

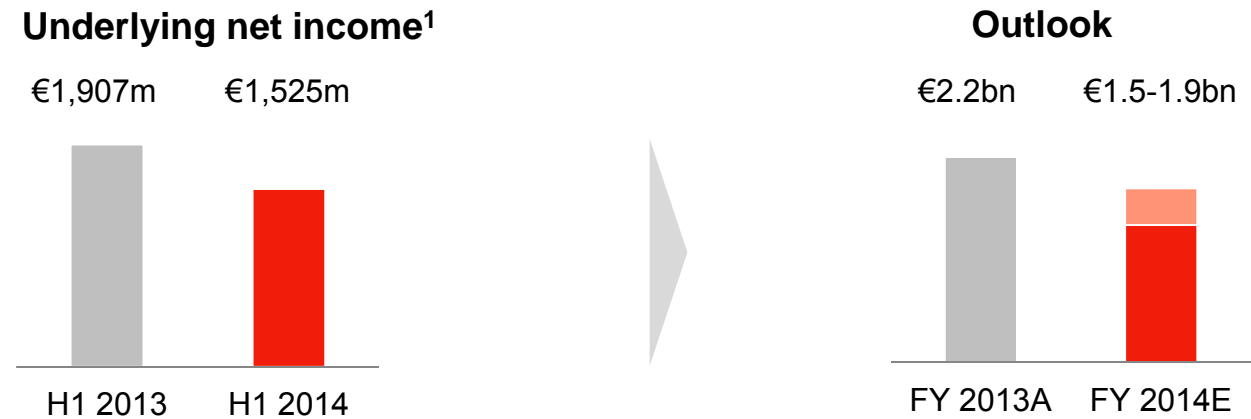


## 2014 first half results

13 August 2014

**e-on**

# 2014 first half results and full year outlook



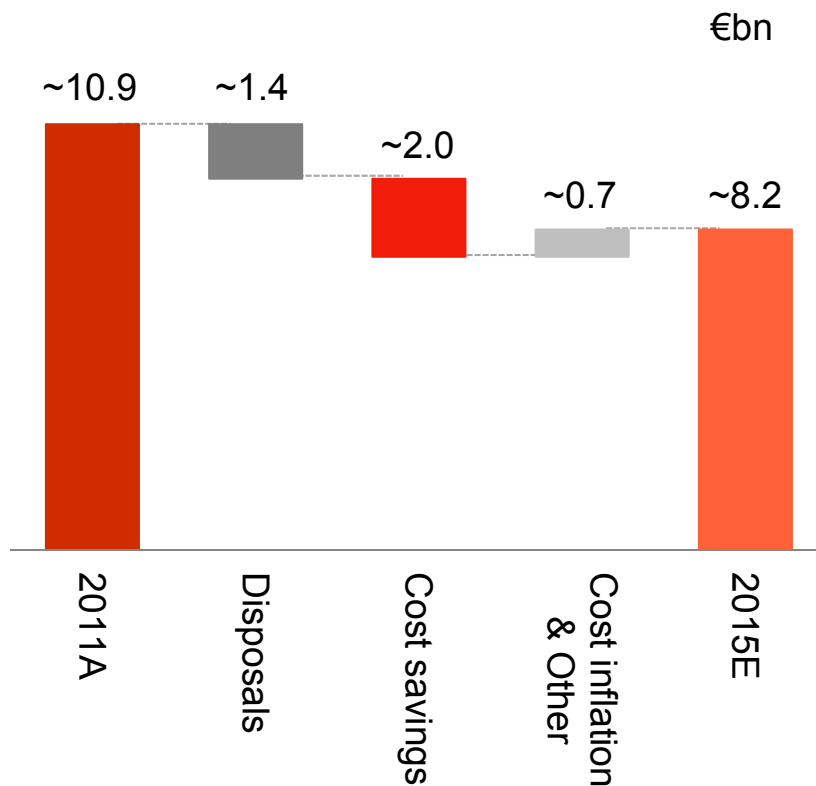
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1. Adjusted for extraordinary effects
2. Including pro forma adjustment regarding IFRS 10/11



