

**RWE**

**Capital Market Day**

**12 March 2020**



# Disclaimer

This document contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management, and are based on information currently available to the management. Forward-looking statements shall not be construed as a promise for the materialisation of future results and developments and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting the Company, and other factors. Neither the Company nor any of its affiliates assumes any obligations to update any forward-looking statements.

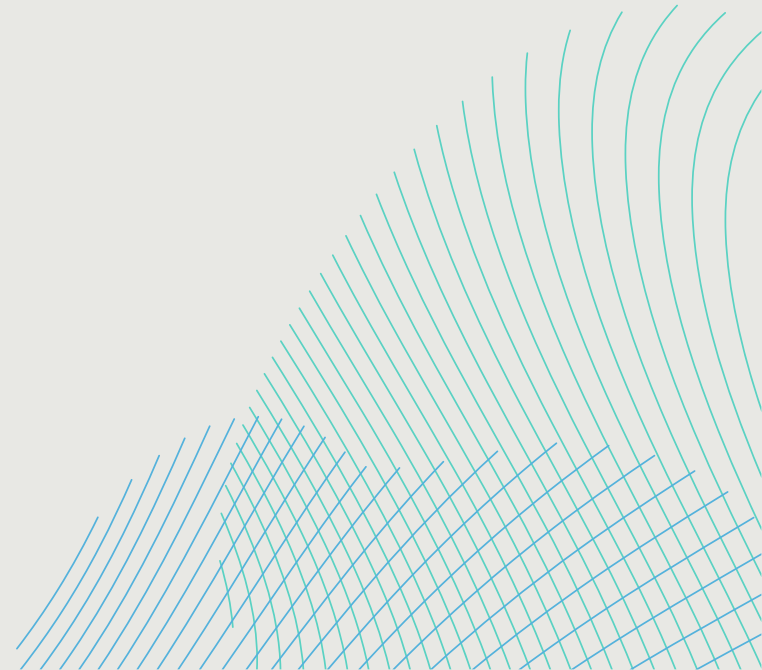
# Agenda

- 1 A driving force in the energy world of tomorrow**  
Rolf Martin Schmitz, CEO RWE AG
- 2 Excellent platform to capture long-term growth in wind and solar**  
Anja-Isabel Dotzenrath, CEO RWE Renewables
- 3 Creating value in the renewable energy world**  
Markus Krebber, CFO RWE AG

# Strategic Overview

**A driving force in the  
energy world of tomorrow**

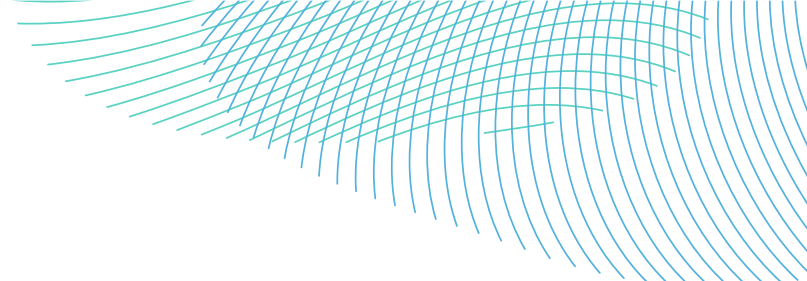
Rolf Martin Schmitz  
Chief Executive Officer  
RWE AG



# New RWE – Well positioned for the future energy world



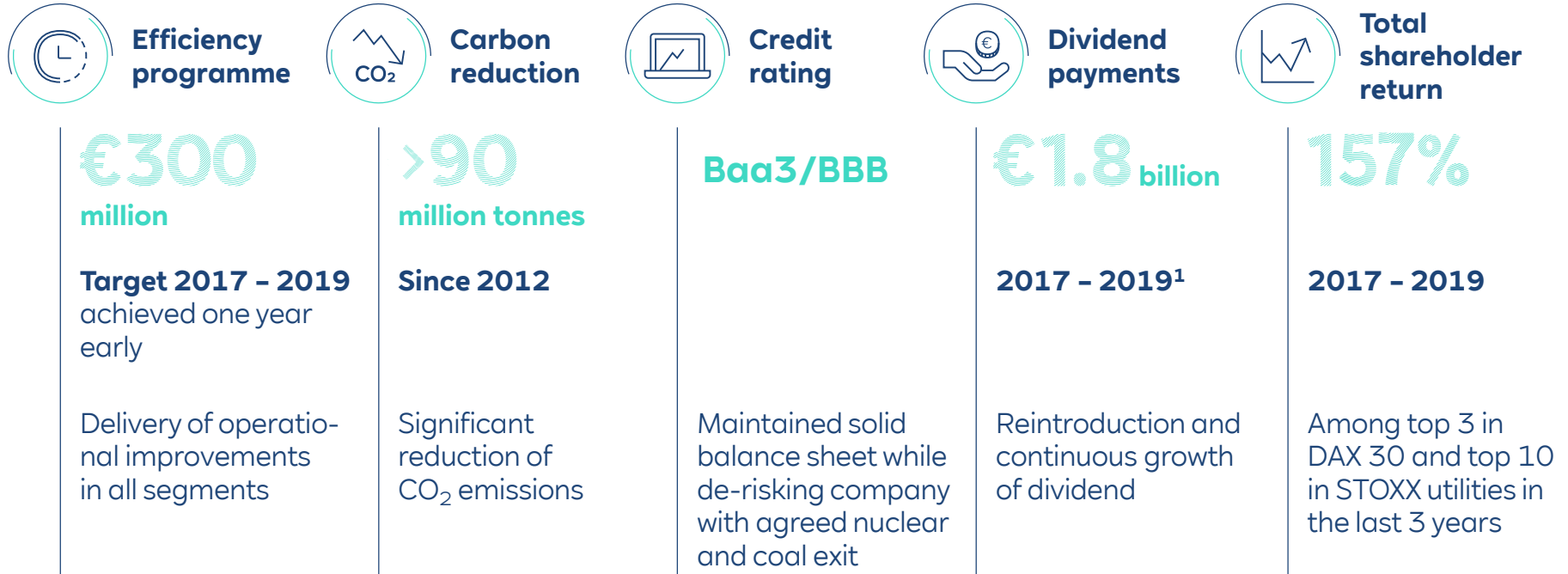
- Business model focused on green and flexible energy
- Clear path for coal phaseout
- Carbon neutral by 2040
- Strong financial position and significant investments in renewables for sustainable growth
- Focus on value creation and total shareholder return



# Successful delivery of RWE's path into the new energy world

- 2016** Alignment as **provider of security of supply** with focus on operational and financial value maximisation
- 2017** Conclusion of restructuring of responsibilities for **nuclear waste storage Strategy review** resulting in decision to extend operational business to renewables
- 2018** **Strategic use of innogy stake** in asset swap with E.ON to transform RWE into a leading player in renewable energy
- 2019** **Successful execution** of transaction with E.ON and setup of RWE Renewables
- 2020** **Agreement on coal exit** with German government accelerating RWE's transformation

# Continued focus on business excellence and value creation during the transformation of the company



<sup>1</sup> Dividend of €0.80 per share for fiscal 2019 subject to approval at AGM, 28 Apr 2020.





# Our energy for a sustainable life

We all need electricity – children as well as adults, small companies as well as large ones. Wherever there is electricity, there is light, warmth and communication, production, medical care and mobility. Electricity is life.



# The energy world of tomorrow is electric and low-carbon

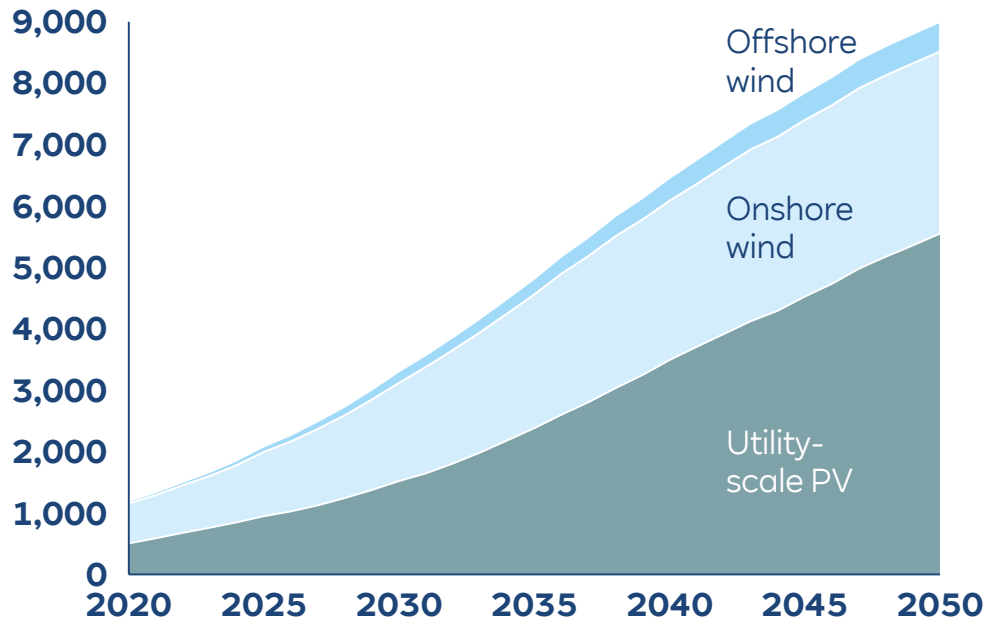


**Rising demand for electricity** driven by economic and population growth and sector coupling



**Ambitious carbon reduction targets** to limit global warming

Global cumulative installed capacity, GW



Significant investments in renewable energy




Requirement for increasing flexibility in energy system

System integration of renewables and sophisticated client solutions




Source: New Energy Outlook 2019, BNEF.

# We are ideally positioned for the new energy world

## Strong wind and solar business

<b>8.7</b> GW installed wind and solar capacity	
No. <b>2</b> offshore global player	
<b>&gt;20</b> GW development pipeline	

## Experienced operator of flexible assets

<b>~19</b> GW in hydro, biomass and gas plants	
Thereof <b>2.4</b> GW pumped storage/batteries	
<b>4.3</b> bcm of gas storage	









## Leading commercial platform

Global <b>commodity trading &amp; commercial asset optimisation</b>	
<b>Global analyst platform</b> is key to our success	
<b>Commodity solutions for 500</b> blue chip customers	

Note: Pro rata installed capacity.


# Business model fully aligned with our strategic focus on the energy transition

## Core

<b>Offshore Wind</b>  <ul style="list-style-type: none"><li>Global expansion of offshore wind capacity</li></ul> 	<b>Onshore Wind/Solar</b>  <ul style="list-style-type: none"><li>Expansion in on-shore wind and acceleration of solar deployment in core regions</li></ul> 	<b>Hydro/Biomass/Gas</b>  <ul style="list-style-type: none"><li>Targeted investments in flexible back-up capacity</li></ul> 	<b>Supply &amp; Trading</b>  <ul style="list-style-type: none"><li>Expansion of global trading business and commercial platform</li></ul> 
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## Coal/Nuclear

- Responsible and socially acceptable phaseout of coal
- Phaseout of nuclear and secure and efficient dismantling



~28 GW

Installed capacity<sup>1</sup>

299 g/kWh

Carbon factor<sup>2</sup>

23%

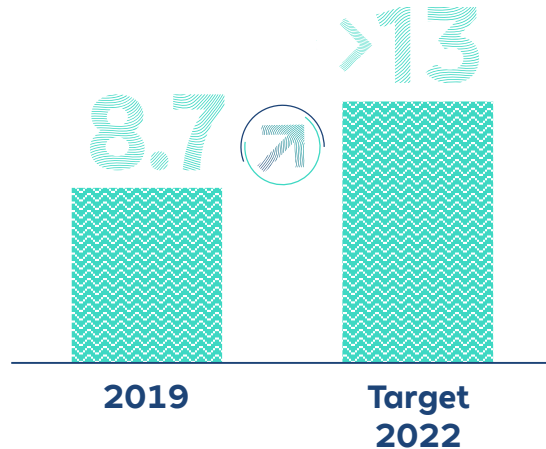
Share of coal in Group revenues

<sup>1</sup> Pro rata installed capacity of core business. | <sup>2</sup> Calculated for pro forma generation portfolio of core business. | Note: Figures for FY 2019.

