Quarterly Statement

January to September 2019

Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	01/01–30/09/2019	01/01–30/09/2018	Change in %	01/01–31/12/2018
External revenue [1]	14,374.5	14,845.8	-3.2	20,617.5
Adjusted EBITDA	1,688.2	1,571.9	7.4	2,157.5
Share of adjusted EBITDA accounted for by Sales in € million/in % [1]	187.4 / 11.1	202.6 / 12.9	-7.5 / –	268.4 / 12.4
Share of adjusted EBITDA accounted for by Grids in € million/in %	1,024.6 / 60.7	979.1 / 62.3	4.6 / –	1,176.9 / 54.5
Share of adjusted EBITDA accounted for by Renewable Energies in € million/in %	298.6 / 17.7	215.6 / 13.7	38.5 / –	297.7 / 13.8
Share of adjusted EBITDA accounted for by Generation and Trading in € million/in % [1]	192.6 / 11.4	191.4 / 12.2	0.6 / –	430.8 / 20.0
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	-15.0 / -0.9	-16.8 / -1.1	-10.7 / –	-16.3 / -0.7
EBITDA	1,491.3	1,675.2	-11.0	2,089.6
Adjusted EBIT	606.5	680.4	-10.9	957.5
EBIT	407.9	777.4	-47.5	875.8
Adjusted Group net profit [2]	506.9	397.0	27.7	438.3
Group net profit [2]	288.3	468.7	-38.5	334.2
Earnings per share from Group net profit in € [2]	1.06	1.73	-38.5	1.23
Retained cash flow	631.4	464.0	36.1	999.1
Total investments	2,133.2	1,018.1	109.5	1,769.9

Employees [3, 4]

	30/09/2019	30/09/2018	Change in %	31/12/2018
Employees	22,934	21,502	6.7	21,775
Full-time equivalents	21,467	20,091	6.9	20,379

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 Number of employees excluding apprentices/trainees and inactive employees.
4 The number of employees for the ITOs (ONTRAS Gastransport GmbH, terranets bw GmbH und TransnetBW GmbH) is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2018 is carried forward.

Q3 2019 at a glance

- Adjusted EBITDA of the EnBW Group increases by 7.4% to €1,688.2 million
- Significant increase in earnings from renewable energies
- Accelerated growth investment with the acquisition of the companies Valeco and Plusnet
- Adjusted EBITDA of €2,350 million to €2,500 million for the 2019 financial year within reach

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Districts fit for the future

Everyone knows a part of town where they really feel at home: lots of greenery, parking spaces right outside and a butcher, baker and grocery store just around the corner. The kind of place where you would really like to live. Moreover, there is already a demand even today for smart solutions that will simplify life in an increasingly digital world.

EnBW wants to be able to fulfil the wishes that its customers have for liveable districts of the future. Therefore, its residential and urban concepts need to meet the requirements of many people from many different generations. In the first district projects being developed by EnBW, the company is realising one of its goals in its updated strategy for the period up to 2025: It is transforming itself from an energy company to a sustainable and innovative infrastructure partner.

EnBW is transforming itself from an energy company to a sustainable and innovative infrastructure partner.

The Oberderdingen bungalow park: Sustainable and smart solutions

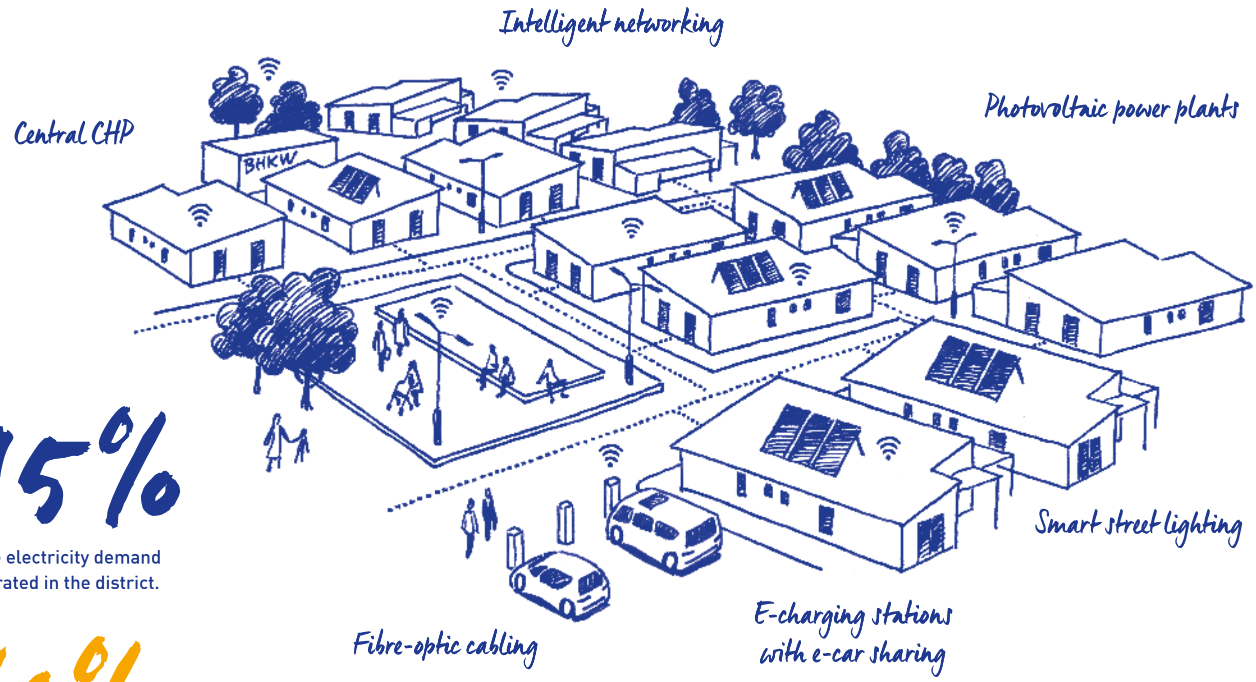
An almost CO_2-free and energy self-sufficient district with 52 bungalows for residents aged 60 plus will be developed in Oberderdingen-Flehingen by the end of 2020. The building cooperative EDEN e.G. and EnBW are working together closely on the development and construction of this project. Just like many other local authorities and property developers, EDEN was looking for a partner who was highly proficient in the development of complex projects for new districts and could provide the building cooperative with support throughout all the different stages.

