

# Steady course through stormy Waters

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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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# Key messages

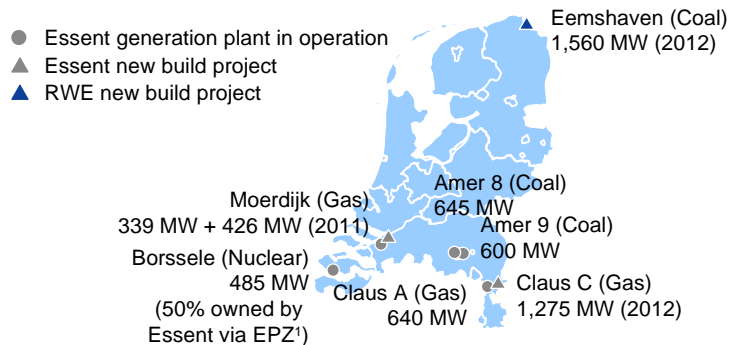
Performance Q1-Q3 2009	<ul style="list-style-type: none"><li>&gt; Operating result decreased by 4%</li><li>&gt; Recurrent net income down by 7%</li></ul>
Strategy	<ul style="list-style-type: none"><li>&gt; Essent acquisition closed: EPZ carved out for the time being; sale of Essent's stake in Stadtwerke Bremen closed in October</li><li>&gt; Stake in American Water sold down to 2.1%</li><li>&gt; No binding bid for Polish utility Enea confirms our financial discipline</li><li>&gt; Pullout of Bulgarian nuclear new build project Belene</li><li>&gt; Reorganization: New Group structure effective September 1, 2009</li></ul>
Financing / Rating	<ul style="list-style-type: none"><li>&gt; Successful prolongation of syndicated loan facility</li><li>&gt; New Moody's rating at A2 (negative outlook), as expected</li></ul>
Efficiency Enhancement	<ul style="list-style-type: none"><li>&gt; Target of €450 m for 2009 (compared to 2006) on track</li></ul>
Outlook	<ul style="list-style-type: none"><li>&gt; Previous outlook 2009 confirmed</li><li>&gt; Dividend 2009: Payout ratio of 50% - 60% of recurrent net income</li></ul>

# More growth, less CO<sub>2</sub> - Our strategic roadmap for 2012/13

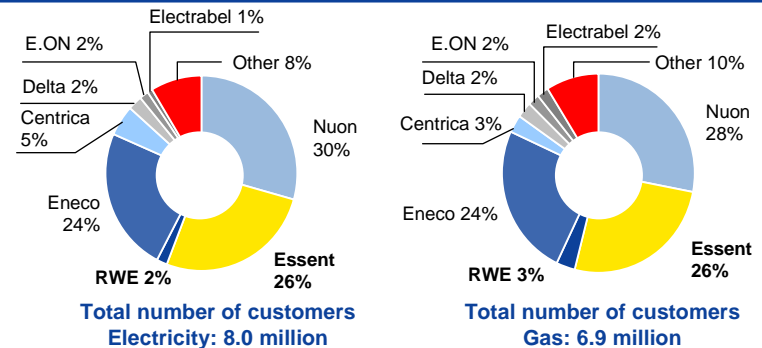
What we aim to do	Targets
<p>➤ Defend and expand existing margins in RWE key markets Germany and UK</p>	<p>GER: defend/grow margins on current volumes UK: defend/grow volumes and profitability</p>
<p>➤ Increase level of regional diversification</p>	<p>Share of non-German operating result grows from 27% (2008) to 40 - 50% by 2012</p>
<p>➤ Boost proportion of renewables in our generation portfolio while creating value</p>	<p>More than tripling of installed base to 4,500 MW by 2012; operating result of at least €0.5 bn p.a. by 2013</p>
<p>➤ Reduce carbon exposure</p>	<p>Reduction by 20% (compared to 2008 emissions) by 2012</p>
<p>➤ Strengthen gas midstream activities</p>	<p>Profitably increase contracted European gas supply purchase volume from 40 to 60 bcm p.a. by 2012</p>
<p>➤ Grow equity gas business organically</p>	<p>Operating result of at least €0.9 bn p.a. by 2013</p>

# Essent matches our strategy and asset portfolios ...

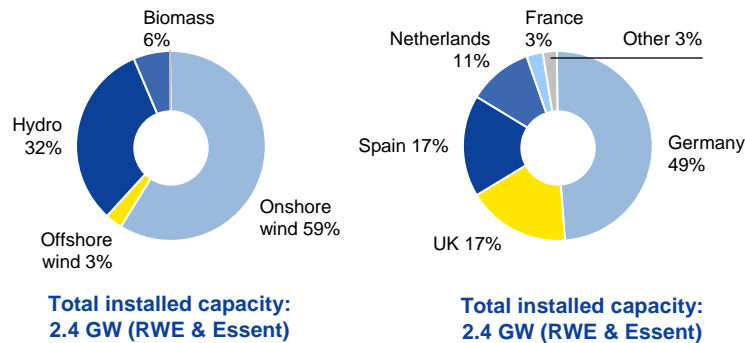
## ... in Dutch power generation



## ... in Dutch supply



## ... in renewables<sup>2</sup>



## ... in energy trading

- > Combination creates number 1 European energy trading and origination house
- > Strong geographic presence throughout Europe
- > Combination of Essent's established pan-European origination activities with RWE's comprehensive trading operations and balance sheet
- > Optimization of combined fuel sourcing, cross-border short term position management
- > Essent and RWE share same asset-backed trading philosophy

