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Press Release >

EnBW sees itself well-positioned and generates exceptionally strong earnings in 2023

- **Group operating result up 60% despite volatile conditions**
- **Integrated business portfolio contributes to financial stability and growth**
- **€5 billion invested in accelerated energy transition**
- **Carbon neutrality by 2035 as clear goal and strategic compass**

With its integrated portfolio, EnBW has consistently aligned its activities in the last few years to the opportunities of the energy transition. The company successfully continued this trajectory in the 2023 and generated an operating result (adjusted EBITDA) of €6.4 billion, compared to €3.97 billion in 2022. This marks an increase of 60% and is at the upper end of the range stated in the upgraded guidance issued in the third quarter of 2023. The significant increase in adjusted EBITDA is largely due to positive developments in the segment Sustainable Generation Infrastructure, which contributed over 70% to the total figure. A similarly large positive effect resulted from the absence of the one-off effects caused in 2022 by the onset of the war in Ukraine.

"The very good result means that we can significantly increase our investments to implement the energy transition over the years ahead. Our focus here is on the further expansion of renewables and of network infrastructure and on modernizing our dispatchable power plant capacity. However, we also plan to invest and continue to grow in the areas of electric vehicle charging infrastructure and the distributed energy transition in people's homes," said the new CEO Georg Stamatelopoulos at the presentation of the business figures today in Stuttgart.

Stamatelopoulos continued: "Our aim and ambition is to successfully link the three cross-cutting goals of energy supply – sustainability, security of supply and affordability – in the interests both of the energy transition and of consumers. As Germany's only remaining major integrated energy company, we cover all stages of the value chain. We understand each and every stage, as well as the linkages between them, from generation to grids to customers. This is why we see ourselves as having an overarching responsibility."

Deputy CEO and CFO Thomas Kusterer added: "Last year, we invested a gross amount of almost €5 billion. In addition to our very good operating result in 2023, this was also made possible by the fact that we gained long-term partners who acquired 49.9% each in our network subsidiary TransnetBW and our offshore wind farm He Dreiht. The partners will join us in shouldering future investments in the transmission grid and the construction of this wind farm."

Kusterer continued: "We also consistently apply our sustainability-based corporate strategy in obtaining capital market finance. Our new key performance indicator, "Proportion of taxonomy-aligned investments," is an important competitive factor for access to the capital market. A full

87% of our investments in 2023 were environmentally sustainable as defined by the EU taxonomy. With our solid financing structure and strong balance sheet, we also have high credit ratings."

Significantly higher investment in growth projects

The EnBW Group's *gross investment*, at around €4.9 billion, was 56% higher in 2023 than the previous year. Around 80% of that was allocated to growth projects, including the 960-MW offshore wind farm He Dreiht, the expansion of electricity transmission- and distribution grids and the construction of hydrogen-ready, dispatchable gas-fired power plants.

CFO Thomas Kusterer: "The transition to a climate-friendly, decarbonized energy future requires high levels of investment. Expansion of the grid infrastructure for electricity, gas and hydrogen, the expansion of renewables and the development of low-carbon, dispatchable power generation will continue to account for by far the largest share of our investments in the next few years."

Increased net profit and dividend proposal

Adjusted Group net profit attributable to the shareholders of EnBW AG amounted to €2.8 billion, significantly higher than the previous year. This was mainly due to the significant year-on-year increase in adjusted EBITDA. A dividend of €1.50 euros per share will be proposed at the Annual General Meeting. Last year's dividend was €1.10 per share. This corresponds to a 36% increase on the previous year and a moderate 15% payout ratio. It means that more funds remain in the company for the investments needed to implement the energy transition.

Segments: strong earnings growth in generation and grids

The operating result in the segment *Sustainable Generation Infrastructure* increased to around €4.6 billion, around 78% higher than the previous year.

