

Press Release

RWE gets off to good start to the year and confirms earnings forecast for 2020

- **Strong growth in adjusted EBITDA, adjusted EBIT and adjusted net income**
- **Comfortable liquidity position, equity ratio of about 25%, stable rating**
- **€5 billion net investment to expand wind and solar energy portfolio by over 4 GW by 2022**

Essen, 14 May 2020

Markus Krebber, CFO of RWE AG: "RWE got off to a good start to the year. Thanks to our robust business model, we posted significant gains across all key earnings figures even in these challenging times. We confirm our earnings forecast and our dividend proposal of 85 cents per share for fiscal 2020. We are making good progress in expanding renewable energy and are consolidating our position as one of the world's leading renewable power providers. We are pursuing our goal of becoming carbon neutral by 2040. Our strategy is paying off: the new RWE is achieving profitable growth."

Good start despite worldwide corona crisis: RWE achieved adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) of €1.3 billion in the first quarter of 2020. The pro-forma figure for last year's period was €1.1 billion. This represents an increase of about 19%. Adjusted EBIT also recorded a sharp rise, advancing to €955 million. The pro-forma figure in the first quarter of 2019 was €749 million. Adjusted net income totalled €603 million. On this basis, RWE confirms its outlook for 2020: adjusted EBITDA is expected to amount to between €2.7 billion and €3.0 billion, with adjusted EBIT totalling between €1.2 billion and €1.5 billion. The target set for adjusted net income is €850 million to €1.15 billion. RWE also maintains its plan to increase the dividend to €0.85 per share for the current fiscal year. As before, the Executive Board and the Supervisory Board will propose to the virtual Annual General Meeting on 26 June that a dividend of €0.80 will be paid for fiscal 2019.

Expansion of renewable energy progressing well

RWE intends to strengthen its position as one of the world's leading renewable energy companies. Management plans to make net investments of about €5 billion to grow the portfolio to over 13 gigawatts (GW) by 2022. Construction of the Triton Knoll offshore wind farm in the UK has been underway since January. The final investment decision for the German North Sea project Kaskasi was reached in April. Both of these wind farms are scheduled to start

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producing electricity in 2022. In its quest to tap deeper into the Asian offshore wind market, RWE has joined forces with a strategic partner to plan a project of up to 448 megawatts (MW) off the north-western coast of Taiwan. In the USA, RWE recently commissioned its 24th onshore wind farm: Peyton Creek with a net installed capacity of 151 MW. And in Germany, construction work has begun for the Jüchen co-operative wind farm (27 MW), which is being built on recultivated land at the Garzweiler opencast mine.

Stable operating activities thanks to robust business model

In fiscal 2020, RWE started aligning its financial reporting with the company's new strategic focus. Therefore, RWE is reporting 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. This is where RWE intends to grow. The core business is complemented by the fifth segment, Coal/Nuclear.

Offshore Wind: Above-average wind conditions enable substantial gain

Adjusted EBITDA recorded in the Offshore Wind segment jumped to €431 million in the first quarter of 2020. This compares to the pro-forma €329 million achieved in the same period last year. The growth of over 30% primarily stemmed from higher wind levels. RWE expects this segment to close the current year with adjusted EBITDA of between €900 million and €1.1 billion.

Onshore Wind/Solar: Very good result due to new capacity and favourable weather conditions

The Onshore Wind/Solar segment also posted a significant rise, with adjusted EBITDA jumping by about 20% to €209 million from the €174 million pro-forma figure in the first quarter of 2019. Two factors were the main drivers of this growth: favourable weather conditions as well as the commissioning of new generation capacity. RWE anticipates adjusted EBITDA of €500 million to €600 million for this segment in the year underway.

