

Investor and Analyst Q1-Q3 2013 Conference Call

Essen, 14 November 2013

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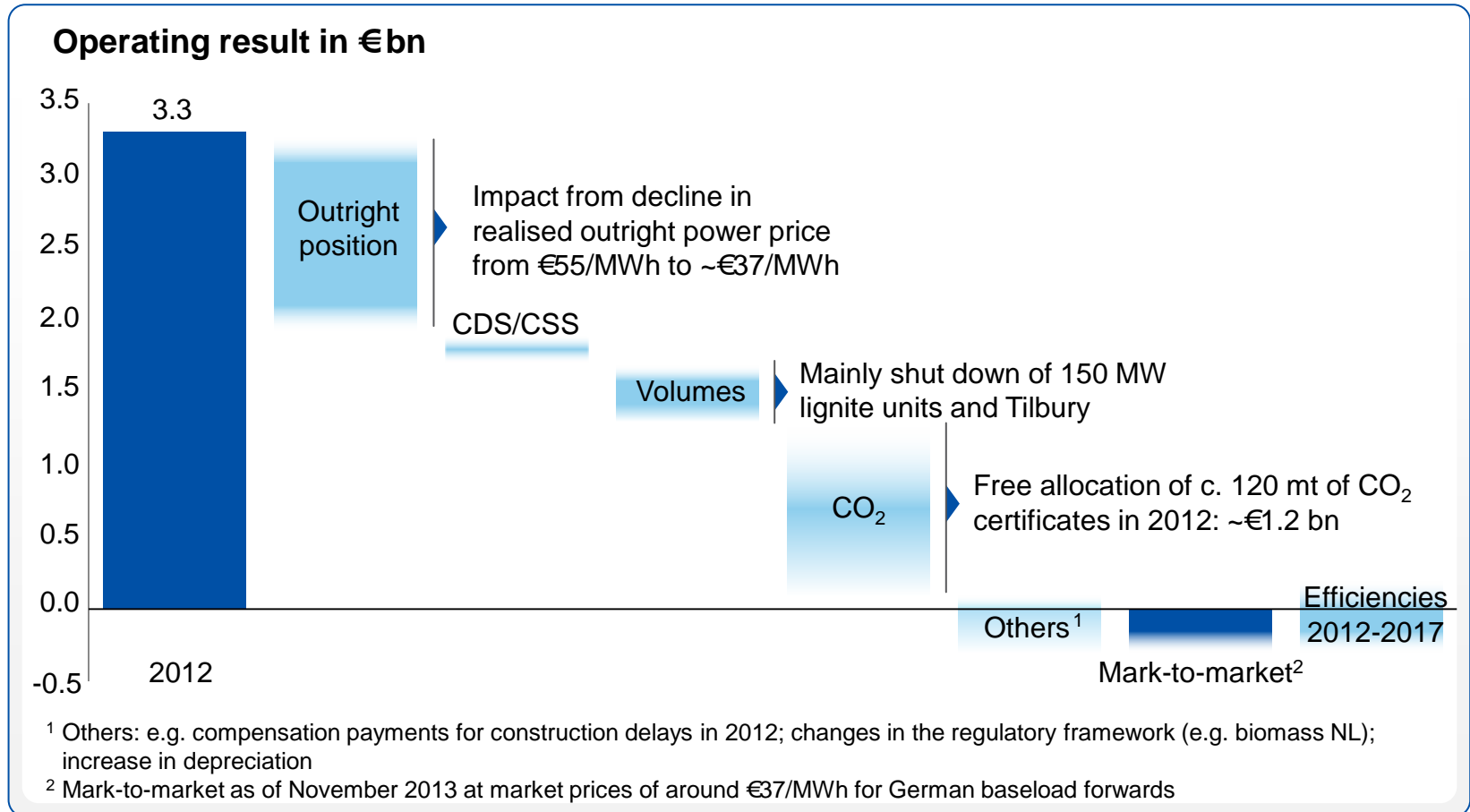
Forward Looking Statement

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

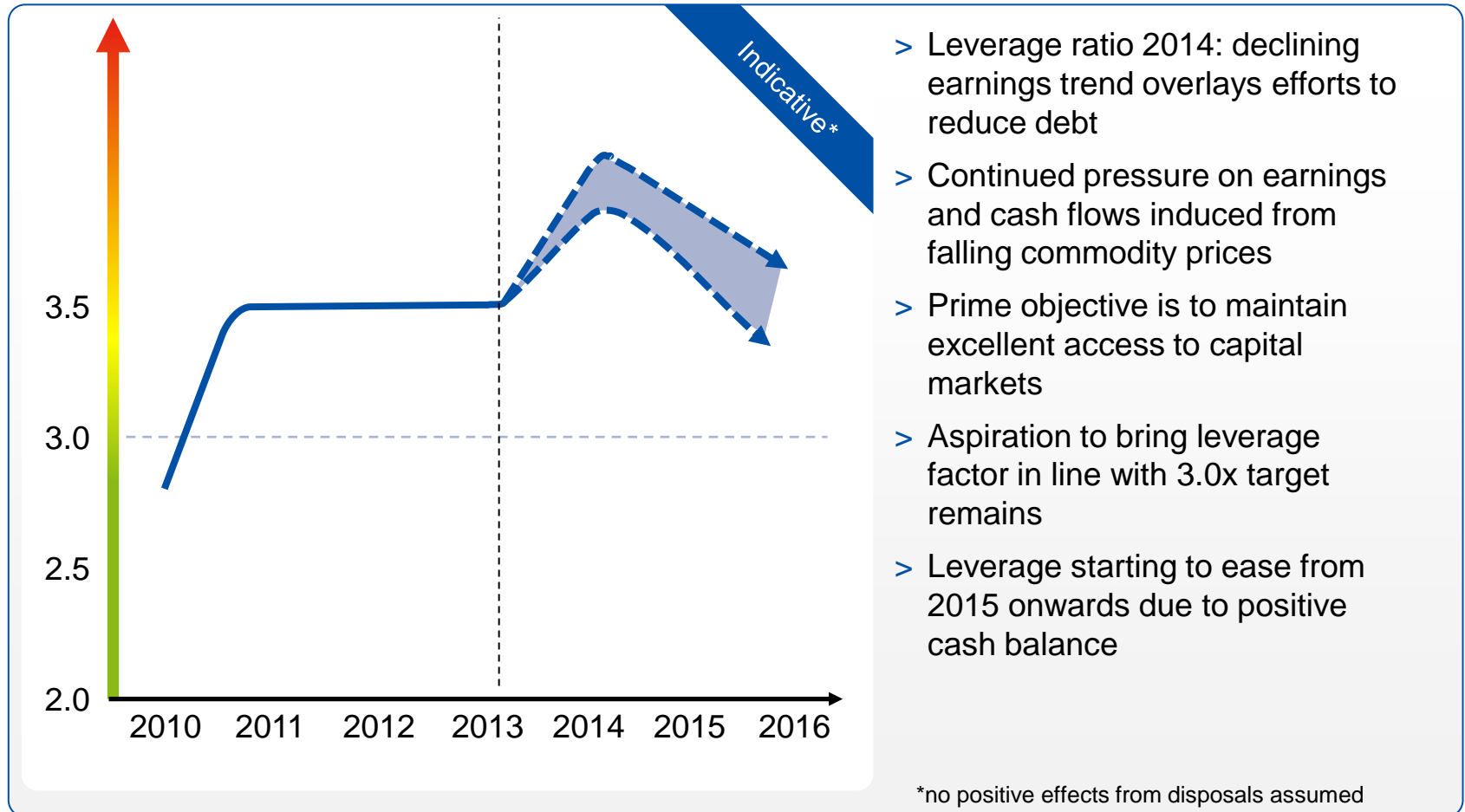
- > Projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items;
- > Statements of plans or objectives for future operations or of future competitive position;
- > Expectations of future economic performance; and
- > Statements of assumptions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

are forward-looking statements. Also words such as “anticipate”, “believe”, “estimate”, “intend”, “may”, “will”, “expect”, “plan”, “project” “should” and similar expressions are intended to identify forward-looking statements. The forward-looking statements reflect the judgement of RWE’s management based on factors currently known to it. No assurances can be given that these forward-looking statements will prove accurate and correct, or that anticipated, projected future results will be achieved. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Such risks and uncertainties include, but are not limited to, changes in general economic and social environment, business, political and legal conditions, fluctuating currency exchange rates and interest rates, price and sales risks associated with a market environment in the throes of deregulation and subject to intense competition, changes in the price and availability of raw materials, risks associated with energy trading (e.g. risks of loss in the case of unexpected, extreme market price fluctuations and credit risks resulting in the event that trading partners do not meet their contractual obligations), actions by competitors, application of new or changed accounting standards or other government agency regulations, changes in, or the failure to comply with, laws or regulations, particularly those affecting the environment and water quality (e.g. introduction of a price regulation system for the use of power grid, creating a regulation agency for electricity and gas or introduction of trading in greenhouse gas emissions), changing governmental policies and regulatory actions with respect to the acquisition, disposal, depreciation and amortisation of assets and facilities, operation and construction of plant facilities, production disruption or interruption due to accidents or other unforeseen events, delays in the construction of facilities, the inability to obtain or to obtain on acceptable terms necessary regulatory approvals regarding future transactions, the inability to integrate successfully new companies within the RWE Group to realise synergies from such integration and finally potential liability for remedial actions under existing or future environmental regulations and potential liability resulting from pending or future litigation. Any forward-looking statement speaks only as of the date on which it is made. RWE neither intends to nor assumes any obligation to update these forward-looking statements. For additional information regarding risks, investors are referred to RWE’s latest annual report and to other most recent reports filed with Frankfurt Stock Exchange and to all additional information published on RWE’s Internet Web site.

