

Quarterly Statement

January to September 2018

Q3

Q2

Q1

On track
2020 strategy

Adjusted EBITDA > increases by 3.3% to €1,571.9 million

First green bond > with a volume of €500 successfully issued

Earnings forecast for 2018 > confirmed at 0% to +5%

Digital transformation > being actively shaped in more than 180 projects

Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	01/01– 30/09/2018	01/01– 30/09/2017	Change in %	01/01– 31/12/2017
External revenue	17,397.4	15,337.4	13.4	21,974.0
Adjusted EBITDA	1,571.9	1,521.8	3.3	2,113.0
Share of adjusted EBITDA accounted for by Sales in € million/in %	204.2/13.0	227.3/14.9	-10.2/-	330.0/15.6
Share of adjusted EBITDA accounted for by Grids in € million/in %	979.1/62.3	829.3/54.5	18.1/-	1,045.9/49.5
Share of adjusted EBITDA accounted for by Renewable Energies in € million/in %	215.6/13.7	224.8/14.8	-4.1/-	331.7/15.7
Share of adjusted EBITDA accounted for by Generation and Trading in € million/in %	189.8/12.1	197.1/13.0	-3.7/-	377.1/17.8
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	-16.8/-1.1	43.3/2.8	-/-	28.3/1.4
EBITDA	1,675.2	3,064.1	-45.3	3,752.4
Adjusted EBIT	680.4	708.5	-4.0	998.8
EBIT	777.4	2,223.2	-65.0	2,504.0
Group net profit ¹	468.7	1,868.7	-74.9	2,054.1
Earnings per share from Group net profit ¹ in €	1.73	6.90	-74.9	7.58
Retained cash flow	464.0	2,565.7	-81.9	3,050.3
Retained cash flow II	614.0	1,044.9	-41.2	1,529.5
Net (cash) investment	602.7	730.2	-17.5	1,367.1

Employees^{2,3}

	30/09/2018	30/09/2017	Change in %	31/12/2017
Number	21,502	21,298	1.0	21,352
Number of full-time equivalents ⁴	20,091	19,874	1.1	19,939

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

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

3 The number of employees for the ITOs (ONTRAS Gastransport GmbH, terranets bw GmbH and TransnetBW GmbH) is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2017 is carried forward.

4 Converted into full-time equivalents.

Q3 2018

Dr. Frank Mastiaux

We are keeping a very close eye on the digital transformation in our industry. This means that we are not just going to wait for others to do something, but rather that we are using modern methods and technologies ourselves to constantly further develop our business model.

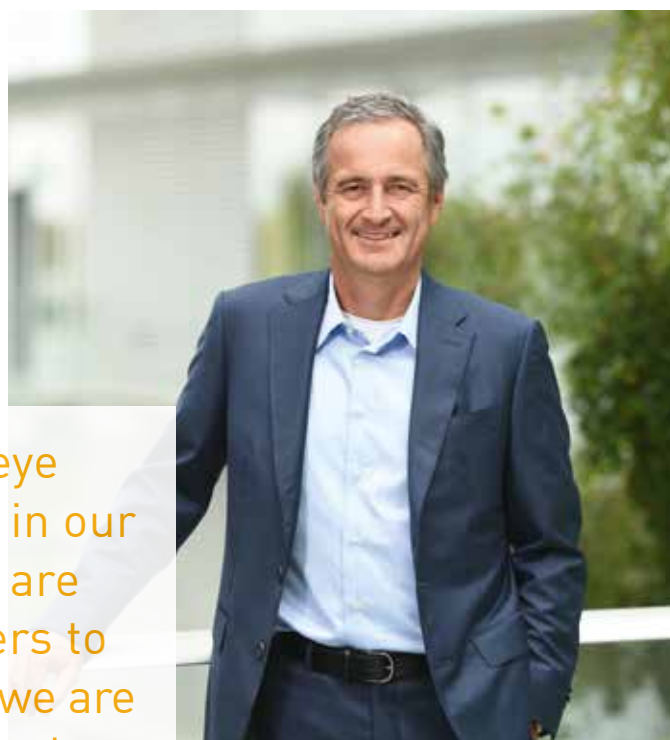


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On track

We remain on track to achieve our goals defined in the EnBW 2020 strategy and anticipate that we will once again reach the same level of earnings in 2020 as in 2012. The further development of the EnBW strategy post 2020 is picking up speed: Based on our core expertise – the safe and reliable operation of critical infrastructure in the energy sector – we want to shift the strategic focus of our company more and more to the aspect of infrastructure within our existing business fields. We are also striving to exploit the new growth opportunities outside of the energy sector. We aim to strengthen our position as a sustainable and innovative infrastructure partner for customers, citizens and local authorities to an even greater extent.

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Thinking digitally

EnBW has been pushing forward the digital transformation in the company for many years. Today, we already have around 500 employees working on more than 180 individual projects on the digital transformation of the business. In the process, EnBW has multiple focal points.

“All employees need to identify and utilise the opportunities offered by digitalisation in their own working environments”, says Chief Executive Officer Frank Mastiaux. This is why EnBW does not have a central department to control the digital transformation from above. Instead, the transformation is taking place on all levels at the same time. There are three main focal points: products and processes, technologies, and people and organisations.

Products and processes deals, on the one hand, with optimising processes in the company by using digital technologies or completely rethinking them. This includes, for example, not only the digital interaction with customers but also the digitalisation of our core business processes such as our accounting and billing. Other important goals are, among other things, the development of digital business models and digital products, as well as making better use of existing data.

A second pillar is formed by the technology itself – the basis for digitalisation. The use of sensors for gathering data is just as important for the core business of EnBW as artificial intelligence or the Internet of Things. We are also making blockchain technology a high priority, but it is currently still in its infancy. Therefore, we are investing in the development of specific applications in this area.

