

# H1 2018 Results

8<sup>th</sup> August 2018



**e.on**

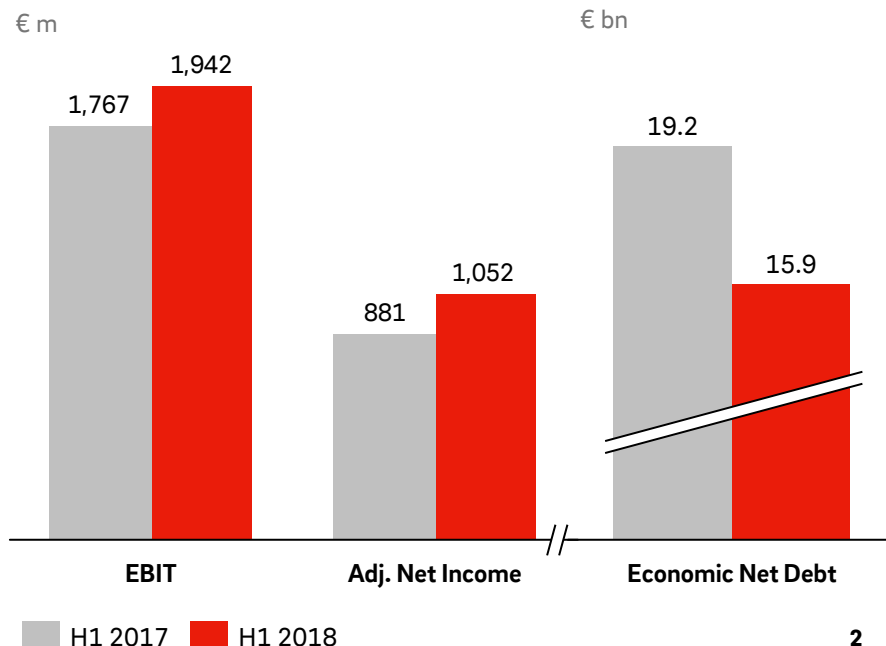
# Strong H1 2018

E.ON H1 2018 results

## Highlights

- ✓ **Strong EBIT development:**  
+10% H1 2018 vs. H1 2017
- ✓ **Adj. Net Income increased +19% YoY**
- ✓ **FY 2018 guidance confirmed:**  
EBIT €2.8-3.0 bn, Adj. Net Income €1.3-1.5 bn
- ✓ **Cooperation agreement with innogy** ensures full support for transaction
- ✓ **PTO<sup>2</sup> for innogy minority shareholders** successfully completed

## Key Financials<sup>1</sup>



1. Adjusted for non operating effects, 2. Public Takeover Offer

# Framework agreement signed – innogy fully supports the transaction and its implementation

## Support areas

- Antitrust & other regulatory approvals
- Preparation of carve-out of innogy's RES business
- Communication: public, internal and in capital markets

## Working together in integration process

- Joint project for integration planning & to define future operating model
- E.ON with right of final decision

## Safeguarding employees' interests

- Employees will be treated fairly and as equally as possible
- Transparent process to determine leadership functions

Agreement supportive for transaction timeline and expected synergies of €600–800m

# Operational update

E.ON H1 2018 results



- **Germany: regulatory review electricity – Constructive hearings with BNetzA**
- **Sweden: increased network charges**
- **Turkey: higher allowed WACC on growing Regulated Asset Base**



