Nine-Monthly Financial Report

January to September 2015

Adjusted EBITDA
at same level as previous year at €1,635.9 million

Earnings forecast for 2015
confirmed at between 0% and -5%

Adjusted Group net profit
higher than previous year at €998.1 million

Offshore wind farm EnBW Baltic 2
officially placed into operation

EnBW

Performance indicators of the EnBW Group

Financial performance indicators

in € million	01/01–30/09/2015	01/01–30/09/2014	Change in %	01/01–31/12/2014
External revenue	15,314.8	15,466.5	-1.0	21,002.5
Adjusted EBITDA	1,635.9	1,632.2	0.2	2,167.4
Share of the adjusted EBITDA accounted for by Sales in € million/in %	238.4/14.6	226.7/13.9	5.2/–	230.6/10.6
Share of the adjusted EBITDA accounted for by Grids in € million/in %	530.4/32.4	656.4/40.2	-19.2/–	886.3/40.9
Share of the adjusted EBITDA accounted for by Renewable Energies in € million/in %	156.3/9.6	145.5/8.9	7.4/–	191.4/8.8
Share of the adjusted EBITDA accounted for by Generation and Trading in € million/in %	671.1/41.0	615.7/37.7	9.0/–	899.5/41.5
Share of the adjusted EBITDA accounted for by Other/Consolidation in € million/in %	39.7/2.4	-12.1/-0.7	–/–	-40.4/-1.8
EBITDA	1,403.8	1,251.6	12.2	2,137.3
Adjusted EBIT	945.7	966.2	-2.1	1,290.5
EBIT	702.5	-648.2	–	0.1
Adjusted Group net profit[1]	998.1	350.4	–	479.4
Group net profit/loss[1]	710.8	-770.6	–	-450.7
Earnings per share from adjusted Group net profit[1] in €	3.68	1.29	–	1.77
Earnings per share from Group net profit/loss[1] in €	2.62	-2.85	–	-1.66
Cash flow from operating activities	1,174.4	1,467.2	-20.0	1,775.7
Free cash flow	484.3	631.3	-23.3	330.2
Capital expenditures	865.7	1,287.1	-32.7	1,956.7

Employees of the EnBW Group

Number[2, 3]	30/09/2015	30/09/2014	Change in %	31/12/2014
Employees	20,094	19,989	0.5	20,092

[1] In relation to the profit/loss attributable to the equity holders of EnBW AG.
[2] Number of employees excluding marginally employed persons, apprentices/trainees and inactive employees.
[3] The number of employees for the ITOs (TransnetBW GmbH and terranets bw GmbH) is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2014 is carried forward.

At a glance **2015**

EnBW decided at an early stage: We want to play a reliable and influential role in reshaping the energy system. "Energiewende. Safe. Hands on." is our guiding principle.

We already realigned our business model two years ago and have rigorously implemented our strategy since then. We are countering the foreseeable fall in earnings from conventional generation and trading by expanding generation from renewable sources of energy, extending the stable grids business and engaging in an innovation and service-based campaign to promote business in the area of "Customer proximity". EnBW views itself as an energy company that is active along the entire value chain. In the process, we are supported by our regional roots in Baden-Württemberg and by a stable group of shareholders, who, like us, are pursuing long-term goals.

As one of the largest energy supply companies in Germany, we supply electricity, gas, water and energy-related products and services to approximately 5.5 million customers.

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Highlights

July to October 2015

July

PROKON creditors select the cooperation model option

As part of a bidding process, EnBW had made a binding offer to the insolvency administrator of PROKON for the acquisition of PROKON. The offer was presented to the PROKON creditors' meeting as a recapitalisation option, providing an alternative to the cooperation model. However, the creditors voted by a majority during the creditors' meeting in Hamburg for the continuation of PROKON as a cooperative with the participation of the previous rights holders.

Shareholding in the energy start-up company DZ-4

EnBW has acquired 15% of the start-up company DZ-4 based in Hamburg. DZ-4 leases solar power plants and electricity storage systems to private customers for supplying energy for their own needs. It also supplies green electricity from the grid where required. It is the first strategic investment made by the newly founded EnBW New Ventures GmbH. Alongside developments by its internal innovation management department, EnBW is increasingly focussing on cooperations within the start-up scene.

Major contract awarded to Vestas

EnBW has agreed a framework contract with the Danish wind turbine manufacturer Vestas for the delivery of 45 wind turbines of type Vestas V 126 in the 3.3 megawatt (MW) size class. The contract thus covers turbines with a total output of 148.5 MW. The V 126 is a turbine that is particularly suitable for the expansion of wind energy at inland locations. EnBW will utilise this major contract to realise part of its expansion projects in 2016 and 2017 at locations in Baden-Württemberg, Rheinland-Pfalz and Brandenburg.

August

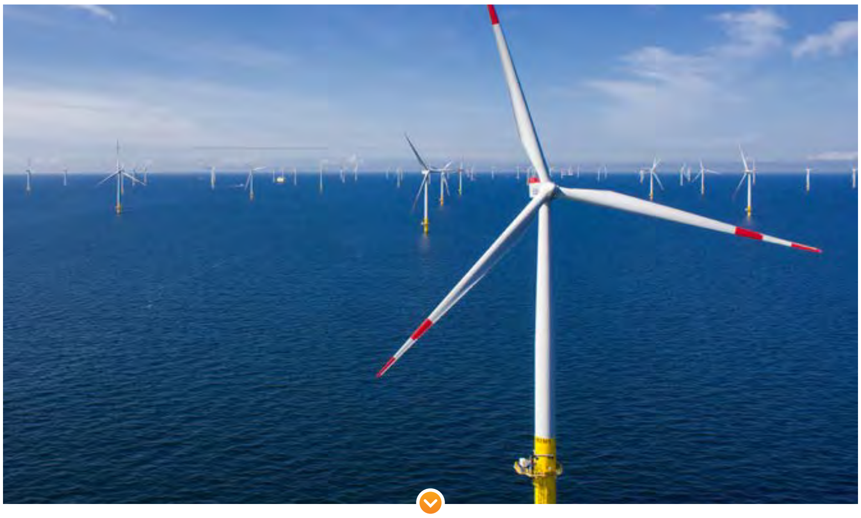
Important milestone reached in the dismantling work at Obrigheim

The transport of the reactor pressure vessel (RPV) to the dismantling area of the reactor building at the decommissioned power plant in Obrigheim (KWO) represents an important milestone in the dismantling of the power plant. The RPV forms the heart of a nuclear power plant where the controlled nuclear chain reactions take place. "Seven years after the start of the decommissioning work in Obrigheim, the removal of the RPV is a clear indication of how successfully and professionally we have progressed with the dismantling of the nuclear power plant. This is a promising sign for the successful realisation of this part of the Energiewende," explained Jörg Michels, CEO of EnBW Kernkraft GmbH.

EnBW website: highly ranked for its communication regarding sustainability

A total of 100 German company websites were closely examined in a study by the consulting company Net Federation for their communication about sustainability on the Internet. EnBW managed to claim fifth place at its first attempt. The study examined the Internet communication of the company in general – how is the company website designed, what information does it contain and how easy is it to access this information – and the theme of sustainability in particular. The structure of the content, the design of the website and the navigation logic were areas where EnBW particularly impressed. EnBW was rated just behind E.ON (4th place) and clearly ahead of RWE (16th place). The top positions were claimed by BASF, Linde and Bayer.

September



Official commissioning of EnBW Baltic 2

Following a two-year construction period, the offshore wind farm EnBW Baltic 2 in Stralsund has been officially placed into operation. The festivities to mark the official commissioning of the wind farm were held on the museum ship Gorch Fock I and attended by the Minister President of Mecklenburg-West Pomerania, Erwin Sellering, and numerous guests from the worlds of industry and politics. The first wind power plant at the Baltic Sea wind farm EnBW Baltic 2 had already started feeding electricity into the grid at the end of April. All of the wind power plants are now in operation. A total of 80 wind turbines with an output of 288 MW have been erected across an area of 27 square kilometres. They will generate 1.2 billion kWh of electricity per year – enough for around 340,000 households.

A new look for the "Meine EnBW" customer portal

Around 400,000 customers regularly use the online customer portal to view their invoices, enter their meter readings or update their contact and bank data. The design and also the functions of "Meine EnBW" have now been overhauled in a comprehensive relaunch. This also included the addition of completely new functions such as advice on discounts. Customers were constantly surveyed throughout the project.

energy@school funds 22 energy saving projects in schools

At the beginning of the 2014/2015 school year, the "energy@school" initiative was launched by the three cooperation partners: the Foundation for Cultural Youth Work (Stiftung Kulturelle Jugendarbeit), the Ministry of Education, Youth and Sports Baden-Württemberg and EnBW. The school classes received funding of up to €500 to implement their clever project ideas and experiments. The focus in the past school year was "Saving energy in school". Due to the pleasing results achieved by the initiative, it will be continued in the forthcoming school year – this time under the motto "Renewable energies".

October

EnBW and EWE restructure their shareholdings

EnBW and the company EWE (Oldenburg) from Lower Saxony in which EnBW holds shares have agreed to restructure their shareholdings. According to the agreement, EnBW will receive an approximate 74.2% shareholding in Verbundnetz Gas (VNG) in Leipzig that was previously held by EWE. In return, EnBW will gradually divest itself of its 26% shareholding in EWE to the utility company itself and EWE-Verband. In addition, EnBW will pay a cash settlement of €125 million. The transaction will take place in three phases and should be completed by 2019 at the latest. The closing of the transaction, which is subject to the approval of the antitrust authorities, is expected within the next six months.

Significant financial developments

- **The adjusted EBITDA for the EnBW Group in the first nine months of 2015** of €1,635.9 million stood at around the same level as in the previous year.
- **As a consequence, the operating result lay** in the upper range of the forecast for the 2015 financial year, which confirms the expected change in adjusted EBITDA of 0% to -5%.
- **Above all, positive effects in the adjusted financial result** led to a rise in the adjusted Group net profit attributable to the shareholders of EnBW to €998.1 million (previous year: €350.4 million).
- **Adjusted net debt fell** in comparison to the end of 2014 by €112.5 million to €7,870.1 million. As a result of this development and other positive effects expected by the end of the year, the forecast for the adjusted net debt has improved to between €6.4 billion and €6.9 billion and for the dynamic leverage ratio to between 3.0 and 3.4.

Interim Group management report (unaudited)

Business activity and strategy

Business activity

As an integrated energy supply company, EnBW operates in Germany along the entire energy industry value chain and has a diversified business portfolio with a balanced risk-return profile.

Business operations are divided into four segments:

- The Sales segment encompasses the sale of electricity and gas, as well as the provision of energy-related services such as invoicing services or energy supply contracting and energy-saving contracting.
- The Grids segment includes the transmission and distribution of electricity and gas, the provision of grid-related services – for instance the operation of grids for customers – and water supply services.
- Activities in the area of power generation from water, wind and sun are combined under the Renewable Energies segment.
- The Generation and Trading segment encompasses the generation and trading of electricity, the gas midstream business, district heating, environmental services and decommissioning of power plants.

Other/Consolidation includes activities which are not otherwise allocated to the separately presented segments.

Our core market is Baden-Württemberg, where we are positioned as market leader. Beyond our core market, we operate throughout Germany and in Europe. We supply customers all over Germany through our subsidiaries Yello Strom GmbH and Sales & Solutions GmbH. Energiedienst Holding AG, in which EnBW is a majority shareholder, supplies customers in South Baden and Switzerland. Stadtwerke Düsseldorf AG, a further company in which EnBW holds a majority stake, supplies customers in Düsseldorf, the capital of North Rhine-Westphalia, while EWE Aktiengesellschaft (EWE), in which EnBW is a minority shareholder, supplies Oldenburg in Lower Saxony (latest developments page 32). A share in Pražská energetika a.s. (PRE), the third-largest electricity supply company in the Czech Republic, means that EnBW is also active on the Czech market. We participate in the growth market of Turkey through our joint venture with the Borusan Group. Furthermore, we are also active in Austria.

EnBW supplies in total around 5.5 million customers with energy. The B2C customer group includes private customers, commercial enterprises, the housing industry and agriculture. The B2B customer group encompasses, for example, major commercial enterprises and industrial customers, as well as redistributors, municipal utilities, local authorities and public entities. With its strong brands, EnBW enjoys a close relationship with customers, orientating itself to their needs through its efficiency and quality.

Market conditions and structures

Market conditions in the energy sector are currently undergoing profound change. Efforts to achieve greater autonomy and decentralised energy generation, as well as falling energy consumption due to improved energy efficiency, are leading to a change in the patterns of demand and consumption on the part of customers. An increase in price and cost awareness and the continued strong orientation towards sustainability support this development. Cities and communities are also playing a role in this change.

The trend towards decentralisation is benefiting from technological advances, which is leading to a massive decline in the costs associated with decentralised energy generation, particularly with regard to photovoltaic power plants, but also to those relating to combined heat and power plants (CHP) and wind power plants. The role of centralised electricity generation is being fundamentally transformed as a result, leading to considerably fewer operating hours in power plants. Nuclear power generation will be phased out by 2022, with plants being successively and safely decommissioned.

Corporate strategy

We have closely analysed future revenue sources in the energy industry to further develop our business portfolio. According to our estimations, revenue flows in the energy industry will shift considerably. Renewable energies, grids and the decentralised solution business are growing in importance. On this basis, we have developed the EnBW 2020 strategy guided by the principle “Energiewende. Safe. Hands on.”, which charts the course for the future development of our business model and strengthens the future viability of the company.

Two operating models

The two complementary operating models of “Customer proximity” and the “Engine room of the Energiewende” lie at the core of the EnBW 2020 strategy. “Customer proximity” shifts the focus of our activities onto the customer to an even greater degree. Core elements here are consistent innovation management, shorter development times for new products and services and well-balanced partnership models. In the "Engine room of the Energiewende", we are building, in particular, on operational excellence and a strict efficiency and cost orientation to achieve defined levels of quality, in order to ensure the efficient and safe operation, construction and decommissioning of energy supply plants and infrastructure. Furthermore, EnBW actively offers the opportunity to invest in grids and power plants, especially to local authorities.

Realigning the business portfolio

EnBW aims to more than double its share of renewable energies in its generation portfolio, raising it from a current level of 19% (based on the reference year of 2012) to more than 40% in 2020. Our capacities derived from onshore wind farms will be increased significantly in the target markets of Germany and Turkey. Offshore wind power represents a further opportunity for growth. By investing extensively in grid expansion, we will be making a substantial contribution to the infrastructure required by the energy system and thus to the security of supply.

By 2020, a significant share of the Group's earnings (the target value of adjusted EBITDA is between €2.3 and €2.5 billion) is to be raised from strategic initiatives. Innovative products and services will form another important pillar of the company's business. The overall share of adjusted EBITDA accounted for by the regulated grid business and renewable energies will increase from the current level of approximately 40% (based on the reference year of 2012) to around 70% in 2020. This will improve the risk-return profile of EnBW.

Extensive investments and divestitures

EnBW intends to invest €14.1 billion in total by 2020 (based on the reference year of 2012). In this context, the focus will be placed on expanding wind and hydropower on an industrial scale. In addition, we will concentrate on the expansion and upgrading of our transmission and distribution grids right through to so-called smart grids. From a regional point of view, and beyond our core market of Baden-Württemberg, we will be focusing our investment activities on Germany, Switzerland, the Czech Republic and Turkey. To obtain the financial headroom required for these extensive investments, we have considerably extended our divestiture programme, involving conventional divestitures and cash flow from participating investment models and the disposal of assets and subsidies, to around €5.1 billion (based on the reference year of 2012).

Around €4.8 billion of the overall investments planned up to 2020 have already been realised as of 30 September 2015, while approximately €1.4 billion of our divestiture programme was implemented as of the same date.

Economic and political environment

The business performance of EnBW is influenced by a wide range of external factors. Factors that have a decisive influence on the corporate development of EnBW are the macroeconomic environment, price trends on the markets for electricity, fuel and CO_2 allowances, as well as political and regulatory decisions.

Macroeconomic trends

Anticipated development of gross domestic product (GDP) in 2015

Change in %	2015	2014
World	3.1	3.4
Eurozone	1.5	0.9
Germany	1.5	1.6
Austria	0.8	0.4
Switzerland	1.0	1.9
Czech Republic	3.9	2.0
Turkey	3.0	2.9

Slightly weaker global economic growth is expected over the whole of 2015 compared to the previous year. The cause is a slower rate of expansion in emerging countries.

