

# RWE East – Proven track record, promising growth opportunities

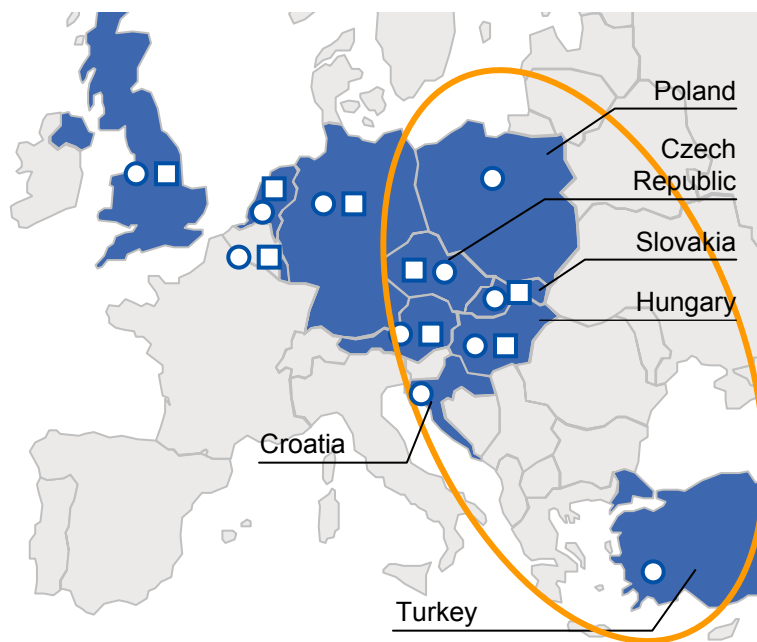
Citigroup Reverse Roadshow  
Essen, 13 January 2012

Martin Herrmann  
CEO, RWE East  
CEO, RWE Transgas



# RWE in CEE/SEE region: One of the leading integrated utilities

## RWE core markets



○ Electricity    □ Gas

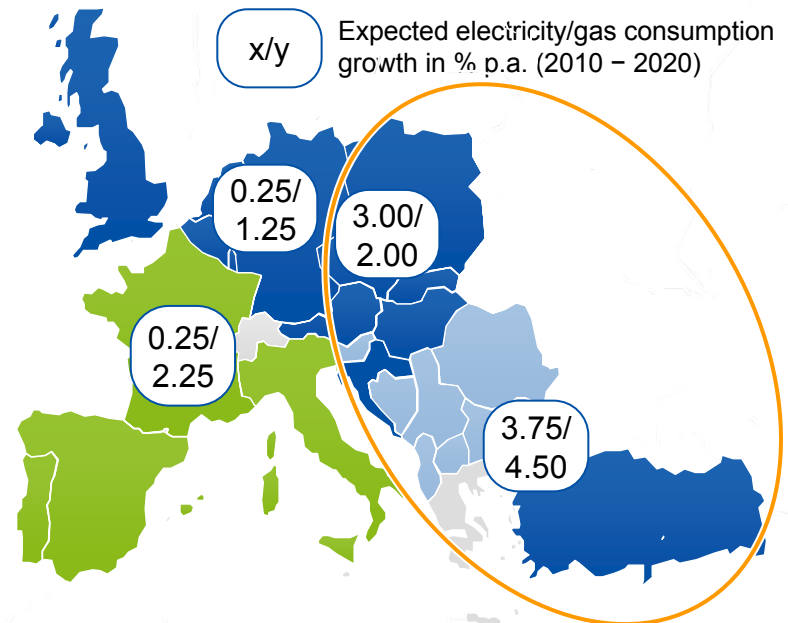
## Leading positions in core markets

Product Market <sup>*)</sup>	Electricity	Gas
Germany	No. 1	No. 3
UK	No. 4	No. 4
Netherlands	No. 2	No. 1
Central Eastern and South Eastern Europe	<ul style="list-style-type: none"> <li>&gt; No. 2 in Hungary</li> <li>&gt; No. 3 in Slovakia</li> <li>&gt; Presence in the Czech Republic</li> <li>&gt; No. 6 in Poland</li> <li>&gt; Presence in Turkey</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Leading position in Hungary</li> <li>&gt; No. 2 in Slovakia</li> <li>&gt; No. 1 in the Czech Republic</li> </ul>
Total Europe	No. 3	No. 6

