Q1 2018 statement

innogy

Financial highlights

- Q1 2018: Adjusted EBIT of €1,236 million – slightly below Q1 2017; adjusted net income of €610 million, down 11% on Q1 2017, mainly driven by an adverse financial result
- eMobility now outside Retail in the 'Corporate/New Businesses' item
- Outlook 2018 confirmed: adjusted net income of more than €1.1 billion expected
  - Outlook for Retail division now excludes eMobility: €750 million expected for the full year (previously €700 million), counter-effect in the 'Corporate/New Businesses' item

Major events after Q1 2018

- Executive Board and Supervisory Board publish a joint statement on the voluntary public takeover offer of E.ON. More details can be found here: www.innogy.com/reasoned_statement
- Following expressions of interest for certain business activities, innogy decides to grant due diligence for its business in Czech Republic
- Supervisory Board decides on personnel topics:
  - Uwe Tigges appointed CEO
  - Arno Hahn appointed as new Chief Human Resources Officer and Labour Director
  - Contract extension of Executive Board members Hildegard Müller, Hans Bünting and Martin Herrmann until 31 March 2022
- AGM approves dividend of €1.60 per share for fiscal 2017
- innogy secures rights for the construction and operation of Kaskasi offshore wind farm in Germany with an installed capacity of 325 MW, including a 20-year feed-in tariff under the German EEG (Renewable Energy Act)

Q1 2018 statement

innogy

Major events in Q1 2018

January

- Successful bond issue with a total volume of €1 billion
  - With a tenor of 11.5 years, the bond has an annual coupon of 1.5%, an issue price of 98.785% and a yield of 1.617% p.a.
  - Proceeds of the bond to be used for refinancing and general corporate purposes

February

- Submission of official registration documents for the planned npower/SSE merger to the Competition and Markets Authority, CMA
  - On 8 May, the CMA referred the proposed transaction for an in-depth investigation (phase 2)
  - The deadline for the final CMA report is 22 October

March

- E.ON announces its intention to launch a voluntary public tender offer for minority shareholders in innogy
- Reactions of the rating agencies: S&P confirmed innogy's BBB rating, outlook stable; Moody's (Baa2) and Fitch (BBB+) placed innogy's rating on review for downgrade
- The Higher Regional Court in Dusseldorf annulled the regulations of the imputed returns on equity for the third regulatory periods for German electricity and gas networks
  - Allowed returns on equity for German electricity and gas grids of 6.91% (for new assets) and 5.12% (for old assets) set by the regulator (Bundesnetzagentur, BNetzA) were ruled to be unreasonably low
  - In the meantime, BNetzA indicated that it would challenge the decision at the higher Federal Supreme Court

At a glance

innogy Group		Q1 2018	Q1 2017	+/– %	FY 2017
Power generation from renewable sources	billion kWh	3.2	2.8	14.3	10.2
External electricity sales volume	billion kWh	71.7	67.7	5.9	262.4
External gas sales volume	billion kWh	88.7	88.8	–0.1	227.5
External revenue[1]	€ million	11,630	12,370	–6.0	43,139
Adjusted EBITDA	€ million	1,582	1,617	–2.2	4,331
Adjusted EBIT	€ million	1,236	1,261	–2.0	2,816
Income before tax	€ million	1,176	1,121	4.9	1,648
Net income/income attributable to innogy SE shareholders	€ million	642	632	1.6	778
Adjusted net income	€ million	610	684	–10.8	1,224
Cash flow from operating activities	€ million	–880	–663	–32.7	2,654
Net investments	€ million	329	215	53.0	1,949
Capital expenditure[2]	€ million	463	323	43.3	2,166
Proceeds from disposal of assets/divestitures	€ million	–126	–128	1.6	–281
Net changes in equity (including non-controlling interests)	€ million	–8	20	–	64
Free cash flow	€ million	–1,125	–823	–36.7	797
		31 Mar 2018			31 Dec 2017
Market capitalisation	€ billion	21.4			18.2
Net debt	€ million	17,289			15,637
Employees[3]		43,020			42,393
Customers	thousands	22,292			22,540

1 Due to the first-time adoption of IFRS 15, figures for Q1 2018 do not include changes in the fair values of commodity derivatives in the amount of €369 million (included in the other operating result) or passed-through subsidies under the German Renewable Energy Act in the amount of €871 million (previously, premiums received and passed on were recognised in their gross amounts in revenue and the cost of materials).

