

Climate neutrality and company update >



October 2020

1

Climate neutrality

2

Business overview

Political and regulatory environment is the starting point for EnBW's climate strategy

Climate package

German Climate & Energy Policy Goals

-40% GHG emissions by 2020 (-55% by 2030)
-20% primary energy consumption by 2020 (-61 to -62% by 2030)

Climate Protection Act



Establishes German climate protection targets by 2050 and sets a **legal framework**.



Climate neutrality by 2050 pursued as long-term target. Annual **sectoral emission budgets** specified through to 2030; German government can arbitrarily reallocate sectoral emission budgets.



Monitoring process for target attainment by 2030: If sectoral annual emission targets missed, department in charge has to submit an immediate action programme.

Climate protection programme 2030



Target of **65% renewables in 2030**¹ and target ranges specified for specific technologies, e.g. offshore wind target raised and 52 GW PV cap lifted.



New act implements **coal phase out by 2038** at the latest. Reduction of coal-fired capacity from ~40 GW to 30 GW in 2022 and 17 GW in 2030.

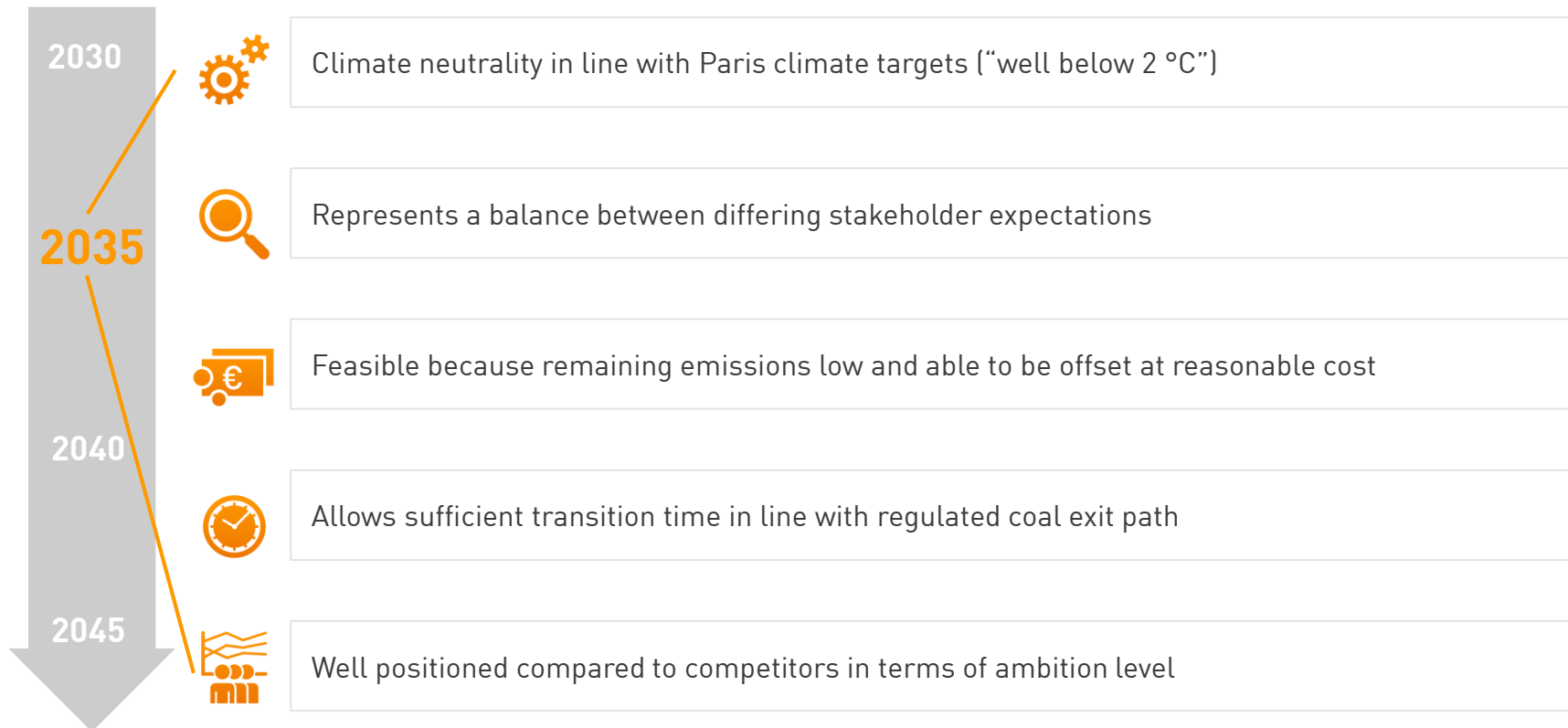


New act (BEHG) to implement **national CO₂ pricing system in transport and heating**, starting in 2021 with fixed prices followed by a cap-and-trade system from 2026.