Conventional Power Generation: mark-to-market earnings perspective



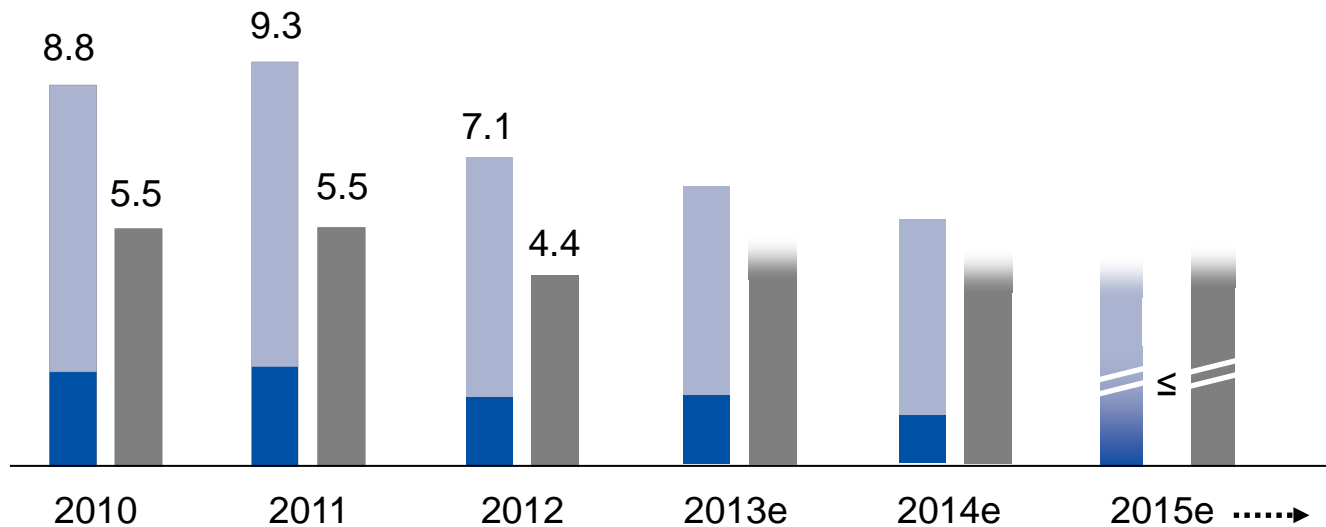
Full benefit of deleveraging measures mainly after 2014



Short-term focus remains on positive cash balance

➤ Cash flows from operating activities to cover investments and dividends by 2015

€bn



- Capex in property, plant & equipment and financial assets (according to cash flow statement)
- Dividends (incl. minority payments; year of payment)
- Cash flows from operating activities

Current building blocks to improve balance sheet

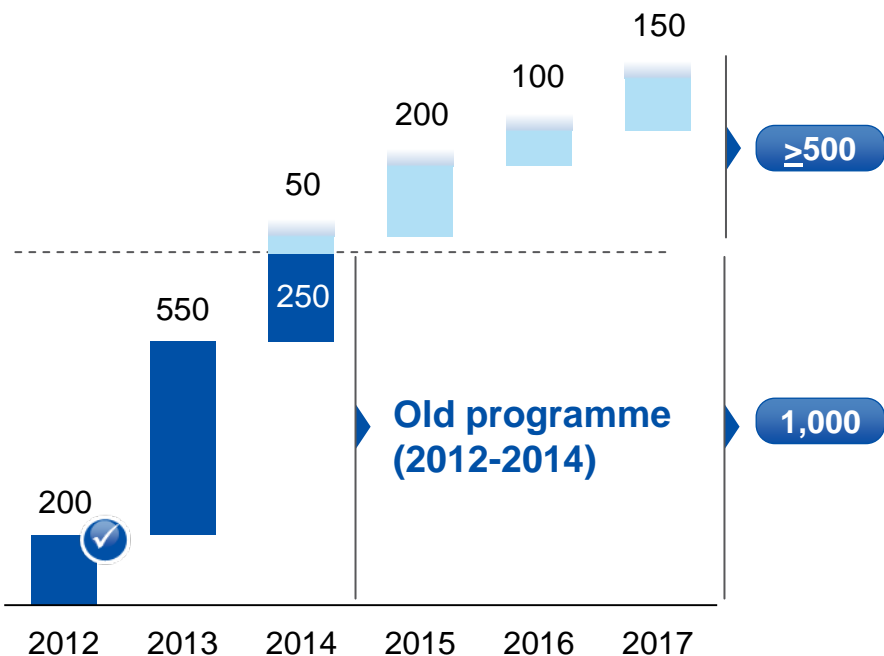
Measures to improve leverage headroom	Impact ¹
<p>1 Efficiency enhancements</p> <ul style="list-style-type: none"> > Earnings improvement through additional efficiency enhancement measures (€0.5 bn) 2014 and 2017 	<p>~ €1.5 bn</p> <p>Between 2014 and 2017</p>
<p>2 Capex reduction</p> <ul style="list-style-type: none"> > Reduction of discretionary investments > Optimisation of maintenance capex 	<p>~ €2.0 bn</p> <p>From 2013 to 2016</p>
<p>3 Disposals</p> <ul style="list-style-type: none"> > Focus on the disposal of RWE Dea and Urenco and opportunistic portfolio optimisation 	<p>Depending on sales proceeds</p>
<p>4 Dividend strategy</p> <ul style="list-style-type: none"> > Dividend proposal of €1/share for 2013 > Adjusted dividend pay-out ratio from 2014 onwards 	<p>~ €1.0 bn</p> <p>Between 2014 and 2017</p>

¹ Isolated headroom effect; not to be deducted from net debt as measures are incorporated in outlook.

Additional €1bn of efficiency measures will lead to over €0.5 bn further earnings improvements

In € million

New €1 bn programme 2014 – 2017
(net benefit to operating result \geq €0.5 bn)

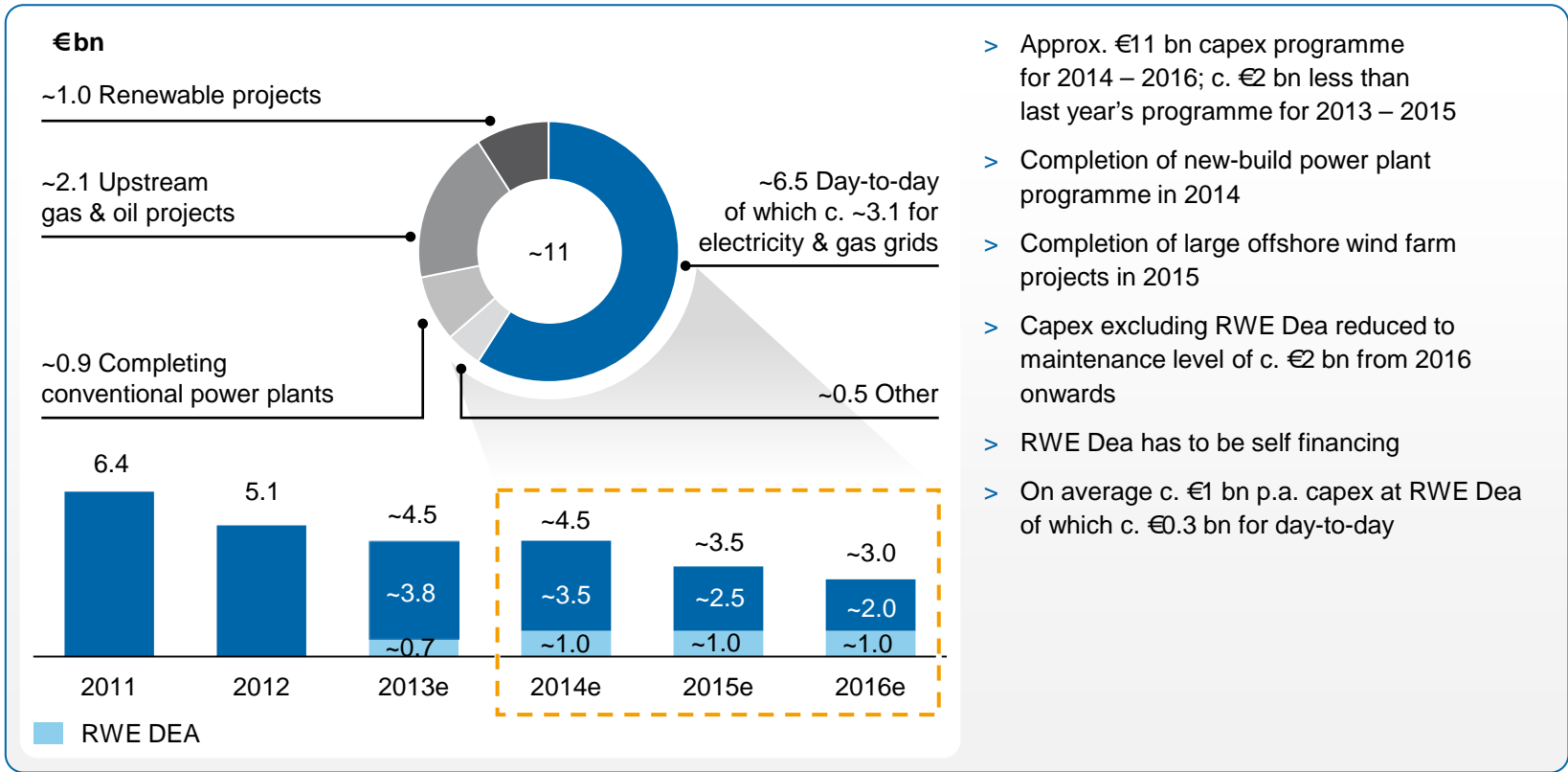


- > Full effect of new measures will be seen by 2017
- > New programme consists of gross measures in the magnitude of c. €1 bn before offsetting underlying cost increases
- > New programme will sustainably improve underlying earnings by \geq €500 m by the end of 2017
- > Continuous improvement: Our focus will be on limiting cost increases by e.g. reducing staff factor costs, to secure potential upside to €500 m
- > Staff reduction:

Old programme:	c. 3,700
(of which c. 1,000 in 2012)	
New programme:	c. 6,500
30.09.13 – end of 2 programmes:	up to 7,000
- > Efficiency improvements:

1st wave:	€1,000 m (2012 - 2014)
2nd wave:	\geq €500 m (2014 – 2017)
3rd wave:	internal planning already started

Capex programme reduced to maintenance level



- > Approx. €11 bn capex programme for 2014 – 2016; c. €2 bn less than last year's programme for 2013 – 2015
- > Completion of new-build power plant programme in 2014
- > Completion of large offshore wind farm projects in 2015
- > Capex excluding RWE Dea reduced to maintenance level of c. €2 bn from 2016 onwards
- > RWE Dea has to be self financing
- > On average c. €1 bn p.a. capex at RWE Dea of which c. €0.3 bn for day-to-day

➔ Further growth projects have to be financed debt-neutral, e.g. by the disposal of other assets or partnering solutions.

