RWE Company Presentation

As of August 2018
Disclaimer

This document contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management, and are based on information currently available to the management. Forward-looking statements shall not be construed as a promise for the materialisation of future results and developments and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting the Company, and other factors. Neither the Company nor any of its affiliates assumes any obligations to update any forward-looking statements.

All figures regarding renewables business are based on pro forma combined innogy and E.ON publicly available renewables data. The implementation of the transaction is still subject to conditions, including merger control clearances.
Investment Highlights: Transforming RWE into a leading European renewables and conventional power generator

- Provider of secure energy supply underlined with highly complementary renewable and conventional power generation portfolio
- Creation of Europe’s #3 renewables player with significant offshore capabilities and U.S. footprint
- Opportunity to extract value from combined generation portfolio via leading commercial asset optimisation and trading platform
- Substantial increase in operational earnings and sustainable cash flows providing foundation for attractive dividend development
- Strengthened capital structure with the ability to support future growth
Strategic highlight:
RWE continues to reshape its future
RWE is reshaping its operating business and financial portfolio

**Operating business**

- **Lignite & Nuclear**
  - E.ON 25% Gundremmingen
  - E.ON 12.5% Emsland

- **European Power**

- **Renewables**
  - innogy RES
  - E.ON RES

- **Supply & Trading**
  - Gas storage

**Financial portfolio**

- **16.7% E.ON**
  - 37.9% Kelag
  - 25.1% Amprion

~90%

~10%

**Optimised financial portfolio with stable and attractive dividends**

**Strengthening and future proofing of the core operating business**

% Expected future EBITDA share.

- Additions to RWE Portfolio (from transaction).
## Key transaction parameters

| E.ON acquisition of innogy | > E.ON to acquire RWE’s 76.8% stake in innogy for a total consideration of €17.1bn, including fiscal 2017 and 2018 dividend
|                         | > E.ON to launch a voluntary public takeover offer for innogy minorities at €40 per share (adjusted for dividend payments until closing)
|                         | > Offer value of €40 per share represents a premium of 28% to the unaffected innogy share price\(^1\) and implied EV/EBITDA 2018E of 10.5x\(^2\)  

| RWE asset purchases (economic effect as of 1 Jan 2018) | > E.ON Renewables business\(^3\)
|                                                       | > innogy Renewables business
|                                                       | > innogy’s German and Czech Gas Storage business
|                                                       | > E.ON minority stakes in RWE’s nuclear plants Gundremmingen (25.0%) and Emsland (12.5%)
|                                                       | > innogy’s 37.9% stake in Kelag

| RWE stake in E.ON | > E.ON to issue 440m shares to RWE implying a post money stake of 16.7% in E.ON

| innogy dividend | > RWE to receive fiscal 2017 and 2018 innogy dividend

| Cash payment | > E.ON to receive ~€1.5 bn from RWE

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\(^1\) As of 22 February 2018.

\(^2\) Based on implied enterprise value of €43 bn and mid-point of guided innogy EBITDA 2018 of €4.1 bn and €4.2 bn.

\(^3\) Excluding German and Polish onshore wind assets belonging to e.dis (151 MW) and 20% stake in Rampion offshore wind farm (80 MW).
Highly complementary renewables and conventional generation portfolio

Pro forma combined electricity generation capacity
(as at 31 December 2017)

<table>
<thead>
<tr>
<th>Energy Source</th>
<th>Capacity (GW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas</td>
<td>14.8</td>
</tr>
<tr>
<td>Renewables</td>
<td>10.3</td>
</tr>
<tr>
<td>Other</td>
<td>8.3</td>
</tr>
<tr>
<td>Lignite</td>
<td>7.3</td>
</tr>
<tr>
<td>Hard coal</td>
<td>2.8</td>
</tr>
<tr>
<td>Nuclear</td>
<td>2.8</td>
</tr>
</tbody>
</table>

- Leading European generator with diversified and balanced generation technologies
- De-risking of portfolio with >60% of low CO₂ generation capacity
- Leading provider of reliable and flexible generation capacity to balance intermittent production of renewables
- Opportunity to extract value from enlarged portfolio through leading commercial asset optimisation platform

1 RWE stand-alone (excluding Mátra) plus E.ON’s and innogy’s renewables businesses.
Leading renewables player with attractive growth platform

> No. 3 renewables player in Europe with well-balanced portfolio and strong position in U.S. onshore wind market

> Leading European offshore wind platform with 1.9 GW in operation and 1.3 GW in construction and advanced development

> Strong development pipeline in attractive growth markets and scope for efficiencies

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Strong platform with attractive growth prospects

