

STEAG gains strength

Half-year figures confirm clear upward trend

Essen. The STEAG Group can look back on a successful six-month period. In the first half of the current business year, the Essen-based energy group achieved consolidated sales of 2.41 billion euros. Earnings before interest and taxes improved to 386.1 million euros, almost doubling the result for the entire previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) also increased significantly to 450 million euros. “At the end of the first half of fiscal 2022, we are well ahead of our budget in all the relevant key figures and also well above the values for the entire previous year,” emphasizes Dr. Andreas Reichel, Chairman of the Management Board of STEAG GmbH.

The significant economic stabilization of the long-established Essen-based energy company can be attributed to the power plant business, which improved disproportionately compared with the growth business in renewables in the first six months of 2022. The power plants in Germany have been in the black since September 2021. Just under a year ago, an unexpected price rally on the natural gas market caused electricity prices to rise for the first time. The situation on the energy markets tightened even further with the Russian war of aggression in Ukraine and the drastic reduction in Russian natural gas supplies to Europe that followed shortly afterwards.

The end of coal-fired power generation in Germany, which has been enshrined in law since 2020, had placed an enormous burden on STEAG. In the 2020 balance sheet, the company had to absorb considerable impairments in relation to its domestic power plants and additionally high redundancy package costs for the loss of around 1,000 jobs in the Group.

Good prospects for employees

“Now, thanks above all to the sound profits at the domestic power plants, we are again in a financial position to invest heavily in the expansion of STEAG’s green growth business, which employs around 2,500 people,” clarifies Dr. Ralf Schiele, Director for Market and Technology at STEAG GmbH. “We can offer these people good and secure prospects and, with the technical and energy market expertise we have acquired over eight decades, play a powerful role as an enabler of the energy transition.”

The figures in detail

This is because the STEAG balance sheet has also become significantly stronger in the 2022 business year. Group equity, which was only slightly positive at 0.6 million euros at the end of 2021, increased to 304 million euros at the end of June 2022. At the same time, net financial debt fell to 303 million euros – down from 485 million euros at the end of 2021. “Our net gearing, expressed as the ratio of net financial debt to EBITDA, is currently well below one. That is a rock-solid figure,” according to Ralf Schmitz, Chief Transformation Officer and Chief Financial Officer of STEAG GmbH. The sharp rise in interest rates on the capital market also meant that accruals for pensions fell to below 900 million euros – compared with just under 1.23 billion euros at the end of 2021.

The medium-term business prospects for STEAG are also good. With the German Act on the Maintenance of Substitute Power Stations (EKBG), which recently came into force, the government is attempting to reduce Germany’s dangerous dependence on energy imports from Russia and to replace natural gas in electricity generation primarily with hard coal. The EKBG opens up the prospect for STEAG of continuing to operate four hard coal units profitably on the market until spring 2024.

Enabler of the energy transition

STEAG is also making a significant contribution to the success of the energy transition. On the one hand, the Essen-based company is ensuring reliable energy supplies so that the economy and society are not plunged into a crisis, especially this winter; on the other hand, STEAG is pressing ahead with projects in energy from renewables, hydrogen production and the decarbonization of industry. In addition to the major hydrogen projects in Duisburg-Walsum and Völklingen-Fenne, these include a large-scale battery project at a STEAG site and the utilization of waste heat from a waste treatment plant in the Saarland for the region’s district heating supply.

“STEAG is needed in the current energy crisis. That is why we have the firm intention of taking two hard coal fired power plants out of the grid reserve as provided for by the EKBG and keeping two further plants that were already on the verge of being decommissioned on line for longer. A total of 2,300 megawatts of power plant capacity will therefore be ready for operation and available on the market by November 2022 at the latest. No other power plant operator can make such a large contribution to gas savings,” emphasizes Andreas Reichel.

“STEAG alone can generate around a quarter of the energy previously generated in gas-fired power plants by returning its plants to the market,” Dr. Ralf Schiele adds.

Sales process initiated

The current business development does not change the fundamental decision by the STEAG shareholders to dispose of their holdings – on the contrary: in autumn 2021 the shareholders had already declared their long-term intention to withdraw from their involvement in STEAG. Now they have announced that they will bring forward the process of selling STEAG as a whole because of the good industry environment at the present time. “We are first sounding out the market to identify interest from potential purchasers. The

findings from that will flow into our further deliberations and those of our municipal shareholders. Our task as the STEAG management is to enable our owners to sell their shares at an appropriate price in 2023,” emphasizes CTO Ralf Schmitz. The actual sale process is expected to start in the autumn of 2022.

STEAG at a glance

Consolidated key figures (IFRS)

In million euros	June 30, 2022	June 30, 2021
Sales	2,408.1	1,046.4
EBIT	386.1	77.2
EBITDA	450.0	146.8
Group earnings after taxes	319.9	38.9
Investments	68.2	45.0
	June 30, 2022	December 31, 2021
Group equity	304.0	0.6
Pension reserves	880.2	1,229.7
Net debt	303.3	484.7

About STEAG

For over 80 years, STEAG has stood for efficient and reliable power generation, both in Germany and abroad. As an experienced partner, we support our customers comprehensively in all phases of power supply. We design, develop, implement, operate and market highly efficient energy solutions – from distributed generation facilities and those based on renewable sources to large central power plants. Together with customized solutions in the field of electricity and heat supply, we also provide a wide range of energy services – increasingly on the basis of renewables. Successfully so: Since 1990, STEAG has permanently reduced its own CO₂ emissions in Germany by more than 80 percent.

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Board of Management

Dr. Andreas Reichel, Chairman

Dr. Ralf Schiele

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