

Conference call First nine months of fiscal year 2014 >

EnBW Energie
Baden-Württemberg AG



Karlsruhe, 11 November 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 in H1
- › Increased pension provisions due to further reduction of interest rate to 2.7 %.
- › Issuance of a hybrid bond (€ 1bn), a senior bond (€ 500m) and private placements (€ 250m)
- › Amend and extend of the syndicated loan facility reduced to € 1.5bn.
- › Free cash flow positive



Operating performance

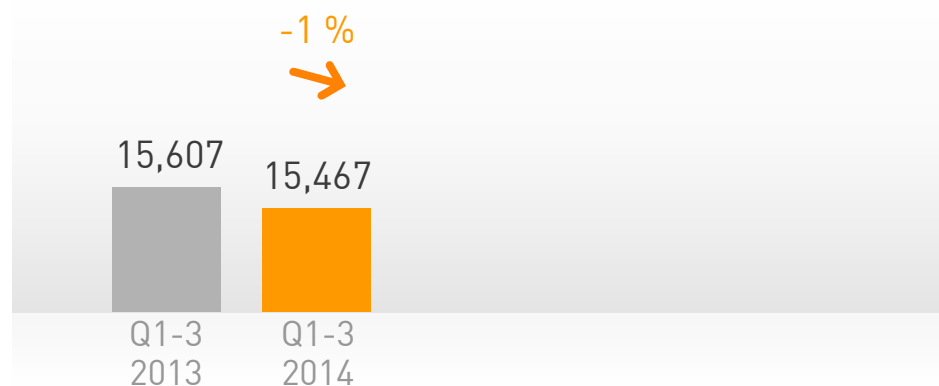
- › Expansion of gas business via acquisition of 50 percent of Gasversorgung Süddeutschland GmbH (GVS) and of terranets bw GmbH
- › Start of commercial operation of RDK 8 in Karlsruhe and wind farm Balabanli in Turkey
- › Sale of non-strategic participation OSD Schäfer (900 employees)
- › EnBW to sell its 75 % share in the Bexbach coal-fired power station to STEAG
- › Construction of Baltic 2 on track: successful installation of transformer station
- › ONE EnBW: Implementation of new structure will lead to a short-term release of 14 top managers

