

A photograph of an offshore wind farm. In the foreground, a worker wearing a white helmet and a high-visibility yellow-green jacket stands on the deck of a boat, looking out at the sea. The sea is filled with numerous wind turbines stretching into the distance. The sky is blue with scattered white clouds, and the sun is shining brightly in the upper right. The image is framed by a cyan bar on the left, a red bar on the right, and a yellow bar on the far right.

2016 full year results

15 March 2017

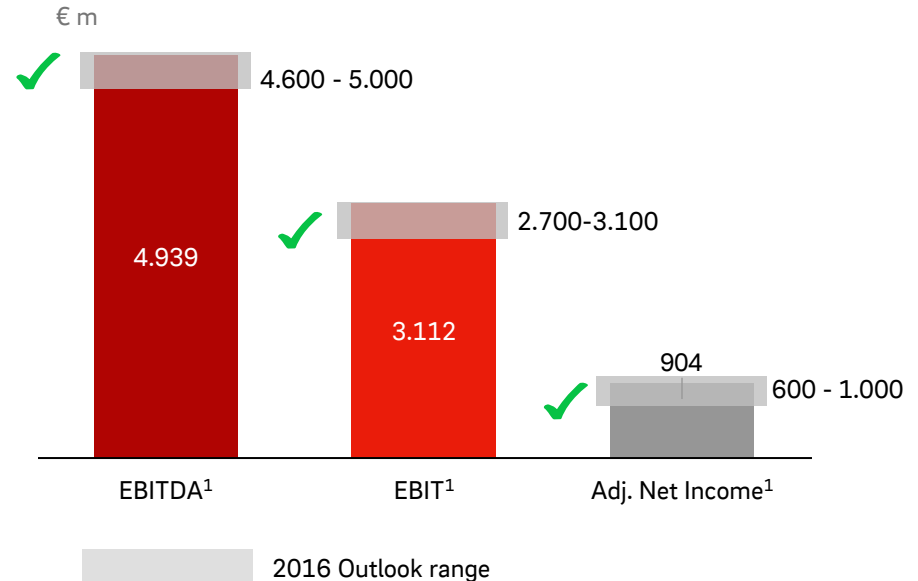
e.on

Solid delivery of full year 2016 targets

Highlights

- ✓ EBIT¹ and EBITDA¹ at top end of full year guidance
- ✓ Adj. Net Income¹ at the upper end of the guidance range
- ✓ Dividend proposal: €0.21/share
- ✓ Efficiency program initiated - securing sustainable competitiveness
- ! Focus on disciplined capital allocation - CAPEX spending reduced
- ! Uniper spin-off and KFK law led to high extraordinary effects and total reported IFRS loss of €16.0 bn in 2016

2016 key figures



Strategic priorities delivered

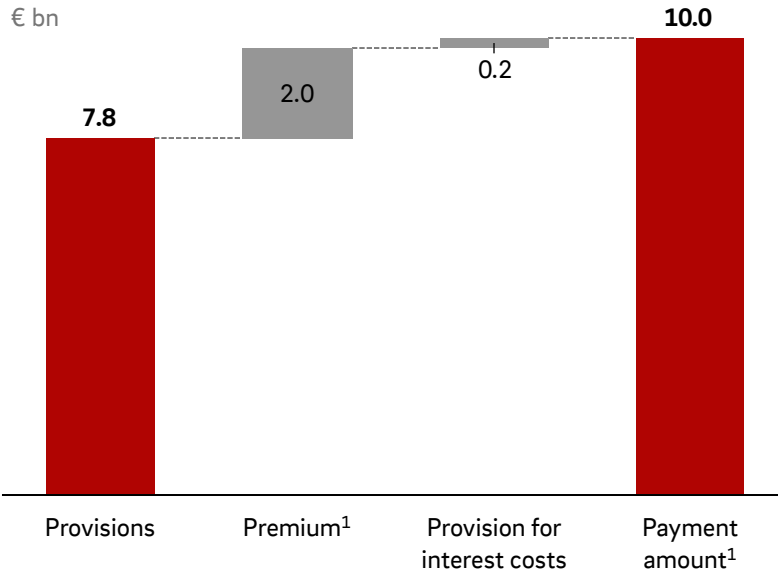
Highlights

- ✓ Successful Uniper spin-off
- ✓ KFK law adopted – major de-risking of E.ON
- ✓ Significant progress in strategic transformation towards customer-centricity



KFK implementation in final stages

Total payment amount for E.ON confirmed



Status / Next steps

- German legislative process completed
 - Law approved by Bundestag and Bundesrat in December 16
 - State aid approval by the EU Commission expected in Q2 17
 - Additional contract finalized
 - Nuclear operators are dropping storage-related legal claims and moratorium court cases
- Signing of contract expected closely after law enters into force
- Payment planned around 1st July 2017
- Financing of premium via capital measures
- Financing of base amount via liquidity on balance sheet and bond issues (up to €3 bn) as well as Commercial Paper (CP)

1. Excluding €0.2 bn for minority shareholders

Energy Networks: Regulatory & operational update

Germany: preparations for next regulatory period ongoing

- Modernized regulation framework with yearly RAB true-up and efficiency bonus
- Review of RoE for 3rd period finalized
- Cost reviews for power & gas ongoing
- General efficiency factor to be newly determined

Sweden

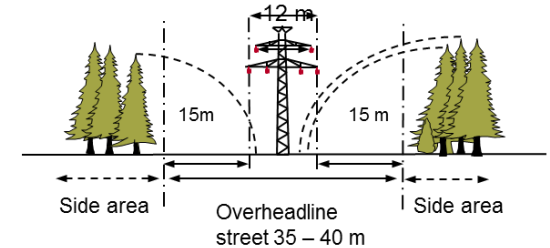
- Positive court decision on allowed WACC
- Adjustment of network charges to ensure continuously high investment level and ongoing quality improvements

Enhanced customer focus



- “fuNke”: joint project of German network companies with the aim to completely re-design processes strictly from the customers’ perspective and digitize wherever possible
- Example: reduction of preparation time for a home connection offer from 19 to 2 days (first pilot, to be rolled out)

Digitization in practice



- Traditional approach to protect power lines from falling trees: manual identification of danger trees and logging with heavy equipment
- New minimally invasive method:
 - Laser screening and analysis based on digitized data
 - Cutting only tree tops (from helicopter)
 - Higher efficiency & customer satisfaction and low impact on environment

Customer Solutions: Introducing new solutions

E.ON Aura: PV & storage



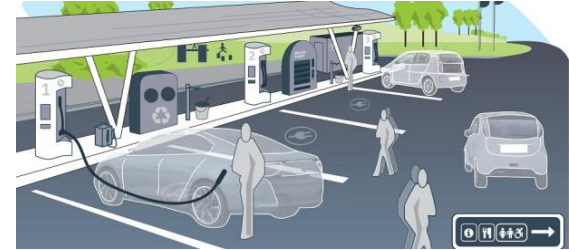
- All-in-one solution including PV, battery, energy management app, service & guarantee package and green electricity tariffs
- Successful launch and scaling up across Germany
- Introduction of virtual storage product E.ON SolarCloud
- 10x increase in unit sales in 2016
→ Target 2017: 10-15% market share

