

Quarterly Statement

January – March **I/2020**

The E.ON logo is displayed in a white, stylized, lowercase font. The 'E' is the largest and most prominent, followed by a dot and the letters 'ON'. The font has a modern, rounded, and slightly italicized appearance.

- **Three-month adjusted EBIT significantly above prior-year figure due to innogy takeover**
- **Integrated presentation of innogy operations in Group management and financial reporting**
- **Resolution adopted to conduct merger squeeze-out of innogy's remaining minority shareholders**

E.ON Group Financial Highlights

First quarter € in millions	2020	2019	+/- %
Sales ¹	17,665	9,128	+94
Adjusted EBITDA ^{1, 2}	2,184	1,671	+31
Adjusted EBIT ^{1, 2}	1,460	1,175	+24
Net income/Net loss	-189	487	-
Net income/Net loss attributable to shareholders of E.ON SE	-327	387	-
Adjusted net income ^{1, 2}	691	650	+6
Investments ¹	918	568	+62
Cash provided by operating activities ¹	-945	-413	-
Cash provided by operating activities before interest and taxes ¹	-400	27	-
Economic net debt (March 31 and December 31) ¹	40,249	39,430	+2
Earnings per share ^{3, 4} (€)	-0.13	0.18	-
Adjusted net income per share ^{1, 3, 4} (€)	0.27	0.30	-10
Shares outstanding (weighted average; in millions)	2,607	2,167	+20

¹Includes the discontinued operations in the Renewables segment until September 18, 2019.

²Adjusted for non-operating effects.

³Based on shares outstanding (weighted average).

⁴Attributable to shareholders of E.ON SE.

Contents

3 Business Report

- 3 Business Performance
- 3 Special Events in the Reporting Period
- 4 Subsequent Events
- 5 Earnings Situation
- 9 Financial Situation

12 Selected Financial Information

Business Report

Business Performance

E.ON's operating business delivered a positive performance in the first quarter of 2020, principally because of the innogy takeover. Sales rose by €8.5 billion year on year to about €17.7 billion. Three-month adjusted EBIT in E.ON's core businesses of €1,277 million was 26 percent above the prior-year figure of €1,011 million. Adjusted EBIT for the E.ON Group rose by 24 percent, from €1,175 million to €1,460 million. Adjusted net income of €691 million was 6 percent above the prior-year figure of €650 million. The current-year net loss of €189 million was substantially below the prior-year figure (net income of €487 million).

These figures' development mainly reflects the inclusion of innogy operations, which were not contained in the prior year. The transfer of substantially all of the renewables business to RWE was a countervailing factor.

Special Events in the Reporting Period

Changes in Segment Reporting

The innogy takeover successfully closed in 2019. Effective January 1, 2020, innogy's operations are no longer managed and disclosed as a separate segment but rather integrated into Energy Networks, Customer Solutions, and Corporate Functions/Other. innogy's network businesses were assigned to Energy Networks. Its power and gas sales along with new customer solutions (such as eMobility services) are reported at Customer Solutions. Corporate Functions/Other includes innogy's corporate functions and internal services. After substantially all of the Renewables segment was transferred to RWE, its remaining businesses are reported at Energy Networks in Germany, Customer Solutions in the United Kingdom, and Corporate Functions/Other. Customer Solutions' Germany unit now includes the heating business formerly disclosed at its Other unit. In addition, three E.ON Business Solutions companies were transferred from Customer Solutions' Other unit to its United Kingdom unit. Where necessary, the prior-year figures were adjusted accordingly.

Resolution Adopted to Conduct Merger Squeeze-out of innogy's Remaining Minority Shareholders

On March 4, 2020, the Extraordinary General Meeting of innogy SE adopted a resolution to transfer the remaining minority shareholders' innogy stock. The merger squeeze-out adopted at the meeting takes effect when the transfer resolution and merger are entered into the Commercial Register.

Because of the resolution adopted by the innogy SE Extraordinary General Meeting, pursuant to IAS 32 cash compensation totaling €2.4 billion to be paid to minority shareholders was recorded as a liability in the first quarter of 2020. At the same time, minority shareholders' €0.2 billion stake in innogy SE was subtracted from Group equity and the shareholders' ratio was adjusted. Consequently, effective the date of the transfer resolution adopted by the innogy SE Extraordinary General Meeting, all shares of innogy SE stock are, for accounting purposes, attributable to E.ON. The resulting difference of €2.6 billion was offset against retained earnings of E.ON SE shareholders.

Corporate Bonds Issued

At the beginning of January 2020, E.ON issued three corporate bonds with a total volume of €2.25 billion. The high level of investor demand enabled E.ON to secure favorable interest terms across all maturities:

- €750 million bond maturing in 2023 with a coupon of 0 percent
- €1 billion green bond maturing in 2027 with a coupon of 0.375 percent
- €500 million bond maturing in 2030 with a coupon of 0.75 percent

Sale of Heating Electricity Business

One of the European Commission's conditions for the transfer of business operations with RWE was the sale of E.ON Energie Deutschland's heating electricity business in Germany. The portfolio of contracts consists of all special contracts with customers supplied with heating electricity and, if such customers also procure household electricity for which there is a separate meter at the same premises, the corresponding household electricity contract. In preparation for the sale, the portfolio of contracts was separated into two newly founded companies, E.ON Heizstrom Nord GmbH ("EHN") and E.ON Heizstrom Süd GmbH ("EHS"). Pursuant to IFRS 5, due to the obligation to sell these operations, E.ON reclassified the heating electricity business as a disposal group effective September 30, 2019. The sale of EHN and EHS closed on April 28, 2020.