¹ Specific tender quantities for target of 65% renewables by 2030 are expected to be implemented in pending amendment of EEG.

EnBW aims for climate neutrality by the end of 2035

Reasons for choosing 2035 as the target year for EnBW to attain climate neutrality



EnBW uses various instruments on the path to climate neutrality



Coal exit/fuel switch

- (Partly) required by coal phaseout
- Only latest hard coal plants and one lignite plant¹ expected to be still in operation in 2030
- District heating/power generation fuel switch to natural gas, biogas/biomass, hydrogen etc.

Use of climate-neutral gases

- Transition to climate-neutral gases necessary in medium term
- Climate-neutral hydrogen not expected to be universally available until mid-2030s

Use of green electricity

- Mainly relevant as substitute for 'grey' grid loss purchases in Scope 2²
- Surcharge for green grid loss purchases

Offsetting

- Unavoidable residual emissions offset by purchase of recognised offsetting allowances (Scope 1³)
- Reduction prioritised over offsetting

Other options

- Action package to avoid relatively small-scale emissions (such as canteen and building emissions)
- About 2% of total emissions at EnBW

¹ Of EnBW's coal-fired power stations, only RDK8, GKM9 and LIP currently still expected to be in service beyond 2030, plus electricity from Walsum in 2030

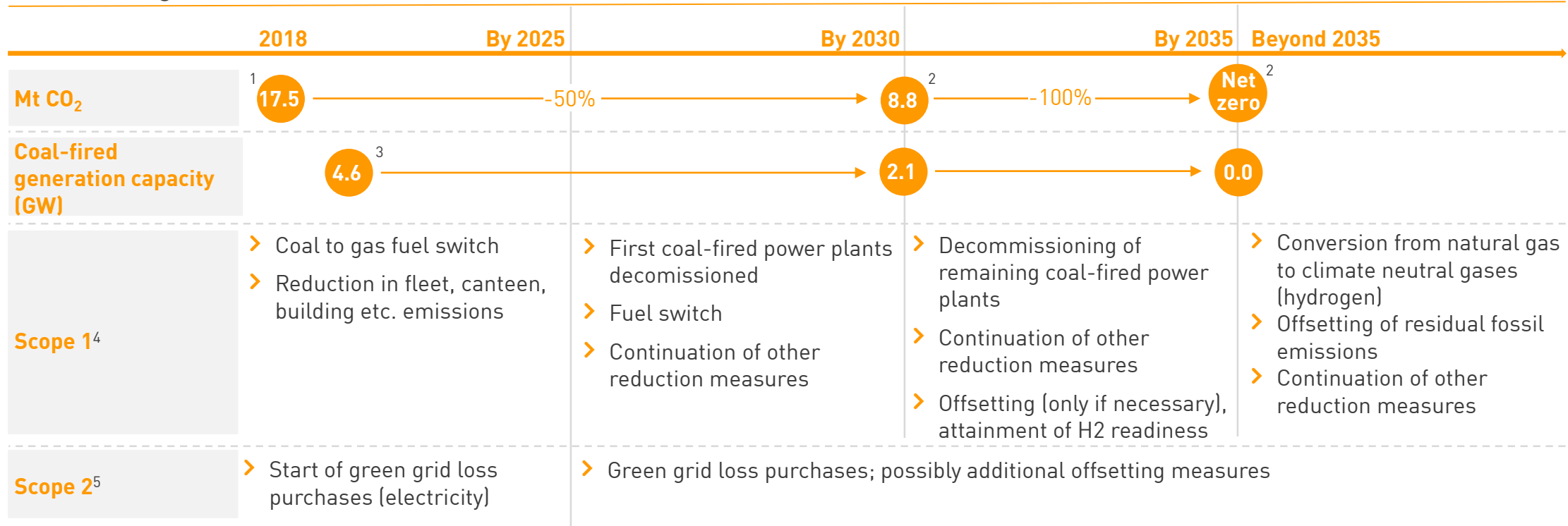
² Indirect emissions from electricity purchased and used by the organisation.

