Annual Report 2019

E.ON Group Financial Highlights

€ in millions	2019	2018	+/- %
Sales[1]	41,484	30,084	+38
Adjusted EBITDA[1, 2]	5,558	4,840	+15
– Regulated business[3] (%)	65	57	+8[4]
– Quasi-regulated and long-term contracted business[3] (%)	13	21	-8[4]
– Merchant business[3] (%)	22	22	–
Adjusted EBIT[1, 2]	3,235	2,989	+8
– Regulated business[3] (%)	70	58	+12[4]
– Quasi-regulated and long-term contracted business[3] (%)	11	20	-9[4]
– Merchant business[3] (%)	19	22	-3[4]
Net income/loss	1,808	3,524	-49
Net income/loss attributable to shareholders of E.ON SE	1,566	3,223	-51
Adjusted net income[1, 2]	1,536	1,505	+2
Investments[1]	5,492	3,523	+56
Cash provided by operating activities[1]	2,965	2,853	+3
Cash provided by operating activities before interest and taxes[1]	4,407	4,087	+8
Economic net debt (at year-end)[1]	39,430	16,580	+138
Equity	13,085	8,518	+54
Total assets	98,566	54,324	+81
ROCE (%)[1]	8.4	10.4	-2.0[4]
Employees (at year-end)[1]	78,948	43,302	+82
– Percentage of female employees	33	32	+1.0[4]
– Average age	42	42	–
Earnings per share[5, 6] (€)	0.68	1.49	-54
Adjusted net income per share[1, 5, 6] (€)	0.67	0.69	-3
Dividend per share[7] (€)	0.46	0.43	+7
Dividend payout	1,199	932	+29

[1]Includes until September 18, 2019, the discontinued operations in the Renewables segment (see Note 4 to the Consolidated Financial Statements).
[2]Adjusted for non-operating effects.
[3]E.ON and innogy's definitions of regulated, quasi-regulated businesses, and so forth were harmonized and the prior-year figures adjusted accordingly.
[4]Change in percentage points.
[5]Attributable to shareholders of E.ON SE.
[6]Based on shares outstanding (weighted average).
[7]For the respective financial year; the 2019 figure represents management's dividend proposal.

Contents

Report of the Supervisory Board

Dear Shareholders,

Dr. Karl-Ludwig Kley,
Chairman of the Supervisory Board

The year 2019 was characterized predominantly by the takeover of innogy SE. The closing of the transaction in September marked the beginning of a new chapter in E.ON's history. The Supervisory Board would like to thank the Management Board and all employees for the enormous efforts that were and are connected with the transaction as well as the integration.

In the 2019 financial year the Supervisory Board carefully performed all its duties and obligations under law, the Company's Articles of Association, and its own rules and procedures. The Supervisory Board advised the Management Board intensively about the Company's management and continually monitored the Management Board's activities, assuring itself that the Company's management was legal, purposeful, and orderly. At four regular and two extraordinary meetings, it addressed all issues relevant to the Company. On a regular basis, the shareholder representatives and the employee representatives made separate preparations for these meetings with the participation of one or all members of the Management Board. Two Supervisory Board members were unable to attend individual Supervisory Board meetings in 2019. Apart from that, all members attended all meetings.

The Management Board regularly provided the Supervisory Board with timely and comprehensive information about significant business transactions in both written and oral form. At the meetings of the full Supervisory Board and its committees, the Supervisory Board had sufficient opportunity to actively discuss the Management Board's reports, motions, and proposed resolutions. After thoroughly examining and discussing the resolutions proposed by the Management Board, the Supervisory Board voted on them when it was required by law, the Company's Articles of Association, or the Supervisory Board's rules and procedures.

In addition, there was a regular exchange of information between the Chairman of the Supervisory Board and the members of the Management Board, in particular the Chairman, during the entire financial year. In the case of particularly pertinent issues, the Chairman of the Supervisory Board was kept informed at all times. He likewise maintained contact with the members of the Supervisory Board outside of board meetings.

Takeover of innogy SE and Far-reaching Asset Swap with RWE

The Supervisory Board dealt with the status of the innogy SE takeover at all of its meetings in 2019 and adopted any necessary resolutions. The Management Board kept the Supervisory Board continually informed about a variety of related matters, including the status of the voluntary public takeover offer, the merger-control procedure, and the progress of the integration preparations and measures. In this context, the Supervisory Board also discussed the European Commission's antitrust conditions for selected markets in which E.ON operates and, where necessary, adopted resolutions. In addition, the Supervisory Board examined the options for the legal integration of innogy SE and adopted corresponding resolutions. Likewise in the context of the innogy SE takeover, the Supervisory Board carried out its expansion to 20 members and made personnel decisions regarding the composition of the E.ON Management Board.

Other Key Topics of the Supervisory Board's Discussions

Policy and regulatory developments in countries in which E.ON is active constituted another key topic of the Supervisory Board's discussions. Alongside the overall and economic policy situation in the individual countries, the Supervisory Board focused primarily on the developments in European and German energy policy and their respective consequences for E.ON's business areas.

Furthermore, in the context of the Group's current operating business, the Supervisory Board addressed in detail the impact of low interest rates on E.ON, the general business situation of the Group and its companies, national and international energy markets, as well as the currencies that are important to E.ON. It discussed E.ON SE's and the E.ON Group's asset, financial, and earnings situation, future dividend policy, workforce developments, and earnings opportunities and risks. In addition, the Supervisory Board and the Management Board thoroughly discussed the E.ON Group's medium-term plan for 2020–2022. The Supervisory Board was provided with information on a regular basis about the Company's health, (occupational) safety, and environmental performance (in particular, key accident indicators) as well as current customer numbers, customer satisfaction, and the number of apprentices. Furthermore, the Supervisory Board dealt comprehensively with the Company's future energy-procurement strategy.

In addition, the Supervisory Board discussed E.ON's future funding needs and, where necessary, adopted resolutions. It also discussed E.ON's current and future rating situation with the Management Board on a regular basis. Finally, it examined and approved the Group's non-financial reporting ("CSR").

Corporate Governance

In the declaration of compliance issued at the end of the year, the Supervisory Board and the Management Board declared that E.ON is in full compliance with the recommendations of the "Government Commission German Corporate Governance Code" dated February 7, 2017, published by the Federal Ministry of Justice and for Consumer Protection in the official section of the Federal Gazette (*Bundesanzeiger*), since the last annual declaration in December 2018, with two exceptions regarding the recommendations in Section 7.1.2, Sentence 3, and Section 4.2.3, Paragraph 2, Sentence 8. The current version of the declaration of compliance as well as earlier versions are published online at www.eon.com.

In the 2019 financial year, two members of the Innovation and Sustainability Committee (formerly: Investment and Innovation Committee) had a conflict of interest in conjunction with a possible transaction owing to their position with another company. In accordance with Supervisory Board rules, the members made this known prior to the meeting on March 11, 2019, and did not take part in the committee's adoption of a resolution. In addition, in his capacity as Chairman of the RWE AG Management Board, Rolf Martin Schmitz had conflicts of interest in relation to certain operational matters and for this reason did not participate in the discussion of selected agenda items. Otherwise, the Supervisory Board is aware of no indications of conflicts of interest involving members of the Management Board or the Supervisory Board.

In the 2019 financial year, three comprehensive education and training sessions on selected operating and non-operating issues of E.ON's business were conducted for Supervisory Board members. Furthermore, an on-boarding program gave new members of the Supervisory Board the opportunity to receive a comprehensive introduction to the Company's business operations.

In 2019 the Supervisory Board conducted a regularly scheduled efficiency review of the Supervisory Board's work. An online questionnaire and one-on-one conversations with the Chairman of the Supervisory Board provided the Supervisory Board members with the opportunity to evaluate the efficiency of the Supervisory Board's work and to make suggestions for improving it. The findings were used to design specific measures to improve the Supervisory Board's work, which are being implemented on an ongoing basis. They relate primarily to the Supervisory Board devoting more attention to selected strategic and operational issues, technological and industry-specific trends, and the monitoring of E.ON's competitive environment. In addition, the Supervisory Board appointed some members to serve as theme sponsors for selected operational themes.

Furthermore, the Supervisory Board extended its competency profile to include the category of sustainability dimensions: environmental, social, and governance ("ESG"). The targets for the Supervisory Board's composition, including a competency profile and a diversity concept, with regard to Item 5.4.1 of the German Corporate Governance Code and Section 289f, Paragraph 2, Item 6 of the German Commercial Code and the status of their achievement are available in the Corporate Governance Declaration on pages at 65 and 66.

Committee Work

To fulfill its duties carefully and efficiently, the Supervisory Board has created the committees described in detail below.

In the 2019 financial year the Executive Committee met eight times. All members took part in all of the committee's meetings. At its meetings, the committee discussed in detail the planned takeover of innogy and the related antitrust conditions and, in accordance with the authority granted by the Supervisory Board, adopted the necessary resolutions regarding the legal integration of innogy SE. In addition, it discussed significant personnel matters, especially those relating to Management Board compensation and Dr.-Ing. Birnbaum's appointment to the innogy SE Management Board; where necessary, it adopted resolutions. Furthermore, it prepared the Supervisory Board's resolutions regarding the composition of the E.ON SE Management Board and adopted a resolution based on the Management Board's proposal to change its members' respective areas of responsibility. Additionally, the Executive Committee was periodically informed about the progress toward the Management Board's targets for 2019. Finally, the Executive Committee thoroughly discussed the medium-term plan for the period 2020–2022.

The Innovation and Sustainability Committee (formerly: Investment and Innovation Committee) met five times and carried out one written resolution procedure in 2019. All members took part in all of the committee's meetings and procedures. The matters addressed by the committee included the investment in Big Raymond wind farm in the United States and the Management Board's planned refinancing of the syndicated credit facility. Furthermore, in particular E.ON's approach to innovation and inorganic growth options were topics of discussion. Finally, in conjunction with the ESG sustainability dimensions, the committee addressed in detail the Group's climate strategy and its activities related to sustainability.

The Audit and Risk Committee met four times in 2019. All members took part in all meetings. The committee conducted a thorough review, in particular of the 2018 Financial Statements of E.ON SE (prepared in accordance with the German Commercial Code), the E.ON Group's 2018 Consolidated Financial Statements (prepared in accordance with International Financial Reporting Standards, or "IFRS"), and the 2019 intermediate financial reports of E.ON SE. The committee discussed the recommendation for selecting an independent auditor for the 2019 financial year as well as the intermediate financial reports and assigned the tasks for the independent auditor's auditing services, established the audit priorities, determined the independent auditor's compensation, and verified the auditor's qualifications and independence in line with the recommendations of the German Corporate Governance Code. The committee also assured itself that the independent auditor has no conflicts of interest and did the preparatory work for the Supervisory Board's decision regarding the mandatory rotation of the independent auditor. In addition, the committee addressed other matters assigned to it by law, the Company's Articles of Association, or the Supervisory Board's rules and procedures, in particular Internal Audit's activities and reports, accounting issues, risk management, and developments in the area of compliance. Furthermore, the committee thoroughly discussed the Combined Group Management Report and the proposal for profit appropriation and prepared the relevant recommendations for the Supervisory Board and reported them to the Supervisory Board. On the basis of the quarterly risk reports, the committee noted that no risks were identified that might jeopardize the existence of the Company or individual segments.

The Nomination Committee carried out one written resolution procedure in 2019 regarding the court appointment of the new shareholder representatives to the Supervisory Board. All members of the committee took part.

Committee chairpersons reported the agenda and results of their respective committee's meetings to the full Supervisory Board on a regular basis. Information about the committees' composition and responsibilities is in the Corporate Governance Declaration on pages 67 to 68. An overview of Supervisory Board members' attendance at meetings of the Supervisory Board and its committees can also be found there.

Examination and Approval of the Financial Statements, Approval of the Consolidated Financial Statements, Proposal for Profit Appropriation for the Year Ended December 31, 2019

PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited and submitted an unqualified opinion on the Consolidated Financial Statements of E.ON SE prepared in accordance with IFRS and the Combined Group Management Report for the year ended December 31, 2019. The IFRS Consolidated Financial Statements exempt E.ON SE from the requirement to publish Consolidated Financial Statements in accordance with German law.

The Supervisory Board reviewed and, at its annual-results meeting on March 24, 2019, thoroughly discussed—in the presence of the independent auditor and with knowledge of, and reference to, the Independent Auditor's Report and the results of the preliminary review by the Audit and Risk Committee—E.ON SE's Financial Statements prepared in accordance with the German Commercial Code, Consolidated Financial Statements, and Combined Group Management Report as well as the Management Board's proposal for profit appropriation. The independent auditor was available for supplementary questions and answers. After concluding its own examination, the Supervisory Board determined that there are no objections to the findings. It therefore acknowledged and approved the Independent Auditor's Report. In addition, the Supervisory reviewed and approved the Separate Combined Non-Financial Report.

The Supervisory Board approved the Financial Statements of E.ON SE prepared by the Management Board and the Consolidated Financial Statements. The Financial Statements are thus adopted. The Supervisory Board agrees with the Combined Group Management Report and, in particular, with its statements concerning the Company's future development.

The Supervisory Board examined the Management Board's proposal for profit appropriation, which includes a cash dividend of €0.46 per ordinary share, also taking into consideration the Company's liquidity and its finance and investment plans. After examining and weighing all arguments, the Supervisory Board agrees with the Management Board's proposal for profit appropriation.

Personnel Changes on the Management Board

There were no personnel changes on the E.ON SE Management Board in 2019. Page 242 of this report shows E.ON SE Management Board members' respective areas of responsibility as of year-end 2019.

Personnel Changes on the Supervisory Board

In line with the 2019 Annual Shareholders Meeting's resolution to expand the Supervisory Board from 14 to 20 members, the court appointed Ulrich Grillo, Dr. Rolf Martin Schmitz, and Deborah Wilkens to the Supervisory Board as shareholder representatives effective October 1, 2019. Stefan May, Monika Krebber, and René Pöhls were elected to the Supervisory Board as employee representatives effective September 24, 2019. Furthermore, on the employee side Clive Broutta ended his service on the Supervisory Board at the conclusion of January 31, 2020, owing to the United Kingdom's departure from the European Union. Christoph Schmitz was elected to succeed him effective February 1, 2020. Pages 240 to 241 of this report provide an overview of all members of the Supervisory Board as of December 31, 2019.

Essen, March 24, 2020
The Supervisory Board

Best wishes,

Dr. Karl-Ludwig Kley
Chairman

Strategy and Objectives

Strategy and Objectives

Our Strategy: Leading Partner for the New Energy World

Decarbonization, decentralization, and digitization profoundly shaped the energy market in 2019 and will continue to do so in the decade ahead. We use these trends to enhance our position as a leading player in Europe's energy market, to successfully tap new businesses, and to make our processes more efficient.

Our objective is to systematically focus the Company on the new energy world of increasingly empowered and proactive customers. We will create new markets for our customers by providing them with new products, services, and technologies. We will be policymakers and regulators' partner of choice for the energy transition. Our efforts will be guided by our principles of integration, focus, efficiency, and growth.

We began integrating innogy SE last year and, after the squeeze-out and acquisition of its remaining stock, will accelerate this process in the current year. Our focus is on combining the respective organizational entities in line with our Target Operating Model. We will use benchmarking analyses to further optimize business units' core processes or reorganize them to reflect best practices.

Going forward, our business operations will focus on the key segments of the new energy world: regulated, highly efficient energy networks and innovative customer solutions. The acquisition of innogy SE significantly strengthened these segments. After the transaction is completed, the new E.ON will be the first European player to focus exclusively on municipal, commercial, and residential customers and will generate a large part of its EBIT with regulated businesses. The combination of energy networks and customer solutions fits with the trend that, in an increasingly distributed and digital energy world, these business segments are converging. For example, smart meters make it possible to improve the coordination of energy networks and provide the basis for new sales offerings, such as time-based electricity tariffs and energy-trading options for distributed generating units.

In addition to strengthening our core businesses, the innogy takeover will enable us to leverage substantial synergies of about €740 million by 2022, thereby making important progress toward our efficiency targets. We expect the systematic optimization and digitization of our business processes to deliver additional efficiency gains.

Our growth strategy calls for extensive investments in both business segments. The main focus will be on Energy Networks, in which we will invest about €3.2 billion in 2020. We plan to invest about €0.9 billion in Customer Solutions. Here, funds will mainly go toward City Energy Solutions and our business of providing solutions to industrial customers. We expect additional growth to come from the innovation activities in our retail and network operations as well as investments in startups (these are described in greater detail in the Innovation chapter of the Combined Group Management Report).

Energy Networks

The integration of innogy will result in E.ON operating regulated distribution networks in eight European countries, making it one of Europe's biggest distribution system operator ("DSO"). Excluding innogy, E.ON has a regulated asset base ("RAB") of €21 billion. Energy Networks' principal objectives are to continually enhance its efficiency and to increase its RAB. All four of E.ON's DSOs in Germany achieved efficiency rates of 100 percent. innogy's DSOs had a weighted-average efficiency rate of 98.4 percent.

The further increase in the investment budget for our networks will secure their asset integrity and expend their RAB. Distribution networks connect our customers with one another and provide the backbone for a successful energy transition. Our focus is on evolving from a pure DSO to a smart platform provider. The digitization of distribution networks plays an important role here. For example, around 2,700 smart substations entered service at E.ON and innogy's DSOs in Germany. They will help ensure that tomorrow's smart grid operates reliably despite increasing complexity and variable feed-in. A cooperative arrangement with a startup called envelio gives E.ON the ability to transmit information about a network connection directly to market participants, which will greatly simplify the planning of distributed generating units.

Together with innogy, E.ON will also make significant investments to expand its broadband activities. By expanding its network of fiber-to-the-home broadband connections, E.ON will bring high-speed Internet with broad bandwidth to rural areas as well.

Customer Solutions

The integration of innogy will give the new E.ON a customer base of 40 million (including 19 million innogy customers), making it one of Europe's biggest end-customer suppliers. Enerjisa Enerji, our equity interst in Turkey, supplies an additional 10 million customers.

Our objective in power and gas sales is to further strengthen our competitive position through maximal cost-efficiency, innovation, and relentless customer orientation. Digitization will be decisive here as well: going forward, highly efficient digital systems will make it possible for us to achieve lasting reductions in our operating costs.

Our objective for new customer solutions that go beyond power and gas sales is to continually improve and renew our portfolio of products and services for innovative heat solutions, energy efficiency, distributed generation and storage, and sustainable mobility solutions. This will enable E.ON to become the partner of choice for public, commercial, and residential customers:

Several projects exemplified how E.ON is implementing its strategy of helping customers become more sustainable. An international paper manufacturer chose E.ON to install a biomass-fired combined-heat-and-power ("CHP") plant in Hürth, a suburb of Cologne, Germany. The plant will supply heat to the paper mill and feed renewable power into the public grid. We also installed an advanced material and energy recycling system in Högbytorp outside Stockholm, Sweden. It will help ensure that one of Sweden's fastest-growing regions can be supplied with climate-neutral heat, power, and biogas. In addition, a multinational packaging producer awarded E.ON a major contract to install a CHP plant at its facility in Kent in the United Kingdom. The plant, which is expected to enter service in 2021, will reduce carbon emissions by 36,000 metric tons per year.

Sustainability

Good corporate governance, corporate social responsibility, and environmental responsibility are essential for E.ON to generate sustainable business value over the long term. E.ON has therefore decided to be climate-neutral with regard to Scope 1 and Scope 2 emissions by 2040. To underscore E.ON's commitment to sustainability, the Management Board has also pledged E.ON's support for the UN Sustainable Development Goals ("SDGs"). Our success at embracing sustainability is reflected in our performance in environmental, social, and governance ("ESG") ratings. Leading sustainability rating agencies like MSCI and Sustainalytics gave us high ratings.

A sustainable energy supply is also the objective of Green Gas from Green Power, an E.ON initiative to reduce carbon emissions in heat generation, transport, and industry. The German Federal Ministry for Economic Affairs and Energy selected the initiative for funding under its Real-life Laboratory for the Energy Transition project. Our energy-transition laboratory will involve installing and operating a power-to-gas ("P2G") plant. The purpose is to test and refine intelligent combinations of various technologies for renewable energy production, conversion, storage, and distribution in order to further propel decarbonization (for further details about sustainability, see the Separate Combined Non-Financial Report).

Finance Strategy

The section of the Combined Group Management Report entitled Financial Situation contains explanatory information about our finance strategy.

People Strategy

The section of the Combined Group Management Report entitled Employees contains explanatory information about our people strategy.

Combined Group Management Report

- innogy takeover closed
- Adjusted EBIT and adjusted net income within the forecast range for 2019 that was adjusted in November owing to changes in E.ON's setup
- As anticipated, economic net debt significantly higher due to the innogy takeover
- 2020 adjusted EBIT expected to be between €3.9 and €4.1 billion, 2020 adjusted net income between €1.7 and €1.9 billion
- Proposed dividend of €0.46 per share for the 2019 financial year
- Annual growth of dividend per share of up to 5 percent through the dividend for the 2022 financial year decided

Corporate Profile

Business Model

E.ON is an investor-owned energy company with approximately 79,000 employees. Led by corporate headquarters in Essen, our operations are segmented into four operating units: Energy Networks, Customer Solutions, innogy, and Renewables. Our non-strategic operations are reported under Non-Core Business.

Corporate Headquarters
Corporate headquarters' main task is to lead the E.ON Group. This involves charting E.ON's strategic course and managing and funding its existing business portfolio. Corporate headquarters' tasks include optimizing E.ON's overall business across countries and markets from a financial, strategic, and risk perspective and conducting stakeholder management.

Energy Networks
This segment consists of our power and gas distribution networks and related activities. It is subdivided into three regional markets: Germany, Sweden, and East-Central Europe/Turkey (which consists of the Czech Republic, Hungary, Romania, Slovakia, and Turkey). This segment's main tasks include operating its power and gas networks safely and reliably, carrying out any necessary maintenance and repairs, and expanding its power and gas networks, which frequently involves adding customer connections. innogy's network business is not reported here in the 2019 financial year.

Customer Solutions
This segment serves as the platform for working with our customers to actively shape Europe's energy transition. This includes supplying customers in Europe (excluding Turkey) with power, gas, and heat as well as with products and services that enhance their energy efficiency and autonomy and provide other benefits. Our activities are tailored to the individual needs of customers across all categories: residential, small and medium-sized enterprises, large commercial and industrial, and public entities. E.ON's main presence in this business is in Germany, the United Kingdom, Sweden, Italy, the Czech Republic, Hungary, and Romania. E.ON Business Solutions, which provides customers with turn-key distributed-energy solutions, is also part of this segment. innogy's sales business is not reported here in the 2019 financial year.

innogy
This segment consists in particular of the network and sales businesses as well as the corporate functions and internal services of the innogy Group, which E.ON took over in September 2019. innogy operates its network business primarily in Germany, Poland, Hungary, and Croatia. Its sales business is engaged principally in Germany, the United Kingdom, the Netherlands, Belgium, Hungary, and Poland. This segment does not contain innogy's renewables and gas-storage businesses or its stake in Austrian energy utility KELAG, which are still to be transferred to RWE.

Renewables
This segment consists of onshore wind, offshore wind, and solar farms. E.ON planned, built, operated, and managed renewable generation assets. Their output was marketed in several ways: in conjunction with renewable incentive programs, under long-term electricity supply agreements with key customers, and directly to the wholesale market. Substantially all of the operations in this segment were classified as discontinued operations effective June 30, 2018, and deconsolidated effective September 18, 2019 (more information is available on pages 15, 27, and 28 of the Combined Group Management Report and in Note 4 to the Consolidated Financial Statements). Certain business operations of e.disnatur in Germany and Poland as well as a 20-percent stake in Rampion offshore wind farm in the United Kingdom were not transferred to RWE and continued to be reported here in the 2019 financial year.

Non-Core Business
This segment consists of the E.ON Group's non-strategic activities. This applies to the operation and dismantling of nuclear power stations in Germany (which is managed by our PreussenElektra unit) and the generation business in Turkey.

Special Events in the Reporting Period

Acquisition of RWE's innogy Stake Closed

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 the necessary requirement for a merger squeeze-out (Note 4 to the Consolidated Financial Statements contains additional details of the transaction).

Renewables

Pursuant to IFRS 5, the operations in the Renewables segment transferred as part of the transaction with RWE were reported as discontinued operations effective June 30, 2018. For the purpose of internal management control, these 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 were recorded in equity and disclosed accordingly.

This Annual Report's presentation of sales and the key performance indicators relevant for management control therefore also includes the results of discontinued operations in the Renewables segment. Pages 27 and 28 of the Combined Group Management Report and Note 34 to the Consolidated Financial Statements contain reconciliations of these indicators to the disclosures in the E.ON SE and Subsidiaries Consolidated Statements of Income, Consolidated Balance Sheets, and Consolidated Statements of Cash Flows.

E.ON Supervisory Board Enlarged, Composition of E.ON Management Board Unchanged

As decided at E.ON's Annual Shareholders Meeting in May 2019, after the closure 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.

Restructuring Measures Initiated, including in Germany and the United Kingdom

In conjunction with the innogy takeover, E.ON announced that it would make up to 5,000 jobs redundant Group-wide. Before this backdrop, in May 2019 the Collective Bargaining Agreement for the Future and Job Security was concluded with employee representatives and two trade unions, ver.di and IGBCE. The collective bargaining agreement will initially apply to personnel changes and adjustment initiatives carried out in Germany as a result of the integration of the innogy Group into the E.ON Group. Among other things, it includes provisions for severance payments for employees who leave voluntarily, early retirement arrangements, and the possibility of transfer to a special company for further employment and qualifications. These measures were further specified by the end of the year 2019 and they have been available for selection at selected locations since February 2020.

In late November 2019 E.ON announced proposals to restructure npower. These proposals call for npower's residential and small and medium-size enterprise customers ("B2C") to be gradually combined with E.ON UK's B2C customers on a shared IT platform. In addition, in February 2020 npower and E.ON UK concluded an agreement on the sale of npower's B2C customer contracts. Furthermore, the plan is for npower's business with industrial and commercial customers to be carved out. npower's remaining operations will be restructured over the next two years. This includes closing most npower offices and thus reducing staff.

Framework Agreement Signed with MVM and Opus to Reorganize Business in Hungaria

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 operations there.

The agreement is expected to be fully implemented in 2021. This will give MVM 100 percent of distribution operator ÉMÁSZ and a 25-percent stake in E.ON Hungária, which will then be ELMŰ's sole owner. In addition, Opus will be owner of current E.ON subsidy E.ON Tiszántúli Áramhálózati Zrt. ("E.ON ETI").

Syndicated Credit Facility with ESG Component Concluded

In October 2019 E.ON concluded 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 E.ON financial incentives to pursue a sustainable corporate strategy.

Green Bonds Issued

In August 2019 E.ON issued two €750 million Green Bonds that mature in 2024 and 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.

More Corporate Bonds Issued

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

In December 2019 E.ON issued another €500 million bond with a three-year maturity and a coupon of 0 percent per year.

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.

Nord Stream Stake Transferred to Contractual Trust Arrangement

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 shares were transferred at the end of the year (for more information, see Note 4 to the Consolidated Financial Statements).

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 Preussen-Elektra. The legal framework ensures that Grohnde and the other nuclear power stations operated by E.ON have a supply of other residual power output rights.

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 the discontinued operations at Renewables. In the Consolidated Statements of Income, the application of IFRS 16 in the year under review resulted in depreciation charges on right-of-use assets of €0.1 billion and a decline in other operating expenses of likewise €0.1 billion. The resulting earnings effect was insignificant (Note 2 to the Consolidated Financial Statements contains more information about the aforementioned reclassification effects resulting from the initial application of IFRS 16).

Right-of-use assets and corresponding leasing liabilities both totaled €3.1 billion at December 31, 2019. Leasing liabilities are recorded under economic net debt. In addition, leasing agreements resulted in cash outflow of €0.4 billion in 2019. Of this, €0.1 billion was recorded under operating cash flow, €0.3 billion under cash provided by financing activities. Note 32 to the Consolidated Financial Statements contains more information about the effects of the initial application of IFRS 16.

Management System

Our corporate strategy aims to deliver sustainable growth in shareholder value. We have in place a Group-wide planning and controlling system to assist us in planning and managing E.ON as a whole and our individual businesses with an eye to increasing their value. This system ensures that our financial resources are allocated efficiently. We strive to enhance our sustainability performance efficiently and effectively as well. We embed these expectations progressively more deeply into our organization—across all organizational entities and all processes—by means of binding Group-wide policies that set minimum standards (for more information, see the Separate Combined Non-Financial Report on pages 88 to 101).

Key Performance Indicators

For the 2019 financial year, E.ON's most important key performance indicators ("KPIs") for managing its operating business are adjusted EBIT and cash-effective investments. Other KPIs for managing the E.ON Group are cash-conversion rate, ROCE, adjusted net income, earnings per share (based on adjusted net income), and debt factor. The Combined Group Management Report's presentation of sales and the KPIs relevant for management control also includes the results of discontinued operations in the Renewables segment that were deconsolidated effective September 18, 2019 (for more information, see page 15 of the Combined Group Management Report). Pages 27 and 28 of the Combined Group Management Report and Note 34 to the Consolidated Financial Statements contain reconciliations of these indicators to the disclosures in the E.ON SE and Subsidiaries Consolidated Statements of Income, Consolidated Balance Sheets, and Consolidated Statements of Cash Flows. E.ON plans to make changes to the KPIs for the 2020 financial year. These are likewise described below.

Adjusted earnings before interest and taxes ("adjusted EBIT") is E.ON's most important KPI for purposes of internal management control and as an indicator of its businesses' long-term earnings power. The E.ON Management Board is convinced that adjusted EBIT is the most suitable KPI for assessing operating performance because it presents a business's operating earnings independently of non-operating factors, interest, and taxes. The adjustments include net book gains, certain restructuring expenses, impairment charges and reversals, the marking to market of derivatives, and other non-operating earnings (see the explanatory information on pages 27 and 28 of the Combined Group Management Report and in Note 34 to the Consolidated Financial Statements). In addition, the effects of the subsequent valuation of hidden reserves and liabilities that were identified as part of the purchase-price calculation and allocation for the innogy transaction are disclosed separately.

Cash-effective investments are equal to the investment expenditures shown in the E.ON Group's Consolidated Statements of Cash Flows. These include the investments of discontinued operations in the Renewables segment until they were deconsolidated effective September 18, 2019.

Cash-conversion rate is equal to operating cash flow before interest and taxes divided by adjusted EBITDA. It indicates whether E.ON's operating earnings are generating enough liquidity. From the 2020 financial year onward, the expenditures for the dismantling of nuclear power stations that are included in operating cash flow before interest and taxes will no longer be factored into cash-conversion rate. To balance out fluctuations that result primarily from payments around the balance-sheet date, E.ON will manage its cash-conversion rate by means of a target figure over the three years of the medium-term plan.

Return on capital employed ("ROCE") assesses the value performance of E.ON's operating business. ROCE is a pretax total return on capital and is defined as the ratio of adjusted EBIT to annual average capital employed. From the 2020 financial year onward, ROCE will not be factored into components of the E.ON SE Management Board's compensation. In the 2020 financial year, ROCE is therefore no longer one of E.ON's most important KPIs. In the future, it will instead be reported as one of E.ON's other KPIs.

Adjusted net income is an earnings figure after interest income, income taxes, and non-controlling interests that has likewise been adjusted to exclude non-operating effects (see the explanatory information on pages 27 and 28 of the Combined Group Management Report).

E.ON manages its capital structure by means of its debt factor (see the section entitled Finance Strategy on page 29). Debt factor is equal to economic net debt divided by adjusted EBITDA and is therefore a dynamic debt metric. Economic net debt includes net financial debt as well as pension and asset-retirement obligations.

Other KPIs

Alongside our most important financial management KPIs, the Combined Group Management Report includes other financial and non-financial KPIs to present the performance of E.ON's operating business and part of E.ON's responsibility for all our stakeholders: our employees, customers, shareholders, bond investors, and the countries in which we operate. Operating cash flow, power and gas passthrough, and selected employee information are examples of other KPIs.

In addition, some KPIs are important for E.ON as a customer-focused company. For example, we see our ability to acquire new customers and retain existing ones as crucial to our company's success. Net promoter score ("NPS") measures customers' willingness to recommend E.ON to a friend or colleague. Our Sustainability Report and the Separate Combined Non-Financial Report describe how NPS fits into our management approach.

However, these other KPIs are not the focus of the ongoing management of our businesses.

Innovation

E.ON's innovation activities reflect its strategy of focusing systematically on the new energy world of empowered and proactive customers, renewables and distributed energy, energy efficiency, local energy systems, and digital solutions. The innovation activities in the Group therefore have the following focus areas:

- Retail and end-customer solutions: develop new business models for distributed-energy supply for end-customers and industry, energy efficiency, sustainable city and city-district solution, and mobility

- Infrastructure and energy networks: develop energy-storage and energy-distribution solutions for an increasingly distributed and volatile generation system

- Energy intelligence and energy systems: study potentially fundamental changes to energy systems and the role of data in the new energy world

- Renewables generation: increase the cost-effectiveness of existing wind and solar assets and study new renewables technologies; E.ON's renewables business along with its innovation activities regarding renewables was transferred to RWE in September 2019.

Strategic Co-Investments

We want to identify promising energy technologies of the future that will enhance our palette of offerings for our millions of customers around Europe and will make us a pacesetter in the operation of smart energy systems. We select new businesses that offer the best opportunities for partnerships, commercialization, and equity investments. Our investments focus on strategic technologies and business models that enhance our ability to lead the move toward distributed, sustainable, and innovative energy offerings. These arrangements benefit new technology companies and E.ON, since we gain access to their new business models and have a share in the value growth.

In 2019 we invested in Vinli and HoloBuilder and made a number of follow-up investments in our portfolio.

Vinli, a U.S.-based startup, has developed software and a data analysis platform for mobility solutions. The software solution not only collects and clearly structures data from vehicles connected to the system. It can also generate results-oriented insights that enable large vehicle fleet operators, automakers, and service providers to make the advantages of eMobility economical.

HoloBuilder, a startup with roots in Aachen and based in San Francisco, has developed a cloud solution that not only enables virtual construction site inspections and 360° live streaming from construction sites but also time travel: construction managers, business customers, and contractors can fast-forward and rewind at any time and thus better track construction progress. Another feature is the virtual measurement of distances at a construction site. The images for the software are provided by a 360° camera in conjunction with the JobWalk app, which employees can use on site to activate the camera and document the project.

Going forward, E.ON will use HoloBuilder's solution for projects to install network equipment (such as substations and switchgears) and for large city energy projects. We believe the digitization of construction projects offers significant, as yet untapped potential.

Partnerships with Universities

Our innovation activities include partnering with universities and research institutes to conduct research projects in a variety of areas. The purpose is to study ways to expand the horizons of energy conservation and sustainable energy and to draw on this research to develop new offerings and solutions for customers. Collaborative work in the E.ON Energy Research Center at RWTH Aachen University focuses on technologically advanced electricity networks, innovative heat solutions for buildings and city districts, and new solutions for residential customers and industrial enterprises.

Business Report

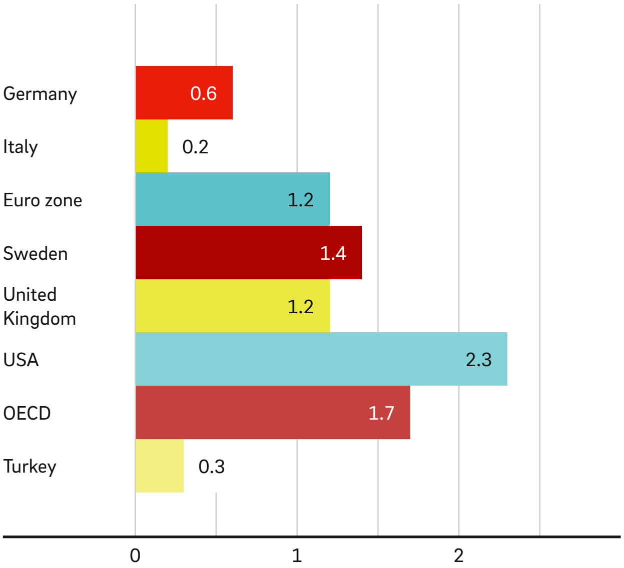
Macroeconomic and Industry Environment

Macroeconomic Environment

After peak growth in 2018, the world economy experienced a downturn in 2019. Ongoing uncertainty about Brexit and increasing trade tensions between the United States and China were the dominant features of 2019. As a result, almost all economies slowed, and world trade stagnated. Global economic growth in 2019 is estimated to have declined by 0.8 percentage points year on year to 2.9 percent.

GDP Growth in Real Terms in 2019

Annual change in percent



Source: OECD, 2019.

COVID-19 (Coronavirus)

The outbreak and spread of the novel coronavirus has major global implications, including economic and financial implications. E.ON is aware of its responsibility as an operator of critical infrastructure in this context as well. It has established a crisis team which is monitoring current developments so that the Company can, if necessary, expand the measures it has already taken.

Energy Policy and Regulatory Environment

Global

On November 4, 2019, the U.S. government under President Donald Trump gave notice that it intends to withdraw from the Paris climate agreement. The one-year transition period until the formal exit will end on November 3, 2020, one day after the upcoming presidential election.

The 25th UN climate change conference, held in Madrid from December 2 to 15, 2019, was largely without result. The delegates from just under 200 countries were only able to reach agreement on a minimal compromise. In the final document, countries agreed to review the gap between their existing voluntary climate targets and what would be necessary to limit the increase in global temperatures to below 2 degrees Celsius as foreseen in the Paris agreement. Consequently, key decisions—such as a voluntary commitment by all countries to more climate protection and the design of a global market mechanism for trading in climate-protection certificates—were postponed until the next climate summit, which will be held in Glasgow later this year.

Europe

Following the elections to the European Parliament in May 2019, the European Union elected a new Commission. Commission President Ursula von der Leyen resolved to make climate and environmental issues her top priority by launching the European Green Deal. Its centerpiece is a legally binding commitment by the EU to achieve climate neutrality by 2050. In addition, the new Commission intends to consider raising the 2030 carbon-reduction targets to 50 to 55 percent. To help achieve them, the Commission will make proposals for an EU emissions trading scheme for the transport and construction sectors (which will eventually be merged with the existing emissions trading scheme), introduce a carbon border tax that conforms with World Trade Organization rules, and review the Energy Tax Directive.

The European Green Deal will include a Just Transition Mechanism to support regions dependent on fossil fuels. In addition, the Commission will launch a Sustainable Europe Investment Plan, mobilizing investments of €1 trillion over the next decade. As part of this effort, it will seek to transform parts of the European Investment Bank into a climate bank and double its funding for climate investment by 2025. The new Commission also intends to present a new industrial policy and proposals for the ethical regulation of artificial intelligence. The proposals for relations, consultation, and legislation are expected to be published in 2020 and 2021.

Germany
The continuation of the grand coalition means that the climate targets contained in the coalition agreement that followed the 2017 Bundestag elections remain unchanged. One target is for renewables to meet about 65 percent of the country's gross electricity consumption by 2030. The ambitious action plan for upgrading and expanding energy networks also remains in place.

The package of climate legislation adopted by the German government at the end of 2019 focuses on four different areas for achieving the country's climate targets in 2030. One core element is the introduction of certificate trading to put a price on carbon emissions in the building and transport sectors. Another is a mixture of regulatory requirements, financial incentives, and socially motivated compensation mechanisms. The Cabinet Committee on Climate Protection, or Climate Cabinet, will assume responsibility for managing Germany's climate-protection strategy, assesses progress annually, and adjust measures as necessary.

Renewables expansion remains a controversial issue. The governing parties could not agree on additional measures in 2019. Although the Coal Commission presented its final report in January 2019, the federal cabinet did not adopt the corresponding draft legislation until January 2020. The Renewable Energy Sources Act (known by its German abbreviation, "EEG") is expected to be amended in the first half of 2020.

E.ON unequivocally supports the German federal government's 65-percent renewables target. To get there, renewables output would have to roughly double by 2030. Achieving growth of this magnitude requires making sufficient land available. To garner public support for the energy transition, however, land use is often limited. Examples include minimum setback restrictions for the siting of wind farms and limitations on the installation of solar farms. To ensure that targets are reached and that the energy transition as a whole is a success, E.ON advocates flexible and ambitious rules for the expansion of wind energy and the construction of solar facilities.

A ruling issued by the Federal Supreme Court on July 9, 2019, affects E.ON's core network business. It upheld the Federal Network Agency's reduction of the allowable pretax return on equity for operators of electricity and gas distribution networks from 9.05 percent to 6.91 percent for the third regulatory period. E.ON's distribution system operators ("DSOs") and roughly 1,100 other companies had filed administrative appeals against the reduction with the State Superior Court in Düsseldorf.

The Federal Ministry of Economics and Energy ("BMWi") plans to amend the Incentive Regulation Ordinance ("ARegV") by mid-2020. The amendment's principal purpose is to establish stronger economic incentives for efficient congestion management and grid expansion. E.ON could benefit from a revision of the amended ARegV's allowed return on equity.

In November 2019 the federal cabinet approved the master plan for charging infrastructure. It contains measures for rapidly establishing a nationwide, user-friendly charging infrastructure for up to 10 million electric vehicles by 2030. The objective is 1 million public charging points, with 50,000 being installed in the next two years. In addition, from 2020 onward €50 million will be made available for residential charging options.

Great Britain
2019 proved to be a politically turbulent year in Great Britain. Parliament's vote on the Brexit agreement, which was originally supposed to be held by March 29, was postponed several times. The exit agreement, known as an Article 50 procedure, was amended to include a "flextension," which extended the deadline again, this time to January 31, 2020. Amid the negotiation of a revised exit agreement, the new Prime Minister, Boris Johnson, was finally able to hold a general election on December 12. Brexit was the election's predominant issue, and a solution for it was foremost in voters' minds. Johnson and his party emerged as the election's clear winners. Afterward, Johnson carried out his conception of the Brexit deal and led Britain out of the European Union on January 31, 2020, as planned. The specter of a hard Brexit—that is, Britain exiting without an agreement—was forestalled. There is now a transition period until December 31, 2020. During this time, Britain can negotiate an exit agreement with the European Union but will continue to be treated as an EU member. In principle, both sides are interested in a far-reaching free-trade agreement and very close relations in all policy areas, especially in foreign and security policy. Given the very tight timeframe and the British government's decision not to extend the transition period under any circumstances, the exit negotiations will be a historic challenge for both sides.

In June 2019 the government formally amended the 2008 Climate Change Act to commit to net zero emissions by 2050. Net zero is at the top of the energy agenda. It is becoming increasingly important that measures be designed now to meet the ambitious target, which will help put Britain on the road to decarbonization.

Italy
In August 2019, 18 months after the election, Italy experienced a government crisis. A pro-environment center-left coalition formed a new government in September. The new government's energy policy aims to increase renewables generation (with particular emphasis on self-generation systems) and, as part of a Green New Deal, to phase out coal-fired power stations by 2025. In October the national regulatory agency presented a proposal for the transition to a fully liberalized electricity market for end-consumers. Regulated prices are currently scheduled to expire on July 1, 2020.

Sweden
Sweden's energy policy remains focused on the 2016 cross-party energy agreement that foresees a fully renewable electricity system over the long term. The agreement features a number of climate policies, including a target of 100 percent renewable electricity by 2040. The main policy instrument, the elcertificate market scheme, has resulted in substantial growth in wind power and the conversion of fossil fuel to biomass. Sweden will likely achieve its 2030 renewables target in the early 2020s. A new government was formed in January 2019. The coalition agreement contains plans to revise eco-taxes. They include increased taxation of fossil-fueled CHP plants and a planned tax on waste incineration. The new regulatory period for electricity grids began on January 1, 2020. It is anticipated that unused discretionary investments from previous regulatory periods can be carried over to the new period for a certain level of investment.

East-Central Europe

The Czech government still needs to present a draft law to transpose the EU electricity market directive. The Czech Republic's National Energy and Climate Plan ("NECP") will chart the future course of its energy sector in the years ahead.

In March 2019 Slovakia held presidential elections in which Zuzana Čaputová was elected the new president. An amended law on support for renewables and high-efficiency cogeneration that introduces feed-in tariffs for new power producers as well as the exemption of DSOs from the support mechanisms will impact E.ON's business in Slovakia.

Municipal elections held in Hungary on October 13, 2019, yielded significant gains for opposition parties. The incumbent mayor of Budapest, supported by the governing Fidesz party, lost to the opposition party candidate after nine years in office. It is unclear how the national government will cooperate with the opposition at the municipal level. The Hungarian government submitted its draft National Energy Strategy 2020 to parliament for approval. The strategy calls for Hungary's electricity sector to be 90 percent carbon-neutral by 2030 by adding more nuclear and renewables capacity, especially solar.

A new Romanian government led by the National Liberal Party was formed on November 4 after parliament's vote of no confidence against the former Social Democratic government. It reinstated residential customers' priority access to gas, to which the European Commission responded by opening infringement proceedings regarding the country's export ban.

Business Performance

E.ON's operating business delivered a positive performance in 2019. Sales of €41.5 billion were €11.4 billion above the prior-year figure. The increase resulted largely from the takeover of the innogy Group in September 2019.

Adjusted EBIT for the E.ON Group of €3.2 billion was €0.2 billion above the prior-year level and likewise above the range of €2.9 to €3.1 billion forecast in the 2018 Annual Report. This is principally attributable to the closing of the innogy transaction. Additional earnings streams from the innogy Group were partially offset by the absence of the Renewables segment's businesses that were transferred to RWE. Adjusted net income of €1.5 billion was at the prior-year level and thus within the range of €1.4 to €1.6 billion forecast in the 2018 Annual Report. Earnings per share, which are based on adjusted net income, amounted to €0.67 in the reporting period (prior year: €0.69). In addition, adjusted EBIT and adjusted net income were both within the forecast ranges that were adjusted in November 2019 owing to changes in E.ON's setup.

In addition, our objective was to record a cash-conversion rate of at least 80 percent. Cash-conversion rate is equal to operating cash flow before interest and taxes (€4.4 billion) divided by adjusted EBITDA (€5.6 billion). Our cash-conversion rate was therefore roughly 80 percent. Our ROCE was 8.4 percent, within our forecast range of 8 to 10 percent.

Investments of €5.5 billion were considerably above the prior-year figure of €3.5 billion and the €3.7 billion forecast for 2019 in the E.ON 2018 Annual Report. The deviation is likewise attributable to the innogy transaction. Additional investments resulted primarily from the acquisition of innogy SE stock and from the innogy Group since the closing of its takeover by E.ON. By contrast, investments at the Renewables segment declined because substantially all of it was transferred to RWE. In November 2019 E.ON adjusted its investment forecast to €6 billion. This figure was not achieved especially because certain payments for the acquisition of additional shares in subsidiaries had to be recorded in cash provided by financing activities.

Cash provided by operating activities of continuing and discontinued operations of €3 billion was at the prior-year level.

Acquisitions, Disposals, and Discontinued Operations in 2019

In 2019 E.ON executed the following significant transactions and made the following reclassifications pursuant to IFRS 5. Note 4 to the Consolidated Financial Statements contains detailed information about them:

- Closure of the innogy takeover
- Transfer of substantially all of the renewables business and two of PreussenElektra's minority stakes to RWE
- Transfer of PEG Infrastruktur AG ("PEGI"), the parent company of Nord Stream AG, into E.ON's Contractual Trust Arrangement ("CTA")
- Reclassification of innogy's sales business in the Czech Republic as a discontinued operation
- Reclassification of Tiszántúli Áramhálózati Zrt. as a disposal group.

Cash provided by investing activities of continuing operations includes cash-effective disposal proceeds totaling €256 million in 2019 (prior year: €4,306 million).

Earnings Situation

Sales

E.ON recorded sales of €41.5 billion in 2019, about €11.4 billion more than the prior-year figure. The increase is primarily attributable to the acquisition of the innogy Group in September 2019. In addition, the IFRS Interpretations Committee ("IFRS IC") clarified the accounting treatment of commodity futures transactions that are settled with physical delivery, that cannot be classified as own-use contracts pursuant to IFRS 9, and that are accounted for as derivatives (failed-own-use contracts). E.ON has applied this change in accounting methods from the start of the 2019 financial year and adjusted the prior-year figures accordingly. The adjustment's effects include volatility in reported sales (for more information, see Note 2 to the Consolidated Financial Statements).

Energy Networks' sales were at the prior-year level. Customer Solutions' sales increased by €1.3 billion. Higher power and gas sales volume in Germany was the primary factor. Sales also rose principally because of higher sales prices and sales volume in Italy, the Czech Republic, and Hungary.

Substantially all of the Renewables segment was transferred to RWE in September 2019 as part of the innogy transaction. Consequently, its sales declined by about €0.2 billion year on year to €1.6 billion.

Sales at Non-Core Business declined significantly to €1.2 billion owing to the expiration of supply contracts and the transfer of minority stakes in nuclear power stations to RWE.

Sales[1, 2]

	Fourth quarter			Full year		
€ in millions	2019	2018	+/- %	2019	2018	+/- %
Energy Networks	2,314	2,355	-2	8,870	8,769	+1
Customer Solutions	6,591	6,286	+5	23,279	21,987	+6
innogy	9,528	–	–	10,444	–	–
Renewables	293	541	-46	1,596	1,754	-9
Non-Core Business	307	411	-25	1,174	1,370	-14
Corporate Functions/Other	178	144	+24	622	644	-3
Consolidation	-1,238	-1,169	-6	-4,501	-4,440	-1
E.ON Group	**17,973**	**8,568**	**+110**	**41,484**	**30,084**	**+38**

[1]Includes the discontinued operations in the Renewables segment until September 18, 2019. Sales from continuing operations amounted to €41 billion in 2019 (prior year: €29.4 billion).
[2]Includes effects resulting from failed-own-use contracts; we adjusted the prior-year quarters accordingly (see Note 2 to the Consolidated Financial Statements).

Other Line Items from the Consolidated Statements of Income

Own work capitalized of €487 million (prior year: €394 million) mainly reflected the capitalization of work in IT projects and network investments. The increase is mainly attributable to the inclusion of innogy.

The aforementioned failed-own-use contracts also affect cost of materials as well as other operating income and expenses. See Note 2 to the Consolidated Financial Statements for more information.

Other operating income rose by €315 million, from €5,334 million to €5,649 million. The increase resulted mainly from higher income from the termination, as part of the initial innogy purchase-price allocation, of own-use contracts of €755 million recorded as liabilities. By contrast, the sale of equity interests and securities declined by €456 million to €612 million. In 2019 this includes €390 million from the sale of PEG Infrastruktur AG, the parent company of Nord Stream AG. Income from the sale of equity interests of €42 million was lower than in the prior year (€91 million).

Costs of materials of €32,126 million were significantly above the prior-year level of €22,635 million. The increase is principally attributable to the acquisition of the innogy Group.

Personnel costs of €4,101 million were €1,641 million above the figure of €2,460 million. The innogy takeover is the main reason for the increase. This also resulted in higher expenditures for staff restructuring.

Depreciation charges rose year on year, from €1,575 million to €2,502 million. The change mainly reflects the inclusion of innogy for the first time. The increase is also attributable to initial application of IFRS 16 and the resulting depreciation of right-of-use assets. In the year under review, E.ON recorded impairment charges in particular at Energy Networks in Germany for decommissioning costs of a gas storage facility and at Customer Solutions in the United Kingdom.

Other operating expenses increased by 54 percent, from €4,786 million to €7,355 million. In particular, expenditures relating to derivative financial instruments rose substantially, from €866 million to €2,270 million. Expenditures relating to currency-translation effects amounted to €1,775 million (prior year: €1,626 million). Other operating expenses also include expenditures of €725 million resulting from the termination, as part of the initial innogy purchase-price allocation, of own-use contracts recorded as liabilities.

Income from companies accounted for under the equity method of €421 million was considerably above the prior-year figure of €269 million. Equity income from the stake in Enerjisa Üretim Santralleri A.Ş. was €91 million above the prior-year level. Income also rose through the inclusion of innogy's equity interests for the first time.

Adjusted EBIT

In 2019 adjusted EBIT in our core business surpassed the prior-year figure by €262 million.

Energy Networks' adjusted EBIT of €1,888 million was at the prior-year level. An increase in adjusted EBIT in Germany and Sweden was partially offset by a decrease in East-Central Europe/Turkey.

Adjusted EBIT at Customer Solutions decreased significantly (-€100 million), particularly because of the new regulatory price caps and a smaller customer base in the United Kingdom.

The innogy segment recorded adjusted EBIT of €421 million from September 18 to December 31, 2019. These earnings are principally attributable to innogy's network business, primarily in Germany.

As already described, substantially all of the Renewables segment was transferred to RWE in September 2019. Consequently, its adjusted EBIT declined by €174 million year on year.

The E.ON Group's adjusted EBIT was €246 million above the prior-year figure. Its core business was characterized by the aforementioned items. Non-Core Business's adjusted EBIT declined slightly. PreussenElektra was adversely affected by higher depreciation charges, the transfer of minority stakes in nuclear power stations to RWE, and longer plant downtimes. These factors were largely offset by higher earnings from the generation business in Turkey.

Adjusted EBIT

€ in millions	Fourth quarter 2019	Fourth quarter 2018	Fourth quarter +/- %	Full year 2019	Full year 2018	Full year +/- %
Energy Networks	463	372	+24	1,888	1,844	+2
Customer Solutions	89	53	+68	313	413	-24
innogy	417	–	–	421	–	–
Renewables	19	238	-92	347	521	-33
Corporate Functions/Other	–	-73	–	-107	-153	–
Consolidation	-1	-21	–	7	-18	–
Adjusted EBIT from core business	**987**	**569**	**+73**	**2,869**	**2,607**	**+10**
Non-Core Business	40	68	-41	366	382	-4
Adjusted EBIT	**1,027**	**637**	**+61**	**3,235**	**2,989**	**+8**

E.ON generates a large portion of its adjusted EBIT in very stable businesses. Regulated, quasi-regulated, and long-term contracted businesses accounted for the overwhelming proportion of our adjusted EBIT in 2019.

Our regulated business consists of operations in which revenues are largely set by law and based on costs. The earnings on these revenues are therefore extremely stable and predictable.

Our quasi-regulated and long-term contracted business consists of operations in which earnings have a high degree of predictability because key determinants (price and/or volume) are largely set for the medium to long term. Examples include the operation of industrial customer solutions with long-term supply agreements and the operation of heating networks.

Our merchant activities are all those that cannot be subsumed under either of the other two categories.

Net Income/Loss

In 2019 E.ON recorded net income attributable to shareholders of E.ON SE of €1.6 billion and corresponding earnings per share of €0.68. In the prior year E.ON recorded net income of €3.2 billion and earnings per share of €1.49.

Pursuant to IFRS 5, income/loss from discontinued operations, net, is reported separately in the Consolidated Statements of Income and, for 2019 and the prior year, 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 E.ON's stake to 20 percent. Deconsolidation resulted in income of €0.8 billion. Earnings from innogy's sales business in the Czech Republic are reported under this item as well.

E.ON's tax expense was €53 million (prior year: €46 million). E.ON's tax rate in 2019 was 7 percent (prior year: 1 percent). In particular, the release of tax provisions and liabilities for prior years led to a lower tax rate in the year under review and in 2018. In addition, higher tax-free income and/or income not subject to tax exposure reduced the tax rate in 2018.

The improvement in financial results relative to the prior year mainly reflects positive earnings effects from the marking to market of securities, which were partially offset by negative valuation effects relating to non-current provisions. Financial results also include a positive effect of €142 million resulting from the difference between the nominal and fair value of bonds issued by innogy and innogy Finance B.V.

Net book gains in the 2019 financial year declined significantly. They consist primarily of effects resulting from the deconsolidation of PEGI, the parent company of Nord Stream. The prior-year figure included book gains on the disposal of E.ON's 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 and in 2019 consisted primarily of expenditures in conjunction with the acquisition of innogy. They also include expenditures for the restructuring measures instigated in Germany and, from the date of the acquisition's closing, at npower, innogy's U.K. sales business.

A non-operating effect of -€707 million resulted from derivative financial instruments in the 2019 financial year (prior year: +€610 million). Negative items in 2019 resulted primarily from hedging against price fluctuations, in particular at Customer Solutions, and from the marking to market of derivatives at the innogy segment. The figure for 2018 was mainly attributable to derivative financial instruments in conjunction with contractual rights and obligations relating to the sale of E.ON's Uniper stake. In addition, non-operating earnings includes, in the line item "Effects from derivative financial instruments," all effects resulting from failed-own-use contracts (for more information, see Note 2 to the Consolidated Financial Statements).

Net Income/Loss

	Fourth quarter		Full year	
€ in millions	2019	2018	2019	2018
Net income/loss	163	369	1,808	3,524
Attributable to shareholders of E.ON SE	*126*	*303*	*1,566*	*3,223*
Attributable to non-controlling interests	*37*	*66*	*242*	*301*
Income/Loss from discontinued operations, net	26	-116	-1,064	-286
Income/Loss from continuing operations	**189**	**253**	**744**	**3,238**
Income taxes	-306	-152	53	46
Financial results	32	215	554	669
Income/Loss from continuing operations before financial results and income taxes	**-85**	**316**	**1,351**	**3,953**
Income/Loss from equity investments	-3	-24	58	44
EBIT	**-88**	**292**	**1,409**	**3,997**
Non-operating adjustments	**1,115**	**110**	**1,526**	**-1,521**
Net book gains (-)/losses (+)	*-398*	*2*	*-366*	*-857*
Restructuring expenses	*640*	*12*	*819*	*64*
Effects from derivative financial instruments	*633*	*295*	*707*	*-610*
Impairments (+)/Reversals (-)	*273*	*61*	*275*	*61*
Carryforward of hidden reserves (-) and liabilities (+) from the innogy transaction	*113*	*–*	*252*	*–*
Other non-operating earnings	*-146*	*-260*	*-161*	*-179*
Reclassified businesses of Renewables[1] (adjusted EBIT)	–	235	300	513
Adjusted EBIT	**1,027**	**637**	**3,235**	**2,989**
Impairments (+)/Reversals (-)	64	27	66	45
Scheduled depreciation and amortization	725	414	1,986	1,475
Reclassified businesses of Renewables[1] (scheduled depreciation and amortization, impairment charges and reversals)	–	87	271	331
Adjusted EBITDA	**1,816**	**1,165**	**5,558**	**4,840**

[1]Deconsolidated effective September 18, 2019.

In 2019 E.ON recorded impairment charges in particular at Customer Solutions in the United Kingdom, Energy Networks in Germany, and innogy. In the prior year E.ON recorded impairment charges primarily at Customer Solutions in the United Kingdom and E.ON Business Solutions.

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 financial assets at the innogy segment are disclosed separately. The latter will be balanced out in subsequent reporting periods.

Other non-operating earnings were at the prior-year level. In 2019 they include, among other items, the positive effect of realized income from hedging transactions for certain currency risks.

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, adjusted net income includes the earnings (adjusted to exclude non-operating effects) of the discontinued operations at Renewables, which were deconsolidated effective September 18, 2019, as if their disclosure and valuation had not been reclassified pursuant to IFRS 5. Pages 15 and 17 of the Combined Group Management Report and Notes 4 and 34 to the Consolidated Financial Statements contain more information.

Adjusted Net Income

	Fourth quarter		Full year	
€ in millions	2019	2018	2019	2018
Income/Loss from continuing operations before financial results and income taxes	**-85**	**316**	**1,351**	**3,953**
Income/Loss from equity investments	-3	-24	58	44
EBIT	**-88**	**292**	**1,409**	**3,997**
Non-operating adjustments	1,115	110	1,526	-1,521
Reclassified businesses of Renewables[1] (adjusted EBIT)	–	235	300	513
Adjusted EBIT	**1,027**	**637**	**3,235**	**2,989**
Net interest income/loss	-29	-191	-612	-713
Non-operating interest expense (+)/income (-)	-264	53	-66	174
Reclassified businesses of Renewables[1] (operating interest expense (+)/income (-))	–	-36	-123	-135
Operating earnings before taxes	**734**	**463**	**2,434**	**2,315**
Taxes on operating earnings	-206	-126	-586	-544
Operating earnings attributable to non-controlling interests	-169	-54	-316	-221
Reclassified businesses of Renewables[1] (taxes and minority interests on operating earnings)	1	14	4	-45
Adjusted net income	**360**	**297**	**1,536**	**1,505**

[1]Deconsolidated as of September 18, 2019.

Financial Situation

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

Finance Strategy

Our finance strategy focuses on E.ON's capital structure. Ensuring that E.ON has unrestricted access to capital markets is at the forefront of this strategy.

With our target capital structure we aim to sustainably secure a strong BBB/Baa rating.

We manage E.ON's capital structure using debt factor, which is equal to economic net debt divided by adjusted EBITDA; it is therefore a dynamic debt metric. Economic net debt includes not only financial liabilities but also provisions for pensions and asset-retirement obligations. In addition, at year-end 2018 it included the reclassified operations at Renewables that were deconsolidated effective September 18, 2019, and the obligations in conjunction with PreussenElektra's divested minority stakes.

The low interest-rate environment continued. In some cases this led to negative real interest rates on asset-retirement obligations. As in prior years, provisions therefore exceeded the actual amount of asset-retirement obligations at year-end 2019 without factoring in discounting and cost-escalation effects. This limits the relevance of economic net debt as a key figure. We want economic net debt to serve as a useful key figure that aptly depicts E.ON's debt situation. In the case of material provisions affected by negative real interest rates, we have therefore used the aforementioned actual amount of the obligations instead of the balance-sheet figure to calculate economic net debt since year-end 2016.

Pursuant to IFRS valuation 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 purchase-price allocation yielded a difference between the nominal value and the fair value, which results in additional liabilities of €2.5 billion at year-end 2019. 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 economic net debt, we continue to use the nominal amount of financial liabilities, which deviates from the figure shown in E.ON's balance sheets.

E.ON aims to reduce the debt factor to around 5 over the medium term.

E.ON's debt factor at year-end 2019 of 7.1 was above our medium-term target of below 4. The informational value of this key figure at year-end 2019 is very limited, however, because following the closing of the innogy takeover it contains all of the relevant items of innogy's debt but only a portion of its adjusted EBITDA, namely from the closure of the takeover to year-end 2019.

Economic Net Debt

Compared with the figure recorded at December 31, 2018 (€16.6 billion), E.ON's economic net debt increased by €22.8 billion to €39.4 billion.

Economic net debt at the balance-sheet date mainly reflects special items. Debt rose in particular owing to the initial consolidation of innogy operations. 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, the figure at the balance-sheet date includes cash-effective items relating to the innogy transaction (see pages 31 and 32 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.

Economic net debt in the year under review was also affected by the initial application of IFRS 16 (see the section entitled Special Events in the Reporting Period on page 17). 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.

Economic Net Debt

€ in millions	December 31, 2019	2018
Liquid funds	3,602	5,423
Non-current securities	2,353	2,295
Financial liabilities[1]	-29,482	-10,721
FX hedging adjustment	167	-28
Net financial position	**-23,360**	**-3,031**
Provisions for pensions	-7,201	-3,261
Asset-retirement obligations[2]	-8,869	-10,288
Economic net debt	**-39,430**	**-16,580**
Adjusted EBITDA	5,558	4,840
Debt factor	**7.1**	**3.4**

[1]Bonds issued by innogy are recorded at their nominal value. The figure shown in the Consolidated Balance Sheets is €2.5 billion higher.
[2]This figure is not the same as the asset-retirement obligations shown in the Consolidated Balance Sheet from continuing and discontinued operations (€10,571 million at December 31, 2019; €11,889 million at December 31, 2018). This is because we calculate economic net debt in part based on the actual amount of the obligations.

Reconciliation of Economic Net Debt

€ in millions	December 31 2019	2018
Economic net debt	**-39,430**	**-16,580**
Reclassified businesses of Renewables and PreussenElektra[1]	–	1,961
Economic net debt (continuing operations)	**-39,430**	**-14,619**

[1]Deconsolidated effective September 18, 2019.

Funding Policy and Initiatives

The key objective of our funding policy is for E.ON to have access to a variety of financing sources at all times. We achieve this objective by using different markets and debt instruments to maximize the diversity of our investor base. E.ON issues bonds with tenors that give its debt portfolio a balanced maturity profile. Moreover, large-volume benchmark issues may in some cases be combined with smaller issues, private placements, and/or promissory notes. Furthermore, in 2019 E.ON for the first time issued Green Bonds and, going forward, intends to continue issuing a portion of its bonds as Green Bonds. External funding is generally carried out by E.ON SE, and the funds are subsequently on-lent in the Group. In the past, external funding was also carried out by our Dutch finance subsidiary, E.ON International Finance B.V. ("EIF"), under guarantee of E.ON SE and by innogy SE and innogy Finance B.V. under guarantee of innogy SE. In 2019 E.ON paid back in full maturities of €1.1 billion. E.ON issued new debt totaling €4 billion.

Financial Liabilities

€ in billions	December 31 2019	2018
Bonds[1]	24.6	9.0
EUR	*15.6*	*4.0*
GBP	*7.6*	*3.8*
USD	*0.9*	*0.9*
JPY	*0.3*	*0.2*
Other currencies	*0.2*	*0.1*
Promissory notes	0.0	0.1
Commercial paper	0.1	0.0
Other liabilities	4.8	1.6
Total	**29.5**	**10.7**

[1]Includes private placements.

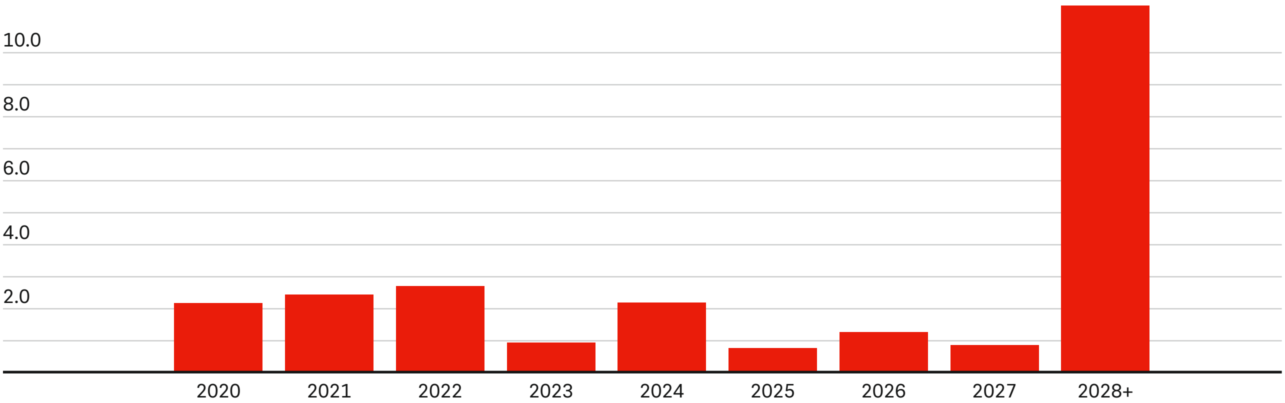
With the exception of a U.S.-dollar-denominated bond issued in 2008, all of E.ON SE and EIF's currently outstanding bonds were issued under a Debt Issuance Program ("DIP"). Similarly, innogy and innogy Finance B.V. bonds were issued under the innogy Group's DIP. A DIP simplifies a company's ability to issue debt to investors in public and private placements in flexible time frames. E.ON SE's DIP was last updated in March 2019 with a total volume of €35 billion, of which about €11.8 billion was utilized at year-end 2019. E.ON SE intends to renew the DIP in 2020.

In addition to its DIP, E.ON has a €10 billion European Commercial Paper ("CP") program and a $10 billion U.S. CP program under which it can issue short-term notes. At year-end 2019 E.ON had €50 million of CP outstanding (prior year: €0).

E.ON also has access to a five-year, €3.5 billion syndicated credit facility, which was concluded on October 24, 2019, and which includes two options to extend the facility, in each case for one year. The facility replaced two previously existing syndicated credit facilities: E.ON SE's €2.75 billion facility and innogy SE's

Maturity Profile of Bonds Issued by E.ON SE, E.ON International Finance B.V., innogy SE, and innogy Finance B.V.

€ in billions — At December 31, 2019



€2 billion facility. The credit margin is linked in part to the development of certain ESG ratings, which gives E.ON financial incentives to pursue a sustainable corporate strategy. The ESG ratings are set by three renowned agencies: ISS ESG, MSCI ESG Research, and Sustainalytics. The facility serves as a reliable, ongoing general liquidity reserve for the E.ON Group and can be drawn on as needed. The credit facility is made available by 21 banks which constitute E.ON's core group of banks.

In conjunction with the acquisition of innogy SE, on April 6, 2018, E.ON originally secured a €5 billion acquisition facility, but in August 2018 partially cancelled the facility down to €1.75 billion. This credit facility is undrawn and remains available to the Group.

Alongside financial liabilities, E.ON has, in the course of its business operations, entered into contingencies and other financial obligations. These include, in particular, guarantees, obligations from legal disputes and damage claims, as well as current and non-current contractual, legal, and other obligations. Notes 26, 27, and 31 to the Consolidated Financial Statements contain more information about E.ON's bonds as well as liabilities, contingencies, and other commitments.

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. In both cases the ratings were based on the expectation that, over the near to 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.

E.ON SE Ratings

	Long term	Short term	Outlook
Moody's	Baa2	P-2	Stable
Standard & Poor's	BBB	A-2	Stable

E.ON will continue to take into account the trust of rating agencies, investors, and banks by means of a clear strategy and transparent communications and therefore holds events that include an annual informational meeting for its core group of banks.

Investments

In 2019 investments in our core business and in the E.ON Group as a whole were significantly above the prior-year level. E.ON invested about €3.8 billion in property, plant, and equipment and intangible assets (prior year: €3 billion). Share investments totaled €1.7 billion versus €0.5 billion in the prior year.

Investments

€ in millions	2019	2018	+/- %
Energy Networks	1,655	1,597	+4
Customer Solutions	724	637	+14
innogy	878	–	–
Renewables	722	1,037	-30
Corporate Functions/Other	1,305	86	–
Consolidation	1	-3	–
Investments in core business	**5,285**	**3,354**	**+58**
Non-Core Business	207	169	+23
E.ON Group investments	**5,492**	**3,523**	**+56**

Energy Networks' investments were €58 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 2018, 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 €87 million more than in the prior year. The increase resulted in part from the acquisition of Coromatic in Sweden. The aforementioned reassignment of investment projects in the Czech Republic was an additional reason for the increase in investments relative to the prior year. By contrast, investments in the United Kingdom declined, primarily because of lower investments in smart meters.

The innogy segment's investments totaled €878 million from September 18 to December 31, 2019. The biggest share of these funds went toward the expansion and upgrade of network infrastructure in Germany. Alongside maintenance, the focus was on the connection of distributed generating facilities and network expansion in conjunction with the energy transition.

Investments at Renewables were €442 million below the prior-year figure. The reason is the departure of those of this segment's businesses that were transferred effective September 18, 2019, as part of the transaction with RWE.

Corporate Functions/Other's investment rose significantly, in particular because of the innogy transaction. The 2019 figure primarily reflects expenditures for the completion of the public takeover offer and the acquisition of innogy stock on-market.

Investments at Non-Core Business were €38 million above the prior-year level. The 2019 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 is accounted for using the equity method.

Cash Flow

Cash provided by operating activities of continuing and discontinued operations before interest and taxes of €4.4 billion was €0.3 billion above the prior-year figure. Negative working capital the 2019 financial year was more than offset by the inclusion of innogy for the first time. By contrast, cash provided by operating activities of continuing and discontinued operations was only slightly below the prior-year figure due to higher interest and tax payments.

Cash provided by investing activities of continuing and discontinued operations totaled -€5.8 billion versus +€1 billion in the prior year. The sale of the remaining stake in Uniper SE in the prior year was the main reason, accounting for €3.8 billion of the change. In particular, the acquisition of innogy stock reduced cash provided by investing activities in 2019. The purchase and sale of securities and the change in financial receivables and restricted funds resulted in net cash outflow of €0.6 billion in the 2019 financial year compared with net cash inflow of €0.2 billion in the prior year.

Cash Flow[1]

€ in millions	2019	2018
Operating cash flow	2,965	2,853
Operating cash flow before interest and taxes[2]	4,407	4,087
Cash provided by (used for) investing activities	-5,820	1,011
Cash provided by (used for) financing activities	792	-2,637

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

Cash provided by financing activities of continuing and discontinued operations of +€0.8 billion was €3.4 billion above the prior-year figure of -€2.6 billion. This primarily reflects the repayment of bonds in 2018 and the issuance of bonds in 2019. The increase in the dividend payout from €0.9 billion in 2018 to €1.1 billion in 2019 was a countervailing factor.

Asset Situation

E.ON's asset situation in particular reflects the takeover of innogy operations. Total assets and liabilities of roughly €98.6 billion were €44.2 billion, or 81 percent, above the figure from year-end 2018. Non-current assets of €76.4 billion were €45.6 billion higher than at year-end 2018. The takeover led mainly to an increase in property, plant, and equipment in the amount of €17.8 billion. In addition, E.ON recorded preliminary goodwill of €15.5 billion in conjunction with the innogy takeover.

Current assets declined by €1.3 billion, or 6 percent, from €23.4 billion to around €22.1 billion. This principally reflects the departure of the Renewables segment from assets held for sale, which reduced current assets by €11.3 billion. A €8.9 billion increase in operating receivables and other operating assets had a countervailing effect. This figure includes €6.6 billion in operating receivables and other operating assets taken over from innogy.

E.ON's equity ratio (including non-controlling interests) at year-end 2019 was 13 percent, which is 3 percentage points lower than at year-end 2018.

A capital increase of subscribed capital was conducted in September 2019. Under preponderant utilization of authorized capital, E.ON increased its share capital from €2,201,099,000 to €2,641,318,800 through the issuance of 440,219,800 new registered no-par-value shares against contributions in kind. The €3.5 billion change in capital reserves results from the valuation in connection with the capital increase against contributions in kind of innogy SE stock received in excess of the nominal value of the new E.ON SE stock that was issued (€440,219,800). Equity attributable to E.ON SE shareholders was €9.1 billion at year-end 2019. Equity attributable to non-controlling interests amounted to €4 billion.

Non-current debt almost doubled relative to year-end 2019. As on the asset side, the increase reflects the inclusion of innogy operations. In particular, bonds rose by €17.1 billion, of which about €14.3 billion is attributable to innogy. In addition, the initial consolidation of innogy companies and the reduction in actuarial interest rates let to an increase in provisions for pensions.

Current debt of €26 billion was 70 percent above the figure at year-end 2018. As part of the transaction, E.ON took on innogy debt in the amount of €14.5 billion. This increase was partially offset by the deconsolidation of the Renewables segment's debt of €2.7 billion that had previously been reclassified pursuant to IFRS 5.

Consolidated Assets, Liabilities, and Equity

€ in millions	Dec. 31, 2019	%	Dec. 31, 2018	%
Non-current assets	76,444	78	30,883	57
Current assets	22,122	22	23,441	43
Total assets	**98,566**	**100**	**54,324**	**100**
Equity	13,085	13	8,518	16
Non-current liabilities	59,464	60	30,545	56
Current liabilities	26,017	27	15,261	28
Total equity and liabilities	**98,566**	**100**	**54,324**	**100**

Additional information about E.ON's asset situation is contained in Notes to the Consolidated Financial Statements.

E.ON SE's Earnings, Financial, and Asset Situation

E.ON SE prepares its Financial Statements in accordance with the German Commercial Code, the SE Ordinance (in conjunction with the German Stock Corporation Act), and the Electricity and Gas Supply Act (Energy Industry Act).

Balance Sheet of E.ON SE (Summary)

	December 31,	
€ in millions	2019	2018
Intangible assets and property, plant, and equipment	10	10
Financial assets	45,067	33,241
Non-current assets	**45,077**	**33,251**
Receivables from affiliated companies	5,934	7,472
Other receivables and assets	1,522	1,932
Liquid funds	1,460	3,041
Current assets	**8,916**	**12,445**
Accrued expenses	35	28
Asset surplus after offsetting of benefit obligations	3	–
Total assets	**54,031**	**45,724**
Equity	9,728	9,432
Provisions	1,061	1,480
Bonds	6,000	2,000
Liabilities to affiliated companies	31,040	32,456
Other liabilities	6,195	354
Deferred income	7	2
Total equity and liabilities	**54,031**	**45,724**

Following the clearance issued by the European Commission and the relevant antitrust agencies on September 18, 2019, E.ON's earnings, financial, and asset situation in the 2019 financial year was influenced primarily by the agreement reached between E.ON and RWE on March 12, 2018, to transfer business operations.

The change in financial assets mainly reflects the addition of the 76.8-percent majority stake in innogy SE and its contribution to a subsidiary. The repayment of the procurement costs and the portion of the distribution of net income from E.ON Beteiligungen GmbH that was not recorded in earnings were countervailing factors.

The change in equity results mainly from the capital increase executed in the financial year. Net income in 2019 was lower than in the prior year.

Other liabilities consist primarily of the obligation to RWE relating to the future transfer of innogy's entire renewables business, its entire gas-storage business, and its 37.9-percent stake in Austrian energy utility KELAG.

The issuance of bonds with a total nominal value of €4,000 million and the €1,581 million reduction in liquid funds were the main items affecting the Company's financial situation.

Information on treasury shares can be found in Note 19 to the Consolidated Financial Statements.

Income Statement of E.ON SE (Summary)

€ in millions	2019	2018
Income from equity interests	1,620	1,171
Interest income/loss	-127	-140
Other expenditures and income	-763	-225
Taxes	59	247
Net income	**789**	**1,053**
Profit carryforward from the prior year	121	–
Net income transferred to retained earnings	300	–
Net income available for distribution	**1,210**	**1,053**

E.ON SE is the parent company of the E.ON Group. As such, its earnings situation is affected by income from equity interests. The increase in income from equity interests reflects, in particular, the in-phase distribution of net income from E.ON Beteiligungen GmbH, of which €664 million was recorded in earnings, and profit transfers of €979 million from E.ON Beteiligungen GmbH and of €210 million from E.ON Energie AG. Income from equity interests was adversely affected primarily by expenditures from loss transfers of €241 million.

The change in the negative figure recorded under other expenditures and income results predominantly from the transfer of E.ON's renewables business and two minority stakes in nuclear power stations to RWE. In addition, this figure contains personnel expenditures of €183 million, expenditures of €160 million for consulting and auditing services, and expenditures of €156 million for third-party services. The prior-year figure benefited from income of €271 million from a necessary adjustment for certain environmental remediation obligations of predecessor entities.

In the year under review, on balance the Company's income taxes yielded tax income of €59 million, which encompasses the year under review as well as prior years. Applying the minimum tax rate resulted in corporate taxes of €69 million, a solidarity surcharge of €4 million, and trade taxes of €33 million in 2019. For previous years the Company recorded tax income of €165 million.

At the Annual Shareholders Meeting in 2020, management will propose that net income available for distribution be used to pay a dividend of €0.46 per ordinary share and the remaining amount of €10 million to be brought forward as retained earnings. Management's proposal for the use of net income available for distribution is based on the number of ordinary shares on March 23, 2020, the date the Financial Statements of E.ON SE were prepared.

Pending the Supervisory Board's approval, the E.ON SE Management Board has decided on a dividend policy that foresees annual growth in the dividend per share of up to 5 percent through the dividend for the 2022 financial year. E.ON will aim for an annual increase in dividend per share after this as well.

The complete Financial Statements of E.ON SE, with an unqualified opinion issued by the auditor, PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf, will be announced in the *Bundesanzeiger*. Copies are available on request from E.ON SE and at www.eon.com.

Other Financial and Non-Financial Performance Indicators

Analyzing Value Creation

ROCE is a pretax total return on capital and is defined as the ratio of adjusted EBIT to annual average capital employed. In the 2020 financial year, ROCE is no longer one of E.ON's most important key performance indicators (see pages 17 and 18).

Annual average capital employed represents the interest-bearing capital invested in E.ON's operating business. It is calculated by subtracting non-interest-bearing available capital from non-current and current operating assets. Depreciable non-current assets are included at their book value. Goodwill from acquisitions is included at acquisition cost, as long as this reflects its fair value. In order to better depict intraperiod fluctuations in average capital employed, annual average capital employed is calculated as the arithmetic average of the amounts at the beginning of the year and the end of the year.

Changes to E.ON's portfolio during the course of the year are factored into average capital employed. Consequently, the innogy Group's assets and debt relevant for capital employed were included effective the end of September 2019. The components of capital employed attributable to the discontinued operations at Renewables transferred to RWE were included until the end of September 2019 (footnote 4 of the ROCE table below contains more information).

Annual average capital employed does not include the marking to market of other share investments and derivatives. The purpose of excluding these items is to provide us with a more consistent picture of E.ON's ROCE performance.

ROCE Performance in 2019

ROCE decreased from 10.4 percent in 2018 to 8.4 percent in 2019 owing mainly to the increase in capital employed. The primary reasons are the inclusion of the innogy Group's assets (including preliminary goodwill from the purchase-price allocation) and debt for the first time and the inclusion of right-of-use assets from the start of 2019 due to the initial application of IFRS 16 *Leases*.

The table below shows the E.ON Group's ROCE and its derivation.

ROCE

€ in millions	2019	2018
Property, plant, and equipment, right-of-use assets, intangible assets, and goodwill[1]	60,590	30,915
Shares in affiliated and associated companies and other share investments	6,962	4,263
Non-current assets	**67,552**	**35,178**
Inventories	1,252	710
Other non-interest-bearing assets/liabilities, including deferred income and deferred tax assets[2]	-2,455	-4,862
Current assets	**-1,203**	**-4,152**
Non-interest-bearing provisions[3]	-3,557	-1,655
Capital employed in continuing and discontinued operations[4]	**62,792**	**29,371**
Annual average capital employed in continuing and discontinued operations[4]	38,726	28,811
Adjusted EBIT[5]	**3,235**	**2,989**
ROCE[6]	**8.4%**	**10.4%**

[1]Includes preliminary goodwill from the innogy purchase-price allocation.
[2]Examples of other non-interest-bearing assets/liabilities include income tax receivables and liabilities.
[3]Non-interest-bearing provisions include current provisions, such as those relating to sales and procurement market obligations. In particular, they do not include provisions for pensions or nuclear-waste management.
[4]As a rule, weighted capital employed is the arithmetical average of capital employed at the beginning and the end of the year. To adequately portray the innogy takeover in September 2019, capital employed in 2019 was weighted on the basis of a number of month-end figures. This calculation reflected the following parameters:
a) Capital employed of continuing operations at December 31, 2018: €29.4 billion (includes the discontinued operations at Renewables).
b) Capital employed of continuing operations at June 30, 2019, projected to September 30, 2019, on the basis of net investments and depreciation charges: €32.4 billion (includes the discontinued operations at Renewables).
c) Capital employed of continuing operations at September 30, 2019: €61.7 billion (includes innogy and excludes the discontinued operations at Renewables).
d) Capital employed of continuing operations at December 31, 2019: €62.8 billion (includes innogy and excludes the businesses transferred to RWE).
75 percent of the average of parameters a) and b) is factored into average capital employed, as is 25 percent of the mean of parameters c) and d).
[5]Adjusted for non-operating effects; for purposes of internal management control, adjusted EBIT includes the adjusted EBIT from the operations at Renewables classified as discontinued operations and deconsolidated in September 2019.
[6]ROCE = adjusted EBIT divided by average capital employed.

Employees

People Strategy

The year 2019 was characterized predominantly by the preparations for innogy's full integration into the E.ON Group. Accomplishing the integration of innogy's roughly 36,500 employees is of decisive importance for the transaction's success. Consequently, HR integration was one of the E.ON HR division's most important topics in 2019.

In 2019 we also focused our people strategy on supporting and shaping digital change. Our focus areas are digital culture and leadership, capabilities of the future, adaptation of HR processes and products, and employee development. We intend to work with our business units to shape the digital transformation through a number of Group-wide and unit-level projects.

In addition, we updated grow@E.ON, our Group-wide competency model for the professional and personal development of our employees and leaders, and E.ON's employee value proposition. We also adjusted them to reflect the changes brought about by the integration of innogy.

Diversity

Going forward, diversity will remain a key element of E.ON's competitiveness. Diversity and an appreciative corporate culture promote creativity and innovation. This is a central aspect of the E.ON vision as well. E.ON brings together a diverse team of people who differ by nationality, age, gender, religion, sexual orientation and identity, and/or cultural and social background. We foster and utilize diversity in specific ways and create an inclusive work environment. This is important for our success. Studies show that heterogeneous teams outperform homogenous ones. Diversity is equally crucial in view of demographic trends. Going forward, only those companies that embrace diversity will be able to remain attractive employers and be less affected by the shortage of skilled workers. In addition, a diverse workforce enables us to do an even better job of meeting our customers' specific needs and requirements. As far back as 2006 we issued a Group Policy on Equal Opportunity and Diversity. In late 2016 E.ON along with the SE Works Council of E.ON SE renewed this commitment to diversity.

In April 2018 the E.ON Management Board, the German Group Works Council, and the Group representation for severely disabled persons signed the Shared Understanding of Implementing Inclusion at E.ON, creating a strong foundation for integrating people with disabilities into our organization.

In 2008 E.ON publicly affirmed its commitment to fairness and respect by signing the German Diversity Charter, which now has about 2,700 signatories. E.ON therefore belongs to a large network of companies committed to diversity, tolerance, fairness, and respect.

Our approach to promoting diversity is holistic, encompassing all dimensions of diversity. It ensures equal opportunity for all employees and fosters and harnesses diversity in an individual way.

In 2019 we again implemented numerous measures to promote diversity at E.ON. An important purpose of these measures is to foster the career development of female managers. We set new, ambitious targets to increase the proportion of women in management positions. At the end of the appointment process that was part of the integration of innogy, we increased the proportion of women in management roles that report directly to the E.ON Management Board to 24 percent. By year-end 2026, we want the proportion of women in management positions to be the same—32 percent—as the proportion of women in our overall workforce was at year-end 2018. After the integration of innogy is completed, the specific targets for each unit will be reviewed and, if necessary, adjusted.

Our units have had support mechanisms for female managers in place for a number of years. These mechanisms include mentoring programs for female next-generation managers, coaching, training to prevent unconscious bias, the provision of daycare, and flexible work schedules. Increasing the percentage of women in our internal talent pool is a further prerequisite for raising, over the long term, their percentage in management and top executive positions.

More information about E.ON's compliance with Germany's Law for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector can be found in the Corporate Governance Declaration.

Workforce Figures
At year-end 2019 the E.ON Group had 78,948 employees worldwide, substantially more (+82 percent) than at year-end 2018. E.ON also had 2,563 apprentices and 238 board members and managing directors worldwide.

Employees[1]

Headcount	December 31 2019	2018	+/- %
Energy Networks	20,438	17,896	+14
Customer Solutions	17,669	19,692	-10
innogy	36,537	–	–
Renewables	12	1,374	-99
Corporate Functions/Other[2]	2,414	2,447	-1
Core business	**77,070**	**41,409**	**+86**
Non-Core Business	1,878	1,893	-1
E.ON Group	**78,948**	**43,302**	**+82**

[1]Does not include board members, managing directors, or apprentices.
[2]Includes E.ON Business Services.

The main reason for the substantial increase in our headcount in the year under review was the takeover of innogy.

Energy Networks' headcount increased significantly relative to year-end 2018. This was mainly attributable to the reassignment of employees (primarily in the Czech Republic and Romania) from Customer Solutions to this segment. The filling of vacancies to expand the business (in Germany, predominantly with apprentices who had successfully completed their training) was another factor.

The decline in the number of employees at Customer Solutions mainly reflects the aforementioned reassignment of employees to Energy Networks. Headcount was also reduced by restructuring projects. The acquisition of Coromatic in Sweden had a countervailing effect.

In conjunction with the innogy takeover, nearly all of Renewables' employees were transferred to RWE.

Geographic Profile
At year-end 2019, 40,612 employees, or 51 percent of all employees, were working outside Germany, significantly fewer than the 63 percent at year-end 2018.

Employees by Country[1]

	Headcount		FTE[3]	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Germany	38,336	15,903	36,510	15,400
United Kingdom	14,368	9,502	13,737	9,077
Hungary	8,129	5,244	8,104	5,234
Romania	6,579	6,427	6,410	6,363
Czech Republic	2,930	2,771	2,913	2,758
Netherlands	2,888	–	2,628	–
Sweden	2,286	2,058	2,263	2,027
Poland	2,018	209	2,003	208
Other[2]	1,414	1,188	1,385	1,174
Total	**78,948**	**43,302**	**75,953**	**42,241**

[1]Figures do not include board members, managing directors, or apprentices.
[2]Includes Italy, USA, Denmark, and other countries.
[3]Full-time equivalent.

Gender and Age Profile, Part-Time Staff

At the end of 2019, 33 percent of our employees were women, slightly higher than at the end of 2018 (32 percent).

Proportion of Female Employees

Percentages	2019	2018
Energy Networks	21	21
Customer Solutions	44	43
innogy	34	–
Renewables	31	20
Corporate Functions/Other[1]	47	49
Core business	**33**	**32**
Non-Core Business	13	13
E.ON Group	**33**	**32**

[1]Includes E.ON Business Services.

At year-end 2019 the average E.ON Group employee was about 42 years old and had worked for us for 14 years.

Employees by Age

Percentages at year-end	2019	2018
30 and younger	20	19
31 to 50	50	53
51 and older	30	28

A total of 8,520 employees, or 10 percent of all E.ON Group employees, were on a part-time schedule (prior year: 8 percent). Of these, 6,520, or 77 percent, were women.

The turnover rate resulting from voluntary terminations averaged 4.6 percent across the organization, slightly lower than in the prior year (4.8 percent).

Apprenticeships

E.ON continues to place great emphasis on vocational training for young people. The E.ON Group had 2,456 apprentices and work-study students in Germany at year-end 2019. This represented 6 percent of E.ON's total workforce in Germany, higher than at the end of the prior year (5.4 percent).

E.ON provides vocational training in more than 65 careers and also offers work-study programs in order to meet its own needs for skilled workers and to take targeted action to address the consequences of demographic change. In addition, E.ON offers young people the opportunity to receive training to qualify for an apprenticeship.

Apprentices in Germany

	Headcount		Percentage of workforce	
At year-end	2019	2018	2019	2018
Energy Networks	804	818	8.0	8.4
Customer Solutions	20	24	0.7	0.9
innogy	1,573	–	6.6	–
Renewables	–	–	–	–
Corporate Functions/Other	19	14	0.9	0.7
Core business	**2,416**	**856**	**6.2**	**5.8**
Non-Core Business	40	43	2.1	2.2
E.ON Group	**2,456**	**899**	**6.0**	**5.4**

Forecast Report

Business Environment

Macroeconomic Situation

Current economic and financial policy developments point to a prolonged period of subdued global growth. Due to the ongoing political uncertainty and the resulting downside risks, the global economic downturn will continue. The forecast for global GDP growth for 2020–2021 is again below 3 percent. Substantial uncertainty about the nature of future trade relations between the EU and the United Kingdom, the continued risk of a further escalation of bilateral trade tensions between the United States and China, and tensions in Iran are sources of considerable concern. GDP growth in the euro zone will stagnate, whereas growth in the United States, China, and Japan will actually slow down. The OECD forecasts a slight acceleration in GDP growth only for India and Brazil.

Anticipated Earnings Situation

Forecast Earnings Performance

In line with our corporate strategy as well as the macroeconomic and industry-specific environment, we continue to address the challenges in our operating business. We invest systematically in our energy networks, focusing in particular on innovative digital solutions at all of our network companies. As for customer solutions, we want to become even more cost-efficient and expand our market share.

In 2019 we successfully closed the innogy takeover. Our forecast for the E.ON Group and its segments therefore includes the innogy businesses that E.ON took over as part of a far-reaching transfer of business operations with RWE. From January 1, 2020, onward, innogy's operations will no longer be managed and disclosed as a separate segment but rather integrated into Energy Networks, Customer Solutions, and Corporate Functions/Other. innogy's network businesses will be assigned to Energy Networks. Its power and gas sales along with new customer solutions (such as eMobility services) will be reported at Customer Solutions. Corporate Functions/Other includes innogy's holding functions and internal services. After substantially all of the Renewables segment was transferred to RWE, its remaining businesses will be reported at Energy Networks in Germany, Customer Solutions in the United Kingdom, and Corporate Functions/Other.

Against this backdrop, we expect the E.ON Group's 2020 adjusted EBIT to be between €3.9 and €4.1 billion and its 2020 adjusted net income to be between €1.7 and €1.9 billion, or €0.65 to €0.73 per share (based on an average of 2,607 million shares outstanding). In addition, we expect the E.ON Group to achieve a cash-conversion rate of roughly 95 percent on average for the 2020 to 2022 financial years (without factoring in the expenditures for the decommissioning of nuclear power stations).

Our forecast by segment:

Adjusted EBIT[1]

€ in billions	2020 (forecast)
Energy Networks	3.3 to 3.5
Customer Solutions	0.5 to 0.7
Corporate Functions/Other	roughly -0.4
Non-Core Business	0.3 to 0.5
E.ON Group	**3.9 to 4.1**

[1]Adjusted for non-operating effects.

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 an adverse impact on earnings.

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 will continue to have a negative effect on earnings.

Substantially all of the Renewables segment was transferred to RWE in September 2019. As described, its remaining activities will be assigned to other segments from January 1, 2020, onward. There is therefore no forecast for 2020.

We anticipate that adjusted EBIT at Corporate Functions/Other 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 to be slightly above the prior-year level. We expect PreussenElektra's earnings to reflect, in particular, rising sales prices that will be partially counteracted by expenditures for residual power output rights.

Anticipated Financial Situation

Planned Funding Measures

In addition to planned investments for 2020 and the dividend for 2019, in 2020 E.ON will make payments for bonds that have matured. We also expect to have increased funding needs due to the innogy acquisition. Over the course of the year, these payments will be funded with available liquid funds and debt.

Dividend

Pending the Supervisory Board's approval, the E.ON SE Management Board has decided on a dividend policy that foresees annual growth in the dividend per share of up to 5 percent through the dividend for the 2022 financial year. E.ON will aim for an annual increase in dividend per share after this as well.

Planned Investments

We plan to make cash-effective investments of €4.5 billion in 2020. E.ON will continue its strategy aimed at delivering sustainable growth. Our capital allocation will of course continue to be selective and disciplined.

Cash-Effective Investments: 2020 Plan

	€ in billions	Percentages
Energy Networks	3.2	71
Customer Solutions	0.9	21
Corporate Functions/Other	0.2	3
Non-Core Business	0.2	5
Total	**4.5**	**100**

Energy Networks' investments will consist in particular of numerous individual investments to expand our networks, switching equipment, and metering and control technology as well as other investments to continue to ensure the reliable and uninterrupted transmission and distribution of electricity.

Investments at Customer Solutions will go toward IT, metering and upgrade projects, and integrated energy solutions. We will also invest in our heat business in Sweden, Germany, and the United Kingdom and in solutions for industrial and commercial customers.

Non-Core Business's investments will include investments to acquire residual power output rights. Those at Corporate Functions/Other will encompass investments in Group-wide IT infrastructure.

General Statement of E.ON's Future Development

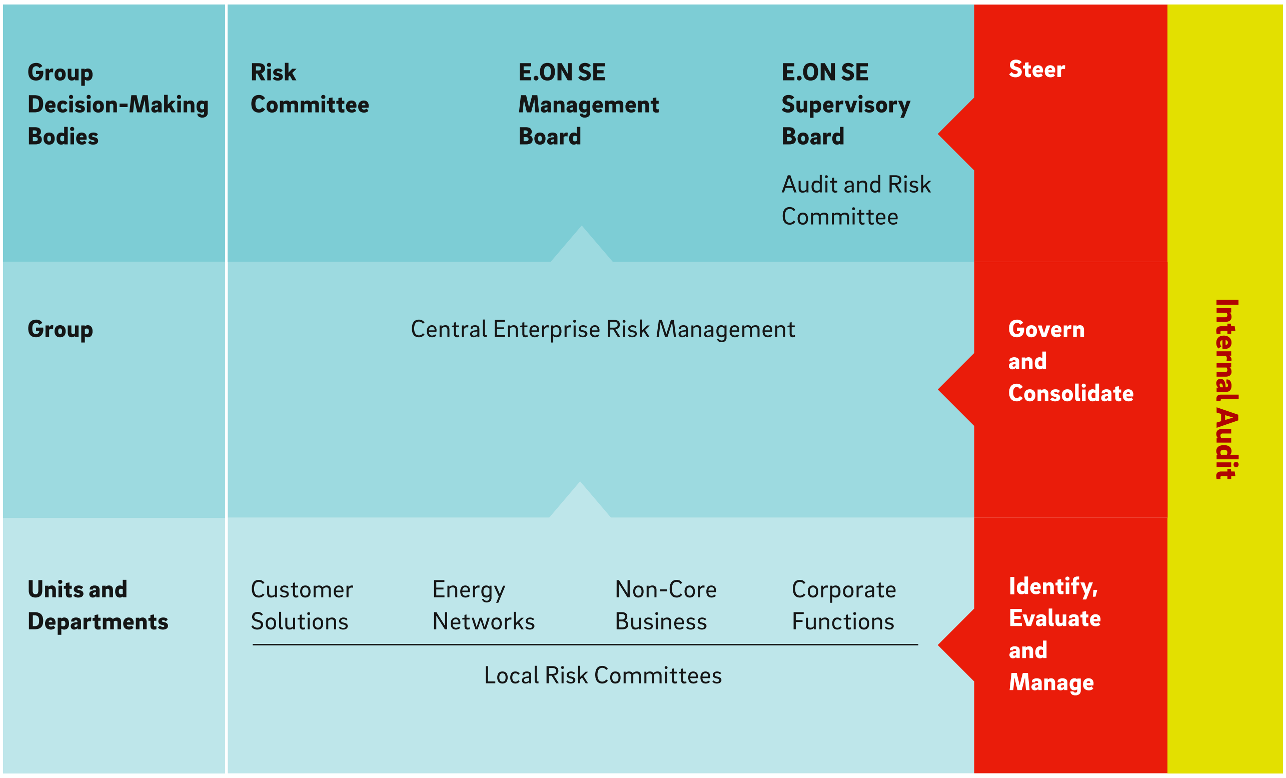
The E.ON Group's new setup, which now includes innogy, will be a dominant feature of the 2020 financial year. The integration of the enlarged E.ON Group is of particular importance. It is the prerequisite for developing the business, creating growth, and leveraging the promised synergies. E.ON will of course duly respect the interests of innogy's remaining minority shareholders.

In addition, there is the matter of restructuring and successfully returning the loss-making U.K. sales business to profitability. Further developing E.ON's IT and digital agenda for efficient and technologically advanced support systems is another task. Furthermore, there is the need for concessions in the network business in Germany to be renewed. The daily work to achieve these objectives and accomplish these tasks will take place amid a challenging business environment characterized by low interest rates, asset sales resulting from the antitrust clearance, and keen competition for networks and customers.

There is currently a high degree of uncertainty regarding the global spread of the coronavirus and the resulting economic repercussions. At present time, this does yet not permit a sufficiently precise estimate of the impact on the forecast for the Company's business development in 2020. That said, the E.ON Group anticipates for 2020 that the coronavirus will have financial impact in all markets in which E.ON is active with correspondingly significant impact on E.ON's key performance indicators. Current analyses of individual markets of the Energy Networks and Customer Solutions segments indicate that volume effects from the demand for electricity and gas will be a critical driver (volume risks). The Customer Solutions segment in particular could also face other market price risks that, driven by volume risks, could possibly impact the procurement of electricity and gas. Furthermore, in a prolonged crisis a reduction in the creditworthiness of customers and business partners could also become a risk in both segments. The short- and long-term effects on adjusted EBIT and other key performance indicators resulting from the spread of the coronavirus cannot currently be estimated and are therefore not included in the forecast.

Risk and Chances Report

Enterprise Risk Management System in the Narrow Sense



Objective

Our Enterprise Risk Management ("ERM") provides the management of all units as well as the E.ON Group with a fair and realistic view of the risks and chances resulting from their planned business activities. It provides:

- meaningful information about risks and chances to the business, thereby enabling the business to derive individual risks/chances as well as aggregate risk profiles within the time horizon of the medium-term plan (three years)
- transparency on risk exposures in compliance with legal requirements including KonTraG, BilMoG, and BilReG.

Our ERM is based on a centralized governance approach which defines standardized processes and tools covering the identification, evaluation, countermeasures, monitoring, and reporting of risks and chances. Overall governance is provided by Group Risk Management on behalf of the E.ON SE Risk Committee.

All risks and chances have an accountable member of the Management Board, have a designated risk owner who remains operationally responsible for managing that risk/chance, and are identified in a dedicated bottom-up process.

Scope

Our risk management system in the broader sense has a total of four components:

- an internal monitoring system
- a management information system
- preventive measures
- the ERM, which is a risk management system in the narrow sense.

The purpose of the internal monitoring system is to ensure the proper functioning of business processes. It consists of organizational preventive measures (such as policies and work instructions) and internal controls and audits (particularly by Internal Audit).

The E.ON internal management information system identifies risks early so that steps can be taken to actively address them. Reporting by the Controlling, Finance, and Accounting departments as well as Internal Audit reports are of particular importance in early risk detection.

General Measures to Limit Risks

We take the following general preventive measures to limit risks.

Managing Legal and Regulatory Risks

We engage in intensive and constructive dialog with government agencies and policymakers in order to manage the risks resulting from the E.ON Group's policy, legal, and regulatory environment. Furthermore, we strive to conduct proper project management so as to identify early and minimize the risks attending our new-build projects.

We attempt to minimize the operational risks of legal proceedings and ongoing planning processes by managing them appropriately and by designing appropriate contracts beforehand.

Managing Operational and IT Risks

To limit operational and IT risks, we continually improve our network management and the optimal dispatch of our assets. At the same time, we are implementing operational and infrastructure improvements that will enhance the reliability of our generation assets and distribution networks, even under extraordinarily adverse conditions. In addition, we have factored the operational and financial effects of environmental risks into our emergency plan. They are part of a catalog of crisis and system-failure scenarios prepared for the Group by our Incident and Crisis Management team.

Our IT systems are maintained and optimized by qualified E.ON Group experts, outside experts, and a wide range of technological security measures. In addition, the E.ON Group has in place a range of technological and organizational measures to counter the risk of unauthorized access to data, the misuse of data, and data loss.

Managing Health, Safety, and Environmental ("HSE"), Human Resources ("HR"), and Other Risks

The following are among the comprehensive measures we take to address such risks (also in conjunction with operational and IT risks):

- systematic employee training, advanced training, and qualification programs for our employees
- further refinement of our production procedures, processes, and technologies
- regular facility and network maintenance and inspection
- company guidelines as well as work and process instructions
- quality management, control, and assurance
- project, environmental, and deterioration management
- crisis-prevention measures and emergency planning.

Should an accident occur despite the measures we take, we have a reasonable level of insurance coverage.

Managing Market Risks

We use a comprehensive sales-management system and intensive customer management to manage margin risks.

In order to limit our exposure to commodity price risks, we conduct systematic risk management. The key elements of our risk management are, in addition to binding Group-wide policies and a Group-wide reporting system, the use of quantitative key figures, the limitation of risks, and the strict separation of functions between departments. Furthermore, we utilize derivative financial instruments that are commonly used in the marketplace. These instruments are transacted with financial institutions, brokers, power exchanges, and third parties whose creditworthiness we monitor on an ongoing basis. Our local sales units and the remaining generation operations have set up local risk management under central governance standards to monitor these underlying commodity risks and to minimize them through hedging.

Managing Strategic Risks

We have comprehensive preventive measures in place to manage potential risks relating to acquisitions and investments. These measures include, in addition to the relevant company guidelines and manuals, comprehensive due diligence, legally binding contracts, a multi-stage approvals process, and shareholding and project controlling. Comprehensive post-acquisition projects also contribute to successful integration.

Managing Finance and Treasury Risks

This category encompasses credit, interest-rate, currency, tax, and asset-management risks and chances. We use systematic risk management to monitor and control our interest-rate and currency risks and manage these risks using derivative and non-derivative financial instruments. Here, E.ON SE plays a central role by aggregating risk positions through intragroup transactions and hedging these risks in the market. Due to E.ON SE's intermediary role, its risk position is largely closed.

We use a Group-wide credit risk management system to systematically assess and monitor the creditworthiness of our business partners on the basis of Group-wide minimum standards. We manage our credit risk by taking appropriate measures, which include obtaining collateral and setting limits. The E.ON Group's Risk Committee is regularly informed about all credit risks. A further component of our risk management is a conservative investment strategy for financial funds and a broadly diversified portfolio.

Note 30 to the Consolidated Financial Statements contains detailed information about the use of derivative financial instruments and hedging transactions. Note 31 describes the general principles of our risk management and applicable risk metrics for quantifying risks relating to commodities, credit, liquidity, interest rates, and currency translation.

Enterprise Risk Management ("ERM")

Our risk management system, which is the basis for the risks and chances described in the next section, encompasses:

- systematic risk and chance identification
- risk and chance analysis and evaluation
- management and monitoring of risks and chances by analyzing and evaluating countermeasures and preventive systems
- documentation and reporting.

As required by law, our ERM's effectiveness is reviewed regularly by Internal Audit. In compliance with the provisions of Section 91, Paragraph 2, of the German Stock Corporation Act relating to the establishment of a risk-monitoring and early warning system, E.ON has a Risk Committee for the E.ON Group and for each of its business units. The Risk Committee's mission is to achieve a comprehensive view of our risk exposure at the Group and unit level and to actively manage risk exposure in line with our risk strategy.

Our ERM applies to all fully consolidated E.ON Group companies and all companies valued at equity whose book value is greater than €50 million. We take an inventory of our risks and chances at each quarterly balance-sheet date.

To promote uniform financial reporting Group-wide, we have in place a central, standardized system that enables effective and automated risk reporting. Company data are systematically collected, transparently processed, and made available for analysis both centrally and decentrally at the units.

Risks and Chances

Methodology

Our IT-based system for reporting risks and chances has the following risk categories:

Risk Category

Risk Category	Examples
Legal and regulatory risks	Policy and legal risks and chances, regulatory risks, risks from public consent processes
Operational and IT risks	IT and process risks and chances, risks and chances relating to the operation of generation assets, networks, and other facilities, new-build risks
HSE, HR, and other	Health, safety, and environmental risks and chances
Market risks	Risks and chances from the development of commodity prices and margins and from changes in market liquidity
Strategic risks	Risks and chances from investments and disposals
Finance and treasury risks	Credit, interest-rate, foreign-currency, tax, and asset-management risks and chances

E.ON uses a multistep process to identify, evaluate, simulate, and classify risks and chances. Risks and chances are generally reported on the basis of objective evaluations. If this is not possible, we use internal estimates by experts. The evaluation measures a risk/chance's financial impact on our current earnings plan while factoring in risk-reducing countermeasures. The evaluation therefore reflects the net risk.

For quantifiable risks and chances, we then evaluate the likelihood of occurrence and the potential loss or damage. In the commodity business, for example, commodity prices can rise or fall. This type of risk is modeled with a normal distribution. Modeling is supported by a Group-wide IT-based system. Extremely unlikely events—those whose likelihood of occurrence is 5 percent or less—are classified as tail events. Tail events are not included in the simulation described below.

This statistical distribution makes it possible for our IT-based risk management system to conduct a Monte Carlo simulation of these risks/chances. This yields an aggregated risk distribution that is quantified as the deviation from our current earnings plan for adjusted EBIT.

We use the 5th and 95th percentiles of this aggregated risk distribution as the worst case and best case, respectively. Statistically, this means that with this risk distribution there is a 90-percent likelihood that the deviation from our current earnings plan for adjusted EBIT will remain within these extremes.

The last step is to assign, in accordance with the 5th and 95th percentiles, the aggregated risk distribution to impact classes—low, moderate, medium, major, and high—according to their quantitative impact on adjusted EBIT. The impact classes are shown in the table below.

Impact Classes

Low	x < €10 million
Moderate	€10 million ≤ x < €50 million
Medium	€50 million ≤ x < €200 million
Major	€200 million ≤ x < €1 billion
High	x ≥ €1 billion

General Risk Situation

The table below shows the average annual aggregated risk position (aggregated risk distribution) across the time horizon of the medium-term plan for all quantifiable risks and chances (excluding tail events) for each risk category based on our most important financial key performance indicator, adjusted EBIT.

Risk Category

Risk category	Worst case (5th percentile)	Best case (95th percentile)
Legal and regulatory risks	Major	Medium
Operational and IT risks	Medium	Low
HSE, HR, and other	Low	Low
Market risks	Major	Medium
Strategic risks	Medium	Low
Finance and treasury risks	Moderate	Medium

The E.ON Group has major risk positions in the following categories: legal and regulatory risks and market risks. As a result, the aggregate risk position of E.ON SE as a Group is major. In other words, the E.ON Group's average annual adjusted EBIT risk ought not to exceed -€200 million to -€1 billion in 95 percent of all cases.

At the time this report was prepared, potentially adverse business effects of the outbreak of the coronavirus could not yet be sufficiently estimated. The possible implications of this matter are being analyzed on an ongoing basis. For more information, see Forecast Report.

Risks and Chances by Segment

PreussenElektra

PreussenElektra's business is substantially influenced by regulation. In general, regulation can result in risks for its remaining operating and dismantling activities. One example is the Fukushima nuclear accident. Policy measures taken in response to such events could have a direct impact on the further operation of a nuclear power plant ("NPP") or trigger liabilities and significant payment obligations stemming from the solidarity obligation agreed on among German NPP operators. Furthermore, new regulatory requirements, such as additional mandatory safety measures or delays in dismantling, could lead to production outages and higher costs. In addition, there may be lawsuits that fundamentally challenge the operation of NPPs. Regulation can also require an increase in provisions for dismantling. These factors could pose major risks for E.ON.

On December 6, 2016, Germany's Federal Constitutional Court in Karlsruhe ruled that the thirteenth amended version of the Atomic Energy Act ("the Act") is fundamentally constitutional. The Act's only unconstitutional elements are that certain NPP operators will be unable to produce their electricity allotment from 2002 and that it contains no mechanism for compensating operators for investments to extend NPP operating lifetimes. Lawmakers established a compensation mechanism in the sixteenth amended version of the Act. In addition, NPPs need to acquire residual power output rights in order to operate until their closure dates prescribed by law. These matters could yield major chances and major risks.

Customer Solutions

The E.ON Group's operations subject it to certain risks relating to legal proceedings, ongoing planning processes, and regulatory changes. But these risks also relate, in particular, to legal actions and proceedings concerning contract and price adjustments to reflect market dislocations or (including as a consequence of the energy transition) an altered business climate in the power and gas business, alleged price-rigging, and anticompetitive practices. This could pose a major risk.

Energy Networks

The operation of energy networks is subject to a large degree of government regulation. New laws and regulatory periods cause uncertainty for this business. In addition, matters related to Germany's Renewable Energy Sources Act, such as issues regarding solar energy, can cause temporary fluctuations in our cash flow and adjusted EBIT. This could create major chances as well as pose a major risk. The rapid growth of renewables is also creating new risks for the network business. For example, insolvencies among renewables operators or feed-in tariffs unduly paid by grid operators lead to court or regulatory proceedings.

innogy

The risk situation for the 2019 financial year encompasses innogy's existing portfolio, which consists of the business operations of the network and sales businesses as well as corporate functions and internal services. Thanks to a comprehensive framework for risk management, innogy is able to identify risks and opportunities at an early stage and act accordingly. Consequently, this framework satisfies the requirements of the German Law on Corporate Control and Transparency ("KonTraG"). Initially, this framework will remain in place unchanged.

In its risk governance functions delegated by the Management Board, the Controlling & Risk Department bears primary responsible for the implementation, further development and coordination of the innogy Group's risk management framework and strategy.

The innogy Group's risk situation depends to a considerable degree on the economic and regulatory environment. Its sales business, for example, faces the risk of additional interventionist regulations and, like E.ON, a competitive environment that remains very intense. For the period of the medium-term plan, the network business is currently confronted with minimal regulatory risks compared with the prior year relating to regulatory clarifications and to the disposal of innogy's stakes in its gas networks business in the Czech Republic and in Východoslovenská energetika Holding a.s. ("VSEH") in Slovakia.

As with E.ON, innogy's business operations and use of financial instruments expose it to credit risks. In addition, its historical interrelationship with RWE continues to pose a major, albeit unlikely risk.

A comprehensive risk position drawn from innogy's individual business units will be presented for subsequent financial years.

At the balance-sheet date, innogy's overall risk and chance position was major.

Risks and Chances by Category

E.ON's major risks and chances by risk category are described below. Also described are major risks and chances stemming from tail events as well as qualitative risks that would impact adjusted EBIT by more than €200 million. Risks and chances that would affect planned net income and/or cash flow by more than €200 million are included as well.

Legal and Regulatory Risks

The political, legal, and regulatory environment in which the E.ON Group does business is a source of risks, such as the continued uncertainty that Brexit poses for the collaboration between certain E.ON business units. This could confront E.ON with direct and indirect consequences that could lead to possible financial disadvantages. New risks—but also opportunities—arise from energy-policy decisions at the European and national level. Foremost among them are the European Commission's Green Deal presented at the end of 2019 and the German federal government's decision to phase out conventional, hard-coal- and lignite-fired power generation (the planned Coal Phaseout Law). The achievement of these objectives will require legal and regulatory implementation measures that themselves would pose new risks for certain E.ON Group business operations.

In the wake of the economic and financial crisis in many EU member states, interventionist policies and regulations have been adopted in recent years, such as additional taxes and additional reporting requirements (for example, EMIR, MAR, REMIT, MiFID2). The relevant agencies monitor compliance with these regulations closely. This leads to attendant risks for E.ON's operations. The same applies to price moratoriums, regulated price reductions, and changes to support schemes for renewables, which could pose risks to, as well as create opportunities for, E.ON's operations in the respective countries.

There may also be final risks from obligations arising from regulatory requirements following the Uniper split. This risk category also includes major risks arising from possible litigation, fines, and claims, governance- and compliance-related issues as well as risks and chances related to contracts and permits. Changes to this environment can lead to considerable uncertainty with regard to planning and, under certain circumstances, to impairment charges but can also create chances. This results in a major risk position and a medium chance position.

Operational and IT Risks

The operational and strategic management of the E.ON Group relies heavily on complex information technology. This includes risks and chances arising from information security.

Technologically complex production facilities are used in the production and distribution of energy, resulting in major risks from procurement and logistics, construction, operations and maintenance of assets as well as general project risks. In the case of PreussenElektra, this also includes dismantling activities. Our operations in and outside Germany face major risks of a power failure, power-plant shutdown, and higher costs and additional investments resulting from unanticipated operational disruption or other problems. Operational failures or extended production stoppages of facilities or components of facilities as well as environmental damage could negatively impact our earnings, affect our cost situation, and/or result in the imposition of fines. In unlikely cases, this could lead to a high risk. Overall, it results in a medium risk position and a low chance position in this category. General project risks can include a delay in projects and increased capital requirements.

We could also be subject to environmental liabilities associated with our power generation operations that could materially and adversely affect our business. In addition, new or amended environmental laws and regulations may result in increases in our costs.

HSE, HR, and Other Risks

Health and occupational safety are important aspects of our day-to-day business. Our operating activities can therefore pose risks in these areas and create social and environmental risks and chances. In addition, our operating business potentially faces risks resulting from human error and employee turnover. It is important that we act responsibly along our entire value chain and that we communicate consistently, enhance the dialog, and maintain good relationships with our key stakeholders. E.ON actively considers environmental, social, and corporate-governance issues. These efforts support our business decisions and our public relations. Our objective is to minimize our reputational risks and garner public support so that we can continue to operate our business successfully. These matters do not result in a major risk or chance position.

In the past, predecessor entities of E.ON SE conducted mining operations, resulting in obligations in North Rhine-Westphalia and Bavaria. E.ON SE can be held responsible for damage. This could lead to major individual risks that we currently only evaluate qualitatively.

Market Risk

Our units operate in an international market environment that is characterized by general risks relating to the business cycle. In addition, the entry of new suppliers into the marketplace along with more aggressive tactics by existing market participants and reputational risks have created a keener competitive environment for our electricity business in and outside Germany, which could reduce our margins. However, market developments could also have a positive impact on our business. Such factors include wholesale and retail price developments, customer churn rates, and temporary volume effects in the network business. This results in a major risk position and a medium chance position in this category.

The demand for electric power and natural gas is seasonal, with our operations generally experiencing higher demand during the cold-weather months of October through March and lower demand during the warm-weather months of April through September. As a result of these seasonal patterns, our sales and results of operations are higher in the first and fourth quarters and lower in the second and third quarters. Sales and results of operations for all of our energy operations can be negatively affected by periods of unseasonably warm weather during the autumn and winter months. We expect seasonal and weather-related fluctuations in sales and results of operations to continue. Periods of exceptionally cold weather—very low average temperatures or extreme daily lows—in the fall and winter months can have a positive impact owing to higher demand for electricity and natural gas.

E.ON's portfolio of physical assets, long-term contracts, and end-customer sales is exposed to uncertainty resulting from fluctuations in commodity prices. After the Uniper spinoff, E.ON established its own procurement organization for its sales business and ensured market access for the output of its remaining energy production in order to manage the remaining commodity risks accordingly.

Strategic Risks

Our business strategy involves acquisitions and investments in our core business as well as disposals. This strategy depends in part on our ability to successfully identify, acquire, and integrate companies that enhance, on acceptable terms, our energy business. In order to obtain the necessary approvals for acquisitions, we may be required to divest other parts of our business or to make concessions or undertakings that affect our business. In addition, there can be no assurance that we will be able to achieve the returns we expect from any acquisition or investment. It is also possible that we will not be able to realize our strategic ambition of enlarging our investment pipeline and that significant amounts of capital could be used for other opportunities. Furthermore, investments and acquisitions in new geographic areas or lines of business require us to become familiar with new sales markets and competitors and to address the attending business risks.

In the case of planned disposals, E.ON faces the risk of disposals not taking place or being delayed and the risk that E.ON receives lower-than-anticipated disposal proceeds. In addition, after transactions close we could face major liability risks resulting from contractual obligations.

The overall risk and chance position in this category was not major at the balance-sheet date.

Finance and Treasury Risks

E.ON is exposed to credit risk in its operating activities and through the use of financial instruments. Credit risk results from non-delivery or partial delivery by a counterparty of the agreed consideration for services rendered, from total or partial failure to make payments owed on existing accounts receivable, and from replacement risks in open transactions. For example, E.ON's historical connection with Uniper continues to pose a major, albeit unlikely, risk. In addition, in unlikely cases joint and several liability for jointly operated power plants could lead to a major risk.

E.ON's international business operations expose it to risks from currency fluctuation. One form of this risk is transaction risk, which arises when payments are made in a currency other than E.ON's functional currency. Another form of risk is translation risk, which arises when currency fluctuations lead to accounting effects when assets/liabilities and income/expenses of E.ON companies outside the euro zone are translated into euros and entered into our Consolidated Financial Statements. Positive developments in foreign-currency rates can also create chances for our operating business.

E.ON faces earnings risks from financial liabilities and interest-rate derivatives that are based on variable interest rates and from asset-retirement obligations.

In addition, the price changes and other uncertainty relating to the current and non-current investments E.ON makes to cover its non-current obligations (particularly pension and asset-retirement obligations) could, in individual cases, be major.

Declining or rising discount rates could lead to increased or reduced provisions for pensions and asset-retirement obligations, including non-current liabilities. This can create a high risk for E.ON.

In principle, E.ON could also encounter tax risks and chances; in one case, the chance could be high.

This category's overall risk and chance position is not major.

Management Board's Evaluation of the Risk and Chances Situation

The overall risk and chances situation of the E.ON Group's operating business at year-end 2019 remained nearly unchanged relative to year-end 2018. Although the average annual risk for the E.ON Group's adjusted EBIT is classified as major and despite the expansion of its risk and chance position through the innogy transaction, from today's perspective we do not perceive any risk profile that could threaten the existence of the E.ON Group or individual segments.

Business Segments

Energy Networks

Below we report on a number of important non-financial key performance indicators for this segment, such as power and gas passthrough, system length, and number of connections.

Energy Passthrough

Billion kWh	Germany		Sweden		East-Central Europe/ Turkey		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Fourth quarter								
Power	26.9	27.8	9.8	10.1	9.9	10.0	46.6	47.9
Line loss, station use, etc.	1.0	1.1	0.3	0.3	0.7	0.6	2.0	2.0
Gas	28.1	26.7	–	–	14.1	15.7	42.2	42.4
Full year								
Power	104.1	106.9	35.5	37.1	38.5	37.9	178.1	181.9
Line loss, station use, etc.	3.8	3.8	1.1	1.1	2.6	2.6	7.5	7.5
Gas	89.6	89.4	–	1.5	44.2	44.5	133.8	135.4

Power and Gas Passthrough

In 2019 power and gas passthrough of the segment as a whole, in Germany, and in East-Central Europe/Turkey was at the prior-year level.

Power passthrough in Sweden was slightly below the prior-year level owing to weather factors. There was no gas passthrough because of the sale of the gas distribution network in April 2018.

System Length and Connections

E.ON's power system in Germany was about 351,000 kilometers long, roughly the same as in 2018. As in the prior year, at year-end it had about 5.8 million connection points for power. E.ON's gas system was around 52,000 kilometers long and had 0.7 million connection points, essentially unchanged from 2018.

The length of E.ON's power system in Sweden was roughly 138,000 kilometers (prior year: 137,900 kilometers). The number of connection points in the power distribution system was unchanged at 1 million. The gas distribution network was sold in 2018.

System length in East-Central Europe/Turkey—about 232,000 kilometers for power and about 46,000 kilometers for gas—was almost unchanged from the prior year, as were the roughly 4.8 million connection points for power and the roughly 1.3 million for gas.

Sales and Adjusted EBIT
Energy Networks' 2019 sales were €101 million above the prior-year figure. Adjusted EBIT rose by €44 million.

Sales in Germany of €6.3 billion were at the prior-year level. Adjusted EBIT increased by €26 million to €921 million, primarily because of the expansion of the regulated asset base. By contrast, the non-recurrence of positive one-off items recorded in the prior year and a reduction in the allowed return on equity coinciding with the beginning of the third regulatory period for power led to a reduction in adjusted EBIT.

Sales in Sweden of €1 billion were slightly above the prior-year level. Higher power network fees led to an increase in sales, whereas the sale of the gas distribution business led to a decline. Currency-translation effects constituted another adverse factor. Adjusted EBIT was higher, in particular because of an improved gross margin in the power business. This was partially offset by a number of factors, including the aforementioned sale of the gas distribution business and adverse currency-translation effects.

Sales in East-Central Europe/Turkey were at the prior-year level. Adjusted EBIT declined by 5 percent year on year to €428 million. The reasons include a narrower gross margin in the gas business and higher costs in Romania. An example of the latter is the sales tax instituted in 2019, which is ultimately refunded through network fees but only after a delay.

Energy Networks

	Germany		Sweden		East-Central Europe/ Turkey		Total	
€ in millions	2019	2018	2019	2018	2019	2018	2019	2018
Fourth quarter								
Sales	1,617	1,683	276	260	421	412	2,314	2,355
Adjusted EBITDA	414	306	183	172	153	154	750	632
Adjusted EBIT	228	140	145	135	90	97	463	372
Full year								
Sales	6,263	6,243	1,024	989	1,583	1,537	8,870	8,769
Adjusted EBITDA	1,565	1,488	692	648	667	683	2,924	2,819
Adjusted EBIT	921	895	539	498	428	451	1,888	1,844

Customer Solutions

Below we report on a number of important non-financial key performance indicators for this segment, such as power and gas sales volume and customer numbers.

Power Sales[1]

	Germany Sales		United Kingdom		Other[2]		Total	
Billion kWh	2019	2018	2019	2018	2019	2018	2019	2018
Fourth quarter								
Residential and SME	4.2	4.3	4.2	4.7	6.1	6.0	14.5	15.0
I&C	3.8	2.5	3.1	3.1	6.7	6.3	13.6	11.9
Sales partners	–	–	–	–	0.2	0.2	0.2	0.2
Customer groups	**8.0**	**6.8**	**7.3**	**7.8**	**13.0**	**12.5**	**28.3**	**27.1**
Wholesale market	3.0	3.5	0.2	0.2	2.1	2.6	5.3	6.3
Total	**11.0**	**10.3**	**7.5**	**8.0**	**15.1**	**15.1**	**33.6**	**33.4**
Full year								
Residential and SME	15.0	14.9	15.5	17.7	22.9	22.5	53.4	55.1
I&C	13.8	10.2	12.0	13.7	26.4	25.6	52.2	49.5
Sales partners	–	–	–	–	0.7	0.7	0.7	0.7
Customer groups	**28.8**	**25.1**	**27.5**	**31.4**	**50.0**	**48.8**	**106.3**	**105.3**
Wholesale market	12.2	13.0	0.9	0.9	9.2	8.9	22.3	22.8
Total	**41.0**	**38.1**	**28.4**	**32.3**	**59.2**	**57.7**	**128.6**	**128.1**

[1]We harmonized E.ON and innogy's definitions of customer groups and adjusted the prior-year figures accordingly. Does not include innogy's power sales.
[2]Excludes E.ON Business Solutions.

Gas Sales[1]

	Germany Sales		United Kingdom		Other[2]		Total	
Billion kWh	2019	2018	2019	2018	2019	2018	2019	2018
Fourth quarter								
Residential and SME	6.2	5.9	10.9	11.7	9.1	9.9	26.2	27.5
I&C	4.2	3.5	2.9	2.3	5.6	6.3	12.7	12.1
Sales partners	–	–	–	–	0.6	0.7	0.6	0.7
Customer groups	**10.4**	**9.4**	**13.8**	**14.0**	**15.3**	**16.9**	**39.5**	**40.3**
Wholesale market	4.8	1.2	–	–	2.2	1.6	7.0	2.8
Total	**15.2**	**10.6**	**13.8**	**14.0**	**17.5**	**18.5**	**46.5**	**43.1**
Full year								
Residential and SME	18.2	17.3	31.8	35.9	27.6	28.2	77.6	81.4
I&C	13.5	11.1	9.0	8.2	21.9	22.3	44.4	41.6
Sales partners	–	–	–	–	1.6	1.7	1.6	1.7
Customer groups	**31.7**	**28.4**	**40.8**	**44.1**	**51.1**	**52.2**	**123.6**	**124.7**
Wholesale market	11.7	4.6	–	–	5.0	5.8	16.7	10.4
Total	**43.4**	**33.0**	**40.8**	**44.1**	**56.1**	**58.0**	**140.3**	**135.1**

[1]We harmonized E.ON and innogy's definitions of customer groups and adjusted the prior-year figures accordingly. Does not include innogy's gas sales.
[2]Excludes E.ON Business Solutions.

Power and Gas Sales Volume

This segment's power and gas sales rose by 0.5 billion kWh and 5.2 billion kWh, respectively.

E.ON's sales business in Germany increased its power sales by 8 percent to 41 billion kWh. Power sales to residential and small and medium enterprise ("SME") customers were at the prior-year level, whereas power sales to industrial and commercial ("I&C") customers were significantly higher thanks to successful customer acquisition. Power sales to the wholesale market declined owing to lower sales volume on already-contracted deliveries to some Uniper wholesale customers relative to 2018. Gas sales of 43.4 billion kWh were significantly (32 percent) above the prior-year level. This is partially attributable to the acquisition of new residential, SME, and I&C customers. The optimization of our procurement portfolio led to a significant increase in gas sales to the wholesale market.

Power sales in the United Kingdom declined by 3.9 billion kWh. Lower consumption and a decline in customer numbers were the principal negative factors for residential and SME customers. Power sales to I&C customers declined owing likewise to lower average offtake per customer. Gas sales decreased by 3.3 billion kWh. The decline in gas sales to residential and SME customers resulted mainly from weather factors. This was partially offset by a slight increase in gas sales to I&C customers due to a somewhat larger customer base.

Power sales at the Other unit (Sweden, Hungary, the Czech Republic, Romania, and Italy) were at the prior-year level for the unit as a whole, for each customer group, and for the wholesale market. Higher demand from I&C customers in the Czech Republic and Italy was the primary factor behind the increase in power sales. This was partially offset by the loss of customers in Sweden. The optimization of our procurement portfolio in the Czech Republic led to a significant increase in power sales to the wholesale market. This was offset, in part, by a decline in Sweden. Other's gas sales were at the prior-year level for the unit as a whole and for each customer group. A reduction in gas sales to I&C customers resulting from the sale of an equity interest in the second quarter of 2019 in Sweden and the loss of customers in Romania was partially offset by successful customer acquisition in Hungary. Gas sales to the wholesale market declined owing in part to a reduction in demand spikes in Romania relative to the prior year.

Customer Numbers

This segment had about 20.9 million customers at year-end 2019, fewer than the prior-year figure of 21 million. The number of customers in the United Kingdom declined from 6.6 to 6.1 million, with losses among power as well as gas customers. In Germany the customer base increased from 6 million in 2018 to around 6.2 million in 2019; of these, 5.2 million were power customers and 0.9 million gas customers (prior year: 5.1 million power customers, 0.9 million gas customers). This segment had a total of 8.6 million customers in the other countries where it operates (prior year: 8.5 million).

See page 54 for the innogy segment's customer numbers.

Sales and Adjusted EBIT

Customer Solutions' 2019 sales rose by €1,292 million. Its adjusted EBIT decreased by €100 million.

Sales in Germany rose primarily because of higher power and gas sales volume. As forecast during the year, adjusted EBIT was at the prior-year level.

Customer Solutions

€ in millions	Germany Sales 2019	Germany Sales 2018	United Kingdom 2019	United Kingdom 2018	Other 2019	Other 2018	Total 2019	Total 2018
Fourth quarter								
Sales	2,038	1,888	2,307	2,286	2,246	2,112	6,591	6,286
Adjusted EBITDA	78	45	-3	26	124	63	199	134
Adjusted EBIT	69	36	-40	-1	60	18	89	53
Full year								
Sales	7,313	6,798	7,683	7,633	8,283	7,556	23,279	21,987
Adjusted EBITDA	198	193	133	237	353	294	684	724
Adjusted EBIT	159	160	11	142	143	111	313	413

Sales in the United Kingdom were at the prior-year level. Adjusted EBIT was significantly lower, primarily because of the regulatory price cap that took effect in 2019 and a decline in customer numbers.

Other's sales rose by €727 million, primarily because of higher sales prices and higher sales volume in Italy, the Czech Republic, and Hungary. Adjusted EBIT increased significantly year on year, in part because of an improved gas margin in Romania and higher sales volume in Italy.

innogy

This segment consists in particular of the network and sales businesses as well as the corporate functions and internal services of the innogy Group, which E.ON took over in September 2019. The businesses still to be transferred to RWE are not included here (see page 14).

The network business encompasses the distribution of power and gas in Germany, gas distribution in Croatia, and power distribution in Poland and Hungary. The power and gas distribution business in Germany also includes the operations of innogy's fully consolidated regional utilities (including network operations, power generation, water) but not their sales operations, which are reported separately; minority stakes (such as in municipal utilities in Germany); and activities related to broadband expansion.

The sales business encompasses energy retail activities, which, in addition to the sale of power and gas, include the provision of innovative, needs-oriented energy solutions. The innogy Group operates principally in Germany, the United Kingdom, the Netherlands, Belgium, and Eastern Europe. innogy supplies a total of 14.4 million customers with power and 4.7 million with gas.

Sales and Adjusted EBIT

The innogy segment's sales totaled €10,444 million from September 18 to December 31, 2019, and resulted primarily from the sale of power and gas and from the power and gas distribution networks business.

The innogy segment recorded adjusted EBIT of €421 million from September 18 to December 31, 2019. The network business, primarily in Germany, was the principal source of earnings.

innogy

€ in millions	2019
Fourth quarter	
Sales	9,528
Adjusted EBITDA	711
Adjusted EBIT	417
Full year	
Sales	10,444
Adjusted EBITDA	756
Adjusted EBIT	421

Renewables

The Renewables segment significantly reflects the transfer of substantially all of its operations effective September 18, 2019, as part of the transaction with RWE.

At year-end 2019 this segment had no material fully consolidated generating capacity or attributable generating capacity to report. Its fully consolidated generating capacity was 5,334 MW at year-end 2018; its attributable generating capacity, 5,742 MW.

This segment's material power generation and power sales volume are attributable to the operations transferred effective September 18, 2019. Power sales volume from January 1 to the time of the transfer amounted to 13.2 billion kWh (prior year: 17.7 billion kWh). Owned generation totaled 10.9 billion kWh (prior year: 14.7 billion kWh). Power procurement amounted to 2.3 billion kWh (prior year: 3 billion kWh).

Sales and Adjusted EBIT

Renewables' sales and adjusted EBIT declined by €158 million and €174 million, respectively.

Renewables

€ in millions	2019	2018
Fourth quarter		
Sales	294	541
Adjusted EBITDA	22	327
Adjusted EBIT	19	238
Full year		
Sales	1,596	1,754
Adjusted EBITDA	628	861
Adjusted EBIT	347	521

The reduction in sales and adjusted EBIT resulted from the absence of operations due to their transfer effective September 18, 2019, as part of the transaction with RWE.

Non-Core Business

Below we report on a number of important non-financial key performance indicators for this segment, such as generating capacity, power generation, and power sales volume.

Fully Consolidated and Attributable Generating Capacity

As part of the innogy takeover, E.ON's stakes in Gundremmingen and Emsland nuclear power stations were transferred to RWE (for more information, see Note 4 to the Consolidated Financial Statements). Consequently, PreussenElektra's fully consolidated and attributable generating capacity at year-end 2019 declined to 3,828 MW (prior year: 4,150 MW) and 3,319 MW (prior year: 3,808 MW), respectively.

Power Generation and Sales Volume

This segment's power procured (owned generation and purchases) of 32.5 billion kWh was significantly below the prior-year level. This is primarily attributable to the departure of Gundremmingen and Emsland nuclear power stations and the expiration of supply contracts. In addition, there was less need to purchase power to meet delivery obligation.

Power Generation

	PreussenElektra	
Billion kWh	2019	2018
Fourth quarter		
Owned generation	7.7	8.5
Purchases	0.2	2.1
Jointly owned power plants	*–*	*0.4*
Third parties	*0.2*	*1.7*
Total power procurement	**7.9**	**10.6**
Station use, line loss, etc.	–	–
Power sales	**7.9**	**10.6**
Full year		
Owned generation	30.1	31.2
Purchases	2.5	8.1
Jointly owned power plants	*0.9*	*1.4*
Third parties	*1.6*	*6.7*
Total power procurement	**32.6**	**39.3**
Station use, line loss, etc.	-0.1	-0.1
Power sales	**32.5**	**39.2**

Sales and Adjusted EBIT

PreussenElektra's sales were €196 million below the prior-year figure, mainly because of the expiration of supply contracts and the aforementioned transfer of minority stakes in nuclear power stations to RWE.

Adjusted EBIT in 2019 of €366 million was slightly below the prior-year figure of €382 million. PreussenElektra's adjusted EBIT declined owing to an increase in depreciation charges and the transfer of minority stakes in nuclear power stations. These factors were not offset by higher sales prices.

By contrast, adjusted EBIT at the generation business in Turkey improved, principally because its hydroelectric stations considerably increased their output relative to the prior year.

Non-Core Business

	PreussenElektra		Generation/Turkey		Total	
€ in millions	2019	2018	2019	2018	2019	2018
Fourth quarter						
Sales	307	411	–	–	307	411
Adjusted EBITDA	120	120	4	23	124	143
Adjusted EBIT	36	45	4	23	40	68
Full year						
Sales	1,174	1,370	–	–	1,174	1,370
Adjusted EBITDA	543	556	74	-17	617	539
Adjusted EBIT	292	399	74	-17	366	382

Disclosures Pursuant to Section 289, Paragraph 4, and Section 315, Paragraph 4 of the German Commercial Code on the Internal Control System for the Accounting Process

General Principles

We apply Section 315e, Paragraph 1, of the German Commercial Code and prepare our Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") and the interpretations of the IFRS Interpretations Committee that were adopted by the European Commission for use in the EU as of the end of the fiscal year and whose application was mandatory as of the balance-sheet date (see Note 1 to the Consolidated Financial Statements). Energy Networks (Germany, Sweden, and East-Central Europe/Turkey), Customer Solutions (Germany, United Kingdom, Other), innogy, Renewables, Non-Core Business, and Corporate Functions/Other are our IFRS reportable segments.

E.ON SE prepares its Financial Statements in accordance with the German Commercial Code, the SE Ordinance (in conjunction with the German Stock Corporation Act), and the German Energy Act.

We prepare a Combined Group Management Report which applies to both the E.ON Group and E.ON SE.

Accounting Process

All companies included in the Consolidated Financial Statements must comply with our uniform Accounting and Reporting Guidelines for the Annual Consolidated Financial Statements and the Interim Consolidated Financial Statements. These guidelines describe applicable IFRS accounting and valuation principles. They also explain accounting principles typical in the E.ON Group, such as those for provisions for nuclear-waste management, the treatment of financial instruments, and the treatment of regulatory obligations. We continually analyze amendments to laws, new or amended accounting standards, and other pronouncements for their relevance to, and consequences for, our Consolidated Financial Statements and, if necessary, update our guidelines and systems accordingly.

Corporate headquarters defines and oversees the roles and responsibilities of various Group entities in the preparation of E.ON SE's Financial Statements and the Consolidated Financial Statements. These roles and responsibilities are described in a Group Policy document.

E.ON Group companies are responsible for preparing their financial statements in a proper and timely manner. They receive substantial support from Business Service Centers in Regensburg, Germany; Cluj, Romania; and Kraków, Poland. E.ON SE combines the financial statements of subsidiaries belonging to its scope of consolidation into its Consolidated Financial Statements using standard consolidation software. Group Accounting is responsible for conducting the consolidation and for monitoring adherence to the guidelines for scheduling, processes, and contents. Monitoring of system-based automated controls is supplemented by manual checks.

In conjunction with the year-end closing process, additional qualitative and quantitative information relevant for accounting is compiled. Furthermore, dedicated quality-control processes are in place for all relevant departments to discuss and ensure the completeness of relevant information on a regular basis.

E.ON SE's Financial Statements are prepared with SAP software. The accounting and preparation processes are divided into discrete functional steps. Bookkeeping processes are handled by our Business Service Centers: Cluj has responsibility for processes relating to subsidiary ledgers and several bank activities, Regensburg for those relating to the general ledgers. Automated or manual controls are integrated into each step. Defined procedures ensure that all transactions and the preparation of E.ON SE's Financial Statements are recorded, processed, assigned on an accrual basis, and documented in a complete, timely, and accurate manner. Relevant data from E.ON SE's Financial Statements are, if necessary, adjusted to conform with IFRS and then transferred to the consolidation software system using SAP-supported transfer technology.

The following explanations about our internal control system ("ICS") and our general IT controls apply equally to the Consolidated Financial Statements and to E.ON SE's Financial Statements. Pages 58 to 59 contain information about the innogy Group's internal control system, which has not yet been adapted to E.ON's internal control system.

Internal Control System

Internal controls are an integral part of our accounting processes. Guidelines define uniform financial-reporting requirements and procedures for the entire E.ON Group. These guidelines encompass a definition of the guidelines' scope of application; a Risk Catalog (ICS Model); standards for establishing, documenting, and evaluating internal controls; a Catalog of ICS Principles; a description of the test activities of our Internal Audit division; and a description of the final Sign-Off process. We believe that compliance with these rules provides sufficient certainty to prevent error or fraud from resulting in material misrepresentations in the Financial Statements, the Combined Group Management Report, the Half-Year Financial Report, and the Quarterly Statements.

COSO Framework

Our ICS is based on the globally recognized COSO framework, in the version published in May 2013 (COSO: The Committee of Sponsoring Organizations of the Treadway Commission). The Central Risk Catalog (ICS Model), which encompasses company- and industry-specific aspects, defines possible risks for accounting (financial reporting) in the functional areas of our units and thus serves as a check list and provides guidance for the establishment, documentation, and implementation of internal controls.

The Catalog of ICS Principles, which is another key component of our ICS, defines the minimum requirements for the system to function. These principles encompass overarching principles for matters such as authorization, the separation of functions, and master data management as well as specific requirements for managing risks in a range of issue areas and processes, such as contractor management, project management, audit, and transactions.

Scope

Each year we conduct a process using qualitative criteria and quantitative materiality metrics to define which E.ON units must document and evaluate their financial-reporting-related processes and controls in a central documentation system.

Central Documentation System

The E.ON units to which the ICS applies use a central documentation system to document key controls. The system defines the scope, detailed documentation requirements, the assessment requirements for process owners, and the final Sign-Off process.

Assessment

After E.ON units have documented their processes and controls, the individual process owners conduct an annual assessment of the design and the operational effectiveness of the processes as well as the controls embedded in these processes.

Tests Performed by Internal Audit

The management of E.ON units relies on the assessment performed by the process owners and on the testing of the ICS performed by Internal Audit. These tests are a key part of the process. Using a risk-oriented audit plan, Internal Audit tests the E.ON Group's ICS and identifies potential deficiencies (issues). On the basis of its own evaluation and the results of tests performed by Internal Audit, an E.ON unit's management carries out the final Sign-Off.

Sign-Off Process

The final step of the internal evaluation process is the submission of a formal written declaration called a Sign-Off confirming the ICS's effectiveness. The Sign-Off process is conducted at all levels of the Group before E.ON SE, as the final step, conducts it for the Group as a whole. The Chairman of the E.ON SE Management Board and the Chief Financial Officer make the final Sign-Off for the E.ON Group.

Internal Audit regularly informs the E.ON SE Supervisory Board's Audit and Risk Committee about the ICS for financial reporting and any significant issue areas it identifies in the E.ON Group's various processes.

General IT Controls

A functionally managed digital organization and third-party service providers provide digital and IT services for the E.ON Group. IT systems used for accounting are subject to provisions of the internal control system, which encompasses the general IT controls. These include access controls, the separation of functions, processing controls, measures to prevent the intentional and unintentional falsification of the programs, data, and documents as well as controls related to contractor management. The documentation of the general IT controls is stored in our documentation system.

innogy's Internal Control System

The set of rules for the design and monitoring of innogy SE's ICS remains in effect without any changes and has so far not been adapted to E.ON's ICS. The innogy SE CEO and CFO issued a formal written declaration (Sign-Off) for the 2019 Consolidated Financial Statements and their responsibility for, and the effectiveness of, the innogy Group's ICS.

Report on innogy SE's Accounting-related Internal Control System

Risks associated with financial reporting reflect the fact that the innogy Group's annual, consolidated and interim financial statements may contain misrepresentations that could have a significant influence on the decisions made by the reader. The innogy Group's accounting-based ICS aims to detect potential sources of error and limit the resulting risks. This enables innogy to ensure with sufficient certainty that the Consolidated Financial Statements are prepared in compliance with statutory regulations.

The foundations of the ICS are innogy's basic principles, which are set out in innogy's Code of Conduct and include the ambition to provide complete, objective, correct, intelligible and timely information, as well as the company's Group-wide guidelines. Building on this, the ICS quality standards for the accounting-related IT systems should ensure that the data are collected and processed reliably.

The organization of the innogy Group's accounting did not change compared to the previous year. Expert management of the innogy Group's accounting units and Shared Service Center in Kraków, in which the transaction-related accounting activities are pooled, is the responsibility of the Accounting department of innogy SE; this department is also responsible for preparing the Consolidated Financial Statements of the innogy Group.

A dedicated unit within Accounting is responsible for designing and monitoring the ICS of the innogy Group. It implements the ICS with support from the ICS Committee. The committee works to ensure that the ICS is implemented according to uniform principles across the Group and meets high standards for correctness and transparency. It consists of the heads of Accounting & Reporting, Tax, Controlling & Risk as well as Finance & Credit Risk, HR, procurement, IT, Tax, Retail Billing, Grid Billing, and Corporate Responsibility. The Group-wide set of rules for designing and monitoring the ICS remain in effect without any changes.

In order to verify that the ICS is effective, as a first step, with respect to the Accounting department, innogy examines whether the risk situation is presented appropriately and whether suitable controls are in place for the identified risks. In a second step, the effectiveness of the controls is verified. This task has been entrusted to employees in Accounting and Internal Audit as well as independent auditing companies, whose work is supported by the IT system. The officers in charge check whether the agreed ICS quality standards are complied with for the Finance, HR, Procurement, IT, Tax, Retail Billing, and, in 2019 for the first time, Grid Billing functions. The results of the checks are reported to the Management Board. The CEO and CFO of innogy SE formally confirm their responsibility for the effectiveness of the innogy Group's ICS.

Within the scope of external reporting, the members of the Management Board of innogy SE have signed the responsibility statement. They thus confirmed that the prescribed accounting standards have been adhered to and that the figures give a true and fair view of the net assets, financial position and results of operations. At its meetings, the Supervisory Board's Audit Committee regularly concerned itself with the effectiveness of the ICS. At the end of February 2020, the Management Board submitted a report on the appropriateness of the design and effectiveness of the ICS to innogy SE's Audit Committee.

The assessments and audits carried out in 2019 proved that the ICS was effective yet again in the Accounting, Finance, HR, Procurement, IT, and Tax functions. However, this merely reduces the risk of gross misrepresentations in accounting, as such cannot be eliminated completely.

Last year, the ICS was refined with a focus on accounting and IT in conjunction with the introduction of the new SAP HANA IT system.

Disclosures Pursuant to Section 289a, Paragraph 1, and Section 315a, Paragraph 1, of the German Commercial Code and Explanatory Report

Composition of Share Capital

The share capital totals €2,641,318,800 and consists of 2,641,318,800 registered shares without nominal value. Each share of stock grants the same rights and one vote at a Shareholders Meeting.

Restrictions on Voting Rights or the Transfer of Shares

Shares acquired by an employee under the Company-sponsored employee stock purchase program are subject to a blackout period that begins the day ownership of such shares is transferred to the employee and that ends on December 31 of the next calendar year plus one. As a rule, an employee may not sell such shares until the blackout period has expired. The employee stock purchase program was not offered in 2019.

Pursuant to Section 71b of the German Stock Corporation Act (known by its German abbreviation, "AktG"), the Company's treasury shares give it no rights, including no voting rights.

Legal Provisions and Rules of the Company's Articles of Association Regarding the Appointment and Dismissal of Management Board Members and Amendments to the Articles of Association

Pursuant to the Company's Articles of Association, the Management Board consists of at least two members. The Supervisory Board decides on the number of members as well as on their appointment and dismissal.

The Supervisory Board appoints members to the Management Board for a term not exceeding five years; reappointment is permissible. If more than one person is appointed as a member of the Management Board, the Supervisory Board may appoint one of the members as Chairperson of the Management Board. If there is a vacancy on the Management Board for a required member, the court makes the necessary appointment upon petition by a concerned party in the event of an urgent matter. The Supervisory Board may revoke the appointment of a member of the Management Board and of the Chairperson of the Management Board for serious cause (for further details, see Sections 84 and 85 of the AktG).

Resolutions of the Shareholders Meeting require a majority of the valid votes cast unless mandatory law or the Articles of Association explicitly prescribe otherwise. An amendment to the Articles of Association requires a two-thirds majority of the votes cast or, in cases where at least half of the share capital is represented, a simple majority of the votes cast unless mandatory law explicitly prescribes another type of majority.

The Supervisory Board is authorized to decide by resolution on amendments to the Articles of Association that affect only their wording (Section 10, Paragraph 7, of the Articles of Association). Furthermore, the Supervisory Board is authorized to revise the wording of Section 3 of the Articles of Association upon utilization of authorized or conditional capital.

Management Board's Power to Issue or Buy Back Shares

Pursuant to a resolution of the Shareholders Meeting of May 10, 2017, the Company is authorized, until May 9, 2022, to acquire treasury shares. The shares acquired and other treasury shares that are in possession of or to be attributed to the Company pursuant to Sections 71a et seq. of the AktG must altogether at no point account for more than 10 percent of the Company's share capital.

At the Management Board's discretion, the acquisition may be conducted:

- through a stock exchange
- by means of a public offer directed at all shareholders or a public solicitation to submit offers
- by means of a public offer or a public solicitation to submit offers for the exchange of liquid shares that are admitted to trading on an organized market, within the meaning of the German Securities Purchase and Takeover Law, for Company shares
- by the use of derivatives (put or call options or a combination of both).

These authorizations may be utilized on one or several occasions, in whole or in partial amounts, in pursuit of one or more objectives by the Company and also by its affiliated companies or by third parties for the Company's account or one of its affiliates' account.

With regard to treasury shares that will be, or have been, acquired based on the aforementioned authorization and/or prior authorizations by the Shareholders Meeting, the Management Board is authorized, subject to the Supervisory Board's consent and excluding shareholder subscription rights, to use these shares—in addition to a disposal through a stock exchange or an offer granting a subscription right to all shareholders—as follows:

- to be sold and transferred against cash consideration
- to be sold and transferred against contributions in kind
- to be used in order to satisfy the rights of creditors of bonds with conversion or option rights or, respectively, conversion obligations issued by the Company or its Group companies
- to be offered, with or without consideration, for purchase and transferred to individuals who are or were employed by the Company or one of its affiliates as well as to board members of affiliates of the Company
- to be used for the purpose of a scrip dividend where shareholders may choose to contribute their dividend entitlement to the Company in the form of a contribution in kind in exchange for new shares.

These authorizations may be utilized on one or several occasions, in whole or in partial amounts, separately or collectively, including with respect to treasury shares acquired by affiliated companies or companies majority-owned by the Company or by third parties for their account or the Company's account.

In addition, the Management Board is authorized to cancel treasury shares, without such cancellation or its implementation requiring an additional resolution by the Shareholders Meeting.

In each case, the Management Board will inform the Shareholders Meeting about the utilization of the aforementioned authorization, in particular about the reasons for and the purpose of the acquisition of treasury shares, the number of treasury shares acquired, the amount of the registered share capital attributable to them, the portion of the registered share capital represented by them, and their equivalent value.

By shareholder resolution adopted at the Annual Shareholders Meeting of May 10, 2017, the Management Board was authorized, subject to the Supervisory Board's approval, to increase, until May 9, 2022, the Company's share capital by a total of up to €460 million through one or more issuances of new registered no-par-value shares against contributions in cash and/or in kind (authorized capital pursuant to Sections 202 et seq. of the AktG; Authorized Capital 2017). Subject to the Supervisory Board's approval, the Management Board is authorized to exclude shareholders' subscription rights.

With the Supervisory Board's approval, the Management Board adopted a resolution that took effect on March 12, 2018, and that the Management Board concretized on September 18, 2019, to utilize almost all of Authorized Capital 2017, which had been resolved by the Annual Shareholders Meeting of May 10, 2017, to increase E.ON SE's share capital—excluding shareholders' subscription rights pursuant to Section 203, Paragraph 2, and Section 186, Paragraph 3 of the AktG—from €2,201,099,000 to €2,641,318,800 through the issuance of 440,219,800 new registered no-par-value shares against contributions in kind. The Executive Committee approved the capital increase on September 18, 2019. The capital increase took effect when it was entered into the Commercial Register on September 19, 2019. Note 19 to the Consolidated Financial Statements contains more information about Authorized Capital 2017.

At the Annual Shareholders Meeting of May 10, 2017, shareholders approved a conditional increase of the Company's share capital (with the option to exclude shareholders' subscription rights) up to the amount of €175 million (Conditional Capital 2017). Note 19 to the Consolidated Financial Statements contains more information about Conditional Capital 2017.

Significant Agreements to Which the Company Is a Party That Take Effect on a Change of Control of the Company Following a Takeover Bid

The underlying contracts of debt issued since 2007 contain change-of-control clauses that give the creditor the right of cancellation. This applies, inter alia, to bonds issued by E.ON SE and E.ON International Finance B.V. and guaranteed by E.ON SE, promissory notes issued by E.ON SE, and other instruments such as credit contracts. Granting change-of-control rights to creditors is considered good corporate governance and has become standard market practice. More information about financial liabilities is contained in the section of the Combined Group Management Report entitled Financial Situation and in Note 26 to the Consolidated Financial Statements.

Settlement Agreements between the Company and Management Board Members or Employees in the Case of a Change-of-Control Event

In the event of a premature loss of a Management Board position due to a change-of-control event, the service agreements of Management Board members entitle them to severance and settlement payments (see the detailed presentation in the Compensation Report).

To the extent that the Company has agreed to settlement payments for Management Board members in the case of a change of control, the purpose of such agreements is to preserve the independence of Management Board members.

A change-of-control event would also result in the early payout of virtual shares under the E.ON Share Matching Plan and the E.ON Performance Plan.

Other Disclosures Relevant to Takeovers

The Company has been notified about the follwing direct or indirect interests in its share capital that exceed 10 percent of the voting rights:

- notification on October 2, 2019, by RWE Aktiengesellschaft for 15 percent of the voting rights
- notification on October 4, 2019, by The Capital Group Companies, Inc., for 10.16 percent of the voting rights.

Stock with special rights granting power of control has not been issued. In the case of stock given by the Company to employees, employees exercise their rights of control directly and in accordance with legal provisions and the provisions of the Articles of Association, just like other shareholders.

Corporate Governance Report

Corporate Governance Declaration in Accordance with Section 289f and Section 315d of the German Commercial Code

Declaration Made in Accordance with Section 161 of the German Stock Corporation Act by the Management Board and the Supervisory Board of E.ON SE

The Board of Management and the Supervisory Board hereby declare that E.ON SE will comply in full with the recommendations of the "Government Commission German Corporate Governance Code," dated February 7, 2017, published by the Federal Ministry of Justice and for Consumer Protection in the official section of the Federal Gazette (Bundesanzeiger).

The Board of Management and the Supervisory Board furthermore declare that E.ON SE has been in compliance in full with the recommendations of the "Government Commission German Corporate Governance Code," dated February 7, 2017, published by the Federal Ministry of Justice and for Consumer Protection in the official section of the Federal Gazette (Bundesanzeiger) since the last declaration in December 2018 with the exception of the following two deviations, which have been declared in the amendment to the compliance declaration in October 2019:

Section 7.1.2 sentence 3:
The consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period.

The quarterly report for the third quarter 2019 (reporting date September 30, 2019) was only published on November 29, 2019 and thus not within the recommended period of 45 days after the end of the reporting period. The reason for this was that due to the completion of the takeover of innogy SE numerous tasks were to be carried out within the scope of the initial consolidation. In spite of all preparations, the necessary work could not be carried out within the recommended period of 45 days after the end of the reporting period. The one-time deviation from the recommendation was necessary to ensure a proper financial reporting for the third quarter 2019.

Section 4.2.3 para. 2 sentence 8:
Subsequent amendments to the performance targets or comparison parameters shall be excluded.

The total remuneration of the members of the Board of Management also includes variable components, the amount of which depends on the achievement of certain target figures. The target figures defined in December 2018 for the financial year 2019 (short-term variable remuneration) respectively in 2016 for a period covering the financial year 2019 (long-term variable remuneration) were based primarily on Group key figures which were significantly affected by the completion of the acquisition of innogy SE and its inclusion in the scope of consolidation of E.ON SE. In order to ensure that both the short-term and the long-term variable remuneration of the Board of Management continues to be aligned with appropriate, demanding comparative parameters, the relevant key figures were adjusted retrospectively.

Essen, December 18, 2019

For the Supervisory Board of E.ON SE:
Dr. Karl-Ludwig Kley
(Chairman of the Supervisory Board of E.ON SE)

For the Board of Management of E.ON SE:
Dr. Johannes Teyssen
(Chairman of the Board of Management of E.ON SE)

This declaration and those of the previous five years are continuously available to the public on the Company's Internet page at www.eon.com.

Relevant Information about Management Practices

Corporate Governance
E.ON views good corporate governance as a central foundation of responsible and value-oriented management, efficient collaboration between the Management Board and the Supervisory Board, transparent disclosures, and appropriate risk management.

In the past financial year, the Management Board and Supervisory Board paid close attention to E.ON's compliance with the German Corporate Governance Code's recommendations and suggestions. They determined that E.ON SE fully complies with all of the Code's recommendations, with the exception of the two aforementioned deviations, and also with nearly all of its suggestions.

Transparent Management
Transparent management is a high priority of the Management Board and Supervisory Board. Our shareholders, all capital market participants, financial analysts, shareholder associations, and the media regularly receive up-to-date information about the situation of, and any material changes to, the Company. We primarily use the Internet to provide equal access to comprehensive and timely information.

E.ON SE issues reports about its situation and earnings by the following means:

- Half-Year Financial Report and Quarterly Statements
- Annual Report
- Annual press conferences
- Press releases
- Telephone conferences held on release of the quarterly and annual results
- Numerous events for financial analysts in and outside Germany.

A financial calendar lists the dates on which the Company's periodic financial reports are released.

The Company issues ad hoc statements about information that could have a significant impact on the price of E.ON stock.

The financial calendar and ad hoc statements are available on the Internet at www.eon.com.

Managers' Transactions
Persons with executive responsibilities, in particular members of E.ON SE's Management Board and Supervisory Board, and persons closely related to them, must disclose specific dealings in E.ON stock or bonds, related derivates, or other related financial instruments pursuant to Article 19 of the EU Market Abuse Regulation in conjunction with Section 26, Paragraph 2, of the German Securities Trading Act. Such dealings that took place in 2019 have been disclosed on the Internet at www.eon.com.

Compliance
Compliance—lawful, rule-abiding behavior—guides our actions. The basis for this is the Code of Conduct established by the Management Board. It emphasizes that all employees must comply with laws and regulations and with company policies. These relate to dealing with business partners, third parties, and government institutions (particularly with regard to antitrust law), the granting and accepting of benefits (anti-corruption), and the selection of suppliers and service providers. Other matters addressed include human rights and the handling of company information, property, and resources. The policies and procedures of our compliance organization ensure the investigation, evaluation, cessation, and punishment of reported violations by the appropriate Compliance Officers and the E.ON Group's Chief Compliance Officer. Violations of the Code of Conduct can also be reported anonymously (for example, by means of a whistleblower report). The Code of Conduct is published on www.eon.com.

Description of the Functioning of the Management Board and Supervisory Board and of the Composition and Functioning of Their Committees

Management Board
The E.ON SE Management Board manages the Company's businesses, with all its members bearing joint responsibility for its decisions. It establishes the Company's objectives, sets its fundamental strategic direction, and is responsible for corporate policy and Group organization.

In 2019 the Management Board consisted of five members. It had one Chairman. No Management Board member has more than three supervisory board memberships in listed non-Group companies or on the supervisory bodies of non-Group companies that require a similar commitment. Someone who has reached the general retirement age should not be a member of the Management Board. The Management Board has in place policies and procedures for the business it conducts and, in consultation with the Supervisory Board, has assigned areas of responsibility to its members.

The Management Board reports to the Supervisory Board on a regular, timely, and comprehensive basis on all relevant issues of strategy, planning, business development, risk situation, risk management, and compliance. It also submits the Group's investment, finance, and personnel plan for the next financial year as well as the medium-term plan to the Supervisory Board, generally at the last meeting of each financial year.

The Chairman of the Management Board informs, without undue delay, the Chairman of the Supervisory Board of important events that are of fundamental significance in assessing the Company's situation, development, and management and of any defects that have arisen in the Company's monitoring systems. Transactions and measures requiring the Supervisory Board's approval are also submitted to the Supervisory Board in a timely manner.

Members of the Management Board are also required to promptly report conflicts of interest to the Executive Committee of the Supervisory Board and to inform the other members of the Management Board. Members of the Management Board may only assume other corporate positions, particularly appointments to the supervisory boards of non-Group companies, with the consent of the Executive Committee of the Supervisory Board. There were no conflicts of interest involving members of the E.ON SE Management Board in the year under review. Dr.-Ing. Leonhard Birnbaum is also a member of the innogy SE Management Board. After his appointment as a member of the innogy SE Management Board on October 10, 2019, Dr.-Ing. Birnbaum no longer participated in the adoption of resolutions or the other governance matters on the E.ON SE Management Board that posed a potential conflict of interest between E.ON SE and innogy SE.

Any material transactions between the Company and members of the Management Board, their relatives, or entities with which they have close personal ties require the consent of the Executive Committee of the Supervisory Board. No such transactions took place in the reporting period.

The Management Board has no board committees but has established a number of committees that support it in the fulfillment of its tasks. The members of these committees are senior representatives of various departments of E.ON SE whose experience, responsibilities, and expertise make them particularly suited for their committee's tasks. Among these committees are the following:

The Management Board has established a Disclosure Committee and an Ad Hoc Committee for issues relating to financial disclosures. These committees ensure that such information is disclosed in a correct and timely fashion.

A Risk Committee ensures the correct application and implementation of the legal requirements of Section 91 of the German Stock Corporation Act (known by its German abbreviation, "AktG"). This committee monitors the E.ON Group's risk situation and its risk-bearing capacity and devotes particular attention to the early identification of developments that could potentially threaten the Company's continued existence. In this context, the Risk Committee also deals with risk-mitigation strategies (including hedging strategies). In collaboration with relevant departments, the committee ensures and refines the implementation of, and compliance with, company policies regarding commodity risks, credit risks, and enterprise risk management.

Supervisory Board

To ensure that, after the acquisition of the majority of the shares of innogy SE, innogy's employees are represented without delay on the Supervisory Board of E.ON SE as the Group's parent company, a resolution was adopted at the 2019 Annual Shareholders Meeting to enlarge the Supervisory Board to 20 members for a limited period of time. The enlargement was to be delayed until the acquisition of the majority of the shares of innogy SE closed, which has now occurred. Effective the conclusion of the 2023 Annual Shareholders Meeting, the size of the Supervisory Board will be reduced to 12 members. Pursuant to E.ON SE's Articles of Association, the Supervisory Board is composed of an equal number of shareholder and employee representatives. The shareholder representatives are elected by the shareholders at the Annual Shareholders Meeting; the Supervisory Board nominates candidates for this purpose. As a rule, the Annual Shareholders Meeting decides on the elections by individual vote. Pursuant to the agreement regarding employees' involvement in E.ON SE, the other currently ten members of the Supervisory Board are appointed by the SE Works Council, with the provision that at least three different countries are represented and one member is selected by a trade union that is represented at E.ON SE or one of its subsidiaries in Germany. Persons are not eligible as Supervisory Board members if they:

- are already supervisory board members in ten commercial companies that are required by law to form a supervisory board,
- are legal representatives of an enterprise controlled by the Company,
- are legal representatives of another corporation whose supervisory board includes a member of the Company's Management Board, or
- were a member of the Company's Management Board in the past two years, unless the person concerned is nominated by shareholders who hold more than 25 percent of the Company's voting rights.

An upper age limit of 75 years applies to members of the Supervisory Board.

The members of the E.ON SE Supervisory Board fulfill these requirements. Pursuant to the AktG, at least one member of the Supervisory Board must have expertise in preparing or auditing financial statements. The Supervisory Board believes that, in particular, Andreas Schmitz meets this requirement. The Supervisory Board believes that its members in their entirety are familiar with the sector in which the Company operates.

The Supervisory Board oversees the Company's management and advises the Management Board on an ongoing basis. The Management Board requires the Supervisory Board's prior approval for significant transactions and measures, such as the Group's investment, finance, and personnel plans; the acquisition or sale of companies, equity interests, or parts of companies whose fair value or, in the absence of a fair value, whose book value exceeds €300 million; financing measures that exceed €1 billion and have not been covered by Supervisory Board resolutions regarding finance plans; and the conclusion, amendment, or termination of affiliation agreements. The Supervisory Board examines the Financial Statements of E.ON SE, the Management Report, and the proposal for profit appropriation and, on the basis of the Audit and Risk Committee's preliminary review, the Consolidated Financial Statements and the Separate Combined Non-Financial Report. The Supervisory Board provides to the Annual Shareholders Meeting a written report on the results of this examination.

Overview of the Attendance of Supervisory Board Members at Meetings of the Supervisory Board and Its Committees

Supervisory Board member	Supervisory Board	Executive Committee	Audit and Risk Committee	Innovation and Sustainablility Committee[1]	Nomination Committee
Kley, Dr. Karl-Ludwig	5/6	8/8	–	–	0/0
Clementi, Erich	6/6	8/8	–	1/1 (guest)	0/0
Dybeck Happe, Carolina	6/6	–	4/4	–	–
Fröhlich, Klaus	6/6	–	–	5/5	–
Grillo, Ulrich[3]	2/2	1/1[5]	–	–	–
Schmitz, Andreas	6/6	6/6[4, 6]	4/4	–	–
Schmitz, Dr. Rolf Martin[3]	2/2	–	–	–	–
Segundo, Dr. Karen de	5/6	–	–	5/5	0/0
Wilkens, Deborah[3]	2/2	–	1/1[5]	–	–
Woste, Ewald	6/6	–	–	5/5	–
Scheidt, Andreas	6/6	8/8	–	–	–
Broutta, Clive	6/6	–	–	5/5	–
Krebber, Monika[2]	2/2	–	–	–	–
Luha, Eugen-Gheorghe	6/6	–	–	5/5	–
May, Stefan[2]	2/2	–	–	1/1[5, 7]	–
Pinczésné Márton, Szilvia	6/6	–	–	–	–
Pöhls, René[2]	2/2	–	1/1[5]	–	–
Schulz, Fred	6/6	8/8	4/4	–	–
Wallbaum, Elisabeth	6/6	–	4/4	–	–
Zettl, Albert	6/6	7/7[4]	–	3/4[6, 7]	–

[1]Until October 2, 2019: Investment and Innovation Committee.
[2]Member since September 24, 2019.
[3]Member since October 1, 2019.
[4]Committee member since March 12, 2019.
[5]Committee member since October 2, 2019.
[5]Committee member until October 2, 2019.
[7]Once as a guest.

The Supervisory Board has established rules and procedures for itself, which are available on the Company's Internet page. It holds at least four regular meetings in each financial year. Its rules and procedures include mechanisms by which, if necessary, a meeting of the Supervisory Board or one of its committees can be called at any time at the request of a Management Board member. Shareholder representatives and employee representatives can prepare for Supervisory Board meetings separately. In the event of a tie vote on the Supervisory Board, the Chairman has the tie-breaking vote.

Furthermore, the Supervisory Board's rules and procedures gave it the option, if necessary, of holding executive sessions; that is, to meet without the Management Board.

In view of Item 5.4.1 of the German Corporate Governance Code, dated February 7, 2017, and Section 289f, Paragraph 2, Item 6, of the German Commercial Code, the Supervisory Board defined targets for its composition, including a diversity concept and a competency profile, that go beyond the applicable legal requirements. They are as follows:

"The composition of the Supervisory Board of E.ON SE shall comply with the specific SE requirements and Germany's Stock Corporation Act, and with the recommendations of the German Corporate Governance Code.

a) In this context, the following general objectives shall be observed:

- *The Supervisory Board shall include a reasonable number of independent members. Members shall be deemed to be independent if they have no personal or business relationship with the Company, its corporate bodies, a major shareholder or any company affiliated with the latter, where such relationship may give rise to a material and not merely temporary conflict of interests. If the total number of Supervisory Board members is 20, a reasonable number of independent members will be 14. In this context, employee representatives will always be regarded as independent members.*

- *The Supervisory Board shall not include more than two former members of the Board of Management.*

- *Members of the Supervisory Board must not have seats on the boards of, or act as consultants for, any of the Company's major competitors.*

- *Supervisory Board membership shall usually be limited to no more than three full terms of office (15 years).*

- *All Supervisory Board members must have sufficient time available to perform their duties on the boards of various companies. Persons who are members of the board of management of a listed company shall only be eligible as members of E.ON's Supervisory Board if they do not have seats on a total of more than two supervisory boards of listed non-Group companies or of comparable supervisory bodies.*

b) In addition, the Supervisory Board has adopted the following diversity concept so as to ensure a balanced structure of the Supervisory Board in terms of age, gender, personality, educational background and professional experience.

- *In the search for qualified Supervisory Board members, due consideration shall be given to diversity. When preparing nominations for the election of Supervisory Board members, due consideration shall be given in each case to the question as to whether complementary academic profiles, professional and life experience, a balanced age mix, various personalities and a reasonable gender balance benefit the Supervisory Board's work. In this context, care shall be taken to ensure that a gender quota of 30 percent will be achieved; this shall apply to the Supervisory Board as a whole and to the shareholders' and employees' representatives separately.*

- *An upper age limit of 75 years shall apply to members of the Supervisory Board; candidates shall not be older than 72 years when they are elected.*

- *Four Supervisory Board members shall have international experience, i.e. they shall have spent, for instance, many years of their professional career outside Germany.*

c) In addition, the following skills profile shall apply; especially the Nominations Committee will strive to apply the skills profile when preparing nominations of candidates for the shareholders' representatives to be proposed to the Annual General Meeting.

- *The shareholders' representatives should have leadership experience in companies or other large organizations by the majority. At least four members shall have experience, as management or supervisory board members, in the strategic management or supervision of listed organizations and shall be familiar with the functioning of capital and financial markets.*

- *At least two members shall be familiar, in particular, with innovation, disruption and digitization and the associated new business models and cultural change.*

- *At least four members shall have specific expertise in the businesses and markets that are particularly relevant for E.ON. This includes in particular the energy sector, the sales and retail business, regulated industries, new technology as well as relevant customer sectors.*

- *At least two independent representatives of the shareholders shall have expertise in the fields of accounting, risk management and auditing of financial statements.*

- *At least two members shall be familiar with legal and compliance, HR, IT and sustainability, more specially in the dimensions of environmental protection, social, and governance ("ESG")."*

Current Composition of the Supervisory Board

a) The Supervisory Board believes that all of its members are independent. No former Management Board member sits on the Supervisory Board. Furthermore, no member has a seat on the boards of, or acts as a consultant for, any of the Company's major competitors or has been on the Supervisory Board for more than three terms of office (15 years). The Supervisory Board believes that in the case of no Supervisory Board member is there specific indications of relevant situations or relationships that could give rise to a conflict of interests. Only two management board members of a listed company, Klaus Fröhlich, a member of the Board of Management of Bayerische Motoren Werke Aktiengesellschaft, and Rolf Martin Schmitz, Chairman of the Board of Management of RWE Aktiengesellschaft, sit on the Supervisory Board.

b) In its current composition the Supervisory Board meets the objectives of its diversity concept. The Supervisory Board's composition of women and men complies with the legal requirements for minimum percentages; separate compliance with the statutory gender quota occurred from the 2018 Annual Shareholders Meeting. The age range of the Supervisory Board is currently 44 to 73 years. At least four members have international experience.

c) In their entirety, the members bring a wide range of specific knowledge to committee work and have special expertise in one or more businesses and markets relevant to the Company.

Current CVs of Supervisory Board members are published on the Company's Internet page.

To ensure that, after the acquisition of the majority of the shares of innogy SE, innogy's employees are represented without delay on the Supervisory Board of E.ON SE as the Group's parent company, a resolution was adopted at the 2019 Annual Shareholders Meeting to enlarge the Supervisory Board to 20 members for a limited period of time. The enlargement was to be delayed until the acquisition of the majority of the shares of innogy SE closed, which has now occurred. Effective the conclusion of the 2023 Annual Shareholders Meeting, the size of the Supervisory Board will be reduced to 12 members. In view of continually changing business requirements, the Supervisory Board will continue to identify necessary competencies early to ensure that it has them.

The Supervisory Board has established the following committees and defined rules and procedures for them:

The Executive Committee consists of six members: the Supervisory Board Chairman, his two Deputies, another member elected at the recommendation of employee representatives, and two more members elected at the recommendation of shareholder representatives. It prepares the meetings of the Supervisory Board and advises the Management Board on matters of general policy relating to the Company's strategic development. In urgent cases (in other words, if waiting for the Supervisory Board's prior approval would materially prejudice the Company), the Executive Committee acts on the full Supervisory Board's behalf. In addition, a key task of the Executive Committee is to prepare the Supervisory Board's personnel decisions and resolutions for setting the respective total compensation of individual Management Board members within the meaning of Section 87, AktG. Furthermore, it is responsible for the conclusion, alteration, and termination of the service agreements of Management Board members and for presenting the Supervisory Board with a proposal for a resolution on the Management Board's compensation plan and its periodic review. In addition, it prepares the Supervisory Board's decision on the Group's investment, financial, and personnel plan for the next financial year. It also deals with corporate-governance matters and reports to the Supervisory Board, generally once a year, on the status and effectiveness of, and possible ways of improving, the Company's corporate governance and on new requirements and developments in this area. The Executive Committee advises the Management Board on all issues of Group financing and investment planning. It decides on behalf of the Supervisory Board on the approval of the acquisition and disposition of companies, equity interests, and parts of companies whose value exceeds €300 million but does not exceed €600 million. Furthermore, the Management Board must present to the Executive Committee investments if, in the case of a fixed-asset investment of more than €300 million, the Management Board is convinced that the approved investment amount will be surpassed by more than 10 percent or if the Management Board perceives that the investment is no longer economic; that is, that it will no longer achieve its cost of capital. Additionally, the Executive Committee decides on behalf of the Supervisory Board on the approval of financing measures whose value exceeds €1 billion but not €2.5 billion if such measures are not covered by the Supervisory Board's resolutions regarding finance plans. If the value of any such transactions or measures exceeds the aforementioned thresholds, the committee prepares the Supervisory Board's decision.

The Audit and Risk Committee consists of six members. The Supervisory Board believes that, in their entirety, the members of the Audit and Risk Committee are familiar with the sector in which the Company operates. According to the AktG, the Audit and Risk Committee must include one Supervisory Board member who has expertise in accounting or auditing. The Supervisory Board believes that in particular Andreas Schmitz fulfills this requirement. Pursuant to the recommendations of the German Corporate Governance Code, dated February 7, 2017, the Chairman of the Audit and Risk Committee should have special knowledge and experience in the application of accounting principles and internal control processes. In addition, this person should be independent and should not be a former Management Board member whose service on the Management Board ended less than two years ago. The Supervisory Board believes that the Chairman of the Audit and Risk Committee, Andreas Schmitz, fulfills these requirements. In particular, the Audit and Risk Committee deals with accounting issues (including the accounting process), risk management, compliance, the necessary independence of the independent auditor, the issuance of the audit mandate to the independent auditor, the definition of the audit priorities, the agreement regarding the independent auditor's fees, and any additional services performed by the independent auditor. The committee's monitoring of risk management encompasses reviewing the effectiveness of the internal control system, internal risk management, and the internal audit system. The committee also prepares the Supervisory Board's decision on the approval of the Financial Statements of E.ON SE and the Consolidated Financial Statements. It is responsible for the preliminary review of the Financial Statements of E.ON SE, the Management Report, the Consolidated Financial Statements, the Combined Group Management Report and the proposal for profit appropriation as well as—if these are not already part of the (Combined Group) Management Report—the Separate Non-Financial Report and the Separate Combined Non-Financial Report. It discusses the half-yearly reports and quarterly statements or financial reports with the Management Board prior to their publication. The effectiveness of the internal control mechanisms for the accounting process used at E.ON SE and the Group's units is tested on a regular basis by the Internal Audit division; the Audit and Risk Committee regularly monitors the work done by the Internal Audit division and the definition of audit priorities. The Audit and Risk Committee may commission an external review of the contents of the Non-Financial Statement or the Separate Non-Financial Report or the Combined Non-Financial Statement or the separate Combined Non-Financial Report. In addition, the Audit and Risk Committee prepares the proposal on the selection of the Company's independent auditor for the Annual Shareholders Meeting. In order to ensure the auditor's independence, the Audit and Risk Committee secures a statement from the proposed auditor detailing any facts that could lead to the audit firm being excluded for independence reasons or otherwise conflicted.

