

Investor and Analyst Q1 2016 Conference Call

Essen, 12 May 2016

Bernhard Günther
Chief Financial
Officer

Stephan Lowis
Vice President
Investor Relations and
Group Finance



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Main messages for Q1 2016



Financial performance for the first quarter:
EBITDA +4.9%, operating result +7.1%, adjusted net income -2.3%



Earnings outlook for 2016 confirmed



Higher net debt due to seasonal negative cash flow and higher pension provisions

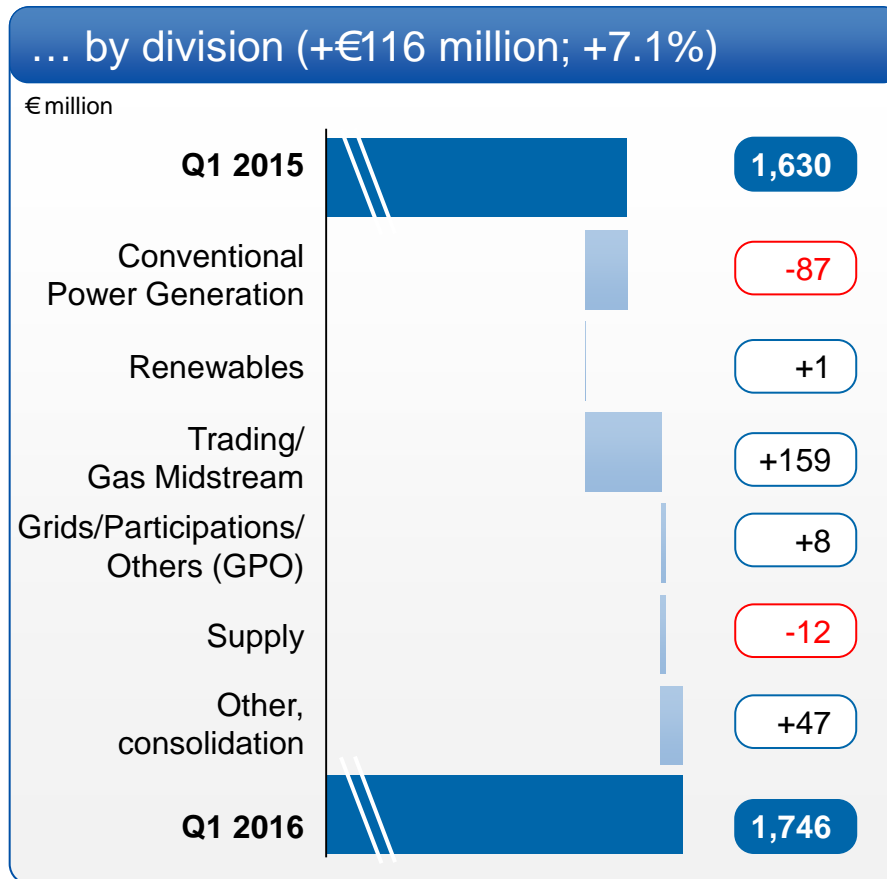


Preparation for NewCo IPO well on track



No consensus found between nuclear commission and utilities about financing nuclear exit

Development of operating result in Q1 2016



- Earnings in Conventional Power Generation under pressure mainly due to declining generation margins.
- Renewables: Among others full availability of new offshore wind farms partly offset by absence of one-off from sale of grid infrastructure for Gwynt y Môr in 2015.
- Trading/Gas Midstream: Significantly higher earnings from energy trading.
- GPO: Higher costs to operate and maintain our grid infrastructure more than compensated by misc. offsetting effects.
- Supply: Slightly below previous year. For reasons see slide 17

A detailed overview of the individual value drivers is given on slides 11 to 18 and in the Interim Report on pages 4 to 5.

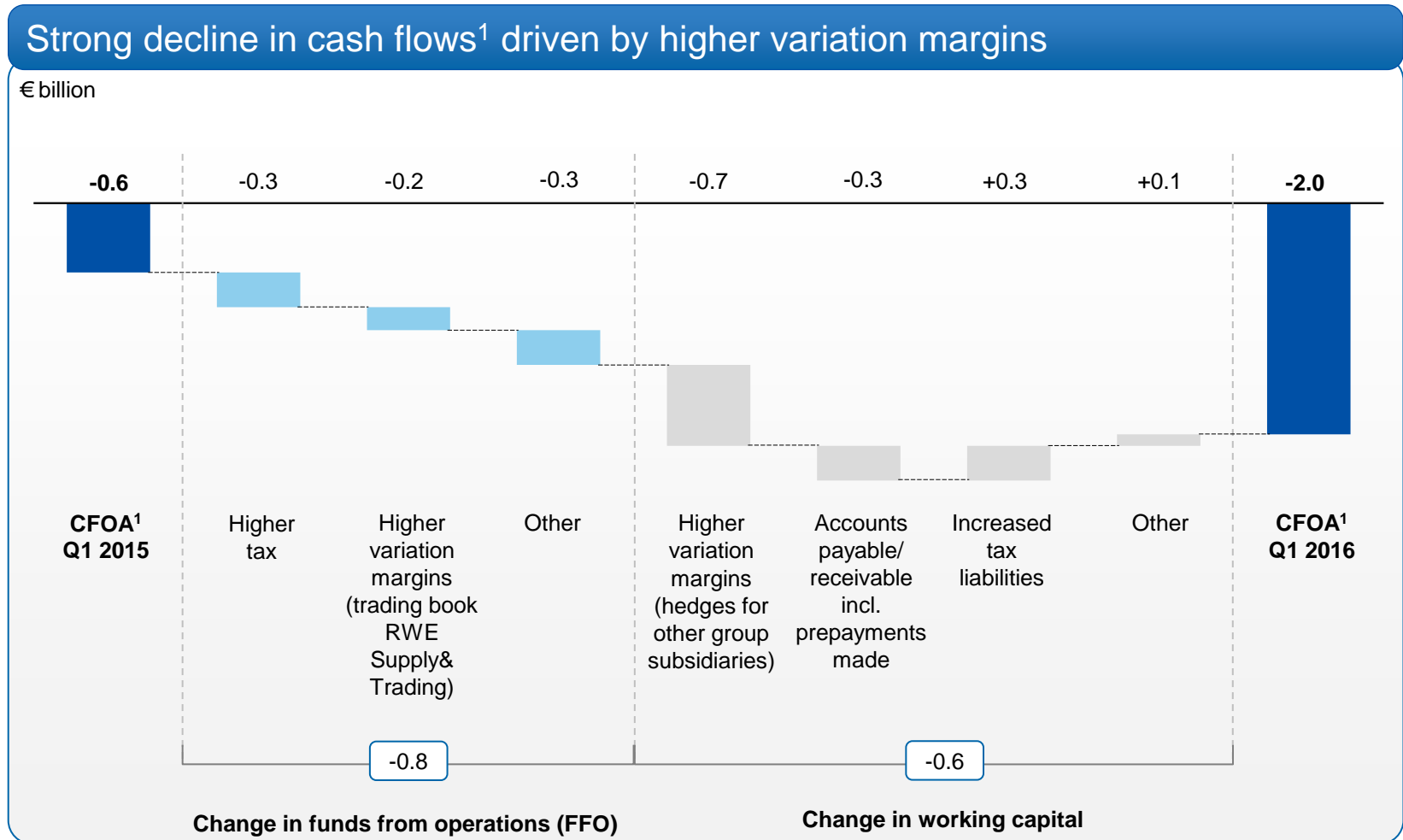
Development of the earning figures in Q1 2016

