

Investor and Analyst H1 2014 Conference Call

Essen, 14 August 2014

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Forward Looking Statement

This presentation contains certain forward-looking statements within the meaning of the US federal securities laws. Especially all of the following statements:

- > Projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items;
- > Statements of plans or objectives for future operations or of future competitive position;
- > Expectations of future economic performance; and
- > Statements of assumptions underlying several of the foregoing types of statements

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Agenda

A

Peter Terium

H1 2014 highlights, generation & retail update

B

Bernhard Günther

H1 2014 Group results & outlook

Main messages for H1 2014

➤ Financial performance in line with expectations:
EBITDA -32%, operating result -40%, recurrent net income -62%

➤ Group outlook for 2014 confirmed





➤ EU Commission approves RWE Dea transaction;
closing expected by the end of 2014

➤ RWE enters Romanian electricity supply market

➤ Reform of the Renewable Energy Act (EEG 2.0) passed

➤ S&P confirms our BBB+ rating

Deliveries on our measures to improve the leverage situation

Measures		
Efficiency enhancements	<ul style="list-style-type: none">> Earnings improvement through efficiency enhancement measures; at least €1.5 bn by 2016	
Capex reduction	<ul style="list-style-type: none">> Reduction of discretionary investments> Optimisation of maintenance capex	
Disposals	<ul style="list-style-type: none">> Sale agreement signed for RWE Dea; closing expected later in 2014> Urenco and further portfolio optimisation	
Dividend policy	<ul style="list-style-type: none">> Adjusted dividend pay-out ratio from 2014 onwards; 40% – 50% of recurrent net income	

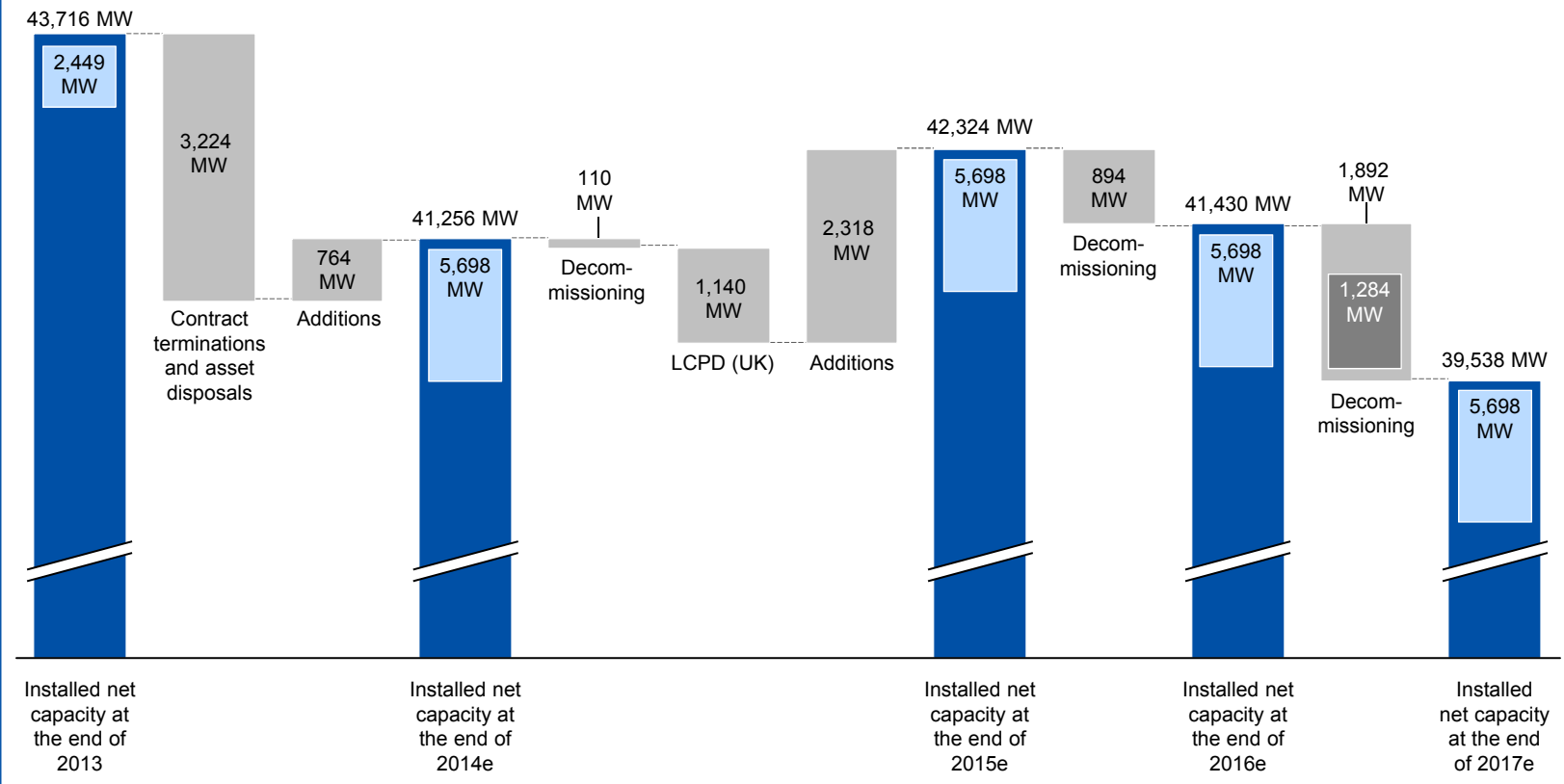
Overview of capacity measures

Measure	Plant	MW ¹	Fuel	Location	Date
Decommissioning	Amer 8	610	Hard coal	NL	Q1-2016
	Goldenbergwerk	110	Lignite	DE	Q3-2015
	Westfalen C	285	Hard Coal	DE	Q1-2016
	Gersteinwerk K2	610	Hard Coal	DE	Q1-2017
Long-term mothballing	Claus C	1,300	Gas	NL	Q3-2014
	Moerdijk 2	430	Gas	NL	Q4-2013
	Gersteinwerk F	355	Gas – steam turbine	DE	Q3-2013
	Gersteinwerk G	355	Gas – steam turbine	DE	Q2-2014
	Weisweiler H	270	Topping gas turbine ²	DE	Q3-2013
	Weisweiler G	270	Topping gas turbine ²	DE	Q3-2013
	Mid-size units	85 ³	Gas	NL	Q1-2013
Summer mothballing	Emsland B	360	Gas – steam turbine	DE	Q2-2014
	Emsland C	360	Gas – steam turbine	DE	Q2-2014
	Lingen	880	Gas – CCGT	DE	Q2-2014
Termination of contracts	Confidential	2,660	Hard coal	DE	Q4-2013 – Q4-2014
Total		8,940 MW			

¹ Net nominal capacity, rounded | ² At a lignite plant | ³ Includes 1 unit which is part of ELES transaction

Impact of our capacity measures on our total conventional generation portfolio

Net decrease in RWE Generation's portfolio¹ to substantially materialise after 2015



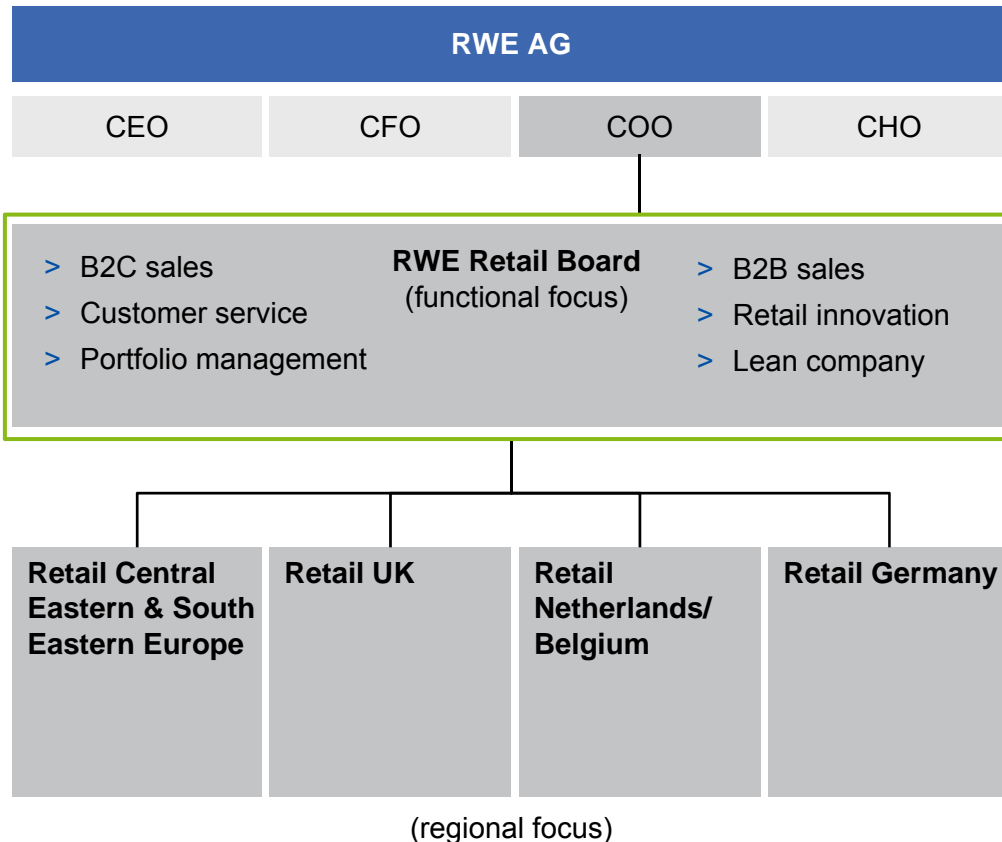
XX MW Thereof mothballed gas-fired capacity

