

27 March 2023



# Investor and analyst conference call FY 2022 >

Andreas Schell  
Thomas Kusterer  
Marcel Münch

Chief Executive Officer  
Chief Financial Officer  
SVP Finance, M&A and Investor Relations

# Aiming for a climate-secure world goes hand-in-hand with successful business operations



## **Positive development of financial performance**

- Earnings performance well above guidance
- Adjusted EBITDA FY22 at €3.3 bn (FY21: €~3 bn)

## **Robust business proves resilience**

- Integrated lineup along the entire energy value chain
- Stability especially in volatile markets and times of great uncertainty

## **Ambitious climate action targets**

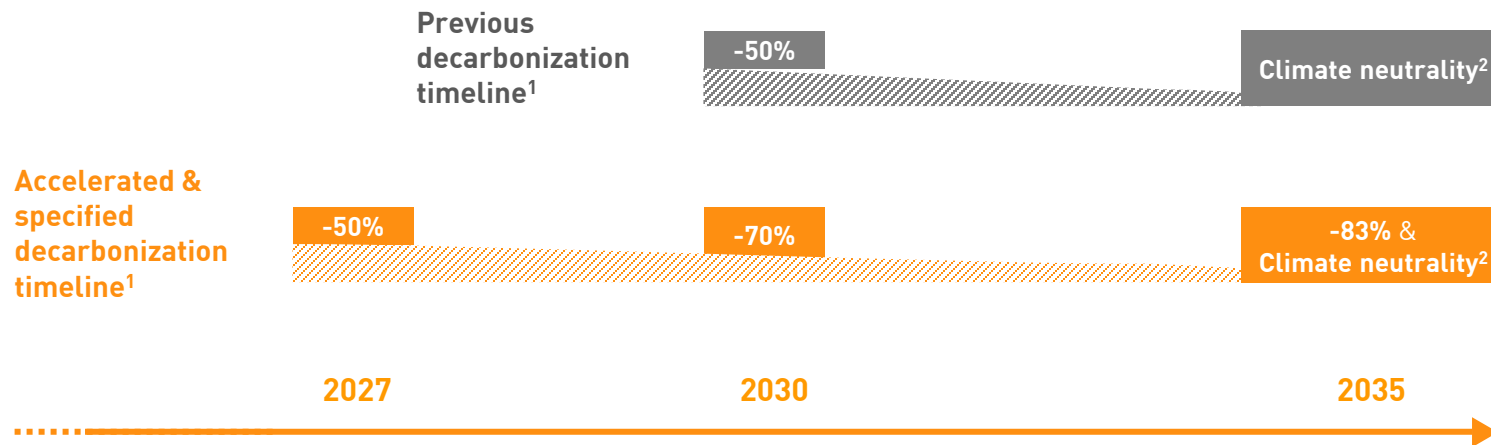
- **SBTi** approves EnBW's CO<sub>2</sub> reduction targets
- **Coal exit** to be brought forward to 2028

## **Large scale projects to accelerate energy transition**

- ~1.5 GW new-build gas-fired power plants to switch from coal to gas, H<sub>2</sub>-ready
- 960 MW offshore windfarm He Dreiht (FID March 2023)
- Transmission line SuedLink >600 km

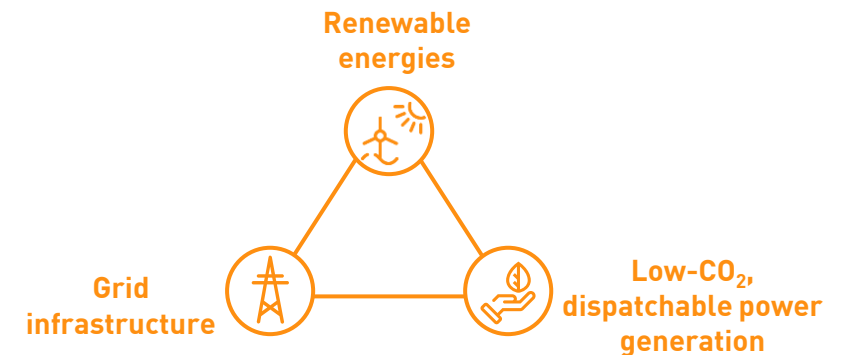
# EnBW has accelerated and specified its decarbonization pathway

## EnBW has set itself more ambitious climate action targets



- SBTi validates EnBW's climate targets in Scopes 1, 2 & 3
- Paris-aligned with a 1.5-degree path for our own emissions approved by SBTi
- Coal exit by 2028 accelerated by 7 years
- Climate neutrality target 2035 confirmed with accelerated decarbonization milestones

## Triangle of energy transition



<sup>1</sup> EnBW's own emissions (Scope 1 & 2). The target refers to CO<sub>2</sub>eq (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and SF<sub>6</sub>). The baseline year is 2018.

<sup>2</sup> Includes in part the offsetting of remaining residual emissions via recognized compensation certificates.

# Accelerated coal exit 2028 is a key milestone in EnBW's climate transition plan

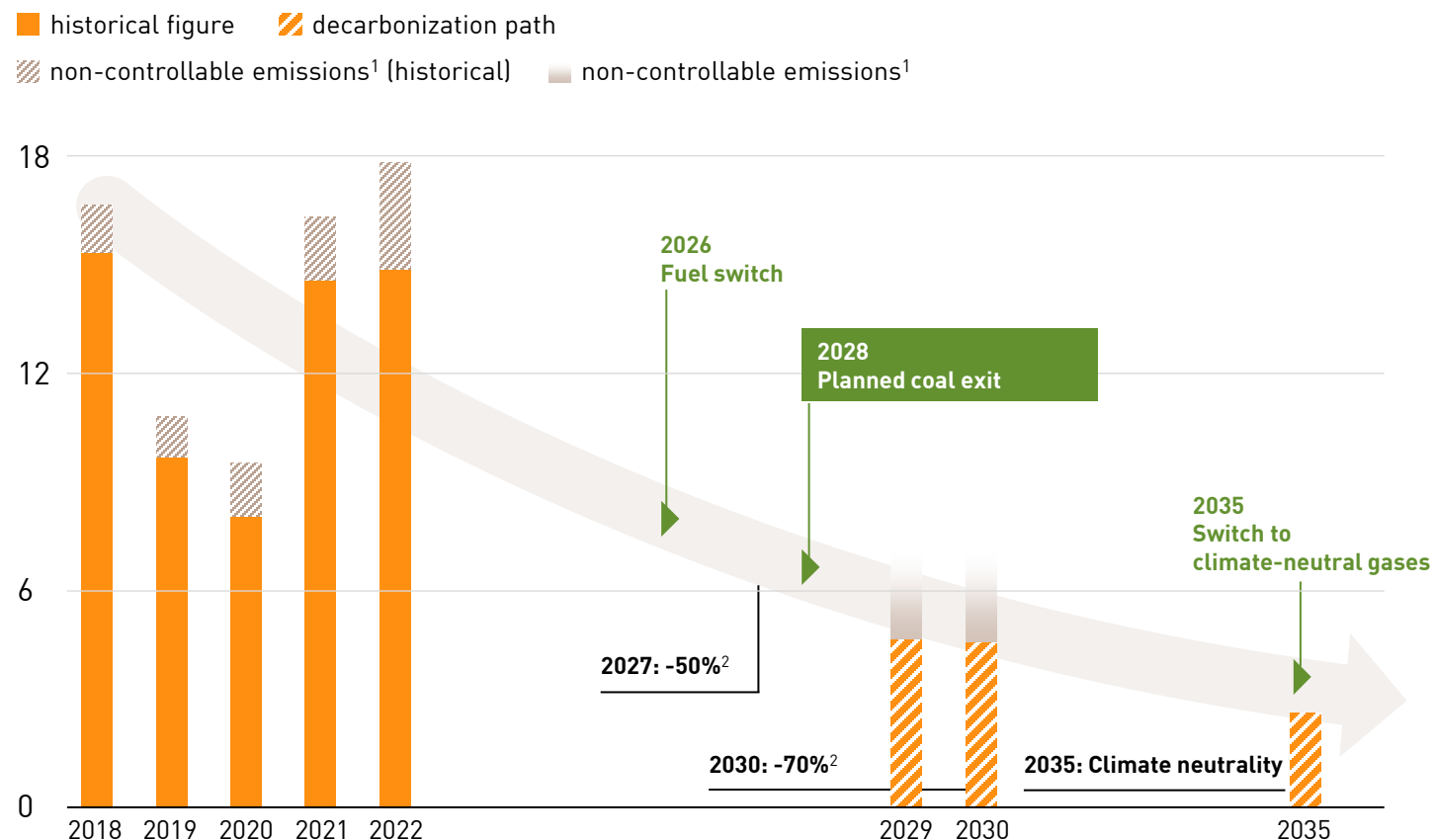
## EnBW 1.5°C Paris-aligned pathway for 2035 (scope 1 & 2)

- Adding dispatchable power by early fuel switch from coal to gas starting in 2026 in three plants
- Early phase-out of the remaining coal power plants in 2028 with around 2,000 MW generation (originally scheduled for 2035)
- Fuel switch to climate neutral gases from 2035

## A just transition

- Energy security guaranteed
- Secure locations and jobs
- Coal procurement aligned with ESG standards

## EnBW CO<sub>2</sub>-footprint of EnBW (scope 1 – in mt CO<sub>2</sub> eq.)



<sup>1</sup> Non-controllable emissions: Emissions from reserve power plants and redispatch operations not controlled by EnBW. They are displayed separately from controllable emissions in our integrated report. For the reduction pathway, our main focus is on the controllable emissions.