B2B Large: continuously gaining traction



- Significant sales growth with tailor-made energy solutions (on-site generation, energy efficiency, flexibility, storage,...)
- Diversified portfolio of customers (auto suppliers, tires, chemical, retail,...)
- Innovative solutions like e.g. fuel cells & battery storage
- 2017 ambition: new contracts with several hundred million in total revenues

E-mobility: gearing up



- Established dedicated unit to take leading role in developing Europe's charging infrastructure
- E.ON has extensive experience in e-mobility → market leader in Denmark (2,500 charging points)
- Data-based development of services for further markets
- Partnerships with car rental company Sixt and e-mobility specialists

Renewables: Build-out fully on track

E.ON 2016 full year results



Europe Offshore

- **Rampion** (400 MW in UK)
 - Installations of 116 mono-pile foundations completed
 - On time and within budget for completion in 2018
- **Arkona** (385 MW in Germany)
 - Installation of 60 wind turbine foundations planned for 2017
 - Expected to be fully operational in 2019

Europe Onshore

- Repowering projects started in Germany & UK
- Won 57 MW auction in Italy with 20 years tariff of €66/ MWh

US Onshore

- **Radford's Run** (278 MW in Illinois)
- **Bruenning's Breeze** (228 MW in Texas)
- Both farms scheduled to be in commercial operation in December 2017

US Storage

- E.ON actively developing projects in fast-growing energy storage market
- **Iron Horse** (10 MW/2.5 MWh): first grid-scale project to support grid stability in Arizona (planned COD in H1 2017)
- **Texas Wave**: two further projects (10 MW/5 MWh) in Texas on track to be completed in late 2017

Efficiency program Phoenix: Securing sustainable competitiveness

Principles

1 Business empowerment

2 Lean management holding

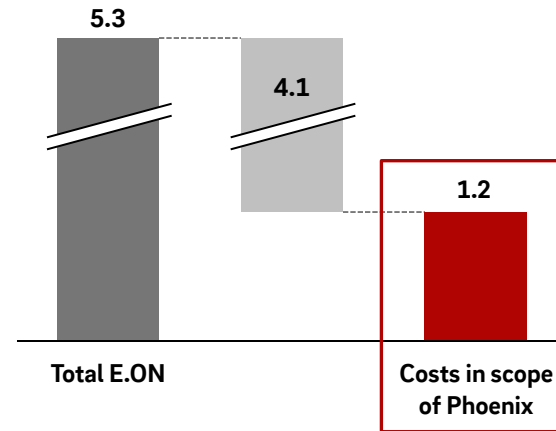
3 Divisional steering

4 Competitive services

Scope

Controllable cost¹ baseline

€ bn



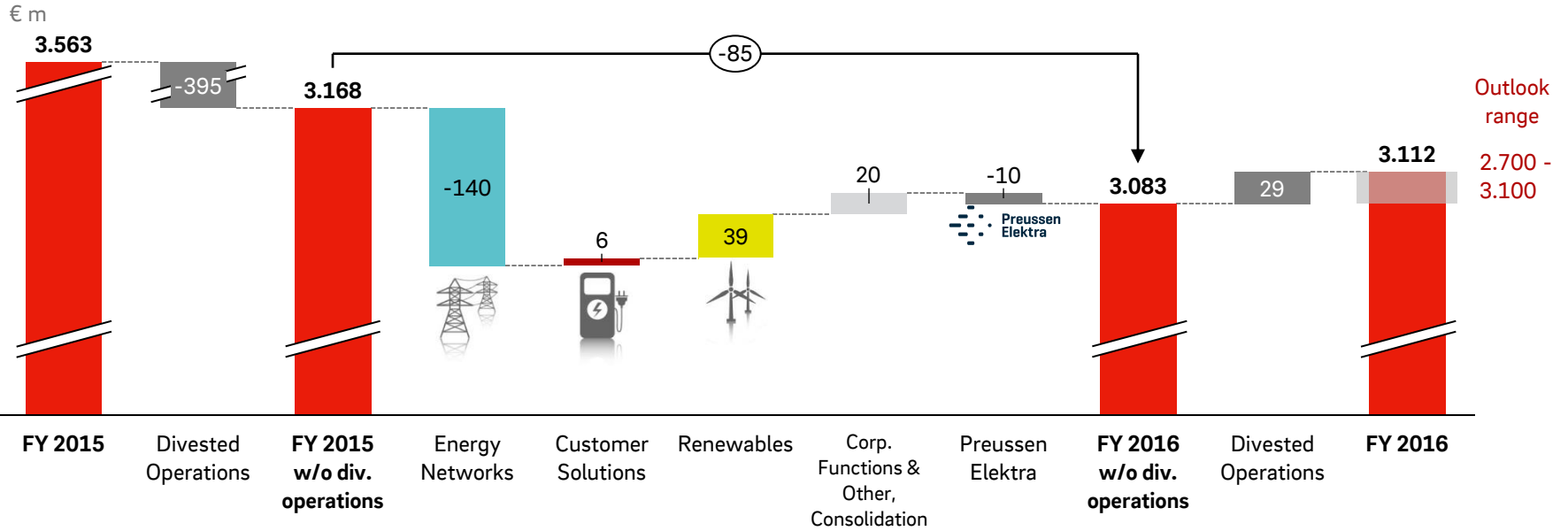
Targets, status, and next steps

- **Phoenix target: €400 m EBIT contribution p.a. from 2018 onwards**
 - About €300 m from central overhead & support functions
 - Restructuring of pension plans & other measures deliver ~€100 m
- **Status/ Next steps**
 - 100% of target measures identified
 - First measures being implemented
 - Negotiations with workers' council in Q2 2017

1. Controllable Costs include operational costs that management can meaningfully influence, such as material expenses, consultancy and personnel expenses. Margin-effective components such as fuel costs as well as cost item that are largely uncontrollable by the management are not included.