Disposals focus on RWE Dea and Urenco

RWE Dea

- > Strategic decision, not for deleveraging purposes
- > Sale of entire business intended to safeguard value of the business
- > Disposal progress within expected timeframe

Urenco

- > Non core asset
- > Reviewing potential exit routes
- > Disposal conditional to meeting all stakeholders' interests

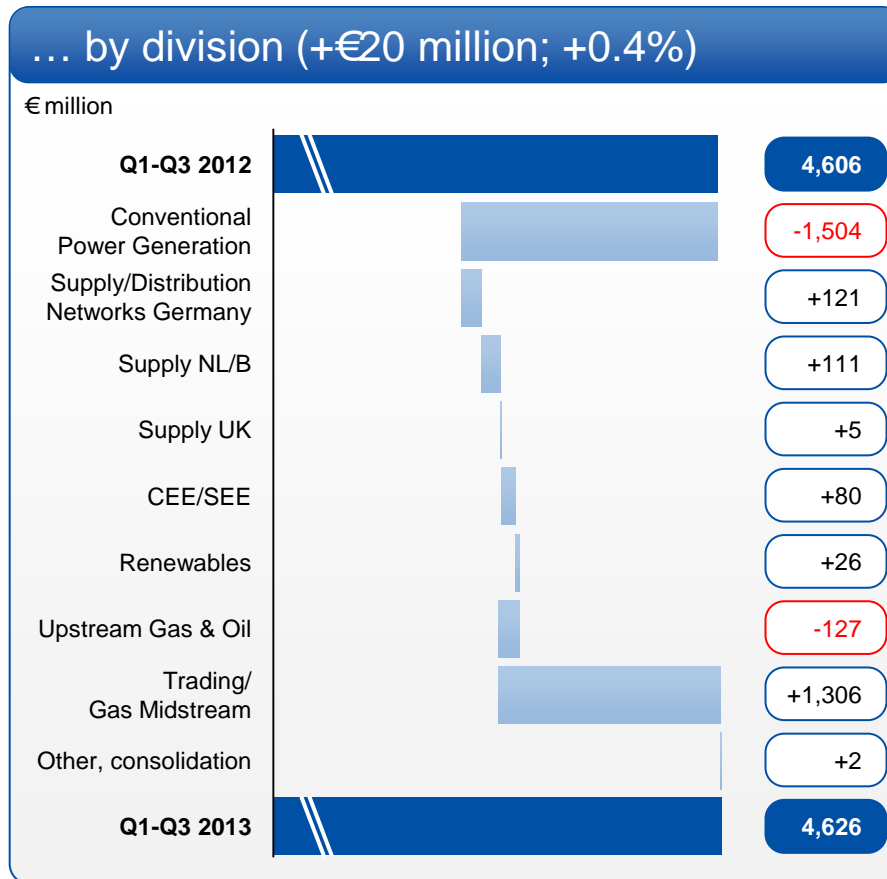
Portfolio adjustments

- > Evaluation of further optimisation potential within participation portfolio
- > Streamlining of renewable businesses

Focus on sustainable dividend policy

- ▶ As one part of the measures to support RWE's balance sheet, the Executive Board and the Supervisory Board have decided to adjust the dividend policy:
 - Planned dividend proposal of €1 per share for fiscal year 2013
 - Pay-out ratio of 40% to 50% of recurrent net income envisaged from fiscal 2014 onwards
- ▶ Future dividends will be backed by sustainable earnings and funded by operating cash flow, i.e. target to cover dividends and capex by cash flow from operating activities by 2015
- ▶ Benefit for net debt of approx. €1 bn between 2014 and 2017 compared to previous dividend policy (€2 dividend for fiscal year 2013 and pay-out ratio of 50% to 60%)

Development of operating result ...



- Improved earnings in Trading/Gas Midstream Division after arbitration court ruling on our long-term oil-indexed gas contract with Gazprom
- Earnings in Conventional Power Generation Division under severe pressure; for more details see back-up slide 18
- Earnings trend in our sales divisions supported by the cold weather at the beginning of the year
- In our CEE/SEE Division we benefited from the positive development of f/x derivatives
- Earnings at RWE Dea under pressure among others due to lower realised oil and gas prices and dry wells

Reconciliation of (recurrent) net income

€ million	Q1-Q3 2013	+/- %
EBITDA	6,711	-0.1%
Depreciation	2,085	-1.3%
Operating result	4,626	+0.4%
Non-operating result	-1,527	-
Financial result	-1,397	+2.9%
Tax	-812	-
Minorities	204	+6.3%
Hybrid investors' interest	77	+11.6%
Net income	609	--67.6%
Adjustments	+1,306	-
Recurrent net income	1,915	+1.2%

- Non-operating result shows significant restructuring charges; among others the impairment of our Dutch power generation portfolio of c. €800 million
- Financial result slightly improved due to better net interest and interest accretion to provisions
- Tax rate increased to 48% (previous year 27%); tax rate for recurrent net income at 32% (previous year 32%)
- Adjustments for recurrent net income comprise non-operating result including tax effects

Cash flow statement

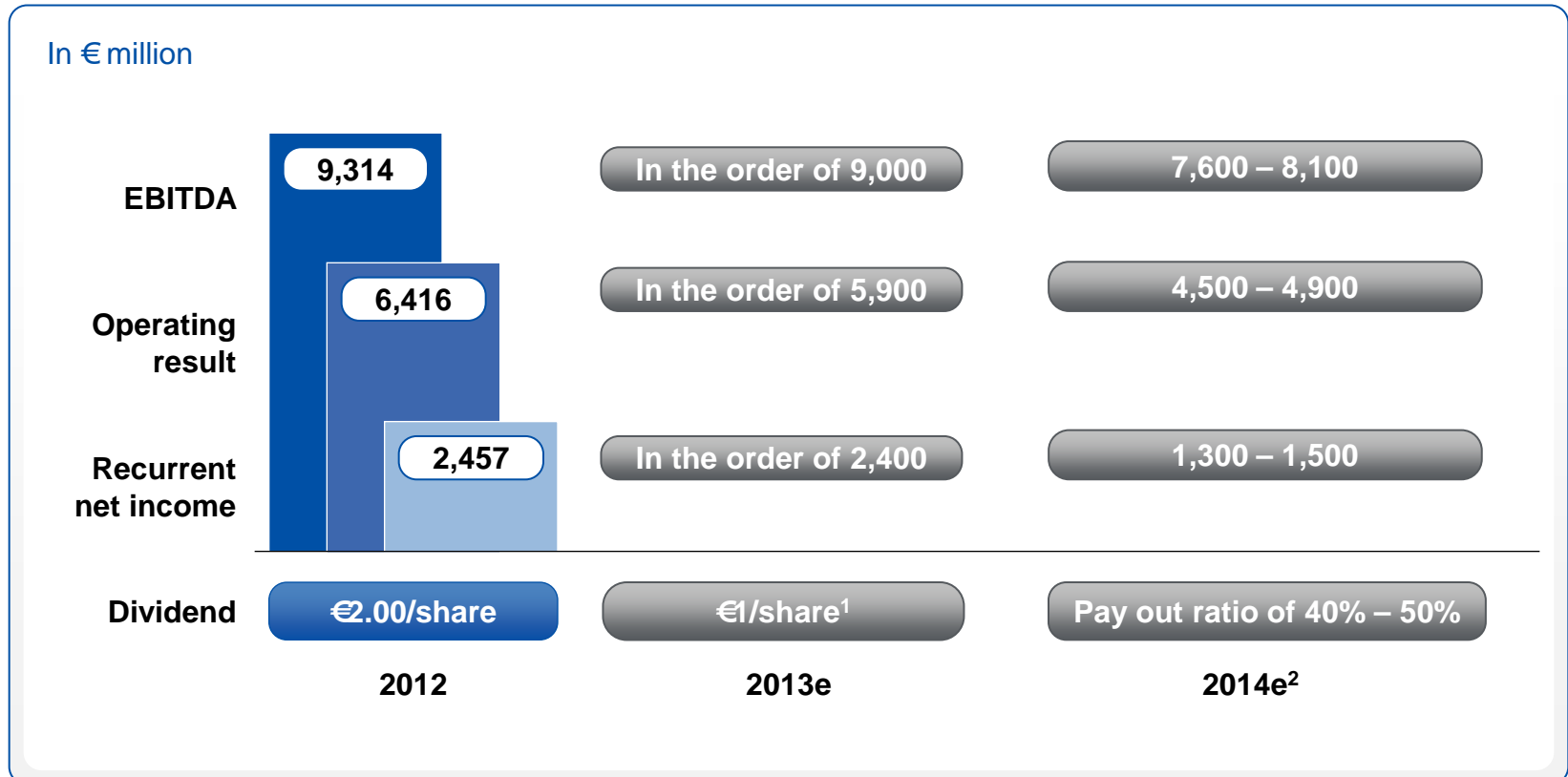
January – September €million	2013	2012	Change (absolute)
Funds from operations (FFO)	4,888	3,298	1,590
Change in working capital	118	-58	176
Cash flows from operating activities	5,006	3,240	1,766
Capex on fixed assets	-2,937	-3,391	454
Free cash flow	2,069	-151	2,220

- ▶ FFO – among other things:
 - > One-off profit from the Gazprom arbitration ruling

- ▶ Change in working capital:
 - > No major impact on Cash flows from operating activities

- ▶ Capex on fixed assets – among other things:
 - > Extension and modernisation of our generation fleet as well as renewable and upstream gas and oil projects

Outlook for 2013 and 2014



¹ Executive and Supervisory Board intend to propose to the AGM on 16 April 2014 a dividend of €1 per common and preference share for fiscal year 2013.

