

Paving the way for growth with continued focus on financial discipline



(as of May 2015)

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 judgment 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.

RWE – an attractive value proposition

Attractive portfolio

- > Pure utility play with leading market position and regionally focused strategy
- > Balanced asset portfolio with strong downstream presence
- > Highly cost-efficient and modernised power plant portfolio
- > CO₂ neutral position
- > Focused growth initiatives in new energy market opportunities

Stable financials

- > Progress in strengthening balance sheet
- > Streamlined and disciplined investment approach
- > Cash flows from operating activities to cover investments and dividends
- > Further efficiency enhancements and operational excellence
- > New dividend policy: Focus on sustainability and continuity



Earnings outlook for 2015:

EBITDA €6.1 – 6.4 bn; operating result €3.6 – 3.9 bn; recurrent net income c. €1.1 – 1.3 bn

Main messages

- Financial performance first quarter: EBITDA -3.4%, operating result -5.1%, recurrent net income +10.0%
- Successful divestment of RWE Dea for an EV of €5.1bn
- Successful placement of €1.25 bn hybrid bond
- Adoption of new dividend policy: from 2015 onwards, the dividend proposal will be oriented towards RWE's operating cash flows, indebtedness and earnings position
- UK capacity market clears at £19.4/kW (2012 prices); RWE has been awarded capacity agreements for 8 GW of generation capacity
- Partnership solutions: recent transactions include sale of 85% stake in Nordsee One, 2 and 3 offshore wind projects, sale of 50% stake in Triton Knoll offshore wind project and disposal of another 15% in Czech gas distribution grid
- Outlook 2015: EBITDA €6.1 – 6.4 bn; operating results €3.6 – 3.9 bn; recurrent net income €1.1 – 1.3 bn

On our way to financial robustness as base for long-term growth

What we have achieved so far



- > Establishment of European generation business to drive cost efficiencies and portfolio measures
- > First two waves of efficiency programme delivered ahead of time
- > Positive cash balance achieved ahead of time
- > Successful disposal of RWE Dea for an EV of €5.1 bn
- > Improvement of net debt position
- > Reduction of capex level on plan

What we are focusing on



- 1 Identification and fostering of growth areas
- 2 Review of set-up of conventional power generation portfolio
- 3 Third wave of efficiency programme
- 4 Financial discipline with regards to investments

Changing energy market offers growth potential

Renewables

- > Focus on on- and off-shore wind
- > ~ €1 bn in growth capex (2015-2017)
- > Partnering solutions will diversify risks and leverage project pipeline
- > Double digit compound annual earnings growth rate over the next three years secured



Grids

- > Best in class grid management
- > Investments of > €3 bn between 2015 and 2017
- > Additional growth potential from smart technologies
- > Single digit earnings growth possible longer term

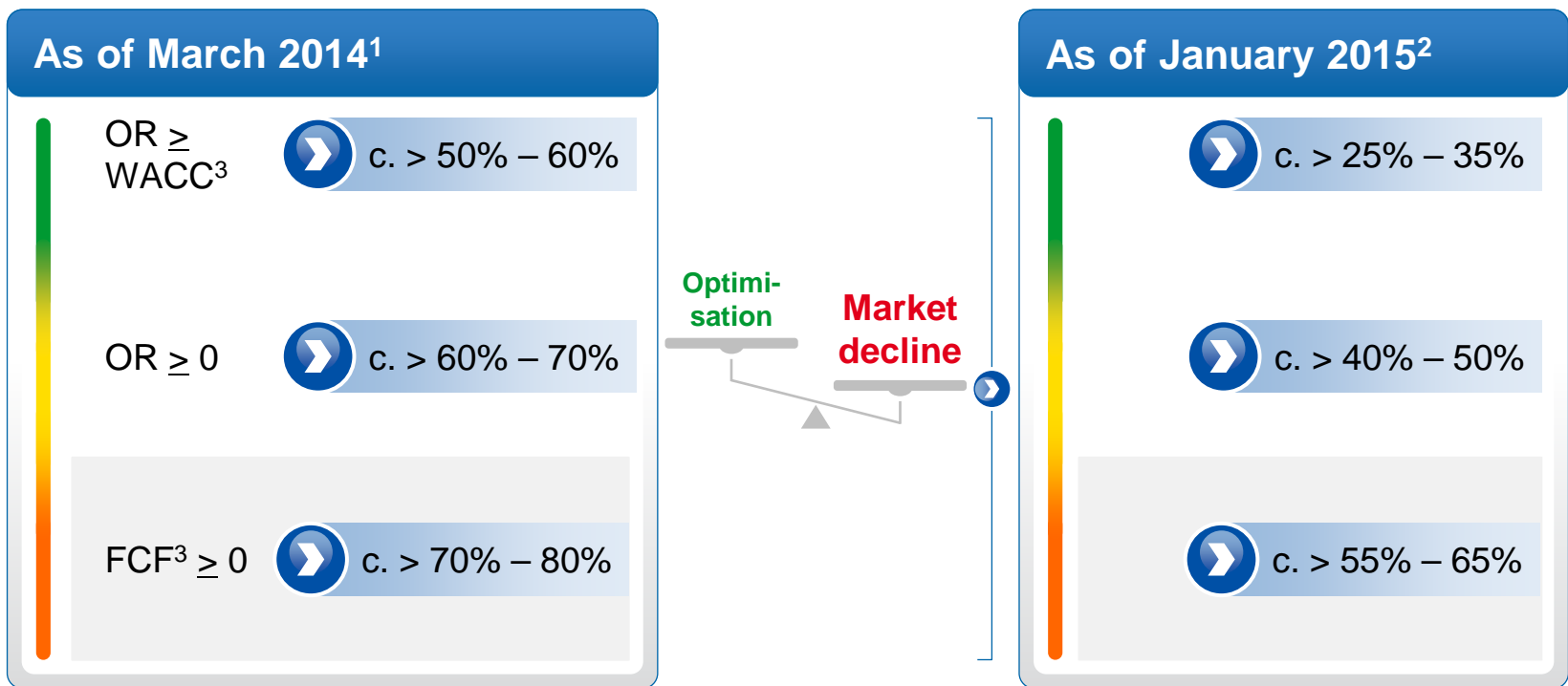


Retail

- > Strong Pan European Retail organisation with 23m customers
- > Decentralised energy market models as opportunity
- > Innovation: growth catalyst for new products and services
- > Single digit earnings growth rate mid term envisaged



Increased earnings pressure on conventional power generation

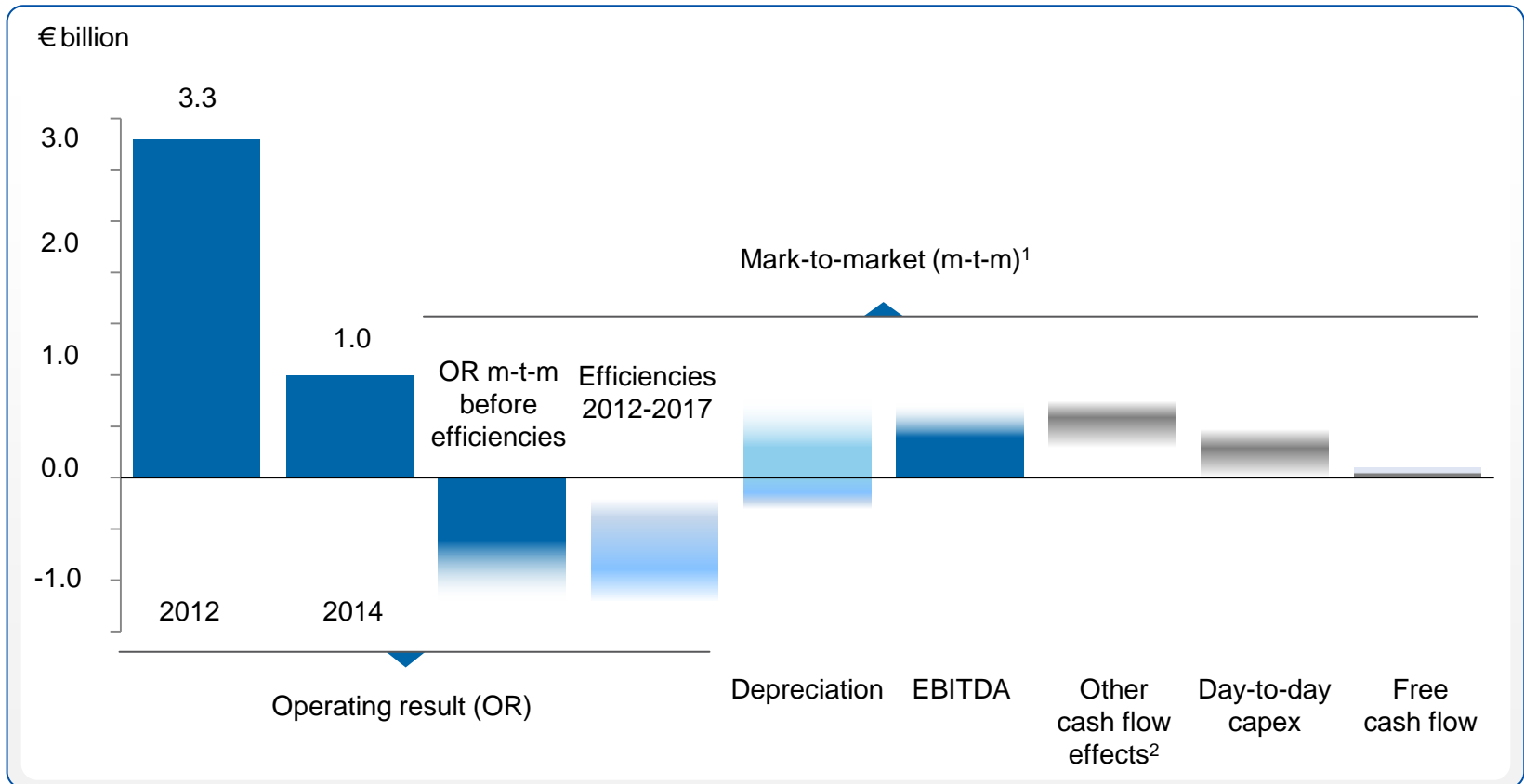


1 Rough profitability analysis for 2014 to 2016 in % of installed capacity of RWE's conventional power generation portfolio in Germany, UK and NL (average c. 41 GW) based on market parameters as of October 2013.