First nine months 2014 – Operating results confirm outlook



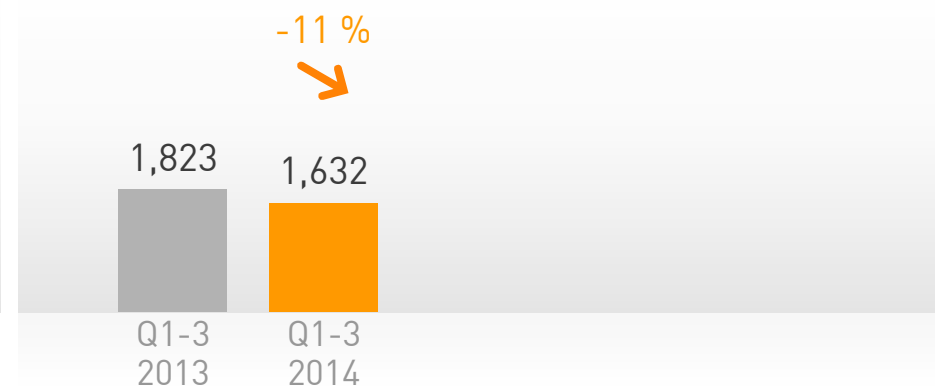
Revenue

in € million¹



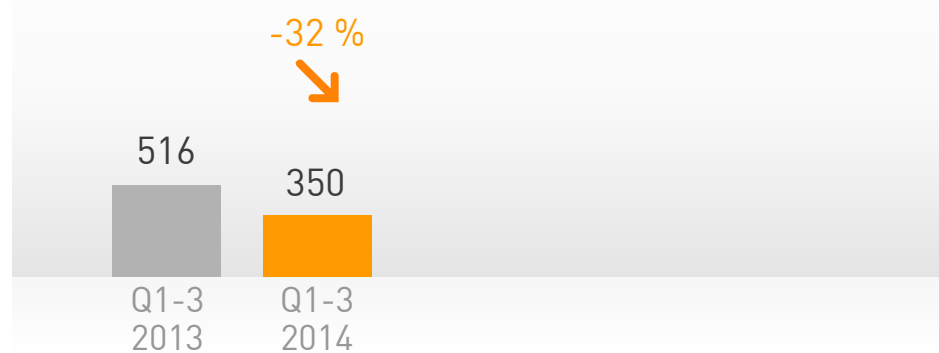
Adjusted EBITDA

in € million¹



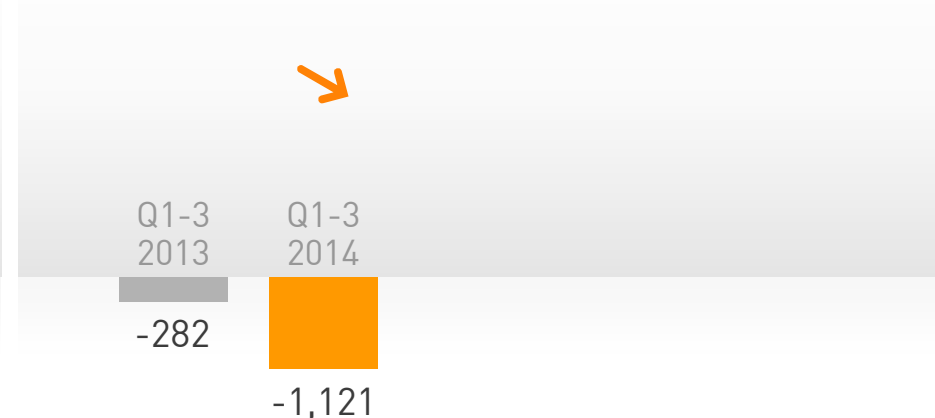
Adjusted group net profit

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

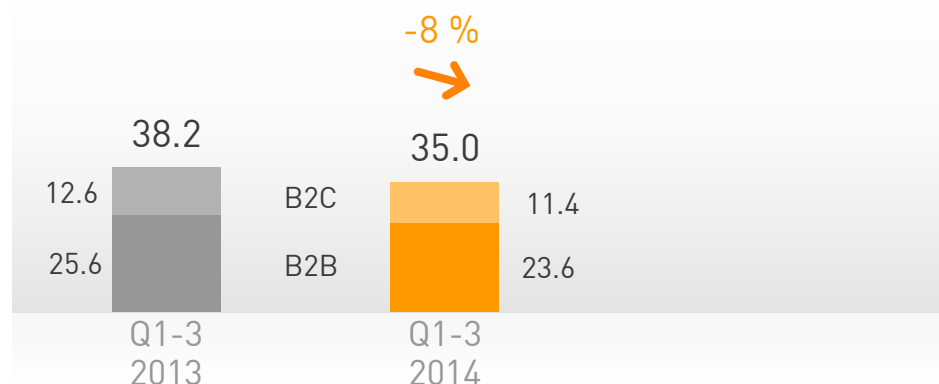


Sales Segment – Ongoing profitability in line with expectations



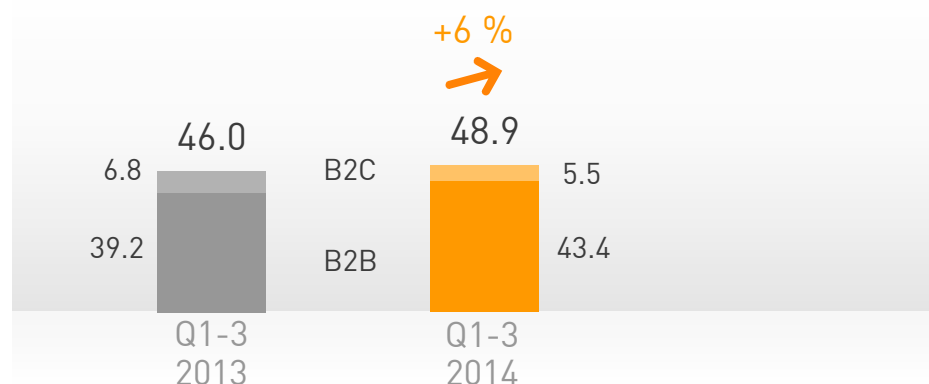
Electricity sales

in TWh



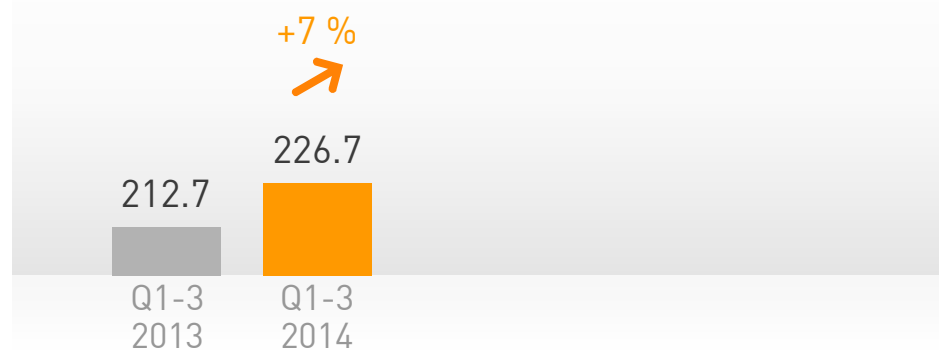
Gas Sales

in TWh



Adjusted EBITDA

in € million



Key messages

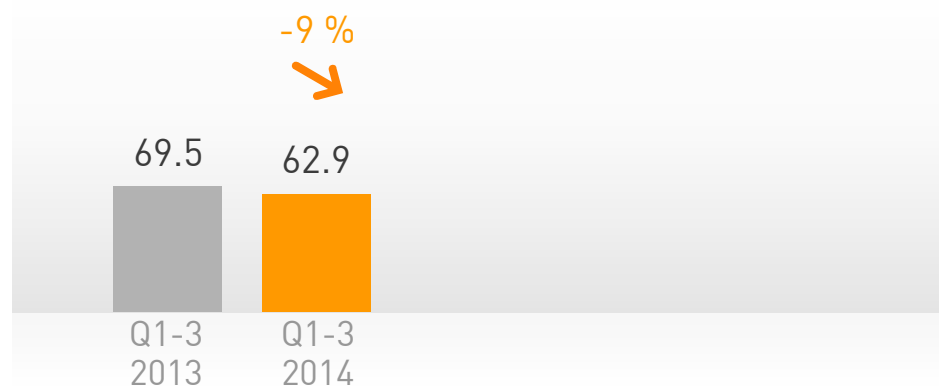
- > Lower electricity sales due to competition; higher gas sales due to min-take bulk at end of gas fiscal year
- > Higher adjusted EBITDA due to optimization of customer portfolio
- > Investments: € 44.5m, above prior-year level (€ 22.2m)



