Essen, 10 August 2018

innogy confirms strategy and outlook for 2018

- **Strategy for value-added growth rigorusly pursued**
- **Capital expenditure in operational business further increased**
- **Business performance in first half of year in line with expectation**

innogy SE is rigorously pursuing its focused growth and investment strategy for value-added development, and confirms its outlook for the full year 2018. Half-year 2018 results are in line with expectations: adjusted EBIT for the first six months of the year amounted to EUR 1,553 million, down 10 per cent compared to the same period the previous year. Adjusted net income decreased by 23 per cent, to EUR 662 million. Among the reasons for this are the non-recurrence of positive one-off effects in 2017 in Retail in Germany as well as an unexpected commodity price increase driven by cold weather in the Netherlands. In the Grid & Infrastructure division, earnings were lower due to new regulatory requirements for gas in Germany. Weather effects had a negative impact on the Renewables division. Both adjusted EBIT and adjusted net income are within the forecast range for the current fiscal year. Overall, innogy expects adjusted EBIT of about EUR 2,700 million and adjusted net income of more than EUR 1,100 million for the full year 2018. For details on business performance in the individual divisions, please refer to the half-year report for 2018, available atwww.innogy.com/half-year-report-2018.

Uwe Tigges, Chief Executive Officer of innogy SE: “We are consistently driving our growth strategy forward. This is our main task and we are focusing on it. We are ensuring value-added growth for our company by investing in promising business areas such as renewables, high-speed internet and the universal expansion of eMobility both in Germany and abroad. At the same time we are bolstering our core business in the retail and grid areas through innovation and digitalisation. In the grid area, every euro invested is an important contribution to a clean future: the energy transition can succeed only if smart grids are in place. We are fully committed to this, in the interests of our employees, customers and shareholders.”

Bernhard Günther, Chief Financial Officer of innogy SE: “Our retail business is facing steadily increasing competition. That is why we are focusing on developing our customer base with an eye to long-term value, rather than on mere customer numbers or sales volumes. Nevertheless, we recorded a net customer gain in Germany in May and June. The slight decline in grid earnings is in connection with the new regulatory period for gas. In addition, our renewables business suffered in the first six months of 2018 from lower wind levels, especially in the UK. Overall, business performance in the first half of the year was in line with our expectations, which are reflected in our outlook for 2018. We therefore confirm our outlook for the current fiscal year both for Group and segment levels.”

Since the start of 2018, innogy has achieved further important milestones in implementing its strategy for value-added business performance in its core regions. The US is one of the company’s strategic growth markets. innogy has acquired a number of onshore wind development projects there with a total capacity of more than 2,000 megawatts. In addition, innogy has signed an agreement with US solar developer Birdseye for the joint development of 13 solar projects with a total capacity of approximately 440 megawatts. The company has also successfully entered the Australian market, with the acquisition of project rights for two utility-scale solar power plants with a combined capacity of more than 460 megawatts. Including the acquisition of further projects in Germany, the company secured development projects in different stages representing a total of more than 3.3 gigawatts in the first few months of 2018 alone. Furthermore, in Germany, innogy was also successful in the second German offshore wind auction with its 325-megawatt project Kaskasi, once again delivering proof of its competitiveness in a challenging market.

In the Grid & Infrastructure division, too, innogy further expanded its leading position in Germany and internationally: in Europe, innogy is one of the major distribution system operators, with a total grid length of 574,000 kilometres, corresponding to approximately one-and-a-half times the distance to the moon. In Germany, it operates the longest and most powerful electricity grid, with a length of 350,000 kilometres. Around 150 terawatt hours of electricity flow through innogy's grid every year, equivalent to more than a quarter of Germany's entire power consumption. innogy is already well ahead in the process of integrating renewable energy systems such as solar plants or energy storage units into the power grids, which is key to the energy transition: with around 340,000 facilities, approximately 20 per cent of the 1.7 million facilities in Germany are connected to the innogy distribution system. innogy intends to strengthen its efforts to drive forward the expansion of fast internet – in particular in rural regions. Investment in the expansion of broadband is to at least double in the next few years.

