



9M 2017 results

innogy SE · 13 November 2017
Bernhard Günther · CFO

Notice



This document contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management, and are based on information currently available to the management. Forward-looking statements shall not be construed as a promise for the materialization of future results and developments and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting the Company, and other factors. Neither the Company nor any of its affiliates assumes any obligations to update any forward-looking statements.

Key messages

Outlook 2017 confirmed on group and segmental level for adjusted EBITDA, adjusted EBIT and adjusted net income

CfD award for **Triton Knoll** Offshore project – innogy takes over full ownership

First **green bond** issuance of €850m

9M 2017 financials

- Adjusted EBITDA at €3.1bn (+5%)
- Adjusted EBIT at €2.0bn (+9%)
- Adjusted net income at €850m (+27%)

Independent **revolving credit facility** established – S&P upgrades rating to BBB / stable

innogy financially fully independent – S&P rating upgrade and first green bond issued in October



Independent funding

- Signing of stand-alone Revolving Credit Facility was the final step in achieving a fully independent funding from RWE
- Stand-alone syndicated credit line of €2 billion
- International consortium of 22 banks as partner

S&P rating upgrade

- Long-term rating raised from BBB- to BBB and short-term rating from A-3 to A-2
- S&P's reasoning: company completed its autonomous funding arrangements and continues to perform well

First green bond issuance

- First German corporate green bond in benchmark size: €850 million with a coupon of 1.25% and maturity in 2027 (yield-to-maturity 1.36%)
- Proceeds used to refinance on- and offshore wind projects
- Reviewed by ESG agency Sustainalytics

Business update – key developments



Renewables

- Triton Knoll Offshore project: CfD secured and 100% ownership since October
- Nordsee One: all 54 turbines installed and running (332 MW, 15% innogy stake), to be fully commissioned in Q4 2017
- Galloper (336 MW, 25% stake) in final installation phase, scheduled to be fully online in Q1 2018

Grid & Infrastructure

- Germany: productivity factor Xgen for gas currently in consultation period (proposal by the regulator: 0.88%)
- East: prolongation of current regulatory periods in Czech Republic (expected until 2020); stable development in Slovakia, Hungary und Poland
- Investments in FTTx to support fibre/broadband coverage expansion, particularly in Germany

Retail

- B2C: Stable customer development overall in Q3; 50k net gains in UK
- Agreement with SSE in November to merge npower with SSE's domestic retail operations
- emobility: more than 6,250 (semi-)public charging points already installed; further 9,250 charging points sold to Residential and SME customers

CfD support scheme secured for Triton Knoll – 100% ownership provides flexibility to maximise value

UK Triton Knoll offshore wind farm with
860 MW
planned capacity

Fully developed, consented and
100% ownership
since October 2017¹

UK CfD² support scheme with strike price of
£74.75/MWh
for a total period of 15 years

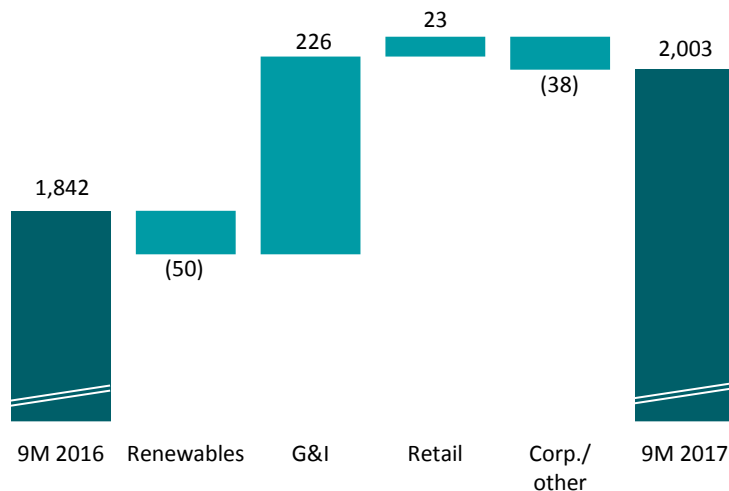
Investment of
~£2 billion
(incl. up to £0.5 billion grid connection)

Next steps: FID planned for mid-2018, onshore works to begin in 2018, offshore works from 2020
Commissioning scheduled from 2021

1 innogy to review all options regarding the future ownership structure.
2 Contract-for-Difference scheme. CfD strike price is in real 2012 terms.

