Exploration & Production Capital Market Update

Cleaner & Better Energy

10 July 2013

E&P management team and staff

Management team

Jone Hess
Development
20+ years
ExxonMobil
New Orleans, Melbourne, Stavanger, London

Frank Sivertsen
CEO
25+ years
Conoco, Petoro
Houston, Dubai, Stockholm, Stavanger

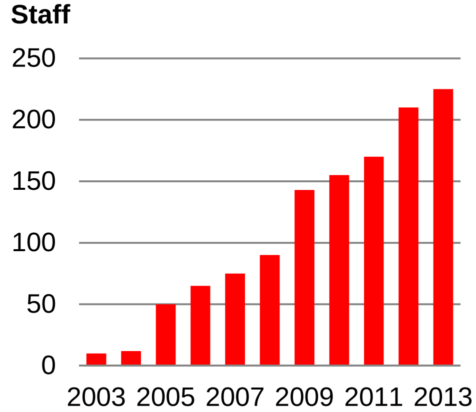
Haakon Haaland
Bus. development & Exploration
25+ years
ConocoPhillips
London, Houston, Stavanger

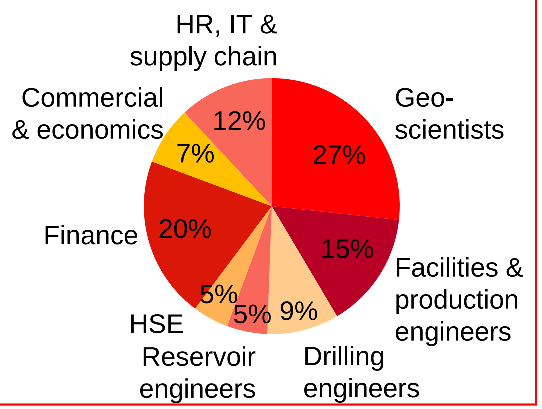
Judith Buss
CFO
15+ years
E.ON
Dusseldorf, Stavanger

Felix Lerch
Production
20+ years
Shell
London, The Hague

Staff & Skills

- 200 staff and 230 contractors at end 2012
- Background from international E&P companies
- Experience of 18 years on average
- 90% of staff with operating expe-rience
- Experience accumulated globally in 30+ countries
- Multicultural team with 13 nationalities

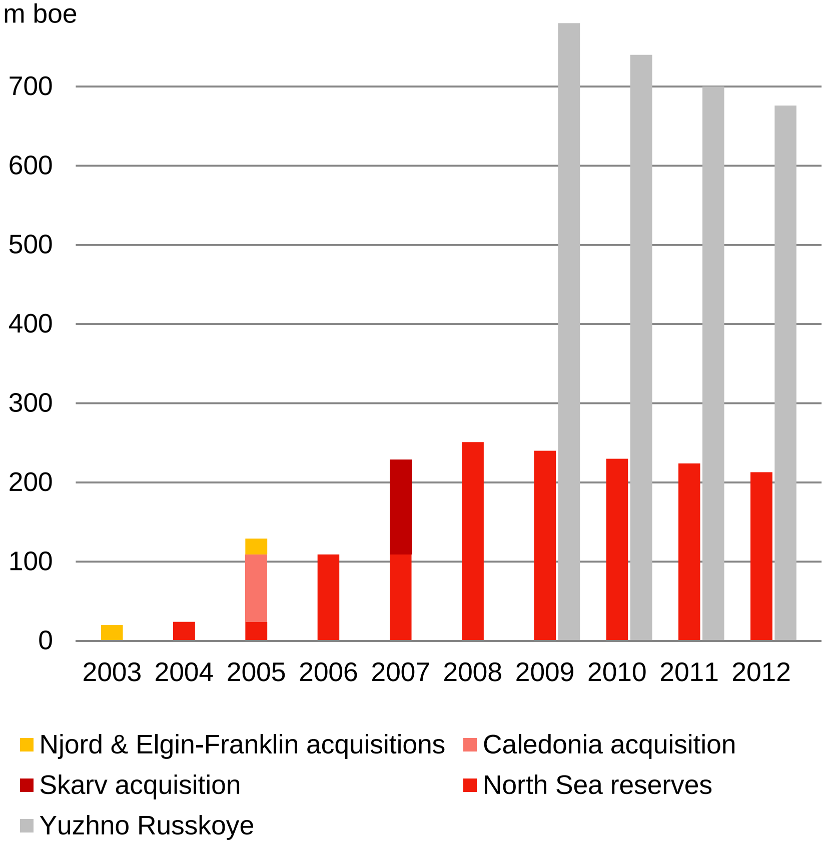




Experienced E&P team

Key milestones

2P reserves
m boe

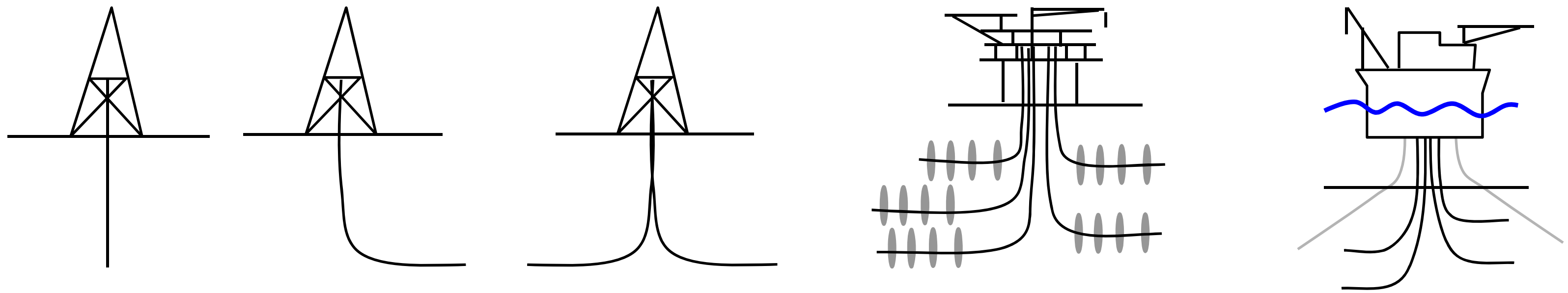


- E&P business commenced in 2003 after acquisition of Ruhrgas by E.ON
- Four major portfolio development steps:
  - 2003: transfer of 5.2% in Elgin-Franklin to E&P and acquisition of 15% in Njord
  - 2005: acquisition of Caledonia and of an additional 15% in Njord
  - 2007: acquisition of 28% in Skarv
  - 2009: acquisition of 25% in Yuzhno Russkoye
- Currently holding 50 exploration licenses in UK, Norway and Algeria
- Progressive build-up of in-house operator competences