With about 22 million electricity and gas customers, innogy is one of Europe's leading energy retailers, and leads the field in Germany with 7.7 million customers. To stay ahead in this tough competitive environment, innogy regularly optimises its retail processes and structures, with a focus on customer value rather than simply generating volume ("value over volume"). The objective is to ensure sustainable earnings by offering first-class products and services. innogy therefore focusses on securing stable and lasting customer loyalty. Customer satisfaction is proof that this strategy is working: innogy's retail and customer service as well as its retail brands once again achieved top grades in independent market studies in the first half of 2018. Key elements in securing long-term customer loyalty are innovative products and services, such as SmartHome and eMobility solutions for residential and corporate customers that are tailored to customer needs and make their lives easier. innogy is the leader throughout Germany for both SmartHome and eMobility solutions. These solutions are part of innogy's range of "Energy+" products. They also form the basis for the data-driven business models that are gaining massively in importance in retail, and which innogy intends to further drive forward in the future.

In the growth field of eMobility, innogy is building on its pole position as the leading supplier of charging infrastructure in Germany: it has set up key partnerships with Aldi Süd and Deutsche Post DHL Group. The company is also reinforcing its presence in the US market with its acquisition of leading eMobility provider BTCPower.

In November 2017, innogy and SSE agreed to merge their British retail activities within a new British energy supply and services company. Preparations are right on schedule: with the agreement of shareholders at the Annual General Meeting of SSE and the appointment of the future CEO and CFO of the new company, the parties have achieved important milestones in recent months. Subject to approval by the competent competition authorities and regulatory bodies, the transaction should be completed by the end of 2018 or the beginning of 2019.

Electricity production up 5 per cent compared to previous year

In the first half of 2018, innogy produced about 6 terawatt hours of electricity, or 5 per cent more than in the same period the previous year. A large portion of this was attributable to generation from renewables. Around 4.8 terawatt hours came from the Renewables division: 77 per cent from onshore and offshore wind farms and 23 per cent from run-of-river power stations.

Total capital expenditure up approximately 36 per cent innogy's capital expenditure in the first half of 2018 rose by 36 per cent year on year to about EUR 900 million. Taking divestitures into consideration, net capital expenditure amounted to about EUR 726 million of a planned total of some EUR 2.5 billion for 2018. Steering net capital expenditure is relevant in terms of keeping the target leverage factor (ratio of net debt to adjusted EBITDA) of about 4.0, which supports innogy's credit rating.

Investments in Renewables in the first half of 2018 mainly focused on onshore wind projects in Italy and the US as well as onshore and offshore wind projects in the United Kingdom. A rise in investments inGrid & Infrastructure was due mainly to higher spending on the expansion and modernisation of grid infrastructure and the expansion of broadband activities in Germany. In Retail, greater capital expenditure was recorded in the Energy+ business in the Netherlands and Belgium. The significant increase in investments in eMobility is due to the acquisition of BTCPower in the US.

Net debt about EUR 18 billion

As at 30 June 2018, innogy's net debt was about EUR 18 billion, a rise of some EUR 2.3 billion compared to 31 December 2017. This increase was primarily due to the dividends paid out in April and the seasonally induced, regularly negative free cash flow in the first half-year: whereas electricity and gas sales volumes at the beginning of the year are above average on account of the seasonal effect, customer payments are spread evenly throughout the year.

Number of employees up slightly

As at 30 June 2018, innogy employed 43,040 people. Part-time positions were considered in these figures on a pro-rata basis. This represents an increase of 647 employees compared to 31 December 2017. The rise can be attributed partly to the acquisitions in the Renewables division and the full consolidation of a new grid partnership company.

Outlook for 2018 confirmed

innogy confirms its outlook both for Group and segment levels. The basis for the dividend pay-out is adjusted net income, 70 to 80 per cent of which innogy intends to continue paying out. The company aims for a leverage factor of around 4.0. The ratio of net debt to adjusted EBITDA continues to be one of the key financial metrics for managing the company's debt.