Capital Market Story

March 2014

Reshaping E.ON

Current focus areas

- Strengthen performance culture
- Push for adequate business environment
- Improve capital management
- Invest prudently into priority areas

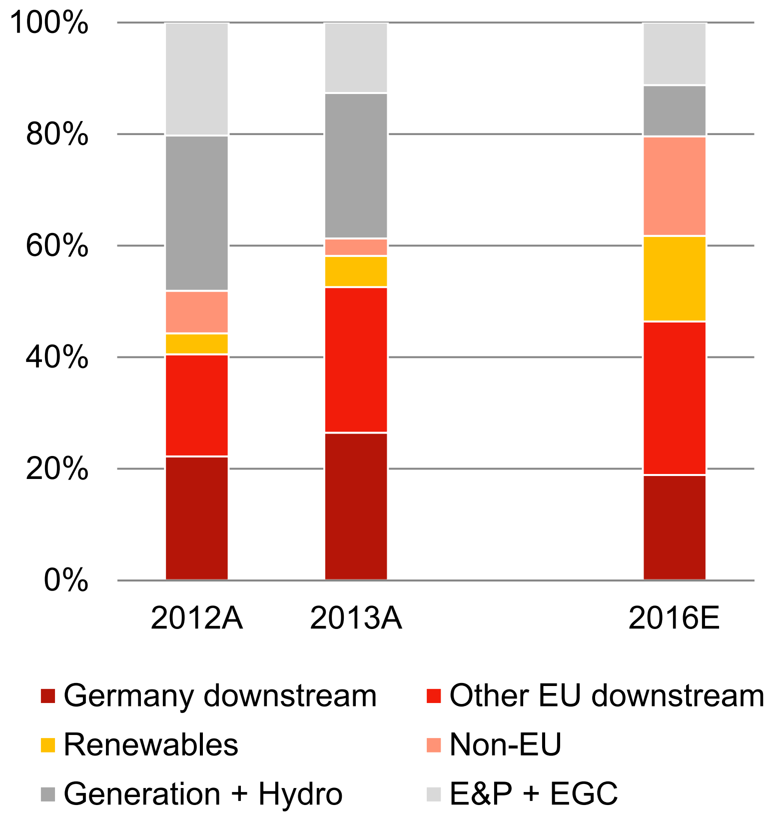
➡ Advancing the transformation of the portfolio

- Better earnings mix
- Well positioned to benefit from energy system transformation

➡ Becoming free cash flow positive by 2015

- Prerequisite to reduce leverage organically

Share of NOPAT[1]



1. NOPAT = EBIT - Taxes on EBIT. NOPAT share calculation excludes Group Consolidation & Other

❶ Strengthen performance culture

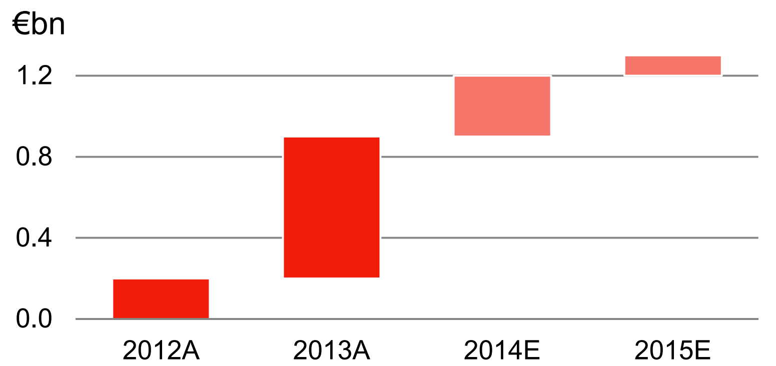
E.ON 2.0

- Almost all cost savings measures now decided
- Implementation largely completed by end 2014
- €0.9bn of net cost savings achieved so far out of €1.3bn, thereof €0.7bn in 2013
- ~7,700 FTE reduction by end 2013 out of ~11,000 by end 2015

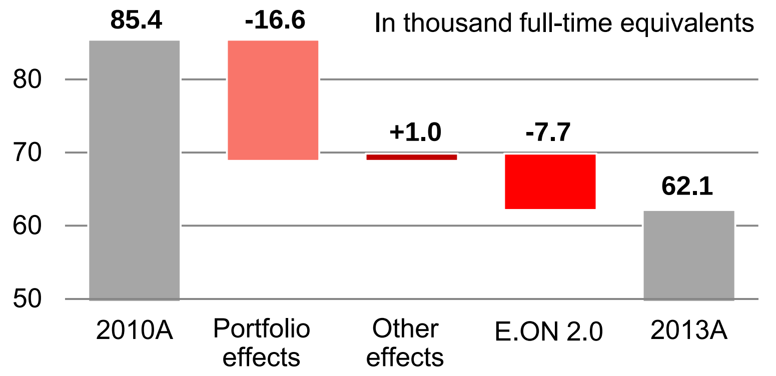
Beyond E.ON 2.0

- Cost savings integral part of target setting process
- Cost reductions in established businesses to clearly beat inflation
- Part of cost savings will be ‘reinvested’ in operational excellence and in growing activities

E.ON 2.0 net cost savings



E.ON 2.0 HR impact



❶ Example: Simplify our German sales organization

Starting point 2012		
E.ON Deutschland	E.ON Avacon	E.ON Hanse
E.ON Bayern	E.ON e.dis	E.ON Ruhrgas
E.ON Mitte	E.ON Westfalen Weser	E.ON Thüringer Energie
E Wie Einfach	E.ON Direkt	
E.ON Best Service	E.ON Service Plus	

Target structure 2015

- E.ON Energie Deutschland & E Wie Einfach
- Customer Operations Sales

➡ Cost efficiency meets customer focus

❷ Push for adequate business environment

Outpace competition

Principles

- Put the customer first
- Identify and monetize emerging trends
- Develop portfolio of compelling and innovative products and services
- Reach and strengthen top quartile

Examples

- From 6 weeks to 6 days to get last customer re-connected after severe storms in Sweden
- uSwitch elects E.ON as Britain's favorite energy supplier for the second year running
- 'Saving Energy Toolkit' in partnership with Opower rolled out to 5m customers

Engage to improve business frameworks

Principles

- Contribute positively to dialogue with public, politicians and regulators
- Proactively protect our rights and assets
- Close or exit unsustainable positions

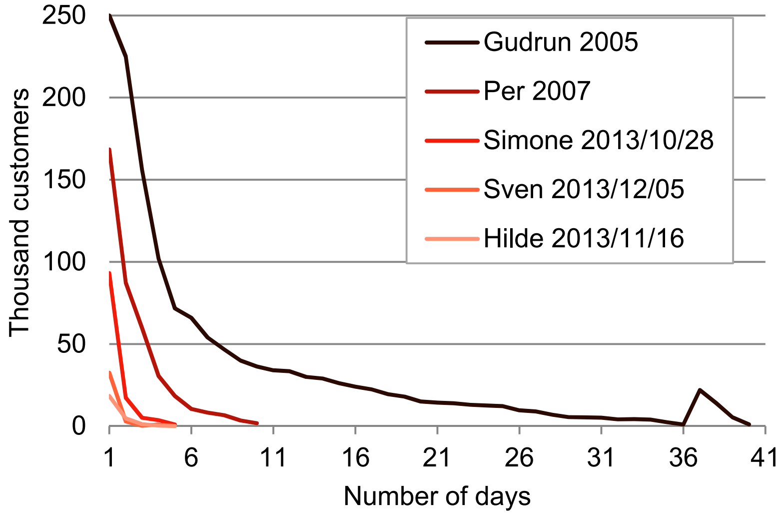
Examples

- New 2030 emission targets for EU and reform of emission trading
- Upcoming energy reforms in Germany
- Closure of 13 GW of conventional capacity, more than a quarter of our portfolio