# RWE maintains strategic and regional focus - growth markets mainly CEE/SEE, especially Turkey

- ▶ RWE's core business remains electricity and gas
- ▶ We build on our leading positions in our core markets to look for further growth
- ▶ Regional growth markets mainly CEE/SEE, especially Turkey
- ▶ Grow our renewables business in and around our traditional core markets

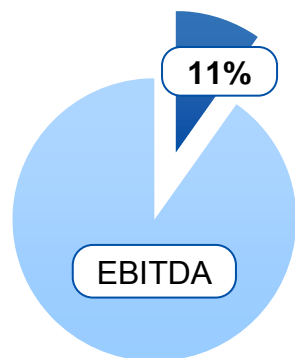
- RWE core markets
- Growth markets under observation
- Additional markets especially for renewables business



RWE East responsible for RWE activities in CEE/SEE region - Attractive region with established RWE presence and significant development opportunities

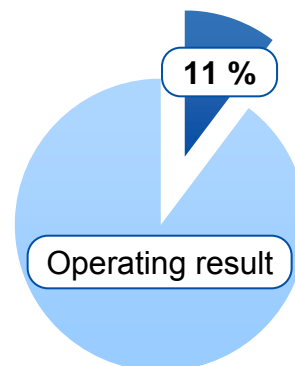
# RWE East contributes significantly to RWE Group