Adjusted EBIT up 9% mainly driven by lower costs in the German grid business

Adjusted EBIT development
€ million



Renewables

- Lower precipitation levels, negative FX effects and absence of 2016 one-off gains only partly offset by contribution of new assets and higher yield

Grid & Infrastructure

- Lower costs to operate and maintain the German grid; absence of 2016 partial retirement measures
- Eastern Europe benefitted from colder weather during the winter months

Retail

- Solid performance in Germany and Eastern Europe
- NL/BE: Lower customer numbers and high competition levels offset by efficiency measures
- UK: still loss making year-to-date, but Q3 stand-alone performance significantly improved y-o-y

Adjusted net income up 27% to €850m driven by operational performance and improved financial result

Reconciliation of adjusted net income

€ million	9M 2017 reported	adjustment	9M 2017 adjusted	9M 2016 adjusted
Adjusted EBITDA	3,075	-	3,075	2,919
Operating D&A ¹	(1,072)	-	(1,072)	(1,077)
Adjusted EBIT	2,003	-	2,003	1,842
Non-operating result	(529)	529	0	0
Financial result	(402)	(116)	(518)	(679)
Income before taxes	1,072	413	1,485	1,163
Taxes on income	(419)	48	(371)	(291)
<i>Tax rate</i>	39%	-	25%	25%
Income	653	461	1,114	872
Non-controlling interests	(264)	-	(264)	(201)
Net income	389	461	850	671

Key drivers

- Non-operating result driven by €480m goodwill impairment on UK Retail business
- Financial result includes a positive effect of €172m from the amortisation of the step-up on debt² and further €56m negative one-off effects in relation to the transfer of further debt from RWE to innogy – both effects are adjusted
- Effective tax rate driven by UK Retail goodwill impairment with no impact on taxes whilst reducing reported pre-tax income
- Normalised tax rate set at 25% to derive the adjusted net income
- Non-controlling interests significantly above prior year level mainly due to higher earnings contribution from German entities

¹ By definition, operating D&A includes operating impairment losses.

² Including €11m FX effect.

Increase in net debt driven by dividend payments partly offset by lower pension provisions

Cash flow statement (extract)¹

€ million	9M 2017	9M 2016	+/-
Adjusted EBITDA	3,075	2,919	156
Funds from operations (FFO)	1,991	2,075	(84)
Changes in working capital	(387)	(335)	(52)
Cash flow from operating activities (CFOA)	1,604	1,740	(136)
Capex ²	(1,171)	(1,047)	(124)
Divestments	213	345	(132)
Free cash flow	646	1,038	(392)
Dividend payments	(1,312)	(946)	(366)

Net debt composition (extract)

€ billion	30 Sep 2017	31 Dec 2016	+/-
Financials assets	4.1	4.6	(0.5)
Financial liabilities ³	16.4	16.2	0.2
t/o senior bonds	11.3	10.3	1.0
t/o loans towards RWE	2.4	4.3	(1.9)
t/o loans towards EIB	1.0	-	1.0
Net financial liabilities	12.3	11.6	0.7
Provisions for pensions and similar obligations	3.3	3.9	(0.6)
Provisions for wind farm decommissioning	0.4	0.3	0.1
Net debt	16.0	15.7	0.3
Leverage factor	-	3.7	-

Note: rounding differences may occur.

1 The definition of free cash flow has changed: it now includes financial investments and divestments from property, plant and equipment plus intangible and financial assets.