XX MW Thereof nuclear decommissioning

¹ RWE's legal consolidation stake

RWE Retail will steer all retail activities

Structure RWE Retail



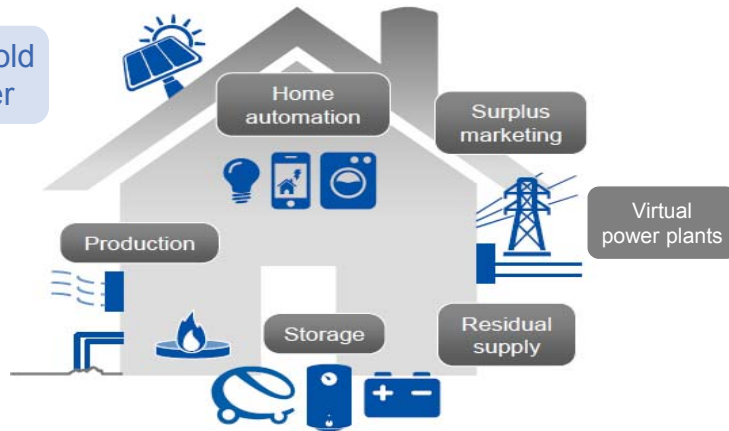
Targets

- » RWE Retail established to leverage and grow competencies throughout a large customer base of over 23 million private and commercial electricity and gas customers across Europe
- » RWE Retail responsible for target-setting for the regions and for accelerating know-how exchange and value creation
- » Cooperation pilots across retail have already paid off, e.g.
 - Retention management
 - End-to-end process design

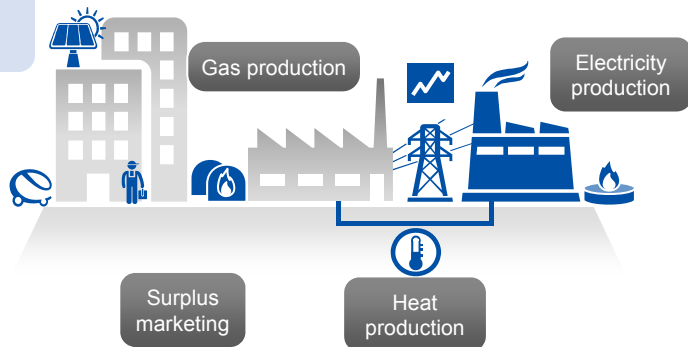
More customers will produce self-generated power and will be enabled to manage their consumption

Changing Energy Landscape

Household customer



Business customer



Trends in retail markets

- » Increase in decentral energy production from household customers
- » Higher incentivisation of “prosumers” to maximise own consumption
- » Rising penetration of home automation systems enables households to manage their energy needs
- » Electricity production on-site becomes increasingly attractive for business customers which leads to higher volumes of own production of power, gas or heat

Agenda

A

Peter Terium

H1 2014 highlights, generation & retail update

B

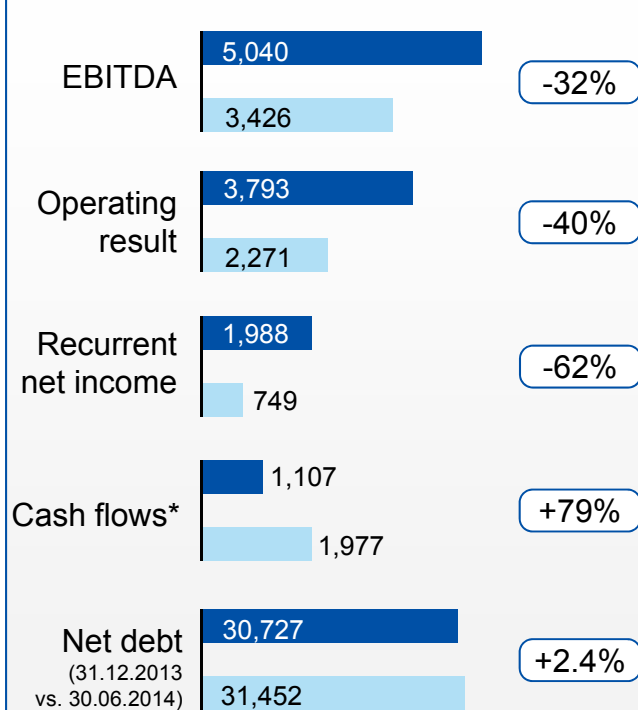
Bernhard Günther

H1 2014 Group results & outlook

Expected decline in earnings and an increase in cash flow

RWE key figures for H1 2014

€ million

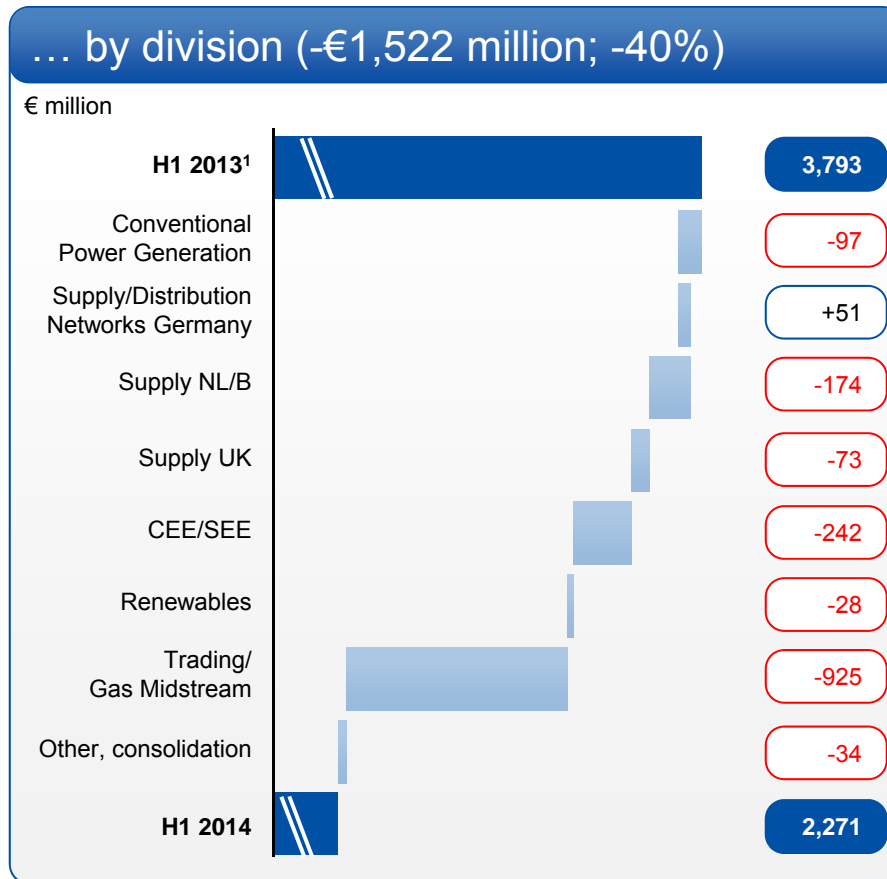


* Cash flows from operating activities of continuing operations

■ 2013 □ 2014

- Besides margin erosion in conventional power generation and the negative weather effects, the decline of EBITDA and operating result is especially impacted because we received a one-off payment from the Gazprom arbitration court ruling in 2013
- Recurrent net income for 2013 includes the earnings contribution of RWE Dea (€158 million) while it is excluded in 2014
- Cash flows from operating activities of continuing operations: see details on slide 13
- Net debt still includes RWE Dea and will come down significantly when the transaction closes

Development of operating result ...



- Earnings in Conventional Power Generation under pressure due to declining generation margins
- Earnings trend in our supply divisions suffered among other things from weather effects
- Development of Supply NL/B division was also impacted by positive one-off (release of provisions) in 2013
- Development of CEE/SEE division was hampered among other things by the deconsolidation of NET4GAS and absence of positive effect from f/x derivatives which occurred in 2013
- Trading/Gas Midstream: Absence of positive one-off from arbitration court ruling on our long-term oil-indexed gas contract with Gazprom in 2013

¹ Partly restated figures; see H1 2014 interim report, pages 10 and 37.

Cash flow statement

January – June €million	2014	2013	Change (absolute)
Funds from operations (FFO)	1,632	3,691	-2,059
Change in working capital	345	-2,584	2,929
Cash flows from operating activities	1,977	1,107	870
Capex on fixed assets	-1,433	-1,508	75
Free cash flow	544	-401	945

All figures from continuing operations.



