

Press Release

RWE achieves outstanding result in 2019 and remains on track for growth in renewable energy

- **Goals for adjusted EBITDA and adjusted net income for past fiscal year exceeded**
- **Dividend of €0.80 proposed for 2019 – further dividend growth targeted, increase to €0.85 envisaged for 2020**
- **With net investments of €5 billion, RWE intends to add more than 4 gigawatts of wind and solar power by 2022**
- **Financial reporting with new segment structure in line with the new RWE's strategic focus from 2020 onwards**

Essen, 12 March 2020

Rolf Martin Schmitz, CEO of RWE AG: "Fiscal 2019 was an outstanding year, which saw us launch the new RWE. As one of the world's leading producers of electricity from renewables, we have an ambitious goal: we want to be carbon neutral by 2040. We are making very good progress. Since 2012, we have cut our carbon emissions in half. Our operating activities achieved an excellent result. We have an outstanding basis from which to resolutely expand our business and achieve value-added growth."

Outstanding 2019 fiscal year, bright prospects: RWE clearly exceeded the targets it announced at the beginning of last year. Management intends to propose a dividend of €0.80 for fiscal 2019 to the Annual General Meeting. By 2022, the company wants to invest a net €5 billion in the continued expansion of renewable energy, with this sum having the potential to rise significantly through contributions from partners. Of the net investments, 20% is earmarked for Germany, corresponding to about €1 billion.

This is how RWE is pressing ahead with its growth strategy as one of the world's leading providers of renewable energy. The transaction with E.ON was largely completed last year. This gives RWE a portfolio of wind and solar power assets with a capacity of about 9 gigawatts (GW) and a stable earnings profile. Contracted and regulated business accounts for 70% of income from wind and solar power. In addition, the company is pursuing its CO₂ reduction targets with resolve. Since 2012, RWE has reduced its specific CO₂ emissions by a good 50%, or over 90 million metric tons. By 2040, the company wants to be carbon neutral and generate most of its electricity with wind and solar farms.

RWE

RWE's focus in terms of growth lies on the core markets Europe and North America as well as on the Asia-Pacific region. The company aims to grow its portfolio by more than 4 GW over the next three years. A total of 2.7 GW in capacity is currently under construction. Furthermore, the Group has a sizeable project pipeline of over 20 GW.

Another point of focus for RWE last year was the negotiations with the federal government on the country's exit from coal-fired electricity generation. The company will bear the main burden of the lignite phaseout, which will stretch it to its limits. RWE will implement the capacity reduction required by 2023 nearly entirely on its own. The first 300 MW unit at the Niederaussem site will be taken offline this year. The Inden and Hambach opencast mines will be closed much earlier than originally planned and Hambach Forest will be preserved. RWE agreed to this in exchange for compensation in order to obtain planning certainty for the company and its employees. By 2030, the company plans to reduce headcount by about 6,000 within the scope of a redundancy scheme that is socially acceptable. The Coal Phaseout Act is currently going through the parliamentary procedure. In addition to the Act, the conclusion of a public-law contract with the Federal Republic of Germany is an indispensable prerequisite for RWE.

Adjusted net income more than doubled in 2019 compared to previous year

Operating business performance is being presented on the basis of the results achieved by 'RWE stand-alone' for the last time for 2019. Adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) on this basis amounted to €2.1 billion (previous year: €1.5 billion). Adjusted net income totalled €1.2 billion, more than doubling compared to the €591 million recorded a year earlier. This was due to the exceptional trading performance and the strong gas and LNG business.

The Executive Board and the Supervisory Board of RWE AG will propose to the Annual General Meeting on 28 April 2020 that an increased dividend of €0.80 per share be paid for fiscal 2019. RWE also aims to increase the dividend further in the future. Management intends to raise the dividend to €0.85 for 2020.

The Lignite & Nuclear segment closed the year with earnings that were slightly higher than in 2018. Despite the curtailments resulting from the halt to the clearance of Hambach Forest, adjusted EBITDA rose to €374 million (2018: €356 million). The acquisition of the minority stakes in the Gundremmingen and Emsland nuclear power plants from E.ON at the end of September 2019 improved earnings. Moreover, margins grew slightly. The European Power segment achieved adjusted EBITDA of €453 million (previous year: €334 million). The main reason for the improvement was the resumption of payments from the British capacity market. The Supply & Trading segment achieved an outstanding result, posting adjusted EBITDA of €702 million after €183 million the year before. Key figures for 'RWE stand-alone' include innogy only in terms of the dividend received by RWE in the second quarter of 2019. In September 2019, the innogy stake held by RWE was fully transferred to E.ON.

