Quarterly Statement III/2019

January – September

- innogy takeover completed
- Forecast for 2019 adjusted EBIT and adjusted net income raised
- As expected, nine-month adjusted EBIT and adjusted net income barely below prior-year figures
- As anticipated, economic net debt significantly higher due to innogy takeover

E.ON Group Financial Highlights

Nine months € in millions	2019	2018	+/- %
Sales[1]	23,580	21,646	+9
Adjusted EBITDA[1, 2]	3,742	3,675	+2
Adjusted EBIT[1, 2]	2,208	2,352	-6
Net income/Net loss	2,315	3,155	-27
Net income/Net loss attributable to shareholders of E.ON SE	2,110	2,920	-28
Adjusted net income[1, 2]	1,176	1,208	-3
Investments[1]	4,018	2,279	+76
Cash provided by operating activities[1]	1,625	2,557	-36
Cash provided by operating activities before interest and taxes[1]	2,736	3,494	-22
Economic net debt (September 30 and December 31)[1]	39,620	16,580	+139
Earnings per share[3, 4] (€)	0.96	1.35	-29
Adjusted net income per share[1, 3, 4] (€)	0.54	0.56	-4
Shares outstanding (weighted average; in millions)	2,188	2,167	+1

[1]Includes the discontinued operations in the Renewables segment until September 18, 2019 (see page 3).
[2]Adjusted for non-operating effects.
[3]Based on shares outstanding (weighted average).
[4]Attributable to shareholders of E.ON SE.

Contents

This document is a Quarterly Statement pursuant to Section 53 of the Exchange Regulations of the Frankfurt Stock Exchange (dated November 18, 2019) and is not a Quarterly Report within the meaning of International Accounting Standard 34.

Business Report

Business Performance

E.ON's operating business performed as expected in the first three quarters of 2019. Sales rose by €1.9 billion year on year to €23.6 billion. Nine-month adjusted EBIT in our core businesses of €1,882 million was 8 percent below the prior-year figure of €2,038 million. Nine-month adjusted EBIT for the E.ON Group declined by 6 percent, from €2,352 million to €2,208 million. Adjusted net income of €1,176 million was 3 percent below the prior-year figure of €1,208 million.

As described below in "Special Events in the Reporting Period," the business operations at Renewables and PreussenElektra transferred to RWE are included in these key performance indicators until September 18, 2019. A separate innogy segment, consisting mainly of network and sales businesses, contributes to our business performance after this date.

Special Events in the Reporting Period

Acquisition of RWE's innogy Stake Concluded

The 76.8-percent stake in innogy previously held by RWE was transferred to E.ON on September 18, 2019. In late September E.ON also completed the voluntary public takeover offer to innogy's minority shareholders, thereby acquiring a further 9.4 percent of innogy stock. Together with the 3.8 percent of innogy stock acquired on-market, E.ON holds 90 percent of all innogy stock and thus fulfills a key requirement for a merger squeeze-out.

E.ON will continue to operate primarily innogy's network and sales businesses. innogy's entire renewables and gas storage business and its 37.9-percent stake in Kelag, an Austria-based energy supplier, remain at the RWE Group. Following clearance by the European Commission and the relevant antitrust agencies, the acquisition was completed by means of an extensive asset swap. The clearance was linked to commitments, in particular to dispose of certain E.ON and innogy businesses. These include innogy's electricity and gas retail business in the Czech Republic and part of E.ON's electricity retail business in Hungary. The commitments in Germany relate primarily to a significant part of E.ON's heating electricity business and the construction and operation of a number of electric-vehicle charging stations on motorways. Until the disposals are concluded, these operations will be continued in compliance with the hold-separate order.

Pursuant to IFRS 5, the business operations planned for disposal are classified as a disposal group. In addition, innogy's business in the Czech Republic is classified as a discontinued operation.

As part of the acquisition and the extensive asset swap, E.ON and RWE furthermore agreed that RWE would make a €1.5 billion compensation payment to E.ON.

In return for its innogy stake, RWE received a 16.7-percent stake in E.ON. The stock was issued by means of a 20-percent capital increase against contributions in kind from E.ON SE's existing authorized capital. In addition, E.ON transferred to RWE substantially all of its renewables business as well as the minority stakes, held by its subsidiary PreussenElektra, in Lippe-Ems GmbH und Gundremmingen GmbH nuclear power stations, which are operated by RWE. However, the E.ON Group retained certain assets reported in its Renewables segment, namely: businesses operated by e.disnatur in Germany and Poland as well as a 20-percent stake in Rampion offshore wind farm. The parts of the renewables business that were transferred and the minority stakes previously reported at PreussenElektra were reclassified, respectively, as discontinued operations and a disposal group effective June 30, 2018, and deconsolidated as of September 18, 2019.

For the purpose of internal management control, the reclassified operations were fully included in the relevant key performance indicators until September 18, 2019. In addition, the scheduled depreciation charges required by IFRS 5 and the carrying amount of these discontinued operations are recorded in equity and disclosed accordingly.

This Quarterly Statement's presentation of the key performance indicators relevant for management control therefore also includes the results of the reclassified operations in the Renewables segment and at PreussenElektra. Page 18 contains reconciliations of these indicators to the disclosures in the E.ON SE and Subsidiaries Condensed Consolidated Interim Statements of Income, Consolidated Balance Sheets, and Consolidated Statements of Cash Flows.

This Quarterly Statement contains a preliminary purchase-price calculation and allocation for the innogy transaction. Any subsequent hidden reserves and liabilities will be recorded in other non-operating earnings and non-operating interest expense, respectively.