³ All direct emissions from the activities of an organisation or under their control.

EnBW has a clear-cut implementation plan for emission reductions: 50% by 2030, net zero by 2035



Emission targets and measures



¹ Starting figure for Scope 1 and 2 (mainly power generation and grid losses) ² Target for Scope 1 and 2 ³ As of October 2020

⁴ All direct emissions from the activities of an organisation or under their control.

⁵ Indirect emissions from electricity purchased and used by the organisation.



Clear climate targets

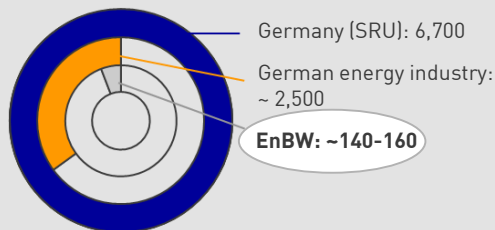
Long-term climate targets for EnBW

- > -50% by 2030
- > -100% by year-end 2035
- > Offsets for unavoidable residual emissions from 2036

Calculation of Paris-compliant residual emission budget

- > Based on German Advisory Council on the Environment (SRU)

EnBW residual emissions budget with 2/3 probability of 1.75°C global warming [Mt CO₂]



Just transition

No additional job cuts (currently 3,400 employees in conventional generation)

- > Attaining EnBW climate neutrality by 2035 does not mean decommissioning coal-fired power plants in excess of the statutory decommissioning path
- > EnBW delivers on its social responsibility in the exit from coal: suitable HR instruments (further training e.g.) and forward-looking HR planning
- > Former conventional power generation employees are already contributing their technical expertise in other areas today, such as in offshore wind power



Financial feasibility

Cost management

- > No need for offsetting expected up to 2035 as 50% target realistically attainable by EnBW
- > Offsetting only expected to be needed from 2036 to 2040, on declining trend (notably due to use of climate-friendly gases in power plants)
- > EnBW offsets according to Gold Standard and thus complies with prevailing minimum requirements

