

Investor and Analyst Conference Call Q1 2011

Essen, 12 May 2011

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Forward Looking Statement

This presentation contains certain forward-looking statements within the meaning of the US federal securities laws. Especially all of the following statements:

- Projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items;
- Statements of plans or objectives for future operations or of future competitive position;
- Expectations of future economic performance; and
- Statements of assumptions underlying several of the foregoing types of statements

are forward-looking statements. Also words such as “anticipate”, “believe”, “estimate”, “intend”, “may”, “will”, “expect”, “plan”, “project” “should” and similar expressions are intended to identify forward-looking statements. The forward-looking statements reflect the judgement of RWE’s management based on factors currently known to it. No assurances can be given that these forward-looking statements will prove accurate and correct, or that anticipated, projected future results will be achieved. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Such risks and uncertainties include, but are not limited to, changes in general economic and social environment, business, political and legal conditions, fluctuating currency exchange rates and interest rates, price and sales risks associated with a market environment in the throes of deregulation and subject to intense competition, changes in the price and availability of raw materials, risks associated with energy trading (e.g. risks of loss in the case of unexpected, extreme market price fluctuations and credit risks resulting in the event that trading partners do not meet their contractual obligations), actions by competitors, application of new or changed accounting standards or other government agency regulations, changes in, or the failure to comply with, laws or regulations, particularly those affecting the environment and water quality (e.g. introduction of a price regulation system for the use of power grid, creating a regulation agency for electricity and gas or introduction of trading in greenhouse gas emissions), changing governmental policies and regulatory actions with respect to the acquisition, disposal, depreciation and amortisation of assets and facilities, operation and construction of plant facilities, production disruption or interruption due to accidents or other unforeseen events, delays in the construction of facilities, the inability to obtain or to obtain on acceptable terms necessary regulatory approvals regarding future transactions, the inability to integrate successfully new companies within the RWE Group to realise synergies from such integration and finally potential liability for remedial actions under existing or future environmental regulations and potential liability resulting from pending or future litigation. Any forward-looking statement speaks only as of the date on which it is made. RWE neither intends to nor assumes any obligation to update these forward-looking statements. For additional information regarding risks, investors are referred to RWE’s latest annual report and to other most recent reports filed with Frankfurt Stock Exchange and to all additional information published on RWE’s Internet Web site.

2011 outlook confirmed – future of German nuclear unclear



Operating performance:
EBITDA -4%, operating result -5%, recurrent net income -7%



Net debt reduced to € 27.5 bn

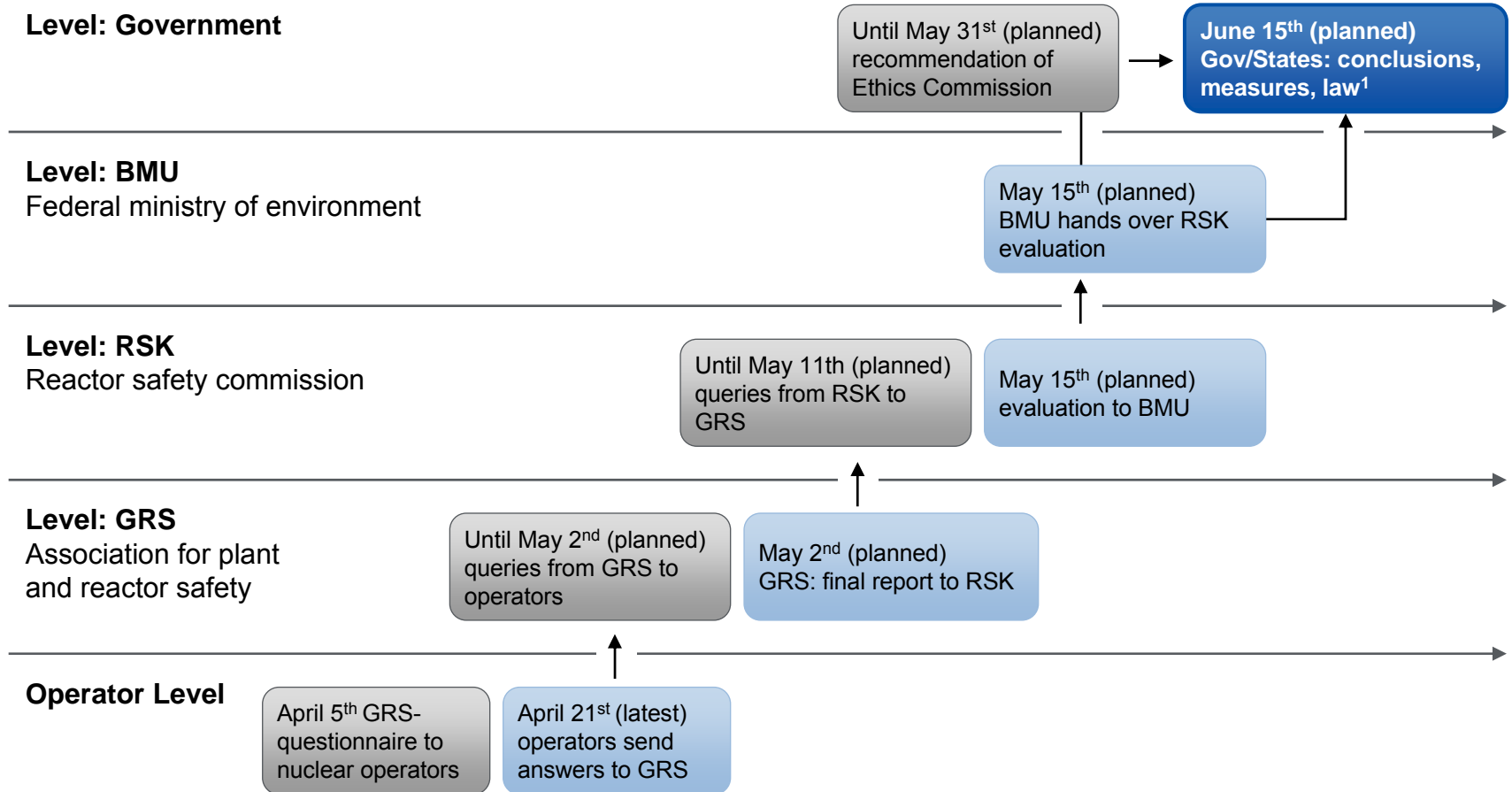


German nuclear moratorium for safety review



Outlook for 2011 confirmed despite negative impact from 3-month nuclear moratorium

Process for nuclear safety review in Germany



¹ Decision of the “Bundesrat” (upper house) might be postponed to July 8.

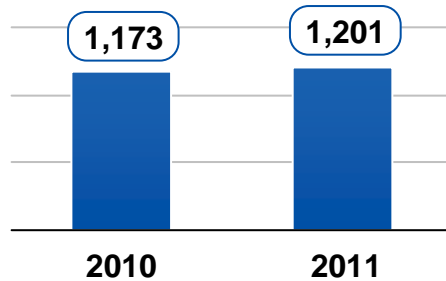
RWE Group key performance indicators

January – March €million	2011	2010	Change in %
External revenue	15,754	15,267	+3.2
Cash flows from operating activities	2,284	1,509	+51.4
EBITDA	3,426	3,574	-4.1
Operating result	2,827	2,987	-5.4
Non-operating result	209	-244	-
Financial result	-372	-402	+7.5
Taxes on income	-726	-667	-8.8
Minorities	104	117	-11.1
Hybrid investors' interest	15	-	-
Net income	1,819	1,557	+16.8
Recurrent net income	1,609	1,739	-7.5
Average number of shares (thousand)	533.6	533.6	
Recurrent EPS (€)	3.02	3.26	-7.4

Performance of the Germany Division (I) Power Generation Business Area (RWE Power)

