

H1 2018 Results

8th August 2018



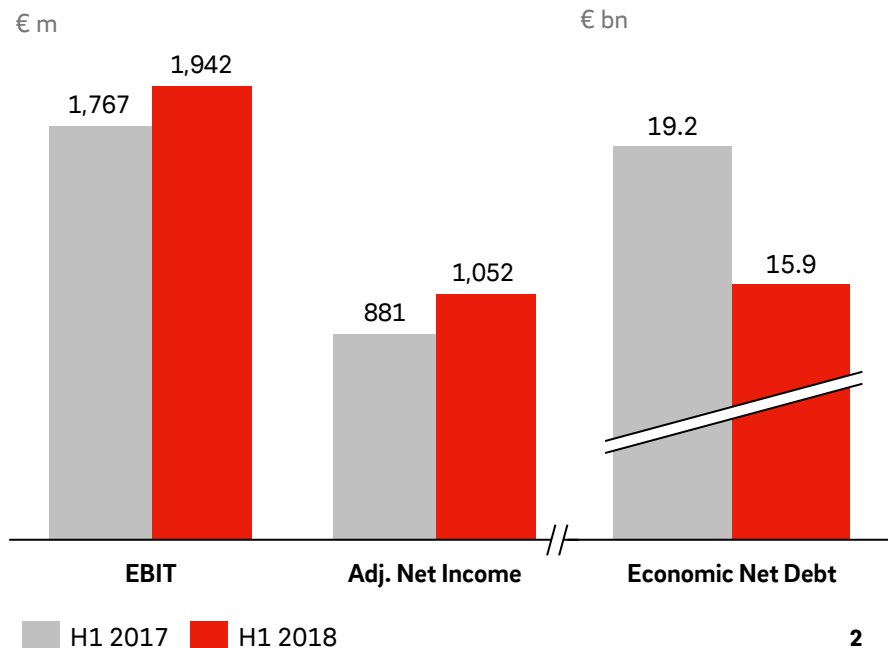
e.on

Strong H1 2018

Highlights

- ✓ **Strong EBIT development:**
+10% H1 2018 vs. H1 2017
- ✓ **Adj. Net Income increased +19% YoY**
- ✓ **FY 2018 guidance confirmed:**
EBIT €2.8-3.0 bn, Adj. Net Income €1.3-1.5 bn
- ✓ **Cooperation agreement with innogy** ensures full support for transaction
- ✓ **PTO² for innogy minority shareholders** successfully completed

Key Financials¹



Framework agreement signed – innogy fully supports the transaction and its implementation

Support areas

- Antitrust & other regulatory approvals
- Preparation of carve-out of innogy's RES business
- Communication: public, internal and in capital markets

Working together in integration process

- Joint project for integration planning & to define future operating model
- E.ON with right of final decision

Safeguarding employees' interests

- Employees will be treated fairly and as equally as possible
- Transparent process to determine leadership functions

Agreement supportive for transaction timeline and expected synergies of €600–800m

Operational update

E.ON H1 2018 results



- **Germany: regulatory review electricity – Constructive hearings with BNetzA**
- **Sweden: increased network charges**
- **Turkey: higher allowed WACC on growing Regulated Asset Base**



