

Conference call

First half of fiscal year 2014 >

EnBW Energie
Baden-Württemberg AG



Karlsruhe, 1 August 2014

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Economic and regulatory environment

- › Ongoing pressure on electricity wholesale market prices. No mid-term recovery expected.
- › Discussion with the Federal Network Agency about full cost reimbursement for keeping system-relevant power plants running.



Financial performance

- › Significant impairments on conventional generation plants.
- › Issuance of a hybrid bond (€ 1bn), a senior bond (€ 500m) and private placements (€ 200m)
- › Amend and extend of the syndicated loan facility reduced to € 1.5bn.



Operating performance

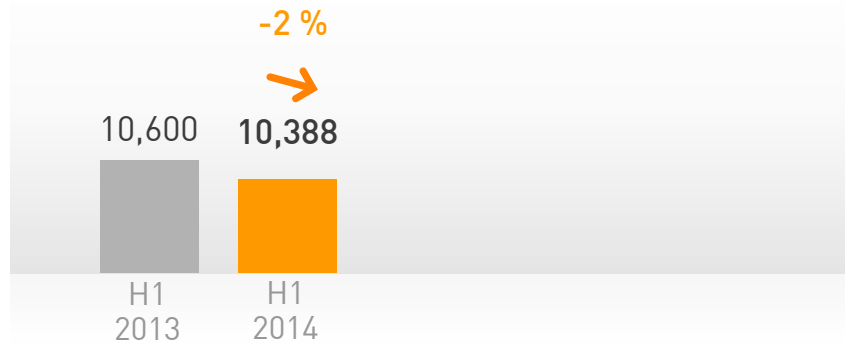
- › Acquisition of Eni's stake in gas sector joint venture.
- › Start of commercial operation of RDK 8 in Karlsruhe and wind farm Balabanli in Turkey
- › Reduction of renewables energies segment outlook.

