

e.on

First Half 2011 Results

August 10, 2011

E.ON – Cleaner & better energy



E.ON Group – Financial highlights

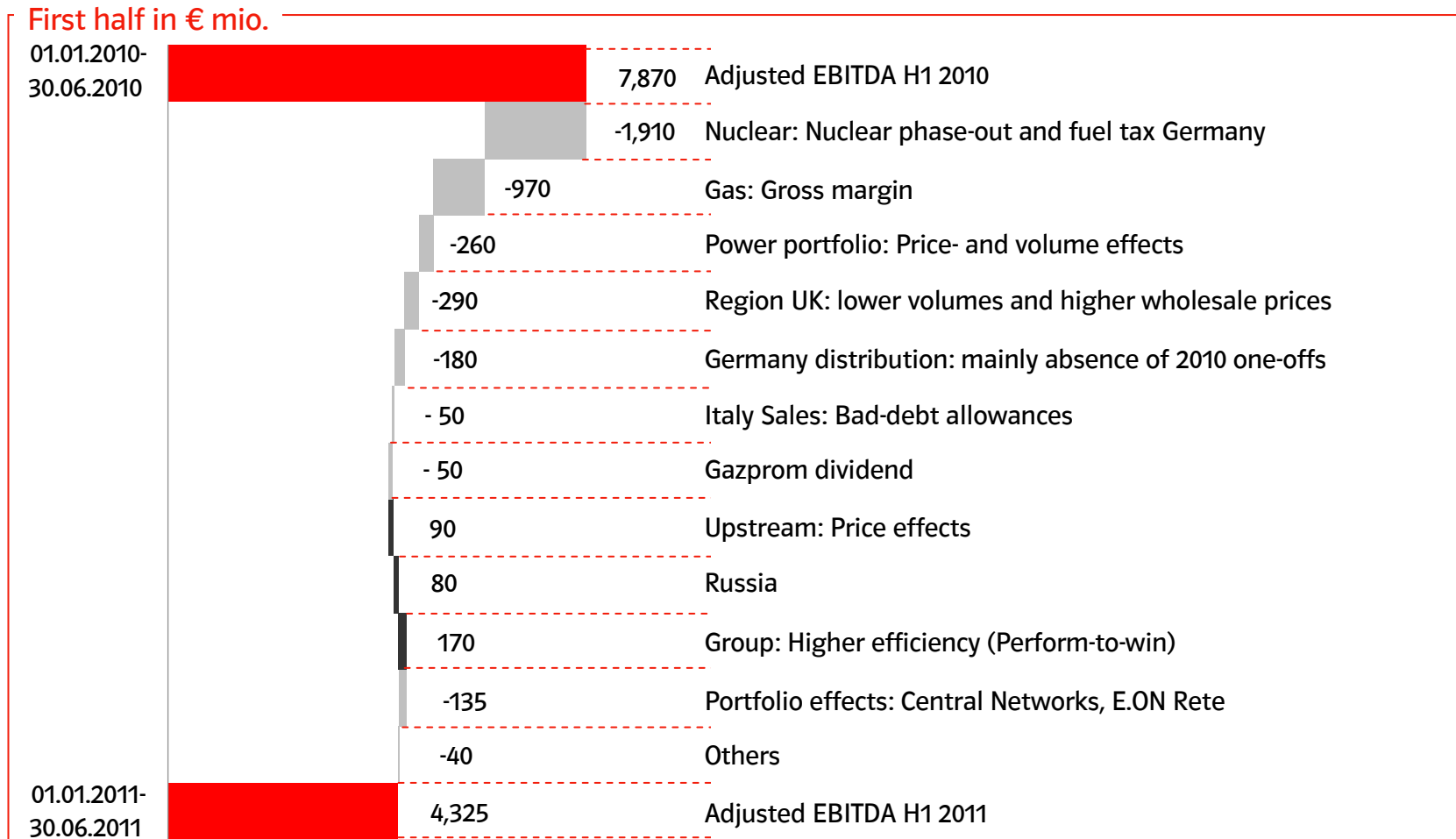
First half in € million

	2011	2010	+/- %
Sales	53,048	44,304	+20
Adjusted EBITDA	4,325	7,870	-45
Adjusted EBIT	2,373	6,076	-61
Adjusted net income	933	3,255	-71
Operating cash flow	2,362	5,595	-58
Investments	2,467	3,669	-33
Economic net debt ¹	-33,556	-37,701 ²	+4,145 ¹

1. Change in absolute terms

2. As of December 31, 2010

Key drivers of group Adjusted EBITDA H1 2011 vs. H1 2010



E.ON Group – Adj. EBITDA and adj. EBIT by segments

First half in € million

	Adjusted EBITDA			Adjusted EBIT		
	2011	2010	+/-%	2011	2010	+/- %
Generation	558	1,763	-68	-8	1,332	-
Renewables	753	608	+24	578	455	+27
Gas	578	1,478	-61	318	1,218	-74
Trading	-151	830	-	-160	826	-
Germany	1,276	1,312	-3	814	883	-8
Other EU countries	1,255	1,713	-27	879	1,286	-32
Russia	252	172	+47	195	118	+65
Group Management / Other	-196	-6	-	-243	-42	-
Group total	4,325	7,870	-45	2,373	6,076	-61

