

Investor and Analyst H1 2015 Conference Call

Essen, 13 August 2015

Peter Terium
Chief Executive
Officer

Bernhard Günther
Chief Financial
Officer

Stephan Lowis
Vice President
Investor Relations



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 are forward-looking statements. Also words such as “anticipate”, “believe”, “estimate”, “intend”, “may”, “will”, “expect”, “plan”, “project”, “should” and similar expressions are intended to identify forward-looking statements. The forward-looking statements reflect the judgment of RWE’s management based on factors currently known to it. No assurances can be given that these forward-looking statements will prove accurate and correct, or that anticipated, projected future results will be achieved. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Such risks and uncertainties include, but are not limited to, changes in general economic and social environment, business, political and legal conditions, fluctuating currency exchange rates and interest rates, price and sales risks associated with a market environment in the throes of deregulation and subject to intense competition, changes in the price and availability of raw materials, risks associated with energy trading (e.g. risks of loss in the case of unexpected, extreme market price fluctuations and credit risks resulting in the event that trading partners do not meet their contractual obligations), actions by competitors, application of new or changed accounting standards or other government agency regulations, changes in, or the failure to comply with, laws or regulations, particularly those affecting the environment and water quality (e.g. introduction of a price regulation system for the use of power grid, creating a regulation agency for electricity and gas or introduction of trading in greenhouse gas emissions), changing governmental policies and regulatory actions with respect to the acquisition, disposal, depreciation and amortisation of assets and facilities, operation and construction of plant facilities, production disruption or interruption due to accidents or other unforeseen events, delays in the construction of facilities, the inability to obtain or to obtain on acceptable terms necessary regulatory approvals regarding future transactions, the inability to integrate successfully new companies within the RWE Group to realise synergies from such integration and finally potential liability for remedial actions under existing or future environmental regulations and potential liability resulting from pending or future litigation. Any forward-looking statement speaks only as of the date on which it is made. RWE neither intends to nor assumes any obligation to update these forward-looking statements. For additional information regarding risks, investors are referred to RWE’s latest annual report and to other most recent reports filed with Frankfurt Stock Exchange and to all additional information published on RWE’s Internet web site.

Agenda



A

Peter Terium

H1 2015 highlights and political environment

B

Bernhard Günther

H1 2015 Group results & outlook



Main messages for H1 2015

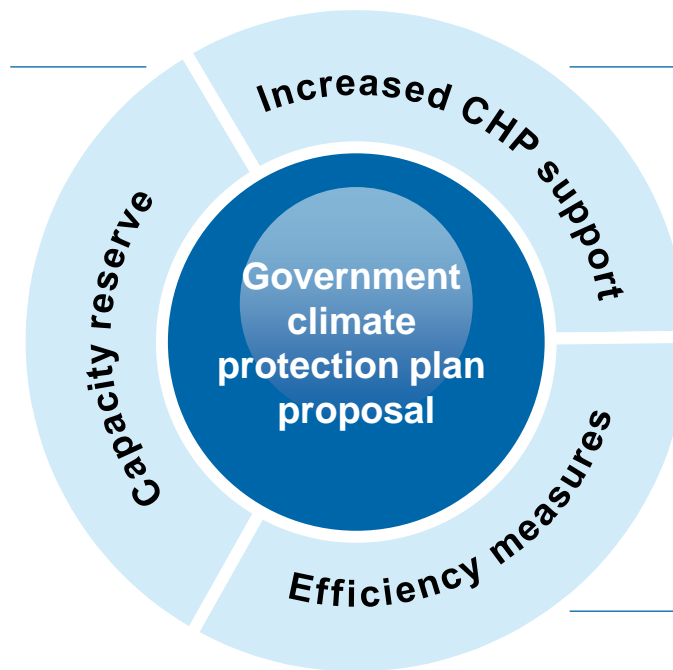
- Financial performance for first half of 2015:
EBITDA -7%, operating result -11%, adjusted net income -28%
- Group outlook for 2015 confirmed
- Net debt improved significantly to €25.6 bn (-€5.4 bn vs. 31 Dec 2014)
- Inauguration of offshore wind farms Nordsee Ost and Gwynt y Môr
- Expansion of retail operations in Poland, Hungary and Slovenia
- Successful refinancing of 2010 €1.75 bn hybrid bond
- More clarity on political environment in Germany and the UK

Political environment in Germany I

Climate protection plan via strategic capacity reserve

- > Transfer of 2.7 GW lignite capacity into a strategic reserve
- > Plants will be shut after four years in the reserve
- > Operators shall be granted cost based compensation
- > Potential further measures to save 1.5mt CO₂ by lignite sector to achieve targeted 12.5mt

CO₂ savings: ~12.5mt



- > CHP generation target of 25% of total thermal power generation
- > Increase of CHP support from currently €0.75 bn to €1.5 bn per annum

CO₂ savings: ~4.0mt

- > Efficiency improvements in buildings, municipalities, industry and rail transport

CO₂ savings: ~5.5mt

Political environment in Germany II

White book for future market design

New market design: “Energy Only Market 2.0” with capacity reserve

Further development of existing competitive energy market (“Energy Only Market 2.0”); no introduction of wide ranging capacity mechanism



Introduction of capacity reserve for times of insufficient supply



Guarantee of market-based price formation on the wholesale market; i.e. acceptance of higher volatility and (potentially very) high prices in tight markets



Increased obligation for “balancing group” responsible utilities and traders to secure required capacity



Opening of the balancing market to further participants



Incentives for demand side management



Improvement of market transparency



Political environment in Germany III

Treatment and management of nuclear liabilities

Stress testing of nuclear provisions

- > Assessment of completeness and correctness of nuclear provisions by Government appointed auditor
- > Review of assets and cash flows available to fund nuclear provisions

Review of nuclear liability management








- > Evaluation of stress tests and further steps to secure the long-term funding of nuclear liabilities by Government commission
- > Assessment of different models for handling nuclear liabilities

Responsibility for nuclear liabilities

- > Secure operators' legal responsibility for nuclear assets and liabilities
- > Safeguard asset base liable for nuclear liabilities

Political environment in the UK

CMA energy market investigation

CMA ¹ findings of adverse effect on competition	RWE assessment
1 Absence of locational pricing for losses	
2 Mechanisms for allocating CFDs	
3 Weak customer response and unilateral market power in power/gas retail market	
4 Features of regulatory framework	
5 Combination of features in SME market lead to weak customer response from microbusinesses	
6 Lack of robustness and transparency in regulatory decision making for wholesale and retail markets	
7 Combination of features in the market related to code governance	

1 Competition and Markets Authority

Becoming faster and getting closer to customers

Main steps

- > Transformation of RWE AG from a holding into an operating company
- > Merger of most 100% German subsidiaries into RWE AG
- > Future divisional steering through Chief Operating Officers
- > Full implementation by 1 January 2017



Key achievements

- > Faster decision making processes through alignment of steering model and legal governance
- > Reduction of intercompany interfaces
- > Reduction of management boards and supervisory boards
- > Elimination of individual company accounts, tax returns and their independent audits



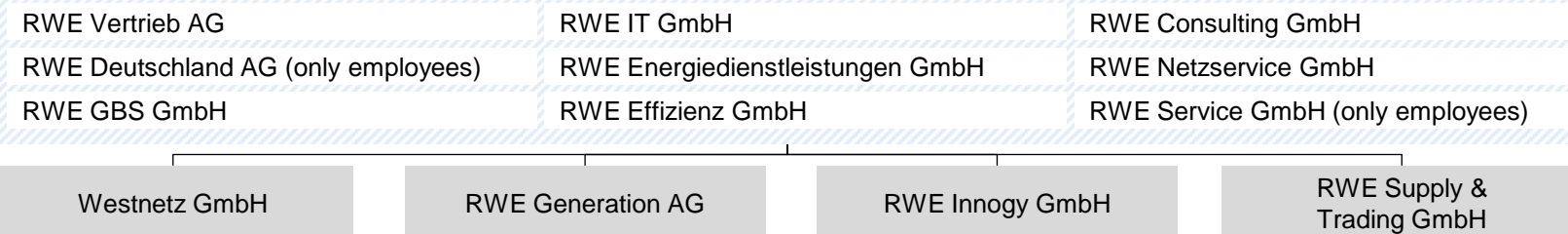
New organisational and management structure as of 1 January 2017



RWE AG Board



New RWE AG includes former¹



¹ RWE companies to be merged as well as largest companies under the RWE AG umbrella.