Grids Segment – Weather-related lower transmission volumes

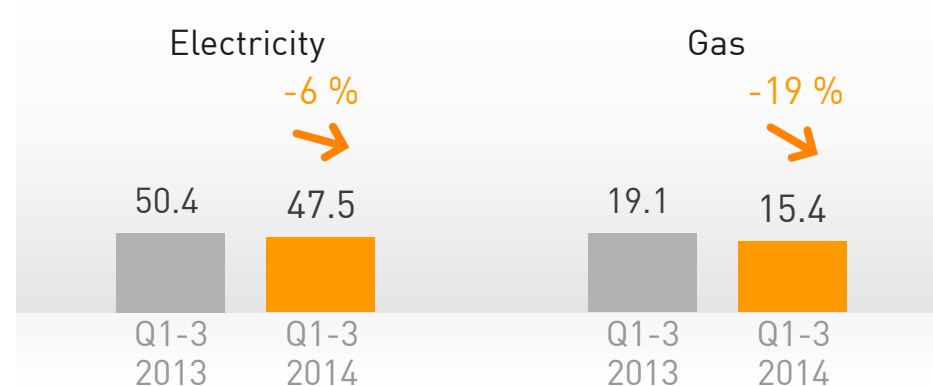
Transmission volume

in TWh¹



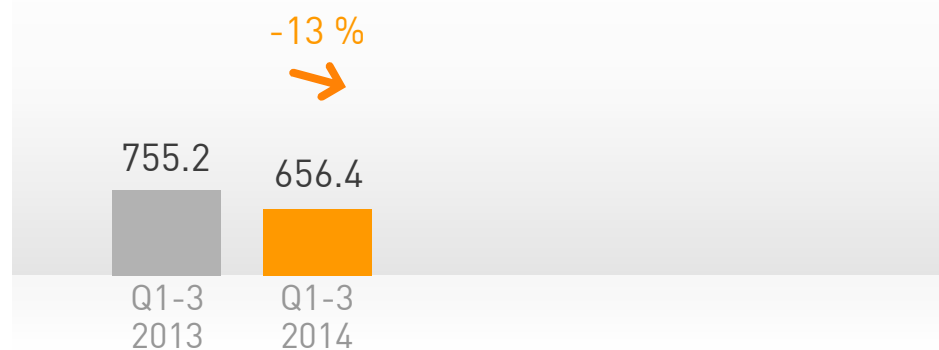
Development of transmission volumes

in TWh¹



Adjusted EBITDA

in € million



Key messages

- > Transmission volumes decreased due to the milder winter.
- > Positive extraordinary items from the preceding regulatory period in 2013 no longer applied
- > Investments: € 278.4m slightly above Q1-3 2013 (€ 265.9m)

¹ Distribution only

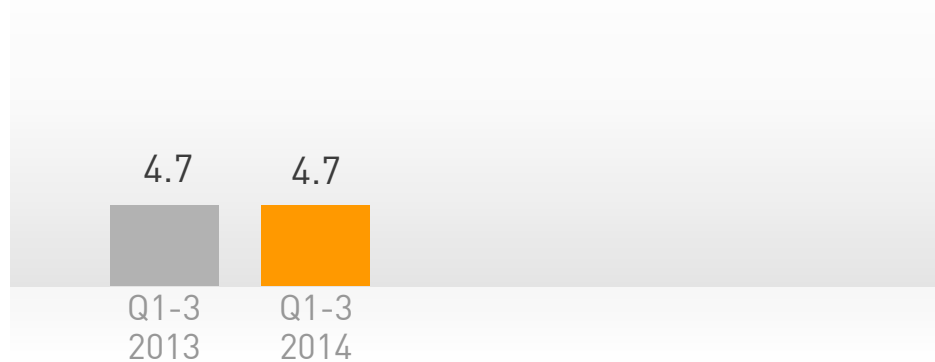


Renewable Energies Segment – EBITDA driven by lower wholesale market prices



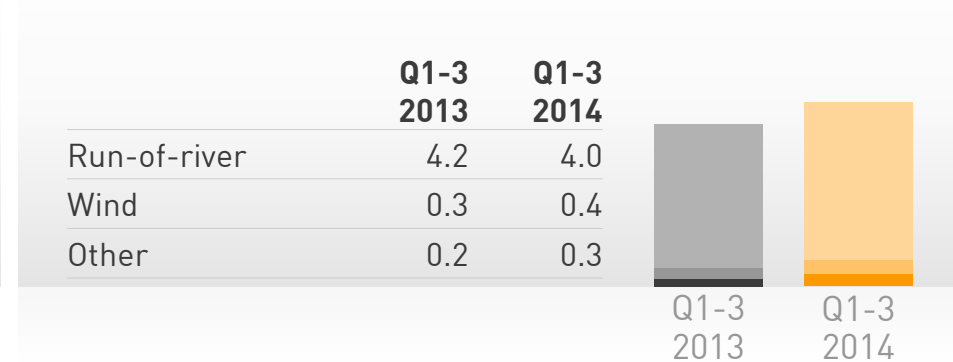
Generation volume

in TWh¹



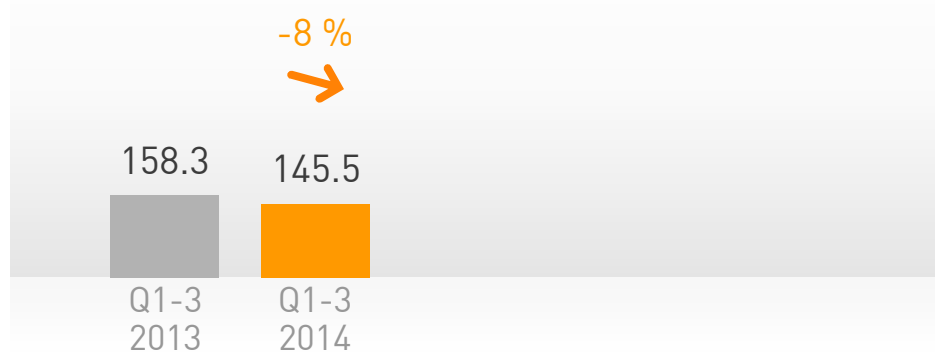
Development of renewables generation mix

in TWh¹



Adjusted EBITDA

in € million³



Key messages

- > Generation volume stable
- > Increase of electricity generation from wind power due to the construction of new wind facilities
- > Lower electricity production from run-of-river power plants due to low precipitation and low water levels led to a decline in adjusted EBITDA
- > The construction of our offshore wind park Baltic 2 (installation of transformer station) significantly increased investments to € 339.5m compared to Q1-3 2013 (€144.3m)

