



Rolf Martin Schmitz
CEO of RWE AG
Annual General Meeting

Essen, 26 June 2020

Please check against delivery.

Ladies and Gentlemen,

esteemed shareholders and members of the
RWE Investor Club,
friends and guests,

I would like to welcome you to RWE's Annual General Meeting –
also on behalf of my fellow Executive Board member
Markus Krebber.

Ladies and Gentlemen,

If you had asked me at the beginning of the year whether RWE
had already experienced every imaginable situation in its over
120 years of corporate history, I would probably have said "Yes."
Regrettably, we are all the wiser today as we hold our Annual
General Meeting in front of video screens for the first time due to
the pandemic.



The remote AGM is the best and most responsible solution currently available. It is right to forbid gatherings of many more than 1,000 people right now.

Your health, my dear shareholders, and that of our guests and employees, is our top-most priority.

Ladies and Gentlemen,

If it's true that crises reveal one's true character, then every single one of RWE's staff members has passed this character test with flying colours.

They have always been there for you and continue to step up to the plate under extremely difficult conditions while adhering to the highest possible hygiene standards. They produce the electricity that our society is in such dire need of – especially during periods of crisis.

Our mission is clear: during times of uncertainty, one thing that must always remain certain is our electricity. Reliable. Around the clock.

This is why we have set our sights on two things in particular since the onset of the pandemic: the health of our employees and reliable power production.



We reacted to it very early on, in order to ensure that we hit both targets. We

- cancelled events,
- introduced distancing rules,
- discontinued business travel
- and switched to working from home for administration staff.

Wherever this is not possible, which is in power plants, opencast mines, wind and solar farms, and on the trading floor, we adhere to strict hygiene rules.

We have rebuilt teams and have taken many small measures to reorganise shift work in order to avoid direct contact between workers as much as possible. This has worked very well. No one has become infected while at work.

Distancing is the order of the day. This applies to our blue collar staff as well as to those of our white collar employees who have gradually returned to their office buildings.

This is anything but easy for our employees. The gratitude that I would like to express to them is thus all the more heartfelt! Our employees have every right to be proud of what they are doing – and how they are doing it.



Ladies and Gentlemen,

The pandemic has changed our lives fundamentally. First and foremost with regard to our health. I'm not the only one who was taken aback by the pictures of horrific scenes in Italy, France and the USA.

Fortunately, the situation in the European countries has improved considerably in the meantime. At the same time, however, the economic damage is becoming apparent. The world economy changed dramatically in just a few weeks: borders were closed, supply chains were interrupted, factories were ramped down, and services were discontinued. Corona wreaked havoc on large parts of the global economy.

Fortunately, this does not apply to RWE. We got off to a good start this year. Although demand for electricity has dropped somewhat in the last few months, corona hardly affects our business operations right now. We sell major portions of our electricity forward. Our business model has proven to be robust.

This is reflected in our figures for the first quarter of 2020: we posted significant gains across all key earnings figures. Therefore, RWE does not need any state aid. And none of our employees has been forced to work reduced hours.

Ladies and Gentlemen,

Unfortunately, many companies are not faring well during the crisis. The consequences are more severe than what we witnessed during the financial crisis in 2009.



This time, many more sectors are affected. Nearly our entire economy has been hit – from the small café around the corner to the global auto manufacturers.

Our economy is networked worldwide and cannot be turned on and off by flicking a switch. It needs a working cycle from which businesses can develop prospects and energise to innovate.

There are many positive approaches to rebuilding. I am of the opinion that the aid packages announced by the European Commission to stabilise the economy at the European level are good.

What is decisive is that this money is invested sensibly in the future. One area in which I believe investments should be made is in greatly supporting industry in adopting carbon-neutral production methods.

This will turn Europe into a leader in climate-friendly industrial production. This would be a milestone in global climate protection.

I also believe that the European Green Deal is the right move. Here, too, the devil is in the detail. Take sustainable financing, for example: it can pave the way to a carbon-neutral future. However, it is important that companies receive assistance in making the transition to carbon neutrality. Whether a business is being subsidised or not should thus be judged by whether and the extent to which it spurs the transformation process. An evaluation solely based on a company's current portfolio will not help the transformation process. The opposite is true.



The 130 billion euro stimulus package put together by the German government can also help chart the right course. For instance, the government has made the right decision to promote digitisation.

It is equally important to lessen the burden on consumers and industry in difficult times. The German government has decided to take useful measures in this regard as well. One such measure is to temporarily reduce VAT and to lower the renewable energy apportionment.

It goes without saying that this must not curtail the expansion of renewable energy. In fact, the object must be to dovetail the economic measures with climate protection.

All in all, the stimulus package could result in a major modernisation surge in Germany.

Ladies and Gentlemen,

Climate protection remains one of the major challenges of our time. The need to reduce carbon dioxide emissions remains topical. Prosperity requires a functioning industry. And industry is in need of a continued path towards reducing carbon dioxide emissions. These two goals are not mutually exclusive. This was the right approach before corona and this has not changed.

RWE's mission is thus

- to resolutely and responsibly phase out the use of fossil fuel.
- to have a sharp focus on renewable energy.
- to stand by our goal of being carbon neutral by 2040.



Our energy for a sustainable life is the purpose to which we at RWE have committed ourselves.

This is the path we have chosen for our new RWE. A leading renewable energy provider. The world's second-largest offshore wind power provider. Carbon neutral by 2040.

We laid the cornerstone for this three years ago

- by consolidating our finances,
- by setting strategic courses,
- and by realigning our business.

We spent more than two years working hard on the transaction with E.ON. The final step will be taken this coming Tuesday. This is when the employees and assets of the former innogy will become part of RWE: wind and solar farms, hydropower, biomass, biogas and gas storage.

Another asset which will then belong to RWE as well is innogy's stake in the Austrian power utility Kelag, which supplements the portfolio of the new RWE perfectly with its hydroelectric power business.

We look forward to this day and will welcome the employees of the former innogy back to RWE with open arms. That will finally make our team complete. All the preparatory work has been done.



Ladies and Gentlemen,

by 2022 we will spend a great deal of money. We intend to make 5 billion euros in net investments in renewable energy and storage. The expenditure can rise substantially through the involvement of partners.

Twenty percent, or about 1 billion euros, of our net investments have been set aside for Germany alone.

Our worldwide installed wind and solar capacity is set to grow by nearly 50 percent: from approximately 9 to over 13 gigawatts.

A total of 2.9 gigawatts in capacity is already under construction.

Let me give you some examples of the progress we have made in the offshore business:

- Construction of the Triton Knoll offshore wind farm has been underway since January. The wind farm will have a total capacity of 857 megawatts and is scheduled to start producing power in 2022 – enough to supply approximately 800,000 British homes with green electricity.
- We made the final investment decision regarding the German Kaskasi offshore wind farm in April. Located in the North Sea, this wind farm will have a capacity of 342 megawatts and is also slated to go online in 2022.

RWE

- Outside of Europe, we are spurring the development of the Asian offshore wind market. In addition to Japan, our sights are now set on Taiwan as well. In Taiwan, we have joined forces with the local company Asia Cement to plan a project with a size of up to 448 megawatts off the country's north-western coast.

We have also made good progress in onshore wind and solar.

- In Morcone, which is situated near Naples, we opened our 57 megawatt onshore wind farm, the largest in Italy. Our total installed capacity in Italy now amounts to some 440 megawatts.
- Our 24th US wind farm project has gone online. It's called Peyton Creek and has an installed capacity of 151 megawatts. This pushes the wind capacity we operate in the USA over the 4,000 megawatt mark, with RWE accounting for a share of about 3,400 megawatts.
- And in Germany, construction work recently began on our wind farm in Jüchen, which we are building with municipal partners on the recultivated premises of the Garzweiler opencast mine – right in the middle of our home region.

These successes are the result of the efforts put in by many. Highly motivated professionals, who are passionate about our cause. In and from many countries around the world. With a wide variety of professions. They all give RWE a new face.

Our capacity is growing on the basis of cutting-edge renewables technology – in line with both international and national climate goals.



These are the climate goals to which we have made a pledge. From 2012 to 2019, RWE cut its carbon dioxide emissions in half. As a result, we achieve 90 million metric tons in savings every year. This roughly equals to the carbon dioxide emissions of all cars registered in Germany.

Admittedly, we started at a very high level. But this is precisely why we continue to press on the accelerator to reduce carbon emissions. We have established firm milestones on our path to carbon neutrality by 2040.

- By 2030, we will have cut our carbon dioxide emissions by 75 percent compared to 2012. We will accomplish this by shutting down coal-fired power stations or converting them to biomass, as in the Netherlands.
- Coal-fired electricity generation is set to be phased out completely by 2038. For the period thereafter, we will place our chips on a large international portfolio of wind and solar farms, storage, biomass and gas-fired power stations primarily fired with 'green' gas in order to compensate for the fluctuating amounts of wind and solar power put on the system.

This is our path. This is your new RWE. All systems go for clean, reliable and affordable electricity.



Ladies and Gentlemen,

We are able to go down this path thanks to RWE's outstanding development.

Two thousand and nineteen 2019 was a special year, because we got started as the new RWE. And because we were able to make upward adjustments to our operating targets twice. And we actually ended up exceeding them.

At the beginning of the year, we had expected adjusted EBITDA for RWE on a stand-alone basis to come in at between 1.2 and 1.5 billion euros. What we actually achieved was 2.1 billion euros. In 2018, this figure stood at 1.5 billion euros.

Adjusted net income in 2019 amounted to 1.2 billion euros. It actually doubled compared to the 591 million euros recorded a year before.

First and foremost, this positive development is due to our exceptional trading performance paired with our strong gas and LNG business. The Supply & Trading segment closed the year with adjusted EBITDA of 702 million euros compared to 183 million euros a year earlier.

European Power also posted a gain. This segment generated adjusted EBITDA of 453 million euros in 2019 after 334 million euros in 2018.

The main reason for this was the resumption of payments from the British capacity market.



We also closed 2019 slightly higher year on year in the Lignite & Nuclear segment – despite the curtailments resulting from the halt to the clearance of Hambach Forest. Income was improved by the acquisition of the minority stakes in the Gundremmingen and Emsland nuclear power stations from E.ON at the end of September 2019. Moreover, electricity margins rose slightly. The segment achieved adjusted EBITDA of 374 million euros compared to 356 million euros in 2018.

We aim to post adjusted EBITDA of between 2.7 and 3.0 billion euros at the Group level in the year underway. Our goal for adjusted net income is between 0.85 billion and 1.15 billion euros.

Ladies and Gentlemen,

The good results achieved in 2019 are the continuation of a development that began three years ago. We delivered as promised.

How did we do this?

- Through resolute cost management. We were profitable throughout – even when wholesale electricity prices hit a low.
- Through the strength of our balance sheet and debt reduction. This stabilised our rating and improved our risk profile.
- And most importantly, through our new strategic positioning.

In a nutshell, RWE is looking to a very bright future.



This is echoed by the rating agencies: Moody's changed its outlook to positive, and Fitch confirmed its rating with a stable outlook during the corona crisis.

This is good news for you as our shareholders. You are benefiting from a more valuable company, the share price of which has displayed outstanding development over the last three years.

- Despite Corona - almost 80 percent more since the announcement of the transaction compared to yesterday.
- The RWE share ranked among the top three in the DAX in 2017, 2018 and 2019.

Moreover, RWE is reliable when it comes to paying dividends. We aim to increase our dividend payments steadily.

We paid 70 cents per share for fiscal 2018. The Executive Board and the Supervisory Board propose 80 cents for fiscal 2019. And we plan to raise the dividend to 85 cents for the current year.

The extended outlook is also positive. We aim to continue increasing the dividend in 2020 and thereafter in line with earnings growth in our core business.

Ladies and Gentlemen,

You can tell how seriously we are taking the sustainable transformation of our company by the fact that we are already exploring tomorrow's technologies today.

We believe that hydrogen has very bright prospects for use as an energy fuel. It could be used to store vast amounts of green electricity – one of the challenges of the energy transition.



When used as a source of energy and a commodity, hydrogen can help to reduce carbon dioxide emissions far beyond the electricity sector. There is no way around hydrogen when it comes to decarbonising industry.

RWE is involved in three innovative hydrogen projects – in the UK, in the Netherlands and in Germany.

We recently signed a letter of intent with thyssenkrupp Steel Europe. We intend to supply green hydrogen to steel manufacturers in Duisburg by the middle of this decade.

Against this backdrop, we welcome the decision of the German government to heavily subsidise hydrogen production as part of its stimulus package. The planned provision of 9 billion euros is an important step towards jump-starting this forward-looking technology.

We are also exploring floating offshore technology extensively. For instance, we will start testing a floating platform for wind turbines in the Bay of Biscay in 2021. The float will be designed to stay in equilibrium around a fixed anchor point, aligned with the wind and waves. The pilot project will last for 3.5 years.

Battery technologies are another field. We are researching new solutions for mega batteries such as redox flow technology, which in terms of chemical storage has the potential to be a good complement to lithium-ion technology, which is widespread today. This supplements our existing activities.



We already operate some storage systems in the USA and as part of a pilot project in Germany. Moreover, construction of a 30 megawatt-hour battery storage system in Ireland will start this year.

Ladies and Gentlemen,

Transformation also involves accepting that current technologies are phased out and shaping that process responsibly. Firm exit dates have been set for both coal and nuclear.

Our two nuclear power plant units that are still up and running, in Gundremmingen and Emsland, will be taken offline in 2021 and 2022. This will be followed by their safe dismantling.

RWE has embarked on a resolute and responsible path to exiting from coal-fired electricity generation. It is complex and demands a lot, in particular of our employees.

We closed Aberthaw, our last coal-fired power station in the UK. In the Netherlands, we continue to convert our plants to biomass.

And very recently: In Germany, we have agreed with the Government on a public-law contract, which will now be presented to Parliament and our committees. This agreement implements for lignite what has been laid down both in the "Commission for Growth, Structural Change and Employment" and in the agreement of the German government with the federal states. The ball is now in Parliament's court. We hope that it will be concluded shortly.



In December, in a mere six months, Niederaussem D will be the first 300 megawatt lignite unit to be taken offline. This is the starting shot for the ambitious decommissioning plan which we face at RWE. RWE will shoulder the main burden of the German coal phaseout until 2030. Three further 300 megawatt units will be taken offline in 2021 alone.

As you can see, RWE is withdrawing from coal-fired power production with resolve. We are keeping our promises. We are getting down to brass tacks.

Anyone who evaluates us fairly and without bias cannot doubt this. RWE is spurring the energy transition.

To them, the expansion of renewable energy is the decisive factor.

Technologically speaking, renewables have become more than competitive. It is becoming increasingly affordable to produce electricity from the sun and water at an industrial scale.

Given these developments, it comes as no surprise that global investment in renewable energy has been on the rise for years. The good development witnessed the world over should be a wake-up call for Germany. Those who wish to survive in the competition for investments in renewables must offer good framework conditions.

A lot remains to be done in this regard. Onshore wind power is so unpopular that its expansion has basically ground to a halt.

Expanding offshore wind power presents a great opportunity to Germany. Nearly the entire sector is worried that this area might lack suitable investment conditions. Here's why:



The envisaged auction rules in the planned Offshore Wind Act aim to draw zero-price bids. And if several such bids are submitted, one is expected to bid even more in order to obtain a construction permit. This will not work unless one speculates on electricity prices rising. And even then, it is doubtful whether the wind farms will ever be built.

Many investors would prefer to go abroad, where better conditions prevail. The good news is that policymakers still have the possibility to turn the development in a positive direction.

The two-sided contract for difference is a sensible alternative to zero bids. Price floors minimise operator downside. In addition, a revenue cap is in place, which limits the economy's exposure to cost risks. All profits exceeding the cap must be relinquished. This provides all players involved with a reliable framework. It works. In the United Kingdom, for example. Germany should learn from this.

Ladies and Gentlemen,
esteemed shareholders,

RWE is on the right course. In a nutshell,

- RWE is faring well during the corona crisis.
- RWE is growing and investing in renewable energy: a net 5 billion euros through to 2022, of which 1 billion euros have been set aside for projects in Germany.
- RWE produces clean, reliable and affordable electricity.
- RWE will be carbon neutral by 2040.



This is what our employees are working for. In all parts of our company.

Hour after hour. Day in, day out. In over 20 countries around the globe.

They all give the best they have to give for RWE: trust, performance, passion.

I would like to send a very personal word of thanks to our entire workforce for their dedication.

Our energy for a sustainable life.

Thank you for your attention.

Forward-looking statements

This speech contains forward-looking statements. These statements reflect the current views, expectations and assumptions of management, and are based on information currently available to management. Forward-looking statements do not guarantee the occurrence of future results and developments and are subject to known and unknown risks and uncertainties. Actual future results and developments may deviate materially from the expectations and assumptions expressed in this document due to various factors. These factors primarily include changes in the general economic and competitive environment. Furthermore, developments on financial markets and changes in currency exchange rates as well as changes in national and international laws, in particular in respect of fiscal regulation, and other factors influence the company's future results and developments. Neither the company nor any of its affiliates undertakes to update the statements contained in this speech.