<sup>1</sup> Essent's stake in EPZ has been carved out of the RWE/Essent deal for the duration of the pending legal proceedings. Legal and economic ownership of EPZ remains with the former Essent shareholders until there is a final court ruling.  
<sup>2</sup> as of 30 September 2009

# Besides Essent our focus is on organic growth and selective small M&A outside Germany

## Time horizon 2009 - 2012:

### **UK: approx. €3 billion**

CCGT new build, offshore wind, nuclear new build

### **BeNeLux: approx. €15 billion**

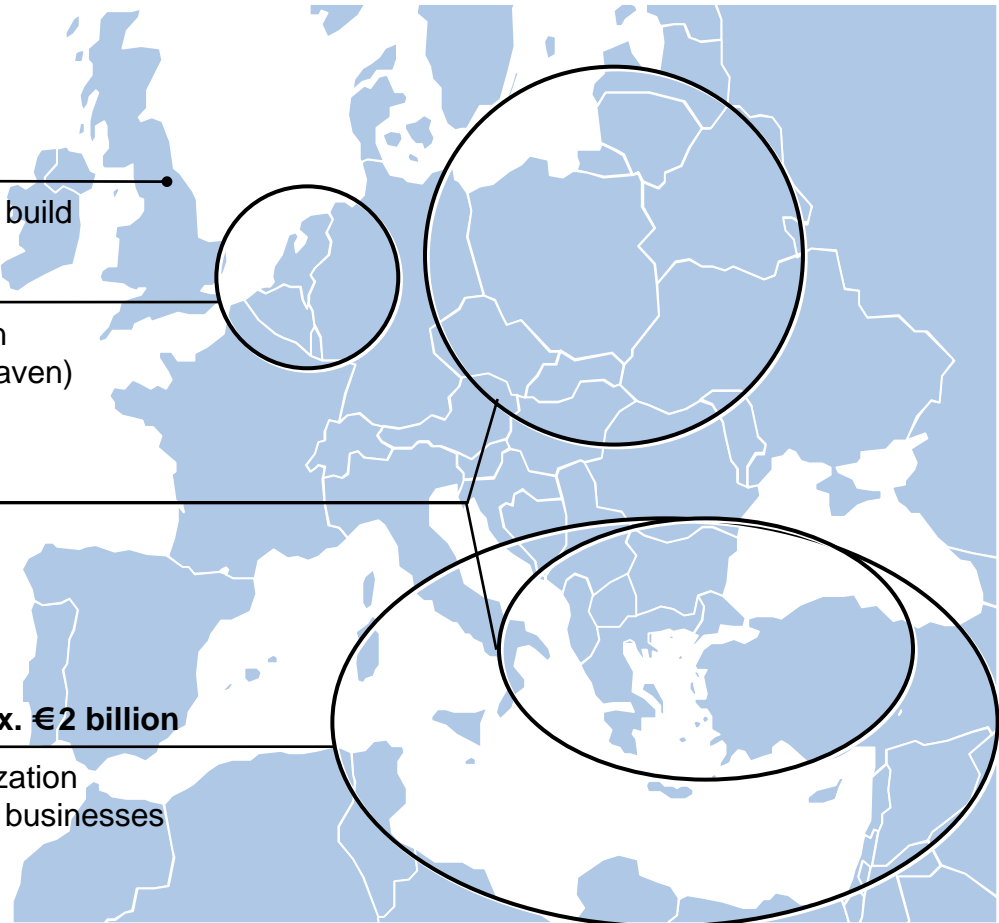
Acquisition of Essent (NL), increased stake in Luxembourg, low-carbon generation (Eemshaven)

