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EnBW reports good earnings in first half of 2023

- **Adjusted EBITDA at around €3.5 billion**
- **Investment in accelerated energy transition stepped up significantly**
- **Full-year guidance for 2023 confirmed at Group level**

Karlsruhe. EnBW Energie Baden-Württemberg AG generated revenue of approximately €26.7 billion and adjusted EBITDA of some €3.5 billion in the first six months of the 2023 financial year. The operating result in the first six months was thus better than expected, and significantly higher than in the first half of 2022. However, the earnings trend will not continue at the same level in the second half of 2023. The guidance for Group earnings of between €4.7 billion and €5.2 billion in the full year 2023 therefore remains unchanged, with the final figure expected to be at the upper end of the guidance range.

The main driver of the year-on-year increase was the Sustainable Generation Infrastructure segment. There, the Thermal Generation and Trading business made for significant earnings growth to approximately €2 billion, around €1 billion higher than in the previous year. Positive factors included higher wholesale prices for generated electricity and the absence of negative effects related to the cessation of gas supplies from Russia and subsidiary VNG AG having to buy in at higher prices to replace the missing quantities. This had an impact totaling over €0.5 billion in the previous year.

EnBW CFO Thomas Kusterer: “We will continue using our operating earnings to accelerate the implementation of the energy transition. As Germany’s only integrated energy company, we have a special responsibility in this regard. We maintain a keen focus on the key factors involved in the energy transition and are investing simultaneously in the expansion of renewable energy, dispatchable capacity and the grids. This transformation of the energy system needs massive investment – various studies suggest in excess of €600 billion for Germany by 2030. To ensure security of supply and be ready for the future, and to live more climate-conscious lives, we need a new energy infrastructure.”

Adjusted Group net profit attributable to the shareholders of EnBW AG increased to €1.65 billion in the first half-year (previous year: €806 million). A significant part of these earnings will be invested in the accelerated implementation of the energy transition. Gross investment has thus risen significantly year on year to €1.58 billion, 48% higher than in the first six months of the previous year. Most of this total investment (74%) was for growth projects. These included the expansion of the transport and distribution grids, the development of the He Dreiht offshore wind farm in the German North Sea, three fuel-switch projects – that is, new, hydrogen-ready gas power plants at former coal sites in Baden-Württemberg – and the ongoing expansion of charging infrastructure for electric vehicles.

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Performance by segment

Adjusted EBITDA in the **Smart Infrastructure for Customers** segment (Sales) amounted to around €21 million, a decrease of around 80% from the previous year's period (previous year: €103 million). The fall in earnings is due to a negative impact in the amount of around €251 million from the deconsolidation of bmp greengas GmbH – an indirect shareholding of EnBW – and related writedowns on outstanding receivables. Lower seasonal fluctuation in procurement costs than in the previous year only partly offset the negative earnings performance.

In the **System Critical Infrastructure** segment (Grids), the adjusted EBITDA of approximately €1.02 billion is around 70% higher than in the previous year. The background to this is a significant increase in grid revenues as a result of increased investment in grid expansion and of adjusting prices to reflect higher expenses for the grid reserve and redispatch in order to safeguard security of supply.

Adjusted EBITDA in the **Sustainable Generation Infrastructure** segment (Renewable Energies and Thermal Generation and Trading) increased significantly year on year to €2.61 billion.

In **Renewable Energies**, adjusted EBITDA went up by 3.2% to €565 million (previous year: €547 million). A total of around 200 megawatts of onshore wind power and solar power were added in Germany and France in the first half-year. However, a positive earnings trend from run-of-river power and from the added electricity generation volumes was almost canceled out due to lower prices in direct marketing.

In **Thermal Generation and Trading**, adjusted EBITDA rose to approximately €2 billion. This was partly due to higher wholesale prices for forward sales of electricity than in the previous year. In addition, the prior-year period included negative effects at Group subsidiary VNG due to the curtailment and cessation of Russian gas supplies; those effects now no longer apply.