Agenda



A

Peter Terium

H1 2015 highlights and political environment

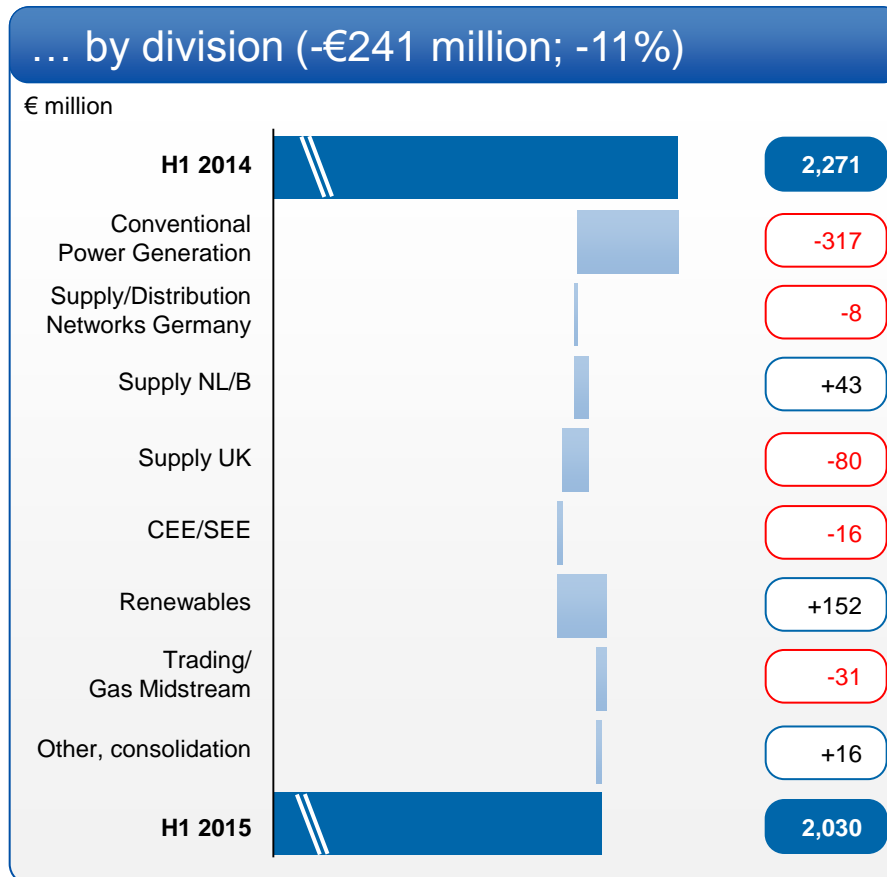
B

Bernhard Günther

H1 2015 Group results & outlook



Development of operating result in H1 2015 ...



- Earnings in Conventional Power Generation under pressure mainly due to declining generation margins.
- Earnings in energy retail business units supported by normalised weather conditions. They contributed €614 million to operating result in H1 2015 (2014: €589 million); 30% of total operating result.
- Strong earnings decline at Supply UK due to among other things process and system-related problems in our B2C billing system, customer losses and margin decline.
- Strong earnings increase in renewables due, in particular, to commissioning of two offshore wind farms and sale of Gwynt y Môr grid.

A detailed overview of the individual value drivers is given on slides 19 to 29 and in the Interim Report on pages 16 to 18.

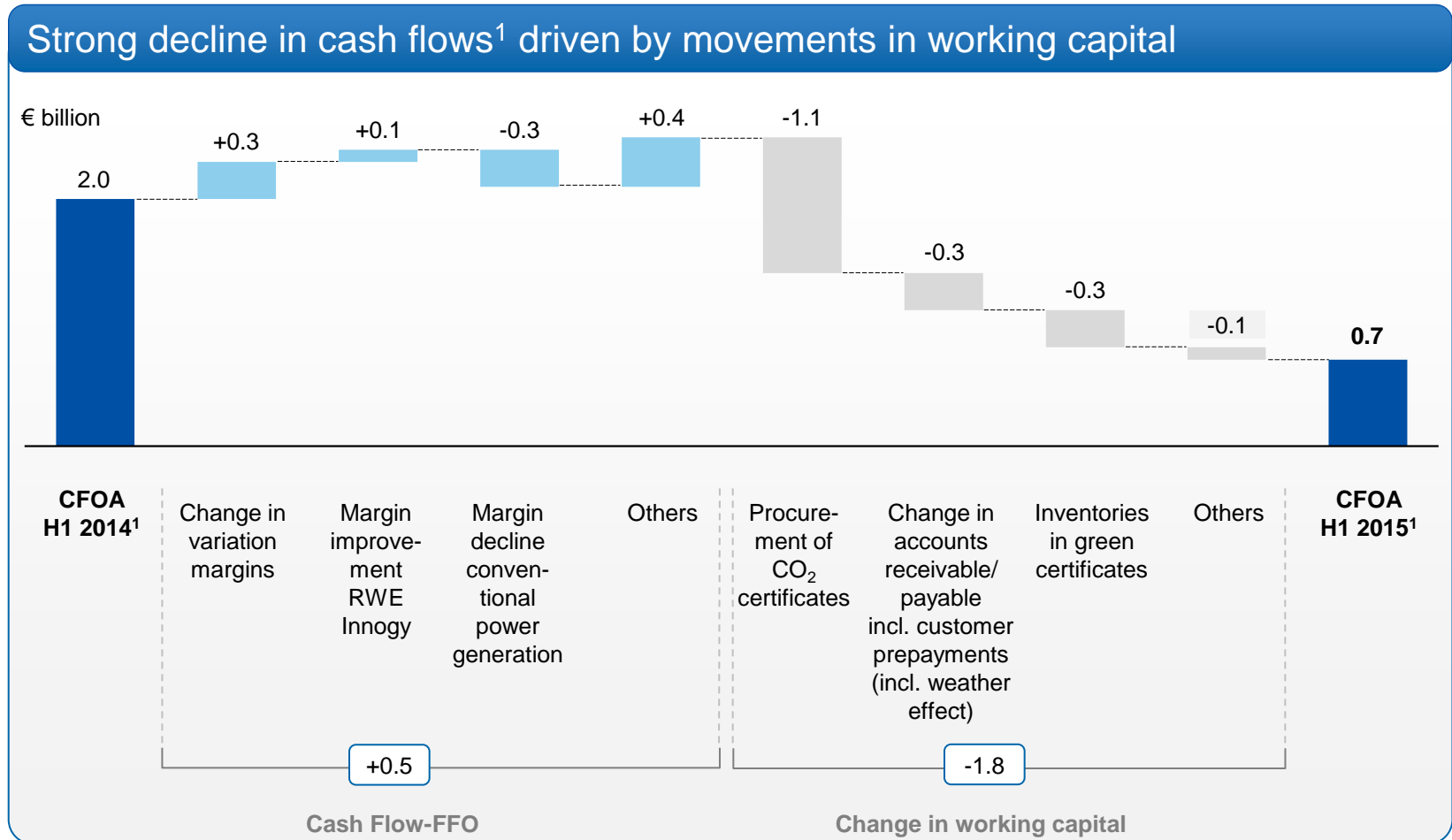
Development of the major earning figures in H1 2015

€ billion		H1 2015	+/- vs. H1 2014
EBITDA		3.2	-0.2
Depreciation		-1.2	-0.0
Operating result		2.0	-0.2
Non-operating result		-0.4	-0.6
Financial result		-0.6	+0.3
Tax		-0.5	-0.0
Income from DCO		1.5	+1.4
Minorities/hybrids		-0.3	-0.1
Net income		1.7	+0.7
Adjustments		-1.2	-0.9
Adjusted net income¹		0.5	-0.2

- Non-operating result down mainly due to accrual of provisions for legal risks, lower capital gains and impact from derivatives.
- Financial result improved mainly due to positive one-off from the sale of securities and better interest accretion to long-term provisions.
- Tax rate for determining adjusted net income at 43% (2014: 31%).
- Income from DCO dominated by book gain from sale of RWE Dea.
- Minorities/hybrids increase. For more details see Interim Report page 19.
- Adjustments for adjusted net income (ANI) comprise non-operating result including tax effects. Furthermore, Dea is recognised in the 2015 ANI with the pro-rata interest on the sale price (€25 m).