Build-up of portfolio in parallel with development of in-house competences

Strategy – Development of in-house skills

2006	2007	2008	2009-10	2011-13
Babbage appraisal	**Johnston J5**	**Rita development**	**Babbage development**	**Huntington development**
Vertical well	1km horizontal well	Dual-lateral well Each leg 800m horizontal	5-well development platform 4 fracs per well	FPSO with 4 production wells 2 water Injectors
£12m	£30m	£68m	£267m	£360m



Development of in-house skills to ensure delivery of strategy

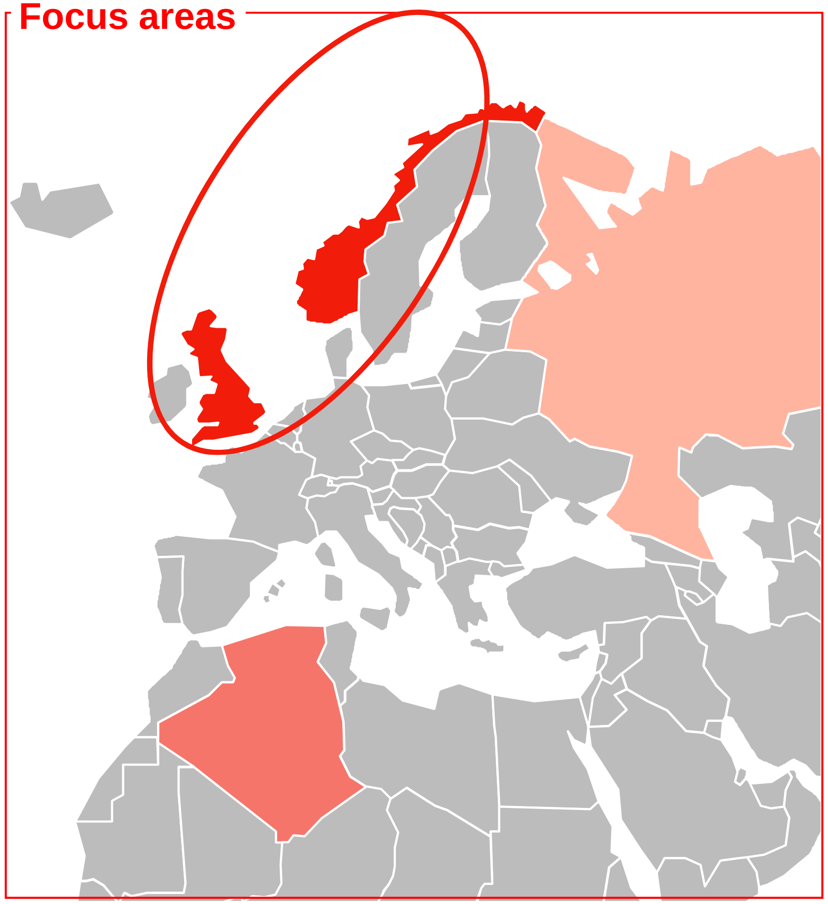
Operatorships important …

- … to compete successfully for new exploration licenses
- … to engage constructively with other operators to make value driven decisions
- … to attract and retain staff in a competitive job market

Successful execution of increasingly complex projects as operator

Strategy – Focused approach

Focus areas

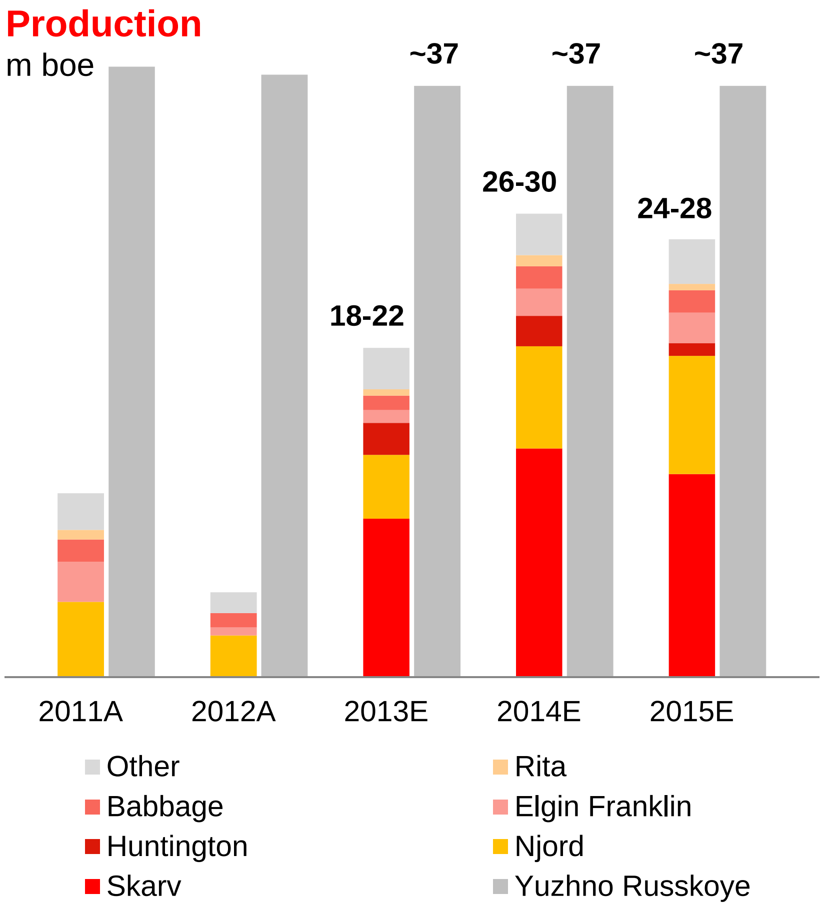


Strategic priorities

- Manage portfolio **across E&P value chain:**
  - Pursue exploration
  - Develop assets
  - Optimize production
- Focus activity and expertise on **selected hydrocarbon provinces:**
  - Offshore UK and Norway
  - Russia
  - North Africa
- Shift from acquisitions towards **organic development**
- **Value driven:** no particular preference for gas or liquids