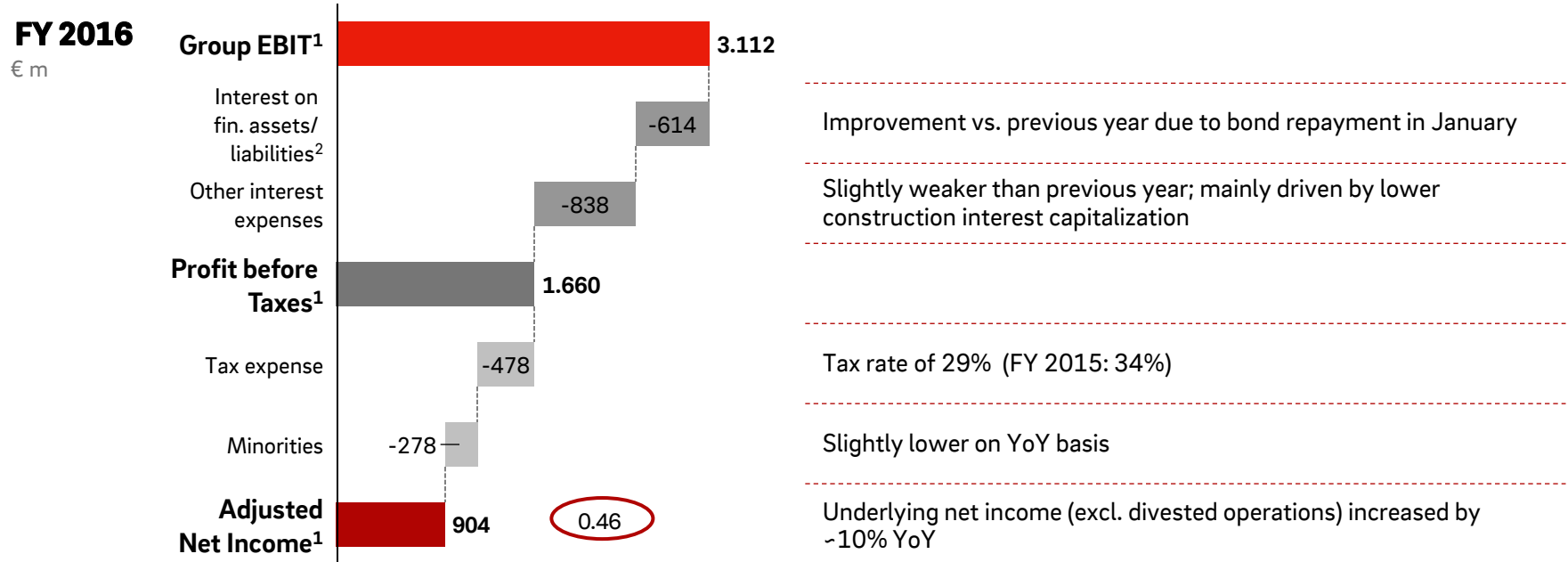
EBIT at top end of guidance

EBIT¹ FY 2016 vs. FY 2015



1. Adjusted for non operating effects

Adjusted Net Income and EPS up by -10%



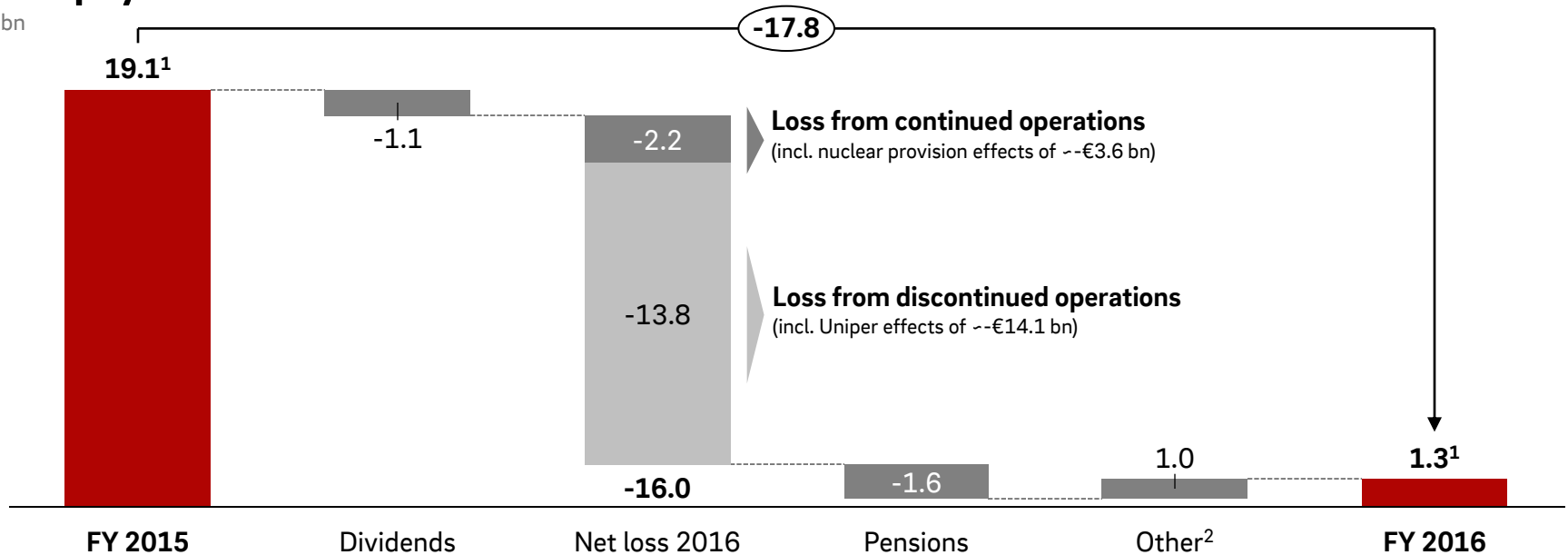
1. Adjusted for non operating effects, 2. Without accretion of nuclear provisions

○ EPS (€ per share)

IFRS Equity impacted by one-offs and discontinued operations

IFRS equity

€ bn

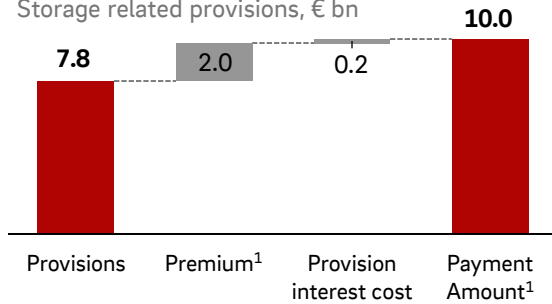


1. In 2015 €2.6 bn of IFRS equity was attributable to non-controlling interests (2016: €2.3 bn), 2. Including adjustments for Uniper OCI losses & Uniper deconsolidation

KFK solution with positive impact on adjusted net income

1. Nuclear fund (KFK)

Storage related provisions, € bn

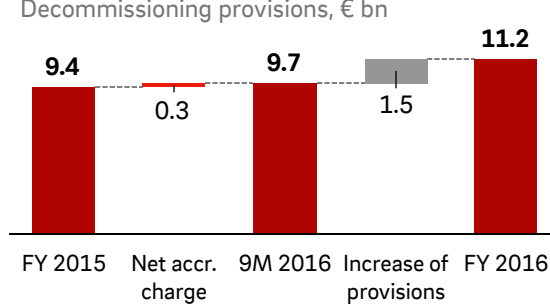


- Payment amount to be transferred to government fund around 1st July 2017

- Accretion of interest (4.4% p.a.) on €7.8 bn stops as of 1 Jan 2017
- Increases net income by ~€200-250 m² p.a.