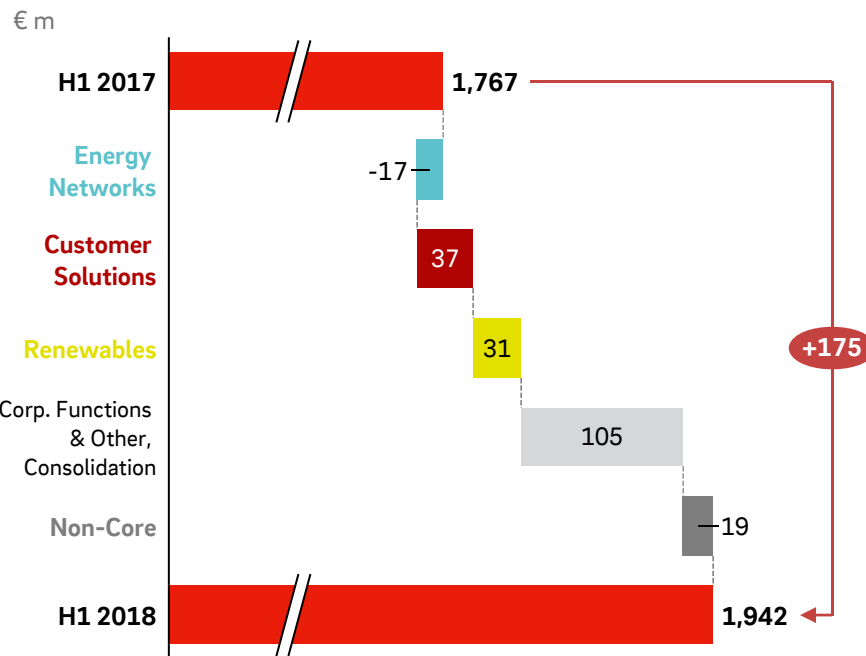
- **More customers compared to prior year**
  - More than 100,000 additional B2C customers compared to prior year
  - In UK, only large player with B2C customer gains over last 12 months (~50,000)  
→ now 2<sup>nd</sup> largest player in B2C segment



- **Capacity growth delivery**
  - Offshore: Rampion completed, Arkona on track
  - Onshore US: FID for 220 MW project in Texas, further 350 MW close to FID
- **Business fully on track**

# EBIT 10% above prior year

## EBIT<sup>1</sup> H1 2018 vs. H1 2017



## Key H1 Effects

### Energy Networks



- +/- Germany: positive one-off effect in Q2 2018, reversal of regulatory effects, concession loss Hamburg, new regulatory period gas
- +/- Sweden: power tariff increase, adverse FX dev.

### Customer Solutions



- +/- Germany & UK: price increases in 2017, restructuring costs
- UK: increased wholesale prices, competitive dynamics, price caps

### Renewables



- + Onshore & Offshore: capacity additions (Bruening's Breeze, Radford's Run, Rampion)
- Onshore: subsidy expiries