# Strategy of core business focused on expansion of green and flexible energy

## Significant growth in wind & solar

GW pro rata



Note: Installed capacity excluding storage.

## Build-out of batteries and research in new technologies

- **Batteries:** 30 MWh battery storage facility under construction in Ireland
- **Thermal energy storage:** pilot project of liquid salt storage charged by wind and sun power
- **Hydrogen:** Feasibility study to build 105 MW power-to-gas pilot project

## Green power commercialisation



15 year PPA for Nysäter project covering 18 TWh - one of the largest onshore wind PPAs globally



15 year tailored PPA with Honda for 120 MW offtake from a 150 MW wind farm in Oklahoma, US



Commercialisation of electricity generated by Belgian Northwester 2 wind farm

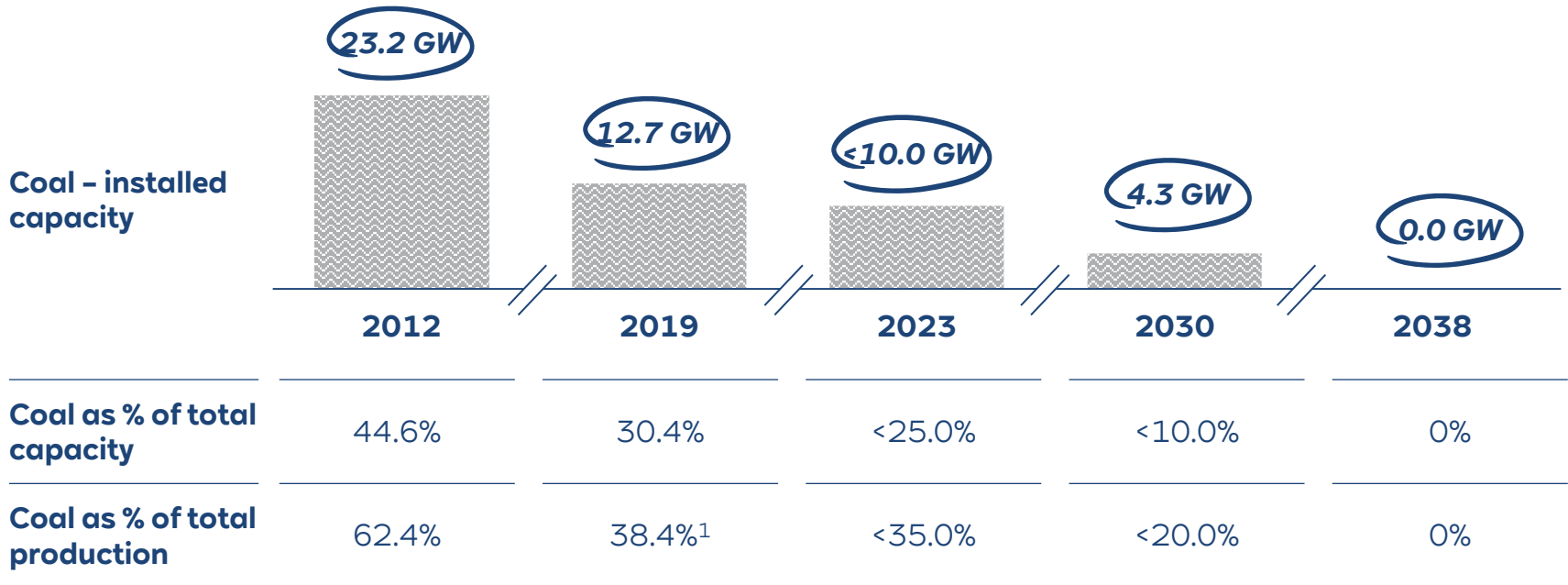


5 year offtake agreement for portion of Nordsee Ost offshore wind farm



7 year supply agreement to take 3 TWh of green energy

# Responsible phaseout of coal by 2038 at latest



<sup>1</sup> Includes pro forma combined renewables portfolio. | Note: Based on full load hours under normal weather conditions and achievement of government renewables targets. Excluding plants in security reserve. Production in 2038 refers to first year post closure.

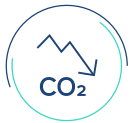
# Decarbonisation target is fully supported by our strategy



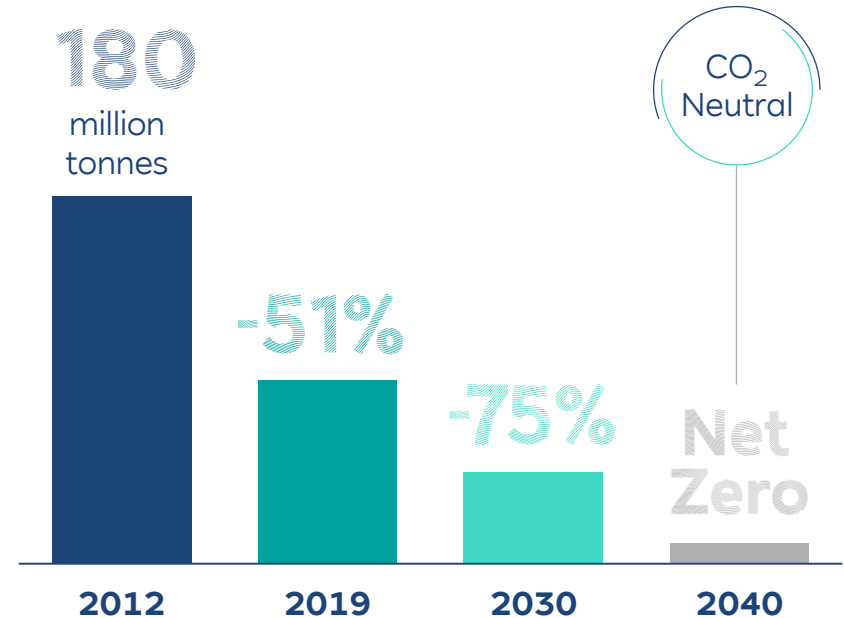
Target to achieve **CO<sub>2</sub> neutrality** for our global generation portfolio by **2040**



Fully supportive of **Paris Climate Agreement**



Proven **track record** of carbon emission reductions



# Our commitment to the UN SDGs goes beyond our carbon reduction targets



- ✓ Target of 30% **women** in 1<sup>st</sup> management level
- ✓ Recultivation programme with focus on **biodiversity**
- ✓ Regional support for **structural change** and **energy transition**
- ✓ **UN Global Compact** is integral part of supplier contracts

## Participation and presence in multiple renowned ESG rankings





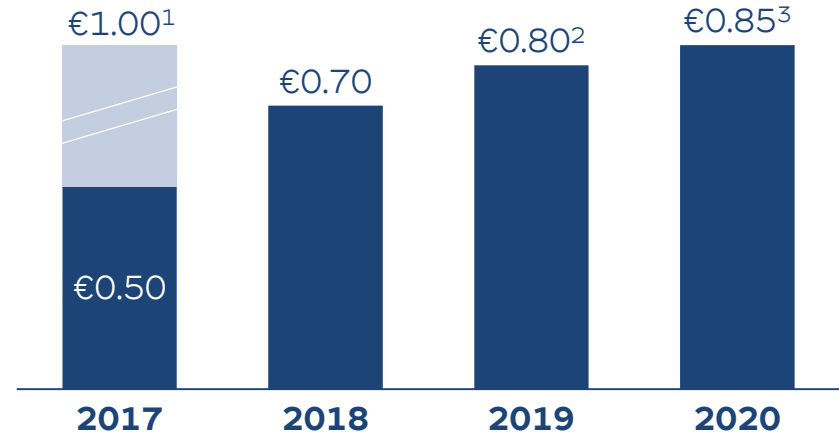
# Focus on value creation and total shareholder return

## Value creation

- Strict **investment discipline** to ensure value accretive growth
- Continuous **cost discipline** across the group
- Introduction of **new management remuneration** system to incentivise delivery of strategic targets

## Shareholder return

- Delivery of steadily growing dividend



<sup>1</sup> Additional dividend payment for reimbursement of nuclear fuel tax. | <sup>2</sup> Subject to AGM approval, 28 Apr 2020. | <sup>3</sup> Management target.

# Proposed new management remuneration is aligned with strategic goals and shareholder interests

- Reflection of **new strategic goals** ‘post transaction’ in management incentive scheme
- Inclusion of CO<sub>2</sub> reduction target in long-term incentive plan
- Alignment with **shareholder interests and experience** as well as market best practice, with introduction of
  - **Relative total shareholder return** (TSR) in long-term incentive plan versus industry index
  - **Share ownership guideline** with target ownership of 200% (CEO) of gross base salary
  - **Clawback** provision in case of incorrect consolidated financial statements or major intentional corporate violations



## Long-term incentive

### Share-based compensation scheme with four year vesting period linked to 3 KPIs

- Relative Total Shareholder Return (TSR)
- Adjusted net income
- CO<sub>2</sub> emissions factor

## Short-term incentive

### Linked to 3 KPIs

- Adjusted EBIT
- Corporate Responsibility performance
- Individual and collectively achieved goals

## Fixed compensation

### Annual base salary, pension instalments & fringe benefits

Note: Subject to Supervisory Board approval.

# A driving force in the energy world of tomorrow

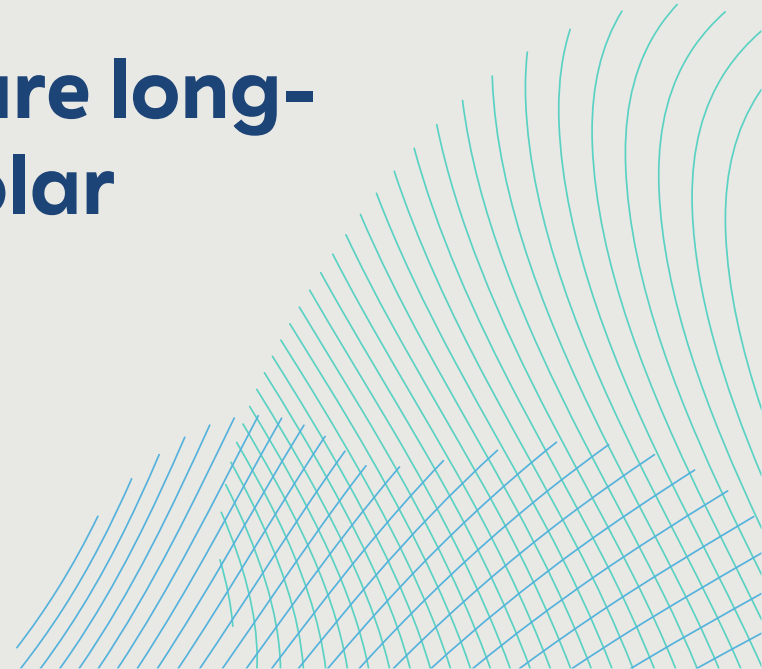
- Uniquely positioned to benefit from the energy transition
- Attractive growth opportunities in renewable energy
- Strict focus on value creation and shareholder return
- Strong commitment to sustainable development goals
- Highly motivated team incentivised to deliver strategic targets