### **CEE / SEE / Turkey: approx. €2 billion**

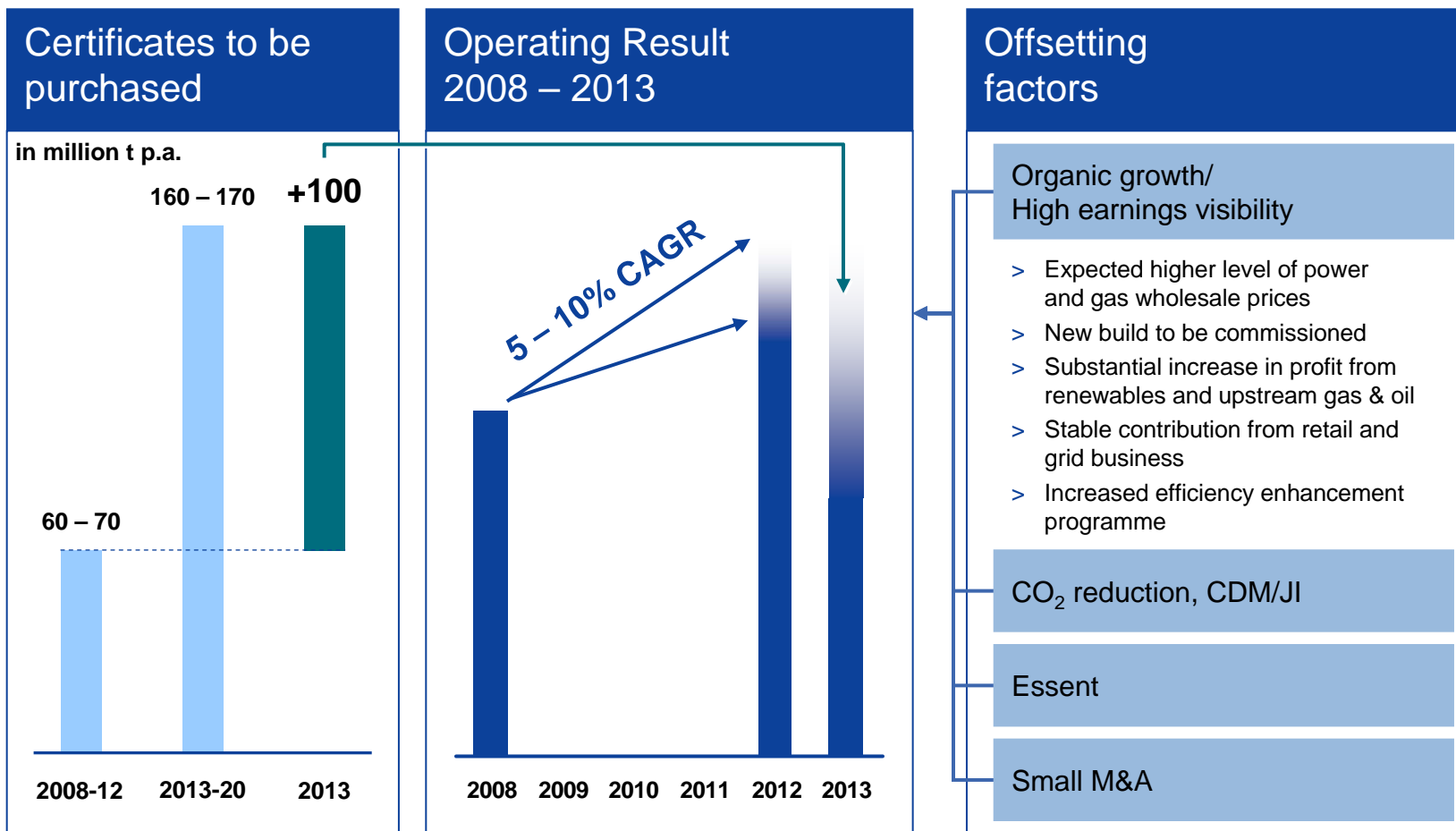
Building up a low-carbon generation portfolio taking advantage of privatizations to achieve an integrated market position/capex projects

### **Upstream/Midstream gas and LNG: approx. €2 billion**

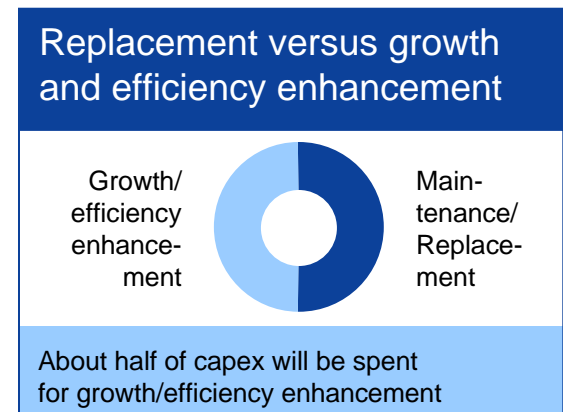
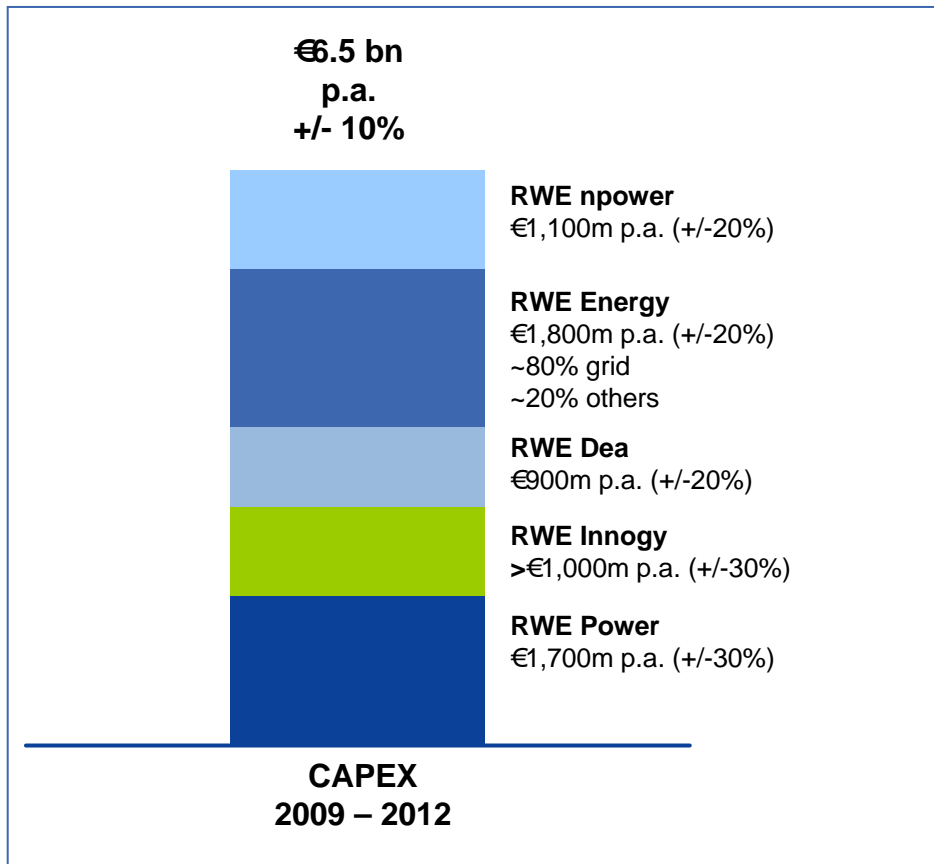
Organic capex in upstream, exploiting optimization potential for all non-regulated gas midstream businesses