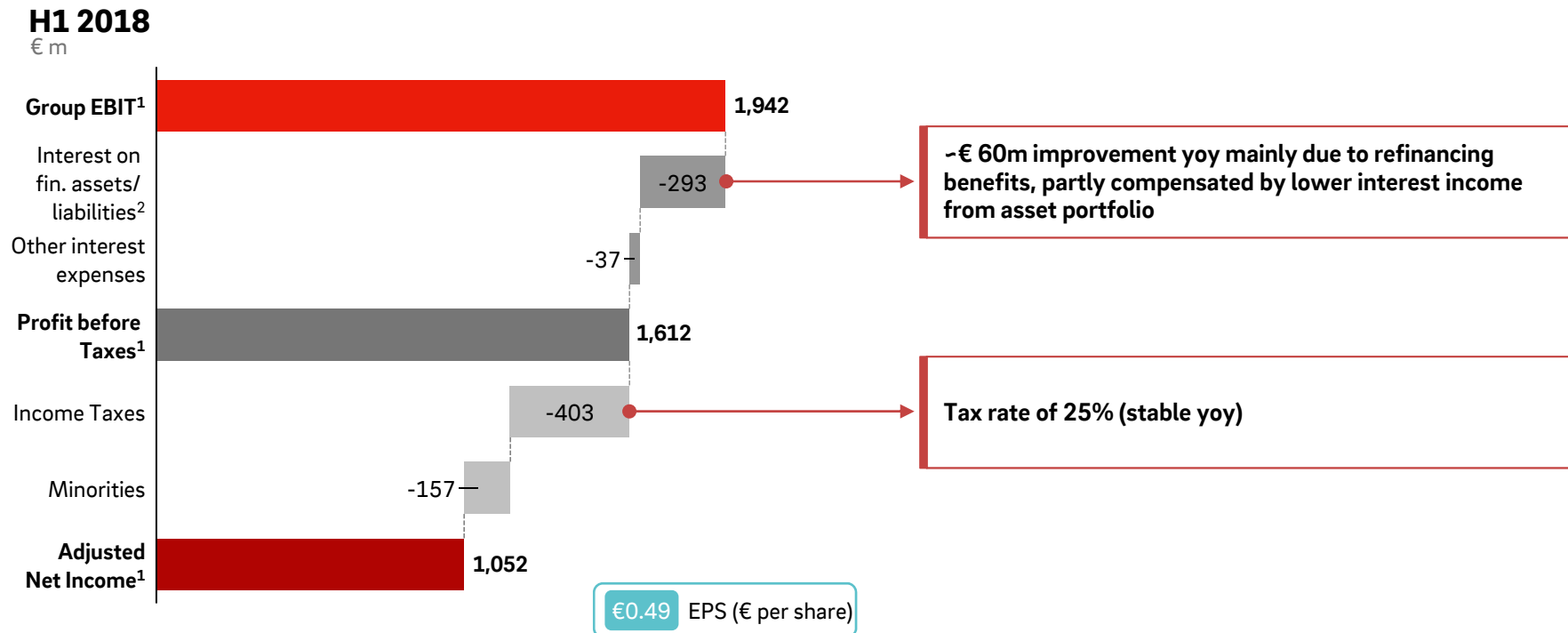
### Non-Core



- /+ PrussenElektra: positive one-off effect in 2017, lower achieved power prices, higher volumes due to plant outages in 2017
- + Turkey: omission of book loss from asset sale