In the eurozone, overall economic growth accelerated in the second quarter of 2015 compared to the same period of the previous year to 1.5%, after growth of 1.2% in the first quarter – supported by a positive trade balance and increasing consumption expenditure by private households. In Germany, gross domestic product grew by 1.6% in the second quarter (first quarter 2015: 1.2%). The largest contribution was made here by exports (second quarter 2015: 6.6%), followed by public consumption (second quarter 2015: 1.9%) and private consumption (second quarter 2015: 1.8%). Economic growth in Austria has increased during the course of the year from 0.3% in the first quarter to 0.7% in the second quarter of 2015. However, the development of the economy continues to be impacted by poor investment. Gross domestic product in Switzerland grew by 1.3% in the second quarter despite the significant appreciation of the Swiss franc, after 1.2% in the first quarter. This was supported by public and private consumption, as well as by investment. The Czech Republic once again recorded strong economic growth of 4.4% in the second quarter (first quarter of 2015: 4.2%), which was primarily supported by a high level of investment and an increase in private consumption. In Turkey, economic growth accelerated from 2.5% in the first quarter to 3.8% in the second quarter. The largest contribution to this growth was made by investment, followed by public and private consumption.

The first indicators of economic performance in the third quarter point to the fact that economic growth has continued in all of the markets relevant to EnBW – although with slightly less momentum. Overall, the macroeconomic trends are expected to have a limited positive influence on the business performance of EnBW in 2015.

Market situation for primary energy sources, CO_2 allowances and electricity

The overriding objective of the trading activities carried out by EnBW is to reduce the uncertainty in the generation margin that can arise as a result of the price trends in primary sources of energy, CO_2 allowances and electricity on the wholesale markets. Therefore, EnBW uses the forward market to procure the required quantities of primary energy sources and CO_2 allowances for electricity generation in advance and to sell scheduled electricity production. The terms and conditions of the supply contracts agreed in previous years are decisive factors impacting costs and income in the first nine months of 2015. The price developments seen on the forward market in the first nine months of 2015 will, in turn, have an effect on the results for subsequent years. This is also true on the sales side of the business for the quantities of electricity procured from EnBW on the forward market.

Oil market: Following the increase in oil prices in the second quarter of 2015 to around US $65/bbl, prices fell significantly during the course of the third quarter of 2015. From August, prices once again stood at the low levels experienced at the start of the year at around US $50/bbl. Although the market continues to be characterised by an oversupply, the OPEC countries are continuing their policy of not intervening in the market to stabilise prices. Falling oil production in the USA since July 2015 has also not pushed up prices because the drop in production was smaller than initially expected and oil exports from Iran increased at the same time. In addition, the trend in demand for oil has had a rather dampening effect on oil prices because the dynamic economic growth in Asia – especially in China – has slowed. In the medium term, the agreement reached in the nuclear dispute with Iran is likely to push prices downwards because Iran's return to the international oil market will lead to a further increase in supply. Prices on the forward market developed largely in parallel to prices on the spot market in the reporting period, whereby a narrowing of the forward market spreads was noticeable from the second quarter onwards.

Coal market: The downward trend in prices on the coal market continued in the third quarter of 2015. This development was contributed to primarily by lower coal imports in China and a falling growth in imports in India due to higher domestic coal production. In addition, currency devaluations in important producing countries and lower freight and production costs due to the lower price of oil also pushed prices downwards. As the overall supply situation on the global coal market is very good, cuts in production in Indonesia and China hardly had any stabilising effect on prices. Forward market prices in the third quarter of 2015 indicated a period of backwardation and thus signalled the expectation that the price of coal will continue to fall. The slowdown in the Chinese economy and an expected increase in Columbian coal exports due to the lifting of transport restrictions are also likely to contribute to this trend.

Development of prices on the oil and coal markets

	Average Q1–Q3/2015	Average Q1–Q3/2014	Average 2014
Crude oil (Brent) front month (daily quotes in US $/bbl)	56.60	106.99	99.45
Crude oil (Brent), rolling front year price (daily quotes in US $/bbl)	63.38	103.21	98.72
Coal – API #2, rolling front year price in US $/t	58.54	76.15	75.24

Gas market: Long-term gas import contracts form the primary basis of Germany's gas supply. Prices primarily track the oil price trends with a time lag. The border price index for natural gas published monthly by the German Federal Office of Economics and Export Control (BAFA) stood at €20.57/MWh in August 2015, which is 14.6% below the December 2014 figure (€24.10/MWh) and 1.9% above the figure for the same month in the previous year (€20.18/MWh). The wholesale markets, such as the Dutch Title Transfer Facility (TTF) and the trading point of the NetConnect Germany (NCG) market area, are other important sources of natural gas.

Following a price increase at the beginning of 2015 and lateral movement in the second quarter, the average spot and forward prices for gas on the TTF fell noticeably in the third quarter. Gas prices followed the trend of falling prices on the crude oil market although with a slight time lag. Even the production restrictions imposed on the Groningen gas field in the Netherlands and the announcement of a number of short-term interruptions to production in Norway did not lead to a sustainable increase in the price of gas. Nevertheless, the average spot price for gas in the first nine months of 2015 was €0.31/MWh above the average figure for the same period of the previous year, while the forward price for the 2016 calendar year fluctuated on average around €3.95/MWh below the previous year's figure in the first nine months of 2015.

The narrower spreads between spot market and forward market prices for gas, which were even negative for a period in the second and third quarters, indicate that market participants do not expect higher gas prices in the near future. The background to this development is the overall relaxed supply situation and the expectations of another mild winter based on the climate signals taken from El Niño in the Pacific. At the same time, the supply of LNG has increased and is also being delivered in greater volumes to north Europe. Finally, it is not expected that there will be any restrictions to Russian gas exports to Europe despite the tense situation in the Ukraine.

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

in €/MWh	Average Q1–Q3/2015	Average Q1–Q3/2014	Average 2014
Spot	20.76	20.45	20.88
Rolling front year price	20.98	24.93	24.62

CO_2 allowances: Under the European emissions trading system, proof must be provided of allowances for CO_2 emissions from power plants. The price of emission allowances (EU Allowance – EUA) rose significantly to over €6/t CO_2 during the course of 2014 after the EU resolution on backloading. Since the beginning of 2015, the prices for CO_2 allowances have fluctuated in a range between €6.50 and €8.40/t CO_2 and are thus noticeably higher than the level in the previous year. The agreement by the Environment Committee of the EU Parliament on a proposal for a Market Stability Reserve (MSR), which is due to start in 2019 and envisages the transfer of the backloading volumes to the reserve, resulted in higher prices. In contrast, the continued steep fall in emissions that was attributable to the mild weather and the high feed-in of energy from renewable sources had a dampening effect on prices. The contingents of Certified Emission Reductions (CERs) have largely been exhausted. However, the increase in prices for EUAs was also reflected in higher prices for CERs.

Hedging measures undertaken by the energy supply companies, the expansion of renewable energies, the impact of measures to increase energy efficiency and economic trends will all play significant roles in the future development of prices for CO_2 allowances.

Development of prices for emission allowances/daily quotes

in €/t CO_2	Average Q1–Q3/2015	Average Q1–Q3/2014	Average 2014
EUA, rolling front year price	7.49	5.80	5.96
CER, rolling front year price	0.45	0.20	0.17

Electricity wholesale market: The average price on the spot market of the European Power Exchange EPEX SPOT for the immediate delivery of electricity (base load product) to the German/Austrian market in the first nine months of 2015 was around €1/MWh or 3.0% below the price in the same period of 2014. This development can be primarily attributed to significantly higher feed-ins from renewable energies in the first half of 2015 as a result of the sharp increase in the capacity of onshore and offshore wind farms. This has overcompensated for the effect in the first quarter of higher loads due to the lower temperatures leading to higher prices compared to the previous year. In contrast, electricity prices in the third quarter were €1.34/MWh or 4.3% above the prices in the same quarter of the previous year at €32.84/MWh. This price increase was mainly due to the lower precipitation levels in the months of July and August, which led to less electricity being produced by run-of-river power plants. In addition, freight costs for coal deliveries via inland waterways increased due to low water surcharges. Furthermore, the availability of nuclear power plants dropped below the level in the previous year due to the decommissioning of Grafenrheinfeld and inspection work being carried out at a number of different power plants. At the same time, the demand for electricity for air-conditioning increased as a result of a relatively long period of extremely high temperatures.

The average forward market price for electricity on the European Energy Exchange (EEX) for front year delivery in the first nine months of this year was around €3.61/MWh or almost 10.3% below the figure in the previous year. The cause of this price trend is the lower price of coal in €/t, the commissioning of new hard coal power stations and the expansion of renewable energies – particularly in the area of wind power plants.

Forward contracts for 2016 closed at just over €29/MWh on the last trading day of September. Forward contracts for 2017 and 2018 were below the current spot market price and fluctuated laterally in a range between €28 and €29/MWh. The lower prices reflect, above all, the expectation of the continued price-lowering expansion of renewable energies in the coming years. In particular, the significant expansion of wind power plants both on land and at sea is expected. This expansion increases the probability of lower or negative prices occurring at certain hours on the spot market, which will be factored into the forward market prices. Moreover, changes to thermal power plants, such as the new construction or commissioning of more modern and efficient coal power stations, and the pending decommissioning of some power plants have also had an impact.

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

in €/MWh	Average Q1–Q3/2015	Average Q1–Q3/2014	Average 2014
Spot	31.10	32.07	32.76
Rolling front year price	31.63	35.24	35.09

Prices for retail and industrial customers: According to calculations by the German Association of Energy and Water Industries (BDEW) published in August 2015, the average monthly electricity bill for a household with an annual consumption of 3,500 kWh will be €83.77 in 2015, slightly below the figure of €84.99 for the previous year. 52% of the price is accounted for by taxes and levies, which have increased since 1998 by a total of 267%. In contrast, the proportion of the price relating to procurement, network user charges and sales only increased by 6% in this period. In the case of industrial customers receiving a medium-voltage supply, the average electricity price including electricity taxes will fall by 0.6% according to calculations made by the BDEW, from 15.32 ct/kWh in 2014 to 15.23 ct/kWh in 2015.

According to calculations by the German Federal Statistical Office in August 2015, natural gas prices for private households had fallen by 1.2% compared to the same month in the previous year; the price of natural gas for industrial customers fell by 7.7%.

Political and regulatory environment

European energy policy

EU energy and climate strategy: As part of the implementation of the European Commission's energy and climate policy for the creation of an Energy Union, discussions have once again focussed on the issue of monitoring and enforcement – so-called governance. The majority of member states want to be subject to fewer obligations, while some countries, including Germany, are arguing for a stricter regime. Energy ministers meeting within the Transport, Telecommunications and Energy Council are due to outline their position in more detail on 26 November 2015. Furthermore, the European Commission is planning to publish its first annual report on the state of the Energy Union, which will provide a progress report on its implementation.

European internal energy market: The European Commission initiated the consultation process on the future design of the market by issuing a communication package on 15 July 2015. This focuses on the following aspects: guaranteeing sufficient capacities and the avoidance of negative cross-border interdependencies due to national capacity mechanisms, the integration of renewable energies into the market and system, strengthening the management of demand and the more active participation of the consumer, as well as the clarification of the future role of distribution grid operators. Possible institutional changes, such as strengthening the position of a European regulator, are also dealt with in the communication package. Corresponding consultations on the design of the market and the security of supply ran until 8 October 2015. Concrete legislative and policy proposals are then expected in the second half of 2016.

In addition, pressure from European neighbours to find a solution to the bottlenecks at the German borders has increased further, including the question of splitting Germany/Austria or Germany itself into price zones. The Agency for the Cooperation of Energy Regulators examined this situation following a request from Poland and published its recommendations for the management of bottlenecks and the possible splitting of Germany/Austria into price zones on 23 September 2015.

Targets for 2030: In order to implement the climate and energy policy targets for 2030 that were issued in 2014, the European Commission presented a legislative proposal to revise the EU Emissions Trading System (ETS) directive on 15 July 2015. Other implementation measures such as the distribution of the emission reduction targets in the non-ETS sectors to individual member states and the adaptation of the renewable energy and energy efficiency directives will follow in 2016/2017. With respect to the further expansion of renewable energies, the future governance process is of particular importance in the view of EnBW. Its purpose is to guarantee the fulfilment of the targets by the member states.

Emissions trading: The legislative process for the reform of the ETS directive through the introduction of a Market Stability Reserve (MSR) was concluded by the formal ratification of the Council of the European Union on 18 September 2015. Overall, the result is welcomed by EnBW. Although EnBW had advocated an even earlier start date, much was ultimately achieved: a start date in 2019 with the immediate adoption of the backloading volumes and the inclusion to a large extent of any allowances that remain unallocated at the end of the current trading period in the reserve. As well as the adjustment of the linear reduction factor, the reform of the ETS directive to implement the 2030 framework that was introduced on 15 July 2015 together with a proposal for corresponding legislation comprises a more fundamental examination of the system for free allocations and also of the exemptions for the protection of exposed sectors that are particularly burdened by international competition (carbon leakage sectors). In the reform, EnBW will pay attention above all to possible effects on the auction budget, the free allocations for the energy sector in the Eastern European member states and the area of district heating, as well as the design of the New Entrants Reserve.

Financial services legislation: The processes for clarifying the regulations in the Markets in Financial Instruments Directive (MiFID 2) in terms of their effects on the energy industry continues to be of particular importance in this area. A particularly critical aspect remains the final design of the specific exemption for commodity dealers: There is a danger that the exemption will be so narrowly defined that its application will be almost impossible and will thus result in corresponding licensing requirements. The same is also true for the question of when electricity and gas transactions are to be classified as financial instruments. Alongside the scope of application of the MiFID 2, this will also have a significant impact on the regulation governing the trading of (OTC) derivatives (EMIR), as well as on the regulation governing energy market integrity and transparency. A number of legislative processes are still also ongoing here that will define how this regulation will be implemented in law, particularly when it comes to reporting obligations which can have a significant impact both on costs and business operations.

German energy policy

Energiewende/amendment to the German Renewable Energies Act (EEG): The EEG 2014 prescribes changing the method of funding for renewable energies to a competitive auction system by 2017. In this context, a pilot auction for open-field photovoltaic plants was initially introduced. EnBW was awarded two contracts in the second round of auctions carried out between April and June 2015. The BMWi published the framework paper "Auctions for the Funding of Renewable Energy Power Plants" (Ausschreibungen für die Förderung von Erneuerbare-Energien-Anlagen) on 31 July 2015, which envisages further auction models for onshore and offshore wind energy and large PV roof systems. No auctions are planned by the BMWi for biomass and hydropower technologies, which account for less than 20% of the expansion of renewable energies. The consultation on the framework paper ran until 1 October 2015. EnBW participated by submitting its own statement. The auction models will now be developed further taking into account the responses from the consultation.

Reserve power plants: As a result of the general economic conditions, conventional power plants are being increasingly forced into becoming permanently unprofitable and must therefore be gradually decommissioned. In order to prevent the closure of system-relevant power plants, the law intends to obligate operators to maintain the operational readiness of these facilities as reserve power plants ("grid reserve"). In this context, the power plant operator has a right to be reasonably reimbursed for the costs that arise as a result of this obligation. For power plant operators, the reimbursement of the full costs, including the returns on their invested capital, will be necessary because the financial burden will soon become unsustainable for companies in the sector. As part of the planned Electricity Market Act, the German government presented a draft bill at the beginning of September to reform the regulations for the provision and remuneration of reserve power plants. In addition to the grid reserve, it envisages the introduction of a capacity reserve for the whole of Germany to cover cases of extreme shortage on the electricity market. EnBW welcomes the establishment of a new, competitively oriented process for providing a capacity reserve, which was defined further in a draft bill issued by the BMWi for a "Capacity Reserve Ordinance" (KapResV) in October. As an operator of grid reserve power plants, EnBW can decide in future whether these power plants remain in the grid reserve or whether they want to bid for them to become part of the capacity reserve and, if successful, transfer them to it.

Design of the electricity market: The white paper presented by the German government at the beginning of July 2015 was available for public consultation until the end of August. EnBW participated in this process. Following this public consultation, a draft bill for the Electricity Market Act has been published. It contains concrete regulations for the design of the "Electricity Market 2.0". It will strengthen the Energy-only-Market (EOM 2.0) and introduce a capacity reserve. The strong market orientation of the planned reform of the electricity market is welcomed by EnBW. There is currently no need for a complete reorientation of the design of the market in the sense of introducing capacity markets. We view the introduction of a reserve and the reform of the EOM as a low-risk and inexpensive option for continuing to guarantee a secure supply by strengthening market forces. The Electricity Market Act in its current form also contains some critical points. In particular, these include inadequate compensation for power plants that must be deployed at the request of the transmission system operators to stabilise the grid (redispatch).

