Quarterly Statement I/2018

January – March

- Forecast for 2018 adjusted EBIT and adjusted net income affirmed
- First-quarter adjusted EBIT and adjusted net income up substantially year on year
- Economic net debt slightly higher; substantial reduction relative to year-end 2017 expected for full-year 2018
- Operating cash flow down significantly; normalization anticipated for full-year 2018
- Voluntary public takeover offer to acquire all innogy SE stock published

Business Report

Earnings Situation

Business Performance

E.ON's operating business continued to deliver a positive performance in the first quarter of the 2018 financial year. Sales of €9.3 billion were 11 percent below the prior-year figure. The decline was substantially affected by the initial application of IFRS 15 in 2018 (see "Changes in Our Reporting" on page 3).

The E.ON Group's first-quarter adjusted EBIT of roughly €1.3 billion was 24 percent above the weak prior-year figure of €1 billion. On the operating side, Customer Solutions and PreussenElektra in particular surpassed their prior-year adjusted EBIT by a wide margin.

Adjusted net income of €727 million was €202 million, or 38 percent, above the likewise weak prior-year figure of €525 million.

Asset Swap with RWE

On March 12, 2018, E.ON SE and RWE AG reached an agreement under which E.ON will acquire RWE's 76.8-percent stake in innogy SE as part of an extensive asset swap.

In return, RWE will receive a 16.67-percent stake in E.ON SE. The stock will be issued by means of a 20-percent capital increase against contributions in kind from E.ON SE's existing authorized capital. In addition, RWE will receive substantially all of E.ON's renewables business as well as the minority stakes, held by E.ON subsidiary PreussenElektra, in Emsland and Gundremmingen nuclear power stations, which are operated by RWE. RWE will also receive substantially all of innogy's renewables business and innogy's gas-storage business as well as its stake in Kelag, an Austrian energy supplier. The transfer of these operations and stakes will take effect as of January 1, 2018. The transaction also calls for RWE to make a cash payment of €1.5 billion to E.ON.

Following approval of the offer documents by the German Federal Financial Supervisory Authority, on April 27, 2018, E.ON published its voluntary public takeover offer ("PTO") for innogy SE stock. RWE will not participate in the offer. The acceptance period for the PTO ends July 6, 2018. On April 24, 2018, innogy's annual general meeting decided to pay a dividend of €1.60 per share for the 2017 financial year. Adjusted for this dividend, the total value of E.ON's offer is €38.40 per share of innogy stock. The total value consists of the offer price of €36.76 per share and an assumed dividend of €1.64 per share for the 2018 financial year.

The transaction will take place in several steps and is subject to the usual antitrust approvals, which are not expected before mid-2019. There was no effect on our asset, financial, or earnings situation in the first quarter of 2018.

Sale of Hamburg Netz

In 2017 E.ON agreed to sell its 74.9-percent stake in Hamburg Netz GmbH to the Free and Hanseatic City of Hamburg. The transaction closed on January 1, 2018. The payment was received in 2017.

Initial Public Offer of Enerjisa Enerji

A 20-percent stake (E.ON's share: 10 percentage points) of Enerjisa Enerji A.Ş. was successfully placed on the stock market on February 8, 2018. The issuance price was TRY 6.25 per 100 shares. Enerjisa Enerji A.Ş. continues to be a joint venture between E.ON and Sabanci, each of which holds 40 percent. The book gain on this transaction was more than offset by cumulative adverse currency-translation effects.

Other Developments in Our Segments

Our Renewables segment made more progress. Our two offshore wind farms already under construction reached important milestones. All of Rampion's turbines are now connected and delivering renewable energy to the grid. Final completion of the wind farm is expected this year. Arkona's offshore transformer station was successfully installed. The unmanned station receives the electricity from the wind farm's 60 turbines and exports it to the mainland via an undersea cable. In addition, E.ON will build a 57-megawatt onshore wind farm outside Naples, Italy. The facility is expected to enter service at the start of 2019.

Alongside power and gas sales, our Customer Solutions segment is working to design and market innovative products and services for our customers. The business continues to grow. For example, the European Spallation Source in Lund, Sweden, chose E.ON to be its partner for energy solutions including cooling, compressed air, the capture of surplus energy, and the supply of renewable energy to power the research center. The partnership is for the entire duration of the research center's activities, which will continue until 2065.

