

# Quarterly Financial Report >

January to  
March 2014



# Key figures

## EnBW Group

€ millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013	Variance %	01/01– 31/12/2013
<b>Revenue</b>				
Sales	2,691.5	2,824.9	-4.7	9,568.4
Grids	1,472.4	1,282.9	14.8	5,707.6
Renewable energies	103.8	94.9	9.4	372.3
Generation and trading	1,365.2	1,557.7	-12.4	4,888.3
Other/consolidation	4.1	4.8	-14.6	8.2
<b>External revenue, total</b>	<b>5,637.0</b>	<b>5,765.2</b>	<b>-2.2</b>	<b>20,544.8</b>
Adjusted EBITDA	744.8	877.2	-15.1	2,224.7
EBITDA	746.4	879.3	-15.1	1,999.7
Adjusted EBIT	524.7	659.3	-20.4	1,339.5
EBIT	526.3	661.4	-20.4	1,024.1
Adjusted Group net profit <sup>2</sup>	292.5	415.8	-29.7	462.3
Group net profit <sup>2</sup>	294.7	443.0	-33.5	51.0
Earnings per share from adjusted Group net profit <sup>2</sup> in €	1.08	1.54	-29.9	1.71
Earnings per share from Group net profit <sup>2</sup> in €	1.09	1.64	-33.5	0.19
Cash flow from operating activities	534.2	298.0	79.3	1,919.1
Free cash flow	181.6	254.6	-28.7	1,168.2
Capital expenditures	446.8	143.8	-	1,108.3

## Energy sales of the EnBW Group

Billions of kWh	01/01– 31/03/2014	01/01– 31/03/2013	Variance %	01/01– 31/12/2013
Electricity	31.1	33.5	-7.2	128.0
Gas	37.1	38.0	-2.4	100.0

## Employees of the EnBW Group

Number <sup>1, 3</sup>	31/03/2014	31/03/2013	Variance %	31/12/2013
Employees	19,857	19,906	-0.2	19,844

<sup>1</sup> The figures for the comparative periods have been restated.

<sup>2</sup> In relation to the profit/loss shares attributable to the equity holders of EnBW AG.

<sup>3</sup> Number of employees excluding apprentices/trainees and excluding inactive employees.

# At a glance

## **We set the course for the future of EnBW in 2013.**

Our EnBW 2020 programme will ensure we assert our position as one of Germany's largest energy supply companies, while at the same time actively promoting the German Energiewende.



We currently supply electricity, gas, water and energy-related products and services to approximately 5.5 million customers. In order to remain the first point of contact for energy issues, we are focusing on our strategic objective of “customer proximity” and responding to the growing demand for local and sustainable energy-related solutions with new products and services.

We are in the process of redesigning our generation facilities and grids to become the “engine room of the German Energiewende” – first and foremost by expanding the use of wind power and hydro-power and, with the aid of our grid subsidiaries, increasingly integrating renewable energies into the energy system.

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### Disclaimer

This report has been prepared for information purposes only. It does not constitute an offer or an investment recommendation. EnBW undertakes no obligation whatsoever to update the information and forward-looking statements in this report. More explanations are provided on page 46.

## Significant financial developments

- > In the first three months of 2014, adjusted EBITDA reached €744.8million, which was 15.1% lower than the figure posted for the same period in the previous year. This was principally due to the result in the generation and trading segment. The adjusted EBITDA in this segment fell by 23.8% to €373.5million. Overall, the earnings trend is in line with our expectations.
- > In terms of the non-operating result, the positive and negative changes largely cancelled each other out; the non-operating EBITDA stood at €1.6million.
- > The adjusted Group net profit attributable to the equity holders of EnBWAG fell by 29.7% to €292.5million.
- > EnBW substantially increased its volume of investment in the first quarter of 2014 in accordance with the guidelines in the EnBW 2020 strategy to €446.8million. This investment was mainly focussed in the generation and trading segment.

# Highlights from January to April 2014

## January

### terrane**ts** bw starts construction of the North Black Forest Pipeline

The company terrane**ts** bw started construction of the new gas pipeline for Baden-Württemberg. The "North Black Forest Pipeline" will initially transport natural gas from Au am Rhein towards Ettlingen from the end of 2014 and then further into the metropolitan area of Pforzheim/Stuttgart by the end of 2015. This natural gas pipeline will thus make an important contribution to supply reliability in Baden-Württemberg.

## February

### EnBW and Borusan issue the largest contract in the history of the Turkish wind energy market

In Istanbul, EnBW and Borusan gave the green light for the further development of five wind farm projects by the German-Turkish joint venture Borusan EnBW Enerji. In addition, a contract was signed with Vestas – one of the world's foremost manufacturers of wind turbines – for a wind farm portfolio totalling 207 MW, which will be realised as part of further development work undertaken in various projects. The joint award of the wind farm



portfolio marks the biggest onshore contract issued by EnBW to date and also the largest in the history of the Turkish wind energy market.

### The world's largest transformer using bio-oil starts operating in Bruchsal

In Bruchsal, TransnetBW and Netze BW started operating the new transformer station "Bruchsal-Kändelweg". The principle component is a high-voltage transformer, which converts the incoming 380 KV to 110 KV. It is insulated exclusively using vegetable oil and is thus the largest transformer of its type in the world. Alongside the advantages this offers in the areas of the environment and fire protection, bio-oil transformers have a higher overload capacity and thus deliver added value in the field of grid security.

share. For the transitional period up to the beginning of 2019, an operating company will also be founded in which Netze BW will have a majority shareholding. The partners were successful in competition with a number of other consortia who had bid in the process.



## April

### "Energy Report" ensures transparency in electricity consumption

In a pilot project, 100,000 customers of EnBW received a so-called "Energy Report" for the first time. This details the customer's current consumption data and also shows reference data as a comparison. At the same time, customers also receive tailor-made energy tips in areas relevant to them. This is the first service of its kind provided by an energy company in Germany.



## March

### New hybrid bond issued

EnBW has utilised the favourable market conditions to successfully issue a hybrid bond with a total volume of € 1 billion. The subordinated bond has a term to maturity of approximately 62 years and includes the option for EnBW to make early repayment of the bond. Based on its terms and conditions, the bond will be partially recognised as equity by the rating agencies. This supports the good credit standing of EnBW.

### Stuttgart votes for a cooperation model with EnBW

The Municipal Council of the City of Stuttgart agreed by a large majority to the cooperation model presented by Netze BW and Stadtwerke Stuttgart. The model envisages the gradual development of a fully fledged, independent network operator, in which Stadtwerke Stuttgart will have a 74.9% and Netze BW a 25.1%

# EnBW on the capital market

The EnBW Group is currently in a phase of realignment, which is designed to meet the challenges and opportunities presented by the new energy concept in Germany, the German Energiewende. Safeguarding the company's financial stability and good standing on the capital market is hugely significant in this process. In the middle of March, EnBW issued a hybrid bond with a total volume of €1 billion. The continuous capital market communication by EnBW supports its good position on the capital market.

## Established issuer on the debt capital market

We secure financing for the business activities of EnBW through equity financing, our strong internal financing capabilities and the utilisation of a variety of short and long-term debt financing solutions. The company thus has sufficient and flexible access to the capital market at all times.

The EnBW bonds have a well-balanced maturity profile. In the 2014 financial year, there are no bonds due for repayment. EnBW constantly analyses and assesses the latest developments on the capital market with regards to current interest rates and refinancing costs in order to take advantage, where appropriate, of a favourable climate on the capital market for the issuing of bonds.

As a result, EnBW issued a hybrid bond in the middle of March 2014. The subordinated bond with a total volume of €1 billion has a term to maturity of approximately 62 years, while it also includes the option for EnBW to make early repayment of the bond. Based on the terms and conditions of the bond, it is being recognised partially as equity by the rating agencies. This further supports the good credit standing of EnBW (■ The EnBW Group > Financial position > p. 16).

In their recent rating assessments, the rating agencies confirmed the A ratings issued to EnBW (Standard & Poor's A-/outlook stable, Moody's A3/outlook negative and Fitch A-/outlook stable). The current ratings reflect the sound financial profile of EnBW and the consistent implementation of our package of measures.

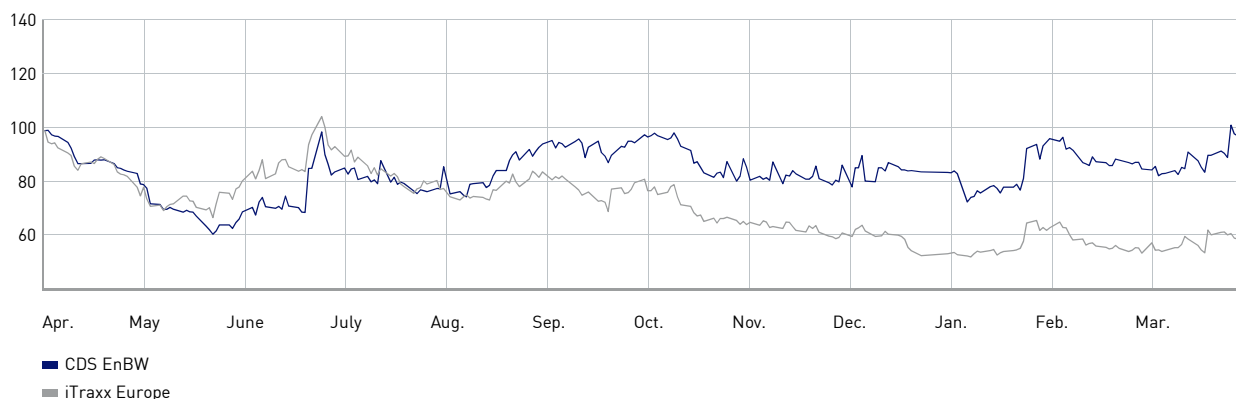
In addition to the key performance indicators used by the rating agencies, the dynamic leverage ratio (adjusted net debt/adjusted EBITDA) constitutes another central financial performance indicator used by EnBW. EnBW has set itself the goal of achieving a dynamic leverage ratio of less than 3.3; this key indicator stood at 3.28 at the end of the 2013 financial year. EnBW is aiming to reduce its net debt even further.

## Development of the five-year credit default swap (CDS) for EnBW

The 2013 financial year was characterised by the interest rate policy followed by the European Central Bank, especially its commitment to orientate its activities towards rescuing the euro.

The associated reduction in perceived risk and the intense search for investments capable of generating returns in a global low interest rate environment were reflected in a noticeable reduction in the risk premiums amongst the 125 largest European companies, measured according to the iTraxx Europe Index. The risk premiums of the German energy suppliers including EnBW only benefited from this positive development to a below-average extent. This positive market trend did not continue in the first quarter of 2014. Both the EnBW risk premium and the index increased slightly more or less in line with one another.

Performance of the Credit Default Swaps April 2013 to March 2014 in %



## Share and shareholder composition

Our two major shareholders, the Federal State of Baden-Württemberg (indirectly via NECKARPRI-Beteiligungsgesellschaft mbH) and OEW Energie-Beteiligungs GmbH have each held 46.75% of the share capital in EnBW AG since 6 July 2012. The overall shareholder composition as of 31 March 2014 breaks down as follows:

Shareholders of EnBW AG in %<sup>1</sup>

OEW Energie-Beteiligungs GmbH	46.75
NECKARPRI-Beteiligungsgesellschaft mbH	46.75
Badische Energieaktionärs-Vereinigung	2.45
Gemeindeelektrizitätsverband Schwarzwald-Donau	0.97
Neckar-Elektrizitätsverband	0.63
EnBW Energie Baden-Württemberg AG	2.08
Free float	0.39

<sup>1</sup> The figures do not add up to 100% due to rounding differences.

As a result of the small proportion of EnBW AG shares in free float and the very limited trading volumes in our shares as a result, the EnBW stock market price is only subject to minor fluctuations. The stock market price on 31 March 2014 stood at € 27.44.

## Dialogue with the capital market

EnBW engages in continuous and open dialogue with capital market participants in order to ensure investors, analysts and rating agencies maintain their trust in the company at all times. Before the hybrid bond was issued, EnBW hosted an Internet road show for institutional investors at the beginning of March 2014. During the course of the year, EnBW will hold its annual Banking Day in May and its Capital Market Day on 1 October 2014. In addition, the company will issue its Factbook 2014 in the fourth quarter of the year.

## Business activity and economic environment

As an integrated energy company, the EnBW Group operates along the entire value chain, offering an extensive portfolio of services. Following the EnBW 2020 strategy, the company is orientating itself to the German Energiewende and opening up long-term growth options. Electricity prices on the wholesale market continue to fall, which has weakened the viability of conventional power plants. The amendment to the German Renewable Energies Act (EEG) sets important parameters for the future corporate development of the company.

### Business activity

With its strong roots in Baden-Württemberg, EnBW ranks among the most important energy supply companies and energy service providers in Germany and Europe. As an integrated energy company, the EnBW Group operates along the entire value chain, offering an extensive portfolio of services. With a workforce of around 20,000 employees, the company supplies electricity, gas, water and energy-related products and services to approximately 5.5 million customers.

Business operations are divided into four segments.

- The **sales segment** encompasses the sale of electricity and gas, as well as the provision of energy-related services such as invoicing services or energy supply contracting and energy-saving contracting.
- The **grids segment** includes the transmission and distribution of electricity and gas, the provision of grid-related services – for instance the operation of grids for customers – and water supply services.
- The company's activities in the area of power generation from renewable energy sources – above all using wind power and hydropower – are combined under the **renewable energies segment**.
- The **generation and trading segment** includes power generated from other sources, trading in electricity, the gas midstream business (grid gas level) and waste disposal activities.

**Other/consolidation** includes EnBW AG and other activities which are not otherwise allocated to the separately presented segments.

### Heterogeneous market structures

EnBW operates on three different market levels. The business activities carried out by EnBW in the highly competitive wholesale markets include electricity generation, procurement of primary energy sources and CO<sub>2</sub> allowances, as well as electricity trading. An efficient and flexible generation and procurement portfolio is a key factor for success in this area. The regulated markets are characterised by political, legal and regulatory requirements. This applies to our grids and to renewable energies, above all onshore and offshore wind power and hydropower. Customer-focused energy consultation, as well as services relating to the efficient use of energy and local energy systems, are becoming increasingly important on the end customer markets.

### Corporate strategy

The German Energiewende and its associated political and regulatory consequences have fundamentally transformed the energy landscape. As a major player in the German Energiewende, EnBW aims to take advantage of the opportunities arising from the changing energy market and thereby clearly differentiate itself from the competition. This requires a broad restructuring of the business portfolio, which was already initiated last year within the framework of the EnBW 2020 strategy. Our new focus is characterised by a more consistent orientation towards customer requirements, as well as by the expansion of renewable energies and the grid infrastructures required for them.

**Significant restructuring of the business portfolio:** The share of our generation capacity accounted for by renewable energies is set to more than double from today's 19% to over 40% by 2020. For example, we aim to boost our onshore wind farm capacity from 186 MW to around 1,750 MW. Offshore wind power represents a further opportunity for growth. As a result of our considerable investments in the



expansion of the grid, we will be making a material contribution to providing the infrastructure required by the energy system. Innovative products will form another important pillar of our business. The restructuring of our business portfolio will increase the overall share accounted for by stable and regulated grid business and renewable energies to more than 70% by 2020. This will make our business risk profile significantly more robust as a result.

**Extensive investments and divestitures:** We plan to invest €14.1 billion in total by 2020. In this context, our focus will be placed on expanding wind power and hydropower on an industrial scale. Moreover, we will also concentrate on the targeted expansion of our transportation and distribution grid, all the way through to so-called “smart grids”. On a regional basis, starting from our core market of Baden-Württemberg, we will be focusing our growth activities on Germany, Austria, Switzerland and Turkey. In order to create the financial scope for these extensive investments, we have considerably extended our divestiture programme – with conventional divestitures and cash flow from financial participation models, as well as the disposal of assets and subsidies – to around €5.1 billion.

