MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms RWE's Baa2 rating; outlook stable

20 Aug 2026

Frankfurt am Main, August 20, 2026 -- Moody's Ratings (Moody's) has today affirmed the Baa2 long-term issuer and senior unsecured ratings of RWE AG (RWE) and the Baa2 backed senior unsecured ratings of its fully guaranteed subsidiaries, RWE Finance US, LLC and RWE Finance Europe B.V. Concurrently, we have affirmed the (P)Baa2 and (P)P-2 long term senior unsecured MTN program and other short term ratings of RWE; the (P)Baa2 long term backed senior unsecured MTN program rating of RWE Finance Europe B.V.; the Baa3 subordinated debt ratings of RWE; and its Prime-2 commercial paper ratings. The outlooks for all issuers remain stable.

RATINGS RATIONALE

Affirmation of the Baa2 rating and the stable outlook reflect our view that RWE will maintain a credit profile commensurate with the rating category notwithstanding a substantial planned capital expenditure programme over 2026 to 2031. RWE's strategy includes up to €42 billion of net cash investments (NCI) over the period but the group retains some flexibility around final investment decisions and has options to limit the cash impact through partnerships and divestments. Given the company's track record of a prudent financial policy and its commitment to maintaining a solid investment-grade rating, we anticipate that RWE will seek to protect its credit profile.

RWE's business risk profile benefits from a high share of contracted and supported earnings, predominantly from its Offshore Wind and Onshore Wind/Solar segments (both core), but also through capacity and system services income in Flexible Generation, another core division. Contracted or supported earnings from renewables generation reached more than 63% of total (company-defined) adjusted EBITDA in 2025, compared to about 50% in 2021 (excluding Phaseout Technologies). Additional earnings stability comes from system services and capacity payment income within the Flexible Generation segment which in 2025 accounted for around 28% of EBITDA. At the same time, the contribution from the more volatile Supply & Trading segment declined to around 7% from more than 20%. Modest but growing earnings from the 55% pro-rata share in electricity transmission operator Amprion GmbH (Baa2 stable) are a further positive.

RWE's carbon-intensive coal generation activities have been designated as non-core and are housed in the Phaseout Technologies division, and are managed down with the aim to be cash neutral over 2024-30, rather than contributing to group EBITDA.

The credit-positive business mix evolution is partly offset by RWE's increasing use of partnerships with sizable stakes for minority shareholders, including the offshore wind farm projects Triton Knoll, Thor, North Sea Cluster A and B and Awel y Mor, where RWE owns a majority of 51-60%. Partnerships reduce the need for additional borrowing and support diversification but at the expense of cash leakage to the minorities, notwithstanding RWE's control over these subsidiaries' strategic and financial policies.

We expect the share of cash earnings going to minorities to gradually increase over the coming years as existing projects are (fully) commissioned. RWE's earnings profile is also flattered by off-balance sheet debt sitting in at-equity consolidated holdings in Amprion GmbH and 50/50 joint ventures such as the Norfolk Vanguard and OranjeWind offshore projects.

Reflecting the evolution in RWE's business risk and capital structure, we have adjusted the guidance for the current rating, expressed as funds from operations (FFO) to net debt to 25% from the "high twenties in percentage terms".

RWE's rating is underpinned by its scale and the diversification of its power generation portfolio; the growing share of contracted and, to a lesser extent, regulated earnings; and its solid financial metrics, underpinned by a balanced financial policy and robust operating performance.

The company's rating is constrained by the large capital investment programme, which we expect to exert pressure on the company's financial profile, given the lead time for investments and some time lag before cash is returned; its abiding exposure to commodity prices, though somewhat mitigated by hedging; and resource risk associated with renewables output.

The Baa3 long-term rating on the hybrid securities, which is one notch below the senior unsecured rating of Baa2 for RWE, reflects the features of the hybrids that receive basket 'M' treatment, i.e. 50% equity or "hybrid equity credit" and 50% debt for financial leverage purposes under our Hybrid Equity Credit methodology.

ESG CONSIDERATIONS

Environmental considerations are mainly driven by RWE's exposure to carbon transition risk, in particular from its coal and lignite plants and its lignite mines. Given the steady decline of coal capacity in the company's generation portfolio; the clear exit path from lignite generation by March 2030, underpinned by agreements with the German and the North-Rhine Westfalia governments; and the strong mitigation of credit risk as the earnings contribution from these plants has ceased to be material; and approved state subsidies partly offset cash outflows for mining recultivation, we have changed both, RWE's carbon transition score and Environmental Issuer Profile Score (IPS), to 3 from 4.

Governance considerations are mainly driven by the company's increasing organizational complexity through the use of partnership and joint venture structures, reflected in a change of the relevant sub-score to 3 from 2. Nonetheless, this is compensated by RWE's balanced financial policy, its good management track record and transparent and frequent reporting, leading us to maintain RWE's Governance Issuer Profile Score (IPS) of G-2. We have also changed RWE's Credit Impact Score (CIS) to CIS-3 from CIS-4, reflecting the lower credit effect of ESG considerations, in particular from carbon exposure, on its rating.

RATIONALE FOR STABLE OUTLOOK

The stable outlook reflects our expectation that RWE will be able to maintain key financial metrics in line with our guidance for the rating, namely funds from operations (FFO)/net debt at a level of least at 25%. Moreover, the stable outlook incorporates our expectation that RWE will act to protect its credit metrics should this become necessary.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Given RWE's focus on growth expenditure with an associated increase of debt, a rating upgrade is not currently anticipated.

The Baa2 issuer rating could be downgraded should RWE's FFO/net debt metric persistently fall below 25%, absent a commensurate improvement of its business risk profile.

The guidance for RWE's rating may be tightened if the level of 1) minority interests in the company's capital structure; or 2) debt with a priority claim on cash flows at the company's wind offshore joint ventures or at Amprion GmbH; 3) or both; increase materially beyond what is currently anticipated.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Unregulated Utilities and Power Companies published in August 2025 and available at https://ratings.moodys.com/rmc-documents/449372. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

Headquartered in Essen, Germany, RWE AG is one of the largest European power generators and a leading renewables company in the US, with a global installed capacity of nearly 50 gigawatts and a reported company-adjusted EBITDA of around EUR5.9 billion in the twelve months to June 2026.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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