In addition, we expanded our e-mobility business internationally and now offer these solutions in Norway, the world's leading e-mobility market. Our focus is on smart charging solutions for residential and public spaces and concepts for converting commercial vehicle fleets to run on electricity.

Changes in Our Reporting

We continue to aim for our core businesses to actively shape tomorrow's energy world. At the beginning of 2018, we therefore made a number of reclassifications that are already factored into our earnings forecast for 2018. The generation business in Turkey is now reported under Non-Core Business. Customer Solutions' heat business in Germany is no longer reported at its Germany unit but rather at its Other unit. In addition, costs for the ongoing expansion of our business of providing new digital products and services as well as innovative projects, which were previously allocated to Corporate Functions/Other, are now allocated to the appropriate operating units at Customer Solutions. We adjusted the prior-year figures accordingly.

In addition, we apply IFRS 9, "Financial Instruments," and IFRS 15, "Revenue from Contracts with Customers," for the first time effective the start of 2018. The application of IFRS 9 reduced the E.ON Group's adjusted EBIT by €10 million in the first quarter of 2018 to account for anticipated losses on certain financial instruments. Due to the application of IFRS 15, certain passthroughs are no longer used to calculate sales and corresponding costs of materials. Instead, these items are netted out directly in the Consolidated Statements of Income. As a result, sales and costs of materials in the first quarter of 2018 declined by €1.4 billion year on year without this having an effect on earnings. Other transition impacts include the divergence between payment streams and sales recognition for contractual assets and liabilities as well as the capitalization of the costs to obtain a contract which are amortized over the contract's duration.

Sales

We recorded sales of €9.3 billion in the first quarter of 2018, about €1.2 billion less than the prior-year figure. The initial application of IFRS 15 reduced sales by €1.4 billion. This mainly affected Energy Networks in Germany and the Czech Republic and Customer Solutions in the Czech Republic.

Energy Networks' sales of €3 billion were 30 percent below the prior-year figure of €4.2 billion. Sales in Germany were reduced primarily by the sale of Hamburg Netz GmbH, which took effect on January 1, 2018, and by the aforementioned netting effects in conjunction with IFRS 15. By contrast, a weather-driven increase in renewables feed-in had a positive impact on sales. Sales in Sweden were at the prior-year level. Sales in East-Central Europe/Turkey declined significantly. This is primarily attributable to netting effects in conjunction with IFRS 15 in the Czech Republic.

Customer Solutions' sales rose by €0.2 billion to €6.7 billion. Sales at our energy sales business in Germany declined year on year owing to the expiration of sales contracts to wholesale customers that were transferred to Uniper and a decline in power sales to residential and small and medium-sized enterprise customers. By contrast, sales were higher in the United Kingdom due to price increases and a weather-driven increase in gas sales volume. Sales at the Other reporting unit rose principally because of higher prices and sales volume in Sweden and Hungary and higher prices in Romania. Sales in the Czech Republic declined, in particular because of netting effects pursuant to IFRS 15.

Renewables' sales rose year on year, primarily because of the contribution from Bruenning's Breeze and Radford's Run, two new wind farms in the United States that entered service in December 2017, and better wind conditions in the United Kingdom and Italy.

Sales at Non-Core Business declined by €86 million, mainly because of lower sales prices and slightly lower sales volume.

Sales

	First quarter		
€ in millions	2018	2017	+/- %
Energy Networks	2,954	4,199	-30
Customer Solutions	6,745	6,550	3
Renewables	401	376	7
Non-Core Business	278	364	-24
Corporate Functions/Other	162	197	-18
Consolidation	-1,210	-1,206	–
E.ON Group	**9,330**	**10,480**	**-11**

Adjusted EBIT

For purposes of internal management control and as an indicator of our businesses' long-term earnings power, we use earnings before interest and taxes that have been adjusted to exclude non-operating effects ("adjusted EBIT").

First-quarter adjusted EBIT in our core business was €113 million above the weak prior-year figure. Energy Networks' earnings declined primarily because of the non-recurrence of a positive one-off item involving the delayed repayment of personnel costs in Germany for regulatory reasons and the sale of Hamburg Netz GmbH. By contrast, an improved gross power margin had a positive impact on earnings in Sweden. Earnings at the East-Central Europe/Turkey report unit were above the prior-year level, primarily because of regulatory effects that led to higher equity earnings on our stake in Enerjisa Enerji in Turkey.

