



## 2015 nine months results

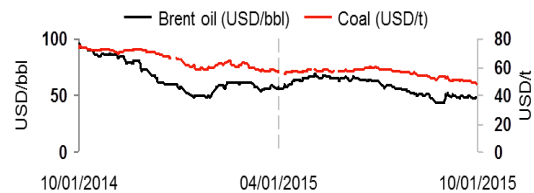
11 November 2015

**e-on**

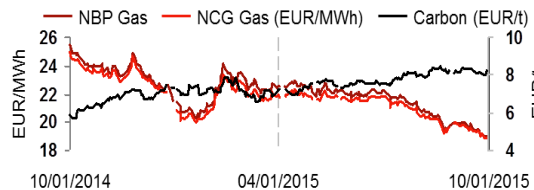
# Summary

## Business environment

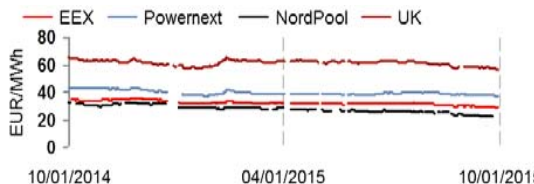
### Coal/oil - stabilizing at low levels



### Gas – trending down



### Power – under continued pressure



## Third quarter eventful, but outlook confirmed

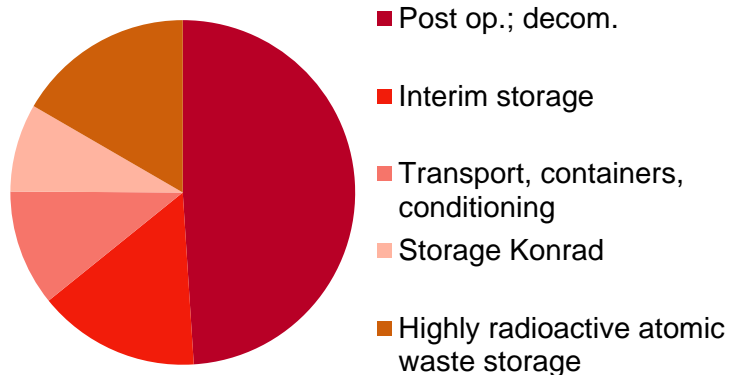
- **Outlook** (fully confirmed): EBITDA (€7.0 – 7.6bn) and underlying net income (€1.4 – 1.8bn) outlook ranges confirmed as well as fixed dividend commitment at 0.5€/share
- **Earnings:** EBITDA (-18%) in line with expectations reflecting lower achieved prices in power and oil, the weak ruble as well as disposal effects
- **Cash flow** (-23% vs. strong 2014 number): strong cash conversion in 2015 mainly due to improved operating working capital; prior year distorted due to nuclear fuel tax treatment
- **Net debt** (-€5.3bn vs. year end 2014): Key drivers were disposals, the strong operating cash flow and lower pension provisions
- **Impairments (net):** (€8.3bn booked in Q3): Mainly related to goodwill and mainly in segments Generation and E&P
- **Earnings per share** (- 22ct/share): mainly through translation of EBITDA decline on Underlying Net Income