The third pillar focuses on the question of what skills people require in a digital working environment and how they can best work together. For this purpose, EnBW has implemented new working methods and is training its employees and managers appropriately.

An important linchpin for digitalisation at EnBW is the Digital Office that was founded two years ago (see interview on page 3). Its employees are the drivers behind many projects where the goal is to give their colleagues the skills they need to develop themes from their own area of the business themselves. The advance of digitalisation has been positively received in the Group, confirms Mastiaux. “There is strong momentum and we have achieved numerous tangible successes.”

Leadership in an era of digitalisation was a key topic at the Group-wide Leadership Forum at the beginning of October.

Simplify processes, avoid costs

This includes the “Application for Diagnosis, Analysis and Status Monitoring” (ADAZ). It records operating data and the status of plants – for example, the vibrations at around 230 wind power plants operated by EnBW – and evaluates them with the aid of artificial intelligence. This enables possible damage to be identified and resolved before high costs are incurred due to shutting down the power plant.

Another example can be found at the EnBW subsidiary Netze BW. Their project “Netze mobil plus” makes the work of the 600 fitters who are in service across the country much easier. An app has been developed that allows them to register, among other things, faults and damage reports online so that they are automatically



recorded in the SAP system. Work assignments are now controlled and distributed to the fitters digitally, who are then guided directly to the deployment location with the aid of the integrated navigation system.

Another app that is more wellknown among the general public is "EnBW mobility+", which has received several awards. It guides drivers of e-cars to 19,000 locations in Germany, Austria and Switzerland where they can charge their vehicles at uniform tariffs. Payment is also carried out via the app and customers subsequently receive a digital invoice automatically from EnBW. The technical developments behind this app were achieved internally at EnBW thanks to interdisciplinary cooperation between experts from various specialist departments.

Space for creating digital experiences

In order to test working methods in a digital environment, EnBW has rented a building in Karlsruhe outside of the Group headquarters. It is operated by the Digital Office and provides space for new projects. The starting point was EnPower – a user-friendly sales platform that networks various different processes via the cloud and is currently being introduced into the company. EnPower was launched last year for the green electricity brand NaturEnergie-Plus. The Yello brand was added to the platform this June. There are plans to use the platform for the EnBW brand from the middle of next year.

Representatives of the three brands work together on EnPower with customer advisers, developers and programmers – all sitting within earshot of one another. This means that discussions and decisions, tests and troubleshooting all happen significantly more quickly than before. The users of EnPower, too, benefit from faster and easier processes. For example: new products can be adapted in a few minutes and then offered on the website. In the past, this would have taken the numerous participants from various areas of the company up to six weeks. The EnBW website was recently prepared for EnPower. It is now possible, for example, to individually address users who wanted to conclude a contract during a previous visit to the website but then cancelled the process. Further intelligent applications will be added by the time EnPower is fully implemented next summer. In terms of the digital transformation, this is just one milestone for EnBW which will be followed by many more.



A look ahead to the future. Three questions for Raphael Dölker.



Raphael Dölker, Head of Digital Transformation

Question: You are the Head of the Digital Office at EnBW. What does this role involve?

The digital transformation is taking place non-stop around us. At the Digital Office, we keep a watchful eye on these developments. And we transfer any relevant developments into the company. We have more than 30 experts who are able to evaluate whether working procedures and processes can be achieved digitally and moulded into business models.

Question: What else does the Digital Office add to the company?

Different areas of the Group have their own ideas which they bring to us in the Digital Office. We then use a very stringent innovation process to work together with them on products and processes, as well as working intensively on the development of new working methods. We thus have both a supporting and trailblazing function. The broad level of expertise that we can call on in the Digital Office is of great benefit, for example, for user experiences, agile working practices, data science and technologies such as artificial intelligence, blockchain and many others. We also share this knowledge with the departments and develop overarching themes that have not yet become embedded in the organisation.

Question: Do you have any examples of how you have specifically supported the digital transformation at EnBW?

One example involves intraday trading, i.e. short-term trading on the electricity market. We have developed a model based on smart meter data that permanently improves itself as a learning system and thus optimises our trading forecasts. Another example is the digital access to our grid operators for home connections, registering meter data and much more. This service has been very well received by grid customers. In order to establish new working methods within the Group, we have also started a programme for the digital training of employees in leadership positions together with the HR department.

The EnBW Group

Results of operations

Material developments in the income statement

Revenue and the cost of materials were 13.4% (revenue) and 13.6% (cost of materials) higher than in the previous year, which was due primarily to consolidation effects. This was offset by the net disclosure of revenue and cost of materials due to the first-time application of IFRS 15. The balance from other operating income and other operating expenses fell from €1,420.6 million in the same period of the previous year to €-260.8 million in the reporting period. This decrease was influenced primarily by the reimbursement of the nuclear fuel rod tax that was declared to be unconstitutional in June 2017, as well as the sale of 49.89% of the shares in EnBW Hohe See GmbH & Co. KG and the revaluation of the remaining shares in the same period of the previous year. In contrast, the sale of VNG Norge AS and its subsidiary VNG Danmark ApS had a positive effect on earnings in the reporting period. The financial result fell significantly in the reporting period in comparison to the same period of the previous year by €374.3 million to €-130.3 million (previous year: €244.0 million). This was primarily due to the reimbursement of interest relating to the legal proceedings for the nuclear fuel rod tax, as well as to a higher result from the sale of securities in the previous year. These securities were sold in the previous year in preparation for the payment to the “fund for the financing of the disposal of nuclear waste” (disposal fund). In the reporting period, the result of the market valuation of securities as part of the first-time application of IFRS 9 in the 2018 financial year

had a positive effect. Overall, earnings before tax (EBT) totalled €736.5 million in the first nine months of the 2018 financial year, compared with €2,598.3 million in the same period of the previous year.