Adjusted EBIT at Customer Solutions was about €73 million above the prior-year level. The principal factor was a wider gross margin in the power and gas sales business in Germany. This led to a positive effect in the first quarter that will flatten out as the year goes forward. By contrast, adjusted EBIT in the United Kingdom declined, primarily because of changes in the accounting treatment of grid usage costs in the first quarter. Price increases for certain customer groups had a positive impact on earnings.

Renewables' adjusted EBIT rose by about €11 million year on year, mainly because of the earnings contribution from a new offshore wind farm in the United Kingdom. The expiration of incentive mechanisms had an adverse impact on earnings.

Adjusted EBIT reported under Corporate Functions/Other was €69 million above the prior-year figure, mainly due to lower costs for personnel and materials as a result of our Phoenix reorganization program.

The E.ON Group's adjusted EBIT surpassed the prior-year figure by €246 million. This significant increase is mainly attributable to unplanned outages and an extended overhaul at PreussenElektra's Brokdorf nuclear power station in the prior year and to the items mentioned above in the commentary on adjusted EBIT in our core businesses. In addition, adjusted EBIT at the generation business in Turkey was higher, whereas prior-year equity earnings on our stake in Enerjisa Üretim were adversely affected in particular by a book loss on the sale of a hydroelectric station.

Adjusted EBIT

	First quarter		
€ in millions	2018	2017	+/- %
Energy Networks	642	678	-5
Customer Solutions	392	319	23
Renewables	171	160	7
Corporate Functions/Other	-28	-97	–
Consolidation	-2	2	–
Adjusted EBIT from core business	**1,175**	**1,062**	**11**
Non-Core Business	109	-24	–
Adjusted EBIT	**1,284**	**1,038**	**24**

Net Income

We recorded first-quarter net income attributable to shareholders of E.ON SE of €0.9 billion and corresponding earnings per share of €0.41. In the prior-year period we recorded net income of €0.6 billion and earnings per share of €0.31.

We had a tax expense of €256 million compared with €155 million in the prior-year period. Our tax rate on income from continuing operations rose from 18 percent to 20 percent. A decline in non-taxable earnings effects was the main reason for the slight increase in our tax rate.

First-quarter net book gains were substantially above the prior-year figure, mainly because of the disposal of Hamburg Netz GmbH. By contrast, the initial public offering of Enerjisa Enerji in Turkey resulted in a book loss.

Restructuring expenses declined substantially year on year. As in the prior-year period, they resulted mainly from cost-cutting programs and the One2two project. The decrease is in part attributable to considerably lower expenditures for the Phoenix program in 2018.

At March 31, 2018, marking to market of the derivatives we use to shield our operating business from price fluctuations as well as other derivatives resulted in a positive effect of €191 million (prior year: -€308 million), mainly because of derivative financial instruments in conjunction with contractual rights and obligations relating to the planned sale of our Uniper stake. The negative effects in the prior-year period were primarily attributable to Customer Solutions.

We recorded no significant impairment charges or reversals in the first quarter of 2018 or the prior-year quarter.

The substantial decline in other non-operating earnings is chiefly attributable to the fact that our stake in Uniper is no longer included in this line item. Since the end of September 2017, our Uniper stake has been recorded as an asset held for sale. Consequently, the book value of this stake is no longer recorded in equity.

Net Income

	First quarter	
€ in millions	2018	2017
Net income	1,033	735
Attributable to shareholders of E.ON SE	*880*	*628*
Attributable to non-controlling interests	*153*	*107*
Income/loss from discontinued operations, net	–	–
Income from continuing operations	**1,033**	**735**
Income taxes	256	155
Financial results	213	169
Income from continuing operations before financial results and income taxes	**1,502**	**1,059**
Income/Loss from equity investments	3	-11
EBIT	**1,505**	**1,048**
Non-operating adjustments	**-221**	**-10**
Net book gains (-)/losses (+)	*-104*	*-52*
Restructuring expenses	*26*	*94*
Marking to market of derivative financial instruments	*-191*	*308*
Impairments (+)/Reversals (-)	*–*	*-3*
Other non-operating earnings	*48*	*-357*
Adjusted EBIT	**1,284**	**1,038**
Impairments (+)/Reversals (-)	2	17
Scheduled depreciation and amortization	429	462
Adjusted EBITDA	**1,715**	**1,517**