E.ON Supervisory Board Enlarged, Composition of E.ON Management Board Remains Unchanged
As decided at E.ON's Annual Shareholders Meeting in May 2019, after the completion of the innogy takeover E.ON increased the E.ON Supervisory Board to 20 members. E.ON appointed RWE CEO Rolf Martin Schmitz, entrepreneur Ulrich Grillo, and U.S. management consultant Deborah B. Wilkens as shareholder representatives. In addition, Monika Krebber, Stefan May, and René Pöhls joined the E.ON Supervisory Board as employee representatives. The leadership of the new E.ON remains in the hands of the current members of the Company's Management Board.

Green Bonds Issued
In August 2019 E.ON issued two €750 million Green Bonds that mature in August 2024 and February 2030, respectively. High investor demand enabled E.ON to secure favorable interest terms with coupons of 0 percent and 0.35 percent per year, respectively. A Green Bond is a fixed-interest security whose issuance proceeds are used to fund sustainable infrastructure and energy-efficiency projects.

Coromatic Acquisition
On July 11, 2019, E.ON concluded the acquisition of 100 percent of Coromatic, a leading Sweden-based provider of facility-critical services. The EQT Group was the seller. Coromatic has its headquarters in Stockholm and about 500 employees. The company has more than 5,000 customers in Scandinavia in a wide variety of sectors, such as data centers, healthcare, the public sector, transportation, manufacturing, telecommunications, finance, and retail. The parties agreed not to disclose the purchase price. For the E.ON Group as a whole, the transaction volume is insignificant.

Transfer of Residual Power Output Rights
In July 2019, 10 TWh of residual power output rights was acquired from Krümmel nuclear power station and transferred to Grohnde nuclear power station, which is operated by PreussenElektra. This will enable Grohnde to continue to operate until the fall of 2020.

IFRS 16 *Leases*
We apply IFRS 16 *Leases* for the first time effective the start of 2019. It supersedes IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*. The application of IFRS 16's main impact on our Consolidated Balance Sheets is an increase in fixed assets (due to the capitalization of right-of-use assets) and of financial liabilities (due to the disclosure of the corresponding lease liabilities). Initial application resulted in lease liabilities of €0.8 billion and right-of-use assets of roughly €0.8 billion, based on existing accruals and deferrals. In each case, €0.3 billion of the amount was recorded at discontinued operations.

Subsequent Events

Framework Agreement Signed with MVM and Opus to Reorganize Business in Hungary
In early October 2019 E.ON acquired EnBW's 27-percent stake in ELMŰ Nyrt. ("ELMŰ") and ÉMÁSZ Nyrt. ("ÉMÁSZ"). Subsequently, E.ON, MVM Magyar Villamos Művek Zrt. ("MVM," a shareholder of ELMŰ and ÉMÁSZ), and Opus Global Nyrt. ("Opus") signed a framework agreement. Under the agreement, E.ON intends to give itself a balanced and optimized portfolio in Hungary that will also make it possible to swiftly integrate innogy's assets there.

The agreement is expected to be fully implemented in 2021. MVM has a 25-percent stake in E.ON Hungária, which will then be ELMŰ's sole owner.

Syndicated Credit Facility with ESG Component Concluded

In October 2019 E.ON signed a new €3.5 billion syndicated credit facility with a term of five years and two options to extend the maturity by one year each. In addition, the volume can be increased by up to €0.75 billion during the facility's lifetime. The facility replaced two previously existing syndicated credit facilities: E.ON SE's €2.75 billion facility and innogy SE's €2 billion facility. The credit margin is linked in part to the development of certain ESG ratings, which also gives us financial incentives to pursue a sustainable corporate strategy.

More Corporate Bonds Issued

In October 2019 E.ON issued two more €750 million bonds. High investor demand enabled us to secure favorable interest terms for both maturities (2022 and 2026) with coupons of 0 percent and 0.25 percent per year, respectively. Following our first Green Bond in August, this was our second placement of a bond with a zero-percent coupon.

In addition, in November 2019 E.ON issued a €500 million bond with a 12-year maturity and a coupon of 0.625 percent per year.

Earnings Situation

Sales

We recorded sales of €23.6 billion in the first three quarters of 2019, 9 percent above the prior-year figure of €21.6 billion.

Energy Networks' sales of roughly €6.6 billion were at the prior-year level.

Customer Solutions' sales rose by €0.9 billion to €16.7 billion. Sales in Germany increased by about €0.4 billion year on year, primarily because of higher power and gas sales volume. Sales in the United Kingdom were at the prior-year level. Sales at this segment's Other unit rose by 11 percent owing to higher sales prices and sales volume, principally in Italy, the Czech Republic, and Hungary.

The innogy segment recorded sales of €940 million since September 18, 2019.

Renewables' sales rose year on year, owing in particular to an increase in output due to the commissioning of an offshore wind farm in the United Kingdom and an onshore wind farm in the United States along with better wind conditions offshore. The expiration of incentive mechanisms in Italy was the primary adverse factor.

Sales[1]

	Third quarter			Nine months		
€ in millions	2019	2018	+/- %	2019	2018	+/- %
Energy Networks[2]	2,068	2,048	+1	6,556	6,414	+2
Customer Solutions	4,613	4,328	+7	16,722	15,807	+6
innogy	940	–	–	940	–	–
Renewables	496	472	+5	1,303	1,213	+7
Non-Core Business	305	382	-20	878	983	-11
Corporate Functions/Other	166	182	-9	444	500	-11
Consolidation	-1,097	-1,122	–	-3,263	-3,271	–
E.ON Group	**7,491**	**6,290**	**+19**	**23,580**	**21,646**	**+9**

[1]Includes the discontinued operations in the Renewables segment until September 18, 2019. Sales from continuing operations amounted to €23.1 billion in the first nine months of 2019 (prior year: €21.2 billion).
[2]Income and expenses resulting from the Renewable Energy Law's feed-in scheme in Germany have been netted out; we adjusted the prior-year figure accordingly (amount netted out in the first nine months of 2018: €2.7 billion).