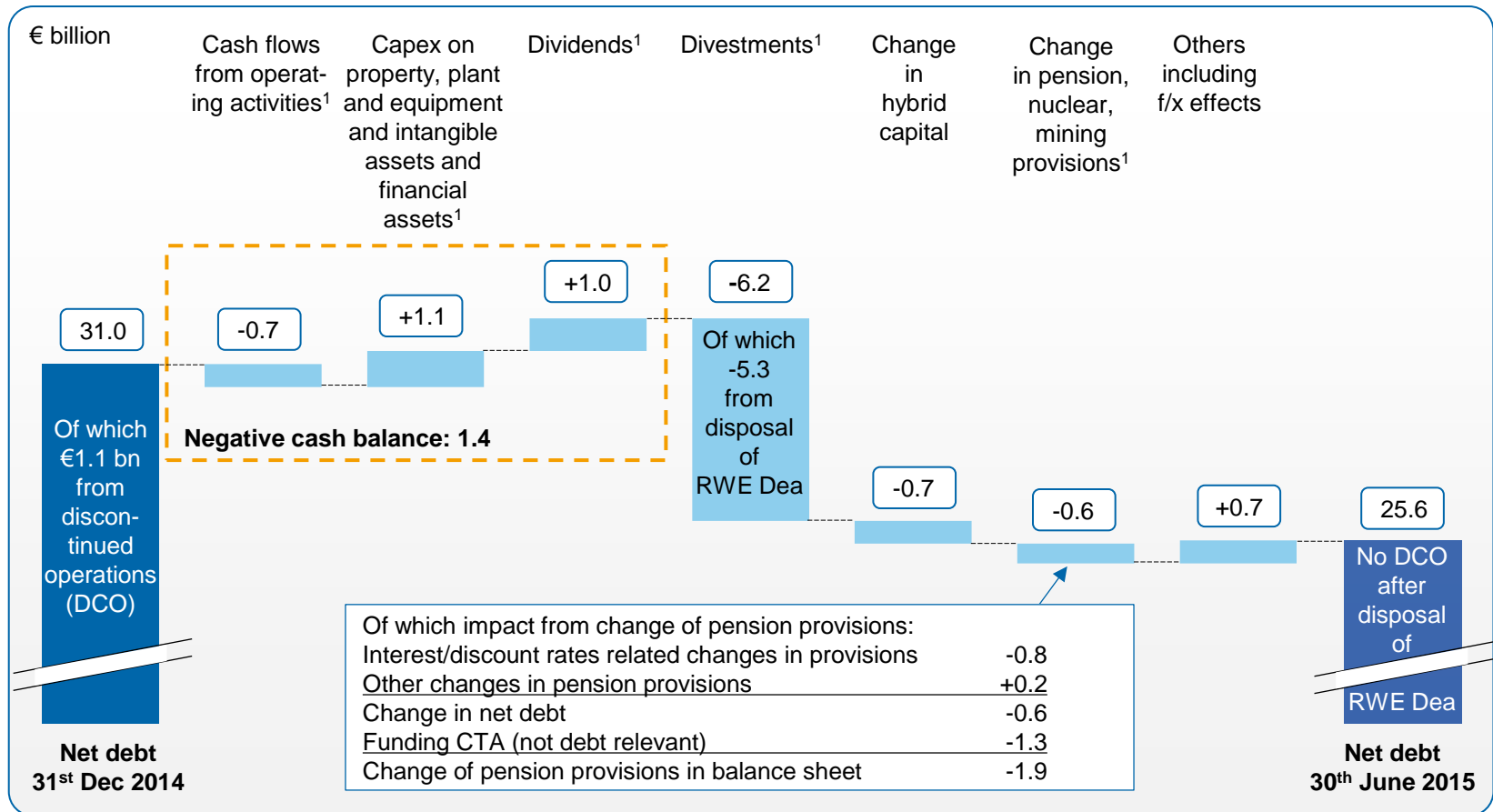
¹ New term: formerly 'recurrent net income'; see Interim Report page 20.

Development of cash flows from operating activities



¹ CFOA = cash flows from operating activities; excluding discontinued operations.

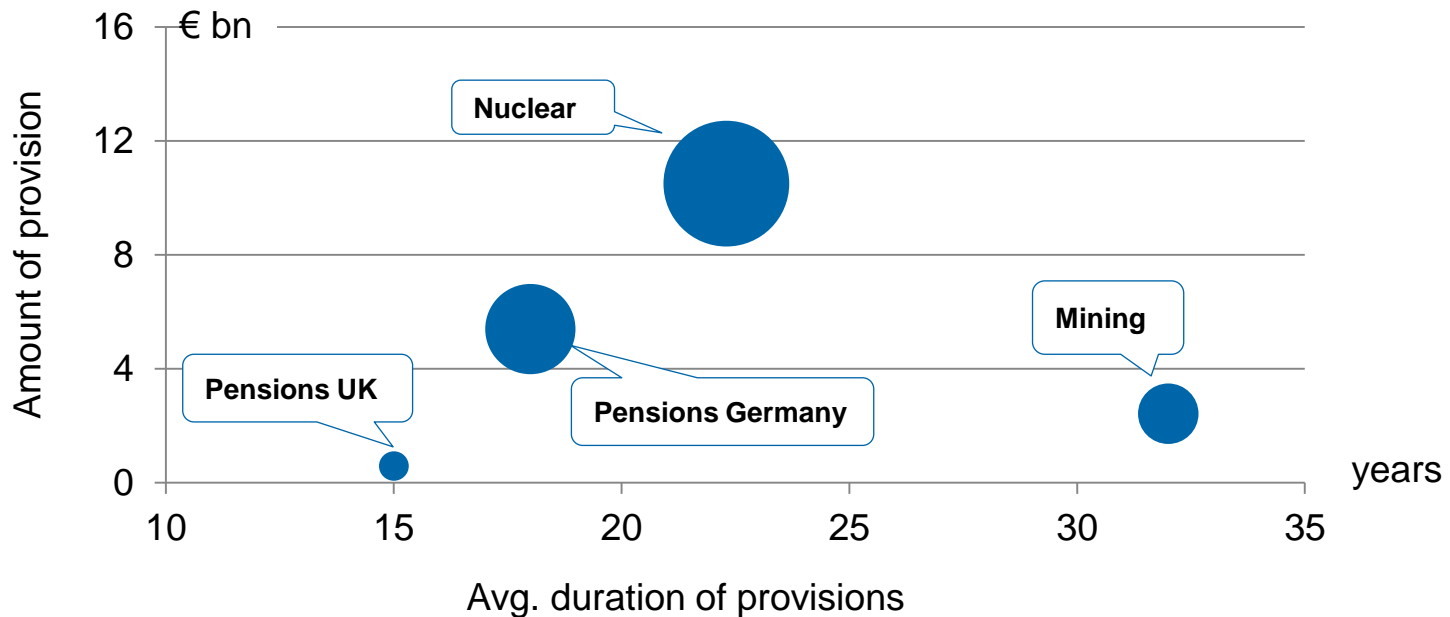
Strong improvement of net debt after successful disposal of RWE Dea



¹ From continuing operations.

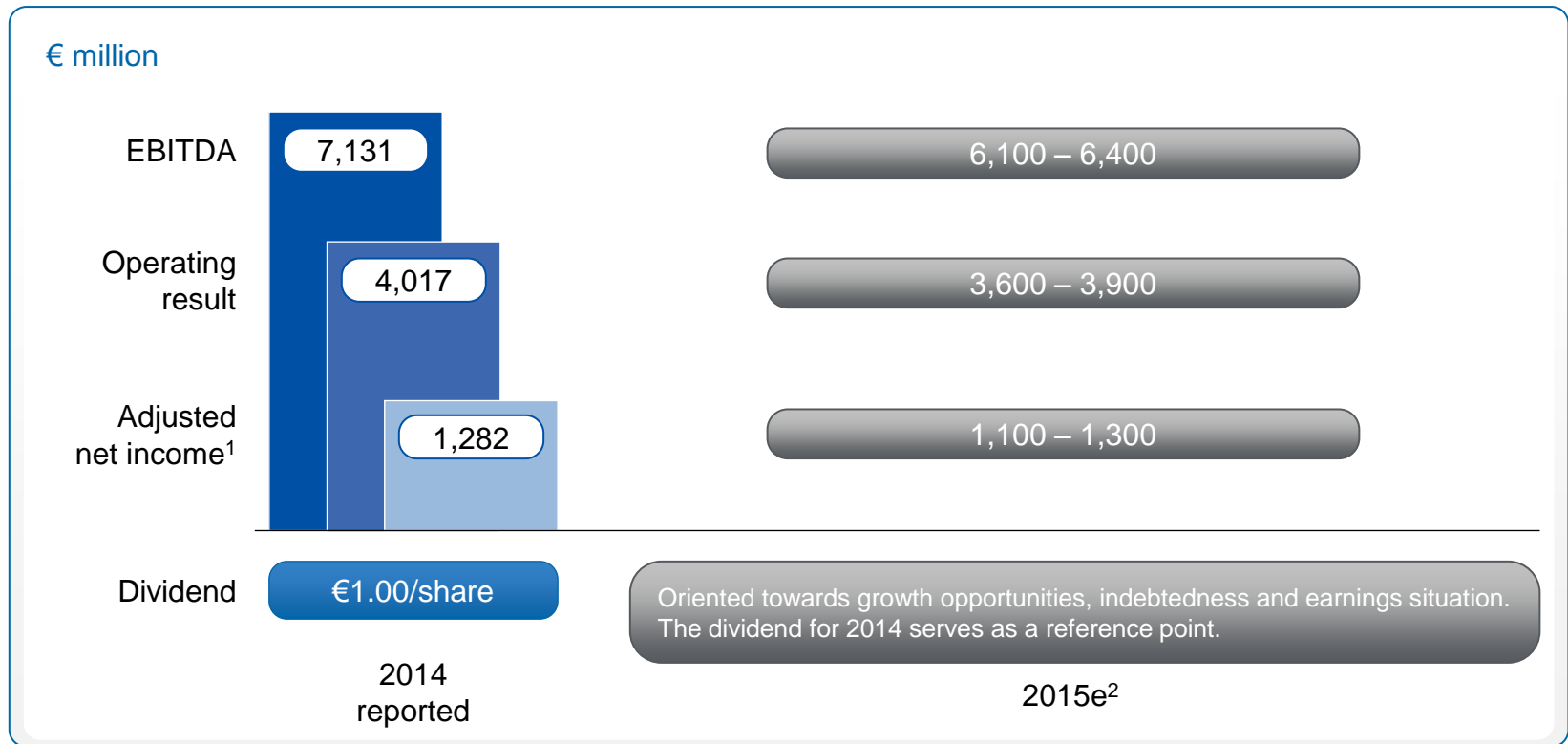
Net debt mainly driven by provisions with ultra-long duration

- Net debt as of 30 June 2015 comprises €6.7 bn net financial debt (incl. 50% of hybrids) and €18.9 bn provisions.
- Provisions not subject to financial covenants, undertakings, cross default clauses, or rating triggers



As of 30 June 2015

Outlook for 2015 confirmed



¹ New term: formerly 'recurrent net income'; see Interim Report page 20.

