

Press Release

E.ON to invest €27 billion in energy transition until 2026

- 22 billion euros for the expansion of energy networks and 5 billion euros for the expansion of the customer solutions business
- 85 to 90 percent of investment activities covered by the EU taxonomy meet strict sustainability criteria
- Regulated asset base in the energy networks sector growing by at least six percent annually
- Until 2026 roughly €2 billion of investments to digitalize network infrastructure
- Business of providing climate-friendly distributed energy infrastructure solutions to grow by 9 to 12 percent annually
- Until 2026 5,000 new E.ON charging points in Europe
- EBITDA in core business to increase by 4 percent per year on average to about €7.8 billion in 2026
- Earnings per share from core business to increase by 8 to 10 percent to 90 cents per share by 2026
- Dividend to grow by up to 5 percent per year until 2026
- Dividend proposal of 49 cents for 2021 financial year

E.ON SE

Brüsseler Platz 1
45131 Essen
www.eon.com

Please address enquires to:

Leif Erichsen
T +49 172 8616722
leif.erichsen@eon.com

Dr. Christian Drepper
T +49 151 16310889
christian.drepper@eon.com

November 23, 2021
Seite: 1 / 5

E.ON CEO Leonhard Birnbaum: “The decarbonization of Europe’s economies places the energy industry at the threshold of a key decade of growth. Having roughly 50 million customers in Europe and the continent’s biggest distribution network—which is the backbone of this transition—positions E.ON superbly to seize this opportunity. We can therefore today issue a long term forecast for E.ON that is characterized by continual, profitable growth.”

E.ON plans to significantly increase the pace of its businesses’ growth and digitalization. With the growth strategy until 2026 presented today at a virtual Capital Markets Day, E.ON promises continual increases in operating earnings as well as the dividend, which is to be larger than previously planned. For the first time, the Group also extended its forecast timeframe from three to five years.

E.ON intends to increase EBITDA in its core business (that is excluding PreussenElektra’s soon-to-be-discontinued nuclear energy operations) by about 4 percent annually to around €7.8 billion in 2026. To lay the foundation for this

ambitious growth, E.ON will invest a total of roughly €27 billion through 2026, of which around €22 billion will go toward expanding its energy networks and €5 billion toward accelerating the growth of its customer solutions business. In addition, E.ON intends to increase its dividend by up to 5 percent annually through the 2026 financial year and its earnings per share by 8 to 10 percent annually. For the 2021 financial year, E.ON plans to propose a dividend of 49 cents per share.

E.ON intends to carry out the entire growth program while maintaining its strong rating and an unchanged debt factor. For this purpose, E.ON will further optimize its portfolio, through which it expects to generate proceeds of roughly €2 to €4 billion in the next five years. Portfolio optimization will consist of the divestment of businesses that do not fit with the tripartite strategy of growth, sustainability, and digitalization that E.ON presented today, as well as selective partnerships.

Growth, sustainability, and digitalization offensive

Under the leadership of new CEO Leonhard Birnbaum, E.ON will focus entirely on growth, sustainability, and digitalization. “E.ON will now launch a comprehensive growth and investment offensive to establish a zero-carbon energy world,” Birnbaum said. “Extending our forecast timeframe to five years through 2026 underscores the resilience and the strong growth potential of both of E.ON’s core businesses, which in the decade ahead will benefit substantially from Europe’s energy transition. In 2030, E.ON will be bigger, greener, more digital, and more diverse.”

Major investments in power distribution networks, the backbone of the green energy transition

E.ON intends to substantially increase its investments in energy networks by roughly €1 billion annually through 2026. This will enlarge the company’s regulated asset base (RAB) by at least 6 percent per year. E.ON’s network companies in Europe operate networks with an aggregate RAB of around €35 billion and are home to about 1 million distributed renewable generating facilities. Thomas König, E.ON Management Board member responsible for energy networks, stated: “Without our infrastructure, there won’t be an energy transition. In the next five years alone, our networks will integrate 35 to 40 gigawatts of additional renewables capacity. Each of those new facilities takes Europe another step toward its Paris Agreement targets. In addition we will see millions of heat pumps as well as batteries and eMobility.”

The investment offensive will result in network earnings increasing by 3 to 4 percent annually through 2026. Digitalization will play a key role in making network operations even more efficient and also enabling them to manage the growing proportion of renewables feed-in as effectively as possible. Through 2026, E.ON will invest about €2 billion in its network business alone for the purpose of digitalizing network planning, monitoring, and control. This will make

E.ON one of the first energy companies to have full digital control of its network infrastructure at all voltage levels.