# 1 Strengthen performance culture

## Controllable costs

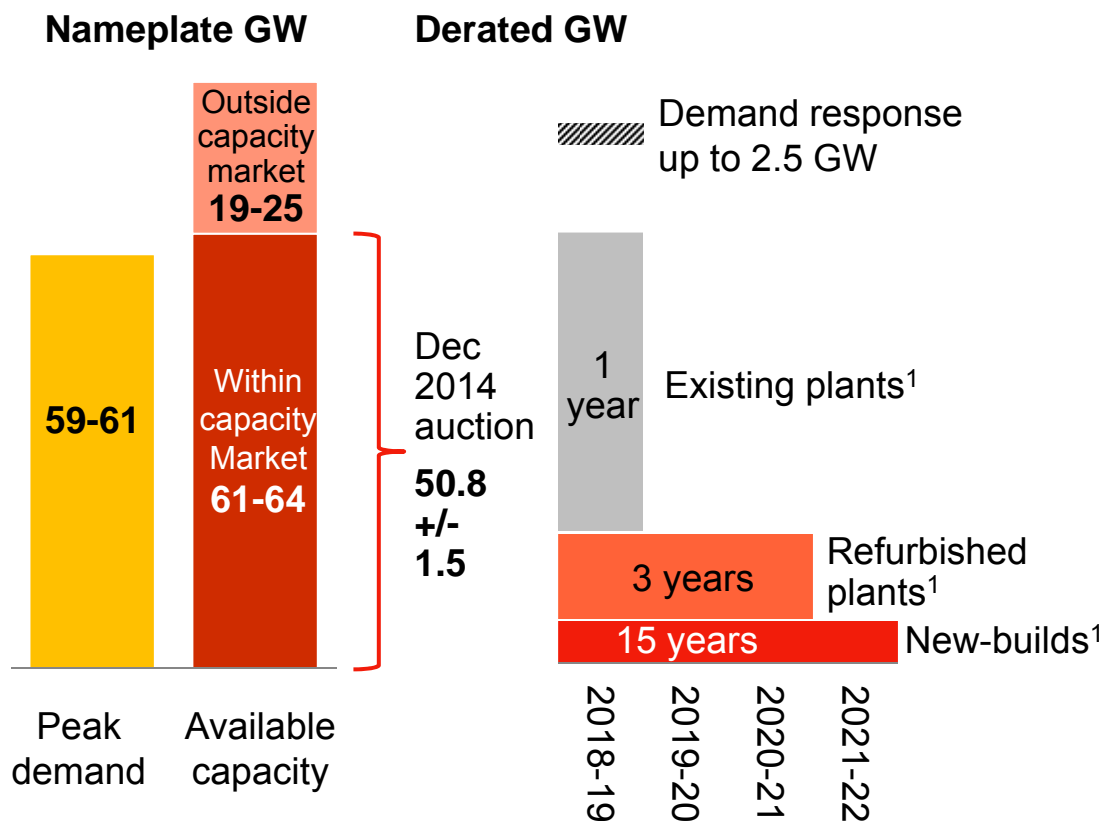


## E.ON 2.0 wrap-up

- Fully on track to reduce controllable costs by €1.3bn net to €8.2bn
- E.ON 2.0 net cost savings to reduce controllable costs by ~14% on a like-for-like basis
- About 85% of E.ON 2.0 measures already effective or being implemented
- E.ON 2.0 priorities:
  - Streamline organization and overheads
  - Reorganize support functions
  - Optimize procurement
  - Move to 1<sup>st</sup> quartile in operations
- Beyond E.ON 2.0, focusing on operational excellence initiatives

## 2 Push for adequate business environment

### Key figures UK capacity market 2018-2019



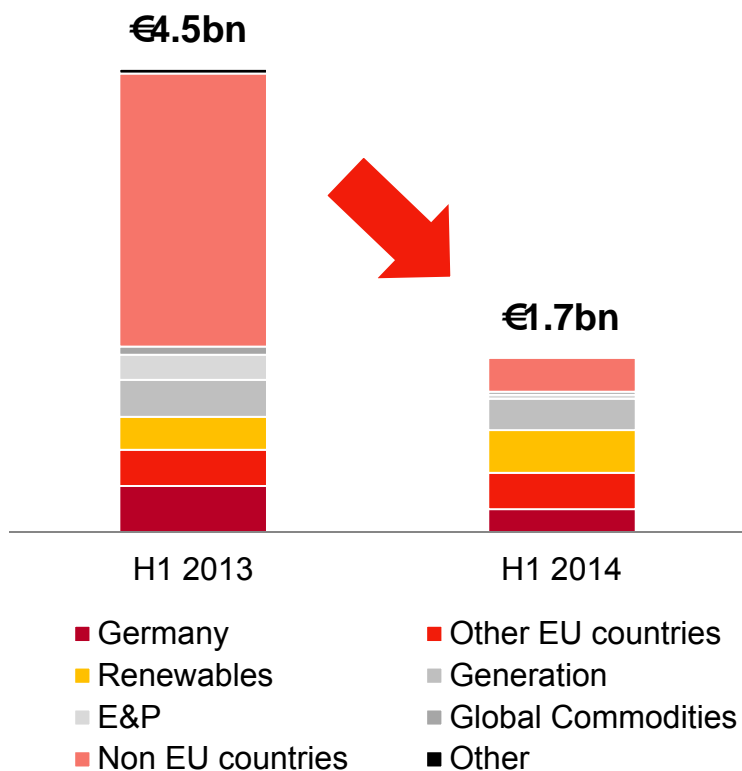
### E.ON's participation

- E.ON's UK fossil assets can qualify for the capacity market
- But not our renewables portfolio (wind and biomass)
- We are currently preparing offers for the December 2014 auction
- Winning a capacity agreement still allows a plant to fully participate in energy and ancillary services markets

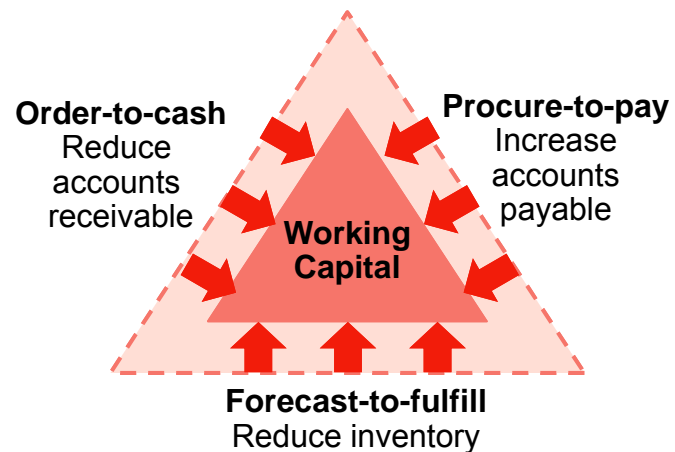
1. Share in capacity market of respectively existing plants, refurbished plants and new-builds is purely illustrative, and does not reflect any specific view in this respect