€billion		Q1 2016	+/- vs. Q1 2015
EBITDA		2.3	+0.1
Depreciation		-0.6	+0.0
Operating result		1.7	+0.1
Non-operating result		0.0	+0.4
Financial result		-0.6	-0.4
Tax		-0.2	+0.1
Income from DCO ¹		-	-1.5
Minorities + hybrids		-0.1	+0.0
Net income		0.9	-1.3
Adjustments		-0.0	1.3
Adjusted net income		0.9	-0.0

¹ Income from discontinued operations (DCO).
Rounding differences may occur.

- Non-operating result: Positive impact from timing differences of derivatives and absence of provision for legal risks in 2015; impairment on German gas storage assets.
- Financial result: Among others mainly impacted by loss from the sale of securities compared to profits in 2015.
- Tax rate at 14% for reported net income and 13% for adjusted net income extraordinarily low. Benefit from one-off effects from the reorganisation of the group.
- No income from DCO in Q1 2016, while in 2015 the sale of RWE Dea contributed €1.5 bn.
- Adjustments to net income 2016 comprise non-operating result and respective tax effect on it.

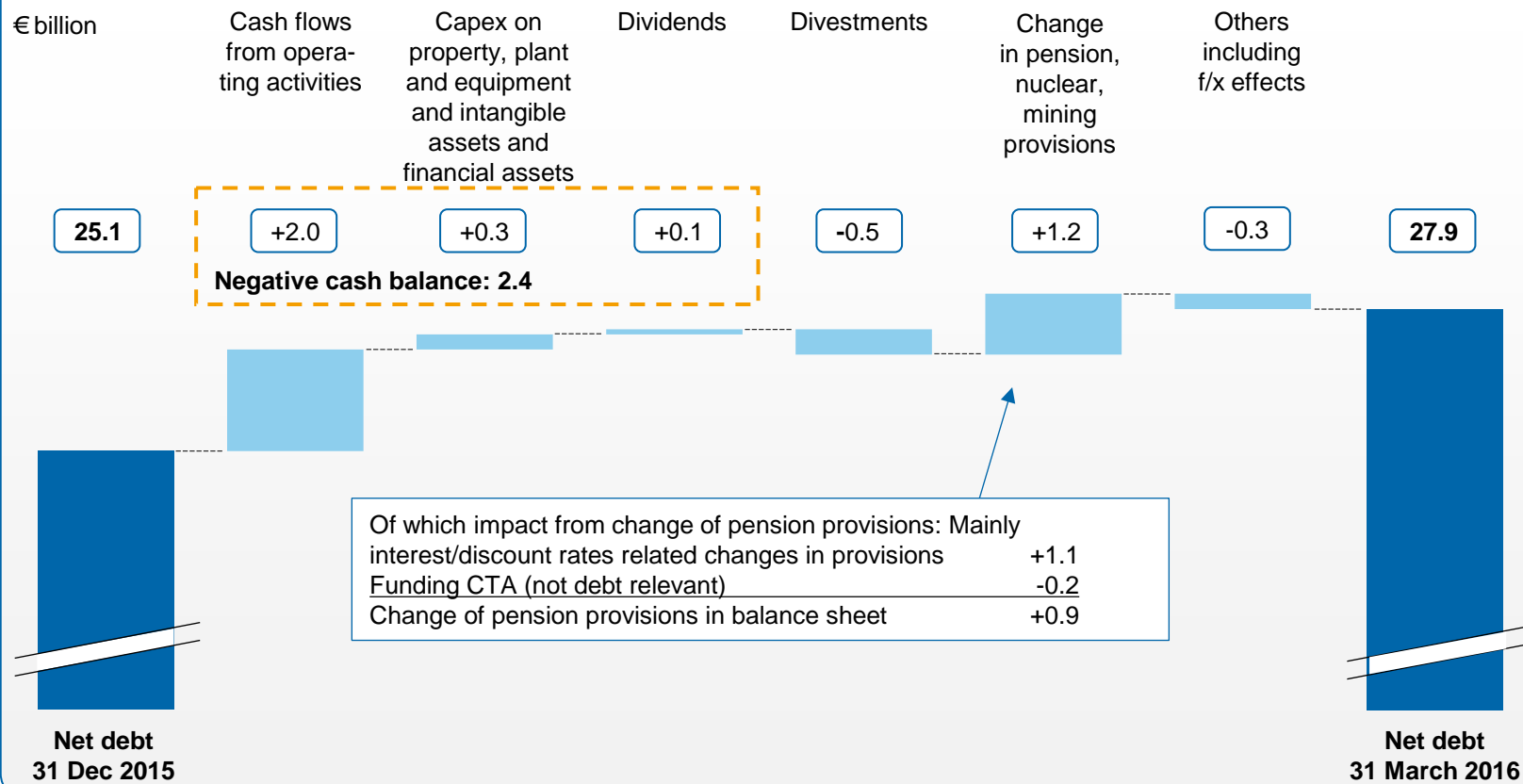
Development of cash flows from operating activities