January – March: operating result: +2.4%

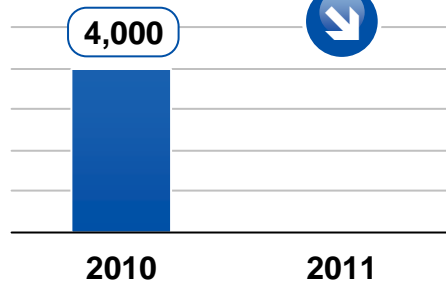
€ million



- Lower realised electricity prices but slightly higher volumes (c. -€170 million)
- Higher fuel costs (c. -€20 million) partly offset by lower costs associated with CO₂ certificates (+€12 million)
- + Impact of change in nuclear and mining provisions (c. +€100 million; mainly absence of costs incurred in 2010)

Guidance for 2011: significantly below previous year

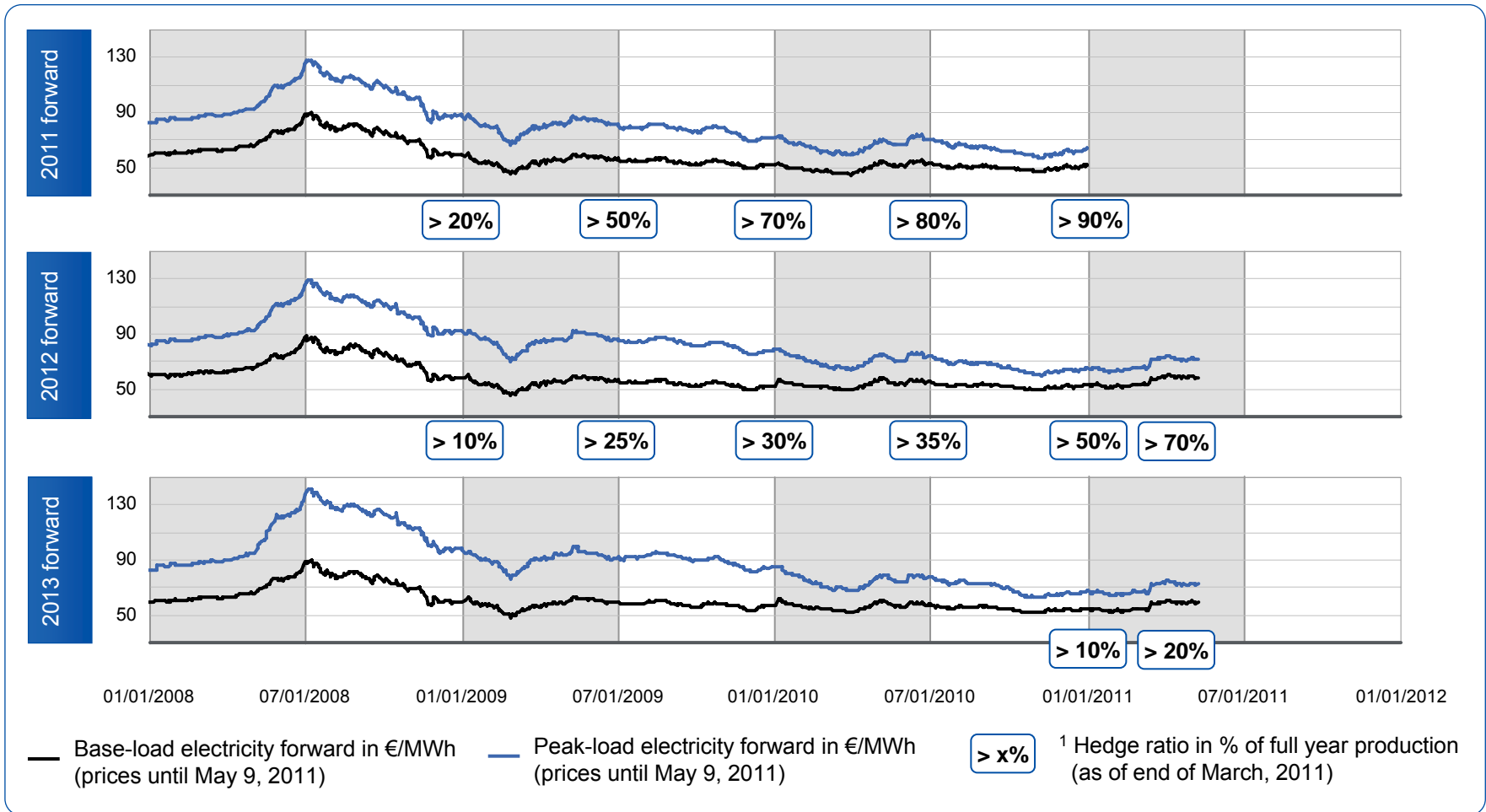
€ million



- Lower realised electricity prices
- Nuclear fuel tax
- Lower availability of Biblis nuclear power plant
- Higher fixed operating and maintenance costs
- Higher depreciation associated with new lignite plant Neurath
- + Impact from change in nuclear and mining provisions (mainly absence of costs incurred in 2010)

Forward selling¹ by RWE Power in the German market

(Base-load & peak-load forwards in €/MWh)



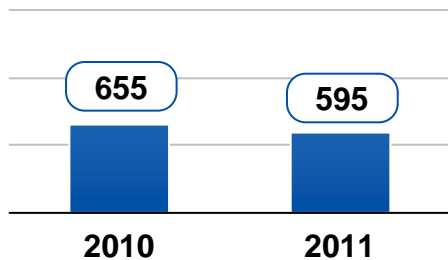
Average realised price for 2010 forward: €67/MWh)

Performance of the Germany Division (II)

Sales/Distribution Networks Business Area

January – March: operating result: -9.2%

€ million



Sales

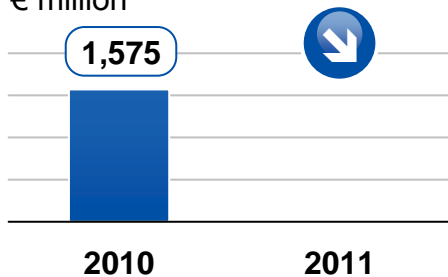
- Lower gas sales volumes resulting from normalised weather conditions

Distribution networks

- Negative volume effect due to normalised weather conditions
- Negative balance from feed-in of renewable energy
- + Lower costs for refunding of excess proceeds

Guidance for fiscal year 2011: below previous year

€ million



Sales

- Lower gas sales volumes assuming normalised weather conditions

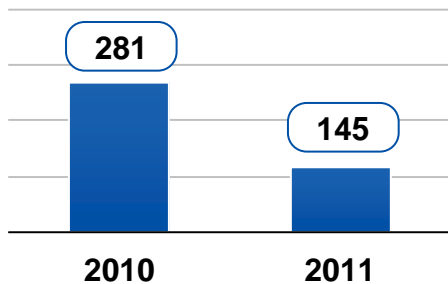
Distribution networks

- Higher costs to improve the quality of our network infrastructure
- + Lower costs for refunding of excess proceeds

Performance of the Netherlands/Belgium Division (Essent)

January – March: operating result: -48%

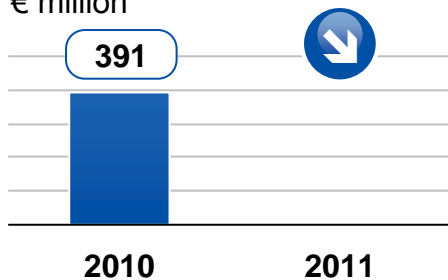
€ million



- Parts of gas midstream business now reported in Trading/Gas Midstream
- Lower gas margins due to normalised weather conditions
- Lower electricity generation spreads
- + Efficiency improvements and synergies

Guidance for fiscal year 2011: significantly below previous year

€ million

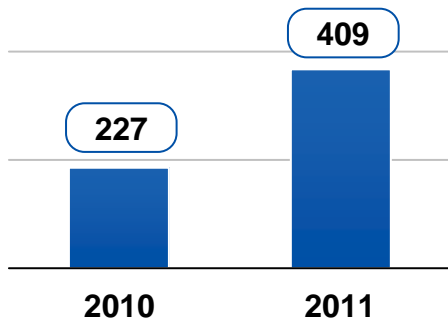


- Parts of gas midstream business now reported in Trading/Gas Midstream
- Lower gas margins assuming normalised weather conditions
- Lower electricity generation spreads
- + Efficiency improvements and synergies