2. Discount rates

Decommissioning provisions, € bn

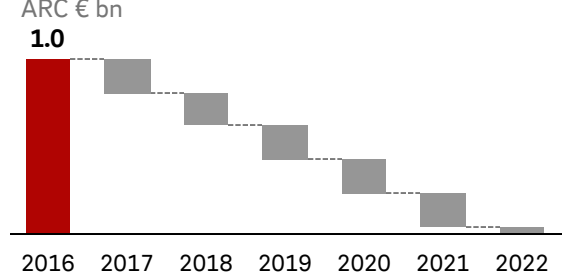


- Remaining provisions with shorter duration
- Real discount rate of -0.9% (2015: +0.9%) increases provisions to €11.2 bn (new END definition: €10.1 bn³ with real discount rate of 0.0%)

- Reduces accretion charges by ~€350 m⁴ p.a.
- Accretion charges based on risk free rate⁵
- Quarterly fluctuations of provisions

3. Additional asset retirement cost (ARC)

ARC € bn



- Duration effect increases Asset Retirement Costs (ARC)
- Additional ARC are capitalized as of Q4 2016
- Annual depreciation over remaining lifetime of nuclear plants

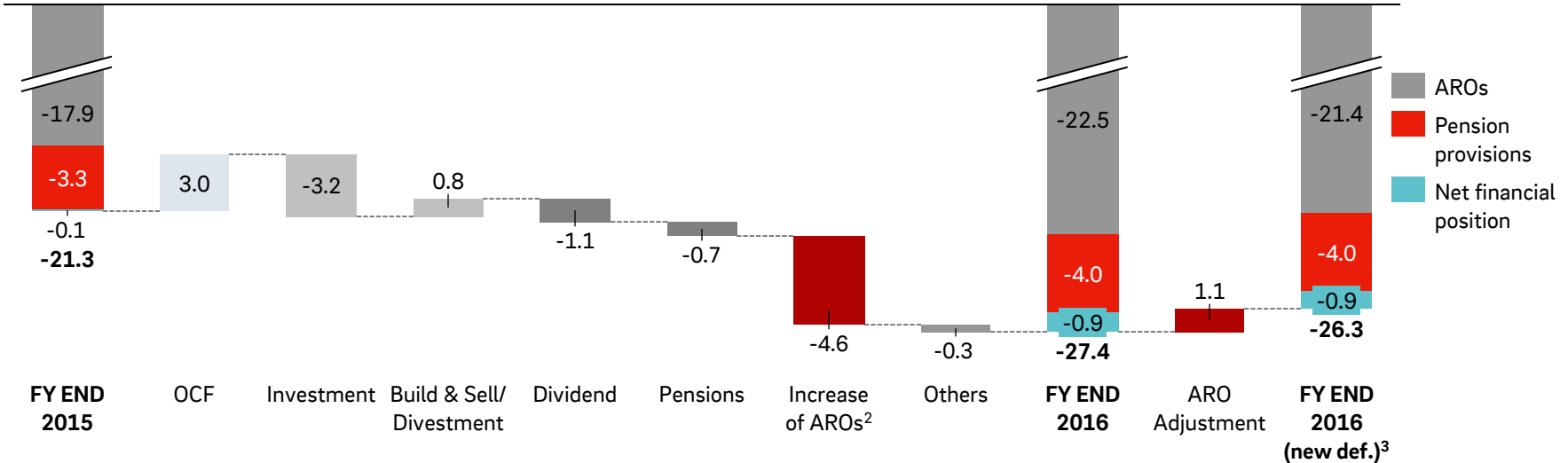
- Reduces non-core EBIT by ~€185 m p.a.

1. Excluding €0.2 bn for minority shareholders, 2. Net effect, depending on refinancing costs, 3. Current cost value used for FY 2016 END definition, 4. Depending on discount rate to be applied, 5. Risk-free discount rate of ~0.5%

END increased to €26.3 bn due to nuclear and pension effects

END¹ FY 2016 vs. FY 2015

€ bn

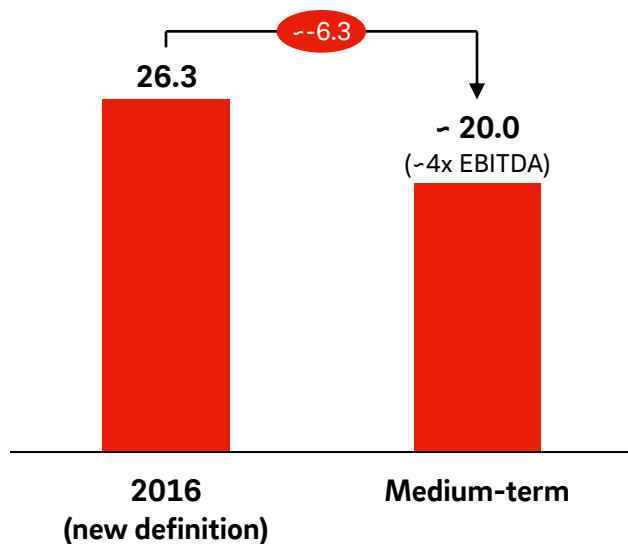


1. Pro-forma END as per FY 2015, 2. Including €2.4 bn increase of storage provisions due to KFK solution, €1.8 bn increase of nuclear decommissioning provisions, 3. Economic net debt definition as per FY 2016 takes into account the decommissioning provisions calculated with a real discount rate of 0.0% (current cost approach: €10.1 bn) as opposed to IFRS ARO's of €11.2 bn; FY 2015 figures have not been restated

Clear deleveraging plan defined

Economic net debt

€ bn



Debt reduction measures

€ bn

Capital measures (options incl. ABB ¹ , hybrid)	-2.0
Monetization of Uniper shares	-2.4 ²
Transfer of Nord Stream 1 into CTA	-1.0
Nuc. decommissioning cost savings ³	-1.0
Additional measures (non-core disposals, scrip dividend)	-1.0

Operational measures

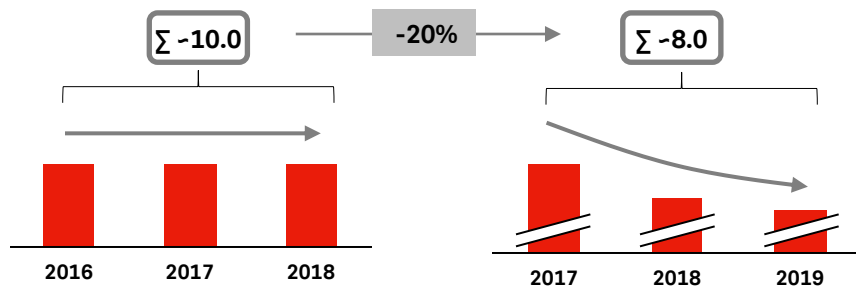
Savings from efficiency program Phoenix	
Reduced capex budget	

1. Accelerated book build: capital increase of up to 10% of shares outstanding, 2. Based on Uniper share price of €14.19 as of March 10, 2017, 3. Cost savings have been identified – technical expert opinions required before savings can be included in ARO calculation