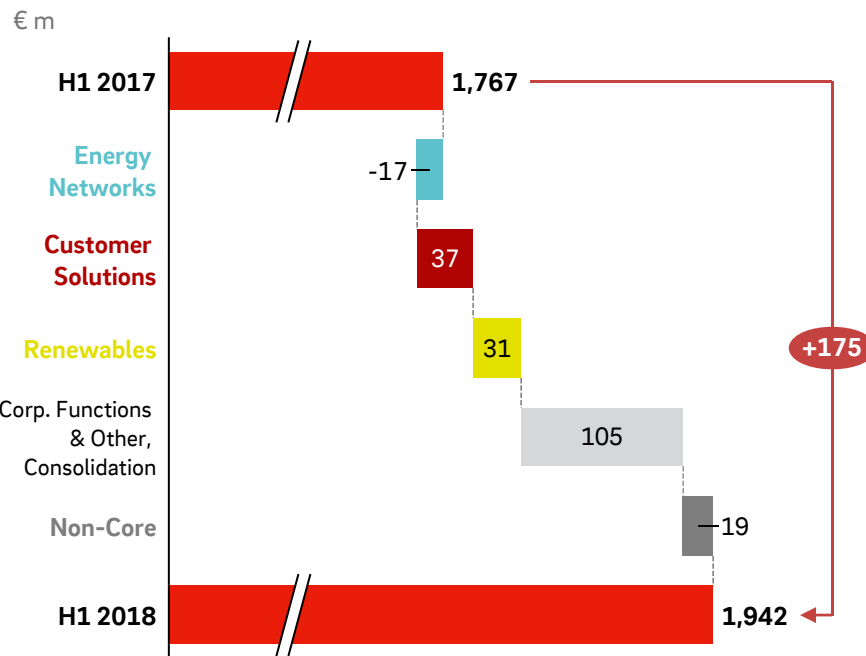
- **More customers compared to prior year**
 - More than 100,000 additional B2C customers compared to prior year
 - In UK, only large player with B2C customer gains over last 12 months (~50,000)
→ now 2nd largest player in B2C segment



- **Capacity growth delivery**
 - Offshore: Rampion completed, Arkona on track
 - Onshore US: FID for 220 MW project in Texas, further 350 MW close to FID
- **Business fully on track**

EBIT 10% above prior year

EBIT¹ H1 2018 vs. H1 2017



Key H1 Effects

Energy Networks



- +/- Germany: positive one-off effect in Q2 2018, reversal of regulatory effects, concession loss Hamburg, new regulatory period gas
- +/- Sweden: power tariff increase, adverse FX dev.

Customer Solutions



- +/- Germany & UK: price increases in 2017, restructuring costs
- UK: increased wholesale prices, competitive dynamics, price caps

Renewables



- + Onshore & Offshore: capacity additions (Bruening's Breeze, Radford's Run, Rampion)
- Onshore: subsidy expiries