# Our strategy to reduce the impact of CO<sub>2</sub> on our P&L in 2013



# We confirm our capex programme to capture growth opportunities and secure market share



# Impact of economic crisis in our core markets

Electricity demand	January – September 2009	Forecast 2009
<b>Market data<sup>1</sup></b>		
■ Germany	-7%	-5% to -7%
■ UK	-6%	-5% to -6%
■ CEE <sup>2</sup>	-5% to -6% <sup>2</sup>	-5% to -7%
<b>RWE<sup>3</sup></b>		
■ Germany	+2%	
■ UK	-5%	
■ CEE <sup>4</sup>	-3% <sup>4</sup>	

Gas demand	January – September 2009	Forecast 2009
<b>Market data<sup>1</sup></b>		
■ Germany	-7%	-1% to -3%
■ UK	-11%	-10% to -12%
■ Czech Republic	-7%	n.d.a.
<b>RWE</b>		
■ Germany	-11%	
■ UK	-10%	
■ Czech Republic	-7%	

- > BDEW statistic shows higher percentage levels of decline for the summer quarters (April to September) mainly due to a basis effect (overall lower demand in summer). August number (decline of 9% compared to 2008) unadjusted for higher number of public holidays.
- > Our forecast for 2009 is unchanged with a decline of -5% to -7%.
- > Forward sales and high portion of “take-or-pay” contracts with industrial clients and distributors protect us from short-term impact on our earnings.
- > Bad debt and insolvencies still with limited impact on RWE’s P&L.

<sup>1</sup> RWE estimates based on different sources.

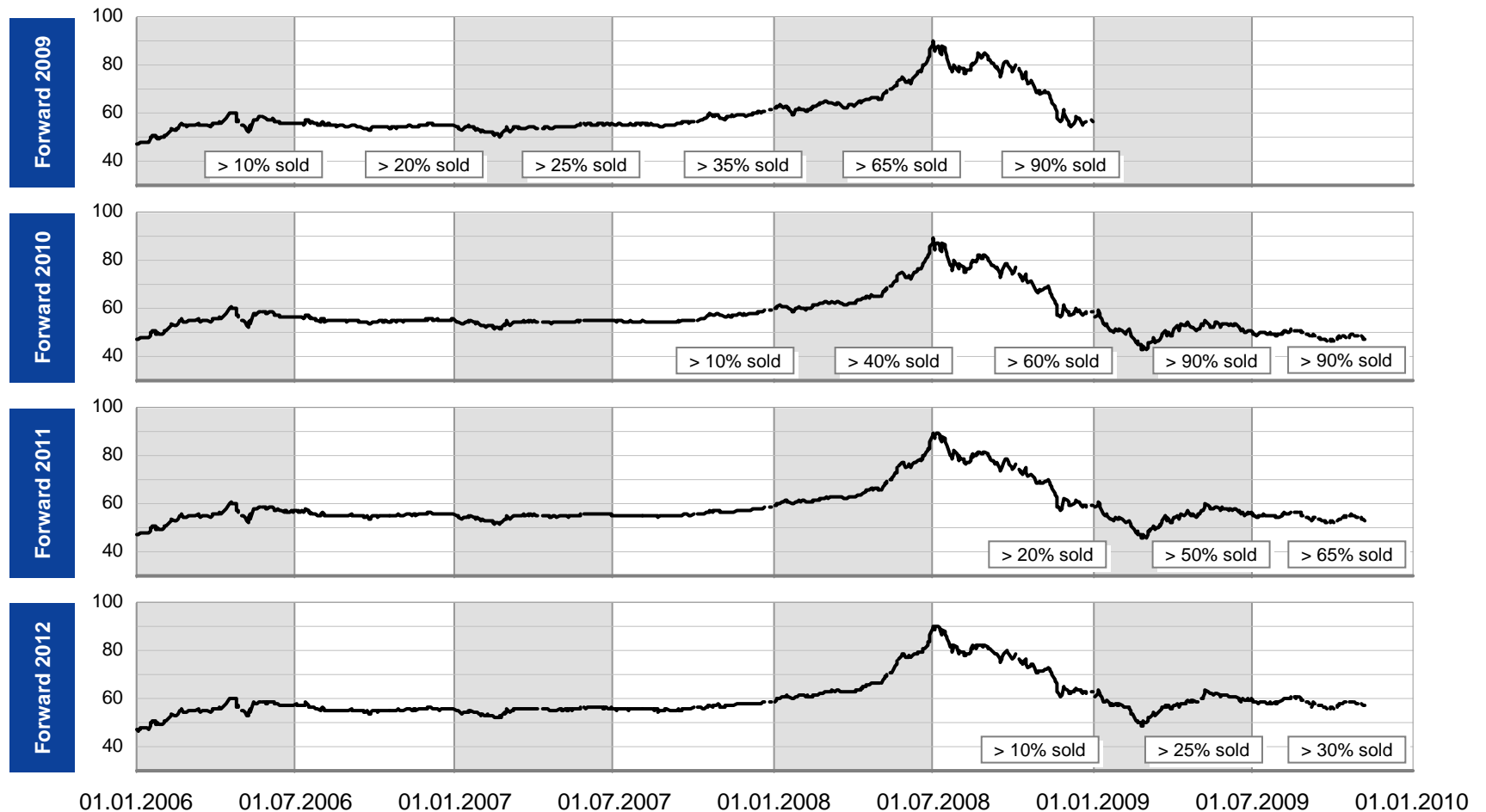
<sup>2</sup> Hungary (-5%), Poland (-6%).