❷ Examples: putting the customer first

Weather-securing Swedish networks

Customers without power after strong storms



- Networks strengthened to better withstand strong storms
- Customer-oriented crisis management

Compelling products and services

Teaming up with customers for on-site generation solutions

- Expansion of German CHP business with addition of ~60 new units in the mini-midi segment alone in 2013
- Commissioning of industrial CHP plant Greifswald (37MW)

Gaining momentum with enhanced service offering

- Acquisition of Matrix: leading player in integrated energy management
- Partnership with GreenWave Reality for smart home solutions

3 Improve capital management

Proactive portfolio management

Looking back …

- €6.2bn of disposal proceeds in 2013
- Beyond de-leveraging, transactions allowed to:
  - Focus on core business
  - Re-set German downstream operations
  - Exit weak market positions

Going forward …

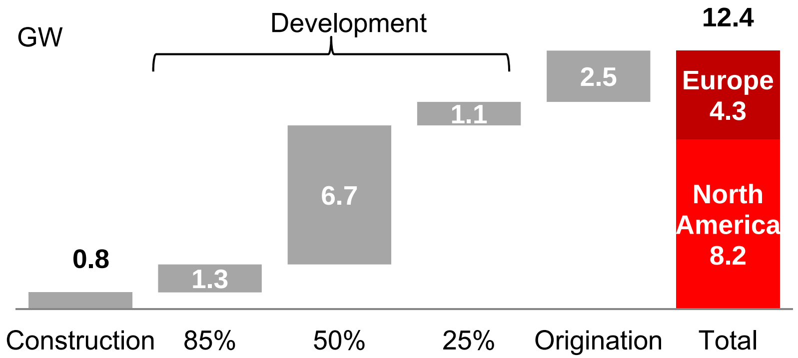
- Continuous review of portfolio
- Effort underway across the group to reduce working capital requirements

Capital rotation concept validated

- Proceeds of more than €0.7bn from 2 major renewables transactions in 2013 and 2014
- Long-term service contracts secured
- Ambition level increased from €0.3bn to ~€0.4bn yearly on average

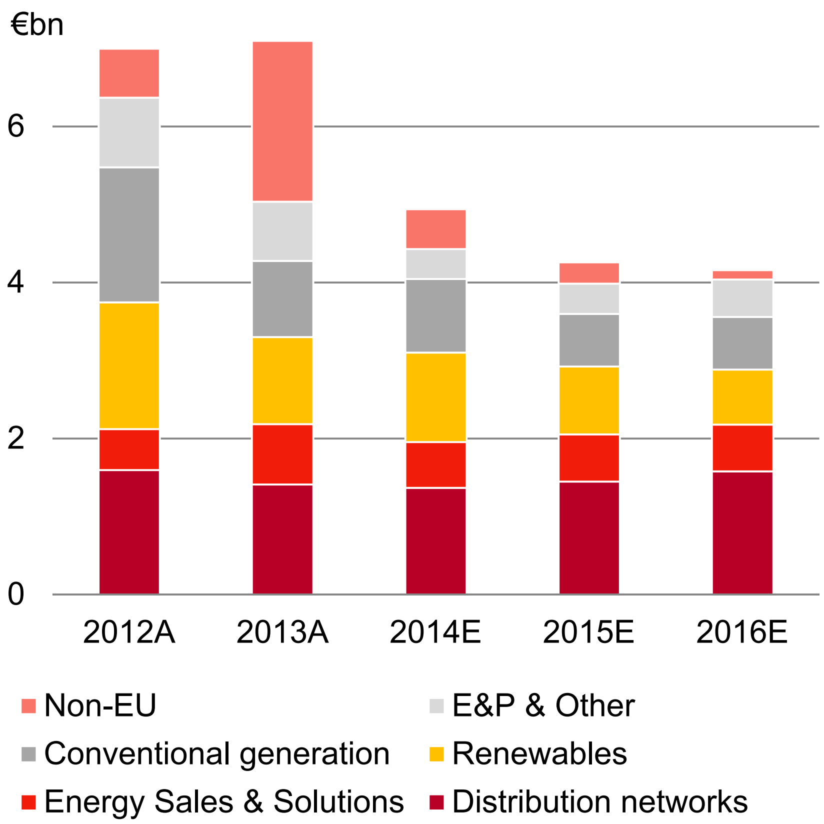
➡ **Crystalizing value rather than piling up MWs**

Renewables pipeline



4 Invest prudently into priority areas

Capex 2012-2016[1]



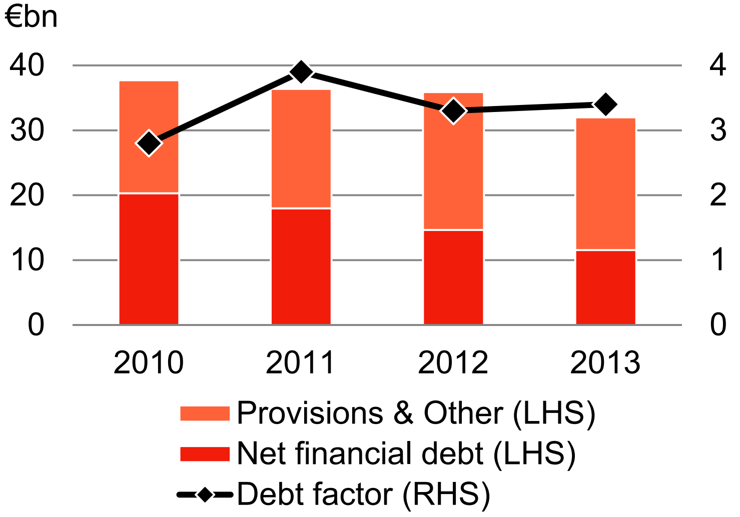
- Reduction to ~€5bn in 2014, and then further to ~€4bn in 2016
- Focus on transformation, around two thirds of capex allocated to priority businesses:
  - Distribution networks
  - Energy Sales & Solutions
  - Renewables
- Non-EU: completion Berezovskaya in Russia, minor capital injections in Brazil and Turkey