# Offshore/Onshore Wind/Solar

**Excellent platform to capture long-term growth in wind and solar**

Anja-Isabel Dotzenrath  
Chief Executive Officer  
RWE Renewables



# Excellent platform to capture growth in wind and solar



## Attractive asset base

Diverse and stable earnings profile

>70%

Regulated or secured earnings from wind/solar



## Strong pipeline for growth

Across all technologies – offshore & onshore wind, solar, storage

>20 GW

Development pipeline



## Integrated business model

Value enhancing and leveraging extensive capabilities

>3,000 FTE

Passionate about wind/solar



## Experienced management team

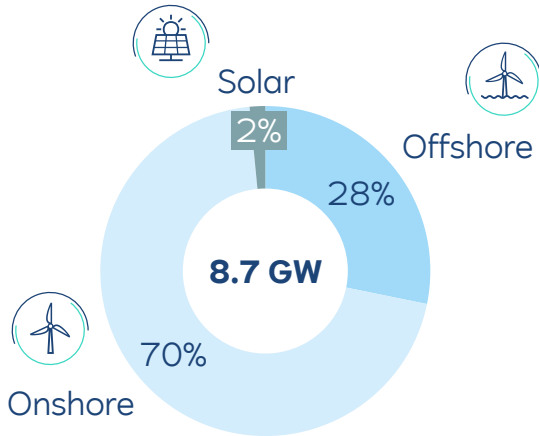
Collaborating closely across core regions

>120 years

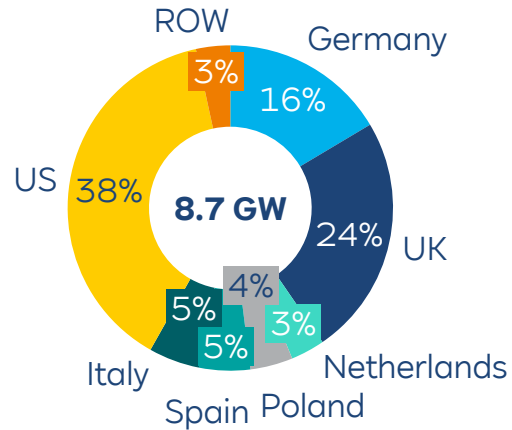
Professional experience in the energy sector

# Powerful position in wind and solar right from the start

## Installed capacity by technology<sup>1</sup>



## Installed capacity per country<sup>1</sup>



## Leading market position<sup>2</sup>

No. **2** in offshore wind

## Track record in four technologies



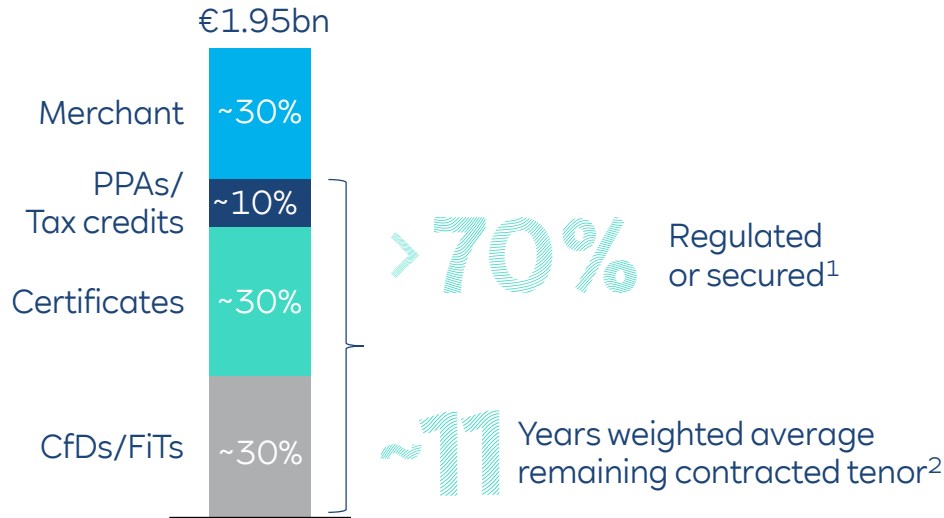
## Increasing capacity<sup>3</sup>

**2.7 GW** Projects under construction

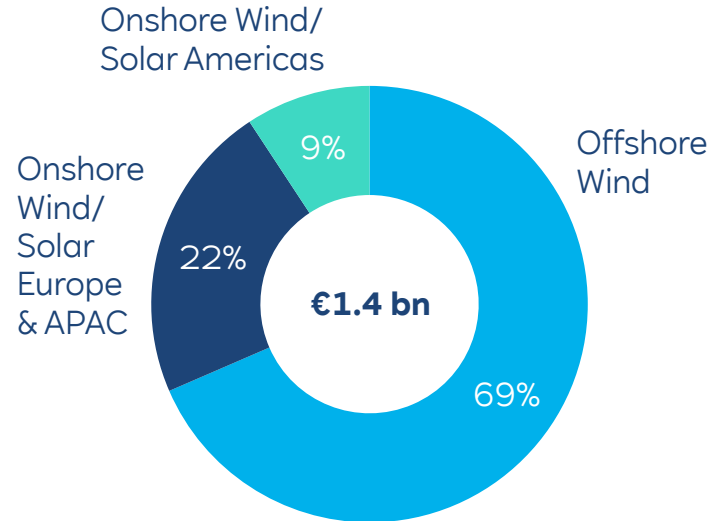
<sup>1</sup> Pro rata, excluding storage. | <sup>2</sup> BNEF. As of 31 Dec 2019. | <sup>3</sup> Excluding storage. | Note: Figures as of 31 Dec 2019. Rounding differences may occur.

# Diversified earnings profile with high level of stability

## 2019 gross margin by support mechanism



## 2019 pro forma EBITDA



<sup>1</sup> Including Feed-in tariffs (FiTs), contracts for difference (CfDs), fixed certificates and PPAs/Tax credits. |

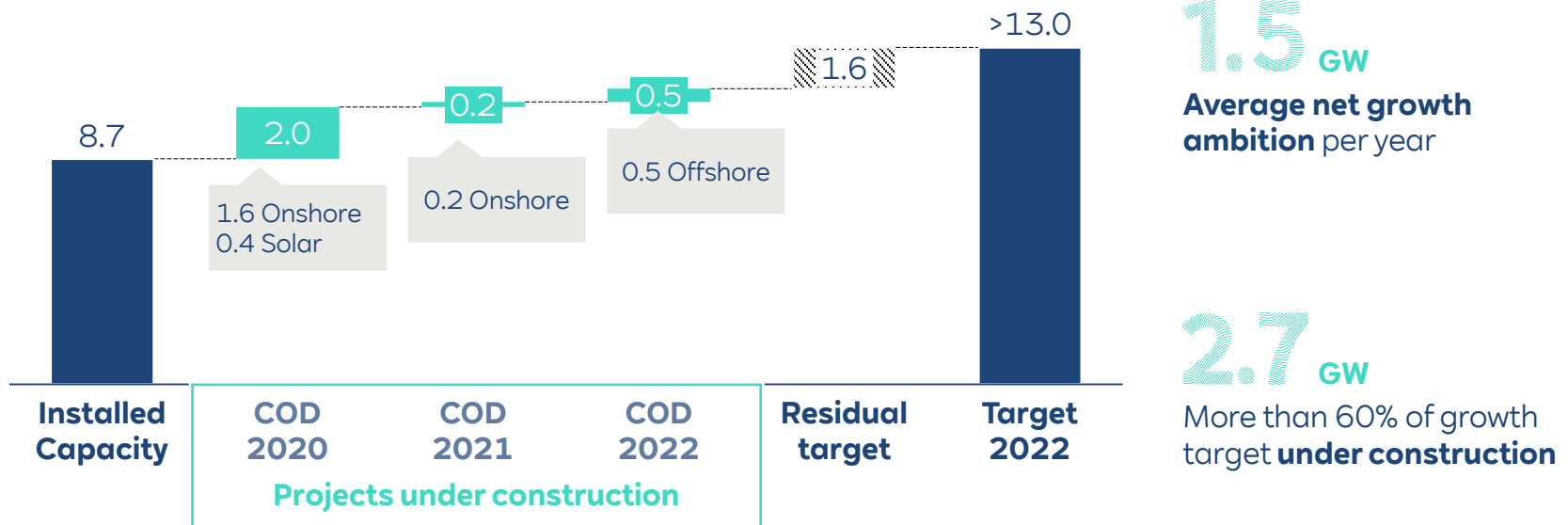
<sup>2</sup> Includes assets in operation and under construction with CfDs/FiTs, fixed certificates, PPAs/Tax credits. | Note: Gross margin/EBITDA bridge includes ~€450 million asset related costs, ~€100 million non-capitalised devex, ~€200 million management support functions and ~€200 million income from investments and services.



# Well on track to achieve more than 13 GW installed capacity by the end of 2022

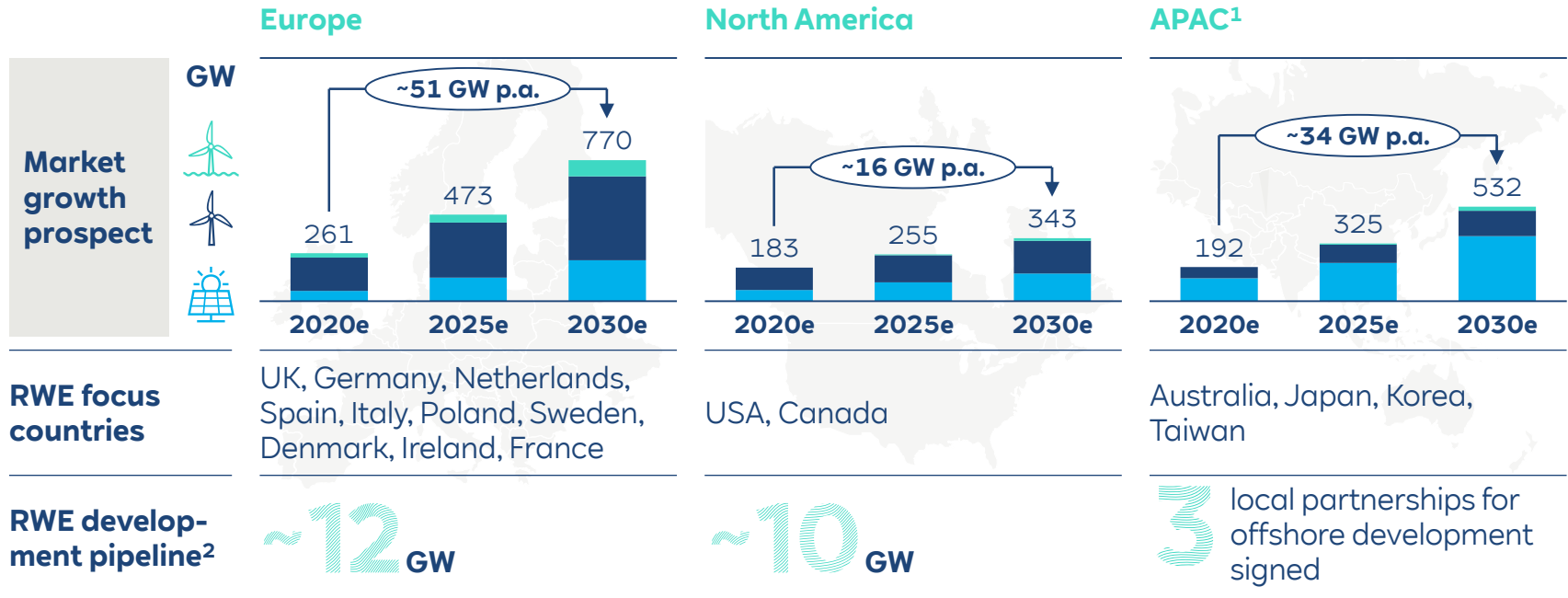
## Our ambition to grow

GW pro rata



Note: Installed capacity excluding storage.

