E.ON SE Telephone Press Conference on the Publication of the Quarterly Statement for the First Quarter of 2018

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Statement by:

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Please check against delivery.

Good morning from Essen, everyone, and welcome to the presentation of our first-quarter results. Tomorrow, as you know, is our Annual Shareholders Meeting. Our transaction with RWE will doubtless be the center of attention and will be discussed thoroughly. So today I'll focus on our numbers for the first quarter of 2018. Afterward I'll be happy to take your questions.

Today is the first time that we're publishing our intermediate results in a new format: a quarterly statement. From now on it will replace the traditional quarterly report for the first and third quarters. You've probably already noticed that the new format is shorter but also that it presents the truly important information with greater clarity. I hope it simplifies your work.

I'll summarize in three items where we stand today:

- Our first-quarter operating results were strong and seamlessly continued our positive performance last year. We increased our first-quarter adjusted EBIT by a substantial 24 percent, from €1 billion to €1.3 billion. Our adjusted net income rose at an even faster rate, surpassing the very weak prior-year figure by 38 percent.

- This strong first quarter was in line with our expectations. We therefore continue to expect the E.ON Group's full-year adjusted EBIT to be between €2.8 and €3 billion and its full-year adjusted net income to be between €1.3 and €1.5 billion.

- A seasonal decline in our operating cash flow caused our economic net debt to increase slightly relative to year-end 2017. By the end of the year, however, it will decrease substantially from its current level of €19.7 billion owing to the planned sale of our Uniper stake and the planned transfer of our Nord Stream 1 stake into our pension CTA. Our debt-reduction program is therefore right on course.

I'll now give you a detailed look at our first-quarter results.

Although our sales declined by 11 percent year on year to €9.3 billion, this was a purely technical effect resulting from a change in International Financial Reporting Standards. Starting with the first quarter, renewables subsidies and other levies that we pass through are now netted out in our income statement. This reduced our first-quarter sales and costs of materials by €1.4 billion. But it didn't affect our earnings because we are simply passing through grid fees from upstream system operators.

Our Customer Solutions segment in particular contributed to our very good first-quarter earnings performance. Its sales of €6.7 billion were slightly above the prior-year figure of €6.5 billion. But its adjusted EBIT rose by 23 percent, from €319 million to €392 million. A particularly significant contribution came from our customer solutions business in the German market. Here, it was good to see our margins returned to a normal level. In addition, we achieved significant growth in our sales business, adding a net 50,000 customers in the first quarter alone. This is another achievement by the colleagues at our sales business and evidence of our customer's trust. They were won over by E.ON's new products and improved services.

Of course, our Energy Networks segment again generated more than half of our earnings. In the first three months of this year, however, its earnings were affected by the disposal of Hamburg Netz GmbH and by anticipated regulatory items. Its adjusted EBIT of €642 million was about 5 percent below the prior-year figure.

Our Renewables segment's earnings reflected two countervailing effects. On the one hand, its installed capacity was higher than in the prior-year period due to the addition of new wind farms. On the other, the sales prices for its power output declined. On balance, however, its earnings rose by about 7 percent to €171 million.

Earnings at Non-Core Business**,** which consists primarily of PreussenElektra, returned to normal after being adversely affected in the prior year by unplanned outages and an extended overhaul at Brokdorf nuclear power station. This segment's first-quarter earnings rose from -€24 million last year to €109 million.

Adjusted net income of €727 million surpassed the likewise weak prior-year figure (€525 million) by €202 million. This 38-percent increase is mainly attributable to the positive performance of our operating earnings I just described.

At €0.1 billion, our operating cash flow from continuing operations was €0.7 billion lower than in the prior-year period, which benefited from nonrecurring items. In general, this is a seasonal phenomenon that's very typical for a first quarter in the energy business. The supply costs of our sales business are significantly higher in the winter in terms of volume alone. Our customers' payments, on the other hand, are distributed evenly over the year. This effect balances itself out as the year moves forward so that we have the reverse situation in the summer months, as we did last year.

That concludes my remarks about the details of our first-quarter results.

I'd like to say a few words about two current issues:

1. The positive decision made on April 28 by the Russian Government Commission on Monitoring Foreign Investment fulfilled another important precondition for Fortum to acquire E.ON's 46.65-percent stake in Uniper. We're confident that the European Commission and Russia's antitrust agency will issue their approvals in the months ahead so that E.ON and Fortum can complete the transaction as planned.

2. After concluding the asset-swap agreement with RWE in March, on April 27 we made a voluntary public takeover offer for innogy stock. For innogy shareholders, the offer represents a considerable premium relative to the price of innogy stock on February 22, before it was influenced by speculation about a takeover. In addition, it ensures that they will receive a €1.64 dividend for the current financial year. I consider this to be a highly attractive offer and am therefore very confident that the acceptance rate among innogy shareholders will be high.

Our strong first quarter represents a good start into this important year. By reaching an agreement with RWE to acquire innogy we've laid the foundation for an even more focused E.ON. Our strong core business and our solid balance sheet are the best prerequisites for us to move decisively forward with the transaction and bring it to a successful conclusion.

That concludes my commentary on our quarterly statement. I'd now be happy to take your questions.