Adjusted EBITDA by unit – Generation

First half in € million

	2011	2010	+/- %
Nuclear	-293	979	-
Steam	716	566	+26
CCGT	141	197	-28
Other/Consolidation	-6	21	-
Adjusted EBITDA	558	1,763	-68

Main effects:

Nuclear (-1,272)

- Higher transfer prices from Trading (+281)
- Higher volumes Nordic as a result of last year's outages (+79)
- Nuclear phase-out effects (-1,472) mainly driven by increase of provisions
- Foregone margin from nuclear generation compared to last year as result of Moratorium (-257)
- Nuclear fuel tax (-183)

Steam (+150)

- Mainly due to higher peak prices in UK (+35); capacity payments from EET for UK plants (+58); higher margins in Germany and Benelux (+29)

CCGT (-56)

- Lower spreads in Italy and Spain (-41)

Adjusted EBITDA by unit – Renewables

First half in € million

	2011	2010	+/- %
Hydro	449	399	+13
Wind, solar and others	304	209	+45
Adjusted EBITDA	753	608	+24

Main effects:

Hydro (+51)

- Higher transfer prices in Germany and Nordic (+76)
- Mainly higher green certificate remuneration in Italy (+19)
- Lower volumes mainly in Sweden (but also in Italy and Spain) due to lower reservoir levels (-35)

Wind and others (+94)

- Additional capacities online compared to H1 2010 (+82)
- Higher availability (+6)

Adjusted EBITDA by unit – Gas

First half in € million

	2011	2010	+/- %
Upstream	433	343	+26
Midstream	-257	765	-
Transmission / Shareholdings	305	300	+2
Other/Consolidation	97	70	+39
Adjusted EBITDA	578	1,478	-61

Main effects:

Upstream (+90)

- Positive price/volume effect from North Sea fields (+24)
- Positive price/volume effect from Yushno Ruskoje (+102)

Midstream (-1,022)

- Mainly lower gross margin gas (-970) of which volume related (-84)
- Absence of Gazprom dividend (-50)

Adjusted EBITDA by unit – Trading

First half in € million

	2011	2010	+/- %
Optimization	-137	894	-
Proprietary Trading	-14	-64	-
Adjusted EBITDA	-151	830	-

Main effects:

Optimization (-1,031)

- Mainly power portfolio: higher transfer prices paid to generation companies in combination with lower average achieved prices

Proprietary Trading (+50)

- Better than last year's unusual negative performance, but still below expectation.

Adjusted EBITDA by unit – Germany

First half in € million

	2011	2010	+/- %
Distribution	807	1,028	-21
Sales/Other	469	284	+65
Adjusted EBITDA	1,276	1,312	-3

Main effects:

Distribution (-222)

- Mainly driven by lower revenues in power and gas distribution; 2010 contained positive one-off effects that did not repeat in 2011

Sales/Other (+185)

- Higher sales revenues (+91)
- Lower personnel expenses (+83)
- First time consolidation CHP Plattling (+10)

Adjusted EBITDA by unit – Other EU countries

First half in € million

	2011	2010	+/- %
Distribution	880	921	-4
Sales	132	576	-77
Other/Consolidation	243	216	+13
Adjusted EBITDA	1,255	1,713	-27

Main effects:

Distribution (-41)

- Czech Republic: Reflection of higher cost for renewable energy volumes in distribution revenues (+46)
- UK & Italy: Disposals of Central networks and E.ON Rete (-135)
- Spain: Higher distribution remuneration and positive one-off effects (+30)

Sales (-444)

- UK: Reduced margin resulting from higher wholesale cost and lower volumes (-290)
- Italy: Increased bad debt allowances (-50)

Adjusted EBITDA by unit – Russia

First half in € million

	2011	2010	+/- %
Russia	252	172	+47

Main effects:

Russia (+80)

- Electricity market: Higher gross margin of existing units driven by market opening and demand growth (+69)
- Electricity market: Gross margin of new units (CoD of Shatura Q4 2010) (+13)
- Capacity market: Higher capacity sales of existing units (+12)
- Capacity market: Result of new build unit Shatura (+23)
- Higher fixed cost (mainly due to inflation and increased installed capacity) (-34)

E.ON Group – From adjusted EBITDA to net income (1/2)

First half in € million

	2011	2010	+/- %
Adjusted EBITDA	4,325	7,870	-45
Depreciation/Amortization/Impairments	-1,952	-1,794	-
Adjusted EBIT	2,373	6,076	-61
Adjusted interest expense (net)	-846	-1,171	-
Net book gains	1,162	721	-
Restructuring and cost-management expenses	-255	-233	-
Mark-to-market valuation of derivatives	-225	1,372	-
Other non-operating earnings	-1,201	8	-
Income/Loss from continuing operations before income taxes	1,008	6,773	-85

Adjusted interest expense (+325)

- Mainly driven by lower net financial position; but also supported by reversal of provision related to prepayments into the renewable energy fund (~€0.1bn)

Net book gains (+441)