1. Adjusted for non operating effects

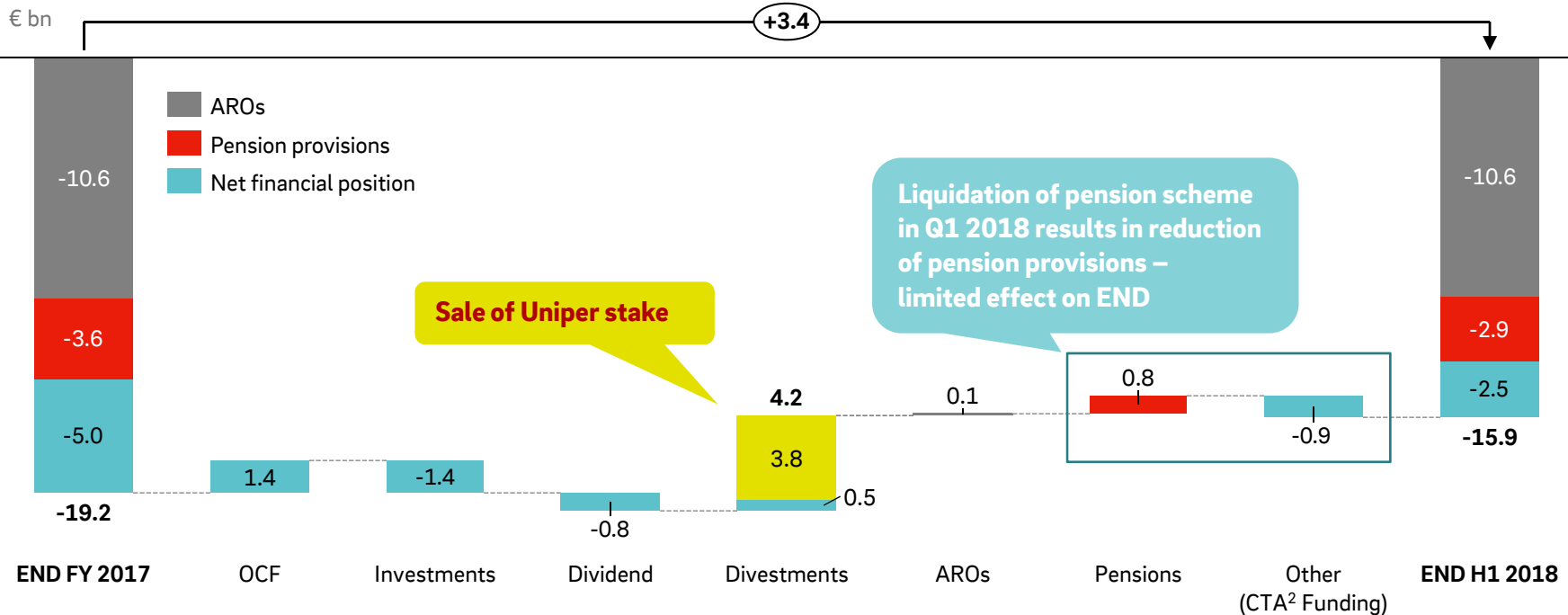
# Adj. Net Income 19% above prior year



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

# END decreasing mainly due to sale of Uniper stake

## END<sup>1</sup> H1 2018 vs. FY 2017

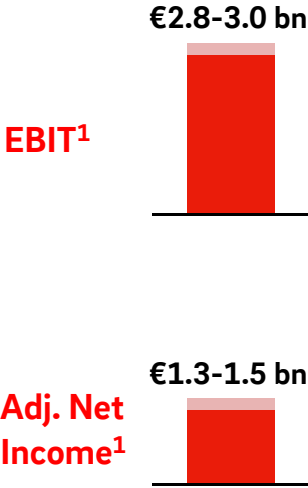


1. Economic net debt definition takes into account the decommissioning provisions calculated with a real discount rate of 0.0% as opposed to IFRS AROs,  
 2. Contractual Trust Arrangement





# Outlook 2018 confirmed



## Outlook 2018



## Effects for the remainder of 2018

 <p><b>Energy Networks</b></p>	<ul style="list-style-type: none"> <li>- Germany: reversal of regulatory effects, new regulatory period gas, concession loss Hamburg</li> <li>- Turkey: one-off effect in 2017</li> </ul>
 <p><b>Customer Solutions</b></p>	<ul style="list-style-type: none"> <li>+ Germany: negative one-off effect in 2017</li> <li>- Germany &amp; UK: restructuring costs, competitive dynamics; UK price cap</li> </ul>
 <p><b>Renewables</b></p>	<ul style="list-style-type: none"> <li>+ Offshore &amp; Onshore: capacity additions (Bruenning's Breeze, Radford's Run, Rampion)</li> <li>- Onshore: subsidy expiries</li> </ul>
 <p><b>Non-Core</b></p>	<ul style="list-style-type: none"> <li>- PreussenElektra: positive one-off effect in 2017, lower hedged prices</li> </ul>

1. Adjusted for non operating effects



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# Financial Highlights

€m	H1 2017	H1 2018	% YoY
Sales	19,583	17,043	-13
EBITDA <sup>1</sup>	2,715	2,799	+3
EBIT <sup>1</sup>	1,767	1,942	+10
Adjusted net income <sup>1</sup>	881	1,052	+19
OCF bIT	5,260	2,068	-61
Investments	1,314	1,414	+8
Economic net debt <sup>2</sup>	-19,248	-15,876	+18



## EBIT

- Energy Networks: -2% YoY reversal of regulatory effects in Germany and tariff increases in Sweden
- Customer Solutions: +8% YoY price increases in Germany 2017, competitive dynamics in the UK
- Renewables: +15% YoY capacity additions in US Onshore & UK Offshore, partly offset by subsidy expiries

## OCF bIT

- Cash provided by operating activities €3.2 bn below prior-year level
- Key driver: Omission of one-off effect from Nuclear Fuel Tax refund in Q2 2017

## Adj. Net Income

- Improves €171 m YoY

Driven by strong EBIT and profiting from refinancing benefits and stable tax rate (25%)

## Investments

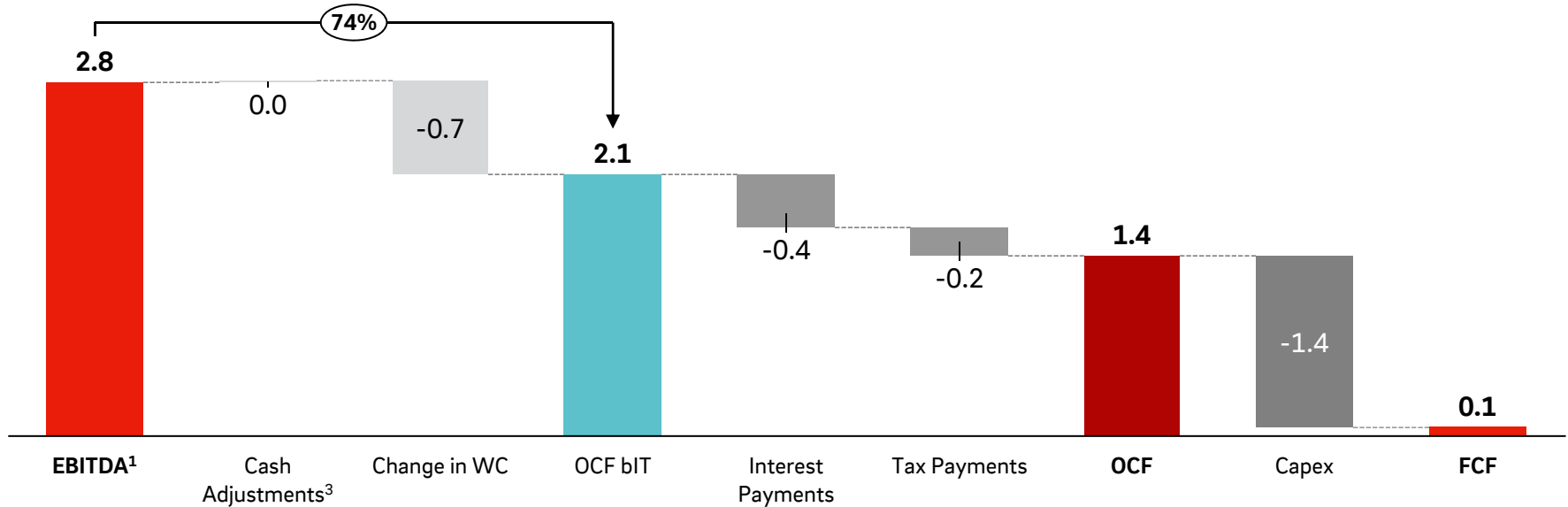
- Energy Networks: €580 m (vs. €545 m YoY)
- Customer Solutions: €209 m (vs. €209 m YoY)
- Renewables: €449 m (vs. €528 m YoY)
- Non-Core: €163 m (vs. €7 m YoY)

