PRESS RELEASE

2017 financial year: EWE reports good operating result

- **Operating EBIT better than expected at EUR 503.4 million**
- **Consolidated net income for the period at a satisfactory EUR 256.1 million**
- **Sales increase to EUR 8.25 billion**

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Oldenburg, Germany, 21 March 2018. Based on preliminary figures, EWE had a good commercial performance in the 2017 financial year. Although its operating earnings before interest and taxes (OEBIT) of EUR 503.4 million were down almost six per cent on the previous year's value (EUR 534.6 million), which had included a significant one-off effect, the figure was better than originally forecast. In spring 2017, EWE had expected its OEBIT to be 10 to 20 per cent lower than in the previous year. Consolidated net income for the period was satisfactory at EUR 256.1 million. As expected, it was also down on the previous year's value (EUR 332.9 million), which had included two one-off effects that substantially increased this figure. EWE's sales in 2017 were up around nine per cent at EUR 8.25 billion (2016: EUR 7.57 billion).

Commenting on the development of the company's **OEBIT** in the reporting year, Wolfgang Mücher, CFO of EWE AG says, "All business areas contributed to the positive development of earnings in our operating business. Our network and sales business in particular made a greater contribution to earnings than in the previous year. The net increase of 157,000 customers across the Group in the areas of electricity, natural gas and telecommunications provides a strong indication. And with earnings remaining stable in our Overseas and swb business areas compared with the previous year, we were able to largely compensate for the absence of a particularly significant one-off effect at swb." swb restructured its company retirement benefits in 2016. As a result, the one-off income from the reversal of pension provisions (around EUR 90 million) increased the previous year's OEBIT.

With regard to **consolidated net income for the period**, which, in addition to the operating business, covers non-operating effects as well as net interest income and taxes, Mücher says, "Earnings were satisfactory once again, enabling further risk provisioning. With regard to the result for the period, our ability to largely compensate not just for the absence of the swb non-recurring effect already mentioned, but also for the absence of the one-off effect from the sale of the VNG shares was due in part to the good results in our operating business. It was also due to positive non-operating effects in the reporting year – including lower impairments than in the previous year and impairment reversals conducted in the reporting year. In addition to this, there was a clear improvement in our net interest income."

Although **sales** rose by around EUR 684 million to EUR 8.25 billion in the last financial year, the increase, which was primarily attributable to the trading business, occurred alongside a corresponding rise in the cost of materials and services. The materials usage ratio resulting from these two key indicators (sales and cost of materials and services) stood at 76.8 per cent and was therefore roughly at the previous year's level (76.1 per cent).

The average **number of employees** in the Group rose year on year by 86 to 9,134. Expressed as full-time equivalents (FTEs), the number of employees was 8,651, compared with 8,607 in the previous year. This increase was attributable to all business areas, with the exception of the swb business area. There was a significant rise in the number of employees in the area of renewable energies, due in part to the acquisition of the TurboWind onshore project developer.

Outlook for 2018

Taking into consideration the specific developments expected within the industry, the political and regulatory environment and the continuing intense competition in the energy and telecommunications market, EWE expects its operating EBIT in the current financial year to be down 15 to 30 per cent on 2017, which will at most mean earnings at the level recorded in 2015.

Publication

The press conference on the 2017 financial statements will be held on Thursday, 26 April 2018, in Oldenburg. EWE will also publish its Annual Report 2017 on the same day.

Key figures for the EWE Group

	2017	2016	Change
Group			
Sales	EUR 8.25 billion	EUR 7.57 billion	+9.0%
Operating EBIT	EUR 503.4 million	EUR 534.6 million	-5.8%
Result for the period	EUR 256.1 million	EUR 332.9 million	-23.1%
Average number of employees	9,134	9,048	+1.0%
Employees (FTEs)	8,651	8,607	+0.5%
Business areas			
Renewables, Network and Gas Storage			
Sales (external)	EUR 2,118.5 million	EUR 2,012.9 million	+5.2%
Operating EBIT	EUR 388.8 million	EUR 333.7 million	+16.5%
Sales, Services and Trading			
Sales (external)	EUR 4,421.1 million	EUR 3,763.9 million	+17.5%
Operating EBIT	EUR 70.6 million	EUR 61.2 million	+15.4%
Overseas			
Sales (external)	EUR 623.8 million	EUR 727.9 million	-14.3%
Operating EBIT	EUR 24.8 million	EUR 25.6 million	-3.1%
swb			
Sales (external)	EUR 1,085.1 million	EUR 1,058.7 million	+2.5%
Operating EBIT	EUR 89.3 million	EUR 165.2 million	-45.9%

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.*

PRESS RELEASE

EWE is an innovative service provider active in the business areas of energy, telecommunications and information technology. With over 9,000 employees and sales of EUR 7.6 billion in 2016, 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 on the island of Rügen, as well as parts of Poland and Turkey, and supplies natural gas to almost 1.8 million customers. It also provides around 780,000 customers with telecommunications services. To achieve this, the various companies in the EWE Group operate around 205,000 kilometres of energy and telecommunications networks. EWE will be investing over EUR 1.2 billion in a comprehensive fibre-optic expansion over the coming years, creating the foundation for the digitalisation of northwest Germany. More information on EWE can be found at www.ewe.com.