- In 2011 mainly disposal of the remaining Gazprom shares and disposal of Central Networks in the UK

Mark-to-market valuation of derivatives (-1,597)

E.ON Group – From adjusted EBITDA to net income (2/2)

First half in € million

	2011	2010	+/- %
Income/Loss from continuing operations before income taxes	1,008	6,773	-85
Income taxes	-73	-1,846	-
Income/Loss from continuing operations	935	4,927	-81
Income/Loss from discontinued operations, net	13	-758	-
Net income	948	4,169	-77
Attributable to shareholders of E.ON AG	691	3,911	-82
Minority interests	257	258	-

Income tax rate

- Tax rate down from 27% to 7% mainly due to decrease in pre-tax result and proportionally higher tax free income (mainly net book gains)

Discontinued operations

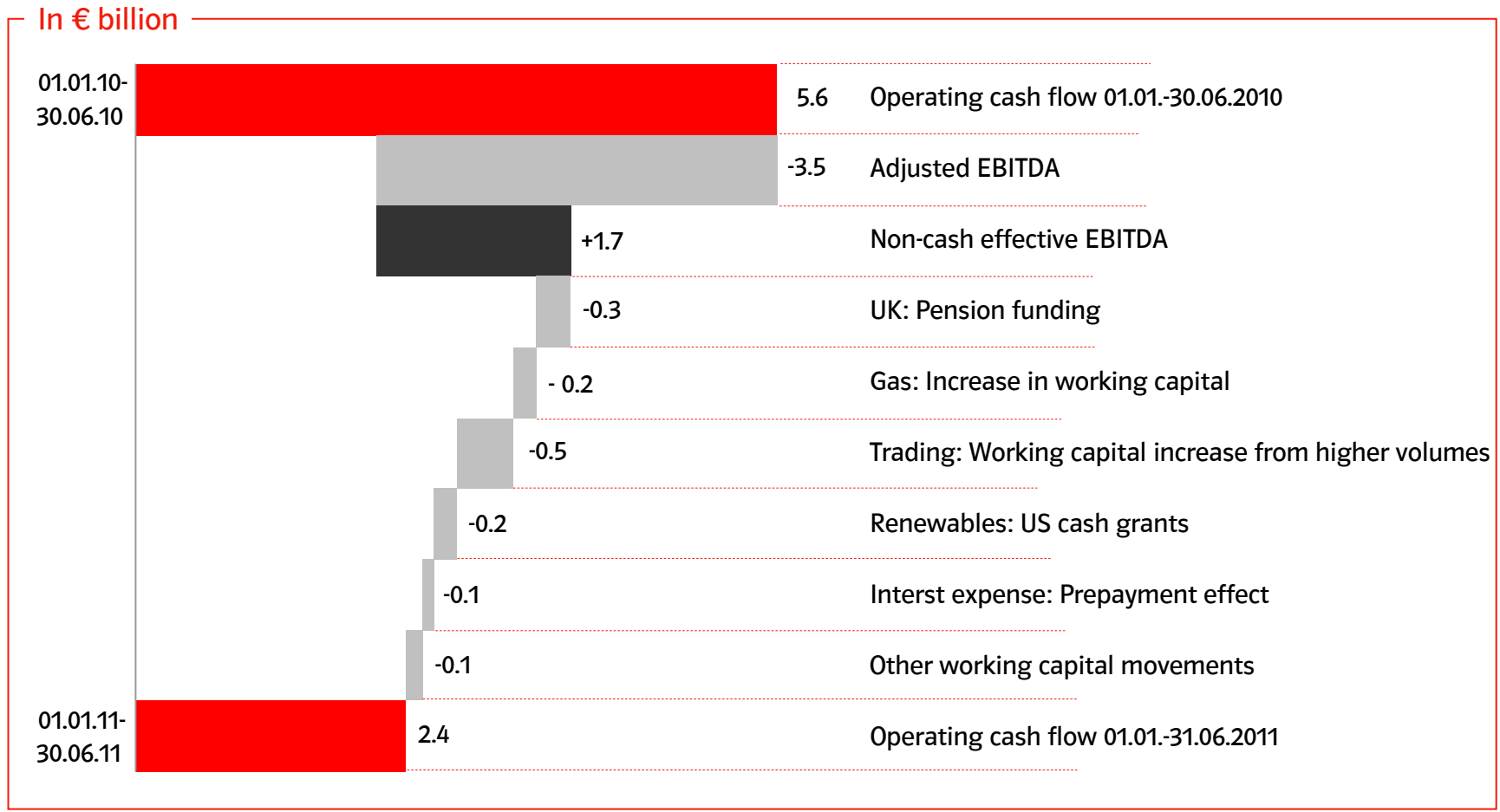
- Loss in discontinued operations in 2010 relates to US-Midwest and impairment incurred in connection with disposal