2 Rough profitability analysis for 2015 to 2019 in % of installed capacity of RWE's conventional power generation portfolio in Germany, UK and NL (average c. 41 GW) based on market parameters as of November 2014.

3OR = operating result; WACC = weighted average cost of capital pre tax; FCF = free cash flow = revenue – cash costs.

Conventional Power Generation: mark-to-market free cash flow neutral



1 Mark-to-market as of January 2015 at market prices of around €32/MWh for German base load forwards and anticipating the expiry of the nuclear fuel tax.

2 Changes in provisions, funds from operations financial income and tax, changes in working capital.

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 ²	285	Hard coal	DE	Q1-2016
	Gersteinwerk K2	610	Hard coal	DE	Q1-2017
Long-term mothballing ³	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	DE	Q3-2013
	Weisweiler G	270	Topping gas turbine	DE	Q3-2013
	Mid-size units	35	Gas	NL	Q1-2013
Summer mothballing	Emsland B ⁴	360	Gas – steam turbine	DE	Q2-2014
	Emsland C ⁴	360	Gas – steam turbine	DE	Q2-2014
Termination of contracts	Confidential	2,960	Hard coal	DE	Q4-2013 – Q2-2015
Total		8,310 MW			

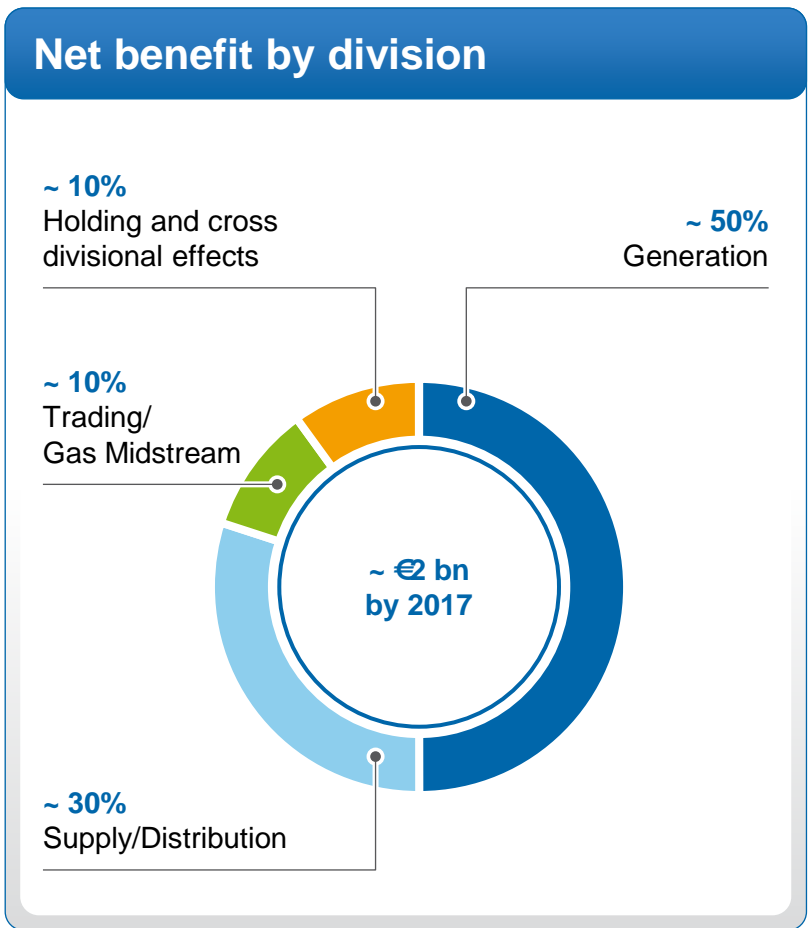
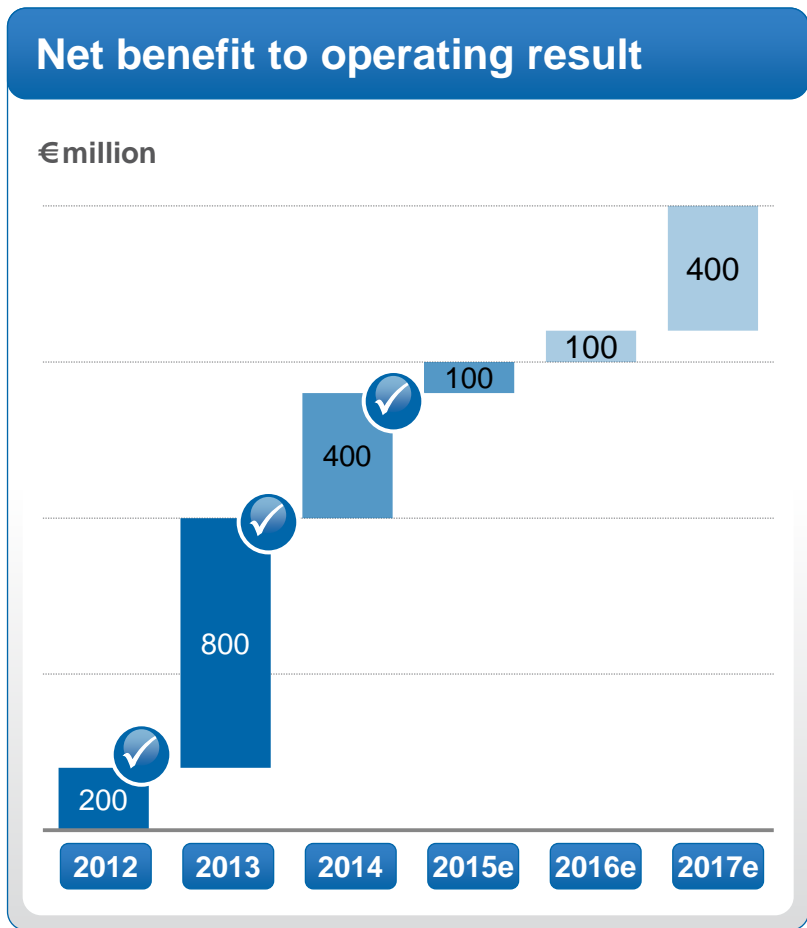
1 Net nominal capacity, rounded

2 Summer mothballing between April and September 2015

3 In times of market tightness mothballed plants might return temporarily to the system

4 Continuous operation decided for 2015

Efficiency programme ahead of schedule, additional measures contribute another €500 million



Next wave of efficiencies entails a wide range of performance measures

Additional measures focus on cost reduction and cash flow optimisation

Costs



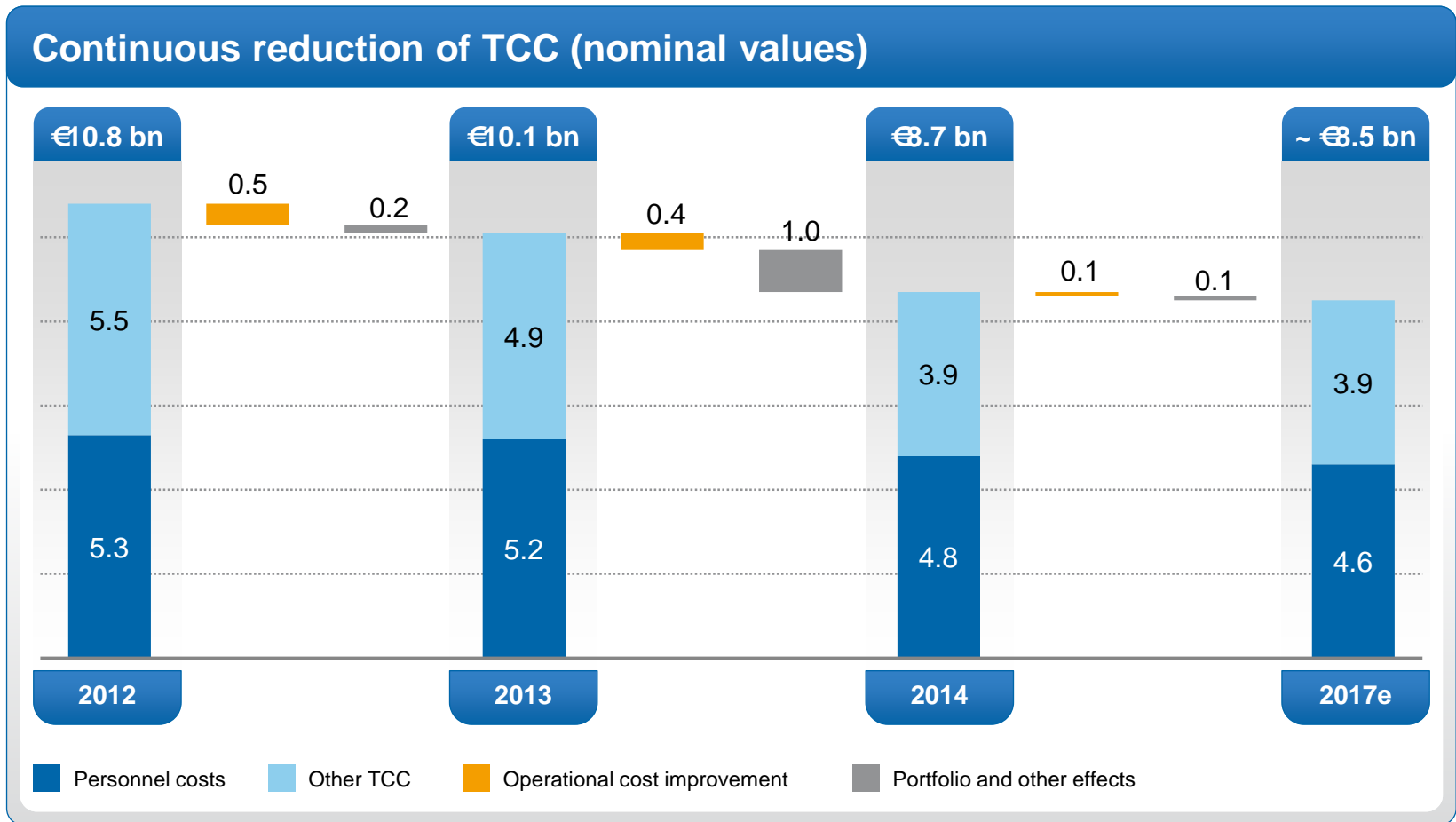
- > Implementation of lean programme and improved end-to-end processes
- > Consolidation of IT landscape
- > Reduction of costs of external service providers
- > Streamlining of organisational and legal structures: reduction of management levels and number of legal entities
- > Reduction of personnel costs through internal job market, lower travel costs, improved performance management