Ultimate storage/nuclear power provisions: A government/federal state commission is continuing its work on the selection of sites. Criteria for an ultimate storage site for highly radioactive waste are due to be defined on the basis of the Site Selection Act by the middle of 2016. In addition, transports from the reprocessing plants to the Gorleben interim storage site are to be discontinued. The German government has reached an agreement with France that the return of the waste stored at the La Hague reprocessing plant will not take place before 2016. The commissioning of the ultimate storage site for low- and medium-level radioactive waste – the Konrad mine – has been delayed further and is not yet due to take place before 2022. A concrete commissioning date has not been named by the German Federal Office for Radiation Protection. On the basis of the results of an audit of financial security in the nuclear power sector, the German Federal Ministry for Economic Affairs and Energy has had the provisions held by the nuclear power plant operators examined with the aid of a stress test. The goal was to clarify whether all obligations and the anticipated costs associated with them have been completely included in the provisions that have been made. The stress test showed that there are no objections to the accounting practices followed by the nuclear power operators – thus confirming the practice of maintaining provisions that has been followed for decades. The German government set up a commission on 14 October 2015 that is tasked with developing recommendations for the future financing of the phasing out of nuclear power on the basis of the results of the stress test. The results are expected at the end of January 2016. At the same time, the German Federal Cabinet adopted a draft bill for a "Continued Liability for Nuclear Decommissioning and Disposal Costs Act". The aim of this law is to preserve the current situation with regards to liability and thus to reduce the risks to public finances. The law envisages that group parent companies will continue to be liable on a permanent basis for subsidiaries that operate nuclear power plants. Moreover, the regulations will also apply after demergers.

Climate Protection Action Programme 2020: The Climate Protection Action Programme envisages, amongst other things, further reductions in CO_2 emissions from conventional power plants to the amount of 22 million tonnes of CO_2 by 2020. Following a long public discussion about the possible effects of the different proposals, the leaders of the political parties CDU, CSU and SPD ultimately agreed to implement a model which had been co-developed by the IG BCE (German Industrial Union for Mining, Chemicals and Energy) on 1 July 2015. The fundamental aspects of this model have been included in the first draft bill for the Electricity Market Act, which was announced at the beginning of September. This draft bill includes the gradual decommissioning of brown coal power plant units equivalent to an output of 2.7 GW by 2020. The affected power plant units will be transferred initially to a climate reserve on a contractual basis for four years, for which the operators will receive cost-based remuneration. The German government expects that these measures will deliver CO_2 savings of between 11 and 12.5 million tonnes by 2020. The gap to achieve the total reduction of 22 million tonnes will be closed with higher levels of funding for combined heat and power plants and efficiency measures for buildings, local authorities, industry and the railways. EnBW is not directly affected by the climate reserve. In the company's opinion, this political compromise is appropriate for cushioning possible social hardships relating to this structural change. In comparison to the original proposal, this solution could, however, lead to higher economic costs. Therefore, a transparent solution for reimbursing the costs needs to be delivered as part of the legislative process for the Electricity Market Act.

Outside of the electricity sector, energy efficiency measures will make the greatest contribution to the Climate Protection Action Programme to ensure the achievement of the national savings targets of 40% is still possible by 2020. EnBW supports this general initiative but nevertheless advocates, above all, the idea of exploiting the untapped potential for reducing greenhouse gases outside of the ETS sector. Alongside a rapid and ambitious reform of the ETS, EnBW believes that increasing the electrification of heating and mobility, in combination with strong incentives for energy conservation, is key to achieving Germany's climate protection goals.

Reform of the Combined Heat and Power Act (KWKG): The German Federal Cabinet approved the official draft bill for the reform of the Combined Heat and Power Act (KWKG) on 23 September 2015. The reform will, amongst other things, now only apply the existing 25% target for 2020 to controllable net electricity generation instead of the entire generation system and introduce new funding for existing power plants that is limited to gas-fired power plants from a size of 2 MW. The annual CHP funding cap is set to be raised from the current level of €750 million to €1.5 billion in the future. A total €0.5 billion of the overall funding has been allocated for the replacement of existing coal-fired power plants with gas-fired power plants and a moderate level of funding for new gas-fired power plant projects. The draft bill also removes all surcharges for own consumption for power plants >100 kW. A direct marketing obligation will be introduced for power plants above this size. The law will be valid for an indefinite period. As part of its strategic positioning, EnBW is advocating, amongst other things, the retention of own consumption surcharges for decentralised CHP plants up to 250 kW and funding for switching from coal-based to gas-based power plants. The draft bill will now enter the parliamentary legislative process. The KWKG is due to come into force on 1 January 2016.

National Energy Efficiency Action Plan: The main focus of the National Energy Efficiency Action Plan lies in reducing final energy consumption, particularly in the heating sector. Furthermore, the German government plans to introduce other initiatives to stimulate the market for energy services. The key measures in the action programme include an expansion of the building renovation programme, the introduction of an energy-efficient tendering model (with the focus on electricity) and the expansion of the guarantee provisions for contracting agreements.

Regulation of the electricity and gas markets

Network charges for electricity: The second regulatory period began on 1 January 2014. As a result of the still outstanding settlement of the regulatory account, not all of the electricity distribution system operators have received their final notification on the upper revenue limits from the German Federal Network Agency (BNetzA). Therefore, there may still be slight differences between the preliminary and the final upper revenue caps.

Further development of the regulatory regime for network charges for electricity/gas: The BNetzA published a report in January 2015 evaluating the incentive regulations in which they analysed the effects of the previous incentive regulations and made proposals for the further development of the regulatory regime starting from the third regulatory period. On the basis of this report, the BMWi presented key points on the reform of the Incentive Regulation Ordinance (ARegV). Against the original plan of the BMWi, a cabinet resolution on changes to the Incentive Regulation Ordinance is now only expected to be published in the winter of 2015. The adjustments to the regulatory regime for network charges for electricity and gas is then due to become effective from the third regulatory period (electricity in 2019, gas in 2018). The EnBW subsidiary Netze BW GmbH participated in the evaluation process and the subsequent reform process for the ARegV by submitting its own statements and will continue to remain actively involved in the discussions.

Electricity Network Development Plan (NDP) 2014/2015, Offshore Network Development Plan (O-NDP) 2014/2015: The BNetzA has examined the draft versions of the 2014 network development plans revised by the transmission system operators (TSO) and published their results on 4 September 2015. The requirements considered by the BNetzA include all construction projects requiring approval on land (NDP) and in the North and Baltic Seas (O-NDP) with a time frame up to 2024. EnBW participated in this public dialogue by submitting its own statements. While also taking into account the changed framework conditions due to EEG 2014, the BNetzA has, in particular, reconfirmed the HVDC connections already indicated in the German Federal Requirements Plan Act (BBPlG). The EnBW subsidiary TransnetBW is involved in the HVDC projects ULTRANET and SuedLink and is responsible for the optimisation and expansion of the high-voltage grid in Baden-Württemberg. Overall, the approved NDP includes around 3,050 km of optimisation and reinforcement measures (BBPlG: 2,700 km). As a result of the statutory requirement for a reduction in the speed of expansion in offshore wind power plants, the approved O-NDP only includes three connection lines for the offshore wind farms in the North Sea and the Baltic Sea. The connection systems already commissioned by the TSO have been deemed to be approved and their necessity will not be reinvestigated as part of the examination of the O-NDP. It is anticipated that the TSO will publish the first drafts of the NDP and O-NDP for the year 2025 at the end of October 2015.

Network Development Plan (NDP) Gas 2015: The BNetzA published their draft version of the Gas NDP 2015 on 14 April 2015 and presented it for consultation. Alongside the initial 14 grid measures that are to a large extent already under construction, the current draft envisages a further 73 measures for the expansion of the national gas infrastructure over the next ten years. The volume of investment for the planned expansion comes to around €2.8 billion up to 2020, and will rise to a total of €3.5 billion by 2025. In particular, major expansion measures are planned in the south-east and north-west of Germany. In order to cover the necessary transmission capacities for natural gas in Baden-Württemberg and thus to make a significant contribution to the security of supply, it is important to highlight the North Black Forest Pipeline that is already being constructed by the EnBW subsidiary terranets bw as a measure in the NDP. This measure will be realised in two construction phases. The pipeline constructed in the phase from Au am Rhein to Ettlingen has been put into operation. The second construction phase from Ettlingen to Leonberg (56 km) has been submitted for planning approval. The construction work is expected to be completed by the end of 2015.

Smart metering systems: The consultation process for the official draft law on “digitalising the Energiewende” was concluded on 9 October 2015. EnBW had participated by submitting its own statement. The draft bill includes the path for the roll-out of smart meters, the installation obligations and refinancing, as well as the design of the competitive elements and secure data communications. It does not envisage a comprehensive roll-out of smart measurement systems but rather a gradual introduction in line with the greatest available benefits for the network and for efficiency. The installation obligation starts for consumers from >6,000 kWh, or for renewable energy(RE)/CHP power plants, from >7 kW. The aim is for the comprehensive installation of modern measurement equipment by 2032. As well as the already familiar content of the law, it will also regulate changing responsibilities relating to market communication and billing and set comprehensive unbundling requirements on the relevant metering point operators. Due to the previous delays and the still pending legislative process, the law is only expected to come into force in the middle of 2016. EnBW will actively participate in the legislative process. The key issues for EnBW are the prompt refinancing of investment in smart energy networks, non-discriminatory competition and efficient market and data communication.

The EnBW Group

Financial performance indicators

Results of operations

Electricity sales declined, gas sales increased

Electricity sales of the EnBW Group (without Grids)

in billions of kWh 01/01–30/09	Sales		Renewable Energies		Generation and Trading		Total (without Grids)		Change in %
	2015	2014	2015	2014	2015	2014	2015	2014	
Retail and commercial customers (B2C)	11.2	11.4	0.0	0.0	0.0	0.0	11.2	11.4	-1.8
Business and industrial customers (B2B)	23.5	23.6	0.0	0.0	0.0	0.0	23.5	23.6	-0.4
Trade	0.5	0.5	2.6	3.1	47.5	53.2	50.6	56.8	-10.9
Total	**35.2**	**35.5**	**2.6**	**3.1**	**47.5**	**53.2**	**85.3**	**91.8**	**-7.1**

In the first nine months of 2015, electricity sales of the EnBW Group were lower than the level in the previous year. This fall is mainly attributable to the trade business. However, its effect on the earnings potential of the company is limited. In a persistently challenging competitive environment, electricity sales in business with retail and commercial customers (B2C) fell slightly. Sales in the business and industrial customer sector (B2B) reached almost the same level as in the previous year. Since the beginning of 2015, electricity sales from the Grids segment will no longer be disclosed because the Independent Transmission Operators (ITO) no longer report their data (primarily throughput volumes from the German Renewable Energies Act (EEG)). The previous year's figures have been restated accordingly.

Gas sales of the EnBW Group

in billions of kWh 01/01–30/09	Sales		Generation and Trading		Total		Change in %
	2015	2014	2015	2014	2015	2014	
Retail and commercial customers (B2C)	6.9	5.5	0.0	0.0	6.9	5.5	25.5
Business and industrial customers (B2B)	54.9	43.4	0.0	0.0	54.9	43.4	26.5
Trade	1.0	0.5	37.4	34.5	38.4	35.0	9.7
Total	**62.8**	**49.4**	**37.4**	**34.5**	**100.2**	**83.9**	**19.4**

The gas sales of the EnBW Group increased significantly compared to the same period of the previous year. This development was primarily contributed to by increased sales to business and industrial customers (B2B) due to the weather. Gas sales in the retail customer business (B2C) rose due to both a slight increase in the number of customers and the cooler weather in comparison to the same period of the previous year. Trading activities were above the level in the previous year. However, their effect on the earnings potential of the company is limited.

External revenue slightly below the previous year

External revenue of the EnBW Group by segment

in € million[1]	01/01–30/09/2015	01/01–30/09/2014	Change in %	01/01–31/12/2014
Sales	6,730.2	6,579.4	2.3	9,066.8
Grids	4,819.3	4,765.8	1.1	6,230.5
Renewable Energies	275.5	291.0	-5.3	407.4
Generation and Trading	3,483.7	3,823.1	-8.9	5,290.1
Other/Consolidation	6.1	7.2	-15.3	7.7
Total	**15,314.8**	**15,466.5**	**-1.0**	**21,002.5**

[1] After deduction of electricity and energy taxes.

Sales: Revenue in the Sales segment increased in the first nine months of 2015 in comparison to the same period of the previous year, mainly as a result of higher gas sales.

Grids: Revenue in the Grids segment increased in the reporting period compared to the previous year due to higher revenues from the use of the grids.

Renewable Energies: In the Renewable Energies segment, revenue fell in the first nine months of 2015 in comparison to the previous year. This was primarily attributable to falling electricity prices for electricity produced by run-of-river power plants and falling trading revenues. This was offset to some extent by increasing revenue from direct marketing following the full commissioning of our offshore wind farm EnBW Baltic 2.

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. This fall is mainly attributable to lower electricity prices.

Material developments in the income statement

The negative balance from other operating income and other operating expenses in the reporting period increased from €-141.2 million in the previous year to €-392.7 million in the reporting period. This more negative balance is related, amongst other things, to costs connected with the planned acquisition of another company. The decline in the cost of materials of 4.2% to €12,420.4 million is primarily due to the lower sales in the Generation and Trading segment, as well as the lower provisions for onerous contracts for electricity procurement agreements which no longer cover costs compared to the same period of the previous year. Amortisation and depreciation of €701.3 million was lower than the level in the previous year of €1,899.8 million, which had primarily been due to higher impairment losses on the generation portfolio. The investment result stood at €69.0 million, which was €49.6 million higher than the figure of €19.4 million in the previous year. This was mainly influenced by a positive result from the profit/loss of entities accounted for using the equity method in the current year. The financial result improved in the reporting period in comparison to the same period of the previous year by €500.9 million to €99.7 million (previous year: €-401.2 million). This was primarily due to income from the sale of securities in the first half of 2015. This was offset by the adjustment to the discount rate for nuclear power provisions from 4.8% as of 31 December 2014 to 4.7% in the first half of 2015. Overall, earnings before tax (EBT) totalled €871.2 million in the first nine months of the 2015 financial year, compared with €-1,030.0 million for the same period in the previous year.

Earnings

The Group net profit attributable to the equity holders of EnBW AG increased in the reporting period by €1,481.4 million to €710.8 million compared to the figure in the same period of the previous year of €-770.6 million. Earnings per share amounted to €2.62 in the reporting period compared to €-2.85 for the same period in the previous year.

Adjusted earnings and non-operating result

The sustainable profitability of operating activities is of particular importance for the internal management and external communication of the current and future earnings potential of EnBW. The operating result is disclosed in the form of adjusted EBITDA – earnings before interest, tax, depreciation and amortisation adjusted for extraordinary items – which we use as a key reporting indicator. The extraordinary items are presented and explained in the section “Non-operating result”.

Adjusted EBITDA of the EnBW Group by segment

in € million	01/01–30/09/2015	01/01–30/09/2014	Change in %	01/01–31/12/2014
Sales	238.4	226.7	5.2	230.6
Grids	530.4	656.4	-19.2	886.3
Renewable Energies	156.3	145.5	7.4	191.4
Generation and Trading	671.1	615.7	9.0	899.5
Other/Consolidation	39.7	-12.1	–	-40.4
Total	**1,635.9**	**1,632.2**	**0.2**	**2,167.4**

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

in %	01/01–30/09/2015	01/01–30/09/2014	01/01–31/12/2014
Sales	14.6	13.9	10.6
Grids	32.4	40.2	40.9
Renewable Energies	9.6	8.9	8.8
Generation and Trading	41.0	37.7	41.5
Other/Consolidation	2.4	-0.7	-1.8
Total	**100.0**	**100.0**	**100.0**

The adjusted EBITDA for the EnBW Group stood at the same level as in the previous year and was thus at the higher end of the range for the forecast for the 2015 financial year of 0% to -5%.

Sales: In the Sales segment, the adjusted EBITDA increased in the first nine months of 2015 in comparison to the same period of the previous year due mainly to higher gas sales as a result of the temperature. In addition, optimisations in the area of electricity sales contributed to this improvement in earnings. The share of the adjusted EBITDA for the Group accounted for by this segment thus increased slightly in comparison to the previous year.

Grids: The adjusted EBITDA for the Grids segment in the reporting period was below the level in the previous year. Higher earnings from the use of the grids due to temperature levels were largely offset by planned increases in the number of employees for the expansion of the grid and increased lease expenses relating to the new contract arrangement with the City of Stuttgart. In addition, the result was strongly influenced by negative extraordinary items such as higher costs for decentralised feed-ins and the increase in the provisions for the retroactive adjustment of the water price in Stuttgart. The share of the adjusted EBITDA for the Group accounted for by this segment thus fell correspondingly.

Renewable Energies: The adjusted EBITDA in the Renewable Energies segment for the first nine months of 2015 was slightly above the value achieved in the same period of the previous year. It was possible to overcompensate for the poorer earnings performance of our run-of-river power plants as a result of lower electricity prices compared to the same period of the previous year through the full commissioning of our offshore wind farm EnBW Baltic 2 and the moderate expansion of onshore wind power plants. The share of the adjusted EBITDA for the Group accounted for by this segment increased slightly.