² The outlook considers the current status of the nuclear fuel tax law. In case nuclear fuel tax is declared finally illegal and fully in our favour, we expect a positive earnings contribution of c. €1.6 bn to EBITDA, operating result and adjusted net income.

RWE Dea: In 2014 and 2015 RWE Dea is not included in EBITDA and operating result. The adjusted net income includes the pro rata interest on the sale price.

2015 divisional outlook for the operating result

€ million	2014	2015 forecast versus 2014
Conventional Power Generation ¹	979	Significantly below 2014
Supply/Distribution Networks Germany	1,871	Moderately below 2014
Supply NL/B	146	Significantly above 2014
Supply UK	227	Significantly below 2014
Central Eastern and South Eastern Europe	690	Moderately below 2014
Renewables	186	Significantly above 2014
Trading/Gas Midstream	274	Moderately below 2014

¹ The outlook considers the current status of the nuclear fuel tax law.

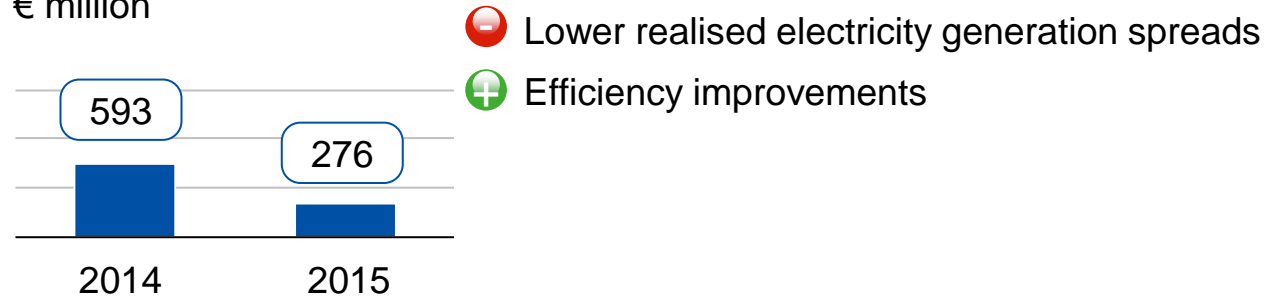
Back-up Charts



Performance of the Conventional Power Generation Division

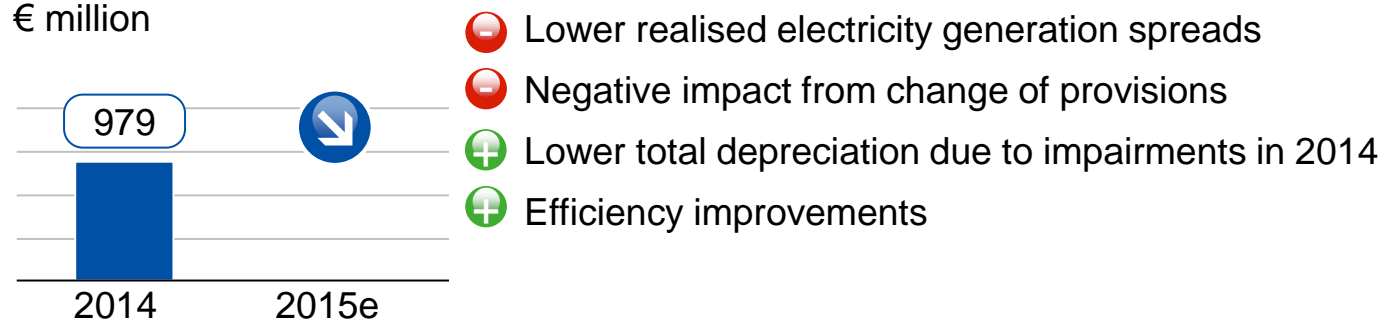
January – June: operating result: -53% (-€317 million)

€ million



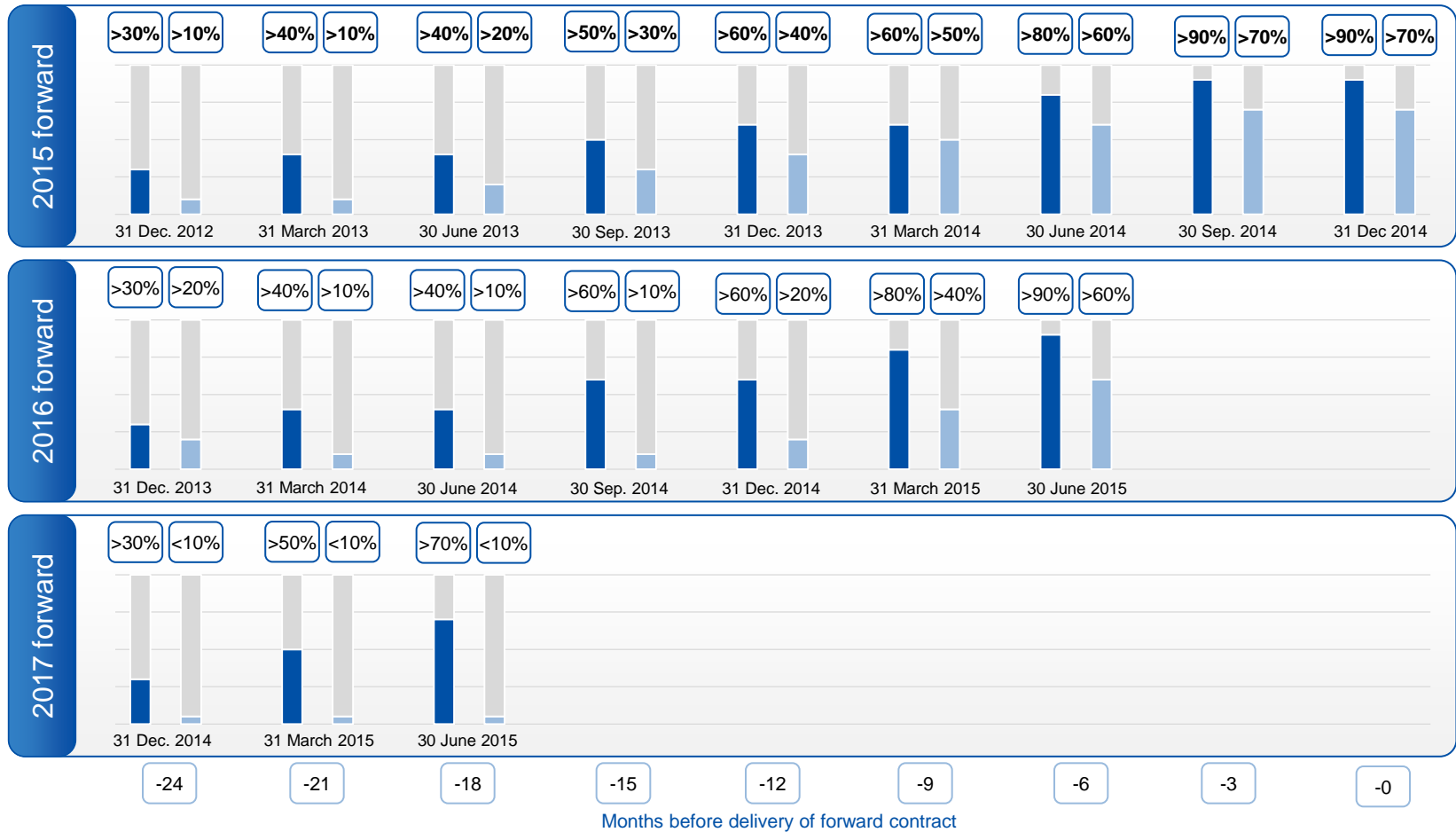
Outlook for fiscal 2015: significantly below previous year