Cash



- > Optimisation of working capital should contribute c. €1.5 bn to debt reduction by 2016, of which c. 50% already achieved by 2014
- > Special focus on cash-optimising procurement process
- > Further integration of working capital measures in target setting and incentive process

Development of total controllable costs (TCC)



Capex programme reduced to maintenance level

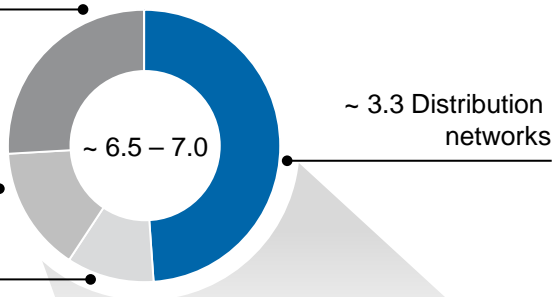
Further growth projects have to be financed debt-neutral, e.g. by the disposal of other assets or partnering solutions

€billion

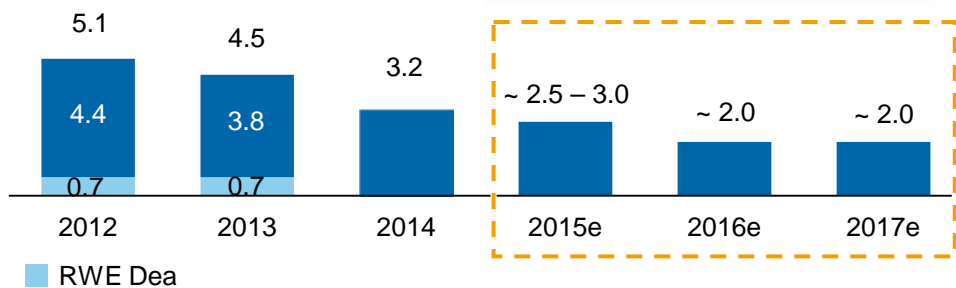
~ 1.5 – 2.0 Conventional power generation

~ 1.0 Renewables

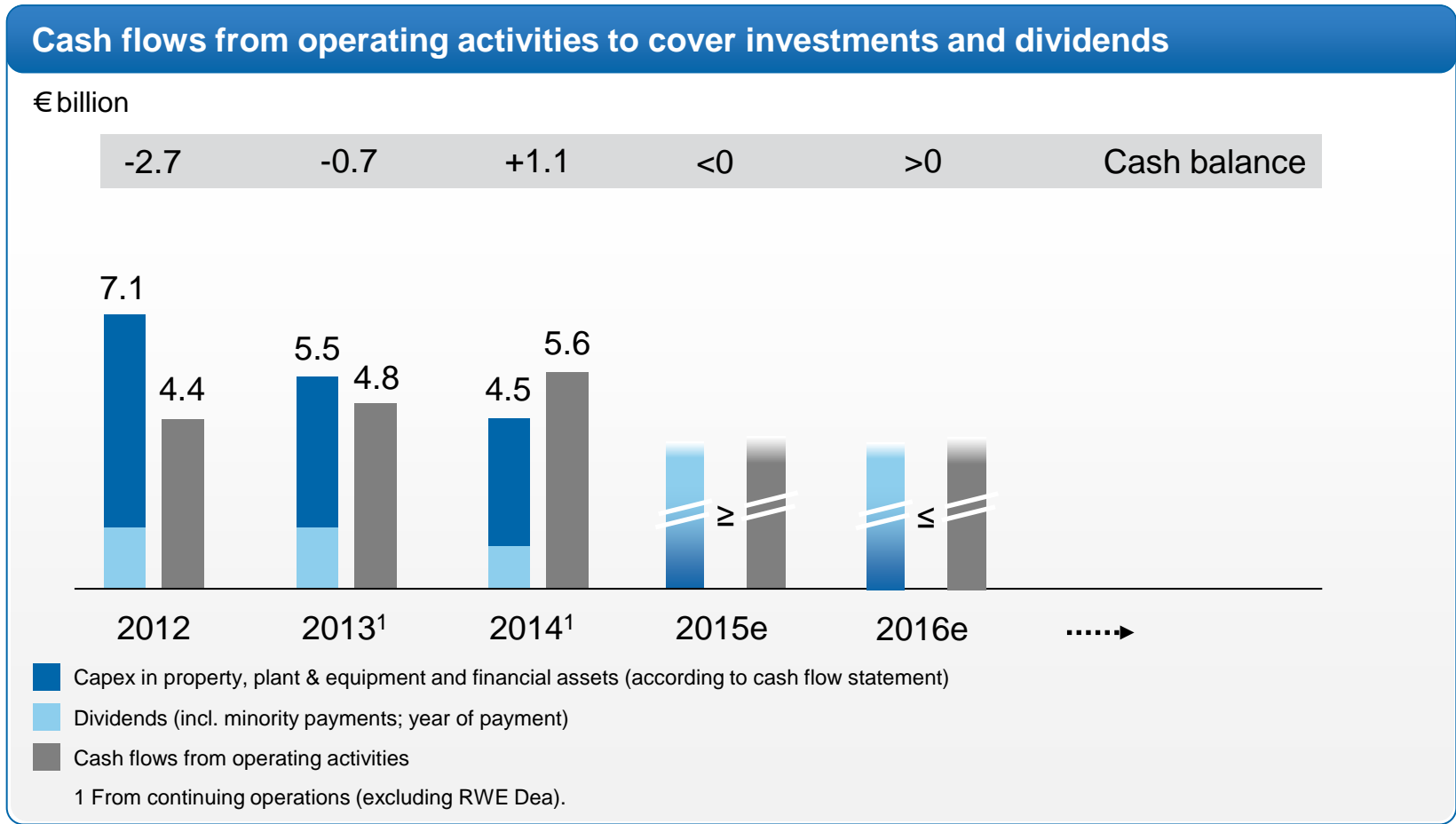
~ 0.7 Retail



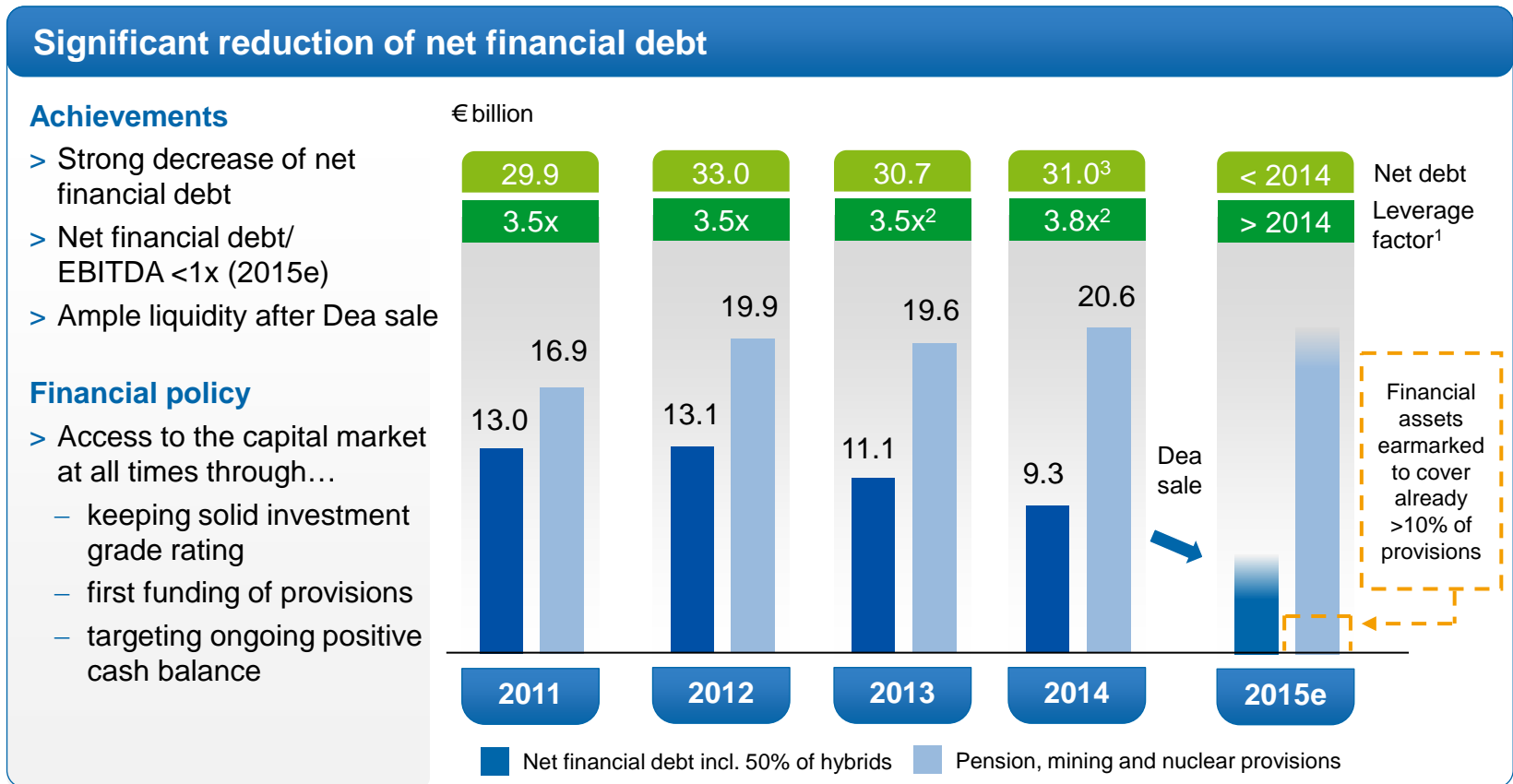
- > Approx. €6.5 – 7.0 bn capex programme for 2015 – 2017:
 - ~ €1.5 – 2.0 bn for major projects
 - ~ €5.0 bn for day-to-day incl. grids
- > Completion of new-build power plant programme
- > Completion of large offshore wind farm projects in 2015