Generation and Trading: The adjusted EBITDA for the Generation and Trading segment increased compared to the same period of the previous year. This was primarily due to temporary positive effects such as different inspection times for power plants in comparison to the previous year. In addition, our efficiency improvement measures and the reimbursement of costs as part of the reserve power plant legislation also contributed to this growth in earnings compared to the previous year. For example, two blocks at the Heilbronn power plant were also contracted as network reserve power plants in April 2015. It was thus possible to temporarily overcompensate for the negative effects of falling prices and spreads on wholesale electricity markets. Therefore, this segment made a greater contribution to the adjusted EBITDA for the Group in comparison to the previous year.

Adjusted earnings indicators of the EnBW Group

in € million	01/01–30/09/2015	01/01–30/09/2014	Change in %	01/01–31/12/2014
Adjusted EBITDA	**1,635.9**	**1,632.2**	**0.2**	**2,167.4**
Scheduled amortisation and depreciation	-690.2	-666.0	3.6	-876.9
Adjusted EBIT	**945.7**	**966.2**	**-2.1**	**1,290.5**
Adjusted investment result	86.5	22.6	–	73.4
Adjusted financial result	195.5	-401.3	–	-542.8
Adjusted income taxes	-179.0	-175.6	-1.9	-251.7
Adjusted Group net profit	**1,048.7**	**411.9**	**–**	**569.4**
of which profit/loss shares attributable to non-controlling interests	(50.6)	(61.5)	-17.7	(90.0)
of which profit/loss shares attributable to the equity holders of EnBW AG	(998.1)	(350.4)	–	(479.4)

The growth in earnings in the adjusted investment result in the first nine months of 2015 was mainly the result of higher earnings from entities accounted for using the equity method. Against the background of the positive developments on the stock market in the first half of 2015 and a possible change in the taxation of diversified shareholdings, it was possible to realise tax-free profits from the sale of securities, which led to a significant increase in the adjusted financial result in the reporting period. As a result, the adjusted tax rate stood at 14.6% in the reporting period, compared to 29.9% in the same period of the previous year. The increase in the adjusted Group net profit attributable to the equity holders of EnBW AG compared to the same period of the previous year was mainly due to this effect, which is adjusted in the calculation of the dividend payout ratio.

Non-operating result of the EnBW Group

in € million	01/01–30/09/2015	01/01–30/09/2014	Change in %
Income/expenses relating to nuclear power	26.8	-67.5	–
Result from disposals	25.0	42.3	-40.9
Increased provisions for onerous contracts relating to electricity procurement agreements	-214.7	-345.9	37.9
Earnings from write-ups	34.7	0.9	–
Other non-operating result	-103.9	-10.4	–
Non-operating EBITDA	**-232.1**	**-380.6**	**39.0**
Unscheduled write-downs	-11.1	-1,233.8	-99.1
Non-operating EBIT	**-243.2**	**-1,614.4**	**84.9**
Non-operating investment result	-17.5	-3.2	–
Non-operating financial result	-95.8	0.1	–
Non-operating income taxes	70.1	468.1	-85.0
Non-operating Group net loss	**-286.4**	**-1,149.4**	**75.1**
of which profit/loss shares attributable to non-controlling interests	(0.9)	(-28.4)	–
of which profit/loss shares attributable to the equity holders of EnBW AG	(-287.3)	(-1,121.0)	74.4

The net loss in non-operating EBITDA was reduced compared to the same period of the previous year. This was primarily due to significantly lower provisions for onerous contracts for electricity procurement agreements which no longer cover costs. In addition, an improved operating result in the area of nuclear energy and income from write-ups on the fair value of assets held for sale made a significant contribution to this earnings performance. This was offset to some extent by the costs relating to the planned acquisition of a company that were accounted for under the other non-operating result. Non-operating EBIT improved significantly in the reporting period compared to the same period of the previous year. This development was primarily attributable to impairment losses predominantly on the generation portfolio in the previous year. The non-operating financial result achieved a negative balance in the reporting period, following a slightly positive balance in the previous year. This development was mainly due to the adjustment to the discount rate for nuclear power provisions from 4.8% as of 31 December 2014 to 4.7% in the first half of 2015. The non-operating Group net loss attributable to the equity holders of EnBW AG amounted to €287.3 million in the reporting period, compared to €1,121.0 million in the previous year.

Financial position

Financing

In addition to the Group's internal financing capabilities and its own funds, the EnBW Group has the following instruments at its disposal to cover its overall financing needs:

- Commercial paper (CP) programme for a total of €2.0 billion (undrawn as of 30 September 2015)
- Syndicated credit line of €1.5 billion with a term until 2020 (undrawn as of 30 September 2015). The extension of the term of the credit line by one year became effective on 21 July 2015, there is also a new extension option for an additional year in 2016.
- Bilateral short-term credit lines of €521 million (undrawn as of 30 September 2015)
- Euro Medium Term Note (EMTN) programme with a €7.0 billion line (€3.5 billion drawn as of 30 September 2015). A bond for €750 million became due on 7 July 2015, which was repaid from the existing liquidity position.

Established issuer on the debt capital market

EnBW has sufficient and flexible access to the capital market at all times.

The bond portfolio of EnBW has a well-balanced maturity profile. Following refinancing measures in the 2014 financial year, the EnBW Group is fully financed in the medium term. EnBW reserves the option to take advantage of a favourable climate on the capital market for the issuing of bonds to further optimise its financial structure. For this purpose, EnBW constantly analyses and assesses the latest developments on the capital market with regards to current interest rates and refinancing costs.

Rating and rating trends

Maintaining a good credit standing remains the key objective of the financing strategy of EnBW. The performance indicator for this is the dynamic leverage ratio. In general, a target value of <3.3 corresponds to the "A" ratings issued by the rating agencies. EnBW has always satisfied the criteria associated with an "A" rating for the rating agencies since they started issuing credit ratings for the Company: Standard & Poor's in 2000, Moody's in 2002 and Fitch in 2009. However, the rating agencies have adopted a more critical appraisal of energy policy conditions in the German energy utilities sector since 2011, ascribing it a poorer business risk profile. EnBW has largely withstood the sector-wide negative rating trend to date. The current ratings reflect the restructuring of the EnBW portfolio with an increased focus on low-risk activities.

EnBW rating/rating outlook

	30/09/2015	2014	2013	2012	2011
Moody's	A3/negative	A3/negative	A3/negative	A3/negative	A3/negative
Standard & Poor's	A-/stable	A-/stable	A-/stable	A-/stable	A-/stable
Fitch	A-/stable	A-/stable	A-/stable	A-/stable	A-/stable

Investment analysis

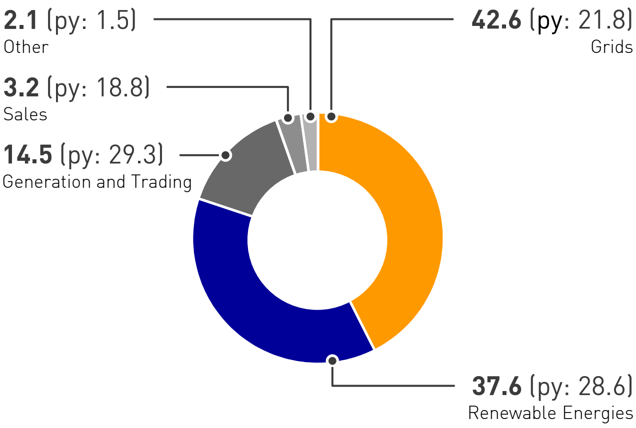
Net cash investments of the EnBW Group

in € million[1]	01/01–30/09/2015	01/01–30/09/2014	Change in %	01/01–31/12/2014
Investment in growth projects	596.6	1,065.4	-44.0	1,506.7
Investment in existing projects	269.1	221.7	21.4	450.0
Total investments	**865.7**	**1,287.1**	**-32.7**	**1,956.7**
Conventional divestitures[2]	-9.1	-17.5	-48.0	-130.1
Participation models	0.0	-93.1	-100.0	-125.3
Other disposals and construction cost subsidies	-126.3	-194.1	-34.9	-274.0
Total divestitures	**-135.4**	**-304.7**	**-55.6**	**-529.4**
Net (cash) investments	**730.3**	**982.4**	**-25.7**	**1,427.3**

[1] Excluding investments held as financial assets.
[2] Does not include cash and cash equivalents relinquished with the sale of fully consolidated companies. These amounted to €6.0 million in the reporting period (01/01–30/09/2014: €0.0 million, 01/01–31/12/2014: €0.0 million).

The investment volume of the EnBW Group fell as planned during the first nine months of 2015 compared to the previous year by 32.7%. This was due to the fact that the major power plant project RDK 8 and the EnBW Baltic 2 offshore wind farm have been completed and the investment made in the Lausward Combined Cycle Gas Turbine (CCGT) power plant was significantly below the level in the same period of the previous year. Furthermore, the investment in the previous year included the acquisition of the 50% share of EnBW Gas Verwaltungsgesellschaft mbH. Around 68.9% of the overall gross investment was attributable to growth projects; the proportion of investments in existing facilities stood at 31.1% in the first nine months of 2015 and was primarily allocated to existing power stations and grid infrastructure.

Total investments by segments in %



The investment in the **Grids** segment of €368.4 million was higher than the level in the previous year (€281.1 million), mainly due to the expansion and upgrade of the grids and the connection of facilities for the generation of renewable energies, as well as the construction of the North Black Forest Pipeline.

Investment in the **Renewable Energies** segment of €325.4 million was lower than the amount in the previous year (€368.1 million) because the offshore wind farm EnBW Baltic 2 was completed in the summer of 2015 and the majority of the investment was made in 2014. This segment's share of the gross investment increased compared to the previous year due to the disproportionate decline in the overall level of investment.

Investments totalling €125.6 million in the **Generation and Trading** segment were significantly lower than in the previous year (€377.5 million) due to the completion of the power plant project RDK 8. Furthermore, the investment in the construction of the Lausward CCGT power plant was significantly below the level in the previous year.

In addition, €27.7 million was invested in the reporting period in strengthening the **Sales** segment. The investment in the same period of the previous year totalled €242.4 million, which was primarily due to the acquisition of the 50% share of EnBW Gas Verwaltungsgesellschaft mbH.

The divestitures fell in comparison to the previous year due to the largely completed processes for extending concession agreements in the grids sector.

Liquidity analysis

Free cash flow of the EnBW Group

in € million	01/01–30/09/2015	01/01–30/09/2014	Change in %	01/01–31/12/2014
Cash flow from operating activities	**1,174.4**	**1,467.2**	**-20.0**	**1,775.7**
Change in assets and liabilities from operating activities	322.5	-304.1	–	-254.7
Interest and dividends received	285.4	211.2	35.1	323.5
Interest paid for financing activities	-256.3	-191.8	33.6	-338.6
Funds from operations (FFO)	**1,526.0**	**1,182.5**	**29.0**	**1,505.9**
Change in assets and liabilities from operating activities	-322.5	304.1	–	254.7
Capital expenditures on intangible assets and property, plant and equipment	-845.5	-1,049.4	-19.4	-1,704.4
Disposals of intangible assets and property, plant and equipment	75.9	139.9	-45.7	194.1
Cash received from construction cost and investment subsidies	50.4	54.2	-7.0	79.9
Free cash flow	**484.3**	**631.3**	**-23.3**	**330.2**

Cash flow from operating activities fell in comparison to the same period in the previous year, while funds from operations (FFO) stood above the level in the same period of the previous year. This increase was mainly influenced by tax refunds and lower tax payments in the reporting period. The net balance of assets and liabilities arising from operating activities changed markedly in comparison to the same period of the previous year. While the balance of assets and liabilities fell by €304.1 million in the same period of the previous year, it increased in the current reporting period by €322.5 million. This development was primarily due to the net balance of trade receivables and payables, which was especially influenced by trading transactions, sales and factors relating to the EEG. This was offset by lower investment in intangible assets and property, plant and equipment in comparison to the same period of the previous year. Free cash flow thus fell in comparison to the same period of the previous year by €147.0 million.

Cash flow statement of the EnBW Group

in € million	01/01–30/09/2015	01/01–30/09/2014	Change in %	01/01–31/12/2014
Cash flow from operating activities	1,174.4	1,467.2	-20.0	1,775.7
Cash flow from investing activities	-206.1	-2,349.8	-91.2	-2,776.6
Cash flow from financing activities	-1,365.4	1,755.2	–	1,760.9
Net change in cash and cash equivalents	**-397.1**	**872.6**	**–**	**760.0**
Net foreign exchange difference	4.4	0.3	–	0.3
Change in cash and cash equivalents	**-392.7**	**872.9**	**–**	**760.3**

Cash flow from investing activities declined significantly in comparison to the previous year, which was primarily attributable to lower investment in securities. In addition, investment in intangible assets and property, plant and equipment of EnBW AG fell in comparison to the same period of the previous year due to the completion of major projects.

Cash flow from financing activities returned an outflow of cash, which was primarily due to the planned repayment of a bond with a volume of €750 million. In contrast, the issuing of a hybrid bond with a volume of €1 billion, four bonds with a total volume of €750 million and a loan from the European Investment Bank (EIB) had led to an inflow of cash in the same period of the previous year. The Group's cash and cash equivalents fell by €392.7 million in the reporting period.

Net assets

Condensed balance sheet of the EnBW Group

in € million	30/09/2015	31/12/2014	Change in %
Non-current assets	25,847.5	27,382.6	-5.6
Current assets	11,192.1	10,825.0	3.4
Assets held for sale	1,287.9	104.5	–
Assets	**38,327.5**	**38,312.1**	**0.0**
Equity	4,819.8	4,545.6	6.0
Non-current liabilities	24,325.3	24,146.7	0.7
Current liabilities	9,179.3	9,571.3	-4.1
Liabilities directly associated with assets classified as held for sale	3.1	48.5	-93.6
Equity and liabilities	**38,327.5**	**38,312.1**	**0.0**

As of the reporting date of 30 September 2015, the total assets held by the EnBW Group stood at around the same level as in the previous year. Non-current assets fell by €1,535.1 million. This is due to the decrease in the value of the entities accounted for using the equity method of €1,098.5 million to €842.5 million following the reclassification of our 20% shareholding in EWE under assets held for sale, which, predominantly for this reason, increased to €1,287.9 million as of 30 September 2015. This was offset to some extent by the divestitures of distribution grids and our shares in the Bexbach power plant. Current assets increased by €367.1 million, primarily as a result of increased trading activities.

The equity held by the EnBW Group increased by €274.2 million as of the reporting date of 30 September 2015. The increase in revenue reserves by €521.9 million was primarily attributable to the achieved result in the period, which was offset by the distribution of dividends at the end of April. The losses in other comprehensive income increased by €241.0 million to €-1,848.4 million, which was primarily due to the fall in reserves of available-for-sale financial assets. This was offset by the revaluation of pensions and similar obligations. The non-current liabilities of the EnBW Group rose by a total of €178.6 million in the reporting period due to an increase in financial liabilities and the increase in provisions. The total fall in current liabilities of €392.0 million is primarily attributable to the decline in current financial liabilities due to the repayment of a bond with a volume of €750 million.

Adjusted net debt

Adjusted net debt of the EnBW Group

in € million	30/09/2015	31/12/2014	Change in %
Cash and cash equivalents	-3,822.3	-3,939.5	-3.0
Cash and cash equivalents of the special funds and short-term investments to cover pension and nuclear power provisions	1,632.3	1,282.1	27.3
Adjusted cash and cash equivalents	**-2,190.0**	**-2,657.4**	**-17.6**
Bonds	5,482.8	6,225.6	-11.9
Liabilities to banks	1,609.4	1,813.1	-11.2
Other financial liabilities	496.6	226.9	118.9
Financial liabilities	**7,588.8**	**8,265.6**	**-8.2**
Recognised net financial liabilities[1]	**5,398.8**	**5,608.2**	**-3.7**
Pension and nuclear power provisions	14,918.0	14,959.8	-0.3
Fair market value of plan assets	-1,139.9	-1,102.4	3.4
Long-term investments and loans to cover the pension and nuclear power provisions[2]	-7,775.6	-8,320.5	-6.5
Cash and cash equivalents of the special funds and short-term investments to cover pension and nuclear power provisions	-1,632.3	-1,282.1	27.3
Other	-79.8	-68.5	16.5
Recognised net debt[2]	**9,689.2**	**9,794.5**	**-1.1**
Non-current receivables associated with nuclear power provisions	-714.2	-675.4	5.7
Valuation effects from interest-induced hedging transactions	-104.9	-136.5	-23.2
Restatement of 50% of the nominal amount of the hybrid bonds[3]	-1,000.0	-1,000.0	0.0
Adjusted net debt[2]	**7,870.1**	**7,982.6**	**-1.4**

[1] Adjusted for valuation effects from interest-induced hedging transactions and 50% of the nominal amount of the hybrid bonds, net financial liabilities amounted to €4,293.9 million (31/12/2014: €4,471.7 million).
[2] Includes investments held as financial assets.
[3] The structural characteristics of our hybrid bonds meet the criteria for half of the bond to be classified as equity, and half as debt, by the rating agencies Moody's and Standard & Poor's.