➡ **Net of capital rotation, capex close to depreciation in 2014-2016**

1. Excluding €1.5bn asset swap with Verbund in 2013

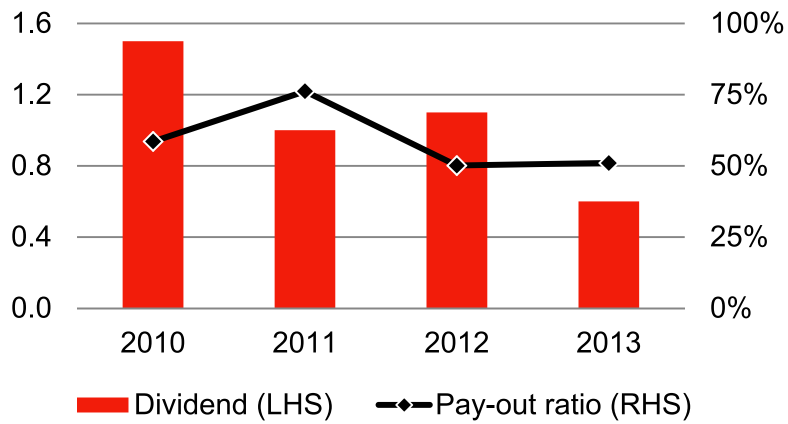
Debt and dividend policy confirmed

Medium term debt factor target <3x



- Medium term target of debt factor below 3x confirmed
- Significant progress in financial net debt reduction achieved

Dividend payout ratio: 50-60%



- 2013 dividend proposal: 0.60 €/share
- Implies 51% payout ratio
- Payout-policy going forward confirmed
- Additional option for shareholders to exchange the cash dividend into E.ON shares (cash is default)

Our businesses

Distribution Networks

Energy Sales

Energy Solutions

Renewables

Conventional Generation

Exploration & Production

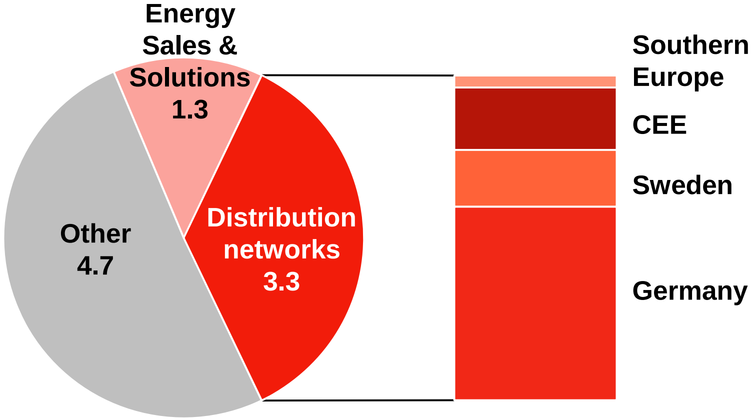
Global Commodities

Non-EU Countries

Distribution networks: one of E.ON's key pillars

E.ON's distribution networks

2013 EBITDA in €bn



- 17m network customers in Europe
- ~800,000 km of power distribution networks in 7 countries and ~100,000 km of gas distribution networks in 5 countries
- Additional growth platform in Turkey with ~200,000 km power distribution networks

Business environment improving

- Improving regulatory environment in most countries
- Increasing investment needs
- Increasing deployment of smart technologies

Leveraging strong positions

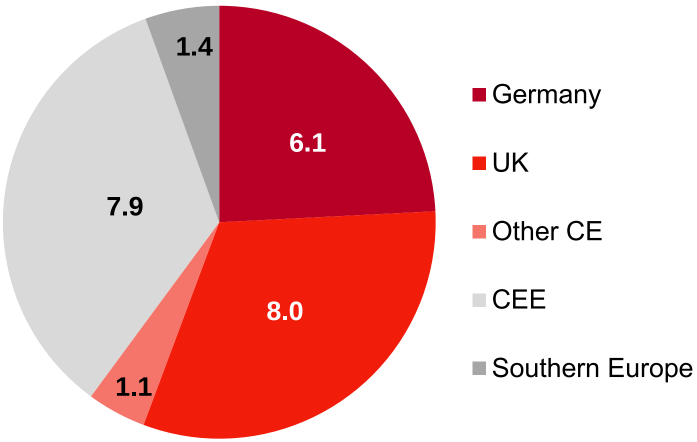
- Deliver top performance as basis for good relations with customers and regulators
- Strive to be #1 in the constant competition with any DSO in our markets
- Seize growth opportunities as networks are enablers of 'Energiewende'
- 50% of expected investments to grow the networks

Energy sales: customer focus meets cost efficiency

E.ON's energy sales business

- 25 million customers in Europe

2013 Customers per region (in millions)

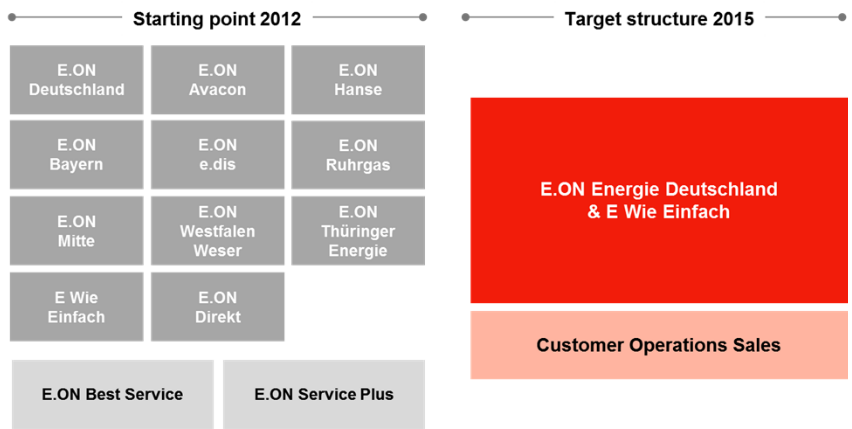


- Additional 9 million customers in Turkey via JV Enerjisa

Customer focus: example UK

- Above market average net promoter score (NPS)
- Topping uSwitch Energy Awards in customer satisfaction for second year in a row

Cost efficiency: example Germany



➡ **Strong platform to leverage energy solutions**

Energy solutions: sharpening up

E.ON Connecting Energies

Business fields

On-site generation	Energy efficiency	Flexibility
Power, steam, heat & cooling	Energy efficiency as a service	Aggregate sites and monetize flexibility

Data intelligence for energy systems

Create, own & manage IT platforms: integrated data analytics

Focus customers & countries

- Multi-country and multi-site approach: B2B & public sector as focus customers to form the basis for distributed energy clusters and systems
- Existing E.ON markets as platform for growth
- Innovative product offering to support E.ON's regional market positions

➡ **Shaping the new energy system**

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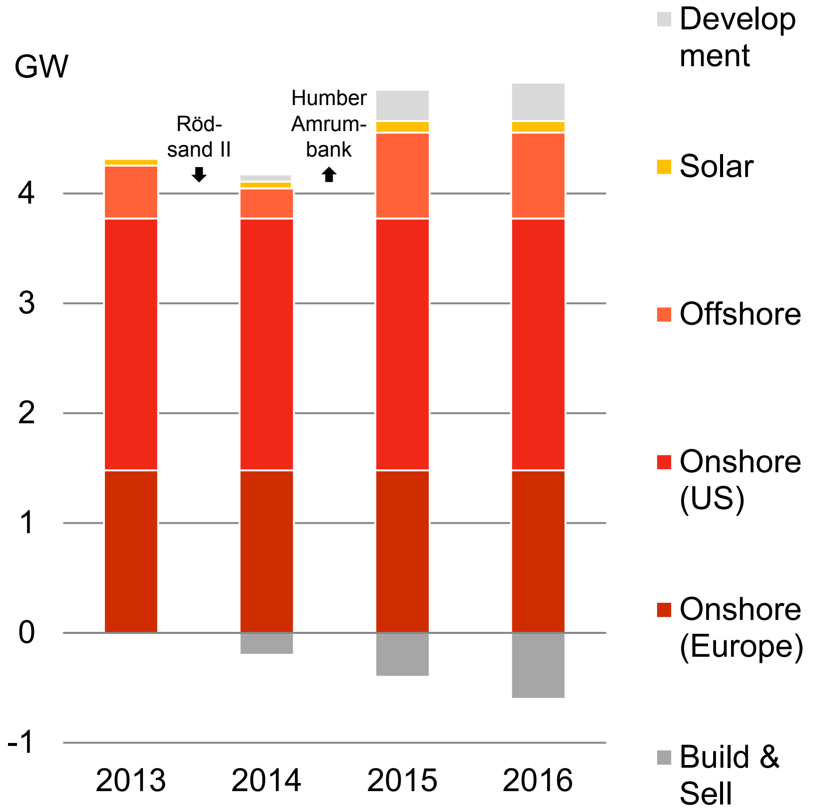
Renewables: leveraging pipeline faster