Positive cash balance reached 1 year ahead of plan



Excellent access to the capital market is key to us

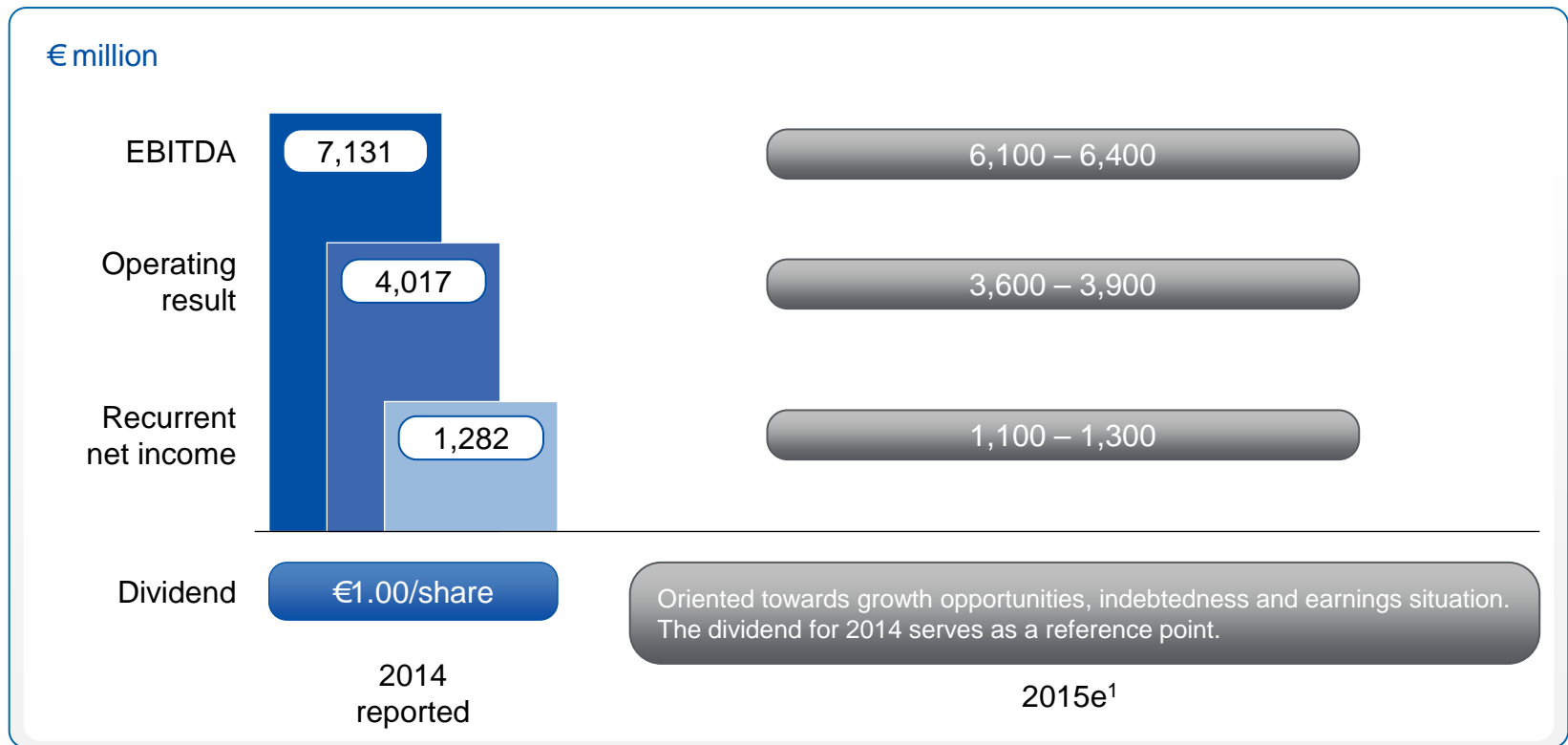


1 Leverage factor (Net financial debt (incl. 50% of hybrids) + pension, mining and nuclear provisions)/EBITDA.

2 Pro-forma leverage factor including the EBITDA of RWE Dea, as reported net debt still includes RWE Dea.

3 Including €1.1 bn net debt from discontinued operations (= RWE Dea).

Outlook for 2015

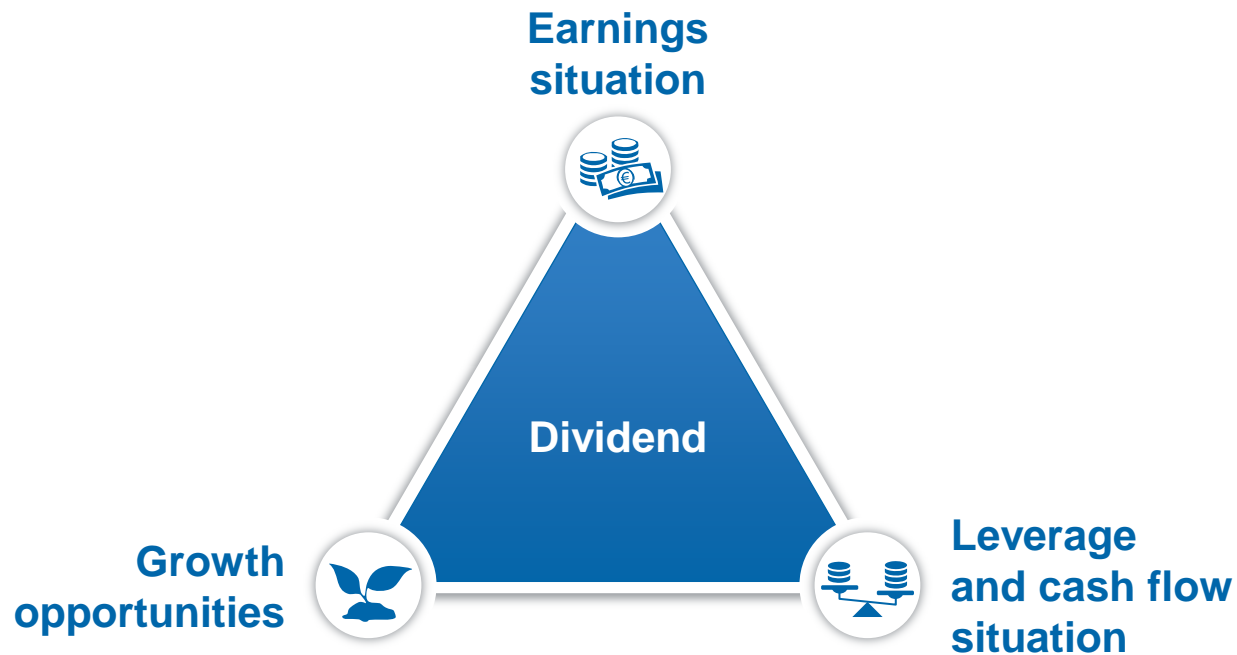


¹ The outlook considers the current status of the nuclear fuel tax law. In case nuclear fuel tax is declared finally illegal and fully in our favour, we expect a positive earnings contribution of c. €1.6 bn to EBITDA and operating result and c. €1.1 bn to net income.

RWE Dea: In 2014 and 2015 RWE Dea is not included in EBITDA and operating result. The recurrent net income includes the pro rata interest on the sale price.

Dividend policy reflects whole economic situation

Dividend of the preceding year serves as a reference point for the dividend proposal



Back-up charts

RWE's mid-term business profile drivers



GENERATION

- > Selective growth in renewable energy
- > Partnership solutions to reduce development risks
- > Restructure conventional power generation ("no profit or cash burning")
- > Upside potential from market recovery of conventional power markets (e.g. new market design or recovery of commodities)

TRADING

- > Ongoing focus on value extraction in commercial asset optimisation
- > Develop growth opportunities in new trading markets
- > Additional value contribution from principal investment projects
- > Commercial settlement with Gazprom; no further losses until May 2016
- > Ongoing losses from long-term contracted gas storage capacities

DISTRIBUTION

- > GER: Stable regulatory environment for the next regulatory period
 - Electricity: 2014 – 18
 - Gas: 2013 – 17
 - Growth potential from integration of decentralised generation units & smart technologies
 - Focus on performance
- > CEE/SEE: Aim to stabilise regulated earnings
 - CZ: Discussion on next regulatory period (2015)
 - HU: Political pressure on returns

SUPPLY

- > Focus on value enhancing products and services
- > Innovation as growth catalyst
- > Increasing pressure on sales margins
- > Value oriented customer service
- > Smart markets:
 - Decentralised CHP/services
 - Energy efficiency
- > Growth by leveraging sales know-how across mature and new markets

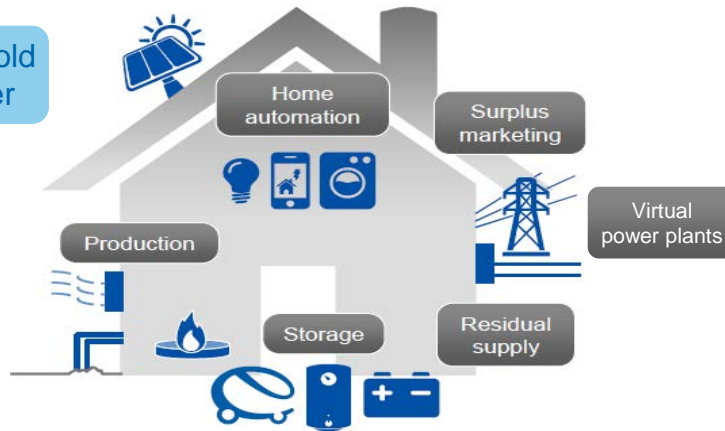
**High portion of earnings from stable regulated businesses
(German and CEE/SEE networks; renewables)**

Integrated utility along the value chain with focus on core markets within Europe

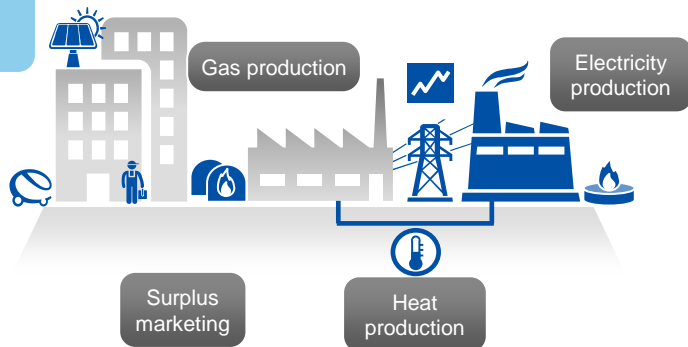
More customers will produce self-generated power and will be enabled to manage their consumption