E.ON Group – Adjusted net income

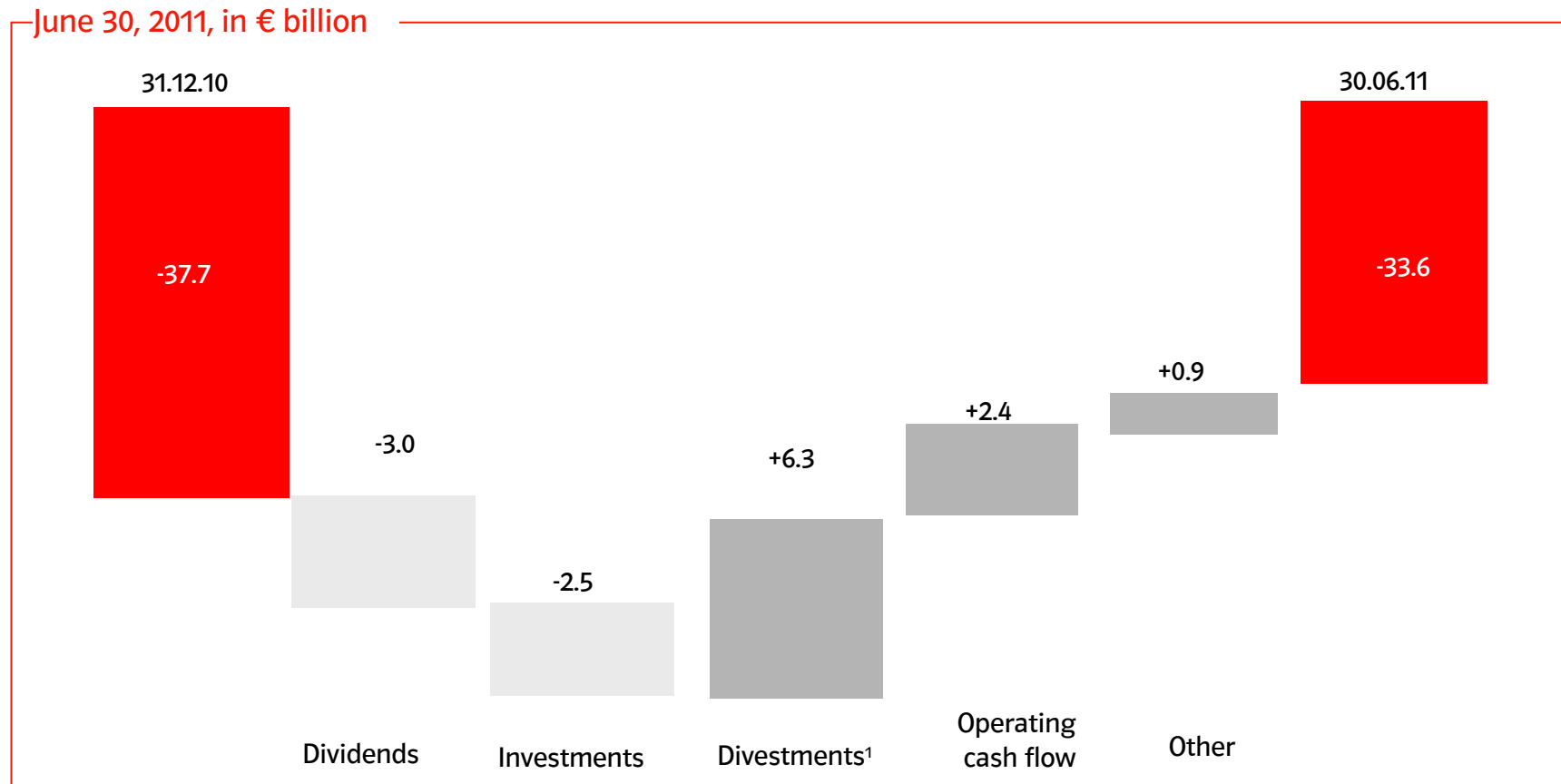
First half in € million

	2011	2010	+/- %
Net income attrib. to shareholders of E.ON AG	691	3,911	-82
Net book losses/gains	-1,162	-721	-
Restructuring and cost-management expenses	255	233	-
Mark-to-market valuation of derivatives	225	-1,372	-
Other non-operating earnings	1,201	-8	-
Taxes and minority interests on non-operating earnings	-211	471	-
Special tax effects	-53	-17	-
Income/Loss from discount. operations, net	-13	758	-
Adjusted net income	933	3,255	-71

Operating cash flow – Reconciliation



E.ON Group – Development of economic net debt



1. Including deconsolidation of Central Networks

e-on

Back-up Charts

Adjusted EBITDA by unit – Other EU countries

First half in € million

	2011	2010	+/- %
United Kingdom	228	649	-65
Sweden	371	353	+5
Czech Republic	256	226	+13
Hungary	139	183	-24
Other	261	302	-14
Adjusted EBITDA	1,255	1,713	-27

E.ON Group – Investments by unit

First half in € million

	2011	2010	+/- %
Generation	641	1,403	-54
Renewables	419	536	-22
Gas	463	468	-1
Trading	7	5	+40
Germany	306	319	-4
Other EU countries	495	631	-22
Russia	111	252	-56
Management Group / Others	25	55	-55
Investments	2,467	3,669	-33
<i>Of which</i>			
Maintenance investments	404	383	+5
Growth	2,063	3,286	-37

