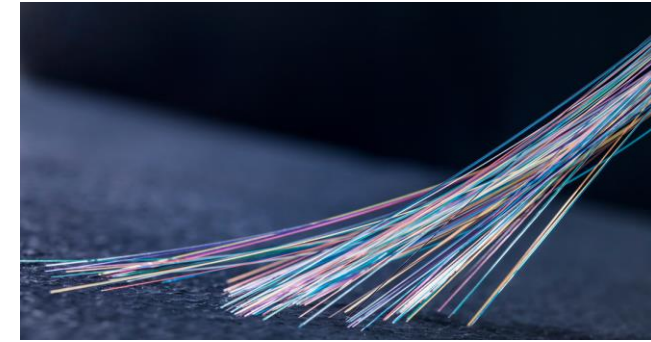
**State of the art IT systems: first huge powercloud user, highly efficient**



## E-mobility

- Leading position in DC based charging
- Fast-charging locations today: >390
- EnBW mobility+ is Germany's most popular e-mobility app, with access to over 100,000 charge points

**EnBW offers largest network coverage in DACH**



## Broadband/Telecommunication

### Plusnet

- ~25,000 telecommunications business customers
- Strong sales force >300 partners
- PMI process close to completion

### NetCom BW

- ~56,000 customers (7,700 commercial and industrial)
- ~15,200 km of fibre optic cable

**Building ambitious strategy combining fibre infrastructure footprint with sophisticated products & services portfolio**

# Financial profile and financial targets are focused on credit investors' needs

## Financial profile

- Solid investment grade ratings
- Diversified and well-established access to capital markets
- Well-balanced financing profile
- Subordinated capital and partnership models where necessary
- Stable government-related shareholder structure
- Dividend policy with a payout ratio of 40% to 60% of Group net profit

## Key performance indicator used to manage our credit metrics

Until  
2020

Internal Financing Capability:

**Retained cash flow in relation to net cash investments**

From  
2021

Debt Repayment Potential:

**RCF / Net debt<sup>1</sup>**

## Separate management of financing needs for pension and nuclear obligations

Asset Liability Management Model in place since 2003

**Impact on Operating Cash Flow limited to €300 m p.a.<sup>2</sup>**

Timely coverage of nuclear and pension obligations by financial assets

<sup>1</sup> To ensure EnBW's rating target is met, the target value is reviewed annually in line with the requirements of the rating agencies.

<sup>2</sup> Adjusted for inflation

# It's time for your questions! >

17 November 2020



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