Sales at Non-Core Business declined significantly year on year, in particular because of the expiration of supply contracts at PreussenElektra.

Adjusted EBIT

For the purpose of internal management control and as the most important indicator of our businesses' long-term earnings power, we use 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.

As anticipated, nine-month adjusted EBIT in our core business was €156 million below the prior-year figure. Although on balance Energy Networks' adjusted EBIT was at the prior-year level, its earnings in Germany nevertheless declined, primarily because of the non-recurrence of positive one-off items recorded in the prior-year period. Adjusted EBIT in Germany was also adversely affected by a reduction in the allowed return on equity coinciding with the beginning of the third regulatory period for power. However, these effects were partly offset by the expansion of our regulated asset base. By contrast, adjusted EBIT in Sweden rose, primarily because of an improved gross margin. This was slightly offset by currency-translation effects.

Adjusted EBIT at Customer Solutions decreased by €136 million year on year. Adjusted EBIT in Germany was significantly below the high prior-year level. The principal factor was a narrower gross margin in the power and gas sales business. This decline likely will largely balance itself out as the year moves forward. Adjusted EBIT in the United Kingdom was also significantly lower than in the prior-year period because of the regulatory price cap that took effect in 2019 and a smaller customer base.

The innogy segment recorded adjusted EBIT of €4 million since September 18, 2019.

Renewables' adjusted EBIT rose by €45 million. An increase in output due to the commissioning of offshore wind farms in Germany and the United Kingdom and an onshore wind farm in the United States was the principal factor.

The E.ON Group's adjusted EBIT was €144 million below the prior-year figure. Although earnings in our core business declined owing to the aforementioned reasons, earnings at the Non-Core Business segment were slightly higher. This is primarily attributable to the generation business in Turkey, whose hydroelectric stations considerably increased their output relative to the prior-year period. By contrast, PreussenElektra's adjusted EBIT was lower due to higher depreciation charges. These factors were not fully offset by higher sales prices.

Adjusted EBIT

	Third quarter			Nine months		
€ in millions	2019	2018	+/- %	2019	2018	+/- %
Energy Networks	386	402	-4	1,425	1,472	-3
Customer Solutions	-16	-117	+86	224	360	-38
innogy	4	–	–	4	–	–
Renewables	53	47	+13	328	283	+16
Corporate Functions/Other	-18	-14	-29	-107	-80	-34
Consolidation	1	2	–	8	3	–
Adjusted EBIT from core business	**410**	**320**	**+28**	**1,882**	**2,038**	**-8**
Non-Core Business	81	90	-10	326	314	+4
E.ON Group adjusted EBIT	**491**	**410**	**+20**	**2,208**	**2,352**	**-6**

Net Income/Loss

We recorded nine-month net income attributable to shareholders of E.ON SE of €2.1 billion and corresponding earnings per share of €0.96. In the prior-year period we recorded net income of €2.9 billion and earnings per share of €1.35.

Pursuant to IFRS 5, income/loss from discontinued operations, net, is reported separately in the Consolidated Statements of Income and, for the first nine months of 2019 and in the prior-year period, includes primarily the earnings from the discontinued operations at Renewables, which were deconsolidated effective September 18, 2019. Alongside the operating earnings of discontinued operations, this figure contains items resulting from the deconsolidation. In this context, items previously recognized in equity were recorded in income. This figure also includes the earnings from the transitional consolidation of Rampion wind farm following the reduction in our stake to 20 percent.

We had a tax expense on continuing operations of €359 million compared with €198 million in the prior-year period. Our tax rate on net income from continuing operations increased from 6 percent in the first three quarters of 2018 to 39 percent in the reporting period, mainly because of higher expenses without tax relief. In the prior year, the lower tax rate is mainly based on higher income subject to tax exposure and one-off tax effects for prior years.

Net Income/Loss

	Third quarter		Nine months	
€ in millions	2019	2018	2019	2018
Net income/loss	1,771	247	2,315	3,155
Attributable to shareholders of E.ON SE	*1,723*	*216*	*2,110*	*2,920*
Attributable to non-controlling interests	*48*	*31*	*205*	*235*
Income/Loss from discontinued operations, net	-1,550	-74	-1,759	-170
Income/Loss from continuing operations	**221**	**173**	**556**	**2,985**
Income taxes	115	-5	359	198
Financial results	129	211	522	454
Income/Loss from continuing operations before financial results and income taxes	**465**	**379**	**1,437**	**3,637**
Income/Loss from equity investments	19	17	61	68
EBIT	**484**	**396**	**1,498**	**3,705**
Non-operating adjustments	**-27**	**-37**	**410**	**-1,631**
Net book gains (-)/losses (+)	*51*	*-4*	*32*	*-859*
Restructuring expenses	*89*	*26*	*179*	*52*
Marking to market of derivative financial instruments	*-263*	*-65*	*73*	*-905*
Impairments (+)/Reversals (-)	*2*	*–*	*2*	*–*
Other non-operating earnings	*94*	*6*	*124*	*81*
Reclassified businesses of Renewables[1] (adjusted EBIT)	34	51	300	278
Adjusted EBIT	**491**	**410**	**2,208**	**2,352**
Impairments (+)/Reversals (-)	-3	18	2	18
Scheduled depreciation and amortization	459	361	1,261	1,061
Reclassified businesses of Renewables[1] (scheduled depreciation and amortization, impairment charges and reversals)	85	87	271	244
Adjusted EBITDA	**1,032**	**876**	**3,742**	**3,675**

[1]Deconsolidated as of September 18, 2019.