Earnings

The Group net profit/loss attributable to the shareholders of EnBW AG decreased from €1,868.7 million in the same period of the previous year by €1,400.0 million to €468.7 million in the reporting period, which was mainly due to the reimbursement of the nuclear fuel rod tax including the interest relating to the associated legal proceedings in the previous year. Earnings per share amounted to €1.73 in the reporting period compared to €6.90 for the same period of the previous year.

Adjusted earnings and non-operating result

The sum of the adjusted earnings figures and non-operating figures gives the figures on the income sheet. 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 and explained in the section on the non-operating result (p. 5). 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 and amortisation, adjusted for non-operating effects – as the key reporting indicator for disclosing this information.

Adjusted EBITDA of the EnBW Group by segment

in € million	01/01– 30/09/2018	01/01– 30/09/2017	Change in %	01/01– 31/12/2017
Sales	204.2	227.3	-10.2	330.0
Grids	979.1	829.3	18.1	1,045.9
Renewable Energies	215.6	224.8	-4.1	331.7
Generation and Trading	189.8	197.1	-3.7	377.1
Other/Consolidation	-16.8	43.3	-	28.3
Total	1,571.9	1,521.8	3.3	2,113.0

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

in %	01/01– 30/09/2018	01/01– 30/09/2017	01/01– 31/12/2017
Sales	13.0	14.9	15.6
Grids	62.3	54.5	49.5
Renewable Energies	13.7	14.8	15.7
Generation and Trading	12.1	13.0	17.8
Other/Consolidation	-1.1	2.8	1.4
Total	100.0	100.0	100.0

The adjusted EBITDA of the EnBW Group increased slightly by 3.3% in the first nine months of 2018 in comparison to the same period of the previous year. The growth in earnings was thus within the forecasted range for the 2018 financial year of between 0% and 5%. Adjusted for consolidation effects, the adjusted EBITDA of the EnBW Group would have stood at the same level as in the previous year (-0.9%).

Sales: The adjusted EBITDA in the Sales segment decreased in the first nine months of 2018 by 10.2% in comparison to the same period of the previous year. Adjusted for consolidation effects, there would have been a decrease of 15.8%. This was primarily attributable to the elimination of positive out-of-period effects – such as the reversal of provisions for issues that have since lapsed – which benefited the result in the previous year.

Grids: The adjusted EBITDA in the Grids segment increased in the first nine months of 2018 by 18.1% in comparison to the same period of the previous year. Adjusted for consolidation effects, the result for this segment would have been 11.7% above the previous year. The earnings performance in this segment was thus significantly impacted by the full consolidation of VNG. In addition, this development was also due to higher earnings from the use of the electricity grids.

Renewable Energies: The adjusted EBITDA in the Renewable Energies segment for the first nine months of 2018 was 4.1% below the value achieved in the same period of the previous year. Adjusted for consolidation effects, there would have been a decrease of 5.5%. The wind yields at our offshore wind farms were below the levels in the same period of the previous year. This development could not be offset by the earnings contribution made by the onshore wind farms that were placed into operation during the last twelve months and the slight increase in electricity generation in comparison to the same period of the previous year at our run-of-river power plants early in the year.

Generation and Trading segment: In the Generation and Trading segment, the adjusted EBITDA fell in the first nine months of 2018 by 3.7% compared to the same period of the previous year. Adjusted for consolidation effects, there was a fall of 5.4%. Our electricity deliveries were sold on the forward market at slightly lower wholesale market prices than in the previous year. In addition and as forecast, there were lower out-of-period earnings. These negative effects on earnings will increase during the remainder of the year and will be intensified by the extension to the inspection of Block 2 of the Neckarwestheim nuclear power plant (GKN II). In contrast, the elimination of the negative impacts in 2017 of the temporary shutdown of Block 2 of the Philippsburg nuclear power plant (KKP 2) due to damaged ventilation system brackets had a positive effect on earnings.

Non-operating EBITDA of the EnBW Group

in € million	01/01– 30/09/2018	01/01– 30/09/2017	Change in %
Income/expenses relating to nuclear power	12.2	1,279.9	-99.0
Result from disposals	93.1	273.1	-65.9
Reversals of/additions to the provisions for onerous contracts relating to electricity procurement agreements	31.0	20.3	-
Restructuring	-26.0	-37.1	29.9
Other non-operating result	-7.0	6.1	-
Non-operating EBITDA	103.3	1,542.3	-93.3

The non-operating EBITDA and the non-operating EBIT decreased significantly in the reporting period compared to the previous year. This was influenced primarily by the reimbursement of the nuclear fuel rod tax as well as the sale of 49.89% of the shares in EnBW Hohe See GmbH & Co. KG and

the revaluation of the remaining shares in the same period of the previous year. In contrast, the sale of VNG Norge AS and its subsidiary VNG Danmark ApS had a positive effect on earnings in the reporting period.

Group net profit of the EnBW Group

in € million	01/01– 30/09/2018	01/01– 30/09/2017	Change in %	01/01– 31/12/2017
Adjusted EBIT	680.4	708.5	-4.0	998.8
Adjusted EBITDA	(1,571.9)	(1,521.8)	3.3	(2,113.0)
Scheduled amortisation and depreciation	(-891.5)	(-813.3)	9.6	(-1,114.2)
Non-operating EBIT	97.0	1,514.7	-93.6	1,505.2
Non-operating EBITDA	(103.3)	(1,542.3)	-93.3	(1,639.4)
Impairment losses	(-6.3)	(-27.6)	-77.2	(-134.2)
EBIT	777.4	2,223.2	-65.0	2,504.0
Investment result	89.4	131.1	-31.8	159.3
Financial result	-130.3	244.0	-	194.6
Income tax	-170.3	-644.5	-73.6	-681.6
Group net profit	566.2	1,953.8	-71.0	2,176.3
of which profit/loss shares attributable to non-controlling interests	(97.5)	(85.1)	14.6	(122.2)
of which profit/loss shares attributable to the shareholders of EnBW AG	(468.7)	(1,868.7)	-74.9	(2,054.1)

The decrease in the investment result is due to the net profit/loss of entities accounted for using the equity method and here particularly VNG. The significantly poorer financial result in comparison to the previous year is primarily due to extraordinary effects from the previous year. These include, among other things, interest received due to the legal proceedings for the reimbursement of the nuclear fuel rod tax, as well as higher capital gains on the sale of securities in preparation for the payment to the disposal fund. In the reporting period, the result of the market valuation of securities as part of the first-time application of IFRS 9 in the 2018 financial year had a positive effect.