Changing energy landscape

Household customer



Business customer



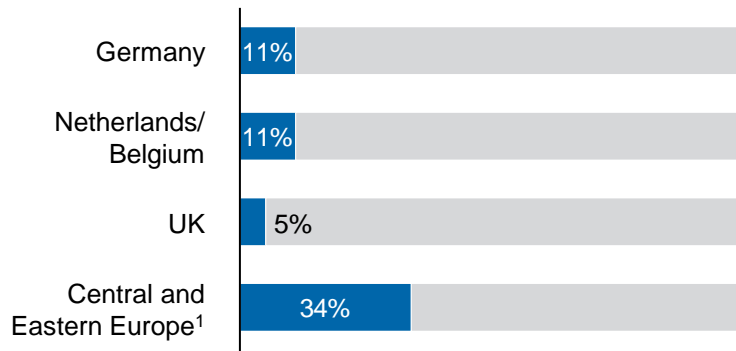
Trends in retail markets

- » 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

RWE in European downstream markets

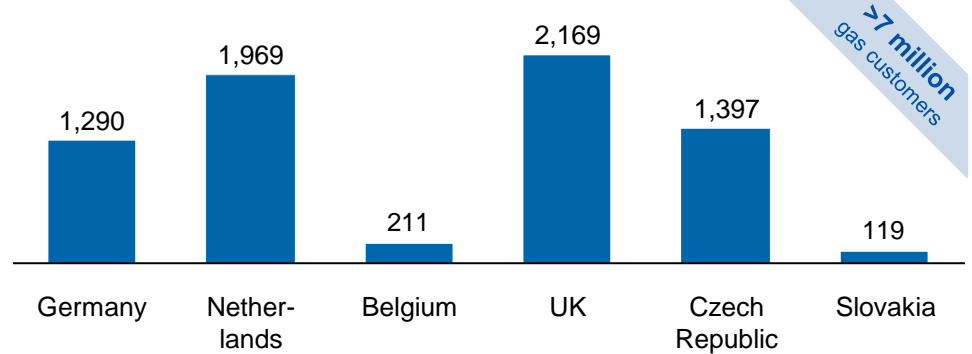
Market share 2014

Sales to end-customers and redistributors



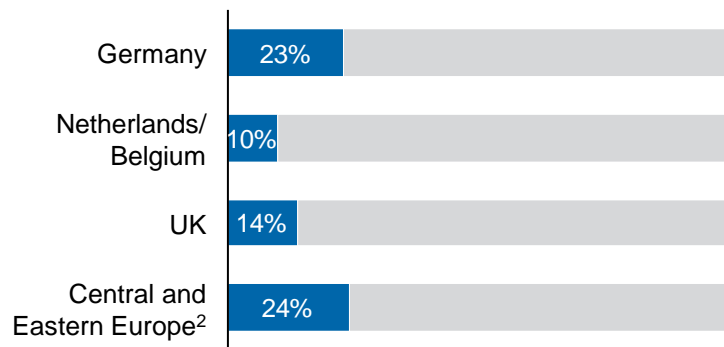
RWE's gas customers³ by country ['000]

Σ = 7,155



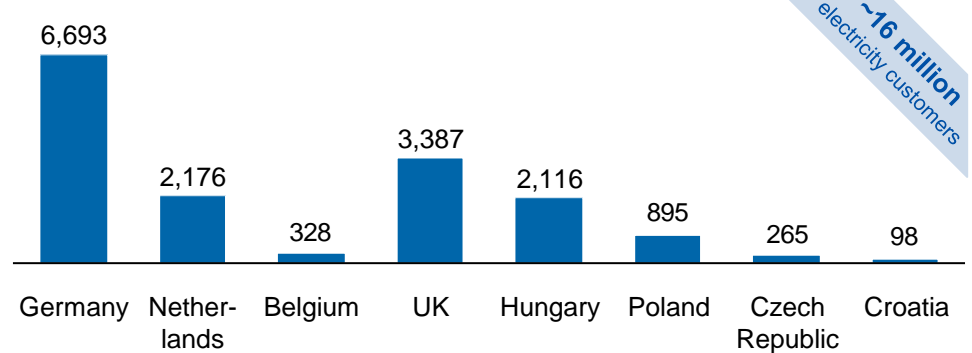
Market share 2014

Sales to end-customers and redistributors



RWE's electricity customers³ by country ['000]

Σ = 15,958



1 Central and Eastern Europe: Czech Republic and Slovakia

2 Central and Eastern Europe: Czech Republic, Hungary, Poland and Croatia

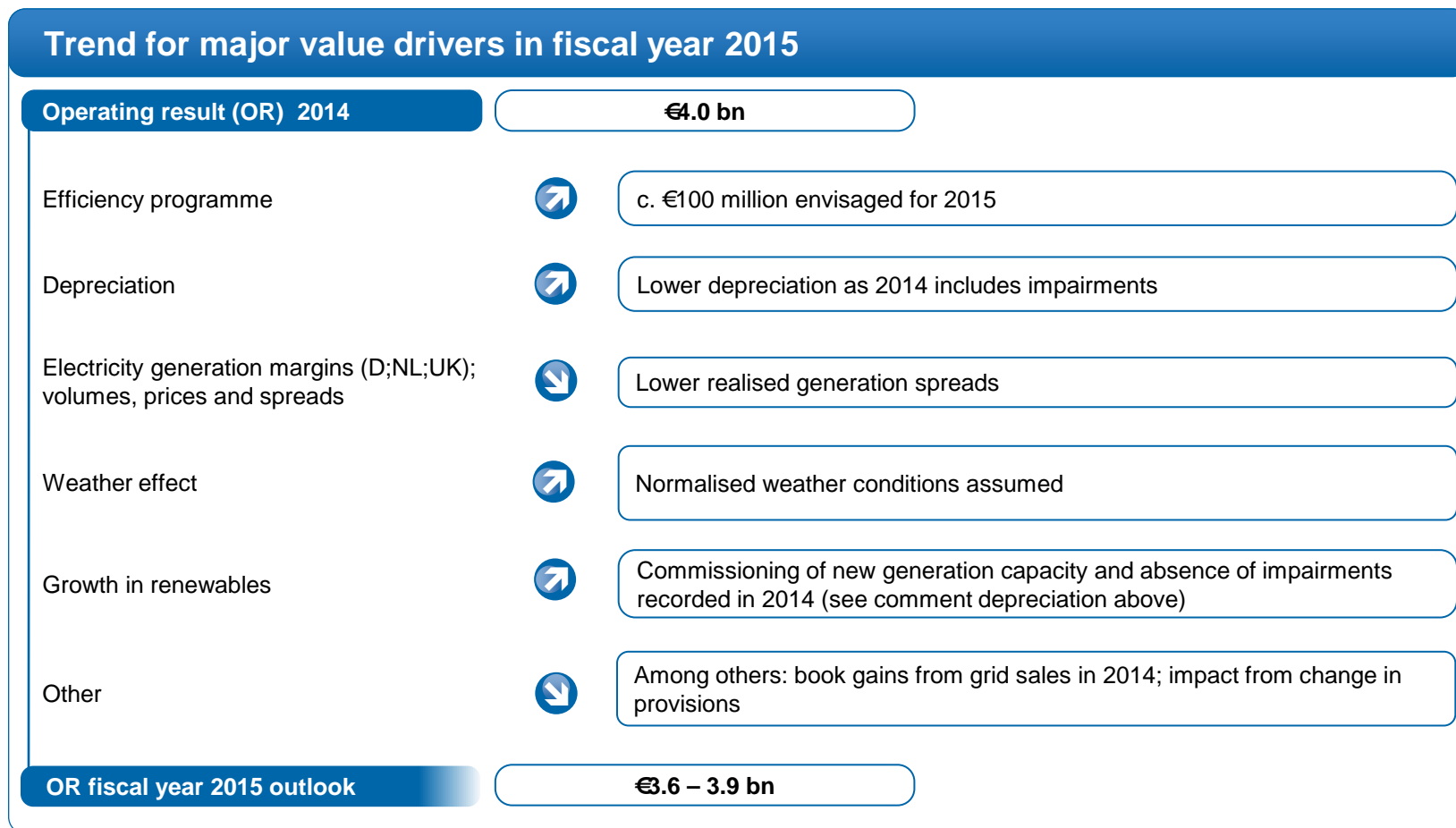
3 Residential and commercial customers

2015 divisional outlook for the operating result

€ million	2014	2015 forecast versus 2014
Conventional Power Generation ¹	979	Significantly below 2014
Supply/Distribution Networks Germany	1,871	Moderately below 2014
Supply NL/B	146	Significantly above 2014
Supply UK	227	Moderately above 2014
Central Eastern and South Eastern Europe	690	Moderately below 2014
Renewables	186	Significantly above 2014
Trading/Gas Midstream	274	Moderately below 2014

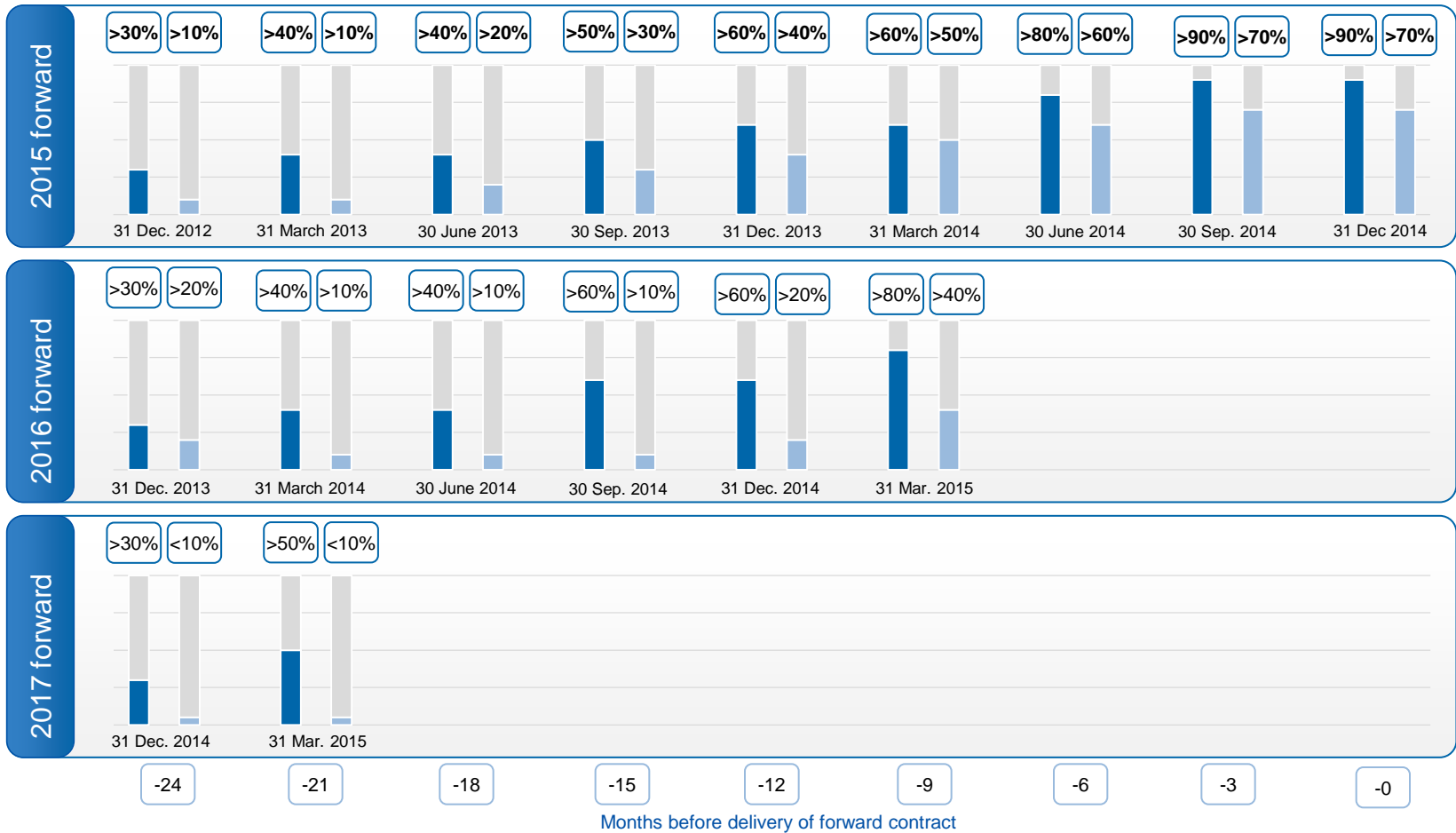
¹ The outlook considers the current status of the nuclear fuel tax law.