<sup>2</sup> Scope 1 & 2 compared to 2018



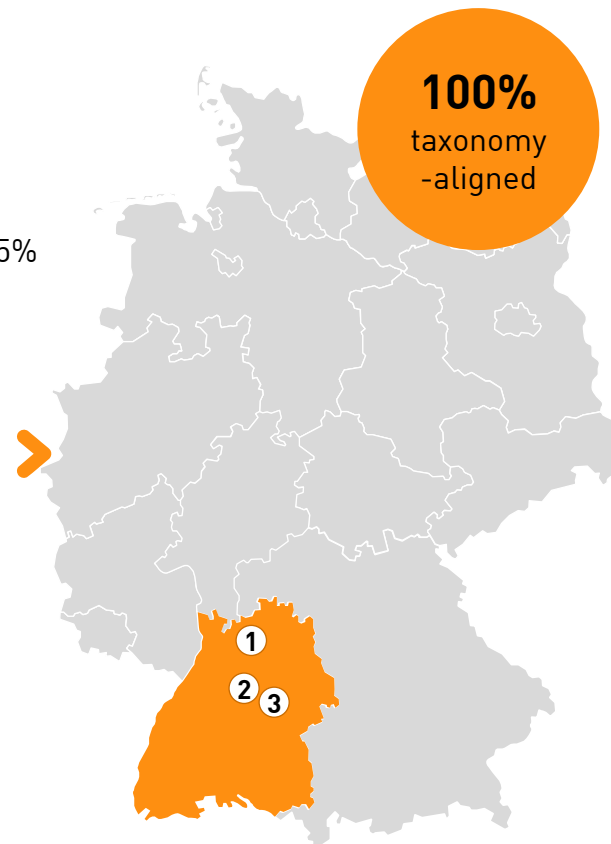
# Fuel switch from coal to natural gas to climate neutral gases ensures security of supply

## 3 major fuel switch projects from coal to natural gas

- FID March 2022
- Investment volume of €~1.6 bn

### Rationale for fuel switch

- Cuts carbon emissions immediately by 55%
- Dispatchable power CCGT plants pave the way to exit coal completely
- Driven by heat energy transition, priority on locations with integrated district heat provision
- Keeps locations economically viable and contributes to security of supply



- 
**Heilbronn (CCGT plant, ~680 MW)**  
 COD expected 2026
- 
**Stuttgart-Münster (GT plant, ~120 MW)**  
 COD expected 2025
- 
**Altbach/Deizisau (CCGT plant, ~670 MW)**  
 COD expected 2026

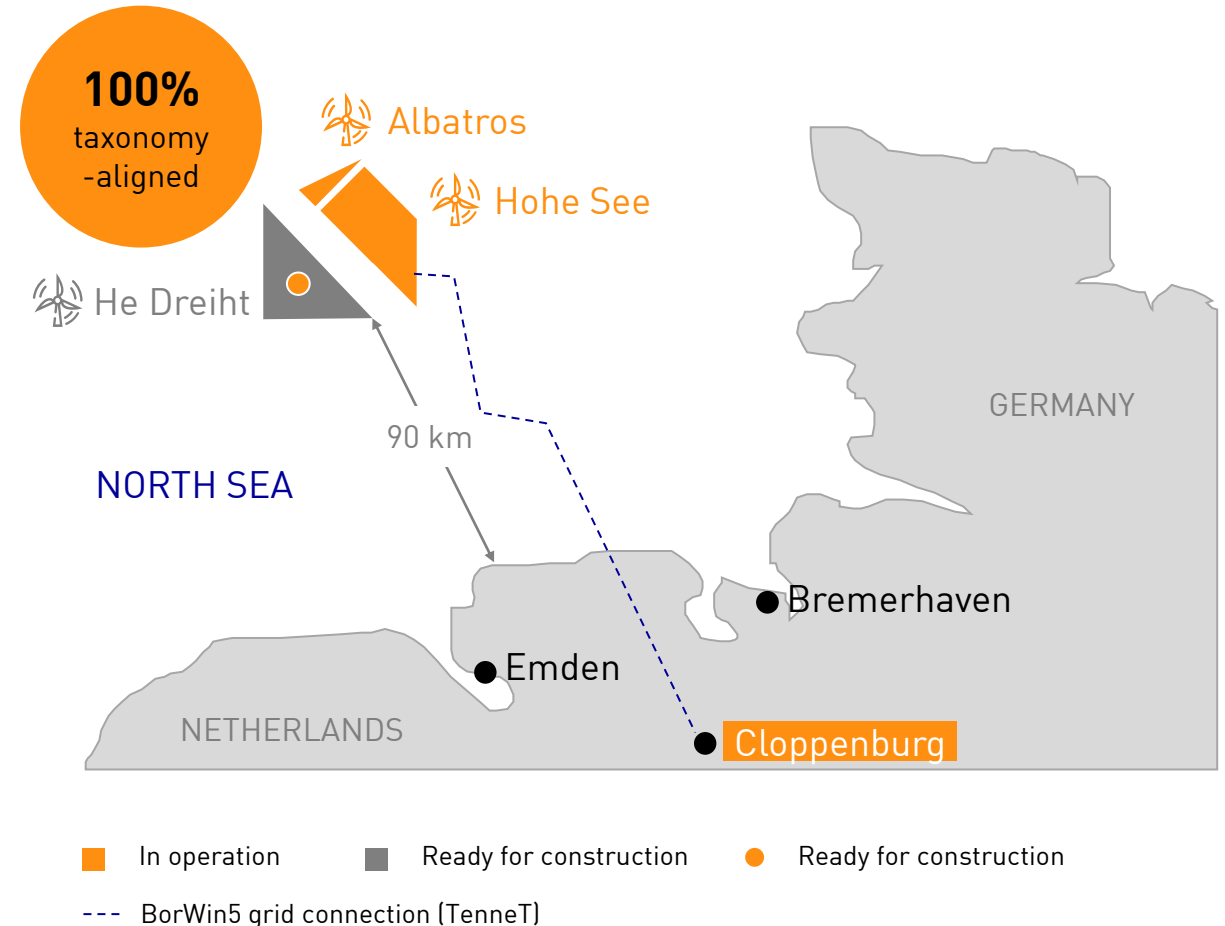
### EnBW H<sub>2</sub> strategy

- New plants already H<sub>2</sub>-ready
- Deployment of gas turbines allows admixture of 10%-25% H<sub>2</sub> from the beginning
- Conversion to 100% H<sub>2</sub> combustion already considered in design and business plan
- Pilot projects already produce highly pure hydrogen
- Operation with climate-neutral gases from mid 2030s

# EnBW realizes largest fully merchant offshore wind project in Germany so far

## He Dreiht

- One of the first offshore wind projects worldwide that committed to be delivered on zero-subsidy in an auction in 2017
- FID March 2023 / Planned COD 2025
- 960 MW installed capacity - largest turbines to date with 15 MW each (64 Vestas turbines)
- Investment volume of €2.4 bn
- Investment secured with strong partners; commencement of construction in partnership with a consortium of infrastructure funds (49.9% minority stake) - Allianz Capital Partners, AIP, Norges Bank (March 2023)
  - EnBW as long-term operator providing all relevant services during the lifetime of the windfarm
  - Comprehensive portfolio of 335 MW long-term PPAs concluded with financially solid offtakers – Fraport, Evonik, Salzgitter and Bosch
  - EnBW equity contribution supplemented through a €600 m long-term loan by EIB



# Integrated business model proved its stability in 2022 – growth trajectory to continue in 2023



## Strong financial performance

- Adjusted EBITDA FY22 at €3.3 bn: +11%
- Strong retained cash flow: €2.5 bn: +42%
- Slight net debt increase by 5%



Debt repayment  
potential  
23%

## Negative impact of €1.1 bn due to VNG's gas replacement procurement compensated

- Q3 2022 non-operating earnings charge €~600 m obsolete
- No more risks from 2023 due to termination of Russian gas contracts

## Funding sources further diversified by issuance of €0.5 bn promissory notes and \$0.9 bn US PP

- Strong consolidated cash balance with €5.2 bn cash at year-end 2022
- Ample liquidity: in total €7.2 bn of undrawn credit lines available to weather potential resurgence of market volatility

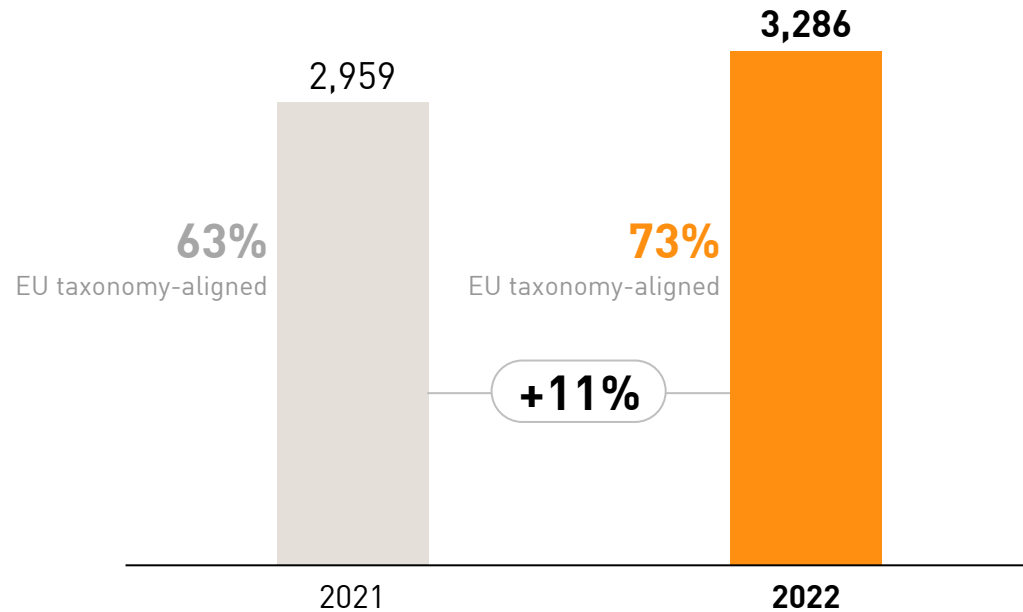
## Adjusted EBITDA guidance FY23 between €4.7 and 5.2