Capacity in operation, under construction and close to FID\(^1\)

GW, pro rata

<table>
<thead>
<tr>
<th></th>
<th>In operation</th>
<th>Under construction</th>
<th>Close to FID</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galloper</td>
<td>88 MW</td>
<td></td>
<td></td>
<td>8.6</td>
</tr>
<tr>
<td>Arkona</td>
<td>194 MW</td>
<td></td>
<td></td>
<td>0.7</td>
</tr>
<tr>
<td>Stella</td>
<td>201 MW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morcone</td>
<td>57 MW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>166 MW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Triton Knoll(^2)</td>
<td>507 MW</td>
<td></td>
<td>1.4</td>
<td>10.7</td>
</tr>
<tr>
<td>Australian PV</td>
<td>462 MW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cassadega</td>
<td>126 MW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West of Pecos</td>
<td>100 MW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>250 MW</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

> **Total combined development pipeline** of ~17 GW

> **Projects under construction** include projects expected to be commissioned in 2018 and 2019

> **Advanced development** includes projects with FID in 2018 and 2019 and expected commissioning between 2019 and 2021

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\(^1\) Pro forma combined renewables capacity as at 30 June 2018. Pro rata view. Excluding renewable portfolio of E.DIS and 20% of Rampion.

\(^2\) 59% stake in Triton Knoll as per innogy announcement of 13 August 2018.

Source: innogy and E.ON.
Earnings growth foreseen until early 2020s before investing into further pipeline projects

Estimated development of EBITDA for pro forma combined operational renewables portfolio

- **Illustrative** earnings profile of portfolio in operation and under construction

- Assumes **no further growth capex; excludes** projects without FID, e.g. Triton Knoll

- ~50% of portfolio with regulated or contracted cash flows

- ~11.5 years avg. remaining support tenor

Note: Consolidated view.
Source: RWE analysis.
Step-change in operating business with doubling of EBITDA post transaction

> Significant earnings accretion with more than 90% of EBITDA from operating businesses

> Diversification of earnings mix

> ~60% contribution from renewables to pro forma EBITDA

> ~50% of operating EBITDA coming from contracted operations\(^3\) with visible and stable earnings profile

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1. **RWE stand-alone EBITDA\(^1\)**

\[
\begin{array}{c}
\text{EBITDA (€ bn)} \\
1.4 \text{ – } 1.7
\end{array}
\]

2. **Pro forma EBITDA\(^2\)**

\[
\begin{array}{c}
\text{EBITDA} \\
\text{~10%} \quad \text{~30%} \quad \text{~60%}
\end{array}
\]

---

\(^1\) EBITDA split based on mid-point 2018 EBITDA guidance for RWE stand-alone.

\(^2\) Split based on estimated numbers post closing.

\(^3\) Contracted operations include earnings from capacity payments for conventional generation, ROCs, CfDs, feed-in tariffs and PPAs.
Strong financial position post transaction provides ability to support future growth

**Transactional debt effects**

- **Nuclear provisions**: ~€0.8bn
- **Provisions for wind asset dismantling**: ~€0.9bn
- **Pension provisions**: ~€0.5bn
- **Tax equity liabilities**: ~€0.6bn
- **Total debt increase**: ~€2.8bn

**Financing**

- Limited cash requirements from transaction financed through own liquidity and funds
- No assumption of capital market debt or plans to issue senior bonds

**Rating strategy**

- Strong commitment to investment grade rating
- Leverage supported by strong operational cash flows and financial portfolio
- **Pro forma net debt / EBITDA post transaction of 2.5x – <3.0x**
Major transaction and legal milestones until closing

- **Announcement of transaction (12 March 2018)**

- **2018**
  - E.ON public tender offer (PTO) for innogy minorities

- **Merger control and regulatory reviews and approvals**

- **2019**
  - Implementation of full control under corporate law

- **Closing I**
  - RWE sale of 76.8% innogy stake
  - E.ON issuance of 440m shares to RWE
  - RWE purchase of E.ON minority stakes in nuclear plants Gundremmingen (25.0%) and Emsland (12.5%)
  - RWE cash payment of ~€1.5bn to E.ON

- **Closing II**
  - RWE purchase of innogy Renewables
  - RWE purchase of E.ON Renewables¹
  - RWE purchase of innogy Gas Storage and 37.9% in Kelag

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¹ Excluding German and Polish onshore wind assets belonging to e.dis (151 MW) and 20% stake in Rampion offshore wind farm (80 MW).
Strategic developments in current operations
Strategic focus on evolution of existing business portfolio

**Optimise existing operations**

**Lignite & Nuclear/ European Power**
- Manage cost base
- Apply capital allocation discipline
- Actively manage portfolio

