Six-Monthly Financial Report

January to June 2020

Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	01/01–30/06/2020	01/01–30/06/2019	Change in %	01/01–31/12/2019
External revenue [1]	9,726.0	10,017.0	-2.9	18,765.0
Adjusted EBITDA	1,586.6	1,276.0	24.3	2,432.5
Share of adjusted EBITDA accounted for by Sales in € million/in % [1]	135.8/8.6	123.5/9.7	10.0/–	322.8/13.3
Share of adjusted EBITDA accounted for by Grids in € million/in % [1]	744.9/46.9	740.7/58.0	0.6/–	1,355.3/55.7
Share of adjusted EBITDA accounted for by Renewable Energies in € million/in % [1]	425.8/26.8	212.9/16.7	100.0/–	499.3/20.5
Share of adjusted EBITDA accounted for by Generation and Trading in € million/in % [1]	395.0/24.9	283.5/22.2	39.3/–	429.5/17.7
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in % [1]	-114.9/-7.2	-84.6/-6.6	-35.8/–	-174.4/-7.2
EBITDA	1,359.1	1,071.1	26.9	2,245.2
Adjusted EBIT	943.8	572.3	64.9	944.7
EBIT	627.2	365.7	71.5	596.7
Adjusted Group net profit [2]	370.2	510.0	-27.4	786.8
Group net profit [2]	184.2	286.2	-35.6	734.2
Earnings per share from Group net profit in € [2]	0.68	1.06	-35.6	2.71
Retained cash flow [1]	1,090.8	509.3	114.2	1,240.7
Total investment [1]	801.7	1,545.9	-48.1	3,315.2

in € million	30/06/2020	31/12/2019	Change in %	
Net debt	13,621.0	12,852.4	6.0	

Non-financial performance indicators [3]

	01/01–30/06/2020	01/01–30/06/2019	Change in %	01/01–31/12/2019
Customers and society goal dimension				
EnBW/Yello Customer Satisfaction Index	120/159	116/161	3.4/-1.2	116/157
SAIDI (electricity) in min./year	7	8	-12.5	15
Employees goal dimension				
LTIF for companies controlled by the Group [4]/LTIF overall [5]	1.9/3.1	2.1/3.6	-9.5/-13.9	2.1/3.8

Employees [6, 7]

	30/06/2020	30/06/2019	Change in %	31/12/2019
Employees	23,685	22,488	5.3	23,293
Full-time equivalents [8]	22,184	21,086	5.2	21,843

1 The figures for the previous year have been restated.
2 In relation to the profit/loss attributable to the shareholders of EnBW AG.
3 The values for the key performance indicators Reputation Index, Employee Commitment Index (ECI), "Installed output of renewable energies (RE) in GW and the share of the generation capacity accounted for by RE in %" and CO_2 intensity will be exclusively collected at the end of the year.
4 Variations in the group of consolidated companies (all companies with more than 100 employees are generally considered except for companies in the area of waste management as well as external agency workers and contractors [except ITOs]).
5 Variations in the group of consolidated companies (all companies with more than 100 employees are generally considered except for external agency workers and contractors [except ITOs]).
6 Number of employees excluding apprentices/trainees and inactive employees.
7 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 31/12/2019 is carried forward.
8 Converted into full-time equivalents.

Q2 2020 at a glance

- Reliable energy supply ensured even under difficult framework conditions
- No significant impact on earnings due to coronavirus pandemic
- Adjusted EBITDA of the EnBW Group increases by 24.3% to €1,586.6 million
- Earnings double in the Renewable Energies segment
- Earnings forecast for whole year remains unchanged

Contents

Hydrogen – a fuel for the Energiewende

According to the German Environment Agency, 244.3 TWh of electricity were generated from renewable energies in Germany in 2019. This represents just over 42% of the total electricity consumed and improves on the figure from the previous year by a further four percentage points. In comparison: Just 6% of the electricity was sourced from renewable energies in 2000. This shows the huge growth since then – with the share from renewables increasing sevenfold.

42%

of the total German electricity consumption in 2019 came from renewable energies.

EnBW is playing an active role in shaping the Energiewende: renewable energies have become one of the main pillars of our company. We now have a broad portfolio of wind farms, hydropower plants and solar parks. In the offshore wind sector, in particular, we were able to successfully conclude major projects, such as the EnBW Hohe See and EnBW Albatros wind farms. Another field of growth is the area of photovoltaics.

The Energiewende is opening up enormous perspectives and opportunities, yet these are also accompanied by challenges. One of the key questions facing us on the path to the energy world of tomorrow is: How can we store and transmit electricity generated from the wind and sun? In contrast to the electricity generated in "traditional" power plants, it is only possible to control energy production from wind power plants and solar panels to a limited extent. More electricity is already generated today on windy or sunny days than is actually required, while demand exceeds supply on overcast and calm days. There is also the fact that while most of the wind power is generated in the north of Germany, it tends to be mainly consumed in the south of our country.

One energy source of the future is hydrogen. The production process for this fuel is relatively simple and the basic principle that lies behind it – electrolysis – has been known for more than 200 years. Climate-neutral electricity generated from the wind and sun can be used to split water into oxygen and hydrogen. The transmission network and storage facilities for the latter already exist: the extensive natural gas grid. It is possible to pump pure hydrogen directly into the natural gas grid to a certain extent. Another possibility is to convert the hydrogen together with carbon dioxide into methane. This methane is the main component of natural gas and can therefore be fed into the grid and used in unlimited quantities. The "green" hydrogen produced using renewable energies thus acts as both an energy source and an energy storage system, and as such is an important element of the developing field of sector coupling.

The German government recognised the potential of hydrogen many years ago. The first National Innovation Programme for Hydrogen and Fuel Cell Technology (NIP) was established in 2006 and other funding measures followed.

30%

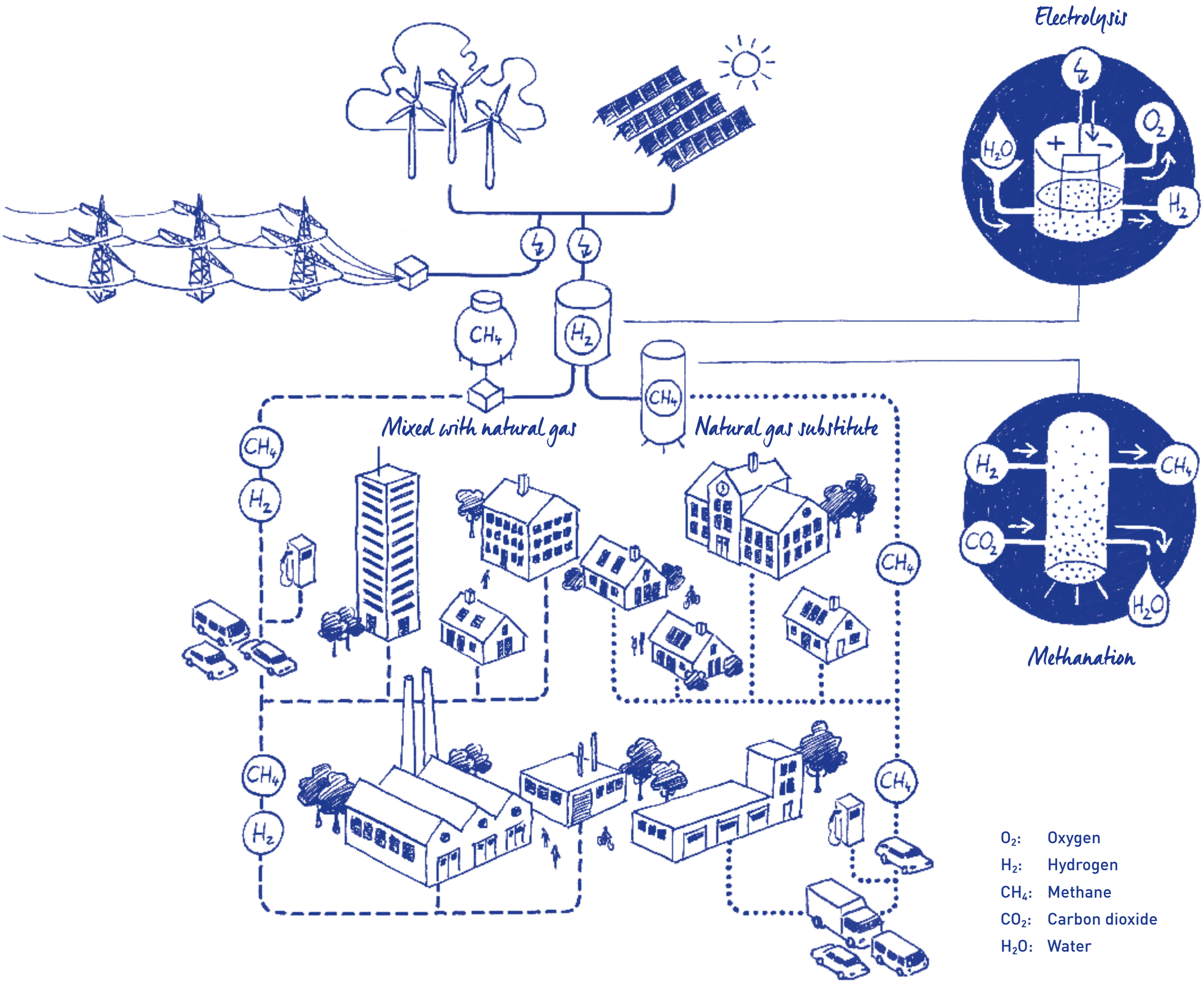
hydrogen content – this is the amount of hydrogen that Netze BW will add to the natural gas mix in its trial in Öhringen. This proportion is so far unique in Germany.

The German government recently demonstrated its strong commitment to "green" hydrogen: The Federal Cabinet approved the National Hydrogen Strategy in June. In this context, the Federal Ministry of Education and Research even describes it as the "oil of tomorrow". And the €130 billion coronavirus stimulus package announced by the German government will include €9 billion for the hydrogen industry.

But is this all just a distant dream? By no means, even though the road to a commercial use may still be long: The EnBW subsidiary Netze BW will start a pilot project this year in the City of Öhringen in the Hohenlohe District that is unique across Germany. A section of the natural gas grid will be disconnected from the rest of the grid and supplied independently. This will create a so-called grid island. A gas mix with a hydrogen content of up to 30% will be used here. This is a significantly higher proportion than experts believed was possible even a few years ago. The aim of the hydrogen island created by Netze BW is to demonstrate that the existing natural gas infrastructure can already deliver a climate-friendly energy supply today with the aid of hydrogen produced from renewable energies, making it an important component of the Energiewende.

Pilot project in Öhringen

The graphic shows the two possible uses for hydrogen – it is mixed as an energy source directly with natural gas as shown on the left and converted into natural gas in an additional step as shown on the right.



Interim Group management report

Business activity and strategy

Business activity

As an integrated energy company, EnBW is active in the four segments Sales, Grids, Renewable Energies and Generation and Trading and is transforming itself into a sustainable and innovative infrastructure partner. Following the realignment of our company as part of the Energiewende, the share of adjusted EBITDA accounted for by the regulated grid business and the share accounted for by renewable energies are both increasing. The demolition of the cooling towers at the Philippsburg nuclear power plant on 14 May 2020 was a visible sign of the withdrawal from nuclear energy.

Our roots lie in Baden-Württemberg, where we are positioned as a market leader. We rely here on EnBW AG, Netze BW and a series of other important subsidiaries. We also operate throughout Germany and abroad where we are pushing forward our strategy of selective internationalisation. In June 2019, we acquired Valeco, a French project developer and operator of wind farms and solar parks. We also opened a representative office in Taiwan and two branches in the USA in 2019. We are represented by our subsidiaries Connected Wind Services in Denmark and EnBW Sverige in Sweden. In Turkey, we are active in the renewable energies sector with our Turkish partner Borusan. The companies Energiedienst (ED) in Switzerland and Pražská energetika (PRE) in the Czech Republic, in which EnBW has held a participating interest for many years, also place a strong focus on renewable energies.

We supply around 5.5 million customers with energy and provide them with energy solutions and energy industry services. We are one of the leading providers of energy and environmental services in Germany. Another focus is the development of our cooperation with municipal utilities and local authorities. The supply of district heating and drinking water is also part of the range of services we offer. Our transformation into an infrastructure provider is continuing to take shape. We are one of the leading providers of quick-charging infrastructure for electric cars in Germany. We are active in the broadband sector through Plusnet, which was acquired in 2019, and our subsidiary NetCom BW.

Detailed information on our business model can be found in the Integrated Annual Report 2019 from p. 32 onwards.

Strategy

EnBW 2020 strategy largely implemented

The EnBW 2020 strategy is guided by the principle: “Energiewende. Safe. Hands on.” It describes our positioning and how we differentiate ourselves from our competitors – and has now been largely implemented.

We aim to more than double the share of our generation capacity accounted for by renewable energies from 19% (based on the reference year of 2012) to more than 40% in 2020. We have increased the capacities of our onshore wind farms significantly in Germany and selected foreign markets, while the same is true for the growth field of offshore wind energy. By investing extensively in grid expansion, we are making a substantial contribution to the infrastructure required by the energy system and thus to the security of supply. The overall share of adjusted EBITDA accounted for by the regulated grid business and renewable energies has increased from around 40% (reference year of 2012) to more than 70% in 2019 and has thus already reached the target value for 2020. This will improve the risk-return profile of EnBW. Innovative products and services should form another important pillar of the company’s business. By generating an adjusted EBITDA of €2.4 billion in 2019, we were already able to achieve our earnings target for 2020 early.

To implement our strategy, we planned total investments of €14.1 billion (reference year of 2012) by 2020. In order to obtain the financial headroom required for such extensive investments, we have significantly extended our divestiture programme – involving divestitures, cash inflow from participation models, the disposal of assets and subsidies – with our EnBW 2020 strategy to around €5.1 billion (based on the reference year of 2012). We realised investments of €14.8 billion and divestitures of €5.1 billion in the period up to and including 2019. The overfulfilment of our investment target was primarily due to the accelerated growth investment used for the acquisitions of Valeco and Plusnet.

We developed our EnBW 2020 strategy back in 2013 in the wake of the profound changes impacting the energy industry as part of the Energiewende. We have rigorously and sustainably implemented this strategy since then. In view of the upcoming planning horizon, the following is now clear: The improvements in efficiency, the transformation of the business portfolio and the growth initiatives designed to place the company on new foundations ready for the future have largely been implemented or are on the home straight. We will now make the switch from “realignment and repositioning” to “growth” in the EnBW 2025 strategy.

EnBW 2025 strategy: The path to becoming a sustainable and innovative infrastructure partner

Under the motto "Making and shaping the infrastructure world of tomorrow", the EnBW 2025 strategy will increasingly place the company's focus onto the infrastructure aspects of existing business fields. Furthermore, we will use our core expertise to exploit new growth opportunities above and beyond the energy sector. We are transforming ourselves into a sustainable and innovative infrastructure provider for our customers and other stakeholders. Following the successful implementation of the EnBW 2020 strategy, we will combine our business portfolio from 2021 within three strategic business fields: smart infrastructure for customers, system-critical infrastructure and sustainable generation infrastructure.

The earnings target for the EnBW 2025 strategy is to increase adjusted EBITDA to €3.2 billion. The aim is for all three strategic business fields to make a significant contribution to this increase in earnings. EnBW is planning to invest around €12 billion in total between 2021 and 2025. The main focus of the investment will be on the expansion of the grids, especially the central SuedLink and ULTRANET projects of our grid subsidiary TransnetBW for the future energy supply in Germany, the expansion of renewable energies and the further development of smart infrastructure for customers.

A detailed presentation of the EnBW Group strategy can be found in the Integrated Annual Report 2019 from p. 41 onwards.

In dialogue with our stakeholders

Shares and capital market

The two major shareholders of EnBW AG, the Federal State of Baden-Württemberg (indirectly via NECKARPRI-Beteiligungsgesellschaft mbH) and OEW Energie-Beteiligungs GmbH, each hold 46.75% of the share capital in the company.

The overall shareholder structure as of 30 June 2020 breaks down as follows:

Shareholders of EnBW

Shares in % [1]	
OEW Energie-Beteiligungs GmbH	46.75
NECKARPRI-Beteiligungsgesellschaft mbH	46.75
Badische Energieaktionärs-Vereinigung	2.45
Gemeindeelektrizitätsverband Schwarzwald-Donau	0.97
Neckar-Elektrizitätsverband	0.63
EnBW Energie Baden-Württemberg AG	2.08
Other shareholders	0.39

1 The figures do not add up to 100% due to rounding differences.

The shareholder structure of EnBW AG remains very stable. There are very limited trading volumes in the shares as a result.

According to Xetra, the stock market price stood at €49.00 on 30 June 2020.

We engage in continuous and open dialogue with capital market participants in order to ensure that investors, analysts and rating agencies maintain their trust in the company.

Due to the coronavirus pandemic, this year's ordinary Annual General Meeting was not held on 12 May 2020 as a face-to-face meeting as originally planned, but instead was held as a virtual event on 17 July 2020.

As the Annual General Meeting had to be postponed, the Board of Management and Supervisory Board agreed to already pay out an advance dividend from retained earnings of €0.35 per share to shareholders on 14 May 2020. At the press conference on the annual results held on 26 March 2020, a proposal for the payment of a dividend of €0.70 per share for the 2019 financial year was announced. The remaining amount was paid three business days after the resolution was passed by the Annual General Meeting on 22 July 2020.

It was necessary to cancel the Investor Update and Bankers' Day in the second quarter due to the coronavirus pandemic. Intensive dialogue with investors continued outside of these events, to an increasing extent in digital form.

Society

We are acutely aware of our responsibility towards society as a company. Our commitment to addressing the concerns and interests of society focuses on the target groups of end customers, business partners and local authorities within our primary business sphere of influence in Baden-Württemberg. Support for superordinate social issues is concentrated on the **core areas** of popular sport, education, social issues, the environment and art and culture.

During the **coronavirus pandemic**, we have a special role in guaranteeing the supply of energy to the state of Baden-Württemberg. Furthermore, we want to make our contribution to overcoming this crisis. This is why we decided at an early stage to restore connections to all those who had recently had their electricity and gas supplies cut off. We donated 5,000 high-quality protective masks from our stocks of protective equipment to the state of Baden-Württemberg, which can be used particularly in the healthcare system. To help some of the many local retailers whose existence has been endangered by the crisis, we are supporting the local book trade in Baden-Württemberg. We are especially promoting the central Internet platform for the German Publishers & Booksellers Association www.jetzteinbuch.de. We have also donated a total of €150,000 to the "Tafel" charities in Baden-Württemberg. The EnBW-Food Truck has been on the road throughout the state during the coronavirus pandemic to supply food to people in need, medical and care personnel at hospitals and sanatoriums as well as to children's villages. Our campaigns are being run under the motto of "We're making it happen together".

We welcome and promote volunteer work carried out by our employees. The **"Let's Volunteer" initiative** was launched for this reason in 2019. Two employees who volunteer in their local communities are each given €1,000 to donate to a charitable association each month.

The EnBW **"Making it happen bus"** also supports social or charitable projects. A total of 21 projects have already been successfully realised since 2016. Numerous proposals for voluntary and charitable projects were received in 2020 and three campaigns were selected following a public vote. A jury prize was also awarded for the first time this year. The projects are due to be implemented this summer and autumn. Further information on this subject is available at www.enbw.com/macherbus.

