INTERIM STATEMENT ON THE
FIRST QUARTER OF 2017

- Good start to fiscal 2017
- Adjusted EBITDA on track at €2.1 billion in first quarter
- Strong improvement in the financial result
- Outlook for 2017 confirmed

AT A GLANCE

RWE Group – key figures		Jan – Mar 2017	Jan – Mar 2016[1]	+/– %	Jan – Dec 2016
Power generation	billion kWh	57.8	57.4	0.7	216.1
External electricity sales volume	billion kWh	70.0	70.1	–0.1	264.6
External gas sales volume	billion kWh	95.5	97.1	–1.6	265.1
External revenue	€ million	13,294	13,657	–2.7	45,833
Adjusted EBITDA	€ million	2,131	2,278	–6.5	5,403
Adjusted EBIT	€ million	1,623	1,712	–5.2	3,082
Income before taxes	€ million	1,674	1,151	45.4	–5,807
Net income	€ million	946	860	10.0	–5,710
Adjusted net income	€ million	689	838	–17.8	777
Earnings per share	€	1.54	1.40	10.0	–9.29
Adjusted net income per share	€	1.12	1.36	–17.6	1.26
Cash flows from operating activities	€ million	–1,133	–2,000	43.4	2,352
Capital expenditure	€ million	391	373	4.8	2,382
Property, plant and equipment and intangible assets	€ million	282	326	–13.5	2,027
Financial assets	€ million	109	47	131.9	355
Free cash flow	€ million	–1,415	–2,291	38.2	325
		31 Mar 2017	31 Dec 2016		
Net debt	€ million	23,717	22,709	4.4	
Workforce[2]		59,122	58,652	0.8	

1 Some figures adjusted; see commentary on page 2.
2 Converted to full-time positions.

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INTRODUCTORY COMMENTARY ON REPORTING

New segment structure from 1 January 2017

Our financial reporting for 2017 is based on a new segment structure, as 'Conventional Power Generation' has been divided into the segments 'Lignite & Nuclear' and 'European Power'. To ensure the comparability of the 2017 figures to those of the previous year, we have restated the latter in the new structure. Furthermore, we will now refer to the former segment 'Trading/Gas Midstream' as 'Supply & Trading', although this is only a name change and has no impact on the activities of the segment.

As a result of the above adjustments, the Group is structured into the following four segments:

- Lignite & Nuclear: This division covers electricity generation in Germany using lignite and nuclear power, the profitability of which is dependent on the development of wholesale electricity prices. The segment also includes lignite production in the Rhineland, as well as the Hungarian company Mátra, which produces lignite and generates electricity from lignite. RWE has a 50.9 % stake in Mátra. These activities are overseen by RWE Power. This segment also includes our investments in the Dutch nuclear power plant operator EPZ (30 %) and the German company URANIT (50 %), which holds a 33 % stake in Urenco, a uranium enrichment specialist.

- European Power: This is where we report on our electricity generation using gas, hard coal, and biomass in the core markets of Germany, the UK and the Netherlands/Belgium. The segment also includes the 787 MW gas-fired power plant in the western Turkish city of Denizli, in which we hold a 70 % stake, and RWE Technology International, which engages in project management and engineering services. These activities are steered by RWE Generation. This segment also includes some hydroelectric plants in Germany and Luxembourg.

- Supply & Trading: This segment covers the activities of RWE Supply & Trading, which is responsible for trading energy commodities as well as the gas midstream business. It also supplies some large industrial and corporate customers in Germany and neighbouring countries with electricity and gas. RWE Supply & Trading is also responsible for marketing RWE's power generation and the short-term optimisation of power plant dispatch, with the related earnings being reported in the segments 'Lignite & Nuclear' and 'European Power'.

- innogy: This segment bundles the business activities in renewables, grids and retail. It is headed by our subsidiary innogy SE, which was founded on 1 April 2016 and listed on the stock exchange on 7 October 2016. RWE AG has a stake of 76.8 % in the company, and manages it as a financial investment. innogy is a leading European producer of electricity from renewables, in particular wind and hydroelectric power, focusing on Germany, the United Kingdom, Spain, the Netherlands and Poland. The second main area of innogy's business is the operation of distribution networks in Germany (electricity and gas), the Czech Republic (gas), and Slovakia, Hungary and Poland (all three electricity). The supply of electricity, gas and energy solutions forms the third pillar of innogy's business. Here the most important markets are Germany, the Netherlands, Belgium, the United Kingdom, the Czech Republic, Slovakia, Hungary, Poland and a few other Central Eastern European countries. innogy also owns majority stakes in a number of regional utilities in Germany. Moreover, the company has numerous minority interests in utility companies, such as German municipal utilities and the Austrian utility KELAG.

Some companies with cross-segment responsibilities, such as the Group parent company RWE AG, are reported in 'Other/Consolidation'. This segment also includes our 25.1 % interest in the German electricity transmission system operator Amprion.

Terminological changes

In July 2016, the guidelines of the European Securities and Markets Authority (ESMA) on the application of alternative performance measures came into force. One goal of these guidelines is to ensure that the basic principles of transparency and comparability are followed when indicators which are not defined in binding terms in accounting standards are used. Amongst other things, they call for the use of unambiguous terms. Against this backdrop, we have changed the term EBITDA to 'adjusted EBITDA' and the term operating result to 'adjusted EBIT'. By doing so, we highlight that important components which are reported in the non-operating result, have been removed from these indicators. There is no change in content associated with the use of the new terms.

Earnings figures for the first quarter of 2016 adjusted retrospectively

In this interim statement, some of the earnings figures for the first quarter of 2016 deviate from the previously reported figures. The background is as follows: in early July 2015 RWE obtained control over WestEnergie GmbH, which had previously been accounted for using the equity method (now NEW Netz GmbH and NEW Niederrhein Energie und Wasser GmbH). A revaluation of the assets and liabilities transferred, which was conducted as of 31 March 2016 was updated at the end of June 2016. As a result, the figures for the first quarter of 2016 were adjusted retrospectively. The correction led to a decline of €34 million in the adjusted EBITDA of the RWE Group.

