



innogy

H1 2017 results

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Notice



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Key messages



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

H1 2017 financials

Adjusted EBITDA: €2,439m (+2% y-o-y)

Adjusted EBIT: €1,725m (+4%)

Adjusted net income: €857m (+16%)

Moody's assigns stand-alone rating of Baa2 to innogy (investment grade)

Debt push down completed – EIB loans transferred from RWE to innogy in July

Business update – key developments



Renewables

- 55 MW of Wind Onshore capacity added in H1 2017; 50% of Nordsee One Offshore turbines already connected to the grid and generating electricity; full commissioning expected for Q4
- innogy participating in current UK Offshore auction round with project Triton Knoll
- Further progress in development of opportunities in new markets (US, Canada, Ireland)

Grid & Infrastructure

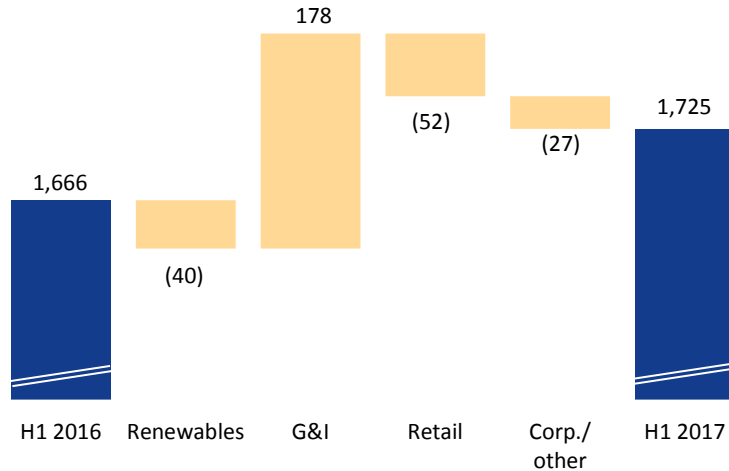
- Germany: cost review process for gas nearly completed but clarity on some parameters for next regulatory period still outstanding (e.g. efficiency factor, Xgen) / Grid fee modernisation act (NEMoG) passed by Lower House with limited impact on G&I
- Czech Republic: parameters for the next regulatory period (starting in 2019) expected to be set by year end / Slovakia: regulatory parameters for new period (starting in 2018) to be determined yet

Retail

- Total customer base stabilised in Q2 2017
- Further efficiency measures implemented
- Important steps taken in e-mobility: US branch established and partnership with Tank & Rast in Germany intensified

Adjusted EBIT up 4% y-o-y mainly driven by lower costs in the German G&I business

Adjusted EBIT development, € million



Key drivers¹

Renewables

- Lower wind and precipitation levels, a negative FX effect and absence of prior year one-off gains only partially offset by higher yield, higher realised prices and the contribution of new assets

Grid & Infrastructure

- Germany: lower costs to operate and maintain the grid; Q1 2016 included provision accruals for partial retirement measures
- Eastern Europe: positive impact from cold weather

Retail

- Solid performance in Germany and Eastern Europe
- Lower customer numbers and volumes in NL/BE
- UK: still down y-o-y, but Q2 2017 quarterly result on 2016 level; benefits from recovery plan mitigating ongoing market pressure

¹ For details see backup slides 11-22.

Adjusted net income up 16% to €857m driven by operational performance and improved financial result

Reconciliation of adjusted net income

€ million	H1 2017 reported	adjustment	H1 2017 adjusted	H1 2016 adjusted
Adjusted EBITDA	2,439	-	2,439	2,385
Operating D&A ¹	(714)	-	(714)	(719)
Adjusted EBIT	1,725	-	1,725	1,666
Non-operating result	(87)	87	0	0
Financial result	(178)	(120)	(298)	(443)
Income before taxes	1,460	(33)	1,427	1,223
Taxes on income	(430)	73	(357)	(306)
<i>Tax rate</i>	29%	-	25%	25%
Income	1,030	40	1,070	917
Non-controlling interests	(213)	-	(213)	(177)
Net income	817	40	857	740