## Share of RWE East (RWE Group as 100 %)



Values as of 2010,  
consolidated

EBITDA  
€ 1.1 billion



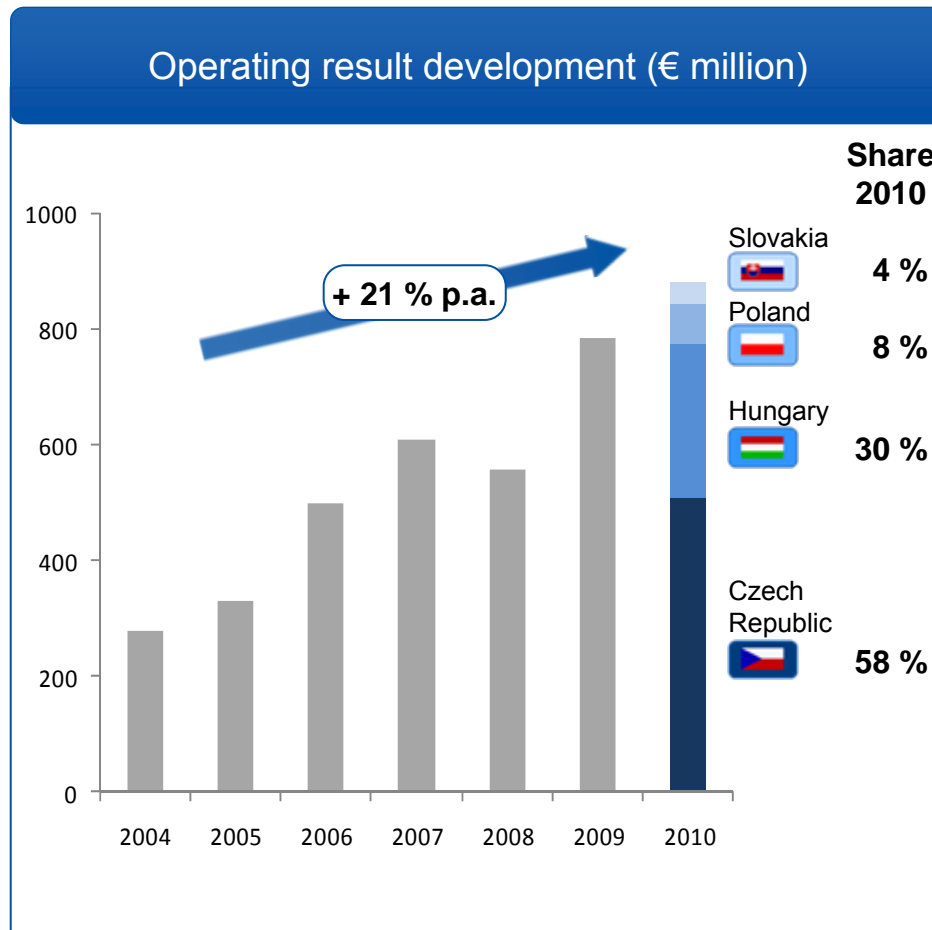
Operating Result  
€ 0.9 billion

## KPIs of RWE East (RWE Group as 100 %)

Values as of  
31.12.2010,  
consolidated

		RWE East	East's share
Revenues	€ bn	5.3	10 %
Investments	€ bn	0.4	6 %
Employees	ths	10.6	15 %
Capacity (electricity)	GW	1.0	2 %
Production (electricity)	TWh	6	3 %
Sales (electricity)	TWh	25	8 %
Customers (electricity)	million	3	19 %
Sales (gas)	TWh	74	19 %
Customers (gas)	million	2	29 %

# RWE East regional companies have a positive track record and achieved high profitability in all countries



- > Numbers post 2006 do not include midstream gas business (allocated to RWE Supply & Trading)

## Operating result development

- > Overall significant operating result increase
- > All countries contributing to the trend; key pillars: Czech Republic and Hungary
- > Performance driven by post acquisition restructuring and efficiency enhancements

## Key value drivers

- > Distribution:
  - regulatory management
  - O&M costs
  - asset management
- > Sales:
  - margins
  - customer base
  - operational costs

# RWE East proved successful business model in CEE/SEE regional companies

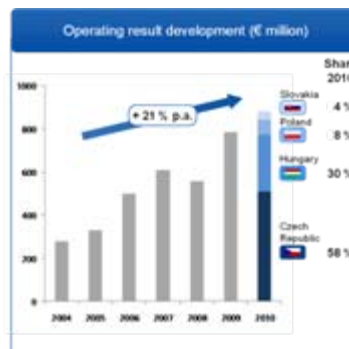
## Corporate culture

- > Turning state owned monopolies into competitive players
- > Living responsibility for our people (career development and work safety)
- > Creating transparency

- > Restructuring the organisation (focused, leaner, faster)
- > Enabling best practice transfer within RWE Group
- > Implementing efficient IT infrastructure

## Streamlined organisation/processes

## Key success



## factors

## Organic growth

- > Regulatory acknowledged asset investments to ensure sustainable and reliable energy supply
- > Sales growth into the “2nd commodity” and new regional markets

