Interim Report III/2017

January – September

E.ON Group Financial Highlights[1]

Nine months € in millions	2017	2016	+/- %
Sales	27,937	28,198	-1
Adjusted EBITDA[2]	3,540	3,640	-3
Adjusted EBIT[2]	2,117	2,311	-8
Net income/Net loss	3,903	-9,299	–
Net income/Net loss attributable to shareholders of E.ON SE	3,706	-3,948	–
Adjusted net income[2]	965	641	+51
Investments	2,222	1,981	+12
Cash provided by operating activities of continuing operations	-3,309	3,041	–
Cash provided by operating activities of continuing operations before interest and taxes	-3,091	3,827	–
Economic net debt (September 30 and December 31)	19,699	26,320	-25
Employees (September 30 and December 31)	42,525	43,138	-1
Earnings per share[3, 4] (€)	1.75	-2.02	–
Adjusted net income per share[3, 4] (€)	0.46	0.33	+39
Shares outstanding (in millions, September 30 and December 31)	2,167	1,952	+11

[1]Adjusted for discontinued operations.
[2]Adjusted for non-operating effects (see Glossary).
[3]Based on shares outstanding (weighted average).
[4]Attributable to shareholders of E.ON SE.

Glossary of Selected Financial Terms

Adjusted EBIT Earnings before interest and taxes. It is our most important earnings figure for purposes of internal management control and as an indicator of our businesses' long-term earnings power. The EBIT used by E.ON is derived from income/loss from continuing operations before interest income and income taxes and is adjusted to exclude certain items, mainly non-operating income and expenses.

Adjusted EBITDA Earnings before interest, taxes, depreciation, and amortization. The EBITDA used by E.ON is derived from income/loss from continuing operations before interest income, income taxes, depreciation, and amortization and is adjusted to exclude certain items, mainly non-operating income and expenses.

Adjusted net income An earnings figure after interest income, income taxes, and non-controlling interests that has been adjusted to exclude non-operating items. Along with effects from the marking to market of derivatives, the adjustments include book gains and book losses on disposals, restructuring expenses, and other material non-operating income and expenses (after taxes and non-controlling interests), and interest expense/income not affecting net income, which consists of the interest expense/income resulting from non-operating effects.

Economic net debt A key figure that supplements net financial position with pension obligations and asset-retirement obligations. In the case of material provisions affected by negative real interest rates, we use the actual amount of the obligation instead of the balance-sheet figure to calculate our economic net debt.

Investments Cash-effective investments as shown in the Consolidated Statements of Cash Flows.

Contents

Dear Shareholders,

At the nine-month mark, your E.ON is right on track. Sales of €27.9 billion were nearly at the prior-year figure. As anticipated, adjusted EBIT declined by around 8 percent to €2.1 billion. Adjusted net income rose by 51 percent to €965 million. As announced, our performance in the second and third quarters made up a big part of our slow start earlier in the year. Earnings at our core business (Energy Networks, Customer Solutions, and Renewables) were higher in the third quarter as well, rising by 6 percent. This puts us on course for our forecast for full-year 2017, which we today reaffirm: we expect to post adjusted EBIT of €2.8 to €3.1 billion and adjusted net income of €1.2 to €1.45 billion.

We owe the solid performance of our operating business above all to our employees' hard work on behalf of our customers. *Focus Money*, a weekly business magazine, named us Germany's best value-for-money supplier for the third year in a row. Although competition is keen, we're responding proactively with new digital products and services like E.ON Solar Cloud as well as a revitalized brand image. Our business serving industrial customers is also successful. Its latest project is to install solar panels on the sizeable roofs of up to thirty Metro hypermarkets in Germany, which will enable Metro to reduce its carbon emissions by up to 12,000 metric tons per year. Our innovations enable our customers to produce energy efficiently while helping to protect the earth's climate. Here's another example of how we're helping customers protect the climate: our networked and digital solutions will enable the first community in Sweden to be entirely energy-autonomous using locally produced energy.

E.ON's balance sheet is stronger. We systematically reduced our economic net debt—much faster than planned—to €19.7 billion, down by just over a quarter from roughly €26.3 billion at year-end 2016. We're on course to achieve our debt-reduction target. Our solid earnings and the capital increase we conducted in March raised our equity to €6.2 billion. As of the end of the third quarter we can state that in early July we of course met, on time, our payment obligation to Germany's public fund for financing nuclear-waste disposal. This removes any future risks for us in this area.

At our annual results press conference in March we told you that we would increase the dividend payout as soon as our balance sheet and cash flow allow us to. Consequently, we increased the payout ratio from between 50 and 60 percent to a minimum of 65 percent starting with the 2018 financial year. We're also well on our way toward having the flexibility for growth investments. The Management Board is currently designing a strategy for E.ON's future growth. By early 2018, we'll put together a detailed set of recommendations for where and how your E.ON can grow in the years ahead and present it to you at our annual results press conference for the 2017 financial year.

Our customers' opportunities in the green, distributed, and digital energy world are also our shareholders' opportunities for sustainable value growth. We aim to seize these opportunities for our customers and for you, our shareholders. We're achieving this better and better every day. Your E.ON is gathering more speed.

Best wishes,

Dr. Johannes Teyssen

At the end of the third quarter of 2017, E.ON stock (including reinvested dividends) was 47 percent above its year-end closing price for 2016. It thereby outperformed its peer index, the STOXX Utilities (+12 percent), and the broader European stock market as measured by the EURO STOXX 50 index (+12 percent).

The increase in the number of shares outstanding relative to year-end 2016 is mainly attributable to the capital increase we conducted in March 2017 through a partial utilization of authorized capital. This raised the number of shares outstanding by about 200 million shares. The capital increase yielded E.ON SE gross issuance proceeds of approximately €1.35 billion.

In addition, in 2017 shareholders were given the option of receiving their dividend in cash or exchanging a portion of it for shares of E.ON stock. The acceptance rate was about 33 percent, and E.ON consequently issued just under 15 million treasury shares. This increased the number of shares outstanding at September 30, 2017, to 2,167 million.

Visit eon.com for the latest information about E.ON stock.

E.ON Stock

	Sep. 30, 2017	Dec. 31, 2016
Shares outstanding (millions)	2,167	1,952
Closing price (€)	9.58	6.70
Market capitalization (€ in billions)[1]	20.8	13.1

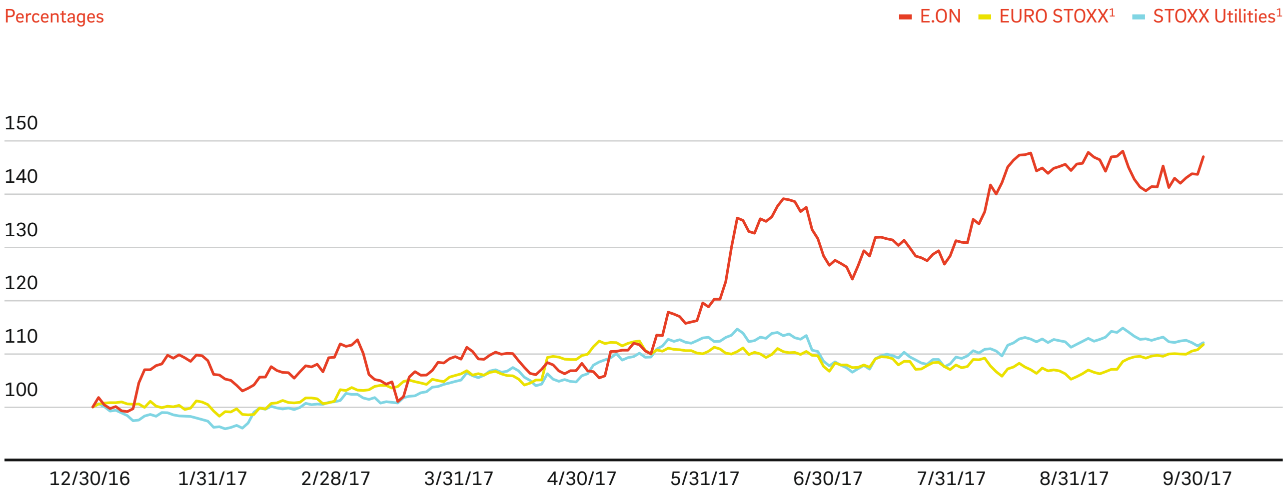
[1]Based on shares outstanding.

Performance and Trading Volume

January 1–September 30	2017	2016
High (€)[1]	9.64	8.49
Low (€)[1]	6.64	6.27
Trading volume[2]		
Millions of shares	*2,497.8*	*2,301.0*
€ in billions	*19.8*	*19.4*

[1]Xetra; 2016 adjusted for Uniper.
[2]Source: Bloomberg (all German stock exchanges).

E.ON Stock Performance



[1]Based on the performance index.

Interim Group Management Report

January – September 2017

- Forecast for 2017 adjusted EBIT and adjusted net income affirmed
- Adjusted EBIT down year on year; third-quarter adjusted EBIT above year-earlier quarter
- Adjusted net income considerably above prior-year figure
- Economic net debt reduced further, balance sheet strengthened
- €10.3 billion payment into Germany's public fund for financing nuclear-waste disposal relieves E.ON of liability
- Agreement concluded with Fortum on right to sell Uniper stake

Corporate Profile

Business Model

E.ON is an investor-owned energy company. Led by Group Management in Essen, our operations are segmented into three operating units: Energy Networks, Customer Solutions, and Renewables. Our non-strategic operations are reported under Non-Core Business.

Group Management

The main task of Group Management is to lead the E.ON Group. This involves charting E.ON's strategic course and managing and funding its existing business portfolio. Group Management's tasks include optimizing E.ON's overall business across countries and markets from a financial, strategic, and risk perspective and conducting stakeholder management.

In view of our new strategy and the Annual Shareholders Meeting's vote to spin off Uniper, we applied IFRS 5 and reported Uniper activities as a discontinued operation in 2016. After the Control Termination Agreement took effect, Uniper was deconsolidated effective December 31, 2016, and was recorded in our Consolidated Financial Statements as an associated company in accordance with our stake and accounted for using the equity method. Uniper's earnings were reported under non-operating earnings. In September 2017 E.ON and Finnish energy company Fortum concluded an agreement under which E.ON has the right to sell its 46.65-percent stake in Uniper in early 2018 in the context of a takeover offer (see the commentary in Note 5 to the Consolidated Interim Financial Statements). Effective the end of September 2017, we classify our Uniper stake as an asset held for sale.

Energy Networks

This segment consists of our power and gas distribution networks and related activities. It is subdivided into three regional markets: Germany, Sweden, and East-Central Europe/Turkey (which consists of the Czech Republic, Hungary, Romania, Slovakia, and Turkey). This segment's main tasks include operating its power and gas networks safely and reliably, carrying out any necessary maintenance and repairs, and expanding its networks, which frequently involves adding customer connections.

Customer Solutions

This segment serves as the platform for working with our customers to actively shape Europe's energy transition. This includes supplying customers in Europe (excluding Turkey) with power, gas, and heat as well as with products and services that enhance their energy efficiency and autonomy and provide other benefits. Our activities are tailored to the individual needs of customers across all segments: residential, small and medium-sized enterprises, large commercial and industrial, and public entities. E.ON's main presence in this business is in Germany, the United Kingdom, Sweden, Italy, the Czech Republic, Hungary, and Romania. E.ON Connecting Energies, which provides customers with turn-key distributed-energy solutions, is also part of this segment.

Renewables

This segment consists of Onshore Wind/Solar and Offshore Wind/Other. We plan, build, operate, and manage renewable generation assets. We market their output in several ways: in conjunction with renewable incentive programs, under long-term electricity supply agreements with key customers, and directly to the wholesale market.

Non-Core Business

This segment consists of our non-strategic activities. This applies to the operation of our nuclear power stations in Germany (which is managed by our PreussenElektra unit).

Business Report

Industry Environment

Energy Policy and Regulatory Environment

On June 30, 2017, the German Bundestag passed the Grid Fee Modernization Act which lays the legal foundation for transmission grid fees to be standardized nationwide and for changes to be made in the compensation for avoided grid fees pursuant to Section 18 of the Electricity Grid Charges Ordinance. The act, which will be implemented gradually, will yield considerable savings for our distribution grid customers through 2023.

The German Federal Constitutional Court ruled that the nuclear-fuel tax was invalid. This entitled E.ON to a tax refund of approximately €2,850 million. The refund and other claims were paid in the current year. The refund is recorded as other operating income and as cash provided by operating activities of continuing operations. Note 3 to the Condensed Consolidated Interim Financial Statements contains more information.

Earnings Situation

Business Performance

E.ON's operating business performed as anticipated in the first three quarters of 2017. Sales of €27.9 billion and adjusted EBIT of €2.1 billion were below the respective prior-year numbers. Energy Networks and also Customer Solutions delivered further earnings increases in the third quarter. Third-quarter adjusted EBIT in our core business was €16 million above the prior-year figure.