- Adjusted EBITDA growth expected to continue
- Diversified portfolio translates into stable cash flows

# Increase in adjusted EBITDA mainly due to positive effects in Sustainable Generation Infrastructure

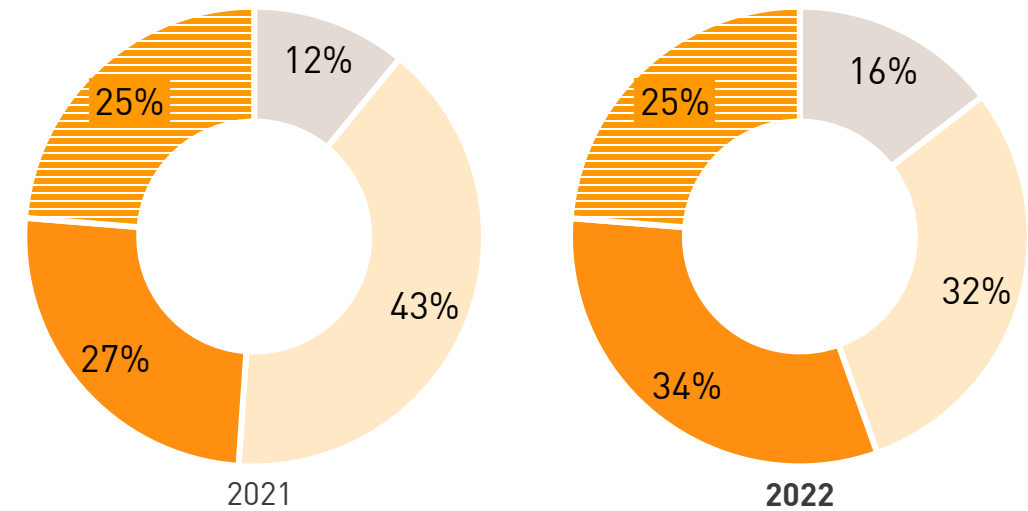
## Adjusted EBITDA

in € m



## Share of adjusted EBITDA by segments<sup>1,2</sup>

- Smart Infrastructure for Customers
- System Critical Infrastructure
- Sustainable Generation Infrastructure
  - Renewable Energies
  - Thermal Generation and Trading



<sup>1</sup> Previous year's figures restated

<sup>2</sup> Divergence from 100% due to others/consolidation

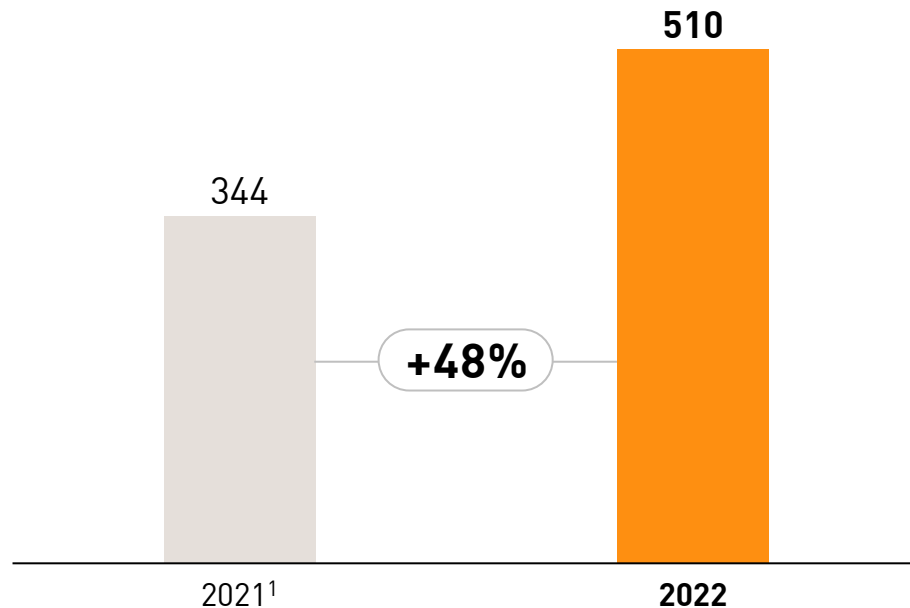


 Smart Infrastructure for Customers

# Higher earnings from B2B business at subsidiaries and at Senec

## Adjusted EBITDA

in € m



### Customer business

- ▲ Positive development of our subsidiary Senec
- ▲ Higher earnings from our B2B business at subsidiaries

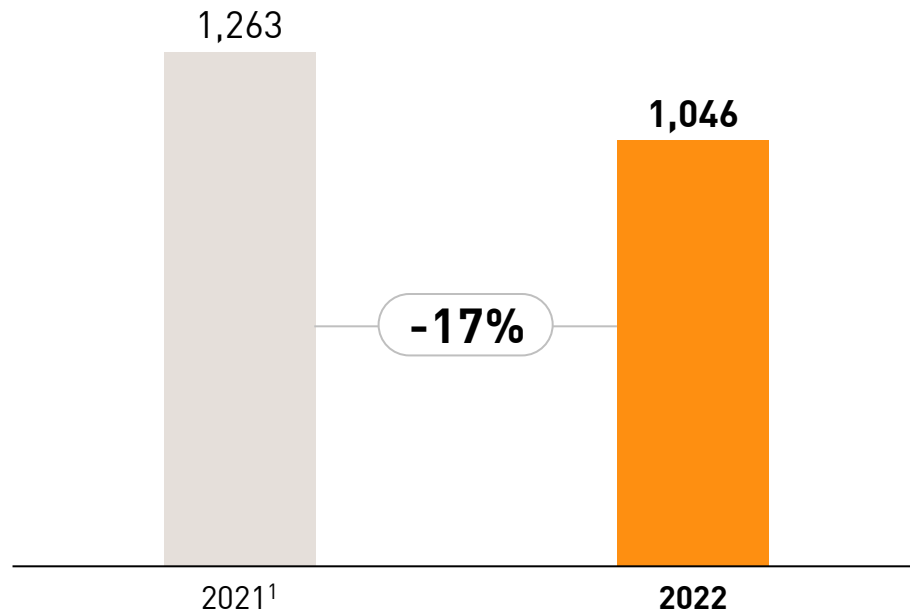
<sup>1</sup> Previous year's figures restated

## ⚡ System Critical Infrastructure

# High costs of reserve power plants to ensure system stability in light of energy crisis in 2022

## Adjusted EBITDA

in € m



### Transmission and distribution grids

- ▼ Substantially higher expenses for grid reserve measures including redispatch to maintain security of supply
- ▲ Higher congestion revenues due to a high electricity price differential between Germany and neighboring countries

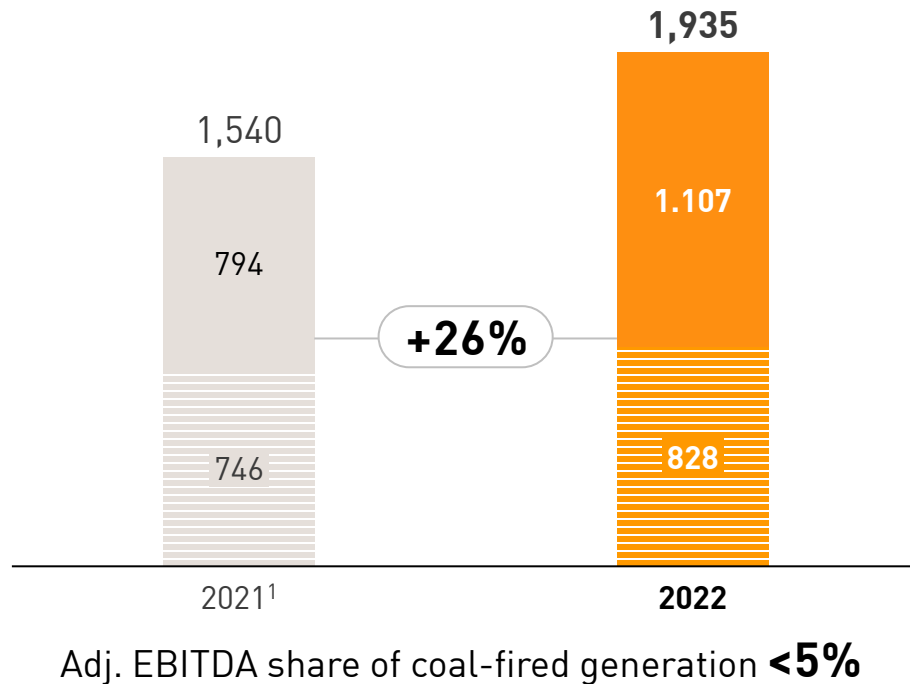
<sup>1</sup> Previous year's figures restated