# Short to mid-term growth focused on established core regions with expansion into APAC planned

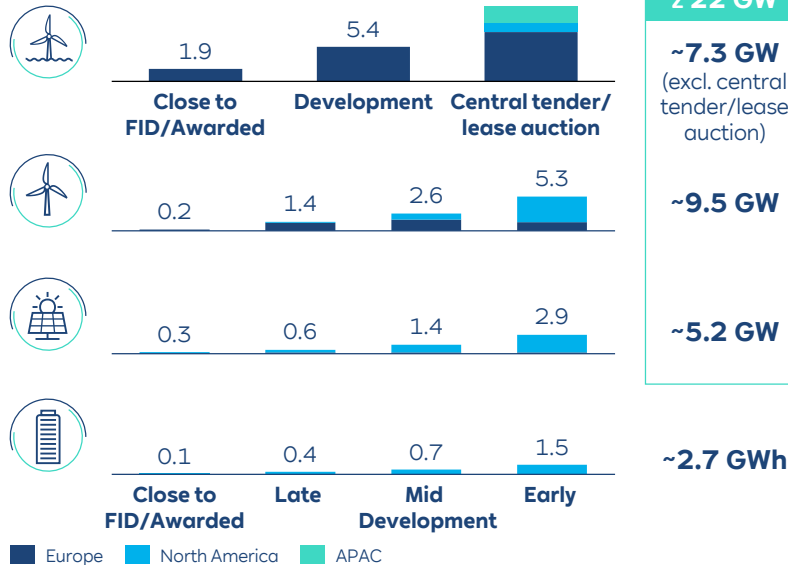


<sup>1</sup> APAC excluding China. | <sup>2</sup> Development pipeline excluding storage and central tender/lease auction.  
 Source: New Energy Outlook 2019, BNEF. | Note: Solar only includes data for utility-scale solar.

# Strong project pipeline and development activities providing optionality for sustainable long-term growth

## Development pipeline per maturity stage

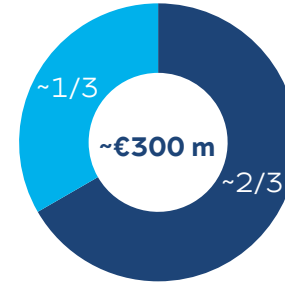
GW pro rata



## Development activities and average annual devex

### Expensed devex

- New market scouting
- Project origination



### Capitalised devex

- Land rights
- Consent & permits
- Site investigations

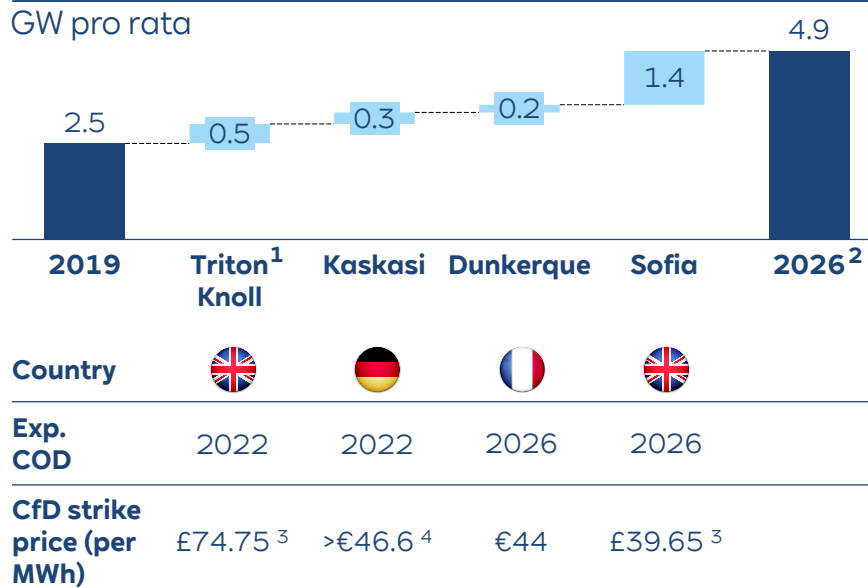
### Complemented by strategic pipeline enhancements

- Acquisition of project pipeline, e.g. 1.5 GW of offshore pipeline in Baltic Sea

Note: Development pipeline of 22 GW excluding storage and central tender/lease auctions. Figures as of 31 Dec 2019. Rounding differences may occur.

# Offshore Wind: Attractive near-term build-out coupled with long-term development options

## Secured near-term capacity build-out



<sup>1</sup> Under construction. | <sup>2</sup> Before asset rotation. | <sup>3</sup> 2012 prices. | <sup>4</sup> €46.6 per MWh was the average strike price achieved in the auction.

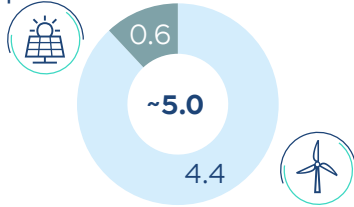
## Further projects in development, GW pro rata

Delta Nordsee		Pre-emption right	0.5 GW
Nordsee Two&Three		Pre-emption right	0.1 GW
Rampion		Extension option	0.4 GW
Gwynt y Môr		Extension option	0.3 GW
Greater Gabbard		Extension option	0.3 GW
Galloper		Extension option	0.1 GW
Dublin Array		Development project	0.3 GW
Sharco II, IV & V		Development project	1.5 GW
Baltic II		Development project	0.3 GW
Södra Midsjöbanken		Development project	1.6 GW
			<b>5.4 GW</b>

# Onshore Wind/Solar Europe & APAC: Well diversified pipeline providing opportunities for profitable growth

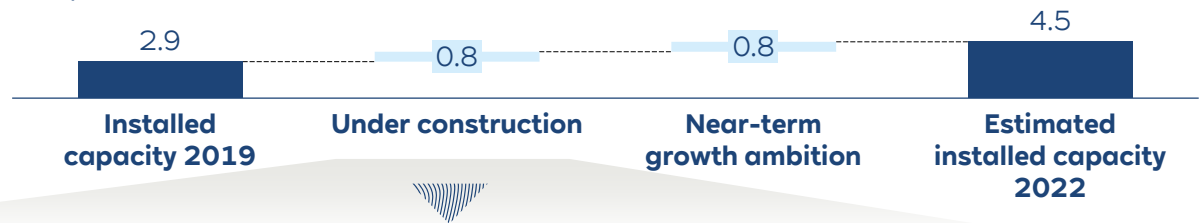
## Development pipeline

GW pro rata



## Near-term capacity build-out and development by the end of 2022

GW pro rata



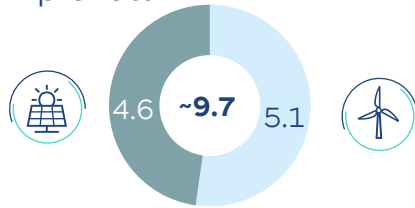
	<b>Selected projects</b>	<b>Capacity</b>	<b>COD</b>	<b>Support scheme</b>	<b>Support expiry</b>	<b>Offtake partner</b>
⬆️	Clocaenog Forest	96 MW	Q1 2020	Two-sided CfD <sup>1</sup>	2035	n.a.
⊕	Alarcos	45 MW	Q2 2020	PPA	n.a.	Audax Renovables
⊕	Limondale	249 MW	Q3 2020	LGC <sup>2</sup>	2030	n.a.
⬆️	Eekerpolder	63 MW	Q4 2020	One-sided CfD <sup>1</sup>	2035	Market/Government
⬆️	Zukowice	33 MW	Q4 2020	Two-sided CfD <sup>1</sup>	2035	n.a.
⬆️	Nysäter	95 MW	Q4 2021	Firm hedge + Green certificates	2036	Energy company

<sup>1</sup> CfD: Contract for Difference. | <sup>2</sup> LGC: Large Scale Generation Certificates (Green certificates for large producers in Australia). | Note: Installed capacity excluding storage.

# Onshore Wind/Solar Americas: Substantial 2020 wind construction programme, with good optionality during PTC ramp-down

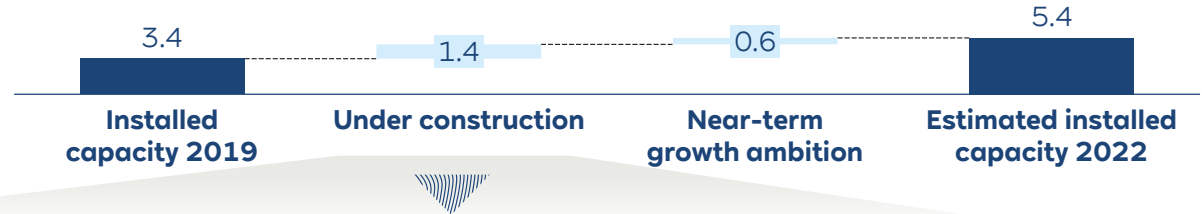
## Development pipeline

GW pro rata



## Near-term capacity build-out and development by the end of 2022

GW pro rata



Major projects	Capacity	COD	ISO	Offtake product	Offtake tenor	Offtake partner
⬆️ Cranell	220 MW	Q2 2020	ERCOT	Firm hedge hub	12 years	Undisclosed LSE <sup>1</sup>
⬆️ Peyton Creek	151 MW	Q1 2020	ERCOT	Self-structured hedge	10 years	Multiple trading counterparties
⬆️ Vauxhall & Hull	47 MW	Q2 2020	AESO	UC <sup>2</sup> PPA node	Mid-term <sup>3</sup>	Consumer staples
⬆️ Big Raymond	440 MW	Q4 2020	ERCOT	UC <sup>2</sup> PPA + Firm hedge	12 years	Austin Energy + Banking sector
⬆️ Scioto Ridge	250 MW	Q4 2020	PJM	Firm hedge hub	Long-term <sup>4</sup>	Service sector
⬆️ Boiling Springs	148 MW	Q4 2020	SPP	UC <sup>2</sup> PPA hub	15 years	Honda
⬆️ Cassadaga	126 MW	Q4 2020	NYISO	Firm hedge node	Long-term <sup>4</sup>	Utility

<sup>1</sup> LSE: Load serving entity. | <sup>2</sup> UC: Unit contingent. | <sup>3</sup> Mid-term: 6-10 years. | <sup>4</sup> Long-term: 11-20 years. | Note: PTC: Production Tax Credits.

