

Growth | Focus | Discipline

Creating the future of energy

<http://www.energyfortomorrow.eu/>

March 2019

e-on

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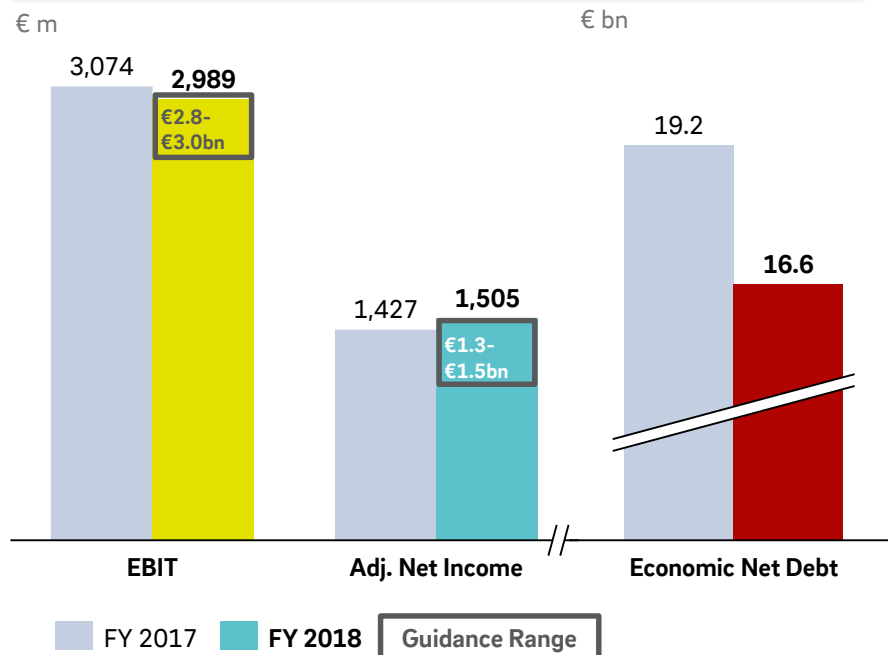
Strong delivery of FY 2018 results

Highlights

- ✓ Top end of 2018 guidance range achieved
- ✓ Dividend 2018 increases >40% to €0.43/share
- ✓ Preparation of takeover of innogy fully on track
- ! Upgrading network capex to fuel accelerated RAB growth
- ! Predictability – Outlook 2018-2020 confirmed, commitment to annual DPS growth
- ! Visibility – Fixed dividend of €0.46/share to be proposed for 2019

