innogy · H1 2019 results

Earnings development year-on-year as expected

- Adjusted EBIT down 16% year-on-year
- Adjusted net income down to €488m
- Earnings outlook 2019 confirmed
- innogy started construction of first US onshore windpark Scioto Ridge (250 MW)
innogy · H1 2019 results

Adjusted EBIT mainly impacted by npower and CZ asset sale

Adjusted EBIT
€ million

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>RES</th>
<th>G&amp;I</th>
<th>Retail</th>
<th>Corp./NB</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,553</td>
<td>72</td>
<td>(90)</td>
<td>(184)</td>
<td>(45)</td>
<td>1,306</td>
</tr>
</tbody>
</table>

Adjusted net income
€ million

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>Adj. EBIT</th>
<th>Adj. financial result</th>
<th>Adj. taxes</th>
<th>Minorities&lt;sup&gt;1&lt;/sup&gt;</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>662</td>
<td>(247)</td>
<td>17</td>
<td>34</td>
<td>22</td>
<td>488</td>
</tr>
</tbody>
</table>

1 Non-controlling interests.
Higher net debt due to increase in net financial debt and pension provisions

Cash flow statement (extract)

<table>
<thead>
<tr>
<th>€ million</th>
<th>H1 2019</th>
<th>H1 2018</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds from operations (FFO)</td>
<td>1,870</td>
<td>1,972</td>
<td>(102)</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>(2,264)</td>
<td>(1,955)</td>
<td>(309)</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>(394)</td>
<td>17</td>
<td>(411)</td>
</tr>
<tr>
<td>Cash flows from net investments</td>
<td>992</td>
<td>(726)</td>
<td>1,718</td>
</tr>
<tr>
<td>t/o proceeds from disposal of assets/divestitures</td>
<td>1,991</td>
<td>186</td>
<td>1,805</td>
</tr>
<tr>
<td>t/o net changes in equity (including non-controlling interests)</td>
<td>(8)</td>
<td>(12)</td>
<td>4</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>598</td>
<td>(709)</td>
<td>1,307</td>
</tr>
<tr>
<td>Dividend payments</td>
<td>(1,012)</td>
<td>(1,226)</td>
<td>214</td>
</tr>
<tr>
<td>Budget deficit/surplus</td>
<td>(414)</td>
<td>(1,935)</td>
<td>1,521</td>
</tr>
</tbody>
</table>

Net debt composition (extract)

<table>
<thead>
<tr>
<th>€ million</th>
<th>30 Jun 2019</th>
<th>31 Dec 2018</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td>3,471</td>
<td>4,919</td>
<td>(1,448)</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>18,773</td>
<td>18,052</td>
<td>721</td>
</tr>
<tr>
<td>of which: lease liabilities</td>
<td>2,145</td>
<td>6</td>
<td>2,139</td>
</tr>
<tr>
<td>of which: senior bonds</td>
<td>12,960</td>
<td>13,219</td>
<td>(259)</td>
</tr>
<tr>
<td>of which: loans from RWE</td>
<td>700</td>
<td>1,656</td>
<td>(956)</td>
</tr>
<tr>
<td>of which: loans from EIB</td>
<td>1,036</td>
<td>1,037</td>
<td>(1)</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>15,302</td>
<td>13,133</td>
<td>2,169</td>
</tr>
<tr>
<td>Provisions for pensions and similar obligations</td>
<td>4,148</td>
<td>3,489</td>
<td>659</td>
</tr>
<tr>
<td>Provisions for wind farm decommissioning</td>
<td>390</td>
<td>363</td>
<td>27</td>
</tr>
<tr>
<td>Total net debt</td>
<td>19,840</td>
<td>16,985</td>
<td>2,855</td>
</tr>
</tbody>
</table>

Note: rounding differences may occur. 1 Adjusted for a step-up effect of €593 million as of 30 June 2019 and €658 million as of 31 December 2018. 2 Including ‘surplus of plan assets over benefit obligations’ of €199 million as of 30 June 2019 and €278 million as of 31 December 2018.
### Outlook for 2019 confirmed

