

3 Steps to long-term value



(as of August 2013)

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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RWE – an attractive value proposition

Attractive portfolio

- > Leading market position and regionally focused strategy
- > Pure utility play – exit of upstream activities
- > Balanced asset portfolio
- > Highly cost-efficient and modernised power plant portfolio by 2013/14
- > CO₂ neutral position
- > Successful structural changes to all long-term gas supply contracts

Stable financials

- > Progress in strengthening balance sheet
- > Streamlined and disciplined investment approach
- > Cash flows from operating activities to cover investments and dividends by 2015
- > Further efficiency enhancements and operational excellence



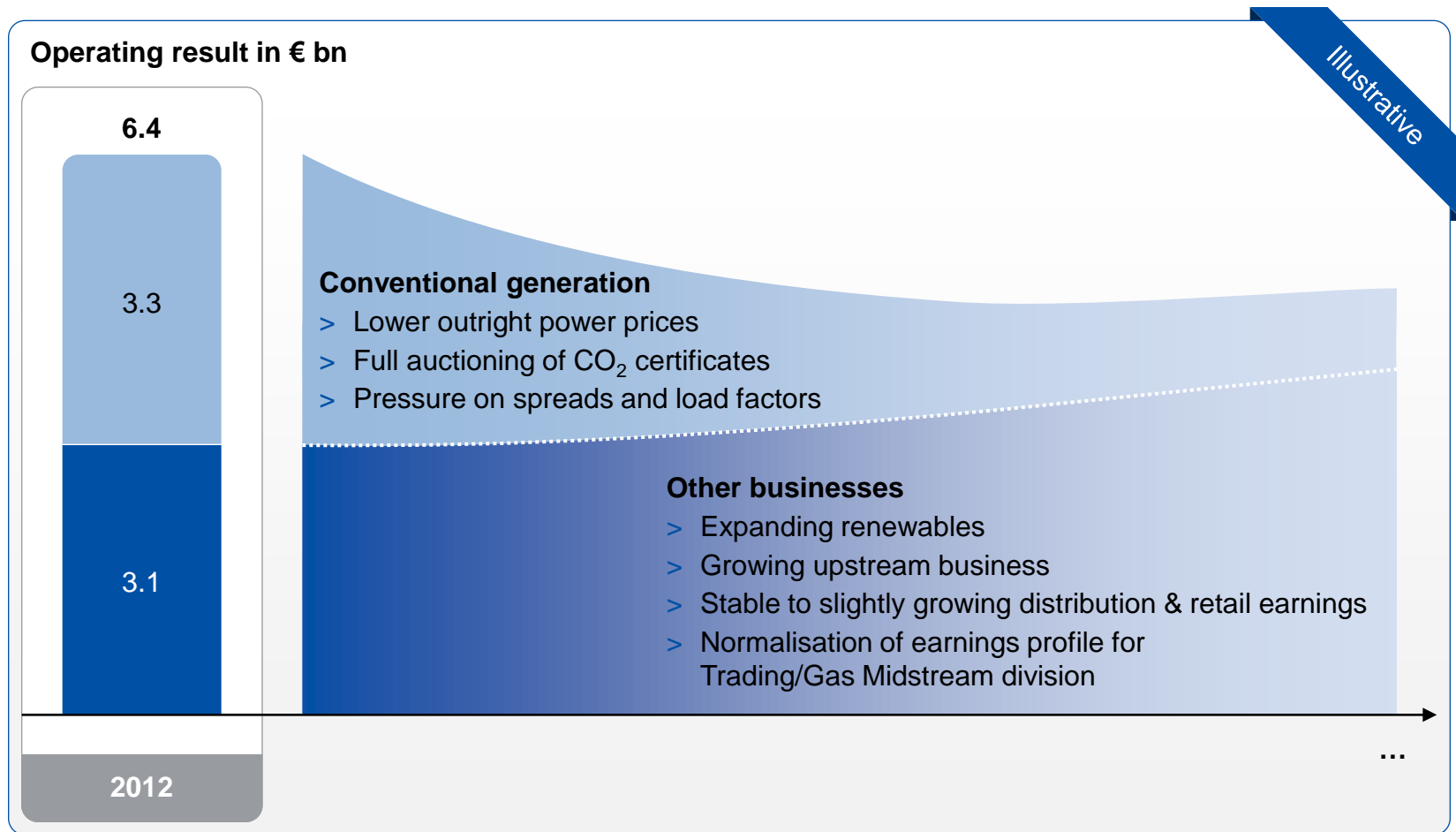
Outlook for 2013 confirmed:

EBITDA c. €9 bn; operating result c. €5.9 bn; recurrent net income c. €2.4 bn

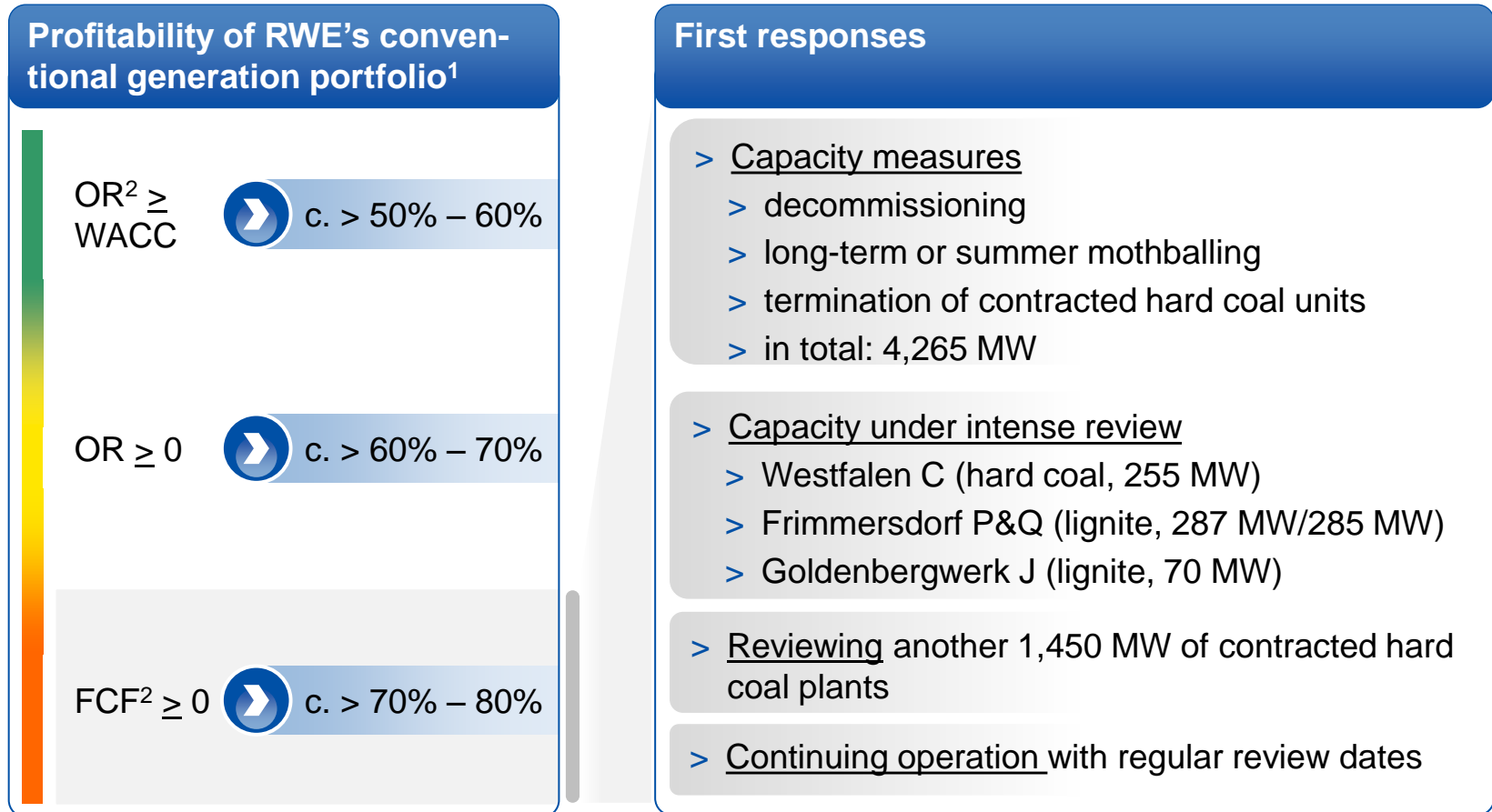
Milestones of 2013

- Financial performance in H1 in line with expectations: EBITDA +9%, operating result +12%, recurrent net income +19%
- Strategic decision to evaluate potential exit options for our Upstream Gas & Oil activities. Sales process initiated
- Disposal of assets with a total value of €0.5 bn and divestment of NET4GAS with a total value of €1.6 bn closed on 2 August
- Successful conclusion of gas price arbitration with Gazprom; award as expected; impact on operating result approx. €1 billion
- Rating downgrade by Moody's from A3/negative outlook to Baa1 with stable outlook; S&P's confirmed BBB+/stable outlook
- Outlook for 2013 confirmed