**Supply & Trading**
- Maintain profitability

**Enhance portfolio**

**European Power**
- Develop portfolio for future market requirements, e.g. gas turbine projects, biomass conversion
- Participate in opportunistic asset consolidation (core markets)

**Supply & Trading**
- Expand organically, e.g. LNG portfolio

**Tap into evolving opportunities**

- Explore technologies suitable to provide security of supply
- Invest selectively into new technologies, e.g. batteries
TSOs expect significant tightening of secure generation capacity

TSO supply/demand balance\(^1\)

- TSOs forecast potential for negative supply/demand balance by 2020
- Reduction of reliable capacity driven by nuclear phase-out and hard coal plant closures
- Growing need for TSOs to secure capacity via reserve mechanisms
- Analysis points to increasing reliability on imports at times of low contribution from renewables

RWE’s significant CO₂ reductions in line with European and national climate goals

RWE’s CO₂ emissions in core markets

(million tonnes)

- Significant CO₂ reduction since 2012
- More than 10% emissions reduction in 2017
- Target to reduce CO₂ emissions by 55 to 65 million tonnes by 2030 compared to 2015
- Continuous decline to coal exposure
  - Biomass co-firing at Dutch hard coal plants
  - Transfer of 1.5 GW of lignite to stand-by reserve and final shut-down after 4 years
  - Closure of Weisweiler power plant site (1.8 GW) at end of Inden mine by 2030
  - Reduction in load factors of lignite and hard coal plants

1 Referring to RWE stand-alone portfolio, excluding Mátra in Hungary and Denizli in Turkey.
Future growth options are developed and next steps considered

**Gundremmingen**

- Development of open gas turbine project for grid stability reserve
- Use of existing nuclear site
- Auction by TSOs expected to start in 2018

**Tilbury Energy Centre**

- Development of various new build options
- Attractive location with existing grid connection and direct water cooling

**Global LNG portfolio**

- Growth of supply contracts portfolio, among others
  - Angola LNG
  - Woodside Energy
  - Qatargas
Financial highlights FY 2017
Successful delivery of 2017 management targets

RWE stand-alone
(€ million)

2017 adj. EBITDA

Guidance | Actuals
--- | ---
1,600 – 1,900 | 2,066

2017 adj. net income

Guidance | Actuals
--- | ---
700 – 1,000 | 973

- Earnings development above expectations
- Return to clear dividend policy with minimum dividend of €0.50/share and future upside
- Reimbursement of nuclear fuel tax and participation of shareholders via €1/share extraordinary dividend
- Conclusion of restructuring of responsibilities for nuclear waste disposal
- Optimisation of capital structure and stabilisation of investment grade rating
Development of adjusted EBITDA dominated by recovery of earnings at Supply & Trading

<table>
<thead>
<tr>
<th>Group</th>
<th>RWE stand-alone</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lignite &amp; Nuclear</td>
<td>5,403</td>
<td>1,928</td>
<td>5,756</td>
</tr>
<tr>
<td>European Power</td>
<td>-408</td>
<td>+86</td>
<td>2,066</td>
</tr>
<tr>
<td>Supply &amp; Trading</td>
<td>+410</td>
<td>+410</td>
<td></td>
</tr>
<tr>
<td>innogy</td>
<td>+128</td>
<td>-47</td>
<td></td>
</tr>
<tr>
<td>Other, consolidation</td>
<td>+137</td>
<td>+97</td>
<td></td>
</tr>
</tbody>
</table>

> Lignite & Nuclear: Declining generation margins
Lower non-recurring items compared to 2016

> European Power: Strong contribution from commercial asset optimisation
Higher non-recurring items compared to 2016

> Supply & Trading: Strong earnings contribution after losses in 2016

> innogy as part of RWE stand-alone: dividend inflow of €683 million in 2017;
Previous year pro forma appropriation of profits of innogy subsidiaries of €730 million
Adjusted net income FY 2017 reaches €973 million

<table>
<thead>
<tr>
<th>Group</th>
<th>RWE stand-alone</th>
<th>Adj. EBITDA</th>
<th>Adj. depreciation</th>
<th>Adj. EBIT</th>
<th>Adj. financial result</th>
<th>Adj. tax</th>
<th>Adj. minorities &amp; hybrids</th>
<th>Adj. net income</th>
</tr>
</thead>
<tbody>
<tr>
<td>(€ million)</td>
<td></td>
<td>2,066</td>
<td>-592</td>
<td>1,474</td>
<td>-373</td>
<td>-65</td>
<td>-63</td>
<td>973</td>
</tr>
<tr>
<td>5,756</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td>3,646</td>
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<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>-630</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>-724</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1,232</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