H1 2014– Operating results in line with expectations



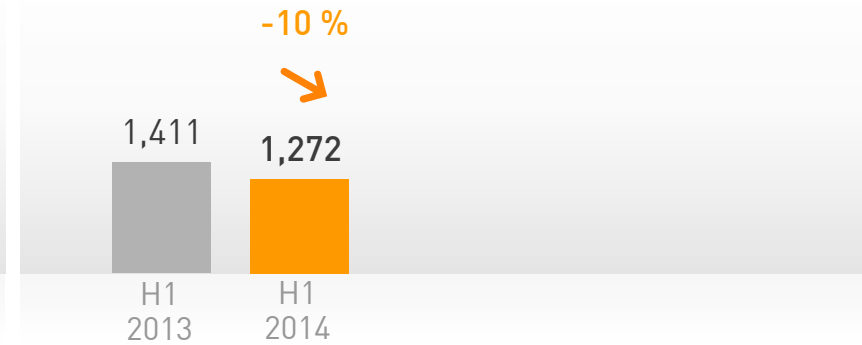
Revenue

in € million¹



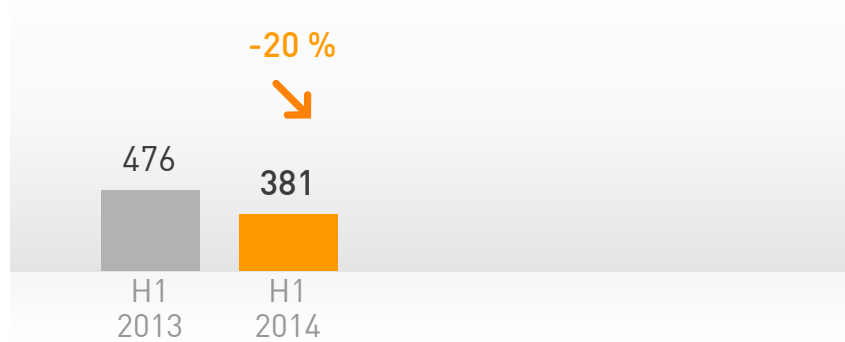
Adjusted EBITDA

in € million¹



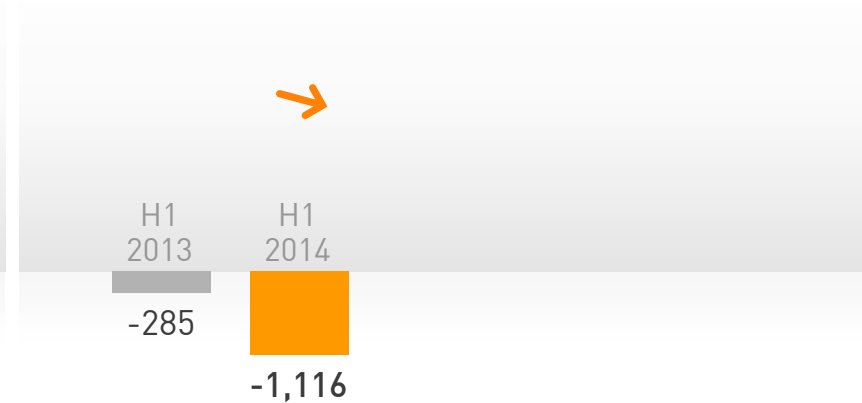
Adjusted group net profit

in € million^{1,2}



Non-operating group net profit

in € million^{1,2}



¹ Prior-year figures restated

² of which profit/loss shares attributable to the shareholders of EnBW AG

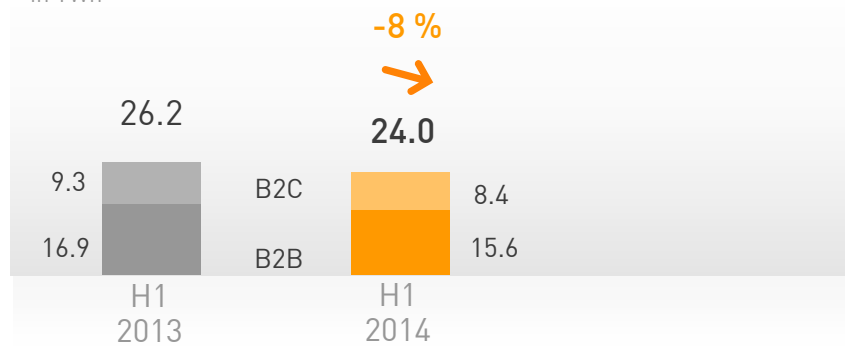


Sales Segment



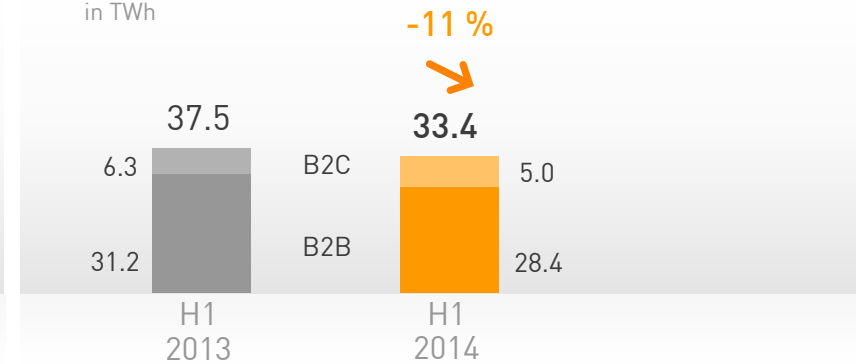
Electricity sales

in TWh



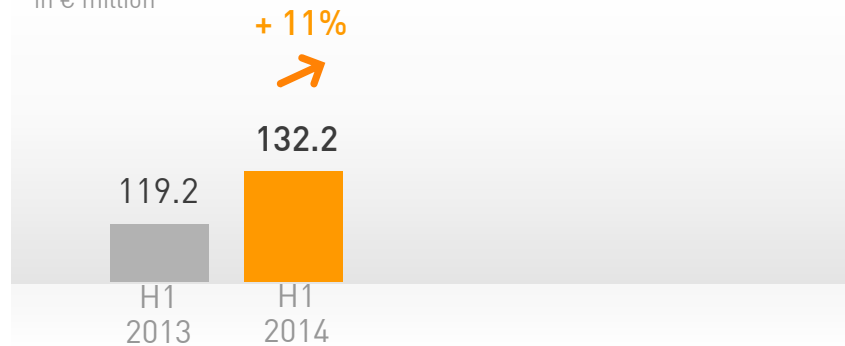
Gas sales

in TWh



Adjusted EBITDA

in € million



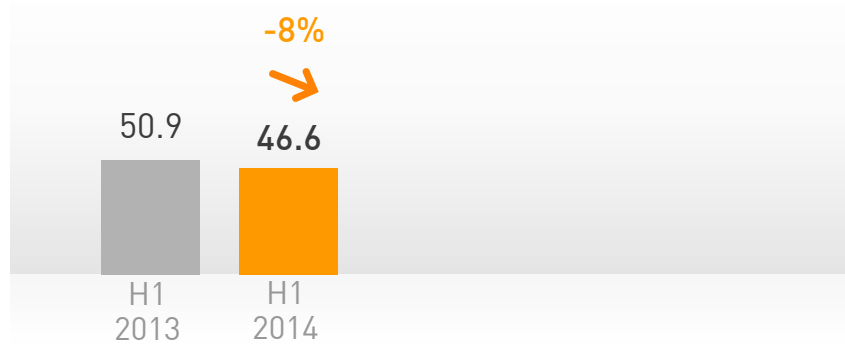
Key messages

- › Lower electricity and gas sales due to a milder winter with higher temperatures
- › Higher adjusted EBITDA due to optimization of customer portfolio and higher margins in electricity sales
- › Investments: €22m, above prior-year level (€ 15m)



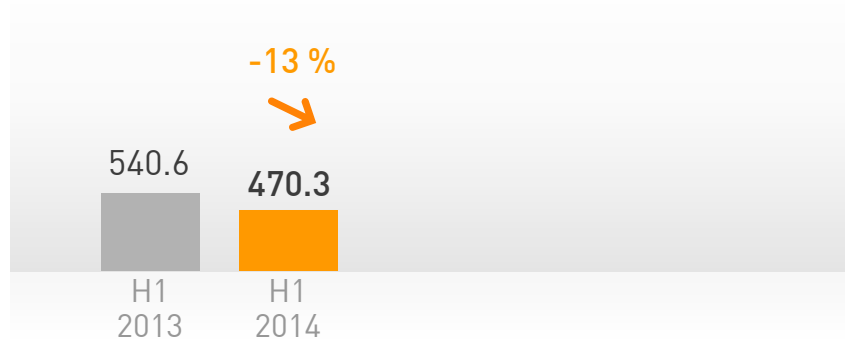
Transmission volume

in TWh¹



Adjusted EBITDA

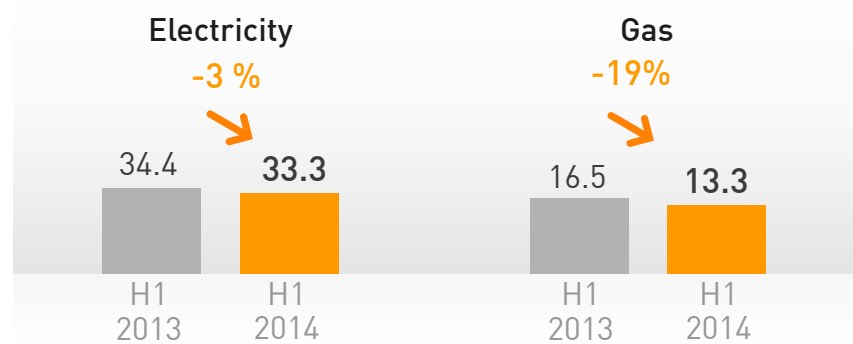
in € million



¹ Distribution only

Development of transmission volumes

in TWh¹



Key messages

- Transmission volumes decreased due to the milder winter.
- Lower adjusted EBITDA due to weather-related lower transmission volumes
- Positive extraordinary items from the preceding regulatory period no longer applied
- Investments: €162.3m slightly above H1 2013 (€ 158.9m)