Strengthened position as a focused E&P company

Near term production outlook



Production drivers

Skarv – Norway
- Skarv on stream since December 2012
- Production ramp-up in 2013

Njord – Norway
- Infill well drilling ongoing
- Satellite field Hyme in production in 2013

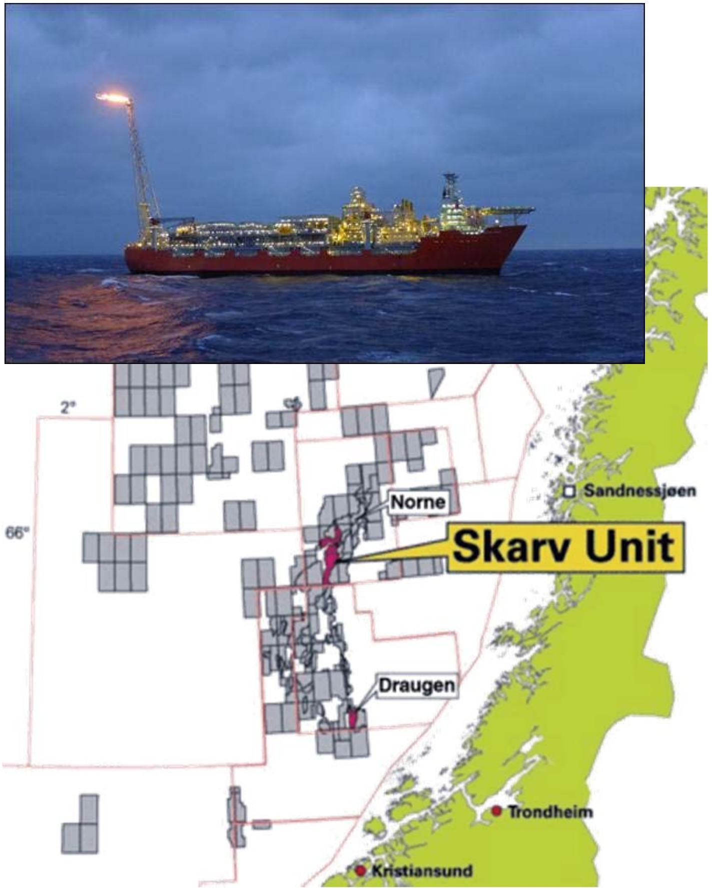
Elgin Franklin – UK
- Back in production in 2013

Huntington – UK
- Production commenced in April 2013

Yuzhno Russkoye – Russia
- Stable production

2013 production expected to range between 55m boe and 59m boe

Producing assets - Skarv



Overview

- Major oil and gas development (€6bn investment) in Norwegian Sea
- Reserves: 0.5bn boe gross
- Production started in December 2012
- Purpose-built FPSO for harsh environment
- 16 well development
- Max. daily production: 165,000 boe/day
- Field life: 25+ years

Current status

- 13 of 16 wells already completed
- Production ramp-up ongoing: seven wells producing
- Drilling activities ongoing until year end
- On schedule to meet 2013 production target of ~10m boe (net E.ON)

Outlook:

- Additional wells planned to develop other discoveries (Snadd, -South, -Outer) and exploration targets on license

Skarv represents about 50% of E.ON's North Sea production

Producing assets – E.ON operated fields

Huntington

Overview

- E.ON operated FPSO development in UK Central North Sea
- Project delivered on budget of £360m gross
- Six well development
- Max. daily production: 30,000 bbl/day
- Production start: April 2013
- Field life: 5+ years

Current status

- Commissioning of gas compression system ongoing
- Production ramp-up planned for July

Outlook

- Identified new exploration targets in the area to extend field life of Huntington

Other fields

Babbage

- Production start: August 2010
- Phase II development with two additional wells
- Fracking operations on-going
- Production ramp-up planned for August

Johnston

- Infill well completed on budget and schedule
- Hook-up scheduled for August

Rita

- Pipeline replacement completed on budget and ahead of schedule
- Production restart: June 2013

E.ON operates 20% of its North Sea production

Producing assets – Other fields

Njord

Current status
- Production in 2013 impacted by
  - Floatel incident in November 2012
  - Delay in drilling of planned infill wells
- Production currently choked back to execute drilling activities

Hyme
- Production start in February 2012
- Reserves: 30m boe
- Two well development with tie-in to Njord infrastructure

Outlook
- Identified potential for more infill wells
- Studies on-going to extend field life to 2030 through development of other nearby discoveries using Njord infrastructure

Elgin-Franklin

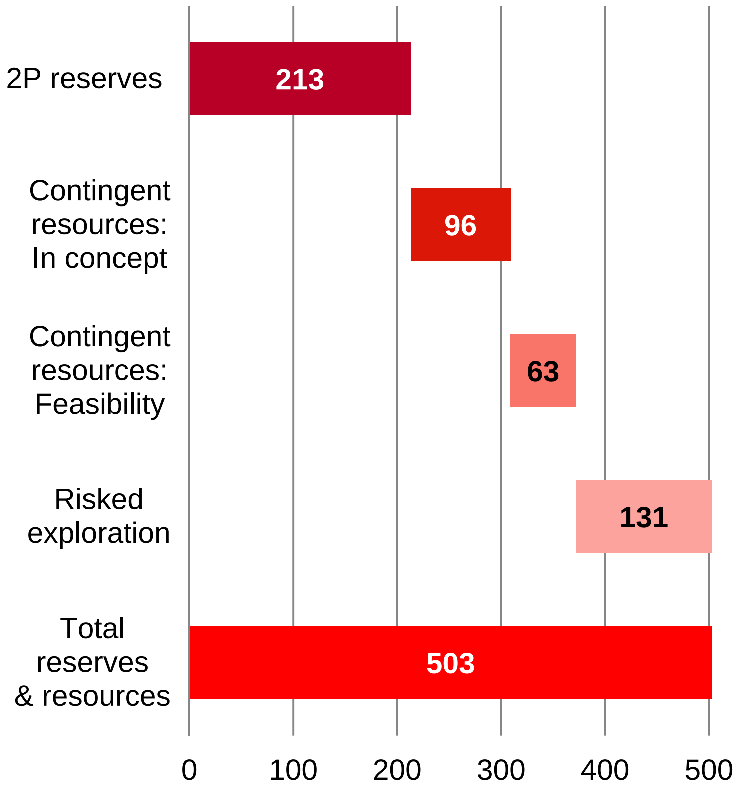
Current status
- Field shut-in following gas leak in March 2012
- Production re-start in March 2013
- Stable Production from initially three wells
- Other wells will be suspended/abandoned