Key drivers

- Non-operating result mainly driven by the valuation of derivatives to hedge price risks
- Financial result includes a positive effect of €114m from the amortisation of the step-up on bonds² and a €6m one-off gain from the transfer of further debt from RWE to innogy – both effects are adjusted
- Effective tax rate still driven by a higher pre-tax contribution from German entities; this effect should diminish over the remainder of the year
- Normalised tax rate set at 25% to derive the adjusted net income
- Non-controlling interests above prior year level mainly due to improved earnings of German regional entities

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

² Including FX effect.

Increase in net debt driven by seasonal free cash flow pattern and dividend payments

Cash flow statement (extract)¹

€ million	H1 2017	H1 2016	+/-
Adjusted EBITDA	2,439	2,385	54
Funds from operations (FFO)	2,116	2,329	(213)
Changes in working capital	(1,877)	(1,922)	45
Cash flow from operating activities (CFOA)	239	407	(168)
Capex ²	(660)	(593)	(67)
Divestments	152	194	(42)
Free cash flow	(269)	8	(277)
Dividend payments	(1,305)	(883)	(422)

Net debt composition (extract)

€ billion	30 Jun 2017	31 Dec 2016	+/-
Financials assets	3.7	4.6	(0.9)
Financial liabilities	17.0	16.2	0.8
t/o senior bonds ³	11.3	10.3	1.0
t/o loans towards RWE ⁴	3.6	4.3	(0.7)
Net financial liabilities	13.3	11.6	1.7
Provisions for pensions and similar obligations	3.5	3.9	0.4
Provisions for wind farm decommissioning	0.4	0.3	0.1
Net debt	17.1	15.7	1.4
Leverage factor	-	3.7	-

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 €920m as of 30 June 2017. See backup slide 23 for details.

4 See backup slide 23 for details. Does not yet reflect transfer of EIB loans which was completed in July.

Moody's assigns stand-alone Baa2 rating to innogy



innogy's investment grade ratings¹ (as of 30 June 2017)

	Fitch	Moody's	S&P ²
Long-term issuer default rating	BBB+	Baa2	BBB-
Outlook	Stable	Stable	Positive
Senior unsecured rating	A-	Baa2	BBB-
Short term issuer rating	F2	P2	A-3

Note: All ratings still linked to RWE AG ratings.

1 Solicited ratings.

2 S&P assigns innogy a stand-alone credit profile of bbb.

Outlook for 2017 confirmed

€ million unless stated otherwise	H1 2017 reported	H1 2016 reported	FY 2017 guidance	FY 2016 reported
Adjusted EBITDA¹	2,439	2,385	~4,400 ✓	4,203
Renewables	179	219	~350 ✓	359
Grid & Infrastructure	1,094	916	~1,900 ✓	1,708
Retail	588	640	~850 ✓	844
Adjusted EBIT¹	1,725	1,666	~2,900 ✓	2,735
Adjusted financial result	(298)	(443)	(750) - (800) ✓	(874)
Tax rate for adjusted net income	25%	25%	at the lower end of 25-30% ✓	25%
Adjusted net income	857	740	>1,200 ✓	1,123
Capex²	713	656	€2.0 - 2.5bn ✓	2,123

1 Includes Corporate/other.

2 Including financial investments.

3 As per interim report January to March 2017 (published on 12 May).

✓ Outlook³ confirmed



Backup



innogy

Renewables

€ million	H1 2017	H1 2016	+/-
Adjusted EBITDA	338	376	(10)%
Operating D&A ¹	(159)	(157)	(1)%
Adjusted EBIT	179	219	(18)%
Capex²	182	98	86%
<i>Capex/operating D&A</i>	<i>1.1x</i>	<i>0.6x</i>	-
Adjusted EBITDA – Capex	156	278	(44)%

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

² Including financial investments of €90m in H1 2017 and €9m in H1 2016.