1. Adjusted for non operating effects, 2. Economic net debt as per 31 Dec 2017 and 30 Jun 2018; Economic net debt definition takes into account the decommissioning provisions calculated with a real discount rate of 0.0% as opposed to IFRS AROs

# 74% CCR<sup>2</sup> – significantly improved vs. Q1

## H1 2018

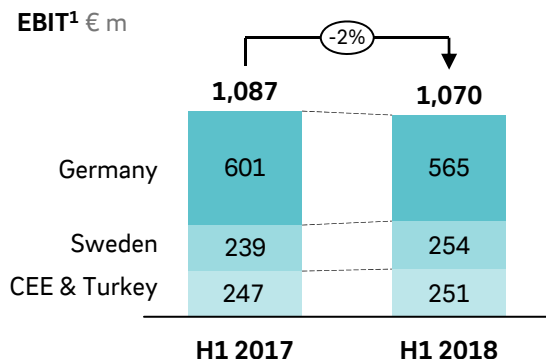
€ bn



1. Adjusted for non operating effects, 2. Cash Conversion Rate: OCF bit ÷ EBITDA, 3. Net non cash effective EBITDA items incl. provision utilizations

# Segments: Energy Networks

## Energy Networks



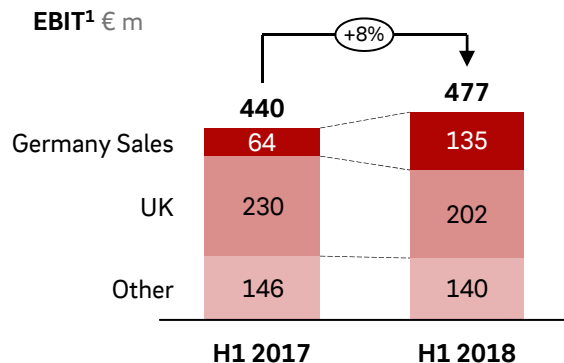
## Highlights

- **Germany**
  - + One-off effect in Q2 2018
  - Reversal of regulatory effects
  - Concession loss Hamburg
  - New regulatory period gas
- **Sweden**
  - + Power tariff increase
  - Adverse FX development

Details	€ m	Germany			Sweden			CEE & Turkey			Total		
		H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY
Revenue		7,208	4,766	-34	563	511	-9	856	776	-9	8,627	6,053	-30
EBITDA <sup>1</sup>		891	848	-5	320	331	+3	358	368	+3	1,569	1,547	-1
EBIT <sup>1</sup>		601	565	-6	239	254	+6	247	251	+2	1,087	1,070	-2
<i>thereof Equity-method earnings</i>		41	33	-20	0	0	-	48	68	+42	89	101	+13
OCFyIT		1,105	580	-48	305	421	+38	319	404	+27	1,729	1,405	-19
Investments		231	231	+0	147	163	+11	167	186	+11	545	580	+6