FFO – among other things:

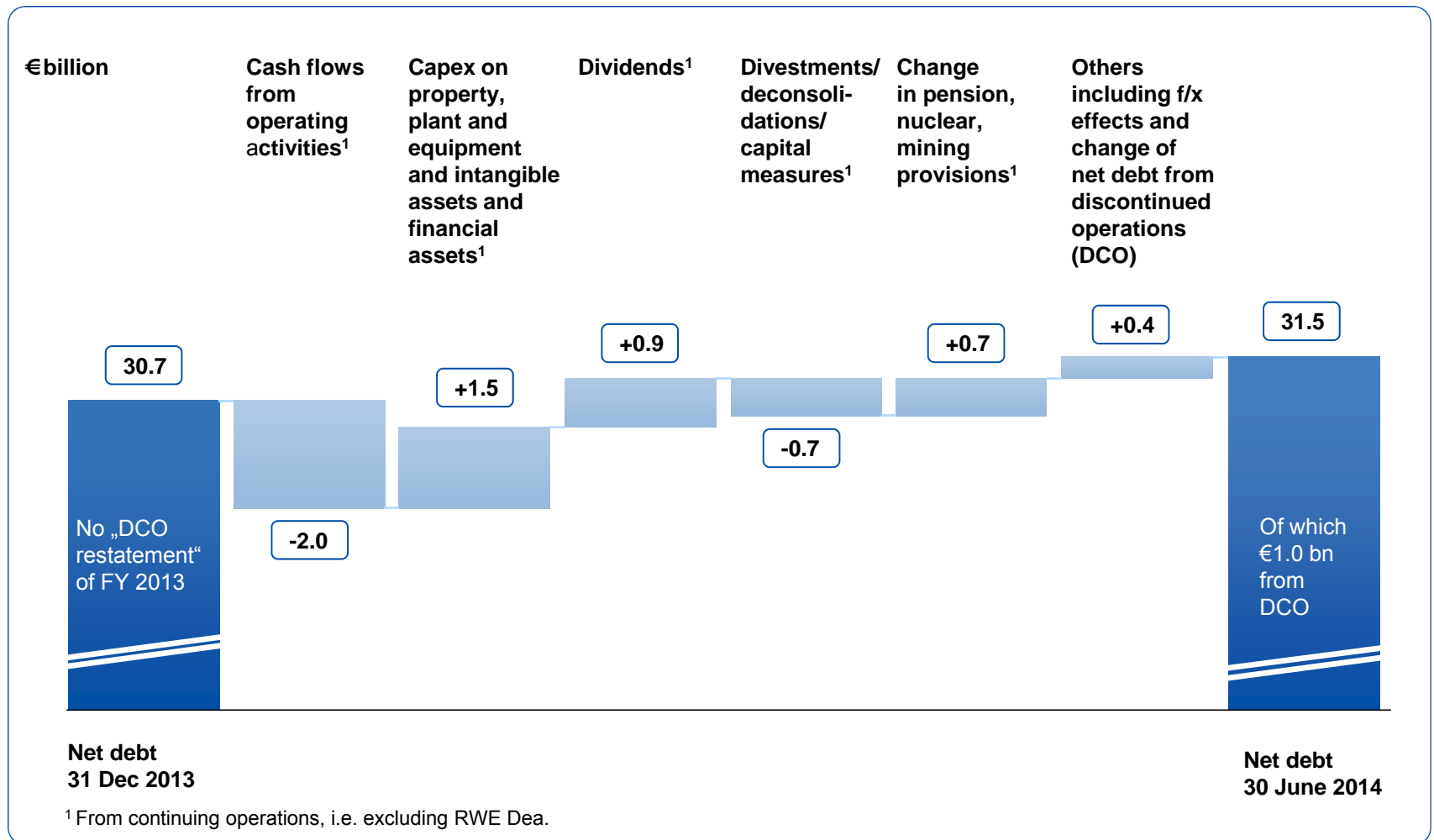
- > One-off profit from Gazprom arbitration ruling in 2013, offset in the change in working capital (see below)
- > Significantly higher reduction of provisions due to submission of CO₂ certificates for the previous year. Reflects the switch to the new compliance period with full auctioning in 2013 (see below)
- > Refund of nuclear fuel tax for our Emsland power plant



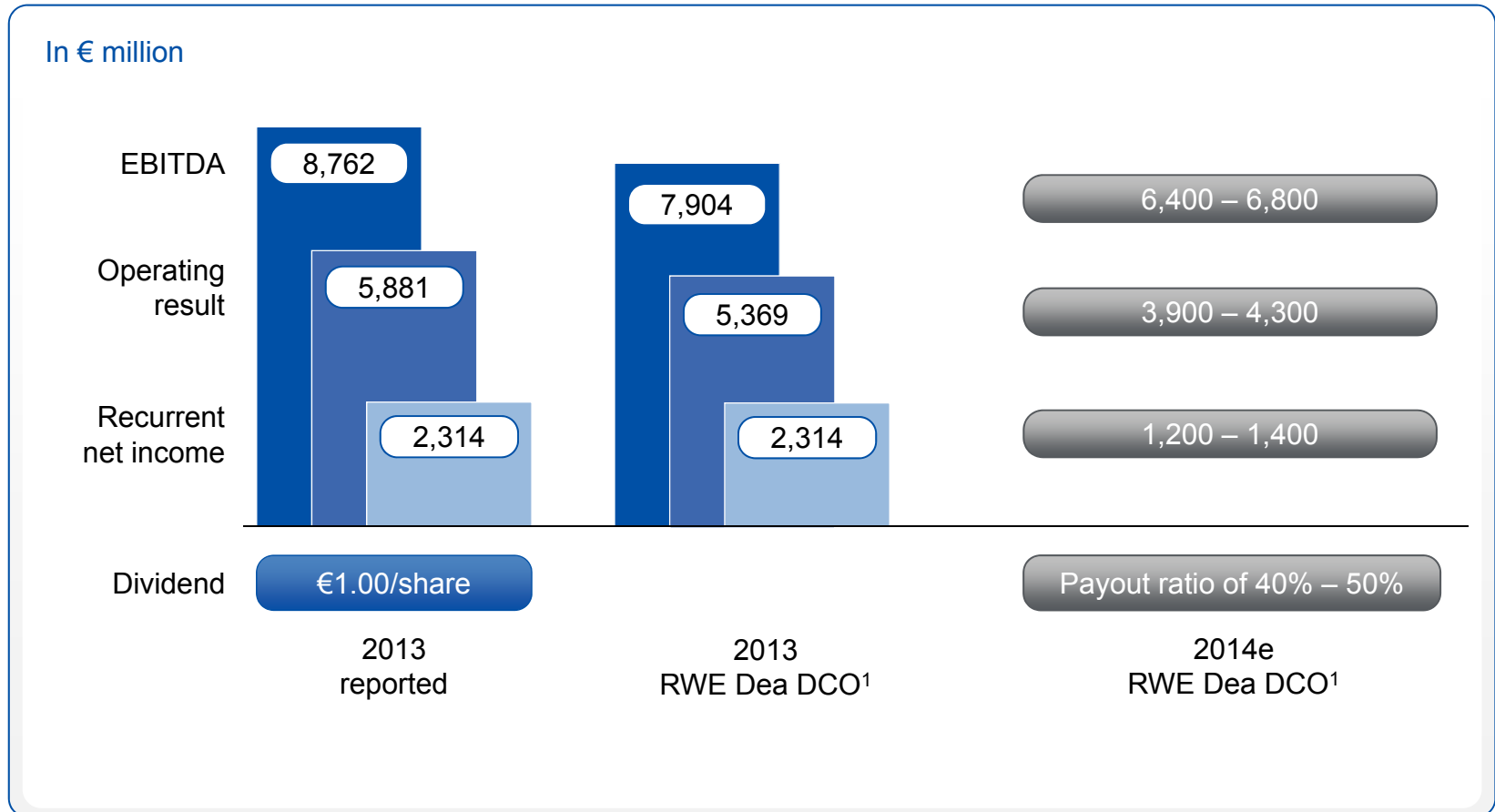
Change in working capital – among other things:

- > Increase of accounts receivable from Gazprom as the payment following the arbitration ruling in 2013 was received in Q3 2013 (see above)
- > Significantly higher reduction in CO₂ inventories due to submission of certificates for the previous year (see above)
- > Lower increase of accounts receivable due to mild weather and higher advance payments

Development of net debt



Outlook for 2014



¹ Based on the sale agreement, RWE Dea will be sold with retrospective effect as of 1 January 2014. Hence, RWE Dea is considered under 'discontinued operations' (DCO), i.e. not included in EBITDA and the operating result for 2013 and 2014. The recurrent net income (RNI) of RWE in 2013 still includes the RNI of RWE Dea. In 2014 RWE Dea is reflected in the RNI via the interest on the sale price, assuming the deconsolidation by the end of 2014. Further restatements according to IFRS 11. See pages 10 and 37 of the H1 2014 interim report.