> RWE stand-alone adj. EBITDA includes operating income from Lignite & Nuclear, European Power, Supply & Trading and dividend from innogy
> All effects related to the reimbursement of the nuclear fuel tax are adjusted
> Financial result adjusted for effects from changes in discount rates for other long-term provisions, interest on nuclear fuel tax, one-off costs from hybrid bond buy back and interest income from tax audit for previous years
> Limited adjusted taxable earnings at RWE stand-alone
> Hybrid bond partly classified as equity pursuant to IFRS
High FY 2017 distributable cash flow despite negative effects in working capital

RWE stand-alone

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(€ million)</td>
<td></td>
</tr>
<tr>
<td>1,928</td>
<td>2,066</td>
</tr>
<tr>
<td>-656</td>
<td>-639</td>
</tr>
<tr>
<td>-348</td>
<td>-404</td>
</tr>
<tr>
<td>924</td>
<td>1,023</td>
</tr>
<tr>
<td>-600</td>
<td>-283</td>
</tr>
<tr>
<td>-421</td>
<td>-136</td>
</tr>
<tr>
<td>-78</td>
<td>-72</td>
</tr>
<tr>
<td>-175</td>
<td>533</td>
</tr>
</tbody>
</table>

- innogy dividend of €683 million fully reflected in adj. EBITDA
- Changes in provisions refer mainly to legacy provisions, nuclear provisions and restructuring provisions
- Change in operating working capital 2017 mainly impacted by phasing out of working capital optimisation measures from previous years and slightly higher gas inventories
- Strong improvement in cash interest/taxes compared to FY 2016 is another main driver for higher distributable cash flow
Solid capital structure with high financial flexibility

RWE stand-alone net debt (as of 31 Dec 2017)\(^1\)

(€ bn)

<table>
<thead>
<tr>
<th>Financial assets and receivables</th>
<th>8.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial receivables against innogy</td>
<td>1.7</td>
</tr>
<tr>
<td>Financial assets</td>
<td>7.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial liabilities (incl. hybrid adjustments)</th>
<th>2.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds and bank debt, CP</td>
<td>1.6</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>1.0</td>
</tr>
<tr>
<td>Hybrid adjustments</td>
<td>-0.1</td>
</tr>
</tbody>
</table>

| Net financial assets (incl. hybrid adjustments) | 6.1 |

<table>
<thead>
<tr>
<th>Long-term liabilities</th>
<th>10.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nuclear provisions</td>
<td>6.0</td>
</tr>
<tr>
<td>Mining provisions</td>
<td>2.3</td>
</tr>
<tr>
<td>Pension provisions</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Total net debt | 4.5 |

- Net financial asset position
- Majority of debt characterised by long-term provisions
- Financial position commensurate with RWE’s target to maintain investment grade ratings
- Upside potential from rising interest rates (+10 bps change in real discount rates):
  - Pension provisions: c. -€0.1 billion
  - Nuclear provisions: c. -€50 million
  - Mining provisions: c. -€70 million
- Outstanding hybrid capital of €2.0 billion, of which €0.9 billion classified as equity and €1.1 billion classified as debt under IFRS
- Financial holdings (innogy, Amprion, Urenco) not included in net debt

\(^1\) Rounding differences may occur.
Financial highlights H1 2018
Key messages of H1 2018

- Good first half of fiscal year 2018 – RWE stand-alone earnings outlook confirmed

- RWE Group figures and outlook amended after classification of innogy’s grid and retail businesses as ‘discontinued operations’

- Transaction with E.ON well on track: agreement reached with innogy on principles of integration and support of transaction

- Moody’s confirmed RWE’s rating at Baa3 and restored outlook to stable

- German Commission ‘Growth, Structural Change and Employment’ started work to submit concept to achieve climate protection goals in the energy sector
Lower adjusted EBITDA mainly due to declining generation margins in conventional power generation

<table>
<thead>
<tr>
<th>Group</th>
<th>RWE stand-alone</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(€ million)</td>
<td>H1 2017</td>
<td>H1 2018</td>
</tr>
<tr>
<td>1,130</td>
<td>-234</td>
<td>+3</td>
</tr>
<tr>
<td>-234</td>
<td>-26</td>
<td></td>
</tr>
<tr>
<td>-26</td>
<td>-30</td>
<td></td>
</tr>
<tr>
<td>-30</td>
<td>-18(^1)</td>
<td></td>
</tr>
<tr>
<td>innogy</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other, consolidation</td>
<td>-8</td>
<td></td>
</tr>
<tr>
<td>innogy-continuing operations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Lignite & Nuclear:** Declining generation margins and lower volumes
- **European Power:** Declining generation margins offset by income from UK capacity market and operating cost improvements
- **Supply & Trading:** slightly below very strong H1 2017
- **innogy as part of RWE stand-alone:** dividend inflow of €683 million in Q2 2018 Same amount as in Q2 2017