Agreement on Strategic Partnership with Kraken Technologies

In March 2020 E.ON reached a contractual agreement on a strategic partnership with Kraken Technologies, an affiliate of Octopus Energy. The strategic partnership, E.ON Next, will use Kraken Technologies' technology platform to transform E.ON UK's business with residential and small and medium enterprise customers.

E.ON and Kraken Technologies will further improve the platform in order to offer outstanding customer service founded on the principles of customer orientation, simplicity, transparency, and cost-efficiency. npower's customers will be migrated to the new platform in the first phase, E.ON UK's customers in the second phase.

Nord Stream Stake Transferred to Contractual Trust Arrangement ("CTA")

E.ON Beteiligungen GmbH held all of the shares of PEG Infrastruktur AG ("PEGI") and thus an indirect, 15.5-percent stake in Nord Stream AG. Nord Stream AG, a project company founded in 2005, owns and operates two offshore gas pipelines, each with a length of 1,224 kilometers, that transport natural gas from Russia to Germany. In a contract dated December 18, 2019, E.ON Beteiligungen GmbH sold all of its PEGI shares and thus its indirect stake in Nord Stream AG to E.ON Pension Trust e.V. ("EPT") with effect and for the account of the trust assets of MEON Pensions GmbH & Co. KG ("MEON"). The purchase price of €1.1 billion was paid on January 15, 2020.

Operations during the COVID-19 Pandemic

E.ON's top priorities during the COVID-19 pandemic are a secure energy supply and the safety of employees and customers. E.ON's power, gas, and heat networks, which secure the energy supply in large parts of Europe, are running stably, even under these difficult conditions. E.ON was able to draw on previously prepared pandemic and crisis plans, which it implemented accordingly. This has made it possible to maintain all key functions. The most important measures included strict adherence to hygiene and social-distancing rules as well as the isolation of particularly sensitive work areas, such as network control centers. In addition, technicians who do field work on the network have special equipment to minimize the risk of infection. In many parts of the company, E.ON has made arrangements for a large proportion of employees to work from home, enabling the provision of customer service as well.

Other implications of the COVID-19 pandemic for E.ON's business are described in the updated Forecast Report and the updated Risk and Chances Report on page 11.

Subsequent Events

Corporate Bond Issued

In early April 2020 E.ON issued a €750 million bond maturing in 2025 with a coupon of 1 percent.

Date Set for Virtual E.ON Annual Shareholders Meeting

E.ON set May 28 as the date for this year's Annual Shareholders Meeting. Pursuant to recent amendments to the German Stock Corporation Act made in response to the COVID-19 pandemic, the event will be conducted as an online Annual Shareholders Meeting without the physical attendance of shareholders.

Earnings Situation

Sales

E.ON recorded sales of around €17.7 billion in the first quarter of 2020, €8.5 billion above the prior-year figure of €9.1 billion.

Energy Networks' sales of €4.7 billion surpassed the prior-year figure by €2.2 billion. This is principally attributable to the inclusion of innogy operations, particularly in Germany (+€2 billion).

Customer Solutions' sales rose by €7.5 billion to about €14.4 billion. This increase likewise resulted mainly from the inclusion of innogy, in particular in Germany (+€3.8 billion), the United Kingdom (+€2.2 billion), and the Netherlands/Belgium (+€0.9 billion).

Substantially all of the Renewables segment was transferred to RWE in September 2019. Its operations that remained at E.ON are disclosed in other segments (see page 3). Effective 2020 the Renewables segment therefore no longer exists.

Sales at Non-Core Business increased significantly year on year, in particular because of higher sales prices at PreussenElektra. This was partially offset by the decline in sales resulting from the transfer of stakes in power stations to RWE in September 2019.

Sales recorded at Corporate Functions/Other of €0.3 billion were €0.2 billion above the prior-year figure. The increase is mainly attributable to services performed for innogy companies (such as IT, commodity procurement, and so forth).

Sales^{1,2}

€ in millions	First quarter		
	2020	2019	+/- %
Energy Networks	4,713	2,464	+91
Customer Solutions	14,351	6,840	+110
Renewables	-	398	-
Non-Core Business	386	332	+16
Corporate Functions/Other	328	135	+143
Consolidation	-2,113	-1,041	-
E.ON Group	17,665	9,128	+94

¹Includes the discontinued operations in the Renewables segment until September 18, 2019. Sales from continuing operations amounted to €8.9 billion in the first three months of 2019.

²Includes effects resulting from failed-own-use contracts; prior-year figures were adjusted accordingly.

Adjusted EBIT

For the purpose of internal management control and as the most important indicator of our businesses' long-term earnings power, E.ON uses earnings before interest and taxes that have been adjusted to exclude non-operating effects ("adjusted EBIT"). This figure includes the operating earnings of the discontinued operations in the Renewables segment prior to their deconsolidation on September 18, 2019.