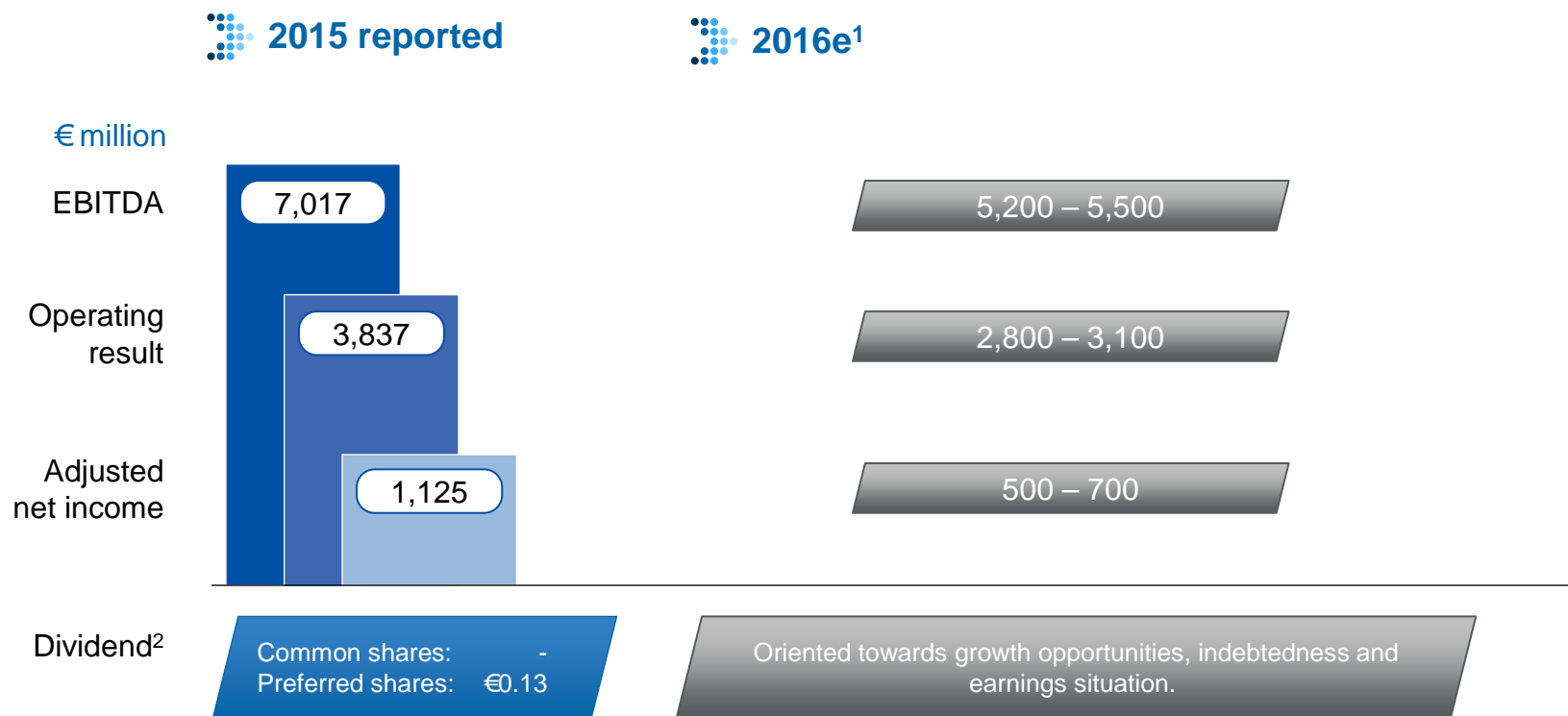
¹ CFOA = cash flows from operating activities.

Development of net debt

Higher net debt due to negative cash flow and interest driven higher pension provisions



Outlook for 2016 confirmed



1 The outlook accounts for the current status of the nuclear fuel tax law. In case the Constitutional Court declares the tax illegal and decides fully in our favour, we expect a positive earnings contribution of up to €1.7bn to EBITDA, operating result and adjusted net income.

2 Suspension of the dividend payment to holders of common shares for fiscal 2015. For owners of preferred shares, dividend corresponds to the preferred share of profits of €0.13 per share stipulated by the Articles of Incorporation.

2016 divisional outlook for the operating result

€million

 2015 pro-forma¹  2016 forecast²

Conventional Power Generation ³	596	Significantly below 2015
Renewables	488	Significantly below 2015
Trading/Gas Midstream	156	Significantly above 2015
Grids/Participations/Other	1,955	Significantly below 2015
Supply	830	Moderately below 2015

1 Some figures are pro-forma due to the change in the reporting structure.

2 Qualifiers such as 'moderately', and 'significantly' indicate percentage deviations from the previous year's figures.

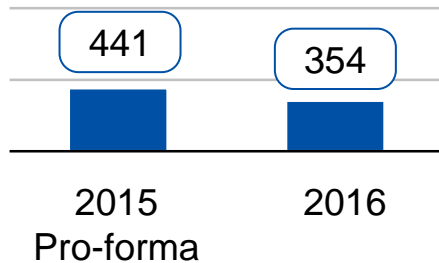
3 The outlook takes into account the current status of the nuclear fuel tax law.