Financial results declined by €0.1 billion year on year, mainly because of valuation effects relating to non-current provisions that are reported under non-operating earnings. Financial results also include a positive effect of €46 million resulting from the reversal of valuation difference between the nominal and fair value of innogy bonds (see page 9).

Nine-month net book gains declined significantly. The prior-year figure included book gains on the disposal of our remaining Uniper stake, Hamburg Netz, E.ON Gas Sverige, and, overall, a book loss on the initial public offering of Enerjisa Enerji. In addition, book gains on the sale of securities were below the prior-year figure.

Restructuring expenses were significantly higher than in the prior-year period and in 2019 consisted primarily of expenditures in conjunction with the acquisition of innogy.

At September 30, 2019, the marking to market of derivatives resulted in a negative effect of €73 million (prior year: +€905 million). Negative items in the first three quarters of 2019 resulted primarily from hedging against price fluctuations, in particular at Customer Solutions. These were partly offset in particular by the marking to market of derivatives at the innogy segment. The figure for the first three quarters of 2018 was mainly attributable to derivative financial instruments in conjunction with contractual rights and obligations relating to the sale of our Uniper stake.

We recorded no significant non-operating impairment charges or reversals at continuing operations in the first nine months of 2019 or the prior-year period.

Other non-operating earnings declined considerably year on year. The positive effect of realized income from hedging transactions for certain currency risks was more than offset, principally by newly recorded items resulting from the valuation of financial assets at the innogy segment. 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

Adjusted Net Income

	Third quarter		Nine months	
€ in millions	2019	2018	2019	2018
Income/Loss from continuing operations before financial results and income taxes	**465**	**379**	**1,437**	**3,637**
Income/Loss from equity investments	19	17	61	68
EBIT	**484**	**396**	**1,498**	**3,705**
Non-operating adjustments	-27	-37	410	-1,631
Reclassified businesses of Renewables[1] (adjusted EBIT)	34	51	300	278
Adjusted EBIT	**491**	**410**	**2,208**	**2,352**
Net interest income/loss	-148	-228	-583	-522
Non-operating interest expense (+)/income (-)	8	99	198	121
Reclassified businesses of Renewables[1] (operating interest expense (+)/income (-))	-33	-41	-123	-99
Operating earnings before taxes	**318**	**240**	**1,700**	**1,852**
Taxes on operating earnings	-78	-57	-380	-418
Operating earnings attributable to non-controlling interests	-12	-22	-147	-167
Reclassified businesses of Renewables[1] (taxes and minority interests on operating earnings)	63	-5	3	-59
Adjusted net income	**291**	**156**	**1,176**	**1,208**

[1]Deconsolidated as of September 18, 2019.

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. Until September 18, 2019, adjusted net income includes 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.

As a rule, the E.ON Management Board uses this figure in conjunction with its consistent dividend policy and aims for a continual increase in dividend per share. In conjunction with the acquisition of innogy and in line with the Company's current dividend policy, the E.ON Management Board and Supervisory Board will propose paying shareholders a dividend of €0.46 per share for the 2019 financial year.

Financial Situation

E.ON presents its financial condition using, among other financial measures, economic net debt and operating cash flow.

Financial Position

Compared with the figure recorded at December 31, 2018 (€16.6 billion), our economic net debt increased by €23 billion to €39.6 billion.

Economic net debt at the balance-sheet date mainly reflects special items. Debt rose in particular owing to the initial consolidation of innogy. This was partially counteracted by the deconsolidation of reclassified operations at Renewables and PreussenElektra that were still included in the figure at year-end 2018. In addition, we recorded cash effective items in income relating to the innogy transaction (see pages 3 and 10 for more information).

Provisions for pensions rose, in part because of significantly lower actuarial interest rates, which led to an increase in defined benefit obligations despite the positive development of plan assets.

Our economic net debt in reporting period was also affected by the initial application of IFRS 16 (see the section entitled "Special Events in the Reporting Period" on page 4). The initial application of IFRS 16 does not have a material impact on E.ON's debt-bearing capacity, because operating lease relationships were already included in its calculation prior to the introduction of IFRS 16.

Pursuant to accounting standards, innogy's financial liabilities at the time of initial consolidation were recorded at their fair value. This fair value is significantly higher than the original nominal value because interest-rate levels have declined since innogy's bonds were issued. The preliminary purchase-price allocation yielded a difference between the nominal value and the fair value, which results in additional liabilities of €2.6 billion. This amount will be recorded in financial earnings as a reduction in expenditures and spread out over the maturity period of the respective bonds. These balance-sheet and earnings effects do not alter the interest and principal payments. To manage our economic net debt, we continue to use the nominal amount of our financial liabilities, which deviates from the figure shown in our balance sheets.