Capex budget significantly reduced

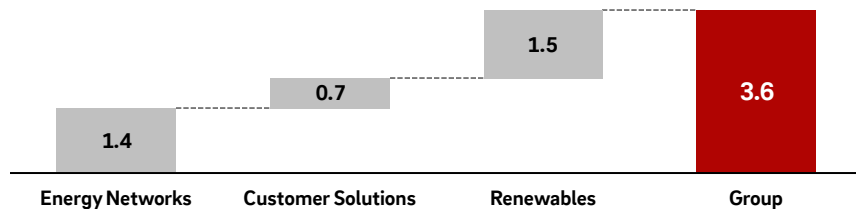
Medium-term – Gross capex

€ bn



2017 – Gross capex

€ bn



- Strict focus on capital discipline across all business units
- Three year capex budget decreased by -20%
- Reduced investments in renewables projects, notably starting in 2018 given committed project pipeline

- Energy Networks investments of 1.6x regulatory depreciation driven by new renewables connections, grid maintenance and digitization
- Customer Solutions investments in heat and new solutions (i.e. contracted onsite generation) and IT upgrades in UK/Germany
- Renewables investments : European offshore (~800 MW) and US onshore (~500 MW)

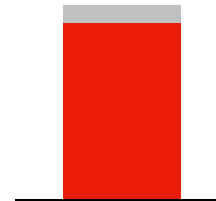
Outlook 2017



Outlook 2017

EBIT¹

€2.8-3.1 bn



Adj. Net Income¹

€1.2-1.45 bn

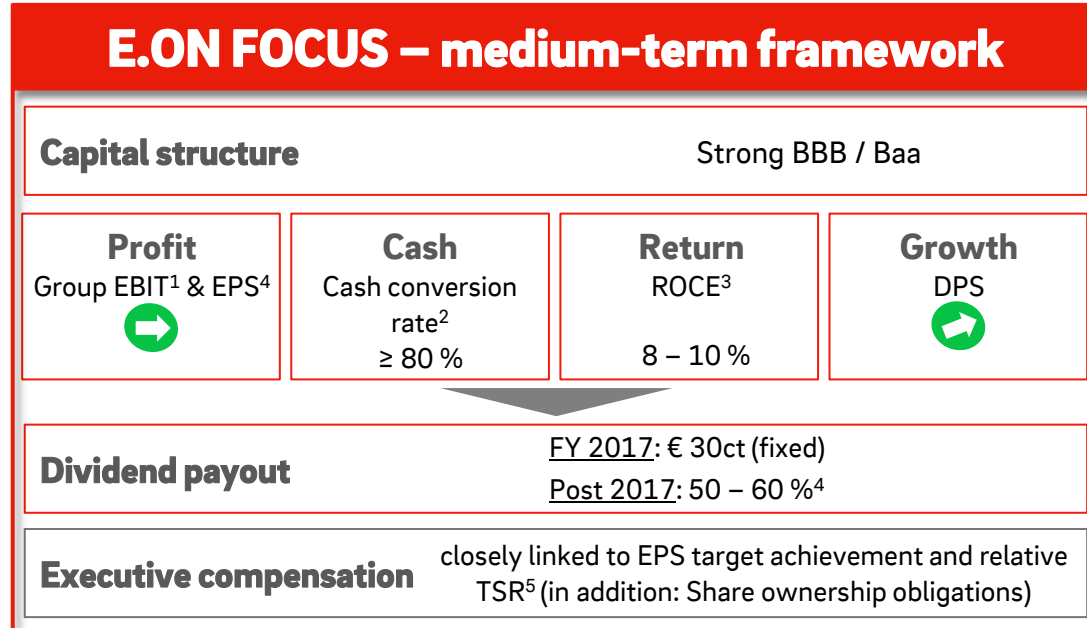


Main Drivers for 2017

- + Increase in Energy Networks contribution
 - Negative development in commodity retail business
 - Asset retirement cost (ARC) effect in PreussenElektra (non-cash)
-
- + Strongly improved financial result (lower nuclear accretion charge)
 - + Lower tax rate
 - Higher minorities earnings due to increased Energy Networks EBIT¹

1. Adjusted for non operating effects

Update of E.ON Focus – Our basis for steering the company



E.ON KPIs without Uniper contribution, 1. Adjusted for extraordinary effects and divested operations, FY 2017 guidance range as basis for medium-term outlook, 2. OCFbIT divided by EBITDA, 3. Based on EBIT (= pre-tax), 4. Based on Adjusted Net Income, 5. Total Shareholder Return

Appendix A

Supplementary information

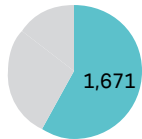
Segment Outlook 2017

EBIT 2016 € m

2017

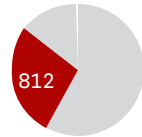
Drivers for 2017

Energy Networks



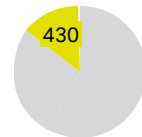
- + Germany: lower maintenance costs, one-time regulatory effects
- + Sweden: power tariff increase
- + CEE: positive regulatory periods in Czech Republic, Turkey; new regulatory period in Hungary

Customer Solutions



- Germany: competitive dynamics
- UK: impact of CMA resolution and Brexit; competitive dynamics
- Other EU: normalization of seasonal effects & procurement costs

Renewables



- + Onshore/Offshore: normalized wind yields across portfolio
- Offshore: non-recurring book gain in 2016

New Economic Net Debt definition

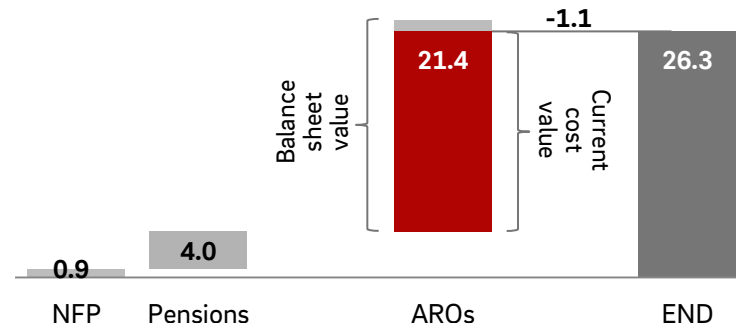
FY 2016 END prior definition

€ bn



FY 2016 END new definition

€ bn



- Some provisions calculated with **negative real interest rates**
- No underlying economic logic: **Undermining of time value of money concept**
- **No adequate representation of indebtedness**