### 3 Improve capital management

#### Tightening investments



#### Working capital excellence



- Ambition to **improve net working capital by >€1bn** like-for-like between 2012 and 2016
- Pilot projects started in 2013, first wave initiated in first half of 2014
- Net working capital goals to be anchored in management steering in order to ensure sustainable improvement

## 4 Invest prudently into priority areas

### Grandview

- 50% partnership with GE Financial Services
- Commissioning early 2015



### Berezovskaya

- Hydro-static test of the boiler in coming days
- Capex significantly below benchmark
- Commissioning by June 1st, 2015



### Amrumbank West

- First foundations in January
- Offshore transformer station in place in May
- Commissioning end Q3 2015

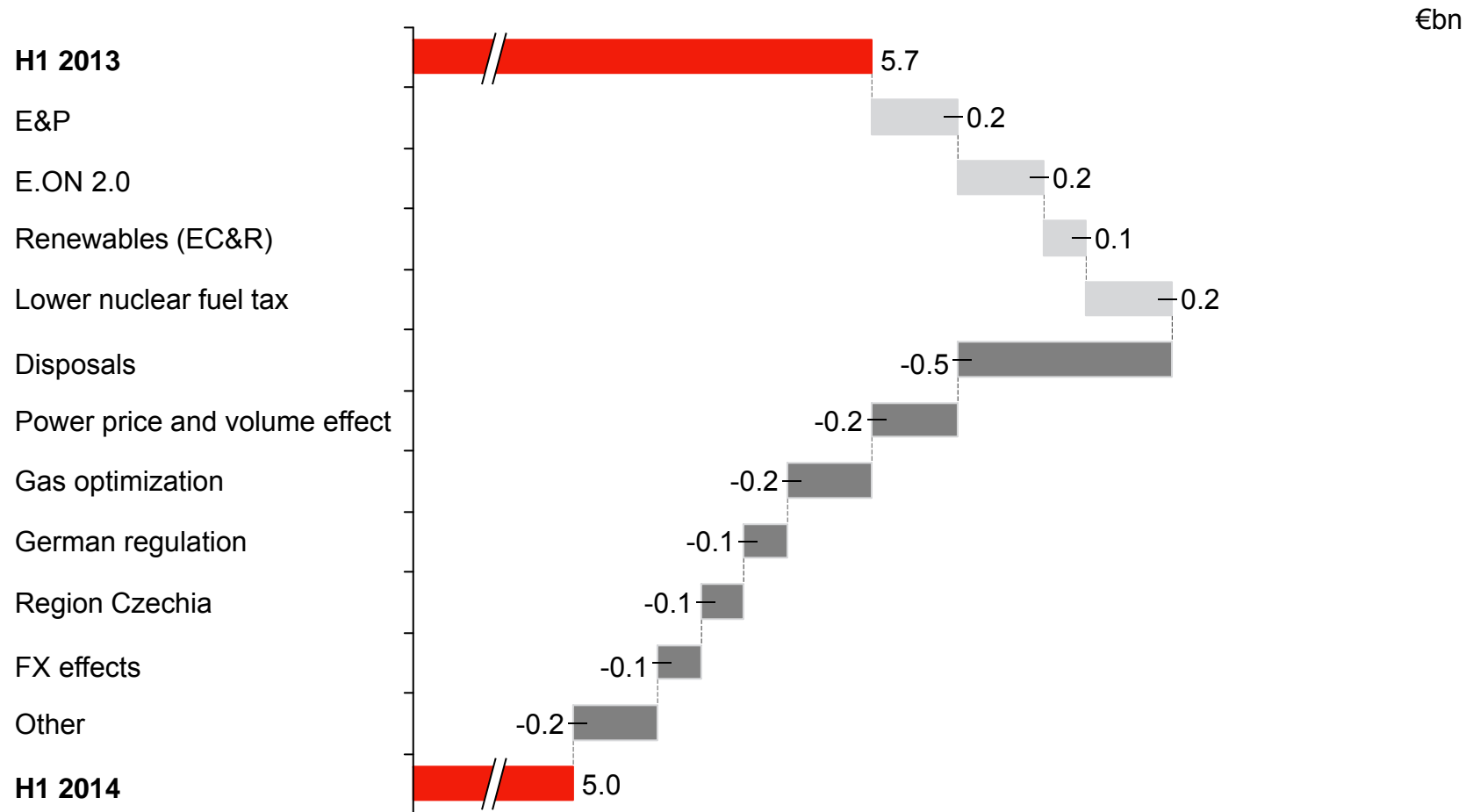


### Humber Gateway

- First turbine components delivered in June
- Turbine installation to start in August
- Commissioning early Q4 2015



# First half 2014 EBITDA development <sup>1,2</sup>



1. Adjusted for extraordinary effects
2. Individual effects rounded



## First half 2014 underlying net income

€m	H1 2013 <sup>1</sup>	H1 2014	% YoY
<b>EBITDA<sup>2</sup></b>	<b>5,705</b>	<b>5,013</b>	<b>-12</b>
Depreciation/amortization recognized in EBIT <sup>2</sup>	-1,725	-1,770	-
<b>EBIT<sup>2</sup></b>	<b>3,980</b>	<b>3,243</b>	<b>-19</b>
Economic interest expense (net)	-912	-917	-
<b>EBT<sup>2</sup></b>	<b>3,068</b>	<b>2,326</b>	<b>-24</b>
Income taxes on EBT <sup>2</sup>	-888	-611	-
<i>% of EBT<sup>2</sup></i>	29	26	-
Non-controlling interests	-273	-190	
<b>Underlying net income<sup>2</sup></b>	<b>1,907</b>	<b>1,525</b>	<b>-20</b>