² The outlook is before the disposal of RWE Dea and Urenco. For RWE Dea we expect for fiscal 2014 an EBITDA of €1,200 -1,300 million an operating result of €600 – 650 million and a recurrent net income of c. €250 million.

2013 Divisional outlook for the operating result

€million	2012	2013 forecast versus 2012 ¹
Conventional Power Generation	3,275	Significantly below last year's level
Supply/Distribution Networks Germany	1,578	In the order of last year's level
Supply Netherlands/Belgium	190	Significantly above last year's level
Supply United Kingdom	286	Above last year's level
Central Eastern and South Eastern Europe	1,052	Below last year's level
Renewables	183	In the order of last year's level
Upstream Gas & Oil	685	Significantly below last year's level
Trading/Gas Midstream	-598	Significantly above last year's level

Operating result outlook for fiscal year 2014

Trend for major value drivers in fiscal year 2014

FY 2013 outlook

In the order of €5.9 bn

Efficiency programmes



c. €300 million from old and new programme envisaged for 2014

Depreciation



Trend for higher depreciation as a result of huge investment programme.

Electricity generation margins (D;NL;UK);
volumes, prices and spreads



Average realised outright price for 2013 in the order of €50/MWh; for 2014 in the order of €45/MWh; lower realised spreads

Growth from Upstream Gas&Oil



RWE Dea's volume target of 40 mm boe confirmed; in line with earnings expectations of €600 – 650 million

Grid margins (D; CEE/SEE)



Stable trend

Sales margins (D;NL;UK; CEE/SEE)



Stable trend

Trading/Gas Midstream



Absence of positive one-off from Gazprom arbitration and back to normalised earnings

Dilution from disposals



c. 0.2 bn for NET4GAS; RWE Dea and Urenco still included in our earnings numbers for the time being

FY 2014 outlook

€4.5 – 4.9 bn

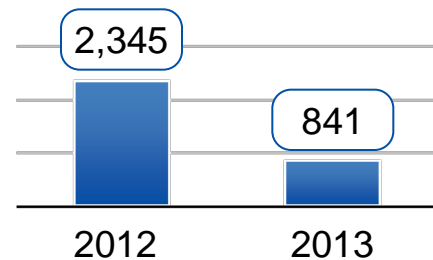
Back-up Charts



Performance of the Conventional Power Generation Division

January – September: operating result: -64.1% (-€1,504 million)

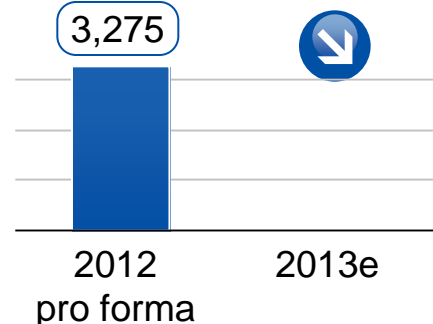
€ million



- ⊖ Full auctioning of CO₂-certificates (c. -€840 million)
- ⊖ Closure of 12 old lignite blocks of 150 MW class in 2012
- ⊖ Lower realised electricity generation spreads, incl. coal tax in NL
- ⊖ Adjustment of provision for pending losses from an electricity purchase contract
- ⊖ Absence of compensation payments received in 2012
- ⊕ Efficiency improvements and lower fixed operating and maintenance costs
- ⊕ Higher availability of Tilbury biomass plant