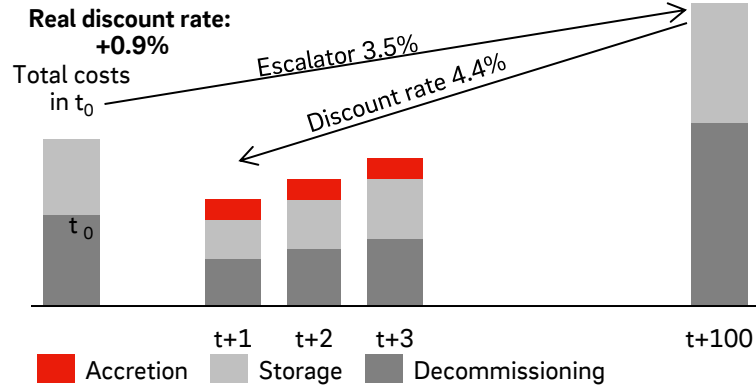
Current cost approach¹ used for AROs that apply negative real interest rates

- Establishes a cap on AROs for interest rate volatility
- Retains economic logic
- Officially reported in the notes of annual report (audited)

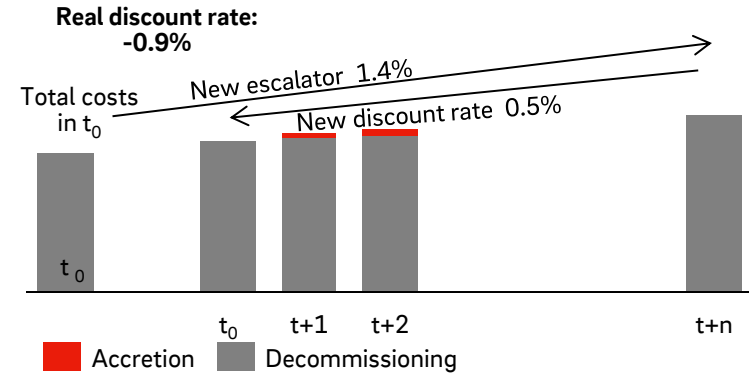
1. Actual amount of the obligations as per year-end 2016 excl. effects of discounting and cost increases

Discount rates for nuclear provisions

Build up of provisions status quo



Build up of provisions post KFK¹



Duration effect

- Remaining provisions with shorter duration
- Real discount rate of -0.9% (2015: +0.9%) increases provisions to €11.2 bn (new END definition: €10.1 bn² with real discount rate of 0.0%)

1. Utilization not taken into account, 2. Current cost value used for FY 2016 END definition

Financial Liabilities

E.ON 2016 full year results

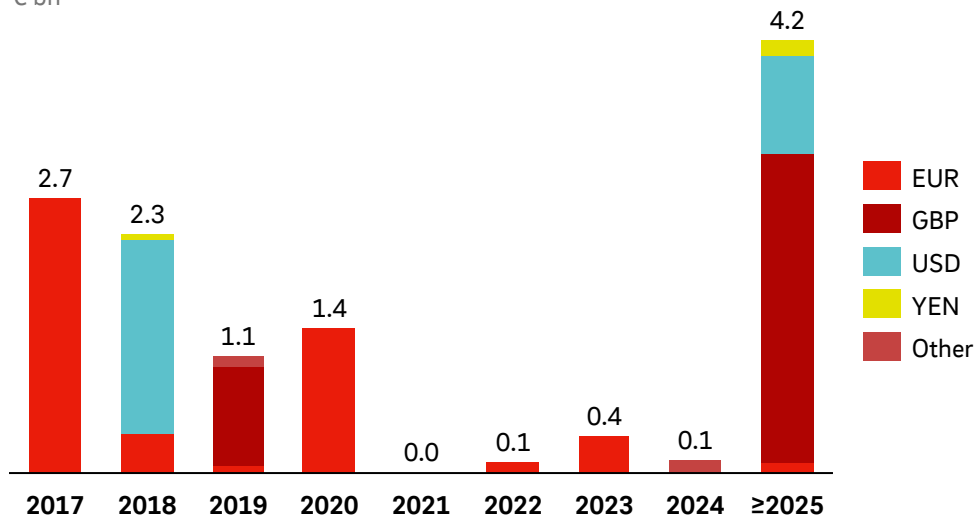
Split Financial Liabilities

€ bn

	<u>31 Dec 2016</u>
Bonds	-11.9
in EUR	-4.7
in GBP	-4.0
in USD	-2.8
in JPY	-0.2
in other denominations	-0.2
Promissory notes	-0.4
Commercial papers	0.0
Other liabilities	-1.9
Total	-14.2

Maturity profile (as of end FY 2016)¹

€ bn



1. 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)

Appendix B

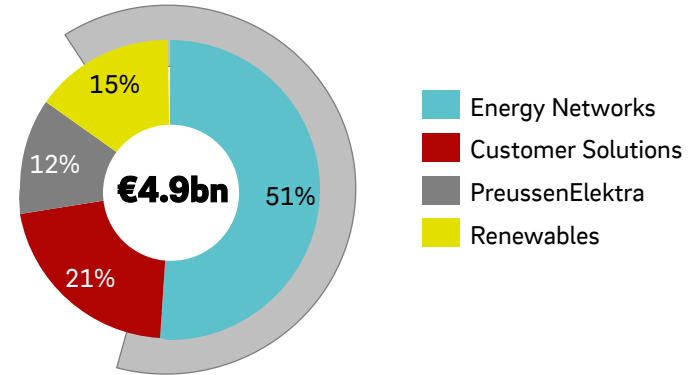
2016 results

E.ON continues to benefit from a very stable business profile

Business profile post spin...

- ✓ High share of regulated earnings
- ✓ Operations in Energy Networks under stable, well established frameworks in low risk markets with strong regulatory track record
- ✓ Predominantly quasi-regulated or contracted earnings in Renewables
- ✓ Long-term contracted earnings from heat operations
- ✓ Remaining merchant exposure in Renewables and PreussenElektra largely hedged

EBITDA 2016¹



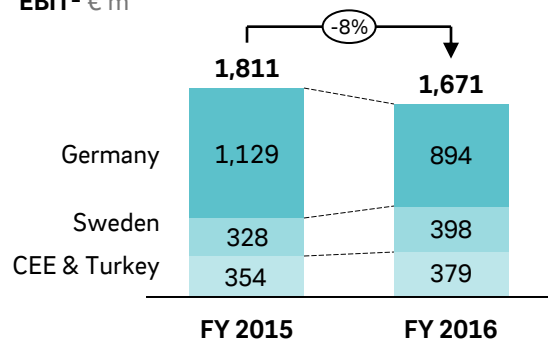
-2/3 from regulated/long-term contracted businesses²

1. Adjusted for non operating effects, representation in pie charts excluding Corporate Functions/ Other; total figures including Corporate Functions/ Other, 2. Including Energy Networks and a portion of Renewables and Heat

Segments: Energy Networks

Energy Networks

EBIT¹ € m



Highlights

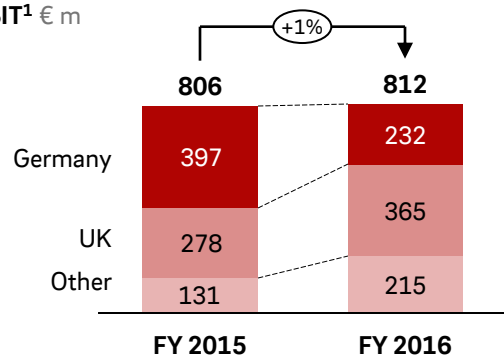
- Germany:
 - Positive one-off effects in FY 2015
- Sweden:
 - + Start of the new regulatory period
 - + 2015 burdened by storm costs
- CEE:
 - + Positive effects in Czech Republic, Turkey (higher returns following new regulatory periods) and Hungary (lower network losses)