# Our integrated business model addresses all value pools and risks to deliver against our growth ambition



## Development

- Active **origination and green-field** development approach
- **~260 experienced developers** with local presence across 14 markets



## Engineering/Construction

- **Global backbone** of ~250 engineers with **strong LCOE optimisation** and innovation focus
- Multi-lot contracting & construction approach



## Operations & Maintenance

- Full operational control via **self-perform approach**
- Innovative O&M concepts and **advanced digital & analytics** capabilities



## Commercialisation

- **Management of long-term income stability** via tailor-made offtake solutions
- Comprehensive **commercial risk management**



## Partnering

- Structuring of **partnering solutions** to actively manage portfolio
- Well established team **maintaining relationships** with project partners





# Engineering: preparing and adopting innovative technologies ensures our long-term success



## Storage/Batteries

### Innovation triggers

- **Intermittent and volatile energy generation** requires grid balancing and storage provisions
- **Broad applications** from frequency stabilisation to load shifting



### RWE strategy

- ~2.7** Development pipeline GWh
- **Commercial deployment** esp. lithium-ion battery
  - **Proprietary hard- & software solution**

## Floating offshore wind

- Significant share of **mid-term offshore growth in deep waters requires floating technology**, e.g. in selected European markets, US West coast, Asia-Pacific



- 2** Demo projects to optimise design, manufacturing & installation processes
- Participate in early tenders for first **commercial projects** under regulated support schemes



# Construction: strong delivery track record across regions and technologies

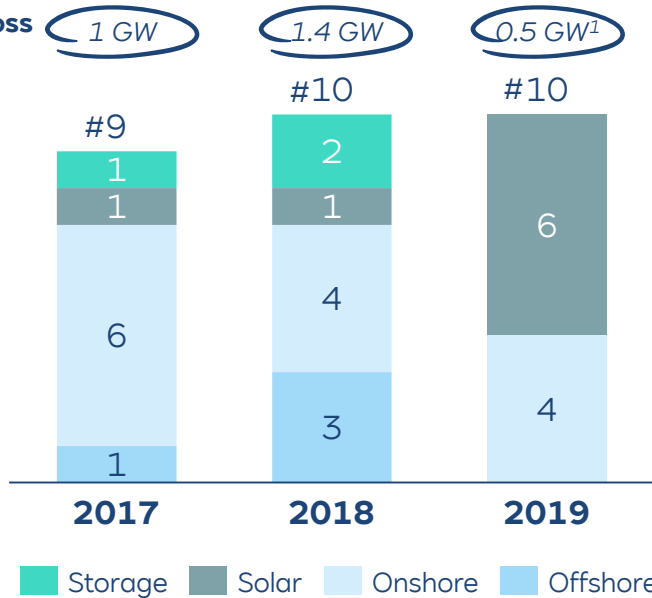
## Number of projects delivered 2017 – 2019

Delivered gross capacity p.a.

1 GW

1.4 GW

0.5 GW<sup>1</sup>



<sup>1</sup> Including repowering of Panther Creek, 275 MW.

## Delivery of projects >50 MW installed capacity 2017 – 2019

		COD	Installed capacity	On budget	On time
Nordsee One		2017	332 MW	✓	✓
Radford's Run		2017	306 MW	✓	✓
Bruenning's Breeze		2017	228 MW	✓	✓
Zuidwester		2017	90 MW	✓	✓
Rampion		2018	400 MW	✓	✓
Arkona		2018	385 MW	✓	✓
Galloper		2018	353 MW	✓	✓
Stella		2018	201 MW	✓	✓
Brechfa Forest West		2018	57 MW	✓	✓
West of Pecos		2019	100 MW	✓	✓
Morcone		2019	57 MW	✓	✓



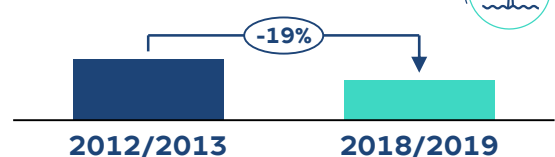
# O&M: with our strong self-perform platform we increase yield and reduce costs through full operational control

## Offshore and onshore performance improvement through self-perform

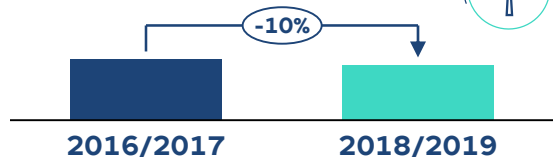
Own site managers and technicians supported by global engineering backbone taking full control of decision making to actively **drive cost and yield improvement while reducing asset risk**

- Dynamic maintenance strategy/maintenance timing around low wind periods
- Realisation of asset cluster synergies
- Installation of upgrades
- Inhouse refurbishment of components and blade repairs
- Innovative tools e.g. self-hoisting cranes, drones

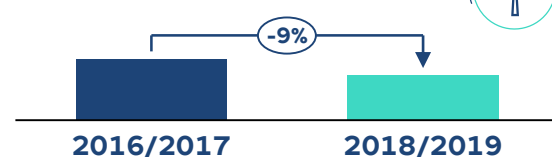
### Offshore UK: Scroby Sands



### Onshore Italy: Fleet average



### Onshore US: Stony Creek



Opex **before** introduction of self-perform  
 Opex **after** introduction of self-perform

} 2-year average, normalised



# Commercialisation: our extensive in-house capabilities ensure superior value creation and comprehensive risk management



## Before FID

- **Track record in securing risk/reward optimised offtake products** with broad range of corporate & financial offtakers e.g.
  - PPAs
  - Firm hedges & implicit fuel hedges
  - Collar structures
- Ability to leverage **RWE Supply & Trading** as counterparty to sign offtake agreements



## Post FID

- **Maximisation of risk-adjusted revenues** through broad range of **commercial optimisation** strategies e.g.
  - Leverage of own **market access/power & gas trading in key geographical areas**
  - **Ability to self-structure** off-take solutions
  - **Reduction of volumetric risks** via proxy revenue swaps
  - **Congestion trading** in key geographies

## Commercial analysis

- Extensive in-house **modelling expertise** of commercial renewable risks fully leveraging Supply & Trading analyst capabilities
- Defining the **optimum risk-adjusted portfolio**
- Developing **innovative bidding strategies** for competitive auctions

# Partnering: an essential part of our business model to reduce risk and create additional value



## Before FID

- Secure complementary local capabilities for new market entries
- Share development costs in large scale projects



## At FID

- Share construction risk and reduce capex exposure
- Monetise development activities



## Post COD

- Full value crystallisation
- Portfolio optimisation to reduce cluster risks

### Rationale

- Secure complementary local capabilities for new market entries
- Share development costs in large scale projects

### Examples

- JV with **Kyuden Mirai** for Japanese offshore wind tenders
- **Triton Knoll**: JV with J-Power and Kansai Electric Power
- **Rødsand II**: JV with SEAS-NVE

### Service concepts

Depending on partner risk appetite tailored service and maintenance concepts from **open book service agreements to full-service contract** incl. availability guarantees

### Value capture











### Risk mitigation



# Experienced management team passionate to drive performance to the next level

## RWE Renewables

	CEO	CFO	CCO	COO		
				Offshore	Onshore/Solar	
				Global	Americas	EU & APAC
	 <b>Anja-Isabel Dotzenrath</b>	 <b>Holger Himmel</b>	 <b>Tom Glover</b>	 <b>Sven Utermöhlen</b>	 <b>Silvia Ortín Rios</b>	 <b>Katja Wünschel</b>
	Essen	Essen	Swindon	Hamburg	Austin	Essen

Complementary capabilities, close collaboration across markets & technologies

# Excellent platform to capture growth in wind and solar

- Attractive asset base with diverse and stable earnings profile
- Strong platform for growth across all technologies
- Value enhancing integrated business model leveraging extensive capabilities
- Experienced team collaborating closely across core regions

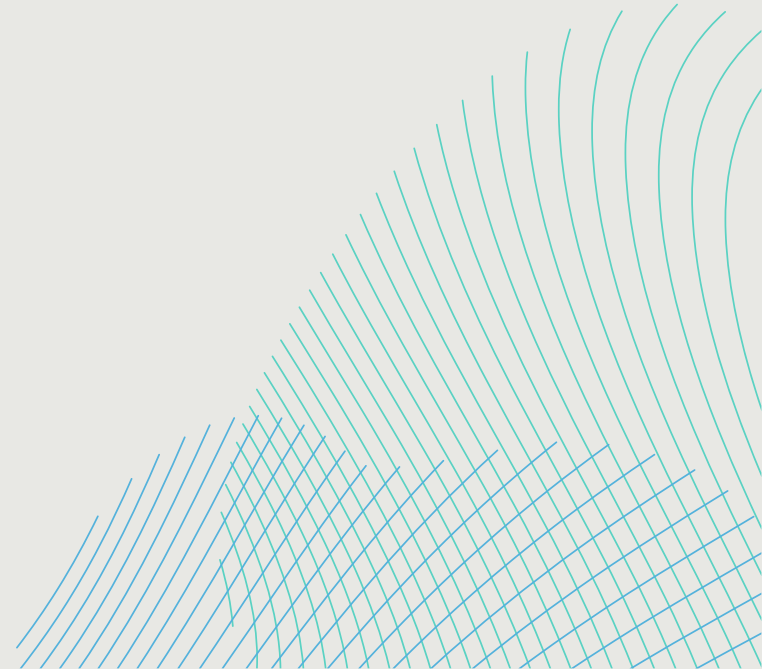




# Financial overview

## Creating value in the renewable energy world

Markus Krebber  
Chief Financial Officer  
RWE AG



# The new RWE at a glance – a compelling investment opportunity



## Future-proofed business

Sustainable earnings profile with attractive growth



## Growth in green energy

Significant investments in renewables



## Solid balance sheet

Supporting target rating Baa2/BBB or better



## Coal phaseout liabilities

Financially ring-fenced and covered by financial portfolio



## Growing dividend

In line with earnings development in core business

# Delivery and outperformance of financial targets enables new RWE to start from a strong financial position



**Earnings outlook** 2017 to 2019 met or beaten

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Successful **hedge strategy** – outright hedge margins until 2022 significantly above current market prices

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Active **management of CO<sub>2</sub>** exposure: carbon risk financially managed until 2030 (end of 4<sup>th</sup> compliance period)

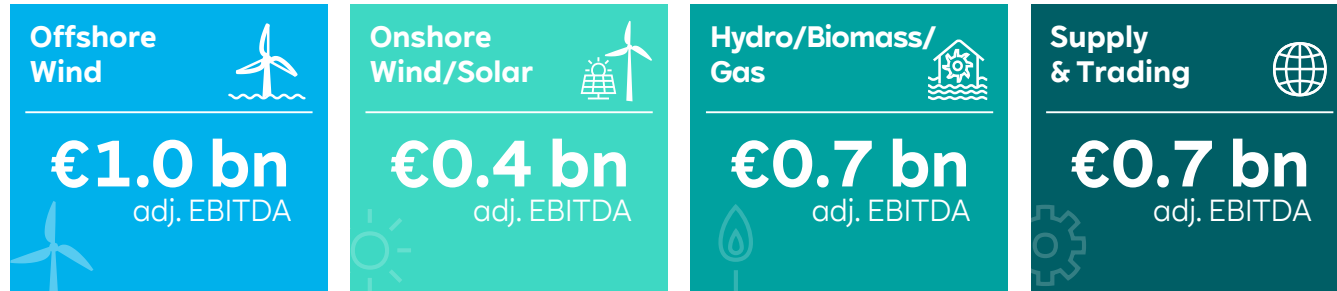
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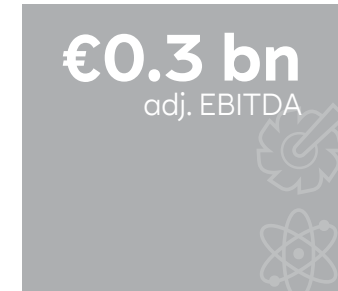
**Improved credit profile** with solid balance sheet fully reflecting nuclear and coal phaseout

# New strategic positioning is reflected in steering model of RWE with focus on green growth

## Core



## Coal/Nuclear



Core adj. EBITDA 2019

€2.7 bn

Net CAPEX 2020 – 2022

€~5 bn

for growth investments  
in wind and solar

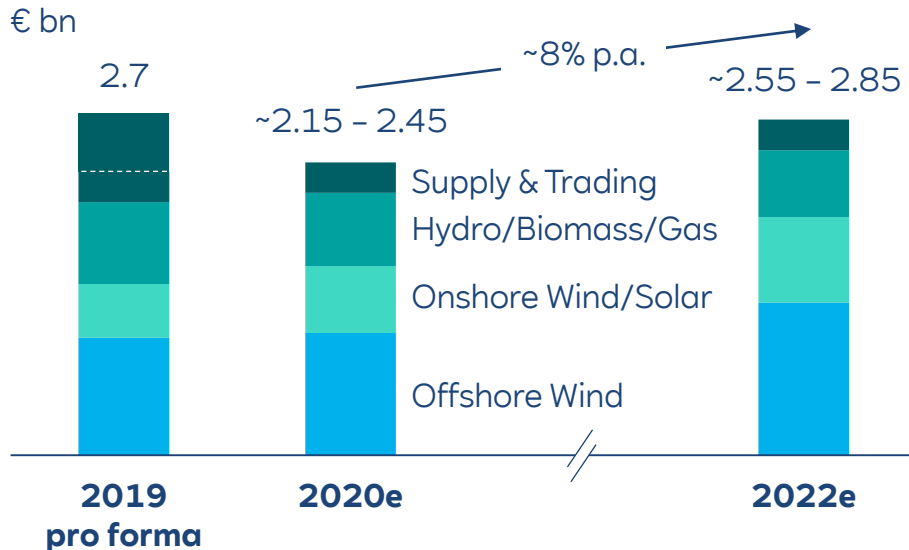
Net debt/adj. EBITDA 2019

2.6x

Note: 2019 pro forma adjusted EBITDA; pro forma: new business segmentation and inclusion of E.ON's acquired assets for full fiscal year 2019.