³ Pro-rata view. Excluding Galloper contribution – first generation already expected to start in late Q3 2017.

H1 2017 development

- ⬇ Lower volume due to lower wind and precipitation levels
- ⬇ Negative FX impact (adverse GBP development) and absence of one-off gains in H1 2016
- ⬆ Higher yield, in particular in Wind Offshore
- ⬆ Positive price effects from wholesale price recovery
- ⬆ Contribution of new capacities in H1 2017

Outlook for FY 2017

- ⬇ Absence of 2016 one-offs
- ⬇ Negative FX impact
- ⬆ Higher volumes from existing portfolio (subject to normalised weather conditions) and new capacities (>130 MW expected³ in total)
- ⬆ Positive price effects from wholesale price recovery
- ⬆ Higher yield

Renewables – capacity overview (accounting view)

As of 30 June 2017

Megawatt (MW)	Onshore	Offshore	Hydro	Biomass	Biogas	Solar PV	Total
Germany	573	295	380	5	1	1	1,255
United Kingdom	337	630	82	-	-	-	1,049
Spain	447	-	12	-	-	-	459
Netherlands	295	-	-	-	-	-	295
Poland	242	-	-	-	-	-	242
Italy	67	-	-	-	-	-	67
France	-	-	50	-	-	-	50
Portugal	-	-	16	-	-	-	16
Belgium	-	-	-	-	-	-	0
Total	1,960	925	540	5	1	1	3,432

Renewables – capacity overview (pro-rata view)

As of 30 June 2017

Megawatt (MW)	Onshore	Offshore	Hydro	Biomass	Biogas	Solar PV	Total
Germany	509	295	355	5	1	1	1,166
United Kingdom	272	585	82	-	-	-	939
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	1,782	967	511	5	1	7	3,275

Grid & Infrastructure



€ million	H1 2017	H1 2016	+/-
Adjusted EBITDA	1,538	1,357	13%
Operating D&A ¹	(444)	(441)	(1)%
Adjusted EBIT	1,094	916	19%
Capex²	394	397	(1)%
<i>Capex/operating D&A</i>	<i>0.9x</i>	<i>0.9x</i>	-
Adjusted EBITDA – Capex	1,144	960	19%

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

2 Including financial investments of €43m in H1 2017 and €26m in H1 2016.

Grid & Infrastructure – Germany



€ million	H1 2017	H1 2016	+/-
Adjusted EBITDA	1,098	954	15%
Operating D&A ¹	(315)	(318)	1%
Adjusted EBIT	783	636	23%
Capex²	280	284	(1)%
<i>Capex/operating D&A</i>	<i>0.9x</i>	<i>0.9x</i>	-
Adjusted EBITDA – Capex	818	670	22%

H1 2017 development

- ⤴ Lower costs to operate and maintain the distribution grid
- ⤴ Absence of partial retirement measures
- ⤵ 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
- ⤴ 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 €37m in H1 2017 and €26m in H1 2016.

Grid & Infrastructure – Eastern Europe



€ million	H1 2017	H1 2016	+/-
Adjusted EBITDA	440	403	9%
Operating D&A ¹	(129)	(123)	(5)%
Adjusted EBIT	311	280	11%
Capex²	114	113	1%
<i>Capex/operating D&A</i>	<i>0.9x</i>	<i>0.9x</i>	-
Adjusted EBITDA – Capex	326	290	12%

H1 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 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 H1 2017.

