



Press Conference

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Statement by:

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Please check against delivery.

Good morning ladies and gentlemen. Thank you very much for making yourselves available at such short notice.

I am delighted to be able to explain to you today, together with Mr Schmitz, Mr Krebber and Mr Spieker, the rationale behind, and advantages of, the announced transaction.

At first glance, we seem purely to have announced the reorganisation of the two energy companies in Essen. In the future, three independent companies – E.ON, RWE and innogy – will become two as the result of an extensive exchange of businesses and participations.

However, this is not primarily about size or portfolio streamlining. Rather, we are responding to the growing and legitimate demands of energy customers in Germany and Europe, for example in the area of electromobility or the increasing interconnectedness of production and offerings in local network structures. We are also responding to the ever faster progress in renewable energy production technologies and the convergence of conventional and renewable supply in a common market. We are convinced that this realignment will enable us to make the German and European energy transition a success in the interest of all customers and in the interest of a secure and sustainable supply better than is possible in today's organisation.

What is this conviction based on?

We at E.ON believe that the new energy world will be about the independence and autonomy of our customers – private as well as commercial and industrial customers as well as cities and municipalities. The ongoing electrification of the entire economy will also increasingly drive a green, sustainable and climate-friendly future. In the course of this, local energy structures are becoming increasingly important. Sensors and digitisation are increasingly enabling intelligent networks. These networks are the platform for new solutions such as decentralised power generation and storage. Customers are becoming an ever more important driver of change. The cities and communities also expect sustainable solutions and competent partners for their heat, mobility and connectivity.

If you want to satisfy the growing expectations of all these partners, who are rightly demanding, to push the technology itself forward and develop ever better solutions, you have to concentrate your innovation and investment power even more intensely. That's why the new E.ON and innogy will focus exclusively on these themes in the future. In order to be able to provide our customers with the best possible service, the larger joint platform of E.ON and innogy will help.

In the area of renewable energy, too, innovation and high-level competence, as well as size, are gaining a completely new significance. You will all have followed the increasing leaps in scale that wind technology has made on land

and at sea. Large-scale production of solar energy is also changing rapidly. In order to keep up with the global competition and offer sustainable top performance and increasingly competitive production for technology partners, but also for national economies, a much larger and more international positioning than before will be necessary in the future. We are convinced that the joint platform for renewable energy that is to be transferred from E.ON and innogy to RWE, is an excellent basis for strong, long-term growth and for a secure energy supply in Germany, Europe and the world.

That is why we're turning turn three companies – E.ON, RWE and innogy – into two strong, innovative and clearly focused German companies for a better future of energy in Europe. We are also convinced that in this way we can create excellent and secure employment prospects and exciting job opportunities for our employees in the long term.

As part of an acquisition that we are implementing through an exchange of assets, E.ON will take over innogy. We are acquiring 76.8 percent of innogy, directly from RWE. We will launch a voluntary public takeover offer for all remaining innogy shareholders.

In return, RWE will acquire substantially all renewables activities from us and innogy, plus a few other smaller businesses. Finally, RWE, will own an almost 17 percent stake in us, but will restrict itself to a limited role as financial investor.

In the future E.ON will be a partner of around 50 million customers, between Ankara and Stockholm and between Bavaria and Schleswig-Holstein, making it one of the largest European companies for smart networks in combination with innovative customer solutions. We have the unique opportunity to be the first company to break away from the circle of established European energy suppliers and to focus on the varied possibilities of the new energy world.

The transaction focuses the strengths of two leading German utilities and definitively separates networks and customer solutions from the generation business with renewable energy. In this way, we are creating even better prospects for the energy of tomorrow from Germany for Europe.

Our decision and the chosen path for the transaction will best serve the interests of all three companies and their shareholders. The potential for value appreciation associated with the transaction is being tapped approximately evenly by the shareholders of E.ON and by the shareholders of RWE and the minority shareholder of innogy.

Colleagues Markus Krebber and Marc Spieker will discuss the value potential for all shareholder groups in more detail.

Therefore, allow me to just briefly summarise the effects for E.ON: with this transaction, we will achieve a transformation of E.ON's commercial operations in the two important core businesses around our customers – intelligent networks and energy solutions. We achieve a significant leap in growth in all operating figures. It is E.ON's first real growth step for more than a decade. At the same time, our renewables businesses will find a promising home within a larger platform that will offer the necessary scale of size and concentrated technological competence.