- > Cost optimisation and cost control

- > Optimised structure of personnel
- > Focus on procurement

## Efficiency enhancements

# Turkey becomes important pillar of RWE East with ambitious growth targets



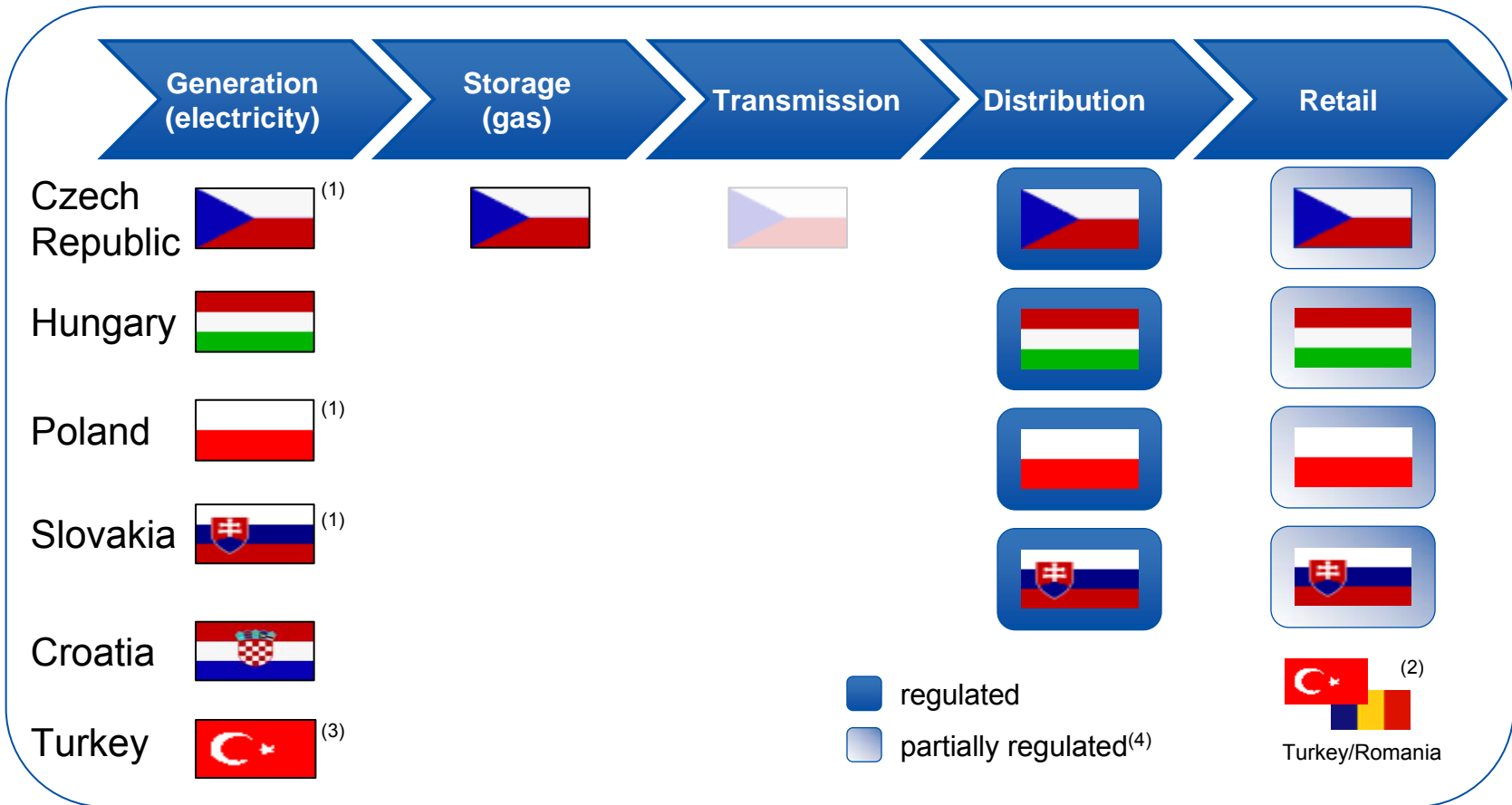
Site in Denizli, December 2011



## Current projects in Turkey

- > CCGT Denizli
  - Under construction with JV partner Turcas (30% share, RWE holds 70% majority)
  - Installed capacity 775 MW
  - Investment cost € 500 million
  - Connected to the grid by the end of 2012
- > Organic sales growth (electricity)
  - Market entry into downstream
- > Further value added growth considered
  - Hydro power plants
  - Other electricity generation opportunities
  - Bolt on acquisitions

# RWE East businesses along the value chain – significant part regulated



Regulated business accounts for 53% of RWE East operating results.