 Sustainable Generation Infrastructure

# Higher earnings from newly commissioned solar parks and trading activities

## Adjusted EBITDA

in € m



### Renewable Energies

- ▲ Marketing above the fixed EEG tariff
- ▲ Earnings contribution from newly commissioned solar parks
- ▲ Better wind yields



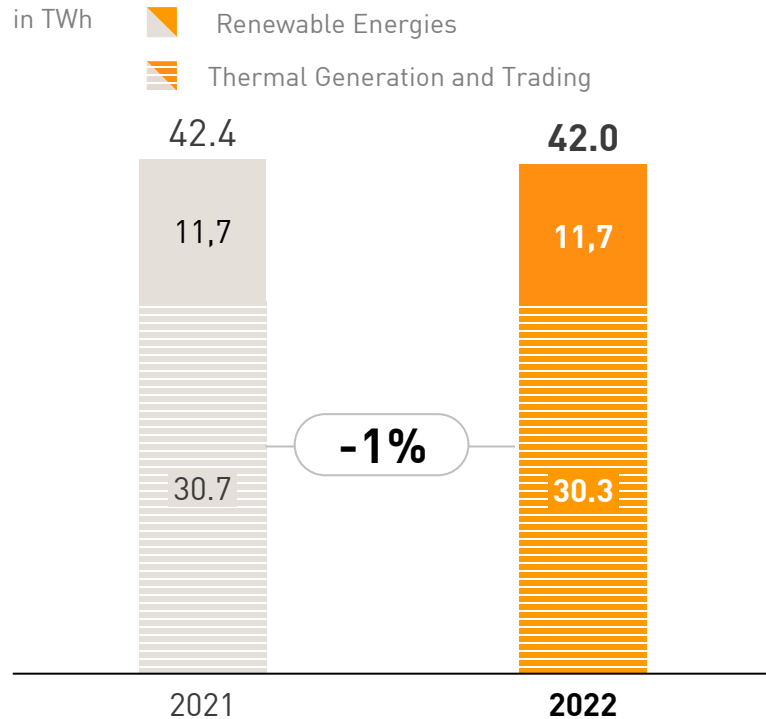
### Thermal Generation and Trading

- ▼ Effects from the curtailment and suspension of gas supplies due to the Russia-Ukraine war
- ▼ Negative valuation effects on derivative financial instruments
- ▲ Higher market prices and earnings contribution from trading activities

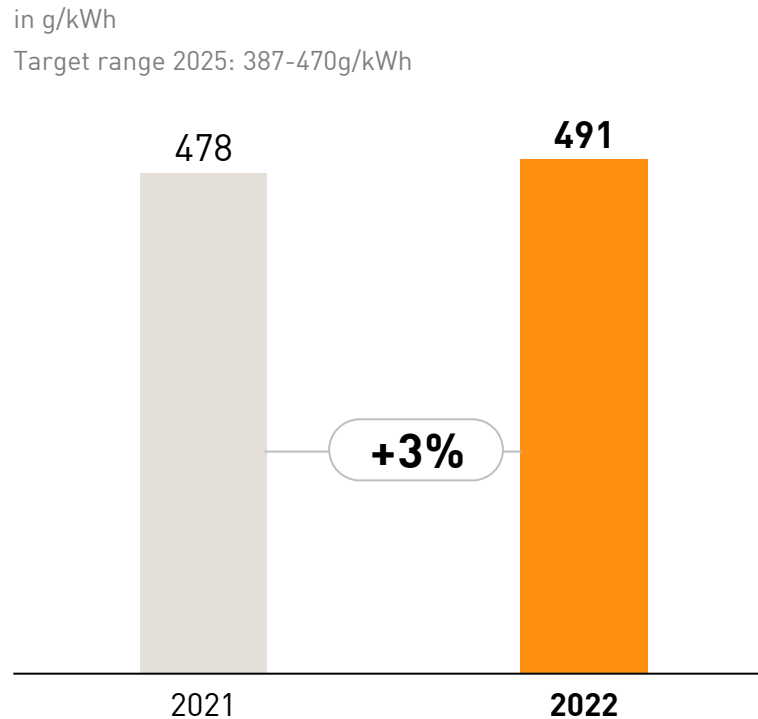
<sup>1</sup> Previous year's figures restated

# Share of generation from renewables increased

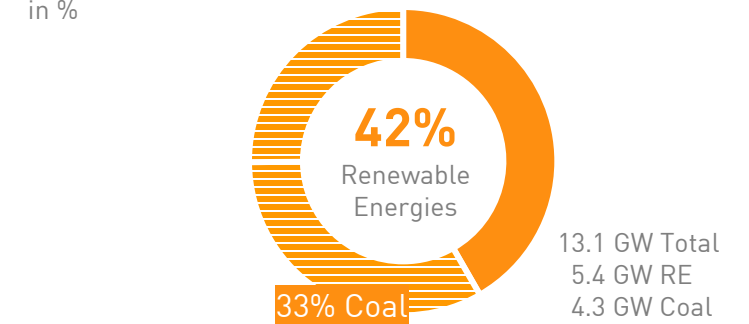
## Electricity generation volume



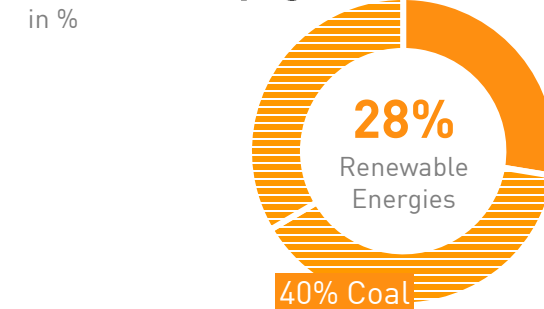
## CO<sub>2</sub> intensity



## Generation capacity electricity<sup>1</sup>



## Electricity generation volume<sup>2</sup>



Coal phase-out by 2028 and climate neutrality by 2035

<sup>1</sup> As of 31 December 2022

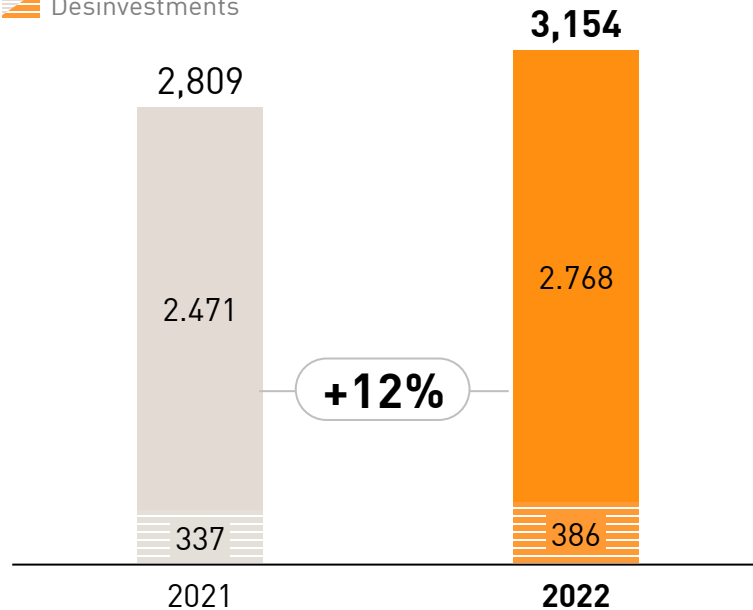
<sup>2</sup> 2022

# Investments focused on energy transition

## Total investments

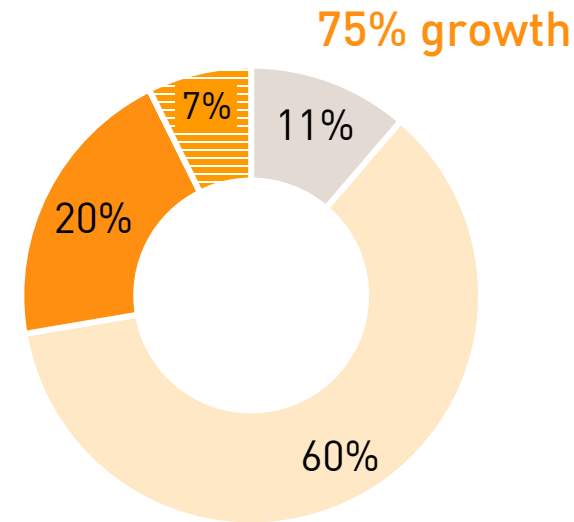
in € m

- Net cash investments
- Desinvestments



## Investment by segments<sup>1</sup>

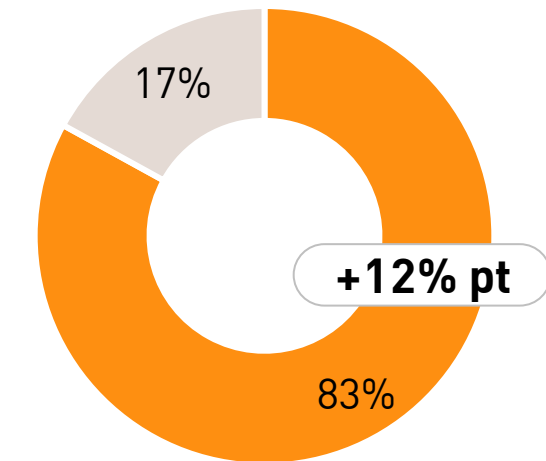
- Smart Infrastructure for Customers
- System Critical Infrastructure
- Sustainable Generation Infrastructure



## Taxonomy-aligned investments

Expanded capex<sup>2</sup>

- EU taxonomy-aligned



<sup>1</sup> May not add up to 100% due to others

<sup>2</sup> In addition to capex according to the EU taxonomy definition, we also report expanded capex for our taxonomy-compliant business activities. This additionally includes the share of companies accounted for using the equity method.