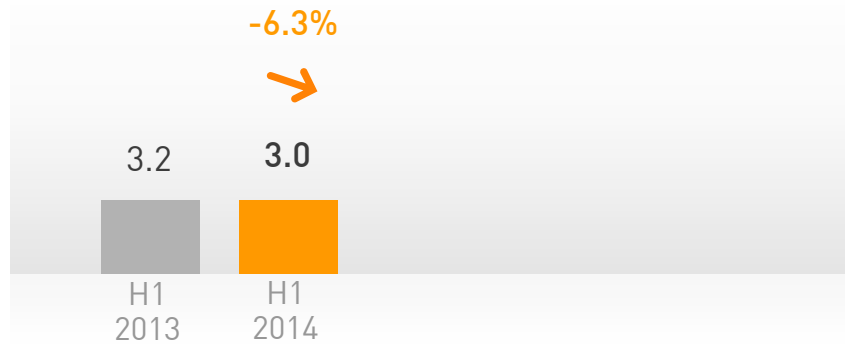


Renewable Energies Segment



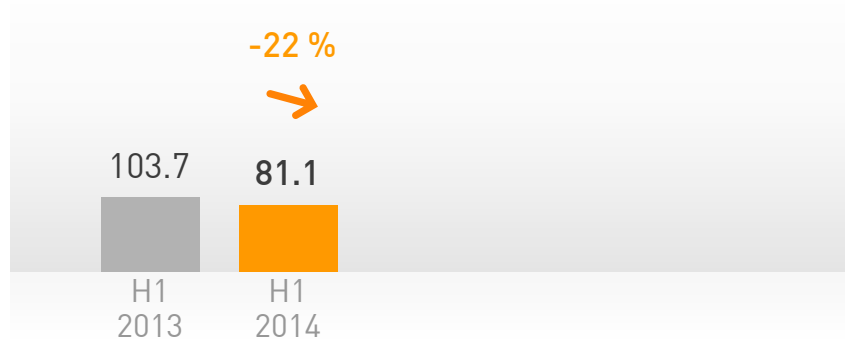
Generation volume

in TWh¹



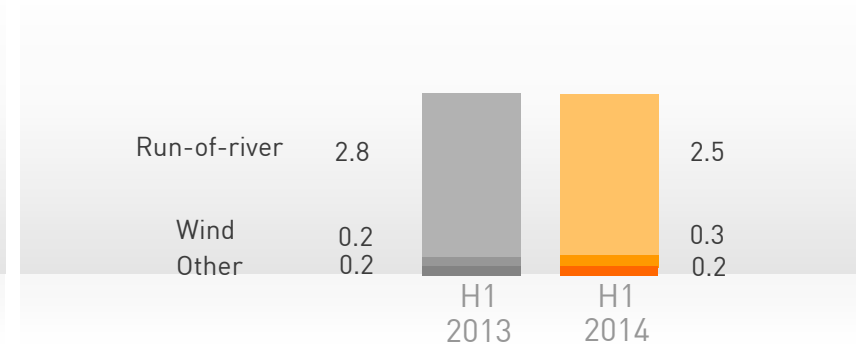
Adjusted EBITDA

in € million²



Development of renewables generation mix

in TWh¹



Key messages

- Generation volume decreased due to unfavourable weather conditions, especially for run-of-river plants
- In addition lower margins due to lower wholesale market prices led to a decline in adjusted EBITDA
- The construction of our offshore wind park Baltic 2 significantly increased investments to €212m compared to H1 2013 (€102.1m)

¹ Includes long-term procurement agreements and generation from partly owned power stations; the figures indicated are taken from the segments; segment excludes generation from pump storage plants that is associated in the generation and trading segment

² Prior-year figures restated

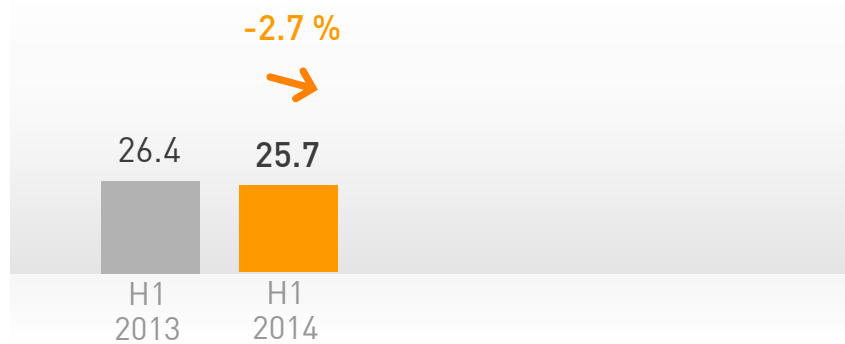


Generation & Trading Segment



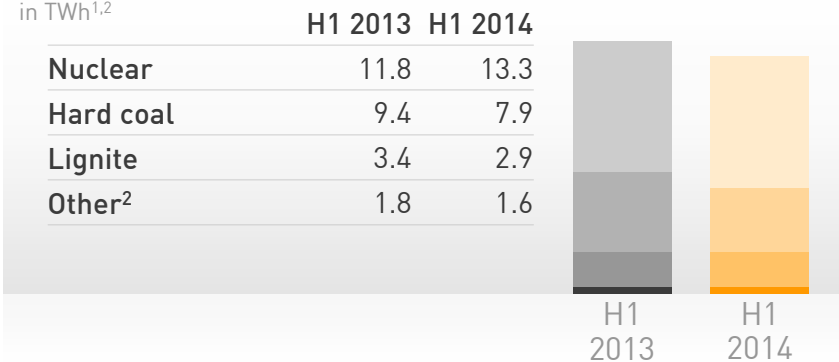
Conventional & nuclear generation volume