E.ON Group – Economic net debt

in € million

	Jun 30, 2011	Dec 31, 2010
Liquid funds	7,420	8,273
Non-current securities	4,863	3,903
Total liquid funds and non-current securities	12,283	12,176
Financial liabilities to banks and third parties	-27,960	-31,799
Financial liabilities resulting from interests in associated companies and other shareholdings	-822	-692
Total financial liabilities	-28,782	-32,491
Net financial position	-16,499	-20,315
Fair value of currency derivatives used for financing transactions ¹	542	334
Provisions for pensions	-2,558	-3,250
Asset retirement obligations	-16,534	-15,968
Less prepayments to Swedish nuclear fund	1,493	1,498
Economic net debt	-33,556	-37,701

1. Net figure, does not include transactions relating to our operating business or asset management

E.ON Group – Detail on adjusted interest expense (net)

First half in € million

	2011	2010	Delta '11 / '10
Interest from financial assets/liabilities	-482	-738	+256
Interest cost from provisions for pensions and similar provisions ¹	-76	-83	+7
Accretion of provisions for retirement obligation and other provisions	-419	-393	-26
Capitalised interests ²	+154	+166	-12
Other ³	-23	-123	+100
Adjusted interest expense (net)	-846	-1.171	+325

1. Net of expected return on plan-assets

2. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset.

Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds. (IR-rate: 4,5%)

3. Includes mainly effects from market valuation of interest derivatives and interest cost from tax provisions.

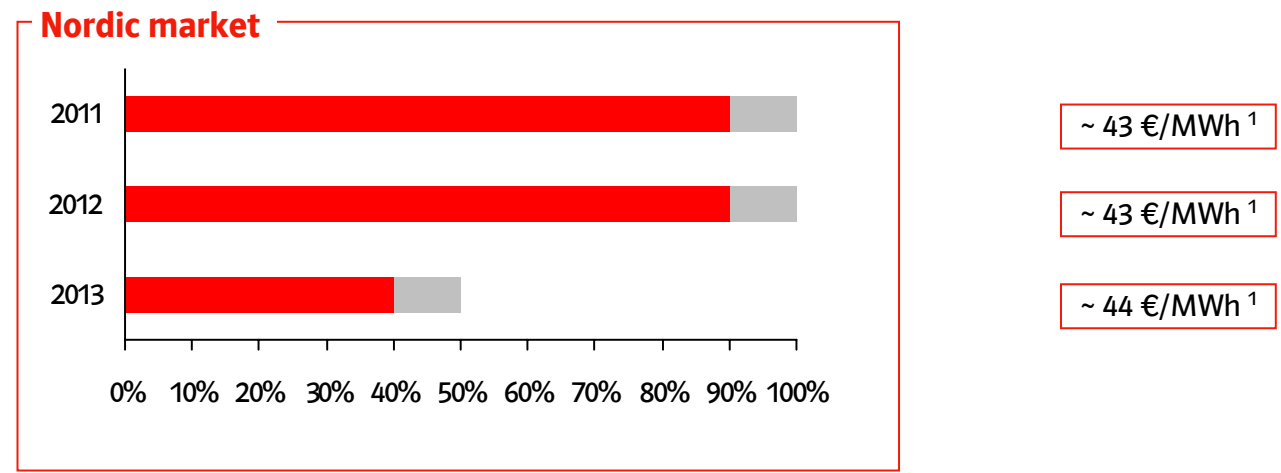
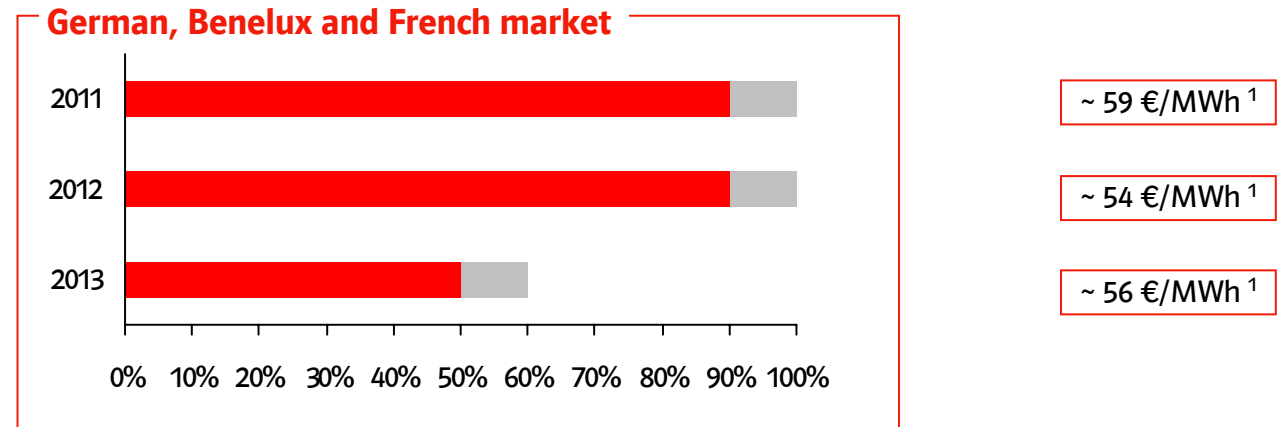
E.ON Group – Non-operating income