Performance of the United Kingdom Division (RWE npower)

January – March: operating result: +80%

€ million



+ Cost reductions/efficiency improvements and positive f/x effects

Power generation:

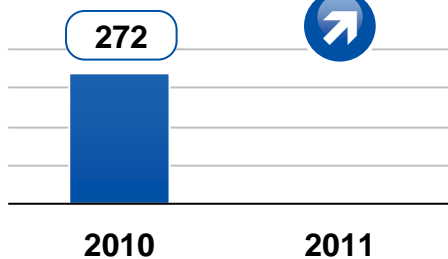
- + First time contribution of Staythorpe CCGT
- + Settlement of claims relating to major investment projects (one-off)

Retail:

- + Tariff increase in January 2011 and improved commodity cost management
- + Lower bad debt costs
- + Growth in the large customer business

Guidance for fiscal year 2011: above previous year

€ million



+ Cost reductions/efficiency improvements

Power generation

- Decline of generation spreads only partly offset by contribution of Staythorpe CCGT

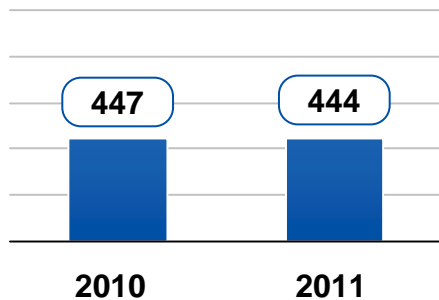
Retail:

- + Improved margins but pressure from increasing commodity prices as well as network and regulatory costs

Performance of the Central Eastern and South Eastern Europe Division

January – March: operating result: -0.7%

€ million



+ Positive f/x effects

Czech Republic:

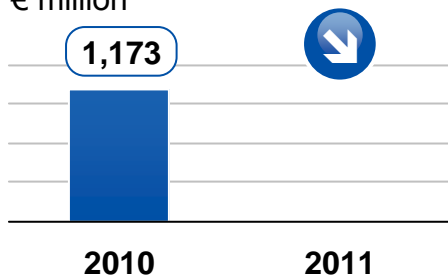
- Weather-induced lower gas volumes

+ Higher income in gas transport business

- Hungary: Lower electricity retail margins and burden from crisis taxation

Guidance for fiscal 2011: significantly below previous year

€ million



- Czech Republic: lower gas sales margins

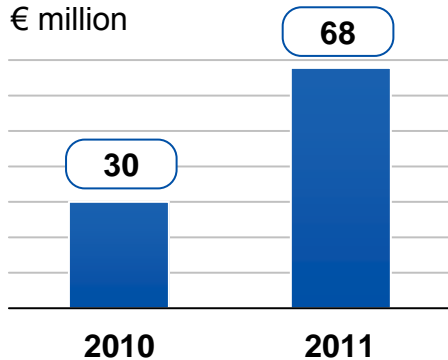
- Hungary: lower electricity sales and generation margins

+ Poland: Improved electricity network margins

Performance of the Renewables Division (RWE Innogy)

January – March: operating result: +127%

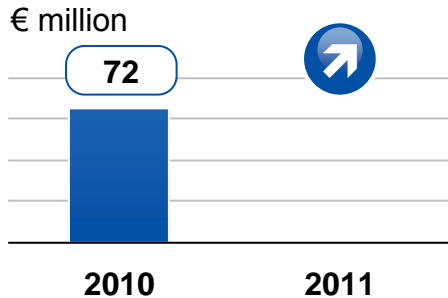
€ million



- + Increased generation volumes (partly driven by our growth investment programme) and improved electricity prices
- + Liquidated damages associated with the Greater Gabbard project
- Upfront costs of large investment programme including higher staff costs

Guidance for fiscal 2011: significantly above previous year

€ million

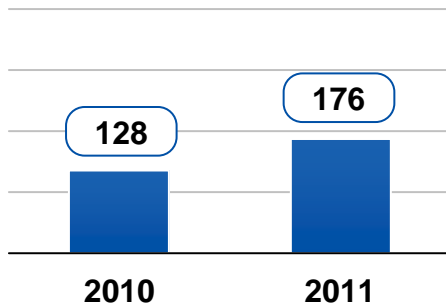


- + Further results from growth investment programme
- + Higher electricity prices
- + Improved wind conditions assumed
- Upfront costs of large investment programme including higher staff costs

Performance of the Upstream Gas & Oil Division (RWE Dea)

January – March: operating result: +38%

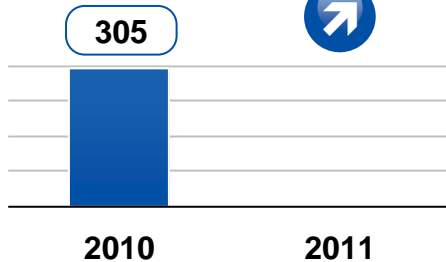
€ million



- ⊕ Higher oil and gas prices
- ⊕ Higher oil production
- ⊖ Lower gas production
- ⊖ Higher production costs; increased royalties
- ⊕ Lower exploration expenditures

Guidance for fiscal 2011: significantly above previous year

€ million

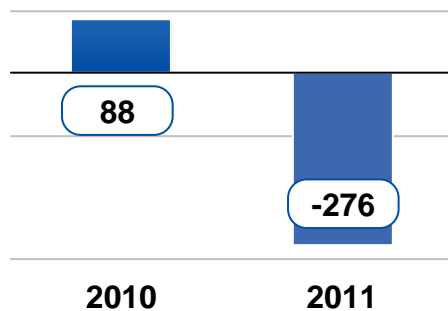


- ⊕ Higher oil and gas prices
- ⊕ Higher oil production
- ⊖ Slightly lower gas production
- ⊖ Higher production costs; increased royalties
- ⊕ Lower exploration expenditures

Performance of the Trading/Gas Midstream Division (RWE Supply & Trading)

January – March: operating result: -414%

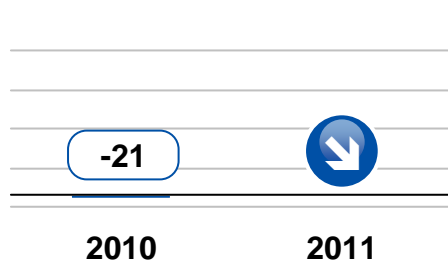
€ million



- Trading
 - Negative development after market disturbance as a result of the events in Japan and Northern Africa
- Supply
 - Burdens from oil-indexed gas contracts
 - + Parts of gas midstream business from Essent now reported in Trading/Gas Midstream

Guidance for fiscal 2011: significantly below previous year

€ million



- Trading
 - Negative development after market disturbance as a result of the events in Japan and Northern Africa
- Supply
 - Burdens from oil-indexed gas contracts
 - + Parts of gas midstream business from Essent now reported in Trading/Gas Midstream

Non-operating result

January – March €million	2011	2010	Change (absolute)
Capital gains/losses	310	-3	+313
Impact of commodity derivatives on earnings	-39	-443	+404
Restructuring, other	-62	202	-264
Total	209	-244	+453



Capital gains/losses:

Mainly from the sale of Thyssengas and our 24.6% stake in the Rostock hard coal power plant



Impact of commodity derivatives on earnings (timing differences)

Mainly related to derivatives to hedge our gas forward sales in our Trading/Gas Midstream division and in our German Sales/Distribution Networks business area



Restructuring, other

- > Amortisation of RWE npower's customer accounts (-€65 million; 2010: -€63 million)
- > In 2010 we benefited from the release of provisions for loss making contracts

Financial result

January – March €million	2011	2010	Change (absolute)
Net interest	-192	-199	+7
Interest accretion to non-current provisions	-196	-218	+22
Other financial result	16	15	+1
Total	-372	-402	+30



