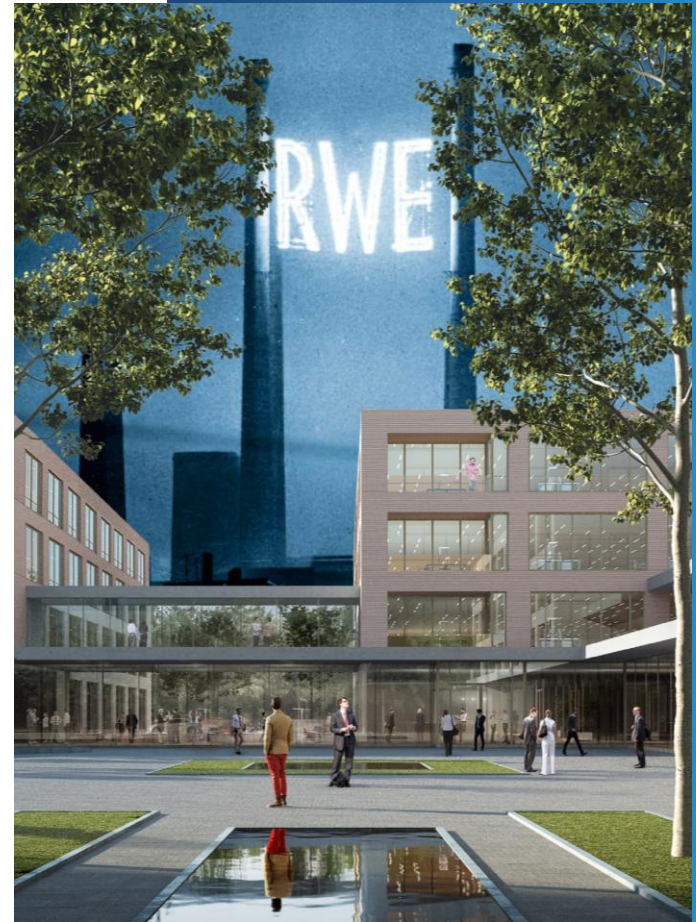


Q1 2018 Results Presentation

Investor and Analyst Conference Call
15 May 2018

Markus Krebber
Chief Financial Officer

Gunhild Grieve
Head of Investor Relations



Powering. Reliable. Future.