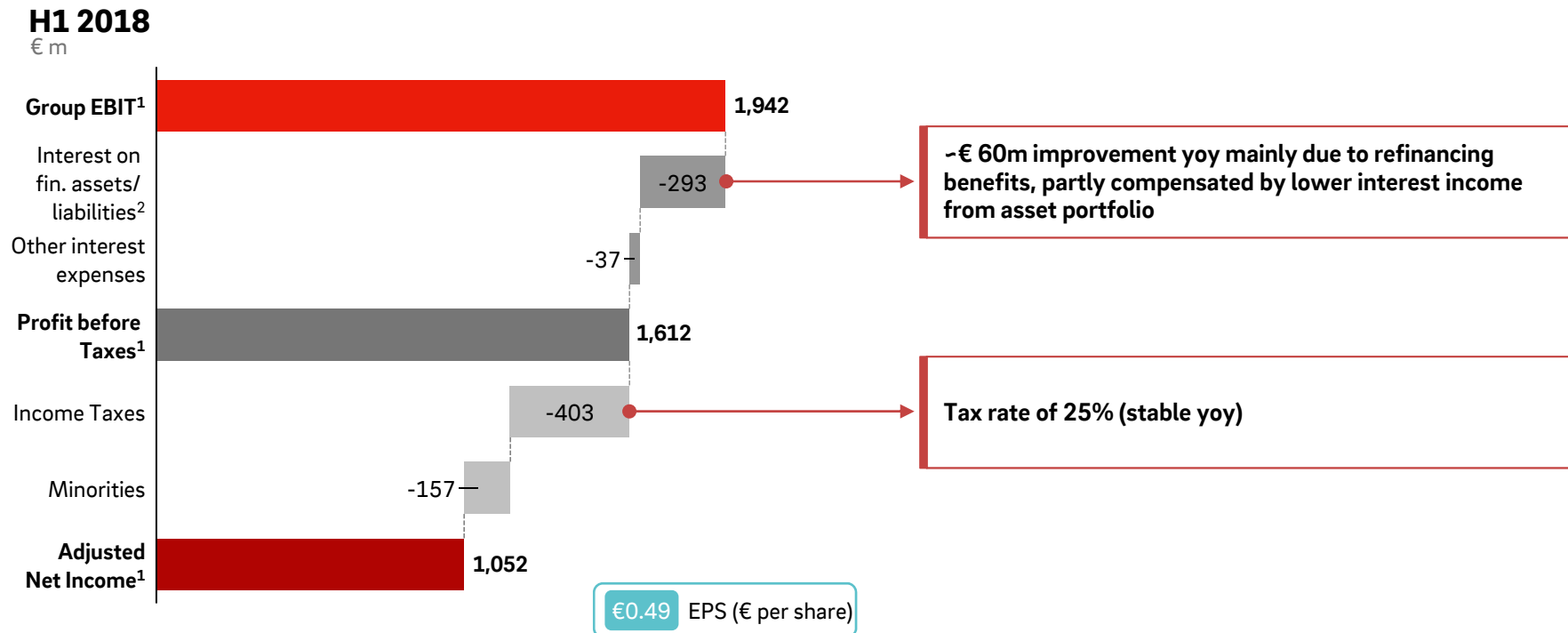
Non-Core



- /+ PrussenElektra: positive one-off effect in 2017, lower achieved power prices, higher volumes due to plant outages in 2017
- + Turkey: omission of book loss from asset sale

