

Press Release

E.ON announces additional billions of investments in the energy transition

- E.ON increases planned investments across Europe from €33 billion to €42 billion for the years 2024 to 2028, focusing on energy networks and energy infrastructure solutions
- The company continues its successful growth path and surpasses forecast for the financial year 2023: Adjusted Group EBITDA increased to €9.4 billion, adjusted Group net income to €3.1 billion
- CEO Leonhard Birnbaum: “This strong result is proof of our operating performance and the success of our investment and growth strategy.”
- About 3,000 additional employees hired
- Outlook: Adjusted Group EBITDA of €8.8 to €9.0 billion and adjusted Group net income of €2.8 to €3.0 billion expected for the financial year 2024
- Increased dividend of €0.53 per share proposed for 2023

E.ON consistently continued its successful growth path in 2023. Both of the Group’s business areas—Energy Networks and Customer Solutions—delivered full-year results that were significantly above prior-year level. E.ON will boost its future growth by again expanding its mid-term investment plan by about 30 percent relative to its previous five-year plan. From 2024 through 2028, the Group plans to invest €42 billion in Europe’s energy transition and thus in a secure, competitive, and sustainable energy system. About 70 percent of the investments will be made in Germany.

CEO Leonhard Birnbaum affirmed at today’s annual press conference: “We again defied challenging circumstances in the financial year 2023. And we again delivered very good results that exceeded our expectations. For this, we owe our employees a big thank you. This result is proof of our operating performance and the success of our investment and growth strategy. It also shows that we increasingly benefit from our consistent strategic focus on energy networks and sustainable energy infrastructure and customer solutions. This makes E.ON one of the leading companies for the energy transition in Europe.”

Birnbaum spoke positively about E.ON’s future business outlook: “What Europe needs now is intelligent energy infrastructure for sustainable, secure, and affordable energy. This is exactly what E.ON delivers, and we continue to systematically pursue this course. This means that we will continue to make massive investments to meet the rapidly growing demand for energy infrastructure. But it also means that we’re leading the way where others are hesitating. Playing a pioneering role in the energy transition makes E.ON strong.”

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E.ON surpasses earnings expectations and aims for additional growth

Adjusted Group EBITDA of €9.4 billion in the financial year 2023 was €1.3 billion above the prior-year level and also above the forecast range of €8.6 to €8.8 billion, which had been adjusted in July. One-off effects contributed significantly to this earnings performance, as did operating improvements and accelerated investments. Adjusted Group net income rose by about €340 million to €3.1 billion and was therefore likewise above the forecast of €2.7 to €2.9 billion.

CFO Marc Spieker said: “E.ON looks back on a strong financial year 2023, in which we grew in almost all European markets. The outlook for the years ahead is very promising as well. Our network business is a growth business that is in the focus of attention for policymakers, the public, and investors. Our energy networks are system-critical for the energy transition, and we’ve again proven that we can successfully and cost-efficiently expand them. In view of Europe’s energy and climate targets, we expect our business with sustainable customer and energy infrastructure solutions to generate significant earnings growth in the medium term.”

Energy Networks delivered the largest share of Group earnings. The segment’s adjusted EBITDA of €6.6 billion represents a €1.2 billion year-over-year increase. Higher investments in E.ON’s growing network infrastructure were a key driver of this positive development. This ensures that the company can continually connect renewables, heat pumps, and charging infrastructure and give customers across Europe access to sustainable energy. In 2023, E.ON added more than half a million new connections to its distribution networks. Alongside higher investments, the recovery of the energy market environment had a positive impact on the network business. This led to a significant reduction in costs for redispatch in Germany. This temporary relief will be passed through to customers in network fees in the years ahead.

Customer Solutions’ adjusted EBITDA rose by €1.1 billion year-over-year to €2.8 billion. The market environment had a positive impact here as well. For example, the further stabilization of price levels on wholesale markets contributed to this segment’s good earnings performance relative to the prior year, which had been strongly affected by very high prices on energy markets. Furthermore, an additional procurement optimization and one-off effects like non-recurring effects relating to the regulation in the United Kingdom led to a significant earnings increase. The negative effects on earnings included in the forecast for the end of the year did not materialize, because energy markets did not experience another winter crisis. By contrast, the passthrough of lower wholesale prices to customers was, as announced, among the negative effects in the fourth quarter.

E.ON plans new record investments in the energy transition: €42 billion Europe-wide from 2024 through 2028

With its growth and investment offensive launched at the end of 2021, E.ON now plays a leading role in Europe's energy transition and in the development of a sustainable and future-proof energy system. The Group significantly accelerated its investments in the financial year 2023, expanding them to a total of €6.4 billion. Total investments were therefore about one third above prior-year level (2022: €4.8 billion) and about €300 million above the forecast adjusted in November. To continue its successful growth path, E.ON also hired around 3,000 additional employees.

The Group invested €5.2 billion in network expansion, modernization, and digitalization in 2023, about 35 percent more than in the prior year. E.ON likewise increased Customer Solutions' investments by 35 percent to €1.1 billion, of which most—about €700 million—went toward its Energy Infrastructure Solutions business of providing decarbonization solutions for business customers, cities, and communities.

E.ON now once again significantly increases its planned investments for the next five years. E.ON intends to invest €42 billion from 2024 through 2028. Of this figure, €34 billion will go towards its Energy Network business, given a suitable regulatory environment. More than €25 billion of network investments will be made in Germany. For the energy transition to succeed, network infrastructure must grow in line with the changes on the feed-in and consumption side. Around €5 billion will be devoted to Energy Infrastructure Solutions, E.ON's growth business which provides solutions for industries, cities, and municipalities. Other areas for investment include digitalization projects, the rollout of smart meters, and intelligent eMobility charging solutions.