The core business's first-quarter adjusted EBIT rose significantly –by €266 million–year on year.

Energy Networks' adjusted EBIT was €431 million above the prior-year level. The inclusion of innogy's operations in Germany was the principal reason. A lower regulated return in Sweden and a weather-driven decline in sales in Germany were the primary countervailing factors.

Adjusted EBIT at Customer Solutions increased by €75 million year on year. Nearly all of the innogy businesses that are now included contributed, in particular in Germany and the

Netherlands/Belgium. In addition, an improved gross margin in Romania resulted in an increase in adjusted EBIT. These items were partially offset by the inclusion of innogy's U.K. operations, weather-related effects at the previous E.ON sales business in Germany and Sweden, and a decline in sales volume in Italy.

Substantially all of the Renewables segment was transferred to RWE in September 2019. Its operations that remained at E.ON are disclosed in other segments (see page 3). Effective 2020 the Renewables segment therefore no longer exists.

On balance, the E.ON Group's adjusted EBIT was €285 million above the prior-year figure. The increase resulted primarily from the aforementioned items in the core business. In addition, Non-Core Business recorded a significant earnings increase, which is primarily attributable to higher sales prices at PreussenElektra. This was partially offset by expenditures for residual power output rights.

Adjusted EBIT

€ in millions	First quarter		
	2020	2019	+/- %
Energy Networks	1,061	630	+68
Customer Solutions	300	225	+33
Renewables	-	198	-
Corporate Functions/Other	-85	-46	-
Consolidation	1	4	-
Adjusted EBIT from core business	1,277	1,011	+26
Non-Core Business	183	164	+12
E.ON Group adjusted EBIT	1,460	1,175	+24

Net Income/Loss

E.ON recorded a first-quarter net loss attributable to shareholders of E.ON SE of -€0.3 billion and corresponding earnings per share of -€0.13. In the prior-year period E.ON recorded net income of €0.4 billion and earnings per share of €0.18.

Pursuant to IFRS 5, income/loss from discontinued operations, net, is reported separately in the Consolidated Statements of Income. In the first quarter of 2020, this item includes negative effects from the subsequent adjustment of certain components of the purchase price in conjunction with the innogy acquisition and positive earnings from innogy's sales business in the Czech Republic. The prior-year figure includes the earnings from the discontinued operations at Renewables, which were deconsolidated effective September 18, 2019.

E.ON had a tax expense on continuing operations of €197 million compared with €149 million in the prior-year period. The tax rate on net income from continuing operations increased from 32 percent to 204 percent. Expenses without tax relief recorded in non-operating earnings constituted the main reason for the high tax rate in the period under review. They led to an increase in the overall tax rate, although the tax rate on operating earnings was 25 percent.

Financial results declined by about €0.2 billion year on year, mainly because of the inclusion of innogy and the marking to market of securities held for trading purposes, which is disclosed

Net Income/Loss

€ in millions	First quarter	
	2020	2019
Net income/loss	-189	487
<i>Attributable to shareholders of E.ON SE</i>	-327	387
<i>Attributable to non-controlling interests</i>	138	100
Income/Loss from discontinued operations, net	88	-172
Income/Loss from continuing operations	-101	315
Income taxes	197	149
Financial results	428	259
Income/Loss from continuing operations before financial results and income taxes	524	723
Income/Loss from equity investments	-13	2
EBIT	511	725
Non-operating adjustments	949	246
<i>Net book gains (-)/losses (+)</i>	-5	-12
<i>Restructuring expenses</i>	93	38
<i>Effects from derivative financial instruments</i>	590	211
<i>Impairments (+)/Reversals (-)</i>	-	-
<i>Carryforward of hidden reserves (+) and liabilities (-) from the innogy transaction</i>	226	-
<i>Other non-operating earnings</i>	45	9
Reclassified businesses of Renewables ¹ (adjusted EBIT)	-	204
Adjusted EBIT	1,460	1,175
Impairments (+)/Reversals (-)	2	4
Scheduled depreciation and amortization	722	399
Reclassified businesses of Renewables ¹ (scheduled depreciation and amortization, impairment charges and reversals)	-	93
Adjusted EBITDA	2,184	1,671

¹Deconsolidated effective September 18, 2019.

in non-operating earnings. Fewer adverse items relating to the valuation of non-current provisions relative to the prior-year period had a countervailing effect. Financial results also include a positive effect of €84 million resulting from the resolution of the difference between the nominal and fair value of innogy bonds.

Restructuring expenses were significantly higher than in the 2019 period and in 2020 consisted primarily of expenditures in conjunction with the integration of innogy.

At March 31, 2020, the marking to market of derivatives resulted in a negative effect of €590 million (prior year: -€211 million). Negative items resulted primarily from hedging against price fluctuations, in particular at Customer Solutions and Corporate Functions/Other. Hedging transactions for certain currency risks had a positive impact in the prior-year period.

Items resulting from the subsequent valuation of hidden reserves and liabilities as part of the preliminary purchase-price allocation and newly recorded items resulting from the valuation of innogy's financial assets are disclosed separately. The latter will be balanced out in subsequent reporting periods.