Net interest

- > No major changes to previous year



Interest accretion to non-current provisions

- > Revaluation of long-term provisions as a result of higher discount rates



Other financial result

- > No major individual items

Cash flow statement

January – March €million	2011	2010	Change (absolute)
Funds from operations (FFO)	3,071	2,362	+709
Change in working capital of which variation margins	-787 -177	-853 173	+66 -350
Cash flows from operating activities	2,284	1,509	+775
Minus capex on fixed assets	-1,144	-1,175	+31
Free cash flow	1,140	334	+806



FFO

- > Mainly a result of favourable changes in the fair values of certain commodity derivatives



Capex on fixed assets

- > Mainly for the extension and modernisation of our electricity generation fleet

Outlook for 2011

		2010 € million	2011 forecast
EBITDA		10,256	circa -15%
Operating result		7,681	circa -20%
Recurrent net income		3,752	circa -30%
Dividend	€	3.50	Payout ratio of 50 – 60% of recurrent net income
Capex on fixed assets	€bn	6.4	circa 7 – 7.5
Net debt	€bn	29.0	circa +1

Back-up

RWE Group electricity production (by geographic regions)

January – March in TWh	Germany	UK	NL/BE	Other Internat.	Total 2011	Total 2010
Lignite	17.5			1.5	19.0	18.5
Nuclear	12.2				12.2	11.3
Hard coal	9.4	3.8	1.6	0.1	14.9	16.6
thereof contracts	5.5				5.5	6.9
Gas	3.3	6.5	1.4	0.1	11.3	11.1
Renewable energies	1.2	0.3	0.6	0.4	2.5	2.4
thereof contracts	0.1	0.2			0.3	0.3
Pumped storage, oil, other	0.4				0.4	0.5
thereof contracts	0.3				0.3	0.4
Subtotal	44.0	10.6	3.6	2.1	60.3	60.4
Electricity purchases ¹	14.8	3.4	2.8	5.2	26.2	26.4
Total	58.8	14.0	6.4	7.3	86.5	86.8

¹ Net, excluding trading. Purchases for physical deliveries to customers only

RWE Group electricity sales volume (by geographic regions)

January – March in TWh	Germany	UK	NL/BE	Poland	Hungary	Other	Total 2011	Total 2010
Private and commercial customers	7.7	5.3	3.1	0.8	1.5		18.4	19.6
Industrial and corporate customers	13.5	7.9	2.9	1.0	1.3	0.2	26.8	26.8
Distributors	25.1				1.6	0.4	27.1	25.8
Electricity trading ¹	9.2						9.2	8.9
Total	55.5	13.2	6.0	1.8	4.4	0.6	81.5²	81.1²

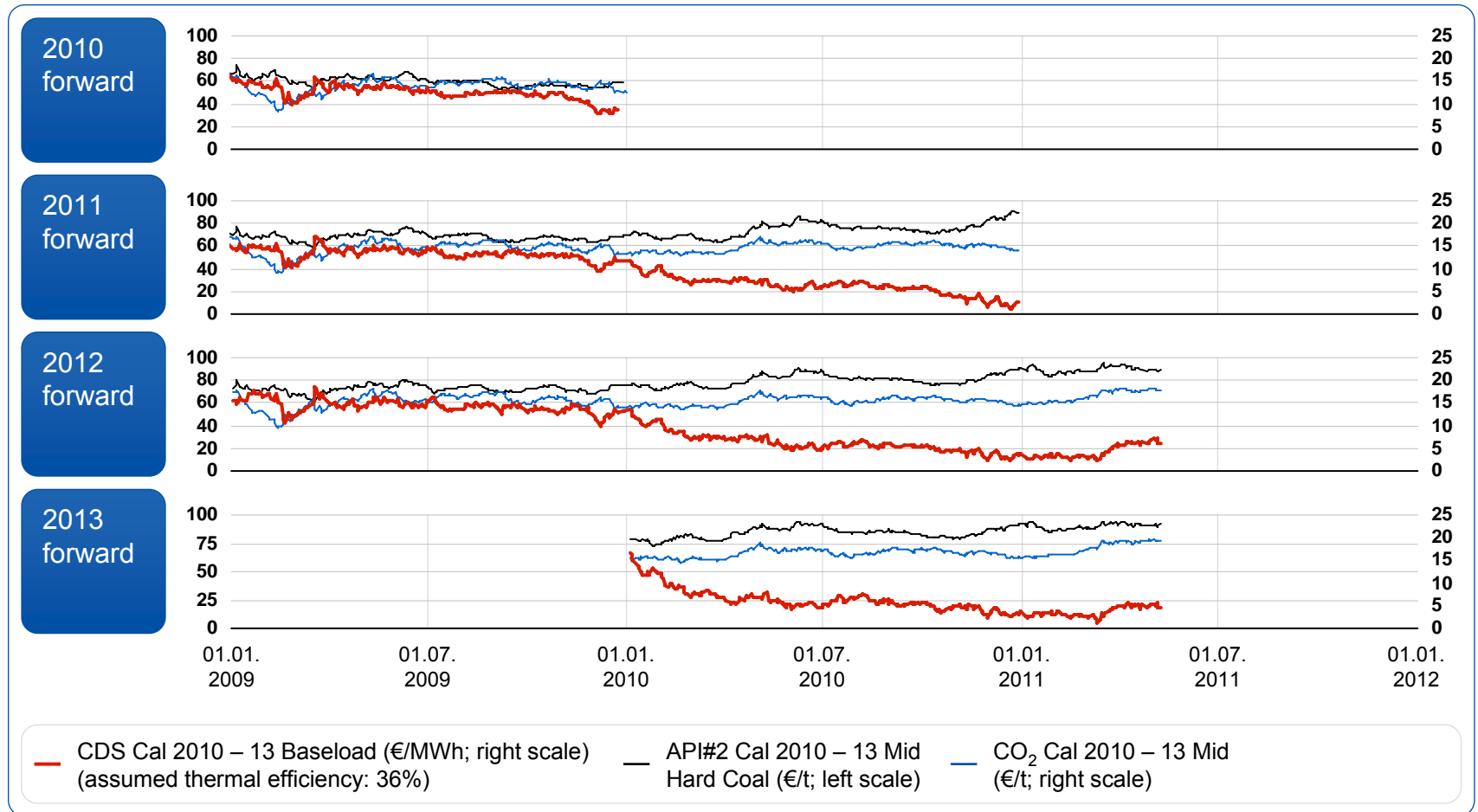
¹ Net of electricity purchased from third parties

² Difference between electricity production and electricity sales volume due to grid losses, own consumption by lignite production and pumped-storage power plants

RWE Group gas sales volume (by geographic regions)