2013A-2016E capacity



- London Array (0.6 GW) commissioned in 2013
- Amrum Bank West (0.3 GW) and Humber Gateway (0.2 GW) to be commissioned in second half of 2015
- Additional 400 MW of projects currently under development assumed to be added by 2016
  - 201 MW onshore wind project Grandview in Texas
  - Further potential in solar PV
- "Develop & Sell" and capital rotation to help monetize project pipeline faster and develop services

➡ **Crystalizing value rather than piling up MWs**

Conventional generation: ensuring security of supply

Conventional generation to keep key role

- Ensuring security of supply, even in renewables-dominated system
- Market design needs to adjust accordingly: from energy-only to capacity markets

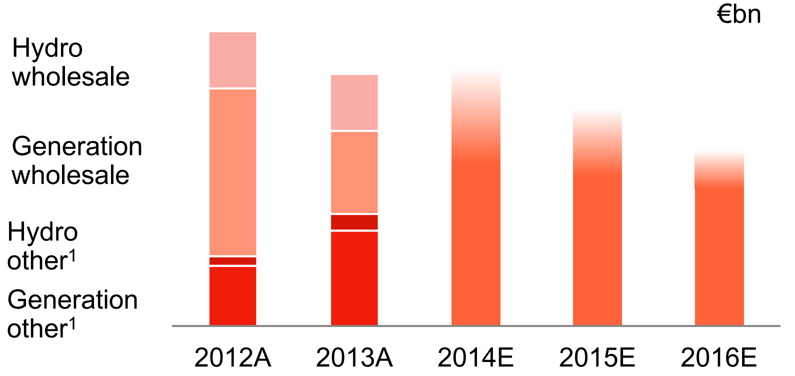
Restructuring to bring business back to sustainable footing

- Further reduction of controllable costs
- Retirement of ~13 GW by 2015
- No investments in new-builds

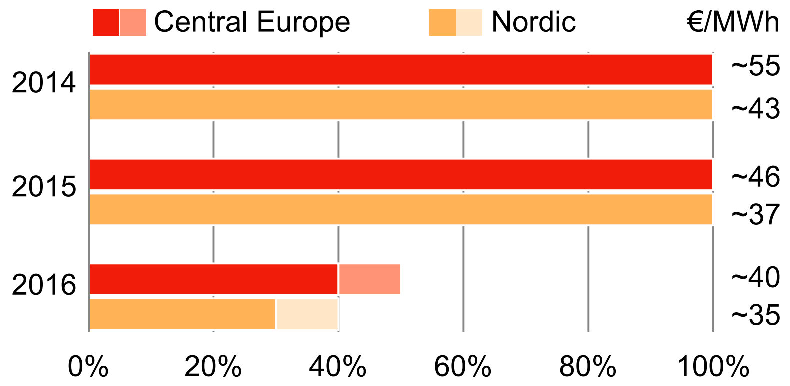
Earnings bottoming out

- Strong decline of earnings from energy markets until 2016
- Growing importance of other earnings sources (TSO, capacity markets, etc)

EBITDA Generation + Hydro



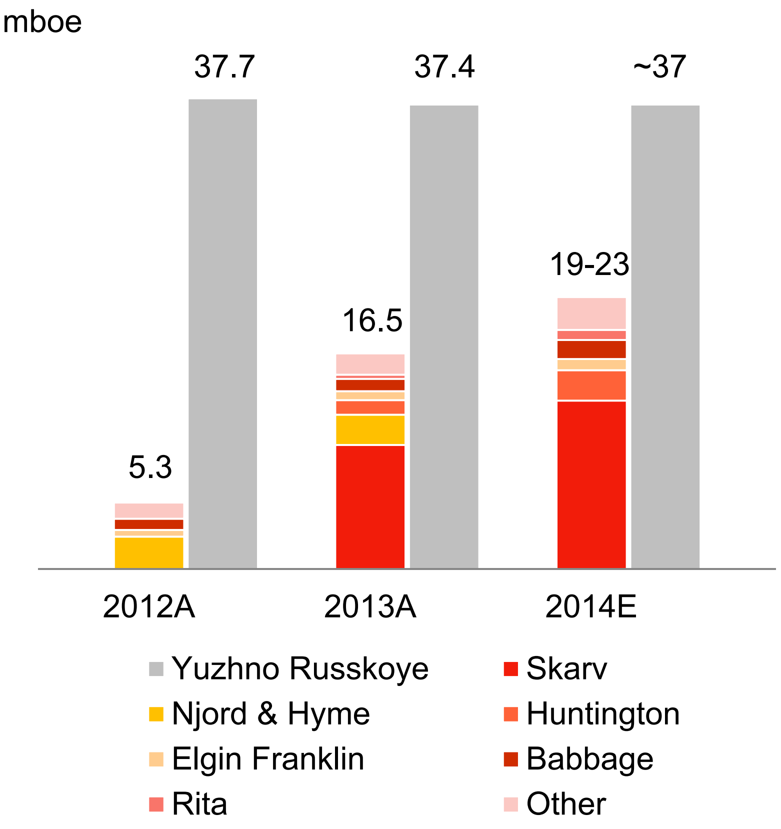
Outright hedging (Central Europe & Nordic)



1. 'Other' includes long-term capacity contracts, ancillary services, capacity mechanisms, etc.