\(^1\) innogy-continuing operations.
Expected positions and hedge status as of 30 June 2018

**Outright (Lignite & Nuclear)**

- **Average hedge price 2018 – 2021** corresponds with average hedged CO₂ price in the range of ~€5 – 6/t
  
  - **2018E**
    - 85 – 90 TWh
    - >90%
    - ~28
  
  - **2019E**
    - 80 – 85 TWh
    - >90%
    - ~28
  
  - **2020E**
    - ~80 TWh
    - >90%
    - ~29
  
  - **2021E**
    - ~80 TWh
    - >40%
    - ~29

**Spread (European Power)**

- **50 – 70 TWh²**
  
  - **2018E**
    - >90%
    - 50 – 70 TWh
  
  - **2019E**
    - >80%
    - 50 – 70 TWh
  
  - **2020E**
    - >10%
    - 50 – 70 TWh
  
  - **2021E**
    - <10%
    - 50 – 70 TWh

**CO₂**

- **CO₂ position financially hedged until end of 2022**

1. Equivalent to emission costs of ~€6 – 7/MWh for lignite generation.
2. Total in-the-money spread.
Recovery of fuel spreads at the end of Q2 2018 after strong decline since end of 2017

Fuel spread defined as: Power price – (pass-through-factor carbon × EUA price + pass-through-factor coal × coal price + pass-through-factor gas × gas price).

Note: Shown figures based on fuel spreads per end of month (€/MWh).

Source: Bloomberg; data until 30 June 2018.
Adjusted net income for H1 2018 reaches €683 million

RWE stand-alone

H1 2017  H1 2018
(€ million)  
1,438  1,140
-295  -270
1,143  870
-193  -114
-55  -37
-12  -36
883  683

- RWE stand-alone adj. EBITDA includes adj. EBITDA from Lignite & Nuclear, European Power, Supply & Trading and dividend from innogy
- Financial result mainly adjusted for mark-to-market valuation of securities according to IFRS 9
- Limited adjusted taxable earnings at RWE stand-alone
- Adjustments of tax and minorities resulting from the adjustments in the non-operating and financial result
- Hybrid bonds partly classified as equity pursuant to IFRS
High H1 2018 distributable cash flow due to full amount of innogy dividend and cyclical working capital development

RWE stand-alone

<table>
<thead>
<tr>
<th>H1 2017 (€ million)</th>
<th>H1 2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>1,438</td>
<td>1,140</td>
</tr>
<tr>
<td>Change in provisions &amp; other non-cash items</td>
<td>-748</td>
<td>-590</td>
</tr>
<tr>
<td>Capex</td>
<td>-138</td>
<td>-174</td>
</tr>
<tr>
<td>Cash contribution</td>
<td>552</td>
<td>376</td>
</tr>
<tr>
<td>Change in operating working capital</td>
<td>205</td>
<td>534</td>
</tr>
<tr>
<td>Cash interests/taxes</td>
<td>-49</td>
<td>-18</td>
</tr>
<tr>
<td>Minorities + hybrids</td>
<td>-72</td>
<td>-63</td>
</tr>
<tr>
<td>Distributable cash flow (DiCF)</td>
<td>636</td>
<td>829</td>
</tr>
</tbody>
</table>

> innogy dividend of €683 million (FY 2017: €683 million) fully reflected in adj. EBITDA

> Changes in provisions: Utilisation of CO₂ provisions completed, whereas additions only halfway

> Change in operating working capital:

  - Typical seasonal pattern from reduction in trade accounts payable and inventories
  - 2017 was negatively affected by phase-out of working capital optimisation measures

> Improvement in cash interests after redemption and buy back of hybrids in 2017
**Strong decline of net debt due to high inflow of variation margins**

### Development of net debt (RWE stand-alone)

<table>
<thead>
<tr>
<th></th>
<th>(€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Dec 2017</td>
<td>4,510</td>
</tr>
<tr>
<td>Distributable cash flow (DiCF)</td>
<td>-829</td>
</tr>
<tr>
<td>Dividend RWE AG</td>
<td>922</td>
</tr>
<tr>
<td>Financial investments/divestments</td>
<td>9</td>
</tr>
<tr>
<td>Other changes in net financial debt¹</td>
<td>-1,394</td>
</tr>
<tr>
<td>Change in provisions (net debt relevant)</td>
<td>494</td>
</tr>
<tr>
<td>Change in hybrid capital</td>
<td>-19</td>
</tr>
<tr>
<td>30 June 2018</td>
<td>3,693</td>
</tr>
</tbody>
</table>