Adjusted Net Income

Like EBIT, net income also consists of non-operating effects, such as the marking to market of derivatives. Adjusted net income is an earnings figure after interest income, income taxes, and non-controlling interests that has been adjusted to exclude non-operating effects. In addition to the marking to market of derivatives, the adjustments include book gains and book losses on disposals, certain restructuring expenses, other material non-operating income and expenses (after taxes and non-controlling interests), and interest expense/income not affecting net income, which consists of the interest expense/income resulting from non-operating effects. Adjusted net income also does not include income/loss from discontinued operations.

As a rule, the E.ON Management Board uses this figure in conjunction with its consistent dividend policy and aims for E.ON to have a payout ratio that is on par with its relevant peer companies. In view of the planned acquisition of innogy as part of an extensive asset swap, we intend to propose to the Annual Shareholders Meeting that E.ON pay a fixed dividend of €0.43 per share for the 2018 financial year.

Adjusted Net Income

	First quarter	
€ in millions	2018	2017
Income from continuing operations before financial results and income taxes	**1,502**	**1,059**
Income/Loss from equity investments	3	-11
EBIT	**1,505**	**1,048**
Non-operating adjustments	-221	-10
Adjusted EBIT	**1,284**	**1,038**
Interest expense shown in the Consolidated Statements of Income	-216	-158
Interest expense (+)/income (-) not affecting net income	39	-37
Operating earnings before interest and taxes	**1,107**	**843**
Taxes on operating earnings	-277	-210
Operating earnings attributable to non-controlling interests	-103	-108
Adjusted net income	**727**	**525**

Financial Situation

E.ON presents its financial condition using, among other financial measures, economic net debt and operating cash flow.

Financial Position

Compared with the figure recorded at December 31, 2017 (€19.2 billion), our economic net debt increased slightly by €0.4 billion to €19.7 billion, in particular because of the significant decline in our operating cash flow.

Our net financial position at the balance-sheet date was influenced mainly by the dissolution of Versorgungskasse Energie and the transfer of these assets to other investment vehicles. Because most of these assets were transferred to our Contractual Trust Arrangement, this did not affect our economic net debt, since our provisions for pensions were reduced in the same amount. The impact on our economic net debt of the transfer of the remaining assets to other share investments and third parties was offset by positive effects from the transfer of ownership of Hamburg Netz GmbH.

Economic Net Debt

€ in millions	March 31, 2018	Dec. 31, 2017
Liquid funds	4,108	5,160
Non-current securities	2,449	2,749
Financial liabilities	-12,736	-13,021
FX hedging adjustment	166	114
Net financial position	**-6,013**	**-4,998**
Provisions for pensions[1]	-2,924	-3,620
Asset-retirement obligations[2]	-10,721	-10,630
Economic net debt	**-19,658**	**-19,248**

[1] To calculate provisions for pensions we used actuarial interest rates of 2.1 percent for Germany (year-end 2017: 2.1 percent) and 2.8 percent for the United Kingdom (year-end 2017: 2.7 percent).
[2] These figures are not the same as the asset-retirement obligations shown in our Consolidated Balance Sheet (March 31, 2018: €11,624 million; December 31, 2017: €11,673 million). This is because we calculate our economic net debt in part based on the actual amount of our obligations.

E.ON's creditworthiness has been assessed by Standard & Poor's ("S&P") and Moody's with long-term ratings of BBB and Baa2, respectively. As a result of the agreement E.ON concluded with RWE on March 12, 2018, to acquire RWE's 76.8-percent stake in innogy SE, both S&P and Moody's anticipate an improvement in E.ON's business risk profile. On March 13, 2018, S&P confirmed its rating with a stable outlook. Moody's is reviewing its Baa2 rating for a possible downgrade of at most one notch. S&P's short-term rating is unchanged at A-2. In line with its long-term rating, Moody's is also reviewing its short-term rating, which is currently P-2.

Investments

The E.ON Group's first-quarter investments were above the prior-year level. We invested €0.5 billion in property, plant, and equipment and intangible assets (prior year: €0.6 billion). Share investments totaled €165 million versus €29 million in the prior-year period.