2014 divisional outlook for the operating result unchanged except for Renewables

€ million	2013 ¹	2014 forecast versus 2013
Conventional Power Generation	1,384	Significantly below 2013
Supply/Distribution Networks Germany	1,626	Moderately above 2013
Supply Netherlands/Belgium	278	Significantly below 2013
Supply United Kingdom	290	Moderately below 2013
Central Eastern and South Eastern Europe	1,032	Significantly below 2013
Renewables	203	Significantly below 2013
Trading/Gas Midstream	831	Significantly below 2013

¹ Figures partly restated. For more details see H1 2014 interim report, pages 10 and 37.

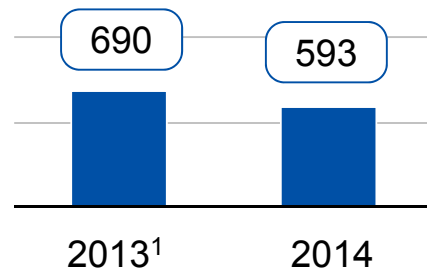
Back-up Charts



Performance of the Conventional Power Generation Division

January – June: operating result: -14% (-€97 million)

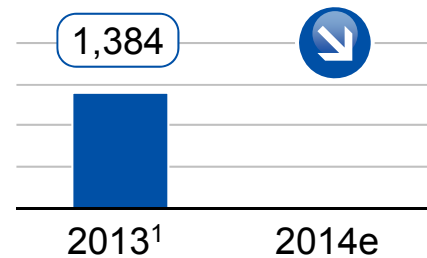
€ million



- Lower realised electricity generation spreads
- Closure of Tilbury and Didcot A power plants
- + Efficiency improvements and lower operating depreciation
- + Absence of negative one-off for adjustment of provision for pending losses from an electricity purchase contract in 2013

Guidance for fiscal 2014: Significantly below last year's level

€ million

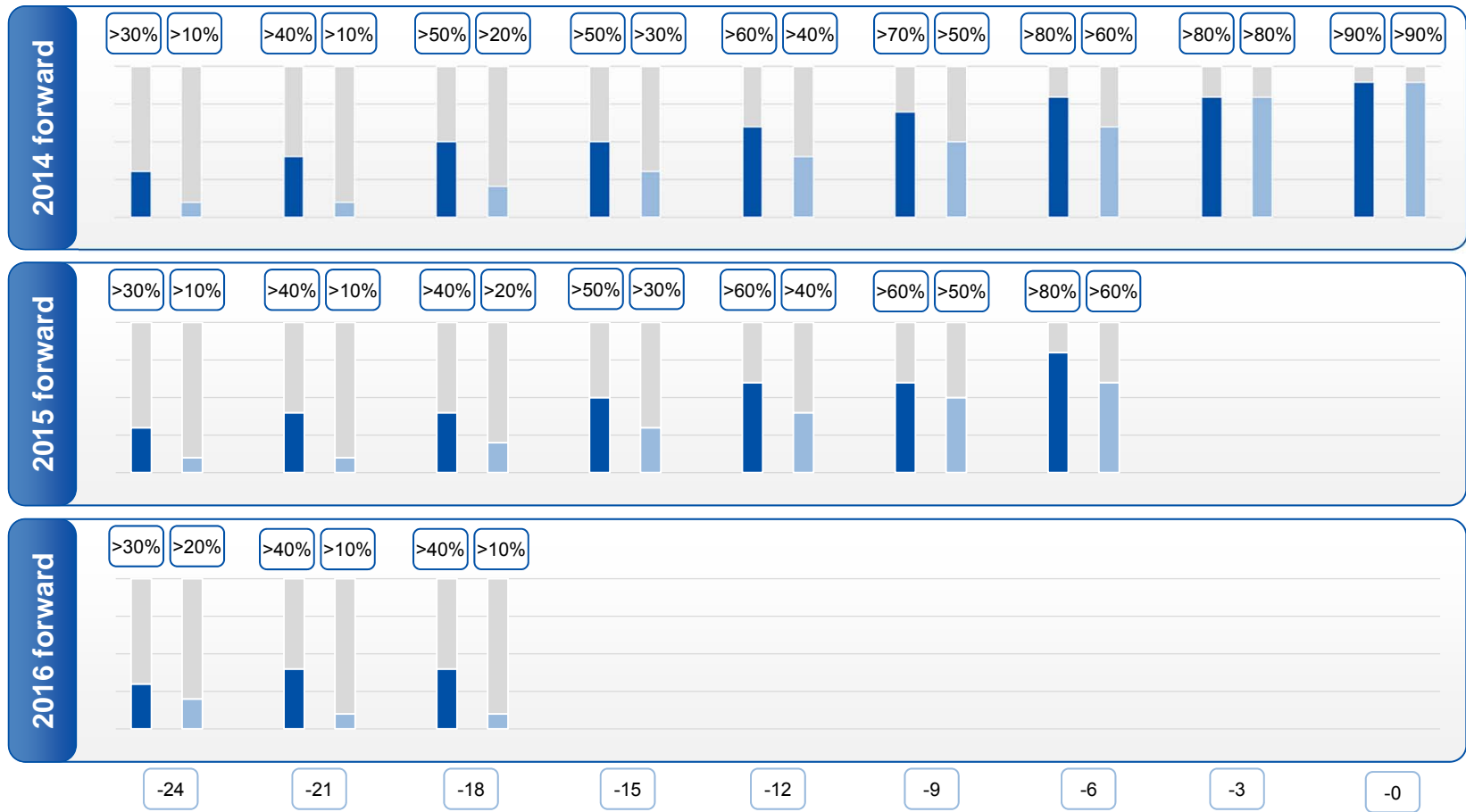


- Lower realised electricity generation spreads
- Higher expenses to maintain power stations after very few plant overhauls last year
- Closure of Tilbury and Didcot A power plants
- + Efficiency improvements and lower operating depreciation
- + Absence of negative one-off for adjustment of provision for pending losses from an electricity purchase contract in 2013

¹ Restated figure; see H1 2014 interim report, pages 10 and 37.

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

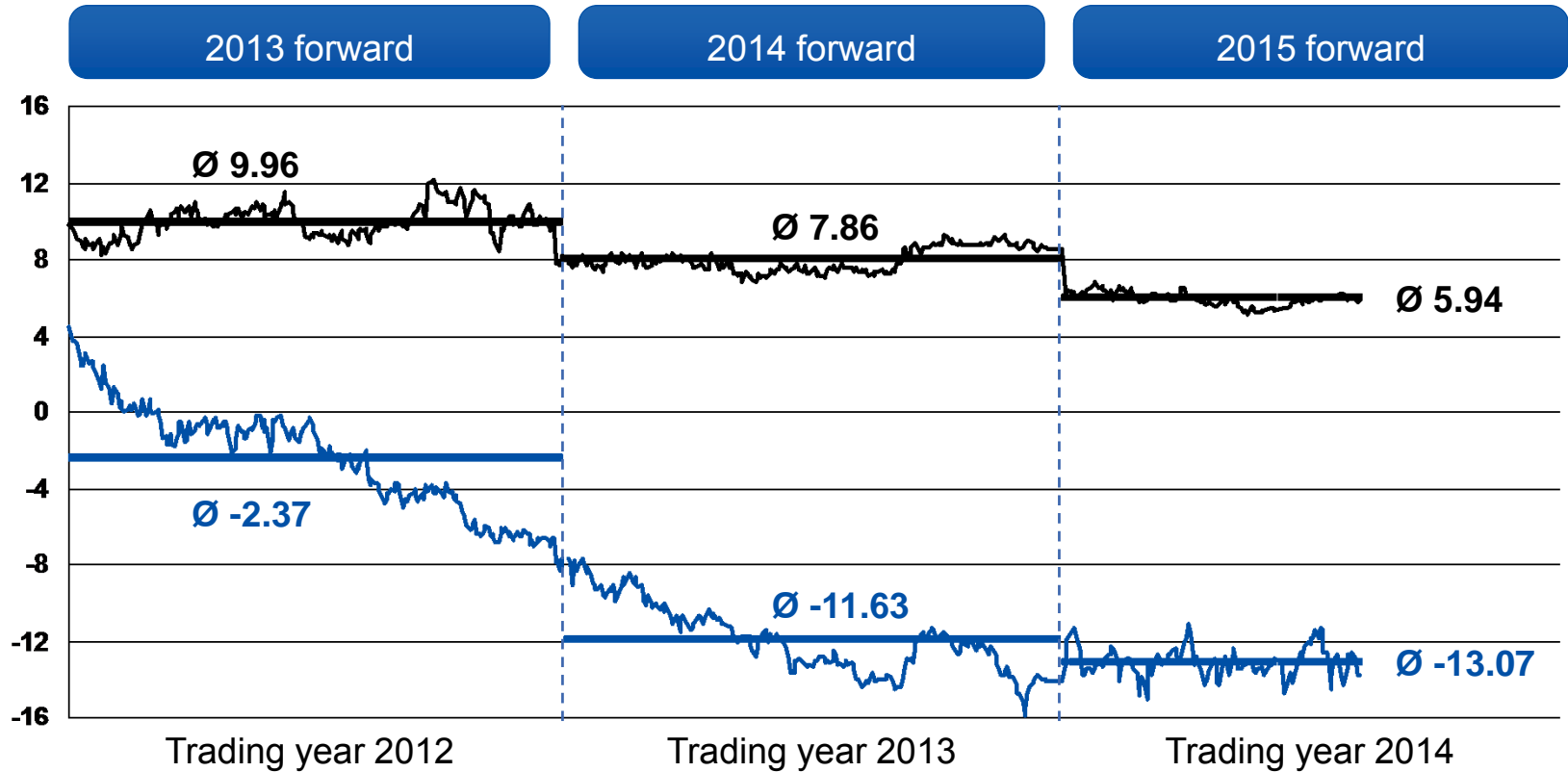
As of 30 June 2014



■ Outright (GER nuclear and lignite-based power generation)