Guidance for fiscal 2013: significantly below last year's level

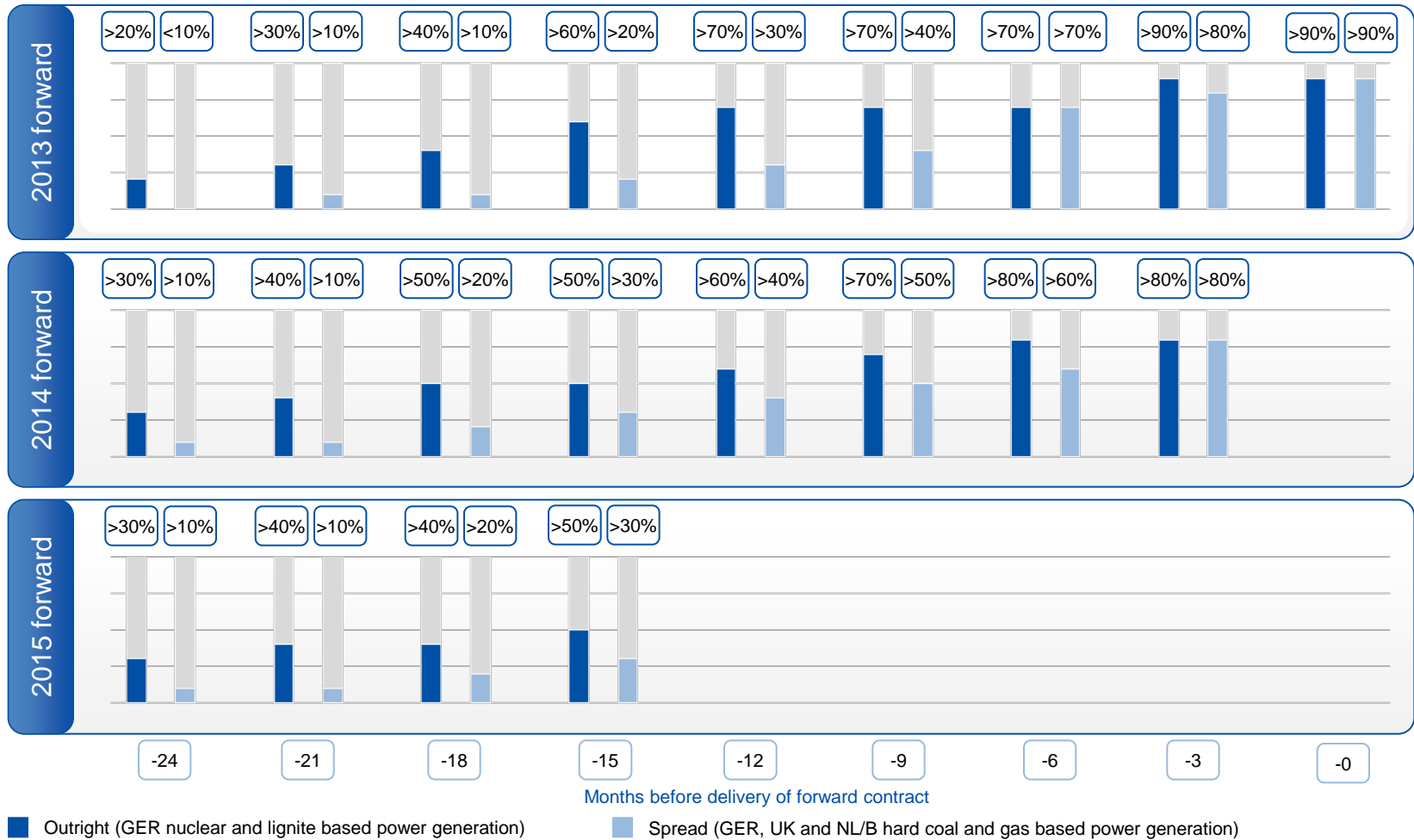
€ million



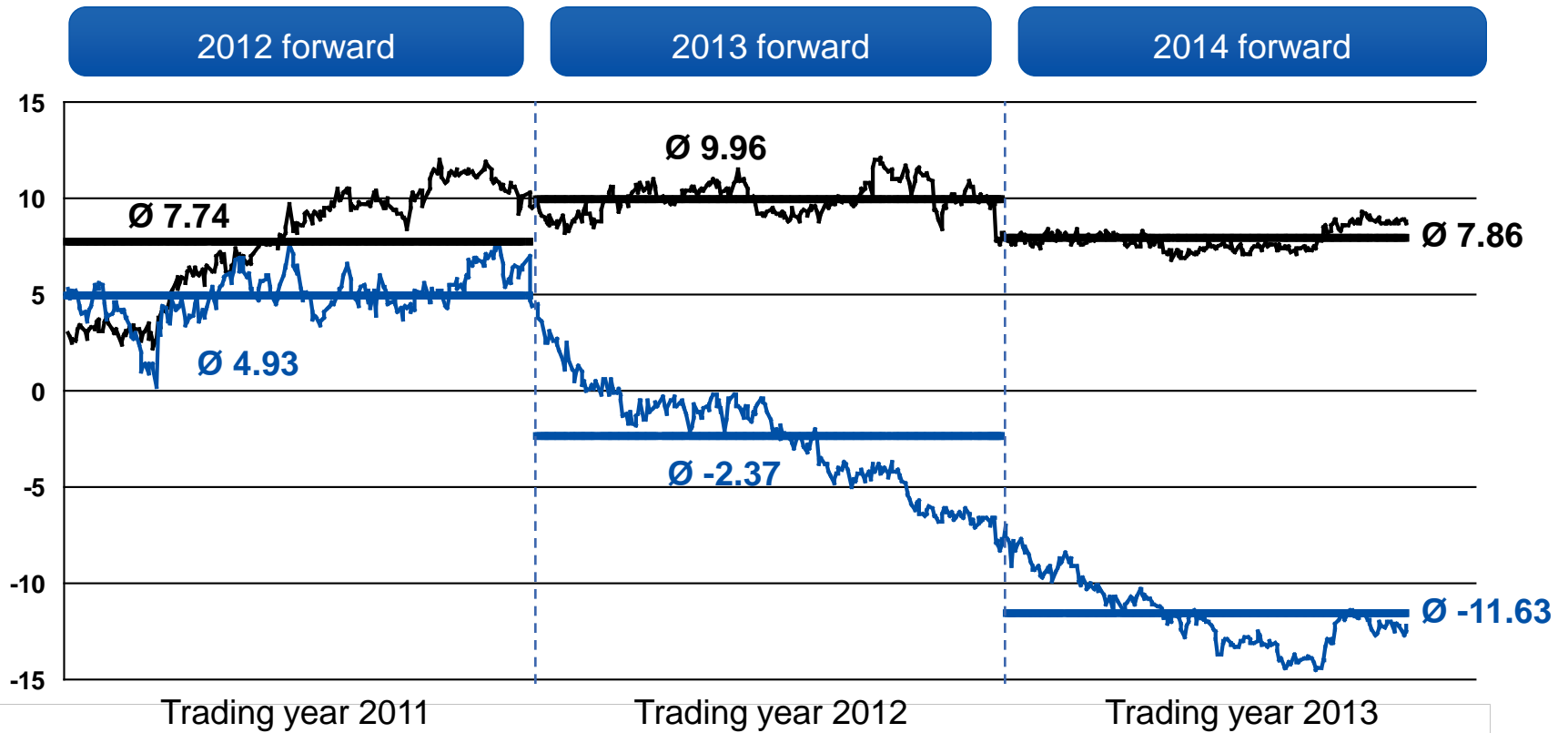
- ⊖ Full auctioning of CO₂-certificates and UK carbon floor
- ⊖ Lower realised electricity generation spreads, incl. coal tax in NL
- ⊖ Closure of 12 old lignite blocks of 150 MW class in 2012
- ⊖ Adjustment of provision for pending losses from an electricity purchase contract
- ⊕ Efficiency improvements and lower fixed operating and maintenance costs

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

As of 30 September 2013



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



— CDS Cal 2012 – 14 Base load (€MWh)
(assumed thermal efficiency: 36%)

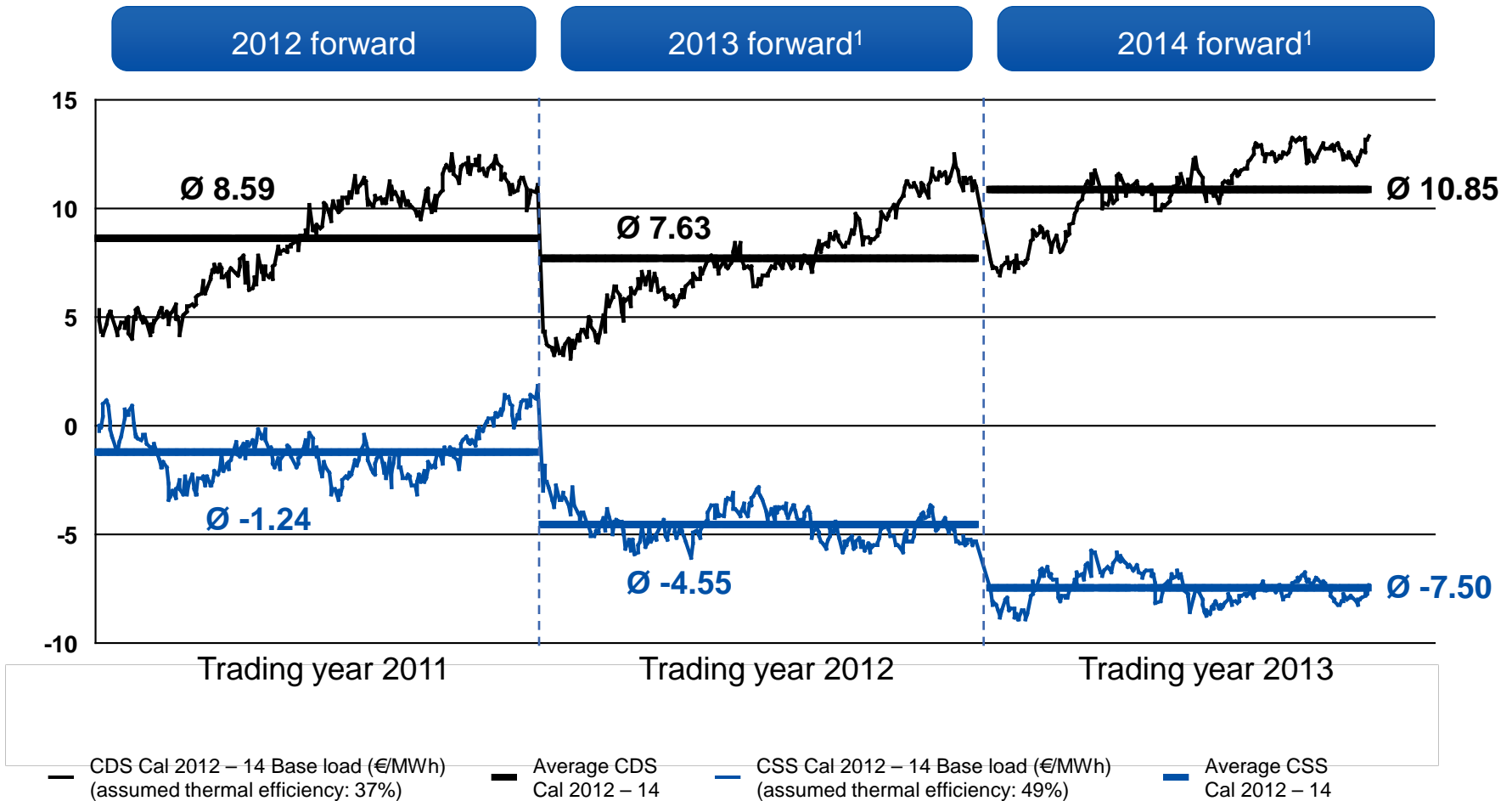
— Average CDS
Cal 2012 – 14

— CSS Cal 2012 – 14 Peak load (€MWh)
(assumed thermal efficiency: 49%)

— Average CSS
Cal 2012 – 14

Source: RWE Supply & Trading, prices until 08 November 2013

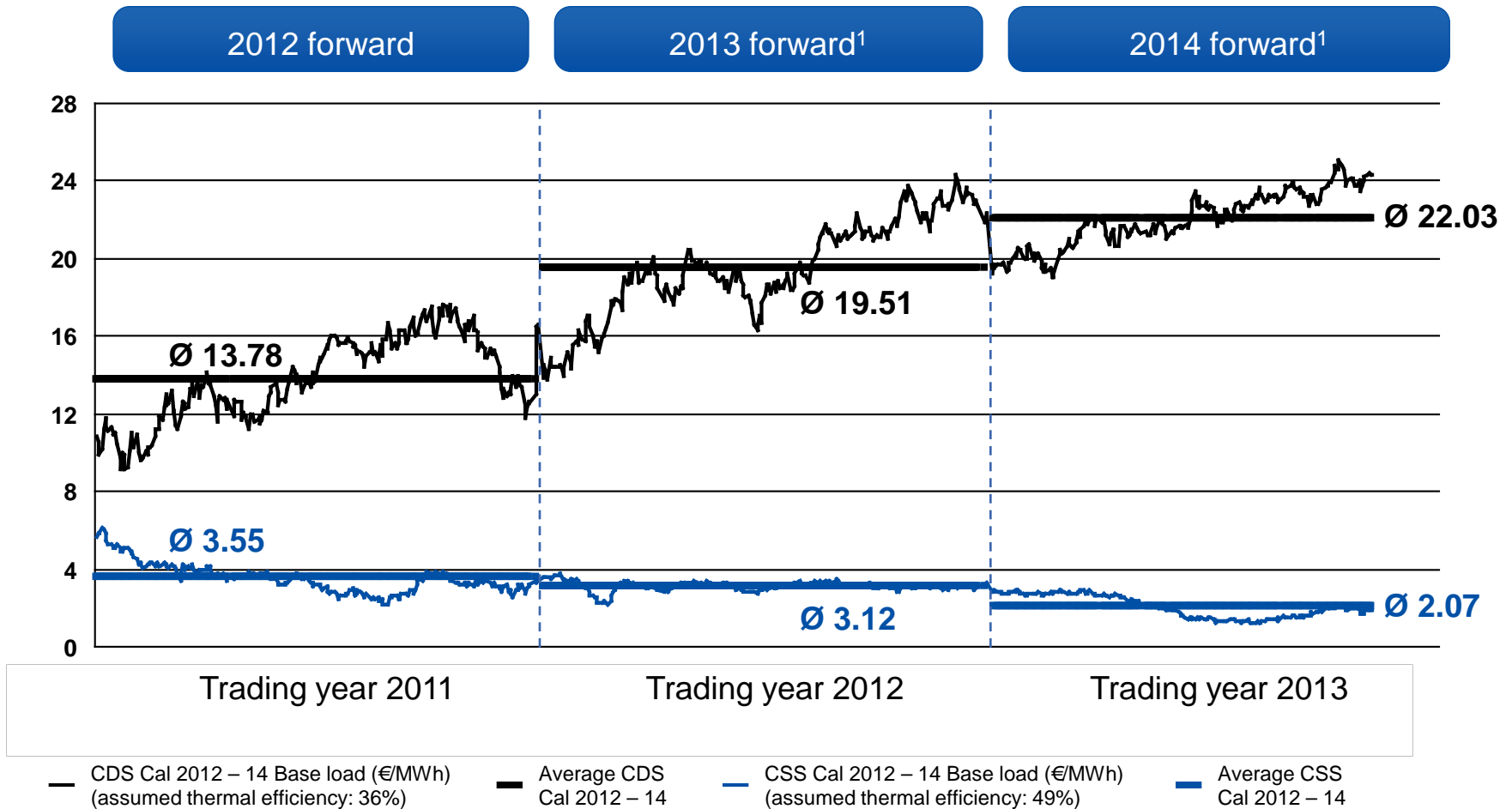
NL: Clean Dark (CDS) and Spark Spreads (CSS) and Spark Spreads (CSS)