Back-up charts

Performance of the Conventional Power Generation Division

January – March: operating result: -20% (-€87million)

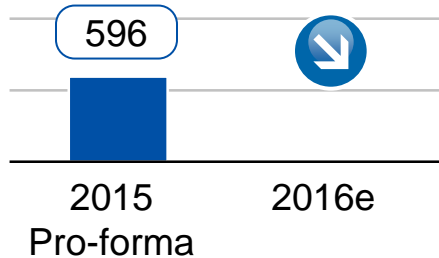
€ million



- Lower realised electricity generation spreads
- + Efficiency improvements and lower depreciation
- + Income from sale of real estate

Outlook for fiscal 2016: significantly below previous year

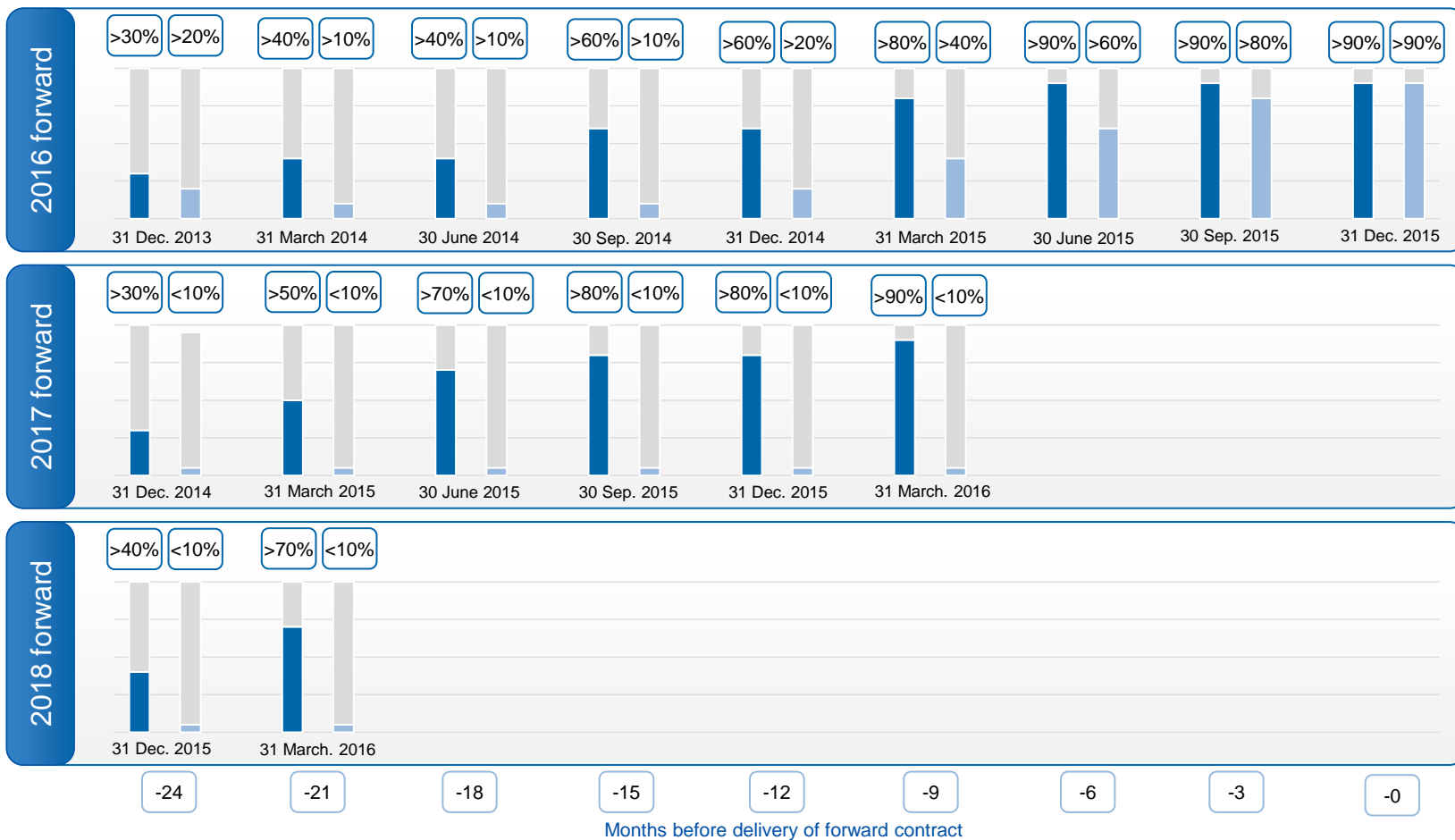
€ million



- Lower realised electricity generation spreads
- Higher costs due to larger plant revision programme
- + Efficiency improvements and lower depreciation
- + Absence of one-off costs from termination of power plant project Hamm D in 2015 and income from sale of real estate