E&P: harvesting strong investments

Oil & gas production



- Focus on organic growth with short-term emphasis on exploration
- Very encouraging Tolmount discovery
- Successful ramp-up of Skarv
- Njord platform under review – Njord and Hyme production not included in 2014 forecast
- Strong free cash flow generation from 2014 to 2016
- 2014-2016 capex of €0.3bn per year on average
- Capex of ~€0.5bn per year on average needed to replenish North Sea reserves

Global Commodities: managing commodity risks

Strong assets and positions

- 42 GW of generation capacity optimized across Europe
- 29m tonnes of total coal supply volume
- 540 TWh of gas procured under long-term contracts
- 9 bcm of gas storage capacity
- 6.7 bcm of LNG regas capacity

Clear priorities

Protect value in European power & gas

- Refine plant optimization to meet changes to market realities
- Continue renegotiation/arbitration of LTCs
- Improve storage and legacy transport positions

Seek value from global commodities and arbitrage

- Leverage large coal and gas positions
- Develop flexible long-term LNG supply portfolio
- Optimize LNG regas capacities

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Non-EU: market positions firmed up

E.ON Russia

E.ON interest	83%
Pro-rata Capacity	10.3 GW

- Highly efficient assets
- Operational outperformance on the back of fuel cost optimization and tight fixed cost management
- Start of new Berezovskaya unit in 2015 to further improve level and mix of earnings

Turkey - Enerjisa

E.ON interest	50% (at equity)
Pro-rata capacity	2.3 GW
Customers	9 m

- Good progress in integration of newly acquired DisCos
- 745 MW of generation capacity added in 2013
- On track to reach 5 GW of installed generation by 2017

Brazil - eneva

E.ON interest	38% (at equity)
Pro-rata Capacity	1.7 GW

- 1.5 GW of attributable capacity added in 2013
- Short term refinancing successfully completed, long term solution still to be found
- Operational performance of coal plants improving

Backup

Outlook

Financials

Economic net debt

Dividend

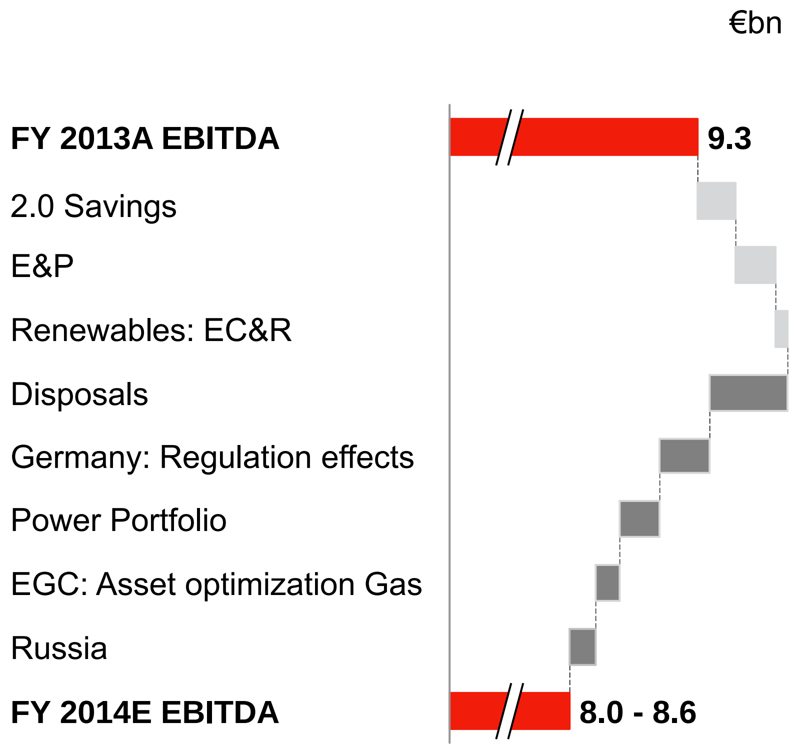
Operations

IR contacts

Reporting calendar & Important links

2014 outlook

EBITDA[1]



Underlying net income[1]

€bn	2013A	2014E
EBITDA	**9.3**	**8.0 – 8.6**
Depreciation	3.6	↗
Adj. interest expense	1.8	↗
Taxes	1.2	↘
Minorities	0.4	↘
Underlying net income	**2.2**	**1.5 – 1.9**
Underlying EPS (€/share)	**1.18**	**0.8 – 1.0**

1. Adjusted for extraordinary effects

2014 EBITDA[1] outlook per unit

€bn	2013A	2014E	Main drivers
Generation	1.9	↗	E.ON 2.0 cost savings, transfer of biomass activities to Generation, Maasvlakte start-up
Renewables	1.4	→	Higher book gain from capital rotation, lower hydro prices and volumes
Exploration & Production	1.1	↗	Higher production output in North Sea fields
Global Commodities	0.4	↘	Falling margins in gas storage, deconsolidation effects (Földgaz)
Germany	2.4	↘	New regulatory period for power, further dilution from disposals
Other EU Countries	2.2	↘	Absence of renewables related payments in Regional Unit Czech
Non-EU Countries	0.5	↘	Regulatory intervention in Russia and weak Rouble exchange rate
EBITDA[1]	**9.3**	**8.0 – 8.6**	

1. Adjusted for extraordinary effects

Disposal proceeds and dilution overview

Disposal proceeds [1,2,3]

- Gazprom
- Central Networks
- Open Grid Europe
- 50% of Horizon
- E.ON Rete
- HSE Shares
- Other transactions

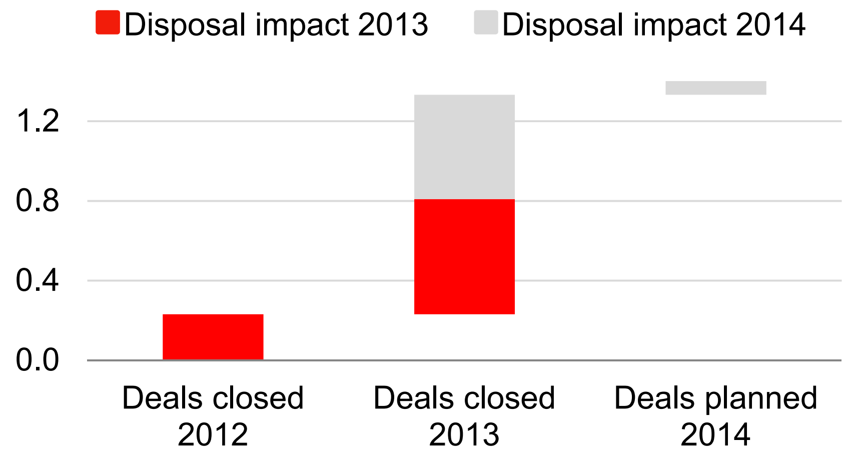
Closed transactions per end 2012 €13.5bn

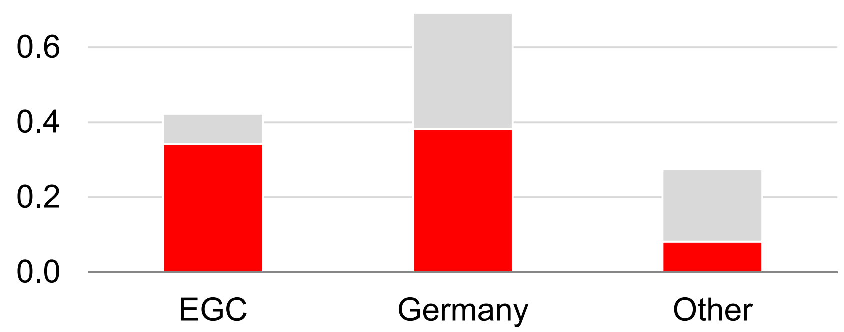
- 50% of 3 US wind farms
- E.ON Energy from Waste
- 53% E.ON Thüringer Energie
- 25% in SPP
- 44% in JMP
- 63% E.ON Westfalen Weser
- E.ON Földgáz Trade & Storage
- E.ON Finland
- London Array
- E.ON Mitte
- Other transactions