2 Capital expenditure on property, plant and equipment and on intangible assets and on financial assets.

3 Converted to full-time positions.

Reporting principles

innogy Group

Renewables

Grid & Infrastructure
- Germany
- Eastern Europe

Retail
- Germany
- United Kingdom
- Netherlands/Belgium
- Eastern Europe

Corporate/New Businesses

As of 31 March 2018.

Group structure features three divisions. Our financial reporting remains broadly unchanged (see Annual Report 2017, page 48). The only change effective from 1 January 2018 relates to the re-classification of our eMobility activities which are now reported outside the Retail division in the 'Corporate/New Businesses' line item (formerly 'Corporate/other'). Prior-year figures have been adjusted accordingly. We also present certain financial indicators separately for the eMobility and Innovation Hub businesses in this line item.

Business performance

innogy Group

External revenue[1] € million	Q1 2018	Q1 2017	+/– %
Renewables	259	260	–0.4
Grid & Infrastructure (G & I)	2,073	2,551	–18.7
Germany	1,758	2,275	–22.7
Eastern Europe	315	276	14.1
Retail	9,256	9,508	–2.7
Germany	4,693	5,181	–9.4
United Kingdom	2,154	2,132	1.0
Netherlands/Belgium	1,326	1,140	16.3
Eastern Europe	1,083	1,055	2.7
Corporate/New Businesses	42	51	–17.6
innogy Group	**11,630**	**12,370**	**–6.0**
Natural gas tax/electricity tax	759	726	4.5
innogy Group (excluding natural gas tax/electricity tax)	**10,871**	**11,644**	**–6.6**

1 Due to the first-time adoption of IFRS 15, figures for Q1 2018 do not include changes in the fair values of commodity derivatives in the amount of €369 million (included in the other operating result) or passed-through subsidies under the German Renewable Energy Act in the amount of €871 million (previously, premiums received and passed on were recognised in their gross amounts in revenue and the cost of materials).

Internal revenue € million	Q1 2018	Q1 2017	+/– %
Renewables	133	106	25.5
Grid & Infrastructure (G & I)	849	920	–7.7
Retail	147	141	4.3

Adjusted EBIT € million	Q1 2018	Q1 2017	+/− %
Renewables	155	134	15.7
Grid & Infrastructure (G & I)	743	708	4.9
Germany	534	499	7.0
Eastern Europe	209	209	–
Retail	423	493	−14.2
Germany	211	268	−21.3
United Kingdom	43	34	26.5
Netherlands/Belgium	69	93	−25.8
Eastern Europe	100	98	2.0
Corporate/New Businesses	−85	−74	−14.9
Corporate/other	−65	−63	−3.2
eMobility	−7	−3	–
Innovation Hub	−13	−8	−62.5
innogy Group	**1,236**	**1,261**	**−2.0**

Adjusted EBIT slightly down mainly driven by Retail business

- Renewables: Positive development mainly due to positive price and volume effects; increased production volumes thanks to more favourable weather conditions than in Q1 2017
- G & I: Stable results from operating business in Germany and Eastern Europe; higher provision releases and higher income from grid sales; benefit from colder weather in Eastern Europe
- Retail: Below Q1 2017 primarily due to unexpected commodity price increases driven by cold weather and related higher demand in Q1 2018 as well as non-recurrence of positive one-off effects in 2017
- Corporate/New Businesses: Financial development of Innovation Hub below Q1 2017 due to write-off of around €7 million; eMobility affected by higher growth expenses