**Results delivery on track – outlook confirmed**

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# E.ON nuclear provisions

## E.ON nuclear provision key figures



→ German nuclear provision: 16.8bn

### Key parameters

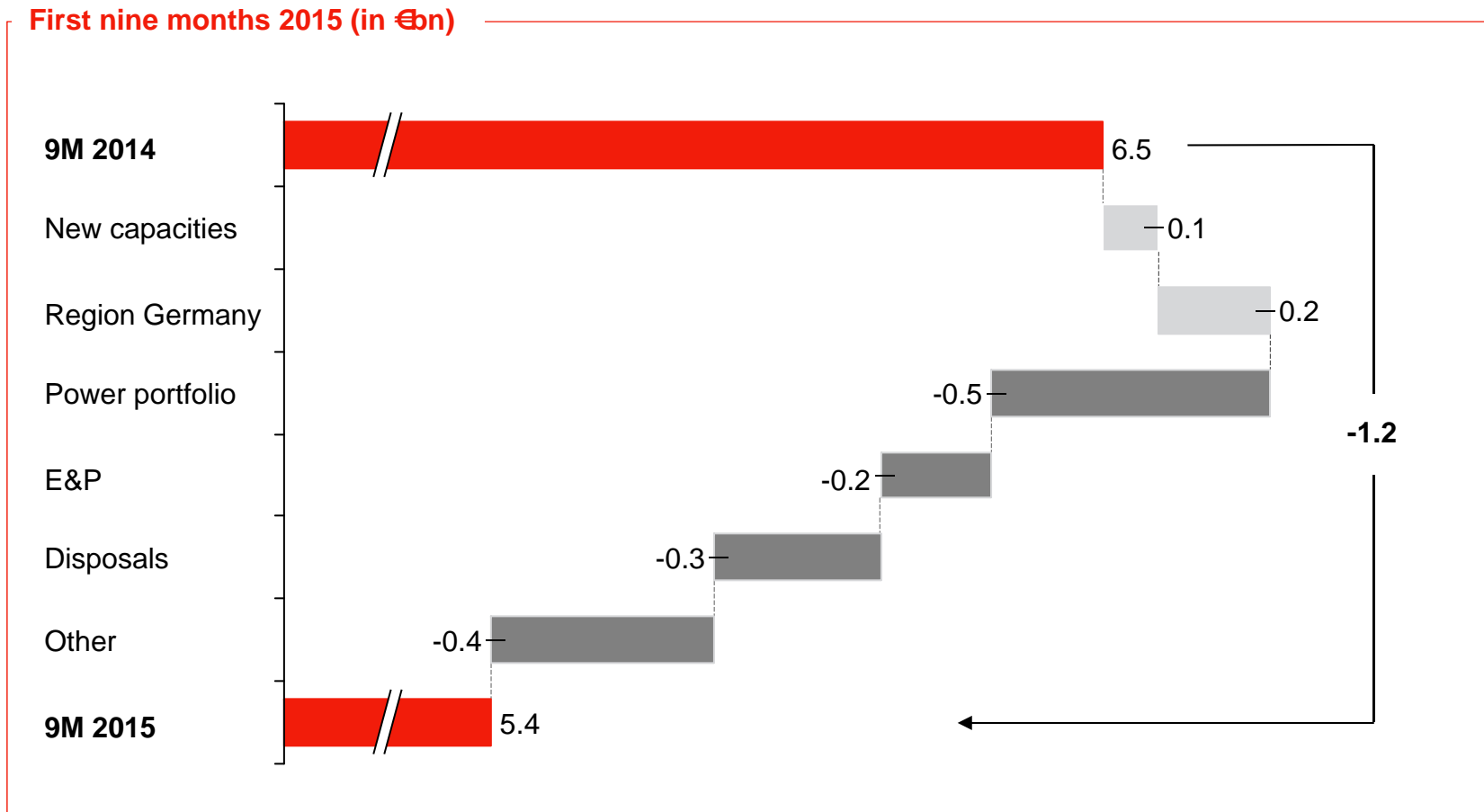
	2012	2013	2014
Discount rate	5.0%	4.8%	4.7%
Inflation rate	4.6%	4.0%	4.0%
Real discount rate	0.4%	0.8%	0.7%

## Key messages

- E.ON's nuclear provisions are
  - Correctly derived
  - In line with IFRS standards
  - Based on consistent set of key parameters
- Key parameters derived from a consistent approach reflecting the very long term nature of these provisions
- Our implied real discount rate is conservative
  - Compared to German average
  - Compared to European peers