Income tax fell significantly in line with the negative earnings performance in comparison to the previous year.

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 2018):

- › Debt Issuance Programme (DIP), via which bonds are issued: €2.9 billion of €7.0 billion has been drawn
- › Hybrid bonds: €2.0 billion
- › Commercial paper (CP) programme: €2.0 billion undrawn
- › Syndicated credit line: €1.5 billion undrawn with a term until 2021
- › Bilateral free credit lines: €1.1 billion
- › 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 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.

The CHF 100 million bond that was due for repayment was repaid on 12 July 2018. No refinancing was required in this case.

EnBW published its Green Financing Framework on 17 October 2018. The first green bond with a volume of €500 million was issued on 31 October. The bond has a coupon of 1.875% and a term of 15 years. In contrast to conventional corporate bonds, the proceeds from a green bond must be used exclusively to fund climate-friendly projects. 93% of the proceeds from the first green bond will flow into wind power projects, while 5% will be used for photovoltaic projects and 2% for electromobility projects. This form of financing is thus in line with the corporate strategy of realigning the company towards renewable energies and smart infrastructure solutions.

The senior bond with a volume of €750 million that was due for repayment in November was repaid without any refinancing.

Rating and rating trends

EnBW currently has the following ratings:

- › Moody's: A3
- › Standard & Poor's (S&P): A-
- › Fitch: A-

The outlook at all three rating agencies is stable. EnBW aims to maintain a solid investment-grade rating. By limiting the cash-relevant net investment to the retained cash flow II, measured by the internal financing capability, EnBW manages the level of net financial debt. The company thus maintains its high level of financial discipline, irrespective of the interest rate-related volatility of the pension and nuclear provisions. EnBW ensures the timely coverage of the pension and nuclear obligations using its asset liability management model.

Investment analysis

Net cash investment of the EnBW Group

in € million ¹	01/01– 30/09/2018	01/01– 30/09/2017	Change in %	01/01– 31/12/2017
Investments in growth projects ²	790.0	757.4	4.3	1,324.2
Investments in existing projects	228.1	226.2	0.8	446.1
Total investments	1,018.1	983.6	3.5	1,770.3
Divestitures ³	-360.2	-223.9	60.9	-298.5
Participation models	50.7	62.5	-18.9	61.9
Other disposals and subsidies	-105.9	-92.0	15.1	-166.6
Total divestitures	-415.4	-253.4	63.9	-403.2
Net (cash) investment	602.7	730.2	-17.5	1,367.1

1 Excluding investments held as financial assets.

2 In the same period of the previous year, this included cash and cash equivalents of €51.0 million relinquished with the sale of the shares in EnBW Hohe See GmbH & Co. KG because they will be used for future investments for the realisation of the offshore wind farm.

3 Does not include cash and cash equivalents relinquished with the sale of fully consolidated companies. These amounted to €61.5 million in the reporting period (01/01–30/09/2017: €51.0 million, 01/01–31/12/2017: €57.8 million).

Investment by the EnBW Group increased slightly in the first nine months of 2018 compared to the figure in the previous year. This was mainly due to the increase in capital expenditure on property, plant and equipment in the Grids segment.

Around 77.6% of overall gross investment was attributable to growth projects; the proportion of investments in existing facilities stood at 22.4%.

In the reporting period, €71.6 million was invested in strengthening the Sales segment. Investment in this segment was thus at the same level as in the previous year (€71.5 million).

Investment in the Grids segment stood at €484.6 million, compared to €389.3 million in the previous year. It was primarily used for the expansion of the electricity grids, as well as for the construction of the EUGAL gas pipeline.

Investment in the **Renewable Energies** segment of €325.1 million was lower than the figure in the previous year (previous year: €431.4 million) because there has been a delay in scaling up the investment in the onshore projects.

In the first nine months of 2018, investment in the **Generation and Trading** segment stood at €121.9 million, which was mainly used for the exploration and production business of VNG, compared to €81.9 million in the same period of the previous year.

Other investments of €14.9 million were above the level in the previous year (€9.5 million).

Divestitures increased in the reporting period compared to the same period of the previous year. This was primarily due to the sale of VNG Norge AS and its subsidiary VNG Danmark ApS. In the previous year, they mainly comprised of the sale of 49.89% of the shares in EnBW Hohe See GmbH & Co. KG.