In the area of **urban infrastructure,** we are uniting our aim to establish and develop a promising business model with the desire to generate social benefit based on intensive dialogue with citizens. We plan, realise, operate and finance holistic, sustainable and digital districts in partnership with cities and local authorities, public utilities and project developers, as well as with the participation of citizens. A current example is the Stöckach site in the east of Stuttgart that is being developed as a joint project with the corporate infrastructure department. The new Stöckach (www.der-neue-stoeckach.de) will comprise up to 800 apartments with a total of at least 60,000 m² of living space, up to 40% of which will be subsidised housing. We plan to integrate opportunities for social interaction, leisure, local supply structures, health, energy supplies and mobility into the project – supported by technological solutions. The participation of citizens will play a central role in the project and we have also promoted this intensively during the coronavirus pandemic in the form of various digital events.

The immigration of refugees into Germany remains a major social, political and economic challenge. We already developed a training concept for refugees in 2015, with the goal of providing sustainable support with an eye to the future for the people affected. We have been running a multi-stage **career integration programme** since 2016, in which 44 refugees and migrants are currently serving a technical apprenticeship.

Selected activities in dialogue with our stakeholders

Stakeholder	Opportunity for dialogue	Main themes	Further information
Shareholders / capital market	Financial reports	Financial and non-financial performance of the company	www.enbw.com/financial-publications
	Virtual Annual General Meeting	Dialogue with shareholders	http://hv.enbw.com
	Telephone conferences / discussions with analysts and investors	Corporate economic development, positioning on capital market	www.enbw.com/conferencecall
Employees	Employee communication	#2020 on the road: 100-day tour of the Group by Frank Mastiaux, video messages from the Board of Management, social intranet, Yammer, "Team" employee magazine	
	Diversity campaigns	Diversity Week: Networks and HR department focus on the concept of diversity in various virtual campaigns	page 6
	"Let's Volunteer" initiative	Supporting the social engagement of employees	page 6
	"Making it happen" bus campaign	Employees of EnBW support another four social and charitable projects	page 6 www.enbw.com/macherbus
Customers	Participation in trade fairs and congresses	E-world energy & water Essen, UNITI Forum Hamburg, Solutions Day Frankfurt, etc.	
	Platforms for dialogue and discussion with customers	For example, Energy Efficiency Networks	
	Customer magazine, customer blog, social media channels, newsletter and local presence	Information on latest news, products, services and events from EnBW	www.twitter.com/enbw www.facebook.com/enbw www.enbw.com/blog
	Customer blog, social media channels, newsletter, Yello campaign "Expect more"	Information on latest news, offers and services from Yello	www.facebook.com/yello.de instagram.com/yello_de https://youtube.com/yellostrom
Local authorities / public utilities	Virtual annual local authority programme	Three events in regional centres with mayors and administration employees	
	"Corona" video conferences	Informal discussions with public utility managers on impacts and measures	
Society / environment	"We're making it happen together" support campaigns during the coronavirus crisis	Restoring connections to cut-off electricity and gas supplies, donation of protective masks, support for local economy and charitable organisations, food donations via the EnBW Food Truck	page 6
	Energy Campus	Idea competition for PhD students to promote young scientific talent	www.energie-klimaschutz.de
	Virtual sustainability event	Information event with more than 100 participants on the themes of "Grids and Sustainability", "Sustainable Finance" and "Sustainable Purchasing"	
	Biodiversity: funding programme: "Stimuli for Diversity"	Application phase 2020 concluded, funding projects are being selected	page 29 www.enbw.com/biodiversitaet
	Stöckach Ideas Room	Continued intensive dialogue with citizens in events using various digital formats (citizens' workshops, first "talk of the town" event)	page 6 www.der-neue-stoeckach.de
Suppliers / business partners	Dialogue on handling coal procurement responsibly	Intensifying contact with the main coal producers in Russia in virtual dialogue	page 10 www.enbw.com/responsible-coalprocurement
Politics / media	Discussion events on energy industry and climate protection topics	Two debate evenings on the themes of "Hydrogen – energy of the future or a dead end" and "Climate protection in China – a giant on its way?!"	www.energie-klimaschutz.de
	EnBW Energy and Business Club (EWC)	Webinar on the Coal Phase-out Act	
	Active and transparent communication via the media	Major articles in daily newspapers and magazines such as Handelsblatt and via social channels; digital journalist workshop on offshore themes	www.enbw.com www.twitter.com/enbw www.facebook.com/enbw

Research, development and innovation

Research and development

The goal of our **research and development** is to identify technological trends at an early stage, assess their economic potential and build up expertise together with the business units. For this purpose, we carry out pilot and demonstration projects together with partners or customers directly at the site of their subsequent application. This ensures that successful research projects deliver innovations for our company.

Nezzy² research project: In cooperation with the engineering company aerodyn, we are testing a model for floating wind power plants for the first time in Germany. The 18 m high prototype on a scale of 1:10 is currently being tested in a quarry lake near Bremerhaven. Nezzy² will then have to prove itself in the Baltic Sea in the summer. The next stage will be to build the model in its actual size with another partner in China and to test its effectiveness in practice. The aim of the research project is to develop a new offshore technology that will also allow wind power plants to be built at sea on areas with deep waters. Nezzy² is equipped with two rotors, which significantly reduces the amount of concrete and steel required per megawatt of installed output in comparison to a floating foundation with just one single rotor.

Decarbonisation in the heating sector: The heating system at the police headquarters in Bruchsal now employs a new heating supply concept using deep geothermal energy and a combined heat and power plant that in future will save around 700 t of CO_2 emissions per year. As part of the renovations in 2019, the heating system was connected up to the nearby Bruchsal geothermal power plant, in which EnBW has a majority shareholding, via a local heating grid pipeline. A 20-year contracting agreement has been signed for the supply of heating from deep geothermal energy and is exceeding forecasts after the first winter. Other projects for local heating grids using geothermal power are planned.

Battery storage systems: In collaboration with Audi, we are investigating battery storage solutions that focus on the redeployment of used Audi electric car batteries. These "second-life batteries" still have a high capacity even at the end of the service life of the vehicle and are thus suitable for use in stationary storage systems. They could be used to temporarily store excess electricity generated in wind farms and solar parks and to support the grid. In the first stage of the project, the two partners plan to construct a reference storage system on the premises of the EnBW combined heat and power plant in Heilbronn to test various application scenarios. The construction work is due to start before the end of the year. The reference storage system will act as a technical and procedural model for other systems in commercial operation.

Hydrogen: As part of the "Reallabore" tender process from the German Federal Ministry for Economic Affairs and Energy (BMWi), a project at the site of the ED hydrogen power plant Grenzach-Wyhlen was awarded funding in 2019. The aim is to expand the existing capacity of the hydrogen electrolysis plant by 5 MW of electrical output from its current output of 1 MW. Preparatory work for the implementation of the project was completed in the first half of 2020.

Innovation

We develop new business models that are closely related to the core business of EnBW at **EnBW Innovation**. The innovation strategy focuses on two main approaches: the generation and scaling up of new business models within the company in internal and external projects and investments in external start-ups made by EnBW New Ventures. Alongside the development of new business models and supporting start-up projects during the incubation phase, innovation management also accompanies mature projects during their growth phase with the Company Builder. In order to support the teams effectively, the Company Builder provides start-ups with additional skills from the Group. EnBW Innovation has received the Digital Lab Award for the third time in a row, this year for the scaling up of business models with the Company Builder.

twist mobility GmbH: Car sharing services have been offered almost exclusively in the catchment areas of major cities up till now. In order to change this situation, the start-up twist mobility GmbH has been founded in cooperation with the company builder Bridgemaker. twist is the first national provider of electric mobility-based car sharing services that focus completely on the needs of small and medium-sized cities and communities. twist provides the local authority partner with a complete package of services, which includes a station-based fleet of electric cars and scooters, user authentication and billing, as well as the provision, servicing, cleaning and repair of the vehicles. On request, twist can also provide the local communities with charging infrastructure solutions. The pilot city is Ehingen, where the first electric cars were rented out at the end of May. A development partnership agreement with four local authorities in Enzkreis was signed in June.

Founder motor masterclass: This initiative has the goal of getting start-ups based at universities ready for the investment stage during a four-month programme. As a corporate partner, EnBW Innovation is not only supporting this initiative financially but also with expert knowledge from within the Group. A successful partnership between one start-up and the "Stromlux" project from our subsidiary Netze BW was formed during the previous masterclass programme.

Procurement

Efficient and sustainable procurement processes

Our purchasing department views itself as a **partner for generating added value within the Group.** Its goal is to ensure the supply of materials and services at the best possible quality/cost ratio and thus strengthen the competitiveness of the company. We place great emphasis on the efficient design of our procurement processes for achieving cost-effective purchasing results, as well as on sustainable procurement, taking into account the requirements of national laws, EU law, international standards and the Group's internal guidelines. In order to manage the procurement processes, a system using various different performance indicators is used. It continually delivers a realistic picture of the current situation in purchasing and enables a comparison of the target and actual situation, as well as the prompt implementation of control measures.

A large number of suppliers and service providers contribute to the services we render. They play an important role in our efforts to achieve a leading position on the energy market. **Supplier management** promotes successful cooperation with our suppliers because it makes the performance of the suppliers transparent and also makes continuous optimisation in partnership possible. The careful selection of our business partners is a part of our risk management system and supports the observance of legal regulations and internally defined quality standards. Especially with regard to the selective internationalisation of the business, central purchasing at EnBW AG is also developing an integrated **supply chain management system** in close cooperation with the business and functional units**.**

Sustainable procurement begins with the careful selection of business partners. Central purchasing uses a standardised **prequalification process** for this purpose. Suppliers are required to provide a self-assessment via our supplier portal on whether they have sustainable measures in place in the areas of environmental management, occupational health and safety, the respect for human rights, the fight against corruption, data protection and quality management.

The **spread of the coronavirus** has had a significant impact worldwide on supply and demand along the supply chain. This has resulted in some cases in serious legal and economic consequences that make an effective supplier management system crucial. As an energy company and operator of critical infrastructure, we are acutely aware of the responsibility we have not only during this crisis. We work with various, in some cases extreme, scenarios to assess the potential consequences of the coronavirus crisis in the future. Purchasing has used these to identify critical operating resources. As a result of our very pronounced multiple supplier strategy and strategic stockholding of the majority of these critical operating resources, we anticipate that any potential delays to supply will continue to have only a minor impact even in the future. Problems with supply due to a halt in production in factories in Italy, France and Spain during March had eased once again by the middle of May. Problems experienced with regard to foreign installation personnel as a result of difficulties crossing national borders or providing accommodation have largely been resolved following the easing of the restrictions. We have not currently experienced any cases of supplier default, although somewhat longer lead times and small delays have occurred in some cases.

Respecting human rights and protecting the environment are key pillars of the EnBW culture. In cooperation with our business partners, we aim to improve the situation with respect to sustainability across the entire supply chain. Based on the measures that have been implemented so far, we are thus planning to make our procurement process more sustainable in the future – especially with respect to social and ecological aspects. A **sustainable procurement project** has been set up for this purpose. The main focus of this project is the development of a Supplier Code of Conduct (SCoC), which will be applicable to all EnBW product groups as a matter of principle and will form an obligatory part of the relationship with our suppliers. It will take full account of the key specifications in the National Action Plan for Business and Human Rights (NAP), including the integration of the elements of human rights due diligence (reference to general human rights, establishment of a complaints mechanism). The project will also cover the identification of social and ecological risks in the supply chain, deriving measures in dialogue with business partners and integrating sustainable criteria from the SCoC into the procurement process.

Responsible raw materials procurement in the coal sector

In the first half of 2020, Russia was by far the most important coal export country for Western Europe. The **coal producers** in Colombia, South Africa and the USA were able to secure higher prices for their coal in other markets or were forced to reduce their exports due to the fall in the price of coal. This development is also reflected in the volumes of coal delivered to the EnBW power plants.

Origin of coal supplies to EnBW power plants

in million t	01/01–30/06/2020	01/01–30/06/2019	Change in %
Russia	0.64	1.38	-53.6
USA	0.12	0.35	-65.7
Colombia	–	0.20	-100.0
South Africa	–	0.04	-100.0
Total [1]	**0.76**	**1.98**	**-61.6**

1 Any differences are due to rounding.

The significant decrease in coal deliveries was due to the general fall in demand for electricity as a result of the coronavirus pandemic, the displacement of coal by gas in the production of electricity and the further expansion of renewable energies.

The main focus of our corporate strategy is the repositioning of the energy portfolio from fossil fuels to renewable energies. However, coal will remain an important part of the portfolio for a limited period of time. For this reason, responsible raw materials procurement, particularly in the coal sector, holds great significance for us.

Based on the results of, and selected indicators used in, the progress and development report into Colombian coal mining companies that was published in summer 2019, we have also intensified our engagement with Russian coal producers. In late autumn 2019, we took a **trip to Russia** to the Kusbass coal mining region. An EnBW delegation from the trading and sustainability departments gained an initial overview of the situation on-site in the coal mines. The intensive dialogue with the coal producers primarily focussed on current developments in the areas of occupational health and safety, environmental and health protection and the freedom of association for employees, as well as the resettlement policy and influence of the coal mines on the neighbouring population. A subsequent trip to Russia planned for early 2020 had to be cancelled at short notice because of the coronavirus pandemic and rescheduled. Instead, we are continuing our dialogue with the coal producers virtually with the aim of achieving, amongst other things, clearer agreements on development targets that need to be set to show a commitment to CSR issues.

As part of the responsible procurement of raw materials, our aim is to safeguard the interests of all stakeholders in the coal mining regions. To this end, we held discussions with stakeholders from governmental and non-governmental areas in the first half of 2020. On the whole, we want to further intensify the dialogue with stakeholders in all regions in which we source coal. Therefore, we are seeking to become a member of the **corporate initiative Bettercoal** and are currently in close contact with them. We plan to use this platform in future to further improve the existing monitoring of the sustainability performance of coal producers.

The **sustainability index,** which records the sustainability performance of our contractual partners, was updated to include current and potential business partners.

General conditions

Cross-segment framework conditions

Coronavirus pandemic

In the first half of 2020, the coronavirus infected more than 13 million people around the world and more than 500,000 people have died as a result. In comparison to other countries, Germany has not been as severely impacted with around 200,000 infected people and about 9,000 deaths. The pandemic has resulted in the largest economic downturn since the global economic crisis. According to forecasts from the German government and the European Union, this will result in a fall in gross domestic product (GDP) in Germany of around 6 to 7% in 2020, whereby a substantial recovery in 2021 does appear possible (approximately 5 to 6%).

The economic slump has led to a considerable drop in sales of more than 50% in many sectors (especially travel and airlines, trade fairs and events, retail, gastronomy and hotels but also automotive, steel and mechanical engineering). However, the energy sector has been less affected. Even during the highpoint of the crisis, there was only a 10% drop in demand for electricity. Germany and Europe are facing considerable challenges: National debt is likely to increase considerably as a result of recession, falling tax revenues and a significant increase in government expenditure. Local authorities will also face serious financial bottlenecks caused by lost tax revenues totalling an estimated €15.6 billion.

Measures to support the economy

In order to tackle these challenges, the EU Commission has agreed a €750 billion recovery package ("Next Generation EU"), as well as front-loaded financial support from the Multiannual Financial Framework of the European Union. The strong focus placed here on digitalisation and the EU Green Deal is particularly welcome. Alongside funding for the hydrogen industry, key areas also include the further expansion of renewable energies (especially offshore wind energy) and accelerating the decarbonisation of the transport sector by expanding the charging infrastructure for electromobility. Furthermore, the package of measures includes a strong incentive programme for the comprehensive renovation of buildings, the expansion of 5G telecommunications and funding for artificial intelligence and cybersecurity. The German government has presented a recovery package with a total budget of €130 billion, which also focuses on climate protection, the modernisation of infrastructure, digitalisation and funding the expansion of hydrogen generation. Other components are increased funding for e-mobility and charging station infrastructure, CO_2-related building modernisation and a reduction in the rate of VAT. In addition, the burden on energy customers will be reduced by, amongst other things, the stabilisation of the EEG cost allocations in energy prices.

Alongside the promotion of the hydrogen sector in the recovery programme, the "National Hydrogen Strategy" will improve the framework conditions for developing a national H_2 value chain and an international H_2 market.

Numerous measures in the recovery packages from the EU Commission and the German government are aimed in a direction in which we are also heading with our strategic transformation into a sustainable and innovative infrastructure partner.

Climate protection

Despite the fact that the coronavirus pandemic is currently the dominant issue, it is not expected that the climate change agenda will be marginalised. Alongside the focus on sustainability in the recovery package, the EU has set itself the goal of transforming and modernising the economy and society in the EU Green Deal. The EU now aims to enshrine the 2050 climate neutrality target, which was announced in its comprehensive Green Deal, into law. In addition, it will investigate by autumn 2020 the effects of increasing the 2030 European climate targets to at least a 50% or 55% reduction in emissions. While the climate neutrality target is supported by the European Parliament and all member states except Poland, and it is probable that the legislation will, therefore, pass quickly, further negotiations on the precise increase to the target for 2030 are required.

Coal exit

After the so-called "Coal Commission" presented its final report in January 2019, the Coal Phase-out Act was passed in July 2020. It envisages – in accordance with the recommendations made by the Coal Commission – an end to coal-fired power generation in Germany by 2038 at the latest. German brown and hard coal capacities in the energy industry should also be reduced to 15 GW each by 2022 (the total capacity of both is currently around 42 GW). A further reduction in the total capacity to 17 GW will then be required by 2030. The law includes the negotiated decommissioning of brown coal power plants and compensation for their operators, as well as compensation in the form of auctions for operators of hard coal power plants. Participation in the auctions will be made more difficult for operators of power plants in southern Germany due to an additional factor concerning the grids because these plants are considered to be important for supporting the grids. In general, there will be no compensation for the decommissioning of power plants after 2030 (except in cases of possible hardship). Power plants that are not decommissioned via an auction can be forced to shut down as part of "statutory reductions".

In addition, incentives will be created for power plant operators to switch over their power plant sites to climate-friendly fuels (fuel switch).

Sales segment

The measures to contain the coronavirus pandemic have also had an impact on **electricity sales**. Empty office buildings, a reduction in industrial production and closed shops and restaurants have led to a significant fall in electricity consumption in the first half of 2020. However, it is anticipated that the electricity consumption in private households will increase due to a sharp rise in the proportion of people working from home and the fact that people are now otherwise spending more time at home. As its electricity sales are focussed on the retail customer business, EnBW will only be impacted to a limited extent by the fall in sales volumes.

Due to the current challenges, the Bundestag agreed to a **moratorium of payment obligations** as part of the coronavirus stimulus package announced on 25 March 2020. As a result, retail consumers and small commercial business who are impacted by the economic consequences of the coronavirus crisis can suspend their payments for electricity and gas for three months. This suspension was limited until 30 June 2020.

Another effect of the pandemic was a reduction in the number of new vehicle registrations (April 2020: -61%) and a reduction in the charging processes at public charging stations. In contrast, the **demand for electric cars** increased significantly in the first four months of this year despite the coronavirus crisis. The number of electric vehicles in Germany thus doubled in comparison to the same period of the previous year. This increase was primarily due to government incentives and the CO_2 emission limit imposed for the fleets of cars that are produced by car manufacturers. These supporting factors will be strengthened even further by the measures in the recovery package for purchasing electric vehicles and expanding the charging infrastructure.

The challenge of managing important activities such as work and schooling at home has increased awareness for the fact that the Internet infrastructure provides an "insurance function" for the economy and social life. Acceptance for **digitalisation** and its application has been boosted considerably as a result. In everyday working life, the huge number of people working from home has led to a sharp increase in the use of video conferences. These trends resulted in a rapid increase in data transmission volumes, whereby the largest peak was recorded at an Internet exchange point in Frankfurt and achieved a new world record of 9 Tbit/s. In order to be able to handle this increasing demand in the future, the continuous expansion of the "last mile" of the broadband network is thus essential. EnBW and its subsidiaries NetCom BW and Plusnet together cover the entire value added chain in the broadband sector.

