CREDIT OPINION
25 August 2025

Update

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RATINGS

RWE AG

Domicile	Essen, Germany
Long Term Rating	Baa2
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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RWE AG

Update to credit analysis

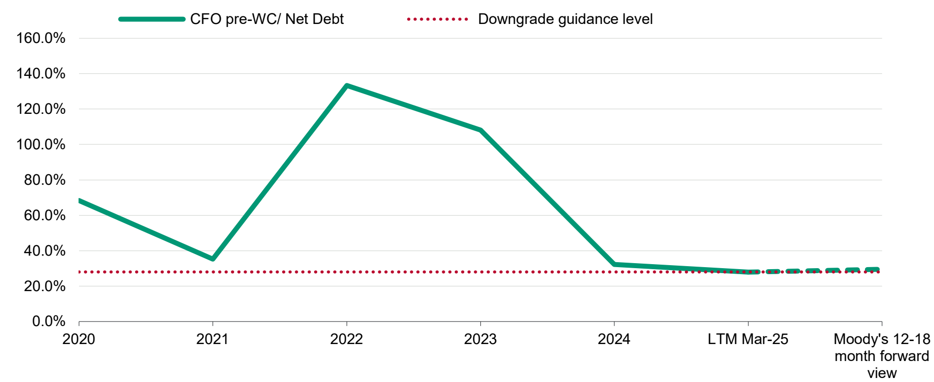
Summary

RWE AG's Baa2 issuer rating reflects the size and diversification of its generation portfolio; progress in executing the strategy of growing renewables (RES) capacity; the planned phaseout of conventional thermal coal-based capacity through 2030; and solid financial metrics, underpinned by a balanced financial policy and robust operating performance.

RWE's credit profile is constrained by its sizeable capital spending programme of €35 billion in net cash investments over 2025-30, with some degree of execution risk; its exposure to inherently volatile trading activities and wholesale commodity prices; and the relatively short remaining life of its coal and lignite conventional generation earnings, in the context of long-term provisions, mitigated by committed compensation payments from the German government.

Exhibit 1

We expect RWE's cash flow from operations before working capital (CFO pre-WC)/net debt to remain aligned with our guidance through 2026 at least



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. In late 2024, we changed the definition of funds from operations (FFO) by removing changes to provisions. FFO in its prior form now equals CFO pre-W/C, which also serves as the basis for the ratios calculated in Moody's sector methodology Unregulated Utilities and Power Companies applied to RWE.
Periods are financial year-end unless indicated. LTM = Last 12 months.
The forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Credit strengths

» Large and diversified generation portfolio, with a growing focus on RES

» Lower-risk contracted RES to account for most of the cash flow

» Flexible capacity, such as gas-fired plants and batteries, complements volatile RES output

» Balanced financial policy and commitment to maintaining a strong investment-grade rating

Credit challenges

» Sizeable investment programme, which will strain leverage metrics

» High exposure to commodity prices

» Long-term decommissioning and mining provisions associated with legacy nuclear and thermal coal generation lead to extended periods of cash outflow, which is only partly matched by earnings from generation sales

Rating outlook

The stable rating outlook reflects our expectation that RWE will continue to transform its RES pipeline into earnings, allowing for its CFO pre-WC/net debt to remain at least in the high 20s in percentage terms. The stable outlook also anticipates that RWE will act to protect its credit metrics should this become necessary.

Factors that could lead to an upgrade

Given RWE's focus on growth expenditure and the company's expectation that leverage will increase after 2025, a rating upgrade is currently unlikely.

Factors that could lead to a downgrade

The Baa2 issuer rating could be downgraded should RWE persistently fail to maintain its CFO pre-WC/net debt at least in the high 20s in percentage terms. A return of high price volatility in the commodity markets could also strain the rating, should RWE's liquidity deteriorate sharply.

Key indicators

Exhibit 2

RWE AG (consolidated)

	2020	2021	2022	2023	2024	LTM Mar-25	Moody's 12-18 month forward view
CFO pre-WC / Net Debt	68.4%	35.2%	133.3%	108.2%	32.7%	34.6%	28% - 30%
CFO pre-WC / Debt	26.1%	12.2%	25.9%	36.4%	16.2%	18.7%	16% - 18%
RCF / Net Debt	58.6%	25.1%	114.5%	95.2%	36.3%	29.0%	24% - 26%
(CFO pre-WC + Interest Expense) / Interest Exp	6.7x	5.0x	6.6x	6.1x	3.6x	4.4x	3.4x - 4.6x

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
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The forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

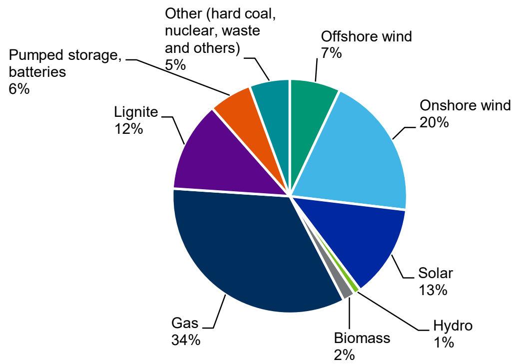
Profile

RWE AG, headquartered in Essen, is a holding company for a group that is mainly involved in power generation. With nearly 118 terawatt hours (TWh) of electricity output (2024 data), it is one of the largest generators in Europe.