Investments

First quarter € in millions	2018	2017	+/- %
Energy Networks	271	260	4
Customer Solutions	74	64	16
Renewables	180	251	-28
Corporate Functions/Other	9	8	13
Consolidation	1	–	–
Investments in core business	**535**	**583**	**-8**
Non-Core Business	161	5	–
E.ON Group investments	**696**	**588**	**18**

Energy Networks' investments were €11 million above the prior-year level. The increase principally reflects higher Investments to upgrade our networks in Germany and Hungary. We also invested in new network connections in Germany.

Customer Solutions invested €10 million more than in the prior-year period, chiefly because of additional investments in the maintenance, upgrade, and expansion of existing assets and in our heat distribution network in Sweden.

Investments at Renewables were €71 million lower than in the prior-year period. Onshore Wind/Solar's investments increased by €44 million, primarily because of subsequent expenditures for Radford's Run, a large wind farm that entered service in December 2017, and expenditures for Stella wind farm, which is under construction. Offshore Wind/Other's investments declined by €115 million owing to lower expenditures for the Rampion new-build project (most of which was installed in 2017) and for our stake in the Arkona project.

Investments at Non-Core Business were €156 million above the prior-year level, in particular because of a capital increase at Enerjisa Üretim in Turkey, which we account for using the equity method. The capital increase was covered, in particular, by cash inflow from the initial public offering of Enerjisa Enerji.

Cash Flow

Cash provided by operating activities of continuing operations of €0.1 billion was €0.7 billion below the prior-year level. The decline resulted mainly from positive working-capital effects in the prior-year period which were only partially offset by an increase in cash-effective earnings.

Cash Flow[1]

First quarter € in millions	2018	2017
Cash provided by (used for) operating activities of continuing operations (operating cash flow)	112	857
Operating cash flow before interest and taxes	359	1,027
Cash provided by (used for) investing activities	-172	-317
Cash provided by (used for) financing activities	46	1,385

[1]From continuing operations.

Cash provided by investing activities of continuing operations totaled approximately -€0.2 billion versus -€0.3 billion in the prior-year period. Higher net cash outflow for the purchase of securities and fixed deposits as well as changes in financial liabilities were more than offset by a decrease in restricted funds. Net investments and disposals were at the prior-year level.

Cash provided by financing activities of continuing operations in the first quarter of 2018 amounted to €46 million compared with €1.4 billion in the prior-year period. The fact that the prior-year figure was €1.3 billion higher is mainly attributable to the capital increase conducted by E.ON SE in March 2017.

Forecast Report

Anticipated Earnings and Financial Situation

Forecast Earnings Performance

Our forecasts for the 2018 financial year continue to be influenced by the business environment in the energy industry. Examples include regulatory intervention in Germany and the United Kingdom. The current low-interest-rate environment and increasingly fierce competition in our core markets continue to put downward pressure on achievable returns.

We continue to expect the E.ON Group's 2018 adjusted EBIT to be between €2.8 and €3 billion and its 2018 adjusted net income to be between €1.3 and €1.5 billion.

Our forecast by segment:

We expect Energy Networks' 2018 adjusted EBIT to be below the prior-year figure. Operating earnings in Germany will be stable. On balance, however, the positive regulatory one-off item recorded in 2017 relating to the delayed repayment of personnel costs along with the deconsolidation of Hamburg Netz will lead to a substantial decline in earnings. In addition, we expect a tariff-driven decline in earnings at our gas networks in Romania this year, which is the transition year to the next regulatory period. By contrast, improved power and gas tariffs in Sweden will have a positive impact.

We anticipate that Customer Solutions' adjusted EBIT will be below the prior-year level. Earnings in the United Kingdom will be lower, primarily because of the intervention of the U.K. Competition and Markets Authority and restructuring expenses. Amid keen competition in the power and gas retail market, earnings in Germany will surpass the prior-year level owing to the non-recurrence of adverse items recorded in the prior year.

We expect Renewables' adjusted EBIT to be above the prior-year level. In particular, Rampion wind farm will contribute to earnings after it enters service.