Liquidity analysis

Retained cash flow of the EnBW Group

in € million	01/01– 30/09/2018	01/01– 30/09/2017	Change in %	01/01– 31/12/2017
EBITDA	1,675.2	3,064.1	-45.3	3,752.4
Changes in provisions	-540.9	-401.3	34.8	-472.3
Non-cash-relevant expenses/income	-194.7	-308.3	-36.8	-385.9
Income tax paid/received	-269.1	131.8	-	81.1
Interest and dividends received	221.7	530.5	-58.2	591.7
Interest paid for financing activities	-175.4	-339.0	-48.3	-425.6
Dedicated financial assets contribution	60.0	-28.9	-	-6.4
Funds from operations (FFO)	776.8	2,648.9	-70.7	3,135.0
Dividends paid	-312.8	-83.2	-	-84.7
Retained cash flow	464.0	2,565.7	-81.9	3,050.3
+/- Effects from the reimbursement of the nuclear fuel rod tax	150.0	-1,520.8	-	-1,520.8
Retained cash flow II	614.0	1,044.9	-41.2	1,529.5

Funds from operations (FFO) fell significantly in comparison to the previous year. This fall was primarily attributable to the reimbursement of the nuclear fuel rod tax in 2017. In addition, there were income tax payments in the reporting period, compared to income tax refunds in the same period of the previous year. Furthermore, interest and dividends received fell. The lower FFO and higher dividends paid in the reporting period thus led to a decrease in the retained cash flow.

The retained cash flow reflects the internal financing capability of EnBW after all stakeholder needs have been

settled. It is available to the company for investment without the need to raise additional debt.

The reimbursement of the nuclear fuel rod tax received in 2017 will be used by EnBW to repay debts due in the 2018 financial year and also for future investments. For this reason, the retained cash flow has been translated into the retained cash flow II, which eliminates the reimbursement of the nuclear fuel rod tax in 2017 and distributes it over subsequent years. The reduction in the retained cash flow II compared to the retained cash flow at the end of 2017 will result in an increase in retained cash flow II from 2018 to 2020; the increase for the whole of 2018 will be €200.0 million.

Free cash flow of the EnBW Group

in € million	01/01– 30/09/2018	01/01– 30/09/2017	Change in %	01/01– 31/12/2017
Funds from operations (FFO)	776.8	2,648.9	-70.7	3,135.0
Change in assets and liabilities from operating activities	-222.7	-4,647.8	-95.2	-4,671.4
Capital expenditure on intangible assets and property, plant and equipment	-742.3	-761.2	-2.5	-1,419.2
Disposals of intangible assets and property, plant and equipment	56.0	44.9	24.7	52.8
Cash received from subsidies for construction costs and investments, and tax refunds from recognised exploration expenditure	49.9	47.1	5.9	113.8
Free cash flow	-82.3	-2,668.1	-96.9	-2,789.0

Despite the considerable decrease in FFO, the free cash flow increased significantly in the reporting period by €2,585.8 million. The reason for this was primarily the lower net balance of assets and liabilities from operating activities

reduced compared to the same period of the previous year. In the comparative period, this item included the payment to the disposal fund.

Condensed cash flow statement of the EnBW Group

in € million	01/01– 30/09/2018	01/01– 30/09/2017	Change in %	01/01– 31/12/2017
Cash flow from operating activities	447.8	-2,161.5	-	-1,696.1
Cash flow from investing activities	-35.4	2,976.6	-	2,160.7
Cash flow from financing activities	-692.9	-1,549.2	-55.3	-1,541.3
Net change in cash and cash equivalents	-280.5	-734.1	-61.8	-1,076.7
Change in cash and cash equivalents due to changes in the consolidated companies	2.2	292.6	-99.2	300.3
Net foreign exchange difference	3.5	-2.5	-	-1.9
Risk provisions	0.1	0.0	-	0.0
Change in cash and cash equivalents	-274.7	-444.0	-38.1	-778.3

The substantial increase in cash flow from operating activities in comparison to the previous year was mainly due to the reimbursement of the nuclear fuel rod tax and the payment to the disposal fund in the previous year. This was offset by income tax payments in the reporting year compared to income tax refunds in the same period of the previous year.

Cash flow from investing activities returned an outflow of cash in the reporting period, while in the previous year there was a

significantly higher inflow of cash. This inflow of cash in the previous year was due primarily to higher sales of securities to finance the payment made to the disposal fund in July 2017.

The cash outflow from financing activities decreased significantly in comparison to the previous year. This was mainly attributable to the repayment of a hybrid bond in the same period of the previous year.

Net assets

Condensed balance sheet of the EnBW Group

in € million	30/09/2018	31/12/2017	Change in %
Non-current assets	26,375.3	26,766.6	-1.5
Current assets	18,127.5	12,015.3	50.9
Assets held for sale	336.7	3.0	-
Assets	44,839.5	38,784.9	15.6
Equity	6,604.8	5,862.9	12.7
Non-current liabilities	21,128.4	21,919.7	-3.6
Current liabilities	17,075.7	11,002.3	55.2
Liabilities directly associated with assets classified as held for sale	30.6	0.0	-
Equity and liabilities	44,839.5	38,784.9	15.6

As of 30 September 2018, the total assets held by the EnBW Group were 15.6% higher than the level at the end of the previous year. Current assets increased by €6,112.2 million, which was mainly due to an increase in derivatives. The increase in assets classified as held for sale by €333.7 million was primarily attributable to the 6% of the shares in EWE, which were reclassified due to EnBW's right to sell the shares to EWE-Verband with an associated obligation for EWE-Verband to purchase them from 1 July 2019.

The equity held by the EnBW Group increased by €741.9 million as of the reporting date of 30 September 2018. This was due mainly to the increase in revenue reserves as a result of the IFRS implementation projects and the positive result. Due to the increase in total assets, the equity ratio fell, however, from 15.1% at the end of the year to 14.7%. Non-current liabilities decreased by €791.3 million. This was mainly due to the first-time application of IFRS 15 in the 2018 financial year, as well as the deconsolidation of VNG Norge AS and its subsidiary VNG Danmark ApS. Current liabilities increased by €6,073.4 million. This was primarily due to the increase in derivatives.