Earnings in conventional power generation are coming under severe pressure



RWE Generation assets under review



¹ Rough profitability analysis for 2013 to 2015 in % of installed capacity of RWE's conventional generation portfolio (economic stake) in Germany, UK and NL (average c. 44 GW) based on market parameters as of January 2013

² OR = operating result; WACC = weighted average cost of capital pre tax; FCF = free cash flow = revenue – cash costs

Decision on capacity measures

Measure	Plant	MW ¹	Fuel	Location	Date
Decom-missioning	Amer 8	610	Hard coal	NL	Q1-2016 ²
Long-term mothballing	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 ³	DE	Q3-2013
	Weisweiler G	270	Topping gas turbine ³	DE	Q3-2013
	2 mid-size units	85	Gas	NL	Q1-2013
Summer mothballing	Emsland B	360	Gas – steam turbine	DE	Q2-2014
	Emsland C	360	Gas – steam turbine	DE	Q2-2014
Termination of 3 contracts	Confidential	1,170	Hard coal	DE	Q4-2013 – Q4-2014
Total		4,265 MW			

¹ Net nominal capacity | ² Depending on the final decision on the Dutch “Energieakkoord”, with a decision expected by the end of August 2013 | ³ At a lignite plant

Strategic cornerstones remain, but targets adjusted to changing market conditions

Sustainable

- > Streamlined investments in renewables
- > Development of innovative products for energy market transformation (e.g. distributed energy solutions)

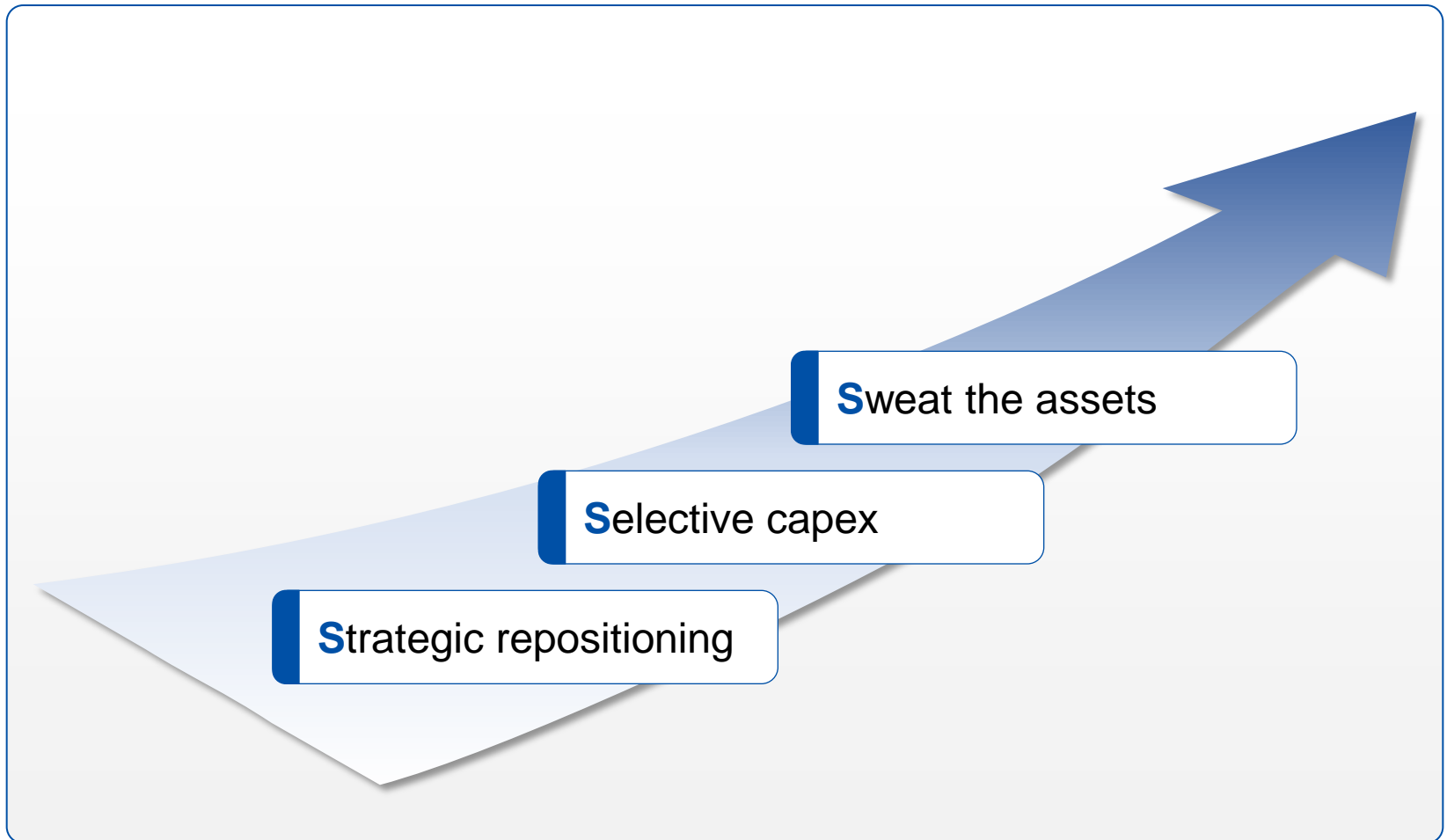
Robust

- > Focus on cost efficiency, especially in conventional power generation
- > Increase financial flexibility and maintain excellent access to capital markets

International

- > Maintain leading positions in our core markets in Europe
- > Integrate businesses and support functions to enhance cross-border efficiencies

Implementation of strategy based on 3 steps to create long-term value



Portfolio considerations

Disposals

- > Sale of NET4GAS closed 2 August 2013
- > Further disposals will be opportunistic with focus on portfolio optimisation and value enhancement

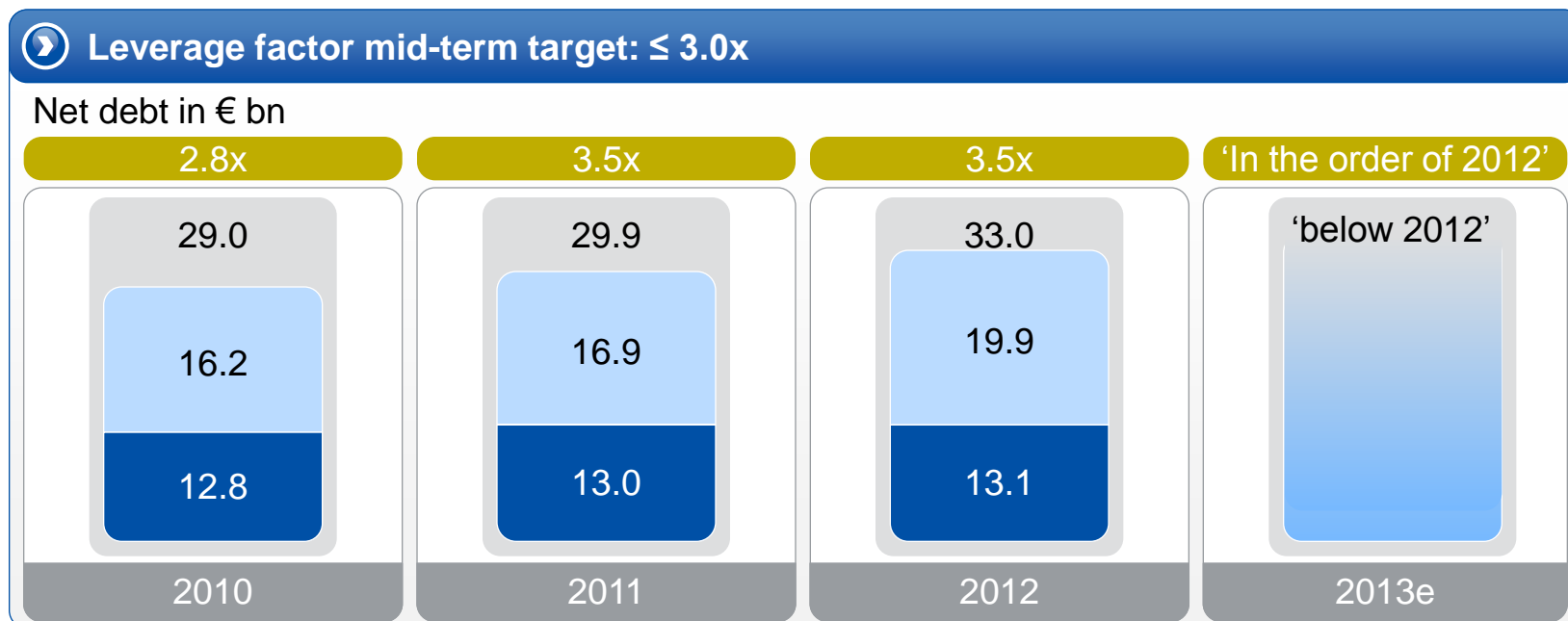
Focused growth

- > Value enhancing growth over volume expansion, especially in renewables
- > Concentration on asset-light projects with attractive return and short payback periods