# Segments: Customer Solutions

## Customer Solutions



## Highlights

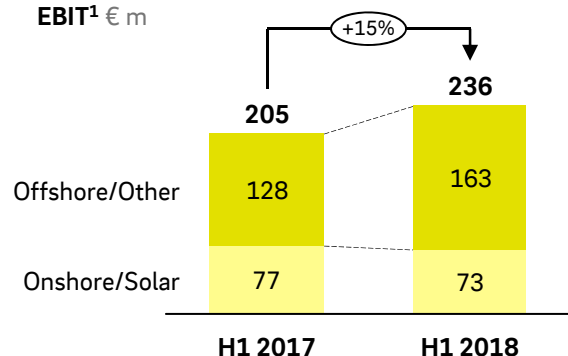
- **Germany Sales**
  - + Price increases in 2017
  - + Lower gas procurement costs
  - Restructuring costs
- **UK**
  - Restructuring costs
  - Increased wholesale prices
  - Competitive dynamics
  - Price caps (PPM<sup>2</sup>, vulnerable customers)
  - + Price increases in 2017

Details	€m	Germany Sales			UK			Other			Total		
		H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY
Revenue		3,683	3,555	-3	3,723	3,981	+7	3,795	3,943	+4	11,201	11,479	+2
EBITDA <sup>1</sup>		78	150	+92	279	244	-13	234	225	-4	591	619	+5
EBIT <sup>1</sup>		64	135	+111	230	202	-12	146	140	-4	440	477	+8
thereof Equity-method earnings		0	0	-	0	0	-	7	4	-43	7	4	-43
OCFyBt		-147	-112	+24	282	20	-93	291	231	-21	426	139	-67
Investments		9	10	+11	97	92	-5	103	107	+4	209	209	+0

# Segments: Renewables

E.ON H1 2018 results

## Renewables

EBIT<sup>1</sup> € m

## Highlights

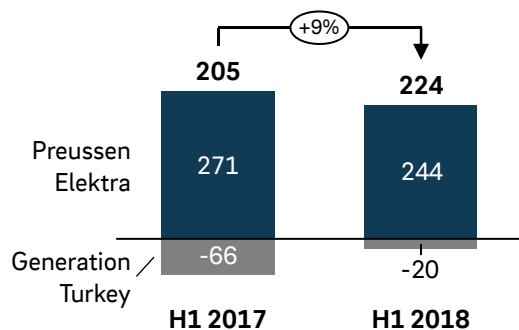
- **Offshore/Other**
  - + UK: Capacity additions (Rampion)
  - Lower wind yields
- **Onshore/Solar**
  - + US: Capacity additions (Bruening's Breeze, Radford's Run)
  - Subsidy expiries

Details	Onshore Wind / Solar			Offshore Wind / Others			Total		
	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY
Revenue	389	452	+16	321	289	-10	710	741	+4
EBITDA <sup>1</sup>	182	151	-17	204	245	+20	386	396	+3
EBIT <sup>1</sup>	77	73	-5	128	163	+27	205	236	+15
<i>thereof Equity-method earnings</i>							16	17	+6
OCFbit							237	387	+63
Investments							528	449	-15

# Non-Core business

## Non-Core

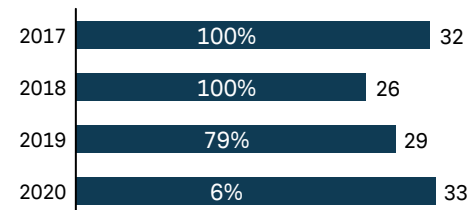
EBIT<sup>1</sup> € m



## Highlights

- **PreussenElektra**
  - Positive one-off effect relating to court case in Q2 2017
  - Lower achieved power prices
  - + Higher volumes due to plant outages in 2017
- **Generation Turkey**
  - + Book loss from asset sale in Q1 2017
  - + Operational improvements

## PreussenElektra: Hedged Prices (€/MWh) as of 30 June 2018



Details	€m	PreussenElektra			Generation Turkey			Total		
		H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY	H1 2017	H1 2018	% YoY
Revenue		891	601	-33	0	0	-	891	601	-33
EBITDA <sup>1</sup>		364	294	-19	-66	-20	+70	298	274	-8
EBIT <sup>1</sup>		271	244	-10	-66	-20	+70	205	224	+9
thereof Equity-method earnings		39	29	-26	-66	-20	+70	-27	9	+133
OCFbIT		3,073	129	-96	0	0	-	3,073	129	-96
Investments		7	9	+29	0	154	-	7	163	-