This is where EnBW came into play: EnBW offers local authority customers and project developers in the real estate sector a full service package that covers the complete value added chain – from planning, construction and commissioning through to operation and financing of the district infrastructure. By intelligently networking its products and services, EnBW ensures the highest possible levels of energy self-sufficiency and mobility within the new districts: carefully planned infrastructure with high safety standards guarantees sustainability and efficiency in the provision of heating and cooling. Electricity is generated, stored and sold within the district itself in an environmentally sound manner. Smart street lighting not only delivers needs-based LED lighting but also a public Wi-Fi network, emergency systems and traffic and environmental data for district management. Private and public charging solutions will enable the automotive future to already start today.

The energy concept developed by EnBW for Oberderdingen also combines sustainability with efficiency: The 52 residential units will cover up to 95 percent of their electricity demand and up to 60 percent of their heating demand themselves. A system comprising a central (bio) gas-fired combined heat and power plant, low-temperature heating grids, heat pumps and storage solutions will heat and cool the bungalows. Photovoltaic systems on the roofs will generate electricity. All of the systems are intelligently networked and will be equipped with innovative metering technology that provides data relevant for billing processes. The bungalows have fibre-optic cabling for high-performance broadband connections and a public Wi-Fi network will be provided outside. Smart street lighting will light the district and e-charging stations and an e-car sharing service will enable environmentally friendly mobility.

The residential park in Oberderdingen

A district with a sustainable, innovative energy concept is being developed here.



95%

of the electricity demand generated in the district.

60%

of the heating demand covered by the residential units themselves.

Once the district has been completed, EnBW will manage the technical facilities in cooperation with Erdgas Südwest GmbH. As EnBW will operate the infrastructure itself, it can offer future residents electricity, heating and cooling from one source. In Oberderdingen, EnBW will thus cover the whole range of services, from the design and realisation of the district through to its operation.

The new Stöckach: innovative quality for people.

The EnBW site in the eastern part of Stuttgart that is soon to become vacant will also be transformed into a new district. The aim of the conversion process is to develop an urban space that will be in demand, used and accepted in the long term. For this reason, EnBW is developing the new district in cooperative dialogue with neighbours and the city.

It is no longer sufficient today to simply supply those sites being developed with electricity, gas and water. The residents of the planned district want to actively participate in the design process for their new home. Before the urban planners and architects can get to work, it is thus important for the direct neighbours and all other citizens to have their say on the development of the new Stöckach site. Listening to and learning from one another will shape the project in the long term.

Interested parties can learn all about the project at the "Ideas Room" information centre and discuss it with experts from EnBW. Opinions and ideas will be collected and documented in a series of workshops for citizens. This information will flow into the invitation to tender for the urban planning competition. The results of the competition will then act as an important basis for the development plans which will once again involve citizens.

The EnBW Group

Results of operations

Material developments in the income statement

The fall in revenues of €471.3 million in comparison to the figure in the previous year to €14,374.5 million was primarily attributable to lower trading activity. The balance from other operating income and other operating expenses in the reporting period decreased from €-260.8 million in the previous year to €-386.4 million in the reporting period. This is primarily due to lower income from the reversal of provisions. The cost of materials was €528.0 million lower than the figure in the previous year, which was mainly due to lower trading activity. The figures for revenues and cost of materials in the previous year have been restated because, in comparison to the interim reporting in 2018, the application of IFRS 15 meant that further aspects were reported net at the end of the year. The investment result in the reporting period stood at €115.5 million, which was €26.1 million higher than the figure of €89.4 million in the previous year. This development was mainly attributable to higher earnings from entities accounted for using the equity method. The financial result improved in the reporting period in comparison to the same period of the previous year by €36.2 million to €-94.1 million (previous year: €-130.3 million). The primary reason for this development was a better result from the market valuation of securities. This was offset by the fall in the discount rate for nuclear provisions from 0.6% to 0.02%. Overall, earnings before tax (EBT) totalled €429.3 million in the first nine months of the 2019 financial year, compared with €736.5 million in the previous year.

Earnings

The Group net profit/loss attributable to the shareholders of EnBW AG fell from €468.7 million in the same period of the previous year by €180.4 million to €288.3 million in the reporting period. Earnings per share amounted to €1.06 in the reporting period compared to €1.73 in the previous year.

Adjusted earnings and non-operating result

The sum of the adjusted earnings figures and non-operating figures gives the figure on the income statement. The non-operating result includes effects that either cannot be predicted or cannot be directly influenced by EnBW and as such are not relevant to the ongoing management of the company. The effects are presented in the section "Non-operating EBITDA". The business activities relevant to the ongoing management of the company are of particular importance for internal management and for the external communication of the current and future earnings potential of EnBW. We use the adjusted EBITDA – earnings before the investment and financial results, income taxes, amortisation and depreciation, adjusted for non-operating effects – as the key reporting indicator for disclosing this information.

Adjusted EBITDA of the EnBW Group by segment

in € million [1]	01/01–30/09/2019	01/01–30/09/2018	Change in %	01/01–31/12/2018
Sales	187.4	202.6	-7.5	268.4
Grids	1,024.6	979.1	4.6	1,176.9
Renewable Energies	298.6	215.6	38.5	297.7
Generation and Trading	192.6	191.4	0.6	430.8
Other/Consolidation	-15.0	-16.8	-10.7	-16.3
Total	**1,688.2**	**1,571.9**	**7.4**	**2,157.5**

1 The figures for the previous year have been restated.

Share of adjusted EBITDA for the EnBW Group accounted for by the segments

in % [1]	01/01–30/09/2019	01/01–30/09/2018	01/01–31/12/2018
Sales	11.1	12.9	12.4
Grids	60.7	62.3	54.5
Renewable Energies	17.7	13.7	13.8
Generation and Trading	11.4	12.2	20.0
Other/Consolidation	-0.9	-1.1	-0.7
Total	**100.0**	**100.0**	**100.0**

1 The figures for the previous year have been restated.

The adjusted EBITDA of the EnBW Group increased in the first nine months of 2019 in comparison to the same period of the previous year by 7.4%. Adjusted for the effects of changes in the consolidated companies, the adjusted EBITDA of the EnBW Group would have increased by 8.1%. Due to the changed classification of three companies, there was a slight shift in the figures for the previous year for the Sales and Generation and Trading segments.

Sales: The adjusted EBITDA in the Sales segment decreased in the first nine months of 2019 by 7.5% in comparison to the same period of the previous year. Plusnet GmbH, which was acquired in 2019, has been contributing to earnings since the beginning of the third quarter. Adjusted for the effects of changes in the consolidated companies, the decrease was 12.6%. The main reason for this fall in earnings was higher procurement costs. Pricing measures that have been implemented in the meantime will have a delayed effect.