An important goal of the German government is to develop a climate-neutral building stock by 2050. Achieving high levels of **energy efficiency in buildings** will be key for this. The Building Energy Act (GEG) that was passed on 18 June 2020 will bring together various legal requirements for the energy-related properties of buildings. A 40% subsidy for exchanging an oil heating system is due to be introduced from 2026 onwards. In addition, a tax incentive to subsidise energy-related renovation measures of 20% of the investment costs will be introduced from 2020 onwards and the already existing government subsidies will be increased by 10%. Due to the age structure of heating systems, this replacement rate is set to increase in the coming years. The replacement of a heating system is often also accompanied by a switch in energy source to natural gas, district heating or renewable energies. We believe that there are huge opportunities for growth as a result of the dynamics in the heating market.

Grids segment

In January 2020, the four German transmission system operators presented the draft version of the **Network Development Plan framework scenario for electricity for the period up to 2035**. All variants anticipate an increase in electricity consumption. The draft takes into account the phasing out of nuclear power by the end of 2022 and the planned exit from coal-fired power generation by 2038 at the latest.

The consultation process for the **Network Development Plan Gas 2020 to 2030** was held in May on the basis of the already published draft proposals. The transmission system operators published their draft later than in previous years on 1 July.

Approval for the construction of a direct current substation (HVDC converter) at the site of the former nuclear power plant in Philippsburg for the 340 km direct current transmission line between Osterath in North Rhine-Westphalia and Philippsburg that will be realised by our transmission system operator TransnetBW together with Amprion in the **ULTRANET** project was received on 26 March 2020. Construction of the HVDC converter is due to start in the third quarter of 2020 and ULTRANET is due to be completed by 2024. In parallel, the two transmission system operators TenneT and TransnetBW are also realising the **SuedLink** project. It consists of two direct current transmission lines between Wilster and Bergrheinfeld/West and between Brunsbüttel and Großgartach (Leingarten). The Federal Network Agency opened the planning approval process for the first northern sections in February.

In April, the Federal Network Agency also confirmed the extension of the system relevance of the **EnBW reserve power plants**; these power plant blocks were registered for decommissioning between July 2013 and March 2017. To ensure that they can be activated at the request of TransnetBW in the event of electricity shortages, these nine conventional reserve power plants with a total output of around 1.7 GW will continue to be kept operationally ready until 31 March 2023.

In January, our distribution grid subsidiary Netze BW started another **pilot project for the integration of electromobility** in Kusterdingen near Tübingen. The main focus of this project is to determine the influence of private charging processes on the distribution grid in rural areas.

Following a successful inspection, Netze BW once again received **certification for technical safety management** for the areas of electricity, gas and water from the sector association DVGW at the end of January. The processes and procedures for the operation of the electricity, gas and water grids comply with all the requirements of the responsible sector associations without any reservations.

Following a decision by the German Federal Court of Justice on 7 April 2020, Netze BW will hand over its high-voltage electricity grid and high-pressure gas grid in the Stuttgart area to the company **Stuttgart Netze**. Netze BW had already handed over its medium and low-voltage grids to Stuttgart Netze as part of the new concession in 2014.

Renewable Energies segment

Germany

The proportion of **total electricity generation accounted for by renewable energies** increased significantly in the first half of 2020 to around 55% (+9 percentage points compared to 2019), which was due both to more favourable weather conditions and also a significant fall in demand due to economic conditions.

As a result of the limited amount of construction work carried out during the coronavirus crisis, the increase in the **installed output from renewable energies** in Germany was lower than expected in the first half of the year. Around 2 GW of output from new photovoltaic plants and 0.6 GW from onshore wind farms was placed into operation. In the first half of 2020, a great deal of interest was shown by project developers in the auctions held for photovoltaics, while the auctions held for onshore wind power were once again clearly undersubscribed.

The German government implemented several of the measures announced in its climate action package during the first half of the year, while others are still waiting to be approved. The so-called **"mini EEG reform"** has been passed and contains the following main changes:

In the last phase of the legislative process, the 52 GW ceiling for the funding of **photovoltaic power plants** with an output of less than 750 kW was removed, so that power plants that are placed into operation after the 52 GW threshold has been reached can still receive funding in accordance with the EEG.

For **onshore wind power plants,** a flexibility clause for the minimum distance rule of 1,000 m was introduced so that individual states could deviate from this rule. The privileges for community energy cooperatives have been removed so that they no longer have a right to participate in auctions without approval in accordance with the Federal Immission Control Act.

For **offshore wind power plants**, the legislative process for the proposal to increase the target in the climate action package from 15 to 20 GW by 2030 is still ongoing. The additional capacity will be awarded via a central auction process, whereby the original developers of sites will be given preferential rights.

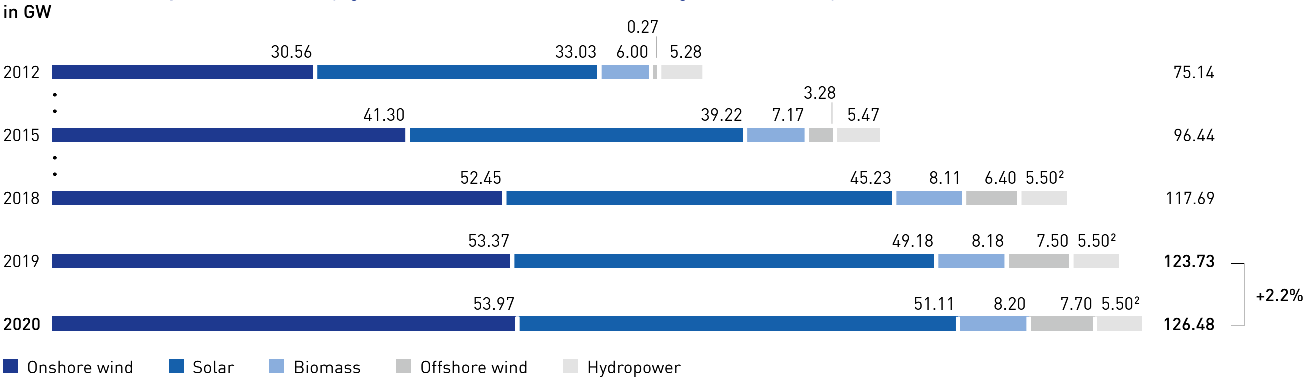
France

EnBW is active on the French market following the acquisition of Valeco, the French project developer and operator of wind farms and solar parks. We expect dynamic growth here, both in the wind power and photovoltaic sectors. The framework conditions in France guarantee continued and reliable funding for renewable energies.

Sweden

Sweden offers very favourable conditions and a competitive environment for renewable energies. In particular, onshore wind energy will play an increasingly important role on the Swedish generation market in the next few years. Since its entry onto the market in 2018, EnBW has continued to expand its wind power portfolio. We currently have 107.5 MW in operation and are realising a project with three turbines. We are also establishing a medium to long-term development pipeline.

Installed net output for electricity generation from renewable energies in Germany[1]
in GW



1 The figures for the previous year have been restated.
2 Correction to the value for hydropower from 4.78 GW to 5.50 GW by EnBW.
Source: Fraunhofer ISE (www.energy-charts.de) | As of 01/07/2020

Turkey

Our joint venture with our Turkish partner Borusan is expanding its wind power portfolio with two projects that are currently under construction. These wind power plants are due to be completed by 2020, when a total output of 646 MW will be in operation. In addition, the joint venture has a hydropower plant (50 MW) and two solar parks (8.8 MW) in operation. There are also a further 400 MW of onshore wind power in the project pipeline.

The existing funding mechanism is valid until the end of 2020. The design of the funding mechanism for the period after 2020 is currently being defined. In our view, Turkey still offers attractive conditions for the further expansion of renewable energies. However, we are monitoring the current political and economic developments in Turkey very closely.

Generation and Trading segment

Electricity wholesale market

In the first half of 2020, the average spot market price was around €15/MWh below the level in the previous year. The average price on the forward market was also significantly below the average price in the previous year. The fall in prices was primarily attributable to the low demand for electricity because of the restrictions placed on public life due to the coronavirus, high feed-ins from renewable energy sources and the significant drop in gas and coal prices.

Current prices on the forward market for the German market in 2022/2023 indicate that prices will increase. This reflects above all similar trends on the markets for coal, gas and CO_2 allowances where prices are also increasing. An important lever will also be the future development of energy and climate policies both at home and abroad.

Development of prices for electricity (EPEX), base load product

in €/MWh	Average H1 2020	Average H1 2019	Average 2019
Spot	23.42	38.33	37.67
Rolling front year price	39.22	48.00	47.79

Gas market

Gas prices for deliveries in summer 2020 have fallen since the beginning of the year. The prices for deliveries in 2021 fell until the middle of March and have experienced sideways movement since then. Temperatures were very mild across the majority of Europe during the 2019/2020 winter. The main sales markets for liquefied natural gas (LNG) in Asia (China, Japan, South Korea, Taiwan) also had warmer winters than in the previous year. As the demand for heating dominates the gas market in winter, there was lower consumption in many markets as a result. The coronavirus crisis has also had an impact on the gas market since March 2020. The massive drop in oil prices, the fall in prices for many other raw materials and the lower demand for gas from the industrial and power plant sectors in Europe have placed further pressure on prices. The gas storage levels in Europe are at a record high for this time of the year. Since March/April 2020, surplus gas is being stored and many market participants expect that the gas storage facilities will be full by the end of the summer. As a result of the many new LNG production facilities in combination with lower global demand, a relatively large amount of LNG was delivered to Europe up to June 2020. Since June 2020, the low prices for LNG have resulted in deliveries being cancelled, especially from the USA. This has led to fewer LNG ships arriving in north-west Europe and reduced utilisation of the capacities at the import terminals.

An increase in global production capacities for LNG is also expected in 2020. The potential supplies of LNG for Europe are thus expected to increase further. The current low gas prices in Europe and Asia could result in the further cancellation of LNG deliveries from the USA. Many market participants expect that the first gas will be transported via the Nord Stream 2 pipeline at the beginning of 2021. Any tightening of the existing or new US sanctions would further delay or maybe even prevent the completion of the pipeline. Russia can compensate for the late completion of the pipeline if it reserves more gas transmission capacities through the Ukraine. It is very difficult to predict the medium to long-term impact of the coronavirus crisis on the gas market. The demand from industry could fall for a long period of time across the whole of Europe.

Development of prices for natural gas on the TTF (Dutch wholesale market)

in €/MWh	Average H1 2020	Average H1 2019	Average 2019
Spot	7.56	15.73	13.51
Rolling front year price	13.36	19.39	18.19

Oil market

The price of Brent oil stood at US$66/bbl at the beginning of the 2020. Following reports of the coronavirus pandemic in China, the front month price initially dropped to US$48/bbl by the beginning of March 2020 because the demand for oil in the country fell. As a result of restrictions on air travel to China, the demand for oil also fell outside of China. A meeting of the OPEC+ group was supposed to restore balance between supply and demand by agreeing production cuts. However, the meeting failed due to Russia's refusal to cut its oil production any further. The failed meeting was followed by a battle for market share between the OPEC+ countries. They increased their production of oil, despite the fact that the coronavirus had spread beyond China and led to a historically unprecedented collapse in the global demand for oil. The Brent prices fell to US$16/bbl on 22 April 2020 and the price for US WTI oil was even trading for a short period of time at US$38/bbl due to extraordinary effects. It was only possible to reverse the fall in prices after an agreement by the OPEC+ group to cut back its oil production by up to 9.7 mb/d, other price-driven cuts in production outside of the OPEC+ countries and the first signs of recovery in the demand for oil. The price of a barrel of Brent oil exceeded the value of US$40/bbl again by the end of June.

Forward market prices are reflecting the expectation that prices will increase slightly. It is anticipated that the cuts in production by the OPEC+ group and other countries combined with a recovery of the global demand for oil from the second half of 2020 onwards will lead to a reduction in the global stocks of oil that had increased massively. The relatively weak rise in prices over time can be explained by the uncertainty with respect to the future development of the coronavirus pandemic and global economic growth; if the price of oil rises too high, there are also fears that oil supplies could increase too quickly again.

Development of prices on the oil markets

in US$/bbl	Average H1 2020	Average H1 2019	Average 2019
Crude oil (Brent) front month (daily quotes)	42.10	66.17	64.16
Crude oil (Brent), rolling front year price (daily quotes)	45.91	63.60	61.31

Coal market

Starting at a price of US$62/t, the front year price for coal fell sharply until the end of April 2020 to US$52/t. The main reasons for the fall in prices were the extremely limited demand for coal in Europe due to low gas prices (displacement of coal-fired generation with gas-fired generation), the negative effects of the coronavirus crisis on global demand and the general fall in prices on the energy market, comprising oil, gas, CO_2 allowance and electricity prices. There was a period of stabilisation from the end of April 2020 until the beginning of June 2020 when the collapse of the only railway bridge to the Russian coal export port of Murmansk and rising gas prices resulted in an increase in prices. Prices on the spot market developed largely in parallel with the front year price, although at a lower level and with greater volatility.

Both European natural gas prices and the developments in China will have a decisive influence on the development of European coal prices in the future. European natural gas prices are significant because of the competition between both fuels in the areas of electricity generation. Cheaper gas-fired generation is currently displacing European coal-fired generation on a huge scale. As by far the largest consumer of coal in the world, China has a dominant influence on the international coal market. The increasing expansion of domestic coal production in China and the regulation of the volume of coal imports will continue to have a significant effect on the global market.

Development of prices on the coal markets

in US$/t	Average H1 2020	Average H1 2019	Average 2019
Coal – API #2, spot market price	45.83	64.68	60.75
Coal – API #2 rolling front year price [1]	56.65	74.07	69.54

1 The figures for the previous year have been restated.

CO_2 allowances

The coronavirus crisis had its biggest impact on the development of prices for CO_2 allowances in March 2020, after almost all EU governments had gradually imposed lockdowns to contain the spread of the virus. This led to a considerable fall in emissions due to the reduction in industrial production, lower electricity consumption and the almost complete cessation of air travel. Another reason for the fall in emissions was the significantly lower fuel switch costs due to the low price for gas. These prices are now even negative in the summer months – even when the price of CO_2 allowances is zero, the generation costs at gas power plants are still lower than those at coal power plants. As the coronavirus crisis is overcome and the economy starts to recover, it is anticipated that there will again be a huge undersupply of EUA certificates from 2021. It is thus expected that prices will increase as a result. It is likely that the reduction in supply imposed by the market stability reserve (MSR) and a possible increase in the EU emissions reduction target for 2030, as proposed in the Green Deal, will also support an increase in prices.

Development of prices for emission allowances/daily quotes

in €/t CO_2	Average H1 2020	Average H1 2019	Average 2019
EUA – rolling front year price [1]	22.05	23.91	24.88
CER – rolling front year price	0.24	0.22	0.21

1 The figures for the previous year have been restated.

Nuclear power

The coalition agreement of the German government sets out the framework for current nuclear power policy: The main targets are the retention of specialist personnel and expertise, quick progress in the search for a final storage site for highly radioactive waste (by 2031) and the rapid commissioning of the final storage site for low and medium-level radioactive waste (2027 according to the current plans). The authorisation to operate the Philippsburg nuclear power plant for the purpose of generating power expired on 31 December 2019. On 14 May 2020, we successfully completed the demolition of the cooling towers in Philippsburg and thus achieved an important milestone for the Energiewende in Germany.

The EnBW Group

Finance and strategy goal dimensions

Results of operations

Electricity sales fall significantly especially in the trading sector, gas sales slightly below the level in the previous year

Electricity sales volume (without Grids)

in billions of kWh 01/01–30/06	Sales		Renewable Energies		Generation and Trading		Total (without Grids)		Change in %
	2020	2019	2020	2019	2020	2019	2020	2019	
Retail and commercial customers (B2C)	7.4	7.8	0.0	0.0	0.0	0.0	7.4	7.8	-5.1
Business and industrial customers (B2B)	9.4	10.3	0.0	0.0	0.0	0.0	9.4	10.3	-8.7
Trade	0.5	1.0	1.9	1.4	33.9	68.4	36.3	70.8	-48.7
Total	**17.3**	**19.1**	**1.9**	**1.4**	**33.9**	**68.4**	**53.1**	**88.9**	**-40.3**

Electricity sales fell in the reporting period compared to the previous year. In a persistently challenging, competitive environment, electricity sales in business with retail and commercial customers (B2C) were slightly below the level in the previous year. Sales to business and industrial customers (B2B) also fell in comparison to the same period of the previous year as a result of the withdrawal from the B2B commodity business under the EnBW and Watt brands. Sales in the trading sector were significantly lower due to the decrease in trading activities. However, the effect of trading activities on the earnings potential of our company is limited. Adjusted for the effects of the changes in the consolidated companies, electricity sales of the EnBW Group fell by 40.5%.

Gas sales volume (without Grids)

in billions of kWh 01/01–30/06	Sales		Renewable Energies		Generation and Trading		Total (without Grids)		Change in %
	2020	2019	2020	2019	2020	2019	2020	2019	
Retail and commercial customers (B2C)	9.6	10.6	0.0	0.0	0.0	0.0	9.6	10.6	-9.4
Business and industrial customers (B2B)	33.6	30.1	0.0	0.0	0.0	0.0	33.6	30.1	11.6
Trade	0.2	0.4	0.1	0.0	104.6	114.5	104.9	114.9	-8.7
Total	**43.4**	**41.1**	**0.1**	**0.0**	**104.6**	**114.5**	**148.1**	**155.6**	**-4.8**

Gas sales fell slightly in the first half of 2020 in comparison to the same period of the previous year. In a persistently challenging, competitive environment, gas sales in the retail customer business (B2C) fell in comparison to the previous year as a result of the weather. In contrast, sales to business and industrial customers (B2B) increased in comparison to the same period of the previous year due to customer acquisitions by individual brands and the takeover of a portfolio in the second half of 2019. This was offset to some extent by the withdrawal from the B2B commodity business under the EnBW and Watt brands. On the other hand, there was a fall in trading activities. However, the effect of trading activities on the earnings potential of the company is limited.

External revenue slightly below level in the previous year

External revenue by segment

in € million [1, 2]	01/01–30/06/2020	01/01–30/06/2019	Change in %	01/01–31/12/2019
Sales	3,947.7	3,935.1	0.3	7,679.0
Grids	1,704.1	1,663.3	2.5	3,459.7
Renewable Energies	535.2	284.4	88.2	653.1
Generation and Trading	3,534.6	4,129.1	-14.4	6,970.1
Other/Consolidation	4.4	5.1	-13.7	3.1
Total	**9,726.0**	**10,017.0**	**-2.9**	**18,765.0**

1 The figures for the previous year have been restated.
2 After deduction of electricity and energy taxes.

Adjusted for the effects of the changes in the consolidated companies, external revenue was 6.5% or €670.9 million below the level in the previous year. The figures for revenues in the previous year were restated due to the IFRIC agenda decision "Physical settlement of contracts to buy or sell a non-financial item (IFRS 9)". The application of the agenda decision only results in a reporting change and has no effect on EBITDA.

Sales: In the first half of 2020, revenue in the Sales segment was at the same level as in the previous year. Adjusted for the effects of the changes in the consolidated companies, there would have been a fall of 3.9% or €160.7 million. This was primarily due to a slight fall in electricity sales.

Grids: Revenue in the Grids segment in the reporting period was slightly higher than the figure in the previous year, which was mainly due to higher revenue from the use of the grids.

