Press Conference

Essen, March 13, 2018

Statement by:

Marc Spieker, CFO, E.ON SE

Please check against delivery.

Good morning and welcome from me as well. The closing of this transaction will result in a new E.ON. We'll be a stronger and even more innovative company with an even clearer customer focus. The new E.ON will be the only European company to focus systematically on networks and customer solutions, the key aspects of the new energy world.

We will acquire RWE's innogy stake as part of an extensive asset swap with RWE. Mr. Schmitz already described the components of the transaction. The primary purpose of the swap is to avoid the use of cash in the transaction. We've crafted an innovative transaction structure with attractive valuations. After the integration of innogy, E.ON will therefore have a significantly stronger earnings and finance profile.

We will make a voluntary public takeover offer in cash to innogy's current minority shareholders. This attractive offer has a total value of €40 per share. The total value consists of an offer price of €36.76 per share plus the payment of a total of €3.24 per share for the combined assumed dividends for the 2017 and 2018 financial years. E.ON would need about €5 billion in liquidity to cover a 100-percent acceptance rate. The agreement calls for RWE to pay E.ON €1.5 billion in cash.

On the basis of pro forma 2017 numbers, I'd like to give you an idea of what the new E.ON would look like after a successful closing of the transaction. The addition of innogy's networks would increase the size of this business segment by roughly 60 percent. Initial rough calculations indicate the proportion of earnings E.ON generates from regulated businesses would increase from currently about 65 percent to around 80 percent. Our customer business would grow significantly as well. It would expand from about 31 million customers today to roughly 50 million.

We believe the transaction offers considerable synergy potential of €600 to €800 million per year from 2022 onward. That would be equal to about 10 to 15 percent of our future controllable costs. We can leverage a portion of this synergy potential in the years prior to 2022. The full effect from 2022 onward would much more than offset the anticipated earnings decline resulting from the decommissioning of our remaining nuclear power stations.

Today, we can already state clearly to the capital market that the new E.ON will be the engine of the new energy world: highly profitable, sustainable, forward-looking. We'll continue to aim for the new E.ON to have a strong BBB rating. We expect the transaction to close by mid of 2019. In the second year after that, we intend to achieve a tangible increase in earnings, which will also result in a tangible increase in earnings per share. This will enable us to affirm our ambition of increasing earnings per share every year.

Johannes Teyssen was right to emphasize that E.ON is embarking on this transaction from a position of strength. We concluded the 2017 financial year with very strong earnings. Adjusted EBIT of €3.1 billion was at the upper end of our forecast range of €2.8 to €3.1 billion. Adjusted net income of €1.4 billion surpassed the prior-year figure by 58 percent and was likewise at the upper end of the forecast range of €1.2 to €1.45 billion. E.ON reduced its economic net debt more significantly than expected, from €26.3 billion at year-end 2016 to €19.2 billion.

Our solid 2017 earnings performance resulted primarily from a significant increase (+€270 million) at Energy Networks, which recorded higher earnings in all of its regions. Our Renewables segment also posted higher earnings (+€24 million), principally because of improved asset availability and higher wind yield. An earnings decline (-€286 million) at Customer Solutions was due mainly to persistently intense competitive and margin pressure as well as non-recurring items in Germany. PreussenElektra's earnings were lower (-€47 million) primarily because of an extended outage at Brokdorf nuclear power station and lower sales prices.

We put the burdens of the past behind us faster than originally anticipated and significantly strengthened our balance sheet. Our economic net debt of just €19.2 billion at year-end 2017 means that we've already achieved our debt target. Further debt-reduction measures such as the roughly €3.8 billion in proceeds anticipated in mid-2018 from the agreed-on sale of our Uniper stake to Fortum will give E.ON additional flexibility.

We intend to use this flexibility to achieve disciplined, profitable growth during the implementation of the transaction with RWE. Our current Energy Networks and Customer Solutions segments have substantial growth potential. We have a clear customer focus, the right capabilities, and now once again the financial strength to further enlarge our strong position in the new energy world on our own until the closing of the transaction with RWE.

The opportunities of the new energy world will benefit not only our customers and employees but also especially our shareholders. We expect our 2018 results to be stable and solid. We forecast that our adjusted EBIT will be between €2.8 and €3 billion and our adjusted net income between €1.3 and €1.5 billion. As announced, we intend to propose to the Annual Shareholders Meeting that E.ON pay out a fixed dividend of 30 cents per share for the 2017 financial year. Due to the transaction, we aim to pay out a fixed dividend for 2018 as well. At 43 cents per share, it would be 40 percent higher than the previous year's. This is my clear signal to our shareholders that we will be reliable, including during the implementation of the transaction.

Based on our existing portfolio, which includes our renewables business, we intend to increase adjusted EBIT by 3 to 4 percent annually from 2018 to 2020 and earnings per share by 5 to 10 percent. We anticipate that the transaction we announced would enable us to surpass these targets. Compared with the previous medium-term plan for the period 2018 to 2020, E.ON will increase its investments by about 20 percent to a total of roughly €9.5 billion. Just under half of that figure will go to the Energy Networks segment, about a quarter each to Customer Solutions and Renewables.

Our primary focus at Energy Networks in the years ahead will be on upgrades using digital technology that will make our grids smarter and better able to connect power producers and consumers in an increasingly distributed energy world. We also intend to expand our grids in order to better enable them to handle the growing output from renewable and distributed generation resources. This will expand the regulated asset base of the electricity grids by €2 to €3 billion to €21 to €22 billion by 2020.

In the years ahead, we want to make Customer Solutions' customer-service and –acquisition processes leaner and more digital and bring innovative products to market faster. Efficiency-enhancement programs launched in Germany and the United Kingdom will reduce 2018 earnings by about €100 million but will lay the foundation for profitable growth in the years ahead. We want to increase customer numbers as well. We had a net gain of about 130,000 customers in the fourth quarter of 2017, which indicates that we've already turned the corner.

We intend increase the installed generating capacity of our Renewables segment by 35 percent, from 6 gigawatts today to 8 gigawatts in 2020, primarily by adding onshore wind farms in the United States and completing Rampion and Arkona offshore wind farms. We'll continue to systematically develop this segment and strengthen its earnings until the planned transfer to RWE.

We're entering this transaction with a lot of confidence. Our solid 2017 earnings give us ample momentum. We're strong enough to implement the planned transaction swiftly and at the same time to continue moving forward with the development of our three current core businesses.