Grids: The adjusted EBITDA in the Grids segment increased in the first nine months of 2019 by 4.6% in comparison to the same period of the previous year. Adjusted for the effects of the changes in the consolidated companies, the increase was 4.8%. The main factor influencing this positive earnings performance was the higher revenue from the use of the grids, above all due to the increased investment that was necessary for ensuring the security and reliability of supply on the grids.

Renewable Energies: The adjusted EBITDA in the Renewable Energies segment for the first nine months of 2019 was 38.5% higher than the value achieved in the same period of the previous year. The French company Valeco S.A.S., which was acquired in 2019, has been contributing to earnings since the beginning of the third quarter. Adjusted for the effects of the changes in the consolidated companies which are mainly due to this acquisition and the purchase of onshore wind farms in Sweden, the increase in earnings was 31.7%. This development is mainly attributable to better wind conditions. The EnBW Hohe See and EnBW Albatros offshore wind farms will contribute to earnings in the fourth quarter of 2019.

Generation and Trading: In the Generation and Trading segment, the adjusted EBITDA in the first nine months of 2019 stood at almost the same level as in the previous year (+0.6%). Changes to the group of consolidated companies were mainly due to the sale of VNG Norge AS and its subsidiary VNG Danmark ApS in the previous year. Adjusted for the resulting effects, the increase was 20.5%. Our electricity deliveries were sold on the forward market at higher wholesale market prices than in the previous year. This was offset to some extent by negative out-of-period earnings and a reduction in the availability of the nuclear power plants in comparison to the previous year.

Non-operating EBITDA of the EnBW Group

in € million	01/01–30/09/2019	01/01–30/09/2018	Change in %
Income/expenses relating to nuclear power	-8.2	12.2	–
Result from disposals	8.1	93.1	-91.3
Reversals of/additions to the provisions for onerous contracts relating to electricity procurement agreements	0.0	31.0	-100.0
Restructuring	-24.7	-26.0	5.0
Valuation effects	-165.3	0.0	–
Other non-operating result	-6.8	-7.0	-2.9
Non-operating EBITDA	**-196.9**	**103.3**	**–**

The result from disposals was impacted in the previous year by the sale of VNG Norge and its subsidiary VNG Danmark.

Group net profit of the EnBW Group

in € million			01/01–30/09/2019			01/01–30/09/2018
	Total	Non-operating	Adjusted	Total	Non-operating	Adjusted
EBITDA	**1,491.3**	**-196.9**	**1,688.2**	**1,675.2**	**103.3**	**1,571.9**
Amortisation and depreciation	-1,083.4	-1.7	-1,081.7	-897.8	-6.3	-891.5
EBIT	**407.9**	**-198.6**	**606.5**	**777.4**	**97.0**	**680.4**
Investment result	115.5	34.5	81.0	89.4	-9.4	98.8
Financial result	-94.1	-147.5	53.4	-130.3	-18.7	-111.6
EBT	**429.3**	**-311.6**	**740.9**	**736.5**	**68.9**	**667.6**
Income tax	-78.1	101.2	-179.3	-170.3	-0.2	-170.1
Group net profit/loss	**351.2**	**-210.4**	**561.6**	**566.2**	**68.7**	**497.5**
of which profit/loss shares attributable to non-controlling interests	(62.9)	(8.2)	(54.7)	(97.5)	(-3.0)	(100.5)
of which profit/loss shares attributable to the shareholders of EnBW AG	(288.3)	(-218.6)	(506.9)	(468.7)	(71.7)	(397.0)

The fall in Group net profit in the reporting period in comparison to the same period of the previous year is mainly due to the fall in EBITDA. Please refer to the section “Material developments in the income statement” for further information on this subject.

Financial position

Financing

In addition to the Group's internal financing capability and its own funds, the EnBW Group has the following instruments at its disposal to cover its overall financing needs (as of 30 September 2019):

- Debt Issuance Programme, via which bonds are issued: €2.7 billion of €7.0 billion drawn. In January, EnBW made a private placement with a volume of €75.0 million and a term of 22 years.
- Hybrid bonds: €3.0 billion. In August, EnBW issued a green hybrid bond in two tranches each with a volume of €500 million and a term of around 60 years (with a first call date in August 2024 and May 2027, respectively) at historically low conditions.
- Commercial paper (CP) programme: €350.0 million of €2.0 billion drawn
- Syndicated credit line: €1.5 billion undrawn with a term until 2021
- Bilateral free credit lines: €838.0 million
- Project financing and low-interest loans from the European Investment Bank (EIB)

Established issuer on the debt capital market

EnBW has sufficient and flexible access to the capital market at all times. The EnBW bonds continue to have a well-balanced maturity profile. As part of its financing strategy, EnBW constantly assesses capital market trends with regard to the current interest rate environment and to any potentially favourable refinancing costs.

Rating and rating trends

EnBW currently has the following ratings:

- Moody's: A3/negative
- Standard & Poor's (S&P): A-/stable
- Fitch: A-/stable

EnBW aims to maintain a solid investment-grade rating. At the beginning of June, Moody's confirmed its A3 rating for EnBW but lowered the outlook to negative. In its rationale for this decision, the rating agency pointed to the acquisitions of Valeco and Plusnet. Moody's believes that the two acquisitions support the strategic development of EnBW but that they have come too soon. In addition, the low interest environment is having a negative effect on the present value of the pension and nuclear provisions.

Investment analysis

Net cash investment of the EnBW Group

in € million [1]	01/01–30/09/2019	01/01–30/09/2018	Change in %	01/01–31/12/2018
Investments in growth projects [2]	1,845.2	790.0	133.6	1,323.9
Investments in existing projects	288.0	228.1	26.3	446.0
Total investments	**2,133.2**	**1,018.1**	**109.5**	**1,769.9**
Divestitures [3]	-443.9	-360.2	23.2	-371.3
Participation models	34.8	50.7	-31.4	51.9
Other disposals and subsidies	-98.2	-105.9	-7.3	-163.4
Total divestitures	**-507.3**	**-415.4**	**22.1**	**-482.8**
Net (cash) investment	**1,625.9**	**602.7**	**–**	**1,287.1**

1 Excluding investments held as financial assets.
2 Does not include cash and cash equivalents acquired with the acquisition of fully consolidated companies. These amounted to €68.5 million in the reporting period (01/01/2018–30/09/2018: €0.0 million, 01/01/2018–31/12/2018: €0.4 million).
3 Does not include cash and cash equivalents relinquished with the sale of fully consolidated companies. These amounted to €40.2 million in the reporting period (01/01/2018–30/09/2018: €61.5 million, 01/01/2018–31/12/2018: €61.5 million).