**Our nuclear provisions are correctly calculated and adequately valued**

# EBITDA development



**Earnings trends in main effects continued, first positive impacts of capacity additions feeding through**



## Underlying net income

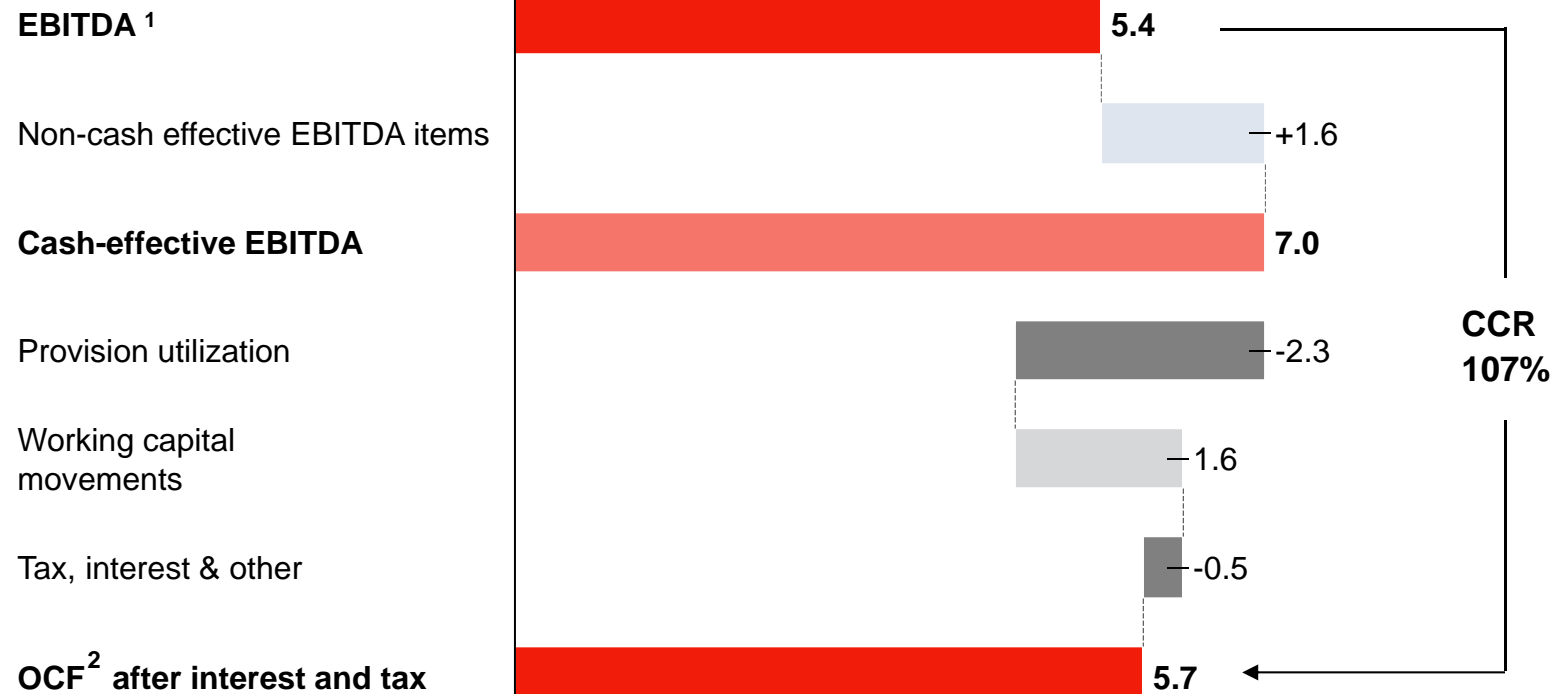
€m	9M 2014	9M 2015	% YoY	YoY
<b>EBITDA <sup>1</sup></b>	<b>6,528</b>	<b>5,361</b>	<b>-18</b>	<b>-1,167</b>
Depreciation/amortization recognized in EBIT <sup>1</sup>	-2,682	-2,437	-	-
<b>EBIT <sup>1</sup></b>	<b>3,846</b>	<b>2,924</b>	<b>-24</b>	<b>-922</b>
Economic interest expense (net)	-1,255	-1,127	-	-
<b>EBT <sup>1</sup></b>	<b>2,591</b>	<b>1,797</b>	<b>-31</b>	<b>-794</b>
Income taxes on EBT <sup>1</sup>	-971	-602	-	-
<i>% of EBT <sup>1</sup></i>	<i>37</i>	<i>34</i>	-	-
Non-controlling interests	-247	-233	-	-
<b>Underlying net income <sup>1</sup></b>	<b>1,373</b>	<b>962</b>	<b>-30</b>	<b>-411</b>