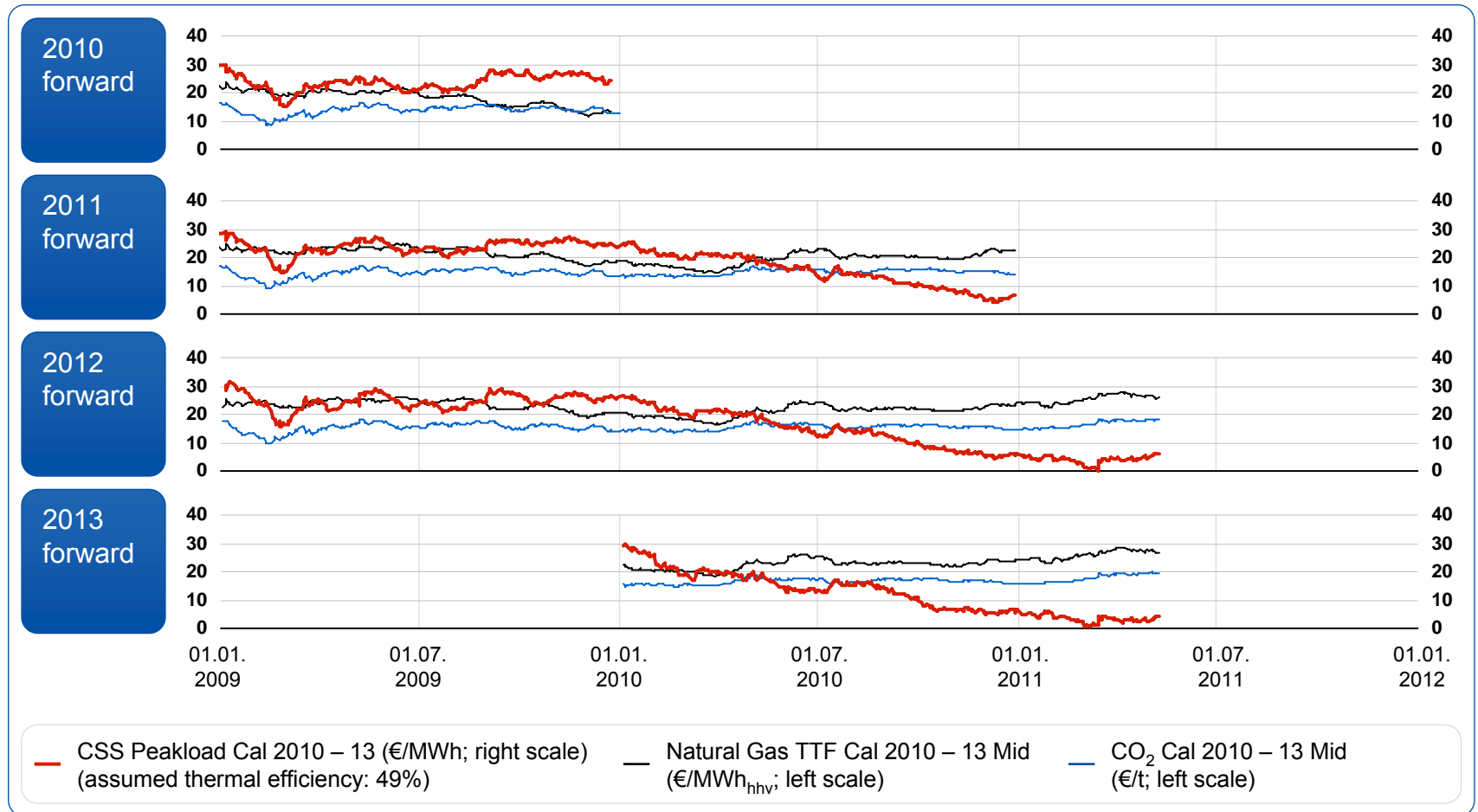
January – March in TWh	Germany	Czech Rep.	NL	UK	Other	Total 2011	Total 2010
Private and commercial customers	11.2	13.7	18.1	17.1	0.6	60.7	71.3
Industrial and corporate customers	11.9	5.9	18.5	0.8	4.2	41.3	49.8
Distributors	22.7	2.0	0.0	0.1	2.5	27.3	34.0
Total	45.8	21.6	36.6	18.0	7.3	129.3	155.1