Nine-month adjusted EBIT for the E.ON Group of about €2.1 billion was 8 percent below the prior-year figure of €2.3 billion. Adjusted net income of €965 million surpassed the prior-year figure of €641 million by €324 million, or 51 percent.

Sales

Our nine-month sales declined by about €0.3 billion to €27.9 billion. Energy Networks' sales surpassed the prior-year figure by €0.7 billion, primarily because of higher costs charged by upstream grid operators in Germany that we passed through to our customers. It recorded slightly higher sales in Sweden and East-Central Europe/Turkey owing to volume and price factors. Customer Solutions' sales declined by €0.6 billion, principally because of lower sales volume and currency-translation effects in the United Kingdom as well as the expiration of supply contracts for the wholesale customer business in Germany, which was transferred to Uniper at the end of 2015. Sales at our Renewables segment were up year on year, primarily because of the contribution of Colbeck's Corner wind farm, which entered service in May 2016, and higher prices in Italy and the United States. Non-Core Business's sales rose by €162 million. The adverse impact of lower sales prices and the expiration of supply contracts was more than offset by higher sales volume to Uniper and non-recurring effects in conjunction with legal proceedings involving PreussenElektra. The prior-year figure for Corporate Functions/Other includes E&P operations in the North Sea that were sold in 2016.

Sales

	Third quarter			Nine months		
€ in millions	2017	2016	+/- %	2017	2016	+/- %
Energy Networks	4,240	3,885	+9	12,867	12,207	+5
Customer Solutions	4,284	4,082	+5	15,479	16,079	-4
Renewables	420	342	+23	1,130	1,022	+11
Non-Core Business	339	317	+7	1,230	1,068	+15
Corporate Functions/Other	170	260	-35	562	845	-33
Consolidation	-1,099	-942	-17	-3,331	-3,023	-10
E.ON Group	**8,354**	**7,944**	**+5**	**27,937**	**28,198**	**-1**

Other Line Items from the Consolidated Statements of Income

Own work capitalized of €329 million was 12 percent above the prior-year level and predominantly reflects the completion of IT projects.

Other operating income increased by 32 percent, from €4,926 million to €6,520 million, mainly because of the refund of nuclear-fuel taxes paid in previous years (€2,850 million). In addition, the sale of securities resulted in higher profits than in the prior-year period. By contrast, income from currency-translation effects declined from €3,108 million to €1,966 million, and income from derivative financial instruments decreased from €1,012 million to €526 million. Corresponding amounts resulting from currency-translation effects and derivative financial instruments are recorded under other operating expenses.

Costs of materials of €22,573 million were slightly above the prior-year level of €22,078 million. Non-Core Business recorded higher costs for fuel and power procurement.

Personnel costs of €2,157 million were €22 million above the figure from the first three quarters of 2016, mainly because of the costs of our restructuring program, which has been under way since the start of the year. By contrast, personnel costs were reduced by lower past-service costs for pension plans and by lower wage and salary costs due to the reduction in our headcount.

Depreciation charges changed only marginally year on year, increasing from €1,385 million to €1,405 million. Higher depreciation charges on capitalized dismantling costs pursuant to Germany's Act Reorganizing Responsibility for Nuclear Waste Management constituted the main factor. By contrast, impairment charges recorded at Energy Networks (in particular on a gas storage facility) in the prior year did not recur. In addition, impairment charges recorded at Renewables at the end of 2016 reduced scheduled depreciation charges in the current year.

Other operating expenses declined by 8 percent, from €5,280 million to €4,858 million. This is principally because expenditures relating to currency-translation effects decreased substantially, from €2,963 million to €1,667 million. By contrast, expenditures relating to derivative financial instruments rose from €301 million to €1,278 million. In addition, other operating expenses increased owing to our obligation to pass on a portion (€327 million) of the refunded nuclear-fuel tax to minority shareholders of our jointly owned power stations.

Income from companies accounted for under the equity method of €619 million was substantially above the prior-year figure of €245 million. The increase results primarily from the inclusion of our stake in Uniper SE as a company accounted for using the equity method during the first three quarters of the current year. Effective the end of September 2017, our Uniper SE stake is recorded as an asset held for sale. Consequently, the book value of this stake will not be recalculated in the fourth quarter. Nine-month income was partially offset by lower earnings at Energy Networks' East-Central Europe/Turkey unit.

Adjusted EBIT

For purposes of internal management control and as an indicator of our businesses' long-term earnings power, we use earnings before interest and taxes that have been adjusted to exclude non-operating effects ("adjusted EBIT"; see Note 15 to the Condensed Consolidated Interim Financial Statements).

Nine-month adjusted EBIT in our core business declined by €177 million year on year. Energy Networks' adjusted EBIT rose primarily because of the delayed repayment of personnel costs from 2015 in Germany due to regulatory reasons along with an improved gross power margin due to higher tariffs in Sweden. Earnings at Energy Networks' East-Central Europe/Turkey unit were above the prior-year level. Adjusted EBIT in the Czech Republic, Romania, and Hungary was higher in particular due to wider margins; this was partially offset by lower earnings on our equity stake in Turkey. Customer Solutions' adjusted EBIT declined by about €195 million year on year. The principal reasons were lower sales volume and higher costs in the United Kingdom, higher power and gas procurement costs in Romania, and higher power network fees, lower gas sales prices, and higher costs for customer service and customer acquisition in Germany. Renewables' adjusted EBIT was about €61 million lower, mainly because of the non-recurrence of book gains recorded in the prior-year period at Offshore Wind/Other.

Adjusted EBIT for the E.ON Group declined by €194 million, owing primarily to the items mentioned above in the commentary on adjusted EBIT in our core businesses and the absence of earnings streams from E&P operations in the North Sea divested in 2016.

Adjusted EBIT

	Third quarter			Nine months		
€ in millions	2017	2016	+/- %	2017	2016	+/- %
Energy Networks	391	324	+21	1,417	1,196	+18
Customer Solutions	-96	-111	+14	353	548	-36
Renewables	43	55	-22	248	309	-20
Corporate Functions/Other	-72	-28	-157	-250	-137	-82
Consolidation	-2	8	–	-8	21	–
Adjusted EBIT from core business	**264**	**248**	**+6**	**1,760**	**1,937**	**-9**
Non-Core Business (PreussenElektra)	86	62	+39	357	345	+3
Other (divested operations)	–	–	–	–	29	–
E.ON Group adjusted EBIT	**350**	**310**	**+13**	**2,117**	**2,311**	**-8**

Net Income/Loss

We recorded nine-month net income attributable to shareholders of E.ON SE of €3.7 billion and corresponding earnings per share of €1.75. In the prior-year period we recorded a net loss of €3.9 billion and negative earnings per share of €2.02.

Pursuant to IFRS, income/loss from discontinued operations, net, is reported separately in the Consolidated Statements of Income and, for the first three quarters of 2016, primarily includes our earnings related to Uniper. Note 5 to the Condensed Consolidated Interim Financial Statements contains more information.

We had a tax expense of €604 million compared with €624 million in the prior-year period. Our tax rate on income from continuing operations declined from 39 percent to 13 percent. One-off items relating to the refund of the nuclear-fuel tax, which, due to tax loss carryforwards, are subject to a minimum tax rate, constituted the principal reason in the current-year period. Expenditures that did not reduce taxes along with one-off effects relating to tax expenditures from previous periods were the main reasons why our tax rate was significantly higher in the prior-year period.

Nine-month 2017 net book gains were substantially above the prior-year figure and resulted in particular from the sale of securities, which were sold in preparation for the payment into Germany's public fund for financing nuclear-waste disposal which was due in July. In 2016 we recorded lower book gains on the sale of securities and a book loss on the sale of our U.K. E&P business.

Restructuring expenditures declined substantially year on year. As in the prior-year period, they resulted mainly from cost-cutting programs and the One2Two project. The decrease is in part attributable to considerably lower expenditures for the One2Two project.

At September 30, 2017, marking to market of the derivatives we use to shield our operating business from price fluctuations as well as other derivatives resulted in a negative effect of €453 million (prior year: +€768 million).

In the first three quarters of 2017 we recorded a small amount of impairment-charge reversals and did not record any impairment charges. In the prior-year period we recorded impairment charges in particular on a gas storage facility.

The significant increase in other non-operating earnings is attributable to effects resulting from the ruling by Germany's highest court on the invalidity of the nuclear-fuel tax and to the equity earnings on our Uniper stake.

Net Income/Loss

	Third quarter		Nine months	
€ in millions	2017	2016	2017	2016
Net income/loss	-131	-6,370	3,903	-9,299
Attributable to shareholders of E.ON SE	*-166*	*-914*	*3,706*	*-3,948*
Attributable to non-controlling interests	*35*	*-5,456*	*197*	*-5,351*
Income/Loss from discontinued operations, net	–	6,409	–	10,293
Income/Loss from continuing operations	**-131**	**39**	**3,903**	**994**
Income taxes	55	57	604	624
Financial results	183	365	-90	1,191
Income/Loss from continuing operations before financial results and income taxes	**107**	**461**	**4,417**	**2,809**
Income/Loss from equity investments	25	3	49	-9
EBIT	**132**	**464**	**4,466**	**2,800**
Non-operating adjustments	**218**	**-154**	**-2,349**	**-489**
Net book gains (-)/losses (+)	*-15*	*-26*	*-288*	*-1*
Restructuring expenses	*-4*	*92*	*173*	*221*
Marking to market of derivative financial instruments	*142*	*-216*	*453*	*-768*
Impairments (+)/Reversals (-)	*–*	*–*	*-5*	*44*
Other non-operating earnings	*95*	*-4*	*-2,682*	*15*
Adjusted EBIT	**350**	**310**	**2,117**	**2,311**
Impairments (+)/Reversals (-)	20	-5	42	4
Scheduled depreciation and amortization	455	434	1,381	1,325
Adjusted EBITDA	**825**	**739**	**3,540**	**3,640**

Adjusted Net Income

Like EBIT, net income also consists of non-operating effects, such as the marking to market of derivatives. Adjusted net income is an earnings figure after interest income, income taxes, and non-controlling interests that has been adjusted to exclude non-operating effects. In addition to the marking to market of derivatives, the adjustments include book gains and book losses on disposals, restructuring expenses, other material non-operating income and expenses (after taxes and non-controlling interests), and interest expense/income not affecting net income, which consists of the interest expense/income resulting from non-operating effects. Adjusted net income also does not include income/loss from discontinued operations.

The E.ON Management Board uses this figure in conjunction with its consistent dividend policy. Starting with the 2018 financial year, the goal will be to pay out to E.ON shareholders a minimum of 65 percent of adjusted net income as dividends. E.ON will therefore aim for a payout ratio that is on par with its relevant peer companies. E.ON still plans to propose a dividend of €0.30 per share for the 2017 financial year.

Adjusted Net Income

	Third quarter		Nine months	
€ in millions	2017	2016	2017	2016
Income/Loss from continuing operations before financial results and income taxes	**107**	**461**	**4,417**	**2,809**
Income/Loss from equity investments	25	3	49	-9
EBIT	**132**	**464**	**4,466**	**2,800**
Non-operating adjustments	218	-154	-2,349	-489
Adjusted EBIT	**350**	**310**	**2,117**	**2,311**
Net interest income/loss	-208	-368	41	-1,182
Non-operating interest expense (+)/income (-)	16	60	-616	64
Operating earnings before taxes	**158**	**2**	**1,542**	**1,193**
Taxes on operating earnings	-39	69	-386	-387
Operating earnings attributable to non-controlling interests	-35	-34	-191	-165
Adjusted net income	**84**	**37**	**965**	**641**

Financial Situation

E.ON presents its financial condition using, among other financial measures, economic net debt and operating cash flow.

Financial Position

Compared with the figure recorded at December 31, 2016 (€26.3 billion), our economic net debt declined by €6.6 billion to €19.7 billion.

The change in our net financial position predominantly reflects the capital increase we conducted in March 2017 and our operating cash flow. The latter includes positive effects from the refund of the nuclear-fuel tax and from our normal operating business as well as negative effects from the payment into Germany's public fund for financing nuclear-waste disposal. However, because we removed from our balance sheets provisions for nuclear-waste management in the same amount, the payment into the fund had no effect on our economic net debt.

The change in our gross financial debt relative to year-end 2016 reflects the issuance of €2 billion in bonds in May 2017 to fund the payment into Germany's public fund for financing nuclear-waste disposal, which was made in July. We issued three euro-denominated bonds with maturities in 2021, 2024, and 2029. The principal countervailing factors were the on-schedule repayment of a €900 million euro-denominated bond and positive currency-translation effects.

Economic Net Debt

€ in millions	Sep. 30, 2017	Dec. 31, 2016
Liquid funds	5,450	8,573
Non-current securities	3,801	4,327
Financial liabilities	-14,304	-14,227
FX hedging adjustment	158	390
Net financial position	**-4,895**	**-937**
Provisions for pensions	-3,586	-4,009
Asset-retirement obligations[1]	-11,218	-21,374
Economic net debt	**-19,699**	**-26,320**

[1]This figure is not the same as the asset-retirement obligations shown in our Consolidated Balance Sheet (€12,249 million at September 30, 2017; €22,515 million at December 31, 2016). This is because we calculate our economic net debt in part based on the actual amount of our obligations.

