



**Press Conference on the Release of E.ON SE's Interim Report for the First
Quarter of 2017**

Essen, May 9, 2017

Statement by:

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Please check against delivery.

Good morning from Essen, everyone. Today we published our first interim report of 2017. As all of you no doubt know, our Annual Shareholders Meeting will be held tomorrow at the Grugahalle here in Essen. There we'll provide you and our shareholders with a detailed look at our activities in the new energy world. I don't wish to anticipate those remarks today and will therefore focus on the key developments of the previous quarter.

Before I talk in detail about our first-quarter results, I'll start with an overview of the key facts:

- 1) Where we stand at the end of the first quarter affirms our expectations. We're in the guidance range for full-year 2017. We expect our adjusted EBIT to be between €2.8 and €3.1 billion and our adjusted net income to be between €1.2 and €1.45 billion.
- 2) Our first-quarter operating performance was in line with our plan despite a difficult business environment. Although the E.ON Group's adjusted EBIT of roughly €1 billion was below the prior-year figure, the drivers were anticipated developments in our sales business, primarily in Germany and the United Kingdom. In addition, we had an extraordinary situation at PreussenElektra, in that all three of its nuclear power stations were undergoing planned overhauls during the first quarter. Two returned to service without a problem, and we expect that Brokdorf will become operational again in a few weeks.
- 3) When we look at these adverse factors more closely in a moment, you'll see that the first quarter isn't representative for the entire year. All in all these factors will be offset during the rest of the year by countervailing factors. This tells us that we'll be able to meet our guidance. This underscores the strength of our core business.
- 4) Adjusted net income, our second most important earnings metric, was slightly below the prior-year figure. A significantly lower interest expense and lower taxes largely offset the decline in our adjusted EBIT.
- 5) Finally, I'd like to draw your attention to our capital structure. Strengthening it is one of our very important objectives for 2017. Despite the already-mentioned challenges in the first quarter, we were able to make significant progress. Strong cash flow and the capital increase we conducted in March reduced our economic net debt by €1.6 billion.

I'll turn now from the key facts to a detailed look at our first-quarter earnings. The E.ON Group's adjusted EBIT was about €530 million below the prior-year level. The performance of our business segments varied significantly owing to their respective influencing factors.

In our core business, the Energy Networks segment performed very well, increasing its adjusted EBIT by 11 percent to roughly €630 million. Our network business benefited from a favorable regulatory environment in Germany and the Czech Republic, tariff increases in Sweden, and the start of the new regulatory period in Hungary. Only the adjusted EBIT of our Turkish business declined, where network earnings were higher but were

more than offset by an adverse non-recurring effect relating to the sale of a hydroelectric plant. Without this effect, Energy Networks' earnings actually would have been 20 percent higher.

Renewables performed as anticipated, generating adjusted EBIT of €160 million, which was at the prior-year level.

Customer Solutions' earnings were negatively affected by higher grid fees charged by transmission system operators, primarily in Germany. We'll offset this factor with prices adjustments that took effect in May.

There were several reasons for the substantial decline in our earnings in the United Kingdom. Alongside the generally keen competitive situation there, higher procurement costs for power and gas were the principal factor putting pressure on our margins. Earnings were also lower because of adverse currency-translation effects following last year's Brexit referendum. We're countering these issues with a moderate price increase that took effect in April and with efficiency measures that are already being implemented. We're also ramping up our sales activities in an effort to acquire new customers by offering attractive products and services. But the United Kingdom will remain a challenging market, as we have to expect additional interventionist policies.

In our Non-Core Business segment, all three of PreussenElektra's nuclear power stations had planned outages in the first quarter for the purpose of refueling. Isar 2 and Grohnde have returned to service, whereas Brokdorf remains offline after the completion of its overhaul. Particularly compared with the prior-year period, the outages reduced our first-quarter earnings by a figure in the high double-digit million range. But we expect Brokdorf to return to service in the weeks ahead and the situation at PreussenElektra to return to normal in the course of the year.

Adjusted net income is an earnings figure after interest income and income taxes that has been adjusted to exclude non-operating items. Our first-quarter adjusted net income declined by about €100 million year on year to roughly €525 million. As anticipated, the decline in adjusted EBIT was partially offset by a roughly €200 million improvement in our interest income and by a reduction in our tax expense reflecting our first-quarter tax rate of 25 percent.

We reduced our economic net debt by €1.6 billion, from €26.3 billion at year-end 2016 to €24.7 billion at the end of the first quarter. One factor was our strong cash provided by operating activities of continuing operations, which rose by about €300 million year on year to just under €900 million. In addition, in mid-March when we presented our results for 2016 I told you that we had a clear roadmap for reducing E.ON's debt and strengthening its equity. As you know, we put this plan into action very quickly (in fact, overnight). The capital increase we conducted in March represented an important step. The demand for the new stock was strong. This underscores

the market's strong trust in our company. Our other measures to reduce debt are also moving forward briskly.

I already said so a moment ago but I'll emphasize it again: after the completion of the first quarter we fully reaffirm our forecast for 2017. As expected, the development of the first quarter was strongly influenced by the sales activities. I am confident that in the quarters ahead, we will be able to achieve our earnings targets thanks to our strong operating business:

- 1) Our network business is performing very well in all regions.
- 2) We've adjusted our prices to reflect the extreme increase in grid fees charged by TSOs. The feedback from our customers makes me confident that we'll be able to stabilize the margins in our sales business.
- 3) We're projecting our new brand image and intensifying our marketing and sales activities in all of our markets. New high-margin products and services are strengthening the new E.ON's earnings profile. Multinational companies from a variety of sectors recently made E.ON their partner of choice. On the residential customer side, we've launched a very successful solar campaign that includes our battery storage system, the SolarCloud, and, just in the last few days, an innovative web tool called Google Sunroof.
- 4) PreussenElektra will soon return to making a stronger contribution to our earnings.
- 5) Finally, our solid core business generates very strong cash flow.

That concludes my commentary on our first-quarter numbers and my brief remarks on our forecast for full-year 2017. Stable and solid finances are the foundation for us to be able to keep our promises to our customers and our shareholders. The new E.ON will keep its promises.

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