**EBITDA compression not completely dropping through**



# Operating cash flow reconciliation

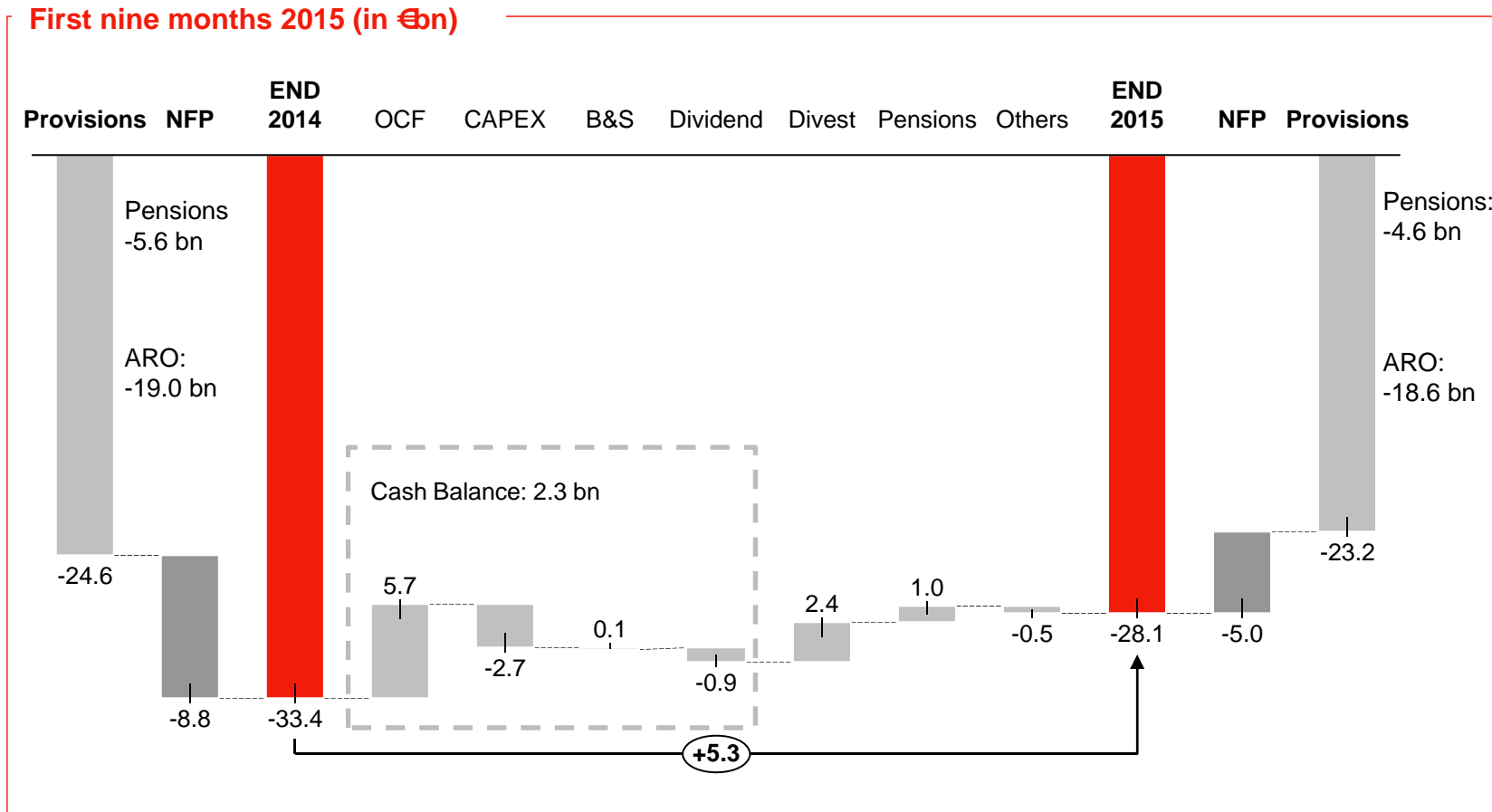
First nine months 2015 (in €bn)



**Strong cash conversion supported by working capital**



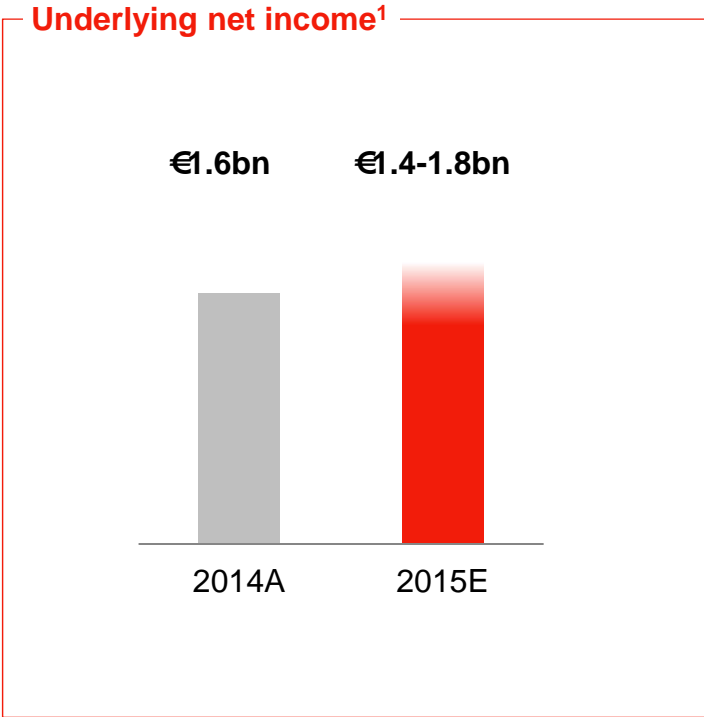
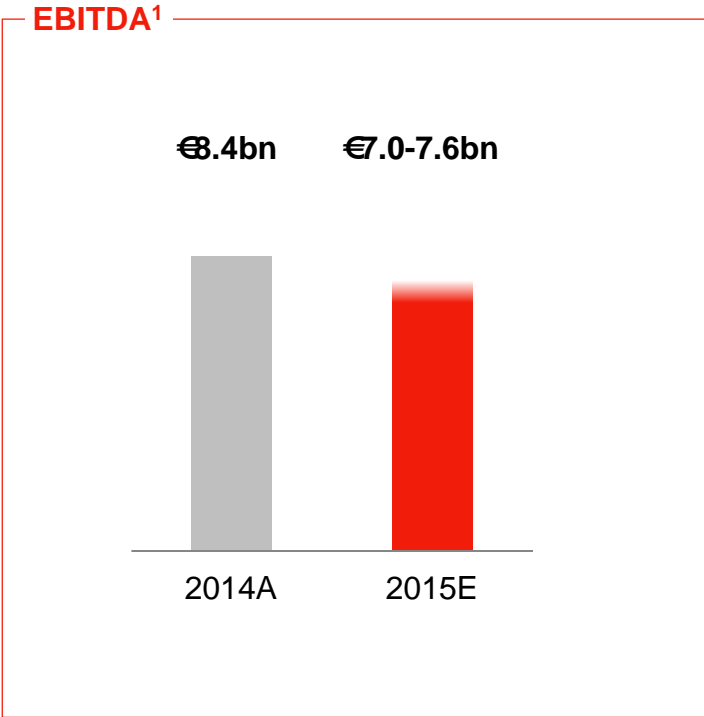
# Economic net debt development