Germany: Clean Dark Spread (CDS) versus hard coal and CO₂ prices



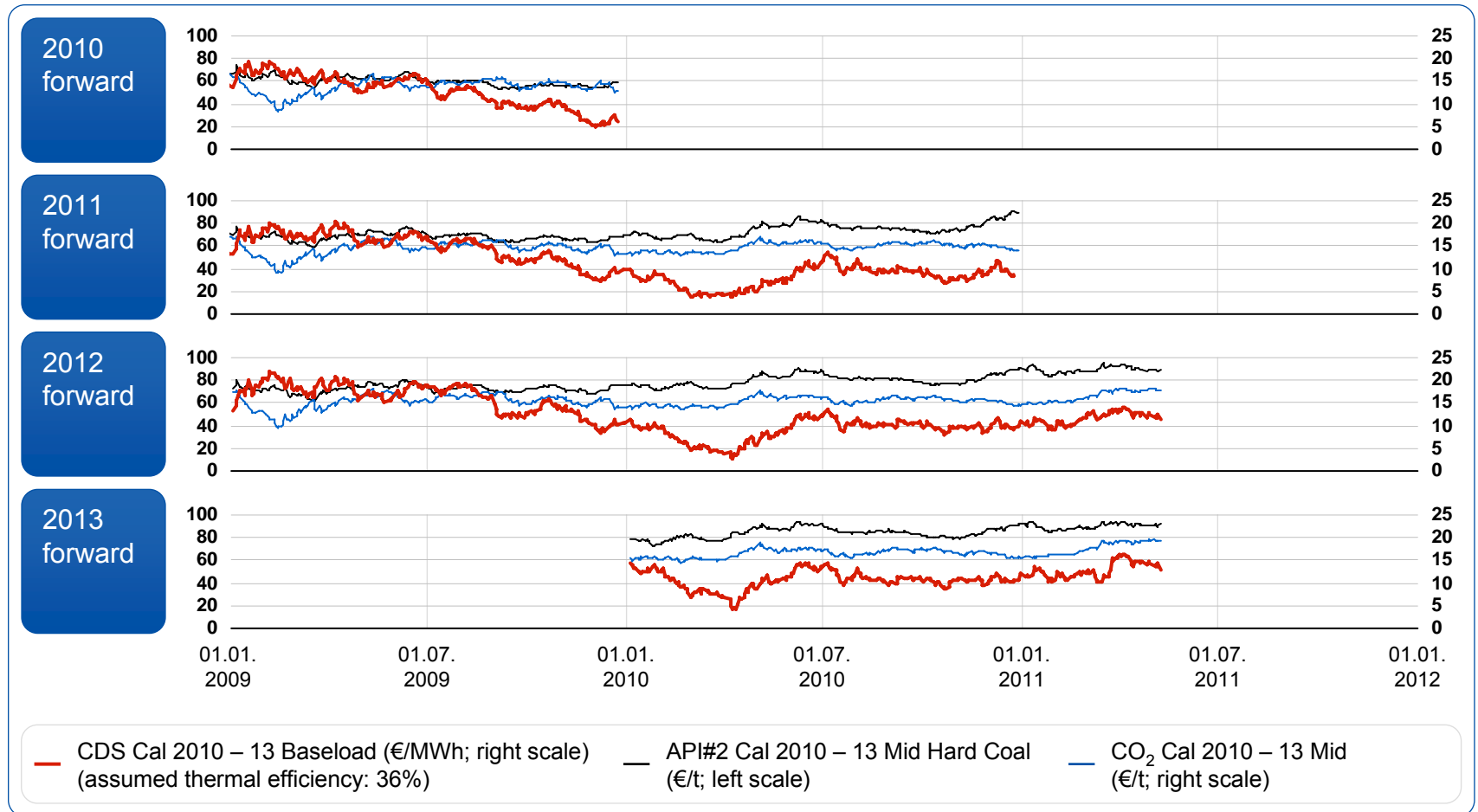
Source: RWE Supply & Trading

Germany: Clean Spark Spread (CSS) versus natural gas and CO₂ prices



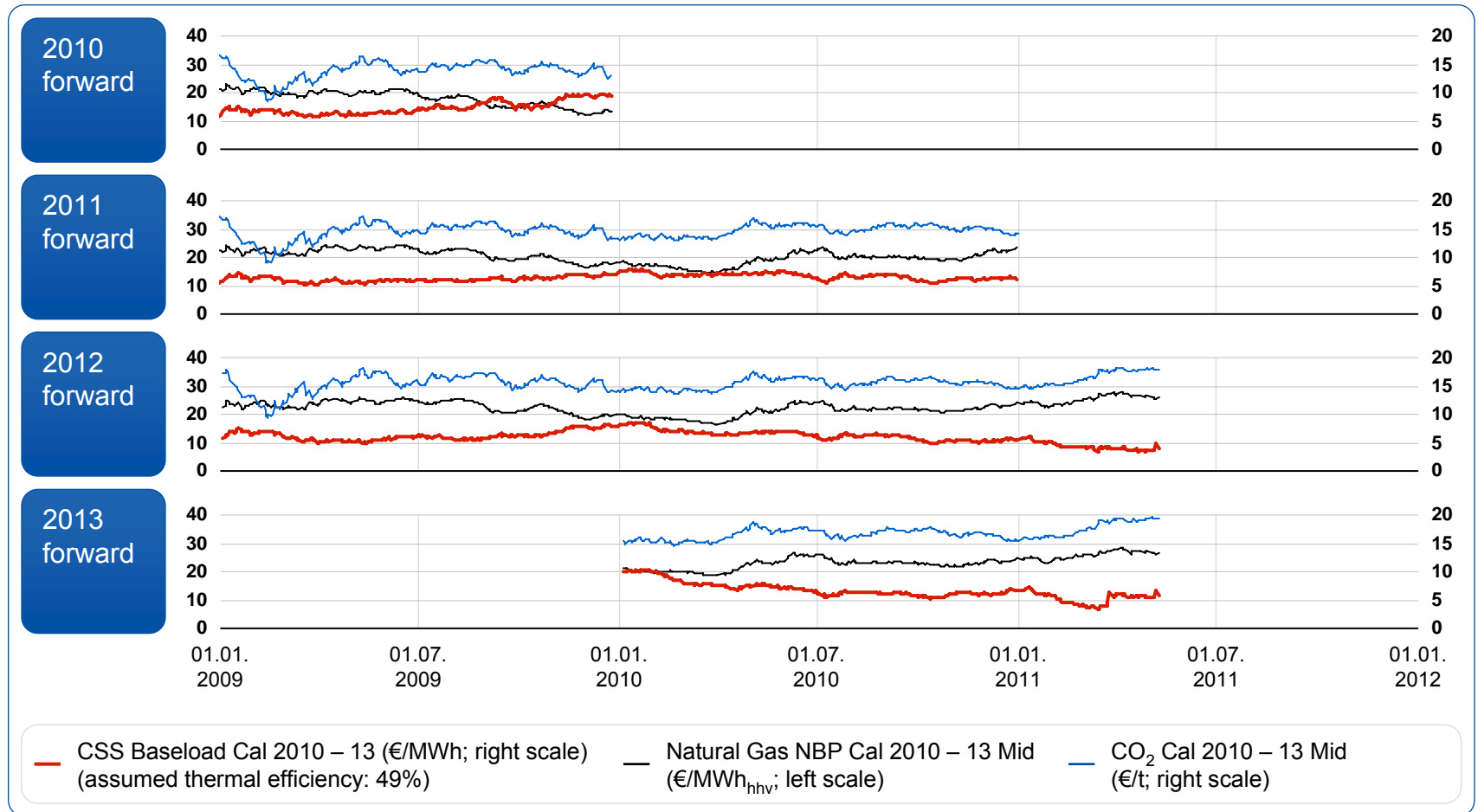
Source: RWE Supply & Trading

UK: Clean Dark Spread (CDS) versus hard coal and CO₂ prices



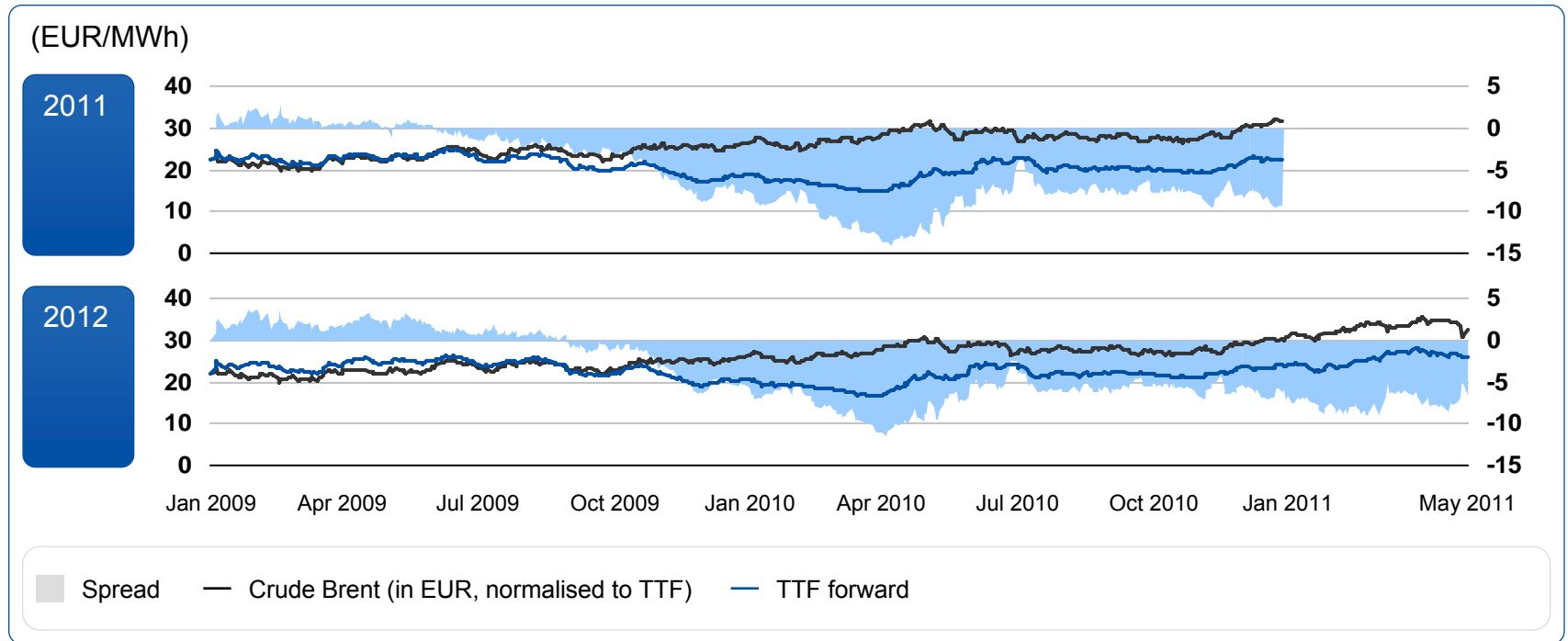
Source: RWE Supply & Trading

UK: Clean Spark Spread (CSS) versus natural gas and CO₂ prices



Source: RWE Supply & Trading

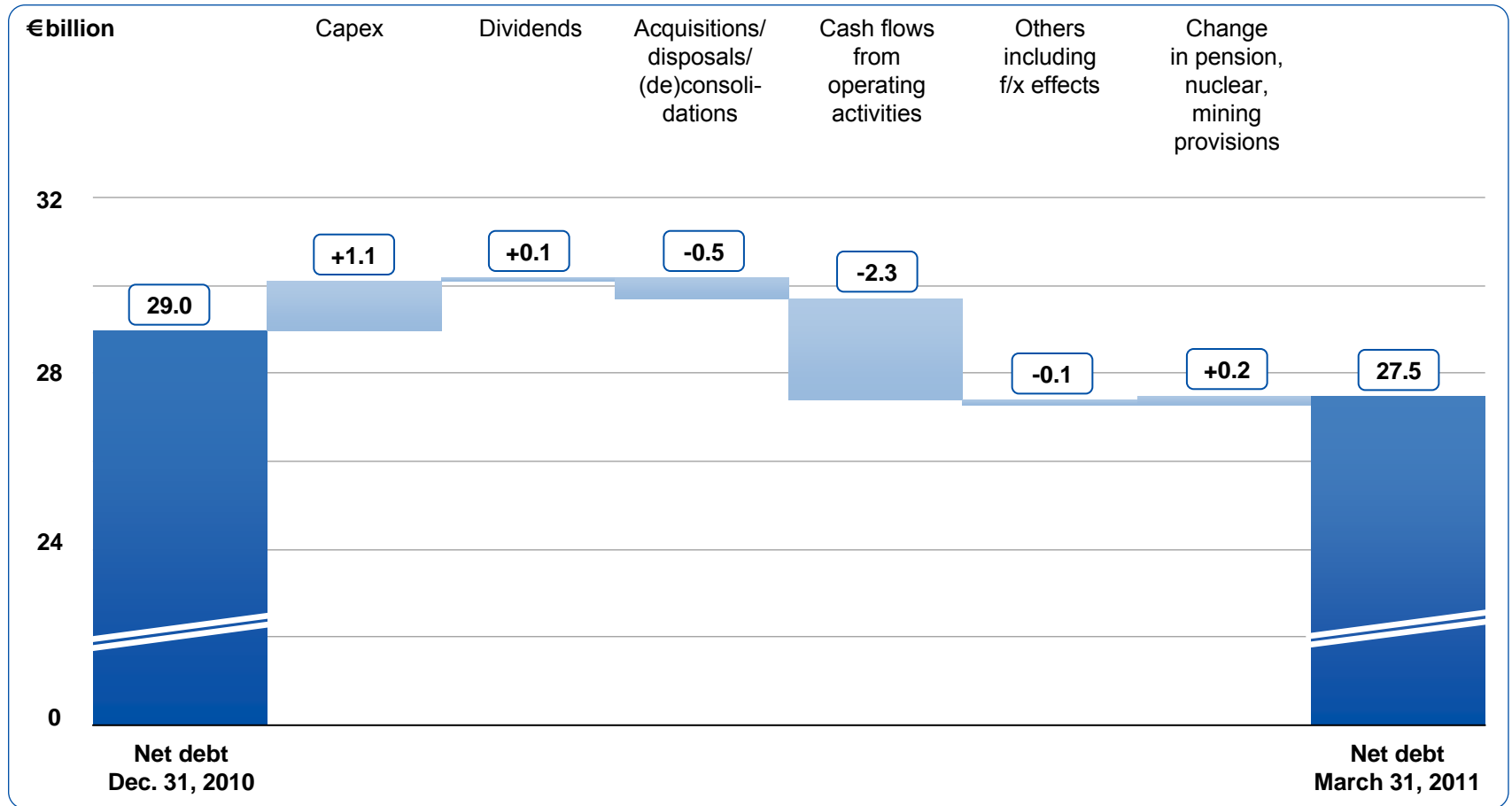
Development of TTF gas price and brent oil price since January 2009