The creditworthiness of E.ON has been assessed by Standard & Poor's ("S&P") and Moody's with long-term ratings of BBB and Baa2, respectively. In March 2017 both S&P and Moody's downgraded E.ON's rating from BBB+ and Baa1 with a negative outlook, respectively. The outlook of both ratings is now stable. The new ratings reflect both agencies' anticipation that in the near to medium term E.ON will be able to maintain a leverage ratio as required for these ratings. E.ON's short-term ratings have been unchanged with A-2 (S&P) and P-2 (Moody's).

Investments

Nine-month investments in our core business and the E.ON Group's total investments were above the prior-year level. We invested €2.1 billion in property, plant, and equipment and intangible assets (prior year: €1.9 billion). Share investments totaled €101 million versus €90 million in the prior-year period.

Investments

January 1–September 30 € in millions	2017	2016	+/- %
Energy Networks	864	866	–
Customer Solutions	350	392	-11
Renewables	961	637	+51
Corporate Functions/Other	42	70	-40
Consolidation	-5	-4	-25
Investments in core business	**2,212**	**1,961**	**+13**
Non-Core Business (PreussenElektra)	10	12	-17
Other (divested operations)	–	8	–
E.ON Group investments	**2,222**	**1,981**	**+12**

Energy Networks' nine-month investments were at the prior-year level. Investments of €228 million to upgrade and maintain networks in Sweden were €48 million above the prior-year figure. Investments at East-Central Europe/Turkey were €71 million higher due principally to the reassignment of investment projects (such as grid maintenance, repair, and connections) in the Czech Republic from Customer Solutions to Energy Networks. By contrast, Energy Networks' investments in Germany of €396 million were lower than in the prior-year period.

Customer Solutions invested €42 million less than in the prior-year period, chiefly because of the already-mentioned reassignment of investment projects in the Czech Republic from this segment to Energy Networks. In addition, investments at E.ON Connecting Energies and in the United Kingdom and Germany were lower. In Sweden, by contrast, we invested more in the maintenance, upgrade, and expansion of existing assets and in the heat distribution network.

Investments at Renewables were €324 million higher. Onshore Wind/Solar's investments increased by €236 million, primarily because of expenditures for two large new-build projects (Radford's Run and Bruenning's Breeze), which will enter service this year. Offshore Wind/Other's investments increased by a total of €88 million owing to expenditures for the Rampion new-build project and to expenditures in line with our stake in the Arkona project.

Investments at Non-Core Business (nuclear energy operations in Germany) were €2 million below the prior-year level.

Cash Flow

The main changes in the line items of our Consolidated Statements of Cash Flows primarily reflect the developments in our nuclear power business in Germany in the second quarter: first, the refund resulting from the Federal Constitutional Court's ruling that the nuclear-fuel tax was invalid; second, the payments made in July 2017 into Germany's public fund for financing nuclear-waste disposal.

Cash Flow[1]

January 1–September 30 € in millions	2017	2016
Cash provided by (used for) operating activities (operating cash flow)	-3,309	3,041
Operating cash flow before interest and taxes	-3,091	3,827
Cash provided by (used for) investing activities	-40	-2,217
Cash provided by (used for) financing activities	1,845	-1,810

[1]From continuing operations.

Cash provided by operating activities of continuing operations of -€3.3 billion was €6.3 billion below the prior-year level. The decline resulted primarily from the €10.3 billion payment made in July 2017 to Germany's public fund for financing nuclear-waste disposal. This was partially offset by the refund of nuclear-fuel taxes, which, after a portion of the refund was passed on to co-owners, amounted to €2.85 billion. An increase in cash-effective EBITDA, an improvement in working capital, and lower tax payments constituted additional positive factors.

Cash provided by investing activities of continuing operations increased substantially year on year. The +€2.2 billion change is primarily attributable to higher cash inflow from the sale of securities.

Cash provided by financing activities of continuing operations amounted to €1.8 billion compared with -€1.8 billion in the prior-year period. The change of +€3.6 billion is primarily attributable to measures to fund the payment we made in July into Germany's public fund for financing nuclear waste disposal. The measures consisted mainly of the issuance of €2 billion in bonds, the roughly €1.35 billion capital increase conducted by E.ON SE in March 2017, and a €0.6 billion reduction in the dividend payout to E.ON SE shareholders relative to the prior year.

Asset Situation

Our total assets and liabilities of €58.3 billion were about €5.4 billion, or 8 percent, below the figure from year-end 2016. Non-current assets of €42.5 billion were €3.8 billion lower relative to year-end 2016. The principal factors were the reclassification of the book value of our Uniper SE stake as an asset held for sale and the sale of non-current securities.

Current assets decreased by 9 percent, from €17.4 billion to €15.8 billion. A roughly €3.1 billion decline in liquid funds and a €2 billion decline in operating receivables and other operating assets were largely offset by the reclassification of the book value of our Uniper SE stake as an asset held for sale. The decline in liquid funds was chiefly attributable to the payment of €10.3 billion into Germany's public fund for financing nuclear-waste disposal. To finance this payment, E.ON SE had conducted a roughly €1.35 billion capital increase in the fist quarter of this year. Furthermore, liquid funds were increased by the €2 billion bond issuance in the second quarter and the refund of nuclear-fuel taxes paid in previous years plus interest.

Our equity ratio (including non-controlling interests) at September 30, 2017, was 11 percent, which is about 9 percentage points higher than at year-end 2016. This change reflects the already-mentioned capital increase, the reduction in total assets and liabilities, as well as our positive net income in the first three quarters of the current year. In particular, the refund of nuclear-fuel taxes paid in previous years had a positive impact on net income. Equity attributable to shareholders of E.ON SE was about €3.6 billion at September 30, 2017. Equity attributable to non-controlling interests was roughly €2.5 billion.

Non-current liabilities decreased by €2.2 billion, or 5 percent, owing to a reduction in liabilities relating to derivative financial instruments, lower pension obligations, and a decline in nuclear-asset-retirement obligations.

In line with Germany's Act Reorganizing Responsibility for Nuclear Waste Management, existing nuclear-asset-retirement obligations at year-end were met through payment, resulting in a substantial reduction—€8.1 billion—in current liabilities relative to year-end 2016.

Consolidated Assets, Liabilities, and Equity

€ in millions	Sep. 30, 2017	%	Dec. 31, 2016	%
Non-current assets	42,505	73	46,296	73
Current assets	15,793	27	17,403	27
Total assets	**58,298**	**100**	**63,699**	**100**
Equity	6,164	11	1,287	2
Non-current liabilities	37,128	63	39,287	62
Current liabilities	15,006	26	23,125	36
Total equity and liabilities	**58,298**	**100**	**63,699**	**100**

Employees

At September 30, 2017, the E.ON Group had 42,525 employees worldwide, a slight decline of 1.4 percent from year-end 2016. E.ON also had 955 apprentices in Germany and 131 board members and managing directors worldwide. As of the same date, 26,314 employees, or 62 percent of all employees, were working outside Germany, slightly higher than the 60 percent at year-end 2016.

Employees[1]

	Sep. 30, 2017	Dec. 31, 2016	+/- %
Energy Networks	17,252	16,814	+3
Customer Solutions	19,051	19,106	–
Renewables	1,152	1,082	+7
Corporate Functions/Other[2]	3,135	4,102	-24
Core business	**40,590**	**41,104**	**-1**
Non-Core Business (PreussenElektra)	1,935	2,034	-5
E.ON Group	**42,525**	**43,138**	**-1**

[1]Does not include board members, managing directors, or apprentices.
[2]Includes E.ON Business Services.

Energy Networks' headcount increased principally because of the transfer of employees from Customer Solutions in the Czech Republic and the filling of vacancies (in Germany, predominantly with apprentices who had completed their training).

The number of employees at Customer Solutions was largely stable. Although transfers of employees to Uniper, to non-consolidated companies, and to Energy Networks in the Czech Republic reduced Customer Solutions' headcount, these effects were counteracted by the filling of vacancies in Hungary along with the hiring of staff for our service business in the United Kingdom and for our sales business in Italy.

The expansion of Renewables' business in the United States led to a slight increase in its headcount.

In particular, the transfer of E.ON Business Services employees to Uniper led to the significant decline in the number of employees at Corporate Functions/Other.

Non-Core Business consists of our nuclear energy business in Germany. Its headcount decreased mainly because of retirements and the expiration of temporary employment contracts. This was partially counteracted by the hiring of apprentices who had completed their training.

Forecast Report

Business Environment

Macroeconomic Situation

The OECD forecasts a gradual acceleration of global economic growth in 2017 and 2018. It expects the global economy to grow by 3.5 percent in 2017 and by 3.7 percent in 2018. The corresponding figures for the United States are 2.1 percent and 2.4 percent, while comparatively weaker growth (2.1 percent and 1.9 percent) is forecast for the euro zone. The OECD sees substantial political uncertainty and financial risks. It believes that fiscal initiatives and structural reforms should result in stronger growth. In Germany, the Bundestag election on September 24, 2017, led to coalition negotiations whose outcome is open.

Anticipated Earnings Situation

Forecast Earnings Performance

Our forecast for full-year 2017 earnings continues to be significantly influenced by the difficult business environment. Examples include a weaker British pound and policymaking risks in the United Kingdom. In addition, the current low-interest-rate environment and increasingly fierce competition in our core markets are putting downward pressure on achievable returns.

For our 2017 earnings forecast, we adjusted our internal financial key figures with respect to the treatment of nuclear-asset-retirement obligations. Effects resulting from the valuation of certain provisions at the balance-sheet date are now reported under non-operating earnings. This change, which improves the depiction of E.ON's underlying earnings strength, took effect on January 1, 2017. In view of the fundamental change in our business and its structure in 2016, it did not make sense to adjust the prior-year figures.

We continue to expect the E.ON Group's 2017 adjusted EBIT to be between €2.8 and €3.1 billion and its 2017 adjusted net income to be between €1.2 and €1.45 billion.

Our forecast by segment:

We expect Energy Networks' 2017 adjusted EBIT to be significantly above the prior-year figure. The principal positive factors in Germany are special regulatory effects such as the delayed repayment of higher provisions for pensions from 2015 which were included in allowed network revenues along with non-recurring items stemming from the conversion to Germany's amended Incentive Regulation Ordinance. Germany's Grid Fee Modernization Act took effect on July 22, 2017; however, it will not impact grid fees until 2018. The fees will be passed through by E.ON grid operators and will not affect earnings. Unlike originally assumed, there will therefore not be a one-off earnings increase in 2017 or the repayment of this increase in years 2019 to 2021. Elsewhere, improved power tariffs in Sweden and the Czech Republic will increase earnings. In Hungary we will benefit from the new regulation period in 2017.

We anticipate that Customer Solutions' adjusted EBIT will be significantly below the prior-year figure. Earnings in Germany will be lower due primarily to the absence of positive one-off items recorded in the prior year, lower gas sales prices, and higher costs for customer retention and acquisition. The intervention of the Competition and Markets Authority and rising costs for customer acquisition as part of our new marketing strategy will have a significant negative impact on earnings in the United Kingdom. Earnings will be lower in Romania primarily because of narrower margins in response to keener competition in the wake of market liberalization.

We expect Renewables' adjusted EBIT to be at the prior-year level. Major new-build projects (such as Radford's Run, Bruenning's Breeze, Arkona, and Rampion wind farms) will not enter service and contribute to earnings until the end of 2017 or in subsequent years.

We now anticipate that adjusted EBIT at Corporate Functions/Other will be above the prior-year level. The prior year was adversely affected by one-off items.

At Non-Core Business we now expect PreussenElektra's adjusted EBIT to be significantly below the prior-year level, chiefly because of an extended overhaul at Brokdorf nuclear power station.

Risk and Chances Report

The Combined Group Management Report contained in our 2016 Annual Report describes in detail our risk management systems and the measures we take to limit risks.

Risiks and Chances

In the normal course of business, we are subject to a number of risks that are inseparably linked to the operation of our businesses. The resulting risks and chances are described in detail in the 2016 Combined Group Management Report. These risks remained essentially unchanged at the end of the first three quarters of 2017.

Management's Assessment of the Risk Situation

At the end of the first three quarters of 2017 the risk situation of the E.ON Group's core operating business had not changed significantly compared with year-end 2016. However, a number of uncertainties no longer exist: those regarding Germany's nuclear-fuel tax and nuclear moratorium (which were eliminated by court rulings), those regarding the funding and the transfer of the payment into Germany's public fund for financing nuclear-waste disposal, and those regarding Germany's Grid Fee Modernization Act. From today's perspective, we do not perceive any risks that could threaten the existence of E.ON SE, the E.ON Group, or individual segments.

Business Segments

Energy Networks

Below we report on a number of important non-financial key figures for this segment, such as power and gas passthrough.