RWE

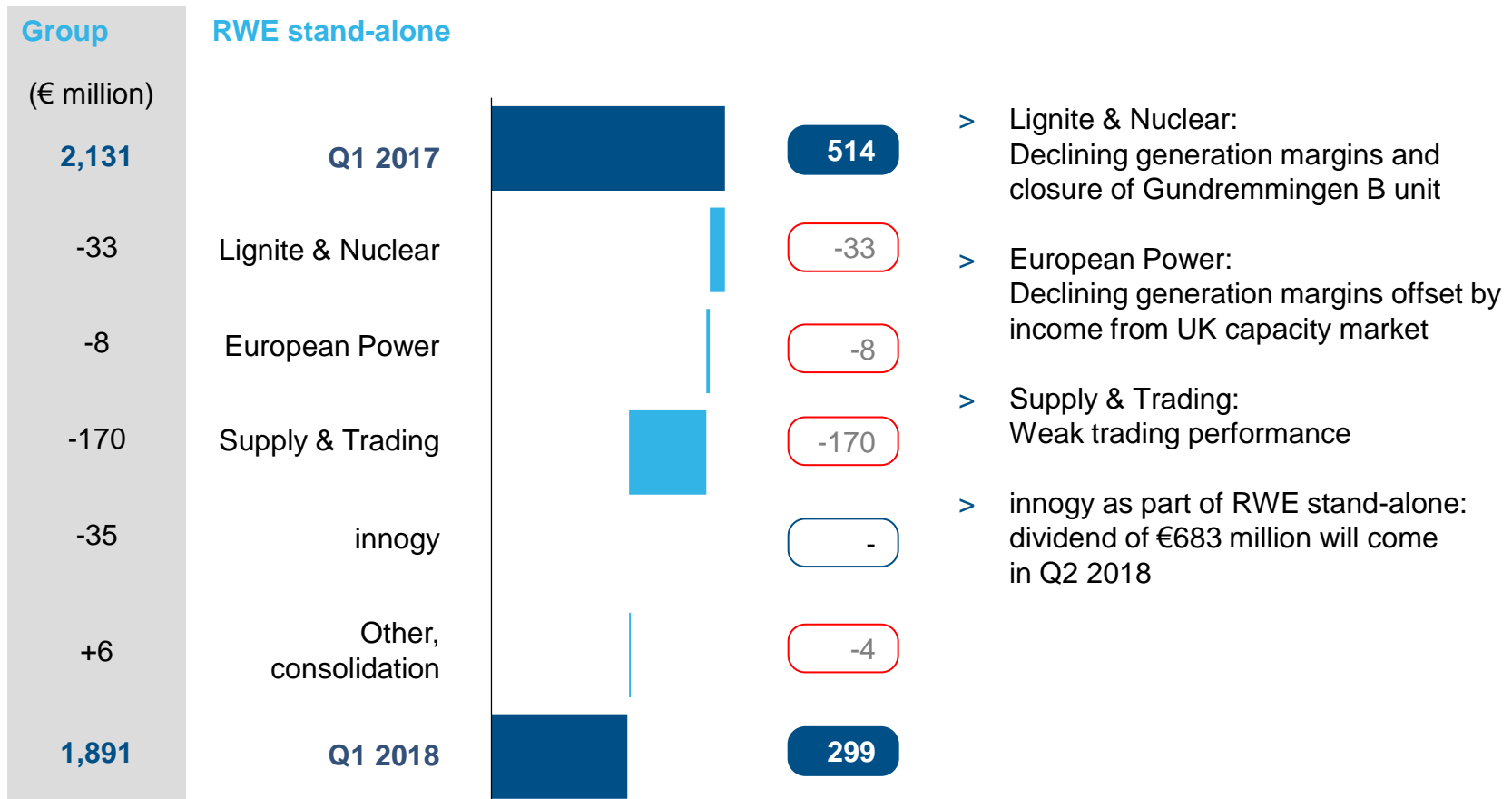
Disclaimer

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.

Key messages of Q1 2018

- ✓ Good start to fiscal year 2018 despite weak trading performance in Q1 – RWE stand-alone earnings outlook for 2018 confirmed
- ✓ Strong decline in net debt for RWE stand-alone following inflow of variation margins – outlook for year end net debt improved to moderately below last year's level
- ✓ RWE Group figures to change in the course of 2018 due to classification of innogy's grid and retail businesses as 'discontinued operations'
- ✓ Execution of innogy transaction with E.ON well on track: E.ON's takeover offer for innogy minority shareholders launched and merger control proceedings kicked off
- ✓ Closing of disposal of Hungarian lignite power generator Mátra
- ✓ Draft law for compensation of damages from early nuclear exit

Declining adjusted EBITDA mainly due to volatile trading business



Lignite & Nuclear – driven by lower realised generation margins and closure of Gundremmingen B unit

Key financials

€ million	Q1 2018	Q1 2017	change
Adj. EBITDA	180	213	-33
t/o non-recurring items ¹	-	-1	+1
Depreciation	-66	-74	+8
Adj. EBIT	114	139	-25
t/o non-recurring items ¹	-	-1	+1
Capex	-41	-55	+14
Cash contribution²	139	158	-19

Q1 2018 versus Q1 2017:

- ⊖ Lower realised generation margins
- ⊖ Closure of Gundremmingen B nuclear unit
- ⊕ Operating cost improvements

Outlook for FY 2018 adjusted EBITDA: between €350 and €450 million

- ⊖ 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 – strong start into FY 2018

Key financials

€ million	Q1 2018	Q1 2017	change
UK	85	101	-16
Continental Europe	74	65	+9
Adj. EBITDA¹	159	167	-8
t/o non-recurring items ²	-	20	-20
Depreciation	-74	-76	+2
Adj. EBIT	85	91	-6
t/o non-recurring items ²	-	20	-20
Capex	-24	-11	-13
Cash contribution³	135	156	-21

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.

Q1 2018 versus Q1 2017:

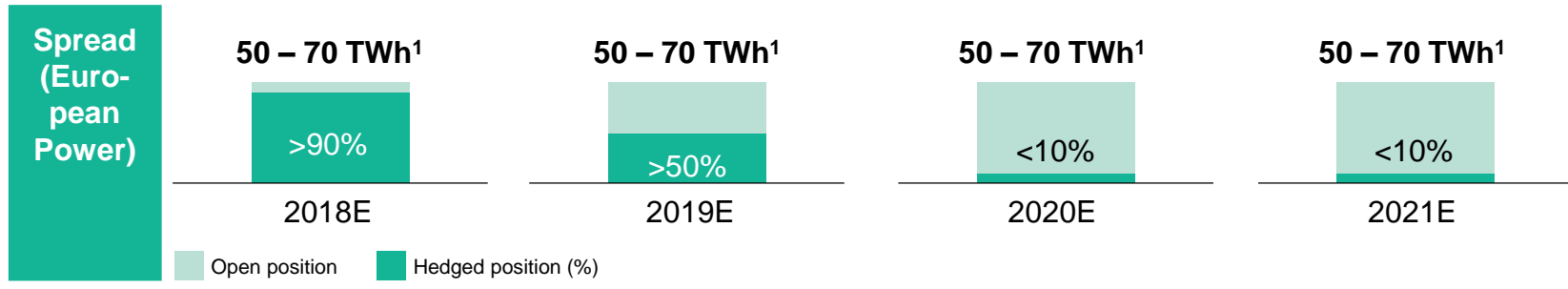
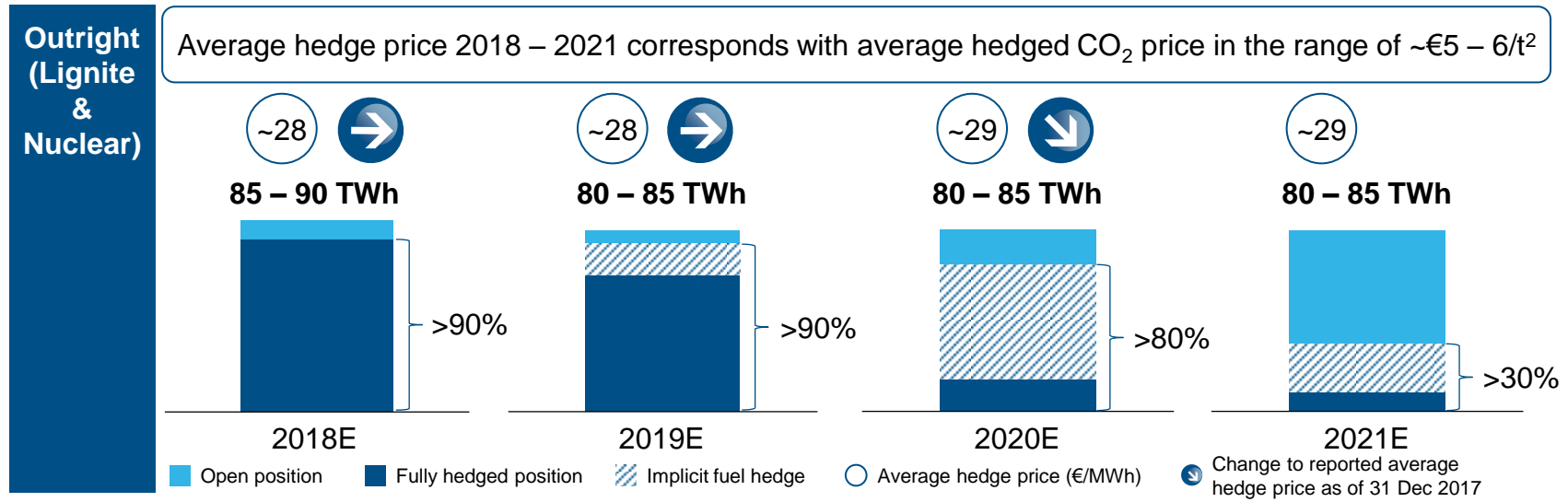
- ⊖ Lower realised generation margins
- ⊖ Absence of positive one-offs from 2017
- ⊕ Earnings contribution from UK capacity market