Net debt

Net debt of the EnBW Group

in € million	30/09/2018	31/12/2017	Change in %
Cash and cash equivalents available to the operating business	-2,530.6	-2,954.7	-14.4
Current financial assets available to the operating business	-103.4	-277.0	-62.7
Long-term securities available to the operating business	-1.1	-4.3	-74.4
Bonds	4,860.4	4,934.3	-1.5
Liabilities to banks	1,616.9	1,705.6	-5.2
Other financial liabilities	634.2	618.9	2.5
Valuation effects from interest-induced hedging transactions	-83.7	-96.4	-13.2
Restatement of 50% of the nominal amount of the hybrid bonds ¹	-996.3	-996.3	0.0
Other	8.8	-12.3	-
Net financial debt	3,405.2	2,917.8	16.7
Provisions for pensions and similar obligations ²	6,220.0	6,341.2	-1.9
Provisions relating to nuclear power	5,647.0	5,802.7	-2.7
Pension and nuclear obligations	11,867.0	12,143.9	-2.3
Long-term securities and loans to cover the pension and nuclear obligations ³	-5,108.6	-5,487.6	-6.9
Cash and cash equivalents to cover the pension and nuclear obligations	-407.5	-258.6	57.6
Current financial assets to cover the pension and nuclear obligations	-302.6	-307.2	-1.5
Surplus cover from benefit entitlements	-312.6	-179.3	74.3
Long-term securities to cover the pension and nuclear obligations directly associated with assets classified as held for sale	-291.9	0.0	-
Dedicated financial assets	-6,423.2	-6,232.7	3.1
Receivables relating to nuclear obligations	-322.4	-369.5	-12.7
Net debt relating to pension and nuclear obligations	5,121.4	5,541.7	-7.6
Net debt	8,526.6	8,459.5	0.8

1 The structural characteristics of our hybrid bonds meet the criteria for half of the bond 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 of €1,081.0 million (31/12/2017: €1,047.3 million).

3 Includes investments held as financial assets.

As of 30 September 2018, net debt increased slightly by €67.1 million compared to the figure posted at the end of 2017.

This increase was due to our investment in growth projects and the dividends paid. This was offset by the positive FFO.

Forecast

In the following forecast, we take a look at the expected future development of EnBW in the current financial year. It should be noted that the present conditions increase the level of un-

certainty 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

Expected development of earnings in 2018 compared to the previous year

	Adjusted EBITDA		Share of adjusted EBITDA for the EnBW Group accounted for by the segments	
	Q3 2018	2017	Q3 2018	2017
Sales	-5% to -15%	-5% to -15%	10% to 15%	10% to 15%
Grids	+5% to +15%	+5% to +15%	45% to 60%	45% to 60%
Renewable Energies	-10% to +5%	+10% to +20%	10% to 15%	15% to 20%
Generation and Trading	0% to -10%	0% to -10%	15% to 20%	15% to 20%
Other/Consolidation	-	-	-	-
Adjusted EBITDA, Group	0% to +5%	0% to +5%		

The earnings forecast for the entire Group and the Sales, Grids and Generation and Trading segments for the whole of the 2018 financial year remains unchanged from that given in the 2017 Group management report (Integrated Annual Report 2017, p. 87 ff.). The earnings forecast for the Renewable Energies segment has been adjusted.

In the **Sales** segment, we expect earnings in 2018 to fall below the figure in the previous year. This is due to the elimination of out-of-period effects such as the reversal of provisions for issues that have since lapsed, which benefited the result in the previous year. However, this fall will be compensated for to some extent by the full-year earnings contribution of VNG-Verbundnetz Gas Aktiengesellschaft. Therefore, 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 **Grids** segment will increase further in 2018. It will continue to be the segment with the highest earnings. On the one hand, there is the positive effect of the full-year earnings contribution of VNG and, on the other hand, we anticipate higher revenues from grid user charges. The share of the adjusted EBITDA for the Group accounted for by this segment is expected to remain stable or increase slightly.

The adjusted EBITDA for the **Renewable Energies** segment will lie in the range between -10% and +5% compared to the figure in the previous year. This is due, on the one hand, to the higher water levels for the run-of-river power plants expected in comparison to the previous year, because our forecast is based on the long-term average. This will be offset to some extent by a negative effect from the electricity deliveries for 2018 from our run-of-river power plants already placed on the forward market: The margins achieved were slightly lower than those for 2017. Furthermore, a decrease in earnings is expected in the fourth quarter of 2018 due to the current low

water conditions. The wind-yield forecasts are based on the long-term average. As the wind conditions in 2017 were higher than in the previous year but still below the long-term average, this alone will result in slightly higher earnings in 2018 in comparison to 2017. However, the level of improvement is dependent on the actual wind strength. The wind yield at the offshore wind farms in the first nine months of 2018 was below the long-term average. In addition, the fourth quarter of 2017 experienced exceptionally good wind conditions. Therefore, we forecast that the result for the Renewable Energies segment will be between -10% to +5% compared to the result in the previous year. We expect a stable or a slight decrease in the share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA for the **Generation and Trading** segment will once again fall slightly in 2018. This is due to the fact that we have already placed most of the electricity deliveries for 2018 on the forward market at lower margins than in 2017. In addition, we anticipate lower out-of-period earnings compared to the previous year because 2017 was influenced by positive effects, such as from decentralised feed-ins. The full-year earnings contribution of VNG will mitigate to some extent the negative earnings performance in comparison to the previous year. 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 2018 will increase further and be between 0% and +5% above the level in 2017. This will be due primarily to areas of growth in the Grids segment, as well as the year-round full consolidation of VNG. The forecast for the Renewable Energies segment has been adjusted. In the Sales and Generation and Trading segments, we expect a weaker performance because the positive out-of-period effects from the previous year no longer exist.

Opportunities and risks

In comparison to the report issued at the end of 2017, the risks faced by the EnBW Group remained largely unchanged in the first nine months of 2018. No risks currently exist that might jeopardise the EnBW Group as a going concern.

Using the report on risks in the 2017 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 2018.