(1) Smaller generation units

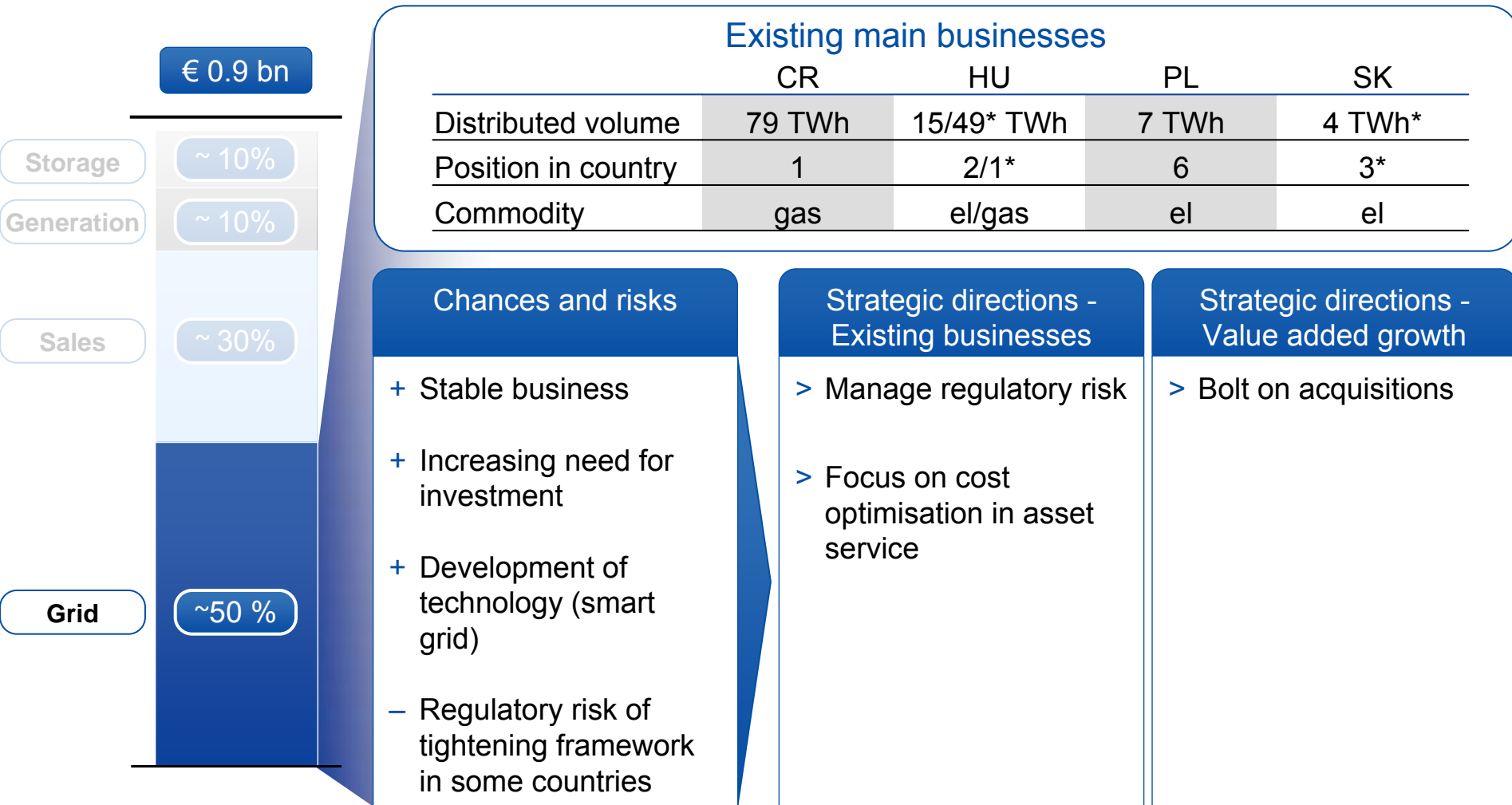
(2) Start up positions

(3) To be connected to the grid by the end of 2012

(4) Retail partially regulated (Hungary - households, SMEs and public institutions; Poland - households; Slovakia – households, CR - control due to superdominant position)