Financial result € million	Q1 2018	Q1 2017
Interest income	12	17
Interest expenses	−107	−103
Net interest	**−95**	**−86**
Interest accretion to non-current provisions	−18	−12
Other financial result	−46	6
Financial result	**−159**	**−92**
Adjustments in the financial result	−53	−59
Adjusted financial result to derive the adjusted net income	**−212**	**−151**

Development of financial result dominated by non-cash items

- Net interest on prior-year level
- Other financial result affected by the valuation of financial transactions as well as negative result of securities compared to a gain in Q1 2017
- Adjustments in financial result on prior year level; these adjustments mainly reflect valuation effects stemming from transfers of loans and bonds from RWE to innogy (see Annual Report 2017, page 60)

Reconciliation to net income € million (unless stated otherwise)	Q1 2018	Q1 2017
Adjusted EBITDA	**1,582**	**1,617**
Operating depreciation, amortisation and impairment losses	−346	−356
Adjusted EBIT	**1,236**	**1,261**
Non-operating result	99	−48
Financial result	−159	−92
Income before tax	**1,176**	**1,121**
Taxes on income	− 376	−341
Income	**800**	**780**
Non-controlling interests	158	148
Net income/income attributable to innogy SE shareholders	**642**	**632**
Effective tax rate	*32%*	*30%*

Reported net income slightly above prior year level

- Non-operating result improved versus prior year due to the valuation effect of certain derivatives
- Effective tax rate slightly above Q1 2017 due to the revaluation of deferred tax assets on the loss carry forward in the Netherlands

Derivation of adjusted net income € million (unless stated otherwise)	Q1 2018	Q1 2017
Adjusted EBIT	1,236	1,261
Adjusted financial result	−212	−151
Adjusted income before tax	**1,024**	**1,110**
Tax rate used to calculate adjusted net income	*25%*	*25%*
Taxes on income to calculate adjusted net income	−256	−278
Non-controlling interests	−158	−148
Adjusted net income	**610**	**684**

Adjusted net income down 11%

- Weaker adjusted EBIT and financial result driving development of adjusted net income
- Normalised tax rate to derive adjusted net income set at 25%, in line with the expectation for the sustainable level of the effective tax rate
- Based on the 555,555,000 innogy shares outstanding, adjusted net income amounted to €1.10 per share

Net investments € million	Q1 2018	Q1 2017
Renewables	70	130
Grid & Infrastructure (G & I)	287	150
Germany	239	113
Eastern Europe	48	37
Retail	67	33
Germany	9	9
United Kingdom	13	12
Netherlands/Belgium	38	10
Eastern Europe	7	2
Corporate/New Businesses	39	10
Corporate/other	20	8
eMobility	4	–
Innovation Hub	15	2
Total capital expenditure[1]	**463**	**323**
Proceeds from disposal of assets/ divestitures	−126	−128
Net changes in equity (including non-controlling interests)	−8	20
Total net investments	**329**	**215**

1 Capital expenditure on property, plant and equipment and on intangible assets and on financial assets.

Higher investments in G & I – proceeds from disposals on prior-year level

- Renewables: Investments in Q1 2018 mainly focused on onshore wind projects in Italy and onshore and offshore wind projects in UK; higher financial investments in prior year due to the Belectric acquisition
- G & I: Higher investments mainly in Germany due to the full consolidation of a new grid co-operation (Regionetz). In addition, higher investments for expansion and modernisation of grid infrastructure and expansion of our broadband activities
- Retail: Increase y-o-y driven primarily by higher investments in the Energy+ business in NL/BE
- Corporate/New Businesses:
  - Corporate/Other: Higher investments in our IT infrastructure compared to Q1 2017
  - eMobility: Increase in investments y-o-y due to capital injection for US business to finance growth
  - Innovation Hub: Startup period in FY 2017 while we have now reached operational excellence in sourcing and executing of investments
- Proceeds from disposals are mainly from grid sales in Germany and on prior-year level

Cash flow statement € million	Q1 2018	Q1 2017
Funds from operations (FFO)	1,287	1,273
Changes in working capital	−2,167	−1,936
Cash flows from operating activities	−880	−663
Capital expenditure[1]	−371	−288
Proceeds from disposal of assets/ divestitures	126	128
Free cash flow	**−1,125**	**−823**

1 Capital expenditure on property, plant and equipment and on intangible assets and on financial assets. This item solely includes capital expenditure with an effect on cash.