in TWh^{1,2}



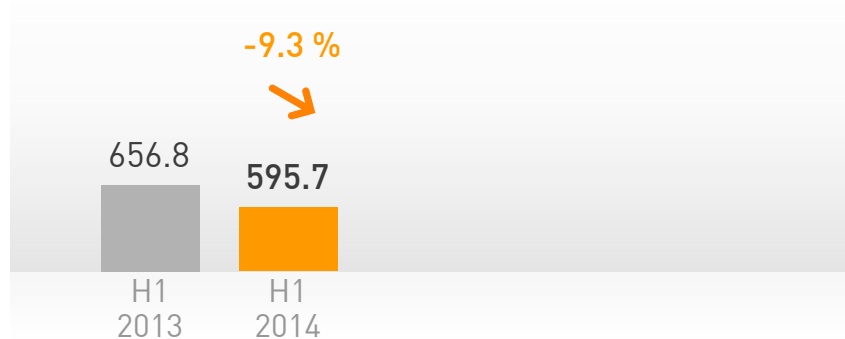
Development of fossil generation mix

in TWh^{1,2}



Adjusted EBITDA

in € million³



Key messages

- › Decline in generation volume due to spread-related lower utilisation of conventional power plants
- › Lower adjusted EBITDA due to falling wholesale markets prices and a lower positive valuation effect from derivatives in H1 2013 that settled in the course of the last year
- › Investments: €324.5m, significantly higher than H1 2013 (€ 98m). Main investments are RDK 8 and the CCGT in Düsseldorf

¹ Includes long-term procurement agreements and generation from partly owned power stations; the figures indicated are taken from the segments

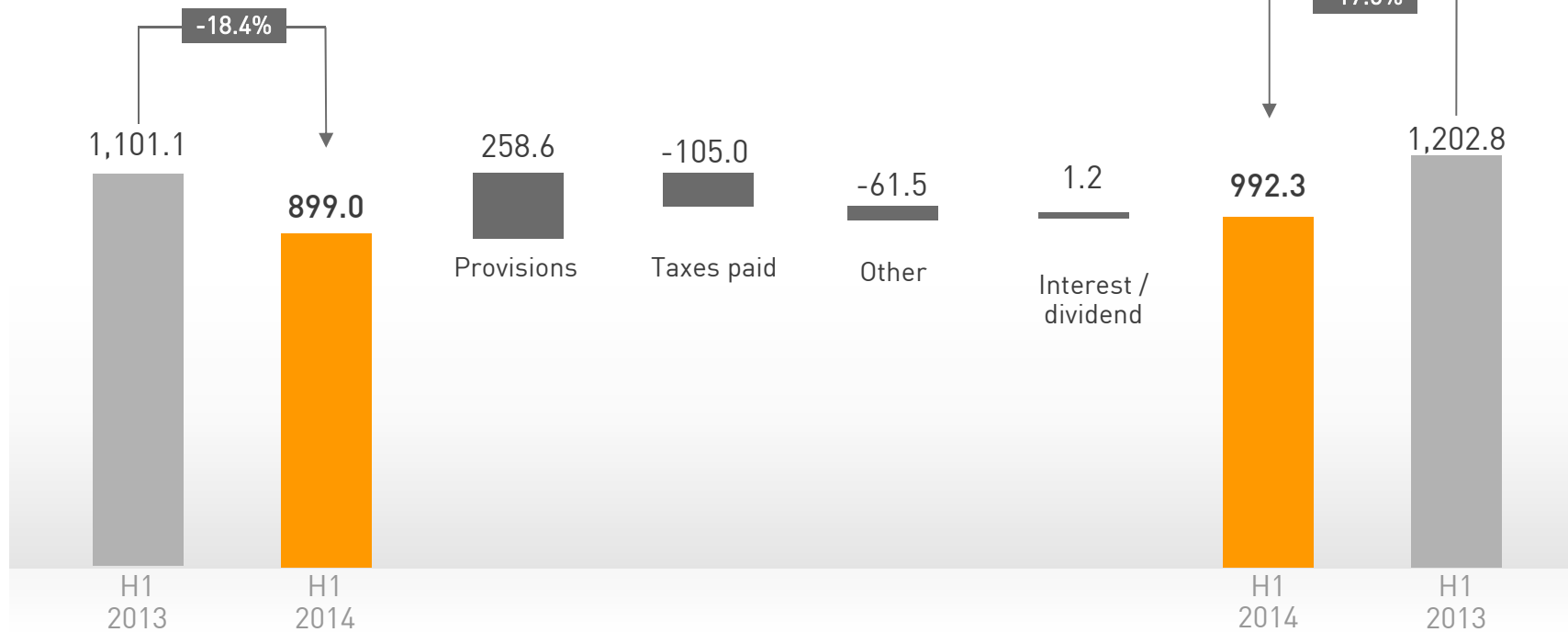
² Segment includes pump storage plants; ³ Prior-year figures restated

Decline in FFO in line with EBITDA development



EBITDA

in € million¹



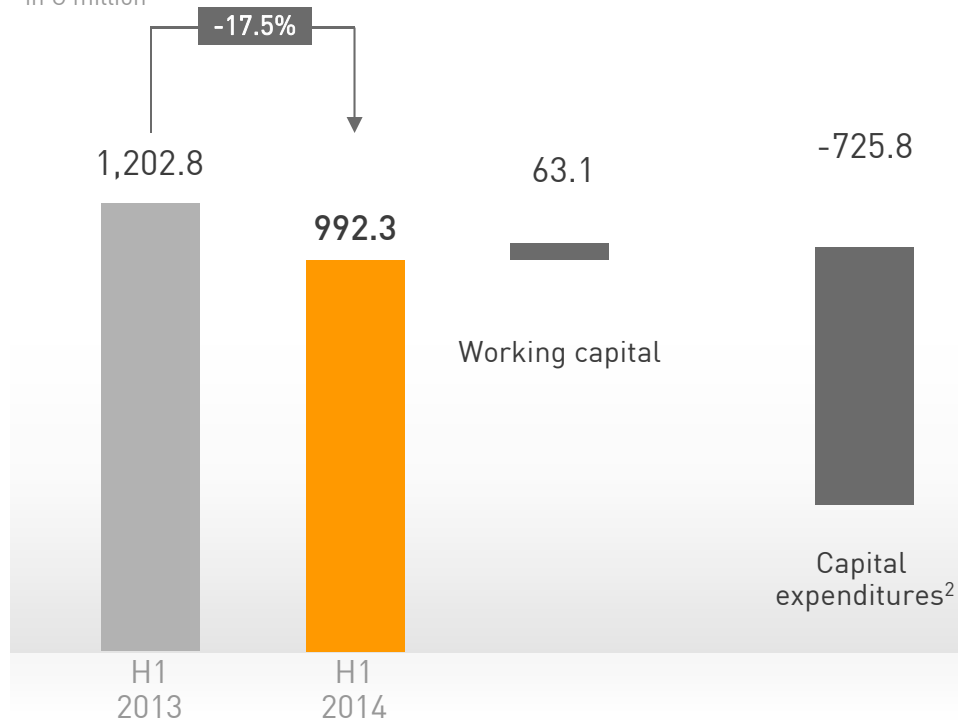
¹ Prior-year figures restated

Free cash flow influenced by higher capital expenditures and improved working capital



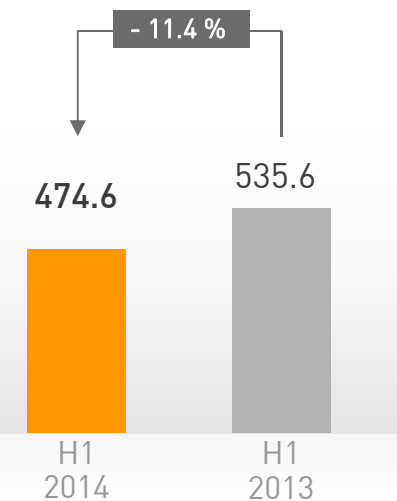
FFO

in € million¹



Free Cash Flow

in € million¹



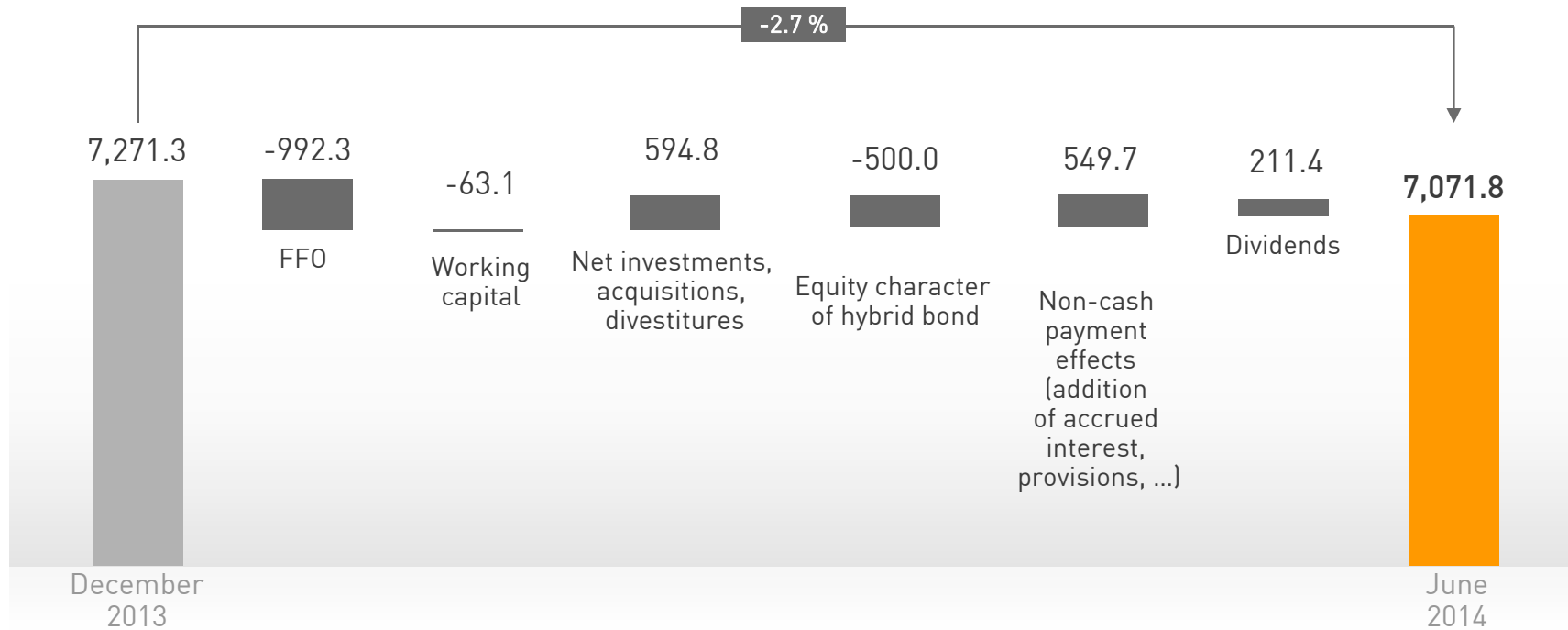
¹ Prior-year figures restated; ² For intangible assets and property, plant and equipment; ³ Cash received from disposals of intangible assets and property, plant and equipment, as well as cash received from construction costs and investment subsidies

Reduction in adjusted net debt



Adjusted Net Debt

in € million¹



¹ Prior-year figures restated

Outlook 2014 on group level remains unchanged



Adjusted EBITDA

	2013 ¹	Outlook AR 2013/Q1 2014 ²	Outlook Q2/2014 ²
Sales	€ 227 million	+10 % to +20 %	+10 % to +20 % →
Grids	€ 962 million	-5 % to -15 %	-5 % to -15 % →
Renewable Energies	€ 220 million	+5 % to +15 %	-5 % to -15 % →
Generation and Trading	€ 839 million	0 % to -5 %	0 % to -5 % →
Group	€ 2,225 million	0 % to -5 %	0 % to -5 % →