MAJOR EVENTS

During the reporting period

innogy becomes new guarantor and debtor of RWE's senior bonds

At the end of February 2017, we successfully completed the legal transfer of our debt from senior bonds to innogy. This transaction had been initiated immediately after the IPO of our subsidiary. As a result, innogy has replaced RWE AG as the guarantor for the public senior bonds and as the debtor for the privately placed bonds. This involved 18 bonds issued in various currencies with a total volume equivalent to €11 billion, making this debt transfer the largest of its kind ever performed by a company in Europe. It was preceded by a vote of the bondholders, as provided for in such cases by the German Act on Debt Securities. Two senior bonds to which the Act could not be applied were transferred by a bond swap in December 2016. In one case, involving a bond with a volume of €500 million maturing in 2037, a small residual amount remained with RWE AG. With completion of the change in the debtor, the corresponding intra-group loans were cancelled or reduced. Further information can be found on page 52 et seq. of the 2016 Annual Report.

innogy acquires German solar power and battery specialist Belectric Solar & Battery

In early January 2017, innogy acquired Belectric Solar & Battery Holding GmbH for a (preliminary) purchase price of €74 million. With this acquisition, our subsidary has become an international supplier of ground-mounted solar collectors and storage batteries. Belectric Solar & Battery currently has around 550 employees and is headquartered in the Bavarian town of Kolitzheim. Since its inception in 2001, the company has built more than 280 ground-mounted and roof-mounted solar collectors with a total net installed capacity of over 1.5 GW. Furthermore, the company operates and maintains solar plants with a total capacity of more than 1.0 GW and develops turnkey, large-scale battery storage solutions.

Fourth capacity auction in the United Kingdom: all RWE plants qualified

At the latest auction for the UK capacity market held from 31 January to 3 February 2017, all of the participating RWE plants with secured capacity of 7.9 GW qualified for capacity payments for the period from 1 October 2017 to 30 September 2018. Providers with a total generation capacity of 59.3 GW participated in the auction; plants with capacity of 54.4 GW were successful. However, at £6.95 per kilowatt the amount of the payment is much lower than the level achieved at previous auctions. Since 2014, an annual capacity auction has taken place in the United Kingdom, at which bids are invited for a certain amount of generation capacity. Participants submit a bid in the form of the minimum payment they require to guarantee the availability of their plant. Through the auction process the amount of the capacity payment is determined at which the capacity offered corresponds to the amount of capacity required. The payment amount is awarded to all bidders which submitted bids below or equal to the auction clearing price. Participation at the auctions is voluntary and open to all technologies. However, plants which already receive other forms of subsidies are not eligible to take part. Before 2017 three capacity auctions had been held: the first one in December 2014 related to the period October 2018 to September 2019, while the following auctions covered the subsequent two 12-month periods. As market conditions for UK hard coal-fired power stations had deteriorated in the meantime and the government wanted to avoid supply shortfalls due to the early decommissioning of plants, in 2016 it decided to bring the start of the capacity market forward by one year. Consequently, a fourth auction was held in early 2017.

RWE calls hybrid bond with a volume of CHF 250 million

In mid-February 2017, we announced that we would redeem our CHF 250 million hybrid bond as of 4 April 2017. In doing so, RWE exercised its right to call the hybrid bond on the first call date. The bond was issued in November 2011 with a coupon of 5.25% and a theoretical tenor of slightly more than 60 years. Shortly after our announcement, the rating agency Standard & Poor's notified us that it would be completely withdrawing the so-called equity credit for all of our outstanding hybrid bonds, meaning they would no longer recognise one half of the liabilities from these bonds as equity. Although this means that – in Standard & Poor's opinion – we have a higher debt level, the agency left the rating of RWE's senior bonds at BBB- and the rating outlook at 'stable', citing amongst other things the positive effect of the innogy IPO on our financial position.

EU Parliament and Environment Council present proposals for emissions trading reform

In February 2017, the European Parliament and the EU Environment Council presented their ideas about the future design of the European emissions trading system (ETS). The main focus was on aligning the ETS with the European targets for reducing greenhouse gas emissions by 2030. The starting point for this was a draft directive issued on this subject in mid-2015 by the EU Commission. The Council and the Parliament support the Commission's proposal for an annual reduction of 2.2% in the total amount of CO_2 allowances issued during the fourth emissions trading period running from 2021 to 2030. The reduction factor is currently 1.74%. At the same time, however, they wish to reduce the existing surplus of allowances on the market more quickly than envisaged in the draft directive. Compared to the draft, this will be achieved by annually transferring twice as many surplus allowances as previously planned into the 'market stability reserve'. The reserve was created by the EU in 2015 and will be used from 2019 to allow for more flexible management of the supply of emissions allowances (see 2015 Annual Report, page 33). Furthermore, the Council and Parliament support cancelling allowances from the reserve, even though this did not form part of the draft directive. In relation to the allotment of free emissions certificates to energy-intensive enterprises, they want to take a more generous approach than proposed by the Commission, in order to limit cost disadvantages for industrial companies versus competitors from non-EU countries. While there is broad agreement on the general approach, the Parliament and the Council have differing positions on some details. A joint position will now be reached in negotiations, which will also include the Commission. Experts anticipate that an agreement will be reached by mid-2017, meaning the legislative process could be completed by the end of the year.

After the reporting period

RWE suspends dividend for common shares and pays €0.13 per preferred share

RWE AG's Annual General Meeting, held on 27 April 2017, approved the dividend proposal of the Executive Board and the Supervisory Board for fiscal 2016 by a large majority. Accordingly, the payment of a dividend for holders of common shares was suspended, while holders of preferred shares received the preferred share of profit of €0.13 per share as stipulated by the Articles of Incorporation. The distribution amounted to €5 million for the total number of 39,000,000 preferred shares. The resolution on the appropriation of disposable profit reflects the significant financial burdens resulting from the transfer to the new public nuclear energy fund in mid-2017 (see 2016 Annual Report, page 34). We do, however, intend to once again begin paying dividends to holders of common shares next year. For fiscal 2017, we are targeting a dividend of €0.50 per common and preferred share. The goal is to maintain at least this level in subsequent years as well.

innogy pays dividend of €1.60 per share

innogy SE's Annual General Meeting, held on 24 April 2017, approved the payment of a dividend of €1.60 per share for fiscal 2016. Taking as a basis the adjusted net income earned by innogy in fiscal 2016, this represents a payout ratio of 79%. RWE AG holds 426,624,685 innogy shares and received €683 million.

Fitch confirms BBB rating for RWE and raises outlook to 'stable'

The rating agency Fitch updated its credit rating for RWE in early April. It confirmed the BBB rating for senior bonds and raised the outlook from 'negative' to 'stable'. As a result, Fitch continues to rate us one notch better than Moody's and Standard & Poor's. While the latter two agencies analyse the RWE Group as a whole, the analysis by Fitch refers to RWE 'stand-alone', i. e. the operations remaining at RWE AG, plus innogy's dividend payment.