**First nine month debt benefitting from strong cash flow, disposals and reduced pension provisions**



# 2015 outlook - confirmed



1. Adjusted for extraordinary effects





# Backup

# Financial highlights

€m	9M 2014	9M 2015	% YoY
Sales	80,538	84,301	5
EBITDA <sup>1</sup>	6,528	5,361	-18
EBIT <sup>1</sup>	3,846	2,924	-24
Underlying net income <sup>1</sup>	1,373	962	-30
Operating cash flow <sup>3</sup>	7,439	5,741	-23
Investments	3,110	2,659	-15
Economic net debt <sup>2</sup>	-33,394	-28,123	-16

1. Adjusted for extraordinary effects

2. As of 31.12.2014

3. Operating cash flow from continuing activities

## EBITDA and EBIT by unit

€m	EBITDA 1			EBIT 1		
	9M 2014	9M 2015	% YoY	9M 2014	9M 2015	% YoY
Generation	1,553	1,057	-32	843	522	-38
Renewables	1,107	923	-17	764	628	-18
Global Commodities	444	259	-42	373	181	-52
Exploration & Production	942	714	-24	459	222	-52
Germany	1,257	1,428	14	787	982	25
Other EU Countries	1,226	1,248	2	777	776	-0
Non-EU Countries	339	183	-46	226	116	-49
Group Management / Consolidation	-340	-451	-	-383	-503	-
<b>Total</b>	<b>6,528</b>	<b>5,361</b>	<b>-18</b>	<b>3,846</b>	<b>2,924</b>	<b>-24</b>

## From EBITDA to net income

<b>EBITDA <sup>1</sup></b>	<b>6,528</b>	<b>5,361</b>	<b>-18</b>
Depreciation/Amortization/Impairments	-2,682	-2,437	-
<b>EBIT <sup>1</sup></b>	<b>3,846</b>	<b>2,924</b>	<b>-24</b>
Economic interest expense (net)	-1,255	-1,127	
Net book gains	310	377	
Restructuring	-342	-324	
Mark-to-market valuation of derivatives	-347	232	
Impairments (net)	-701	-8,177	
Other non-operating earnings	-443	344	
<b>Income/Loss from continuing operations before income taxes</b>	<b>1,068</b>	<b>-5,751</b>	<b>-</b>
Income taxes	-898	72	
Income/loss from discontinued operations, net	85	9	
Non-controlling interests	-269	-431	
<b>Net income/loss attributable to shareholders of E.ON SE</b>	<b>-14</b>	<b>-6,101</b>	<b>-</b>

# Generation

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	9M 2014	9M 2015	% YoY	9M 2014	9M 2015	% YoY
Nuclear	901	686	-24	697	450	-35
Steam	456	378	-17	153	113	-26
CCGT	218	-27	-	20	-110	-
Other/Consolidation	-22	20	-	-27	69	-
<b>Total</b>	<b>1,553</b>	<b>1,057</b>	<b>-32</b>	<b>843</b>	<b>522</b>	<b>-38</b>

## Main EBITDA effects (in €bn)

### Nuclear (-0.2)

- Driven by lower volumes (mainly due to outages) and lower prices in the Central European and Nordic nuclear fleet (-0.3)

### Steam/CCGT/Other (-0.3)

- Mainly due to lower earnings from Spain and Italy (-0.3) including the impact of deconsolidation

# Renewables

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	9M 2014	9M 2015	% YoY	9M 2014	9M 2015	% YoY
Hydro	534	423	-21	442	383	-13
Wind/Solar/Other	573	500	-13	322	245	-24
<b>Total</b>	<b>1,107</b>	<b>923</b>	<b>-17</b>	<b>764</b>	<b>628</b>	<b>-18</b>