Renewable Energies: In the Renewable Energies segment, revenue increased significantly in the first half of 2020 in comparison to the previous year. Adjusted for the effects of the changes in the consolidated companies, which mainly involved the commissioning of our EnBW Hohe See and EnBW Albatros offshore wind farms and the acquisition of Valeco, there would have been an increase of 9.4% or €45.8 million. This increase was primarily attributable to higher generation from our offshore and onshore wind farms as a result of the weather.

Generation and Trading: Revenue in the Generation and Trading segment fell in the reporting period in comparison to the same period of the previous year, which was primarily due to a fall in sales and lower prices in the gas trade. Adjusted for the effects of the changes in the consolidated companies, there would have been a fall of 14.4% or €596.1 million.

Material developments in the income statement

The fall in revenue of €291.0 million in comparison to the figure in the previous year to €9,726.0 million was primarily attributable to lower gas prices and a fall in electricity sales. The negative balance from other operating income and other operating expenses in the reporting period increased from €-229.2 million in the previous year to €-380.8 million in the reporting period. This was mainly due to an extraordinary effect related to VAT. The cost of materials was €788.0 million less than the figure in the previous year, which was also a result of the development of wholesale prices and a fall in sales. The investment result in the reporting period stood at €104.4 million, which was €29.5 million higher than the figure of €74.9 million in the previous year. This development is primarily attributable to the revaluation of the shares in EnBW Albatros, which since 1 January 2020 is no longer accounted for using the equity method but is instead fully consolidated. This was offset to some extent by a lower result from investments and entities accounted for using the equity method. The financial result deteriorated in the reporting period in comparison to the same period in the previous year by €320.0 million to €-356.1 million (previous year: €-36.1 million). The primary reason for this development was a lower result from the market valuation of securities, which was caused by the uncertainty on the global securities markets due to the coronavirus pandemic. The discount rate for nuclear provisions was adjusted from 0.03% to 0.00% (previous year: decrease from 0.6% to 0.3%). Overall, earnings before tax (EBT) totalled €375.5 million in the first six months of the 2020 financial year, compared with €404.5 million in the previous year.

Earnings

The Group net profit/loss attributable to the shareholders of EnBW AG fell from €286.2 million in the same period of the previous year by €102.0 million to €184.2 million in the reporting period. Earnings per share amounted to €0.68 in the reporting period compared to €1.06 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 and depreciation and amortisation, adjusted for non-operating effects – as the key reporting indicator for disclosing this information.

Adjusted EBITDA by segment

in € million [1]	01/01–30/06/2020	01/01–30/06/2019	Change in %	01/01–31/12/2019
Sales	135.8	123.5	10.0	322.8
Grids	744.9	740.7	0.6	1,355.3
Renewable Energies	425.8	212.9	100.0	499.3
Generation and Trading	395.0	283.5	39.3	429.5
Other/Consolidation	-114.9	-84.6	-35.8	-174.4
Total	**1,586.6**	**1,276.0**	**24.3**	**2,432.5**

1 The figures for the previous year have been restated.

Share of adjusted EBITDA accounted for by the segments

in % [1]	01/01–30/06/2020	01/01–30/06/2019	01/01–31/12/2019
Sales	8.6	9.7	13.3
Grids	46.9	58.0	55.7
Renewable Energies	26.8	16.7	20.5
Generation and Trading	24.9	22.2	17.7
Other/Consolidation	-7.2	-6.6	-7.2
Total	**100.0**	**100.0**	**100.0**

1 The figures for the previous year have been restated.

The adjusted EBITDA increased in the first half of 2020 in comparison to the same period of the previous year by €310.6 million or 24.3%. Adjusted for the effects of changes in the consolidated companies, the adjusted EBITDA would have increased by €84.1 million or 5.6%.

Sales: The adjusted EBITDA in the Sales segment increased in the first half of 2020 by €12.3 million or 10.0% in comparison to the same period of the previous year. Plusnet, which was acquired in 2019, has been contributing to earnings since the beginning of the third quarter 2019. Adjusted for the effects of the changes in the consolidated companies, the adjusted EBITDA was €21.9 million or 13.9% lower than the level in the previous year. The main reasons for this fall in earnings were higher procurement costs and pricing measures that had a delayed effect. The coronavirus pandemic had a moderately negative impact on the adjusted EBITDA in the first half of 2020.

Grids: The adjusted EBITDA in the Grids segment in the first half of 2020 was around the same level as in the previous year with a change of €4.2 million or 0.6%. The earnings performance was due to, on the one hand, higher revenue from the use of the electricity and gas grids, above all because of the increased investment necessary to ensure the security and reliability of supply of the grids. On the other hand, revenue from the use of the gas distribution grids fell as a result of the weather. The earnings performance in the first half of 2020 was not significantly influenced by the effects of the coronavirus pandemic.

Renewable Energies: The adjusted EBITDA in the Renewable Energies segment in the first half of 2020 was €212.9 million or 100.0% higher than the level in the previous year. Adjusted for the effects of the changes in the consolidated companies which mainly involved our EnBW Hohe See and EnBW Albatros offshore wind farms and the acquisition of Valeco, the increase was €21.5 million or 5.3%. The EnBW Hohe See and EnBW Albatros wind farms have been contributing to earnings since they were commissioned at the beginning of the fourth quarter of 2019 and the beginning of the first quarter of 2020, respectively. Valeco has been contributing to earnings since the third quarter of 2019. In addition, better wind conditions at our offshore and onshore wind farms in comparison to the same period of the previous year contributed to a positive earnings performance. Furthermore, the electricity delivered from our hydropower plants was sold on the forward market at higher wholesale market prices than in the previous year.

Generation and Trading: The adjusted EBITDA in the Generation and Trading segment increased in the first half of 2020 by €111.5 million or 39.3% in comparison to the same period of the previous year. Adjusted for the effects of the changes in the consolidated companies, this would have been an increase of €110.6 million or 38.9%. We sold our electricity deliveries at higher wholesale market prices than in the same period of the previous year. In addition, earnings contributions from trading activities had a positive effect due to growing volatility on the wholesale markets. It was thus possible to significantly overcompensate for the loss of the earnings contribution from Block 2 of the Philippsburg nuclear power plant as a result of the nuclear power plant being decommissioned. The coronavirus pandemic did not lead to any negative effects in the first half of 2020.

As already mentioned in the Annual Report 2019, there was an adjustment to the management concept in connection with the reorganisation of the SAP system at the beginning of the year. This has resulted in a shift between Other/Consolidation and the segments. The figures for the previous year have been restated accordingly.

Non-operating EBITDA

in € million	01/01–30/06/2020	01/01–30/06/2019	Change in %
Income/expenses relating to nuclear power	14.6	-7.2	–
Result from disposals	-4.0	3.3	–
Restructuring	-12.1	-13.5	10.4
Valuation effects	-159.1	-180.9	12.1
Other non-operating result	-66.9	-6.6	–
Non-operating EBITDA	**-227.5**	**-204.9**	**-11.0**

The fall in non-operating EBITDA was mainly due to an extraordinary effect related to VAT. This was offset to some extent by a lower write-down on inventories in gas storage facilities in accordance with IFRS 9 in comparison to the same period of the previous year.

Group net profit/loss

in € million			01/01–30/06/2020			01/01–30/06/2019
	Total	Non-operating	Adjusted	Total	Non-operating	Adjusted
EBITDA	**1,359.1**	**-227.5**	**1,586.6**	**1,071.1**	**-204.9**	**1,276.0**
Amortisation and depreciation	-731.9	-89.1	-642.8	-705.4	-1.7	-703.7
EBIT	**627.2**	**-316.6**	**943.8**	**365.7**	**-206.6**	**572.3**
Investment result	104.4	54.9	49.5	74.9	13.9	61.0
Financial result	-356.1	-18.0	-338.1	-36.1	-94.7	58.6
EBT	**375.5**	**-279.7**	**655.2**	**404.5**	**-287.4**	**691.9**
Income tax	-118.2	54.1	-172.3	-79.1	88.3	-167.4
Group net profit/loss	**257.3**	**-225.6**	**482.9**	**325.4**	**-199.1**	**524.5**
of which profit/loss shares attributable to non-controlling interests	(73.1)	(-39.6)	(112.7)	(39.2)	(24.7)	(14.5)
of which profit/loss shares attributable to the shareholders of EnBW AG	(184.2)	(-186.0)	(370.2)	(286.2)	(-223.8)	(510.0)

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 sharp increase in the negative financial result. The main reason for this development was a higher expense from the market valuation of securities, compared to income from the market valuation in the previous year. Furthermore, an impairment loss was recognised on a gas grid in the current reporting period. The impairment was necessary mainly due to an amended grid user charge notice. This was offset to some extent by the increase in EBITDA. Please refer to the section “Material developments in the income statement” for further information on this subject.

Financial position

Financing

Alongside the internal financing capability, the EnBW Group has the following instruments at its disposal to cover its overall financing needs (as of 30 June 2020):

- Debt Issuance Programme, via which bonds are issued: €3.2 billion of €7.0 billion drawn
- Subordinated bonds: €3.5 billion
- Commercial paper (CP) programme: €273 million of €2.0 billion drawn
- Sustainability-linked syndicated credit facility: €1.5 billion undrawn, with a term until the end of June 2025 and an annual extension option after the first and second full year until the end of June 2027 at the latest
- Bilateral credit lines: €0.4 billion of €1.4 billion drawn
- Project financing and loans from the European Investment Bank (EIB)
- In addition, subsidiaries have other financing activities in the form of bank loans and promissory notes.

We signed a sustainability-linked syndicated credit facility with a volume of €1.5 billion on 24 June 2020. The consortium consists of 18 banks. The facility will be used for general business purposes and replaces, ahead of schedule, the existing syndicated credit line that expires in July 2021. The initial term of five years can subsequently be extended twice by a period of one year in each case. There is also an option to increase the volume by €500 million. The financing costs are tied to the sustainability performance of EnBW for the first time. The borrowing costs reduce or increase according to the degree to which the targets for selected non-financial key performance indicators, which reflect both ecological and social criteria, are achieved:

- CO_2 intensity
- Share of the generation capacity accounted for by renewable energies
- SAIDI (electricity)

Established issuer on the debt capital market

We have 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 our financing strategy, we constantly assess capital market trends with regard to the current interest rate environment and to any potentially favourable refinancing opportunities.

Despite a very volatile market environment due to the Covid-19 pandemic, we issued a corporate bond with a volume of €500 million at the beginning of April. The bond has a term of five years and a coupon of 0.625%.

A green subordinated bond also with a volume of €500 million was then issued at the end of June. The proceeds will be used in their entirety to refinance the French wind and solar company Valeco, which we acquired in 2019. The bond has a term of 60 years. EnBW has the right to redeem the bond with a starting coupon of 1.875% at the first call date on 29 March 2026 and then early at every coupon date. The bond is subordinate to all other financial liabilities but has an equal ranking to our existing subordinated bonds.

Rating and rating trends

We aim to hold solid investment-grade ratings. EnBW currently has the following issuer ratings:

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

In March, **Fitch** downgraded the EnBW issuer rating by one notch from A- to BBB+. The reasons given by Fitch were the acquisitions of Valeco and Plusnet in 2019 and the imminent start of the growth phase with high investment and increasing financial debt. In contrast, the ratings for senior and subordinated bonds were confirmed at A- and BBB, respectively. The growing contribution made by the regulated grid sector to EBITDA led to an upgrade in the ratings for EnBW senior and subordinated bonds by one notch due to the evaluation methods used by Fitch. This means that the credit rating for senior bonds is now one notch higher than the issuer rating of EnBW. The outlook also remains stable.

S&P confirmed the EnBW rating of A- with a stable outlook in May. The reason for this was our strategic focus on the grid and renewable energies business, which lowers the portfolio risk according to S&P. In the current Covid-19 crisis, the rating agency thus expects that our company will perform well due to the relative robustness of its cash flows. On the other hand, our financial leeway within the current rating has been severely restricted because of the acquisitions of Valeco and Plusnet and the interest rate-related increase in the pension and nuclear provisions in 2019.

Moody's published an update on EnBW in June. The rating is unchanged at A3 with a negative outlook. Moody's highlighted as strengths the leading position of EnBW as a vertically integrated supply company in Baden-Württemberg and the high percentage of around 50% of EBITDA that is accounted for by the low-risk regulated grid business. In addition, the growth in earnings in the area of renewable energies and the balanced financial policy contributed positively to the evaluation. On the other hand, Moody's once again cited the challenging operating environment in Germany for conventional generation and certain execution risks relating to the large investment programme. Other factors also included a deterioration in the financial figures due to the acquisitions of Valeco and Plusnet in 2019 and the interest rate-related increase in the provisions.

Net debt

Net debt

in € million	30/06/2020	31/12/2019	Change in %
Cash and cash equivalents available to the operating business	-1,469.2	-1,127.7	30.3
Current financial assets available to the operating business	-294.4	-139.7	110.7
Bonds	6,970.4	5,702.7	22.2
Liabilities to banks	1,746.0	2,021.7	-13.6
Other financial liabilities	648.8	466.4	39.1
Lease liabilities	776.3	699.6	11.0
Valuation effects from interest-induced hedging transactions	-59.3	-85.4	-30.6
Restatement of 50% of the nominal amount of the subordinated bonds [1]	-1,746.3	-1,496.3	16.7
Other	-23.4	-19.7	18.8
Net financial debt	**6,548.9**	**6,021.6**	**8.8**
Provisions for pensions and similar obligations [2]	7,795.6	7,655.3	1.8
Provisions relating to nuclear power	5,645.0	5,864.6	-3.7
Receivables relating to nuclear obligations	-352.6	-360.4	-2.2
Net pension and nuclear obligations	**13,088.0**	**13,159.5**	**-0.5**
Long-term securities and loans to cover the pension and nuclear obligations [3]	-4,667.4	-5,517.7	-15.4
Cash and cash equivalents to cover the pension and nuclear obligations	-882.0	-236.1	–
Current financial assets to cover the pension and nuclear obligations	-176.6	-299.4	-41.0
Surplus cover from benefit entitlements	-252.9	-251.5	0.6
Long-term securities to cover the pension and nuclear obligations directly associated with assets classified as held for sale	-3.3	0.0	–
Other	-33.7	-24.0	40.4
Dedicated financial assets	**-6,015.9**	**-6,328.7**	**-4.9**
Net debt relating to pension and nuclear obligations	**7,072.1**	**6,830.8**	**3.5**
Net debt	**13,621.0**	**12,852.4**	**6.0**

1 The structural characteristics of our subordinated 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 €998.4 million (31/12/2019: €974.3 million).
3 Includes equity investments held as financial assets.

As of 30 June 2020, net debt increased by €768.6 million compared to the figure posted at the end of 2019. This increase was primarily due to the fall in the market value of non-current securities, a further increase in collateral and a significant increase in EEG payments.

As of 30 June 2020, the balance on the EEG bank account stood at €-217.9 million (31 December 2019: €288.5 million). The fall in the interest rate for pension provisions also increased net debt.

Investment analysis

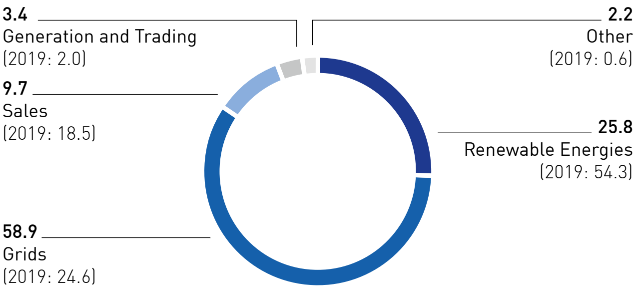
Net cash investment

in € million [1, 2]	01/01–30/06/2020	01/01–30/06/2019	Change in %	01/01–31/12/2019
Investments in growth projects [3]	605.3	1,387.7	-56.4	2,807.3
Investments in existing projects	196.4	158.2	24.1	507.9
Total investments	**801.7**	**1,545.9**	**-48.1**	**3,315.2**
Divestitures [4]	-30.6	-344.4	-91.1	-471.3
Participation models	-9.7	34.1	–	-74.2
Disposals of long-term loans	-1.4	-0.1	–	-0.7
Other disposals and subsidies	-169.7	-66.4	–	-140.5
Total divestitures	**-211.4**	**-376.8**	**-43.9**	**-686.7**
Net (cash) investment	**590.3**	**1,169.1**	**-49.5**	**2,628.5**

1 The figures for the previous year have been restated.
2 Excluding investments held as financial assets.
3 Does not include cash and cash equivalents acquired with the acquisition of fully consolidated companies. These amounted to €0.0 million in the reporting period (01/01/2019–30/06/2019: €68.7 million, 01/01/2019–31/12/2019: €77.8 million).
4 Does not include cash and cash equivalents relinquished with the sale of fully consolidated companies. These amounted to €0.0 million in the reporting period (01/01/2019–30/06/2019: €37.7 million, 01/01/2019–31/12/2019: €40.2 million).

Investment by the EnBW Group in the first half of 2020 was below the level in the previous year. This was mainly attributable to the acquisition of the French wind and solar company Valeco and of Plusnet in 2019, as well as lower investment in the EnBW Hohe See offshore wind farm and the EUGAL project for the gas transmission grid. Around 75.5% of overall gross investment was attributable to growth projects; the proportion of investments in existing facilities stood at 24.5%.

Investment by segment [1]
in %



1 The figures for the previous year have been restated.

The investment in the **Sales** segment of €77.5 million was significantly lower than the level in the previous year (€285.9 million), which was mainly due to the acquisition of Plusnet in the previous year.

Investment in the **Grids** segment of €472.4 million was higher than the level of investment in the previous year of €379.7 million. In both years, investment was primarily for 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 electromobility.

Investment in the **Renewable Energies** segment of €207.1 million was significantly lower than in the previous year (€838.7 million). The reasons for this decrease were the acquisition of Valeco in the previous year and the investment in the EnBW Hohe See construction project, which was largely completed in 2019.

Investment in the **Generation and Trading** segment in the first half of 2020 stood at €27.1 million and was thus lower than in the previous year (€31.5 million). The investment was mainly for the remaining work on the modernisation of the combined gas heat and power plant in Stuttgart-Gaisburg.

Other investments in the first half of 2020 of €17.6 million were higher than in the previous year (€10.1 million).

Divestitures did not reach the same level as divestitures in the previous year, which were primarily influenced by the sale of the remaining shares in EWE.

Liquidity analysis

Condensed cash flow statement

in € million	01/01–30/06/2020	01/01–30/06/2019	Change in %	01/01–31/12/2019
Cash flow from operating activities	15.2	24.0	-36.7	707.0
Cash flow from investing activities	99.3	-931.5	–	-2,317.1
Cash flow from financing activities	841.1	369.5	127.6	551.9
Net change in cash and cash equivalents	**955.6**	**-538.0**	**–**	**-1,058.2**
Change in cash and cash equivalents due to changes in the consolidated companies	32.6	-3.6	–	169.3
Net foreign exchange difference	-0.8	1.5	–	3.1
Change in cash and cash equivalents due to risk provisions	0.0	0.1	-100.0	0.2
Change in cash and cash equivalents	**987.4**	**-540.0**	**–**	**-885.6**

The reduction in cash flow from operating activities in comparison to the previous year was mainly as a result of the substantial increase in the negative net balance of assets and liabilities from operating activities. Against the background of current market fluctuations, this was mainly due to higher collateral and an increase in EEG receivables. This was offset to some extent by an increase in cash-relevant EBITDA and lower income tax payments in comparison to the same period of the previous year.

Cash flow from investing activities returned an inflow of cash in the reporting period, while in the previous year there was a high outflow of cash. The payments in the previous year were mainly due to the acquisition of shares in Valeco and Plusnet.

The cash inflow in the cash flow from financing activities was significantly higher than the figure in the previous year, which was mainly due to the issuing of another green subordinated bond and a corporate bond. This was offset to some extent by a lower balance of short-term loans/short-term loan repayments in the reporting period.