European Union tightens threshold values for emissions of airborne pollutants

At the end of April, the EU Member States agreed on new regulations limiting emissions of airborne pollutants by power plants. For the most part, these European requirements, which will have to be fulfilled by existing power stations from 2021, are reasonable and implementable. With regard to nitrogen oxides and mercury, however, they exceed what is currently technically feasible. The European regulations will formally enter into force in the summer, after which they will be transposed into national law. In Germany, this will occur with an amendment of the 13th Federal Emissions Control Ordinance. The EU guidelines allow national governments leeway in setting their own thresholds. We hope that in addition to technical and economic feasibility German policymakers will also take into consideration the need for a secure supply of electricity. Only after the Ordinance is amended will we be able to assess the consequences for our portfolio. It is possible that we will be required to undertake significant retrofitting or shut down some plants early.

BUSINESS PERFORMANCE

External revenue down 3 % year on year

During the first quarter of 2017, the RWE Group generated €13,294 million in external revenue. This figure includes taxes on natural gas and electricity. Compared to the same period of the previous year, our revenue declined by 3 %. The main cause of this was customer losses at innogy's UK and Dutch retail business. Furthermore, there was a decline in revenue from selling on electricity which operators of renewable plants feed into innogy's German distribution network. The reason for this was that producers are increasingly marketing their green power directly to supply companies or using it themselves. Another factor behind the decline in revenue was that sterling depreciated versus the euro, weakening from €1.28 to €1.17 on average, resulting in lower revenue from the United Kingdom after conversion into euros. One positive influence on sales was that RWE Supply & Trading sold less electricity from RWE power plants to the Group's own supply companies and more to external parties. At innogy, additional revenue was generated by the increase in electricity and gas supply volumes in business with German distributors. In Germany and the Czech Republic, the company also boosted its sales to residential and commercial customers.

External revenue € million	Jan – Mar 2017	Jan – Mar 2016	+/– %	Jan – Dec 2016
Lignite & Nuclear	281	269	4.5	1,193
European Power	214	205	4.4	774
Supply & Trading	1,267	911	39.1	3,646
innogy	11,523	12,250	–5.9	40,149
Other/Consolidation	9	22	–59.1	71
RWE Group	**13,294**	**13,657**	**–2.7**	**45,833**
Natural gas tax/electricity tax	762	829	–8.1	2,243
RWE Group (excluding natural gas tax/electricity tax)	**12,532**	**12,828**	**–2.3**	**43,590**

Internal revenue € million	Jan – Mar 2017	Jan – Mar 2016	+/– %	Jan – Dec 2016
Lignite & Nuclear	763	945	–19.3	3,489
European Power	1,350	1,276	5.8	4,732
Supply & Trading	5,065	5,369	–5.7	15,734
innogy	591	526	12.4	1,811

Adjusted EBITDA € million	Jan – Mar 2017	Jan – Mar 2016	+/– %	Jan – Dec 2016
Lignite & Nuclear	213	406	–47.5	1,079
European Power	167	148	12.8	377
Supply & Trading	146	167	–12.6	–139
innogy	1,617	1,555	4.0	4,203
Other/Consolidation	–12	2	–	–117
RWE Group	**2,131**	**2,278**[1]	**–6.5**	**5,403**

1 For information on the difference compared to the figure from the interim statement for the first quarter of 2016, see page 2.

Adjusted EBITDA of €2.1 billion in line with expectations

During the reporting period we recorded adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) of €2,131 million. This is 6% less than in the same period last year. The main reason for this was declining generation margins. Furthermore, innogy faced additional burdens in its UK retail business, although this was mitigated by significantly lower expenses for the operation and maintenance of distribution networks.

The following developments were seen in the segments:

- Lignite & Nuclear: Adjusted EBITDA declined by 48% to €213 million, primarily because we realised lower wholesale prices for electricity produced by our lignite-fired and nuclear power plants compared to 2016. We had already sold forward almost all of the production of these plants in previous years. Another negative factor was that our nuclear power plants produced less electricity than in 2016, due to temporary shutdowns. Additionally, unfavourable weather conditions hindered lignite production at our Hungarian subsidiary Mátra. We were only able to partially offset these declines in earnings by pushing ahead vigorously with our efficiency-enhancement programme.

- European Power: During the reporting period, this division recorded adjusted earnings of €167 million. We therefore exceeded the figure for the previous year by 13%, even though margins on the sale of electricity from our gas and hard coal-fired power stations also declined. This rise in earnings stemmed from the additional revenue generated from short-term commercial optimisation of our power plant dispatch. Efficiency-enhancing measures also had a positive effect.

- Supply & Trading: This division's adjusted EBITDA amounted to €146 million, down 13% on the previous year's figure. Although the trading business started the year quite strongly, as anticipated we were unable to match the extremely robust performance seen in the first quarter of 2016. Moreover, in early 2016 we recorded a profit on the sale of the hard coal-fired Lynemouth power plant in the UK.

- innogy: Our subsidiary increased its adjusted EBITDA by 4% to €1,617 million. In the grid business, it profited from declining operating and maintenance costs; furthermore, the result for the previous year had still been burdened by the formation of provisions for old-age part-time employment measures. By contrast, the result for renewables deteriorated, in part because wind levels were weaker than in 2016 and electricity generation therefore declined. In addition, the previous year's result was improved by capital gains from the sale of small run-of-river power plants on the Upper Ruhr river. The result of innogy's retail division was also lower than last year. This was mainly due to the UK business, which is managed by innogy's subsidiary npower. Competitive pressure is extremely intense in this market. Consequently, customers switched supplier or could only be retained by offering them contracts with more favourable terms. In addition, npower had to deal with a rise in up-front costs. An increase in our standard tariffs for electricity and gas which came into effect from mid-March was unable to compensate for this during the first quarter. A positive effect was felt from cost-cutting measures taken as part of the restructuring of the UK retail business which started in early 2016. innogy also profited from efficiency enhancing measures outside of the UK, in particular in the core market of Germany.

Adjusted EBIT € million	Jan – Mar 2017	Jan – Mar 2016	+/– %	Jan – Dec 2016
Lignite & Nuclear	139	306	–54.6	664
European Power	91	47	93.6	–37
Supply & Trading	145	166	–12.7	–145
innogy	1,261	1,195	5.5	2,735
Other/Consolidation	–13	–2	–	–135
RWE Group	**1,623**	**1,712**[1]	**–5.2**	**3,082**

1 For information on the difference compared to the figure from the interim statement for the first quarter of 2016, see page 2.

Adjusted EBIT came in at €1,623 million for the first quarter, down 5% on the comparable figure for 2016. This percentage decline is slightly less pronounced than for EBITDA because EBIT also takes into account depreciation, which declined significantly due to the high impairments recognised last year. In the consolidated financial statements for 2016, we recorded write-downs of €4.3 billion, with €3.7 billion of this applying to our portfolio of power plants in Germany (see 2016 Annual Report, page 48).