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 from 2017
- ⊕ Higher earnings contribution from UK capacity market

Hedging – lower average hedge price for 2020 due to strong decline of spreads since beginning of 2018

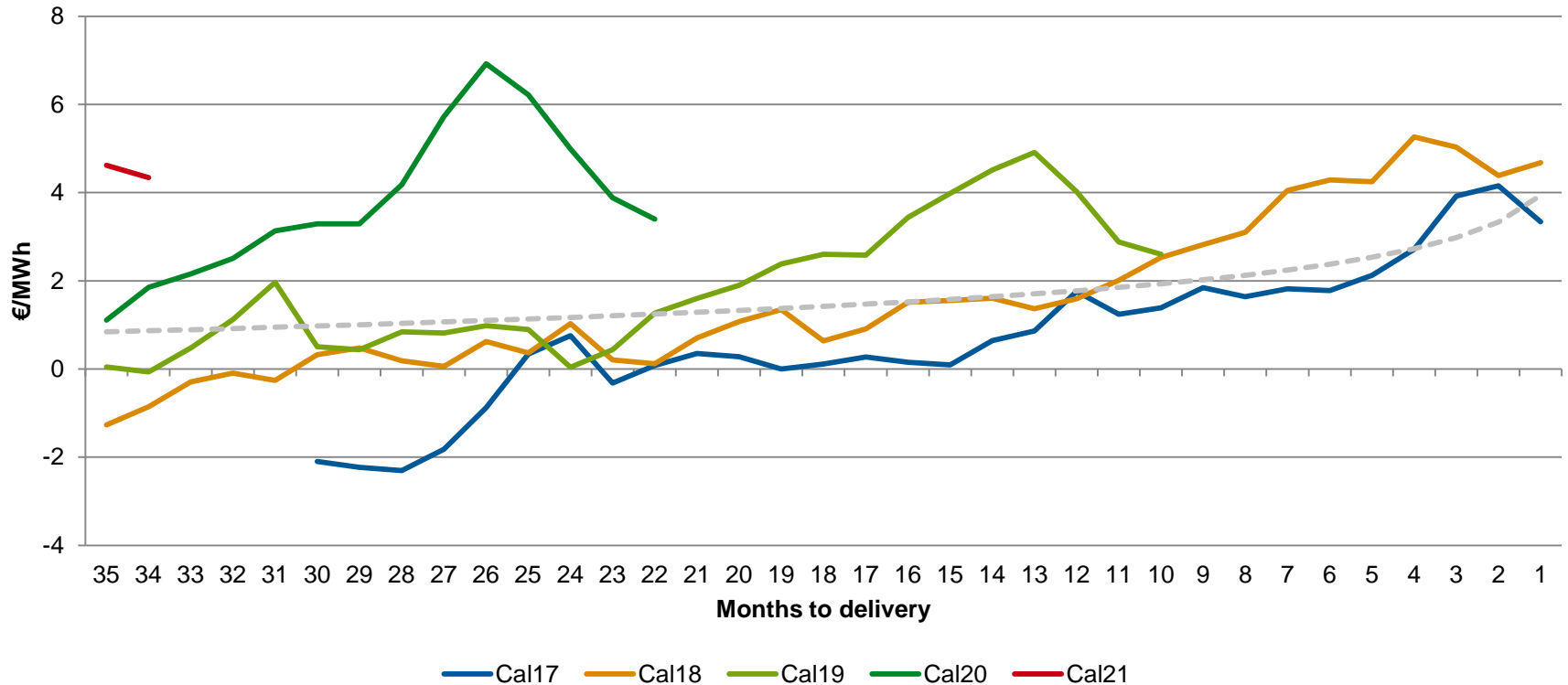
Expected positions and hedge status as of 31 March 2018



