EnBW

Quarterly Statement January to March 2023

Q1 Q2 Q3

Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	01/01–31/03/2023	01/01–31/03/2022	Change in %	01/01–31/12/2022
External revenue	15,971.2	13,724.5	16.4	56,002.6
Adjusted EBITDA	2,839.8	1,185.0	139.6	3,285.7
Share of adjusted EBITDA accounted for by Smart Infrastructure for Customers in € million/in % [1]	-0.3/0.0	-60.3/-5.1	99.5/–	498.4/15.1
Share of adjusted EBITDA accounted for by System Critical Infrastructure in € million/in % [1]	584.6/20.6	360.8/30.5	62.0/–	1,057.9/32.2
Share of adjusted EBITDA accounted for by Sustainable Generation Infrastructure in € million/in % [1]	2,351.0/82.8	976.6/82.4	140.7/–	1,934.9/58.9
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	-95.5/-3.4	-92.1/-7.8	-3.7/–	-205.3/-6.2
EBITDA	3,954.2	1,351.2	–	4,473.2
Adjusted EBIT	2,415.7	801.4	–	1,670.5
EBIT	3,530.0	967.3	–	2,141.2
Adjusted Group net profit [2]	1,449.8	464.2	–	972.6
Group net profit [2]	2,288.6	606.3	–	1,738.0
Earnings per share from Group net profit (€) [2]	8.45	2.24	–	6.42
Retained cash flow	3,083.1	883.3	–	2,534.9
Net cash investment	710.9	401.8	76.9	2,767.7

in € million	31/03/2023	31/12/2022	Change in %
Net debt	11,535.5	10,847.0	6.3

Employees [3, 4]

	31/03/2023	31/03/2022	Change in %	31/12/2022
Employees	27,326	26,268	4.0	26,980
Employee equivalents [5]	25,669	24,663	4.1	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 Number of employees excluding apprentices/trainees and inactive employees.
4 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 31/12/2022 is carried forward.
5 Converted into full-time equivalents.

Q1 2023 at a glance

- Adjusted EBITDA of the EnBW Group of €2,839.8 million significantly higher than in previous year
- Increased investment in grid development, expansion of renewable energies and fuel switch projects from coal to gas to hydrogen
- Earnings forecast for whole of 2023 remains unchanged

Contents

Accelerating the energy transition

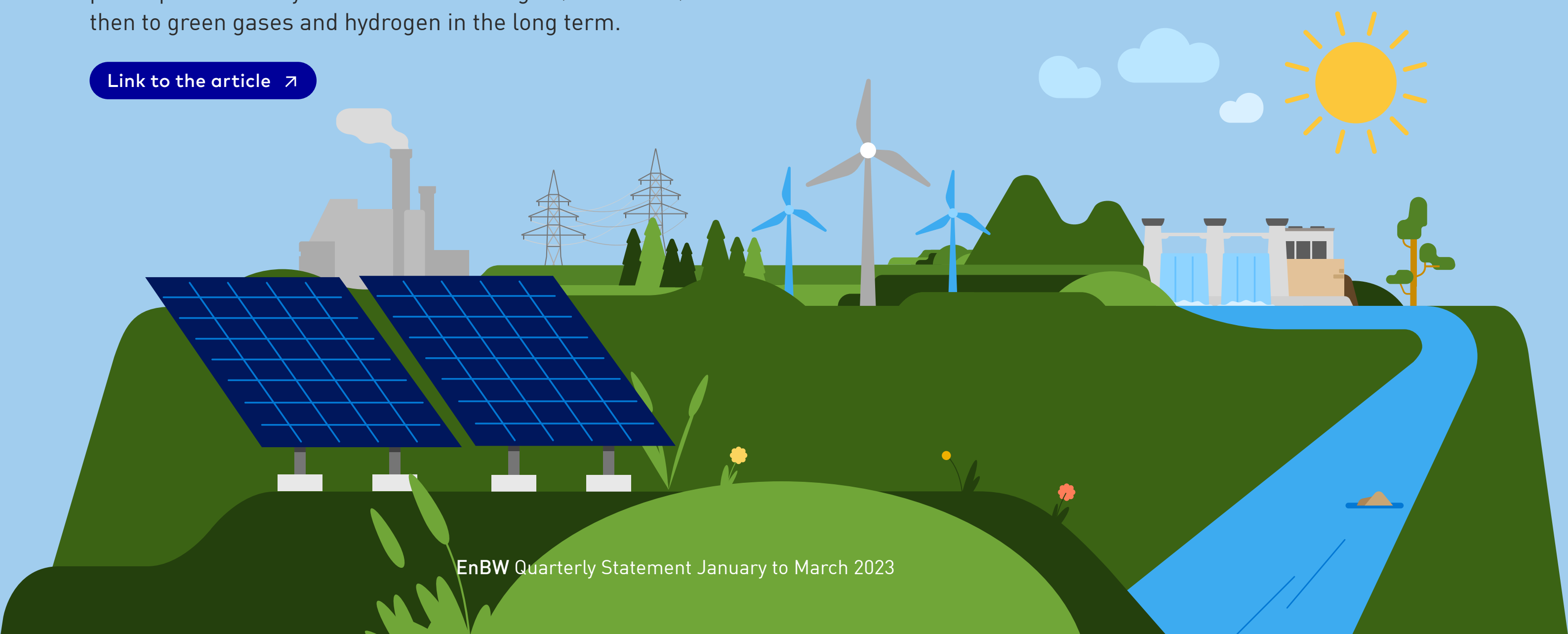
Using a corporate strategy that focuses on sustainability, we already started the realignment of our generation portfolio in 2013 to begin transforming ourselves from a conventional energy company into a sustainable infrastructure partner. We are now upping the tempo and want to phase out coal-fired power generation early by 2028, provided that the framework conditions set by the German government make this possible.