Operating result outlook for fiscal year 2015



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

As of 31 March 2015



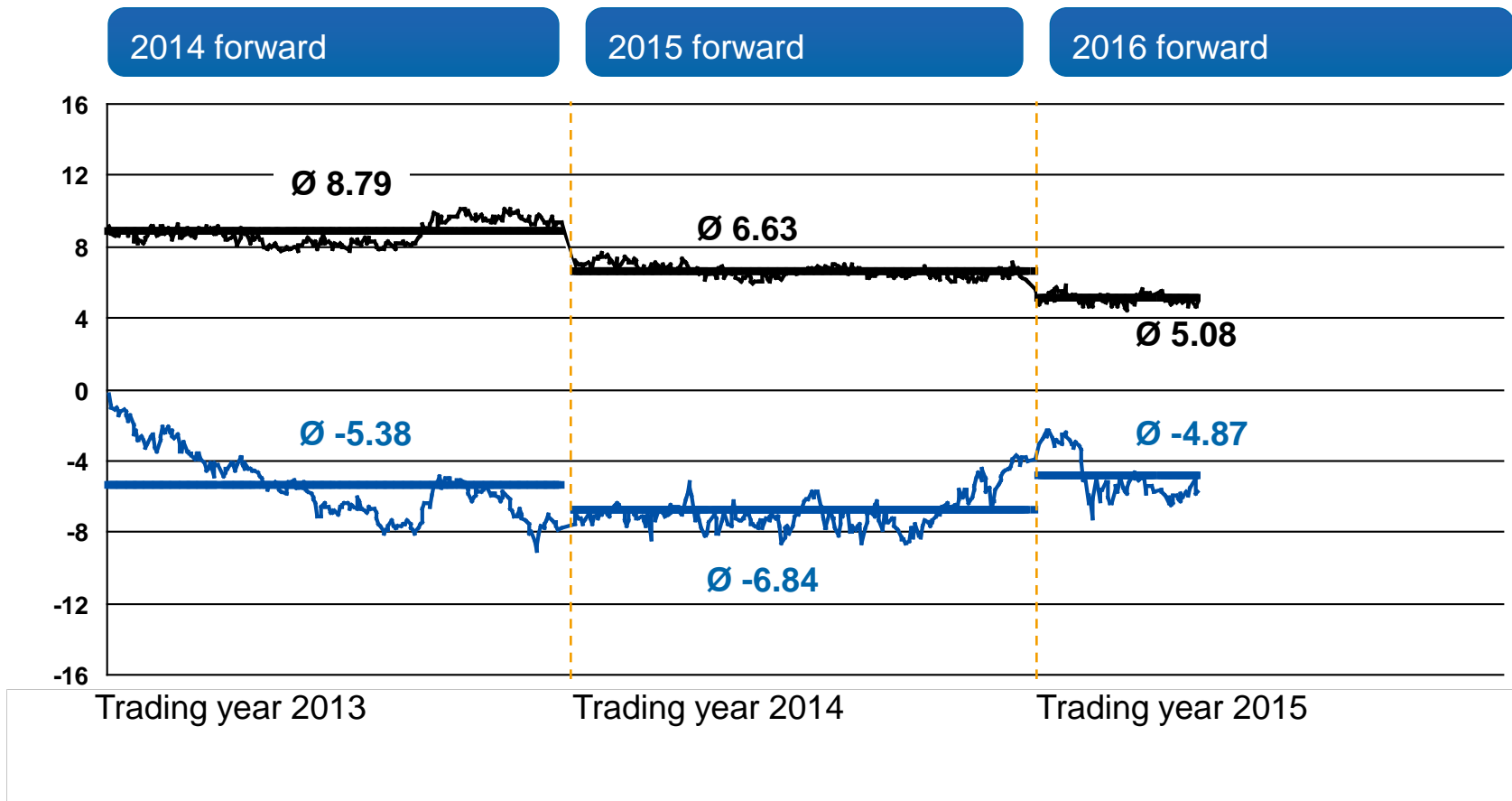
RWE successfully qualified approx. 8 GW for the UK capacity market

Plant	MW ¹	Plant type
Aberthaw	1,486	Coal/OCGT
Didcot B	1,364	CCGT
Great Yarmouth	361	CCGT
Little Barford	683	CCGT
Pembroke	2,090	CCGT
Staythorpe	1,633	CCGT
Miscellaneous smaller units	395	CHP/OCGT/CCGT
	8,012	

- > First UK capacity auction for winter 2018/19 settled at £19.40/kW (2012 money).
- > The result was broadly in line with our expectations.
- > Capacity Market will provide the necessary support for plants required for system security and prices in future will need to remunerate the marginal MW on the system.
- > RWE has a total of 8,012 MW of capacity that will receive the capacity payments, equivalent to £155 million in 2012 money.

¹ De-rated power plant capacity, i.e. capacity which effectively can participate in the auction process. Different from net generation capacity.

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

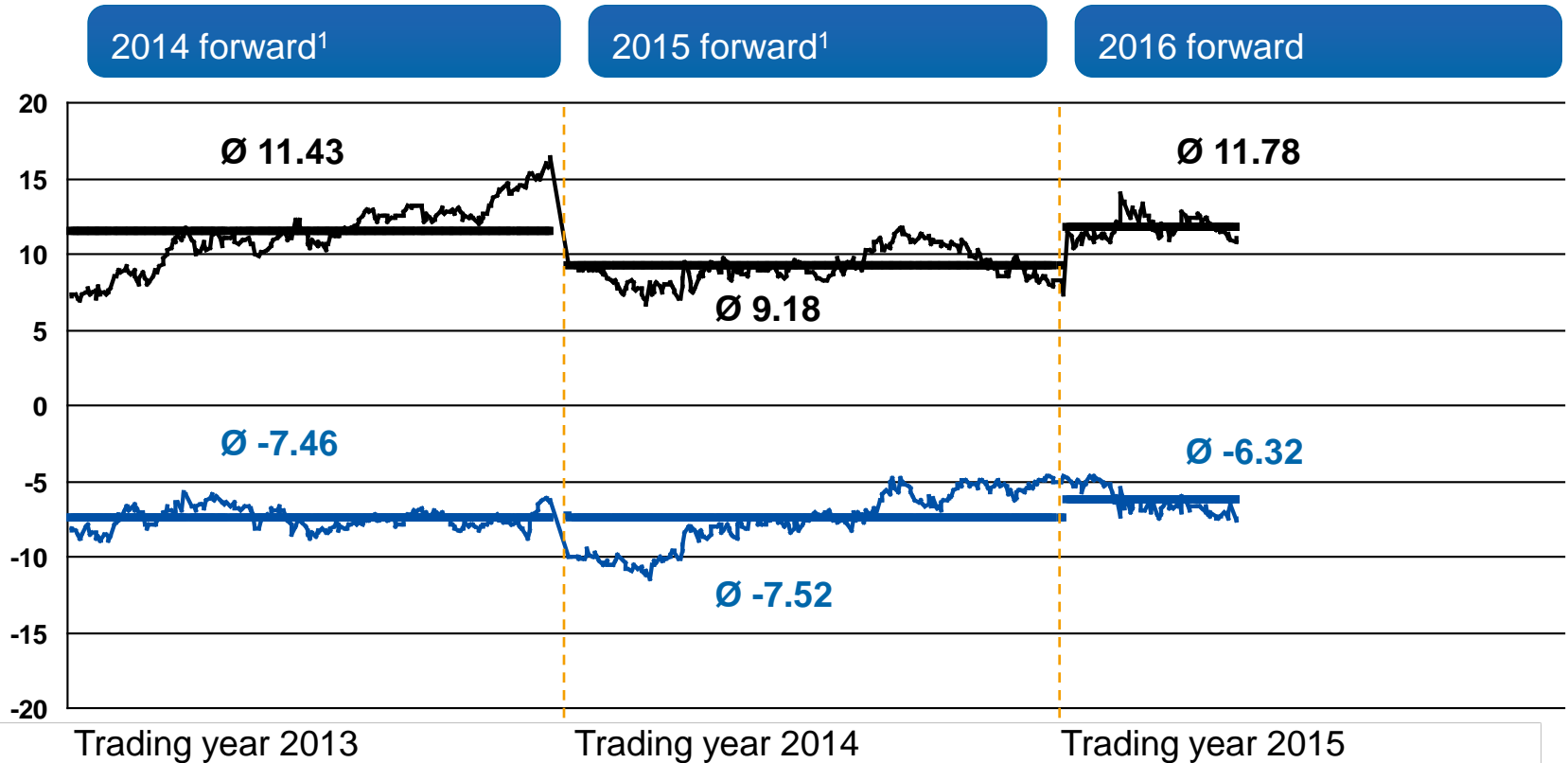


— CDS Cal 2014–16 base load (€/MWh)
(assumed thermal efficiency: 37%)

