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## **EnBW maintains strong earnings performance despite corona pandemic**

**New offshore wind farms and acquisitions drive substantial increase in earnings / financial results affected by marking securities to market / full-year guidance confirmed**

Karlsruhe. Although the corona pandemic began to have a moderate impact on the operating business, EnBW was able to continue its strong earnings performance in the first nine months of 2020. Notable positive contributors to operating earnings compared with last year are strong growth in renewables due to the Hohe See and Albatros offshore wind farms and the acquisitions of Valeco and Plusnet.

With a workforce of 24,111 (+5%), EnBW generated revenues of some €13.68 billion and adjusted EBITDA of some €2.06 billion, an increase of 22.2% compared to the same period last year (€1.68 billion). The earnings guidance for the full year 2020 therefore is confirmed. Adjusted EBITDA is expected to be in a range between €2.75 billion and €2.9 billion, which is between 13% and 19% above the previous year.

CFO Thomas Kusterer: "Our portfolio transformation and efficiency efforts since 2012 as part of EnBW's business renewal have made the company highly resilient. Most of all, our strategic investments in renewables and broadband telecommunications are increasingly paying off and are driving a positive overall earnings trend despite the corona pandemic. Our integrated portfolio proves its worth and ensures stability especially at difficult times like the present. We are therefore confident that we will meet our ambitious targets for 2020 and thus successfully complete the corporate transformation which we launched in 2013."

Net profit attributable to the shareholders of EnBW AG went down from €288.3 million in the same period last year to €250.3 million in the reporting period. Earnings per share were consequently €0.92, versus €1.06 a year earlier. The fall in Group net profit is primarily due to a lower financial result. This was affected by marking securities to market at the reporting date.

### **Performance by segment**

Adjusted EBITDA in the Sales segment was €216 million in the first nine months of 2020, 3% higher than in the same period of the previous year. However, the Sales segment is currently impacted to a minor extent by the corona pandemic. This is seen at EnBW's shareholdings in the segment, which are affected by lower B2B sales quantities and the related negative effects of selling off advance electricity and gas purchases at short notice.

As this is expected to continue through to the end of the year, the full-year guidance for the Sales segment has been revised accordingly. Instead of previously €325 million to €400 million, the earnings guidance for the segment is now €275 million to €325 million.

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Adjusted EBITDA in the Grids segment was €1.03 billion in the first nine months of 2020, almost matching the previous year's period (with a decrease of 2.5%). The slight drop in earnings is due among other things to a minor decrease in electricity volumes in the distribution grids. This was countered by higher electricity and gas transmission grid revenue, notably due to increased investment in grid security and reliability. The segment's earnings performance in the first nine months of 2020 was not significantly affected by the corona pandemic. The full-year guidance for this year therefore stays at expected operating earnings of between €1.3 billion and €1.4 billion.

The Renewable Energies segment has continued its strong positive performance. Adjusted EBITDA rose substantially to €586 million in the first nine months of 2020. This represents 88.4% growth on the previous year. The marked increase in earnings is largely due to the two offshore wind farms EnBW Hohe See and EnBW Albatros coming into operation. France-based wind and solar power company Valeco and better wind conditions for offshore and onshore wind farms also contributed to the positive earnings performance. The full-year earnings guidance therefore remains unaltered, meaning that earnings between €825 million and €925 million are expected for the Renewable Energies segment.

Adjusted EBITDA in the Generation and Trading segment increased by some 66% in the first nine months of 2020 to €376 million. Electricity from EnBW power plants was sold at higher wholesale market prices than in the same period of the previous year. Earnings contributions from trading activities also had a positive effect due to increased volatility on wholesale markets. This more than offset the negative effect from decommissioning the Philippsburg 2 nuclear power plant, although that effect will increase further in the remaining course of the year. The expectation for full-year segmental earnings therefore remains unchanged at between €425 million and €500 million.

The EnBW Group's total investment, at around €1.52 billion, was about 29% down on the first nine months of the previous year (€2.15 billion). This is mainly due to the acquisition in the first half of 2019 of the French wind and solar power group Valeco and the German telecommunications group Plusnet. 73% of total gross investment related to growth projects, primarily in Grids and Renewable Energies segments. Capital expenditure in 2020 has focused among other things on completion of the Hohe See and Albatros offshore wind farms and on grid expansion and replacement expenditure in the distribution grid.

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## Performance indicators of the EnBW Group

### Financial and strategic performance indicators

in € million	01/01– 30/09/2020	01/01– 30/09/2019	Change in %	01/01– 31/12/2019
External revenue <sup>1</sup>	13,682.0	13,990.2	-2.2	18,765.0
Adjusted EBITDA	2,062.5	1,688.2	22.2	2,432.5
Share of adjusted EBITDA accounted for by Sales in € million/in % <sup>1</sup>	216.0/10.5	209.0/12.4	3.3/-	322.8/13.3
Share of adjusted EBITDA accounted for by Grids in € million/in % <sup>1</sup>	1,030.1/49.9	1,056.2/62.6	-2.5/-	1,355.3/55.7
Share of adjusted EBITDA accounted for by Renewable Energies in € million/in % <sup>1</sup>	585.7/28.4	310.9/18.4	88.4/-	499.3/20.5
Share of adjusted EBITDA accounted for by Generation and Trading in € million/in % <sup>1</sup>	375.7/18.2	226.5/13.4	65.9/-	429.5/17.7
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in % <sup>1</sup>	-145.0/-7.0	-114.4/-6.8	-26.7/-	-174.4/-7.2
EBITDA	1,944.6	1,491.3	30.4	2,245.2
Adjusted EBIT	1,087.4	606.5	79.3	944.7
EBIT	880.3	407.9	-	596.7
Adjusted Group net profit <sup>2</sup>	367.2	506.9	-27.6	786.8
Group net profit <sup>2</sup>	250.3	288.3	-13.2	734.2
Earnings per share from Group net profit in € <sup>2</sup>	0.92	1.06	-13.2	2.71
Retained cash flow <sup>1</sup>	1,113.7	623.7	78.6	1,240.7
Total investment <sup>1</sup>	1,515.3	2,146.0	-29.4	3,315.2
in € million	30/09/2020	31/12/2019	Change in %	
Net debt	13,970.3	12,852.4	8.7	

### Employees<sup>3,4</sup>

	30/09/2020	30/09/2019	Change in %	31/12/2019
Employees	24,111	22,934	5.0	23,293
Full-time equivalents <sup>5</sup>	22,582	21,467	5.0	21,843

<sup>1</sup> The figures for the previous year have been restated.

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

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

<sup>4</sup> The number of employees for the ITOs [ONTRAS Gastransport GmbH, terranets bw GmbH and TransnetBW GmbH] is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2019 is carried forward.

<sup>5</sup> Converted into full-time equivalents.

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