Our climate protection goals
The acceleration of the coal phaseout plan will support the achievement of the EnBW climate protection targets, which have been scientifically audited and verified by the recognized Science Based Targets initiative (SBTi). Our reduction targets are thus in line with the Paris Agreement. They cover our entire value-added chain and also all three emission categories (so-called Scopes). By pursuing clearly defined milestones, we plan to reduce our CO_2 emissions by half by 2027 and by around 70% by 2030 (based on the reference year of 2018). The expansion of renewable energies and the commissioning of hydrogen-ready gas power plants are some of the important steps for the achievement of our targets and the acceleration of the energy transition. We are switching over our power plants initially from coal to natural gas (fuel switch) and then to green gases and hydrogen in the long term.

Link to the article ↗

S&P returns its rating outlook to stable
Our solid financial performance in 2022, the validation of our climate targets by the SBTi and our earlier phaseout of coal have convinced the rating agency S&P to once again raise the outlook for EnBW to stable. S&P expects that "EnBW's transformation will position it among the strongest integrated European utilities in the long term."

Link to the press release ↗



Milestones on our journey toward climate neutrality

2020 – Target climate **neutrality 2035**

2026 – **Commissioning** fuel switch projects

2027

2028 – Planned **phaseout of coal**

2030

2035 – **Climate neutral in Scopes 1 and 2:** Achievement of climate protection targets in line with the 1.5 degree path of the Paris Agreement

Goals

- 2027: **Reduction** in emissions in Scopes 1 and 2 by **50%** (compared to 2018)
- 2030: **Reduction** in emissions in Scopes 1 and 2 by **70%** (compared to 2018)
- 2035: **Reduction** in emissions in Scopes 1 and 2 by **83%** (compared to 2018)

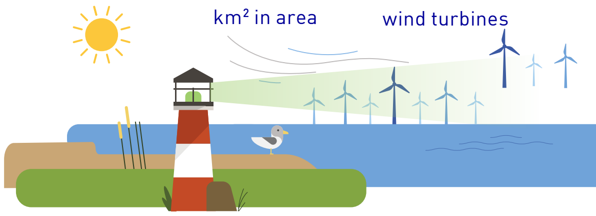
Energy transition in the North Sea

EnBW He Dreiht will become one of the largest offshore wind farms in Germany

Following the investment decision taken in March, the way is now free for construction to start at our largest offshore wind farm to date – EnBW He Dreiht. We will realize this large-scale project with a capacity of 960 MW in cooperation with our strong partners Allianz Capital Partners, AIP and Norges Bank Investment Management. He Dreiht should already be able to produce enough electricity for around 1.1 million households by the end of 2025. This offshore wind farm being built without state funding is currently one of Europe's biggest energy transition projects and marks an important milestone in the accelerated expansion of renewable energies at EnBW.

63 km² in area

64 wind turbines



960 MW Enough electricity to power around 1.1 million households

End of **2025** planned commissioning

Link to the press release ↗

Diana van den Bergh
Project Manager
at EnBW

From coal to natural gas to hydrogen

"We are laying the foundations for the climate friendly generation of electricity and heat and a quicker energy transition."

Diana van den Bergh is a Project Manager at EnBW and responsible for the fuel switch from coal to natural gas at the sites in Heilbronn and Altbach/Deizisau. Together with her team, she is laying the foundations for the climate-friendly generation of electricity and heat with these fuel switch projects. "In the next step, we plan to make these sites carbon neutral by switching them over from natural gas to 100% hydrogen by 2035. This will ensure that we can guarantee the security of supply when neither photovoltaic power nor wind energy is being fed into the grid," says van den Bergh. The groundbreaking ceremony for the new gas-fired combined heat and power plant at the site in Stuttgart-Münster was already held in March 2023.

Link to the press kit ↗

The EnBW Group

Changes to the segment reporting

One of the Polish subsidiaries was restructured at the beginning of 2023 in order to comply with the Polish energy industry regulations. The grid business at this company was previously reported in the "Smart Infrastructure for Customers" segment but will be part of the "System Critical Infrastructure" segment from the 2023 financial year onwards. The figures for the previous year have been restated. In the first quarter of 2022, there were very high seasonal prices for electricity for the first time, although this did not have any effect on the secured annual average price. In the 2022 financial year, the impact of the seasonal effects in the first quarter was reported in the area of trading. In the first quarter of 2023, the impact of these seasonal effects is reported in the area of sales. The figures for the previous year in the "Smart Infrastructure for Customers" and "Sustainable Generation Infrastructure" segments have been restated accordingly.

Results of operations

Material developments in the income statement

The increase in revenue of €2,246.7 million in comparison to the same period of the previous year to €15,971.2 million was primarily attributable to higher trading prices in the electricity and gas sectors. However, the cost of materials was only €657.8 million higher than the figure in the previous year. Other operating income increased by €1,331.0 million in comparison to the previous year to €3,341.1 million. This was due to higher income from derivatives. This was offset to some extent by the reversal of provisions for onerous contracts in relation to the early termination of an electricity procurement agreement in the previous year. There was an increase in other operating expenses of €223.7 million in comparison to the previous year to €1,903.1 million, which was also a result of the valuation of derivatives.

The investment result in the reporting period stood at €46.3 million, which was €20.0 million lower than the figure of €66.3 million in the previous year. This decrease was primarily the result of lower income from the dedicated financial assets. The financial result fell in the reporting period in comparison to the same period of the previous year by €69.5 million to €–112.3 million (previous year: €–42.8 million). The main reasons for this development were higher accretion of non-current provisions and higher expenses related to bonds. This was offset to some extent by the increase in the interest rate for nuclear provisions.

Overall, earnings before tax (EBT) increased significantly to €3,464.0 million in the first quarter of the 2023 financial year, compared with €990.8 million in the same period of the previous year.

Earnings

The Group net profit/loss attributable to the shareholders of EnBW AG increased from €606.3 million in the same period of the previous year by €1,682.3 million to €2,288.6 million in the reporting period. Earnings per share amounted to €8.45, compared to €2.24 in the same period of the previous year.

