

## Press release

### **E.ON plans to increase investments in the energy transition following good full-year results**

- CEO Leonhard Birnbaum: “Decarbonization, the energy transition, and the expansion of infrastructure must be massively accelerated. For our business, this will mean big growth potential”
- E.ON plans to expand its investment program to €33 billion until 2027; more than 95 percent of it is to meet the EU taxonomy’s strict sustainability criteria
- Earnings forecast for 2022 slightly exceeded at Group level: adjusted EBITDA increased to €8.1 billion, adjusted net income rises to €2.7 billion
- Earnings forecast for 2023: adjusted Group EBITDA of €7.8 to €8.0 billion and adjusted Group net income of €2.3 to €2.5 billion anticipated
- Dividend of €0.51 per share proposed

Despite disruptions on the European energy markets and a volatile macroeconomic environment, E.ON delivered a strong operating performance in the 2022 financial year. The company therefore once again demonstrated the strength of its setup. E.ON’s annual results were both above the prior-year figure and slightly above its own forecast. This was in particular due to its early proactive and comprehensive crisis and market management. In view of the accelerated energy transition, the Group’s core business of Energy Networks and Customer Solutions has gained further relevance and provides E.ON with additional growth opportunities.

At today’s annual results press conference, E.ON CEO Leonhard Birnbaum affirmed, “2022 was an extremely challenging year for us, for all of Europe, and especially for energy markets. Yet, we still managed to achieve a strong result in the crisis year. We delivered on our promises and consistently implemented our strategy focused on sustainability, digitalization, and growth. At the same time, our long-term and reliable procurement activities enabled us, amid the crisis, to protect our customers throughout Europe from the at times dramatic price increases on wholesale markets. This is above all the result of our employees’ hard work. They did an outstanding job last year.”

Birnbaum also emphasized that the transformation of the energy system is today more urgent than ever, “The crisis makes it clear that decarbonization, the energy transition, and the expansion of infrastructure must be massively accelerated. This will give enormous impetus to our business of providing reliable energy infrastructure and sustainable customer solutions. We thus see big growth potential for our business in the years ahead. For this reason, we plan to expand our investment program to a total of €33 billion until 2027. This underpins our ambition to play a leading role in advancing and shaping an accelerated energy

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transition in Europe. However, we also expect regulators and policymakers to create the necessary framework conditions.”

### **Group earnings exceed forecast**

E.ON's operating business remained on course last year despite the challenging market environment. CFO Marc Spieker affirmed, “From an operating perspective, we're looking back on a strong 2022 financial year, in which we achieved and even slightly exceeded our targets. Amid the severe macroeconomic challenges caused by the energy crisis, our business model again demonstrated how resilient it is. The reorganization following the innogy integration fully unfolds now. We expect more earnings growth in the next five years and beyond. The foundation for this is the expansion and digital transformation of our energy networks and the growing demand for sustainable customer solutions. Our solid financial position enables us to further expand the investments required for this compared to our previous planning.”

The adjusted Group EBITDA rose to €8.1 billion in the 2022 financial year and was thus €170 billion above prior-year earnings and slightly above the forecast of €7.6 to 7.8 billion. E.ON's core business of Energy Networks and Customer Solutions laid the foundation for this growth. Its adjusted EBITDA rose from about €6.3 billion in the prior year to roughly €7 billion. The network business, whose earnings increased by about €470 million to €5.5 billion, contributed the biggest share. As anticipated, the main factors were the recovery of adverse earnings effects from prior years, synergy effects, and further growth in the company's network infrastructure due to additional investments. This was partially offset by higher commodity prices, warmer weather, and, in some European markets, higher costs to cover network losses.

E.ON's Customer Solutions business, including energy sales, also recorded slightly higher earnings in 2022. Adjusted EBITDA rose by about €190 million to about €1.7 billion. This segment benefited again from a further increase in the demand for sustainable energy solutions and products to decarbonize industry, cities, and households. This demonstrates that many residential, commercial, and municipal consumers increasingly want to take their energy supply into their own hands, from which E.ON was able to benefit with its broad offer of energy solutions for decarbonization. Together with its customers, E.ON avoided more than 100 million tons of carbon emissions last year. The sustainable Energy Infrastructure Solutions (EIS) business unit again increased its earnings contribution and its investments relative to the prior year and developed and acquired additional future-oriented projects. Its adjusted EBITDA grew by about €90 million year on year to around €570 million.

### **E.ON demonstrates reliability and assumes responsibility in the crisis**

As anticipated, earnings in the Non-Core Business of power generation decreased relative to the previous year. The decline resulted primarily from the fact that prior-year EBITDA was characterized by a positive one-off effect. This was partially offset by a positive operating performance at the business in Turkey and higher realized market prices. The non-core business posted an adjusted

EBITDA of about €1.1 billion in 2022 compared with the prior-year figure of €1.6 billion. Earnings were thus at the upper end of the forecast range of €0.9 to €1.1 billion. The temporary continued operation of Isar 2 nuclear power plant until April 15, 2023, enables E.ON to contribute to a secure energy supply and network stability in Germany. The company will invest possible income from the plant's continued operation in projects relating to the energy transition. Effective 2023, earnings of PreussenElektra will be reported in the non-operating earnings.

Elsewhere too E.ON is actively ensuring supply security and energy affordability and supporting customers amid the crisis. In recent months, the company has prepared extensively for the implementation of the energy price caps and has adapted its processes and IT systems accordingly. In addition, E.ON hired about 500 new customer-service employees in Germany last year in order to meet the increased customer need for advice and information.

### **Debt again declines significantly**

Adjusted net income amounted to €2.7 billion in 2022 and thus about €220 million above the prior-year figure and above the forecast range of €2.3 to €2.5 billion. Economic net debt declined significantly – by more than €6 billion – relative to the end of the year 2021 to €32.7 billion. The improvement in economic net debt is mainly attributable to strong operating cash flow as well as the interest rate driven decline in provisions for pensions. The debt factor stood at 4.1 at the end of the year 2022, which was significantly below the target range.

### **Investments in the energy transition further accelerated**

An improved financial structure allows the Group to expand its investment plans for the years ahead. E.ON plans to increase its investments by about €6 billion, or more than 20 percent, to a total of €33 billion until 2027. More than 95 percent of the planned investment activities that are covered by the EU taxonomy are expected to meet its strict sustainability criteria. The largest share of the additional investment, about €4 billion, will go toward energy networks.

In particular, the ambitious expansion targets for renewables are leading to further increased demand in Germany and Europe to connect these facilities to the network and to expand the network capacity. About 15 percent of Europe's renewables capacity is already connected to E.ON's networks. Networks are the backbone of the energy transition, which can only move forward successfully if network expansion keeps pace with the continually growing demand for connections for renewables facilities. The expected increase in demand for hydrogen as a substitute for coal, gas, and oil in the industry is ambitious as well and will require investments in energy infrastructure. The increasing prevalence of electric vehicles will also require investments to expand charging infrastructure.

For Germany and Europe to achieve their ambitious energy transition targets, the conditions for investments in energy infrastructure like distribution networks have to be systematically improved. Germany's current regulatory scheme does not

yet sufficiently reflect the challenges arising from massive growth, high inflation, and increased interest rates

**E.ON expects positive performance to continue in the 2023 financial year and beyond**

2023, too, will remain a crisis year. “We can’t allow ourselves to be lulled into a false sense of security. Wholesale prices have fallen, but they remain at a level that we would’ve considered incredibly high before the crisis,” Birnbaum said.

Nevertheless, E.ON considers itself properly positioned to advance the accelerated transformation of Europe’s energy system. For 2023, E.ON anticipates an adjusted Group EBITDA of €7.8 to €8.0 billion. Spieker emphasized that the increase in the earnings forecast despite the loss of nuclear energy’s earnings contribution would be achieved by investment-driven growth in the core business. The Energy Networks segment in particular is to benefit from further growth in network infrastructure due to additional investments. In addition, E.ON expects less adverse impact from the procurement of loss energy. Customer Solutions’ earnings are expected to increase again as well. A positive performance is anticipated especially in the United Kingdom following the successful restructuring of the business there. Furthermore, E.ON intends to benefit from the rising demand for energy infrastructure solutions for industry, cities, and communities.

E.ON expects an adjusted net income of €2.3 to €2.5 billion in 2023, which corresponds to earnings per share of 88 to 96 cents. It also affirms the dividend proposal of 51 cents per share for 2022 and the target of increasing the dividend by up to 5 percent per year through 2027.

Financial Figures			
€ in millions	2022	2021	+/- %
Sales	115,660	77,358	50
Adjusted EBITDA from core business <sup>1</sup>	6,975	6,272	11
Adjusted EBITDA <sup>1</sup>	8,059	7,889	2
– Regulated business (%)	66	61	8
– Quasi-regulated and long-term contracted business (%)	4	5	-20
– Merchant business (%)	30	34	-12
Adjusted EBIT <sup>1</sup>	5,197	4,723	10
Net income/loss	2,242	5,305	-58
Net income/loss attributable to shareholders of E.ON SE	1,831	4,691	-61
Adjusted net income <sup>1</sup>	2,728	2,503	9
Investments	4,753	4,762	0
Cash provided by operating activities	10,045	4,069	147
Cash provided by operating activities before interest and taxes	11,511	5,639	104
Economic net debt (at year-end) <sup>2</sup>	32,742	38,773	-16
Debt factor <sup>2</sup>	4.1	4.9	-17
Credit rating S&P	BBB	BBB	–
Credit rating Moody's	Baa2	Baa2	–
Credit rating Fitch	BBB+	–	–
Average capital employed	58,760	60,911	-4
Equity	21,867	17,889	22
Total assets	134,009	119,759	12
Cash Conversion Rate (%)	151	80	89 <sup>3</sup>
ROCE (%)	8.8	7.8	13 <sup>3</sup>
Earnings per share <sup>4, 5</sup> (€)	0.70	1.80	-61
Adjusted net income per share <sup>4, 5</sup> (€)	1.05	0.96	9
Dividend per share <sup>6</sup> (€)	0.51	0.49	4
Dividend payout	1,331	1,278	4

<sup>1</sup> Adjusted for non-operating effects.

<sup>2</sup> This figure is again the same as the asset-retirement obligations shown in the Consolidated Balance Sheets. The figure at December 31, 2021 is calculated in part based on the actual amount of E.ON's obligations and therefore differs from the balance-sheet amount.

<sup>3</sup> Change in percentage points.

<sup>4</sup> Attributable to shareholders of E.ON SE.

<sup>5</sup> Based on shares outstanding (weighted average).

<sup>6</sup> For the respective financial year; the 2022 figure represents management's dividend proposal.

Current footage is available at:

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

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