PRESS RELEASE

EWE reports satisfactory result for 2016

- **Non-recurring items bring consolidated net income up to EUR 332.9 million**
- **Operating EBIT of EUR 534.6 million also improved**
- **Financial liabilities reduced by approximately EUR 800 million**

Oldenburg, Germany, 14 March 2017. EWE closed the financial year 2016 with a satisfactory result: consolidated net income for the period recovered significantly to EUR 332.9 million, following the collapse the previous year (EUR -9.4 million). According to preliminary figures, the operating result before interest and taxes (OEBIT) came to EUR 534.6 million, a sharp increase on the previous year (EUR 428.1 million). Sales declined in the same period to EUR 7.57 billion (previous year: EUR 7.82 billion). EWE reduced its financial liabilities by some EUR 800 million in the reporting year. EWE is expecting operating EBIT for the current financial year 2017 to fall by 10 to 20 per cent due to the absence of one-off effects.

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“2016 was a good year for EWE, with a stable operating business and two non-recurring items: the significant improvement in consolidated net income is mainly due to the successful sale of our shares in VNG in Leipzig. Then there is the earnings contribution of some EUR 90 million from restructuring retirement benefits at swb AG,” explains Wolfgang Mücher, CFO of EWE AG. “This restructuring is responsible for the bulk of the increase in operating EBIT,” adds Mücher. Looking at the 2016 annual report the CFO emphasised: “Earnings were satisfactory on the whole and that allowed us to manage risks against potential future burdens, reduce our liabilities ahead of time and therefore also lower future interest expenses.”

The decline of EUR 253 million in Group sales was partly due to the fall in natural gas prices at the start of the reporting year, he said.

The average number of employees in the Group rose year on year by 194 to 9,048. This increase resulted primarily from the acquisition of the Turkish telecommunications company Millenicom.

Outlook for 2017
EWE expects competition in the energy and telecommunications markets to remain very tough in 2017. Regulatory demands and energy policies will ensure that the generation and network businesses remain under pressure. “We are confronting these challenges and pursuing the strategy we adopted in 2016, in order to deliver an even more flexible and focused response to the wishes and needs of our customers in future,” said Mücher. Operating EBIT for the current financial year is expected to be 10 to 20 per cent lower – so net income should be at least on par with 2015.

The ongoing in-depth review of charges levelled at the Group subsidiary EWE NETZ (compliance breaches) would continue independently of the operating business. “We take advice and criticism very seriously and make comprehensive and unquestioning checks. Accuracy is more important than speed here – the main thing is that we are able to clarify all the facts and take decisions on this basis. That is the way to rebuild the trust that has been lost,” Mücher announced.

Event
The press conference on the financial report will be held on 27 April 2017 in Oldenburg.

A look at the individual business areas:

Renewables, Network and Gas Storage business area
In the Renewables, Network and Gas Storage business area, external Group sales rose to EUR 2,012.9 million (previous year: EUR 1,951.8 million). The increase was mainly due to higher network use charges for electricity and gas. Operating EBIT went up to EUR 333.7 million in the same period (previous year: EUR 314.4 million). 2016 was a poor year for wind, which depressed earnings contributions for the onshore and offshore wind farms. A positive effect from the measurement of natural gas storage volumes as of the reporting date and a positive year-on-year change in earnings from network operations were nonetheless able to make up for the negative development in wind income.

Sales, Services and Trading business area
The Sales, Services and Trading business area reported a year-on-year decline in sales to approximately EUR 3,763.9 million (previous year: EUR 4,053.4 million). The fall in revenue was caused by lower electricity and natural gas prices and lower sales of electricity and natural gas to private customers. Operating EBIT fell to EUR 61.2 million (previous year: EUR 80.4 million). Lower gross results in the power, gas and heat sectors were partly responsible for this year-on-year decline in earnings.

Overseas business area
The Overseas business area saw a fall in sales to EUR 727.9 million (previous year: EUR 759.4 million). The decline mainly related to the Turkish business, where income fell, principally as a result of exchange rate movements. Operating EBIT was up slightly to EUR 25.6 million (previous year: EUR 25.3 million). The improvement stemmed primarily from higher gross income in the Polish natural gas business.

swb business area
Sales in the swb business area came to EUR 1,058.7 million in the reporting period, higher than the previous year's figure of EUR 1,052.1 million. The slight increase was primarily the result of higher revenue in the distribution of electrical energy. Operating EBIT was up significantly to EUR 165.2 million (previous year: EUR 90.3 million). The year-on-year improvement stems largely from the positive one-off effect of EUR 90.6 million from changing the system of retirement benefits.

Key figures for the EWE Group

	2016	2015	Change
Group			
Sales	EUR 7,566.3 million	EUR 7,819.3 million	-3.2 %
Operating EBIT	EUR 534.6 million	EUR 428.1 million	24.9 %
Result for the period	EUR 332.9 million	EUR -9.4 million	n.a.
Average number of employees	9,048	8,854	2.2 %
Renewables, Network and Gas Storage			
Sales (external)	EUR 2,012.9 million	EUR 1,951.8 million	3.1 %
Operating EBIT	EUR 333.7 million	EUR 314.4 million	6.1 %
Sales, Services and Trading			
Sales (external)	EUR 3,763.9 million	EUR 4,053.4 million	-7.1 %
Operating EBIT	EUR 61.2 million	EUR 80.4 million	-23.9 %
Overseas			
Sales (external)	EUR 727.9 million	EUR 759.4 million	-4.1 %
Operating EBIT	EUR 25.6 million	EUR 25.3 million	1.2 %
swb			
Sales (external)	EUR 1,058.7 million	EUR 1,052.1 million	0.6 %
Operating EBIT	EUR 165.2 million	EUR 90.3 million	82.9 %

Note: *Please note that the consolidated performance figures listed in the table are not derived directly from the performance figures of the operating business areas, but also incorporate effects from the Group's corporate centre and consolidation.*

EWE is an innovative service provider active in the business areas of energy, telecommunications and information technology. By bringing these three areas together under one roof, the company is well placed to develop and operate intelligent energy supply systems. Thanks to its range of innovative products for private and corporate customers, EWE is shaping the energy supply of tomorrow with the greatest possible sustainability, efficiency and reliability. With around 9,000 employees and sales of EUR 8 billion in 2015, EWE is one of the largest utility companies in Germany. The company, based in Oldenburg, Lower Saxony, is primarily owned by the local government. It provides electricity to over 1.3 million customers in northwest Germany, Brandenburg and Rügen, as well as parts of Poland and Turkey and supplies gas to more than 1.7 million customers. It also provides over 600,000 customers with telecommunication services. To achieve this, the various companies in the EWE Group operate around 200,000 kilometres of energy and telecommunications networks.