Adjusted earnings and non-operating result

The sum of the adjusted earnings figures and non-operating figures gives the figures on the income statement. The non-operating result includes effects that either cannot be predicted or cannot be directly influenced by EnBW and as such are not relevant to the ongoing management of the company. The effects are presented in the section "Non-operating EBITDA." The business activities relevant to the ongoing management of the company are of particular importance for internal management and for the external communication of the current and future earnings potential of EnBW. We use the adjusted EBITDA – earnings before the investment and financial results, income taxes and amortization, adjusted for non-operating effects – as the key reporting indicator for disclosing this information.

Adjusted EBITDA by segment

in € million[1]	01/01–31/03/2023	01/01–31/03/2022	Change in %	01/01–31/12/2022
Smart Infrastructure for Customers	-0.3	-60.3	99.5	498.4
System Critical Infrastructure	584.6	360.8	62.0	1,057.8
Sustainable Generation Infrastructure	2,351.0	976.6	140.7	1,934.8
Other/Consolidation	-95.5	-92.1	-3.7	-205.3
Total	**2,839.8**	**1,185.0**	**139.6**	**3,285.7**

1 The figures for the previous year have been restated.

Share of adjusted EBITDA accounted for by the segments

in %[1]	01/01–31/03/2023	01/01–31/03/2022	01/01–31/12/2022
Smart Infrastructure for Customers	0.0	-5.1	15.1
System Critical Infrastructure	20.6	30.5	32.2
Sustainable Generation Infrastructure	82.8	82.4	58.9
Other/Consolidation	-3.4	-7.8	-6.2
Total	**100.0**	**100.0**	**100.0**

1 The figures for the previous year have been restated.

The adjusted EBITDA of the EnBW Group increased in the first three months of 2023 in comparison to the same period of the previous year by 139.6%. There were no material effects from changes to the group of consolidated companies in the reporting period.

Smart Infrastructure for Customers: The adjusted EBITDA in the Smart Infrastructure for Customers segment increased in the first three months of 2023 in comparison to the same period of the previous year to €–0.3 million. This increase in earnings was due to lower seasonal effects relating to procurement prices in comparison to the previous year.

System Critical Infrastructure: The adjusted EBITDA in the System Critical Infrastructure segment increased in the first three months of 2023 by 62.0% in comparison to the same period of the previous year. The reason for this increase in earnings was significantly higher revenue from the use of the grids as part of the increased investment in the expansion of the grids.

Sustainable Generation Infrastructure: The adjusted EBITDA in the Sustainable Generation Infrastructure segment increased considerably in the first three months of 2023 in comparison to the same period of the previous year to €2,351.0 million.

Adjusted EBITDA Sustainable Generation Infrastructure

in € million[1]	01/01–31/03/2023	01/01–31/03/2022	Change in %
Renewable Energies	281.8	292.2	-3.6
Thermal Generation and Trading	2,069.2	684.4	–
Sustainable Generation Infrastructure	2,351.0	976.6	140.7

1 The figures for the previous year have been restated.

In the Renewable Energies area, the adjusted EBITDA fell slightly by 3.6% to €281.8 million. In particular, falling prices in the area of direct distribution contributed to this fall in earnings. In the area of Thermal Generation and Trading, the adjusted EBITDA increased sharply in the first three months of 2023 in comparison to the same period of the previous year. On the one hand, the generated volumes could be sold at significantly higher prices in comparison to the previous year, while on the other hand, it was possible to exploit the ongoing volatility on the gas markets in trading in the first quarter.

Non-operating EBITDA

in € million	01/01–31/03/2023	01/01–31/03/2022	Change in %
Income/expenses relating to nuclear power	-95.9	10.6	–
Result from disposals	4.0	17.6	-77.2
Reversals of the provisions for onerous contracts relating to electricity procurement agreements	0.0	174.3	–
Restructuring	-6.8	-6.3	7.9
Valuation effects	893.7	-12.1	–
Other non-operating result	319.4	-17.9	–
Non-operating EBITDA	**1,114.4**	**166.2**	**–**

The increase in non-operating EBITDA was primarily due to valuation effects from derivatives. Current developments in market prices in combination with a reduced deployment of the power plants led to an adjustment to the market valuation of the derivatives on the balance sheet. The other non-operating result also contained subsidies for network user charges. However, these will be reduced by corresponding expenses during the course of the year. This was offset to some extent by higher expenses relating to nuclear power, mainly attributable to the formation of decommissioning provisions, and the reversal of provisions for onerous contracts in the same period of the previous year, which was related to the early termination of an electricity procurement agreement.

Group net profit

in € million	01/01–31/03/2023			01/01–31/03/2022		
	Total	Non-operating	Adjusted	Total	Non-operating	Adjusted
EBITDA	**3,954.2**	**1,114.4**	**2,839.8**	**1,351.2**	**166.2**	**1,185.0**
Amortization and depreciation	-424.2	-0.1	-424.1	-383.9	-0.3	-383.6
EBIT	**3,530.0**	**1,114.3**	**2,415.7**	**967.3**	**165.9**	**801.4**
Investment result	46.3	1.4	44.9	66.3	4.2	62.1
Financial result	-112.3	60.6	-172.9	-42.8	36.0	-78.8
EBT	**3,464.0**	**1,176.3**	**2,287.7**	**990.8**	**206.1**	**784.7**
Income tax	-930.1	-349.0	-581.1	-230.4	-57.8	-172.6
Group net profit	**2,533.9**	**827.3**	**1,706.6**	**760.4**	**148.3**	**612.1**
of which profit/loss shares attributable to non-controlling interests	(245.3)	(-11.5)	(256.8)	(154.1)	(6.2)	(147.9)
of which profit/loss shares attributable to the shareholders of EnBW AG	(2,288.6)	(838.8)	(1,449.8)	(606.3)	(142.1)	(464.2)

The significant increase in Group net profit in the reporting period in comparison to the same period of the previous year is mainly the result of the considerable increase in EBITDA. Please refer to the sections "Adjusted EBITDA" and "Non-operating EBITDA" for more information on the reasons for these developments.