€ million



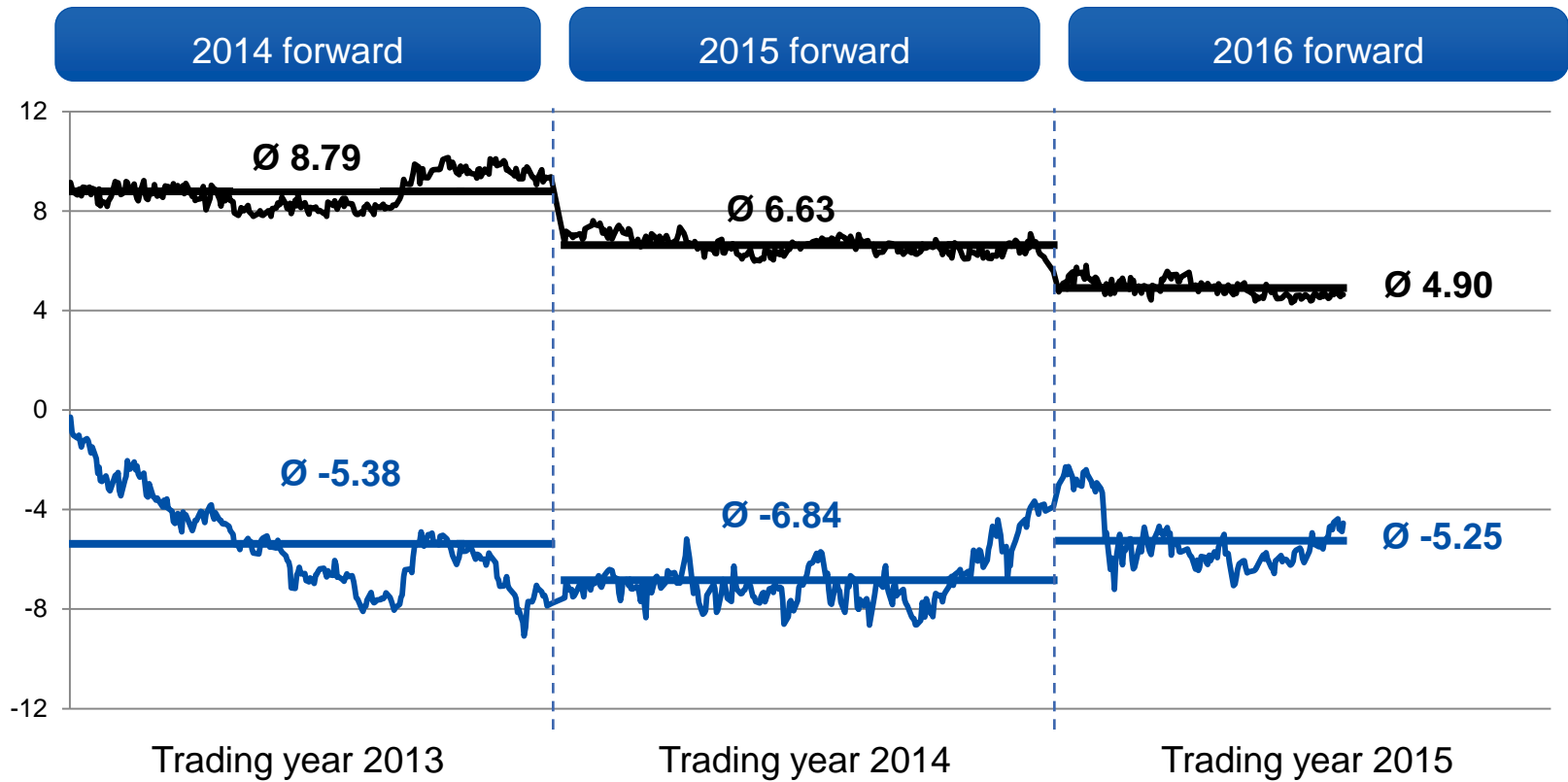
RWE's forward hedging of conventional electricity production (German, Dutch and UK portfolio)

As of 30 June 2015



- Outright, electricity hedged incl. CO₂ (GER nuclear and lignite based power generation)
- Spread, electricity and underlying commodity hedged incl. CO₂ (GER, UK and NL/B hard coal and gas based power generation)

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

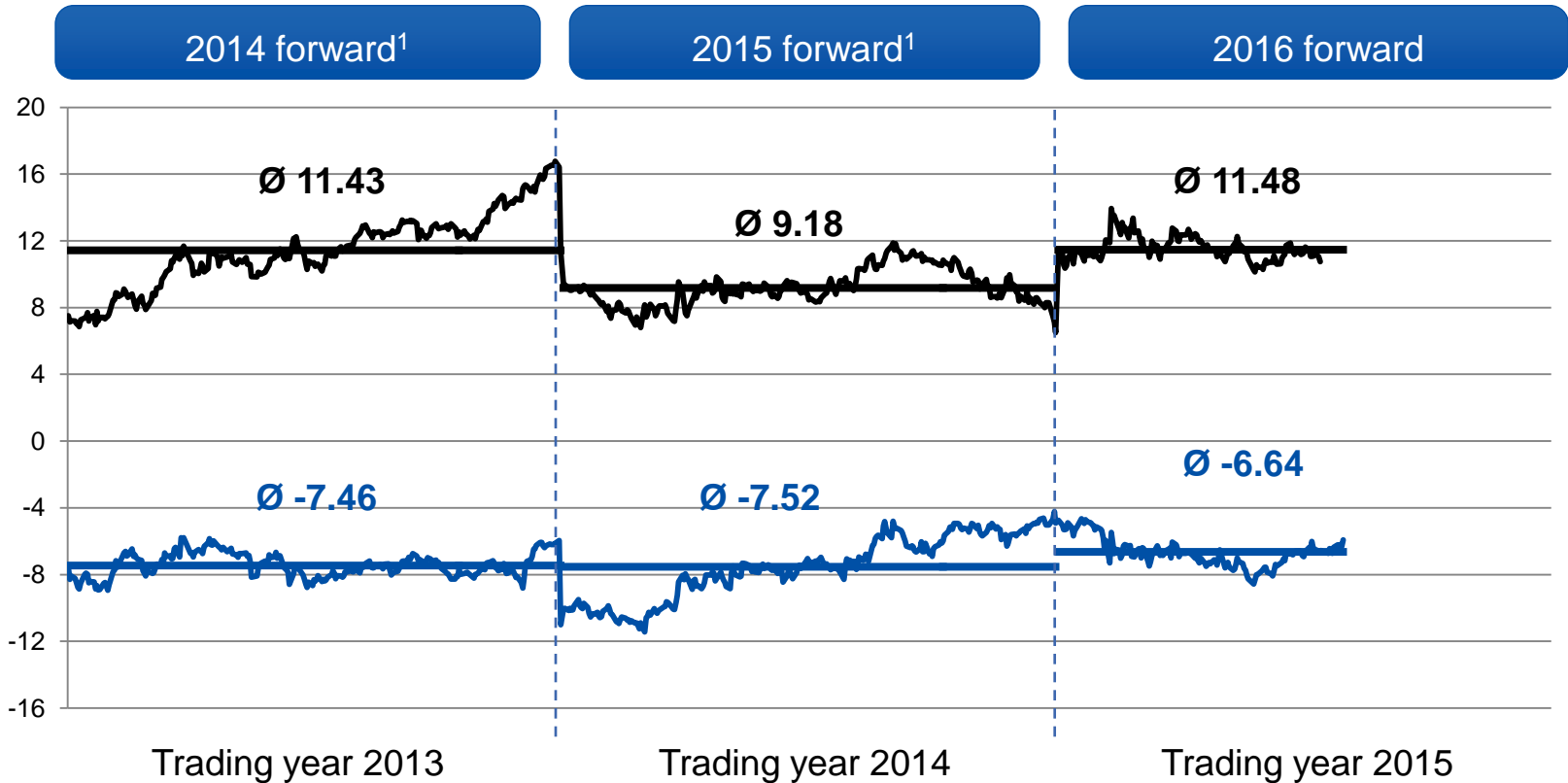


— CDS Cal 2014–16 base load (€/MWh)
(assumed thermal efficiency: 37%)

— CSS Cal 2014–16 peak load (€/MWh)
(assumed thermal efficiency: 50%)

Source: RWE Supply & Trading, prices through to 1 August 2015

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



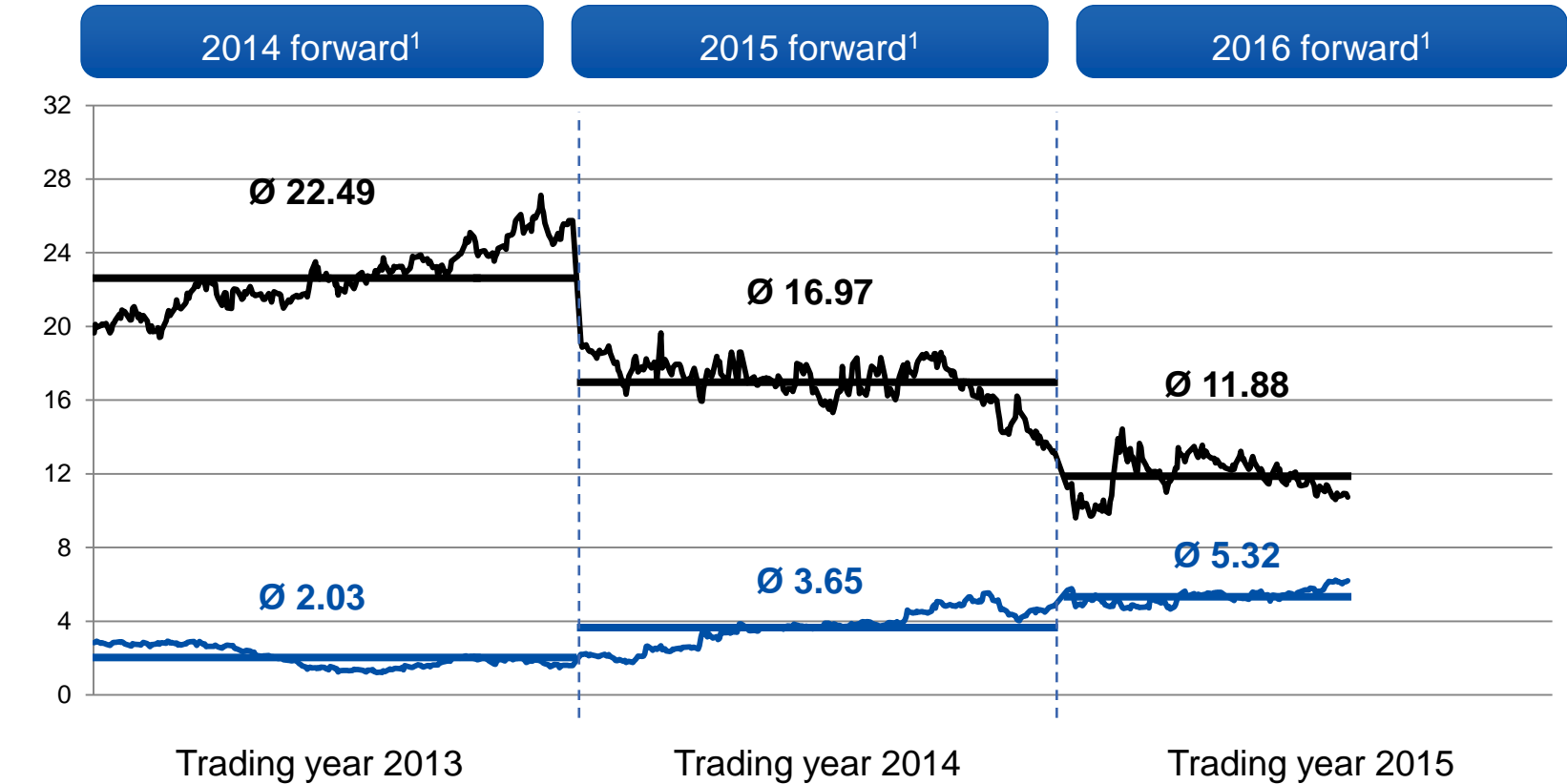
— CDS Cal 2014–16 base load (€/MWh)
(assumed thermal efficiency: 37%)