First half in € million

Net book gains	1,162
Gazprom	602
Disposal Central Networks	403
Others	157
Restructuring expenses / cost management	-255
Other non-operating income	-1,426
Mark-to-market valuation of derivatives	-225
Early redemption fee	-142
Others	-1,059
Non-operating income	-519

Hedging of E.ON's outright generation

As of Jun 30, 2011

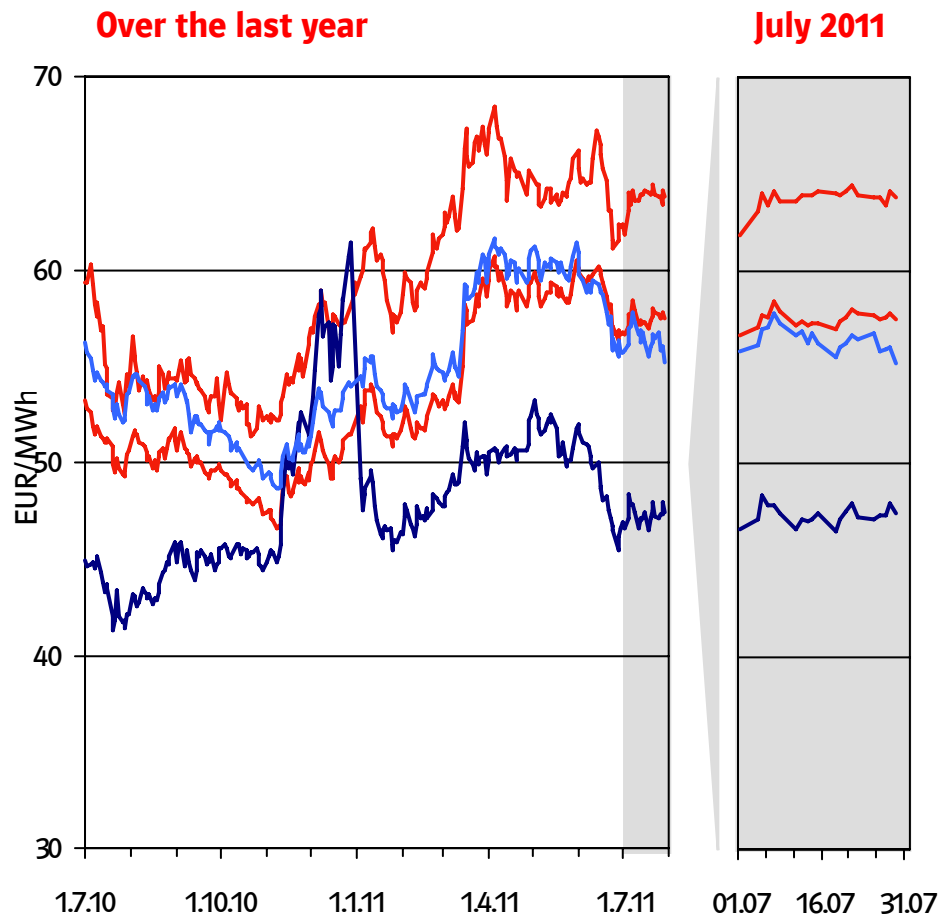


= percentage band of generation hedged

1. Average realized price only relevant for the pure outright power position (Nuclear/Hydro) sold in the respective year

Development of electricity prices in selected markets

EEX DE, UK, Nord Pool and EEX FR Forward prices Year+1



Key driver

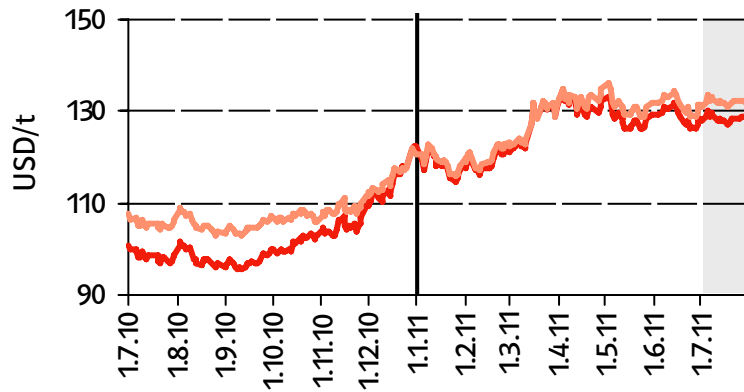
- UK forward prices appear to be driven mainly by the UK natural gas and CO₂ prices.
- Nordic forward prices appear to be driven mainly by the hydrological situation and CO₂ prices.
- Mainland European forward prices appear to be driven by natural gas and CO₂ prices.