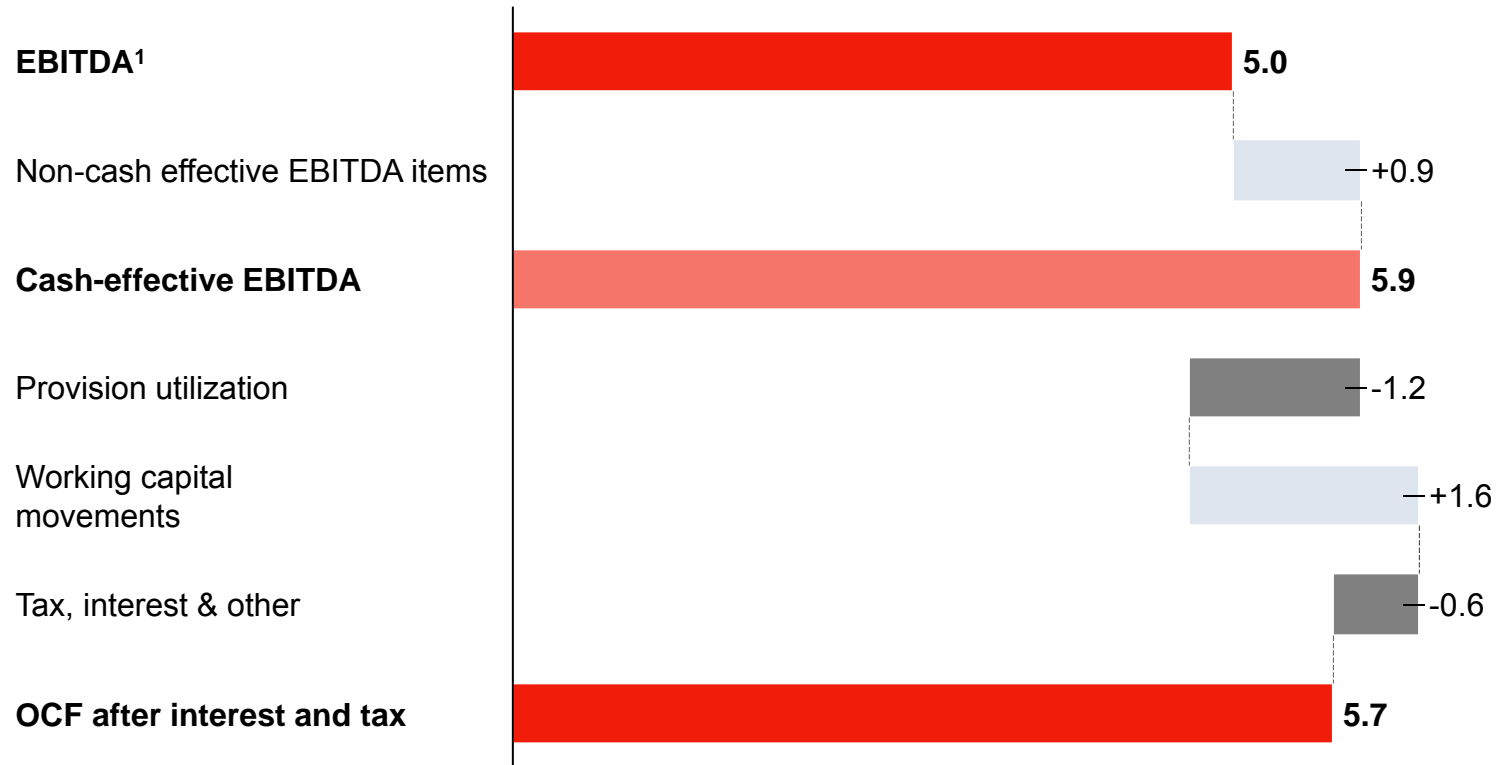
1. Including pro forma adjustment regarding IFRS 10/11