Investment by the EnBW Group in the third quarter of 2019 was higher than the level in the previous year. This increase is mainly due to the investments in Valeco and Plusnet in the second quarter of 2019. Around 86.5% of overall gross investment was attributable to growth projects; the proportion of investments in existing facilities stood at 13.5%.

Investment in the **Sales** segment of €323.7 million was significantly higher than the level in the previous year (€71.6 million) due to the acquisition of Plusnet.

Investment in the **Grids** segment stood at €707.6 million, compared to €484.6 million in the previous year. It was primarily used for the expansion of the electricity grids in both years. The increase in the first three quarters of 2019 compared to the same period of the previous year is primarily attributable to the expansion of the transmission grids by our Group subsidiaries TransnetBW GmbH and ONTRAS Gastransport GmbH, the expansion and renovation of the distribution grids and investment in the area of electro-mobility.

Investment in the **Renewable Energies** segment of €1,022.4 million was higher than in the previous year (€325.1 million). The main reasons for this were the investments in Valeco and the EnBW Hohe See and EnBW Albatros construction projects.

Investment in the **Generation and Trading** segment fell significantly in the first nine months 2019 in comparison to the same period of the previous year to €56.2 million. In the same period of the previous year, investment stood at €121.9 million and was mainly attributable to the exploration and production business of VNG and the modernisation of the combined gas heat and power plant in Stuttgart-Gaisburg.

Other investments in the first nine months of €23.3 million were above the level in the previous year (€14.9 million).

Divestitures increased compared to the same period of the previous year; this increase was primarily due to the sale of the remaining shares in EWE, the sale of the shares in EMB Energie Mark Brandenburg GmbH and divestitures from participation models. Shares were sold in the Buchholz III and Aalen-Waldhausen wind farms.

Liquidity analysis

Retained cash flow of the EnBW Group

in € million	01/01–30/09/2019	01/01–30/09/2018	Change in %	01/01–31/12/2018
EBITDA	**1,491.3**	**1,675.2**	**-11.0**	**2,089.6**
Changes in provisions	-428.5	-540.9	-20.8	-394.6
Non-cash-relevant expenses/income	172.4	-194.7	–	-116.0
Income tax paid	-351.0	-269.1	30.4	-270.7
Interest and dividends received	203.9	221.7	-8.0	284.6
Interest paid for financing activities	-162.3	-175.4	-7.5	-247.0
Dedicated financial assets contribution	26.9	60.0	-55.2	-34.0
Funds from operations (FFO)	**952.7**	**776.8**	**22.6**	**1,311.9**
Dividends paid	-321.3	-312.8	2.7	-312.8
Retained cash flow [1]	**631.4**	**464.0**	**36.1**	**999.1**

1 Adjusted for the effects from the reimbursement of the nuclear fuel rod tax of €183.8 million (01/01–30/09/2018: €150.0 million), the adjusted retained cash flow stood at €815.2 million (01/01–30/09/2018: €614.0 million).

The increase in the funds from operations (FFO) in the reporting period was mainly due to the higher cash-relevant EBITDA. This was primarily offset by higher income tax payments and a lower dedicated financial assets contribution in the reporting period. The positive development of the FFO also resulted in an improved retained cash flow.

After all stakeholder needs have been settled, the retained cash flow is available to EnBW for investment without the need to raise additional debt. For the key performance indicator internal financing capability, the retained cash flow is adjusted for the effects from the reimbursement of the nuclear fuel rod tax. This performance indicator is not reported during the year because cash inflows and outflows may be postponed.

Free cash flow of the EnBW Group

in € million	01/01–30/09/2019	01/01–30/09/2018	Change in %	01/01–31/12/2018
Funds from operations (FFO)	**952.7**	**776.8**	**22.6**	**1,311.9**
Change in assets and liabilities from operating activities	-827.9	-222.7	–	-480.7
Capital expenditure on intangible assets and property, plant and equipment	-907.0	-742.3	22.2	-1,369.5
Disposals of intangible assets and property, plant and equipment	33.9	56.0	-39.5	77.3
Cash received from subsidies for construction costs and investments	64.3	49.9	28.9	86.1
Free cash flow	**-684.0**	**-82.3**	**–**	**-374.9**

Despite the increase in FFO, free cash flow fell significantly in comparison to the previous year by €601.7 million. The reason for this fall was primarily the higher negative net balance of assets and liabilities from operating activities in comparison to the same period of the previous year. This was due to the increase in the net balance of trade receivables and payables and the higher inventories in the reporting period. In addition, higher net investment compared to the same period of the previous year also had an impact.

Condensed cash flow statement of the EnBW Group

in € million	01/01–30/09/2019	01/01–30/09/2018	Change in %	01/01–31/12/2018
Cash flow from operating activities	56.3	447.8	-87.4	827.6
Cash flow from investing activities	-1,261.2	-35.4	–	-895.8
Cash flow from financing activities	654.1	-692.9	–	-907.3
Net change in cash and cash equivalents	**-550.8**	**-280.5**	**-96.4**	**-975.5**
Change in cash and cash equivalents due to changes in the consolidated companies	7.8	2.2	–	6.6
Net foreign exchange difference	2.8	3.5	–	5.5
Change in cash and cash equivalents due to risk provisions	0.1	0.1	–	0.2
Change in cash and cash equivalents	**-540.1**	**-274.7**	**96.6**	**-963.2**

The substantial reduction in cash flow from operating activities in comparison to the previous year was mainly due to the significantly higher net balance of assets and liabilities from operating activities. The increase in FFO was only able to compensate for this negative development to some extent.

Cash flow from investing activities returned a significantly higher outflow of cash in the reporting period compared to the same period of the previous year. This was primarily attributable to the acquisition of Valeco and Plusnet in the second quarter of 2019.

Cash flow from financing activities returned an inflow of cash in the reporting period, while in the previous year there was an outflow of cash. This development was primarily due to the issuing of two hybrid bonds with a total volume of €1 billion, a private placement as part of the Debt Issuance Programme, short-term loans in the reporting period and the repayment of a bond in the comparative period.