— CSS Cal 2014–16 peak load (€/MWh)
(assumed thermal efficiency: 50%)

Source: RWE Supply & Trading, prices through to 6 May 2015

NL: Clean Dark (CDS) and Spark Spreads (CSS) (€/MWh)

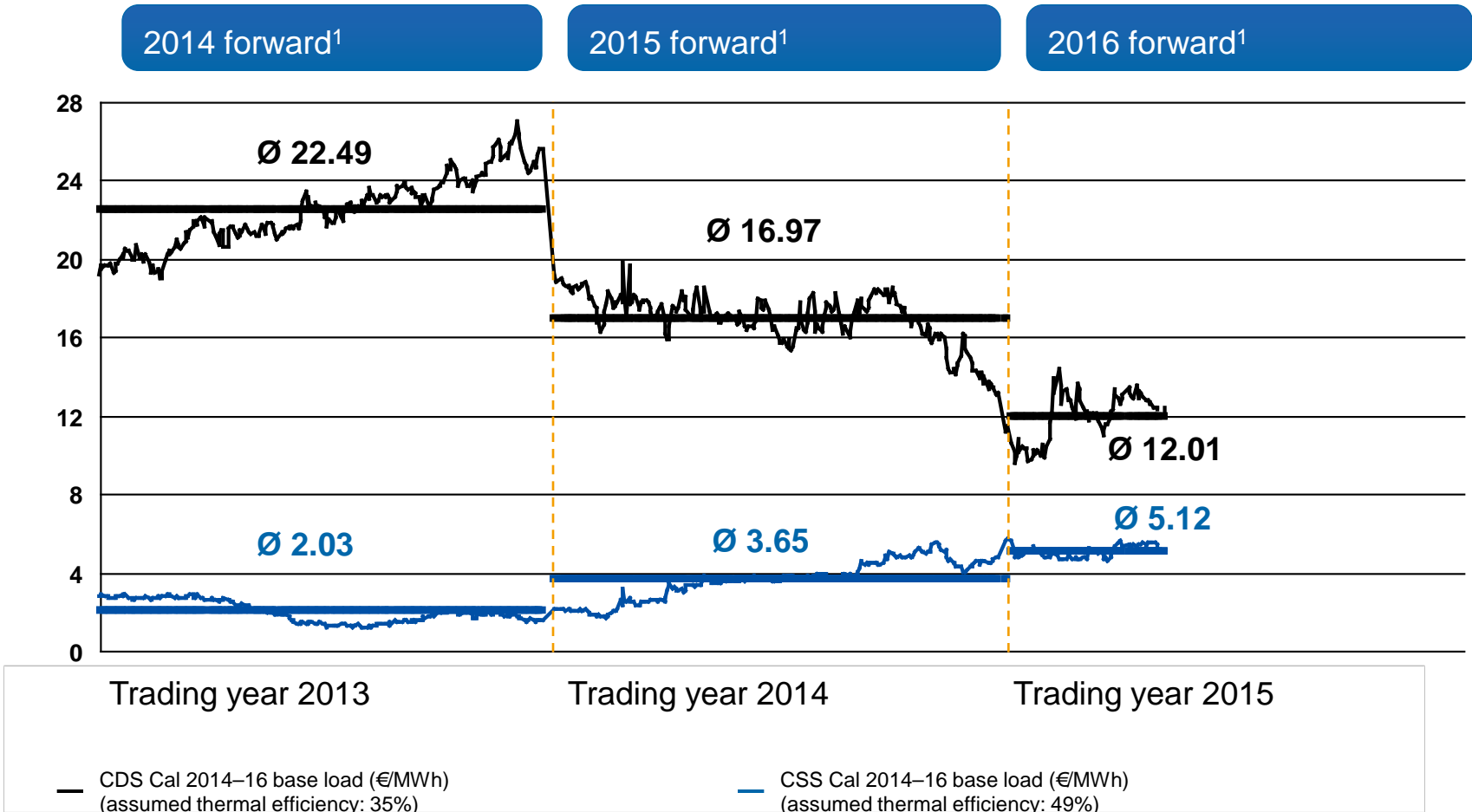


— CDS Cal 2014–16 base load (€/MWh)
(assumed thermal efficiency: 37%)

— CSS Cal 2014–16 base load (€/MWh)
(assumed thermal efficiency: 50%)

¹ CDS: Including coal tax for forwards 2014 and 2015.
Source: RWE Supply & Trading, prices through to 6 May 2015

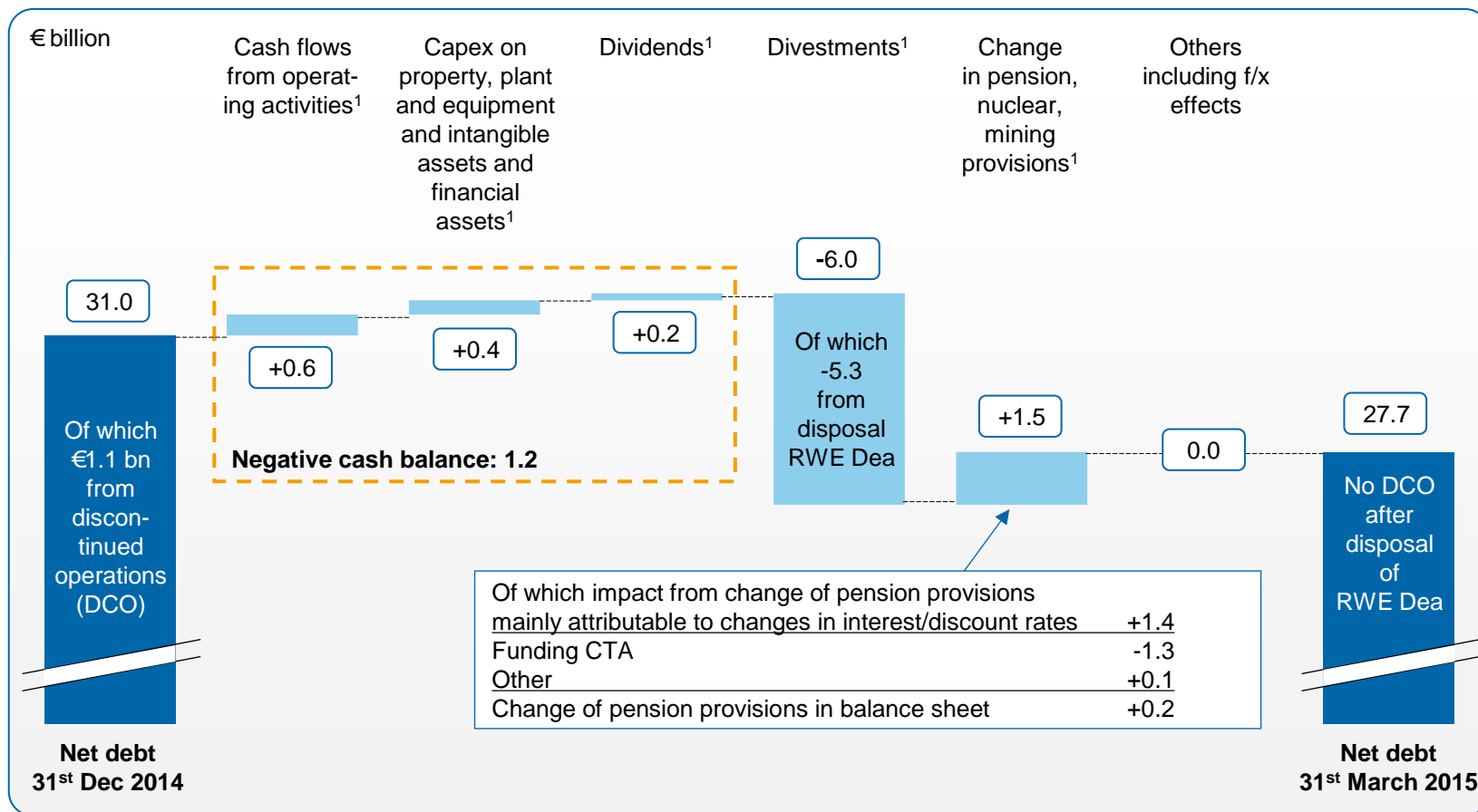
UK: Clean Dark (CDS) and Spark Spreads (CSS) and Spark Spreads (CSS)



¹ Including UK carbon tax.