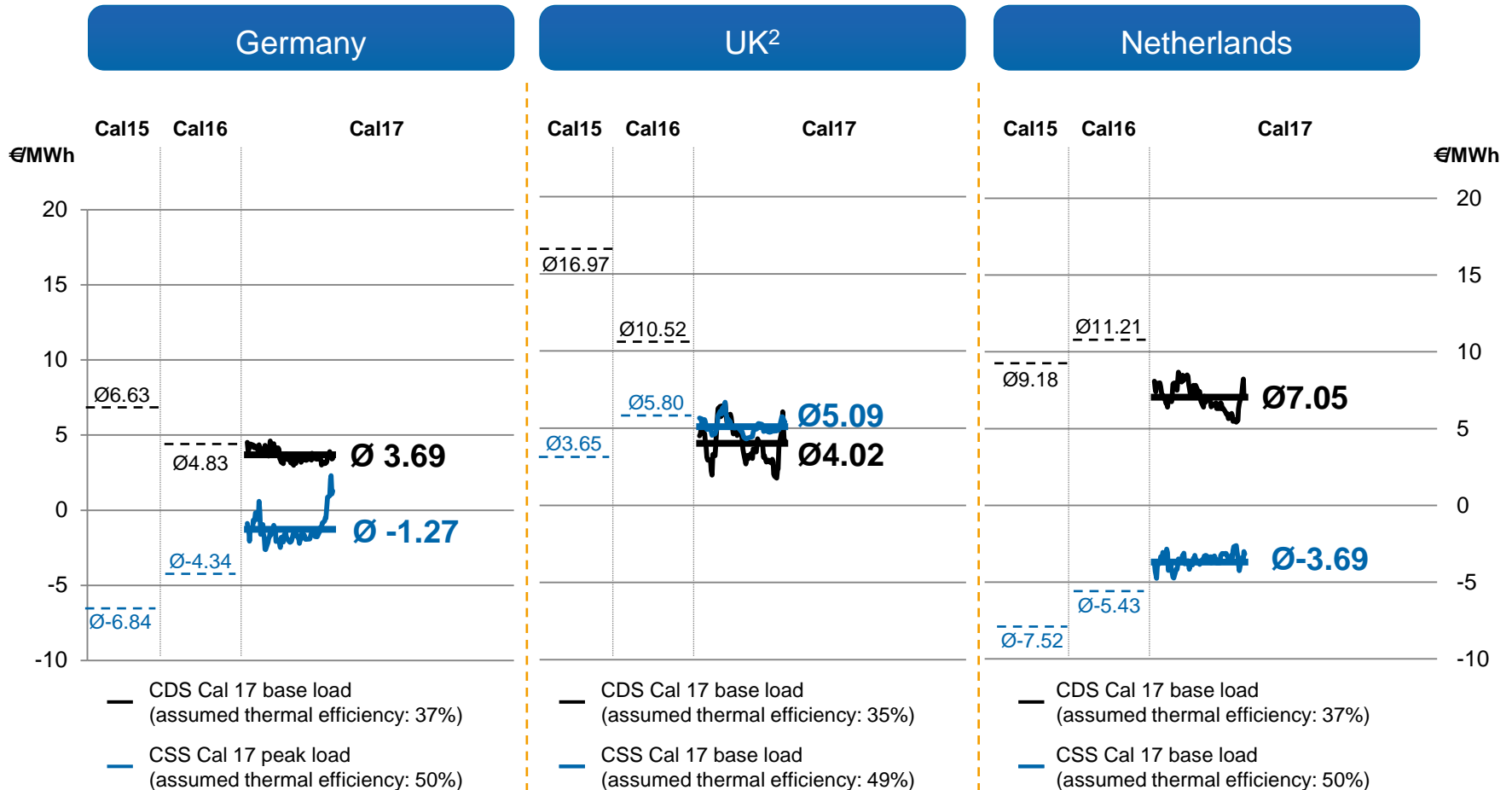
RWE's forward hedging of conventional electricity production (German, Dutch and UK portfolio)

As of 31 March 2016



- Outright, electricity hedged incl. CO₂ (GER nuclear and lignite based power generation)
- Spread, electricity and underlying commodity hedged incl. CO₂ (GER, UK and NL/B hard coal and gas based power generation)

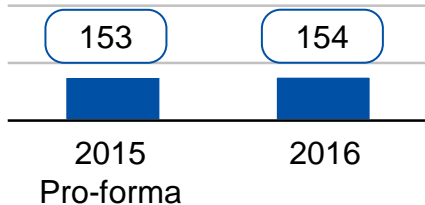
Clean Dark (CDS) and Spark Spreads (CSS) – 2015 - 2017 (forwards for Germany, UK and Netherlands¹)



Performance of the Renewables Division

January – March: operating result: +0.7% (+€1 million)

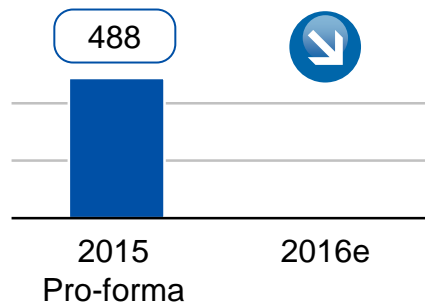
€ million



- + Increased earnings contribution from Nordsee Ost and Gwynt y Môr offshore wind farm
- + Book gain from sale of run-of-river plants in Germany
- Book gain from disposal of grid infrastructure of Gwynt y Môr in 2015
- Lower realised generation spreads of market exposed assets

Outlook for fiscal 2016: significantly below previous year

€ million

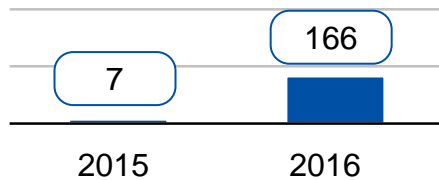


- One-off from disposal of stake in Galloper wind farm project and grid infrastructure of Gwynt y Môr in 2015
- Lower realised generation spreads of market exposed assets
- + Full-year earnings contribution from new offshore wind farms Nordsee Ost and Gwynt y Môr
- + Impact of impairments in 2015
- + Book gain from sale of run-of-river plants in Germany

Performance of the Trading/Gas Midstream Division

January – March: operating result: +€159 million

€ million

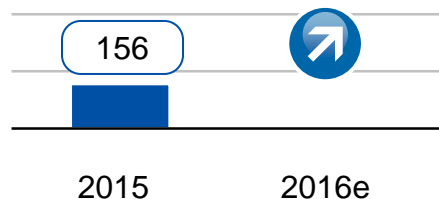


Trading:
+ Significantly improved trading activities after below average earnings contribution in 2015