Net assets

Condensed balance sheet of the EnBW Group

in € million	30/09/2019	31/12/2018	Change in %
Non-current assets	29,481.6	26,746.0	10.2
Current assets	10,356.4	12,520.7	-17.3
Assets held for sale	4.7	342.3	-98.6
Assets	**39,842.7**	**39,609.0**	**0.6**
Equity	5,380.4	6,273.3	-14.2
Non-current liabilities	25,196.4	22,036.9	14.3
Current liabilities	9,265.9	11,277.6	-17.8
Liabilities directly associated with assets classified as held for sale	0.0	21.2	-100.0
Equity and liabilities	**39,842.7**	**39,609.0**	**0.6**

As of 30 September 2019, the total assets held by the EnBW Group were slightly higher than the level at the end of the previous year. Non-current assets increased by €2,735.6 million. This was due, on the one hand, to the first-time consolidation of Valeco and Plusnet and, on the other hand, to the first-time application of the leasing standard IFRS 16 in the 2019 financial year, which resulted in an increase in property, plant and equipment. The increase in the entities accounted for using the equity method was due to high investment in the two offshore wind farms EnBW Hohe See and EnBW Albatros. In addition, there was an increase in financial assets attributable to the securities. The fall in current assets by €2,164.3 million was due, amongst other things, to lower trade receivables due to volume and price effects and the payment of the purchase prices for Valeco and Plusnet. The decrease in assets held for sale was primarily the result of EWE-Verband exercising its right to buy the 6% of the shares in EWE that were previously held by EnBW. The sales of shares in Stuttgart Netze Betrieb GmbH contractually agreed at an early stage, which resulted in a loss of control of the company, also had an effect.

The equity held by the EnBW Group fell by €892.9 million as of 30 September 2019. This was primarily attributable to an increase in losses in other comprehensive income of €903.8 million, which was mainly caused by the fall in the discount rate for the pension provisions from 1.8% at the end of 2018 to 0.85% as of the reporting date. The equity ratio fell from 15.8% at the end of 2018 to 13.5% on the reporting date. Non-current liabilities increased by €3,159.5 million. This was attributable, on the one hand, to the increase in the pension provisions because of the fall in the discount rate as well as the increase in financial liabilities due to the issuing of two green hybrid bonds with a total volume of €1 billion, while on the other hand, there was an increase in other liabilities and subsidies because of the first-time application of IFRS 16 in the 2019 financial year. Current liabilities decreased by €2,011.7 million, which was largely due to a fall in the provisions and trade payables. The fall in trade payables was mostly attributable to volume and price effects. The decrease in liabilities directly associated with assets held for sale was the result of the sale of shares in Stuttgart Netze Betrieb GmbH.

Net debt

Net debt of the EnBW Group

in € million	30/09/2019	31/12/2018	Change in %
Cash and cash equivalents available to the operating business	-1,389.5	-1,954.0	-28.9
Current financial assets available to the operating business	-150.6	-200.6	-24.9
Long-term securities available to the operating business	-33.5	0.0	–
Bonds	6,067.1	4,869.4	24.6
Liabilities to banks	1,801.2	1,482.8	21.5
Other financial liabilities	466.1	644.0	-27.6
Liabilities from leasing	671.5	0.0	–
Valuation effects from interest-induced hedging transactions	-88.7	-88.8	-0.1
Restatement of 50% of the nominal amount of the hybrid bonds [1]	-1,496.3	-996.3	50.2
Other	-22.7	-18.1	25.4
Net financial debt	**5,824.6**	**3,738.4**	**55.8**
Provisions for pensions and similar obligations [2]	7,903.2	6,550.9	20.6
Provisions relating to nuclear power	5,953.8	5,848.2	1.8
Liabilities relating to nuclear power	0.0	63.3	-100.0
Receivables relating to nuclear obligations	-347.0	-334.4	3.8
Net pension and nuclear obligations	**13,510.0**	**12,128.0**	**11.4**
Long-term securities and loans to cover the pension and nuclear obligations [3]	-5,316.2	-4,864.4	9.3
Cash and cash equivalents to cover the pension and nuclear obligations	-319.8	-295.4	8.3
Current financial assets to cover the pension and nuclear obligations	-339.9	-569.1	-40.3
Surplus cover from benefit entitlements	-196.7	-208.8	-5.8
Long-term securities to cover the pension and nuclear obligations directly associated with assets classified as held for sale	0.0	-298.9	-100.0
Other	-17.4	-43.2	-59.7
Dedicated financial assets	**-6,190.0**	**-6,279.8**	**-1.4**
Net debt relating to pension and nuclear obligations	**7,320.0**	**5,848.2**	**25.2**
Net debt	**13,144.6**	**9,586.6**	**37.1**

1 The structural characteristics of our hybrid bonds meet the criteria for half of the hybrid bonds to be classified as equity, and half as debt, by the rating agencies Moody's and Standard & Poor's.
2 Less the market value of the plan assets (excluding the surplus cover from benefit entitlements) of €1,018.4 million (31/12/2018: €987.8 million).
3 Includes equity investments held as financial assets.

As of 30 September 2019, net debt increased significantly by €3,558.0 million compared to the figure posted at the end of 2018. This increase was primarily due to the acquisition of the two companies Valeco and Plusnet as well as their subsidiaries. In addition, the decrease in the interest rate for pension provisions from 1.8% as of 31 December 2018 to 0.85% as of 30 September 2019 and the interest rate for nuclear provisions from 0.6% as of 31 December 2018 to 0.02% as of 30 September 2019, as well as the first-time application of the leasing standard IFRS 16 in the 2019 financial year, led to an increase in net debt.

Forecast

In the following forecast we take a look at the expected development of EnBW in the current financial year. It should be noted that the present conditions increase the level of uncertainty with which predictions about the future development of the company can be made, as the assumptions upon which they are based can quickly become outdated.

Adjusted EBITDA and the share of the adjusted EBITDA accounted for by the segments

Development in 2019 (adjusted EBITDA and the share of adjusted EBITDA accounted for by the segments) compared to the previous year [1]

	Earnings performance (adjusted EBITDA) compared to the previous year		Development of the share of adjusted EBITDA for the EnBW Group accounted for by the segments	
	2019	2018	2019	2018
Sales	€225 to €300 million	€268.4 million	5% to 15%	12.4%
Grids	€1,300 to €1,400 million	€1,176.9 million	50% to 60%	54.5%
Renewable Energies	€425 to €500 million	€297.7 million	15% to 25%	13.8%
Generation and Trading	€350 to €425 million	€430.8 million	10% to 20%	20.0%
Other/Consolidation		€-16.3 million		-0.7%
Adjusted EBITDA, Group	**€2,350 to €2,500 million**	**€2,157.5 million**		**100.0%**

1 The figures for the previous year have been restated.

The earnings forecast for the entire Group and the individual segments for the whole of the 2019 financial year remains unchanged from that given in the 2018 Group management report.

