



# Q1 2019 results

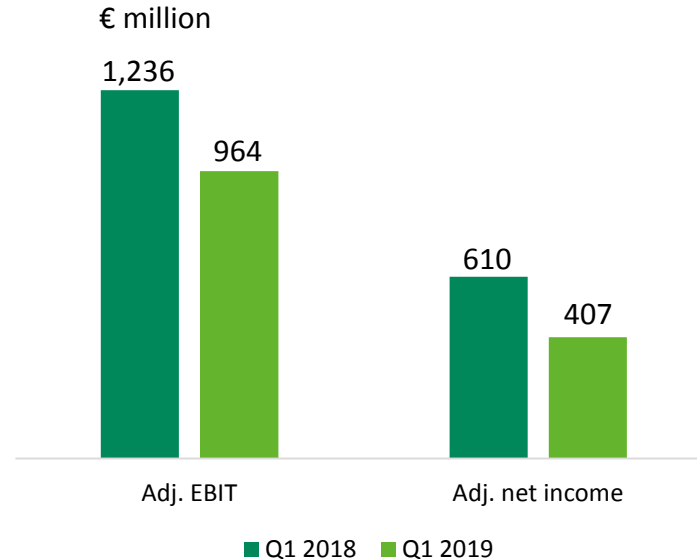
innogy SE · 14 May 2019

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# Earnings decline versus prior year as expected

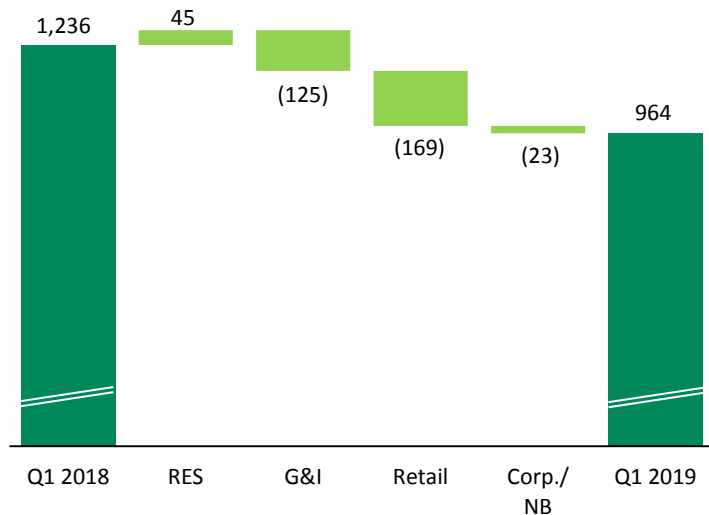


- > Adjusted EBIT down 22% year on year
- > Adjusted net income down to €407m
- > Earnings outlook 2019 confirmed
- > innogy sold 50.04% stake in innogy Grid Holding (Czech gas grid business) to RWE
- > Expected npower full-year adj. EBIT at -€250m
- > innogy takes FID for further Renewables projects including 57MW solar in Canada and 50MW solar in Spain

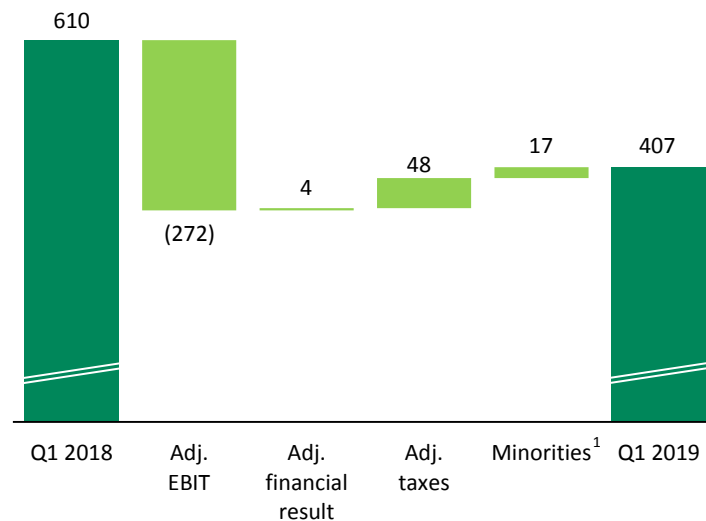


# Adjusted EBIT impacted by npower and CZ asset sale

Adjusted EBIT  
€ million



Adjusted net income  
€ million



<sup>1</sup> Non-controlling interests.

