



Annual Press Conference of RWE AG
on Fiscal 2021

Dr Markus Krebber, Zvezdana Seeger and Dr Michael Müller

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Markus Krebber:

Good morning, Ladies and Gentlemen,

Let me say in all honesty that it feels strange to be holding a press conference today on the past financial year, when we consider the events that have shaken the world since 24 February.

A brutal war is in progress – right in the centre of Europe. Just two hours by plane, as close as Madrid or Athens.

We are experiencing a blatant violation of international law, but more importantly, we are experiencing a terrible catastrophe for 44 million people in Ukraine. They are fighting for their country, for their freedom, and for survival.

A war right in the centre of Europe today was something I could not have imagined. I had come to take peace and freedom on our continent for granted. That's why the shock we have all felt in recent weeks is so much greater.

The people in Ukraine are experiencing great hardship. And I – like all of us – am in full solidarity with them.

That's something we feel throughout the company. My colleague Nanna Seeger will give you a brief insight into this.



Nanna Seeger:

Thank you, Markus.

Ladies and Gentlemen,

It goes without saying that the war is the main topic of concern for all of our employees, too. We are all moved by the fact that people are dying and millions are having to flee their homes to escape from bombs and rocket fire.

From all the countries in which we operate, we are receiving messages of compassion and sympathy for Ukraine. Our employees feel this way – no matter where they are working for us, no matter where they come from.

That also applies expressly to our employees of Russian origin. They are just as horrified, saddened, and worried as the rest of us. We are all on the same side – on the side of peace, freedom and democracy.

Ladies and Gentlemen,

At our company too, there is a huge desire to help the people in Ukraine. That's why RWE is currently supporting the aid organisations that are looking after refugees in Poland, in particular. Poland is Ukraine's immediate neighbour, and is currently the main place of refuge, especially for women and children. More and more war refugees are also coming to Germany. Here, too, we will help. We are providing accommodation support in cooperation with the municipalities in which we operate. And we are opening up our in-company job market for Ukrainian workers, whom we will actively support along the way.

We believe that taking a stance and taking action go hand in hand. That applies to this situation in particular.

We are in solidarity with Ukraine.

On that note, I'll hand back to Markus Krebber.



Markus Krebber:

Thank you, Nanna.

Ladies and Gentlemen,

Since this cannot be a normal press conference today, the agenda will be different than usual. I'll begin with a brief overview of the last financial year. Michael Müller will then deliver the details.

After that, we'd like to give you an insight into how we assess current developments from a company perspective, with particular reference to the consequences for energy supply and what that means for our company.

These are urgent questions that policy-makers, industry, and the people in Europe are focusing on right now.

However, let's begin with a review of the past financial year: We already reported several weeks ago that we exceeded our targets for 2021.

This was even more exceptional in light of the conditions under which our performance was achieved:

- The extreme weather in Texas last February,
- The catastrophic floods in the west of Germany.
- And the coronavirus pandemic also took a heavy toll on us – and it still does.

We continued to make good progress on expanding our renewables portfolio over the past financial year. The following three examples from the offshore business illustrate this:

- We were granted the rights for the Danish 1,000- megawatt Thor wind farm, our northern neighbour's largest project to date.
- In the UK, we won the tender for two new adjacent sites for developing offshore projects. The total capacity is 3,000 megawatts.
- At the German auction, we secured sites for constructing more than 650 megawatts of additional capacity. Offshore wind is one of the cornerstones of the German energy transition. We are thus all the more delighted with this success in our home market.

RWE is taking giant steps in its development. And this has been acknowledged: The agencies Moody's and Fitch each raised RWE's credit rating by one notch in spring 2021.



RWE also improved on key sustainability and ESG ratings, which are particularly relevant for institutional investors. We were acknowledged as an “industry mover” by S&P for showing the strongest improvement in our industry worldwide in 2021. And this is just one example.

Ladies and Gentlemen,

As you can see, RWE is in very good condition. Everyone here has worked hard to get us to this point. It was a strong team effort, and on behalf of the Executive Board, I'd like to say a very special thanks to all our employees.

I'll now hand over to Michael Müller.

Michael Müller

Ladies and Gentlemen,

I, too, have been left stunned by the images from Ukraine.

Let's take a brief look at our business performance in fiscal 2021.

It was a very successful financial year for RWE.

We are able to confirm the preliminary earnings that we published seven weeks ago:

The RWE Group's adjusted EBITDA was EUR 3.65 billion, and therefore passed the upper end of the forecast range of EUR 3.0 billion to EUR 3.4 billion.