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

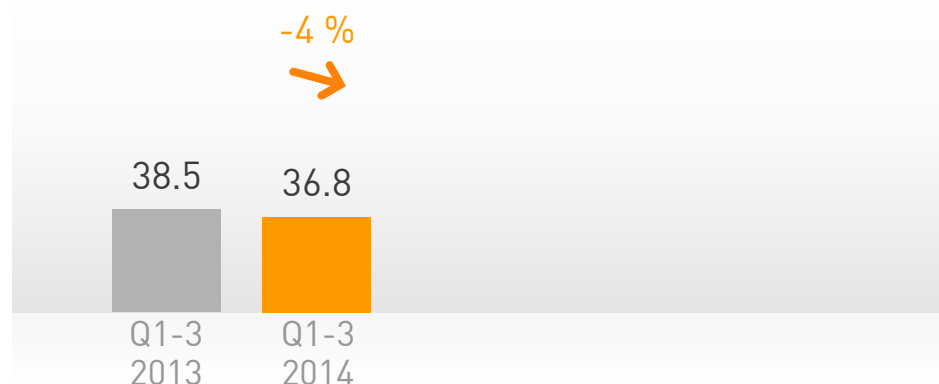


Generation & Trading Segment – Falling wholesale market prices decisive



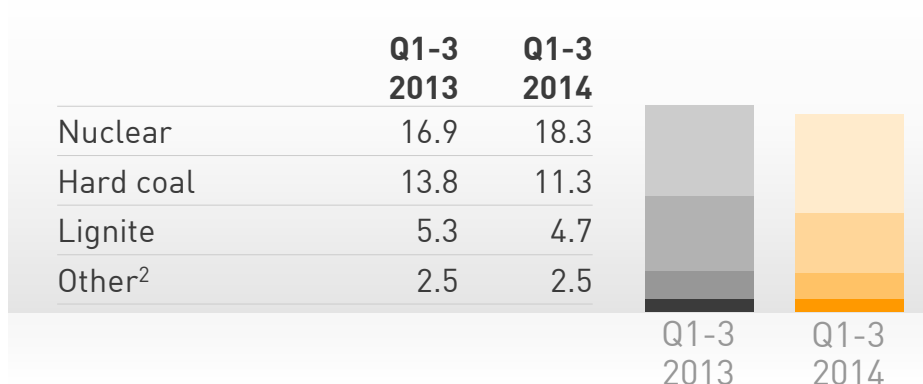
Conventional & nuclear generation volume

in TWh^{1,2}



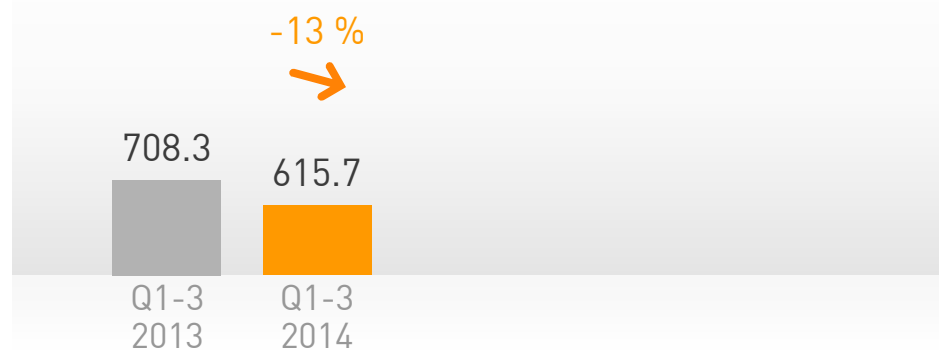
Development of fossil generation mix

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 considerable positive valuation effect from derivatives that will continue to subside in the course of Q4
- > Investments: €377.5m, significantly higher than Q1-3 2013 (€ 161.6m). Main investments are RDK 8 and CCGT in Düsseldorf

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

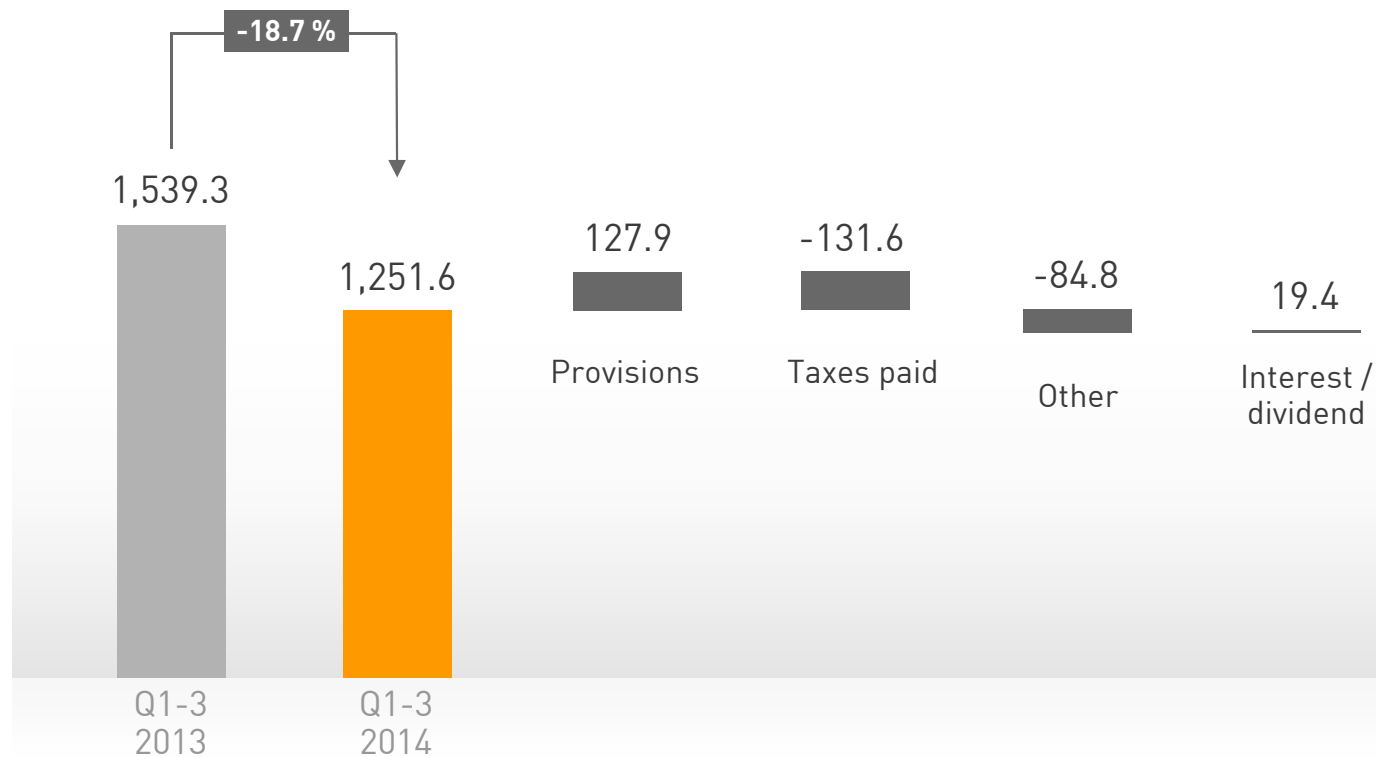
² Segment includes pump storage plants; ³ Prior-year figures restated