# Budget surplus due to sale of Czech gas grid business – higher net debt due to higher net financial debt

## Cash flow statement (extract)

€ million	Q1 2019	Q1 2018	+/-
<b>Funds from operations (FFO)</b>	<b>1,180</b>	<b>1,287</b>	<b>(107)</b>
Changes in working capital	(2,327)	(2,167)	(160)
<b>Cash flows from operating activities</b>	<b>(1,147)</b>	<b>(880)</b>	<b>(267)</b>
Cash flows from net investments	1,615	(237)	1,852
t/o proceeds from disposals of assets/divestitures	1,951	126	1,825
t/o net changes in equity (including non-controlling interests)	(8)	8	(16)
<b>Free cash flow</b>	<b>468</b>	<b>(1,117)</b>	<b>1,585</b>
Dividend payments	(74)	(91)	17
<b>Budget deficit/surplus</b>	<b>394</b>	<b>(1,208)</b>	<b>1,602</b>

## Net debt composition (extract)

€ million	31 Mar 2019	31 Dec 2018	+/-
Financial assets	4,194	4,919	(725)
Financial liabilities <sup>1</sup>	18,938	18,052	886
of which: lease liabilities	2,181	6	2,175
of which: senior bonds	13,142	13,219	(77)
of which: loans from RWE	700	1,656	(956)
of which: loans from EIB	1,052	1,037	15
<b>Net financial debt</b>	<b>14,744</b>	<b>13,133</b>	<b>1,611</b>
Provisions for pensions and similar obligations <sup>2</sup>	3,732	3,489	243
Provisions for wind farm decommissioning	390	363	27
<b>Total net debt</b>	<b>18,866</b>	<b>16,985</b>	<b>1,881</b>

Note: rounding differences may occur. 1 Adjusted for a step-up effect of €631 million as of 31 March 2019 and €658 million as of 31 December 2018. 2 Including 'surplus of plan assets over benefit obligations' of -€192 million as of 31 March 2019 and -€278 million as of 31 December 2018.

# Outlook for 2019 confirmed

€ million unless stated otherwise	FY 2018 reported	FY 2019 guidance
Renewables	299	400 – 500
Grid & Infrastructure <sup>1</sup>	1,962	1,700 – 1,800
Retail	654	300 – 400
<b>Adjusted EBIT<sup>2</sup></b>	<b>2,630</b>	<b>~2,300</b>
Adjusted financial result	(773)	(650) – (750)
Tax rate for adjusted net income	25%	25% – 30%
<b>Adjusted net income</b>	<b>1,026</b>	<b>~850</b>
<b>Dividend</b>	<b>€1.40 per share</b>	<b>70% – 80% of ANI</b>
<b>Net investments<sup>3</sup></b>	<b>€1.8bn</b>	<b>~€2.5bn</b>

1 2018 figures include CZ gas grid. 2019 figures only include adjusted EBIT of CZ gas grid until February. 2 Including 'Corporate/New Businesses'. 3 Excluding disposal proceeds from sale of CZ gas grid. Capital expenditure on property, plant and equipment and on intangible assets, financial assets ./ proceeds from disposal of assets/divestitures and net changes in equity.



Backup

# Adjusted net income down to €407 driven by lower adjusted EBIT and financial result

## Reconciliation of adjusted net income

€ million	Q1 2019 reported	adjustment	Q1 2019 adjusted	Q1 2018 adjusted
<b>Adjusted EBITDA</b>	<b>1,385</b>	-	<b>1,385</b>	<b>1,582</b>
Operating D&A	(421)	-	(421)	(346)
<b>Adjusted EBIT</b>	<b>964</b>	-	<b>964</b>	<b>1,236</b>
Non-operating result	242	(242)	-	-
Financial result	(160)	(48)	(208)	(212)
<b>Income from continuing operations before tax</b>	<b>1,046</b>	<b>(290)</b>	<b>756</b>	<b>1,024</b>
Taxes on income	(243)	35	(208)	(256)
<i>Tax rate</i>	23%	-	27.5%	25%
<b>Income</b>	<b>803</b>	<b>255</b>	<b>548</b>	<b>768</b>
Non-controlling interests	(141)	-	(141)	(158)
<b>Net income</b>	<b>662</b>	<b>255</b>	<b>407</b>	<b>610</b>

## Key drivers

- Development of adjusted net income affected by weaker adjusted EBIT
- Improved non-operating result characterised by lower effects of valuation of commodity derivatives compared to same period last year and gain on sale of Czech gas grid business
- Effective tax rate of 23% lower than same quarter last year, in part due to tax-free proceeds on sale of Czech gas grid business
- Tax rate for determining adjusted net income of 27.5% in part due to the limited time during which the loss carryforward can be used in the Netherlands