As of 30 June 2025, the group operated around 46.8 gigawatts (GW) of generation capacity on a pro rata basis,[1] including 19.8 GW of RES (excluding pumped storage hydro), 15.8 GW of gas plants, 6.6 GW of coal and lignite-fired plants, and 2.8 GW of pumped storage hydro and batteries. Following the complete exit from nuclear generation in Germany in April 2023, RWE's residual nuclear capacity amounts to around 0.1 GW, representing its share in a Dutch nuclear plant.

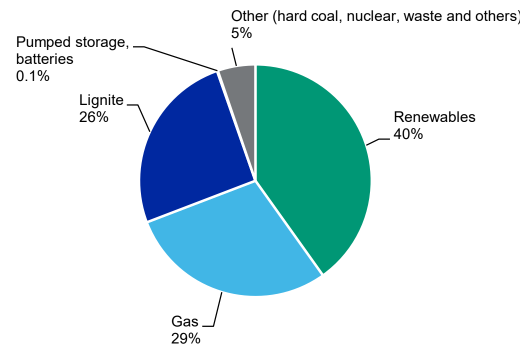
While RWE is pursuing investment opportunities worldwide, its current geographical footprint is focused on Germany (Aaa stable) with around 14.6 GW, the United Kingdom (Aa3 stable) with 10 GW and the United States (Aa1 stable) with 11.2 GW. The company's presence in the US is mainly due to the 2023 acquisition of Con Edison Clean Energy Businesses, Inc (CEB).

Exhibit 3
RWE has diversified installed capacity ...
Breakdown of installed capacity by fuel type (as of June 2025)



Total installed pro rata capacity of 46.8 GW.
Sources: Company filings and Moody's Ratings

Exhibit 4
... with most of its output being generated by RES
Breakdown of output by technologies/fuels (as of June 2025)



Total output of 119 TWh (accounting view) as of the 12 months that ended June 2025.
Sources: Company filings and Moody's Ratings

RWE is listed on the Frankfurt Stock Exchange. As of 22 August 2025, the company had a market capitalisation of around €26.4 billion.

Detailed credit considerations

Updated Strategy 2030 retains focus on build-out of RES, with significantly lower investment plans

At its November 2023 capital markets day (CMD), RWE presented an update of its strategy, with planned capex, defined as net cash investments, of €55 billion over 2024-30, and also announced target values for minimum installed capacity and EBITDA levels including the planned share of earnings from RES (for details, see last year's Credit Opinion). Against the backdrop of the change of government in the US in late 2024, with the incoming Trump Administration's scepticism towards RES and in particular offshore wind farms; slower-than-expected development of hydrogen markets in Europe; and a generally more challenging market environment, RWE updated its strategy to 2030, reducing planned capex to €35 billion over 2025-30:

» In November 2024, capex plans were reduced by €2 billion over 2025-26, partly offset by a €1.5 billion share buyback programme (see our Issuer Comment for details).

» At the presentation of its 2024 results in March 2025, RWE announced an additional reduction by €9 billion, somewhat offset by a higher-than-expected capex spend in 2024 (€10 billion instead of €9 billion).

» The reduction in capex will be driven by a more selective approach with stricter criteria; an increase in return targets (with the spread over weighted average cost of capital [WACC] range raised by 50 basis points [bp] to 150-350 bp from 100-300 bp, and average internal rate of return [IRR][2] increased to more than 8.5% from 8.0%); and a company-calculated leverage target (net debt/adjusted EBITDA) at the lower end of 3.0x-3.5x.

However, RWE did not provide an update on installed capacity and EBITDA targets for 2030, evidencing a more cautious view on growth opportunities in a less predictable operating environment, marked, among others, by uncertainty around energy and climate policies, and potential supply-chain disruptions from geopolitical or trade frictions.

The updated strategy supports our view that RWE is highly focused on its commitment to a strong investment-grade rating, maintaining a solid financial profile in the context of higher uncertainty in the business environment.

Offshore wind: Earnings growth from new projects coming online by 2029, underpinned by long-term contracted earnings

RWE's offshore capacity currently stands at 3.3 GW, and is concentrated in the UK (1.9 GW) and Germany (1.2 GW). In 2024, the segment contributed around €1.6 billion to group EBITDA, and RWE's guidance for 2027 indicates an increase to €2.05 billion-€2.55 billion, primarily driven by new wind farm capacity to be commissioned over the period, namely Sofia (UK), Thor (Denmark, Aaa stable) and North Sea Cluster A (Germany). In the six months to June 2025, segment EBITDA amounted to €643 million, down from €828 million in the year-earlier period due to weaker wind conditions and lower hedged prices. In view of lower maintenance and operational expenses and the start of power generation from Sofia's turbines, RWE confirmed its 2025 guidance range of €1.3 billion-€1.7 billion.

Offshore wind earnings growth will be largely driven by new capacity. If implemented as planned, projects commissioned through 2029 will add around 3.1 GW of net installed capacity, including Sofia (1.4 GW); Thor (0.6 GW); OranjeWind (Netherlands, Aaa stable; 0.4 GW); and North Sea Clusters A+B (Germany, 0.8 GW). The company's pipeline with secured rights and commissioning dates in 2030 and beyond comprises 17 projects, mainly in the UK (eight projects, around 7.5 GW)[3], Germany (two projects, 2 GW) and the US (three projects, around 5.6 GW seabed leases), which are unlikely to be pursued under the current US government.