Decline in FFO in line with EBITDA development



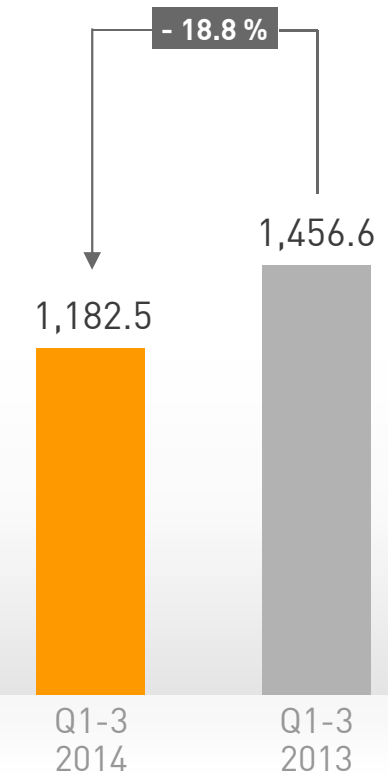
EBITDA

in € million¹



FFO

in € million¹



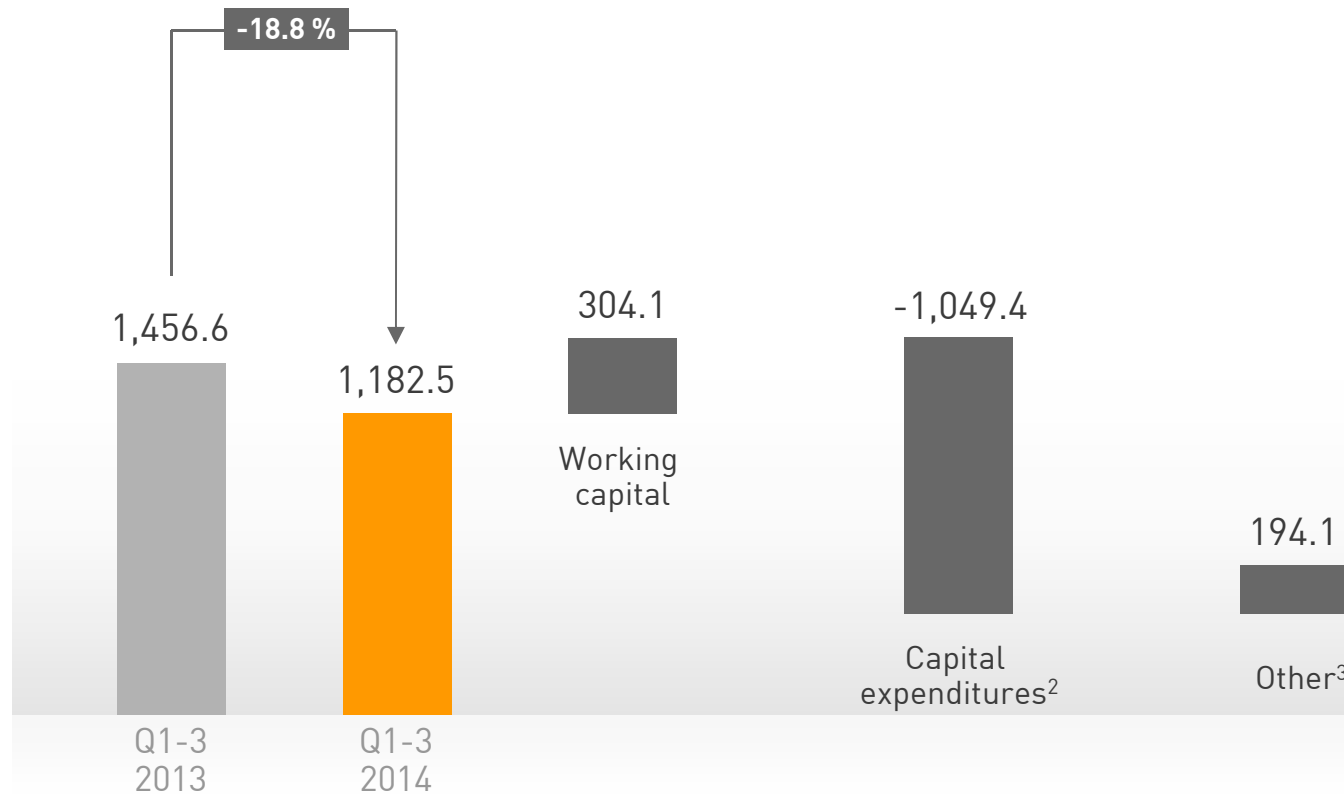
¹ Prior-year figures restated

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



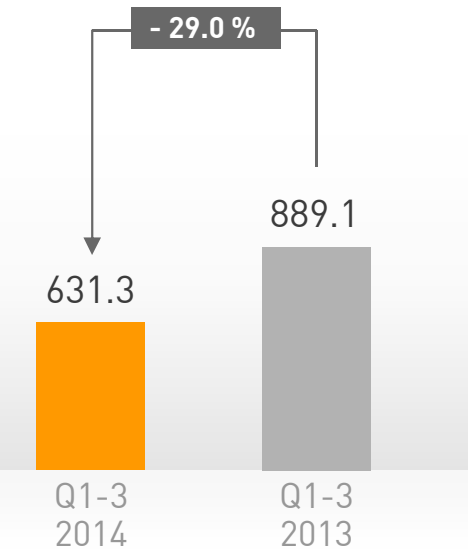
FFO

in € million¹



Free Cash Flow

in € million¹



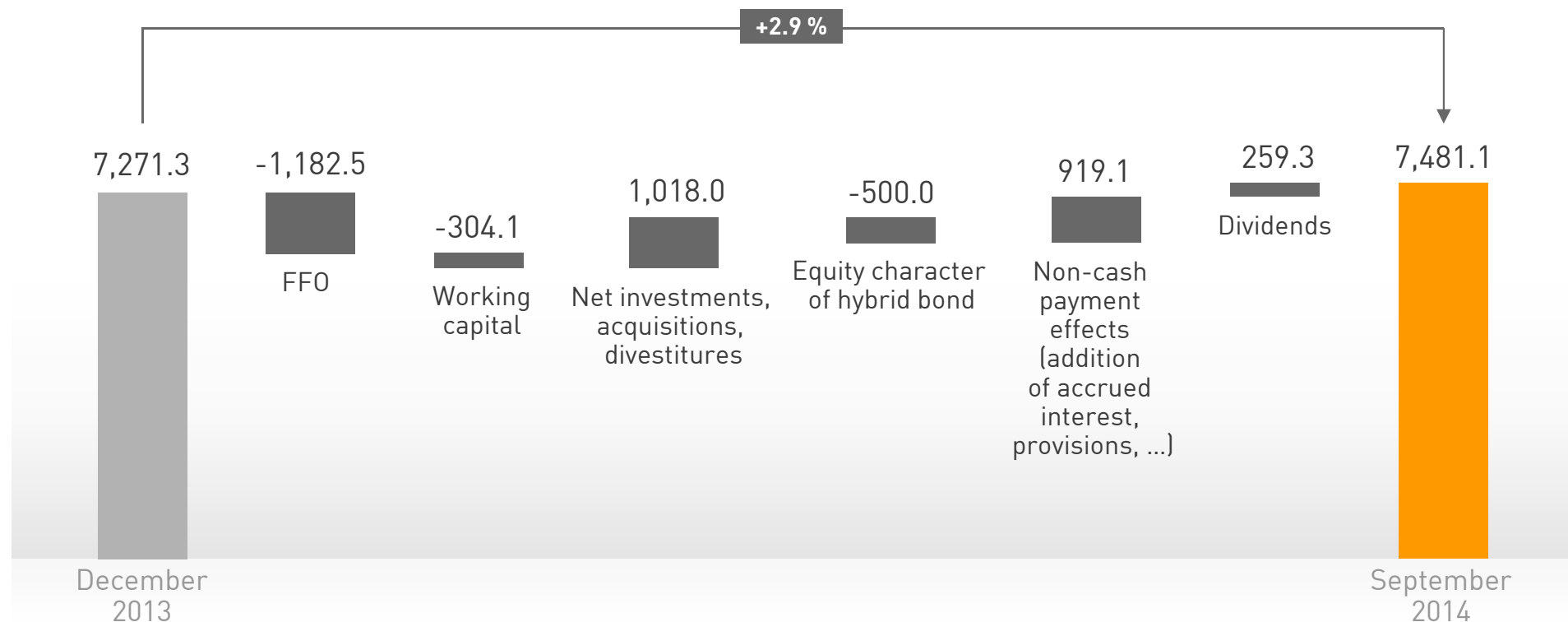
¹ Prior-year figures restated; ² For intangible assets and property, plant and equipment; ³ Cash received from disposals of intangible assets and property, plant and equipment, as well as cash received from construction costs and investment subsidies

Increased net present value of pension provisions counter-balanced adjusted net debt reduction



Adjusted Net Debt

in € million¹



¹ Prior-year figures restated

Outlook 2014 on group level remains unchanged



Adjusted EBITDA

in € million

	Q1-3 2014 ¹	Outlook AR 2013/Q1 2014 ²	Outlook Q2 2014/Q3 2014 ²
Sales	€ 227 million	+10 % to +20 %	+10 % to +20 % →
Grids	€ 656 million	-5 % to -15 %	-5 % to -15 % →