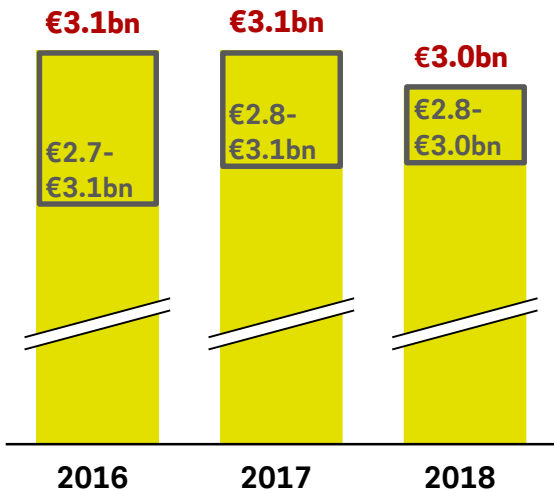
1. Adjusted for non operating effects

Key Financials¹

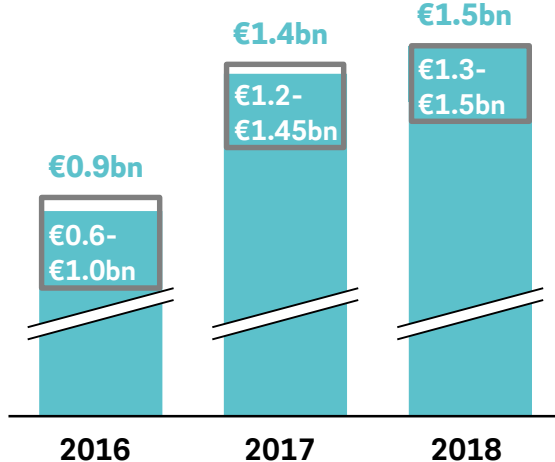


Continuous track record of delivery

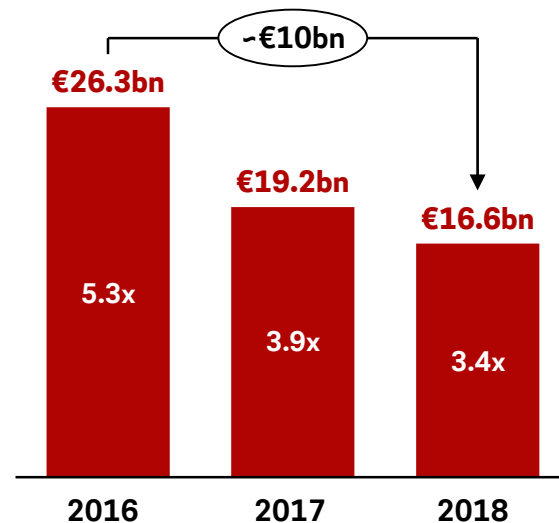
EBIT¹ vs. guidance



Adj. Net Income¹ vs. guidance



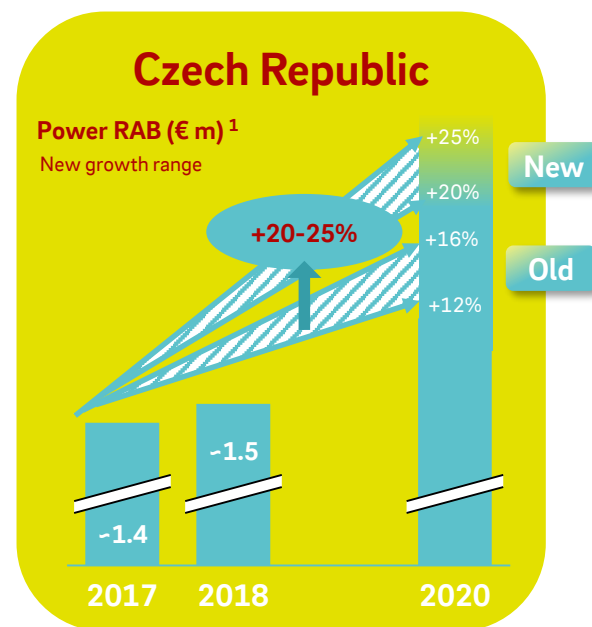
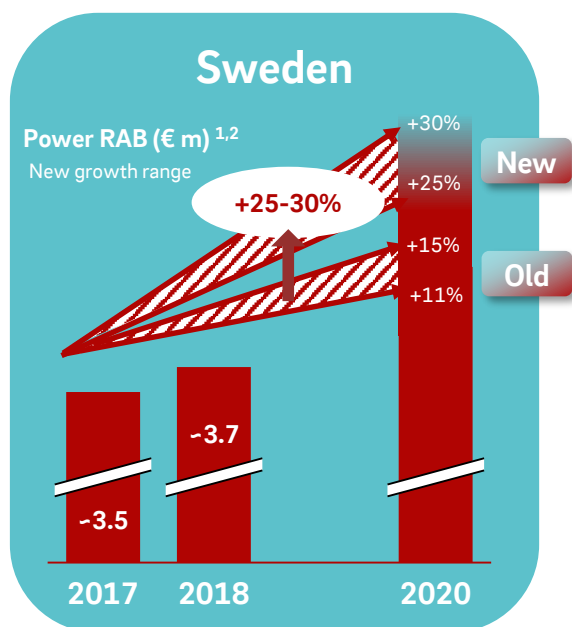
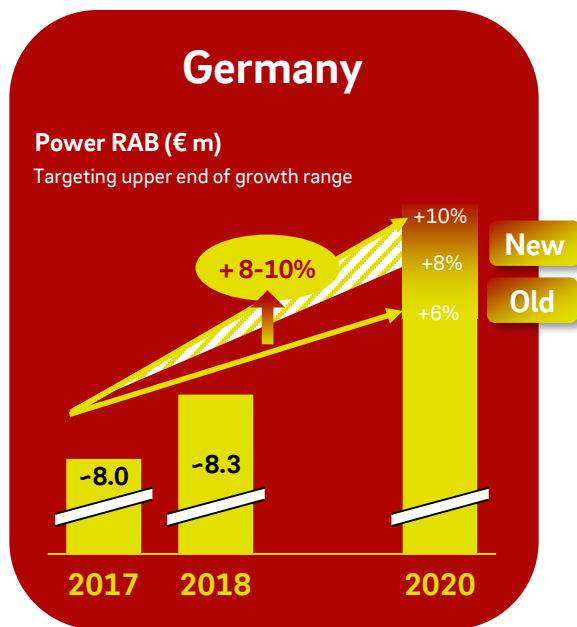
Deleveraging achieved – Significant reduction of END



Guidance Range

1. Adjusted for non operating effects.

Accelerating power RAB growth

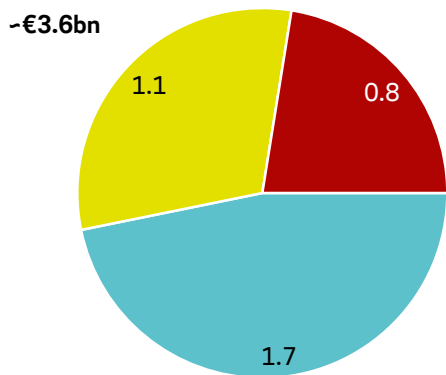


1. Based on constant FX rates (SEK/EUR 2018: 10.26; CZK/EUR 2018: 25.65)

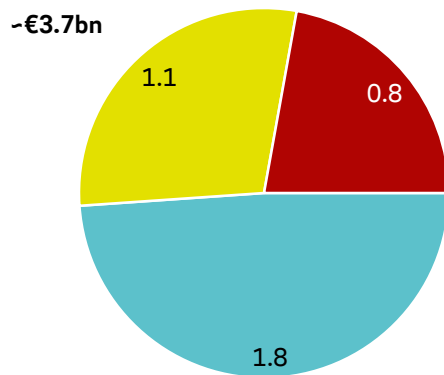
2. Growth includes revaluation of RAB from 2020 onwards according to new methodology (due to change in depreciation times). Effect ca. -€0.5bn in 2020