Closed transactions per end 2013 €6.2bn

➡ **~€20bn of disposal proceeds materialized**

EBITDA effect of disposals (€bn)





1. Disposal proceeds illustrate the Economic Net Debt impact.
2. Not considered are the assets transferred to Verbund valued at €1.5bn (in exchange of Verbund's Enerjisa shareholding)
3. Considered are the buy backs of the energy retailers from E.ON Thüringer Energie, E.ON Westfalen Weser and E.ON Mitte

Financial highlights

€m	FY 2012	FY 2013	% YoY
Sales	132,093	122,450	-7%
EBITDA [1]	10,771	9,315	-14%
EBIT [1]	7,012	5,681	-19%
Underlying net income [1]	4,170	2,243	-46%
Operating cash flow	8,808	6,375	-28%
Investments [2]	6,997	8,086	+16%
Economic net debt	-35,845	-31,991	+3,854[3]

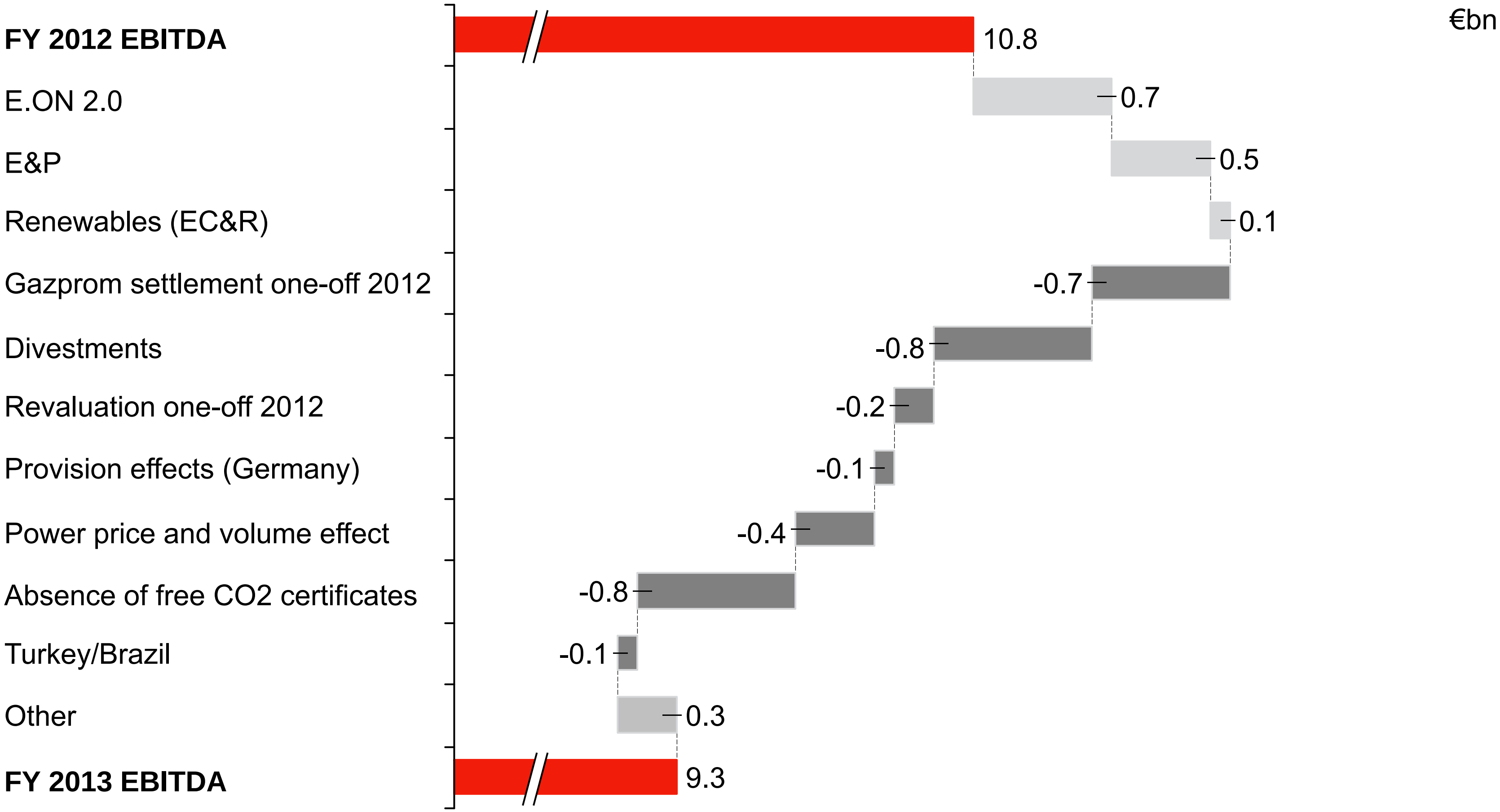
1. Adjusted for extraordinary effects
2. Contains €2bn resulting from the asset swap deal with Verbund to acquire 50% in Enerjisa in exchange for German hydro generation assets (1.5bn related to swap; remainder cash compensation)
3. Change in absolute terms

EBITDA and EBIT by unit

€m	EBITDA [1]			EBIT [1]		
	FY 2012	FY 2013	% YoY	FY 2012	FY 2013	% YoY
Generation	2,396	1,882	-21%	1,435	973	-32%
Renewables	1,349	1,431	+6%	955	982	+3%
Global Commodities	1,421	352	-75%	1,163	220	-81%
Exploration & Production	523	1,070	+105%	293	560	+91%
Germany	2,734	2,413	-12%	1,766	1,693	-4%
Other EU Countries	2,032	2,173	+7%	1,345	1,532	+14%
Non-EU Countries	718	533	-26%	535	338	-37%
Group Management / Consolidation	-402	-539	-	-480	-617	-
Total	**10,771**	**9,315**	**-14%**	**7,012**	**5,681**	**-19%**

