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EnBW proves resilience in a challenging year 2022

- **Adjusted EBITDA increased despite difficult environment**
- **Integrated business portfolio contributes to financial stability**
- **Renewables business largest contributor to earnings for the first time**
- **Accelerated implementation of energy transition projects with increased investments**
- **Coal phase-out targeted for 2028 already**

EnBW continued its transformation in 2022 and generated an operating result (adjusted EBITDA) of €3.29 billion (an increase of 11%). “We owe this result to prudent planning and our integrated lineup across the entire value chain,” EnBW CEO Andreas Schell said today at the results presentation in Stuttgart. “This financial stability enables a further significant acceleration in our investment in expanding renewables and the associated grid infrastructure. Just a few days ago, for example, we took the final investment decision to build our 960 MW He Dreiht offshore wind farm.”

In a highly volatile market and political environment marked by the Russian war in Ukraine, the company made itself independent of Russian gas and coal in a very short time and ensured a secure supply of energy by rapidly diversifying its sources of supply. Schell continued: “But the energy transition needs to be accelerated if we are to meet our energy demand and climate targets. As EnBW, we are promoting the transition to greater sustainability and plan to completely phase out coal as early as 2028, provided that the German government’s policy framework allows.”

“The financial year 2022 was exceptional in many ways,” added CFO Thomas Kusterer. “This also had an impact on the figures. Our solid operating result once again underscores that our integrated product portfolio delivers stable cash flows even in challenging times.” Kusterer emphasized that the recently completed SBTi validation provides an important basis for the financing of EnBW’s future growth. “Many capital market players base their investment decisions on a company’s carbon reduction commitments. With their funding, they support sustainable companies like EnBW on their clearly defined decarbonization path.”

With a view to the future, Schell noted: “A successful transition to carbon-free energy supplies requires an appropriate economic and political framework. We believe that a market-based energy system is the only way to create investment incentives and support the accelerated expansion of renewables. The German government also needs to do its part towards achieving its expansion plans for 2030.”

The financial year 2022 at Group level: growth despite difficult environment

At €3.29 billion, **adjusted EBITDA** was above the original guidance range as well as the reduced guidance issued in November. This outcome was made possible by the fact that some of the risks factored into the guidance due to market and political uncertainties did not materialize as

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expected. Warmer-than-average weather towards year-end kept gas storage well filled, which led to an easing of wholesale prices for both gas and electricity.

Due to higher prices for energy and commodities, **external revenues** rose significantly to around €56 billion. The number of **employees** grew to 26,980, a year-on-year increase of 3.5%.

Group net profit increased significantly year on year to €1.7 billion. As a result of the lower financial result due to the mark-to-market valuation of securities, **adjusted Group net profit** attributable to the shareholders of EnBW AG was approximately €973 million. A dividend of €1.10 euros per share will be proposed at the Annual General Meeting. This is the same level as in the previous year.

EnBW Group's **investment**, at around €3.2 billion, was 12% higher than in the previous year. This mainly relates to success in the seabed auction for the construction of offshore wind farms off the Scottish coast and to the expansion of electricity transmission grids. Some 75% of total investment was for growth projects such as the expansion of renewables and grids as well as the rollout of charging infrastructure for electric vehicles.

Varying performance in the individual segments

Adjusted EBITDA in the segment **Smart Infrastructure for Customers** rose to €510 million, a significant increase on the previous year. This was mainly due to higher B2B earnings at subsidiaries and increased earnings at Senec, EnBW's home storage subsidiary.

The segment **System Critical Infrastructure** (electricity and gas transmission and distribution grids) generated EBITDA of €1.05 billion, which is around 17% down on the previous year. This was mainly due to significantly higher costs of grid reserve and redispatch to maintain security of supply.

Adjusted EBITDA in the segment **Sustainable Generation Infrastructure** significantly increased year on year by 26% to €1.93 billion.

The increase mainly relates to **Renewable Energies**, where adjusted EBITDA rose by over 39% year on year to €1.11 billion. This significant earnings increase was mainly due to newly commissioned large solar farms, higher market prices and better wind conditions. Adjusted EBITDA in **Thermal Generation and Trading** rose by around 11% year on year. Higher market prices and positive earnings contributions from trading activities offset the negative impact from the curtailment and cessation of Russian gas supplies at subsidiaries and the resulting high cost to replace the shortfall in gas volumes.

2023 guidance: significant increase in earnings

EnBW forecasts a further increase in earnings this year. Kusterer: "We expect that our adjusted EBITDA will be in a range between €4.7 billion and €5.2 billion."

Specifically for each segment: a stable or slightly lower result of between €400 million and €500 million is expected in Smart Infrastructure for Customers (sales).

For System Critical Infrastructure, results are expected to be between €1.6 billion and €1.9 billion. A significant increase in earnings is predicted for Sustainable Generation Infrastructure

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in 2023. Thermal Generation Trading and Renewable Energies together are expected to contribute around €2.9 billion to €3.2 billion to earnings.