¹ Prior-year figures restated

² In comparison with adjusted EBITDA 2013

Questions & Answers >



Appendix



- **Additional information** page 15
- **Financial calendar** page 23
- **IR contacts** page 24

Non-operating result



In € million¹

	H1 2014	H1 2013
Income/expenses relating to nuclear power	- 65.1	- 139.1
Income from the reversal of other provisions	6.8	41.0
Disposal gains/losses	34.0	10.2
Addition to the provision for onerous contracts relating to electricity procurement agreements	- 344.8	- 181.9
Restructuring	- 12.2	- 6.2
Other non-operating result	8.8	- 33.5
Non-operating EBITDA	- 372.5	- 309.5
Impairment losses	- 1,233.8	- 0.7
Non-operating EBIT	- 1,606.3	- 310.2
Non-operating investment result	- 1.2	- 16.4
Non-operating financial result	2.4	- 64.1
Non-operating income taxes	464.9	106.9
Non-operating group net loss	- 1,140.2	- 283.8
of which loss/profit shares attributable to non-controlling interests	(- 24.1)	(1.2)
of which loss/profit shares attributable to the equity holders of EnBW AG	(- 1,116.1)	(- 285.0)

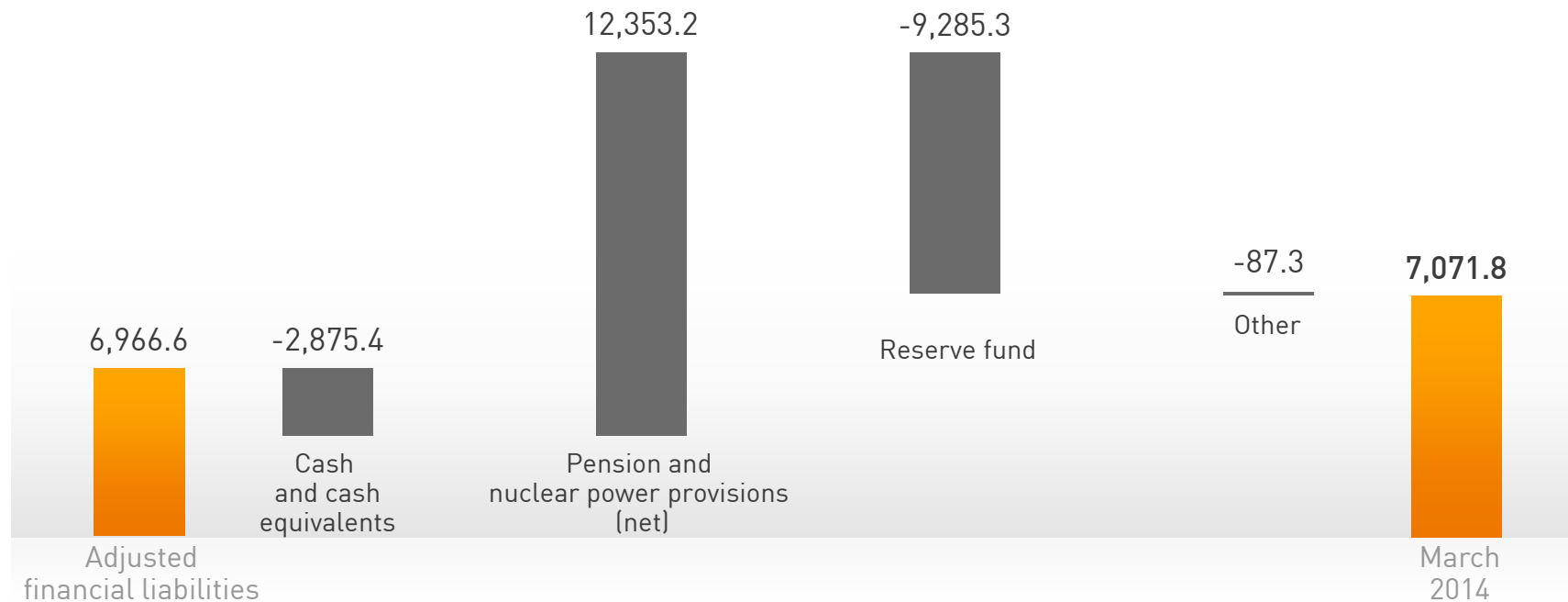
¹ The figures of the comparable period have been restated