€m	Germany			Sweden			CEE & Turkey			Total		
	FY 2015	FY 2016	% YoY	FY 2015	FY 2016	% YoY	FY 2015	FY 2016	% YoY	FY 2015	FY 2016	% YoY
Revenue	12,312	13,205	+7	984	1,029	+5	1,693	1,658	-2	14,989	15,892	+6
EBITDA ¹	1,686	1,507	-11	489	562	+15	558	610	+9	2,733	2,679	-2
EBIT ¹	1,129	894	-21	328	398	+21	354	379	+7	1,811	1,671	-8
thereof Equity-method earnings	86	66	-23	0	0	-	35	63	+80	121	129	+7
OCFbIT	564	1,588	+182	543	575	+6	530	605	+14	1,637	2,768	+69
Investments	795	846	+6	283	291	+3	443	282	-36	1,521	1,419	-7

Segments: Customer Solutions

Customer Solutions

EBIT¹ € m



Highlights

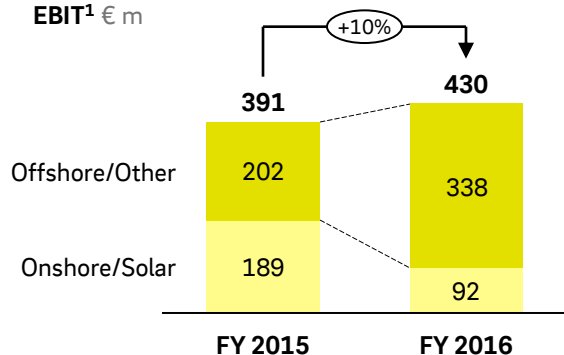
- Germany:
 - Positive one-off effects in FY 2015
- UK:
 - + Lower ECO² spending
 - FX weakening following Brexit decision
 - Competitive dynamics
- Other:
 - + Normalized winter in Sweden
 - + Lower gas procurement costs in Eastern Europe

€m	Germany			UK			Other			Total		
	FY 2015	FY 2016	% YoY	FY 2015	FY 2016	% YoY	FY 2015	FY 2016	% YoY	FY 2015	FY 2016	% YoY
Revenue	8,539	7,781	-9	9,659	7,791	-19	7,416	6,796	-8	25,614	22,368	-13
EBITDA ¹	452	299	-34	402	460	+14	258	351	+36	1,112	1,110	-0
EBIT ¹	397	232	-42	278	365	+31	131	215	+64	806	812	+1
thereof Equity-method earnings	20	0	-100	0	0	-	10	10	+0	30	10	-67
OCFbIT	487	351	-28	729	435	-40	365	381	+4	1,581	1,167	-26
Investments	90	73	-19	193	220	+14	248	287	+16	531	580	+9

Segments: Renewables

Renewables

EBIT¹ € m



Highlights

- Offshore:
 - + Positive contribution from Humber & Amrumbank, book gain from Arkona stake sale (Q2 2016)
 - Negative effects from lower wind yields & adverse FX development following Brexit decision
- Onshore:
 - Positive one-off effects in FY 2015 (incl. book gains)
 - Lower prices in FY 2016, phase-out of UK LEC scheme

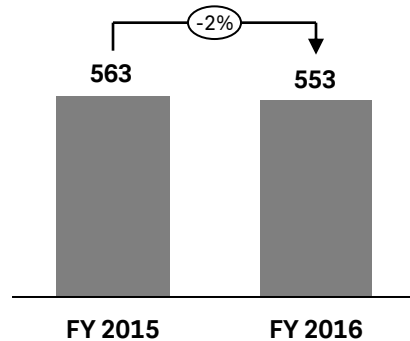
€m	Onshore Wind / Solar			Offshore Wind / Others			Total		
	FY 2015	FY 2016	% YoY	FY 2015	FY 2016	% YoY	FY 2015	FY 2016	% YoY
Revenue	957	728	-24	524	629	+20	1,481	1,357	-8
EBITDA ¹	422	308	-27	328	488	+49	750	796	+6
EBIT ¹	189	92	-51	202	338	+67	391	430	+10
<i>thereof Equity-method earnings</i>							16	15	-6
OCFbit							563	699	+24
Investments							1,010	1,070	+6

1. Adjusted for non operating effects

Segments: PreussenElektra

PreussenElektra

EBIT¹ € m



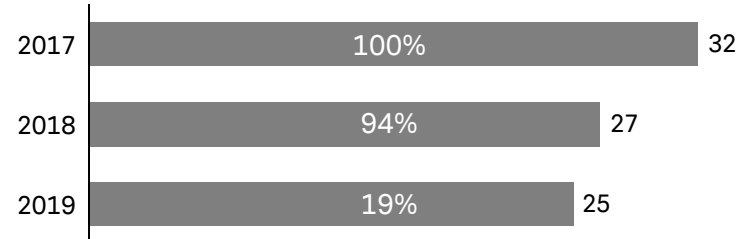
€m	PreussenElektra		
	FY 2015	FY 2016	% YoY
Revenue	2,290	1,538	-33
EBITDA ¹	760	644	-15
EBIT ¹	563	553	-2
thereof Equity-method earnings	63	63	+0
OCFbIT	391	93	-76
Investments	16	15	-6

1. Adjusted for non operating effects

Highlights

- Lower volumes due to Grafenrheinfeld shut-down
- Lower achieved power prices
- + Lower nuclear fuel tax
- + Negative one-off effect in Q4 2015

Hedged Prices Germany (€/MWh) as of 31 Dec 2016



Financial Highlights

E.ON 2016 full year results

€bn	FY 2015	FY 2016	% YoY
Sales	42.7	38.2	-11
EBITDA ¹	5.8	4.9	-15
EBIT ¹	3.6	3.1	-13
Adjusted net income ¹	1.1	0.9	-16
OCF bIT	4.7	4.0	-16
Investments	3.2	3.2	-2
Economic net debt ²	-21.3	-26.3	+23

1. Adjusted for non operating effects, 2. Pro-forma END as per FY 2015; Economic net debt definition as per FY 2016 takes into account the decommissioning provisions calculated with a real discount rate of 0.0% (current cost approach: €10.1 bn) as opposed to IFRS ARO's of €11.2 bn; FY 2015 figures have not been restated