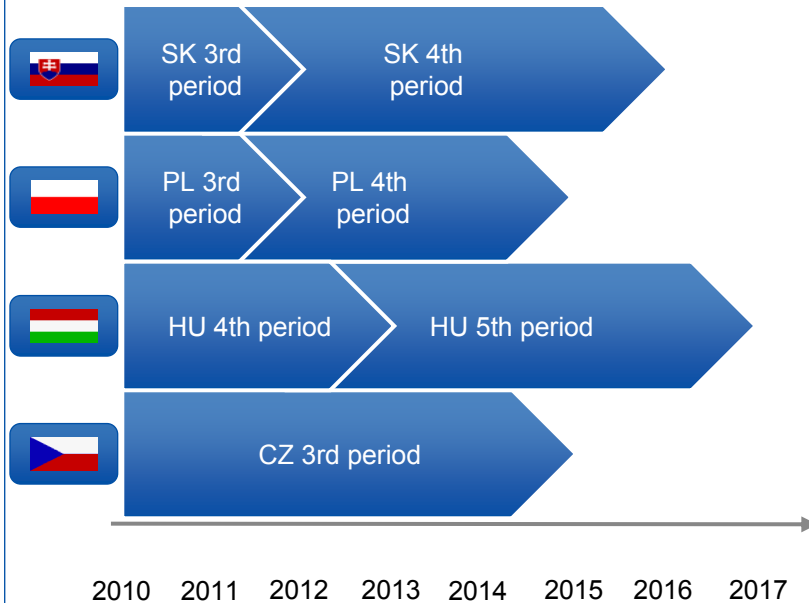


# Stable grid business creates more than half of RWE East profit



# In grid, regulatory management as key success factor of existing business

## Overview of regulatory periods

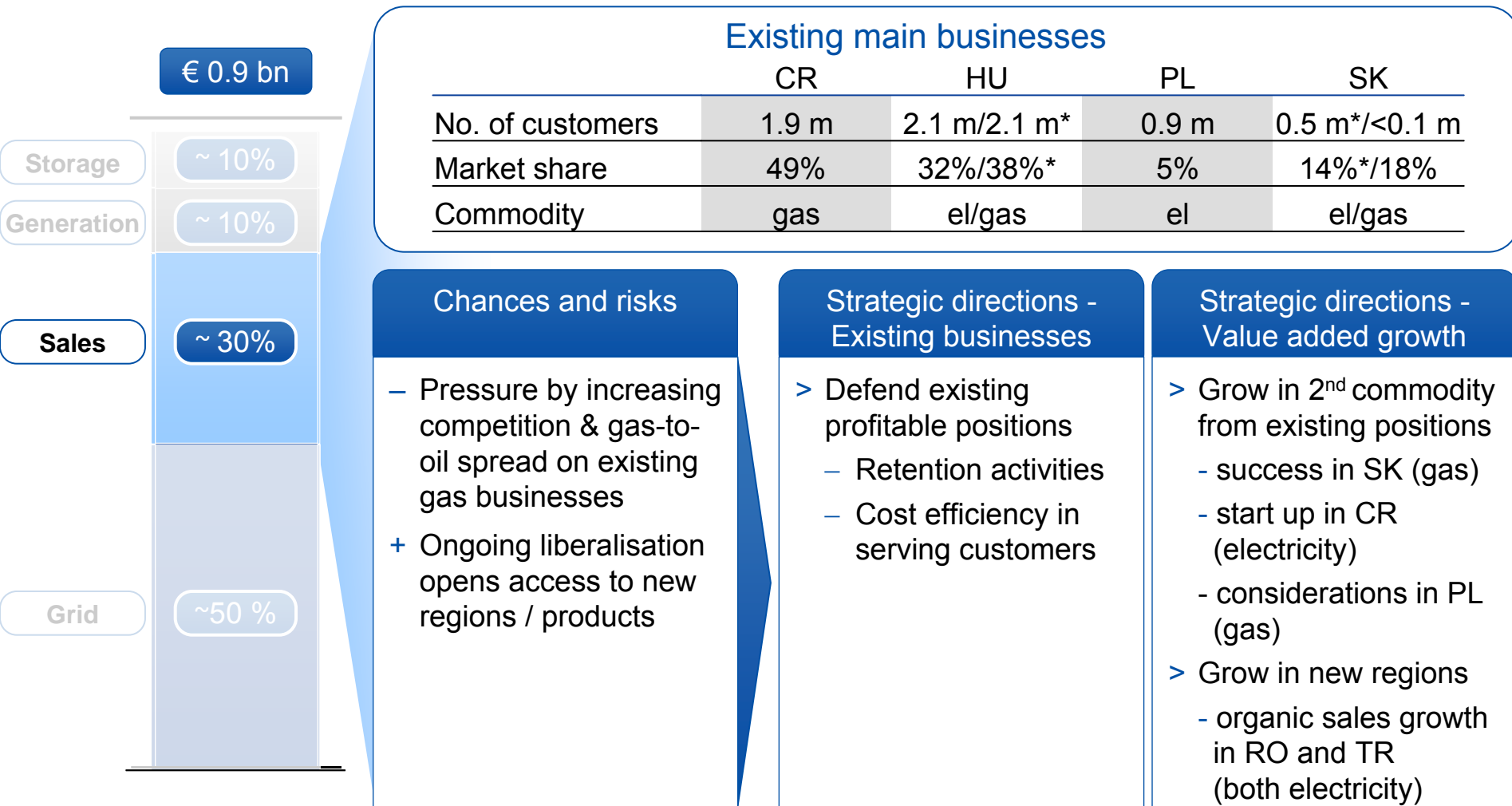


## Key features of regulation in CEE

- > Overlapping national regulatory periods generally stabilise the EBIT from network activities of RWE East
- > Regulatory regimes in CEE are not harmonised, differences also contribute to stability of operating results
- > In some countries also part of supply still regulated, in general trend towards full liberalisation followed in CEE, creating further opportunities