## Main EBITDA effects (in €bn)

### Hydro (-0.1)

- Lower prices in all markets (-0.1)
- Disposal of Spanish hydro business effective end Q1

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

- Lower book gains from capital rotation mainly linked to disposal of Rødsand II offshore wind farm in Q1 2014 (-0.1)
- Positive FX effect from US Dollar and UK Pound (+0.1)
- Earnings from new offshore wind farms more than offsetting foregone earnings from Q4 2014 US onshore disposal

# Global Commodities

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	9M 2014	9M 2015	% YoY	9M 2014	9M 2015	% YoY
Coal/Oil/Freight/LNG	36	21	-42	36	21	-42
Power and Gas	305	127	-58	238	53	-78
Infrastructure/Other	103	111	8	99	107	8
<b>Total</b>	<b>444</b>	<b>259</b>	<b>-42</b>	<b>373</b>	<b>181</b>	<b>-52</b>

## Main EBITDA effects (in €bn)

### Power and Gas (-0.2)

- Mainly driven by intra year CO2 phasing effect (-0.2)

# Exploration & Production

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	9M 2014	9M 2015	% YoY	9M 2014	9M 2015	% YoY
<b>Total</b>	<b>942</b>	<b>714</b>	<b>-24</b>	<b>459</b>	<b>222</b>	<b>-52</b>

## Main EBITDA effects (in €bn)

### North Sea fields (-0.2)

- Lower margins due to falling oil and gas prices partly compensated by FX effects (-0.2)

### Yushno Ruskoje (-0.1)

- Reduction mainly due to lower BAFA price



# Germany

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	9M 2014	9M 2015	% YoY	9M 2014	9M 2015	% YoY
Distribution	1,118	1,159	4	700	758	8
Non-regulated/Other	139	269	94	87	224	157
<b>Total</b>	<b>1,257</b>	<b>1,428</b>	<b>14</b>	<b>787</b>	<b>982</b>	<b>25</b>

## Main EBITDA effects (in €bn)

### Distribution Networks (+/-0)

- Improvement also due to higher volumes based on weather normalization compared to the warm winter last year

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

- Improved gross margin in particular because of a comparatively colder winter and the resulting positive effects in the sales and heating businesses
- Earnings also benefited from positive non-recurring effects relating to a reduction in risk provisions

## Other EU Countries

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	9M 2014	9M 2015	% YoY	9M 2014	9M 2015	% YoY
Distribution	716	770	8	446	496	11
Sales	317	310	-2	242	223	-8
Other/Consolidation	193	168	-12	89	57	-37
<b>Total</b>	<b>1,226</b>	<b>1,248</b>	<b>2</b>	<b>777</b>	<b>776</b>	<b>-0</b>

### Main EBITDA effects (in €bn)

#### Distribution Networks (+0.1)

- Mainly higher tariffs in gas segment Romania and lower network losses in Hungary

#### Sales (+/-0)

- Mainly lower margin in Hungary

## Non-EU Countries

€m	EBITDA <sup>1</sup>			EBIT <sup>1</sup>		
	9M 2014	9M 2015	% YoY	9M 2014	9M 2015	% YoY
Russia	401	215	-46	288	149	-48
(in Mio Ruble)	19,272	14,325	-26	13,860	9,914	-28
Other Non-EU countries	-62	-32	-	-62	-33	-
<b>Total</b>	<b>339</b>	<b>183</b>	<b>-46</b>	<b>226</b>	<b>116</b>	<b>-49</b>

### Main EBITDA effects (in €bn)

#### Russia (-0.2)

- Mainly due to negative currency translation impact (-0.1)
- Lower result in local currency mainly a result of lower profitability at the plant Surgutskaya due to an accident and due to penalty payments for the delayed COD of Berezovskaya (-0.1)

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

## Cash effective investments by unit

€m	9M 2014	9M 2015	% YoY
Generation	549	435	-21
Renewables	854	826	-3
Global Commodities	95	86	-9
Exploration & Production	55	86	56
Germany	400	469	17
Other EU Countries	535	575	7
Non-EU Countries	616	130	-79
Group Management / Consolidation	6	52	767
<b>Investments</b>	<b>3,110</b>	<b>2,659</b>	<b>-15</b>

## Economic net debt

€m	31 Dec 2014	30 Sep 2015
Liquid funds	6,067	7,728
Non-current securities	4,781	4,837
Financial liabilities	-19,667	-17,785
Adjustment FX hedging <sup>1</sup>	34	261
<b>Net financial position</b>	<b>-8,785</b>	<b>-4,959</b>
Provisions for pensions	-5,574	-4,578
Asset retirement obligations <sup>2</sup>	-19,035	-18,586
<b>Economic net debt</b>	<b>-33,394</b>	<b>-28,123</b>