■ Spread (GER, UK and NL/B hard coal and gas-based power generation)

Germany: Clean Dark (CDS) and Spark Spreads (CSS) and Spark Spreads (CSS)

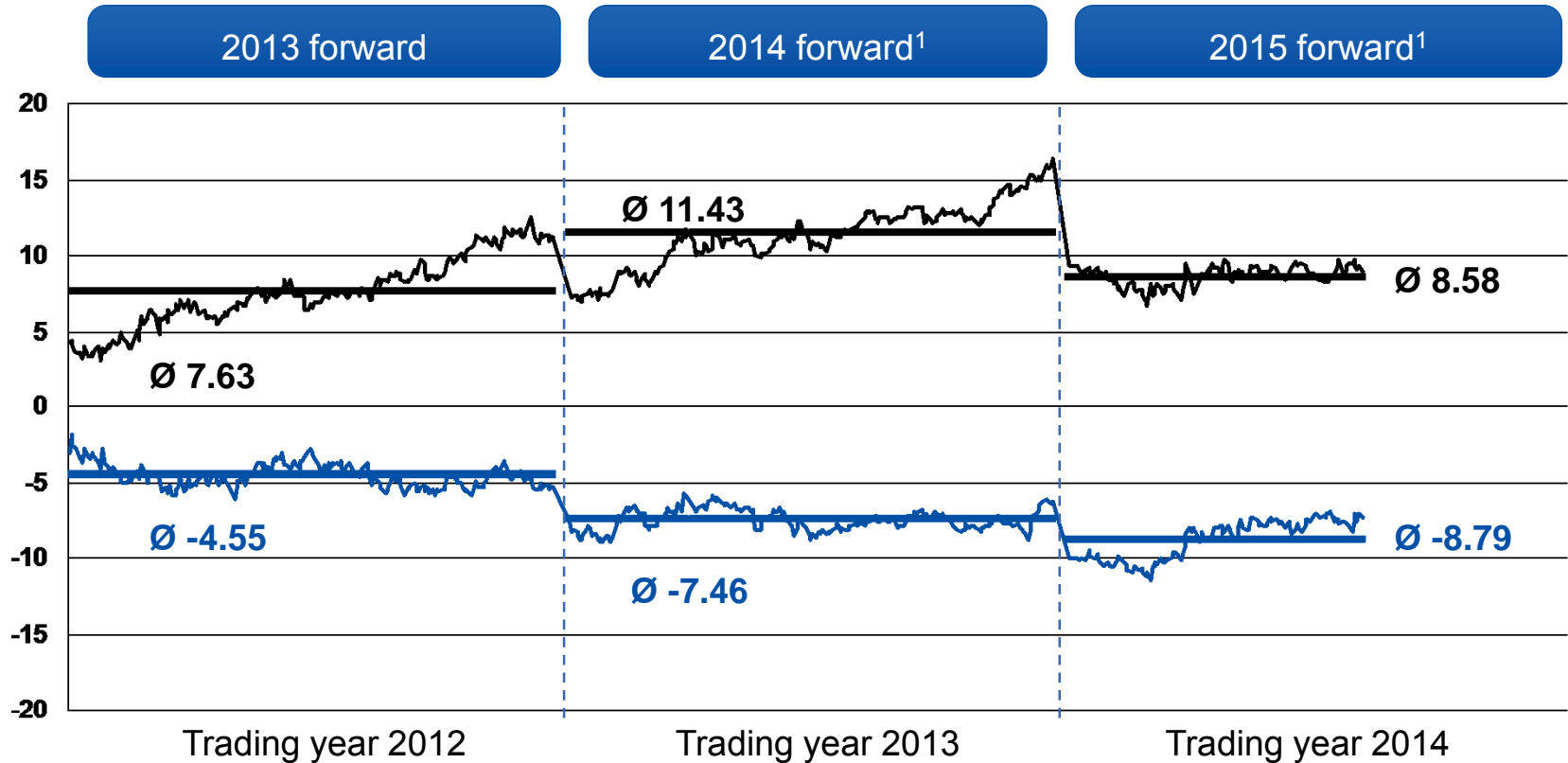


— CDS Cal 2013–15 base load (€/MWh)
(assumed thermal efficiency: 36%)

— CSS Cal 2013–15 peak load (€/MWh)
(assumed thermal efficiency: 49%)

Source: RWE Supply & Trading, prices through to 8 August 2014

NL: Clean Dark (CDS) and Spark Spreads (CSS) and Spark Spreads (CSS)



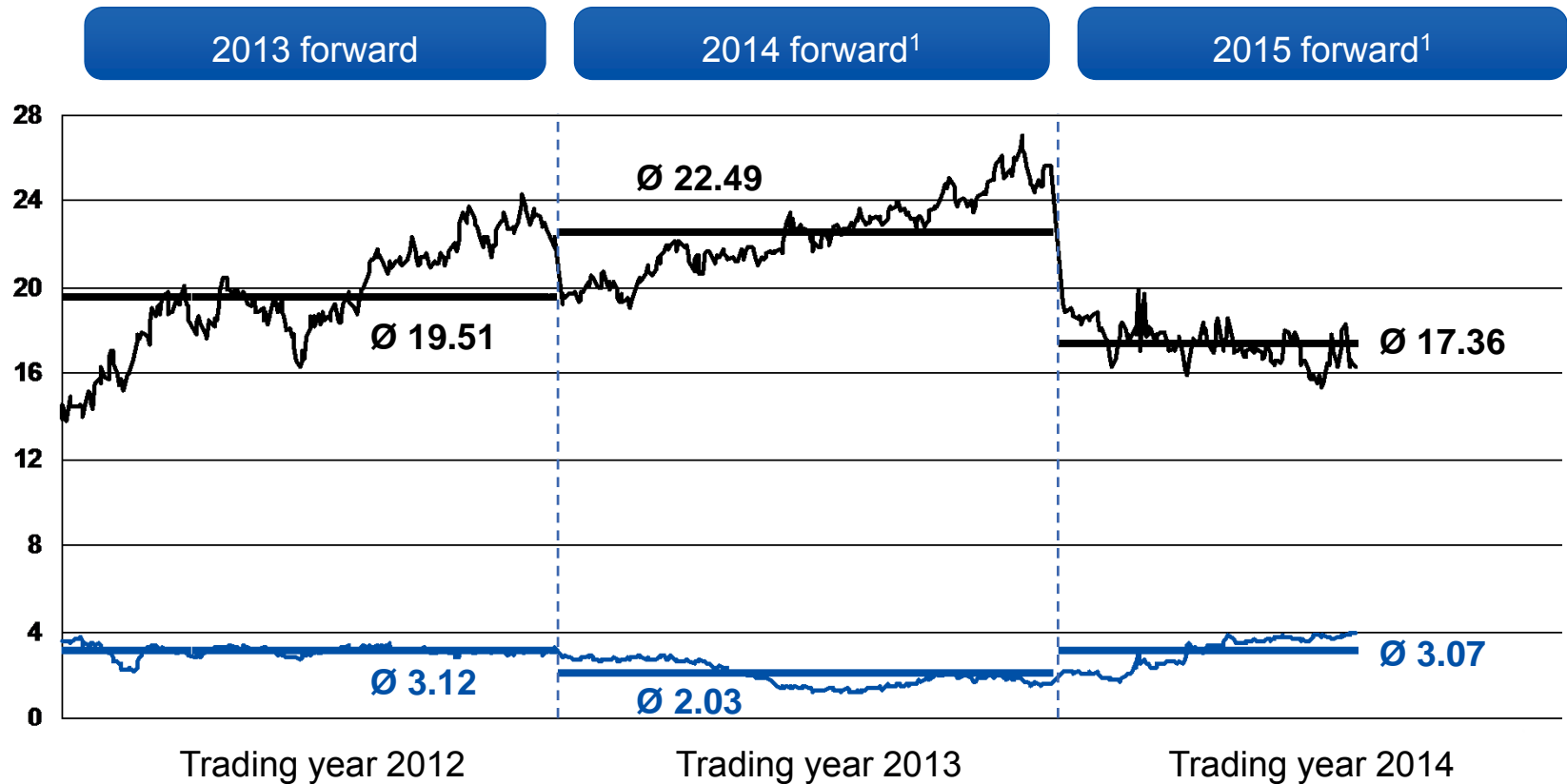
— CDS Cal 2013–15 base load (€/MWh)
(assumed thermal efficiency: 37%)

— CSS Cal 2013–15 base load (€/MWh)
(assumed thermal efficiency: 49%)

¹ CDS: Including coal tax.