Adjusted Net Income

Like EBIT, net income also consists of non-operating effects, such as the marking to market of derivatives. Adjusted net income is an earnings figure after interest income, income taxes, and non-controlling interests that has been adjusted to exclude non-operating effects. In addition to the marking to market of derivatives, the adjustments include book gains and book losses on disposals, certain restructuring expenses, other material non-operating income and expenses (after taxes and non-controlling interests), and interest expense/income not affecting net income, which consists of the interest expense/income resulting from non-operating effects. Other non-operating earnings and non-operating interest expense also include the subsequent valuation of hidden reserves and liabilities identified as part of the purchase-price calculation and allocation for the innogy transaction.

In addition, until September 18, 2019, adjusted net income included the earnings (adjusted to exclude non-operating effects) of the discontinued operations at Renewables as if they had not been reclassified pursuant to IFRS 5.

Adjusted net income of €691 million was 6 percent above the prior-year figure of €650 million.

Adjusted Net Income

€ in millions	First quarter	
	2020	2019
Income/Loss from continuing operations before financial results and income taxes	524	723
Income/Loss from equity investments	-13	2
EBIT	511	725
Non-operating adjustments	949	246
Reclassified businesses of Renewables ¹ (adjusted EBIT)	-	204
Adjusted EBIT	1,460	1,175
Net interest income/loss	-415	-261
Non-operating interest expense (+)/income (-)	118	128
Reclassified businesses of Renewables ¹ (operating interest expense)	-	-45
Operating earnings before taxes	1,163	997
Taxes on operating earnings	-291	-209
Operating earnings attributable to non-controlling interests	-181	-86
Reclassified businesses of Renewables ¹ (taxes and minority interests on operating earnings)	-	-52
Adjusted net income	691	650

¹Deconsolidated as of September 18, 2019.

Financial Situation

Financial Position

Compared with the figure recorded at year-end 2019 (€39.4 billion), E.ON's economic net debt rose by €0.8 billion to €40.2 billion.

The negative effects from operating cash flow, investment expenditures, and the recent decline in the market value of securities was partially offset by the sales proceeds from the transfer of the (indirect) stake in Nord Stream AG to the CTA (see page 4).

In addition, the increase in actuarial interest rates, which led to a decrease in defined benefit obligations despite the negative development of plan assets, had a positive impact on economic net debt.

Economic Net Debt

€ in millions	Mar. 31, 2020	Dec. 31, 2019
Liquid funds	3,629	3,602
Non-current securities	2,326	2,353
Financial liabilities ¹	-30,783	-29,482
FX hedging adjustment	261	167
Net financial position	-24,567	-23,360
Provisions for pensions ²	-6,843	-7,201
Asset-retirement obligations ³	-8,839	-8,869
Economic net debt	-40,249	-39,430

¹Bonds issued by innogy are recorded at their nominal value. The figure shown in the Consolidated Balance Sheets is €2.4 billion higher (year-end 2019: €2.5 billion higher).

²Provisions for pensions were calculated using actuarial interest rates of 1.7 percent for Germany (year-end 2019: 1.3 percent) and 2.6 percent for the United Kingdom (year-end 2019: 2 percent).

³This figure is not the same as the asset-retirement obligations shown in the Consolidated Balance Sheets (€10,615 million at March 31, 2020; €10,571 million at December 31, 2019). This is because economic net debt is calculated in part based on the actual amount of E.ON's obligations.

E.ON's creditworthiness has been assessed by Standard & Poor's ("S&P") and Moody's with long-term ratings of BBB and Baa2, respectively. The outlook for both ratings is stable. Both S&P and Moody's anticipated that, over the near and medium term, E.ON will be able to maintain a debt ratio commensurate with these ratings. S&P's and Moody's short-term ratings are unchanged at A-2 and P-2, respectively.

Investments

In the first three months of 2020, investments in the core business and in the E.ON Group as a whole were significantly above the prior-year level. E.ON invested about €0.9 billion in property, plant, and equipment and intangible assets (prior year: €0.6 billion). Share investments totaled €18 million versus €14 million in the prior year.

Investments

First quarter € in millions	2020	2019	+/- %
Energy Networks	575	297	+94
Customer Solutions	155	162	-4
Renewables	-	83	-
Corporate Functions/Other	33	25	-
Consolidation	-1	-1	-
Investments in core business	762	566	+35
Non-Core Business	156	2	-
E.ON Group investments	918	568	+62

Energy Networks' investments nearly doubled year on year to €575 million. Investments in Germany rose significantly, primarily because of the inclusion of innogy operations. Higher investments for new connections as well as replacements and upgrades also contributed to the increase. Investments in upgrades were higher in Sweden as well, in part due to weather issues. Investments in East-Central Europe/Turkey were likewise higher than in the prior-year period. The inclusion of innogy's operations in Hungary and Poland was one of the factors.

Customer Solutions invested €7 million less than in the prior-year period. Investments in Sweden declined considerably year on year owing to the absence of expenditures for a project that had reached completion. By contrast, the inclusion of innogy's operations in Germany, the Netherlands/Belgium, and Poland resulted in higher investments.