Outlook
- Potential to reinstate one/two more wells on Elgin/Franklin in 2014
- West Franklin development expected to come on stream from Q2 2014 with three new wells extending Elgin/Franklin field life beyond 2028
- Work continues to mature attractive exploration targets in the area (i.e Corfe)

Strong recovery from operational challenges in 2012

Exploration and development

North Sea / North Africa resource inventory[1]
m boe



- Contingent resources form the project inventory/development pipeline.
- Uncertainty increases from 2P reserves to risked exploration

- **2P reserves**: E.ON's net share of hydrocarbon in fields either producing or with a firm development plan
- **Contingent resources – in concept:** discovered resources in fields which currently are undergoing conceptual development studies
- **Contingent resources – feasibility:** discovered hydrocarbon in fields which currently are undergoing feasibility development studies or where the economics are not finalized
- **Risked exploration:** expected (risked) resources to be found from drilling new exploration wells on E.ON's portfolio of licenses

Investment focus now on exploration and organic development

1. E.ON E&P Reserves & Resources Report 2012

Exploration – New strategy

2003-2012

- Since 2003, drilled 34 wells, participated in 22 discoveries and found 156m boe at average finding cost of 4.6 €/boe
- Exploration success rate above industry average
- Discoveries are profitable, but mid sized to small, reflecting near-field exploration close to existing assets
- Larger discoveries were mainly gas discoveries in Norway, but infrastructure constraints slow down development
- Several discoveries such as Huntington, Babbage and Hyme, have matured through to production by now

2013-…

New exploration strategy

- Increase number of held licenses to improve high value finding success
- Participate in 8 – 10 exploration wells per year
- Strengthen the exploration organization

Ambitious targets

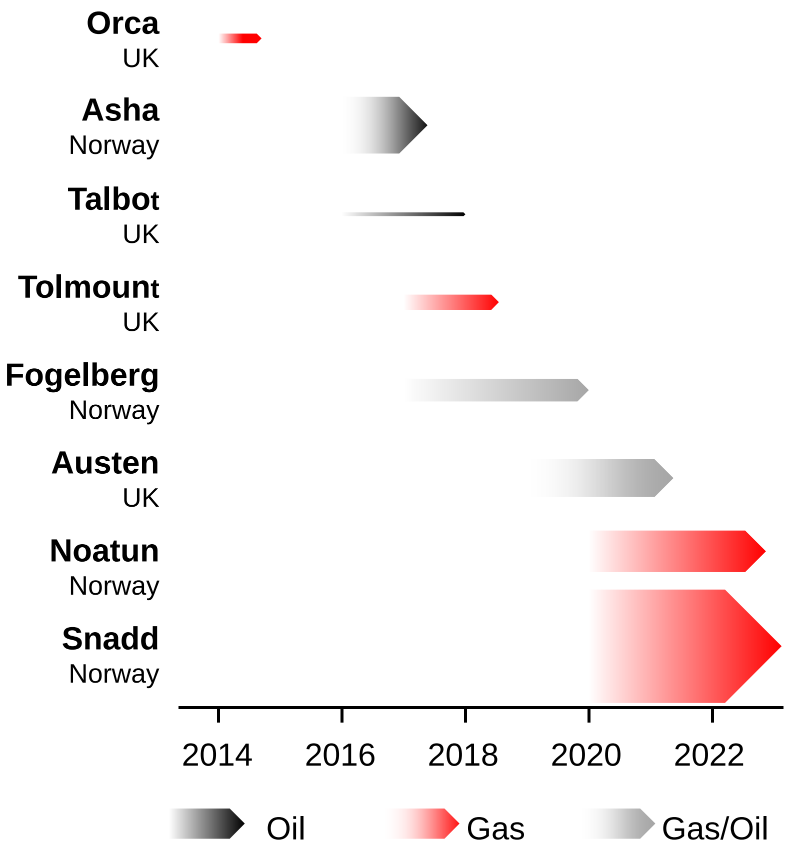
- Create value through the addition of at least 150m boe 2P Reserves by 2020
- Make one operated discovery every second year
- Deliver finding cost in industry top quartile
- Deliver high value through projects exceeding 15% IRR