Economic Net Debt

€ in millions	Sep. 30, 2019	Dec. 31, 2018
Liquid funds	5,547	5,423
Non-current securities	1,206	2,295
Financial liabilities[1]	-28,537	-10,721
FX hedging adjustment	77	-28
Net financial position	**-21,707**	**-3,031**
Provisions for pensions[2]	-8,818	-3,261
Asset-retirement obligations[3]	-9,095	-10,288
Economic net debt	**-39,620**	**-16,580**
Reclassified businesses of Renewables and PreussenElektra[4]	–	1,961
Economic net debt (continuing operations)	**-39,620**	**-14,619**

[1]Bonds issued by innogy are recorded at their nominal value. The amount in our Consolidated Balance Sheets is €2.6 billion higher.
[2]To calculate provisions for pensions we used actuarial interest rates of 1.0 percent for Germany (year-end 2018: 2.0 percent) and 1.9 percent for the United Kingdom (year-end 2018: 2.9 percent).
[3]This figure is not the same as the asset-retirement obligations shown in our Consolidated Balance Sheets from continuing and discontinued operations (€10,868 million at September 30, 2019; €11,889 million at December 31, 2018). This is because we calculate our economic net debt in part based on the actual amount of our obligations.
[4]Deconsolidated as of September 18, 2019.

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 E.ON, over the near and medium term, 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

On balance, the E.ON's nine-month investments in its core business and for the Group were significantly above the prior-year level. We invested about €2.2 billion in property, plant, and equipment and intangible assets (prior year: €1.9 billion). Share investments totaled €1.8 billion versus €0.4 billion in the prior-year period.

Investments

Nine months € in millions	2019	2018	+/- %
Energy Networks	1,057	954	+11
Customer Solutions	557	407	+37
innogy	53	–	–
Renewables	583	698	-16
Corporate Functions/Other	1,561	56	–
Consolidation	–	–	–
Investments in core business	**3,811**	**2,115**	**+80**
Non-Core Business	207	164	+26
E.ON Group investments	**4,018**	**2,279**	**+76**

Energy Networks' investments were €103 million above the prior-year level. Investments in Germany rose primarily because of new connections as well as replacements and upgrades. IT investments in Sweden were lower than in 2018. Investments in East-Central Europe/Turkey were lower than in the prior-year period, in particular because of the reassignment of investment projects in the Czech Republic between Customer Solutions and Energy Networks relative to the prior year.

Customer Solutions invested €150 million more than in the prior-year period. The increase resulted primarily from the acquisition of Coromatic in Sweden. The aforementioned reassignment of investment projects in the Czech Republic and E.ON Business Solutions' investments in embedded generating units were additional reasons for the increase in investments relative to the prior-year period.

The innogy segment's investments totaled €53 million since September 18, 2019.

Investments at Renewables were €115 million lower. The decline resulted from a reduction in expenditures for new-build projects, whereas the prior-year figure includes expenditures for four such projects (Rampion, Radford's Run, Stella, and Bruenning's Breeze), which entered service at the end of 2017 or in 2018, and investments commensurate with our stake in the Arkona project.

Investments at Non-Core Business were €43 million higher than in 2018. The current-year figure consists in particular of expenditures by PreussenElektra in conjunction with the innogy transaction and the acquisition of residual power output rights. The prior-year figure primarily reflects a capital increase at Enerjisa Üretim in Turkey, which we account for using the equity method.

Corporate Functions/Other's investment rose significantly, in particular because of the innogy transaction. The current-year figure primarily reflects expenditures for the completion of the public takeover offer and the acquisition of innogy stock on-market.

Cash Flow

Cash provided by operating activities of continuing and discontinued operations before interest and taxes of €2.7 billion was €0.8 billion below the prior-year figure. Contributing to this development in the current financial year were negative items in cash-effective earnings and working capital fluctuations. The inclusion of innogy for the first time had a positive impact on cash flow. Cash provided by operating activities of continuing and discontinued operations was also lower because of higher tax payments.

Cash Flow[1]

Nine months € in millions	2019	2018
Cash provided by (used for) operating activities (operating cash flow)	1,625	2,557
Operating cash flow before interest and taxes[2]	2,736	3,494
Cash provided by (used for) investing activities	-4,742	2,281
Cash provided by (used for) financing activities	962	-2,830

[1]From continuing and discontinued operations.
[2]Excludes the innogy business in the Czech Republic reclassified in accordance with IFRS 5.

Cash provided by investing activities of continuing and discontinued operations totaled -€4.7 billion versus +€2.3 billion in the prior-year period. The sale of our remaining stake in Uniper SE still included in the prior year was the main reason, accounting for €3.7 billion of the change. In particular, the acquisition of innogy stock reduced cash provided by investing activities in the current year. The purchase and sale of securities and the change in financial receivables and restricted funds resulted in net cash outflow of €0.9 billion in the current year compared with net cash inflow of €0.3 billion in the prior-year period.

Cash provided by financing activities of continuing and discontinued operations of €1 billion was €3.8 billion above the prior-year figure of -€2.8 billion. This primarily reflects the repayment of bonds in 2018 and the issuance of bonds in the current year. The increase in the dividend payout from €0.8 billion in 2018 to €1.1 billion in the current financial year was a countervailing factor.

Forecast Report

Anticipated Earnings and Financial Situation

Forecast Earnings Performance

We now expect the E.ON Group's 2019 adjusted EBIT to be between €3.1 and €3.3 billion and its adjusted net income to be between €1.45 and €1.65 billion. The decline in earnings resulting from the disposal of substantially all of our renewables business will be more than offset by the new innogy segment's earnings.

Our forecast by segment:

We expect Energy Networks' 2019 adjusted EBIT to be slightly above the prior-year figure. The network business in Germany will deliver a positive performance and benefit from additional investments in its regulated asset base. Higher tariffs in Sweden will increase earnings as well. The new regulatory period for gas networks in Romania will have an adverse impact.

We anticipate that Customer Solutions' adjusted EBIT will be significantly below the prior-year level. The interventions of the U.K. Competition and Markets Authority will be the primary factor and have a significant adverse impact on earnings.