1

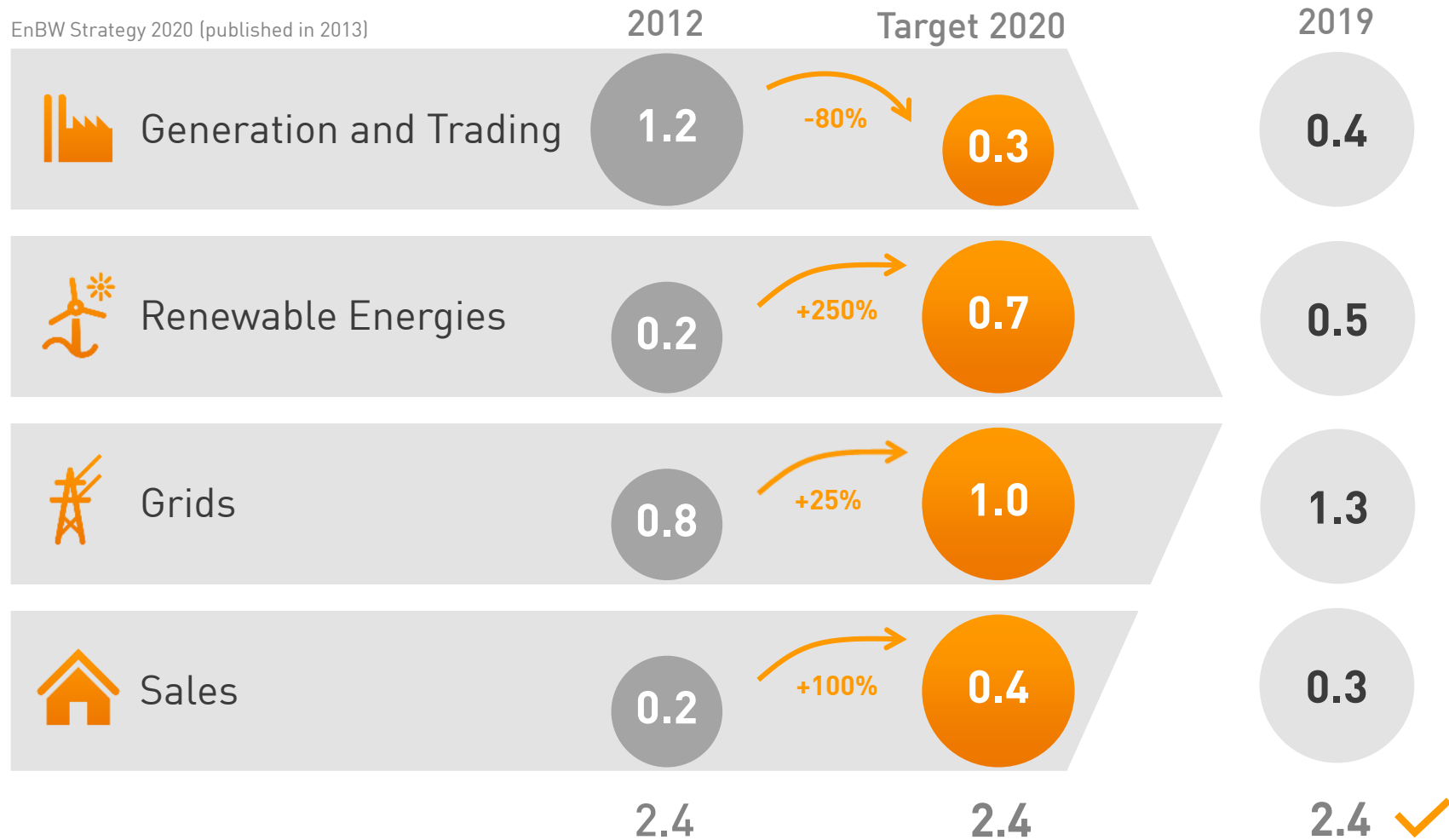
Climate neutrality

2

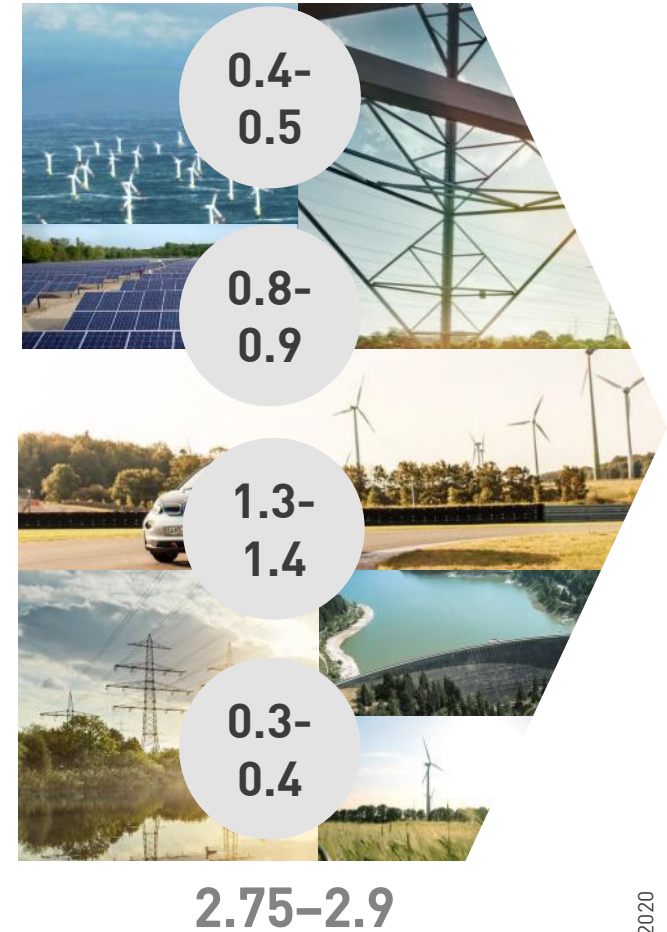
Business overview

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

EnBW Strategy 2020 (published in 2013)