The solvency of the EnBW Group was ensured at all times in the first half of 2020 thanks to the company's internal financing capability and the external sources available for financing. The company's future solvency will be secured by its solid financial position and results of operations.

Retained cash flow

in € million [1]	01/01–30/06/2020	01/01–30/06/2019	Change in %	01/01–31/12/2019
EBITDA	**1,359.1**	**1,071.1**	**26.9**	**2,245.2**
Changes in provisions	-286.5	-276.5	3.6	-416.0
Non-cash-relevant expenses/income	172.9	197.5	-12.5	46.3
Income tax paid	-61.3	-256.9	-76.1	-409.1
Interest and dividends received	116.8	130.6	-10.6	286.5
Interest paid for financing activities	-132.7	-124.1	6.9	-214.9
Dedicated financial assets contribution	31.2	4.4	–	19.2
Funds from operations (FFO)	**1,199.5**	**746.1**	**60.8**	**1,557.2**
Dividends paid	-108.7	-236.8	-54.1	-316.5
Retained cash flow [2]	**1,090.8**	**509.3**	**114.2**	**1,240.7**

1 The figures for the previous year have been restated.
2 Adjusted for the effects from the reimbursement of the nuclear fuel rod tax of €120.0 million (01/01–30/06/2019: €122.5 million), the adjusted retained cash flow stood at €1,210.8 million (01/01–30/06/2019 adjusted: €631.8 million).

Funds from operations (FFO) increased significantly in comparison to the previous year. This increase was mainly due to lower income tax paid in the reporting period and the increase in the cash-relevant EBITDA. As of 30 June 2020, the retained cash flow also increased in comparison to the previous year due to the delay in payment of part of the dividend.

The retained cash flow reflects our internal financing capability. It is available to the company for investment after all stakeholder needs have been settled without the need to raise additional debt.

Net assets

Condensed balance sheet

in € million	30/06/2020	31/12/2019	Change in %
Non-current assets	31,455.7	31,622.5	-0.5
Current assets	12,745.8	11,664.7	9.3
Assets held for sale	35.1	0.9	–
Assets	**44,236.6**	**43,288.1**	**2.2**
Equity	7,620.1	7,445.1	2.4
Non-current liabilities	25,375.8	24,739.7	2.6
Current liabilities	11,236.4	11,103.3	1.2
Liabilities directly associated with assets classified as held for sale	4.3	0.0	–
Equity and liabilities	**44,236.6**	**43,288.1**	**2.2**

As of 30 June 2020, total assets were higher than the level at the end of the previous year. Non-current assets decreased by €166.8 million, which was primarily attributable to the securities and particularly to the sale of MVV Energie AG. This was offset to some extent by the first-time consolidation of EnBW Albatros on 1 January 2020 and an increase in the derivatives. The increase in current assets by €1,081.1 million was due to, amongst other things, the derivatives and higher collateral paid. The equity increased by €175.0 million as of 30 June 2020. The main reason for this was the increase in non-controlling interests due to the first-time consolidation of EnBW Albatros. The equity ratio was unchanged in comparison to the previous year and stood at 17.2%. Non-current liabilities increased by €636.1 million, mainly as a result of the increase in derivatives and the opening up of Netze BW for investment by local authorities. Current liabilities only increased slightly by €133.1 million compared to the level at the end of the previous year. The increase in derivatives and collateral received made the main contributions here. In addition, the reclassification of a subordinated bond under current liabilities and higher utilisation of the commercial paper programme contributed to the increase. This was offset to some extent by the significant decrease in trade payables as a result of trading activities, and the fall in the provisions for emission allowances.

Related parties

Relationships with related parties (entities and individuals) have not changed significantly in comparison to the reporting date of 31 December 2019.

Customers and society goal dimension

We report on the non-financial goal dimensions of EnBW in the areas of customers and society, employees and the environment at the six-month stage on the basis of the key non-financial performance indicators presented in the Group management report 2019 (Integrated Annual Report 2019 from p. 81 onwards). Exceptions are the Reputation Index in the customers and society goal dimension, the Employee Commitment Index (ECI) in the employees goal dimension and the key performance indicators of "installed output of renewable energies (RE) in GW and the share of the generation capacity accounted for by RE" in the environment goal dimension as well as the CO_2 intensity. The values for these key indicators are exclusively collected at the end of the year.

Customer proximity

Customer Satisfaction Index

The energy sector is helping to push forward major social changes. The new energy world offers us great opportunities that we want to exploit. Our customers are the main focus here. We strive to maintain long-term customer relationships by offering networked products and new product combinations, continuous open communication and the best possible quality of service. Customer loyalty is based on high customer satisfaction, which is measured in accordance with the requirements of the EnBW Group standard for market research and surveys. The Customer Satisfaction Indices for EnBW and Yello are compiled from customer surveys carried out by an external provider.

Key performance indicator

	01/01–30/06/2020	01/01–30/06/2019	Change in %	01/01–31/12/2019
Customer Satisfaction Index for EnBW/Yello	120/159	116/161	3.4/-1.2	116/157

The key performance indicator Customer Satisfaction Index at EnBW achieved a value of 120 in the first half of 2020. The satisfaction of our retail customers was thus at a good level. A good level is reached when half of those surveyed indicate that overall they are particularly satisfied with EnBW; this is the case from 114 points and upwards. A very good level of satisfaction is achieved from 136 points upwards.

The value of 120 points for the Customer Satisfaction Index is also within the forecasted range for 2020 (114 to 136) and above the comparative values for the first half of 2019 and the whole of the 2019 financial year. During the coronavirus pandemic, EnBW continues to be perceived by many customers as a large and regionally active company that can be trusted to provide a reliable supply even at a time when the borders are closed and the economic situation is difficult. This improved perception of the company's image was overall not even marred by a pricing measure introduced for the majority of customers on 1 April 2020.

The satisfaction of the customers of Yello once again stood at an excellent level (159) in the first half of 2020 and was even right at the top end of the forecast for the whole of 2020 (148 to 159). This high value is due, amongst other things, to an improvement in the ecological image of Yello within some target groups and the focus on eco tariffs, as well as the high level of customer satisfaction with the Yello bundle products.

Selected activities

We are a leading company in the area of **electromobility:** As a full-service provider together with our subsidiaries, we cover the complete spectrum of services from the generation of electricity from renewable energy sources through to the installation and expansion of electromobility, as well as from the supply of electricity and the operation of a comprehensive charging infrastructure through to digital services for the consumer. As an independent EnBW subsidiary, Netze BW also ensures the safe operation of the distribution grids. The main focus of our activities in 2020 will be placed on the installation of a closely meshed network of quick-charging stations and the internationalisation of our expertise in the area of electromobility. We are the largest operator of quick-charging infrastructure in Germany and currently have quick-charging stations in over 370 locations. A further 100 quick-charging stations are currently being realised and we are continuing to push forward this expansion: We plan to be operating 1,000 quick-charging stations across the country by the beginning of 2021 and we are now planning to found the joint subsidiary Smatrics mobility+ together with the market leader on the Austrian market Smatrics – subject to approval from the appropriate antitrust authorities – to also push forward the expansion of the ultra-fast charging network in Austria. At the same time, the EnBW mobility+ app and charging card make it possible for users to easily charge their vehicles right across the EnBW Hypernetwork at the same price. It is the largest charging network in Germany, Austria and Switzerland and has more than 40,000 charging points, covering around 90% of all publicly accessible charging stations in these countries. The uniform and transparent EnBW mobility+ charging tariffs are valid across this network and users are only charged per kilowatt hour of electricity without any additional charges. We were named the best electromobility provider in Germany for these services by the test magazine "connect" in its first comprehensive charging network test.

Green electricity is becoming increasingly important for the product portfolio of EnBW and Yello. At the beginning of the year, Yello switched all new customer tariffs over to 100% green electricity. A climate-neutral biogas product was also introduced. A contribution to climate protection is integrated into all new customer tariffs. This investment in climate protection projects is currently helping to protect the rain forest and clean the ocean by collecting plastic waste. We are also offering a green electricity tariff for the EnBW brand in which every customer with, for example, a consumption of around 3,500 kWh can save about 0.7 t CO_2 per year. The climate protection contribution made by Yello customers has already offset more than 27,000 t CO_2.

Our **contracting department** offers solutions to customers from industry, the real estate sector and local authorities for their energy infrastructure on-site. Depending on the customer's requirements, it can provide, for example, heating, steam, cooling or compressed air as well as electricity from, for example, combined heat and power blocks (CHPs) based on long-term contracting agreements. We took over the planning, construction and financing of a steam generating plant for an industrial park in Rheinmünster. During the project development stage, numerous measures for optimising the plant and reducing energy costs were identified, evaluated and recommended for implementation. The supply contract was extended by five years in June 2020. An existing contract for the supply of heating, compressed air and some electricity for a large industrial customer in Sontheim was also extended by a further eight years.

Our **municipal relationships and public utilities** department unites the service providers at the Group with this important group of customers. By developing customer-specific products and services, we help local authorities and public utilities stay fit for the future. We deliver smart infrastructure for all generations and make a contribution to the digitalisation of our society. In this area, our portfolio covers the themes of smart mobility (e.g. charging infrastructure or mobility sharing), networked infrastructure (e.g. broadband and lighting), innovative communities (digital products such as a system for monitoring the condition of roads/Vialytics), sustainable energy (e.g. energy consulting and decentralised energy) and reliable safety systems (such as public safety and emergency and crisis management). Together with our municipal contacts, we provide advice to the more than 1,000 local authorities in Baden-Württemberg and the surrounding area. We have invested in over 100 local authority companies across Baden-Württemberg and play an active role in networks to exchange information between our participating interests and other public utilities.

Our **local authority energy management** department (KEM) helps local authorities to save energy and make a valuable contribution to climate protection. We use a cloud-based energy management system as the central control element for energy efficiency measures which enables the energy consumption data from buildings to be recorded, visualised, analysed and managed. In the process, individual measures are transparently documented, evaluated and prioritised.

We have developed a concept for a joint electricity grid company with the municipality of Krauchenwies. The public utilities in Krauchenwies and our subsidiary Netze BW each hold 50% of the shares in the newly founded company **Netze Krauchenwies.**

One year after launching its participation model **“EnBW connects”**, EnBW and its subsidiary Netze BW can report that it has so far been a real success. In the model, more than 550 local authorities in Baden-Württemberg can directly acquire shares in the EnBW subsidiary Netze BW according to a predefined formula so that they can help shape the future of the electricity and gas grids and benefit from the stable economic success of the company. In the first phase of the project which has now been completed, 116 local authorities from Baden-Württemberg decided to take advantage of this model and acquired shares in the newly founded local authority holding company. These local authorities now own approximately 9% of the shares in Netze BW. The second investment phase begins on 1 July 2021 and aims to further intensify the close relationships between Netze BW and the cities and communities in Baden-Württemberg.

The market for information security solutions is growing dynamically as a result of advancing digitalisation and networking, an increase in the amount of damage caused by cyberattacks and stricter legal requirements. As an operator of critical system infrastructure, we possess a broad level of expertise in security management for complex IT structures and want to position ourselves as a highly competent **provider of cyber security services** for cities and municipalities, public utilities, the telecommunications sector and the health sector in Baden-Württemberg. A first milestone on this path was reached with the conclusion of a cooperation agreement in May between the Federal State of Baden-Württemberg and EnBW to combat cybercrime and protect critical infrastructures. The aims of this Public-Private-Non-Profit-Partnership (PPNPP) initiative are to develop joint preventative measures, facilitate the transfer of knowledge, create a network of experts and introduce standardised education and training measures. In addition, there are plans to compile a status report on “cybersecurity for critical infrastructures” for Baden-Württemberg.

We have identified the market for **security infrastructure** as another growth area for our company and want to use a combination of sensor, monitoring and barrier technology to make a contribution to the security of cities, local authorities and companies. We use artificial intelligence in our security solutions that can adapt itself to the requirements and, at the same time, protect the privacy rights of citizens by anonymising data. For example, the product SafePlaces is a security solution that detects anomalies and hazardous situations using optical and acoustic sensors and analyses them with the aid of artificial intelligence. The system has been in pilot operation in the municipality of Gernsbach since summer 2018 to monitor the market square and report any critical situations to the nearest police station. SafePlaces has proven to be a great success and was officially handed over to the municipality of Gernsbach in March 2020.

Supply reliability

SAIDI

Key performance indicator

	01/01–30/06/2020	01/01–30/06/2019	Change in %	01/01–31/12/2019
SAIDI (electricity) in min./year	7	8	-12.5	15

The reliability of the energy supply is given a high priority by our grid operators. All unscheduled interruptions to supply are recorded using the key performance indicator SAIDI (System Average Interruption Duration Index). In the first half of 2020, SAIDI improved slightly at all of our grid subsidiaries in comparison to the same period of the previous year, despite the disruptions caused by the weather, especially Hurricane Sabine in February 2020. The current half year figure is thus slightly below the target range of 15 to 20 minutes per connected customer for the whole year.

Employees goal dimension

Selected activities

Our revised HR strategy, which has been valid since the beginning of 2020, supports the company's EnBW 2025 strategy. The implementation of the new strategy is gathering speed with the introduction of the first measures: Our Executive Group has thus been revamped to form a **Global Management Board**. This board works strategically at the level below the Board of Management and has been enlarged from the previous 60 executives to approximately 100 members to achieve greater diversity. The 100 members now include about 20 women – previously just two women – as well as representatives from the areas of digitalisation and internationalisation. The English-language intranet site **"EnBW World"** has been launched for our international colleagues and employees with links to activities abroad.

As an operator of critical infrastructure, we have to ensure the supply of energy and protect the health of our workforce during the **coronavirus pandemic**. Around 10,000 EnBW employees have thus been working from home since 7 March thanks to the capabilities of modern IT. At the same time, the parties involved in the collective bargaining agreements have agreed to make the working time provisions in the current collective pay agreements more flexible during the pandemic on the basis of a "special agreement for crisis management on account of the spread of the coronavirus". Amongst other things, the rules in the collective pay agreement with respect to framework working hours and the distribution of working hours have been suspended in favour of flexible working time arrangements. An important goal of this agreement is, for example, to allow employees to better reconcile their work and childcare responsibilities. In addition, the agreement also supports the further digitalisation and acceleration of processes. We quickly introduced a messaging app that employees can use on their private or company phones to receive information about developments at the company and for internal communication. On 29 June 2020, EnBW carried out a brief survey among more than 12,500 employees and trainees about the changed conditions in order to gain an insight into the current mood and use the information to make further improvements. At the moment, this survey is being repeated every 14 days.

Training remains an important component of our HR work even during the coronavirus crisis. We require qualified young talent across the Group, not only in the many fields of innovation and areas of growth such as the further expansion of renewable energies but also for new business models such as district development and electromobility. In 2020, more than 400 young women and men will begin their training or their studies at the Cooperative State University with the EnBW Group. As a result, we anticipate that there will be more than 1,000 young professionals employed at the Group in total by the end of the year.

More than 2,600 employees at our key subsidiaries Stadtwerke Düsseldorf (SWD), VNG, Pražská energetika (PRE) and Energiedienst (ED) were working from home or on a mobile basis at times during March and April. **VNG** has responded to the coronavirus pandemic by comprehensively relaxing the working time provisions and introducing measures to support employees who are taking care of children or relatives. **PRE** developed a crisis plan in three phases – introducing hygiene measures, closing the customer offices and temporarily discontinuing the reading of meters. **ED** introduced shift operation at its hydropower plants so that two fully autonomous teams could operate the power plants independently and completely separate from one another; a large proportion of the administrative functions were almost completely handled by employees working from home.

EnBW developed very positively from an economic perspective in 2019 and achieved the targets for the 2020 strategy at an early stage. Against this background, it was decided that employees at the Group companies that have corresponding company agreements would receive a **profit sharing bonus** for 2019, which corresponded to 115% of one month's salary.

Performance indicators for employees

Employees [1, 2]

	30/06/2020	31/12/2019	Change in %
Sales	4,591	4,394	4.5
Grids	9,412	9,254	1.7
Renewable Energies	1,464	1,384	5.8
Generation and Trading	5,498	5,499	0.0
Other	2,720	2,762	-1.5
Total	**23,685**	**23,293**	**1.7**
Number of full-time equivalents [3]	22,184	21,843	1.6

1 Number of employees excluding apprentices/trainees and inactive employees.
2 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 31/12/2019 is carried forward.
3 Converted into full-time equivalents.

As of 30 June 2020, the EnBW Group had 23,685 employees, which was 392 more than at the end of 2019. This increase was primarily due to taking on new employees in strategic growth fields. The number of employees in the Renewable Energies segment thus increased due to the expanded activities in the areas of biogas, run-of-river and onshore wind power. In the Grids segment, the increase in the number of employees was due to the growing importance of the regulated business. However, this expansion was offset to some extent by restructuring within the Group. The changes in the Other and Sales segments were also attributable to restructuring within the Group.

Occupational safety

LTIF

Key performance indicator

	01/01–30/06/2020	01/01–30/06/2019	Change in %	01/01–31/12/2019
LTIF for companies controlled by the Group [1]	1.9	2.1	-9.5	2.1
LTIF overall [2]	3.1	3.6	-13.9	3.8

1 Variations in the group of consolidated companies (all companies with more than 100 employees are generally considered except for companies in the area of waste management as well as external agency workers and contractors (except ITOs)).
2 Variations in the group of consolidated companies (all companies with more than 100 employees are generally considered except for external agency workers and contractors (except ITOs)).

The key performance indicator LTIF (Lost Time Injury Frequency) for companies controlled by the Group once again fell noticeably in the first six months of 2020 in comparison to the same period of the previous year. This development is also in line with the target for the whole year. The average days of absence per accident fell in comparison to the previous year (19.8) to 19.5. The measures introduced in response to the coronavirus pandemic such as travel restrictions and working from home led to a significant reduction in the number of accidents reported in the second quarter. The LTIF overall – including our subsidiaries in the area of waste management – also fell in the reporting period, with the average days of absence per accident being 19.7 days, after 23.5 days in the previous year.

The measures identified in the audit on the subject of risk assessments carried out by the internal audit department in 2019 have been implemented. The roll-out of the EHS software Quentic has been completed. In the second quarter, the occupational safety department was closely involved in the development and implementation of operational measures to prevent the spread of the coronavirus pandemic. These measures included the procurement and provision of personal protective equipment and hand sanitisers, measuring body temperature – especially of visitors and employees of third-party companies – and the development of safety concepts to allow employees to return to their workplaces. The occupational safety department is currently working on measures to prevent a possible second wave of infections after the summer holidays.

Environment goal dimension

As a large energy company, we share responsibility for our environment and climate protection. Supplying our customers with energy causes emissions, above all through the operation of power plants, and uses natural resources and space. Environmental and climate protection form an integral part of our corporate strategy.

The long-term success of an energy supply company's activities hinges on acceptance by society. We strive to achieve a credible balance between respecting the environment and achieving corporate, political and social goals, and underpin this commitment with a diverse range of activities.

The **installed output** from renewable energies at the EnBW Group stood at 4.4 GW at the end of 2019. The offshore wind farm EnBW Albatros with a capacity of 112 MW was commissioned in January 2020. Our French subsidiary Valeco – a project developer and operator of wind farms and solar parks – that was acquired in June 2019 continued to develop its portfolio in the first half of 2020. Construction work for the Weesow-Willmersdorf solar park to the north-east of Berlin started in March. The largest solar park in Germany that does not require state funding is being constructed here. It has an installed output of more than 180 MW. After it has been commissioned, which is planned to take place by the end of 2020, the park will generate around 180 million kWh of electricity annually, which is enough to supply approximately 50,000 households on aggregate with environmentally friendly energy and save about 129,000 t CO_2 each year. Large photovoltaic projects can now be operated profitably even without state funding due to their size, the sharp reduction in prices for solar modules and synergy effects. They are an important element of our growth strategy in the area of renewable energies.