Power and Gas Passthrough

Nine-month power passthrough was at the prior-year level. Gas passthrough rose by 3 percent.

Power and gas passthrough in Germany of 49.6 billion kWh and 75.5 billion kWh, respectively, were at the prior-year level.

Power passthrough in Sweden was at the prior-year level, whereas gas passthrough declined owing to the closure of a power station in Malmö.

Power passthrough at East-Central Europe/Turkey was 0.9 billion kWh above the prior-year level due principally to positive economic development in the Czech Republic and comparatively lower temperatures in all countries. Weather factors were responsible for the 3.2 billion kWh increase in gas passthrough.

Energy Passthrough

	Germany		Sweden		East-Central Europe/ Turkey		Total	
Billion kWh	2017	2016	2017	2016	2017	2016	2017	2016
Third quarter								
Power	17.2	17.7	8.0	8.0	8.6	8.4	33.8	34.1
Line loss, station use, etc.	0.6	0.5	0.2	0.2	0.6	0.5	1.4	1.2
Gas	16.1	15.8	1.0	1.0	4.3	4.1	21.4	20.9
Nine months								
Power	49.6	50.0	27.3	27.5	27.0	26.1	103.9	103.6
Line loss, station use, etc.	1.9	1.8	0.8	0.7	2.0	2.0	4.7	4.5
Gas	75.5	75.0	3.1	3.9	29.9	26.7	108.5	105.6

Sales and Adjusted EBIT

This segment's nine-month sales rose by €660 million, its adjusted EBIT by €221 million.

Sales in Germany were slightly above the prior-year level, primarily because of higher costs charged by upstream power grid operators that we passed through to our customers. These passthrough costs do not affect earnings. By contrast, the amount of electricity delivered onto our network in conjunction with the Renewable Energy Law was lower than in the prior-year period due to weather factors. Sales in the gas business were roughly at the prior-year level. Energy Networks' nine-month adjusted EBIT of €788 million was significantly above the prior-year figure, primarily because of the delayed repayment of personnel costs due to regulatory reasons.

Sales in Sweden were slightly higher due to price factors. Adjusted EBIT was significantly higher thanks to an improved gross margin in the power business, which resulted from tariff increases.

Sales at East-Central Europe/Turkey were €56 million above the prior-year level due to volume and price effects in the Czech Republic, Hungary, and Romania. Adjusted EBIT was €14 million higher. Wider margins and lower costs for services provided by our Customer Solutions segment led to higher earnings in the Czech Republic. Earnings in Romania rose owing to an improved gross margin in the gas business and the non-recurrence of an adverse one-off effect in the prior-year period in conjunction with services provided by Customer Solutions. Improved margins led to higher earnings in Hungary as well. These positive developments were nearly offset by lower earnings on our equity stake in Turkey, which principally reflect a book loss on the sale of a hydroelectric station.

Energy Networks

	Germany		Sweden		East-Central Europe/ Turkey		Total	
€ in millions	2017	2016	2017	2016	2017	2016	2017	2016
Third quarter								
Sales	3,589	3,286	268	227	383	372	4,240	3,885
Adjusted EBITDA	321	291	147	132	159	142	627	565
Adjusted EBIT	182	146	106	91	103	87	391	324
Nine months								
Sales	10,797	10,288	831	736	1,239	1,183	12,867	12,207
Adjusted EBITDA	1,217	1,084	467	411	451	428	2,135	1,923
Adjusted EBIT	788	638	345	288	284	270	1,417	1,196

Customer Solutions

Below we report on a number of this segment's important non-financial key figures, such as power and gas sales volume.

Power and Gas Sales Volume

This segment's nine-month power sales declined by 6 billion kWh, whereas its gas sales rose by 0.6 billion kWh.

Power sales in Germany of 29 billion kWh were 15 percent below the prior-year level. Power sales to residential and small and medium enterprise ("SME") customers were lower due to keener competition. The decline in power sales to industrial and commercial ("I&C") customers resulted mainly from the transfer of the remaining wholesale customers to Uniper. Power sales to sales partners were lower, chiefly because deliveries to a municipal utility ended. Power sales to the wholesale market were below the prior-year level due to the expiration of procurement contracts for wholesale customers, which were reassigned from E.ON to Uniper at the end of 2015. Gas sales volume of 31.8 billion kWh increased by 14 percent. Gas sales to residential and SME customers were lower due to keener competition. Gas sales to I&C customers declined owing to the above-mentioned reason for the power business. Gas sales to the wholesale market were higher due to a change in how we classify resales to Uniper, which in 2016 were included on the procurement side.

Nine-month power sales in the United Kingdom decreased by 2.1 billion kWh. Declining customer numbers led to lower power sales to residential and SME customers. A reduction in sales volume and in the number of customer facilities served was the reason for the decline in power sales to I&C customers. Gas sales decreased by 4.6 billion kWh. Lower customer numbers and, in part, a weather-driven decline in demand were responsible for the reduction in gas sales to residential and SME customers. The reason for the decline in gas sales to I&C customers is the same as for power.

Power sales at the Other unit (Sweden, Hungary, the Czech Republic, Romania, and Italy) rose by 1.1 billion kWh, primarily because of the acquisition of new customers in Romania and Hungary along with comparatively lower temperatures. By contrast, power sales in Italy declined owing to lower demand. Gas sales were 1.2 billion kWh higher. This is chiefly attributable to a weather-driven increase in sales volume to residential and SME customers in Romania and slightly higher demand from I&C and sales-partner customers in Italy. By contrast, gas sales were lower in Sweden due to the end of deliveries to a large customer.

Power Sales

	Germany		United Kingdom		Other[1]		Total	
Billion kWh	2017	2016	2017	2016	2017	2016	2017	2016
Third quarter								
Residential and SME	3.3	3.4	3.8	4.2	4.5	4.4	11.6	12.0
I&C	2.6	2.3	3.6	3.7	6.6	6.8	12.8	12.8
Sales partners	0.1	0.4	–	–	0.5	0.4	0.6	0.8
Customer groups	**6.0**	**6.1**	**7.4**	**7.9**	**11.6**	**11.6**	**25.0**	**25.6**
Wholesale market	2.9	4.4	0.1	0.3	1.8	1.9	4.8	6.6
Total	**8.9**	**10.5**	**7.5**	**8.2**	**13.4**	**13.5**	**29.8**	**32.2**
Nine months								
Residential and SME	12.3	12.9	13.7	15.5	15.8	15.1	41.8	43.5
I&C	6.7	7.0	11.1	11.3	19.5	20.7	37.3	39.0
Sales partners	0.3	0.8	–	–	1.7	1.7	2.0	2.5
Customer groups	**19.3**	**20.7**	**24.8**	**26.8**	**37.0**	**37.5**	**81.1**	**85.0**
Wholesale market	9.7	13.3	0.6	0.7	6.7	5.1	17.0	19.1
Total	**29.0**	**34.0**	**25.4**	**27.5**	**43.7**	**42.6**	**98.1**	**104.1**

[1]Excludes E.ON Connecting Energies.

Gas Sales

	Germany		United Kingdom		Other[1]		Total	
Billion kWh	2017	2016	2017	2016	2017	2016	2017	2016
Third quarter								
Residential and SME	1.7	1.4	2.8	2.8	1.6	1.7	6.1	5.9
I&C	0.9	0.8	1.5	1.5	3.6	3.3	6.0	5.6
Sales partners	–	–	–	–	-0.2	–	-0.2	–
Customer groups	**2.6**	**2.2**	**4.3**	**4.3**	**5.0**	**5.0**	**11.9**	**11.5**
Wholesale market	2.8	1.5	–	–	0.4	0.7	3.2	2.2
Total	**5.4**	**3.7**	**4.3**	**4.3**	**5.4**	**5.7**	**15.1**	**13.7**
Nine months								
Residential and SME	14.9	15.7	23.0	27.0	19.1	17.0	57.0	59.7
I&C	3.4	3.6	5.6	6.2	14.5	13.4	23.5	23.2
Sales partners	–	–	–	–	0.7	0.7	0.7	0.7
Customer groups	**18.3**	**19.3**	**28.6**	**33.2**	**34.3**	**31.1**	**81.2**	**83.6**
Wholesale market	13.5	8.5	–	–	1.5	3.5	15.0	12.0
Total	**31.8**	**27.8**	**28.6**	**33.2**	**35.8**	**34.6**	**96.2**	**95.6**

[1]Excludes E.ON Connecting Energies.

Sales and Adjusted EBIT

Customer Solutions' nine-month sales and adjusted EBIT decreased by €600 million and €195 million, respectively.

Sales in Germany declined, primarily because of the expiration of procurement contracts of wholesale customers who were reassigned to Uniper at the end of 2015. Lower sales volume to residential and SME customers also had an adverse impact on sales. Sales to I&C customers were higher due to higher sales volume in the third quarter 2017. Adjusted EBIT was below the prior-year level, primarily because higher power grid fees could not yet be fully passed through to customers. Earnings were also adversely affected by a reduction in gas sales prices in November 2016 and by higher costs for customer service and customer acquisition.

Lower sales volume due to declining customer numbers, reduced demand, and currency-translation effects caused sales in the United Kingdom to decline by €593 million. Adjusted EBIT decreased owing to lower sales volume and higher costs in conjunction with regulatory energy-efficiency obligations.

Other's sales rose by €95 million, primarily because of a weather-driven increase in sales volume in Romania along with higher power and heat prices and higher sales of energy solutions in Sweden. Sales declined in Italy on lower price. Other's adjusted EBIT decreased by €61 million, principally because of higher power and gas procurement costs, particularly in Romania.

Customer Solutions

	Germany		United Kingdom		Other		Total	
€ in millions	2017	2016	2017	2016	2017	2016	2017	2016
Third quarter								
Sales	1,507	1,376	1,360	1,320	1,417	1,386	4,284	4,082
Adjusted EBITDA	25	-4	-64	-41	19	5	-20	-40
Adjusted EBIT	7	-20	-89	-64	-14	-27	-96	-111
Nine months								
Sales	5,424	5,526	5,083	5,676	4,972	4,877	15,479	16,079
Adjusted EBITDA	147	192	218	297	219	274	584	763
Adjusted EBIT	93	144	144	227	116	177	353	548

Renewables

Below we report on a number of important non-financial key figures for this segment, such as power generation and power sales volume.

Power Generation

This segment's nine-month owned generation rose by 0.3 billion kWh.

Onshore Wind/Solar's owned generation was 0.4 billion kWh higher. The commissioning of Colbeck's Corner wind farm in the United States was the principal factor. Output in Europe was higher due to favorable wind conditions, particularly in Poland, Germany, and Sweden. This unit's third-quarter owned generation in the United States declined owing to poor wind conditions.

Offshore Wind/Other's owned generation decreased slightly compared with the prior year. Lower output in the United Kingdom was partially offset by higher output in Sweden and Denmark resulting from favorable wind conditions.

Power Generation

	Onshore Wind/Solar		Offshore Wind/Other		Total	
Billion kWh	2017	2016	2017	2016	2017	2016
Third quarter						
Owned generation	1.4	1.7	0.7	0.7	2.1	2.4
Purchases	0.3	0.3	0.2	0.1	0.5	0.4
Jointly owned power plants	–	–	*0.2*	*0.1*	*0.2*	*0.1*
Third parties	*0.3*	*0.3*	–	–	*0.3*	*0.3*
Power sales	**1.7**	**2.0**	**0.9**	**0.8**	**2.6**	**2.8**
Nine months						
Owned generation	6.3	5.9	2.4	2.5	8.7	8.4
Purchases	1.0	1.0	0.6	0.5	1.6	1.5
Jointly owned power plants	–	–	*0.6*	*0.5*	*0.6*	*0.5*
Third parties	*1.0*	*1.0*	–	–	*1.0*	*1.0*
Power sales	**7.3**	**6.9**	**3.0**	**3.0**	**10.3**	**9.9**

Sales and Adjusted EBIT

Renewables' nine-month sales were €108 million above the prior-year level, whereas its adjusted EBIT was €61 million lower.

Onshore Wind/Solar's sales increased owing primarily to higher output resulting from the commissioning of Colbeck's Corner in May 2016 and to higher prices in Italy and the United States. Its adjusted EBIT declined slightly, in part because volume-driven earnings declines in Italy and the United Kingdomof were only partially offset by the contribution from Colbeck's Corner.

Offshore Wind/Other's sales and adjusted EBIT decreased by €16 million and €57 million, respectively, mainly because of the adverse effect of unfavorable wind conditions in the United Kingdom and the non-recurrence of a book gain recorded in the prior-year period.

Renewables

	Onshore Wind/Solar		Offshore Wind/Other		Total	
€ in millions	2017	2016	2017	2016	2017	2016
Third quarter						
Sales	302	220	118	122	420	342
Adjusted EBITDA	27	57	95	81	122	138
Adjusted EBIT	-15	13	58	42	43	55
Nine months						
Sales	691	567	439	455	1,130	1,022
Adjusted EBITDA	209	229	299	355	508	584
Adjusted EBIT	62	66	186	243	248	309

Non-Core Business

Below we report on a number of important non-financial key figures for this segment, such as power generation and power procurement.