After the transfer of substantially all of the Renewables segment to RWE in September 2019 and its remaining operations to other E.ON segments, effective 2020 the Renewables segment therefore no longer exists.

Investments at Non-Core Business were €154 million above the prior-year level. PreussenElektra's expenditures to acquire residual power output rights led to significantly higher investments.

Cash Flow

Cash provided by operating activities of continuing and discontinued operations before interest and taxes of -€0.4 billion was €0.4 billion below the prior-year figure. Energy Networks recorded an increase of €0.6 billion year on year thanks to positive working capital effects at the previous E.ON network business and the inclusion of innogy's network operations for the first time.

Customer Solutions' first-quarter operating cash flow was seasonally weak and, at -€0.8 billion, was below the prior-year level. It was adversely affected by negative working capital effects at the previous E.ON sales business and by the inclusion of innogy's sales operations for the first time.

The absence of Renewables' €0.2 billion contribution was another factor. Cash provided by operating activities of continuing and discontinued operations was also lower because of higher interest payments on innogy's debt.

Cash Flow¹

First quarter € in millions	2020	2019
Cash provided by (used for) operating activities (operating cash flow)	-945	-413
Operating cash flow before interest and taxes ²	-400	27
Cash provided by (used for) investing activities	88	-1,071
Cash provided by (used for) financing activities	1,082	-135

¹From continuing and discontinued operations.

²Excludes the innogy business in the Czech Republic reclassified in accordance with IFRS 5.

Cash provided by investing activities of continuing and discontinued operations totaled €0.1 billion versus -€1.1 billion in the prior-year period. The main reason was the payment received in the first quarter of 2020 for the indirect stake in Nord Stream AG that was transferred to the CTA in 2019. Higher investments in intangible assets and property, plant, and equipment constituted the primary countervailing factor.

Cash provided by financing activities of continuing and discontinued operations of €1.1 billion was €1.2 billion above the prior-year figure of -€0.1 billion. In the first quarter of the current financial year, cash inflow from the issuance of bonds was higher than cash outflow to repay bonds.

Forecast Report

Anticipated Earnings and Financial Situation

Macroeconomic Situation

A high degree of uncertainty remains regarding the COVID 19 pandemic's repercussions for people as well as the economy. The most recent joint forecast issued by leading German economic research institutes calls for global gross domestic product to shrink by 2.5 percent this year. Catchup effects in 2021 are expected to result in tangible growth, with the global economy expanding by 5.4 percent.

Forecast Earnings Performance

E.ON operates critical infrastructure and supplies roughly 50 million customers. A secure energy supply in Europe is therefore a top priority. E.ON's business model is based in particular on the Energy Networks segment, whose regulated earnings account for most of the Group's earnings. Nevertheless, the COVID 19 pandemic poses business risks for E.ON's businesses: lower passthrough in the networks business (which, in particular, could lead to a temporary decline in earnings) and lower sales volume in the customer solutions business (in particular to industrial customers). A special crisis team is monitoring and analyzing the various risks in conjunction with COVID-19 on an ongoing basis. Due to the high degree of uncertainty regarding the pandemic, it is only possible to make limited statements about its further course in the 2020 financial year.

In view of the COVID-19 pandemic's currently foreseeable implications, the Management Board expect the E.ON Group's 2020 adjusted EBIT to be between €3.9 and €4.1 billion, as was forecast for 2020 in the 2019 Annual Report. It continues to anticipate 2020 adjusted net income of between €1.7 and €1.9 billion, or €0.65 to €0.73 per share (based on an average of around 2,607 million shares outstanding). In addition, it anticipates that the E.ON Group will achieve a cash-conversion rate of roughly 95 percent on average for the 2020 to 2022 financial years (without factoring in expenditures for the decommissioning of nuclear power stations).

The forecast by segment:

We expect Energy Networks' 2020 adjusted EBIT to be significantly higher than in the prior year due to the takeover of innogy's network business in Germany, Poland, Hungary, and Croatia. The network business in Germany will continue to benefit from investments in its regulated asset base. The new regulatory period in Sweden will have a negative impact on earnings. The weakening of local currencies—particularly in Sweden and Eastern Europe—against the euro due to the COVID-19 pandemic will adversely affect this segment's earnings as well. In addition, network passthrough is expected to decline. As a result of regulation, however, the impact of lower passthrough is largely temporary, because it will generally be offset by regulatory mechanisms in subsequent years. On balance, Energy Networks is expected to deliver adjusted EBIT of €3.3 to €3.5 billion.

We anticipate that Customer Solutions' adjusted EBIT will be significantly above the prior-year level. The inclusion, for the first time, of innogy's customer solutions business—which has operations primarily in Germany, the United Kingdom, the Netherlands, Belgium, Hungary and Poland—for the entire year will have a positive impact on earnings. The interventions of the U.K. Competition and Markets Authority, unseasonably warm weather, and the resulting decline in sales volume—principally in Germany, the Netherlands, Belgium, the United Kingdom, and Sweden—will adversely affect earnings. In addition, the COVID-19 pandemic will influence Customer Solutions' business. In particular, it will have an adverse impact on earnings on sales to industrial and commercial customers and on new and innovative customer solutions. Owing to the decline in sales volume, already contracted amounts have been repurchased at a lower price. On balance, this segment's 2020 forecast has now been adjusted to €0.4 to €0.6 billion.