RWE Dea

- > Review concluded limited rationale to own upstream business
- > Evaluation of options and potential exit route currently underway

Excellent access to debt capital market is key



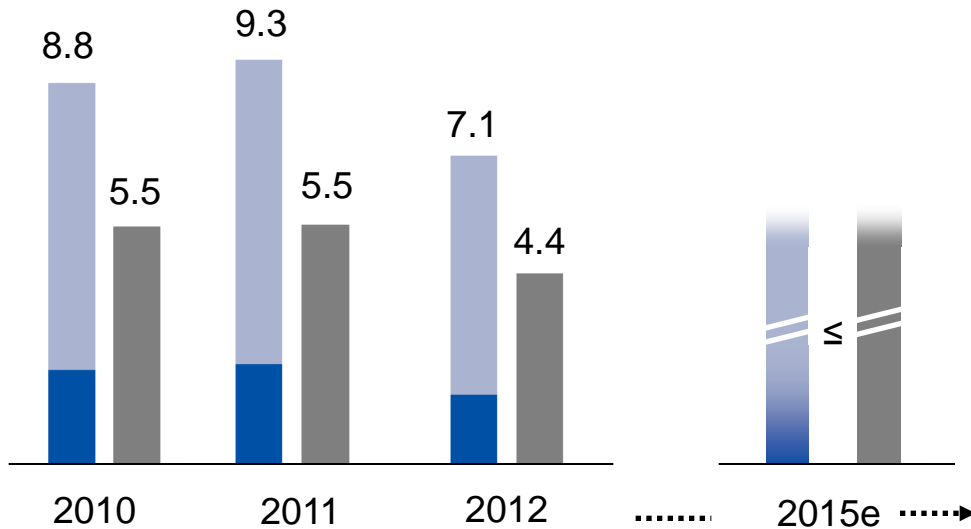
■ Leverage factor (Net debt/EBITDA)
 ■ Net financial debt incl. 50% of hybrids
 ■ Pension, mining and nuclear provisions

- > Current market environment allows us a higher gearing temporarily
- > Aspiration to bring down leverage factor to 3.0x medium term unchanged
- > Focus on additional efficiency enhancements and lower capex
- > Short-term changes in discount rates for long-term provisions will not drive deleveraging strategy

Positive cash balance provides ability to drive down debt

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

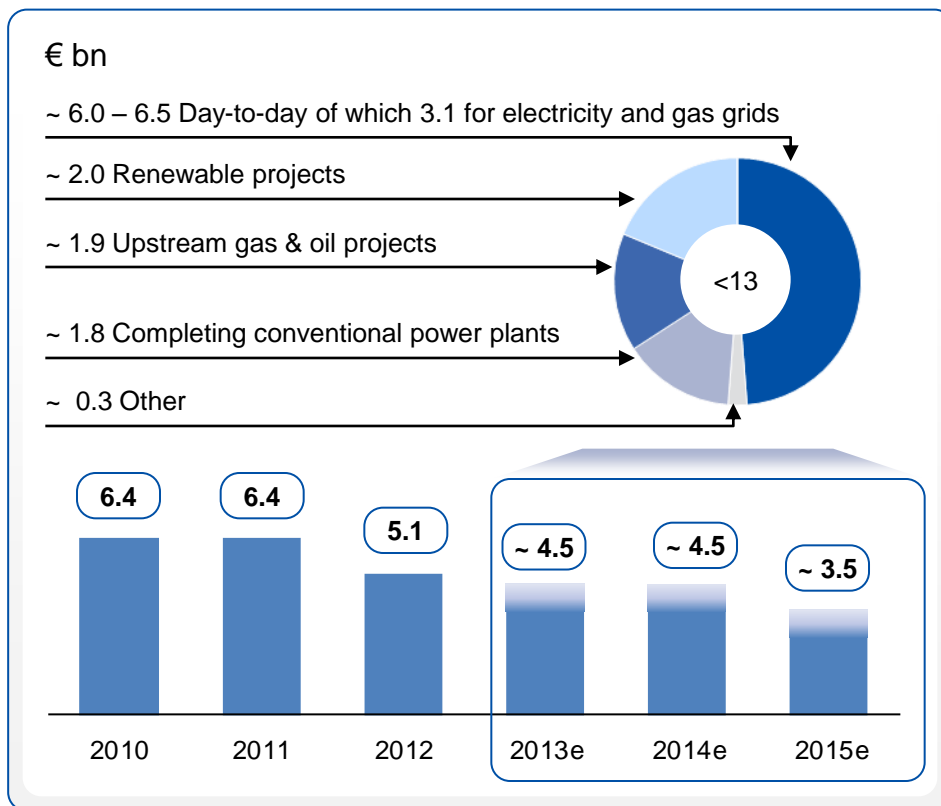
€ bn



- 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

- ▶ Further reductions in capex levels
- ▶ Additional efficiency enhancements post 2014 initiated
- ▶ Pay-out ratio of 50% – 60% of recurrent net income

Financial discipline and flexibility at forefront in new investment plan



- Approx. €12-13 bn capex programme for 2013 – 2015
- Completion of conventional power generation programme in 2013/14
- Committed capex (including day-to-day, approx.)

Year	2013	2014	2015
Committed capex	>95%	c. 85%	c. 75%
- Sustainable long-term capex level of €3 – €4 bn p.a. of which day-to-day capex c. €2 to €2.5bn p.a.

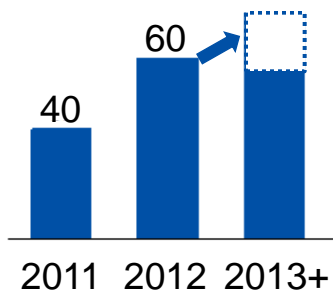


Further growth projects have to be financed debt-neutral, for example by the disposal of other assets or partnering solutions.

Moderate and disciplined growth in German and CEE/SEE downstream markets

Germany (examples)

Energy services capex (€ million)



Investments of up to €100 million per annum in

- > **Contracting solutions** (at IRR of ~8%)
(heating, cooling, cogeneration, compressed air)
- > **Consulting services**
(energy controlling, thermography)
- > **Special products**
(virtual power plant etc.)

CEE/SEE (examples)

Build on current downstream market positions and expand in new markets, regions, and commodities



Continue to build electricity downstream position from currently 2% to ~5% – 7% in 2015



Seek electricity customers beyond region of Warsaw and enter gas supply market



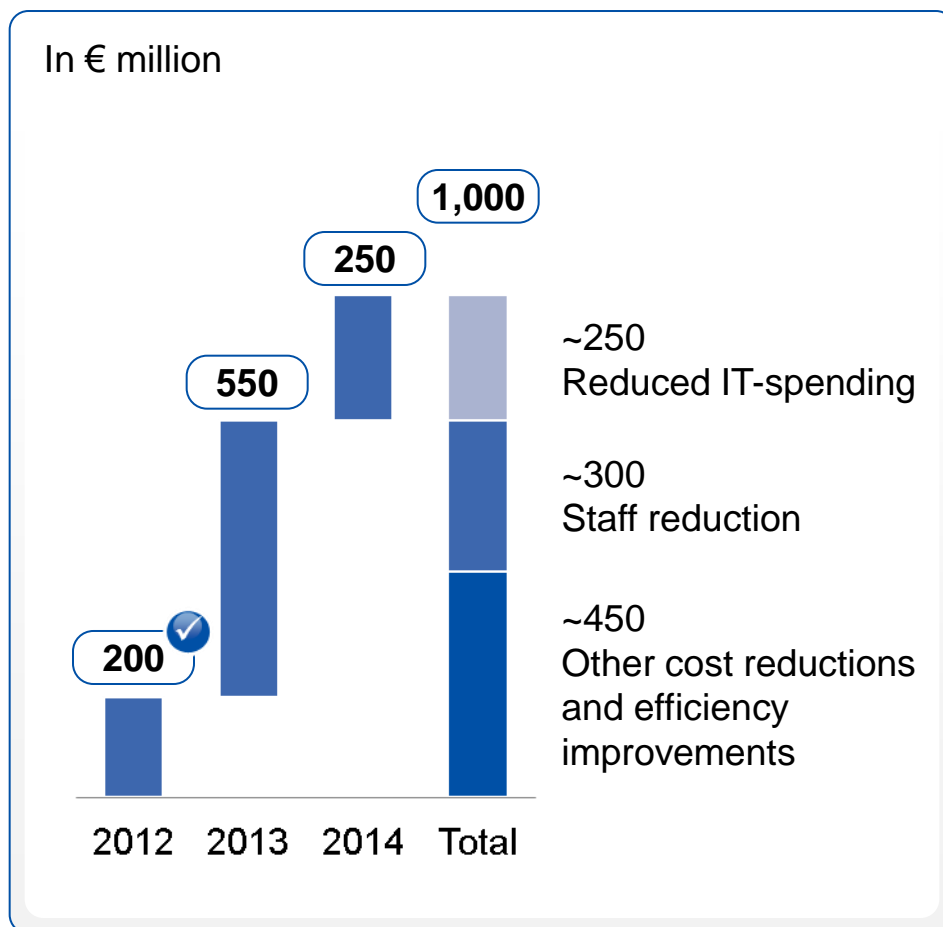
Target further increase of market share and value of customer portfolio