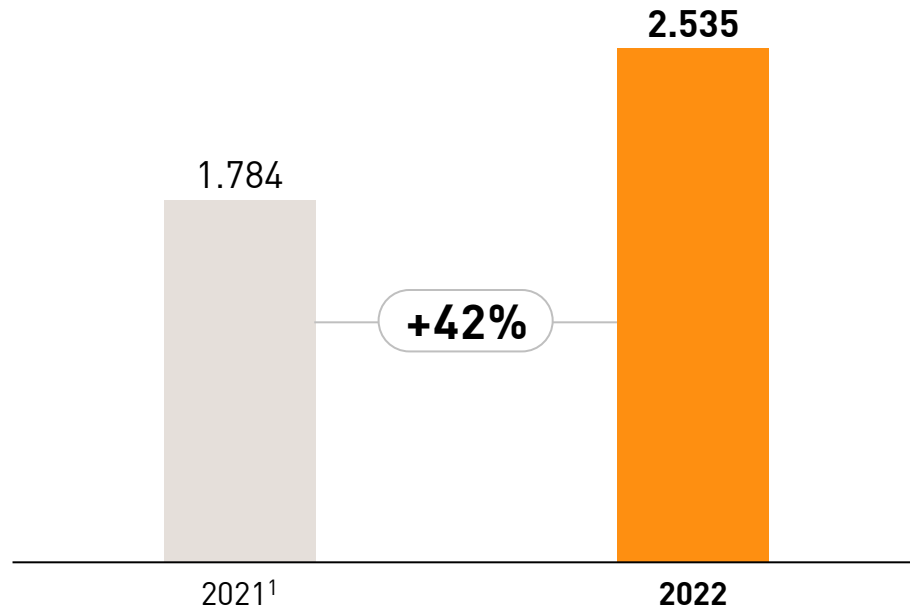


# RCF increased in particular due to higher cash-relevant EBITDA

## Retained cash flow

As of 31 December 2022

in € m



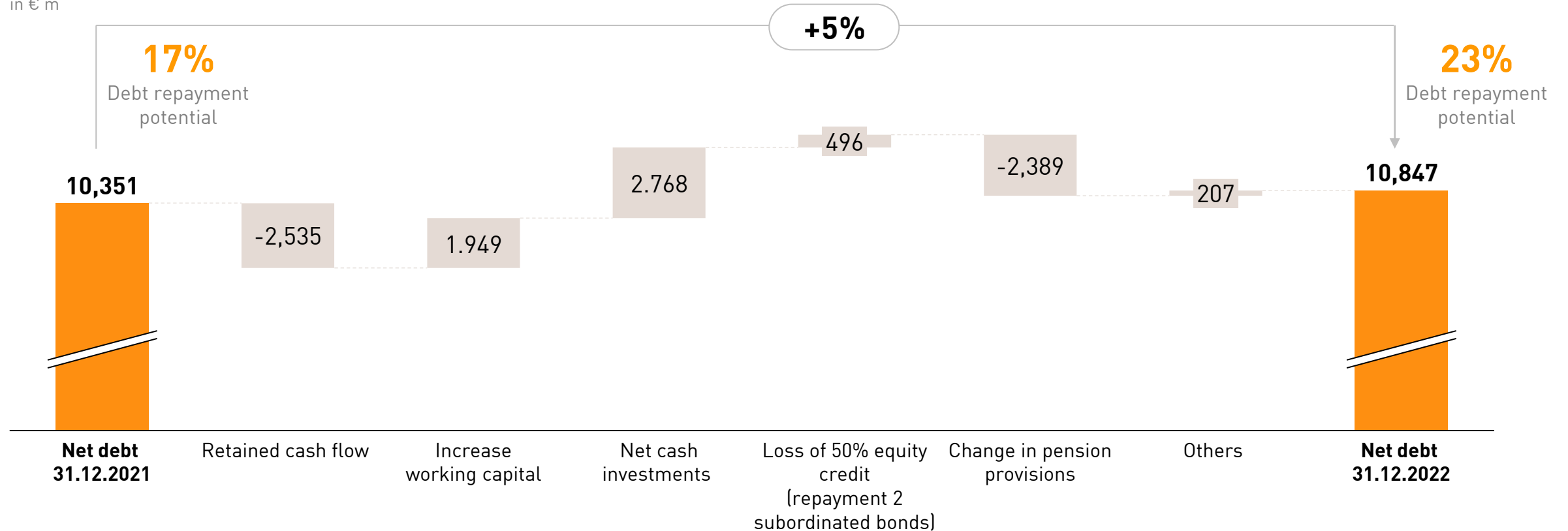
## Cash-relevant operating earnings

- ▲ + €0.7 bn cash-relevant EBITDA from customer business, renewable energies and trading activities

# Increase in interest rate on pension provisions balance out working capital increase

## Net debt<sup>1</sup>

in € m

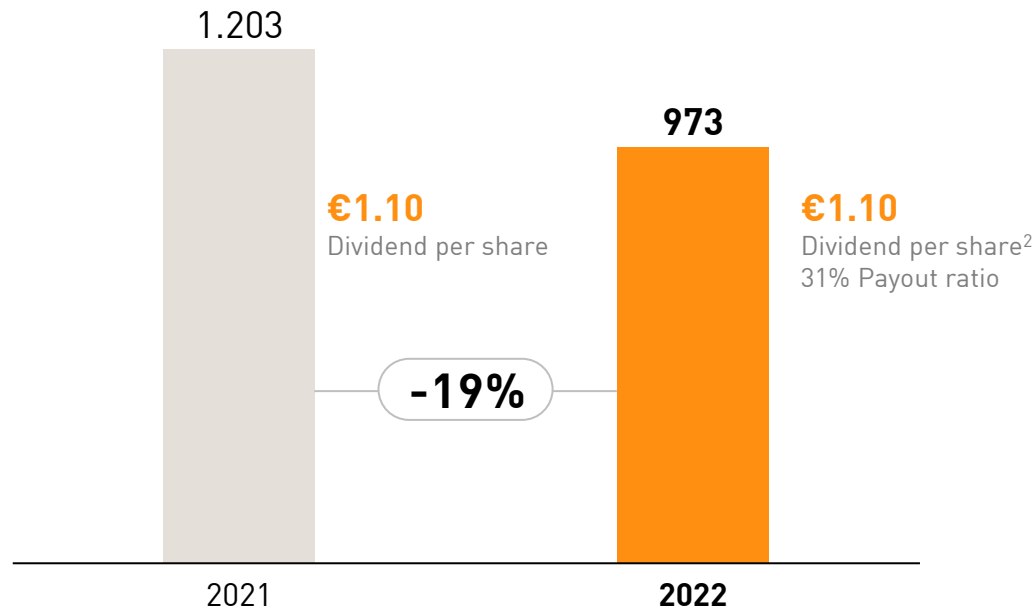


<sup>1</sup> The liquid funds in the EEG account are only held in custody by the transmission system operator but may not be used for operational business purposes. Due to the amount as of the balance sheet date, net debt is reported without the cash and cash equivalents from the EEG account. The prior-year figures have been adjusted accordingly. EEG account 2022: €2,289.5 m ; EEG account 2021: 1,565.2 m

# Dividend proposal of €1.10 on prior-year level

## Adjusted Group net profit<sup>1</sup>

in € m



### Dividend policy: Payout ratio of no more than 40%-60%

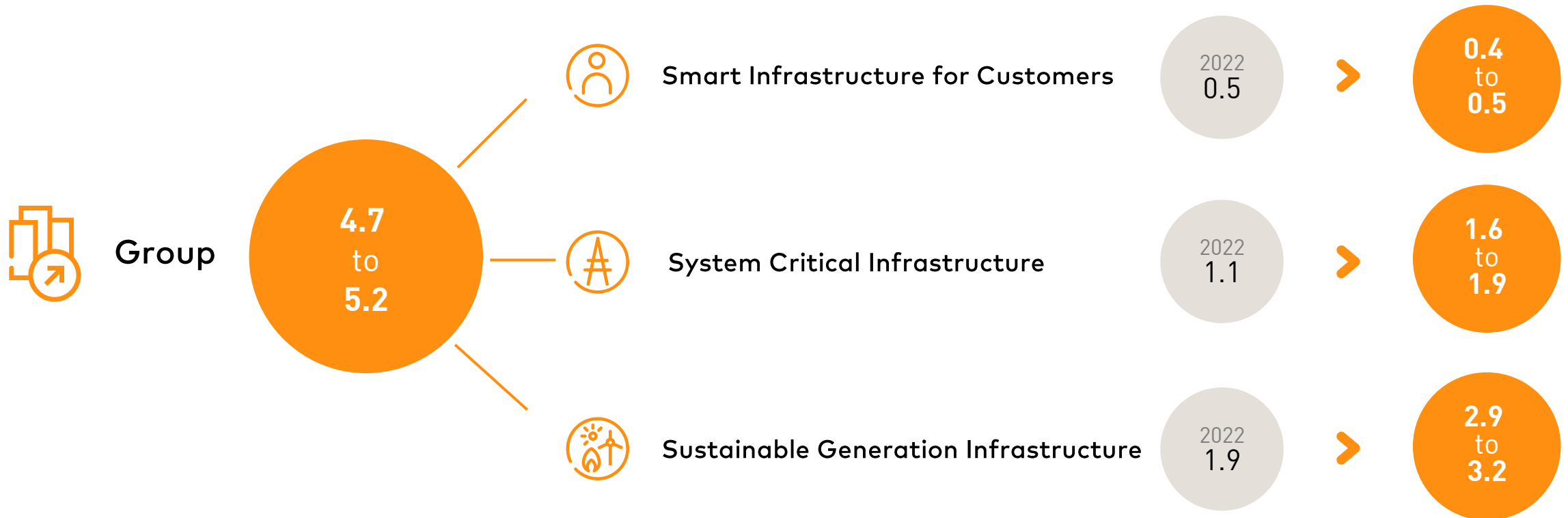
- With €1.10 dividend proposal at prior-year level
- Payout ratio of 31% provides additional funds to finance energy transition and further strengthen equity base