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

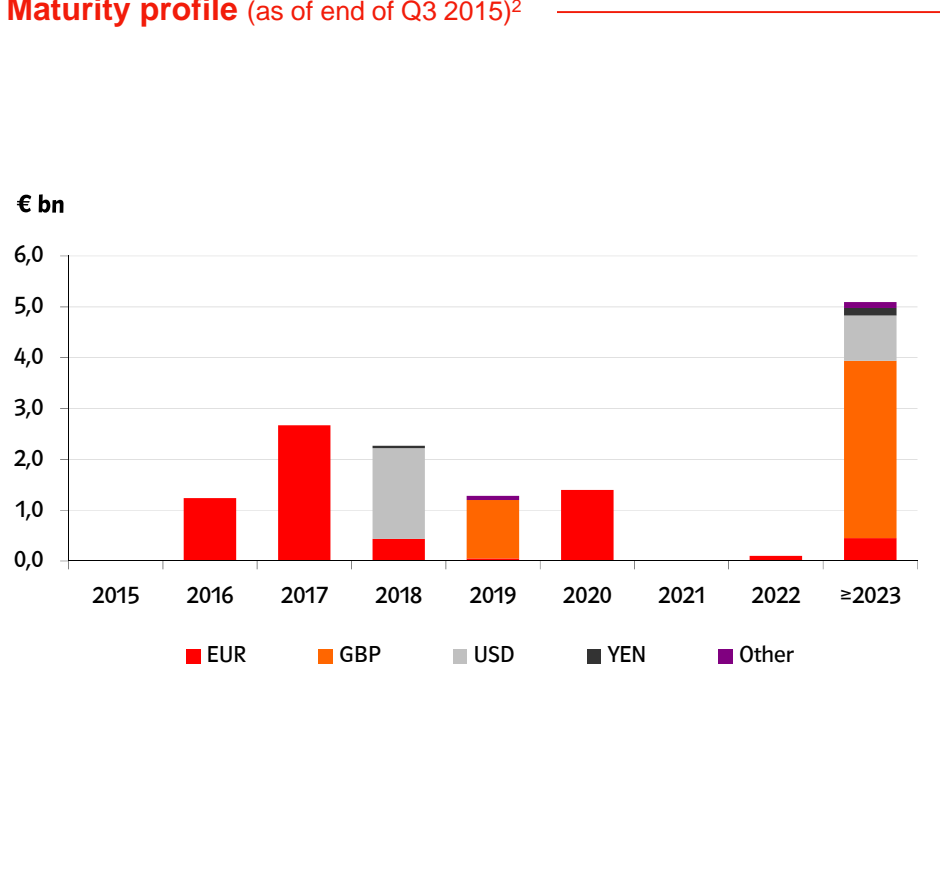
2. Net of Swedish nuclear fund

# Financial liabilities of the E.ON Group

End of Q3 2015 in € billion

	30 Sep 2015	31 Dec 2014
<b>Bonds</b>	<b>13.6</b>	<b>14.3</b>
in EUR	6.0	7.1
in GBP	4.6	4.4
in USD	2.7	2.5
in CHF	0.0	0.0
in SEK	0.0	0.0
in JPY	0.2	0.2
other currencies	0.2	0.1
<b>Promissory notes</b>	<b>0.4</b>	<b>0.6</b>
<b>Commercial Paper</b>	<b>0.2</b>	<b>0.4</b>
<b>Other liabilities<sup>1</sup></b>	<b>3.5</b>	<b>4.3</b>
<b>Total</b>	<b>17.8</b>	<b>19.7</b>

Maturity profile (as of end of Q3 2015)<sup>2</sup>



1. Thereof other liabilities from units Q3 2015: 3.2 bn €
2. Bonds and promissory notes issued by E.ON SE, E.ON International Finance B.V. and E.ON Beteiligungen GmbH (fully guaranteed by E.ON SE)

## Economic interest expense (net)

€m	9M 2014	9M 2015	Difference (in €m)
Interest from financial assets/liabilities	-594	-574	+20
Interest cost from provisions for pensions and similar provisions	-76	-87	-11
Accretion of provisions for retirement obligation and other provisions	-744	-655	+89
Capitalized interests <sup>1</sup>	115	146	+31
Other <sup>2</sup>	44	43	-1
<b>Economic interest expense (net)</b>	<b>-1.255</b>	<b>-1.127</b>	<b>+128</b>