Establish electricity retail position with focus on B2B segment

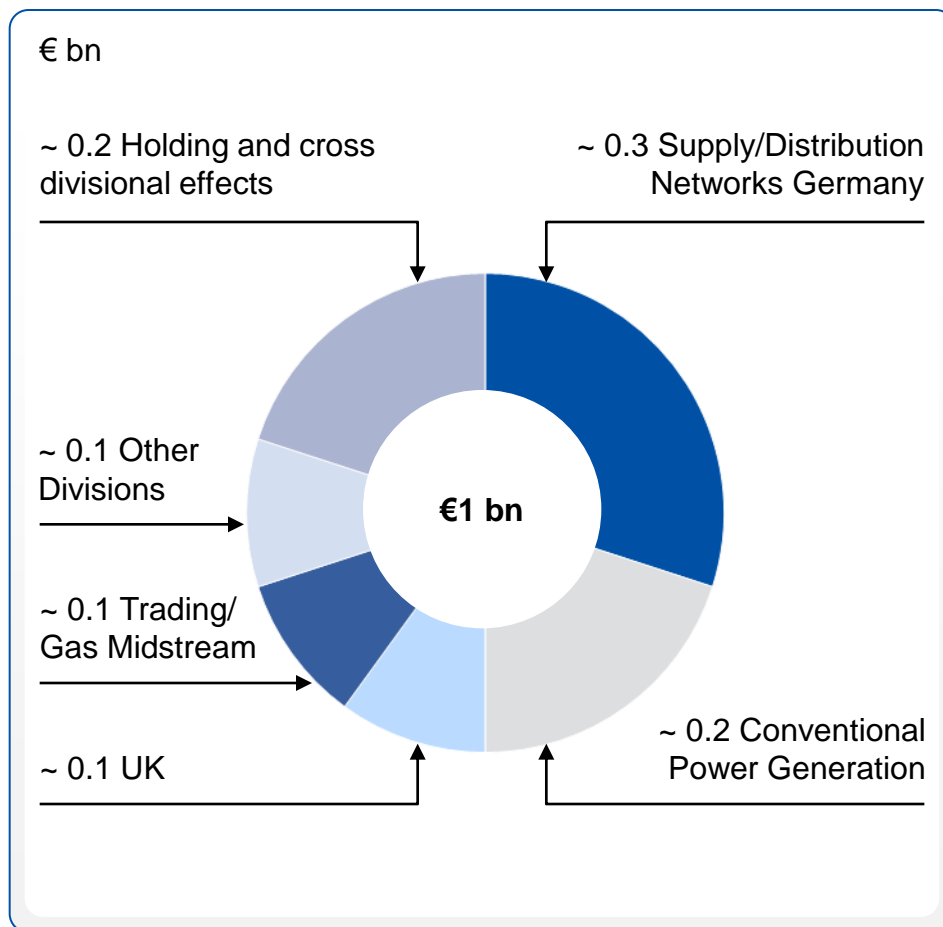


€1 bn efficiency enhancement programme: All measures identified and implementation on track



- ▶ €1 bn programme backed bottom-up by operational measures
- ▶ Several hundred individual measures across the whole RWE Group
- ▶ €200 million achieved earlier than planned in 2012
- ▶ Programme includes c. €300 million from workforce reduction by 2014
- ▶ Fully accretive to operating result (i.e. post cost inflation and one-off cost of programme)

Efficiency enhancements by divisions



Supply/Distribution Networks Germany

- > Reduction of overhead functions in the grid and sales business
- > Development of new products
- > Optimising grid operations, including make or buy decisions



Conventional Power Generation

- > Reduce O&M costs
- > Adjust portfolio to new market environment
- > Increase flexibility of power fleet
- > Improve asset optimisation (make or buy)



UK

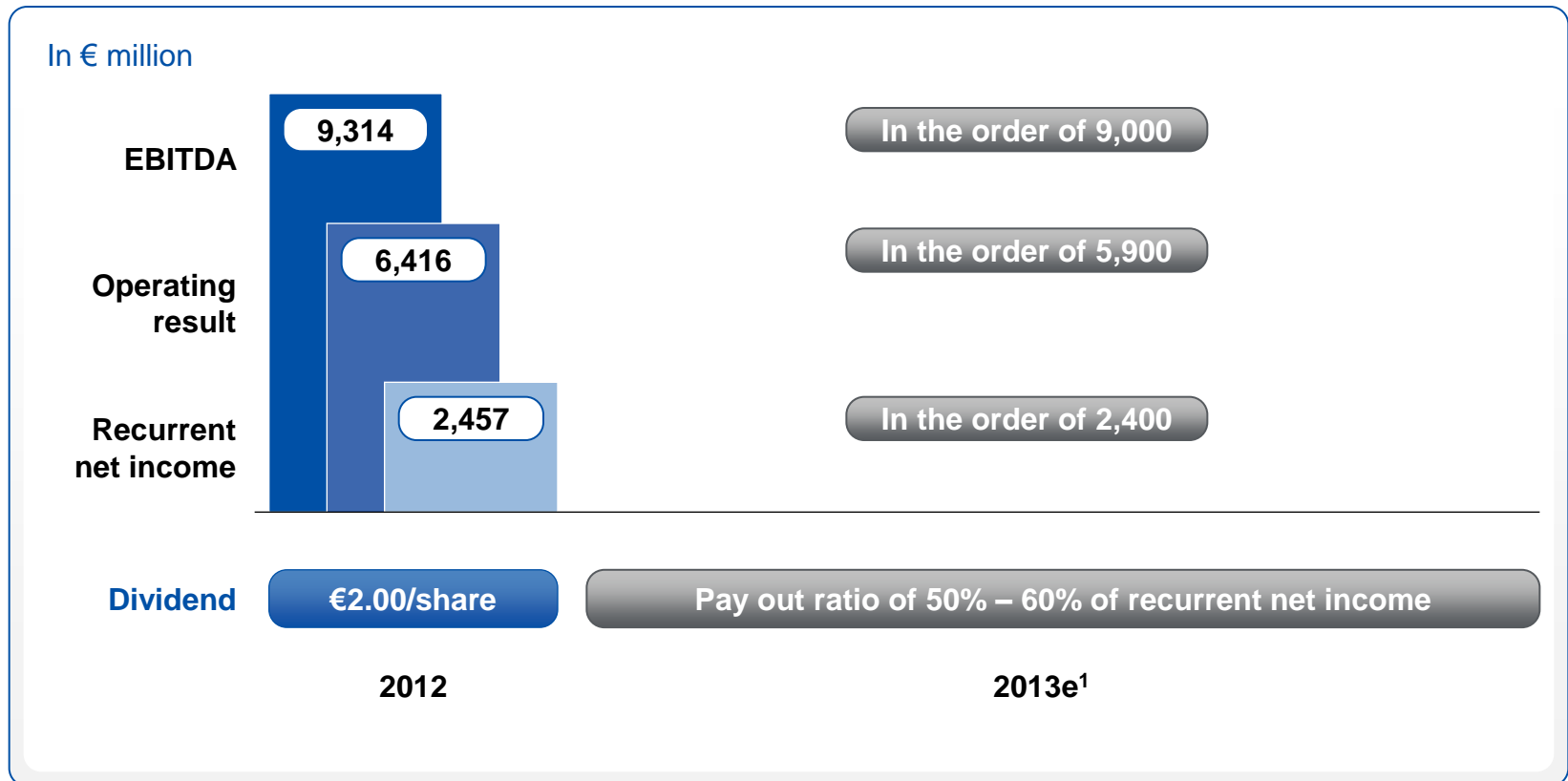
- > Reduction of domestic operating cost base among others through harmonised customer care and billing platform



Trading/Gas Midstream

- > Focus on optimisation of locations, IT and support functions

Outlook for 2013



¹ The outlook is after assumed disposals. For 2013 we expect this to be mainly the disposal of NET4GAS which was closed on 2 August.

Back-up Charts

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	Below last year's level
Trading/Gas Midstream	-598	Significantly above last year's level

¹ The outlook is after assumed disposals. For 2013 we expect this to be mainly the disposal of NET4GAS which was closed on 2 August.

Operating result outlook for fiscal year 2013 ...