Supply:
Still suffering from out of the money long-term gas storage contracts

Outlook for fiscal 2016: significantly above previous year

€ million



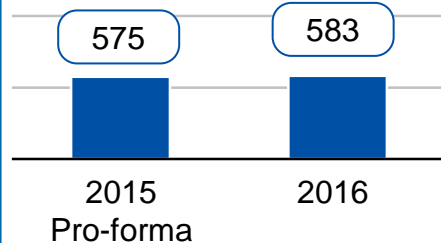
Trading:
+ Improvement after below average earnings contribution in 2015

Supply:
Still suffering from out of the money long-term gas storage contracts

Performance of Grids/Participations/Other Division

January – March: operating result: +1.4% (+€8 million)

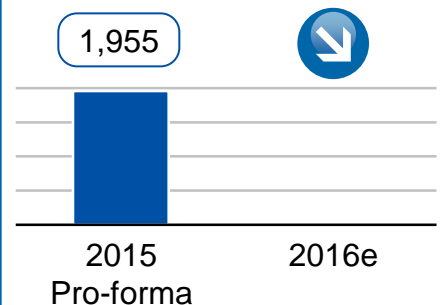
€ million



- ⊕ Revaluation of participation in WestEnergie
- ⊕ Higher earnings from the disposal of grid assets in Germany
- ⊕ Positive weather effect in CZ gas business
- ⊖ Increased costs to operate and maintain the distribution grid
- ⊖ Provision for early retirement programme in Germany

Outlook for fiscal 2016: significantly below previous year

€ million

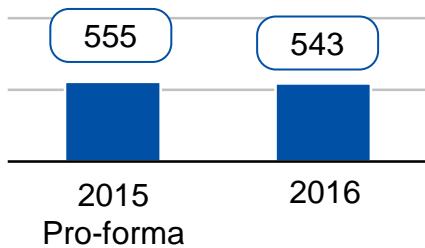


- ⊕ Efficiency improvements
- ⊖ Increased costs to operate and maintain the distribution grid
- ⊖ Lower earnings from the disposal of grid assets in Germany
- ⊖ VSE (Slovakia): One-off effect from asset revaluation linked to the full consolidation in 2015 (-€143 million)

Performance of the Supply Division I

January – March: operating result: -2.2% (-12 million)

€ million



Germany:

- ⊖ Higher procurement costs (network usage fees, taxes and levies) could only partly be passed on

Netherlands:

- ⊕ Improved earnings in business with household customers
- ⊖ One-off from provision release in 2015

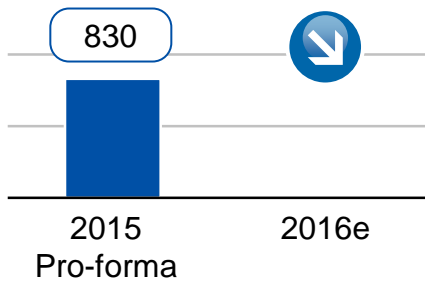
UK:

- ⊖ Loss of customers and shift to lower margin contracts
- ⊕ Lower procurement and ECO costs

Performance of the Supply Division II

Outlook for fiscal 2016: moderately below previous year

€ million



East:

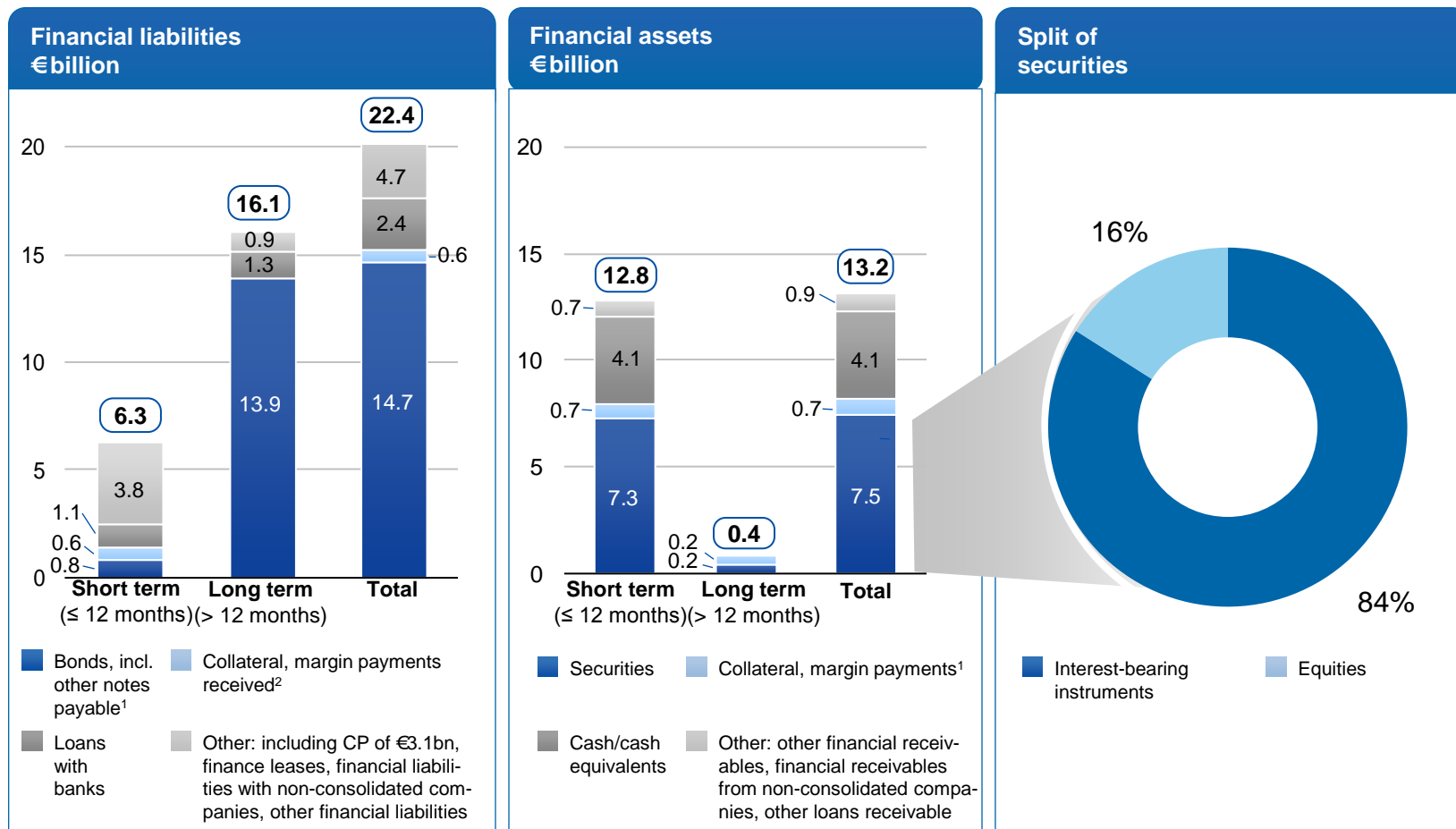
- ➖ VSE: One-off effect from asset revaluation linked to the full consolidation in 2015 (-€42 million)