1. Adjusted for extraordinary effects

2013 EBITDA[1,2] development



1. Adjusted for extraordinary effects
2. Individual effects rounded

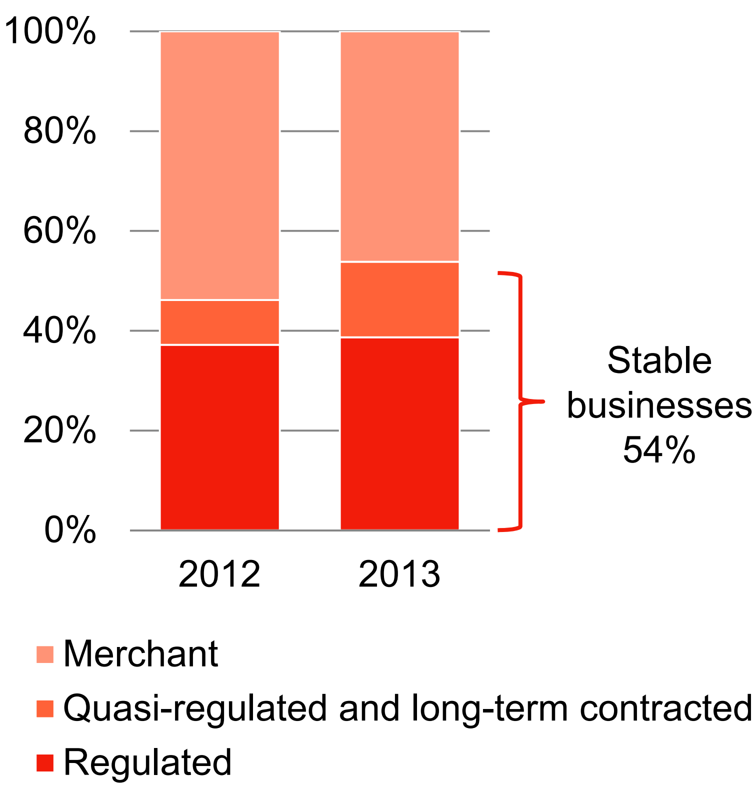
2013 underlying net income

€m	FY 2012	FY 2013	% YoY
EBITDA [1]	**10,771**	**9,315**	**-14%**
Depreciation/amortization recognized in EBIT [1]	-3,759	-3,634	-
EBIT [1]	**7,012**	**5,681**	**-19%**
Economic interest expense (net)	-1,329	-1,823	-
EBT [1]	**5,683**	**3,858**	**-32%**
Income taxes on EBT [1]	-1,140	-1,186	-
% of EBT [1]	*20.1%*	*30.7%*	-
Non-controlling interests	-373	-429	-
Underlying net income [1]	**4,170**	**2,243**	**-46%**

1. Adjusted for extraordinary effects

More than half of EBITDA from stable businesses

2013 EBITDA[1] split



Regulated

- Revenues set by law and based on costs plus a reasonable return on capital employed
- Therefore extremely stable and predictable

Quasi-regulated and long-term contracted

- Revenues with high degree of predictability
- Price and/or volume largely set by law or individual contractual arrangements for the medium- to long-term
- Examples: Renewables with highly supportive incentive mechanisms; generating capacity sold under long-term PPAs

Merchant

- All of which does not fall under other two categories

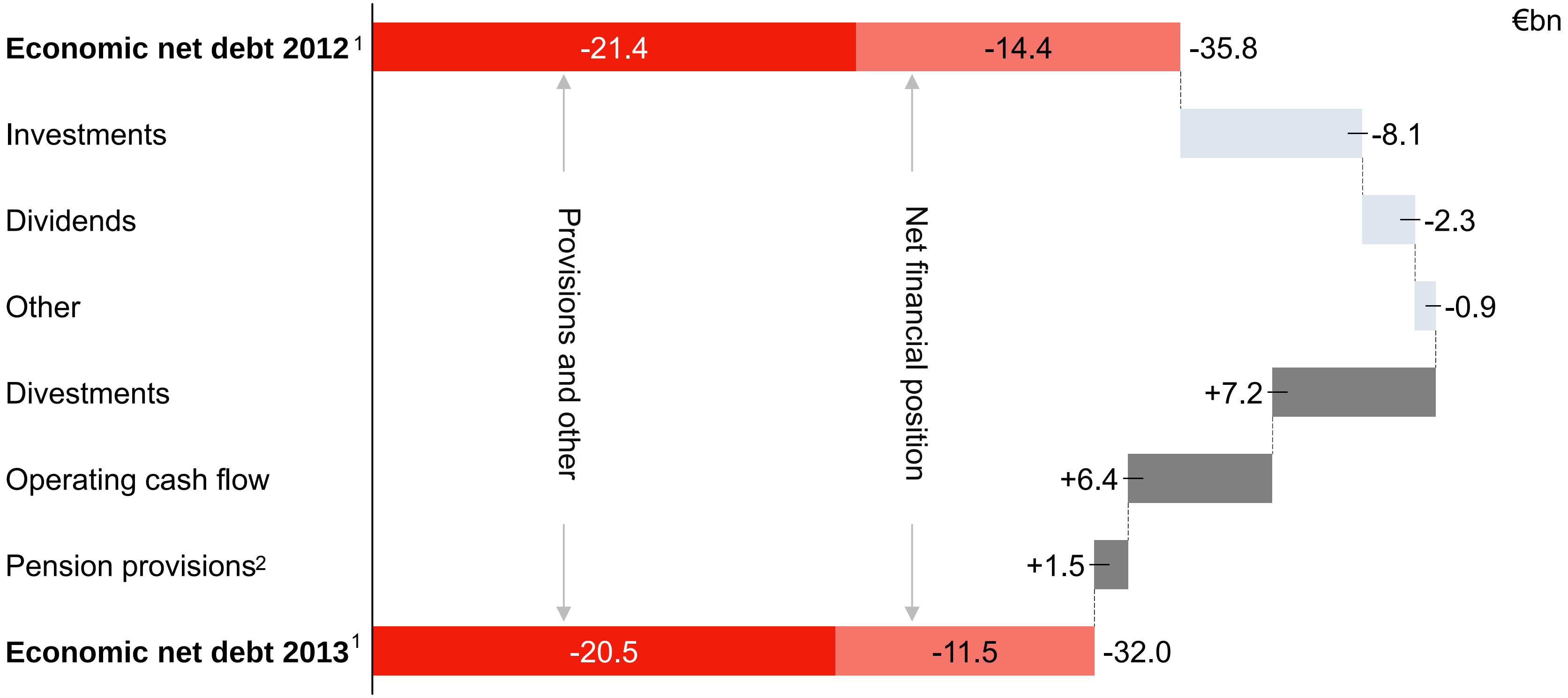
1. Adjusted for extraordinary effects

Economic net debt

€m	31 Dec 2012	31 Dec 2013
Liquid funds	6,546	7,314
Non-current securities	4,746	4,444
Financial liabilities	-25,944	-23,260
Adjustment FX hedging [1]	234	-46
Net financial position	**-14,418**	**-11,548**
Provisions for pensions	-4,945	-3,418
Asset retirement obligations	-16,482	-17,025
Economic net debt	**-35,845**	**-31,991**