While RWE's existing offshore capacity largely benefits from government-based support schemes such as Renewables Obligation Certificates in the UK or feed-in tariffs in Germany, upcoming projects (Sofia) are remunerated through auction-based contracts-for-difference (CfD); or are exposed to power price risk (merchant basis), which is mitigated through power-purchase agreements (PPA) with utilities or corporates (Thor, OranjeWind and North Sea Clusters), or hedging. Demand for RES-based PPAs from energy-intensive sectors and companies like Amazon.com, Inc. (A1 positive), Microsoft Corporation (Aaa stable) and Alphabet Inc. (Aa2 stable) grew significantly to around 52 GW in 2024 from around 20 GW in 2019, driven by the desire to decarbonise their footprint.

While offshore wind entails higher execution risk than other RES investments, RWE has set robust IRR hurdle rates of 7%-11% for new offshore projects and seeks to lock in the vast majority of costs on projects for which the final investment decision has been taken. In addition, the company reduces its exposure to single projects by selling down significant minority stakes, exemplified by its recent disposal in the Thor and North Sea Cluster projects, where RWE sold 49% to Norges Bank Investment Management, the asset manager of the pension fund of the Government of Norway (Aaa stable). Further sell-downs are planned for the Norfolk (50%) and Sofia (49%) projects. While these sell-downs serve to recycle capital, this comes at the expense of cash flow leakage.

RWE is well positioned to successfully balance risks and returns of its offshore wind business, underpinned by long-term earnings predictability through existing support schemes, CfDs or PPAs, all of which provide a high degree of insulation from wholesale power price volatility. The long-term contracted cash flow under supportive and well-established regulatory regimes benefits RWE's credit quality, although the company remains exposed to volume risk. In addition, and as the relevant projects become operational, increasing cash flow leakage as a result of sell-downs will mean that the company will have to demonstrate a stronger financial profile in order to maintain credit quality.

Onshore wind and solar: Steady capacity growth to drive higher earnings with a short time lag, subject to resource risk

As of 30 June 2025, RWE's installed capacity of onshore wind (9.3 GW) and solar (6.0 GW) amounted to 15.3 GW, located primarily in the US (10.4 GW), largely a result of the 2023 CEB acquisition, followed by Germany, the UK and Spain (Baa1 positive), with each having 700-800 megawatts (MW) of installed capacity.

In contrast to offshore wind, this segment is marked by a multitude of smaller projects, with battery storage frequently complementing the build-out of wind and solar. RWE's portfolio will thus continue to be geographically diversified, with relatively short lead times between project development and earnings, especially for solar. Based on capacity currently under construction (5 GW) and relatively short development periods post permit (12-24 months), we estimate EBITDA to increase to around €2.5 billion through 2027, from €1.5 billion in 2024. This estimate is at the lower end of RWE's 2027 guidance range of €2.5 billion-€3.0 billion, assuming similar load factors to current installations. For EBITDA in 2025, RWE has confirmed its guidance of €1.65 billion-€2.15 billion, which is supported by half-year earnings of €830 million (same period in 2024: €730 million), driven by capacity growth and higher prices in the US, somewhat offset by lower achieved prices in Europe resulting from lower hedged prices.

However, resource risk — the availability of wind and solar radiation — is higher than for offshore wind and can lead to significant output volatility year over year (see our Sector In-Depth report Resource risk brings earnings volatility to renewables from November

2023). An example of this is the weak wind conditions in Europe in H1 2025, with RWE expecting a return to normal levels in the second half.

Onshore wind and solar projects have less development risk than offshore wind while flexibility in project implementation allows RWE to fine-tune its capex programme and, potentially, mitigate cost and timing variations in larger offshore wind or flexible generation projects (see below). This relatively lower risk is reflected in an IRR target range of 6%-10%.

Earnings sources taken into consideration for offshore wind also apply to onshore wind and solar. For 2025-27, we estimate that well above 70% of EBITDA of the RES portfolio (including offshore wind) will be made up of supported or contracted (mainly CfD, PPA) earnings, which are not exposed to merchant power risk, with such merchant price risk being mitigated through hedging.

Flexible generation, batteries and hydrogen: EBITDA highly correlated with commodity price volatility, but medium-term capacity payments provide an earnings floor

This segment currently comprises 18.6 GW of installed capacity, mainly gas (15.8 GW), pumped hydro storage (1.6 GW) plus some biomass (0.8 GW) and other hydro plants (around 450 MW). RWE's battery capacity (1.2 GW) is partly included in the segment Onshore wind and Solar. The business model of this segment rests on the need to balance system supply and demand, a task that has become more difficult with the growing share of intermittent RES.

Segment EBITDA comes from three main sources:

» System services, where RWE receives capacity payments from the transmission system operators (TSO) in the UK and Germany in exchange for making flexible power plants available at short notice under short- to medium-term contracts awarded under capacity auctions

» Intraday and day-ahead optimisation, mainly resulting from short-term RES output volatility, when RWE earns margins from the short-term dispatch of its flexible generation fleet to balance the grid

» Running the asset fleet, whereby RWE profits from the widening of clean spreads in forward markets, partly locked in through hedges, as well as from volatility in commodity prices