2 Including financial investments.

3 Adjusted for ‚step-up‘ effect of €937m as of 30 September 2017. See backup slide 25 for details.

Outlook for 2017 confirmed, but risks remain in particular related to the UK Retail business


€ million unless stated otherwise	9M 2017 reported	9M 2016 reported	FY 2017 guidance	FY 2016 reported
Adjusted EBITDA¹	3,075	2,919	~4,400 	4,203
Renewables	194	244	~350 	359
Grid & Infrastructure	1,424	1,198	~1,900 	1,708
Retail	570	547	~850 	844
Adjusted EBIT¹	2,003	1,842	~2,900 	2,735
Adjusted financial result	(518)	(679)	~(700) 	(874)
Tax rate for adjusted net income	25%	25%	25% 	25%
Adjusted net income	850	671	>1,200 	1,123
Capex²	1,244	1,108	€2.0 - 2.5bn 	2,123

1 Includes Corporate/other.

2 Including financial investments.

3 As per H1 2017 interim report (published on 11 August).

 Outlook³ confirmed

 Outlook³ specified/updated



Backup



innogy

Renewables

€ million	9M 2017	9M 2016	+/-
Adjusted EBITDA	430	480	(10)%
Operating D&A ¹	(236)	(236)	0%
Adjusted EBIT	194	244	(20)%
Capex²	267	154	73%
<i>Capex/operating D&A</i>	<i>1.1x</i>	<i>0.7x</i>	-
Adjusted EBITDA – Capex	163	326	(50)%

¹ By definition, operating D&A includes operating impairment losses.

² Including financial investments of €101m in 9M 2017 and €20m in 9M 2016.

³ Excluding Galloper contribution – first generation expected to start in Q4 2017.

9M 2017 development

- ⤵ Lower volume due to lower wind and precipitation levels
- ⤵ Negative FX impact (adverse GBP development) and absence of one-off gains (from 9M 2016)
- ↗ Higher yield, in particular in Wind Offshore
- ↗ Contribution of new capacities in 9M 2017

Outlook for FY 2017

- ⤵ Absence of 2016 one-offs
- ⤵ Negative FX impact
- ↗ Positive €46m revaluation effect from full consolidation of Triton Knoll in Q4 following acquisition of remaining 50% stake from Statkraft
- ↗ Higher volumes from new capacities (additional >60 MW expected to be commissioned in Q4³)
- ↗ Positive price effects from wholesale price recovery
- ↗ Higher yield

Renewables – capacity overview (accounting view)

As of 30 September 2017

Megawatt (MW)	Onshore	Offshore	Hydro	Biomass	Biogas	Solar PV	Total
Germany	627	295	380	5	1	1	1,309
United Kingdom	339	630	84	-	-	-	1,053
Spain	447	-	12	-	-	-	459
Netherlands	295	-	-	-	-	-	295
Poland	242	-	-	-	-	-	242
Italy	67	-	-	-	-	-	67
France	-	-	50	-	-	-	50
Portugal	-	-	16	-	-	-	16
Belgium	-	-	-	-	-	-	0
Total	2,016	925	542	5	1	1	3,489

Renewables – capacity overview (pro-rata view)

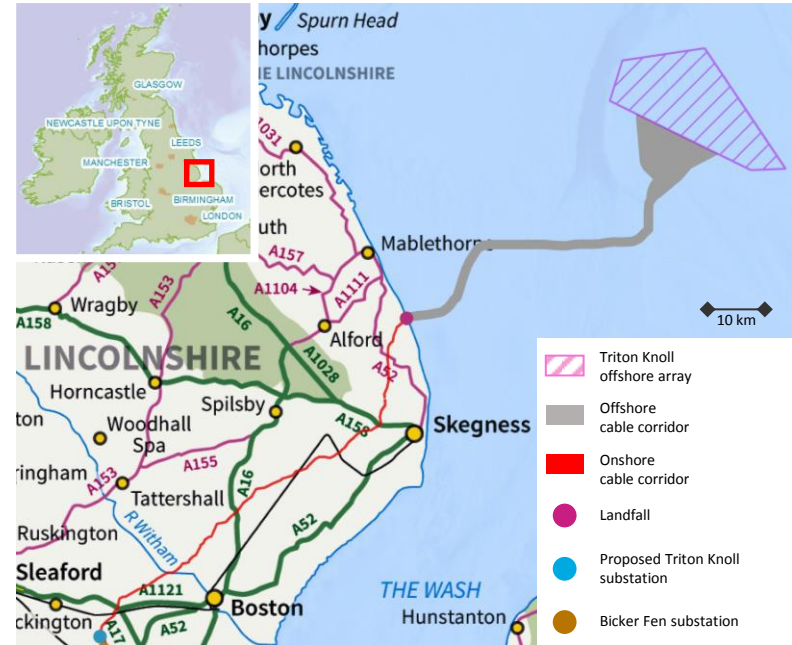
As of 30 September 2017

Megawatt (MW)	Onshore	Offshore	Hydro	Biomass	Biogas	Solar PV	Total
Germany	543	295	355	5	1	1	1,200
United Kingdom	274	585	84	-	-	-	943
Spain	443	-	10	-	-	6	459
Netherlands	295	-	-	-	-	-	295
Poland	226	-	-	-	-	-	226
Italy	34	-	-	-	-	-	34
France	-	-	50	-	-	-	50
Portugal	3	-	15	-	-	-	18
Belgium	-	87	-	-	-	-	87
Total	1,818	967	513	5	1	7	3,312

Triton Knoll – project overview



Country	UK
Technology	Offshore wind
Location	Area of c. 118 km ² , 32 km off the coast of Lincolnshire
Planned capacity	860 MW (90 MHI Vestas V164-9.5MW turbines)
Investment	~£2 billion (incl. up to £0.5 billion for grid connection)
Ownership	100% innogy ¹
Mean wind speed	9.83 m/s (at 107 m height)
Water depths	15 to 24 m (avg. 18 m)
Status/consents	Fully developed, all required consents in place
FID/construction	FID planned for mid-2018, onshore works to begin in 2018, offshore works from 2020
Commissioning	Start of commissioning scheduled for 2021
Support scheme	UK CfD ² , £74.75/MWh ³ for a total period of 15 years



¹ innogy to review all options regarding the future ownership structure.

² Contract for Difference scheme.

³ CfD strike price on 2012 prices.

Grid & Infrastructure



€ million	9M 2017	9M 2016	+/-
Adjusted EBITDA	2,090	1,864	12%
Operating D&A ¹	(666)	(666)	-%
Adjusted EBIT	1,424	1,198	19%
Capex²	729	706	3%
<i>Capex/operating D&A</i>	<i>1.1x</i>	<i>1.1x</i>	-
Adjusted EBITDA – Capex	1,361	1,158	18%

1 By definition, operating D&A includes operating impairment losses.

2 Including financial investments of €47m in 9M 2017 and €50m in 9M 2016.

Grid & Infrastructure – Germany

€ million	9M 2017	9M 2016	+/-
Adjusted EBITDA	1,502	1,309	15%
Operating D&A ¹	(476)	(480)	1%
Adjusted EBIT	1,026	829	24%
Capex²	504	487	3%
<i>Capex/operating D&A</i>	<i>1.1x</i>	<i>1.0x</i>	-
Adjusted EBITDA – Capex	998	822	21%

9M 2017 development

- ⤴ Lower costs to operate and maintain the distribution grid
- ⤴ Absence of partial retirement measures (from Q1 2016)
- ⤵ Lower earnings from gas storage business due to full effect of settlement of contracts with RWEST in early 2016

Outlook for FY 2017

- ⤴ Lower costs to operate and maintain the distribution grid
- ⤴ Absence of partial retirement measures (from Q1 2016)
- ⤴ Efficiency improvements
- ⤵ Lower earnings from gas storage business due to full effect of settlement of contracts with RWEST in early 2016