We anticipate that adjusted EBIT at Corporate Functions/Other will improve and thus significantly exceed the previous year's level, primarily because of cost savings delivered by the Phoenix reorganization program as well as the restructuring of our pension scheme in Germany.

At Non-Core Business we expect PreussenElektra's adjusted EBIT to be significantly lower than the prior-year level, primarily due to declining sales prices.

Forecast Performance of Other Key Figures

The Forecast Report contained in our 2017 Annual Report presents our forecast for other key figures for the 2018 financial year. There are no changes to these disclosures.

Risk and Chances Report

The Combined Group Management Report contained in our 2017 Annual Report describes in detail our management system for assessing risks and chances and the measures we take to limit risks.

Risks and Chances

In the normal course of business, we are subject to a number of risks that are inseparably linked to the operation of our businesses. The resulting risks and chances are described in detail in the 2017 Combined Group Management Report. These risks and chances remained essentially unchanged at the end of the first quarter of 2018.

Management's Assessment of the Risk Situation

At the end of the first quarter of 2018 the risk situation of the E.ON Group's core operating business had not changed significantly compared with year-end 2017. From today's perspective, we do not perceive any risks that could threaten the existence of E.ON SE, the E.ON Group, or individual segments.

E.ON SE and Subsidiaries Consolidated Statements of Income

€ in millions	First quarter 2018	First quarter 2017
Sales including electricity and energy taxes	9,551	10,799
Electricity and energy taxes	-221	-319
Sales[1]	**9,330**	**10,480**
Changes in inventories (finished goods and work in progress)	2	1
Own work capitalized	77	79
Other operating income	1,116	1,171
Cost of materials[1]	-6,833	-8,123
Personnel costs	-656	-731
Depreciation, amortization and impairment charges	-431	-466
Other operating expenses	-1,177	-1,775
Income from companies accounted for under the equity method	74	423
Income from continuing operations before financial results and income taxes	**1,502**	**1,059**
Financial results	-213	-169
Income/Loss from equity investments	*3*	*-11*
Income from other securities, interest and similar income	*53*	*181*
Interest and similar expenses	*-269*	*-339*
Income taxes	-256	-155
Income from continuing operations	**1,033**	**735**
Income/Loss from discontinued operations, net	–	–
Net income	**1,033**	**735**
Attributable to shareholders of E.ON SE	*880*	*628*
Attributable to non-controlling interests	*153*	*107*
in €		
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted[2]		
from continuing operations	0.41	0.31
from discontinued operations	0.00	0.00
from net income	**0.41**	**0.31**

[1]The presentation of our sales and costs of materials in 2018 was substantially affected by the initial application of IFRS 15, "Revenue from Contracts with Customers" (see the commentary on page 3).
[2]Based on weighted-average shares outstanding; March 31, 2018: 2,167 in million; March 31, 2017: 2,019 in million.

E.ON SE and Subsidiaries Consolidated Statements of Recognized Income and Expenses

€ in millions	First quarter 2018	First quarter 2017
Net income	**1,033**	**735**
Remeasurements of defined benefit plans	2	-29
Remeasurements of defined benefit plans of companies accounted for under the equity method	-1	1
Income taxes	-6	1
Items that will not be reclassified subsequently to the income statement	**-5**	**-27**
Cash flow hedges	-9	130
Unrealized changes—Hedging reserve[1]	*42*	*167*
Unrealized changes—Reserve for hedging costs[1]	*-56*	*-58*
Reclassification adjustments recognized in income	*5*	*21*
Debt instruments	-16	15
Unrealized changes	*-12*	*51*
Reclassification adjustments recognized in income	*-4*	*-36*
Currency translation adjustments	-136	25
Unrealized changes	*-136*	*26*
Reclassification adjustments recognized in income	*–*	*-1*
Companies accounted for under the equity method	-14	66
Unrealized changes	*-126*	*66*
Reclassification adjustments recognized in income	*112*	*–*
Income taxes	-23	-33
Items that might be reclassified subsequently to the income statement	**-198**	**203**
Total income and expenses recognized directly in equity	**-203**	**176**
Total recognized income and expenses (total comprehensive income)	**830**	**911**
Attributable to shareholders of E.ON SE	*675*	*796*
Attributable to non-controlling interests	*155*	*115*

[1]IFRS 9, which we are applying for the first time in 2018, requires us to divide the unrealized change in cash flow hedges into two categories. We adjusted the prior-year figures accordingly.