# Adjusted Net Income

€m	H1 2017	H1 2018	% YoY
<b>EBITDA<sup>1</sup></b>	<b>2,715</b>	<b>2,799</b>	<b>+3</b>
Depreciation/amortization	-948	-857	+10
<b>EBIT<sup>1</sup></b>	<b>1,767</b>	<b>1,942</b>	<b>+10</b>
Economic interest expense (net)	-384	-330	+14
<b>EBT<sup>1</sup></b>	<b>1,383</b>	<b>1,612</b>	<b>+17</b>
Income Taxes on EBT <sup>1</sup>	-346	-403	-16
% of EBT <sup>1</sup>	-25%	-25%	-
Non-controlling interests	-156	-157	-1
<b>Adjusted net income<sup>1</sup></b>	<b>881</b>	<b>1,052</b>	<b>+19</b>

1. Adjusted for non operating effects

# Reconciliation of EBIT to IFRS Net Income

€m	H1 2017	H1 2018	% YoY
<b>EBITDA<sup>1</sup></b>	<b>2,715</b>	<b>2,799</b>	<b>+3</b>
Depreciation/Amortization/Impairments	-948	-857	+10
<b>EBIT<sup>1</sup></b>	<b>1,767</b>	<b>1,942</b>	<b>+10</b>
Reclassified businesses of Renewables	-198	-227	-15
Economic interest expense (net)	291	-294	-201
Net book gains	273	855	+213
Restructuring	-176	-26	+85
Mark-to-market valuation of derivatives	-346	840	+343
Impairments (net)	0	0	-
Other non-operating earnings	2,791	-75	-103
<b>Income/Loss from continuing operations before income taxes</b>	<b>4,402</b>	<b>3,015</b>	<b>-32</b>
Income taxes	-494	-203	+59
<b>Income/loss from continuing operations</b>	<b>3,908</b>	<b>2,812</b>	<b>-28</b>
Income/loss from discontinued operations, net	126	96	-24
<b>Net income/loss</b>	<b>4,034</b>	<b>2,908</b>	<b>-28</b>

1. Adjusted for non operating effects

# Cash effective investments by unit

€m	H1 2017	H1 2018	% YoY
Energy Networks	545	580	+6
Customer Solutions	209	209	+0
Renewables	528	449	-15
Corporate Functions & Other	27	16	-41
Consolidation	-2	-3	-50
Non-Core	7	163	-
<b>Investments</b>	<b>1,314</b>	<b>1,414</b>	<b>+8</b>

# Economic Net Debt<sup>1</sup>

€m	31 Dec 2017	30 Jun 2018
Liquid funds	5,160	6,570
Non-current securities	2,749	1,733
Financial liabilities	-13,021	-10,889
Adjustment FX hedging <sup>2</sup>	114	118
<b>Net financial position</b>	<b>-4,998</b>	<b>-2,468</b>
Provisions for pensions	-3,620	-2,854
Asset retirement obligations	-10,630	-10,554
<b>Economic net debt</b>	<b>-19,248</b>	<b>-15,876</b>

1. Economic net debt definition takes into account the decommissioning provisions calculated with a real discount rate of 0.0% as opposed to IFRS AROs, 2. Net figure; does not include transactions relating to our operating business or asset management

# Economic interest expense (net)

€m	H1 2017	H1 2018	Difference (in € m)
Interest from financial assets/liabilities	-349	-293	+56
Interest cost from provisions for pensions and similar provisions	-41	-31	+10
Accretion of provisions for retirement obligation and similar provisions	-30	-40	-9
Construction period interests <sup>1</sup>	18	12	-5
Others	20	22	+2
<b>Net interest result</b>	<b>-383</b>	<b>-330</b>	<b>+53</b>

1. Borrowing cost that are directly attributable to the acquisition, construction or production of a qualified asset. Borrowing cost are interest costs incurred by an entity in connection with the borrowing of funds. (Interest rate: 5.47%)

