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Press Release >

Frank Mastiaux: “Change stays on the agenda”

EnBW CEO confirms growth trajectory at Annual General Meeting in Karlsruhe: “We have an intensive, high-investment phase ahead of us.”

Karlsruhe. EnBW delivered on the goal of further increasing its operating result in the 2018 fiscal year: “As shown by the positive overall business performance even in a year as challenging as 2018, EnBW has gained resilience and inner strength,” said CEO Frank Mastiaux before several hundred shareholders at today’s Annual General Meeting in Karlsruhe.

“Our decision to systematically reorganise the business while keeping it in one piece is paying off.” The broad portfolio spanning the entire energy value chain now provides a sound earnings base, said Mastiaux. Following the radical restructuring, he added, the focus now is on the Group’s onward development into a modern infrastructure services provider.

Adjusted EBITDA went up by 2.1% in the 2018 financial year, to 2.158 billion euros. EnBW generated adjusted Group net profit attributable to the shareholders of EnBW AG of 438.3 million euros in 2018. This is reflected in the Executive Board’s proposal at the Annual General Meeting to pay a dividend of 65 euro cents per share. That is 15 euro cents more than the dividend for 2017.

Mastiaux announced significant earnings growth for the current, 2019 financial year: “Adjusted EBITDA is expected to be between 2.35 and 2.5 billion euros, which is in a range of 9% to 16% percent above the previous year. This corresponds to EnBW’s strongest earnings growth since 2008.”

Strategic focus to 2025: Growth in new regions and new business areas

As well as concentrating on successful attainment of its 2020 strategy targets, EnBW is also preparing for new growth in new markets. To this end, EnBW is pursuing a selective internationalisation strategy in currently upcoming global growth markets in order to expand renewable energies. At the same time, it expressly aims to develop new business areas and growth opportunities beyond the traditional energy sector.

This will go hand in hand with an increasing shift in the role of the company: “We are focusing on what we are really good at, which is complex, large-scale and critical infrastructure. Not just in the energy business, but increasingly in other areas as well. According to Mastiaux, that includes areas like urban mobility infrastructure such as charging stations for electric cars, sustainable neighbourhood development and broadband technology, and hence also communications infrastructure.

“The acquisition of Plusnet GmbH announced yesterday serves the expansion of our telecommunications and broadband activities and is therefore part of our strategy of developing EnBW into a sustainable infrastructure provider,” said EnBW CEO Frank Mastiaux.

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In total, EnBW plans to invest some 12 billion euros in three strategic focus areas by 2025:

- Sustainable generation infrastructure
- System-critical infrastructure
- Smart infrastructure for customers

The majority of all investment, some 80%, will be in growth areas.

Mastiaux: “To be successful looking ahead to 2025, we need three things: financial clout, a modern organisational lineup and an enthusiastic, highly capable workforce. We therefore have an intensive, high-investment phase ahead of us.” The company is also investing in the workforce. “We expect to take on 3,600 new employees by the end of 2021 alone,” said Mastiaux. This is partly because of the numbers due to retire in the years ahead. “But also because we increasingly need new digital skills.” Training is also being stepped up for young people. This year, EnBW is taking on 270 trainees and students. Next year it will be over 300. “And all young people have a chance of employment with EnBW.”

With a view to the next stage in EnBW’s transformation under the new strategy, Mastiaux said at the close of his speech: “Change will stay on our agenda. Up to now, change has been necessary to master the structural upheavals in our business. In the future, we need change in order to seize growth opportunities and shape our future as a company.”

2018 financial year: Ambitious plan delivered in an ambitious year

Both for the industry and for EnBW, the 2018 financial year was marked by difficult meteorological conditions and an unexpectedly prolonged inspection at the Neckarwestheim nuclear power plant. EnBW’s broad lineup spanning the entire energy value chain paid off here. Negative impacts in Generation and Trading and in Renewable Energies were offset in particular by good performance in the Grids business with adjusted EBITDA of 1.177 billion euros (up 13%) and by the ramp-up of the efficiency programme.

“Our ambitious plan has once again delivered in an ambitious year,” said Mastiaux. This is reflected in the progress in the well-positioned operating business. In Sales, core business customer numbers and earnings largely held stable – a healthy trend in a fiercely competitive business. In electric mobility, the company has forged new alliances and expanded charging infrastructure.

Grid upgrading and expansion is an ongoing focus and is needed, for example, to make electromobility viable on an everyday basis. Attention here has centred on a pilot project, the E-Mobility Avenue in Stuttgart.

Expansion of renewables is a strategic priority for EnBW. The company has successfully entered attractive foreign markets by purchasing onshore wind farms in countries such as Sweden and now with the planned acquisition of Valeco, a French developer and operator of wind and solar power farms. Hohe See and Albatros – two projects under construction in the German North Sea – are scheduled to go into operation before the end of this year. These two wind farms together comprise the largest offshore wind farm project currently under construction in Germany. As well as onshore and offshore wind, EnBW is also expanding photovoltaics as the third pillar of its renewables business. In addition to almost 100 MW

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already in operation, there is another 800 MW in the pipeline, including a 175 MW large-scale project in Brandenburg that is to be delivered without subsidies.

In conventional generation, the Stuttgart-Gaisburg power plant has been converted from coal to gas. That will reduce carbon emissions by some 60,000 tons a year.

Contact

EnBW Energie Baden-Württemberg AG
Corporate Communications

Durlacher Allee 93
76131 Karlsruhe

Phone: +49 (0)721 63-14320

E-mail: presse@enbw.com

Website: www.enbw.com