In being assigned the audit task, the independent auditor agrees to:

- promptly inform the Chairman of the Audit and Risk Committee should any facts arise during the course of the audit that could lead to the audit firm being excluded for independence reasons or otherwise conflicted, unless such facts are resolved in a satisfactory manner

- promptly inform the Supervisory Board of anything it becomes aware of during the course of the audit that is of relevance to the Supervisory Board's duties

- inform the Chairman of the Audit and Risk Committee, or to note in the audit report, if the audit has led to findings that contradict the Declaration of Compliance with the German Corporate Governance Code by the Management Board or Supervisory Board.

In 2019 the Investment and Innovation Committee was renamed the Innovation and Sustainability Committee. It consists of six members. It advises the Management Board on all innovation issues and growth opportunities. The focus is on opportunities that could deliver significant growth in sales and profit within the foreseeable future. These types of opportunities could range from new business models, markets, products, and services to innovative solutions that tangibly improve the customer experience, employees' daily work, or processes. The Innovation and Sustainability Committee advices the Management Board on E.ON's digital transformation with the aim of making the Company more automated, leaner, and more data-driven. The committee also addresses issues relating to E.ON's HR agenda that help employees adopt a growth and innovation mentality, such as engagement, capabilities, work methods of the future, and cultural change. In addition, the committee advises the Supervisory Board and the Management Board on environmental, social, governance ("ESG"), and sustainability issues.

The Nomination Committee consists of three shareholder-representative members. Its Chairman is the Chairman of the Supervisory Board. Its task is to recommend to the Supervisory Board, taking into consideration the Supervisory Board's targets for its composition, suitable candidates for election to the Supervisory Board by the Annual Shareholders Meeting.

All committees meet at regular intervals and when specific circumstances require it under their rules and procedures. The Report of the Supervisory Board (on pages 4 to 6) contains information about the activities of the Supervisory Board and its committees in the year under review. Pages 240 and 241 of the Annual Report show the composition of the Supervisory Board and its committees.

Shareholders and Annual Shareholders Meeting

E.ON SE shareholders exercise their rights and vote their shares at the Annual Shareholders Meeting. The convening of the Annual Shareholders Meeting and the reports and documents required by law for the Annual Shareholders Meeting, including the Annual Report, are published on the Company's Internet page together with the agenda and the explanation of the conditions of participation, shareholders' rights, and any countermotions and election proposals submitted by shareholders. The Company's financial calendar, which is published in the Annual Report, in the quarterly statements or financial reports, and on the Internet at www.eon.com, regularly informs shareholders about important Company dates.

At the Annual Shareholders Meeting, shareholders may vote their shares themselves, through a proxy of their choice, or through a Company proxy who is required to follow the shareholder's voting instructions.

As stipulated by German law, the Annual Shareholders Meeting votes to select the Company's independent auditor.

At the Annual Shareholders Meeting on May 14, 2019, PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, was selected to be E.ON SE's independent auditor for the 2019 financial year and to audit the Condensed Consolidated Interim Financial Statements and Interim Group Management Report for the 2019 financial year and the first quarter of 2020. The independent auditors with signing authority for the Annual Financial Statements of E.ON SE and the Consolidated Financial Statements are Markus Dittmann (since the 2014 financial year) and Aissata Touré (since the 2015 financial year).

The EU Regulation on Statutory Audit introduced an obligation for the statutory auditor and/or firm to be rotated periodically. Such a rotation is intended for the 2021 financial year. After the conclusion of the legally mandated multistage review process and on the basis of the Audit and Risk Committee's recommendation, the Supervisory Board intends to recommend to the 2020 Annual Shareholders Meeting to appoint Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, to be independent auditor and Group independent auditor for the 2020 financial year and to audit the Condensed Consolidated Interim Financial Statements and Interim Group Management Reports for the 2020 financial year and to appoint KPMG AG Wirtschaftsprüfungsgesellschaft to be independent auditor and to audit the Condensed Consolidated Interim Financial Statements and Interim Group Management Report for the first quarter of 2021 and to recommend to the 2021 Annual Shareholders Meeting to appoint KPMG AG Wirtschaftsprüfungsgesellschaft to be independent auditor and Group independent auditor and to audit the Condensed Consolidated Interim Financial Statements and Interim Group Management Reports for the 2021 financial year and the first quarter of the 2022 financial year.

Women and Men in Leadership Positions Pursuant to Section 76, Paragraph 4, and Section 111, Paragraph 5, of the German Stock Corporation Act

In the year under review, the Management Board consisted initially of four and subsequently of five men. In December 2016 the Supervisory Board set a new target of 20 percent for the proportion of women on the Management Board and a deadline of December 31, 2021, for implementation.

In May 2017 the Management Board set a target of 30 percent for the proportion of women in the first level of management below the Management Board and a target of 35 percent for the second level of management below the Management Board. The deadline for achieving both targets is June 30, 2022. At year-end 2019, the proportion of women in first and second levels of management below the Management Board was roughly 31 percent and roughly 23 percent, respectively.

For all other E.ON Group companies concerned, targets and deadlines pursuant to the Law for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector were set for the proportion of women on these companies' supervisory board and management board or team of managing directors as well as in the next two levels of management. The deadline for achieving these targets is June 30, 2022.

Diversity Concept for the Management Board

At its meeting in December 2017 the E.ON SE Supervisory Board adopted a resolution on the following succession planning/diversity concept for the Management Board:

In cooperation with the Executive Committee and the Management Board, the Supervisory Board is in charge of long-term succession planning for the Management Board. With regard to the Management Board's composition, the Supervisory Board of E.ON SE has developed a diversity concept that is in line with the recommendations of the German Corporate Governance Code.

Appointment Objectives

- When appointing members of the Management Board, the candidates' outstanding professional qualifications, long-term leadership experience and past performance, as well as value-driven management shall be of paramount importance. Members shall be capable of taking forward-looking strategic decisions. In particular, they shall be capable of managing businesses sustainably and of ensuring that they are consistently focused on customer needs.

- The Management Board as a whole must have expertise and experience in the energy sector as well as in the fields of finance and digitization.

- The members of the Management Board shall be leaders and as such shall act as role models for the employees through their own performance and conduct.

- Attention shall be paid to diversity when appointing members of the Management Board. For the Supervisory Board, diversity means, in particular, different complementary academic profiles, professional and personal experience, personalities, as well as internationality and a reasonable age and gender structure. The Supervisory Board has therefore adopted a target quota of 20 percent for the share of women on the Management Board; this target shall be achieved by December 31, 2021.

- The appointment period of a member of the Management Board shall generally end at the end of the month on which the Management Board member reaches the general retirement age but by the end of the month of the subsequent Annual Shareholders Meeting at the latest.

Achievement of Objectives

With the exception of the target quota regarding the share of women, which is to be achieved by December 31, 2021, the current composition of the Management Board already meets the appointment objectives described above.

Compensation Report Pursuant to Section 289a, Paragraph 2, and Section 315a, Paragraph 2, of the German Commercial Code

This compensation report describes the basic features of the compensation plans for members of the E.ON SE Management Board and Supervisory Board and provides information about the compensation granted and paid in 2019. It applies the provisions of accounting standards for capital-market-oriented companies (the German Commercial Code, German Accounting Standards, and International Financial Reporting Standards) and the recommendations of the German Corporate Governance Code dated February 7, 2017.

Basic Features of the Management Board Compensation Plan

The Management Board compensation plan that took effect on January 1, 2017, is supposed to create an incentive for successful and sustainable corporate governance and to link the compensation of Management Board members with the Company's short-term and long-term performance while also factoring in their individual performance. The plan's parameters are therefore transparent, performance-based, and aligned with the Company's business success; variable compensation is based predominantly on multi-year metrics. In order to align management's and shareholders' interests and objectives, long-term variable compensation is based not only on the development of E.ON's stock price in absolute terms but also on a comparison with competitors. Share ownership guidelines further strengthen E.ON's capital-market orientation and shareholder culture.

The Supervisory Board approves the Executive Committee's proposal for the Management Board's compensation plan. It reviews the plan and the appropriateness of the Management Board's total compensation as well as the individual components on a regular basis and, if necessary, makes adjustments. It considers the provisions of the German Stock Corporation Act and follows the German Corporate Governance Code's recommendations and suggestions. In its review of the compensation plan's market conformity and the appropriateness of compensation levels, the Supervisory Board was supported by an external compensation expert.

The compensation plan that took effect on January 1, 2017, was presented to the 2016 Annual Shareholders Meeting and approved by a majority of 91.14 percent.

In view of the regulatory changes resulting from the Act on the Implementation of the Second Shareholder Rights Directive ("ARUG II") and the new version of the German Corporate Governance Code, which took effect at the start of 2020, the Supervisory Board intends to review the Management Board's current compensation plan in the course of next financial year, make any resulting adjustments, and put a potentially revised compensation plan up for vote at the 2021 Annual Shareholders Meeting.

Dr.-Ing. Birnbaum was appointed Chairman of the innogy SE Management Board effective October 11, 2019, through September 30, 2022. As Chief Operating Officer–Integration, Dr.-Ing. Birnbaum remains a member of the E.ON SE Management Board and therefore has dual mandate within the meaning of Section 88, Paragraph 1, Sentence 2 of the German Stock Corporation Act (see pages 80 and 81 for details). The compensation modalities that apply to Dr.-Ing. Birnbaum due to his dual mandate are explained in detail in the section entitled "Total Compensation in 2019" on page 80.

The following table provides a summary overview of the individual components of the Management Board's compensation as well as their respective metrics and parameters:

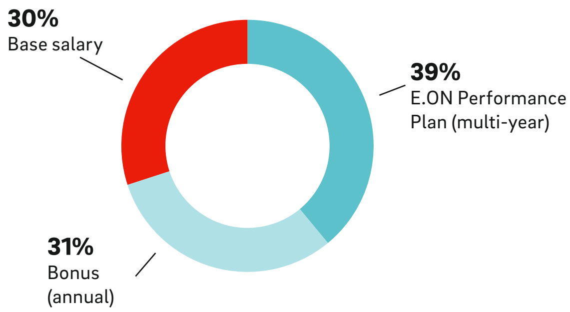
Summary Overview of Compensation Components[1]

Compensation component	Metric/Parameter
Non-performance-based compensation	
Base salary	• Management Board Chairman: €1,240,000 • Management Board members: €700,000–€800,000
Fringe benefits	Chauffeur-driven company car, telecommunications equipment, insurance premiums, medical examination
Performance-based compensation	
Annual bonus	• Target bonus at 100 percent target attainment: – Target bonus for Management Board Chairman: €1,417,500 – Target bonus for Management Board members: €675,000–€825,000 • Cap: 200 percent of target bonus • Amount of bonus depends on: – Company performance: actual earnings per share ("EPS") versus budget – Individual performance factor: collective performance and individual performance (up/down or "bonus/malus adjustment") • Annual bonus corresponds to 45 percent of performance-based compensation
Possibility of special compensation	May be awarded, at the Supervisory Board's discretion, for outstanding achievements as part of the annual bonus as long as the total bonus remains under the cap
Long-term variable compensation: E.ON Share Matching Plan (granted until 2016)	• Granting of virtual shares of E.ON stock with a four-year vesting period – Target value for Management Board Chairman: €1,260,000 (excluding LTI components from annual bonuses) – Target value for Management Board members: €600,000–€733,333 (excluding LTI components from annual bonuses) • Cap: 200 percent of the target value • Number of virtual shares: 1/3 from the annual bonus (LTI component) + base matching (1:1) + performance matching (1:0 to 1:2) depending on ROCE during vesting period • Value development depends on the 60-day average price of E.ON stock price at the end of the vesting period and on the dividend payments during the four-year vesting period
Long-term variable compensation: E.ON Performance Plan (granted from 2017)	• Granting of virtual shares of E.ON stock with a four-year vesting period – Target value for Management Board Chairman: €1,732,500 – Target value for Management Board members: €825,000–€1,008,333 • Final number of virtual shares depends on E.ON stock's TSR relative to the TSR of companies in the STOXX® Europe 600 Utilities index; ¼ of TSR performance is locked in annually • Allocation limit; that is, the maximum number of virtual shares: 150 percent • Value development depends on the 60-day average price of E.ON stock price at the end of the vesting period and on the dividend payments during the four-year vesting period • Cap: 200 percent of the target value • Annual target allocation corresponds to 55 percent of performance-based compensation
Pension benefits	
Final-salary-based benefits[2]	• Lifelong pension payment equaling a maximum of 75 percent of fixed compensation from the age of 60 • Pension payments for widows and children equaling 60 percent and 15 percent, respectively, of pension entitlement
Contribution-based benefits	• Virtual contributions equaling a maximum of 21 percent of fixed compensation and target bonus • Virtual contributions capitalized using interest rate based on long-term German treasury notes • Payment of pension account balance from age 62 as a lifelong pension, in installments, or in a lump sum
Other compensation provisions	
Share Ownership Guidelines	• Obligation to buy and hold E.ON stock until the end of service on the Management Board • Investment in E.ON stock equaling a percentage of base compensation: – 200 percent (Management Board Chairperson) – 150 percent (other Management Board members) • Until the required investment is reached, obligation to invest net payouts from long-term compensation in E.ON stock
Settlement cap	Maximum of two years' total compensation or the total compensation for the remainder of the service agreement
Settlement for change-of-control	Settlement equal to two or three target salaries (base salary, target bonus, and fringe benefits), reduced by up to 20 percent
Non-compete clause	For six months after termination of service agreement, prorated compensation equal to fixed compensation and target bonus, at a minimum 60 percent of most recently received compensation
Clawback rule	The Supervisory Board's right pursuant to Section 87, Paragraph 2 of the German Stock Corporation Act to reduce compensation if the Company's situation deteriorates

[1]Deviating compensation modalities apply to Dr.-Ing. Birnbaum due to his dual membership. They are described in the section "Total Compensation in 2019."
[2]Only applies to Dr. Johannes Teyssen.

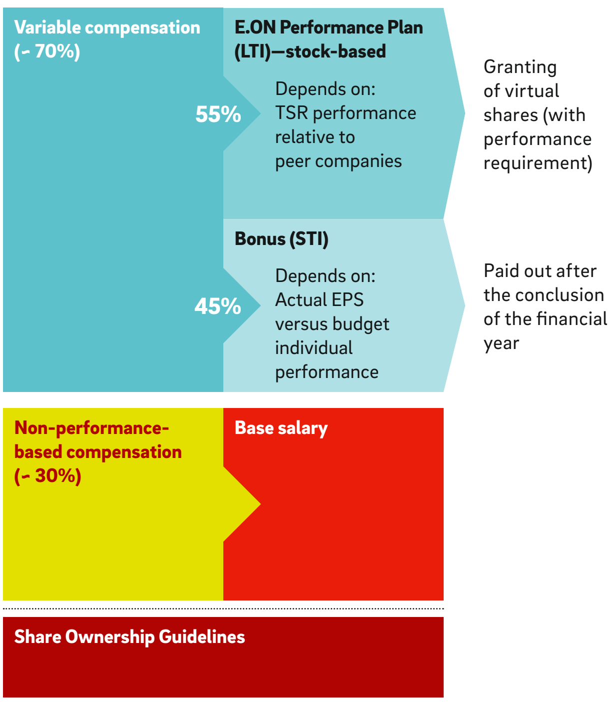
Components and Compensation Structure

The compensation of Management Board members consists of a fixed base salary, an annual bonus, and long-term variable compensation. The components account for the following percentages of total compensation:[1]



[1]Not including fringe, other, and pension benefits.

The following graphic provides an overview of the compensation plan for Management Board members:



Non-Performance-Based Compensation

No revisions were made to non-performance-based compensation relative to the previous financial year.

Management Board members receive their fixed compensation in twelve monthly payments.

Management Board members receive a number of contractual fringe benefits, including the use of a chauffeur-driven company car. The Company also provides them with the necessary telecommunications equipment, covers costs that include those for a periodic medical examination, and pays the premium for an accident insurance policy.

Performance-Based Compensation

No revisions were made to performance-based compensation relative to the previous financial year.

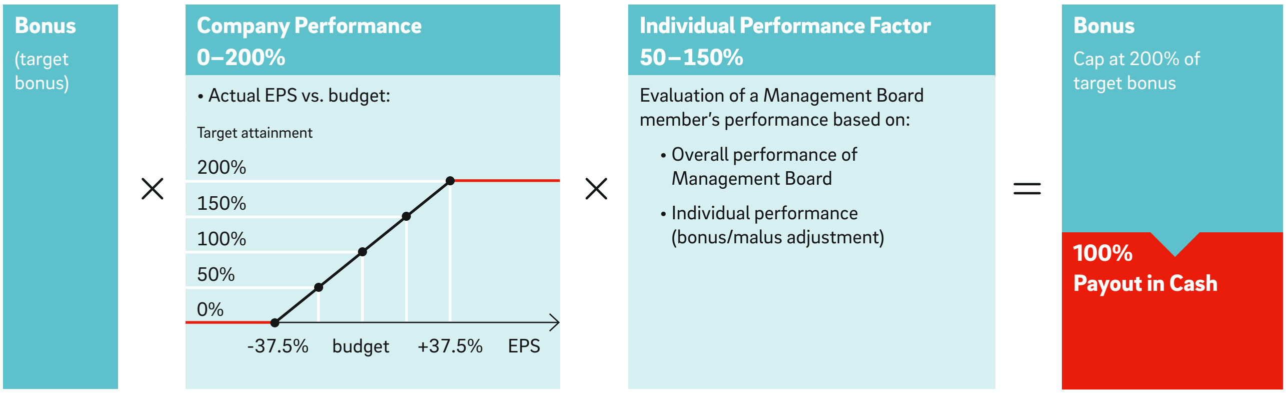
55 percent of performance-based compensation depends on the achievement of long-term targets, ensuring that the variable compensation is sustainable under the criteria of Section 87 of the German Stock Corporation Act.

Annual Bonus

Management Board members' annual bonus (45 percent of the performance-based compensation) consists of a cash payment made after the end of the financial year.

The amount of the annual bonus is determined by the degree to which certain performance targets are attained. The target-setting mechanism consists of company performance targets and individual performance targets.

The Supervisory Board has no additional discretionary power in the assessment of the Company's performance.



The Company's performance is assessed on the basis of earnings per share ("EPS"), E.ON's key performance indicator. EPS used for this purpose will be derived from adjusted net income as disclosed in this report. The EPS target for each year is set by the Supervisory Board, taking into account the approved budget. Because the budget is derived from the Company's corporate strategy, no specific target figures are disclosed for competitive reasons. The target is fully achieved if actual EPS is equal to the target. If actual EPS is 37.5 percentage points or more below the target, this constitutes zero percent attainment. If actual EPS is 37.5 percentage points or more above the target, this constitutes 200 percent attainment. Linear interpolation is used to translate intermediate EPS figures into percentages.

The Supervisory Board determines the degree to which Management Board members have attained the targets of their individual performance factors, giving adequate consideration to their individual and collective contributions. The factors range between 50 and 150 percent. The amount of the bonus can therefore be adjusted up or down depending on performance (in the sense of a "bonus/malus adjustment").

The targets for individual performance factors are set at the beginning of each financial year and are exclusively strategic in nature. Here too, therefore, no specific target figures are disclosed for competitive reasons. The Supervisory Board may also factor in, for example, quantitative and qualitative customer targets as well as performance indicators for the Company's core businesses or matters such as health, safety, and environment and personnel management.

In addition, the Supervisory Board may, as part of the annual bonus, grant Management Board members special compensation for outstanding achievements. In assigning Management Board members their individual performance factors and in granting special compensation, the Supervisory Board pays attention to the criteria of Section 87 of the German Stock Corporation Act and of the German Corporate Governance Code.

As before, the maximum bonus that can be attained (including any special compensation) is 200 percent of the target bonus (cap).

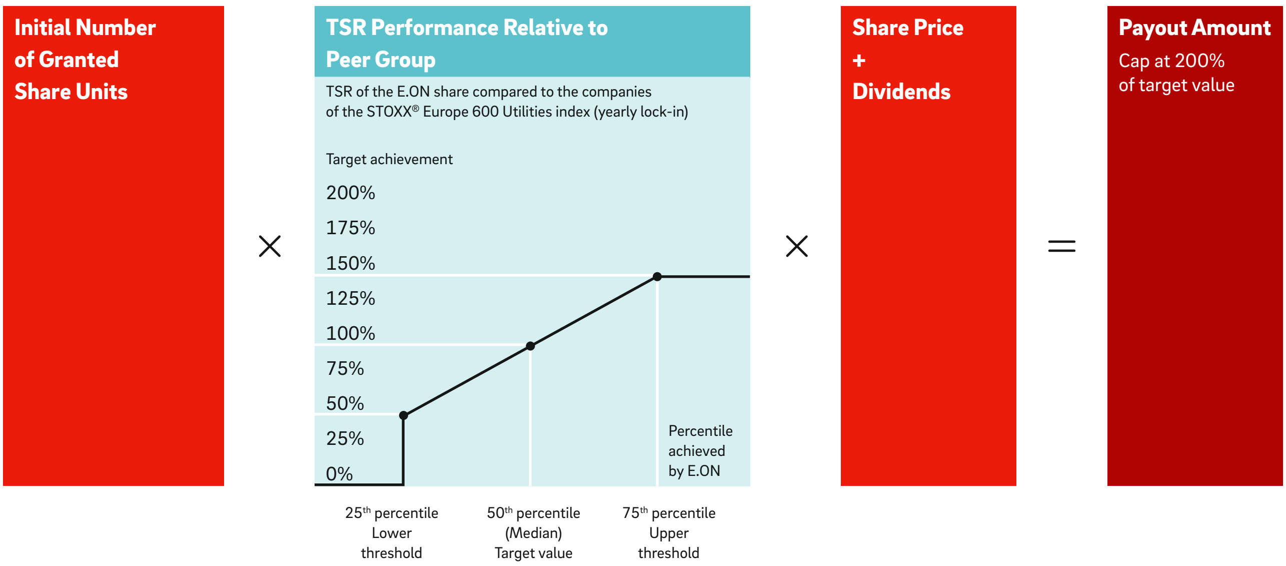
Long-Term Variable Compensation
Long-term variable compensation currently consists of tranches from several financial years granted under two different plans. First, tranches of the E.ON Performance Plan—Performance Plan, first tranche (2017–2020), second tranche (2018–2021), and third tranche (2019–2022)—were granted in 2017, 2018, and 2019. Second, there are still tranches of the E.ON Share Matching Plan outstanding. The last tranche of the E.ON Share Matching Plan—Share Matching Plan, fourth tranche (2016–2020) and the LTI components of the bonus from 2016 Share Matching Plan, fifth tranche (2017–2021)—was granted in 2016.

E.ON Performance Plan (Granted from 2017)
Management Board members receive stock-based, long-term variable compensation under the E.ON Performance Plan, which replaced the E.ON Share Matching Plan as the Company's new long-term compensation plan effective January 1, 2017. Each tranche of the E.ON Performance Plan has a vesting period of four years to serve as a long-term incentive for sustainable business performance. Vesting periods start on January 1.

The Supervisory Board grants virtual shares to each member of the Management Board in the amount of the contractually agreed-on target. The conversion into virtual shares is based on the fair market value on the date when the shares are granted. The fair market value is determined by applying methods accepted in financial mathematics, taking into account the expected future payout, and hence, the volatility and risk associated with the E.ON Performance Plan. The number of granted virtual shares may change in the course of the four-year vesting period depending on the total shareholder return ("TSR") of E.ON stock compared with the TSR of the companies in a peer group ("relative TSR").

TSR is the yield of E.ON stock. It takes into account the stock price, including the assumption that dividends are reinvested, and is adjusted to exclude changes in capital. The peer group used for relative TSR will be the companies in E.ON's peer index, the STOXX® Europe 600 Utilities.

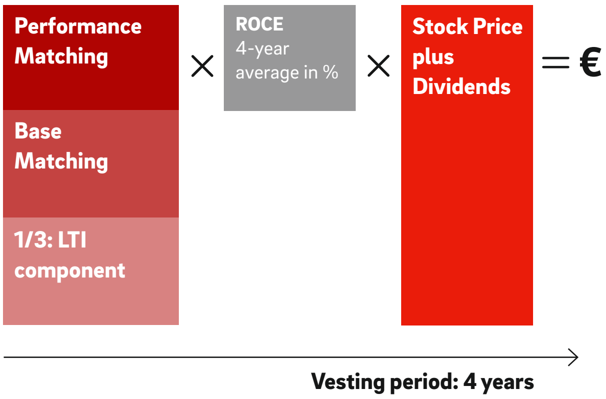
During a tranche's vesting period, E.ON's TSR performance is measured once a year in comparison with the companies in the peer group and set for that year. E.ON SE's TSR performance in a given year determines the final number of one fourth of the virtual shares granted at the beginning of the vesting period. For this purpose, the TSRs of all companies are ranked, and E.ON SE's relative position is determined based on the percentile reached. Target attainment is 100 percent if E.ON SE's TSR is equal to the median of the peer group. The lower threshold is the 25th percentile; a TSR performance below this threshold would reduce the number of virtual shares granted by one quarter. If E.ON's performance is at or above the 75th percentile (upper cap) the quarter of virtual shares granted for that particular year increases to a maximum of 150 percent. Linear interpolation is used to translate intermediate figures into percentage.



The resulting number of virtual shares at the end of the vesting period is multiplied by the average price of E.ON stock in the final 60 days of the vesting period. This amount is increased by the dividends distributed on E.ON stock during the vesting period and then paid out. The sum of the payouts is capped at 200 percent of the contractually agreed-on target.

E.ON Share Matching Plan (Granted until 2016)

Until the introduction of the new compensation plan on January 1, 2017, Management Board members received stock-based compensation under the E.ON Share Matching Plan. At the beginning of each financial year, the Supervisory Board decided, based on the Executive Committee's recommendation, on the allocation of a new tranche, including the respective targets and the number of virtual shares granted to individual members of the Management Board. To serve as a long-term incentive for sustainable business performance, each tranche had a vesting period of four years. The tranche started on April 1 of each year.



Following the Supervisory Board's decision to allocate a new tranche, Management Board members initially received vested virtual shares equivalent to the amount of the LTI component of their bonus. The determination of the LTI component took into consideration the overall target attainment of the old compensation plan's bonus for the preceding financial year. The number of virtual shares was calculated on the basis of the amount of the LTI component and E.ON's average stock price during the first 60 days prior to the four-year vesting period. Furthermore, Management Board members could receive, on the basis of annual Supervisory Board decisions, a base matching of additional non-vested virtual shares in addition to the virtual shares that resulted from their LTI component. In addition, Management Board members could, depending on the company's performance during the vesting period, receive performance matching of up to two additional non-vested virtual shares per share that resulted from base matching.

The arithmetical total target value allocated at the start of the vesting period, which began on April 1 of the year in which a tranche was allocated, was therefore the sum of the value of the LTI component, base matching, and performance matching (depending on the degree of attainment of a predefined company performance target).

For the purpose of performance matching, the company performance metric for tranches granted from 2013 to 2015 was initially E.ON's average ROACE during the four-year vesting period compared with a target rate of return set in advance by the Supervisory Board for the entire period at the time it allocated a new tranche. Pursuant to a Supervisory Board resolution, from the 2016 financial year onward these performance targets were based on ROCE. In view of the Uniper spinoff, this adjustment was necessary because the ROACE targets were based on old planning figures that did not foresee the Uniper spinoff. Furthermore, from the start of 2016, the Company no longer used ROACE as a key performance indicator and it was therefore no longer available. In addition, the anticipated reduction in E.ON's stock price resulting from the Uniper spinoff had to be factored in by means of a conversion method.

Extraordinary events are not factored into the determination of target attainment for company performance. Depending on the degree of target attainment for the company performance metric, each virtual share resulting from base matching may be matched by zero to two additional virtual shares at the end of the vesting period. If the predetermined company performance target is fully attained, Management Board members receive one additional virtual share for each virtual share resulting from base matching. Linear interpolation is used to translate intermediate figures.

At the end of the vesting period, the virtual shares held by Management Board members are assigned a cash value based on E.ON's average stock price during the final 60 days of the vesting period. To each virtual share is then added the aggregate per-share dividend paid out during the vesting period. This total—cash value plus dividends—is then paid out. Payouts are capped at 200 percent of the arithmetical total target value.

The last complete tranche of the E.ON Share Matching Plan (LTI components of prior-year bonus as well as base and performance matching) was granted in the 2016 financial year and runs through 2020 (Share Matching Plan, fourth tranche [2016–2020]). Because the old compensation plan was in effect until year-end 2016, in 2017 Management Board members were granted virtual shares based on the LTI components of their bonuses for the 2016 financial year under the terms of the E.ON Share Matching Plan. This tranche runs through 2021 (Share Matching Plan, fifth tranche [2017–2021]).

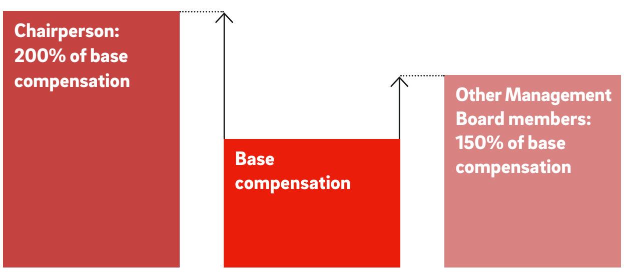
Overall Cap

In line with the German Corporate Governance Code's recommendation, Management Board members' annual compensation has an overall cap. This means that the sum of the individual compensation components in one year may not exceed 200 percent of the total agreed-on target compensation, which consists of base salary, target bonus, and the target allocation value of long-term variable compensation. The cap increases in accordance with the amounts of fringe benefits and pension benefits from the respective financial year.

Share Ownership Guidelines

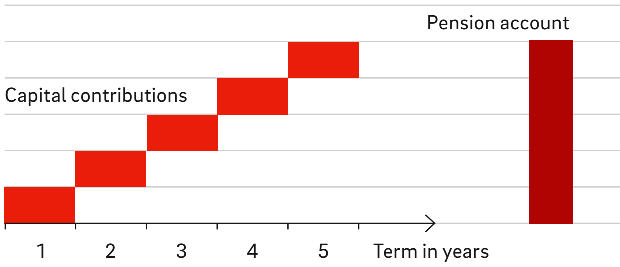
To strengthen E.ON's capital-market focus and shareholder-oriented culture, effective 2017 share ownership guidelines apply to Management Board members. The guidelines obligate Management Board members to invest in E.ON stock equaling 200 percent of base compensation (for the Management Board Chairperson) and 150 percent of base compensation (for the other Management Board members), to demonstrate that they have done so, and to hold the stock until the end of their service on the Management Board.

Until the required investment is reached, Management Board members are obligated to invest amounts equivalent to the net payouts from their long-term compensation in actual E.ON stock. At December 31, 2019, the Management Board fulfilled the share ownership guidelines at a rate of 98.22 percent.



Pension Entitlements

Members appointed to the Management Board since 2010 are enrolled in the "Contribution Plan E.ON Management Board," which is a contribution-based pension plan.



The Company makes virtual contributions to Management Board members' pension accounts in an amount equal to a percentage of their pensionable income (base salary and annual bonus). The contribution percentage is at most 21 percent. The annual contribution consists of a fixed base percentage (16 percent) and a matching contribution (5 percent). The requirement for the matching contribution to be granted is that the Management Board member contributes, at a minimum, the same amount by having it withheld from his compensation. The company-funded matching contribution is suspended if and as long as the E.ON Group's ROCE is less than its cost of capital for three years in a row. The contributions are capitalized using actuarial principles (based on a standard retirement age of 62) and placed in Management Board members' pension accounts. The interest rate used for each year is based on the return of long-term German treasury notes. At the age of 62 at the earliest, a Management Board member (or his survivors) may choose to have the pension account balance paid out as a lifelong pension, in installments, or in a lump sum. Individual Management Board members' actual resulting pension entitlement cannot be calculated precisely in advance. It depends on a number of uncertain parameters, in particular the changes in their individual salary, their total years of service, the attainment of company targets, and interest rates. For a Management Board member enrolled in the plan at the age of 50, the company-financed, contribution-based pension payment is currently estimated to be between 30 and 35 percent of his or her base salary (without factoring in pension benefits accrued prior to being appointed to the Management Board).

The Company has agreed to a pension plan based on final salary for the Management Board member, Dr. Johannes Teyssen, who was appointed to the Management Board before 2010. Following the end of his service for the Company, Dr. Johannes Teyssen is entitled to receive lifelong monthly pension payments in three cases: reaching the age of 60, permanent incapacitation, and a so-called third pension situation. The criteria for this situation are met if the termination or non-extension of Dr. Johannes Teyssen's service agreement is not due to his misconduct or rejection of an offer of extension that is at least on a par with his existing service agreement. In the third pension situation, Dr. Johannes Teyssen would receive an early pension during the period between the end of his service and his reaching 60 years of age (transitional allowance). Dr. Johannes Teyssen's pension entitlements provide for annual pension payments equal to 75 percent of his annual base salary. The full amount of any pension entitlements from earlier employment is offset against these payments. In addition, in the case of a Management Board member's death, the pension plan includes benefits for the widow and each orphan that are equal to 60 percent and 15 percent, respectively, of the deceased's pension entitlement. Together, pension payments to a widow and children may not exceed 100 percent of the deceased Management Board member's pension.

Pursuant to the provisions of the German Occupational Pensions Improvement Act, Management Board members' pension entitlements are not vested until they have been in effect for five years. This applies to both contribution-based and final-salary-based pension plans.

In line with the German Corporate Governance Code's recommendation, the Supervisory Board reviews, on a regular basis, the benefits level of Management Board members and the resulting annual and long-term expense and, if necessary, adjusts the payments.

Settlement Payments for Termination of Management Board Duties

In line with the German Corporate Governance Code's recommendation, the service agreements of Management Board members include a settlement cap. Under the cap, settlement payments in conjunction with a termination of Management Board duties may not exceed the value of two years' total compensation or the total compensation for the remainder of the member's service agreement.

In the event of a premature loss of a Management Board position due to a change of control, Management Board members are entitled to settlement payments. The change-of-control agreements stipulate that a change in control exists in three cases: a third party acquires at least 30 percent of the Company's voting rights, thus triggering the automatic requirement to make an offer for the Company pursuant to Germany's Stock Corporation Takeover Law; the Company, as a dependent entity, concludes a corporate agreement; the Company is merged with a non-affiliated company. Management Board members are entitled to a settlement payment if, within 12 months of the change of control, their service agreement is terminated by mutual consent, expires, or is terminated by them (in the latter case, however, only if their position on the Management Board is materially affected by the change in control). Management Board members' settlement payment consists of their base salary and target bonus plus fringe benefits for two years. In accordance with the German Corporate Governance Code, the settlement payments for Management Board members may not exceed 100 percent of the above-described settlement cap.

The service agreements of Management Board members include a non-compete clause. For a period of six months after the termination of their service agreement, Management Board members are contractually prohibited from working directly or indirectly for a company that competes directly or indirectly with the Company or its affiliates. Management Board members receive a compensation payment for the period of the non-compete restriction. The prorated payment is based on 100 percent of their contractually stipulated annual target compensation (without long-term variable compensation) but is, at a minimum, 60 percent of their most recently received compensation.

Management Board Compensation in 2019

The Supervisory Board reviewed the Management Board's compensation plan and the components of individual members' compensation. It determined that the Management Board's compensation is appropriate from both a horizontal and vertical perspective and passed a resolution on the performance-based compensation described below. It made its determination of customariness from a horizontal perspective by comparing the compensation with that of companies of a similar size. Its review of appropriateness included a vertical comparison of the Management Board's compensation with that of the Company's top management and the rest of its workforce. In the Supervisory Board's view, in the 2019 financial year there was no reason to adjust the Management Board's compensation.

Performance-Based Compensation in 2019

The performance metrics for the E.ON SE Management Board's performance-based compensation are based on key figures that were considerably influenced by the closing of the innogy SE takeover and by innogy's entry into E.ON SE's scope of consolidation. The transaction's effects could not of course be reflected in the EPS budget set for the 2019 financial year or the Group ROCE target set in 2016 for the fourth tranche of the Share Matching Plan. To ensure that target setting remains consistent and demanding, the Supervisory Board exercised its due discretion to subsequently adjust the key figures used to determine target attainment. This means that the unchanged EPS budget and ROCE target are measured against key figures adjusted to reflect E.ON's former corporate structure prior to the transaction; in other words, without innogy SE but with departing businesses like E.ON Climate & Renewables and certain PreussenElektra shareholdings. For departing businesses, the last available forecast figures are used; for all other components, actual figures at year-end. In addition, the calculation of actual EPS is based on the number of shares prior to the capital increase in conjunction with the innogy transaction. Due to these adjustments, the Supervisory Board passed a resolution in October 2019 to amend, pursuant to Section 161 of the German Stock Corporate Act, the Declaration of Compliance issued on December 18, 2018.

The annual bonuses of Management Board members for 2019 totaled €6.0 million (prior year: €7.0 million). In determining the performance factor, the Supervisory Board assessed and discussed the Management Board's overall performance.

The Supervisory Board issued the third tranche of the E.ON Performance Plan (2019–2022) for the 2019 financial year and granted Management Board members virtual shares of E.ON stock. The present value assigned to the virtual shares of E.ON stock at the time of granting—€6.68 per share—is shown in the following tables entitled "Stock-based Compensation" and "Total Compensation of the Management Board." The value performance of this tranche will be determined by the performance of E.ON stock, per-share dividends, and TSR performance relative to the companies in its peer index, the STOXX® Europe 600 Utilities, for the years 2019 through 2022. The actual payments made to Management Board members in 2023 may deviate, under certain circumstances considerably, from the calculated figures disclosed here.

The long-term variable compensation of Management Board members resulted in the following expenses in 2019:

Stock-Based Compensation

	Value of virtual shares at time of granting		Number of virtual shares granted		Expense (+)/income (-)[1]	
€	2019	2018	2019	2018	2019	2018
Dr. Johannes Teyssen	1,732,500	1,732,500	259,357	270,281	2,277,079	1,570,520
Dr.-Ing. Leonhard Birnbaum	1,083,333	1,008,333	150,949	157,307	1,400,308	943,816
Thereof substitute payment "LTI innogy" (2019–2021)[2]	*75,000*	–	*0*	–	*75,000*	–
Dr. Thomas König (since June 1, 2018)	825,000	481,250	123,503	75,078	288,515	104,171
Dr. Marc Spieker	825,000	825,000	123,503	128,706	529,777	412,378
Dr. Karsten Wildberger	825,000	825,000	123,503	128,706	870,727	577,297
Total	**5,290,833**	**4,872,083**	**780,815**	**760,078**	**5,366,406**	**3,608,182**

[1]Expense pursuant to IFRS 2 for performance rights and virtual shares existing in the 2019 financial year.
[2]See the explanation regarding Dr.-Ing. Birnbaum on page 80.

Long-term variable compensation granted for the 2019 financial year totaled €5.4 million. Note 11 to the Consolidated Financial Statements contains additional details about stock-based compensation.

Management Board Pensions in 2019

The following table provides an overview of the current pension obligations to Management Board members, the additions to provisions for pensions, and the cash value of pension obligations for the 2019 financial year. The cash value of pension obligations is calculated pursuant to IFRS and the German Commercial Code. An actuarial interest rate according to IFRS of 1.3 percent (prior year: 2.0 percent) was used for discounting; the actuarial interest rate pursuant to the German Commercial Code was 2.71 percent (prior year: 3.21 percent).

Pensions of Management Board Members Pursuant to IFRS

	Current pension entitlement at December 31				Additions to provisions for pensions				Cash value at December 31	
	As a percentage of annual base compensation		(€)		(€)		Thereof interest cost (€)		(€)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Dr. Johannes Teyssen	75	75	930,000	930,000	1,410,074	1,378,642	525,001	520,125	28,139,682	26,250,050
Dr.-Ing. Leonhard Birnbaum[1] (E.ON SE)	–	–	–	–	245,953	332,609	29,011	27,917	1,890,048	1,450,521
Dr.-Ing. Leonhard Birnbaum[2] (innogy SE)	–	–	–	–	195,667	–	–	–	195,667	–
Dr. Thomas König[1] (since June 1, 2018)	–	–	–	–	213,076	79,088	44,685	24,281	2,733,075	2,234,273
Dr. Marc Spieker[1]	–	–	–	–	209,825	237,498	17,223	17,431	1,279,272	861,135
Dr. Karsten Wildberger[1]	–	–	–	–	277,975	290,723	14,393	10,881	1,198,385	719,674

[1]"Contribution Plan E.ON Management Board."
[2]From October 11, 2019, onward, 50 percent of the contribution to Dr.-Ing. Birnbaum's innogy SE pension entitlement is borne by E.ON SE.

Pensions of Management Board Members Pursuant to the German Commercial Code

	Current pension entitlement at December 31				Additions to provisions for pensions				Cash value at December 31	
	As a percentage of annual base compensation		(€)		(€)		Thereof interest cost (€)		(€)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Dr. Johannes Teyssen	75	75	930,000	930,000	564,476	2,558,564	689,983	696,853	22,059,264	21,494,788
Dr.-Ing. Leonhard Birnbaum[1] (E.ON SE)	–	–	–	–	332,111	156,636	40,010	40,104	1,578,534	1,246,423
Dr.-Ing. Leonhard Birnbaum[2] (innogy SE)	–	–	–	–	172,476	–	–	–	172,476	–
Dr. Thomas König[1] (since June 1, 2018)	–	–	–	–	403,263	356,229	62,291	58,302	2,343,798	1,940,535
Dr. Marc Spieker[1]	–	–	–	–	292,176	66,048	22,465	23,324	992,033	699,857
Dr. Karsten Wildberger[1]	–	–	–	–	373,061	190,863	19,453	15,278	979,086	606,025

[1]"Contribution Plan E.ON Management Board."
[2]- Voluntary supplemental disclosure.
- from October 11, 2019, onward, 50 percent of the contribution to Dr.-Ing. Birnbaum's innogy SE pension entitlement is borne by E.ON SE.

Pursuant to IFRS and the German Commercial Code, the cash values of Management Board pensions for which provisions are required increased as of December 31, 2019, relative to year-end 2018. This resulted in part from increases in the number of years of service. Another reason is that the actuarial interest rate for discounting was below the prior-year figure.

Total Compensation in 2019

The total compensation of the members of the Management Board in the 2019 financial year amounted to €15.6 million, about 1.9 percent below the prior-year figure of €15.9 million based on the Management Board's total compensation disclosed in the 2018 Annual Report.

Compensation Modalities of Dr.-Ing. Birnbaum's Dual Mandate

Since his appointment as Chairman of the innogy SE Management Board effective October 11, 2019, Dr.-Ing. Birnbaum has had dual mandate within the meaning of Section 88, Paragraph 1, Sentence 2 of the German Stock Corporation Act. Since this date, Dr.-Ing. Birnbaum receives compensation from innogy SE only. The compensation-related clauses of Dr.-Ing. Birnbaum's service agreement with E.ON SE will be suspended for the duration of his service as member and Chairman of the innogy SE Management Board. The modalities of his compensation are as follows:

Dr.-Ing. Birnbaum will continue to receive base compensation of €800,000.

Since his appointment as Chairman of the innogy SE Management Board effective October 11, 2019, Dr.-Ing. Birnbaum receives, in place of his E.ON SE bonus, an innogy SE bonus with a target bonus of €1,025,000 for a full financial year ("bonus innogy").

The "bonus innogy" is based on innogy's business performance and the degree to which the individual and collective goals of the Management Board are met. The starting point for calculating the bonus is what is referred to as the "company bonus," which depends on the level of innogy SE's adjusted EBIT and is determined as follows: At the start of each financial year, the innogy SE Supervisory Board sets a target figure for adjusted EBIT. After the end of the financial year, the actual level of adjusted EBIT achieved is compared with the target figure. If the figures are identical, the target achievement is 100 percent and the company bonus equals the contractually agreed target bonus. If adjusted EBIT exceeds or undershoots the established target, target achievement increases or decreases by a factor of 2.5. If adjusted EBIT is exactly 120 percent of the target figure, the target achievement for the company bonus amounts to 150 percent. The latter figure is also the cap on the company bonus, which cannot be exceeded even if adjusted EBIT is higher. The lower limit is reached if adjusted EBIT is exactly 80 percent of the target figure which has been set. In this case, the target achievement for the company bonus amounts to 50 percent. If the EBIT figure is lower than this 80-percent threshold, no company bonus is paid out to the Management Board members. Depending on the level of adjusted EBIT achieved, the company bonus paid can be between 0 percent and 150 percent of the target bonus amount. The personal performance of Management Board members is considered by multiplying the company bonus by an individual performance factor, which can range between 0.8 and 1.2. At Dr.-Ing. Birnbaum's appointment in October 2019, it was decided to dispense with individual targets and target key figures to determine his personal performance factor for the remainder of the year. Instead, for a single time the innogy SE Supervisory Board assessed Dr.-Ing. Birnbaum's overall performance for 2019 and set a performance factor for his 2019 bonus. The bonus is determined by multiplying the contractually agreed target bonus by the target achievement for the company bonus and the personal performance factor. The bonus determined in this manner can range between 0 percent and a maximum of 180 percent of the contractual target bonus and is paid out in full after the end of the financial year.

Dr.-Ing. Birnbaum continues to participate in the E.ON Performance Plan, which is described on page 74. This plan will be continued analogously by innogy SE—that is, based on E.ON SE's capital market performance—and granted with a target value of €1,008,333 per year. To reflect the increase in his responsibilities and the bigger and special challenges he faces, from the 2020 financial year onward Dr.-Ing. Birnbaum will also be granted annual long-term variable compensation with a target value of €300,000, which depends exclusively on innogy SE's performance ("LTI innogy"). For the last three months of 2019, Dr.-Ing. Birnbaum will receive, in place of the "LTI innogy," a non-pensionable one-time payment equal to one quarter of the target value. In line with the modalities of innogy SE's multi-year variable compensation, payment will first be made in October 2021.

In addition, Dr.-Ing. Birnbaum continues to participate in the "Contribution Plan E.ON Management Board", a contribution-based pension plan. This plan is suspended at E.ON SE from October 11, 2019, until Dr.-Ing. Birnbaum's service agreement with E.ON SE takes effect again and is continued and administered by innogy SE during this period. Dr.-Ing. Birnbaum retains his accrued entitlements from E.ON SE.

For Dr.-Ing. Birnbaum's duties as a member of the E.ON SE Management Board, E.ON SE reimburses innogy SE for the costs of his duties that are attributable to E.ON SE; innogy SE pays out these costs to Dr.-Ing. Birnbaum. Pursuant to the service agreement between innogy SE and Dr.-Ing. Birnbaum, these reimbursed costs consist of the following compensation components: 50 percent of base compensation from October 11, 2019, forward; 100 percent of the payment of the tranches of the E.ON Performance Plan granted from January 1, 2020, forward; 50 percent of the contributions made by innogy SE to the "Contribution Plan E.ON Management Board" from October 11, 2019.

The cost allocation is as follows:

Cost Allocation 2019 of Dr.-Ing. Leonhard Birnbaum's Compensation (since October 11, 2019)

Percentages	E.ON SE	innogy SE
Fixed compensation	50	50
Benefits	–	100
2019 E.ON bonus	100	–
2019 innogy bonus	–	100
E.ON Performance Plan until 2019	100	–
Substitute payment "LTI innogy" (2019–2021)	–	100
Company Pension Entitlements	50	50

The individual members of the Management Board had the following total compensation.

Total Compensation of the Management Board

	Fixed annual compensation		Bonus		Other compensation		Value of stock-based compensation granted[1]		Total	
€	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Dr. Johannes Teyssen	1,240,000	1,240,000	1,984,500	2,494,800	40,791	41,365	1,732,500	1,732,500	4,997,791	5,508,665
Dr.-Ing. Leonhard Birnbaum[2]	800,000	800,000	1,137,309	1,452,000	27,116	27,212	1,083,333	1,008,333	3,047,758	3,287,545
Thereof innogy SE	*88,406*	–	*241,788*	–	*4,519*	–	*75,000*[3]	–	*409,713*	–
Dr. Thomas König (since June 1, 2018)	700,000	408,333	945,000	693,000	44,264	25,776	825,000	481,250	2,514,264	1,608,359
Dr. Marc Spieker	700,000	700,000	945,000	1,188,000	48,607	43,456	825,000	825,000	2,518,607	2,756,456
Dr. Karsten Wildberger	700,000	700,000	945,000	1,188,000	61,983	67,442	825,000	825,000	2,531,983	2,780,442
Total	**4,140,000**	**3,848,333**	**5,956,809**	**7,015,800**	**222,761**	**205,251**	**5,290,833**	**4,872,083**	**15,610,403**	**15,941,467**

[1]The present value assigned to the virtual shares of E.ON stock at the time of granting for the third tranche of the E.ON Performance Plan was €6.68 per share.
[2]See the explanation regarding Dr.-Ing. Birnbaum on page 80.
[3]Dr.-Ing. Birnbaum receives the substitute payment "LTI innogy" with long-term incentive effect (2019–2021) in the amount of €75,000.

The following table shows the compensation granted and allocated in 2019 in the format recommended by the German Corporate Governance Code:

Table of Compensation Granted and Allocated

€	Dr. Johannes Teyssen (Chief Executive Officer)					
			Compensation granted		Compensation allocated	
	2018	2019	2019 (min.)	2019 (max.)[1, 2]	2018	2019
Fixed compensation	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000
Fringe benefits	41,365	40,791	40,791	40,791	41,365	40,791
Total	**1,281,365**	**1,280,791**	**1,280,791**	**1,280,791**	**1,281,365**	**1,280,791**
One-year variable compensation	**1,417,500**	**1,417,500**	**–**	**2,835,000**	**2,494,800**	**1,984,500**
Multi-year variable compensation	**1,732,500**	**1,732,500**	**–**	**3,465,000**	**2,039,145**	**2,254,138**
– Share Matching Plan, second tranche (2014–2018)	–	–	–	–	*2,039,145*	–
– Share Matching Plan, third tranche (2015–2019)	–	–	–	–	–	*2,254,138*
– Performance Plan, second tranche (2018–2021)	*1,732,500*	–	–	–	–	–
– Performance Plan, third tranche (2019–2022)	–	*1,732,500*	–	*3,465,000*	–	–
Total	**4,431,365**	**4,430,791**	**1,280,791**	**7,580,791**	**5,815,310**	**5,519,429**
Service cost	858,517	885,073	885,073	885,073	858,517	885,073
Total	**5,289,882**	**5,315,864**	**2,165,864**	**8,465,864**	**6,673,827**	**6,404,502**

[1]The maximum amount disclosed under benefits granted represents the sum of the contractual (individual) caps for the various elements of the compensation of Management Board members.
[2]The overall cap on Management Board compensation, which was introduced in the 2013 financial year and is described on page 76, applies as well.

Table of Compensation Granted and Allocated

€	Dr.-Ing. Leonhard Birnbaum (Chief Operating Officer—Integration)					
			Compensation granted		Compensation allocated	
	2018	2019	2019 (min.)	2019 (max.)[1, 2]	2018	2019
Fixed compensation	800,000	800,000	800,000	800,000	800,000	800,000
Thereof innogy SE[5]	–	*88,406*	*88,406*	*88,406*	–	*88,406*
Fringe benefits	27,212	27,116	27,116	27,116	27,212	27,116
Thereof innogy SE[5]	–	*4,519*	*4,519*	*4,519*	–	*4,519*
Total	**827,212**	**827,116**	**827,116**	**827,116**	**827,212**	**827,116**
One-year variable compensation[4]	**825,000**	**869,932**	**–**	**1,693,808**	**1,452,000**	**1,137,309**
Thereof innogy SE[3,4]	–	*230,274*	–	*414,493*	–	*241,788*
Multi-year variable compensation	**1,008,333**	**1,083,333**	**75,000**	**2,091,666**	**939,502**	**1,387,150**
– Share Matching Plan, second tranche (2014–2018)	–	–	–	–	*939,502*	–
– Share Matching Plan, third tranche (2015–2019)	–	–	–	–	–	*1,312,150*
– Performance Plan, second tranche (2018–2021)	*1,008,333*	–	–	–	–	–
– Performance Plan, third tranche (2019–2022)	–	*1,008,333*	–	*2,016,666*	–	–
– Substitute payment "LTI innogy" (2019–2021)[5]	–	*75,000*	*75,000*	*75,000*	–	*75,000*
Total	**2,660,545**	**2,780,381**	**902,116**	**4,612,591**	**3,218,714**	**3,351,575**
Service cost	304,692	412,609	412,609	412,609	304,692	412,609
Thereof innogy SE[5, 6]	–	*195,667*	*195,667*	*195,667*	–	*195,667*
Total	**2,965,237**	**3,192,990**	**1,314,725**	**5,025,200**	**3,523,406**	**3,764,184**

[1, 2]See the footnotes on page 82.
[3]For the period October 11 – December 31, 2019.
[4]The maximum innogy SE cap is 180 percent; the maximum E.ON SE cap is 200 percent.
[5]See the explanation regarding Dr.-Ing. Birnbaum on page 80.
[6]From October 11, 2019, onward, 50 percent of the contribution to Dr.-Ing. Birnbaum's innogy SE pension entitlement is borne by E.ON SE.

Table of Compensation Granted and Allocated

€	Dr. Thomas König (Chief Operating Officer—Networks since June 1, 2018)					
	Compensation granted				Compensation allocated	
	2018	2019	2019 (min.)	2019 (max.)[1, 2]	2018	2019
Fixed compensation	408,333	700,000	700,000	700,000	408,333	700,000
Fringe benefits	25,776	44,264	44,264	44,264	25,776	44,264
Total	**434,109**	**744,264**	**744,264**	**744,264**	**434,109**	**744,264**
One-year variable compensation	**393,750**	**675,000**	**–**	**1,350,000**	**693,000**	**945,000**
Multi-year variable compensation	**481,250**	**825,000**	**–**	**1,650,000**	**–**	**–**
– Share Matching Plan, second tranche (2014–2018)	–	–	–	–	–	–
– Share Matching Plan, third tranche (2015–2019)	–	–	–	–	–	–
– Performance Plan, second tranche (2018–2021)	*481,250*	–	–	–	–	–
– Performance Plan, third tranche (2019–2022)	–	*825,000*	–	*1,650,000*	–	–
Total	**1,309,109**	**2,244,264**	**744,264**	**3,744,264**	**1,127,109**	**1,689,264**
Service cost	54,807	168,391	168,391	168,391	54,807	168,391
Total	**1,363,916**	**2,412,655**	**912,655**	**3,912,655**	**1,181,916**	**1,857,655**

[1, 2]See footnotes on page 82.

Table of Compensation Granted and Allocated

€	Dr. Marc Spieker (Chief Financial Officer)					
	Compensation granted				Compensation allocated	
	2018	2019	2019 (min.)	2019 (max.)[1, 2]	2018	2019
Fixed compensation	700,000	700,000	700,000	700,000	700,000	700,000
Fringe benefits	43,456	48,607	48,607	48,607	43,456	48,607
Total	**743,456**	**748,607**	**748,607**	**748,607**	**743,456**	**748,607**
One-year variable compensation	**675,000**	**675,000**	**–**	**1,350,000**	**1,188,000**	**945,000**
Multi-year variable compensation	**825,000**	**825,000**	**–**	**1,650,000**	**–**	**–**
– Share Matching Plan, second tranche (2014–2018)	–	–	–	–	–	–
– Share Matching Plan, third tranche (2015–2019)	–	–	–	–	–	–
– Performance Plan, second tranche (2018–2021)	*825,000*	–	–	–	–	–
– Performance Plan, third tranche (2019–2022)	–	*825,000*	–	*1,650,000*	–	–
Total	**2,243,456**	**2,248,607**	**748,607**	**3,748,607**	**1,931,456**	**1,693,607**
Service cost	220,067	192,602	192,602	192,602	220,067	192,602
Total	**2,463,523**	**2,441,209**	**941,209**	**3,941,209**	**2,151,523**	**1,886,209**

[1, 2]See footnotes on page 82.

Table of Compensation Granted and Allocated

	Dr. Karsten Wildberger (Chief Operating Officer—Commercial)					
			Compensation granted		Compensation allocated	
in €	2018	2019	2019 (min.)	2019 (max.)[1, 2]	2018	2019
Fixed compensation	700,000	700,000	700,000	700,000	700,000	700,000
Fringe benefits	67,442	61,983	61,983	61,983	67,442	61,983
Total	**767,442**	**761,983**	**761,983**	**761,983**	**767,442**	**761,983**
One-year variable compensation	**675,000**	**675,000**	**–**	**1,350,000**	**1,188,000**	**945,000**
Multi-year variable compensation	**825,000**	**825,000**	**–**	**1,650,000**	**–**	**–**
– Share Matching Plan, second tranche (2014–2018)	–	–	–	–	–	–
– Share Matching Plan, third tranche (2015–2019)	–	–	–	–	–	–
– Performance Plan, second tranche (2018–2021)	*825,000*	–	–	–	–	–
– Performance Plan, third tranche (2019–2022)	–	*825,000*	–	*1,650,000*	–	–
Total	**2,267,442**	**2,261,983**	**761,983**	**3,761,983**	**1,955,442**	**1,706,983**
Service cost	279,842	263,582	263,582	263,582	279,842	263,582
Total	**2,547,284**	**2,525,565**	**1,025,565**	**4,025,565**	**2,235,284**	**1,970,565**

[1, 2] See footnotes on page 82.

As in the prior year, E.ON SE and its subsidiaries granted no loans to, made no advance payments to, nor entered into any contingencies on behalf of the members of the Management Board in the 2019 financial year. Page 242 contains additional information about the members of the Management Board.

Payments Made to Former Members of the Management Board

Total payments made to former Management Board members and to their beneficiaries amounted to €10.8 million (prior year: €12.5 million). Provisions of €161.3 million (prior year: €155.8 million)—pursuant to IFRS—have been provided for pension obligations to former Management Board members and their beneficiaries.

Compensation Plan for the Supervisory Board

The compensation of Supervisory Board members is determined by the Annual Shareholders Meeting and governed by Section 15 of the Company's Articles of Association. The purpose of the compensation plan is to enhance the Supervisory Board's independence for its oversight role. Furthermore, there are a number of duties that Supervisory Board members must perform irrespective of the Company's financial performance. Supervisory Board members—in addition to being reimbursed for their expenses—therefore receive fixed compensation and compensation for committee duties.

The Chairman of the Supervisory Board receives fixed compensation of €440,000; the Deputy Chairmen, €320,000. The other members of the Supervisory Board receive compensation of €140,000. The Chairman of the Audit and Risk Committee receives an additional €180,000; the members of the Audit and Risk Committee, an additional €110,000. Other committee chairmen receive an additional €140,000; committee members, an additional €70,000. Members serving on more than one committee receive the highest applicable committee compensation only. In contradistinction to the compensation just described, the Chairman and the Deputy Chairmen of the Supervisory Board receive no additional compensation for their committee duties. In addition, Supervisory Board members are paid an attendance fee of €1,000 per day for meetings of the Supervisory Board or its committees. Individuals who were members of the Supervisory Board or any of its committees for less than an entire financial year receive pro rata compensation.

Supervisory Board Compensation in 2019

The total compensation of the members of the Supervisory Board in the 2019 financial year amounted to €4.3 million (prior year: €4.1 million). The main reason for the increase in total compensation is that the Annual Shareholders Meeting passed a resolution on May 14, 2019, to increase, owing to the acquisition of a majority stake in innogy SE, the size of the E.ON SE Supervisory Board by six members to a total of 20 members until new elections are held in 2020. As in the prior year, no loans or advance payments were granted to Supervisory Board members in the 2019 financial year.

Supervisory Board Compensation

€	Supervisory Board compensation		Compensation for committee duties		Attendance fees		Supervisory Board compensation from affiliated companies		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Dr. Karl-Ludwig Kley	440,000	440,000	–	–	12,000	8,000	–	–	452,000	448,000
Prof. Dr. Ulrich Lehner (until May 9, 2018)	–	133,333	–	–	–	5,000	–	–	–	138,333
Erich Clementi	320,000	260,000	–	–	14,000	9,000	–	–	334,000	269,000
Andreas Scheidt	320,000	320,000	–	–	13,000	9,000	–	–	333,000	329,000
Clive Broutta	140,000	140,000	70,000	70,000	8,000	8,000	–	–	218,000	218,000
Klaus Fröhlich (since May 29, 2018)	140,000	93,333	70,000	46,667	8,000	2,000	–	–	218,000	142,000
Tibor Gila (until May 9, 2018)	–	58,333	–	–	–	4,000	–	–	–	62,333
Ulrich Grillo (since October 1, 2019)	35,000	–	17,500	–	3,000	–	998	–	56,498	–
Carolina Dybeck Happe	140,000	140,000	110,000	96,667	9,000	9,000	–	–	259,000	245,667
Baroness Denise Kingsmill CBE (until May 9, 2018)	–	58,333	–	–	–	4,000	–	–	–	62,333
Monika Krebber (since September 24, 2019)	46,667	–	–	–	2,000	–	32,548	–	81,215	–
Eugen-Gheorghe Luha	140,000	140,000	70,000	70,000	8,000	8,000	–	15,821	218,000	233,821
Szilvia Pinczésné Márton (since May 9, 2018)	140,000	93,333	–	–	6,000	3,000	–	–	146,000	96,333
Stefan May (since September 24, 2019)	46,667	–	17,500	–	2,000	–	29,962	–	96,129	–
René Pöhls (since September 24, 2019)	46,667	–	27,500	–	3,000	–	42,448	–	119,615	–
Andreas Schmitz	140,000	140,000	180,000	156,667	14,000	10,000	–	–	334,000	306,667
Dr. Rolf Martin Schmitz (since October 1, 2019)	35,000	–	–	–	2,000	–	–	–	37,000	–
Fred Schulz (until May 9, 2018; since May 29, 2018)	140,000	140,000	110,000	110,000	16,000	13,000	17,856	24,469	283,856	287,469
Silvia Šmátralová (until May 9, 2018)	–	58,333	–	–	–	4,000	–	8,938	–	71,271
Dr. Karen de Segundo	140,000	140,000	140,000	140,000	8,000	9,000	–	–	288,000	289,000
Dr. Theo Siegert (until May 9, 2018)	–	58,333	–	75,000	–	7,000	–	–	–	140,333
Elisabeth Wallbaum	140,000	140,000	110,000	110,000	9,000	10,000	–	–	259,000	260,000
Deborah Wilkens (since October 1, 2019)	35,000	–	27,500	–	3,000	–	1,164	–	66,664	–
Ewald Woste	140,000	140,000	70,000	70,000	8,000	8,000	23,000	15,808	241,000	233,808
Albert Zettl	140,000	140,000	70,000	70,000	13,000	8,000	20,000	20,000	243,000	238,000
Total	**2,865,001**	**2,833,331**	**1,090,000**	**1,015,001**	**161,000**	**138,000**	**167,976**	**85,036**	**4,283,977**	**4,071,368**

Other

The Company has taken out D&O insurance for Management Board and Supervisory Board members. In accordance with the German Stock Corporation Act and the German Corporate Governance Code's recommendation, this insurance includes a deductible of 10 percent of the respective damage claim for Management Board and Supervisory Board members. The deductible has a maximum cumulative annual cap of 150 percent of a member's annual fixed compensation.

Separate Combined Non-Financial Report

Separate Combined Non-Financial Report

Purpose and Scope

The purpose of this Separate Combined Non-Financial Report is to comply with the reporting requirements of the German CSR Directive Implementation Act (Section 315c in conjunction with Sections 289c to 289e of the German Commercial Code). It applies to both the E.ON Group and E.ON SE (hereinafter: E.ON). In addition to general information, the report contains information on the five mandatory aspects: the environment, employees, social matter, human rights, and anti-corruption. This information is for the reporting period January 1 to December 31, 2019. The report encompasses all subsidiaries that are fully consolidated in E.ON's Consolidated Financial Statements. Any deviations from this are indicated.

Effective September 18, 2019 E.ON took ownership of RWE's innogy stake (76.8 per cent) and in late September the innogy stock tendered in a voluntary public takeover offer. Together with the innogy stock acquired on-market, this gave E.ON a roughly 90-percent stake in innogy, which is thus a fully consolidated E.ON subsidiary.

The policies mentioned below issue instructions, set minimum standards, assign responsibilities, and define management tools for the various non-financial issues. They are reviewed on an ongoing basis. Group policies are binding for all companies in which E.ON holds a majority stake and for projects and partnerships for which E.ON has operational responsibility. Contractors and suppliers are also required to meet E.ON's minimum standards.

Although E.ON's management approaches govern the innogy takeover, innogy's own guidelines continue to apply at its businesses on an interim basis. innogy has an established governance organization. Its guidelines are backed by functioning processes and reporting pathways. For a transitional phase, E.ON has no specific plans for innogy's management approaches. The management approaches described here therefore refer exclusively to E.ON. innogy's management approaches can be found in its 2019 Separate Combined Non-Financial Report. In the months ahead, innogy's and E.ON's policies and processes will be reviewed and, where necessary, harmonized or combined.

The business operations at the Renewables segment that was transferred to RWE are included in E.ON's key performance indicators ("KPIs") until late September 2019. A separate innogy segment, consisting mainly of network and sales businesses, became part of the E.ON Group on September 18, 2019. Consequently, the reporting includes a number of innogy KPIs after this date. As a rule, however, KPIs refer to E.ON without innogy. If KPIs of innogy's continuing operations are disclosed they and their respective time frame are clearly indicated. Time frames may differ owing to the nature of a KPI, the availability of data, and internal collection and reporting processes. E.ON's KPIs include PreussenElektra's business operations.

Business Model

E.ON's two core businesses, Energy Networks and Customer Solutions, promote the sustainable development of the energy industry. Detailed information about E.ON's business model can be found in the Combined Group Management Report. The Combined Group Management Report shows two other segments for the 2019 financial year: Renewables and innogy.

General Information

E.ON strives to always do business responsibly and therefore monitors all material impacts of its business operations. E.ON considers not only financial aspects but also environmental and social issues along the entire value chain. The systematic consideration of non-financial issues enable E.ON to identify opportunities and risks for its business development early. In addition to the expectations of investors, E.ON takes into account the expectations of other key stakeholders like customers and employees.

In 2019 E.ON's materiality assessment consisted of a thorough review of its 2018 analysis to determine which non-financial issues are essential for understanding E.ON's business performance, financial results, and situation and to evaluate the impact of its business operations. E.ON checked whether there had been important changes in the UN Sustainable Development Goals (SDGs), E.ON's own strategy, and its policy and regulatory environment. In addition, E.ON compared innogy's main issues with its own. The review showed that there have been no significant changes and that the innogy takeover does not appear to necessitate a change in E.ON's issues. The following non-financial issues from 2018 therefore remain material for E.ON.

E.ON's Material Issues Subsumed under the Five Mandatory Aspects

Environmental matters	• Climate protection • Environmental management
Employee matters	• Occupational health and safety • Employee development and working conditions
Social matters	• Security of supply • Customer loyalty • Data protection
Human rights	• General significance of human rights
Anti-corruption	• General significance of compliance

E.ON's approach to each issue and its progress in 2019 are explained in the following sections. E.ON takes a comprehensive approach to occupational health and safety (Aspect 2: employee matters) and environmental management (Aspect 1: environmental matters), which is explained below. The description of all approaches is guided by the Global Reporting Initiative's Sustainability Reporting Standards ("GRI SRS"), in particular GRI standard 103: Management Approach 2016.

Since 2018, E.ON's management of non-financial risks has been aligned with the five mandatory aspects. In 2019 E.ON focused in particular on human rights and environmental and climate matters in order to prepare to comply with possible new regulatory requirements in these areas. E.ON also made significant progress in further integrating non-financial risks into its broader risk management processes. The process and findings of the non-financial risk analysis for 2019 were presented to, and approved by, the E.ON Group Risk Committee on December 2, 2019. The findings indicated that, on balance, as of year-end 2019 E.ON had no reportable non-financial net risk exposure. Information about E.ON's financial risks and chances can be found in the Risk and Chances Report in the Combined Group Management Report for the 2019 financial year.

E.ON's sustainability efforts are guided by internationally recognized standards, which provide orientation and help ensure that E.ON considers all essential aspects of responsible corporate governance. E.ON has been committed to the ten principles of the United Nations Global Compact ("UNGC") since 2005. Its sustainability activities also support the achievement of the United Nations' SDGs. In particular, E.ON helps give access to affordable, reliable, sustainable, and clean energy, support cities and communities to become sustainable, and help protect the earth's climate.

Annual Sustainability Report

E.ON has published a Sustainability Report annually since 2004, innogy since 2016. The report, which has been based on GRI standards since 2005, serves as E.ON's annual Communication on Progress to the UNGC. It describes the issues that are material to E.ON's stakeholders and to E.ON as a company as well as how these issues are addressed. It also reports on topics not included in this Combined Non-Financial Report for reasons of materiality and contains information about E.ON's sustainability strategy and organization.

Sustainability Ratings and Rankings

E.ON's commitment to transparency includes subjecting its sustainability performance to independent, detailed assessments by specialized agencies and capital-market analysts. The results of these assessments provide important guidance to investors and to E.ON. They help E.ON identify its strengths and weaknesses and further improve its performance. The Sustainability Channel on E.ON's corporate website contains a list of current sustainability ratings and rankings results.

Approach to Health, Safety, and the Environment ("HSE")

E.ON's HSE organization, which has developed over the course of many years, centrally manages all activities for the material issues of climate protection, environmental management, and occupational health and safety. E.ON's overarching HSE policy and the Function Policy "Sustainability and HSE" set minimum standards, assign responsibilities, and define management tools and reporting pathways. These policies are binding across E.ON.

The E.ON Management Board and the management of E.ON's units are responsible for HSE performance. They set strategic objectives and adopt policies to promote continual improvement. They are supported and advised by the HSE division at corporate headquarters, employee representatives, and the HSE Council. The council is composed of senior executives and employee representatives from different business areas and countries where E.ON operates. It meets at least three times a year and is chaired by the Management Board member responsible for HSE. The units have HSE committees and expert teams as well. They draw up framework specifications to ensure that their unit meets its HSE standards. The units also design HSE improvement plans, which contain specific HSE targets for one or more years.

E.ON expects its HSE standards to be met further up the value chain as well, for example by suppliers. New suppliers must first undergo a qualification process if there is an increased risk that their business activities could have a negative impact on HSE. Depending on their size, E.ON sometimes also requires them to be certified to international environmental and occupational health and safety standards (ISO 14001 or EMAS III; OHSAS 18001 or ISO 45001) or conducts HSE audits of them.

HSE incidents are reported via PRISMA (Platform for Reporting on Incident and Sustainability Management and Audits), E.ON's Group-wide online incident management system, in five categories of incidents. They range from 0 (low) to 4 (major). Pursuant to E.ON's HSE Standard on Incident Management, units must use PRISMA to report category 4 incidents to the HSE division at corporate headquarters within 24 hours. E.ON systematically investigates and analyzes incidents depending on their severity and/or potential to end up in an actual incident and use the findings to take preventive action.

Aspect 1: Environmental Matters

Climate Protection

Climate change and the environmental damage caused by it are serious and affect everyone. The use of fossil-based energy is accompanied by greenhouse gas ("GHG") emissions. Low-carbon power generation and the efficient use of energy therefore play key roles in reducing emissions and limiting global warming. For E.ON as an energy company that intends to focus entirely on the new energy world, climate protection is a crucial issue. The transition to a low-carbon economy will require the concerted efforts of everyone who makes or consumes energy. It poses challenges for E.ON's competitiveness but also creates opportunities to grow the business. Many countries, communities, and companies have already embraced climate-friendly energy production and energy efficiency to achieve their carbon-reduction targets. E.ON's strategic focus on energy-efficient customer solutions and reliable, smart grids is fully in line with these global trends.

GHG emissions can be reduced not only by low-carbon generation technologies but also by energy conservation and recovery. E.ON's energy solutions help its customers use energy more efficiently and recover energy. E.ON offers individually tailored solutions to residential, industrial, commercial, and public sector customers. Its portfolio includes easy-to-use online energy audits and apps that help residential customers better understand their energy consumption. E.ON designs embedded cogeneration solutions and energy-efficiency plans for commercial customers. It also develops integrated solutions for cities, district developers, and housing companies that encompass elements like efficient heating and cooling, low-carbon generation, and smart energy management. In addition, E.ON offers eMobility solutions such as electric-vehicle charging systems for homes and businesses as well as public charging infrastructure for cities that help make transport less dependent on fossil fuels and thus less carbon-intensive.

The Chief Operating Officer—Commercial, who is a member of the E.ON Management Board, has overall responsibility for E.ON's customer-oriented businesses, including solutions enabling customers to generate their own climate-friendly energy. The regional units' sales teams implement and market energy and eMobility solutions for all classes of customers. Cross-regional teams at corporate headquarters coordinate these activities in technical, commercial, and strategical terms. E.ON Business Solutions is responsible for the design of technical solutions for commercial customers in Western and Central Europe, the United Kingdom, and Scandinavia. The E.ON Management Board is informed on an ongoing basis about developments at all customer-oriented businesses through financial performance reports, such as expected project turnover or EBIT, as well as presentations at its meetings describing operational progress using these key performance indicators.

Distribution networks like E.ON's are the backbone of the energy transition. They facilitate low-carbon power generation and the deployment of innovative, efficient energy solutions. Wind farms, solar arrays, battery-storage systems, and other climate-friendly technologies are connected to E.ON's distribution grids. Going forward, smart grids will serve as the transformative platform for the innovative technologies and business models that are essential to the energy transition's success.

The activities of E.ON's core businesses reflect the key emerging energy trends and help protect the earth's climate. But E.ON also wants to shrink its own carbon footprint. E.ON measures the annual carbon emissions from its distributed power and heat generation and from its business activities that are not directly related to power generation. E.ON discloses these figures in its sustainability reporting. E.ON factors in upstream and downstream emissions as well. It calculates emissions using the globally recognized WRI/WBCSD Greenhouse Gas Protocol Corporate Accounting and Reporting Standard ("GHG Protocol").

In mid-2017 the E.ON Management Board set new climate targets for 2030. E.ON aims to reduce its total carbon footprint by 30 percent and that of its customers (their carbon emissions per kWh of power E.ON sells them) by 50 percent, both relative to a 2016 baseline. Indirect carbon emissions (Scope 3), which arise primarily in conjunction with the purchase and use of power and gas in the energy sales business, account for most of E.ON's carbon footprint. To meet these targets, E.ON has defined measures to reduce emissions in all three scopes of the GHG Protocol. E.ON intends to reduce its direct emissions (Scope 1) by updating and optimizing its gas networks and indirect emissions (Scope 2) by conserving energy itself and by reducing line losses in its power network business. E.ON's main Scope 3 objective is to increase the proportion of renewable energy it provides to its customers.

Total CO_2 Equivalents in Million Metric Tons

	E.ON 2019	innogy 2019[1]	E.ON 2018	E.ON 2017
Scope 1: Direct emissions from own business operations	4.91	0.87	4.58[2]	4.53[2]
Scope 2: Indirect emissions associated with E.ON's electricity and heat consumption[3]	2.73	3.05	2.89[2]	3.37
Scope 3: Indirect emissions from all other business operations	59.67	88.13	61.31	71.02
Total	**67.31**	**92.05**	**68.78**	**78.92**

[1]Figures for all of 2019 and not included in E.ON's figures for 2019; see "Purpose and Scope" on page 88.
[2]Prior-year figures have been adjusted due to the subsequent adjustment of certain figures.
[3]Excludes the consumption of district heating due to the immateriality of the quantity compared with the other Scope 2 categories.

E.ON's direct and indirect CO_2e emissions totaled 67.31 million tons in 2019, a slight reduction relative to the prior-year figure of 68.78 million tons. The emission factors for innogy data deviate in some cases from E.ON's, leading principally to higher Scope 3 figures. A harmonization of emission factors is planned for 2020.

The adoption of a climate strategy set in motion actions to help E.ON achieve its climate-protection targets for 2030. However, year-on-year comparisons can be affected by temporary fluctuations. A period of several years is necessary to determine whether the action E.ON is taking is effective and where it stands with regard to its targets. E.ON therefore assesses the trend every three years. The first assessment was at year-end 2019. The trend (in absolute terms and with regard to E.ON's carbon intensity target) indicated that the reduction rate is in line with E.ON's forecasts. Consequently, no corrective measures are necessary at this point. Combining innogy's GHG data with E.ON's will change key parameters for calculating emissions. E.ON will revise its climate strategy in 2020 after this process is completed. Information about the progress E.ON makes toward its climate targets is presented first to the Sustainability Council, which met two times in 2019. The Chief Sustainability Officer, who chairs the council, reports the information to the E.ON Management Board on a regular basis.

E.ON is committed to acting sustainably in all respects. This includes making steady progress toward its climate targets, effectively managing its climate-related risks, seizing climate-related opportunities that fit with its corporate strategy, and reporting transparently on all these matters. The recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") provide important guidance for its reporting. Established in 2015, the TCFD aims to develop consistent, comparable, and accurate climate-related financial risk disclosures that companies can use to provide information to investors, lenders, insurers, and other stakeholders. E.ON became an official TCFD supporter in 2019, which marks the start of its TCFD reporting below:

- **Governance**
  The importance of climate change for E.ON is reflected in its governance. The Management Board has overall responsibility for E.ON's sustainability strategy, including its climate strategy. The Supervisory Board is informed about E.ON's sustainability performance by its Audit and Risk Committee and by the Management Board. Furthermore, it established the Innovation and Sustainability Committee which started its work in December 2019.

- **Strategy**
  E.ON's business operations promote sustainability: its current climate strategy includes emission-reduction targets for 2030 and 2050. The acquisition of innogy substantially strengthens E.ON's core businesses and therefore enhances its ability to promote sustainability. Going forward, E.ON will continually expand its TCFD reporting. The reporting for 2020, for example, will provide additional detailed TCFD-related information and include innogy's data. Since climate change could create risks as well as opportunities for E.ON's business, a range of climate scenarios is reviewed on an ongoing basis.

- **Risk Management**
  E.ON plans to continually monitor and assess its sustainability, climate, and other non-financial risks and opportunities and their potential impact in the short, medium, and long term. In 2018 E.ON began to integrate the assessment and management of these risks more systematically into its overall risk management. This process is ongoing and, from 2020 onward, will reflect the TCFD's recommendations.

- **Metrics and Targets**
  E.ON's current climate metrics consist mainly of the emission figures for its carbon footprint categories (Scope 1, 2, and 3) and the measurement of progress toward its climate targets. In light of the innogy takeover and the intention to gradually adopt the TCFD's recommendations, E.ON will enhance its climate metrics and targets in 2020 as part of the revision of its sustainability.

More detailed information on E.ON's TCFD reporting can be found in the "Climate protection" chapter of the 2019 Sustainability Report on E.ON's corporate website and in the context of E.ON's CDP climate reporting. CDP is one of the largest international associations of investors that independently assess the transparency and detail of companies' climate reporting.

Environmental Management

Alongside climate protection, it is E.ON's objective to prevent environmental damage and to have as little environmental impact as possible. Even if E.ON does not operate large-scale conventional assets any longer, it still builds and operates distribution networks and also consumes energy and other resources at its facilities and offices. E.ON built and operated large-scale renewable assets until late September 2019. At this time substantially all of this business was transferred to RWE. In order to retain stakeholders' trust and its license to operate, E.ON has to ensure that it complies with all international and national environmental laws and regulations. E.ON's environmental management is guided by the precautionary principle endorsed by the United Nations.

E.ON addresses all environmental requirements in the framework of its HSE management (see above) and has also defined its own requirements, which are mandatory across E.ON. The Sustainability & HSE Function Policy requires all E.ON units (except for very small ones that are negligible from an environmental management standpoint) to have in place an environmental management system certified to ISO 14001 or EMAS, internationally recognized standards for such systems. As of year-end 2019, all units covered by this requirement had such a system in place. These certifications require E.ON to evaluate environmental aspects and impacts and strive for continual improvement as defined in a management handbook. In 2018, E.ON adopted a Policy Statement, which supersedes the previous statement and is signed by the Management Board. It articulates E.ON's commitment to comply with all HSE laws and regulations and defines the appropriate management systems for this. It pledges E.ON to protect the environment and the earth's climate, reduce its energy consumption, conserve resources, operate responsibly, and strive for continual improvement in its environmental performance. Energy management—continually looking for ways to reduce its own energy consumption—plays an important role as part of environmental management and helps E.ON reduce its GHG emissions. At all sites at which energy-efficiency management systems according to ISO 50001 are in place, E.ON measures and analyzes the energy consumed by its facilities and office buildings. The findings help E.ON identify opportunities to conserve energy and recommend cost-effective energy-efficiency measures. E.ON has already implemented several, such as installing smart LED lighting, and other smart building technology.

The E.ON Management Board is informed about serious (category 3) environmental incidents by means of monthly reports from HSE and periodic consultations with the Senior Vice President for Sustainability & HSE. In the case of a major incident (category 4), the unit at which it occurred reports it directly to the Management Board within 24 hours.

E.ON had one serious environmental incident in 2019. It occurred at E.ON Business Solutions in the United Kingdom. A cracked oil line in a combined-heat-power (CHP) plant led to engine oil leaking into a nearby pond and river. The leak was quickly isolated and repaired in the days that followed. Most of the leaked oil was removed in the next two days. A specialist firm conducted additional cleanup operations in the next two weeks.

E.ON consumed 228 million GJ of energy in 2019, 11 million GJ less than in 2018 (which does not include innogy). The main factor was lower electricity output due to the fact that E.ON now operates fewer nuclear power stations and transferred substantially all of its renewables operations in September. To further reduce the electricity consumed by company buildings, in 2018 E.ON set the target of making them all carbon-neutral by 2030.

Aspect 2: Employee Matters

To shape tomorrow's energy world, remain competitive, and launch new businesses, E.ON needs talented, dedicated people whose personal and professional skills match its current and future needs. Yet with demographic change affecting the labor market, skilled workers are more in demand than ever. E.ON needs to maintain an attractive, supportive, and inclusive work environment in which its people can realize their potential. It is the only way to attract and retain great employees. Doing all this in a rapidly changing business environment and amid technological developments and corporate restructuring poses challenges for human resources ("HR") management.

Employee Development and Working Conditions

E.ON aims to attract talented people to the company and provide them with a work environment that enables them to do their best. A people strategy helps E.ON do this, especially in times of change. Its three focus areas—Preparing Our People for the Future, Providing Opportunities, and Recognizing Performance—are crucial for maintaining attractive working conditions and fostering employees' personal and professional development. A key enabler for the latter is Grow@E.ON, a Group-wide competency framework that is integrated into all HR mechanisms. It helps ensure that E.ON recruits, retains, and develops the people who will continue to drive E.ON's success. Offering a range of career paths ensures that E.ON is an attractive employer to people who wish to pursue a specialist or a generalist career.

In 2018 E.ON decentralized its HR activities to bring them closer to the business. One important function of Group HR is the HR management of E.ON's top 100 leaders. This includes executive development, placement, succession planning, and talent pipeline management. Each unit must have in place its own mechanisms to identify and develop talent and to conduct local succession planning. It is a management responsibility to ensure that all new employees receive a company orientation as well as training on essential topics like health and safety. For this purpose, the units may use standardized E.ON eLearning modules. These and other virtual learning tools as well as courses and training programs are offered by the HR Business Solutions team in Group HR. eLearning is an effective, flexible, and modern way of delivering learning to employees.

The Senior Vice President for HR is regularly invited to attend Management Board meetings to talk about people matters. The Management Board discusses the current status of the talent pool each time a top executive position is filled. Twice a year the Management Board receives an overview of the entire talent pool, including lower levels of management.

To ensure E.ON's people have a consistent framework within the Company's decentralized management approach, in 2017 the HR team and the E.ON Management Board developed and approved the People Commitments. The People Commitments establish twelve principles that articulate E.ON's values with respect to its people. These principles are binding for the entire E.ON Group and are agreed with the SE Works Council of E.ON SE. Units apply these principles in a way that reflects their particular legal, cultural, and business environment. The People Guidelines and People Commitments encompass a number of policies and guidelines. Examples include agreements on remote working and flexible work arrangements, such as sabbaticals, part-time work, and special holidays. E.ON's international transfer policy governs the temporary foreign deployment of its employees. The average length of a foreign deployment is between two and three years.

E.ON has in place a wide range of measures to make working at E.ON attractive and to develop its employees. E.ON offers vocational training in numerous careers as well as work-study programs. One example is the E.ON training initiative in Germany, which helps school-leavers get a start on their careers through internships that prepare them for an apprenticeship as well as school projects and other programs. The E.ON Graduate Program ("EGP") recruits highly qualified university graduates for a 24-month program during which they receive a broad overview of E.ON's business through three to six deployments in different E.ON units and departments. In 2019 E.ON offered the EGP in Germany, the United Kingdom, Sweden, the Czech Republic, Hungary, and Romania.

E.ON periodically conducts employee surveys—called Pulse-Checks—to find out how its people feel about their job, their supervisor, the work atmosphere in their unit, and other topics. E.ON's 2019 Pulse Check survey shows that the Group-wide health and safety campaigns were effective in reinforcing employees' awareness. Employees ranked health and safety and the unacceptability of unethical or improper behavior above all other topics in the survey and much higher than in previous surveys.

E.ON uses a single management hiring process throughout the Group. It is designed to improve how E.ON fills senior management positions, make hiring more transparent, and ensure equal opportunity. Its main component is a biweekly placement conference at which talent leaders from around the Company discuss vacancies and potential candidates. E.ON also conducts an annual management review. These mechanisms ensure that managers are engaged in ongoing professional development, that E.ON has a transparent view of its current talent situation and the needs for the future, and that leaders across the E.ON Group have development opportunities. Since feedback is essential for empowering people to perform at their best, E.ON also provides employees with periodic performance and career-development reviews.

E.ON believes that an attractive compensation package including appealing and up-to-date fringe benefits is essential for rewarding its employees. The compensation plans of nearly all employees contain an element that reflects E.ON's performance. This element is typically based on the same key performance indicators that are also used in the Management Board's compensation plan.

A motivated, healthy, and diverse workforce is a key success factor. The innogy integration marks the beginning of a change process for all employees. E.ON is addressing it as part of HR management and takes employees' interests very seriously. E.ON will actively involve its workforce in all upcoming changes and work closely with employee representatives. E.ON has a long tradition of maintaining a constructive, mutually trusting partnership with employee representatives. Its collaborative relationship with employees and their representatives lays the foundation for a successful social partnership, particularly in times of change. This partnership helps ensure that the integration of innogy employees and all other change initiatives remain transparent and fair for every employee. In this way, E.ON wants to ensure smooth restructuring. You'll find more details on page 27.