PreussenElektra's Power Generation

This segment's power procured (owned generation and purchases) of 27.4 billion kWh was at the prior-year level. The reduction in owned generation is principally attributable to the unplanned extension of the overhaul at Brokdorf nuclear power station due to a thicker oxide layer on some fuel elements. The increase in power procured reflects the purchase of power to meet delivery obligations; 1.1 billion kWh of power was purchased for this reason in the third quarter.

PreussenElektra's Sales and Adjusted EBIT

This segment's sales were up €162 million year on year. The adverse impact of lower sales prices and the expiration of supply contracts was more than offset by higher sales volume to Uniper and one-off items, in particular in conjunction with a legal proceeding. The improvement in third-quarter sales is attributable to higher sales volume to Uniper.

Adjusted EBIT of €357 million was slightly above the prior-year figure of €345 million. The adverse impact of the unplanned outage at Brokdorf and higher depreciation charges was offset by the absence of the nuclear-fuel tax (which expired at the end of 2016) and by one-off items. The improvement in third-quarter adjusted EBIT is primarily attributable to the expiration of the nuclear-fuel tax at the end of 2016.

Power Generation

	PreussenElektra	
Billion kWh	2017	2016
Third quarter		
Owned generation	7.3	7.6
Purchases	2.2	0.8
Jointly owned power plants	*0.4*	*0.4*
Third parties	*1.8*	*0.4*
Total	**9.5**	**8.4**
Station use, line loss, etc.	–	–
Power sales	**9.5**	**8.4**
Nine months		
Owned generation	18.9	23.1
Purchases	8.5	3.6
Jointly owned power plants	*1.0*	*1.0*
Third parties	*7.5*	*2.6*
Total	**27.4**	**26.7**
Station use, line loss, etc.	-0.1	-0.2
Power sales	**27.3**	**26.5**

Non-Core Business

	PreussenElektra	
€ in millions	2017	2016
Third quarter		
Sales	339	317
Adjusted EBITDA	133	83
Adjusted EBIT	86	62
Nine months		
Sales	1,230	1,068
Adjusted EBITDA	497	410
Adjusted EBIT	357	345

Review Report

To E.ON SE, Essen

We have reviewed the condensed consolidated interim financial statements—comprising the balance sheet, income statement, statement of recognized income and expenses, condensed cash flows statement, statement of changes in equity and selected explanatory notes—and the interim group management report of E.ON SE for the period from January 1 to September 30, 2017, which are part of the quarterly financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, November 7, 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Markus Dittmann	Aissata Touré
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Condensed Consolidated Interim Financial Statements

E.ON SE and Subsidiaries Consolidated Statements of Income

€ in millions	Note	Third quarter 2017	Third quarter 2016	Nine months 2017	Nine months 2016
Sales including electricity and energy taxes		8,538	8,107	28,664	28,941
Electricity and energy taxes		-184	-163	-727	-743
Sales	(15)	**8,354**	**7,944**	**27,937**	**28,198**
Changes in inventories (finished goods and work in progress)		1	12	5	24
Own work capitalized		133	99	329	294
Other operating income[1]		993	2,104	6,520	4,926
Cost of materials[2]		-6,926	-6,393	-22,573	-22,078
Personnel costs		-680	-681	-2,157	-2,135
Depreciation, amortization and impairment charges		-469	-432	-1,405	-1,385
Other operating expenses[2]		-1,272	-2,268	-4,858	-5,280
Income/Loss from companies accounted for under the equity method	(9)	-27	76	619	245
Income/Loss from continuing operations before financial results and income taxes		**107**	**461**	**4,417**	**2,809**
Financial results	(7)	-183	-365	90	-1,191
Income/Loss from equity investments		*25*	*3*	*49*	*-9*
Income from other securities, interest and similar income[3]		*124*	*79*	*975*	*241*
Interest and similar expenses		*-332*	*-447*	*-934*	*-1,423*
Income taxes		-55	-57	-604	-624
Income/Loss from continuing operations		**-131**	**39**	**3,903**	**994**
Income/Loss from discontinued operations, net	(5)	–	-6,409	–	-10,293
Net income/loss		**-131**	**-6,370**	**3,903**	**-9,299**
Attributable to shareholders of E.ON SE		*-166*	*-914*	*3,706*	*-3,948*
Attributable to non-controlling interests		*35*	*-5,456*	*197*	*-5,351*
in €					
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted[4]	(8)				
from continuing operations		-0.08	0.00	1.75	0.43
from discontinued operations		0.00	-0.47	0.00	-2.45
from net income/loss		**-0.08**	**-0.47**	**1.75**	**-2.02**

[1]The change in other operating income results primarily from the refund of the nuclear-fuel tax paid in previous years (approximately €2.85 billion) and offset by exchange rate differences (-€1.1 billion).
[2]In the previous year, expenses for concession payments amounting to €0.2 billion were recognized in other operating expenses. In the current year, these expenses are contained in cost of materials in the amount of €0.2 billion. In addition, other operating expenses increased as a result of the obligation to pass on the refunded nuclear-fuel tax to minority shareholders of jointly owned power plants in the amount of €0.3 billion. The other changes mainly result from positive effects from exchange rate differences, which are partially offset by higher expenses from derivatives.
[3]Interest income includes interest relating to judicial proceedings in connection with the refund for nuclear-fuel taxes in the amount of €0.5 billion.
[4]Based on weighted-average number of shares outstanding.

E.ON SE and Subsidiaries Consolidated Statements of Recognized Income and Expenses

	Third quarter		Nine months	
€ in millions	2017	2016	2017	2016
Net income/loss	**-131**	**-6,370**	**3,903**	**-9,299**
Remeasurements of defined benefit plans	136	-399	285	-3,505
Remeasurements of defined benefit plans of companies accounted for under the equity method	-7	–	40	-1
Income taxes	5	59	-46	307
Items that will not be reclassified subsequently to the income statement	**134**	**-340**	**279**	**-3,199**
Cash flow hedges	32	-126	217	-636
Unrealized changes	*-10*	*-190*	*-103*	*-1,148*
Reclassification adjustments recognized in income	*42*	*64*	*320*	*512*
Available-for-sale securities	9	86	-169	106
Unrealized changes	*20*	*100*	*5*	*165*
Reclassification adjustments recognized in income	*-11*	*-14*	*-174*	*-59*
Currency translation adjustments	-42	96	43	646
Unrealized changes	*-41*	*96*	*44*	*576*
Reclassification adjustments recognized in income	*-1*	*–*	*-1*	*70*
Companies accounted for under the equity method	-106	-97	-372	-81
Unrealized changes	*-103*	*-97*	*-369*	*-86*
Reclassification adjustments recognized in income	*-3*	*–*	*-3*	*5*
Income taxes	12	-16	-19	-51
Items that might be reclassified subsequently to the income statement	**-95**	**-57**	**-300**	**-16**
Total income and expenses recognized directly in equity	**39**	**-397**	**-21**	**-3,215**
Total recognized income and expenses (total comprehensive income)	**-92**	**-6,767**	**3,882**	**-12,514**
Attributable to shareholders of E.ON SE	*-133*	*-1,318*	*3,668*	*-7,021*
Continuing operations	*-133*	*-343*	*3,668*	*-1,822*
Discontinued operations	*–*	*-975*	*–*	*-5,199*
Attributable to non-controlling interests	*41*	*-5,449*	*214*	*-5,493*

E.ON SE and Subsidiaries Consolidated Balance Sheets

€ in millions	Note	Sep. 30, 2017	Dec. 31, 2016
Assets			
Goodwill		3,381	3,463
Intangible assets		2,457	2,329
Property, plant and equipment		25,402	25,242
Companies accounted for under the equity method	(9)	3,541	6,352
Other financial assets	(9)	4,594	5,148
Equity investments		*793*	*821*
Non-current securities		*3,801*	*4,327*
Financial receivables and other financial assets		491	553
Operating receivables and other operating assets		1,476	1,761
Income tax assets		7	7
Deferred tax assets		1,156	1,441
Non-current assets		**42,505**	**46,296**
Inventories		847	785
Financial receivables and other financial assets		424	463
Trade receivables and other operating assets		4,707	6,719
Income tax assets		1,167	851
Liquid funds	(3)	5,450	8,573
Securities and fixed-term deposits		*746*	*2,147*
Restricted cash and cash equivalents		*639*	*852*
Cash and cash equivalents		*4,065*	*5,574*
Assets held for sale	(5)	3,198	12
Current assets		**15,793**	**17,403**
Total assets		**58,298**	**63,699**
Equity and Liabilities			
Capital stock		2,201	2,001
Additional paid-in capital		9,862	9,201
Retained earnings		-4,981	-8,495
Accumulated other comprehensive income		-2,341	-2,048
Treasury shares	(10)	-1,126	-1,714
Equity attributable to shareholders of E.ON SE		**3,615**	**-1,055**
Non-controlling interests (before reclassification)		3,099	2,896
Reclassification related to put options		-550	-554
Non-controlling interests		**2,549**	**2,342**
Equity		**6,164**	**1,287**
Financial liabilities		9,871	10,435
Operating liabilities		4,757	5,247
Income taxes		1,209	1,433
Provisions for pensions and similar obligations	(12)	3,586	4,009
Miscellaneous provisions		15,143	15,609
Deferred tax liabilities		2,562	2,554
Non-current liabilities		**37,128**	**39,287**
Financial liabilities		4,433	3,792
Trade payables and other operating liabilities	(3)	7,677	6,888
Income taxes		641	434
Miscellaneous provisions	(3)	2,047	12,008
Liabilities associated with assets held for sale	(5)	208	3
Current liabilities		**15,006**	**23,125**
Total equity and liabilities		**58,298**	**63,699**

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

Nine months € in millions	2017	2016
Net income/loss[1]	**3,903**	**-9,299**
Income/Loss from discontinued operations, net	–	10,293
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	1,405	1,385
Changes in provisions	-40	589
Changes in deferred taxes	279	305
Other non-cash income and expenses	-99	-216
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	-372	-125
Changes in operating assets and liabilities and in income taxes	1,904	109
Payment to the fund for nuclear-waste management	-10,289	–
Cash provided by (used for) operating activities of continuing operations (operating cash flow)[2]	**-3,309**	**3,041**
Cash provided by (used for) operating activities of discontinued operations	–	2,537
Cash provided by (used for) operating activities	**-3,309**	**5,578**
Proceeds from disposal of	207	608
Intangible assets and property, plant and equipment	*105*	*334*
Equity investments	*102*	*274*
Purchases of investments in	-2,222	-1,981
Intangible assets and property, plant and equipment	*-2,121*	*-1,890*
Equity investments	*-101*	*-91*
Changes in securities and fixed-term deposits	1,755	-558
Changes in restricted cash and cash equivalents	220	-286
Cash provided by (used for) for investing activities of continuing operations	**-40**	**-2,217**
Cash provided by (used for) investing activities of discontinued operations	–	-551
Cash provided by (used for) investing activities	**-40**	**-2,768**
Payments received/made from changes in capital[3]	1,545	93
Cash dividends paid to shareholders of E.ON SE	-345	-976
Cash dividends paid to non-controlling interests	-199	-112
Changes in financial liabilities	844	-815
Cash provided by (used for) financing activities of continuing operations	**1,845**	**-1,810**
Cash provided by (used for) financing activities of discontinued operations	–	1,776
Cash provided by (used for) financing activities	**1,845**	**-34**
Net increase/decrease in cash and cash equivalents	**-1,504**	**2,776**
Effect of foreign exchange rates on cash and cash equivalents	-5	10
Cash and cash equivalents at the beginning of the year[4]	5,574	5,190
Cash and cash equivalents at the end of the quarter	**4,065**	**7,976**
Less: Cash and cash equivalents of discontinued operations at the end of the quarter	**0**	**2,030**
Cash and cash equivalents of continuing operations at the end of the quarter	**4,065**	**5,946**

[1]See also Note 3.
[2]Additional information on operating cash flow is provided in Note 15.
[3]No material netting has taken place in either of the years presented here.
[4]Cash and cash equivalents at the beginning of the previous year also includes the holdings of €1 million in E.ON E&P UK, which is reported as a disposal group.

