



Press Conference Clearance Day E.ON SE 2019

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Statement by:

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Hello, everyone. Thank you for joining us at our press conference, here in person in Essen or by webcast in cities across Europe. First, I'd like to ask for your understanding that we invited you on such short notice, and I hope that it's in your interest as well that—as soon as possible after the European Commission's clearance of the innogy takeover—I explain to you what this decision means for us and what's ahead. Afterward, I'll of course be happy to answer your questions about it.

Today will go down as a landmark day in E.ON's history. That's because the new E.ON's future begins today. In the immediate future, we'll acquire a majority share in innogy and then begin the integration process. This will create a company that unlike any other in Europe puts customers at the center of everything it does. We want to partner with our customers to actively shape the new energy world while becoming more innovative, using energy with ever-greater efficiency, offering our customers the best solutions for this, and making an effective contribution to climate protection.

This takeover's strategic objective is very clear: it enables us to massively enhance our customer orientation and innovativeness. Customers and innovation: this is the playing field on which the energy of the future is emerging. This is where the energy revolution is taking place, a revolution of which we've so far barely seen the first developments. This is where the energy transition and climate protection will be decided. And this is precisely where we can and will act in partnership with our customers, grow profitably, and create value for our shareholders, our employees, and society in general. By combining our strengths with innogy's, we're creating a company whose smart grids are bringing more and more green power to people, companies, and communities and linking them together. A company that develops innovative and attractive products and services for more than 50 million customers in 15 countries. And that provides more than 70,000 employees with jobs that are secure well into the future.

The European Commission's clearance is linked to various commitments by E.ON to exit certain businesses. These include innogy's electricity and gas retail business in the Czech Republic and part of E.ON's electricity retail business in Hungary. The commitments in Germany relate primarily to a significant part of our heating electricity business and the construction and operation of a number of electric-vehicle charging stations on motorways. We would have liked to continue these businesses, but we are committed to carry out the measures agreed with the European Commission. Considering the new E.ON's outstanding development opportunities, these quite

painful concessions are tolerable. Altogether, retail businesses with roughly 2 million supply customers will need to be divested, especially in Eastern Europe. This will adversely affect our earnings by a figure in the very low triple-digit millions of euros. By contrast, our network business isn't affected by such measures.

As decided at E.ON's Annual Shareholders Meeting in May 2019, after E.ON completes the takeover of innogy, the E.ON Supervisory Board will be increased to 20 members. We're doing this for three reasons. First, we want to give innogy employee representatives a voice on the E.ON Supervisory Board. Second, we want the new E.ON to be able to draw on the valuable knowledge of innogy's current Supervisory Board. Third, RWE, which will soon be our biggest shareholder, will have a representative on the E.ON Supervisory Board.

The shareholder representatives to be proposed by E.ON for court appointment are Rolf Martin Schmitz, CEO of RWE, as well as entrepreneur Ulrich Grillo and U.S. management consultant Deborah B. Wilkens, both of whom are currently still members of the innogy Supervisory Board. In addition, Monika Krebber, Stefan May and René Pöhls will become members of the E.ON Supervisory Board as innogy employee representatives.

The new E.ON will continue to be led by the current members of the company's Management Board. The E.ON Supervisory Board reaffirmed its earlier decision for me to continue to lead the company as CEO. I look forward to continuing the path of renewal that E.ON began five years ago when we announced the Uniper spinoff. Since then, we've worked toward today, which is a major step into E.ON's new future. And I'm pleased that I'll continue to be able to take on this task together with Leonhard Birnbaum, Thomas König, Marc Spieker, and Karsten Wildberger as E.ON SE Management Board members. E.ON and I will be able to count on this team's fighting spirit and its combination of passion and efficiency. It's of course also very pleasing that the Supervisory Board extended CFO Marc Spieker's contract by five years, until the end of 2024.

We've now also filled the future executive positions that are competitively sensitive and have thus appointed almost the entire first level of management below the Management Board. As was the case for those selected in June, the newly appointed executives also come in almost equal parts from E.ON and innogy. We selected the most appropriate person for role in the new E.ON. I'm very pleased that the future leadership team will be equally represented by E.ON and

innogy. It's also important to me that we increased the proportion of female executives at this level to approximately 25 percent.

Victoria Ossadnik will be appointed as the CEO for Sales and Customer Solutions in Germany. Katherina Reiche (currently chief executive of the German Association of Local Public Utilities, VKU) will head up one of the largest and most important operational units in E.ON's German grid business from January 2020 on. I am extremely pleased that we have been able to secure two such effective managers for the largest companies within the E.ON Group. In addition, in appointing Katherina Reiche, we are sending a clear signal of how important close cooperation with municipalities and public utilities remains.

As planned, the new E.ON will be based in Essen, and the Brüsseler Platz office tower will remain our corporate headquarters. This, along with RWE's reorganization, means Essen retains its standing as an energy capital. From Essen, we'll manage our network and customer solutions business in 14 European countries and Turkey. E.ON's corporate headquarters in Essen will also house our innovation center, which will provide an important impetus for a successful energy transition in Europe and for reducing carbon emissions. This will create new opportunities for future-oriented jobs, especially in Essen. And going forward, we'll continue to need many talented new employees, if I think only of the digitization of our businesses. In many respects, Essen offers ideal characteristics to serve as our company's corporate headquarters. The city has good infrastructure, an attractive setting in the heart of the Ruhr region and North Rhine-Westphalia, and a thriving cultural scene. The Ruhr metropolitan area is a great place to live and work.