Hydro/Biomass/Gas: Strong gain in a volatile environment

Business in the Hydro/Biomass/Gas segment displayed encouraging development. In the first quarter of the current fiscal year, adjusted EBITDA amounted to €217 million as opposed to €112 million in last year's comparable period. Higher income from the optimisation of power plant dispatch was the main reason. In addition, the British capacity market was reinstated. €42 million in capacity payments were awarded for the first quarter of 2020, whereas in the same period last year, payments were suspended due to a review conducted by the European institutions. RWE expects the segment to achieve adjusted EBITDA of between €550 million and €650 million for the full year.

Supply & Trading: Good business performance despite market turmoil

Despite the turmoil on the commodity markets caused by the corona crisis, business in the Supply & Trading segment displayed very satisfactory development. Adjusted EBITDA totalled €170 million. The pro-forma figure for the exceptional corresponding quarter last year was €271 million. The segment's adjusted EBITDA target for the 2020 fiscal year is €250 million, which corresponds to the historic average.



In sum, RWE recorded in its core business adjusted EBITDA of €1.0 billion in the first quarter of 2020. This represents an increase of about 16% compared to the pro-forma figure for the same period in 2019. In the year underway, RWE aims to post adjusted EBITDA of between €2.15 billion and €2.45 billion.

Coal/Nuclear: Improved operating performance due to higher realised electricity prices

This is the segment in which the company pools its coal and nuclear activities. These technologies follow exit paths established by the government, as a result of which plant dismantling and opencast mine recultivation will gain importance relative to power production. To achieve its goal of being carbon neutral by 2040, RWE is resolutely and responsibly phasing out electricity generation from coal. From 2012 to 2019, the company reduced its annual carbon dioxide emissions by 90 million metric tons. This year, RWE shut down its last coal-fired power plant in the United Kingdom, and the company is spurring conversion to biomass in the Netherlands. The parliamentary procedure regarding Germany's coal phaseout is set to be completed before the summer. The first closure of a power plant block is scheduled for as early as December. RWE intends to work with the federal and state government to implement this agreement and negotiate a suitable public-law contract with the German government.

In operating terms, the Coal/Nuclear segment fared better than a year earlier. Adjusted EBITDA amounted to €282 million, as opposed to €210 million on a pro-forma basis in the first quarter of 2019. The rise was primarily due to the realisation of higher wholesale prices. Nearly all the generation from these stations was sold forward in earlier years. RWE expects this segment to achieve adjusted EBITDA of between €500 million and €600 million for the full year.

Solid financial position: Good liquidity, equity ratio around 25%

The equity ratio was essentially unchanged compared to the end of 2019. As of 31 March 2020, it was still at a solid 25.2% (31 December 2019: 27.2%). The company's liquidity position is also comfortable. RWE is not making use of state financial aid or putting staff on short-time work.

Net debt rose by €1.7 billion to €8.7 billion largely due to timing effects of hedging transactions. The realisation of these transactions, for which RWE received variation margins in the last few years, and payments for collateral owing to the drop in commodity prices resulted in substantial cash outflows. In addition, there was an increased need for liquidity throughout the first quarter as a result of purchases of CO₂ certificates for the previous year. The rating agency Moody's changed its outlook for RWE to positive, and Fitch confirmed its rating with a stable outlook during the corona crisis.





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- [Interim statement on the first quarter of 2020](#)
- [Tables from the interim statement on the first quarter of 2020](#)
- [Speech delivered at the press conference call](#)
- [Presentation for the investor and analyst conference call](#)
- [Video interview with Markus Krebber, CFO of RWE AG](#)

Note on financial reporting

The key earnings indicators adjusted EBITDA and EBIT for 2020 have been compared to the pro-forma 2019 results for improved comparability. They reflect the business performance including the operations acquired from E.ON for the full year.

Forward-looking statements

This press release 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 notification.

RWE AG

Harnessing the operations of 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 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 making a net investment of up to 5 billion euros in onshore and offshore wind power, photovoltaics and storage through to 2022. In addition, RWE produces electricity from gas, hard coal, lignite and nuclear fuel. RWE Supply & Trading is the interface between RWE and the energy markets around the world. In order to spur 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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