Statement of Changes in Equity

€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Changes in accumulated other comprehensive income: Currency translation adjustments	Available-for-sale securities	Cash flow hedges
Balance as of January 1, 2016	**2,001**	**12,558**	**9,419**	**-5,351**	**419**	**-903**
Treasury shares repurchased/sold						
Capital increase						
Capital decrease						
Dividends			-976			
Share additions/reductions		-3,357	-6,667	2,085	-52	-8
Net additions/disposals from reclassification related to put options						
Total comprehensive income			-6,960	522	57	-640
Net income/loss			*-3,948*			
Other comprehensive income			*-3,012*	*522*	*57*	*-640*
Remeasurements of defined benefit plans			*-3,012*			
Changes in accumulated other comprehensive income				*522*	*57*	*-640*
Balance as of September 30, 2016	**2,001**	**9,201**	**-5,184**	**-2,744**	**424**	**-1,551**
Balance as of January 1, 2017	**2,001**	**9,201**	**-8,495**	**-1,150**	**353**	**-1,251**
Treasury shares repurchased/sold		-478	-3			
Capital increase	200	1,139				
Capital decrease						
Dividends			-452			
Share additions/reductions			8			
Net additions/disposals from reclassification related to put options						
Total comprehensive income			3,961	-338	-173	218
Net income/loss			*3,706*			
Other comprehensive income			*255*	*-338*	*-173*	*218*
Remeasurements of defined benefit plans			*255*			
Changes in accumulated other comprehensive income				*-338*	*-173*	*218*
Balance as of September 30, 2017	**2,201**	**9,862**	**-4,981**	**-1,488**	**180**	**-1,033**

Treasury shares	Equity attributable to shareholders of E.ON SE	Non-controlling interests (before reclassification)	Reclassification related to put options	Non-controlling interests	Total
-1,714	**16,429**	**3,209**	**-561**	**2,648**	**19,077**
					0
		142		142	142
					0
	-976	-151		-151	-1,127
	-7,999	7,966		7,966	-33
			-107	-107	-107
	-7,021	-5,493		-5,493	-12,514
	-3,948	*-5,351*		*-5,351*	*-9,299*
	-3,073	*-142*		*-142*	*-3,215*
	-3,012	*-187*		*-187*	*-3,199*
	-61	*45*		*45*	*-16*
-1,714	**433**	**5,673**	**-668**	**5,005**	**5,438**
-1,714	**-1,055**	**2,896**	**-554**	**2,342**	**1,287**
588	107				107
	1,339	196		196	1,535
					0
	-452	-218		-218	-670
	8	11		11	19
			4	4	4
	3,668	214		214	3,882
	3,706	*197*		*197*	*3,903*
	-38	*17*		*17*	*-21*
	255	*24*		*24*	*279*
	-293	*-7*		*-7*	*-300*
-1,126	**3,615**	**3,099**	**-550**	**2,549**	**6,164**

(1) Summary of Significant Accounting Policies

The Interim Report for the nine months ended September 30, 2017, has been prepared in accordance with those International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee interpretations ("IFRS IC") effective and adopted for use in the European Union ("EU").

This Interim Report was prepared using the accounting, valuation and consolidation policies used in the Consolidated Financial Statements for the 2016 fiscal year.

This Interim Report prepared in accordance with IAS 34 is condensed compared with the scope applied to the Consolidated Financial Statements for the full year. For further information, including information about E.ON's risk management system, please refer to E.ON's Consolidated Financial Statements for the year ended December 31, 2016, which provide the basis for this Interim Report.

(2) Material Standards Applicable in 2018

IFRS 9, "Financial Instruments"

In July 2014, the IASB published the new standard IFRS 9, "Financial Instruments," which must be applied for fiscal years beginning on or after January 1, 2018. The changes to the new standard can be divided into three phases. E.ON expects higher income volatility from the future amendments in phase I "Classification of Financial Instruments" since equity instruments will in the future be classified as fair value in net income for the period. Phase II of the project addresses impairment of financial assets. The new impairment model, which, in contrast to the impairment model under IAS 39, takes account not only of losses that have already been incurred but also expected losses (expected loss model), will make more use of forward-looking information and take losses into account at an earlier stage. Because of the new model, in the future E.ON expects the timing on the impairment of financial assets to be different. E.ON expects no material impacts from the third phase of the project "Hedge Accounting."

IFRS 15, "Revenue from Contracts with Customers"

In May 2014, the IASB published IFRS 15, "Revenue from Contracts with Customers," which must be applied for fiscal years beginning on or after January 1, 2018. Initial application is retrospective, and the E.ON Group has opted for modified retrospective initial application. Within the framework of the project for the implementation of IFRS 15, the following significant impact was identified in comparison with the previous revenue recognition: The revision criteria for principal/agent relationships will at times result in a change in recognition on the income statement. This means that, in particular, revenues and cost of materials will decrease without resulting in any earnings effects. The cumulative effect is considered to be material.

(3) Material Transactions in the First Nine Months of 2017

Fund to Finance the Disposal of Nuclear Waste

On June 16, 2017, with the approval of the European Commission, the Omnibus Act Reorganizing Responsibility for Nuclear Waste Management ("Gesetz zur Neuordnung der Verantwortung in der kerntechnischen Entsorgung") adopted by Germany's two houses of parliament in December 2016, entered into force. As part of this, supplemental regulations were published for the specification of the payment amount as well as the procedures for payment into the fund set up by the Federal Republic of Germany to finance the disposal of nuclear waste.

E.ON had committed itself to payment of a basic amount plus carryforward of €7,640 million and a risk surcharge of €2,649 million.

On July 3, 2017, the payments for the basic amount plus carryforward and the risk surcharge for all nuclear power plants and equity investments in nuclear power plants attributable to E.ON were fully paid up. According to confirmations by the fund, E.ON and other subsidiaries are therefore no longer liable for the disposal tasks assumed by the Federal Republic of Germany.

The payments of €10,289 million are recognized separately in cash flow from operations in the third quarter of 2017. Taking into account the passing on of charges from and to co-owners, E.ON's payment obligation totaled €10,066 million.

Nuclear-Fuel Tax

On June 7, 2017, Germany's Federal Constitutional Court published its decision of April 13, 2017, which retroactively declared the nuclear-fuel tax null and void. For E.ON, this resulted in a claim for a refund of the nuclear-fuel tax paid in the period from 2011 to 2016 in the amount of approximately €2.85 billion. These refunds were paid in full in June 2017 and are recognized as other operating income and as cash flow from operations.

Primarily taking into account the further allocation from and to co-owners as well as contracting parties, this results in net income of around €2.5 billion before income taxes.

In addition, interest relating to the judicial proceedings in the amount of approximately €0.5 billion was recognized in interest income and in cash flow from operations.

Contingencies

As of December 31, 2016, E.ON issued collateral in the amount of €3.9 billion for former Group companies, which will be repaid or to a great extent assumed by the companies of the Uniper Group in the future. As a result of the dissolution of various guarantees related to Uniper's trading business, the collateral issued for Uniper since the reporting date has been further reduced by around €1.2 billion.

(4) Scope of Consolidation

The number of consolidated companies changed as follows during the reporting period:

Scope of Consolidation

	Domestic	Foreign	Total
Consolidated companies as of December 31, 2016	**77**	**149**	**226**
Additions	4	1	5
Disposals/Mergers	1	5	6
Consolidated companies as of September 30, 2017	**80**	**145**	**225**

As of September 30, 2017, 30 companies were accounted for under the equity method (December 31, 2016: 30) and 1 company was presented pro rata as a joint operation (December 31, 2016: 1).

(5) Acquisitions, Disposals and Discontinued Operations

Discontinued Operations and Assets Held for Sale in 2017

Hamburg Netz

In July 2017, the Hamburg Senate approved the exercise of a call option agreed in 2014 (following a corresponding referendum) with the Free and Hanseatic City of Hamburg on the previous E.ON majority stake in Hamburg Netz GmbH (74.9 percent, HHNG). E.ON currently holds this stake in the energy networks area through HanseWerk AG (E.ON's ownership interest: 66.5 percent). After the exercise of this option on October 20, 2017, the corresponding HHNG shares are to be transferred to the buyer effective January 1, 2018. As of September 30, 2017, the balance sheet items related to HHNG were classified as a disposal group in accordance with IFRS 5.

Uniper

E.ON and Finnish energy company Fortum Corporation, Espoo, Finland, entered into an agreement in September 2017 that enables E.ON to decide to sell its 46.65 percent stake in Uniper to Fortum at a total value of €22 per share at the beginning of 2018. In this connection Fortum published a takeover offer for all of the shares of Uniper on November 7, 2017.

Should E.ON decide to exercise its right to sell, the total value received by E.ON from the transaction would be approximately €3.76 billion. If E.ON does not decide to sell its Uniper stake, Fortum, for its part, will have the right to sell to E.ON the Uniper shares offered for sale in connection with the takeover offer or otherwise acquired by Fortum by mid-January 2018, and in addition to receive a compensation payment from E.ON. The completion of the takeover offer is subject to regulatory approvals, which are expected by mid-2018.

As of September 30, 2017, the shares in Uniper are recognized as a disposal group with a book value of approximately €3.0 billion. The contractual rights result in derivative financial instruments with a market value of -€0.2 billion as of the reporting date.

Discontinued Operations and Assets Held for Sale in 2016

Uniper

The spinoff of the conventional power generation, global energy trading, Russia and exploration and production business areas into a separate entity now called the Uniper Group, which the Management Board of E.ON SE had decided in December 2014, was organizationally and legally completed in 2016.

The spinoff was legally completed with the approval of the spinoff of 53.35 percent of the shares of Uniper by the Annual Shareholders Meeting on June 8, 2016, and when it was entered in the commercial register on September 9, 2016. E.ON shareholders received one Uniper share for every ten E.ON shares. Uniper SE shares were admitted for official trading on the regulated market of the Frankfurt Stock Exchange on September 9, 2016. Trading commenced on September 12, 2016.

From the time at which the Annual Shareholders Meeting granted its consent to the spinoff and until deconsolidation on December 31, 2016, Uniper met the requirements for being reported as a discontinued operation.

Pursuant to IFRS 5, the carrying amounts of all of Uniper's assets and liabilities were required to be measured in accordance with applicable IFRS immediately before their reclassification. In the course of this measurement, based on the application of IAS 36, an impairment charge of €2.9 billion was recognized on non-current assets in the second quarter of 2016. Furthermore, provisions were established for anticipated losses in the amount of €0.9 billion.

When trading of Uniper SE shares on the Frankfurt Stock Exchange commenced in the third quarter of 2016, the fair value of Uniper was calculated on the basis of the share price, taking into account a market-rate premium for presentation of ownership. This resulted in the recognition of an additional impairment of €6.1 billion, including deferred taxes, in results from discontinued operations.

On December 31, 2016, the fair value-again taking into account a market-rate premium for presentation of ownership was once again to be compared with the carrying amount of the Uniper Group. Although the market price had risen compared to the price on September 30, 2016, a further impairment of approximately €0.9 billion resulted from the increase in net assets at Uniper.

As of December 31, 2016, E.ON and Uniper entered into the agreement on the non-exercise of control that was included in the spinoff agreement. Under this agreement, E.ON undertakes to abstain over the long term from exercising voting rights relating to the election of a certain number of supervisory board members of Uniper. With the finalization of the agreement, E.ON lost control over Uniper despite the 46.65-percent stake retained in Uniper, which in principle would provide actual control at the Annual Shareholders Meeting due to E.ON's expected majority presence there.

The remaining 46.65-percent interest in Uniper has been reclassified as an associated company since control was lost, and was accounted for in the consolidated financial statements using the equity method until reclassification at the end of September 2017.

In the first nine months of 2016, E.ON generated revenues of €2,170 million, interest income of €184 million and interest expenses of €10 million, as well as other income of €1,126 million and other expenses of €7,197 million, with companies of the Uniper Group.

The following table shows selected financial information for the Uniper Group, which is reported as discontinued operations for the first nine months of 2016:

Selected Financial Information—Uniper (Summary)

Nine months € in millions	2016
Sales	40,330
Other income	3,332
Other expense	-53,905
Income/Loss from continuing operations before income taxes	**-10,243**
Income taxes	-70
Income/Loss from discontinued operations, net	**-10,313**

The deconsolidation of Uniper as of December 31, 2016 resulted in a loss on disposal of €3.6 billion.

The disposed asset and liability items of the Uniper Group related to intangible assets (€1.5 billion), property, plant and equipment (€8.5 billion), other assets (€32.1 billion), provisions (€9.2 billion) and liabilities (€26.5 billion). Taking into account other deconsolidation effects (€0.5 billion), the loss on deconsolidation essentially resulted from the recognition in income of the currency translation effects previously recognized in other comprehensive income.

E.ON Distribuţie România S.A.

E.ON entered into an agreement with Allianz Capital Partners in December 2016 to sell a 30-percent stake in E.ON Distribuţie România S.A. E.ON Distribuţie România S.A owns and operates a gas distribution network of over 20,000 kilometers and a power distribution network of more than 80,000 kilometers, supplying more than 3 million customers. After conclusion of the transaction on December 22, 2016, E.ON retains 56.5 percent of the shares of E.ON Distribuţie România, and another 13.5 percent of the shares are held by the Romanian Ministry of Energy. The parties agreed to not disclose the purchase price. Since this is a sale of shares without loss of control, no profit or loss was realized.

E.ON in Spain
In late November 2014, E.ON entered into contracts with a consortium made up of Macquarie European Infrastructure Fund 4 (MEIF4) and Wren House Infrastructure (WHI) on the sale of its Spanish and Portuguese activities. The transaction closed on March 25, 2015, with a minimal loss on disposal.