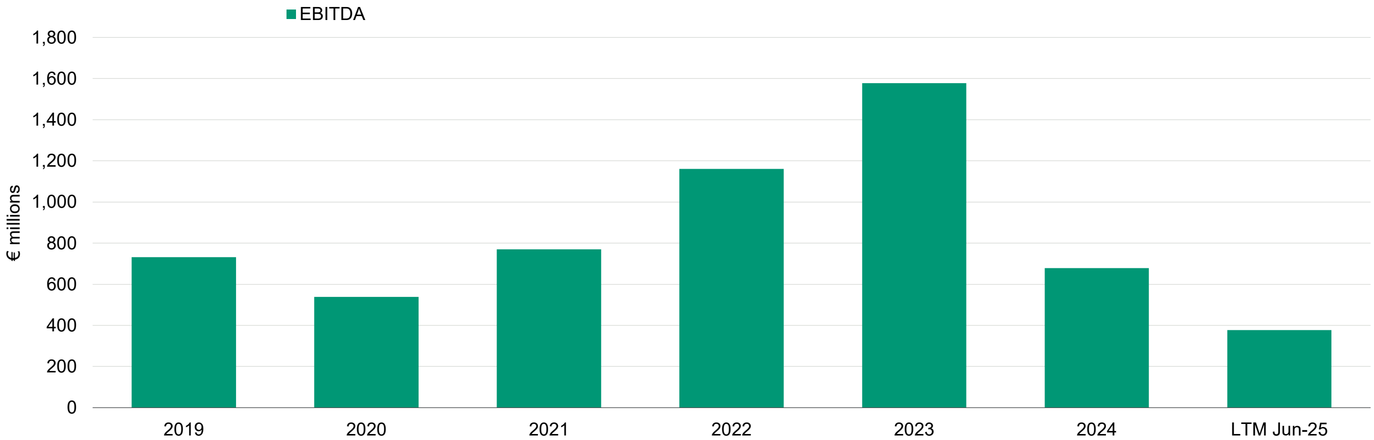
As price volatility has reduced since early 2024 and favourable hedges have run off, in 2024, RWE generated EBITDA of around €2 billion, down from the record €3.2 billion in this segment in 2023. For 2025, RWE has factored in a normalisation of prices and volatility, reflected in a guidance range of €1.0 billion-€1.4 billion, which the company expects to achieve, based on half-year earnings of about €600 million in H1 2025, down from €1 billion in H1 2024. Unless price volatility returns, we expect earnings over 2025-27 to not exceed €1.3 billion, supported by 2.7 GW of new battery capacity currently under construction.

Further opportunities could arise from the German government's plans to support the installation of gas-fired power plants , which are at least partly hydrogen-ready, through capacity payments to ensure controllable capacity as a complement to the country's ambitious RES expansion. Initial tenders are planned for the end of 2025, but the capacity mechanism is still under discussion.

Supply and trading: High earnings volatility, which may be accompanied by working capital swings

RWE has a significant trading business that focuses on proprietary trading, and on maximising earnings from its extensive and globally diversified positions, and understanding of the commodity and power markets. The company trades both physical and financial products in liquid markets. Trading activities account for most of this segment's gross margin, with the remainder generated by supply. On average, about 75% of the gross margin is likely to come from physical and financial trading, and the remaining 25% from management of gas supply and infrastructure products, and business-to-business operations for large industrial customers and municipalities.

Exhibit 5
Supply and trading earnings can be volatile
Adjusted EBITDA



Periods are financial year-end unless indicated. LTM = Last 12 months. EBITDA in 2022 includes a negative €748 million non-recurring effect from gas supplies in the context of the cessation of Russian gas pipeline imports.
Sources: Company filings and Moody's Ratings

By nature, supply and trading can be very volatile, thus RWE guides to earnings in a range of €100-€500 million per annum through 2027. The trading activities may increase the volatility of RWE's operating cash flow because of associated working capital swings.

Capex requirements for supply and trading as an "asset-light" business are typically low, and we expect annual gross capex over 2025-27 below the level of €188 million seen in 2024. These expenditures relate to RWE's 10% share in the liquefied natural gas (LNG) import terminal which is expected to be ready for operations from the end of 2026 and the company's role as a sponsor of an adjacent ammonia import facility in Brunsbuettel (Germany); and the hydrogen storage project Gronau-Epe.

Phaseout technologies coal/lignite and nuclear: Long-term cash outflow from mining provisions is partly funded from government subsidies

Since 2024, RWE's residual coal, lignite and nuclear capacities have been designated as "phaseout technologies", underlining the company's intention to exit the activities by 2030. In terms of nuclear energy, the company's remaining exposure is a 30% share in the Dutch plant EPZ (around 150 MW). The company's hard coal capacities amount to 2.1 GW, primarily from the Dutch plants Eemshaven A and B (together 1.3 GW), which are to be converted to biomass, and RWE's 40% stake (0.8 GW) in the German plant GKM (32% co-owner EnBW Energie Baden-Wuerttemberg AG, Baa1 stable), which is scheduled for phaseout by 2028.