<sup>1</sup> Attributable to the shareholders of EnBW AG

<sup>2</sup> Dividend proposal per share subject to the approval of the AGM 3.5.2023

# Outlook 2023 – integrated setup facilitates strong adj. EBITDA growth

in € bn





# Questions & Answers



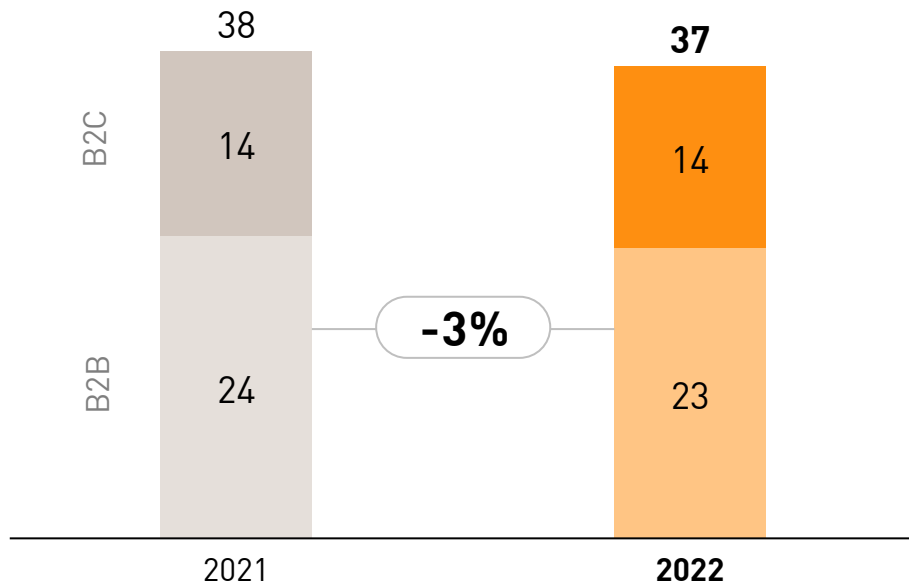
1. Additional information
2. Service information

# Smart Infrastructure for Customers

## Sales volume

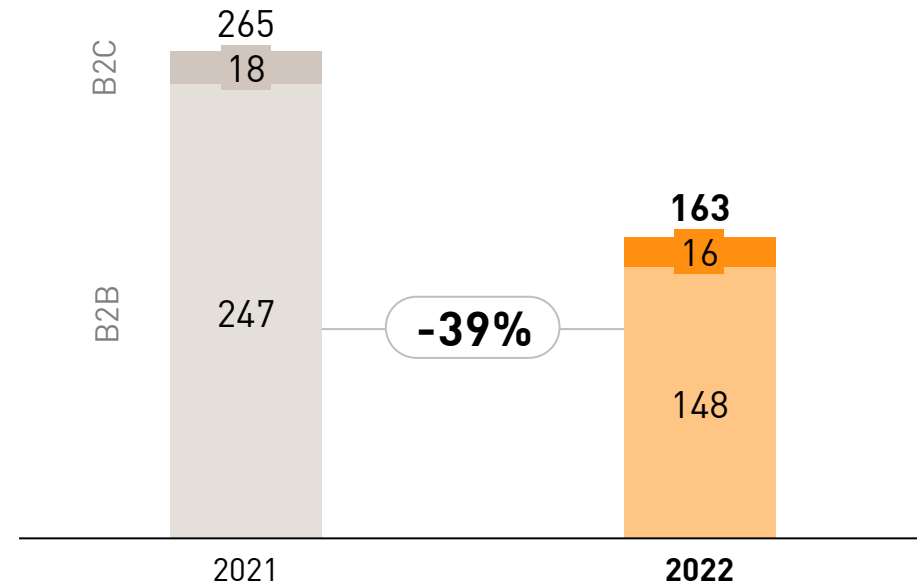
### Sales volume electricity

in TWh



### Sales volume gas<sup>1</sup>

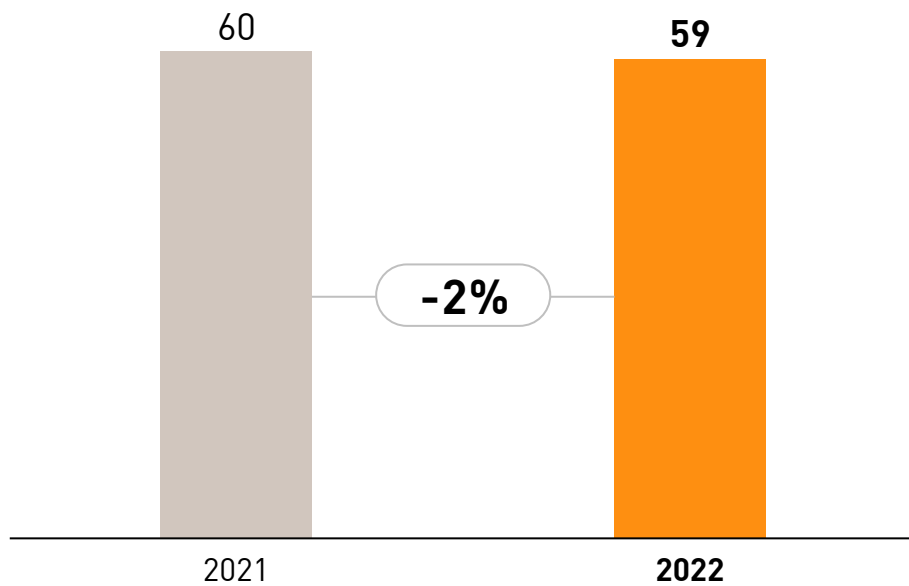
in TWh



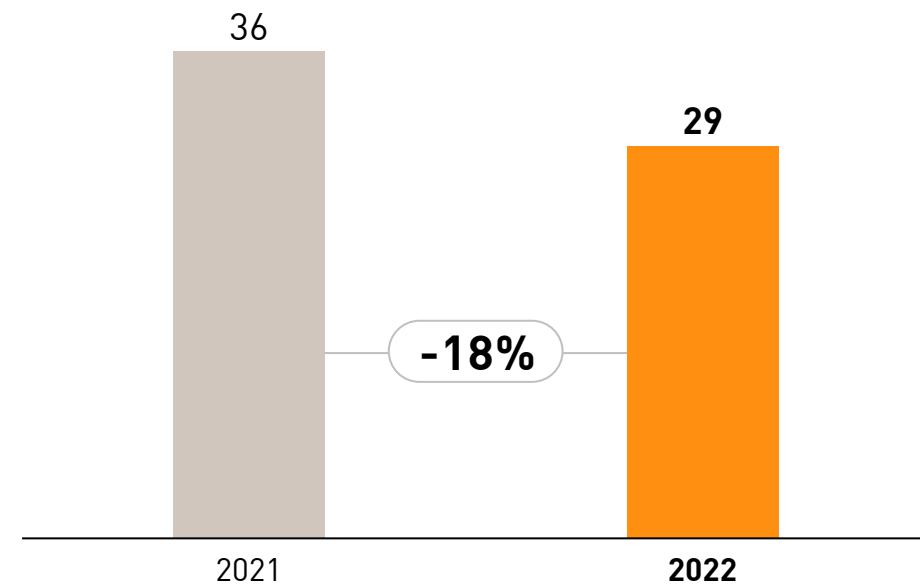
<sup>1</sup> Does only include B2B and B2C customers