1. Adjusted for non operating effects

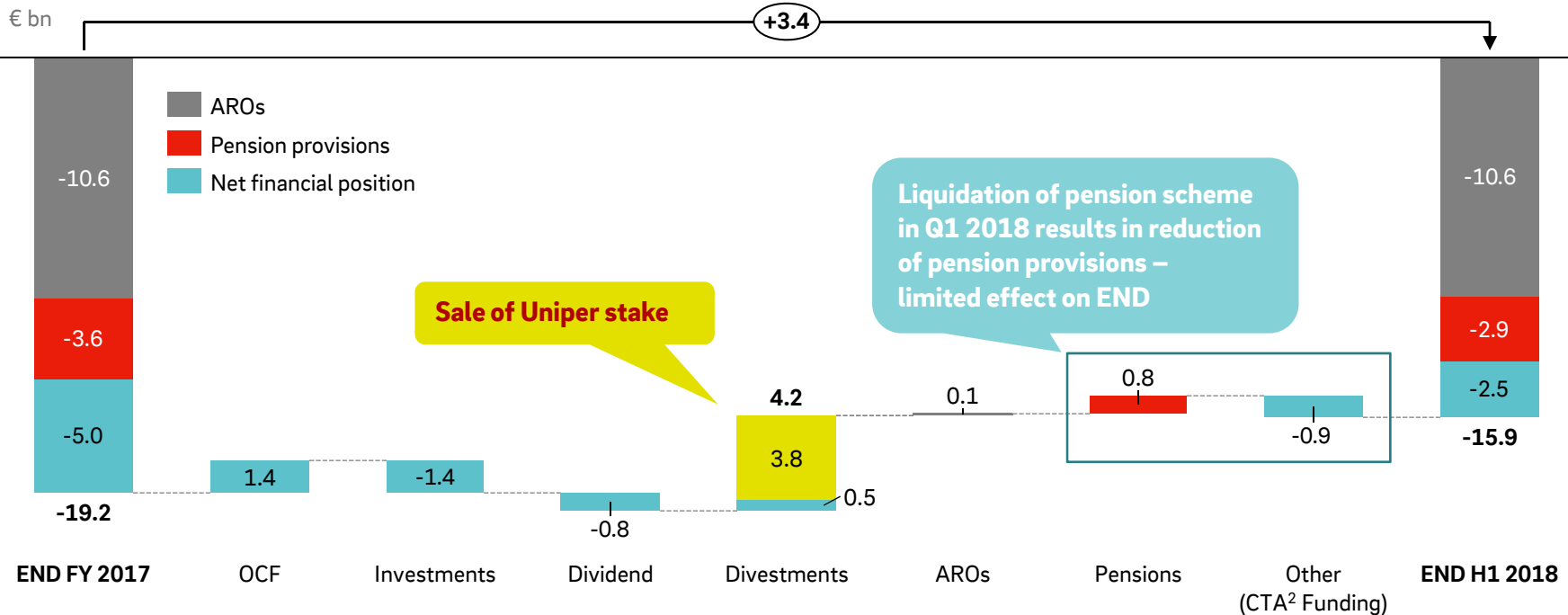
Adj. Net Income 19% above prior year



1. Adjusted for non operating effects, 2. Without interest accretion of nuclear provisions

END decreasing mainly due to sale of Uniper stake

END¹ H1 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

Outlook 2018 confirmed



Outlook 2018

EBIT¹

€2.8-3.0 bn







Adj. Net Income¹

€1.3-1.5 bn



Effects for the remainder of 2018

<p>Energy Networks</p> 	<ul style="list-style-type: none"> - Germany: reversal of regulatory effects, new regulatory period gas, concession loss Hamburg - Turkey: one-off effect in 2017
<p>Customer Solutions</p> 	<ul style="list-style-type: none"> + Germany: negative one-off effect in 2017 - Germany & UK: restructuring costs, competitive dynamics; UK price cap
<p>Renewables</p> 	<ul style="list-style-type: none"> + Offshore & Onshore: capacity additions (Bruenning's Breeze, Radford's Run, Rampion) - Onshore: subsidy expiries
<p>Non-Core</p> 	<ul style="list-style-type: none"> - PreussenElektra: positive one-off effect in 2017, lower hedged prices

1. Adjusted for non operating effects

Appendix

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Financial Highlights

€m	H1 2017	H1 2018	% YoY
Sales	19,583	17,043	-13
EBITDA ¹	2,715	2,799	+3
EBIT ¹	1,767	1,942	+10
Adjusted net income ¹	881	1,052	+19
OCF bIT	5,260	2,068	-61
Investments	1,314	1,414	+8
Economic net debt ²	-19,248	-15,876	+18



EBIT

- Energy Networks: -2% YoY reversal of regulatory effects in Germany and tariff increases in Sweden
- Customer Solutions: +8% YoY price increases in Germany 2017, competitive dynamics in the UK
- Renewables: +15% YoY capacity additions in US Onshore & UK Offshore, partly offset by subsidy expiries

OCF bIT

- Cash provided by operating activities €3.2 bn below prior-year level
- Key driver: Omission of one-off effect from Nuclear Fuel Tax refund in Q2 2017

Adj. Net Income

- Improves €171 m YoY

Driven by strong EBIT and profiting from refinancing benefits and stable tax rate (25%)