Forecast 2020



Effects of corona pandemic on adjusted EBITDA of business segments

Adjusted EBITDA H1 2020 on Group level

- › Earnings increase driven by Renewable Energies segment due to new offshore wind farms Hohe See and Albatros

Sales

- › Lower sales to B2B customers and impairments on receivables

Grids

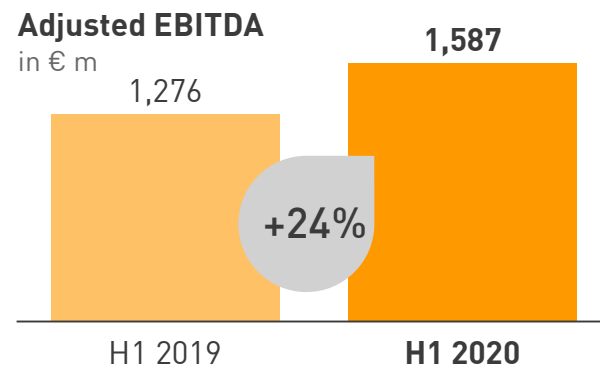
- › Earnings performance not significantly influenced

Renewable Energies

- › No impact

Generation and Trading

- › Electricity sold at higher wholesale market prices



EnBW takes responsibility at an exceptional time

24/7 security of supply

- › Supply of electricity, gas, water and heat secure at all times

Protecting the health of EnBW's employees

- › Investments in IT and digital infrastructure pay off
- › 10,000 working from home thanks to the capabilities of modern IT
- › Physically separate teams for key units with strict safety measures

Social responsibility beyond energy supply

- › Donation of a total of €150,000 to the food banks run by the "Tafel" charities in Baden-Württemberg.
- › Support for the book business / book stores in Baden-Württemberg
- › Donation of face masks to medical facilities
- › EnBW has restored connections to all those who had their electricity and gas supplies cut off in the first months of 2020





Phase-out of conventional generation: currently 6.5 GW¹

Coal exit

- By 2035

Nuclear exit

- Final shutdown of KKP 2 (1.4 GW) on 31 December 2019
- GKN II (1.1 GW) by end of 2022

Reserve power plants (1.7 GW)²

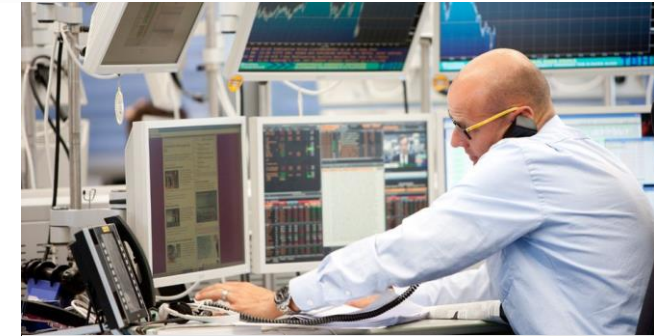
Federal Network Agency confirmed extension of system relevance until 31 March 2023.

¹ without nuclear; ² not included in EnBW's generation portfolio



Regulated generation for grid stability

- 300 MW plant at EnBW's power plant location in Marbach
 - Highly-flexible open gas turbine
 - Planning approval granted by Stuttgart regional council in July 2020
 - Commissioning expected in 2022
 - Use and operating time in the responsibility of transmission system operators
- EnBW's generation business could be regulated and unregulated



Trading

- 2020 generation position completely hedged one year in advance

Strategic dimensions

- **Regional expansion**
 - into CWE and Nordics
- **Extension of product range**
 - e.g. liquified natural gas (LNG)
- **Extension of time horizon**
 - PPA with Energiekontor in 2019
- **Smart & digital trading**
 - digital trading strategies

Renewable Energies: core of EnBW's energy transition strategy



Offshore wind: 945 MW
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 expected 2023; COD 2025

- Project development in the US and Taiwan

- ➔ Experienced and successful offshore developer and operator



Onshore wind: 878 MW
Secured Pipeline 2,200 MW

Germany

- 626 MW
 - Expansion needs further support
- Sweden - EnBW Sverige AB

- 108 MW
- Development of further projects

France - Valeco

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

- ➔ EnBW prepared to invest further when environment develops favorably



Photovoltaic: 178 MW
Secured Pipeline 840 MW

France - Valeco

- 51 MW + 32 MW equity-accounted
- Germany: currently 102 MW

Project Weesow-Wilmersdorf

- 187 MW under construction
- Full commission by end of 2020

Project Langenenslingen-Wilflingen

- 70 MW in planning process
- Potential start of operations in summer 2022

- ➔ Expand expertise to neighbouring countries

Grids: Backbone of EnBW's sustainable business portfolio



Electricity distribution grids (141,000 km)

- › Integration of renewables and e-mobility
- › Securing grid stability

Netze BW partnership approach

- › 116 municipalities indirectly own 9%
- › Next investment phase to start 1 July 2021
- Joint implementation of the Energiewende



Electricity transmission grids (3,000 km)

- › Power transmission in Baden-Württemberg, within Germany and to other European countries
- › Safe grid operation to ensure security of supply

SuedLink (TransnetBW & TenneT: 50:50 cooperation)

- › 2 x 2 GW, > 600 km
- › Definition of corridor ongoing
- ULTRANET (TransnetBW & Amprion)
- › 2 GW, 340 km, 40 km under TransnetBW
- › Construction in Philippsburg to begin this year



Gas grids (25,000 km)

- › Secure, efficient and environmentally-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 EUGAL¹ in 2019

Netze BW Distribution grid

- › Pilot project H₂ island: Gas infrastructure can already deliver climate-friendly supply

¹ 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

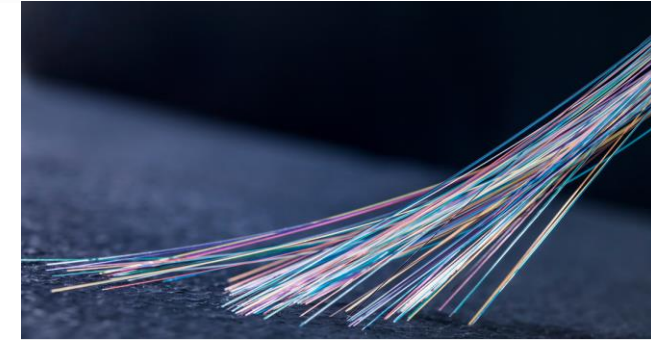
- Only limited impact of COVID-19 due to focus on retail customers
- Migration of customers to new EnPower system
- Further reduction in product portfolio
- Realise further synergies between brands
- ➔ State of the art IT systems: first huge powercloud user, highly efficient



E-mobility

- Due to COVID-19 temporary reduction in number of charges at public stations
- 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 DACH¹

¹ Source: <https://www.p3-group.com/pressemitteilung-e-mobility-excellence-enbw-mobility-bietet-das-groesste-ladenetz-in-der-dach-region-und-kunden-zugang-zu-knapp-90-der-verfuegbaren-ladeinfrastruktur/>



Broadband/Telecommunication

- COVID-19 as mid-term opportunity due to increased importance of telecommunications infrastructure
- Building ambitious strategy combining fibre infrastructure footprint with sophisticated products & services portfolio
- 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

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

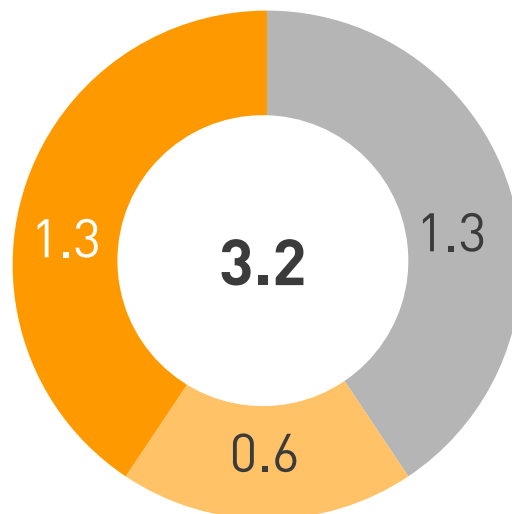


From portfolio transformation to growing profitability

Adjusted EBITDA in € bn

Sustainable generation infrastructure

- › Increase wind power capacity
- › Expansion solar energy portfolio in Germany
- › First projects in post-EEG phase without subsidies
- › Internationalisation into selected foreign markets