... by major value drivers

FY 2012

€6.4 bn

Efficiency programme



c. €550 million envisaged for 2013

Higher depreciation



Increase in the order of €0.2 bn in 2013

Full auctioning of CO₂-certificates



Additional burdens of c. €1.2 bn; In FY 2012 still c. 121 million certificates allocated free of charge

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



Closure of 1.8 GW old lignite plants, less generation capacity 'in the money', rolling off of hedges; additional charges in UK (CO₂ floor) and NL (coal tax)

Grid margins (D; CEE/SEE)



Slightly positive trend for grid margins

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



Positive trend for sales margins

Trading/Gas Midstream



Mainly improved gas-midstream-business; c. +€1 bn from Gazprom arbitration ruling

Dilution from disposals

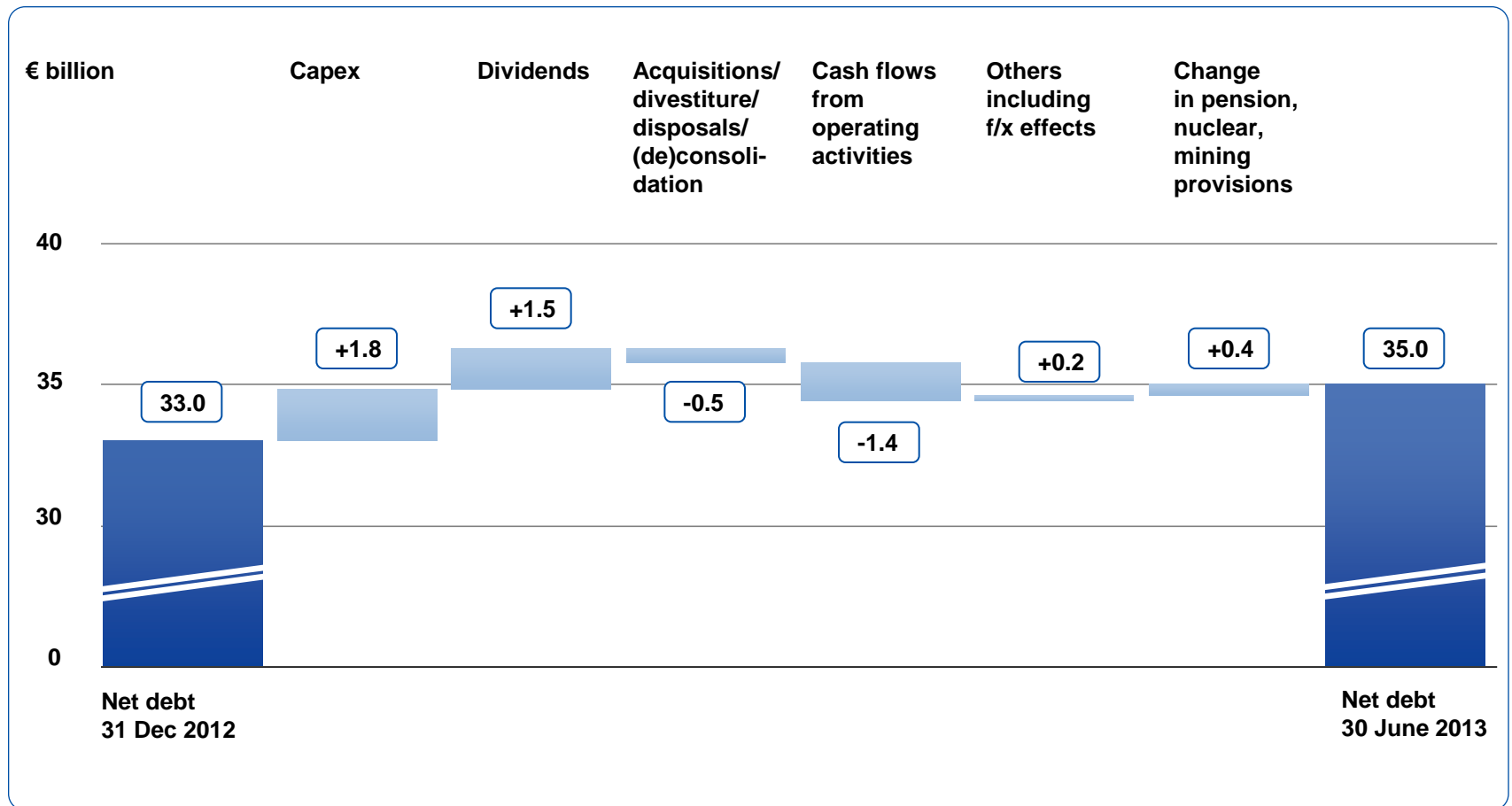


c. 0.2 bn for Berlin waterworks, KEVAG and NET4GAS

FY 2013e

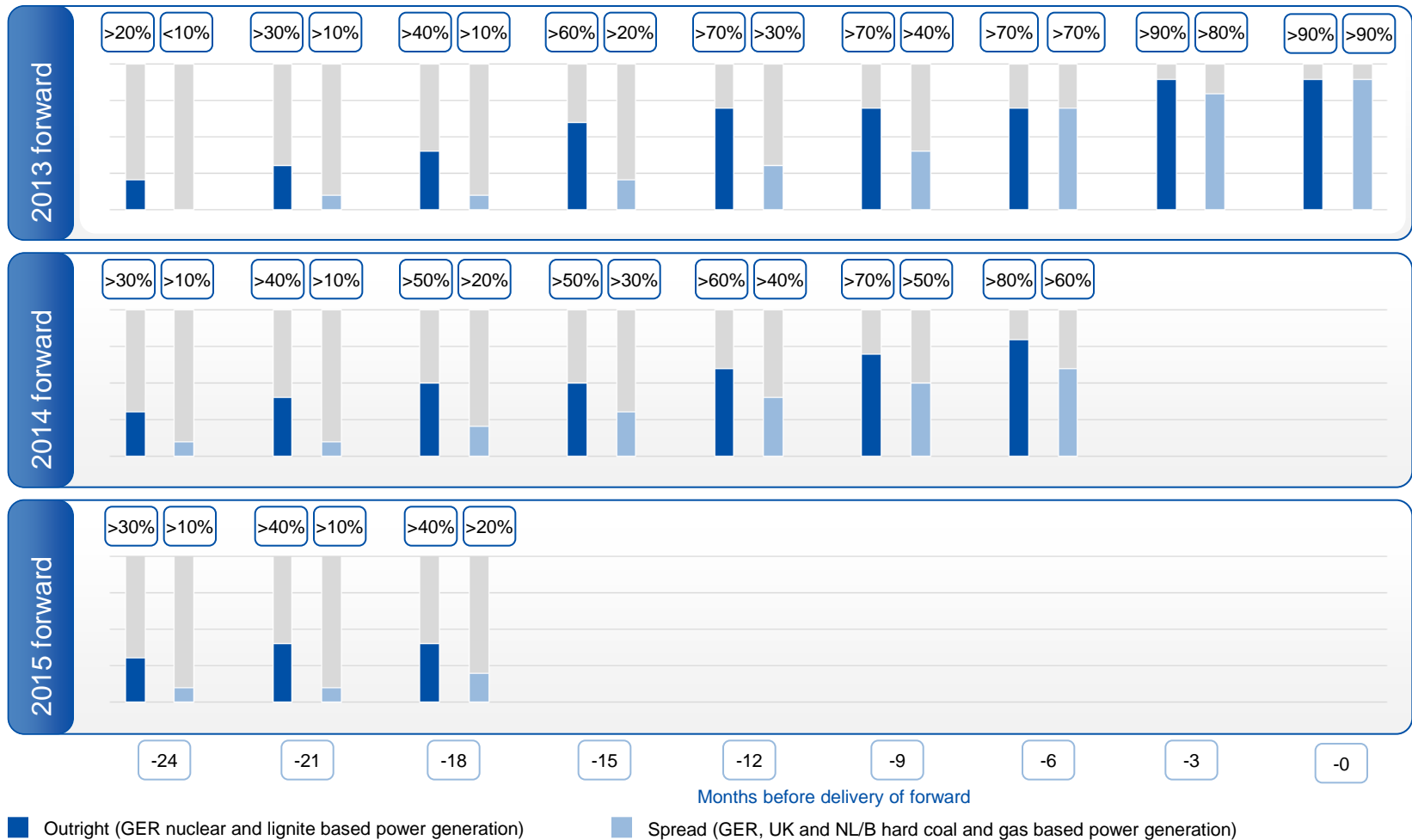
In the order of €5.9 bn

Development of net debt



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

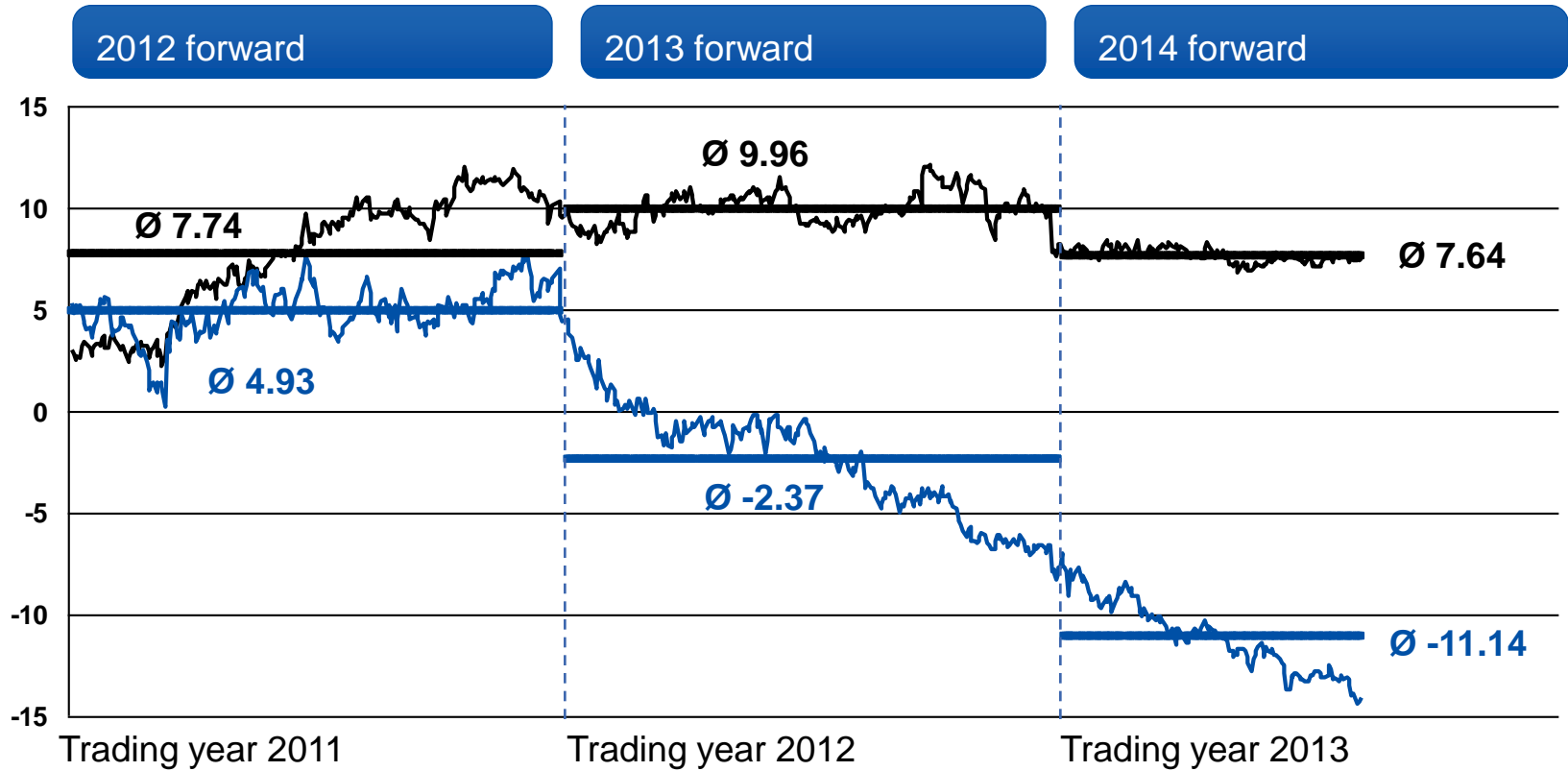
As of 30 June 2013



■ 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 2012 – 14 Base load (€/MWh)
(assumed thermal efficiency: 36%)

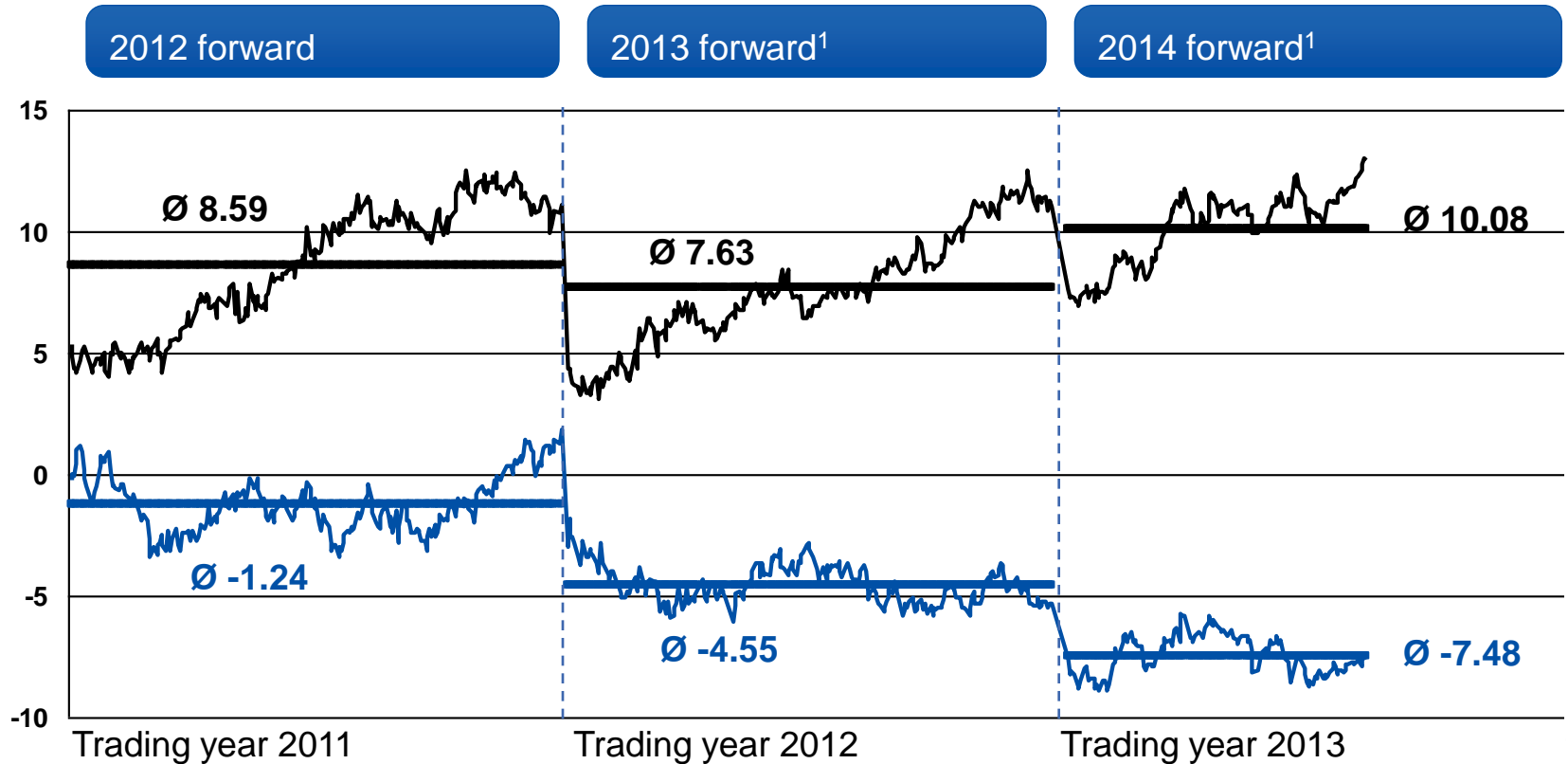
— Average CDS
Cal 2012 – 14

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

— Average CSS
Cal 2012 – 14

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

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



— CDS Cal 2012 – 14 Base load (€/MWh)
(assumed thermal efficiency: 37%)