**Two operating models:** Customers are at the heart of the EnBW 2020 strategy. Consistent innovation management, shorter development times for new products and services and balanced partnership models will become key components of our operating model “customer proximity”. EnBW aims to establish advantages over its competitors through the use of customer-specific system solutions, as well as complete solutions, innovations and a strong brand portfolio. A new innovation campus will support the rapid and forward-looking development of products. Particularly in the area of energy-related services, the intention is to supplement existing expertise and augment the product range through, amongst other things, partnerships. It is planned to expand business with and for municipal utilities and local authorities as an important business segment, primarily based on partnership cooperation models. In the management of infrastructure critical to the energy system – in the “engine room of the German Energiewende” – the features of efficiency, safety, simplicity and flexibility play important roles. EnBW relies on operational excellence, a strict focus on efficiency and cost-orientation for the achievement of defined quality standards, and standardisation. Partnerships in the area of technological developments will serve to minimise cost and risk. In addition, EnBW actively offers the opportunity to invest in grids and power plants – especially to local authorities.

**ONE EnBW:** This term stands for a performance-driven organisation, which focusses on the requirements of its customers through rapid decision-making processes and maximum efficiency. The strategic realignment of EnBW is underpinned by a new structural concept for the Group, its repositioning on the market, a new management model and

the restructuring of the financial organisation of the company. The complexity of the EnBW Group will be considerably reduced through the merger of important Group companies. The implementation of the new structure commenced on 1 August 2013 and is scheduled for completion on 1 May 2014, with retrospective economic effect as of 1 January 2014. The aim is the realisation of an exemplary integrated Group.

## Economic environment

The business performance of EnBW is influenced by a wide range of external factors. The macroeconomic environment, price trends on the markets for electricity, fuel and CO<sub>2</sub> allowances, as well as political and regulatory decisions, are factors that have a decisive influence on the corporate development of EnBW.

### Macroeconomic situation

The rate of global economic growth accelerated in the second half of 2013. The momentum for this growth came, in particular, from the industrialised countries. According to calculations made by the International Monetary Fund (IMF), the world economy grew in total by 3.0%. The IMF anticipates that there will be continued economic recovery in 2014. Indicators such as the development of industrial production, the receipt of orders or unemployment figures in important countries point to the fact that this positive trend in the world economy continued in the first quarter of 2014. For example, unemployment rates recently fell noticeably – although they still remain at high levels – in the crisis countries of Portugal, Ireland and Spain.

### Market situation for primary energy sources, CO<sub>2</sub> allowances and electricity

The overriding objective of the trading activities carried out by EnBW is to reduce the uncertainty in the generation margin that can arise as a result of price trends for primary sources of energy, CO<sub>2</sub> allowances and electricity on the wholesale markets. Therefore, EnBW uses the forward market to procure sufficient quantities of the primary energy sources and CO<sub>2</sub> allowances required for electricity generation in advance. It is also used to sell scheduled electricity production. The terms and conditions of the supply contracts agreed in previous years were decisive for the costs and income in the first three months of 2014. The price developments seen on the forward market in the first three months of 2014 will have an effect on the results for 2015 and subsequent years. This is also true on the sales side of the business for the quantities of electricity procured from the company on the forward market.

**Oil market:** Over the period from January to March 2014, oil prices (front month) fluctuated within a range of US\$ 106/bbl to US\$ 111/bbl. Following some lateral movement in January, the persistently harsh winter in the USA plus the low levels of oil production in Libya due to the

tense political situation in the country led to a temporary increase in price. The political unrest in the Ukraine and the annexation of Crimea by Russia only led to a short-term increase in price volatility. The price trend on the forward markets largely followed the price fluctuations on the spot market. The front month price was US\$ 107.76/bbl at the end of March 2014. The front year price stood at US\$ 102.38 /bbl.

**Coal market:** Following a moderate increase in the price of coal in the fourth quarter of 2013, the mild winter in Europe

and China, the devaluation of some currencies against the US dollar in emerging economies and falling freight rates on the spot market led to a drop in price in the first quarter of 2014. In addition, demand in China was not as strong as in previous years due to low macroeconomic growth rates, which was also reflected in lower imports. Overall, the supply situation on the world market remained good so that the risk premiums fell on the forward market. The front month price was US\$ 77.5/t at the end of March 2014. The front year price stood at US\$ 80.88/t.

Development of prices on the oil and coal markets	Average Q1/2014	Average Q1/2013	Average 2013
Crude oil (Brent) front month (daily quotes in US\$/bbl)	107.87	112.64	108.70
Crude oil (Brent) annual price 2015 (daily quotes in US\$/bbl)	101.56	99.04	98.42
Coal – API #2 front year price in US\$/t	82.76	98.12	88.99

**Gas market:** The supply of gas in Germany is primarily based on long-term gas import contracts. Prices essentially track the oil price with a time lag. The border price index for natural gas published monthly by the German Federal Office of Economics and Export Control (BAFA) stood at €27.68/MWh in January 2014, which was a good 2% above the December 2013 figure (€27.03/MWh) and 3% below the figure for the same month in the previous year (€28.51/MWh).

The wholesale markets such as the Dutch Title Transfer Facility (TTF) and the trading point of the NetConnect Germany (NCG) market area are other important sources of natural gas. The very mild winter in 2013/2014 was reflected in the first quarter of 2014 by correspondingly low

consumption and high gas storage levels. Against this background, the crisis in the Ukraine only led to a short-term increase in prices at the beginning of March. The average spot price on the TTF was €24.31/MWh in the first quarter of 2014, which was €3.93/MWh or approximately 14% below the price in the same period last year of €28.24/MWh.

On the forward market, the drop in prices was not as strongly pronounced as on the spot market. The average forward price for delivery in 2015 stood at €25.50/MWh for the first quarter of 2014, which was €0.96/MWh or 3.6% below the figure for the same period of the previous year at €26.46/MWh.

Development of prices for natural gas on the TTF (Dutch wholesale) in €/MWh	Average Q1/2014	Average Q1/2013	Average 2013
Spot	24.31	28.24	27.06
Delivery 2015	25.50	26.46	26.03

**CO<sub>2</sub> allowances:** Under the European emissions trading system, proof must be provided of allowances for the amount of power plant emissions. After the price of emission allowances fell significantly during the course of 2013 due to the existing oversupply of certificates, the prices for CO<sub>2</sub> allowances initially rose sharply from January 2014 to over €7/t CO<sub>2</sub> due to the EU resolution on backloading. However, prices fell again to a year low of €4.4/t CO<sub>2</sub> in March. The catalyst for this change were the significantly downgraded forecasts for verified emissions in 2013. The average price for emission allowance certificates

(EU Allowance – EUA) stood at €5.93/t CO<sub>2</sub> in the first quarter of 2014, which was around 24% above the average price for the same period in the previous year of €4.78/t CO<sub>2</sub>. In general, the price of certified emission reductions (CERs) trades largely in parallel with the price of the EUA certificates. As a result of the limited validity of CER certificates in the EU Emissions Trading Scheme, demand is, however, lower and prices are generally below those of the EUA certificates. CER prices have been considerably below €1/t CO<sub>2</sub> since the end of 2012; they have been trading laterally with a low level of volatility.

Development of prices for emission allowances/daily quotes in €/t CO <sub>2</sub>	Average Q1/2014	Average Q1/2013	Average 2013
EUA-13/EUA-14	5.93	4.78	4.69
CER-13/CER-14	0.30	0.35	0.47

**Electricity wholesale market:** In the first three months of 2014, the average price of €33.50/MWh for the immediate delivery of electricity (base load product) on the spot market of the European Energy Exchange (EEX) was around €9 or 21% lower than the average price in the same period of the previous year. Besides the mild weather conditions, it was primarily the lower running costs for power plants that contributed to the reduction in the price of electricity due to the lower prices for fuel purchases and CO<sub>2</sub> emission allowances.

On the forward market, the average price in the first three months of 2014 of €36.11/MWh for deliveries of base load product in 2015 was €6 or 14% below the level for the same period in the previous year. This reduction in price reflects the lower price of fuels – particularly coal – and CO<sub>2</sub> allowances, as well as the expectation of higher feed-in volumes from renewable energies resulting from the ongoing construction of new facilities.

Development of prices for electricity (EEX) base load product in €/MWh	Average Q1/2014	Average Q1/2013	Average 2013
Spot	33.50	42.27	37.78
Delivery 2015	36.11	42.06	38.67

**Prices for retail and industrial customers:** According to the latest BDEW estimates from November 2013, the average monthly electricity bill for a household with an annual consumption of 3,500 kWh amounted to €84.12 in 2013 (2012: €75.51). Taxes and levies account for 50% of this price. This price increase was largely attributable to higher cost allocations under the German Renewable Energies Act (EEG) and the offshore liability levy that was newly introduced in 2013. In addition, the levy introduced by the German government in accordance with Article 19 of the German Electricity Network User Charges Ordinance (Netzentgeltverordnung StromNEV) doubled.

Many charges are also set to rise further in 2014. Along with another sharp increase in EEG cost allocations, the combined heat and power (CHP) levy will also push up costs, along with the newly introduced levy for interruptible loads. A reduction in the levy applied in accordance with Article 19 of the Electricity Network Charges Ordinance (StromNEV) will lower costs. As a result of lower procurement costs, EnBW will be able to keep electricity and gas prices stable for most customers well into 2014. Thermal energy storage applications are an exception as prices rose in this area by between 2.1% and 2.4% at the turn of the year 2013/2014.

In November 2013, the BDEW calculated an average price including electricity taxes of 15.02 ct/kWh in 2013 for industrial customers receiving a medium-voltage supply. This represents an increase of 4.8% in comparison with the value for the previous year of 14.33 ct/kWh.

According to calculations by the German Federal Statistical Office, natural gas prices for private households had risen by 0.6% compared to the same month in the previous year; in contrast, the price of natural gas for industrial customers fell by 4.0%.

## Political environment

### European energy policy

**Domestic European energy market:** At the end of the current term of the EU Commission and the European Parliament, the revision of the European law on state aid and the investigation initiated against Germany with regards to state aid remained central political issues. The EU Commission wants to drastically reduce exemptions from the EEG surcharge for energy-intensive businesses and force the German government to design a significantly more market-oriented system for promoting renewable energies.

Initial concerns that the EU Commission would demand the payment of these surcharges in full by those energy-intensive businesses who were initially exempt from the surcharge did not materialise. The EU guidelines on state aid for environment and energy published at the beginning of April proved to be less stringent than the decisions taken shortly beforehand by the German government within the framework of the amendment to the EEG. Therefore, the EU guidelines will not require any additional amendments to the EEG in Germany.

However, the guidelines may have an effect on the design of a new energy market. Key phrases such as “capacity markets”, “capacity mechanisms” or “strategic reserves” are being used more and more frequently to discuss tools for the purpose of counteracting any possible shortage in supply from conventional generation capacities. As a first step, the EU Commission is calling for member states to conduct a careful analysis and prognosis of whether this shortage in supply could actually occur. This step is designed to prevent interventions into the market for no good reason. In the second stage, the EU Commission has kept their promise and formulated the guidelines in such a way that the establishment of non-market surcharge mechanisms for financing new conventional power plant capacities are tightly limited. The German government has announced that they will present their proposals on this subject by the autumn.

**Climate and energy policy framework for 2030:** In January, the EU Commission published its proposals for the 2030 policy for climate and energy. This states that the binding targets set for reducing greenhouse gas emissions (-40%) and for increasing the share of renewable energy in total energy consumption (at least 27%) will continue to be pursued. In terms of the expansion in renewable energies, the proposals – in contrast to the previous policies – do not contain any binding national targets and also do not include any minimum target for the share of consumption accounted for by renewable energies in the transport sector. It has been announced that proposals for further measures in the area of energy efficiency will be published in the autumn – although there is little probability that binding targets will be imposed. The introduction of a governance framework that obligates member states to present comprehensive energy action plans is designed to promote stronger cross-border cooperation, as well as the fulfilment of these different targets.

The member states must now initially agree on the basic features, and especially on the targets, before the EU Commission presents concrete legislative proposals. However, there remain fundamental differences of opinion about the necessary objectives. The aim is to reach some agreement by October at the latest. Although EnBW generally welcomes the proposed climate targets, it nevertheless considers the guidelines on renewable energies to be insufficient to guarantee that all member states contribute reliably and with equal effort.

**Emissions trading:** As a result of the marked decline in emission allowances, proposals continue to be discussed at an EU level for strengthening emissions trading. The highly controversial proposals to introduce legislation for creating a temporary shortfall in tradable CO<sub>2</sub> allowances (backloading) were passed at the beginning of 2014 and came into force in March.

Alongside setting targets for reducing CO<sub>2</sub> emissions by 2030, the EU Commission also presented its proposals for the extensive reform of the Emissions Trading Directive. While the proposed goal of reducing greenhouse gas emissions by 40% within the EU in comparison to the reference year of 1990 is generally a welcome step along the path to decarbonisation by 2050, the proposal for the reform of the Emissions Trading Directive is not yet sufficient in the view of EnBW to substantially support emissions trading in the short-term. Therefore, EnBW is in favour of the complete removal of at least 1.4 billion emission allowance certificates, or at the very least the early introduction of stability mechanisms with the immediate adoption of the reduced quantity of certificates as a result of backloading. Although the legislative process for amending the Emissions Trading Directive has already begun, it is not likely that the process will be completed before the end of 2015/2016.

**Financial services legislation:** The intensive negotiations in the legislative process for the Markets in Financial Instruments Directive led to an agreement between the European Parliament and the member states that will have a positive impact on the energy sector. It is thus expected that the majority of trading activities will generally fall outside of the directive's scope of application or they will be generally exempted. However, the individual conditions still need to be defined in more detail at a later stage. The regulations still require formal ratification by the European Parliament and the EU member states in the Council of Ministers.

Current legislative procedures relating to the introduction of a European transaction tax still need to be followed closely. Depending on how these procedures are structured, energy trading transactions might also incur charges.

**Nuclear safety:** The EU Commission published its proposal to amend the directive on nuclear safety on 13 June 2013. It thereby aims to further accelerate the process of introducing EU-wide safety objectives. These targets aim to significantly reduce risks and ensure that the population and the environment are protected. The draft version includes numerous critical items that had already been discussed in advance of the proposal's publication. It remains questionable whether the planned approval of the proposals by spring 2014 can still be achieved.

Furthermore, subsequent to the approval of the directive on nuclear safety, a non-legislative communication on liability and off-site emergency preparedness in the nuclear sector was announced.

## German energy policy

**German Energiewende/amendment to the German Renewable Energies Act (EEG):** The implementation of the German Energiewende was also a key topic for the German government in the first quarter of 2014. In particular, the focus of the political agenda was the further expansion of renewable energies and the future design of the energy market. The new German government started work on the amendment to the German Renewable Energies Act (EEG) and agreed key features of the reform of the EEG during the government conclave in Meseberg on 22 January. The draft bill of the law was published and presented to the relevant associations and German Federal States for their comments on 4 March. EnBW also submitted a policy document for reform of the EEG. The German Federal Cabinet ratified the law on 8 April, and the subsequent parliamentary process should be completed by the beginning of July 2014. The key features of the amendments to the law are effective control of volumes generated by the further expansion of renewable energies, as well as improved cost efficiency through the reduction in rates of remuneration together with new degression schedules. The amended law aims to limit the yearly increase from onshore wind energy to a maximum of 2,500 MW and provide stricter controls on remuneration in the form of a “breathable cap”, analogue to the existing mechanism for the promotion of photovoltaics. The validity of the so-called “acceleration model” in the area of offshore wind energy will be extended by two years to the end of 2019; growth in this area is to be limited at the same time to around 6.5 GW by a new capacity allocation process. Other important parts of the law are the revision of the compensation scheme specially set up for energy-intensive industrial operations and regulations dealing with their own power generation.