As of 30 September 2015, adjusted net debt fell by €112.5 million compared to the figure posted at the end of 2014. This reduction was primarily due to lower pension provisions as a result of the increase in the discount rate from 2.2% to 2.45%. In addition, the positive free cash flow reduced the adjusted net debt. This was offset by the payment of dividends and the fall in the discount rate for nuclear power provisions from 4.8% to 4.7%. Financial liabilities and the adjusted cash and cash equivalents fell mainly as a result of the repayment of a bond with a volume of €750 million that was due in July 2015.

Related parties

Transactions with related parties are disclosed in the notes and explanations of the interim consolidated financial statements.

Non-financial performance indicators

In the Quarterly Financial Report January to March and the Nine-Monthly Financial Report January to September, we report on the non-financial goal dimensions of EnBW based on current themes in the areas of customers, employees and the environment. We report on the non-financial key performance indicators for these goal dimensions every half year.

Customers goal dimension

EnBW has set itself ambitious goals in the Sales segment: It aims to double its operating result in comparison to 2012 to €400 million by 2020. The guiding principle on the path to reaching this target is the fulfilment of the wishes and needs of customers.

A high level of customer satisfaction was achieved, for example, by our brand NaturEnergiePlus. It provides green electricity to private customers that is 100% sourced from German hydropower. In the most recent survey conducted by the comparison portal check24, NaturEnergiePlus was ranked third amongst a total of 26 companies. Some 94% of NaturEnergiePlus customers would also recommend their electricity supplier to others. The survey also evaluated the quality of the customer service provision, the payment of a new customer bonus and the price trends after the first year of the contract.

In the latest rankings published by Deutschland Test and Focus Money, the brand "Yello" was awarded the title "Customer Favourite 2015". Following an evaluation of over 1.1 million customer responses collected through social media in the categories price, quality, service and reputation, Yello Strom was awarded a "Gold" rating and thus received a significantly higher rating than some renowned competitors.

In cooperation with the Daimler automotive group, EnBW is launching the product "Mercedes-Benz Ökostrom" (Mercedes-Benz Green Electricity) onto the market. This is an electricity tariff with which owners of cars from the brands Mercedes-Benz and Smart can charge their fully electric or plug-in hybrid vehicles at home with 100% green electricity. The product is being offered both on the Mercedes-Benz website and also via brochures in Mercedes-Benz car dealerships.

Stuttgart Airport has already been sourcing its electricity from EnBW for a number of years. Other services in the area of energy solutions will now be added from 2016: As part of the Demand Side Management Baden-Württemberg project, which was established by the German Energy Agency (dena) with support from the Ministry of the Environment, Climate Protection and the Energy Sector Baden-Württemberg, EnBW will be marketing the flexibility of the airport's energy system in future. The times at which electricity is consumed in relation to the supply of electricity – initially for the control reserve market – is being managed and optimised through the Demand Side Management project. The flexible systems at the airport are expected to deliver a potential overall sum of €100,000 per year.

Employees goal dimension

Employees of the EnBW Group[1]

	30/09/2015	31/12/2014	Change in %
Sales	3,293	3,322	-0.9
Grids[2]	7,866	7,824	0.5
Renewable Energies	790	519	52.2
Generation and Trading	5,183	5,432	-4.6
Other	2,962	2,995	-1.1
Total	**20,094**	**20,092**	**0.0**
Number of full-time equivalents[3]	18,562	18,524	0.2

[1] Number of employees excluding marginally employed persons, apprentices/trainees and inactive employees.
[2] The number of employees for the ITOs (TransnetBW GmbH and terranets bw GmbH) is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2014 is carried forward.
[3] Converted into full-time equivalents.

As of 30 September 2015, the EnBW Group employed 20,094 people. As new appointments are only being made in strategic growth fields, the number of employees stands at almost the same level as at the end of 2014. Employees have been transferred from the Grids segment to the Renewable Energies segment as part of restructuring measures within the Group. The fact that the number of employees in the Grids segment has nevertheless risen underlines the growing importance of regulated business. The fall in the number of employees under Other is primarily due to the planned semi-retirement of employees reaching retirement age, which is based on an earlier restructuring programme. This has been offset slightly by the transfer of employees from the Sales segment and Generation and Trading segment due to restructuring within the Group.

The Employers Association for Electricity Power Plants in Baden-Württemberg and the union ver.di agreed a collective remuneration agreement for the years 2015 to 2017 and a follow-up regulation for the terminated collective wage agreement in March 2015. The first stage of the agreed changes to the pay levels up to 2017 was implemented on 1 April 2015. We are continuing to work intensively on the implementation of the new pay structure. The focus is currently being placed on the grouping of employees within the new remuneration system.

In view of the drastically changing market conditions within the energy sector, EnBW used the "NEO^2" project to examine the entire area of own energy generation, as well as shareholdings in power plants and electricity procurement agreements, for their potential to deliver savings. The result was a comprehensive restructuring of the company's generation activities. In the process, the experts in the "Generation Operations" business unit identified optimisation potential of around €127 million. Some of this potential has already been realised, while other measures are currently being implemented. One important step was the implementation of the new organisational structure: A process-oriented structure replaced the previous location-based structure as of 1 April 2015. In addition, there are plans to reduce the number of employees by 290 in a socially responsible manner by the end of 2018. Overall, the "NEO^2" project has not only achieved its objectives earlier than expected but also exceeded them. This has contributed to the fact that conventional energy generation has remained competitive despite the difficult market environment.

Using new methods to develop new, cross-sector business ideas is the aim of 1492@enbw. The third phase of this successful concept – which has resulted in a number of projects being transferred to the EnBW Innovation Campus to take them through to market maturity (Page 26) – began in the middle of October. This success has also been recognised externally: The specialist magazine "Human Resources Manager" presented EnBW with an award for its "1492@enbw" initiative in the "Employee engagement" category, ahead of other entrants such as BASF or Deutsche Telekom.

The last employee survey (MAB) conducted by EnBW was in 2013 and the next major survey is planned for 2016. In September, around 6,000 EnBW employees took part in the MAB-Blitzlicht (Employee Flashlight) survey, which is designed to deliver a random snapshot of opinions. The aim of this survey is to regularly monitor the Employee Commitment Index (ECI), which reflects the degree to which employees identify with their company. On this basis, appropriate measures can be promptly introduced where required such as those relating to the process of change at EnBW. The results will be presented to the Board of Management in the middle of November and published on the intranet.

Environment goal dimension

As a large energy company, EnBW shares 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 the EnBW corporate strategy.

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

EnBW officially commissioned its second offshore wind farm in the Baltic Sea – EnBW Baltic 2 – on 21 September 2015. This significantly increased the share of the company's generation capacity accounted for by renewable energies, which has had a positive effect on the key performance indicators for the environment. EnBW Baltic 2 brings EnBW significantly nearer to achieving its objectives in the environment goal dimension.

In September 2015, EnBW started its renaturisation measures in the Fritschlach Nature Reserve south of Daxlanden. In conjunction with the City of Karlsruhe, this overgrown basin will be transformed into an ecologically valuable, shallow body of water to provide a new habitat for rare and endangered animal and plant species in the region. Through the regeneration of these wetlands, EnBW aims to achieve a sustainable counterbalance to the required installation of grass pavers across a green area that was necessary for operational reasons as part of the new construction of Block 8 of Rheinhafen-Dampfkraftwerk (RDK 8).

The town of Kirchberg an der Jagst experienced a major fire on 23 August 2015. As a result of the contaminated water used to fight the fire, a large amount of poisonous ammonium nitrate seeped into the river. This hazardous material cannot be filtered from the water but can only be diluted. Before the water contaminated with ammonium nitrate could reach the Neckar river, EnBW began reducing production at its hydroelectric power plants on the Neckar. This meant that the river could be dammed at 18 barrages from the towns of Deizisau to Neckarzimmern. By controlling the opening of the individual barrages on the river, EnBW helped to further dilute the poisonous substance and limit the damage.

Other important Group topics

In dialogue with our stakeholders

Current examples

Stakeholders	Dialogue platforms	Significant issues	Further information
Shareholders/ capital market	Nine-Monthly Financial Report January to September 2015	Corporate economic development	www.enbw.com/financial-publications
	Capital Market Day	Information about current developments within the company and the energy sector	www.enbw.com/company/investors/events/capital-market-day/capital-market-day-2015.html
Employees	EnBW news	Minister President Kretschmann at EnBW	
	MAB-Blitzlicht (Employee Flashlight)	Random employee survey to establish how employees identify with the company	Page 23
Customers	Energy efficiency networks	"EnBW Energy Efficiency Network Central Germany" launched with 16 companies, meeting of the network for the Upper Swabia region in Tettnang	www.enbw.com/netzwerk-energieeffizienz
	"Meine EnBW" online portal	Relaunch of the B2C customer portal with a comprehensive overhaul of the design and functionalities	www.enbw.com/meine-enbw
Local authorities/ public utilities	Energy efficiency networks	First energy efficiency network at a local authority level with ten local authorities from the districts of Karlsruhe and Rastatt	
	Energy team plenary assembly	Discussion forum for representatives of municipal utilities on current energy themes	
Society	KA 300	Supporting the celebrations for the birthday of the City of Karlsruhe through a diverse range of activities	Page 25
	Tour de Ländle	28th staging of the bike race with many events and fundraising campaigns	Page 25
	Open days	Numerous opportunities to view various EnBW locations (e.g. hydropower, wind power and biogas power plants), also as part of the Energy Experience Days held by the North Black Forest Regional Association and the campaign day "Our Neckar"	www.nordschwarzwald-region.de/projekte-veranstaltungen/tourismus-trifft-technik-und-natur/energie-erlebnis-tage/
	energy@school	The competition is being held again in the new school year, this time on the subject of "Renewable Energy Generation in Schools"	Page 25
Suppliers/ business partners	Dialogue on coal procurement from Columbia	Meeting with social organisations and coal producers to agree the next steps	Page 27
Politics	Two debate evenings held by the Stiftung Energie- und Klimaschutz (Energy & Climate Protection Foundation)	Themes: Decentralisation of energy generation, opportunities and content of a binding international agreement at the World Climate Summit in Paris	www.energieundklimaschutzbw.de
	EnBW Summer Festival in Berlin	Exchange of ideas on all themes relating to the future of energy, e.g. renewable energies, design of the market, security of supply	
	Political discussion evening in Brussels	Discussion about the effects of the digitalisation of the energy sector	

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 composition as of 30 September 2015 breaks down as follows:

Equity holders 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
Free float	0.39

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

As a result of the small proportion of EnBW AG shares in free float and the very limited trading volumes in the shares as a result, the EnBW stock market price is only subject to minor fluctuations. The stock market price stood at €21.50 on 30 September 2015.

EnBW engages in continuous and open dialogue with capital market participants in order to ensure investors, analysts and rating agencies maintain their trust in the company at all times. Alongside its periodic reporting obligations, EnBW also utilised numerous communication channels to provide information and exchange opinions during the course of 2015. This included, for example, investor updates in important European financial centres, the traditional EnBW Bankers' Day in May, which was held in Berlin, and the Capital Market Day held at the beginning of October in Karlsruhe. Analysts from banks, investment companies and rating agencies were provided with information on the latest developments at EnBW and in the sectors in which it is involved by the Board of Management and other management personnel. This type of event is highly valued because it provides great scope for posing questions directly to the management team itself.

Society

EnBW is fully aware of its responsibility towards society. Through its commitment to addressing the concerns and interests of society, it conducts its business in close customer proximity and aligns its activities to the target groups of end customers, business partners and local authorities. It is chiefly involved within its primary business sphere of influence in Baden-Württemberg in this regard. In the interests of safeguarding the future in general, EnBW provides support largely in the areas of education, knowledge and learning. Interaction and getting involved are further guiding principles of our social commitment.

The City of Karlsruhe, headquarters of EnBW, celebrated its 300th birthday (KA300) from 17 June to 27 September 2015. EnBW participated in this major event with numerous activities. One focus here was the theme of electromobility: EnBW set up two charging and hiring stations for pedelecs with electric drive systems at central locations in the city. As part of the “Tribute to Carl Benz” event, EnBW offered people the opportunity to test electric vehicles – scooters and cars – and to discuss charging cards and the charging infrastructure at an information stand. EnBW was also represented at the traditional “Draisinenrennen” (dandy horse race) with an information stand and electric scooters.

The multi-stage “Tour de Ländle” bicycle race was held for the 28th time at the end of July and was presented by EnBW and the radio station SWR4. A total of more than 2,900 hobby and competitive riders took part in the four stages from Weingarten to Hüfingen. Alongside the athletic challenge, the tour also offers cultural events and the opportunity for people to join in with the festivities together. The bicycle tour has been accompanied by the fundraising campaign “Die Tour hilft!” (The Tour Helps!) since 2011. A charitable organisation or association in the towns hosting each of the stages of the “Tour de Ländle” is given a donation – the total amount donated in 2015 came to €15,000. The campaign is supported by EnBW and the local cooperative banks Volksbanken Raiffeisenbanken.

The participation of EnBW in the “energy@school” initiative will also continue in the 2015/2016 school year. The focus this year is being placed on renewable energy generation in schools. Classes in years 5 to 10 at secondary schools across Baden-Württemberg are invited to submit their creative project ideas by 31 March 2016. The proposals will be examined by a specialist jury and, if successful, they will receive up to €500 of funding from EnBW.

Research and innovation

EnBW continues to drive forward the search for new business fields with its research and innovation activities. The company specifically targets partnerships and participating interests in other companies in order to supplement its own expertise. Potential business ideas are developed within the company and are also externally sourced and exploited in order to expand the portfolio in line with the EnBW 2020 strategy. Internal start-up teams are established at the EnBW Innovation Campus where they can develop their ideas through to market maturity. Furthermore, the Innovation Campus will, in a similar way to a business school, provide methodological skills for the purpose of professionalising the development of ideas not only to the internal start-ups but also to the entire Group in future.

The concepts developed by external start-ups are linked with and supplemented by internal concepts at EnBW. EnBW focuses on combining competencies in the energy industry with innovations from the digital world in order to generate new business.

Innovation management pushes forward the expansion of the innovation portfolio. In addition to the four existing projects, three further projects were installed in October at the Innovation Campus that focus on the themes of electromobility, virtual power plants and smart energy.

Electromobility represents an important future market for EnBW. The "Cosmo" (Corporate Sustainable Mobility) project is implementing a business model that will make it easier for companies with their own vehicle fleets to enter the world of electromobility. Important elements of this model are a digital analysis of the vehicle fleet and the provision of individual conceptual advice that will also be delivered in the medium term by partner companies. If required, EnBW can also realise and operate the required charging infrastructure in future.

In the "Small Direct Marketing" project, EnBW is developing a business model for the direct marketing of volumes of energy generated in small power plants from renewable energy sources. The background to this project is the new regulations in the German Renewable Energies Act (EEG) 2014, which also obligates owners of small generation plants to offer energy from renewable sources on the energy market from the beginning of 2016. Based on the comprehensive expertise offered by EnBW, its subsidiaries and associated start-up companies will successively digitalise and automate the overarching processes. "Small Direct Marketing" forms part of the strategic development of a "virtual power plant" that bundles together energy generated from many small sources.

EnBW is developing a new partner-based business model for the connected home market in the "Energon" (Smart Energy Products) project. The focus of this project is to analyse data for energy-related connected home products. The project is initially concentrating on the theme of heating but, if successful, can also be expanded to include other areas – such as health. In order to make the solutions marketable within a short period of time, EnBW is working together with chosen established partners and start-up companies.

EnBW introduced the "1492@enbw" format two years ago. On the basis of new business ideas, the goal is to strengthen the project culture and improve the ability of employees to accept change while opening up new learning opportunities. This successful approach for lateral thinking and cross-departmental and cross-company action is now entering its third phase. The first ideas to emerge from the previously concluded phases have already reached market maturity: For example, a sustainable gas product – consisting of biogas from residual waste and natural gas from the North Sea – developed as part of the 1492@enbw initiative has been available on the market since 1 October 2015.

Entrepreneurship and innovation are not only of great importance to EnBW but also to the industrial region of Baden-Württemberg, so that it will be able to also remain competitive in the future. Accordingly, EnBW is promoting the development of a start-up community in Baden-Württemberg. As a first step, EnBW has led the way by preparing a concept paper together with partners from industry, the start-up scene, universities and politicians that will now serve as the starting point and basis for the joint development of a network of partners. The response from the worlds of industry, science and politics has been extremely positive. The first concrete programmes for 2016 are currently being prepared and the network is making good progress.