Source: RWE Supply & Trading, prices through to 8 August 2014

UK: Clean Dark (CDS) and Spark Spreads (CSS) and Spark Spreads (CSS)



— CDS Cal 2013–15 base load (€/MWh)
(assumed thermal efficiency: 36%)

— CSS Cal 2013–15 base load (€/MWh)
(assumed thermal efficiency: 49%)

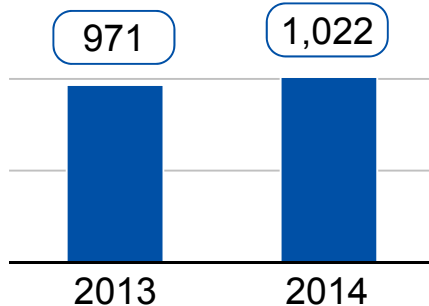
¹ Including UK carbon tax.

Source: RWE Supply & Trading, prices through to 8 August 2014

Performance of the Supply/Distribution Networks Germany Division

January – June: operating result: +5.3% (+€51 million)

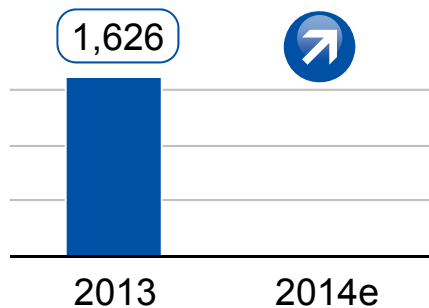
€ million



- ⊕ Efficiency improvements
- ⊕ Higher earnings from the disposal of grid assets
- ⊖ Weather-induced decline in gas earnings

Guidance for fiscal 2014: Moderately above last year's level

€ million

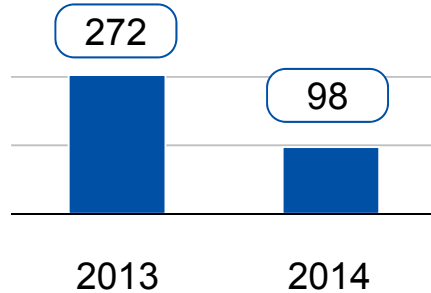


- ⊕ Efficiency improvements
- ⊕ Higher earnings from the disposal of grid assets
- ⊖ Weather-induced decline in earnings

Performance of the Supply Netherlands/Belgium Division (Essent)

January – June: operating result: -64% (-€174 million)

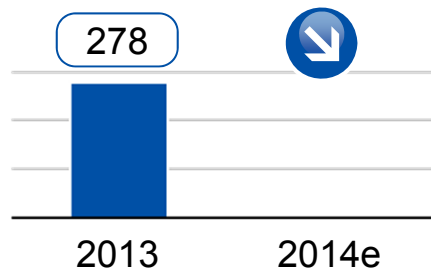
€ million



- ➖ Absence of positive impact from release of provisions in 2013
- ➖ Weather-induced reduction in gas earnings
- ➖ Competition-induced pressure on gas margins
- ➕ Marketing of new supply offerings

Guidance for fiscal 2014: Significantly below last year's level

€ million

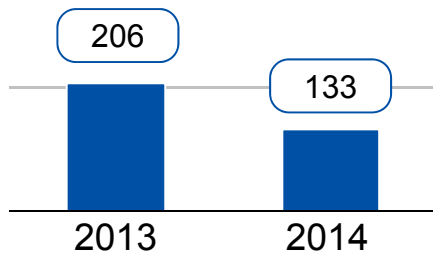


- ➖ Absence of positive impact from release of provisions in 2013
- ➖ Weather-induced reduction in gas earnings
- ➖ Competition-induced pressure on gas margins
- ➕ Marketing of new supply offerings

Performance of the Supply United Kingdom Division (RWE npower)

January – June: operating result: -35% (-€73 million)

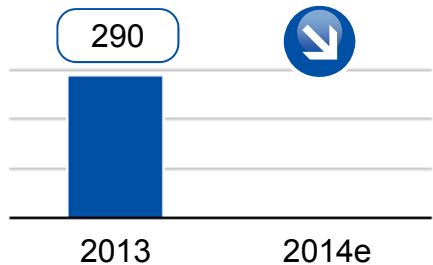
€ million



- ⊖ Higher grid fees and commodity costs and negative weather effects
- ⊖ Additional costs for customer service improvement
- ⊖ Higher burdens from government programmes to promote energy savings by households
- ⊖ Earnings dilution from sale of retail sales units to Telecom Plus
- ⊕ Price adjustments and efficiency improvements

Guidance for fiscal 2014: Moderately below last year's level

€ million

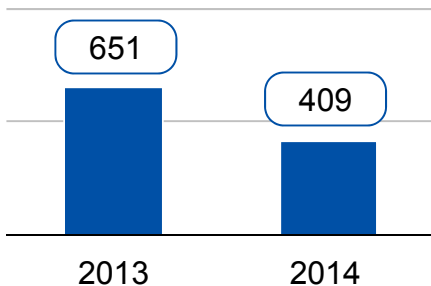


- ⊖ Tougher competition in energy retail business and regulatory framework
- ⊖ Higher grid fees and negative weather effects
- ⊖ Earnings dilution from sale of retail sales units to Telecom Plus
- ⊖ Additional costs for customer service improvement
- ⊕ Price adjustments and efficiency improvements
- ⬇ Lower burdens from government programmes to promote energy savings in households are passed on to customers

Performance of the Central Eastern and South Eastern Europe Division

January – June: operating result: -37% (-€242 million)

€ million



- ⊖ Disposal of NET4GAS (as of 2 August 2013)
- ⊖ Positive effects in 2013 from derivatives to hedge f/x risks

Czech Republic:

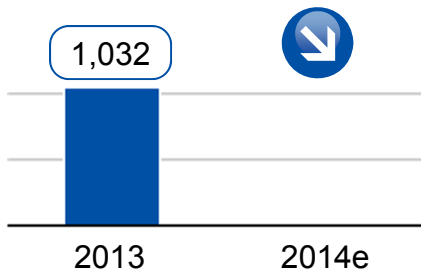
- ⊖ Weather and competition-induced reduction in gas earnings

Poland:

- ⊕ Slightly improved situation in the electricity business

Guidance for fiscal 2014: Significantly below last year's level

€ million



- ⊖ Disposal of NET4GAS (as of 2 August 2013)
- ⊖ Positive effects in 2013 from derivatives to hedge f/x risks

Czech Republic:

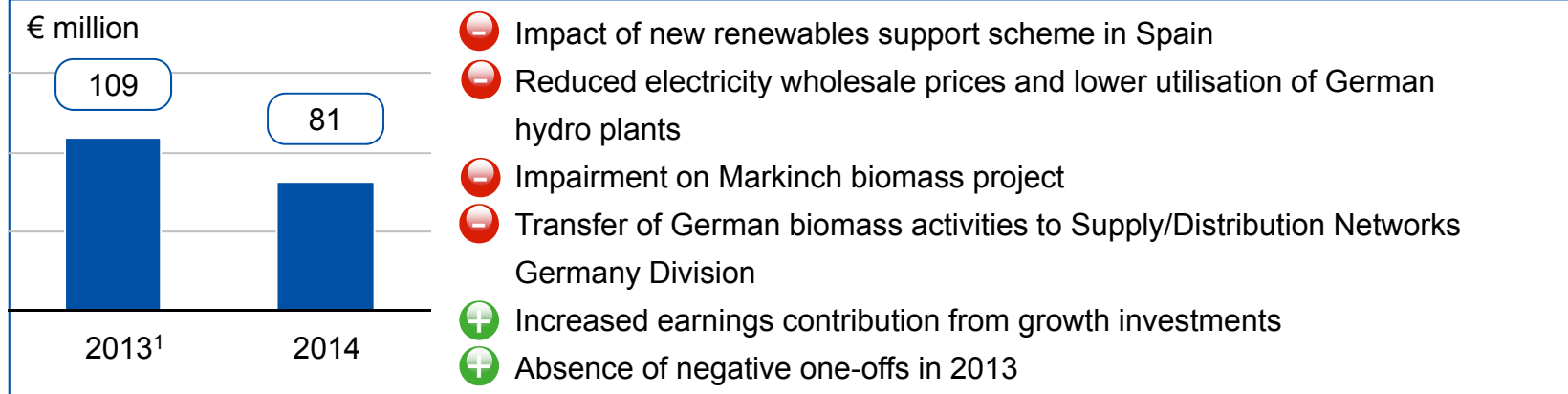
- ⊖ Reduced margins in all gas activities (storage, grid and sales business)

Hungary:

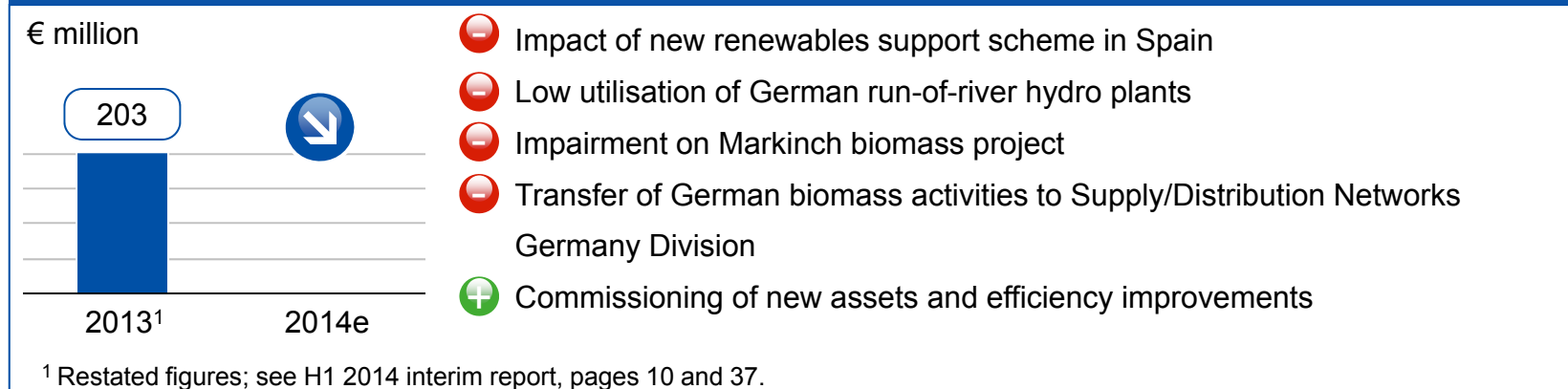
- ⊖ Reduced electricity generation margins

Performance of the Renewables Division (RWE Innogy)

January – June: operating result: -26% (-€28 million)



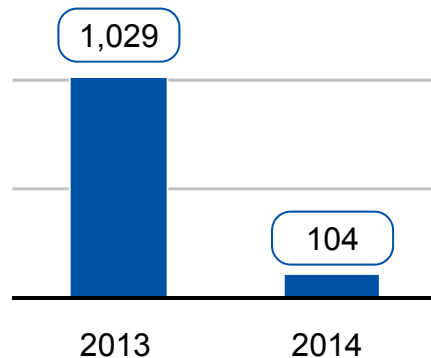
Guidance for fiscal 2014: Significantly below last year's level



Performance of the Trading/Gas Midstream Division (RWE Supply & Trading)

January – June: operating result: -90% (-€925 million)

€ million



Trading:

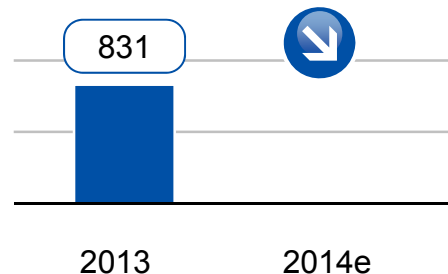
- ⊕ Significantly better performance in the energy trading business

Supply:

- ⊖ Absence of one-off from Gazprom arbitration ruling in 2013
- ⊕ Commercial settlement with Gazprom re. our long-term gas supply contract
- ⊖ Burdens from long-term gas storage and gas transport contracts and value adjustment of gas in storage

Guidance for fiscal 2014: Significantly below last year's level

€ million



Trading:

- ⊕ Better performance in the energy trading business

Supply:

- ⊖ Absence of one-off from Gazprom arbitration ruling in 2013
- ⊕ Commercial settlement with Gazprom re. our long-term gas supply contract
- ⊖ Burdens from long-term gas storage and gas transport contracts

Reconciliation of (recurrent) net income

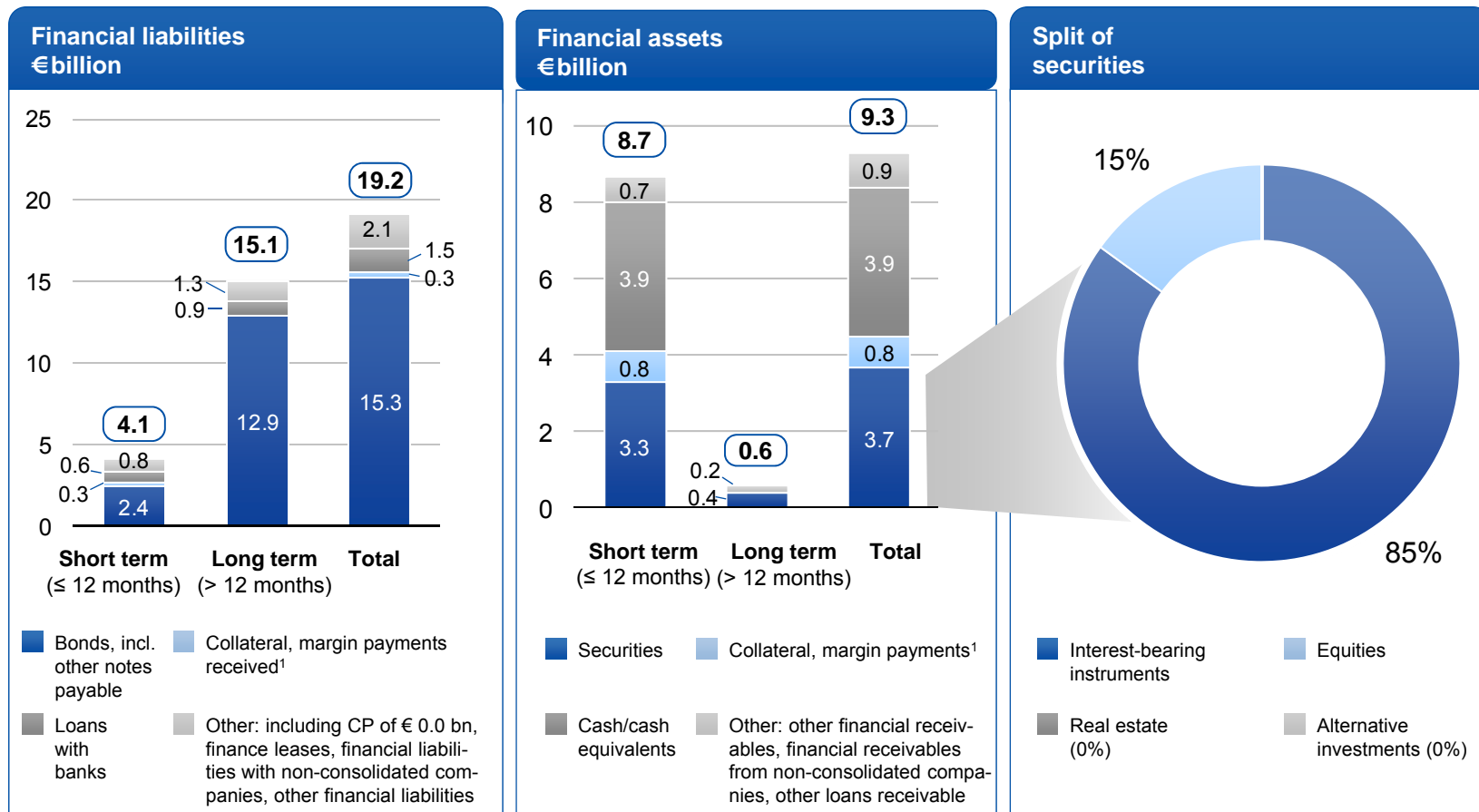
€ million	H1 2014	+/-
EBITDA	3,426	-1,614
Depreciation	-1,155	+92
Operating result	2,271	-1,522
Non-oper. result	138	+1,149
Financial result	-907	+34
Tax	-412	+392
PAT contin. oper.	1,090	+53
Income from DCO ¹	124	-37
Minorities/hybrids	190	-29
Net income	1,024	+45
Adjustments	-275	-1,284
Rec. net income	749	-1,239

- EBITDA and the operating result mainly suffered from the absence of the one-off payment from Gazprom arbitration in 2013, deconsolidation of NET4GAS, margin erosion and negative weather effects
- Financial result improved due to a better other financial result
- Tax rate for determining recurrent net income at 31% (previous year: 28%)
- Adjustments for recurrent net income comprise non-operating result including tax effects as well as income from DCO¹ in 2014.

¹ Discontinued operations.