Capex split 2019 & 2020

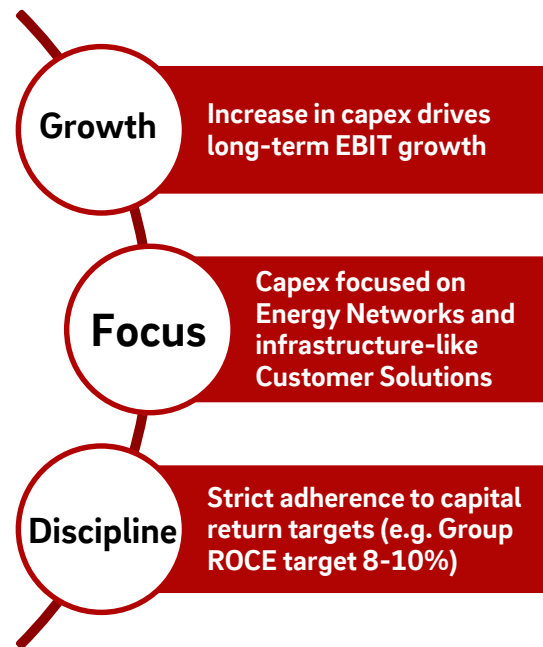
Capex¹ 2019



Capex¹ 2020

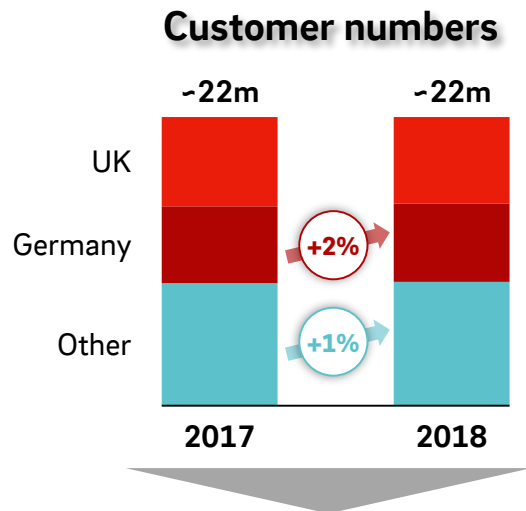


Energy Networks Renewables Customer Solutions



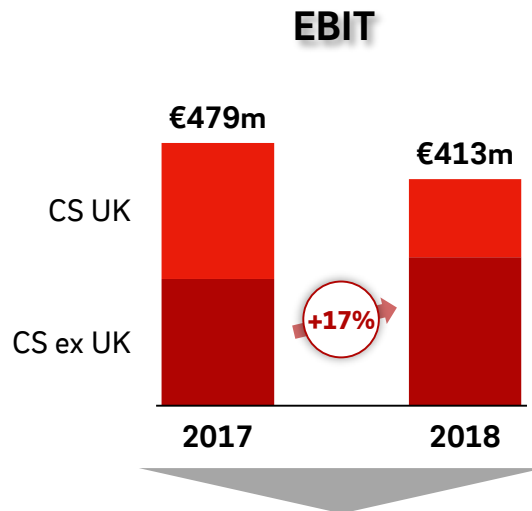
1. Gross capex, not including divestments

Customer Solutions with profitable customer growth outside UK



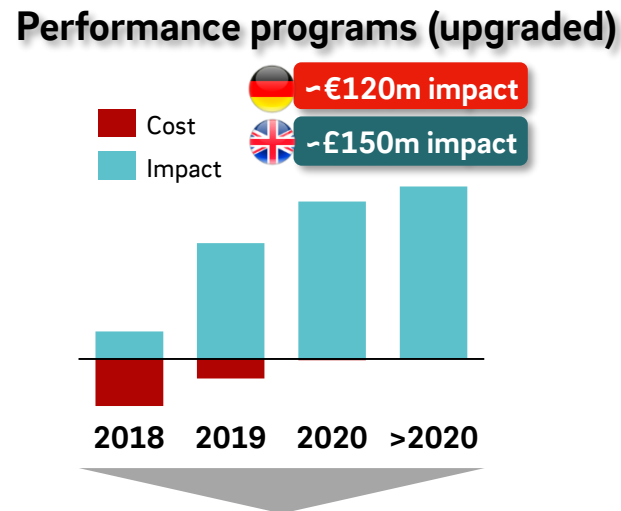
Growing customer base outside UK

- More than 100,000 additional customers in Germany
- In the UK, best performance among the Big Six in terms of customer numbers¹



Improving EBIT outside UK

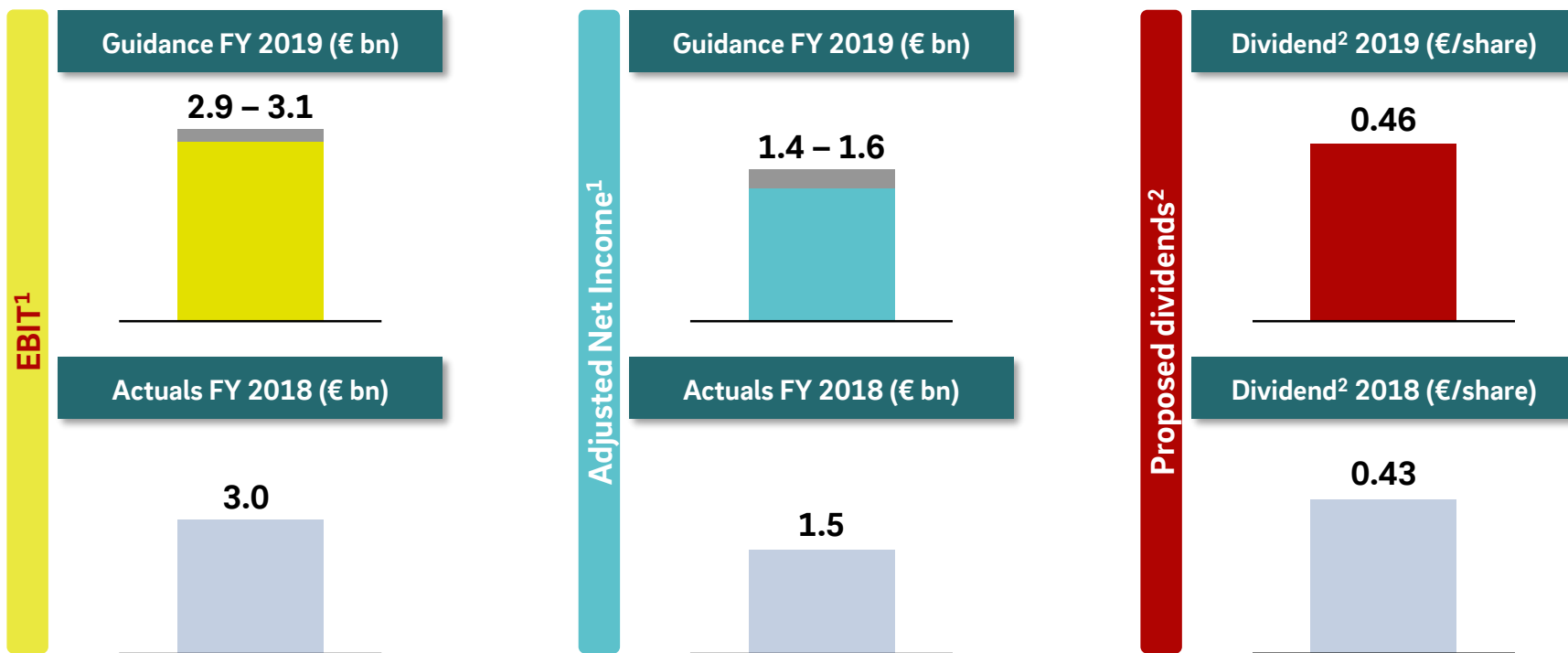
- UK decline mainly caused by regulatory interventions and restructuring costs