Non-operating result € million	Jan – Mar 2017	Jan – Mar 2016	+/– € million	Jan – Dec 2016
Capital gains/losses	3	3	–	94
Impact of derivatives on earnings	228	231	–3	–799
Restructuring, other	46	–204	250	–5,956
Non-operating result	**277**	**30**	**247**	**–6,661**

The non-operating result, in which we recognise certain effects not related to operations or the period under review, improved by €247 million to €277 million. The individual items developed as follows:

- The book gain of €3 million which was achieved on the sale of stakes and assets was as low as in the same period of the previous year.

- Changes in the value of derivatives which we use to hedge against price fluctuations contributed €228 million to the result, almost as much as in 2016. Pursuant to International Financial Reporting Standards (IFRS), the derivatives are recognised at fair value at the corresponding balance sheet date, whereas transactions which are hedged with these derivatives are only recognised as a profit or loss when they are realised. These timing differences result in short-term effects on earnings, which are neutralised over time.

- The result for the item 'Restructuring, other' improved by €250 million to €46 million. The main reason for this is that the figure for the previous year still contained impairments of €204 million on German gas storage facilities owned by innogy which did not recur. Furthermore, splitting 'Conventional Power Generation' into the two segments 'Lignite & Nuclear' and 'European Power' resulted in one-off effects, which – on balance – had a positive impact (see explanation in the Notes on page 20).

Financial result € million	Jan – Mar 2017	Jan – Mar 2016	+/– € million	Jan – Dec 2016
Interest income	62	92	–30	271
Interest expenses	–226	–287	61	–914
Net interest	**–164**	**–195**	**31**	**–643**
Interest accretion to non-current provisions	–12	–200	188	–1,288
Other financial result	–50	–196	146	–297
Financial result	**–226**	**–591**	**365**	**–2,228**

Our financial result improved by €365 million to –€226 million. Its components changed as follows:

- Net interest improved by €31 million to –€164 million, mainly due to a decline in interest expenses. The redemption of a senior bond with a nominal volume of €850 million and a coupon of 6.25% in April 2016 played a role in this decline. The low market interest rates were another factor, as well as lower expenses for servicing bonds denominated in sterling, due to exchange rate developments.

- Interest accretion to non-current provisions declined by €188 million to €12 million. One factor behind this was that compared to one year ago we now apply a much lower discount rate for the interest accretion on our provisions for nuclear waste management. Furthermore, there is no longer a need to accrue interest on the amount which will be transferred to the new public nuclear energy fund in mid-2017. Additionally, as of 31 March 2017 we raised the discount rates for other non-current provisions. The resulting decline in the net present value of obligations also contributed to the reduction in interest accretion.

- The 'Other financial result' rose by €146 million to –€50 million, in part because losses on sales of securities were significantly lower than in 2016. The result for the previous year was also burdened by negative effects from the valuation of financial transactions.

Income before tax amounted to €1,674 million, up 45% compared to 2016. Our effective tax rate was 23%, which is less than the (theoretical) normal rate of 32%. One reason for this is that we generated a relatively high share of earnings in countries which have lower tax rates than Germany. During the same period of the previous year, the rate (14%) was even lower, because we capitalised a high amount of deferred taxes.

After taxes, we posted income of €1,284 million (previous year: €990 million). Non-controlling interests increased by €204 million to €324 million. The primary cause of this was the first-time consideration of the non-controlling interests in innogy. Since the public listing of our subsidiary in early October 2016, 23.2% of innogy's shares are held by third parties. The portion of our earnings attributable to hybrid capital investors amounted to €14 million (previous year: €10 million). This figure only applies to one of our seven hybrid bonds outstanding during the period under review, namely the one with a volume of £750 million, as according to IFRS this bond is attributed to equity, due to its theoretically perpetual tenor.

The developments above resulted in net income of €946 million, marking a 10 % improvement compared to 2016 (previous year: €860 million). Based on the 614.7 million RWE shares outstanding, this corresponds to earnings per share of €1.54 (previous year: €1.40).

Reconciliation to net income		Jan – Mar 2017	Jan – Mar 2016[1]	+/– %	Jan – Dec 2016
Adjusted EBITDA	€ million	**2,131**	**2,278**	**–6.5**	**5,403**
Operating depreciation, amortisation and impairment losses	€ million	–508	–566	10.2	–2,321
Adjusted EBIT	€ million	**1,623**	**1,712**	**–5.2**	**3,082**
Non-operating result	€ million	277	30	–	–6,661
Financial result	€ million	–226	–591	61.8	–2,228
Income before taxes	€ million	**1,674**	**1,151**	**45.4**	**–5,807**
Taxes on income	€ million	–390	–161	–142.2	323
Income	€ million	**1,284**	**990**	**29.7**	**–5,484**
of which:					
Non-controlling interests	€ million	324	120	170.0	167
RWE AG hybrid capital investors' interest	€ million	14	10	40.0	59
Net income/income attributable to RWE AG shareholders	€ million	**946**	**860**	**10.0**	**–5,710**
Adjusted net income	€ million	**689**	**838**	**–17.8**	**777**
Earnings per share	€	1.54	1.40	10.0	–9.29
Adjusted net income per share	€	1.12	1.36	–17.6	1.26
Number of shares outstanding (average)	millions	614.7	614.7	–	614.7
Effective tax rate	%	23	14	–	6

1 Some figures adjusted; see commentary on page 2.

Adjusted net income 18 % lower than previous year

Adjusted net income amounted to €689 million. It differs from net income in that the entire non-operating result (including applicable taxes) and other special items are deducted from it. Compared to 2016, adjusted net income was down by 18 %. In particular, the decline in operating earnings, higher taxes on income and the rise in non-controlling interests had negative impacts in this regard, while the strong improvement in the financial result had a positive effect.

Capital expenditure on property, plant and equipment and on intangible assets € million	Jan – Mar 2017	Jan – Mar 2016	+/– € million	Jan – Dec 2016
Lignite & Nuclear	55	46	9	267
European Power	11	17	–6	66
Supply & Trading	1	–	1	4
innogy	215	252	–37	1,679
Other/Consolidation	–	11	–11	11
RWE Group	**282**	**326**	**–44**	**2,027**

Capital expenditure on financial assets € million	Jan – Mar 2017	Jan – Mar 2016	+/– € million	Jan – Dec 2016
Lignite & Nuclear	–	–	–	1
European Power	–	–	–	4
Supply & Trading	1	12	–11	56
innogy	108	34	74	290
Other/Consolidation	–	1	–1	4
RWE Group	**109**	**47**	**62**	**355**

Capital expenditure slightly higher than in 2016

During the first quarter of 2017, the RWE Group recorded capital expenditure of €391 million, up 5% on 2016. A total of €282 million was spent on property, plant and equipment and intangible assets. Compared to last year, this represents a decline of 13%, which primarily relates to innogy's grid business. By contrast, investment in financial assets more than doubled to €109 million, with innogy accounting for nearly all of this.