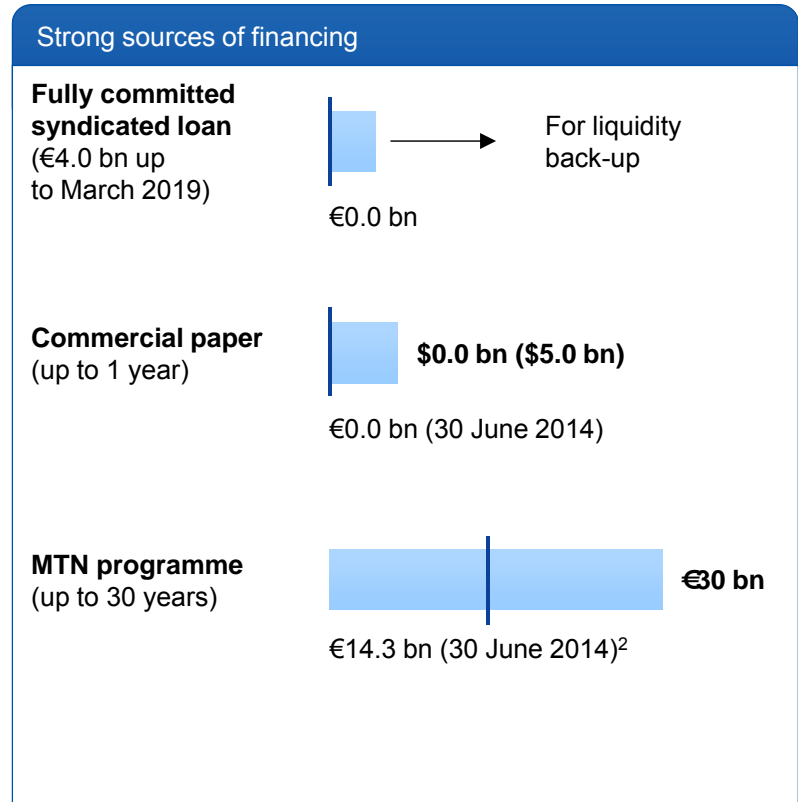
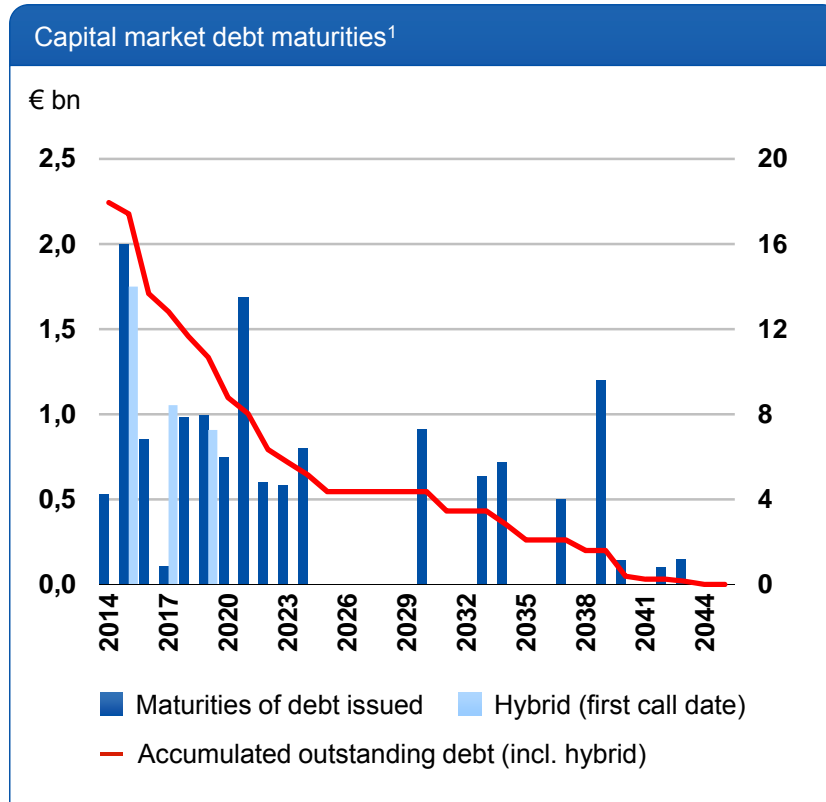
Financial liabilities and assets

(Excluding hybrid capital and RWE Dea, as of 30 June 2014)



¹ Excluding variation margins which are netted against the fair values of the respective derivatives.

Capital market debt maturities and sources of financing

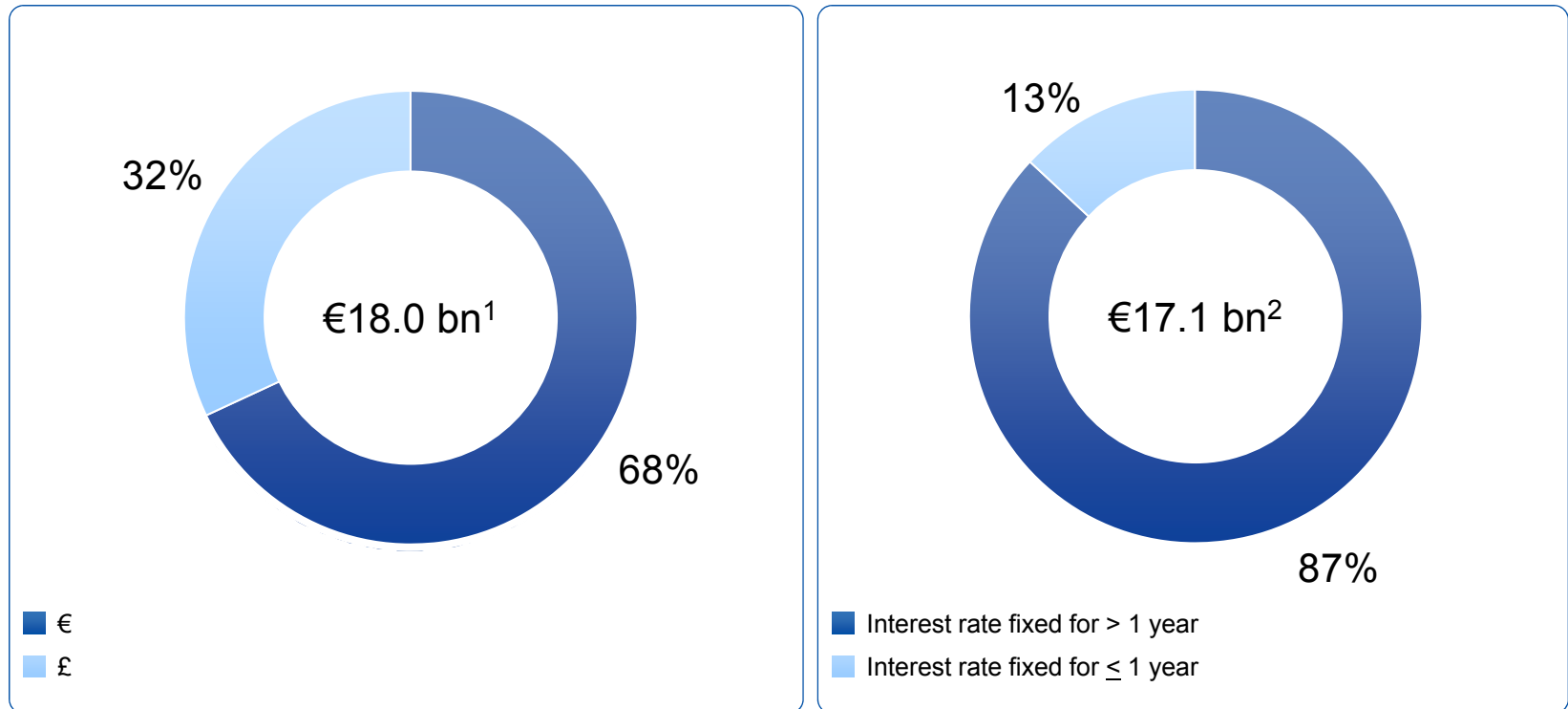


Balanced profile with limited maturities up to end of 2015 (~€4.3 billion)

¹ RWE AG and RWE Finance B.V. as of 30 June 2014.

² Bonds outstanding under the MTN programme, i.e. excluding hybrids. Including hybrids: €18.0 bn.





Capital market debt currency and interest exposure (as of 30 June 2014)



¹ Capital market debt = bonds of €14.3 bn and hybrids of €3.7 bn; split into currencies; includes cross-currency swaps.

² Capital market debt plus other interest rate-related positions such as commercial paper and cash; including interest and cross-currency swaps.

RWE's major investment projects

		RWE share	Capex (€bn)	2013	2014	2015	2016	2017	2018
Conventional new build power plant programme (capex at 100% share)									
	Hamm (hard coal, 1,528 MW)	77%	2.5	Units E		D			
	Eemshaven (hard coal/biomass, 1,554 MW)	100%	3.1	Units A		B			
RWE Innogy: major projects under construction (capex at 100% share; UK offshore includes investment for grid connections)									
	Gwynt y Môr (offshore wind, 576 MW)	60%	2.8						
	Nordsee Ost (offshore wind, 295 MW)	100%	1.4						

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Financial calendar

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Annual and Interim Reports

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Facts & Figures - The Guide to RWE and the Utility Sector – as well as further fact books

<http://www.rwe.com/web/cms/en/2495606/rwe/investor-relations/presentations-videos/presentations/>



Consensus of analysts' estimates of RWE's key performance indicators

<http://www.rwe.com/web/cms/en/345802/rwe/investor-relations/shares/analyst-consensus-estimates/>



IR videos and presentations

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