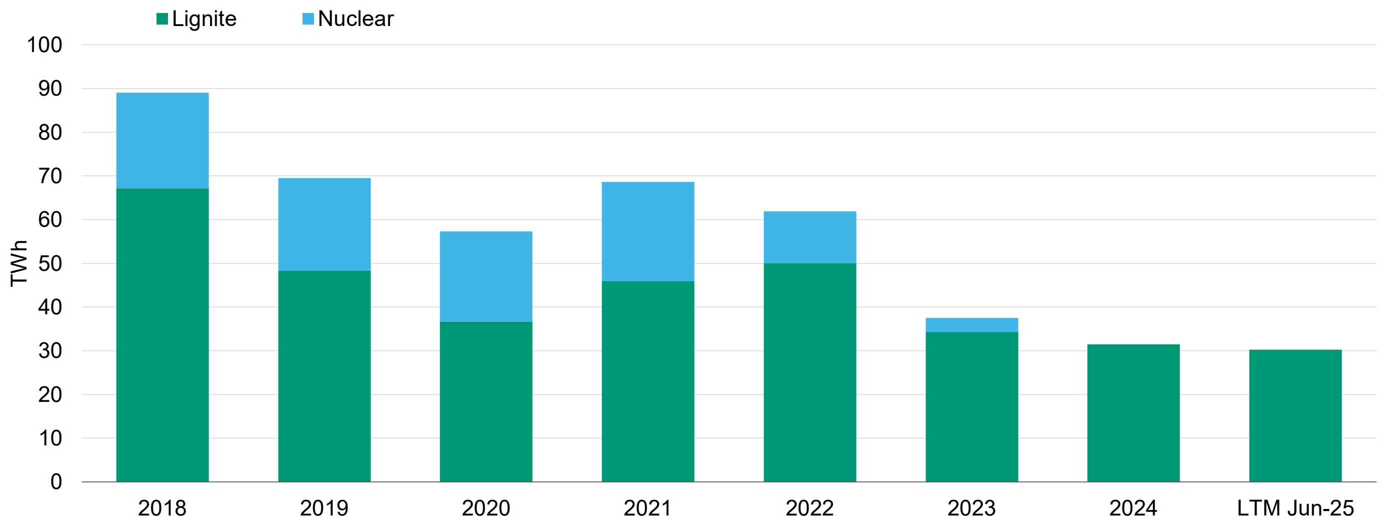
Lignite, with around 5.8 GW, accounts for the largest capacity share, and these units will be closed by March 2030, in accordance with a 2022 agreement between RWE and the German government. The agreement included €2.6 billion in compensation payments from the government to account for the accelerated exit (instead of a possible latest end date of 2038), which was approved under state aid rules by the EU Commission in December 2023. RWE has received around €1 billion as of 30 June 2025.

In light of this exit strategy, RWE announced its plan to operate lignite generation on a cash flow-neutral basis through 2030, implying that revenue will be used to cover fuel, carbon, other operating costs and capex, but excluding mine closure costs. The re-cultivation costs associated with the open-cast lignite mines in Germany are accounted for in mining provisions that amounted to around €6.3 billion as of year-end 2024.

Apart from compensation payments from the German government, RWE conceptually assigns its 15% stake in the German utility E.ON SE (Baa2 stable) as a cover to offset the mining obligations (market value of E.ON's shares held by RWE is around €6.1 billion as of 22 August 2025). However, in 2024, the company confirmed in its half-year earnings call that its shareholding in E.ON was not strategic.

Given RWE's growing earnings from supported and contracted RES operations, and the long-term horizon for cash outflow from mining provisions, we view a potential sale of E.ON shares as credit neutral. This assessment assumes that proceeds would predominantly be invested in expanding RWE's RES portfolio, which features largely contracted earnings. It is also important to note that E.ON generates around 75% of its EBITDA from regulated distribution networks in Germany and other European countries.

Exhibit 6
Lignite output has declined as electricity prices have come down and concerns about security of gas supply have receded
Output (in TWh)



Periods are financial year-end unless indicated. LTM = Last 12 months.
Sources: Company filings and Moody's Ratings

Leverage metrics will likely meet rating guidance despite large capex spending

For 2025, RWE confirmed at the half-year results presentation its full-year guidance for adjusted EBITDA of €4.55 billion-€5.15 billion (this does not include earnings from phaseout technologies), down from the €5.68 billion achieved in 2024. The decrease in expected earnings mainly reflects lower power spot prices; the run-off of hedges concluded in 2022 and 2023, when power prices reached record-highs as a consequence of Russia's invasion of Ukraine (Ca stable); and reduced price volatility in Europe since early 2024.

RWE hedges its baseload (outright) generation and the merchant tail of RES output, which has enabled it to lock in the high prices and lucrative spreads, defined as revenue less fuel and carbon costs, observed in 2022 and 2023, underpinned by the early hedging of its carbon exposure through 2030. However, the positive impact of these hedges on EBITDA will largely have run off through 2025.

Assuming power prices remain largely aligned to current forward prices through 2027, we estimate Moody's-adjusted CFO pre-W/C over this period to grow to well above €5 billion. The main driver of cash earnings will be the growth of RES capacity. Given that net cash investments per RWE's updated 2030 strategy amounts to around €6 billion per annum, and assuming annual dividends (including minority interests) of around €1.1 billion-€1.2 billion, the company is likely to consistently record negative free cash flow over the coming years.

Moody's-adjusted net debt is further driven by adjustments for nuclear decommissioning liabilities; and unfunded pension obligations (around €1.3 billion as of half-year 2025). As both items are recorded at their net present values, they are subject to some volatility depending mainly on the evolution of discount rates. As of 30 June 2025, nuclear provisions were around €4.8 billion, with an estimated annual cash outflow of €550 million-€650 million, as the plants are fully decommissioned. As these payouts are akin to the repayment of debt, we add these back to CFO pre-W/C to properly reflect RWE's debt capacity. While the development of net debt is also influenced by the cash inflows and outflows associated with margin and collateral payments, we do not include these in our CFO pre-W/C calculations, as they do not contribute to RWE's earnings.