As described above, the Renewables segment's operations transferred to RWE were deconsolidated. This segment's anticipated earnings will therefore be significantly below the prior-year figure.

We now anticipate that Corporate Functions/Other's earnings will improve significantly and thus exceed the prior-year figure, primarily because of additional cost savings.

We now expect Non-Core Business's earnings to improve. We anticipate positive operating developments at the generation business in Turkey, due in part to a weather-driven increase in hydropower output in the first half of 2019. In addition, we now expect exchange rates to be more favorable. We expect PreussenElektra's earnings to reflect rising market prices counteracted by higher depreciation charges in conjunction with our dismantling obligations; the latter effect will be enhanced by a further decline in discount rates.

innogy is currently reported as a separate segment and will make a positive contribution to the E.ON Group's earnings in the remainder of the year.

Anticipated Development of Cash-effective Investments

We now expect our cash-effective investments to total €6 billion (formerly €4 billion) in 2019. The increase is mainly attributable to expenditures in conjunction with the completion of the public takeover offer, the acquisition of additional innogy stock on-market, and investments at the innogy segment. This will be partially offset by a compensation payment from RWE and the disposal of our renewables business.

Forecast Performance of Other Key Figures

The Forecast Report contained in our 2018 Annual Report presents our forecast for other key figures for the 2019 financial year. Beyond the aforementioned items, for the E.ON Group there are no material changes to these disclosures, including after the innogy takeover.

Risk and Chances Report

The Combined Group Management Report contained in our 2018 Annual Report describes in detail our management system for assessing risks and chances and the measures we take to limit risks.

The innogy business operations we acquired also have an adequate, effective, and audited management system for risks and chances. For our purposes, this system will initially remain in place without change.

Risks and Chances, Assessment of the Risk Situation

In the normal course of business, we are subject to a number of risks that are inseparably linked to the operation of our businesses. The E.ON Group's overall risk profile for the first time includes innogy's risks and chances. Both companies are exposed to similar risks related to the energy business, such as volume and price risks in the customer-solutions business and regulatory risks in the energy-networks business.

From today's perspective, the enlargement of our risk and chances position resulting from the innogy transaction does not 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

	Third quarter		Nine months	
€ in millions	2019	2018	2019	2018
Sales including electricity and energy taxes	7,551	6,297	23,677	21,731
Electricity and energy taxes	-179	-127	-579	-496
Sales[1]	**7,372**	**6,170**	**23,098**	**21,235**
Changes in inventories (finished goods and work in progress)	9	9	16	18
Own work capitalized	101	121	244	265
Other operating income	1,507	135	2,743	3,942
Cost of materials[1]	-5,700	-4,704	-17,745	-15,927
Personnel costs	-757	-656	-2,081	-1,929
Depreciation, amortization and impairment charges	-480	-376	-1,285	-1,080
Other operating expenses	-1,681	-371	-3,864	-3,084
Income from companies accounted for under the equity method	94	51	311	197
Income from continuing operations before financial results and income taxes	**465**	**379**	**1,437**	**3,637**
Financial results	-129	-211	-522	-454
Income/Loss from equity investments	*19*	*17*	*61*	*68*
Income from other securities, interest and similar income	*158*	*73*	*376*	*267*
Interest and similar expenses	*-306*	*-301*	*-959*	*-789*
Income taxes	-115	5	-359	-198
Income from continuing operations	**221**	**173**	**556**	**2,985**
Income/Loss from discontinued operations, net	1,550	74	1,759	170
Net income	**1,771**	**247**	**2,315**	**3,155**
Attributable to shareholders of E.ON SE	*1,723*	*216*	*2,110*	*2,920*
Attributable to non-controlling interests	*48*	*31*	*205*	*235*
in €				
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted[2]				
from continuing operations	0.09	0.07	0.18	1.28
from discontinued operations	0.68	0.03	0.78	0.07
from net income	**0.77**	**0.10**	**0.96**	**1.35**
Weighted-average number of shares outstanding (in millions)	2,231	2,167	2,188	2,167

[1]Income and expenses resulting from the Renewable Energy Law's feed-in scheme in Germany have been netted out; we adjusted the prior-year figure accordingly (amount netted out in the first nine months of 2018: €2.7 billion).
[2]Based on weighted-average number of shares outstanding.

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

€ in millions	Third quarter 2019	Third quarter 2018	Nine months 2019	Nine months 2018
Net income	**1,771**	**247**	**2,315**	**3,155**
Remeasurements of defined benefit plans	-380	192	-1,231	204
Remeasurements of defined benefit plans of companies accounted for under the equity method	–	–	1	-1
Income taxes	41	-26	123	-36
Items that will not be reclassified subsequently to the income statement	**-339**	**166**	**-1,107**	**167**
Cash flow hedges	-336	38	-691	33
Unrealized changes—hedging reserve	*-234*	*18*	*-602*	*-9*
Unrealized changes—reserve for hedging costs	*-5*	*10*	*-22*	*41*
Reclassification adjustments recognized in income	*-97*	*10*	*-67*	*1*
Fair value measurement of financial instruments	6	-4	22	-56
Unrealized changes	*17*	*-4*	*50*	*-17*
Reclassification adjustments recognized in income	*-11*	–	*-28*	*-39*
Currency-translation adjustments	-578	74	-670	-105
Unrealized changes—hedging reserve/other	*-177*	*72*	*-273*	*-116*
Unrealized changes—reserve for hedging costs	*-11*	*2*	*-7*	*-2*
Reclassification adjustments recognized in income	*-390*	–	*-390*	*13*
Companies accounted for under the equity method	38	-323	-67	-245
Unrealized changes	*80*	*-323*	*-25*	*-574*
Reclassification adjustments recognized in income	*-42*	–	*-42*	*329*
Income taxes	10	7	28	14
Items that might be reclassified subsequently to the income statement	**-860**	**-208**	**-1,378**	**-359**
Total income and expenses recognized directly in equity	**-1,199**	**-42**	**-2,485**	**-192**
Total recognized income and expenses (total comprehensive income)	**572**	**205**	**-170**	**2,963**
Attributable to shareholders of E.ON SE	*582*	*150*	*-258*	*2,718*
Continuing operations	*-340*	*95*	*-1,360*	*2,612*
Discontinued operations	*922*	*55*	*1,102*	*106*
Attributable to non-controlling interests	*-10*	*55*	*88*	*245*