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

2013 economic net debt development

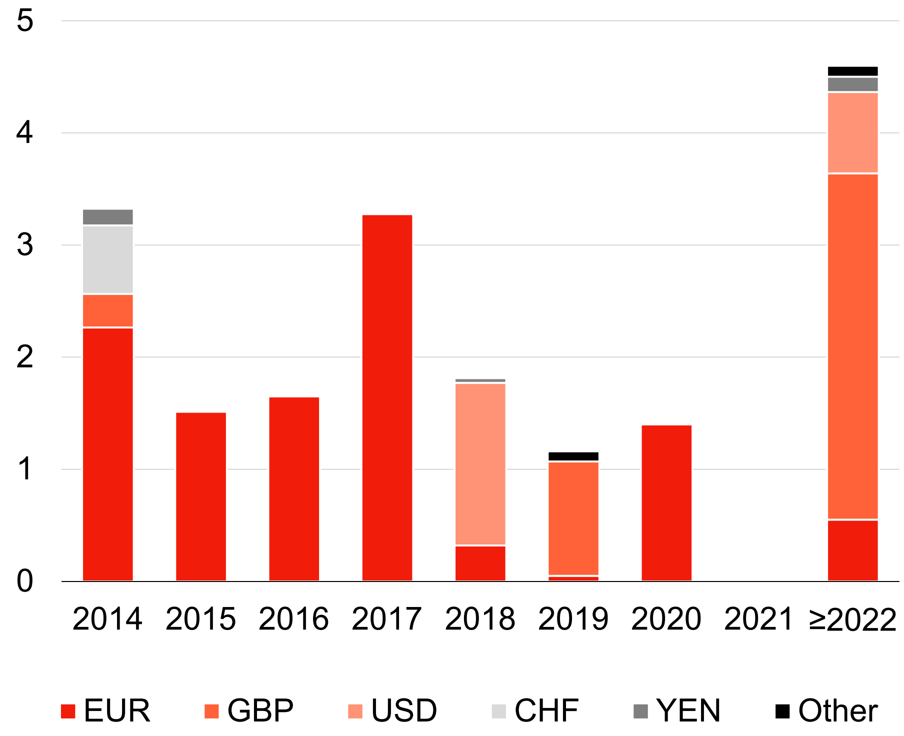


1. As per December 31
2. Includes €0.4bn reduction of pension provisions in connection to disposals

Financial liabilities

€bn	YE 2013	YE 2012
Bonds[1]	18.1	20.7
in EUR	10.4	12.0
in GBP	4.4	4.5
in USD	2.2	2.3
in CHF	0.6	0.9
in SEK	0.1	0.1
in JPY	0.3	0.7
in other currencies	0.1	0.2
Promissory notes	0.7	0.8
Commercial Paper	0.2	0.2
Other liabilities[2]	4.3	4.2
Total	**23.3**	**25.9**

Maturity profile
as of 31 Dec 2013[3]
€bn



1. Thereof bonds directly issued by units: Dec 31, 2013: €0.1bn; Dec 31, 2012: €0.1bn
2. Thereof other financial liabilities of individual units: Dec 31, 2013: €3.5bn; Dec 31, 2012: €3.3bn
3. Bonds and promissory notes issued by E.ON SE or E.ON International Finance B.V. (fully guaranteed by E.ON SE)

Dividend either in cash or in E.ON shares

Voluntary scrip dividend	• Additional option for shareholders to exchange the cash dividend into E.ON shares • Cash payment is default • Subscription price will be close to market price (considering a discount of up to 3%[1])
Use of treasury shares	• E.ON will make use of its existing treasury shares • No new shares issued
Taxation	• Tax treatment of dividends in cash and in shares is generally equal in Germany (tax portion ~ 28%[2]) • ~ 72 % of cash dividend is exchangeable into E.ON shares

Indicative timeline

18 March	Release of invitation to AGM (including information about scrip dividend)
30 April	AGM
2 May	Ex-Div date / Start of subscription period
15 May	End of subscription period / determination of subscription price
23 May	Payment of cash dividend and delivery of E.ON shares

1. Final amount of discount is subject to rounding of subscription ratio (dependent on reference price); expected to be in a range of 2.5% to 3.0%
2. Includes German Kapitalertragssteuer, SolZ, Kirchensteuer

Generation – Conventional capacity retirements

2012	**4,477 MW**					
• Veltheim 4 ST	223 MW	Germany	Steam	Economic	Shutdown	Aug 2012
• Grain 1+4	1,300 MW	UK	CCGT	LCPD	Shutdown	Nov 2012
• Kingsnorth 1-4	1,974 MW	Slovakia	Steam	LCPD	Shutdown	Dec 2012
• Staudinger 3	293 MW	Germany	Steam	Economic	Shutdown	Dec 2012
• Escucha 1	142 MW	Spain	Steam	LCPD	Shutdown	Dec 2012
• Ostiglia 4	313 MW	Italy	CCGT	Other	Shutdown	Dec 2012
• Other	233 MW					
2013	**2,707 MW**					
• Ironbridge 1-2	940 MW	UK	Steam	LCPD	Conversion[1]	Mar 2013
• Hornaing 3	235 MW	France	Steam	LCPD	Mothballing[2]	Mar 2013
• Provence 4	230 MW	France	Steam	LCPD	Mothballing[3]	Mar 2013
• Staudinger 1	249 MW	Germany	Steam	Other	Shutdown	Apr 2013
• Shamrock	132 MW	Germany	Steam	Other	Shutdown	Apr 2013
• Tavazzano 8	300 MW	Italy	CCGT	Economic	Mothballing	Apr 2013
• Malzenice	418 MW	Slovakia	CCGT	Economic	Mothballing	Oct 2013
• Puertollano	203 MW	Spain	Steam	LCPD	Shutdown	Dec 2013
2014	**3,280 MW**					
• Fiume Santo 1-2	306 MW	Italy	Steam	Other	Shutdown	Jan 2014
• Vilvoorde	385 MW	Belgium	CCGT	Economic	Mothballing	Jan 2014
• Datteln 1-3	303 MW	Germany	Steam	Other	Shutdown	Mar 2014
• Emile Huchet 5	330 MW	France	Steam	LCPD	Mothballing[2]	
• Lucy 3	245 MW	France	Steam	LCPD	Mothballing[2]	
• Scholven D-E-F	1,366 MW	Germany	Steam	Economic	Shutdown	
• Knepper C	345 MW	Germany	Steam	Economic	Shutdown	
2015	**2,606 MW**					
• Ingolstadt 3-4	772 MW	Germany	Steam	Economic	Shutdown	
• Veltheim 3	202 MW	Germany	Steam	Economic	Shutdown[4]	
• Grafenrheinfeld	1,275 MW	Germany	Nuclear	Other	Shutdown	
• Emile Huchet 4	115 MW	France	Steam	LCPD	Shutdown	
• Kiel	162 MW	Germany	Steam	Economic	Shutdown[5]	

1. Biomass conversion in 2013
2. Mothballing until shutdown in 2015
3. Biomass conversion in 2015
4. 66% of 303 MW
5. 50% of 323 MW. Stadtwerke Kiel has option to continue operations until 2018

E&P - Oil & Gas production

m boe	Q4 2012	Q4 2013	% YoY	FY 2012	FY 2013	% YoY
Skarv	0.0	2.0	-	0.0	10.0	-
Njord/Hyme	0.2	0.0	-100%	2.6	2.4	-7%
Elgin-Franklin	0.0	0.2	-	0.5	0.6	+6%
Babbage	0.2	0.3	-11%	0.9	0.8	-9%
Rita	0.0	0.3	-	0.0	0.3	-
Total North Sea	**0.8**	**4.6**	**+446%**	**5.3**	**16.5**	**+211%**
Yuzhno Russkoje	10.3	10.3	+0%	37.7	37.4	-1%
Total	**11.1**	**14.9**	**+34%**	**43.0**	**53.9**	**+25%**

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Reporting calendar & important links

Reporting calendar

April 30, 2014	2014 Annual Shareholders Meeting
May 13, 2014	Interim Report I: January – March 2014
August 13, 2014	Interim Report II: January – June 2014
November 12, 2014	Interim Report III: January – September 2014
March 11, 2015	Annual Report 2014

Important links

Capital Market Story	http://www.eon.com/en/investors/presentations/capital-market-story.html
Other Presentations	http://www.eon.com/en/investors/presentations/special-topics.html
Annual Reports	http://www.eon.com/en/about-us/publications/annual-report.html
Interim Reports	http://www.eon.com/en/about-us/publications/interim-report.html
Facts & Figures	http://www.eon.com/en/about-us/publications/facts-and-figures.html
Creditor Relations	http://www.eon.com/en/investors/presentations/bonds.html

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