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

1 2018 figures include CZ gas grid. 2019 figures only include adjusted EBIT of CZ gas grid until end of 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

<table>
<thead>
<tr>
<th>€ million</th>
<th>H1 2019 reported</th>
<th>adjustment</th>
<th>H1 2019 adjusted</th>
<th>H1 2018 adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>2,139</td>
<td>-</td>
<td>2,139</td>
<td>2,254</td>
</tr>
<tr>
<td>Operating D&amp;A</td>
<td>(833)</td>
<td>-</td>
<td>(833)</td>
<td>(701)</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,306</td>
<td>-</td>
<td>1,306</td>
<td>1,553</td>
</tr>
<tr>
<td>Non-operating result</td>
<td>146</td>
<td>(146)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial result</td>
<td>(288)</td>
<td>(87)</td>
<td>(375)</td>
<td>(392)</td>
</tr>
<tr>
<td>Income from continuing operations before tax</td>
<td>1,164</td>
<td>(233)</td>
<td>931</td>
<td>1,161</td>
</tr>
<tr>
<td>Taxes on income</td>
<td>(306)</td>
<td>48</td>
<td>(256)</td>
<td>(290)</td>
</tr>
<tr>
<td>Tax rate</td>
<td>26%</td>
<td>-</td>
<td>27.5%</td>
<td>25%</td>
</tr>
<tr>
<td>Income</td>
<td>858</td>
<td>(183)</td>
<td>675</td>
<td>871</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(187)</td>
<td>-</td>
<td>(187)</td>
<td>(209)</td>
</tr>
<tr>
<td>Net income</td>
<td>671</td>
<td>(183)</td>
<td>488</td>
<td>662</td>
</tr>
</tbody>
</table>

Key drivers

- Higher depreciation and amortisation, primarily due to first-time application of IFRS 16, paired with relief for adjusted EBITDA from the lease payments.
- Improvement in the non-operating result driven by deconsolidation gains from sale of the Czech gas grid business as well as negative valuation effects of commodity derivatives compared to the same period last year.
- In H1 2019, the effective tax rate amounts to 26.3%; the tax-free gain on deconsolidation from sale of the Czech gas grid business is the main positive factor affecting the effective tax rate. In the previous year, the effective tax rate was also influenced by positive effects from the revaluation of deferred tax assets related to loss carryforwards in the Netherlands.
Rise in adjusted EBIT mainly caused by higher market prices and better weather conditions compared to last year.

Positive contribution to earnings from operational improvements of the existing portfolio in part from a bonus for timely, on-budget completion of the Galloper offshore wind farm and higher earnings from Belectric’s business.

Earnings were also bolstered by plants commissioned in 2018 and 2019, such as the onshore wind projects Bad a Cheo (27.7 MW, UK), Brechfa Forest West (57.4 MW, UK), Dromadda Beg (10.2 MW, IE) and Deliceto (23 MW, IT) in 2018 and the onshore wind farm Mynydd y Gwair (57 MW, UK) in 2019.
innogy · H1 2019 results · Backup

Grid & Infrastructure – Germany

<table>
<thead>
<tr>
<th>Grid &amp; Infrastructure Germany</th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>External revenue(^1)</td>
<td>€ million</td>
<td>2,617</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>€ million</td>
<td>1,190</td>
</tr>
<tr>
<td>Operating depreciation,</td>
<td>€ million</td>
<td>(427)</td>
</tr>
<tr>
<td>amortisation and impairment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>losses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted EBIT</td>
<td>€ million</td>
<td>763</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>€ million</td>
<td>392</td>
</tr>
<tr>
<td>Proceeds from disposal of</td>
<td>€ million</td>
<td>117</td>
</tr>
<tr>
<td>assets/divestitures</td>
<td></td>
<td>30 Jun 2019</td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td>14,569</td>
</tr>
</tbody>
</table>