Investments

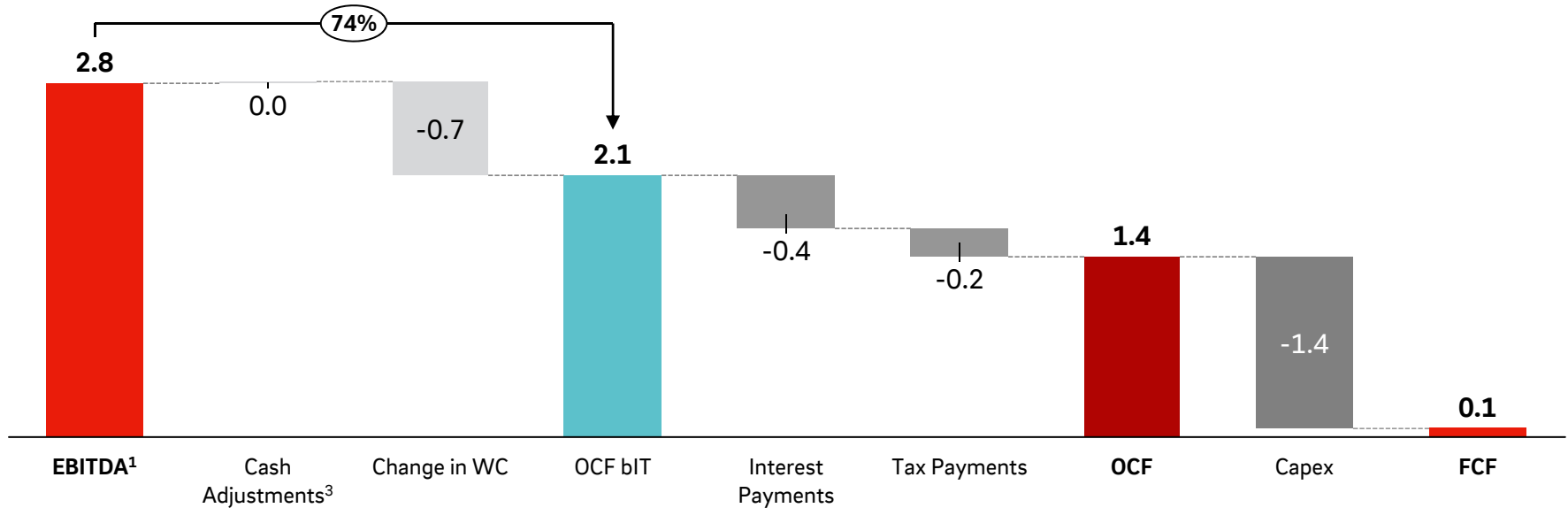
- Energy Networks: €580 m (vs. €545 m YoY)
- Customer Solutions: €209 m (vs. €209 m YoY)
- Renewables: €449 m (vs. €528 m YoY)
- Non-Core: €163 m (vs. €7 m YoY)

1. Adjusted for non operating effects, 2. Economic net debt as per 31 Dec 2017 and 30 Jun 2018; Economic net debt definition takes into account the decommissioning provisions calculated with a real discount rate of 0.0% as opposed to IFRS AROs

74% CCR² – significantly improved vs. Q1

H1 2018

€ bn

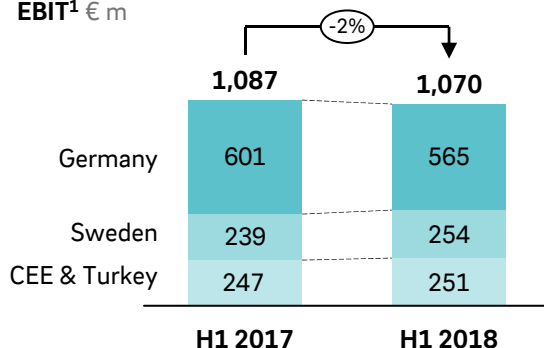


1. Adjusted for non operating effects, 2. Cash Conversion Rate: OCF bit ÷ EBITDA, 3. Net non cash effective EBITDA items incl. provision utilizations

Segments: Energy Networks

Energy Networks

EBIT¹ € m



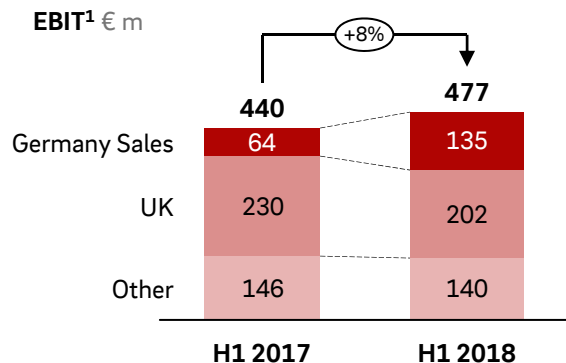
Highlights

- **Germany**
 - + One-off effect in Q2 2018
 - Reversal of regulatory effects
 - Concession loss Hamburg
 - New regulatory period gas
- **Sweden**
 - + Power tariff increase
 - Adverse FX development