Major discoveries

Ambitious targets for value creation through exploration

Developments

Main projects in development pipeline



Comments

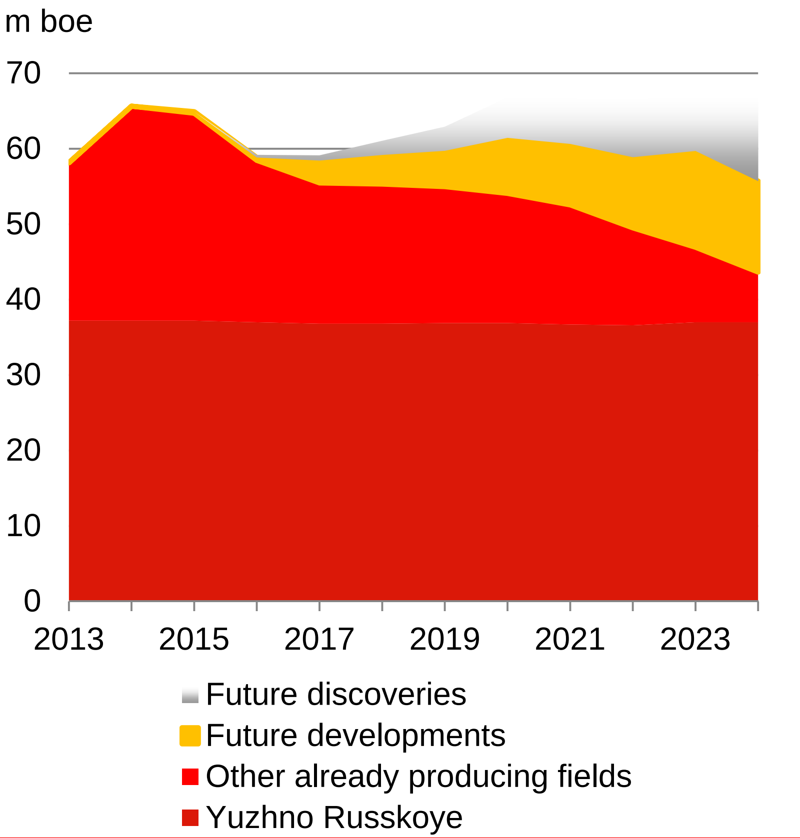
- Benchmarking shows that reserve replacement cost[1] of peer group were ~10 $/boe in 2011 vs ~7 $/boe for E.ON
- Future reserve replacement costs[1] expected to be higher, at 15-25 $/boe, in line with general industry trends
- At first glance, future development expected to yield IRRs of 15-20%
- Development capex in coming years likely to range between €200-500m per year

Attractive development pipeline in place

1. Reserve replacement cost = (finding + development + acquisition costs) / resources added

Longer term production outlook

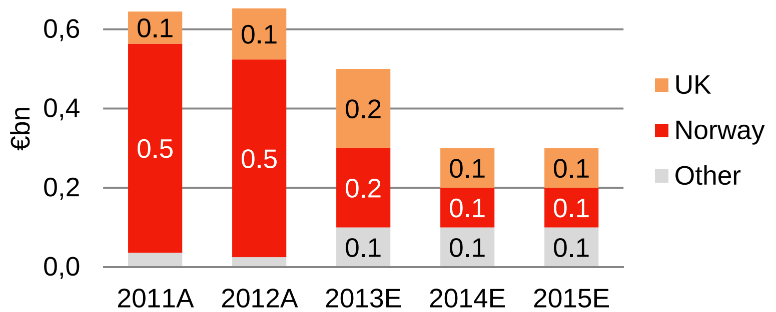
Long-term production outlook



Comments

- Lack of ongoing near term large developments means that North Sea production will decline somewhat after 2014-2015
- Some timing uncertainty when discoveries will be brought in production
- Longer term production replacement to come from making new discoveries
- Yuzhno Russkoye broadly stable

Planned capex



Long term outlook healthy, but temporary decline likely absent acquisitions

2010-2012 financials

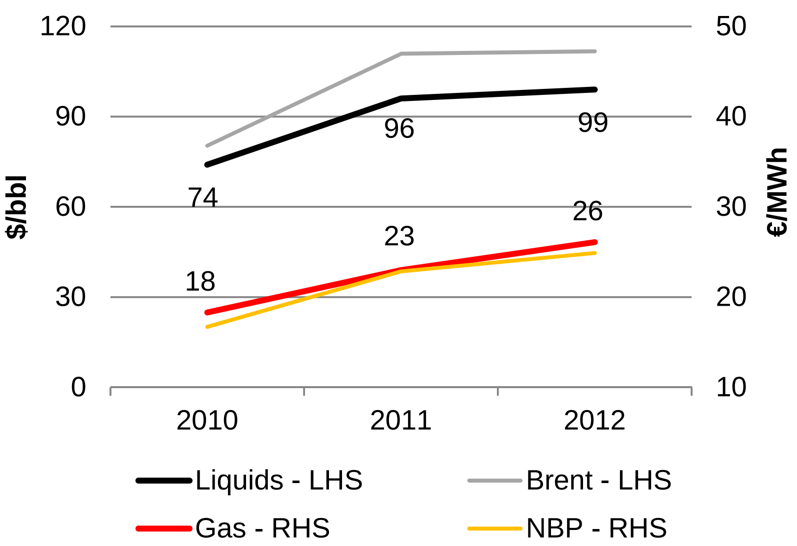
Earnings North Sea / North Africa / Other

€m	2010A	2011A	2012A
Net sales	**641**	**607**	**362**
Opex	-228	-335	-357
EBITDA	**413**	**272**	**5**
DD&A	-184	-126	-110
EBIT	**230**	**146**	**-105**
Net interest	-28	-31	1
Taxes	-73	-46	108
Net income	**129**	**70**	**4**

Earnings Russia

€m	2010A	2011A	2012A
EBITDA	**296**	**455**	**518**
DD&A	-120	-120	-120
EBIT	**176**	**335**	**398**

Achieved prices North Sea production



- No hedging of Norwegian production
- No hedging of Russian production
- Some hedging of UK oil and gas production

North Sea / North Africa moving to another scale in 2013

e·on

2013 outlook

Earnings drivers

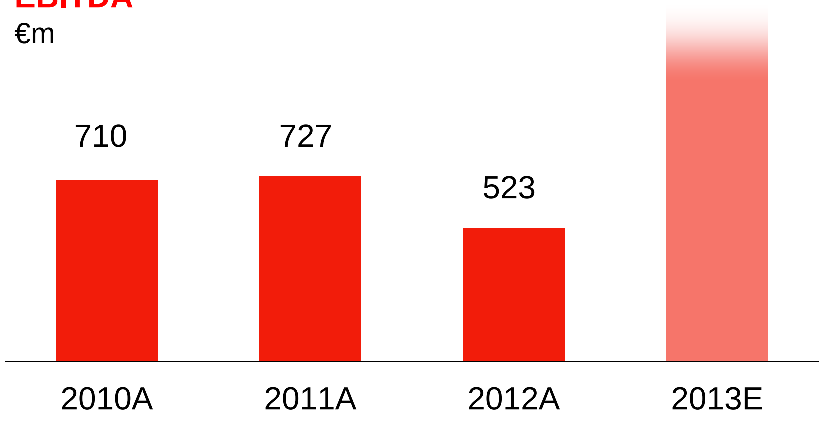
North Sea / North Africa

- 2013 EBITDA up ~€0.8bn YoY
  - Production up from 5m boe to 18-22m boe
  - Oil & gas prices at similar levels as last year
- 2013 DD&A up ~€0.4bn YoY