Negative free cash flow in Q1 consistent with seasonal patterns

- In line with usual seasonal patterns, electricity and gas sales volumes were above the monthly average of the yearly consumption in Q1, whereas payments received from customers are spread equally over the year
- This is generally reflected in a strong rise in working capital
- Colder weather conditions in Q1 2018 amplified this trend

Net debt € million	31 Mar 2018	31 Dec 2017
Financial assets	**3,923**	**4,086**
Financial liabilities[1]	**17,521**	**16,378**
of which: Senior bonds	13,059	12,007
of which: Loans from RWE	1,656	1,656
of which: Loans from EIB	1,044	1,039
Net financial debt	**13,598**	**12,292**
Provisions for pensions and similar obligations[2]	3,332	2,986
Provisions for wind farm decommissioning	359	359
Total net debt	**17,289**	**15,637**

1 Adjusted for a step-up effect of €824 million as of 31 March 2018 and €877 million as of 31 December 2017.
2 Including 'Surplus of plan assets over benefit obligations' of −€142 million as of 31 March 2018 and −€103 million as of 31 December 2017.

Increase in net debt reflects negative free cash flow and higher pension provisions

- Negative free cash flow driving the increase in net debt in Q1 in line with seasonal patterns
- Bond issuance in Q1 2018 led to higher financial liabilities but also higher assets
- Increase in pension provisions mainly caused by a decrease in discount rates in Germany, negative performance of plan assets as well as full consolidation of a new grid partnership company

Business divisions and segments

Renewables		Q1 2018	Q1 2017
Adjusted EBITDA	€ million	230	214
Operating depreciation, amortisation and impairment losses	€ million	−75	−80
Adjusted EBIT	€ million	155	134
Capital expenditure[1]	€ million	70	130
Proceeds from disposal of assets/divestitures	€ million	–	11
Power generation	billion kWh	2.9	2.7
		31 Mar 2018	31 Dec 2017
Employees[2]		1,763	1,669
Total capacity	MW	3,514	3,487

1 Capital expenditure on property, plant and equipment and on intangible assets and on financial assets.
2 Converted to full-time positions.

- Positive price and volume effects
- Adjusted EBIT contribution from new onshore wind assets Brechfa Forest (UK), Deliceto (IT), Eschweiler Fronhoven, Eschweiler Nord and Wiedenfelder Höhe (DE) and from offshore windfarms Galloper (UK) and Nordsee One (DE)
- Negative foreign exchange effect (mainly GBP)
- Expansion of our generation capacity in Q1 2018 by 118 MW (pro-rata view) – first-time recognition of acquisition projects Deliceto (23 MW) and Krusemark D (1 MW, DE), repowering of Sommerland A (6 MW, DE) and full commissioning of offshore windfarm Galloper (innogy share: 25%/88 MW)

Grid & Infrastructure Germany		Q1 2018	Q1 2017
Adjusted EBITDA	€ million	695	656
Operating depreciation, amortisation and impairment losses	€ million	–161	–157
Adjusted EBIT	€ million	534	499
Capital expenditure[1]	€ million	239	113
Proceeds from disposal of assets/divestitures	€ million	124	94
		31 Mar 2018	31 Dec 2017
Employees[2]		14,638	14,164

1 Capital expenditure on property, plant and equipment and on intangible assets and on financial assets.
2 Converted to full-time positions.