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Outlook: RWE business to grow by between 7% and 10% every year from 2020 to 2022

Starting in fiscal 2020, RWE's financial reporting will reflect the company's new strategic focus. Therefore, in the future RWE will report its business performance based on a new structure. The core business is made up of four segments: Offshore Wind, Onshore Wind/Solar, Hydro/Biomass/Gas, and Supply & Trading. These are supplemented by the fifth segment Coal/Nuclear. To improve comparability, the forecast refers to pro forma results for 2019. They show the development of business including the operations acquired from E.ON for the full year.

The company intends to achieve between €2.7 billion and €3.0 billion in adjusted EBITDA for fiscal 2020. Adjusted EBIT for 2020 is estimated to total between €1.2 billion and €1.5 billion. The target for adjusted net income is between €0.85 billion and €1.15 billion. In terms of its key earnings figures, RWE aims to record annual growth of 7% to 10% from 2020 to 2022.

Offshore Wind segment: improved earnings due to higher wind speeds

This segment encompasses all of the Group's offshore wind farms and is expected to post €0.9 billion to €1.1 billion in adjusted EBITDA in the current year. The pro forma figure for 2019 as a whole was €961 million. The slight improvement is mainly due to the fact that RWE's outlook is based on a normal wind year whereas the wind volume in 2019 was lower, particularly in the United Kingdom.

Onshore Wind/Solar segment: addition of new capacities

This segment contains the Group's onshore wind and solar farms in North America, Europe and the Asia-Pacific region. It is expected to achieve adjusted EBITDA of between €500 million and €600 million. On a pro forma basis, this figure stood at €442 million in 2019. The increase is mainly due to the addition of new capacities.

Hydro/Biomass/Gas segment: lower capacity payments, previous year included back payments

This is where RWE has grouped its pumped storage, run-of-river, biomass and gas-fired power stations in addition to the minority interest in the Austrian energy utility Kelag. The segment recorded pro forma adjusted EBITDA of €671 million, including payments from the British capacity market for 2019 and a retroactive payment for 2018. RWE anticipates that earnings in this segment will range between €550 million and €650 million in the year underway.

Supply & Trading segment: forecast in line with average of past years

This segment encompasses the trading activities, the commodity solutions business, and income from the management of gas storage facilities. Adjusted EBITDA in 2020 is expected to amount to €250 million. This corresponds to the average of the past years.

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Coal/Nuclear segment: positive effects of higher wholesale electricity prices

This is where the Group's electricity generation from German hard coal, lignite and nuclear power stations are pooled, for which clear end dates have been set. The pro forma result for the previous year totalled €340 million. RWE anticipates adjusted EBITDA of between €500 million and €600 million for the current year. The expected improvement should mainly come from higher secured electricity margins.

Solid capital structure forms basis for expansion goals

RWE's future continued earnings growth will give the company strong cash flows to finance its capex plan. Furthermore, RWE has a solid capital structure. The company's equity ratio rose by nearly ten percentage points to roughly 27%. Its indebtedness is at a historic low.

Based on the definition pursuant to the realignment, net debt totalled approximately €7 billion. This corresponds to a leverage factor of 2.6 relative to pro forma adjusted core business EBITDA for 2019. RWE aims to not exceed an upper limit of this factor of 3 over the medium term. The company believes that this corresponds to a rating of BBB or better. This does not consider provisions for mining damage, which rose by €2 billion to €4.6 billion as a consequence of the German coal phaseout. These provisions will be backed by a separate financial portfolio currently comprising the €2.6 billion awarded compensation payment and the 15% stake in E.ON. Therefore, the long-term lignite obligations are directly contrasted by a portfolio of financial receivables and assets. This presentation does not change the Group's total liability.

RWE wants to grow from a position of strength

"The successful close to 2019 motivates us to tackle the coming tasks with resolve. RWE has regained the ability to grow from a position of strength. We will do this and expand our business in attractive markets while adding value," declares CFO Markus Krebber.

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Further information can be found [here](#):

- [RWE Annual Report 2019](#)
- [Financial Statements 2019 of RWE AG](#)
- [Speech delivered at the Annual Press Conference](#)
- [Capital Market Day slide show](#)



RWE AG

With its four subsidiaries RWE Renewables, RWE Generation, RWE Power and RWE Supply & Trading and a portfolio of around 43 gigawatts of generation capacity, the new RWE supplies clean, reliable and affordable electricity in the future. In its new constellation following the completion of the transaction with E.ON, RWE has a generation capacity from renewables including hydropower and biomass of approximately 10 gigawatts. The company intends to further expand this position by investing up to net €5 billion until 2022 in onshore and offshore wind power, photovoltaics and storage. In addition, RWE generates electricity from gas, hard coal, lignite and nuclear power. RWE Supply & Trading is the interface between RWE and the energy markets around the world. In order to push ahead with the energy transition, RWE is investing in innovative projects such as heat storage power plants, the generation and use of hydrogen as an energy source and Power-to-X processes. The group employs a total of around 20,000 people worldwide. RWE AG is headquartered in Essen, Germany.

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