Russia

- 2013 EBITDA broadly stable
- 2013 DD&A stable

EBITDA
€m



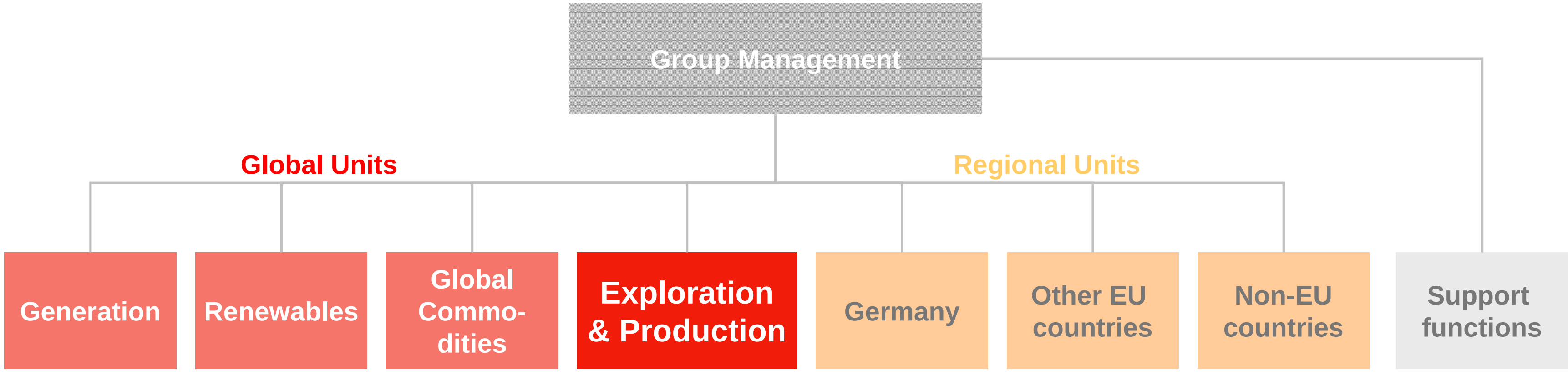
E&P earnings

€m	2010A	2011A	2012A
Sales	1,391	1,518	1,386
EBITDA	710	727	523
EBIT	406	481	293

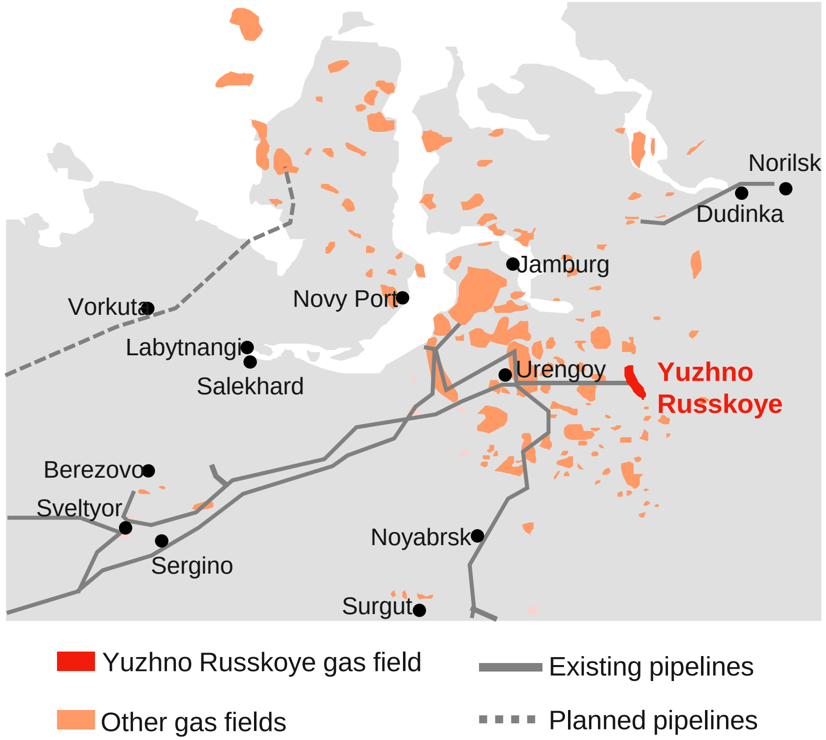
Major contribution to E.ON's EBITDA growth in 2013

Backup

E&P within E.ON



Yuzhno Russkoye



Key facts and figures

Timeline

- Production start in 2007
- Acquisition in 2009 of 25% stake in exchange for 2.93% stake in Gazprom (~€2.3bn)