Occupational Health and Safety

E.ON's employees' health and safety ("H&S") are essential for their well-being and thus for the Company's success. Some employees perform potentially risky tasks, such as working on power distribution networks. Strict safety standards are therefore of particular importance to E.ON. First and foremost, accidents endanger employees' health. But accidents may also damage property, cause work stoppages, and harm E.ON's reputation. Demographic change and a rapidly changing work environment present additional challenges: E.ON needs to address the needs of an aging workforce and maintain its people's ability to work.

E.ON's approach to H&S is proactive and preventive, and the Company has zero tolerance for accidents. Consequently, the overriding objective is to prevent accidents from ever happening. By signing the Düsseldorf Statement on the Seoul Declaration on Safety and Health at Work and the Luxembourg Declaration on Workplace Health Promotion in 2009, E.ON pledged to promote a culture of prevention.

To live up to E.ON's commitment to employees' H&S, its HSE management assigns responsibilities clearly and sets minimum standards (see HSE Management below). These apply not only to E.ON's employees but also to contractor employees who do work on E.ON's behalf. With few exceptions, all E.ON units are required to have an H&S management system certified to ISO 45001 (ISO 45001 replaced OHSAS 18001), a globally recognized standard for such systems. The annual management review is an important part of this management system. The reviews are conducted by the units themselves and are a prerequisite for certification to be renewed. If necessary, Corporate Audit and HSE at corporate headquarters conduct HSE audits to determine whether E.ON's standards are being met. To decide whether an audit of a unit is necessary, E.ON analyzes its accidents from the previous year as well as current risk assessments. In addition to audits, performance indicators for lost time, accidents, and dangerous situations also help E.ON investigate accident causes and conduct comprehensive risk analyses. The

E.ON Management Board is always informed about severe accidents, developments relating to accidents, and related measures and programs by means of monthly reports from HSE and periodic consultations with the Senior Vice President for Sustainability & HSE. In addition, the member of the E.ON Management Board responsible for HSE receives a weekly safety update and presents it at board meetings. The update contains major incidents that could have led to the death of employees, contractors, customers, or third parties. E.ON investigates all accidents carefully, learns from them and takes steps to avoid them in the future.

E.ON places great emphasis on continually providing senior managers with training and several tools to enable them to live up to their responsibility for H&S and to ensure that the workplaces for which they are responsible are healthy and safe. In 2017 E.ON developed a one-day workshop to help managers at its operating units recognize safety risks early and to motivate their employees to work safely and responsibly. E.ON conducted the workshop at its four distribution system operators ("DSO") in Germany and at E.ON Business Solutions in 2017 and 2018 and at other E.ON units in 2019. In 2019 E.ON added new material to emphasize the importance of interpersonal relationships in promoting safety. It trains managers to conduct how-we-care workshops that help teams to develop a shared understanding of what it means to take care of one another. In addition, one of E.ON's DSOs in Germany launched an initiative that brings together managers and operational staff to discuss concerns openly and identify new ways to improve the safety culture. E.ON plans to emulate this approach at other units in 2020.

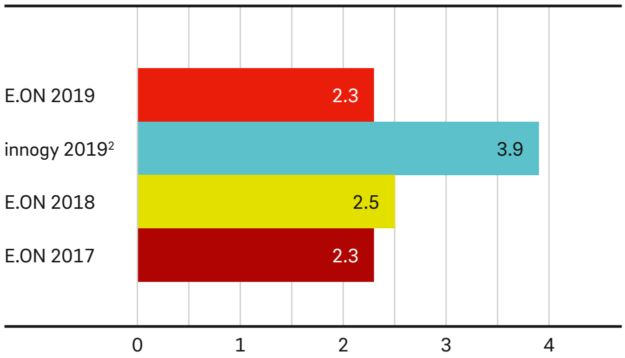
In several countries where E.ON operates, employees who have questions or concerns about their physical or mental health can contact a free, independent, and strictly confidential health advisory service (employee assistance program). In Germany, this service is a central component of the Group Works Health Agreement, which was concluded between management and the Group Works Council in 2015.

In 2019 E.ON started to harmonize the respective H&S management systems and guidelines in place at the E.ON und innogy parts of the Group. In addition, virtual working groups were formed to address selected key H&S topics. These steps will help ensure a seamless integration in 2020.

The findings of the incident investigations and HSE audits completed in 2019 show that E.ON's H&S management systems are largely effective. Most of the deficiencies identified were rectified without delay. However, there remains work to do to ensure that all new or revised policies and processes are fully documented and disseminated. This relates in particular to E.ON's internal H&S rules at its DSOs in Germany. Isolated safety deficiencies that could put employees, contractors, and members of the public at risk were found at some E.ON units outside Germany. The deficiencies were prioritized and are gradually in the process of being rectified. On balance, there has been a steady improvement in recent years. E.ON views audits—and the findings and recommendations they yield—as opportunities to foster continuous improvement.

Total recordable injury frequency ("TRIF") is E.ON's key performance indicator for safety. It measures the number of recordable work-related injuries and illnesses per million hours of work. E.ON has included contractor employees' in its safety performance since 2011 (combined TRIF). The HSE improvement plans of many of E.ON's units set annual targets for combined TRIF as the Group strives to reach the goal of zero accidents. E.ON's most direct influence is on reducing the number of accidents involving its own employees. E.ON therefore presents below its employee TRIF performance for the past three years.

Employee TRIF[1]



[1]TRIF measures the number of reported fatalities and occupational injuries and illnesses per million hours of work. It includes injuries that occur during work-related travel that result in lost time or no lost time and/or that lead to medical treatment, restricted work, or work at a substitute work station.
[2]Figure for October 1 to December 31, 2019 and not included in E.ON's 2019 figure; see Purpose and Scope on page 88.

Employee TRIF of 2.3 in 2019 was slightly lower than the prior-year figure of 2.5. Contractor TRIF increased from 2.1 to 2.6. E.ON thinks that the increase in contractor TRIF may be due to a better reporting culture. E.ON worked hard in 2019 to improve its contractor management and thus its knowledge of contractor's accidents while working for E.ON.

Regrettably, two contractor employees and one innogy employee died in 2019. After a fatal accident, E.ON immediately initiates an investigation to understand the exact course of events that led to it. In addition, within 24 hours a report must be submitted to the Management Board of the unit where the accident occurred and to the member of the E.ON Management Board responsible for H&S. The aim is to identify the root causes and to take all necessary measures to prevent comparable accidents in future.

E.ON employees' health rate was 96.0 percent in 2019 (including innogy since October 1, 2019). It reflects the number of days actually worked in relation to agreed-on work time. The 2019 figure was again high (E.ON 2018: 96.3 percent).

Aspect 3: Social Matters

Security of Supply

One of E.ON's main tasks as an energy company and distribution grid operator is to ensure that its customers have a secure supply of electricity. A reliable electricity supply is essential for industrialized countries to be able to maintain their infrastructure and meet their inhabitants' needs. For example, industrial customers that operate a high-precision production facility require a constant network frequency. If the frequency fluctuates, machinery can break down, resulting in higher costs. A power outage can have serious consequences, and not just for industrial customers. Whether at companies, government agencies, or households, most processes are no longer possible without electricity. One of the challenges in energy supply is that, increasingly, electricity comes from distributed sources. As a result, electricity is fed into the networks at many different points. Moreover, renewables feed-in fluctuates because it depends on the weather and other factors beyond E.ON's control.

Part of E.ON's corporate strategy is to adapt its distribution grids to the emerging distributed energy world. They form a crucial link between electricity producers and consumers. E.ON's distribution grids must function properly and be equipped to meet the challenges of the new energy world for E.ON to continue to ensure a reliable electricity supply in the future. For this purpose, E.ON continually upgrades its existing infrastructure with smart-grid technology. This enables E.ON to better manage energy generation, distribution, and storage.

E.ON's DSOs are responsible for the safe and reliable operation of its distribution networks. Their network control centers oversee network operations. E.ON's DSOs are also responsible for resolving unforeseen outages in their network territory. In case of widespread outages, E.ON's crisis management system stipulates responsibilities and processes in accordance with the instructions contained in the Incident and Crisis Management Policy. A member of the E.ON Management Board oversees the Energy Networks segment. Under his leadership, two departments at E.ON's corporate headquarters actively manage Energy Networks' regional units. This includes strategic development, capital allocation, business controlling, and so forth.

E.ON has in place investment and maintenance plans to maintain and expand its grids to ensure that all of its network customers are connected and have a reliable energy supply. E.ON's DSOs are responsible for implementing these plans, which encompass one or more years. Their investment budgets are approved centrally. Final approval comes from the E.ON Management Board at the end of the annual medium-term planning and budgeting process. A portion of the investment budgets goes towards making E.ON's grids smarter by equipping them with sensors and command-and-control technology and by augmenting them with a digital layer. The increasing use of smart-grid technologies makes it possible to avoid or delay costly investments in conventional networks by, for example, using this technology to maximize the distribution capacity of existing overhead lines. Investment decisions always focus on efficiency as well as security of supply. E.ON chooses the solutions that make the most technical and economic sense. This is because grid investments affect the grid fees included in the electricity price paid by customers.

E.ON records all planned and unplanned outages at its distribution networks. It uses these data to calculate the system average interruption duration index ("SAIDI"), which measures the average outage duration per customer per year. This figure is not relevant for management purposes but provides information on the reliability of E.ON's networks. Some countries where E.ON operates have strict legal thresholds for SAIDI. Not meeting these requirements may lead to fines or compensation payments. Some E.ON regional units therefore set their own SAIDI targets on an annual basis. At regular intervals, the unit managing directors inform the member of the E.ON Management Board responsible for network operations about their achievement of these targets. The SAIDI of all regional units are included in a quarterly performance report to the E.ON Management Board.

SAIDI power[1]

	E.ON 2019			innogy 2019[2]			E.ON 2018		
Minutes per year	Scheduled	Un-scheduled	Total	Scheduled	Un-scheduled	Total[3]	Scheduled	Un-scheduled	Total
Germany[4]	10	20	29	7	15	22	14	20	34
Sweden	28	142	170	n/a	n/a	n/a	24	120	144
Hungary	120	63	182	113	53	166	132	60	192
Czech Republic	152	48	200	n/a	n/a	n/a	155	49	203
Romania	288	185	473	n/a	n/a	n/a	339	249	588
Slovakia[5]	87	96	183	n/a	n/a	n/a	97	79	176

[1]Totals may deviate due to rounding.
[2]Figures for all of 2019 and not included in E.ON's 2019 figures; see Purpose and Scope on page 88. The table does not include innogy's SAIDI in Poland (scheduled 9, unscheduled 42) for lack of materiality. innogy's network business in Poland is confined to the Warsaw region.
[3]Unaudited figures.
[4]Figures for Germany are for the respective previous year: 2019 for 2018, 2018 for 2017.
[5]DSO in which E.ON has a 49-percent stake.

In 2019 E.ON's SAIDI was comparable to the 2018 figure in most countries. A noteworthy change was in Sweden, where, on average, customers were more affected by power outages than in the previous years owing to a hurricane and severe thunderstorms in the summer. A tangible positive change was in Romania, where the overall interruption duration was reduced by over 100 minutes per customer. This was likely attributable to ongoing investments in automation and improvements in maintenance crews' work methods. As in previous years, E.ON's grids in Germany were its most reliable.

Customer Experience

E.ON's ability to acquire new customers and retain existing ones is crucial for its business success. Global trends like climate protection and digitization are not only altering the energy landscape. They are also creating new customer needs. E.ON will only remain successful in the marketplace by adapting its products and services to meet these needs and by continually improving its performance.

E.ON puts customers at the center of everything it does. This pledge is a corporate value and is embedded in E.ON's customer experience principles, brand personality, and Grow@E.ON, its Group-wide competency framework. E.ON's objective is to continually enhance customer loyalty and to become a customer-led business and the energy-solutions leader in its markets.

E.ON measures customer loyalty by means of Net Promoter Score (NPS), which was introduced in 2009 and rolled out as Group-wide program in 2013. NPS indicates customers' willingness to recommend E.ON to their family and friends. It also helps E.ON identify which issues are currently of particular importance to its customers and thus adapt its activities to current customer needs. There are three types of NPS. Strategic NPS or top-down NPS compares E.ON's performance to competitors' and is based on the feedback of customers regardless of whether they have had an interaction with E.ON. Bottom-up NPS is based on the feedback of customers who have had a specific interaction with E.ON, like talking to a call center agent. Journey NPS measures the loyalty of customers who have completed a journey with E.ON, such as transferring their energy service to their new residence when they move. NPS is used by the units in all E.ON's markets. A methodology adopted in September 2017 enables E.ON to measure strategic NPS consistently across all its markets. This, in turn, makes it possible for E.ON to identify and resolve cross-market customer issues and also targets areas where it could provide useful innovations for its customers. Furthermore, automated reporting eliminates the errors of manual data entry, thereby improving data quality and auditability. The internal NPS ("iNPS") program aims to sensitize employees who have no contact with customers to the importance of customer loyalty. iNPS was rolled out across the Group in 2014. It has been implemented in IT, human resources, supply chain management, finance, and other support functions.

Earning customers' loyalty by continually improving their experience is a major priority for innogy as well. Although innogy does not use NPS, it has a similar process in place. E.ON is working closely with innogy to adopt a single methodology.

E.ON defines Group-wide targets for strategic NPS and journey NPS annually and uses both at the segment level for management purposes. Strategic NPS is highly significant for management purposes because of the information collected about competitors. The Management Board holds quarterly discussions with the units to evaluate their NPS and, if necessary, to decide what action they should take to achieve their NPS target. The variable compensation of senior managers has two components: a company factor and a factor reflecting a manager's individual performance. In 2019 strategic NPS accounted for 20 percent of the company factor and journey NPS was included in the individual performance factor of E.ON's senior managers' compensation. By contrast, the E.ON Management Board's compensation does not depend on NPS targets. Beyond the NPS program, each unit has a set of Game-Changing Initiatives in place to systematically improve its customer experience. They are sponsored by the respective unit's CEO and board, who are personally responsible for improving their unit's NPS. The initiatives, which are defined annually, may span multiple years depending on the level of transformation required. E.ON introduced these initiatives in 2017 and initially called them CEO-led signature actions.

The Chief Operating Office—Commercial ("COO-C") at corporate headquarters coordinates the Company's marketing strategy with the aim of bringing the E.ON brand to life. COO-C supports the energy sales and solutions businesses for all customer divisions, in all markets. E.ON's customer experience teams serve as ambassadors for customer loyalty in their respective unit. They take the lead on related projects and activities in their sales territory and share information about successful programs and service improvements on a monthly basis. E.ON has customer experience teams in Germany, the United Kingdom, Italy, Romania, Sweden, the Czech Republic, and Hungary.

The Customer Immersion program enables senior managers and employees to interact directly with residential and business customers. Its purpose is to bring the customer's voice into the organization and enhance employees' customer orientation. In 2019 E.ON put together an interactive video installation consisting of 24 screens playing the recorded statements and stories of real E.ON customers from a variety of countries.

E.ON's average strategic NPS for residential customers increased at the beginning of 2019, was steady for most of the year, and reached its highest level at the end of the year. It was above the competitor average throughout the year. In five of seven countries where E.ON operates, the percentage of promoters (customers who speak positively about E.ON and recommend it to friends and family) rose. The percentage of detractors (customers who speak negatively about E.ON) declined in six countries.

E.ON's average strategic NPS for small and medium-sized enterprises (SME) rose at the beginning of the year, continued to improve over the course of the year, and finished the year at its highest level. Like E.ON's average strategic NPS for residential customers, it was above the competitor average throughout the year. The percentage of promoters rose in five of seven countries and remained stable in two. The percentage of detractors decreased in six countries and was largely unchanged in one.

Data Protection

Greater digitization opens a wide range of opportunities for offering smart solutions and optimizing E.ON's business, technical solutions, and processes. It also potentially poses a risk to the integrity, confidentiality, and availability of personal data. "Personal data" means any information relating to an identified or identifiable natural person. The EU General Data Protection Regulation ("GDPR") and the new German Federal Data Protection Act came into force in 2018. The former harmonizes the rules for the processing of personal data by organizations in the EU and the wider European Economic Area; the latter establishes specific regulations for Germany. E.ON has an obligation to safeguard personal data in order to protect the persons whose data the Company processes. In addition, data breaches could damage E.ON's reputation and lead to fines.

In 2019 E.ON started to update its business directives, policies, guidelines and processes to comply with the GDPR in light of the experience E.ON and innogy gained since it took effect. The existing Data Protection Management System ("DPMS") provides guidance on data protection issues and is intended to ensure that, to the extent possible, E.ON takes a structured, coordinated, and consistent approach to data protection across the Group. The DPMS has been audited by a law firm. In 2019 internal audits of several E.ON units regarding the status of the data protection management took place. They too confirmed that the approach to data protection is effective. The existing data protection policy came into force in 2018. It defines roles and responsibilities in a uniform manner E.ON-wide. In 2019 E.ON continued to take all steps necessary to comply with the GDPR with regard to its business partners, stakeholders, customers, and other relevant parties, including those affected by the innogy transaction. The minimum standard all units must meet is to implement, where necessary, an adapted version of the DPMS. E.ON has in place an appropriate set of processes, including those to fulfil the data subject's rights (for information, deletion, and so forth), to consider data protection requirements in relation to its suppliers and other business partners, and to report and handle personal data breaches. E.ON assesses a breach's severity using a method developed by the European Network and Information Security Agency (ENISA). In addition, these processes provide guidance to the units, which have implemented the necessary processes in their organizations as well. E.ON's units are responsible for dealing with all data protection issues related to their business and with the claims that individuals address to them pursuant to the individuals' rights under the GDPR, such as information, rectification, deletion, and data portability. Where required by law, the units have appointed Data Protection Officers ("DPOs"). In Germany, for example, an organization handling sensitive personal data, working in the business of address trading or having more than twenty employees handling personal data must have a DPO. However, the requirements for appointing DPOs vary by country. The DPOs share information with each other on a regular basis and report regularly to the Chief DPO at corporate headquarters on the following dimensions of data protection: the rights of the data subject, relations to third parties, company documentation, and correspondence with supervisory authorities. The Chief DPO's duties include coordinating data protection activities across the Group.

The Chief DPO reports periodically to the Information Security and Data Protection Council, which includes inter alia two Management Board members and, if the need arises, to the entire Management Board.

Internal stakeholders are regularly informed about relevant developments in data protection, such as legislation, technology, decisions issued by regulatory agencies, and so forth. This information is disseminated by email or, where appropriate, through internal communications channels, including Connect, E.ON's corporate social media platform. E.ON's employees receive training in data protection every two to three years. New employees typically receive such training in their first year. In addition, individual departments and teams—such as call centers and sales organizations—provide training to meet their special data protection requirements. There is a Group-wide eLearning module to familiarize employees with the GDPR's rules.

The DPMS uses the plan-do-check-act ("PDCA") method, which helps the Company plan, implement, manage, and improve processes, which is mandatory under the GDPR. The PDCA cycle includes continuously monitoring the DPMS's effectiveness and taking action if the need for improvement arises. Where necessary E.ON aligns changes of the DPMS with the E.ON Management Board. E.ON therefore considers the existing DPMS to be appropriate and effective. Nevertheless, E.ON and innogy's data protection team will review the DPMS as part of the innogy integration process.

Aspect 4: Human Rights

E.ON is committed to respecting human rights in all its business processes. Failure to respect people's fundamental rights and needs may have serious consequences for those affected and may damage the Company's reputation. Compliance with social standards also plays an important role in the business relationships with enterprise partners. In addition, there are increasing regulatory requirements for corporate transparency and control. For example, the U.K. Modern Slavery Act obliges E.ON to report on the steps it takes to prevent international human trafficking.

To prevent human rights violations, E.ON adheres to external standards and defines its own principles and policies. The E.ON Code of Conduct (see "Aspect 5: Anti-corruption"), a revised version of which took effect in 2018, obliges all employees to contribute to a non-discriminatory and safe working environment and to respect human rights. In 2019 E.ON updated its Human Rights Policy Statement from 2008. The statement acknowledges the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO) and its fundamental conventions and makes reference to E.ON's own policies, such as the Supplier Code of Conduct. The standards E.ON is guided by include the Universal Declaration of Human Rights of the United Nations, the principles of the UN Global Compact (UNGC), and the European Convention for the Protection of Human Rights. The Chief Sustainability Officer, who is a member of the E.ON Management Board, is also the Chief Human Rights Officer. The standards for human rights and ethical business practices E.ON requires its suppliers to meet are defined in the Supplier Code of Conduct. The supplier prequalification process consists of self-registration, formal agreement to adhere to the Supplier Code of Conduct, and a compliance check. Non-fuel suppliers who are not subject to supplier onboarding must agree to the Company's General Terms and Conditions for Purchase Contracts, which are legally binding. These oblige non-fuel suppliers, among other things, to comply with the Supplier Code of Conduct and to endorse the principles of the UNGC. In addition, the Supply Chain Function Policy and Supply Chain Handbook define Group-wide principles, processes, and responsibilities for non-fuel procurement, excluding the exceptional cases covered under the exception list (such as commodity, financial and real estate transactions, insurances, taxes).

At the end of 2018 E.ON put in place a revised and fully digital supplier onboarding solution that is integrated into the Company's enterprise resource planning system. In 2019 E.ON focused on monitoring existing and new suppliers to ensure that they comply with its minimum requirements. Every non-fuel supplier whose individual transaction volume exceeds €25,000 or whose health, safety, and environment risk is medium or high must complete an online onboarding process. In some cases, E.ON may take additional steps during the supplier onboarding process, such as conducting a supplier audit to assess, among other issues, whether the supplier complies with E.ON's standards for human rights. As of year-end 2019, 98 percent of E.ON's purchase order and contract call-offs had completed the onboarding process.

In addition, E.ON periodically conducts supplier performance reviews of its key non-fuel suppliers using five key performance indicators ("KPIs"): quality, cost, delivery, innovation, and CSR; the latter includes the protection of human rights. E.ON shares the results with each supplier during a performance review meeting. The outcome of the meeting may trigger specific actions for the supplier to take to improve its performance in one or more of the KPIs if it wants to continue doing business with E.ON.

E.ON's goal is to prevent human rights, environmental and corporate governance abuses by identifying associated risks along its value chain from a holistic point of view. Onboarding assessments help E.ON do business exclusively with suppliers committed to its standards, and periodic risk assessments enable E.ON to identify violations or suspected violations. In such cases, the Supply Chain Compliance Officer and the respective Supply Chain Director are notified, and a process is set in motion to ensure that the situation is rectified without delay. If it is not, E.ON terminates its business dealings with the supplier.

E.ON's employees can report potential violations of human rights through internal reporting channels or a Group-wide external whistle-blower hotline. In December 2019 E.ON extended the hotline service and published the hotline number online. Not only E.ON employees, but also business partners, their employees and other third parties can contact this hotline confidentially. Group Compliance forwards the information to the relevant department or unit. Depending on the nature and severity of the potential violation, Group Compliance may report it immediately to the E.ON Management Board, notify law enforcement, initiate its own investigation, or take other appropriate action. In 2019 no violation of human rights was reported through these channels.

Begun in 2017, the German National Action Plan on Business and Human Rights (NAP) serves as a forum for companies, trade associations, policymakers, non-governmental organizations, and academia to promote respect for human rights along the value chain. The NAP, which has defined guiding principles for embedding human rights due diligence (HRDD) into corporate strategy and business processes, encourages companies to conduct voluntary HRDD. In September 2019 E.ON participated in voluntary NAP monitoring conducted by the German government. This provided useful insights into the status of E.ON's implementation of the NAP. With support from a consulting firm, E.ON also assessed the maturity of its HRDD processes and practices. Based on the assessment's findings, the Company defined measures to improve HRDD at E.ON and presented them to the Sustainability Council and Management Board. E.ON began implementing them in 2019. They include an updated Human Rights Policy Statement and, as stated above, making the whistle-blower hotline available to third parties. E.ON also refined its human rights risk matrix, which in the future will enable the Company to adopt an even more structured approach to assessing human rights risks. At the start of 2020 E.ON prepared to take additional steps, which are expected to be implemented during the rest of the year.

Aspect 5: Anti-corruption

E.ON is committed to combating corruption in all its manifestations and support national and international efforts directed against it. E.ON rejects it as a member of the UN Global Compact as well. Corruption leads to decisions being made for the wrong reasons. It can thus impede progress and innovation, distort competition, and do long-term damage to companies. Employees, managers, and board members guilty of corruption may be subject to fines and criminal prosecution. To earn stakeholders' lasting trust, E.ON closely monitors compliance with laws and its own policies. If violations occur, E.ON deals with them transparently and, if necessary, takes disciplinary action.

The Management Board has the ultimate responsibility for ensuring compliance with applicable laws and for monitoring compliance risks. The E.ON Group has an effective compliance management system ("CMS"). The CMS sets uniform Group-wide minimum standards for certain compliance issues, such as anti-corruption. Pursuant to a Group-wide policy, the Chief Compliance Officer ("CCO"), the Group Compliance division, and the business units' Compliance Officers are responsible for refining and optimizing the CMS on a continual basis.

The CCO reports biannually to the E.ON Management Board and on a quarterly basis to the Supervisory Board's Audit and Risk Committee on the status of the CMS's effectiveness and current developments and incidents. In the event of serious incidents, the Management Board and the Audit and Risk Committee are informed immediately. The same applies to important new laws. Potential violations are investigated centrally by Group Audit and Group Compliance.

E.ON's Code of Conduct focuses on the guiding principle, "Doing the right thing." It is supplemented by several People Guidelines that lay down specific rules ("Doing things right"). As a compulsory reference, the code helps employees make the right decisions in various professional situations and remain true to the Company's values. In the preface, the E.ON Management Board calls on all employees to act in a correct manner in order to protect themselves and the company. The introduction explains why a Code of Conduct is needed. The main body of the Code contains comprehensible guidance on all issues that are of particular concern to E.ON. These include human rights, anti-corruption, fair competition, and good relationships with business partners. The Code also contains an integrity test. By answering just a few questions, employees can check whether their assessments are in compliance with E.ON principles and values. The Code clearly states E.ON's prohibition against company donations to political parties, political candidates, managers of political offices, or representatives of public agencies.

Managers and employees may be invited to events and restaurants, especially by business partners, or receive gifts. The Anti-Corruption People Guideline contains a decision-making scheme that uses the familiar green, amber, and red of traffic lights to indicate when accepting or granting such offers or gifts is permissible, potentially problematic, or forbidden. Gratuities above a certain threshold, which varies by country and national regulations, must receive Compliance Officer approval. Particularly strict requirements apply to invitations and gifts from public, elected, or government officials and their representatives.

To determine in which functions the risk for some compliance violations is particularly high, E.ON conducts compliance risk assessments on a regular basis. Based on their findings, preventive measures are taken.

If employees suspect misconduct or a violation of laws or company policies, they are instructed to report it immediately. If they wish, they may do so anonymously through internal reporting channels or a Group-wide external whistle-blower hotline, which E.ON operates with a law firm. Not only E.ON employees, but also business partners, their employees and other third parties can contact the hotline confidentially. Group Compliance forwards the information to the relevant department or unit.

E.ON wants to ensure compliance standards in its supply chain as well. All non-fuel suppliers and all suppliers of uranium and solid biomass must therefore sign the Supplier Code of Conduct, which contains binding standards for ethical business practices. In addition, E.ON conducts compliance checks to determine whether potential suppliers act in accordance with the company's values and principles.

The effectiveness of E.ON's CMS is the main indicator of the Company's compliance performance for purposes of management control. All compliance measures, policies, processes, controls, and so forth are assessed and guided by this criterion. The CMS's effectiveness is also monitored by the E.ON Management Board, the Supervisory Board's Audit and Risk Committee, and Group Audit. The latter, an independent entity, is E.ON's third line of defense for monitoring the CMS. The criteria E.ON uses for monitoring effectiveness include assessing whether and how prescribed measures are implemented across E.ON. The Management Board and the Audit and Risk Committee are convinced that the CMS was again effective in 2019. Their assessment was based in part on audits as well as surveys of employees and stakeholders.

Consolidated Financial Statements

E.ON SE and Subsidiaries Consolidated Statements of Income

€ in millions	Note	2019	2018
Sales including electricity and energy taxes		42,392	30,089
Electricity and energy taxes		-1,389	-693
Sales[1]	(5)	**41,003**	**29,396**
Changes in inventories (finished goods and work in progress)		-125	16
Own work capitalized	(6)	487	394
Other operating income[1]	(7)	5,649	5,334
Cost of materials[1]	(8)	-32,126	-22,635
Personnel costs	(11)	-4,101	-2,460
Depreciation, amortization and impairment charges	(14)	-2,502	-1,575
Other operating expenses[1]	(7)	-7,355	-4,786
Income from companies accounted for under the equity method		421	269
Income from continuing operations before financial results and income taxes		**1,351**	**3,953**
Financial results	(9)	-554	-669
Income/Loss from equity investments		*58*	*44*
Income from other securities, interest and similar income		*1,065*	*523*
Interest and similar expenses		*-1,677*	*-1,236*
Income taxes	(10)	-53	-46
Income from continuing operations		**744**	**3,238**
Income/Loss from discontinued operations, net	(4)	1,064	286
Net income		**1,808**	**3,524**
Attributable to shareholders of E.ON SE		*1,566*	*3,223*
Attributable to non-controlling interests		*242*	*301*
in €			
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted[2]	(13)		
from continuing operations		0.24	1.37
from discontinued operations		0.44	0.12
from net income		**0.68**	**1.49**
Weighted-average number of shares outstanding (in millions)		2,293	2,167

[1]Failed-own-use contracts are included due to the change in accounting method. The prior year was adjusted accordingly (see the explanations in Note 2).
[2]Based on weighted-average number of shares outstanding.

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

€ in millions	2019	2018
Net income	**1,808**	**3,524**
Remeasurements of defined benefit plans	-146	-488
Remeasurements of defined benefit plans of companies accounted for under the equity method	11	-1
Income taxes	-36	-54
Items that will not be reclassified subsequently to the income statement	**-171**	**-543**
Cash flow hedges	-453	53
Unrealized changes—hedging reserve	*-438*	*-15*
Unrealized changes—reserve for hedging costs	*-3*	*59*
Reclassification adjustments recognized in income	*-12*	*9*
Fair value measurement of financial instruments	-1	-63
Unrealized changes	*29*	*-24*
Reclassification adjustments recognized in income	*-30*	*-39*
Currency-translation adjustments	-622	-84
Unrealized changes—hedging reserve/other	*-233*	*-99*
Unrealized changes—reserve for hedging costs	*1*	*2*
Reclassification adjustments recognized in income	*-390*	*13*
Companies accounted for under the equity method	-123	-40
Unrealized changes	*-116*	*-369*
Reclassification adjustments recognized in income	*-7*	*329*
Income taxes	10	-8
Items that might be reclassified subsequently to the income statement	**-1,189**	**-142**
Total income and expenses recognized directly in equity	**-1,360**	**-685**
Total recognized income and expenses (total comprehensive income)	**448**	**2,839**
Attributable to shareholders of E.ON SE	*173*	*2,610*
Continuing operations	*-371*	*2,413*
Discontinued operations	*544*	*197*
Attributable to non-controlling interests	*275*	*229*

E.ON SE and Subsidiaries Balance Sheets—Assets

€ in millions	Note	December 31, 2019	2018
Goodwill[1]	(14)	17,512	2,054
Intangible assets	(14)	4,138	2,162
Right-of-use assets[2]	(32)	3,109	–
Property, plant and equipment	(14)	35,832	18,057
Companies accounted for under the equity method	(15)	5,232	2,603
Other financial assets	(15)	4,083	2,904
Equity investments		*1,730*	*664*
Non-current securities		*2,353*	*2,240*
Financial receivables and other financial assets	(17)	699	427
Operating receivables and other operating assets	(17)	3,593	1,474
Deferred tax assets	(10)	2,212	1,195
Income tax assets	(10)	34	7
Non-current assets		**76,444**	**30,883**
Inventories	(16)	1,252	684
Financial receivables and other financial assets	(17)	490	284
Trade receivables and other operating assets	(17)	14,319	5,445
Income tax assets	(10)	1,377	229
Liquid funds	(18)	3,602	5,357
Securities and fixed-term deposits		*1,197*	*774*
Restricted cash and cash equivalents		*511*	*659*
Cash and cash equivalents		*1,894*	*3,924*
Assets held for sale	(4)	1,082	11,442
Current assets		**22,122**	**23,441**
Total assets		**98,566**	**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 the explanations in Note 2 and 32).

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

€ in millions	Note	December 31, 2019	2018
Capital stock	(19)	2,641	2,201
Additional paid-in capital	(20)	13,368	9,862
Retained earnings	(21)	-1,897	-2,461
Accumulated other comprehensive income[3]	(22)	-3,909	-2,718
Treasury shares	(19)	-1,126	-1,126
Equity attributable to shareholders of E.ON SE		**9,077**	**5,758**
Non-controlling interests (before reclassification)		5,491	3,190
Reclassification related to put options		-1,483	-430
Non-controlling interests	(23)	**4,008**	**2,760**
Equity		**13,085**	**8,518**
Financial liabilities	(26)	28,025	8,323
Operating liabilities	(26)	7,939	4,506
Income tax liabilities	(10)	293	304
Provisions for pensions and similar obligations	(24)	7,201	3,247
Miscellaneous provisions	(25)	13,468	12,459
Deferred tax liabilities	(10)	2,538	1,706
Non-current liabilities		**59,464**	**30,545**
Financial liabilities	(26)	3,923	1,563
Trade payables and other operating liabilities	(26)	16,686	7,637
Income tax liabilities	(10)	787	262
Miscellaneous provisions	(25)	4,019	2,117
Liabilities associated with assets held for sale	(4)	602	3,682
Current liabilities		**26,017**	**15,261**
Total equity and liabilities		**98,566**	**54,324**

[3]Thereof relating to discontinued operations (December 31, 2019): -€36 million.

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

€ in millions	2019	2018
Net income	**1,808**	**3,524**
Income/Loss from discontinued operations, net	-1,064	-286
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	2,502	1,575
Changes in provisions	497	-397
Changes in deferred taxes	-242	205
Other non-cash income and expenses	-292	57
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	-466	-926
Intangible assets and property, plant and equipment	*-38*	*-51*
Equity investments	*-392*	*-795*
Securities (>3 months)	*-36*	*-80*
Changes in operating assets and liabilities and in income taxes	70	-1,457
Inventories and carbon allowances	*-1*	*63*
Trade receivables	*-867*	*-243*
Other operating receivables and income tax assets	*830*	*-232*
Trade payables	*431*	*-47*
Other operating liabilities and income taxes	*-323*	*-998*
Cash provided by (used for) operating activities of continuing operations	**2,813**	**2,295**
Cash provided by (used for) operating activities of discontinued operations	152	558
Cash provided by (used for) operating activities (operating cash flow)	**2,965**	**2,853**
Proceeds from disposal of	256	4,306
Intangible assets and property, plant and equipment	*192*	*118*
Equity investments	*64*	*4,188*
Purchases of investments in	-4,784	-2,487
Intangible assets and property, plant and equipment	*-3,241*	*-2,280*
Equity investments	*-1,543*	*-207*
Proceeds from disposal of securities (>3 months) and of financial receivables and fixed-term deposits	1,803	2,630
Purchases of securities (>3 months) and of financial receivables and fixed-term deposits	-2,576	-3,533
Changes in restricted cash and cash equivalents	197	1,122
Cash provided by (used for) investing activities of continuing operations	**-5,104**	**2,038**
Cash provided by (used for) investing activities of discontinued operations	-716	-1,027
Cash provided by (used for) investing activities	**-5,820**	**1,011**
Payments received/made from changes in capital[1]	-342	6
Cash dividends paid to shareholders of E.ON SE	-932	-650
Cash dividends paid to non-controlling interests	-188	-233
Proceeds from financial liabilities	5,824	1,819
Repayments of financial liabilities	-3,377	-3,674
Cash provided by (used for) financing activities of continuing operations	**985**	**-2,732**
Cash provided by (used for) financing activities of discontinued operations	-193	95
Cash provided by (used for) financing activities	**792**	**-2,637**

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

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

€ in millions	2019	2018
Net increase/decrease in cash and cash equivalents	**-2,063**	**1,227**
Effect of foreign exchange rates on cash and cash equivalents	-11	–
Cash and cash equivalents at the beginning of the year[2]	3,924	2,673
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	**1,916**	**3,990**
Less: Cash and cash equivalents of discontinued operations at the end of the period	**-14**	**-66**
Cash and cash equivalents of continuing operations at the end of the period[3]	**1,902**	**3,924**
Supplementary information on cash flows from operating activities		
Income taxes paid (less refunds)	-754	-628
Interest paid	-1,219	-784
Interest received	568	178
Divdends received	448	331

[2]Cash and cash equivalents of continuing operations at the beginning of the prior year also includes holdings of €90 million in companies in the Renewables segment (which is reported as a discontinued operation), and €55 million from 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, and €4 million attributable to the sales operations of the heating electricity business in Germany that were reclassified as a disposal group in the fourth quarter of 2019.

Statement of Changes in Equity

€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Changes in accumulated other comprehensive income – Currency translation adjustments – Hedging reserve/ other	Changes in accumulated other comprehensive income – Currency translation adjustments – Reserve for hedging costs	Changes in accumulated other comprehensive income – Fair value measure-ment of financial instruments	Changes in accumulated other comprehensive income – Cash flow hedges – Hedging reserve	Changes in accumulated other comprehensive income – Cash flow hedges – Reserve for hedging costs
Balance as of December 31, 2017	**2,201**	**9,862**	**-4,552**	**-1,663**	**8**	**293**	**-943**	**-73**
IFRS 9, IFRS 15 adjustment	–	–	-9	–	–	-203	–	–
Balance as of January 1, 2018	**2,201**	**9,862**	**-4,561**	**-1,663**	**8**	**90**	**-943**	**-73**
Change in scope of consolidation								
Capital increase								
Dividends			-650					
Share additions/reductions			3					
Net additions/disposals from reclassification related to put options								
Total comprehensive income			2,747	-112	2	-51	-35	59
Net income/loss			*3,223*					
Other comprehensive income			*-476*	*-112*	*2*	*-51*	*-35*	*59*
Remeasurements of defined benefit plans			*-476*					
Changes in accumulated other comprehensive income				*-112*	*2*	*-51*	*-35*	*59*
Balance as of December 31, 2018	**2,201**	**9,862**	**-2,461**	**-1,775**	**10**	**39**	**-978**	**-14**
IFRS 16 adjustment	–	–	1	–	–	–	–	–
Balance as of January 1, 2019	**2,201**	**9,862**	**-2,460**	**-1,775**	**10**	**39**	**-978**	**-14**
Change in scope of consolidation			-2					
Capital increase	440	3,506						
Dividends			-932					
Share additions/reductions			133					
Net additions/disposals from reclassification related to put options								
Total comprehensive income			1,364	-743	1	-6	-440	-3
Net income/loss			*1,566*					
Other comprehensive income			*-202*	*-743*	*1*	*-6*	*-440*	*-3*
Remeasurements of defined benefit plans			*-202*					
Changes in accumulated other comprehensive income				*-743*	*1*	*-6*	*-440*	*-3*
Balance as of December 31, 2019	**2,641**	**13,368**	**-1,897**	**-2,518**	**11**	**33**	**-1,418**	**-17**

Treasury shares	Equity attributable to shareholders of E.ON SE	Non-controlling interests (before reclassification)	Reclassification related to put options	Non-controlling interests	Total
-1,126	**4,007**	**3,195**	**-494**	**2,701**	**6,708**
–	-212	–	–	–	-212
-1,126	**3,795**	**3,195**	**-494**	**2,701**	**6,496**
		-43		-43	-43
		84		84	84
	-650	-280		-280	-930
	3	5		5	8
			64	64	64
	2,610	229		229	2,839
	3,223	*301*		*301*	*3,524*
	-613	*-72*		*-72*	*-685*
	-476	*-67*		*-67*	*-543*
	-137	*-5*		*-5*	*-142*
-1,126	**5,758**	**3,190**	**-430**	**2,760**	**8,518**
–	1	1	–	1	2
-1,126	**5,759**	**3,191**	**-430**	**2,761**	**8,520**
	-2	2,613		2,613	2,611
	3,946	16		16	3,962
	-932	-240		-240	-1,172
	133	-364		-364	-231
			-1,053	-1,053	-1,053
	173	275		275	448
	1,566	*242*		*242*	*1,808*
	-1,393	*33*		*33*	*-1,360*
	-202	*31*		*31*	*-171*
	-1,191	*2*		*2*	*-1,189*
-1,126	**9,077**	**5,491**	**-1,483**	**4,008**	**13,085**

(1) Summary of Significant Accounting Policies

Basis of Presentation

The Consolidated Financial Statements of E.ON SE, Essen, registered in the Commercial Register of Essen District Court under number HRB 28196, have been prepared in accordance with Section 315e (1) of the German Commercial Code ("HGB") and with those International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee interpretations ("IFRIC") that were adopted by the European Commission for use in the EU as of the end of the fiscal year, and whose application was mandatory as of December 31, 2019.

Principles

The Consolidated Financial Statements of the E.ON Group ("E.ON" or the "Group") are generally prepared at cost, with the exception of financial assets that are measured at fair value through OCI (FVOCI) and of financial assets and liabilities (including derivative financial instruments) that are recognized in income and measured at fair value through profit or loss (FVPL).

Scope of Consolidation

The Consolidated Financial Statements incorporate the financial statements of E.ON SE and entities controlled by E.ON ("subsidiaries"). Control exists when E.ON as the investor can direct the activities relevant to the business performance of the entity, participate in this business performance in the form of variable returns and influence the performance and the related variable returns through its involvement. Control is normally deemed established if E.ON directly or indirectly holds a majority of the voting rights in the investee. In structured entities, control can be established by means of contractual arrangements if control is not demonstrated through possession of a majority of the voting rights.

The results of the subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Income from the date of acquisition or until the date of their disposal, respectively.

If a subsidiary or associate sells shares to a third party, leading to a reduction in E.ON's ownership interest in these investees ("dilution"), and consequently to a loss of control, joint control or significant influence, gains and losses from these dilutive transactions are included in the income statement under other operating income or expenses.

Where necessary, adjustments are made to the subsidiaries' financial statements to bring their accounting policies into line with those of the Group. Intercompany receivables, liabilities and results are eliminated in the consolidation process.

Associated Companies

An associate is an investee over whose financial and operating policy decisions E.ON has significant influence and that is not controlled by E.ON or jointly controlled with E.ON. Significant influence is presumed if E.ON directly or indirectly holds at least 20 percent, but not more than 50 percent, of an entity's voting rights.

Interests in associated companies are accounted for using the equity method.

Interests in associated companies accounted for using the equity method are reported on the balance sheet at cost, adjusted for changes in the Group's share of the net assets after the date of acquisition and for any impairment charges. Losses that might potentially exceed the Group's interest in an associated company when attributable long-term loans are taken into consideration are generally not recognized. Any difference between the cost of the investment and the pro rata remeasured value of its net assets is recognized in the Consolidated Financial Statements as part of the carrying amount.

Unrealized gains and losses arising from transactions with associated companies accounted for using the equity method are eliminated within the consolidation process on a pro rata basis if they are material.

Companies accounted for using the equity method are tested for impairment by comparing the carrying amount with its recoverable amount. If the carrying amount exceeds the recoverable amount, the carrying amount is adjusted for this difference. If the reasons for previously recognized impairment losses no longer exist, such impairment losses are reversed accordingly.

The financial statements of equity interests accounted for using the equity method are generally prepared using accounting that is uniform within the Group.

Joint Ventures

Joint ventures are also accounted for using the equity method. Unrealized gains and losses arising from transactions with joint-venture companies are eliminated within the consolidation process on a pro rata basis if they are material.

Joint Operations

A joint operation exists when E.ON and other investors directly control an operation, but unlike a joint venture, they do not have a claim to the changes in net assets from the operation. Instead, they have direct rights to individual assets or direct obligations with respect to individual liabilities in connection with the operation. E.ON recognizes assets and liabilities as well as revenues and expenses in a joint operation pro rata according to the rights and obligations attributable to E.ON.

Business Combinations

Business combinations are accounted for using the purchase method, under which the purchase price is offset against the proportional share in the acquired company's net assets. The values at the acquisition date that corresponds to the date at which control of the acquired company was attained are used as a basis. The acquiree's identifiable assets, liabilities and contingent liabilities are generally recognized at their fair values irrespective of the extent attributable to non-controlling interests. The fair values are determined using published exchange or market prices at the time of acquisition in the case of marketable securities or commodities, for example, and in the case of land, buildings and major technical equipment, generally using independent expert reports that have been prepared by third parties. If exchange or market prices are unavailable for consideration, fair values are derived from market prices for comparable assets or comparable transactions. If these values are not directly observable, fair value is determined using appropriate valuation methods. In such cases, E.ON determines fair value using the discounted cash flow method by discounting estimated future cash flows by a weighted-average cost of capital. Estimated cash flows are consistent with the internal mid-term planning data for the next three years, followed by two additional years of cash flow projections, which are extrapolated through the end of an asset's useful life using a growth rate based on industry and internal projections. In certain justified exceptional cases, a longer detailed planning period is used as the calculation basis. The discount rate reflects the specific risks inherent in the acquired activities. In the network area, fair values are generally determined by means of fair values in kind. The valuation of customer groups also deviates from the general procedure described above.

Non-controlling interests can be measured either at cost (partial goodwill method) or at fair value (full goodwill method). The choice of method can be made on a case-by-case basis. The partial goodwill method is generally used within the E.ON Group.

Transactions with holders of non-controlling interests are treated in the same way as transactions with investors. Should the acquisition of additional shares in a subsidiary result in a difference between the cost of purchasing the shares and the carrying amounts of the non-controlling interests acquired, that difference must be fully recognized in equity.

Gains and losses from disposals of shares to subsidiaries are also recognized in equity, provided that such disposals do not coincide with a loss of control.

Intangible assets must be recognized separately if they are clearly separable or if their recognition arises from a contractual or other legal right. Provisions for restructuring measures may not be recorded in a purchase price allocation. If the purchase price paid exceeds the proportional share in the net assets at the time of acquisition, the positive difference is recognized as goodwill. No goodwill is recognized for positive differences attributable to non-controlling interests. A negative difference is recognized in net income.

Foreign Currency Translation

The Company's transactions denominated in foreign currency are translated at the current exchange rate at the date of the transaction. At each balance sheet date monetary foreign currency items are adjusted to the exchange rate on the reporting date; any gains and losses resulting from fluctuations in the relevant currencies are recognized in net income and reported as other operating income and other operating expenses, respectively. Gains and losses from the translation of non-derivative financial instruments used in hedges of net investments in foreign operations are recognized in equity as a component of other comprehensive income. The ineffective portion of the hedging instrument is immediately recognized in net income.

The functional currency as well as the reporting currency of E.ON SE is the euro. The assets and liabilities of the Company's foreign subsidiaries with a functional currency other than the euro are translated using the exchange rates applicable on the balance sheet date, while items of the statements of income are translated using annual average exchange rates. Material transactions of foreign subsidiaries occurring during the fiscal year are translated in the financial statements using the exchange rate at the date of the transaction. Differences arising from the translation of assets and liabilities compared with the corresponding translation of the prior year, as well as exchange rate differences between the income statement and the balance sheet, are reported separately in equity as a component of other comprehensive income.

Foreign currency translation effects that are attributable to the cost of monetary financial instruments classified as at fair value through OCI are recognized in income. In the case of fair-value adjustments of monetary financial instruments, the foreign currency translation effects are recognized in equity as a component of other comprehensive income.

The following table depicts the movements in exchange rates for the periods indicated for major currencies of countries outside the European Monetary Union:

Currencies

	ISO-code	€1, rate at year-end		€1, annual average rate	
		2019	2018	2019	2018
British pound	GBP	0.85	0.89	0.88	0.88
Danish krone	DKK	7.47	7.47	7.47	7.45
Polish złoty	PLN	4.26	4.30	4.30	4.26
Romanian leu	RON	4.78	4.66	4.75	4.65
Swedish krona	SEK	10.45	10.25	10.59	10.26
Czech crown	CZK	25.41	25.72	25.67	25.65
Turkish lira	TRY	6.68	6.06	6.36	5.71
Hungarian forint	HUF	330.53	320.98	325.30	318.89
U.S. dollar	USD	1.12	1.15	1.12	1.18

Recognition of Income

a) Revenues

Revenues are generated primarily from the sale of electricity and gas to retail customers, industrial and commercial customers and wholesale markets. Revenues earned from the distribution of electricity and gas and from deliveries of steam and heat are also primarily recognized under revenues.

Since the introduction of IFRS 15 with effect from January 1, 2018, revenues no longer include the fees for the promotion of Renewables because these revenues are netted with the corresponding cost of materials (net disclosure). E.ON acts as an agent if another party is essentially responsible for fulfilling the contract (in the case of the fee mandated by the German Renewable Energy Sources Act, E.ON only transmits electricity generated from renewable energy sources by third parties), E.ON bears no inventory or default risk, E.ON cannot influence the pricing, and E.ON receives a commission as remuneration.

Revenues are generally recognized when E.ON fulfills its performance obligation by transferring a promised good or service to a customer. An asset is deemed to be transferred when the customer obtains control of the asset. The majority of the E.ON Group's performance obligations are fulfilled over time. The relatively subordinate point-in-time revenue recognition occurs primarily in the "Build & Sell" segment and for so-called linear products, where a fixed amount of energy is provided to commercial customers at a specific point in time. Revenue is recognized when control is transferred to the customer, which means that no significant discretionary decisions are required. For all such revenues, progress is measured using output-based methods. The methods used appropriately reflect the pattern of transfer of goods to customers or provision of services for customers. Revenues from the sale of goods and services are measured using the transaction prices allocated to these goods and services. They reflect the value of the volume supplied, including an estimated value of the volume supplied to customers between the date of the last invoice and the end of the period. Monthly advance payments for B2C customers are generally determined on the basis of historical consumption data and peak payments are settled at the end of the year. In B2B, a bottom-up approach is used to calculate individual rates. E.ON's sales transactions generally are not based on any material finance components. The average target payment period is between 14 and 45 days. In individual cases, the payment period can also be below the specified range. This may be the case, for example, if an agreement provides for payment on the fifth calendar day of the following month. Refunds to customers are an exception and are granted if the customer is disconnected from the power supply for an extended period of time. Cash bonuses or bonus payments to customers are recognized as refund liabilities and presented as a decrease in revenues uniformly over the term of the contract. As a rule, no warranties are granted in the Core Business. Warranties are only granted in the "Build & Sell" activities.

b) Interest Income

Interest income is recognized pro rata using the effective interest method.

c) Dividend Income

Dividend income is recognized when the right to receive the distribution payment arises.

Electricity and Energy Taxes

Electricity and energy taxes are levied on electricity and natural gas delivered to retail customers and are calculated on the basis of a fixed tax rate per kilowatt-hour ("kWh"). This rate varies between different classes of customers. Electricity and energy taxes payable are deducted from sales revenues on the face of the income statement if those taxes are levied upon delivery of energy to the retail customer.

Earnings per Share

Basic (undiluted) earnings per share is computed by dividing the consolidated net income attributable to the shareholders of the parent company by the weighted-average number of ordinary shares outstanding during the relevant period. At E.ON, the computation of diluted earnings per share is identical to that of basic earnings per share because E.ON SE has issued no potentially dilutive ordinary shares.

Goodwill and Intangible Assets

Goodwill

Goodwill is not amortized, but rather tested for impairment at the cash-generating unit level on at least an annual basis. Impairment tests must also be performed between these annual tests if events or changes in circumstances indicate that the carrying amount of the respective cash-generating unit might not be recoverable.

Newly created goodwill is allocated to those cash-generating units expected to benefit from the respective business combination. The cash-generating units to which goodwill is allocated are generally equivalent to the operating segments, since goodwill is reported, and considered in performance metrics for controlling, only at that level. Goodwill impairment testing is performed in euro, while the underlying goodwill is always carried in the functional currency.

In a goodwill impairment test, the recoverable amount of a cash-generating unit is compared with its carrying amount, including goodwill. The recoverable amount is the higher of the cash-generating unit's fair value less costs to sell and its value in use. In a first step, E.ON determines the recoverable amount of a cash-generating unit on the basis of the fair value (less costs to sell) using generally accepted valuation procedures. Valuation is performed using the discounted cash flow method unless market transactions or valuations prepared by third parties for comparable assets which are higher-level in the fair value hierarchy according to IFRS 13 are available. If needed, a calculation of value in use is also performed. Unlike fair value, the value in use is calculated from the viewpoint of management. In accordance with IAS 36, "Impairment of Assets," ("IAS 36") it is further ensured that restructuring expenses, as well as initial and subsequent capital investments (where those have not yet commenced), in particular, are not included in the valuation.

If the carrying amount exceeds the recoverable amount, the goodwill allocated to that cash-generating unit is adjusted in the amount of this difference.

If the impairment thus identified exceeds the goodwill allocated to the affected cash-generating unit, the remaining assets of the unit must be written down in proportion to their carrying amounts. Individual assets may be written down only if their respective carrying amounts do not fall below the highest of the following values as a result:

- Fair value less costs to sell
- Value in use, or
- Zero.

Any additional impairment loss that would otherwise have been allocated to the asset concerned must instead be allocated pro rata to the remaining assets of the unit.

E.ON performs the annual testing of goodwill for impairment at the cash-generating unit level in the fourth quarter of each fiscal year.

The purchase price allocation to the identified assets and liabilities was made on a provisional basis (see Note 4 for further information) due to the proximity of the acquisition of the distribution and network business of innogy to the reporting date in Q3 2019 and the ongoing process of preparing the underlying financial information in Q4 2019. Antitrust law factors also played a role in this consideration. As a result, it was not yet possible to allocate the preliminary goodwill of €15.5 billion to the cash generating units. The unallocated goodwill was not tested for impairment as there were no indications of impairment. The preliminary goodwill will be tested for impairment in the annual impairment test in 2020 as part of the standard test cycle.

Impairment charges on the goodwill of a cash-generating unit and reported in the income statement under "Depreciation, amortization and impairment charges" may not be reversed in subsequent reporting periods.

Intangible Assets
IAS 38, "Intangible Assets," ("IAS 38") requires that intangible assets be amortized over their expected useful lives unless their lives are considered to be indefinite. Factors such as typical product life cycles and legal or similar limits on use are taken into account in the classification.

Acquired intangible assets subject to amortization are classified as customer relationships and similar assets as well as concessions, industrial property rights, licenses and similar rights (this category also includes contractual claims). Internally generated intangible assets subject to amortization are related to software and are recognized as development costs. Intangible assets subject to amortization are measured at cost and are generally amortized using the straight-line method over their expected useful lives. The useful lives of customer relationships and similar assets range between 2 and 50 years, and between 3 and 50 years for concessions, industrial property rights, licenses and similar rights, unless depreciation based on use reflects an appropriate level of depletion. This latter category includes software in particular. Useful lives and amortization methods are subject to annual verification. Intangible assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that such assets may be impaired.

Intangible assets not subject to amortization or intangible assets whose use has not yet started are measured at cost and tested for impairment annually or more frequently if events or changes in circumstances indicate that such assets may be impaired. Moreover, such assets are reviewed annually to determine whether an assessment of indefinite useful life remains applicable.

In accordance with IAS 36, the carrying amount of an intangible asset, whether subject to amortization or not, is tested for impairment by comparing the carrying value with the asset's recoverable amount, which is the higher of its value in use and its fair value less costs to sell. Should the carrying amount exceed the corresponding recoverable amount, an impairment charge equal to the difference between the carrying amount and the recoverable amount is recognized and reported in income under "Depreciation, amortization and impairment charges."

If the reasons for previously recognized impairment losses no longer exist, such impairment losses are reversed. A reversal shall not cause the carrying amount of an intangible asset subject to amortization to exceed the amount that would have been determined, net of amortization, had no impairment loss been recognized during the period.

If a recoverable amount cannot be determined for an individual intangible asset, the recoverable amount for the smallest identifiable group of assets (cash-generating unit) that the intangible asset may be assigned to is determined. See Note 14 for additional information about goodwill and intangible assets.

Research and Development Costs

Under IFRS, expenditure on research is expensed as incurred, while costs incurred during the development phase of new products, services and technologies are to be recognized as assets when the general criteria for recognition specified in IAS 38 are present. In the 2018 and 2019 fiscal years, E.ON capitalized costs for internally generated software and other technologies in this context.

Property, Plant and Equipment

Property, plant and equipment are initially measured at acquisition or production cost, including decommissioning or restoration cost that must be capitalized, and are depreciated over the expected useful lives of the components, generally using the straight-line method, unless a different method of depreciation is deemed more suitable in certain exceptional cases. The useful lives of the major asset classes of property, plant and equipment are presented below:

Useful Lives of Property, Plant and Equipment

Buildings	5 to 60 years
Technical equipment, plant and machinery	2 to 80 years
Other equipment, fixtures, furniture and office equipment	2 to 30 years

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that an asset may be impaired. In such a case, property, plant and equipment are tested for impairment according to the principles prescribed for intangible assets in IAS 36. If the reasons for previously recognized impairment losses no longer exist, such impairment losses are reversed and recognized in income. Such reversal shall not cause the carrying amount to exceed the amount that would have resulted had no impairment taken place during the preceding periods.

Subsequent costs arising, for example, from additional or replacement capital expenditure are only recognized as part of the acquisition or production cost of the asset, or else—if relevant—recognized as a separate asset if it is probable that the Group will receive a future economic benefit and the cost can be determined reliably.

Repair and maintenance costs that do not constitute significant replacement capital expenditure are expensed as incurred.

Borrowing Costs

Borrowing costs that arise in connection with the acquisition, construction or production of a qualifying asset from the time of acquisition or from the beginning of construction or production until its entry into service are capitalized and subsequently amortized alongside the related asset. In the case of a specific financing arrangement, the respective borrowing costs incurred for that particular arrangement during the period are used. For non-specific financing arrangements, a financing rate uniform within the Group of 3.86 percent was applied for 2019 (2018: 5.37 percent). Other borrowing costs are expensed.

Government Grants

Government investment subsidies do not reduce the acquisition and production costs of the respective assets; they are instead reported on the balance sheet as deferred income. They are recognized in income on a straight-line basis over the associated asset's expected useful life.

Government grants are recognized at fair value if the Group satisfies the necessary conditions for receipt of the grant and if it is highly probable that the grant will be issued.

Government grants for costs are posted as income over the period in which the costs are incurred.

Leasing

Lease agreements are accounted for in accordance with IFRS 16, "Leases" ("IFRS 16"). A lease is an agreement that conveys the right to use an identified asset for a specified period in exchange for consideration. A right-of-use asset for an identified asset, regardless of its formal structure, can arise in many agreements, e.g., rental, lease and service agreements as well as in the framework of outsourcing transactions. The formal designation of an agreement is not relevant for the identification of a lease. E.ON is party to some agreements in which it is the lessor and to others in which it is the lessee.

Transactions in which E.ON acts as a lessee are accounted for on the basis of the right-of-use model, irrespective of the economic (ownership) relationship to the leased asset at the beginning of the lease term. The option to facilitate the application of IFRS 16.5 is used for low-value leases and for lease agreements with a term of less than twelve months (short-term leases). Accordingly, there is no recognition of the right-of-use asset and the lease ability. Instead, the payments are recognized on a straight-line basis in income. In line with internal management practice, intragroup leases are recognized as current expenses in the segment report.

A lease liability is recognized in the amount of the present value of the existing payment obligation. Where an arrangement provides for payments for lease components and non-lease components, the payments are not separated using the option under IFRS 16.15 (with the exception of real estate leases); the lease liability is measured from the total amount of the payments. Present value is determined by discounting with an incremental borrowing rate that is equivalent in terms of risk and term if the implicit interest rate cannot be determined. The liability is subsequently measured using the effective interest method. The current portion of the lease liability to be recognized separately in the balance sheet is measured on the basis of the repayment portion of the next twelve months included in the lease payments. A right-of-use asset corresponding with the lease liability is recognized in the amount of the present value of the lease liability. The initial recognition of the right-of-use asset is also increased by the amount of the initial direct costs and expected costs resulting from asset retirement obligations when they do not relate to an item from property, plant and equipment; prepayments increase the amount of the initial recognition and lease incentives decrease the amount. A right-of-use asset is subsequently recognized at amortized cost. Amortization is carried out on a straight-line basis over the shorter of the lease term or the useful life of the identified asset. An impairment test is carried out in accordance with IAS 36 if events or changed circumstances indicate an impairment.

E.ON protects its operational flexibility when concluding leasing agreements through the use of extension and termination options. In determining the lease term, E.ON considers all facts and circumstances that provide an economic incentive to exercise existing options. The assumed term therefore also includes periods covered by extension options if it is assumed with reasonable certainty that they will be exercised. A modification of the term is taken into account if there is a change with regard to whether an existing option will be exercised or not with reasonable certainty.

Lease transactions in which E.ON acts as lessor are classified as operating or finance leases depending on the distribution of risks and rewards. If a lease is classified as an operating lease, E.ON recognizes the identified asset and recognizes the lease payments as other operating income on a straight-line basis over the lease term. For finance leases, the identified asset is derecognized and a receivable is recognized in the amount of the net investment value. Payments made by the lessee are treated as a reduction of the lease receivable or interest income. The income from such arrangements is recognized over the term of the lease using the effective interest method. Subleases are classified based on the right-of-use asset under the head lease.

Financial Instruments

Non-Derivative Financial Instruments

Non-derivative financial instruments are measured in accordance with IFRS 9, "Financial Instruments" ("IFRS 9"). They are recognized at fair value, including transaction costs, on the settlement date when acquired, provided they are not recognized at fair value through profit and loss.

Financial assets are classified as financial assets measured at amortized cost (AmC), financial assets measured at fair value through other comprehensive income (FVOCI) and financial assets measured at fair value through profit and loss (FVPL) based on the business model and the characteristics of the cash flows.

If a financial asset is held for the purpose of collecting contractual cash flows and the cash flows of the financial asset represent exclusively interest and principal payments, then the financial asset is measured at amortized cost (AmC).

A financial asset is measured at fair value through other comprehensive income (FVOCI) if it is used both to collect contractual cash flows and for sales purposes and the cash flows of the financial asset consist exclusively of interest and principal payments.

Unrealized gains and losses from financial assets measured at fair value through other comprehensive income (FVOCI), net of related deferred taxes, are reported as a component of equity (other comprehensive income) until realized. Realized gains and losses are determined by analyzing each transaction individually.

Debt instruments that do not exclusively serve to collect contractual cash flows or to both generate contractual cash flows and sales revenue, or whose cash flows do not exclusively consist of interest and principal payments are measured at fair value through profit and loss (FVPL). For equity instruments that are not held for trading purposes, E.ON has uniformly exercised the option of recognizing changes in fair value through profit or loss (FVPL).

Impairments of financial assets are both recognized for losses already incurred and for expected future credit defaults. The amount of the impairment loss calculated in the determination of expected credit losses is recognized on the income statement.

The expected future credit loss is calculated by multiplying the probability of default by the carrying amount of the financial asset (exposure at default) and the expected loss ratio (loss given default). For information on the treatment of impairments under IFRS 9, please see Note 31.

Non-derivative financial liabilities (including trade payables) within the scope of IFRS 9 are measured at amortized cost, using the effective interest method. Initial measurement takes place at fair value, with transaction costs included in the measurement. In the subsequent measurement, the residual carrying amount is adjusted by the amortization and accretion of any premium or discount remaining until maturity. The premium or discount is recognized in financial results over its term.

Derivative Financial Instruments and Hedging

Derivative financial instruments and separated embedded derivatives are measured at fair value as of the balance sheet date at initial recognition and in subsequent periods. Under IFRS 9, they are classified as at fair value through profit and loss (FVPL) as long as they are not a component of a hedge accounting relationship. Gains and losses from changes in fair value are immediately recognized in net income.

The instruments primarily used are foreign currency forwards and cross-currency interest rate swaps, as well as interest rate swaps. In commodities, the instruments used primarily include physically and financially settled forwards and options related to electricity and gas.

As part of fair value measurement in accordance with IFRS 13, the counterparty risk is also taken into account for derivative financial instruments. E.ON determines this risk based on a portfolio valuation in a bilateral approach for both own credit risk (debt value adjustment) and the credit risk of the corresponding counterparty (credit value adjustment). The counterparty risks thus determined are allocated to the individual financial instruments by applying the relative fair value method on a net basis.

E.ON has designated some of these derivatives as part of a hedging relationship. IFRS 9 sets requirements for the admissibility of hedging instruments and the underlyings, the formal designation and documentation of hedging relationships, the hedging strategy, as well as fulfilling requirements of effectiveness in order to qualify for hedge accounting. The designated hedged items and hedging instruments are subject to the same risk. This economic relationship ensures that the amounts of the hedged items and hedging instruments are offset against each other and that the hedging relationships are therefore effective. The hedge ratio of the hedges is 1:1. Ineffectiveness arises only if the measurement parameters of the hedged item and the hedging instrument differ from one another. All components of derivative gains and losses from the measurement of hedge ineffectiveness are taken into consideration during recognition.

For qualifying fair value hedges, the change in the fair value of the derivative and the change in the fair value of the hedged item that is due to the hedged risk(s) are recognized in income.

If a derivative instrument qualifies as a cash flow hedge under IFRS 9, the effective portion of the hedging instrument's change in fair value is recognized in equity (as a component of other comprehensive income) and reclassified into income in the period or periods during which the cash flows of the transaction being hedged affect income. In accordance with IFRS 9, the currency basis spread (hedging costs) will be separated from the hedging instrument and reported separately as an excluded component in accumulated other comprehensive income in the reserve for hedging costs as a component of equity.

The hedging result is reclassified into income during the period in which the cash flows of the hedged asset are recognized in income. The result is recognized immediately in income if it becomes probable that the hedged underlying transaction will no longer occur. For hedging instruments used to establish cash flow hedges, the change in fair value of the ineffective portion is recognized immediately in the income statement to the extent required.

To hedge the foreign currency risk arising from the Company's net investment in foreign operations, derivative as well as non-derivative financial instruments are used. Gains or losses due to changes in fair value and from foreign currency translation are recognized within equity, as a component of other comprehensive income, under currency translation adjustments.

E.ON currently uses hedges in the framework of cash flow hedges and hedges of a net investment.

Changes in fair value of derivative instruments that are recognized in income are presented as other operating income or expenses. Gains and losses from interest-rate derivatives are included in interest income.

Unrealized gains and losses resulting from the initial measurement of derivative financial instruments at the inception of the contract are not recognized in income. They are instead deferred and recognized in income systematically over the term of the derivative. An exception to the accrual principle applies if unrealized gains and losses from the initial measurement are verified by quoted market prices, observable prices of other current market transactions or other observable data supporting the valuation technique. In this case the gains and losses are recognized in income.

Contracts that are entered into for purposes of receiving or delivering non-financial items in accordance with E.ON's anticipated procurement, sale or use requirements, and held as such, can be classified as own-use contracts. They are not accounted for as derivative financial instruments at fair value through profit and loss (FVPL) in accordance with IFRS 9, but as open transactions subject to the rules of IAS 37.

Embedded derivatives in own-use contracts must be separated from the host contract and accounted for as derivatives in accordance with IFRS 9 if the economic characteristics and risks of these derivatives are not closely related to those of the host contract. The contract is assessed upon conclusion to determine whether a derivative is required to be separated. A reassessment must be carried out if there is a significant change in the terms of the contract or in the context of business combinations.

Agreements to buy or sell non-financial items that cannot be classified as own-use contracts under IFRS 9 and that are required to be accounted for as derivatives (so-called "failed own use" contracts) must be realized or recognized in the balance sheet at the market price applicable at the time of physical settlement.

IFRS 7, "Financial Instruments: Disclosures," ("IFRS 7") and IFRS 13 both require comprehensive quantitative and qualitative disclosures about the extent of risks arising from financial instruments. Additional information on financial instruments is provided in Notes 30 and 31.

Non-derivative and derivative financial instruments are netted on the balance sheet if under IAS 32 E.ON has both an unconditional right—even in the event of the counterparty's insolvency—and the intention to settle offsetting positions simultaneously and/or on a net basis.

Inventories

Inventories are measured at the lower of acquisition or production cost and net realizable value. The cost of raw materials, finished products and goods purchased for resale is determined based on the average cost method. In addition to production materials and wages, production costs include material and production overheads based on normal capacity. The costs of general administration are not capitalized. Inventory risks resulting from excess and obsolescence are provided for using appropriate valuation allowances, whereby inventories are written down to net realizable value.

Emission Rights

Emission rights held under national and international emission-rights systems for the settlement of obligations are reported as other operating assets. Emission rights are capitalized at cost at the time of acquisition.

A provision is recognized for emissions produced. The provision is measured at the carrying amount of the emission rights held or, in the case of a shortfall, at the current fair value of the emission rights needed.

Receivables, Contract Assets and Other Assets

A receivable is recognized under IFRS 15 when the goods or services are delivered, provided that the right to consideration is unconditional, i.e., is only related to the passage of time. However, if the right to receive the consideration is contingent upon conditions other than the passage of time, a contract asset is recognized. An asset is recognized under other assets under IFRS 15 if the cost of obtaining the contract is expected to be recovered and the amortization period is longer than one year. Other assets are amortized over the estimated term of the contract depending on how the goods or services to which the costs relate are transferred to the customer. If the estimated term of the contract is less than one year, the costs are immediately recognized as an expense on the income statement. Receivables and other assets are initially measured at fair value, which generally approximates nominal value. They are subsequently measured at amortized cost, using the effective interest method.

Valuation allowances, included in the reported net carrying amount, are provided for identifiable individual risks. If the loss of a certain part of the receivables is probable, valuation allowances are provided to cover the expected loss. Impairments must also be recognized for expected future credit losses.

Liquid Funds

Liquid funds include current securities, checks, cash on hand and bank balances. Bank balances and securities with an original maturity of more than three months are recognized under securities and fixed-term deposits. Liquid funds with an original maturity of less than three months are considered to be cash and cash equivalents, unless they are restricted.

Restricted cash with a remaining maturity in excess of twelve months is classified as financial receivables and other financial assets.

Assets Held for Sale and Liabilities Associated with Assets Held for Sale and Discontinued Operations

Non-current assets and any corresponding liabilities held for sale and any directly attributable liabilities are recognized separately from other assets and liabilities in the balance sheet in the line items "Assets held for sale" and "Liabilities associated with assets held for sale" if they can be disposed of in their current condition and if there is sufficient probability of their disposal actually taking place. The reclassification to the separate balance sheet items is shown under Changes in scope of consolidation.

Discontinued operations are components of an entity that are either held for sale or have already been sold and can be clearly distinguished from other corporate operations, both operationally and for financial reporting purposes. Additionally, the component classified as a discontinued operation must represent a major business line or a specific geographic business segment of the Group.

Non-current assets that are held for sale either individually or collectively as part of a disposal group, or that belong to a discontinued operation, are no longer depreciated. They are instead accounted for at the lower of the carrying amount and the fair value less any remaining costs to sell. If this value is less than the carrying amount, an impairment loss is recognized.

The income and losses resulting from the measurement of components held for sale as well as the gains and losses arising from the disposal of discontinued operations, are reported separately on the face of the income statement under income/loss from discontinued operations, net, as is the income from the ordinary operating activities of these divisions. Prior-year income statement figures are adjusted accordingly. The relevant assets and liabilities are reported in a separate line on the balance sheet. The cash flows of discontinued operations are reported separately in the cash flow statement, with prior-year figures adjusted accordingly. However, there is no reclassification of prior-year balance sheet line items attributable to discontinued operations.

Equity Instruments

IFRS defines equity as the residual interest in the Group's assets after deducting all liabilities. Therefore, equity is the net amount of all recognized assets and liabilities.

E.ON has entered into purchase commitments to holders of non-controlling interests in subsidiaries. By means of these agreements, the non-controlling shareholders have the right to require E.ON to purchase their shares on specified conditions. None of the contractual obligations has led to the transfer of substantially all of the risk and rewards to E.ON at the time of entering into the contract. In such a case, IAS 32, "Financial Instruments: Presentation," ("IAS 32") requires that a liability be recognized at the present value of the probable future exercise price. This amount is reclassified from a separate component within non-controlling interests and reported separately as a liability. The reclassification occurs irrespective of the probability of exercise. The accretion of the liability is recognized as interest expense. If a purchase commitment expires unexercised, the liability reverts to non-controlling interests. Any remaining difference between liabilities and non-controlling interests is recognized directly in retained earnings.

Where shareholders of entities own statutory, non-excludable rights of termination (as in the case of German partnerships, for example), such termination rights require the reclassification of non-controlling interests from equity into liabilities under IAS 32. The liability is recognized at the present value of the expected settlement amount irrespective of the probability of termination. Changes in the value of the liability are reported within other operating income. Accretion of the share of the results of the non-controlling shareholders' share in net income is recognized in Net interest income/expense.

If E.ON SE or a Group company buys treasury shares of E.ON SE, the value of the consideration paid, including directly attributable additional costs (net after income taxes), is deducted from E.ON SE's equity until the shares are retired, distributed or resold. If such treasury shares are subsequently distributed or sold, the consideration received, net of any directly attributable additional transaction costs and associated income taxes, is recognized in equity.

Share-Based Payment

Share-based payment plans issued in the E.ON Group are accounted for in accordance with IFRS 2, "Share-Based Payment" ("IFRS 2"). From 2013 to 2016, share-based payments were based on the E.ON Share Matching Plan. Under this plan, the number of allocated rights was governed by the development of the financial measure ROCE (ROACE until 2015).

In 2015 and 2016, virtual shares were granted exclusively to members of the Management Board of E.ON SE in the framework of base and performance matching in accordance with the share matching plan. Executives who in previous years had participated in the share matching plan were granted a multi-year bonus extending over a term of four years, whose payout amount depends on the performance of the E.ON share up to the payment date, instead of base and performance matching. The members of the Management Board of E.ON SE were granted virtual shares under the E.ON Share Matching Plan for the last time in 2017.

In fiscal years 2017, 2018 and 2019, virtual shares were granted to members of the Management Board of E.ON SE and certain E.ON Group executives under the E.ON Performance Plan. The E.ON Performance Plan uses a fair value determined by an external service provider using a Monte Carlo simulation.

In all cases, these are commitments of the Company which provide for cash compensation based on the share price performance at the end of the term. The compensation expense is recognized in the income statement pro rata over the vesting period.

Provisions for Pensions and Similar Obligations

Measurement of defined benefit obligations in accordance with IAS 19, "Employee Benefits," ("IAS 19") is based on actuarial computations using the projected unit credit method, with actuarial valuations performed at year-end. The valuation encompasses both pension obligations and pension entitlements that are known on the reporting date and economic trend assumptions such as assumptions on wage and salary growth rates and pension increase rates, among others, that are made in order to reflect realistic expectations, as well as variables specific to reporting dates such as discount rates, for example.

Included in gains and losses from the remeasurements of the net defined benefit liability or asset are actuarial gains and losses that may arise especially from differences between estimated and actual variations in underlying assumptions about demographic and financial variables. Additionally included is the difference between the actual return on plan assets and the expected interest income on plan assets included in the net interest result. Remeasurements effects are recognized in full in the period in which they occur and are not reported within the Consolidated Statements of Income, but are instead recognized within the Statements of Recognized Income and Expenses as part of equity.

The employer service cost representing the additional benefits that employees earned under the benefit plan during the fiscal year is reported under personnel costs; the net interest on the net liability or asset from defined benefit pension plans determined based on the discount rate applicable at the start of the fiscal year is reported under financial results.

Past service cost, as well as gains and losses from settlements, are fully recognized in the income statement in the period in which the underlying plan amendment, curtailment or settlement takes place. They are reported under personnel costs.

The amount reported on the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. If a net asset position arises from this calculation, the amount is limited to the present value of available refunds and the reduction in future contributions and to the benefit from prepayments of minimum funding requirements. Such an asset position is recognized as an operating receivable.

Payments for defined contribution pension plans are expensed as incurred and reported under personnel costs. Contributions to state pension plans are treated like payments for defined contribution pension plans to the extent that the obligations under these pension plans generally correspond to those under defined contribution pension plans.

Provisions for Asset Retirement Obligations and Other Miscellaneous Provisions

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets," ("IAS 37") provisions are recognized when E.ON has a legal or constructive present obligation towards third parties as a result of a past event, it is probable that E.ON will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The provision is recognized at the expected settlement amount. Long-term obligations are reported as liabilities at the present value of their expected settlement amounts if the interest rate effect (the difference between present value and repayment amount) resulting from discounting is material; future cost increases that are foreseeable and likely to occur on the balance sheet date at year-end must also be included in the measurement. Long-term obligations are generally discounted at the market interest rate applicable as of the respective balance sheet date, provided that it is not negative. The accretion amounts and the effects of changes in interest rates are generally presented as part of financial results. A reimbursement related to the provision that is virtually certain to be collected is capitalized as a separate asset. No offsetting within provisions is permitted. Advance payments remitted are deducted from the provisions.

Obligations arising from the decommissioning or dismantling of property, plant and equipment are recognized during the period of their occurrence at their discounted settlement amounts, provided that the obligation can be reliably estimated. The carrying amounts of the respective property, plant and equipment are increased by the same amounts. In subsequent periods, capitalized asset retirement costs are amortized over the expected remaining useful lives of the assets, and the provision is accreted to its present value on an annual basis.

Changes in estimates arise in particular from deviations from original cost estimates, from changes to the maturity or the scope of the relevant obligation, and also as a result of the regular adjustment of the discount rate to current market interest rates. The adjustment of provisions for the decommissioning and restoration of property, plant and equipment for changes to estimates is generally recognized by way of a corresponding adjustment to these assets, with no effect on income. If the property, plant and equipment concerned have already been fully depreciated, changes to estimates are recognized within the income statement.

The estimates for nuclear decommissioning provisions are derived from studies, cost estimates, legally binding civil agreements and legal information. A material element in the estimates are the real interest rates applied (the applied discount rate, less the cost increase rate). The impact on consolidated net income depends on the level of the corresponding adjustment posted to property, plant and equipment.

No provisions are established for contingent asset retirement obligations where the type, scope, timing and associated probabilities cannot be determined reliably.

If onerous contracts exist in which the unavoidable costs of meeting a contractual obligation exceed the economic benefits expected to be received under the contract, provisions are established for losses from open transactions. Such provisions are recognized at the lower of the excess obligation upon performance under the contract and any potential penalties or compensation arising in the event of non-performance. Obligations under an open contractual relationship are determined from a customer perspective.

Contingent liabilities are possible obligations toward third parties arising from past events that are not wholly within the control of the entity, or else present obligations toward third parties arising from past events in which an outflow of resources embodying economic benefits is not probable or where the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities were not recognized on the balance sheet.

A more detailed description is not provided for certain contingent liabilities and contingent receivables, particularly in connection with pending litigation, as this information could influence further proceedings.

Where necessary, provisions for restructuring costs are recognized at the present value of the future outflows of resources. Provisions are recognized once a detailed restructuring plan has been decided on by management and publicly announced or communicated to the employees or their representatives. Only those expenses that are directly attributable to the restructuring measures are used in measuring the amount of the provision. Expenses associated with the future operation are not taken into consideration.

Income Taxes

Under IAS 12, "Income Taxes," ("IAS 12") deferred taxes are recognized on temporary differences arising between the carrying amounts of assets and liabilities on the balance sheet and their tax bases (balance sheet liability method). Deferred tax assets and liabilities are recognized for temporary differences that will result in taxable or deductible amounts when taxable income is calculated for future periods, unless those differences are the result of the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit/loss (initial differences). Uncertain tax positions are recognized at their most likely value. IAS 12 further requires that deferred tax assets be recognized for unused tax loss carryforwards and unused tax credits. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Each of the corporate entities is assessed individually with regard to the probability of a positive tax result in future years. The planning horizon is basically three to five years in this context. Any existing history of losses is incorporated in this assessment. For those tax assets to which these assumptions do not apply, the value of the deferred tax assets is reduced.

Deferred tax liabilities caused by temporary differences associated with investments in affiliated and associated companies are recognized unless the timing of the reversal of such temporary differences can be controlled within the Group and it is probable that, owing to this control, the differences will in fact not be reversed in the foreseeable future.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to be applicable for taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of changes in tax rates and tax law is generally recognized in net income. Equity is adjusted for deferred taxes that had previously been recognized directly in equity. The change is generally recognized in the period in which the material legislative process is completed.

Deferred taxes for the E.ON Group's major German companies are–unchanged from the previous year–calculated using an aggregate tax rate of 30 percent. This tax rate includes, in addition to the 15 percent corporate income tax, the solidarity surcharge of 5.5 percent on the corporate tax and the average trade tax rate of 14 percent. Foreign subsidiaries use applicable national tax rates.

To the extent that they are material, income taxes for transaction costs of an equity transaction are recognized directly in equity under IAS 12.

Note 10 shows the major temporary differences so recorded.

Consolidated Statements of Cash Flows

In accordance with IAS 7, "Cash Flow Statements," ("IAS 7") the Consolidated Statements of Cash Flows are classified in cash flows from operating, investing and financing activities. Cash flows from discontinued operations are reported separately in the Consolidated Statements of Cash Flows. Interest received and paid, income taxes paid and refunded, as well as dividends received are classified as operating cash flows, whereas dividends paid are classified as financing cash flows. The purchase and sale prices respectively paid (received) in acquisitions and disposals of companies are reported net of any cash and cash equivalents acquired (disposed of) under investing activities if the respective acquisition or disposal results in a gain or loss of control. In the case of acquisitions and disposals that do not, respectively, result in a gain or loss of control, the corresponding cash flows are reported under financing activities. The impact on cash and cash equivalents of valuation changes due to exchange rate fluctuations is disclosed separately.

Segment Information

In accordance with the so-called management approach required by IFRS 8, "Operating Segments," ("IFRS 8") the internal reporting organization used by management for making decisions on operating matters is used to identify the Company's reportable segments. The internal performance measure used as the segment result is EBIT adjusted to exclude certain non-operating effects (see Note 34).

Structure of the Consolidated Balance Sheets and Statements of Income

In accordance with IAS 1, "Presentation of Financial Statements," ("IAS 1") the Consolidated Balance Sheets have been prepared using a classified balance sheet structure. Assets that will be realized within twelve months of the reporting date, as well as liabilities that are due to be settled within one year of the reporting date are generally classified as current.

The Consolidated Statements of Income are classified using the nature of expense method, which is also applied for internal purposes.

Critical Accounting Estimates and Assumptions; Critical Judgments in the Application of Accounting Policies

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that may both influence the application of accounting principles within the Group and affect the measurement and presentation of reported figures. Estimates are based on past experience and on current knowledge obtained on the transactions to be reported. Actual amounts may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period, or in the period of the revision and subsequent periods if both current and future periods are affected.

Estimates are particularly necessary for the measurement of the value of property, plant and equipment and of intangible assets, especially in connection with purchase price allocations, the recognition and measurement of deferred tax assets, the accounting treatment of provisions for pensions and miscellaneous provisions, for impairment testing in accordance with IAS 36, for the determination of the fair value of certain financial instruments, and in the application of IFRS 15. Estimates also arise from the application of IFRS 16, namely in connection with the determination of the lease terms and the calculation of the discount rate.

The underlying principles used for estimates in each of the relevant topics are outlined in the respective sections.

(2) New Standards and Interpretations

Significant Standards and Interpretations Applicable in 2019

IFRS 16, "*Leases*"
We are applying IFRS 16 "*Leases*" for the first time in 2019. IFRS 16 replaces the previous IAS 17 "*Leases*" and IFRIC 4 "*Determining whether an arrangement contains a lease.*" E.ON applied the modified retrospective approach to its transition to IFRS 16; prior-year figures were not restated and no comparative information will be presented. As at the date of initial transition the outstanding payment obligations with regard to existing operating leases are discounted using the relevant incremental borrowing rate and recognized as a lease liability. Correspondingly, right-of-use assets were capitalized with an amount equaling the present value of the lease payments, adjusted by the amount of the prepaid or accrued lease payments. Existing finance leases previously recognized in accordance with IAS 17 were carried forward as right-of-use assets with their carrying amounts as at December 31, 2018. The option to facilitate application is used for low-value assets and short-term leases (with a maturity of less than twelve months); no right-of-use assets and liabilities are recognized. In addition, E.ON will not separate lease components from non-lease components for any asset classes other than buildings.

The Group has also decided to apply various practical expedients for the transition:

- Agreements entered into before January 1, 2019, and still valid at the date of transition were not reviewed to determine whether they qualify as leases under IFRS 16.
- Agreements entered into before January 1, 2019, with a term of less than twelve months at the date of transition were accounted for as short-term leases; no right-of-use assets and liabilities are recognized.
- No impairment test was carried out for right-of-use assets recognized for the first time; instead right-of-use assets were adjusted by the amount of provisions for onerous contracts.
- In determining the lease term, E.ON considered hindsight when expectations with regard to the exercise of options changed.

The incremental borrowing rate is used to discount future lease payments when the lease's implicit refinancing rate cannot be reliably determined. The incremental borrowing rate is derived on the basis of an essentially risk-free yield curve for a period of up to 30 years, adjusted for the credit and country risk specific to E.ON.

E.ON operates as a lessee in the areas of land and buildings, networks and vehicle fleets, in particular. Lease payments are broken down into principal and interest using the effective interest method. The right-of-use asset is generally depreciated on a straight-line basis over the shorter of the term of the lease or the useful life of the leased asset. The provisions of IAS 36 concerning impairment testing also apply to capitalized right-of-use assets. The liability should be remeasured as a reassessment event whenever the expected lease payments or the lease term change, for example, because of a change in the estimate regarding the exercise of a contractual option. The carrying amount of the right-of-use asset will be adjusted correspondingly as subsequent acquisition costs. Modification of a contractual arrangement may also affect the measurement of the lease liability and the right-of-use asset.

E.ON also operates as a lessor for networks and generation plants. The transition to IFRS 16 resulted in only minor changes in the accounting treatment for lessors. If E.ON transfers substantially all the risks and rewards incidental to ownership of the leased asset to the counterparty, the lease is classified as a finance lease. The present value of the outstanding minimum lease payments is recognized as a receivable and the payments made are treated as payments received or interest income. The income from such arrangements is recognized over the term of the lease using the effective interest method. If E.ON retains substantially all the risks and rewards incidental to ownership of the leased asset and they are not transferred to the counterparty, the lease is classified as an operating lease. Consequently, E.ON continues to recognize the leased asset on its balance sheet and the lease payments collected are recognized as income on a straight-line basis over the term of the lease.