Details	€ m	Germany			Sweden			CEE & Turkey			Total		
		H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY
Revenue		7,208	4,766	-34	563	511	-9	856	776	-9	8,627	6,053	-30
EBITDA ¹		891	848	-5	320	331	+3	358	368	+3	1,569	1,547	-1
EBIT ¹		601	565	-6	239	254	+6	247	251	+2	1,087	1,070	-2
<i>thereof Equity-method earnings</i>		41	33	-20	0	0	-	48	68	+42	89	101	+13
OCFyIT		1,105	580	-48	305	421	+38	319	404	+27	1,729	1,405	-19
Investments		231	231	+0	147	163	+11	167	186	+11	545	580	+6

Segments: Customer Solutions

Customer Solutions



Highlights

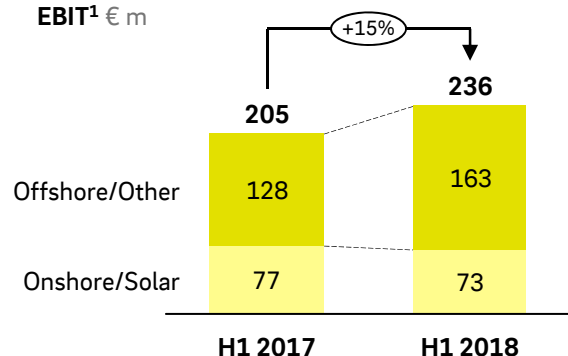
- **Germany Sales**
 - + Price increases in 2017
 - + Lower gas procurement costs
 - Restructuring costs
- **UK**
 - Restructuring costs
 - Increased wholesale prices
 - Competitive dynamics
 - Price caps (PPM², vulnerable customers)
 - + Price increases in 2017

Details	€m	Germany Sales			UK			Other			Total		
		H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY
Revenue		3,683	3,555	-3	3,723	3,981	+7	3,795	3,943	+4	11,201	11,479	+2
EBITDA ¹		78	150	+92	279	244	-13	234	225	-4	591	619	+5
EBIT ¹		64	135	+111	230	202	-12	146	140	-4	440	477	+8
thereof Equity-method earnings		0	0	-	0	0	-	7	4	-43	7	4	-43
OCFyBt		-147	-112	+24	282	20	-93	291	231	-21	426	139	-67
Investments		9	10	+11	97	92	-5	103	107	+4	209	209	+0

Segments: Renewables

E.ON H1 2018 results

Renewables

EBIT¹ € m

Highlights

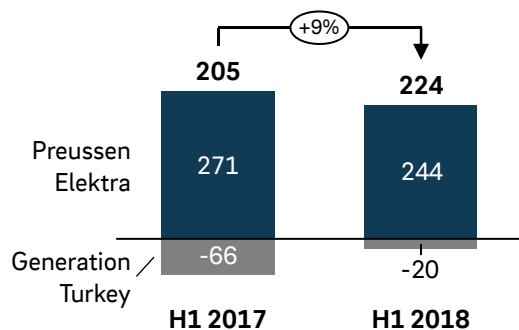
- **Offshore/Other**
 - + UK: Capacity additions (Rampion)
 - Lower wind yields
- **Onshore/Solar**
 - + US: Capacity additions (Bruening's Breeze, Radford's Run)
 - Subsidy expiries

Details	Onshore Wind / Solar			Offshore Wind / Others			Total		
	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY
Revenue	389	452	+16	321	289	-10	710	741	+4
EBITDA ¹	182	151	-17	204	245	+20	386	396	+3
EBIT ¹	77	73	-5	128	163	+27	205	236	+15
<i>thereof Equity-method earnings</i>							16	17	+6
OCFbit							237	387	+63
Investments							528	449	-15

Non-Core business

Non-Core

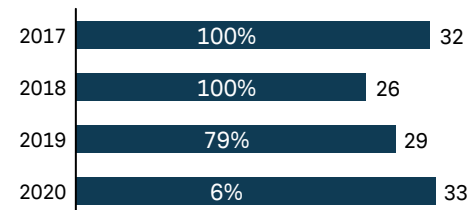
EBIT¹ € m



Highlights

- **PreussenElektra**
 - Positive one-off effect relating to court case in Q2 2017
 - Lower achieved power prices
 - + Higher volumes due to plant outages in 2017
- **Generation Turkey**
 - + Book loss from asset sale in Q1 2017
 - + Operational improvements

