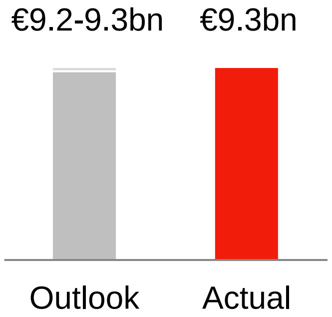
2013 full year results

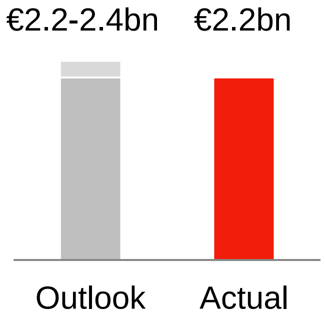
12 March 2014

Reshaping E.ON: 2013 achievements

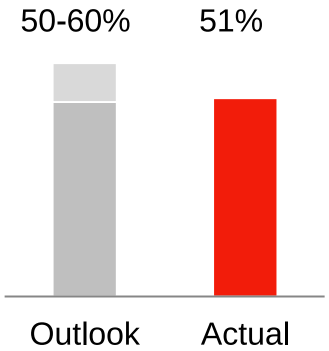
EBITDA[1]



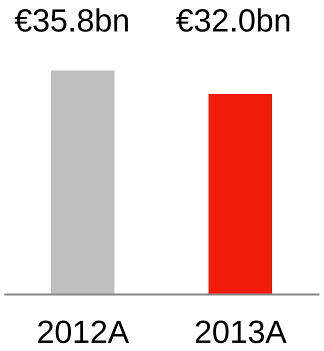
Underlying net income [1]



Dividend payout[2]



Economic net debt



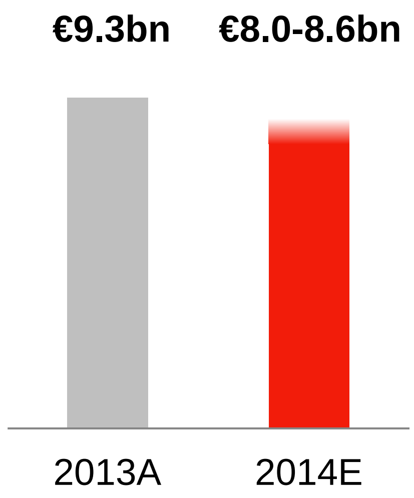
Highlights

- EBITDA and underlying net income within outlook range
- Efficiency program E.ON 2.0 on track
- Rigorous optimization of European power plant portfolio
- €20bn disposal program completed
- Further reduction of economic net debt
- Successful execution of growth investments in renewables and decentral energy
- Market positions in Turkey and Brazil firming up

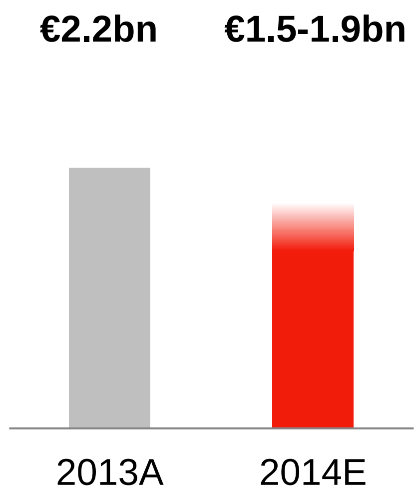
1. Adjusted for extraordinary effects
2. Proposed dividend

2014 outlook

EBITDA[1]



Underlying net income[1]



1. Adjusted for extraordinary effects

Reshaping E.ON: 2014 focus areas

1. **Strengthen performance culture**
2. **Push for adequate business environment**
3. **Improve capital management**
4. **Invest prudently into priority areas**

1 Strengthen performance culture

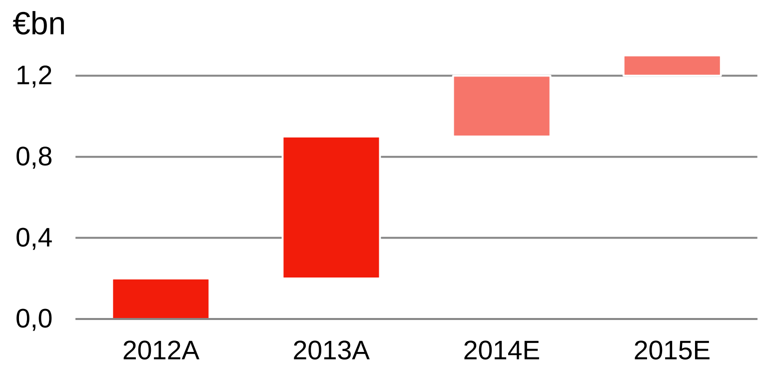
E.ON 2.0

- 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

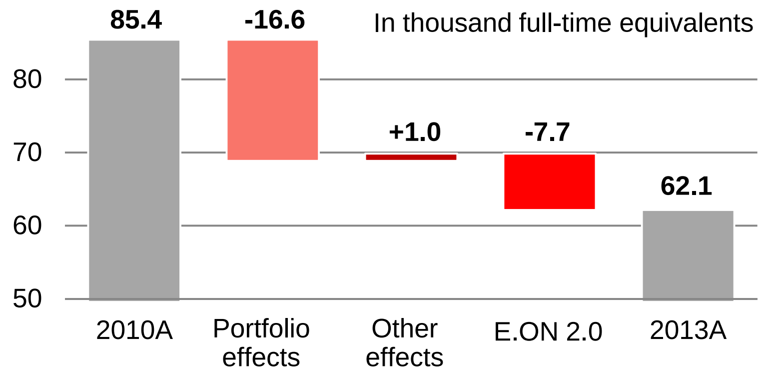
Beyond E.ON 2.0

- 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



1 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**

e·on

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

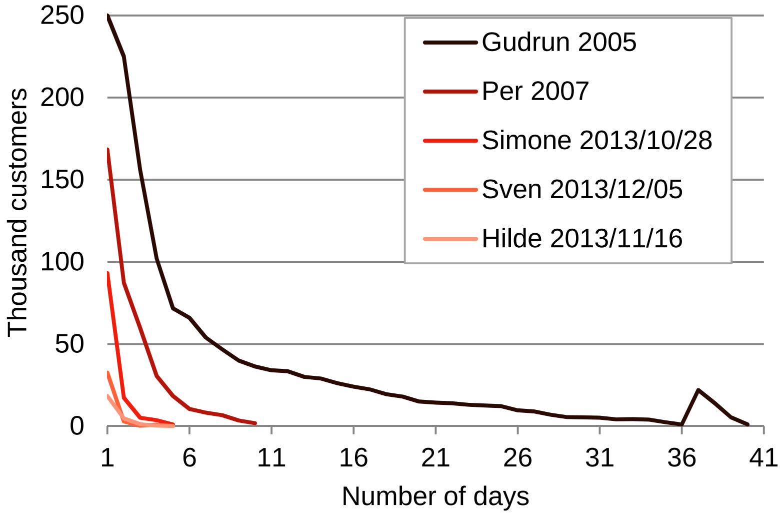
Examples

- 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

❸ 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 …

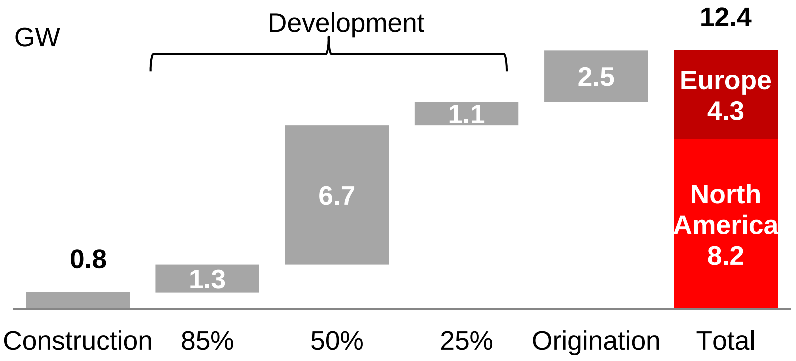
- Continuous review of portfolio
- Effort underway across the group to reduce working capital requirements

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

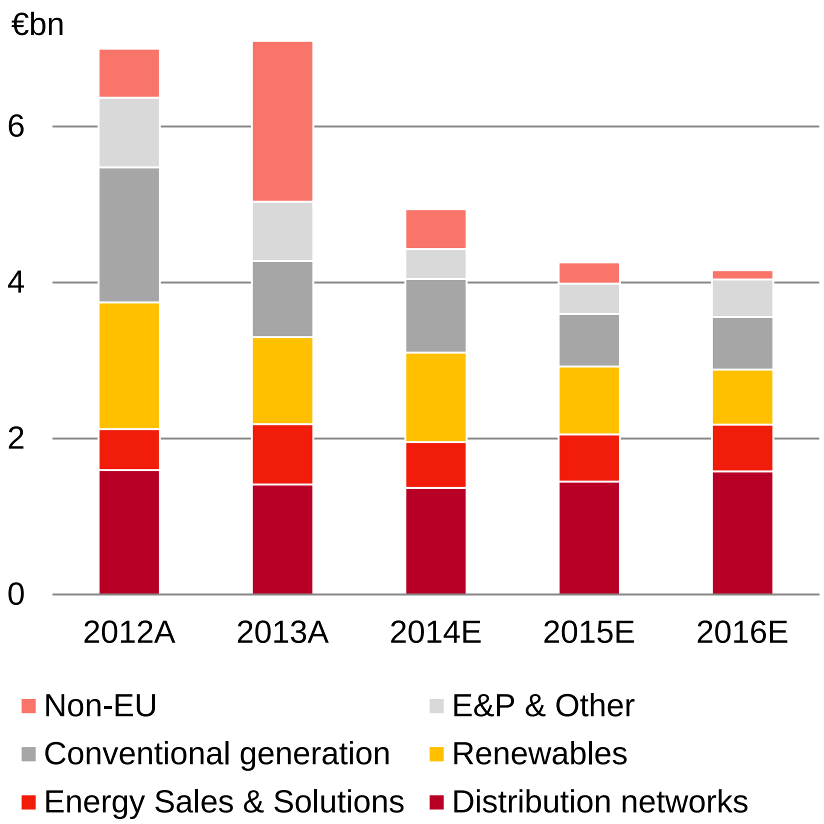
➡ **Crystalizing value rather than piling up MWs**

Renewables pipeline



❹ 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

Towards a more balanced portfolio

Transformation of portfolio advancing

- Higher share of regulated downstream, of renewables, and from outside Europe
- Lower share from pure commodity businesses