Despite the growing share accounted for by renewable energies, it will be the conventional power plants that will be required to stabilise the energy supply in the future. At the same time, an increasing number of conventional power plants can no longer be operated economically. In order to prevent the closure of system-relevant power plants, the law intends to oblige operators to maintain the operational readiness of these facilities as reserve power plants. In this context, the power plant operator has a right to be reimbursed for certain costs that accumulate as a result of this obligation. The precise scope of the cost reimbursements will be defined in cooperation with the BNetzA. For the energy supply companies, the reimbursement of the full costs, including the returns on their invested capital, will be necessary because the financial burden will soon become intolerable for companies in the sector. Overall, the success of the German Energiewende depends on what will be decided in this context. EnBW will be unable to make further investment decisions until there is sufficient confidence about future energy policy conditions.

**Ultimate storage:** A joint government/federal state commission has been tasked with developing the foundations for selecting sites by 2015. In addition, transports from the reprocessing plant to the Gorleben interim storage site are to be discontinued. The decentralised interim storage facilities to which waste can be brought instead must still be clarified at a political level.

**Integrated energy and climate protection concept for Baden-Württemberg:** A formal hearing of German associations on the issue of the state government’s Integrated Energy and Climate Protection Concept (IEKK) has taken place. The state parliament will also have the opportunity of making a statement on the concept in due course. The final approval of the IEKK by the Council of Ministers is due to be issued before the summer recess.

## Regulation of the electricity and gas markets

**Gas network development plan 2013:** The Association of Gas Transmission System Operators in Germany published its final Network Development Plan (NDP) 2013 on 18 March. In December 2013, the German Federal Network Agency (BNetzA) confirmed the plan but with a series of amendments. The amendments focussed on projects in NDP 2012 that had been subsequently adapted or deleted by the transmission system operators in NDP 2013. In a number of cases, the Federal Network Agency insisted that these projects were also included in NDP 2013 as originally stated in NDP 2012.

In April 2014, the Association of Gas Transmission System Operators in Germany submitted the Network Development Plan 2014 (NDP 2014) to the BNetzA. The draft version of NDP 2014 contains more than 50 measures for expanding the national gas infrastructure over the next 10 years and is based on the scenario confirmed by the BNetzA in October 2013. The volume of investment for the planned expansion comes to around €1.8 billion up to 2019 and will rise to a total of €3.1 billion by 2024. In particular, major expansion measures are planned in the south-east and north-west of Germany.

# The EnBW Group

In the first three months of 2014, adjusted EBITDA totalled € 744.8 million, which is 15.1% lower than the figure posted in the previous year. Earnings were significantly influenced by valuation effects from derivatives, which had made a positive contribution to the adjusted EBITDA in the previous year. This effect will lose its importance during the remainder of the year. Overall, our earnings trend is thus in line with our expectations.

## Result of operations

### Unit sales and revenue

Electricity sales of the EnBW Group 01/01–31/03/2014 in billions of kWh	Sales	Grids	Renewable energies	Generation and trading	Total
Retail customers (B2C)	4.9	0.0	0.0	0.0	4.9
Industry and redistributors (B2B)	8.1	0.0	0.0	0.5	8.6
Trade	0.1	2.7	1.0	13.8	17.6
<b>Total</b>	<b>13.1</b>	<b>2.7</b>	<b>1.0</b>	<b>14.3</b>	<b>31.1</b>

Electricity sales of the EnBW Group 01/01–31/03/2013 in billions of kWh	Sales	Grids	Renewable energies	Generation and Trading	Total
Retail customers (B2C)	5.4	0.0	0.0	0.0	5.4
Industry and redistributors (B2B)	8.9	0.0	0.1	0.4	9.4
Trade	0.1	1.9	0.8	15.9	18.7
<b>Total</b>	<b>14.4</b>	<b>1.9</b>	<b>0.9</b>	<b>16.3</b>	<b>33.5</b>

The electricity sales of the EnBW Group fell by 7.2% to 31.1 billion kWh in the first quarter of 2014 in comparison to the same period in the previous year. This occurred in an environment of persistently intense competition and was also influenced by the mild weather conditions. In the retail customer business (B2C), electricity sales fell by 9.3% to

4.9 billion kWh. Electricity sales from B2B business with industrial customers and redistributors stood at 8.6 billion kWh, down 8.5% in comparison to the figure for the same period in the previous year. Electricity sales to the trade fell by 5.9% to 17.6 billion kWh.

Gas sales of the EnBW Group 01/01–31/03/2014 in billions of kWh	Sales	Generation and trading	Total
Retail customers (B2C)	3.8	0.0	3.8
Industry and redistributors (B2B)	18.9	0.0	18.9
Trade	0.2	14.2	14.4
<b>Total</b>	<b>22.9</b>	<b>14.2</b>	<b>37.1</b>



Gas sales of the EnBW Group 01/01–31/03/2013 in billions of kWh	Sales	Generation and trading	Total
Retail customers (B2C)	4.2	0.0	4.2
Industry and redistributors (B2B)	19.9	0.0	19.9
Trade	0.1	13.8	13.9
<b>Total</b>	<b>24.2</b>	<b>13.8</b>	<b>38.0</b>

The gas sales of the EnBW Group in the first quarter of 2014 fell 2.4% below the figure for the same period in the previous year at a total of 37.1 billion kWh. In the retail customer business (B2C), gas sales fell due to the mild winter by 9.5% to 3.8 billion kWh, while in business with industry and

redistributors (B2B) there was a downturn in sales of 5.0% to 18.9 billion kWh. Nevertheless, after adjustments for temperature it was still possible to increase gas sales. The sales of gas to the trade also increased by 3.6% to 14.4 billion kWh.

External revenue of the EnBW Group by segment in € millions <sup>1,2</sup>	01/01– 31/03/2014	01/01– 31/03/2013	Variance %	01/01– 31/12/2013
Sales	2,691.5	2,824.9	-4.7	9,568.4
Grids	1,472.4	1,282.9	14.8	5,707.6
Renewable energies	103.8	94.9	9.4	372.3
Generation and trading	1,365.2	1,557.7	-12.4	4,888.3
Other/consolidation	4.1	4.8	-14.6	8.2
<b>Total</b>	<b>5,637.0</b>	<b>5,765.2</b>	<b>-2.2</b>	<b>20,544.8</b>

<sup>1</sup> The figures for the comparative periods have been restated.

<sup>2</sup> After deduction of electricity and energy taxes.

The EnBW Group achieved external revenue, including electricity and energy taxes, of €5,871.2 million in the reporting period. After deducting these taxes, revenue stood at €5,637.0 million, which is 2.2% lower than the figure for the previous year.

**Sales:** In the sales segment, revenue fell in the first three months of 2014 in comparison to the same period in the previous year by 4.7% to €2,691.5 million. This fall in revenue is primarily due to the lower sales volumes in the electricity and gas sectors.

**Grids:** Revenue in the grid segment rose by 14.8% to €1,472.4 million in the first quarter of 2014 in comparison to the figure for the previous year. The increase in revenue is primarily due to higher EEG revenues.

**Renewable energies:** As a result of increased sales volumes mainly attributable to the construction of onshore wind power plants, sales in the renewable energies segment grew by 9.4% to €103.8 million in the reporting period compared to the previous year.

**Generation and trading:** Revenue in the generation and trading segment fell by 12.4% to €1,365.2 million in comparison to the previous year. The fall in sales was mainly attributable to lower sales from conventional electricity generation, as well as the downturn in electricity prices.

## Material developments in the income statement

The balance from other operating income and other operating expenses declined from €45.4 million in the same period of the previous year to €-51.7 million in the reporting period, mainly due to derivatives. The cost of materials fell by 2.0% in line with revenue to €4,463.6 million in the first quarter of 2014 in comparison to the figure posted in the previous year, this was primarily due to the lower sales of electricity and gas. The investment result fell by €80.7 million to €32.1 million (previous year: €112.8 million) because our shareholdings in EVN AG and our Hungarian investments were transferred into a Contractual Trust Arrangement (CTA). The financial result improved in the reporting period due to capital gains and positive valuation effects in the capital reserve fund portfolio to €-104.4 million (previous year: €-132.8 million). All in all, earnings before tax (EBT) totalled €454.0 million in the first three months of the 2014 financial year compared with €641.4 million for the same period in the previous year.

## Earnings

The Group net profit attributable to the equity holders of EnBW AG stood at €294.7 million in the reporting period. This represents a decline of €148.3 million in comparison to the same period in the previous year (€443.0 million). Earnings per share amounted to €1.09 in the first three months of 2014 compared to €1.64 in the previous year.

## Adjusted earnings and non-operating result

The sustainable profitability of operating activities is of particular importance for the internal management and external communication of the current and future earnings trends of EnBW. The operating result is disclosed in the form of adjusted EBITDA – earnings before interest, tax, depreciation and amortisation adjusted for extraordinary items – which we use as a key reporting indicator.

Adjusted EBITDA of the EnBW Group by segment in € millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013	Variance %	01/01– 31/12/2013
Sales	48.0	24.9	92.8	227.1
Grids	277.9	314.6	-11.7	961.8
Renewable energies	42.7	54.7	-21.9	220.2
Generation and trading	373.5	490.1	-23.8	839.0
Other/consolidation	2.7	-7.1	-	-23.4
<b>Total</b>	<b>744.8</b>	<b>877.2</b>	<b>-15.1</b>	<b>2,224.7</b>

<sup>1</sup> The figures for the comparative periods have been restated.

The adjusted EBITDA for the EnBW Group reached €744.8 million in the reporting period. This represents a 15.1% decline compared with the same period in the previous year. The change in earnings resulted primarily from valuation effects from derivatives, which had made a highly positive contribution to the adjusted EBITDA in the previous year. This effect will lose its importance during the remainder of the year. EnBW's performance is thus in line with our forecast for the financial year 2014.

**Sales:** The adjusted EBITDA for the sales segment reached €48.0 million in the first three months of 2014. This represents an increase of 92.8% compared to the value for the previous year of €24.9 million. It was possible to significantly increase the result for the electricity sales business through optimisation measures in the customer portfolio as part of the implementation of the EnBW 2020 strategy. In addition, the result contains temporary effects that will subside during the course of the year. As a result of the mild winter, the result for gas sales was below the level for the same period in the previous year. This segment's share of the adjusted EBITDA for the Group rose from 2.8% in the previous year to 6.4% in the first three months of 2014.

**Grids:** The grids segment reported a reduction of 11.7% in its adjusted EBITDA to €277.9 million in the reporting period (previous year: €314.6 million). This development is mainly attributable to lower network user charges because of the reduced distribution volumes resulting from lower electricity and gas sales due to the weather conditions. Furthermore, positive extraordinary items from the

preceding regulatory period no longer applied. This segment's share of Group adjusted EBITDA increased from 35.9% in the previous year to 37.3% in the reporting period.

**Renewable energies:** The adjusted EBITDA in the renewable energies segment stood at €42.7 million in the first quarter of 2014, 21.9% below the figure in the previous year of €54.7 million. In the first instance, this decline is due to lower electricity production from run-of-river power plants as a result of low precipitation and lower water levels in the reporting period, after the more favourable operating conditions in the same period of the previous year had led to an above-average level of electricity generation. In contrast, electricity generation from wind power was above the level for the previous year due to the construction of new wind facilities. This segment's share of Group adjusted EBITDA fell from 6.2% in the previous year to 5.7% in the reporting period.

**Generation and trading:** In the generation and trading segment, adjusted EBITDA fell by 23.8% from €490.1 million in the previous year to €373.5 million in the reporting period. The reasons for this decline were primarily the decline in valuation effects from derivatives, as well as lower prices and spreads in electricity production. The segment accounted for 50.1% of the Group adjusted EBITDA, compared to 55.9% in the same period of the previous year.

**Other/consolidation:** The adjusted EBITDA stood at €2.7 million in the reporting period (previous year: €-7.1 million).



Adjusted earnings indicators of the EnBW Group in € millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013	Variance %	01/01– 31/12/2013
<b>Adjusted EBITDA</b>	<b>744.8</b>	<b>877.2</b>	<b>-15.1</b>	<b>2,224.7</b>
Amortisation and depreciation	-220.1	-217.9	1.0	-885.2
<b>Adjusted EBIT</b>	<b>524.7</b>	<b>659.3</b>	<b>-20.4</b>	<b>1,339.5</b>
Adjusted investment result	30.7	85.1	-63.9	118.2
Adjusted financial result	-105.6	-132.5	20.3	-681.7
Adjusted income taxes	-134.6	-165.1	18.5	-214.5
<b>Adjusted Group net profit</b>	<b>315.2</b>	<b>446.8</b>	<b>-29.5</b>	<b>561.5</b>
of which profit/loss shares attributable to non-controlling interests	(22.7)	(31.0)	-26.8	(99.2)
of which profit/loss shares attributable to the equity holders of EnBW AG	(292.5)	(415.8)	-29.7	(462.3)

<sup>1</sup> The figures for the comparative periods have been restated.

The decline in the adjusted investment result by 63.9% to €30.7 million (previous year: €85.1 million) in the first three months of 2014 is primarily due to the transfer of associated companies to a CTA at the end of 2013. In the adjusted financial result, the loss decreased by 20.3% to €105.6 million, up from €132.5 million, due to a positive development in the capital reserve fund portfolio as a result of capital gains and positive valuation effects.

Adjusted income taxes stood at €134.6 million in the first three months of 2014, compared with €165.1 million in the same period of the previous year. The adjusted tax rate amounted to 29.9% in the reporting period, compared with 27.0% in the previous year. Adjusted Group net profit attributable to the shareholders of EnBW AG amounted to €292.5 million in the reporting period, down by 29.7% compared with the figure for the previous year of €415.8 million.

Non-operating result of the EnBW Group in € millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013	Variance %
Income/expenses relating to nuclear power	-22.3	-10.1	-120.8
Income from the release of other provisions	0.3	7.1	-95.8
Profit/loss on disposal of non-current assets	24.6	5.3	-
Restructuring	-1.2	0.0	-
Other non-operating result	0.2	-0.2	-
<b>Non-operating EBITDA</b>	<b>1.6</b>	<b>2.1</b>	<b>-23.8</b>
Impairment losses	0.0	0.0	-
<b>Non-operating EBIT</b>	<b>1.6</b>	<b>2.1</b>	<b>-23.8</b>
Non-operating investment result	1.4	27.7	94.9
Non-operating financial result	1.2	-0.3	-
Non-operating income taxes	-0.8	-0.7	14.3
<b>Non-operating Group net profit</b>	<b>3.4</b>	<b>28.8</b>	<b>-88.2</b>
of which profit/loss shares attributable to non-controlling interests	(1.2)	(1.6)	-25.0
of which profit/loss shares attributable to the equity holders of EnBW AG	(2.2)	(27.2)	-91.9

<sup>1</sup> The figures for the comparative period have been restated.

Non-operating EBITDA fell from €2.1 million in the previous year to €1.6 million in the reporting period. Expenses in the area of nuclear energy increased in the reporting period by €12.2 million to €22.3 million. In addition, earnings from the release of other provisions fell by €6.8 million in the reporting period, while there was also €1.2 million in restructuring expenses. The €19.3 million increase in earnings from the disposal of non-current assets from grid sales as part of the re-municipalisation process and the €0.4 million increase in other non-operating earnings were not sufficient to fully compensate for these negative effects on earnings. The fall in the non-operating investment result

to €1.4 million (previous year: €27.7 million) was due to the removal of evaluation effects that were contained in the figures for the previous year. The non-operating financial result of €1.2 million in the first three months of 2014 was €1.5 million higher than the figure for the previous year. Non-operating income taxes amounted to €0.8 million in the first three months of 2014, compared with €0.7 million in the same period for the previous year. As a result, the non-operating Group net profit attributable to the shareholders of EnBW AG amounted to €2.2 million in the reporting period, compared with a net profit of €27.2 million in the previous year.