Several EnBW Group companies are increasingly supplying their own buildings and plants with **green electricity.** These include, for example, ED, TransnetBW, ONTRAS, ODR and ZEAG. In addition, we are preparing to switch over all electricity and gas supply contracts of the real estate companies of EnBW AG over to green electricity from regional hydropower and biogas, respectively.

We are one of the pioneers in the expansion of electromobility and have invested heavily for many years in the development of a comprehensive charging infrastructure and a range of services for our customers. We also want to make the changeover to **sustainable mobility** as attractive as possible for our employees. Following two successful campaigns in previous years, we have now introduced a new programme and plan to offer a financially attractive package consisting of car leasing, a charging tariff and associated services from the middle of the year. It will include an inexpensive leasing model as part of a salary conversion, a charging tariff at special conditions for employees, charging facilities at EnBW sites and a discounted wallbox for connecting up the e-car at home. Another component of the e-mobility package is an even larger number of charging stations for employees who use their e-car to travel to work. More than 700 charging points will be available in total across 120 sites.

The EnBW funding programme **"Stimuli for Diversity"** has been successfully supporting social engagement in Baden-Württemberg for the protection of amphibians since 2011 and the protection of reptiles since 2016. The funding programme was launched by EnBW together with the Baden-Württemberg State Institute for the Environment, Measurements and Nature Conservation (LUBW) and is part of the project "The economy and business for nature", which is a component of the state initiative "Active for biological diversity" that was initiated by the state government of Baden-Württemberg. The EnBW funding programme: "Stimuli for Diversity" celebrates its tenth anniversary in 2020. In the last nine years of the funding programme, it has been possible to support and successfully implement 119 conservation projects for amphibians and reptiles. This has improved the habitats of endangered amphibians and reptiles and promoted the development of these species.

Forecast

In the following forecast, we take a look at the expected development of EnBW in the current financial year. In the first half of 2020, the coronavirus pandemic only had a moderately negative impact on the adjusted EBITDA. Assuming that the measures taken by the German and state governments to relax the restrictions are maintained, the earnings forecast for the adjusted EBITDA for the whole Group and the individual segments stated in the Group management report 2019 for the whole of the 2020 financial year remains unchanged from today's perspective. In this regard, the target for the Sales segment should be considered ambitious. Taking into account the results from the first half of the year, we anticipate that the non-operating EBITDA, which includes effects not relevant to the ongoing management of the company, will remain negative.

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

Development in 2020 (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	
	2020	2019	2020	2019
Sales	€325 to €400 million	€322.8 million	10% to 15%	13.3%
Grids	€1,300 to €1,400 million	€1,355.3 million	40% to 55%	55.7%
Renewable Energies	€825 to €925 million	€499.3 million	25% to 35%	20.5%
Generation and Trading	€425 to €500 million	€429.5 million	10% to 20%	17.7%
Other/Consolidation		€-174.4 million		-7.2%
Adjusted EBITDA, Group	**€2,750 to €2,900 million**	**€2,432.5 million**		**100.0%**

1 The figures for the previous year have been restated.

In the **Sales** segment, we expect an adjusted EBITDA in 2020 above the level in the previous year. This development will be due to increasing earnings from the area of telecommunications as a result of the acquisition of Plusnet in the 2019 financial year, as well as to improvements in efficiency related to the introduction of new billing systems. These positive effects will be diminished by lower sales to B2B customers and impairments on receivables as a result of the coronavirus pandemic in the first half of 2020. Both of these issues are likely to manifest themselves further in the second half of 2020. We continue to expect a stable share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA for the **Grids** segment in 2020 is set to reach the same level as in the 2019 financial year and it will thus continue to be the segment with the highest earnings. Revenue from the use of the grids, which will come from returns on the increased investment activity in projects that are included in the Network Development Plan Electricity and Network Development Plan Gas is expected to remain stable in comparison to the previous year. It will be possible to compensate for the negative impact of the coronavirus pandemic on the adjusted EBITDA within the segment. We continue to expect a stable or decreasing share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA for the **Renewable Energies** segment will increase significantly in 2020. Our offshore wind farms EnBW Hohe See and EnBW Albatros – which were commissioned in autumn 2019 and at the beginning of 2020, respectively – will make full-year earnings contributions. In addition, the expansion and acquisition of onshore wind farms and photovoltaic power plants already realised during the course of 2019 and the first half of 2020 and still planned in 2020 will make a positive contribution to earnings. Our forecasts are generally based on wind yields that correspond to the long-term average. As the wind conditions were slightly below the long-term average in 2019, there will be slightly higher earnings in 2020 in comparison to the previous year. In the first half of 2020, the average volume of electricity generated was below the long-term average. We expect an increase in the share of the adjusted EBITDA for the Group accounted for by this segment.

In the **Generation and Trading** segment, we expect an adjusted EBITDA in 2020 above the level in the previous year. We sold our electricity deliveries for 2020 on the forward market at higher wholesale market prices than in the previous year. This will be offset to some extent by the decommissioning of Block 2 of our Philippsburg nuclear power plant. The share of the adjusted EBITDA for the Group accounted for by this segment should remain stable.

At the beginning of the year, there was an adjustment to the management concept in connection with the reorganisation of the SAP system. This has resulted in a shift between Other/Consolidation and the segments. The figures for the previous year have been restated accordingly.

The **adjusted EBITDA** for the EnBW Group will increase further in 2020 and be between €2.75 billion and €2.9 billion. Earnings will thus lie between €350 million and €500 million above the strategic target value.

Expected trends in non-financial key performance indicators

After the end of the first half of 2020, there are no significant changes to the non-financial performance indicators compared to the expectations formulated for the 2020 financial year in the Integrated Annual Report 2019 (Integrated Annual Report 2019, p. 98 f.).

Opportunities and risks

In comparison to the report issued at the end of 2019, the risks faced by the EnBW Group worsened by the middle of 2020 but had nevertheless eased in comparison to the first quarter of 2020. The main reason for this is the ongoing economic and social situation due to the coronavirus pandemic and the associated financial developments. However, no risks currently exist that might jeopardise the EnBW Group as a going concern. Using the report on risks in the Group management report 2019 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 Six-Monthly Financial Report January to June 2020. A detailed presentation of the opportunity and risk position can be found in the Integrated Annual Report 2019 from p. 100 onwards.

Cross-segment opportunities and risks

Discount rate applied to pension provisions: There is a general opportunity and risk associated with any 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 June 2020, the discount rate was 1.00%, which was down 0.1 percentage points on the rate at the end of 2019 (1.1%). The future development of interest rates could have a negative impact in the mid double-digit million euro range or a positive impact in the mid three-digit million euro range on net debt in 2020. In this context, we currently identify a lower level of risk and a higher level of opportunity.

Market prices of financial investments: The financial investments managed by the asset management system are subject to opportunities and risks due to price changes and other valuation changes as a result of the volatile financial market environment. As a result of the coronavirus pandemic, there was a sharp fall on the stock market in the first quarter of 2020, followed by a clear recovery in the second quarter. The share positions have been reduced or hedged. This could have a positive impact in the low three-digit million euro range or a negative impact in the mid three-digit million euro range on net debt in 2020. For the market prices of financial investments, we currently identify an increased level of risk due to the ongoing uncertainty on the stock markets.

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 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 high volatility on the commodity markets has resulted in high margin requirements. The further utilisation of liquidity for other margin requirements cannot be excluded. These effects could have a negative impact in the mid two-digit to mid three-digit million euro range on net debt in 2020, as well as an indirect impact on the key performance indicator ROCE via capital employed. We currently identify an increased level of risk in this area.

Impairment of assets: The ongoing pandemic means our society is still facing as yet unforeseeable challenges. This could also have an impact on important parameters that are used to test assets for impairment. Depending on the future development of the pandemic – especially the emergence of a possible "second wave" – it is not possible to exclude negative effects. Against this background, we currently identify a medium level of risk in this area.

Sales segment

Competitive environment: There is a risk that the continued tense competitive situation for all EnBW brands in the electricity, gas and energy solutions business could have a negative effect on the customer base, sales volumes and price levels. There is still a high willingness amongst customers to switch suppliers and the pressure on prices remains. In contrast, there is also an opportunity for targeted customer acquisitions using new, attractive products. This could have a negative effect in the mid single-digit million euro range or a positive effect in the low double-digit million euro range on the key performance indicator adjusted EBITDA in 2020 and thus an indirect impact on the key performance indicator internal financing capability via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify on balance an increasing level of risk in this area.

In addition, the ongoing pandemic also harbours various different sales risks. In particular, there have been noticeable effects due to the limited acquisition opportunities in the area of B2C sales. In B2B sales, there is also an increased risk due to the sale of insufficient quantities of electricity at lower prices. The risk of possible payment defaults in connection with the temporary right for consumers and small businesses to withhold payment is being carefully monitored. These effects could have a negative impact in the low to mid double-digit million euro range on the key performance indicator adjusted EBITDA in 2020 and thus an indirect impact on the key performance indicator internal financing capability via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify an increasing level of risk in this area.

Compliance with data protection regulations: The violation of data protection regulations is currently being investigated at one of our investments. This is due to an official order. The process is currently ongoing and the statement for the authorities is still outstanding but will be submitted on time. This could have a negative impact on the key performance indicator adjusted EBITDA in 2020 and thus an indirect impact on the key performance indicator internal financing capability via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify an increased level of risk in this area.

Grids segment

Year-end balance on the EEG bank account: The EEG bank account is a separately managed bank account in accordance with section 5 of the German Compensation Mechanism Ordinance (AusglMechV) and is thus kept separate from other areas of activity. In accordance with AusglMechV, a deficit or surplus on the account balance can have a temporary positive or negative effect on the calculation of the net debt of EnBW, respectively. As of the reporting date of 30 June 2020, there was a deficit of €217.9 million on the EEG bank account of our subsidiary TransnetBW. Due to the economic situation that has been caused to some extent by the pandemic, TransnetBW also expects a negative account balance in the high three-digit million euro range at the end of 2020. This will have a negative impact on net debt. We currently identify an increased level of risk in this area. This has resulted in a need for additional funding of the EEG bank account, about which TransnetBW has notified EnBW. In accordance with the Group financing strategy, this liquidity is provided by EnBW AG. The German government has announced its intention to ease the EEG cost allocations in future by providing a financial contribution from the proceeds received for charges on CO_2 emissions so that financing needs can be compensated within a short period of time.

Effect of the pandemic on the grids: Depending on the future development of the pandemic, the economy as a whole and any reduced load on the grid as a result, there may be a negative impact on revenue from the use of the grids. This could have a negative impact in the low to mid double-digit million euro range on the key performance indicator adjusted EBITDA in 2020 and thus an indirect impact on the key performance indicator internal financing capability via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. 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 energy yield fluctuations because the amounts of electricity generated by them are subject to fluctuations in the mean annual wind speed. The economic importance of these variations increases as we expand our wind farm portfolio. 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, these wind fluctuations could naturally have a negative impact in the low to high double-digit million euro range on the key performance indicator adjusted EBITDA in 2020 and thus an indirect impact on the key performance indicator internal financing capability via the adjusted retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. Following the expansion of our wind farm portfolio with the EnBW Hohe See and EnBW Albatros wind power plants, we currently identify a trend towards an increased level of opportunity and risk in this area.

Political and economic environment in Turkey: We have been commercially active in Turkey for many years in the expansion of energy generation from wind power and hydropower. In the past few years, the economic and political framework conditions in Turkey have deteriorated noticeably. We continue to monitor these developments very closely, also with a view to the spread of the coronavirus, especially because we have a duty of care for those employees working in Turkey. This risk could have an effect on the key performance indicator ROCE in 2020. We currently identify an increased level of risk in this area.

Generation and Trading segment

Availability of nuclear power plants: There is a general risk that exogenous and endogenous factors will have an influence on the availability of these power plants. We strive to counter these risks using preventive measures. Depending on their duration, interruptions to the operation of the power plants can positively or negatively impact the operating result. The availability of nuclear power plants could have a positive impact in the low single-digit million euro range or a negative impact in the low double-digit million euro range on the key performance indicator adjusted EBITDA in 2020 and thus an indirect impact on the key performance indicator internal financing capability via the adjusted retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify a rather balanced level of opportunity and risk in this area.

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 the course of time and 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 that have an impact in the mid double-digit million euro range and risks that have an impact in the low three-digit million euro range on net debt in 2020. We currently identify an increased level of risk in this area.

It may be necessary to suspend dismantling activities to reduce the possible risk of infection to employees. This could result in delays, which will extend the term of the projects and thus significantly increase costs. The situation is being continuously monitored and measures to protect employees are being updated or adapted accordingly. This could have a negative impact in the low to high double-digit million euro range on net debt in 2020, as well as an indirect impact on the key performance indicator ROCE via capital employed. We currently identify an increased level of risk in this area.

Obligation to pay EEG cost allocations for power plants (previously: Obligation to pay EEG cost allocations for the company's own and jointly owned power stations): For its own power plants, EnBW AG utilises the exemption from EEG cost allocations for end usage for the respective share of the 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 high double-digit million euro range in 2020 on the key performance indicator adjusted EBITDA and thus an indirect impact on the key performance indicator internal financing capability via the adjusted retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify an increased level of risk in this area.

Effect of the pandemic on trading: There are increased risks in trading due to the pandemic, such as defaults on loans and receivables. This could have a negative impact in the mid double-digit million euro range on the key performance indicator adjusted EBITDA in 2020 and thus an indirect impact on the key performance indicator internal financing capability via the adjusted retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify an increased level of risk in this area.

Effect of the pandemic on power generation: The pandemic has so far only had a minor impact on the stable operation of the power plants. Possible system-relevant bottlenecks both in the supply chain and also in the personnel and service sector did not manifest themselves. In the area of power generation, the pandemic does not only harbour risks but also possible opportunities. These opportunities could arise in subsequent years due to optimised and even more efficient processes in the future, as well as to the push towards greater digitalisation initiated by the pandemic. The risks could have a negative impact in the low single-digit to low double-digit million euro range on the key performance indicator adjusted EBITDA in 2020 and thus an indirect impact on the key performance indicator internal financing capability via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify a low level of risk in this area.

Eliminated risks

In comparison to the report issued at the end of 2019, the following risks were eliminated due to their lack of materiality: the obligation to pay EEG cost allocations for leasing models and the obligation to pay EEG cost allocations for jointly owned power stations. In comparison to the report issued for the first quarter of 2020, the risk "Restricted access to capital markets" was eliminated due to a changed assessment of the risk position.

Six-monthly consolidated financial statements

Income statement

in € million [1]	01/04–30/06/2020	01/04–30/06/2019	01/01–30/06/2020	01/01–30/06/2019
Revenue including electricity and energy taxes	4,424.5	4,213.7	9,984.8	10,268.8
Electricity and energy taxes	-110.2	-105.4	-258.8	-251.8
Revenue	**4,314.3**	**4,108.3**	**9,726.0**	**10,017.0**
Changes in inventories	21.1	8.6	41.8	34.1
Other own work capitalised	51.8	27.0	89.0	49.0
Other operating income	161.6	19.3	709.3	499.9
Cost of materials	-3,040.8	-2,929.3	-7,051.1	-7,839.1
Personnel expenses	-536.8	-482.1	-1,037.4	-931.7
Impairment losses	-14.3	-11.0	-28.4	-29.0
Other operating expenses	-366.3	-377.6	-1,090.1	-729.1
EBITDA	**590.6**	**363.2**	**1,359.1**	**1,071.1**
Amortisation and depreciation	-412.8	-358.2	-731.9	-705.4
Earnings before interest and taxes (EBIT)	**177.8**	**5.0**	**627.2**	**365.7**
Investment result	36.3	31.2	104.4	74.9
of which net profit/loss from entities accounted for using the equity method	(10.9)	(10.7)	(14.8)	(27.1)
of which other profit/loss from investments	(25.4)	(20.5)	(89.6)	(47.8)
Financial result	108.2	-45.9	-356.1	-36.1
of which finance income	(84.5)	(94.0)	(186.1)	(279.4)
of which finance costs	(23.7)	(-139.9)	(-542.2)	(-315.5)
Earnings before tax (EBT)	**322.3**	**-9.7**	**375.5**	**404.5**
Income tax	-79.3	17.3	-118.2	-79.1
Group net profit	**243.0**	**7.6**	**257.3**	**325.4**
of which profit/loss shares attributable to non-controlling interests	(48.5)	(-4.8)	(73.1)	(39.2)
of which profit/loss shares attributable to the shareholders of EnBW AG	(194.5)	(12.4)	(184.2)	(286.2)
EnBW AG shares outstanding (million), weighted average	**270.855**	**270.855**	**270.855**	**270.855**
Earnings per share from Group net profit (€) [2]	**0.72**	**0.05**	**0.68**	**1.06**

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	01/04–30/06/2020	01/04–30/06/2019	01/01–30/06/2020	01/01–30/06/2019
Group net profit	**243.0**	**7.6**	**257.3**	**325.4**
Revaluation of pensions and similar obligations	-44.1	-514.5	-103.9	-874.8
Entities accounted for using the equity method	-0.3	-0.3	-0.6	-0.5
Income taxes on other comprehensive income	14.6	154.2	29.6	260.4
Total of other comprehensive income and expenses without future reclassifications impacting earnings	**-29.8**	**-360.6**	**-74.9**	**-614.9**
Currency translation differences	16.5	16.4	-60.3	13.6
Cash flow hedge	-23.4	-15.9	-103.7	68.5
Financial assets at fair value in equity	38.7	10.0	-12.4	30.2
Entities accounted for using the equity method	0.6	0.2	-3.0	0.2
Income taxes on other comprehensive income	-1.8	0.3	34.1	-32.1
Total of other comprehensive income and expenses with future reclassifications impacting earnings	**30.6**	**11.0**	**-145.3**	**80.4**
Total other comprehensive income	**0.8**	**-349.6**	**-220.2**	**-534.5**
Total comprehensive income	**243.8**	**-342.0**	**37.1**	**-209.1**
of which profit/loss shares attributable to non-controlling interests	(56.1)	(-2.7)	(47.5)	(42.8)
of which profit/loss shares attributable to the shareholders of EnBW AG	(187.7)	(-339.3)	(-10.4)	(-251.9)

Balance sheet

in € million	30/06/2020	31/12/2019
Assets		
Non-current assets		
Intangible assets	3,464.7	3,347.4
Property, plant and equipment	18,876.7	18,552.7
Entities accounted for using the equity method	876.9	1,064.0
Other financial assets	5,528.9	6,356.9
Trade receivables	320.2	331.3
Other non-current assets	1,152.6	756.2
Deferred taxes	1,235.7	1,214.0
	31,455.7	**31,622.5**
Current assets		
Inventories	825.2	1,066.1
Financial assets	478.3	448.6
Trade receivables	3,328.1	3,976.8
Other current assets	5,763.0	4,809.4
Cash and cash equivalents	2,351.2	1,363.8
	12,745.8	**11,664.7**
Assets held for sale	35.1	0.9
	12,780.9	**11,665.6**
	44,236.6	**43,288.1**
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	5,418.7	5,234.5
Treasury shares	-204.1	-204.1
Other comprehensive income	-2,760.2	-2,565.6
	3,936.7	**3,947.1**
Non-controlling interests	3,683.4	3,498.0
	7,620.1	**7,445.1**
Non-current liabilities		
Provisions	14,259.3	14,333.1
Deferred taxes	879.4	890.0
Financial liabilities	7,612.7	7,360.7
Other liabilities and subsidies	2,624.4	2,155.9
	25,375.8	**24,739.7**
Current liabilities		
Provisions	1,224.5	1,535.9
Financial liabilities	1,752.4	830.2
Trade payables	2,644.3	4,055.1
Other liabilities and subsidies	5,615.2	4,682.1
	11,236.4	**11,103.3**
Liabilities directly associated with assets classified as held for sale	4.3	0.0
	11,240.7	**11,103.3**
	44,236.6	**43,288.1**