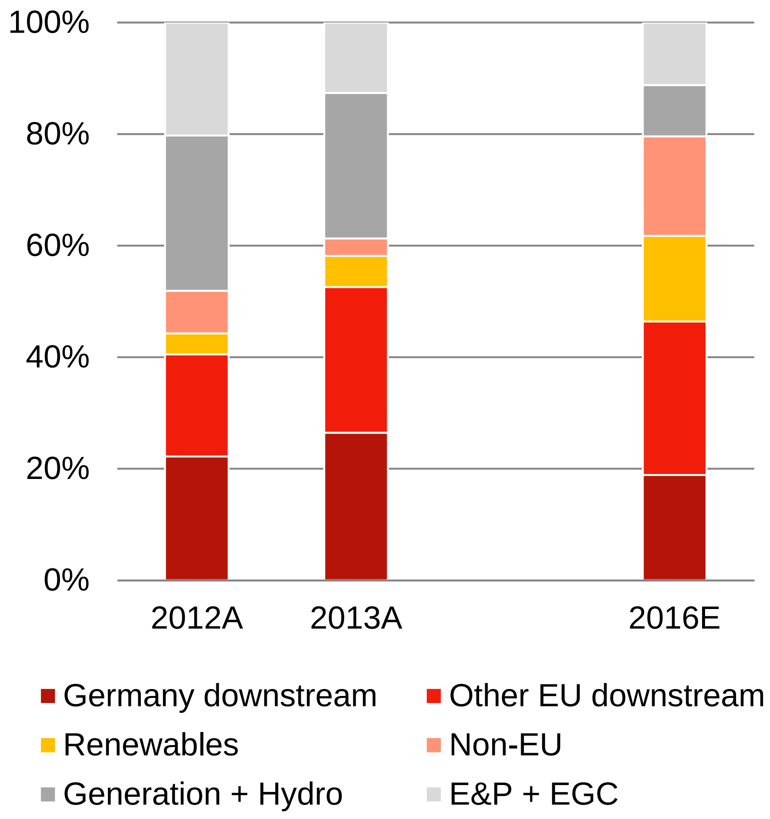
➡ **Better earnings mix and well positioned to benefit from energy system transformation**

Free cash flow positive by 2015

- Lower downside from commodity risks
- Net of capital rotation, capex close to depreciation
- Additional support from working capital management

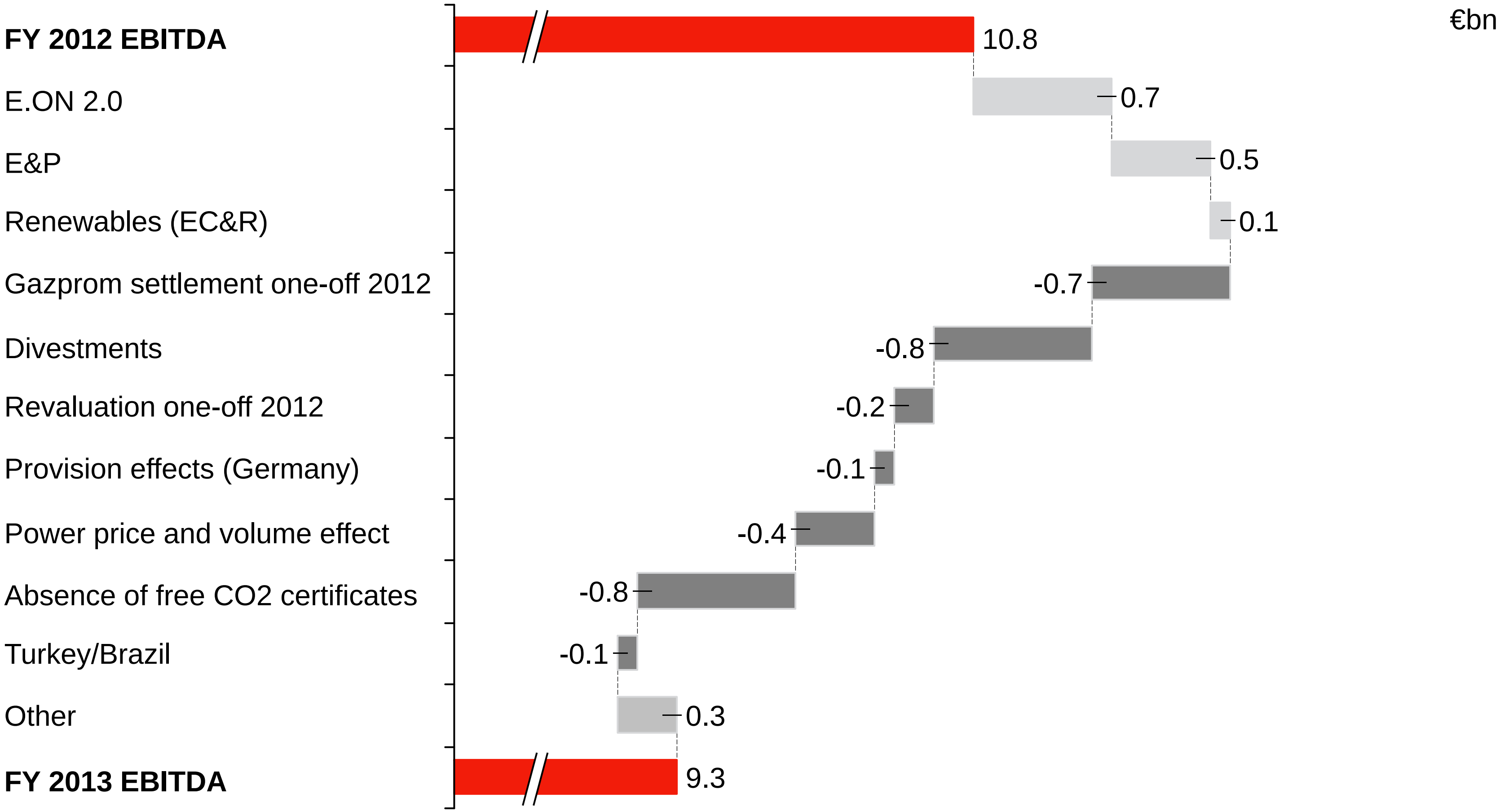
➡ **Prerequisite to reduce leverage organically**

Share of NOPAT[1]