Outlook: new growth through to 2030

“We have a clear plan for our segments that is centered on sustainability and security of supply,” emphasized EnBW CEO Andreas Schell. Until 2025, EnBW plans to make gross investments of €14 billion, around 75% of which allocated to the expansion of grids and renewables in the next three years to accelerate the energy transition.

“The financial year 2022 was a watershed for the energy industry, requiring a recalibration of our strategy. The next few years will be crucial in setting the course for the future. We expect further major changes in the energy market, for example in areas such as hydrogen, all of which we will aim to prepare ourselves for,” Schell said. Currently, he added, we are working on further developing our strategy with a target horizon of 2030.

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Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	2022	2021	Change in %
External revenue	56,002.6	32,147.9	74.2
TOP Adjusted EBITDA	3,285.7	2,959.3	11.0
TOP Share of adjusted EBITDA accounted for by Smart Infrastructure for Customers in € million/in %	510.2/15.5	344.0/11.6	48.3/-
TOP Share of adjusted EBITDA accounted for by System Critical Infrastructure in € million/in %	1,046.0/31.8	1,263.0/42.7	-17.2/-
TOP Share of adjusted EBITDA accounted for by Sustainable Generation Infrastructure in € million/in %	1,934.8/58.9	1,539.7/52.0	25.7/-
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	-205.3/-6.2	-187.4/-6.3	9.6/-
EBITDA	4,473.2	2,803.5	59.6
Adjusted EBIT	1,670.5	1,402.9	19.1
EBIT	2,141.2	158.8	-
Adjusted Group net profit ¹	972.6	1,203.2	-19.2
Group net profit ¹	1,738	363.2	-
EnBW share price as of 31/12	87.00	76.00	14.5
Earnings per share from Group net profit (€) ¹	6.42	1.34	-
Dividend per share / dividend payout ratio in % ^{2,3}	1.10/31	1.10/36	-/-
Retained cash flow	2,534.9	1,783.8	42.1
TOP Debt repayment potential in % ⁴	23.4	17.2	-
Net cash investment	2,767.7	2,471.2	12.0
Net debt ⁴	10,847.0	10,351.3	4.8
Net financial debt ⁴	7,214.2	4,466.3	61.5
Return on capital employed (ROCE) in %	7.9	6.9	-
Weighted average cost of capital before tax in %	6.8	4.9	-
Average capital employed	22,690.5	22,249.9	2.0
TOP Value spread in %	1.1	2.0	-

Non-financial performance indicators

	2022	2021	Change in %
Customers and society goal dimension			
TOP Reputation Index	58	55	5.5
TOP EnBW/Yello Customer Satisfaction Index	139/166	127/159	9.4/4.4
TOP SAIDI electricity in min./year	16.6	15.8	5.1
Environment goal dimension			
TOP Installed output of renewable energies (RE) in GW and the share of the generation capacity accounted for by RE in %	5.4/41.7	5.1/40.1	5.9/4.0
TOP CO ₂ intensity in g/kWh ⁵	491	478	2.6
Employees goal dimension			
TOP People Engagement Index (PEI) ⁶	81	82	-1.2
TOP LTIF for companies controlled by the Group ^{7,8} / LTIF overall ⁷	2.6/4.1	2.3/3.3	13.0/24.2
Employees ⁹			
	31/12/2022	31/12/2021	Change in %
Employees	26,980	26,064	3.5
Employee equivalents ¹⁰	25,339	24,519	3.3

¹ In relation to the profit/loss attributable to the shareholders of EnBW AG.

² For 2022, subject to approval from the ordinary Annual General Meeting on 03/05/2023.

³ Adjusted for the valuation effects of IFRS 9 in 2021.

⁴ For the calculation of the net debt and debt repayment potential, please refer to the section "The EnBW Group" of the management report.

⁵ The calculation for this performance indicator does not include nuclear generation and the share of positive redispatch that cannot be controlled by EnBW. If the share of positive redispatch that cannot be controlled by EnBW is taken into account, CO₂ intensity would be 508 g/kWh for the reporting year (previous year: 492 g/kWh). CO₂ intensity including nuclear generation for the reporting year was 401 g/kWh (previous year: 386 g/kWh). We publish a five-year comparison of the performance indicators in our "Multi-year overview" on p. 305.

⁶ Variations in the group of consolidated companies (all companies with more than 100 employees are considered [except ITOs]). Companies that were fully consolidated for the first time in the fourth quarter of 2022 were not included in the employee surveys for the PEI.

⁷ Variations in the group of consolidated companies (all companies with more than 100 employees, excluding external agency workers and contractors, are considered).

⁸ Companies that were fully consolidated for the first time during the 2022 financial year were not included in the calculations for the LTIF performance indicators. Except for companies in the area of waste management.

⁹ Number of employees excluding apprentices/trainees and inactive employees.

¹⁰ Converted into full-time equivalents.

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