Pro-actively working on next wave of performance measures

- Programs in Germany and UK with target to offset margin pressure
- UK program already expanded during 2018 to mitigate SVT price cap impact

Group guidance for FY 2019



1. Adjusted for non operating effects 2. Fixed dividend proposals to AGM to be paid in following year

E.ON FOCUS – Framework for 2018-2020

Our basis for steering the company

Capital Structure

Strong BBB/Baa

Return

ROCE¹
8 – 10 %

Cash

Cash conversion rate²
≥ 80 %

EBIT³

Group
+ 3-4% (CAGR)



EPS³

Group
+ 5-10% (CAGR)



Dividend

Annual
DPS growth

Fixed dividend 2019:
€0.46⁵

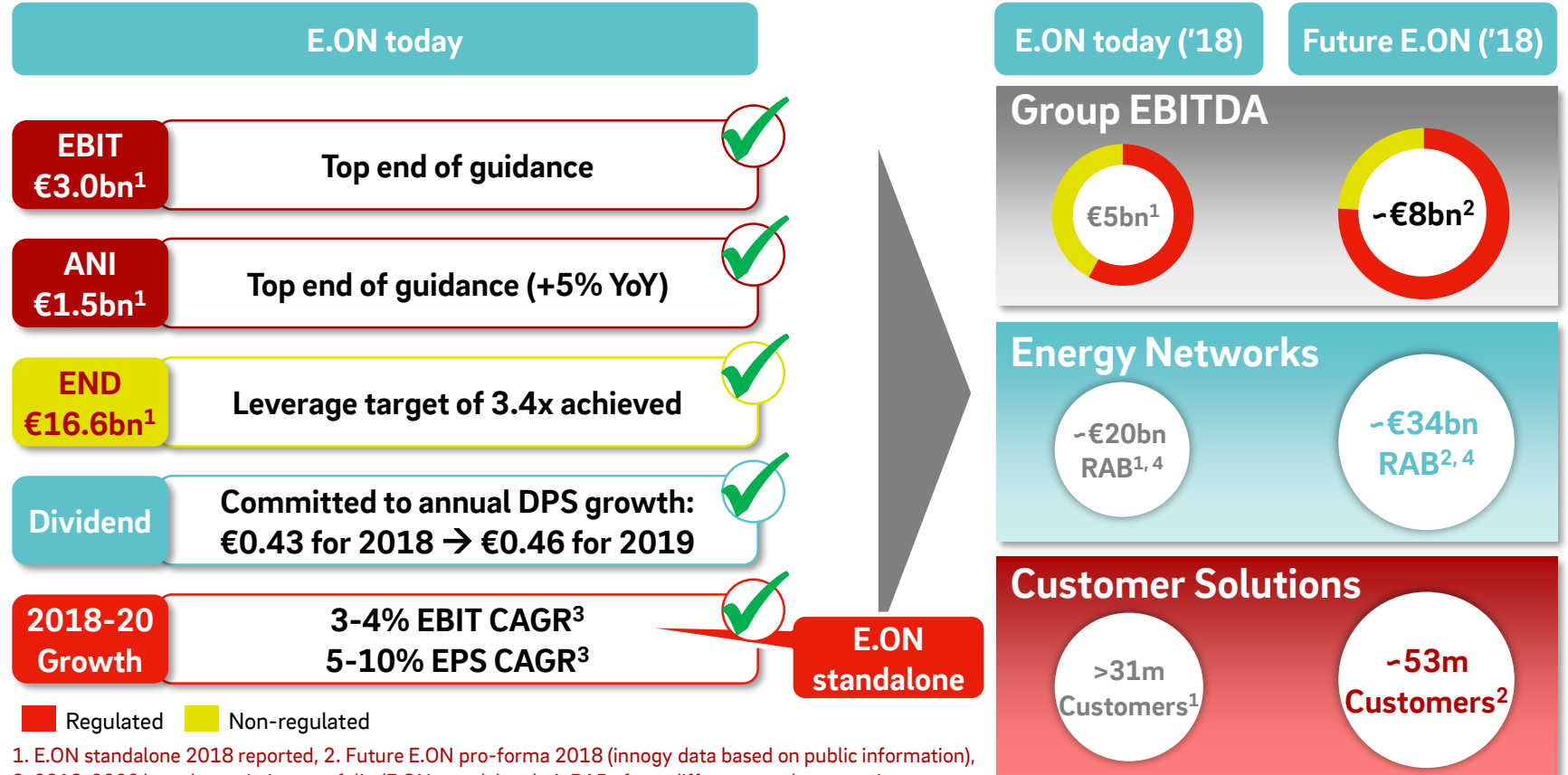


Executive Compensation

Closely linked to EPS target achievement and relative TSR⁴ (in addition: share ownership obligations)

1. Based on EBIT (= pre-tax), 2. OCF bit divided by EBITDA, 3. Adjusted for non operating effects, FY 2018 guidance range as basis for medium-term outlook 2018-2020 (CAGR), 4. Total Shareholder Return, 5. Fixed for FY 2019 (paid in 2020).

Transacting from a position of strength



1. E.ON standalone 2018 reported, 2. Future E.ON pro-forma 2018 (innogy data based on public information), 3. 2018-2020 based on existing portfolio (E.ON standalone), 4. RABs from different regulatory regimes are not directly comparable due to significant methodical differences.