- Higher earnings from grid sales
- Higher provision releases
- Efficiency improvements
- Higher number of staff mainly due to full consolidation of a new grid co-operation (Regionetz) from 1 January 2018

Grid & Infrastructure Eastern Europe		Q1 2018	Q1 2017
Adjusted EBITDA	€ million	270	274
Operating depreciation, amortisation and impairment losses	€ million	–61	–65
Adjusted EBIT	€ million	209	209
Capital expenditure[1]	€ million	48	37
Proceeds from disposal of assets/divestitures	€ million	1	1
		31 Mar 2018	31 Dec 2017
Employees[2]		6,880	7,394

1 Capital expenditure on property, plant and equipment and on intangible assets and on financial assets.
2 Converted to full-time positions.

- CZ: Positive price effect stemming mainly from the recognition of regulatory costs in the Czech gas business due to weather effects in previous years along with a positive foreign exchange effect
- HU: Negative effect from different accounting treatment of the so called cable tax which every DSO is charged at the beginning of the year. Effect is now shown in Q1 for the full year
- Lower workforce due to reassignment of innogy Česká republika a.s. to Corporate/New Businesses

Retail Germany		Q1 2018	Q1 2017
Adjusted EBITDA	€ million	219	275
Operating depreciation, amortisation and impairment losses	€ million	–8	–7
Adjusted EBIT	€ million	211	268
Capital expenditure[1]	€ million	9	9
Proceeds from disposal of assets/divestitures	€ million	–	3
		31 Mar 2018	31 Dec 2017
Employees[2]		4,149	4,159
Customers	thousands	7,824	7,905
Residential and commercial customers	thousands	7,744	7,819
Industrial and corporate customers	thousands	80	86

1 Capital expenditure on property, plant and equipment and on intangible assets and on financial assets.
2 Converted to full-time positions.

- Lower positive extraordinary items
- Competitive environment leads to net customer losses

Retail UK		Q1 2018	Q1 2017
Adjusted EBITDA	€ million	55	57
Operating depreciation, amortisation and impairment losses	€ million	–12	–23
Adjusted EBIT	€ million	43	34
Capital expenditure[1]	€ million	13	12
Proceeds from disposal of assets/divestitures	€ million	–	1
		31 Mar 2018	31 Dec 2017
Employees[2]		6,293	6,382
Customers	thousands	4,635	4,750
Residential and commercial customers	thousands	4,612	4,727
Industrial and corporate customers	thousands	22	23

1 Capital expenditure on property, plant and equipment and on intangible assets and on financial assets.
2 Converted to full-time positions.

- The impact of net customer losses was offset by customer gains with higher consumption and delivery of the recovery plan
- The proposed Domestic Gas and Electricity 'Tariff Cap' Bill is scheduled to move through Parliament shortly to be enacted by July 2018 at the latest. Following that, the UK's regulatory authority Ofgem envisages to enable the price cap to come into effect by the end of 2018. The final decision on the design and level of the tariff cap is due to be published in autumn 2018

Retail NL/BE		Q1 2018	Q1 2017
Adjusted EBITDA	€ million	81	104
Operating depreciation, amortisation and impairment losses	€ million	−12	−11
Adjusted EBIT	€ million	69	93
Capital expenditure[1]	€ million	38	10
Proceeds from disposal of assets/divestitures	€ million	–	13
		31 Mar 2018	31 Dec 2017
Employees[2]		2,450	2,346
Customers	thousands	4,283	4,357
Residential and commercial customers	thousands	4,277	4,349
Industrial and corporate customers	thousands	6	8

1 Capital expenditure on property, plant and equipment and on intangible assets and on financial assets.
2 Converted to full-time positions.

- Drop in adjusted EBIT driven in particular by unexpected commodity price increases driven by cold weather and related higher demand in Q1 2018
- Ongoing efficiency measures partly compensated for the lower customer base
- Challenging market environment remains due to strong competitive pressure

Retail Eastern Europe		Q1 2018	Q1 2017
Adjusted EBITDA	€ million	105	102
Operating depreciation, amortisation and impairment losses	€ million	−5	−4
Adjusted EBIT	€ million	100	98
Capital expenditure[1]	€ million	7	2
Proceeds from disposal of assets/divestitures	€ million	–	–
		31 Mar 2018	31 Dec 2017
Employees[2]		2,594	2,534
Customers	thousands	5,549	5,528
Residential and commercial customers	thousands	5,522	5,502
Industrial and corporate customers	thousands	27	26

1 Capital expenditure on property, plant and equipment and on intangible assets and on financial assets.
2 Converted to full-time positions.