2. Adjusted for extraordinary effects



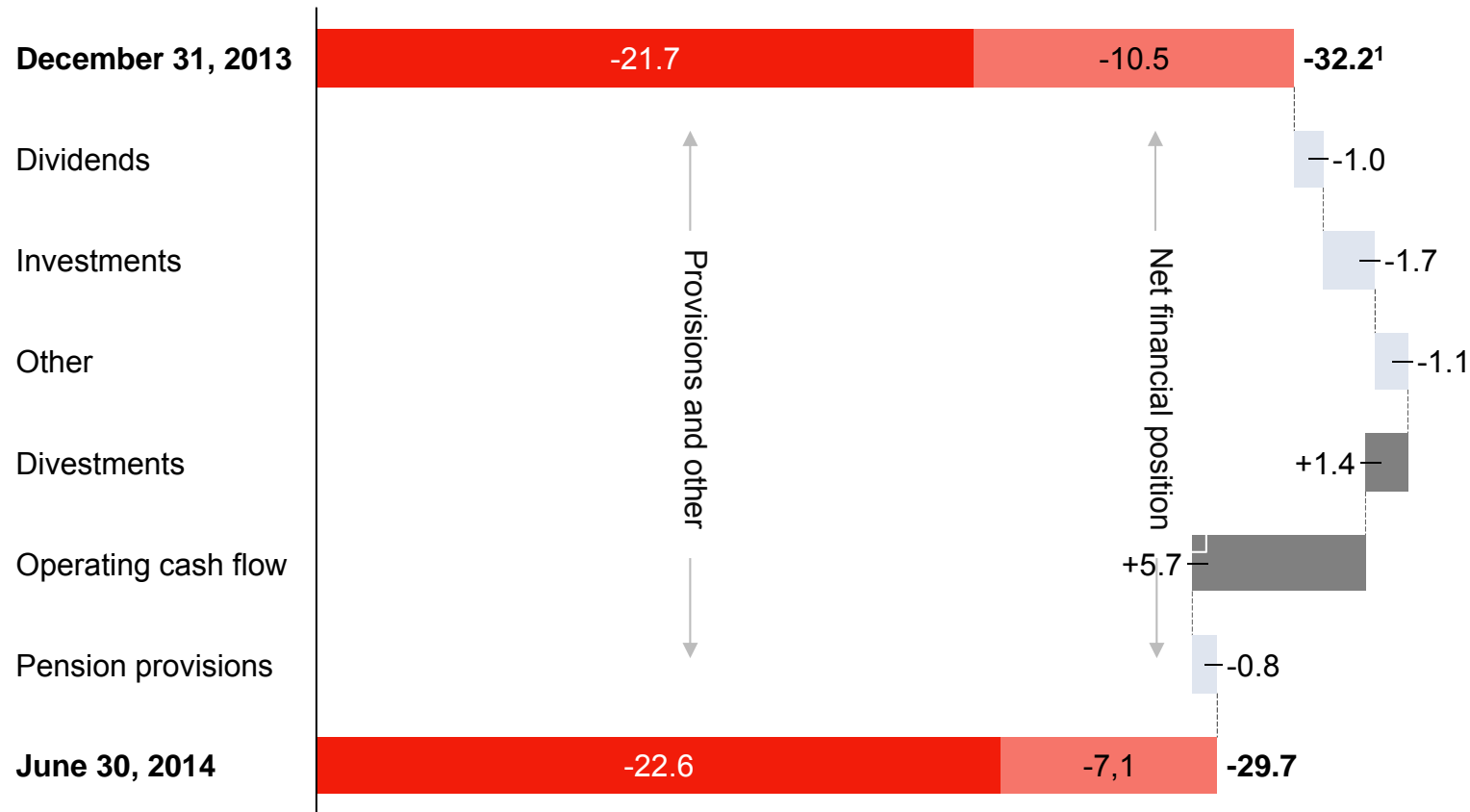
# First half 2014 EBITDA<sup>1</sup> – OCF Reconciliation

€bn



# First half 2014 economic net debt development

€bn



1. Figures as of 31.12.2013 include pro forma adjustment regarding IFRS 10/11 (before adjustments YE 2013 economic net debt was €32.0bn)



## 2014 outlook

€bn	2013A <sup>1</sup>	2014E
<b>EBITDA</b>	<b>9.4</b>	<b>8.0 – 8.6</b>
Depreciation	3.6	↗
Adj. interest expense	1.8	↗
Taxes	1.2	↘
Minorities	0.4	↘
<b>Underlying net income</b>	<b>2.2</b>	<b>1.5 – 1.9</b>

# Backup



# First half 2014 financial highlights

€m	H1 2013 <sup>1</sup>	H1 2014	% YoY
Sales	64,636	56,119	-13
EBITDA <sup>2</sup>	5,705	5,013	-12
EBIT <sup>2</sup>	3,980	3,243	-19
Underlying net income <sup>2</sup>	1,907	1,525	-20
Operating cash flow	4,114	5,676	+38
Investments	4,529	1,718	-62
Economic net debt	-32,218 <sup>3</sup>	-29,717	+2,501 <sup>4</sup>

1. Including pro forma adjustment regarding IFRS 10/11

2. Adjusted for extraordinary effects

3. As of 31.12.2013

4. Change in absolute terms

## First half 2014 EBITDA and EBIT by unit

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	H1 2013 <sup>2</sup>	H1 2014	% YoY	H1 2013 <sup>2</sup>	H1 2014	% YoY
Generation	932	1,182	+27	503	724	+44
Renewables	810	870	+7	597	654	+10
Global Commodities	690	157	-77	631	109	-83
Exploration & Production	461	668	+45	243	361	+49
Germany	1,382	1,079	-22	1,014	773	-24
Other EU Countries	1,372	1,095	-20	1,059	763	-28
Non-EU Countries	314	233	-26	231	160	-31
Group Management / Consolidation	-256	-271	-	-298	-301	-
<b>Total</b>	<b>5,705</b>	<b>5,013</b>	<b>-12</b>	<b>3,980</b>	<b>3,243</b>	<b>-19</b>

1. Adjusted for extraordinary effects

2. Including pro forma adjustment regarding IFRS 10/11

## From EBITDA to net income

	H1 2013 <sup>2</sup>	H1 2014	% YoY
<b>EBITDA <sup>1</sup></b>	<b>5,705</b>	<b>5,013</b>	<b>-12</b>
Depreciation/Amortization/Impairments	-1,725	-1,770	-
<b>EBIT <sup>1</sup></b>	<b>3,980</b>	<b>3,243</b>	<b>-19</b>
Economic interest expense (net)	-912	-917	-
Net book gains	1,832	297	-
Restructuring and cost-management expenses	-213	-184	-
Mark-to-market valuation of derivatives	-	-186	-
Impairments (net)	-375	-352	-
Other non-operating earnings	-132	-262	-
<b>Income/Loss from continuing operations before income taxes</b>	<b>4,180</b>	<b>1,639</b>	<b>-61</b>
Income taxes	-815	-626	-
Income/loss from discontinued operations, net	-	16	-
Non-controlling interests	-290	-208	-
<b>Net income/loss attributable to shareholders of E.ON SE</b>	<b>3,075</b>	<b>821</b>	<b>-73</b>

# Generation

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	H1 2013 <sup>2</sup>	H1 2014	% YoY	H1 201 <sup>2</sup>	H1 2014	% YoY
Nuclear	656	742	+13	548	616	+12
Steam	258	349	+35	-25	144	-
CCGT	30	116	-	-6	-9	-
Other/Consolidation	-12	-25	-	-14	-27	-
<b>Total</b>	<b>932</b>	<b>1,182</b>	<b>+27</b>	<b>503</b>	<b>724</b>	<b>+44</b>

## Main EBITDA effects (in €bn)

### Nuclear (+0.1)

- Mainly lower nuclear tax payments related to the earlier shut down of Grafenrheinfeld (so-called stretch-out operation)

### Steam/CCGT/Other (+0.2)

- Higher margins in non-market driven generation
- Impact of E.ON 2.0 cost reductions
- Provision release in Italian CCGT

1. Adjusted for extraordinary effects

2. Including pro forma adjustment regarding IFRS 10/11



# Renewables

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	H1 2013 <sup>2</sup>	H1 2014	% YoY	H1 2013 <sup>2</sup>	H1 2014	% YoY
Hydro	424	417	-2	364	355	-2
Wind/Solar/Other	386	453	+17	233	299	+28
<b>Total</b>	<b>810</b>	<b>870</b>	<b>+7</b>	<b>597</b>	<b>654</b>	<b>+10</b>

## Main EBITDA effects (in €bn)

### Hydro (+/-0)

- Lower volumes in Germany due to prior year's disposal of hydro assets as part of the asset swap with Verbund AG and lower water inflow compensated by higher volumes from Swedish hydro
- Lower prices in all markets

### Wind/Solar/Other (+0.1)

- Higher book gains and wind volumes, partly compensated by foregone earnings due to capital rotation

# Global Commodities

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	H1 2013 <sup>2</sup>	H1 2014	% YoY	H1 2013 <sup>2</sup>	H1 2014	% YoY
Coal/Oil/Freight/LNG	-13	24	-	-13	24	-
Power and Gas	656	75	-89	600	30	-95
Infrastructure/Other	47	58	+23	44	55	+25
<b>Total</b>	<b>690</b>	<b>157</b>	<b>-77</b>	<b>631</b>	<b>109</b>	<b>-83</b>

## Main EBITDA effects (in €bn)

### Power and Gas (-0.6)

- Prior year's deconsolidation of Földgaz (-0.1)
- Lower earnings from gas optimization, partly intra year phasing (-0.2)
- Absence of positive effect in CO2 portfolio due to the absence of the EUA-CER swap (-0.1)
- Lower achieved prices in power (-0.1)

# Exploration & Production

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	H1 2013	H1 2014	% YoY	H1 2013	H1 2014	% YoY
<b>Total</b>	<b>461</b>	<b>668</b>	<b>+45</b>	<b>243</b>	<b>361</b>	<b>+49</b>

## Main EBITDA effects (in €bn)

### North Sea fields (+0.2)

- Higher volumes mainly driven by Skarv moving to plateau production (+0.3)
- Negative currency impact

### Yushno Ruskoje (+/-0)

# Germany

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	H1 2013 <sup>2</sup>	H1 2014	% YoY	H1 2013 <sup>2</sup>	H1 2014	% YoY
Distribution	1,097	847	-23	768	577	-25
Non-regulated/Other	285	232	-19	246	196	-20
<b>Total</b>	<b>1,382</b>	<b>1,079</b>	<b>-22</b>	<b>1,014</b>	<b>773</b>	<b>-24</b>

## Main EBITDA effects (in €bn)

### Distribution Networks (-0.3)

- Prior year's deconsolidation of three regional utilities (-0.2)
- Lower earnings due to new regulatory period (-0.1)
- Lower controllable cost

### Non-regulated/Other (-0.1)

- Mainly prior year's deconsolidation of E.ON Energy from Waste

## Other EU Countries

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	H1 2013 <sup>2</sup>	H1 2014	% YoY	H1 2013 <sup>2</sup>	H1 2014	% YoY
Distribution	723	563	-22	510	355	-30
Sales	430	353	-18	390	311	-20
Other/Consolidation	219	179	-18	159	97	-39
<b>Total</b>	<b>1,372</b>	<b>1,095</b>	<b>-20</b>	<b>1,059</b>	<b>763</b>	<b>-28</b>

### Main EBITDA effects (in €bn)

#### Distribution Networks (-0.2)

- Mainly due to lower renewables correction factor in Czech distribution business and lower connection fees in Swedish distribution business

#### Sales (-0.1)

- Mainly due to warm winter across all regional units

# Non-EU Countries

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	H1 2013	H1 2014	% YoY	H1 2013	H1 2014	% YoY
Russia (in Mio Ruble)	355 (14,436)	268 (12,876)	-25 (-11)	272 (11,036)	195 (9,354)	-28 (-15)
Other Non-EU countries	-41	-35	-	-41	-35	-
<b>Total</b>	<b>314</b>	<b>233</b>	<b>-26</b>	<b>231</b>	<b>160</b>	<b>-31</b>

## Main EBITDA effects (in €bn)

### Russia (-0.1)

- Currency translation effect due to significant Ruble depreciation compared to H1 2013
- Lower electricity gross margin mainly due to higher gas procurement cost
- Lower capacity fees

### Other Non-EU countries (+/-0)

- Turkey: no comparable basis
- Brazil: no comparable basis

## Cash effective investments by unit

€m	H1 2013 <sup>1</sup>	H1 2014	% YoY
Generation	362	307	-15
Renewables	322	418	+30
Global Commodities	80	30	-63
Exploration & Production	245	38	-84
Germany	452	224	-50
Other EU Countries	353	356	+1
Non-EU Countries	2,670	332	-88
Group Management / Consolidation	45	13	-71
<b>Investments</b>	<b>4,529</b>	<b>1,718</b>	<b>-62</b>

## Economic net debt

€m	31 Dec 2013 <sup>3</sup>	30 Jun 2014
Liquid funds	7,814	7,874
Non-current securities	4,444	4,710
Financial liabilities	-22,724	-19,642
Adjustment FX hedging <sup>1</sup>	-46	-53
<b>Net financial position</b>	<b>-10,512</b>	<b>-7,111</b>
Provisions for pensions	-3,418	-4,203
Asset retirement obligations <sup>2</sup>	-18,288	-18,403
<b>Economic net debt</b>	<b>-32,218</b>	<b>-29,717</b>

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

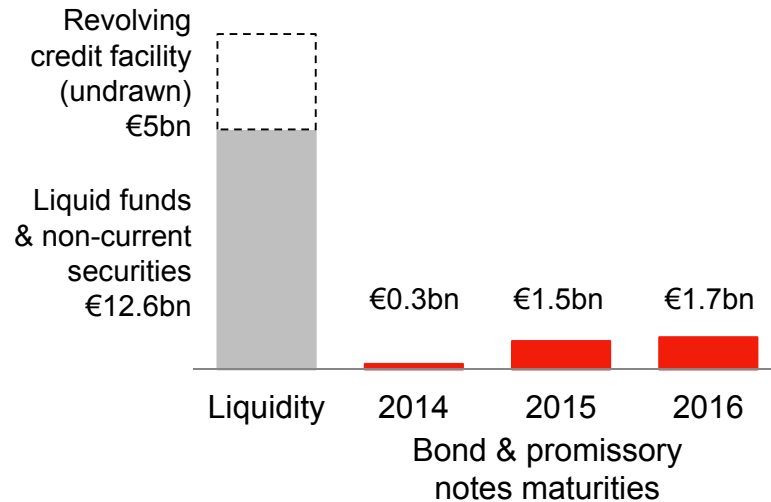
2. Net of Swedish nuclear fund

3. Including pro forma adjustment regarding IFRS 10/11



# Strong liquidity and well-balanced maturity profile

## Liquidity and financial flexibility

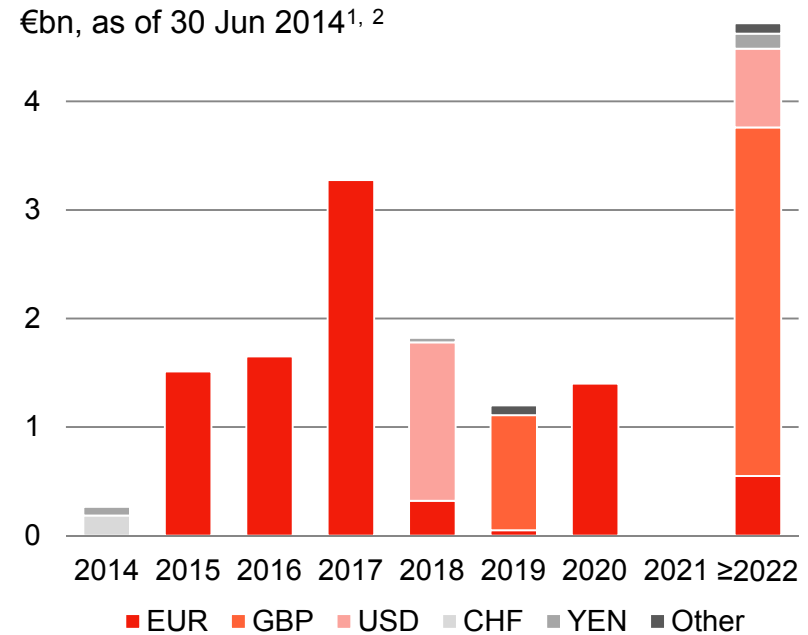


### Flexible funding options

Debt issuance program €35bn	EUR CP program €10bn	USD CP program \$10bn	Revolving credit facility €5bn
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- ➔ No bond issuance since mid 2009
- ➔ No bond funding envisaged for 2014

## Maturity Profile



- Upcoming debt maturities easily manageable
- Long-term and well-balanced debt maturity profile

1. Bonds and promissory notes issued by E.ON SE or E.ON International Finance B.V. (fully guaranteed by E.ON SE)  
 2. Pre bond buyback completed July 4, 2014

## Economic interest expense (net)

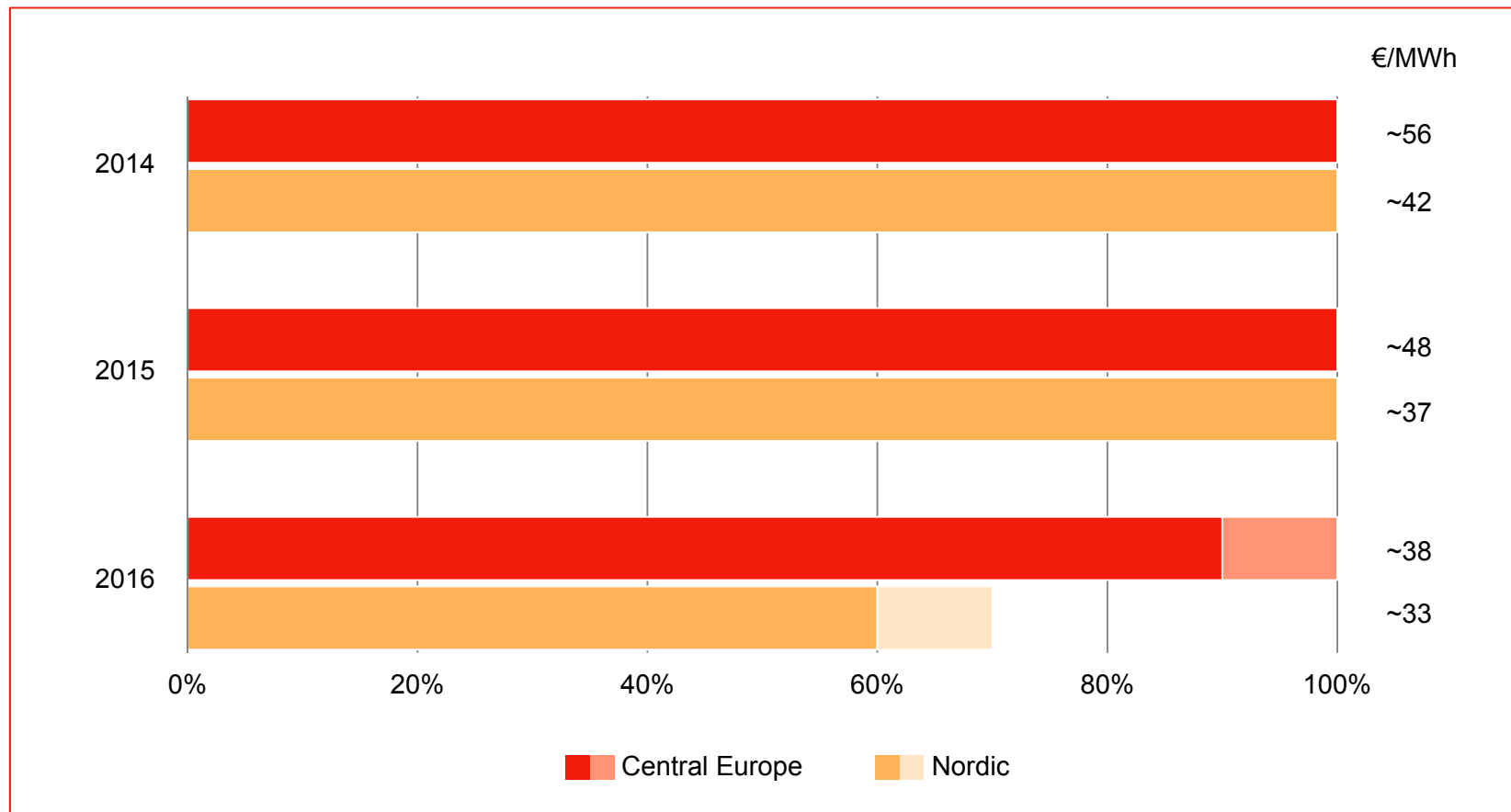
€m	H1 2013 <sup>3</sup>	H1 2014	Difference (in €m)
Interest from financial assets/liabilities	-474	-398	76
Interest cost from provisions for pensions and similar provisions	-77	-56	21
Accretion of provisions for retirement obligation and other provisions	-446	-494	-48
Capitalized interests <sup>1</sup>	99	72	-27
Other <sup>2</sup>	-14	-41	-27
<b>Economic interest expense (net)</b>	<b>-912</b>	<b>-917</b>	<b>-5</b>

1. Borrowing cost that are directly attributable to the acquisition, construction or production of a qualified asset. Borrowing cost are (virtual) interest costs incurred by an entity in connection with the borrowing of funds. (interest rate: 5,25%)
2. Includes mainly effects from market valuation of interest derivatives and tax related interest expense
3. Includes pro forma adjustment regarding IFRS 10/11

## E&P - Oil & Gas production

m boe	H1 2013	H1 2014	% YoY
Skarv	3.5	7.8	+122
Njord/Hyme	2.1	0	-
Elgin-Franklin	0.3	0.4	+69
Babbage	0.4	0.7	+106
Huntington	0.1	0.9	+534
Rita	0	0.4	-
<b>Total North Sea</b>	<b>7.3</b>	<b>11.2</b>	<b>+54</b>
Yuzhno Ruskoje	18.6	19.0	+2
<b>Total</b>	<b>25.9</b>	<b>30.2</b>	<b>+17</b>

# Outright hedging (Central Europe & Nordic)



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# Reporting calendar & important links

## Reporting calendar

November 12, 2014	Interim Report III: January – September 2014
March 11, 2015	Annual Report 2014
May 7, 2015	Interim Report I: January – March 2015
May 7, 2015	2015 Annual Shareholders Meeting
August 12, 2015	Interim Report II: January – June 2015

## Important links

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



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