¹ CDS: Including coal tax

Source: RWE Supply & Trading, prices until 08 November 2013

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



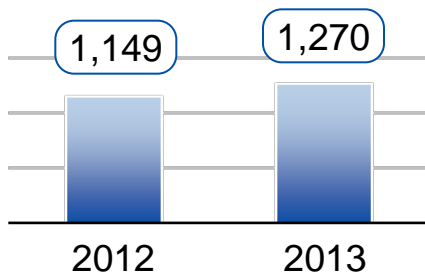
¹ Including UK carbon tax

Source: RWE Supply & Trading, prices until 08 November 2013

Performance of the Supply/Distribution Networks Germany Division

January – September: operating result: +10.5% (+€121 million)

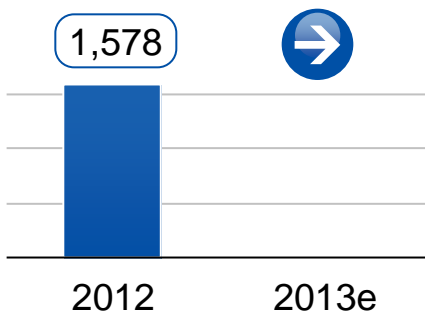
€ million



- ⊕ Efficiency improvements
- ⊕ Cold weather
- ⊖ Loss of earnings from the disposal of Berlin waterworks and KEVAG and transfer of Zagreb wastewater business to CEE/SEE

Guidance for fiscal 2013: in the order of last year's level

€ million

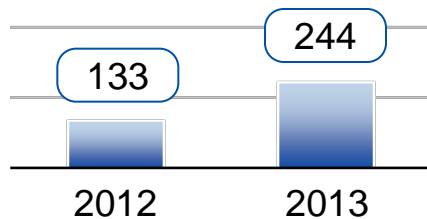


- ⊕ Efficiency improvements
- ⊖ Loss of earnings from the disposal of Berlin waterworks and KEVAG and transfer of Zagreb wastewater activities to CEE/SEE

Performance of the Supply Netherlands/Belgium Division (Essent)

January – September: operating result: +83.5% (+€111 million)

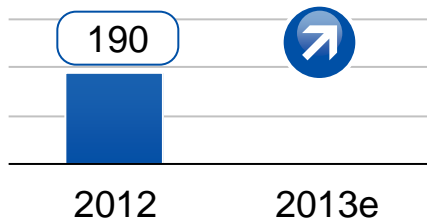
€ million



- ⊕ Positive impact from change in provisions
- ⊕ Weather induced higher gas sales
- ⊕ Efficiency improvements
- ⊖ Competition induced pressure on gas margins
- ⊖ Energy savings by households
- ⊖ Upfront costs for introduction of new billing system

Guidance for fiscal 2013: Significantly above last year's level

€ million

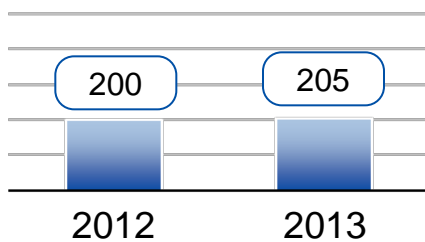


- ⊕ Positive impact from change in provisions
- ⊕ Efficiency improvements
- ⊕ Cold weather in H1 2013
- ⊕ Growing customer base in Belgium
- ⊖ Competition induced pressure on gas margins
- ⊖ Energy savings by households
- ⊖ Upfront costs for introduction of new billing system

Performance of the Supply United Kingdom Division (RWE npower)

January – September: operating result: +2.5% (+€5 million)

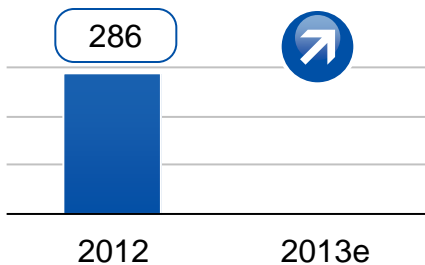
€ million



- + Efficiency improvements
- + Weather induced higher gas sales
- Negative f/x effects
- Higher grid fees
- Energy savings by households
- Higher burdens from government programmes to promote energy savings in households

Guidance for fiscal 2013: above last year's level

€ million

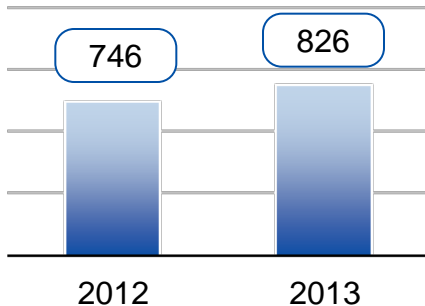


- + Efficiency improvements
- + Benefit from weather induced strong first half year
- + Growth of business with B2B clients
- Higher grid fees
- Energy savings by households
- Higher burdens from government programmes to promote energy savings in households

Performance of the Central Eastern and South Eastern Europe Division

January – September: operating result: +10.7% (+€80 million)

€ million



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

Czech Republic:

- ⊕ Improved gas grid and sales margins

Hungary:

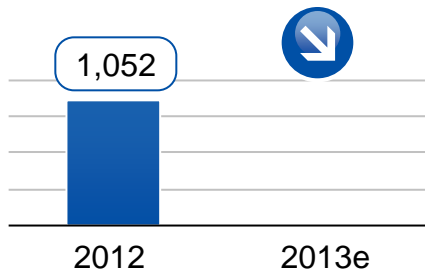
- ⊖ Government induced burdens for utilities

Poland:

- ⊕ Improved market conditions in the electricity sales business

Guidance for fiscal 2013: below last year's level

€ million

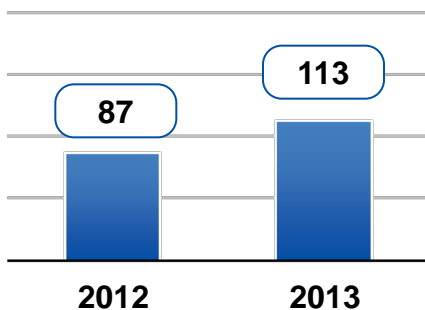


- ⊖ Disposal of NET4GAS (as of 2 August 2013)
- ⊕ **Czech Republic:** Improved gas grid and sales margins
- ⊖ **Hungary:** Government induced burdens for utilities
- Poland:**
- ⊖ Absence of positive one-off seen in 2012
- ⊕ improved market conditions in the electricity sales business

Performance of the Renewables Division (RWE Innogy)

January – September: operating result: +29.9% (+€26 million)

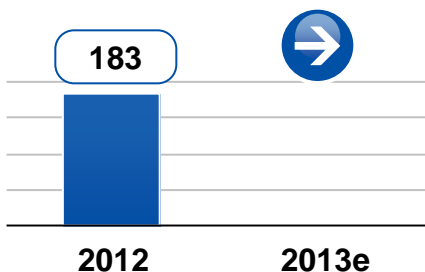
€ million



- ⊕ Increased earnings contribution from growth investments
- ⊕ Higher utilisation of hydro plants
- ⊕ One-off from compensation payments in Spanish wind business
- ⊖ Impact from new renewables support scheme in Spain and resulting adjustment of book value in Andasol 3
- ⊖ Lower market prices (power, green certificates)
- ⊖ Lower income from sale of developed projects

Guidance for fiscal 2013: in the order of last year's level

€ million

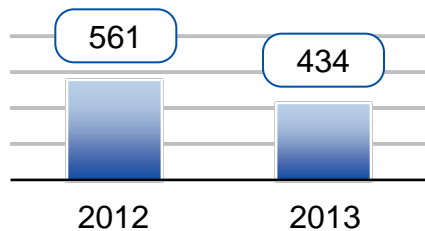


- ⊕ Commissioning of new assets
- ⊕ Higher utilisation of hydro plants
- ⊕ One-off from compensation payments in Spanish wind business
- ⊖ Impact from new renewables support scheme in Spain and resulting adjustment of book value in Andasol 3
- ⊖ Lower market prices (power, green certificates)

Performance of the Upstream Gas & Oil Division (RWE Dea)

January – September: operating result: -22.6% (-€127 million)

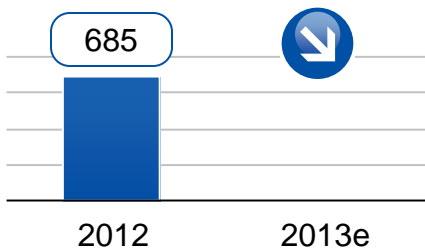
€ million



- ⊖ Lower realised oil and gas prices including negative f/x effect
- ⊖ Higher exploration costs including costs for dry wells
- ⊕ Higher oil and gas sales in Europe