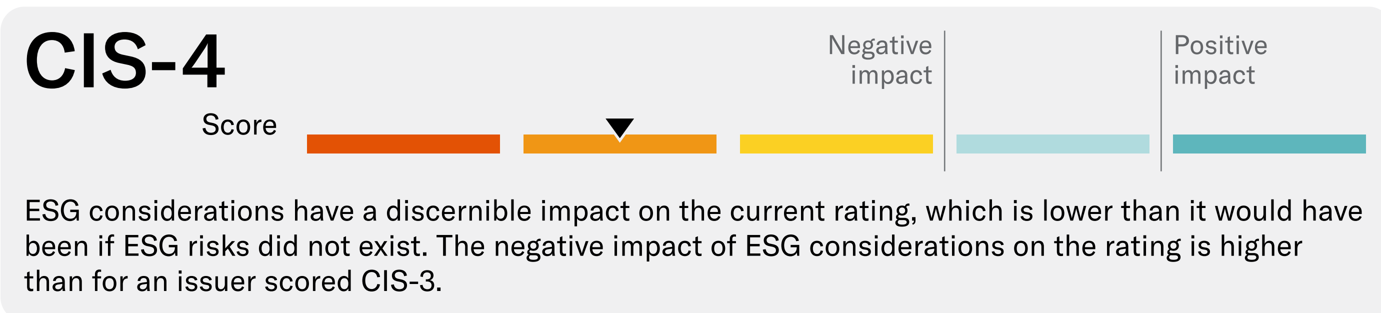
We expect RWE to meet our guidance levels of CFO pre-W/C /net debt in the high 20s in percentage terms through 2027 despite increasing debt to fund investment. While capex is sizeable, its distribution across multiple projects allows the company some flexibility to cancel or defer investments without suffering a significant drop in earnings. Furthermore, the company has intentionally guided to net cash investments rather than gross capex, as this opens the possibility to farm down or entirely sell assets. Finally, we continue to view positively the company's commitment to maintaining a solid investment-grade credit rating and its track record of a balanced financial policy, as exemplified by the issuance of around €2.4 billion of mandatory convertible bonds to preserve sound credit metrics while funding the CEB acquisition in 2023.

At its strategy update in March 2025, RWE revised its CMD announcement to tolerate net leverage, measured as RWE-adjusted net debt/EBITDA, of 3.5x after 2025. The company indicated that over 2025-27, it targets leverage towards the lower end of the 3.0x-3.5x range. The actual leverage for 2024 was 2.0x (12 months to June 2025: around 3.2x). In its calculation of net leverage, the company excludes liabilities related to its coal operations,[4] having set aside assets intended to cover these liabilities. These include RWE's stake in E.ON and the compensation claim against the German government. The leverage calculation also does not include EBITDA derived from its coal and nuclear operations.

ESG considerations

RWE AG's ESG credit impact score is CIS-4

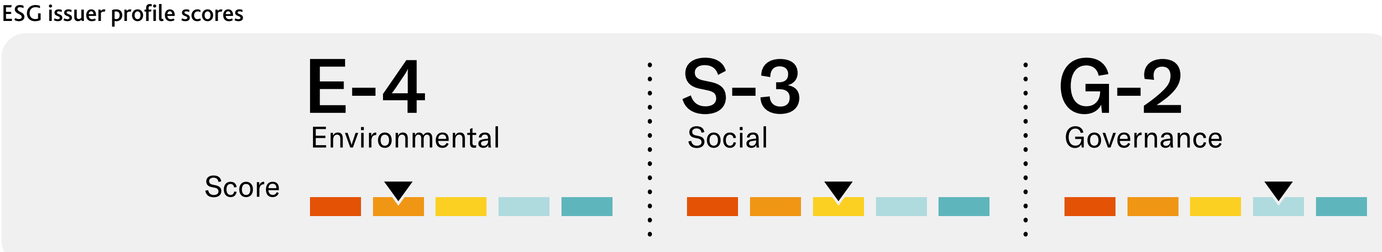
Exhibit 7
ESG credit impact score



Source: Moody's Ratings

RWE is **CIS-4**, indicating that its ESG attributes are overall considered to have a negative impact on the current rating. The scoring reflects a high degree of environmental risks, moderately negative social risks and neutral to low governance risks.

Exhibit 8
ESG issuer profile scores



Source: Moody's Ratings

Environmental

RWE is **E-4**, reflecting its reflects its still high carbon transition risk associated with the company's exposure to coal fired generation in Germany though the company has announced its intention to fully phase out coal capacity through 2030. RWE no longer has any obligations with regards to interim and final storage of its nuclear waste, but is responsible for nuclear decommissioning which is in progress. The profile score also captures the substantial investment programme that RWE is currently undertaking in renewables in order to replace its nuclear and coal fired generation. Given some exposure of the power plants and their grid connections to weather-related incidents, the company is also somewhat exposed to physical climate risk. We view risks associated with water management and natural capital as low.

Social

RWE is **S-3**, reflecting the risk that demographics and societal trends could include public concerns over energy affordability, which may lead to clawbacks of generators' profits as observed during the energy crisis in 2022. We view risks associated with customer relations, responsible production, human capital and health & safety as low, noting that RWE still has mining operations associated to its lignite operations.

Governance

RWE is **G-2**, reflecting the company's sound financial policy with a leverage (net debt/EBITDA) target at the lower end of the 3x-3.5x range over 2025-27. RWE has also confirmed its target to retain a strong investment grade rating, underpinned by a balanced approach regarding interests of creditors and shareholders. The company has also built a track record of regular and cautious earnings guidance.