<sup>3</sup> Excluding electricity trading.

<sup>4</sup> Hungary (-7%), Poland (+9%).

# Early hedging protects us from recession and allows flexible short-term optimisation

Forward selling of RWE Power in the German market (base load forwards in €/MWh)



<sup>1</sup> Forward selling as of October 31, 2009; price data as of November 10, 2009.

# A well balanced customer portfolio and conservative risk management help us weather the crisis

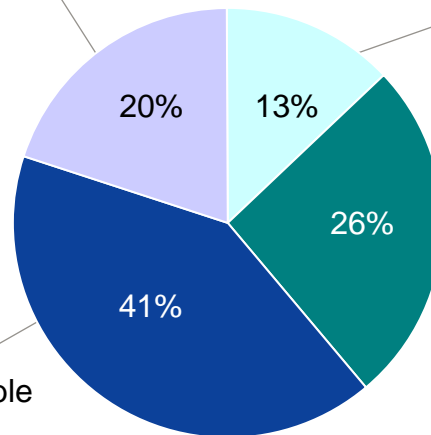
## RWE German external electricity sales per customer group in 2009

### Trading / Wholesale market

- > Exchange traded products: counterparty credit risk managed by clearing firm
- > OTC trades: either cleared or based on bilateral credit risk agreements (incl. collaterals)
- > Limit setting and daily monitoring of credit risk

### Distributors („Stadtwerke“)

- > Consumption more or less stable
- > Take-or-pay contracts (average ToP volume 100%)
- > Low credit risk in case of public background
- > Limit setting and regular, timely monitoring of credit risk



### Private and commercial

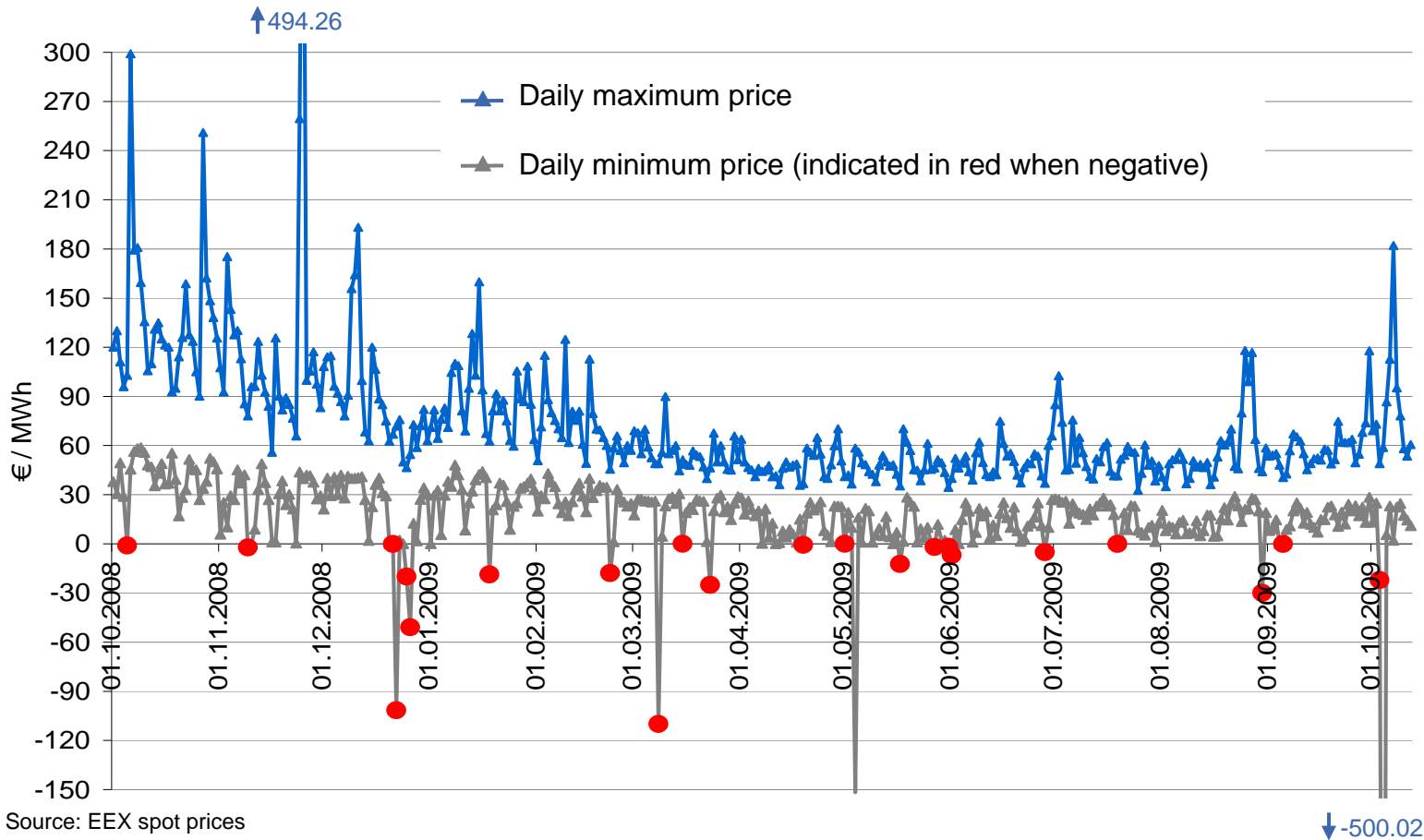
- > Consumption stable
- > Low risk of bad debt