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

2013 EBITDA[1,2] development



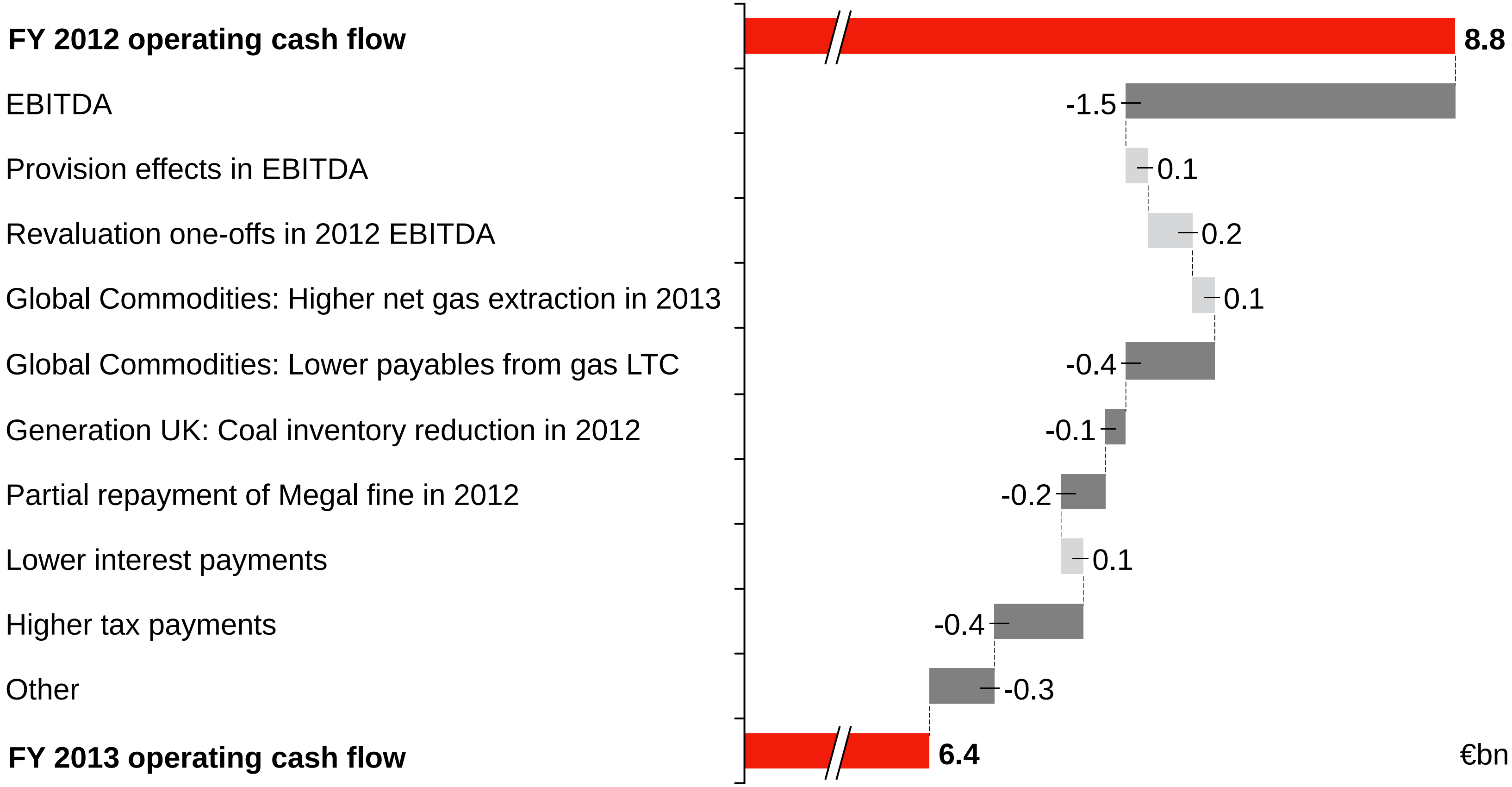
1. Adjusted for extraordinary effects
2. Individual effects rounded