Calculation of adjusted net debt



Adjusted Net Debt

in € million

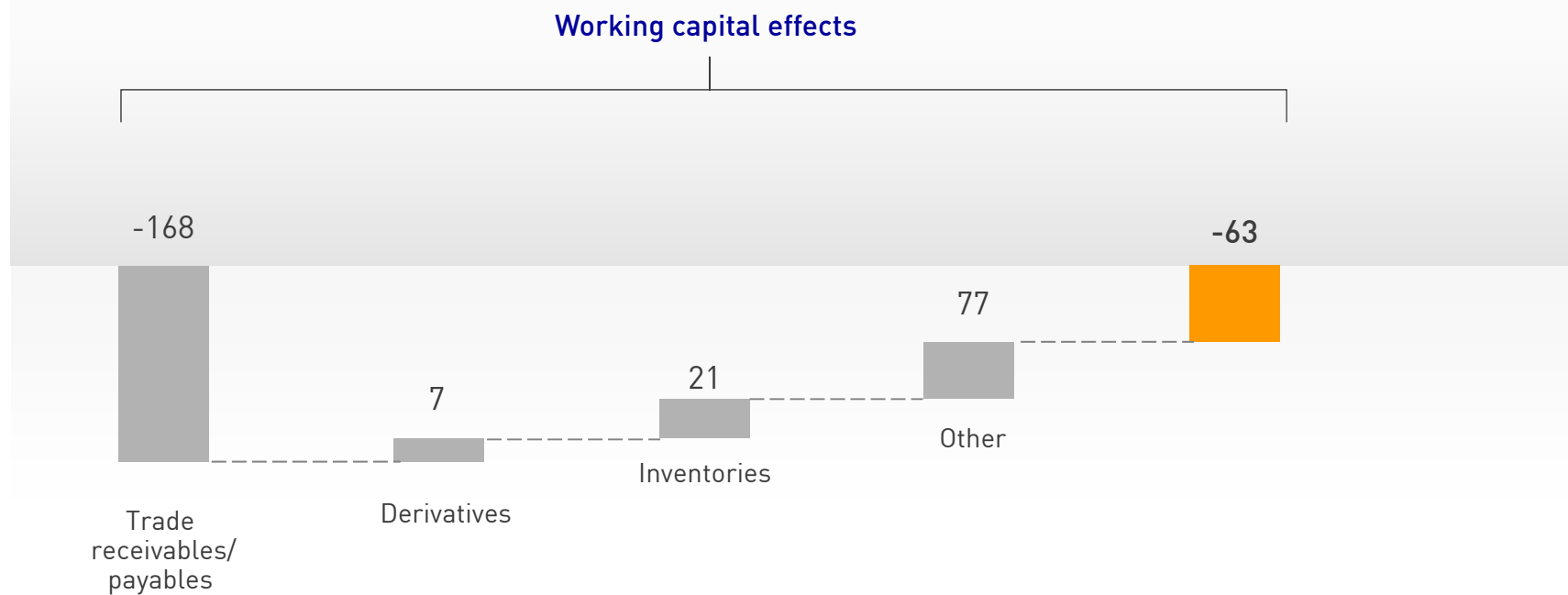


Change in working capital mainly due to increase in derivatives



Change in working capital H1 2014

in € million



Income statement



In € million¹

	H1 2014	H1 2013	Variance
Revenue	10,387.6	10,599.5	-211.9
Changes in inventories/own work capitalised	51.1	34.6	16.5
Cost of materials	-8,624.7	-8,691.7	67.0
Personnel expenses	-821.8	-794.9	-26.9
Other operating expenses/income	-93.2	-46.4	-46.8
EBITDA	899.0	1,101.1	-202.1
Amortisation and depreciation	-1,688.9	-439.6	-1,249.3
EBIT	-789.9	661.5	-1,451.4
Investment and financial result	-211.8	-278.6	66.8
EBT	-1,001.7	382.9	-1,384.6
Income tax	284.5	-137.8	422.3
Group net profit	-717.2	245.1	-962.3
of which profit shares attributable to non-controlling interests	(17.9)	(54.6)	-36.7
of which profit shares attributable to EnBW AG	(-735.1)	(190.5)	-925.6

¹ The figures of the comparable period have been restated

Cash flow statement



Free cash flow in € million

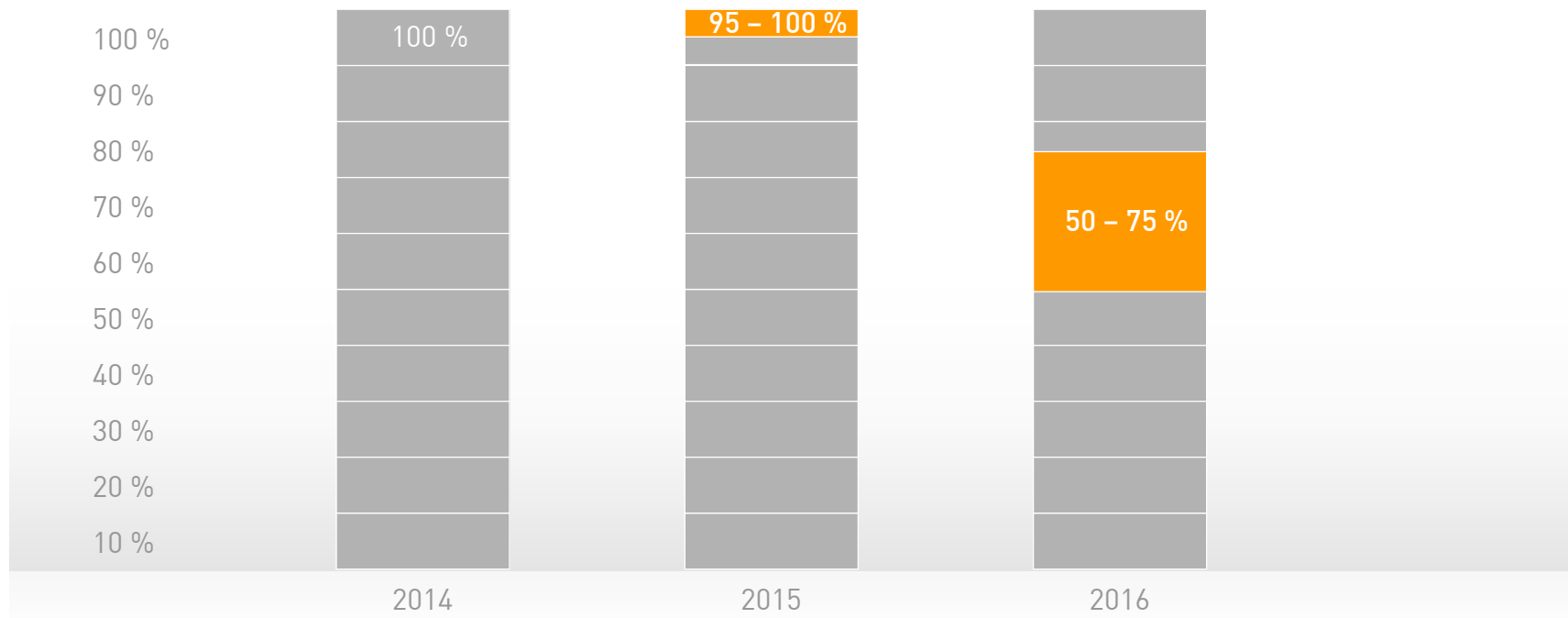
	H1 2014	H1 2013	Variance in %
Operating cash flow	1,054.2	746.0	41.3
Change in assets and liabilities from operating activities	- 63.1	358.1	-
Interest and dividends received	131.9	207.1	- 36.3
Interest paid for financing activities	- 130.7	- 108.4	20.6
Funds from Operations (FFO)	992.3	1,202.8	- 17.5
Change in assets and liabilities from operating activities	63.1	- 358.1	-
Capital expenditures on intangible assets and property, plant and equipment	- 725.8	- 377.3	92.4
Cash received from disposals of intangible assets and property, plant and equipment	107.0	35.8	-
Cash received from construction cost and investment subsidies	38.0	32.4	17.3
Free cash flow	474.6	535.6	- 11.4