The transition effects from the first-time application of IFRS 16 were recognized directly in equity. The effects of the transition on the balance sheet are shown in the following table:

Reconciliation of the Consolidated Balance Sheet Due to the Effects of IFRS 16

€ in millions	Dec. 31, 2018	Effects from IFRS 16	Jan. 1, 2019
Non-current assets	**30,883**	**538**	**31,421**
of which right-of-use assets	*–*	*870*	*870*
of which property, plant and equipment	*18,057*	*-311*	*17,746*
of which operating receivables and other operating assets	*1,474*	*-21*	*1,453*
of which deferred tax assets	*1,195*	*–*	*1,195*
Current assets	**23,441**	**288**	**23,729**
of which trade receivables and other operating assets	*5,445*	*-1*	*5,444*
of which assets held for sale	*11,442*	*289*	*11,731*
Total assets	**54,324**	**826**	**55,150**
Equity	**8,518**	**2**	**8,520**
of which retained earnings	*-2,461*	*2*	*-2,459*
Non-current liabilities	**30,545**	**415**	**30,960**
of which financial liabilities	*8,323*	*417*	*8,740*
of which miscellaneous provisions	*12,459*	*-2*	*12,457*
of which deferred tax liabilities	*1,706*	*–*	*1,706*
Current liabilities	**15,261**	**409**	**15,670**
of which financial liabilities	*1,563*	*119*	*1,682*
of which trade payables and other operating liabilities	*7,637*	*1*	*7,638*
of which liabilities associated with assets held for sale	*3,682*	*289*	*3,971*
Total equity and liabilities	**54,324**	**826**	**55,150**

The effects of the introduction of IFRS 16 on the individual components of the consolidated financial statements and the presentation of the financial position and performance of the Group can be described as follows:

- The first-time application of the standard resulted in an increase in non-current assets (recognition of right-of-use assets) and financial liabilities (recognition of the corresponding lease liabilities) in the balance sheet. Financial obligations from operating leases were previously reported off-balance sheet. Taking into account existing accruals and deferrals but excluding finance leases, the impact of the transition at the time of initial application totaled around €0.8 billion for lease liabilities and around €0.8 billion for right-of-use assets. These effects totaled €0.3 billion for right-of-use assets and lease liabilities for discontinued operations. This increased retained earnings by €2 million as of January 1, 2019, taking deferred taxes into account. As a result of the change in the balance sheet, the equity ratio of the Group declined slightly and net financial debt increased slightly.

- Since January 1, 2019, depreciation expenses for right-of-use assets and interest expenses from the accretion of lease liabilities have been recognized in the income statement instead of other operating expenses (unless they relate to expenses from short-term and low-value leases). In fiscal year 2019, this led to an increase in interest expenses of €11 million, an increase in depreciation of €105 million and a decrease in other operating expenses of €141 million. Consequently, there was no material effect on earnings per share for fiscal year 2019.

- The revised presentation of lease payments arising from operating leases results in improved cash flows from operating activities and a corresponding deterioration in cash flows from financing activities. E.ON presents interest payments in cash flow from operating activities.

In connection with initial application, deferred taxes were recognized at the respective national tax rates on the revised amounts for lease liabilities and the right-of-use assets reported in the balance sheet, provided they relate to temporary differences. Gross deferred tax assets and liabilities for operating leases each totaled €148 million; there were no net effects.

Calculated on the basis of the operating lease obligations as of December 31, 2018, the following table shows the reconciliation to the opening balance of the lease liability as of January 1, 2019:

Reconciliation

€ in millions	
Operating lease obligations as of December 31, 2018	585
Minimum lease payments (notional amount) on finance leases liabilities as of December 31, 2018	467
Relief option for short-term leases	-3
Adjustments of the obligation due to a revised lease term	4
Other	17
Gross lease liabilities as of January 1, 2019	**1,070**
Discounting	207
Lease liabilities as of January 1, 2019	**863**
Present value of finance lease liabilities as of December 31, 2018	327
Additional lease liabilities as a result of the initial application of IFRS 16 as of January 1, 2019	**536**

The weighted-average incremental borrowing rate for the lease liabilities recognized for the first time as of January 1, 2019, was 3.7 percent.

IFRIC Update to IFRS 9–Physical Settlement of Contracts to Buy or Sell a Non-Financial Item

In March 2019, the IFRS Interpretations Committee (IFRS IC) clarified in an agenda decision that agreements to buy or sell non-financial items that cannot be classified as own-use contracts under IFRS 9 and that are required to be accounted for as derivatives (so-called "failed own use" contracts) must be realized or recognized in the balance sheet at the market price applicable at the time of physical settlement. Industry practice to date has provided for contracts to be recognized at their contract value.

The adjustment results in higher volatility in revenue, cost of materials and current assets. This is offset by a corresponding change in other operating income and other operating expenses.

E.ON has accordingly adopted this change in accounting policy as of the 2019 fiscal year. In addition, a retrospective adjustment was made for the 2018 fiscal year.

The restatement effect for fiscal year 2018 will result in a reduction in revenue of €169 million and a €178 million reduction in cost of materials. In addition, other operating income increased by €227 million and other operating expenses increased by €236 million. The adjustment has no effect on earnings for the 2018 fiscal year.

For fiscal year 2019, the difference between contract values and market prices results in a €232 million reduction in sales and a €195 million reduction in cost of materials as well as a €22 million increase in current assets. This is offset by an increase in other operating income of €950 million and other operating expenses of €891 million. The adjustment consequently resulted in a pretax effect on earnings of €22 million and no material effect on earnings per share for fiscal year 2019.

Additional Standards and Interpretations Applicable in 2019

In addition to the new standards and interpretations described in detail above, other standards and interpretations are to be applied that do not have a material impact on E.ON's Consolidated Financial Statements as of December 31, 2019:

- First-time application of IFRIC 23, "Uncertainty over Income Tax Treatment"
- Amendments to IAS 19, "Plan Amendment, Curtailment or Settlement"
- Amendments to IAS 28, "Long-Term Investments in Associates and Joint Ventures"
- Amendments to IFRS 9, "Prepayment Features with Negative Compensation"
- Omnibus Standard to Amend Multiple International Financial Reporting Standards (2015–2017 Cycle)

Standards and Interpretations Not Yet Applicable in 2019

The IASB and the IFRS IC have issued the following additional standards and interpretations. E.ON does not apply these rules because their application is not yet mandatory in some cases or their recognition by the EU is still pending in others. Currently, however, these adjustments are not expected to have a material impact on the consolidated financial statements of E.ON:

- Amendments to IAS 1 and IAS 8, "Definition of Material," published in October 2018, adopted into European law, first-time application in fiscal year 2020
- Amendments to IFRS 3, "Definition of a business," published in October 2018, not yet transposed into European law, expected first-time application in fiscal year 2020
- Amendments to the references to the accounting framework, published in March 2018, adopted into European law, first-time application in fiscal year 2020
- Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest rate benchmark reform," published in September 2019, adopted into European law, first-time application in fiscal year 2020
- IFRS 17, "Insurance Contracts," published in May 2017, not yet transposed into European law, expected first-time application in fiscal year 2021

(3) Scope of Consolidation

The number of consolidated companies changed as follows in 2019:

Scope of Consolidation

	Domestic	Foreign	Total
Consolidated companies as of January 1, 2018	**84**	**148**	**232**
Additions	5	4	9
Disposals/Mergers	5	4	9
Consolidated companies as of December 31, 2018	**84**	**148**	**232**
Additions	97	131	228
Disposals/Mergers	7	76	83
Consolidated companies as of December 31, 2019	**174**	**203**	**377**

In 2019, a total of 78 domestic and 15 foreign associated companies were consolidated under the equity method (2018: 17 domestic companies and 14 foreign companies). In 2019, one domestic company reported as joint operations was presented pro rata on the consolidated financial statements (2018: one domestic company).

(4) Acquisitions, Disposals and Discontinued Operations

Significant transactions in 2019

Transfer of Business Activities with RWE

In March 2018, E.ON concluded an agreement with RWE to acquire the network and sales business of innogy. Within this framework, the 76.8-percent stake in innogy SE held by RWE was transferred from RWE to E.ON following approval by the antitrust authorities. The entire Renewables and Gas Storage business of innogy as well as the 37.9-percent stake that innogy holds in Austrian energy supplier KELAG will remain within the RWE Group. The acquisition was concluded through a comprehensive transfer of business activities following the approval of the EU Commission and the competent antitrust authorities on September 18, 2019. The approval was granted subject to conditions, the sale of various business activities of E.ON and innogy. These include innogy's electricity and gas customer business in the Czech Republic and disposals in E.ON's electricity customer business in Hungary. For Germany, the conditions primarily relate to significant parts of E.ON's heating customer business and to the construction and operation of individual electric vehicle charging stations on motorways. Until the disposals are completed, these business activities will be continued in compliance with antitrust requirements.

The overall transaction reflects current developments in the energy industry and, by combining the businesses of the E.ON and innogy Group, it has created a clear and attractive energy network and customer solutions business portfolio.

As consideration for innogy's network and sales business, RWE was granted a 16.7-percent shareholding in E.ON SE by way of a 20-percent capital increase against contribution in kind from existing authorized capital. The fair value of the 440,219,800 shares issued to RWE within the scope of the transaction is based on the average daily price (Xetra) of €8.98 at the acquisition date. The issue costs in the amount of €5 million, which are directly attributable to the issue of the shares, were recognized directly in equity as a reduction of the share premium. Other costs associated with the business combination in the amount of €134 million not directly attributable to the issue of the shares are recognized in income under other operating expenses. The costs were mainly incurred for consulting services.

As of December 31, 2019, RWE has reduced its shareholding in E.ON SE to 15 percent through the disposal of shares.

E.ON has also transferred to RWE most of its Renewables business and the minority interests held by E.ON subsidiary PreussenElektra in the Lippe-Ems GmbH and Gundremmingen GmbH nuclear power plants operated by RWE. Certain business activities in the Renewables segment of e.disnatur in Germany and Poland and a 20-percent shareholding in the Rampion offshore wind farm in the UK remained with the E.ON Group. The transfer was executed with retroactive economic effect as of January 1, 2018, and was completed in September 2019. The portion of the Renewables business to be transferred and the minority interests included in Non-Core Business were presented as discontinued operations or as a disposal group as of June 30, 2018. The gain on disposal amounted to €702 million. This also includes the effect from the remeasurement of the remaining interest in the Rampion offshore wind farm (€436 million). The purchase prices for the deconsolidated activities were not recognized in the cash flow statement. The deconsolidation of the Renewables activities resulted in the derecognition of cash and cash equivalents in the amount of €127 million.

Consideration Transferred

€ in millions	2019
Equity instruments (440,219,800 shares)	3,952
Operations from the Renewables segment	8,513
Subsidiary PreussenElektra's minority stakes in Gundremmingen and Emsland nuclear power stations (25 percent and 12.5 percent, respectively)	-838
Consideration for public takeover offer and innogy dividend settlement payment to RWE and minority shareholders[1]	2,068
Fulfillment of preexisting business relationships between E.ON and innogy	784
Acquisition of intra group receivables between innogy SE and RWE[1]	702
Agreed payment from RWE to E.ON	-1,521
Consideration transferred	**13,660**

[1]9.41 percent of innogy shares tendered under the takeover offer

On March 12, 2018, E.ON made an offer to the remaining shareholders of innogy SE to acquire all registered no-par value shares of innogy SE in a voluntary public takeover offer. Subsequently, a further 9.41 percent of innogy shares were tendered for a total consideration of €37.59 per share. This figure included the €0.24 per share increase in the consideration paid in connection with the agreed dividend payment for 2018 as well as the €0.59 share price compensation resulting from the issue of equity instruments to RWE and the increase in the price of E.ON shares from the date of the agreement until its execution.

The E.ON Group and the innogy Group had already established a variety of business relationships prior to the acquisition. Especially, these include a bond issued by innogy SE and subscribed by E.ON SE (fair value as of September 30, 2019: €773 million). E.ON also acquired one of RWE's existing intragroup loan receivables from innogy. All business relationships between the E.ON Group and the innogy Group were eliminated as part of the consolidation measures in E.ON's consolidated financial statements.

In particular due to the still preliminary determination of the value of the consideration paid, the final determination of the fair value of the net assets of innogy's network and sales business, and the allocation of the goodwill to the cash-generating units. Consequently, changes to the allocation of the purchase price to the individual assets and liabilities may still be made within the agreed IFRS adjustment period of up to twelve months from the completion of initial consolidation. Changes may arise in particular in the valuation of right-of-use assets.

The preliminary calculations of the fair values of the acquired assets and liabilities at the acquisition date and their adjustments are as follows:

Acquired Net Assets at Fair Value

€ in millions	September 18, 2019	Adjustments	September 18, 2019 adjustments included
Concessions, commercial property rights, licenses, and similar rights	356	15	371
Customer relationships and similar items	1,994	-7	1,987
Advance payments	6	–	6
Right-of-use assets	2,128	–	2,128
Property, plant, and equipment	17,618	-94	17,524
Companies accounted for under the equity method	2,548	–	2,548
Other financial assets	1,076	21	1,097
Financial receivables and other financial assets	215	-10	205
Operating receivables and other operating assets	2,065	3	2,068
Deferred tax assets	1,228	115	1,343
Non-current assets	**29,234**	**43**	**29,277**
Inventories	612	1	613
Receivables and other assets	849	-136	713
Trade receivables and other operating assets	8,250	20	8,270
Liquid funds	2,394	–	2,394
Current assets	**12,105**	**-115**	**11,990**
Financial liabilities	17,955	-6	17,949
Operating liabilities	5,266	-1,648	3,618
Provisions for pensions and similar obligations	4,384	–	4,384
Miscellaneous provisions	1,151	-382	769
Deferred tax liabilities	1,289	99	1,388
Non-current liabilities	**30,045**	**-1,937**	**28,108**
Financial liabilities	1,774	74	1,848
Trade payables and other operating liabilities	7,212	1,678	8,890
Miscellaneous provisions	1,667	-9	1,658
Current liabilities	**10,653**	**1,743**	**12,396**
Acquired net assets	**641**	**122**	**763**

The largest change in terms of amount resulted from an adjustment of the maturities of operating liabilities and trade payables and other operating liabilities.

As of the acquisition date, the nominal value of the trade receivables acquired is €5,105 million. An impairment of €332 million was already recognized on the nominal value of the receivables before the acquisition. The impaired portion of the receivables continued to be classified as uncollectible within the framework of the purchase price allocation. Consequently, the fair value of the trade receivables acquired totals €4,773 million.

Goodwill

€ in millions	
Consideration transferred	**13,660**
Fair value of shares in innogy SE that were previously acquired and held on the market	949
Amount to be allocated as part of the purchase price allocation	**14,609**
Fair Value of the negative net assets acquired	-2,773
Acquisition of RWE's intragroup receivables from innogy SE	-702
Non-controlling shares	2,330
Deferred tax liabilities	2,010
Goodwill	**15,474**

Non-controlling interests were measured using the partial goodwill method for identified pro rata net assets.

E.ON and RWE entered into an agreement on a compensatory payment by RWE to E.ON in the amount of €1.5 billion as part of the acquisition and the comprehensive transfer of assets and business activities. This payment was offset against E.ON's payment obligations and indemnification assets with respect to RWE as part of a shortened payment procedure. In addition, cash and cash equivalents of €275 million were acquired.

By the acquisition date, E.ON had also acquired an additional 3.79 percent of innogy shares on the market. As a result, in total E.ON held a 90-percent interest in innogy SE as of September 18, 2019 and as of December 31, 2019. The remeasurement of the shares previously acquired on the market at the acquisition date resulted in income of €115 million in 2018 and 2019, which is reported in net interest income.

On March 4, 2020, the extraordinary general shareholders meeting of innogy SE in Essen approved the squeeze-out of the minority shareholders of innogy SE. Under the terms of the squeeze-out, the shares of the minority shareholders will be transferred to E.ON SE as majority shareholder against payment of a cash settlement. The squeeze-out, implemented in accordance with German merger law, will enter into effect with entry in the commercial register (see Note 36).

The goodwill identified on a preliminary base results primarily from the strategic reorientation of the customer business and the energy networks as well as the expected synergies from the integration of innogy SE into the Group. E.ON has not made the assumption that the preliminary goodwill will be deductible for tax purposes.

The acquisition contributed €10,444 million to revenue and -€458 million to consolidated net income from September 18, 2019, to December 31, 2019. If the acquisition had been effective from January 1, 2019, revenue would have totaled about €33 billion and the contribution to consolidated net income would have been about -€140 million as of December 31, 2019.

Renewables

The portions of the Renewables business to be transferred to RWE have been presented as discontinued operations since June 30, 2018 and were deconsolidated as of September 18, 2019.

The expenses and income attributable to this were reported separately on the face of the Group's income statement under income/loss from discontinued operations, net. The prior-year figures were adjusted accordingly. The relevant assets and liabilities were reported in a separate line on the balance sheet; prior-year figures are not to be adjusted. The cash flows of the parts of the Renewables business to be transferred are also reported separately in the cash flow statement and adjusted accordingly to the prior-year values.

All intragroup receivables, payables, expenses and income between the companies of the discontinued operation and the remaining E.ON Group companies will be eliminated. For deliveries, goods and services that were previously intragroup in nature, but which after the deconsolidation will be continued either between the companies to be transferred or with third parties, the elimination entries required for the consolidation of income and expenses were allocated entirely to the discontinued operation.

The key figures presented in the segment reporting also include the business activities in the Renewables segment which were transferred to RWE. These figures are presented as if the transferred operation had not been reclassified in accordance with IFRS 5. Note 34 provides additional information and the corresponding reconciliations.

Pursuant to IFRS 5.18, the carrying amounts of all of the discontinued operation's assets and liabilities must be measured in accordance with applicable IFRS immediately before their reclassification. In the course of this measurement, no material impairments or need for reversals were recognized. In addition, the carrying amount of the discontinued operation as a whole must be tested for impairment by comparing it with the fair value less costs to sell. The fair value less costs to sell is determined from the transaction price agreed with RWE for the parts of the Renewables business to be transferred less the expected transaction costs. The comparison did not result in the recognition of any additional impairment as of the disposal date.

In fiscal year 2019, E.ON generated revenues of €37 million (2018: €81 million), interest income of €70 million (2018: €83 million), interest expenses of €1 million (2018: €1 million), as well as other income of €14 million (2018: €243 million) and other expenses of €441 million (2018: €1,050 million), with the fully consolidated companies to be transferred in the Renewables segment.

The following table shows the main items of the income statement of the discontinued operation in the Renewables segment (after allocation of elimination entries) until the date of deconsolidation:

Income Statement—Renewables (Summary)[1]

€ in millions	2019	2018
Sales	481	688
Other income	9	140
Other expense	-125	-386
Income/Loss from discontinued operations before income taxes	**365**	**442**
Income taxes	-101	-156
Income/Loss from discontinued operations, net	**264**	**286**

[1]This does not include the deconsolidation income amounting to €784 million.

The disposed assets and liabilities in the Renewables segment related to intangible assets (€0.3 billion), right-of-use assets (€0.3 billion), property, plant and equipment (€8.0 billion), other assets (€4.2 billion), provisions (€0.8 billion) and liabilities (€8.3 billion).

The deconsolidation gain results mainly from the recognition in income of currency translation effects (€0.5 billion) previously recognized in other comprehensive income.

Since the loss of control, the remaining 40-percent stake in Rampion Renewables Limited, which itself holds 50 percent of the Rampion offshore wind farm, has qualified as an associated company and been included in the consolidated financial statements using the equity method.

Minority Interests in Nuclear Power Plants

In addition to the transfer of the majority of the Renewables business, under the agreement RWE will acquire the minority interests held by E.ON in the nuclear power plants operated by RWE, Kernkraftwerke Lippe-Ems GmbH and Kernkraftwerk Gundremmingen GmbH. The minority interests included in the Non-Core Business segment and related liabilities were classified as a disposal group from June 30, 2018. In total, assets in the amount of €0.2 billion, provisions in the amount of €0.8 billion and liabilities in the amount of €0.2 billion were transferred to RWE in September 2019.

innogy in the Czech Republic

The EU approval of the acquisition of RWE's innogy shares was subject to conditions which include the sale of various business activities of E.ON and innogy. Because innogy's electricity and gas customer business in the Czech Republic, which is to be sold, consists of four subsidiaries acquired exclusively with the intention of reselling them, they have been presented as a discontinued operation in the E.ON Group since September 30, 2019. The disposal is expected in the course of the 2020 fiscal year.

The expenses and income attributable to this were reported separately on the face of the Group's income statement under income/loss from discontinued operations, net. The relevant assets and liabilities were reported in a separate line on the balance sheet. The cash flows of the parts to be transferred are also reported separately in the cash flow statement.

All intragroup receivables, payables, expenses and income between the companies to be disposed of and the remaining E.ON Group companies will be eliminated. For deliveries, goods and services that were previously intragroup in nature, but which after the deconsolidation will be continued either between the companies to be transferred or with third parties, the elimination entries required for the consolidation of income and expenses were allocated entirely to the discontinued operation.

In the course of the measurement under IFRS 5.18 directly before the reclassification of all assets and liabilities of the activities to be disposed of, no material impairments or need for reversals were recognized. In addition, the comparison of the carrying amount of the discontinued operation as a whole with the fair value less costs to sell did not result in the recognition of any additional impairment as of the reporting date.

In the 2019 fiscal year, E.ON generated revenues of €19 million, interest income of €5 million, interest expense of €8 million and other expenses of €2 million with the fully consolidated companies to be transferred.

The following table shows the main items of the income statement of the discontinued operation (after allocation of elimination entries):

Income Statement—Customer Solutions—Czech Republic innogy (Summary)

€ in millions	2019
Sales	384
Other income	52
Other expense	-419
Income/Loss from discontinued operations before income taxes	**17**
Income taxes	-2
Income/Loss from discontinued operations, net	**15**

The following table shows major balance sheet line items for the discontinued operation:

Major Balance Sheet Line Items—Customer Solutions—Czech Republic innogy (Summary)

€ in millions	Dec. 31, 2019
Intangible assets and goodwill	314
Property, plant and equipment	140
Miscellaneous assets	212
Assets held for sale	**666**
Liabilities	-419
Provisions	-7
Liabilities associated with assets held for sale	**-426**

The preceding figures do not include receivables from or liabilities to the E.ON Group.

Nord Stream

E.ON Beteiligungen GmbH held all of the shares of PEG Infrastruktur AG (PEGI), and consequently also holds an indirect interest in Nord Stream AG (15.5 percent). Nord Stream AG, a project company founded in 2005, owns and operates two pipelines, each 1,224 km long, that transport natural gas from Russia to Germany. Under an agreement dated December 18, 2019, E.ON Beteiligungen GmbH transferred and sold all of the shares of PEGI, and consequently the indirect interest in Nord Stream AG, to E.ON Pension Trust e.V. (EPT), with effect on and for account of the trust assets of MEON Pensions GmbH & Co. KG (MEON). EPT acts as trustee under the Contractual Trust Arrangements (CTA), with MEON as trustor, which has bundled the benefit obligations and the plan assets of companies of the E.ON Group and is responsible for fulfillment of the acquired benefit obligations and the investment of the plan assets transferred for this purpose. There are additional CTA trust agreements with EPT as trustee with companies of the E.ON Group as trustors. Based on the assets, as of the end of 2019 MEON, with a volume of €2.9 billion, is the largest trustor within the framework of the CTAs with EPT. The shares were transferred to PEGI with effect from the close of December 31, 2019. The preliminary purchase price of the PEGI interest is €1.1 billion and the gains on consolidation are €0.4 billion.

Reorganization of the Hungary Business

E.ON acquired the 27-percent stake held by EnBW in ELMŰ Nyrt. ("ELMŰ") and ÉMÁSZ Nyrt. ("ÉMÁSZ") at the beginning of October 2019. A framework agreement was subsequently signed between E.ON, MVM Magyar Villamos Művek Zrt. (a shareholder of ELMŰ and ÉMÁSZ) ("MVM") and Opus Global Nyrt. ("Opus"). Under this agreement, E.ON intends to create a balanced and optimized portfolio in Hungary, which will also facilitate the rapid integration of innogy's facilities.

The agreement is expected to be fully implemented in 2021. Subsequently, MVM will hold 100 percent of the ÉMÁSZ distribution network operator and a 25-percent investment in E.ON Hungária, which will be the sole owner of ELMŰ. Opus will also be the owner of E.ON's current subsidiary E.ON Tiszántúli Áramhálózati Zrt. ("E.ON ETI"). E.ON ETI was reported as a disposal group in accordance with IFRS 5 as of December 31, 2019. In total, assets totaling €0.3 billion, primarily property, plant and equipment and other assets, and liabilities totaling €0.1 billion, primarily liabilities and provisions, were reclassified to the disposal group.

Coromatic

On July 11, 2019, the E.ON Group concluded the takeover of Swedish service provider Coromatic, a leading Nordic supplier of critical building infrastructure. The seller was the EQT Group. Coromatic has its registered office in Stockholm and has around 500 employees. The company has more than 5,000 customers in Scandinavia that are active in a wide variety of industries, including data centers, healthcare, the public sector, transport, industry, telecommunications, finance and retail. The parties agreed not to disclose the purchase price. Overall, the transaction is not significant for the Group.

Material transactions in 2018

Uniper

E.ON and Finnish energy company Fortum Corporation, Espoo, Finland, entered into an agreement in September 2017 that enabled E.ON to decide to sell its 46.65-percent stake in Uniper to Fortum at a total value of €22 per share at the beginning of 2018. In this connection Fortum published a takeover offer for all of the shares of Uniper on November 7, 2017. In January 2018, E.ON decided to offer its shareholding in Uniper for sale in the framework of the takeover bid. After all regulatory approvals and conditions for the completion of the voluntary public takeover bid had been met, the sale of the stake in Uniper to Fortum was completed on June 26, 2018. The purchase price was €3.8 billion. This includes the dividends paid by Uniper to E.ON in 2018.

After derecognition of the Uniper shares of approximately €3.0 billion reported as assets held for sale prior to completion of the transaction and the recognition in income of effects from the equity valuation previously recognized in other comprehensive income, the gain on disposal amounted to €0.6 billion. Upon completion of the transaction, derivative financial instruments with a negative fair value of €0.5 billion were also derecognized through profit and loss. The derivative financial instruments were related to the reciprocal rights and obligations arising from the agreement with Fortum.

E.ON Elektrárne

On July 26, 2018, E.ON sold its interest in E.ON Elektrárne s.r.o. to Západoslovenská energetika a.s. (ZSE). The parties agreed not to disclose the sale price. The transaction also resulted in the repayment of shareholder loans. ZSE is owned by the Slovak state (51 percent) and the E.ON Group (49 percent). The assets of E.ON Elektrárne s.r.o. primarily include the Malženice gas and steam power plant. The transaction was closed on August 15, 2018.

E.ON Gas Sverige

On April 25, 2018, the E.ON Group completed the sale of its Swedish gas distribution company E.ON Gas Sverige AB, which is part of the Energy Networks segment. The transaction was completed with retroactive economic effect to January 1, 2018. The buyer was the European Diversified Infrastructure Fund II. The gain on deconsolidation amounted to around €0.1 billion.

Hamburg Netz

In July 2017, the Hamburg Senate approved the exercise of a call option agreed in 2014 (following a corresponding referendum) with the Free and Hanseatic City of Hamburg on the previous E.ON majority stake in Hamburg Netz GmbH (74.9 percent, HHNG). E.ON held this stake in the Energy Networks segment through HanseWerk AG (E.ON's ownership interest: 66.5 percent). After the exercise of this option on October 20, 2017, the corresponding HHNG shares were transferred to the buyer effective January 1, 2018. As of December 31, 2017, the balance sheet items related to HHNG were classified as a disposal group in accordance with IFRS 5. The cash inflow of €0.3 billion that occurred in 2017 is recorded in the consolidated cash flow statement for 2017 under disposals and does not have an effect on economic net debt as of December 31, 2017. HHNG was deconsolidated in the first quarter of 2018. The gain on deconsolidation amounted to €154 million.

Enerjisa

On February 8, 2018, a 20-percent stake (10 percent E.ON stake) in Enerjisa Enerji A.Ş. was floated on the stock exchange. The issue price was TRY 6.25 per 100 shares. Enerjisa Enerji A.Ş. continues to retain the status of a joint venture between E.ON and Sabanci (40 percent each).

(5) Revenues

At €41.0 billion, revenues in 2019 were roughly €11.6 billion higher than in the previous year, primarily due to the acquisition of the innogy Group in September 2019. Revenue also increased compared to the previous year in the Customer Solutions Germany Sales segment, primarily due to higher sales volumes in the electricity and gas business.

Revenues recognized in the current reporting period arising from performance obligations that have been fully or partially settled in prior reporting periods amounted to €0.2 billion. The total amount of benefit obligations already contracted but still outstanding (excluding expected contract renewals and expected new contracts) was €20.6 billion as of December 31, 2019 (December 31, 2018: €9.5 billion). The majority of these benefit obligations are expected to be met within the next three years.

Revenues are broken down into intragroup and external revenues in the segment information (Note 34). They are also broken down into key regions and technologies. The overview also shows the effect of revenues on operating cash flow before interest and taxes.

In the 2019 fiscal year, revenues include effects from so-called "failed own use" contracts. The prior-year figures were adjusted accordingly. Note 2 provides additional information.

(6) Own Work Capitalized

Own work capitalized amounted to €487 million in 2019 (2018: €394 million) and resulted primarily from capitalized work performed in connection with IT projects and network assets. The increase is primarily due to the inclusion of innogy.

(7) Other Operating Income and Expenses

The table below provides details of other operating income for the periods indicated:

Other Operating Income

€ in millions	2019	2018
Income from exchange rate differences	1,861	1,607
Gain on derivative financial instruments	1,581	1,530
Gain on disposal of non-current assets and securities	612	1,068
Gain on the reversal of provisions	18	388
Gain on reversal of valuation allowances on loans and receivables	37	53
Miscellaneous	1,540	688
Total	**5,649**	**5,334**

Other operating income increased by €315 million to €5,649 million (2018: €5,334 million). Income from exchange rate differences consisted primarily of realized gains from currency derivatives in the amount of €1,543 million (2018: €1,170 million) and from receivables and payables denominated in foreign currency in the amount of €265 million (2018: €47 million). In addition, there were effects from foreign currency translation on the balance sheet date in the amount of €49 million (2018: €389 million).

Income and expenses from derivative financial instruments relate to fair value measurement under IFRS 9. Income from derivative financial instruments in the amount of €950 million (2018: €227 million) resulted from the change in accounting method when accounting for "failed own use" contracts (see Note 2 for more information).

Corresponding items from exchange rate differences and derivative financial instruments are included in other operating expenses.

The gain on the disposal of property, plant and equipment and securities consisted primarily of gains on the disposal of PEGI in the amount of €390 million. In addition, in 2018 there were gains on the disposal of Uniper in the amount of €593 million, Hamburg Netz (€154 million) and E.ON Gas Sverige in the amount of €134 million. Gains were realized on the sale of securities in the amount of €42 million (2018: €91 million).

Income from the reversal of provisions in the prior year resulted primarily from the adjustment of long-term environmental remediation obligations due to the clarification of measures and payment dates.

Miscellaneous other operating income included effects from the reversal of own-use contracts recognized as liabilities in the amount of €755 million in the framework of the preliminary innogy purchase price allocation, the proceeds of passing on charges for the provision of personnel and services, reimbursements, and rental and lease interest.

The following table provides details of other operating expenses for the periods indicated:

Other Operating Expenses

€ in millions	2019	2018
Loss from exchange rate differences	1,775	1,626
Loss on derivative financial instruments	2,270	866
Taxes other than income taxes	91	68
Loss on disposal of non-current assets and securities	144	141
Miscellaneous	3,075	2,085
Total	**7,355**	**4,786**

Other operating expenses of €7,355 million were 54 percent above the prior-year level of €4,786 million. This is principally because expenditures relating to derivative financial instruments increased by €1,404 million to €2,270 million. Expenses from derivative financial instruments in the amount of €891 million (2018: €236 million) resulted from the change in accounting method when accounting for “failed own use” contracts (see Note 2 for more information). Expenses from exchange rate differences in the amount of €1,775 million increased by €149 million compared to the previous year (€1,626 million).

Losses from exchange rate differences consisted primarily of realized losses from currency derivatives in the amount of €1, 350 million (2018: €1,122 million) and from receivables and payables denominated in foreign currency in the amount of €71 million (2018: €293 million). In addition, there were effects from foreign currency translation on the balance sheet date in the amount of €354 million (2018: €211 million).

Miscellaneous other operating expenses include effects in the amount of €725 million from the reversal of own-use contracts capitalized as part of the preliminary innogy purchase price allocation. Also included are external consulting and audit services expenses in the amount of €229 million (2018: €162 million), advertising and marketing expenses in the amount of €131 million (2018: €176 million), write-downs of trade receivables, loans and other assets in the amount of €322 million (2018: €188 million), rents and leases in the amount of €46 million (2018: €130 million) and other services rendered by third parties in the amount of €597 million (2018: €537 million). This item also includes IT expenditures in the amount of €344 million (2018: €131 million), insurance premiums in the amount of €43 million (2018: €38 million) and travel expenses in the amount of €76 million (2018: €80 million).

(8) Cost of Materials

The principal components of expenses for raw materials and supplies and for purchased goods are the purchase of gas and electricity. Fuel supply is also included in this line item. Expenses for purchased services consist primarily of network usage charges and maintenance costs. The first of these amounted to €8,575 million in the reporting year and was reclassified in 2019 from cost of raw materials and supplies to expenses for purchased services within cost of materials. In the previous year, the cost of materials included network usage fees in the amount of €6,452 million.

Cost of materials of €32,126 million was significantly higher than the prior-year level of €22,635 million. The increase is primarily attributable to the acquisition of the innogy Group in September 2019. The cost of materials also rose, especially in the German sales business, due to increased customer numbers and higher grid fees.

Cost of Materials

€ in millions	2019	2018
Expenses for raw materials and supplies and for purchased goods	20,741	20,697
Expenses for purchased services	11,385	1,938
Total	**32,126**	**22,635**

In the 2019 fiscal year, cost of materials includes effects from so-called “failed own use” contracts. The prior-year figures were adjusted accordingly. Note 2 provides additional information.

(9) Financial Results

The following table provides details of financial results for the periods indicated:

Financial Results

€ in millions	2019	2018
Income/Loss from companies in which equity investments are held	55	74
Fair value through P&L	*47*	*59*
Other	*8*	*15*
Impairment charges/reversals on other financial assets	3	-30
Income/Loss from equity investments	**58**	**44**
Income/Loss from securities, interest and similar income	1,065	523
Amortized cost	*472*	*109*
Fair value through P&L	*443*	*111*
Fair value through OCI	*13*	*21*
Other interest income	*137*	*282*
Interest and similar expenses	-1,677	-1,236
Amortized cost	*-939*	*-593*
Fair value through P&L	*-176*	*-126*
Other interest expenses	*-562*	*-517*
Net interest income/loss	**-612**	**-713**
Financial results	**-554**	**-669**

The increase in financial results relative to the previous year is primarily attributable to the positive effect from the elimination of the measurement differences between the nominal value and the fair value recognized during initial consolidation of the bonds of innogy SE and innogy Finance B.V. in the amount of €142 million. Financial results in fiscal year 2019 also include positive operating earnings effects from the change in fair value of securities, which was offset by the negative valuation effects of the long-term provisions.

Other interest income consists primarily of effects from the reversal of provisions. Other interest expenses include the accretion of provisions for asset retirement obligations in the amount of €44 million (2018: €61 million). Also contained in this item is the net interest cost from provisions for pensions in the amount of €73 million (2018: €62 million).

Interest expenses also include €9 million of negative earnings effects (2018: €3 million of positive earnings effects) from non-controlling interests in fully consolidated partnerships, which are to be recognized as liabilities in accordance with IAS 32, and with legal structures that give their shareholders a statutory right of withdrawal combined with an entitlement to a settlement payment.

Interest expense was reduced by capitalized interest on debt totaling €13 million (2018: €12 million).

(10) Income Taxes

The following table provides details of income taxes, including deferred taxes, for the periods indicated:

Income Taxes

€ in millions	2019	2018
Domestic income taxes	320	-110
Foreign income taxes	-25	-49
Current taxes	**295**	**-159**
Domestic	-435	80
Foreign	193	125
Deferred taxes	**-242**	**205**
Total income taxes	**53**	**46**

The tax expense in 2019 amounted to €53 million (2018: €46 million). In 2019, the tax rate was 7 percent (2018: 1 percent). In the reporting year as well as in fiscal year 2018, the reversal of tax provisions and liabilities for previous years led to a reduction in the tax rate. In addition, higher tax-free earnings components or deferred tax liabilities led to a reduction in the 2018 tax rate.

Of the amount reported as current taxes, -€309 million is attributable to previous years (2018: -€570 million).

Deferred taxes resulted from changes in temporary differences affecting net income, which totaled -€571 million (2018: €376 million), loss carryforwards of €314 million (2018: -€171 million) and tax credits amounting to €15 million (2018: €0 million). There were also changes recognized directly in equity and disposal effects for deferred taxes from discontinued operations totaling €56 million.

Income tax assets amounted to €1,411 million (previous year: €236 million), of which €1,377 million was short-term (previous year: €229 million), while income tax liabilities amounted to €1,080 million (previous year: €566 million), of which €787 million was short-term (previous year: €262 million). These items consist primarily of income taxes for the respective current year and for prior-year periods that have not yet been definitively examined by the tax authorities.

As of December 31, 2019, €32 million (2018: €5 million) in deferred tax liabilities were recognized for the differences between net assets and the tax bases of subsidiaries and associated companies (outside basis differences). Accordingly, deferred tax liabilities were not recognized for temporary differences of €538 million (2018: €259 million) at subsidiaries and associated companies, as E.ON is able to control the timing of their reversal and the temporary difference will not reverse in the foreseeable future.

Changes in tax rates resulted in deferred tax income of €27 million in total (2018: tax income of €46 million).

Income taxes relating to discontinued operations (see also Note 4) are reported in the income statement under “Income from discontinued operations.” In the fiscal year they amounted to tax expense of €103 million (2018: tax expense of €156 million).

The base income tax rate of 30 percent applicable in Germany, which is unchanged from the previous year, is composed of corporate income tax (15 percent), trade tax (14 percent) and the solidarity surcharge (1 percent). The differences from the effective tax rate are reconciled as follows:

Reconciliation to Effective Income Taxes/Tax Rate

	2019		2018	
	€ in millions	in %	€ in millions	in %
Income/Loss from continuing operations before taxes	**797**	**100.0**	**3,284**	**100.0**
Expected income taxes	239	30.0	985	30.0
Foreign tax rate differentials	231	29.1	-129	-3.9
Changes in tax rate/tax law	-27	-3.4	-46	-1.4
Tax effects on tax-free income	-140	-17.6	-124	-3.8
Tax effects of non-deductible expenses and permanent differences	-377	-47.3	-212	-6.5
Tax effects on income from companies accounted for under the equity method	-51	-6.4	22	0.7
Tax effects of changes in value and non-recognition of deferred taxes	515	64.6	89	2.7
Tax effects of other taxes on income	17	2.1	31	1.0
Tax effects of income taxes related to other periods	-378	-47.4	-571	-17.4
Other	24	2.9	1	0.0
Effective income taxes/tax rate	**53**	**6.6**	**46**	**1.4**

Deferred tax assets and liabilities as of December 31, 2019, and December 31, 2018, break down as shown in the following table:

Deferred Tax Assets and Liabilities

	December 31, 2019		December 31, 2018	
€ in millions	Tax assets	Tax liabilities	Tax assets	Tax liabilities
Intangible assets	581	1,046	89	365
Right-of-use assets	–	923	–	–
Property, plant and equipment	170	4,152	115	1,579
Financial assets	196	270	174	110
Inventories	33	1	14	–
Receivables	764	1,234	241	921
Provisions for pensions and similar obligations	3,183	20	1,364	8
Miscellaneous provisions	1,878	107	1,241	70
Liabilities	3,063	397	1,298	528
Loss carryforwards	824	–	1,068	–
Tax credits	2	–	17	–
Other	680	966	480	315
Subtotal	**11,374**	**9,116**	**6,101**	**3,896**
Changes in value	-2,584	–	-2,716	–
Deferred taxes (gross)	**8,790**	**9,116**	**3,385**	**3,896**
Netting	-6,578	-6,578	-2,190	-2,190
Deferred taxes (net)	**2,212**	**2,538**	**1,195**	**1,706**
Current	*717*	*271*	*563*	*227*

Of the deferred taxes reported, a total of -€538 million was charged directly to equity in 2019 (2018: -€564 million charge). A further €49 million in current taxes (2018: €49 million) was also recognized directly in equity. Currency translation differences with an impact on income tax within this item were reclassified to other comprehensive income.

Income taxes recognized in other comprehensive income for the years 2019 and 2018 break down as follows:

Income Taxes on Components of Other Comprehensive Income

	2019			2018		
€ in millions	Before income taxes	Income taxes	After income taxes	Before income taxes	Income taxes	After income taxes
Cash flow hedges	-453	9	-444	53	-15	38
Securities (IFRS 9)	-1	1	–	-63	–	-63
Currency translation adjustments	-622	–	-622	-84	–	-84
Remeasurements of defined benefit plans	-146	-33	-179	-488	-54	-542
Companies accounted for under the equity method	-112	-3	-115	-41	7	-34
Total	**-1,334**	**-26**	**-1,360**	**-623**	**-62**	**-685**

The preliminary purchase price allocation to the acquisition of innogy SE resulted in deferred tax assets of €655 million and deferred tax liabilities of €2,657 million as of December 31, 2019.

In connection with the acquisition of the Swedish service provider Coromatic, deferred tax assets of €4 million and deferred tax liabilities of €18 million resulted from the purchase price allocation as of December 31, 2019.

The declared tax loss carryforwards as of the dates indicated are as follows:

Tax Loss Carryforwards

	December 31,	
€ in millions	2019	2018
Domestic tax loss carryforwards	1,935	2,614
Foreign tax loss carryforwards	8,803	5,466
Total	**10,738**	**8,080**

Since January 1, 2004, domestic tax loss carryforwards can only be offset against a maximum of 60 percent of taxable income, subject to a full offset against the first €1 million. This minimum corporate taxation also applies to trade tax loss carryforwards. The domestic tax loss carryforwards result from adding corporate tax loss carryforwards amounting to €162 million (2018: €495 million) and trade tax loss carryforwards amounting to €1,773 million (2018: €2,119 million).

The foreign tax loss carryforwards consist of corporate tax loss carryforwards amounting to €8,738 million (2018: €5,064 million) and tax loss carryforwards from local income taxes amounting to €65 million (2018: €402 million).

Of the foreign tax loss carryforwards, a significant portion relates to previous years.

Deferred taxes were not recognized, or no longer recognized, on a total of €7,813 million (2018: €4,006 million) in tax loss carryforwards that for the most part do not expire. Deferred tax assets were not recognized, or no longer recognized, on non-expiring domestic corporate tax loss carryforwards of €142 million (2018: €477 million) or on domestic trade tax loss carryforwards of €1,742 million (2018: €2,092 million).

Deferred tax assets were not recognized, or are no longer recognized, in the amount of €12,142 million (2018: €9,831 million) for temporary differences which are recognized in income and equity.

As of December 31, 2019, and December 31, 2018, E.ON reported deferred tax assets for companies that incurred losses in the current or the prior-year period that exceed the deferred tax liabilities by €74 million and €21 million, respectively. The basis for recognizing deferred tax assets is an estimate by management based on the development of temporary reversal effects and concrete tax structuring measures of the extent to which it is probable that the respective companies will achieve taxable earnings in the future against which the as yet unused tax losses, tax credits and deductible temporary differences can be offset.

Income tax items are regularly assessed in particular against the backdrop of numerous changes in tax laws, tax regulations, legal decisions and ongoing tax audits. E.ON is responding to this circumstance, in particular through the application of IFRIC 23, by continuously identifying and assessing the tax environment and the resulting effects. The most current information is then incorporated into the estimate parameters necessary for measuring the tax provisions. Related potential interest rate effects are also assessed and measured accordingly. They are presented in separate items.

(11) Personnel-Related Information

Personnel Costs

The following table provides details of personnel costs for the periods indicated:

Personnel Costs

€ in millions	2019	2018
Wages and salaries	3,301	2,086
Social security contributions	436	316
Pension costs and other employee benefits	364	58
Pension costs	*355*	*53*
Total	**4,101**	**2,460**

Personnel costs of €4,101 million were €1,641 million higher than the prior-year figure of €2,460 million, mainly because of the takeover of innogy. This also resulted in increased expenses from personnel reorganization.

Share-Based Payment

The expenses for share-based payment in 2019 (the E.ON Share Matching Plan, the multi-year bonus and the E.ON Performance Plan) amounted to €21.2 million (2018: €21.9 million). Expenses of €10 million were also incurred in the 2019 reporting period in connection with innogy SE's share-based payment system.

Employee Stock Purchase Program

The voluntary employee stock purchase program, which through 2015 provided employees of German Group companies the opportunity to purchase E.ON shares at preferential terms, was again suspended in 2019, as it had been from 2016 to 2018.

Long-Term Variable Compensation

Members of the Management Board of E.ON SE and certain executives of the E.ON Group receive share-based payment as part of their voluntary long-term variable compensation. The purpose of such compensation is to reward their contribution to E.ON's growth and to further the long-term success of the Company. This variable compensation component, comprising a long-term incentive effect along with a certain element of risk, provides for a sensible linking of the interests of shareholders and management.

The following discussion includes reports on the E.ON Share Matching Plan introduced in 2013, on the multi-year bonus granted in 2015 and 2016 and on the E.ON Performance Plan introduced in 2017.

E.ON Share Matching Plan

From 2013 to 2016, E.ON granted virtual shares to members of the Management Board of E.ON SE and certain executives of the E.ON Group under the E.ON Share Matching Plan. At the end of its four-year term, each virtual share is entitled to a cash payout linked to the final E.ON share price established at that time. The calculation inputs for this long-term variable compensation package are equity deferral, base matching and performance matching.

The equity deferral is determined by multiplying an arithmetic portion of the beneficiary's contractually agreed target bonus by the beneficiary's total target achievement percentage from the previous year. The equity deferral is converted into virtual shares and vests immediately. Beneficiaries were additionally granted virtual shares in the context of base matching and performance matching. For members of the Management Board of E.ON SE, the proportion of base matching to the equity deferral was determined at the discretion of the Supervisory Board; for all other beneficiaries it was 2:1. The performance-matching target value at allocation was equal to that for base matching in terms of amount. Performance matching will result in a payout only on achievement of a minimum performance as specified at the beginning of the term by the Management Board and the Supervisory Board.

In 2015 and 2016, virtual shares from the third and fourth tranche were granted in the context of base matching and performance matching exclusively to members of the Management Board of E.ON SE. Executives were granted a multi-year bonus, the terms of which are described further below, instead of the base and performance matching.

In 2017 virtual shares were granted for the last time under the E.ON Share Matching Plan, only to members of the Management Board of E.ON SE and only to the extent of the "equity deferral." The total of these allocations is shown below as the fifth tranche of the E.ON Share Matching Plan. Additional information can be found on pages 75 and 76 of the compensation report.

Under the plan's original structure, the amount paid out under performance matching was to be equal to the target value at issuance if the E.ON share price was maintained at the end of the term and if the average ROACE performance matched a target value specified by the Management Board and the Supervisory Board. If the average ROACE during the four-year term exceeded the target value, the number of virtual shares granted under performance matching increased up to a maximum of twice the target value. If the average ROACE had fallen short of the target value, the number of virtual shares, and thus also the amount paid out, were to decrease.

In 2016, the plan was changed to the effect that for periods from 2016 onwards, ROCE was used instead of ROACE for measuring performance. Accordingly, new targets were defined for 2016 and/or subsequent years. At the same time, the previous ROACE target achievement for the previous years will be included in the total performance of the respective tranches on a pro rata basis. In the event of a defined underperformance, there is no payout under performance matching.

A payout generally will not take place until after the end of the four-year term. This is true even if the beneficiary retires beforehand, or if the beneficiary's contract is terminated on operational grounds or expires during the term. A payout before the end of the term will take place in the event of a change of control or on the death of the beneficiary. If the service or employment relationship ends before the end of the term for reasons within the control of the beneficiary, all virtual shares—except for those that resulted from the equity deferral—expire.

At the end of the term, the sum of the dividends paid to the ordinary shareholders during the term is added to each virtual share. The maximum amount to be paid out to a plan participant is limited to twice the sum of the equity deferral, base matching and the target value under performance matching.

60-day average prices are used to determine both the target value at issuance and the final price in order to mitigate the effects of incidental, short-lived price movements. To offset the change in value resulting from the spinoff of Uniper SE, both the 60-day average price of the E.ON share and the total dividends paid to a shareholder starting from 2017 will be multiplied by a correction factor at the end of the term.

The plan also contains adjustment mechanisms to eliminate the effect of events such as interim corporate actions.

The following are the base parameters of the tranches of the share matching plan active in 2019:

E.ON Share Matching Virtual Shares

	5th tranche	4th tranche
Date of issuance	Apr. 1, 2017	Apr. 1, 2016
Term	4 years	4 years
Target value at issuance	€7.17	€8.63

The 60-day average of the E.ON share price as of the balance sheet date is used to measure the fair value of the virtual shares. In addition, the change in ROCE is simulated for performance matching. The provision for the fourth and fifth tranches of the E.ON Share Matching Plan as of the balance sheet date is €9.3 million (2018: €14.1 million). The income for the fourth and fifth tranches amounted to €0.5 million in the 2019 fiscal year (2018: income of €0.7 million).

Multi-Year Bonus

In 2015 and 2016, E.ON extended to those executives who in previous years had been granted virtual shares in the context of base matching and performance matching a multi-year bonus extending over a term of four years. Beneficiaries were informed individually of the target value of the multi-year bonus.

For executives in the E.ON Group, the amount paid out is equal to the target value if the E.ON share price at the end of the term is equal to the E.ON share price after the spinoff of Uniper. If the share price at the end of the term is higher or lower than the share price after the spinoff, the amount paid out relative to the target value will increase or decrease in equal proportion to the change in the share price, but in no event shall the payout be higher than twice the target value.

A payout generally will not take place until after the end of the four-year term. This is true even if the beneficiary retires beforehand, or if the beneficiary's contract is terminated on operational grounds or expires during the term. A payout before the end of the term will take place in the event of a change of control or on the death of the beneficiary. If the service or employment relationship ends before the end of the term for reasons within the control of the beneficiary, there is no entitlement to a multi-year bonus payout.

60-day average prices are used to determine both the share price after the spinoff and the final price in order to mitigate the effects of incidental, short-lived price movements.

The plan contains adjustment mechanisms to eliminate the effect of events such as interim corporate actions.

The provision for the multi-year bonus as of the balance sheet date is €28.8 million (2018: €47.3 million). The expense amounted to €8.7 million in the 2019 fiscal year (2018: €12.8 million).

E.ON Performance Plan (EPP)

In 2017, 2018 and 2019, E.ON granted the members of the Management Board of E.ON SE and certain executives of the E.ON Group virtual shares under the E.ON Performance Plan. The vesting period of each tranche is four years. Vesting periods start on January 1 of each year.

The beneficiary will receive virtual shares in the amount of the agreed target. The conversion into virtual shares will be based on the fair market value on the date when the shares are granted. The fair market value will be determined by applying methods accepted in financial mathematics, taking into account the expected future payout and consequently the volatility and risk associated with the EPP. The number of virtual shares allocated may change during the four-year vesting period, depending on the total shareholder return ("TSR") of E.ON stock compared with the TSR of the companies in a peer group ("relative TSR").

The TSR is the return on E.ON stock, which takes into account the stock price plus the assumption of reinvested dividends, adjusted for changes in capital. The peer group used for relative TSR will be the other companies in E.ON's peer index, the STOXX® Europe 600 Utilities. Only companies included in the STOXX® Europe 600 Utilities for which no takeover offer pursuant to Section 29(1) of the German Securities Acquisition and Takeover Act (WpÜG) or pursuant to an applicable comparable regulation of a foreign legal system was or is effective during the fiscal year in question and in which E.ON does not hold or did not hold a significant portion of shares during the fiscal year in question will be taken into consideration for the tranche allocated in 2019. The peer group for the tranche allocated in 2019 is also adjusted for companies that have not been in the index for the full year.

During a tranche's vesting period, E.ON's TSR performance is measured once a year in comparison with the companies in the peer group and set for that year. E.ON's TSR performance in a given year determines the final number of one fourth of the virtual shares granted at the beginning of the vesting period. For this purpose, the TSRs of all companies are ranked, and E.ON's relative position is determined based on the percentile reached. If target attainment in a year is below the threshold defined by the Supervisory Board upon allocation, the number of virtual shares is reduced by one fourth. If E.ON's performance is at the upper cap or above, the fourth of the virtual shares allocated for the year in question will increase, but to a maximum of 150 percent. Linear interpolation is used to translate intermediate figures into percentage.

The resulting number of virtual shares at the end of the vesting period is multiplied by the average price of E.ON stock in the final 60 days of the vesting period. This amount is increased by the dividends distributed on E.ON stock during the vesting period and then paid out. The sum of the payouts is capped at 200 percent of the agreed target.

The virtual shares are canceled if the employment relationship of the beneficiary ends before the end of the term for reasons within the control of the beneficiary. This shall apply in particular in the event of termination by the beneficiary and in the event of extraordinary termination for good cause by the Company. If the employment relationship of the beneficiary is terminated before retirement, through the end of a limited term or for operational reasons before the end of the term, the virtual shares do not expire but are settled at maturity.

If the employment relationship ends before maturity due to death or permanent invalidity, the virtual shares are settled before maturity, whereby in this case the average TSR performance of the fiscal years that have already completely ended is used to calculate the payment amount. The same shall apply in the case of a change in control related to E.ON SE and also if the allocating company leaves the E.ON Group before maturity.

The following are the base parameters of the tranches of the E.ON Performance Plan active in 2019:

E.ON Performance Plan Virtual Shares

	3rd tranche	2nd tranche	1st tranche
Date of issuance	Jan. 1, 2019	Jan. 1, 2018	Jan. 1, 2017
Term	4 years	4 years	4 years
Target value at issuance	€6.68	€6.41	€5.84

The provision for the first, second and third tranche of the E.ON Performance Plan as of the balance sheet date is €26.8 million (2018: €16.2 million). The expense for the first, second and third tranches amounted to €11.9 million in the 2019 fiscal year (2018: €9.8 million).

Employees

During 2019, E.ON employed an average of 61,050 persons (2018: 42,949), not including an average of 1,656 apprentices (2018: 816).

The breakdown by segment is shown in the following table:

Employees[1]

Headcount	2019	2018
Energy Networks	20,058	17,519
Customer Solutions	17,615	19,751
innogy	18,343	–
Renewables	742	1,332
Corporate Functions & Other[2]	2,414	2,456
Employees, core business	**59,172**	**41,058**
Non-Core Business (PreussenElektra)	1,878	1,891
Total employees, E.ON Group	**61,050**	**42,949**

[1]Figures do not include board members, managing directors, or apprentices.
[2]Includes E.ON Business Services.

(12) Other Information

German Corporate Governance Code

On December 18, 2019, the Management Board and the Supervisory Board of E.ON SE made a declaration of compliance pursuant to Section 161 of the German Stock Corporation Act ("AktG"). The declaration has been made permanently and publicly accessible to stockholders on the Company's Web site (www.eon.com).

On December 11, 2019, the Management Board and Supervisory Board of innogy SE issued a statement of compliance pursuant to Section 161 of the German Stock Corporation Act and published it on the Internet at www.innogy.com to make it permanently and publicly accessible to the Company's stockholders.

Fees and Services of the Independent Auditor

During 2019 and 2018, the following fees for services provided by the independent auditor of the Consolidated Financial Statements, PricewaterhouseCoopers ("PwC") GmbH, Wirtschaftsprüfungsgesellschaft, (domestic) and by companies in the international PwC network were recorded as expenses:

Independent Auditor Fees

€ in millions	2019	2018
Financial statement audits	37	20
Domestic	*28*	*15*
Other attestation services	4	3
Domestic	*4*	*2*
Tax advisory services	–	–
Domestic	–	–
Other services	1	1
Domestic	*1*	*1*
Total	**42**	**24**
Domestic	*33*	*18*

The auditor's fees relate to the audit of the Consolidated Financial Statements and the legally mandated financial statements of E.ON SE and its affiliates. They also include fees for auditing reviews of the IFRS interim financial statements and other tests directly required by the audit. This figure also includes additional auditing services in relation to the innogy transaction.

The fees for other auditing services include all attestation services that are not auditing services and are not used in connection with the audit. In 2019, these costs are for the legally required attestation services (e.g., as a result of the Renewable Energy Act [EEG], the Act on Combined Heat and Power Generation [KWKG]) and the other half of the costs will be for other voluntary attestation services (primarily in connection with new IT systems).

The fees for tax consulting services mainly relate to services in the area of tax compliance.

Fees for other services consist primarily of technical support in connection with the implementation of transactions and new requirements in the areas of IT and accounting issues.

The fees indicated take into consideration the innogy subsidiaries from the acquisition date and the companies transferred to RWE from the date of deconsolidation.

List of Shareholdings

The list of shareholdings pursuant to Section 313 (2) HGB is an integral part of these Notes to the Financial Statements and is presented on pages 210 through 227.

(13) Earnings per Share

The computation of basic and diluted earnings per share for the periods indicated is shown below:

Earnings per Share

€ in millions	2019	2018
Income/Loss from continuing operations	744	3,238
Less: Non-controlling interests	-189	-263
Income/Loss from continuing operations (attributable to shareholders of E.ON SE)	**555**	**2,975**
Income/Loss from discontinued operations, net	1,064	286
Less: Non-controlling interests	-53	-38
Income/Loss from discontinued operations, net (attributable to shareholders of E.ON SE)	**1,011**	**248**
Net income/loss attributable to shareholders of E.ON SE	**1,566**	**3,223**
in €		
Earnings per share (attributable to shareholders of E.ON SE)		
from continuing operations	0.24	1.37
from discontinued operations	0.44	0.12
from net income/loss	**0.68**	**1.49**
Weighted-average number of shares outstanding (in millions)	2,293	2,167

The computation of diluted earnings per share is identical to that of basic earnings per share because E.ON SE has issued no potentially dilutive ordinary shares.

The increase in the weighted-average number of shares outstanding resulted primarily from the capital increase carried out in September. As a result, E.ON increased the share capital from €2,201,099,000 to €2,641,318,800 through the majority utilization of its authorized capital via the issue of 440,219,800 new, registered ordinary shares against a contribution in kind.

(14) Goodwill, Intangible Assets, Right-of-use Assets and Property, Plant and Equipment

The changes in goodwill and intangible assets, in right-of-use assets, and in property, plant and equipment, are presented in the tables on the following pages:

Goodwill, Intangible Assets, Right-of-use Assets and Property, Plant and Equipment[1]

€ in millions	Jan. 1, 2019	Exchange rate differences	Changes in scope of consolida-tion	Additions	Disposals	Transfers	Dec. 31, 2019
	Acquisition and production costs						
Goodwill	**3,847**	**43**	**15,413**	**–**	**–**	**–**	**19,303**
Customer relationships and similar items	541	12	1,750	1	-47	-39	2,218
Concessions, commercial property rights, licenses, and similar rights	2,303	-16	446	1,204	-816	-379	2,742
Development expenditures	396	13	–	66	-14	259	720
Advance payments	370	5	6	218	-7	-213	379
Intangible assets	**3,610**	**14**	**2,202**	**1,489**	**-884**	**-372**	**6,059**
Land and buildings	361	5	282	90	-14	3	727
Networks	387	1	1,778	242	-3	-8	2,397
Storage, e-charging and production capacities	12	1	–	–	-3	–	10
Technical equipment and machinery	5	1	31	–	–	–	37
Fleet, office and business equipment	105	-1	26	42	-6	1	167
Right-of-use assets[1]	**870**	**7**	**2,117**	**374**	**-26**	**-4**	**3,338**
Real estate and leasehold rights	539	-1	353	14	-32	12	885
Buildings	2,780		925	94	-57	39	3,781
Technical equipment, plant and machinery	40,197	-76	14,193	1,727	-325	422	56,138
Other equipment, fixtures, furniture and office equipment	835	2	310	116	-38	24	1,249
Advance payments and construction in progress	1,921	-8	875	1,141	-30	-1,274	2,625
Property, plant and equipment[2]	**46,272**	**-83**	**16,656**	**3,092**	**-482**	**-777**	**64,678**

[1]New account due to IFRS16. Please see Note 32 for more information on rights of use.
[2]The first-time application of IFRS 16 resulted in adjustments to the initial inventories (see Note 2).

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2019

€ in millions	Energy Networks			Customer Solutions		
	Germany	Sweden	ECE/Turkey	Germany Sales	UK	Other
Net carrying amount of goodwill as of January 1, 2019	**589**	**90**	**56**	**152**	**838**	**131**
Changes resulting from acquisitions and disposals	–	–	–	–	–	112
Impairment charges	–	–	–	–	–	–
Other changes[1]	–	-2	1	–	43	2
Net carrying amount of goodwill as of December 31, 2019	**589**	**88**	**57**	**152**	**881**	**245**
Growth rate (in %) [2, 3]	n/a	–	–	–	0.5	–
Cost of capital (in %)[2, 3]	n/a	–	–	–	5.9	–
Other non-current assets[4]						
Impairment	39	–	–	–	63	12
Reversals	–	–	–	–	3	–

[1]Other changes include effects from intragroup restructuring, transfers, exchange rate differences and reclassifications to assets held for sale.
[2]Presented here are the growth rates and cost of capital for selected cash-generating units whose respective goodwill is material when compared with the carrying amount of all goodwill.
[3]Energy Networks Germany was valued on the basis of the regulatory asset base, taking into account the upcoming regulatory period for gas in 2018 and for electricity in 2019.
[4]Other non-current assets consist of intangible assets, of right-of-use assets and of property, plant and equipment.

	Accumulated depreciation									Net carrying amounts
	Jan. 1, 2019	Exchange rate differences	Changes in scope of consolida-tion	Additions	Disposals	Transfers	Impairment	Reversals	Dec. 31, 2019	Dec. 31, 2019
	-1,793	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**-1,791**	**17,512**
	-445	-5	–	-93	47	-1	-128	–	-625	1,593
	-818	10	23	-151	50	34	-14	–	-866	1,876
	-185	-5	–	-119	6	-44	-10		-357	363
	–	-3	–	0	3	-2	-71	–	-73	306
	-1,448	**-3**	**23**	**-363**	**106**	**-13**	**-223**	**–**	**-1,921**	**4,138**
	–	-1	–	-78	1	-2	-20	–	-100	627
	–	–	–	-78	–	-3	–	–	-81	2,316
	–	-1	–	-1	–	–	–	–	-2	8
	–	-1	–	-2	–	–	–	–	-3	34
	–	2	2	-45	2	-1	-3	–	-43	124
	–	**-1**	**2**	**-204**	**3**	**-6**	**-23**	**–**	**-229**	**3,109**
	-58	–	1		5	–	-2	–	-54	831
	-1,710	4	37	-102	25	20	-1	–	-1,727	2,054
	-26,119	53	402	-1,417	210	589	-55	–	-26,337	29,801
	-597	1	-2	-100	34	-6	-10	–	-680	569
	-42	-2	–	–	–	9	-16	3	-48	2,577
	-28,526	**56**	**438**	**-1,619**	**274**	**612**	**-84**	**3**	**-28,846**	**35,832**

			Non-Core Business			
	innogy	Renewables	PreussenElektra	Generation Turkey	Corporate Functions/ Other	E.ON Group
	0	**19**	**0**	**0**	**179**	**2,054**
	15,481	–	–	–	-179	15,414
	–	–	–	–	–	0
	0	0	–	–	–	44
	15,481	**19**	**0**	**0**	**0**	**17,512**
	–	–	–	–	–	–
	–	–	–	–	–	–
	216	–	–	–	–	330
	–	–	–	–	–	3

Goodwill, Intangible Assets, Right-of-use Assets and Property, Plant and Equipment

	Acquisition and production costs						
€ in millions	Jan. 1, 2018	Exchange rate differences	Changes in scope of consolidation	Additions	Disposals	Transfers	Dec. 31, 2018
Goodwill	**5,171**	**-2**	**-1,322**	**–**	**–**	**–**	**3,847**
Customer relationships and similar items	591	-3	–	–	-47	–	541
Concessions, commercial property rights, licenses, and similar rights	2,865	-6	-738	824	-739	97	2,303
Development expenditures	327	-1	-5	14	-30	91	396
Advance payments	370	0	-112	278	-5	-161	370
Intangible assets	**4,153**	**-11**	**-854**	**1,116**	**-821**	**27**	**3,610**
Land and buildings	–	–	–	–	–	–	–
Networks	–	–	–	–	–	–	–
Storage, e-charging and production capacities	–	–	–	–	–	–	–
Technical equipment and machinery	–	–	–	–	–	–	–
Fleet, office and business equipment	–	–	–	–	–	–	–
Right-of-use assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Real estate and leasehold rights	589	-7	-13	3	-31	-2	539
Buildings	3,060	-20	-270	28	-41	40	2,797
Technical equipment, plant and machinery	49,144	-328	-10,845	1,181	-298	1,637	40,491
Other equipment, fixtures, furniture and office equipment	951	-4	-33	87	-176	10	835
Advance payments and construction in progress	2,674	-4	-277	1,279	-66	-1,685	1,921
Property, plant and equipment	**56,418**	**-363**	**-11,438**	**2,578**	**-612**	**0**	**46,583**

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2018

	Energy Networks			Customer Solutions		
€ in millions	Germany	Sweden	ECE/Turkey	Germany Sales	UK	Other
Net carrying amount of goodwill as of January 1, 2018	**589**	**97**	**56**	**183**	**845**	**102**
Changes resulting from acquisitions and disposals	–	-2	–	–	–	–
Impairment charges	–	–	–	–	–	–
Other changes[2]	–	-5	–	-31	-7	29
Net carrying amount of goodwill as of December 31, 2018	**589**	**90**	**56**	**152**	**838**	**131**
Growth rate (in %)[3, 4]	n/a	–	–	–	1.3	–
Cost of capital (in %)[3, 4]	n/a	–	–	–	7.6	–
Other non-current assets[5]						
Impairment	5	–	–	1	27	38
Reversals	–	–	23	–	–	4.0

[1]Recognized goodwill expected to be eliminated from the scope of consolidation soon.
[2]Other changes include effects from intragroup restructuring, transfers, exchange rate differences and reclassifications to assets held for sale. This item also includes impairments on goodwill from disposal groups.
[3]Presented here are the growth rates and cost of capital for selected cash-generating units whose respective goodwill is material when compared with the carrying amount of all goodwill.
[4]Energy Networks Germany was valued on the basis of the regulatory asset base, taking into account the upcoming regulatory period for gas in 2018 and for electricity in 2019.
[5]Other non-current assets consist of intangible assets and of property, plant and equipment.

Accumulated depreciation									Net carrying amounts
Jan. 1, 2018	Exchange rate differences	Changes in scope of consolida-tion	Additions	Disposals	Transfers	Impairment	Reversals	Dec. 31, 2018	Dec. 31, 2018
-1,834	**2**	**39**	**–**	**–**	**–**	**–**	**–**	**-1,793**	**2,054**
-437	3	–	-32	47	0	-26	–	-445	96
-1,300	-3	568	-82	2	-1	-6	3	-819	1,484
-113		1	-72	30	-1	-29		-184	212
-54	-1	57	0	2	1	-5	–	–	370
-1,904	**-1**	**626**	**-186**	**81**	**-1**	**-66**	**3**	**-1,448**	**2,162**
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
-72	3	1	-1	10	–	–	–	-59	480
-1,842	13	166	-73	29	-1	-3	–	-1,711	1,086
-29,021	169	3,830	-1,297	203	-20	-15	33	-26,118	14,373
-658	2	19	-81	120	2	–	–	-596	239
-73	–	9	–	29	24	-31	–	-42	1,879
-31,666	**187**	**4,025**	**-1,452**	**391**	**5**	**-49**	**33**	**-28,526**	**18,057**

		Non-Core Business			
innogy	Renewables	PreussenElektra	Generation Turkey	Corporate Functions/ Other[1]	E.ON Group
0	**1,286**	**0**	**0**	**179**	**3,337**
–	–	–	–	–	-2
–	–	–	0	–	–
–	-1,267	–	0	–	-1,281
0	**19**	**0**	**0**	**179**	**2,054**
–	–	–	–	–	–
–	–	–	–	–	–
–	21	–	0	23	115
–	9	–	0	–	36

Goodwill and Non-Current Assets

The changes in goodwill within the segments, as well as the allocation of impairments and their reversals to each reportable segment, are presented in the tables on pages 150 through 153.

Impairments

IFRS 3 prohibits the amortization of goodwill. Instead, goodwill is tested for impairment at least annually at the level of the cash-generating units. Goodwill must also be tested for impairment at the level of individual cash-generating units between these annual tests if events or changes in circumstances indicate that the recoverable amount of a particular cash-generating unit might be impaired. Intangible assets subject to amortization and property, plant and equipment must generally be tested for impairment whenever there are particular events or external circumstances indicating the possibility of impairment.

To perform the impairment tests, the Company first determines the fair values less costs to sell of its cash-generating units. Because, with the exception of the inclusion of the interest in Nord Stream in the CTA, there were no binding sales transactions or market prices for the respective cash-generating units in 2019, fair values were otherwise calculated based on discounted cash flow methods.

Valuations are based on the medium-term corporate planning authorized by the Management Board. The calculations for impairment-testing purposes are generally based on the three planning years of the medium-term plan plus two additional detailed planning years. In certain justified exceptional cases, a longer detailed planning period is used as the calculation basis. The cash flow assumptions extending beyond the detailed planning period are determined using growth rates that generally correspond to the growth rates in each of the currency areas where the cash-generating units are tested. In 2019, the inflation rate used for the euro area was 0.5 percent (2018: 1.25 percent).

The interest rates used for discounting cash flows in the annual impairment test are calculated using market data for each cash-generating unit, and as of December 31, 2019, ranged between 3.3 and 7.1 percent after taxes (2018: 3.5 and 8.7 percent).

The principal assumptions underlying the determination by management of recoverable amount are the respective forecasts for commodity market prices, future electricity and gas prices in the wholesale and retail markets, E.ON's investment activity, changes in the regulatory framework, as well as for rates of growth and the cost of capital. These assumptions are based on external market data from established providers and on internal estimates.

The above discussion applies accordingly to the testing for impairment of intangible assets and of property, plant and equipment, and of groups of these assets. If the goodwill of a cash-generating unit is combined with assets or groups of assets for impairment testing, the assets must be tested first.

As in 2018, the goodwill impairment testing performed in 2019 resulted in the recognition of no impairment charges.

The tested goodwill of all cash-generating units whose respective goodwill as of the balance sheet date is material in relation to the total carrying amount of all goodwill shows a surplus of recoverable amounts over the respective carrying amounts and, therefore, based on current assessment of the economic situation, only a significant change in the material valuation parameters would necessitate the recognition of goodwill impairment.

Impairments of property, plant and equipment in 2019 totaled around €84 million, of which around €38 million were in the German network business, mainly in connection with the decommissioning of a gas storage facility, and also around €38 million for innogy, primarily due to the optimization and restructuring of the joint UK business of innogy and E.ON. In this connection, an impairment loss was recognized for several innogy buildings in the UK.

Approximately €223 million of impairments were recognized on intangible assets. The largest effect in terms of amount (€159 million) arose at innogy, again mainly from business in the UK for the reasons outlined above. Impairments were recognized in particular for IT infrastructure in the private customer segment. E.ON's UK business was also impacted, with around €55 million. Impairments were recognized primarily on IT projects that are currently being discontinued because of a management decision, with the result that they are no longer expected to generate any economic advantages.

In fiscal year 2019, a total of €23 million in impairments was charged to right-of-use assets. About €19 million again resulted from the restructuring at innogy in the UK.

Reversals of impairments on property, plant and equipment and intangible assets recognized in previous years amounted to around €3 million in 2019, significantly influenced by the positive outcome of litigation in the UK.

In fiscal year 2018, a total of €49 million in impairments was charged to property, plant and equipment, primarily from €20 million in impairments in the UK.

Impairments on intangible assets amounted to approximately €66 million in 2018. Developments in the retail customer business at E.ON Business Solutions in the UK (around €26 million) and the impairment of capitalized IT costs at the holding company (around €16 million) had the greatest impact.

Reversals of impairments on property, plant and equipment and intangible assets recognized in previous years amounted to €36 million in 2018, significantly influenced by developments in Hungary.

Intangible Assets

Most of the change results from the takeover of innogy.

In 2019, the Company recorded an amortization expense of €363 million (2018: €186 million). Impairment charges on intangible assets amounted to €223 million (2018: €66 million).

Reversals of impairments on intangible assets in the amount of €0 million (2018: €3 million) were recognized in the reporting year.

The closing balance of intangible assets not subject to amortization as of December 31, 2019, amounted to €299 million.

€68 million in research and development costs as defined by IAS 38 were expensed in 2019 (2018: €2 million).

Right-of-use Assets

Scheduled depreciation amounted to €204 million in 2019. Impairments on right-of-use assets amounted to €23 million.

Property, Plant and Equipment

Most of the change results from the takeover of innogy.

Borrowing costs in the amount of €13 million were capitalized in 2019 (2018: €12 million) as part of the historical cost of property, plant and equipment.

Depreciation amounted to €1,619 million in 2019 (2018: €1,452 million).

In addition, write-downs on property, plant and equipment in the amount of €84 million (2018: €49 million) were made in the year under review. Reversals of impairments on property, plant and equipment in the amount of €3 million (2018: €33 million) were recognized in the reporting year.

(15) Companies Accounted for under the Equity Method and Other Financial Assets

The following table shows the structure of the companies accounted for under the equity method and the other financial assets as of the dates indicated:

Companies Accounted for under the Equity Method and Other Financial Assets

	December 31, 2019			December 31, 2018		
€ in millions	E.ON Group	Associates[1]	Joint ventures[1]	E.ON Group	Associates[1]	Joint ventures[1]
Companies accounted for under the equity method	5,232	3,280	1,952	2,603	1,421	1,182
Equity investments	1,730	556	155	664	250	20
Non-current securities	2,353	–	–	2,240	–	–
Total	**9,315**	**3,836**	**2,107**	**5,507**	**1,671**	**1,202**

[1]The associates and joint ventures presented as equity investments are associated companies and joint ventures accounted for at cost on materiality grounds.

Companies accounted for under the equity method consist solely of associates and joint ventures.

The amount shown for non-current securities relates primarily to fixed-income securities.

In 2019, impairment charges on companies accounted for under the equity method amounted to €3 million (2018: €7 million).

Impairments on other financial assets amounted to €15 million (2018: €30 million). The carrying amount of other financial assets with impairment losses was €22 million as of the end of the fiscal year (2018: €16 million).

Shares in Companies Accounted for under the Equity Method

The carrying amounts of the immaterial associates accounted for under the equity method totaled €1,905 million (2018: €363 million), and those of the joint ventures totaled €896 million (2018: €102 million). The increase resulted primarily from the addition of the equity interests of innogy SE.

Investment income generated from companies accounted for under the equity method amounted to €330 million in 2019 (2018: €235 million). The increase results in particular from the increased dividend paid by Nord Stream AG and the initial inclusion of the equity interests of innogy SE.

The following table summarizes significant line items of the aggregated statements of comprehensive income of the associates and joint ventures that are accounted for under the equity method:

Summarized Financial Information for Individually Non-Material Associates and Joint Ventures Accounted for under the Equity Method

	Associates		Joint ventures		Total	
€ in millions	2019	2018	2019	2018	2019	2018
Proportional share of net income from continuing operations	88	68	113	46	201	114
Proportional share of other comprehensive income	–	–	1	-5	1	-5
Proportional share of total comprehensive income	**88**	**68**	**114**	**41**	**202**	**109**

The tables below show significant line items of the aggregated balance sheets and of the aggregated statements of comprehensive income of the material companies accounted for under the equity method. The material associates in the E.ON Group are RheinEnergie AG, Rampion Renewables Limited, GASAG Berliner Gaswerke AG and, until its sale to E.ON Pension Trust e.V. the end of December 2019, Nord Stream AG. PEGI, as parent company of Nord Stream AG, was sold to E.ON Pension Trust e.V.

The Group adjustments shown in the table mainly relate to goodwill determined as part of initial recognition, temporary differences, changes in ownership interests, exchange-rate effects and effects from the elimination of intragroup profits.

Material Associates—Balance Sheet Data as of December 31

	RheinEnergie AG		Rampion Renewables Ltd.		Nord Stream AG		GASAG Berliner Gaswerke AG	
€ in millions	2019	2018	2019	2018	2019	2018	2019	2018
Non-current assets[1]	3,419	–	672	–	–	5,775	1,882	1,775
Current assets	577	–	31	–	–	801	230	237
Current liabilities (including provisions)	563	–	–	–	–	392	542	358
Non-current liabilities (including provisions)	1,410	–	–	–	–	3,300	896	813
Equity	2,023	–	703	–	–	2,884	674	841
Non controlling interests	–	–	–	–	–	–	24	70
Ownership interest (in %)	20.00	–	39.93	–	–	15.50	36.85	36.85
Proportional share of equity	405	–	281	–	–	447	248	282
Consolidation adjustments	166	–	181	–	–	10	94	80
Carrying amount of equity investment	**571**	**–**	**462**	**–**	**–**	**457**	**342**	**362**

[1]Undisclosed accruals/provisions from acquisitions are recognized in assets.

Material Associates—Earnings Data

	RheinEnergie AG		Rampion Renewables Ltd.		Nord Stream AG		GASAG Berliner Gaswerke AG	
€ in millions	2019	2018	2019	2018	2019	2018	2019	2018
Sales	694	–	–	–	1,074	1,074	1,253	1,197
Net income/loss from continuing operations	29	–	-18	–	451	434	31	39
Non-controlling interests in the net income/loss from continuing operations	–	–	–	–	–	–	4	9
Net income from discontinued operations	–	–	–	–	–	–	–	–
Dividend paid out	42	–	–	–	667	334	29	13
Other comprehensive income	19	–	48	–	63	82	-56	5
Total comprehensive income	48	–	30	–	514	516	-25	43
Ownership interest (in %)	20.00	–	39.93[1]	–	15.50	15.50	36.85	36.85
Proportional share of total comprehensive income after taxes	10	–	12	–	80	80	-9	16
Proportional share of net income after taxes	6	–	-7	–	70	67	11	11
Consolidation adjustments	–	–	6	–	–	-2	–	–
Equity-method earnings	**6**	**0**	**-1**	**0**	**70**	**65**	**11**	**11**

[1]Rampion Renewables Ltd. holds 50,1 percent on Rampion Offshore Wind Ltd.

Presented in the tables below are significant line items of the aggregated balance sheets and of the aggregated income statements of the joint ventures accounted for under the equity method, Enerjisa Enerji A.Ş. and Enerjisa Üretim Santralleri A.Ş.

Material Joint Ventures—Balance Sheet Data as of December 31

	Enerjisa Enerji A.Ş.		Enerjisa Üretim Santralleri A.Ş.	
€ in millions	2019	2018	2019	2018
Non-current assets	2,678	2,820	1,980	2,233
Current assets	865	1,056	299	331
Current liabilities (including provisions)	1,097	1,235	467	505
Non-current liabilities (including provisions)	1,381	1,541	656	888
Cash and cash equivalents	70	93	146	180
Current financial liabilities	560	563	319	337
Non-current financial liabilities	850	1,015	604	879
Equity	1,065	1,100	1,156	1,171
Ownership interest (in %)	40.00	40.00	50.00	50.00
Proportional share of equity	426	440	578	586
Consolidation adjustments	12	11	40	43
Carrying amount of equity investment	**438**	**451**	**618**	**629**

Material Joint Ventures—Earnings Data

	Enerjisa Enerji A.Ş.		Enerjisa Üretim Santralleri A.Ş.	
€ in millions	2019	2018	2019	2018
Sales	2,910	3,029	981	875
Net income/loss from continuing operations	143	111	137	-33
Write-downs	-67	-55	-106	-108
Interest income/expense	-250	-246	-51	-53
Income taxes	-54	-95	-16	65
Dividend paid out	71	65	–	–
Other comprehensive income	-113	-355	-170	-486
Total comprehensive income	31	-244	-33	-519
Ownership interest (in %)	40.00	40.00	50.00	50.00
Proportional share of total comprehensive income after taxes	12	-98	-16	-260
Proportional share of net income after taxes	57	44	69	-17
Consolidation adjustments	3	8	5	–
Equity-method earnings	**60**	**52**	**74**	**-17**

The material associates and the material joint ventures are active in diverse areas of the gas and electricity industries. Disclosures of company names, registered offices and equity interests as required by IFRS 12 for material joint arrangements and associates can be found in the list of shareholdings pursuant to Section 313 (2) HGB (see Note 37).

As of December 31, 2019, the investment in Enerjisa Enerji A.Ş. is marketable. The pro rata market value amounted to €522 million as of December 31, 2019 (2018: €398 million). The carrying amount is €438 million as of December 31, 2019.

Of investments in associates, the shareholding in companies with a carrying amount of €573 million (2018: €457 million) are restricted because it was pledged as collateral for financing as of the balance sheet date.

There are no further material restrictions apart from those contained in standard legal and contractual provisions.

(16) Inventories

The following table provides a breakdown of inventories as of the dates indicated:

Inventories

	December 31,	
€ in millions	2019	2018
Raw materials and supplies	670	511
Goods purchased for resale	199	111
Work in progress and finished products	383	62
Total	**1,252**	**684**

The cost of raw materials, finished products and goods purchased for resale is determined based on the average cost method.

Write-downs totaled €5 million in 2019 (2018: €9 million). Reversals of write-downs amounted to €17 million in 2019 (2018: €14 million).

The increase in inventories compared to December 31, 2018, is primarily due to the acquisition of innogy.

No inventories have been pledged as collateral.

(17) Receivables and Other Assets

The following table lists receivables and other assets by remaining time to maturity as of the dates indicated:

Receivables and Other Assets

	December 31, 2019		December 31, 2018	
€ in millions	Current	Non-current	Current	Non-current
Receivables from finance leases[1]	50	320	38	291
Other financial receivables and financial assets	440	379	246	136
Financial receivables and other financial assets	**490**	**699**	**284**	**427**
Trade receivables	8,438	–	3,896	–
Contract assets	907	2,378	324	1,213
Other assets	16	8	3	7
Receivables from derivative financial instruments	14	372	23	142
Other operating assets	4,944	835	1,199	112
Trade receivables and other operating assets	**14,319**	**3,593**	**5,445**	**1,474**
Total	**14,809**	**4,292**	**5,729**	**1,901**

[1]See also Note 32.

Receivables arising from IFRS 15 primarily consist of trade receivables. Impairments on receivables arising from IFRS 15 totaled €0.3 billion in 2019 (2018: €0.2 billion).

As of December 31, 2019, other financial assets include receivables from owners of non-controlling interests in jointly owned power plants of €74 million (2018: €53 million).

The increase in other operating assets compared to December 31, 2018, is primarily due to the acquisition of innogy. In addition, a purchase price receivable in the amount of €1.1 billion is due from E.ON Pension Trust e.V. from the sale of shares in PEG Infrastruktur AG and its interest in Nord Stream AG as of December 31, 2019.

Other assets under IFRS 15 changed as follows:

Other Assets

€ in millions	2019	2018
Amortization and impairment	176	138
Balance as of December 31	**386**	**165**

The following table shows the opening and closing balances of contractual assets under IFRS 15:

Contract Assets

€ in millions	2019	2018
Balance as of January 1	10	9
Balance as of December 31	**24**	**10**

The increase in contractual assets is mainly due to the takeover of innogy.

In addition, the E.ON Group had no contingent assets as of December 31, 2019, as in the prior year.

(18) Liquid Funds

The following table provides a breakdown of liquid funds by original maturity as of the dates indicated:

Liquid Funds

€ in millions	December 31, 2019	2018
Securities and fixed-term deposits	1,197	774
Current securities with an original maturity greater than 3 months	*1,197*	*774*
Restricted cash and cash equivalents	511	659
Cash and cash equivalents	1,894	3,924
Total	**3,602**	**5,357**

In 2019, there was €49 million in restricted cash (2018: €17 million) with a maturity greater than three months.

Cash and cash equivalents include €1,880 million (2018: €2,881 million) in checks, cash on hand and balances at financial institutions with an original maturity of less than three months, to the extent that they are not restricted.

(19) Capital Stock

The capital stock is subdivided into 2,641,318,800 registered shares with no par value (no-par-value shares) and amounts to €2,641,318,800 (2018: €2,201,099,000). The capital stock of the Company was provided by way of conversion of E.ON AG into a European Company (SE), through a capital increase carried out on March 20, 2017, partially using the Authorized Capital 2012, which expired on May 2, 2017, and through a capital increase registered in the commercial register of the Company on September 19, 2019, with majority use of the Authorized Capital 2017.

Pursuant to a resolution by the Annual Shareholders Meeting of May 10, 2017, the Company is authorized to purchase own shares until May 9, 2022. The shares purchased, combined with other treasury shares in the possession of the Company, or attributable to the Company pursuant to Sections 71a et seq. AktG, may at no time exceed 10 percent of its capital stock. The Management Board was authorized at the aforementioned Annual Shareholders Meeting to cancel any shares thus acquired without requiring a separate shareholder resolution for the cancellation or its implementation. The total number of outstanding shares as of December 31, 2019, was 2,607,369,233 (December 31, 2018: 2,167,149,433). As of December 31, 2019, E.ON SE held a total of 33,949,567 treasury shares (December 31, 2018: 33,949,567) having a book value of €1,126 million (equivalent to approximately 1.29 percent or €33,949,567 of the capital stock).

The Company has further been authorized by the Annual Shareholders Meeting to buy shares using put or call options, or a combination of both. When derivatives in the form of put or call options, or a combination of both, are used to acquire shares, the option transactions must be conducted with a financial institution or a company operating in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or 7 of the German Banking Act (KWG) or at market terms on the stock exchange. No shares were acquired in 2019 using this purchase model.

Neither a scrip dividend nor an employee stock purchase program was offered in the 2019 fiscal year.

Authorized Capital

By shareholder resolution adopted at the Annual Shareholders Meeting of May 10, 2017, the Management Board was authorized, subject to the Supervisory Board's approval, to increase until May 9, 2022, the Company's capital stock by a total of up to €460 million through one or more issuances of new registered no-par-value shares against contributions in cash and/or in kind (authorized capital pursuant to Sections 202 et seq. AktG, Authorized Capital 2017).

Subject to the Supervisory Board's approval, the Management Board is authorized to exclude shareholders' subscription rights.

By the resolution that took effect on March 12, 2018, and that was clarified by the Management Board on September 18, 2019, the Management Board resolved, with the approval of the Supervisory Board, to make almost full use of the Authorized Capital 2017 resolved by the Annual Shareholders Meeting of May 10, 2017, and to increase the share capital of E.ON SE, excluding shareholder subscription rights, in accordance with Sections 203 (2) and 186 (3) of the German Stock Corporation Act (AktG), from €2,201,099,000 by €440,219,800 to €2,641,318,800 through the issue of 440,219,800 new registered shares with no par value, against contributions in kind. The Executive Committee approved this use of the Authorized Capital on September 18, 2019.

Only RWE Downstream Beteiligungs GmbH, with its registered office in Essen and registered in the commercial register of Essen District Court under number HRB 26911, was permitted to subscribe for and acquire the new shares. RWE Downstream Beteiligungs GmbH is a wholly-owned subsidiary of RWE AG. It was merged into GBV Vierunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, another wholly-owned subsidiary of RWE AG, with effect from December 4, 2018. The object of the contribution in kind is the contribution of a total of 100,714,051 no-par-value bearer shares (shares without par value) in innogy SE, Essen, registered in the Commercial Register of Essen District Court under number HRB 27091, with a pro rata amount of the share capital of €2.00 each by way of transfer of ownership to E.ON SE. With the approval of the Supervisory Board, the Management Board has made use of the option granted to it by the Annual Shareholders Meeting to exclude subscription rights in the case of capital increases against contributions in kind. The capital increase and its implementation were entered in the commercial register on September 19, 2019. The remaining Authorized Capital 2017 totals €19.8 million.

Conditional Capital

At the Annual Shareholders Meeting of May 10, 2017, shareholders approved a conditional increase of the capital stock (with the option to exclude shareholders' subscription rights) in the amount of up to €175 million.