Financial performance of the EnBW group  
in € million<sup>1</sup>

	01/01–31/03/2014	01/01–31/03/2013	Change %
Adjusted EBITDA	744.8	877.2	-15.1
Non-operating EBITDA	1.6	2.1	-23.8
EBITDA	746.4	879.3	-15.1
Adjusted EBIT	524.7	659.3	-20.4
Non-operating EBIT	1.6	2.1	-23.8
EBIT	526.3	661.4	-20.4
Adjusted group net profit <sup>2</sup>	292.5	415.8	-29.7
Non-operating group net profit <sup>2</sup>	2.2	27.2	-91.9
Group net profit <sup>2</sup>	294.7	443.0	-33.5

<sup>1</sup> The figures of the comparative period have been restated.

<sup>2</sup> Pertaining to the result attributable to the shareholders of EnBW AG.

## Financial position

### Financing

Funds from operations (FFO), which amounted to €610.8 million in the first three months of 2014, are a cornerstone of the financing of EnBW.

In terms of external financing, the company has various instruments at its disposal, some of which have not been utilised to date:

- Commercial paper (CP) programme for a total of €2.0 billion (undrawn as of 31 March 2014)
- €2.0 billion syndicated credit line with a term until 2017 (undrawn as of 31 March 2014)
- Bilateral short-term credit lines (€584 million, undrawn as of 31 March 2014). The credit amount will reduce to €1.85 billion from March 2017 and be available until March 2018.
- Euro Medium Term Note (EMTN) programme with a €7.0 billion line (€3.4 billion drawn as of 31 March 2014)

In March, EnBW successfully issued a hybrid bond with a total volume of €1 billion. The subordinated bond has a term to maturity of approximately 62 years and includes the option for EnBW to make early repayment of the bond. Based on its terms and conditions, the bond will be partially

recognised as equity by the rating agencies. This supports the good credit standing of EnBW. The bond reduces the cost of capital for EnBW and thus strengthens the capital structure of the company.

The issue date was 18 March 2014 and the final repayment date is 2 April 2076. The first interest payment date is 2 April 2015. EnBW has the right to repay the bond early, for the first time on 2 April 2021 and then every 5 years afterwards. The bond has been initially given a coupon of 3.625%. EnBW also has the option of suspending interest payments. However, these interest payments must be subsequently paid if EnBW pays dividends or redeems other hybrid bonds. The bond is subordinate to all other financial liabilities but has an equal ranking with the existing hybrid bond.

There are no bonds due during the current financial year. EnBW is endeavouring to reduce net debt further. The EnBW bonds have a well-balanced maturity profile. As it can make great sense to issue a bond in a favourable capital market environment when taking into account corresponding opportunity costs, EnBW constantly analyses and assesses capital market trends with regard to the current interest rate environment and to any potentially favourable refinancing costs.

## Capital expenditures and acquisitions

The EnBW Group substantially increased its volume of investment in the first quarter of 2014 in line with the guidelines contained in the EnBW 2020 strategy. These investments stood at €446.8 million in the first three months of 2014, compared with €143.8 million in the same period of the previous year.

Within the capital expenditures on intangible assets and property, plant and equipment totalling €446.4 million (previous year: €143.1 million), around 87% was attributable to growth projects such as the Lausward Combined Cycle Gas Turbine (CCGT), the major project EnBW Baltic 2 and the expansion of the grid. The proportion of investments for replacement measures stood at around 13% in the first quarter of 2014 and was allocated to the maintenance of existing power stations and grid infrastructure. Financial investments stood at €0.4 million in the reporting period compared with €0.7 million in the same period of the previous year. After taking into account divestitures totalling €94.9 million, which were primarily due to the sale of local authority grids, net capital expenditure stood at €351.9 million. Net capital expenditure in the previous year stood at €107.5 million – after taking into account

divestitures totalling €36.3 million, which were largely due to the disposal of non-current assets, and taking construction cost subsidies into account.

The largest proportion of investments in intangible assets and property, plant and equipment in the reporting period was attributable to the generation and trading segment with 59.7% or €266.4 million, compared to €24.3 million in the same period of the previous year. Investments in the renewable energies segment of €96.6 million in the first three months of the year more than doubled in comparison to the previous year; this represented 21.6% of the total investment in intangible assets and property, plant and equipment. Investments in the grid segment of €73.0 million were slightly higher than the level in the previous year of €71.9 million. This was mainly attributable to the expansion and upgrading of the grids and the connection of facilities for the generation of renewable energies by our grid subsidiaries. The grid segment's share of the total capital expenditure by the EnBW Group declined, however, from 50.2% for the same period in the previous year to 16.4% in the reporting period. In addition, €10.4 million, or 2.3% of the total capital expenditure, was invested in strengthening sales.

Net cash investments of the EnBW Group in € millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013	Variance %	01/01– 31/12/2013
Sales	8.0	7.3	9.6	56.8
Grids	73.0	71.9	1.5	462.0
Renewable energies	96.6	38.4	–	316.5
Generation and trading	266.4	24.3	–	207.4
Other/consolidation	2.4	1.2	100.0	17.5
<b>Total capital expenditures on intangible assets and property, plant and equipment</b>	<b>446.4</b>	<b>143.1</b>	<b>–</b>	<b>1,060.2</b>
Cash paid for the acquisition of subsidiaries and entities accounted for using the equity method	0.0	0.0	–	39.2
Cash paid for the acquisition of investments <sup>2</sup>	0.4	0.7	-42.9	8.9
<b>Total investments</b>	<b>446.8</b>	<b>143.8</b>	<b>–</b>	<b>1,108.3</b>
Cash received from the disposal of intangible assets and property, plant and equipment	-71.8	-13.1	–	-172.4
Cash received from construction cost and investment subsidies	-18.8	-21.2	-11.3	-72.6
Cash received from the sale of subsidiaries and entities accounted for using the equity method <sup>3</sup>	0.0	0.0	–	-18.3
Income from the sale of equity investments <sup>2</sup>	-4.3	-2.0	115.0	-12.5
Cash received from participation models	0.0	0.0	–	-16.2
<b>Total divestitures</b>	<b>-94.9</b>	<b>-36.3</b>	<b>–</b>	<b>-292.0</b>
<b>Net (cash) investments</b>	<b>351.9</b>	<b>107.5</b>	<b>–</b>	<b>816.3</b>

<sup>1</sup> The figures for the comparative periods have been restated.

<sup>2</sup> Includes investments held as financial assets.

<sup>3</sup> Does not include cash and cash equivalents relinquished with the divestiture. These amounted to €0.0 million in the reporting period (01/01–31/03/2013: €0.0 million; 01/01–31/12/2013: €8.4 million).

## Liquidity analysis

Free cash flow of the EnBW Group in € millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013	Variance %	01/01– 31/12/2013
<b>Cash flow from operating activities</b>	<b>534.2</b>	<b>298.0</b>	<b>79.3</b>	<b>1,919.1</b>
Change in assets and liabilities from operating activities	73.4	433.7	–	-318.1
Interest and dividends received	49.4	83.9	-41.1	368.0
Interest paid for financing activities	-46.2	-18.5	149.7	-303.7
<b>Funds from operations (FFO)</b>	<b>610.8</b>	<b>797.1</b>	<b>-23.4</b>	<b>1,665.3</b>
Change in assets and liabilities from operating activities	-73.4	-433.7	–	318.1
Capital expenditures on intangible assets and property, plant and equipment	-446.4	-143.1	–	-1,060.2
Cash received from disposals of intangible assets and property, plant and equipment	71.8	13.1	–	172.4
Cash received from construction cost and investment subsidies	18.8	21.2	-11.3	72.6
<b>Free cash flow</b>	<b>181.6</b>	<b>254.6</b>	<b>-28.7</b>	<b>1,168.2</b>

<sup>1</sup> The figures for the comparative periods have been restated.

The cash flow from operating activities increased by 79.3% in the first quarter of 2014 to €534.2 million compared to the figure in the previous year of €298.0 million. Funds from operations (FFO) of €610.8 million in the reporting period reflected a 23.4% fall compared with the figure for the previous year of €797.1 million. This fall was primarily due to the drop in the adjusted EBITDA. The net balance of assets

and liabilities arising from operating activities increased at a significantly lower rate than in the same period in the previous year. This was due, in particular, to the reduction in the balance of trade receivables and payables, which was influenced, amongst other things, by the weather conditions and factors relating to the EEG. Therefore, free cash flow reduced by €73.0 million or 28.7% to €181.6 million.

Cash flow statement of the EnBW Group in € millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013	Variance %	01/01– 31/12/2013
Cash flow from operating activities	534.2	298.0	79.3	1,919.1
Cash flow from investing activities	-607.7	-260.4	133.4	-572.4
Cash flow from financing activities	1,648.1	-268.9	–	-1,509.4
<b>Net change in cash and cash equivalents</b>	<b>1,574.6</b>	<b>-231.3</b>	<b>–</b>	<b>-162.7</b>
Net foreign exchange difference	0.2	-0.6	–	-1.2
<b>Change in cash and cash equivalents</b>	<b>1,574.8</b>	<b>-231.9</b>	<b>–</b>	<b>-163.9</b>

<sup>1</sup> The figures for the comparative periods have been restated.

The cash flow from investment activities reported a cash outflow of €607.7 million in the first three months of 2014 compared with €260.4 million the year before. This growth is primarily attributable to increasing capital expenditures on intangible assets and property, plant and equipment.

Cash flow from financing activities returned an inflow of cash in the amount of €1,648.1 million in the reporting period. In the same period of the previous year, there was a cash outflow in this area of €268.9 million. This change from negative to positive in comparison to the previous year is mainly attributable to a significant increase in financial liabilities. This figure primarily includes the issuing of a hybrid bond with a volume of €1 billion and a loan from the European Investment Bank (EIB). The Group's cash and cash equivalents increased by €1,574.8 million in the reporting period.

## Net assets

As of 31 March 2014, the total assets held by the EnBW Group stood at €39,672.2 million, representing an increase of 10.9% compared with the end of 2013. In the area of non-current assets, other financial assets increased by €353.5 million to €6,753.4 million due to the purchase of securities for investment purposes. Current assets rose by €3,420.0 million to €13,580.1 million, which was primarily attributable to three effects: current trade receivables increased due to trading activities by €3,745.0 million to €4,588.6 million on the reporting date at the end of 2013. Other current assets rose by €1,066.3 million to €2,609.2 million due mainly to an increase in derivatives. Finally, cash and cash equivalents increased by €1,574.8 million to €3,999.7 million primarily as a result of

the issuing of the hybrid bond in March. The increase in assets held for sale was mainly attributable to the reclassification of distribution facilities as part of the re-municipalisation process. The equity held by the EnBW Group stood at €6,147.3 million on 31 March 2014, which was €64.6 million higher than the figure posted at the end of 2013. The equity ratio stood at 15.5% in comparison to 17.0% three months earlier. An increase in revenue reserves was offset by an increase in losses in other comprehensive income due to a reduction in the discount rate for pension provisions. A rise in non-current liabilities of €1,873.7 million to €22,960.6 million was mainly due to the issuing of the

hybrid bond and the repayment of an EIB loan for the offshore wind farm EnBW Baltic 2. Current liabilities rose in the first quarter of 2014 by €1,866.3 million to €10,422.4 million. Trade payables also grew – in line with trade receivables – by €843.4 million to €4,454.4 million due to our trading activities. In addition, other current liabilities and subsidies also rose by €1,033.6 million to €3,944.4 million due to an increase in derivatives. The increase in liabilities directly associated with assets classified as held for sale is essentially due to the reclassification of construction cost subsidies.

Balance sheet structure of the EnBW Group in € millions <sup>1</sup>	31/03/2014	31/12/2013	Variance %
Non-current assets	25,837.9	25,507.9	1.3
Current assets	13,580.1	10,160.1	33.7
Assets held for sale	254.2	90.3	–
<b>Assets</b>	<b>39,672.2</b>	<b>35,758.3</b>	<b>10.9</b>
Equity	6,147.3	6,082.7	1.1
Non-current liabilities	22,960.6	21,086.9	8.9
Current liabilities	10,422.4	8,556.1	21.8
Liabilities directly associated with assets classified as held for sale	141.9	32.6	–
<b>Equity and liabilities</b>	<b>39,672.2</b>	<b>35,758.3</b>	<b>10.9</b>

<sup>1</sup> The figures for the comparative period have been restated.

### Adjusted net debt

As of 31 March 2014, adjusted net debt was 5.5% or €403.2 million down on the figure posted at the end of 2013 to €6,868.1 million. The increase in both current financial assets and financial liabilities was mainly attributable to the issuing of a hybrid bond with a volume of €1 billion and the repayment of an EIB loan in the amount of €500 million. As 50% of the nominal value of the hybrid bond is classified as

equity and is thus recognised as a deduction by the rating agencies Moody's and Standard & Poor's, the hybrid bond has led to a reduction of €500 million in the adjusted net debt. In addition, the positive free cash flow reduced the adjusted net debt. This was offset by increased pension provisions due to the reduction of the interest rate from 3.75% to 3.50%.

Adjusted net debt of the EnBW Group in € millions <sup>1</sup>	31/03/2014	31/12/2013	Variance %
Cash and cash equivalents	-4,736.6	-3,154.0	50.2
Cash and cash equivalents of the special funds and short-term investments to cover pension and nuclear power provisions	1,647.0	1,083.9	52.0
<b>Adjusted cash and cash equivalents</b>	<b>-3,089.6</b>	<b>-2,070.1</b>	<b>49.2</b>
Bonds	5,463.2	4,466.7	22.3
Liabilities to banks	1,735.7	1,002.3	73.2
Other financial liabilities	280.6	303.1	-7.4
<b>Financial liabilities</b>	<b>7,479.5</b>	<b>5,772.1</b>	<b>29.6</b>
<b>Recognised net financial liabilities<sup>2</sup></b>	<b>4,389.9</b>	<b>3,702.0</b>	<b>18.6</b>
Pension and nuclear power provisions	13,570.6	13,308.1	2.0
Fair value of plan assets	-1,047.4	-1,068.6	-2.0
Long-term investments and loans <sup>3</sup>	-6,562.8	-6,235.7	5.2
Cash and cash equivalents of the special funds and short-term investments to cover pension and nuclear power provisions	-1,647.0	-1,083.9	52.0
Other	-89.6	-73.9	21.2
<b>Recognised net debt<sup>3</sup></b>	<b>8,613.7</b>	<b>8,548.0</b>	<b>0.8</b>
Market value of CO <sub>2</sub> allowances purchased for planned future electricity generation	0.0	-33.9	-
Non-current receivables associated with nuclear power provisions	-621.9	-623.9	-0.3
Valuation effects from interest-induced hedging transactions	-123.7	-118.9	4.0
Restatement of 50% of the nominal amount of the hybrid bonds <sup>4</sup>	-1,000.0	-500.0	-
<b>Adjusted net debt<sup>3</sup></b>	<b>6,868.1</b>	<b>7,271.3</b>	<b>-5.5</b>

<sup>1</sup> The figures for the comparative period have been restated.

<sup>2</sup> Adjusted for valuation effects from interest-induced hedging transactions and 50% of the nominal amount of the hybrid bonds, net financial liabilities amounted to € 3,266.2 million (31/12/2013 restated: € 3,083.1 million).

<sup>3</sup> Includes investments held as financial assets.

<sup>4</sup> The structural characteristics of our hybrid bonds meet the criteria for half of the bond to be classified as equity, and half as debt, by the rating agencies Moody's and Standard & Poor's.

## Related parties

Transactions with related parties are disclosed in the notes and explanations of the interim consolidated financial statements.

## Other important Group topics

EnBW strives to combine commercial and financial success with ecological and social responsibility. As a result of our active dialogue with all stakeholders, both inside and outside of the company, we are able to integrate the concerns of customers, employees, shareholders and a variety of different groups in society into the development and implementation of our corporate strategy.