Ownership & operatorship

- Gazprom 50%, E.ON 25%, BASF 25%
- Gazprom operator

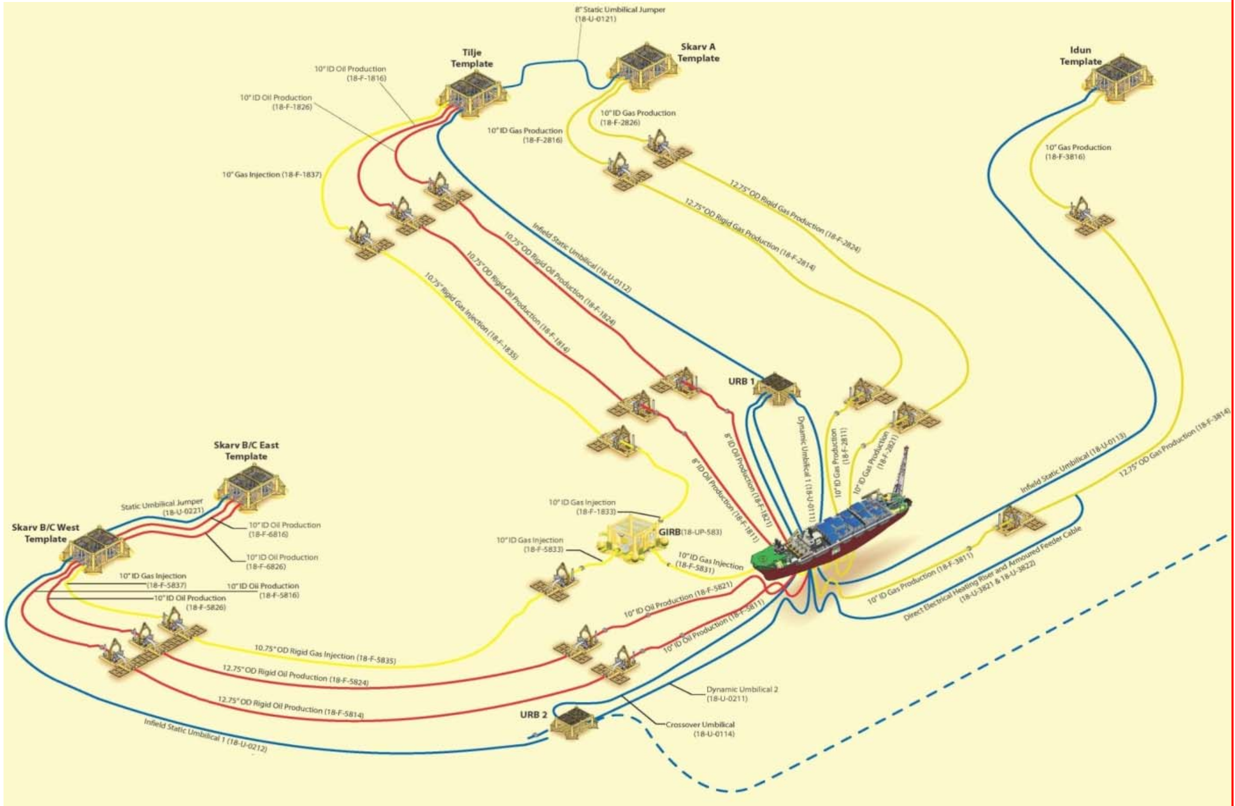
OAO Severneftegazprom (SNGP)

- Effectively owns Yuzhno Russkoye field
- E.ON's 25% stake accounted for at equity
- E.ON's 25% share of production sold at cost-plus price to ‚Trader'

‚Trader'

- Fully consolidated
- Gas bought from SNGP resold to Gazprom:
  - 50% German import price netback
  - 50% Russian domestic price netback

Skarv



Key facts and figures

Ownership & operatorship

- Owners: E.ON 28.08%, Statoil 36%, BP 24%, PGNiG 12%
- Operator: BP

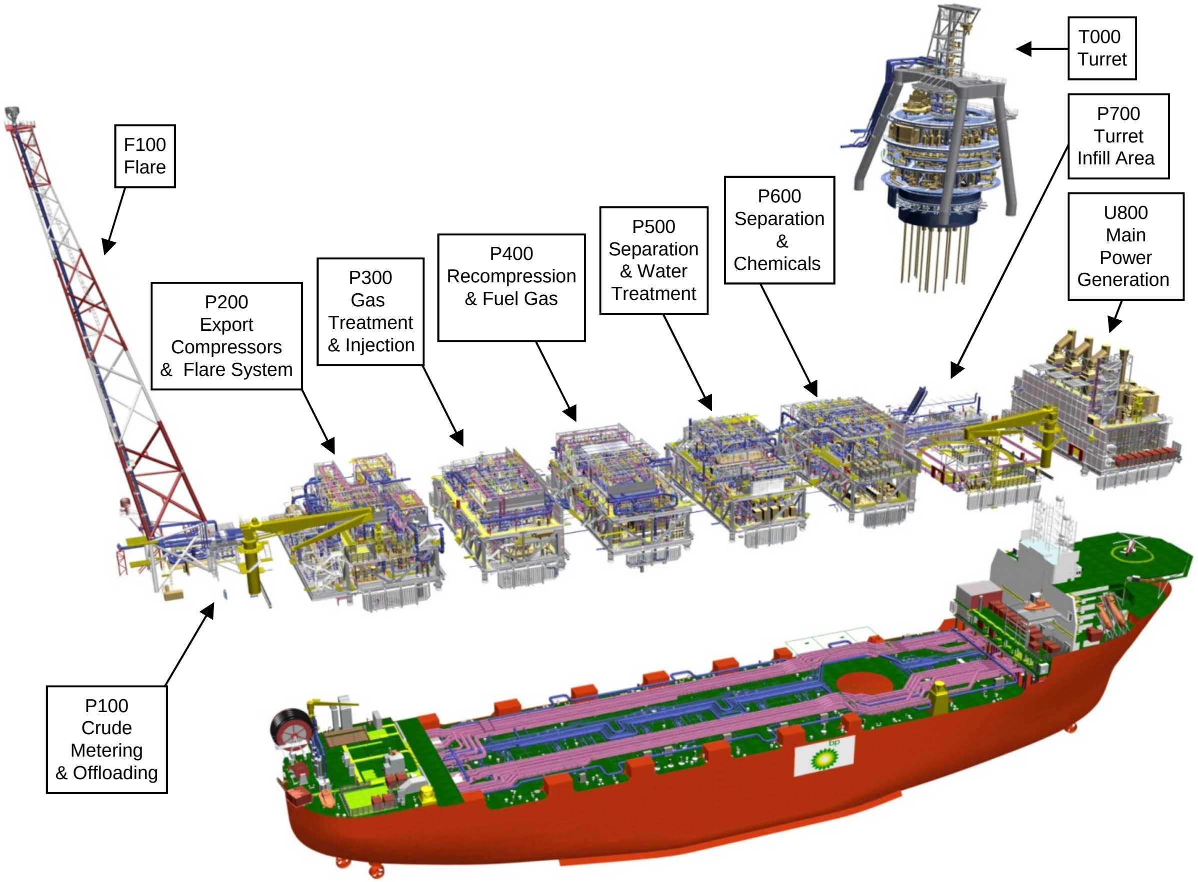
Timeline

- 1998: first discovery
- 2007: acquisition of E.ON's stake for ~$0.9bn
- Dec 2012: start of production