¹ Includes approx. €1.5 billion from change in variation margins which will revert once the underlying transactions will be realised or commodity trends turn around.
## RWE stand-alone – outlook for 2018 confirmed

<table>
<thead>
<tr>
<th>FY 2017</th>
<th>FY 2018e</th>
</tr>
</thead>
<tbody>
<tr>
<td>€2.1 bn</td>
<td>€1.4 bn – €1.7 bn</td>
</tr>
<tr>
<td>-€0.6 bn</td>
<td>&gt; Stable development expected</td>
</tr>
<tr>
<td>-€0.4 bn</td>
<td>&gt; Significant improvement after redemption and buy back of hybrids in 2017 and impact from settlement of nuclear energy fund in July 2017</td>
</tr>
<tr>
<td>-€0.1bn</td>
<td>&gt; Stable development expected</td>
</tr>
<tr>
<td>-€0.1bn</td>
<td>&gt; Stable development expected</td>
</tr>
<tr>
<td>€1.0 bn</td>
<td>€0.5 bn – €0.8 bn</td>
</tr>
<tr>
<td>Adj. EBITDA</td>
<td></td>
</tr>
<tr>
<td>Adj. depreciation</td>
<td></td>
</tr>
<tr>
<td>Adj. net financial result</td>
<td></td>
</tr>
<tr>
<td>Adj. taxes</td>
<td></td>
</tr>
<tr>
<td>Adj. minorities &amp; hybrid</td>
<td></td>
</tr>
<tr>
<td>Adj. net income</td>
<td></td>
</tr>
<tr>
<td>Dividend (per share)</td>
<td>&gt; Ordinary dividend</td>
</tr>
<tr>
<td>€0.50 + €1.00</td>
<td>€0.70</td>
</tr>
<tr>
<td>&gt; Special dividend</td>
<td>&gt; Management target</td>
</tr>
</tbody>
</table>
Clear perspective of growing dividend

Elements of dividend policy for next two years

> Dividends driven by distributable cash flow of RWE stand-alone

> Target to fully pay out entire distributable cash flow over planning horizon
  - Smooth short-term volatility of trading business

> Objective of sustainable dividend pay-out
  - No pay-out of substance
  - Anticipate known power price developments

![Graph showing dividend payments for 2017, 2018, and 2019](image)

Management incentive scheme aligned with focus on total shareholder return

1 Envisaged by management board.
RWE Group: Amended outlook for 2018 after classification of innogy’s grid and retail businesses as DCO\(^1\)

<table>
<thead>
<tr>
<th>(€ million)</th>
<th>Actuals 2017</th>
<th>2018 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>2,149</td>
<td>1,500 – 1,800</td>
</tr>
<tr>
<td></td>
<td>671</td>
<td>350 – 450</td>
</tr>
<tr>
<td></td>
<td>463</td>
<td>300 – 400</td>
</tr>
<tr>
<td></td>
<td>271</td>
<td>100 – 300</td>
</tr>
<tr>
<td>innogy – continuing operations</td>
<td>785</td>
<td>700 – 800</td>
</tr>
</tbody>
</table>

| Capex continuing operations              | 685          | 1,200 – 1,400 |

30 June 2018

Net debt continuing operations            | 5,447        | Moderately below 30 June 2018

\(^1\) Discontinued operations.
Generation: Leading and diversified provider of reliable energy

Core generation markets\(^1\) (%)

- **8.5 GW**
  - UK: 31\%
  - Netherlands/Belgium: 18\%
- **23.4 GW**
  - Germany: 11\%
  - UK: 18\%
  - Netherlands/Belgium: 11\%
- **5.3 GW**
  - Netherlands/Belgium: 3\%

Production volumes\(^2\) (%)

- **191 TWh**
  - Germany: 55\%
  - Netherlands/Belgium: 45\%
  - UK: 65\%
  - Other: 12\%

- **191 TWh**
  - Germany: 45\%
  - Netherlands/Belgium: 44\%
  - Other: 19\%

- **191 TWh**
  - Germany: 55\%
  - Netherlands/Belgium: 45\%
  - UK: 65\%
  - Other: 12\%

- **191 TWh**
  - Germany: 45\%
  - Netherlands/Belgium: 44\%
  - Other: 19\%

- **191 TWh**
  - Germany: 55\%
  - Netherlands/Belgium: 45\%
  - Other: 12\%

- **191 TWh**
  - Germany: 55\%
  - Netherlands/Belgium: 45\%
  - Other: 19\%

- **191 TWh**
  - Germany: 55\%
  - Netherlands/Belgium: 45\%
  - Other: 12\%

1. 2017 net capacity. Excluding Mátta in Hungary (0.8 GW) and Denizli in Turkey (0.8 GW).
2. 2017 production volumes (including Mátta and Denizli).
4. Including Mátta and Denizli.