# RWE's core business set to show solid growth into 2022

## Outlook for adjusted EBITDA for RWE's core business



Note: 2019 pro forma adj. EBITDA includes approx. €0.5 bn outperformance of RWE Supply & Trading.

## Offshore Wind

Contribution of Triton Knoll 2021/2022

## Onshore Wind/Solar

Contribution from new net capacity of ~3.5 GW

## Hydro/Biomass/Gas

Declining GB capacity payments expected to be partly offset by increasing generation spreads

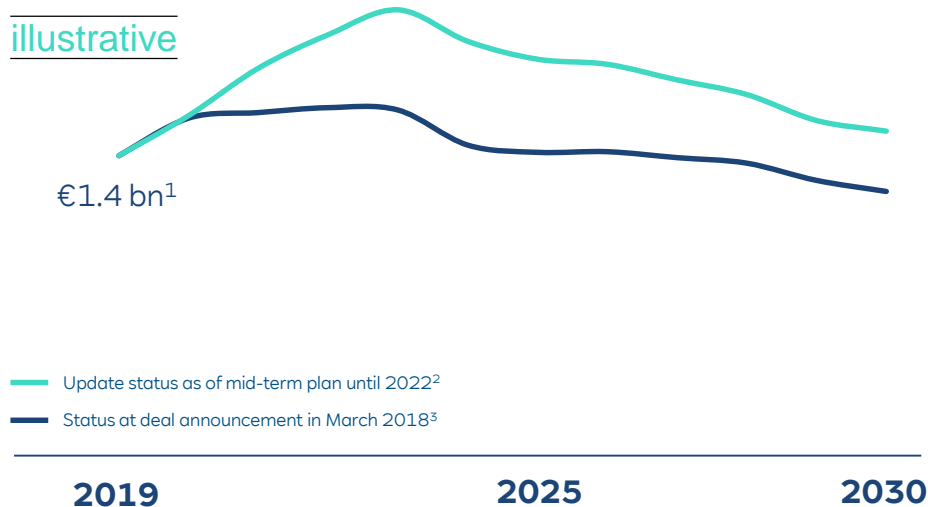
## Supply & Trading

Return to normalised level after exceptionally high earnings in 2019

# High level of long-term secured earnings streams from existing wind and solar business

## Estimated development of adj. EBITDA wind/solar

illustrative



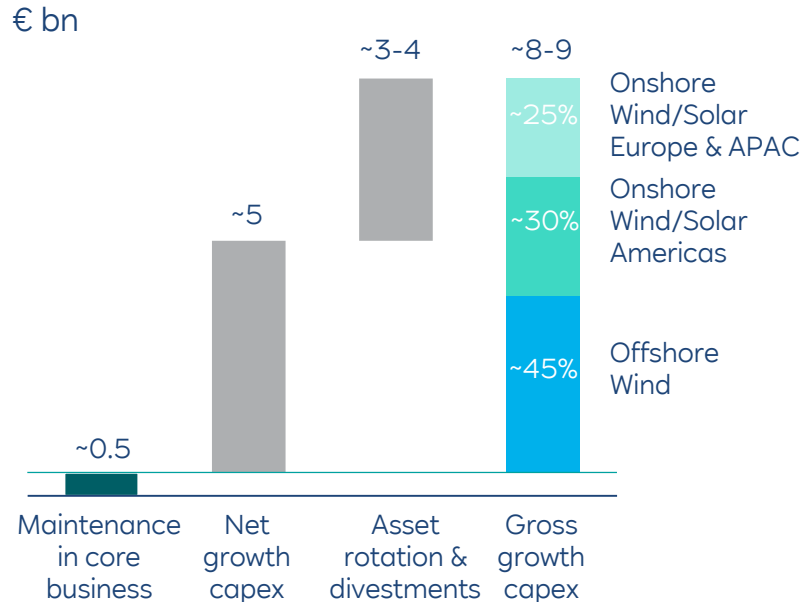
- Earnings profile improves through portfolio development since 2018
- Expected adj. EBITDA in 2030 still above 2019 despite no further growth investments post 2022 assumed
- Main portfolio effects from phaseout of support schemes:
  - Nordsee Ost and Amrumbank until 2025
  - Arkona and Robin Rigg until 2030

<sup>1</sup> 2019 pro forma adjusted EBITDA; pro forma: new business segmentation and inclusion of E.ON's acquired assets for full fiscal year 2019. | <sup>2</sup> Including all projects to be commissioned until 2022. |

<sup>3</sup> Adj. for consolidation effects (e.g. Rampion) and transfer of hydro and biomass activities to the division Hydro/Biomass/Gas. | Note: consolidated view. Source RWE analysis.

# Significant investments to grow wind & solar capacity to >13 GW by 2022

## RWE's core capex programme 2020 – 2022

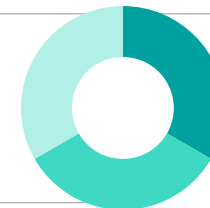


## Gross growth capex by region and technology

	Offshore wind	Onshore wind	Solar & storage
<b>Germany</b>	~10%	<5%	
<b>UK</b>	~30%	<5%	~5%
<b>Other Europe</b>		~10%	
<b>Americas</b>	~5%	~20%	~10%
<b>APAC</b>		<5%	<5%

Remaining pipeline ~1/3

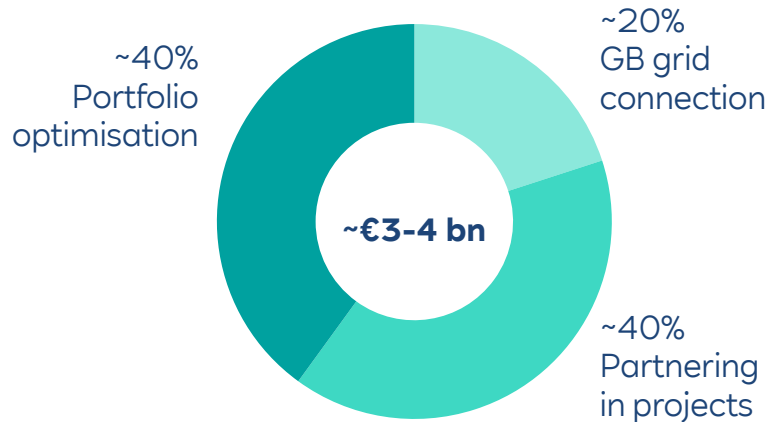
Close to FID ~1/3



Committed (FID taken) ~1/3

# Asset rotation and divestment strategy to accelerate our growth ambitions and additional lever to create value

## Asset rotation and divestment programme 2020 – 2022



- Disposal of **GB grid connection** (OFTO – offshore transmission owners)
- **Partnering** in large scale projects for risk diversification and financing purposes; target to keep majority and fully consolidate projects
- **Portfolio optimisation** in order to achieve a broad balanced portfolio
- Disposal programme refers to ~€0.1 bn consolidated annual **EBITDA**



# Value added by attractive returns in the renewables business

## IRR requirements for wind/solar projects

### Offshore Wind

Mature markets

5.5%  8.5%

New markets

7.0%  10.0%

### Onshore Wind/Solar

Europe

4.5%  8.0%

US

5.5%  8.0%

New markets

6.5%  9.5%

- Investment decisions based on **strict hurdle rate approach** with project IRR typically exceeding base renewables WACC by 100 to 300 bps
- Hurdle rates include **risk premia** depending on project risk profile (technology, regulatory and remuneration risk)
- Project returns **do not include** disposal gains, costs for management support and new markets scouting
- Evaluation of investment decisions include **pay back profiles** and **sensitivity analysis**
- **Post completion review** to monitor investment performance

# Solid capital structure provides financial flexibility for core business

- Net debt of €7.0 bn after **financial ring-fencing** of coal phaseout liabilities

- 2.6x** 2019 **leverage factor**<sup>1</sup>

- Targeted **leverage factor** (net debt/core adj. EBITDA) of  $\leq 3.0x$

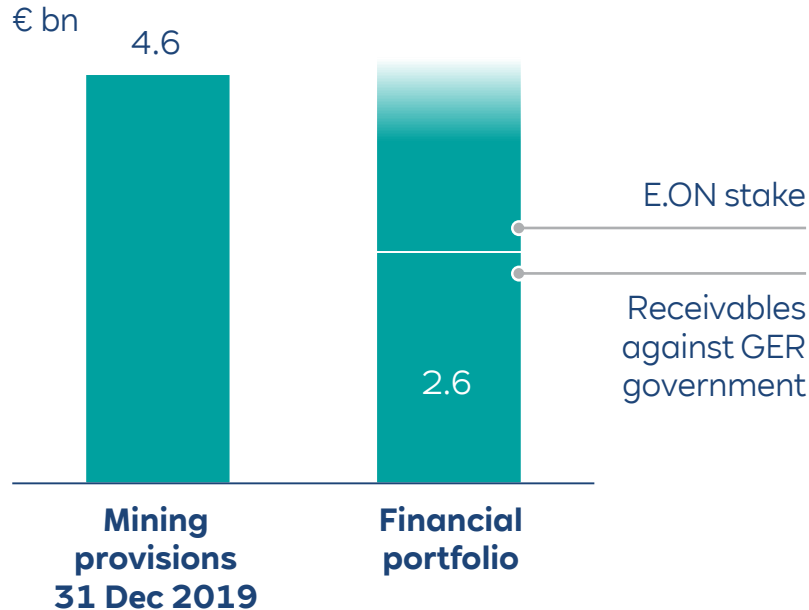
- Focus on **maintaining investment grade rating with target** of at least **Baa2/BBB**

<b>New definition of net debt</b> (€ million)	<b>31 Dec 2019</b>
<b>Financial assets</b>	<b>9,098</b>
<b>Financial liabilities</b> (incl. hybrid capital adjustment)	<b>5,179</b>
<b>Net financial assets</b> (incl. hybrid capital adjustment)	<b>3,919</b>
Provisions for pensions and similar obligations	3,293
Provisions for nuclear waste management	6,723
Provisions for dismantling wind farms	951
<b>Net debt of continuing operations</b>	<b>7,048</b>

<sup>1</sup> Net debt/pro forma core adj. EBITDA; pro forma: new business segmentation and inclusion of E.ON's acquired assets for full fiscal year 2019.