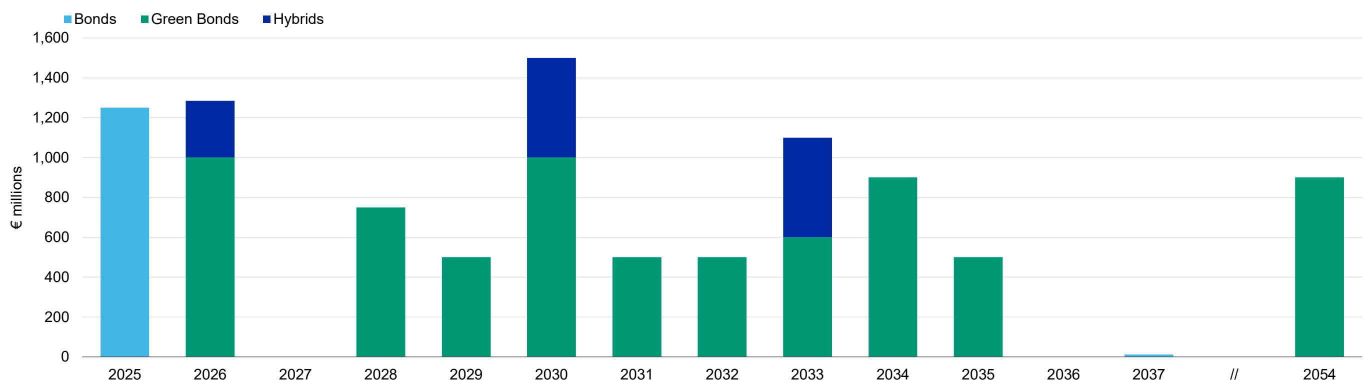
ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

As of 30 June 2025, RWE had around €3.4 billion of cash and €6.3 billion of marketable securities, complemented by €10 billion of undrawn, syndicated and freely available committed credit lines, of which €5 billion will mature in May 2028 and the rest in May 2030, each with extension options (+1+1-year structure) that can be exercised by the company. Together with expected operating earnings (EBITDA) of around €5 billion, the company is comfortably positioned to cover net capex, dividends, a €1.25 billion senior bond maturity in August 2025, a €1 billion green bond maturing in May 2026 and a hybrid bond of around $320 million whose call date is in March 2026.

Exhibit 9

Debt maturity profile as of 30 June 2025



Periods are financial year-end unless indicated.
Sources: Company filings and Moody's Ratings

While commodity prices and electricity prices have come down substantially from the peak observed in the summer of 2022, RWE's cash flow and liquidity will be sensitive to the future evolution of margin calls. In addition to potentially causing temporary pressure on liquidity, the evolution of margin calls and collaterals will ultimately also affect RWE's net debt level and Moody's-adjusted credit metrics.

Structural considerations

RWE's capital structure includes a mix of bank debt and hybrid securities. As of 30 June 2025, RWE had three outstanding hybrids with a total carrying amount of €1,268 million. One bond can be called in March 2026 at the earliest and is rated at Ba1, two notches below RWE's senior unsecured rating, reflecting its junior subordinated nature, whereas the other two outstanding hybrids (each €500 million) are rated at Baa3, given their seniority to the junior subordinated hybrid. All hybrids receive a 50% equity credit for financial leverage calculations.

RWE generally funds any debt requirements centrally at the holding level of RWE AG or, since 2024, through its fully guaranteed financing vehicle RWE Finance US, LLC, which will likely be the main source of dollar funding for RWE's growing US RES portfolio.

However, the acquisition of CEB came with some $2 billion of project finance debt to be assumed by RWE. We understand that scheduled repayments will reduce the balance to around $1 billion through 2028. RWE also has project finance debt of around £1.1 billion in place at its Triton Knoll wind farm, which will be amortised through 2036. Together, debt from CEB and Triton Knoll accounts for around 15%-20% of RWE's gross financial debt. Future debt maturities, unless fully repaid, will be refinanced at the level of RWE AG.

Consequently, we deem the structural subordination in the company's capital structure manageable and do not apply notching at this time but note that there is currently limited capacity for incremental amounts of priority debt.

Methodology and scorecard

RWE is assessed in accordance with our Unregulated Utilities and Unregulated Power Companies rating methodology. The score is based on the unregulated power companies grid, which is part of the same rating methodology.

Exhibit 10
Rating factors
RWE (consolidated)

Unregulated Utilities and Unregulated Power Companies Industry	Current LTM 3/31/2025		Moody's 12-18 Month Forward View As of Aug 2025	
Factor 1 : Scale (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Scale (USD Billion)	Aa	Aa	Aa	Aa
Factor 2 : Business Profile (35%)				
a) Market Diversification	A	A	Aa	Aa
b) Hedging and Integration Impact on Cash Flow Predictability	A	A	A	A
c) Market Framework & Positioning	Ba	Ba	Ba	Ba
d) Capital Requirements and Operational Performance	B	B	B	B
Factor 3 : Financial Policy (15%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Factor 4 : Leverage and Coverage (40%)				
a) (CFO Pre-W/C + Interest) / Interest (3 Year Avg)	4.5x	Baa	3.4x - 4.6x	Ba
b) (CFO Pre-W/C) / Debt (3 Year Avg)	19.4%	Ba	16% - 18%	Ba
c) RCF / Debt (3 Year Avg)	17.0%	Baa	14% - 16%	Baa
Rating:				
a) Scorecard-Indicated Outcome		Baa2		Baa2
b) Actual Rating Assigned				Baa2