Cash flow statement

in € million [1]	01/01–30/06/2020	01/01–30/06/2019
1. Operating activities		
EBITDA	1,359.1	1,071.1
Changes in provisions	-286.5	-276.5
Result from disposals of assets	4.0	-3.3
Other non-cash-relevant expenses/income	168.9	200.8
Change in assets and liabilities from operating activities	-1,169.0	-711.2
Inventories	(-102.1)	(-313.0)
Net balance of trade receivables and payables	(-870.1)	(-476.0)
Net balance of other assets and liabilities	(-196.8)	(77.8)
Income tax paid	-61.3	-256.9
Cash flow from operating activities	**15.2**	**24.0**
2. Investing activities		
Capital expenditure on intangible assets and property, plant and equipment	-681.3	-482.0
Disposals of intangible assets and property, plant and equipment	126.2	23.3
Cash received from subsidies for construction costs and investments	43.5	43.1
Acquisition/sale of subsidiaries, entities accounted for using the equity method and interests in joint operations	-33.3	-986.1
Change in securities and financial investments	527.4	339.6
Interest received	63.5	64.7
Dividends received	53.3	65.9
Cash flow from investing activities	**99.3**	**-931.5**
3. Financing activities		
Interest paid	-132.7	-124.1
Dividends paid	-108.7	-236.8
Cash received for changes in ownership interest without loss of control	1.8	21.6
Increase in financial liabilities	2,616.8	1,576.5
Repayment of financial liabilities	-1,471.2	-772.1
Repayment of lease liabilities	-66.4	-45.5
Receipts/payments from alterations of capital in non-controlling interests	1.5	-50.1
Cash flow from financing activities	**841.1**	**369.5**
Net change in cash and cash equivalents	**955.6**	**-538.0**
Change in cash and cash equivalents due to changes in the consolidated companies	32.6	-3.6
Net foreign exchange difference	-0.8	1.5
Change in cash and cash equivalents due to risk provisions	0.0	0.1
Change in cash and cash equivalents	**987.4**	**-540.0**
Cash and cash equivalents at the beginning of the period	1,363.8	2,249.4
Cash and cash equivalents at the end of the period	**2,351.2**	**1,709.4**

1 The figures for the previous year have been restated.

Statement of changes in equity

in € million				Other comprehensive income [1]						
	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 share-holders of EnBW AG	Non-con-trolling interests	Total
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**
Total other comprehensive income				-612.3	10.4	42.8	21.3	-0.3	-538.1	3.6	-534.5
Group net profit		286.2							286.2	39.2	325.4
Total comprehen-sive income	**0.0**	**286.2**	**0.0**	**-612.3**	**10.4**	**42.8**	**21.3**	**-0.3**	**-251.9**	**42.8**	**-209.1**
Dividends		-176.1							-176.1	-90.4	-266.5
Other changes [2]									0.0	-28.4	-28.4
As of 30/06/2019	**1,482.3**	**4,786.5**	**-204.1**	**-2,403.8**	**1.6**	**-134.6**	**21.0**	**1.0**	**3,549.9**	**2,219.4**	**5,769.3**
As of 01/01/2020	**1,482.3**	**5,234.5**	**-204.1**	**-2,503.5**	**8.5**	**-81.6**	**13.0**	**-2.0**	**3,947.1**	**3,498.0**	**7,445.1**
Total other comprehensive income				-72.6	-47.0	-62.6	-8.8	-3.6	-194.6	-25.6	-220.2
Group net profit		184.2							184.2	73.1	257.3
Total comprehen-sive income	**0.0**	**184.2**	**0.0**	**-72.6**	**-47.0**	**-62.6**	**-8.8**	**-3.6**	**-10.4**	**47.5**	**37.1**
Dividends									0.0	-128.4	-128.4
Other changes [2]									0.0	266.3	266.3
As of 30/06/2020	**1,482.3**	**5,418.7**	**-204.1**	**-2,576.1**	**-38.5**	**-144.2**	**4.2**	**-5.6**	**3,936.7**	**3,683.4**	**7,620.1**

1 Of which other comprehensive income directly associated with the assets held for sale as of 30/06/2020 in the amount of €0.0 million (01/01/2020: €0.0 million, 30/06/2019: €1.9 million, 01/01/2019: €0.0 million). Of which attributable to the shareholders of EnBW AG: €0.0 million (01/01/2020: €0.0 million, 30/06/2019: €1.4 million, 01/01/2019: €0.0 million). Of which attributable to non-controlling interests: €3.3 million (01/01/2020: €0.0 million, 30/06/2019: €0.5 million, 01/01/2019: €0.0 million).
2 Of which changes in non-controlling interests due to changes in ownership interest in subsidiaries without loss of control of €0.0 million (previous year €23.3 million).

Notes and explanations

General principles

The six-monthly financial statements of the EnBW Group are prepared according to the International Financial Reporting Standards (IFRS), the adoption of which is mandatory in the EU as of the reporting date. In addition, the related interpretations (IFRIC/SIC) are observed. Standards and interpretations that have not yet come into force have not been adopted.

The accounting policies applied for the six-monthly consolidated financial statements as of 30 June 2020, as well as the evaluation methods and input parameters for measuring fair value, are the same as those used for the consolidated financial statements as of 31 December 2019 with the exception of the new policies described below.

In accordance with IAS 34, the form of reporting chosen for the presentation of the consolidated financial statements of EnBW AG as of 30 June 2020 was shortened in comparison with that used for the consolidated financial statements as of 31 December 2019.

In addition to the income statement, the statement of comprehensive income, balance sheet, condensed cash flow statement and statement of changes in equity for the EnBW Group are presented separately. Rounding differences may occur due to the methods used to carry out the calculations.

Significant events in the reporting period are described in the section "The EnBW Group" of the management report.

Changes in accounting policies

First-time adoption of amended accounting standards

The International Accounting Standards Board (IASB) and the IFRS Interpretation Committee (IFRS IC) have adopted the following new standards and amendments to existing standards whose application is mandatory as of the 2020 financial year:

- Amendments to IAS 1 and IAS 8 (2018) "Definition of Material"
- Amendments to IFRS 3 (2018) "Business Combinations"
- IFRS 7, IFRS 9 and IAS 39 (2019) "Interest Rate Benchmark Reform"
- Amendments to the References to the Conceptual Framework for the IFRS Standards (2018)

These new rules have no material impact on the EnBW consolidated financial statements.

Effects of new accounting standards that are not yet mandatory

The IASB and IFRS IC have already published the following standards and interpretations whose adoption is not yet mandatory for the 2020 financial year. Their application in the future is subject to their endorsement by the EU into European law.

- Amendments to IAS 1 (2020) "Classification of Liabilities as Current or Non-current"
- Amendments to IFRS 16 (2020) "Property, Plant and Equipment"
- Amendments to IAS 37 (2020) "Provisions, Contingent Liabilities and Contingent Assets"
- Amendments to IFRS 3 (2020) "Business Combinations"
- Amendments to IFRS 4 (2020) "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 10 and IAS 28 (2014) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 16 (2020) "Covid-19-Related Rent Concessions"
- IFRS 17 (2017) "Insurance Contracts"
- Collective standard for the amendment of various IFRS (2020) "Improvements to the IFRS Cycle 2018–2020"

Restatement of the figures for the previous year

The application of the IFRIC agenda decision and an adjustment to the netting process for a trading company led to a restatement of the figures for the previous year:

in € million	2019 before adjustment	Adjustment due to agenda decision	Adjustment netting	2019 after adjustment
Revenue including electricity and energy taxes	11,780.8	-309.6	-1,202.4	10,268.8
Electricity and energy taxes	-251.8	0.0	0.0	-251.8
Revenue	**11,529.0**	**-309.6**	**-1,202.4**	**10,017.0**
Other operating income	420.1	82.9	-3.1	499.9
Cost of materials	-9,271.1	226.5	1,205.5	-7,839.1
Other operating expenses	-729.3	0.2	0.0	-729.1
EBITDA	**1,071.1**	**0.0**	**0.0**	**1,071.1**

Exercise of judgement and estimates when applying accounting policies

The following amendment has been made when determining the interest rate for pension provisions: Instead of the Bloomberg Industry Classification System ("BICS") that was previously used, the Bloomberg Barclays Classification System (BCLASS) will be used in future as the basis for determining the interest rate in accordance with the RATE:Link methodology. There is no material impact as a result.

Consolidated companies

All subsidiaries under the control of the Group are included in the consolidated financial statements in accordance with the full consolidation method. The equity method is used when there is a joint arrangement in the form of a joint venture or a significant influence may be exercised over the business policy of the associated company, but the entity does not qualify as a subsidiary. Joint arrangements that are classified as joint operations are reported based on the proportion of the assets, liabilities, income and expenses which are attributable to the parent company in compliance with the respective applicable IFRS.

There are no reciprocal shareholdings in the EnBW Group as defined by section 19 (1) German Companies Act (AktG).

The consolidated companies are as follows:

Type of consolidation

Number of companies	30/06/2020	31/12/2019	30/06/2019
Fully consolidated companies	209	192	195
Entities accounted for using the equity method	22	22	24
Joint operations	3	3	3

Full consolidation of affiliated entities 2020

Full consolidation of EnBW Albatros

As the requirement for unanimity in the General Meeting of Shareholders ended with the commissioning of the wind farm, EnBW has now obtained control of EnBW Albatros GmbH & Co. KG, Hamburg, in which it holds a 50.11% shareholding. The other shareholder is a subsidiary of the Canadian energy infrastructure company Enbridge Inc., Calgary. EnBW Albatros has been fully consolidated in the EnBW consolidated financial statements since 1 January 2020. EnBW Albatros is an offshore wind farm in the North Sea consisting of 16 wind turbines with a total output of 112 MW. EnBW had previously reported the shares in EnBW Albatros in the consolidated financial statements as a joint venture using the equity method due to the lack of control as a result of a requirement for unanimity in the General Meeting of Shareholders during the construction phase.

The fair value of the shares held by EnBW in EnBW Albatros at the time of full consolidation was €255.5 million. As the disposal of the EnBW Albatros shares accounted for using the equity method was worth €213.4 million, there was income of €42.1 million which was reported in the investment result. The value of the non-controlling interest was calculated pro rata based on the identifiable net assets of EnBW Albatros and stood at €253.6 million.

Following its full consolidation, EnBW Albatros contributed €30.3 million to revenues and €18.9 million to earnings after income taxes in the 2020 financial year.

in € million	Fair value
Intangible assets	184.4
Property, plant and equipment	350.3
Cash and cash equivalents	21.6
Other current assets	12.2
Total assets	**568.5**
Non-current liabilities	34.6
Current liabilities	24.8
Total liabilities	**59.4**
Net assets [1]	509.1
Non-controlling interests	253.6
Net assets attributable to the shareholders of EnBW AG	255.5
Fair value of the shares	255.5
Goodwill	0.0

1 The calculation of the fair value of these assets and liabilities has not yet been concluded because analyses relating to the assets and liabilities are still outstanding. Therefore, provisional values have been stated in accordance with IFRS 3.45.

The fair value of the trade receivables acquired as part of the business combination stood at €12.0 million. There were no material individual impairment losses. The total amount of the trade receivables is expected to be largely collected so that the gross value corresponds to the fair value of the trade receivables.

First-time full consolidation of affiliated entities 2019

First-time full consolidation of Valeco S.A.S.

In order to strengthen its onshore wind business, EnBW acquired 100% of the shares in the developer and operator of wind farms and solar parks Valeco S.A.S., Montpellier, France, from Holding GAY and the minority shareholder Caisse des dépôts et consignations (CDC) on 3 June 2019. Valeco S.A.S. was fully consolidated in the EnBW consolidated financial statements from this point in time and has installed output of 276 MW of onshore wind power and 56 MW of photovoltaic power plants, as well as a project pipeline of 1,700 MW.

The fair value of Valeco S.A.S. at the time of full consolidation was €605.3 million. There were no significant incidental acquisition costs incurred as part of the transaction. The purchase price was paid in cash and cash equivalents. Goodwill represents, in particular, future business generation and is not deductible for tax purposes.

Following its full consolidation, Valeco contributed €18.0 million to revenues and €-3.2 million to earnings after income taxes in the 2019 financial year. If Valeco had been fully consolidated since the beginning of the year, Group revenue would have increased by €18.0 million to €18,783.0 million and earnings after income taxes would have decreased by €3.2 million to €901.1 million.

The following assets and liabilities were taken over as part of the acquisition:

in € million	Fair value
Intangible assets	108.6
Property, plant and equipment	158.8
Other non-current assets	288.3
Cash and cash equivalents	41.9
Other current assets	25.2
Total assets	**622.8**
Non-current liabilities	205.6
Current liabilities	48.6
Total liabilities	**254.2**
Net assets [1]	368.6
Non-controlling interests	13.8
Fair value of the shares	605.3
Goodwill	250.5

1 After completing the analysis of the fair values of the assets and liabilities, the values were adjusted compared to 31/12/2019.

The fair value of the trade receivables acquired as part of the business combination stood at €4.3 million. There were no material individual impairment losses. The total amount of the trade receivables was largely collected.

First-time full consolidation of Plusnet GmbH

The expansion of activities in the area of telecommunications through the acquisition of 100% of the shares in Plusnet GmbH, Cologne, from QSC AG on 30 June 2019 is part of the strategy to develop EnBW into a provider of sustainable infrastructure. The company was fully consolidated in the EnBW consolidated financial statements from this point in time. Plusnet has long-standing experience in the operation of modern broadband technology, as well as established sales channels, and operates its own nationwide voice/data network.

The fair value of Plusnet GmbH at the time of full consolidation was €227.0 million. There were no significant incidental acquisition costs incurred as part of the transaction. The purchase price was paid in cash and cash equivalents. Goodwill represents, in particular, future growth expectations and is not deductible for tax purposes.

Following its full consolidation, Plusnet contributed €148.0 million to revenues and €3.0 million to earnings after taxes in the 2019 financial year. If Plusnet GmbH had been fully consolidated since the beginning of the year, Group revenue would have increased by €148.0 million to €18,913.0 million and earnings after income taxes would have increased by €3.0 million to €907.3 million.

The following assets and liabilities were taken over as part of the acquisition:

in € million	Fair value
Intangible assets	113.3
Property, plant and equipment	95.6
Other non-current assets	16.4
Cash and cash equivalents	36.0
Other current assets	47.3
Total assets	**308.6**
Non-current liabilities	87.6
Current liabilities	72.2
Total liabilities	**159.8**
Net assets [1]	148.8
Fair value of the shares	227.0
Goodwill	78.2

1 After completing the analysis of the fair values of the assets and liabilities, the values were adjusted compared to 31/12/2019.

The fair value of the trade receivables acquired as part of the business combination stood at €37.5 million. There were no material individual impairment losses. The total amount of the trade receivables was largely collected.

Revenue

Alongside revenue from contracts with customers, there is other revenue from ordinary business activities. This is how it breaks down:

in € million [1]	01/01–30/06/2020	01/01–30/06/2019
Revenue from contracts with customers	9,583.1	9,869.8
Other revenue	142.9	147.2
Total	**9,726.0**	**10,017.0**

1 The figures for the previous year have been restated.

The change in revenue is explained in more detail in the section “The EnBW Group” and mainly relates to revenue from contracts with customers.

The following tables break down the revenue according to region and products.

External revenue by region

01/01–30/06/2020 in € million	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
Revenue from contracts with customers by region	3,945.7	1,563.2	535.2	3,534.6	4.4	9,583.1
Germany	(3,317.5)	(1,478.7)	(389.1)	(2,798.7)	(4.4)	(7,988.4)
European currency zone excluding Germany	(41.4)	(2.0)	(31.8)	(727.5)	(0.0)	(802.7)
Rest of Europe	(586.5)	(82.5)	(114.3)	(8.4)	(0.0)	(791.7)
Rest of world	(0.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.3)
Other revenue	2.0	140.9	0.0	0.0	0.0	142.9
Total	**3,947.7**	**1,704.1**	**535.2**	**3,534.6**	**4.4**	**9,726.0**

External revenue by region

01/01–30/06/2019 in € million	Sales	Grids	Renewable Energies	Generation and Trading[1]	Other/ Consolidation	Total
Revenue from contracts with customers by region	3,932.8	1,518.4	284.4	4,129.1	5.1	9,869.8
Germany	(3,296.9)	(1,433.6)	(226.9)	(3,457.1)	(5.1)	(8,419.6)
European currency zone excluding Germany	(54.8)	(2.5)	(4.0)	(659.3)	(0.0)	(720.6)
Rest of Europe	(581.1)	(82.3)	(53.5)	(12.7)	(0.0)	(729.6)
Rest of world	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other revenue	2.3	144.9	0.0	0.0	0.0	147.2
Total	**3,935.1**	**1,663.3**	**284.4**	**4,129.1**	**5.1**	**10,017.0**

1 The figures for the previous year have been restated.

External revenue by product

01/01–30/06/2020 in € million	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
Revenue from contracts with customers by product	3,945.7	1,563.2	535.2	3,534.6	4.4	9,583.1
Electricity	(2,547.2)	(1,010.6)	(477.7)	(1,495.0)	(0.0)	(5,530.5)
Gas	(1,142.1)	(307.6)	(5.2)	(1,836.9)	(0.0)	(3,291.8)
Energy and environmental services/other	(256.4)	(245.0)	(52.3)	(202.7)	(4.4)	(760.8)
Other revenue	2.0	140.9	0.0	0.0	0.0	142.9
Total	**3,947.7**	**1,704.1**	**535.2**	**3,534.6**	**4.4**	**9,726.0**

External revenue by product

01/01–30/06/2019 in € million	Sales[1]	Grids	Renewable Energies	Generation and Trading[1]	Other/ Consolidation	Total
Revenue from contracts with customers by product	3,932.8	1,518.4	284.4	4,129.1	5.1	9,869.8
Electricity	(2,623.7)	(995.4)	(261.0)	(1,739.8)	(0.0)	(5,619.9)
Gas	(1,233.9)	(287.2)	(3.1)	(2,188.0)	(0.0)	(3,712.2)
Energy and environmental services/other	(75.2)	(235.8)	(20.3)	(201.3)	(5.1)	(537.7)
Other revenue	2.3	144.9	0.0	0.0	0.0	147.2
Total	**3,935.1**	**1,663.3**	**284.4**	**4,129.1**	**5.1**	**10,017.0**

1 The figures for the previous year have been restated.

Revenues mainly arise from goods supplied or services that are rendered over a particular time period.

Amortisation and depreciation

in € million	01/01–30/06/2020	01/01–30/06/2019
Amortisation of intangible assets	78.9	49.4
Depreciation of property, plant and equipment	587.4	611.4
Depreciation of investment properties	0.2	0.4
Depreciation of right-of-use assets from leases	65.8	44.7
Reversals of investment cost subsidies	-0.4	-0.5
Total	**731.9**	**705.4**

The impairment losses on other intangible assets, property, plant and equipment and investment property amounted to €89.1 million (previous year: €1.7 million).