— Average CDS
Cal 2012 – 14

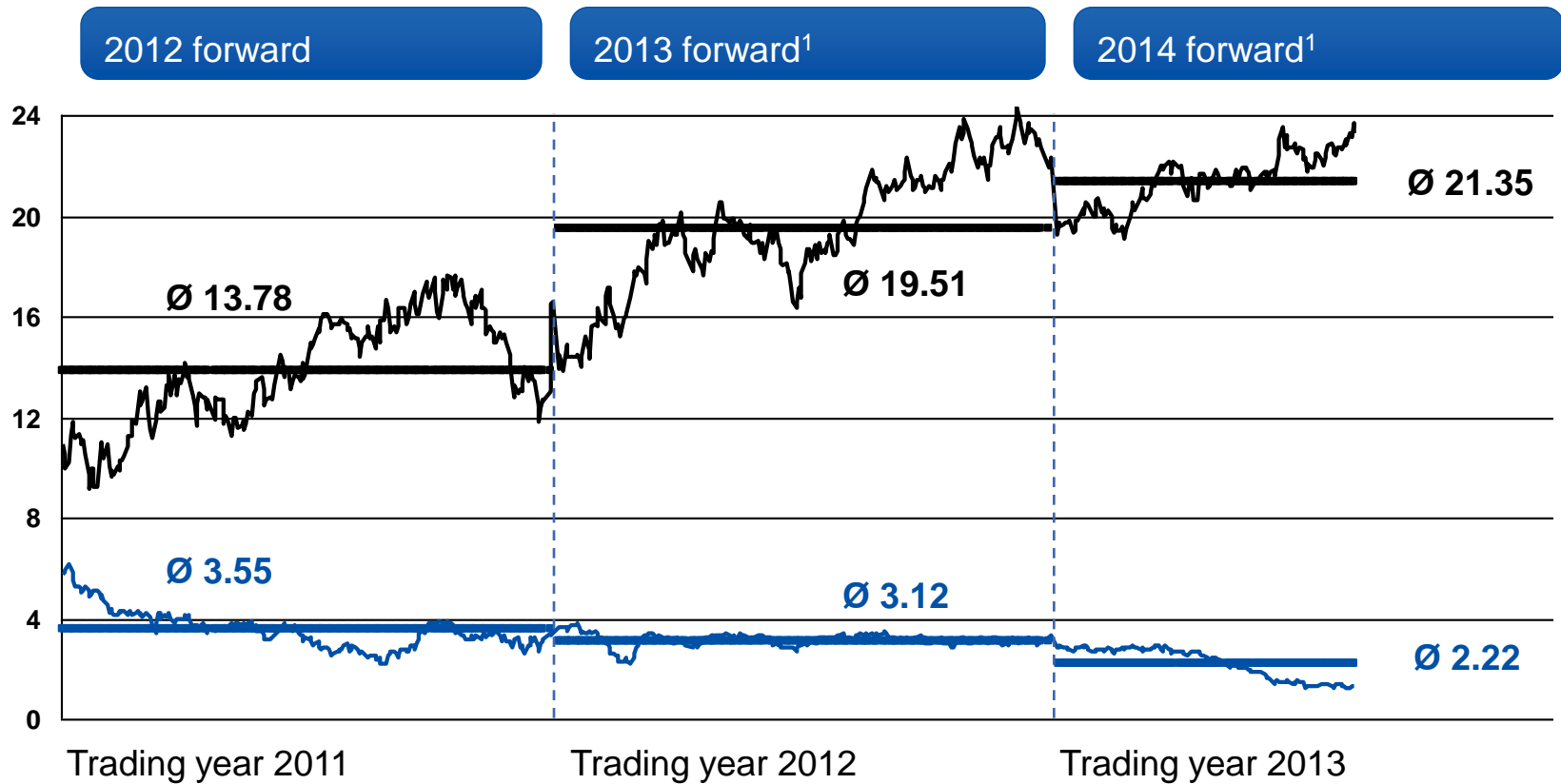
— CSS Cal 2012 – 14 Base load (€/MWh)
(assumed thermal efficiency: 49%)

— Average CSS
Cal 2012 – 14

¹ CDS: Adjusted for coal tax

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

UK: 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

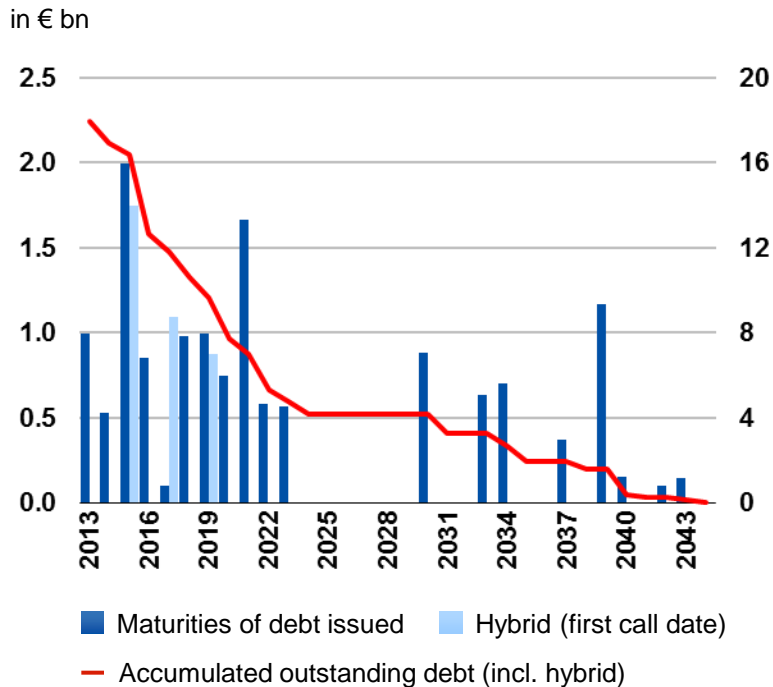
— CSS Cal 2012 – 14 Base load (€/MWh)
(assumed thermal efficiency: 49%)

— Average CSS
Cal 2012 – 14

¹ Adjusted for UK carbon tax
Source: RWE Supply & Trading, prices until 08 August 2013

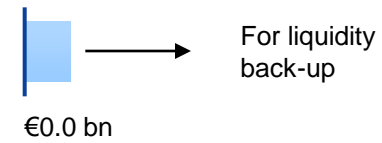
Capital market debt maturities and sources of financing

Capital market debt maturities¹

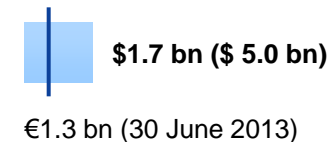


Strong sources of financing

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



Commercial paper
(up to 1 year)



MTN programme
(up to 30 years)

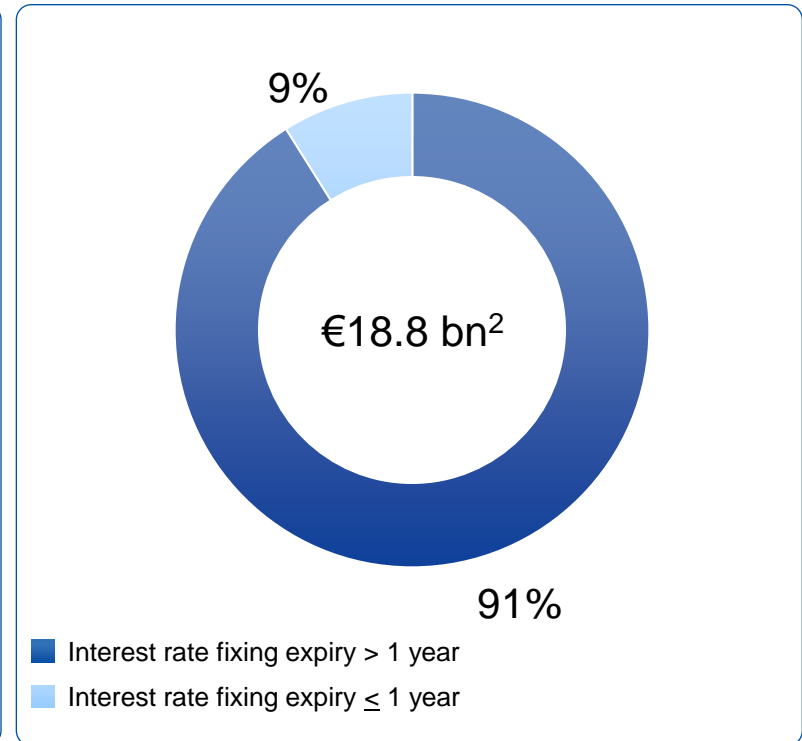
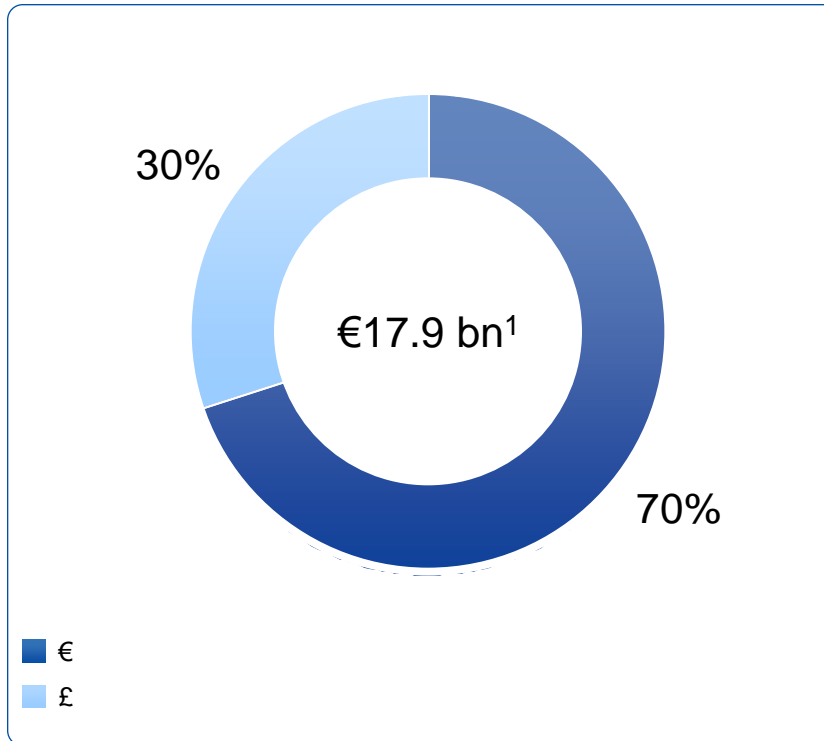