1 By definition, operating D&A includes operating impairment losses.

2 Including financial investments of €41m in 9M 2017 and €50m in 9M 2016.

Grid & Infrastructure – Eastern Europe

€ million	9M 2017	9M 2016	+/-
Adjusted EBITDA	588	555	6%
Operating D&A ¹	(190)	(186)	(2)%
Adjusted EBIT	398	369	8%
Capex²	225	219	3%
<i>Capex/operating D&A</i>	<i>1.2x</i>	<i>1.2x</i>	-
Adjusted EBITDA – Capex	363	336	8%

9M 2017 development

- ⤴ Higher distributed volumes due to colder weather and higher distribution tariff due to delayed recognition of regulatory costs in Czech gas business
- ⤵ Lower income from Czech gas storage business

Outlook for FY 2017

- ⤴ Higher distributed volumes due to colder weather and higher distribution tariff due to delayed recognition of regulatory costs in Czech gas business
- ⤵ Lower income from Czech gas storage business

1 By definition, operating D&A includes operating impairment losses.

2 Including financial investments of €6m in 9M 2017.

Retail



€ million	9M 2017	9M 2016	+/-
Adjusted EBITDA	709	699	1%
Operating D&A ¹	(139)	(152)	9%
Adjusted EBIT	570	547	4%
Capex²	143	176	(19)%
<i>Capex/operating D&A</i>	<i>1.0x</i>	<i>1.2x</i>	-
Adjusted EBITDA – Capex	566	523	8%

1 By definition, operating D&A includes operating impairment losses.

2 Including financial investments of €46m in 9M 2017 and €28m in 9M 2016.

Retail – Germany



€ million	9M 2017	9M 2016	+/-
Adjusted EBITDA	391	364	7%
Operating D&A ¹	(22)	(28)	21%
Adjusted EBIT	369	336	10%
Capex²	31	44	(30)%
<i>Capex/operating D&A</i>	1.4x	1.6x	-
Adjusted EBITDA – Capex	360	320	13%

9M 2017 development

- ⤴ Efficiency improvements
- ⤴ Cost savings
- ⤵ Higher costs for international Retail Steering and emobility growth activities

Outlook for FY 2017

- ⤵ Higher costs for international Retail Steering and emobility growth activities
- ⤵ Intensified competition and lower volumes due to ongoing energy efficiency measures by customers
- ⤴ Efficiency improvements

¹ By definition, operating D&A includes operating impairment losses.

² Including financial investments of €9m in 9M 2017 and €12m in 9M 2016.

Retail – United Kingdom

€ million	9M 2017	9M 2016	+/-
Adjusted EBITDA	(33)	(6)	(450)%
Operating D&A ¹	(69)	(75)	8%
Adjusted EBIT	(102)	(81)	(26)%
Capex	38	71	(46)%
<i>Capex/operating D&A</i>	<i>0.6x</i>	<i>0.9x</i>	-
Adjusted EBITDA – Capex	(71)	(77)	8%

9M 2017 development

- ⤵ Customer losses in Q1 and shift to lower margin contracts, partially offset by higher volumes from households
- ⤵ Magnitude of the price increase for SVT customers not fully covering higher costs
- Cost savings and operational improvements from recovery programme

Outlook for FY 2017

- Further positive impact from restructuring programme and cost reductions
- ⤵ Magnitude of the price increase for SVT customers not fully covering higher costs
- ⤵ Intense competition and regulatory scrutiny

Retail – Netherlands/Belgium



€ million	9M 2017	9M 2016	+/-
Adjusted EBITDA	171	167	2%
Operating D&A ¹	(34)	(32)	(6)%
Adjusted EBIT	137	135	1%
Capex²	64	38	68%
<i>Capex/operating D&A</i>	<i>1.9x</i>	<i>1.2x</i>	-
Adjusted EBITDA – Capex	107	129	(17)%

9M 2017 development

- ⤴ Efficiency improvements
- ⤵ Customer losses due to intensified competition and lower volumes