As part of the framework agreement and a contractual agreement building on that framework concluded in October 2016, E.ON received an additional payment of €0.2 billion. This payment is included as a purchase price adjustment from discontinued operations in the fourth quarter of 2016.

Exploration and Production Business in the North Sea
In November 2014, E.ON had announced the strategic review of its exploration and production business in the North Sea. Because of a firming commitment to divest itself of these activities, E.ON had reported this business as a disposal group as of September 30, 2015.

E.ON signed an agreement to sell all of its shares in E.ON Exploration & Production Norge AS ("E.ON E&P Norge"), Stavanger, Norway, to DEA Deutsche Erdoel AG ("DEA"), Hamburg, Germany, in October 2015. The transaction was closed in December 2015.

In January 2016, E.ON signed an agreement to sell its British E&P subsidiary E.ON E&P UK Limited, London, United Kingdom, to Premier Oil plc, London, United Kingdom. The base sales price as of the January 1, 2015, effective date was approximately €0.1 billion ($0.12 billion). In addition, E.ON retains liquid funds that existed in the company as of the effective date, and also receives other adjustments that will result in the transaction producing a net cash inflow of approximately €0.3 billion. As the purchase price for the British E&P business became more certain in the fourth quarter of 2015, a charge was recognized on its goodwill in the amount of approximately €0.1 billion. Held as a disposal group in the former Exploration & Production global unit, the major asset and liability items of the British E&P business as of March 31, 2016, were goodwill (€0.1 billion) and other assets (€0.7 billion), as well as liabilities (€0.6 billion). The closing of the transaction at the end of April 2016 resulted in a loss on disposal of about €0.1 billion, which consisted mostly of realized foreign-exchange translation differences reclassified from other comprehensive income to the income statement.

Enovos International S.A.
In December 2015, E.ON signed an agreement to sell its 10-percent shareholding in Enovos International S.A., Esch-sur-Alzette, Luxembourg—joining with RWE AG ("RWE"), Essen, Germany, which also sold its own stake—to a bidder consortium led by the Grand Duchy of Luxembourg and the independent private investment company Ardian, Paris, France. The carrying amount of the 10-percent shareholding amounted to approximately €0.1 billion as of December 31, 2015. The transaction closed in the first quarter of 2016. The parties agreed to not disclose the purchase price.

AS Latvijas Gāze
On December 22, 2015, E.ON entered into an agreement to sell 28.974 percent of the shares of its associated shareholding AS Latvijas Gāze, Riga, Latvia, to the Luxembourg company Marguerite Gas I S.à r.l. The carrying amount of the equity interest amounted to approximately €0.1 billion as of December 31, 2015. The transaction, which closed in January 2016 at a sales price of approximately €0.1 billion, resulted in a minimal gain on disposal.

Grid Connection Infrastructure for the Humber Wind Farm
Following the construction and entry into service of the Humber Gateway wind farm in the U.K. North Sea, E.ON was required by regulation to sell to an independent third party the associated grid connection infrastructure currently held by E.ON Climate & Renewables UK Humber Wind Ltd., Coventry, United Kingdom ("Humber Wind"). The sale to Balfour Beatty Equitix Consortium (BBEC) was completed in September 2016. The sales price and carrying amount totaled approximately €0.2 billion each.

Arkona Offshore Wind Farm Partnership
E.ON has made the decision to build the Arkona offshore wind farm project in the Baltic Sea. The Norwegian energy company Statoil has acquired a 50-percent interest in the project and is involved from the start. E.ON is responsible for building and operating the wind farm. The contract on the sale of the 50-percent stake was signed in the first quarter of 2016, and the transaction closed in April 2016. The transaction resulted in a minimal gain on disposal

(6) Research and Development Costs

The E.ON Group's research and development costs under IFRS totaled €4.5 million in the first nine months of 2017 (first nine months of 2016: €8.5 million).

(7) Financial Results

The following table provides details of financial results for the periods indicated:

Financial Results

€ in millions	Third quarter 2017	Third quarter 2016	Nine months 2017	Nine months 2016
Income/Loss from companies in which equity investments are held	37	14	77	59
Impairment charges/reversals on other financial assets	-12	-11	-28	-68
Income/Loss from equity investments	**25**	**3**	**49**	**-9**
Income/Loss from securities, interest and similar income[1]	124	79	975	241
Interest and similar expenses[2]	-332	-447	-934	-1,423
Net interest income/loss	**-208**	**-368**	**41**	**-1,182**
Financial results	**-183**	**-365**	**90**	**-1,191**

[1]See also Note 3.
[2]The decrease is mainly due to the accretion of interest on asset retirement obligations and other long-term provisions.

(8) Earnings per Share

The computation of earnings per share for the periods indicated is shown below:

Earnings per Share

€ in millions	Third quarter 2017	Third quarter 2016	Nine months 2017	Nine months 2016
Income/Loss from continuing operations	-131	39	3,903	994
Less: Non-controlling interests	-35	-32	-197	-147
Income/Loss from continuing operations (attributable to shareholders of E.ON SE)	**-166**	**7**	**3,706**	**847**
Income/Loss from discontinued operations, net	–	-6,409	–	-10,293
Less: Non-controlling interests	–	5,488	–	5,498
Income/Loss from discontinued operations, net (attributable to shareholders of E.ON SE)	**0**	**-921**	**0**	**-4,795**
Net income/loss attributable to shareholders of E.ON SE	**-166**	**-914**	**3,706**	**-3,948**
in €				
Earnings per share (attributable to shareholders of E.ON SE)				
from continuing operations	-0.08	0.00	1.75	0.43
from discontinued operations	0.00	-0.47	0.00	-2.45
from net income/loss	**-0.08**	**-0.47**	**1.75**	**-2.02**
Weighted-average number of shares outstanding (in millions)	2,167	1,952	2,116	1,952

The computation of diluted earnings per share is identical to that of basic earnings per share because E.ON SE has issued no potentially dilutive ordinary shares.

The increase in the weighted-average number of shares outstanding resulted primarily from the capital increase carried out in March 2017. As a result, E.ON increased the share capital of €2,001,000,000 through the partial utilization of its authorized capital via the issue of 200,099,000 new, registered ordinary shares with no par value by €200,099,000 to €2,201,099,000.

The new shares have dividend rights effective from January 1, 2016. As a result of the capital increase, E.ON received gross proceeds from the issue in the amount of approximately €1.35 billion.

In addition, E.ON SE shareholders were again given the option this year of exchanging a portion of the cash dividend of €0.21 for shares of E.ON SE stock. The acceptance rate was 33 percent. As a result, nearly 15 million treasury shares were issued to shareholders.

(9) Companies Accounted for under the Equity Method and Other Financial Assets

The following table shows the structure of financial assets:

Companies Accounted for under the Equity Method and Other Financial Assets

€ in millions	September 30, 2017			December 31, 2016		
	E.ON Group	Associates[1]	Joint ventures[1]	E.ON Group	Associates[1]	Joint ventures[1]
Companies accounted for under the equity method	3,541	1,410	2,131	6,352	4,096	2,256
Equity investments	793	261	5	821	254	3
Non-current securities	3,801	–	–	4,327	–	–
Total	**8,135**	**1,671**	**2,136**	**11,500**	**4,350**	**2,259**

[1]The associates and joint ventures presented as equity investments are associated companies and joint ventures accounted for at cost on materiality grounds.

The net income of €619 million from companies accounted for under the equity method (first nine months of 2016: €245 million) includes no impairments. The increase is primarily due to the initial recognition of the investment in Uniper SE as a company valued under the equity method.

At the end of September 2017, the investment in Uniper SE was reclassified to assets held for sale. Valuation at equity was discontinued at the time of reclassification.

(10) Treasury Shares

Pursuant to a resolution by the Annual Shareholders Meeting of May 10, 2017, the Company is authorized to purchase own shares until May 9, 2022. The shares purchased, combined with other treasury shares in the possession of the Company, or attributable to the Company pursuant to Sections 71a et seq. AktG, may at no time exceed 10 percent of its capital stock. The Management Board was authorized at the aforementioned Annual Shareholders Meeting to cancel treasury shares without requiring a separate shareholder resolution for the cancellation or its implementation. The total number of outstanding shares as of September 30, 2017, was 2,167,149,433 (December 31, 2016: 1,952,396,600).

As of September 30, 2017, E.ON SE held a total of 33,949,567 treasury shares (December 31, 2016: 48,603,400) having a consolidated book value of €1,126 million (equivalent to 1.54 percent or €33,949,567 of the capital stock).

As part of the scrip dividend for the 2016 fiscal year, shareholder cash dividend entitlements totaling €107 million (2016: –) were settled through the issue and distribution of 14,653,833 (2016: –) treasury shares. The issue of treasury shares reduced by €588 million (2016: –) the valuation allowance for treasury shares, which is measured at historical cost. Conversely, additional paid-in capital was reduced by €478 million. This amount represents the difference between the historical cost and the subscription price of the shares. The discount of €3 million (2016: –) granted on the current share price is charged to retained earnings.

(11) Dividends

At the Annual Shareholders Meeting on May 10, 2017, the shareholders voted to distribute a dividend of €0.21 (2016: €0.50) for each dividend-paying ordinary share, which corresponds to a total dividend amount of €452 million (2016: €976 million). This year, shareholders had the choice between having their dividend settled entirely in cash or converting part of their dividend entitlement into shares of E.ON SE stock. Accounting for a participation rate of roughly 33 percent, 14,653,833 treasury shares were issued for distribution. This reduced the cash distribution to €345 million.

(12) Provisions for Pensions and Similar Obligations

The decrease in provisions for pensions and similar obligations by €423 million relative to year-end 2016 was caused primarily by net actuarial gains mostly resulting from the increase in the discount rates calculated for the E.ON Group, employer contributions to plan assets and the disposal of pension provisions as a result of the transfers of employees to Uniper. These effects were partly offset by the addition of the net periodic pension cost.

The following discount rates were applied for the computation of provisions for pensions and similar obligations in Germany and in the United Kingdom:

Discount Rates

Percentages	Sep. 30, 2017	Dec. 31, 2016
Germany	2.20	2.10
United Kingdom	3.00	2.90

The net defined benefit liability, which is equal to the difference between the present value of the defined benefit obligations and the fair value of plan assets, is determined as shown in the following table:

Net Defined Benefit Liability

€ in millions	Sep. 30, 2017	Dec. 31, 2016
Present value of all defined benefit obligations	15,587	16,392
Fair value of plan assets	12,001	12,383
Net defined benefit liability	**3,586**	**4,009**
Presented as provisions for pensions and similar obligations	*3,586*	*4,009*

The net defined benefit liability, which is equal to the difference between the present value of the defined benefit obligations and the fair value of plan assets, is determined as shown in the following table:

Net Periodic Pension Cost for Defined Benefit Plans

	Third quarter		Nine months	
€ in millions	2017	2016	2017	2016
Employer service cost	35	45	112	143
Net interest on the net defined benefit liability	21	21	62	64
Past service cost	5	4	13	18
Total	**61**	**70**	**187**	**225**

(13) Additional Disclosures on Financial Instruments

Measurement of Financial Instruments

The value of financial instruments is determined on the basis of fair value measurement. The fair value of derivative financial instruments is sensitive to movements in underlying market rates and other relevant variables. The Company assesses and monitors the fair value of derivative instruments on a periodic basis. The fair value to be determined for each derivative financial instrument is the price at which one party can sell to a third party the rights and/or obligations embodied in that derivative. Fair values of derivatives are determined using customary market valuation methods, taking into account the market data available on the measurement date and including a credit risk premium. The counterparty credit risk is recognized in the form of a credit value adjustment.

Derivative financial instruments are covered by market netting agreements. Master netting agreements based on those developed by the International Swaps and Derivatives Association (ISDA), and supplemented by appropriate schedules, are in place with banks. Commodity transactions are generally governed by master agreements developed by the European Federation of Energy Traders (EFET). The aforementioned netting agreements are taken into account when determining the fair values of the financial instruments. Portfolio-based credit risks are also used in the calculations.

The fair values of individual assets are determined using published exchange or market prices at the time of acquisition in the case of marketable securities, fixed-term deposits and equity investments, and are adjusted to current market prices as of the reporting dates. If exchange or market prices are unavailable for consideration, fair values are determined using the most reliable information available that is based on market prices for comparable assets or on suitable valuation techniques. In such cases, E.ON determines fair value using the discounted cash flow method by discounting estimated future cash flows by a weighted-average cost of capital. Estimated cash flows are consistent with the internal mid-term planning data for the next three years, followed by two additional years of cash flow projections, which are extrapolated until the end of an asset's useful life using a growth rate based on industry and internal projections. The discount rate reflects the specific risks inherent in the activities.