Guidance for fiscal 2013: significantly below last year's level

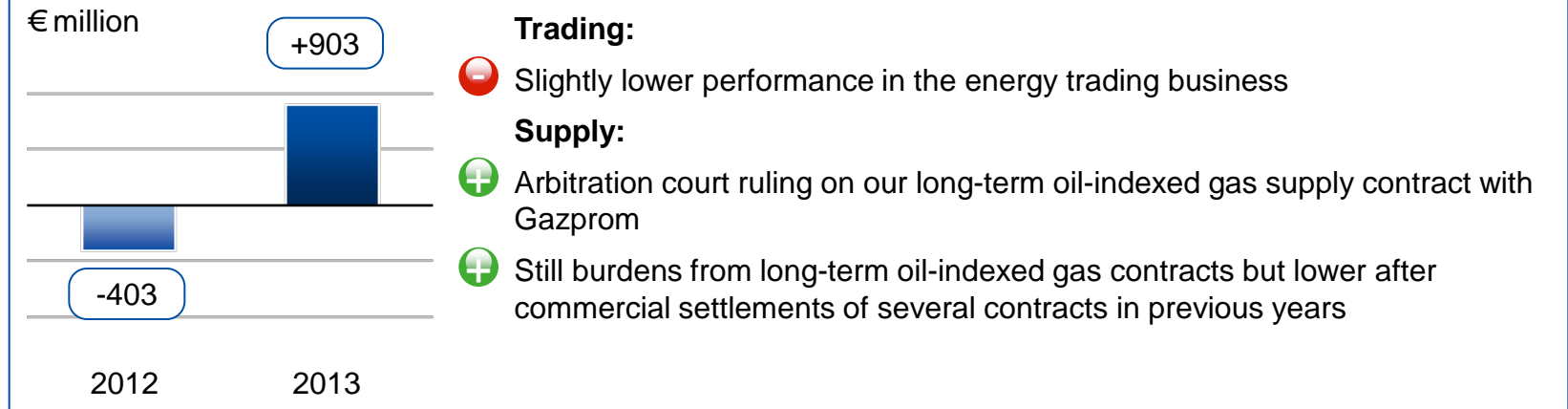
€ million



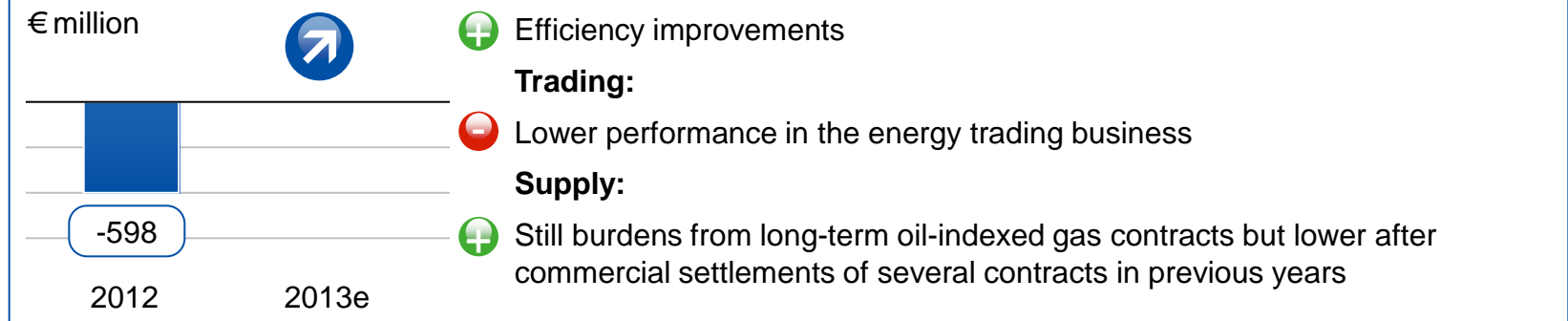
- ⊖ Lower realised oil and gas prices including negative f/x effect
- ⊖ Higher exploration costs including costs for dry wells
- ⊕ Higher gas production volumes but less than originally expected

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

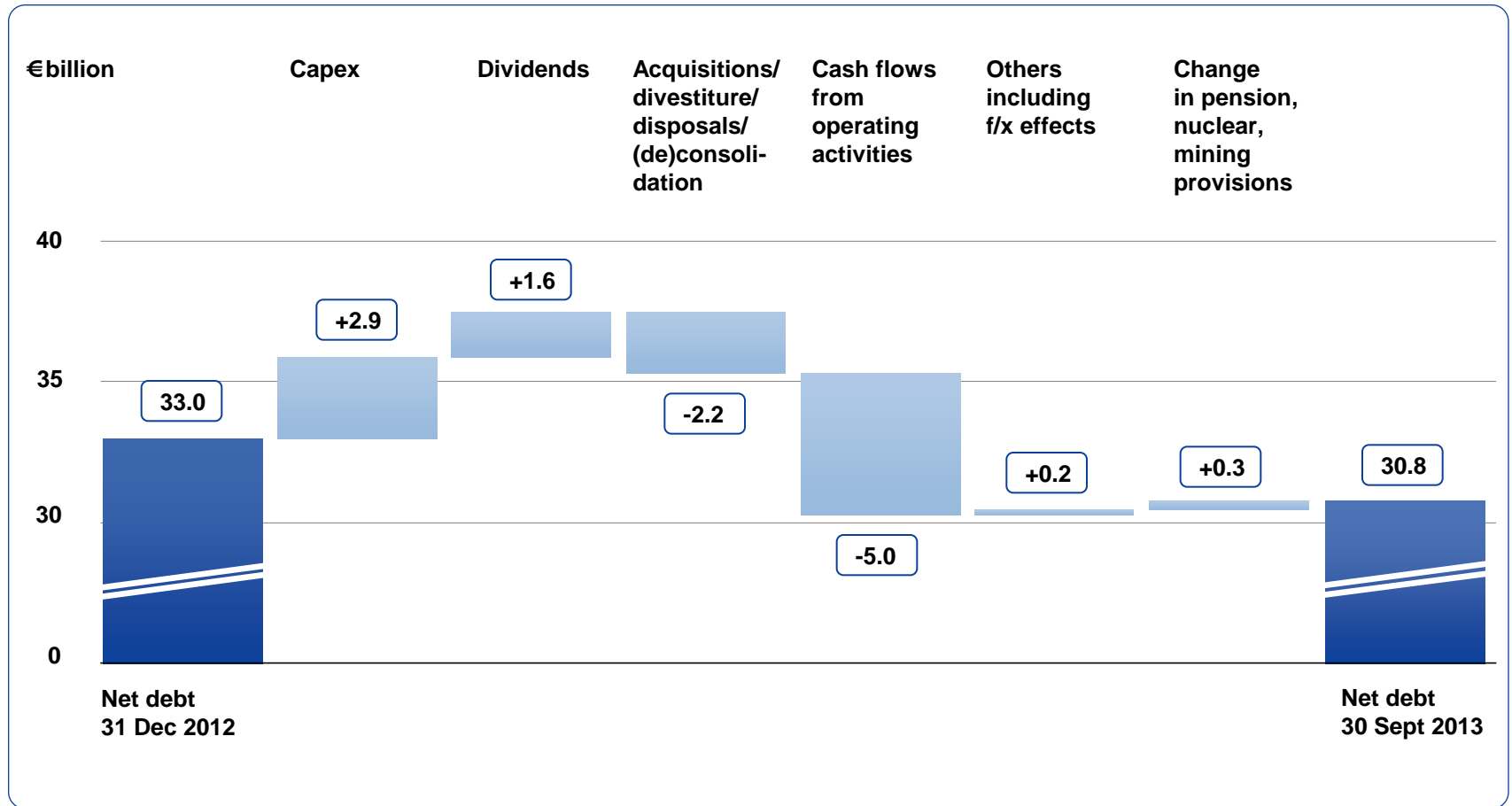
January – September: operating result: +€1,306 million