E.ON SE and Subsidiaries Consolidated Balance Sheets

€ in millions	March 31, 2018	Dec. 31, 2017
Assets		
Goodwill	3,331	3,337
Intangible assets	2,300	2,243
Property, plant and equipment	24,356	24,766
Companies accounted for under the equity method	3,430	3,547
Other financial assets	3,195	3,541
Equity investments	*746*	*792*
Non-current securities	*2,449*	*2,749*
Financial receivables and other financial assets	435	452
Operating receivables and other operating assets	1,343	1,371
Deferred tax assets	989	907
Income tax assets	–	–
Non-current assets	**39,379**	**40,164**
Inventories	671	794
Financial receivables and other financial assets	246	236
Trade receivables and other operating assets	7,263	5,781
Income tax assets	518	514
Liquid funds	4,108	5,160
Securities and fixed-term deposits	*660*	*670*
Restricted cash and cash equivalents	*701*	*1,782*
Cash and cash equivalents	*2,747*	*2,708*
Assets held for sale	3,045	3,301
Current assets	**15,851**	**15,786**
Total assets	**55,230**	**55,950**
Equity and Liabilities		
Capital stock	2,201	2,201
Additional paid-in capital	9,862	9,862
Retained earnings	-3,701	-4,552
Accumulated other comprehensive income	-2,765	-2,378
Treasury shares	-1,126	-1,126
Equity attributable to shareholders of E.ON SE	**4,471**	**4,007**
Non-controlling interests (before reclassification)	3,341	3,195
Reclassification related to put options	-491	-494
Non-controlling interests	**2,850**	**2,701**
Equity	**7,321**	**6,708**
Financial liabilities	9,864	9,922
Operating liabilities	4,726	4,690
Income tax liabilities	1,038	969
Provisions for pensions and similar obligations	2,924	3,620
Miscellaneous provisions	13,966	14,381
Deferred tax liabilities	1,761	1,616
Non-current liabilities	**34,279**	**35,198**
Financial liabilities	2,872	3,099
Trade payables and other operating liabilities	8,002	8,099
Income tax liabilities	592	673
Miscellaneous provisions	2,140	2,041
Liabilities associated with assets held for sale	24	132
Current liabilities	**13,630**	**14,044**
Total equity and liabilities	**55,230**	**55,950**

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

First quarter € in millions	2018	2017
Net income	**1,033**	**735**
Income/Loss from discontinued operations, net	–	–
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	431	466
Changes in provisions	11	173
Changes in deferred taxes	126	29
Other non-cash income and expenses	93	-312
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (> 3 months)	-136	-86
Changes in operating assets and liabilities and in income taxes	-1,446	-148
Cash provided by (used for) operating activities of continuing operations (operating cash flow)	**112**	**857**
Cash provided by (used for) operating activities of discontinued operations	–	–
Cash provided by (used for) operating activities	**112**	**857**
Proceeds from disposal of	199	91
Intangible assets and property, plant and equipment	*45*	*79*
Equity investments	*154*	*12*
Purchases of investments in	-696	-588
Intangible assets and property, plant and equipment	*-531*	*-559*
Equity investments	*-165*	*-29*
Changes in securities, financial receivables and fixed-term deposits	-756	47
Changes in restricted cash and cash equivalents	1,081	133
Cash provided by (used for) investing activities of continuing operations	**-172**	**-317**
Cash provided by (used for) investing activities of discontinued operations	–	–
Cash provided by (used for) investing activities	**-172**	**-317**
Payments received/made from changes in capital	48	1,424
Changes in financial liabilities	-2	-39
Cash provided by (used for) financing activities of continuing operations	**46**	**1,385**
Cash provided by (used for) financing activities of discontinued operations	–	–
Cash provided by (used for) financing activities	**46**	**1,385**
Net increase/decrease in cash and cash equivalents	**-14**	**1,925**
Effect of foreign exchange rates on cash and cash equivalents	-1	8
Cash and cash equivalents at the beginning of the year[1]	2,762	5,574
Cash and cash equivalents at the end of the period	**2,747**	**7,507**
Less: Cash and cash equivalents of discontinued operations at the end of the period	**0**	**0**
Cash and cash equivalents of continuing operations at the end of the period	**2,747**	**7,507**

[1]Cash and cash equivalents of continuing operations at the beginning of 2018 also include the holdings of €54 million in Hamburg Netz GmbH, which was deconsolidated in the first quarter of 2018.