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%**

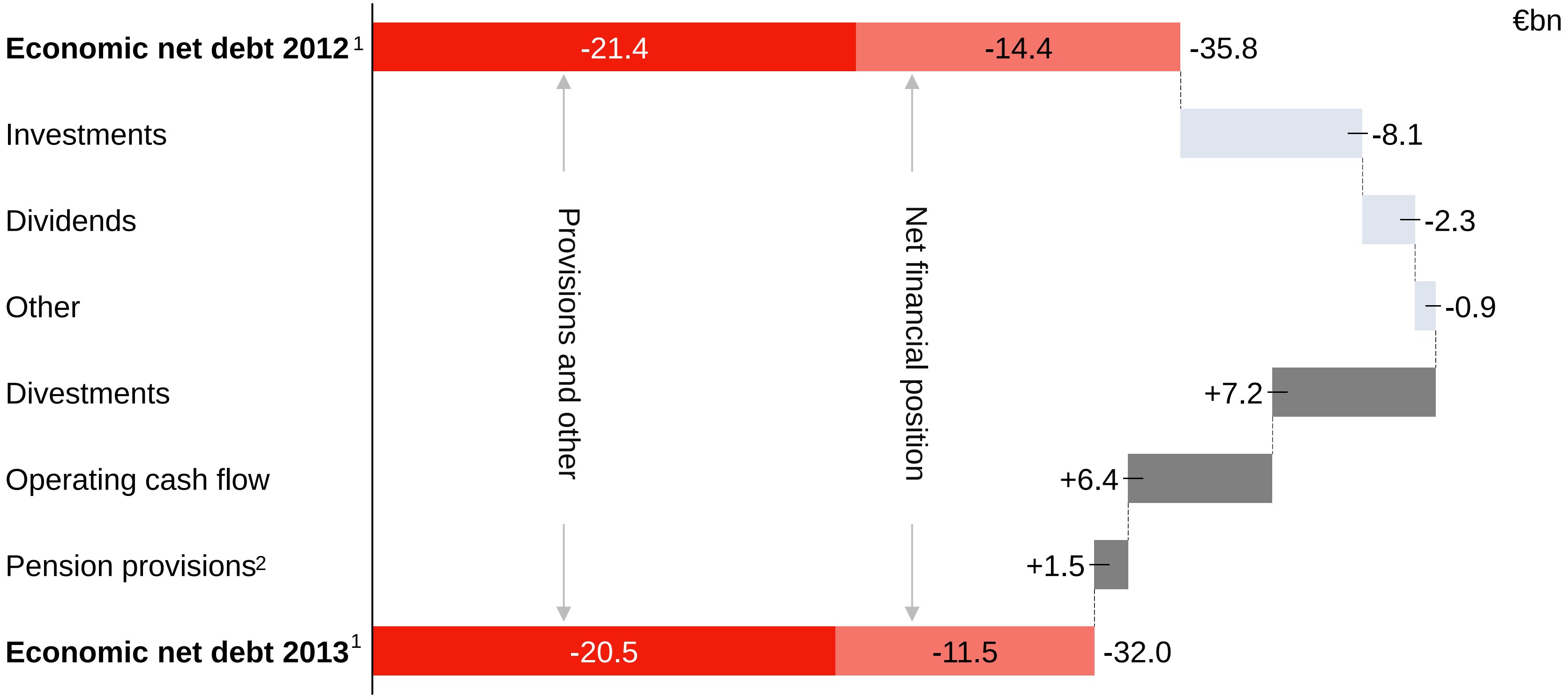
1. Adjusted for extraordinary effects

2013 operating cash flow development[1]



1. Individual effects rounded

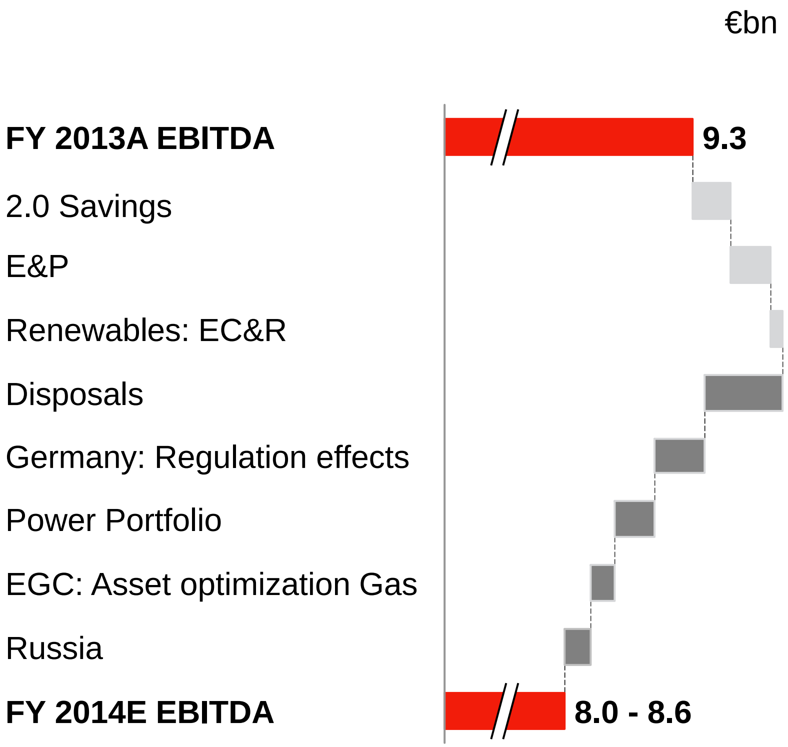
2013 economic net debt development



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

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 Ruble exchange rate
EBITDA[1]	**9.3**	**8.0 – 8.6**	

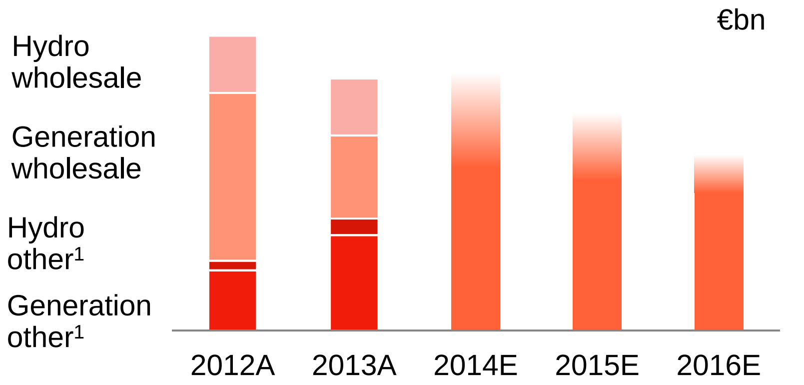
1. Adjusted for extraordinary effects

Conventional generation dynamics

Earnings bottoming out

- Strong decline of earnings from energy markets
- Increasing importance of other earnings sources
- Rigorous optimization of plant portfolio and cost structures

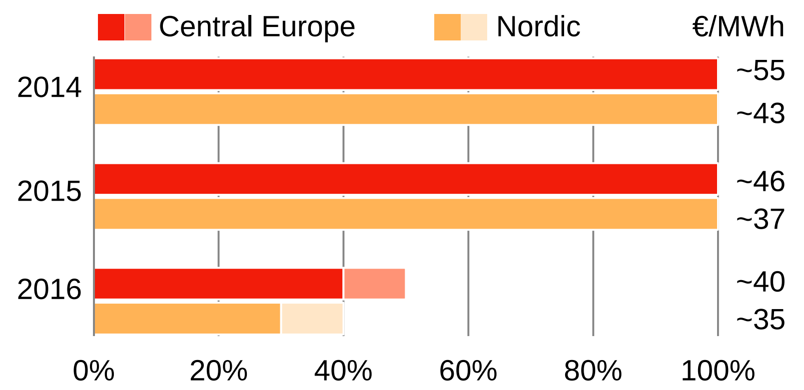
EBITDA Generation + Hydro



Early outright power hedging

- Delayed impact of market price decline on average achieved prices
- Hedging of 2016 CE outright portfolio already well advanced

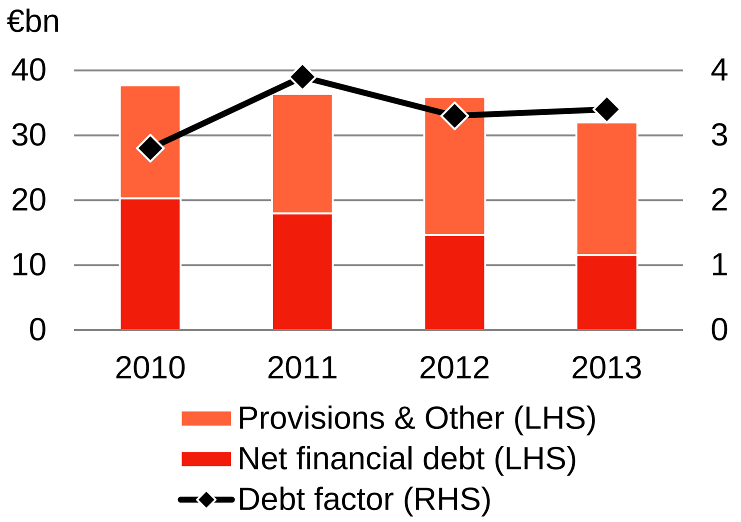
Outright hedging (Central Europe & Nordic)



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

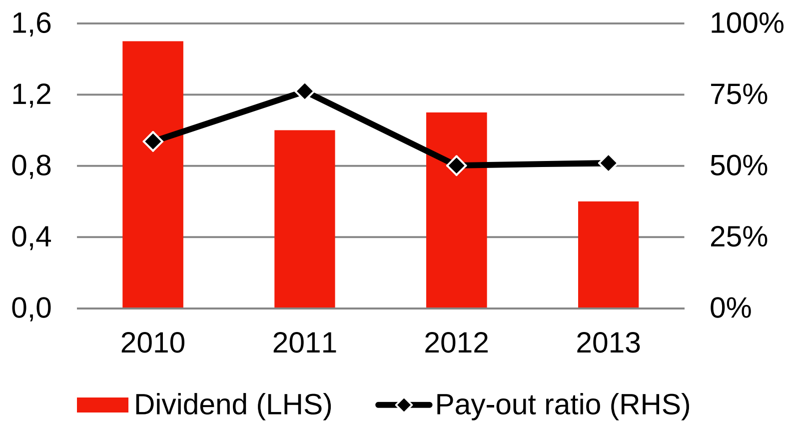
Debt and dividend policy confirmed

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)

Backup

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

From EBITDA to net income (1/2)

€m	FY 2012	FY 2013	% YoY
EBITDA [1]	**10,771**	**9,315**	**-14%**
Depreciation/Amortization/Impairments	-3,759	-3,634	-
EBIT [1]	**7,012**	**5,681**	**-19%**
Economic interest expense (net)	-1,329	-1,823	-
Net book gains	322	1,998	-
Restructuring and cost-management expenses	-618	-555	-
Mark-to-market valuation of derivatives	-532	765	-
Impairments (net)	-1,688	-1,643	-
Other non-operating earnings	107	-1,217	-
Income/Loss from continuing operations before income taxes	**3,274**	**3,206**	**-2%**

1. Adjusted for extraordinary effects

From EBITDA to net income (2/2)

€m	FY 2012	FY 2013	% YoY
Income/Loss from continuing operations before income taxes	**3,274**	**3,206**	**-2%**
Income taxes	-698	-703	-
Income/Loss from discontinued operations (net)	37	7	-
Non-controlling interests	-424	-368	-
Net income/loss attributable to shareholders of E.ON SE	**2,189**	**2,142**	**-2%**

Generation

€m	EBITDA [1]			EBIT [1]		
	FY 2012	FY 2013	% YoY	FY 2012	FY 2013	% YoY
Nuclear	792	1,167	+47%	535	894	+67%
Steam	1,226	572	-53%	779	212	-73%
CCGT	433	156	-64%	182	-118	-
Other/Consolidation	-55	-12	-	-61	-15	-
Total	**2,396**	**1,882**	**-21%**	**1,435**	**973**	**-32%**

Main EBITDA effects (in €bn)

Nuclear (+0.4)

- Absence of prior year one-off (+0.3)
- Nuclear fuel cycle optimization (+0.1)

Steam/CCGT (-1.0)

- Mainly driven by the absence of the freely allocated CO2 –Emission rights(-0.8) and due to regulatory driven power plant closures (-0.2)
- Lower controllable cost (+0.3)
- Worsening market conditions (-0.3)

1. Adjusted for extraordinary effects

Renewables

€m	EBITDA [1]			EBIT [1]		
	FY 2012	FY 2013	% YoY	FY 2012	FY 2013	% YoY
Hydro	787	780	-1%	683	657	-4%
Wind/Solar/Other	562	651	+16%	272	325	+19%
Total	**1,349**	**1,431**	**+6%**	**955**	**982**	**+3%**

Main EBITDA effects (in €bn)

Hydro (+/-0)

- Main positive effect: Absence of negative prior year one-off related to a pump storage plant
- Lower own generation in Central Europe due to asset swap with Verbund
- Excluding Verbund asset swap impact, price-volume effect throughout all regions/markets basically zero

Wind/Solar/Other (+0.1)

- Additional volumes from new projects, mainly London Array
- Higher book gains due to asset rotation, mainly wind farms in North America
- Lower wind load throughout European portfolio, lower power prices for southern European output