Balanced profile with limited maturities up to end of 2014 (~€1.5 billion)

¹ RWE AG and RWE Finance B.V., as of 30 June 2013

² Bonds outstanding under the MTN-programme, i.e. excluding hybrids. Including hybrids: €17.9 bn

Capital market debt currency and interest exposure (as of 30 June 2013)

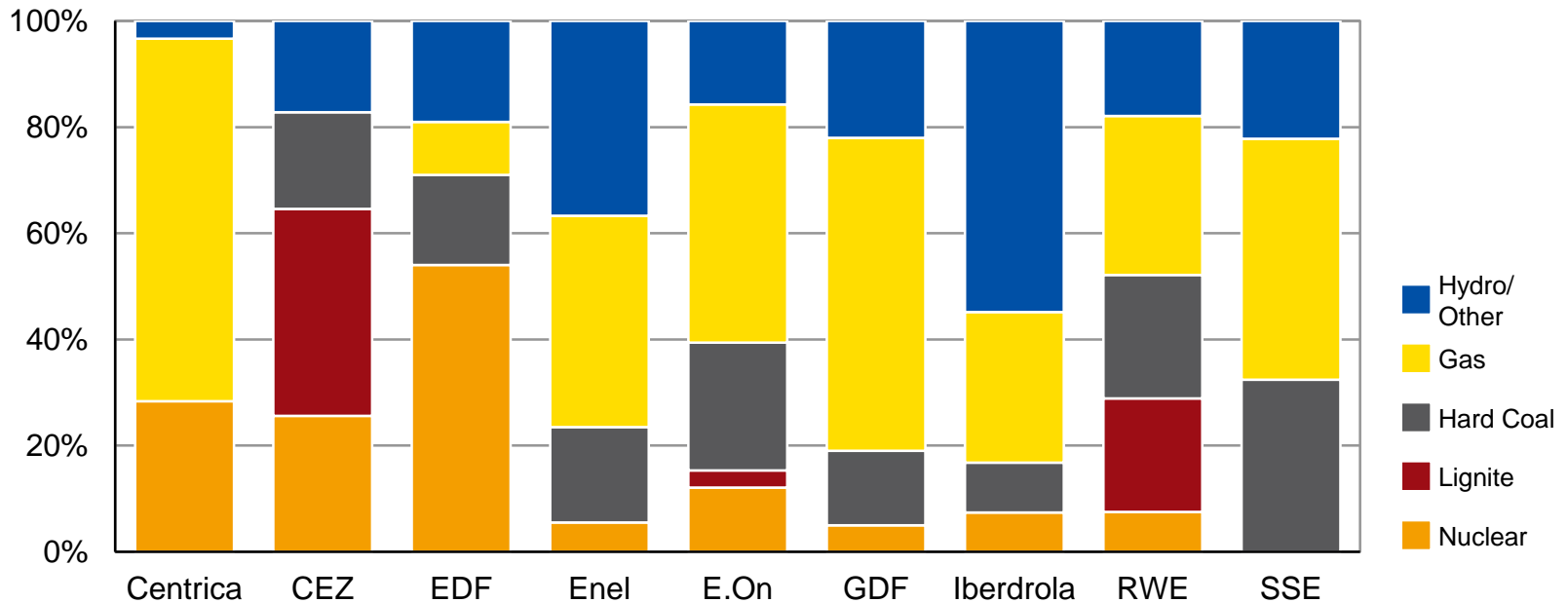


¹ Capital market debt = bonds of €14.2 bn and hybrids of €3.7 bn; split into currencies includes cross-currency swaps.

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

The fuel mix of European electricity generators 2012

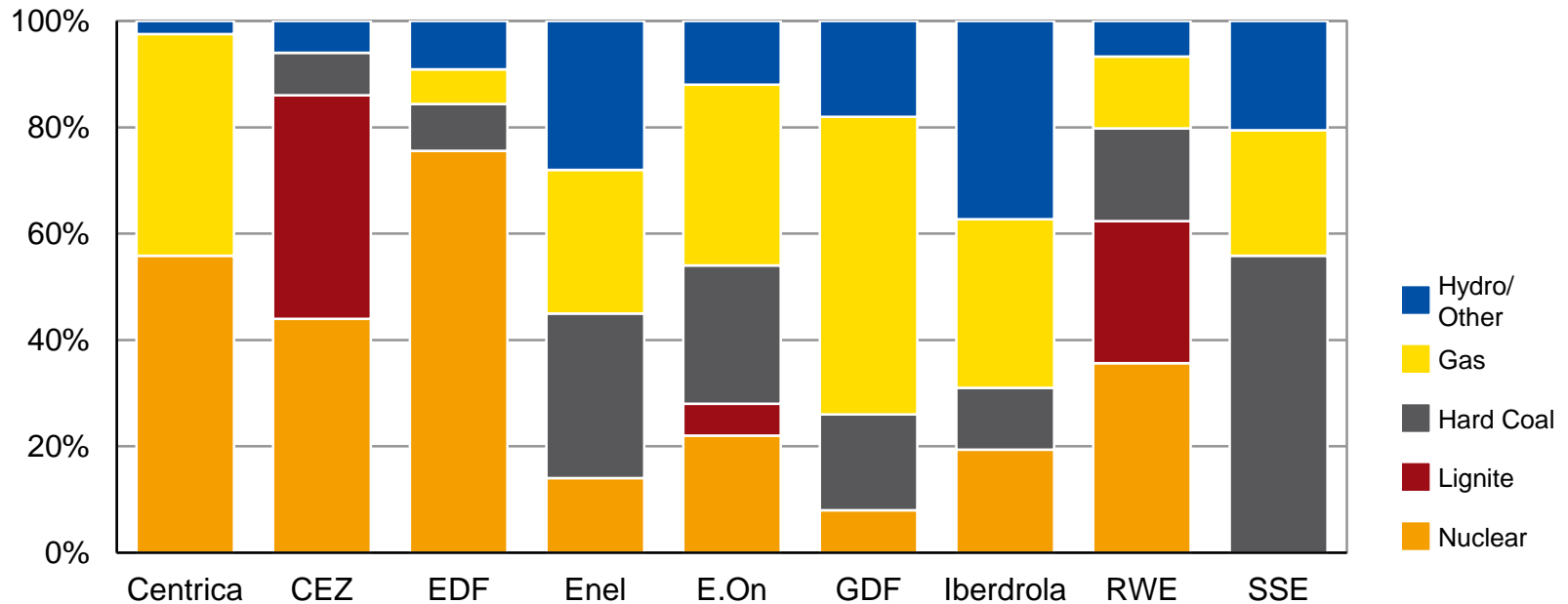
RWE has one of the most balanced generation portfolios of European electricity generators (installed capacity)



Share in power plant capacity of own generation by fuel type.
Source: Annual reports 2012, company presentations, RWE.

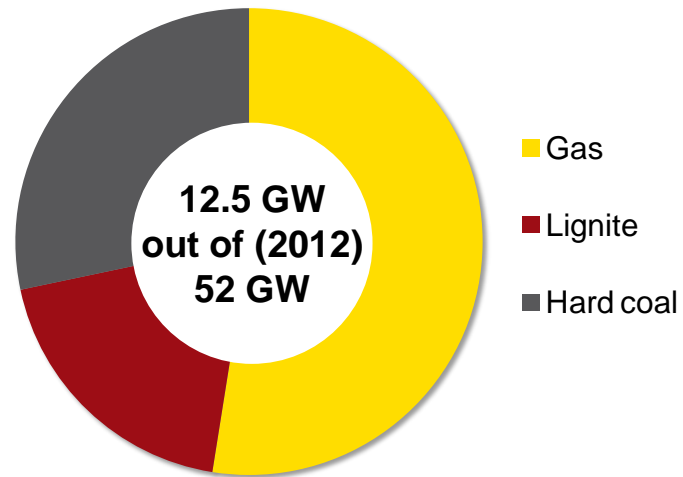
The fuel mix of European electricity generators 2012

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 2012, company presentations, RWE.

By 2014 we will have renewed more than 25% of our electricity generation fleet



2010

H1 2012













H2 2012

H1 2013

2013/2014

2014

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 D & E					
	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%	2.5						
	Nordsee Ost ¹ (wind offshore, 295 MW)	100%	1.1						

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.

Always be informed about RWE ...



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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 fact books

<http://www.rwe.com/web/cms/en/114404/rwe/investor-relations/factbook/>



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/>