Financial Information by Business Segment[1]

First quarter € in millions	Energy Networks						Customer Solutions					
	Germany		Sweden		ECE/Turkey		Germany Sales		United Kingdom		Other	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
External sales	1,804	2,909	286	292	149	188	1,991	2,146	2,376	2,133	2,243	2,146
Intersegment sales	425	517	7	6	283	287	22	9	15	18	98	98
Sales[2]	**2,229**	**3,426**	**293**	**298**	**432**	**475**	**2,013**	**2,155**	**2,391**	**2,151**	**2,341**	**2,244**
Depreciation and amortization[3]	**-137**	**-144**	**-39**	**-41**	**-59**	**-54**	**-7**	**-6**	**-21**	**-24**	**-43**	**-46**
Adjusted EBIT	**353**	**415**	**151**	**132**	**138**	**131**	**128**	**38**	**148**	**160**	**116**	**121**
Equity-method earnings[4]	*16*	*16*	–	–	*30*	*22*	–	–	–	–	*1*	*3*
Operating cash flow before interest and taxes[5]	**23**	**720**	**267**	**142**	**164**	**152**	**-169**	**-178**	**-103**	**9**	**-76**	**2**
Investments	**108**	**98**	**55**	**60**	**108**	**102**	**4**	**3**	**40**	**46**	**30**	**15**

First quarter € in millions	Renewables		Non-Core Business				Corporate Functions/Other		Consolidation		E.ON Group	
			PreussenElektra		Generation Turkey							
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
External sales	176	253	278	364	–	–	29	49	-2	–	9,330	10,480
Intersegment sales	225	123	–	–	–	–	133	148	-1,208	-1,206	0	0
Sales[2]	**401**	**376**	**278**	**364**	**–**	**–**	**162**	**197**	**-1,210**	**-1,206**	**9,330**	**10,480**
Depreciation and amortization[3]	**-76**	**-89**	**-35**	**-47**	**–**	**–**	**-14**	**-30**	**–**	**2**	**-431**	**-479**
Adjusted EBIT	**171**	**160**	**124**	**27**	**-15**	**-51**	**-28**	**-97**	**-2**	**2**	**1,284**	**1,038**
Equity-method earnings[4]	*8*	*11*	*25*	*26*	*-15*	*-51*	*14*	*16*	*1*	–	*80*	*43*
Operating cash flow before interest and taxes[5]	**228**	**187**	**112**	**207**	**–**	**–**	**-90**	**-217**	**3**	**3**	**359**	**1,027**
Investments	**180**	**251**	**7**	**5**	**154**	**–**	**9**	**8**	**1**	**–**	**696**	**588**

[1]Because of the changes in our segment reporting (see page 3) the prior-year figure was adjusted accordingly.
[2]The presentation of our sales in 2018 was substantially affected by the initial application of IFRS 15, "Revenue from Contracts with Customers" (see the commentary on page 3).
[3]Adjusted for non-operating effects.
[4]Under IFRS, impairment charges on companies accounted for using the equity method and impairment charges on other financial assets (and any reversals of such charges) are included in income/loss from companies accounted for using the equity method and financial results, respectively. These income effects are not part of adjusted EBIT.
[5]Operating cash flow from continuing operations.

May 9, 2018	2018 Annual Shareholders Meeting
August 8, 2018	Half-Year Financial Report: January – June 2018
November 14, 2018	Quarterly Statement: January – September 2018
March 13, 2019	Release of the 2018 Annual Report
May 13, 2019	Quarterly Statement: January – March 2019
May 14, 2019	2019 Annual Shareholders Meeting
August 7, 2019	Half-Year Financial Report: January – June 2019
November 13, 2019	Quarterly Statement: January – September 2019

Further information

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Only the German version of this Quarterly Statement is legally binding.

This document is a Quarterly Statement pursuant to Section 53 of the Exchange Regulations of the Frankfurt Stock Exchange (dated January 31, 2018) and is not a Quarterly Report within the meaning of International Accounting Standard 34.

This Quarterly Statement 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.

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