Cash flow statement € million	Jan – Mar 2017	Jan – Mar 2016	+/– € million	Jan – Dec 2016
Funds from operations	1,819	1,496	323	3,013
Change in working capital	–2,952	–3,496	544	–661
Cash flows from operating activities	**–1,133**	**–2,000**	**867**	**2,352**
Cash flows from investing activities	**–698**	**–97**	**–601**	**–4,570**
Cash flows from financing activities	**940**	**3,712**	**–2,772**	**4,282**
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	11	–13	24	–24
Total net changes in cash and cash equivalents	**–880**	**1,602**	**–2,482**	**2,040**
Cash flows from operating activities	–1,133	–2,000	867	2,352
Minus capital expenditure on property, plant and equipment and on intangible assets[1]	–282	–291	9	–2,027
Free cash flow	**–1,415**	**–2,291**	**876**	**325**

1 This item only includes capital expenditure with an effect on cash.

Operating cash flows reduced by negative effects in working capital

Cash flows from operating activities amounted to –€1,133 million. Last year's figure was also negative (–€2,000 million). This is mostly due to seasonal effects which are reflected in changes in working capital. In this regard, one factor is that sales of electricity and gas are disproportionately strong during the first quarter due to weather conditions, while payments from customers are spread out evenly over the year. Typically, this results in a sharp increase in receivables in the retail business and a corresponding low operating cash flow. Furthermore, the majority of spending on CO_2 emission allowances occurs during the first quarter.

Investment activity resulted in outflows of €698 million (previous year: €97 million). In addition to capital expenditure described above, investments in current securities also contributed to this. Furthermore, Group companies increased the funding of pension commitments; in total, they transferred €134 million in funds to trustees and company pension institutions.

Financing activities generated a cash flow of €940 million (previous year: €3,712 million). Our subsidiary innogy played a major role in this, as it issued a large amount of commercial paper. Dividends paid to co-owners of fully consolidated RWE companies and hybrid capital investors had a counteracting effect.

On balance, these cash flows from operating, investing and financing activities caused our cash and cash equivalents to decline by €880 million.

Deducting capital expenditure on property, plant and equipment and intangible assets from cash flows from operating activities results in free cash flow, which amounted to –€1,415 million during the quarter under review, compared to –€2,291 million in the same period of the previous year.

Net debt € million	31 Mar 2017	31 Dec 2016	+/– € million
Cash and cash equivalents	3,696	4,576	–880
Marketable securities	10,437	10,065	372
Other financial assets	1,834	1,621	213
Financial assets	**15,967**	**16,262**	**–295**
Bonds, other notes payable, bank debt, commercial paper	17,114	15,921	1,193
Hedge transactions related to bonds	–249	–263	14
Other financial liabilities	2,335	2,263	72
Financial liabilities	**19,200**	**17,921**	**1,279**
Net financial debt	**3,233**	**1,659**	**1,574**
Provisions for pensions and similar obligations	6,169	6,761	–592
Surplus of plan assets over benefit obligations	–29	–29	–
Provisions for nuclear waste management	12,653	12,699	–46
Mining provisions	2,402	2,363	39
Provisions for dismantling wind farms	384	334	50
Adjustment for hybrid capital (portion of relevance to the rating)	–1,095	–1,078	–17
Plus 50% of the hybrid capital stated as equity	448	471	–23
Minus 50% of the hybrid capital stated as debt	–1,543	–1,549	6
Net debt	**23,717**	**22,709**	**1,008**

Small increase in net debt

As of 31 March 2017, our net debt amounted to €23.7 billion, up €1.0 billion on the figure recorded as of 31 December 2016. This reflects the negative free cash flow. Our distribution of dividends also contributed to the increase in net debt. By contrast, divestments strengthened our financial position. Furthermore, pension provisions declined, because the plan assets, which we use to cover the majority of our pension obligations, increased due to positive market developments, and we updated the actuarial assumptions for the calculation of pension obligations.

OUTLOOK FOR 2017

Earnings forecast for 2017	2016 actual € million	Current outlook[1]
Adjusted EBITDA	5,403	€5.4 billion to €5.7 billion
Lignite & Nuclear	1,079	Significantly below previous year
European Power	377	Significantly below previous year
Supply & Trading	–139	Significantly above previous year
innogy	4,203	Moderately above previous year
Adjusted net income	777	€1.0 billion to €1.3 billion

1 Classifications such as 'moderately' or 'significantly' pertain to the percentage deviation from the respective figure for the previous year.

RWE confirms earnings forecast

We maintain our outlook for this year's business performance which we published in March 2017 (see 2016 Annual Report, page 87 et seqq.). For 2017, at the Group level we continue to expect adjusted EBITDA of €5.4 billion to €5.7 billion and adjusted net income of €1.0 billion to €1.3 billion. Our assessment of the development of the divisions also remains unchanged. However, dividing the segment 'Conventional Power Generation' into the areas 'Lignite & Nuclear' and 'European Power' has made it necessary to adjust the forecast.

Our earnings forecast for the segments is now as follows:

- Lignite & Nuclear: Adjusted EBITDA is expected to decline significantly in this division, mainly due to lower realised electricity prices. One positive factor is that the German nuclear fuel tax ended in 2016. Furthermore, we expect efficiency-enhancing measures to have a tangible impact on results.

- European Power: We anticipate falling margins for electricity production from gas, hard coal, biomass and hydro, which will probably only be partially offset by additional income from the short-term commercial optimisation of plant utilisation and efficiency-enhancing measures. Consequently, from the current vantage point, adjusted EBITDA will probably fall substantially.

- Supply & Trading: We project a substantial improvement in earnings for this division. This is based on the assumption that the trading business will be considerably more profitable this year, after the negative performance in 2016.

- innogy: Our subsidiary is likely to close the year with a modestly better result than in 2016, mainly due to developments in the grid business. innogy expects earnings to rise in this division, due in part to lower expenses for grid maintenance and operation. For the renewables business, innogy anticipates that the results will be on par with last year. The same holds true for the retail division, even though the outlook in the UK residential sector has deteriorated a great deal. Here there is a danger that further regulatory intervention e. g. a cap on energy prices, could be detrimental to utilities.