Relative development of the TTF and brent forwards for the years 2011 and 2012 since January 1, 2009. To compare both, the brent oil price is normalised to the TTF gas price as of January 1, 2009. The curves simply illustrate the development of the market prices which should give a rough indication about the gas-to-oil-spread situation. The real gas-to-oil-spread exposure depends on the individual contract details and will deviate from this slide.

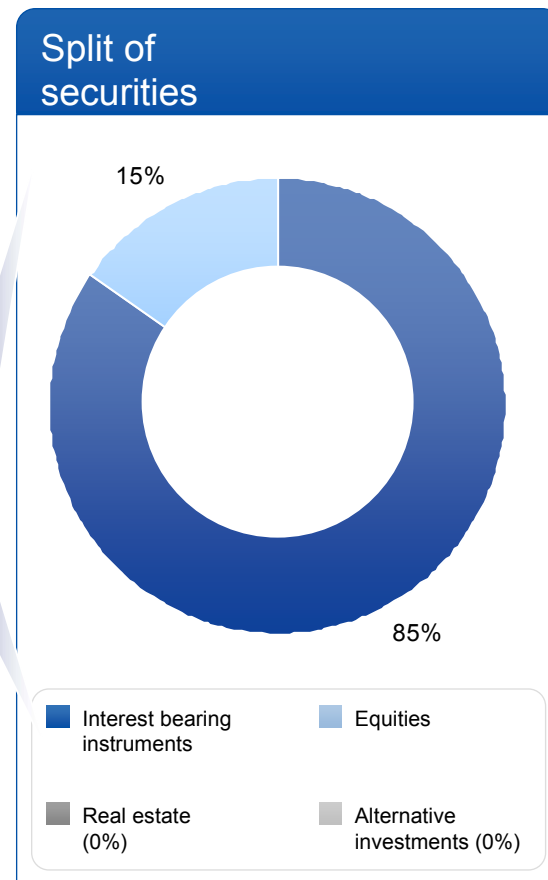
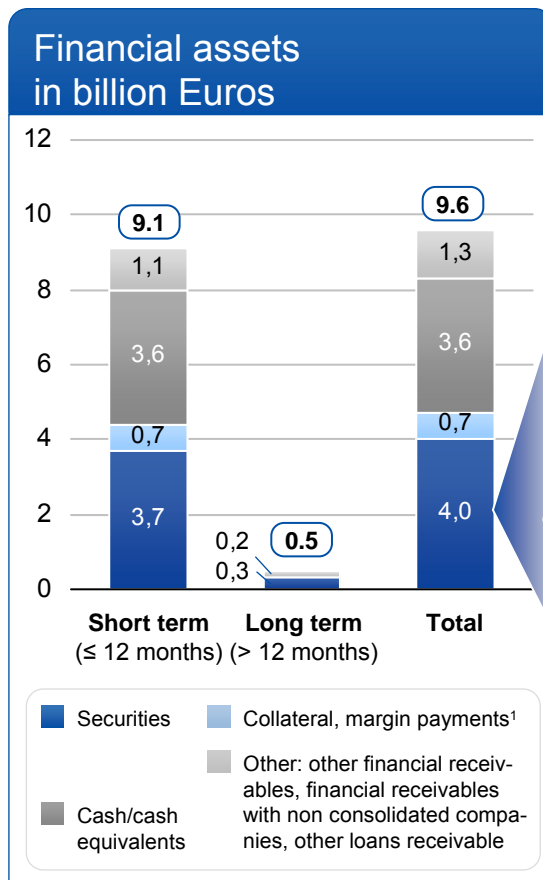
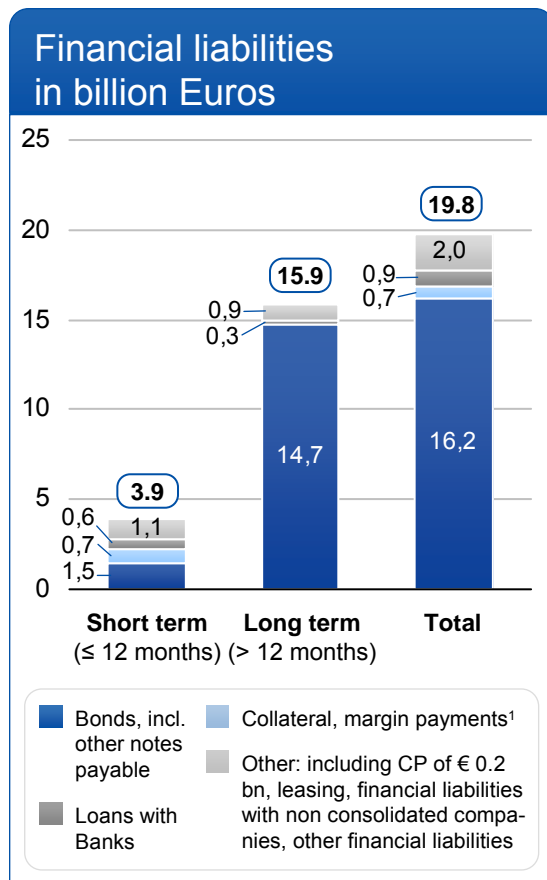
Source: RWE Supply & Trading

Development of net debt



Financial liabilities and assets

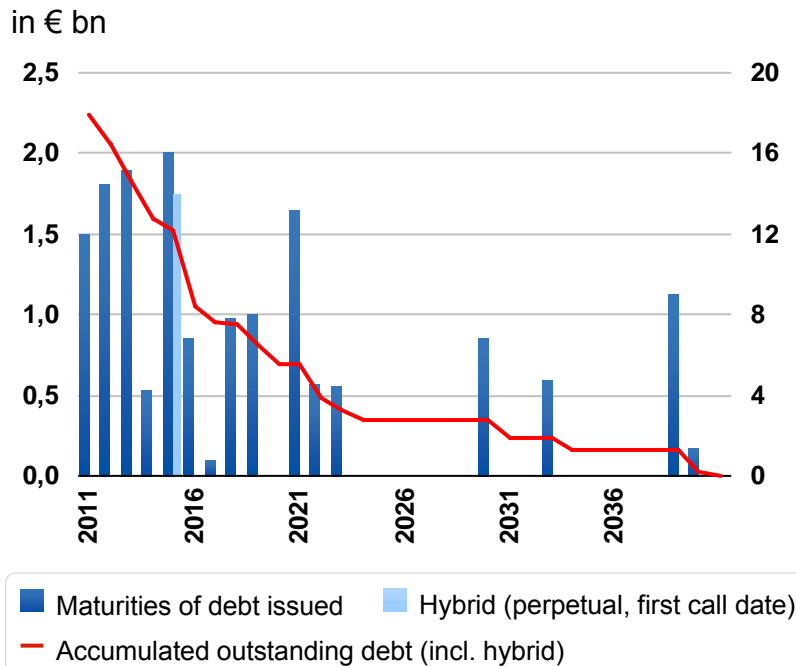
(excluding hybrid capital, as of March 31, 2011)



¹ Excluding variation margins under EEX based commodity contracts which are accounted for in the cash flow statement under 'change in working capital' and which are netted against the fair values of the respective derivatives at any point in time.