What we're presenting to you is one of most creative design deals in German industrial history and a unique opportunity. We're exchanging assets with each other – money is playing a subordinate role only – first as an equalisation between the values to be exchanged and second in the cash offer to innogy's current shareholders.

For E.ON, this transaction is an opportunity to achieve our strategic goals within the limits of our balance sheet.

We will have a much clearer strategic profile, as well as better growth prospects and lower costs of capital. We will create strong financial foundations, with less risk and clear prospects for sustainable profit growth in the medium term.

The new E.ON will have a strong earnings profile on a pro-forma basis, the 2017 figures for both companies give a combined adjusted EBIT of roughly € billion and an adjusted EBITDA of roughly € billion for the new E.ON. Around 80 percent of our future earnings would be generated on this basis in regulated businesses, primarily in the networks segment. We can already send a clear signal to the capital market today: the new E.ON will remain an exciting investment for investors and at the same time a reliable and solid partner for financing partners. We are committed to our strong triple-B-rating. After the second year following closing, we are aiming for an increase in value that is reflected in earnings per share. On this basis, the absolute value of the dividend is then expected to rise steadily.

The innogy investors who decide to tender their shares in our offer will receive a substantial share price premium relative to innogy's stand-alone value.

And finally, with this decision we also strengthen Germany as the home of the 'Energiewende' – the energy transition – and Essen as the German capital of energy. As a pioneer of digitisation and as a "laboratory for the future", we want to contribute to the successful transition from the traditional industrial world to the economy 4.0. For example, E.ON will, with its new positioning, become a strong partner of the German and European automotive industry on its road to e-mobility.

It is also particularly important that we create better prospects for the E.ON and innogy employees. Satisfied customers, development opportunities and

the appreciation of a significant contribution to the new energy world, the achievement of climate protection goals and the future of Europe all provide strong incentives.

Above all, I would like to send a clear message to the employees of the present innogy: we have great respect for your performance. Our common goal is to be a pioneer in our industry. Together with my colleagues, I look forward to welcoming you to our teams after the transaction is closed. Together, with well over 70,000 employees, we will form a strong, dedicated and creative team for our customers.

Of course, this transaction also brings about change, not least because of the synergies that we want to achieve and jointly generate through the merger at the beginning. According to initial calculations, however, we can already say that altogether a maximum 5,000 jobs in the enlarged company will be affected by the integration. With far more than 70,000 employees, this is less than 7 percent.

In the medium term, we expect excellent development opportunities that can create thousands of new jobs in Essen, Germany and Europe in the coming decade. It goes without saying that we will work closely and trustfully with employee representatives throughout the entire change phase.

The forthcoming changes will also affect the employees of our renewables business, as this business will be transferred to RWE once the transaction is closed. We are transferring a central pillar of the new energy world, a global growth business with an excellent loyal team, to another company.

This is a fundamental change that is not easy for us. But we are doing this because we know that this business, together with innogy's activities at RWE, will have even better prospects for the future. The economies of scale that are so important here will be achieved much more quickly than would have been possible in the previous structures.

Furthermore, I'd like to take the opportunity to say thank you to the employees of E.ON. Over the past year this team has proven convincingly that together we are in a position to achieve change for the better. We have the dedication of our employees to thank for the success of our company. I am certain that we will be successful once again in helping to shape the energy world of tomorrow.

E.ON is entering this transaction from a position of strength. Our strong 2017 operating result shows: we have successfully mastered the burdens and risks of the past. Now we have the strength to take the next step of transformation.

Our industry has mastered considerable changes in recent years. E.ON has always been the driving force and pioneer, for example with its decision to

spin-off Uniper. Today's transaction shows that we want to continue to be a pioneer.

We are turning even more strongly towards our customers.

With our slogan "Strengthening strengths" we want to create better prospects for the energy of tomorrow, for customers, employees, investors, for Germany and Essen as the home of the energy transition for Europe.

I shall now give the floor to Rolf Schmitz, CEO of RWE AG, but I shall naturally be available for questions afterwards.

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