Adjusted Net Income

E.ON 2016 full year results

€m	FY 2015	FY 2016	% YoY
EBITDA¹	5,844	4,939	-15
Depreciation/amortization	-2,281	-1,827	-20
EBIT¹	3,563	3,112	-13
Economic interest expense (net)	-1,485	-1,452	-2
EBT¹	2,078	1,660	-20
Income Taxes on EBT ¹	-710	-478	-33
<i>% of EBT¹</i>	-34%	-29%	-
Non-controlling interests	-292	-278	-5
Adjusted net income¹	1,076	904	-16

1. Adjusted for non operating effects

From EBITDA to Net Income

E.ON 2016 full year results

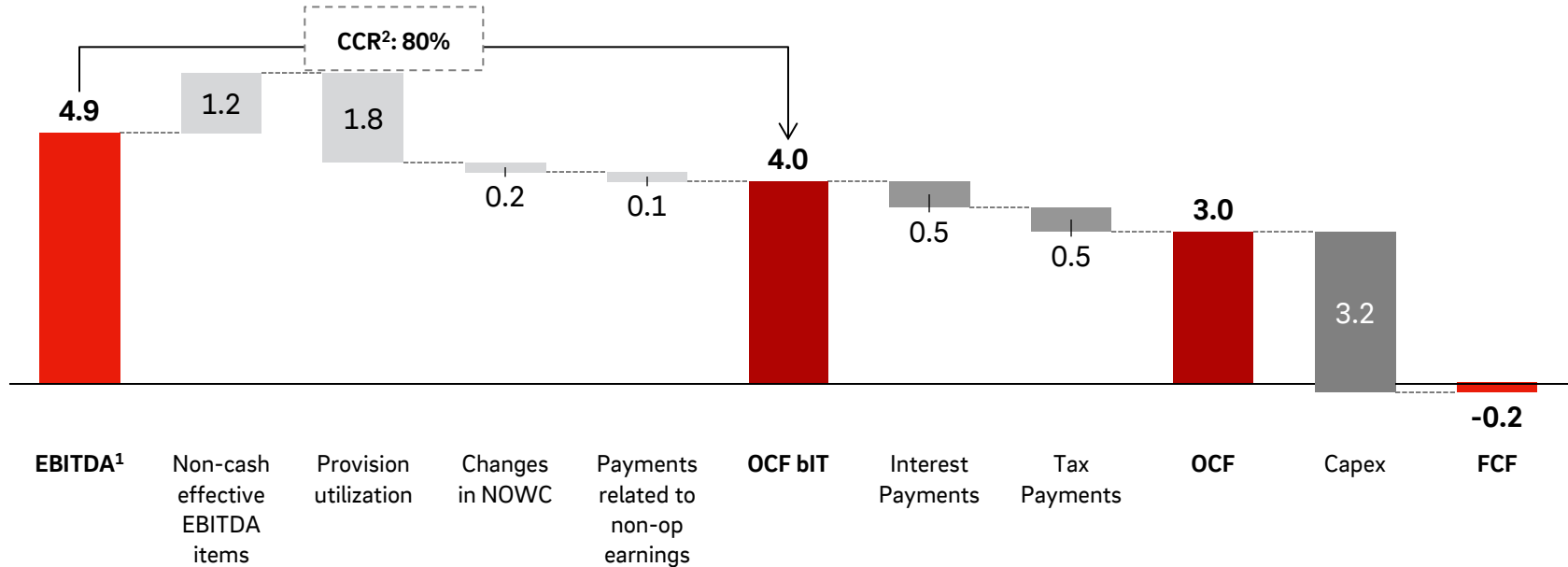
€m	FY 2015	FY 2016	% YoY
EBITDA¹	5,844	4,939	-15
Depreciation/Amortization/Impairments	-2,281	-1,827	-20
EBIT¹	3,563	3,112	-13
Economic interest expense (net)	-1,485	-1,452	-2
Net book gains	421	63	-85
Restructuring	-374	-274	-27
Mark-to-market valuation of derivatives	-134	932	-796
Impairments (net)	-3,356	-394	-88
Other non-operating earnings	-127	-3,712	+2,823
Income/Loss from continuing operations before income taxes	-1,492	-1,725	+16
Income taxes	-728	-440	-40
Income/loss from discontinued operations, net	-4,157	-13,842	+233
Non-controlling interests	622	-7,557	-1,315
Net income/loss attributable to shareholders of E.ON SE	-6,999	-8,450	+21

1. Adjusted for non operating effects

Cash conversion at 80% within target range

FY 2016

€ bn



1. Adjusted for non operating effects, 2. Cash Conversion Rate: OCF bit / EBITDA

Cash effective investments by unit

E.ON 2016 full year results

€m	FY 2015	FY 2016	% YoY
Energy Networks	1,521	1,419	-7
Customer Solutions	531	580	+9
Renewables	1,010	1,070	+6
Corporate Functions & Other	187	106	-43
Consolidation	-38	-21	-45
PreussenElektra	16	15	-6
Investments	3,227	3,169	-2

Economic Net Debt¹

E.ON 2016 full year results

€m	31 Dec 2015	31 Dec 2016
Liquid funds	7,829	8,573
Non-current securities	4,536	4,327
Financial liabilities	-15,790	-14,227
Adjustment FX hedging ²	218	390
Net Uniper Loan ³	3,079	0
Net financial position	-129	-937
Provisions for pensions	-3,281	-4,009
Asset retirement obligations	-17,930	-21,374
Economic net debt	-21,340	-26,320

1. Pro-forma END as per FY 2015; Economic net debt definition as per FY 2016 takes into account the decommissioning provisions calculated with a real discount rate of 0.0% (current cost approach: €10.1 bn) as opposed to IFRS ARO's of €11.2 bn; FY 2015 figures have not been restated, 2. Net figure; does not include transactions relating to our operating business or asset management, 3. Net of profit and loss sharing agreements with Uniper

Economic interest expense (net)

E.ON 2016 full year results

€m	FY 2015	FY 2016	Difference (in € m)
Interest from financial assets/liabilities	-683	-614	+69
Interest cost from provisions for pensions and similar provisions	-78	-84	-6
Accretion of provisions for retirement obligation and similar provisions	-836	-841	-5
Construction period interests ¹	108	37	-71
Other ²	4	50	+46
Net interest result	-1,485	-1,452	+33

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: 5.6%), 2. Includes mainly effects from tax related interest (in 2015) and interest rate changes of other long term provisions

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Financial calendar & important links

E.ON 2016 full year results



Financial calendar

May 9, 2017

Interim Report I: January – March 2017

May 10, 2017

2017 Annual Shareholders Meeting

August 9, 2017

Interim Report II: January – June 2017

November 8, 2017

Interim Report III: January – September 2017

March 14, 2018

Annual Report 2017

Important links

Presentations

<http://www.eon.com/en/investors/presentations.html>

Annual Reports

<http://www.eon.com/en/investors/financial-publications/annual-report.html>

Interim Reports

<http://www.eon.com/en/investors/financial-publications/interim-report.html>

Shareholders Meeting

<http://www.eon.com/en/investors/shareholders-meeting.html>

Creditor Relations

<http://www.eon.com/en/investors/presentations/bonds.html>

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