PreussenElektra: Hedged Prices (€/MWh) as of 30 June 2018



Details	€m	PreussenElektra			Generation Turkey			Total		
		H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY
		Revenue	891	601	-33	0	0	-	891	601
EBITDA ¹	364	294	-19	-66	-20	+70	298	274	-8	
EBIT ¹	271	244	-10	-66	-20	+70	205	224	+9	
thereof Equity-method earnings	39	29	-26	-66	-20	+70	-27	9	+133	
OCFbIT	3,073	129	-96	0	0	-	3,073	129	-96	
Investments	7	9	+29	0	154	-	7	163	-	

Adjusted Net Income

€m	H1 2017	H1 2018	% YoY
EBITDA¹	2,715	2,799	+3
Depreciation/amortization	-948	-857	+10
EBIT¹	1,767	1,942	+10
Economic interest expense (net)	-384	-330	+14
EBT¹	1,383	1,612	+17
Income Taxes on EBT ¹	-346	-403	-16
% of EBT ¹	-25%	-25%	-
Non-controlling interests	-156	-157	-1
Adjusted net income¹	881	1,052	+19

1. Adjusted for non operating effects

Reconciliation of EBIT to IFRS Net Income

€m	H1 2017	H1 2018	% YoY
EBITDA¹	2,715	2,799	+3
Depreciation/Amortization/Impairments	-948	-857	+10
EBIT¹	1,767	1,942	+10
Reclassified businesses of Renewables	-198	-227	-15
Economic interest expense (net)	291	-294	-201
Net book gains	273	855	+213
Restructuring	-176	-26	+85
Mark-to-market valuation of derivatives	-346	840	+343
Impairments (net)	0	0	-
Other non-operating earnings	2,791	-75	-103
Income/Loss from continuing operations before income taxes	4,402	3,015	-32
Income taxes	-494	-203	+59
Income/loss from continuing operations	3,908	2,812	-28
Income/loss from discontinued operations, net	126	96	-24
Net income/loss	4,034	2,908	-28

1. Adjusted for non operating effects

Cash effective investments by unit

€m	H1 2017	H1 2018	% YoY
Energy Networks	545	580	+6
Customer Solutions	209	209	+0
Renewables	528	449	-15
Corporate Functions & Other	27	16	-41
Consolidation	-2	-3	-50
Non-Core	7	163	-
Investments	1,314	1,414	+8

Economic Net Debt¹

€m	31 Dec 2017	30 Jun 2018
Liquid funds	5,160	6,570
Non-current securities	2,749	1,733
Financial liabilities	-13,021	-10,889
Adjustment FX hedging ²	114	118
Net financial position	-4,998	-2,468
Provisions for pensions	-3,620	-2,854
Asset retirement obligations	-10,630	-10,554
Economic net debt	-19,248	-15,876

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

Economic interest expense (net)

€m	H1 2017	H1 2018	Difference (in € m)
Interest from financial assets/liabilities	-349	-293	+56
Interest cost from provisions for pensions and similar provisions	-41	-31	+10
Accretion of provisions for retirement obligation and similar provisions	-30	-40	-9
Construction period interests ¹	18	12	-5
Others	20	22	+2
Net interest result	-383	-330	+53

1. Borrowing cost that are directly attributable to the acquisition, construction or production of a qualified asset. Borrowing cost are interest costs incurred by an entity in connection with the borrowing of funds. (Interest rate: 5.47%)