We anticipate that Corporate Functions/Other's adjusted EBIT of roughly -€0.4 billion will be significantly below the prior-year figure, primarily because of the inclusion of innogy's corporate functions. By contrast, cost savings and synergy effects from combining E.ON and innogy's corporate functions will have a positive impact.

We expect Non-Core Business's adjusted EBIT of €0.3 to €0.5 billion to be slightly above the prior-year level. We expect PreussenElektra's earnings to reflect, in particular, rising sales prices. This positive development will be partially counteracted by expenditures for residual power output rights.

Anticipated Development of Cash-effective Investments

We continue to expect E.ON's cash-effective investments to total €4.5 billion in 2020. Customer Solutions' anticipated investments will be slightly lower, whereas Energy Networks' investments in Germany will be higher.

Forecast Performance of Other Key Figures

The Forecast Report contained in the 2019 Annual Report presents our forecast for other key figures for the 2020 financial year. There are no material changes to these disclosures.

Risk and Chances Report

The Combined Group Management Report contained in the 2019 Annual Report describes in detail our management system for assessing risks and chances and the measures we take to limit risks.

Likewise, the innogy operations that E.ON acquired have a comprehensive framework for managing risks and chances that is adequate, effective, and audited. For our purposes, this framework will initially remain in place unchanged.

Risks and Chances, Assessment of the Risk Situation

The E.ON Group's overall risk profile remains at the level of year-end 2019 with the exception of the following COVID-19 risk scenario. At the end of the first quarter of 2020, the overall risk situation of the E.ON Group's operating business had deteriorated relative to year-end 2019 owing to the COVID-19 pandemic. The risk profile factors in the business implications of the coronavirus on the basis of a conservative scenario analysis. The main risk factors in the sales business are volume and price effects as well as credit losses. The network business could also experience declines in sales volume and earnings. The difference with the network business is that declines in sales will largely be recovered in the subsequent years of the current regulatory period.

In sum, from today's perspective we do not perceive any risk positions that could threaten the existence of E.ON SE, the E.ON Group, or individual segments.

Selected Financial Information

E.ON SE and Subsidiaries Consolidated Statements of Income

€ in millions	First quarter	
	2020	2019
Sales including electricity and energy taxes	18,520	9,163
Electricity and energy taxes	-855	-234
Sales¹	17,665	8,929
Changes in inventories (finished goods and work in progress)	79	-2
Own work capitalized	116	67
Other operating incomes ¹	4,242	766
Cost of materials ¹	-13,503	-6,733
Personnel costs	-1,365	-664
Depreciation, amortization and impairment charges	-899	-400
Other operating expenses ¹	-5,950	-1,360
Income from companies accounted for under the equity method	139	120
Income from continuing operations before financial results and income taxes	524	723
Financial results	-428	-259
Income/Loss from equity investments	-13	2
Income from other securities, interest and similar income	163	101
Interest and similar expenses	-578	-362
Income taxes	-197	-149
Income from continuing operations	-101	315
Income/Loss from discontinued operations, net	-88	172
Net income	-189	487
Attributable to shareholders of E.ON SE	-327	387
Attributable to non-controlling interests	138	100
in €		
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted²		
from continuing operations	-0.09	0.11
from discontinued operations	-0.04	0.07
from net income	-0.13	0.18
Weighted-average number of shares outstanding (in millions)	2,607	2,167

¹Failed-own-use contracts are included due to the change in accounting method. The prior year was adjusted accordingly.

²Based on weighted-average number of shares outstanding.

E.ON SE and Subsidiaries Consolidated Statements of Recognized Income and Expenses

€ in millions	First quarter	
	2020	2019
Net income	-189	487
Remeasurements of defined benefit plans	1,155	-272
Remeasurements of defined benefit plans of companies accounted for under the equity method	-1	1
Income taxes	-196	32
Items that will not be reclassified subsequently to the income statement	958	-239
Cash flow hedges	-97	-172
<i>Unrealized changes—hedging reserve</i>	-70	-177
<i>Unrealized changes—reserve for hedging costs</i>	-11	1
<i>Reclassification adjustments recognized in income</i>	-16	4
Fair value measurement of financial instruments	-55	10
<i>Unrealized changes</i>	-54	21
<i>Reclassification adjustments recognized in income</i>	-1	-11
Currency-translation adjustments	-490	-138
<i>Unrealized changes—hedging reserve/other</i>	-480	-136
<i>Unrealized changes—reserve for hedging costs</i>	-10	-2
<i>Reclassification adjustments recognized in income</i>	-	-
Companies accounted for under the equity method	-140	-66
<i>Unrealized changes</i>	-140	-66
<i>Reclassification adjustments recognized in income</i>	-	-
Income taxes	-2	12
Items that might be reclassified subsequently to the income statement	-784	-354
Total income and expenses recognized directly in equity	174	-593
Total recognized income and expenses (total comprehensive income)	-15	-106
<i>Attributable to shareholders of E.ON SE</i>	-188	-211
<i>Continuing operations</i>	44	-406
<i>Discontinued operations</i>	-232	195
<i>Attributable to non-controlling interests</i>	173	105