# System Critical Infrastructure Transmission volume

## Transmission volume electricity in TWh



## Transmission volume gas in TWh



<sup>1</sup> Does only include B2B and B2C customers

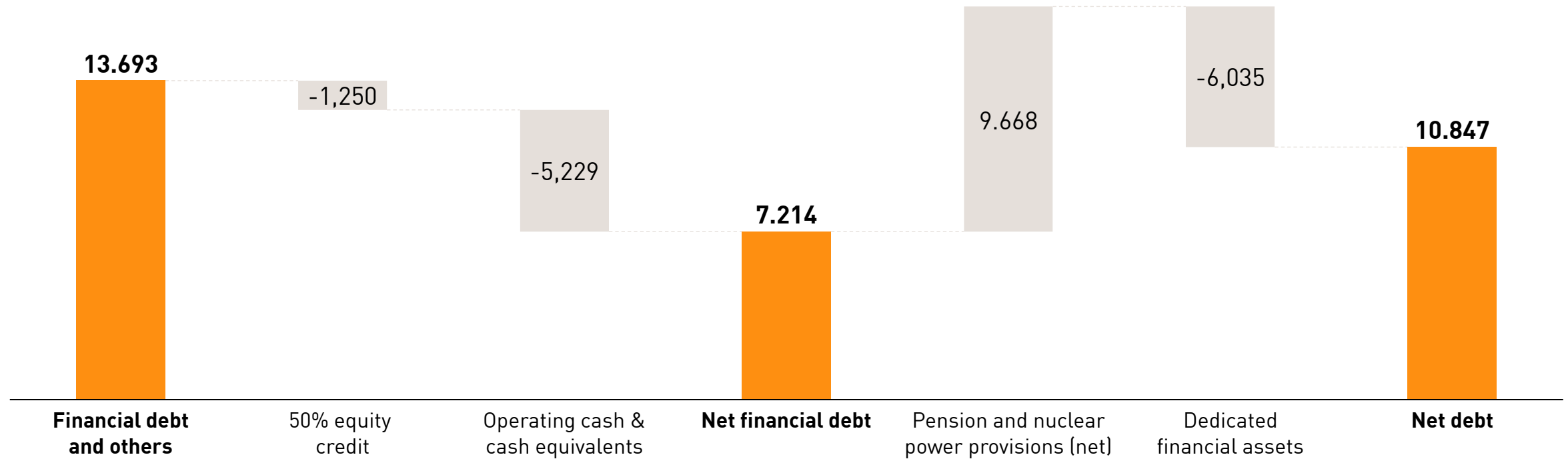
# Non-operating result

in € m

	2022	2021	Change in %
Income/expenses relating to nuclear power	-591.6	70.5	-
Income from the reversal of other provisions	14.8	8.6	72.1
Result from disposals	3.8	-6.6	-
Reversals/increase of provisions for onerous contracts relating to electricity and gas procurement agreements	393.8	-343.1	-
Income from reversals of impairment losses	1,499.1	69.5	-
Restructuring	-28.7	-42.3	-32.2
Other non-operating result	-103.6	87.6	-
<b>Non-operating EBITDA</b>	<b>1,187.5</b>	<b>-155.8</b>	<b>-</b>
Impairment losses	-716.8	-1,088.3	-
<b>Non-operating EBIT</b>	<b>470.7</b>	<b>-1,244.1</b>	<b>-</b>

# Calculation of net debt<sup>1</sup>

in € m

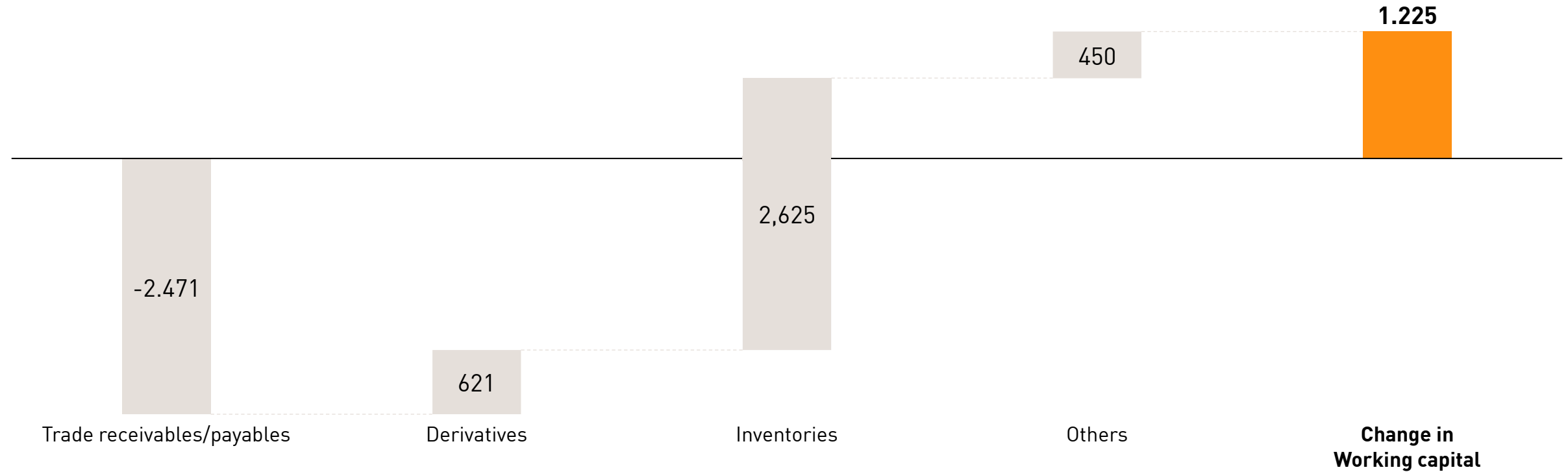


<sup>1</sup> As of 31 December 2022



# Working capital effects<sup>1</sup>

in € m



<sup>1</sup> 1.1. – 31.12.2022

# Income statement

in € m

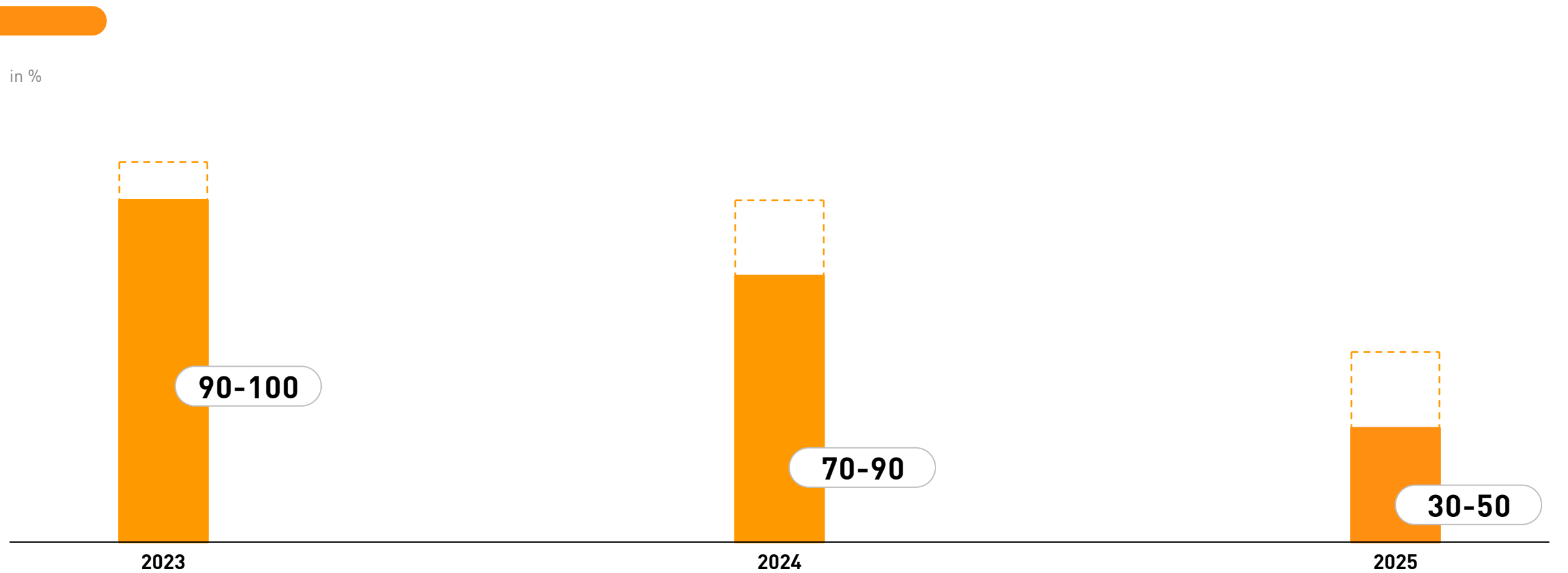
	2022	2021	Change in %
<b>Revenue</b>	<b>56,002.6</b>	<b>32,147.9</b>	<b>74.2</b>
Changes in inventories/other own work capitalized	357.2	276.9	29.0
Cost of materials	-51,148.4	-25,951.0	97.1
Personnel expenses	-2,591.8	-2,457.5	5.5
Other operating income/expenses	1,853.6	-1,212.8	-
<b>EBITDA</b>	<b>4,437.2</b>	<b>2,803.5</b>	<b>59.1</b>
Amortization and depreciation	-2,332.0	-2,644.7	-11.8
<b>EBIT</b>	<b>2,141.2</b>	<b>158.8</b>	<b>-</b>
Investment and financial result	254.2	354.5	-
<b>EBT</b>	<b>2,395.4</b>	<b>513.3</b>	<b>-</b>
Income tax	-551.5	-72.1	-
<b>Group net profit</b>	<b>1,843.9</b>	<b>441.2</b>	<b>-</b>
of which profit shares attributable to non-controlling interests	(105.9)	(78.0)	(35.8)
of which profit shares attributable to the shareholders of EnBW AG	(1,738.0)	(363.2)	-

# Retained cash flow

in € m

	2022	2021	Change in %
<b>EBITDA</b>	<b>4,473.2</b>	<b>2,803.5</b>	<b>59.6</b>
Changes in provisions	36.2	-103.9	-134.8
Non-cash-relevant income/expenses	-1,251.7	-396.3	-
Income tax paid	-227.9	-200.6	13.6
Interest and dividends received	427.0	358.0	19.3
Interest paid for financing activities	-318.8	-314.5	1.4
Dedicated financial assets contribution	-92.2	184.8	-149.9
<b>Funds from Operations (FFO)</b>	<b>3,045.7</b>	<b>2,331.0</b>	<b>30.7</b>
Dividends	-510.8	-547.2	-6.7
<b>Retained cash flow</b>	<b>2,534.9</b>	<b>1,783.8</b>	<b>42.1</b>

# Electricity generation hedge levels<sup>1</sup>



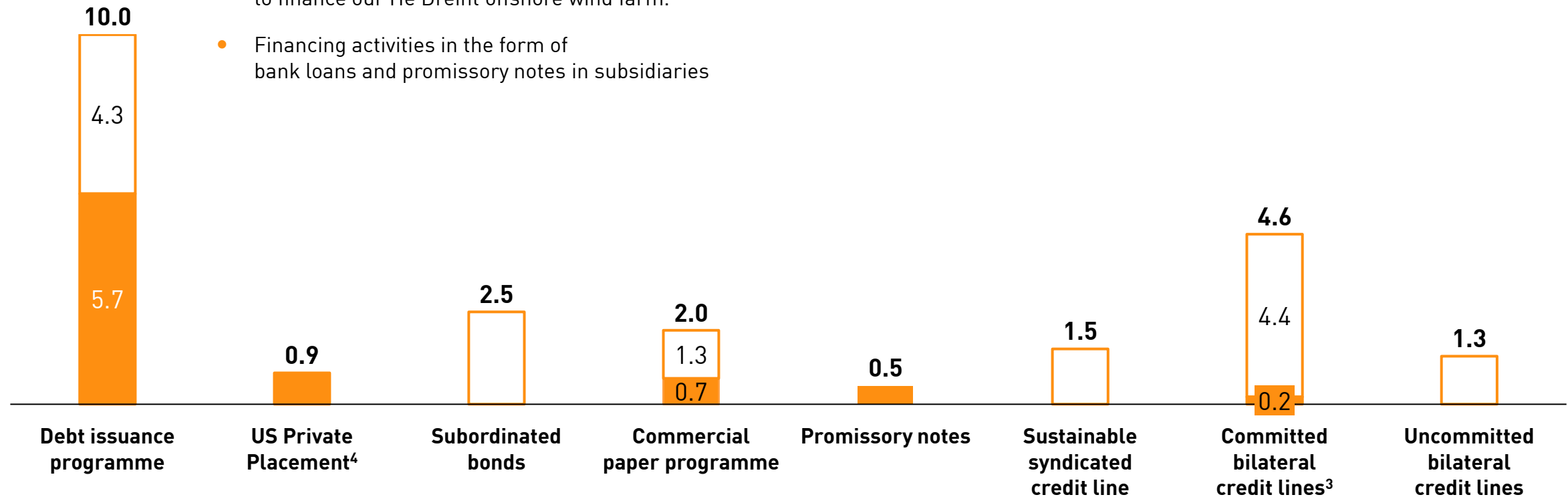
<sup>1</sup> As of 31 December 2022

# EnBW Group has flexible access to various financing sources<sup>1</sup>

in € bn

## Other sources

- Project financing and EIB loans, including a €0.6 bn EIB loan to finance our He Dreih offshore wind farm.
- Financing activities in the form of bank loans and promissory notes in subsidiaries


Maturity date: 2027<sup>2</sup>

<sup>1</sup> Rounded figures as of 31 December 2022

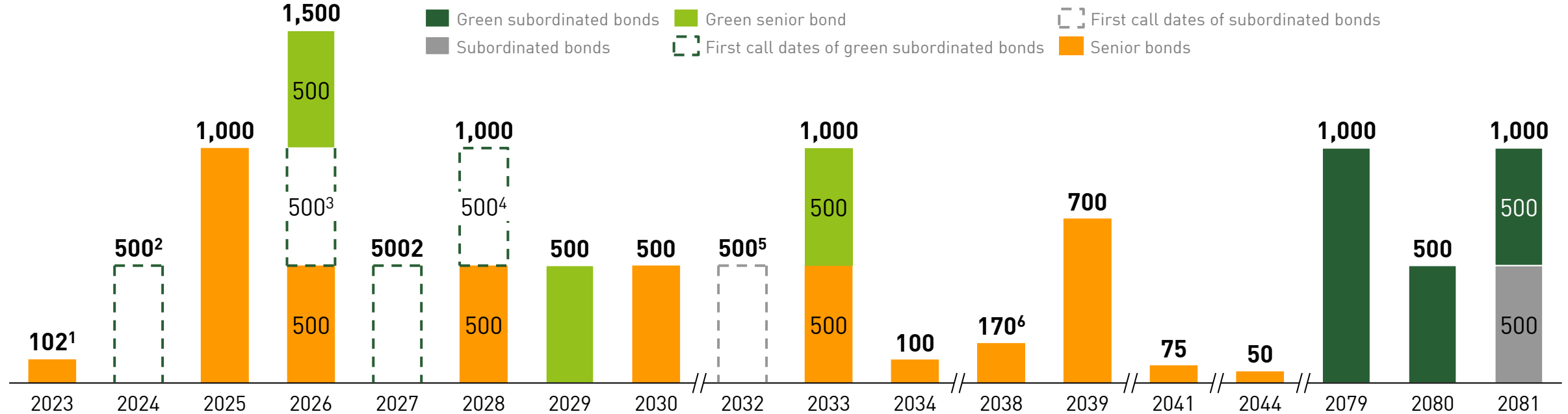
<sup>2</sup> Term until the end of June 2027 after exercise of the second extension option for a further year

<sup>3</sup> Includes €660 m loan agreement of VNG with KfW (until April 2023) as of 5 April 2022. The credit line was terminated early as of 7 February 2023

<sup>4</sup> Issued 9 November 2022; €860.95 m equivalent (€400 m, US\$270 m, £168 m, converted as of the reference date of 9 November 2022)

# Maturities of EnBW's bonds

in € m  
as of 31 Dec. 2022



<sup>1</sup> CHF 100 m, converted as of the reporting date of 31.12.2022

<sup>2</sup> First call date: green subordinated maturing in 2079

<sup>3</sup> First call date: green subordinated maturing in 2080

<sup>4</sup> First call date: green subordinated maturing in 2081

<sup>5</sup> First call date: subordinated maturing in 2081

<sup>6</sup> JPY 20 bn (swap in €), coupon before swap 5.460

# Fixed income: Credit ratings

**MOODY'S**  
INVESTORS SERVICE

**Baa1 / stable**  
Latest update  
6 January 2023

- Leadership position as vertically integrated utility within Baden-Württemberg
- High share of regulated earnings (transmission and distribution grid)
- Growing share of renewable assets under contracts
- Track record of measures to defend credit quality
- Supportive stance of shareholders
- 2022 EBITDA limited by its exposure to Russian gas supply
- Continued evolution of generation markets
- Execution risks from a large capital spending programme, which will constrain credit metrics
- Increasingly competitive environment for renewable assets
- Stable rating outlook reflects expectation that EnBW will record solid earnings growth in 2023-24 and maintain a prudent financial policy

**S&P Global**  
Ratings

**A- / negative**  
Latest update  
6 December 2022

- EnBW's diversified and integrated position should continue to prove it is more resilient than non-integrated peers to changing conditions
- High share of regulated EBITDA and expanding share of renewable generation provides predictability to earnings and cash flow
- Investment strategy with focus on regulated infrastructure and renewable capacity deployment provides a long-term earnings base
- Financial policy, including shareholder support, geared toward protecting the 'A-' rating
- Gas repurchase losses and potential equity support for subsidiary VNG could pressure EnBW's credit metrics and caused negative rating outlook.
- Rating outlook could be revised to stable after gaining clarity on the company's full-year performance and its remedial measures to medium-term pressure on credit metrics

# Major sustainability ratings

CDP<sup>1</sup>

Climate Rating

Status quo

B

Management

Sustainalytics<sup>2</sup>

ESG Risk Rating

27.7

Medium Risk

ISS ESG<sup>3</sup>

ESG Rating

B

Prime Status

MSCI<sup>4</sup>

ESG Rating

A

Average

<sup>1</sup> CDP Scale: A to D (Leadership A/A-; Management B/B-; Awareness C/C-; Disclosure D/D-; Failure F)

<sup>2</sup> Sustainalytics Scale: 0 to 40+ (Risk Score: negligible (0-10); low (10-20); medium (20-30); high (30-40); severe (40+))

<sup>3</sup> ISS ESG Scale: A+ to D- (absolute best-in-class basis; Prime Status awarded)

<sup>4</sup> MSCI Scale: AAA to CCC (Leader AAA – AA; Average A – BB, Laggard B – CCC)



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# Financial calendar


## Upcoming events




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 **May 2023, 10:00 am CET**  
**Annual General Meeting 2023**


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 **May 2023, 01:00 pm CET**  
**Publication of figures for 3M 2023**  
Investor and analyst conference call

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 **August 2023, 01:00 pm CET**  
**Publication of figures for 6M 2023**  
Investor and analyst conference call

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 **November 2023, 01:00 pm CET**  
**Publication of figures for 9M 2023**  
Investor and analyst conference call

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# Important note

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