The innogy takeover isn't an end in itself. Our aim isn't simply to get bigger. We want to get better. Even better for our customers. And even better for our owners. This includes keeping our costs under control. That's why I emphatically reaffirm our target of achieving €600 to €800 million in synergies annually from 2022 onward. Our shareholders can count on that. We also continue to plan to reduce staff by at most 5,000 jobs – less than 7 percent of our workforce – until the synergy target is reached. We're standing by our synergy commitments. This also includes our commitment to implement the staff reductions in a socially responsible manner. The European Collective Policy Statement and "Future and Job Security," the collective bargaining agreement for Germany concluded with the employee associations and trade unions ver.di and IG BCE, will provide an important framework. We're of course aware that a big transaction like this creates uncertainty on both sides. We therefore

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want to provide employees with clarity as swiftly as possible. That's the best foundation for future growth, for jobs that are secure well into the future, and, later, for new jobs. First of all, some details of our future organizational setup still have to be worked out.

Customer orientation and innovativeness remain abstract objectives unless they're brought to life by people who not only work for our joint company with commitment, energy, and passion, but who also work together as a team. My objective is for it soon to no longer matter who used to work for the old E.ON or for innogy. That's something for the archives, not for working together at the new E.ON. In partnership with innogy, we have laid the cornerstone for a successful integration in the previous 12 months. Project teams with representatives from E.ON and innogy have been working since last summer to design the E.ON Group's future organizational setup. The collaboration with innogy has been characterized by trust and mutual respect, for which I'm very grateful, in particular to Uwe Tigges und the current innogy Management Board. But I'd also like to thank Leo Birnbaum and Bernhard Günther, the two companies' board members who guided the preparations for the integration. They and their teams have done a great job. And, of course, a big thank you also goes to all employees who have contributed to the integration planning in recent months. But also to those who have maintained our business and continued to drive it forward. This tireless dedication and commitment around the clock was anything but a matter of course.

Throughout these preparations, we drew on the experience of both companies in order to achieve the greatest possible benefit for customers. The design of our network business, for example, will adopt E.ON's approach. Our network companies rank among Germany's most efficient. Going forward, we want to achieve this for the majority of our distribution networks in Europe. E-mobility, on the other hand, is an example of a business where we want to leverage innogy's special capabilities in order to offer our customers even more attractive options for switching to climate-friendly vehicles.

The combined experience based on a large number of decentralized plants – from cogeneration and geothermal energy to heat pumps and low-temperature heat networks – also makes the new E.ON a key player with strong technological capabilities and forms the ideal basis for improved solutions to benefit customers. The new E.ON supports cities and the real estate industry in using their resources more efficiently, reducing energy consumption, finding sustainable solutions, and, thus, achieving ambitious climate targets.

In the future, cities and municipalities will benefit, for example, from improved integration of urban and rural energy infrastructures. While renewable energies have mainly been expanded in rural areas up to now, electricity, heat and transport markets in cities now need to be restructured. In the future, the new E.ON will have considerably more urban areas in its network and, thus, will play a key role in shaping changes within the energy infrastructure.

How will the transaction proceed? We're aware that the EU's clearance gives us overall responsibility for the new E.ON. Expected tomorrow, RWE's nearly 76.8-percent stake in innogy will be transferred to E.ON. RWE's 16.7-percent stake will make it E.ON's biggest shareholder. Our takeover offer from last year to minority shareholders will be completed by the end of next week, which will then increase our innogy stake by just over 9.4 percentage points. Together with the shares acquired on the market in the past months, E.ON will then hold a total of 90 percent of innogy shares. In addition, E.ON expects to have appropriate representation on innogy's Supervisory Board as quickly as possible.

Expected tomorrow, innogy will belong to E.ON. At the beginning of September, we already announced our intention to carry out a merger squeeze-out under the German Transformation Act and, in doing so, acquire the stake in innogy that is currently held by minority shareholders. We'll take over the management of innogy in a series of clear and systematic steps. Of course, we'll respect the rights of innogy's remaining minority shareholders. We'll initially manage innogy as an E.ON Group subsidiary and, in the upcoming integration phase, will gradually adjust its corporate governance as is customary in such processes. Our aim is and remains the swift and complete integration of innogy.

The transaction with RWE also includes the transfer of E.ON and innogy's renewables businesses. E.ON's renewables segment will be transferred to RWE by the end of September, with innogy's following as soon as possible next year. We've done everything necessary to make this happen and are very confident that we'll be able to complete this part of the transaction quickly as well.

We also intend to transfer our minority stakes in Gundremmingen and Emsland nuclear power stations to RWE by the end of September. In addition, innogy's gas-storage business and its stake in Austrian energy company Kelag are to be transferred to RWE next year. Furthermore, E.ON will receive financial compensation worth €1.5 billion from RWE.

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Today, we stand before the biggest strategic transformation in E.ON's corporate history. In terms of its rigor and comprehensiveness, the creation of the new E.ON is unprecedented in Europe's energy industry. It represents a radical reconfiguration of the energy business entirely from the customer's perspective: with smart grids and innovative solutions that give customers new opportunities to decide for themselves about the energy supply for their home or business.

The first step to get there was to roughly halve our size by divesting our conventional energy business. Now the innogy takeover will double our size. This is no small thing in the history of our industry. But it will be worth it. For customers because they'll have a strong partner to accompany them into the future. For our employees because they'll have clear and robust prospects for the future. For our shareholders because they'll benefit from new, profitable growth opportunities. And for society as a whole because we'll devote ourselves more than ever before to the energy transition and climate protection throughout Europe.

The new E.ON is about to embark on its journey. We invite you to continue to accompany us. I can promise you that it will remain exciting. And now I look forward to your suggestions, questions, and comments.

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