UK:

- ⊕ Improved earnings from operating activities
- ➖ Burdens from restructuring programme

Financial liabilities and assets

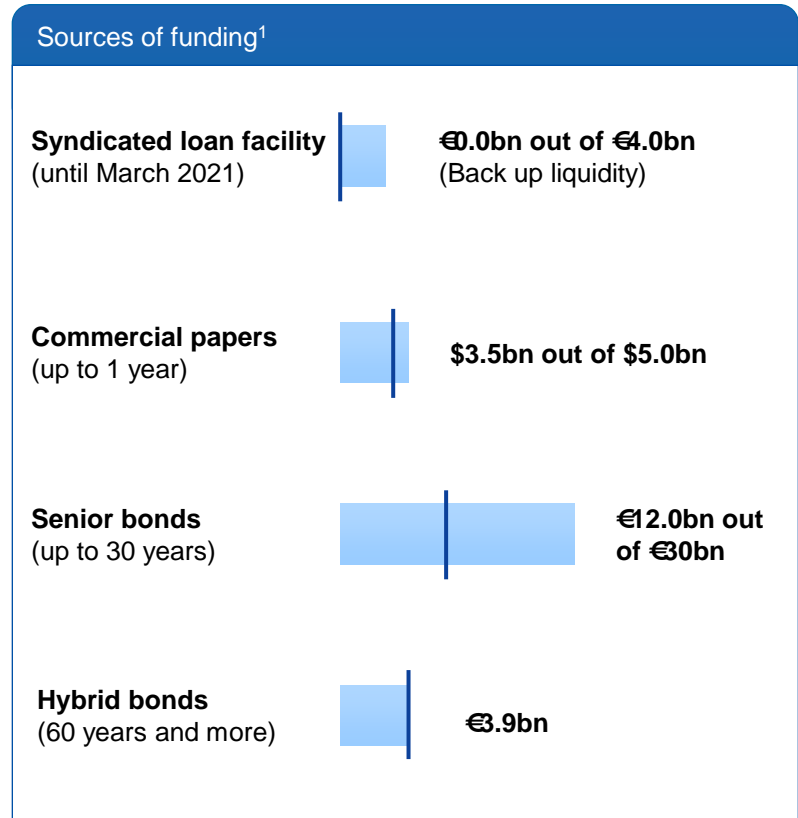
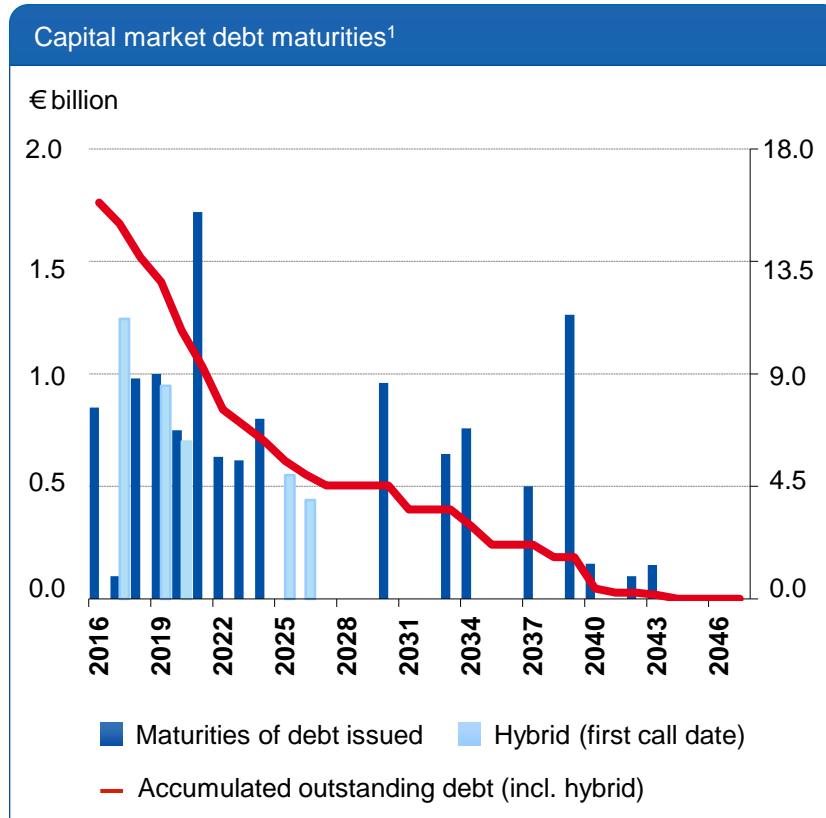
(Excluding hybrid capital as of 31 March 2016)