### Employees

Employees of the EnBW Group <sup>1,2</sup>	31/03/2014	31/12/2013	Variance %
Sales	3,363	3,461	-2.8
Grids	7,482	7,487	-0.1
Renewable energies	490	485	1.0
Generation and trading	5,460	5,436	0.4
Other/consolidation	3,062	2,975	2.9
<b>Total</b>	<b>19,857</b>	<b>19,844</b>	<b>0.1</b>
Number of full-time equivalents <sup>3</sup>	18,392	18,373	0.1

<sup>1</sup> The figures for the comparative period have been restated.

<sup>2</sup> Number of employees excluding apprentices/trainees and excluding inactive employees.

<sup>3</sup> Converted into full-time equivalents.

As of 31 March 2014, the EnBW Group employed 19,857 people. As a result of the continuation of our recruitment policy in the first quarter of 2014 – essentially limited to strategic growth areas of EnBW – the number of employees remained at around the same level as at the end of the 2013 financial year. The reduction in the number of employees in the sales segment is primarily due to the deconsolidation of EZG Operations GmbH. The main reason for the rising number of employees in the area of other/consolidation is the movement of employees from the grids segment as a result of restructuring within the Group.

The follow-up process resulting from our employee survey carried out in autumn 2013 is in full swing: The Board of Management of the Group together with top management personnel already introduced measures at a Group level in January. These measures focussed on the fields of organisation and processes, the future viability of EnBW, communication and employee development, as well as on the roles of the Board of Management and top management personnel in the restructuring process at EnBW. In parallel, the various Boards of Management and Managing Directors are working with the results of the survey from their own companies to identify improvement potential and corresponding measures. Furthermore, at a departmental and team level, specific results are also being discussed in workshops with employees to agree on appropriate

measures. The follow-up process as a whole is being driven and managed by the Board of Management.

Externally, EnBW has once again been recognised for its qualities as an employer. The company was awarded eighth place in competition with 125 companies in the study “Top Employers Germany 2014”. In particular, the jury for this certification programme – which is conducted by the independent Top Employer Institute – were impressed by the provision of so-called secondary, non-monetary benefits. These benefits include, for example, measures to promote health, childcare facilities or initiatives for making it easier to reconcile private and professional lives. The newly introduced possibility of working partially from home was also viewed positively by the jury.

The second phase of the “Fokus” collective wage agreement has been implemented since the beginning of 2014. In contrast to the situation at an association level, where a pay increase of 2.7% was introduced on 1 January, pay was only increased by around 0.9%, while at the same time the weekly working hours were reduced by a further hour.

## The environment

EnBW shares responsibility for our environment and climate protection, and supports the German Energiewende. Supplying our customers with energy causes emissions, above all through the operation of power plants, and uses natural resources and space. Environmental and climate protection form an integral part of our corporate strategy. The long-term success of an energy supply company's activities hinges on acceptance by society. EnBW strives to achieve a balance between entrepreneurial, political and social goals in respect of ecology.

In the past, and by using defined indicators, EnBW set itself quantitative Group targets for the period from 2011 to 2015 with regard to the topics of renewable energies, direct and indirect CO<sub>2</sub> emissions, aerial pollutants and biodiversity. As part of the strategic reorientation of EnBW, these goals were revised and harmonised with our strategic objectives of "customer proximity" and the "engine room of the German Energiewende". In addition to our key performance indicators, we also aim to measure and report on the ecological performance of EnBW using a number of selected key indicators (see EnBW Report 2013). In order to continue to fulfil all the relevant reporting standards, such as the Global Reporting Initiative (GRI), additional communication channels, such as the Internet, will play an important role in the reporting of environmental data in future.

In line with Group strategy and taking into account regulations involved with the German Energiewende, areas of action for the new environmental strategy are currently being formulated or substantiated. The desired expansion of the key performance indicators to encompass other Group goals for environmental protection up to 2020 will primarily focus on the themes of mobility and energy consumption/energy efficiency.

EnBW is engaged, together with the Baden-Württemberg State Institute for the Environment, Measurements and Nature Conservation, in the programme "Stimuli for Diversity" for the protection of amphibian species that are threatened with extinction in Germany. A total of 40 amphibian projects throughout Baden-Württemberg have been supported since 2011. Further projects within the framework of this programme are also planned for 2014.

## Society

EnBW regards itself as part of society and is actively involved in the community within its scope of influence – primarily in Baden-Württemberg. In the interests of safeguarding the future, the company provides support primarily in the areas of education, knowledge and learning. Interaction and involvement are other guiding principles of the social commitment at EnBW. One example in this area is the initiative "ECHT GUT! Das Ehrenamt in Baden-Württemberg"

(REALLY GOOD! Voluntary Work in Baden-Württemberg), which the company has supported since 2004. In addition, the sponsoring activities at EnBW also include popular sporting activities.

The City of Karlsruhe, the headquarters of EnBW, will be 300 years old in 2015. In the first quarter of 2014, the company and the city signed an agreement for EnBW to sponsor the city's anniversary celebrations as the premium sponsor. EnBW will not only provide financial support but will also participate in a joint project for innovative mobility at the celebrations, which will be held between the 15 June and 24 September 2015.

The series of lectures presented by EnBW called "Köpfe dieser Zeit" (Great Minds of Our Time) produced another highlight in February 2014 with an event featuring dancer and choreographer Eric Gauthier. The "Gauthier Dance // Dance Company Theaterhaus Stuttgart" has attracted great acclaim internationally. The series of lectures presented by EnBW provides an opportunity to hear and see what important personalities have to say on the subjects of society and social commitment.

## Procurement

A large number of suppliers and service providers contribute to the services rendered by EnBW. The Group-wide pooling of strategic and operational procurement creates transparency, ensures compliance, increases the efficiency of the handling processes and opens up additional savings potential. As a result of the optimisation measures introduced in the 2013 financial year, procurement is anticipated to make a contribution worth €126 million in 2014, towards the achievement of the company's goals.

Procurement processes at EnBW have been made even more efficient and transparent as a result of the development of an integrated purchasing platform and the introduction of automated ordering processes. The purchasing platform includes standardised pre-qualification of suppliers, participation in invitations to tender and the submitting of offers, as well as the recording of services rendered. Suppliers and buyers can access important information on procurement processes from a central source and interact online with the Central Procurement Department.

The procurement process at EnBW starts with the careful selection of our business partners. In the company-wide, standardised pre-qualification process, potential suppliers are obliged to demonstrate their performance capabilities and confirm their observance of relevant standards in the areas of quality management, environmental management and occupational health and safety. The maintenance of central documentation ensures that all criteria for the commissioning of a supplier are constantly fulfilled.



## Research and innovation

Our research and innovation activities act as the basis for the creation of new products and services for our customers. In this context, two independent departments are working together in close cooperation: In the Research Department, EnBW develops expertise for improved processes and technologies and tests future innovations with pilot and demonstration facilities. The central Innovation Management Department immediately picks up the results provided by the Research Department and other development work to derive new business models for EnBW. Together with the individual business units, this approach culminates in the creation of innovative products, services and system solutions. In addition, this approach noticeably improves the innovative capabilities and culture within EnBW.

The Innovation Campus at the Rhine harbour in Karlsruhe will act as a creative “think tank” for the Research and Innovation Management Departments, where in collaboration with partners, innovative ideas can be brought to fruition more quickly. The Innovation Campus will start operating in the summer of 2014 and will predominantly work together with the Product Development Department to promote new business ideas in all customer segments.

In the area of product solutions, EnBW has further expanded its pilot schemes on the market in the first quarter of the year. Alongside a Smart Home service for private customers, new energy consultation concepts for small and medium-sized companies have been received positively on the market. In the area of electric mobility, EnBW has successfully launched a prepaid charging card on the market and developed a solution for networking the operators of the charging infrastructures.

In February, at the transformer station in Bruchsal, TransnetBW started operating the world's largest transformer using bio-oil as an insulating material. The transformer, which connects the long-distance transmission grid with the distribution grid, is insulated using bio-oil instead of the traditional mineral oil. The application of this innovative material follows many years of research by EnBW and its grid companies, in cooperation with leading manufacturers, into the durability, load capacity and analytics of bio-oil. Alongside the advantages offered in the areas of the environment and fire protection, it has also been shown that bio-oil transformers have a higher overload capacity and thus deliver added value in the field of grid security.

# Report on risks and opportunities

The risks faced by the EnBW Group continue to be high, even if the situation has slightly eased in some areas over the recent months. The conditions within the energy industry remain difficult, although they nevertheless also offer opportunities for resolute and flexible market participants. No risks currently exist that might jeopardise the EnBW Group as a going concern.

EnBW defines a risk or opportunity as an event or a number of events that might result in a potentially negative or positive future deviation from the targets that the Group has set for itself, an individual company or function. In other words, the potential non-attainment or over-attainment of strategic, operational, financial (especially budgeted results of operations, net assets or financial position) and compliance targets. Risks may either arise from events that are generally calculable, but which are nevertheless subject to chance or other unpredictable occurrences. Opportunities may arise within the sphere of operations of the EnBW Group or as part of an individual business activity. Opportunities frequently represent the reverse aspects of corresponding risks.

Using the report of risks in the 2013 Group Management Report as a basis, only the significant risks or opportunities which have changed or arisen in the reporting period are described in this three-monthly financial report.

## Cross-segment risks and opportunities

**New management model "ONE EnBW":** Following a vote at the Annual General Meeting on 29 April 2014, the creation of a new organisation structure was approved with effect from 1 May 2014 – with retroactive effect to 1 January 2014 from the perspective of corporate and taxation law. The principle behind "ONE EnBW" is the development of a new management model with an attendant reduction in the complexity of the Group. During the course of the year, there remains only very minor internal residual risk of delays and additional expenditure due to the shortage of resources within those individual subprojects dealing with the implementation of further structural and process-related change.

**Discount rate applied to pension provisions:** As a result of the continued fall in interest rates, we have had to reduce the discount rate applied to pension provisions to 3.50%,

down 0.25 percentage points in comparison to 31 December 2013. This has resulted in the present value of defined pension benefit obligations increasing by € 201.3 million.

The resulting changes in the present value of the defined pension benefit obligations can in turn affect the amount of the adjusted net debt at EnBW. In this context, we continue to identify a low level of opportunity and a high level of risk due to the volatility of financial markets and the resulting interest rate fluctuations. Therefore, this could lead to further effects in the mid three-digit million range on the adjusted net debt.

## Grids segment

**Renewal of concession agreements:** The Municipal Council of the City of Stuttgart agreed by a large majority on 13 March 2014 to the cooperation model presented by the EnBW subsidiary Netze BW GmbH and Stadtwerke Stuttgart GmbH for the future operation of the electricity and gas grids for the state capital city. The cooperation model guarantees that Netze BW GmbH and the municipal utilities will also continue to provide the state capital city with electricity and gas in future. However, on 10 April 2014, according to a press release provided to EnBW, one of the unsuccessful applicants for this concession – Elektrizitätswerke Schönau (Netzkauf EWS eG) – has filed for the initiation of abuse proceedings with the German Federal Cartel Office. The aim of this action is to rerun the award process for the concession. The German Federal Cartel Office is responsible for deciding whether it will initiate proceedings in this case. Unrelated to this will be the outcome of the discussions and legal proceedings dealing with the re-municipalisation of the water supply in the City of Stuttgart. In spring 2013, the City of Stuttgart brought a lawsuit before the Stuttgart Regional Court against EnBW Regional AG (now called Netze BW GmbH) to enforce an obligatory right of takeover and to seek a legal judgement confirming the viewpoint of the City of Stuttgart when it comes to charge obligations, the scope of charges and the value calculation methodology. Therefore, there remains a risk of losing the concession without receipt of adequate compensation.

**Occasional lack of cover for the EEG bank account:** In comparison to the previous quarter, we continue to believe that there is a high chance of a debit balance in the EEG bank account at the end of 2014. This temporarily positive effect on the adjusted net debt will, however, only be in the low three-digit million euro range according to the most recent assessments.

## Generation and trading segment

**Margin payments:** As a result of developments on the market and an accompanying assessment of the varying effects, the relative opportunities and risks have significantly reduced for the years 2014 and 2015 in comparison to the previous quarter. In this context, we only expect a medium level of opportunity or risk with possible effects in the low three-digit million range on the adjusted net debt.

## Overall assessment

The risks and opportunities facing the EnBW Group at the end of the reporting period have hardly changed in comparison to the statements made in the Group Management Report 2013. There continues to be a high level of risk, which is due, in particular, to the political and regulatory consequences of the German Energiewende. Easing of individual risks in other areas has only minor significance in comparison to this issue. No risks currently exist that might jeopardise the EnBW Group as a going concern.

## Significant events after the reporting date

No events that are considered particularly significant for assessing the results of operations, financial position and net assets of EnBW occurred after 31 March 2014.

# Forecast

A base effect in the valuation of derivatives, which will lose its importance during the course of 2014, has primarily led to a fall in adjusted EBITDA of 15.1% in the first quarter of the year. We reaffirm our forecast of a slight decrease in earnings of between 0% and -5% for the whole year. The implementation of the EnBW 2020 strategy is progressing according to plan.

In the following forecast, we take an in-depth look at the expected future development of EnBW and the business environment in the current financial year. It should be noted that the present conditions increase the level of uncertainty with which predictions about the future development of the company can be made, as the assumptions upon which they are based can quickly become outdated. The present environment provides both opportunities and risks for the corporate development of EnBW. Current risks are summarised in the chapter "Report on risks and opportunities".

## Expected economic conditions

**Future macroeconomic trends:** The international economic climate is set to brighten in 2014. The International Monetary Fund (IMF) expects global economic growth to rise to 3.6% in the current year. Above all, the economic performance of the industrialised countries is set to grow again more strongly. The eurozone, which was burdened by an economic slowdown in some crisis countries in the previous year, is set to experience more favourable economic conditions in 2014.

The German Council of Economic Experts increased its forecast for economic growth in this currency zone from 1.1% to 1.3% for 2014. This upswing should be primarily supported by the positive impetus provided by foreign trade. In its economic forecast for Germany, the German Council of Economic Experts now anticipates a growth in the gross domestic product of 1.9%, following its initial expectation of 1.6%. Private consumer spending and capital expenditure are expected to make a particularly strong contribution to this growth.

In Austria, the International Monetary Fund (IMF) forecasts an accelerated growth in the economy of 1.7% in 2014. This expectation is primarily based on an anticipated recovery in private consumption and investment activity. For Switzerland, the IMF expects 2014 to be a year of economic recovery encompassing both exports and the labour market, driving economic growth up to 2.1%. The macroeconomic output in the Czech Republic is set to grow by 1.9% in 2014.

For Turkey, the IMF forecasts that economic output will rise by 2.3% in 2014.

Gross domestic product (GDP) growth in %	2014	2013
World	3.6	3.0
Eurozone	1.3	-0.4
Germany	1.9	0.4
Austria	1.7	0.4
Switzerland	2.1	2.0
Czech Republic	1.9	-0.9
Turkey	2.3	4.3

**Energy demand:** Global energy consumption is set to increase by around one third in the 2011 to 2035 period, according to the World Energy Outlook 2013 published by the International Energy Agency (IEA). The BP Energy Outlook 2030 even envisages growth of as much as 36% between 2011 and 2030. Industrialisation and population growth in the emerging and developing economies will be the main drivers of this growth. For this reason, around 90% of the increase in energy consumption will be attributable to countries outside the Organisation for Economic Co-operation and Development, according to the IEA. The share of primary energy consumption accounted for by fossil fuel sources will fall from 82% in 2011 to 76% in 2035, with around half of the growth in electricity generation being covered by renewable energy sources by this time. Global per capita energy consumption is expected to rise at an annual rate of 0.7%.