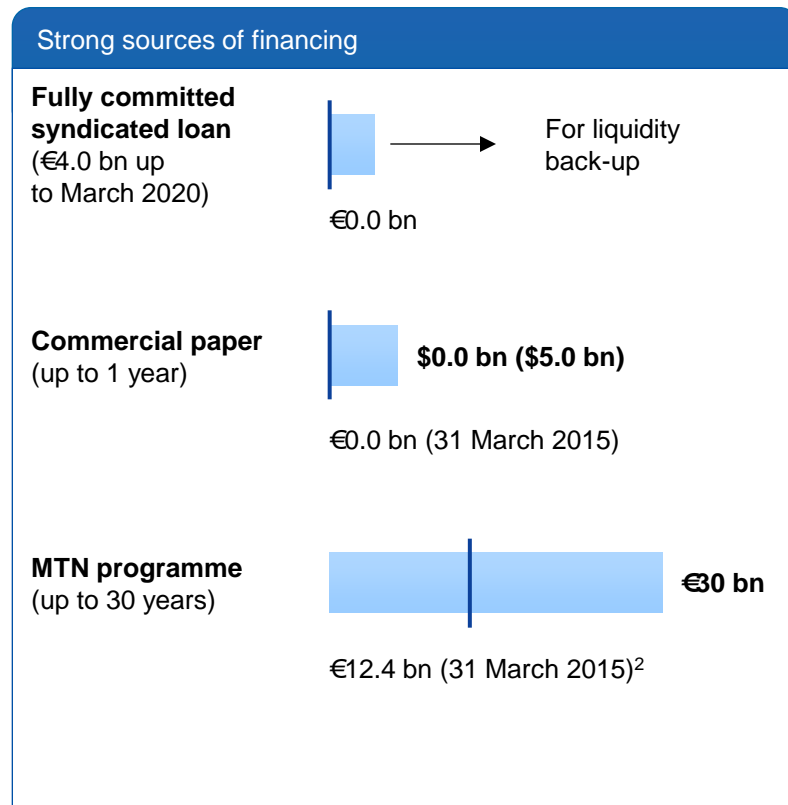
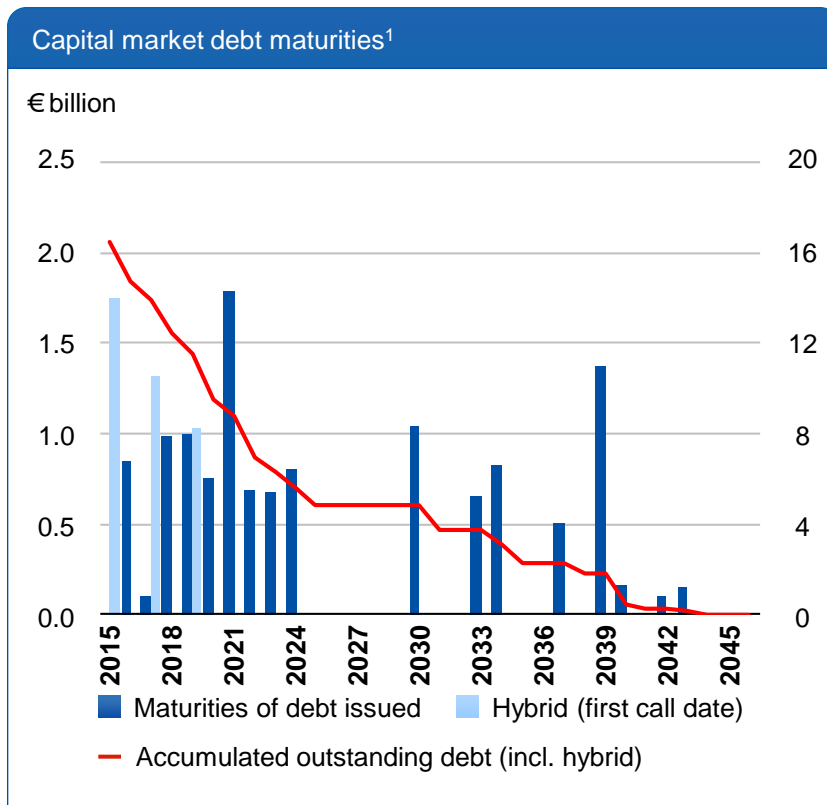
Source: RWE Supply & Trading, prices through to 6 May 2015

Development of net debt



1 From continuing operations.

Capital market debt maturities and sources of financing







 **Balanced profile with limited maturities up to end of 2016 (~ €2.60 billion)**

1 RWE AG and RWE Finance B.V. as of 31 March 2015.

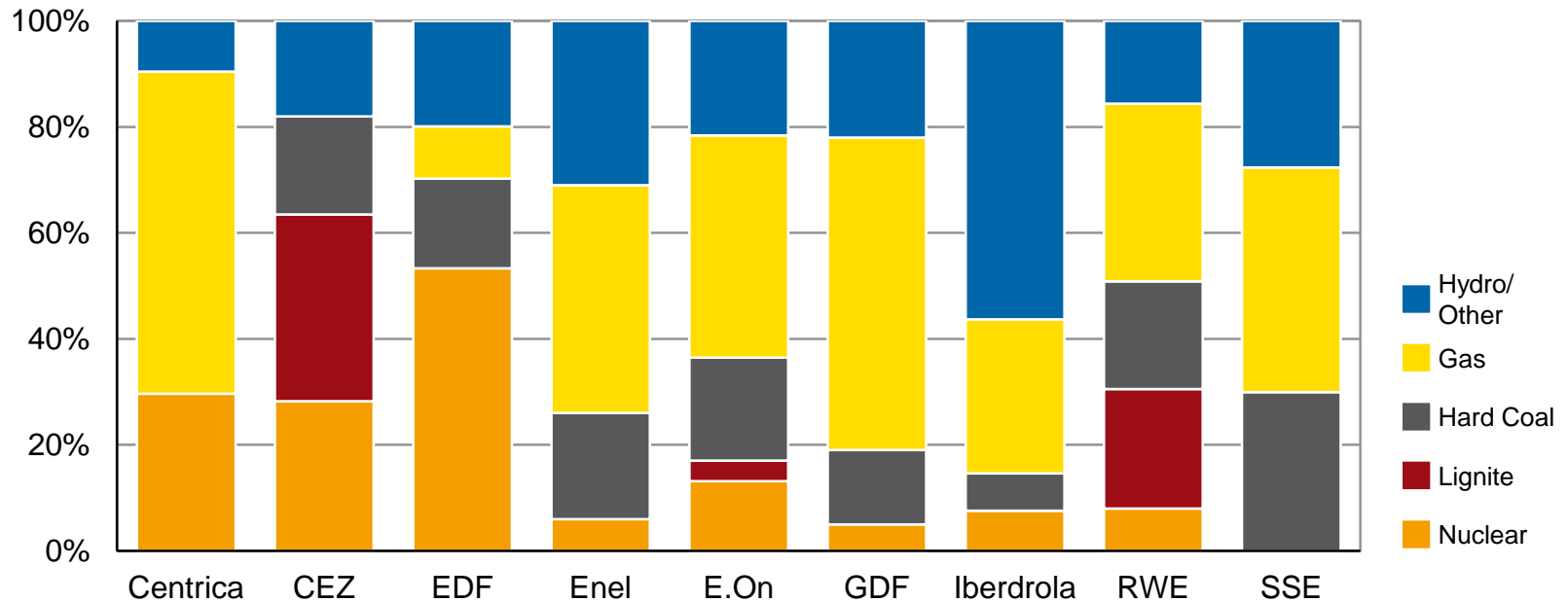
2 Bonds outstanding under the MTN-programme, i.e. excluding hybrids. Including hybrids: €16.5 bn.

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) ¹	77%	2.5			Unit E (764 MW)			
	Eemshaven (hard coal/biomass, 1,554 MW) ²	100%	3.1			Units A&B			
<p>1 The date for bringing unit D (764 MW) into operation is pending. 2 Unit A since 1 May 2015 in commercial operation. Unit B expected to follow beginning of July.</p>									
RWE Innogy: major projects in commissioning (capex at 100% share)									
	Gwynt y Môr (offshore wind, 576 MW)	60% ³	2.4 ³						
	Nordsee Ost (offshore wind, 295 MW)	100%	1.4						
<p>3 After sale of transmission assets in February 2015.</p>									

The fuel mix of European electricity generators 2013

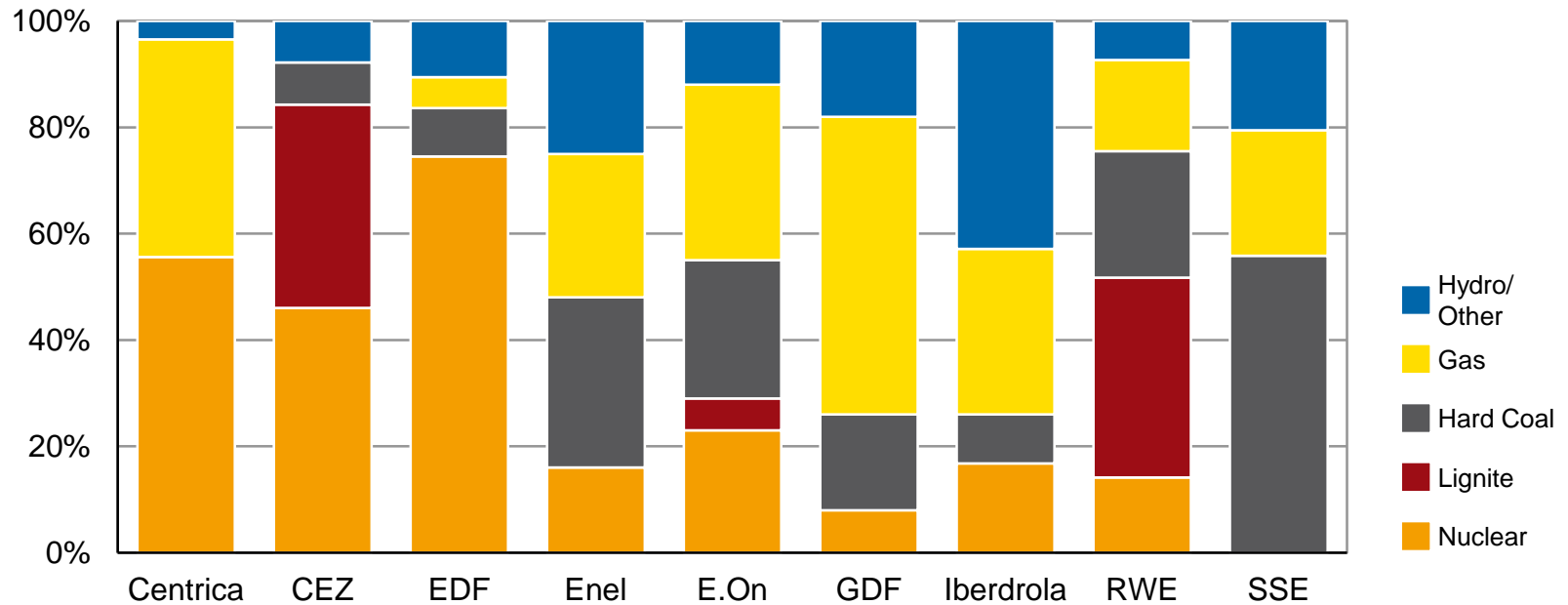
RWE has one of the most balanced generation portfolios of European electricity generators (installed capacity)



Share in power plant capacity of own generation by fuel type.
Source: Annual reports 2013, company presentations, RWE.

The fuel mix of European electricity generators 2013

RWE has one of the most balanced generation portfolios of European electricity generators (generation output)



Share in electricity generation of own generation by fuel type.
Source: Annual reports 2013, company presentations, RWE.

Keep up with RWE ...



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Financial calendar

<http://www.rwe.com/web/cms/en/110614/rwe/investor-relations/events/calendar/>



Annual and Interim Reports

<http://www.rwe.com/web/cms/en/110822/rwe/investor-relations/reports/>



Investor and Analyst Conferences

<http://www.rwe.com/web/cms/en/1460144/rwe/investor-relations/events/investor-and-analyst-conferences/>



Facts & Figures – The Guide to RWE and the Utility Sector – as well as further factbooks

<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

<http://www.rwe.com/web/cms/en/2701466/rwe/investor-relations/presentations-videos/videos/videos-2015/>