- Stable development across all markets
- Electricity net customer gains in all countries

Corporate/New Businesses		Q1 2018	Q1 2017
Total adjusted EBIT	**€ million**	**–85**	**–74**
of which: Corporate/other			
Adjusted EBITDA	€ million	–54	–54
Operating depreciation, amortisation and impairment losses	€ million	–11	–9
Adjusted EBIT	€ million	–65	–63
Capital expenditure[1]	€ million	20	8
Proceeds from disposal of assets/divestitures	€ million	1	5
		31 Mar 2018	31 Dec 2017
Employees[2]		4,111	3,592
of which: eMobility			
Adjusted EBITDA	€ million	–6	–3
Operating depreciation, amortisation and impairment losses	€ million	–1	–
Adjusted EBIT	€ million	–7	–3
Capital expenditure[1]	€ million	4	–
Proceeds from disposal of assets/divestitures	€ million	–	–
		31 Mar 2018	31 Dec 2017
Employees[2]		97	92
of which: Innovation Hub			
Adjusted EBITDA	€ million	–13	–8
Operating depreciation, amortisation and impairment losses	€ million	–	–
Adjusted EBIT	€ million	–13	–8
Capital expenditure[1]	€ million	15	2
Proceeds from disposal of assets/divestitures	€ million	–	–
		31 Mar 2018	31 Dec 2017
Employees[2]		45	61

1 Capital expenditure on property, plant and equipment and on intangible assets and on financial assets.
2 Converted to full-time positions.

- Rising number of employees due to reassignment of innogy Česká republika a.s. from Grid & Infrastructure Eastern Europe

- Higher operating expenditures to ramp up our eMobility activities
- Steadily increasing number of employees reflects our growth ambitions
- Deutsche Post DHL Group won as a new eMobility partner: innogy provides charging infrastructure for DHL’s growing StreetScooter fleet

- Investments in 14 new portfolio companies or follow-up rounds for existing startup participations; no portfolio company has been exited or divested yet
- Adjusted EBIT includes a write-off of around €7 million on the book value of Move24
- Operational expenditures of around €7 million have been significantly reduced – investing mainly in late seed stage and growing existing portfolio companies

Outlook

Outlook 2018 confirmed – Retail division now excludes eMobility

Outlook € million (unless stated otherwise)	2017 actual	Outlook for 2018 (May 2018)	Confirmation/ change versus Mar 2018
Adjusted EBIT[1]	2,816	About 2,700	confirmed
Renewables	355	About 350	confirmed
Grid & Infrastructure (G & I)	1,944	About 1,850	confirmed
Retail	827	About 750	updated
Adjusted financial result	−689	About −750	confirmed
Tax rate used to calculate adjusted net income	25%	25% to 30%	confirmed
Adjusted net income	1,224	Over 1,100	confirmed

1 ‚Corporate/New Businesses' not stated separately.

- Outlook for Retail is now €750 million (previously €700 million) following the new reporting structure for eMobility which is now reported in the 'Corporate/New Businesses' item; current forecast for eMobility is around −€50 million for the full year.
- Envisaged pay-out ratio range remains unchanged at 70% to 80% of adjusted net income

Group financial results

Income statement (condensed)

€ million	Jan–Mar 2018	Jan–Mar 2017
Revenue (including natural gas tax/electricity tax)	11,630	12,370
Natural gas tax/electricity tax	−759	−726
Revenue	**10,871**	**11,644**
Cost of materials	−8,296	−9,074
Staff costs	−756	−719
Depreciation, amortisation and impairment losses	−346	−356
Other operating result	−227	−350
Income from investments accounted for using the equity method	52	47
Other income from investments	37	21
Financial income	113	123
Finance costs	−272	−215
Income before tax	**1,176**	**1,121**
Taxes on income	−376	−341
Income	**800**	**780**
of which: non-controlling interests	158	148
of which: net income/income attributable to innogy SE shareholders	642	632
Basic and diluted earnings per share in €	**1.16**	**1.14**