E.ON SE and Subsidiaries Balance Sheets—Assets

€ in millions	Sep. 30, 2019	Dec. 31, 2018
Goodwill[1]	16,886	2,054
Intangible assets	4,182	2,162
Right-of-use assets[2]	2,971	–
Property, plant and equipment	35,512	18,057
Companies accounted for under the equity method	5,682	2,603
Other financial assets	2,845	2,904
Equity investments	*1,639*	*664*
Non-current securities	*1,206*	*2,240*
Financial receivables and other financial assets	647	427
Operating receivables and other operating assets	4,286	1,474
Deferred tax assets	2,446	1,195
Income tax assets	1	7
Non-current assets	**75,458**	**30,883**
Inventories	1,422	684
Financial receivables and other financial assets	434	284
Trade receivables and other operating assets	12,498	5,445
Income tax assets	1,422	229
Liquid funds	5,547	5,357
Securities and fixed-term deposits	*2,409*	*774*
Restricted cash and cash equivalents	*1,194*	*659*
Cash and cash equivalents	*1,944*	*3,924*
Assets held for sale	766	11,442
Current assets	**22,089**	**23,441**
Total assets	**97,547**	**54,324**

[1]Includes the preliminary differential amount from the innogy purchase-price allocation.
[2]New account due to IFRS 16 implementation, no prior-year figures, including finance leases previously recognized in accordance with IAS 17 (see also page 4).

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

€ in millions	Sep. 30, 2019	Dec. 31, 2018
Capital stock	2,641	2,201
Additional paid-in capital	13,369	9,862
Retained earnings	-2,912	-2,461
Accumulated other comprehensive income[3]	-4,093	-2,718
Treasury shares	-1,126	-1,126
Equity attributable to shareholders of E.ON SE	**7,879**	**5,758**
Non-controlling interests (before reclassification)	5,702	3,190
Reclassification related to put options	-1,756	-430
Non-controlling interests	**3,946**	**2,760**
Equity	**11,825**	**8,518**
Financial liabilities	26,197	8,323
Operating liabilities	10,281	4,506
Income tax liabilities	436	304
Provisions for pensions and similar obligations	8,818	3,247
Miscellaneous provisions	13,770	12,459
Deferred tax liabilities	3,073	1,706
Non-current liabilities	**62,575**	**30,545**
Financial liabilities	4,825	1,563
Trade payables and other operating liabilities	13,468	7,637
Income tax liabilities	712	262
Miscellaneous provisions	3,573	2,117
Liabilities associated with assets held for sale	569	3,682
Current liabilities	**23,147**	**15,261**
Total equity and liabilities	**97,547**	**54,324**

[3]Thereof relating to discontinued operations (December 31, 2018): €2 million.

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

Nine months € in millions	2019	2018
Net income	**2,315**	**3,155**
Income/Loss from discontinued operations, net	-1,759	-170
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	1,285	1,080
Changes in provisions	-108	-336
Changes in deferred taxes	255	68
Other non-cash income and expenses	-195	303
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	-29	-933
Changes in operating assets and liabilities and in income taxes	-248	-1,007
Cash provided by (used for) operating activities of continuing operations	**1,516**	**2,160**
Cash provided by (used for) operating activities of discontinued operations	109	397
Cash provided by (used for) operating activities (operating cash flow)	**1,625**	**2,557**
Proceeds from disposal of	126	4,272
Intangible assets and property, plant and equipment	*65*	*103*
Equity investments	*61*	*4,169*
Purchases of investments in	-3,437	-1,582
Intangible assets and property, plant and equipment	*-1,717*	*-1,413*
Equity investments	*-1,720*	*-169*
Changes in securities, financial receivables and fixed-term deposits	-285	-777
Changes in restricted cash and cash equivalents	-562	1,069
Cash provided by (used for) investing activities of continuing operations	**-4,158**	**2,982**
Cash provided by (used for) investing activities of discontinued operations	-584	-701
Cash provided by (used for) investing activities	**-4,742**	**2,281**
Payments received/made from changes in capital[1]	36	6
Cash dividends paid to shareholders of E.ON SE	-932	-649
Cash dividends paid to non-controlling interests	-170	-160
Changes in financial liabilities	2,241	-1,998
Cash provided by (used for) financing activities of continuing operations	**1,175**	**-2,801**
Cash provided by (used for) financing activities of discontinued operations	-213	-29
Cash provided by (used for) financing activities	**962**	**-2,830**
Net increase/decrease in cash and cash equivalents	**-2,155**	**2,008**
Effect of foreign exchange rates on cash and cash equivalents	133	-5
Cash and cash equivalents at the beginning of the year[2]	3,924	2,672
Cash and cash equivalents of discontinued operations at the beginning of the period	**66**	**90**
Cash and cash equivalents at the end of the period	**1,968**	**4,765**
Less: Cash and cash equivalents of discontinued operations at the end of the period	**-20**	**-66**
Cash and cash equivalents of continuing operations at the end of the period[3]	**1,948**	**4,699**

[1]No material netting has taken place in either of the years presented here.
[2]Cash and cash equivalents of continuing operations at the beginning of the prior year also include the holdings of €54 million in Hamburg Netz GmbH, which was deconsolidated in the first quarter of 2018.
[3]Cash 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.