Please also refer to the section "Material developments in the income statement" for further information on this subject.

Financial position

Financing strategy

We manage the financing needs of our operating activities separately from the Group's pension and nuclear obligations. As part of our financing strategy, we constantly assess capital market trends with regard to the current interest rate environment and to any potentially favorable refinancing opportunities. On this basis, we decide on further financing steps.

Alongside the internal financing capability and our own funds, we have the following financing instruments at our disposal to cover the financing needs of the operating business (as of 31 March 2023):

- Debt Issuance Program (DIP), via which bonds are issued: €~6.9 billion of €10.0 billion drawn. On 14 April 2022, we increased the volume of the DIP to €10.0 billion so that we are flexibly positioned to handle the planned investment for our EnBW 2025 strategy over the coming years.
- US private placement: equivalent value of US$~850 million (translation on the pricing day)
- Subordinated bonds: €~2.5 billion
- Commercial paper (CP) program: €~0.1 billion of €2.0 billion drawn
- Promissory notes: €0.5 billion
- Sustainability-linked syndicated credit facility: €1.5 billion undrawn, with a term until the end of June 2027 after successfully utilizing the second extension option for an additional year
- Committed credit lines: €~0.2 billion of €~3.5 billion drawn
- Uncommitted credit lines, which can be utilized in agreement with our banks: €~0.0 billion of €~1.4 billion drawn
- Bank loans and loans from the European Investment Bank (EIB). For example, EnBW agreed a bank loan of €600 million with the EIB in December 2022 to finance the EnBW He Dreiht offshore wind farm. The loan was drawn in March 2023.
- In addition, subsidiaries have other financing activities in the form of bank loans and promissory notes.

Rating and rating trends

We aim to hold solid investment-grade ratings. EnBW currently has the following issuer ratings:

- Moody's: Baa1/stable
- Standard & Poor's (S&P): A–/stable

Following the publication of the results for the 2022 financial year, the rating agency S&P announced on 30 March 2023 that it had raised the outlook for EnBW to stable. S&P also confirmed the credit rating of A–.

This rating update was in response to the publication of solid results by EnBW for the 2022 financial year, despite the volatile environment and the negative impact of VNG – a subsidiary of EnBW – having to reprocure replacement gas at high prices as a result of the war in Ukraine.

Capital market activities

We have sufficient and flexible access to the capital market at all times. The EnBW bonds continue to have a well-balanced maturity profile.

On 17 January 2023, EnBW successfully issued two bonds with a total volume of €1.25 billion. The proceeds from the bonds will be used for implementing aspects of the company's strategy that focus on sustainability.

Net debt

in € million[1]	31/03/2023	31/12/2022	Change in %
Cash and cash equivalents available to the operating business	-4,842.4	-4,626.1	4.7
Current financial assets available to the operating business	-909.5	-600.4	51.5
Long-term securities available to the operating business	-2.4	-2.4	0.0
Bonds	10,316.5	9,683.8	6.5
Liabilities to banks	2,664.0	1,969.4	35.3
Other financial liabilities	1,236.6	1,238.0	-0.1
Lease liabilities	921.8	912.6	1.0
Valuation effects from interest-induced hedging transactions	-32.9	-51.0	-35.5
Restatement of 50% of the nominal amount of the subordinated bonds[2]	-1,250.0	-1,250.0	0.0
Other	-136.7	-59.7	129.0
Net financial debt	**7,965.0**	**7,214.2**	**10.4**
Provisions for pensions and similar obligations[3]	5,484.0	5,426.0	1.1
Provisions relating to nuclear power	4,580.3	4,614.4	-0.7
Receivables relating to nuclear obligations	-372.3	-372.9	-0.2
Net pension and nuclear obligations	**9,692.0**	**9,667.5**	**0.3**
Long-term securities and loans to cover the pension and nuclear obligations[4]	-5,717.2	-5,642.1	1.3
Cash and cash equivalents to cover the pension and nuclear obligations	-194.8	-185.0	5.3
Current financial assets to cover the pension and nuclear obligations	-68.8	-75.7	-9.1
Surplus cover from benefit entitlements	-116.2	-106.0	9.6
Other	-24.5	-25.9	-5.4
Dedicated financial assets	**-6,121.5**	**-6,034.7**	**1.4**
Net debt relating to pension and nuclear obligations	**3,570.5**	**3,632.8**	**-1.7**
Net debt	**11,535.5**	**10,847.0**	**6.3**

1 The liquid assets in the EEG account, which can only be used by the transmission grid operator, cannot be used for the operating business and are thus not allocated to net debt but rather to capital employed.
2 The structural characteristics of our subordinated bonds meet the criteria for half of each bond to be classified as equity, and half as debt, by the rating agencies Moody's and Standard & Poor's.
3 Less the market value of the plan assets (excluding the surplus cover from benefit entitlements) of €690.2 million (31 / 12 / 2022: €714.2 million).
4 Includes equity investments held as financial assets.

As of 31 March 2023, net debt had risen by €688.5 million compared to the figure posted at the end of 2022. The increase in net financial debt in comparison to that reporting date was mainly due to the increase in collateral.

Investment analysis

Net cash investment

in € million [1]	01/01–31/03/2023	01/01–31/03/2022	Change in %	01/01–31/12/2022
Investments in growth projects [2]	560.2	373.4	50.0	2,355.6
Investments in existing projects	188.7	126.4	49.2	797.8
Total gross investment	**748.9**	**499.8**	**49.8**	**3,153.5**
Divestitures [3]	-0.7	-59.2	-98.8	-68.3
Participation models [4]	-0.6	-3.5	-82.9	-152.6
Disposals of long-term loans	-11.5	0.0	–	-0.6
Other disposals and subsidies	-25.2	-35.3	-28.6	-164.3
Total divestitures	**-38.0**	**-98.0**	**-61.2**	**-385.8**
Net (cash) investment	**710.9**	**401.8**	**76.9**	**2,767.7**

1 Excluding investments held as financial assets.
2 Does not include cash and cash equivalents acquired with the acquisition of fully consolidated companies.
3 Does not include cash and cash equivalents relinquished with the sale of fully consolidated companies.
4 This includes the offsetting of capital reductions in non-controlling interests with receivables from external shareholders. The latter was due to advance payments made in the previous year as a result of contractual regulations.

