

Joint Press Conference RWE AG and E.ON SE

CEO Dr. Rolf Martin Schmitz

Essen, 13 March 2018

9 a.m. CET/8 a.m. GMT

Ladies and Gentlemen,

Now it's my turn to wish you all a good morning.

Johannes Teysen just gave you a rough outline of the transaction.

It was known that we were considering options in relation to our shares in innogy. We always said so and we did so very carefully. We did not have any time pressure, as we achieved our goals in the last fiscal year.

Our strategy is clear. RWE is an already well-positioned and successful company. Our operating results and improved financial structure are proof for that.

We have stabilised our rating and intend to pay our stakeholders an attractive dividend again.

It is from this position of strength that we decided to go ahead with the transaction with E.ON.

We will sell our attractive financial investment in innogy and receive – most importantly – a large, new renewables platform. This represents an ideal match for our main operating activity, electricity generation. We are setting a new stage and creating sustainable prospects by tapping into a further new growth market.

In a nutshell, we will turn RWE into one of Europe's leading power producers.

Ladies and Gentlemen,

I am extremely pleased that we are presenting this step together today, which will change both our companies fundamentally.

It is a step that will strengthen our financial stability, minimise risk, and create room for growth while continuing to develop our business activities.

However, this is also a step which will have a substantial impact on the workforces of all three companies. Structural change always goes hand in hand with uncertainty for the employees affected. But given that two leading companies are joining forces, leading to more promising opportunities in the future, I am certain that this will also pay off for the employees of all three companies in the long run.

You may be asking why this transaction is such a compelling proposition for RWE.

This is probably the most important reason:

Conventional and renewable energy are two sides of the same coin. They are inextricably linked together. This is something we have said time and again. This move puts us in an excellent position in both markets in one fell swoop. And our trading platform is the ideal link between the two.

This constellation, consisting of a large renewables portfolio, a flexible conventional power plant fleet, and a powerful trading platform, is only matched by a handful of companies in Europe.

Critical mass is the key to success in the field of renewable energy. Before this transaction, neither innogy nor E.ON were in such a position. We join the business units of these two companies under one roof at RWE, thereby achieving the necessary critical mass.

This will make us the second-largest offshore operator and number 3 in renewables overall in Europe.

Our installed wind, solar and hydro capacity totals 8 gigawatts. Another 1.5 gigawatt of offshore wind is already under construction or firmly planned within the project pipeline.

Renewables provide huge opportunities for growth. Many countries opt for the expansion of renewable energy in order to achieve climate protection goals. The ambitious targets established by the German government are further proof of this.

We have the financial headroom to be able to invest. And we want to invest, especially given that renewable energies will increasingly evolve from a regulated business to a market governed by normal rules of competition. And competition is something that we are good at.

innogy and E.ON have pursued fairly similar strategies thus far.

And this will pay off, as the two project pipelines complement each other perfectly. This is demonstrated for example by the activities of both companies in the attractive US market.

Both innogy and E.ON employ highly qualified individuals. We need their expertise, their dedication and their passion in order to push forward with the expansion of renewable energies. The new size combined with the possibility of implementing exciting projects is the best prerequisite to form a successful new team.

We at RWE do not expect the transaction to lead to staff reductions in the coming years.

Ladies and Gentlemen,

At the same time, RWE will continue to be the safety net of the energy transition. Our flexible generation fleet provides stability for an energy system that has to digest an increasing amount of volatile feed-ins of wind and solar power.

We intend to grow and selectively supplement our portfolio especially in the gas business, which has an installed capacity already accounting for nearly 40% of our generation capacity. There is no change to this part of our strategy.

Our major advantage is our trading platform, RWE Supply & Trading. It links conventional and renewable electricity generation and markets the two in the best possible way. Moreover, we can hedge market risks much better within our own portfolio.

As you can see, we are moving full steam ahead and know exactly what we want. And that is to position RWE as a leading power producer.

Not just today, but tomorrow and the day after as well.

However, besides the business logic inherent in renewables, the transaction of RWE and E.ON has a series of other important elements which are useful additions to our existing business:

- innogy's gas storage facilities will be transferred to RWE. They will remain independent legal entities, but will complement our gas operations. These assets will be assigned to the RWE Supply & Trading segment. In view of the mounting significance of gas, this is the right choice from a strategic perspective.
- Furthermore, we will acquire the minority stake of PreussenElektra in our Gundremmingen and Lingen nuclear power stations. We are already in charge of managing their operations. Moreover, our granted electricity volumes are big enough in order to operate the plants as planned and safely until the end of 2021 and 2022, respectively. We will accrue provisions to match the liabilities associated with dismantling, for which the RWE Group will be liable to the full value of its assets.
- We will receive the stake in Austria-based regional utility Kelag currently held by innogy. With its strong activities in the field of hydro power, it fits well with our company's new focus.

In addition:

We will receive a 16.7% share in E.ON. This will enable us to benefit from the company's future dividend payments and added value.

Ladies and Gentlemen,

Both companies and their owners will benefit from the transaction as the two companies will become leading players in their respective core business.

Last but not least, all employees of both RWE and E.ON as well as innogy's workforce will profit from this: no matter what area they work in – retail, grid or renewables – every one of these business fields will emerge stronger than before.

This transaction will create two focussed and fortified companies, which will be successful European players. This is very good as the transformation of the energy industry passes far beyond national borders.

Germany as a country is also benefitting from this as a strong industrial nation needs strong companies in the energy sector. They are important when it comes to achieving the ambitious climate protection goals while guaranteeing security of supply and affordable energy. This is the precondition for the success of the energy transition.

Ladies and Gentlemen,

RWE will celebrate its 120th birthday in the next few months. This is reason enough to ensure that the company has a good, long future. And this is exactly what we are doing.

My colleague Markus Krebber will now present to you the financial impacts on RWE and the transaction's timeline.