In the **Sales** segment we continue to expect earnings in 2019 at the same level as in the previous year. We expect a stable share of the adjusted EBITDA for the Group accounted for by this segment. In the area of electricity and gas sales, there were price adjustments for B2C customers that will mainly have an effect in the second half of the year. Plusnet, which was acquired in 2019, has been contributing to earnings since the beginning of the third quarter.

The adjusted EBITDA for the **Grids** segment will increase further in 2019. It will thus continue to be the segment with the highest earnings. In comparison to the previous year, we expect higher revenue from the use of the grids as we start to see returns on the increased investment activity in projects that are included in the Network Development Plan Electricity and Network Development Plan Gas. The share of the adjusted EBITDA for the Group accounted for by this segment should remain stable.

The adjusted EBITDA for the **Renewable Energies** segment will increase significantly in 2019. The EnBW Hohe See and EnBW Albatros offshore wind farms have now been completed. They will start feeding into the grid in the fourth quarter of 2019. In addition, the expansion and acquisition of onshore wind farms in 2018 and those planned for 2019, including in Sweden, will make a positive contribution to earnings. In 2018, we constructed and acquired onshore wind farms with an output of 178 MW, which included wind farms in Sweden. The French company Valeco, which was acquired in 2019, has been contributing to earnings since the beginning of the third quarter. The forecast for the volume of electricity generated by the run-of-river power plants is based on the long-term average water levels. The wind-yield forecasts are also based on the long-term average. As 2018 was negatively influenced by poor wind conditions and low water levels, we expect a significantly higher result in 2019 in comparison to the previous year. In the third quarter of 2019, the volume of electricity generated was in line with the long-term average. We expect an increase in the share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA for the **Generation and Trading** segment in 2019 is not expected to exceed the figure achieved in the previous year. In comparison to the previous year, we anticipate lower out-of-period earnings which will mainly be attributable to the clarification of open issues relating to electricity procurement agreements that were recognised through profit or loss in 2018. The loss of the earnings contribution made by VNG Norge and its subsidiary VNG Danmark due to their sale in 2018 will also result in a fall in earnings. On the other hand, we expect higher availability of the nuclear power plants over the year as a whole, which will be due, in particular, to the unscheduled extension to the inspection of Block 2 of the Neckarwestheim nuclear power plant (GKN II) in the fourth quarter of 2018. We expect a slight decrease in the share of the adjusted EBITDA for the Group accounted for by this segment.

The **adjusted EBITDA** for the EnBW Group in 2019 will increase further and be between €2,350 million and €2,500 million. This will be due primarily to the areas of growth in the Grids and Renewable Energies segments. In addition, we anticipate that the early achievement of our efficiency target envisaged for 2019 will have an effect in the amount of €650 million.

Opportunities and risks

In comparison to the report issued at the end of 2018, the risks faced by the EnBW Group remained largely unchanged in the first nine months of 2019. No risks currently exist that might jeopardise the EnBW Group as a going concern. Using the report on risks in the 2018 Group management report as a basis, only the significant opportunities or risks which have changed, arisen or ceased to exist in the reporting period are described in this Quarterly Statement for January to September 2019. Regarding non-financial aspects, there were no material changes to the opportunities and risks in comparison to the reports issued in the middle of 2019 and at the end of 2018. A detailed presentation of the opportunity and risk position can be found in the Integrated Annual Report 2018 from p. 114 onwards.

Cross-segment opportunities and risks

Discount rate applied to pension provisions: There is a general opportunity and risk due to a potential change in the discount rate applied to the pension provisions because the present value of the pension provisions falls when the discount rate increases and increases when the discount rate falls. As of the reporting date of 30 September 2019, the discount rate was 0.85%, which was down 0.95 percentage points on the rate at the end of 2018 (1.8%). The future development of interest rates could have a negative impact in the low four-digit million euro range on net debt in 2019. Against the background of the expected development of interest rates in the near future, we currently identify an increased level of risk.

Liquidity: Due to unforeseeable developments, especially margin payments, unused project funds or tax issues as well as financial market crashes, the Group's liquidity planning is subject to uncertainty that could lead to deviations between actual payments and planned payments. In general, there is also a risk of additional liquidity requirements if the rating agencies downgrade the credit rating of EnBW. The risk resulting from margin payments is increasing primarily as a result of rising trading volumes, increasing market prices and greater volatility on the energy market. These effects could have an indirect positive or negative impact in the low three-digit million euro range on the key performance indicator ROCE in 2019. We currently identify a balanced level of opportunity and risk in this area.

Renewable Energies segment

Fluctuations in wind energy yield: There is a general opportunity or risk for wind power plants due to wind fluctuations because the amounts of electricity generated by them are subject to fluctuations in the mean annual wind speed. In order to take these wind fluctuations into account in our planning, wind reports were created. In addition, measurement campaigns are being carried out up to the end of 2020 to evaluate wind speeds. Nevertheless, wind fluctuations could by their nature have a positive effect in the low single-digit million euro range and a negative effect in the low double-digit million euro range on the key performance indicator adjusted EBITDA and on the key performance indicator internal financing capability in 2019. We currently identify a generally lower level of opportunity and risk in this area.

Generation and Trading segment

Dismantling of nuclear power plants (previously operation and dismantling of nuclear power plants): For long-term major projects such as the remaining operation and dismantling of a nuclear power plant, there is a general risk that delays and additional costs may arise over the course of time due to changed framework conditions. Moreover, there is also an opportunity to make lasting cost savings due to synergies over time and also due to learning effects for subsequent dismantling activities. Opportunities and risks are identified during the project planning stage that could result in reduced or additional costs or adjustments to the term of the project. There could be opportunities and risks that have an effect on net debt in the mid double-digit million euro range in 2019. We currently identify a balanced level of opportunity and risk in this area.