In addition to innovation activities, the area of research and innovation is also carrying out research into technical solutions that could be marketed as new products for the benefit of our customers over the long term. The goal is to quickly recognise new trends and market opportunities and to realise corresponding product solutions for them.

The EnBW subsidiary Erdgas Südwest has developed a future-oriented energy concept for the self-supply of private households with electricity and gas from renewable energies called "biotark privat". "Biotark" stands for maximising the level of autarchy by using renewable energies directly on-site, while "privat" means that the solution is aimed at household customers. A demonstration project with two households in Northern Baden and Upper Swabia was concluded in September 2015. The homeowners covered their electricity and heating requirements through the clever use of a photovoltaic system, a micro combined heat and power plant and a heat storage system – all controlled via a central control station in the home. The functionality is simple but effective: If the electricity generated by the photovoltaic system exceeds the household's requirements, the solar electricity is used to provide hot water and thus replaces the need for expensive imported energy. If the solar electricity is not sufficient to cover demand, the gas-operated combined heat and power plant is started up to produce electricity and heat. By utilising locally sourced biogas, "biotark privat" helps our customers receive a sustainable self-supply of electricity and heat. The test candidates have already achieved a level of self-sufficiency of 70%. It was thus possible to significantly influence their energy procurement costs. The concept can also be expanded for use by industry and local authorities and can even be integrated into the development of entire housing estates.

In an ongoing research project to operate a H_2 filling station in Stuttgart as part of the National Innovation Programme for Hydrogen and Fuel Cell Technology, work is continuing into the development of new business models for the use of hydrogen. H_2 buses operated by Stuttgarter Straßenbahnen AG have also been refuelling at the filling station in Stuttgart since July 2014. The filling station was converted for this purpose with the support of the federal state of Baden-Württemberg. Sales of hydrogen increased significantly in the third quarter of 2015 due to more frequent timetabling of the buses, while the design of the hydrogen storage tank used at the station was able to cope with the required demand. EnBW used its experience in the area of bus refuelling in June 2015 to offer a consulting service to a large German company in the electric plant construction sector. The background to this cooperation up to the end of 2016 is the European research project “NewBusFuel”, which involves research into the development of an infrastructure for refuelling buses with hydrogen in a number of different cities.

In the community of Zwiefalten-Sonderbuch, the first local grid with a new decentralised control system developed by the EnBW subsidiary Netze BW has been operating since July 2015. In this region, an exceptionally high number of photovoltaic systems place an extremely high load on the low-voltage grid – a typical challenge resulting from the Energiewende. Research has been carried out into intelligent management of the grid in Zwiefalten-Sonderbuch since 2011. New types of equipment to regulate the voltage such as a controllable transformer and a battery storage system have been installed during this period. The currently installed “iNES®” system manages selected elements of the low-voltage grid so that unacceptable fluctuations are regulated automatically at a local level without the need for major expansion work on the grid.

Procurement

A large number of suppliers and service providers contribute to the services rendered by EnBW. EnBW places great importance on the efficient and sustainable design of their procurement processes and on continuously increasing the value added by the Procurement Department.

An important step for the fulfilment of these requirements has been taken through the “Procurement transformation” project. On the basis of best-practice approaches from industry, the goal is to better realise optimisation potential for EnBW than ever before. In addition, the Procurement Department will become even more strongly anchored within the Group in its role as a partner for generating added value. As part of this project, the first stage for realising optimisation potential was concluded at the end of July 2015. A pilot project in cooperation with suppliers was successfully completed and the concept developed as a result was implemented across all product groups in the third quarter of 2015.

Procurement processes at EnBW have been made even more efficient and transparent as a result of the development of an integrated purchasing platform and the introduction of automated ordering processes. The purchasing platform includes standardised pre-qualification of suppliers, participation in invitations to tender and the submitting of offers, as well as the recording of services rendered. Suppliers and buyers can access important information on procurement processes from a central source and interact online with the Central Procurement Department. All important suppliers will be obligated to observe legal and social standards by the end of 2015.

An important step towards a new system environment in purchasing was made with the introduction of a high-performance supplier evaluation system in July 2015. It will better meet the requirements set by the individual product groups and specialist departments and will thus represent a cornerstone for the optimisation of supplier management at EnBW.

Following our fact-finding mission to Columbia in the spring of 2015, a number of stakeholder meetings were held involving social organisations and coal producers – including a meeting on 23 July 2015 in Karlsruhe led by the Chief Technical Officer of EnBW. The next steps were agreed in cooperation with representatives of the non-governmental organisations who participated in the fact-finding mission, such as the drafting of a list of questions dealing with unresolved themes for the producers. This list of questions highlights, above all, the central importance of a code of conduct as the contractual basis for the business relationship between EnBW and the coal producers.

At the same time, EnBW is rigorously implementing projects to provide technical support to producers in Columbia in the La Guajira and Cesar mining regions. In cooperation with business partners, the framework conditions have already been defined and the first steps taken for the realisation of the projects. These projects cover the selection of locations and further specification of the technical options for improving the water supply to the relevant region.

Report on risks and opportunities

In comparison to the report issued at the end of 2014, the EnBW Group continued to face a high level of risk in the first nine months of 2015. There are still great challenges faced by the energy industry due to the Energiewende in Germany, yet it also offers opportunities to resolute and flexible market participants. No risks currently exist that might jeopardise the EnBW Group as a going concern.

EnBW defines a risk or opportunity as an event or a number of events that might result in a potentially negative or positive future deviation from the targets that the Group has set for itself, an individual company or function. In other words, the potential non-attainment or over-attainment of strategic, operational, financial and compliance targets. Risks may either arise from events that are generally calculable but which are nevertheless subject to chance or unpredictable occurrences. Opportunities, however may arise within the sphere of operations of the EnBW Group or as part of an individual business activity. Opportunities frequently represent the reverse aspects of corresponding risks.

Using the report on risks in the Group management report 2014 as a basis, only the significant risks or opportunities which have changed, arisen or ceased to exist in the reporting period are described in this Nine-Monthly Financial Report January to September 2015.

Cross-segment risks and opportunities

Improvements in efficiency: EnBW aims to introduce further measures for creating more efficient structures and processes and thus achieve an improvement in earnings in the mid three-digit million euro range by 2020. The level of risk for the 2015 financial year has reduced compared to the Group management report 2014, as the conditions for realising these earnings improvements in the key performance indicator adjusted EBITDA have already been established. We identify an opportunity here in the mid two-digit million euro range for 2015.

EWE/VNG claims for damages: In May 2013, EWE submitted an arbitration request to the German Institution of Arbitration against EnBW. On 16 October 2015, EnBW concluded an agreement with EWE for a fundamental restructuring of shareholdings. Once the transaction has been concluded, which is still subject to the approval of the antitrust authorities, the currently dormant arbitration proceedings between EWE and EnBW will be terminated by mutual agreement.

Discount rate applied to pension provisions: As a result of the stable development of interest rates in the last quarter, EnBW has kept the discount rate for pension provisions at 2.45%. The discount rate is 0.25 percentage points higher than on 31 December 2014, which has resulted in the present value of the defined pension benefit obligations decreasing by €261.9 million. The uncertain future development of interest rates may have a positive or negative effect on adjusted net debt due to changes in pension provisions. In this context, EnBW continues to identify a low level of opportunity and a high level of risk for the remainder of the financial year. This could result in further effects on the adjusted net debt in a mid-three-digit million euro range and on the key performance indicator dynamic leverage ratio.

Grids segment

Price controls under cartel law: In September 2014, EnBW received a price reduction order for the water prices in Stuttgart from the energy cartel office with retroactive effect back to August 2007. The Baden-Württemberg antitrust authority and Netze BW GmbH agreed a settlement in July 2015 that removes the risk of any further negative effects. This risk thus no longer exists.

Generation and Trading segment

Changes to interest rates on nuclear power provisions: The discount rate is a key factor influencing the present value of nuclear power provisions. The interest rate was reduced by 0.1 percentage points to 4.7% compared to the 31 December 2014, which led to an increase in nuclear power provisions of €136.9 million. Furthermore, we currently identify a low level of risk for the remainder of the financial year with an associated impact on the key performance indicator dynamic leverage ratio.

Nuclear fuel rod tax: After the nuclear fuel rod tax for the years 2011 to 2014 was announced, EnBW submitted lawsuits for each year to the Freiburg Finance Court on the basis that the tax breached German constitutional and European law. The European Court of Justice (ECJ) decided in its ruling of 4 June 2015 that the nuclear fuel rod tax does not contravene European law. The ruling by the German Federal Constitutional Court is independent of the ruling by the ECJ because it is examining whether the tax is compatible with German constitutional law. This ruling is still expected during the course of 2015. If the German Federal Constitutional Court decides in favour of EnBW and judges the nuclear fuel rod tax to be unconstitutional, it would need to be repaid to EnBW. EnBW had paid around €1.2 billion in nuclear fuel rod tax as of 30 September 2015.

Nuclear energy in France: There is a general risk that EnBW must bear some of the costs for the decommissioning of the French nuclear power plants in Fessenheim and Cattenom. In the opinion of EnBW, the power plant operator is not legally entitled, however, to claim for these costs. EnBW is currently engaged in negotiations with EDF on this matter. EnBW and EDF intend to reach a contractual agreement on this subject by the end of 2015.

Forecast

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

Expected trends in financial performance indicators

Implementation of the strategy for a three year period

An extensive €4.0 billion investment programme is planned for the 2015 to 2017 period to ensure the company can continue to play an active role in structuring the Energiewende. These investments are split into €2.7 billion for growth projects and €1.3 billion for investments in existing plants.

Around one third of the investment is attributable to the Renewable Energies segment. The funds are primarily intended for the planning of other offshore projects, as well as for inorganic and organic growth of onshore wind farms. Around half of the investment will flow into the Grids segment to support the expansion in renewable energies and to ensure security of supply.

In order to finance this volume of investment totalling around €4 billion, divestitures amounting to €1.9 billion are planned in the years 2015 to 2017, which corresponds to around 50% of the investment programme. 40% of the divestitures deal with projects in the area of renewable energies. The participation model for EnBW Baltic 2 will be realised in the fourth quarter of 2015. Furthermore, divestitures in the onshore sector are intended. A quarter of the divestitures will result from the sale of property and the receipt of construction cost subsidies. Around 33% will be attributable to the disposal of investments.

As announced in the middle of October, we will acquire the 74.2% shareholding in VNG-Verbundnetz Gas Aktiengesellschaft (VNG) held by EWE. In return, EWE and the Ems-Weser-Elbe Versorgungs- und Entsorgungsverband (EWE-Verband) will acquire our shares in EWE. As part of this transaction, EnBW will provide EWE and EWE-Verband with a total cash settlement of €125 million.

The investment and divestiture programme for the 2015 to 2017 period has to date been implemented as planned.

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

Expected development of earnings in 2015[1] compared to the previous year

	Adjusted EBITDA		Share of the adjusted EBITDA accounted for by the segments in the EnBW Group	
	Q3 2015	2014	Q3 2015	2014
Sales	+10% to +20%	+10% to +20%	10% to 15%	10% to 15%
Grids	-10% to -20%	0% to -10%	30% to 40%	35% to 40%
Renewable Energies	more than 20%	more than 20%	10% to 20%	15% to 20%
Generation and Trading	-15% to -25%	-15% to -25%	30% to 40%	30% to 35%
Other/Consolidation	–	–	–	–
Adjusted EBITDA, Group	**0% to -5%**	**0% to -5%**		

[1] Segments adjusted for changes in the consolidated companies.

The earnings forecast for the entire Group for the whole 2015 financial year remains unchanged from that given in the Group management report 2014 and the Six-Monthly Financial Report January to June 2015.

We expect that the **Sales** segment will deliver a growth in earnings in 2015. In the area of electricity and gas sales, this will be primarily attributable to lower temperatures in the first half of the year compared to the previous year. As a result, we anticipate higher earnings in both the electricity and gas sales sectors. Before the new sales strategy is implemented, we expect a period of consolidation for decentralised solutions in the energy sector. We anticipate a slight increase in the share of the adjusted EBITDA for the Group accounted for by this segment.

At the beginning of 2015, we anticipated a slight decrease in the adjusted EBITDA for the **Grids** segment compared to 2014. As a result of the negative extraordinary items in the first nine months of the year – such as the effect of the agreement made in the antitrust process for water prices – we now expect a strong fall and have thus adjusted our forecast. The planned increases in the number of employees, as well as the new contract arrangement with the City of Stuttgart, will have a negative impact on earnings. We expect that the share of the adjusted EBITDA for the Group accounted for by this segment will fall for the whole of 2015.

The adjusted EBITDA for the **Renewable Energies** segment will increase significantly in 2015. The drop in the wholesale market price for electricity and the accompanying negative effects on earnings from our run-of-river power plants will be more than compensated for by our offshore wind farm EnBW Baltic 2, which was placed into full operation in September. In addition, the expansion of the onshore wind energy sector will also result in an increase in earnings. We will more than double the installed output in the area of wind energy. As a result of this positive development, the share of the adjusted EBITDA for the Group accounted for by this segment will increase significantly.

The adjusted EBITDA for the **Generation and Trading** segment will fall significantly in 2015. This is due primarily to the noticeably falling prices and spreads on wholesale electricity markets during preceding periods in which we had agreed on fixed sales prices for quantities of electricity to be supplied in 2015. Our efficiency improvement measures can only partly cushion these negative influences in this segment in 2015. As a result, the share of the adjusted EBITDA for the Group accounted for by this segment will fall.

The adjusted EBITDA at a Group level in 2015 will thus be between 0% and -5% below the 2014 level. This is mainly due to falling wholesale market prices and spreads, as well as negative extraordinary items in the Grids segment. The commissioning of our offshore wind farm EnBW Baltic 2, as well as our other growth and efficiency projects, will not be able to fully compensate for these negative effects.

Dynamic leverage ratio

Key performance indicator

	2015	2014
Dynamic leverage ratio	3.0-3.4	3.68

As a result of the significant fall in interest rates and the discount rates applied to pension provisions and nuclear power provisions at the end of 2014 and during the course of the first quarter of 2015, we adjusted our original forecast for the adjusted net debt in 2015 of €7.0 billion to €7.5 billion to between €7.7 billion and €8.2 billion in the Quarterly Financial Report January to March 2015. The recovery in discount rates for pension provisions that already became noticeable at the end of the first half of the year also continued in the third quarter. This and the targeted improvement in funds from operations have had a positive effect on our forecasts for the adjusted net debt. We now anticipate an adjusted net debt of between €6.4 billion and €6.9 billion at the end of 2015. As a result of this development, our forecast for the dynamic leverage ratio has also changed in the first three quarters of the year. We anticipated a dynamic leverage ratio of between 3.2 and 3.6 at the start of the year. As a result of the increase in the adjusted net debt, we had to adjust our forecast to 3.6 to 4.0 in the first quarter. However, we now expect an improvement in the dynamic leverage ratio of 3.0 to 3.4. Irrespective of the interest rate-related fluctuations in the pension and nuclear power provisions, we are convinced that the future payments made for these obligations can be completely settled with the help of our cover fund without needing to rely any more heavily on the cash flow from operating activities and funds from operations (FFO) than in the past. We can verify this with our cash flow-based model for controlling the cover fund. The coverage ratio for pension and nuclear power provisions on 30 September 2015 was around 72%. Therefore, we are confident of retaining our rating levels even in a continued challenging environment.

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There are no significant changes compared to the expectations formulated for the 2015 financial year in the forecast published in the integrated EnBW Report 2014.

Expected trends in non-financial key performance indicators

After the end of the first nine months of 2015, there are no significant changes to the non-financial performance indicators compared to the expectations formulated for the 2015 financial year in the forecast published in the integrated EnBW Report 2014.

Significant events after the reporting date

EnBW Energie Baden-Württemberg AG, the EWE Aktiengesellschaft (EWE) and the Ems-Weser-Elbe Versorgungs- und Entsorgungsverband (EWE-Verband) have agreed a restructuring of their shareholdings. According to the agreement, EnBW AG will divest itself of its 26% EWE shareholding over a period of time and will, in return, acquire 74.2% of VNG-Verbundnetz Gas Aktiengesellschaft (VNG) and thus the majority shareholding from EWE. A corresponding agreement was signed on 16 October 2015. As part of this transaction, EnBW will provide EWE and EWE-Verband with a total cash settlement of €125 million. The transfer of the shares, which is subject to the approval of the antitrust authorities, is expected to take place within the next six months. The transaction consists of three phases and should be completed by 2019 at the latest. As part of the restructuring of shareholdings, the currently inactive arbitration proceedings will cease by mutual agreement.