Guidance for fiscal 2013: significantly above last year's level

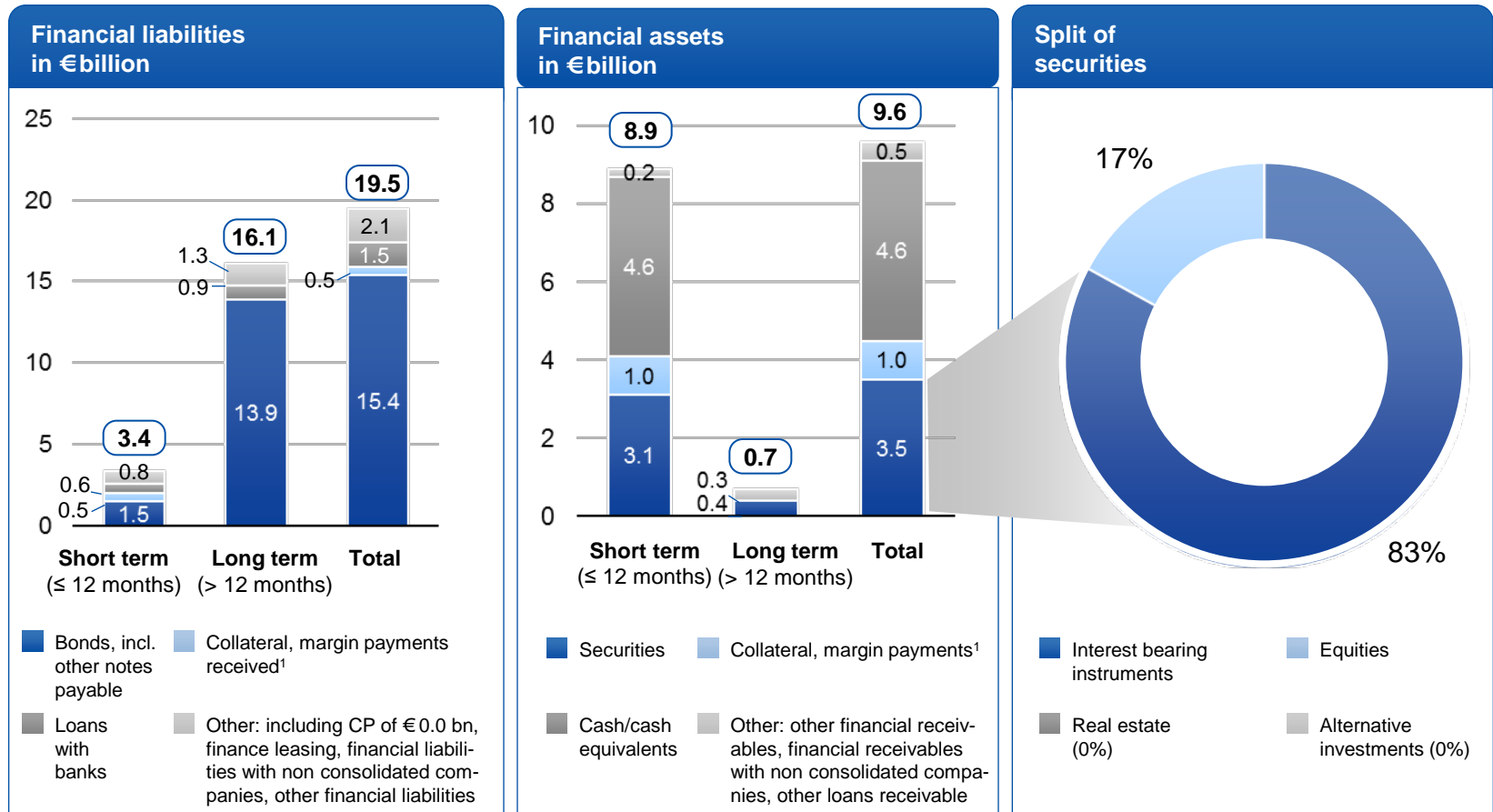


Development of net debt



Financial liabilities and assets

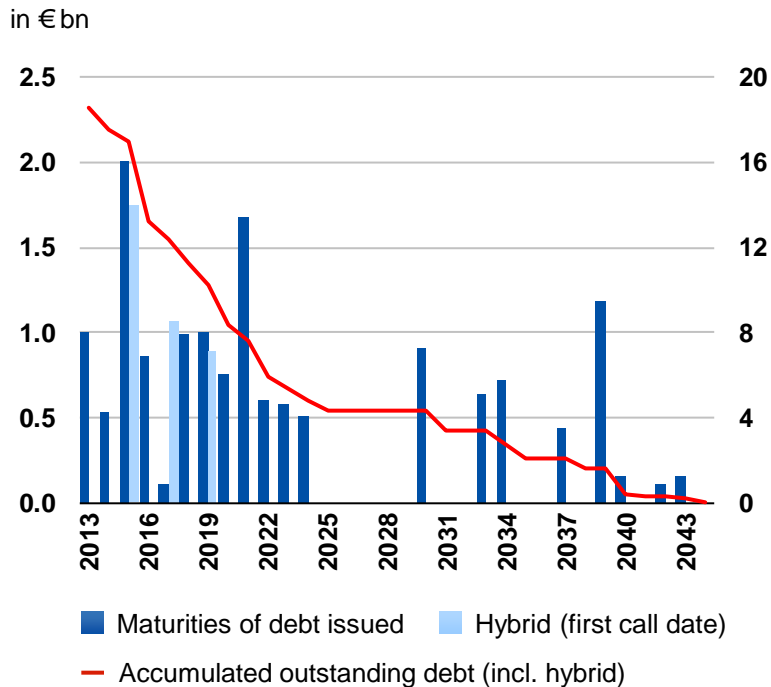
(excluding hybrid capital, as of 30 September 2013)



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

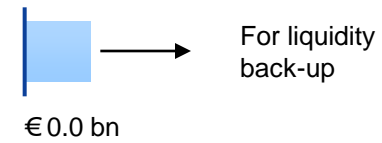
Capital market debt maturities and sources of financing

Capital market debt maturities¹

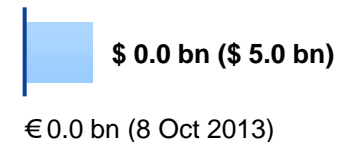


Strong sources of financing

Fully committed syndicated loan
(€4.0 bn up to Nov. 2017)



Commercial paper
(up to 1 year)



MTN programme
(up to 30 years)



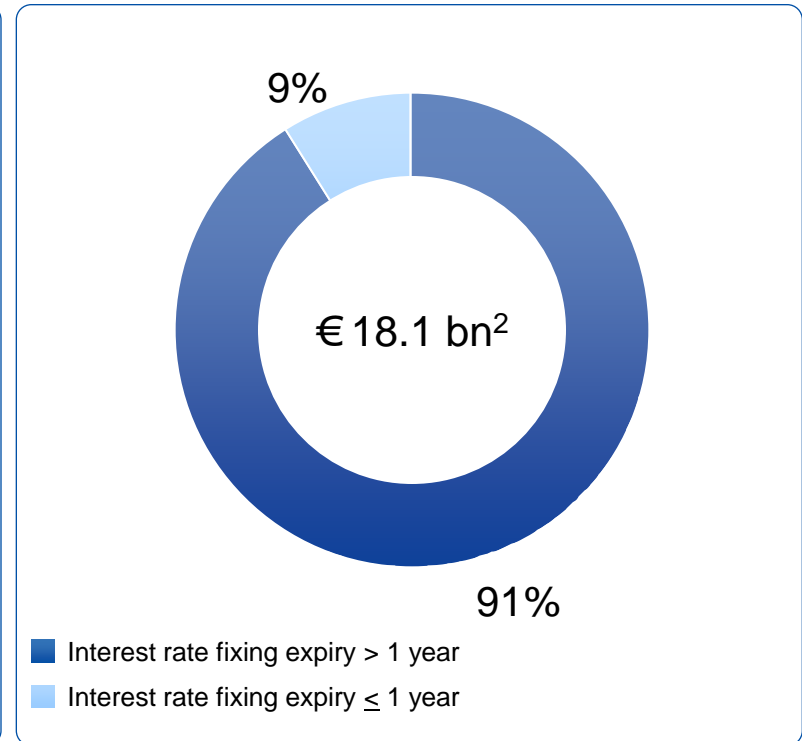
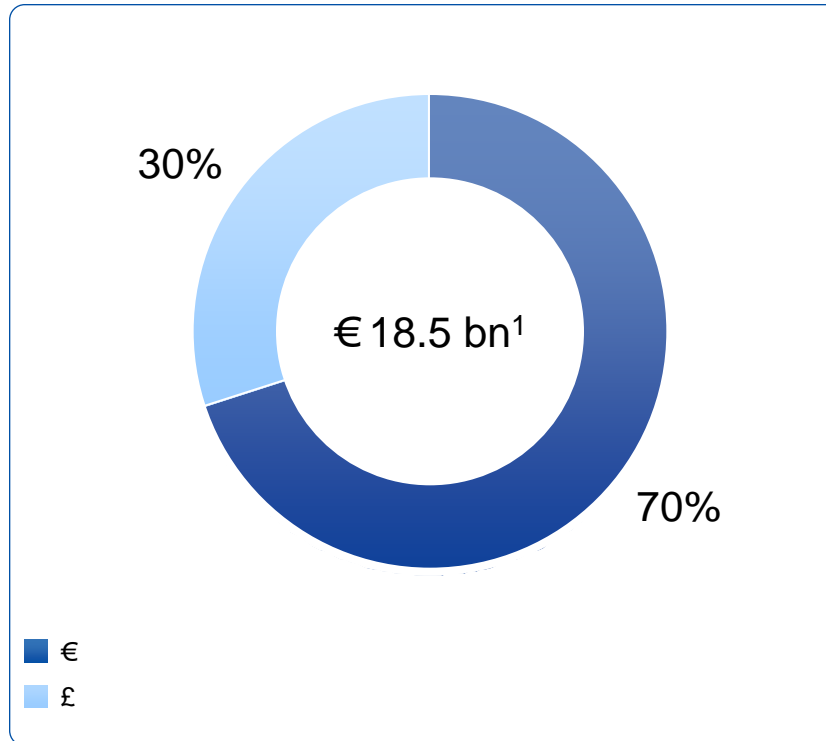
Balanced profile with limited maturities up to end of 2015 (~€5.3 billion)

¹ RWE AG and RWE Finance B.V., as of 8 Oct 2013, i.e. including new bond issue as of 08 Oct 2013 about €0.5 bn

² Bonds outstanding under the MTN-programme, i.e. excluding hybrids. Including hybrids: €18.5 bn

Capital market debt currency and interest exposure













(as of 8 Oct 2013)



¹ Capital market debt = bonds of €14.8 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 power plant new build programme (capex at 100% share)									
	Hamm (hard coal, 1,528 MW)	77%	2.4	Units E D					
	Eemshaven (hard coal/biomass, 1,560 MW)	100%	3.0	Units A B					
	Denizli (gas, 787 MW)	70%	0.5						
RWE Dea's largest field developments (RWE's share in capex) ■ Bars indicate expected start of production.									
	West Nile Delta (Egypt)	NA 40% WMDW 20%	2.9						
	Disouq (Egypt)	100% (operator)	0.2						
	Breagh Phase 1 (GB)	70% (operator)	0.4						
	Reggane (Algeria)	19.5%	0.4						
	Knarr (formerly "Jordbær") (Norway)	10%	0.2						
	NC 193/195 (Libya)	100% (operator)	0.5						
RWE Innogy major projects under construction (capex at 100% share; UK offshore includes investment for grid connections)									
	Markinch (biomass CHP, 46 MW _e , 88 MW _{th})	100%	0.3						
	Gwynt y Môr (wind offshore, 576 MW)	60%	2.7						
	Nordsee Ost ¹ (wind offshore, 295 MW)	100%	1.4						

¹ The construction schedule was revised several times in 2012 due to the delay in the offshore grid connection by TenneT. The first feed-in of electricity is now only expected by Mid 2014 and the commissioning of the wind farm is delayed at least until Q4 2014.

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