Financial Liabilities

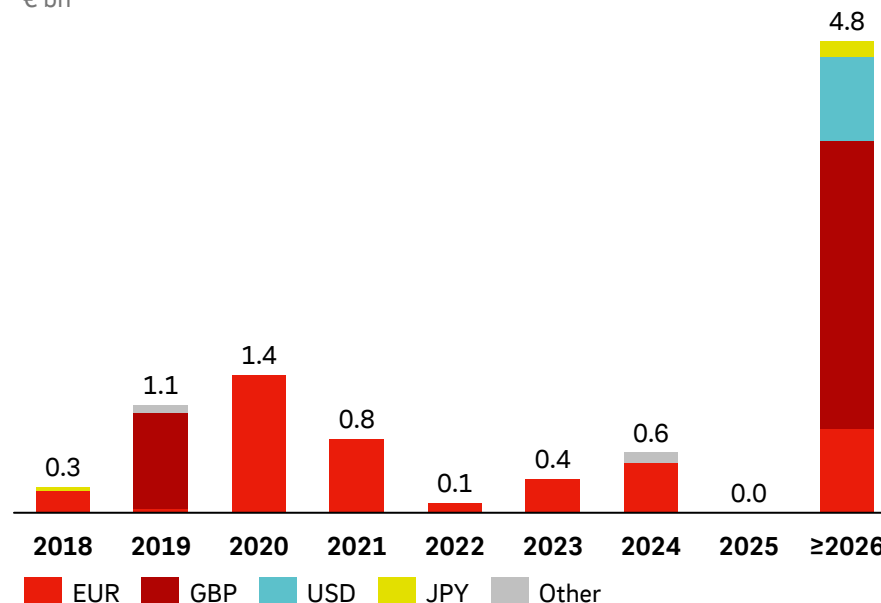
Split Financial Liabilities

€ bn

	<u>30 Jun 2018</u>
Bonds	-9.2
in EUR	-4.0
in GBP	-3.9
in USD	-0.9
in JPY	-0.2
in other denominations	-0.2
Promissory notes	-0.3
Commercial papers	0.0
Other liabilities	-1.4
Total	-10.9

Maturity profile (as of end H1 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)

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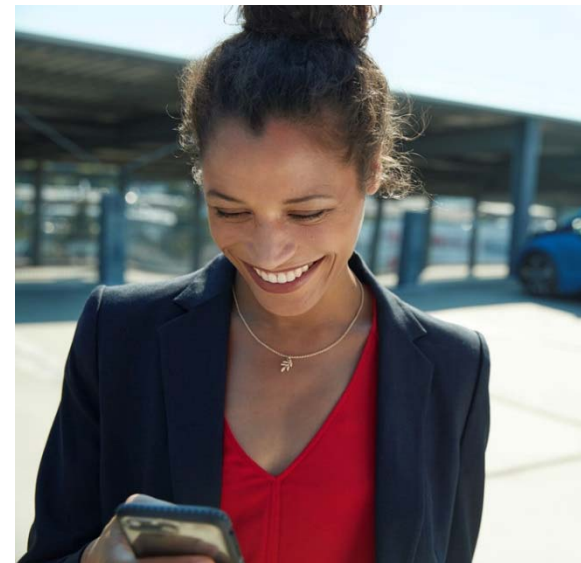
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Financial calendar & important links



Financial calendar

November 14, 2018

March 13, 2019

May 13, 2019

May 14, 2019

August 7, 2019

November 13, 2019

Quarterly Statement: January – September 2018

Annual Report 2018

Quarterly Statement: January – March 2019

2019 Annual Shareholders Meeting

Half-Year Financial Report: January – June 2019

Quarterly Statement: January – September 2019

Important links

Presentations

<https://www.eon.com/en/investor-relations/presentations.html>

Facts & Figures 2018

<https://www.eon.com/content/.../presentations/facts-and-figures-2018.pdf>

Annual Reports

<https://www.eon.com/en/investor-relations/financial-publications/annual-report.html>

Interim Reports

<https://www.eon.com/en/investor-relations/financial-publications/interim-report.html>

Shareholder Meeting

<https://www.eon.com/en/investor-relations/shareholders-meeting.html>

Bonds / Creditor Relations

<https://www.eon.com/en/investor-relations/bonds.html>

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