**H1 2019 development**

- Stable operating business
- Adjusted EBIT on par with last year’s level, in part due to mildly higher one-off proceeds; higher staff costs have an opposite effect

\(^1\) Prior-year figures restated due to change in recognition of feed-in payments under the German Renewable Energy Act (previously recognised as gross amounts in revenue and the cost of materials).
Grid & Infrastructure – Eastern Europe

<table>
<thead>
<tr>
<th>Grid &amp; Infrastructure Eastern Europe</th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>External revenue € million</td>
<td>460</td>
<td>548</td>
</tr>
<tr>
<td>Adjusted EBITDA € million</td>
<td>303</td>
<td>423</td>
</tr>
<tr>
<td>Operating depreciation, amortisation and impairment losses € million</td>
<td>(96)</td>
<td>(126)</td>
</tr>
<tr>
<td>Adjusted EBIT € million</td>
<td>207</td>
<td>297</td>
</tr>
<tr>
<td>Capital expenditure € million</td>
<td>104</td>
<td>127</td>
</tr>
<tr>
<td>Proceeds from disposal of assets/divestitures € million</td>
<td>1,858</td>
<td>1</td>
</tr>
<tr>
<td>Employees</td>
<td>4,764</td>
<td>6,963</td>
</tr>
</tbody>
</table>

**H1 2019 development**

- Stable operating business
- Lower adjusted EBIT as the Czech gas grid business contributed no earnings from end-February 2019 following its sale
- Lower headcount due to sale of the Czech gas grid business
Retail – Germany

H1 2019 development

Lower adjusted EBIT was mainly driven by up-front costs for electricity and gas which could not be passed on or not yet passed on in full. Up-front costs consist of procurement costs for electricity and gas, as well as other components such as network fees and taxes.

Customer gains in the competitive market environment did not yet generate any significant contribution to earnings in H1 2019.
The main negative impact on earnings came from the price cap on electricity and gas tariffs introduced by the Office of Gas and Electricity Markets in early 2019 and lower customer numbers compared to the previous year. Moreover, provisions for severance payments also had a negative effect on earnings, along with the announced restructuring programme. Headcount fell mainly as a result of efficiency-enhancement measures and concentration on the core business; an opposite effect stemmed from the reassignment of innogy Business Services UK Limited (434 employees) from the segment Corporate/other to the UK retail segment.
Retail – Netherlands/Belgium

<table>
<thead>
<tr>
<th>Retail NL/BE</th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>External revenue</td>
<td>€ million</td>
<td>1,908</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>€ million</td>
<td>107</td>
</tr>
<tr>
<td>Operating depreciation, amortisation and impairment losses</td>
<td>€ million</td>
<td>(30)</td>
</tr>
<tr>
<td>Adjusted EBIT</td>
<td>€ million</td>
<td>77</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>€ million</td>
<td>18</td>
</tr>
<tr>
<td>Proceeds from disposal of assets/divestitures</td>
<td>€ million</td>
<td>1</td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td>2,584</td>
</tr>
<tr>
<td>Electricity and gas customers</td>
<td>‘000</td>
<td>4,204</td>
</tr>
<tr>
<td>Of which: residential and commercial customers</td>
<td>‘000</td>
<td>4,200</td>
</tr>
</tbody>
</table>

**H1 2019 development**

- Adjusted EBIT declined primarily as a result of lower consumption per customer compared to the previous year, especially in the gas business due to the warmer weather and a smaller customer base in Q1 2019.
- Customer portfolio stabilised, in conjunction with higher sales costs amidst persistently difficult market conditions.
- The moderate increase in headcount resulted from the acquisition of EnergieWerken B.V. Group, which supplies and installs PV systems.
Retail – Eastern Europe

## H1 2019 development

- **Decline in adjusted EBIT due to regulatory intervention in Poland and Hungary, which results in the higher procurement costs from wholesale price increases being borne by energy utilities.**