**Future trends in markets for primary energy sources, CO<sub>2</sub> allowances and electricity:** Expectations for international economic growth exert a significant impact on the pricing trends on forward oil markets. Political events also regularly impact on the price of oil as a strategic commodity. The recent unrest in Ukraine and Russia's intervention in Crimea have not yet, however, led to a sustainable increase in prices for crude oil. Finally, the future value of the US dollar and the attractiveness of crude oil as a

type of investment among market participants play a considerable role in pricing. The most significant factors are currently helping to keep prices stable or push them marginally downwards.

Forward coal prices for 2015 and 2016 are slightly above spot market price levels. Due to the currently low price level, the higher prices on the forward market reflect the expectations amongst market participants that those factors currently driving low coal prices have largely been priced into the market already, which could be followed by countervailing effects in the future. For example, an increase in freight prices would also lead, in the medium term, to increased coal prices. In contrast, a slowing of the growth in demand in China and India would suggest another downturn in coal prices. A swift return to nuclear power in Japan would also tend to have a dampening effect on coal prices due to the associated reduction in demand for LNG (liquefied natural gas). Finally, the backloading measure introduced in Europe in March 2014 and plans by the American and Chinese governments to cap emissions are likely to reduce the use of coal in the medium to long term. Furthermore, the future demand for coal – particularly in Europe – is also dependent on further expansion in renewable energies.

The average 2015 forward prices for gas in the first quarter of 2014 were slightly below the price level on the spot market. This indicates that the market participants tend to expect continued moderate reductions in gas prices. This expectation is supported by the high gas storage levels resulting from the warm winter, which will lead to significantly lower demand for gas this summer from the gas storage market than in the previous year. The planned recommissioning of the Japanese nuclear power plants would also lead to a fall in demand for gas because those gas power plants currently in operation in the country would be removed from the grid, and the volumes of LNG previously utilised there would additionally become available on the market. Moreover, further expansion in renewable energies will also induce lower demand for gas in Europe, since such expansion will primarily reduce the periods when gas power plants are utilised.

**CO<sub>2</sub> allowances:** The resolution on backloading with effect from the middle of March 2014 has already led in advance to an increase in the price of CO<sub>2</sub> allowances. Because there will continue to be surplus quantities from previous months on the market until the end of April, there still remains, however, a surplus supply that needs to be reduced. The scarcity of emissions allowances as a result of backloading will thus only become noticeable at the earliest during the course of the second quarter, and will tend to push prices further upwards. Therefore, it will primarily be economic developments in the EU and the associated levels of emissions that will be the major factors influencing the demand for CO<sub>2</sub> allowances and price trends during the course of the financial year.

**Electricity market:** The forward market prices for electricity for the years 2015 and 2016 stood slightly below the average spot market prices in 2013 at the end of the first quarter of 2014, which indicates an expectation of further decreasing spot market prices in the years 2015 and 2016. Alongside the future price trends for fuels and CO<sub>2</sub> allowances, developments in the areas of supply and demand on the electricity market will have a significant influence on pricing. Above all, the expansion of renewable energies is having an effect in the context of generating capacities. The preferential feed-in of electricity generated from renewable energy sources pursuant to the German Renewable Energies Act (EEG) is resulting in higher price volatility on wholesale markets and, increasingly frequently, in very low and even negative prices at certain hours of the day. In addition, the supply of electricity will also grow further as a result of commissioning new conventional power plant capacities. On the supply side, the only scope for price increases basically arises from the passing on of higher prices for fuels and emission allowances. In contrast, industrial demand primarily depends on economic trends.

The energy sector is undergoing radical change in general – but particularly in Germany due to the *Energiewende*. Political and regulatory conditions are changing faster and more comprehensively than in past decades. This also has a considerable effect on market and competitive structures. Competition in business with private and industrial customers remains acute in both the electricity and gas sectors – not least due to the growing number of providers that are new to the sector. At the same time, customers have a very high level of price sensitivity. In this environment, companies in the sector need to review their business models and orientate themselves to the new market conditions.

## Future corporate development

**Capital expenditure:** An extensive €5.0 billion investment programme is planned for the 2014 to 2016 period, to enable the company to continue to play an active role in structuring the German *Energiewende*. These investments are split into €3.6 billion for growth projects and €1.4 billion for investments in existing facilities. More than a third of the investments will be made in the renewable energies segment. This primarily includes investments in our offshore project EnBW Baltic 2 and the development of an onshore portfolio. The grids segment will receive a total of 38.1% of the investments, in order to ensure security of supply and support the expansion in renewable energies.

Divestitures totalling €2.4 billion over the same time period have been designated to finance the €5 billion investment volume. Around €1.0 billion is attributable to participation models. We are thus providing local authorities, municipal utilities, industrial and commercial customers, as well as citizens, with the opportunity to take an active role in the German Energiewende. Other disposals totalling around €0.7 billion arise mainly from concession losses by the grid companies. Around €0.6 billion is attributable to the sale of strategic investments.

**Expected earnings trends for the current year:** The adjusted EBITDA of the EnBW Group amounted to €744.8 million in the first three months of 2014, down 15.1% on the figure posted for the previous year. In the Group Management Report 2013, we forecasted a decline of 0% to -5% in the EnBW Group's adjusted EBITDA for 2014 as a whole. As the earnings performance in the first three months of the year was characterised by a base effect in the valuation of derivatives, which will lose its importance during the course of 2014, we are reaffirming our forecasts for 2014 as a whole.

We expect that the sales segment will deliver a growth in earnings in 2014 (+10% to +20%). We anticipate slight growth in sales volumes, and consequently a rising margin, as a result of expanding gas sales. In addition to this, an extraordinary charge in the area of gas procurement deriving from 2013 will cease to apply in 2014. In the electricity sales business, we expect a more positive customer portfolio composition, accompanied by a higher margin.

Following growth in 2013, the adjusted EBITDA from the grids segment is expected to fall in 2014 (-5% to -15%). The reason for this is the start of the second regulatory period which means that the extraordinary items during the first regulatory period for the distribution grid will cease to apply.

Earnings in the renewable energies segment are set to grow in 2014 (+5% to +15%). Overall, we are anticipating that the share of installed capacity accounted for by renewable energies will increase from 15% to 20% of total capacity, depending on the commissioning and start-up of EnBW Baltic 2. However, our run-of-river power plants are set to experience declining earnings due to a drop in wholesale market prices. The earnings growth across the whole segment is mainly attributable to the expected commissioning of the first wind turbines at our EnBW Baltic 2 offshore wind farm at the end of 2014. In addition, activities in the onshore wind energy sector are feeding through to earnings growth. We expect that installed capacity in the onshore area will double.

Along with the grids segment, the generation and trading segment delivers the majority of the company's earnings. Adjusted EBITDA in this segment will fall slightly in 2014. This continues to be due primarily to the falling prices and spreads on wholesale electricity markets during preceding periods in which we agreed on fixed sales prices for quantities of electricity to be supplied in 2014. Our efficiency improvement measures may only slightly cushion these negative influences in this segment in 2014.

As things currently stand, changes to the companies that are included in the consolidated financial statements will not have any effect on earnings in 2014.

As a result, adjusted EBITDA at a Group level in 2014 will be between 0% and -5% below the 2013 level. This is mainly due to falling wholesale market prices and spreads as well as the fact that the extraordinary items from the first regulatory period cease to apply. The full effect of the "Fokus" efficiency project will already begin to unfold during 2014 – a year earlier than expected.

Expected development of 2014 earnings (adjusted EBITDA) compared to the previous year	Q1 2014	
	2014	2013
Sales	+10% to +20%	+10% to +20%
Grids	-5% to -15%	-5% to -15%
Renewable energies	+5% to +15%	+5% to +15%
Generation and trading	0% to -5%	0% to -5%
Other/consolidation	-	-
Consolidated companies	No change	No change
<b>Adjusted EBITDA, Group</b>	<b>0% to -5%</b>	<b>0% to -5%</b>

**Dynamic leverage ratio:** It is probable that we will be unable to fully finance the very high level of net capital expenditure in 2014 from current cash flow (funds from operations, FFO) – especially in view of the EnBW Baltic 2 project. Adjusted net debt is expected to increase slightly for this reason. The successful issuing of our hybrid bond has had a positive effect. Therefore, we now expect an adjusted net debt of between €7.3 billion and €7.6 billion. Based on the earnings forecast, we are expecting an improved dynamic leverage ratio of between 3.3 and 3.7 in comparison to the forecasts made in the EnBW Annual Report 2013, and we are thus confident that we can retain our current rating level as a result.

There are no significant new findings related to any other key performance indicators stated in the Group Management Report 2013 in the areas of finance, customers, employees, compliance and ecology.

## Interim financial statements of the EnBW Group (unaudited)

### Income statement

€ millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013
Revenue including electricity and energy taxes	5,871.2	6,013.1
Electricity and energy taxes	-234.2	-247.9
<b>Revenue</b>	<b>5,637.0</b>	<b>5,765.2</b>
Changes in inventories	7.0	9.1
Other own work capitalised	13.7	9.1
Other operating income	180.8	268.4
Cost of materials	-4,463.6	-4,556.9
Personnel expenses	-396.0	-392.6
Other operating expenses	-232.5	-223.0
<b>EBITDA</b>	<b>746.4</b>	<b>879.3</b>
Amortisation and depreciation	-220.1	-217.9
<b>Earnings before interest and taxes (EBIT)</b>	<b>526.3</b>	<b>661.4</b>
Investment result	32.1	112.8
of which net profit/loss from entities accounted for using the equity method	(33.8)	(57.4)
of which other income from investments	(-1.7)	(55.4)
Financial result	-104.4	-132.8
of which finance revenue	(125.0)	(99.2)
of which finance costs	(-229.4)	(-232.0)
<b>Earnings before tax (EBT)</b>	<b>454.0</b>	<b>641.4</b>
Income tax	-135.4	-165.8
<b>Group net profit</b>	<b>318.6</b>	<b>475.6</b>
of which profit/loss shares attributable to non-controlling interests	(23.9)	(32.6)
of which profit/loss shares attributable to the equity holders of EnBW AG	(294.7)	(443.0)
<b>Shares outstanding (millions), weighted average</b>	<b>270.855</b>	<b>270.855</b>
<b>Earnings per share from Group net profit/loss (€)<sup>2</sup></b>	<b>1.09</b>	<b>1.64</b>

<sup>1</sup> The figures for the comparative period have been restated.

<sup>2</sup> Basic and diluted; in relation to the profit/loss attributable to the equity holders of EnBW AG.

# Statement of comprehensive income

€ millions	01/01– 31/03/2014	01/01– 31/03/2013
<b>Group net profit</b>	<b>318.6</b>	<b>475.6</b>
Revaluation of pensions and similar obligations	-238.4	0.0
Income taxes on other comprehensive income	62.9	0.0
<b>Total of other comprehensive income and expenses without future reclassifications impacting earnings</b>	<b>-175.5</b>	<b>0.0</b>
Difference from currency translation	0.1	-30.7
Cash flow hedge	-93.4	-158.9
Available-for-sale financial assets	-2.4	71.5
Income taxes on other comprehensive income	18.4	46.8
<b>Total of other comprehensive income and expenses with future reclassifications impacting earnings</b>	<b>-77.3</b>	<b>-71.3</b>
<b>Total comprehensive income</b>	<b>65.8</b>	<b>404.3</b>
of which profit/loss shares attributable to non-controlling interests	(12.3)	(27.6)
of which profit/loss shares attributable to the equity holders of EnBW AG	(53.5)	(376.7)



# Balance sheet

€ millions <sup>1</sup>	31/03/2014	31/12/2013	01/01/2013
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	1,811.2	1,844.1	1,930.2
Property, plant and equipment	14,048.4	14,069.7	13,920.2
Investment properties	77.4	77.0	81.5
Entities accounted for using the equity method	1,958.6	1,927.4	2,219.0
Other financial assets	6,753.4	6,399.9	6,058.7
Trade receivables	639.9	641.9	567.4
Income tax refund claims	13.4	12.9	17.1
Other non-current assets	274.4	277.2	298.5
Deferred taxes	261.2	257.8	48.3
	<b>25,837.9</b>	<b>25,507.9</b>	<b>25,140.9</b>
<b>Current assets</b>			
Inventories	1,283.8	1,353.9	1,285.9
Financial assets	756.8	750.3	785.6
Trade receivables	4,588.6	3,745.0	3,919.5
Income tax refund claims	342.0	343.1	169.4
Other current assets	2,609.2	1,542.9	1,836.5
Cash and cash equivalents	3,999.7	2,424.9	2,588.8
	<b>13,580.1</b>	<b>10,160.1</b>	<b>10,585.7</b>
<b>Assets held for sale</b>	254.2	90.3	681.1
	<b>13,834.3</b>	<b>10,250.4</b>	<b>11,266.8</b>
	<b>39,672.2</b>	<b>35,758.3</b>	<b>36,407.7</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Equity holders of EnBW AG</b>			
Subscribed capital	708.1	708.1	708.1
Capital reserve	774.2	774.2	774.2
Revenue reserves	4,673.6	4,378.9	4,559.1
Treasury shares	-204.1	-204.1	-204.1
Other comprehensive income	-1,033.0	-791.8	-697.9
	<b>4,918.8</b>	<b>4,865.3</b>	<b>5,139.4</b>
Non-controlling interests	1,228.5	1,217.4	1,236.5
	<b>6,147.3</b>	<b>6,082.7</b>	<b>6,375.9</b>
<b>Non-current liabilities</b>			
Provisions	12,756.3	12,450.7	12,260.6
Deferred taxes	951.7	955.7	1,000.8
Financial liabilities	7,251.0	5,547.4	5,563.9
Income tax liabilities	161.5	164.4	289.6
Other liabilities and subsidies	1,840.1	1,968.7	2,006.0
	<b>22,960.6</b>	<b>21,086.9</b>	<b>21,120.9</b>
<b>Current liabilities</b>			
Provisions	1,376.1	1,391.6	1,226.1
Financial liabilities	228.5	224.7	1,201.1
Trade payables	4,454.4	3,611.0	3,472.2
Income tax liabilities	419.0	418.0	254.6
Other liabilities and subsidies	3,944.4	2,910.8	2,756.3
	<b>10,422.4</b>	<b>8,556.1</b>	<b>8,910.3</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	141.9	32.6	0.6
	<b>10,564.3</b>	<b>8,588.7</b>	<b>8,910.9</b>
	<b>39,672.2</b>	<b>35,758.3</b>	<b>36,407.7</b>

<sup>1</sup> The figures for the comparative periods have been restated.

# Cash flow statement

€ millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013
<b>1 Operating activities</b>		
EBITDA	746.4	879.3
Changes in provisions	-56.9	-47.9
Profit/loss on disposal of non-current assets	-24.6	-5.4
Other non-cash expenses/income	-11.3	-17.0
Change in assets and liabilities from operating activities	-73.4	-433.7
Inventories	[66.3]	[125.8]
Net balance of trade receivables and payables	[-3.3]	[-517.7]
Net balance of other assets and liabilities	[-136.4]	[-41.8]
Income tax paid	-46.0	-77.3
<b>Cash flow from operating activities</b>	<b>534.2</b>	<b>298.0</b>
<b>2 Investing activities</b>		
Capital expenditures on intangible assets and property, plant and equipment	-446.4	-143.1
Cash received from the disposal of intangible assets and property, plant and equipment	71.8	13.1
Cash received from construction cost and investment subsidies	18.8	21.2
Change in securities and investments	-301.3	-235.5
Interest received	46.3	54.8
Dividends received	3.1	29.1
<b>Cash flow from investing activities</b>	<b>-607.7</b>	<b>-260.4</b>
<b>3 Financing activities</b>		
Interest paid for financing activities	-46.2	-18.5
Increase in financial liabilities	1,727.6	56.6
Repayment of financial liabilities	-33.3	-307.0
<b>Cash flow from financing activities</b>	<b>1,648.1</b>	<b>-268.9</b>
<b>Net change in cash and cash equivalents</b>	<b>1,574.6</b>	<b>-231.3</b>
Net foreign exchange difference	0.2	-0.6
<b>Change in cash and cash equivalents</b>	<b>1,574.8</b>	<b>-231.9</b>
Cash and cash equivalents at the beginning of the period	2,424.9	2,588.8
<b>Cash and cash equivalents at the end of the period</b>	<b>3,999.7</b>	<b>2,356.9</b>

<sup>1</sup> The figures for the comparative period have been restated.

## Statement of changes in equity

€ millions <sup>1</sup>	Subscribed capital and capital reserve	Revenue reserves	Treasury shares	Other comprehensive income				Equity holders of EnBW AG	Non-controlling interests	Total
				Revaluation of pensions and similar obligations	Difference from currency translation	Cash flow hedge	Available-for-sale financial assets			
<b>As of: 01/01/2013</b>	<b>1,482.3</b>	<b>4,559.1</b>	<b>-204.1</b>	<b>-806.2</b>	<b>-74.6</b>	<b>-172.8</b>	<b>355.7</b>	<b>5,139.4</b>	<b>1,236.5</b>	<b>6,375.9</b>
Other comprehensive income					-24.6	-113.6	71.9	-66.3	-5.0	-71.3
Group net profit		443.0						443.0	32.6	475.6
<b>Total comprehensive income</b>	<b>0.0</b>	<b>443.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-24.6</b>	<b>-113.6</b>	<b>71.9</b>	<b>376.7</b>	<b>27.6</b>	<b>404.3</b>
Other changes		-1.0						-1.0	-11.3	-12.3
<b>As of: 31/03/2013</b>	<b>1,482.3</b>	<b>5,001.1</b>	<b>-204.1</b>	<b>-806.2</b>	<b>-99.2</b>	<b>-286.4</b>	<b>427.6</b>	<b>5,515.1</b>	<b>1,252.8</b>	<b>6,767.9</b>
<b>As of: 01/01/2014</b>	<b>1,482.3</b>	<b>4,378.9</b>	<b>-204.1</b>	<b>-783.1</b>	<b>-100.1</b>	<b>-311.1</b>	<b>402.5</b>	<b>4,865.3</b>	<b>1,217.4</b>	<b>6,082.7</b>
Other comprehensive income				-175.5	-1.0	-52.2	-12.5	-241.2	-11.6	-252.8
Group net profit		294.7						294.7	23.9	318.6
<b>Total comprehensive income</b>	<b>0.0</b>	<b>294.7</b>	<b>0.0</b>	<b>-175.5</b>	<b>-1.0</b>	<b>-52.2</b>	<b>-12.5</b>	<b>53.5</b>	<b>12.3</b>	<b>65.8</b>
Other changes								0.0	-1.2	-1.2
<b>As of: 31/03/2014</b>	<b>1,482.3</b>	<b>4,673.6</b>	<b>-204.1</b>	<b>-958.6</b>	<b>-101.1</b>	<b>-363.3</b>	<b>390.0</b>	<b>4,918.8</b>	<b>1,228.5</b>	<b>6,147.3</b>

<sup>1</sup> The figures for the comparative period have been restated.

# Notes and explanations

## Accounting policies

The interim financial statements of the EnBW Group are prepared according to the International Financial Reporting Standards (IFRS), the adoption of which is mandatory in the EU as of the reporting date. In addition, the related interpretations (IFRIC/SIC) are observed. Standards and interpretations that have not yet come into force have not been adopted.

The accounting policies applied for the interim consolidated financial statements as of 31 March 2014, as well as the evaluation methods and input parameters for measuring fair value, are the same as those used for the consolidated financial statements as of 31 December 2013 with the exception of the new policies described below.

In accordance with IAS 34, the form of reporting chosen for the presentation of the consolidated financial statements of EnBW AG as of 31 March 2014 was shortened in comparison with that used for the consolidated financial statements as of 31 December 2013.

In addition to the income statement, the statement of comprehensive income, balance sheet, abridged cash flow statement and statement of changes in equity for the EnBW Group are presented separately.

All significant transactions and events in the reporting period are explained in the Interim Group Management Report.

## Changes in accounting policies

The International Accounting Standards Board (IASB) and the IFRS Interpretation Committee (IFRS IC) have adopted the following new standards and amendments to existing standards whose application is mandatory as from the 2014 financial year:

- **Amendments to IAS 32 (2011) “Offsetting Financial Assets and Financial Liabilities”:** The amendment specifies the prerequisites for the offsetting of financial assets and financial liabilities by establishing additional application guidelines. This amendment to the standard has led to the following effects:

Adjustment to the balance sheet in € millions	31/03/2014	31/12/2013	01/01/2013
Other current assets	-508.4	-394.1	-368.9
Other current liabilities and subsidies	-508.4	-394.1	-368.9

- **Amendments to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets”:** EnBW voluntarily decided to adopt the amendment to the standard early in 2013. The first application of the standard was for the additional notes in the 2013 financial year.
- **IFRS 11 “Joint Arrangements”:** IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities – Non-monetary Contributions by Joint Venturers” and contains provisions regulating the identification, classification and accounting of joint arrangements. IFRS 11 now differentiates between joint ventures and joint operations. In the case of a joint venture, the parties that have joint control of a legally independent company have a share of the net assets of that arrangement. In joint operations, the parties that have joint control have direct rights to the assets, and obligations for the liabilities, relating to the arrangement. In accordance with IFRS 11, joint ventures must be accounted for using the equity method. In the case of joint operations, the proportional share of assets, liabilities, income and expenses must be reported. The initial application of IFRS 11 has led to Friedeburger Speicherbetriebgesellschaft mbH “Crystal”, Rheinkraftwerk Iffezheim GmbH and Rhonewerke AG being classified as joint operations and included in the

consolidated financial statements on a proportional basis. These companies were previously accounted for in the consolidated financial statements using the equity method. Adjustments have been carried out for previous years in accordance with IAS 8. The following shows the impact of the transition to IFRS 11:

Adjustments to the income statement in € millions	01/01– 31/03/2014	01/01– 31/03/2013
Revenue including electricity and energy taxes	1.9	0.9
Electricity and energy taxes	0.0	0.0
<b>Revenue</b>	<b>1.9</b>	<b>0.9</b>
Other operating income	0.1	0.0
Cost of materials	1.8	2.5
Personnel expenses	-0.1	0.0
Other operating expenses	-0.7	-0.6
<b>EBITDA</b>	<b>3.0</b>	<b>2.8</b>
Amortisation and depreciation	-0.5	-0.8
<b>Earnings before interest and taxes (EBIT)</b>	<b>2.5</b>	<b>2.0</b>
Investment result	-1.9	-1.5
of which net profit/loss from entities accounted for using the equity method	(-1.9)	(-1.5)
Financial result	0.0	0.2
of which finance costs	(0.0)	(0.2)
<b>Earnings before tax (EBT)</b>	<b>0.6</b>	<b>0.7</b>
Income tax	-0.6	-0.7
<b>Group net profit</b>	<b>0.0</b>	<b>0.0</b>

Adjustments to the balance sheet in € millions	31/03/2014	31/12/2013	01/01/2013
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	3.2	3.3	3.5
Property, plant and equipment	146.0	145.3	137.7
Entities accounted for using the equity method	-141.3	-139.4	-136.9
	<b>7.9</b>	<b>9.2</b>	<b>4.3</b>
<b>Current assets</b>			
Trade receivables	-0.1	-2.0	0.2
Other current assets	0.6	1.0	0.9
Cash and cash equivalents	5.2	3.7	5.5
	<b>5.7</b>	<b>2.7</b>	<b>6.6</b>
	<b>13.6</b>	<b>11.9</b>	<b>10.9</b>
<b>Equity and liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	2.6	2.3	2.1
Deferred taxes	3.0	2.0	2.0
	<b>5.6</b>	<b>4.3</b>	<b>4.1</b>
<b>Current liabilities</b>			
Provisions	0.5	0.6	0.5
Trade payables	7.2	6.3	5.7
Income tax liabilities	0.0	0.4	0.4
Other liabilities and subsidies	0.3	0.3	0.2
	<b>8.0</b>	<b>7.6</b>	<b>6.8</b>
	<b>13.6</b>	<b>11.9</b>	<b>10.9</b>

Adjustments to the cash flow statement in € millions	01/01– 31/03/2014	01/01– 31/03/2013
<b>1 Operating activities</b>		
EBITDA	3.0	2.8
Changes in provisions	-0.1	0.7
Profit/loss on disposal of non-current assets	0.0	-0.1
Change in assets and liabilities from operating activities	-0.7	-3.2
Net balance of trade receivables and payables	(-0.8)	(-1.2)
Net balance of other assets and liabilities	(0.1)	(-2.0)
Income tax paid	-0.5	-0.3
<b>Cash flow from operating activities</b>	<b>1.7</b>	<b>-0.1</b>
<b>2 Investing activities</b>		
Capital expenditures on intangible assets and property, plant and equipment	-0.2	-1.4
Cash received from disposals of intangible assets and property, plant and equipment	0.0	0.1
Cash paid for the acquisition of subsidiaries and entities accounted for using the equity method	0.0	0.6
<b>Cash flow from investing activities</b>	<b>-0.2</b>	<b>-0.7</b>
<b>Change in cash and cash equivalents</b>	<b>1.5</b>	<b>-0.6</b>
Cash and cash equivalents at the beginning of the period	3.7	5.5
<b>Cash and cash equivalents at the end of the period</b>	<b>5.2</b>	<b>4.9</b>

Adjustment to contingent liabilities and other financial obligations in € millions	31/03/2014	31/12/2013	01/01/2013
Contingent liabilities	-0.1	-0.1	-5.5
Other financial commitments	-85.7	-116.3	-99.3

- **IFRS 12 “Disclosure of Interests in Other Entities”:** This new standard requires the disclosure of Group relationships in the notes to the consolidated financial statements, as well as the disclosure of joint arrangements and associates. The first-time adoption of IFRS 12 necessitates additional disclosures in the notes to the annual financial statements for the EnBW Group.
- The following new standards or amendments to existing standards have no significant impact on the EnBW consolidated financial statements:
  - IAS 27 revision (2011) “Separate Financial Statements”
  - IAS 28 amendments (2011) “Investments in Associates and Joint Ventures”
  - IAS 39 amendment (2013) “Novation of Derivatives”
  - IFRS 10 “Consolidated Financial Statements”
  - Amendments to IFRS 10, IFRS 11 and IFRS 12 (2012) “Transition Guidance”
  - Amendments to IFRS 10, IFRS 12 and IAS 27 (2012) “Investment Entities”

## Consolidation principles

The financial statements of the domestic and foreign companies included in the consolidation were prepared in a standardised manner in accordance with the accounting policies which are applicable at EnBW.

Corporate acquisitions are reported using the purchase method. The acquisition costs of an acquired company constitute the fair values of the assets transferred and of the liabilities which are entered into or assumed as of the time of acquisition. The valuation of non-controlling interests is carried out at the proportional fair value of the assets identified and the liabilities assumed. Incidental acquisition costs are reported as expenses as of the time they come into being. In the case of gradual mergers, the proportion of equity previously held in the acquired company by the acquirer is redefined at its fair value as of the time of acquisition when control over the company has been attained, with the resultant gain or loss being reported through profit and loss. Any difference between the acquisition costs of a corporate acquisition plus the sum total of all non-controlling interests in the acquired company and the acquired identifiable assets and the liabilities and contingent liabilities assumed are reported as goodwill if they are asset-side or posted to profit or loss following a further analysis if they are on the liabilities side.

Any change in the size of a shareholding in a still fully consolidated company is reported as an equity transaction. When control over the company is lost, all remaining shares are measured anew at their fair value.

Any receivables, liabilities and provisions between consolidated companies are offset against each other. Intra-Group income is set off against the corresponding expenses. Intercompany profits and losses are eliminated if they are not of subordinate importance.

## Consolidated companies

Under the full consolidation method, all subsidiaries under the control of the Group are included. The Group controls an associated company if it is exposed to or has rights to variable returns as a result of its involvement in the associated company, and the Group has the ability to use its power over the associated company in such a way that it can affect the amount of the returns from the associated company. In the process of full consolidation, the assets and liabilities of a subsidiary are included in the consolidated financial statements in their entirety.

The equity method is used when there is a joint agreement in the form of a joint venture or a significant influence may be exercised over the business policy of the associated company, but the entity does not qualify as a subsidiary. This means that when shares are being measured, only the company's proportional equity, rather than its assets and liabilities, is shown in the consolidated financial statements. Any goodwill is included in the stated value of the shareholding in question. Any negative differences are recognised in profit or loss via the investment result.

Joint agreements that are classified as joint operations are reported based on the proportion of the assets, liabilities, income and expenses which are attributable to the parent company in compliance with the relevantly applicable IFRS.

Shares in subsidiaries, joint ventures or associated companies which, in the Group's opinion, are of minor significance are reported in accordance with IAS 39. Indicators for determining the materiality of subsidiaries are the revenue, earnings and equity of these companies.

There are no reciprocal shareholdings in the EnBW Group as defined by Section 19 (1), German Companies Act (AktG).

The companies have been consolidated as follows:

Type of consolidation and number <sup>1</sup>	31/03/2014	31/12/2013	31/03/2013
Full consolidation	111	117	121
Entities accounted for using the equity method	16	16	19
Joint operations	3	3	3

<sup>1</sup> The figures for the comparative periods have been restated.

## Investment result

€ millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013
Share of profit/loss of entities accounted for using the equity method	33.8	57.4
<b>Net profit/loss from entities accounted for using the equity method</b>	<b>33.8</b>	<b>57.4</b>
Investment income	-1.7	27.7
Write-downs of investments	0.0	-0.6
Write-ups of investments	0.0	28.3
<b>Other profit/loss from investments</b>	<b>-1.7</b>	<b>55.4</b>
<b>Investment result</b>	<b>32.1</b>	<b>112.8</b>

<sup>1</sup> The figures for the comparative period have been restated.

## Financial result

€ millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013
Interest and similar income	44.5	48.8
Other financial income	80.5	50.4
<b>Finance income</b>	<b>125.0</b>	<b>99.2</b>
Borrowing costs	-58.0	-64.1
Other interest and similar expenses	-4.6	-1.0
Interest portion of increases in liabilities	-137.2	-144.0
Personnel provisions	(-42.8)	(-51.8)
Provisions relating to nuclear power	(-92.9)	(-88.8)
Other non-current provisions	(-0.2)	(-0.4)
Other liabilities	(-1.3)	(-3.0)
Other finance costs	-29.6	-22.9
<b>Finance costs</b>	<b>-229.4</b>	<b>-232.0</b>
<b>Financial result</b>	<b>-104.4</b>	<b>-132.8</b>

<sup>1</sup> The figures for the comparative period have been restated.



## Assets held for sale and liabilities directly associated with assets classified as held for sale

The increase in the assets held for sale was due to the reclassification of the electricity and gas networks in the State Capital of Stuttgart resulting from the council resolution made by the City of Stuttgart on 13 March 2014.

The increase in liabilities directly associated with assets classified as held for sale is essentially due to the related construction cost subsidies.

## Treasury shares

As of 31 March 2014, EnBW AG holds 5,749,677 treasury shares (31 December 2013: 5,749,677 treasury shares). The cost of acquiring the treasury shares in the amount of €204.1 million was deducted from the carrying amount of the equity. The attributable amount of share capital amounts to €14,719,173.12 (2.1% of the subscribed capital).

## Dividends

On 29 April 2014, the EnBW Annual General Meeting approved the proposal by the Board of Management and the Supervisory Board to distribute a dividend of €0.69 per share for the financial year 2013. This corresponds to a dividend payment of €186.9 million.

## Contingent liabilities and financial commitments

Compared to 31 December 2013, contingent liabilities and financial commitments decreased by €599.9 million to €29,126.9 million. This reduction results first and foremost from adjustments in the long-term purchase obligations in the electricity and gas segments.

## Notes to the cash flow statement

€ millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013
Interest paid for investing activities (capitalised borrowing costs)	-11.7	-12.4
Interest paid for financing activities	-46.2	-18.5
<b>Total interest paid in the period</b>	<b>-57.9</b>	<b>-30.9</b>

<sup>1</sup> The figures for the comparative period have been restated.

## Notes relating to fair values

The fair values and carrying amounts of the financial assets and financial liabilities under the individual balance sheet items are shown below.

Carrying amounts and fair values of financial instruments in € millions <sup>1</sup>	31/03/2014			31/12/2013		
	Fair value	Not within the scope of application	Carrying amount	Fair value	Not within the scope of application	Carrying amount
Financial assets	7,547.6		7,510.2	7,195.3		7,150.2
Held for trading	(252.2)		(252.2)	(258.2)		(258.2)
Available for sale <sup>2</sup>	(6,205.0)		(6,205.0)	(5,852.7)		(5,852.7)
Held to maturity	(1,013.1)		(975.7)	(1,009.2)		(964.1)
Loans and receivables	(77.3)		(77.3)	(75.2)		(75.2)
Trade receivables	5,228.5		5,228.5	4,386.9		4,386.9
Other assets	2,541.4	342.2	2,883.6	1,572.2	247.9	1,820.1
Held for trading	(1,482.9)		(1,482.9)	(914.9)		(914.9)
Loans and receivables	(896.5)		(896.5)	(495.2)		(495.2)
Derivatives in hedge relationships	(127.5)		(127.5)	(126.5)		(126.5)
Amount stated as per IAS 17	(34.5)		(34.5)	(35.6)		(35.6)
Cash and cash equivalents	3,999.7		3,999.7	2,424.9		2,424.9
<b>Total</b>	<b>19,317.2</b>	<b>342.2</b>	<b>19,622.0</b>	<b>15,579.3</b>	<b>247.9</b>	<b>15,782.1</b>
Financial liabilities	8,178.8		7,479.5	6,386.8		5,772.1
Measured at amortised cost <sup>3</sup>	(8,009.6)		(7,310.3)	(6,195.0)		(5,580.3)
Amount stated as per IAS 17	(169.2)		(169.2)	(191.8)		(191.8)
Trade payables	2,855.2	1,599.2	4,454.4	414.2	3,196.8	3,611.0
Other liabilities and subsidies	3,597.7	2,186.8	5,784.5	2,433.3	2,446.2	4,879.5
Held for trading	(2,004.6)		(2,004.6)	(1,458.4)		(1,458.4)
Measured at amortised cost	(1,353.5)		(1,353.5)	(791.7)		(791.7)
Derivatives in hedge relationships	(239.6)		(239.6)	(183.2)		(183.2)
<b>Total</b>	<b>14,631.7</b>	<b>3,786.0</b>	<b>17,718.4</b>	<b>9,234.3</b>	<b>5,643.0</b>	<b>14,262.6</b>

<sup>1</sup> The figures for the comparative period have been restated.

<sup>2</sup> Available-for-sale financial assets include equity instruments of € 848.1 million (previous year: € 776.8 million) measured at amortised cost whose fair value cannot be reliably determined.

<sup>3</sup> Of the financial liabilities measured at amortised cost, € 1,225.7 million are part of a fair value hedge (previous year: € 1,214.6 million).

Counterparty default risk is taken into account when measuring the fair value of derivative financial instruments. Default risk with respect to an individual counterparty is calculated on the basis of the net risk position.

Hierarchy of input data in € millions <sup>1</sup>	31/03/2014		31/12/2013	
	1st level	2nd level	1st level	2nd level
Financial assets	3,432.8	2,176.3	3,442.3	1,891.8
Held for trading	(252.2)		(258.2)	
Available for sale	(3,180.6)	(2,176.3)	(3,184.1)	(1,891.8)
Other assets	0.2	1,610.2	3.2	1,038.2
Held for trading	(0.2)	(1,482.7)	(3.2)	(911.7)
Derivatives in hedge relationships		(127.5)		(126.5)
<b>Total</b>	<b>3,433.0</b>	<b>3,786.5</b>	<b>3,445.5</b>	<b>2,930.0</b>
Other liabilities and subsidies	27.6	2,216.6	21.6	1,620.0
Held for trading	(19.4)	(1,985.2)	(14.0)	(1,444.4)
Derivatives in hedge relationships	(8.2)	(231.4)	(7.6)	(175.6)
<b>Total</b>	<b>27.6</b>	<b>2,216.6</b>	<b>21.6</b>	<b>1,620.0</b>

<sup>1</sup> The figures for the comparative period have been restated.

## Segment reporting

01/01–31/03/2014 in € millions	Sales	Grids	Renewable energies	Generation and trading	Other/ consolidation	Total
External revenue	2,691.5	1,472.4	103.8	1,365.2	4.1	5,637.0
Intercompany revenue	123.9	758.4	96.2	889.8	-1,868.3	0.0
Total revenue	2,815.4	2,230.8	200.0	2,255.0	-1,864.2	5,637.0
Adjusted EBITDA	48.0	277.9	42.7	373.5	2.7	744.8
EBITDA	48.5	300.4	42.6	348.0	6.9	746.4
Adjusted EBIT	34.0	190.8	28.6	275.5	-4.2	524.7
EBIT	34.5	213.3	28.5	250.0	0.0	526.3
Scheduled amortisation and depreciation	-14.0	-87.1	-14.1	-98.0	-6.9	-220.1
Capital employed as of 31/03/2014	1,093.3	4,880.2	2,120.0	4,038.0	1,939.9	14,071.4

01/01–31/03/2013 in € millions <sup>1</sup>	Sales	Grids	Renewable energies	Generation and trading	Other/ consolidation	Total
External revenue	2,824.9	1,282.9	94.9	1,557.7	4.8	5,765.2
Intercompany revenue	208.3	775.1	116.7	974.7	-2,074.8	0.0
Total revenue	3,033.2	2,058.0	211.6	2,532.4	-2,070.0	5,765.2
Adjusted EBITDA	24.9	314.6	54.7	490.1	-7.1	877.2
EBITDA	26.3	318.4	54.9	483.8	-4.1	879.3
Adjusted EBIT	9.3	222.4	40.5	402.4	-15.3	659.3
EBIT	10.7	226.2	40.7	396.1	-12.3	661.4
Scheduled amortisation and depreciation	-15.6	-92.2	-14.2	-87.7	-8.2	-217.9
Capital employed as of 31/12/2013	955.6	5,137.1	2,037.3	3,947.7	1,830.9	13,908.6

<sup>1</sup> The figures for the comparative period have been restated.

Adjusted EBITDA is one of the key internal performance indicators. Adjusted EBITDA is an earnings ratio adjusted for non-operating effects which accurately reflects the development of results of operations. In the management report, the development of the segments is explained with the aid of adjusted EBITDA. Adjusted EBITDA can be reconciled to earnings before taxes (EBT) as follows:

€ millions <sup>1</sup>	01/01– 31/03/2014	01/01– 31/03/2013
Adjusted EBITDA	744.8	877.2
Non-operating EBITDA	1.6	2.1
<b>EBITDA</b>	<b>746.4</b>	<b>879.3</b>
Amortisation and depreciation	-220.1	-217.9
<b>Earnings before interest and taxes (EBIT)</b>	<b>526.3</b>	<b>661.4</b>
Investment result	32.1	112.8
Financial result	-104.4	-132.8
<b>Earnings before tax (EBT)</b>	<b>454.0</b>	<b>641.4</b>

<sup>1</sup> The figures for the comparative period have been restated.

Segment reporting is based on internal reporting.

Sales of electricity and gas, as well as the provision of energy-related services, such as invoicing services or energy supply and energy-saving contracting, are summarised in the sales segment. The grids segment encompasses the value-added stages of transmission and distribution of electricity and gas. In addition, the provision of grid-related services and the supply of water is reported in the grids segment. Activities in the area of power generation using renewable energies are presented in their own business segment. In addition to the generation and trading of electricity, the generation and trading segment now also contains gas midstream operations (grid gas level) with import contracts and infrastructure, storage, trading and portfolio management. The disposal business was also allocated to the generation and trading segment. Assets, liabilities, income and expenses which are attributable to EnBW AG, our shareholdings in EWE Aktiengesellschaft and other activities which cannot be attributed to the segments presented separately are shown together with eliminations in the other/consolidation column. The costs directly attributable to EnBW AG are allocated to the individual segments using allocation keys.

The segment figures have been determined in accordance with the accounting policies used in the consolidated financial statements. Internal revenue shows the level of sales between Group companies. Intersegment sales were made at market prices.

## Related parties (entities)

Related parties include, above all, the Federal State of Baden-Württemberg and Zweckverband Oberschwäbische Elektrizitätswerke as indirect majority shareholders of EnBW AG. As of 31 March 2014, the Federal State of Baden-Württemberg and NECKARPRI GmbH each indirectly held 46.75% of the shares in EnBW AG, and NECKARPRI-Beteiligungsgesellschaft mbH held the same amount directly. Zweckverband Oberschwäbische Elektrizitätswerke directly held 46.75% of the shares in EnBW AG, and OEW Energie-Beteiligungs GmbH (OEW GmbH) held the same amount indirectly.

The transactions concluded with the federal state and entities controlled or jointly controlled by it, or over which it has significant influence, essentially relate to supplying municipal entities such as universities, government authorities, zoos and clinics with electricity, gas and district heating. The revenue from these transactions was immaterial in the reporting period; most of the receivables had been settled as of 31 March 2014. All business transactions with the federal state were based on terms and conditions customary on the market. There are no contingent liabilities or financial commitments to the federal state.

Except for dividends paid, there are no business relations with OEW GmbH or NECKARPRI-Beteiligungsgesellschaft mbH. The dividend for the financial year 2013 had not yet been distributed by the end of the first quarter of 2014.

Business relations with joint ventures accounted for using the equity method are as follows:

Income statement in € millions	01/01– 31/03/2014	01/01– 31/03/2013
Revenue	2.1	2.2
Cost of materials	-0.8	-1.5

Balance sheet in € millions	31/03/2014	31/12/2013
Receivables	0.6	2.6
Liabilities	5.4	4.6

Revenues and costs of materials result predominantly from electricity supply and procurement contracts. Receivables and liabilities are due within one year. All business relationships with joint ventures were conducted at customary market terms and conditions.

In the course of ordinary business activities, transactions are also made with associated companies, including municipal entities (municipal utilities, in particular) that are accounted for using the equity method. The exchange of services with these companies was conducted at customary market conditions and terms and had the following impact on the income statement and balance sheet of the EnBW Group:

Income statement in € millions	01/01– 31/03/2014	01/01– 31/03/2013
Revenue	72.0	63.1
Cost of materials	-51.8	-59.0

Balance sheet in € millions	31/03/2014	31/12/2013
Other loans	4.4	9.8
Receivables	22.2	20.6
Payments on account	10.5	13.9
Liabilities	40.4	44.6

The receivables and liabilities for the reporting period are generally due within one year.

The business relationships in joint operations, whose assets, liabilities, income and expenses have been reported on a proportional basis, are as follows:

Income statement in € millions	01/01– 31/03/2014	01/01– 31/03/2013
Revenue	0.3	0.3
Cost of materials	-2.2	-2.4

Balance sheet in € millions	31/03/2014	31/12/2013
Receivables	0.7	1.3
Liabilities	2.7	3.8

Revenues and the cost of materials result predominantly from business in the areas of electricity and gas. The receivables and liabilities are due within one year. All business relationships with joint ventures were conducted at customary market conditions and terms.

## Related parties (individuals)

The EnBW Group has not entered into any significant transactions with individuals that are related parties.

# Board of Management and Supervisory Board

## Board of Management

### **Dr. Frank Mastiaux, Karlsruhe**

Chief Executive Officer  
since 1 October 2012  
Appointed until 30 September 2017

### **Dr. Bernhard Beck LL.M., Stuttgart**

Chief Personnel Officer  
since 1 October 2002  
Appointed until 30 September 2017

### **Thomas Kusterer, Ettlingen**

Chief Financial Officer  
since 1 April 2011  
Appointed until 31 March 2019

### **Dr. Dirk Mausbeck, Karlsruhe**

Chief Commercial Officer  
since 1 October 2011  
Appointed until 30 September 2014

### **Dr. Hans-Josef Zimmer, Steinfeld (Pfalz)**

Chief Technical Officer  
since 1 January 2012  
Appointed until 31 December 2016

## Supervisory Board

### **Dr. Claus Dieter Hoffmann, Stuttgart**

Managing Partner of H + H Senior Advisors GmbH  
Chairman

### **Dietrich Herd, Philippsburg**

Chairman of the central works council at EnBW Erneuerbare und Konventionelle Erzeugung AG, formerly EnBW Kraftwerke AG  
Deputy Chairman

### **Dirk Gaerte, Sigmaringendorf**

District Administrator of the Sigmaringen district

### **Stefan Paul Hamm, Gerlingen**

Regional Department Secretary for Utilities and Waste Management, ver.di Baden-Württemberg (since 1 June 2013)

### **Silke Krebs, Stuttgart**

Minister in the State Ministry of Baden-Württemberg

### **Marianne Kugler-Wendt, Heilbronn**

Regional Director, ver.di, Heilbronn-Neckar-Franconia district

### **Wolfgang Lang, Karlsruhe**

Chairman of the central works council at EnBW Systeme Infrastruktur Support GmbH

### **Dr. Hubert Lienhard, Heidenheim**

Chief Executive Officer at Voith GmbH

### **Sebastian Maier, Ellenberg**

Chairman of the works council at EnBW Ostwürttemberg DonauRies AG (since 1 March 2013)

### **Arnold Messner, Aichwald**

Chairman of the central works council at Netze BW GmbH, formerly EnBW Regional AG

### **Bodo Moray, Mannheim**

Head of the Department for Utilities and Waste Management, ver.di Baden-Württemberg

### **Gunda Röstel, Flöha**

Commercial Director of Stadtentwässerung Dresden GmbH and Authorised Officer of Gelsenwasser AG

### **Dr. Nils Schmid MdL, Nürtingen**

Deputy Premier Minister and Minister for Finance and Economic Affairs of the Federal State of Baden-Württemberg

### **Klaus Schörnich, Düsseldorf**

Chairman of the works council of Stadtwerke Düsseldorf AG

### **Heinz Seiffert, Ehingen**

District Administrator of the Alb-Donau district

### **Gerhard Stratthaus MdL, Brühl**

Minister for Finance (retired), until 31 July 2013, Interim CEO at the Management Board of Badische Staatsbrauerei Rothaus AG

### **Dietmar Weber, Esslingen**

Chairman of the central works council of EnBW Operations GmbH

### **Kurt Widmaier, Ravensburg**

District Administrator of the Ravensburg district

### **Dr. Bernd-Michael Zinow, Pfingsttal**

Senior Vice President Public Affairs and Sustainability at EnBW Energie Baden-Württemberg AG

As of: 1 April 2014

# Important notes

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**Forward-looking statements**

This report contains forward-looking statements which are based on current assumptions, plans, estimates and forecasts made by the management of EnBW. Forward-looking statements of this kind are therefore only valid at the time they were first published. Forward-looking statements are indicated by the context, but may also be identified by the use of the words “can”, “will”, “should”, “plans”, “intends”, “expects”, “thinks”, “estimates”, “forecasts”, “potential”, “continued” and similar expressions. By nature, forward-looking 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 in the EnBW Group may therefore diverge considerably from the forward-looking statements made in this report. Therefore it cannot be guaranteed nor can any liability otherwise be assumed that these forward-looking 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 report or to adjust or otherwise update forward-looking statements to future events or developments. This Quarterly Financial Report can also be downloaded from the Internet in German or English. In cases of doubt, the German version shall be authoritative.



## Financial calendar

09 | 05 | 2014

Publication of the Quarterly Financial Report January to March 2014

01 | 08 | 2014

Publication of the Six-Monthly Financial Report January to June 2014

11 | 11 | 2014

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