Hedge levels



Hedge levels¹

in %



¹ As of 30 June 2014

EnBW's flexible access to financing sources supports its strong liquidity position



Commercial paper programme

- € 2.0 bn (undrawn as of 30 June 2014)

Syndicated loan facility

- € 2.0 bn (undrawn as of 30 June 2014)

Bilateral short-term lines of credit

- € 586 m (undrawn as of 30 June 2014)

Euro Medium Term Note programme

- € 7.0 bn (€ 4.1 bn utilised as of 30 June 2014)

Other measures

- Hybrid bonds with a volume of € 2 bn
- Capital increase: € 822 m (July 2012)

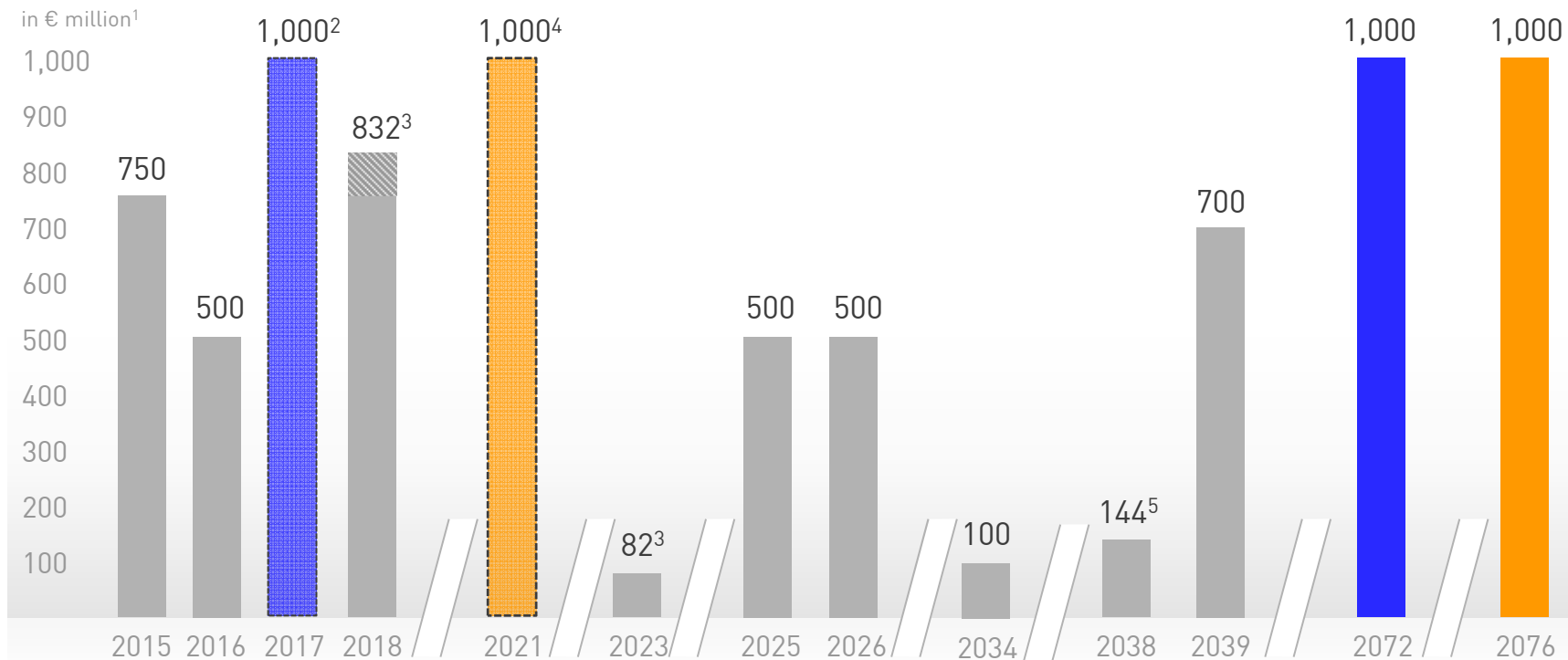
Details of the syndicated loan facility:

- As of 21 July 2014 reduced facility amount of € 1.5bn until July 2019
- Prolongation option in 2015 respectively 2016 for a further year each until July 2021 at the latest
- Fixed margin

Favourable maturity profile and proactive funding puts EnBW in a comfortable financing situation



Maturities of EnBW's bonds



¹ As of 30 June 2014; ² First call date of hybrid maturing in 2072; ³ Including CHF 100m converted as of the reporting date 30 June 2014; ⁴ First call date of hybrid maturing in 2076; ⁵ Nominal with conversion as of the reporting date 30 June 2014

Financial calendar 2014 and 2015



- **1 October 2014** Capital Market Day 2014 in Stuttgart
- **11 November 2014** Interim report: January–September 2014
Conference time: 15:00 CET
- **17 March 2015** Annual report: January–December 2014
Conference time: 15:00 CET
- **29 April 2015** Annual General Meeting 2015
- **12 May 2015** Interim report: January–March 2015
Conference time: 15:00 CET
- **30 July 2015** Interim report: June 2015
Conference time: 15:00 CET
- **13 November 2015** Interim report: January–September 2015
Conference time: 15:00 CET

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