Gross investment by the EnBW Group in the first quarter of 2023 of €748.9 million was significantly higher than the level in the previous year (€499.8 million). Around 74.8% of overall gross investment was attributable to growth projects; the proportion of investment in existing facilities stood at 25.2%.

Gross investment in the **Smart Infrastructure for Customers** segment stood at €75.6 million and was almost at the same level as in the previous year (previous year restated: €75.8 million). As in the previous year, the investment in this segment was mainly in the area of electromobility.

Gross investment in the **System Critical Infrastructure** segment of €365.3 million was significantly higher than the level in the previous year of €234.2 million (figure for previous year restated). This increase was primarily attributable to higher investment by our grid companies in the expansion of capacities and the renewal of the distribution grid, as well as higher investment by our subsidiary TransnetBW as part of the Network Development Plan Electricity.

There was gross investment of €274.9 million in the **Sustainable Generation Infrastructure** segment, which was higher than the level in the same period of the previous year (€176.5 million). A total of €212.2 million of this investment was in the area of Renewable Energies, compared to €153.5 million in the same period of the previous year. This increase was mostly attributable to the offshore wind sector due to the investment in our EnBW He Dreiht wind farm in the German North Sea. The final decision to construct this wind farm was taken in March this year. Investment in the Thermal Generation and Trading area stood at €62.7 million and was thus significantly higher than the level in the same period of the previous year (€23.0 million). This was due to our investment in fuel switch projects for converting three of our thermal power plants in Baden-Württemberg from coal to gas.

Other gross investment of €33.1 million was significantly higher than the level in the same period of the previous year of €13.3 million.

In contrast, total **divestitures** were below the level in the same period of the previous year. In the previous year, the item divestitures was impacted by our exit from the offshore wind power business in the USA. Other disposals were also slightly lower than the level in the same period of the previous year.

Liquidity analysis

Condensed cash flow statement

in € million	01/01–31/03/2023	01/01–31/03/2022	Change in %	01/01–31/12/2022
Cash flow from operating activities	-655.0	132.2	–	1,804.8
Cash flow from investing activities [1]	-866.6	81.0	–	-2,734.9
Cash flow from financing activities [1]	1,166.9	3,037.5	-61.6	734.6
Net change in cash and cash equivalents	**-354.7**	**3,250.7**	**–**	**-195.5**
Change in cash and cash equivalents due to changes in the consolidated companies	25.8	-3.2	–	0.3
Net foreign exchange difference	-11.8	6.1	–	17.8
Change in cash and cash equivalents due to risk provisions	0.0	0.0	–	-0.1
Change in cash and cash equivalents	**-340.7**	**3,253.4**	**–**	**-177.5**

1 The figures for the comparative period have been restated.

Despite a clear increase in cash-relevant EBITDA in comparison to the same period of the previous year, there was a negative cash flow from operating activities in the reporting period. This development was due in particular to a higher outflow of cash in the net current assets. This was primarily attributable to considerably higher cash outflows for collateral made against the backdrop of current price fluctuations on the market. In addition, the net balance of trade receivables and payables increased significantly.

There was a cash outflow in the cash flow from investing activities in the reporting period, compared to a cash inflow in the same period of the previous year. This was mainly attributable to the portfolio management of securities and financial investments, as well as higher capital expenditure on intangible assets and property, plant and equipment.

Cash flow from financing activities returned a significantly lower cash inflow than in the previous year. This was primarily due to the decrease in financial liabilities acquired as part of liquidity management.

The solvency of the EnBW Group was ensured as of the reporting date thanks to the company's internal financing capability and the external sources available for financing. The company's future solvency is secured by its solid financial position and results of operations.

Retained cash flow

in € million	01/01–31/03/2023	01/01–31/03/2022	Change in %	01/01–31/12/2022
EBITDA	**3,954.2**	**1,351.2**	**–**	**4,473.2**
Change in provisions	-51.9	-304.9	-83.0	36.2
Non-cash-relevant expenses/income	-720.9	-146.9	–	-1,251.7
Income tax paid	-123.3	-14.1	–	-227.9
Interest and dividends received	82.9	78.0	6.3	427.0
Interest paid for financing activities	-60.3	-70.9	-15.0	-318.8
Dedicated financial assets contribution	2.4	-9.1	–	-92.2
Funds from operations (FFO)	**3,083.1**	**883.3**	**–**	**3,045.7**
Declared dividends	0.0	0.0	–	-510.8
Retained cash flow	**3,083.1**	**883.3**	**–**	**2,534.9**

Funds from operations (FFO) were considerably higher than the level in the previous year, which was mainly the result of the sharp increase in EBITDA. The fall in the provisions was less pronounced than in the previous year, which also had a positive effect on the FFO. In contrast, non-cash-relevant income and income tax paid were higher than in the first quarter of 2022.

As in the comparative period, the retained cash flow corresponds to the FFO. It is an expression of the internal financing capability of EnBW and reflects the funds that are available to the company for investment – after all stakeholder claims have been settled – without the need to raise additional debt.

Net assets

Condensed balance sheet

in € million	31/03/2023	31/12/2022	Change in %
Non-current assets	37,101.8	36,984.0	0.3
Current assets	33,479.0	32,511.9	3.0
Assets held for sale	7.7	7.8	-1.3
Assets	**70,588.5**	**69,503.7**	**1.6**
Equity	14,720.3	12,769.3	15.3
Non-current liabilities	30,199.2	28,064.5	7.6
Current liabilities	25,669.0	28,669.9	-10.5
Equity and liabilities	**70,588.5**	**69,503.7**	**1.6**

As of 31 March 2023, total assets were higher than the level at the end of the previous year. Non-current assets increased by €117.8 million to €37,101.8 million between the two reporting dates. The increase in current assets by €967.1 million to €33,479.0 million was mainly attributable to an increase in the trade receivables. Derivatives also increased, while short-term securities and financial investments rose in the context of liquidity management. This was offset to some extent by a fall in collateral paid against the backdrop of current price fluctuations on the market as well as a reduction in cash and cash equivalents.

