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EnBW Annual General Meeting: massive investments planned to accelerate energy transition

- **Integrated business portfolio ensures financial stability**
- **Proposed dividend of €1.10 at same level as previous year**
- **Sustainable growth with clear decarbonization pathway**
- **Coal phase-out already targeted for 2028**

Stuttgart. EnBW continued its operating earnings growth in the 2022 financial year, despite the difficult economic environment. At the beginning of his speech, Group CEO Andreas Schell thanked the company's employees for their commitment in a challenging year. "Together, we have steered our company through unprecedented times and worked with policymakers to prevent an all-out energy crisis," Schell said at today's Annual General Meeting, which was held as a virtual meeting and live-streamed from the company's headquarters in Stuttgart.

At the same time, he added, EnBW continues to successfully drive forward its transformation – begun long before the Ukraine war – into a sustainable energy provider and infrastructure partner. "We have been working on innovations in the areas of sales, grids and generation. We have deepened existing partnerships and forged new ones. Because the energy transition will only succeed if we pool forces and capabilities, and optimally allocate investment spending," Schell emphasized.

The company also made key decisions with regard to sustainability and decarbonization. "We now have a clear, scientifically validated pathway for the reduction of our carbon emissions. Our goal is to be completely carbon-neutral by 2035. To achieve this, we plan to halt coal-based electricity and heat generation as early as 2028, provided the necessary policy framework is ready in time," Schell explained.

As part of this, EnBW is pushing ahead with the rapid expansion of renewable energies. The company made major investment decisions in the past year, particularly in the area of offshore wind energy. At the same time, EnBW is expanding flexible power plant capacity to meet demand when there is not enough electricity available from renewable sources. It is doing this by investing in advanced natural gas-fired power plants that can switch to green hydrogen in the medium term. To this end, as CEO Andreas Schell explained, EnBW has committed €1.6 billion in investments in the past year for the construction of three such plants in Baden-Württemberg.

Successful business development: proposed dividend of €1.10 per share

EnBW once again increased operating earnings in the 2022 financial year. Adjusted EBITDA went up by 11% to €3.29 billion. Over the last few years, the Group has successfully transformed its business portfolio towards renewables and grids; these segments now make

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up around 70% of earnings. With adjusted EBITDA of €1.11 billion (an increase of 39%), renewables were the biggest earnings driver in the past financial year. This was primarily due to newly operational large solar farms, higher market prices and better wind conditions.

The successful earnings performance is also reflected in dividend growth. EnBW generated Group net profit attributable to the shareholders of EnBW AG of €973 million in the reporting year. The Board of Management proposed a dividend of €1.10 per share at the Annual General Meeting. This is the same level as in the previous year and amounts to a payout ratio of 31%.

CEO Schell explained in his speech to shareholders that the dividend proposal leaves funds in the company that will be used to finance the massive investments required for the energy transition in Germany and to ensure security of supply for energy.

Further earnings growth expected in 2023 financial year

EnBW expects a further increase in earnings this year. The company is preparing for the next leap in earnings (adjusted EBITDA) to exceed €4 billion for the first time, Schell said. "We expect that our adjusted EBITDA will be in a range between €4.7 billion and €5.2 billion."

Specifically for each segment: Stable or slightly lower earnings of between €400 million and €500 million are expected in the Smart Infrastructure for Customers (sales) segment. For the System Critical Infrastructure segment, earnings are expected to be between €1.6 billion and €1.9 billion. A significant increase in earnings is expected for the Sustainable Generation Infrastructure segment in 2023. The Thermal Generation Trading and Renewable Energies businesses together are expected to contribute around €2.9 billion to €3.2 billion to earnings.

Sustainable growth through to 2030

EnBW takes its responsibility very seriously as a driver of the energy transition and a reliable infrastructure partner. The focus here is on sustainability and security of supply. Intensive preparations are to be made in the months ahead for the time beyond nuclear power and coal. "To this end, we launched the EnBW 2030 strategy process a few weeks ago and are working on a strategic orientation for the period up to 2030 based on the new conditions faced by the energy industry," said EnBW CEO Andreas Schell.

By 2025, EnBW plans to make gross investment of €14 billion, around 75% of which will go on expanding the grids and renewables in the next three years and hence on accelerating the implementation of the energy transition.

According to the German government's current plans, renewables will meet 80 percent of the country's electricity consumption by 2030.

"Accomplishing these ambitious plans requires more sites, less bureaucracy, upgraded electricity grids and a rapid ramp-up of the hydrogen economy. Last but not least, we need a market-based energy market design to create investment incentives and boost the accelerated expansion of renewable energies," the EnBW CEO emphasized. But, he added, consumers also need to take an active part in the energy transition. Schell continued: "The energy transition is a

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team effort. We can only achieve it if everyone – businesses, policymakers and society – plays their part.”

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