

## 1.1 Letter from the CEO



Dr. Markus Krebber, Chief Executive Officer of RWE AG

*Dear share holders,  
Ladies and Gentlemen,*

2023 was sadly a year of continued geopolitical tensions due to the ongoing war in Ukraine and the escalation of conflict in the Middle East. The suffering of those affected continues to move us all, and our thoughts and support are with those forced to endure these horrors. I deeply hope that 2024 provides the much-needed breakthroughs, so peace may return to the afflicted regions and bring about an end to the misery.

In contrast, the situation on the energy markets notably relaxed in 2023. Europe's energy supply has become more resilient to crises and security of supply was ensured in the winter months.

2023 was our company's 125th anniversary year and it was very successful one at that. We exceeded our profit targets by a significant margin. All segments with the exception of Coal / Nuclear earned more than in 2022. At €8.4 billion, adjusted EBITDA in our core business was around €2 billion above both the forecast range and the previous year's figure. High earnings from energy trading and the commercial optimisation of our power plant dispatch played a big part. The successful execution of our growth strategy was another major contributing factor. I would like to single out our acquisition of Con Edison Clean Energy Businesses for special mention – it was a move which propelled us to the rank of major renewables player in the USA. And, on top of that, we commissioned a number of new wind and solar farms, which buoyed earnings further.

The fact that renewables already made up one third of the electricity we produced in 2023 shows just how committed RWE is to sustainable power. This was the first time in our history that we generated more power from renewables than from coal. In fact, lignite-fired generation dropped significantly, along with carbon emissions, which even recorded a 27% reduction – in one single year. This underscores the progress we made. And by 'we', I mean our 20,000 employees who give their all each and every day to help RWE become an increasingly climate-friendly company and remain a reliable energy generator. People make organisations and RWE is no different. I would like to express my heartfelt thanks for everything our employees have achieved this year.

And we will stay our course, despite the challenges. We want to be climate neutral by 2040. Our 'Growing Green' strategy, which we introduced in 2021, guides our efforts in this arena. In fact, we have already made such good progress that we were able to significantly raise our investment targets for the current decade. We announced our new targets at a Capital Markets Day in November 2023. Solar and storage technologies are key areas in which we

want to grow more quickly. Geographically, we will continue to focus on Europe and the USA as well as selected countries in the Pacific region, such as Japan, where we recently entered the market thanks to a winning bid for an offshore wind project that we will be realising with Japanese partners.

But 'Growing Green' means so much more than simply building additional capacity. We also want to build on our earnings. When we first announced our strategy in late 2021, we were working towards adjusted EBITDA of around €5 billion by 2030. Now, we have set our sights on more than €9 billion. The majority of the funds we earn operationally will be reinvested. But we also want to include you, our shareholders, in our economic success by continually raising our dividend – which we're aiming to increase by 5% to 10% every year until 2030.

As successful as this last year was for us, there's no denying that the future harbours challenges. High inflation and interest rates, a weak global economy and the uncertain geopolitical situation continue to weigh on growth and demand for energy. Fuels such as gas and hard coal have therefore become significantly cheaper, while emissions allowance prices also dropped considerably. These developments weighed heavily on power prices, which has been reflected in the performance of our share since the beginning of the year.

Despite the drop in electricity prices, we can confirm the profit forecast announced at our Capital Markets Day, which puts adjusted EBITDA at €5.2 billion to €5.8 billion this year – although we now expect the figure to be at the lower end of the range.

Our investment programme will provide a broader foundation to safeguard our future earnings: the profits of most of our wind and solar farms are stable – as they are either secured by government-backed purchase prices or are subject to long-term agreements with key accounts. Regional diversification also makes us more resilient. The best example here is our strong positioning in the USA, where electricity prices have recently proven to be less volatile than in our European core markets.

We need stability and planning certainty above all in terms of regulation. 2024 could prove to be a year of political repositioning due to the upcoming European parliament elections, the general election in the UK and the US presidential and congress elections. No matter the outcome of these political contests, one thing remains certain. Climate protection cannot be reduced to a single item on the political agenda – it is a challenge of intergenerational magnitude. All political factions agree that we need to create a climate-neutral energy supply and economy. To this end, we need a reliable long-term regulatory framework. Only then can we invest billions in clean technologies and create thousands of jobs along the way.

At the turn of the decade, our company set out to epitomise the change we wanted to see in the industry by becoming a more sustainable and climate-friendly energy business. This journey is not only a marathon, it is also associated with certain challenges. Here at RWE, we look forward to taking them on – powered by the experience, expertise and motivation of our entire team. This is why I remain confident that RWE will stay its course – and that the performance of our share, which has a strong long-term track record, will continue to reflect our success.

With best wishes,