EnBW Energie Baden-Württemberg AG transferred 49.89% of the shares held by its subsidiary EnBW Offshore 2 GmbH in the offshore wind farm EnBW Baltic 2 to a subsidiary of the Australian financial investor Macquarie Corporate Holdings Pty Limited (formerly Macquarie Capital Group Limited). The purchase price of €721.7 million was paid on 30 October 2015. EnBW continues to fully consolidate EnBW Baltic 2 in its consolidated financial statements. The commercial and technical management of the wind farm will remain in the hands of EnBW also in the future.

Interim financial statements of the EnBW Group (unaudited)

Income statement

in € million	01/07–30/09/2015	01/07–30/09/2014	01/01–30/09/2015	01/01–30/09/2014
Revenue including electricity and energy taxes	4,559.4	5,242.2	15,877.3	16,037.8
Electricity and energy taxes	-158.4	-163.3	-562.5	-571.3
Revenue	**4,401.0**	**5,078.9**	**15,314.8**	**15,466.5**
Changes in inventories	25.9	12.6	53.9	32.5
Other own work capitalised	26.1	20.4	61.6	51.6
Other operating income	134.9	103.8	473.9	493.7
Cost of materials	-3,535.0	-4,343.7	-12,420.4	-12,968.4
Personnel expenses	-386.1	-367.6	-1,213.4	-1,189.4
Other operating expenses	-372.1	-151.8	-866.6	-634.9
EBITDA	**294.7**	**352.6**	**1,403.8**	**1,251.6**
Amortisation and depreciation	-238.1	-210.9	-701.3	-1,899.8
Earnings before interest and taxes (EBIT)	**56.6**	**141.7**	**702.5**	**-648.2**
Investment result	-247.9	-4.5	69.0	19.4
of which net profit/loss from entities accounted for using the equity method	(-265.5)	(-24.4)	(37.7)	(-12.1)
of which other income from investments	(17.6)	(19.9)	(31.3)	(31.5)
Financial result	-135.9	-165.5	99.7	-401.2
of which finance revenue	(140.9)	(73.0)	(965.0)	(277.8)
of which finance costs	(-276.8)	(-238.5)	(-865.3)	(-679.0)
Earnings before tax (EBT)	**-327.2**	**-28.3**	**871.2**	**-1,030.0**
Income tax	-10.2	8.0	-108.9	292.5
Group net profit/loss	**-337.4**	**-20.3**	**762.3**	**-737.5**
of which profit/loss shares attributable to non-controlling interests	(8.3)	(15.2)	(51.5)	(33.1)
of which profit/loss shares attributable to the equity holders of EnBW AG	(-345.7)	(-35.5)	(710.8)	(-770.6)
EnBW AG shares outstanding (million), weighted average	**270.855**	**270.855**	**270.855**	**270.855**
Earnings per share from Group net profit/loss (€)[1]	**-1.28**	**-0.13**	**2.62**	**-2.85**

[1] Diluted and basic; in relation to shares in profit/loss attributable to the equity holders of EnBW AG.

Statement of comprehensive income

in € million	01/07–30/09/2015	01/07–30/09/2014	01/01–30/09/2015	01/01–30/09/2014
Group net profit/loss	**-337.4**	**-20.3**	**762.3**	**-737.5**
Revaluation of pensions and similar obligations	-2.2	-425.5	329.1	-1,054.4
Entities accounted for using the equity method	58.0	-32.3	-23.3	-83.6
Income taxes on other comprehensive income	1.2	117.7	7.4	299.6
Total of other comprehensive income and expenses without future reclassifications impacting earnings	**57.0**	**-340.1**	**313.2**	**-838.4**
Currency translation differences	2.0	6.7	44.3	6.8
Cash flow hedge	-23.7	65.0	46.0	2.1
Available-for-sale financial assets	-231.2	37.6	-681.7	205.0
Entities accounted for using the equity method	14.4	31.8	18.0	21.6
Income taxes on other comprehensive income	19.2	-23.9	33.0	-30.9
Total of other comprehensive income and expenses with future reclassifications impacting earnings	**-219.3**	**117.2**	**-540.4**	**204.6**
Total other comprehensive income	**-162.3**	**-222.9**	**-227.2**	**-633.8**
Total comprehensive income	**-499.7**	**-243.2**	**535.1**	**-1,371.3**
of which profit/loss shares attributable to non-controlling interests	(7.9)	(28.1)	(65.3)	(30.9)
of which profit/loss shares attributable to the equity holders of EnBW AG	(-507.6)	(-271.3)	(469.8)	(-1,402.2)

Balance sheet

in € million	30/09/2015	31/12/2014
Assets		
Non-current assets		
Intangible assets	1,762.3	1,783.0
Property, plant and equipment	13,853.4	13,681.7
Investment properties	73.8	75.8
Entities accounted for using the equity method	842.5	1,941.0
Other financial assets	7,972.7	8,513.4
Trade receivables	715.4	678.6
Income tax refund claims	9.0	9.1
Other non-current assets[1]	275.0	270.0
Deferred taxes	343.4	430.0
	25,847.5	**27,382.6**
Current assets		
Inventories	902.2	1,135.4
Financial assets	1,072.7	780.1
Trade receivables	3,805.7	3,193.1
Income tax refund claims	408.5	451.6
Other current assets	2,227.5	2,085.6
Cash and cash equivalents	2,775.5	3,179.2
	11,192.1	**10,825.0**
Assets held for sale	1,287.9	104.5
	12,480.0	**10,929.5**
	38,327.5	**38,312.1**
Equity and liabilities		
Equity		
Equity holders of EnBW AG		
Subscribed capital	708.1	708.1
Capital reserve	774.2	774.2
Revenue reserves	4,291.2	3,769.3
Treasury shares	-204.1	-204.1
Other comprehensive income	-1,848.4	-1,607.4
	3,721.0	**3,440.1**
Non-controlling interests	1,098.8	1,105.5
	4,819.8	**4,545.6**
Non-current liabilities		
Provisions	14,394.0	14,302.2
Deferred taxes	692.7	648.9
Financial liabilities	7,336.7	7,187.1
Income tax liabilities	134.3	134.3
Other liabilities and subsidies[1]	1,767.6	1,874.2
	24,325.3	**24,146.7**
Current liabilities		
Provisions	1,257.4	1,151.6
Financial liabilities	252.1	1,078.5
Trade payables	4,352.4	3,829.6
Income tax liabilities	354.6	330.9
Other liabilities and subsidies	2,962.8	3,180.7
	9,179.3	**9,571.3**
Liabilities directly associated with assets classified as held for sale	3.1	48.5
	9,182.4	**9,619.8**
	38,327.5	**38,312.1**

[1] To improve the presentation of net assets and the financial position since the Six-Monthly Financial Statement 2015, accrued interest from the interest rate swaps is now reported together with the fair value under other non-current assets (€6.8 million) and other non-current liabilities and subsidies (€4.8 million).

Cash flow statement

in € million	01/01– 30/09/2015	01/01– 30/09/2014
1. Operating activities		
EBITDA	1,403.8	1,251.6
Changes in provisions	97.4	127.9
Result from disposals	-23.2	-40.3
Other non-cash expenses/income	-76.4	-44.5
Change in assets and liabilities from operating activities	-322.5	304.1
Inventories	(24.4)	(-51.7)
Net balance of trade receivables and payables	(-120.8)	(592.3)
Net balance of other assets and liabilities	(-226.1)	(-236.5)
Income tax paid	95.3	-131.6
Cash flow from operating activities	**1,174.4**	**1,467.2**
2. Investing activities		
Capital expenditures on intangible assets and property, plant and equipment	-845.5	-1,049.4
Disposals of intangible assets and property, plant and equipment	75.9	139.9
Cash received from construction cost and investment subsidies	50.4	54.2
Acquisition/sale of subsidiaries, entities accounted for using the equity method and interests in joint operations	-14.3	-34.2
Changes in securities and investments	242.0	-1,671.5
Interest received	197.6	126.6
Dividends received	87.8	84.6
Cash flow from investing activities	**-206.1**	**-2,349.8**
3. Financing activities		
Interest paid for financing activities	-256.3	-191.8
Dividends paid	-265.5	-259.3
Cash received for changes in ownership interest without loss of control	0.0	57.5
Cash paid for changes in ownership interest without loss of control	0.0	-197.9
Increase in financial liabilities	234.8	2,494.0
Repayment of financial liabilities	-1,075.5	-147.3
Payments from the capital reduction of non-controlling interests	-2.9	0.0
Cash flow from financing activities	**-1,365.4**	**1,755.2**
Net change in cash and cash equivalents	**-397.1**	**872.6**
Net foreign exchange difference	4.4	0.3
Change in cash and cash equivalents	**-392.7**	**872.9**
Cash and cash equivalents at the beginning of the period	3,185.2	2,424.9
Cash and cash equivalents at the end of the period	**2,792.5**	**3,297.8**
of which cash and cash equivalents in current assets	(2,775.5)	(3,297.8)
of which cash and cash equivalents in assets held for sale	(17.0)	(0.0)

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	Difference from currency translation	Cash flow hedge	Available-for-sale financial assets	Entities accounted for using the equity method	Equity holders of EnBW AG	Non-controlling interests[1]	Total
As of: 01/01/2014	**1,482.3**	**4,378.9**	**-204.1**	**-783.1**	**-100.1**	**-311.1**	**402.5**	**0.0**	**4,865.3**	**1,217.4**	**6,082.7**
Other comprehensive income				-750.1	2.4	4.4	173.7	-62.0	-631.6	-2.2	-633.8
Group net profit/loss		-770.6							-770.6	33.1	-737.5
Total comprehensive income	**0.0**	**-770.6**	**0.0**	**-750.1**	**2.4**	**4.4**	**173.7**	**-62.0**	**-1,402.2**	**30.9**	**-1,371.3**
Dividends paid		-186.9							-186.9	-54.7	-241.6
Other changes		23.5							23.5	-138.8	-115.3
As of: 30/09/2014	**1,482.3**	**3,444.9**	**-204.1**	**-1,533.2**	**-97.7**	**-306.7**	**576.2**	**-62.0**	**3,299.7**	**1,054.8**	**4,354.5**
As of: 01/01/2015	**1,482.3**	**3,769.3**	**-204.1**	**-1,729.1**	**-95.6**	**-334.3**	**605.3**	**-53.7**	**3,440.1**	**1,105.5**	**4,545.6**
Other comprehensive income				337.1	33.0	32.3	-638.1	-5.3	-241.0	13.8	-227.2
Group net profit		710.8							710.8	51.5	762.3
Total comprehensive income	**0.0**	**710.8**	**0.0**	**337.1**	**33.0**	**32.3**	**-638.1**	**-5.3**	**469.8**	**65.3**	**535.1**
Dividends paid		-186.9							-186.9	-60.9	-247.8
Other changes		-2.0							-2.0	-11.1	-13.1
As of: 30/09/2015	**1,482.3**	**4,291.2**	**-204.1**	**-1,392.0**	**-62.6**	**-302.0**	**-32.8**	**-59.0**	**3,721.0**	**1,098.8**	**4,819.8**

[1] Of which other comprehensive income directly associated with the assets held for sale as of 30/09/2015 to the amount of €-45.4 million (01/01/2015: €0.0 million, 30/09/2014: €0.0 million, 01/01/2014: €0.0 million). Of which attributable to the equity holders of EnBW AG: €-45.4 million (01/01/2015: €0.0 million, 30/09/2014: €0.0 million, 01/01/2014: €0.0 million). Of which attributable to non-controlling interests: €0.0 million (01/01/2015: €0.0 million, 30/09/2014: €0.0 million, 01/01/2014: €0.0 million).

Notes and explanations

Accounting policies

The interim 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 interim consolidated financial statements as of 30 September 2015, 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 2014 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 September 2015 was shortened in comparison with that used for the consolidated financial statements as of 31 December 2014.

In addition to the income statement, the statement of comprehensive income, balance sheet, abridged cash flow statement and statement of changes in equity for the EnBW Group are presented separately.

All significant transactions and events in the reporting period are explained in the Interim Group Management Report.

Changes in accounting policies

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 from the 2015 financial year:

- **Collective standard for the amendment of various IFRS (2013) "Improvements to the IFRS Cycle 2011–2013":** The amendments are the result of the annual IASB improvement process. The amendments are intended to clarify the wording of the standards and remove any unintended inconsistencies between them. The cycle affects IAS 40, IFRS 3 and IFRS 13. The amendments are effective for the first time for financial years beginning on or after 01 January 2015. The amendments have no effect on the consolidated financial statements of EnBW.
- **IFRIC 21 "Levies":** The interpretation clarifies, for levies which are imposed by government and do not fall within the application scope of another IFRS, how and, in particular, when such obligations in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" must be classified as liabilities. The amendments are effective for the first time for financial years beginning on or after 17 June 2014. The first-time adoption of IFRIC 21 has no effect on the consolidated financial statements of EnBW.

Consolidation principles

The financial statements of the domestic and foreign companies included in the consolidation were prepared in a standardised manner in accordance with the accounting policies which are applicable at EnBW.

Business combinations are accounted for using the acquisition method. The cost of a business combination is measured based on the fair value of the assets acquired and liabilities assumed or entered into as of the acquisition date. Non-controlling interests are measured at the proportionate fair value of the identified assets and the liabilities assumed. Incidental acquisition costs are expensed as incurred. If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss when the acquirer obtains control. Any excess of the cost of a business combination plus the amount of any non-controlling interest in the acquiree over the acquired identifiable assets, assumed liabilities and contingent liabilities is reported as goodwill if positive or, if negative, is reassessed and recognised as a gain through profit or loss.

A change in the ownership interest in an entity which continues to be fully consolidated is accounted for as an equity transaction. All remaining interests are remeasured at fair value upon loss of control.

Receivables, liabilities and provisions between the consolidated entities are netted. Intra-Group income is set off against the corresponding expenses. Intercompany profits and losses are eliminated unless they are of minor importance.

Consolidated companies

In accordance with the full consolidation method, all subsidiaries under the control of the Group are included. The Group controls an associate if it is exposed to risks or has rights to variable returns as a result of its involvement in the associate, and the Group has the ability to use its power over the associate in a way that affects the amount of the returns from the associate. In the full consolidation process, the assets and liabilities of a subsidiary are included in the consolidated financial statements in their entirety.

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 associate, but the entity does not qualify as a subsidiary. This means that when shareholdings are being measured, only the company's proportional equity, rather than its assets and liabilities, is shown in the consolidated financial statements. Any goodwill is included in the stated value of the shareholding in question. Any negative differences are recognised in profit or loss in the investment result.

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.

Interests in subsidiaries, joint ventures or associated companies which, in the Group's opinion, are of minor significance are reported in accordance with IAS 39. Indicators for determining the materiality of subsidiaries are the revenue, earnings and equity of these companies.

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

The consolidated companies are as follows:

Type of consolidation

Number	30/09/2015	31/12/2014	30/09/2014
Full consolidation	117	114	107
Entities accounted for using the equity method	17	18	17
Joint operations	3	2	2

The increase in the number of fully consolidated companies resulted from the addition of the project companies for wind power plants to the consolidated companies.

Due to the ending of a contractual agreement, Rheinkraftwerk Iffezheim GmbH will no longer be accounted for using the equity method from June 2015 but will instead be classified as a joint operation.

Investment result

in € million	01/01–30/09/2015	01/01–30/09/2014
Share of profit/loss of entities accounted for using the equity method	52.8	-7.0
Write-downs/write-ups of entities accounted for using the equity method	-15.1	-5.1
Net profit/loss from entities accounted for using the equity method	**37.7**	**-12.1**
Investment income	32.1	28.9
Write-downs of investments	-0.8	-7.9
Income from the sale of equity investments	0.0	10.5
Other profit/loss from investments	**31.3**	**31.5**
Investment result (+ income/- costs)	**69.0**	**19.4**

As part of the agreed restructuring of shareholdings between EnBW, EWE and EWE-Verband, the carrying amount of the shareholding in EWE has been written down by €252.5 million to the recoverable amount (€1,365.0 million). This has more than offset the interest-induced write-up of €237.4 million carried out in the second quarter of this financial year.

The write-downs/write-ups of entities accounted for using the equity method in the current financial year primarily comprise these two items. €194.2 million of the write-down refers to the 20% shareholding in EWE that has been reclassified as assets held for sale.

The recoverable amount corresponds to the fair value less cost to sell and corresponds to Level 3 of the IFRS 13 valuation hierarchy. It is based on a market transaction carried out for VNG in the previous year and has been derived from the value of the shareholdings in VNG to be acquired by EnBW less a valuation adjustment.