Capital market debt maturities and sources of financing

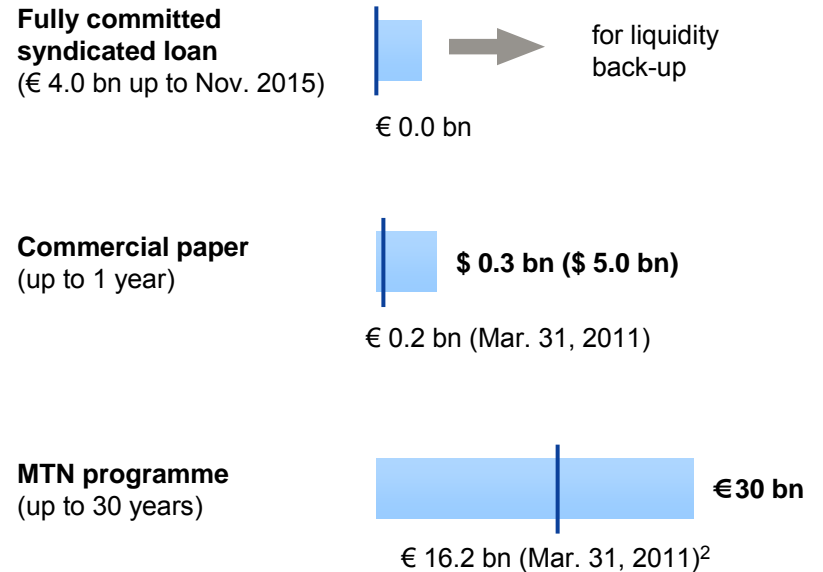
Capital market debt maturities¹



Balanced profile with limited maturities up to end of 2013 (~€ 5.2 billion)

¹ RWE AG and RWE Finance B.V., as of March 31, 2011

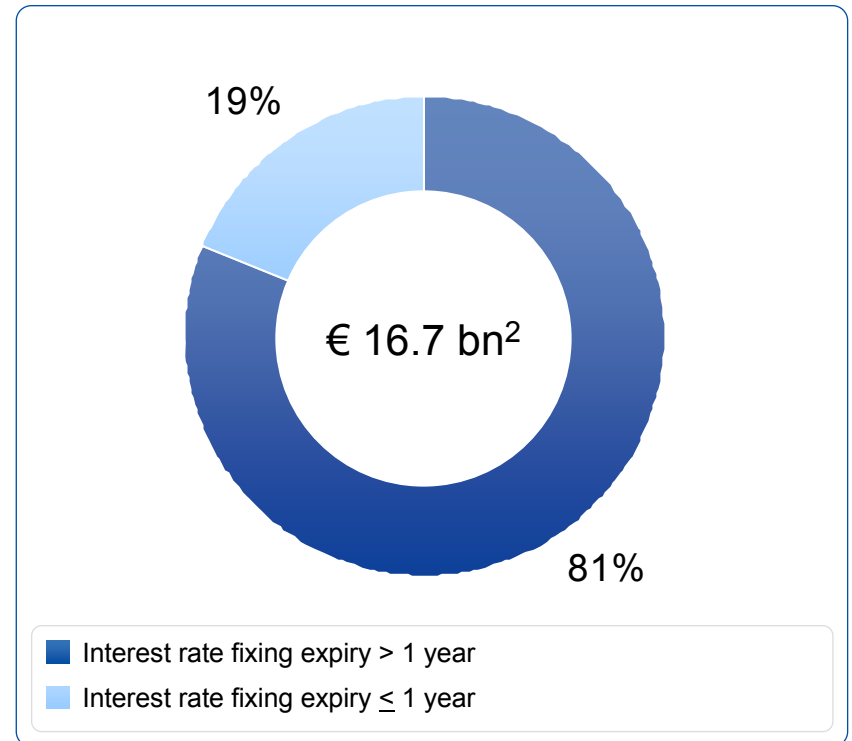
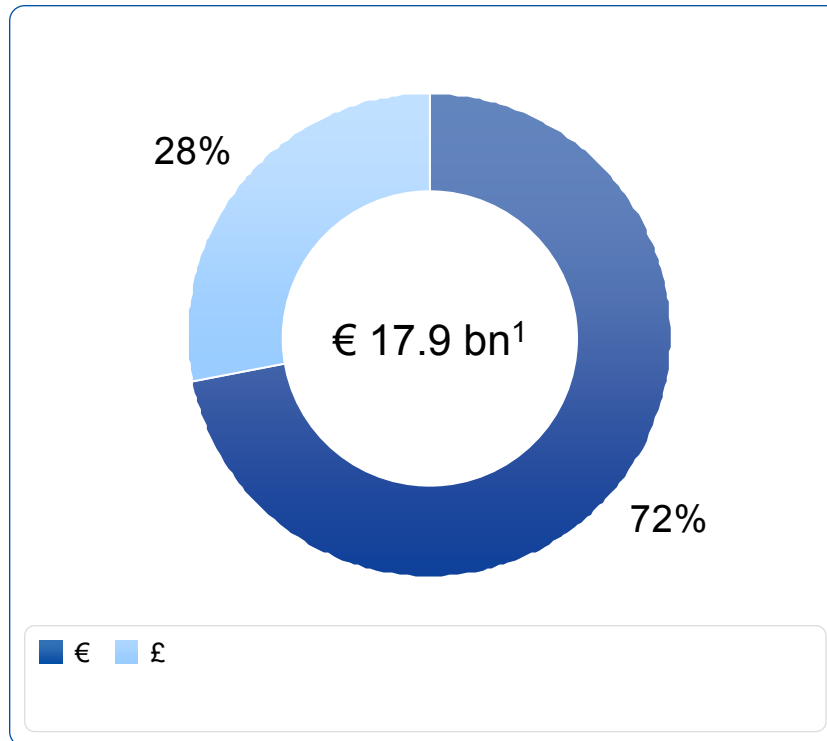
Strong sources of financing



² Bonds outstanding under the MTN-programme, i.e. excluding hybrid. Including hybrid: € 17.9 bn

Capital market debt currency and interest exposure

(as of 31.03.2011)



¹ Capital market debt = bonds of € 16.2 bn and hybrid of € 1.75 bn; including cross-currency swaps

² Capital market debt plus other interest rate-related positions such as commercial paper and cash; including interest and cross-currency swaps

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■ Facts & Figures - The Guide to RWE and the Utility Sector

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In addition you can find the following Fact Book specials at the above link:

- Prospective Impact of economic downturn on electricity demand in Europe
 - Incentive Regulation
 - CO₂ Emissions Trading in Europe
 - Power Generation in Europe
 - Renewable Energy
 - RWE npower
 - SRI Company Presentation
 - The New German Energy Industry Act
 - RWE Dea
 - Energy Supply and Trading in Europe
- [RWE as seen by analysts \(overview of latest analyst earnings estimates and ratings\)](#)
<http://www.rwe.com/web/cms/en/109506/rwe/investor-relations/shares/rwe-as-seen-by-analysts/>
- [RWE bonds as seen by analysts \(overview of latest analyst ratings\)](#)
<http://www.rwe.com/web/cms/en/113984/rwe/investor-relations/bonds/credit-analysts-who-follow-rwe/>