E.ON SE and Subsidiaries Balance Sheets—Assets

€ in millions	March 31, 2020	Dec. 31, 2019 ¹
Goodwill ²	17,529	17,580
Intangible assets	4,112	4,138
Right-of-use assets	3,108	3,109
Property, plant and equipment	35,125	35,832
Companies accounted for under the equity method	5,118	5,232
Other financial assets	4,049	4,083
<i>Equity investments</i>	1,723	1,730
<i>Non-current securities</i>	2,326	2,353
Financial receivables and other financial assets	713	699
Operating receivables and other operating assets	4,662	3,593
Deferred tax assets	2,294	2,212
Income tax assets	78	34
Non-current assets	76,788	76,512
Inventories	1,193	1,252
Financial receivables and other financial assets	533	490
Trade receivables and other operating assets	16,663	14,401
Income tax assets	1,405	1,377
Liquid funds	3,629	3,602
<i>Securities and fixed-term deposits</i>	874	1,197
<i>Restricted cash and cash equivalents</i>	682	511
<i>Cash and cash equivalents</i>	2,073	1,894
Assets held for sale	1,100	1,082
Current assets	24,523	22,204
Total assets	101,311	98,716

¹Certain adjustments to the preliminary accounting for the innogy acquisition must be presented retroactively to the acquisition date. The prior-year figures were adjusted accordingly.

²Includes the preliminary differential amount from the innogy purchase-price allocation.

E.ON SE and Subsidiaries Balance Sheets—Equity and Liabilities

€ in millions	March 31, 2020	Dec. 31, 2019 ¹
Capital stock	2,641	2,641
Additional paid-in capital	13,368	13,368
Retained earnings	-3,818	-1,897
Accumulated other comprehensive income ³	-4,671	-3,909
Treasury shares	-1,126	-1,126
Equity attributable to shareholders of E.ON SE	6,394	9,077
Non-controlling interests (before reclassification)	5,944	5,641
Reclassification related to put options	-1,569	-1,483
Non-controlling interests	4,375	4,158
Equity	10,769	13,235
Financial liabilities	30,066	28,025
Operating liabilities	8,732	7,939
Income tax liabilities	292	293
Provisions for pensions and similar obligations	6,843	7,201
Miscellaneous provisions	13,483	13,468
Deferred tax liabilities	2,598	2,538
Non-current liabilities	62,014	59,464
Financial liabilities	3,102	3,923
Trade payables and other operating liabilities	19,675	16,686
Income tax liabilities	974	787
Miscellaneous provisions	4,294	4,019
Liabilities associated with assets held for sale	483	602
Current liabilities	28,528	26,017
Total equity and liabilities	101,311	98,716

¹Certain adjustments to the innogy purchase-price allocation must be presented at the acquisition date. The previous year's figures were adjusted accordingly.

³Thereof relating to discontinued operations (March 31, 2020): -€101 million.

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

First quarter € in millions	2020	2019
Net income	-189	487
Income/Loss from discontinued operations, net	88	-172
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	899	400
Changes in provisions	487	157
Changes in deferred taxes	-117	17
Other non-cash income and expenses	277	-49
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	-15	-19
Changes in operating assets and liabilities and in income taxes	-2,338	-1,407
Cash provided by (used for) operating activities of continuing operations	-908	-586
Cash provided by (used for) operating activities of discontinued operations	-37	173
Cash provided by (used for) operating activities (operating cash flow)	-945	-413
Proceeds from disposal of	1,320	16
<i>Intangible assets and property, plant and equipment</i>	159	9
<i>Equity investments</i>	1,161	7
Purchases of investments in	-918	-485
<i>Intangible assets and property, plant and equipment</i>	-900	-475
<i>Equity investments</i>	-18	-10
Changes in securities, financial receivables and fixed-term deposits	-114	-392
Changes in restricted cash and cash equivalents	-171	-177
Cash provided by (used for) investing activities of continuing operations	117	-1,038
Cash provided by (used for) investing activities of discontinued operations	-29	-33
Cash provided by (used for) investing activities	88	-1,071
Payments received/made from changes in capital ¹	-16	3
Cash dividends paid to shareholders of E.ON SE	-	-
Cash dividends paid to non-controlling interests	-62	-
Changes in financial liabilities	1,365	-32
Cash provided by (used for) financing activities of continuing operations	1,287	-29
Cash provided by (used for) financing activities of discontinued operations	-205	-106
Cash provided by (used for) financing activities	1,082	-135
Net increase/decrease in cash and cash equivalents	225	-1,619
Effect of foreign exchange rates on cash and cash equivalents	-15	8
Cash and cash equivalents at the beginning of the year ²	1,902	3,924
Cash and cash equivalents of discontinued operations at the beginning of the period	14	66
Cash and cash equivalents at the end of the period	2,126	2,379
Less: Cash and cash equivalents of discontinued operations at the end of the period	-40	-74
Cash and cash equivalents of continuing operations at the end of the period³	2,086	2,305

¹No material netting has taken place in either of the years presented here.