Outlook for FY 2017

- ⤵ Intensified competition
- ⤴ Efficiency improvements

1 By definition, operating D&A includes operating impairment losses.

2 Including financial investments of €36m in 9M 2017 and €16m in 9M 2016.

Retail – Eastern Europe



€ million	9M 2017	9M 2016	+/-
Adjusted EBITDA	180	174	3%
Operating D&A ¹	(14)	(17)	18%
Adjusted EBIT	166	157	6%
Capex²	10	23	(57)%
<i>Capex/operating D&A</i>	<i>0.7x</i>	<i>1.4x</i>	-
Adjusted EBITDA – Capex	170	151	13%

9M 2017 development

↗ Mainly positive impact from colder weather

Outlook for FY 2017

> Stable development expected

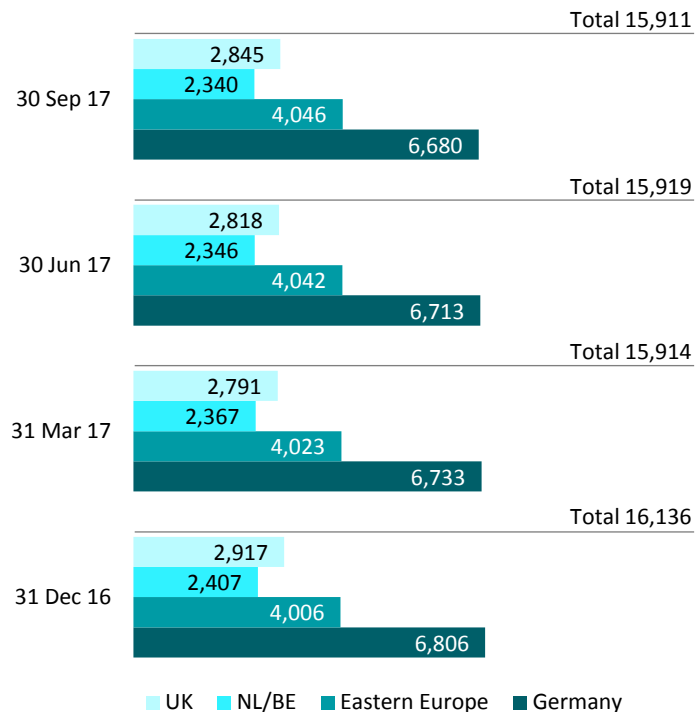
1 By definition, operating D&A includes operating impairment losses.

2 Including financial investments of €1m in 9M 2017.

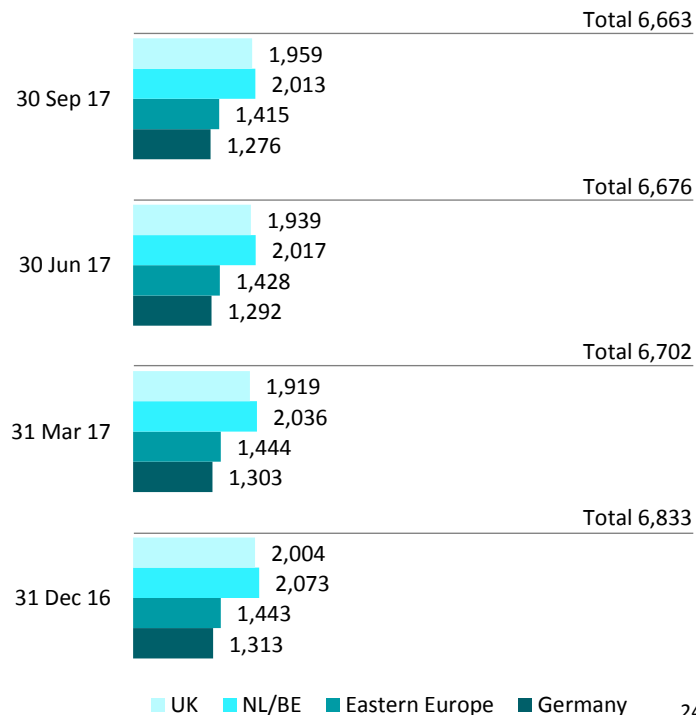
Retail – customer number development



Electricity customers ('000)