Cross-segment opportunities and risks

Liquidity planning: 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 the 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 of margin payments is increasing primarily as a result of increasing market prices and greater volatility on the energy market. Overall, these effects could have a positive impact in the high three-digit million euro range and a negative impact in the mid three-digit million euro range on the key performance indicator ROCE in 2018. We currently identify an increased 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. Nevertheless, wind fluctuations could by their nature have a negative effect on the key performance indicator adjusted EBITDA and on the key performance indicator internal financing capability in the low to mid double-digit million euro range in 2018. We

currently identify a generally lower level of opportunity and an increased level of risk in this area.

Generation and Trading segment

Operation and dismantling of nuclear power plants: At the two power plant blocks GKN I and KKP 1, there is a possibility of delays and additional costs due to an increase in complexity and expenses during the dismantling and disposal process. Deadlines and costs are being permanently monitored and controlled within a strategic dismantling project. Nevertheless, increased costs could have a negative effect in the low three-digit million euro range on the development of the net debt in 2018. We currently identify a relatively low level of 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 2018 in the low double-digit million euro range. We currently identify a low level of opportunity that is dependent on the development of market prices.

Unplanned shutdown of GKN II: Due to the findings from previous inspections, a comprehensive inspection programme was carried out as part of the inspection of GKN II in 2018. In particular, some variations were detected in the wall thicknesses of the pipes in one of the steam generators. The maintenance work on the affected pipes was immediately initiated to safeguard the operation of the power plant and is still ongoing. This could have a negative effect in 2018 on the key performance indicator adjusted EBITDA in the mid double-digit million euro range.

Income statement

in € million	01/07– 30/09/2018	01/07– 30/09/2017	01/01– 30/09/2018	01/01– 30/09/2017
Revenue including electricity and energy taxes	5,943.1	4,971.8	17,817.8	15,785.2
Electricity and energy taxes	-107.5	-110.2	-420.4	-447.8
Revenue	5,835.6	4,861.6	17,397.4	15,337.4
Changes in inventories	27.5	6.1	67.6	63.7
Other own work capitalised	-144.2	22.5	65.1	62.8
Other operating income	453.7	98.5	887.4	2,092.6
Cost of materials	-4,620.3	-4,037.9	-14,284.5	-12,570.5
Personnel expenses	-425.0	-400.8	-1,309.6	-1,249.9
Other operating expenses	-636.8	-125.5	-1,148.2	-672.0
EBITDA	490.5	424.5	1,675.2	3,064.1
Amortisation and depreciation	-299.9	-283.9	-897.8	-840.9
Earnings before interest and taxes (EBIT)	190.6	140.6	777.4	2,223.2
Investment result	42.1	39.7	89.4	131.1
of which net profit/loss from entities accounted for using the equity method	(4.4)	(8.9)	(7.2)	(39.1)
of which other profit/loss from investments	(37.7)	(30.8)	(82.2)	(92.0)
Financial result	-68.1	-6.1	-130.3	244.0
of which finance income	(68.4)	(83.1)	(281.1)	(587.3)
of which finance costs	(-136.5)	(-89.2)	(-411.4)	(-343.3)
Earnings before tax (EBT)	164.6	174.2	736.5	2,598.3
Income tax	-19.7	41.5	-170.3	-644.5
Group net profit	144.9	215.7	566.2	1,953.8
of which profit/loss shares attributable to non-controlling interests	(22.4)	(26.3)	(97.5)	(85.1)
of which profit/loss shares attributable to the shareholders of EnBW AG	(122.5)	(189.4)	(468.7)	(1,868.7)
EnBW AG shares outstanding (million), weighted average	270.855	270.855	270.855	270.855
Earnings per share from Group net profit (€)¹	0.45	0.70	1.73	6.90

¹ Diluted and basic; in relation to profit/loss attributable to the shareholders of EnBW AG.

Statement of comprehensive income

in € million	01/07 – 30/09/2018	01/07 – 30/09/2017	01/01 – 30/09/2018	01/01 – 30/09/2017
Group net profit	144.9	215.7	566.2	1,953.8
Revaluation of pensions and similar obligations	113.9	-22.1	243.6	262.4
Entities accounted for using the equity method	0.0	-0.2	0.0	-0.2
Income taxes on other comprehensive income	-33.7	26.7	-71.7	-55.3
Total of other comprehensive income and expenses without future reclassifications impacting earnings	80.2	4.4	171.9	206.9
Currency translation differences	7.6	9.0	1.2	25.8
Cash flow hedge	-97.9	-62.1	-123.4	-28.9
Financial assets at fair value in equity	-4.3	-15.7	-11.8	-36.8
Entities accounted for using the equity method	0.6	0.4	0.4	-4.2
Income taxes on other comprehensive income	14.3	17.5	38.0	34.3
Total of other comprehensive income and expenses with future reclassifications impacting earnings	-79.7	-50.9	-95.6	-9.8
Total other comprehensive income	0.5	-46.5	76.3	197.1
Total comprehensive income	145.4	169.2	642.5	2,150.9
of which profit/loss shares attributable to non-controlling interests	(28.8)	(24.8)	(107.2)	(90.0)
of which profit/loss shares attributable to the shareholders of EnBW AG	(116.6)	(144.4)	(535.3)	(2,060.9)