²Cash and cash equivalents of continuing operations at the beginning of the period also include €4 million attributable to the sales operations in Hungary that were reclassified as a disposal group in the third quarter of 2019, and €4 million attributable to the sales operations in Germany Heat that were reclassified as a disposal group in the fourth quarter of 2019.

³Cash and cash equivalents of continuing operations at the balance-sheet date also include €4 million attributable to the sales operations in Hungary that were reclassified as a disposal group in the third quarter of 2019, and €9 million attributable to the sales operations in Germany Heat that were reclassified as a disposal group in the fourth quarter of 2019.

Financial Information by Business Segment¹

First quarter € in millions	Energy Networks						Customer Solutions							
	Germany		Sweden		ECE/Turkey		Germany		United Kingdom		Netherlands/ Belgium		Other	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External sales	2,605	1,312	233	276	371	172	5,953	2,228	4,573	2,249	927	-	2,540	2,334
Intersegment sales	1,141	423	2	1	361	280	198	39	1	-93	20	-	139	83
Sales	3,746	1,735	235	277	732	452	6,151	2,267	4,574	2,156	947	-	2,679	2,417
Depreciation and amortization ²	-327	-156	-39	-41	-78	-58	-30	-19	-35	-30	-17	-	-49	-35
Adjusted EBIT	766	351	97	143	198	136	175	73	-13	62	57	-	81	90
<i>Equity-method earnings³</i>	55	17	-	-	36	31	2	1	-	-	1	-	1	2
Operating cash flow before interest and taxes	372	-193	149	164	206	189	-927	-213	0	-15	-107	-	-43	-38
Investments	377	167	66	56	132	74	43	17	33	40	11	-	68	105

First quarter € in millions	Non-Core Business						Corporate Functions/ Other		Consolidation		E.ON Group ⁴	
	Renewables ⁴		PreussenElektra		Generation Turkey		2020	2019	2020	2019	2020	2019
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External sales	-	218	386	332	-	-	76	8	1	-1	17,665	9,128
Intersegment sales	-	180	-	-	-	-	252	127	-2,114	-1,040	-	-
Sales	-	398	386	332	-	-	328	135	-2,113	-1,041	17,665	9,128
Depreciation and amortization ²	-	-93	-117	-49	-	-	-32	-13	-	-2	-724	-496
Adjusted EBIT	-	198	155	135	28	29	-85	-46	1	4	1,460	1,175
<i>Equity-method earnings³</i>	-	36	23	23	28	29	9	17	-	-	155	156
Operating cash flow before interest and taxes	-	190	79	143	-	-	-127	-198	-2	-2	-400	27
Investments	-	83	156	2	-	-	33	25	-1	-1	918	568

¹Because of the changes in our reporting, the prior-year figure was adjusted accordingly.

²Adjusted for non-operating effects.

³Under IFRS, impairment charges on companies accounted for using the equity method and impairment charges on other financial assets (and any reversals of such charges) are included in income/loss from companies accounted for using the equity method and financial results, respectively. These income effects are not part of adjusted EBIT.

⁴Operating business including the divisions in the Renewables segment reclassified as discontinued operations in accordance with IFRS 5 and deconsolidated as of September 18, 2019.

The following table shows the reconciliation of the revenues reported in segment reporting to the revenues in the income statement:

Reconciliation of Sales

First quarter € in millions	E.ON Group		Reclassified businesses at Renewables ¹		E.ON Group (continuing operations)	
	2020	2019	2020	2019	2020	2019
Sales	17,665	9,128	-	-199	17,665	8,929

¹Deconsolidated as of September 18, 2019.

The following table shows the reconciliation of operating cash flow before interest and taxes to operating cash flow from continuing operations:

Reconciliation of Operating Cash Flow

First quarter € in millions	2020	2019
Operating cash flow before interest and taxes	-400	27
Interest payments	-239	-156
Tax payments	-269	-284
Reclassified innogy business in the Czech Republic (Operating cash flow)	-37	-
Operating cash flow	-945	-413
Reclassified businesses at Renewables ¹	-	-173
Reclassified innogy business in the Czech Republic	37	-
Operating cash flow from continuing operations	-908	-586

¹Deconsolidated as of September 18, 2019.

The following table shows the reconciliation of the investments shown in segment reporting to the investments of continuing operations. The latter correspond to payments for investments reported in the Consolidated Statements of Cash Flows.

Reconciliation of Investments

First quarter € in millions	2020	2019
Investments	918	568
Reclassified businesses at Renewables ¹	-	-83
Investments from continuing operations	918	485

¹Deconsolidated as of September 18, 2019.

May 28, 2020	2020 Annual Shareholders Meeting
August 12, 2020	Half-Year Financial Report: January – June 2020
November 11, 2020	Quarterly Statement: January – September 2020
March 24, 2021	Release of the 2020 Annual Report
May 11, 2021	Quarterly Statement: January – March 2021
May 19, 2021	2021 Annual Shareholders Meeting
August 11, 2021	Half-Year Financial Report: January – June 2021
November 10, 2021	Quarterly Statement: January – September 2021

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Only the German version of this Quarterly Statement is legally binding.

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This Quarterly Statement 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.

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