Renewable Energies	€ 146 million	+5 % to +15 %	-5 % to -15 % →
Generation and Trading	€ 616 million	0 % to -5 %	0 % to -5 % →
Group	€ 1,632 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



Non-operating result

in € million

	Q 1-3 2014	Q 1-3 2013
Income/expenses relating to nuclear power	-67.5	-155.4
Income from the reversal of other provisions	8.6	71.3
Disposal gains/losses	42.3	18.7
Addition to the provision for onerous contracts relating to electricity procurement agreements	-345.9	-181.9
Restructuring	-16.6	-9.1
Other non-operating result	-1.5	-27.0
Non-operating EBITDA	-380.6	-283.4
Impairment losses	-1,233.8	-0.7
Non-operating EBIT	-1,614.4	-284.1
Non-operating investment result	-3.2	-34.2
Non-operating financial result	0.1	-65.8
Non-operating income taxes	468.1	100.7
Non-operating group net loss	-1,149.4	-283.4
of which loss/profit shares attributable to non-controlling interests	(-28.4)	(-1.4)
of which loss/profit shares attributable to the equity holders of EnBW AG	(-1,121.0)	(-282.0)

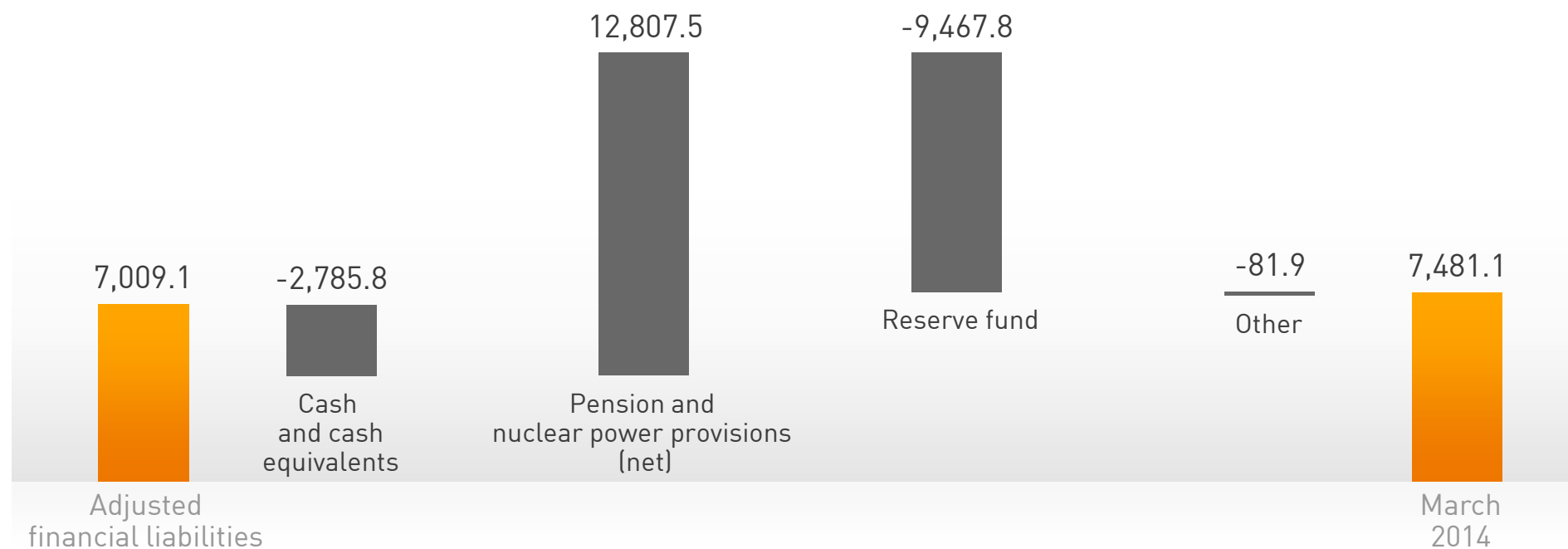
¹ The figures of the comparable period have been restated