The conditional capital increase will be used to grant registered no-par-value shares to the holders of convertible bonds or bonds with warrants, profit participation rights or income bonds (or combinations of these instruments), in each case with option rights, conversion rights, option obligations and/or conversion obligations, which are issued by the Company or a Group company of the Company as defined by Section 18 of the German Stock Corporation Act (AktG), under the authorization approved by the Annual Shareholders Meeting on May 10, 2017, under agenda item 9, through May 9, 2022. The new shares will be issued at the conversion or option price to be determined in accordance with the authorization resolution.

The conditional capital increase will be implemented only to the extent required to fulfill the obligations arising on the exercise by holders of option or conversion rights, and those arising from compliance with the mandatory conversion of bonds with conversion or option rights, profit participation rights or profit participating bonds that have been issued or guaranteed by E.ON SE or a Group company of E.ON SE as defined by Section 18 AktG under the authorization approved by the Annual Shareholders meeting of May 10, 2017, under agenda item 9, and to the extent that no cash settlement has been granted in lieu of conversion or exercise of an option.

The Conditional Capital 2017 was not used.

Voting Rights

The following notices pursuant to Section 33 (1) of the German Securities Trading Act ("WpHG") concerning changes in voting rights have been received:

Information on Stockholders of E.ON SE

Reporting entity	Date of notice	Threshold	Over and under	Gained voting rights on	Allocation	Voting rights Percentages	Voting rights Absolute
Canada Pension Plan Investment Board, Toronto, Canada	Oct. 4, 2018	3%	over	Sep. 27, 2018	direct/indirect	3,13[3]	68,831,843
Capital Income Builder, Wilmington, USA	Jul. 30, 2019	5%	over	Jul. 23, 2019	direct	5,07[3]	111,607,922
BlackRock Inc., Wilmington, USA	Sep. 24, 2019	5%	under	Sep. 19, 2019	indirect	4,41	116,368,320
RWE Aktiengesellschaft, Essen, Germany[1]	Oct. 2, 2019	15%	exceeded	Oct. 1, 2019	indirect	15,00	396,197,820
The Capital Group Companies Inc., Los Angeles, USA[2]	Oct. 4, 2019	10%	over	Oct. 1, 2019	indirect	10,16	268,341,921

[1]Name of shareholder holding 3.0 percent or more of the voting rights as indicated in the voting rights notification received: GBV Vierunddreißigste Gesellschaft für Beteiligungsverwaltung mbH.
[2]Name of shareholder holding 3.0 percent or more of the voting rights as indicated in the voting rights notification received: Capital Income Builder.
[3]Notification before the increase of the share capital on September 19, 2019.

(20) Additional Paid-in Capital

Additional paid-in capital rose to €13,368 million (2018: €9,862 million) as of December 31. The change of €3.5 billion results mainly from the valuation of innogy SE shares received in connection with the capital increase through contributions in kind (using the existing authorized capital), which exceeds the nominal value of the new E.ON SE shares issued (€440,219,800).

(21) Retained Earnings

The following table breaks down the E.ON Group's retained earnings as of the dates indicated:

Retained Earnings

€ in millions	December 31, 2019	December 31, 2018
Legal reserves	45	45
Other retained earnings	-1,942	-2,506
Total	**-1,897**	**-2,461**

Under German securities law, E.ON SE shareholders may receive distributions from the balance sheet profit of E.ON SE reported as available for distribution in accordance with the German Commercial Code.

As of December 31, 2019, these German-GAAP retained earnings totaled €2,254 million (2018: €2,554 million). Of this amount, legal reserves of €45 million (2018: €45 million) are restricted pursuant to Section 150 (3) and (4) AktG.

The amount of retained earnings available for distribution is €2,086 million (2018: €2,400 million).

A proposal to distribute a cash dividend for 2019 of €0.46 per share will be submitted to the Annual Shareholders Meeting. For 2018, shareholders at the May 14, 2019, Annual Shareholders Meeting voted to distribute a dividend of €0.43 for each dividend-paying ordinary share. Based on a €0.46 dividend, the total profit distribution is €1,199 million (2018: €932 million).

(22) Changes in Other Comprehensive Income

The change in other comprehensive income is primarily the result of exchange rate differences recognized on the balance sheet.

The table at right illustrates the share of OCI attributable to companies accounted for under the equity method.

Share of OCI Attributable to Companies Accounted for under the Equity Method

€ in millions	2019	2018
Balance as of December 31 (before taxes)	**-1,552**	**-1,441**
Taxes	-1	3
Balance as of December 31 (after taxes)	**-1,553**	**-1,438**

(23) Non-Controlling Interests

Non-controlling interests by segment as of the dates indicated are shown in the table at right.

The increase in non-controlling interests in the Non-Core Business resulted primarily from the acquisition of innogy. The transfer of significant portions of the Renewables business to RWE has an offsetting effect.

The table below illustrates the share of OCI that is attributable to non-controlling interests:

Non-Controlling Interests

	December 31,	
€ in millions	2019	2018
Energy Networks	1,681	1,729
Germany	*1,370*	*1,418*
Sweden	*–*	*–*
ECE/Turkey	*311*	*311*
Customer Solutions	85	84
Germany	*6*	*-1*
UK	*2*	*2*
Other	*77*	*83*
innogy	2,025	–
Renewables	7	663
Non-Core Business	-57	–
Corporate Functions/Other	267	284
E.ON Group	**4,008**	**2,760**

Share of OCI Attributable to Non-Controlling Interests

€ in millions	Cash flow hedges	Available-for-sale securities	Currency translation adjustments	Remeasurements of defined benefit plans
Balance as of January 1, 2018	**–**	**-1**	**-122**	**-201**
Changes	–	1	-7	-48
Balance as of December 31, 2018	**–**	**–**	**-129**	**-249**
Changes	1	1	47	28
Balance as of December 31, 2019	**1**	**1**	**-82**	**-221**

In compliance with IFRS 12, the following tables include subsidiaries with significant non-controlling interests and provide an overview of significant items on the aggregated balance sheet and on the aggregated income statement, and significant cash flow items. The list of shareholdings pursuant to Section 313 (2) HGB (see Note 37) contains information on the registered office of the company and disclosures on equity interests.

Subsidiaries with Material Non-Controlling Interests—Balance Sheet Data as of December 31

	innogy SE		Delgaz Grid S.A.		E.DIS AG[1]		Avacon AG[1]	
€ in millions	2019	2018	2019	2018	2019	2018	2019	2018
Non-controlling interests in equity	487	–	313	311	523	517	562	557
Non-controlling interests in equity (in %)	10,0	–	43,5	43,5	33,0	33,0	38,5	38,5
Dividends paid out to non-controlling interests	–	–	–	86	30	33	50	58
Operating cash flow	-550	–	105	104	44	-42	-63	-97
Non-current assets	19,104	–	1,081	1,053	1,622	1,483	1,649	1,621
Current assets	8,957	–	97	103	79	192	66	236
Non-current liabilities	4,610	–	433	411	11	9	82	75
Current liabilities	19,509	–	120	125	68	64	91	257

[1]Holding companies without operational business.

Subsidiaries with Material Non-Controlling Interests—Earnings Data

	innogy SE		Delgaz Grid S.A.		E.DIS AG[1]		Avacon AG[1]	
€ in millions	2019	2018	2019	2018	2019	2018	2019	2018
Share of earnings attributable to non-controlling interests	-122	–	10	26	36	47	54	24
Sales	4,776	–	379	390	6	2	11	12
Net income/loss	-1,007	–	24	61	110	134	148	87
Comprehensive Income	-908	–	5	61	109	132	149	84

[1]Holding companies without operational business.

There are no major restrictions beyond those under customary corporate or contractual provisions.

(24) Provisions for Pensions and Similar Obligations

The retirement benefit obligations toward the active and former employees of the E.ON Group, which amounted to €28.8 billion, were covered by plan assets having a fair value of €21.6 billion as of December 31, 2019. This corresponds to a funded status of 75 percent.

The present value of the defined benefit obligations, the fair value of plan assets and the net defined benefit liability (funded status) are presented in the table below. A significant component of the change compared to December 31, 2018, is the first-time consolidation of the innogy companies, which is presented under Changes in scope of consolidation in the tables below on the development of the present value, the fair value of the plan assets and the net liability.

Provisions for Pensions and Similar Obligations

€ in millions	December 31, 2019	2018
Present value of all defined benefit obligations		
Germany	22,483	10,180
United Kingdom	6,222	5,080
Other countries	49	41
Total	**28,754**	**15,301**
Fair value of plan assets		
Germany	15,471	7,164
United Kingdom	6,154	4,880
Other countries	9	10
Total	**21,634**	**12,054**
Net defined benefit liability/asset (-)		
Germany	7,012	3,016
United Kingdom	68	200
Other countries	40	31
Total	**7,120**	**3,247**
Presented as operating receivables	*-81*	*–*
Presented as provisions for pensions and similar obligations	*7,201*	*3,247*

Description of the Benefit Plans

In addition to their entitlements under government retirement systems and the income from private retirement planning, most active and former E.ON Group employees are also covered by occupational benefit plans. Both defined benefit plans and defined contribution plans are in place at E.ON. Benefits under defined benefit plans are generally paid upon reaching retirement age, or in the event of disability or death.

E.ON regularly reviews the pension plans in place within the Group for financial risks. Typical risk factors for defined benefit plans are longevity and changes in nominal interest rates, as well as inflation developments and rising wages and salaries.

The existing entitlements under defined benefit plans as of the balance sheet date cover about 71,000 retirees and their beneficiaries (2018: 47,000), about 18,000 former employees with vested entitlements (2018: 14,000) and about 50,000 active employees (2018: 28,000). The corresponding present value of the defined benefit obligations is attributable to retirees and their beneficiaries in the amount of €15.7 billion (2018: €9.2 billion), to former employees with vested entitlements in the amount of €3.4 billion (2018: €2.4 billion) and to active employees in the amount of €9.7 billion (2018: €3.7 billion).

The features and risks of defined benefit plans are shaped by the general legal, tax and regulatory conditions prevailing in the respective country. The configurations of the major defined benefit and defined contribution plans within the E.ON Group are described in the following discussion.

Germany

Active employees at the German Group companies are covered by both cash balance plans and pension plans based on final salary. Pension plans based on final salary are closed to new hires. All new hires will receive cash balance plans in accordance with a capital or pension module system, which, depending on the pension plan, can provide for alternative payout options of a prorated single payment and payments of installments in addition to the payment of a regular pension. The cash balance plans use different interest rules. Depending on the underlying pension plan, either interest rates adjusted to market developments with a fixed lower limit or guaranteed interest rates are used to determine the capital or pension modules. The benefit expense for the cash balance plans is determined at different percentage rates based on the ratio between compensation and the contribution limit in the statutory retirement pension system in Germany. Employees can additionally choose to defer compensation. Future pension adjustments are either guaranteed at 1 percent per annum or largely track the development of the inflation rate, usually in a three-year cycle.

To fund the pension plans for the German Group companies, plan assets were established. The major part of these plan assets is administered in the form of Contractual Trust Arrangements ("CTAs") in accordance with specified investment principles. There are additional plan assets available through the implementation channels of the pension fund ("Pensionsfonds") and smaller German pension vehicles ("Pensions- und Unterstützungskassen"). Only the pension fund and the "Pensionskassen" vehicles are subject to regulatory provisions in relation to the investment of capital and funding requirements.

United Kingdom

In the United Kingdom, there are various pension plans. In the past, employees were covered by defined benefit plans, which for the most part were final-pay plans and make up the majority of the pension obligations currently reported for the United Kingdom. Benefit payments to the beneficiaries are adjusted for inflation on a limited basis. These pension plans were closed to new hires. Since then, new hires are offered a defined contribution plan. Aside from the payment of contributions, this plan entails no additional risks for the employer.

Plan assets in the United Kingdom are administered by independent trustees for E.ON UK and innogy UK, respectively, in independent special-purpose sections of the Electricity Supply Pension Scheme (ESPS). The trustees are selected by the members of the plan or appointed by the respective entity. In that capacity, the trustees are particularly responsible for the investment of the plan assets.

The Pensions Regulator in the United Kingdom requires that a so-called "technical valuation" of the plan's funding status be performed every three years. The actuarial assumptions underlying the valuation are agreed upon by the trustees and the entities. They include presumed life expectancy, wage and salary growth rates, investment returns, inflationary assumptions and interest rate levels.

E.ON UK's most recent completed technical valuation took place as of March 31, 2018, and resulted in a technical funding deficit of £502 million. In the framework of the agreed deficit repair plan, in 2019 payments of £299 million were made. Depending on the future remeasurement of the technical deficit on March 31, 2021, two payments of a maximum of £92 million to the Pension Trust are planned in 2022 and 2023.

The most recent technical valuation for the entire innogy section was completed on March 31, 2016. The innogy section was split into two sections (Retail section and innogy section) at the beginning of 2018 in preparation for the originally planned merger of the UK retail activities with Scottish energy supplier SSE. An agreement was reached with RWE in the context of the innogy takeover that the innogy section will be transferred to RWE in the course of 2020. For this reason, it is not part of the benefit obligation described above. The technical funding deficit of the Retail section relevant to the E.ON Group was in the low double-digit million range at the time the overall plan was split. The technical financing status of the retail section will be remeasured as of the measurement date of March 31, 2019. This had not yet been concluded as of the balance sheet date.

Other Countries

The remaining pension obligations are divided between Belgium, the Netherlands, Luxembourg, Sweden, Italy, Poland, Romania, the Czech Republic and the USA.

The defined benefit plan in the Netherlands consists of commitments made by various employers within the framework of a sector-specific fund and does not permit a pro rata allocation of the obligations, plan assets and service cost. The E.ON Group accordingly accounts for this obligation as a defined contribution plan. There are no minimum funding requirements in this respect. Benefits may be reduced or contributions increased if there is insufficient funding.

From the perspective of the Group, however, the benefit plans are relatively insignificant in the above-mentioned countries.

Description of the Benefit Obligation

The following table shows the changes in the present value of the defined benefit obligations for the periods indicated:

Changes in the Defined Benefit Obligations

€ in millions	2019 Total	2019 Germany	2019 United Kingdom	2019 Other countries	2018 Total	2018 Germany	2018 United Kingdom	2018 Other countries
Defined benefit obligation as of January 1	**15,301**	**10,180**	**5,080**	**41**	**15,713**	**9,979**	**5,690**	**44**
Employer service cost	186	152	33	1	135	84	50	1
Past service cost	66	32	34	–	-150	9	-159	–
Gains (-) and losses (+) on settlements	-1	-1	–	–	–	–	–	–
Interest cost on the present value of the defined benefit obligations	389	239	149	1	358	206	151	1
Remeasurements	1,233	697	531	5	-66	298	-362	-2
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	*-14*	*–*	*-12*	*-2*	*-47*	*98*	*-145*	*–*
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	*1,270*	*721*	*543*	*6*	*-11*	*158*	*-167*	*-2*
Actuarial gains (-)/losses (+) arising from experience adjustments	*-23*	*-24*	*–*	*1*	*-8*	*42*	*-50*	*–*
Employee contributions	1	–	1	–	–	–	–	–
Benefit payments	-809	-539	-267	-3	-663	-410	-250	-3
Changes in scope of consolidation	12,016	11,552	463	1	58	57	–	1
Exchange rate differences	294	–	294	–	-40	–	-40	–
Other[1]	78	171	-96	3	-44	-43	–	-1
Defined benefit obligation as of December 31	**28,754**	**22,483**	**6,222**	**49**	**15,301**	**10,180**	**5,080**	**41**

[1]In the current reporting year, the item in Germany primarily comprises the reclassification of benefit plans.

The net actuarial losses shown in the table for the development of the present value of the defined benefit obligations are largely attributable to a decrease in the discount rates used.

The actuarial assumptions used to measure the defined benefit obligations and to compute the net periodic pension cost at E.ON's German and UK subsidiaries as of the respective balance sheet date are as follows:

Actuarial Assumptions

Percentages	December 31, 2019	2018	2017
Discount rate			
Germany	1.30	2.00	2.10
United Kingdom	2.00	2.90	2.70
Wage and salary growth rate			
Germany	2.35	2.50	2.50
United Kingdom[1]	1.80/2.90	2.00	3.40
Pension increase rate			
Germany[2]	1.60	1.75	1.75
United Kingdom	2.90	3.20	3.20

[1]Different salary growth rates were applied in 2019 due to different benefit plans (E.ON: 1.80 percent; innogy: 2.90 percent).
[2]The pension increase rate for Germany applies to eligible individuals not subject to an agreed guarantee adjustment.

The discount rate assumptions used by E.ON reflect the currency-specific rates available at the end of the respective fiscal year for high-quality corporate bonds. Since the third quarter of 2019, interest rates for the EUR and GBP currency areas have been determined on the basis of the so-called single equivalent discount rate method instead of the duration method that was previously used. The full interest curve is used to determine the present value of the defined benefit obligation, and the IAS 19 discount rate disclosed is determined retrospectively as the discount rate that leads to the identical present value of the defined benefit obligation when applied uniformly. This adjustment will result in an increase of 10 basis points in the discount rate in Germany and a decrease of 10 basis points in the UK as of December 31, 2019. This results in a net actuarial gain of €288 million. In the following year there will be a reduction in service cost of €8 million and an increase in net interest expense of €4 million.

To measure the E.ON Group's occupational pension obligations for accounting purposes, the Company has employed the current versions of the biometric tables recognized in each respective country for the calculation of pension obligations:

Actuarial Assumptions (Mortality Tables)

Germany	2018 G versions of the Heubeck biometric tables (2018)
United Kingdom	"S2" series base mortality tables with the CMI 2018 projection model for future improvements

Changes in the actuarial assumptions described previously would lead to the following changes in the present value of the defined benefit obligations:

Sensitivities

	Change in the present value of the defined benefit obligations			
	December 31, 2019		December 31, 2018	
Change in the discount rate by (basis points)	+50	- 50	+50	- 50
Change in percent	*-7.85*	*9.04*	*-7.35*	*8.34*
Change in the wage and salary growth rate by (basis points)	+25	- 25	+25	- 25
Change in percent	*0.36*	*-0.35*	*0.25*	*-0.24*
Change in the pension increase rate by (basis points)	+25	- 25	+25	- 25
Change in percent	*2.22*	*-2.10*	*1.72*	*-1.66*
Change in mortality by (percent)	+10	- 10	+10	- 10
Change in percent	*-3.50*	*3.73*	*-3.16*	*3.54*

The sensitivities indicated are computed based on the same methods and assumptions used to determine the present value of the defined benefit obligations. If one of the actuarial assumptions is changed for the purpose of computing the sensitivity of results to changes in that assumption, all other actuarial assumptions are included in the computation unchanged.

When considering sensitivities, it must be noted that the change in the present value of the defined benefit obligations resulting from changing multiple actuarial assumptions simultaneously is not necessarily equivalent to the cumulative effect of the individual sensitivities.

Description of Plan Assets and the Investment Policy

The defined benefit plans are funded by plan assets held in specially created pension vehicles that legally are distinct from the Company. The fair value of these plan assets changed as follows:

Changes in the Fair Value of Plan Assets

				2019				2018
€ in millions	Total	Germany	United Kingdom	Other countries	Total	Germany	United Kingdom	Other countries
Fair value of plan assets as of January 1	**12,054**	**7,164**	**4,880**	**10**	**12,093**	**6,945**	**5,137**	**11**
Interest income on plan assets	316	168	148	–	296	158	138	–
Remeasurements	1,101	738	363	–	-554	-318	-236	–
Return on plan assets recognized in equity, not including amounts contained in the interest income on plan assets	*1,101*	*738*	*363*	–	*-554*	*-318*	*-236*	–
Employee contributions	1	–	1	–	–	–	–	–
Employer contributions	1,041	631	410	–	937	807	130	–
Benefit payments	-775	-507	-267	-1	-657	-406	-250	-1
Changes in scope of consolidation	7,697	7,277	420	–	9	9	–	–
Exchange rate differences	287	–	287	–	-39	–	-39	–
Other	-88	–	-88	–	-31	-31	–	–
Fair value of plan assets as of December 31	**21,634**	**15,471**	**6,154**	**9**	**12,054**	**7,164**	**4,880**	**10**

The plan assets include virtually no owner-occupied real estate or equity and debt instruments issued by E.ON Group companies. Each of the individual plan asset components has been allocated to an asset class based on its substance.

The plan assets thus classified break down as shown in the following table:

Classification of Plan Assets[1]

Percentages	December 31, 2019 Total	Germany	United Kingdom	Other countries	December 31, 2018 Total	Germany	United Kingdom	Other countries
Plan assets listed in an active market								
Equity securities (stocks)	24	28	15	–	17	19	14	–
Debt securities	49	49	50	–	46	45	49	–
Government bonds	*27*	*20*	*45*	–	*34*	*26*	*47*	–
Corporate bonds	*20*	*25*	*5*	–	*8*	*12*	*2*	–
Other investment funds	9	3	27	–	18	6	34	–
Total listed plan assets	**82**	**80**	**92**	**–**	**81**	**70**	**97**	**–**
Plan assets not listed in an active market								
Equity securities not traded on an exchange	4	3	4	–	5	6	3	–
Debt securities	1	–	3	–	–	–	–	–
Real estate	5	7	–	–	7	11	–	–
Qualifying insurance policies	–	–	–	100	–	–	–	100
Cash and cash equivalents	5	6	–	–	5	9	–	–
Other	3	4	1	–	2	4	–	–
Total unlisted plan assets	**18**	**20**	**8**	**100**	**19**	**30**	**3**	**100**
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

[1]The table shows the percentage allocation of the plan assets as at December 31, 2019. At the end of the 2019 fiscal year, 100 percent of the shares of PEG Infrastruktur AG ("PEGI"), including the shareholding in Nord Stream AG held by PEGI, were acquired by E.ON Pension Trust e.V. for the plan assets. The purchase price was not paid to the seller, E.ON Beteiligungen GmbH, until January 15, 2020; a corresponding liability therefore existed on December 31, 2019.

The fundamental investment objective for the plan assets is to provide full coverage of benefit obligations at all times for the payments due under the corresponding benefit plans. This investment policy stems from the corresponding governance guidelines of the Group. An increase in the net defined benefit liability or a deterioration in the funded status following an unfavorable development in plan assets or in the present value of the defined benefit obligations is identified in these guidelines as a risk. E.ON therefore regularly reviews the development of the funded status in order to monitor this risk.

To implement the investment objective, the E.ON Group primarily pursues an investment approach that takes into account the structure of the benefit obligations. This long-term investment strategy seeks to manage the funded status, with the result that any changes in the defined benefit obligation, especially those caused by fluctuating inflation and interest rates are, to a certain degree, offset by simultaneous corresponding changes in the fair value of plan assets. The investment strategy may also involve the use of derivatives (for example, interest rate swaps and inflation swaps, as well as currency hedging instruments) to facilitate the control of specific risk factors of pension liabilities. In the table above, derivatives have been allocated, based on their substance, to the respective asset classes. In order to improve the funded status of the E.ON Group as a whole, a portion of the plan assets will also be invested in a diversified portfolio of asset classes that are expected to provide for long-term returns in excess of those of fixed-income investments and the discount rate.

The determination of the target portfolio structure for the individual plan assets is based on regular asset-liability studies. In these studies, the target portfolio structure is reviewed in a comprehensive approach against the backdrop of existing investment principles, the current funded status, the condition of the capital markets and the structure of the benefit obligations, and is adjusted as necessary. The parameters used in the studies are additionally reviewed regularly, at least once each year. Asset managers are tasked with implementing the target portfolio structure. They are monitored for target achievement on a regular basis.

Description of the Pension Cost

The net periodic pension cost for defined benefit plans included in the provisions for pensions and similar obligations and in operating receivables is shown in the table below:

Net Periodic Pension Cost

	2019				2018			
€ in millions	Total	Germany	United Kingdom	Other countries	Total	Germany	United Kingdom	Other countries
Employer service cost	186	152	33	1	133	82	50	1
Past service cost	66	32	34	–	-150	9	-159	–
Gains (-) and losses (+) on settlements	-1	-1	–	–	–	–	–	–
Net interest on the net defined benefit liability/asset	73	71	1	1	62	48	13	1
Total	**324**	**254**	**68**	**2**	**45**	**139**	**-96**	**2**

The past service cost consists mostly of the expenses incurred in the context of restructuring measures. In 2018, the negative past service cost resulted from an adjustment to the pension plans in the UK.

In addition to the total net periodic pension cost for defined benefit plans, an amount of €77 million in fixed contributions to external insurers or similar institutions was paid in 2019 (2018: €59 million) for defined contribution plans.

Contributions to state plans totaled €0.2 billion (2018: €0.2 billion).

Description of Contributions and Benefit Payments

Prospective benefit payments under the defined benefit plans existing as of December 31, 2019, for the next ten years are shown in the following table:

Prospective Benefit Payments

€ in millions	Total	Germany	United Kingdom	Other countries
2020	1,052	802	248	2
2021	1,032	802	228	2
2022	1,055	824	229	2
2023	1,077	843	231	3
2024	1,084	847	234	3
2025–2029	5,562	4,365	1,181	16
Total	**10,862**	**8,483**	**2,351**	**28**

For the following fiscal year, it is expected that Group-wide employer contributions to plan assets for new and existing obligations will amount to a total of €300 million.

The weighted-average duration of the defined benefit obligations measured within the E.ON Group was 18.4 years as of December 31, 2019 (2018: 18.2 years).

Description of the Net Defined Benefit Liability

The recognized net liability from the E.ON Group's defined benefit plans results from the difference between the present value of the defined benefit obligations and the fair value of plan assets:

Changes in the Net Defined Benefit Liability

	2019				2018			
€ in millions	Total	Germany	United Kingdom	Other countries	Total	Germany	United Kingdom	Other countries
Net liability as of January 1	**3,247**	**3,016**	**200**	**31**	**3,620**	**3,034**	**553**	**33**
Net periodic pension cost	324	254	68	2	47	141	-96	2
Changes from remeasurements	132	-41	168	5	488	616	-126	-2
Employer contributions to plan assets	-1,041	-631	-410	–	-937	-807	-130	–
Net benefit payments	-34	-32	–	-2	-6	-4	–	-2
Changes in scope of consolidation	4,319	4,275	43	1	49	48	–	1
Exchange rate differences	7	–	7	–	-1	–	-1	–
Other	166	171	-8	3	-13	-12	–	-1
Net liability as of December 31	**7,120**	**7,012**	**68**	**40**	**3,247**	**3,016**	**200**	**31**

(25) Miscellaneous Provisions

The following table lists the miscellaneous provisions as of the dates indicated:

Miscellaneous Provisions

	December 31, 2019		December 31, 2018	
€ in millions	Current	Non-current	Current	Non-current
Nuclear-waste management obligations	398	9,363	425	9,463
Personnel obligations	742	1,180	97	830
Other asset retirement obligations	44	766	15	637
Supplier-related and customer-related obligations	386	110	190	99
Environmental remediation and similar obligations	59	470	28	492
Other	2,390	1,579	1,362	938
Total	**4,019**	**13,468**	**2,117**	**12,459**

The changes in the miscellaneous provisions are shown in the table below:

Changes in Miscellaneous Provisions

€ in millions	Jan. 1, 2019	Exchange rate differ-ences	Changes in scope of consolida-tion	Unwinding of dis-counts	Additions	Utilization	Reclassifi-cations[1]	Reversals	Changes in estimates	Dec. 31, 2019
Nuclear-waste management obligations	9,888	–	-5	42	38	-351	–	–	149	9,761
Personnel obligations	927	7	811	12	781	-346	-182	-88	–	1,922
Other asset retirement obligations	652	1	90	3	20	-9	–	-1	54	810
Supplier-related and customer-related obligations	287	1	236	–	108	-98	-3	-35	–	496
Environmental remediation and similar obligations	520	-1	45	6	62	-39	–	-64	–	529
Other	2,300	60	1,263	122	1,921	-1,396	64	-365	–	3,969
Total	**14,574**	**68**	**2,440**	**185**	**2,930**	**-2,239**	**-121**	**-553**	**203**	**17,487**

The accretion expense resulting from the changes in provisions is shown in the financial results (see Note 9). The provision items are discounted in accordance with the maturities with interest rates of between 0 and 2.55 percent.

As of December 31, 2019, provisions for nuclear-waste management obligations exclusively relate to Germany; other provisions mainly relate to euro zone countries and the United Kingdom.

Provisions for Nuclear-Waste Management Obligations

The provisions for nuclear-waste management obligations as of December 31, 2019, in the amount of €9.8 billion exclusively relate to nuclear-power activities in Germany.

The provisions for nuclear-waste management based on nuclear-power legislation comprise all those nuclear obligations relating to the disposal of spent nuclear-fuel rods and low-level nuclear waste and to the retirement and decommissioning of nuclear power plant components that are determined on the basis of external studies, external and internal cost estimates and contractual agreements, as well as the supplementary provisions of the German Act Transferring Responsibility for Nuclear Waste Storage and the German Disposal Fund Act.

The asset retirement obligations recognized include the anticipated costs of post- and service operation of the facility, dismantling costs, and the cost of removal and disposal of the nuclear components of the nuclear power plant.

Provisions for the disposal of spent nuclear-fuel rods also comprise the contractual costs of finalizing reprocessing and the associated return of waste to interim storage, as well as costs incurred for expert handling, including the necessary interim storage containers and transport to interim storage.

The cost estimates used to determine the provision amounts are based on studies and analyses performed by external specialists and are updated annually, provided that the cost estimates are not based on contractual agreements.

In the following, the provision items after deduction of advance payments are classified based on technical criteria:

Nuclear-Waste Management Obligations in Germany (Less Advance Payments)

	December 31,	
€ in millions	2019	2018
Retirement and decomissioning	8,269	8,404
Containers, transports, operational waste, other	1,492	1,484
Total	**9,761**	**9,888**

Provisions, if they are non-current, are measured at their settlement amounts, discounted to the balance sheet date.

A risk-free discount rate of an average of about 0.0 percent is used for the measurement of E.ON's disposal obligations (previous year: 0.4 percent). Correspondingly, an applicable cost increase rate of 2.0 percent per annum was applied to E.ON's remaining disposal obligations (previous year: 2.0 percent), corresponding to a net interest rate of -2.0 percent (previous year: -1.6 percent). A change in the net interest rate of 0.1 percent would change the amount of the provision recognized on the balance sheet by approximately €0.1 billion.

Excluding the effects of discounting and cost increases, the amounts for E.ON's remaining disposal obligations would be €8,195 million with average credit terms of approximately 9 years. This amount flows into the economic net debt.

There were changes in estimates for the remaining nuclear-power business in 2019 in the amount of €149 million (2018: €379 million). This mainly includes the effects of the reduction in the discount interest rate, with counteracting effects from the optimization of decommissioning and disposal of nuclear power plants. €351 million (2018: €308 million) of this was used, of which €250 million (2018: €220 million) related to decommissioning and non-operating nuclear power plants based on circumstances for which decommissioning and dismantling costs were recognized.

Personnel Obligations

Provisions for personnel costs primarily cover provisions for early retirement benefits, performance-based compensation components, restructuring and other deferred personnel costs. Restructuring provisions were made in Germany and the UK, in particular:

In connection with the acquisition of innogy, E.ON has announced the elimination of up to 5,000 jobs across the Group. Against this backdrop, the "Collective Agreement on the Future and Job Security" was concluded in 2019 with employer associations and unions as well as ver.di and the Mining, Chemical and Energy Industrial Union. This collective agreement will initially apply to personnel changes and adjustment measures implemented in Germany as a result of the integration of the innogy Group into the E.ON Group. Among other aspects, it includes regulations on severance payments for employees who voluntarily depart, early retirement and the possibility of transferring to an Employment and Qualification Company. These measures were further specified by the end of the year 2019 and they have been available for selection at selected locations since February 2020.

At the end of November 2019, E.ON announced proposals to restructure npower. The plan calls for npower's household and small commercial customers (B2C) to be successively brought together on a common IT platform with the B2C customers of E.ON UK. In February 2020, an agreement between npower and E.ON UK was concluded on the sale of the B2C customer contracts of npower. There are also plans to spin off npower's business with industrial and large commercial customers (B2B). npower's remaining activities will be restructured over the next two years. This includes the closure of most of npower's sites and the resulting headcount reduction.

Provisions for Other Asset Retirement Obligations

The provisions for other asset retirement obligations consist of obligations for renewable-energy power plants and infrastructure. In addition, the provisions for dismantling conventional plant components in the nuclear power segment, which are based on legally binding civil agreements and public provisions, in the amount of €475 million (2018: €440 million) are taken into account here. Excluding discounting and cost-increase effects, the amounts for these disposal obligations would be €338 million. This amount flows into the economic net debt. The increase in other asset retirement obligations is mainly due to the takeover of innogy.

The amount of other asset retirement obligations disclosed under economic net debt, not including the provisions for dismantling conventional plant components in the nuclear power segment, amounts to €336 million.

Supplier-Related Obligations

Provisions for supplier-related obligations consist of provisions for potential losses on open purchase contracts, among others.

Customer-Related Obligations

Provisions for customer-related obligations consist primarily of potential losses on rebates and open sales contracts as well as from pending meter readings.

Environmental Remediation and Similar Obligations

Provisions for environmental remediation refer primarily to redevelopment protection measures and the rehabilitation of contaminated sites.

Other

The other miscellaneous provisions consist primarily of provisions from the electricity and gas business. These include provisions for Renewables Obligation Certificates (ROCs) in the amount of €1.1 billion (prior year: €0.3 billion), which represent an important mechanism for promoting Renewables. The ROCs represent a fixed share of renewable energies in power sales and can be acquired either from renewable sources or on the market. During a twelve-month ROC period, the obligations accrued for this purpose are offset against the acquired certificates and used. Provisions for ROCs were increased by €0.7 billion through the takeover of innogy. Further included here are certain environmental remediation obligations from predecessor companies (€0.4 billion) and provisions for potential obligations arising from tax-related interest expenses and from taxes other than income taxes.

(26) Liabilities

The following table provides a breakdown of liabilities:

Liabilities

	December 31, 2019		December 31, 2018	
€ in millions	Current	Non-current	Current	Non-current
Financial liabilities	**3,923**	**28,025**	**1,563**	**8,323**
Trade payables	8,782	–	5,104	–
Capital expenditure grants	24	198	8	95
Liabilities from derivatives	1,418	3,571	427	1,986
Advance payments	489	–	82	–
Contract liabilities (IFRS 15)	527	2,975	248	1,898
Other operating liabilities	5,446	1,195	1,768	527
Trade payables and other operating liabilities	**16,686**	**7,939**	**7,637**	**4,506**
Total	**20,609**	**35,964**	**9,200**	**12,829**

Financial Liabilities

The following tables present the changes to financial liabilities in fiscal years 2019 and 2018:

Financial Liabilities

€ in millions	Jan. 1, 2019	Cash flows	Exchange rate differences	Changes in scope of consolidation	Other	Dec. 31, 2019
Bonds	8,958	3,021	343	14,737	–	27,059
Commercial paper	–	-150	–	200	–	50
Bank loans/Liabilities to banks	138	-392	-2	1,394	–	1,138
Lease obligations[1]	863	-292	5	2,169	399	3,144
Other financial liabilities	463	222	65	-193	–	557
Financial liabilities	**10,422**	**2,409**	**411**	**18,307**	**399**	**31,948**

[1]For more information see Note 32.

Financial Liabilities

€ in millions	Jan. 1, 2018	Cash flows	Exchange rate differences	Changes in scope of consolidation	Other	Dec. 31, 2018
Bonds	10,641	-1,460	-223	–	–	8,958
Bank loans/Liabilities to banks	116	24	–	–	-2	138
Liabilities from finance leases	357	-53	–	–	23	327
Other financial liabilities	1,907	-367	-3	-1,096	22	463
Financial liabilities	**13,021**	**-1,856**	**-226**	**-1,096**	**43**	**9,886**

Liabilities to financial institutions include, among other items, collateral received, measured at a fair value of €68 million (2018: €20 million). This collateral relates to amounts pledged by banks to limit the utilization of credit lines in connection with the fair value measurement of derivative transactions. The other financial liabilities include promissory notes in the amount of €0 million (2018: €50 million) and financial guarantees totaling €8 million (2018: €8 million). Also included is collateral received in connection with goods and services in the amount of €10 million (2018: €22 million). E.ON can use this collateral without restriction.

The financial liabilities of innogy recognized at the date of initial consolidation were marked to market under IFRS. This market value was considerably higher than the nominal value because market interest rates had fallen since the bonds were issued. The difference between the nominal value and the market value calculated during the preliminary purchase price allocation totaled €2,466 million as of December 31, 2019. This difference is not taken into account in the economic net debt.

The following is a description of the E.ON Group's significant credit arrangements and debt issuance programs. Included under "Bonds" are the bonds currently outstanding, including those issued under the Debt Issuance Program.

Corporate Headquarters

Covenants

The financing activities involve the use of covenants (contractual obligations) consisting primarily of change-of-control clauses (right of cancellation upon change of ownership), negative pledges, pari-passu clauses and cross-default clauses, each referring to a restricted set of significant circumstances. Financial covenants (that is, covenants linked to financial ratios) are not employed.

€35 Billion Debt Issuance Program

A Debt Issuance Program simplifies the issuance from time to time of debt instruments through public and private placements to investors. The Debt Issuance Program of E.ON SE was most recently renewed in March 2019, with a total amount of €35 billion. E.ON SE plans to renew the program in 2020.

At year-end 2019, the following E.ON SE, E.ON International Finance B.V., innogy SE and innogy Finance B.V. bonds were outstanding:

Major Bond Issues of E.ON SE, E.ON International Finance B.V., innogy SE and innogy Finance B.V.[1]

Issuer	Volume in the respective currency	Initial term	Repayment	Coupon
innogy Finance B.V.	EUR 750 million	7 years	Jan 2020	1.875%
E.ON International Finance B.V.[3]	EUR 1,400 million	12 years	May 2020	5.750%
innogy Finance B.V.	GBP 570 million	20 years	Apr 2021	6.500%
innogy Finance B.V.	EUR 1,000 million	13 years	Aug 2021	6.500%
E.ON SE	EUR 750 million	4 years	Aug 2021	0.375%
innogy Finance B.V.	GBP 500 million	13 years	Jul 2022	5.500%
E.ON SE	EUR 500 million	3 years	Sep 2022	0.000%
E.ON SE	EUR 750 million	3 years	Oct 2022	0.000%
innogy Finance B.V.	EUR 750 million	5 years	Nov 2022	0.750%
innogy Finance B.V.	GBP 488 million	20 years	Dec 2023	5.625%
innogy Finance B.V.	EUR 800 million	10 years	Jan 2024	3.000%
E.ON SE	EUR 500 million	7 years	May 2024	0.875%
E.ON SE	EUR 750 million	5 years	Aug 2024	0.000%
innogy Finance B.V.	EUR 750 million	8 years	Apr 2025	1.000%
innogy Finance B.V.	EUR 500 million	8 years	May 2026	1.625%
E.ON SE	EUR 750 million	7 years	Oct 2026	0.250%
innogy Finance B.V.	EUR 850 million	10 years	Oct 2027	1.250%
E.ON SE	EUR 750 million	12 years	May 2029	1.625%
innogy Finance B.V.	EUR 1,000 million	12 years	Jul 2029	1.500%
E.ON SE	EUR 750 million	11 years	Feb 2030	0.350%
innogy Finance B.V.	GBP 760 million	28 years	Jun 2030	6.250%
E.ON SE	EUR 500 million	12 years	Nov 2031	0.625%
E.ON International Finance B.V.[4]	GBP 975 million	30 years	Jun 2032	6.375%
innogy Finance B.V.	EUR 600 million	30 years	Feb 2033	5.750%
innogy Finance B.V.	GBP 600 million	22 years	Jan 2034	4.750%
E.ON International Finance B.V.	GBP 900 million	30 years	Oct 2037	5.875%
E.ON International Finance B.V.[2]	USD 1,000 million	30 years	Apr 2038	6.650%
E.ON International Finance B.V.	GBP 700 million	30 years	Jan 2039	6.750%
innogy Finance B.V.	GBP 1,000 million	30 years	Jul 2039	6.125%

[1]Listing: All bonds ≥ 500 million EUR are listed in Luxembourg with the exception of the Rule 144A/Regulation S USD bond, which is unlisted.
[2]Rule 144A/Regulation S bond.
[3]The volume of this issue was raised from originally EUR 1,000 million to EUR 1,400 million.
[4]The volume of this issue was raised from originally GBP 850 million to GBP 975 million.

Additionally outstanding as of December 31, 2019, were private placements with a total volume of approximately €1.7 billion (2018: €0.9 billion).

€3.5 Billion Syndicated Revolving Credit Facility

Effective October 24, 2019, E.ON arranged a syndicated revolving credit facility in the amount of €3.5 billion over an original term of five years, with two renewal options for one year each. The facility replaces both of the existing syndicated credit facilities of €2.75 billion for E.ON and of €2.0 billion for innogy. The credit margin is in part coupled with the development of certain ESG ratings on which E.ON bases financial incentives for a sustainable corporate strategy. The ESG ratings are calculated by three prominent agencies: ISS ESG, MSCI ESG Research, and Sustainalytics. The facility was granted by 21 banks, which make up E.ON's core banking group. The facility has not been drawn; rather, it serves as the Group's reliable, long-term liquidity reserve, one purpose of which is to function as a backup facility for the commercial paper programs.

Acquisition Financing of €1.75 Billion
In connection with the acquisition of innogy SE, on April 6, 2018, E.ON originally secured a €5 billion acquisition facility, which was reduced to €1.75 billion by August 2018. The credit facility has not been drawn on and remains available to the Group.

€10 Billion and $10 Billion Commercial Paper Programs
The euro commercial paper program in the amount of €10 billion allows E.ON SE to issue from time to time commercial paper with maturities of up to two years less one day to investors. The U.S. commercial paper program in the amount of $10 billion allows E.ON SE to issue from time to time commercial paper with maturities of up to 366 days and extendible notes with original maturities of up to 397 days (and a subsequent extension option for the investor) to investors. As of December 31, 2019, €50 million in commercial paper was outstanding under the euro commercial paper program (2018: €0). As in the prior year, no commercial paper was outstanding under the U.S. commercial paper program.

The bonds issued by E.ON SE and E.ON International Finance B.V. (guaranteed by E.ON SE) as well as innogy SE and innogy Finance B.V. (guaranteed by innogy SE) have the maturities presented in the table below. Liabilities denominated in foreign currency include the effects of economic hedges, and the amounts shown here may therefore vary from the amounts presented on the balance sheet.

Bonds Issued by E.ON SE, E.ON International Finance B.V., innogy SE and innogy Finance B.V.

€ in millions	Total	Due in 2019	Due in 2020	Due in 2021	Due in 2022	Due in 2023	Due between 2024 and 2030	Due after 2030
December 31, 2019	25,011	–	2,150	2,420	2,688	923	8,382	8,448
December 31, 2018	9,618	1,218	1,400	750	100	350	1,339	4,461

Financial Liabilities by Segment
The following table breaks down the financial liabilities by segment:

Financial Liabilities by Segment as of December 31

€ in millions	Bonds 2019	Bonds 2018	Commercial paper 2019	Commercial paper 2018	Bank loans/ Liabilities to banks 2019	Bank loans/ Liabilities to banks 2018	Lease obligations[1] 2019	Lease obligations[1] 2018	Other financial liabilities 2019	Other financial liabilities 2018	Financial liabilities 2019	Financial liabilities 2018
Energy Networks	–	–	–	–	55	59	548	302	71	74	674	435
Germany	–	–	–	–	*55*	*59*	*504*	*302*	*71*	*74*	*630*	*435*
Sweden	–	–	–	–	–	–	*5*	–	–	–	*5*	–
ECE/Turkey	–	–	–	–	–	–	*39*	–	–	–	*39*	–
Customer Solutions	–	–	–	–	85	59	242	25	70	80	397	164
Germany Sales	–	–	–	–	*2*	–	*5*	–	*10*	*3*	*17*	*3*
UK	–	–	–	–	–	–	*93*	–		*31*	*93*	*31*
Other	–	–	–	–	*83*	*59*	*144*	*25*	*60*	*46*	*287*	*130*
innogy	14,968	–	–	–	958	–	2,299	–	161	–	18,386	–
Renewables	–	–	–	–	–	–	10	–	–	–	10	–
Non-Core Business	–	–	–	–	–	–	3	–	83	99	86	99
Corporate Functions/Other	12,091	8,958	50	–	40	20	42	–	172	210	12,395	9,188
E.ON-Group	**27,059**	**8,958**	**50**	**–**	**1,138**	**138**	**3,144**	**327**	**557**	**463**	**31,948**	**9,886**

[1]The previous year included liabilities from finance leases.

Trade Payables and Other Operating Liabilities

Trade payables totaled €8,782 million as of December 31, 2019 (2018: €5,104 million). The increase over the prior year is primarily due to the takeover of innogy. Accruals, formerly accounted for as a component of other operating liabilities, are now included in trade payables. The prior-year figures were adjusted accordingly.

Capital expenditure grants of €222 million (2018: €103 million) have not yet been recognized as revenue. The E.ON Group retains ownership of the assets. The grants are non-refundable and are recognized in other operating income over the period of the depreciable lives of the related assets.

The change in derivative liabilities from €2,413 million as of December 31, 2018, to €4,989 million as of December 31, 2019, is primarily due to the takeover of innogy.

Liabilities under IFRS 15 in the amount of €3,502 million (2018: €2,146 million) consist primarily of construction grants that were paid by customers for the cost of new gas and electricity connections in accordance with the generally binding terms governing such new connections. These grants are customary in the industry, generally non-refundable and recognized as revenue in the amount of €239 million according to the useful lives of the related assets. The significant increase in liabilities under IFRS 15 compared to the prior year is primarily due to the takeover of innogy.

Other operating liabilities consist primarily of other tax liabilities in the amount of €1,276 million (2018: €472 million) and interest payable in the amount of €469 million (2018: €360 million). Also included in other operating liabilities are carryforwards of counterparty obligations to acquire additional shares in already consolidated subsidiaries as well as non-controlling interests in fully consolidated partnerships with legal structures that give their shareholders a statutory right of withdrawal combined with a compensation claim, in the amount of €2,069 million (2018: €289 million).

(27) Contingent Liabilities and Other Financial Obligations

As part of its business activities, E.ON is subject to contingent liabilities and other financial obligations involving a variety of underlying matters. These primarily include guarantees, obligations from litigation and claims (as discussed in more detail in Note 28), short- and long-term contractual, legal and other obligations and commitments.

Contingent Liabilities

The fair value of the E.ON Group's contingent liabilities was €1.3 billion as of December 31, 2019 (December 31, 2018: €0.5 billion), and primarily includes contingent liabilities in connection with contingencies and potential long-term environmental remediation measures.

E.ON has issued direct and indirect guarantees and surety bonds to third parties in connection with its own operations or the operations of affiliated companies, which may trigger payment obligations based on the occurrence of certain events. These instruments include both financial guarantees as well as operational guarantees, which primarily secure contractual obligations and benefit obligations for active and former employees.

In addition, E.ON has entered into indemnification agreements, which as a rule are incorporated in agreements concerning the disposal of shareholdings and, above all, affect the customary representations and warranties with relation to liability risks for environmental damage and contingent tax risks. In some cases, obligations are covered in the first instance by provisions of the disposed companies before E.ON itself is required to make any payments. Guarantees issued by companies that were later sold by E.ON SE or its legal predecessors are usually included in the respective final sales contracts in the form of indemnities.

Moreover, E.ON has commitments under which it assumes joint and several liability arising from its interests in civil-law companies (“GbR”), non-corporate commercial partnerships and consortia in which it participates.

The guarantees of E.ON also include items related to the operation of nuclear power plants. With the entry into force of the German Nuclear Energy Act (“Atomgesetz” or “AtG”), as amended, and of the ordinance regulating the provision for coverage under the Atomgesetz (“Atomrechtliche Deckungsvorsorge-Verordnung” or “AtDeckV”) of April 27, 2002, as amended, German nuclear power plant operators are required to provide nuclear accident liability coverage of up to €2.5 billion per incident.

The coverage requirement is satisfied in part by a standardized insurance facility in the amount of €255.6 million. The institution Nuklear Haftpflicht Gesellschaft bürgerlichen Rechts (“Nuklear Haftpflicht GbR”) now only covers costs between €0.5 million and €15 million for claims related to officially ordered evacuation measures. Group companies have agreed to place their subsidiaries operating nuclear power plants in a position to maintain a level of liquidity that will enable them at all times to meet their obligations as members of the Nuklear Haftpflicht GbR, in proportion to their shareholdings in nuclear power plants.

To provide liability coverage for the additional €2,244.4 million per incident required by the above-mentioned amendments, E.ON Energie AG (“E.ON Energie”) and the other parent companies of German nuclear power plant operators reached a Solidarity Agreement (“Solidarvereinbarung”) on July 11, July 27, August 21, and August 28, 2001, extended by agreement dated March 25, April 18, April 28, and June 1, 2011. If an accident occurs, the Solidarity Agreement calls for the nuclear power plant operator liable for the damages to receive—after the operator’s own resources and those of its parent companies are exhausted—financing sufficient for the operator to meet its financial obligations. Under the Solidarity Agreement, E.ON Energie’s share of the liability coverage on December 31, 2019, was 46.8 percent (prior year: 44.6 percent), plus an additional 5.0 percent charge for the administrative costs of processing damage claims; this share will change to 47.1 percent starting from January 1, 2020. Sufficient liquidity has been provided for and is included within the liquidity plan.

Furthermore, as of December 31, 2019, E.ON is continuing to provide collateral in the amount of €3,011.3 million for the former Group companies transferred to RWE which will be repaid or assumed by RWE Group companies in the short term.

Other Financial Obligations

In addition to provisions and liabilities carried on the balance sheet and to reported contingent liabilities, there also are other mostly long-term financial obligations arising mainly from contracts entered into with third parties, or on the basis of legal requirements.

As of December 31, 2019, purchase commitments for investments in intangible assets and in property, plant and equipment amounted to €1.9 billion (2018: €0.8 billion). Of these commitments, €1.2 billion are due within one year. The purchase commitment mainly includes financial obligations for as yet outstanding investments, in particular in the Energy Networks Germany and Sweden segments. On December 31, 2019, these obligations totaled €1.4 billion.

Additional long-term contractual obligations in place at the E.ON Group as of December 31, 2019, relate primarily to the purchase of electricity and natural gas. Financial obligations under the electricity purchase contracts amount to approximately €6.5 billion on December 31, 2019 (€3.7 billion due within one year). Financial obligations under the gas purchase contracts amount to approximately €4.4 billion on December 31, 2019 (€2.4 billion due within one year). Additional purchase commitments as of December 31, 2019, amounted to approximately €0.6 billion (€0.1 billion due within one year). They include long-term contractual commitments to purchase heat and alternative fuels.

In addition, further financial obligations in place as of December 31, 2019, totaled approximately €2.4 billion (€2.0 billion due within one year). These include financial obligations from services to be procured, capital obligations from joint ventures and obligations concerning the acquisition of real estate funds held as financial assets, as well as corporate actions.

(28) Litigation and Claims

A number of different court actions, governmental investigations and proceedings, and other claims are currently pending or may be instituted or asserted in the future against companies of the E.ON Group. This in particular includes legal actions and proceedings on contract amendments and price adjustments initiated in response to market upheavals and the changed economic situation in the electricity and gas sectors (also as a consequence of the energy transition) and concerning price increases and anticompetitive practices. The courts and authorities are also subjecting competitive practices to stricter reviews.

In the Energy Networks segment, Group companies are involved in proceedings for the award of concessions, the insolvency of energy suppliers and in connection with grid connections and the calculation of the grid fee. Official regulations and changes in regulatory practice have given rise to legal disputes. The national regulatory regimes within Europe are also subject to changes, some of which have a significant impact on network operations. Of particular note here are effects in connection with the regulatory treatment of capital costs and return on equity. Owing to a number of factors, including regulatory and legal decisions, the regulatory framework has increased here. However, these regulatory interventions are not restricted to the network area; distribution activities in the customer solutions area have also been affected by regulatory measures.

The changes to the legal and regulatory framework can in some cases also significantly impact subsidies and remuneration practices in the area of Renewables, which in turn are the object of regulatory or court proceedings. Lawsuits are also pending in connection with the construction and operation of plants for generating electricity from renewable energy sources.

On April 13, 2017, the Federal Constitutional Court declared the Nuclear Fuel Tax Act to be incompatible with the Basic Law and invalid. The nuclear-fuel tax plus interest paid by E.ON was refunded. Nuclear operators use two models for the calculation of interest with the German customs authorities, one of which is used by PreussenElektra. With the 16th amendment to the German Nuclear Energy Act, the German Federal Government has implemented the ruling of the German Federal Constitutional Court on the phase-out of nuclear energy. This amendment regulated compensation claims for certain investments and residual volumes of electricity, and created an obligation to offer these residual volumes at reasonable terms and conditions. PreussenElektra sued Krümmel GmbH & Co. OHG and Vattenfall Nuclear GmbH with the aim of transferring, without compensation, the residual volumes of electricity from the Krümmel nuclear power plant corresponding to the ownership interest.

(29) Supplemental Cash Flow Disclosures

Note 4 provides a detailed presentation of the acquisition of the shares in innogy. The agreement with RWE includes a provision for the cash settlement of fractional shares. innogy shares were also acquired within the framework of a public takeover offer and through additional purchases on the market. On balance, this results in a cash purchase price of €1.3 billion in connection with the innogy transaction in 2019. Of this amount, €0.2 billion is attributable to payments made in connection with the transfer of minority interests in nuclear power plants.

Not including the acquisition of innogy, E.ON paid a total of €92 million for additions to consolidated equity interests. The cash acquired totaled €16 million. Assets in the amount of €166 million and provisions and liabilities in the amount of €161 million were recognized. This primarily includes additions from the acquisition of the Coromatic Group in the Customer Solutions Sweden segment.

The total consideration received by E.ON in 2019 on the disposal of consolidated equity interests and activities generated cash inflows of €37 million (2018: €239 million). Cash and cash equivalents sold amounted to €32 million (2018: €20 million). The sale of the consolidated activities led to reductions of €742 million (2018: €167 million) in assets and €10 million (2018: €62 million) in provisions and liabilities. The derecognition of assets and liabilities primarily relates to the sale of PEGI, as parent company of Nord Stream AG, to E.ON Pension Trust e.V., for which payment will be received in 2020.

Cash provided by operating activities before interest and taxes from continuing and discontinued operations, at €4.4 billion, was €0.3 billion higher than in the prior-year period. At the same time, negative working capital adjustments during fiscal year 2019 were more than offset by the initial inclusion of innogy. Cash provided by operating activities from continuing and discontinued operations also declined due to higher interest and tax payments.

Cash provided by investing activities from continuing and discontinued operations amounted to roughly -€5.8 billion in 2019 (2018: +€1.0 billion). The disposal of the shareholding in Uniper SE (-€3.8 billion) in the prior year had a particular impact in this regard. In fiscal year 2019, the acquisition of the innogy shares in particular had the effect of reducing cash flow from investing activities. The purchase and sale of securities as well as changes in financial receivables and restricted cash resulted in a net cash outflow (-€0.6 billion) in fiscal 2019, compared with a net cash inflow (+€0.2 billion) in the prior year.

At +€0.8 billion, cash provided by financing activities from continuing and discontinued operations was €3.4 billion higher than the prior-year figure of -€2.6 billion. This development was mainly due to the repayment of bonds in the 2018 fiscal year and bond issues in the 2019 reporting period. By contrast, dividends paid out rose from €0.9 billion in 2018 to €1.1 billion in fiscal 2019.

(30) Derivative Financial Instruments and Hedging Transactions

Strategy and Objectives

The Company's policy generally permits the use of derivatives if they are associated with underlying assets or liabilities, planned transactions, or legally binding rights or obligations.

At the E.ON Group, hedge accounting in accordance with IFRS 9 is employed primarily in connection with hedging long-term liabilities and bonds to be issued in the future via interest-rate derivatives and for hedging long-term foreign currency receivables and payables and foreign investments via currency derivatives. E.ON also hedges net investments in foreign operations.

In commodities, potentially volatile future cash flows resulting primarily from planned purchases and sales of electricity within and outside of the Group are hedged.

To hedge currency risk, E.ON entered into hedging transactions in the reporting year in pounds sterling at an average hedging rate of GBP 0.86/EUR (2018: GBP 0.84/EUR) and in U.S. dollars at an average hedging rate of USD 1.17/EUR (2018: USD 1.22/EUR). Hedging transactions were concluded at an average interest rate of 3.43 percent (2018: 3.53 percent) to hedge the interest rate risk in the euro zone. The average hedging price for hedging electricity price change risks amounted to €47.10/MWh in the year under review (2018: €52.63/MWh).

Fair Value Hedges

Fair value hedges are used to protect against the risk from changes in market values. Gains and losses on these hedges are generally reported in that line item of the income statement which also includes the respective hedged items.

Cash Flow Hedges

Cash flow hedges are used to protect against the risk arising from variable cash flows. Interest rate swaps and cross-currency interest rate swaps are the principal instruments used to limit interest rate and currency risks. The purpose of these swaps is to maintain the level of payments arising from long-term interest-bearing receivables and liabilities and from capital investments denominated in foreign currency and euro by using cash flow hedge accounting in the functional currency of the respective E.ON company.

In order to reduce future cash flow fluctuations arising from electricity transactions effected at variable spot prices, futures contracts are concluded and also accounted for using cash flow hedge accounting.

The following table presents the carrying amounts of the hedging instruments and the changes in the fair values of the hedging instruments and hedged items by hedged risk type:

Carrying Amounts of Hedging Instruments and Changes in Fair Value of Hedging Instruments and Hedged Items in Connection with Cash Flow Hedges

	Carrying amount							
	Receivables from derivative financial instruments		Liabilities from derivatives		Change in the fair value of the designated portion of hedging instruments		Change in the fair value of hedged items	
€ in millions	2019	2018	2019	2018	2019	2018	2019	2018
Currency risk	140	135	64	257	9	23	-8	-24
Interest-rate risk	86	29	1,350	911	-435	-67	423	64
Electricity price change risk	10	2	25	3	-15	–	15	–

The amount of ineffectiveness for cash flow hedges recorded for the year ended December 31, 2018, produced an expense of €12 million (2018: €4 million gain). Of this amount, €12 million relates to hedging of interest-rate risk (2018: €3 million).

Gains and losses from the ineffective portions of cash flow hedges are classified as other operating income or other operating expenses.

The development of OCI arising from cash flow hedges, broken down by hedged risk type, is as follows:

Changes in OCI Arising from Cash Flow Hedges

€ in millions	Total	Currency risk	Interest-rate risk	Electricity price change risk
Balance as of January 1, 2018	**-1,016**			
Unrealized changes—hedging reserve	-15	-2	-13	–
Unrealized changes—reserve for hedging costs	59	59	–	–
Reclassification adjustments recognized in income	9	-45	54	–
Companies accounted for under the equity method	-15			
Income taxes	-14			
Balance as of December 31, 2018[1]	**-992**			
Balance as of January 1, 2019	**-992**			
Unrealized changes—hedging reserve	-438	-25	-370	-43
Unrealized changes—reserve for hedging costs	-3	-3	–	–
Reclassification adjustments recognized in income	-12	-74	54	8
Companies accounted for under the equity method	9			
Income taxes	1			
Balance as of December 31, 2019[1]	**-1,435**			

[1]The balance as of December 31, 2019, includes -€241 million (2018: -€249 million) from terminated cash flow hedges.

The balance of the OCI arising from cash flow hedges as of December 31, 2019, contains -€1.2 billion relating to hedging of interest-rate risk (2018: -€0.8 billion).

Reclassifications recognized in income are generally reported in that line item of the income statement which also includes the respective hedged transaction.

The nominal volume of the hedging instruments is presented in the following table:

Nominal Values of Hedging Instruments in Connection with Cash Flow Hedges

	Maturity			Total	
€ in millions	<1 year	1–5 years	>5 years	2019	2018
Currency risk	154	855	894	1,903	2,845
Interest-rate risk	–	1,554	2,750	4,304	4,492
Electricity price change risk	110	242	–	352	56

Net Investment Hedges

The Company uses foreign currency forwards, foreign currency swaps and foreign currency loans to protect the value of its net investments in its foreign operations denominated in foreign currency.

The carrying amount of the assets used as hedging instruments as of December 31, 2019, was €27 million (2018: €12 million) and the carrying amount of the liabilities used as hedging instruments was €1,220 million (2018: €1,131 million). The fair values of the designated portion of the hedging instruments changed by -€87 million in the reporting period (2018: €50 million).

As in 2018, no ineffectiveness resulted from net investment hedges in 2019.

The development of OCI arising from net investment hedges is as follows:

Changes in OCI Arising from Net Investment Hedges

€ in millions	Currency risk
Balance as of January 1, 2018	**-124**
Unrealized changes—hedging reserve	45
Unrealized changes—reserve for hedging costs	2
Reclassification adjustments recognized in income	–
Income taxes	–
Balance as of December 31, 2018[1]	**-77**
Balance as of January 1, 2019	**-77**
Unrealized changes—hedging reserve	-140
Unrealized changes—reserve for hedging costs	1
Reclassification adjustments recognized in income	565
Income taxes	1
Balance as of December 31, 2019[1]	**350**

[1]The balance as of December 31, 2019, includes -€71 million (2018: -€71 million) from terminated net investment hedges.

As a rule, reclassifications recognized in income are reported under other operating income and expenses. The nominal volume of hedging instruments in net investment hedges amounted to €7,891 million as of December 31, 2019 (2018: €7,122 million). Since the currency risk of net investment hedges is hedged through the ongoing rollover of the hedging instruments, the majority are concluded with a remaining term of less than one year.

Valuation of Derivative Instruments

The fair value of derivative financial instruments is sensitive to movements in underlying market rates and other relevant variables. The Company assesses and monitors the fair value of derivative instruments on a periodic basis. The fair value to be determined for each derivative instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (exit price). E.ON also takes into account the counterparty credit risk for both own credit risk (debt value adjustment) and the risk of the corresponding counterparty (credit value adjustment) when determining fair value. The fair values of derivative instruments are calculated using common market valuation methods with reference to available market data on the measurement date.

The following is a summary of the methods and assumptions for the valuation of utilized derivative financial instruments in the Consolidated Financial Statements.

- Currency, electricity, gas and oil forward contracts, swaps, and emissions-related derivatives are valued separately at their forward rates and prices as of the balance sheet date. Whenever possible, forward rates and prices are based on market quotations, with any applicable forward premiums and discounts taken into consideration.

- Market prices for electricity options are valued using standard option pricing models commonly used in the market.

- The fair values of existing instruments to hedge interest risk are determined by discounting future cash flows using market interest rates over the remaining term of the instrument. Discounted cash values are determined for interest rate, cross-currency and cross-currency interest rate swaps for each individual transaction as of the balance sheet date. Interest income and expenses are recognized in income at the date of payment or accrual.

- Equity forwards are valued on the basis of the stock prices of the underlying equities, taking into consideration any timing components.

- Exchange-traded futures and option contracts are valued individually at daily settlement prices determined on the futures markets that are published by their respective clearing houses. Paid initial margins are disclosed under other assets. Variation margins received or paid during the term of such contracts are stated under other liabilities or other assets, respectively.

- Certain long-term energy contracts are valued with the aid of valuation models that use internal data if market prices are not available. A hypothetical 10-percent increase or decrease in these internal valuation parameters as of the balance sheet date would lead to a theoretical decrease in market values of €16 million or an increase of €12 million, respectively.

- The measurement of weather derivatives used to hedge temperature-dependent fluctuations in demand is particularly dependent on temperature developments. In general, under otherwise equivalent conditions, the fair value of these derivatives increases with rising temperatures and decreases with falling temperatures. Assumptions about the extent to which the future development during the remaining term of the derivatives will deviate from the historically observed long-term average temperatures can only be made for an extremely short period of time. Consequently, the fair value is primarily determined on the basis of the long-term average temperatures. A change in temperature of ±0.1°C as of the balance sheet date would lead to an increase in fair value of €3 million or a decrease of €3 million.

(31) Additional Disclosures on Financial Instruments

The carrying amounts of the financial instruments, their grouping into IFRS 9 measurement categories, their fair values and their measurement sources by class are presented in the following table:

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS 7 as of December 31, 2019

€ in millions	Carrying amounts	Carrying amounts within the scope of IFRS 7	Carrying amounts within the scope of IFRS 9	Fair value	Determined using market prices (Level 1)	Derived from active market prices (Level 2)
Equity investments	1,730	455	FVPL	455	66	–
Financial receivables and other financial assets	1,189	817				
Receivables from finance leases	*370*	*336*	*n/a*	*336*		
Other financial receivables and financial assets	*819*	*481*		*481*		
		341	*AmC*	*341*	*1*	*160*
		140	*FVPL*	*140*	*–*	*–*
Trade receivables and other operating assets	17,912	13,231				
Trade receivables	*8,438*	*8,250*	*AmC*			
Derivatives with no hedging relationships	*3,049*	*3,049*	*FVPL*	*3,049*	*40*	*2,597*
Derivatives with hedging relationships	*236*	*236*	*n/a*	*236*	*10*	*226*
Other operating assets	*6,189*	*1,696*	*AmC*	*1,700*	*3*	*95*
Securities and fixed-term deposits	3,550	3,550		3,550	3,031	520
		1,935	*FVPL*	*1,935*	*1,511*	*424*
		1,615	*FVOCI*	*1,615*	*1,520*	*96*
Cash and cash equivalents	1,894	1,894	AmC			
Restricted cash	511	511	AmC			
Assets held for sale	1,082	15	AmC	15		
Total assets	**27,868**	**20,473**				
Financial liabilities	31,948	31,655				
Bonds	*27,059*	*27,059*	*AmC*	*29,935*	*28,679*	*1,256*
Bank loans/Liabilities to banks	*1,138*	*1,138*	*AmC*	*1,147*	*70*	*64*
Lease obligations	*3,144*	*3,133*	*n/a*	*3,232*		
Other financial liabilities	*607*	*325*	*AmC*	*325*	*1*	*92*
Trade payables and other operating liabilities	24,625	17,496				
Trade payables	*8,782*	*8,709*	*AmC*			
Derivatives with no hedging relationships	*3,550*	*3,550*	*FVPL*	*3,550*	*65*	*3,158*
Derivatives with hedging relationships	*1,439*	*1,439*	*n/a*	*1,439*	*25*	*1,414*
Put option liabilities under IAS 32[2]	*2,069*	*2,069*	*AmC*	*2,069*	*–*	*–*
Other operating liabilities	*8,785*	*1,729*	*AmC*	*1,752*	*–*	*–*
Liabilities associated with assets held for sale	602	245				
		214	*AmC*	*214*		
		31	*FVPL*	*31*	*–*	*31*
Total liabilities	**57,175**	**49,396**				

[1]FVPL: Fair Value through P&L; FVOCI: Fair Value through OCI; AmC: Amortized Cost. The measurement categories are described in detail in Note 1. The amounts determined using valuation techniques with unobservable inputs (Level 3 of the fair value hierarchy) correspond to the difference between the total fair values of the two hierarchy levels listed.
[2]Liabilities from put options include counterparty obligations and non-controlling interests in fully consolidated partnerships (see Note 26).

The carrying amounts of cash and cash equivalents and of trade receivables and trade payables are considered reasonable estimates of their fair values because of their short maturity.

Where the value of a financial instrument can be derived from an active market without the need for an adjustment, that value is used as the fair value. This applies in particular to equities held and to bonds held and issued.

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS 7 as of December 31, 2018

€ in millions	Carrying amounts	Carrying amounts within the scope of IFRS 7	IAS 39 measurement category[1]	Fair value	Determined using market prices (Level 1)	Derived from active market prices (Level 2)
Equity investments	664	110	FVPL	110	–	–
Financial receivables and other financial assets	711	485				
Receivables from finance leases	*329*	*305*	*n/a*	*305*		
Other financial receivables and financial assets	*382*	*180*	*AmC*	*180*	–	–
Trade receivables and other operating assets	6,919	5,739				
Trade receivables	*3,896*	*3,786*	*AmC*			
Derivatives with no hedging relationships	*1,367*	*1,367*	*FVPL*	*1,367*	*35*	*1,293*
Derivatives with hedging relationships	*170*	*170*	*n/a*	*170*	*2*	*168*
Other operating assets	*1,486*	*416*	*AmC*	*416*	–	–
Securities and fixed-term deposits	3,014	3,014	–	3,014	2,415	599
		1,612	*FVPL*	*1,612*	*1,302*	*310*
		1,155	*FVOCI*	*1,155*	*1,113*	*42*
		247	*AmC*	*247*	–	*247*
Cash and cash equivalents	3,924	3,924				
		3,226	*AmC*			
		698	*FVPL*	*698*	*698*	
Restricted cash	659	659	AmC			
Assets held for sale	11,442	413				
		269	*AmC*	*269*		
		144	*FVPL*	*144*	*1*	*69*
Total assets	**27,333**	**14,344**				
Financial liabilities	9,886	9,705				
Bonds	*8,958*	*8,958*	*AmC*	*11,116*	*11,116*	–
Bank loans/Liabilities to banks	*138*	*138*	*AmC*	*138*	*58*	*20*
Lease obligations	*327*	*327*	*n/a*	*427*		
Other financial liabilities	*463*	*282*	*AmC*	*282*	–	–
Trade payables and other operating liabilities	12,143	8,757				
Trade payables	*1,660*	*1,654*	*AmC*			
Derivatives with no hedging relationships	*1,241*	*1,241*	*FVPL*	*1,241*	*36*	*1,205*
Derivatives with hedging relationships	*1,172*	*1,172*	*n/a*	*1,172*	*2*	*1,170*
Put option liabilities under IAS 32[2]	*289*	*289*	*AmC*	*289*	–	–
Other operating liabilities	*7,781*	*4,401*	*AmC*	*4,401*	–	–
Liabilities associated with assets held for sale	3,682	1,125				
		1,073	*AmC*	*1,073*		
		52	*FVPL*	*52*	–	*36*
Total liabilities	**25,711**	**19,587**				

[1]FVPL: Fair Value through P&L; FVOCI: Fair Value through OCI; AmC: Amortized Cost. The measurement categories are described in detail in Note 1. The amounts determined using valuation techniques with unobservable inputs (Level 3 of the fair value hierarchy) correspond to the difference between the total fair values of the two hierarchy levels listed.
[2]Liabilities from put options include counterparty obligations and non-controlling interests in fully consolidated partnerships (see Note 26).

The fair value of shareholdings in unlisted companies and of debt instruments that are not actively traded, such as loans received, loans granted and financial liabilities, is determined by discounting future cash flows. Any necessary discounting takes place using current market interest rates over the remaining terms of the financial instruments.

The determination of the fair value of derivative financial instruments is discussed in Note 30.

In 2019, there were no material reclassifications between Levels 1 and 2 of the fair value hierarchy. At the end of each reporting period, E.ON assesses whether there might be grounds for reclassification between hierarchy levels. In 2019, derivative financial instruments with a fair value of €39 million were reclassified from hierarchy level 3 to hierarchy level 2 because fair values are no longer determined using valuation techniques but can be derived from active market prices.

The input parameters of Level 3 of the fair value hierarchy for equity investments are specified taking into account economic developments and available industry and corporate data (see also Note 1). A hypothetical 10-percent increase or decrease in these key internal valuation parameters as of the balance sheet date would lead to a theoretical decrease in market values of €52 million or an increase of €64 million, respectively.

The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

Fair Value Hierarchy Level 3 Reconciliation

€ in millions	Jan. 1, 2019	Purchases (including additions)	Sales (including disposals)	Settlements	Gains/ Losses in income statement	Transfers into Level 3	Transfers out of Level 3	Gains/ Losses in OCI	Dec. 31, 2019
Equity investments	110	332	-41	–	-11	–	–	-1	389
Derivative financial instruments	39	97	–	-3	-9	–	-39	–	85
Total	**149**	**429**	**-41**	**-3**	**-20**	**–**	**-39**	**-1**	**474**

The extent to which the offsetting of financial assets is covered by netting agreements is presented in the following tables:

Netting Agreements for Financial Assets and Liabilities as of December 31, 2019

€ in millions	Gross amount	Amount offset	Carrying amount	Conditional netting amount (netting agreements)	Financial collateral received/ pledged	Net value
Financial assets						
Trade receivables	8,250	–	8,250	–	–	8,250
Interest-rate and currency derivatives	1,585	–	1,585	–	68	1,517
Commodity derivatives	2,378	678	1,700	1,064	10	626
Total	**12,213**	**678**	**11,535**	**1,064**	**78**	**10,393**
Financial liabilities						
Trade payables	8,709	–	8,709	–	–	8,709
Interest-rate and currency derivatives	2,802	–	2,802	–	461	2,341
Commodity derivatives	2,865	678	2,187	1,029	178	980
Total	**14,376**	**678**	**13,698**	**1,029**	**639**	**12,030**

Netting Agreements for Financial Assets and Liabilities as of December 31, 2018

€ in millions	Gross amount	Amount offset	Carrying amount	Conditional netting amount (netting agreements)	Financial collateral received/ pledged	Net value
Financial assets						
Trade receivables	3,786	–	3,786	–	–	3,786
Interest-rate and currency derivatives	1,203	–	1,203	–	20	1,183
Commodity derivatives	449	115	334	206	–	128
Total	**5,438**	**115**	**5,323**	**206**	**20**	**5,097**
Financial liabilities						
Trade payables	1,654	–	1,654	–	–	1,654
Interest-rate and currency derivatives	2,207	–	2,207	–	580	1,627
Commodity derivatives	321	115	206	206	–	–
Total	**4,182**	**115**	**4,067**	**206**	**580**	**3,281**

The E.ON Group did not net interest-rate and currency derivatives and non-derivative financial instruments. Compulsory netting is carried out for commodity derivatives if the netting criteria pursuant to IAS 32.42 are met cumulatively.

Transactions and business relationships resulting in the derivative financial receivables and liabilities presented are largely concluded on the basis of standard contracts that permit the conditional netting of open transactions in the event that a counterparty becomes insolvent.

The netting agreements are derived from netting clauses contained in master agreements including those of the International Swaps and Derivatives Association (ISDA), the German Master Agreement for Financial Derivatives Transactions (DRV), the European Federation of Energy Traders (EFET) and the Financial Energy Master Agreement (FEMA).

Collateral pledged to and received from financial institutions in relation to these liabilities and assets limits the utilization of credit lines in the fair value measurement of interest-rate and currency derivatives, and is shown in the table. The collateral for commodity derivatives presented in the table relate to variation margin payments.

The following two tables illustrate the contractually agreed (undiscounted) cash outflows arising from the liabilities included in the scope of IFRS 7:

Cash Flow Analysis as of December 31, 2019

€ in millions	Cash outflows 2020	Cash outflows 2021	Cash outflows 2022–2024	Cash outflows from 2025
Bonds	3,276	3,427	7,455	20,102
Commercial paper	50	–	–	–
Bank loans/Liabilities to banks	946	23	63	139
Lease obligations	454	415	1,017	1,909
Other financial liabilities	1,479	29	20	83
Financial guarantees	8	–	–	–
Cash outflows for financial liabilities	**6,213**	**3,894**	**8,555**	**22,233**
Trade payables	8,709	–	–	–
Derivatives (with/without hedging relationships)	5,531	673	689	2,687
Put option liabilities under IAS 32	1,724	318	–	57
Other operating liabilities	5,473	21	3	26
Cash outflows for trade payables and other operating liabilities	**21,437**	**1,012**	**692**	**2,770**
Cash outflows for liabilities within the scope of IFRS 7	**27,650**	**4,906**	**9,247**	**25,003**

Cash Flow Analysis as of December 31, 2018

€ in millions	Cash outflows 2019	Cash outflows 2020	Cash outflows 2021–2023	Cash outflows from 2024
Bonds	1,430	1,749	1,739	8,801
Commercial paper	–	–	–	–
Bank loans/Liabilities to banks	86	5	13	42
Liabilities from finance leases	52	45	115	255
Other financial liabilities	436	23	1	1
Financial guarantees	8	–	–	–
Cash outflows for financial liabilities	**2,012**	**1,822**	**1,868**	**9,099**
Trade payables	1,654	–	–	–
Derivatives (with/without hedging relationships)	3,387	560	728	2,614
Put option liabilities under IAS 32	20	128	180	46
Other operating liabilities	4,512	2	1	2
Cash outflows for trade payables and other operating liabilities	**9,573**	**690**	**909**	**2,662**
Cash outflows for liabilities within the scope of IFRS 7	**11,585**	**2,512**	**2,777**	**11,761**

Financial guarantees with a total nominal volume of €8 million (2018: €8 million) were issued to companies outside of the Group. This amount is the maximum amount that E.ON would have to pay in the event of claims on the guarantees. E.ON has recognized a liability for this in the amount of €8 million (2018: €8 million).

For financial liabilities that bear floating interest rates, the rates that were fixed on the balance sheet date are used to calculate future interest payments for subsequent periods as well. Financial liabilities that can be terminated at any time are assigned to the earliest maturity band in the same way as put options that are exercisable at any time. All covenants were complied with during 2019.

In gross-settled derivatives (usually currency derivatives and commodity derivatives), outflows are accompanied by related inflows of funds or commodities.

The net gains and losses from financial instruments by IFRS 9 category are shown in the following table:

Net Gains and Losses by Category

€ in millions	2019	2018
Financial assets Amortized Cost	189	-25
Financial liabilities Amortized Cost	-1,059	-659
Fair Value through P&L	-136	711
Fair Value through OCI	41	65
Total	**-965**	**92**

The net result of the category fair value through OCI results in particular from interest income and proceeds from the sale of fair value through OCI securities.

In addition to impairments of financial assets, net gains and losses in the amortized cost category are due primarily to interest income from financial assets and liabilities and effects from the currency translation of financial liabilities.

The net gains and losses in the fair value through profit or loss measurement category encompass both the changes in fair value of equity instruments, from derivative financial instruments and gains and losses on realization.

Impairments of Financial Assets

Impairment losses on financial assets must be recognized not only for losses already incurred but also for expected future credit losses. E.ON takes into account expected future credit losses of financial assets carried at amortized cost, financial assets measured at fair value through other comprehensive income, and receivables from finance leases.

For trade receivables, expected credit losses are recognized over their entire residual term using the simplified method (lifetime ECL trade receivables). For other financial assets, E.ON first determines the credit loss expected within the first twelve months (stage 1—12 month ECL). In derogation of this, in the event of a significant increase in the default risk, the expected credit loss over the entire residual term of the respective instrument is recognized (stage 2—lifetime ECL). A significant increase in the default risk is assumed if the internally determined counterparty risk has been downgraded by at least three levels since initial recognition. If there are objective indications of an actual default, an individual impairment loss must be recognized on the income statement (stage 3—losses already incurred).

E.ON distinguishes between two approaches when calculating expected future credit losses. If external or internal rating information is available, the expected credit loss is determined on the basis of this data. If no rating information is available, E.ON determines default ratios on the basis of historical default rates, taking into account forward-looking information on economic developments. In the E.ON Group, a default or the classification of a receivable as uncollectible is assumed after 180 or 360 days, depending on the region.

In 2019, valuation allowances for trade receivables changed as shown in the following table:

Valuation Allowances for Trade Receivables

€ in millions	2019	2018
Balance as of January 1	**-805**	**-803**
Disposals	136	150
Write-downs	-283	-160
Other[1]	-5	8
Balance as of December 31	**-957**	**-805**

[1]The item Other includes currency translation differences.

There were no significant changes in valuation allowances in 2019 for other financial assets measured at amortized cost or at fair value through other comprehensive income, or for receivables from finance leases.

The default risks for financial assets for which rating information is available can be found in the following table for each rating grade and separately according to the stages of impairment existing in 2019:

Credit Risk Exposure for Financial Assets for Which Rating Information Is Available as of December 31, 2019

	Stage 1–12 month ECL		Lifetime–ECL trade receivables	
€ in millions	2019	2018	2019	2018
Gross carrying amount investment grade	6,829	5,374	1,682	1,867
Gross carrying amount non investment grade	68	43	92	37
Gross carrying amount default grade	–	–	622	6
Total	**6,897**	**5,417**	**2,396**	**1,910**

The default risks for trade receivables for which no rating information is available and the amount of expected credit losses over the remaining term are shown in the following matrix for each maturity class:

Credit Risk Exposure for Trade Receivables for Which No Rating Information Is Available as of December 31, 2019

	Gross carrying amount		Lifetime–ECL trade receivables	
€ in millions	2019	2018	2019	2018
Not past-due	5,279	1,923	41	31
Past-due by	1,427	388	254	109
up to 30 days	*389*	*129*	*18*	*5*
31 to 60 days	*130*	*47*	*10*	*6*
61 to 90 days	*75*	*21*	*10*	*4*
91 to 180 days	*188*	*38*	*29*	*8*
more than 180 days	*645*	*153*	*187*	*86*
Total	**6,706**	**2,311**	**295**	**140**

Risk Management

Principles

The prescribed processes, responsibilities and actions concerning financial and risk management are described in detail in internal risk management guidelines applicable throughout the Group. The units have developed additional guidelines of their own within the confines of the Group's overall guidelines. To ensure efficient risk management at the E.ON Group, the Trading (Front Office), Financial Controlling (Middle Office) and Financial Settlement (Back Office) departments are organized as strictly separate units. Risk controlling and reporting in the areas of interest rates, currencies and credit for banks and liquidity management is performed by the Financial Controlling department, while risk controlling and reporting in the area of commodities and in the credit area for industrial enterprises is performed at Group level by a separate department.

E.ON uses a Group-wide treasury, risk management and reporting system. This system is a standard information technology solution that is fully integrated and is continuously updated. The system is designed to provide for the analysis and monitoring of the E.ON Group's exposure to liquidity, foreign exchange and interest risks. On a Group-wide basis, Financial Controlling monitors and controls credit risks for banks, and Risk Management monitors and controls industrial enterprises. These activities are carried out using a uniform standard software package.

Separate Risk Committees are responsible for the maintenance and further development of the strategy set by the Management Board of E.ON SE with regard to commodity, treasury and credit risk management policies.

Due to legal restrictions, innogy SE and innogy subsidiaries are not currently fully integrated into E.ON Group risk management. Risks at innogy are additionally managed by innogy SE and reported to E.ON. innogy uses separate IT systems for some aspects of the management and quantification of its risks.

1. Liquidity Management

The primary objectives of liquidity management at E.ON consist of ensuring ability to pay at all times, the timely satisfaction of contractual payment obligations and the optimization of costs within the E.ON Group.

Cash pooling and external financing are largely centralized at E.ON SE and certain financing companies. Funds are provided to the other Group companies as needed on the basis of an "in-house banking" solution.

E.ON SE determines the Group's financing requirements on the basis of short- and medium-term liquidity planning. The financing of the Group is controlled and implemented on a forward-looking basis in accordance with the planned liquidity requirement or surplus. Relevant planning factors taken into consideration include operating cash flow, capital expenditures, divestments, margin payments and the maturity of bonds and commercial paper.

2. Price Risks

In the normal course of business, the E.ON Group is exposed to risks arising from price changes in foreign exchange, interest rates, commodities and asset management. These risks create volatility in earnings, equity, debt and cash flows from period to period. E.ON has developed a variety of strategies to limit or eliminate these risks, including the use of derivative financial instruments, among others.

3. Credit Risks
E.ON is exposed to credit risk in its operating activities and through the use of financial instruments. Uniform credit risk management procedures are in place throughout the Group to identify, measure and control credit risks.

The following discussion of E.ON's risk management activities and the estimated amounts generated from value-at-risk ("VaR") and sensitivity analyses are "forward-looking statements" that involve risks and uncertainties. Actual results could differ materially from those projected due to actual, unforeseeable developments in the global financial markets. The methods used by the Company to analyze risks should not be considered forecasts of future events or losses. For example, E.ON faces certain risks that are either non-financial or non-quantifiable. Such risks principally include country risk, operational risk, regulatory risk and legal risk, which are not represented in the following analyses.

Foreign Exchange Risk Management
E.ON SE is responsible for controlling the currency risks to which the E.ON Group is exposed.

Because it holds interests in businesses outside of the euro area, currency translation risks arise within the E.ON Group. Fluctuations in exchange rates produce accounting effects attributable to the translation of the balance sheet and income statement items of the foreign consolidated Group companies included in the Consolidated Financial Statements. Translation risks are hedged through borrowing in the corresponding local currency, which may also include shareholder loans in foreign currency. In addition, derivative and non-derivative financial instruments are employed as needed. The hedges qualify for hedge accounting under IFRS as hedges of net investments in foreign operations. The Group's translation risks are reviewed at regular intervals and the level of hedging is adjusted whenever necessary. The respective debt factor, net assets and the enterprise value denominated in the foreign currency are the principal criteria governing the level of hedging.

The E.ON Group is also exposed to operating and financial transaction risks attributable to foreign currency transactions. The subsidiaries are responsible for managing their operating currency risks and are generally required to hedge their currency risks through E.ON SE. E.ON SE coordinates hedging throughout the Group companies and makes use of external derivatives as needed. It may either directly close out foreign currency positions that have been tendered, in whole or in part, through external transactions, or keep the position open within approved limits. The one-day value-at-risk (95 percent confidence) for transactional foreign currency positions totaled €1.1 million as of December 31, 2019. In the prior year, the one-day value-at-risk (99 percent confidence) from the translation of deposits and borrowings denominated in foreign currency, plus foreign-exchange derivatives, was €67 million as of December 31, 2018. The reason for the change in method is the harmonization of the level of risk used for quantifying currency risks at E.ON and innogy.

Financial transaction risks result from payments originating from financial receivables and payables. They are generated both by external financing in a variety of foreign currencies, and by shareholder loans from within the Group denominated in foreign currency. Financial transaction risks are generally hedged.

Interest Risk Management

E.ON is exposed to profit risks arising from floating-rate financial liabilities. Positions based on fixed interest rates, on the other hand, are subject to changes in fair value resulting from the volatility of market rates. E.ON seeks a specific mix of fixed-interest and floating-rate debt over time. This is influenced, among other factors, by the type of business model, existing liabilities as well as the regulatory framework in which E.ON operates. To manage the interest rate position, several instruments, including derivatives, are deployed.

With interest rate derivatives included, the share of financial liabilities with floating interest rates was 10 percent as of December 31, 2019 (2018: 0 percent). Under otherwise unchanged circumstances, the volume of financial liabilities with fixed interest rates, which amounted to €25.8 billion at year-end 2019, would decline to €24.2 billion in 2020 and €21.5 billion in 2021. The effective interest rate duration of the financial liabilities, including interest rate derivatives, was 10.1 years as of December 31, 2019 (2018: 13.5 years). The volume-weighted average interest rate of the financial liabilities, including interest rate derivatives, was 3.8 percent as of December 31, 2019 (2018: 5.3 percent).

As of December 31, 2019, the E.ON Group held interest rate derivatives with a nominal value of €4,306 million (2018: €4,495 million).

A sensitivity analysis was performed on the Group's short-term floating-rate borrowings, including hedges of both foreign exchange risk and interest risk. This measure is used for internal risk controlling and reflects the economic position of the E.ON Group. A one-percentage-point upward or downward change in interest rates (across all currencies) would raise or lower interest charges by ±€59.3 million (2018: ±€8.0 million) in the subsequent fiscal year.

Commodity Price Risk Management

The E.ON portfolio of physical assets, long-term contracts and end-customer sales is exposed to substantial risks from fluctuations in commodity prices. The principal commodity prices to which E.ON is exposed relate to electricity, gas, green and emission certificates.