As of 31 March 2023, equity increased considerably by €1,951.0 million to €14,720.3 million. The primary reason for this development was the Group net profit achieved in the reporting period. This was reflected in an increase in the equity ratio from 18.4% at the end of 2022 to 20.9% on the reporting date.

Non-current liabilities increased by €2,134.7 million to €30,199.2 million. This was mainly due to the issuing of two senior bonds in the first quarter of 2023 and the increase in liabilities to banks. There was also an increase in deferred taxes. This was offset to some extent, particularly by the decrease in derivatives. Current liabilities decreased significantly by €3,000.9 million to €25,669.0 million compared to the level at the end of the previous year. This development is mainly attributable to lower collateral received against the backdrop of current fluctuations on the market and the decrease in trade payables for reasons related to the reporting date.

Forecast

In the following forecast we take a look at the expected development of EnBW in the current financial year.

Adjusted EBITDA and the share of the adjusted EBITDA accounted for by the segments

Development in 2023 (adjusted EBITDA and the share of adjusted EBITDA accounted for by the segments) compared to the previous year[1]

	Earnings performance (adjusted EBITDA) compared to the previous year		Development of the share of adjusted EBITDA for the EnBW Group accounted for by the segments	
	2023	2022	2023	2022
Smart Infrastructure for Customers	€0.4 to €0.5 billion	€498.4 million	5% to 15%	15.1%
System Critical Infrastructure	€1.6 to €1.9 billion	€1,057.8 million	30% to 45%	32.2%
Sustainable Generation Infrastructure	€2.9 to €3.2 billion	€1,934.8 million	55% to 70%	58.9%
Other/Consolidation		€-205.3 million		-6.2%
Total	**€4.7 to €5.2 billion**	**€3,285.7 million**		**100.0%**

1 The figures for the previous year have been restated.

The earnings forecast from the 2022 combined management report for the whole of 2023 for the Group and the individual segments remains unchanged.

The adjusted EBITDA of the **Smart Infrastructure for Customers** segment will fall in 2023. We believe that volatility will decrease and the market for the B2B and B2C commodity business will normalize. This business will once again be characterized by increasingly stiffer competition. At the same time, we expect stable to slightly improved results from the growth of our new business fields. The share of the adjusted EBITDA for the Group accounted for by this segment is not expected to exceed the level in the previous year.

The adjusted EBITDA of the **System Critical Infrastructure** segment will increase significantly in 2023. The main reason for this development will be the fact that the negative effects for the grid reserve and redispatch in 2022 will no longer exist. Revenue from the use of the grids is expected to increase slightly in comparison to the previous year as a result of returns on increased investment activity in projects that are included in the Network Development Plan Electricity and Network Development Plan Gas. We expect the share of the adjusted EBITDA for the Group accounted for by this segment to be at least as high as in the previous year.

The adjusted EBITDA of the **Sustainable Generation Infrastructure** segment will increase further in 2023. Renewable energies are expected to contribute more than €1 billion to earnings, which will be about the same level as in the previous year. The forecasts for wind and water yields, and thus for the volume of electricity generated, are based on the long-term average. As the volumes of electricity generated in 2022 were below this level, especially at the run-of-river power plants, we expect higher volumes in 2023 in comparison to the previous year. The moderate expansion in power plants for the uptake of renewable energies will also make a slightly positive contribution to earnings performance. This will be offset to some extent by falling prices in comparison to 2022 and by the windfall profit levy which came into force on 1 December 2022. We expect a significant increase in earnings at the thermal power plants in 2023 because the extraordinary negative effects at VNG in 2022 will no longer exist. Furthermore, we expect the wholesale market to normalize, which will also mean there will be a relatively moderate negative impact from the windfall profit levy. We expect a stable or increasing share of the adjusted EBITDA for the Group accounted for by this segment.

The **adjusted EBITDA** for the EnBW Group will increase further in 2023 and be between €4.7 billion and €5.2 billion.

Opportunities and risks

The energy crisis is continuing to have a noticeable impact on our value-added chain and the individual segments. Energy prices are still higher than the level before the crisis, although they have fallen from their peak levels. The risks to earnings have thus decreased in comparison to the previous quarter, and the overall risk position of the EnBW Group has improved in the first three months in comparison to the reporting date at the end of 2022. Higher interest rates have also improved the financial and liquidity position. The volatile trading environment presents both opportunities and risks. As a result, income has already been secured in the area of power plant optimization.

However, high prices and limited availability of materials have continued to exacerbate the risks faced in the individual segments. Persistent inflation and the associated risk of payment defaults are also an issue. The risk of cyberattacks on critical infrastructure remains high.

Using the report on risks in the 2022 Group management report as a basis, only the material opportunities or risks in the respective segments which have significantly changed, arisen or ceased to exist in the reporting period are described in this Quarterly Statement January to March 2023. No risks currently exist that might jeopardize the EnBW Group as a going concern. A detailed presentation of the opportunity and risk position can be found in the Integrated Annual Report 2022 from p. 132 onwards.

The ranges for classifying the opportunity/risk level have been adjusted in comparison to the Integrated Annual Report 2022 as a result of greater fluctuations in the financial impact of the opportunities and risks.