# Financial Liabilities

E.ON H1 2018 results

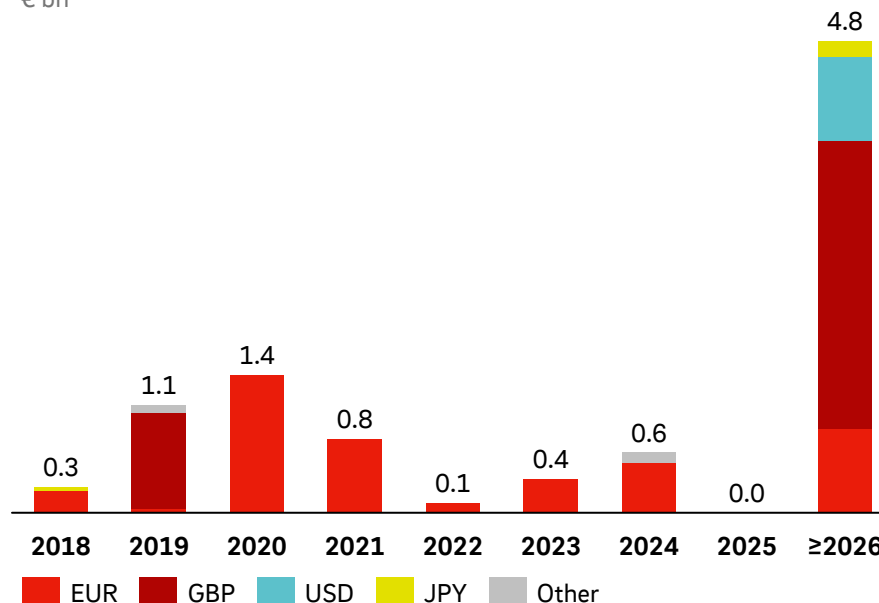
## Split Financial Liabilities

€ bn

	<u>30 Jun 2018</u>
<b>Bonds</b>	<b>-9.2</b>
in EUR	-4.0
in GBP	-3.9
in USD	-0.9
in JPY	-0.2
in other denominations	-0.2
<b>Promissory notes</b>	<b>-0.3</b>
<b>Commercial papers</b>	<b>0.0</b>
<b>Other liabilities</b>	<b>-1.4</b>
<b>Total</b>	<b>-10.9</b>

## Maturity profile (as of end H1 2018)<sup>1</sup>

€ bn



1. Bonds and promissory notes issued by E.ON SE and E.ON International Finance B.V. (fully guaranteed by E.ON SE)

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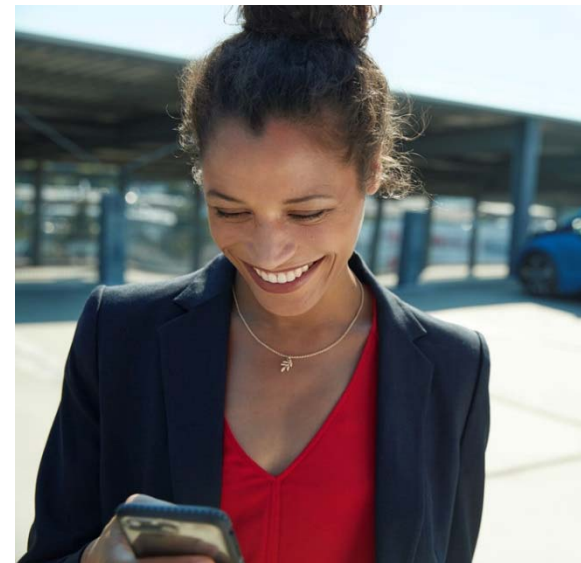
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# Financial calendar & important links



## Financial calendar

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November 14, 2018

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March 13, 2019

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May 13, 2019

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May 14, 2019

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August 7, 2019

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November 13, 2019

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Quarterly Statement: January – September 2018

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Annual Report 2018

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Quarterly Statement: January – March 2019

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2019 Annual Shareholders Meeting

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Half-Year Financial Report: January – June 2019

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Quarterly Statement: January – September 2019

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## Important links

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Presentations

<https://www.eon.com/en/investor-relations/presentations.html>

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Facts & Figures 2018

<https://www.eon.com/content/.../presentations/facts-and-figures-2018.pdf>

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Annual Reports

<https://www.eon.com/en/investor-relations/financial-publications/annual-report.html>

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Interim Reports

<https://www.eon.com/en/investor-relations/financial-publications/interim-report.html>

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Shareholder Meeting

<https://www.eon.com/en/investor-relations/shareholders-meeting.html>

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Bonds / Creditor Relations

<https://www.eon.com/en/investor-relations/bonds.html>

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