In the current financial year, the impairments mainly concern a gas grid. In the segment reporting, this impairment is allocated to the Grids segment. The recoverable amount is calculated on the basis of the fair value less selling costs and corresponds to Level 3 of the IFRS 13 valuation hierarchy. Using a business valuation model, the fair value is derived on the basis of expected future cash flows. The Incentive Regulation Ordinance and the current grid user charge notice for the relevant grid are the most important basis for cash flow planning. In addition, past experience and estimates concerning future market development in the medium to long-term are also taken into account in the plans. The impairment was necessary mainly due to an amended grid user charge notice. The fair value calculated for the gas grid was around €350 million. The discount rates used in the valuation are 2.6% and 3.3% (previous year: 2.8% and 3.3%).

Assets held for sale

The increase in assets held for sale mainly relates to the property, plant and equipment, especially gas distribution plants, that must be relinquished in accordance with a court judgement.

Dividends

On 17 July 2020, the Annual General Meeting of EnBW approved the proposal by the Board of Management and the Supervisory Board to distribute a dividend of €0.70 per share for the 2019 financial year. An advance dividend of €0.35 per share was already paid on 14 May 2020, which corresponded to €94.8 million. The remaining €94.8 million was distributed to shareholders on 22 July 2020. In the previous year, a dividend of €0.65 per share was distributed for the 2018 financial year. This corresponded to a dividend payment of €176.1 million.

Contingent liabilities and other financial commitments

Compared to 31 December 2019, contingent liabilities and other financial commitments decreased by €2,555.1 million to €30,832.5 million. This fall was mainly due to lower purchase obligations in the gas sector.

Notes relating to fair value

The fair value of financial assets and financial liabilities is determined by reference to quoted market prices, insofar as the financial instruments are traded on an active market, or by using valuation methods such as the discounted cash flow method. Where the parameters used in the valuation methods are not supported by observable market data, assumptions need to be made which can affect the fair value of financial assets and financial liabilities.

The fair value and carrying amounts of the financial assets and financial liabilities under the individual balance sheet items are shown below.

Carrying amounts and fair value of financial instruments

in € million	30/06/2020			31/12/2019		
	Fair value	Not in scope of IFRS 7	Carrying amount	Fair value	Not in scope of IFRS 7	Carrying amount
Financial assets	5,288.8	718.4	6,007.2	6,063.8	741.7	6,805.5
Measured at fair value through profit or loss	(3,525.2)		(3,525.2)	(4,248.6)		(4,248.6)
Measured at fair value in equity	(1,284.3)		(1,284.3)	(1,531.9)		(1,531.9)
Measured at amortised cost	(479.3)		(479.3)	(283.3)		(283.3)
Trade receivables [1]	3,648.3		3,648.3	4,308.1		4,308.1
Other assets	6,064.5	851.1	6,915.6	4,762.8	802.8	5,565.6
Measured at fair value through profit or loss	(4,561.2)		(4,561.2)	(3,681.0)		(3,681.0)
Measured at amortised cost	(1,342.0)		(1,342.0)	(928.0)		(928.0)
Derivatives designated as hedging instruments	(131.5)		(131.5)	(133.1)		(133.1)
Lease receivables	(29.8)		(29.8)	(20.7)		(20.7)
Cash and cash equivalents	2,351.2		2,351.2	1,363.8		1,363.8
Assets held for sale	0.0	35.1	35.1	0.0	0.9	0.9
Total	**17,352.8**	**1,604.6**	**18,957.4**	**16,498.5**	**1,545.4**	**18,043.9**
Financial liabilities	9,848.1		9,365.1	9,227.6		8,190.9
Trade payables	1,205.3	1,439.0	2,644.3	844.5	3,210.6	4,055.1
Other liabilities and subsidies	6,301.4	1,938.2	8,239.6	5,058.3	1,779.8	6,838.1
Held for trading	(4,267.0)		(4,267.0)	(3,383.5)		(3,383.5)
Measured at amortised cost	(1,104.6)		(1,104.6)	(895.5)		(895.5)
Derivatives designated as hedging instruments	(153.5)		(153.5)	(79.7)		(79.7)
Lease liabilities	(776.3)		(776.3)	(699.6)		(699.6)
Liabilities directly associated with assets classified as held for sale	0.0	4.3	4.3	0.0		0.0
Total	**17,354.8**	**3,381.5**	**20,253.3**	**15,130.4**	**4,990.4**	**19,084.1**

1 Due to the coronavirus pandemic, the amount of expected credit losses on trade receivables was increased moderately based on internal forecasts.

The individual levels of the valuation hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Methods for which all input parameters that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Methods that use input parameters which have a material impact on the recorded fair value and are not based on observable market data

At the end of each reporting period it is determined whether there is any reason to reclassify between the levels of the valuation hierarchy. A reclassification is carried out if the valuation method for measuring fair value is changed and the input factors with significance for the valuation will result in allocation to a different level. Due to the fact that prices quoted by brokers are used, securities with a fair value of €6.5 million were reclassified from Level 1 to Level 2 and securities with a fair value of €12.7 million were reclassified from Level 2 to Level 1 in the six-monthly financial statements.

Counterparty default risk is taken into account when measuring the fair value of derivative financial instruments. Default risk with respect to an individual counterparty is calculated on the basis of the net risk position. For information on the valuation method and the input parameters used, please refer to the explanations in the section "Financial assets" in the extended version of the Integrated Annual Report 2019 on p. 150.

Hierarchy of input data

in € million	30/06/2020			31/12/2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets	1,940.5	1,340.5	1,528.5	2,805.9	1,461.9	1,512.7
Measured at fair value through profit or loss	(923.2)	(1,073.5)	(1,528.5)	(1,580.5)	(1,155.4)	(1,512.7)
Measured at fair value in equity	(1,017.3)	(267.0)		(1,225.4)	(306.5)	
Other assets	43.0	4,649.7	0.0	5.8	3,808.3	0.0
Measured at fair value through profit or loss	(0.3)	(4,560.9)		(5.8)	(3,675.2)	
Derivatives designated as hedging instruments	(42.7)	(88.8)		(0.0)	(133.1)	
Total	**1,983.5**	**5,990.2**	**1,528.5**	**2,811.7**	**5,270.2**	**1,512.7**
Other liabilities and subsidies	6.5	4,414.0	0.0	6.9	3,456.3	0.0
Held for trading	(0.9)	(4,266.1)		(5.0)	(3,378.5)	
Derivatives designated as hedging instruments	(5.6)	(147.9)		(1.9)	(77.8)	
Total	**6.5**	**4,414.0**	**0.0**	**6.9**	**3,456.3**	**0.0**

The following table shows the development of the financial instruments to be accounted for at fair value in accordance with Level 3:

in € million	As of 01/01/2020	Changes in consolidated companies, currency adjustments, other	Changes recognised through profit or loss	Changes recognised in equity	Additions	Disposals	As of 30/06/2020
Financial assets	1,512.6	-1.0	-76.4	-1.1	141.8	-47.4	1,528.5

The changes recognised through profit or loss of €-76.4 million (previous year: €40.0 million) were recognised in the financial result. In the first six months of the year, gains from Level 3 financial instruments were recognised in the investment result or financial result in the amount of €19.3 million (previous year: €56.2 million), of which €19.9 million (previous year: €57.4 million) is accounted for by financial instruments still held on the reporting date.

In the context of our energy trading activities, EnBW enters into energy trading contracts for the purpose of price risk management, optimisation of power stations, load equalisation and optimisation of margins. Trading for own account is only permitted within narrow, clearly defined boundaries. The price risks mostly arise from the procurement and sale of electricity, the procurement of coal, gas and oil as fuels, and the procurement of emission allowances. Furthermore, EnBW is exposed to price risks from speculative items entered into in own-account trading. The price risks are hedged using appropriate financial instruments on the basis of continuously monitored forecasts of market prices.

The hedging instruments used in the first half of the year were forwards, futures, swaps and options. The sensitivity of the measurement of derivatives to the price of electricity, coal, oil, gas and emission allowances is analysed below. The analysis was made assuming that all other parameters remain unchanged. It includes only derivatives whose changes in market value affect equity or the net profit/loss for the year. These are derivatives that are accounted for as stand-alone derivatives as well as derivatives used as hedging instruments in cash flow hedges.

For all commodities, typical volatilities were determined and rounded on the basis of the front year. These volatilities give the percentage rate by which the market price is shifted on the evaluation date. For all commodities, the resulting changes in market prices are multiplied by the sensitivities and aggregated for each commodity.

The analysis does not include any derivatives that are intended for the purpose of receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements (own use), and are not required to be accounted for in accordance with IFRS 9. Our generation and distribution positions are not included in the analysis either.

The sensitivities presented below therefore do not represent the actual economic risks to which the EnBW Group is exposed but rather serve solely to satisfy the disclosure requirements of IFRS 7.

The information presented in the table shows only the effects of the price risks on the six-monthly net profit/loss and on equity. A change in price of the same amount in the other direction would have an opposite, positive effect.

Price risks

in € million[1]			30/06/2020	31/12/2019
Electricity	-20% (previous year: -20%)	Profit for the year	-18.5	-8.4
	+20% (previous year: -20%)	Equity	-104.1	-92.6
Coal	-20% (previous year: +25%)	Profit for the year	-7.7	-12.1
	-20% (previous year: +25%)	Equity	-55.2	-85.5
Oil	-30% (previous year: +25%)	Profit for the year	-3.2	-5.0
	-30% (previous year: +25%)	Equity	0.0	0.0
Gas	-25% (previous year: +25%)	Profit for the year	-6.0	-34.2
	+25% (previous year: +25%)	Equity	0.0	0.0
Emission allowances	+45% (previous year: +45%)	Profit for the year	-136.6	-112.9
	-45% (previous year: +45%)	Equity	-181.0	-150.6

1 The logic of the plus/minus signs has been changed compared to the previous year in order to underline the fact that the presentation relates to price risks.

EnBW has investments in shares, share-based investment funds, fixed-income securities and investments in private equity companies that pose price risks for the company, which include, amongst other things, currency risk. When selecting securities, the company always attaches particular importance to high marketability and a good credit rating. As of the reporting date of 30 June 2020, shares, share-based investment funds, fixed-income securities and investments in private equity companies totalling €4,684.1 million (31 December 2019: €5,661.1 million) were exposed to market risk.

The effects of price risks from shares, share-based investment funds, interest-bearing securities and investments in private equity companies (real estate, infrastructure and private equity funds) on the six-monthly net profit/loss and on equity are analysed below. For information on the assumptions made in the analysis, please refer to the explanations in the section "Accounting for financial instruments" in the extended version of the Integrated Annual

Report 2019 on page 210. The premises on which the sensitivity analysis is based are 13% for shares, share-based investment funds and investments in private equity funds (31 December 2019: 10%), 1% for interest-bearing securities (31 December 2019: 1%) and 5% for investments in real estate and infrastructure funds (31 December 2019: 1%).

In the risk scenario in question, the six-monthly net profit/loss would improve by €214.1 million (31 December 2019: €217.8 million). The hypothetical change in profit/loss for the year is primarily due to shares, share-based investment funds and investments in private equity companies. In the risk scenario in question, the equity would increase by €12.8 million (31 December 2019: €15.3 million). Of the hypothetical change in equity, €12.8 million (31 December 2019: €15.3 million) is accounted for by fixed-income securities. The information presented shows only the effects on the six-monthly net profit/loss and on equity in the case of an increase in the values of shares, share-based investment funds, interest-bearing securities and investments in private equity companies. A reduction of the same amount would have the opposite effect.

Segment reporting

01/01–30/06/2020

in € million	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
External revenue	3,947.7	1,704.1	535.2	3,534.6	4.4	9,726.0
Internal revenue	338.5	692.7	223.2	1,456.5	-2,710.9	0.0
Total revenue	4,286.2	2,396.8	758.4	4,991.1	-2,706.5	9,726.0
Adjusted EBITDA	135.8	744.9	425.8	395.0	-114.9	1,586.6
EBITDA	54.1	712.7	412.6	219.1	-39.4	1,359.1
Adjusted EBIT	63.5	483.2	286.9	246.1	-135.9	943.8
EBIT	-18.2	361.9	273.7	70.2	-60.4	627.2
Scheduled amortisation and depreciation	-72.3	-261.7	-138.9	-148.9	-21.0	-642.8
Impairment losses	0.0	-89.1	0.0	0.0	0.0	-89.1
Capital employed as of 30/06/2020	1,357.7	9,835.7	7,023.4	1,657.3	3,214.9	23,089.0

01/01–30/06/2019

in € million [1]	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
External revenue	3,935.1	1,663.3	284.4	4,129.1	5.1	10,017.0
Internal revenue	402.4	708.3	192.9	1,666.0	-2,969.6	0.0
Total revenue	4,337.5	2,371.6	477.3	5,795.1	-2,964.5	10,017.0
Adjusted EBITDA	123.5	740.7	212.9	283.5	-84.6	1,276.0
EBITDA	105.6	719.7	201.2	65.1	-20.5	1,071.1
Adjusted EBIT	82.7	489.5	115.0	-9.9	-105.0	572.3
EBIT	64.8	468.5	101.6	-228.3	-40.9	365.7
Scheduled amortisation and depreciation	-40.8	-251.2	-97.9	-293.4	-20.4	-703.7
Impairment losses	0.0	0.0	-1.7	0.0	0.0	-1.7
Capital employed as of 31/12/2019	1,379.4	8,990.7	6,627.1	1,848.3	3,037.9	21,883.4

1 The figures for the previous year have been restated.

Adjusted EBITDA is one of the key internal performance indicators. Adjusted EBITDA is an earnings ratio before the investment and financial results, income taxes and amortisation, adjusted for non-operating effects, which accurately reflects the development of results of operations. In the management report, the performance of the segments is explained with the aid of adjusted EBITDA.

Adjusted EBITDA can be reconciled to earnings before taxes (EBT) as follows:

in € million	01/01–30/06/2020	01/01–30/06/2019
Adjusted EBITDA	1,586.6	1,276.0
Non-operating EBITDA	-227.5	-204.9
EBITDA	**1,359.1**	**1,071.1**
Amortisation and depreciation	-731.9	-705.4
Earnings before interest and taxes (EBIT)	**627.2**	**365.7**
Investment result	104.4	74.9
Financial result	-356.1	-36.1
Earnings before tax (EBT)	**375.5**	**404.5**

Segment reporting is based on internal reporting.

Sales of electricity and gas, energy industry services and energy solutions and activities in the area of energy supply, energy saving contracting and telecommunications are summarised in the Sales segment. The Grids segment encompasses the value-added stages of transmission and distribution of electricity and gas. In addition, the expansion of the HVDC connections in the transmission grid, the provision of grid-related services and the supply of water is reported in the Grids segment. Activities in the area of power generation using renewable energies are presented in their own segment. These activities include project development and the construction and operation of power plants based on renewable energies. The Generation and Trading segment encompasses conventional electricity generation and the trading of gas and electricity, the provision of system services and the operation of reserve power plants for the transmission grids. In addition, the gas midstream business with storage, the dismantling of power plants, district heating and waste management/environmental services are reported in this segment. All activities which cannot be attributed to the separately presented activities of the segments are disclosed together with eliminations between the segments under "Other/Consolidation".

The segment figures have been determined in accordance with the accounting policies used in the consolidated financial statements. Internal revenue shows the level of sales between Group companies. Sales between the segments were made at market prices.

Significant events in the reporting period

The 28.76% shareholding in MVV Energie AG was sold during the reporting period. In addition, a sustainability-linked syndicated credit facility with a volume of €1.5 billion was signed; this replaces, ahead of schedule, the existing syndicated credit line that expires in July 2021. Furthermore, a bond and also a green subordinated bond each with a volume of €500 million were issued in April and June respectively.

Significant events after the reporting date

VNG AG, Leipzig, a subsidiary of EnBW AG, signed a purchase contract on 3 July 2020 to acquire shares in Gas-Union GmbH based in Frankfurt/Main. The transaction is subject to the approval of the boards and the antitrust authorities.

Certification following auditor's review

To EnBW Energie Baden-Württemberg AG, Karlsruhe

We have reviewed the interim condensed consolidated financial statements, comprising the income statement, statement of comprehensive income, balance sheet, condensed cash flow statement, statement of changes in equity and selected explanatory notes, together with the interim Group management report of EnBW Energie Baden-Württemberg AG, Karlsruhe, for the period from 1 January to 30 June 2020, which are part of the six-monthly financial report pursuant to section 115 German Securities Trading Act (WpHG). The preparation of the interim condensed consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) on interim financial reporting as adopted by the EU and of the interim Group management report in accordance with the requirements of the WpHG applicable to interim Group management reports is the responsibility of the company's legal representatives. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim Group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS on interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in all material respects, in accordance with the applicable provisions of the WpHG. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance obtainable from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS on interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim Group management reports.

Stuttgart, 29 July 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert German Public Auditor	Prof. Dr. Kuhn German Public Auditor

Declaration of the legal representatives

We assure to the best of our knowledge that, in accordance with the accounting principles applicable for six-monthly financial reporting, the six-monthly consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the interim Group management report gives a true and fair view of the business development including the result and situation of the Group and also describes the significant opportunities and risks relating to the anticipated development of the Group in the remaining financial year.

Karlsruhe, 29 July 2020

EnBW Energie Baden-Württemberg AG

Dr. Mastiaux

Kusterer

Rückert-Hennen

Dr. Zimmer

Important notes

Published by
EnBW Energie Baden-Württemberg AG
Durlacher Allee 93
76131 Karlsruhe

Coordination and editor
Communication Media & Events, Karlsruhe

Concept and design
Truffle Bay Management Consulting GmbH, Munich

Illustrations
Jindrich Novotny, Hanover

Typesetting
In-house using ns.publish

Date of publication
30 July 2020

Contact
General
Phone: 0800 1020030 (only within Germany)
E-mail: kontakt@enbw.com
Internet: www.enbw.com

Investor Relations
E-mail: investor.relations@enbw.com
Internet: www.enbw.com/investoren

www.twitter.com/enbw

No offer or investment recommendation
This report has been prepared for information purposes only. It does not constitute an offer, an invitation or a recommendation to purchase or sell securities issued by EnBW Energie Baden-Württemberg AG (EnBW), a company of the EnBW Group or any other company. This report also does not constitute a request, invitation or recommendation to vote or give consent. All descriptions, examples and calculations are included in this report for illustrative purposes only.

Forward-looking statements
This report contains forward-looking statements which are based on current assumptions, plans, estimates and forecasts made by the management of EnBW. Forward-looking statements of this kind are therefore only valid at the time they were first published. Forward-looking statements are indicated by the context, but may also be identified by the use of the words “can”, “will”, “should”, “plans”, “intends”, “expects”, “thinks”, “estimates”, “forecasts”, “potential”, “continued” and similar expressions. By nature, forward-looking statements are subject to risks and uncertainties that cannot be controlled or accurately predicted by EnBW. Actual events, future results, the financial position, development or performance of EnBW and the companies of the EnBW Group may therefore diverge considerably from the forward-looking statements made in this report. Therefore, it cannot be guaranteed nor can any liability otherwise be assumed that these forward-looking statements will prove complete, correct or precise, or that expected and forecast results will actually occur in the future.

No obligation to update the information
EnBW assumes no obligation of any kind to update the information contained in this report or to adjust or otherwise update forward-looking statements to future events or developments. This Six-Monthly Financial Report can also be downloaded from the Internet in German or English. In cases of doubt, the German version shall be authoritative.

Financial calendar

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

25 March 2021
Publication of the Integrated Annual Report 2020

5 May 2021
Annual General Meeting 2021

10 May 2021
Publication of the Quarterly Statement
January to March 2021

29 July 2021
Publication of the Six-Monthly Financial Report
January to June 2021

12 November 2021
Publication of the Quarterly Statement
January to September 2021

EnBW Energie
Baden-Württemberg AG

Durlacher Allee 93
76131 Karlsruhe
www.enbw.com