Statement of comprehensive income[1] (condensed)

€ million	Jan–Mar 2018	Jan–Mar 2017
Income	**800**	**780**
Actuarial gains and losses of defined benefit pension plans and similar obligations	−145	206
Fair valuation of equity instruments	−6	
Income and expenses recognised in equity, not to be reclassified through profit or loss	**−151**	**206**
Currency translation adjustment	3	28
Fair valuation of financial instruments	−4	13
Income and expenses recognised in equity, to be reclassified through profit or loss in the future	**−1**	**41**
Other comprehensive income	**−152**	**247**
Total comprehensive income	**648**	**1,027**
of which: attributable to innogy SE shareholders	495	876
of which: attributable to non-controlling interests	153	151

1 Figures stated after taxes.

Balance sheet (condensed)

Assets € million	31 Mar 2018	31 Dec 2017
Non-current assets		
Intangible assets	11,421	11,347
Property, plant and equipment	18,518	18,361
Investments accounted for using the equity method	2,235	2,214
Other financial assets	930	839
Receivables and other assets	1,169	1,261
Deferred taxes	2,425	2,480
	36,698	**36,502**
Current assets		
Inventories	416	380
Trade accounts receivable	5,480	4,198
Receivables and other assets	2,854	2,410
Marketable securities	2,084	2,254
Cash and cash equivalents	1,053	1,070
	11,887	**10,312**
	48,585	**46,814**

Equity and liabilities € million	31 Mar 2018	31 Dec 2017
Equity		
innogy SE shareholders' interest	9,914	9,439
Non-controlling interests	2,054	1,813
	11,968	**11,252**
Non-current liabilities		
Provisions for pensions and similar obligations	3,474	3,089
Other provisions	1,540	1,539
Financial liabilities	14,524	15,492
Other liabilities	2,090	2,251
Deferred taxes	540	542
	22,168	**22,913**
Current liabilities		
Other provisions	2,870	2,606
Financial liabilities	3,817	1,764
Trade accounts payable	3,652	4,001
Other liabilities	4,110	4,278
	14,449	**12,649**
	48,585	**46,814**

Cash flow statement

€ million	Jan–Mar 2018	Jan–Mar 2017
Income	800	780
Depreciation, amortisation, impairment losses/reversals	347	355
Changes in provisions	212	199
Changes in deferred taxes	155	93
Income from disposal of non-current assets and marketable securities	−77	−93
Other operating income/expenses	−150	−61
Changes in working capital	−2,167	−1,936
Cash flows from operating activities	**−880**	**−663**
Intangible assets/property, plant and equipment		
Capital expenditures	−253	−215
Proceeds from disposal of assets	54	70
Acquisitions, investments		
Capital expenditures	−118	−73
Proceeds from disposal of assets/divestitures	72	58
Changes in marketable securities and cash investments	91	−2
Cash flows from investing activities (before initial/subsequent transfer to plan assets)	**−154**	**−162**
Initial/subsequent transfer to plan assets		−134
Cash flows from investing activities (after initial/subsequent transfer to plan assets)	**−154**	**−296**
Net changes in equity (including non-controlling interests)	8	−20
Dividends paid to innogy shareholders and non-controlling interests	−91	−66
Issuance of financial debt	1,185	1,952
Repayment of financial debt	−92	−847
Cash flows from financing activities	**1,010**	**1,019**
Net cash change in cash and cash equivalents	−24	60
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	7	12
Net change in cash and cash equivalents	**−17**	**72**
Cash and cash equivalents at the beginning of the reporting period as per the consolidated balance sheet	**1,070**	**1,379**
Cash and cash equivalents at the end of the reporting period as per the consolidated balance sheet	**1,053**	**1,451**

