



E.ON Global Commodities sources, stores, transports, markets and trades energy commodities on a global scale

CONNECTING GLOBAL ENERGY



★ Welcome to E.ON Global Commodities (EGC). Situated on the banks of the Rhine River in the centre of Düsseldorf's trendy Media Harbour, we're the energy trading business of one of Europe's largest investor-owned power and gas companies. As the commercial interface between E.ON and the world's dynamic wholesale energy markets, our trading desks buy and sell electricity, emissions certificates, natural gas, liquefied natural gas (LNG), coal and freight.

Our primary objective is to maximise the value of E.ON's power and gas portfolio by operating as the company's centre of expertise for asset optimisation, commodity price risk management, and wholesale market access. We also own and manage a gas infrastructure business, which has stakes in more than 2,000 kilometres of gas pipelines, and one of Europe's leading gas storage businesses.

In addition to our Düsseldorf headquarters, we operate a trading floor in Chicago and have offices in Coventry, Rome, Terni, Moscow, St Petersburg, Kiev, Baku, Dubai and Singapore. Regional dispatch services are provided to EGC



in Malmö and Sundsvall, Sweden, Saint-Avold, France, and Rotterdam.

E.ON – improving the lives of customers and partners

In 2013, E.ON's 62,000 employees generated approximately €122 billion in sales at facilities across Europe, Russia and North America. Backed by world-class technical expertise and deep market knowledge, E.ON aims to improve the lives of its customers and partners wherever it operates. The company is able to offer a range of innovative products and services as:

- a leading operator of conventional power plants, with more than 50 gigawatts (GW) of thermal and nuclear generation and 5GW of hydro generation;
- a developer of renewables projects on an industrial scale, with more than 5GW of on- and offshore wind, solar, bio and generation;
- one of Europe's leading players along the entire gas value chain, and;
- an expert in designing, financing, building, and operating large-scale energy projects.

Managing risk, optimising assets in a changing European market

Sitting at the heart of one of Europe's broadest and most diverse energy portfolios, EGC plays a central role between E.ON's generation and retail units and the market. We are responsible for everything from gas flow and storage, to the dispatch of our power stations, to ensuring the supply of energy to millions of customers across Europe.

We have a detailed picture of the multinational marketplaces in which we operate. This includes interconnection capacities, gas flows, price differences between regions, correlation between commodities, and regulatory regimes, coupled with an understanding of the impact of fundamental factors such as weather on energy production and consumption.

Our traders are able to leverage this information, applying know-how and experience to create effective strategies to maximise the value of our assets, hedge commodity price risks and help to ensure secure energy supplies for end-users.



Building smarter global energy supply chains

As many markets across Europe have converged and integrated, they have also been heavily influenced by global drivers. Over the past few years, natural gas has gone from being a pipeline-based European market to a global business. This development has been driven in part by the emergence of abundant shale gas supplies in North America, which has virtually eliminated US demand for LNG. As a result, the available supply of LNG to Europe and Asia has increased.

LNG now serves as a price bridge between markets in Europe, North America and Asia, helping natural gas to become a truly global commodity like coal or petroleum. Today, significant opportunities exist for organisations that can connect regional markets, react quickly to changes in supply and demand, and use knowledge of the supply chain to better manage risk.

Looking eastward, we see that the trend towards globalisation has been driven largely by the growing appetite for commodities in Asia. The prices of the fuels needed to operate our European power stations are set in Asia, for example, not Europe. The emergence of these highly competitive global markets makes it possible, and necessary, to hedge across continents. That is why, for example, we have looked to grow and diversify our LNG business by securing mid- and long-term supplies from the Middle East, Africa and North America. We have also opened a Singapore office, which serves as the hub of our LNG, coal and freight activities in Asia.

Looking westward, the North American market is vast in terms of both volume and geography and represents a clear opportunity for EGC and our Chicago-based trading affiliate. The size and liquidity of the market enables portfolio diversification beyond Europe, as



well as providing valuable market information with regard to power and gas price drivers. By expanding the scope of our North American activity, including the trading of physical power and gas and virtual asset positions, we are able to take advantage of the wide range of opportunities that are opening up in the region and better optimise our expanding portfolio outside of Europe.

A new strategy for a new energy world

Faced with dramatically altered global energy markets, technical innovation, increased government intervention, and more diverse customer expectations, European energy companies need to reinvent themselves.

This is why E.ON has made the bold decision to focus on renewables, distribution networks and customer solutions, and spin off its power generation, gas supply, global energy trading and exploration and production activities into a brand-new, publicly listed company.

The new company, which will benefit from a significant portfolio of capabilities, market knowledge and assets, will play a key role in ensuring security of supply for the transformation of energy systems inside and outside of Europe.

Both companies will have a focused strategy and solid financing, ensuring our ability to offer our customers and partners competitive, top-quality products and services in the future. We expect the spin-off of the new company to be completed in the second half of 2016.

EGC will move in its entirety to the new company along with the vast majority of the power and gas asset base we currently optimise. Going forward, we will continue to have the same role and strategic objectives of maximising the value of our European portfolio while looking to generate further growth together with our partners across North America and Asia. ■

For more information about the new strategy visit www.eon.com

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