System-critical infrastructure

- › Expansion of transmission system by construction of Suedlink and Ultranet
- › Converting distribution grids into smart grids and preparing them for future demands such as e-mobility
- › Enabling the transformation of the gas sector by getting the gas infrastructure H₂ 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 EnBW's core competencies to further new and digital business models based on infrastructure

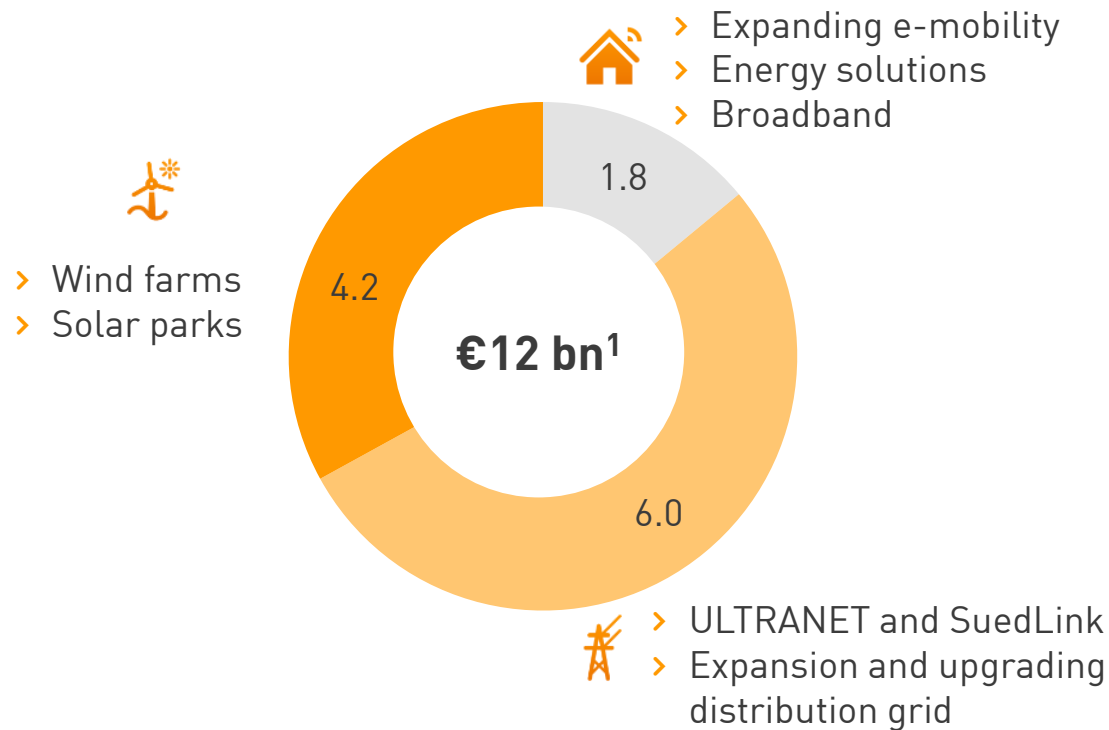


Infrastructure investments fit well with EnBW's business model and Sustainable Development Goals

Investment volume 2021-2025

in € bn

80% growth



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

¹ Rounded figure

Contribution to the UN Sustainable Development Goals



- 7 AFFORDABLE AND CLEAN ENERGY**
- > Expanding renewables
 - > Research on renewable energy



- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**
- > Grid expansion
 - > Infrastructure solutions



- 11 SUSTAINABLE CITIES AND COMMUNITIES**
- > Infrastructure solutions
 - > IT solutions
 - > E-mobility



- 13 CLIMATE ACTION**
- > Renewable energies
 - > E-mobility

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



Corporate sustainability ratings



2019

Top 10%
("Multi Utilities" sector globally)