In *Renewable Energies*, some 300 MW of wind power and photovoltaics were newly commissioned in 2023. As a result, renewable energy sources now account for 47% of total installed generation capacity. Adjusted EBITDA in Renewable Energies, at €1.1 billion, was almost equal to the previous year. The positive earnings trend from capacity expansion and the year-on-year increase in electricity generation from run-of-river power plants was offset by falling prices in the direct marketing of generation volumes from wind and photovoltaics.

The increase in earnings in the segment *Sustainable Generation Infrastructure* was driven by the Thermal Generation and Trading business. Adjusted EBITDA here rose to just under €3.6 billion. This was partly due to a year-on-year increase in hedge prices for the sale of generation volumes. Against the backdrop of higher market prices and volatility, significantly higher prices were obtained for generated electricity compared to the previous year. In addition, the large negative effects from the cessation of Russian gas supplies and procurement to replace the missing volumes at subsidiary VNG fell away.

The segment *System Critical Infrastructure* – comprising the electricity and gas transmission and distribution grids – generated adjusted EBITDA of around €1.8 billion. This corresponds to an increase of almost 68% on the previous year's segment earnings. Higher levels of investment in grid expansion for the energy transition led to higher grid usage revenues. At the same time, in contrast to 2022, higher expenses for the grid reserve, including redispatch, were already fully priced into the grid usage fees for 2023.

Adjusted EBITDA in the last year in the segment *Smart Infrastructure for Customers* amounted to around €240 million. The significant 52% decrease on the previous year was mainly due to one-off effects. Significantly higher expenses in the home storage systems business at solar subsidiary SENEC and the deconsolidation of bmp Greengas had a negative impact on earnings compared to the previous year.

2024 guidance: lower earnings expected

For the current financial year, EnBW expects adjusted EBITDA at Group level to be in a range of €4.6 billion to €5.2 billion.

Kusterer: "This is because market volatility is decreasing and we expect to sell the electricity volumes that our plants generate at lower prices than in 2023. So, the very good result in Thermal Generation and Trading in 2023 cannot simply be projected into the future."

Specifically for each segment: Adjusted EBITDA in the segment Sustainable Generation Infrastructure is expected to be down, at between €2.6 billion and €3.1 billion, mainly due to lower hedge prices. Renewables are expected to contribute around €1.3 billion to adjusted EBITDA. In the segment System Critical Infrastructure, adjusted EBITDA is expected to be between €1.9 billion and €2.2 billion. The segment Smart Infrastructure for Customers is expected to contribute between €250 million and €350 million to Group adjusted EBITDA this year.

Outlook: central focus on climate neutrality

With regard to EnBW's strategic direction in the years ahead, Georg Stamatelopoulos said: "With our strategy EnBW 2025 we have a very good basis. We will build on this and further develop our integrated portfolio with clear growth priorities in each segment. This is reflected in our planned gross investments of €40 billion by 2030, around 90% of which will be in Germany. That makes EnBW one of Germany's largest investors in the implementation of the energy transition."

At the same time, the new CEO emphasized the goal of climate neutrality that the company is pursuing in all its activities: "We are sticking to our chosen course with the clear goal of making the company carbon neutral by 2035. Expanding renewables, the grid infrastructure and charging infrastructure therefore remains a priority. At the same time, we are pressing ahead with the modernization of our dispatchable capacity. These steps make EnBW a key player in ensuring security of supply in an energy future targeting climate neutrality." Around 9,600 new employees are to be hired for this purpose in the next few years.

The EnBW CEO also underscored the importance of a stable regulatory framework: "We need clear conditions for investment and prospects for the long-term refinancing of the funds we invest." The company therefore pays close attention to policymaking processes, he added. "The German government's power plant strategy this year is intended to prepare the way for investment in secure capacity. Some initial key points have already been made known, but far too much of the strategy remains vague. If the power plants are to be built in the near future, we need clarity fast – and the first tenders before the end of this year," said Stamatelopoulos.

