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EnBW issues first green hybrid bonds

€ 1 billion bond issues maturing 2079 / Proceeds for renewable energies / Green Financial Framework reviewed by sustainability agency ISS-oekom



Green Bond

Karlsruhe. EnBW today successfully launched its first two green hybrid bonds on the capital markets with a total issue size of €1 billion. This makes EnBW the first German green hybrid bond issuer. Rating agencies Moody's, Standard & Poor's and Fitch classify 50 percent of each of the hybrid bonds as equity for EnBW. The proceeds from the Green bonds are to be used exclusively to fund climate-friendly projects.

Increasing numbers of institutional investors prefer sustainable investments. This growing financial weight alone further enhances the strategic importance of climate-friendly activities.

CFO Thomas Kusterer: "In line with our strategy, we are investing increasingly in climate-friendly growth projects. A second issuance of green bonds is therefore a logical next step for us. EnBW launched its first green bond with an issue size of €500 million on 24 October 2018. The proceeds from the two new hybrid bond issues are earmarked for expanding offshore and onshore wind power and photovoltaics.

Kusterer: "The new bonds were several times oversubscribed within a very short time. That demonstrates the capital markets' confidence in us and the recognition of our strategy. The equity component of the hybrid bonds also has a positive impact on our credit profile."

With today's green bonds, EnBW aims to help direct capital flows towards climate-friendly financial products that support the development of sustainable business models. Sustainability is an integral part of EnBW's business model today. This also includes a sustainable financing strategy. EnBW is represented in expert bodies such as the Task Force on Climate-related Financial Disclosures (TCFD) – an initiative of the Financial Stability Board – the European Commission Technical Expert Group (TEG) and the German government's Sustainable Finance Advisory Council. Outcomes from these bodies are successively incorporated into the company's own activities. EnBW's green hybrid bonds are thus already based on the current draft model of the EU Green Bond Standard.

ISS-oekom, a rating agency internationally specialising in sustainability, confirmed that the EnBW bonds comply with the Green Bond Principles. Moreover, ISS-oekom has verified the good sustainability quality of the bonds issued today as well as EnBW's good sustainability performance.

In addition, EnBW's green hybrid bonds are certified to the high standards of the Climate Bonds Initiative (CBI). These feature detailed sector-specific criteria for qualification as green bonds. The criteria are developed by teams of experts coordinated by an advisory board comprising institutional investors and (environmental) NGOs.

A syndicate of banks comprised BNP Paribas and Deutsche Bank as Joint Global Coordinators and Joint Structuring Advisors as well as Barclays, BayernLB, Citi, HSBC and Morgan Stanley as Joint Lead Managers.

EnBW is the first company to launch bonds under the new EU Prospectus Regulation of 21 July 2019.

The two bonds, each with an issue size of €500 million and a settlement date on 5 August 2019 will mature in some 60 years. For the bond issue with an initial coupon of 1.125 %, EnBW has a right of early redemption that it can first exercise on 5 August 2024 and thereafter at any coupon date. The bond issue with an initial coupon of 1.625 % can first be redeemed on 5 May 2027.

The bonds are subordinate to all other financial liabilities and rank equally with EnBW's out-standing hybrid bonds.

Information on the green hybrid bonds at a glance:

Volume	EUR 500 million	EUR 500 million
Term to maturity	60.25 years	60 years
Initial coupon	1.125 %	1.625 %
Issue price	100 %	100 %
ISIN	XS2035564975	XS2035564629
Issuer	EnBW Energie Baden-Württemberg AG	
Bond rating	Baa2 (Moody's), BBB- (S&P), BBB (Fitch)	
First interest payment date	5 November 2019	5 August 2020
Denomination	EUR 100,000.00	
Further key bond features	<ul style="list-style-type: none"> • EnBW has the right to suspend interest payments. However, these must be made when EnBW distributes a dividend. • Subordinate. • For full terms and conditions please see the hybrid prospectus. 	
Joint Global Coordinators and Joint Structuring Advisors	BNPP (B&D) / Deutsche Bank	
Joint Lead Managers	Barclays, BayernLB, BNPP, Citi, Deutsche Bank, HSBC, Morgan Stanley	
Legal advisory	Clifford Chance Deutschland LLP (EnBW); Linklaters LLP (Banks)	
Stock exchange	Luxembourg	

Further information:

EnBW Green Financing Framework:

<https://www.enbw.com/media/investoren/docs/news-und-publikationen/green-financing-framework.pdf>

About ISS-oekom: ISS-oekom is one of the world's leading ESG research and rating agencies with an established rating methodology and high market recognition. ISS-oekom analyses key equities and bond issuers worldwide for their environmental, social and governance performance.

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EnBW Energie Baden-Württemberg AG
Durlacher Allee 93
76131 Karlsruhe

Phone: +49 721 63-255550

presse@enbw.com