1. Adjusted for extraordinary effects

Global Commodities

€m	EBITDA [1]			EBIT [1]		
	FY 2012	FY 2013	% YoY	FY 2012	FY 2013	% YoY
Proprietary Trading	-61	-49	-	-62	-52	-
Optimization	750	238	-68%	551	127	-77%
Gas Transport/Other	732	163	-78%	674	145	-78%
Total	**1,421**	**352**	**-75%**	**1,163**	**220**	**-81%**

Main EBITDA effects (in €bn)

Optimization (-0.5)

- Mainly driven by absence of prior year one-off compensation from settlement with Gazprom (-0.7)
- Improved profitability of outright optimization (+0.2)

Infrastructure shareholdings / other / consolidation (-0.6)

- Disposal of Open Grid Europe in July 2012 (-0.2)
- Further disposals, mainly SPP (-0.2)
- Absence of prior year one-off revaluation effect in gas infrastructure (-0.2)

1. Adjusted for extraordinary effects

Exploration & Production

€m	EBITDA [1]			EBIT [1]		
	FY 2012	FY 2013	% YoY	FY 2012	FY 2013	% YoY
Total	**523**	**1,070**	**+105%**	**293**	**560**	**+91%**

Main EBITDA effects (in €bn)

North Sea fields (+0.6)

- Higher volumes mainly from Skarv (+0.7)
- Increased opex driven by new fields Skarv and Hyme (-0.1)

Yushno Russkoje (+/-0)

- Lower volumes offset by higher gas selling price
- Lower earnings due to Rubel depreciation

1. Adjusted for extraordinary effects

Germany

€m	EBITDA [1]			EBIT [1]		
	FY 2012	FY 2013	% YoY	FY 2012	FY 2013	% YoY
Distribution	1,792	1,985	+11%	1,128	1,343	+19%
Non-regulated/Other	942	428	-55%	638	350	-45%
Total	**2,734**	**2,413**	**-12%**	**1,766**	**1,693**	**-4%**

Main EBITDA effects (in €bn)

Distribution Networks (+0.2)

- Lower controllable cost (+0.1)
- Positive effect from segment internal business transfer (+0.3)
- Effects from disposals (E.ON Thüringen / E.ON Westfalen Weser) (-0.2)

Non-regulated/Other (-0.5)

- Higher gross margin in power sales and lower controllable cost (+0.1)
- Negative effect from internal business transfer to distribution (-0.3)
- Effects from disposals (mainly E.ON Energy from Waste) (-0.2)
- Absence of prior year provision effects (-0.1)

1. Adjusted for extraordinary effects

Other EU Countries

€m	EBITDA [1]			EBIT [1]		
	FY 2012	FY 2013	% YoY	FY 2012	FY 2013	% YoY
Distribution	1,289	1,347	+4%	878	919	+5%
Sales	354	524	+48%	250	440	+76%
Other/Consolidation	389	302	-22%	216	173	-20%
Total	**2,032**	**2,173**	**+7%**	**1,345**	**1,532**	**+14%**

Main EBITDA effects (in €bn)

Distribution Networks (+0.1)

- Improvement in Czech Distribution (+0.1) mainly renewables driven (largely one-off)

Sales (+0.2)

- Lower controllable cost mainly in UK (+0.1)
- Improvement in Hungary mainly due to absence of 2012 crisis tax

1. Adjusted for extraordinary effects

Non-EU Countries

€m	EBITDA [1]			EBIT [1]		
	FY 2012	FY 2013	% YoY	FY 2012	FY 2013	% YoY
Russia (in Mio Ruble)	729 (29,118)	687 (29,021)	-6% (-0%)	546 (21,784)	492 (20,756)	-10% (-5%)
Other Non-EU countries	-11	-154	-	-11	-154	-
Total	**718**	**533**	**-26%**	**535**	**338**	**-37%**

Main EBITDA effects (in €bn)

Russia (+/-0)

- Increased earnings from capacity fees more than offset by exchange rate effects

Other Non-EU countries (-0.1)

- Driven by first time at-equity consolidation of Eneva in Brazil and Enerjisa in Turkey
- Eneva: key reason for loss related to delays in commissioning of power plants and low availabilities
- Enerjisa: loss mainly related to exchange rate effects

1. Adjusted for extraordinary effects

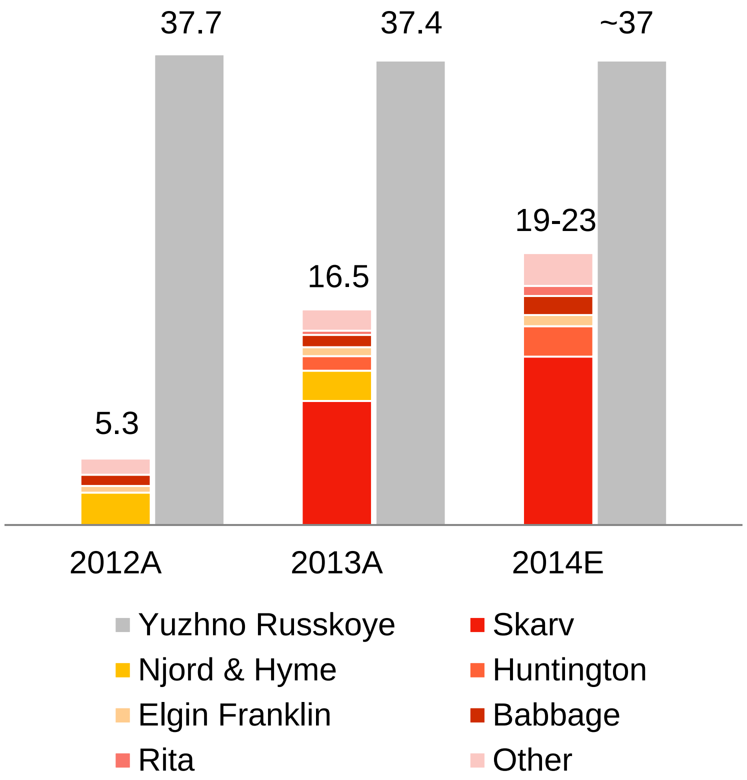
E&P - Oil & Gas production

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%**

E&P: harvesting mode after strong investments

Oil & gas production

mboe



- 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
- Stable production from Yuzhno Russkoye
- 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