Outlook for net debt, capital expenditure and workforce remain unchanged

By the end of 2017, net debt is anticipated to be in the order of last year's level (€22.7 billion). Positive effects from the possible refund of the nuclear fuel tax have not been taken into account in the forecasts. Furthermore, we expect the interest level to remain stable, which would result in steady discount rates for calculating provisions. With regard to capital expenditure, we project a volume in the order of €2.5 billion to €3.0 billion, which includes spending on financial assets. We anticipate a small increase in our workforce, primarily due to the acquisition of Belectric Solar & Battery. All of these statements correspond to our previous expectations.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONDENSED)

Income statement

€ million	Jan – Mar 2017	Jan – Mar 2016[1]
Revenue (including natural gas tax/electricity tax)	**13,294**	**13,657**
Natural gas tax/electricity tax	−762	−829
Revenue	**12,532**	**12,828**
Cost of materials	−8,794	−8,884
Staff costs	−1,156	−1,262
Depreciation, amortisation and impairment losses	−527	−769
Other operating result	−249	−274
Income from investments accounted for using the equity method	66	81
Other income from investments	28	22
Financial income	333	304
Finance costs	−559	−895
Income before tax	**1,674**	**1,151**
Taxes on income	−390	−161
Income	**1,284**	**990**
of which: non-controlling interests	324	120
of which: RWE AG hybrid capital investors' interest	14	10
of which: net income/income attributable to RWE AG shareholders	**946**	**860**
Basic and diluted earnings per common and preferred share in €	**1.54**	**1.40**

1 Prior-year figures adjusted.

Statement of comprehensive income

€ million[1]	Jan – Mar 2017	Jan – Mar 2016[2]
Income	**1,284**	**990**
Actuarial gains and losses of defined benefit pension plans and similar obligations	532	–574
Income and expenses of investments accounted for using the equity method (pro rata)		–2
Income and expenses recognised in equity, not to be reclassified through profit or loss	**532**	**–576**
Currency translation adjustment	20	14
Fair valuation of financial instruments available for sale	19	10
Fair valuation of financial instruments used for hedging purposes	–500	–270
Income and expenses recognised in equity, to be reclassified through profit or loss in the future	**–461**	**–246**
Other comprehensive income	**71**	**–822**
Total comprehensive income	**1,355**	**168**
of which: attributable to RWE AG shareholders	957	162
of which: attributable to RWE AG hybrid capital investors	14	10
of which: attributable to non-controlling interests	384	–4

1 Figures stated after taxes.
2 Prior-year figures adjusted.

Balance sheet

Assets € million	31 Mar 2017	31 Dec 2016
Non-current assets		
Intangible assets	12,770	12,749
Property, plant and equipment	24,655	24,455
Investment property	59	63
Investments accounted for using the equity method	2,936	2,908
Other financial assets	1,060	1,055
Receivables and other assets	1,665	1,797
Deferred taxes	2,763	2,884
	45,908	**45,911**
Current assets		
Inventories	1,649	1,968
Trade accounts receivable	6,521	4,999
Receivables and other assets	7,671	9,123
Marketable securities	10,225	9,825
Cash and cash equivalents	3,696	4,576
	29,762	**30,491**
	75,670	**76,402**

Equity and liabilities € million	31 Mar 2017	31 Dec 2016
Equity		
RWE AG shareholders' interest	3,729	2,754
RWE AG hybrid capital investors' interest	896	942
Non-controlling interests	4,576	4,294
	9,201	**7,990**
Non-current liabilities		
Provisions	20,277	20,686
Financial liabilities	15,786	16,041
Other liabilities	2,016	2,196
Deferred taxes	629	723
	38,708	**39,646**
Current liabilities		
Provisions	12,566	12,175
Financial liabilities	3,663	2,142
Trade accounts payable	4,882	5,431
Other liabilities	6,650	9,018
	27,761	**28,766**
	75,670	**76,402**

Cash flow statement

€ million	Jan – Mar 2017	Jan – Mar 2016
Income	1,284	990
Depreciation, amortisation and impairment losses/reversals	124	770
Changes in provisions	514	413
Deferred taxes/non-cash income and expenses/income from disposal of non-current assets and marketable securities	–103	–677
Change in working capital	–2,952	–3,496
Cash flows from operating activities	**–1,133**	**–2,000**
Capital expenditure on non-current assets/acquisitions	–357	–316
Proceeds from disposal of assets/divestitures	160	452
Changes in marketable securities and cash investments	–501	–233
Cash flows from investing activities[1]	**–698**	**–97**
Cash flows from financing activities	**940**	**3,712**
Net cash change in cash and cash equivalents	–891	1,615
Effect of changes in foreign exchange rates and other changes in value on cash and cash equivalents	11	–13
Net change in cash and cash equivalents	**–880**	**1,602**
Cash and cash equivalents at beginning of the reporting period	4,576	2,536
of which: reported as 'Assets held for sale'		–14
Cash and cash equivalents at beginning of the reporting period as per the consolidated balance sheet	4,576	2,522
Cash and cash equivalents at end of the reporting period as per the consolidated balance sheet	**3,696**	**4,138**

1 After the initial/subsequent transfer to plan assets in the amount of €134 million (prior-year period: €203 million).

Statement of changes in equity

€ million	Subscribed capital and additional paid-in capital of RWE AG	Retained earnings and distributable profit	Accumu-lated other comprehensive income	**RWE AG shareholders' interest**	RWE AG hybrid capital investors' interest	Non-con-trolling interests	**Total**
Balance at 1 Jan 2016	**3,959**	**3,612**	**-1,724**	**5,847**	**950**	**2,097**	**8,894**
Dividends paid					-67	-69	-136
Income		860		860	10	120	990
Other comprehensive income		-465	-233	-698		-124	-822
Total comprehensive income		395	-233	162	10	-4	168
Other changes		1		1	3	-1	3
Balance at 31 Mar 2016[1]	**3,959**	**4,008**	**-1,957**	**6,010**	**896**	**2,023**	**8,929**
Balance at 1 Jan 2017	**3,959**	**-652**	**-553**	**2,754**	**942**	**4,294**	**7,990**
Repayment of capital						-1	-1
Dividends paid					-60	-66	-126
Income		946		946	14	324	1,284
Other comprehensive income		482	-471	11		60	71
Total comprehensive income		1,428	-471	957	14	384	1,355
Other changes		18		18		-35	-17
Balance at 31 Mar 2017	**3,959**	**794**	**-1,024**	**3,729**	**896**	**4,576**	**9,201**

1 Prior-year figures adjusted.

NOTES

Accounting policies

RWE AG, headquartered in Essen, Germany, is the parent company of the RWE Group ('RWE' or 'Group').