### Industrial and corporate

- > Consumption down > 10%
- > Take-or-pay contracts (industrial customers: average ToP volume 90%)
- > Limit setting and regular, timely monitoring of credit risk

# Price volatility keeps increasing in Germany – opportunities for a flexible portfolio like RWE's

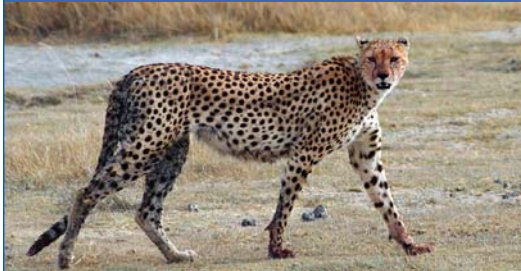
Growing proportion of renewables leads to higher price volatility. October 2008 to October 2009: 60 hours with negative prices; highest price reached + € 500/MWh, lowest - € 500/MWh



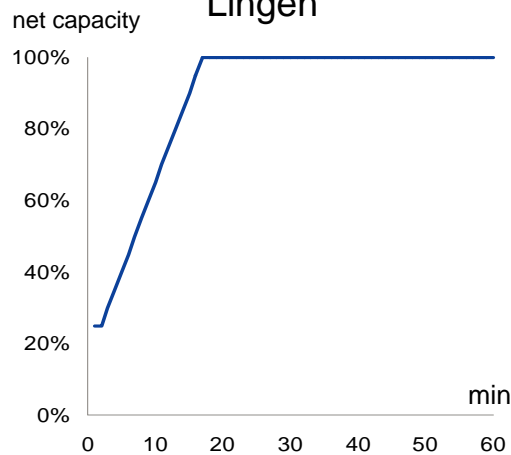
Source: EEX spot prices

# RWE's hunting strategy to fetch flexibility premia is threefold

## Sprinting



ramp capacity **CCGT**  
Lingen

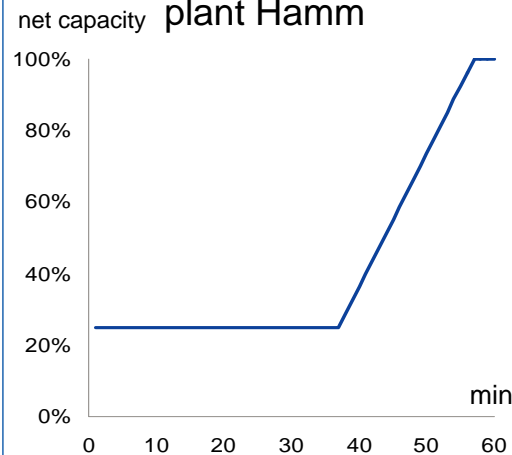


Gas capacities offer quick start-up capabilities. Partial load is expensive. Gas remains ideal to cover peaks, even in volatile markets.

## Lurking



ramp capacity **hard-coal**  
plant Hamm

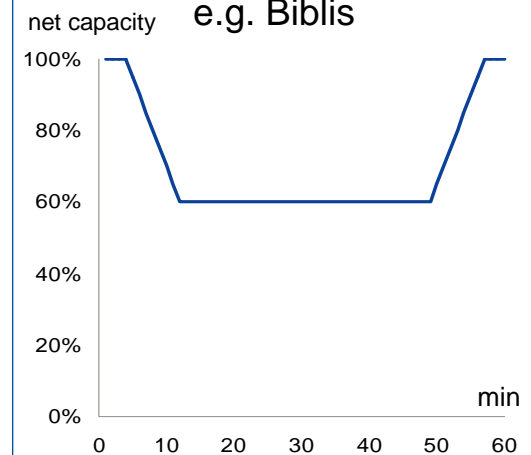


New coal capacities can be dispatched with 25% of rated output. The plants can profitably wait for high prices over a period with temporarily low demand.