- ✓ Highly relevant position in all core markets
- ✓ Efficient and flexible portfolio across technologies
- ✓ Sophisticated commercial management of operations
- ✓ Well positioned to provide security of supply
Commercial Asset Optimisation: High value contribution from all activities

Commercial Asset Optimisation (CAO) value contribution

- Deviation from Reference Hedge Path
  - Within defined limits
  - Based on fundamental market views

- Option management
  - Re-optimisation of power station option
  - Shape management
  - Trading around hedge positions

- Fuel procurement & logistics
  - Physical procurement of fuel and substitutes
  - Commercialisation of by-products

- Short-term optimisation
  - Short-term trading
  - Balancing markets
  - Dispatch/intra-day trading

- Reserve & ancillary services
  - Reserve, voltage support/reactive power
  - Frequency response, black start

1 €2 – €3 per MWh1

1 On top of realised forward hedges as per Reference Hedge Path. Reported within results of Lignite & Nuclear and European Power.
Supply & Trading: Important earnings contributor to RWE results

EBITDA development and gross margin split

<table>
<thead>
<tr>
<th>Adj. EBITDA excl. non-recurring items</th>
<th>Return on risk capital</th>
<th>Gross margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>(€ m)</td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>247</td>
<td>346</td>
</tr>
</tbody>
</table>

Business segments

- **Trading**
  - Physical and financial products on screen in liquid markets
  - Negotiated contracts (Origination)

- **Principal Investments**
  - Private equity style investment in energy assets

- **Supply**
  - Gas & LNG
    - Management of gas supply and infrastructure contracts

- **Commodity Solutions**
  - B2B business for large industrial customers and municipalities

---

1 5 year average. | 2 Adj. EBITDA (excluding non-recurring items) / risk capital employed; includes risk capital for Trading and Origination, invested capital for Principal Investments, Gas & LNG and Commodity Solutions. | 3 Non-recurring items: predominantly legacy gas midstream contracts.
### RWE stand-alone figures relevant for cash and value management

#### RWE Group
- Lignite & Nuclear
- European Power
- Supply & Trading
- innogy
- Consolidated net debt

#### RWE stand-alone
- Lignite & Nuclear
- European Power
- Supply & Trading
- innogy stake and dividends
- Provisions

#### Key financials 2017

<table>
<thead>
<tr>
<th></th>
<th>RWE Group</th>
<th>RWE stand-alone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>€5.8 bn</td>
<td>€2.1 bn</td>
</tr>
<tr>
<td>Net debt</td>
<td>€20.2 bn</td>
<td>€4.5 bn</td>
</tr>
<tr>
<td>innogy stake¹</td>
<td></td>
<td>€14.0 bn</td>
</tr>
</tbody>
</table>

¹ Market value as of 31 December 2017.
Lignite & Nuclear – earnings driven by lower realised generation margins and volumes

**Key financials**

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2017</th>
<th>change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>167</td>
<td>401</td>
<td>-234</td>
</tr>
<tr>
<td>t/o non-recurring items(^1)</td>
<td>-</td>
<td>-1</td>
<td>+1</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-134</td>
<td>-139</td>
<td>+5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. EBIT</td>
<td>33</td>
<td>262</td>
<td>-229</td>
</tr>
<tr>
<td>t/o non-recurring items(^1)</td>
<td>-</td>
<td>-1</td>
<td>+1</td>
</tr>
<tr>
<td>Capex</td>
<td>-102</td>
<td>-98</td>
<td>-4</td>
</tr>
<tr>
<td>Cash contribution(^2)</td>
<td>65</td>
<td>303</td>
<td>-238</td>
</tr>
</tbody>
</table>

**H1 2018 versus H1 2017:**

- Lower realised generation margins
- Closure of Gundremmingen B nuclear unit
- Longer outages and higher overhaul costs
- Operating cost improvements

**Outlook for FY 2018 adjusted EBITDA:**

- Lower realised generation margins (hedged outright price: ~€28/MWh vs. €31/MWh in 2017)
- Closure of Gundremmingen B nuclear unit
- Operating cost improvements

---

\(^1\) Non-recurring items not included in non-operating result.