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Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	2023	2022	Change in %
External revenue	**44,430.7**	56,002.6	-20.7
TOP Adjusted EBITDA [1]	**6,365.2**	3,967.1	60.4
TOP Share of adjusted EBITDA accounted for by Smart Infrastructure for Customers in € million/in % [1]	**239.5/3.8**	498.4/12.6	-51.9/–
TOP Share of adjusted EBITDA accounted for by System Critical Infrastructure in € million/in % [1]	**1,772.0/27.8**	1,057.8/26.7	67.5/–
TOP Share of adjusted EBITDA accounted for by Sustainable Generation Infrastructure in € million/in % [1]	**4,647.6/73.0**	2,616.2/65.9	77.6/–
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in % [1]	**-293.9/-4.6**	-205.3/-5.2	-43.2/–
EBITDA	**5,738.3**	4,473.2	28.3
Adjusted EBIT [1]	**4,678.9**	2,351.9	98.9
EBIT	**3,341.3**	2,141.2	56.0
Adjusted Group net profit [1, 2]	**2,779.5**	1,413.1	96.7
Group net profit [2]	**1,537.6**	1,738.0	-11.5
EnBW share price as of 31/12	**79.20**	87.00	-9.0
Earnings per share from Group net profit (€) [2]	**5.68**	6.42	-11.5
Dividend per share (€) / dividend payout ratio in % [3, 4]	**1.50/15**	1.10/31	36.4/–
Retained cash flow [1]	**4,831.5**	3,216.5	50.2
TOP Debt repayment potential in % [1, 5]	**41.3**	29.7	–
Net cash investment	**2,739.8**	2,767.7	-1.0
Net debt [5]	**11,703.1**	10,847.0	7.9
Net financial debt [5]	**7,558.2**	7,214.2	4.8
Return on capital employed (ROCE) in % [1]	**17.6**	10.9	–
Weighted average cost of capital before tax in %	**7.4**	6.8	–
Average capital employed	**27,310.0**	22,690.5	20.4
TOP Value spread in % [1]	**10.2**	4.1	–

Non-financial performance indicators

	2023	2022	Change in %
Customers and society goal dimension			
TOP Reputation Index	**55**	58	-5.2
TOP EnBW/Yello Customer Satisfaction Index	**130/161**	139/166	-6.5/-3.0
TOP SAIDI electricity in min./year	**19.3**	16.6	16.3
Environment goal dimension			
TOP Installed output of renewable energies (RE) in GW and the share of the generation capacity accounted for by RE in %	**5.7/46.9**	5.4/41.7	5.6/12.5
TOP CO_2 intensity in g/kWh [6]	**347**	491	-29.3
Employees goal dimension			
TOP People Engagement Index (PEI) [7]	**82**	81	1.2
TOP LTIF for companies controlled by the Group [8, 9] / LTIF overall [8]	**2.4/3.7**	2.6/4.1	-7.7/-9.8

Employees [10]

	31/12/2023	31/12/2022	Change in %
Employees	**28,630**	26,980	6.1
Employee equivalents [11]	**26,943**	25,339	6.3

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 dividend payout ratio for 2022 was calculated based on the adjusted Group net profit before the restatement of the figure for the previous year.
4 For 2023, subject to approval from the ordinary Annual General Meeting on 07/05/2024.
5 For the calculation of the net debt and debt repayment potential, please refer to the section "The EnBW Group" of the management report.
6 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, CO_2 intensity would be 393 g/kWh for the reporting year (previous year: 508 g/kWh). CO_2 intensity including nuclear generation for the reporting year was 366 g/kWh (previous year: 401 g/kWh). We publish a five-year comparison of the performance indicators in our "Multi-year overview" on p. 312.
7 Variations in the group of consolidated companies (all companies with more than 100 employees are considered (except ITOs)).
8 The LTIF for companies controlled by the Group excluding waste management and LTIF overall, which includes the area of waste management, only includes companies with more than 100 employees excluding external agency workers and contractors.
9 Newly fully consolidated companies are not included for a maximum transition period of three years.
10 Number of employees excluding apprentices/trainees and inactive employees.
11 Converted into full-time equivalents.