# Renewables



Renewables		Q1 2019	Q1 2018
External revenue	€ million	265	259
Adjusted EBITDA	€ million	288	230
Operating depreciation, amortisation and impairment losses	€ million	88	75
Adjusted EBIT	€ million	200	155
Capital expenditure	€ million	105	83
Proceeds from disposal of assets/divestitures	€ million	1	-
Power generation	TWh	3	3
		<b>31 Mar 2019</b>	<b>31 Dec 2018</b>
Employees		1,957	1,899
Total capacity	MW	3,572	3,572

## Q1 2019 development

- ⌚ Positive effect of higher market prices and improved weather compared to the same period last year
- ⌚ Earnings contributed by plants commissioned in 2018



# Grid & Infrastructure – Germany



Grid & Infrastructure Germany		Q1 2019	Q1 2018
External revenue	€ million	1,352	1,390
Adjusted EBITDA	€ million	670	695
Operating depreciation, amortisation and impairment losses	€ million	210	161
Adjusted EBIT	€ million	460	534
Capital expenditure	€ million	112	140
Proceeds from disposal of assets/divestitures	€ million	93	124
		<b>31 Mar 2019</b>	<b>31 Dec 2018</b>
Employees		14,571	14,451

## Q1 2019 development

Stable operating activities

- ⌵ Adjusted EBIT down year on year, in part due to later realisation of income from grid sales to be received during the year in some cases and higher staff costs

# Grid & Infrastructure – Eastern Europe



Grid & Infrastructure Eastern Europe		Q1 2019	Q1 2018
External revenue	€ million	287	315
Adjusted EBITDA	€ million	214	270
Operating depreciation, amortisation and impairment losses	€ million	56	61
Adjusted EBIT	€ million	158	209
Capital expenditure	€ million	45	48
Proceeds from disposal of assets/divestitures	€ million	1.855	1
		<b>31 Mar 2019</b>	<b>31 Dec 2018</b>
Employees		4,752	6,963

## Q1 2019 development

Stable operating activities

- ⊙ Czech Republic: Cause of decline in adjusted EBIT is the discontinuation of earnings contributed by the divested Czech gas business at the end of February 2019

Reduction in headcount stems from sale of Czech gas grid business to RWE

# Retail – Germany

<b>Retail Germany</b>		<b>Q1 2019</b>	<b>Q1 2018</b>
External revenue	€ million	4,728	4,693
Adjusted EBITDA	€ million	171	219
Operating depreciation, amortisation and impairment losses	€ million	11	8
Adjusted EBIT	€ million	160	211
Capital expenditure	€ million	13	9
Proceeds from disposal of assets/divestitures	€ million	-	-
		<b>31 Mar 2019</b>	<b>31 Dec 2018</b>
Employees		4,057	4,089
Electricity and gas customers	'000	7,996	7,867
Of which: residential and commercial customers	'000	7,914	7,785

## Q1 2019 development

- ⊙ The main reason for the drop in adjusted EBIT was the increase in up-front electricity and gas costs, which could not be fully passed through. Up-front costs consist of electricity and gas procurement costs as well as other components, e.g. grid fees and taxes

Customer gains in competitive market environment did not make a major contribution to earnings in Q1 2019

# Retail – UK



Retail UK		Q1 2019	Q1 2018
External revenue	€ million	2,034	2,154
Adjusted EBITDA	€ million	-33	55
Operating depreciation, amortisation and impairment losses	€ million	12	12
Adjusted EBIT	€ million	-45	43
Capital expenditure	€ million	10	13
Proceeds from disposal of assets/divestitures	€ million	-	-
		<b>31 Mar 2019</b>	<b>31 Dec 2018</b>
Employees		6,394	6,035
Electricity and gas customers	'000	3,990	4,093
Of which: residential and commercial customers	'000	3,969	4,071

## Q1 2019 development

- ⌵ The price cap on electricity and gas tariffs introduced by the British Office of Gas and Electricity Markets in early 2019 and the smaller number of customers compared to the same period last year curtailed earnings in particular
- ⌵ Provisions for severance payments in connection with a new restructuring programme also curtailed earnings

The rise in headcount was predominantly due to structural reasons, resulting from the reassignment of innogy Business Services UK Limited from Corporate/Other to Retail UK