The interim consolidated financial statements as of 31 March 2017, including the additional information in the other parts of this interim statement, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable in the EU. The statements were approved for publication on 11 May 2017.

In line with IAS 34, the scope of reporting for the presentation of the interim consolidated financial statements for the period ended 31 March 2017 was condensed compared with the scope applied to the consolidated financial statements as of 31 December 2016. With the exception of the changes and new rules described below, this consolidated interim statement was prepared using the accounting policies applied in the consolidated financial statements for the period ended 31 December 2016. For further information, please see the Group's 2016 Annual Report, which provides the basis for this interim statement.

The discount rate applied to provisions for nuclear waste management is 0.5 % (31 December 2016: 0.4 %), and 4.4 % (31 December 2016: 4.4 %) for mining-related provisions. Provisions for pensions and similar obligations are discounted at an interest rate of 1.8 % in Germany and 2.4 % abroad (31 December 2016: 1.8 % and 2.5 %, respectively).

Changes in accounting regulations

The International Accounting Standards Board (IASB) has approved several amendments to existing International Financial Reporting Standards (IFRSs), which – pending adoption into EU law – become effective for the RWE Group as of fiscal 2017:

- Amendments to IAS 7 Disclosure Initiative (2016)
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (2016)
- Annual Improvements to IFRS Standards 2014–2016 Cycle (2016), in relation to the amendments and clarifications to IFRS 12 contained in this collective standard

These new policies do not have any material effects on the RWE Group's consolidated financial statements.

Scope of consolidation

In addition to RWE AG, the consolidated financial statements contain all material German and foreign companies which RWE AG controls directly or indirectly. Principal associates are accounted for using the equity method, and principal joint arrangements are accounted for using the equity method or as joint operations.

The following summaries show the changes in the number of fully consolidated companies, investments accounted for using the equity method and joint ventures:

Number of fully consolidated companies	Germany	Abroad	Total
Balance at 1 Jan 2017	**135**	**180**	**315**
First-time consolidation	9	7	16
Deconsolidation	–2		–2
Mergers	–2		–2
Balance at 31 Mar 2017	**140**	**187**	**327**

Number of investments and joint ventures accounted for using the equity method	Germany	Abroad	Total
Balance at 1 Jan 2017	**70**	**17**	**87**
Acquisitions			
Disposals			
Other changes	2		2
Balance at 31 Mar 2017	**72**	**17**	**89**

Furthermore, six companies are presented as joint operations (31 December 2016: six companies).

Acquisitions

Belectric

In early January 2017, innogy SE acquired 100% of the shares in Belectric Solar & Battery GmbH (previously: Belectric Solar & Battery Holding GmbH) and thus obtained control. The company is active in the field of Operations & Maintenance (O & M) for solar farms, along with turn-key construction of solar farms and battery storage solutions (EPC services).

The initial accounting of the business combination has not been completed definitively due to the transaction's complex structure. The assumed assets and liabilities are presented in the following table:

Balance-sheet items € million	IFRS carrying amounts (fair values) at first-time consolidation
Non-current assets	56
Current assets	87
Non-current liabilities	7
Current liabilities	63
Net assets	**73**
Cost (not affecting cash)	74
Goodwill	**1**

The fair value of the receivables included in non-current and current assets amounted to €24 million.

Since its first-time consolidation, the company has contributed €21 million to the Group's revenue and –€2 million to the Group's income.

The tentative purchase price amounts to €74 million and includes a conditional payment obligation of €7 million. The final purchase price should be determined in the second quarter of 2017. The goodwill is largely associated with expected future use and synergistic effects.

WestEnergie GmbH

In July 2015, RWE gained control of WestEnergie GmbH (now: NEW Netz GmbH and NEW Niederrhein Energie und Wasser GmbH), an investment which had previously been accounted for using the equity method, due to the expiry of a renouncement of a voting right. An update of the figures reported during first-time consolidation and as of 31 March 2016 was performed during the period under review and resulted in adjustments to the assumed assets and liabilities as of 30 June 2016. The figures for the first quarter of 2016 were adjusted accordingly.

Revenue

Revenue generated by energy trading operations is stated as net figures, i. e. only reflecting realised gross margins.

Share-based payment

The consolidated financial statements for the period ended 31 December 2016 presented the share-based payment system for executives of RWE AG and subordinate affiliates. As part of the Long-Term Incentive Plan for executives entitled 'Strategic Performance Plan' (SPP), another tranche was issued during the first quarter of 2017.

Impairments and provisions

On 1 January 2017, the previous segment 'Conventional Power Generation' was divided into the two new segments 'Lignite & Nuclear' and 'European Power'. This resulted in the previous cash-generating unit for the power plant portfolio being split up. An impairment test was conducted for this reason, leading to a write-back of €401 million for the new cash-generating unit 'Lignite & Nuclear' (recoverable amount: €1.4 billion). As a counteracting effect, impairments were recognised and provisions for contingent losses were formed in the amount of €321 million for the new cash-generating unit 'European Power' (recoverable amount: €0 billion). The recoverable amounts were determined on the basis of fair value less costs to sell, using the same valuation models and parameters as for 31 December 2016.

Dividend distribution

RWE AG's Annual General Meeting, held on 27 April 2017, decided to pay a dividend of €0.13 per individual, dividend-bearing preferred share for fiscal 2016 (previous year: €0.13). The dividend payment totalled €5 million (previous year: €5 million). As in the previous year, no dividend was paid for common shares.

Earnings per share

		Jan – Mar 2017	Jan – Mar 2016[1]
Net income/income attributable to RWE AG shareholders	€ million	946	860
Number of shares outstanding (weighted average)	thousands	614,745	614,745
Basic and diluted earnings per common and preferred share	€	1.54	1.40

1 Prior-year figures adjusted.

Related party disclosures

The RWE Group classifies associated companies and joint ventures as related parties. In the first quarter of 2017, transactions concluded with material related parties generated €717 million in income (first quarter of 2016: €952 million) and €860 in expenses (first quarter of 2016: €848 million). As of 31 March 2017, accounts receivable amounted to €539 million (31 December 2016: €511 million) and accounts payable totalled €197 million (31 December 2016: €150 million). All business transactions are concluded at arm's length conditions and on principle do not differ from those concluded with other companies. Other obligations from executory contracts amounted to €1,200 million (31 December 2016: €1,203 million).

Above and beyond this, the RWE Group did not execute any material transactions with related companies or persons.