Calculation of adjusted net debt



Adjusted Net Debt

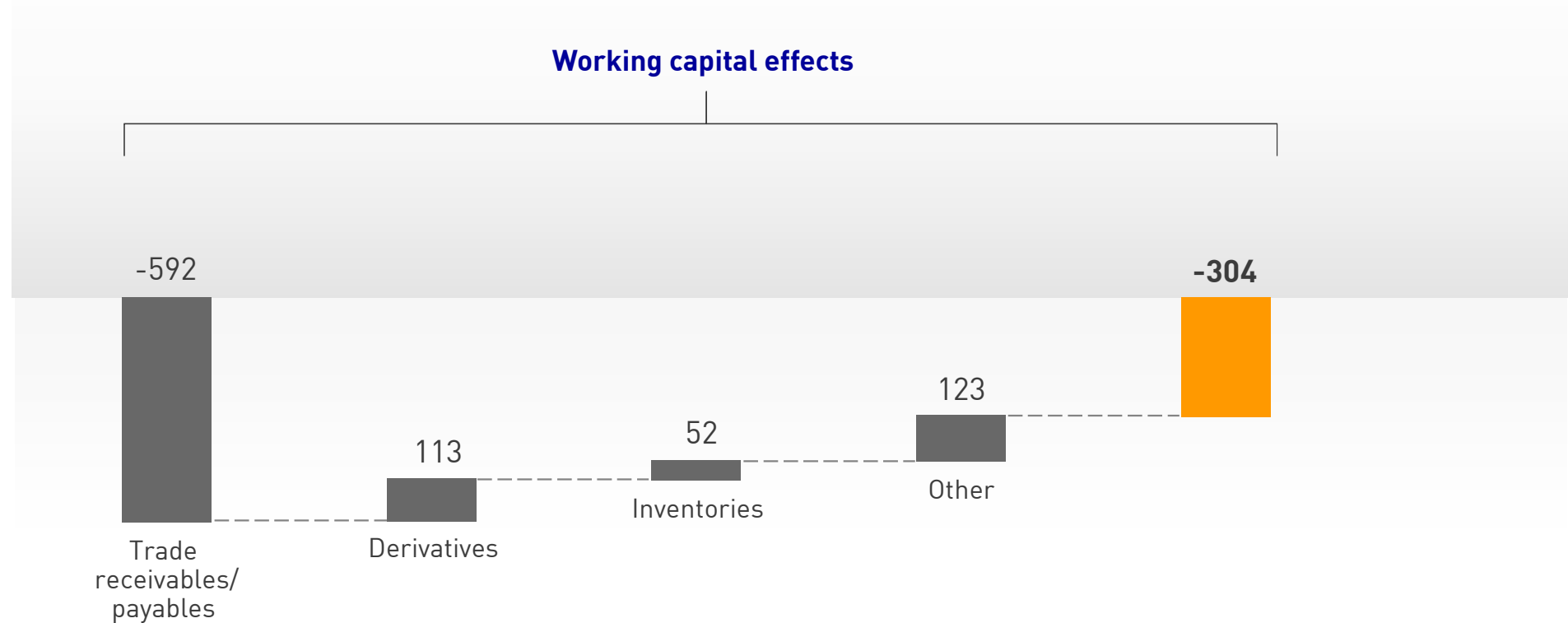
in € million



Change in working capital mainly due to decrease in trade receivables/payables

Change in working capital Q1-3 2014

in € million



Income statement



Income

in € million¹

	Q 1-3 2014	Q 1-3 2013	Variance
Revenue	15,466.5	15,607.4	-140.9
Changes in inventories/own work capitalised	84.1	51.0	33.1
Cost of materials	-12,968.4	-12,899.2	-69.2
Personnel expenses	-1,189.4	-1,156.1	-33.3
Other operating expenses/income	-141.2	-63.8	-77.4
EBITDA	1,251.6	1,539.3	-287.7
Amortisation and depreciation	-1,899.8	-670.7	-1,229.1
EBIT	-648.2	868.6	-1,516.8
Investment and financial result	-381.8	-451.8	70.0
EBT	-1,030.0	416.8	-1,446.8
Income tax	292.5	-112.3	404.8
Group net profit	-737.5	304.5	-1,042.0
of which profit shares attributable to non-controlling interests	(33.1)	(70.4)	-37.3
of which profit shares attributable to EnBW AG	(-770.6)	(234.1)	-1,004.7