Prime Status



2019

Top 24%
("Utilities" sector globally)



Leader



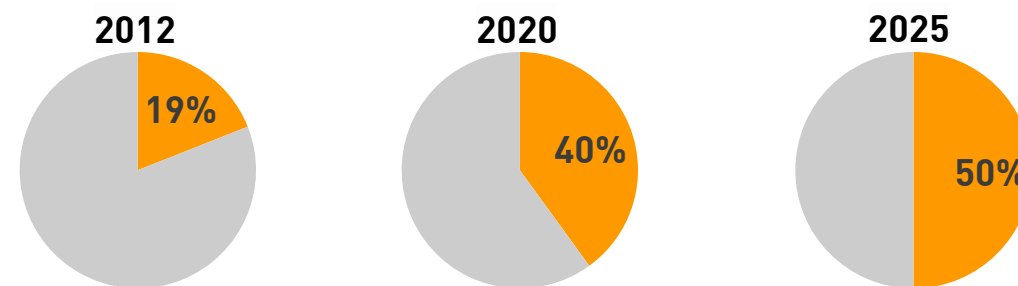
2019

Top 25%
("Electric Utilities" sector globally)



Management

Transformation of our generation portfolio



Renewable energies
Thermal power plants

Non-financial key performance indicators

KPI	2019	Target 2025
Installed output of RE in GW and the share of the generation capacity accounted for by RE	4.4/31.8	7.5 to 8.0 / > 50
CO ₂ intensity	419	-10 to -20% (reference year 2020)
Occupational safety		
LTIF for companies controlled by the Group ²	2.1	2.1
LTIF overall ³	3.8	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



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 debt¹

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.²
Timely coverage of nuclear and pension obligations by financial assets

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

² Adjusted for inflation

EnBW ideally positioned to implement sustainable strategy and become climate-neutral



-  **Largest integrated utility in Germany with a high share of low-risk business**
-  **EnBW proactively drives the Energiewende in Germany**
-  **Expansion of sustainable generation infrastructure**
-  **Clear implementation path to climate neutrality by 2035**
-  **Financial profile geared towards controlled growth**



Ingo Peter Voigt

Head of Finance,
M&A and Investor Relations

☎ +49 721 – 63 14 375



Peter Berlin

Director
Capital Markets

☎ +49 721 – 63 12 844

✉ investor.relations@enbw.com



Julia von Wietersheim

Senior Manager
Investor Relations

☎ +49 721 – 63 12 060



Lea Gantz

Manager
Investor Relations

☎ +49 721 – 63 13 646



Regina Martin

Manager
Investor Relations

☎ +49 721 – 63 13 613

Unless indicated otherwise, all data contained hereinafter refers to the EnBW group and is calculated according to IFRS.

No offer or investment recommendation

This presentation has been prepared for information purposes only. It does not constitute an offer, an invitation or a recommendation to purchase or sell securities issued by EnBW Energie Baden-Württemberg AG (EnBW), a company of the EnBW group or any other company. This presentation does not constitute a request, instruction or recommendation to vote or give consent. All descriptions, examples and calculations are included in this presentation for illustration purposes only.

Future-oriented statements

This presentation contains future-oriented statements that are based on current assumptions, plans, estimates and forecasts of the management of EnBW. Such future-oriented statements are therefore only valid at the time at which they are published for the first time. Future-oriented statements are indicated by

the context, but may also be identified by the use of the words “may”, “will”, “should”, “plans”, “intends”, “expects”, “believes”, “assumes”, “forecasts”, “potentially” or “continued” and similar expressions.

By nature, future-oriented statements are subject to risks and uncertainties that cannot be controlled or accurately predicted by EnBW. Actual events, future results, the financial position, development or performance of EnBW and the companies of the EnBW group may therefore diverge considerably from the future-oriented statements made in this presentation. Therefore it cannot be guaranteed nor can any liability be assumed otherwise that these future-oriented statements will prove complete, correct or precise or that expected and forecast results will actually occur in the future.

No obligation to update the information

EnBW assumes no obligation of any kind to update the information contained in this presentation or to adjust or update future-oriented statements to future events or developments.