Reporting on financial instruments

Financial instruments are divided into non-derivative and derivative. Non-derivative financial assets essentially include other financial assets, accounts receivable, marketable securities and cash and cash equivalents. Financial instruments in the 'Available for sale' category are recognised at fair value, and other non-derivative financial assets at amortised cost. On the liabilities side, non-derivative financial instruments principally include liabilities recorded at amortised cost.

The fair value of financial instruments 'Available for sale' which are reported under other financial assets and securities is the published exchange price, insofar as the financial instruments are traded on an active market. The fair value of non-quoted debt and equity instruments is determined on the basis of discounted expected payment flows, taking into consideration macroeconomic developments and corporate planning data. Current market interest rates corresponding to the term and remaining maturity are used for discounting.

Derivative financial instruments are recognised at fair value as of the balance-sheet date, insofar as they fall under the scope of IAS 39. Exchange-traded products are measured using the published closing prices of the relevant exchange. Non-exchange traded products are measured on the basis of publicly available broker quotations or, if such quotations are not available, of generally accepted valuation methods. In doing so, we draw on prices on active markets as much as possible. If such are not available, company-specific planning estimates are used in the measurement process. These estimates encompass all of the market factors which other market participants would take into account in the course of price determination. Assumptions pertaining to the energy sector and the economy are the result of a comprehensive process involving both in-house and external experts.

The measurement of the fair value of a group of financial assets and financial liabilities is conducted on the basis of the net risk exposure per business partner in accordance with IFRS 13.48.

As a rule, the carrying amounts of financial assets and liabilities subject to IFRS 7 are identical with their fair values. There are deviations only in relation to bonds, commercial paper, bank debt and other financial liabilities. Their carrying amounts totalled €19,449 million (31 December 2016: €18,183 million) and their fair values totalled €22,076 million (31 December 2016: €20,541 million).

The following overview presents the main classifications of financial instruments measured at fair value in the fair value hierarchy prescribed by IFRS 13. In accordance with IFRS 13, the individual levels of the fair value hierarchy are defined as follows:

- Level 1: Measurement using (unadjusted) prices of identical financial instruments formed on active markets
- Level 2: Measurement on the basis of input parameters which are not the prices from Level 1, but which can be observed for the financial instrument either directly (i. e. as price) or indirectly (i.e. derived from prices)
- Level 3: Measurement using factors which cannot be observed on the basis of market data

Fair value hierarchy € million	Total 31 Mar 2017	Level 1	Level 2	Level 3	Total 31 Dec 2016	Level 1	Level 2	Level 3
Other financial assets	1,060	65	182	813	1,055	64	202	789
Derivatives (assets)	3,629	1	3,603	25	6,494	2	6,455	37
of which: used for hedging purposes	1,327		1,327		2,175		2,175	
Securities	10,225	4,746	5,479		9,825	6,776	3,049	
Derivatives (liabilities)	3,113		3,099	14	5,703	8	5,685	10
of which: used for hedging purposes	912		912		1,240		1,240	

The development of the fair values of Level 3 financial instruments is presented in the following table:

Level 3 financial instruments: Development in 2017 € million	Balance at 1 Jan 2017	Changes in the scope of consolidation, currency adjustments and other	Changes		Balance at 31 Mar 2017
			Recognised in profit or loss	With a cash effect	
Other financial assets	789	14	8	2	813
Derivatives (assets)	37		–8	–4	25
Derivatives (liabilities)	10		1	3	14

Level 3 financial instruments: Development in 2016 € million	Balance at 1 Jan 2016	Changes in the scope of consolidation, currency adjustments and other	Changes		Balance at 31 Mar 2016
			Recognised in profit or loss	With a cash effect	
Other financial assets	608	9	3	3	623
Derivatives (assets)	57		–9	–7	41
Derivatives (liabilities)	21		–6	–8	7

Amounts recognised in profit or loss generated through Level 3 financial instruments relate to the following line items in the income statement:

Level 3 financial instruments: Amounts recognised in profit or loss € million	Total Jan – Mar 2017	Of which: attributable to financial instruments held at the balance-sheet date	Total Jan – Mar 2016	Of which: attributable to financial instruments held at the balance-sheet date
Revenue			15	15
Cost of materials	–8	–8	–7	–7
Other operating income/expenses	8	8	3	3
Income from investments			–29	
Income from discontinued operations			–7	–7
			–25	**4**

Level 3 derivative financial instruments essentially consist of energy purchase agreements, which relate to trading periods for which there are no active markets yet. The valuation of such depends on the development of gas prices in particular. All other things being equal, rising gas prices cause the fair values to increase and vice-versa. A change in pricing by +/–10% would cause the market value to rise by €4 million or decline by €4 million.

Events after the balance-sheet date

The following major events occurred in the period from 1 April 2017 until preparation of the interim financial statement on 11 May 2017:

Dividend payment by innogy

On 24 April 2017, the ordinary Annual General Meeting of innogy SE resolved to distribute a dividend of € 1.60 per individual dividend-bearing share for the fiscal year from 1 January 2016 to 31 December 2016. Payment of the dividend occurred on 27 April 2017. It amounted to a total of €683 million for the 426,624,685 shares held by RWE AG.

Placement of senior debt

On 5 April 2017, innogy placed its first senior bond on the market. With a volume of €750 million and a tenor of eight years, the bond was issued by innogy Finance B.V., with a guarantee by innogy SE. The bond has an annual coupon of 1.00% and an issue price of 99.466%, with a yield of 1.07% p.a.

Cancellation of a hybrid bond

A hybrid bond with a volume of CHF 250 million (book value of €234 million) was called on 13 February 2017 and redeemed on 4 April 2017, without this instrument being refinanced with a new hybrid bond.

Sale of a power station

On 30 March 2017, RWE Generation SE concluded a contract for the sale of a power station which it did not operate itself. As of the balance-sheet date, the sale was still pending subject to approval. Based on a letter from the Executive Board of RWE Generation SE dated 2 May 2017, the Supervisory Board of RWE Generation SE approved the sale of the power plant. The asset is assigned to the segment European Power. The transaction should be completed in the second quarter of 2017.

FINANCIAL CALENDAR 2017/2018

14 August 2017	Interim report on the first half of 2017
14 November 2017	Interim statement on the first three quarters of 2017
13 March 2018	Annual report for fiscal 2017
26 April 2018	Annual General Meeting
2 May 2018	Dividend payment
15 May 2018	Interim statement on the first quarter of 2018
14 August 2018	Interim report on the first half of 2018
14 November 2018	Interim statement on the first three quarters of 2018

This document was published on 15 May 2017. It is a translation of the German interim statement on the first quarter of 2017. In case of divergence from the German version, the German version shall prevail.

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