Retail



€ million	H1 2017	H1 2016	+/-
Adjusted EBITDA	680	746	(9)%
Operating D&A ¹	(92)	(106)	13%
Adjusted EBIT	588	640	(8)%
Capex²	67	126	(47)%
<i>Capex/operating D&A</i>	<i>0.7x</i>	<i>1.2x</i>	-
Adjusted EBITDA – Capex	613	620	(1)%

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

2 Including financial investments of €5m in H1 2017 and €26m in H1 2016.

Retail – Germany



€ million	H1 2017	H1 2016	+/-
Adjusted EBITDA	355	296	20%
Operating D&A ¹	(15)	(20)	25%
Adjusted EBIT	340	276	23%
Capex²	16	33	(52)%
<i>Capex/operating D&A</i>	<i>1.1x</i>	<i>1.6x</i>	-
Adjusted EBITDA – Capex	339	263	29%

H1 2017 development

- ↗ Efficiency improvements
- ↗ Cost savings

Outlook for FY 2017

- ↗ Efficiency improvements
- ↘ Intensified competition and lower volumes due to ongoing energy efficiency measures by customers

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

2 Including financial investments of €4m in H1 2017 and €10m in H1 2016.

Retail – United Kingdom



€ million	H1 2017	H1 2016	+/-
Adjusted EBITDA	33	138	(76)%
Operating D&A ¹	(45)	(53)	15%
Adjusted EBIT	(12)	85	n.m.
Capex	25	45	(44)%
<i>Capex/operating D&A</i>	<i>0.6x</i>	<i>0.8x</i>	-
Adjusted EBITDA – Capex	8	93	(91)%

H1 2017 development

- ⤵ Customer losses and shift to lower margin contracts
- ⤵ The magnitude of the price increase for SVT customers not fully covering higher costs
- ⤵ Lower volumes and higher commodity costs in the B2B business
- Cost savings and operational improvements from recovery programme

Outlook for FY 2017

- Further positive impact from restructuring programme and cost reductions
- ⤵ The magnitude of the price increase for SVT customers not fully covering the increase in network, commodity, and other market costs
- ⤵ High competition and regulatory scrutiny

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

Retail – Netherlands/Belgium



€ million	H1 2017	H1 2016	+/-
Adjusted EBITDA	143	157	(9)%
Operating D&A ¹	(22)	(21)	(5)%
Adjusted EBIT	121	136	(11)%
Capex²	20	32	38%
<i>Capex/operating D&A</i>	<i>0.9x</i>	<i>1.5x</i>	-
Adjusted EBITDA – Capex	123	125	(2)%

H1 2017 development

- ⬇ Customer losses due to intensified competition and lower volumes
- ⬆ Efficiency improvements

Outlook for FY 2017

- ⬇ Intensified competition
- ⬆ Efficiency improvements

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

2 Including financial investments of €0m in H1 2017 and €16m in H1 2016.

Retail – Eastern Europe



€ million	H1 2017	H1 2016	+/-
Adjusted EBITDA	149	155	(4)%
Operating D&A ¹	(10)	(12)	17%
Adjusted EBIT	139	143	(3)%
Capex²	6	16	(62)%
<i>Capex/operating D&A</i>	<i>0.6x</i>	<i>1.3x</i>	-
Adjusted EBITDA – Capex	143	139	3%

H1 2017 development

> Solid performance on prior year level

Outlook for FY 2017

> Stable development expected

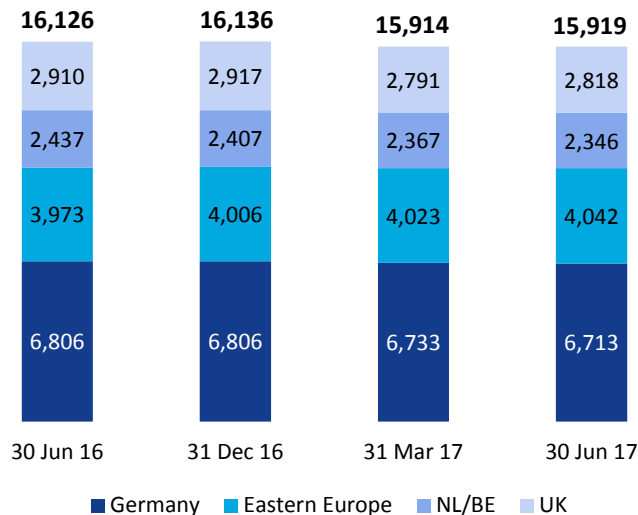
1 By definition, operating D&A includes operating impairment losses.