Financial Information by Business Segment

Nine months € in millions	Energy Networks: Germany 2019	Energy Networks: Germany 2018[1]	Energy Networks: Sweden 2019	Energy Networks: Sweden 2018	Energy Networks: ECE/Turkey 2019	Energy Networks: ECE/Turkey 2018	Customer Solutions: Germany Sales 2019	Customer Solutions: Germany Sales 2018	Customer Solutions: United Kingdom 2019	Customer Solutions: United Kingdom 2018	Customer Solutions: Other 2019	Customer Solutions: Other 2018
External sales	3,609	3,528	744	719	491	440	5,221	4,814	5,288	5,391	5,837	5,259
Intersegment sales	1,037	1,032	4	10	671	685	100	78	41	41	235	224
Sales	**4,646**	**4,560**	**748**	**729**	**1,162**	**1,125**	**5,321**	**4,892**	**5,329**	**5,432**	**6,072**	**5,483**
Depreciation and amortization[2]	**-458**	**-427**	**-115**	**-113**	**-176**	**-175**	**-30**	**-24**	**-85**	**-68**	**-146**	**-138**
Adjusted EBIT	**693**	**755**	**394**	**363**	**338**	**354**	**90**	**124**	**51**	**143**	**83**	**93**
Equity-method earnings[3]	*48*	*51*	–	–	*87*	*88*	–	–	–	–	*8*	*7*
Operating cash flow before interest and taxes	**898**	**1,372**	**460**	**535**	**565**	**523**	**179**	**236**	**63**	**125**	**194**	**253**
Investments	**597**	**448**	**197**	**223**	**263**	**283**	**38**	**10**	**132**	**157**	**387**	**240**

Nine months € in millions	innogy 2019	innogy 2018	Renewables[4] 2019	Renewables[4] 2018	Non-Core Business: PreussenElektra 2019	Non-Core Business: PreussenElektra 2018	Non-Core Business: Generation Turkey 2019	Non-Core Business: Generation Turkey 2018	Corporate Functions/Other 2019	Corporate Functions/Other 2018	Consolidation 2019	Consolidation 2018	E.ON Group[4] 2019	E.ON Group[4] 2018
External sales	924	–	582	482	878	983	–	–	13	32	-7	-2	23,580	21,646
Intersegment sales	16	–	721	731	–	–	–	–	431	468	-3,256	-3,269	0	0
Sales	**940**	**–**	**1,303**	**1,213**	**878**	**983**	**–**	**–**	**444**	**500**	**-3,263**	**-3,271**	**23,580**	**21,646**
Depreciation and amortization[2]	**-41**	**–**	**-278**	**-251**	**-167**	**-82**	**–**	**–**	**-37**	**-46**	**-1**	**1**	**-1,534**	**-1,323**
Adjusted EBIT	**4**	**–**	**328**	**283**	**256**	**354**	**70**	**-40**	**-107**	**-80**	**8**	**3**	**2,208**	**2,352**
Equity-method earnings[3]	*5*	–	*57*	*23*	*40*	*42*	*70*	*-40*	*53*	*48*	*2*	*1*	*370*	*220*
Operating cash flow before interest and taxes	**258**	**–**	**646**	**509**	**80**	**122**	**–**	**–**	**-608**	**-179**	**1**	**-2**	**2,736**	**3,494**
Investments	**53**	**–**	**583**	**698**	**207**	**10**	**–**	**154**	**1,561**	**56**	**–**	**–**	**4,018**	**2,279**

[1]Income and expenses resulting from the Renewable Energy Law's feed-in scheme have been netted out; we adjusted the prior-year figure accordingly (amount netted out in the first nine months of 2018: €2.7 billion).
[2]Adjusted for non-operating effects.
[3]Under 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.
[4]Operating 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

Nine months € in millions	E.ON Group 2019	E.ON Group 2018	Reclassified businesses at Renewables[1] 2019	Reclassified businesses at Renewables[1] 2018	E.ON Group (continuing operations) 2019	E.ON Group (continuing operations) 2018
Sales	**23,580**	**21,646**	**-482**	**-411**	**23,098**	**21,235**

[1]Deconsolidated 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

Nine months € in millions	2019	2018
Operating cash flow before interest and taxes	**2,736**	**3,494**
Interest payments	-410	-461
Tax payments	-710	-476
Reclassified innogy business in the Czech Republic (operating cash flow)	9	–
Operating cash flow	**1,625**	**2,557**
Reclassified businesses at Renewables[1]	-100	-397
Reclassified innogy business in the Czech Republic	-9	–
Operating cash flow from continuing operations	**1,516**	**2,160**

[1]Deconsolidated 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

Nine months € in millions	2019	2018
Investments	**4,018**	**2,279**
Reclassified businesses at Renewables[1]	-581	-697
Investments from continuing operations	**3,437**	**1,582**

[1]Deconsolidated as of September 18, 2019.

March 25, 2020	**Release of the 2019 Annual Report**
May 12, 2020	**Quarterly Statement: January – March 2020**
May 13, 2020	**2020 Annual Shareholders Meeting**
August 12, 2020	**Half-Year Financial Report: January – June 2020**
November 11, 2020	**Quarterly Statement: January – September 2020**

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