# Retail – Netherlands/Belgium



Retail NL/BE		Q1 2019	Q1 2018
External revenue	€ million	1,280	1,326
Adjusted EBITDA	€ million	68	81
Operating depreciation, amortisation and impairment losses	€ million	14	12
Adjusted EBIT	€ million	54	69
Capital expenditure	€ million	8	32
Proceeds from disposal of assets/divestitures	€ million	1	-
		<b>31 Mar 2019</b>	<b>31 Dec 2018</b>
Employees		2,611	2,531
Electricity and gas customers	'000	4,202	4,191
Of which: residential and commercial customers	'000	4,198	4,186

## Q1 2019 development

- ⤵ Decrease of adjusted EBIT mainly due to the year-on-year reduction in per-customer consumption, above all in the gas business due to the warmer weather as well as a smaller customer base compared to Q1 2018 (electricity and gas customers in Q1 2018: 4,277 thousand)
- ⤵ Earnings in the same period last year were curtailed by an unexpected rise in commodity costs resulting from the cold weather in connection with low temperatures driving up demand for gas

Stabilisation of the customer portfolio in combination with higher sales costs in a persistently difficult market environment

Slight rise in headcount due to the acquisition of EnergieWerken B.V. Group, which delivers and installs photovoltaic plants

# Retail – Eastern Europe



Retail Eastern Europe		Q1 2019	Q1 2018
External revenue	€ million	1,101	1,083
Adjusted EBITDA	€ million	90	105
Operating depreciation, amortisation and impairment losses	€ million	5	5
Adjusted EBIT	€ million	85	100
Capital expenditure	€ million	13	7
Proceeds from disposal of assets/divestitures	€ million	2	-
		<b>31 Mar 2019</b>	<b>31 Dec 2018</b>
Employees		2,693	2,652
Electricity and gas customers	'000	5,556	5,582
Of which: residential and commercial customers	'000	5,527	5,555

## Q1 2019 development

- ⌵ Drop in adjusted EBIT caused by regulatory intervention in Poland and Hungary leading to higher procurement costs driven by increased wholesale prices to the detriment of the power utilities

Customer portfolio displays stable development

# Corporate/New Businesses – Corporate/other

<b>Corporate/Other</b>		<b>Q1 2019</b>	<b>Q1 2018</b>
Adjusted EBITDA	€ million	-56	-54
Operating depreciation, amortisation and impairment losses	€ million	23	11
Adjusted EBIT	€ million	-79	-65
Capital expenditure	€ million	17	20
Proceeds from disposal of assets/divestitures	€ million	-	1
		<b>31 Mar 2019</b>	<b>31 Dec 2018</b>
Employees		3,553	4,013

## Q1 2019 development

- ⌵ Adjusted EBIT down year on year due to costs incurred for projects over the course of the year
- Lower headcount above all due to the reassignment of a Group company to the UK retail business

# Corporate/New Businesses – eMobility

eMobility		Q1 2019	Q1 2018
Adjusted EBITDA	€ million	-13	-6
Operating depreciation, amortisation and impairment losses	€ million	2	1
Adjusted EBIT	€ million	-15	-7
Capital expenditure	€ million	-	4
Proceeds from disposal of assets/divestitures	€ million	-	-
		<b>31 Mar 2019</b>	<b>31 Dec 2018</b>
Employees		258	233

## Q1 2019 development

- ⌵ Enlargement of global eMobility footprint and resulting growth expenditure drove down earnings in Q1 2019
- Expansion of international business goes hand in hand with constant rise in personnel figures



# Corporate/New Businesses – Innovation Hub



<b>Innovation Hub</b>		<b>Q1 2019</b>	<b>Q1 2018</b>
Adjusted EBITDA	€ million	-14	-13
Operating depreciation, amortisation and impairment losses	€ million	-	-
Adjusted EBIT	€ million	-14	-13
Capital expenditure	€ million	5	15
Proceeds from disposal of assets/divestitures	€ million	-	-
		<b>31 Mar 2019</b>	<b>31 Dec 2018</b>
Employees		36	38

## Q1 2019 development

- ⌵ Slightly weaker adjusted EBIT owing to insignificant portfolio development, which was partially offset by efficiency measures

Portfolio growth driven by twelve investments in new or existing portfolio companies and 20 growth initiatives with portfolio companies continued

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# Financial calendar 2019 and important links



## Financial calendar 2019

**09/08/2019**      Half-year report 2019

**12/11/2019**      9M 2019 statement

## Important links

**[innogy factbook](#)**

**[innogy investor presentation](#)**

**[Q1 2019 statement](#)**

**[Financial reports](#)**

**[Bonds](#)**

**[Corporate Governance](#)**

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