Statement of changes in equity (condensed)

€ million	Subscribed capital and additional paid-in capital of innogy SE	Retained earnings and distributable profit	Accumulated other comprehensive income	innogy SE shareholders' interest	Non-controlling interests	Total
Balance at 1 Jan 2017	**7,321**	**2,291**	**−681**	**8,931**	**1,736**	**10,667**
Dividends paid					−65	−65
Income		632		632	148	780
Other comprehensive income		208	36	244	3	247
Total comprehensive income		840	36	876	151	1,027
Withdrawals/contributions		−53		−53	−27	−80
Balance at 31 Mar 2017	**7,321**	**3,078**	**−645**	**9,754**	**1,795**	**11,549**
Balance at 1 Jan 2018[1]	**7,321**	**2,695**	**−613**	**9,403**	**1,813**	**11,216**
Dividends paid					−83	−83
Income		642		642	158	800
Other comprehensive income		−146	−1	−147	−5	−152
Total comprehensive income		496	−1	495	153	648
Withdrawals/contributions		16		16	171	187
Balance at 31 Mar 2018	**7,321**	**3,207**	**−614**	**9,914**	**2,054**	**11,968**

1 Following adjustment due to first-time application of IFRS 9 and IFRS 15.

Accounting policies

innogy SE, headquartered at Opernplatz 1, 45128 Essen, Germany, is the parent company of the innogy (Sub-) Group (innogy or Group). innogy is a supplier of energy in Europe focusing on renewables, retail and grid & infrastructure.

The income statement (condensed), statement of comprehensive income (condensed), balance sheet (condensed), cash flow statement and statement of changes in equity (condensed) as at 31 March 2018 were approved for publication on 8 May 2018 and were prepared in accordance with International Financial Reporting Standards (IFRSs) as applicable in the EU. With the exception of the changes and new rules stated below, the same accounting policies were used as in the consolidated financial statements for the period ending on 31 December 2017. For further information, reference is made to the consolidated financial statements for the period ending on 31 December 2017.

Changes in accounting policies

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have approved new IFRSs, amendments of existing IFRSs and a new Interpretation, which became effective for the innogy Group as of fiscal 2018:

- IFRS 9 Financial Instruments (2014)
- IFRS 15 Revenue from Contracts with Customers (2014) including Amendments to IFRS 15 Effective Date of IFRS 15 (2015) and Clarifications to IFRS 15 Revenue from Contracts with Customers (2016)
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (2016)
- Annual Improvements to IFRS Standards 2014–2016 Cycle (2016)
- Amendments to IAS 40 Transfers of Investment Property (2016)
- Amendments to IFRS 2 Clarifications of classification and measurement of share based payment transactions (2016)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (2016)

For a description of the new accounting policies and information on the effects of the new regulations, reference is made to the consolidated financial statements for the period ending on 31 December 2017.

Legal disclaimer

This document contains forward-looking statements. These statements reflect the current views, expectations and assumptions of the management, and are based on information currently available to the management. Forward-looking statements do not guarantee the occurrence of future results and developments and are subject to known and unknown risks and uncertainties. Therefore, actual future results and developments may deviate materially from the expectations and assumptions expressed in this document due to various factors. These factors primarily include changes in the general economic and competitive environment. Furthermore, developments on financial markets and changes in currency exchange rates as well as changes in national and international laws, in particular in respect of fiscal regulation, and other factors influence the company's future results and developments. Neither the company nor any of its affiliates undertakes to update the statements contained in this notification.

Financial calendar 2018

10 Aug 2018	Half-year report 2018
13 Nov 2018	9M 2018 statement

This document was published on 14 May 2018. It is a translation of the German Q1 2018 statement.
In case of divergence from the German version, the German version shall prevail.

innogy SE

Opernplatz 1
45128 Essen
Germany

T +49 201 12-02
I www.innogy.com

Investor Relations

T +49 201 12-44794
I www.innogy.com/ir
E invest@innogy.com