Power plant optimisation: Following the conclusion of the hedging of generation activities, the Trading business unit will manage the further deployment of the power plants. This is being carried out as part of power plant optimisation on the forward market, through the sale of system services and through placements on the spot and intraday trading platforms. However, regulatory interventions continue to have a strong influence. In particular, fluctuating revenues from system services and volatility on the forward and spot markets could have a positive effect on the key performance indicator adjusted EBITDA in 2019 in the low to mid double-digit million euro range. We currently identify a low level of opportunity that is dependent on the development of market prices.

Obligation to pay EEG cost allocations for the company's own and jointly owned power stations: EnBW AG utilises the exemption from EEG cost allocations for existing installations as the final consumer for each of its stakes in its own power plants and jointly owned power plants. There are a number of different arguments that suggest that the German Federal Network Agency and the transmission system operators could define the role of the operator differently. Possible back payments for EEG cost allocations in previous years could have a negative impact in the low three-digit million euro range on net debt in 2019.

Obligation to pay EEG cost allocations for leasing models: Certain virtual slices of power plants were leased to third parties in the past. EnBW as the operator and the third party as the co-operator have assumed up to now that, due to this leasing relationship, the third party was the plant operator at the relevant site according to the EEG and was permitted to consume electricity in the spatial context of their plants free of EEG cost allocations. In general, there is a risk with these leasing models that the transmission system operators will demand back payment of the EEG cost allocations. Possible back payments for EEG cost allocations in previous years could have a negative impact in the mid double-digit million euro range on net debt in 2019.

Obligation to pay EEG cost allocations for dismantling: In the existing planning of the dismantling costs for nuclear power plants, it was assumed that the so-called "self-supply entitlement" can be used for the electricity supplied to the blocks during the post-operation and dismantling stages. Therefore, the costings for the consumption of electricity do not contain any EEG cost allocations. There is a risk that the self-supply entitlement cannot be applied, which will result in increased dismantling costs. This could have a negative effect in the low three-digit million euro range on the development of the net debt in 2019.

Income statement

in € million[1]	01/07–30/09/2019	01/07–30/09/2018	01/01–30/09/2019	01/01–30/09/2018
Revenue including electricity and energy taxes	4,152.9	4,880.3	14,731.4	15,266.2
Electricity and energy taxes	-105.1	-107.5	-356.9	-420.4
Revenue	**4,047.8**	**4,772.8**	**14,374.5**	**14,845.8**
Changes in inventories	16.5	27.5	50.6	67.6
Other own work capitalised	39.2	-144.2	88.2	65.1
Other operating income	149.0	437.6	565.9	846.5
Cost of materials	-3,139.3	-3,557.5	-11,204.9	-11,732.9
Personnel expenses	-466.1	-425.0	-1,397.8	-1,309.6
Impairment losses	-3.9	0.0	-32.9	0.0
Other operating expenses	-223.0	-620.7	-952.3	-1,107.3
EBITDA	**420.2**	**490.5**	**1,491.3**	**1,675.2**
Amortisation and depreciation	-378.0	-299.9	-1,083.4	-897.8
Earnings before interest and taxes (EBIT)	**42.2**	**190.6**	**407.9**	**777.4**
Investment result	40.6	42.1	115.5	89.4
of which net profit/loss from entities accounted for using the equity method	(-2.1)	(4.4)	(25.0)	(7.2)
of which other profit/loss from investments	(42.7)	(37.7)	(90.5)	(82.2)
Financial result	-58.0	-68.1	-94.1	-130.3
of which finance income	(96.9)	(68.4)	(376.3)	(281.1)
of which finance costs	(-154.9)	(-136.5)	(-470.4)	(-411.4)
Earnings before tax (EBT)	**24.8**	**164.6**	**429.3**	**736.5**
Income tax	1.0	-19.7	-78.1	-170.3
Group net profit	**25.8**	**144.9**	**351.2**	**566.2**
of which profit/loss shares attributable to non-controlling interests	(23.7)	(22.4)	(62.9)	(97.5)
of which profit/loss shares attributable to the shareholders of EnBW AG	(2.1)	(122.5)	(288.3)	(468.7)
EnBW AG shares outstanding (million), weighted average	**270.855**	**270.855**	**270.855**	**270.855**
Earnings per share from Group net profit (€)[2]	**0.01**	**0.45**	**1.06**	**1.73**

1 The figures for the previous year have been restated.
2 Diluted and basic; in relation to profit/loss attributable to the shareholders of EnBW AG.

Statement of comprehensive income

in € million	01/07–30/09/2019	01/07–30/09/2018	01/01–30/09/2019	01/01–30/09/2018
Group net profit	**25.8**	**144.9**	**351.2**	**566.2**
Revaluation of pensions and similar obligations	-543.6	113.9	-1,418.4	243.6
Entities accounted for using the equity method	0.1	0.0	-0.4	0.0
Income taxes on other comprehensive income	156.4	-33.7	416.8	-71.7
Total of other comprehensive income and expenses without future reclassifications impacting earnings	**-387.1**	**80.2**	**-1,002.0**	**171.9**
Currency translation differences	-6.3	7.6	7.3	1.2
Cash flow hedge	27.9	-97.9	96.4	-123.4
Financial assets at fair value in equity	2.9	-4.3	33.1	-11.8
Entities accounted for using the equity method	-5.3	0.6	-5.1	0.4
Income taxes on other comprehensive income	-9.6	14.3	-41.7	38.0
Total of other comprehensive income and expenses with future reclassifications impacting earnings	**9.6**	**-79.7**	**90.0**	**-95.6**
Total other comprehensive income	**-377.5**	**0.5**	**-912.0**	**76.3**
Total comprehensive income	**-351.7**	**145.4**	**-560.8**	**642.5**
of which profit/loss shares attributable to non-controlling interests	(11.9)	(28.8)	(54.7)	(107.2)
of which profit/loss shares attributable to the shareholders of EnBW AG	(-363.6)	(116.6)	(-615.5)	(535.3)