Legend

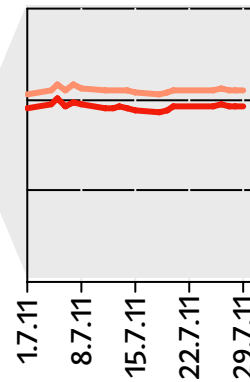
- UK Cal Year+1 (2011/12) Base Load (EUR/MWh)
- EEX France Year+1 (2011/12) Base Load (EUR/MWh)
- EEX Germany Year+1 (2011/12) Base Load (EUR/MWh)
- Nord Pool Year+1 (2011/12) Base Load (EUR/MWh)

Europe - Coal and CO₂ Prices

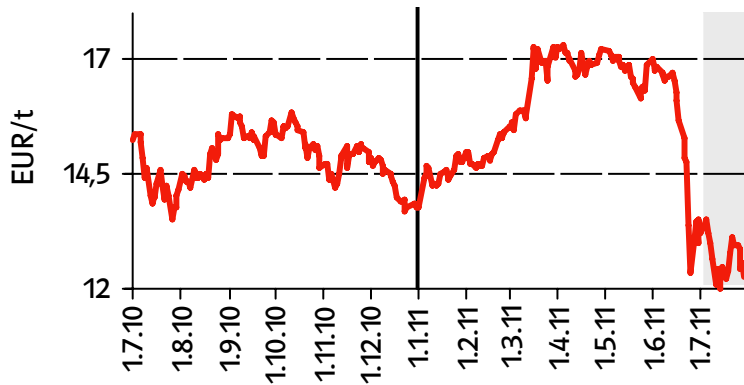
ARA (Coal) - Over the last year



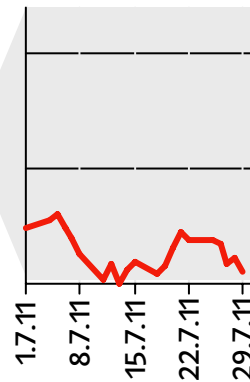
July 2011



EUA (CO₂) - Over the last year



July 2011



Key Messages

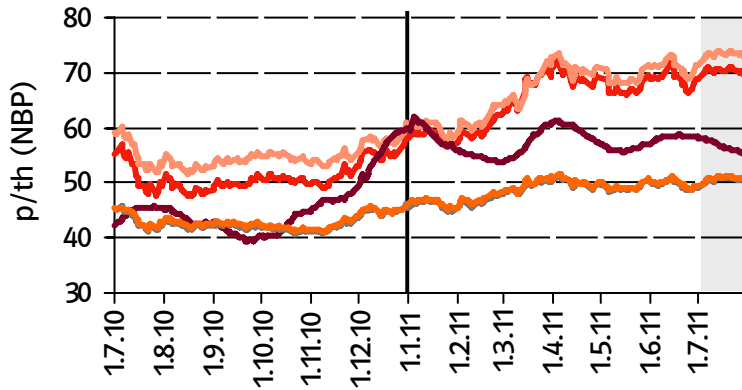
- Coal market**
 Beginning of month coal prices increased as reaction to the German government's decision on the nuclear moratorium even despite growing coal stocks in NWE ports. Along side falling crude prices (due to a weaker EUR vs. USD rate) the price decreased during the second half of June and rebounded at the end as oil and gas did likewise.
- Freight rates**
 Freight rates recovered slightly from low price levels but still struggle with vessel oversupply and lower ore trade volume.
- CO₂ allowances market**
 Markets concerns about global economic growth and additional supply pushed carbon prices down month on month.

Legend

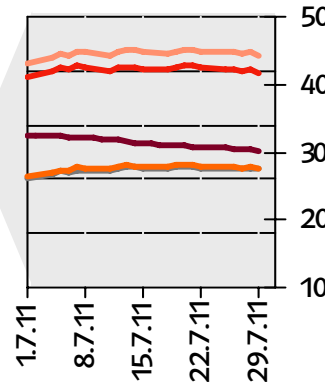
- coal forwards for year+1 (2011/12)
- coal forwards for year+2 (2012/13)
- CO₂ futures for year 2010/11 (NAP-2 phase)

Europe - Gas and Oil Prices

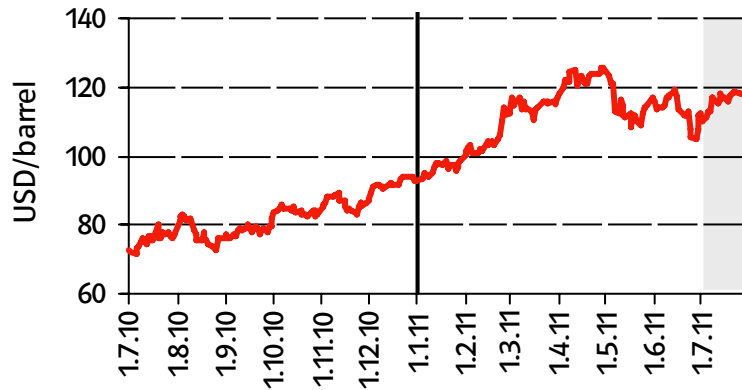
Gas - Over the last year



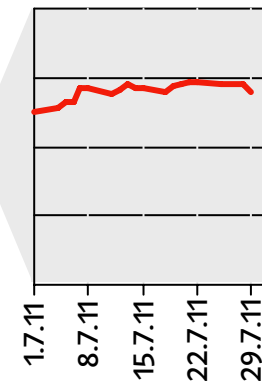
July 2011



Brent Oil - Over the last year



July 2011



Key Messages

- Gas market**
 Spot and forward market followed the rise in oil and coal markets and increased during the first part of June. Then, gas prices fell as economic concerns due to the Greek debt crisis arose.
- Oil market**
 Beginning of the month, oil prices increased as OPEC failed to agree on an output hike. Midmonth, prices decreased as a result of IEA members releasing some strategic reserves and upcoming global economic worries. New optimism that Greece might pass its austerity plan finally pushed prices up again.