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

Significant decline of fuel spreads since end of 2017

Development of German fuel spreads¹



¹ Fuel spread defined as: Power price – (pass-through-factor carbon × EUA price + pass-through-factor coal × coal price + pass-through-factor gas × gas price).
Source: Bloomberg; data until 31 March 2018.

Supply & Trading – weak start into FY 2018

Key financials

€ million	Q1 2018	Q1 2017	change
Adj. EBITDA	-24	146	-170
t/o non-recurring items ¹	-	-	-
Depreciation	-1	-1	-
Adj. EBIT	-25	145	-170
t/o non-recurring items ¹	-	-	-
Capex	-1	-1	-
Cash contribution²	-25	145	-170

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.

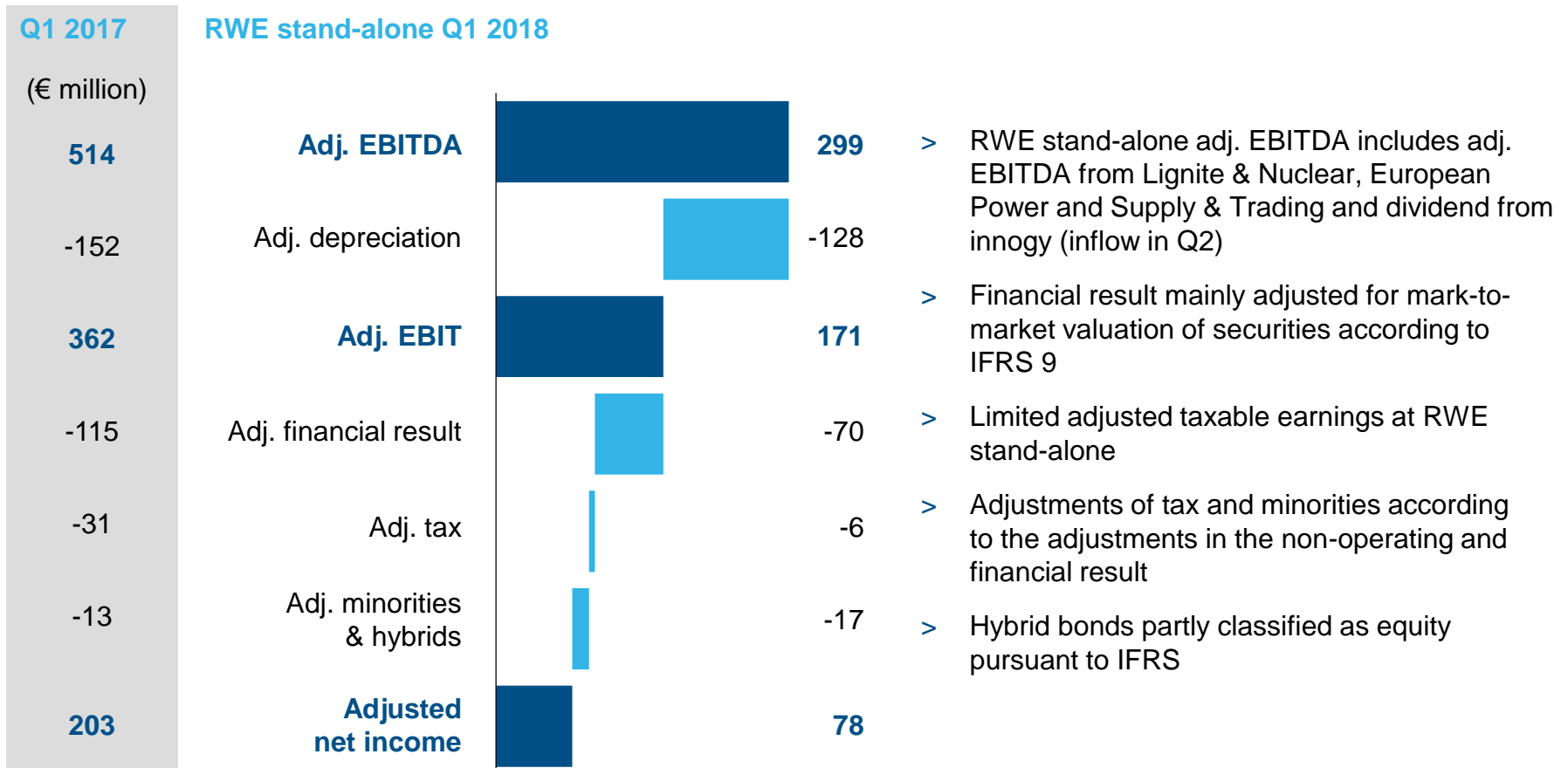
Q1 2018 versus Q1 2017:

- ⊖ Weak trading performance in line with normal volatility of trading business

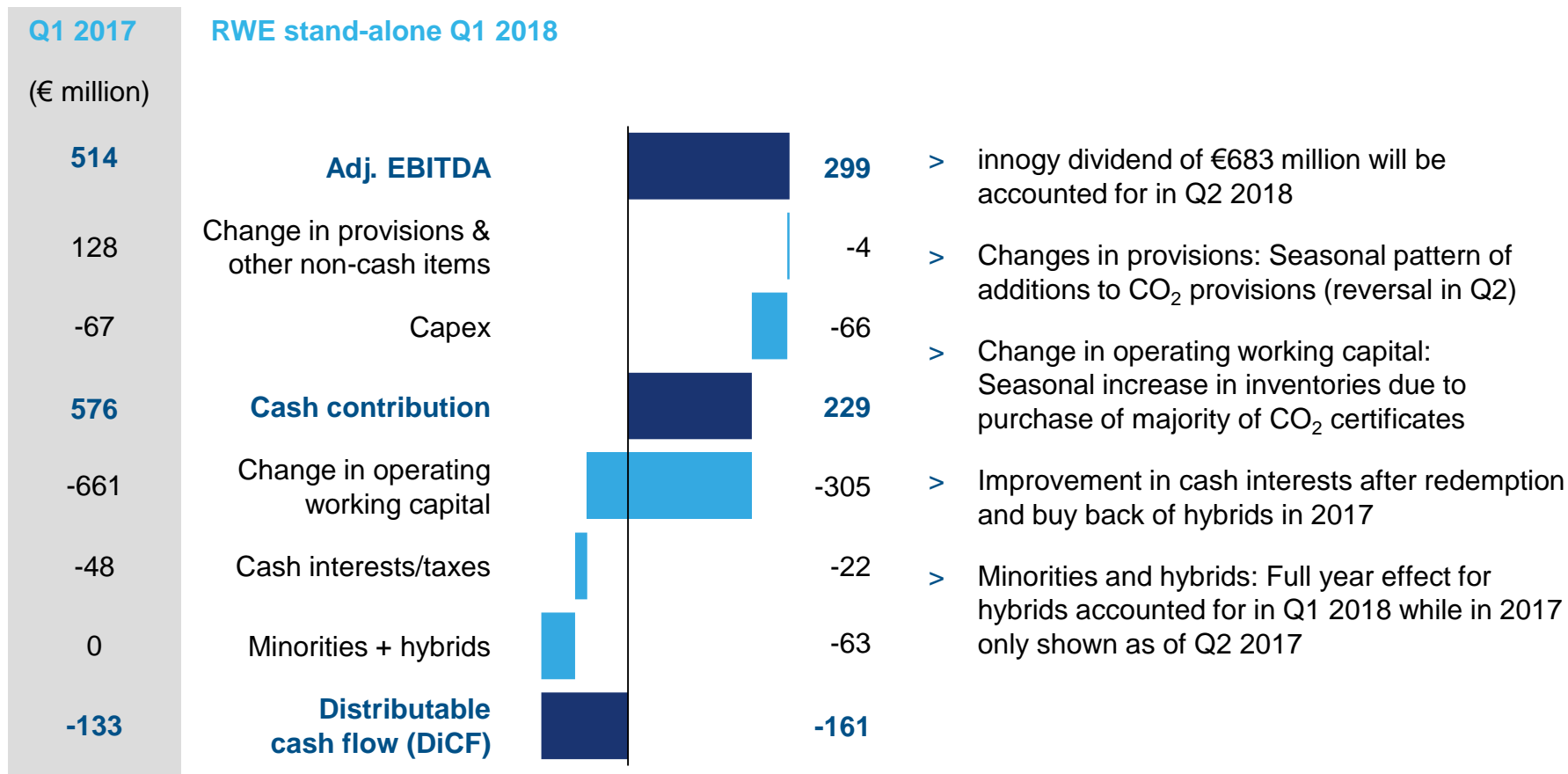
Outlook for FY 2018 adjusted EBITDA: between €100 and €300 million