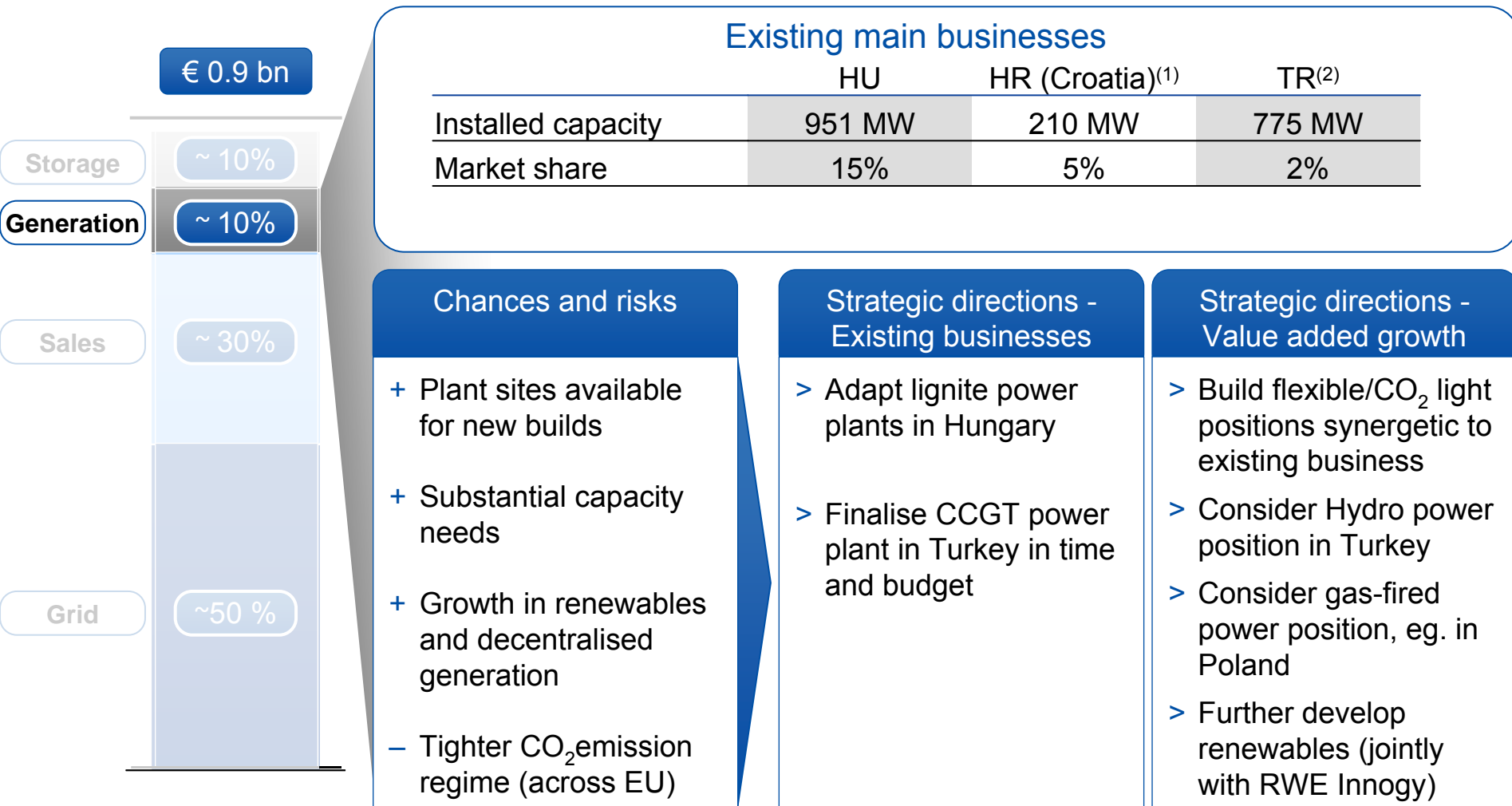


# In sales, profitable existing business to be defended, growth in second commodities and new markets



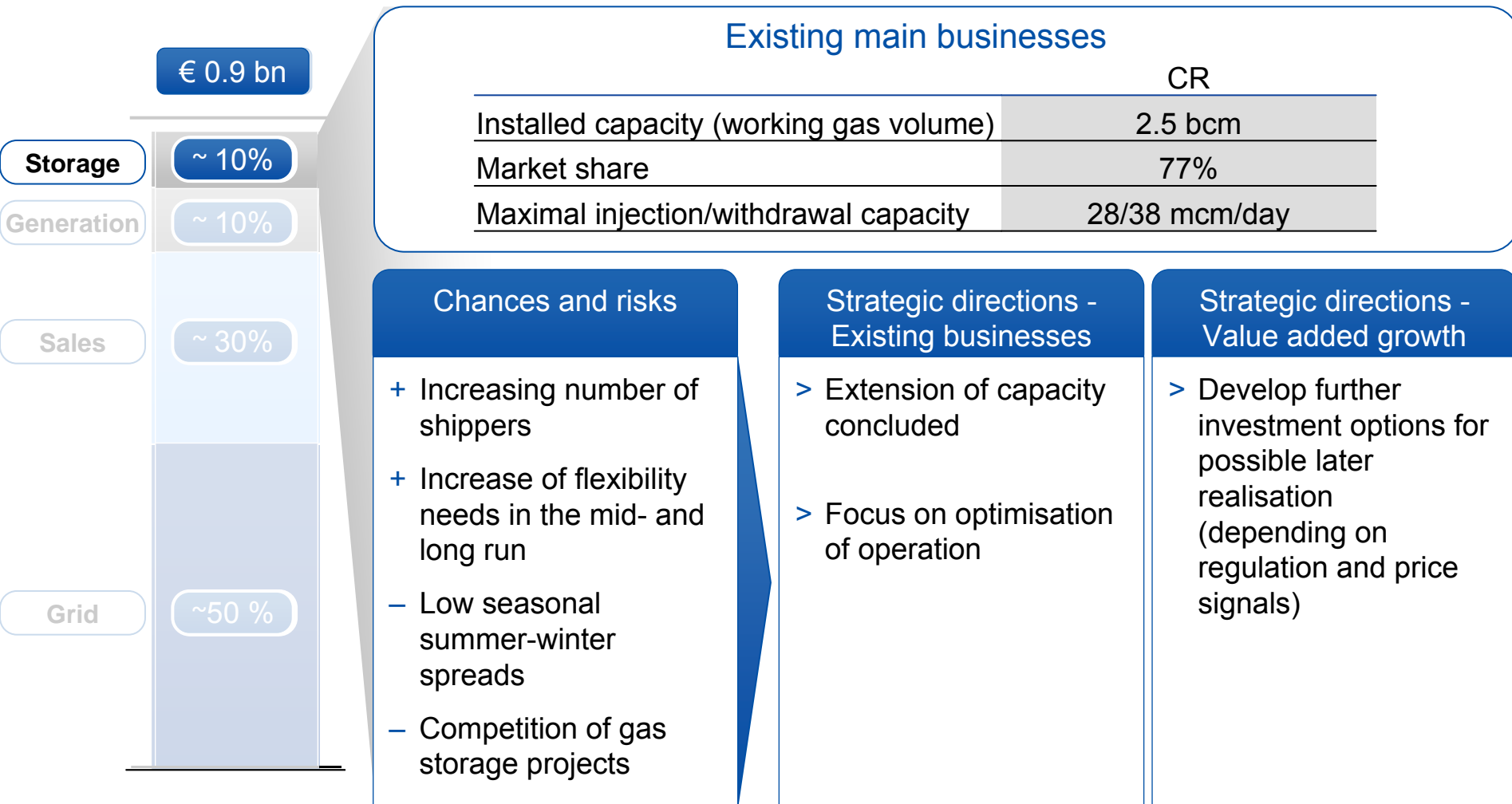


# In generation, significant growth to be delivered with focus on Turkey and Poland





# In storage, main focus on optimising strong existing position in Czech Republic



# As of 2011, RWE defined clear guiding principles for its organisation – RWE East responsible for CEE/SEE region

**Martin Herrmann**



Chief Executive Officer of RWE East

**Dr. Marie-Theres Thiel**



Customer Service, Procurement, IT, HR/Executive

**Karl Kraus**



Business Development, Strategy, Generation

**Dr. Filip Thon**



Steering and Coordination Grid/Sales

RWE East is responsible for 3 key tasks in CEE/SEE

- >Manage the existing businesses in six countries
- >Drive the Business Development in the region
- >Add value by best practice transfer