Gas customers ('000)



Overview of senior bonds and loans

As of 30 September 2017, by maturity

Senior bonds

Issuer	Notional amount (LCY ¹ , million)	Carrying amount (in EUR million)	Coupon	Maturity
innogy SE	EUR 100	100	6M Euribor + 0.67%	Nov 17
innogy Finance B.V.	EUR 980	1,018	5.13%	Jul 18
innogy Finance B.V.	EUR 1,000	1,076	6.63%	Jan 19
innogy Finance B.V.	EUR 750	763	1.88%	Jan 20
innogy Finance B.V.	GBP 570	710	6.50%	Apr 21
innogy Finance B.V.	EUR 1,000	1,183	6.50%	Aug 21
innogy Finance B.V.	GBP 500	611	5.50%	Jul 22
innogy Finance B.V.	GBP 488	598	5.63%	Dec 23
innogy Finance B.V.	EUR 800	842	3.00%	Jan 24
innogy Finance B.V.	EUR 750	744	1.00%	Apr 25
innogy Finance B.V.	GBP 760	950	6.25%	Jun 30
innogy Finance B.V.	EUR 600	729	5.75%	Feb 33
innogy SE	USD 50 ²	42	3.17% ³	Apr 33
innogy Finance B.V.	GBP 600	636	4.75%	Jan 34
innogy SE	EUR 468	513	3.50%	Oct 37
innogy Finance B.V.	GBP 1,000	1,220	6.13%	Jul 39
innogy SE	JPY 20,000 ²	178	4.76% ³	Feb 40
innogy SE	EUR 100	100	3.50%	Dec 42
innogy SE	EUR 150	150	3.55%	Feb 43
Total	-	12,163	4.90%⁴	-
thereof: step-up effect		866		

Loans towards RWE⁵

Instrument	Notional amount (LCY ¹ , million)	Carrying amount (in EUR million)	Coupon	Maturity
Intercompany loan ^{6,7}	EUR 771	771	0.22%	Oct 17
Intercompany loan ⁶	EUR 956	956	0.56%	Mar 19
Intercompany loan ⁶	EUR 700	700	0.86%	Oct 20
Total	-	2,427	0.54%⁴	-

Loans towards EIB

Instrument	Notional amount (LCY ¹ , million)	Carrying amount (in EUR million)	Coupon	Maturity
EIB loan	EUR 645	705	3.23%	Oct 20
EIB loan	GBP 350	408	2.14%	Feb 23
Total	-	1,113	2.81%⁴	-
thereof: step-up effect		71		

Note: Green bond issuance of €850m on 12 October (1.25% coupon, maturity October 2027) not yet included in the overview.

1 Local currency. 2 Swapped in Euro: USD50m in EUR39m; JPY20,000m in EUR159m. 3 Interest rate after swap in Euro. 4 Notional-weighted average coupon. 5 One additional loan of €18m not included.

6 Related to hybrids issued by RWE. 7 This intercompany loan has been redeemed on 12 October 2017.

Note: Rounding differences may occur.

IR contacts



Verena Nicolaus-Kronenberg
T +49 152 0933 1400
verena.nicolaus-kronenberg@innogy.com



Lars Korinth
T +49 152 5460 9224
lars.korinth@innogy.com



Britta Wöhner
T +49 162 2754 355
britta.woehner@innogy.com



Marcel Rohrbach
T +49 152 5452 5526
marcel.rohrbach@innogy.com



Holger Perlwitz
Fixed Income
T +49 162 2843 044
holger.perlwitz@innogy.com



Martin Jäger
T +49 152 5460 7527
martin.jaeger@innogy.com

Financial calendar



12/03/2018

Annual report 2017



24/04/2018

Annual General Meeting



27/04/2018

Dividend Payment



14/05/2018

Q1 2018 interim report



10/08/2018

Half year 2018 report



13/11/2018

9M 2018 interim report