- > Expected longer-term average earnings contribution of approx. €200 million

Adjusted net income Q1 2018 reaches €78 million



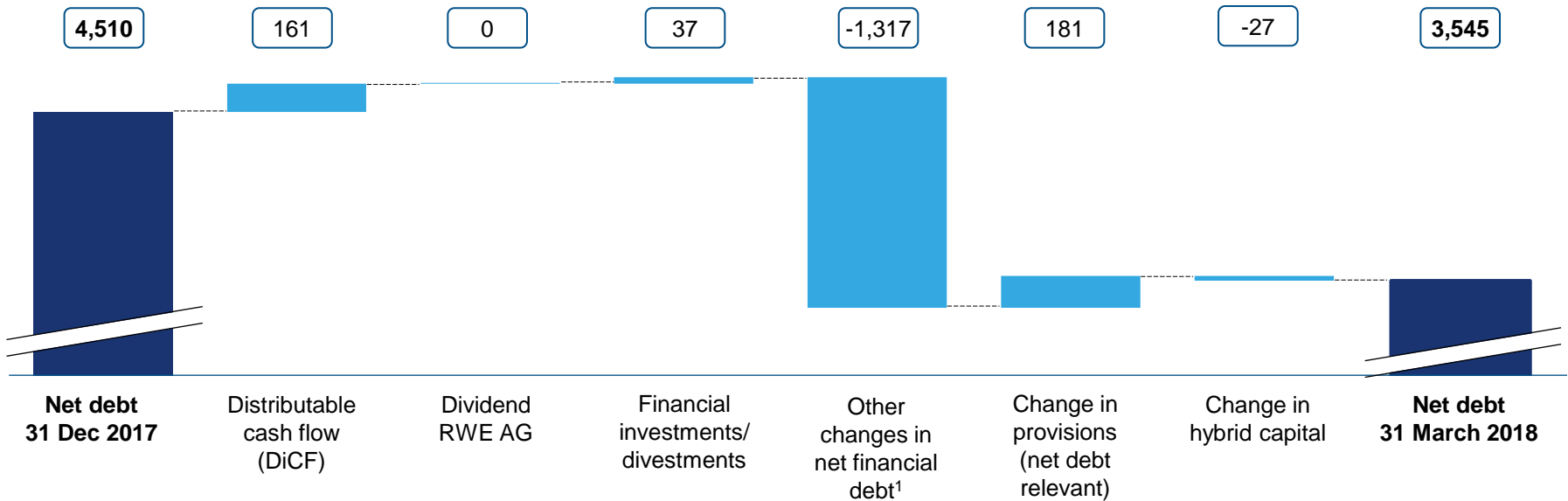
Q1 2018 DiCF still excluding innogy dividend and with seasonal effects in working capital



Strong decline of net debt due to high inflow of variation margins

Development of net debt (RWE stand-alone)

(€ million)



¹ Includes approx. €1 billion from change in variation margins which will revert once the underlying transaction will be realised or commodity trends revert.

RWE stand-alone – outlook for 2018 confirmed

FY 2017

FY 2018e

€2.1 bn

Adjusted EBITDA

€1.4 bn –
€1.7 bn

-€0.6 bn

Adj. depreciation



> Stable development expected

-€0.4 bn

Adj. net financial result



> Significant improvement after redemption and buy back of hybrids in 2017 and impact from settlement of nuclear energy fund in July 2017

-€0.1bn

Adj. taxes



> Stable development expected

-€0.1bn

Adj. minorities & hybrid



> Stable development expected

€1.0 bn

Adjusted Net Income

€0.5 bn –
€0.8 bn

Dividend (per share)

€0.50

> Ordinary dividend

€0.70

> Management target

+

€1.00

> Special dividend

Appendix

Reconciliation to Q1 2018 adjusted net income

(€ million)

	RWE stand-alone			RWE Group		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Adjusted EBITDA	299	-	299	1,891	-	1,891
Depreciation	-128	-	-128	-475	-	-475
Adjusted EBIT	171	-	171	1,416	-	1,416
Non-operating result	84	-84	-	198	-198	-
Financial result	-97	27	-70	-310	41	-269
Taxes on income (Tax rate)	-18 (11%)	12	-6 (6%)	-358 (27%)	36	-322 (28%)
Income (of which:)	140	-45	95	946	-121	825
Non-controlling interests	3	-1	2	311	-18	293
Hybrid investors' interest	15	-	15	15	-	15
Net income¹	122	-44	78	620	-103	517

¹ Income attributable to RWE AG shareholders.

Income statement Q1 2018

(€ million)

Revenue (including natural gas tax/electricity tax)

Natural gas tax/electricity tax

Revenue

Other operating result

Cost of materials

Staff costs

Depreciation, amortisation and impairment losses

Income from investments accounted for using the equity method

Other income from investments

Financial result

Income before tax

Taxes on income

Income

of which: non-controlling interest

of which: RWE AG hybrid capital investors' interest

of which: net income/income attributable to RWE AG shareholders

	RWE stand-alone	RWE Group
	4,951	12,409
	-35	-794
	4,916	11,615
	-104	-292
	-4,031	-8,169
	-434	-1,190
	-127	-474
	35	87
	0	37
	-97	-310
	158	1,304
	-18	-358
	140	946
	3	311
	15	15
	122	620

Balance sheet as at 31 March 2018

(€ million)

Assets

Intangible assets	1,035	12,456
Property, plant and equipment	6,596	25,055
Investments accounted for using the equity method	634	2,856
Other financial assets ¹	16,772	1,223
Inventories	893	1,309
Financial receivables	3,247	2,298
Trade accounts receivable	2,816	6,959
Other receivables and other assets	4,961	7,024
Income tax assets	428	716
Deferred taxes	400	2,615
Marketable securities	3,079	5,163
Cash and cash equivalents	2,836	3,889

43,697

71,563

Equity and liabilities

RWE AG shareholders' interest	16,743	8,295
RWE AG hybrid capital investors' interest	895	895
Non-controlling interests	137	4,633

17,775

13,823

Provisions	17,461	25,285
Financial liabilities	2,044	17,830
Other liabilities	6,237	13,791
Income tax liabilities	5	104
Deferred tax liabilities	175	730

25,922

57,740

43,697

71,563

¹ Includes innogy stake at market value of €16.4 billion as at 31 March 2018.