¹ The figures of the comparable period have been restated

Cash flow statement



Free cash flow

in € million

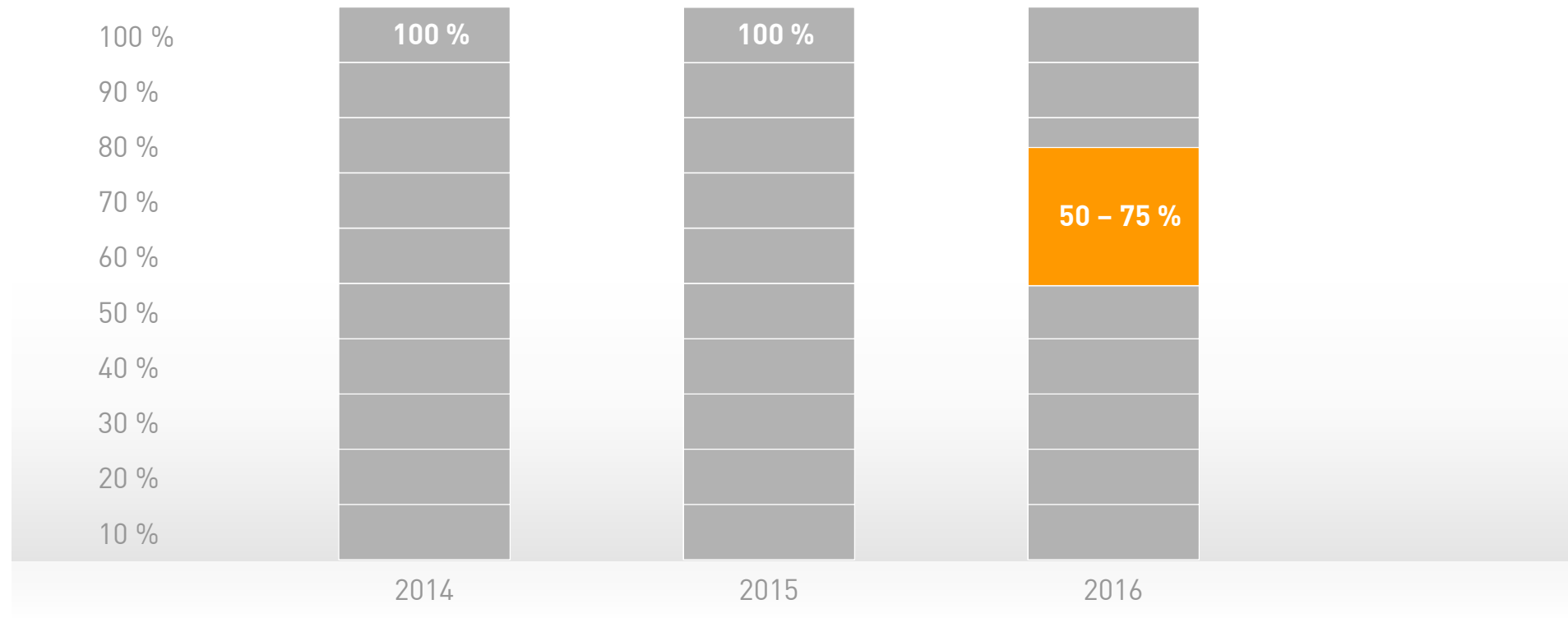
	Q 1-3 2014	Q 1-3 2013	Variance in %
Operating cash flow	1,467.2	1,216.5	20.6
Change in assets and liabilities from operating activities	-304.1	86.4	-
Interest and dividends received	211.2	304.0	-30.5
Interest paid for financing activities	-191.8	-150.3	27.6
Funds from Operations (FFO)	1,182.5	1,456.6	-18.8
Change in assets and liabilities from operating activities	304.1	-86.4	-
Capital expenditures on intangible assets and property, plant and equipment	-1,049.4	-605.5	73.3
Cash received from disposals of intangible assets and property, plant and equipment	139.9	73.3	90.9
Cash received from construction cost and investment subsidies	54.2	51.1	6.1
Free cash flow	631.3	889.1	-29.0

Hedge levels



Hedge levels¹

in %



¹ As of 30 September 2014

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



Commercial paper programme

- > **€ 2.0 bn**
(undrawn as of 30 Sept 2014)

Syndicated loan facility

- > **€ 1.5 bn**
(undrawn as of 30 Sept 2014)

Bilateral short-term lines o. credit

- > **€ 503 m**
(undrawn as of 30 Sept 2014)

Euro Medium Term Note prog.

- > **€ 7.0 bn**
(€ 4.2 bn utilised as of 30 Sept 2014)

Other measures

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

Details of the syndicated loan facility:

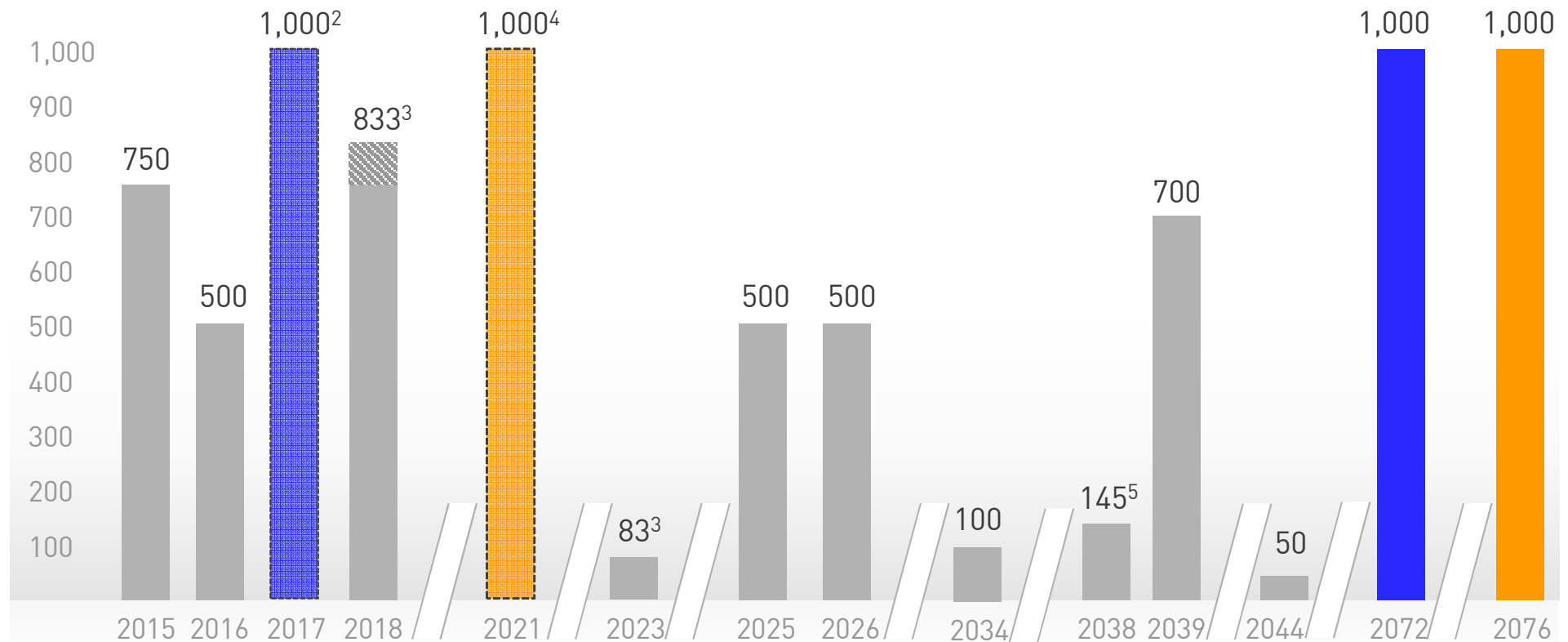
- > As of 21 July 2014 reduced facility amount of € 1.5 bn until July 2019
- > Prolongation option in 2015 respectively 2016 for a further year each until July 2021 at the latest
- > Fixed margin

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



Maturities of EnBW's bonds

in € million¹



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

- > **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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