

1.1 Letter from the CEO



Dr. Markus Krebber, Chief Executive Officer of RWE AG

*Dear Shareholders,
Ladies and gentlemen*

Europe is experiencing particularly difficult times. The images we are seeing from Ukraine are shocking. For me, the scale of the human suffering caused by the war is almost inconceivable. With the attack on Ukraine, Russia's leadership has violated international law and the right of the Ukrainian people to self-determination. Sadly, we have been reminded that democracy, freedom and peace cannot be taken for granted and that we must stand up in support of them. Our thoughts and solidarity are with the people in Ukraine, who must endure the horrors of war.

The conflict has massive ramifications for Europe as a whole. One key aspect is security of energy supply. As a company active in critical infrastructure, we at RWE are well aware of the great responsibility we bear at this time. We therefore support the efforts of the EU and the German government to reduce dependence on deliveries of commodities from Russia and simultaneously ensure a reliable supply of energy. We are working on identifying RWE power stations which can provide additional backup capacity. We are also playing our part in diversifying the supply of natural gas. One example of this is our participation in the planned LNG terminal in Brunsbüttel, Germany, which will be able to receive shipments of liquefied natural gas and, in the future, green ammonia for hydrogen production.

Even though security of supply is the centre of attention at the moment, the medium- and long-term vision for energy policy remains unchanged. Indeed, expanding renewables and ramping up the hydrogen economy are more important than ever – not only to protect the climate, but also to increase our independence from commodity imports. RWE will make a major contribution to these causes. At our Capital Market Day on 15 November 2021, we informed the public of the action we plan to take. Our Growing Green strategy will make the 2020s a decade of growth for our company. By 2030, we intend to invest a gross sum of around €50 billion in transforming RWE and thus transitioning to a sustainable energy system. These funds will be spent on the construction of wind and solar farms, battery storage, climate-friendly backup power stations and electrolyzers for the production of hydrogen. Our net capital expenditure, which takes into account proceeds from the sale of stakes in projects, is expected to reach €30 billion. With this, we plan to double generation capacity in our core business to roughly 50 GW by the end of the decade. Earnings from core activities will also increase sharply: for 2030, we project adjusted EBITDA in the order of €5 billion, representing an increase of around 80% compared to 2021. These goals are ambitious, but realistic. This was reflected in the stock market's positive reaction to our Growing Green strategy, as the RWE share closed trading that day with a strong gain and continued to perform well in the following weeks.

We are pursuing our growth strategy with determination. Since the start of 2021, we have commissioned 14 wind and solar farms with a total capacity of 1.2 GW, despite supply chain issues that led to delays for some projects. In the spring of 2021, we started building the Sofia wind farm off the eastern coast of the UK, which will set new standards with its planned capacity of 1.4 GW. In addition, we set the stage for a number of attractive major projects. In auctions for new offshore wind farm sites in Great Britain, Germany, Denmark and the USA we secured leases for sites where we can build up to 8 GW of generation capacity.

The past year was challenging in many respects, and thus we are even more pleased that we outperformed our financial targets. At €3,650 million, our adjusted EBITDA was well above the range we had projected. We met or exceeded the expectations in all of the segments. These achievements are driven by our dedicated employees, who have put their all into ensuring our company's continued success. I'd like to express my gratitude to all of them, on behalf of the entire Executive Board. Coming against the backdrop of the coronavirus pandemic, our performance in 2021 is all the more impressive. Thanks to the flexibility and dedication of our employees, we were able to maintain all of our critical operations at all times.

The catastrophic flooding in western Germany was a defining moment in the summer of 2021. All of us can recall the scenes of utter devastation. Among the many people who lost their lives was an employee of one of RWE's partner companies. We would like to extend our deepest condolences to his family and friends. The floods impacted a number of our sites. Nevertheless, we were able to limit the resulting downtime at the Inden opencast mine and many of our run-of-river power stations to just a few days. We have the untiring efforts of our people to thank for this. Many of them also rolled up their sleeves and personally helped out those in need. RWE itself provided materials, machinery and funds totalling around €2 million, with one quarter of the donations coming from our employees.

In closing, let me briefly look ahead to fiscal 2022. Despite the uncertain course of the conflict in Ukraine and its consequences, I am confident that we can continue to generate good earnings as was the case in 2021. At present, our projection for adjusted EBITDA foresees a range of €3.6 billion to €4.0 billion. In this regard, one key factor will be the earnings contributions of our new wind and solar farms. As you can see, our growth strategy is paying off. That said, we are at the very beginning of a long and challenging journey. RWE's transformation involves much more than billions of euros of investment. Passion, the ability to change, and, sometimes, courage are all key ingredients. I am convinced that RWE has all these qualities. And that means you, dear shareholders, can count on us. Thank you for your trust and confidence! I hope you'll continue with us on this exciting journey.

Sincerely yours,