Balance sheet

in € million	30/09/2018	31/12/2017
Assets		
Non-current assets		
Intangible assets	1,748.3	1,905.9
Property, plant and equipment	15,277.9	15,597.4
Entities accounted for using the equity method	1,581.5	1,388.6
Other financial assets	5,672.7	5,985.7
Trade receivables	274.4	320.9
Other non-current assets	1,118.3	611.7
Deferred taxes	702.2	956.4
	26,375.3	26,766.6
Current assets		
Inventories	1,327.0	958.1
Financial assets	424.8	588.1
Trade receivables	5,069.2	4,408.7
Other current assets	8,368.4	2,847.1
Cash and cash equivalents	2,938.1	3,213.3
	18,127.5	12,015.3
Assets held for sale	336.7	3.0
	18,464.2	12,018.3
	44,839.5	38,784.9
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	4,811.5	3,636.6
Treasury shares	-204.1	-204.1
Other comprehensive income	-1,760.2	-1,367.4
	4,329.5	3,547.4
Non-controlling interests	2,275.3	2,315.5
	6,604.8	5,862.9
Non-current liabilities		
Provisions	12,630.0	13,124.5
Deferred taxes	887.8	799.4
Financial liabilities	5,820.4	5,952.0
Other liabilities and subsidies	1,790.2	2,043.8
	21,128.4	21,919.7
Current liabilities		
Provisions	1,406.1	1,598.7
Financial liabilities	1,291.1	1,306.8
Trade payables	5,628.9	4,838.1
Other liabilities and subsidies	8,749.6	3,258.7
	17,075.7	11,002.3
Liabilities directly associated with assets classified as held for sale	30.6	0.0
	17,106.3	11,002.3
	44,839.5	38,784.9

Cash flow statement

in € million	01/01– 30/09/2018	01/01– 30/09/2017
1. Operating activities		
EBITDA	1,675.2	3,064.1
Changes in provisions	-540.9	-401.3
Result from disposals	-92.4	-273.1
Other non-cash-relevant expenses/income	-102.3	-35.2
Change in assets and liabilities from operating activities	-222.7	-4,647.8
Inventories	(-201.7)	(-241.8)
Net balance of trade receivables and payables	(217.5)	(634.4)
Net balance of other assets and liabilities	(-238.5)	(-5,040.4)
Income tax paid/received	-269.1	131.8
Cash flow from operating activities	447.8	-2,161.5
2. Investing activities		
Capital expenditure on intangible assets and property, plant and equipment	-742.3	-761.2
Disposals of intangible assets and property, plant and equipment	56.0	44.9
Cash received from subsidies for construction costs and investments, and tax refunds from recognised exploration expenditure	49.9	47.1
Acquisition/sale of subsidiaries, entities accounted for using the equity method and interests in joint operations	103.0	24.8
Changes in securities and financial investments	276.3	3,090.5
Interest received	74.7	428.5
Dividends received	147.0	102.0
Cash flow from investing activities	-35.4	2,976.6
3. Financing activities		
Interest paid for financing activities	-175.4	-339.0
Dividends paid	-312.8	-83.2
Cash received for changes in ownership interest without loss of control	2.8	0.0
Increase in financial liabilities	427.1	81.1
Repayment of financial liabilities	-586.9	-1,154.9
Payments from alterations of capital in non-controlling interests	-47.7	-53.2
Cash flow from financing activities	-692.9	-1,549.2
Net change in cash and cash equivalents	-280.5	-734.1
Change in cash and cash equivalents due to changes in the consolidated companies	2.2	292.6
Net foreign exchange difference	3.5	-2.5
Risk provisions in cash and cash equivalents	0.1	0.0
Change in cash and cash equivalents	-274.7	-444.0
Cash and cash equivalents at the beginning of the period ¹	3,212.8	3,991.6
Cash and cash equivalents at the end of the period	2,938.1	3,547.6

¹ In the reporting period, cash and cash equivalents at the beginning of the period includes risk provisions of €0.5 million due to the first-time application of IFRS 9.

Statement of changes in equity

in € million	Other comprehensive income										Total
	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	
As of 01/01/2017	1,482.3	1,582.5	-204.1	-1,784.6	-48.2	-97.7	383.1	4.4	1,317.7	1,898.5	3,216.2
Other comprehensive income				205.4	20.5	-3.3	-26.0	-4.4	192.2	4.9	197.1
Group net profit		1,868.7							1,868.7	85.1	1,953.8
Total comprehensive income	0.0	1,868.7	0.0	205.4	20.5	-3.3	-26.0	-4.4	2,060.9	90.0	2,150.9
Dividends									0.0	-83.2	-83.2
Other changes									0.0	367.1	367.1
As of 30/09/2017	1,482.3	3,451.2	-204.1	-1,579.2	-27.7	-101.0	357.1	0.0	3,378.6	2,272.4	5,651.0
As of 01/01/2018	1,482.3	3,636.6	-204.1	-1,716.9	-12.0	-109.2	470.4	0.3	3,547.4	2,315.5	5,862.9
Changes in accounting policies		843.3					-459.4		383.9	16.9	400.8
As of 01/01/2018 following the changes in accounting policies	1,482.3	4,479.9	-204.1	-1,716.9	-12.0	-109.2	11.0	0.3	3,931.3	2,332.4	6,263.7
Other comprehensive income				172.9	0.0	-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 ¹		-1.7							-1.7	-25.1	-26.8
As of 30/09/2018	1,482.3	4,811.5	-204.1	-1,544.0	-12.0	-207.5	2.6	0.7	4,329.5	2,275.3	6,604.8

¹ Of which changes in revenue reserves due to changes in ownership interest in subsidiaries without loss of control of €-1.7 million. Of which changes in non-controlling interests due to changes in ownership interest in subsidiaries without loss of control of €4.5 million.

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Please also note the important information relating to all of our publications and which is also valid for this report. This information can be found on the EnBW website under  www.enbw.com/disclaimer-de. This Quarterly Statement can be downloaded in German or English. Only the German version is authoritative.

Financial calendar

12 November 2018
Publication of the Quarterly Statement
January to September 2018

28 March 2019
Publication of the Integrated
Annual Report 2018

8 May 2019
Annual General Meeting 2019

10 May 2019
Publication of the Quarterly Statement
January to March 2019

25 July 2019
Publication of the Six-Monthly Financial Report
January to June 2019

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