The objective of commodity risk management is to transact through physical and financial contracts to optimize the value of the portfolio while reducing the potential negative deviation from target EBIT.

Since the spinoff of Uniper, E.ON has established procurement capabilities for its sales business and thus ensured market access for E.ON's remaining energy production. In the normal course of business of the underlying energy production and retail sales activities, E.ON's individual management units are exposed to uncertain commodity market prices, which impacts operating gains and costs. All external trading on commodity markets must be related to reducing open commodity positions and be undertaken in strict accordance with approved commodity hedging strategies.

Due to the decentralized governance approach and the primary focus on procurement and purely hedging transactions, the allocation of risk capital is no longer necessary. The processes and operational management models within the trading system are monitored by the local market risk teams and centrally managed by the Risk Management department. At the end of 2019, the open position from the procurement on the markets in Germany, the UK, the Czech Republic, Sweden, Romania, Hungary and the innogy companies for the reporting period from 2020 to 2022 was not more than 4,100 GWh per commodity in each case. The biggest drivers primarily relate to the special market conditions in Romania, where hedging activities are carried out within the approved commodity hedging strategy.

As of December 31, 2019, the E.ON Group primarily held electricity and gas derivatives with a nominal value of €32,831 million (2018: €4,076 million).

A key foundation of the commodity risk management system is the Group-wide Commodity Risk Policy and the corresponding internal policies of the units. These specify the control principles for commodity risk management, minimum required standards and clear management and operational responsibilities.

Commodity risks at the innogy distribution companies are hedged in accordance with the hedging guidelines of innogy SE. Commodity risks are hedged using limits. Policies applicable to the entire Group specify clear structures and processes for handling commodity risks. They are consistent with the basic requirements for commodity risk management within the E.ON Group.

Commodity exposures and risks are reported across the Group on a monthly basis to the members of the Risk Committee for both the E.ON and the innogy portfolios.

Credit Risk Management

In order to minimize credit risk arising from operating activities and from the use of financial instruments, the Company enters into transactions only with counterparties that satisfy the Company's internally established minimum requirements. Maximum credit risk limits are set on the basis of internal and (where available) external credit ratings. The setting and monitoring of credit limits is subject to certain minimum requirements, which are based on Group-wide credit risk management guidelines. Long-term operating contracts and asset management transactions are not comprehensively included in this process. They are monitored separately at the level of the responsible units.

In principle, each Group company is responsible for managing credit risk in its operating activities. Depending on the nature of the operating activities and the credit risk, additional credit risk monitoring and controls are performed both by the units and by Corporate Headquarters. Regular reports on credit limits, including their utilization, are submitted to the Risk Committee. Intensive, standardized monitoring of quantitative and qualitative early-warning indicators, as well as close monitoring of the credit quality of counterparties, enable E.ON to act early in order to minimize risk.

To the extent possible, pledges of collateral are negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are guarantees issued by the respective parent companies or evidence of profit and loss pooling agreements in combination with letters of awareness. To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Risk-management collateral was accepted in the amount of €1,481 million.

The levels and details of financial assets received as collateral are described in more detail in Notes 18 and 26.

Derivative transactions are generally executed on the basis of standard agreements that allow for the netting of all open transactions with individual counterparties. To further reduce credit risk, bilateral margining agreements are entered into with selected counterparties. Limits are imposed on the credit and liquidity risk resulting from bilateral margining agreements and exchange clearing.

There is no credit risk with respect to the exchange-traded forward and option contracts with an aggregate nominal value of €1,073 million as of December 31, 2019 (2018: €630 million). For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

At E.ON, liquid funds are normally invested at banks with good credit ratings, in money market funds with first-class ratings or in short-term securities (for example, commercial paper) of issuers with strong credit ratings. Bonds of public and private issuers are also selected for investment. Group companies that for legal reasons are not included in the cash pool invest money at leading local banks. Standardized credit assessment and limit-setting is complemented by daily monitoring of CDS levels at the banks and at other significant counterparties.

Asset Management

For the purpose of financing long-term payment obligations, including those relating to asset retirement obligations (see Note 25) and cash investments, financial investments totaling €3.5 billion (2018: €1.4 billion) were held predominantly by German E.ON Group companies as of December 31, 2019. The increase of €2.1 billion is related to the recognition of investments of the innogy companies.

These financial assets are invested on the basis of an accumulation strategy (total-return approach), with investments broadly diversified across the various asset classes, for example the money market, bond and equity asset classes, as well as alternative asset classes like real estate. The majority of the assets are held in investment funds managed by external fund managers. Corporate Asset Management at E.ON SE, which is part of the Company's Finance Department, is responsible for continuous monitoring of overall risks and those concerning individual fund managers. The three-month VaR with a 98-percent confidence interval for these financial assets was €109 million (2018: €54 million). The increase resulted primarily from the above-mentioned additional asset investments and, to a lesser extent, from changes to the market situation or risk assumption.

As of December 31, 2018, Versorgungskasse Energie VVaG was in liquidation (VKE i.L.); at that date, it managed €78.8 million in financial investments. The company was deconsolidated on June 30, 2019.

(32) Leasing

E.ON as Lessee

Since 2019, transactions in which E.ON is the lessee have been recognized under the right-of-use model pursuant to IFRS 16. Initial application of the standard was made using the modified retrospective method. In addition to reclassified arrangements that had previously been classified as finance leases with a present value of €327 million, the right-of-use assets as of January 1, 2019, also include the initial recognition of previous operating leases with a present value of €536 million after taking into consideration prepayments and accruals (see Note 2). The tables in Note 14 present the changes in the assets in the reporting year. The conclusion of new agreements and the presentation of changes in estimates as well as modifications resulted in an addition of €374 million in the reporting year. Impairments of right-of-use assets in the amount of €229 million are allocated among the asset classes as follows:

Right-of-use Assets[1]

€ in millions	Accumulated depreciation 2019
Land and buildings	100
Networks	81
Storage and production capacities	2
Technical equipment and machinery	3
Fleet, office and business equipment	43

[1]New account due to IFRS 16 implementation, no prior-year figures.

E.ON operates as a lessee in the areas of land and buildings, networks and vehicle fleets, in particular. To ensure operative flexibility, E.ON enters into agreements relating to the extension and termination of real estate leases, in particular. In determining the term of the contract, E.ON considers all facts and circumstances that have an economic influence on the exercise of the extension option or the non-exercise of the termination option. In the determination of the lease liability, and correspondingly, of the right-of-use assets, all reasonably certain cash outflows are taken into consideration. As of December 31, 2019, potential future cash outflows in the amount of €322 million were not included in the lease liability as it is not reasonably certain that the leases will be renewed or not terminated. Variable lease payments occur in only immaterial amounts and E.ON does not issue residual value guarantees. Leases in which E.ON is the lessee but where the lease has not yet begun result in potential future cash outflows of €556 million. The existing lease liabilities do not contain any covenant clauses that are linked to financial ratios.

As of the balance sheet date of December 31, 2019, right-of-use assets in the amount of €3,109 million are offset by lease liabilities with a present value of €3,144 million. This is recognized under financial liabilities (see Note 26); the short-term portion of the lease liabilities totals €411 million. The maturity structure of the future payment obligations from leases is presented in Note 31.

Due to the simplification provisions used, the recognition of a right-of-use asset is not necessary for low-value leases and leases with a term of less than twelve months. Instead, a lease expense is recognized in these cases. The following amounts are recognized in the income statement in connection with leases in the fiscal year:

E.ON as Lessee—Effects within the Income Statement[1]

€ in millions	2019
Expenses from short-term leases (<12 months)	18
Expense for low-value leases not included in the above short-term leases	16
Variable lease payments	2
Interest expense from leasing	49
Lease income sublease	1
Gain/Loss from sale and leaseback transactions	–

[1]New account due to IFRS 16 implementation, no prior-year figures.

The liabilities from short-term agreements with a term of less than twelve months entered into for the next fiscal year do not vary materially from the expenses of the current fiscal year.

Cash outflows from lease agreements totaled €377 million in the fiscal year; this will be allocated to operating cash flow in the amount of €85 million. This includes the lease expense for short-term and low-value leases as well as the expense from variable lease payments and interest expense for the period. Payments allocated to payments for the lease liability are recognized in cash flows from financing activities in the amount of €292 million.

E.ON as Lessor

E.ON enters into leases as lessor to a limited extent. Finance leases includes technical equipment and machinery, in particular generation plants, that has been transferred to customers for use. Operating leases includes assets that have been transferred for use, in particular real estate, heat and electricity generation plants and lines. There are no material risks in connection with rights retained to the assets temporarily transferred for use, with the result that risk management strategies, in particular, are not necessary. Residual-value guarantees are only entered into on an individual basis for purposes of additional hedging.

The present value of minimum lease payments is recognized under receivables from finance leases. The short-term portion totals €50 million (see Note 17). There were no material changes to net investments in the period under review. The nominal and present values of the lease payments had the following maturities:

E.ON as Lessor—Finance Leases[1]

€ in millions	Undiscounted lease payments 2019	Unrealized interest income 2019	Discounted non-guaranteed residual value 2019	Present value of minimum lease payments 2019
Due within 1 year	79	29	–	50
Due in 1 to 2 years	75	25	–	50
Due in 2 to 3 years	68	20	–	48
Due in 3 to 4 years	63	16	–	47
Due in 4 to 5 years	56	12	–	44
Due in more than 5 years	143	27	15	131
Total	**484**	**129**	**15**	**370**

[1]New account due to IFRS 16 implementation, no prior-year figures.

The following effects from activity as a lessor are recognized for the period under review:

E.ON as Lessor—Effects within the Income Statement[1]

€ in millions	2019
Finance–Lease	
Gain/loss on the disposal of assets	*–*
Financial income from net investments	*11*
Income of variable lease payments	*1*
Operating–Lease	
Income from leasing	*69*
Thereof income of variable lease payments	*–*

[1]New account due to IFRS 16 implementation, no prior-year figures.

Results from the disposal of assets were recognized in income. Cash flows from operating leases are allocated to cash flow before interest and taxes. This also applies to flows from finance leases with variable lease payments. Payments recognized as financing income from net investments increase operating cash flow.

The following payments are expected from existing operating leases:

E.ON as Lessor—Operating Leases[1]

€ in millions	Undiscounted lease payments 2019
Due within 1 year	86
Due in 1 to 2 years	72
Due in 2 to 3 years	62
Due in 3 to 4 years	55
Due in 4 to 5 years	49
Due in more than 5 years	123
Total	**447**

[1]New account due to IFRS 16 implementation, no prior-year figures.

(33) Transactions with Related Parties

E.ON exchanges goods and services with a large number of companies as part of its continuing operations. Some of these companies are related parties, including associated companies accounted for under the equity method and their subsidiaries. Receivables and payables consist primarily of lease obligations from leaseback models and trade receivables. Joint ventures and subsidiaries that are not fully consolidated continue to be accounted for as associated companies. Transactions with related parties in the reporting year and in the previous year are summarized as follows:

Related-Party Transactions

€ in millions	2019	2018
Income	**676**	**1,379**
Associated companies	*542*	*1,224*
Joint ventures	*38*	*11*
Other related parties	*96*	*144*
Expenses	**560**	**2,496**
Associated companies	*216*	*2,112*
Joint ventures	*107*	*4*
Other related parties	*237*	*380*
Receivables	**627**	**374**
Associated companies	*456*	*166*
Joint ventures	*9*	*3*
Other related parties	*162*	*205*
Liabilities	**1,278**	**1,013**
Associated companies	*726*	*568*
Joint ventures	*177*	*15*
Other related parties	*375*	*430*
Provisions	**31**	**20**
Associated companies	*26*	*20*
Other related parties	*5*	*–*

In 2019, E.ON generated income from transactions with related companies through the delivery of gas and electricity to distributors and municipal entities, especially municipal utilities. The relationships with these entities do not generally differ from those that exist with municipal entities in which E.ON does not have an interest. Expenses from transactions with related companies are generated mainly through electricity and gas deliveries as well as through management fees, IT services and third-party services.

For the first six months of 2018, until their sale to Fortum, the companies of the Uniper Group generated revenue in the amount €820 million, interest income of €0 million and other income of €100 million, as well as other expenses in the amount of €1,957 million and interest expenses in the amount of €6 million.

Liabilities of E.ON payable to related companies as of December 31, 2019, include €21 million (2018: €48 million) in trade payables and shareholder loans to operators of jointly-owned nuclear power plants. These shareholder loans bear interest based on Euribor at 1.0 percent (2018: 1.0 percent) and have no fixed maturity. E.ON continues to have in place with these power plants a cost-transfer agreement and a cost-plus-fee agreement for the procurement of electricity. The settlement of such liabilities occurs mainly through clearing accounts.

Under IAS 24, compensation paid to key management personnel (members of the Management Board and of the Supervisory Board of E.ON SE) must be disclosed.

The total expense for 2019 for members of the Management Board amounted to €10.3 million (2018: €11.1 million) in short-term benefits and €2.6 million (2018: €2.3 million) in post-employment benefits. The cost of post-employment benefits is equal to the service and interest cost of the provisions for pensions. Additionally taken into account in 2019 were actuarial losses of €1.4 million (2018: actuarial gains of €0.4 million).

The expense determined in accordance with IFRS 2 for existing commitments arising from share-based payment in 2019 was €5.4 million (2018: €3.6 million).

Provisions for these commitments amounted to €14.5 million as of December 31, 2019 (2018: €12.8 million).

The members of the Supervisory Board received a total of €4.3 million for their activity in 2019 (2018: €4.1 million). Employee representatives on the Supervisory Board were paid compensation under the existing employment contracts with subsidiaries totaling €0.6 million (2018: €0.5 million).

Detailed, individualized information on compensation can be found in the Compensation Report on pages 70 through 85.

(34) Segment Reporting

Segment Information

Led by its Corporate Headquarters in Essen, Germany, the E.ON Group comprises the eight reporting segments described below, and the Non-Core Business and Corporate Functions/Other, all of which are reported here in accordance with IFRS 8. The combined segments, which are not separately reportable, in the East-Central Europe/Turkey Energy Networks unit and the Customer Solutions Other unit are of subordinate importance and have similar economic characteristics with respect to customer structure, products and distribution channels.

Energy Networks

Germany

This segment combines the electricity and gas distribution networks and all related activities in Germany.

Sweden

This segment comprises the electricity networks businesses in Sweden.

East-Central Europe/Turkey

This segment combines the distribution network activities in the Czech Republic, Hungary, Romania, Slovakia and Turkey.

Customer Solutions

Germany

This segment consists of activities that supply our customers in Germany with electricity and gas and the distribution of specific products and services in areas for improving energy efficiency and energy independence.

United Kingdom

The segment comprises sales activities and customer solutions in the UK.

Other

This segment combines sales activities and the corresponding Customer Solutions in Sweden, Italy, the Czech Republic, Hungary and Romania and E.ON Business Solutions as well as the heating business in Germany.

innogy

The innogy segment comprises, in particular, the network and sales distribution business, as well as the holding functions and internal service providers of the innogy Group, which was taken over in September 2019. innogy operates its network business primarily in Germany, Poland, Hungary and Croatia. innogy maintains its sales business primarily in the markets of Germany, the UK, the Netherlands, Belgium, Hungary and Poland.

Renewables

The Renewables segment combines the Group's activities for the production of wind power plants (onshore and offshore) as well as solar farms.

In connection with the takeover of innogy, E.ON will transfer the majority of its Renewables business to RWE. Since June 30, 2018, the transferred businesses were reported as a discontinued operation in E.ON's consolidated financial statements in accordance with IFRS 5 (see Note 4 for further information).

For internal management purposes, these activities therefore continued to be fully included in the relevant key performance indicators. The presentation of key performance indicators and revenue in segment reporting therefore also includes the components attributable to discontinued operations in the Renewables business. Reconciliations of these figures to the information in the E.ON Group's consolidated income statement and consolidated statement of cash flows are provided on pages 204, 205 and 207.

Non-Core Business

Non-Core Business comprises the non-strategic activities of the E.ON Group. This includes the operation and retirement of the German nuclear power plants, which are managed by the PreussenElektra operating unit, and the electricity generation business in Turkey.

Corporate Functions/Other

Corporate Functions/Other contains E.ON SE itself and the interests held directly by E.ON SE. Until June 26, 2018, the Uniper Group, which was accounted for in the consolidated financial statements using the equity method, was also allocated to this segment. Additional information regarding the Uniper Group is provided in Note 4.

Financial Information by Business Segment

€ in millions	Energy Networks						Customer Solutions					
	Germany		Sweden		ECE/Turkey		Germany		United Kingdom		Other	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
External sales	4,790	4,819	1,018	978	670	598	7,178	6,678	7,626	7,574	7,951	7,244
Intersegment sales	1,473	1,424	6	11	913	939	135	120	57	59	332	312
Sales	**6,263**	**6,243**	**1,024**	**989**	**1,583**	**1,537**	**7,313**	**6,798**	**7,683**	**7,633**	**8,283**	**7,556**
Depreciation and amortization[1]	**-644**	**-593**	**-153**	**-150**	**-239**	**-232**	**-39**	**-33**	**-122**	**-95**	**-210**	**-183**
Adjusted EBIT	**921**	**895**	**539**	**498**	**428**	**451**	**159**	**160**	**11**	**142**	**143**	**111**
Equity-method earnings[2]	*62*	*69*	*–*	*–*	*116*	*97*	*–*	*–*	*–*	*–*	*12*	*10*
Operating cash flow before interest and taxes	**770**	**1,559**	**718**	**771**	**770**	**652**	**166**	**273**	**-86**	**92**	**199**	**211**
Investments	**947**	**802**	**313**	**341**	**395**	**454**	**63**	**35**	**154**	**207**	**507**	**395**

[1]Adjusted for non-operating effects.
[2]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.
[3]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 in segment reporting of operating cash flow before interest and taxes to operating cash flow:

Reconciliation of Sales

€ in millions	E.ON Group		Reclassified businesses at Renewables[1]		E.ON Group (continuing operations)	
	2019	2018	2019	2018	2019	2018
Sales	**41,484**	**30,084**	**-481**	**-688**	**41,003**	**29,396**

[1]Deconsolidated as of September 18, 2019.

					Non-Core Business									
	innogy		Renewables[3]		PreussenElektra		Generation Turkey		Corporate Functions/Other		Consolidation		E.ON Group[3]	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	10,381	–	682	784	1,174	1,370	–	–	14	38	–	1	41,484	30,084
	63	–	914	970	–	–	–	–	608	606	-4,501	-4,441	0	0
	10,444	**–**	**1,596**	**1,754**	**1,174**	**1,370**	**–**	**–**	**622**	**644**	**-4,501**	**-4,440**	**41,484**	**30,084**
	-335	**–**	**-281**	**-340**	**-251**	**-157**	**–**	**–**	**-53**	**-72**	**4**	**4**	**-2,323**	**-1,851**
	421	**–**	**347**	**521**	**292**	**399**	**74**	**-17**	**-107**	**-153**	**7**	**-18**	**3,235**	**2,989**
	55	*–*	*56*	*44*	*51*	*53*	*74*	*-17*	*70*	*65*	*-1*	*-1*	*495*	*320*
	1,277	**–**	**690**	**657**	**313**	**199**	**–**	**–**	**-413**	**-328**	**3**	**1**	**4,407**	**4,087**
	878	**–**	**722**	**1,037**	**207**	**15**	**–**	**154**	**1,305**	**86**	**1**	**-3**	**5,492**	**3,523**

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

€ in millions	2019	2018
Operating cash flow before interest and taxes	**4,407**	**4,087**
Interest payments	-740	-606
Tax payments	-754	-628
Reclassified innogy business in the Czech Republic (operating cash flow)	52	–
Operating cash flow	**2,965**	**2,853**
Reclassified businesses at Renewables[1]	-100	-558
Reclassified innogy business in the Czech Republic	-52	–
Operating cash flow from continuing operations	**2,813**	**2,295**

[1]Deconsolidated as of September 18, 2019.

The following table shows the reconciliation in segment reporting 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

€ in millions	2019	2018
Investments	**5,492**	**3,523**
Reclassified businesses at Renewables[1]	-708	-1,036
Investments from continuing operations	**4,784**	**2,487**

[1]Deconsolidated as of September 18, 2019.

Of the equity result, which is reported in the segment information, €57 million (2018: €44 million) is attributable to discontinued operations and the activities in the Renewables segment that were deconsolidated with effect from September 18, 2019.

Adjusted EBIT

Adjusted EBIT, a measure of earnings before interest and taxes ("EBIT") adjusted to exclude non-operating effects, is used at E.ON for purposes of internal management control and as the most important indicator of a business's sustainable earnings power.

The E.ON Management Board is convinced that adjusted EBIT is the most suitable key figure for assessing operating performance because it presents a business's operating earnings independently of non-operating factors, interest, and taxes.

Unadjusted EBIT represents the Group's income/loss reported in accordance with IFRS before financial results and income taxes, taking into account the net income/expense from equity investments. To improve its meaningfulness as an indicator of the sustainable earnings power of the E.ON Group's business, unadjusted EBIT is adjusted for certain non-operating effects.

Operating earnings also include income from investment subsidies for which liabilities are recognized.

The non-operating earnings effects for which EBIT is adjusted include, in particular, non-operating interest expense/income, income and expenses from the marking to market of derivative financial instruments used for hedging and, where material, book gains/losses, certain restructuring expenses, impairment charges and reversals recognized in the context of impairment tests on non-current assets, on equity investments in affiliated or associated companies and on goodwill, and other contributions to non-operating earnings. In addition, effects from the valuation of certain provisions on the balance sheet date are disclosed in non-operating earnings.

In addition, earnings from discontinued operations and activities in the Renewables segment that were deconsolidated with effect from September 18, 2019, adjusted for non-operating effects, are also included in adjusted EBIT. Pursuant to IFRS 5, equity carried forward from investments in discontinued operations is to be terminated. However, this was continued within the framework of internal management and was then also included in adjusted EBIT. As with the treatment of the effects of the equity carried forward, depreciation in discontinued operations, which is generally to be deferred in accordance with IFRS 5, is continued and carried forward in adjusted EBIT.

Net book gains declined significantly in the 2019 fiscal year. They mainly comprise the effects of the deconsolidation of PEGI as parent company of Nord Stream. The prior-year figure included positive effects from the disposal of Uniper, Hamburg Netz, and E.ON Gas Sverige and, offsetting these effects, the overall negative gain on the disposal of Enerjisa Enerji. In addition, income from the disposal of securities was lower than in the prior year.

Restructuring expenses were significantly above the level of the 2018 reporting period and in 2019 mainly included expenses in connection with the acquisition of innogy. This item also includes the expenses incurred in connection with the restructuring measures initiated at npower, the UK sales business of innogy.

Derivative financial instruments resulted in a non-operating effect of -€707 million in fiscal year 2019 (previous year: +€610 million). Negative effects in the 2019 reporting period resulted primarily from hedging price fluctuations, particularly in Customer Solutions, and from the marking to market of derivatives in the innogy segment. The value in 2018 is mainly attributable to the derivative financial instruments in connection with contractual rights and obligations from the sale of the Uniper shares. In addition, all effects resulting from so-called "failed own use" contracts (see Note 2 for further information) in non-operating earnings are summarized in the item "Effects from derivative financial instruments."

In the 2019 reporting period, impairments were recognized in particular in the areas of Customer Solutions in the United Kingdom, Energy Networks Germany and innogy. In the prior year, impairments were incurred primarily in the UK Customer Solutions segment and E.ON Business Solutions.

Effects that are to be initially recognized from the subsequent measurement of hidden reserves and charges in connection with the preliminary innogy purchase price allocation and newly recognized effects from the measurement of financial assets in the innogy segment are presented separately. These effects will be balanced out in subsequent periods.

Other non-operating earnings were on a par with the previous year and in 2019 include, among other elements, positive effects from realized hedging transactions for certain currency risks.

The following table shows the reconciliation of earnings before interest and taxes to adjusted EBIT or adjusted EBITDA:

Reconciliation of Income before Financial Results and Income Taxes

€ in millions	2019	2018
Income/Loss from continuing operations before financial results and income taxes	**1,351**	**3,953**
Income/Loss from equity investments	58	44
EBIT	**1,409**	**3,997**
Non-operating adjustments	**1,526**	**-1,521**
Net book gains/losses	*-366*	*-857*
Restructuring/cost-management expenses	*819*	*64*
Effects from market valuation derivatives	*707*	*-610*
Impairments (+)/Reversals (-)	*275*	*61*
Carryforward of hidden reserves (-) and liabilities (+) from the innogy transaction	*252*	*–*
Other non-operating earnings	*-161*	*-179*
Reclassified businesses of Renewables (adjusted EBIT)	300	513
Adjusted EBIT	**3,235**	**2,989**
Impairments (+)/Reversals (-)	66	45
Scheduled depreciation and amortization	1,986	1,475
Reclassified businesses of Renewables (scheduled depreciation and amortization, impairments and reversals)	271	331
Adjusted EBITDA	**5,558**	**4,840**

Page 27 of the Combined Group Management Report provide a more detailed explanation of the reconciliation of adjusted EBIT to the net income/loss reported in the Consolidated Financial Statements.

Additional Entity-Level Disclosures

External sales by product break down as follows:

Segment Information by Product

€ in millions	2019	2018
Electricity	30,166	22,456
Gas	8,178	5,799
Other	3,140	1,829
Total	**41,484**	**30,084**

The “Other” item consists in particular of revenues generated from services.

The following table breaks down external sales (by customer and seller location), intangible assets and property, plant and equipment, as well as companies accounted for under the equity method, by geographic area:

Geographic Segment Information

	Germany		United Kingdom		Sweden		Europe (other)		Other		Total	
€ in millions	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
External sales by location of customer	20,198	13,224	10,068	7,702	2,176	2,209	8,758	6,667	284	282	41,484	30,084
External sales by location of seller	19,281	13,653	10,713	7,740	2,138	2,203	9,057	6,208	295	280	41,484	30,084
Intangible assets	1,634	600	355	287	183	145	1,947	1,130	19	–	4,138	2,162
Right-of-use assets	2,718	–	126	–	48	–	214	–	3	–	3,109	–
Property, plant and equipment	25,135	9,557	697	620	4,762	4,593	5,235	3,287	3	–	35,832	18,057
Companies accounted for under the equity method	3,192	787	461	–	70	71	1,509	1,745	–	–	5,232	2,603

E.ON's customer structure resulted in a focus on the Germany region. Aside from that, there was no major concentration in any given geographical region or business area. Due to the large number of customers the Company serves and the variety of its business activities, there are no individual customers whose business volume is material compared with the Company's total business volume.

(35) Compensation of Supervisory Board and Management Board

Supervisory Board

Total remuneration to members of the Supervisory Board in 2019 amounted to €4.3 million (2018: €4.1 million).

As in 2018, there were no loans to members of the Supervisory Board in 2019.

The Supervisory Board's compensation structure and the amounts for each member of the Supervisory Board are presented on page 84 and 85 in the Compensation Report.

Additional information about the members of the Supervisory Board is provided on pages 240 and 241.

Management Board

Total compensation of the Management Board in 2019 amounted to €15.6 million (2018: €15.9 million). This consisted of base salary, bonuses, other compensation elements and share-based payments.

In 2019, the members of the Management Board were granted third-tranche virtual shares under the E.ON Performance Plan (2018: second tranche of the E.ON Performance Plan) with a value of €5.2 million (2018: €4.9 million) and a total number of shares of 780,815 (2018: 760,078).

Total payments to former members of the Management Board and their beneficiaries amounted to €10.8 million (2018: €12.5 million). Provisions of €161.3 million (2018: €155.8 million) have been established for the pension obligations to former members of the Management Board and their beneficiaries.

As in 2018, there were no loans to members of the Management Board in 2019.

The Management Board's compensation structure and the individual amounts for each member of the Management Board as well as additional disclosures on the amounts are presented on pages 70 through 85 in the Compensation Report.

Additional information about the members of the Management Board is provided on page 242.

(36) Subsequent Events

Cash Settlement Determined for the Remaining Minority Shareholders of innogy

In September of last year, E.ON notified the Management Board of innogy that innogy SE would soon be merged into E.ON Verwaltungs SE, and that the remaining minority shareholders would be excluded (a so-called "squeeze-out under German merger law"). In mid-January 2020, E.ON notified the Management Board of innogy that the determination had been made to pay out an appropriate cash settlement of €42.82 per innogy share to the remaining minority shareholders. Independent auditors appointed by the court confirmed the appropriateness of the cash settlement.

The extraordinary general shareholders meeting of innogy SE passed a resolution on the transfer of the innogy shares of the remaining minority shareholders on March 4, 2020. The squeeze-out under German merger law approved by resolution at that meeting will become effective with the entry of the transfer resolution and the merger in the commercial register.

Corporate Bonds Issued

At the beginning of January 2020, E.ON issued three corporate bonds with a total volume of €2.25 billion. High investor demand enabled E.ON to lock in attractive interest rates for all maturities:

- €750 million bond due in 2023 with 0 percent coupon per annum
- €1 billion green bond due in 2027 with 0.375 percent coupon per annum
- €500 million bond due in 2030 with 0.75 percent coupon per annum

Disposal of the Heating Electricity Business

One of the conditions imposed on E.ON by the EU Commission is the disposal of the so-called heating electricity business in Germany. This heating electricity business includes all customer contracts for the supply of heating electricity by E.ON Energie Deutschland ("EDG") and all contracts between EDG and those heating electricity customers that purchase heating and general electricity via separate meters. In anticipation of the disposal, the heating electricity business was spun off to two newly founded companies, E.ON Heizstrom Nord GmbH and E.ON Heizstrom Süd GmbH. Because of the obligation to dispose of these activities, E.ON has already reported the relevant balance sheet items of both companies as a disposal group pursuant to IFRS 5 with effect from September 30, 2019. The agreement was signed on March 3, 2020.

Strategic Partnership Agreement with Kraken Technologies

In March 2020, E.ON entered into a strategic partnership with Kraken Technologies, a sister company of Octopus Energy. The strategic partnership, E.ON Next, will leverage the technology platform of Kraken Technologies and transform E.ON UK's business with residential and small and medium-sized commercial customers in the UK.

E.ON and Kraken Technologies will continue to develop the platform to deliver outstanding customer service based on the principles of customer focus, simplicity, transparency and cost efficiency. The first phase will involve the migration of npower's customers to the new platform, followed by a second phase for E.ON UK customers.

COVID-19 (Coronavirus)

The outbreak and spread of the novel coronavirus has global implications, including economic and financial effects. At the time this report was prepared, potentially adverse business effects of the outbreak of the coronavirus were not yet apparent. The possible implications of this matter are being analyzed on an ongoing basis. For further details, please refer to the combined group management report.

(37) List of Shareholdings Pursuant to Section 313 (2) HGB

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2019)

Name, location	Stake (%)
:agile accelerator GmbH, DE, Düsseldorf[2]	100.0
100 Kilowatt Naperőmű Alfa Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
100 Kilowatt Naperőmű Béta Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
100 Kilowatt Naperőmű Delta Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
100 Kilowatt Naperőmű Epszilon Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
100 Kilowatt Naperőmű Éta Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
100 Kilowatt Naperőmű Gamma Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
100 Kilowatt Naperőmű Kappa Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
2. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt MEAG Halle KG, DE, Düsseldorf[1, 12]	0.0
2. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Naumburg KG, DE, Düsseldorf[2, 12]	0.0
4Motions GmbH, DE, Leipzig[2]	100.0
A/V/E GmbH, DE, Halle (Saale)[1]	76.1
Abens-Donau Netz GmbH & Co. KG, DE, Mainburg[6]	50.0
Abens-Donau Netz Verwaltung GmbH, DE, Mainburg[6]	50.0
Abfallwirtschaft Dithmarschen GmbH, DE, Heide[6]	49.0
Abfallwirtschaft Schleswig-Flensburg GmbH, DE, Schleswig[6]	49.0
Abfallwirtschaft Südholstein GmbH - AWSH -, DE, Elmenhorst[6]	49.0
Abfallwirtschaftsgesellschaft Rendsburg-Eckernförde mbH, DE, Borgstedt[6]	49.0
Abwasser und Service Burg, Hochdonn GmbH, DE, Burg[6]	39.0
Abwasser und Service Mittelangeln GmbH, DE, Satrup[6]	33.3
Abwasserbeseitigung Nortorf-Land GmbH, DE, Nortorf[6]	49.0
Abwasserentsorgung Albersdorf GmbH, DE, Albersdorf[6]	49.0
Abwasserentsorgung Amt Achterwehr GmbH, DE, Achterwehr[6]	49.0
Abwasserentsorgung Bargteheide GmbH, DE, Bargteheide[6]	27.0
Abwasserentsorgung Bleckede GmbH, DE, Bleckede[6]	49.0
Abwasserentsorgung Brunsbüttel GmbH (ABG), DE, Brunsbüttel[6]	49.0
Abwasserentsorgung Friedrichskoog GmbH, DE, Friedrichskoog[6]	49.0
Abwasserentsorgung Kappeln GmbH, DE, Kappeln[6]	25.0
Abwasserentsorgung Kropp GmbH, DE, Kropp[6]	20.0
Abwasserentsorgung Marne-Land GmbH, DE, Diekhusen-Fahrstedt[6]	49.0
Abwasserentsorgung Schladen GmbH, DE, Schladen[6]	49.0
Abwasserentsorgung Schöppenstedt GmbH, DE, Schöppenstedt[6]	49.0
Abwasserentsorgung St. Michaelisdonn, Averlak, Dingen, Eddelak GmbH, DE, St. Michaelisdonn[6]	25.1
Abwasserentsorgung Tellingstedt GmbH, DE, Tellingstedt[6]	25.0
Abwasserentsorgung Uetersen GmbH, DE, Uetersen[6]	49.0
Abwassergesellschaft Bardowick mbH & Co. KG, DE, Bardowick[6]	49.0
Abwassergesellschaft Bardowick Verwaltungs-GmbH, DE, Bardowick[6]	49.0
Abwassergesellschaft Gehrden mbH, DE, Gehrden[6]	49.0
Abwassergesellschaft Ilmenau mbH, DE, Melbeck[6]	49.0
Abwasserwirtschaft Fichtelberg GmbH, DE, Fichtelberg[6]	25.0
Abwasserwirtschaft Kunstadt GmbH, DE, Burgkunstadt[6]	30.0
Aceve Totaalinstallateurs B.V., NL, Capelle aan den IJssel[1]	100.0
Ackermann & Knorr Ingenieur GmbH, DE, Chemnitz[2]	100.0
Airco-Klima Service GmbH, DE, Garbsen[2]	80.0
AirSon Engineering AB, SE, Ängelholm[2]	100.0
Alfred Thiel-Gedächtnis-Unterstützungskasse GmbH, DE, Essen[2]	50.0
Alsdorf Netz GmbH, DE, Aachen[1]	100.0
Alt Han Company Limited, GB, London[6]	21.0
ANCO Sp. z o.o., PL, Jarocin[2]	100.0
Aralt BV, BE, Hasselt[1]	100.0
Areal LDS Blansko a.s., CZ, Blansko[2]	100.0
Artelis S.A., LU, Luxembourg[1]	90.0
AV Packaging GmbH, DE, Munich[1]	0.0
Avacon AG, DE, Helmstedt[1]	61.5
Avacon Beteiligungen GmbH, DE, Helmstedt[1]	100.0
Avacon Connect GmbH, DE, Laatzen[1]	100.0
Avacon Hochdrucknetz GmbH, DE, Helmstedt[1]	100.0
Avacon Natur GmbH, DE, Sarstedt[1]	100.0
Avacon Netz GmbH, DE, Helmstedt[1]	100.0
Avon Energy Partners Holdings, GB, Coventry[2]	100.0
AVU Aktiengesellschaft für Versorgungs-Unternehmen, DE, Gevelsberg[4]	50.0
AWOTEC Gebäude Servicegesellschaft mit beschränkter Haftung, DE, Saarbrücken[6]	48.0
Bäderbetriebsgesellschaft St. Ingbert mbH, DE, St. Ingbert[6]	49.0
BAG Port 1 GmbH, DE, Regensburg[2]	100.0
Balve Netz GmbH & Co. KG, DE, Balve[6]	25.1
Basking Automation GmbH, DE, Berlin[6]	46.4
Bayerische Bergbahnen-Beteiligungs-Gesellschaft mbH, DE, Gundremmingen[1]	100.0
Bayerische Elektrizitätswerke GmbH, DE, Augsburg[2]	100.0
Bayerische Ray Energietechnik GmbH, DE, Garching[6]	49.0
Bayerische-Schwäbische Wasserkraftwerke Beteiligungs-gesellschaft mbH, DE, Gundremmingen[1]	62.2
Bayernwerk AG, DE, Regensburg[1]	100.0
Bayernwerk Energiedienstleistungen Licht GmbH, DE, Regensburg[2]	100.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2019)

Name, location	Stake (%)
Bayernwerk Energietechnik GmbH, DE, Regensburg[2]	100.0
Bayernwerk Natur 1. Beteiligungs-GmbH, DE, Regensburg[2]	100.0
Bayernwerk Natur GmbH, DE, Unterschleißheim[1]	100.0
Bayernwerk Netz GmbH, DE, Regensburg[1]	100.0
Bayernwerk Portfolio GmbH & Co. KG, DE, Regensburg[2]	100.0
Bayernwerk Portfolio Verwaltungs GmbH, DE, Regensburg[1]	100.0
Bayernwerk Regio Energie GmbH, DE, Regensburg[2]	100.0
Beteiligung H1 GmbH, DE, Helmstedt[2]	100.0
Beteiligung H2 GmbH, DE, Helmstedt[2]	100.0
Beteiligung N1 GmbH, DE, Helmstedt[2]	100.0
Beteiligung N2 GmbH, DE, Helmstedt[2]	100.0
Beteiligungsgesellschaft der Energieversorgungsunternehmen an der Kerntechnische Hilfsdienst GmbH GbR, DE, Eggenstein-Leopoldshofen[6]	46.3
Beteiligungsgesellschaft e.disnatur mbH, DE, Potsdam[2]	100.0
Beteiligungsgesellschaft Werl mbH, DE, Essen[2]	51.0
BEW Netze GmbH, DE, Wipperfürth[4, 10]	61.0
BHL Biomasse Heizanlage Lichtenfels GmbH, DE, Lichtenfels[6]	25.1
BHO Biomasse Heizanlage Obernsees GmbH, DE, Hollfeld[6]	40.7
BHP Biomasse Heizwerk Pegnitz GmbH, DE, Pegnitz[6]	46.5
Bikesquare Srl, IT, Cuneo[6]	30.0
bildungszentrum energie GmbH, DE, Halle (Saale)[2]	100.0
Bioenergie Bad Wimpfen GmbH & Co. KG, DE, Bad Wimpfen[2]	51.0
Bioenergie Bad Wimpfen Verwaltungs-GmbH, DE, Bad Wimpfen[2]	100.0
Bioenergie Kirchspiel Anhausen GmbH & Co.KG, DE, Anhausen[2]	51.0
Bioenergie Kirchspiel Anhausen Verwaltungs-GmbH, DE, Anhausen[2]	100.0
Bioenergie Merzig GmbH, DE, Merzig[2]	51.0
Bioerdgas Hallertau GmbH, DE, Wolnzach[2]	90.0
Bioerdgas Schwandorf GmbH, DE, Schwandorf[2]	100.0
Biogas Ducherow GmbH, DE, Ducherow[2]	80.0
Biogas Schwalmtal GmbH & Co. KG, DE, Schwalmtal[2]	65.5
Biogas Steyerberg GmbH, DE, Steyerberg[2]	100.0
Biogas Wassenberg GmbH & Co. KG, DE, Wassenberg[6]	32.4
Biogas Wassenberg Verwaltungs GmbH, DE, Wassenberg[6]	32.4
Biogasanlage Schwalmtal GmbH, DE, Schwalmtal[2]	99.2
Biomasseverwertung Straubing GmbH, DE, Straubing[2]	100.0
Bio-Wärme Gräfelfing GmbH, DE, Gräfelfing[6]	40.0
BMV Energie Beteiligungs GmbH, DE, Fürstenwalde/Spree[2]	100.0
BMV Energie GmbH & Co. KG, DE, Fürstenwalde/Spree[6]	25.6
Borowski GmbH & Co. KG, DE, Essen[2]	100.0
Breitband-Infrastrukturgesellschaft Cochem-Zell mbH, DE, Cochem[6]	20.7
bremacon GmbH, DE, Bremen[6]	48.0
Broadband TelCom Power, Inc., US, Santa Ana[1]	100.0
Brüggen.E-Netz GmbH & Co. KG, DE, Brüggen[6]	25.1
Brüggen.E-Netz Verwaltungs-GmbH, DE, Brüggen[6]	25.1
Brunnshög Energi AB, SE, Malmö[2]	100.0
BTB Bayreuther Thermalbad GmbH, DE, Bayreuth[6]	33.3
BTB-Blockheizkraftwerks, Träger- und Betreibergesellschaft mbH Berlin, DE, Berlin[1]	100.0
BTC Power Cebu Inc., PH, Lapu-Lapu City[2]	100.0
BTC POWER EUROPE SL, ES, Altea[2]	100.0
Budapesti Dísz- és Közvilágítási Korlátolt Felelősségű Társaság, HU, Budapest[4]	50.0
Budapesti Elektromos Művek Nyrt., HU, Budapest[1]	98.9
Bützower Wärme GmbH, DE, Bützow[6]	20.0
Cameleon B.V., NL, Rotterdam[2]	100.0
Cegecom S.A., LU, Luxembourg[1]	100.0
Celle-Uelzen Netz GmbH, DE, Celle[1]	97.5
Celsium Serwis Sp. z o.o., PL, Skarżysko-Kamienna[2]	100.0
Celsium Sp. z o.o., PL, Skarżysko-Kamienna[2]	87.8
CERBEROS s.r.o., CZ, Prague[2]	100.0
Certified B.V., NL, Amsterdam[1]	100.0
Charge4Europe GmbH, DE, Essen[6]	50.0
Charge-ON GmbH, DE, Essen[1]	100.0
CHN Contractors Limited, GB, Coventry[2]	100.0
CHN Electrical Services Limited, GB, Coventry[2]	100.0
CHN Group Ltd, GB, Coventry[2]	100.0
CHN Special Projects Limited, GB, Coventry[2]	100.0
Citigen (London) Limited, GB, Coventry[1]	100.0
CM Intressenter AS, NO, Trollåsen[1]	100.0
Colonia-Cluj-Napoca-Energie S.R.L., RO, Cluj-Napoca[6]	33.3
COMCO MCS S.A., LU, Luxembourg[2]	100.0
Conjoule GmbH, DE, Essen[2]	94.5
Coromatic A/S, DK, Odense[1]	100.0
Coromatic AB, SE, Bromma[1]	100.0
Coromatic AS, NO, Trollåsen[1]	100.0
Coromatic As a Service AB, SE, Bromma[2]	100.0
Coromatic Group AB, SE, Bromma[1]	100.0
Coromatic Group ApS, DK, Odense[1]	100.0
Coromatic Holding AB, SE, Bromma[1]	100.0
Coromatic International AB, SE, Bromma[2]	100.0
Coromatic Nord AS, NO, Trollåsen[2]	100.0
Coromatic OY, FI, Helsinki[2]	100.0
Coromatic Syd AB, SE, Västra Frölunda[2]	100.0
Coromatic Tullinge AB, SE, Bromma[2]	100.0
Cremlinger Energie GmbH, DE, Cremlingen[6]	49.0
Cuculus GmbH, DE, Ilmenau[6]	20.4
D E M GmbH, DE, Elsdorf[2]	99.9

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Name, location	Stake (%)
Dampfversorgung Ostsee-Molkerei GmbH, DE, Wismar[6]	50.0
DANEB Datennetze Berlin GmbH, DE, Berlin[2]	100.0
DD Turkey Holdings S.à r.l., LU, Luxembourg[1]	100.0
Decadia GmbH, DE, Essen[2]	50.0
Delgaz Grid S.A., RO, Târgu Mureş[1]	56.5
Der Solarbauer Borowski Verwaltungs GmbH, DE, Essen[2]	100.0
DES Dezentrale Energien Schmalkalden GmbH, DE, Schmalkalden[6]	33.3
Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG, DE, Gorleben[6]	42.5
DigiKoo GmbH, DE, Essen[2]	100.0
Dii GmbH, DE, Munich[6]	20.0
Discovergy GmbH, DE, Aachen[6]	24.4
DON-Stromnetz GmbH & Co. KG, DE, Donauwörth[2]	100.0
DON-Stromnetz Verwaltungs GmbH, DE, Donauwörth[2]	100.0
Dorsten Netz GmbH & Co. KG, DE, Dorsten[6]	49.0
Dortmunder Energie- und Wasserversorgung Gesellschaft mit beschränkter Haftung, DE, Dortmund[5]	39.9
Drivango GmbH i. L., DE, Düsseldorf[2]	100.0
DUKO Hlinsko, s.r.o., CZ, Hlinsko[6]	49.0
Dutchdelta Finance S.à r.l., LU, Luxembourg[1]	100.0
E WIE EINFACH GmbH, DE, Cologne[1]	100.0
e.dialog Netz GmbH, DE, Potsdam[2]	100.0
E.DIS AG, DE, Fürstenwalde/Spree[1]	67.0
E.DIS Bau- und Energieservice GmbH, DE, Fürstenwalde/Spree[2]	100.0
E.DIS Netz GmbH, DE, Fürstenwalde/Spree[1]	100.0
e.discom Telekommunikation GmbH, DE, Rostock[2]	100.0
e.disnatur Erneuerbare Energien GmbH, DE, Potsdam[1]	100.0
e.distherm Wärmedienstleistungen GmbH, DE, Potsdam[1]	100.0
e.kundenservice Netz GmbH, DE, Hamburg[1]	100.0
E.ON (Cross-Border) Pension Trustees Limited, GB, Coventry[2]	100.0
E.ON 8. Verwaltungs GmbH, DE, Essen[2]	100.0
E.ON 9. Verwaltungs GmbH, DE, Essen[2]	100.0
E.ON 11. Verwaltungs GmbH, DE, Essen[2]	100.0
E.ON 12. Verwaltungs GmbH, DE, Essen[2]	100.0
E.ON 26. Verwaltungs GmbH, DE, Essen[2]	100.0
E.ON 28. Verwaltungs GmbH, DE, Essen[2]	100.0
E.ON 29. Verwaltungs GmbH, DE, Essen[2]	100.0
E.ON Agile Nordic AB, SE, Malmö[2]	100.0
E.ON Áramszolgáltató Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
E.ON Asist Complet S.A., RO, Târgu Mureş[2]	96.0
E.ON Asset Management GmbH & Co. EEA KG, DE, Grünwald[1, 8]	100.0
E.ON Bayern Verwaltungs AG, DE, Essen[2]	100.0
E.ON Beteiligungen GmbH, DE, Essen[1, 8]	100.0
E.ON Bioerdgas GmbH, DE, Essen[1]	100.0

Name, location	Stake (%)
E.ON Biofor Sverige AB, SE, Malmö[1]	100.0
E.ON Business Services Cluj S.R.L., RO, Cluj-Napoca[1]	100.0
E.ON Business Services Czech Republic s.r.o., CZ, České Budějovice[2]	100.0
E.ON Business Services Iași S.A., RO, Bucharest[2]	100.0
E.ON Business Services Regensburg GmbH, DE, Regensburg[1, 8]	100.0
E.ON Business Services Sverige AB, SE, Malmö[2]	100.0
E.ON Business Solutions GmbH, DE, Essen[1]	100.0
E.ON Business Solutions S.r.l., IT, Milan[1]	100.0
E.ON Business Solutions SAS, FR, Levallois-Perret[2]	100.0
E.ON CDNE. S.p.A., IT, Milan[2]	100.0
E.ON Česká republika, s.r.o., CZ, České Budějovice[1]	100.0
E.ON Connecting Energies Limited, GB, Coventry[1]	100.0
E.ON Control Solutions Limited, GB, Coventry[1]	100.0
E.ON Country Hub Germany GmbH, DE, Berlin[1, 8]	100.0
E.ON Danmark A/S, DK, Frederiksberg[1]	100.0
E.ON Dél-dunántúli Áramhálózati Zrt., HU, Pécs[1]	100.0
E.ON Dél-dunántúli Gázhálózati Zrt., HU, Pécs[1]	100.0
E.ON Dialog S.R.L., RO, Şelimbăr[2]	100.0
E.ON Digital Technology GmbH, DE, Hanover[1]	100.0
E.ON Digital Technology Hungary Kft., HU, Budapest[2]	100.0
E.ON Distribuce, a.s., CZ, České Budějovice[1]	100.0
E.ON Drive Infrastructure France SAS, FR, Levallois-Perret[2]	100.0
E.ON Drive Infrastructure GmbH, DE, Essen[1, 8]	100.0
E.ON Drive Infrastructure Italy S.r.l., IT, Milan[2]	100.0
E.ON Drive Infrastructure UK Limited, GB, Coventry[2]	100.0
E.ON edis Contracting GmbH, DE, Fürstenwalde/Spree[2]	100.0
E.ON edis energia Sp. z o.o., PL, Warsaw[1]	100.0
E.ON Elnät Stockholm AB, SE, Malmö[1]	100.0
E.ON Energia S.p.A., IT, Milan[1]	100.0
E.ON Energiakereskedelmi Kft., HU, Budapest[1]	100.0
E.ON Energiamegoldások Kft., HU, Budapest[2]	100.0
E.ON Energiatermelő Kft., HU, Budapest[1]	100.0
E.ON Energidistribution AB, SE, Malmö[1]	100.0
E.ON Energie 25. Beteiligungs-GmbH, DE, Munich[2]	100.0
E.ON Energie 38. Beteiligungs-GmbH, DE, Munich[2]	100.0
E.ON Energie AG, DE, Düsseldorf[1, 8]	100.0
E.ON Energie Deutschland GmbH, DE, Munich[1]	100.0
E.ON Energie Deutschland Holding GmbH, DE, Munich[1]	99.8
E.ON Energie Dialog GmbH, DE, Potsdam[2]	100.0
E.ON Energie Real Estate Investment GmbH, DE, Munich[2]	100.0
E.ON Energie România S.A., RO, Târgu Mureş[1]	68.2
E.ON Energie, a.s., CZ, České Budějovice[1]	100.0
E.ON Energihandel Nordic AB, SE, Malmö[1]	100.0

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Name, location	Stake (%)
E.ON Energija d.o.o., HR, Zagreb[1]	100.0
E.ON Energilösningar AB, SE, Malmö[1]	100.0
E.ON Energy Gas (Eastern) Limited, GB, Coventry[2]	100.0
E.ON Energy Gas (Northwest) Limited, GB, Coventry[2]	100.0
E.ON Energy Installation Services Limited, GB, Coventry[1]	100.0
E.ON Energy Projects GmbH, DE, Munich[1]	100.0
E.ON Energy Solutions GmbH, DE, Essen[2]	100.0
E.ON Energy Solutions Limited, GB, Coventry[1]	100.0
E.ON Észak-dunántúli Áramhálózati Zrt., HU, Győr[1]	100.0
E.ON Fastigheter 2 AB, SE, Malmö[2]	100.0
E.ON Fastigheter Sverige AB, SE, Malmö[1]	100.0
E.ON Finanzanlagen GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON Finanzholding Beteiligungs-GmbH, DE, Berlin[2]	100.0
E.ON Finanzholding SE & Co. KG, DE, Essen[1, 8]	100.0
E.ON First Future Energy Holding B.V., NL, Rotterdam[2]	100.0
E.ON Flash S.R.L., RO, Târgu Mureş[2]	100.0
E.ON Fünfundzwanzigste Verwaltungs GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON Gas Mobil GmbH, DE, Essen[2]	100.0
E.ON Gashandel Sverige AB, SE, Malmö[2]	100.0
E.ON Gaz Furnizare S.A., RO, Târgu Mureş[1]	68.2
E.ON Gazdasági Szolgáltató Kft., HU, Győr[1]	100.0
E.ON Gruga Geschäftsführungsgesellschaft mbH, DE, Düsseldorf[1, 8]	100.0
E.ON Gruga Objektgesellschaft mbH & Co. KG, DE, Essen[1, 8]	100.0
E.ON Grund&Boden Beteiligungs GmbH, DE, Essen[2]	100.0
E.ON Heizstrom Nord GmbH, DE, Essen[1]	100.0
E.ON Heizstrom Süd GmbH, DE, Essen[1]	100.0
E.ON Hrvatska d.o.o., HR, Zagreb[1]	100.0
E.ON Hungária Energetikai Zártkörűen Működő Részvénytársaság, HU, Budapest[1]	100.0
E.ON Iberia Holding GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON Inhouse Consulting GmbH, DE, Essen[2]	100.0
E.ON Innovation Co-Investments Inc., US, Wilmington[1]	100.0
E.ON Innovation Hub S.A., RO, Târgu Mureş[2]	100.0
E.ON Insurance Services GmbH, DE, Essen[2]	100.0
E.ON INTERNATIONAL FINANCE B.V., NL, Amsterdam[1]	100.0
E.ON Invest GmbH, DE, Grünwald[2]	100.0
E.ON IT UK Limited, GB, Coventry[2]	100.0
E.ON Italia S.p.A., IT, Milan[1]	100.0
E.ON Közép-dunántúli Gázhálózati Zrt., HU, Nagykanizsa[1]	99.9
E.ON Kundsupport Sverige AB, SE, Malmö[1]	100.0
E.ON Ljubljana d.o.o., SI, Ljubljana[1]	100.0
E.ON Mälarkraft Värme AB, SE, Örebro[1]	99.8
E.ON Metering GmbH, DE, Munich[2]	100.0
E.ON NA Capital LLC, US, Wilmington[1]	100.0
E.ON Nord Sverige AB, SE, Malmö[1]	100.0
E.ON Nordic AB, SE, Malmö[1]	100.0
E.ON Norge AS, NO, Stavanger[2]	100.0
E.ON North America Finance, LLC, US, Wilmington[1]	100.0
E.ON Nutzenergie GmbH, DE, Essen[2]	100.0
E.ON Perspekt GmbH, DE, Düsseldorf[2]	70.0
E.ON Plin d.o.o., HR, Zagreb[1]	100.0
E.ON Power Plants Belgium BVBA, BE, Mechelen[1]	100.0
E.ON Produktion Danmark A/S, DK, Frederiksberg[1]	100.0
E.ON Produzione S.p.A., IT, Milan[1]	100.0
E.ON Project Earth Limited, GB, Coventry[1]	100.0
E.ON RAG Beteiligungsgesellschaft mbH, DE, Düsseldorf[1]	100.0
E.ON RE Investments LLC, US, Wilmington[1]	100.0
E.ON Real Estate GmbH, DE, Essen[1]	100.0
E.ON Rhein-Ruhr Werke GmbH, DE, Essen[2]	100.0
E.ON România S.R.L., RO, Târgu Mureş[1]	100.0
E.ON Ruhrgas GPA GmbH, DE, Essen[1, 8]	100.0
E.ON Ruhrgas Portfolio GmbH, DE, Essen[1, 8]	100.0
E.ON Sechzehnte Verwaltungs GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON Service GmbH, DE, Essen[2]	100.0
E.ON Servicii Clienţi S.R.L., RO, Târgu Mureş[1]	100.0
E.ON Servicii S.R.L., RO, Târgu Mureş[1]	100.0
E.ON Servicii Tehnice S.R.L., RO, Târgu Mureş[1]	100.0
E.ON Slovensko, a.s., SK, Bratislava[1]	100.0
E.ON Software Development SRL, RO, Târgu Mureş[2]	100.0
E.ON Solar d.o.o., HR, Zagreb[1]	100.0
E.ON Solar GmbH, DE, Essen[2]	100.0
E.ON Solutions GmbH, DE, Essen[1, 8]	100.0
E.ON Sverige AB, SE, Malmö[1]	100.0
E.ON Telco, s.r.o., CZ, České Budějovice[2]	100.0
E.ON Tiszántúli Áramhálózati Zrt., HU, Debrecen[1]	100.0
E.ON Ügyfélszolgálati Kft., HU, Budapest[1]	100.0
E.ON UK Blackburn Meadows Limited, GB, Coventry[1]	100.0
E.ON UK CHP Limited, GB, Coventry[1]	100.0
E.ON UK CoGeneration Limited, GB, Coventry[1]	100.0
E.ON UK Directors Limited, GB, Coventry[2]	100.0
E.ON UK Energy Markets Limited, GB, Coventry[1]	100.0
E.ON UK Energy Services Limited, GB, Coventry[2]	100.0
E.ON UK Heat Limited, GB, Coventry[1]	100.0
E.ON UK Holding Company Limited, GB, Coventry[1]	100.0
E.ON UK Industrial Shipping Limited, GB, Coventry[2]	100.0
E.ON UK Pension Trustees Limited, GB, Coventry[2]	100.0
E.ON UK plc, GB, Coventry[1]	100.0
E.ON UK Property Services Limited, GB, Coventry[2]	100.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2019)

Name, location	Stake (%)
E.ON UK PS Limited, GB, Coventry[2]	100.0
E.ON UK Secretaries Limited, GB, Coventry[2]	100.0
E.ON UK Steven's Croft Limited, GB, Coventry[1]	100.0
E.ON UK Trustees Limited, GB, Coventry[2]	100.0
E.ON US Corporation, US, Wilmington[1]	100.0
E.ON US Energy LLC, US, Wilmington[1]	100.0
E.ON US Holding GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON Varme Danmark ApS, DK, Frederiksberg[1]	100.0
E.ON Värme Sverige AB, SE, Malmö[1]	100.0
E.ON Verwaltungs AG Nr. 1, DE, Munich[2]	100.0
E.ON Verwaltungs SE, DE, Essen[1, 8]	100.0
E.ON-CAPNET S.R.L., IT, Milan[2]	90.0
E+ Operatie Noord-Oost BV, NL, 's-Hertogenbosch[2]	100.0
E3 Haustechnik GmbH, DE, Magdeburg[2]	100.0
East Midlands Electricity Distribution Holdings, GB, Coventry[2]	100.0
East Midlands Electricity Share Scheme Trustees Limited, GB, Coventry[2]	100.0
easyOptimize GmbH, DE, Essen[2]	100.0
EBERnetz GmbH & Co. KG, DE, Ebersberg[6]	49.0
EBY Immobilien GmbH & Co KG, DE, Regensburg[2]	100.0
EBY Port 1 GmbH, DE, Munich[1, 8]	100.0
EBY Port 3 GmbH, DE, Regensburg[1]	100.0
Economy Power Limited, GB, Coventry[1]	100.0
EDT Energie Werder GmbH, DE, Werder (Havel)[2]	100.0
EE1 Erneuerbare Energien GmbH & Co. KG, DE, Lützen[2]	100.0
EE2 Erneuerbare Energien GmbH & Co. KG, DE, Lützen[2]	100.0
EfD Energie-für-Dich GmbH, DE, Potsdam[6]	49.0
EFG Erdgas Forchheim GmbH, DE, Forchheim[6]	24.9
EFR Europäische Funk-Rundsteuerung GmbH, DE, Munich[6]	39.9
EGD-Energiewacht Facilities B.V., NL, Assen[1]	100.0
ElbEnergie GmbH, DE, Seevetal[1]	100.0
ELE - GEW Photovoltaikgesellschaft mbH, DE, Gelsenkirchen[6]	49.0
ELE Verteilnetz GmbH, DE, Gelsenkirchen[1]	100.0
Elektrizitätsnetzgesellschaft Grünwald mbH & Co. KG, DE, Grünwald[6]	49.0
Elektrizitätswerk Landsberg Gesellschaft mit beschränkter Haftung, DE, Landsberg am Lech[1]	100.0
Elektrizitätswerk Schwandorf GmbH, DE, Schwandorf[2]	100.0
ELE-RAG Montan Immobilien Erneuerbare Energien GmbH, DE, Bottrop[6]	50.0
ELE-Scholven-Wind GmbH, DE, Gelsenkirchen[6]	30.0
Elmregia GmbH, DE, Schöningen[6]	49.0
ELMŰ DSO Holding Korlátolt Felelősségű Társaság, HU, Budapest[1]	100.0
ELMŰ Hálózati Elosztó Kft., HU, Budapest[1]	100.0
ELMŰ-ÉMÁSZ Energiakereskedő Kft., HU, Budapest[1]	100.0
Elmű-Émász Energiaszolgáltató Zrt., HU, Budapest[1]	100.0
ELMŰ-ÉMÁSZ Energiatároló Kft., HU, Budapest[1]	100.0
ELMŰ-ÉMÁSZ Solutions Kft., HU, Budapest[1]	100.0
ELMŰ-ÉMÁSZ Telco Kft., HU, Budapest[1]	100.0
ELMŰ-ÉMÁSZ Ügyfélszolgálati Kft., HU, Budapest[1]	100.0
ÉMÁSZ Hálózati Kft., HU, Miskolc[1]	100.0
Emscher Lippe Energie GmbH, DE, Gelsenkirchen[1]	50.1
EMSZET Első Magyar Szélerőmű Korlátolt Felelősségű Társaság, HU, Kulcs[2]	74.7
Energetyka Cieplna Opolszczyzny S.A., PL, Opole[5]	46.7
Energie BOL GmbH, DE, Ottersweier[6]	49.9
Energie Mechernich GmbH & Co. KG, DE, Mechernich[6]	49.0
Energie Mechernich Verwaltungs-GmbH, DE, Mechernich[6]	49.0
Energie Schmallenberg GmbH, DE, Schmallenberg[6]	44.0
Energie und Wasser Potsdam GmbH, DE, Potsdam[5]	35.0
Energie und Wasser Wahlstedt/Bad Segeberg GmbH & Co. KG (ews), DE, Bad Segeberg[6]	50.1
Energie Vorpommern GmbH, DE, Trassenheide[6]	49.0
Energie-Agentur Weyhe GmbH i. L., DE, Weyhe[6]	50.0
Energiedirect B.V., NL, Waalre[1]	100.0
Energiegesellschaft Leimen GmbH & Co.KG, DE, Leimen[2]	74.9
Energiegesellschaft Leimen Verwaltungsgesellschaft mbH, DE, Leimen[2]	74.9
energielösung GmbH, DE, Regensburg[2]	100.0
energienatur Gesellschaft für Erneuerbare Energien mbH, DE, Siegburg[6]	44.0
Energienetz Neufahrn/Eching GmbH & Co. KG, DE, Neufahrn bei Freising[6]	49.0
Energienetze Bayern GmbH, DE, Regensburg[1]	100.0
Energienetze Berlin GmbH, DE, Berlin[1]	100.0
Energienetze Großostheim GmbH & Co. KG, DE, Großostheim[6]	31.7
Energienetze Holzwickede GmbH, DE, Holzwickede[6]	25.1
Energienetze Ingolstadt GmbH, DE, Regensburg[2]	100.0
Energienetze Schaafheim GmbH, DE, Regensburg[2]	100.0
Energiepartner Dörth GmbH, DE, Dörth[6]	49.0
Energiepartner Elsdorf GmbH, DE, Elsdorf[6]	40.0
Energiepartner Hermeskeil GmbH, DE, Hermeskeil[6]	20.0
Energiepartner Kerpen GmbH, DE, Kerpen[6]	49.0
Energiepartner Niederzier GmbH, DE, Niederzier[6]	49.0
Energiepartner Projekt GmbH, DE, Essen[6]	49.0
Energiepartner Solar Kreuztal GmbH, DE, Kreuztal[6]	40.0
Energiepartner Wesseling GmbH, DE, Wesseling[6]	30.0
Energie-Pensions-Management GmbH, DE, Hanover[2]	70.0
EnergieRegion Taunus - Goldener Grund - GmbH & Co. KG, DE, Bad Camberg[6]	49.0
EnergieRevolte GmbH, DE, Düren[2]	100.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2019)

Name, location	Stake (%)
Energie-Service-Saar GmbH, DE, Völklingen[6]	50.0
Energieversorgung Alzenau GmbH (EVA), DE, Alzenau[6]	69.5
Energieversorgung Bad Bentheim GmbH & Co. KG, DE, Bad Bentheim[6]	25.1
Energieversorgung Bad Bentheim Verwaltungs-GmbH, DE, Bad Bentheim[6]	25.1
Energieversorgung Beckum GmbH & Co. KG, DE, Beckum (Westf.)[6]	34.0
Energieversorgung Beckum Verwaltungs-GmbH, DE, Beckum (Westf.)[6]	34.0
Energieversorgung Buching-Trauchgau (EBT) Gesellschaft mit beschränkter Haftung, DE, Halblech[6]	50.0
Energieversorgung Guben GmbH, DE, Guben[5]	45.0
Energieversorgung Horstmar/Laer GmbH & Co. KG, DE, Horstmar[6]	49.0
Energieversorgung Hürth GmbH, DE, Hürth[5]	24.9
Energieversorgung Kranenburg Netze GmbH & Co. KG, DE, Kranenburg[6]	25.1
Energieversorgung Kranenburg Netze Verwaltungs GmbH, DE, Kranenburg[6]	25.1
Energieversorgung Marienberg GmbH, DE, Marienberg[6]	49.0
Energieversorgung Niederkassel GmbH & Co. KG, DE, Niederkassel[6]	49.0
Energieversorgung Oberhausen Aktiengesellschaft, DE, Oberhausen[5, 11]	10.0
Energieversorgung Putzbrunn GmbH & Co. KG, DE, Putzbrunn[6]	50.0
Energieversorgung Putzbrunn Verwaltungs GmbH, DE, Putzbrunn[6]	50.0
Energieversorgung Sehnde GmbH, DE, Sehnde[6]	30.0
Energieversorgung Timmendorfer Strand GmbH & Co. KG, DE, Timmendorfer Strand[2]	51.0
Energieversorgung Vechelde GmbH & Co. KG, DE, Vechelde[6]	49.0
Energiewacht Facilities B.V., NL, Zwolle[1]	100.0
Energiewacht Groep B.V., NL, Meppel[1]	100.0
Energiewacht N.V., NL, Veendam[1]	100.0
Energiewacht West Nederland B.V., NL, Assen[1]	100.0
Energie-Wende-Garching GmbH & Co. KG, DE, Garching[6]	50.0
Energie-Wende-Garching Verwaltungs-GmbH, DE, Garching[6]	50.0
Energiewerke Isernhagen GmbH, DE, Isernhagen[6]	49.0
Energiewerke Osterburg GmbH, DE, Osterburg (Altmark)[6]	49.0
Energiewerken B.V., NL, Almere[1]	100.0
energis GmbH, DE, Saarbrücken[1]	71.9
energis-Netzgesellschaft mbH, DE, Saarbrücken[1]	100.0
Energy Collection Services Limited, GB, Coventry[2]	100.0
Energy Ventures GmbH, DE, Saarbrücken[2]	100.0
energy4u GmbH & Co. KG, DE, Siegburg[6]	49.0
Enerjisa Enerji A.Ş., TR, Istanbul[4]	40.0
Enerjisa Üretim Santralleri A.Ş., TR, Istanbul[4]	50.0
enermarket GmbH, DE, Frankfurt am Main[6]	60.0
ENERVENTIS GmbH & Co. KG, DE, Saarbrücken[6]	25.1
Enervolution GmbH, DE, Bochum[2]	100.0
ENNI Energie & Umwelt Niederrhein GmbH, DE, Moers[5]	20.0
Ense Stromnetz GmbH & Co. KG, DE, Ense[6]	25.1
ENTRO GmbH Marktbergel, DE, Marktbergel[6]	24.2
envia Mitteldeutsche Energie AG, DE, Chemnitz[1]	58.6
envia SERVICE GmbH, DE, Cottbus[1]	100.0
envia TEL GmbH, DE, Markkleeberg[1]	100.0
envia THERM GmbH, DE, Bitterfeld-Wolfen[1]	100.0
enviaM Beteiligungsgesellschaft Chemnitz GmbH, DE, Chemnitz[1]	100.0
enviaM Beteiligungsgesellschaft mbH, DE, Essen[1]	100.0
enviaM Erneuerbare Energien Verwaltungsgesellschaft mbH, DE, Lützen[2]	100.0
enviaM Neue Energie Management GmbH, DE, Lützen[2]	100.0
enviaM Zweite Neue Energie Management GmbH, DE, Lützen[2]	100.0
eprimo GmbH, DE, Neu-Isenburg[1]	100.0
EPS Polska Holding Sp. z o.o., PL, Warsaw[1]	100.0
Erdgasversorgung Industriepark Leipzig Nord GmbH, DE, Leipzig[6]	50.0
Erdgasversorgung Schwalmtal GmbH & Co. KG, DE, Viersen[6]	50.0
Erdgasversorgung Schwalmtal Verwaltungs-GmbH, DE, Viersen[6]	50.0
e-regio GmbH & Co. KG, DE, Euskirchen[5]	40.5
Ergon Energia S.r.l. in liquidazione, IT, Milan[6]	50.0
Ergon Overseas Holdings Limited, GB, Coventry[1]	100.0
Erneuerbare Energien Rheingau-Taunus GmbH, DE, Bad Schwalbach[6]	25.1
ErwärmBAR GmbH, DE, Eberswalde[6]	50.0
eShare.one GmbH, DE, Dortmund[6]	25.1
ESK GmbH, DE, Dortmund[2]	100.0
ESN EnergieSystemeNord GmbH, DE, Schwentinental[2]	55.0
ESN Sicherheit und Zertifizierung GmbH, DE, Schwentinental[2]	100.0
Essent Belgium N.V., BE, Antwerp[1]	100.0
Essent Energie Verkoop Nederland B.V., NL, 's-Hertogenbosch[1]	100.0
Essent EnergieBewust Holding B.V., NL, 's-Hertogenbosch[1]	100.0
Essent Energy Group B.V., NL, Arnhem[1]	100.0
Essent IT B.V., NL, Arnhem[1]	100.0
Essent N.V., NL, 's-Hertogenbosch[1]	100.0
Essent Nederland B.V., NL, Arnhem[1]	100.0
Essent Retail Energie B.V., NL, 's-Hertogenbosch[1]	100.0
Essent Rights B.V., NL, 's-Hertogenbosch[1]	100.0
Essent Sales Portfolio Management B.V., NL, 's-Hertogenbosch[1]	100.0
Észak-magyarországi Áramszolgáltató Nyrt., HU, Miskolc[1]	97.1
EuroSkyPark GmbH, DE, Saarbrücken[1]	51.0
EVG Energieversorgung Gemünden GmbH, DE, Gemünden am Main[6]	49.0
EVIP GmbH, DE, Bitterfeld-Wolfen[1]	100.0

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Name, location	Stake (%)
evm Windpark Höhn GmbH & Co. KG, DE, Höhn[6]	33.2
EWIS BV, NL, Ede[1]	100.0
EWR Aktiengesellschaft, DE, Worms[5, 11]	1.3
EWR Dienstleistungen GmbH & Co. KG, DE, Worms[5]	25.0
EWR GmbH, DE, Remscheid[5]	20.0
ews Verwaltungsgesellschaft mbH, DE, Bad Segeberg[6]	50.2
EWV Baesweiler GmbH & Co. KG, DE, Baesweiler[6]	45.0
EWV Baesweiler Verwaltungs GmbH, DE, Baesweiler[6]	45.0
EWV Energie- und Wasser-Versorgung GmbH, DE, Stolberg[1]	53.7
EZV Energie- und Service GmbH & Co. KG Untermain, DE, Wörth am Main[6]	28.9
EZV Energie- und Service Verwaltungsgesellschaft mbH, DE, Wörth am Main[6]	28.8
Falkenbergs Biogas AB, SE, Malmö[2]	65.0
FAMIS GmbH, DE, Saarbrücken[1]	100.0
FAMOS - Facility Management Osnabrück GmbH, DE, Osnabrück[6]	49.0
Fernwärmeversorgung Freising Gesellschaft mit beschränkter Haftung (FFG), DE, Freising[6]	50.0
Fernwärmeversorgung Saarlouis- Steinrausch Investitions-gesellschaft mbH, DE, Saarlouis[2]	100.0
Fernwärmeversorgung Zwönitz GmbH (FVZ), DE, Zwönitz[6]	50.0
FEVA Infrastrukturgesellschaft mbH, DE, Wolfsburg[6]	49.0
FIDELIA Holding LLC, US, Wilmington[1]	100.0
Fitas Verwaltung GmbH & Co. Dritte Vermietungs-KG, DE, Pullach im Isartal[2]	90.0
FITAS Verwaltung GmbH & Co. REGIUM-Objekte KG, DE, Pullach im Isartal[2]	90.0
Foton Technik Sp. z o.o., PL, Warsaw[1]	100.0
Fraku Installaties B.V., NL, Venlo[1]	100.0
Fraku Service B.V., NL, Venlo[1]	100.0
Free Electrons LLC, US, Palo Alto[2]	100.0
Freiberger Stromversorgung GmbH (FSG), DE, Freiberg[5]	30.0
Frendi AB, SE, Malmö[1]	100.0
Fresh Energy GmbH, DE, Berlin[2]	52.8
FSO GmbH & Co. KG, DE, Oberhausen[4]	50.0
FSO Verwaltungs-GmbH, DE, Oberhausen[6]	50.0
FUCATUS Vermietungsgesellschaft mbH & Co. Objekt Recklinghausen Kommanditgesellschaft, DE, Düsseldorf[2]	94.0
Fundacja innogy w Polsce, PL, Warsaw[2]	100.0
G&L Gastro-Service GmbH, DE, Augsburg[6]	35.0
Gas- und Wasserwerke Bous-Schwalbach GmbH, DE, Bous[5]	49.0
GASAG AG, DE, Berlin[5]	36.9
Gasgesellschaft Kerken Wachtendonk mbH, DE, Kerken[6]	49.0
GasLine Telekommunikationsnetz-Geschäftsführungsgesellschaft deutscher Gasversorgungsunternehmen mbH, DE, Straelen[6]	20.0
GasLINE Telekommunikationsnetzgesellschaft deutscher Gasversorgungsunternehmen mbH & Co. KG, DE, Straelen[5]	20.0
Gas-Netzgesellschaft Bedburg GmbH & Co. KG, DE, Bedburg[6]	25.1
Gas-Netzgesellschaft Elsdorf GmbH & Co. KG, DE, Elsdorf[6]	25.1
Gas-Netzgesellschaft Kolpingstadt Kerpen GmbH & Co. KG, DE, Kerpen[6]	25.1
Gas-Netzgesellschaft Kreisstadt Bergheim GmbH & Co. KG, DE, Bergheim[6]	25.1
Gasnetzgesellschaft Laatzen-Süd mbH, DE, Laatzen[6]	49.0
Gasnetzgesellschaft Mettmann mbH & Co. KG, DE, Mettmann[6]	25.1
Gas-Netzgesellschaft Rheda-Wiedenbrück GmbH & Co. KG, DE, Rheda-Wiedenbrück[6]	49.0
Gas-Netzgesellschaft Rheda-Wiedenbrück Verwaltungs-GmbH, DE, Rheda-Wiedenbrück[6]	49.0
Gasnetzgesellschaft Warburg GmbH & Co. KG, DE, Warburg[6]	49.0
Gasnetzgesellschaft Windeck mbH & Co. KG, DE, Siegburg[2]	100.0
Gasnetzgesellschaft Wörrstadt mbH & Co. KG, DE, Saulheim[6]	49.0
Gasnetzgesellschaft Wörrstadt Verwaltung mbH, DE, Saulheim[6]	49.0
Gasversorgung Bad Rodach GmbH, DE, Bad Rodach[6]	50.0
Gasversorgung Ebermannstadt GmbH, DE, Ebermannstadt[6]	50.0
Gasversorgung im Landkreis Gifhorn GmbH, DE, Gifhorn[1]	95.0
Gasversorgung Unterfranken Gesellschaft mit beschränkter Haftung, DE, Würzburg[5]	49.0
Gasversorgung Wismar Land GmbH, DE, Lübow[6]	49.0
Gasversorgung Wunsiedel GmbH, DE, Wunsiedel[6]	50.0
GasWacht Friesland Facilities B.V., NL, Leeuwarden[1]	100.0
Geas Energiewacht B.V., NL, Enschede[1]	100.0
Gelsenberg GmbH & Co. KG, DE, Düsseldorf[1, 8]	100.0
Gelsenberg Verwaltungs GmbH, DE, Düsseldorf[2]	100.0
Gelsenwasser Beteiligungs-GmbH, DE, Munich[2]	100.0
Gemeindewerke Bissendorf Netze GmbH & Co. KG, DE, Bissendorf[6]	49.0
Gemeindewerke Bissendorf Netze Verwaltungs-GmbH, DE, Bissendorf[6]	49.0
Gemeindewerke Everswinkel GmbH, DE, Everswinkel[6]	45.0
Gemeindewerke Gräfelfing GmbH & Co. KG, DE, Gräfelfing[6]	49.0
Gemeindewerke Gräfelfing Verwaltungs GmbH, DE, Gräfelfing[6]	49.0
Gemeindewerke Namborn, Gesellschaft mit beschränkter Haftung, DE, Namborn[6]	49.0
Gemeindewerke Uetze GmbH, DE, Uetze[6]	49.0
Gemeindewerke Wedemark GmbH, DE, Wedemark[6]	49.0
Gemeindewerke Wietze GmbH, DE, Wietze[6]	49.0
Gemeindewerke Windeck GmbH & Co. KG, DE, Siegburg[2]	100.0
Gemeinnützige Gesellschaft zur Förderung des E.ON Energy Research Center mbH, DE, Aachen[6]	50.0
Gemeinschaftskernkraftwerk Grohnde GmbH & Co. oHG, DE, Emmerthal[1]	100.0
Gemeinschaftskernkraftwerk Grohnde Management GmbH, DE, Emmerthal[2]	83.2
Gemeinschaftskernkraftwerk Isar 2 GmbH, DE, Essenbach[2]	75.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2019)

Name, location	Stake (%)
Gemeinschaftskraftwerk Weser GmbH & Co. oHG., DE, Emmerthal[1]	66.7
Geotermisk Operaterselskab ApS, DK, Kirke Saby[6]	20.0
Geothermie-Wärmegesellschaft Braunau-Simbach mbH, AT, Braunau am Inn[6]	20.0
Gesellschaft für Energie und Klimaschutz Schleswig-Holstein GmbH, DE, Kiel[6]	33.3
Get Energy Solutions Szolgáltató Kft., HU, Budapest[1]	100.0
GfB, Gesellschaft für Baudenkmalpflege mbH, DE, Idar-Oberstein[6]	20.0
GfS Gesellschaft für Simulatorschulung mbH, DE, Essen[6]	41.7
GHD Bayernwerk Natur GmbH & Co. KG, DE, Dingolfing[2]	75.0
Gichtgaskraftwerk Dillingen GmbH & Co. KG, DE, Dillingen[6]	25.2
Ginger Teplo, s.r.o., CZ, Prague[2]	100.0
GISA GmbH, DE, Halle (Saale)[6]	23.9
GKB Gesellschaft für Kraftwerksbeteiligungen mbH, DE, Cottbus[2]	100.0
GkD Gesellschaft für kommunale Dienstleistungen mbH, DE, Cologne[6]	50.0
GNEE Gesellschaft zur Nutzung erneuerbarer Energien mbH Freisen, DE, Freisen[6]	49.0
GNS Gesellschaft für Nuklear-Service mbH, DE, Essen[6]	48.0
GOLLIPP Bioerdgas GmbH & Co. KG, DE, Gollhofen[6]	50.0
GOLLIPP Bioerdgas Verwaltungs GmbH, DE, Gollhofen[6]	50.0
Gondoskodás-Egymásért Alapítvány, HU, Debrecen[2]	100.0
Gottburg Energie- und Wärmetechnik GmbH & Co. KG i. L., DE, Leck[6]	49.9
Gottburg Verwaltungs GmbH i. L., DE, Leck[6]	49.9
GREEN GECCO Beteiligungsgesellschaft mbH & Co. KG, DE, Troisdorf[6]	20.7
GREEN GECCO Beteiligungsgesellschaft-Verwaltungs GmbH, DE, Troisdorf[6]	20.7
GREEN Gesellschaft für regionale und erneuerbare Energie mbH, DE, Stolberg[6]	49.2
Green Sky Energy Limited, GB, Coventry[1]	100.0
Green Solar Herzogenrath GmbH, DE, Herzogenrath[6]	45.0
Greenergetic Energie Service GmbH & Co. KG, DE, Bielefeld[2]	100.0
Greenergetic Energie Service Management GmbH, DE, Bielefeld[2]	100.0
Greenergetic GmbH, DE, Bielefeld[1]	100.0
greenited GmbH, DE, Hamburg[6]	50.0
Greenplug GmbH, DE, Hamburg[6]	49.0
greenXmoney.com GmbH i. L., DE, Neu-Ulm[2]	100.0
GrønGas Partner A/S, DK, Hirtshals[6]	50.0
GSH Green Steam Hürth GmbH, DE, Munich[2]	100.0
GWG Grevenbroich GmbH, DE, Grevenbroich[1]	60.0
GWG Kommunal GmbH, DE, Grevenbroich[2]	89.9
Hams Hall Management Company Limited, GB, Coventry[6]	44.8
HanseGas GmbH, DE, Quickborn[1]	100.0
HanseWerk AG, DE, Quickborn[1]	66.5
HanseWerk Natur GmbH, DE, Hamburg[1]	100.0
Harzwasserwerke GmbH, DE, Hildesheim[5]	20.8
HaseNetz GmbH & Co. KG, DE, Gehrde[6]	25.1
Havelstrom Zehdenick GmbH, DE, Zehdenick[6]	49.0
HCL Netze GmbH & Co. KG, DE, Herzebrock-Clarholz[6]	25.1
Heizkraftwerk Zwickau Süd GmbH & Co. KG, DE, Zwickau[6]	40.0
Heizungs- und Sanitärbau WIJA GmbH, DE, Bad Neuenahr-Ahrweiler[2]	100.0
Heizwerk Holzverwertungsgenossenschaft Stiftland eG & Co. oHG, DE, Neualbenreuth[6]	50.0
HELIOS MB s.r.o., CZ, Prague[2]	100.0
Hennef (Sieg) Netz GmbH & Co. KG, DE, Hennef[6]	49.0
Hermann Stibbe Verwaltungs-GmbH, DE, Wunstorf[2]	100.0
HGC Hamburg Gas Consult GmbH, DE, Hamburg[2]	100.0
hmstr GmbH, DE, Saarbrücken[6]	25.1
HOCHTEMPERATUR-KERNKRAFTWERK GmbH (HKG). Gemeinsames europäisches Unternehmen, DE, Hamm[6]	26.0
Hof Promotion B.V., NL, Eindhoven[1]	100.0
Holsteiner Wasser GmbH, DE, Neumünster[6]	50.0
Home.ON GmbH, DE, Aachen[6]	45.0
HSL Laibacher GmbH, DE, Wiesen[2]	100.0
Hub2Go GmbH, DE, Hamburg[6]	49.0
Huisman Warmtetechniek B.V., NL, Stadskanaal[1]	100.0
iamsmart GmbH i. L., DE, Essen[2]	100.0
Improbed AB, SE, Malmö[2]	100.0
Improvers B.V., NL, 's-Hertogenbosch[1]	100.0
Improvers Community B.V., NL, Amsterdam[1]	100.0
iND Asset Komplementär GmbH, DE, Essen[2]	100.0
iND Immobilien GmbH & Co. KG, DE, Essen[1]	100.0
iND Kommunikationsleitungen GmbH & Co. KG, DE, Essen[1]	100.0
Induboden GmbH, DE, Düsseldorf[2]	100.0
Induboden GmbH & Co. Grundstücksgesellschaft oHG, DE, Essen[2]	100.0
Industriekraftwerk Greifswald GmbH, DE, Kassel[6]	49.0
Industry Development Services Limited, GB, Coventry[2]	100.0
InfraServ - Bayernwerk Gendorf GmbH, DE, Burgkirchen a.d.Alz[6]	50.0
Infrastrukturgesellschaft Stadt Nienburg/Weser mbH, DE, Nienburg/Weser[6]	49.9
innogy Aqua GmbH, DE, Mülheim an der Ruhr[1, 8]	100.0
innogy Benelux Holding B.V., NL, 's-Hertogenbosch[1]	100.0
innogy Beteiligungsholding GmbH, DE, Essen[1, 8]	100.0
innogy Business Services Benelux B.V., NL, Arnhem[1]	100.0
innogy Business Services Polska Sp. z o.o., PL, Kraków[1]	100.0
Innogy Business Services UK Limited, GB, Swindon[1]	100.0
innogy Česká republika a.s., CZ, Prague[1]	100.0
innogy Commodity Markets GmbH, DE, Essen[2]	100.0