— CSS Cal 2014–16 base load (€/MWh)
(assumed thermal efficiency: 50%)

1 CDS: Including coal tax for forwards 2014 and 2015.

Source: RWE Supply & Trading, prices through to 1 August 2015

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



— CDS Cal 2014–16 base load (€/MWh)
(assumed thermal efficiency: 35%)

— CSS Cal 2014–16 base load (€/MWh)
(assumed thermal efficiency: 49%)

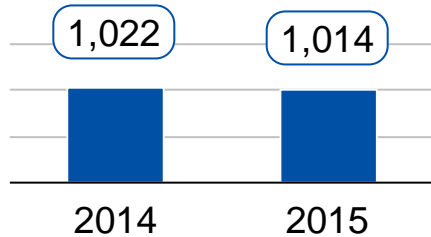
1 Including UK carbon tax.

Source: RWE Supply & Trading, prices through to 1 August 2015

Performance of the Supply/Distribution Networks Germany Division

January – June: operating result: -0.8% (-€8 million)

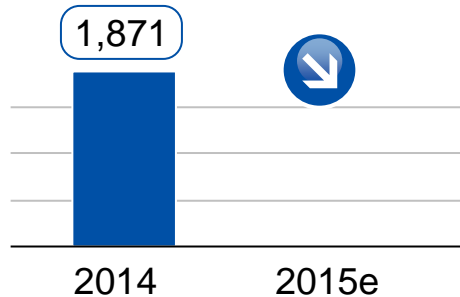
€ million



- ⊖ Lower earnings from the disposal of grid assets
- ⊕ Weather-induced higher gas demand

Outlook for fiscal 2015: moderately below previous year

€ million

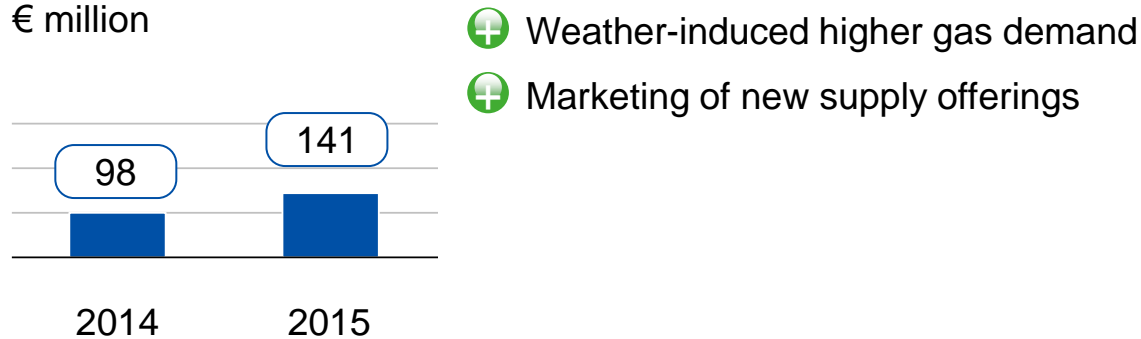


- ⊖ High earnings from the disposal of grid assets in 2014
- ⊖ Higher costs to improve the quality of our grid
- ⊕ Normalised weather conditions assumed

Performance of the Supply Netherlands/Belgium Division (Essent)

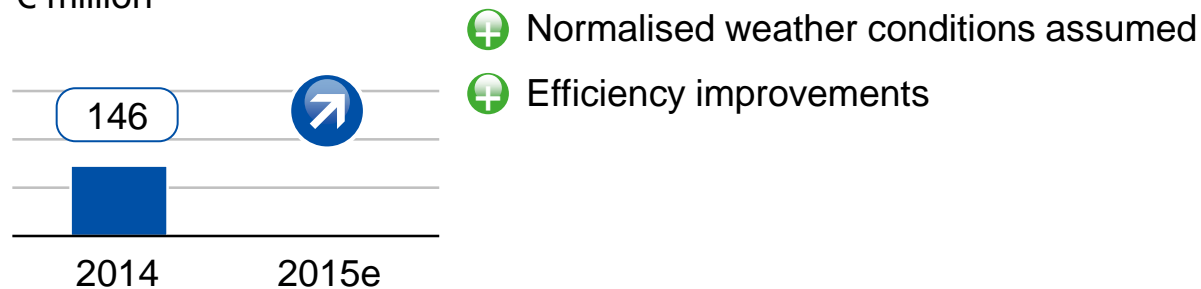
January – June: operating result: +44% (+€43 million)

€ million



Outlook for fiscal 2015: significantly above previous year

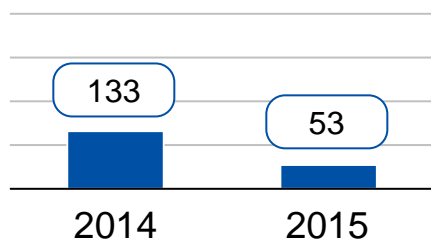
€ million



Performance of the Supply United Kingdom Division (RWE npower)

January – June: operating result: -60% (-€80 million)

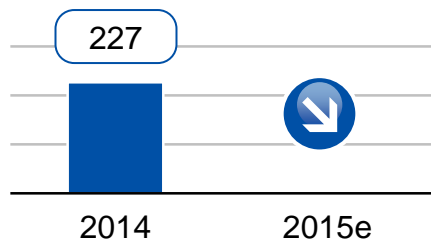
€ million



- + Lower costs for 'Energy Companies Obligation' (ECO) programme
- + Lower gas procurement costs, partly offset by lower gas tariff
- Significant process and system-related problems in B2C billing system
- Shift from standard to non-standard rate customers
- Customer losses and lower energy consumption in the B2C segment
- Higher grid fees

Guidance for fiscal 2015: significantly below previous year

€ million

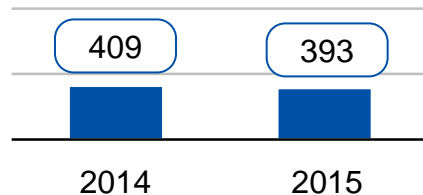


- + Lower costs for 'Energy Companies Obligation' (ECO) programme
- + Lower gas procurement costs, partly offset by lower gas tariff
- Significant process and system-related problems in B2C billing system
- Shift from standard to non-standard rate customers
- Customer losses and lower energy consumption in the B2C segment
- Higher grid fees

Performance of the Central Eastern and South Eastern Europe Division

January – June: operating result: -3.9% (-€16 million)

€ million



Czech Republic:

- Lower gas storage margins
- Improved regulatory conditions for gas distribution grid
- Weather-induced higher distributed gas volumes and sales

Hungary:

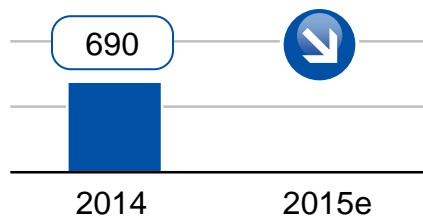
- Lower earnings from electricity generation (Mátra)

Poland:

- Higher electricity procurement costs

Outlook for fiscal 2015: moderately below previous year

€ million



Czech Republic:

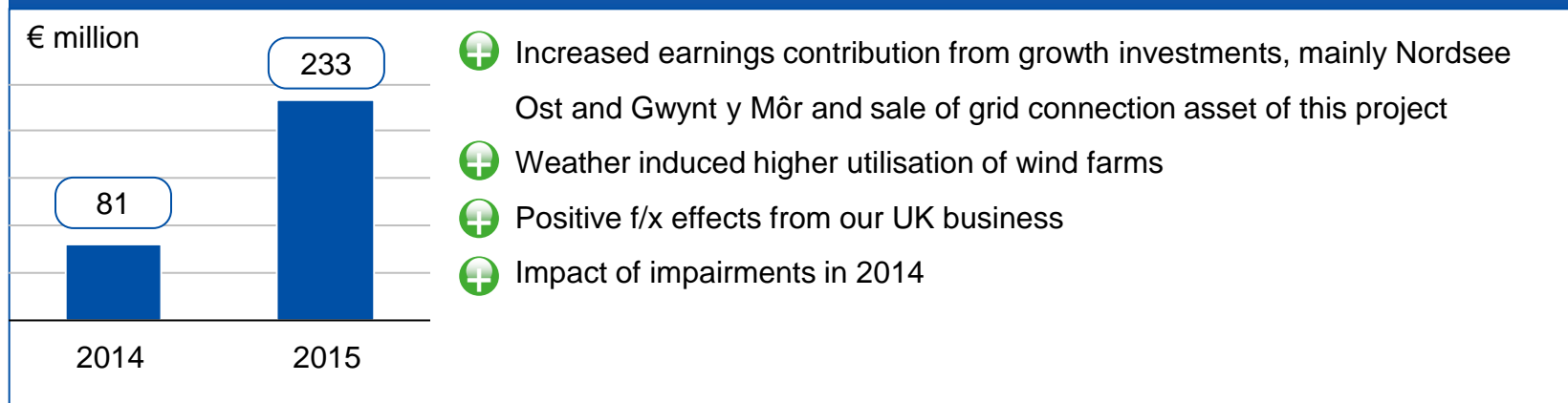
- Price related lower margins in storage and sales
- Normalised weather conditions assumed

Hungary:

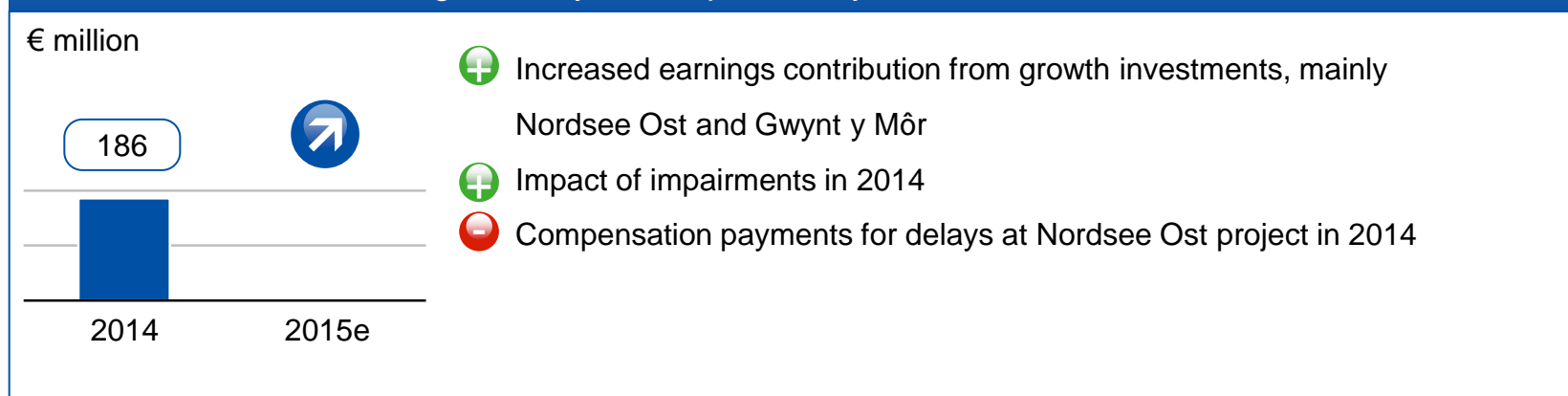
- Lower earnings from electricity generation (Mátra).

Performance of the Renewables Division (RWE Innogy)

January – June: operating result: +188% (+€152 million)



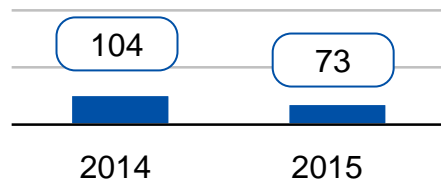
Outlook for fiscal 2015: significantly above previous year



Performance of the Trading/Gas Midstream Division (RWE Supply & Trading)

January – June: operating result: -30% (-€31 million)

€ million



Trading:

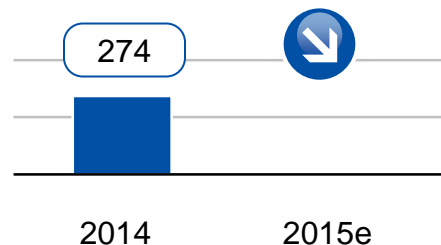
Trading activities did not reach high earnings level of 2014

Supply:

Still suffering from out of the money long-term gas storage contracts

Outlook for fiscal 2015: moderately below previous year

€ million



Trading:

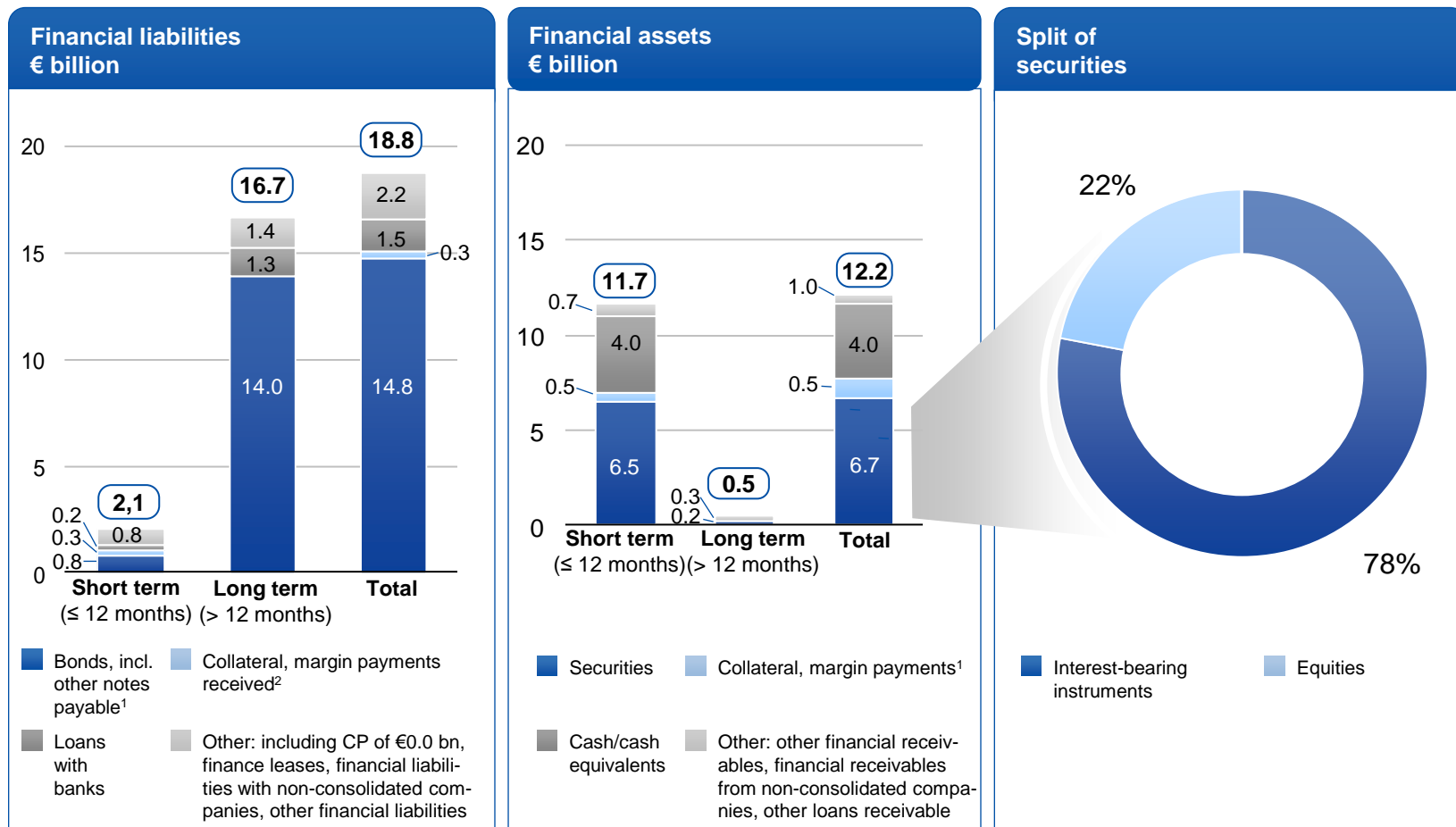
Trading activities not expected to reach high level of 2014

Supply:

Still suffering from out of the money long-term gas storage contracts

Financial liabilities and assets

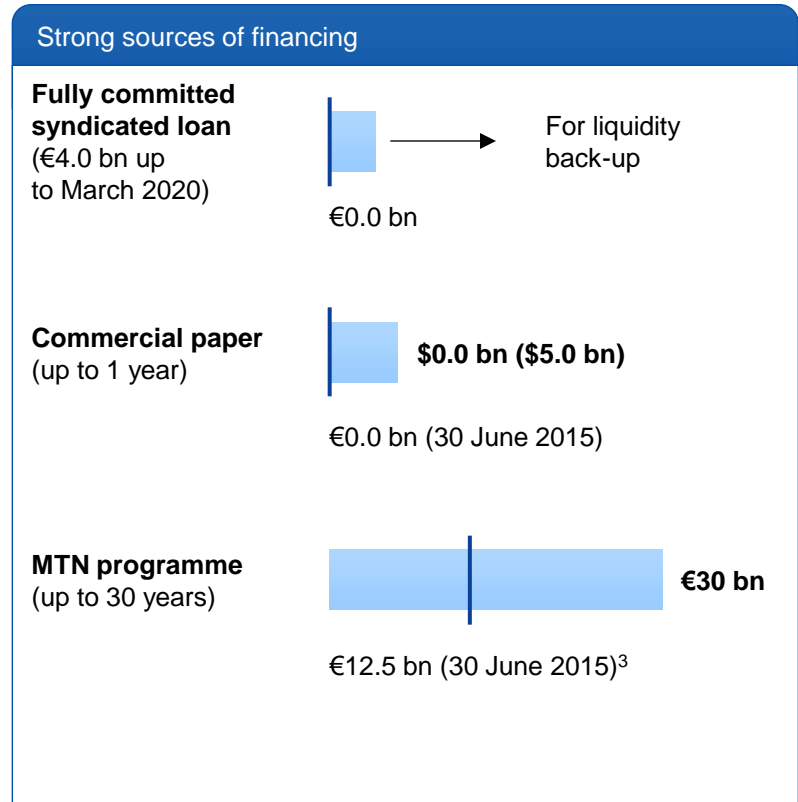
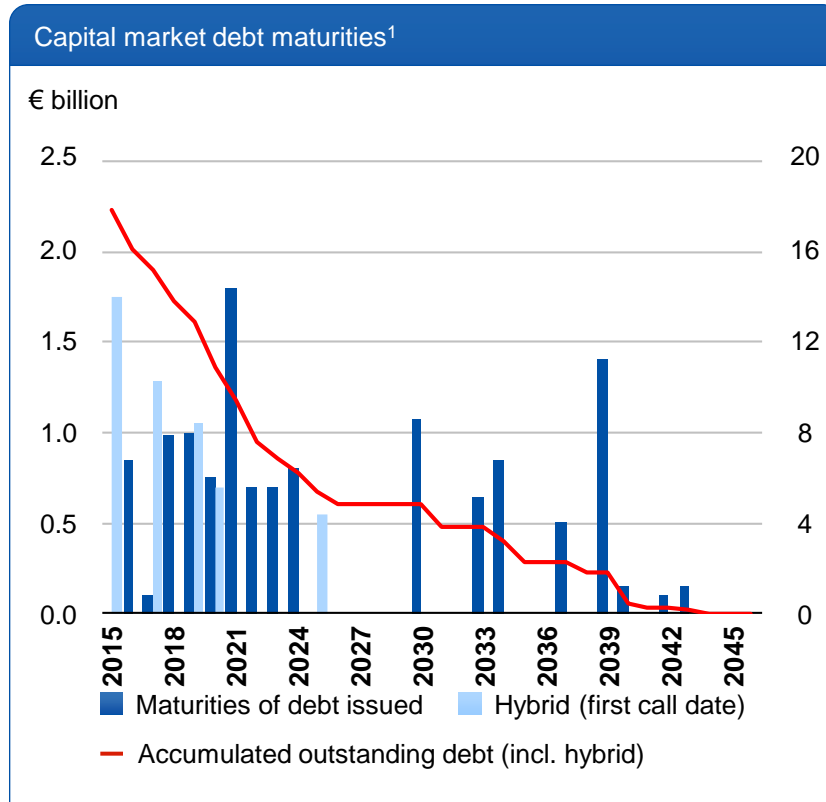
(Excluding hybrid capital as of 30 June 2015)



1 Including currency rate hedges of bonds.

2 Excluding variation margins which are netted against the fair values of the respective derivatives.

Capital market debt maturities and sources of financing

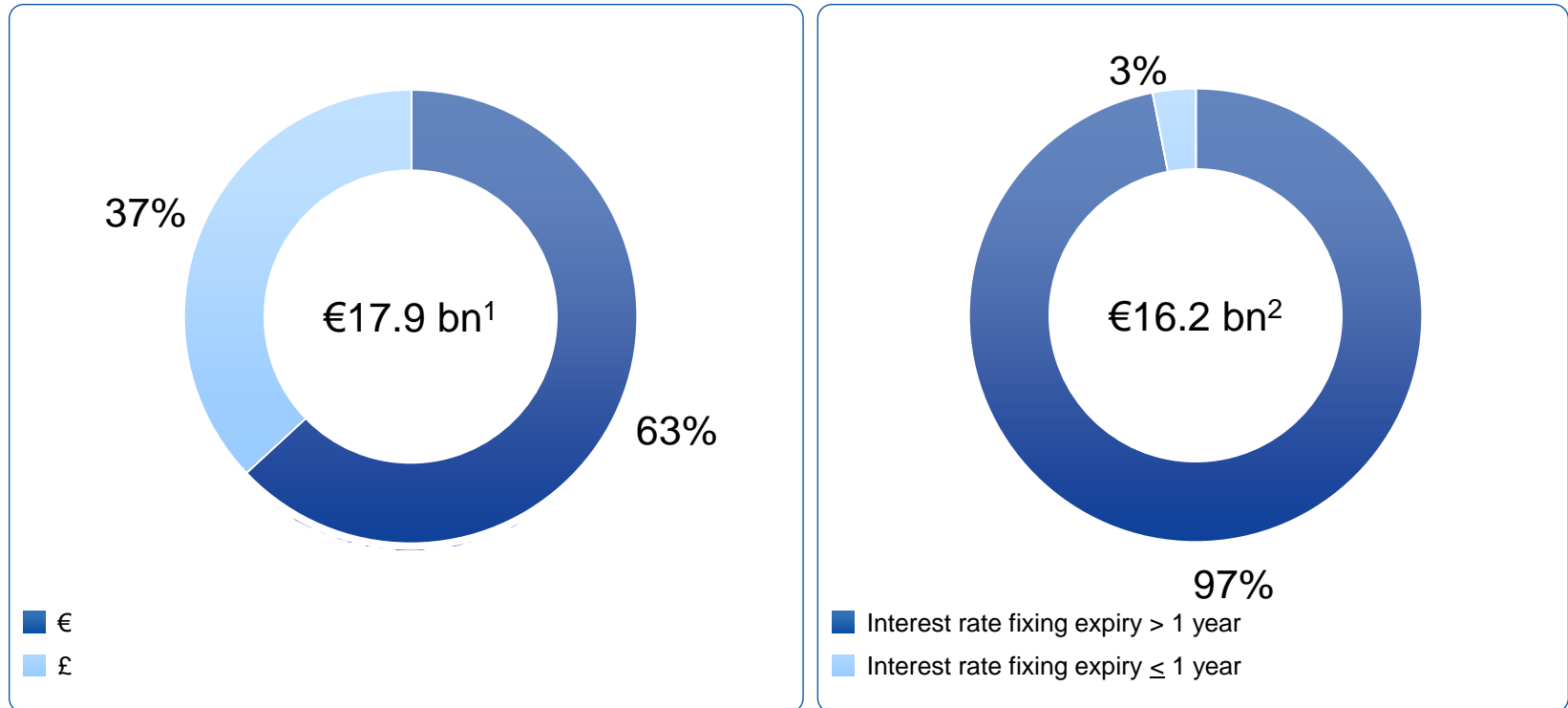


Balanced profile with limited maturities up to end of 2016 (~ €2.60 billion)²

1 RWE AG and RWE Finance B.V. as of 30 June 2015.
 2 Including the early redemption €1,75 bn hybrid issued in 2010.
 3 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 2015)



1 Capital market debt = bonds of €12.53 bn and hybrids of €5.33 bn; split into currencies includes cross-currency swaps.

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

Keep up with RWE ...



Follow us on twitter.com/RWE_IR and have a look at www.rwe.com/ir

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/>



Facts & Figures – the Guide to RWE and the Utility Sector
<http://www.rwe.com/ir/facts-figures/>



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



12 November 2015
Interim Report on Q1-Q3 2015



08 March 2016
Annual Report on fiscal 2015



20 April 2016
Annual General Meeting

RWE Investor Relations – contacts

Contacts for Institutional Investors & Financial Analysts



Dr. Stephan Lewis

Vice President Investor Relations
Tel. +49 201 12-15031
stephan.louis@rwe.com



Martin Vahlbrock

Tel.: +49 201 12-15055
martin.vahlbrock@rwe.com



Gunhild Grieve

Tel.: +44 207 015-5459
gunhild.grieve@rwe.com



Dr. Holger Perlwitz

Tel.: +49 201 12-15141
holger.perlwitz@rwe.com



Dr. Burkhard Pahnke

Tel.: +49 201 12-15182
burkhard.pahnke@rwe.com



Marcel Rohrbach

Tel.: +49 201 12-15043
marcel.rohrbach@rwe.com



Martin Jäger

Tel.: +49 201 12 -15106
martin.jaeger@rwe.com

Contact for Private Shareholders



Marisa Weiskirch

Tel.: +49 201 12-44915
marisa.weiskirch@rwe.com