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
LTM = Last 12 months.
The forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 11

Peer comparison

RWE AG (consolidated)

	RWE AG			ENEL S.p.A.			Fortum Oyj			Orsted A/S		
	Baa2 Stable			Baa1 Stable			Baa1 Stable			Baa2 Stable		
(in $ millions)	FY Dec-23	FY Dec-24	LTM Mar-25	FY Dec-22	FY Dec-23	FY Dec-24	FY Dec-23	FY Dec-24	LTM Mar-25	FY Dec-23	FY Dec-24	LTM Jun-25
Revenue	30,842	26,210	25,762	142,969	100,442	79,975	7,257	6,276	5,827	11,651	10,391	10,983
EBITDA	8,244	8,971	8,143	18,079	20,107	22,650	2,392	1,991	1,808	1,098	4,339	4,141
Total Assets	117,659	101,710	103,827	237,108	217,456	194,901	21,967	19,104	20,331	41,593	41,348	44,586
Total Debt	24,341	24,838	28,080	102,649	90,848	80,344	7,824	6,203	6,286	14,892	15,320	16,398
Net Debt	8,167	12,473	18,856	90,866	83,335	72,007	3,203	1,920	1,622	9,015	10,702	12,509
FFO / Debt	36.4%	22.5%	23.2%	12.2%	18.8%	18.5%	22.7%	21.0%	21.9%	1.4%	15.5%	14.4%
RCF / Debt	32.0%	18.2%	19.4%	7.0%	12.4%	11.8%	11.1%	3.7%	4.2%	-4.9%	14.9%	12.8%
(FFO + Interest Expense) / Interest Expense	6.1x	4.6x	5.2x	5.3x	5.2x	4.9x	6.5x	6.3x	6.9x	1.3x	4.3x	3.3x
Debt / Book Capitalization	36.2%	39.6%	40.0%	65.9%	62.2%	59.2%	44.3%	38.6%	36.6%	58.5%	56.6%	54.5%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 12

Overview on select historical Moody's-adjusted financial data

RWE AG (consolidated)

(in € millions)	2020	2021	2022	2023	2024	LTM Mar-25
INCOME STATEMENT						
Revenue	13,688	24,571	38,415	28,521	24,224	23,992
EBITDA	4,605	3,599	5,736	7,624	8,291	7,583
EBIT	3,183	2,180	4,106	5,723	6,416	5,703
Interest Expense	670	642	1,166	1,562	1,497	1,442
Net income	1,899	736	4,221	1,629	4,180	3,609
BALANCE SHEET						
Net Property Plant and Equipment	17,841	19,904	23,703	28,808	38,241	40,647
Total Assets	61,578	142,226	138,502	106,512	98,223	96,118
Total Debt	14,529	21,239	25,392	22,035	23,987	25,996
Cash & Cash Equivalents	8,993	13,865	20,456	14,641	11,941	8,540
Net Debt	5,536	7,374	4,936	7,394	12,046	17,456
Total Liabilities	44,437	126,748	110,669	74,196	66,527	62,365
CASH FLOW						
Funds from Operations (FFO)	3,785	2,598	6,581	8,013	5,392	6,038
Cash Flow From Operations (CFO)	4,134	6,439	2,705	4,675	6,921	7,021
Dividends	541	744	928	957	1,021	982
Retained Cash Flow (RCF)	3,244	1,854	5,653	7,056	4,371	5,056
Capital Expenditures	(2,224)	(3,609)	(3,257)	(5,146)	(9,160)	(10,300)
Free Cash Flow (FCF)	1,369	2,086	(1,480)	(1,428)	(3,260)	(4,262)
INTEREST COVERAGE						
(FFO + Interest Expense) / Interest Expense	6.7x	5.0x	6.6x	6.1x	4.6x	5.2x
LEVERAGE						
FFO / Debt	26.1%	12.2%	25.9%	36.4%	22.5%	23.2%
RCF / Debt	22.3%	8.7%	22.3%	32.0%	18.2%	19.4%
Debt / EBITDA	3.2x	5.9x	4.4x	2.9x	2.9x	3.4x
Net Debt / EBITDA	1.2x	2.0x	0.9x	1.0x	1.5x	2.3x

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Ratings

Exhibit 13

Category	Moody's Rating
RWE AG	
Outlook	Stable
Issuer Rating -Dom Curr	Baa2
Senior Unsecured -Dom Curr	Baa2
Subordinate -Dom Curr	Baa3
Junior Subordinate	Ba1
Commercial Paper	P-2
Other Short Term -Dom Curr	(P)P-2
RWE FINANCE US, LLC	
Outlook	Stable
Bkd Senior Unsecured	Baa2

Source: Moody's Ratings

Endnotes

1 Capacity values stated in this report are always pro rata with RWE's ownership in the plants, unless explicitly stated otherwise.

2 IRR is post-tax, unlevered and nominal.

3 These projects are eligible for participation in the current Auction Round 7 (AR7), whose application window ends on 27 August. While RWE has not disclosed whether or not it will participate in AR7, in its half-year presentation, it expressed positive views on the improved framework. We thus expect at least part of the eligible capacity to go on bid in AR7.

4 Our calculation of adjusted net debt already excludes mining provisions, and we do not include provisions related to the dismantling of wind farms.

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