Takeover of innogy progressing well

Antitrust approval process

- E.ON filed official notification with EU Commission end of January
- EU Commission initiated Phase II investigations on 8th March
- Approvals for RWE part of transaction already received after Phase I
- Fully on track for closing during second half of 2019

Preparation of integration of innogy into E.ON

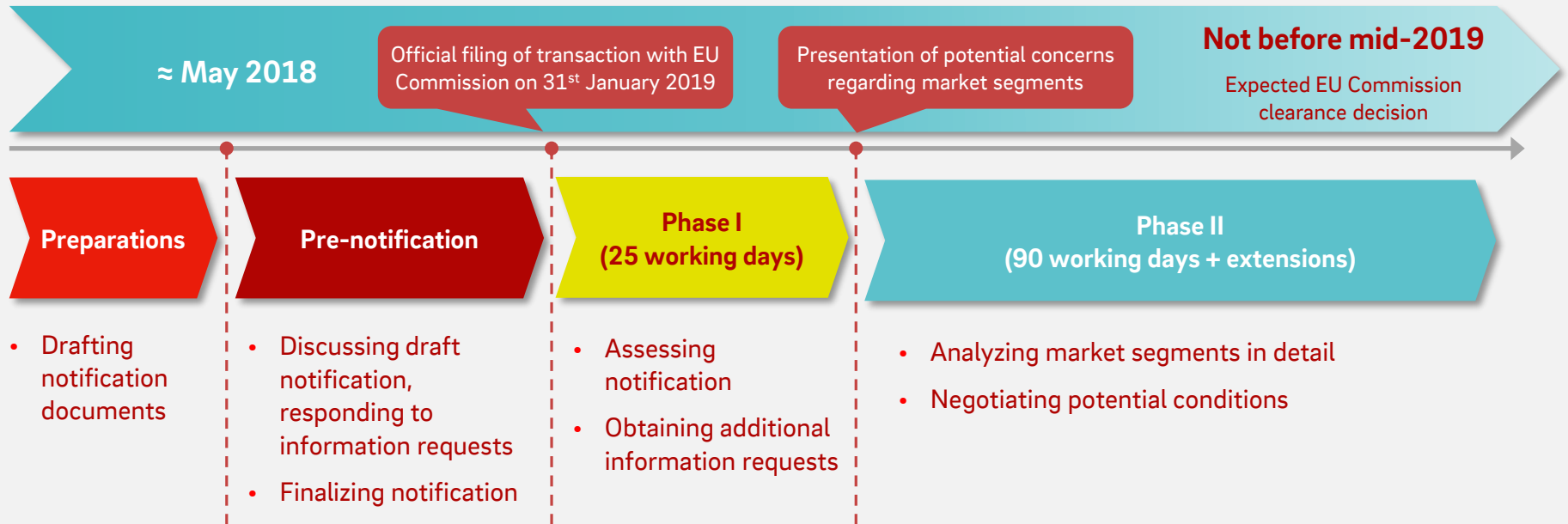
- Joint preparation work intensifying
- Work on future operating model nearly completed

Synergies

- Target of €600-800m net synergies by 2022 confirmed

Schematic merger control proceedings

Simplified overview of process steps of EU merger control proceedings
(possible (partial) referrals to national authorities not taken into account¹)



Financial Liabilities

Liquidity Sources (as of FY 2018)