"We'll continue our growth path in the years ahead. Across Europe, there are massive expansion plans for renewable energy facilities that will need to be connected to networks. Millions of heat pumps, residential electricity storage systems, and charging stations will need to be installed as well. That's why we're investing even more and even faster in our power grid infrastructure, which is set to continuously grow by an average of ten percent annually through 2028," Marc Spieker said. "Additional investments will also strengthen the basis for further growth in our Customer Solutions business. This is how we're assuming responsibility for the future and underscoring our commitment to being the playmaker of the energy transition in Europe."

Outlook: Adjusted Group EBITDA expected to grow to more than €11 billion by 2028

For the current year, E.ON continues to expect higher wholesale prices and a higher inflation and interest-rate level than before the start of the crisis. In addition, one-off effects from the previous year will not be repeated. Against this backdrop, the company anticipates that its full-year 2024 earnings will normalize, resulting in an adjusted Group EBITDA of €8.8 to €9.0 billion. Adjusted Group EBITDA is expected to increase to more than €11 billion by 2028.

In the Energy Network business, E.ON intends to expand its earnings to €6.7 to €6.9 billion in the current financial year. In particular, investments in the network infrastructure are expected to propel the additional growth. E.ON aims to increase its network business's earnings contribution to more than €8 billion by 2028.

Effective from the beginning of 2024, E.ON reports its Customer Solutions business in two separate segments: Energy Retail und Energy Infrastructure Solutions (EIS). Energy Retail is expected to deliver an adjusted EBITDA of €1.6 and €1.8 billion in 2024. A normalization of earnings is anticipated in energy sales, mainly because of non-recurring effects that had a significant positive impact on earnings in 2023. Based on its five-year plan, E.ON projects that the Energy Retail segment's earnings will grow continually through 2028 to about €2 billion.

E.ON's Energy Infrastructure Solutions (EIS) segment aims to increase its earnings to between €550 million and €650 million. Positive drivers are increased investments into new customer projects in recent years. Sustainable, decentralized energy infrastructure solutions are of immense importance to the transformation of energy, heating, and transportation. E.ON aims to play a key role in shaping the decarbonization of industry and commerce across Europe. By 2028, the EIS segment intends to install more than one gigawatt of new renewables capacity at customer sites and in its district heating and cooling networks, with a focus on solar. Its growth potential is expected to result in this segment's earnings increasing to about €1 billion over the next five years.

E.ON anticipates an adjusted Group net income of €2.8 to 3.0 billion in the financial year 2024. This corresponds to €1.07 to €1.15 earnings per share. The Management Board and the Supervisory Board will propose to the Annual Shareholders Meeting an increased dividend of €0.53 per share for 2023. This is in line with E.ON's target of increasing the dividend by up to 5 percent annually through 2028.

Financial Figures

| € in millions | 2023 | 2022 | +/- % |
|---|---------|---------|------------------|
| Sales | 93,686 | 115,660 | -19 |
| Adjusted EBITDA ¹ | 9,370 | 8,059 | 16 |
| – Regulated business (%) | 70 | 66 | 6 |
| – Quasi-regulated and long-term contracted business (%) | 3 | 4 | -25 |
| – Merchant business (%) | 27 | 30 | -10 |
| Adjusted EBIT ¹ | 6,387 | 5,197 | 23 |
| Net income/loss | 760 | 2,242 | -66 |
| Net income/loss attributable to shareholders of E.ON SE | 517 | 1,831 | -72 |
| Adjusted net income ¹ | 3,068 | 2,728 | 12 |
| Investments | 6,421 | 4,753 | 35 |
| Cash provided by operating activities | 5,654 | 10,045 | -44 |
| Cash provided by operating activities before interest and taxes | 7,225 | 11,511 | -37 |
| Economic net debt (at year-end) ² | 37,691 | 32,742 | 15 |
| Debt factor ² | 4.0 | 4.1 | -2 |
| Credit rating S&P | BBB | BBB | 0 |
| Credit rating Moody's | Baa2 | Baa2 | 0 |
| Credit rating Fitch | BBB+ | BBB+ | 0 |
| Average capital employed | 59,895 | 58,760 | 2 |
| Equity | 19,970 | 21,867 | -9 |
| Total assets | 113,506 | 134,009 | -15 |
| Cash Conversion Rate (%) | 80 | 151 | -47 ³ |
| ROCE (%) | 10.7 | 8.8 | 22 ³ |
| Earnings per share ^{4, 5} (€) | 0.20 | 0.70 | -71 |
| Adjusted net income per share ^{4, 5} (€) | 1.18 | 1.05 | 12 |
| Dividend per share ⁶ (€) | 0.53 | 0.51 | 4 |
| Dividend payout | 1,384 | 1,331 | 4 |

¹Adjusted for non-operating effects.

²The figure for asset-retirement obligations at December 31, 2023, does not fully correspond to the figure shown in the Consolidated Balance Sheets. This is because economic net debt is calculated in part based on the actual amount of E.ON's obligations. The figure at December 31, 2022, corresponded to the figure shown in the Consolidated Balance Sheets

³Change in percentage points.

⁴Attributable to shareholders of E.ON SE.

⁵Based on shares outstanding (weighted average).

⁶For the respective financial year; the 2023 figure represents management's dividend proposal.

Current footage material is available at:

<https://www.eon.com/en/about-us/media/pictures.html>

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