## Glide, Dive and Rise



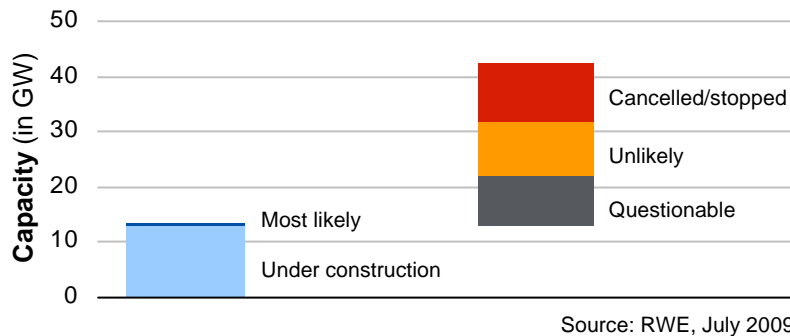
ramp capacity **nuclear**  
e.g. Biblis



Although designed for the baseload regime, nuclear plants can be dispatched more flexibly than any other plant type, and they can be operated to provide partial load.

# Our new-build power plants will come into the market in times of tight capacity and unprecedented volatility

## Two-thirds of current power plant projects in Germany will probably not be realized



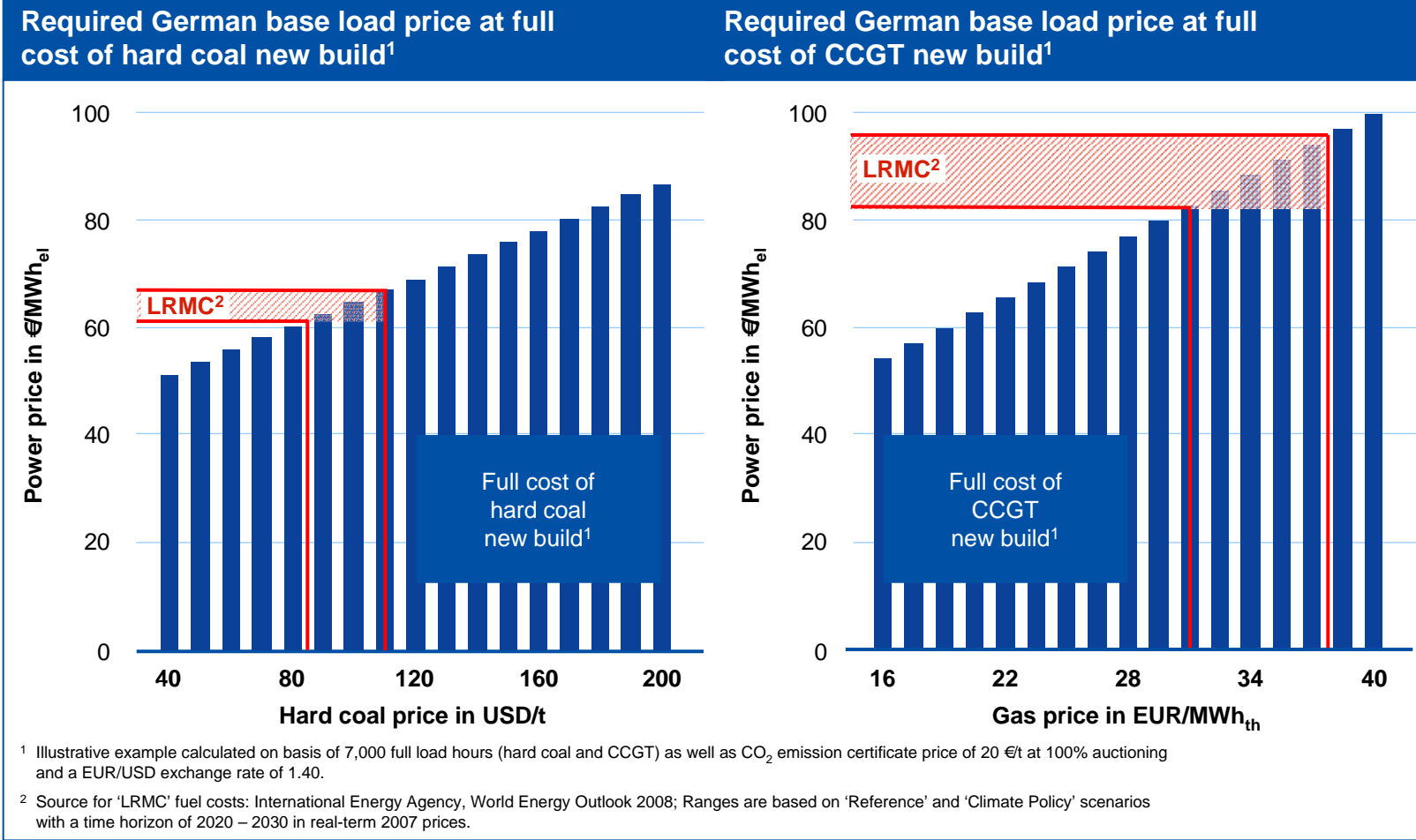
- > RWE: 10 GW of new capacity under construction, thereof approx. 8 GW with special designs for serving the more volatile market.
- > Although facing some delays, our power plant projects will enter the market in times of tight capacity.
- > Further cancellation of new-build projects by other utilities will add to this tightness.