€ bn

Liquid funds 5.432

Non-current securities 2.295

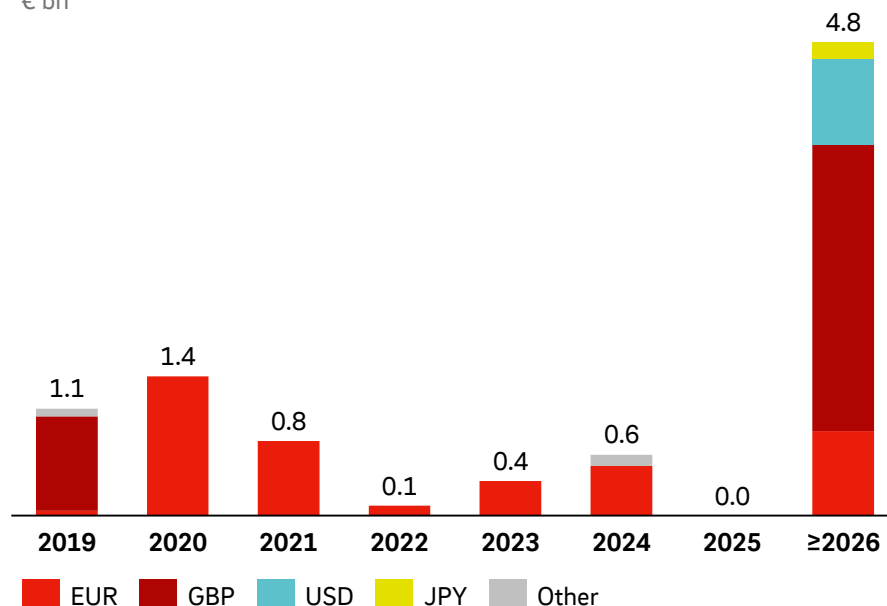
Syndicated loan (undrawn) 2.75

€ / \$ Commercial Paper programs (undrawn) 10 / 10

Acquisition facility (undrawn) 1.75

Maturity profile (as of end FY 2018)¹

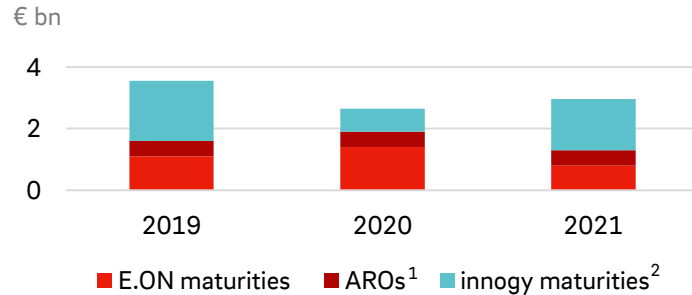
€ bn



1. Bonds and promissory notes issued by E.ON SE and E.ON International Finance B.V. (fully guaranteed by E.ON SE)

Funding plan

Indicative funding needs



Maturities (€ bn)	2019	2020	2021
E.ON	-1.1	-1.4	-0.8
innogy ²	-2.0	-0.8	-1.7

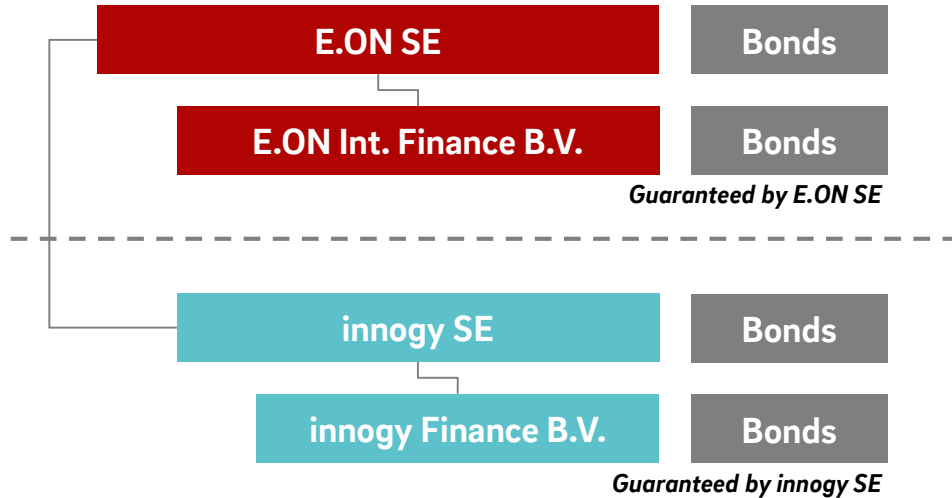
Financing considerations

- Funding public takeover offer and purchase of RWE's loan to innogy is covered by existing cash and RWE's payment
- 2019 funding needs: expected to be €2-3 billion
- €1.75 billion undrawn acquisition facility available
- Regular funding volumes determined by
 - refinancing of upcoming maturities
 - utilization of asset retirement obligations
- Future annual funding needs estimated: €2-4 billion

1. Asset retirement obligations ('AROs'): Indicative utilization of €0.5 billion p.a.

2. Incl. senior bonds and 2019 RWE intercompany loan based on innogy's Fixed Income Investor Update 1st June 2018

Structural subordination



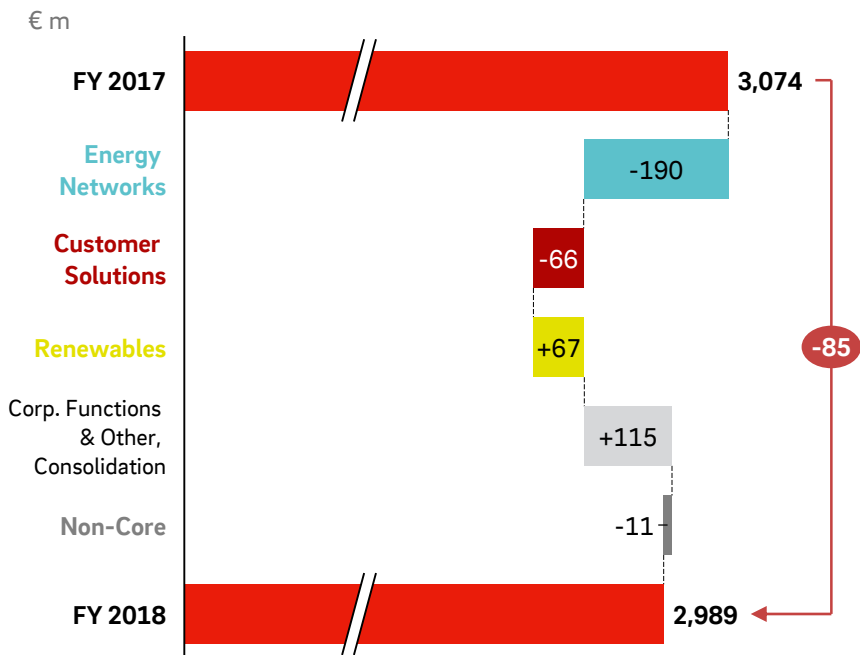
- Structural subordination may become a topic post closing
- To the extent necessary, E.ON has the choice among several mitigants for structural subordination:
 - moving innogy bonds to E.ON level and replacing innogy guarantee with E.ON guarantee
 - upstream guarantee from innogy to E.ON
 - liability management at market

E.ON will address structural subordination post closing of the innogy acquisition