\(^2\) Cash contribution = adj. EBITDA minus capex with effect on cash; before changes in provisions; excl. investments from assets held for sale.
European Power – operational performance on a par with previous year’s level

<table>
<thead>
<tr>
<th>Key financials</th>
<th>H1 2018</th>
<th>H1 2017</th>
<th>change</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>99</td>
<td>135</td>
<td>-36</td>
</tr>
<tr>
<td>Continental Europe</td>
<td>95</td>
<td>88</td>
<td>+7</td>
</tr>
<tr>
<td>Adj. EBITDA¹</td>
<td>196</td>
<td>222</td>
<td>-26</td>
</tr>
<tr>
<td>t/o non-recurring items²</td>
<td>-</td>
<td>20</td>
<td>-20</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-147</td>
<td>-153</td>
<td>+6</td>
</tr>
<tr>
<td>Adj. EBIT</td>
<td>49</td>
<td>69</td>
<td>-20</td>
</tr>
<tr>
<td>t/o non-recurring items²</td>
<td>-</td>
<td>20</td>
<td>-20</td>
</tr>
<tr>
<td>Capex</td>
<td>-67</td>
<td>-38</td>
<td>-29</td>
</tr>
<tr>
<td>Cash contribution³</td>
<td>129</td>
<td>184</td>
<td>-55</td>
</tr>
</tbody>
</table>

H1 2018 versus H1 2017:
- Lower realised generation margins
- Absence of positive one-offs (e.g. land sales)
- Earnings contribution from UK capacity market
- Operating cost improvements

Outlook for FY 2018 adjusted EBITDA: between €300 and €400 million
- Lower realised generation margins
- Return of commercial asset optimisation to normalised level
- Absence of positive one-offs (e.g. land sales)
- Higher earnings contribution from UK capacity market

1 Total adjusted EBITDA includes further income from other subsidiaries.
2 Non-recurring items not included in non-operating result.
3 Cash contribution = adj. EBITDA minus capex with effect on cash; before changes in provisions.
Supply & Trading – Strong performance in Q2 2018

### Key financials

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2017</th>
<th>change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adj. EBITDA</strong></td>
<td>101</td>
<td>131</td>
<td>-30</td>
</tr>
<tr>
<td>t/o non-recurring items(^1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>-2</td>
<td>-2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adj. EBIT</strong></td>
<td>99</td>
<td>129</td>
<td>-30</td>
</tr>
<tr>
<td>t/o non-recurring items(^1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>-4</td>
<td>-1</td>
<td>-3</td>
</tr>
<tr>
<td><strong>Cash contribution</strong></td>
<td>97</td>
<td>130</td>
<td>-33</td>
</tr>
</tbody>
</table>

\(^1\) Non-recurring items not included in non-operating result.

\(^2\) Cash contribution = adj. EBITDA minus capex with effect on cash; before changes in provisions.

### H1 2018 versus H1 2017:

- Very good trading performance in Q2 2018
- Good performance of gas and LNG business; however, earnings contribution below high previous year’s result
- Value adjustment within Principal Investment portfolio

### Outlook for FY 2018 adjusted EBITDA:

- between €100 and €300 million
- Expected longer-term average earnings contribution of approx. €200 million
Power prices and commodities

Base load power prices – Germany, NL (1 year forward)

Base load power prices – UK (1 year forward)

Coal prices – API2 Cal-ahead

Gas prices – TTF Cal-ahead

Carbon prices - EU ETS

Source: Bloomberg – Data through to 6 of August 2018.
Clean Dark (CDS) and Spark Spreads (CSS) – 2016 - 2019 forwards for Germany, UK and NL

Germany

UK

Netherlands

1 Settlement one year ahead (Cal+1) | 2 Including UK carbon tax | Source: RWE Supply & Trading, prices through to 6 August 2018
Your contacts @RWE Investor Relations

Important Links
- Annual and Interim Reports & Statements
  http://www.rwe.com/ir/reports
- Investor and Analyst Conferences
  http://www.rwe.com/ir/investor-and-analyst-conferences
- IR presentations & further factbooks
  http://www.rwe.com/ir/presentations
- IR videos
  http://www.rwe.com/ir/videos
- Consensus of analysts’ estimates
  http://www.rwe.com/ir/consensus-estimates

Financial Calendar
- 14 August 2018
  Interim report on the first half of 2018
- 14 November 2018
  Interim statement on the first three quarters of 2018
- 14 March 2019
  Annual report 2018
- 3 May 2019
  Annual General Meeting
- 15 May 2019
  Interim statement on the first quarter of 2019

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