# Commitment to financially ring-fence coal phaseout liabilities with financial portfolio

## Funding of coal phaseout liabilities

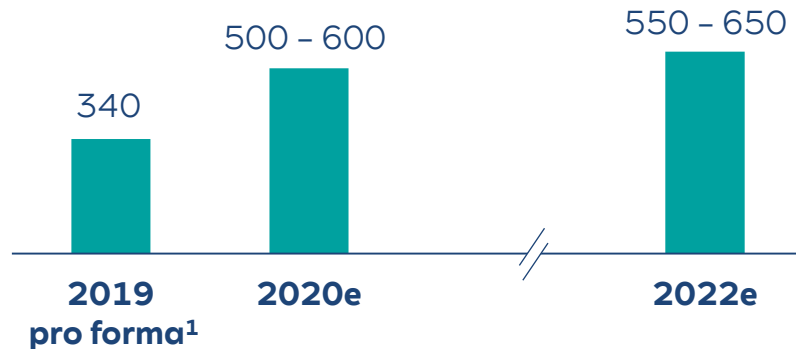


- Provisions for mining liabilities reflecting accelerated coal phaseout total €4.6 bn
- Agreement with German government includes compensation payment of €2.6 bn payable over 15 annual instalments
- Commitment to back amount with adequate financial portfolio. Financial portfolio currently consists of
  - Receivables against German government
  - 15% stake in E.ON (income from financial portfolio recognised in 'financial result')

# Coal/Nuclear earnings driven by margin improvements and capacity closures

## Outlook for adjusted EBITDA

€ million



### CAPEX outlook

2019	2020e	2022e
281 <sup>1</sup>	~250	~150

## Earnings outlook 2020

- Improvement from higher realised generation margin
- Production plan updated after lignite phaseout agreement

## Mid-term earnings outlook 2022

- Expected increase in hedge prices
- Closure of generation capacity

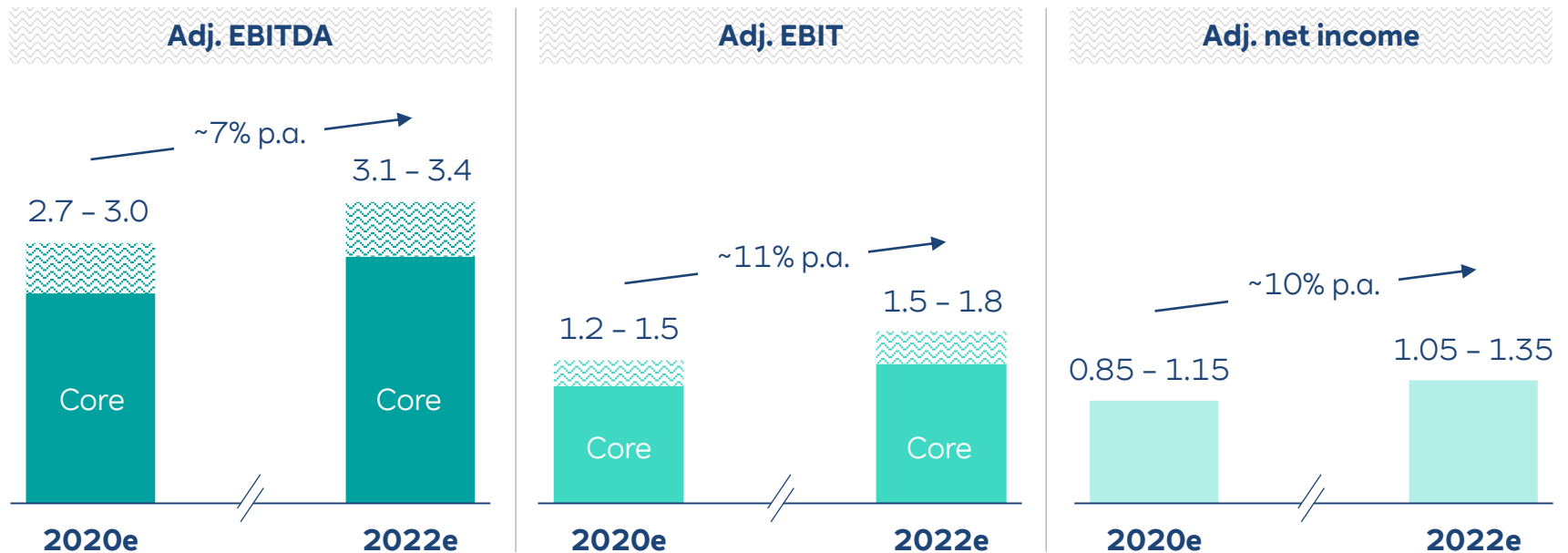
## Mid-term earnings outlook 2023 - 2025

- Strong earnings decline after further generation capacity closure by 2022 to €0 - 200 million p.a.
- Including efficiency improvements, lignite operations will on average be cash flow positive<sup>2</sup>

<sup>1</sup> Pro forma: new business segmentation. Former division Lignite & Nuclear plus German hard coal and nuclear minorities for full fiscal year 2019. | <sup>2</sup> EBITDA covers annual capex.

# Mid-term outlook for RWE Group shows earnings growth down to the bottom line and high share of core business

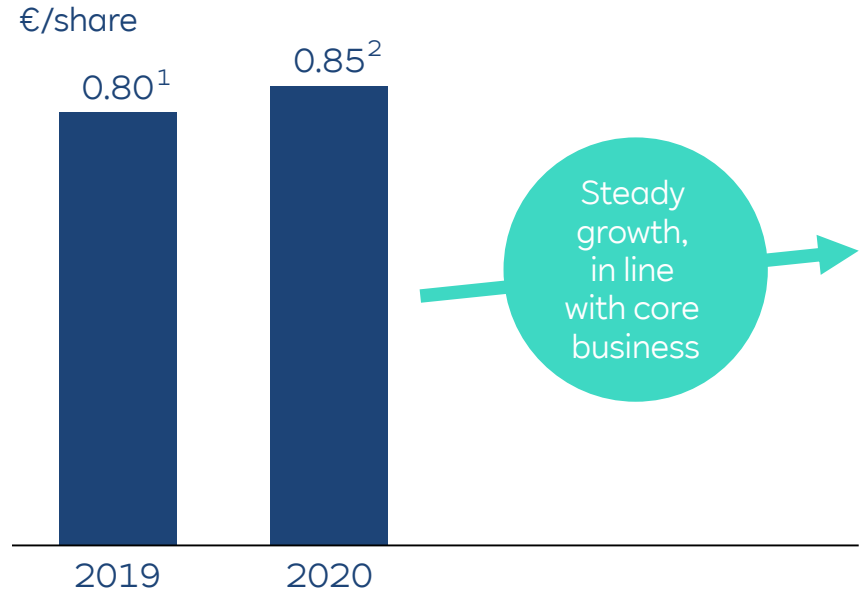
## Earnings outlook for RWE Group (€ bn)



# RWE targets continued dividend growth in line with core business development

## Elements of dividend policy

- Management focus on total shareholder return
- Target to grow future dividends in line with earnings growth in core business
- Objective of steady growth with potential to smooth short-term volatility of trading business and weather effects
- Dividend strategy corresponds to a payout ratio between ~40% and ~60% of adjusted net income



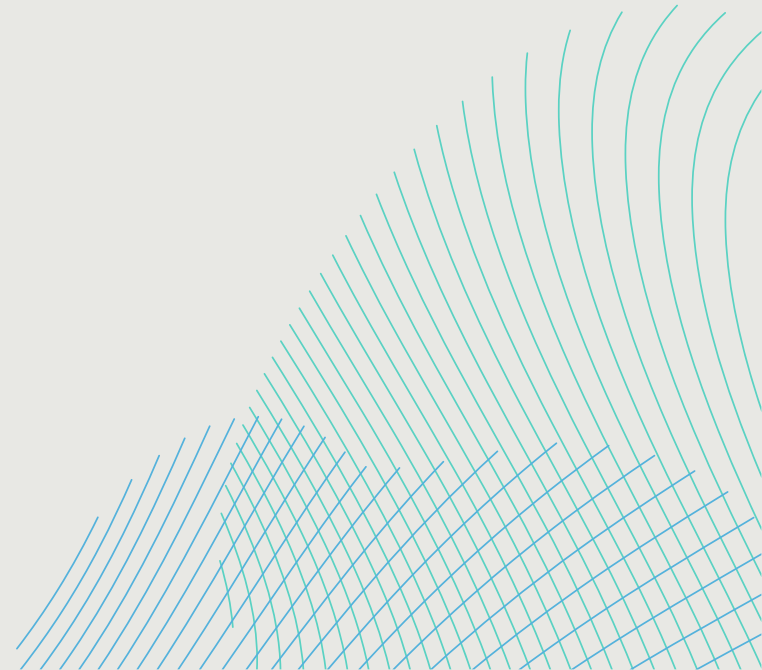
<sup>1</sup> Subject to AGM approval, 28 Apr 2020. | <sup>2</sup> Management target.

# Creating value in the renewable energy world

- Sustainable long-term earnings profile
- Investments in renewables provide basis for attractive growth
- Strong balance sheet providing financial flexibility
- Management focus on total shareholder return with continued dividend growth



# Closing remarks



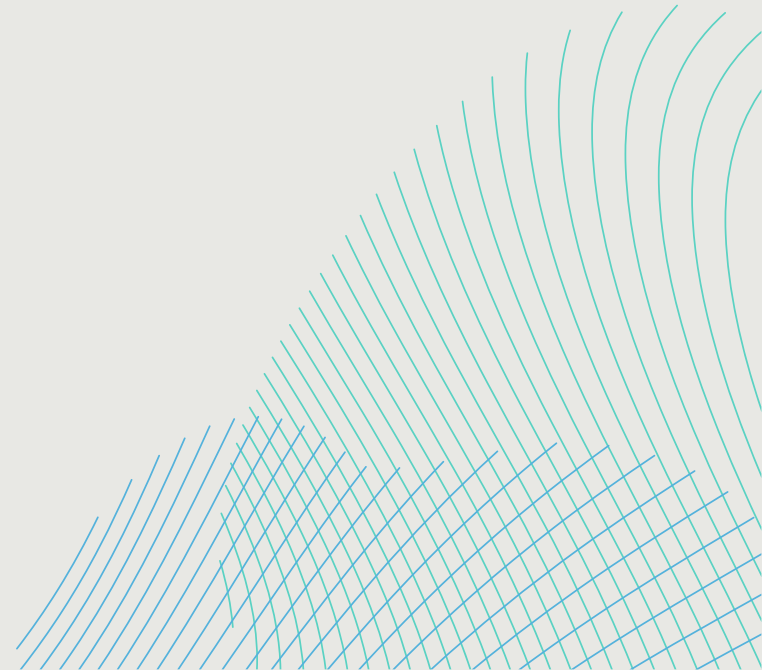


# Creating value in the renewable energy world

## Investment highlights

- ✓ Uniquely positioned to benefit from the energy transition
- ✓ Attractive growth opportunities in renewable energy
- ✓ Strict focus on value creation and shareholder return
- ✓ Strong commitment to sustainable development goals
- ✓ Highly motivated team incentivised to deliver strategic targets