Financial result

in € million	01/01–30/09/2015	01/01–30/09/2014
Interest and similar income	243.3	129.4
Other finance income	721.7	148.4
Finance income	**965.0**	**277.8**
Borrowing costs	-219.7	-202.6
Other interest and similar expenses	-184.9	-20.7
Interest portion of increases in liabilities	-389.0	-412.9
Personnel provisions	(-95.6)	(-128.5)
Provisions relating to nuclear power	(-287.0)	(-278.9)
Other non-current provisions	(-1.2)	(-1.4)
Other liabilities	(-5.2)	(-4.1)
Other finance costs	-71.7	-42.8
Finance costs	**-865.3**	**-679.0**
Financial result (+ income/- costs)	**99.7**	**-401.2**

Other finance income contains primarily market price gains on the sale of securities. Other interest and similar expenses in the first nine months of 2015 contains non-operating interest expenses as a result of reducing the discount rate for nuclear power provisions from 4.8% to 4.7%.

Assets held for sale

The assets held for sale mainly refer to a 20% shareholding in EWE, which is part of our overall 26% shareholding in EWE. As a result of the agreed restructuring of shareholdings between EnBW, EWE and EWE-Verband, in which we will divest ourselves of our shareholdings in EWE over a period of time, these shareholdings have been reclassified as assets held for sale for the first time. As part of the planned transaction, EWE will initially acquire 10% of its own shares from EnBW in 2016 and EWE-Verband will acquire a further 10% of the EWE shares in 2016. This is allocated in the segment reporting to Other/Consolidation.

In the reporting year, the other assets held for sale mainly refer to a power plant and a piece of land and building held for sale as part of our divestiture strategy. This is allocated in the segment reporting to Sales or Other/Consolidation.

Treasury shares

As of 30 September 2015, EnBW AG holds 5,749,677 treasury shares (31 December 2014: 5,749,677 treasury shares). The cost of acquiring the treasury shares to the amount of €204.1 million was deducted from the carrying amount of the equity. The attributable amount of share capital comes to €14,719,173.12 (2.1% of the subscribed capital).

Dividends

On 29 April 2015, the Annual General Meeting of EnBW AG approved the proposal by the Board of Management and the Supervisory Board to distribute a dividend of €0.69 per share for the financial year 2014. This corresponds to a dividend payment of €186.9 million.

Contingent liabilities and financial commitments

Compared to 31 December 2014, contingent liabilities and financial commitments decreased by €1,725.9 million to €24,414.1 million. This change results first and foremost from a reduction in the long-term purchase obligations in the gas sector.

Notes relating to fair value

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		30/09/2015			31/12/2014	
	Fair value	Not within the scope of application	Carrying amount	Fair value	Not within the scope of application	Carrying amount
Financial assets	9,105.6		9,045.4	9,369.8		9,293.5
Held for trading	(217.2)		(217.2)	(221.9)		(221.9)
Available for sale[1]	(7,642.1)		(7,642.1)	(7,895.6)		(7,895.6)
Held to maturity	(1,171.9)		(1,111.7)	(1,179.1)		(1,102.8)
Loans and receivables	(74.4)		(74.4)	(73.2)		(73.2)
Trade receivables	4,521.1		4,521.1	3,871.7		3,871.7
Other assets	2,100.3	402.2	2,502.5	2,109.8	245.8	2,355.6
Held for trading	(1,285.5)		(1,285.5)	(1,344.3)		(1,344.3)
Loans and receivables	(578.9)		(578.9)	(517.2)		(517.2)
Derivatives designated as hedging instruments	(204.1)		(204.1)	(215.1)		(215.1)
Carrying amount in accordance with IAS 17	(31.8)		(31.8)	(33.2)		(33.2)
Cash and cash equivalents	2,775.5		2,775.5	3,179.2		3,179.2
Assets held for sale[2]	17.0	1,270.9	1,287.9	6.0	98.5	104.5
Total	**18,519.5**	**1,673.1**	**20,132.4**	**18,536.5**	**344.3**	**18,804.5**
Financial liabilities	8,194.8		7,588.8	9,289.2		8,265.6
Measured at amortised cost[3]	(8,163.1)		(7,557.1)	(9,185.3)		(8,161.7)
Carrying amount in accordance with IAS 17	(31.7)		(31.7)	(103.9)		(103.9)
Trade payables	2,920.9	1,431.5	4,352.4	463.8	3,365.8	3,829.6
Other liabilities and subsidies	2,601.7	2,128.6	4,730.3	2,849.2	2,205.7	5,054.9
Held for trading	(1,350.9)		(1,350.9)	(1,514.0)		(1,514.0)
Measured at amortised cost	(1,019.8)		(1,019.8)	(1,030.3)		(1,030.3)
Derivatives designated as hedging instruments	(231.0)		(231.0)	(304.9)		(304.9)
Liabilities directly associated with assets classified as held for sale		3.1	3.1		48.5	48.5
Total	**13,717.4**	**3,563.2**	**16,674.6**	**12,602.2**	**5,620.0**	**17,198.6**

1 Available-for-sale financial assets include equity instruments of €1,070.7 million (31/12/2014: €987.4 million) measured at amortised cost whose fair value cannot be reliably determined.
2 This refers to a non-recurring Level 1 measurement of the fair value due to the application of IFRS 5.
3 Of the financial liabilities measured at amortised cost, €481.1 million (31/12/2014: €1,243.6 million) are part of a fair value hedge.

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.

Hierarchy of the input data

in € million	30/09/2015		31/12/2014	
	Level 1	Level 2	Level 1	Level 2
Financial assets	4,384.5	2,404.1	4,813.0	2,317.1
Held for trading	(217.2)		(221.9)	
Available for sale	(4,167.3)	(2,404.1)	(4,591.1)	(2,317.1)
Other assets	63.1	1,426.4	45.7	1,513.7
Held for trading	(58.5)	(1,226.9)	(43.0)	(1,301.3)
Derivatives designated as hedging instruments	(4.6)	(199.5)	(2.7)	(212.4)
Total	**4,447.6**	**3,830.5**	**4,858.7**	**3,830.8**
Other liabilities and subsidies	15.2	1,566.7	12.7	1,806.2
Held for trading	(8.9)	(1,342.0)	(8.1)	(1,505.9)
Derivatives designated as hedging instruments	(6.3)	(224.7)	(4.6)	(300.3)
Total	**15.2**	**1,566.7**	**12.7**	**1,806.2**

Segment reporting

01/01–
30/09/2015

in € million	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
External revenue	6,730.2	4,819.3	275.5	3,483.7	6.1	15,314.8
Internal revenue	204.8	1,893.1	231.6	1,937.5	-4,267.0	0.0
Total revenue	6,935.0	6,712.4	507.1	5,421.2	-4,260.9	15,314.8
Adjusted EBITDA	238.4	530.4	156.3	671.1	39.7	1,635.9
EBITDA	276.6	549.7	151.5	482.6	-56.6	1,403.8
Adjusted EBIT	196.8	275.5	84.2	370.1	19.1	945.7
EBIT	235.0	294.8	79.4	181.6	-88.3	702.5
Scheduled amortisation and depreciation	-41.6	-254.9	-72.1	-301.0	-20.6	-690.2
Unscheduled write-downs	0.0	0.0	0.0	0.0	-11.1	-11.1
Capital employed as of 30/09/2015	812.5	4,559.8	2,925.6	2,479.8	2,987.2	13,764.9

01/01–
30/09/2014

in € million	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
External revenue	6,579.4	4,765.8	291.0	3,823.1	7.2	15,466.5
Internal revenue	264.5	1,907.0	273.3	2,071.4	-4,516.2	0.0
Total revenue	6,843.9	6,672.8	564.3	5,894.5	-4,509.0	15,466.5
Adjusted EBITDA	226.7	656.4	145.5	615.7	-12.1	1,632.2
EBITDA	238.7	690.3	137.1	205.5	-20.0	1,251.6
Adjusted EBIT	180.2	399.9	102.0	315.3	-31.2	966.2
EBIT	192.2	433.8	63.0	-1,298.1	-39.1	-648.2
Scheduled amortisation and depreciation	-46.5	-256.5	-43.5	-300.4	-19.1	-666.0
Unscheduled write-downs	0.0	0.0	-30.6	-1,203.2	0.0	-1,233.8
Capital employed as of 31/12/2014	663.3	4,709.1	2,596.6	2,704.5	2,929.4	13,602.9

Adjusted EBITDA is one of the key internal performance indicators. Adjusted EBITDA is an earnings ratio before interest, tax, depreciation and amortisation and adjusted for extraordinary items, which accurately reflects the development of results of operations. In the management report, the development 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	01/01–30/09/2015	01/01–30/09/2014
Adjusted EBITDA	1,635.9	1,632.2
Non-operating EBITDA	-232.1	-380.6
EBITDA	**1,403.8**	**1,251.6**
Amortisation and depreciation	-701.3	-1,899.8
Earnings before interest and taxes (EBIT)	**702.5**	**-648.2**
Investment result	69.0	19.4
Financial result	99.7	-401.2
Earnings before tax (EBT)	**871.2**	**-1,030.0**

Segment reporting is based on internal reporting.

Sales of electricity and gas, as well as the provision of energy-related services, such as invoicing services or energy supply and energy-saving contracting, 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 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. In addition to the generation and trading of electricity, the Generation and Trading segment also comprises gas midstream operations, district heating, environmental services and the area dealing with the decommissioning of nuclear power plants. Our shareholdings in EWE and other activities which cannot be attributed to the segments presented separately 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.

Related parties (entities)

Related parties include, above all, the federal state of Baden-Württemberg and Zweckverband Oberschwäbische Elektrizitätswerke as indirect major shareholders of EnBW AG. As of 30 September 2015, the federal state of Baden-Württemberg and NECKARPRI GmbH indirectly held 46.75% of the shares in EnBW AG, and NECKARPRI-Beteiligungsgesellschaft mbH held the same amount directly. Zweckverband Oberschwäbische Elektrizitätswerke directly held 46.75% of the shares in EnBW AG, and OEW Energie-Beteiligungs GmbH (OEW GmbH) held the same amount indirectly.

The transactions concluded with the federal state and entities controlled or jointly controlled by it, or over which it has significant influence, essentially relate to supplying public entities such as universities, government authorities, zoos and clinics with electricity, gas and district heating. The revenue from these transactions was immaterial in the reporting period; most of the receivables had been settled as of 30 September 2015. All business transactions with the federal state were based on customary market terms and conditions. There are no contingent liabilities or financial commitments to the federal state.

Except for dividends paid, there are no business relations with OEW GmbH or NECKARPRI-Beteiligungsgesellschaft mbH.

Business relations with joint ventures accounted for using the equity method are as follows:

Income statement

in € million	01/01–30/09/2015	01/01–30/09/2014
Income	12.4	9.2
Expenses	-16.3	-3.3

Balance sheet

in € million	30/09/2015	31/12/2014
Receivables	1.0	4.4
Liabilities	4.9	7.2

Income and expenses result predominantly from electricity supply and procurement contracts. The receivables are due within one year, the liabilities mainly have longer terms. All business relationships with joint ventures were conducted at customary market terms and conditions.

In the course of ordinary business activities, relationships also exist with associated companies, including amongst others municipal entities (municipal utilities, in particular), that are accounted for using the equity method. The exchange of services with these companies was conducted at customary market terms and conditions and had the following impact on the income statement and balance sheet of the EnBW Group:

Income statement

in € million	01/01–30/09/2015	01/01–30/09/2014
Income	215.8	237.8
Expenses	-184.5	-187.0
Financial result	0.2	0.4

Balance sheet

in € million	30/09/2015	31/12/2014
Other loans	16.1	12.1
Receivables	25.5	26.5
Payments on account	10.0	9.0
Liabilities	29.7	40.4

The receivables and liabilities for the reporting period are almost exclusively due within one year. In addition, a provision relating to the planned acquisition of a company to the amount of €90.0 million was made in the current reporting period.

The business relationships in joint operations, whose assets, liabilities, income and expenses have been reported on a proportional basis, are as follows:

Income statement

in € million	01/01–30/09/2015	01/01–30/09/2014
Income	0.5	1.2
Expenses	-4.1	-5.5

Balance sheet

in € million	30/09/2015	31/12/2014
Receivables	1.1	0.0
Liabilities	1.4	0.2

Income and expenses result predominantly from business in the areas of electricity and gas. Receivables and liabilities are due within one year. All business relationships with joint ventures were conducted at customary market terms and conditions.

Related parties also include the EnBW Trust e. V., which manages the plan assets for securing pension obligations.

Related parties (individuals)

The EnBW Group has not entered into any significant transactions with individuals that are related parties.

Board of Management and Supervisory Board

Board of Management

- **Dr. Frank Mastiaux, Karlsruhe**
  Chief Executive Officer
  since 1 October 2012
  Appointed until 30 September 2017

- **Dr. Bernhard Beck LL.M., Stuttgart**
  Chief Personnel Officer
  since 1 October 2002
  Appointed until 30 September 2017

- **Thomas Kusterer, Ettlingen**
  Chief Financial Officer
  since 1 April 2011
  Appointed until 31 March 2019

- **Dr. Hans-Josef Zimmer, Steinfeld (Pfalz)**
  Chief Technical Officer
  since 1 January 2012
  Appointed until 31 December 2016

Supervisory Board

- **Dr. Claus Dieter Hoffmann, Stuttgart**
  Managing Partner
  of H + H Senior Advisors GmbH,
  Stuttgart, Chairman

- **Dietrich Herd, Philippsburg**
  Chairman of the Group works council for the EnBW Group and Chairman of the central works council "production sector" of EnBW Energie Baden-Württemberg AG, Karlsruhe,
  Deputy Chairman

- **Lutz Feldmann, Bochum**
  Independent business consultant
  (since 29 April 2015)

- **Stefan Paul Hamm, Gerlingen**
  Head of the Department for Utilities and Waste Management, ver.di
  Baden-Württemberg

- **Silke Krebs, Stuttgart**
  Minister in the State Ministry
  of Baden-Württemberg

- **Marianne Kugler-Wendt, Heilbronn**
  Regional Director, ver.di,
  Heilbronn-Neckar-Franconia region

- **Wolfgang Lang, Karlsruhe**
  Consultant for HR functional units at EnBW Energie Baden-Württemberg AG, Karlsruhe

- **Dr. Hubert Lienhard, Heidenheim an der Brenz**
  Chief Executive Officer
  of Voith GmbH, Heidenheim an der Brenz

- **Sebastian Maier, Ellenberg**
  Member of the Group works council for the EnBW Group and Chairman of the works council at EnBW Ostwürttemberg DonauRies AG, Ellwangen

- **Arnold Messner, Aichwald**
  Deputy Chairman of the Group works council for the EnBW Group and Chairman of the central works council of Netze BW GmbH, Stuttgart

- **Dr. Wolf-Rüdiger Michel, Rottweil**
  District Administrator of the Rottweil district

- **Gunda Röstel, Flöha**
  Commercial Director of Stadtentwässerung Dresden GmbH, Dresden, and Authorised Officer of Gelsenwasser AG, Gelsenkirchen

- **Dr. Nils Schmid MdL, Reutlingen**
  Deputy Premier Minister and Minister for Finance and Economic Affairs of the Federal State of Baden-Württemberg

- **Klaus Schörnich, Düsseldorf**
  Member of the Group works council for the EnBW Group and Chairman
  of the works council of Stadtwerke Düsseldorf AG, Düsseldorf

- **Heinz Seiffert, Ehingen**
  District Administrator of the Alb-Donau district

- **Carola Wahl, Bonn**
  Senior Vice President Indirect Sales and Service at Telekom Deutschland GmbH, Bonn

- **Dietmar Weber, Esslingen**
  Member of the Group works council for the EnBW Group and Chairman of the central works council "market sector" of EnBW Energie Baden-Württemberg AG, Karlsruhe

- **Lothar Wölfle, Friedrichshafen**
  District Administrator of the Lake Constance district (since 1 July 2015)

- **Dr. Bernd-Michael Zinow, Pfinztal**
  Head of the functional unit Legal Services, Compliance and Regulation at EnBW Energie Baden-Württemberg AG, Karlsruhe

- **Bodo Moray, Mannheim**
  Head of the Department for Utilities and Waste Management, ver.di Baden-Württemberg (until 30 September 2015)

- **Gerhard Stratthaus, MdL, Brühl**
  Minister for Finance (retired)
  (until 29 April 2015)

- **Kurt Widmaier, Ravensburg**
  District Administrator of the Ravensburg district (until 30 June 2015)

Key
- **Active member**
- **Inactive member**

As of: 12 November 2015

Important notes

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Financial calendar

13 November 2015

Publication of the Nine-Monthly Financial Report January to September 2015

21 March 2016

Publication of the EnBW Report 2016

10 May 2016

Annual General Meeting 2016

13 May 2016

Publication of the Quarterly Financial Report January to March 2016

28 July 2016

Publication of the Six-Monthly Financial Report January to June 2016

10 November 2016

Publication of the Nine-Monthly Financial Report January to September 2016

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