Classification of the level of opportunity/risk

Level	Adjusted EBITDA	Net debt
Low	< €200 million	< €600 million
Moderate	≥ €200 million to < €550 million	≥ €600 million to < €2,000 million
Significant	≥ €550 million to < €1,000 million	≥ €2,000 million to < €3,500 million
Material	≥ €1,000 million	≥ €3,500 million

Cross-segment opportunities and risks

Discount rate applied to pension provisions: There is generally opportunity and risk associated with any change in the discount rate applied to the pension provisions because the present value of the pension provisions falls when the discount rate increases and increases when the discount rate falls. As of the reporting date of 31 March 2023, the discount rate was 3.65%, which was down 0.05 percentage points on the rate at the end of 2022 (3.70%). Against the background of the expected development of interest rates, we identify a significant level of opportunity and risk in 2023. This will have an impact on net debt and thus on the key performance indicator debt repayment potential.

Sustainable Generation Infrastructure segment

Credit risk in energy trading: There is a risk that trading partners will fail to fulfill their financial obligations or be unable to fulfill them on time. Our credit management department counters this risk by monitoring credit lines very closely, conducting stress tests and introducing measures to reduce its impact. There is a low level of risk with an impact on the key performance indicator adjusted EBITDA for 2023 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator value spread via the adjusted EBIT.

Availability of power plants: There is a general opportunity and risk that endogenous and exogenous factors will have an influence on the planned availability of our power plants and could thus increase or decrease earnings. There is a low level of opportunity and risk in 2023 associated with the pricing assumptions used for our planning. There is also an opportunity in the area of power plant optimization depending on the volatility of prices on the market. In addition, there is a low level of risk in 2023 related to the damage to Block 7 of the combined heat and power plant in Heilbronn. This will have an impact on the key performance indicator adjusted EBITDA and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator value spread via the adjusted EBIT.

Eliminated opportunities/risks

The following opportunities/risks are no longer included in the reporting because, in comparison to the Integrated Annual Report 2022, they have now been taken into account in the planning, the level of opportunity/risk has reduced or they were reported under other individual themes:

- Additional expenses for the grid reserve and redispatch (no sustained effects on earnings expected)

Income statement

in € million	01/01–31/03/2023	01/01–31/03/2022	Change in %
Revenue including electricity and energy taxes	16,097.7	13,884.3	15.9
Electricity and energy taxes	-126.5	-159.8	-20.8
Revenue	**15,971.2**	**13,724.5**	**16.4**
Changes in inventories	13.1	36.5	-64.1
Other own work capitalized	67.5	47.5	42.1
Other operating income	3,341.1	2,010.1	66.2
Cost of materials	-12,836.7	-12,178.9	5.4
Personnel expenses	-673.5	-606.1	11.1
Impairment losses [1]	-25.4	-3.0	–
Other operating expenses	-1,903.1	-1,679.4	13.3
EBITDA	**3,954.2**	**1,351.2**	**–**
Amortization and depreciation	-424.2	-383.9	10.5
Earnings before interest and taxes (EBIT)	**3,530.0**	**967.3**	**–**
Investment result	46.3	66.3	-30.2
of which net profit/loss from entities accounted for using the equity method	(22.9)	(13.9)	(64.7)
of which other profit/loss from investments	(23.4)	(52.4)	(-55.3)
Financial result	-112.3	-42.8	–
of which finance income	(189.6)	(182.7)	(3.8)
of which finance costs	(-301.9)	(-225.5)	(33.9)
Earnings before tax (EBT)	**3,464.0**	**990.8**	**–**
Income tax	-930.1	-230.4	–
Group net profit	**2,533.9**	**760.4**	**–**
of which profit/loss shares attributable to non-controlling interests	(245.3)	(154.1)	(59.2)
of which profit/loss shares attributable to the shareholders of EnBW AG	(2,288.6)	(606.3)	–
EnBW AG shares outstanding (million), weighted average	**270.855**	**270.855**	**0.0**
Earnings per share from Group net profit (€) [2]	**8.45**	**2.24**	**–**

1 According to IFRS 9.
2 Diluted and basic; in relation to profit/loss attributable to the shareholders of EnBW AG.

Statement of comprehensive income

in € million	01/01–31/03/2023	01/01–31/03/2022	Change in %
Group net profit	**2,533.9**	**760.4**	**–**
Revaluation of pensions and similar obligations	-30.5	837.6	–
Income taxes on other comprehensive income	10.9	-169.6	–
Total of other comprehensive income and expenses without future reclassifications impacting earnings	**-19.6**	**668.0**	**–**
Currency translation differences	19.3	30.3	-57.0
Cash flow hedge	-538.8	562.0	–
Financial assets at fair value in equity	68.5	-104.9	–
Entities accounted for using the equity method	-0.5	2.1	–
Income taxes on other comprehensive income	-112.7	-145.0	22.2
Total of other comprehensive income and expenses with future reclassifications impacting earnings	**-564.2**	**344.5**	**–**
Total other comprehensive income	**-583.8**	**1,012.5**	**–**
Total comprehensive income	**1,950.1**	**1,772.9**	**10.0**
of which profit/loss shares attributable to non-controlling interests	(221.5)	(249.6)	(-11.3)
of which profit/loss shares attributable to the shareholders of EnBW AG	(1,728.6)	(1,523.3)	(13.5)

Balance sheet

in € million	31/03/2023	31/12/2022
Assets		
Non-current assets		
Intangible assets	3,234.6	3,218.2
Property, plant and equipment	23,131.3	22,705.3
Entities accounted for using the equity method	1,455.4	1,134.0
Other financial assets	6,512.8	6,560.1
Trade receivables	328.4	329.4
Other non-current assets	2,369.2	2,957.6
Deferred taxes	70.1	79.4
	37,101.8	36,984.0
Current assets		
Inventories	3,908.7	3,835.7
Financial assets	1,615.4	1,348.3
Trade receivables	7,053.1	5,591.3
Other current assets	14,766.9	15,261.0
Cash and cash equivalents	6,134.9	6,475.6
	33,479.0	32,511.9
Assets held for sale	7.7	7.8
	33,486.7	32,519.7
	70,588.5	69,503.7
Equity and liabilities		
Equity		
Shares of the shareholders of EnBW AG		
Subscribed capital	708.1	708.1
Capital reserve	774.2	774.2
Revenue reserves	9,561.3	7,272.7
Treasury shares	-204.1	-204.1
Other comprehensive income	-148.0	412.1
	10,691.5	8,963.0
Non-controlling interests	4,028.8	3,806.3
	14,720.3	12,769.3
Non-current liabilities		
Provisions	10,492.4	10,483.9
Deferred taxes	1,907.5	958.1
Financial liabilities	13,720.4	11,927.3
Other liabilities and subsidies	4,078.9	4,695.2
	30,199.2	28,064.5
Current liabilities		
Provisions	3,543.4	3,346.8
Financial liabilities	496.8	963.9
Trade payables	7,788.6	8,443.3
Other liabilities and subsidies	13,840.2	15,915.9
	25,669.0	28,669.9
	70,588.5	69,503.7