# Appendix

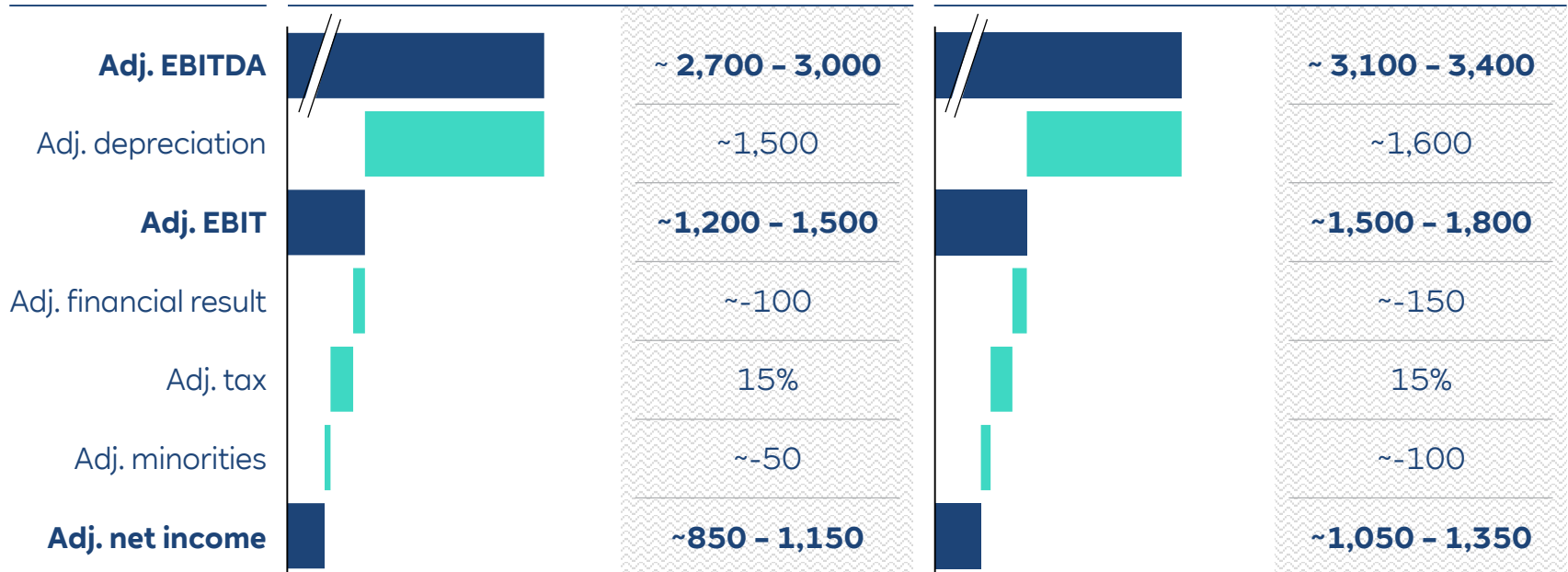


# Outlook for RWE Group

€ million

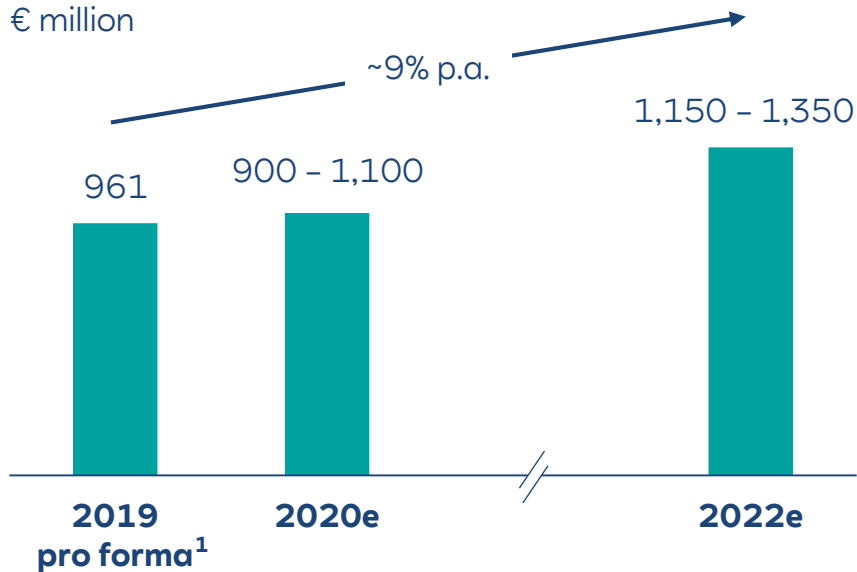
## Fiscal year 2020e outlook

## Fiscal year 2022e outlook



# Divisional outlook for Offshore Wind

## Outlook for adjusted EBITDA – Offshore Wind



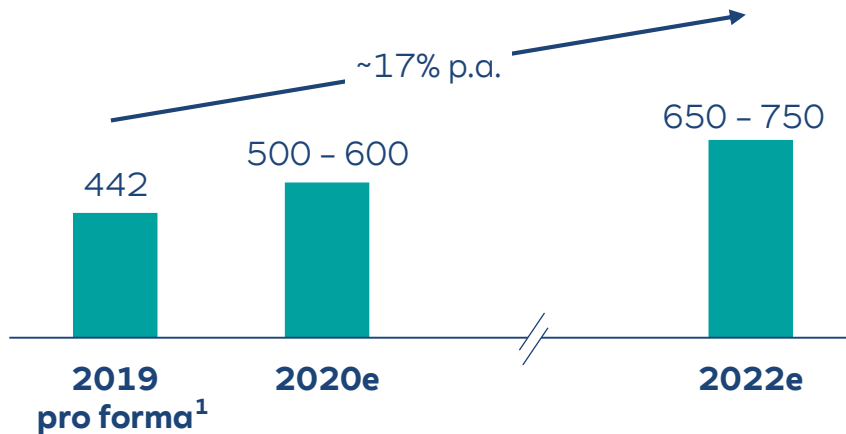
- Normalised weather situation assumed versus low wind levels in 2019, particularly in UK
- Contribution of new projects
  - Triton Knoll (UK, 860 MW<sup>2</sup>, 2021/22)
- Nordsee Ost starting first reduction of feed in tariff in compression model from August 2022

<sup>1</sup> Pro forma: new business segmentation and inclusion of E.ON's acquired assets for full fiscal year 2019. | <sup>2</sup> Accounting view.

# Divisional outlook for Onshore Wind/Solar

## Outlook for adjusted EBITDA – Onshore Wind/Solar

€ million



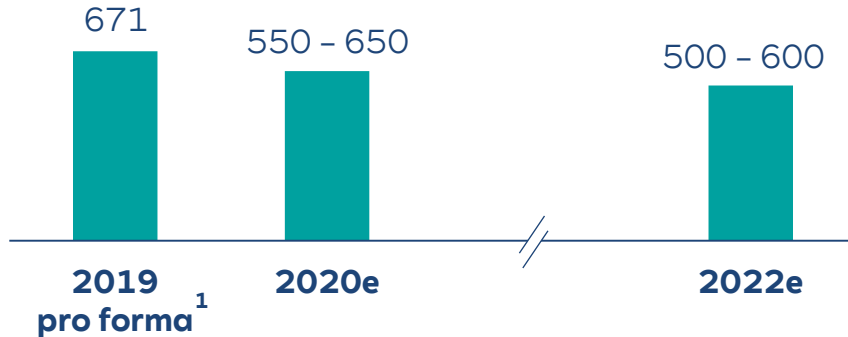
- Normalised weather situation assumed versus low wind levels in 2019, particularly in UK
- Planned contribution of new projects: ~3.5 GW net capacity additions, of which ~2 GW in the US
- Asset rotation leading to expected earnings impact of a high double digit million € amount by 2022
- ~0.5 GW to fall out of support schemes, mainly in the US portfolio (expected earnings impact of a medium double digit million € amount)

<sup>1</sup> Pro forma: new business segmentation and inclusion of E.ON's acquired assets for full fiscal year 2019.

# Divisional outlook for Hydro/Biomass/Gas

## Outlook for adjusted EBITDA – Hydro/Biomass/Gas

€ million



- Declining revenues from GB capacity market:

2019	2020	2021	2022
€229m	~€160m	~€160m	~€80m

2019 includes one-off repayment for 2018 GB capacity market of €51m

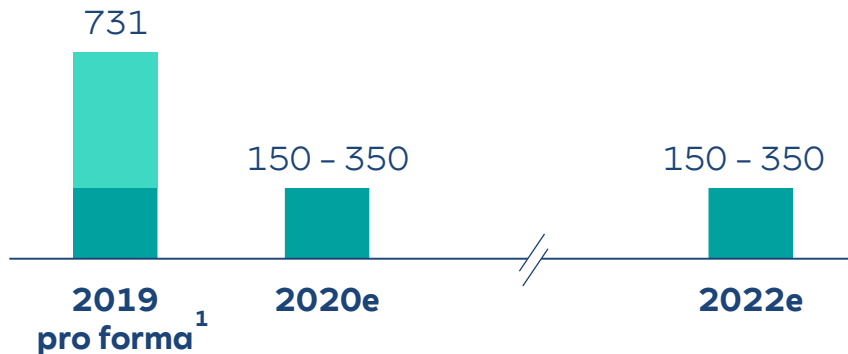
- Expectation of slight increase in generation spreads
- Stable earnings contribution from biomass conversion in NL
- Stable earnings contribution from 37.9% participation in Kelag

<sup>1</sup> Pro forma: new business segmentation. Former European Power, including hydro and biomass activities from innogy, excluding German hard coal activities and including 37.9% participation in Austrian Kelag.

# Divisional outlook for Supply & Trading

## Outlook for adjusted EBITDA – Supply & Trading

€ million



- Exceptionally high earnings contribution in 2019 due to outstanding trading performance and strong contribution from gas and LNG
- Long-term average earnings contribution of ~€250 million, including stable earnings contribution from gas storage

<sup>1</sup> Pro forma: new business segmentation. Includes gas storage activities acquired from E.ON for full fiscal year 2019. Includes approx. €0.5 bn outperformance.

# Key sensitivities to our planning assumptions for 2020

Driver	Segment	Type	Sensitivity	Group impact <sup>1</sup>
Wind levels	Offshore Wind	P&L	+/- 10% production	+/- €150 million
	Onshore Wind/Solar	P&L	+/- 10% production	+/- €100 million
Power prices	Offshore Wind and Onshore Wind/Solar	P&L	+/- 10%	+/- €60 million <sup>2</sup>
Main f/x (USD & GBP)	RWE Group	P&L	+/- 10%	+/- €125 million
CO <sub>2</sub> prices	RWE Group	P&L	+/- €1/t	Hedged until 2030
Pension provisions	RWE Group Germany	B/S	+/- 0.1% <sup>3</sup>	-€150/+€170 million <sup>4</sup>
	RWE Group abroad	B/S	+/- 0.1% <sup>3</sup>	-€90/+€100 million <sup>4</sup>
Nuclear provisions	RWE Group	B/S	+/- 0.1% <sup>3</sup>	-/+ €50 million
Mining provisions	RWE Group	B/S	+/- 0.1% <sup>3</sup>	-/+ €140 million

<sup>1</sup> All figures are rounded numbers. P&L figures refer to adjusted EBITDA. | <sup>2</sup> Earnings impact on unhedged position. For 2020 we have already hedged a significant amount of our merchant production volumes. |

<sup>3</sup> Change in real discount rate (net effect from change in nominal discount rate and escalation rate). | <sup>4</sup> Gross effect of changes in present value of defined benefit obligations. No offsetting effect from development of plan assets included.



# Your contacts in Investor Relations

## Important Links



- **Annual and interim reports & statements**  
<http://www.rwe.com/ir/reports>
- **Investor and analyst conferences**  
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**Contact for ADR-holders at BNY Mellon**  
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+1 201 680-6255 (outside from the US)  
1-888-269-2377 (within the US)

## Financial Calendar

- **28 April 2020**  
Annual General Meeting
- **14 May 2020**  
Interim statement on the first quarter of 2020
- **13 August 2020**  
Interim report on the first half of 2020
- **12 November 2020**  
Interim statement on the first three quarters of 2020
- **16 March 2021**  
Annual Report for fiscal 2020

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