Resolute expansion of customer solutions business

E.ON perceives robust growth in the demand for decarbonization among residential, business, and industrial customers as well as cities and communities. Patrick Lammers, E.ON Management Board member responsible for the customer solutions business, said: “Our customer base in Europe, which today has approximately 50 million customers, positions E.ON superbly to help our customers and enterprise partners achieve their decarbonization targets and to seize these growth opportunities.”

The foundation will be provided by the classic energy supply business, which generates strong earnings and has achieved a turnaround even in the keenly competitive U.K. market. E.ON plans to increase the earnings of its energy sales business by 3 to 6 percent per year through 2026. “Digitalization is the decisive factor here as well,” Lammers said. “By 2026, we’ll have a digital platform in place in all our markets that will provide efficient and customer-friendly service to all our customers.”

E.ON will also focus on offerings for sustainable homes, lifestyles, and work. New, innovative solutions and services for residential energy systems—like self-generated green electricity, heating, and cooling as well as energy management—will enable the company to bring the energy transition to the residential segment.

As for mobility, E.ON anticipates a rapid end of the internal-combustion era and will therefore devote itself even more to the expansion of efficient charging infrastructure. E.ON intends to install about 5,000 new charging points through 2026. E.ON also wants to massively expand its business of providing climate-friendly distributed energy infrastructure solutions by investing €500 to €600 million per year in order to increase this business’s EBITDA contribution by an average of 9 to 12 percent annually through 2026.

E.ON sees further additional growth potential in the scale-up of the hydrogen economy. E.ON intends to significantly expand its activities in this area by participating in European project partnerships such as H2.Ruhr, the aim of which is for North Rhine-Westphalia—Germany’s industrial heartland—to become a hydrogen region. With its existing gas distribution network and its expertise in energy management, E.ON wants to give industrial SMEs in particular access to hydrogen and thus offer them an opportunity to reduce CO₂ emissions.

Systematic digitalization—the key to the energy transition's success

E.ON's growth strategy will be accompanied by end-to-end digitalization of all its operations. Victoria Ossadnik, Board Member for Digital, emphasized: "The energy transition will only succeed through the digitization of energy systems. Key drivers of the changes in energy systems relevant to E.ON are the shift in feed-in to the networks towards sustainable energy sources and the change in consumption patterns among our customers due to the electrification of mobility, heat, and production. We are systematically digitizing both our networks and our customer business. Through digital platforms for our networks and our customer business, and by smartification of our physical networks, we will make our networks observable, manageable and optimized, and harness the flexibility of power supply and demand required in the future energy world." E.ON is developing a groupwide modern technology platform for this purpose. In the process, the company is optimizing and digitizing all processes in the company. Cloud solutions will replace the existing data centers by the end of 2023 and form a basis for the new digital applications. The digital platforms improve overall operations while reducing costs and CO₂ emissions. E.ON will also offer digital solutions to third parties.

Attractive financial framework fully aligned with sustainability

The Group's entire investment program is fully focused on sustainability. 85 to 90 percent of E.ON's planned investment activities that fall within the scope of the taxonomy fulfil its strict sustainability criteria. In addition, E.ON reaffirmed its target of a strong BBB/Baa rating and a debt factor of 4.8 to 5.2 times EBITDA. The company confirmed its dividend policy for the next five years. For the 2021 financial year, E.ON plans to propose a dividend of 49 cents per share. This corresponds to a growth of 4 percent compared to the previous year. E.ON is also aiming for annual dividend growth of up to five percent through 2026 and additional growth further out. Earnings per share are to increase by 8 to 10 percent per year on average. "To lay the foundation for our growth ambitions, we're raising our investment plan to a total of approximately €27 billion through 2026," CFO Marc Spieker said. "More than 80 percent of this will go toward regulated businesses." Spieker added that the dividend promise is well substantiated: "Based on operating earnings growth in our core business, we are targeting average annual growth in our Group earnings per share of 8 to 10 percent, leading to earnings per share of 90 cents in 2026."

The realization of synergies from the innogy integration remains on schedule and factored into E.ON's financial framework. This framework also include optimization measures that will enable E.ON to deliver annual savings of roughly €500 million through 2026.

E.ON Core Business Highlights			
	2021	2026	CAGR²
Core EBITDA ¹	6.3-6.5	~7.8	~4%
Adj. Net Income ¹	1.45-1.65	~2.35	8-10%
Earnings per Share	€0.56-0.63	~€0.90	8-10%
Dividend per Share	€0.49		up to 5%
Capex ¹	~4.9	~27 ³	
thereof Energy Networks	~3.5	~22	
thereof Customer Solutions	~1.0	~5	

¹ € billion ² Compound Annual Growth Rate ³ 2022-2026

This press release may contain forward-looking statements based on current assumptions and forecasts made by E.ON Group Management and other information currently available to E.ON. Various known and unknown risks, uncertainties, and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. E.ON SE does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments.