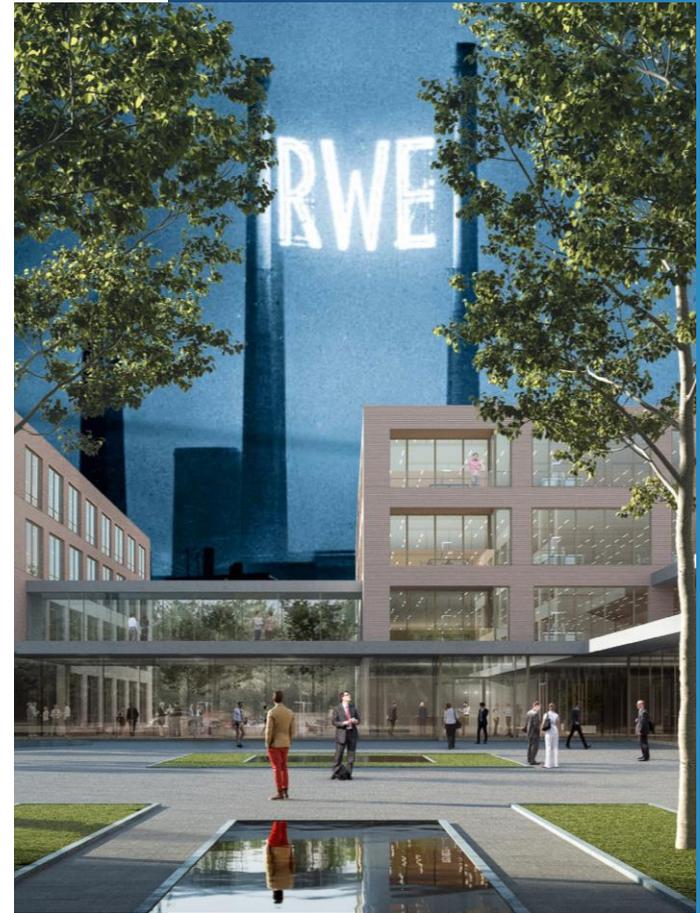


Q1-Q3 2018 Results Presentation

Investor and Analyst Conference Call
14 November 2018

Markus Krebber
Chief Financial Officer

Gunhild Grieve
Head of Investor Relations



Powering. Reliable. Future.

RWE

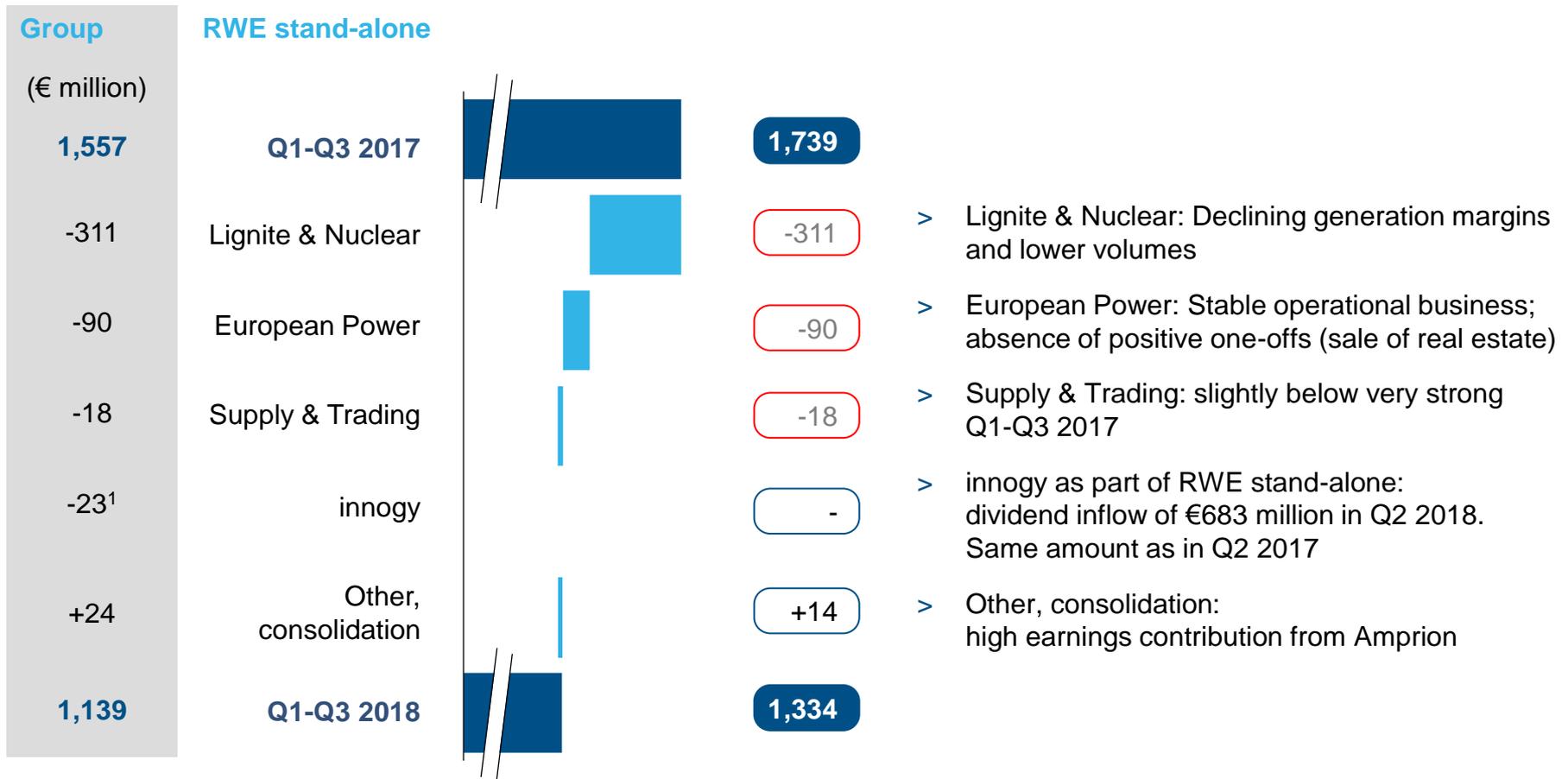
Disclaimer

This document contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management, and are based on information currently available to the management. Forward-looking statements shall not be construed as a promise for the materialisation of future results and developments and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting the Company, and other factors. Neither the Company nor any of its affiliates assumes any obligations to update any forward-looking statements.

Key messages of Q1-Q3 2018

-  First nine months of fiscal year 2018 fully in line with expectations – RWE Group and RWE stand-alone outlook confirmed
-  Execution of innogy/E.ON transaction progressing well. Joint integration teams established and kicked-off work
-  Improved market perspectives: Dutch ‘Claus C’ (CCGT, 1.3 GW) will re-enter the market in 2020
-  Hambach Forest decision on temporary stop to clearance by Higher Administrative Court in Münster with significant impact on lignite mining operations
-  German Commission ‘Growth, Structural Change and Employment’ with first interim recommendations on ‘social and structural development’ topics

Lower adjusted EBITDA mainly due to declining generation margins in conventional power generation



¹ innogy - continuing operations.

Lignite & Nuclear – earnings driven by expected decline of generation margins and volumes

Key financials

€ million	Q1-Q3 2018	Q1-Q3 2017	change
Adj. EBITDA	240	551	-311
t/o non-recurring items ¹	-	-1	+1
Depreciation	-202	-202	-
Adj. EBIT	38	349	-311
t/o non-recurring items ¹	-	-1	+1
Capex	-138	-163	+25
Cash contribution²	102	388	-286

Q1-Q3 2018 versus Q1-Q3 2017:

- ⊖ Lower realised generation margins
- ⊖ Closure of Gundremmingen B nuclear unit
- ⊕ Operating cost improvements

Outlook for FY 2018 adjusted EBITDA: between €350 and €450 million

- ⊖ Lower realised generation margins (hedged outright price: ~€28/MWh vs. €31/MWh in 2017)
- ⊖ Closure of Gundremmingen B nuclear unit
- ⊕ Operating cost improvements

¹ Non-recurring items not included in non-operating result.

² Cash contribution = adj. EBITDA minus capex with effect on cash; before changes in provisions; excl. investments from assets held for sale.

European Power – operational performance on a par with previous year's level

Key financials

€ million	Q1-Q3 2018	Q1-Q3 2017	change
UK	88	198	-110
Continental Europe	144	119	+25
Adj. EBITDA¹	234	324	-90
t/o non-recurring items ²	-	86	-86
Depreciation	-220	-228	+8
Adj. EBIT	14	96	-82
t/o non-recurring items ²	-	86	-86
Capex	-132	-86	-46
Cash contribution³	102	238	-136

¹ Total adj. EBITDA includes further income from other subsidiaries.

² Non-recurring items not included in non-operating result.

³ Cash contribution = adj. EBITDA minus capex with effect on cash; before changes in provisions.

Q1-Q3 2018 versus Q1-Q3 2017:

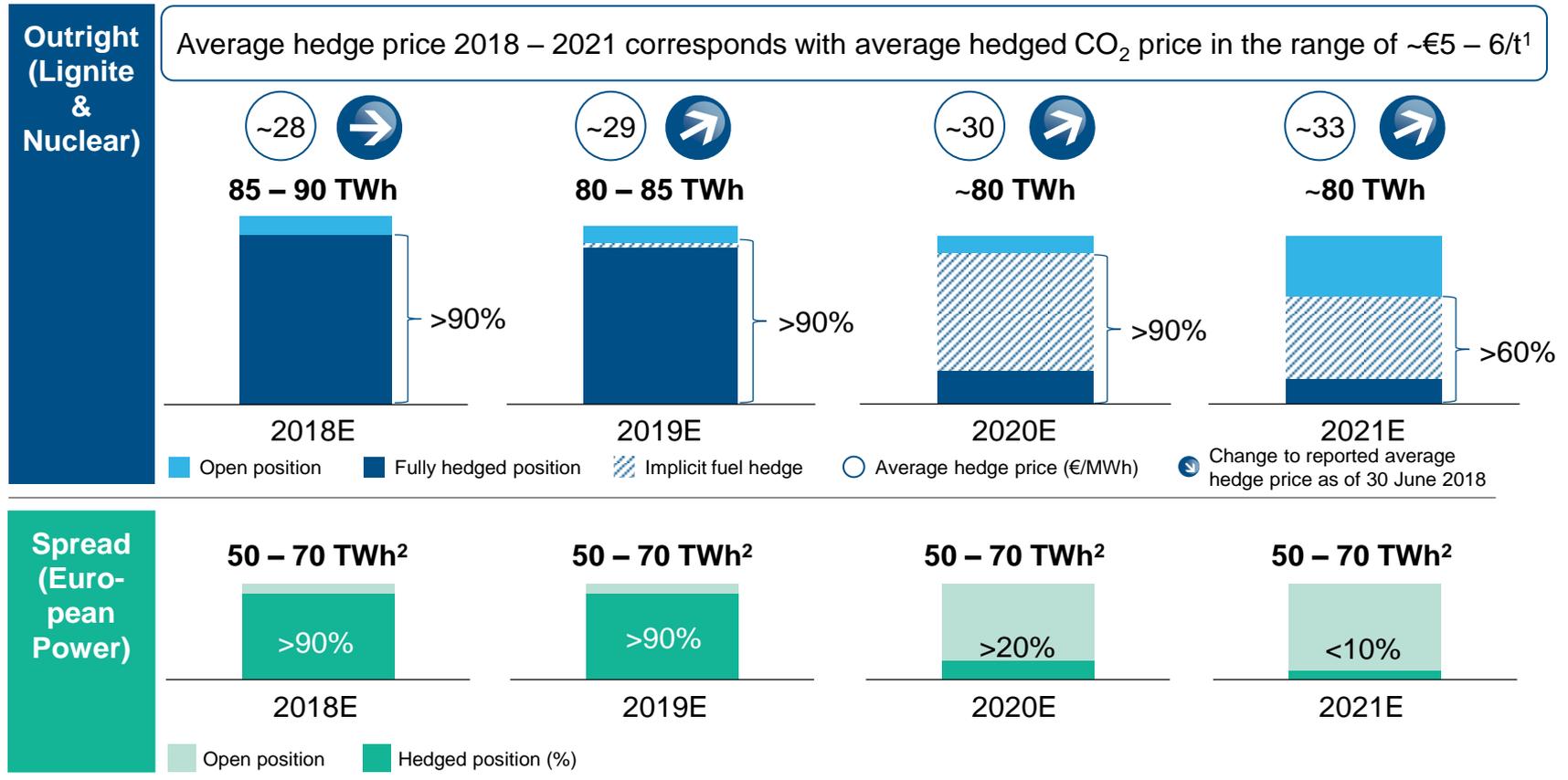
- ⊖ Lower realised generation margins
- ⊖ Absence of positive one-offs (e.g. land sales)
- ⊕ Earnings contribution from UK capacity market

Outlook for FY 2018 adjusted EBITDA: between €300 and €400 million

- ⊖ Lower realised generation margins
- ⊖ Absence of positive one-offs (e.g. land sales)
- ⊕ Higher earnings contribution from UK capacity market

Hedging – increasing average hedge prices in outer years

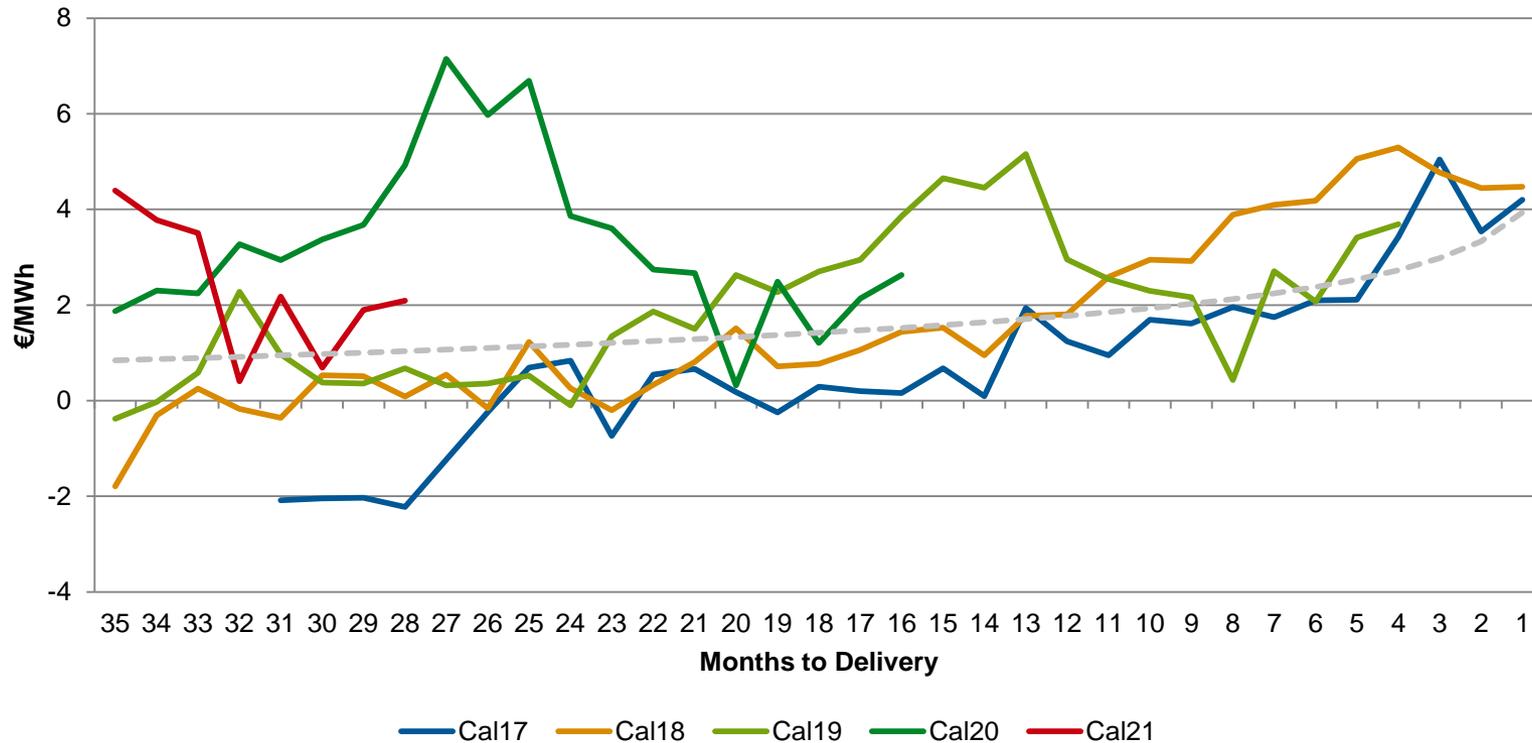
Expected positions and hedge status as of 30 September 2018 (before 'Hambach effect')



CO₂ > CO₂ position financially hedged until mid-2020s

Recovery of fuel spreads at the end of Q3 2018 after strong decline since end of 2017

Development of German fuel spreads¹



¹ Fuel spread defined as: Power price – (pass-through-factor carbon × EUA price + pass-through-factor coal × coal price + pass-through-factor gas × gas price).
 Note: Shown figures based on fuel spreads per end of month (€/MWh).
 Source: Bloomberg; data until 30 Sept. 2018.

Supply & Trading – strong performance in Q3 2018

Key financials

€ million	Q1-Q3 2018	Q1-Q3 2017	change
Adj. EBITDA	183	201	-18
t/o non-recurring items ¹	-	-	-
Depreciation	-4	-4	-
Adj. EBIT	179	197	-18
t/o non-recurring items ¹	-	-	-
Capex	-6	-3	-3
Cash contribution²	177	198	-21

¹ Non-recurring items not included in non-operating result.

² Cash contribution = adj. EBITDA minus capex with effect on cash; before changes in provisions.

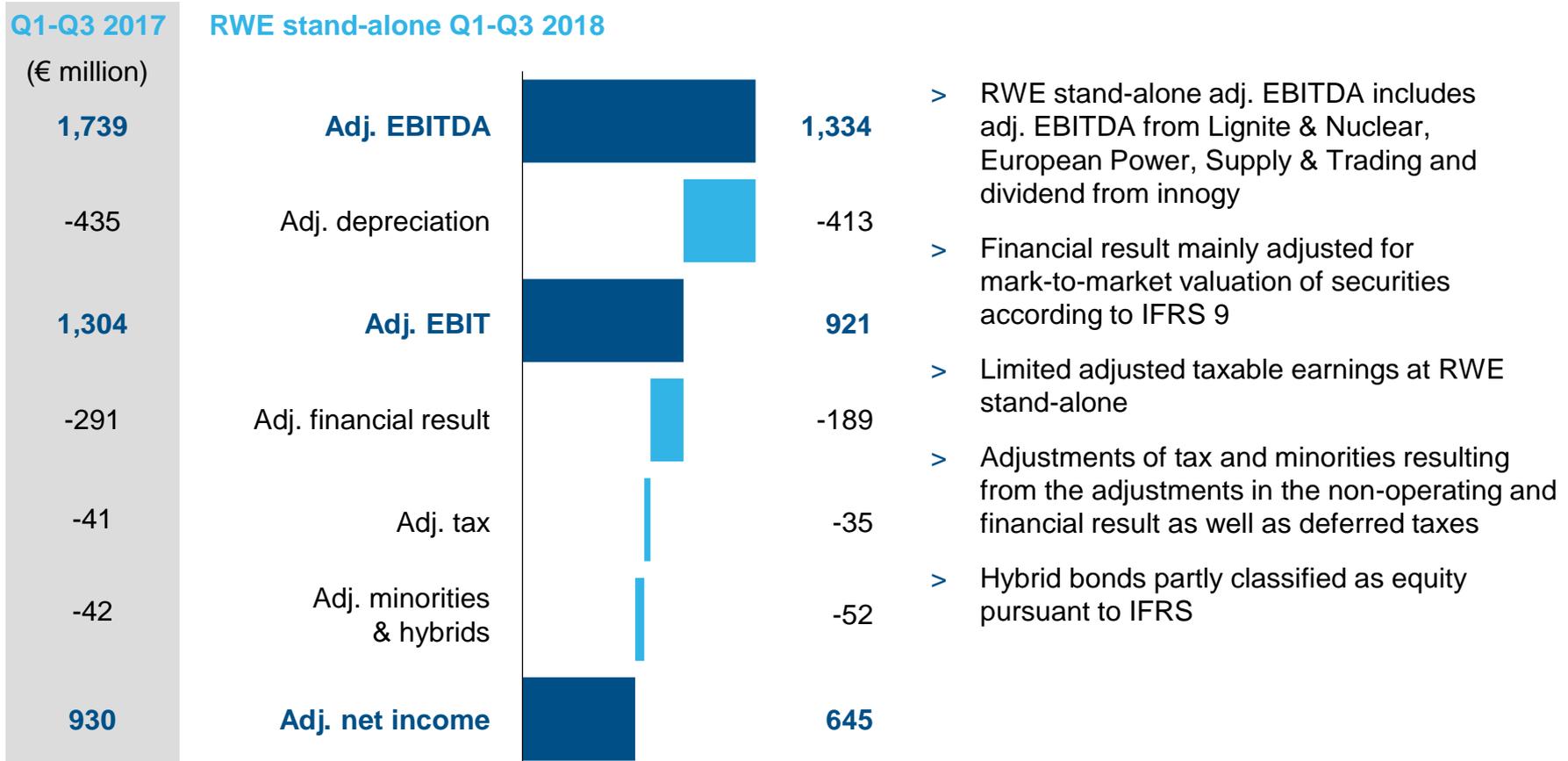
Q1-Q3 2018 versus Q1-Q3 2017:

- ⊕ Very good trading performance in Q2 and Q3 2018
- ⊖ Good performance of gas and LNG business; however, earnings contribution below previous year's high result
- ⊖ Value adjustment within Principal Investment portfolio in Q2

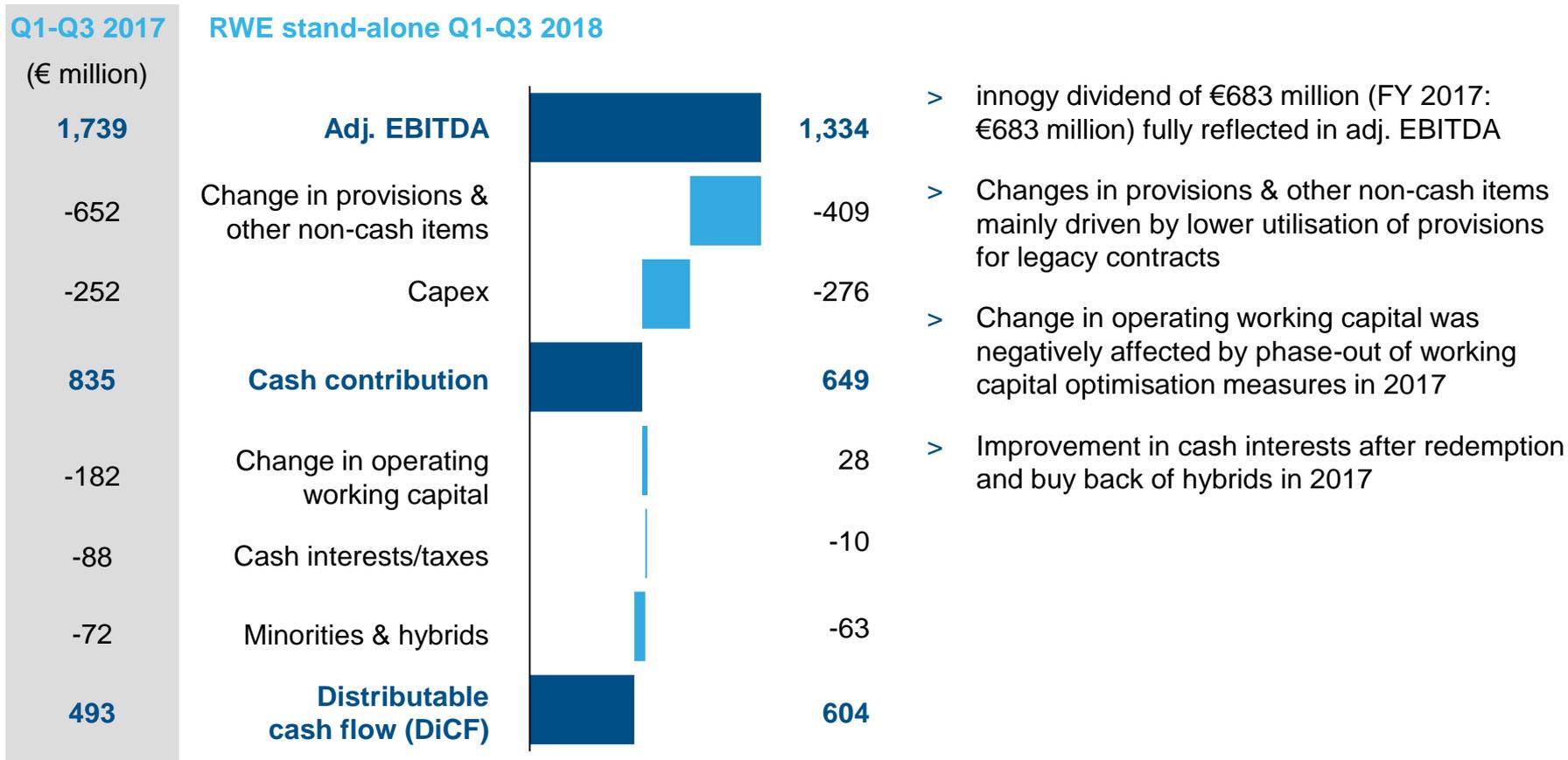
Outlook for FY 2018 adjusted EBITDA: between €100 and €300 million

- > Expected longer-term average earnings contribution of approx. €200 million

Adjusted net income for Q1-Q3 2018 reaches €645 million



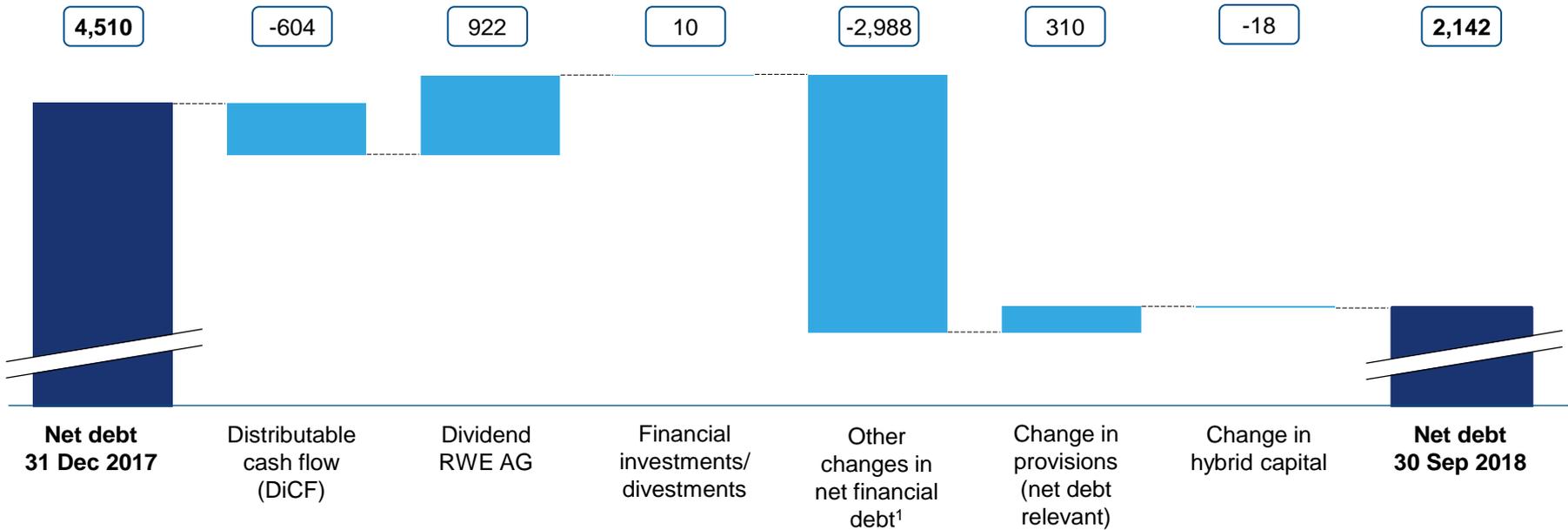
Increased distributable cash flow due to lower change in provisions and improved change in working capital



Strong decline of net debt due to high inflow of variation margins

Development of net debt (RWE stand-alone)

(€ million)



¹ Includes approx. €3.4 billion from variation margins which will revert once the underlying transactions are realised or commodity trends turn around.

RWE stand-alone – outlook for 2018 confirmed

FY 2017

FY 2018e

€2.1 bn

Adj. EBITDA

€1.4 bn –
€1.7 bn

-€0.6 bn

Adj. depreciation



> Stable development expected

-€0.4 bn

Adj. net financial result



> Significant improvement after redemption and buy back of hybrids in 2017 and impact from settlement of nuclear energy fund in July 2017

-€0.1bn

Adj. taxes



> Stable development expected

-€0.1bn

Adj. minorities & hybrid



> Stable development expected

€1.0 bn

Adj. net income

€0.5 bn –
€0.8 bn

Dividend (per share)

€0.50

> Ordinary dividend

€0.70

> Management target

+

€1.00

> Special dividend

Appendix

RWE Group – outlook for 2018 confirmed

(€ million)

Actuals 2017

2018 forecast

Adjusted EBITDA

2,149

RWE Group

1,500 – 1,800

671

Lignite & Nuclear

350 – 450

463

European Power

300 – 400

271

Supply & Trading

100 – 300

785

innogy – continuing operations

700 – 800

Capex continuing operations

685

1,200 – 1,400

30 June 2018

Net debt continuing operations

5,447

Moderately below
30 June 2018

Reconciliation to adjusted net income

RWE stand-alone (€ million)	Q1-Q3 2018			Q1-Q3 2017	change
	Reported	Adjustments	Adjusted	Adjusted	Adjusted
Adjusted EBITDA	1,334	-	1,334	1,739	-405
Depreciation	-413	-	-413	-435	22
Adjusted EBIT	921	-	921	1,304	-383
Non-operating result	-338	338	-	-	-
Financial result	-230	41	-189	-291	102
Taxes on income (Tax rate)	+45 (-13%)	-80	-35 (5%)	-41 (4%)	6
Income (of which:)	398	299	697	972	-275
Non-controlling interests	6	1	7	6	1
Hybrid investors' interest	45	-	45	36	9
Net income¹	347	298	645	930	-285

¹ Income attributable to RWE AG shareholders.

Income statement Q1-Q3 2018

(€ million)

	RWE stand-alone	RWE Group
Revenue (including natural gas tax/electricity tax)	9,345	10,095
Natural gas tax/electricity tax	-101	-102
Revenue	9,244	9,993
Other operating result	4	-45
Cost of materials	-7,620	-7,721
Staff costs	-1,335	-1,457
Depreciation, amortisation and impairment losses	-413	-674
Income from operating activities of continuing operations	-120	96
Income from investments accounted for using the equity method	126	165
Other income from investments	577	-45
of which: income from the investment in innogy	683	-
Financial result	-230	-258
Income of continuing operations before tax	353	-42
Taxes on income	45	5
Income of continuing operations	398	-37
Income discontinued operations	-	391
Income	398	354
of which: non-controlling interests	6	374
of which: RWE AG hybrid capital investors' interest	45	45
of which: net income/income attributable to RWE AG shareholders	347	-65

Balance sheet as at 30 September 2018

(€ million)

Assets

Intangible assets	1,033	2,191
Property, plant and equipment	6,511	12,188
Investments accounted for using the equity method	698	1,464
Other financial assets ¹	16,687	349
Inventories	1,799	1,857
Financial receivables	3,694	2,195
Trade accounts receivable	2,358	1,544
Other receivables and other assets	13,638	13,881
Income tax assets	368	379
Deferred taxes	190	680
Marketable securities	2,871	2,871
Cash and cash equivalents	4,386	4,618
Assets held for sale	-	39,276

54,233

83,493

Equity and liabilities

RWE AG shareholders' interest	18,918	10,141
RWE AG hybrid capital investors' interest	925	925
Non-controlling interests	129	4,442

Total equity

19,972

15,508

Provisions	17,120	17,874
Financial liabilities	2,390	2,880
Other liabilities	14,276	14,348
Income tax liabilities	2	34
Deferred tax liabilities	473	668
Liabilities held for sale	-	32,181

Total liabilities

34,261

67,985

54,233

83,493

¹ Includes for RWE stand-alone innogy stake at market value of €16.4 billion as at 30 September 2018.

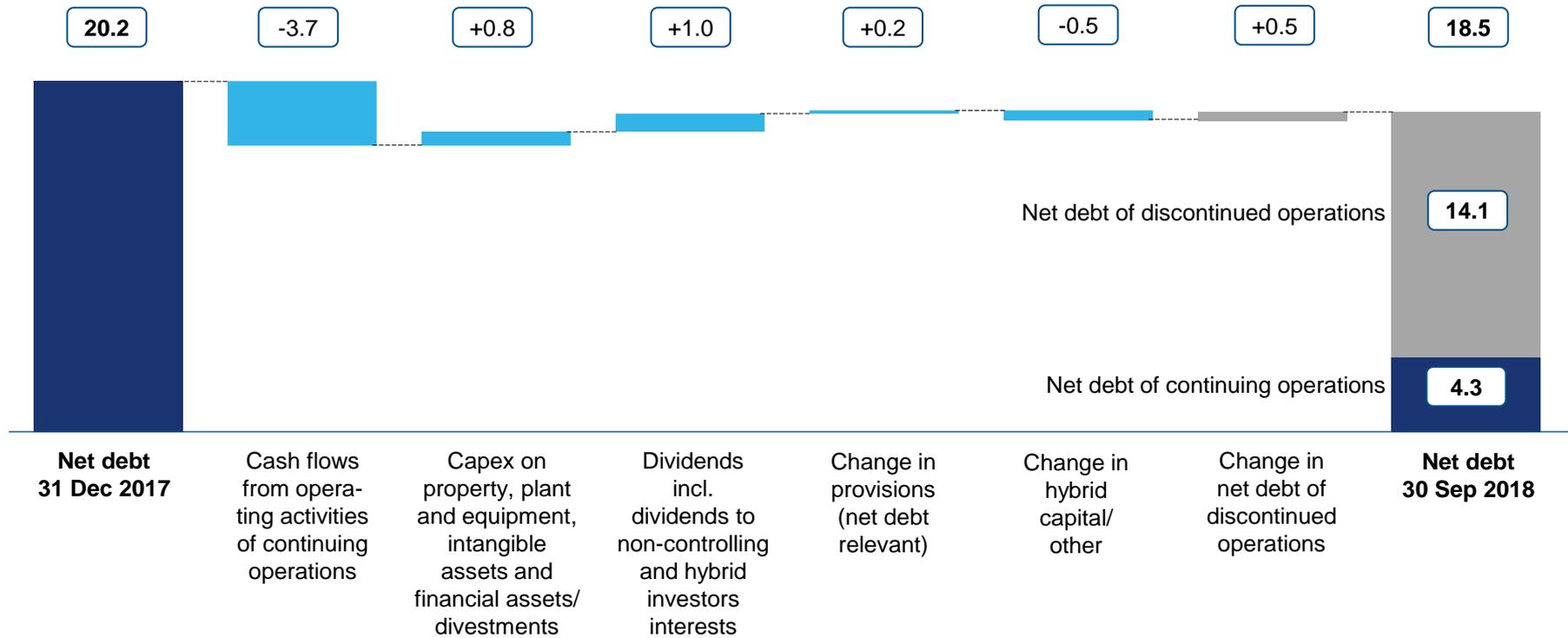
Net debt as at 30 September 2018

(€ million)	RWE stand-alone	RWE Group
Cash and cash equivalents	4,386	4,618
Marketable securities	3,076	3,076
Other financial assets	3,673	2,054
t/o financial receivables against innogy	1,659	-
Financial assets	11,135	9,748
Bonds, other notes payable, bank debt, commercial paper	1,145	1,571
Hedge transactions related to bonds	15	15
Other financial liabilities	1,245	1,308
Financial liabilities	2,405	2,894
Net financial debt	-8,730	-6,854
Provisions for pensions and similar obligations	2,531	2,635
Capitalised surplus of plan assets over benefit obligations	-	-144
Provisions for nuclear waste management	5,905	5,905
Mining provisions	2,531	2,531
Provisions for dismantling wind farms	-	357
Adjustment for hybrid capital (portion of relevance to the rating)	-95	-95
Plus 50% of the hybrid capital stated as equity	463	463
Minus 50% of the hybrid capital stated as debt	-558	-558
Net debt of continuing operations	2,142	4,335
Net debt of discontinued operations	-	14,132
Net debt	2,142	18,467

Lower RWE Group net debt mainly due to high inflow of variation margins

Development of net debt (RWE Group)

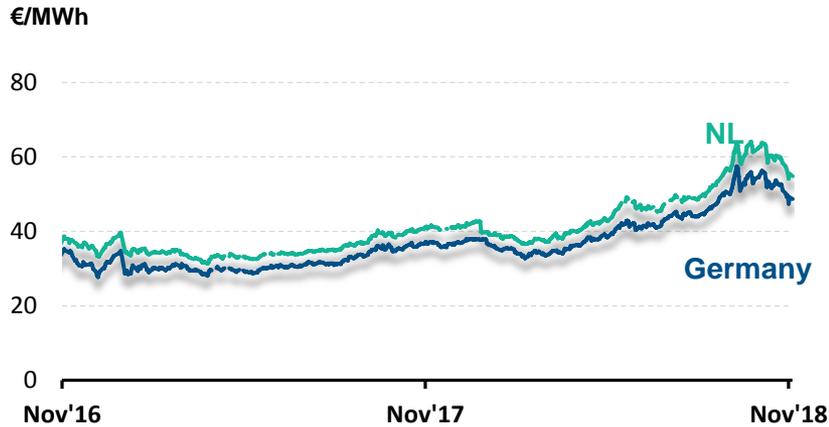
(€ billion)



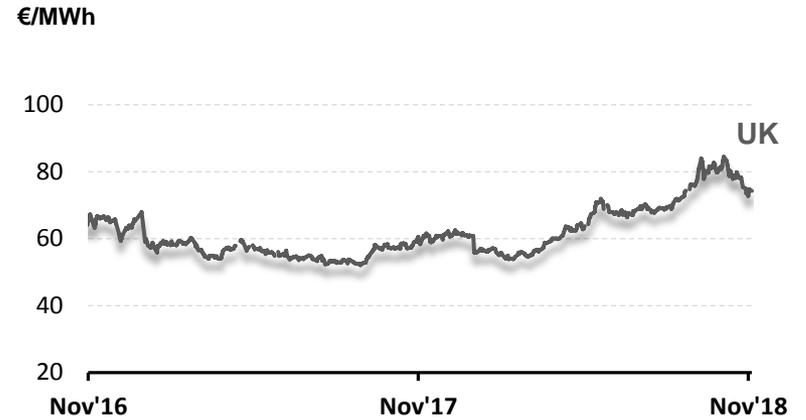
Rounding differences may occur.

Power prices and commodities

Base load power prices – Germany, NL (1 year forward)



Base load power prices – UK (1 year forward)



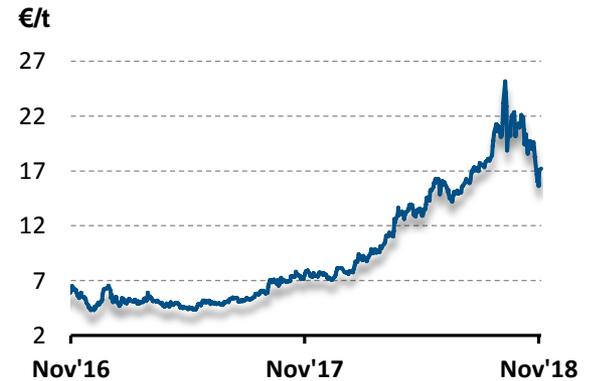
Coal prices – API2 Cal-ahead



Gas prices – TTF Cal-ahead

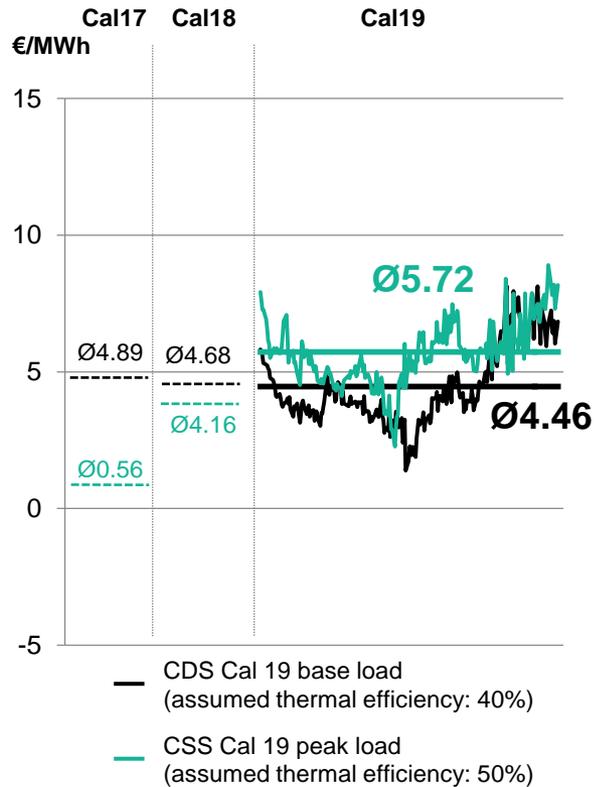


Carbon prices - EU ETS

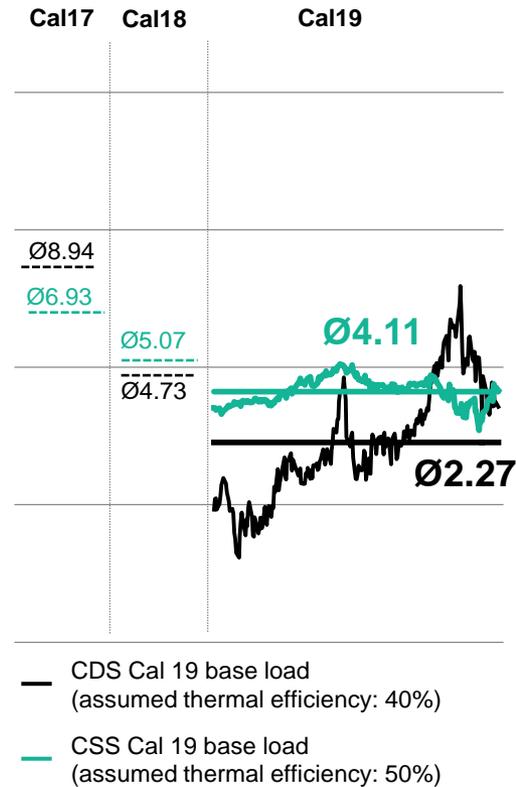


Clean Dark (CDS) and Spark Spreads (CSS) – 2017 - 2019 forwards for Germany, UK and NL¹

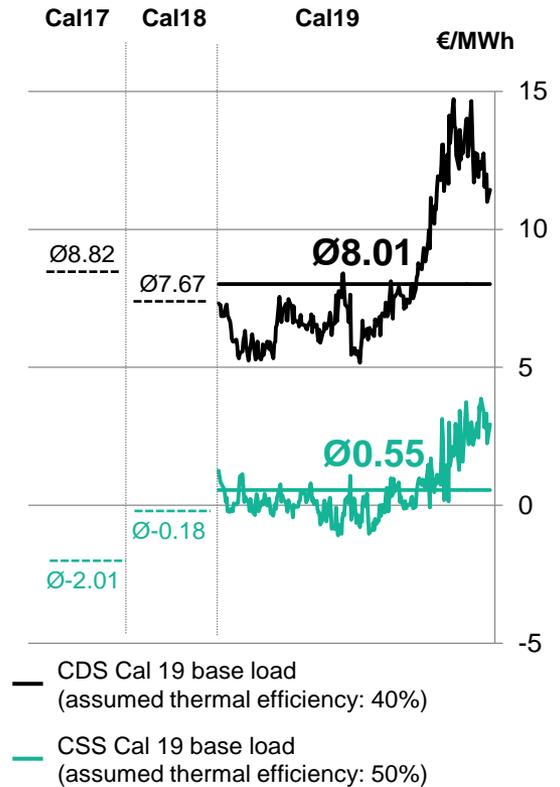
Germany



UK²



Netherlands



¹ Settlement one year ahead (Cal+1) | ² Including UK carbon tax

Note: Efficiency factors have been updated; figures for historical years have been adjusted accordingly. | Source: RWE Supply & Trading, prices through to 5 November 2018.

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Important Links

- > Annual and Interim Reports & Statements
<http://www.rwe.com/ir/reports>
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- > IR videos
<http://www.rwe.com/ir/videos>
- > Consensus of analysts' estimates
<http://www.rwe.com/ir/consensus-estimates>



Financial Calendar

- > **14 March 2019**
Annual report 2018
- > **3 May 2019**
Annual General Meeting
- > **15 May 2019**
Interim statement on the first quarter of 2019
- > **14 August 2019**
Interim report on the first half of 2019
- > **14 November 2019**
Interim statement on the first three quarters of 2019



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