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Name, location	Stake (%)
innogy Consulting & Ventures Americas, LLC, US, Boston[2]	100.0
innogy Consulting & Ventures Holdings LLC, US, Boston[2]	100.0
innogy Consulting & Ventures UK Ltd., GB, London[2]	100.0
innogy Consulting GmbH, DE, Essen[2]	100.0
innogy Consulting U.S. LLC, US, Boston[2]	100.0
innogy Direkt GmbH, DE, Dortmund[1]	100.0
INNOGY E-MOBILITY LIMITED, GB, London[2]	100.0
innogy eMobility Solutions GmbH, DE, Dortmund[1]	100.0
innogy e-mobility US LLC, US, Delaware[1]	100.0
innogy Energetika Plhov - Náchod, s.r.o., CZ, Náchod[2]	93.0
innogy Energie, s.r.o., CZ, Prague[1]	100.0
innogy Energo, s.r.o., CZ, Prague[1]	100.0
innogy Energy Belgium BVBA, BE, Hove[1]	100.0
innogy Finance B.V., NL, 's-Hertogenbosch[1]	100.0
innogy Fünfzehnte Vermögensverwaltungs GmbH, DE, Essen[2]	100.0
innogy Gastronomie GmbH, DE, Essen[1, 8]	100.0
innogy Hungária Tanácsadó Kft., HU, Budapest[1]	100.0
innogy Innovation Berlin GmbH, DE, Berlin[1, 8]	100.0
INNOGY INNOVATION CENTER LTD, IL, Tel Aviv[1]	100.0
innogy Innovation GmbH, DE, Essen[1, 8]	100.0
innogy Innovation UK Ltd., GB, London[1]	100.0
innogy International Middle East, AE, Dubai[6]	49.0
innogy International Participations N.V., NL, 's-Hertogenbosch[1]	100.0
innogy Metering GmbH, DE, Mülheim an der Ruhr[1]	100.0
innogy Neunte Vermögensverwaltungs GmbH, DE, Essen[2]	100.0
innogy New Ventures LLC, US, Palo Alto[1]	100.0
innogy Polska Development Sp. z o.o., PL, Warsaw[2]	100.0
innogy Polska IT Support Sp. z o.o., PL, Warsaw[1]	100.0
innogy Polska Operations Sp. z o.o., PL, Warsaw[2]	100.0
innogy Polska S.A., PL, Warsaw[1]	100.0
innogy Polska Solutions Sp. z o.o., PL, Warsaw[1]	100.0
innogy Rheinhessen Beteiligungs GmbH, DE, Essen[1, 8]	100.0
innogy SE, DE, Essen[1]	90.0
Innogy Solutions Ireland Limited, IE, Dublin[1]	100.0
innogy solutions Kft., HU, Budapest[1]	100.0
innogy South East Europe s.r.o., SK, Bratislava[2]	100.0
innogy Stiftung für Energie und Gesellschaft gGmbH, DE, Essen[2]	100.0
innogy Stoen Operator Sp. z o.o., PL, Warsaw[1]	100.0
innogy Sustainable Solutions LLC, US, Boston[2]	100.0
innogy TelNet GmbH, DE, Essen[1, 8]	100.0
innogy TelNet Holding, s.r.o., CZ, Prague[2]	100.0
innogy Ventures GmbH, DE, Essen[1, 8]	100.0
innogy Ventures Vermögensverwaltung 6 GmbH, DE, Essen[2]	100.0
innogy Vierzehnte Vermögensverwaltungs GmbH, DE, Essen[2]	100.0
innogy Westenergie GmbH, DE, Essen[1]	100.0
innogy Zákaznické služby, s.r.o., CZ, Ostrava[1]	100.0
innogy Zweite Vermögensverwaltungs GmbH, DE, Essen[1, 8]	100.0
innogy Zwölfte Vermögensverwaltungs GmbH, DE, Essen[2]	100.0
innogy.C3 GmbH, DE, Essen[6]	25.1
innogy-EnBW Magyarország Energiaszolgáltató Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
Installatietechniek Totaal B.V., NL, Leeuwarden[1]	100.0
Intelligent Maintenance Systems Limited, GB, Milton Keynes[6]	25.0
IPP ESN Power Engineering GmbH, DE, Kiel[2]	51.0
Isoprofs B.V., NL, Meijel[1]	100.0
Isoprofs België BVBA, BE, Hasselt[1]	100.0
iSWITCH GmbH, DE, Essen[1, 8]	100.0
It's a beautiful world B.V., NL, Amersfoort[1]	100.0
Jihočeská plynárenská, a.s., CZ, České Budějovice[2]	100.0
Kalmar Energi Försäljning AB, SE, Kalmar[6]	40.0
Kalmar Energi Holding AB, SE, Kalmar[4]	50.0
Kavernengesellschaft Staßfurt mbH, DE, Staßfurt[6]	50.0
KAWAG AG & Co. KG, DE, Pleidelsheim[6]	49.0
KAWAG Netze GmbH & Co. KG, DE, Abstatt[6]	49.0
KAWAG Netze Verwaltungsgesellschaft mbH, DE, Abstatt[6]	49.0
KDT Kommunale Dienste Tholey GmbH, DE, Tholey[6]	49.0
Kemkens B.V., NL, Oss[5]	49.0
Kemsley CHP Limited, GB, Coventry[1]	100.0
KEN Geschäftsführungsgesellschaft mbH, DE, Neunkirchen[6]	50.0
KEN GmbH & Co. KG, DE, Neunkirchen[6]	46.5
Kernkraftwerk Brokdorf GmbH & Co. oHG, DE, Hamburg[1]	80.0
Kernkraftwerk Brunsbüttel GmbH & Co. oHG, DE, Hamburg[5]	33.3
Kernkraftwerk Krümmel GmbH & Co. oHG, DE, Hamburg[3]	50.0
Kernkraftwerk Stade GmbH & Co. oHG, DE, Hamburg[1]	66.7
Kernkraftwerke Isar Verwaltungs GmbH, DE, Essenbach[1]	100.0
KEVAG Telekom GmbH, DE, Koblenz[6]	50.0
KEW Kommunale Energie- und Wasserversorgung Aktiengesellschaft, DE, Neunkirchen[5]	28.6
KGW - Kraftwerk Grenzach-Wyhlen GmbH, DE, Munich[1]	100.0
Kite Power Systems Limited, GB, Chelmsford[6]	26.6
Kiwigrid GmbH, DE, Dresden[6]	21.5
KlickEnergie GmbH & Co. KG, DE, Neuss[6]	65.0
KlickEnergie Verwaltungs-GmbH, DE, Neuss[6]	65.0
Klíma és Hűtéstechnológia Tervező, Szerelő és Kereskedelmi Kft., HU, Budapest[1]	100.0
Klimacom B.V., NL, Groningen[1]	100.0
Komáromi Kogenerációs Erőmű Kft., HU, Budapest[2]	100.0
KommEnergie Erzeugungs GmbH, DE, Eichenau[6]	100.0
KommEnergie GmbH, DE, Eichenau[6]	61.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2019)

Name, location	Stake (%)
Kommunale Dienste Marpingen Gesellschaft mit beschränkter Haftung, DE, Marpingen[6]	49.0
Kommunale Energieversorgung GmbH Eisenhüttenstadt, DE, Eisenhüttenstadt[6]	49.0
Kommunale Klimaschutzgesellschaft Landkreis Celle gemeinnützige GmbH, DE, Celle[6]	25.0
Kommunale Klimaschutzgesellschaft Landkreis Uelzen gemeinnützige GmbH, DE, Celle[6]	25.0
Kommunale Netzgesellschaft Steinheim a. d. Murr GmbH & Co. KG, DE, Steinheim an der Murr[6]	49.0
Kommunalwerk Rudersberg GmbH & Co. KG, DE, Rudersberg[6]	49.9
Kommunalwerk Rudersberg Verwaltungs-GmbH, DE, Rudersberg[6]	49.9
Konnektor B.V., NL, Amsterdam[1]	100.0
Konsortium Energieversorgung Opel beschränkt haftende oHG, DE, Karlstein[4, 10]	66.7
Koprivnica Opskrba d.o.o., HR, Koprivnica[1]	100.0
Koprivnica Plin d.o.o., HR, Koprivnica[1]	100.0
Kraftwerk Burghausen GmbH, DE, Munich[1]	100.0
Kraftwerk Hattorf GmbH, DE, Munich[1]	100.0
Kraftwerk Marl GmbH, DE, Munich[1]	100.0
Kraftwerk Plattling GmbH, DE, Munich[1]	100.0
Kraftwerk Wehrden Gesellschaft mit beschränkter Haftung, DE, Völklingen[6]	33.3
KSG Kraftwerks-Simulator-Gesellschaft mbH, DE, Essen[6]	41.7
KSP Kommunaler Service Püttlingen GmbH, DE, Püttlingen[6]	40.0
Kurgan Grundstücks-Verwaltungsgesellschaft mbH & Co. oHG i. L., DE, Grünwald[2]	90.0
KVK Kompetenzzentrum Verteilnetze und Konzessionen GmbH, DE, Cologne[6]	74.9
KWS Kommunal-Wasserversorgung Saar GmbH, DE, Saarbrücken[2]	100.0
LandE GmbH, DE, Wolfsburg[1]	69.6
Landwehr Wassertechnik GmbH, DE, Schöppenstedt[2]	100.0
Lech Energie Gersthofen GmbH & Co. KG, DE, Gersthofen[2]	100.0
Lech Energie Verwaltung GmbH, DE, Augsburg[2]	100.0
Lechwerke AG, DE, Augsburg[1]	89.9
Leitungspartner GmbH, DE, Düren[1]	100.0
Lemonbeat GmbH, DE, Dortmund[2]	100.0
LEW Anlagenverwaltung Gesellschaft mit beschränkter Haftung, DE, Gundremmingen[1]	100.0
LEW Beteiligungsgesellschaft mbH, DE, Gundremmingen[1]	100.0
LEW Netzservice GmbH, DE, Augsburg[1]	100.0
LEW Service & Consulting GmbH, DE, Augsburg[1]	100.0
LEW TelNet GmbH, DE, Neusäß[1]	100.0
LEW Verteilnetz GmbH, DE, Augsburg[1]	100.0
LEW Wasserkraft GmbH, DE, Augsburg[1]	100.0
Licht Groen B.V., NL, Amsterdam[1]	100.0
Lichtverbund Straßenbeleuchtung GmbH, DE, Helmstedt[2]	89.8
Lighting for Staffordshire Holdings Limited, GB, Coventry[1]	60.0
Lighting for Staffordshire Limited, GB, Coventry[1]	100.0
Liikennevirta Oy, FI, Helsinki[6]	34.3
Lillo Energy NV, BE, Brussels[6]	50.0
Limfjordens Bioenergi ApS, DK, Frederiksberg[2]	78.0
Livisi GmbH, DE, Essen[1]	100.0
Local Energies, a.s., CZ, Zlín - Malenovice[2]	100.0
Lößnitz Netz GmbH & Co. KG, DE, Lößnitz[2]	100.0
Lößnitz Netz Verwaltungs GmbH, DE, Lößnitz[2]	100.0
LSW Energie Verwaltungs-GmbH, DE, Wolfsburg[6]	57.0
LSW Holding GmbH & Co. KG, DE, Wolfsburg[5, 10]	57.0
LSW Holding Verwaltungs-GmbH, DE, Wolfsburg[6]	57.0
LSW Netz Verwaltungs-GmbH, DE, Wolfsburg[6]	57.0
Luna Lüneburg GmbH, DE, Lüneburg[6]	49.0
Magnalink, a.s., CZ, Hradec Králové[2]	85.0
MAINGAU Energie GmbH, DE, Obertshausen[5]	46.6
Mainzer Wärme PLUS GmbH, DE, Mainz[6]	45.0
Matrix Control Solutions Limited, GB, Coventry[1]	100.0
medl GmbH, DE, Mülheim an der Ruhr[5]	39.0
Melle Netze GmbH & Co. KG, DE, Melle[6]	50.0
MEON Pensions GmbH & Co. KG, DE, Grünwald[1, 8]	100.0
MEON Verwaltungs GmbH, DE, Grünwald[2]	100.0
MeteringSüd GmbH & Co. KG, DE, Augsburg[6]	34.0
Midlands Electricity Limited, GB, Coventry[2]	100.0
MINUS 181 GmbH, DE, Parchim[6]	25.1
MITGAS Mitteldeutsche Gasversorgung GmbH, DE, Halle (Saale)[1]	75.4
Mitteldeutsche Netzgesellschaft Gas HD mbH, DE, Halle (Saale)[2]	100.0
Mitteldeutsche Netzgesellschaft Gas mbH, DE, Halle (Saale)[1]	100.0
Mitteldeutsche Netzgesellschaft mbH, DE, Chemnitz[2]	100.0
Mitteldeutsche Netzgesellschaft Strom mbH, DE, Halle (Saale)[1]	100.0
Mittlere Donau Kraftwerke AG, DE, Landshut[1, 12]	40.0
MNG Stromnetze GmbH & Co. KG, DE, Lüdinghausen[6]	25.1
MNG Stromnetze Verwaltungs GmbH, DE, Lüdinghausen[6]	25.1
Montcogim - Plinara d.o.o., HR, Sveta Nedelja[1]	100.0
MONTCOGIM-SISAK d.o.o., HR, Sisak[2]	100.0
Mosoni-Duna Menti Szélerőmű Kft., HU, Budapest[2]	100.0
MotionWerk GmbH, DE, Essen[2]	59.7
Murrhardt Netz AG & Co. KG, DE, Murrhardt[6]	49.0
Nahwärme Ascha GmbH, DE, Ascha[2]	90.0
Naturstrom Betriebsgesellschaft Oberhonnefeld mbH, DE, Koblenz[6]	25.0
Nebelhornbahn-Aktiengesellschaft, DE, Oberstdorf[5]	20.1
Nederland Isoleert B.V., NL, Amersfoort[1]	100.0
Nederland Schildert B.V., NL, Amersfoort[1]	100.0

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Nederland Schildert Rijnmond B.V., NL, Amersfoort[1]	100.0
Nederland Verkoopt B.V., NL, Amersfoort[1]	100.0
Netz- und Wartungsservice (NWS) GmbH, DE, Schwerin[2]	100.0
Netzanschluss Mürow Oberdorf GbR, DE, Bremerhaven[6]	34.8
Netzgesellschaft Bad Münder GmbH & Co. KG, DE, Bad Münder[6]	49.0
Netzgesellschaft Barsinghausen GmbH & Co. KG, DE, Barsinghausen[6]	49.0
Netzgesellschaft Bedburg Verwaltungs-GmbH, DE, Bedburg[6]	49.0
Netzgesellschaft Betzdorf GmbH & Co. KG, DE, Betzdorf[6]	49.0
Netzgesellschaft Bühlertal GmbH & Co. KG, DE, Bühlertal[6]	49.9
Netzgesellschaft Elsdorf Verwaltungs-GmbH, DE, Elsdorf[6]	49.0
Netzgesellschaft Gehrden mbH, DE, Gehrden[6]	49.0
Netzgesellschaft GmbH & Co. KG Bad Homburg v. d. Höhe, DE, Bad Homburg v. d. Höhe[6]	45.7
Netzgesellschaft Grimma GmbH & Co. KG, DE, Grimma[6]	49.0
Netzgesellschaft Hemmingen mbH, DE, Hemmingen[6]	49.0
Netzgesellschaft Hennigsdorf Strom mbH, DE, Hennigsdorf[6]	50.0
Netzgesellschaft Hildesheimer Land GmbH & Co. KG, DE, Giesen[6]	49.0
Netzgesellschaft Hildesheimer Land Verwaltung GmbH, DE, Giesen[6]	49.0
Netzgesellschaft Hohen Neuendorf Strom GmbH & Co. KG, DE, Hohen Neuendorf[6]	49.0
Netzgesellschaft Horn-Bad Meinberg GmbH & Co. KG, DE, Horn-Bad Meinberg[6]	49.0
Netzgesellschaft Hüllhorst GmbH & Co. KG, DE, Hüllhorst[6]	49.0
Netzgesellschaft Korb GmbH & Co. KG, DE, Korb[6]	49.9
Netzgesellschaft Korb Verwaltungs-GmbH, DE, Korb[6]	49.9
Netzgesellschaft Kreisstadt Bergheim Verwaltungs-GmbH, DE, Bergheim[6]	49.0
Netzgesellschaft Lauf GmbH & Co. KG, DE, Lauf[6]	49.9
Netzgesellschaft Leutenbach GmbH & Co. KG, DE, Leutenbach[6]	49.9
Netzgesellschaft Leutenbach Verwaltungs-GmbH, DE, Leutenbach[6]	49.9
Netzgesellschaft Maifeld GmbH & Co. KG, DE, Polch[6]	49.0
Netzgesellschaft Maifeld Verwaltungs GmbH, DE, Polch[6]	49.0
Netzgesellschaft Osnabrücker Land GmbH & Co. KG, DE, Bohmte[4]	50.0
Netzgesellschaft Ottersweier GmbH & Co. KG, DE, Ottersweier[6]	49.9
Netzgesellschaft Panketal GmbH, DE, Panketal[2]	100.0
Netzgesellschaft Rheda-Wiedenbrück GmbH & Co. KG, DE, Rheda-Wiedenbrück[6]	49.0
Netzgesellschaft Rheda-Wiedenbrück Verwaltungs-GmbH, DE, Rheda-Wiedenbrück[6]	49.0
Netzgesellschaft Rietberg-Langenberg GmbH & Co. KG, DE, Rietberg[6]	25.1
Netzgesellschaft Ronnenberg GmbH & Co. KG, DE, Ronnenberg[6]	49.0
Netzgesellschaft S-1 GmbH, DE, Helmstedt[2]	100.0
Netzgesellschaft Schwerin mbH (NGS), DE, Schwerin[6]	40.0

Name, location	Stake (%)
Netzgesellschaft Stuhr/Weyhe mbH i. L., DE, Helmstedt[2]	100.0
Netzgesellschaft Südwestfalen mbH & Co. KG, DE, Netphen[6]	49.0
Netzgesellschaft Syke GmbH, DE, Syke[6]	49.0
Netzgesellschaft W-1 GmbH, DE, Helmstedt[2]	100.0
Neumünster Netz Beteiligungs-GmbH, DE, Neumünster[1]	50.1
NEW AG, DE, Mönchengladbach[1, 9]	40.0
NEW b_gas Eicken GmbH, DE, Schwalmtal[2]	100.0
New Cogen Sp. z o.o., PL, Warsaw[2]	100.0
NEW Netz GmbH, DE, Geilenkirchen[1]	100.0
NEW Niederrhein Energie und Wasser GmbH, DE, Mönchengladbach[1]	100.0
NEW NiederrheinWasser GmbH, DE, Viersen[1]	100.0
NEW Re GmbH, DE, Mönchengladbach[2]	95.5
NEW Smart City GmbH, DE, Mönchengladbach[2]	100.0
NEW Tönisvorst GmbH, DE, Tönisvorst[1]	98.1
NEW Viersen GmbH, DE, Viersen[1]	100.0
NEW Windenergie Verwaltung GmbH, DE, Mönchengladbach[2]	100.0
NEW Windpark Linnich GmbH & Co. KG, DE, Mönchengladbach[2]	100.0
NEW Windpark Viersen GmbH & Co. KG, DE, Mönchengladbach[2]	100.0
NFPA Holdings Limited, GB, Newcastle upon Tyne[6]	25.0
NiersEnergieNetze GmbH & Co. KG, DE, Kevelaer[6]	51.0
NiersEnergieNetze Verwaltungs-GmbH, DE, Kevelaer[6]	51.0
NIS Norddeutsche Informations-Systeme Gesellschaft mbH, DE, Schwentinental[2]	100.0
NORD-direkt GmbH, DE, Neumünster[2]	100.0
NordNetz GmbH, DE, Quickborn[2]	100.0
Novenerg limited liability company for energy activities, HR, Zagreb[6]	50.0
Novo Innovations Limited, GB, Coventry[2]	100.0
Npower Business and Social Housing Limited, GB, Swindon[1]	100.0
Npower Commercial Gas Limited, GB, Swindon[1]	100.0
Npower Direct Limited, GB, Swindon[1]	100.0
Npower Financial Services Limited, GB, Swindon[1]	100.0
Npower Gas Limited, GB, Swindon[1]	100.0
Npower Group Limited, GB, Swindon[1]	100.0
Npower Limited, GB, Swindon[1]	100.0
Npower Northern Limited, GB, Swindon[1]	100.0
Npower Northern Supply Limited, GB, Swindon[2]	100.0
Npower Yorkshire Limited, GB, Swindon[1]	100.0
Npower Yorkshire Supply Limited, GB, Swindon[1]	100.0
NRF Neue Regionale Fortbildung GmbH, DE, Halle (Saale)[2]	100.0
Oberland Stromnetz GmbH & Co. KG, DE, Murnau a. Staffelsee[6]	33.9
ocean5 Business Software GmbH, DE, Kiel[6]	50.2
Octopus Electrical Limited, GB, Swindon[1]	100.0
Oebisfelder Wasser und Abwasser GmbH, DE, Oebisfelde[6]	49.0

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Name, location	Stake (%)
Oer-Erkenschwick Netz GmbH & Co. KG, DE, Oer-Erkenschwick[6]	49.0
OIE Aktiengesellschaft, DE, Idar-Oberstein[1]	100.0
OMNI Energy Kft., HU, Kiskunhalas[6]	50.0
OOO E.ON Connecting Energies, RU, Moscow[4]	50.0
OOO E.ON IT, RU, Moscow[2]	100.0
Oschatz Netz GmbH & Co. KG, DE, Oschatz[2]	74.9
Oschatz Netz Verwaltungs GmbH, DE, Oschatz[2]	100.0
Oskarshamn Energi AB, SE, Oskarshamn[4]	50.0
Ostwestfalen Netz GmbH & Co. KG, DE, Bad Driburg[6]	25.1
OurGreenCar Sweden AB, SE, Malmö[6]	30.0
PannonWatt Energetikai Megoldások Zrt., HU, Győr[6]	49.9
pear.ai Inc., US, San Francisco[6]	40.0
PEG Infrastruktur AG, CH, Zug[13]	100.0
Peißenberger Kraftwerksgesellschaft mit beschränkter Haftung, DE, Peißenberg[2]	100.0
Peißenberger Wärmegesellschaft mbH, DE, Peißenberg[2]	100.0
Perstorps Fjärrvärme AB, SE, Perstorp[6]	50.0
PFALZWERKE AKTIENGESELLSCHAFT, DE, Ludwigshafen am Rhein[5]	26.7
Placense Ltd., IL, Caesarea[6]	20.0
Plus Shipping Services Limited, GB, Swindon[1]	100.0
Portfolio EDL GmbH, DE, Helmstedt[1, 8]	100.0
Powergen Holdings B.V., NL, Rotterdam[1]	100.0
Powergen International Limited, GB, Coventry[1]	100.0
Powergen Limited, GB, Coventry[1]	100.0
Powergen Luxembourg Holdings S.À R.L., LU, Luxembourg[1]	100.0
Powergen Power No. 1 Limited, GB, Coventry[2]	100.0
Powergen Power No. 2 Limited, GB, Coventry[2]	100.0
Powergen Serang Limited, GB, Coventry[2]	100.0
Powergen UK Investments, GB, Coventry[2]	100.0
Powerhouse B.V., NL, Almere[1]	100.0
Powerhouse Energy Solutions S.L., ES, Madrid[2]	100.0
prego services GmbH, DE, Saarbrücken[6]	50.0
PRENU Projektgesellschaft für Rationelle Energienutzung in Neuss mit beschränkter Haftung, DE, Neuss[4]	50.0
PreussenElektra GmbH, DE, Hanover[1]	100.0
Projecta 14 GmbH, DE, Saarbrücken[5]	50.0
Propan Rheingas GmbH, DE, Brühl[6]	27.5
Propan Rheingas GmbH & Co Kommanditgesellschaft, DE, Brühl[5]	29.6
Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o., PL, Choszczno[2]	100.0
PS Energy UK Limited, GB, Swindon[1]	100.0
Purena Consult GmbH, DE, Wolfenbüttel[2]	100.0
Purena GmbH, DE, Wolfenbüttel[1]	94.1
Qualitas-AMS GmbH, DE, Siegen[2]	100.0
Rain Biomasse Wärmegesellschaft mbH, DE, Rain[4, 10]	64.9

Name, location	Stake (%)
Rampion Renewables Limited, GB, Coventry[5]	39.9
Rauschbergbahn Gesellschaft mit beschränkter Haftung, DE, Ruhpolding[2]	77.4
RDE Regionale Dienstleistungen Energie GmbH & Co. KG, DE, Veitshöchheim[2]	100.0
RDE Verwaltungs-GmbH, DE, Veitshöchheim[2]	100.0
Recargo Inc., US, El Segundo[1]	100.0
Recklinghausen Netzgesellschaft mbH & Co. KG, DE, Recklinghausen[5]	49.9
Recklinghausen Netz-Verwaltungsgesellschaft mbH, DE, Recklinghausen[6]	49.0
Redsted Varmetransmission ApS, DK, Frederiksberg[2]	100.0
Refarmed ApS, DK, Copenhagen[6]	20.0
REGAS GmbH & Co KG, DE, Regensburg[6]	50.0
REGAS Verwaltungs-GmbH, DE, Regensburg[6]	50.0
REGENSBURGER ENERGIE- UND WASSERVERSORGUNG AG, DE, Regensburg[6]	35.5
Regionetz GmbH, DE, Aachen[1, 9]	49.2
RegioNetzMünchen GmbH & Co. KG, DE, Garching[6]	50.0
RegioNetzMünchen Verwaltungs GmbH, DE, Garching[6]	50.0
Regnitzstromverwertung Aktiengesellschaft, DE, Erlangen[6]	33.3
Remoty Visual Ltd, IL, Tel Aviv[6]	38.8
Renergie Stadt Wittlich GmbH, DE, Wittlich[6]	30.0
rEVUlution GmbH, DE, Essen[2]	100.0
REWAG REGENSBURGER ENERGIE- UND WASSERVERSORGUNG AG & CO KG, DE, Regensburg[5]	35.5
Rhegio Dienstleistungen GmbH, DE, Rhede[6]	24.9
Rhein-Ahr-Energie Netz GmbH & Co. KG, DE, Grafschaft[6]	25.1
RheinEnergie AG, DE, Cologne[5]	20.0
Rheinland Westfalen Energiepartner GmbH, DE, Essen[2]	100.0
Rhein-Main-Donau GmbH, DE, Landshut[5]	22.5
Rhein-Sieg Netz GmbH, DE, Siegburg[1]	100.0
rhenag Rheinische Energie Aktiengesellschaft, DE, Cologne[1]	66.7
RHENAGBAU Gesellschaft mit beschränkter Haftung, DE, Cologne[2]	100.0
RIWA GmbH Gesellschaft für Geoinformationen, DE, Kempten (Allgäu)[6]	33.3
R-KOM Regensburger Telekommunikationsgesellschaft mbH & Co. KG, DE, Regensburg[6]	20.0
R-KOM Regensburger Telekommunikationsverwaltungs-gesellschaft mbH, DE, Regensburg[6]	20.0
RL Besitzgesellschaft mbH, DE, Monheim am Rhein[1]	100.0
RL Beteiligungsverwaltung beschr. haft. OHG, DE, Monheim am Rhein[1]	100.0
RUMM Limited, GB, Ystrad Mynach[1]	100.0
RURENERGIE GmbH, DE, Düren[6]	30.1
Rüthen Gasnetz GmbH & Co. KG, DE, Rüthen[6]	25.1
RWE Dhabi Union Energy LLC, AE, Abu Dhabi[6]	24.5

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Name, location	Stake (%)
RWW Rheinisch-Westfälische Wasserwerksgesellschaft mbH, DE, Mülheim an der Ruhr[1]	79.8
S.C. Salgaz S.A., RO, Salonta[2]	55.6
Safekont GmbH, DE, Munich[2]	100.0
Safetec Entsorgungs- und Sicherheitstechnik GmbH, DE, Heidelberg[2]	100.0
Safetec-Swiss GmbH, CH, Stans[2]	100.0
Sandersdorf-Brehna Netz GmbH & Co. KG, DE, Sandersdorf-Brehna[6]	49.0
SARIO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Würzburg KG, DE, Düsseldorf[1, 12]	0.0
Scarcroft Investments Limited, GB, Swindon[2]	100.0
Scharbeutzer Energie- und Netzgesellschaft mbH & Co. KG, DE, Scharbeutz[2]	51.0
SchlauTherm GmbH, DE, Saarbrücken[2]	75.0
Schleswig-Holstein Netz AG, DE, Quickborn[1]	78.0
Schleswig-Holstein Netz Verwaltungs-GmbH, DE, Quickborn[1]	100.0
SEC A Sp. z o.o., PL, Szczecin[2]	100.0
SEC B Sp. z o.o., PL, Szczecin[2]	100.0
SEC C Sp. z o.o., PL, Szczecin[2]	100.0
SEC D Sp. z o.o., PL, Szczecin[2]	100.0
SEC E Sp. z o.o., PL, Szczecin[2]	100.0
SEC Energia Sp. z o.o., PL, Szczecin[2]	100.0
SEC F Sp. z o.o., PL, Szczecin[2]	100.0
SEC G Sp. z o.o., PL, Szczecin[2]	100.0
SEC H Sp. z o.o., PL, Szczecin[2]	100.0
SEC I Sp. z o.o., PL, Szczecin[2]	100.0
SEC J Sp. z o.o., PL, Szczecin[2]	100.0
SEC K Sp. z o.o., PL, Szczecin[2]	100.0
SEC L Sp. z o.o., PL, Szczecin[2]	100.0
SEC M Sp. z o.o., PL, Szczecin[2]	100.0
SEC Myślibórz Sp. z o.o., PL, Myślibórz[2]	89.9
SEC N Sp. z o.o., PL, Szczecin[2]	100.0
SEC O Sp. z o.o., PL, Szczecin[2]	100.0
SEC Obrót Sp. z o.o., PL, Szczecin[2]	100.0
SEC P Sp. z o.o., PL, Szczecin[2]	100.0
SEC Region Sp. z o.o., PL, Barlinek[2]	100.0
SEC Serwis Sp. z o.o., PL, Szczecin[2]	100.0
SEG Solarenergie Guben GmbH & Co. KG, DE, Guben[6]	25.1
SEG Solarenergie Guben Management GmbH, DE, Lützen[2]	100.0
Selm Netz GmbH & Co. KG, DE, Selm[6]	25.1
SERVICE plus GmbH, DE, Neumünster[2]	100.0
Service Plus Recycling GmbH, DE, Neumünster[2]	100.0
share2drive GmbH, DE, Aachen[6]	14.0
SHS Ventures GmbH & Co. KGaA, DE, Völklingen[6]	50.0
SHW/RWE Umwelt Aqua Vodogradnja d.o.o., HR, Zagreb[4]	50.0
Siegener Versorgungsbetriebe GmbH, DE, Siegen[5]	24.9
Skandinaviska Kraft AB, SE, Halmstad[2]	100.0
Skive GreenLab Biogas ApS, DK, Frederiksberg[6]	50.0
ŠKO-ENERGO, s.r.o., CZ, Mladá Boleslav[6]	21.0
ŠKO-ENERGO FIN, s.r.o., CZ, Mladá Boleslav[5]	42.5
Smart Energy Plattling GmbH, DE, Munich[2]	100.0
SmartSim GmbH, DE, Essen[6]	24.0
Söderåsens Bioenergi AB, SE, Malmö[2]	63.3
Solar Energy Group S.p.A., IT, Pordenone[1]	80.0
Solar Noord B.V., NL, Stadskanaal[1]	100.0
Solar Service S.r.l., IT, Pordenone[2]	100.0
Solar Supply Sweden AB, SE, Karlshamn[2]	100.0
SolarProjekt Mainaschaff GmbH, DE, Mainaschaff[6]	50.0
Solnet d.o.o., HR, Zagreb[1]	100.0
Sønderjysk Biogas Bevtoft A/S, DK, Vojens[6]	50.0
Sønderjysk Biogas Løgumkloster ApS, DK, Bevtoft[6]	50.0
SPIE Energy Solutions Harburg GmbH, DE, Hamburg[6]	35.0
SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, DE, Cottbus[5]	33.3
SSW - Stadtwerke St. Wendel GmbH & Co KG., DE, St. Wendel[5]	49.5
SSW Stadtwerke St. Wendel Geschäftsführungsgesellschaft mbH, DE, St. Wendel[6]	49.5
Stadtentwässerung Schwerte GmbH, DE, Schwerte[6]	48.0
Städtische Betriebswerke Luckenwalde GmbH, DE, Luckenwalde[6]	29.0
Städtische Werke Borna GmbH, DE, Borna[6]	36.8
Städtische Werke Magdeburg GmbH & Co. KG, DE, Magdeburg[5]	26.7
Städtische Werke Magdeburg Verwaltungs-GmbH, DE, Magdeburg[6]	26.7
Städtisches Wasserwerk Eschweiler GmbH, DE, Eschweiler[6]	24.9
Stadtnetze Neustadt a. Rbge. GmbH & Co. KG, DE, Neustadt a. Rbge.[6]	24.9
Stadtnetze Neustadt a. Rbge. Verwaltungs-GmbH, DE, Neustadt a. Rbge.[6]	24.9
Stadtversorgung Pattensen GmbH & Co. KG, DE, Pattensen[6]	49.0
Stadtversorgung Pattensen Verwaltung GmbH, DE, Pattensen[6]	49.0
Stadtwerk Verl Netz GmbH & Co. KG, DE, Verl[6]	25.1
Stadtwerke - Strom Plauen GmbH & Co. KG, DE, Plauen[6]	49.0
Stadtwerke Ahaus GmbH, DE, Ahaus[6]	36.0
Stadtwerke Aschersleben GmbH, DE, Aschersleben[5]	35.0
Stadtwerke Aue-Bad Schlema GmbH, DE, Aue-Bad Schlema[6]	24.5
Stadtwerke Bad Bramstedt GmbH, DE, Bad Bramstedt[6]	36.0
Stadtwerke Barth GmbH, DE, Barth[6]	49.0
Stadtwerke Bayreuth Energie und Wasser GmbH, DE, Bayreuth[5]	24.9
Stadtwerke Bergen GmbH, DE, Bergen[6]	49.0
Stadtwerke Bernburg GmbH, DE, Bernburg (Saale)[5]	45.0
Stadtwerke Bitterfeld-Wolfen GmbH, DE, Bitterfeld-Wolfen[5]	40.0

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Stadtwerke Blankenburg GmbH, DE, Blankenburg[6]	30.0
Stadtwerke Bogen GmbH, DE, Bogen[6]	41.0
Stadtwerke Burgdorf GmbH, DE, Burgdorf[6]	49.0
Stadtwerke Dillingen/Saar GmbH, DE, Dillingen[6]	49.0
Stadtwerke Duisburg Aktiengesellschaft, DE, Duisburg[5]	20.0
Stadtwerke Dülmen Dienstleistungs- und Beteiligungs-GmbH & Co. KG, DE, Dülmen[4]	50.0
Stadtwerke Dülmen Verwaltungs-GmbH, DE, Dülmen[6]	50.0
Stadtwerke Düren GmbH, DE, Düren[1, 9]	49.9
Stadtwerke Ebermannstadt Versorgungsbetriebe GmbH, DE, Ebermannstadt[6]	25.0
Stadtwerke Eggenfelden GmbH, DE, Eggenfelden[6]	49.0
Stadtwerke Emmerich GmbH, DE, Emmerich am Rhein[5]	24.9
Stadtwerke Essen Aktiengesellschaft, DE, Essen[5]	29.0
Stadtwerke Frankfurt (Oder) GmbH, DE, Frankfurt (Oder)[5]	39.0
Stadtwerke Garbsen GmbH, DE, Garbsen[6]	24.9
Stadtwerke Geesthacht GmbH, DE, Geesthacht[6]	24.9
Stadtwerke Geldern GmbH, DE, Geldern[5]	49.0
Stadtwerke Gescher GmbH, DE, Gescher[6]	25.1
Stadtwerke Geseke Netze GmbH & Co. KG, DE, Geseke[6]	25.1
Stadtwerke Geseke Netze Verwaltung GmbH, DE, Geseke[6]	25.1
Stadtwerke GmbH Bad Kreuznach, DE, Bad Kreuznach[5]	24.5
Stadtwerke Goch Netze GmbH & Co. KG, DE, Goch[6]	25.1
Stadtwerke Goch Netze Verwaltungsgesellschaft mbH, DE, Goch[6]	25.1
Stadtwerke Haan GmbH, DE, Haan[6]	25.1
Stadtwerke Husum GmbH, DE, Husum[6]	49.9
Stadtwerke Kamp-Lintfort GmbH, DE, Kamp-Lintfort[5]	49.0
Stadtwerke Kerpen GmbH & Co. KG, DE, Kerpen[6]	25.1
Stadtwerke Kirn GmbH, DE, Kirn/Nahe[5]	49.0
Stadtwerke Korschenbroich GmbH, DE, Korschenbroich[2]	100.0
Stadtwerke Langenfeld GmbH, DE, Langenfeld[6]	20.0
Stadtwerke Lingen GmbH, DE, Lingen (Ems)[4]	40.0
Stadtwerke Lübz GmbH, DE, Lübz[6]	25.0
Stadtwerke Ludwigsfelde GmbH, DE, Ludwigsfelde[6]	29.0
Stadtwerke Meerane GmbH, DE, Meerane[5]	24.5
Stadtwerke Meerbusch GmbH, DE, Meerbusch[5]	40.0
Stadtwerke Merseburg GmbH, DE, Merseburg[5]	40.0
Stadtwerke Merzig Gesellschaft mit beschränkter Haftung, DE, Merzig[5]	49.9
Stadtwerke Neunburg vorm Wald Strom GmbH, DE, Neunburg vorm Wald[6]	24.9
Stadtwerke Neuss Energie und Wasser GmbH, DE, Neuss[5]	24.9
Stadtwerke Nordfriesland GmbH, DE, Niebüll[6]	49.9
Stadtwerke Oberkirch GmbH, DE, Oberkirch[6]	33.3
Stadtwerke Olching Stromnetz GmbH & Co. KG, DE, Olching[6]	49.0
Stadtwerke Olching Stromnetz Verwaltungs GmbH, DE, Olching[6]	49.0
Stadtwerke Parchim GmbH, DE, Parchim[6]	25.2
Stadtwerke Premnitz GmbH, DE, Premnitz[6]	35.0
Stadtwerke Pritzwalk GmbH, DE, Pritzwalk[6]	49.0
Stadtwerke Radevormwald GmbH, DE, Radevormwald[5]	49.9
Stadtwerke Ratingen GmbH, DE, Ratingen[5]	24.8
Stadtwerke Reichenbach/Vogtland GmbH, DE, Reichenbach im Vogtland[5]	24.5
Stadtwerke Ribnitz-Damgarten GmbH, DE, Ribnitz-Damgarten[6]	39.0
Stadtwerke Roßlau Fernwärme GmbH, DE, Dessau-Roßlau[6]	49.0
Stadtwerke Saarlouis GmbH, DE, Saarlouis[5]	49.0
Stadtwerke Schwarzenberg GmbH, DE, Schwarzenberg/Erzgeb.[6]	27.5
Stadtwerke Schwedt GmbH, DE, Schwedt/Oder[6]	37.8
Stadtwerke Siegburg GmbH & Co. KG, DE, Siegburg[6]	49.0
Stadtwerke Steinfurt, Gesellschaft mit beschränkter Haftung, DE, Steinfurt[6]	33.0
Stadtwerke Tornesch GmbH, DE, Tornesch[6]	49.0
Stadtwerke Unna GmbH, DE, Unna[6]	24.0
Stadtwerke Velbert GmbH, DE, Velbert[5]	30.4
Stadtwerke Vilshofen GmbH, DE, Vilshofen[6]	41.0
Stadtwerke Vlotho GmbH, DE, Vlotho[6]	24.9
Stadtwerke Wadern GmbH, DE, Wadern[6]	49.0
Stadtwerke Waltrop Netz GmbH & Co. KG, DE, Waltrop[6]	25.1
Stadtwerke Weilburg GmbH, DE, Weilburg[6]	20.0
Stadtwerke Weißenfels Gesellschaft mit beschränkter Haftung, DE, Weißenfels[5]	24.5
Stadtwerke Werl GmbH, DE, Werl[6]	25.1
Stadtwerke Wesel Strom-Netzgesellschaft mbH & Co. KG, DE, Wesel[6]	25.0
Stadtwerke Willich Gesellschaft mit beschränkter Haftung, DE, Willich[5]	25.1
Stadtwerke Wismar GmbH, DE, Wismar[5]	49.0
Stadtwerke Wittenberge GmbH, DE, Wittenberge[6]	22.7
Stadtwerke Wolfenbüttel GmbH, DE, Wolfenbüttel[6]	26.0
Stadtwerke Wolmirstedt GmbH, DE, Wolmirstedt[6]	49.4
Stadtwerke Zeitz Gesellschaft mit beschränkter Haftung, DE, Zeitz[5]	24.5
STAWAG Abwasser GmbH, DE, Aachen[2]	100.0
STAWAG Infrastruktur Monschau GmbH & Co. KG, DE, Monschau[2]	100.0
STAWAG Infrastruktur Monschau Verwaltungs GmbH, DE, Monschau[2]	100.0
STAWAG Infrastruktur Simmerath GmbH & Co. KG, DE, Simmerath[2]	100.0
STAWAG Infrastruktur Simmerath Verwaltungs GmbH, DE, Simmerath[2]	100.0
STEAG Windpark Ullersdorf GmbH & Co. KG, DE, Jamlitz[6]	20.8

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2019)

Name, location	Stake (%)
Stibbe Kälte-Klima-Technik GmbH & Co. KG, DE, Wunstorf[2]	100.0
Strom Germering GmbH, DE, Germering[2]	90.0
Stromnetz Diez GmbH und Co. KG, DE, Diez[6]	25.1
Stromnetz Diez Verwaltungsgesellschaft mbH, DE, Diez[6]	25.1
Stromnetz Euskirchen GmbH & Co. KG, DE, Euskirchen[6]	25.1
Stromnetz Friedberg GmbH & Co. KG, DE, Friedberg[4]	49.0
Stromnetz Gersthofen GmbH & Co. KG, DE, Gersthofen[4]	49.0
Stromnetz Günzburg GmbH & Co. KG, DE, Günzburg[4]	49.0
Stromnetz Günzburg Verwaltungs GmbH, DE, Günzburg[6]	49.0
Stromnetz Hallbergmoos GmbH & Co. KG, DE, Hallbergmoos[2]	100.0
Stromnetz Hallbergmoos Verwaltungs GmbH, DE, Hallbergmoos[2]	100.0
Stromnetz Hofheim GmbH & Co. KG, DE, Hofheim am Taunus[6]	49.0
Stromnetz Hofheim Verwaltungs GmbH, DE, Hofheim am Taunus[6]	49.0
Stromnetz Kulmbach GmbH & Co. KG, DE, Kulmbach[6]	49.0
Stromnetz Kulmbach Verwaltungs GmbH, DE, Kulmbach[6]	49.0
Stromnetz Neckargemünd GmbH, DE, Neckargemünd[6]	49.9
Stromnetz Pulheim GmbH & Co. KG, DE, Pulheim[6]	25.1
Stromnetz Pullach GmbH, DE, Pullach im Isartal[6]	49.0
Stromnetz Siegen Verwaltungs GmbH, DE, Siegen[2]	100.0
Stromnetz Traunreut GmbH & Co. KG, DE, Traunreut[2]	100.0
Stromnetz Traunreut Verwaltungs GmbH, DE, Traunreut[6]	49.0
Stromnetz Verbandsgemeinde Katzenelnbogen GmbH & Co. KG, DE, Katzenelnbogen[6]	49.0
Stromnetz Verbandsgemeinde Katzenelnbogen Verwaltungsgesellschaft mbH, DE, Katzenelnbogen[6]	49.0
Stromnetz VG Diez GmbH und Co. KG, DE, Altendiez[6]	49.0
STROMNETZ VG DIEZ Verwaltungsgesellschaft mbH, DE, Altendiez[6]	49.0
Stromnetz Weiden i.d.OPf. GmbH & Co. KG, DE, Weiden i.d.OPf.[6]	49.0
Stromnetz Würmtal GmbH & Co. KG, DE, Planegg[2]	74.5
Stromnetz Würmtal Verwaltungs GmbH, DE, Planegg[2]	100.0
Stromnetze Peiner Land GmbH, DE, Ilsede[6]	49.0
Stromnetzgesellschaft Bad Salzdetfurth-Diekholzen mbH & Co. KG, DE, Bad Salzdetfurth[6]	49.0
Stromnetzgesellschaft Barsinghausen GmbH & Co. KG, DE, Barsinghausen[6]	49.0
Strom-Netzgesellschaft Bedburg GmbH & Co. KG, DE, Bedburg[6]	25.1
Stromnetzgesellschaft Bramsche mbH & Co. KG, DE, Bramsche[6]	25.1
Strom-Netzgesellschaft Elsdorf GmbH & Co. KG, DE, Elsdorf[6]	25.1
Stromnetzgesellschaft Gescher GmbH & Co. KG, DE, Gescher[6]	25.1
Strom-Netzgesellschaft Kolpingstadt Kerpen GmbH & Co. KG, DE, Kerpen[6]	25.1
Strom-Netzgesellschaft Kreisstadt Bergheim GmbH & Co. KG, DE, Bergheim[6]	25.1
Stromnetzgesellschaft Mettmann mbH & Co. KG, DE, Mettmann[6]	25.1
Stromnetzgesellschaft Neuenhaus mbH & Co. KG, DE, Neuenhaus[6]	49.0
Stromnetzgesellschaft Neuenhaus Verwaltungs-GmbH, DE, Neuenhaus[6]	49.0
Stromnetzgesellschaft Neunkirchen-Seelscheid mbH & Co. KG, DE, Neunkirchen-Seelscheid[6]	49.0
Stromnetzgesellschaft Schwalmtal mbH & Co. KG, DE, Schwalmtal[6]	51.0
Stromnetzgesellschaft Windeck mbH & Co. KG, DE, Siegburg[2]	100.0
Stromnetzgesellschaft Wunstorf GmbH & Co. KG, DE, Wunstorf[6]	49.0
Stromversorgung Angermünde GmbH, DE, Angermünde[6]	49.0
Stromversorgung Penzberg GmbH & Co. KG, DE, Penzberg[6]	49.0
Stromversorgung Pfaffenhofen a. d. Ilm GmbH & Co. KG, DE, Pfaffenhofen[6]	49.0
Stromversorgung Pfaffenhofen a. d. Ilm Verwaltungs GmbH, DE, Pfaffenhofen[6]	49.0
Stromversorgung Ruhpolding Gesellschaft mit beschränkter Haftung, DE, Ruhpolding[2]	100.0
Stromversorgung Unterschleißheim GmbH & Co. KG, DE, Unterschleißheim[6]	49.0
Stromversorgung Unterschleißheim Verwaltungs GmbH, DE, Unterschleißheim[6]	49.0
Stromverwaltung Schwalmtal GmbH, DE, Schwalmtal[6]	51.0
strotög GmbH Strom für Töging, DE, Töging am Inn[6]	50.0
StWB Stadtwerke Brandenburg an der Havel GmbH & Co. KG, DE, Brandenburg an der Havel[5]	36.8
StWB Verwaltungs GmbH, DE, Brandenburg an der Havel[6]	36.8
SüdWasser 1. Beteiligungs GmbH, DE, Schönbrunn i. Steigerwald[2]	100.0
SüdWasser GmbH, DE, Erlangen[2]	100.0
Südwestfalen Netz-Verwaltungsgesellschaft mbH, DE, Netphen[6]	49.0
Südwestsächsische Netz GmbH, DE, Crimmitschau[1]	100.0
Süwag Energie AG, DE, Frankfurt am Main[1]	77.6
Süwag Grüne Energien und Wasser AG & Co. KG, DE, Frankfurt am Main[1]	100.0
Süwag Management GmbH, DE, Frankfurt am Main[2]	100.0
Süwag Vertrieb AG & Co. KG, DE, Frankfurt am Main[1]	100.0
SVH Stromversorgung Haar GmbH, DE, Haar[6]	50.0
SVI-Stromversorgung Ismaning GmbH, DE, Ismaning[6]	25.1
SVO Holding GmbH, DE, Celle[1]	50.1
SVO Vertrieb GmbH, DE, Celle[1]	100.0
SVS-Versorgungsbetriebe GmbH, DE, Stadtlohn[4]	30.0
SWG Glasfaser Netz GmbH, DE, Geesthacht[6]	33.4
SWL-energis Netzgesellschaft mbH & Co. KG., DE, Lebach[2]	100.0
SWL-energis-Geschäftsführungs-GmbH, DE, Lebach[2]	100.0
SWN Stadtwerke Neustadt GmbH, DE, Neustadt bei Coburg[6]	25.1
SWS Energie GmbH, DE, Stralsund[5]	49.0
SWT trilan GmbH, DE, Trier[6]	26.0
SWTE Netz GmbH & Co. KG, DE, Ibbenbüren[5]	33.0
SWTE Netz Verwaltungsgesellschaft mbH, DE, Ibbenbüren[6]	33.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2019)

Name, location	Stake (%)
Syna GmbH, DE, Frankfurt am Main[1]	100.0
Szczecińska Energetyka Cieplna Sp. z o.o., PL, Szczecin[1]	66.5
Szombathelyi Erőmű Zrt., HU, Budapest[2]	80.0
Szombathelyi Távhőszolgáltató Kft., HU, Szombathely[6]	25.0
Tankey B.V., NL, 's-Hertogenbosch[5]	42.5
Technische Werke Naumburg GmbH, DE, Naumburg (Saale)[6]	47.0
Tegel Energie GbR, DE, Berlin[6]	50.0
Teplo T s.r.o., CZ, Tišnov[2]	80.0
TEPLO Votice s.r.o., CZ, Votice[6]	20.0
The Power Generation Company Limited, GB, Coventry[2]	100.0
TNA Talsperren- und Grundwasser-Aufbereitungs- und Vertriebsgesellschaft mbH, DE, Nonnweiler[6]	22.8
Triangeln 10 i Norrköping Fastighets AB, SE, Malmö[2]	100.0
Triangeln 11 AB, SE, Malmö[2]	100.0
Triangeln 15 i Norrköping Fastighets AB, SE, Malmö[2]	100.0
Trinkwasserverbund Niederrhein TWN GmbH, DE, Grevenbroich[6]	33.3
Trocknungsanlage Zolling GmbH & Co. KG, DE, Zolling[6]	33.3
Trocknungsanlage Zolling Verwaltungs GmbH, DE, Zolling[6]	33.3
TWE Technische Werke der Gemeinde Ensdorf GmbH, DE, Ensdorf[6]	49.0
TWL Technische Werke der Gemeinde Losheim GmbH, DE, Losheim am See[6]	49.9
TWM Technische Werke der Gemeinde Merchweiler Gesellschaft mit beschränkter Haftung, DE, Merchweiler[6]	49.0
TWRS Technische Werke der Gemeinde Rehlingen-Siersburg GmbH, DE, Rehlingen-Siersburg[6]	35.0
TWS Technische Werke der Gemeinde Saarwellingen GmbH, DE, Saarwellingen[6]	51.0
Überlandwerk Krumbach Gesellschaft mit beschränkter Haftung, DE, Krumbach[1]	74.6
Überlandwerk Leinetal GmbH, DE, Gronau[6]	48.0
ucair GmbH, DE, Berlin[2]	94.9
Ultra-Fast Charging Venture Scandinavia ApS, DK, Copenhagen[6]	50.0
Umspannwerk Miltzow-Mannhagen GbR, DE, Sundhagen[6]	22.2
Union Grid s.r.o., CZ, Prague[6]	34.0
UNTERE ILLER AKTIENGESELLSCHAFT, DE, Landshut[6]	40.0
Untermain EnergieProjekt AG & Co. KG., DE, Kelsterbach[6]	49.0
Untermain Erneuerbare Energien GmbH, DE, Raunheim[6]	25.0
Uranit GmbH, DE, Jülich[4]	50.0
Utility Debt Services Limited, GB, Coventry[2]	100.0
Vandebron B.V., NL, Amsterdam[2]	100.0
VEBA Electronics LLC, US, Wilmington[1]	100.0
VEBACOM Holdings LLC, US, Wilmington[2]	100.0
Veiligebuurt B.V., NL, Enschede[6]	49.9
VEM Neue Energie Muldental GmbH & Co. KG, DE, Markkleeberg[6]	50.0
Versorgungsbetrieb Waldbüttelbrunn GmbH, DE, Waldbüttelbrunn[6]	49.0
Versorgungsbetriebe Helgoland GmbH, DE, Helgoland[6]	49.0
Versorgungskasse Energie (VVaG) i. L., DE, Hanover[6]	69.6
Versuchsatomkraftwerk Kahl GmbH, DE, Karlstein[6]	20.0
Verteilnetz Plauen GmbH, DE, Plauen[1]	100.0
Verteilnetze Energie Weißenhorn GmbH & Co. KG, DE, Weißenhorn[6]	35.0
Verwaltungsgesellschaft Dorsten Netz mbH, DE, Dorsten[6]	49.0
Verwaltungsgesellschaft Energie Weißenhorn GmbH, DE, Weißenhorn[6]	35.0
Verwaltungsgesellschaft Energieversorgung Timmendorfer Strand mbH, DE, Timmendorfer Strand[2]	51.0
Verwaltungsgesellschaft GKW Dillingen mbH, DE, Dillingen[6]	25.2
Verwaltungsgesellschaft Scharbeutzer Energie- und Netzgesellschaft mbH, DE, Scharbeutz[2]	51.0
Verwaltungsgesellschaft Strom-Netzgesellschaft Voerde mbH, DE, Voerde[2]	100.0
Veszprém-Kogeneráció Energiatermelő Zrt., HU, Budapest[2]	100.0
Visioncash, GB, Coventry[1]	100.0
Visualix GmbH, DE, Berlin[6]	25.0
VKB-GmbH, DE, Neunkirchen[1]	50.0
Volta Limburg B.V., NL, Schinnen[1]	100.0
Volta Participaties 1 BV, NL, Schinnen[1]	100.0
Volta Service B.V., NL, Schinnen[1]	100.0
Volta Solar B.V., NL, Heerlen[1]	100.0
Volta Solar VOF, NL, Heerlen[1]	60.0
VOLTARIS GmbH, DE, Maxdorf[6]	50.0
VSE-Windpark Merchingen GmbH & Co. KG, DE, Saarbrücken[2]	100.0
VSE-Windpark Merchingen VerwaltungsGmbH, DE, Saarbrücken[2]	100.0
VSE Agentur GmbH, DE, Saarbrücken[2]	100.0
VSE Aktiengesellschaft, DE, Saarbrücken[1]	51.4
VSE NET GmbH, DE, Saarbrücken[1]	100.0
VSE Verteilnetz GmbH, DE, Saarbrücken[1]	100.0
VSE-Stiftung Gemeinnützige Gesellschaft zur Förderung von Bildung, Erziehung, Kunst und Kultur mbH, DE, Saarbrücken[2]	100.0
VWS Verbundwerke Südwestsachsen GmbH, DE, Lichtenstein/Sa.[1]	97.9
Wärmeversorgung Limburg GmbH, DE, Limburg an der Lahn[6]	50.0
Wärmeversorgung Mücheln GmbH, DE, Mücheln[6]	49.0
Wärmeversorgung Schenefeld GmbH, DE, Schenefeld[6]	40.0
Wärmeversorgung Schwaben GmbH, DE, Augsburg[2]	100.0
Wärmeversorgung Wachau GmbH, DE, Markkleeberg[6]	49.0
Wärmeversorgung Würselen GmbH, DE, Stolberg[2]	100.0
Wärmeversorgungsgesellschaft Königs Wusterhausen mbH, DE, Königs Wusterhausen[2]	50.1
Wasser- und Abwassergesellschaft Vienenburg mbH, DE, Goslar[6]	49.0
Wasserkraft Baierbrunn GmbH, DE, Unterschleißheim[6]	50.0
Wasserkraft Farchet GmbH, DE, Bad Tölz[2]	60.0

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Name, location	Stake (%)
Wasserkraftnutzung im Landkreis Gifhorn GmbH, DE, Müden/Aller[6]	50.0
Wasser-Netzgesellschaft Kolpingstadt Kerpen GmbH & Co. KG, DE, Kerpen[6]	25.1
Wasserverbund Niederrhein Gesellschaft mit beschränkter Haftung, DE, Moers[6]	38.5
Wasserversorgung Main-Taunus GmbH, DE, Frankfurt am Main[6]	49.0
Wasserversorgung Sarstedt GmbH, DE, Sarstedt[6]	49.0
Wasserwirtschafts- und Betriebsgesellschaft Grafenwöhr GmbH, DE, Grafenwöhr[6]	29.0
Wasserzweckverband der Gemeinde Nalbach, DE, Nalbach[6]	49.0
WB Wärme Berlin GmbH, DE, Schönefeld[6]	51.0
WEA Schönerlinde GbR mbH Kiepsch & Bosse & Beteiligungsges. e.disnatur mbH, DE, Berlin[2]	70.0
WeAre GmbH, DE, Berlin[6]	20.0
weeenergie GmbH, DE, Dresden[6]	40.0
Weißmainkraftwerk Röhrenhof Aktiengesellschaft, DE, Bad Berneck[2]	93.5
WEK Windenergie Kolkwitz GmbH & Co. KG, DE, Kolkwitz[2]	100.0
Wendelsteinbahn Gesellschaft mit beschränkter Haftung, DE, Brannenburg am Inn[1]	100.0
Wendelsteinbahn Verteilnetz GmbH, DE, Brannenburg am Inn[1]	100.0
werkkraft GmbH, DE, Unterschleißheim[6]	50.0
Werne Netz GmbH & Co. KG, DE, Werne[6]	49.0
Westerwald-Netz GmbH, DE, Betzdorf-Alsdorf[1]	100.0
Westnetz GmbH, DE, Dortmund[1]	100.0
WET Windenergie Trampe GmbH & Co. KG, DE, Lützen[2]	100.0
WEV Warendorfer Energieversorgung GmbH, DE, Warendorf[6]	25.1
WEVG Salzgitter GmbH & Co. KG, DE, Salzgitter[1]	50.2
WEVG Verwaltungs GmbH, DE, Salzgitter[2]	50.2
WGK Windenergie Großkorbetha GmbH & Co. KG, DE, Lützen[2]	90.0
Willems Koeltechniek B.V., NL, Beek[2]	100.0
Windenergie Briesensee GmbH, DE, Neu Zauche[6]	31.5
Windenergie Frehne GmbH & Co. KG, DE, Lützen[6]	41.0
Windenergie Leinetal 2 Verwaltungs GmbH, DE, Freden (Leine)[2]	100.0
Windenergie Leinetal GmbH & Co. KG, DE, Freden (Leine)[6]	26.2
Windenergie Leinetal Verwaltungs GmbH, DE, Freden (Leine)[6]	24.9
Windenergie Merzig GmbH, DE, Merzig[6]	20.0
Windenergie Osterburg GmbH & Co. KG, DE, Osterburg (Altmark)[6]	49.0
Windenergie Osterburg Verwaltungs GmbH, DE, Osterburg (Altmark)[6]	49.0
Windenergie Schermbeck-Rüste GmbH & Co. KG, DE, Schermbeck[6]	20.3
Windenergiepark Heidenrod GmbH, DE, Heidenrod[6]	45.0
WINDENERGIEPARK WESTKÜSTE GmbH, DE, Kaiser-Wilhelm-Koog[2]	80.0
Windkraft Hochheim GmbH & Co. KG, DE, Lützen[2]	90.0
Windkraft Jerichow-Mangelsdorf I GmbH & Co. KG, DE, Burg[6]	25.1
Windpark Anhalt-Süd (Köthen) OHG, DE, Potsdam[2]	83.3
Windpark Büschdorf GmbH, DE, Perl[2]	51.0
Windpark Eschweiler Beteiligungs GmbH, DE, Stolberg[6]	55.1
Windpark Losheim-Britten GmbH, DE, Losheim am See[6]	50.0
Windpark Lützen GmbH & Co. KG, DE, Lützen[2]	100.0
Windpark Lützen Infrastruktur GmbH & Co. KG, DE, Lützen[2]	100.0
Windpark Mutzschen OHG, DE, Potsdam[2]	77.8
Windpark Naundorf OHG, DE, Potsdam[2]	66.7
Windpark Nohfelden-Eisen GmbH, DE, Nohfelden[6]	50.0
Windpark Oberthal GmbH, DE, Oberthal[6]	35.0
Windpark Paffendorf GmbH & Co. KG, DE, Bergheim[6]	49.0
Windpark Perl GmbH, DE, Perl[6]	42.0
Windpark Verwaltungsgesellschaft mbH, DE, Lützen[2]	100.0
Windpark Wadern-Felsenberg GmbH, DE, Wadern[2]	100.0
WKH Windkraft Hochheim Management GmbH, DE, Lützen[2]	100.0
WLN Wasserlabor Niederrhein GmbH, DE, Mönchengladbach[6]	45.0
WPB Windpark Börnicke GmbH & Co. KG, DE, Lützen[2]	100.0
WPF Windpark Frankenheim GmbH & Co. KG, DE, Lützen[2]	100.0
WPK Windpark Kraasa GmbH & Co. KG, DE, Lützen[2]	100.0
WTTP B.V., NL, Arnhem[1]	100.0
WUN Pellets GmbH, DE, Wunsiedel[6]	25.1
WVG - Warsteiner Verbundgesellschaft mbH, DE, Warstein[6]	25.1
WVL Wasserversorgung Losheim GmbH, DE, Losheim am See[6]	49.9
WVM Wärmeversorgung Maßbach GmbH, DE, Maßbach[6]	22.2
WVW Wasser- und Energieversorgung Kreis St. Wendel Gesellschaft mit beschränkter Haftung, DE, St. Wendel[5]	28.1
WWS Wasserwerk Saarwellingen GmbH, DE, Saarwellingen[6]	49.0
WWW Wasserwerk Wadern GmbH, DE, Wadern[6]	49.0
xtechholding GmbH, DE, Berlin[6]	28.4
Zagrebacke otpadne vode d.o.o., HR, Zagreb[4]	48.5
Zagrebacke otpadne vode-upravljanje i pogon d.o.o., HR, Zagreb[5]	29.0
Západoslovenská energetika a.s. (ZSE), SK, Bratislava[4]	49.0
Zenit-SIS GmbH i. L., DE, Düsseldorf[2]	100.0
ZonnigBeheer B.V., NL, Lelystad[1]	100.0
Zwickauer Energieversorgung GmbH, DE, Zwickau[5]	27.0

[1]Consolidated affiliated company. · [2]Non-consolidated affiliated company for reasons of immateriality (valued at cost). · [3]Joint operations pursuant to IFRS 11. · [4]Joint ventures pursuant to IFRS 11. [5]Associated company (valued using the equity method). · [6]Associated company (valued at cost for reasons of immateriality). · [7]Investments Pursuant to Section 313 (2) No. 5 HGB. · [8]This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b. · [9]Control by virtue of company contract. · [10]No control by virtue of company contract. · [11]Significant influence via indirect investments. · [12]Structured entity pursuant to IFRS 10 and 12. · [13]Affiliated company which is held by E.ON Pension Trust e.V. on behalf of MEON Pensions GmbH & Co. KG. · [14]Other equity investment which is held by E.ON Pension Trust e.V. on behalf of MEON Pensions GmbH & Co. KG.

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2019)

Name, location	Stake (%)
Consolidated investment funds	
ASF, DE, Düsseldorf[1]	100.0
HANSEFONDS, DE, Düsseldorf[1]	100.0
MI-FONDS 178, DE, Frankfurt am Main[1]	100.0
MI-FONDS F55, DE, Frankfurt am Main[1]	100.0
MI-FONDS G55, DE, Frankfurt am Main[1]	100.0
MI-FONDS J55, DE, Frankfurt am Main[1]	100.0
MI-FONDS K55, DE, Frankfurt am Main[1]	100.0
OB 2, DE, Düsseldorf[1]	100.0
OB 5, DE, Düsseldorf[1]	100.0

Name, location	Stake (%)	Equity € in millions	Earnings € in millions
Investments Pursuant to Section 313 (2) No. 5 HGB			
BEW Bergische Energie- und Wasser-Gesellschaft mit beschränkter Haftung, DE, Wipperfürth[7]	19.5	33.2	6.2
Energieversorgung Limburg Gesellschaft mit beschränkter Haftung, DE, Limburg an der Lahn[7]	10.0	28.7	4.4
e-werk Sachsenwald GmbH, DE, Reinbek[7]	16.0	29.3	4.4
Herzo Werke GmbH, DE, Herzogenaurach[7]	19.9	14.3	0.0
HEW HofEnergie+Wasser GmbH, DE, Hof[7]	19.9	22.1	0.0
infra fürth gmbh, DE, Fürth[7]	19.9	75.1	0.0
Nord Stream AG, CH, Zug[7, 14]	15.5	3,127.4	414.5
PSI Software AG, DE, Berlin[7]	17.8	84.5	5.9
Stadtwerke Bamberg Energie- und Wasserversorgungs GmbH, DE, Bamberg[7]	10.0	30.1	0.0
Stadtwerke Detmold GmbH, DE, Detmold[7]	12.5	31.5	2.7
Stadtwerke Straubing Strom und Gas GmbH, DE, Straubing[7]	19.9	10.8	0.0
Stadtwerke Wertheim GmbH, DE, Wertheim[7]	10.0	20.5	0.0
SWT Stadtwerke Trier Versorgungs-GmbH, DE, Trier[7]	18.7	55.5	9.8
Thermondo GmbH, DE, Berlin[7]	19.4	10.7	-9.6

[1]Consolidated affiliated company. · [2]Non-consolidated affiliated company for reasons of immateriality (valued at cost). · [3]Joint operations pursuant to IFRS 11. · [4]Joint ventures pursuant to IFRS 11. [5]Associated company (valued using the equity method). · [6]Associated company (valued at cost for reasons of immateriality). · [7]Investments Pursuant to Section 313 (2) No. 5 HGB. · [8]This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b. · [9]Control by virtue of company contract. · [10]No control by virtue of company contract. · [11]Significant influence via indirect investments. · [12]Structured entity pursuant to IFRS 10 and 12. · [13]Affiliated company which is held by E.ON Pension Trust e.V. on behalf of MEON Pensions GmbH & Co. KG. · [14]Other equity investment which is held by E.ON Pension Trust e.V. on behalf of MEON Pensions GmbH & Co. KG.

Other Information

Declaration of the Management Board

To the best of our knowledge, we declare that, in accordance with applicable financial reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the Group Management Report, which is combined with the management report of E.ON SE, provides a fair review of the development and performance of the business and the position of the E.ON Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Essen, March 23, 2020

The Management Board

Teyssen

Birnbaum

König

Spieker

Wildberger

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

To E.ON SE, Essen

Audit Opinions

We have audited the consolidated financial statements of E.ON SE, Essen, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2019, and the consolidated statement of income, consolidated statement of recognized income and expenses, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of E.ON SE, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2019. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] and § 315d HGB.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2019, and of its financial performance for the financial year from January 1 to December 31, 2019, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Transactions with RWE
2. Recoverability of goodwill

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

1 Transactions with RWE

On March 12, 2018, E.ON and RWE entered into agreements for E.ON to acquire RWE's 76.8 % interest in innogy SE, Essen (innogy) and to sell substantially all of its former renewables business and two nuclear power minority stocks to RWE. The agreements also stipulate that innogy's entire renewables and gas storage business as well as its equity interest in KELAG-Kärntner Elektrizitäts-Aktiengesellschaft (Kelag) will be transferred to RWE. As part of RWE's claim against E.ON arising from the acquisition of the interest in innogy, RWE received 440,219,800 new shares of E.ON SE, corresponding to a 16.67 % interest in the share capital of E.ON. Finally, E.ON was entitled to a cash payment of EUR 1.5 billion for all transactions, which is subject to contractually agreed purchase price adjustments. The acquisition of RWE's 76.8 % interest in innogy SE was closed on September 18, 2019 following clearance from the European Commission and the relevant antitrust authorities. By acquiring the interest in innogy from RWE, E.ON also acquired shares that had already been tendered as part of the voluntary public takeover offer in 2018, amounting to 9.4 %. Taking into consideration the further 3.8 % interest that E.ON had already acquired on the capital market, E.ON held 90 % of all innogy shares as at the date of the innogy acquisition.

a. First-time consolidation of innogy's network and sales businesses

① Effective as of September 18, 2019, E.ON obtained control within the meaning of IFRS 10 of innogy's network and sales businesses. By contrast, due to contractual arrangements E.ON did not obtain control of innogy's renewables and gas storage businesses or its equity interests in Kelag. The acquisition is accounted for as a business combination using the acquisition method in accordance with IFRS 3. The identifiable assets acquired and the liabilities assumed of innogy were recognized at their acquisition-date fair value. Taking into account the consideration transferred (including the cash payment), the other shares previously acquired on the capital market and the non-controlling interests, the preliminary goodwill amounted to EUR 15.5 billion.

The clearance of the European Commission was linked to conditions, including in particular to dispose of certain E.ON and innogy sales businesses in Germany, Hungary and the Czech Republic. Based on the assessment by the Company's executive directors that the disposal of these business activities is highly probable, since the date of the innogy acquisition they have been recognized as disposal group and assets held for sale, respectively.

From September 18, 2019 onwards, the innogy companies have been managed as a new independent segment within the E.ON Group and are presented as such in the segment reporting.

Due to the highly complex nature of the transaction as a whole, the associated complex calculation of the consideration transferred, the estimation uncertainties and the scope of discretion in measuring the assets acquired and liabilities assumed, as well as the overall material effect of the amounts involved in the acquisition on the assets, liabilities, financial position and financial performance, the first-time consolidation of innogy was of particular significance in the context of our audit.

② As part of our audit, we initially assessed the preconditions for E.ON obtaining control. The focus was on determining which assets and liabilities E.ON had obtained control of. We also verified the acquisition date. To that end, we inspected and assessed in particular the contractual agreements and other relevant documents. On that basis, we reconciled the components of the consideration transferred and their amounts with the underlying agreements and articles of association, the contractually agreed purchase prices and purchase price adjustments, and the payments made. Furthermore, we assessed the recognition and measurement of the assets and liabilities underlying the acquisition. This included their identification, the application of consistent accounting and measurement policies, and their fair value accounting as of the date of first-time consolidation. In this context, one focal point for our audit was to address the external reports for the purchase price allocation. As well as assessing the external appraiser's professional qualifications, we also assessed the appropriateness of, among other things, the models on which the valuations were based and the valuation inputs and assumptions used. Given the special characteristics relating to the calculation of the fair values in the context of the business combination, our valuation specialists assisted in the process. Furthermore, we verified how the first-time consolidation was performed from a technical perspective and assessed the calculation of the preliminary goodwill. We also assessed as of the reporting date December 31, 2019 whether there were indications of impairment in accordance with IAS 36 as the starting point for an impairment test. Another focal point of our audit was to assess the disclosures in the notes required under IFRS 3 and the presentation as part of segment reporting. Overall, we were able to satisfy ourselves that the acquisition was appropriately presented in the financial statements, that the estimates and assumptions, also with regard to the preliminary goodwill, made by the executive directors are substantiated and sufficiently documented, and that the corresponding disclosures in the notes are appropriate.

With respect to the business activities in Germany, Hungary and the Czech Republic recognized under IFRS 5, we assessed whether the classification as disposal group and assets held for sale, respectively, as at the date of the reclassification and as at December 31, 2019 was appropriate and whether the presentation in the balance sheet complies with the relevant standards and generally accepted professional interpretations. For this purpose, we first of all obtained an understanding of the underlying contractual agreements and the respective conditions imposed by the European Commission, and assessed their impact on the presentation of the relevant business activities and the accounting treatment. Overall, we were able to satisfy ourselves that the business activities classified as held for sale are appropriately presented.

③ The Company's disclosures relating to the first-time consolidation are contained in notes 1, 4 and 34 to the consolidated financial statements.

b. Disposal of the renewables business and nuclear power equity interests

① Based on the assessment of the Company's executive directors that the overall transaction is highly probable to close, the renewables business subject to transfer was recognized as a discontinued operation and the nuclear power equity interests were reclassified as a disposal group effective June 30, 2018, in accordance with IFRS 5. Since E.ON managed the renewables business until the disposal took effect, however, the activities continued to be fully included in the relevant key performance indicators and the segment reporting. Due to the contractual agreements with RWE, E.ON lost control of substantially all of the renewables business on September 18, 2019. Taking into consideration the reclassification to profit or loss of currency translation gains that had previously been recognized directly in equity, the deconsolidation resulted in a total gain of EUR 0.8 billion, which was recognized under discontinued operations together with the current profit or loss from the business. The transferred business activities were included in segment reporting and the Group's management key performance indicators until September 18, 2019. The disposal of the nuclear power equity interests resulted in a EUR 0.1 billion loss.

Due to the highly complex nature of the transaction as a whole and the overall material effect of the amounts involved on the assets, liabilities, financial position and financial performance of the E.ON Group, the deconsolidation of the renewables business and the disposal of the nuclear power equity interests were of particular significance in the context of our audit.

② As part of our audit, we inspected, verified and assessed the contractual agreements on disposal of the renewables business and the nuclear power equity interests. We verified whether the disposal was properly presented from a technical standpoint, whether the assets and liabilities subject to disposal were fully and correctly derecognized, and whether the net gain on disposal was appropriately calculated and recorded. We reconciled the calculation of the purchase price with the contractual agreements. Overall, we were able to satisfy ourselves that the disposals were appropriately presented in the financial statements and that the corresponding disclosures in the notes are appropriate.

③ The Company's disclosures relating to the disposal of the renewables business and the nuclear power equity interests are contained in notes 4 and 34 to the consolidated financial statements.

❷ Recoverability of goodwill

① In the consolidated financial statements of E.ON SE as of December 31, 2019, an amount of EUR 17.5 billion is reported under the "Goodwill" balance sheet item. This amount comprises of preliminary goodwill from the first-time consolidation of innogy that has not yet been allocated in the amount of EUR 15.5 billion as well as existing goodwill in the total amount of EUR 2.0 billion. The preliminary goodwill from the first-time consolidation of innogy not yet allocated was not part of the regular impairment test. Nor was it subject to an ad hoc impairment test, since as of December 31, 2019 there were no indications of impairment in accordance with IAS 36.

It was also not necessary to recognize impairment losses on existing goodwill in financial year 2019. The Company allocates goodwill to cash-generating units or groups of cash-generating units that correspond to the E.ON Group's operating segments. These are subject to impairment tests on a regular basis in the fourth quarter of a given financial year or whenever there are indications of impairment. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the regular impairment test. The present value of the future cash flows from the respective cash-generating unit serves as the basis of valuation in the context of an impairment test. The cash flows are based on the E.ON Group's medium-term planning for the years 2020 to 2022. For the purposes of assessing the recoverability of goodwill, the three-year detailed planning period is generally extended by another two years – or more, if required – and is then extrapolated on the basis of assumptions about long-term growth rates in perpetual annuity. The discount rate used is the weighted average cost of capital for the relevant cash-generating unit in each case. The result of this measurement depends to a large extent on the executive directors' estimates of the amount of future cash flows, the discount rate applied and the growth rate. The assumptions about the long-term development of the underlying contributions to earnings and the relevant regulatory influencing factors are also of particular importance. Due to the complexity of the measurement and the considerable uncertainties relating to the underlying assumptions, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed, among other things, whether the measurement model for performing impairment tests properly reflects the conceptual requirements of the relevant standards and whether the calculations in the models were correctly performed. The critical assessment of the key assumptions underlying the measurements was the focal point of our audit. We evaluated the appropriateness of the future cash flows used for the measurement by reconciling this data against general and sector-specific market expectations and by comparing it with the current budgets in the Group investment, finance and HR plan for 2020 prepared by the executive directors and approved by the supervisory board on December 17, 2019, as well as the planning for the years 2021 and 2022 prepared by the executive directors and acknowledged by the supervisory board. Among other things, we assessed how the long-term growth rates used for perpetual annuities were derived from the observable market data and market expectations, and reconciled this with the cost of capital applied. We also assessed the parameters used to determine the discount rate applied, and evaluated the measurement model. In addition, we compared the assumptions about the long-term price development and the relevant regulatory influencing factors against sector-specific expectations. Within the context of our assessment of the recoverability of goodwill, we also evaluated whether the costs for corporate overheads were properly ascertained, allocated, and included in the impairment tests of the respective cash-generating units. Finally, we assessed the calculation of the carrying amounts of the cash-generating units, which were compared against the corresponding recoverable amount, as well as the mathematical comparison.

Overall, we consider the measurement inputs and assumptions used by the executive directors to be in line with our expectations. We were able to verify the inclusion in the measurement models.

③ The Company's disclosures relating to the recoverability of goodwill and the preliminary goodwill, respectively, are contained in note 14 and 1 to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report, and the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 14, 2019. We were engaged by the supervisory board on June 11, 2019. We have been the group auditor of the E.ON SE, Essen, without interruption since the Company first met the requirements as a public-interest entity within the meaning of § 319a Abs. 1 Satz 1 HGB in the financial year 1965.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Aissata Touré.

Düsseldorf, March 23, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Markus Dittmann	Aissata Touré
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting

To E.ON SE, Essen

We have performed a limited assurance engagement on the combined separate non-financial report pursuant to §§ (Articles) 289b Abs. (paragraph) 3 and 315b Abs. 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of E.ON SE, Essen (hereinafter the "Company") for the period from 1st January to 31st December 2019 (hereinafter the "Non-financial Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of the Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis–IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1st January to 31st December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- Identification of the likely risks of material misstatement of the Non-financial Report
- Analytical evaluation of selected disclosures in the Non-financial Report
- Survey regarding decentral data gathering and approval of information on GHG emissions FY19
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the non-financial information

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1st January to 31st December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Essen, March 23, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Markus Dittmann Wirtschaftsprüfer (German public auditor)	Hendrik Fink Wirtschaftsprüfer (German public auditor)

Boards

Supervisory Board (and Information on Other Directorships)

Dr. Karl-Ludwig Kley
Chairman of the Supervisory Board, E.ON SE
→ Bayerische Motoren Werke AG
→ Deutsche Lufthansa AG (Chairman)

Erich Clementi
Deputy Chairman of the Supervisory Board, E.ON SE

Andreas Scheidt
Deputy Chairman of the Supervisory Board, E.ON SE
Unified Service Sector Union, ver.di

Clive Broutta
Full-time Representative of the General, Municipal, Boilermakers, and Allied Trade Union (GMB)

Klaus Fröhlich
Member of the Board of Management, Bayerische Motoren Werke AG

Ulrich Grillo (since October 1, 2019)
Chairman of the Board of Management, Grillo-Werke AG
→ Rheinmetall AG (Chairman)
→ innogy SE (until October 4, 2019)
→ Grillo Zinkoxid GmbH[2]
→ Zinacor S.A.[2]

Carolina Dybeck Happe
Chief Financial Officer, A.P. Møller – Mærsk A/S (since January 1, 2019)
→ Schneider Electric SE (since April 25, 2019)

Monika Krebber (since September 24, 2019)
Deputy Chairperson of the General Works Council, innogy SE
→ innogy SE

Eugen-Gheorghe Luha
Chairman of Gas România (Romanian Federation of Gas Unions)
Chairman of Romanian employee representatives
Member of the SE Works Council, E.ON SE

Stefan May (since September 24, 2019)
Deputy Chairman of the E.ON Group Works Council
Chairman of the Joint Works Council, Westnetz GmbH
Chairman of the Works Council of the Münster Region of Westnetz GmbH
→ innogy SE
→ innogy Westenergie GmbH

Szilvia Pinczésné Márton
Chairperson of the Works Council, E.ON Dél-dunántúli Áramhálózati Zrt.
Member of the European Works Council, E.ON SE

René Pöhls (since September 24, 2019)
Deputy Chairman of the SE Works Council, E.ON SE
Chairman of the SE Works Council, innogy SE
Deputy Chairman of the Group Works Council, E.ON SE
Chairman of the Group Works Council, envia Mitteldeutsche Energie AG
Chairman of the Joint General Works Council and the Joint Works Council Halle/Kabelsketal, envia Mitteldeutsche Energie AG, MITGAS Mitteldeutsche Gasversorgung GmbH, Mitteldeutsche Netzgesellschaft Strom mbH, and Mitteldeutsche Netzgesellschaft Gas mbH
→ innogy SE
→ envia Mitteldeutsche Energie AG

Andreas Schmitz
Attorney and bank manager
→ HSBC Trinkaus & Burkhardt AG (Chairman)
→ Scheidt & Bachmann GmbH (Chairman)
→ Andersch AG (Chairman, until July 31, 2019)

Dr. Rolf Martin Schmitz (since October 1, 2019)
CEO, RWE AG
→ Amprion GmbH
→ RWE Generation SE (Chairman)[1]
→ RWE Power AG (Chairman)[1]
→ RWE Supply & Trading GmbH[1]
→ TÜV Rheinland AG
→ Jaeger Grund GmbH & Co. KG (Jaeger Gruppe, Chairman)
→ Kärntner Energieholding Beteiligungs GmbH
→ KELAG-Kärntner Elektrizitäts-AG

Unless otherwise indicated, information is as of December 31, 2019, or as of the date on which membership in the E.ON SE Supervisory Board ended.
→ Directorships/supervisory board memberships within the meaning of Section 100, Paragraph 2 of the German Stock Corporation Act.
→ Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.
[1]Exempted E.ON Group directorship within the meaning of Section 100, Paragraph 2, Sentence 2 of the German Stock Corporation Act.
[2]Other E.ON Group directorship.

Fred Schulz
Chairman of the SE Works Council, E.ON SE
Deputy Chairman of the E.ON Group Works Council
Chairman of the Combined Works Council, E.DIS AG
Chairman of the Works Council, E.DIS Netz GmbH-East Region
→ E.DIS AG
→ Szczecińska Energetyka Cieplna Sp. z o.o.

Dr. Karen de Segundo
Attorney

Elisabeth Wallbaum
Expert, SE Works Council E.ON SE and
E.ON Group Works Council

Deborah Wilkens (since October 1, 2019)
Management consultant
→ innogy SE (until October 4, 2019)

Ewald Woste
Management consultant
→ GASAG AG
→ Bayernwerk AG
→ GreenCom Networks AG
→ Deutsche Energie-Agentur GmbH (dena)
→ Energie Steiermark AG

Albert Zettl
Deputy Chairman of the SE Works Council, E.ON SE
Chairman of the E.ON Group Works Council
Chairman of the Division Works Council, Bayernwerk AG
Chairman of the Eastern Bavaria Works Council,
Bayernwerk Netz GmbH
→ Bayernwerk AG
→ Versorgungskasse Energie VVaG i. L.

Supervisory Board Committees

Executive Committee
Dr. Karl-Ludwig Kley, Chairman
Andreas Scheidt, Deputy Chairman
Erich Clementi
Ulrich Grillo (since October 2, 2019)
Andreas Schmitz (from March 12 to October 2, 2019)
Fred Schulz
Albert Zettl (since March 12, 2019)

Audit and Risk Committee
Andreas Schmitz, Chairman
Fred Schulz, Deputy Chairman
Caroline Dybeck Happe
René Pöhls (since October 2, 2019)
Elisabeth Wallbaum
Deborah Wilkens (since October 2, 2019)

Innovation and Sustainability Committee
(until October 2, 2019: Investment and Innovation Committee)
Dr. Karen de Segundo, Chairperson
Albert Zettl, Deputy Chairman (until October 2, 2019)
Stefan May (since October 2, 2019; Deputy Chairman since December 17, 2019)
Clive Broutta
Klaus Fröhlich
Eugen-Gheorghe Luha
Ewald Woste

Nomination Committee
Dr. Karl-Ludwig Kley, Chairman
Erich Clementi, Deputy Chairman
Dr. Karen de Segundo

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→ Directorships/supervisory board memberships within the meaning of Section 100, Paragraph 2 of the German Stock Corporation Act.
→ Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.
[1]Exempted E.ON Group directorship within the meaning of Section 100, Paragraph 2, Sentence 2 of the German Stock Corporation Act.
[2]Other E.ON Group directorship.

Management Board (and Information on Other Directorships)

Dr. Johannes Teyssen
Born in 1959 in Hildesheim, Germany
Chairman of the Management Board since 2010
Member of the Management Board since 2004
Strategy & Innovation, Human Resources, Communications & Political Affairs, Legal & Compliance, Corporate Audit, Health/Safety and Environment, Sustainability
→ innogy SE[1] (Chairman, since October 5, 2019)
→ Nord Stream AG

Dr.-Ing. Leonhard Birnbaum
Born in 1967 in Ludwigshafen, Germany
Member of the Management Board of E.ON SE since 2013
Member of the Management Board of innogy SE since October 11, 2019 (Chairman)
innogy integration project, Consulting, PreussenElektra
→ E.ON Italia S.p.A.[2]
→ Georgsmarienhütte Holding GmbH

Dr. Thomas König
Born in 1965 in Finnentrop, Germany
Member of the Management Board since 2018
Energy Networks (including Turkey), Procurement
→ Avacon AG[1] (Chairman)
→ Bayernwerk AG[1] (Chairman)
→ E.DIS AG[1] (Chairman)
→ HanseWerk AG[1] (Chairman)
→ E.ON Sverige AB[2] (Chairman)
→ E.ON Hungária Zrt.[2] (Chairman)
→ E.ON Česká republika s.r.o.[2] (Chairman)
→ E.ON Distribuce, a.s.[2] (Chairman)

Dr. Marc Spieker
Born in 1975 in Essen, Germany
Member of the Management Board since 2017
Finance, Mergers & Acquisitions and Participation Management, Risk Management, Accounting & Controlling, Investor Relations, Tax, S4 Transformation
→ innogy SE[1] (since October 5, 2019)
→ E.ON Verwaltungs SE[1] (Chairman)
→ Nord Stream AG

Dr. Karsten Wildberger
Born in 1969 in Gießen, Germany
Member of the Management Board since 2016
Retail and Customer Solutions (including Turkey), Decentralized Generation, Energy Management, Marketing, Digital Transformation & IT
→ E.ON Digital Technology GmbH (formerly E.ON Business Services GmbH)[1] (Chairman)
→ E.ON Sverige AB[2]
→ E.ON Energie A.S.[2] (Chairman)

Unless otherwise indicated, information is as of December 31, 2019, or as of the date on which membership in the E.ON Management Board ended.
→ Directorships/supervisory board memberships within the meaning of Section 100, Paragraph 2 of the German Stock Corporation Act.
→ Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.
[1]Exempted E.ON Group directorship within the meaning of Section 100, Paragraph 2, Sentence 2 of the German Stock Corporation Act.
[2]Other E.ON Group directorship.

Summary of Financial Highlights[1, 2]

€ in millions	2015	2016	2017	2018	2019
Sales and earnings					
Sales	42,656	38,173	37,965	30,084	41,484
Adjusted EBITDA[3]	5,844	4,939	4,955	4,840	5,558
Adjusted EBIT[3]	3,563	3,112	3,074	2,989	3,254
Net income/Net loss	-6,377	-16,007	4,180	3,524	1,808
Net income/Net loss attributable to shareholders of E.ON SE	-6,999	-8,450	3,925	3,223	1,566
Adjusted net income[3]	1,076	904	1,427	1,505	1,536
Value measures					
ROCE (%)	10.9	10.4	10.6	10.4	8.4
Asset and capital structure					
Non-current assets	73,612	46,296	40,164	30,883	76,444
Current assets	40,081	17,403	15,786	23,441	22,122
Total assets	113,693	63,699	55,950	54,324	98,566
Equity	19,077	1,287	6,708	8,518	13,085
Capital stock	*2,001*	*2,001*	*2,201*	*2,201*	*2,641*
Minority interests without controlling influence	*2,648*	*2,342*	*2,701*	*2,760*	*4,008*
Non-current liabilities	61,172	39,287	35,198	30,545	59,464
Provisions	*30,655*	*19,618*	*18,001*	*15,706*	*20,669*
Financial liabilities	*14,954*	*10,435*	*9,922*	*8,323*	*28,025*
Other liabilities and other	*15,563*	*9,234*	*7,275*	*6,516*	*10,770*
Current liabilities	33,444	23,125	14,044	15,261	26,017
Provisions	*4,280*	*12,008*	*2,041*	*2,117*	*4,019*
Financial liabilities	*2,788*	*3,792*	*3,099*	*1,563*	*3,923*
Other liabilities and other	*26,376*	*7,325*	*8,904*	*11,581*	*18,075*
Total assets and liabilities	113,693	63,699	55,950	54,324	98,566
Cash flow, investments and financial ratios					
Cash provided by operating activities of continuing operations[4]	4,191	2,961	-2,952	2,853	2,965
Cash-effective investments	3,227	3,169	3,308	3,523	5,492
Equity ratio (%)	17	2	12	16	13
Economic net debt (at year-end)	27,714	26,320	19,248	16,580	39,430
Cash provided by operating activities of continuing operations as a percentage of sales	9.8	7.8	–	9.5	7.1
Stock and E.ON SE long-term ratings					
Earnings per share attributable to shareholders of E.ON SE (€)	-3.6	-4.33	1.84	1.49	0.68
Dividend per share[5] (€)	0.50	0.21	0.30	0.43	0.46
Dividend payout	976	410	650	932	1,199
Moody's	Baa1	Baa1	Baa2	Baa2	Baa2
Standard & Poor's	BBB+	BBB+	BBB	BBB	BBB
Employees					
Employees at year-end	43,162	43,138	42,699	43,302	78,948

[1]Adjusted for discontinued operations and for the application of IFRS 10 and 11 and IAS 32. · [2]Line items from the Consolidated Statements of Income for 2016 were adjusted to exclude Uniper; they include Uniper prior to 2016. Line items from the Consolidated Balance Sheets for 2016 were adjusted to exclude Uniper; they include Uniper prior to 2016. · [3]Adjusted for non-operating effects. [4]The Renewables segment is included fully from January 1, 2018, to September 18, 2019. · [5]For the respective financial year; the 2019 figure is management's proposed dividend.

Contact

E.ON SE
Brüsseler Platz 1
45131 Essen
Germany

T +49 201-184-00
info@eon.com
eon.com

Journalists
T +49 201-184-4236
eon.com/en/about-us/media.html

Analysts, shareholders and bond investors
T +49 201-184-2806
investorrelations@eon.com

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Financial Calendar

May 12, 2020	Quarterly Statement: January – March 2020
June 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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E.ON SE

Brüsseler Platz 1
45131 Essen
Germany
T +49 201-184-00
info@eon.com

eon.com