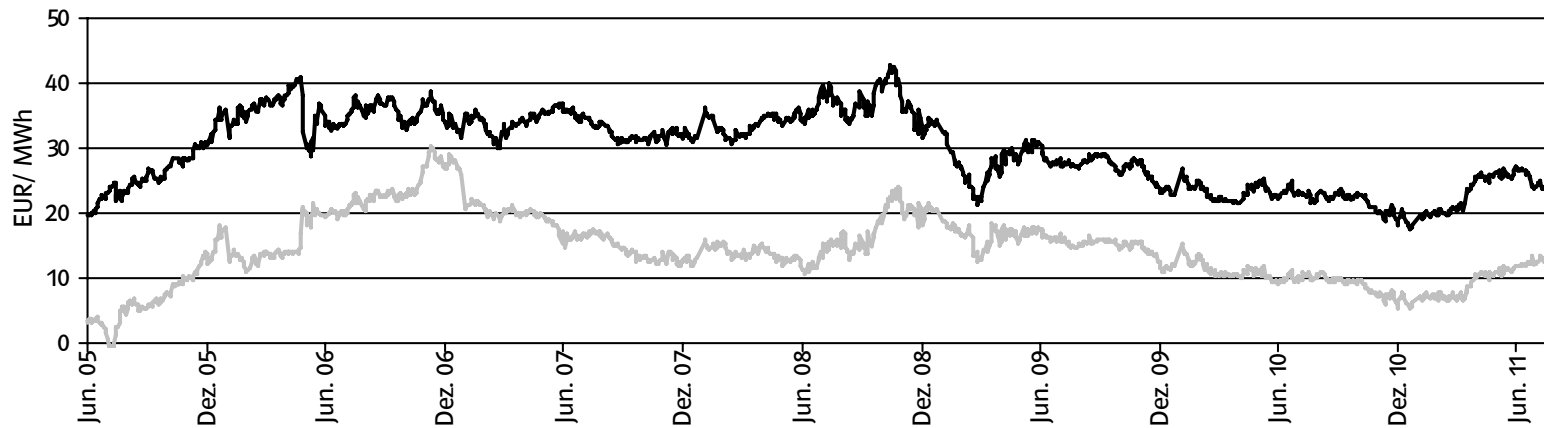
Legend

- NBP gas forward year+1 (2011/12)
- NBP gas forward year+2 (2012/13)
- NBP gas spot (30 days moving average)
- TTF gas forward year+1 (2011/12)
- NCG year+1 (2011/12)
- Brent oil forward month+1

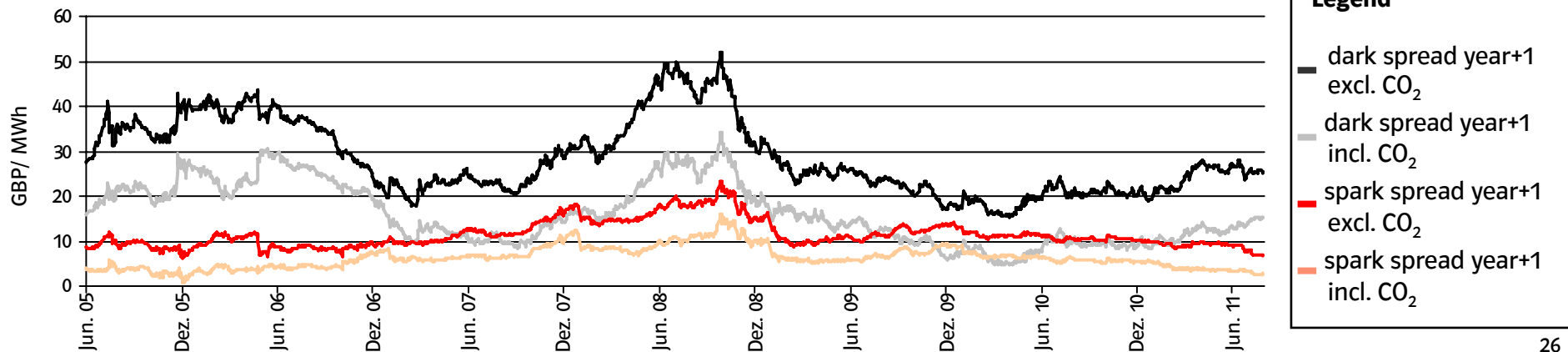
(NBP gas in p/th, TTF gas in EUR/MWh)

Germany and United Kingdom - Dark and Spark Spreads

German Dark Spreads - Last 5 years



UK Dark and Spark Spreads - Last 5 years



Legend

- dark spread year+1 excl. CO₂
- dark spread year+1 incl. CO₂
- spark spread year+1 excl. CO₂
- spark spread year+1 incl. CO₂

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help you?

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