Adjusted EBIT was EUR 2.19 billion, our forecast had been between EUR 1.5 billion and 1.9 billion.

For adjusted net income, we closed the year on EUR 1.57 billion. We had forecast between EUR 1.05 billion and EUR 1.4 billion.



And now, a look at the segments.

In the Offshore Wind segment, we achieved slightly higher earnings than in the previous year, with adjusted EBITDA of EUR 1.1 billion. Wind conditions were poorer compared to the previous year. These were offset by portfolio effects due to the full consolidation of the British Rampion wind farm and from the partial commissioning of our offshore wind farm Triton Knoll.

In the Onshore Wind/Solar segment, we achieved adjusted EBITDA of EUR 258 million in 2021. Earnings were lower than in 2020. The impact of the extreme cold snap in Texas had led to losses of approximately EUR 400 million. In addition, lower wind speeds also came to bear. Earnings contributions from new generation assets had a positive effect.

In the Hydro/Biomass/Gas segment, adjusted EBITDA was much higher than in the previous year, at EUR 731 million. The very good performance towards the end of 2021 played an important part here. The successful optimisation of power plant dispatch paid off in particular.

Supply & Trading put in an exceptional performance. Adjusted EBITDA of EUR 769 million exceeded last year's already very good result by far.

In the Coal/Nuclear segment, we achieved adjusted EBITDA of EUR 889 million.

Based on these good results, we are confirming our dividend target: We will propose EUR 0.90 per share for the 2021 financial year to the Annual General Meeting.

Our financial position and net worth continued to improve in 2021. As at 31 December 2021, RWE posted net assets of EUR 360 million.

In 2021 we continued to invest heavily – primarily in green growth: EUR 3.7 billion gross, or 12% more than in the previous year. Almost 90% of our total capex complies with the proposed green investment criteria of the EU taxonomy.

We finance by far the largest part of our investments from our strong cash flows from operating activities. In addition, we successfully issued EUR 1.85 billion in green bonds in 2021.

We are currently building 5.6 GW of new capacity in eleven countries.



And now I will come to our outlook for the current year:

We expect adjusted EBITDA of between EUR 3.6 billion and EUR 4 billion in 2022.

Our target for adjusted EBIT is between EUR 2 billion and EUR 2.4 billion.

And for adjusted net income, our target is between EUR 1.3 billion and EUR 1.7 billion.

The impact of the war in Ukraine is difficult to gauge, and is not reflected in the outlook.

You will find details on the forecast and outlook for our segments in our Annual Report.

With that, I'll hand back to Markus Krebber.

Markus Krebber:

Thank you, Michael.

Ladies and Gentlemen,

In his government statement on the invasion of Ukraine, the German Chancellor rightly spoke of a "paradigm shift": politically, militarily and economically.

The West, and in particular Germany, are responding by re-evaluating the situation. In terms of defence capability and equipment for the military on the one hand, and economic relations with Russia on the other hand. Massive sanctions have been imposed. According to the rating agencies, Russia is now close to state bankruptcy. Many important lines have been cut; the Russian economy is on its knees. This is a consequence of the sanctions imposed by the West, and rightly so – they're working.

I understand very well the calls to extend the sanctions to the maximum. After all, the aim is to support Ukraine by weakening Russia's leadership to the greatest degree possible.



However, we must unfortunately also acknowledge that there is a strong dependence on Russia, especially in energy supply, in Europe and in particular in Germany.

Sanctions should be chosen in such a way that they can be sustained.

Suspending energy imports from Russia would currently have massive consequences due to the high level of dependence. An immediate halt would have an unforeseen impact on household heat supply. In addition, a longer interruption of supply would do lasting damage to production facilities of industry and medium-sized companies.

I can fully understand the position of the German government in speaking out against sanctions on fuel supplies at this point in time.

There is no question about it: The energy market will change fundamentally as a result of this war. Therefore, it is the right course of action to make our energy supply independent and sustainable as quickly as possible. Security of supply and climate protection are closely linked. More closely than ever before.

Ladies and Gentlemen,

What does that mean in concrete terms for the energy industry?

To answer that, we have to differentiate between the short-term perspective and the medium- to long-term perspective.

In the short term, urgent action must be taken to improve security of supply for this coming winter and in the following years.

The German government has already made some important decisions in this regard. For example, gas storage is to be regulated to ensure levels are high before this coming winter.

Similar to the oil reserve, it is envisaged that the state may also become involved in the procurement of gas and hard coal.