Appendix

EBIT development solid despite operational challenges

EBIT¹ FY 2018 vs. FY 2017

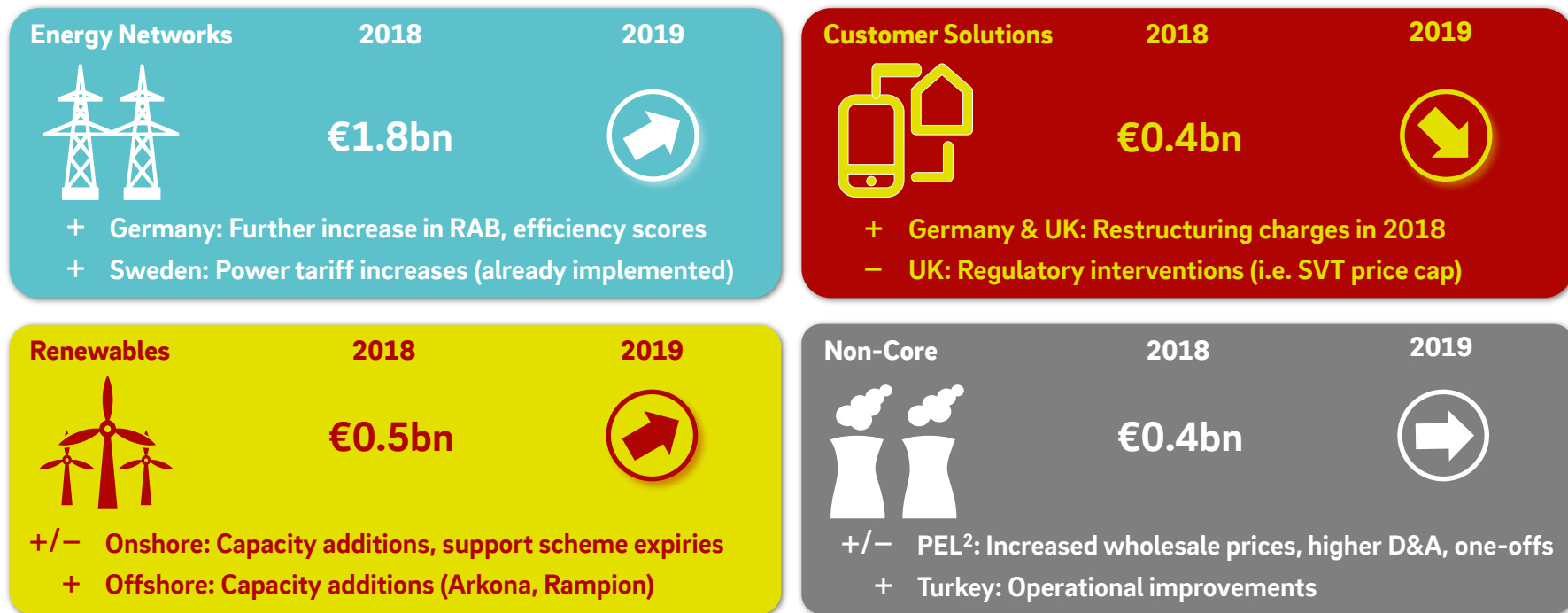


Key FY Effects

 Energy Networks	+/- Germany: positive one-off effects in Q2 & Q3 2018, reversal of regulatory effects, disposal gas network HH, new regulatory period gas +/- Sweden: power tariff increase, adverse FX dev.
 Customer Solutions	+/- Germany: price increases in Q2 2017, restructuring charges +/- UK: price increases in Q2 2017, competitive dynamics, regulatory effects, restruct. charges
 Renewables	+/- Onshore: capacity additions in the US, support scheme expiries +/- Offshore: capacity additions (Rampion), adverse wind conditions (esp. Q4)
 Non-Core	+/- Preussen Elektra: one-off effects, lower achieved prices, higher volumes due to plant outages in 2017 + Turkey: op. improvem., omission of book loss