- **Stable development of the customer portfolio.**

### Retail Eastern Europe

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>External revenue</td>
<td>€ million</td>
<td>1,845</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>€ million</td>
<td>113</td>
</tr>
<tr>
<td>Operating depreciation, amortisation and impairment losses</td>
<td>€ million</td>
<td>(10)</td>
</tr>
<tr>
<td>Adjusted EBIT</td>
<td>€ million</td>
<td>103</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>€ million</td>
<td>27</td>
</tr>
<tr>
<td>Proceeds from disposal of assets/divestitures</td>
<td>€ million</td>
<td>2</td>
</tr>
<tr>
<td>Employees</td>
<td>2,787</td>
<td>2,652</td>
</tr>
<tr>
<td>Electricity and gas customers</td>
<td>‘000</td>
<td>5,543</td>
</tr>
<tr>
<td>Of which: residential and commercial customers</td>
<td>‘000</td>
<td>5,514</td>
</tr>
</tbody>
</table>
Corporate/New Businesses – Corporate/other

H1 2019 development

- Adjusted EBIT down year on year due to the timing of costs incurred for projects during the year
- Lower headcount mainly due to the reassignment of a Group company (innogy Business Services UK Limited) to the UK retail business (see page 10 half year report 2019)

<table>
<thead>
<tr>
<th>Corporate/Other</th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>€ million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(102)</td>
<td>(104)</td>
</tr>
<tr>
<td>Operating depreciation, amortisation and impairment losses</td>
<td>€ million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(43)</td>
<td>(23)</td>
</tr>
<tr>
<td>Adjusted EBIT</td>
<td>€ million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(145)</td>
<td>(127)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>€ million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>23</td>
<td>26</td>
</tr>
<tr>
<td>Proceeds from disposal of assets/divestitures</td>
<td>€ million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Employee</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,528</td>
<td>4,013</td>
</tr>
</tbody>
</table>

30 Jun 2019 vs 31 Dec 2018
Corporate/New Businesses – eMobility

H1 2019 development

- Development of eMobility’s international business activities and the resulting growth expenditures reduced earnings in H1 2019.

- In H1 2019, the customer portfolio increased and the product portfolio in hardware and software was expanded.

- Steady increase in headcount reflects our growth ambitions.

<table>
<thead>
<tr>
<th>eMobility</th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>€ million</td>
<td>(20)</td>
</tr>
<tr>
<td>Operating depreciation, amortisation and impairment losses</td>
<td>€ million</td>
<td>(7)</td>
</tr>
<tr>
<td>Adjusted EBIT</td>
<td>€ million</td>
<td>(27)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>€ million</td>
<td>11</td>
</tr>
<tr>
<td>Proceeds from disposal of assets/divestitures</td>
<td>€ million</td>
<td>-</td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td>285</td>
</tr>
</tbody>
</table>

30 Jun 2019

31 Dec 2018
### Corporate/New Businesses – Innovation Hub

**Innovation Hub**

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA (€ million)</td>
<td>(22)</td>
<td>(6)</td>
</tr>
<tr>
<td>Operating depreciation,</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>amortisation and impairment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>losses (€ million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted EBIT (€ million)</td>
<td>(22)</td>
<td>(6)</td>
</tr>
<tr>
<td>Capital expenditure (€ million)</td>
<td>13</td>
<td>30</td>
</tr>
<tr>
<td>Proceeds from disposal of</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>assets/divestitures (€ million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>36</td>
<td>38</td>
</tr>
</tbody>
</table>

**H1 2019 development**

- Lower adjusted EBIT owing to weaker portfolio value development and consolidation of the portfolio

Portfolio growth driven by 18 investments in new or existing portfolio companies; around 80 growth initiatives with portfolio companies continued
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Financial calendar 2019 and important links

**Financial calendar 2019**

- **12/11/2019**
  - 9M 2019 statement

**Important links**

- innogy factbook
- innogy investor presentation
- H1 2019 report
- Financial reports
- Bonds
- Corporate Governance
Notice

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