Presentation of Financial Instruments

The following table shows the carrying amounts of the financial assets and financial liabilities that are measured at fair value, classified by measurement source:

Carrying Amounts of Financial Instruments as of September 30, 2017

€ in millions	Carrying amounts within the scope of IFRS 7	Determined using market prices (Level 1)	Derived from active market prices (Level 2)	Determined using valuation techniques (Level 3)
Assets				
Equity investments	793	39	210	544
Derivatives	1,728	45	1,545	138
Securities and fixed-term deposits	4,547	4,116	431	–
Liabilities				
Derivatives	2,455	39	2,386	30

Carrying Amounts of Financial Instruments as of December 31, 2016

€ in millions	Carrying amounts within the scope of IFRS 7	Determined using market prices (Level 1)	Derived from active market prices (Level 2)	Determined using valuation techniques (Level 3)
Assets				
Equity investments	821	66	206	549
Derivatives	2,518	29	2,284	205
Securities and fixed-term deposits	6,474	6,091	383	–
Liabilities				
Derivatives	2,867	43	2,724	100

The carrying amounts of cash and cash equivalents and of trade receivables are considered generally reasonable estimates of fair value because of their short maturity. Similarly, the carrying amounts of commercial paper, borrowings under revolving short-term credit facilities and trade payables are used as the fair value due to the short maturities of these items. As of September 30, 2017, financial liabilities include bonds with a fair value of €15,118 million (December 31, 2016: €16,930 million) and promissory notes with a fair value of €392 million (December 31, 2016: €408 million). The carrying amount of the bonds as of September 30, 2017, is €12,496 million (December 31, 2016: €11,905 million). The carrying amount of the promissory notes is €370 million (December 31, 2016: €370 million). The fair value of the remaining financial instruments largely corresponds to the carrying amount. At the end of each reporting period, E.ON assesses whether there might be grounds for reclassification between hierarchy levels. The proportion of fair values measured at Level 1 to those measured at Level 2 has not changed materially compared with December 31, 2016. There were no reclassifications between these two fair value hierarchy levels in the first nine months of 2017. The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

Fair Value Hierarchy Level 3 Reconciliation

€ in millions	Jan. 1, 2017	Purchases (including additions)	Sales (including disposals)	Settlements	Gains/ Losses in income statement	Transfers into Level 3	Transfers out of Level 3	Gains/ Losses in OCI	Sep. 30, 2017
Equity investments	549	27	-26	–	-14	–	-1	9	544
Derivative financial instruments	105	5	-3	-3	-28	–	-3	35	108
Total	**654**	**32**	**-29**	**-3**	**-42**	**0**	**-4**	**44**	**652**

At the beginning of 2017, a net loss of €58 million from the initial measurement of derivatives was deferred. The deferred expense from the recognition of derivatives in the first nine months of 2017 increased by €11 million to €69 million, which will be recognized during subsequent periods as the contracts are settled. Certain long-term energy contracts are measured using valuation models based on internal fundamental data if market prices are not available. A hypothetical 10-percent increase or decrease in these internal valuation parameters as of the balance sheet date would lead to a theoretical decrease in market values of €24 million or an increase of €24 million, respectively.

Credit Risk

To the extent possible, pledges of collateral are negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are guarantees issued by the respective parent companies or evidence of profit-and-loss-pooling agreements in combination with letters of awareness. To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. As of September 30, 2017, risk-management collateral was accepted in the amount of €750 million (December 31, 2016: €481 million). Derivative transactions are generally executed on the basis of standard agreements that allow for the netting of all open transactions with individual counterparties. To further reduce credit risk, bilateral margining agreements are entered into with selected counterparties. Limits are imposed on the credit and liquidity risk resulting from bilateral margining agreements and exchange clearing. As of September 30, 2017, exchange-traded forward and option contracts, as well as exchange-traded emissions-related derivatives, bear no credit risk. For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

(14) Related-Party Transactions

E.ON exchanges goods and services with a large number of companies as part of its continuing operations. Related parties include, in particular, the companies of the Uniper Group, which were included in the consolidated financial statements using the equity method until reclassification at the end of September 2017.

As of September 30, 2017, receivables totaling €491 million (December 31, 2016: €1,136 million), provisions in the amount of €77 million (December 31, 2016: €55 million) and liabilities of €389 million (December 31, 2016: €908 million) to companies of the Uniper Group consist primarily of electricity and gas transactions and the measurement of commodity derivatives. In the first nine months of 2017, income from such transactions with Uniper companies amounted to €1,890 million and expenses of €4,841 million. In the previous year, income and expenses from relationships with the fully consolidated Uniper companies were consolidated.

(15) Segment Reporting

In line with its business realignment, the E.ON Group, led by its Group Management in Essen, Germany, now comprises the seven new reporting segments described below, as well as a segment for its Non-Core Business and Corporate Functions/Other, all of which are reported here in accordance with IFRS 8. The combined segments, which are not separately reportable, in the Energy Networks East-Central Europe/Turkey unit and the Customer Solutions Other unit are of subordinate importance and have similar economic characteristics with respect to customer structure, products and distribution channels. Information regarding Uniper SE is provided in Note 5.

Energy Networks

Germany
This segment combines the electricity and gas distribution networks and all related activities in Germany.

Sweden
This segment comprises the electricity and gas networks businesses in Sweden.

East-Central Europe/Turkey
This segment combines the distribution network activities in the Czech Republic, Hungary, Romania, Slovakia and Turkey.

Customer Solutions

Germany
This segment consists of activities that supply our customers in Germany with electricity, gas and heating and the distribution of specific products and services in areas for improving energy efficiency and energy independence.

United Kingdom
The segment comprises sales activities and customer solutions in the U.K.

Other
This segment combines the corresponding Customer Solutions in Sweden, Italy, the Czech Republic, Hungary and Romania, as well as E.ON Connecting Energies.

Renewables

The Renewables segment combines the Group's activities for the production of wind power plants (onshore and offshore) as well as solar farms.

Non-Core Business

Held in the Non-Core Business segment are the non-strategic activities of the E.ON Group. This includes the operation of the German nuclear power plants, which are managed by the PreussenElektra operating unit.

Corporate Functions/Other

Corporate Functions/Other contains E.ON SE itself, the equity investments held directly within E.ON SE and, for part of 2016, some remaining contributions from the E&P activities in the North Sea. Since December 31, 2016, the Uniper Group, which is accounted for in the consolidated financial statements using the equity method, is also allocated here. The earnings of Uniper are reported under non-operating earnings.

Financial Information by Business Segment

	Energy Networks						Customer Solutions					
Nine months	Germany		Sweden		ECE/Turkey		Germany		UK		Other	
€ in millions	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
External sales	9,574	9,122	800	727	535	504	5,367	5,470	5,040	5,597	4,787	4,706
Intersegment sales	1,223	1,166	31	9	704	679	57	56	43	79	185	171
Sales	**10,797**	**10,288**	**831**	**736**	**1,239**	**1,183**	**5,424**	**5,526**	**5,083**	**5,676**	**4,972**	**4,877**
Depreciation and amortization[1]	**-429**	**-446**	**-122**	**-123**	**-167**	**-158**	**-54**	**-48**	**-74**	**-70**	**-103**	**-97**
Adjusted EBIT	**788**	**638**	**345**	**288**	**284**	**270**	**93**	**144**	**144**	**227**	**116**	**177**
Equity-method earnings[2]	*60*	*54*	–	–	*-7*	*47*	–	–	–	–	*11*	*8*
Operating cash flow before interest and taxes[3]	**2,106**	**1,809**	**443**	**398**	**424**	**394**	**226**	**352**	**229**	**283**	**277**	**505**
Investments	**396**	**517**	**228**	**180**	**240**	**169**	**42**	**47**	**142**	**158**	**166**	**187**

[1]Adjusted for non-operating effects.
[2]Under IFRS, impairments on companies accounted for under the equity method and impairments on other financial assets (and any reversals of such charges) are included in income/loss from companies accounted for under the equity method and financial results, respectively. These income effects are not part of adjusted EBIT.
[3]Operating cash flow from continuing operations.
[4]Includes effects from the hedging of translation risks in accordance with IAS 7. The prior-year figures have been adjusted for improved comparability.

The following table shows the reconciliation of operating cash flow before interest and taxes to operating cash flow:

Operating Cash Flow[1]

Nine months € in millions	2017	2016	Difference
Operating cash flow before interest and taxes	**-3,091**	**3,827**	**-6,918**
Interest payments	128	-312	440
Tax payments	-346	-474	128
Operating cash flow	**-3,309**	**3,041**	**-6,350**

[1]Operating cash flow from continuing operations.

The investments presented in the financial information by business segment tables are the purchases of investments reported in the Consolidated Statements of Cash Flows.

Adjusted EBIT

Adjusted EBIT, a measure of earnings before interest and taxes ("EBIT") adjusted to exclude non-operating effects, is the most important key figure used at E.ON for purposes of internal management control and as an indicator of a business's sustainable earnings power.

The E.ON Management Board is convinced that adjusted EBIT is the appropriate key figure to use for determining business performance because it is a measure that separates operating income of individual businesses from non-operating influences such as interest and taxes.

Renewables		Non-Core Business		Corporate Functions/Other[4]		Consolidation		E.ON Group	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
507	649	1,230	1,068	97	357	–	-2	27,937	28,198
623	373	–	–	465	488	-3,331	-3,021	0	0
1,130	**1,022**	**1,230**	**1,068**	**562**	**845**	**-3,331**	**-3,023**	**27,937**	**28,198**
-260	**-275**	**-140**	**-65**	**-73**	**-46**	**-1**	**-1**	**-1,423**	**-1,329**
248	**309**	**357**	**345**	**-250**	**-108**	**-8**	**21**	**2,117**	**2,311**
18	*11*	*44*	*50*	*47*	*48*	*-1*	*2*	*172*	*220*
540	**525**	**-7,069**	**259**	**-261**	**-714**	**-6**	**16**	**-3,091**	**3,827**
961	**637**	**10**	**12**	**42**	**78**	**-5**	**-4**	**2,222**	**1,981**

Unadjusted EBIT represents the Group's income/loss reported in accordance with IFRS before financial results and income taxes, taking into account the net income/expense from equity investments. To improve its meaningfulness as an indicator of the sustainable earnings power of the E.ON Group's business, unadjusted EBIT is adjusted for certain non-operating effects.

Operating earnings also include income from investment subsidies for which liabilities are recognized.

The non-operating earnings effects for which EBIT is adjusted include, in particular, income and expenses from the marking to market of derivative financial instruments used for hedging and, where material, book gains/losses, cost-management and restructuring expenses, impairment charges and reversals recognized in the context of impairment tests on non-current assets, on equity investments in affiliated or associated companies and on goodwill, and other contributions to non-operating earnings. The refund of the nuclear-fuel tax is also reported in non-operating earnings (see also Note 3).

In addition, starting from the 2017 fiscal year, effects from the valuation of certain provisions on the balance sheet date are disclosed in non-operating earnings. The change in recognition results in improved presentation of sustainable earnings power. Due to the fundamental change in operations in 2016 and the structural change to these activities, there is not a reasonably meaningful way to correct prior-year figures.

The following table shows the reconciliation of income before financial results and income taxes to adjusted EBIT:

Reconciliation of Income before Financial Results and Income Taxes

	Third quarter		Nine months	
€ in millions	2017	2016	2017	2016
Income/Loss from continuing operations before financial results and income taxes	**107**	**461**	**4,417**	**2,809**
Income/Loss from equity investments	25	3	49	-9
EBIT	**132**	**464**	**4,466**	**2,800**
Non-operating adjustments	**218**	**-154**	**-2,349**	**-489**
Net book gains/losses	*-15*	*-26*	*-288*	*-1*
Restructuring expenses	*-4*	*92*	*173*	*221*
Marking to market of derivative financial instruments	*142*	*-216*	*453*	*-768*
Impairments (+)/Reversals (-)	*–*	*–*	*-5*	*44*
Other non-operating earnings[1]	*95*	*-4*	*-2,682*	*15*
Adjusted EBIT	**350**	**310**	**2,117**	**2,311**

[1]The change in other non-operating result is primarily due to the refund of the nuclear-fuel tax paid in previous years.

Page 11 of the Interim Group Management Report provides a more detailed explanation of the reconciliation of adjusted EBIT to the net income/loss reported in the Consolidated Financial Statements.

Essen, November 7, 2017

Teyssen

Birnbaum

Spieker

Wildberger

March 14, 2018	**Release of the 2017 Annual Report**
May 8, 2018	**Interim Report: January – March 2018**
May 9, 2018	**2018 Annual Shareholders Meeting**
August 8, 2018	**Interim Report: January – June 2018**
November 14, 2018	**Interim Report: January – September 2018**

Further information

E.ON SE
Brüsseler Platz 1
45131 Essen
Germany

T +49 (0)201-184-00
info@eon.com
eon.com

Journalists
T +49 (0)201-184-4236
presse@eon.com

Analysts and shareholders
T +49 (0)201-184-2806
investorrelations@eon.com

Bond investors
T +49 (0)201-184-6526
creditorrelations@eon.com

E.ON SE

Brüsseler Platz 1
45131 Essen
Germany
T +49 201-184-00
info@eon.com

eon.com