## Current status of our new build projects

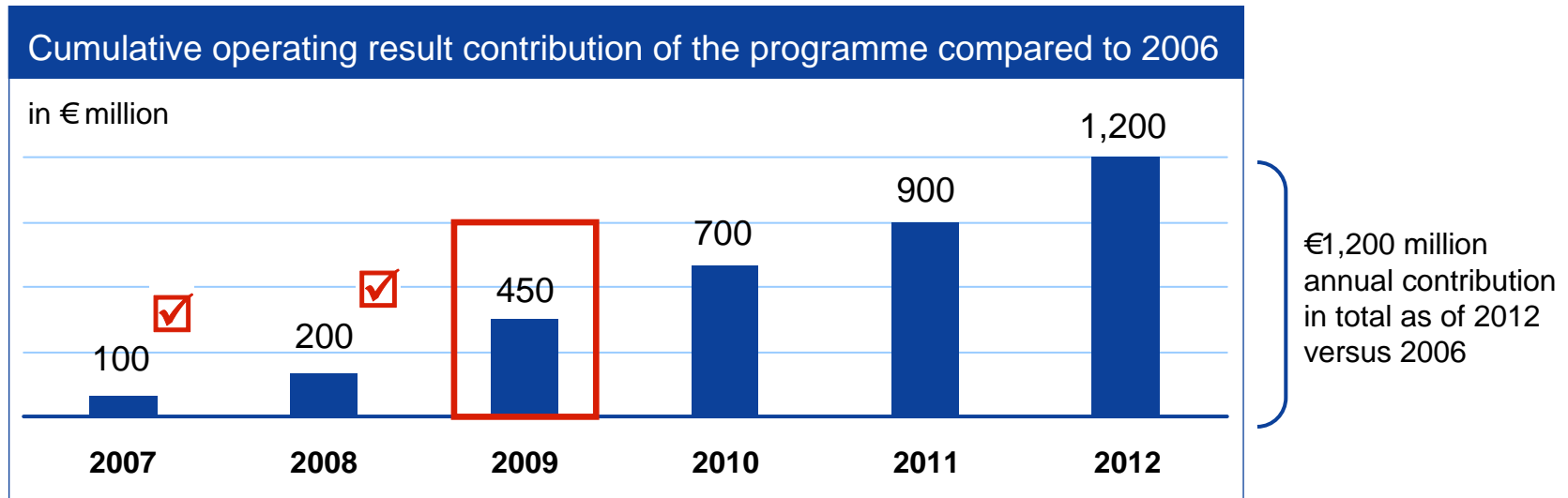
(Status as of June 30, 2009)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Lingen (CCGT, 875 MW)									
Staythorpe (CCGT, 1,650 MW)									
BoA Neurath (Lignite, 2,100 MW)									
Hamm (Hard coal, 1,530 MW)									
Pembroke (CCGT, 2,000 MW)									
Eemshaven (Hard coal/biomass, 1,560 MW)									

Timeline details from chart:  
 - Lingen: Construction starts in 2007, completion in 2010.  
 - Staythorpe: Construction starts in 2007, completion in 2009 (Units 1-4).  
 - BoA Neurath: Construction starts in 2006, completion in 2011 (Unit G), 2012 (Unit F).  
 - Hamm: Construction starts in 2008, completion in 2010 (Unit D), 2011 (Unit E).  
 - Pembroke: Construction starts in 2009, completion in 2011 (Units 1-5).  
 - Eemshaven: Construction starts in 2009, completion in 2012 (Unit A), 2013 (Unit B).

# Germany – Expected long run marginal cost indicates sustainably higher power price levels



# Efficiency enhancement programme is on track to deliver €1.2 billion by 2012



- > Efficiency gains will be fully accretive to operating result (i.e. post cost inflation and one-off cost of programme)
- > Underpinned by a significant portfolio of projects across the group. For example:
  - Cost savings from RWE Energy’s “continuous improvement” project GO (e.g. merging of call-centres, standardization of back-office processes, bundling of purchasing in IT and grid maintenance)
  - Key performance improvement projects in RWE Power and RWE npower to increase thermal efficiency, availability and capacity of existing stations

# Outlook 2009

	2008 € million	2009 forecast (excl. Essent)	Essent contribution in Q4
External revenue	48,950	Below last year	+ c€1.5 bn
EBITDA	8,773	In the order of last year's level	+ c€150 m
Operating result	6,826	In the order of last year's level	+ c€100 m
Recurrent net income	3,367	In the order of last year's level	slightly accretive
Dividend	€ 4.50	Payout ratio 50% - 60% <sup>1</sup>	
Capex on fixed assets	4,454	In the order of €6.0 bn	+ c€0.3 – 0.4 bn

<sup>1</sup> Based on recurrent net income.

# Mid-term financial targets:

## We are also a stable post-crisis investment

Operating Result	> 5 – 10% CAGR <sup>1</sup> to 2012 (excluding Essent) based on an average realized price for German electricity forwards of at least €60/MWh
Recurrent net income	> In the order of 10% CAGR <sup>1</sup> to 2012 (excluding Essent) based on an average realized price for German electricity forwards of at least €60/MWh
Dividend	> Payout ratio of 50 – 60% of recurrent net income
Capital structure	> Compliant with at least “A flat” rating category
Efficiency	> €1.2 billion improvement in annual operating result by year-end 2012 vs. 2006

<sup>1</sup> based on 2008