To reduce gas consumption and to be able to ensure security of supply this coming winter, the federal Ministry for Economic Affairs is currently looking at whether and to what extent coal-fired power stations that are earmarked for decommissioning can be transferred into a temporary reserve. Because, unlike in the case of supply to households and industrial customers, coal can replace gas in power generation. Here, "fuel switching" is possible.



We are therefore currently reviewing which coal-fired power stations can go back on the grid in an emergency, or can stay on it for longer than planned. That would be technically feasible for the hard coal-fired power station in Westphalia. Further lignite-fired capacity would be available; plants that have either just been shut down, or are still on security standby, or are lined up for decommissioning this year in accordance with legislation.

I'd like to make clear that the decision on whether this should be done will be made by the German government. If these power stations have to be used temporarily to ensure security of supply, we will reconnect them to the grid for a limited period – or will not decommission them in the first place.

But this does not change the coal phase-out path. It is not a step backwards, but at most, a step to the side for a limited period.

It is not possible today to say with any certainty which specific measures policy-makers will adopt. And companies do not yet have a clear picture of exactly what is going to happen, either.

As a part of the critical infrastructure, we know our responsibility and we accept it. We're making preparations and will be ready if we are needed.

And a word about nuclear energy: The German government removed from the table the option to have nuclear power plants run for longer than planned. Nuclear power plants would not be able to make any sizeable contribution to security of supply for the coming winter. The lead-time is too short for that. We, too, consider the hurdles for extending the operation of nuclear power plants to be too high.

Ladies and Gentlemen,

It is of central importance to diversify sources of supply for energy and raw materials. On the particularly critical topic of gas supply, the German government is therefore right to focus on the construction of LNG terminals, among other things, to become more independent of a purely pipeline-based gas supply.

Just a few days ago, a Memorandum of Understanding was signed to implement the first German LNG terminal in Brunsbüttel near Hamburg. RWE will be a strong partner in the project.



We'll put a particular focus here on the subsequent conversion of the terminal to enable the import of green molecules.

Work is currently in full swing to be able to start operations as quickly as possible. Pragmatic action, swift planning and approval processes, short construction timelines along with high safety standards – that's how Brunsbüttel can become a role model, also for the faster expansion of renewable energies and the ramp-up of the hydrogen economy.

This is more important than ever. Policy-makers are therefore stepping on the accelerator. As early as 2035, electricity supply in Germany is to be covered almost entirely from renewable sources. Expansion paths and tender volumes are to be increased once again.

I am counting on the upcoming "Easter package" announced by the Ministry for Economic Affairs leading to a real acceleration and boost in the transformation process.

We need that! And we support it!

Ladies and Gentlemen,

As part of our "Growing Green" strategy, we are investing EUR 50 billion gross in our green core business in this decade. That's an average of EUR 5 billion per year for offshore and onshore wind, photovoltaics, battery storage, back-up capacity and hydrogen.

Now more than ever we are forging ahead determinedly with this business. In the US, for instance, we were successful in the recent auction for offshore lease contracts in the New York Bight. We were awarded a site on which we can develop three gigawatts of offshore wind.

In India, we plan to explore with Tata Power, one of the largest energy companies in the country, the great potential for wind power projects off the coast of India.

And in the Netherlands, we signed an agreement with Neptune Energy to collaborate on the implementation by 2030 of the H2opZee offshore pilot project for green hydrogen. The targeted electrolyser capacity is 300 to 500 megawatts.



We have a particular focus for expansion in Germany, where we want to invest EUR 15 billion in renewables. Here, we are aiming to implement every project that's possible. We are making good progress on expanding our local teams for developing onshore wind and photovoltaic systems throughout Germany. We are delighted that many new project developers are joining the team.

Ladies and Gentlemen,

No-one could have imagined the challenges we all face today. So it's all the more important to pull together, support each other and work as one.

That's what we're doing at RWE. Wherever our energy, our knowledge and our experience can be of use, we'll be there to provide support.

As you can see, today's event is very different than usual. That also applies to our Q&A session, in which we probably won't yet be able to answer everything.

But let's make a start, nevertheless.

Forward-looking statements

This speech contains forward-looking statements. The statements reflect the current assessments, expectations and assumptions of the management and are based on the information available to the management at the current time. Forward-looking statements provide no assurance that future events or developments will occur and are subject to known and unknown risks and uncertainties. As a result of various factors, actual future events and developments may differ materially from the expectations and assumptions expressed in this publication. In particular, these factors include changes in the general economic environment and the competitive situation. Above and beyond this, developments on the financial markets, fluctuations in exchange rates, changes to national and international law, especially with regard to tax regulations, and other factors can influence the future results and performance of the Company. Neither the Company nor any of its associated companies undertake to update the statements contained in this speech.