Balance sheet

in € million	30/09/2019	31/12/2018
Assets		
Non-current assets		
Intangible assets	2,597.0	1,748.7
Property, plant and equipment	16,681.8	15,867.5
Entities accounted for using the equity method	1,810.9	1,600.2
Other financial assets	5,895.0	5,426.5
Trade receivables	317.2	302.0
Other non-current assets	855.9	741.8
Deferred taxes	1,323.8	1,059.3
	29,481.6	**26,746.0**
Current assets		
Inventories	1,201.0	1,192.0
Financial assets	503.1	774.7
Trade receivables	3,216.8	4,515.7
Other current assets	3,726.2	3,788.9
Cash and cash equivalents	1,709.3	2,249.4
	10,356.4	**12,520.7**
Assets held for sale	4.7	342.3
	10,361.1	**12,863.0**
	39,842.7	**39,609.0**
Equity and liabilities		
Equity		
Shares of the shareholders of EnBW AG		
Subscribed capital	708.1	708.1
Capital reserve	774.2	774.2
Revenue reserves	4,788.6	4,676.4
Treasury shares	-204.1	-204.1
Other comprehensive income	-2,880.5	-1,976.7
	3,186.3	**3,977.9**
Non-controlling interests	2,194.1	2,295.4
	5,380.4	**6,273.3**
Non-current liabilities		
Provisions	14,729.0	13,246.0
Deferred taxes	681.7	774.8
Financial liabilities	7,405.4	6,341.4
Other liabilities and subsidies	2,380.3	1,674.7
	25,196.4	**22,036.9**
Current liabilities		
Provisions	1,132.2	1,549.9
Financial liabilities	929.0	654.8
Trade payables	3,469.1	5,039.8
Other liabilities and subsidies	3,735.6	4,033.1
	9,265.9	**11,277.6**
Liabilities directly associated with assets classified as held for sale	0.0	21.2
	9,265.9	**11,298.8**
	39,842.7	**39,609.0**

Cash flow statement

in € million	01/01–30/09/2019	01/01–30/09/2018
1. Operating activities		
EBITDA	1,491.3	1,675.2
Changes in provisions	-428.5	-540.9
Result from disposals	-8.0	-92.4
Other non-cash-relevant expenses/income	180.4	-102.3
Change in assets and liabilities from operating activities	-827.9	-222.7
Inventories	(-482.9)	(-201.7)
Net balance of trade receivables and payables	(-320.9)	(217.5)
Net balance of other assets and liabilities	(-24.1)	(-238.5)
Income tax paid	-351.0	-269.1
Cash flow from operating activities	**56.3**	**447.8**
2. Investing activities		
Capital expenditure on intangible assets and property, plant and equipment	-907.0	-742.3
Disposals of intangible assets and property, plant and equipment	33.9	56.0
Cash received from subsidies for construction costs and investments, and tax refunds from recognised exploration expenditure	64.3	49.9
Acquisition/sale of subsidiaries, entities accounted for using the equity method and interests in joint operations	-1,026.8	103.0
Change in securities and financial investments	370.5	276.3
Interest received	80.6	74.7
Dividends received	123.3	147.0
Cash flow from investing activities	**-1,261.2**	**-35.4**
3. Financing activities		
Interest paid for financing activities	-162.3	-175.4
Dividends paid	-321.3	-312.8
Cash received for changes in ownership interest without loss of control	21.6	2.8
Increase in financial liabilities	2,754.3	427.1
Repayment of financial liabilities	-1,510.1	-586.9
Repayment and interest portion of the lease liability	-77.5	–
Payments from alterations of capital in non-controlling interests	-50.6	-47.7
Cash flow from financing activities	**654.1**	**-692.9**
Net change in cash and cash equivalents	**-550.8**	**-280.5**
Change in cash and cash equivalents due to changes in the consolidated companies	7.8	2.2
Net foreign exchange difference	2.8	3.5
Change in cash and cash equivalents due to risk provisions	0.1	0.1
Change in cash and cash equivalents	**-540.1**	**-274.7**
Cash and cash equivalents at the beginning of the period	2,249.4	3,212.8
Cash and cash equivalents at the end of the period	**1,709.3**	**2,938.1**

Statement of changes in equity

in € million[1]				Other comprehensive income							
	Subscribed capital and capital reserve	Revenue reserves	Treasury shares	Revaluation of pensions and similar obligations	Currency translation differences	Cash flow hedge	Financial assets at fair value in equity	Entities accounted for using the equity method	Shares of the shareholders of EnBW AG	Non-controlling interests	Total
As of 01/01/2018	**1,482.3**	**4,479.3**	**-204.1**	**-1,716.9**	**-12.0**	**-109.2**	**11.0**	**0.3**	**3,930.7**	**2,327.2**	**6,257.9**
Other comprehensive income				172.9		-98.3	-8.4	0.4	66.6	9.7	76.3
Group net profit		468.7							468.7	97.5	566.2
Total comprehensive income	**0.0**	**468.7**	**0.0**	**172.9**	**0.0**	**-98.3**	**-8.4**	**0.4**	**535.3**	**107.2**	**642.5**
Dividends		-135.4							-135.4	-139.2	-274.6
Other changes[2]		-1.7							-1.7	-25.1	-26.8
As of 30/09/2018	**1,482.3**	**4,810.9**	**-204.1**	**-1,544.0**	**-12.0**	**-207.5**	**2.6**	**0.7**	**4,328.9**	**2,270.1**	**6,599.0**
As of 01/01/2019	**1,482.3**	**4,676.4**	**-204.1**	**-1,791.5**	**-8.8**	**-177.4**	**-0.3**	**1.3**	**3,977.9**	**2,295.4**	**6,273.3**
Other comprehensive income				-991.6	5.4	64.4	23.4	-5.4	-903.8	-8.2	-912.0
Group net profit		288.3							288.3	62.9	351.2
Total comprehensive income	**0.0**	**288.3**	**0.0**	**-991.6**	**5.4**	**64.4**	**23.4**	**-5.4**	**-615.5**	**54.7**	**-560.8**
Dividends		-176.1							-176.1	-126.3	-302.4
Other changes[2]									0.0	-29.7	-29.7
As of 30/09/2019	**1,482.3**	**4,788.6**	**-204.1**	**-2,783.1**	**-3.4**	**-113.0**	**23.1**	**-4.1**	**3,186.3**	**2,194.1**	**5,380.4**

1 The figures for the previous year have been restated.
2 Of which changes in revenue reserves due to changes in ownership interest in subsidiaries without loss of control of €0.0 million (previous year: €-1.7 million).
Of which changes in non-controlling interests due to changes in ownership interest in subsidiaries without loss of control of €23.3 million (previous year: €4.5 million).

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Financial calendar

8 November 2019
Publication of the Quarterly Statement
January to September 2019

26 March 2020
Publication of the Integrated Annual Report 2019

12 May 2020
Annual General Meeting 2020

15 May 2020
Publication of the Quarterly Statement
January to March 2020

30 July 2020
Publication of the Six-Monthly Financial Report
January to June 2020

13 November 2020
Publication of the Quarterly Statement
January to September 2020

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