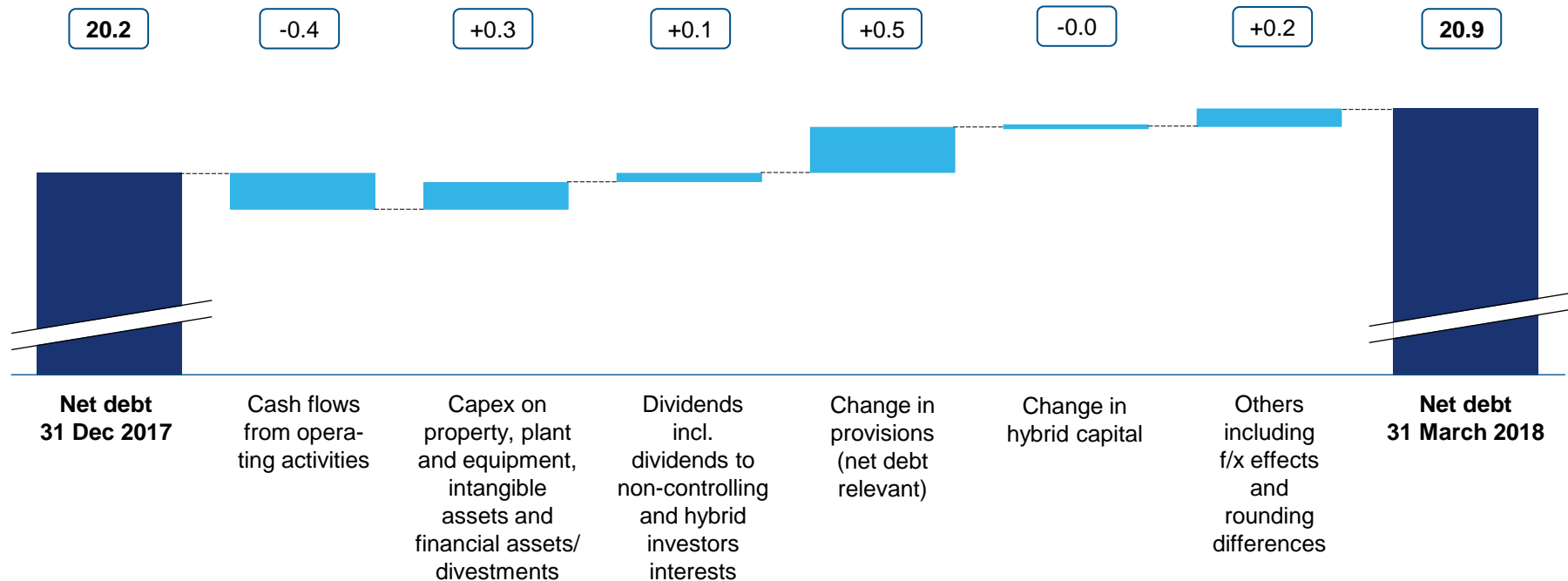
Net debt as at 31 March 2018

(€ million)	RWE stand-alone	RWE Group
Cash and cash equivalents	2,836	3,889
Marketable securities	3,207	5,416
Other financial assets	3,223	2,063
t/o financial receivables against innogy	1,665	-
Financial assets	9,266	11,368
Bonds, other notes payable, bank debt, commercial paper	1,147	15,746
Hedge transactions related to bonds	32	20
Other financial liabilities	896	2,083
Financial liabilities	2,075	17,849
Net financial debt	-7,191	6,481
Provisions for pensions and similar obligations	2,440	5,914
Capitalised surplus of plan assets over benefit obligations	-	-142
Provisions for nuclear waste management	5,984	5,984
Mining provisions	2,416	2,416
Provisions for dismantling wind farms	-	359
Adjustments for hybrid capital (portion of relevance to the rating)	-104	-104
Plus 50% of the hybrid capital stated as equity	448	448
Minus 50% of the hybrid capital stated as debt	-552	-552
Net debt	3,545	20,908

RWE Group net debt increases mainly due to change in pension provisions

Development of net debt (RWE Group)

(€ billion)