Cash flow statement

in € million	01/01–31/03/2023	01/01–31/03/2022
1. Operating activities		
Group net profit	2,533.9	760.4
Income tax	930.0	230.5
Investment and financial result	66.1	-23.5
Amortization and depreciation	424.2	383.9
Change in provisions	-51.9	-304.9
Result from disposals of assets	-4.0	-17.6
Other non-cash-relevant expenses/income	-716.9	-129.3
Change in assets and liabilities from operating activities	-3,713.1	-753.1
Inventories	(-153.3)	(-959.9)
Net balance of trade receivables and payables, services not yet invoiced and payments on account that have been made and received	(-2,305.8)	(384.2)
Net balance of other assets and liabilities	(-1,254.0)	(-177.3)
Income tax paid	-123.3	-14.1
Cash flow from operating activities	-655.0	**132.2**
2. Investing activities		
Capital expenditure on intangible assets and property, plant and equipment	-615.7	-377.6
Disposals of intangible assets and property, plant and equipment	10.9	19.6
Cash received from subsidies for construction cost and investments	14.3	15.7
Cash paid for the acquisition of companies and interests in entities accounted for using the equity method as well as in joint operations	-64.0	-85.9
Cash received from the sale of companies and interests in entities accounted for using the equity method as well as in joint operations	0.0	24.3
Change in securities and financial investments [1]	-295.0	406.9
Interest received	58.9	26.9
Dividends received	24.0	51.1
Cash flow from investing activities [1]	-866.6	**81.0**
3. Financing activities		
Interest paid	-60.3	-70.9
Increase in financial liabilities	2,156.8	4,409.6
Repayment of financial liabilities	-821.0	-1,163.2
Repayment of lease liabilities	-40.5	-44.8
Cash received for capital increases in non-controlling interests	1.0	3.5
Other cash paid at non-controlling interests [1]	-69.1	-96.7
Cash flow from financing activities [1]	1,166.9	**3,037.5**
Net change in cash and cash equivalents	-354.7	**3,250.7**
Change in cash and cash equivalents due to changes in the consolidated companies	25.8	-3.2
Net foreign exchange difference	-11.8	6.1
Change in cash and cash equivalents	-340.7	**3,253.4**
Cash and cash equivalents at the beginning of the period	6,475.6	6,653.1
Cash and cash equivalents at the end of the period	6,134.9	**9,906.5**

1 The figures for the previous year have been restated.

Statement of changes in equity

in € million	Subscribed capital and capital reserve	Revenue reserves	Treasury shares	Other comprehensive income: Revaluation of pensions and similar obligations	Other comprehensive income: Currency translation differences	Other comprehensive income: Cash flow hedge	Other comprehensive income: Financial assets at fair value in equity	Other comprehensive income: Entities accounted for using the equity method	Shares of the shareholders of EnBW AG	Non-controlling interests	Total
As of 01/01/2022	**1,482.3**	**5,742.1**	**-204.1**	**-2,559.3**	**43.0**	**136.0**	**9.3**	**-1.9**	**4,647.4**	**3,851.9**	**8,499.3**
Total other comprehensive income				667.0	23.7	298.0	-73.8	2.1	917.0	95.5	**1,012.5**
Group net profit		606.3							606.3	154.1	**760.4**
Total comprehensive income	**0.0**	**606.3**	**0.0**	**667.0**	**23.7**	**298.0**	**-73.8**	**2.1**	**1,523.3**	**249.6**	**1,772.9**
Other changes [1]		0.0							0.0	12.0	**12.0**
As of 31/03/2022	**1,482.3**	**6,348.4**	**-204.1**	**-1,892.3**	**66.7**	**434.0**	**-64.5**	**0.2**	**6,170.7**	**4,113.5**	**10,284.2**
As of 01/01/2023	**1,482.3**	**7,272.7**	**-204.1**	**-799.5**	**94.6**	**1,270.8**	**-154.6**	**0.8**	**8,963.0**	**3,806.3**	**12,769.3**
Total other comprehensive income				-20.6	12.5	-599.6	48.2	-0.5	-560.0	-23.8	**-583.8**
Group net profit		2,288.6							2,288.6	245.3	**2,533.9**
Total comprehensive income	**0.0**	**2,288.6**	**0.0**	**-20.6**	**12.5**	**-599.6**	**48.2**	**-0.5**	**1,728.6**	**221.5**	**1,950.1**
Other changes [1]		0.0							0.0	1.0	**1.0**
As of 31/03/2023	**1,482.3**	**9,561.3**	**-204.1**	**-820.2**	**107.1**	**671.2**	**-106.4**	**0.3**	**10,691.5**	**4,028.8**	**14,720.3**

1 Of which capital increases by minority shareholders of €1.0 million (previous year: €3.1 million). Of which capital reductions by minority shareholders of €0.0 million (previous year: €0.0 million).

Financial calendar

Q1

12 May 2023
Publication of the Quarterly Statement
January to March 2023

Q1–Q2

11 August 2023
Publication of the Six-Monthly Financial Report
January to June 2023

Q1–Q3

13 November 2023
Publication of the Quarterly Statement
January to September 2023

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