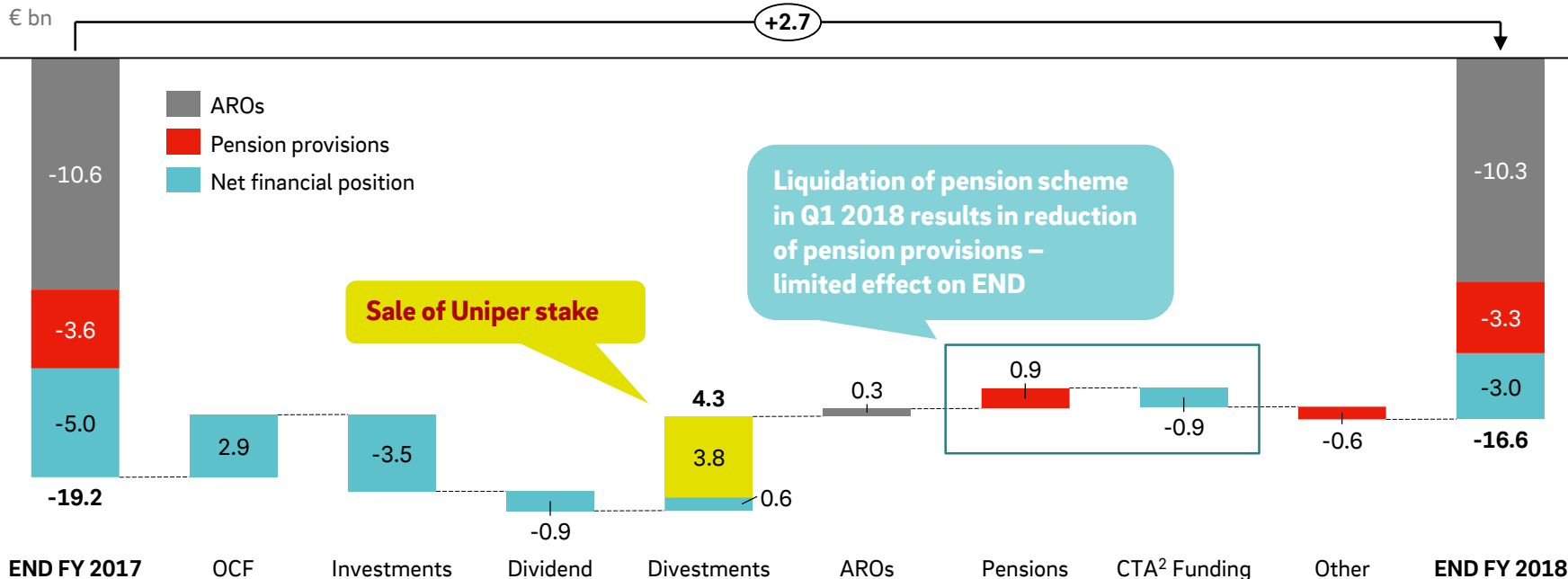
1. Adjusted for non operating effects

Segment EBIT¹ guidance FY 2019



END decreases mainly due to sale of Uniper stake

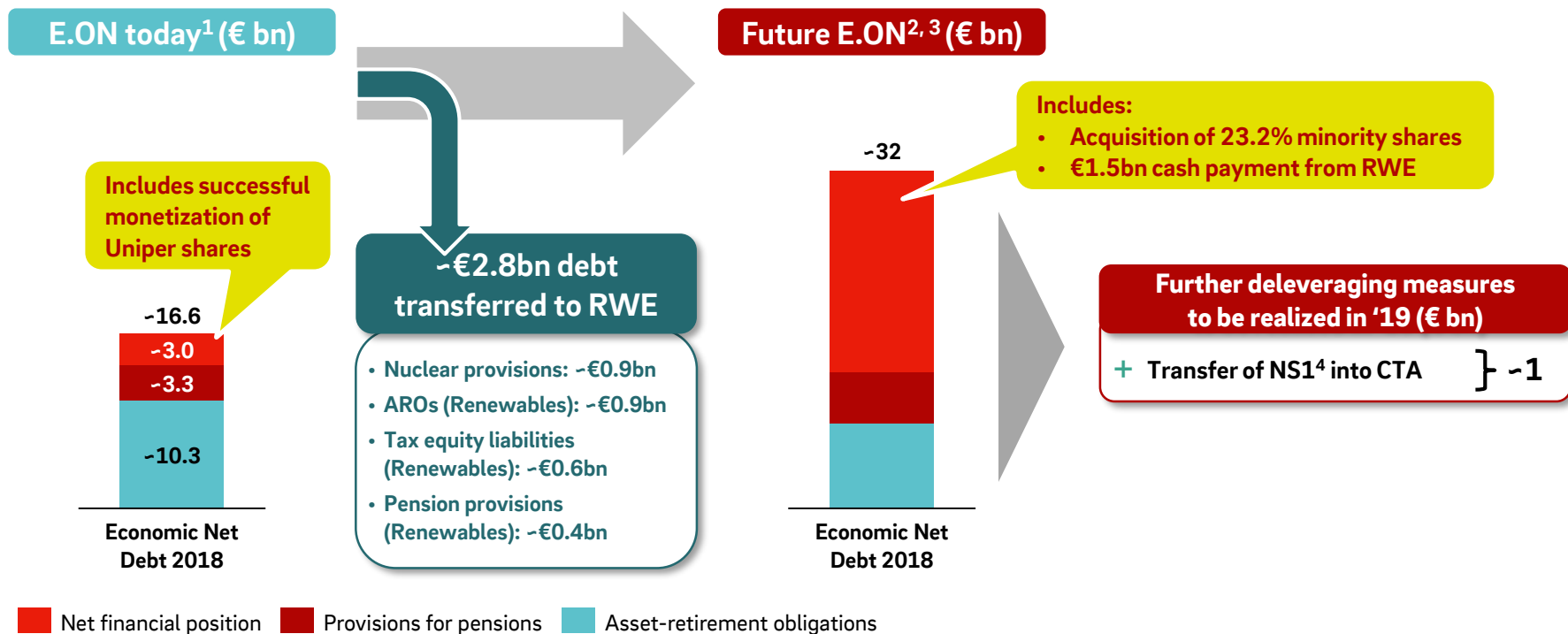
END¹ FY 2018 vs. FY 2017



1. Economic net debt definition takes into account the decommissioning provisions calculated with a real discount rate of 0.0% as opposed to IFRS AROs

2. Contractual Trust Arrangement

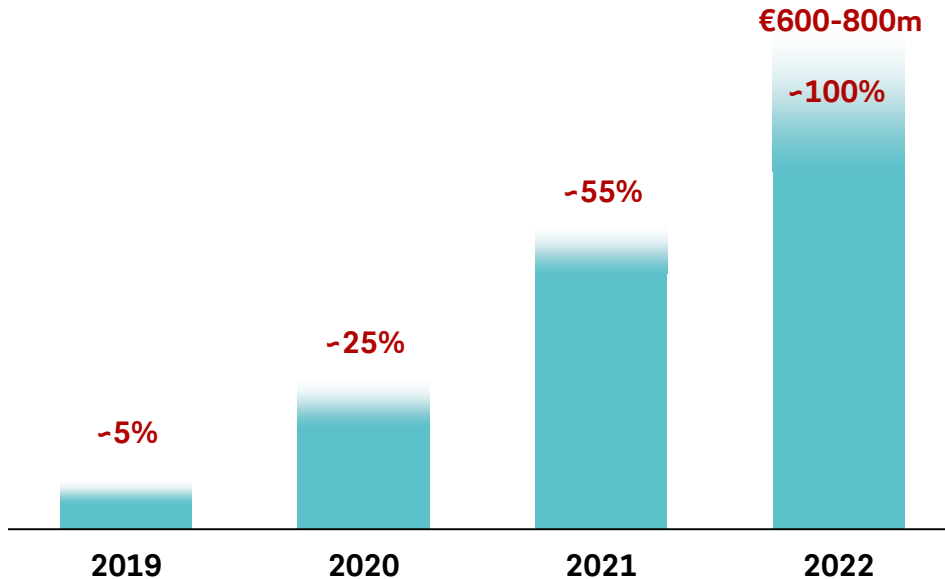
Pro forma Economic Net Debt 2018



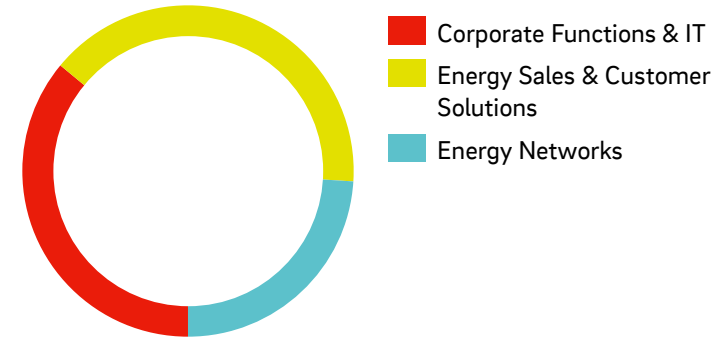
1. E.ON 2018 reported, 2. Future E.ON pro-forma 2018 (innogy data based on public information), 3. E.ON will address structural subordination post closing, 4. Nord Stream I stake

Integration of innogy provides for strong synergy potential

Estimated net synergies (€ m)²



Synergy focus^{1, 2}



- Strong synergy potential of €600-800m
- ~5,000 FTEs affected (~7% of employee base)