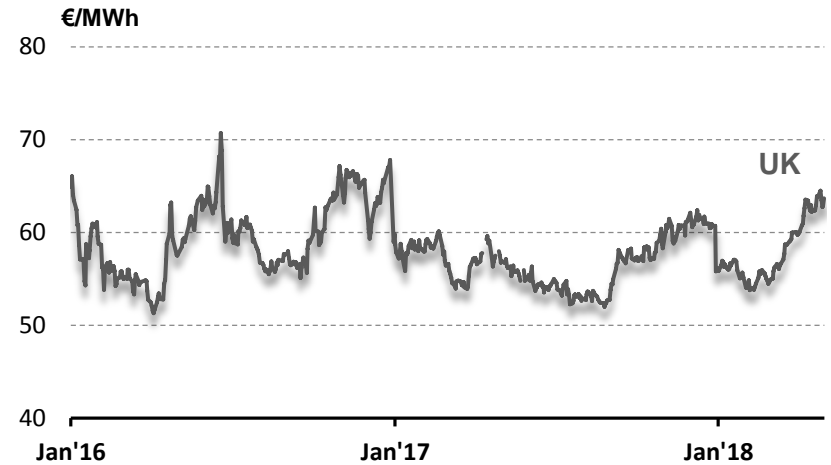


Power prices and commodities

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

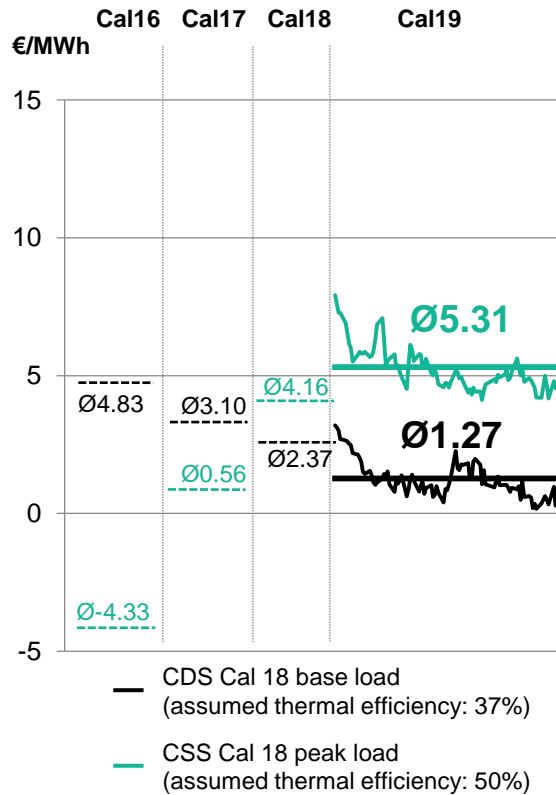


Carbon prices - EU ETS

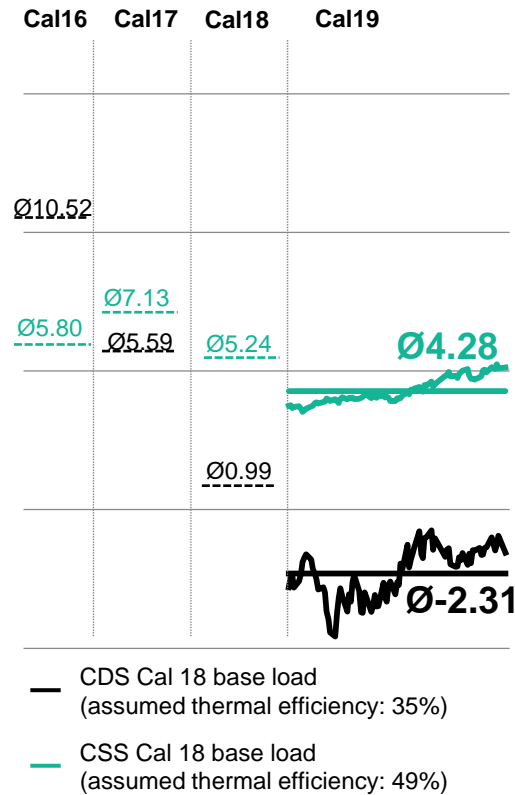


Clean Dark (CDS) and Spark Spreads (CSS) – 2016 – 2019 forwards for Germany, UK and NL¹

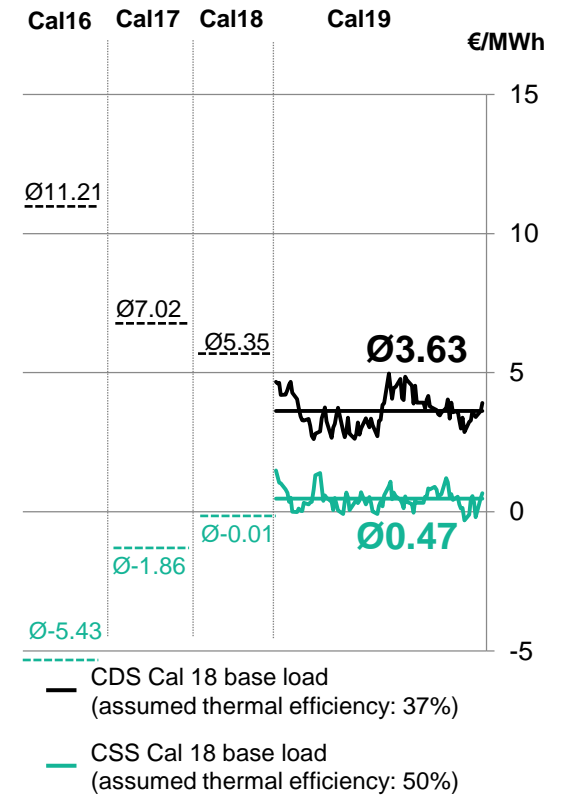
Germany



UK²








Netherlands



¹ Settlement one year ahead (Cal+1) | ² Including UK carbon tax | Source: RWE Supply & Trading, prices through to 8 May 2018

RWE Investor Relations - contacts

Important links

-  Annual and interim reports
<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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