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Press Release >

EnBW maintains stable earnings development in first half of 2020 despite corona crisis

New offshore wind farms and acquisitions make for significant earnings growth / Financial result affected by marking securities to market / Guidance for 2020 unaltered despite expected impacts of corona pandemic / CFO Thomas Kusterer: "Focusing efforts on maintaining our stable trajectory"

Karlsruhe. EnBW continues to successfully weather the effects of the corona crisis and has been able to maintain last year's positive earnings trend through the first half of 2020. Notably due to strong growth in renewable energies and the acquisitions of Valeco and Plusnet, which were not included in the consolidated financial statements a year ago, the corona pandemic has not significantly affected the company's operating result in the first six months of this year.

With a workforce of 23,685 (+5.3%), EnBW generated revenue of some €9.73 billion and an operating result (adjusted EBITDA) of some €1.59 billion, an increase of 24.3% on the same period a year earlier (€1.28 billion). This substantial increase in earnings is mainly due to the positive performance of the Renewable Energies segment. Although parts of the operating business are still expected to be affected by the corona pandemic, the earnings guidance for the full year 2020 currently remains unaltered. Adjusted EBITDA for the 2020 financial year is expected to be in a range between €2.75 billion and €2.9 billion, which is 13% to 19% percent above the previous year.

During the corona pandemic, the company has seen itself confirmed in its strategic focus on the further expansion of renewables. Just at the beginning of this year, EnBW brought two large offshore wind farms into operation that have now positively impacted earnings performance in the first half year. CFO Thomas Kusterer: "Our EnBW Hohe See and Albatros offshore wind farms have doubled the earnings contribution from renewable energy sources. The operating businesses show positive performance across the board – and that at a time when the outbreak of the corona pandemic confronted us with major challenges, to which we as a company responded with targeted action at a very early stage. This shows the stability of our business portfolio after years of systematic transformation. However, corona will still not leave us completely unaffected."

Despite the anticipated impacts of the corona pandemic on parts of the operating business going forward, this year's earnings targets are still expected to be met, at least at the lower end of the guidance range: "We are keeping a very close watch on further developments. For this year, we are focusing efforts on maintaining our stable trajectory despite the corona crisis," Kusterer emphasised.

Net profit attributable to the shareholders of EnBW AG went down from €286.2 million in the previous year's period to €184.2 million in the period under review. Earnings per share

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consequently amounted to €0.68, compared with €1.06 a year earlier. The fall in Group net profit is primarily due to the lower financial result. This has been affected by marking the securities portfolio to market at the reporting date.

Performance by segment

In the Sales segment, adjusted EBITDA rose to €136 million in the first half of 2020, an increase of 10% on the previous year's period. Telecommunications company Plusnet has contributed to earnings here from the beginning of the third quarter of 2019. Accordingly, the expectation for the full year 2020 remains unaltered with earnings between €325 million and €400 million.

Adjusted EBITDA in the Grids segment was €745 million (up 1%) in the first half of 2020, almost identical to the previous year's period. This earnings performance partly relates to higher electricity and gas transmission grid revenue, notably due to necessary increased investment in grid security and reliability. Conversely, grid revenue in gas distribution grids was down due to weather conditions. The guidance for the operating result in the current financial year therefore stays at between €1.3 billion and €1.4 billion.

The Renewable Energies segment continued to develop very positively. Adjusted EBITDA there rose substantially to €426 million in the first six months of 2020. This is double the previous year's EBITDA, meaning 100% growth. The marked increase in earnings is largely due to the two offshore wind farms EnBW Hohe See and EnBW Albatros coming into operation. The French wind and solar power company Valeco and better wind conditions at offshore and onshore wind farms also contributed to the positive earnings performance. With earnings guidance held stable, earnings between €825 million and €925 million are expected for the Renewable Energies segment.

Adjusted EBITDA in the Generation and Trading segment was €395 million in the first six months, marking growth of some 39%. Electricity from EnBW power stations was able to be 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 has more than compensated for the effect – which will further increase over the course of the year – of the loss of the earnings contribution from the Philippsburg 2 nuclear power plant. 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 €802 million, was about 48% down on the first six months of the previous year (€1,546 million). This mainly relates to the acquisition of the French company Valeco and that of Plusnet GmbH in the first half of 2019. 76% of total gross investment related to growth projects, primarily in the Grids and Renewable Energies segments. Capital expenditure in the first half of 2020 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– 30/06/2020	01/01– 30/06/2019	Change in %	01/01– 31/12/2019
External revenue ¹	9,726.0	10,017.0	-2.9	18,765.0
Adjusted EBITDA	1,586.6	1,276.0	24.3	2,432.5
Share of adjusted EBITDA accounted for by Sales in € million/in % ¹	135.8/8.6	123.5/9.7	10.0/-	322.8/13.3
Share of adjusted EBITDA accounted for by Grids in € million/in % ¹	744.9/46.9	740.7/58.0	0.6/-	1,355.3/55.7
Share of adjusted EBITDA accounted for by Renewable Energies in € million/in % ¹	425.8/26.8	212.9/16.7	100.0/-	499.3/20.5
Share of adjusted EBITDA accounted for by Generation and Trading in € million/in % ¹	395.0/24.9	283.5/22.2	39.3/-	429.5/17.7
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in % ¹	-114.9/-7.2	-84.6/-6.6	-35.8/-	-174.4/-7.2
EBITDA	1,359.1	1,071.1	26.9	2,245.2
Adjusted EBIT	943.8	572.3	64.9	944.7
EBIT	627.2	365.7	71.5	596.7
Adjusted Group net profit ²	370.2	510.0	-27.4	786.8
Group net profit ²	184.2	286.2	-35.6	734.2
Earnings per share from Group net profit in € ²	0.68	1.06	-35.6	2.71
Retained cash flow ¹	1,090.8	509.3	114.2	1,240.7
Total investment ¹	801.7	1,545.9	-48.1	3,315.2
in € million	30/06/2020	31/12/2019	Change in %	
Net debt	13,621.0	12,852.4	6.0	

Non-financial performance indicators³

	01/01– 30/06/2020	01/01– 30/06/2019	Change in %	01/01– 31/12/2019
Customers and society goal dimension				
EnBW/Yello Customer Satisfaction Index	120/159	116/161	3.4/-1.2	116/157
SAIDI (electricity) in min./year	7	8	-12.5	15
Employees goal dimension				
LTIF for companies controlled by the Group ⁴ /LTIF overall ⁵	1.9/3.1	2.1/3.6	-9.5/-13.9	2.1/3.8

Employees^{6,7}

	30/06/2020	30/06/2019	Change in %	31/12/2019
Employees	23,685	22,488	5.3	23,293
Full-time equivalents ⁸	22,184	21,086	5.2	21,843

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, Employee Commitment Index (ECI), "Installed output of renewable energies (RE) in GW and the share of the generation capacity accounted for by RE in %" and CO₂ intensity will be exclusively collected at the end of the year.

⁴ Variations in the group of consolidated companies [all companies with more than 100 employees are generally considered except for companies in the area of waste management as well as external agency workers and contractors [except ITOs]].

⁵ Variations in the group of consolidated companies [all companies with more than 100 employees are generally considered except for external agency workers and contractors [except ITOs]].

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

⁷ 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.

⁸ Converted into full-time equivalents.

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Contact

EnBW Energie Baden-Württemberg AG
Corporate Communications
Martina Evers
Durlacher Allee 93
76131 Karlsruhe

Phone: +49 (0)721 63-255550

E-mail: presse@enbw.com

Website: www.enbw.com