1 Including currency rate hedges of bonds.

2 Excluding variation margins which are netted against the fair values of the respective derivatives.

Capital market debt maturities and sources of financing



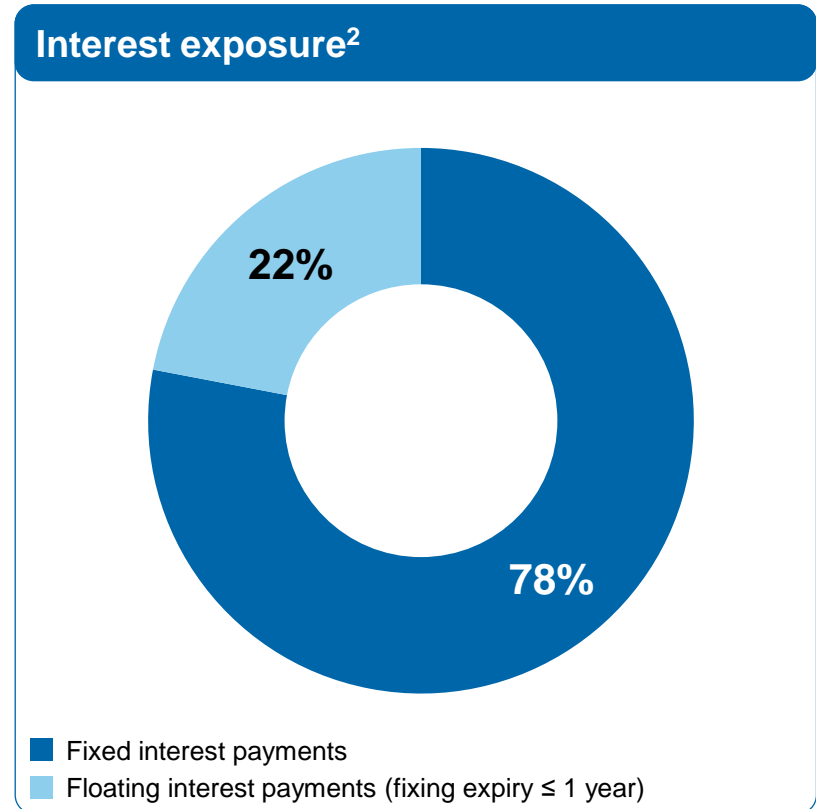
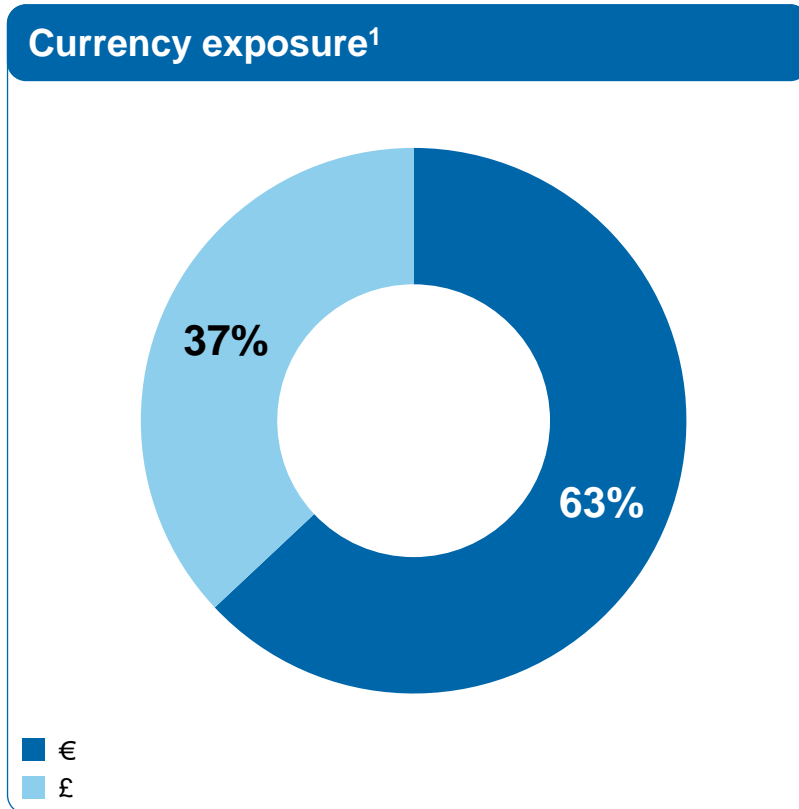
 **Balanced profile with limited maturities up to end of 2018 (~ €1.1 billion²)**

¹ RWE AG, RWE Finance B.V. and RWE Finance II B.V. as of 31 March 2016.

² Excluding first call dates of hybrids and the maturity of €0.85 billion at 20 April 2016.

Capital market debt: Currency and interest exposure

(as of 31 March 2016)



1 Capital market debt (senior bonds and hybrids) including cross-currency swaps.

2 Capital market debt (commercial paper, senior bonds and hybrids) including cross-currency and interest rate swaps.

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Consensus of analysts' estimates
<http://www.rwe.com/ir/consensus-estimates>

Financial Calendar



12 May 2016
Interim Report on the first quarter of 2016



11 August 2016
Interim Report on the first half of 2016



14 November 2016
Interim Report on the first three quarters of 2016



14 March 2017
Annual Report

RWE Investor Relations – contacts

Contacts for Institutional Investors & Financial Analysts



Dr. Stephan Louis

Vice President Investor Relations
and Group Finance
Tel. +49 201 12-15031
stephan.louis@rwe.com



Martin Vahlbrock

Tel.: +49 201 12-15055
martin.vahlbrock@rwe.com



Gunhild Grieve

Tel.: +44 207 015-5459
gunhild.grieve@rwe.com



Dr. Holger Perlwitz

Tel.: +49 201 12-15141
holger.perlwitz@rwe.com



Dr. Burkhard Pahnke

Tel.: +49 201 12-15182
burkhard.pahnke@rwe.com



Marcel Rohrbach

Tel.: +49 201 12-15043
marcel.rohrbach@rwe.com



Martin Jäger

Tel.: +49 201 12 -15106
martin.jaeger@rwe.com

Contact for Private Shareholders



Marisa Weiskirch

Tel.: +49 201 12-44915
marisa.weiskirch@rwe.com