Reserves

- 2P reserves: 128m boe net
- Liquids: 52m boe net
- Gas: 75m boe net

Skarv FPSO



Weight

- Heaviest module (P200): ~3.000 T
- Topsides: ~18.000 T
- Hull: ~48.000 T
- Turret: ~ 7.000 T

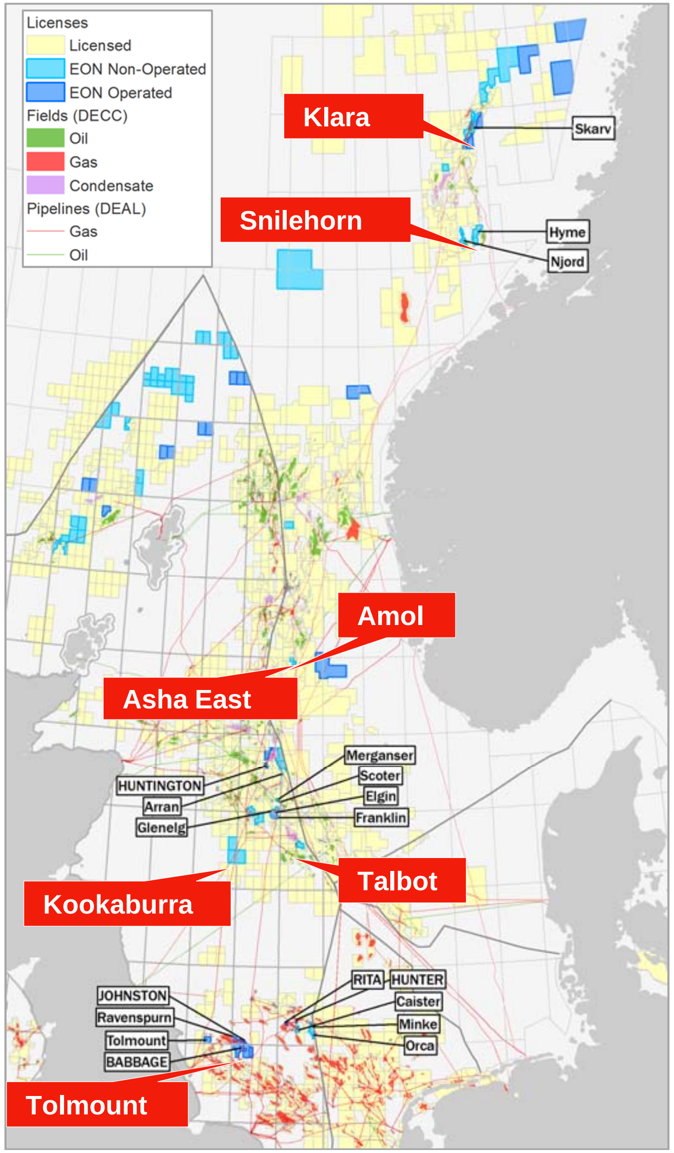
Design processing rate

- Oil: 85,000 bbl per day
- Gas: 19m m³ per day

Oil storage

- Capacity: 0.9m bbl
- Offloading every 10 days at peak production

Current exploration & appraisal projects



- ~€200m budgeted for exploration & appraisal in 2013
- Drill 10-12 E&A wells in North Sea & Algeria (thereof 4 operated by E.ON)
- 2 oil discoveries so far in Norway and UK
- Large appraisal program in Algeria
- Potential to find ~75m boe (unrisked)
- Strong awards in recent UK and Norwegian license rounds

E&P taxation

UK

Marginal tax rate: 62%

Tax deductibility of investments

- Fully deductible and cash effective in the following year
- Special allowance to reduce tax for „marginal interest“, i.e. high pressure / high temperature fields, small fields (<7.5 boe), West of Shetlands, etc.
- Effective refund per € invested: 62%

Norway

Marginal tax rate: 78%

Tax deductibility of exploration & appraisal investments

- Fully deductible and cash effective in current and following year (50/50)
- Effective refund per € invested: 78%

Tax deductibility of develop-ment & production investments

- 6 years linear depreciation
- 4 years „uplift“ of 22% on SPT at 50% tax rate
- Effective refund per € invested: 89%

Russia

SNGP

- Accounted for at equity
- Contribution therefore already after tax

Trader

- Marginal tax rate: 20%

High tax rates but favorable treatment of investments

Oil & gas production

m boe	Q1 2013	Q1 2012	+/- %	FY 2012	FY 2011	+/- %
Skarv	1.2	-	-	-		-
Njord	0.9	1.3	-34	2.6	4.7	-45
Elgin-Franklin	0.1	0.5	-84	0.5	2.5	-78
Babbage	0.2	0.3	-26	0.9	1.4	-39
Rita	0.0	0.0	-	0.0	0.6	-100
Total North Sea	**2.9**	**2.5**	**+17**	**5.3**	**11.0**	**-52**
Yuzhno Russkoje	10.0	10.3	-2	37.7	38.2	-1
Total	**13.0**	**12.8**	**+2**	**43.0**	**49.2**	**-13**

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E.ON IR - Reporting calendar & important links

Reporting calendar

Date	Event
August 13, 2013	Interim Report II: January – June 2013
November 13, 2013	Interim Report III: January – September 2013
March 12, 2014	Annual Report 2013
April 30, 2014	2014 Annual Shareholders Meeting
May 2, 2014	Dividend Payout
May 13, 2014	Interim Report I: January – March 2014

Important links

Content	Link
Equity Story	http://www.eon.com/en/investors/26658.jsp
Segment Stories	http://www.eon.com/en/investors/42341.jsp
Annual Report	http://www.eon.com/en/corporate/19886.jsp
Interim Reports	http://www.eon.com/en/corporate/1022.jsp
Facts & Figures	http://www.eon.com/en/corporate/1029.jsp
Creditor Relations	http://www.eon.com/de/investoren/dialog/creditor-relations.htm

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