The increase in **non-operating EBITDA** is mainly due to the reclassification of remeasurement effects on hedging transactions* in trading for better presentation of the actual financial outcome.

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Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	01/01–30/06/2023	01/01–30/06/2022	Change in %	01/01–31/12/2022
External revenue	26,686.1	27,119.5	-1.6	56,002.6
Adjusted EBITDA ¹	3,498.3	2,123.9	64.7	3,967.1
Share of adjusted EBITDA accounted for by Smart Infrastructure for Customers in € million/in % ¹	20.9/0.6	103.1/4.9	-79.7/-	498.4/12.6
Share of adjusted EBITDA accounted for by System Critical Infrastructure in € million/in % ¹	1,021.2/29.2	599.5/28.2	70.3/-	1,057.8/26.7
Share of adjusted EBITDA accounted for by Sustainable Generation Infrastructure in € million/in % ¹	2,607.0/74.5	1,551.5/73.0	68.0/-	2,616.2/65.9
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	-150.8/-4.3	-130.2/-6.1	-15.8/-	-205.3/-5.2
EBITDA	5,134.0	1,642.3	-	4,473.2
Adjusted EBIT ¹	2,656.1	1,346.9	97.2	2,351.9
EBIT	3,920.6	769.5	-	2,141.2
Adjusted Group net profit ^{1,2}	1,653.4	806.1	105.1	1,414.5
Group net profit ²	2,525.8	563.9	-	1,738.0
Earnings per share from Group net profit (€) ²	9.33	2.08	-	6.42
Retained cash flow ¹	2,238.0	1,451.6	54.2	3,216.5
Net cash investment	1,602.3	1,092.9	46.6	2,767.7
in € million	30/06/2023	31/12/2022	Change in %	
Net debt	11,950.4	10,847.0	10.2	

Non-financial performance indicators³

	01/01–30/06/2023	01/01–30/06/2022	Change in %	01/01–31/12/2022
Customers and society goal dimension				
EnBW/Yello Customer Satisfaction Index	127/170	139/166	-8.6/2.4	139/166
SAIDI (electricity) in min./year	5.6	9.2	-39.1	16.6
Employees goal dimension				
LTIF for companies controlled by the Group ^{4,5}	2.2	2.6	-15.4	2.6
LTIF overall ⁴	3.1	3.7	-16.2	4.1

Employees^{4,7}

	30/06/2023	30/06/2022	Change in %	31/12/2022
Employees	27,575	26,312	4.8	26,980
Full-time equivalents ⁸	25,932	24,710	4.9	25,339

1 The figures for the previous year have been restated.

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

3 The values for the key performance indicators Reputation Index, People Engagement Index (PEI), "Installed output of renewable energies (RE) in GW and the share of the generation capacity accounted for by RE in %" and CO₂ intensity are exclusively collected at the end of the year.

4 Variations in the group of consolidated companies (all companies with more than 100 employees, excluding external agency workers and contractors, are considered).

5 Companies that are fully consolidated for the first time in the course of the respective financial year were not included in the calculations for the LTIF performance indicators. Except for companies in the area of waste management.

6 Number of employees excluding apprentices/trainees and inactive employees.

7 The number of employees for the ITOs (ONTRAS Gastransport, terranets bw and TransnetBW) is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2022 is carried forward.

8 Converted into full-time equivalents.

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** The remeasurement effects arise because trading transactions, once entered into, are recognized at fair value as of the reporting date (IFRS 9), whereas the hedged item is not recognized in profit or loss until realized (in this case the generation/supply of electricity). In electricity trading, several years can elapse between sale and supply. To record the earnings contribution from the operating business even more accurately in the periods in which electricity sold forward is also produced and supplied, the remeasurement effects concerned have been reclassified to the non-operating result from the first half of 2023.*

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