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Annual General Meeting: After another strong year in 2019, EnBW focussing all efforts on maintaining stable performance in the Corona crisis

EnBW delivered substantial earnings growth in 2019 / With stable performance so far despite Corona crisis, EnBW retaining guidance for 2020 unchanged / Focus on further developing into leading infrastructure provider

Karlsruhe. EnBW increased earnings for the third time in a row in the 2019 financial year, attaining the ambitious earnings target set in 2013 for 2020 one year earlier than planned. "2019 was a very strong year in which we took the company another major step forward," said CEO Frank Mastiaux at today's Annual General Meeting, which was held live online. "We can give a positive review for 2019. We attained our strategic and operational goals and, in some areas, even exceeded our financial targets. We owe these achievements to a large part to the fantastic work and great dedication of our workforce. This year, we are focussing our efforts on staying on course despite the Corona crisis and on pressing ahead with our growth projects in our 2025 strategy, while keeping a close eye on the tough operating environment.

Substantial earnings growth in 2019

Adjusted EBITDA went up by almost 13% in the 2019 financial year, to €2.43 billion. All business areas contributed to the positive performance. "The measures we adopted have been effective in all areas. In particular, we delivered on key growth projects," Frank Mastiaux said. Adjusted Group net profit attributable to the shareholders of EnBW AG came to €787 million, some 80% higher than in the previous year. This is reflected in the Executive Board's proposal at the Annual General Meeting to pay a dividend of 70 euro cents per share (previous year: 65 euro cents).

Strong earnings growth in Renewable Energies business segment

The Sales segment generated earnings of €294 million, marking an increase of 10%. EnBW significantly extended its market position, most of all in the strategic growth business of electric mobility. With over 360 charging locations, EnBW leads the German market in fast high voltage vehicle charging.

The Renewable Energies segment delivered a strong, 62% increase in earnings to €483 million. Highlights includes completion of the Hohe See and Albatros North Sea wind farms – currently the largest offshore project in Germany with a total output of 610 megawatts – and

the start of construction work on the Weesow solar park, which is the biggest solar park in Germany to date and the first to be built without state funding.

In the Grids segment, adjusted EBITDA went up by some 11%. Despite increasing volumes of renewable energy fed into the grid, the company further improved security of supply and reduced supply interruptions by 12%. Since last year, municipal communities have been offered to acquire stakes in Netze BW, EnBW's distribution grid operator. This possibility has been met with great interest.

As expected, adjusted EBITDA in the Generation and Trading segment was down 11%. Decommissioning of EnBW's nuclear power plants proceeds according to plan. At Philippsburg site, for example, the second reactor block was finally taken off the grid on 31 December 2019 and the two cooling towers were demolished on 14 May 2020.

EnBW took early measures during Corona crisis

EnBW responded to the outbreak of the Corona pandemic at an early stage, establishing a task force at the beginning of February that since then has remained in close dialogue with ministries and health authorities and has identified and implemented suitable countermeasures jointly with the Executive Board. A large share of the workforce has been working from home since early March. Measures such as contact-free shift handovers were adopted immediately for teams that have to work on site at the operating level.

"Protecting the health of our employees has always been and continues to be our top priority," Mastiaux emphasised. "The company is aware of its particular responsibility for ensuring constantly reliable electricity, water and gas supplies and waste disposal for all citizens. At all times so far, EnBW has reliably delivered its services without any restriction. My colleagues on the Executive Board and I would like to thank the EnBW team for their immense commitment, frequently under tough conditions." Mastiaux continued, "The present crisis especially has clearly demonstrated the critical importance to the economy and society of reliable infrastructure that is fully functional at all times."

Guidance retained despite Corona: 13% to 19% earnings growth in 2020

Despite the anticipated impact of the Corona crisis on parts of its operating business, EnBW is maintaining its existing earnings guidance for the current 2020 financial year. Adjusted EBITDA is expected to be between €2.75 billion and €2.9 billion, which is in a range of between 13% to 19% above the previous year. "We continue to keep a close eye on the onward development of the corona pandemic and its potential impacts on the economy and our business," Mastiaux said. "We are prepared to respond swiftly with further countermeasures if required."

2025 Strategy: Growth in three strategic business areas

From EnBW's perspective, the Corona crisis has increased the importance of infrastructure considerations in particular. Mastiaux: "This fundamentally confirms the strategic direction we have set out in our 2025 Strategy. We will additionally be looking at which lessons and insights we can learn from the corona crisis and what additional opportunities result for us in terms of new focal areas, new ways of working or a new order of priorities for our projects."

Looking ahead, EnBW plans to generate further growth in three strategic business areas that partly go beyond energy:

- Smart infrastructure for customers, such as the rollout of fast charging infrastructure and all activities relating to telecommunications and broadband.
- System-critical infrastructure, which includes the grids business.
- Sustainable generation infrastructure, meaning the expansion of renewables – primarily onshore / offshore wind power together and large-scale photovoltaic projects.

EnBW aims for a further substantial rise in earnings by 2025 compared to today, with an EBITDA target of €3.2 billion. "Our 2025 Strategy is ambitious. Not only are we targeting new markets. It also places new demands on our capabilities, structures and processes," Frank Mastiaux said. "We have therefore been working systematically for some time now to further improve our organisation's flexibility and performance capacity in the relevant focal areas."

Ability to adapt as a critical success factor

With a view to the current challenges, Mastiaux said, "We have now been in a continuous process of re-inventing ourselves for eight years. The present Corona situation in particular demonstrates that, over time, we have been able to develop flexibility and an ability to adapt as fundamental capabilities of our company. I am sure that this will help us meet the challenges that lie ahead."

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