2 Including financial investments of €1m in H1 2017 and €0m in H1 2016.

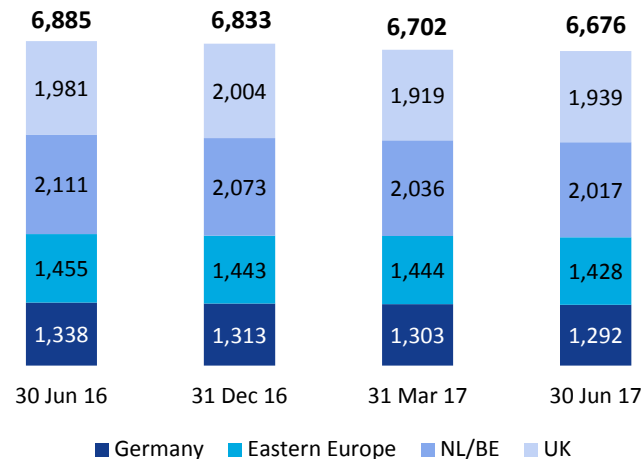
Retail – customer number development



Electricity customers ('000)



Gas customers ('000)



Overview of senior bonds and loans towards RWE

As of 30 June 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	1,030	5.13%	Jul 18
innogy Finance B.V.	EUR	1,000	1,090	6.63%	Jan 19
innogy Finance B.V.	EUR	750	764	1.88%	Jan 20
innogy Finance B.V.	GBP	570	716	6.50%	Apr 21
innogy Finance B.V.	EUR	1,000	1,195	6.50%	Aug 21
innogy Finance B.V.	GBP	500	614	5.50%	Jul 22
innogy Finance B.V.	GBP	488	601	5.63%	Dec 23
innogy Finance B.V.	EUR	800	844	3.00%	Jan 24
innogy Finance B.V.	EUR	750	744	1.00%	Apr 25
innogy Finance B.V.	GBP	760	953	6.25%	Jun 30
innogy Finance B.V.	EUR	600	731	5.75%	Feb 33
innogy SE	USD	50 ²	44	3.17% ³	Apr 33
innogy Finance B.V.	GBP	600	638	4.75%	Jan 34
innogy SE	EUR	468	513	3.50%	Oct 37
innogy Finance B.V.	GBP	1,000	1,224	6.13%	Jul 39
innogy SE	JPY	20,000 ²	185	4.76% ³	Feb 40
innogy SE	EUR	100	100	3.50%	Dec 42
innogy SE	EUR	150	150	3.55%	Feb 43
Total	-	-	12,236	4.90%⁴	-
thereof: step-up effect			920		

Loans towards RWE⁵

Instrument		Notional amount (LCY ¹ , million)	Carrying amount (in EUR million)	Coupon	Maturity
Intercompany loan ⁶	EUR	125	125	0.19%	Jul 17
Intercompany loan ⁶	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
Intercompany loan ⁷	EUR	645	695	3.23%	Oct 20
Intercompany loan ⁷	GBP	350	362	2.14%	Feb 23
Total	-	-	3,609	1.18%⁴	-

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 Three additional loans with a total volume of €28m not included.

6 Related to hybrids issued by RWE. 7 In July 2017 the transfer of the EIB loans from RWE to innogy was concluded and the corresponding intragroup loans canceled.

Note: Rounding differences may occur.

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Financial calendar



13/11/2017

Interim report 9M 2017



12/03/2018

Annual report 2017



24/04/2018

Annual General Meeting



27/04/2018

Dividend Payment