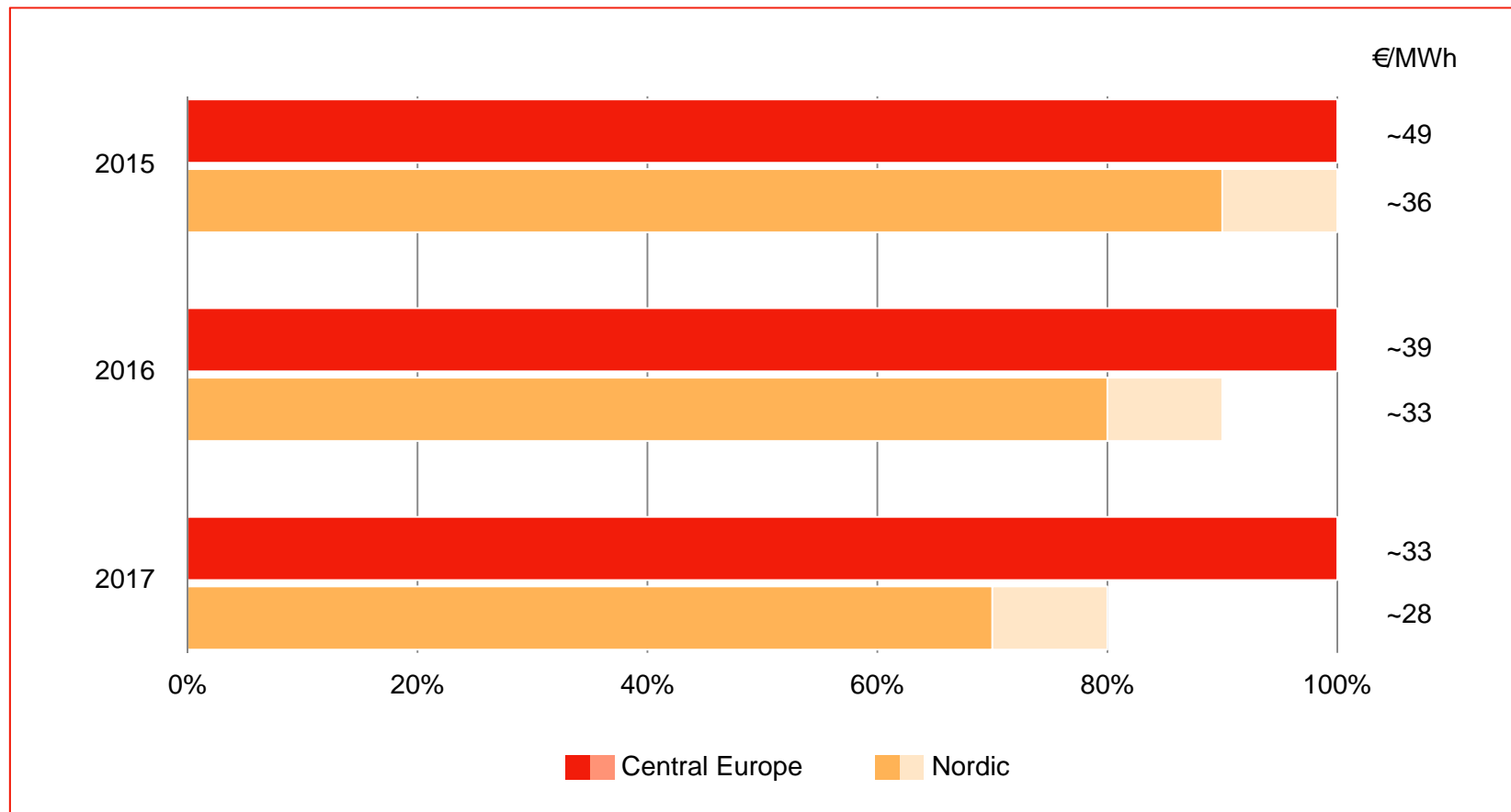
1. Borrowing cost that are directly attributable to the acquisition, construction or production of a qualified asset. Borrowing cost are (virtual) interest costs incurred by an entity in connection with the borrowing of funds. (interest rate: 5,5%)
2. Includes mainly effects from market valuation of interest derivatives, Swedish Nuclear Fund, tax related interest and interest rate changes of other long term provision

## E&P - Oil & Gas production

m boe	9M 2014	9M 2015	% YoY
Skarv	11.4	10.3	-9
Njord/Hyme	1.3	3.7	184
Elgin-Franklin	0.6	1.2	84
Babbage	1.1	0.9	-13
Huntington	1.1	1.0	-14
Rita	0.6	0.3	-56
<b>Total North Sea</b>	<b>17.4</b>	<b>18.1</b>	<b>4</b>
Yuzhno Ruskoje	27.1	27.2	0
<b>Total</b>	<b>44.5</b>	<b>45.3</b>	<b>2</b>



# Outright hedging (Central Europe & Nordic)



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# Reporting calendar & important links

## Reporting calendar

March 9, 2016	Annual Report 2015
May 11, 2016	Interim Report I: January – March 2016
June 8, 2016	2016 Annual Shareholders Meeting

## 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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