Cash effective investments by unit

€m	FY 2012	FY 2013	% YoY
Generation	1,555	900	-42%
Renewables	1,791	1,028	-43%
Global Commodities	319	159	-50%
Exploration & Production	573	404	-29%
Germany	1,070	1,013	-5%
Other EU countries	1,063	1,056	-1%
Non-EU Countries [1]	719	3,530	-
Group Management / Consolidation	-93	-4	-
Investments	**6,997**	**8,086**	**+16%**

1. 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)

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**

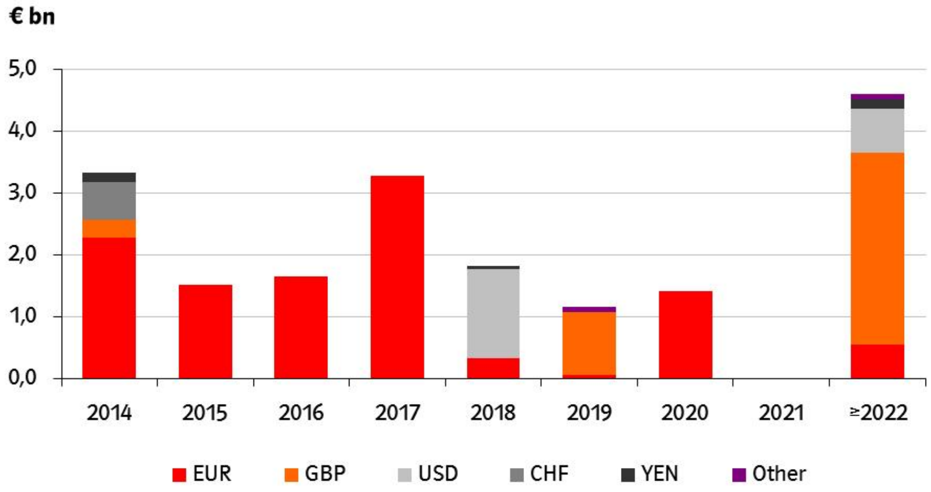
1. Net figure; does not include transactions relating to our operating business or asset management

Financial liabilities of the E.ON Group

Full year 2013 in € billion

	31 Dec 2013	31 Dec 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
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]



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)

Economic interest expense (net)

€m	FY 2012	FY 2013	Difference
Interest from financial assets/liabilities	-1,099	-964	135
Interest cost from provisions for pensions and similar provisions [1]	-137	-150	-13
Accretion of provisions for retirement obligation and other provisions	-950	-848	102
Capitalized interests [2]	308	200	-108
Other [3]	549	-61	-610
Economic interest expense (net)	**-1,329**	**-1,823**	**-494**

1. Pro forma adjustment of figures for 2012 resulting from Net Interest Approach from IAS 19R
2. 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. (2013 interest rate: 5,25%)
3. Includes mainly effects from market valuation of interest derivatives and tax related interest expense

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

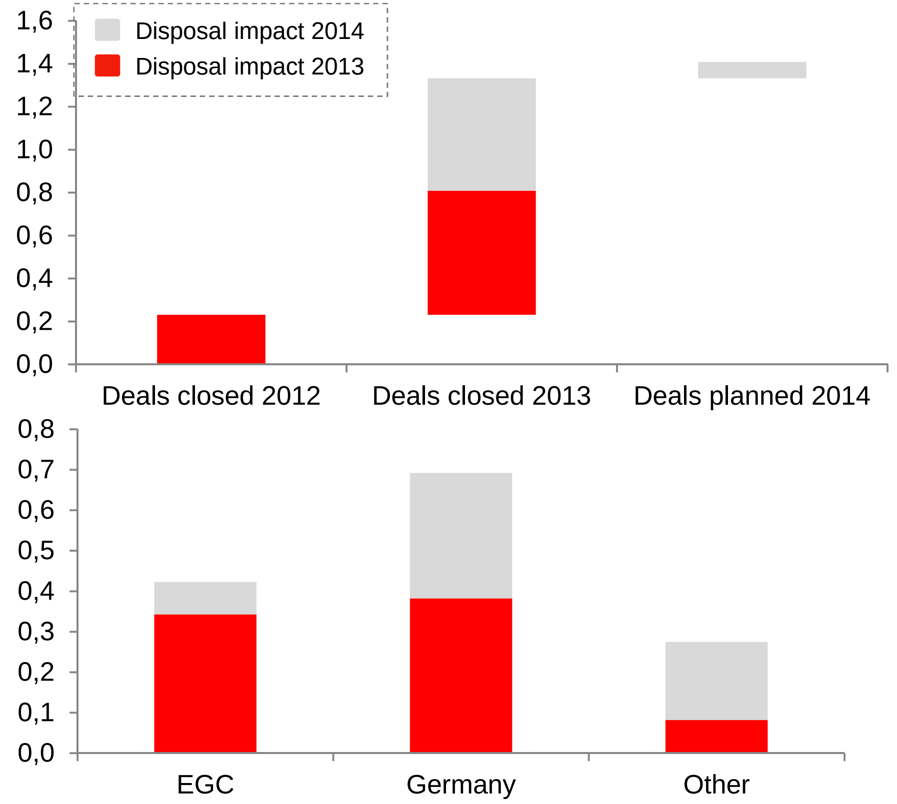
Closed transactions per end 2012 **€13.5bn**

- 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 in 2013 and 2014 (€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

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

Disclaimer

This presentation may contain forward-looking statements based on current assumptions and forecasts made by E.ON Group Management and other information currently available to E.ON. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. E.ON SE does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments.