

# Value in uncertain times

Fiscal year 2011 analyst and investor conference call

Essen, 6 March 2012

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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.

# Today's Agenda

A

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**Jürgen Großmann**

FY 2011 highlights & business review

B

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Rolf Pohlig

FY 2011 group results and divisional performance & outlook

C

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Peter Terium

Strategy update & outlook 2012/2013

# Milestones of 2011



Financial performance for 2011 slightly ahead of our guidance:  
EBITDA -18%, operating result -24%, recurrent net income -34%



Equity capital measure of €2.1bn concluded



Further refinement of divestment plan



2012 Efficiency enhancement programme well on track; new programme of  
€1 billion for 2013/14 initiated

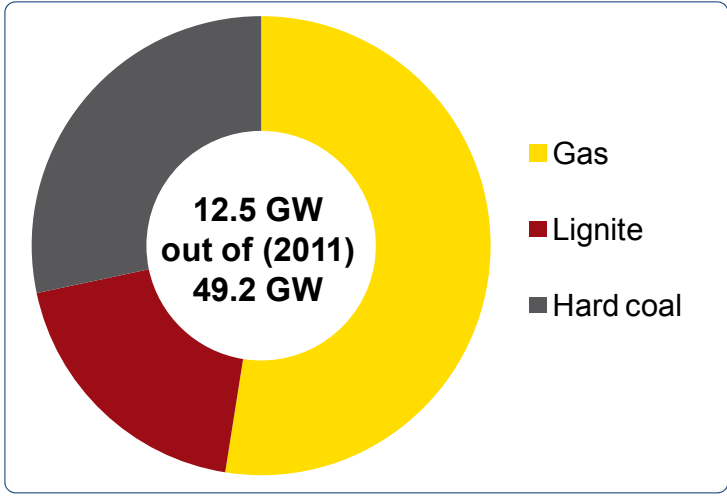


First successful structural changes of long-term gas supply contracts with  
international oil and gas majors



Improved outlook for 2012/2013

# By 2014 we will have renewed more than 25% of our electricity generation fleet



2010

H1 2012

H2 2012

2013

2014

# Further progress on divestment plans

➤ Total residual divestment requirement reduced to up to € 7 billion

## Upstream assets

- > Sale of selected assets ongoing
- > RWE Dea remains with RWE Group and represents an important part of our growth story

## German downstream assets

- > Disposal of full or parts of various German regional distribution and supply businesses
- > Ongoing negotiations with public co-shareholders and/or municipalities

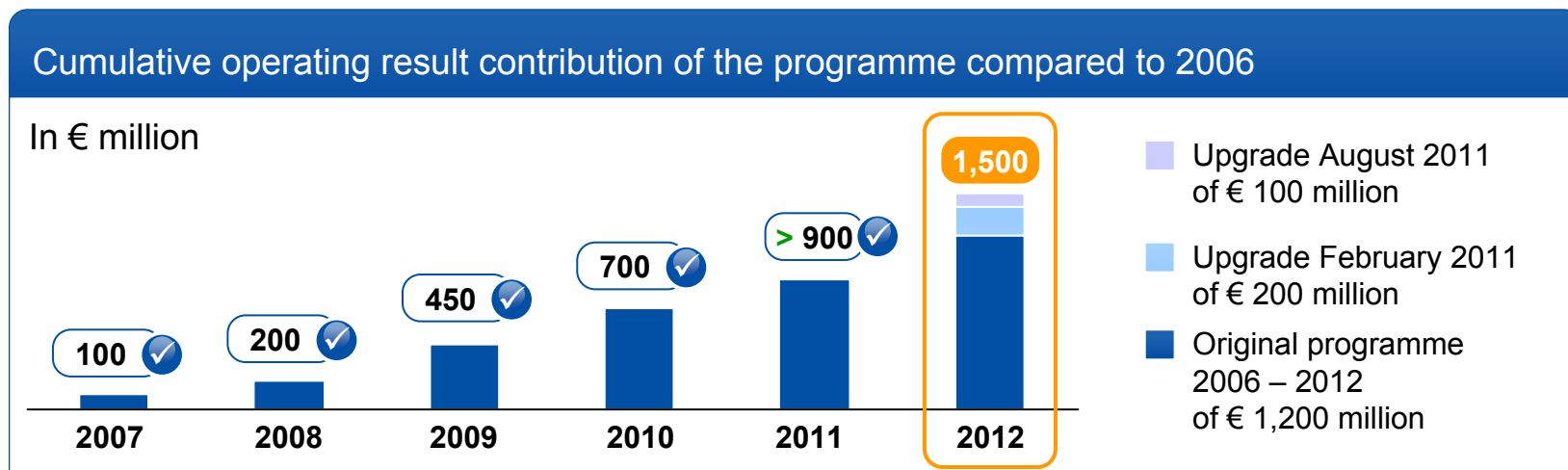
## NET4GAS

- > Separation of NET4GAS with fully established support functions completed
- > Full disposal envisaged

## Others

- > Berlinwasser: ongoing discussions to sell our minority stake
- > Thermal generation assets: discussions regarding sale of stakes in power plants ongoing

# Efficiency programme well on track and stepped up



- > Efficiency programme of € 1.2 billion 2006 to 2012 stepped up by € 200 million in February 2011 and another € 100 million in August 2011 to a total of € 1.5 billion
- > Additional efficiency measures by optimising cost for services and materials in our overhead functions and project costs. Introduction of new IT systems in UK
- > Fully accretive to operating result (i.e. post cost inflation and one-off cost of programme)
- > Target for 2011 already overachieved

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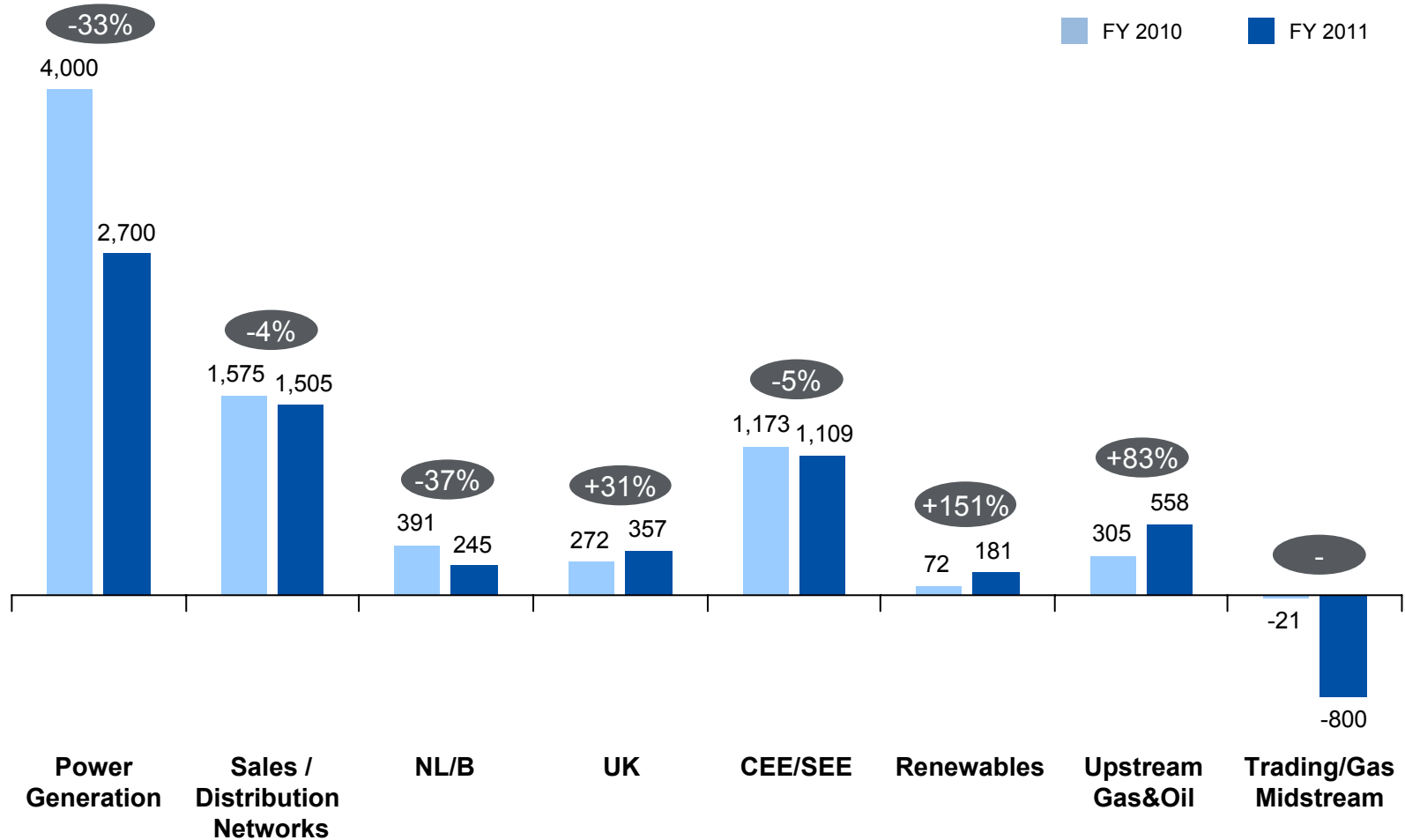
Peter Terium  
Strategy update & Outlook 2012/2013



# RWE Group key performance indicators

| <b>January – December</b><br><b>€ million</b> | <b>2011</b> | <b>2010</b> | <b>Change<br/>in %</b> |
|---|-------------|-------------|------------------------|
| External revenue                              | 51,686      | 53,320      | -3.1                   |
| Cash flows from operating activities          | 5,510       | 5,500       | 0.2                    |
| EBITDA  | 8,460       | 10,256      | -17.5                  |
| Operating result                              | 5,814       | 7,681       | -24.3                  |
| Non-operating result                          | -1,157      | -767        | -50.8                  |
| Financial result                              | -1,633      | -1,936      | 15.7                   |
| Taxes on income                               | -854        | -1,376      | 37.9                   |
| Minorities                                    | 305         | 279         | 9.3                    |
| Hybrid investors' interest                    | 59          | 15          | 293.3                  |
| Net income                                    | 1,806       | 3,308       | -45.4                  |
| Recurrent net income                          | 2,479       | 3,752       | -33.9                  |
| Average number of shares (million)            | 539         | 534         | 1.0                    |
| Recurrent net income per share (€)            | 4.60        | 7.03        | -34.6                  |

# Operating Result by Divisions (in € million)



Germany

# Divisional outlook

| € million                                | 2011 actual | 2012 forecast vs. 2011                     |
|--|-------------|--|
| Germany                                  | 4,205       | Above last year                            |
| Power Generation                         | 2,700       | Above last year                            |
| Sales/Distribution networks              | 1,505       | In the order of last year's level          |
| Netherlands/Belgium                      | 245         | Significantly below last year              |
| United Kingdom                           | 357         | Significantly above last year <sup>1</sup> |
| Central Eastern and South Eastern Europe | 1,109       | Below last year                            |
| Renewables                               | 181         | Above last year                            |
| Upstream Gas & Oil                       | 558         | Significantly above last year              |
| Trading/Gas Midstream                    | -800        | Significantly below last year <sup>2</sup> |

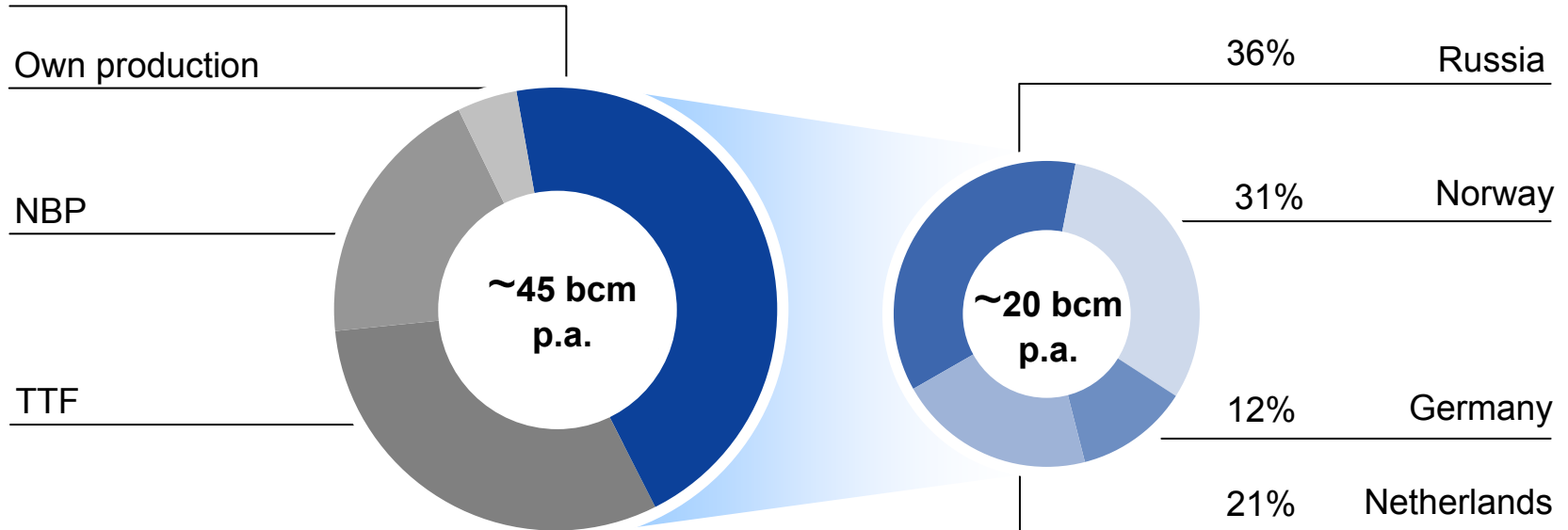
<sup>1</sup> Subject to financial impact from fire at Tilbury power plant.

<sup>2</sup> This division's earnings will depend significantly on the development of gas and oil prices. The earnings forecast is based on market data valid as of mid-February 2012.

# RWE's gas procurement portfolio

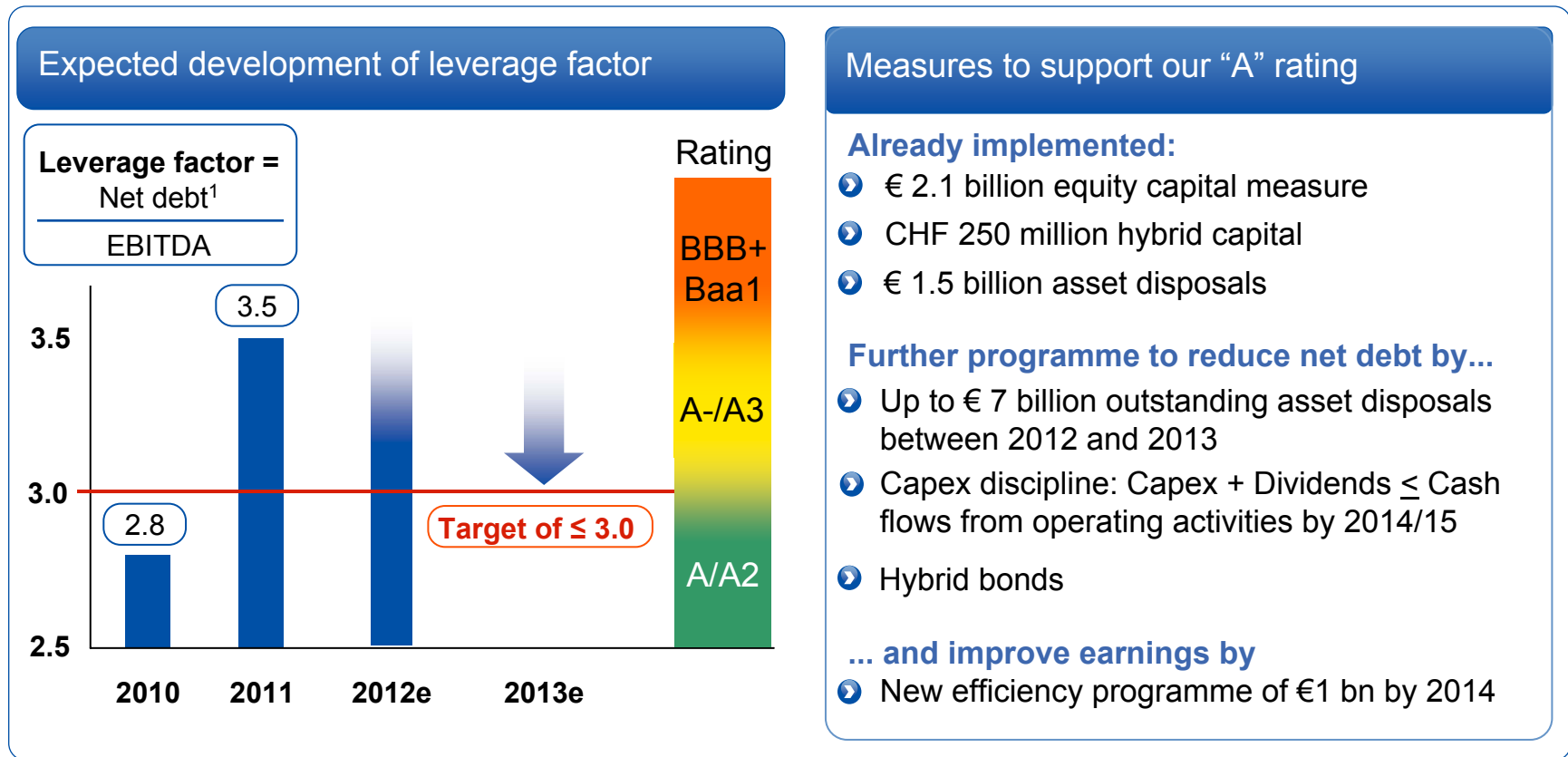
(as of February 2012)

Long-term oil-indexed purchase contracts (take-or-pay)



- > Our gas procurement portfolio is solely managed by RWE Supply & Trading
- > ~44% or 20 bcm p.a. of overall gas procurement based on long-term oil-indexed purchase contracts
  - of which ~18 bcm p.a. remain with a gas-to-oil spread exposure as of February 2012 when taking cost based sales into account

# How we are going to support our “A” rating



<sup>1</sup> Net debt = net financial debt + pension, mining and nuclear provisions + 50% of hybrid capital; (at year end).

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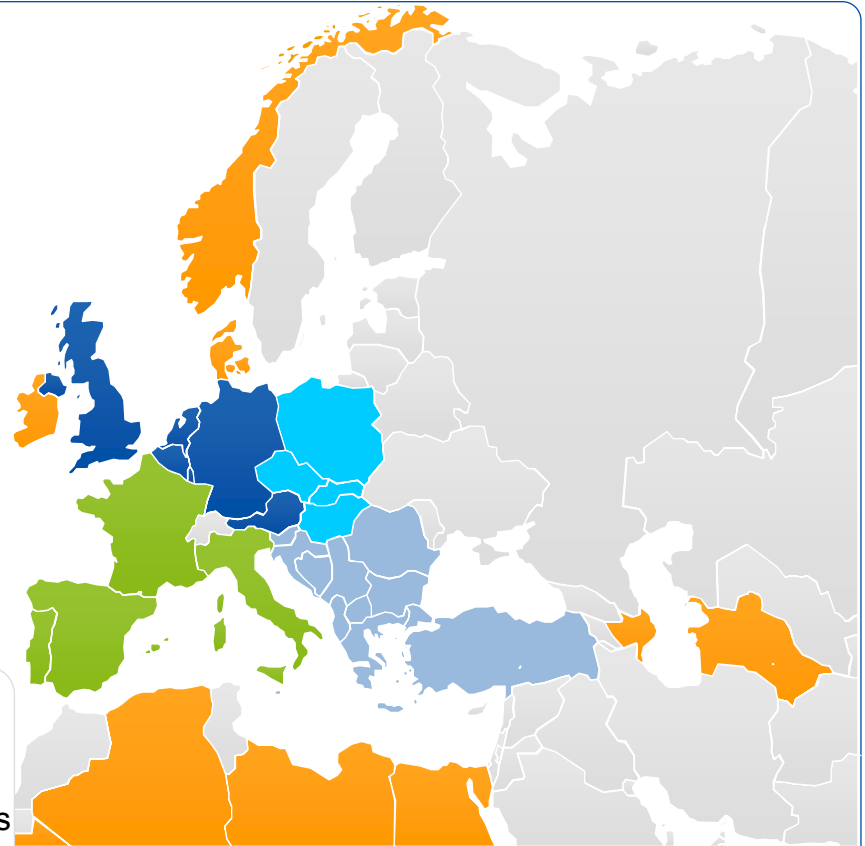
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**Peter Terium**  
Strategy update & Outlook 2012/2013

# More international, while maintaining a regionally focused strategy

- Core markets in Northwest and Central Europe
- Regional growth markets mainly CEE/SEE, especially Turkey
- Renewables business in and around our traditional core markets
- Upstream gas & oil position/projects mainly in Europe, Caspian region, Africa and Trinidad & Tobago

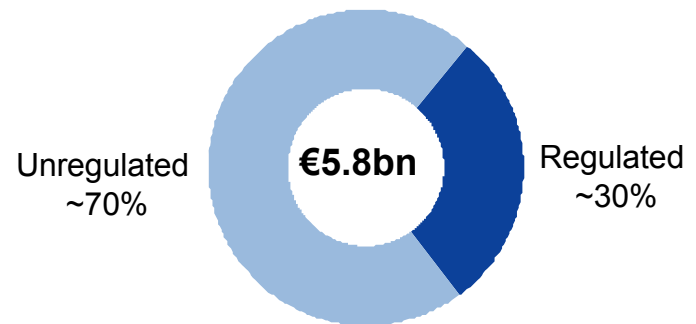
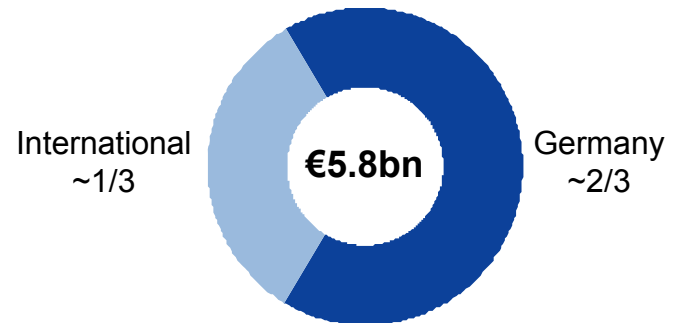
- RWE markets with established market positions
- Growth markets under observation / first activities
- Additional markets especially for renewables business
- Additional markets for upstream gas & oil



# More robust, with a well balanced portfolio approach

- Active along the whole value chain
- Broad geographic diversification in known territory to minimise regulatory and political risks
- Balanced generation portfolio across all technologies
- Continuous contribution from stable regulated business
- Invest in most economic renewable technologies
- Exposure via RWE Dea to global unregulated commodity prices

## Operating result 2011

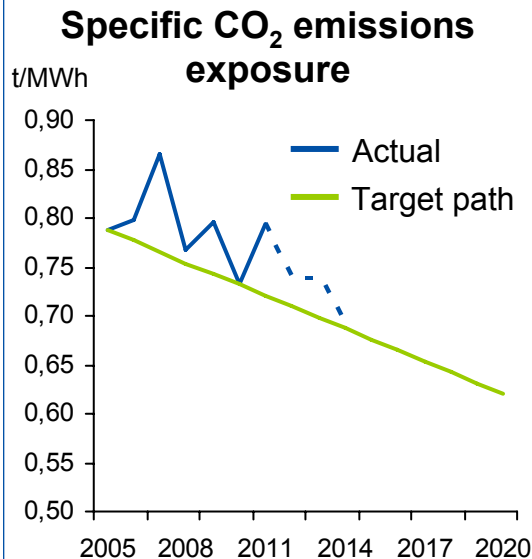




# More sustainable: Three levers to execute our strategy

## Lower CO<sub>2</sub> emissions

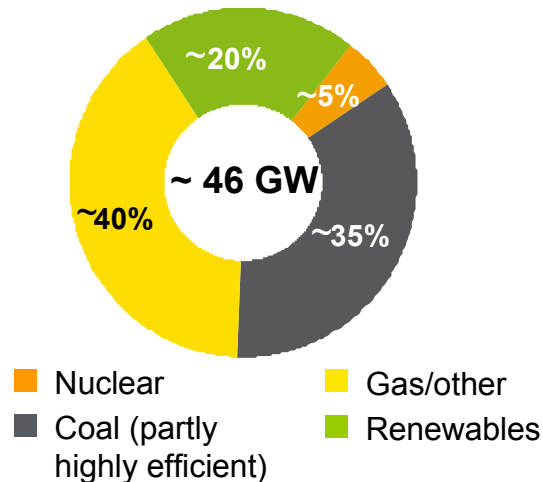
- > Reduce specific CO<sub>2</sub> emissions by more than 20% by 2020 compared to 2005



## More renewables

- > Increase renewable generation capacity to at least 20% by 2020

### Estimated generation portfolio 2020



## Efficient use of energy

- > Increase efficiency of fossil fuelled power plants
- > Offer efficiency enhancing energy products to end costumers

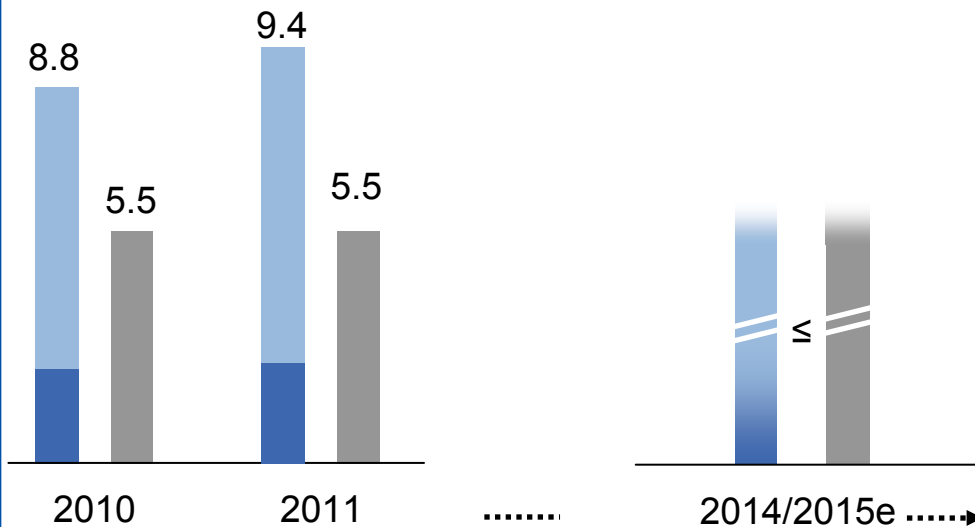


# Strict investment discipline provides platform for sustainable dividends



Mid-term target to cover investments and dividends by cash flows from operating activities

€ billion



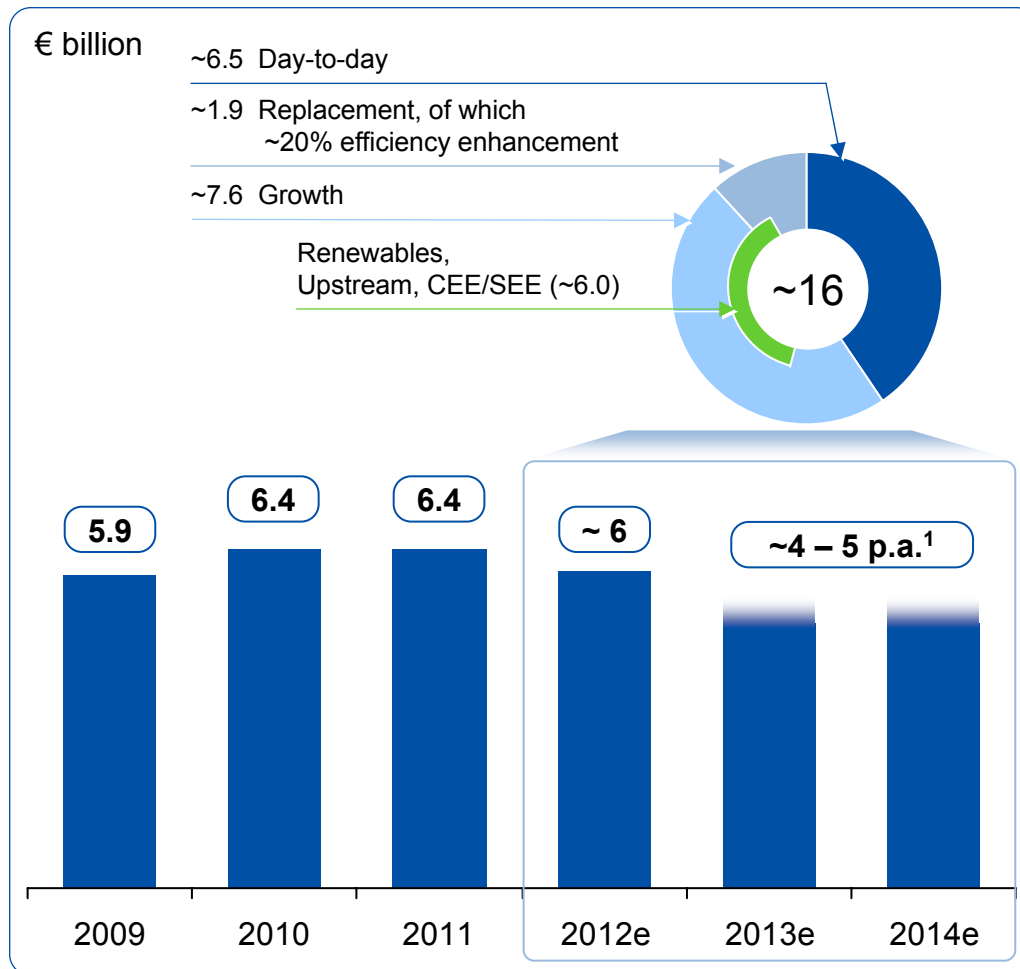
- > Capex level will normalise beyond 2013
- > Pay-out ratio of 50% - 60% of recurrent net income
- > Flexibility to adjust investments to meet cash flow, if necessary

Capex in property, plant & equipment and financial assets

Dividends (incl. minority payments; year of payment)

Cash flows from operating activities

# Streamlined and disciplined investment programme

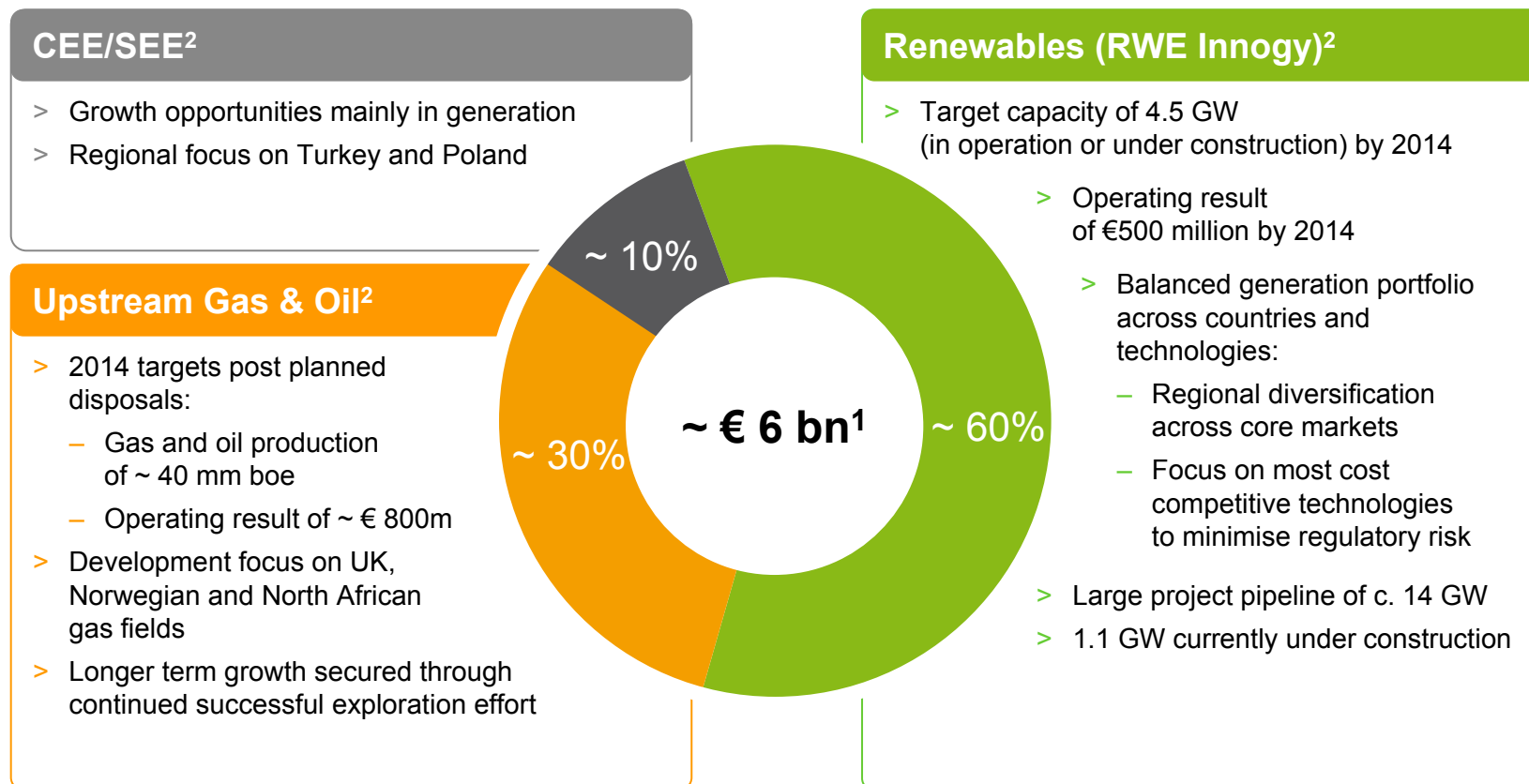


- > Peak of investment programme in 2010/2011
- > Finalising conventional power generation programme mainly in 2012 and 2013
- > More than 60% of our capex will be spent in our international businesses
- > Sustainable long-term capex level of up to € 5 bn p.a. of which day-to-day capex up to € 2.5 bn p.a.
- > Approx. € 16 bn capex programme for 2012 – 2014 of which c. € 8 bn for growth/efficiency enhancement, thereof c. € 6 bn in our growth areas Renewables, CEE/SEE and Upstream Gas & Oil
- > Committed capex (including day-to-day, approx.):
 

| Year            | 2012 | 2013 | 2014 |
|-----------------|------|------|------|
| Committed capex | 95%  | 85%  | 65%  |

<sup>1</sup> After planned divestments.

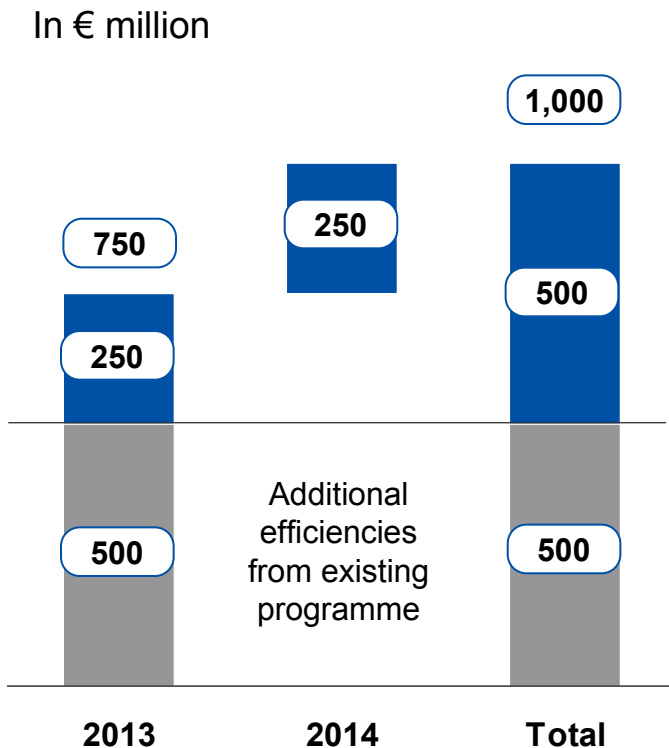
# € 6 bn earmarked for growth areas until 2014



<sup>1</sup> Growth and replacement capex, excluding day-to-day capex.

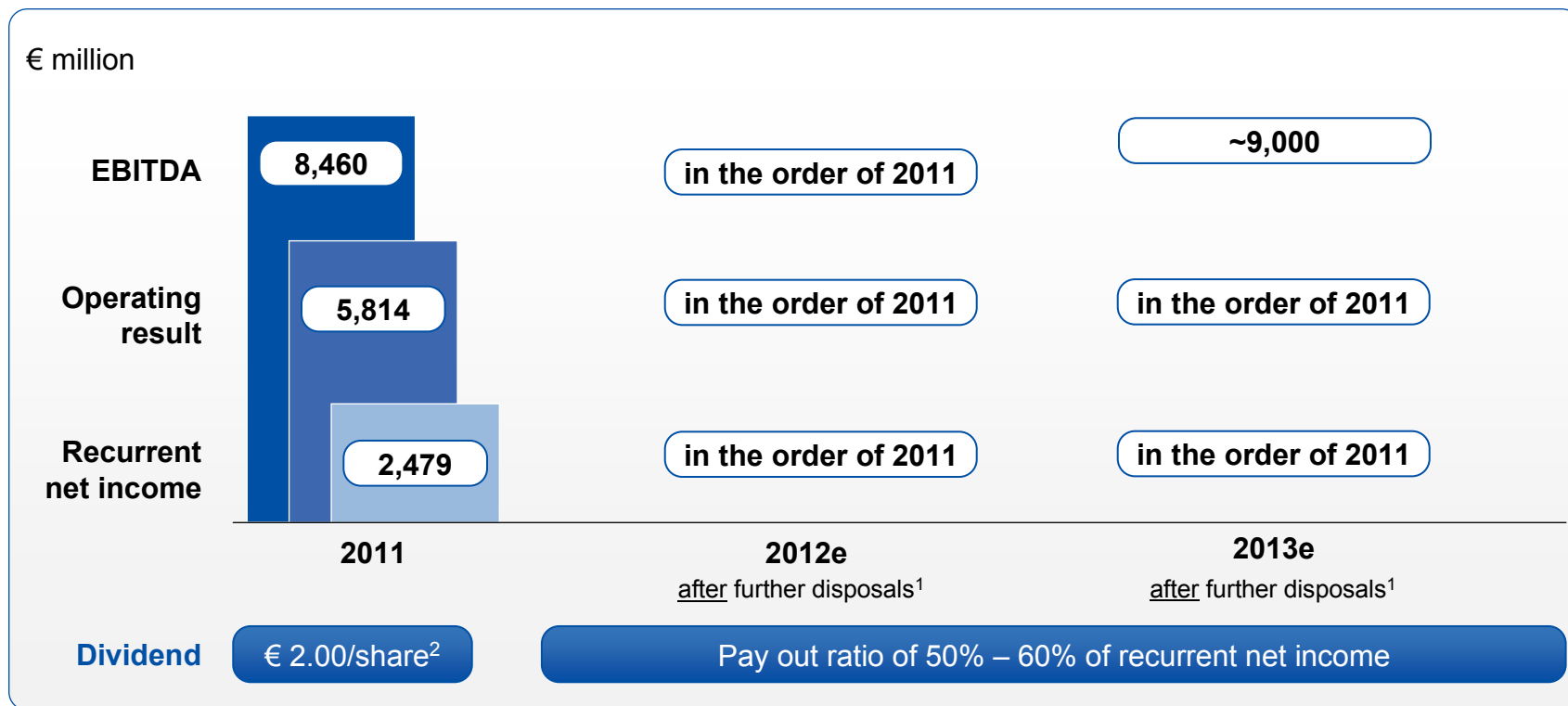
<sup>2</sup> Divisional split; regional overlap due to potential upstream and renewable investments in Central Eastern/South Eastern Europe.

# Further efficiency enhancements initiated



- > Sustainable improvement of operating results and EBITDA compared to 2012
- > Efficiency measures focusing on...
  - Group IT, service and overhead functions
  - All operational companies
- > Several concrete measures, e.g.
  - Optimisation of European power plant portfolio
  - Process optimisation of our sales and distribution companies via internal benchmark analysis
  - Personnel measures in German generation and sales and distribution businesses
  - Realignment of businesses, e.g. centralising trading and commercial asset optimisation
- > Further update at H1 results (August 2012)

# Outlook for 2012 – 2013



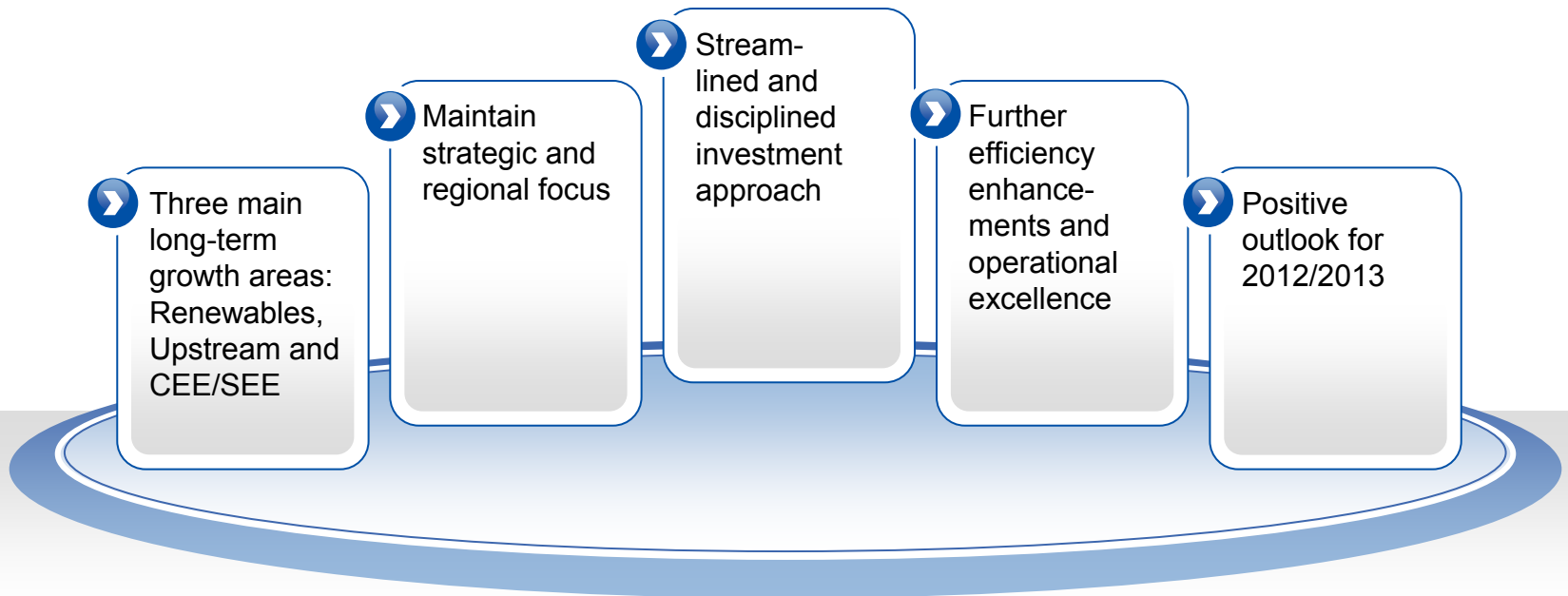
<sup>1</sup>Expected earnings dilution from the remaining up to € 7 bn divestment programme:

| in € bn                       | EBITDA | operating result                  | Recurrent net income |
|-------------------------------|--------|-----------------------------------|----------------------|
| 2012                          |        | no major dilution effect expected |                      |
| Full year effect (after 2013) | ~0.5   | ~0.4                              | ~0.3                 |

<sup>2</sup> Dividend proposal for RWE AG's 2011 fiscal year, subject to approval by the April 19, 2012 Annual General Meeting.

The outlook is based on commodity prices as of January 2012.

# RWE's platform for future value enhancement



# Back-up Charts

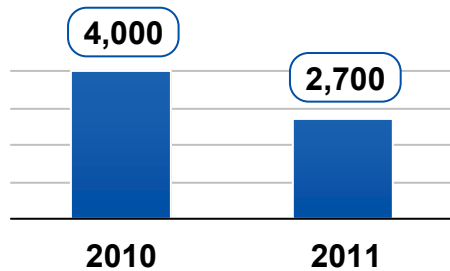




# Performance of the Germany Division (I) Power Generation Business Area (RWE Power)

January – December: operating result: -33%

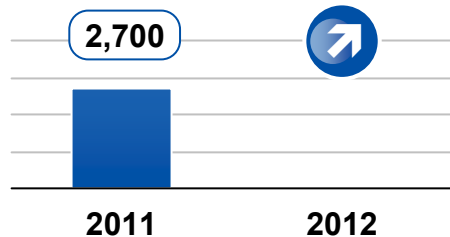
€ million



- ⊖ Lower realised electricity prices and lower volumes (c. -1.3 billion), inter alia, due to new energy policy and shut down of nuclear power plants
- ⊖ Higher fuel costs (c. -€210 million) partly offset by lower costs associated with CO<sub>2</sub> certificates (c. +€90 million)
- ⊖ Nuclear fuel tax (c. -€250 million)
- ⊖ Higher fixed operating and maintenance costs
- ⊕ Impact from change in nuclear and mining provisions

Guidance for fiscal year 2012: above last year

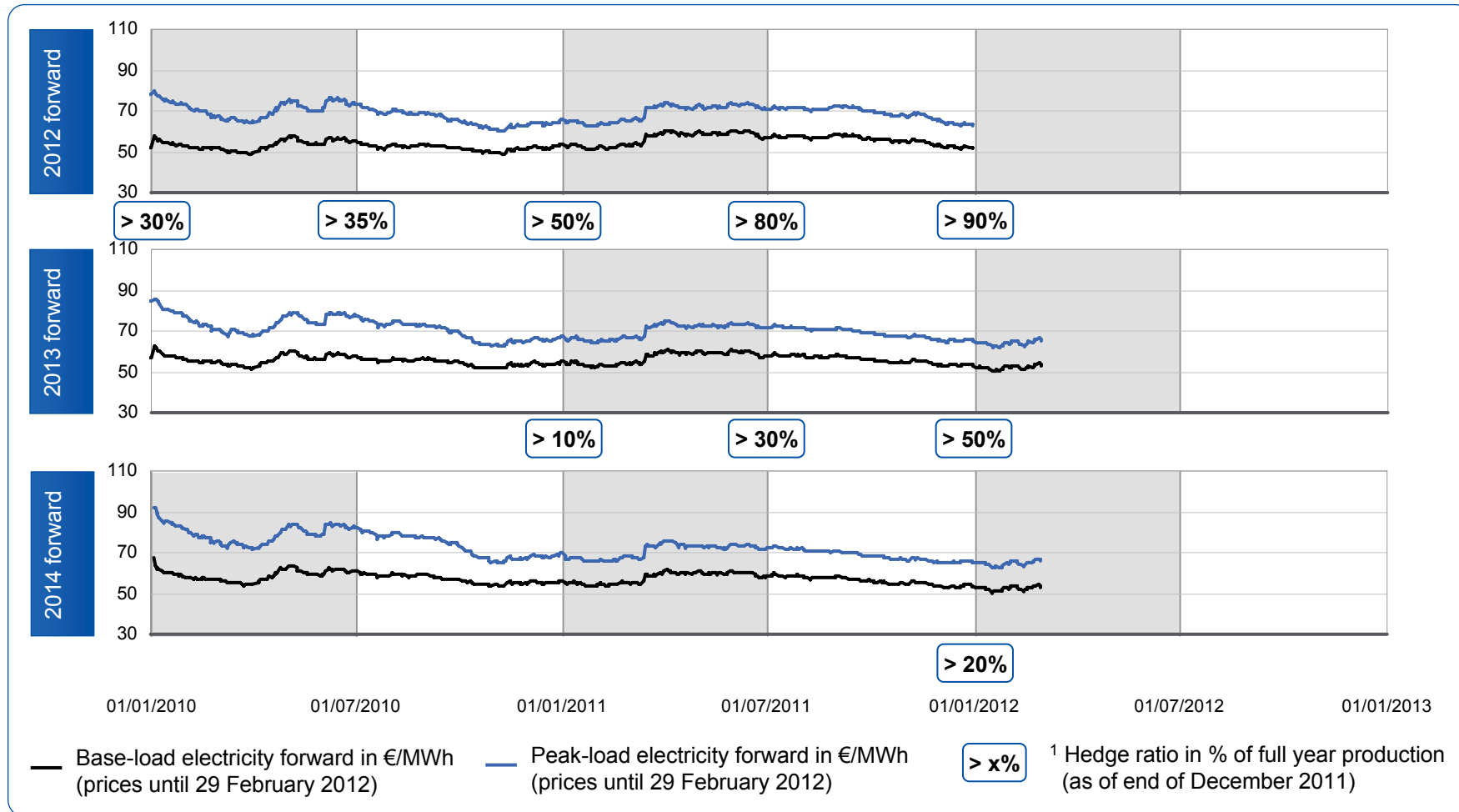
€ million



- ⊕ Commissioning of new lignite-fired power plant in Neurath
- ⊕ Lower fixed operating and maintenance costs
- ⊕ Impact from change in nuclear and mining provisions
- ⊕ Lower CO<sub>2</sub> costs
- ⊖ Lower realised electricity prices
- ⊖ Higher fuel costs and increased nuclear fuel tax

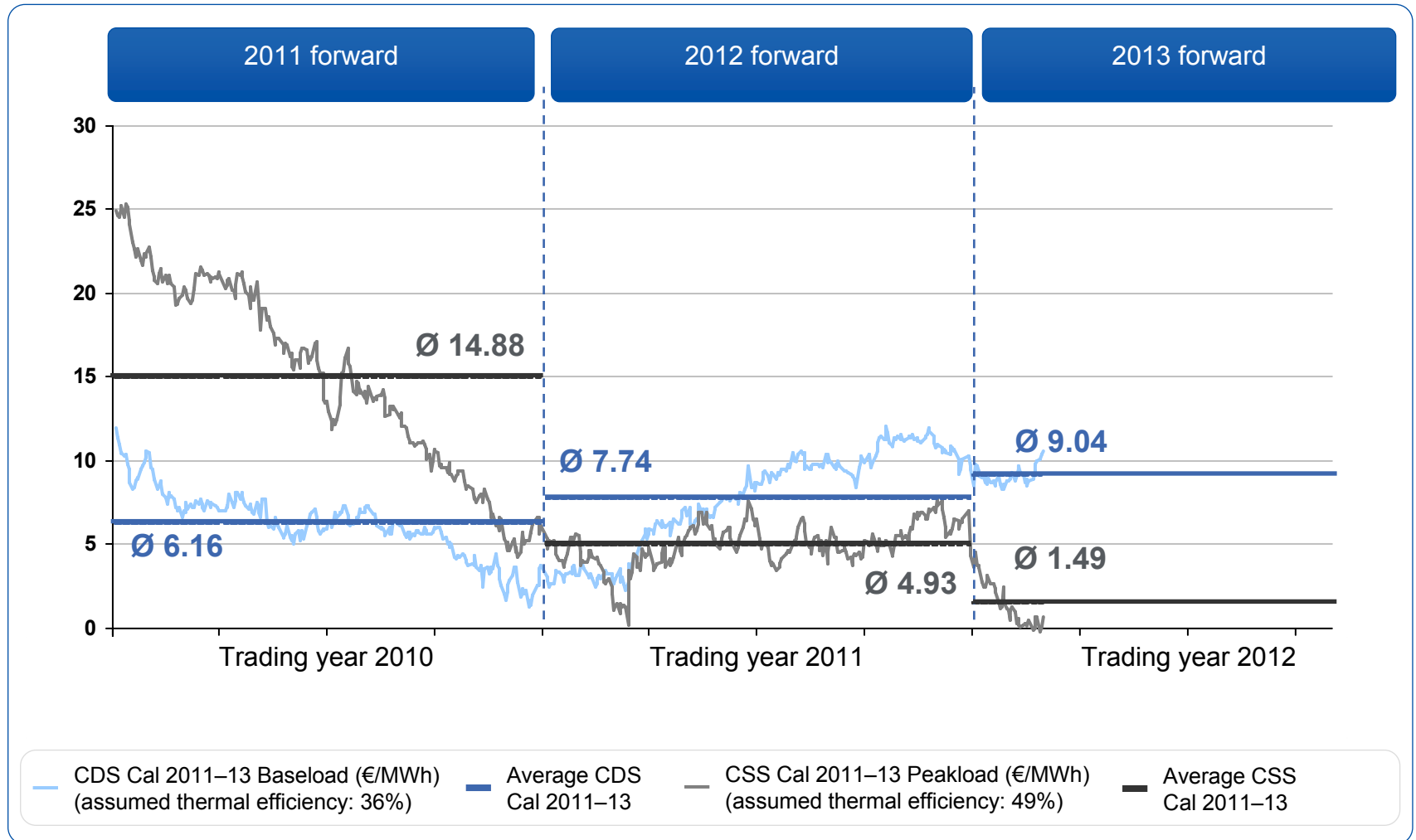
# Forward selling<sup>1</sup> by RWE Power in the German market

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



(Average realised price for 2011: €63/MWh (2010: €67/MWh)).

# Germany: Clean Dark and Spark Spreads (CDS/CSS)



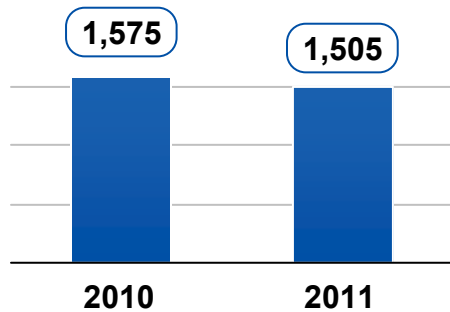
Source: RWE Supply & Trading, prices until 29 February 2012.

# Performance of the Germany Division (II)

## Sales/Distribution Networks Business Area

January – December: operating result: -4.4%

€ million



- ⊕ First-time full consolidation of regional sales and distribution company NEW
- ⊕ Improved income from investments

### Sales

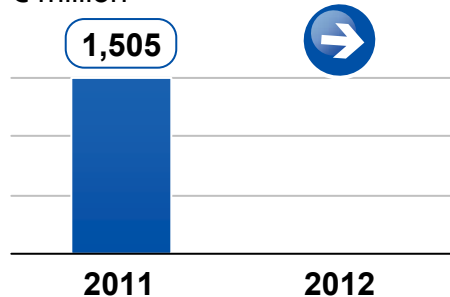
- Lower gas sales volumes but slightly better margins

### Distribution networks

- ⊖ Negative volume effect due to milder weather conditions
- ⊖ Higher cost to improve the quality of our network infrastructure
- ⊕ Lower costs for refunding of excess proceeds

Guidance for fiscal year 2012: in the order of last year's level

€ million

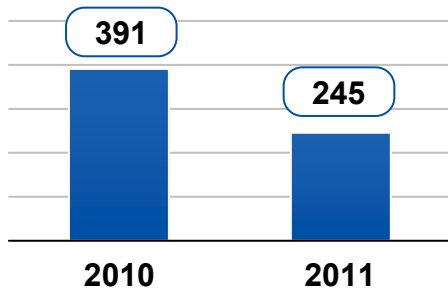


- ⊕ Efficiency improvements
- ⊖ Lower income from investments
- ⊖ Absence of positive one-offs from consolidation effect (NEW) in 2011

# Performance of the Netherlands/Belgium Division (Essent)

January – December: operating result: -37.3%

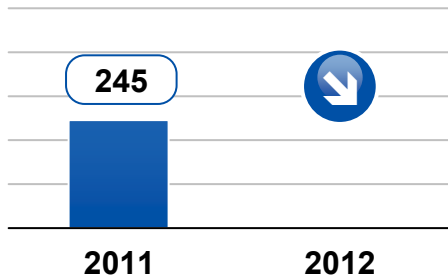
€ million



- + Higher gas midstream activities but...
- ... parts of gas midstream business now reported in Trading/Gas Midstream
- Lower electricity generation spreads
- + Efficiency improvements and synergies

Guidance for fiscal year 2012: significantly below last year

€ million

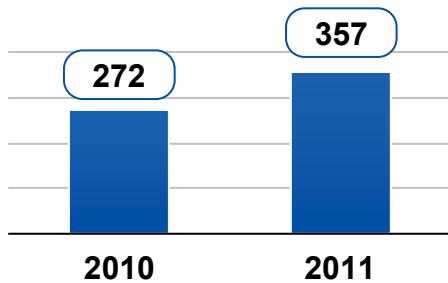


- Lower gas midstream margins
- Lower electricity generation spreads
- + Efficiency improvements

# Performance of the United Kingdom Division (RWE npower)

January – December: operating result: +31.3%

€ million



+ Cost reductions / efficiency improvements

Power generation:

+ First time contribution from Staythorpe CCGT and settlement of claims relating to major investment projects and legacy claims

- Lower spreads

Retail:

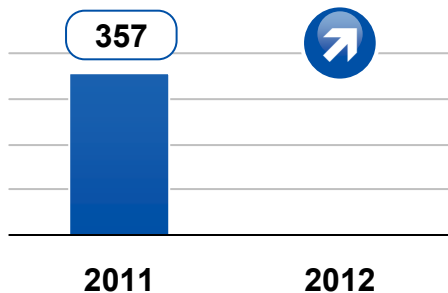
+ Improved commodity cost management and lower bad debt costs

+ Growth in large customer business segment

- Lower consumption

Guidance for fiscal year 2012: significantly above last year<sup>1</sup>

€ million



+ Further cost reductions / efficiency improvements

Power generation

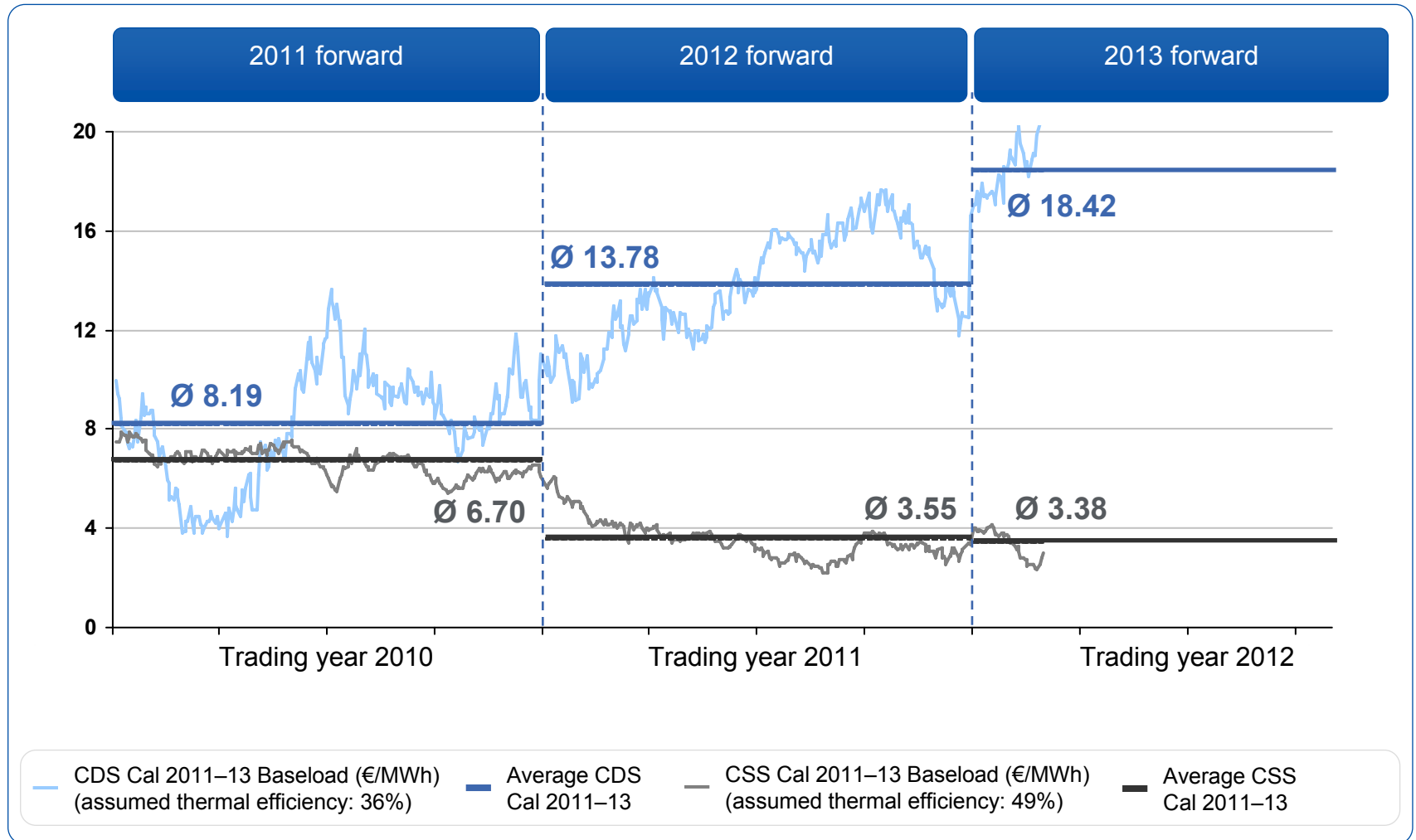
- Decline of spreads

+ Strong earnings contribution from Tilbury biomass expected<sup>1</sup>

Retail:

+ Progress on squeezed domestic margins

# UK: Clean Dark and Spark Spreads (CDS/CSS)

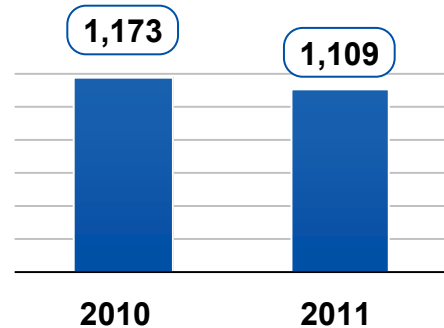


Source: RWE Supply & Trading, prices until 29 February 2012.

# Performance of the Central Eastern and South Eastern Europe Division

January – December: operating result: -5.5%

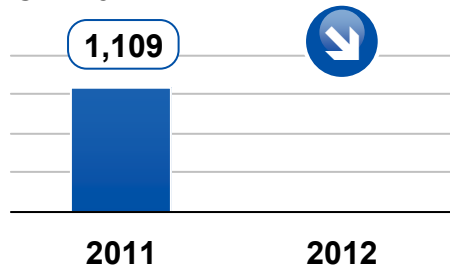
€ million



- Czech Republic:
  - Lower gas sales volumes and reduced distribution grid margins
  - Lower income in gas transport business due to increased regulatory pressure
- Hungary: Lower electricity retail margins
- Poland: Improved electricity network margins

Guidance for fiscal year 2012: below last year

€ million



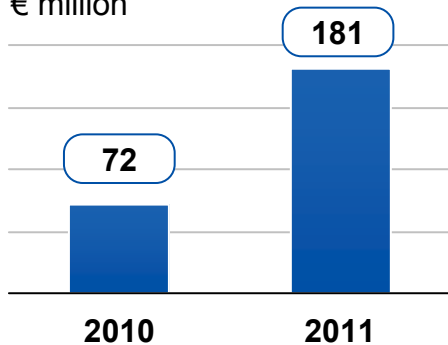
- Czech Republic:
  - Lower gas sales and gas distribution margins
  - Stable gas transport business
- Hungary: Stable earnings contribution
- Poland: Stable earnings contribution



# Performance of the Renewables Division (RWE Innogy)

January – December: operating result: +151%

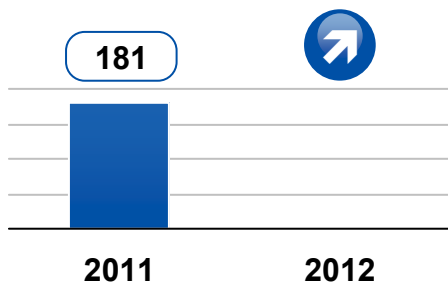
€ million



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

Guidance for fiscal year 2012: above last year

€ million

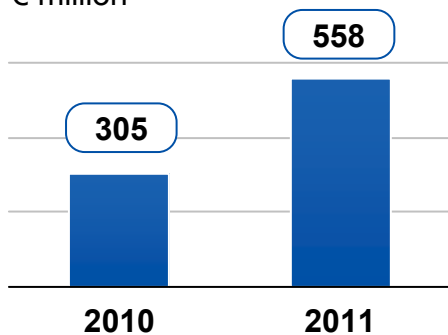


- + Commissioning of new projects
- + Normalised weather conditions assumed
- Absence of liquidated damages from previous year
- Lower income from sale of developed projects
- Upfront costs of large investment programme including higher staff costs

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

January – December: operating result: +83.0%

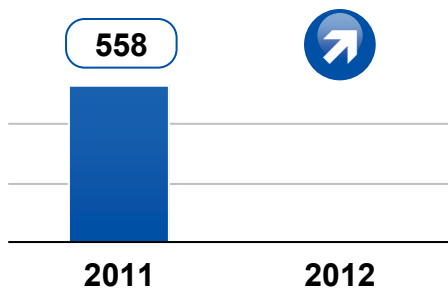
€ million



- + Higher realised oil and gas prices
- + Higher oil production
- Negative f/x effects and lower natural gas production
- Increased royalties in Germany as well as cost of production

Guidance for fiscal year 2012: significantly above last year

€ million

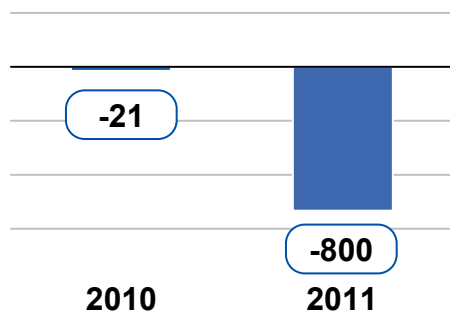


- + Start of production in new gas fields
- + Higher gas prices
- + Lower exploration expenditures
- Increased cost of production

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

January – December: operating result: n.m.

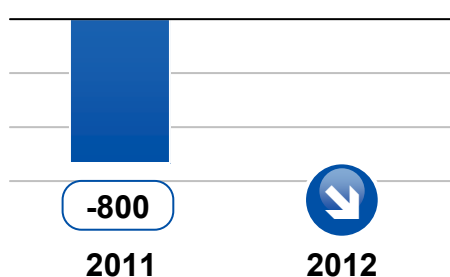
€ million



- Trading
  - Negative development partly driven by market disturbance as a result of the events in North Africa and the changed German energy policy
- Supply
  - Burdens from long-term oil-indexed gas contracts
  - + Parts of gas midstream business from Essent now reported in Trading/Gas Midstream

Guidance for fiscal year 2012: significantly below last year<sup>1</sup>

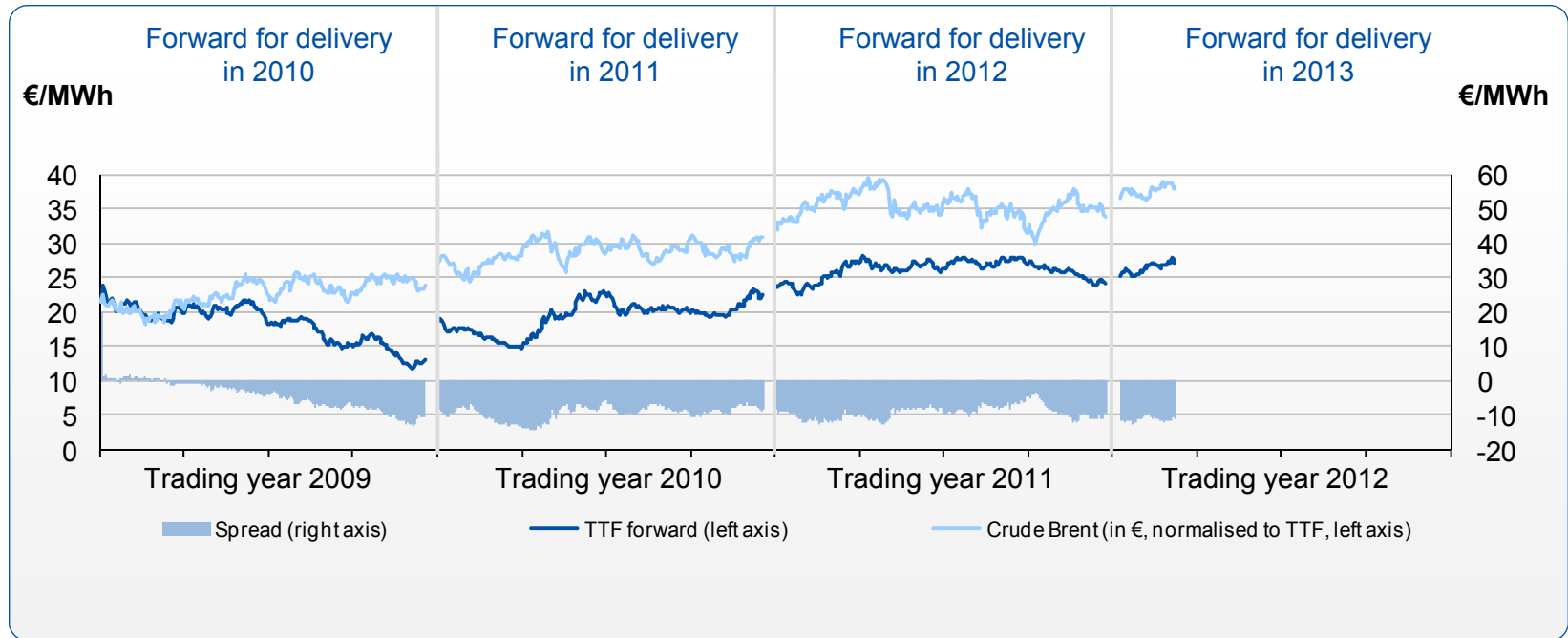
€ million



- Trading
  - + Improved performance compared to weak previous year
- Supply
  - Burdens from long-term oil-indexed gas contracts<sup>1</sup>

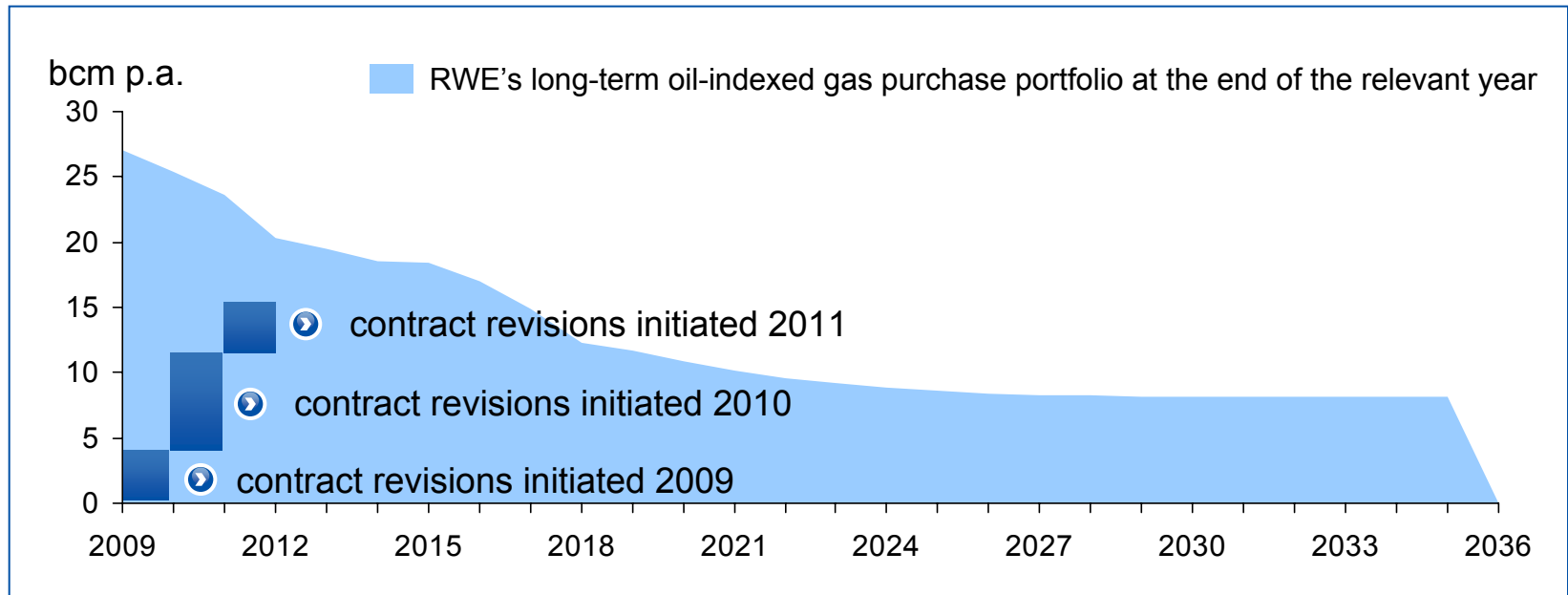
<sup>1</sup> The division's earnings will depend significantly on the development of gas and oil prices. The earnings forecast is based on market data valid as of mid-February 2012.

# Development of TTF gas price and Brent oil price



Relative development of the TTF and Brent forwards for the years 2010, 2011, 2012 and 2013 since January 1<sup>st</sup>, 2009. To compare both, the Brent oil price is based to the TTF gas price as of January 1<sup>st</sup>, 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.

# RWE's long-term oil-indexed gas purchase portfolio



- > RWE was one of the first in 2009 and 2010 who have initiated contract revisions - also by using so-called “joker” price revisions - for more than 2/3 of our current oil-indexed purchase portfolio volumes. This is referring to 9 individual contracts out of 17
- > As of February 2012 we are in the re-negotiation process for approx. 15 bcm p.a. of our contracts, many of which have meanwhile reached the official arbitration stage

# Reconciliation to recurrent net income

| January – December<br>€ million              | 2011<br>reported | 2011<br>non-rec. | 2011<br>recurrent | 2010<br>recurrent | Change<br>(absolute) |
|--|------------------|------------------|-------------------|-------------------|----------------------|
| Operating result                             | 5,814            | -                | 5,814             | 7,681             | -1,867               |
| Non-operating result                         | -1,157           | 1,157            | 0                 | 0                 | 0                    |
| Financial result                             | -1,633           | -                | -1,633            | -1,936            | 303                  |
| Income from continuing operations before tax | 3,024            | 1,157            | 4,181             | 5,745             | -1,564               |
| Taxes on income<br>(Tax rate)                | -854<br>(28%)    | -484             | -1,338<br>(32%)   | -1,699<br>(30%)   | 361                  |
| Minority interest                            | -305             | -                | -305              | -279              | -26                  |
| RWE AG hybrid investors' interest            | -59              | -                | -59               | -15               | -44                  |
| <b>Net income</b>                            | <b>1,806</b>     | <b>673</b>       | <b>2,479</b>      | <b>3,752</b>      | <b>-1,273</b>        |



## Tax

> Non-operating result: Impact from tax on “restructuring/other” and “ impact of commodity derivatives on earnings”

# Cash flow statement

| January – December<br>€ million                         | 2011           | 2010             | Change<br>(absolute) |
|---|----------------|------------------|----------------------|
| Funds from operations (FFO)                             | 5,946          | 7,849            | -1,903               |
| Change in working capital<br>of which variation margins | -436<br>-1,173 | -2,349<br>-1,158 | 1,913                |
| Cash flows from operating activities                    | 5,510          | 5,500            | 10                   |
| Minus capex on fixed assets                             | -6,353         | -6,379           | 26                   |
| Free cash flow  | -843           | -879             | 36                   |



## FFO

- > Mainly a result of negative operating earnings trends



## Change in working capital

- > Minor expenses on CO<sub>2</sub> certificates in 2011, as the certificates for 2010 for the most part and for 2009 had been paid in 2010
- > Temporarily improved liquidity at Amprion



## Capex on fixed assets

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

# RWE Group electricity production (by geographic regions)

| January – December<br>in TWh       | Germany      | UK          | NL/BE       | Other<br>Internat. | Total<br>2011 | Total<br>2010 |
|------------------------------------|--------------|-------------|-------------|--------------------|---------------|---------------|
| Lignite                            | 68.3         |             |             | 5.8                | 74.1          | 71.0          |
| Nuclear                            | 34.3         |             |             |                    | 34.3          | 45.2          |
| Hard coal                          | 33.6         | 8.6         | 5.1         | 0.5                | 47.8          | 55.2          |
| thereof contracts                  | 20.8         |             |             |                    | 20.8          | 23.4          |
| Gas                                | 12.0         | 21.3        | 5.1         | 0.1                | 38.5          | 42.8          |
| Renewables                         | 4.0          | 1.6         | 1.8         | 1.4                | 8.8           | 8.9           |
| thereof contracts                  | 0.5          | 0.9         |             |                    | 1.4           | 1.2           |
| Pumped storage, oil, other         | 2.2          |             |             |                    | 2.2           | 2.2           |
| thereof contracts                  | 1.7          |             |             |                    | 1.7           | 1.7           |
| <b>Subtotal</b>                    | <b>154.4</b> | <b>31.5</b> | <b>12.0</b> | <b>7.8</b>         | <b>205.7</b>  | <b>225.3</b>  |
| Electricity purchases <sup>1</sup> | 55.4         | 22.3        | 10.2        | 19.2               | 107.1         | 104.4         |
| <b>Total</b>                       | <b>209.8</b> | <b>53.8</b> | <b>22.2</b> | <b>27.0</b>        | <b>312.8</b>  | <b>329.7</b>  |

<sup>1</sup> Net, excluding trading. Purchases for physical deliveries to customers only.



# RWE Group electricity sales volume (by geographic regions)

| January – December<br>in TWh            | Germany      | UK          | NL/BE       | Poland     | Hungary     | Other      | Total<br>2011            | Total<br>2010            |
|---|--------------|-------------|-------------|------------|-------------|------------|--------------------------|--------------------------|
| Residential and commercial<br>customers | 25.8         | 17.4        | 10.7        | 3.0        | 5.5         | 0.2        | 62.6                     | 64.4 <sup>1</sup>        |
| Industrial and corporate<br>customers   | 55.1         | 32.9        | 15.9        | 3.4        | 5.2         | 0.6        | 113.1                    | 113.2 <sup>1</sup>       |
| Distributors                            | 91.0         |             |             |            | 5.8         | 1.3        | 98.1                     | 102.3                    |
| Electricity trading <sup>2</sup>        | 20.8         |             |             |            |             |            | 20.8                     | 31.3 <sup>1</sup>        |
| <b>Total</b>                            | <b>192.7</b> | <b>50.3</b> | <b>26.6</b> | <b>6.4</b> | <b>16.5</b> | <b>2.1</b> | <b>294.6<sup>3</sup></b> | <b>311.2<sup>3</sup></b> |

<sup>1</sup> Prior-year figures adjusted.

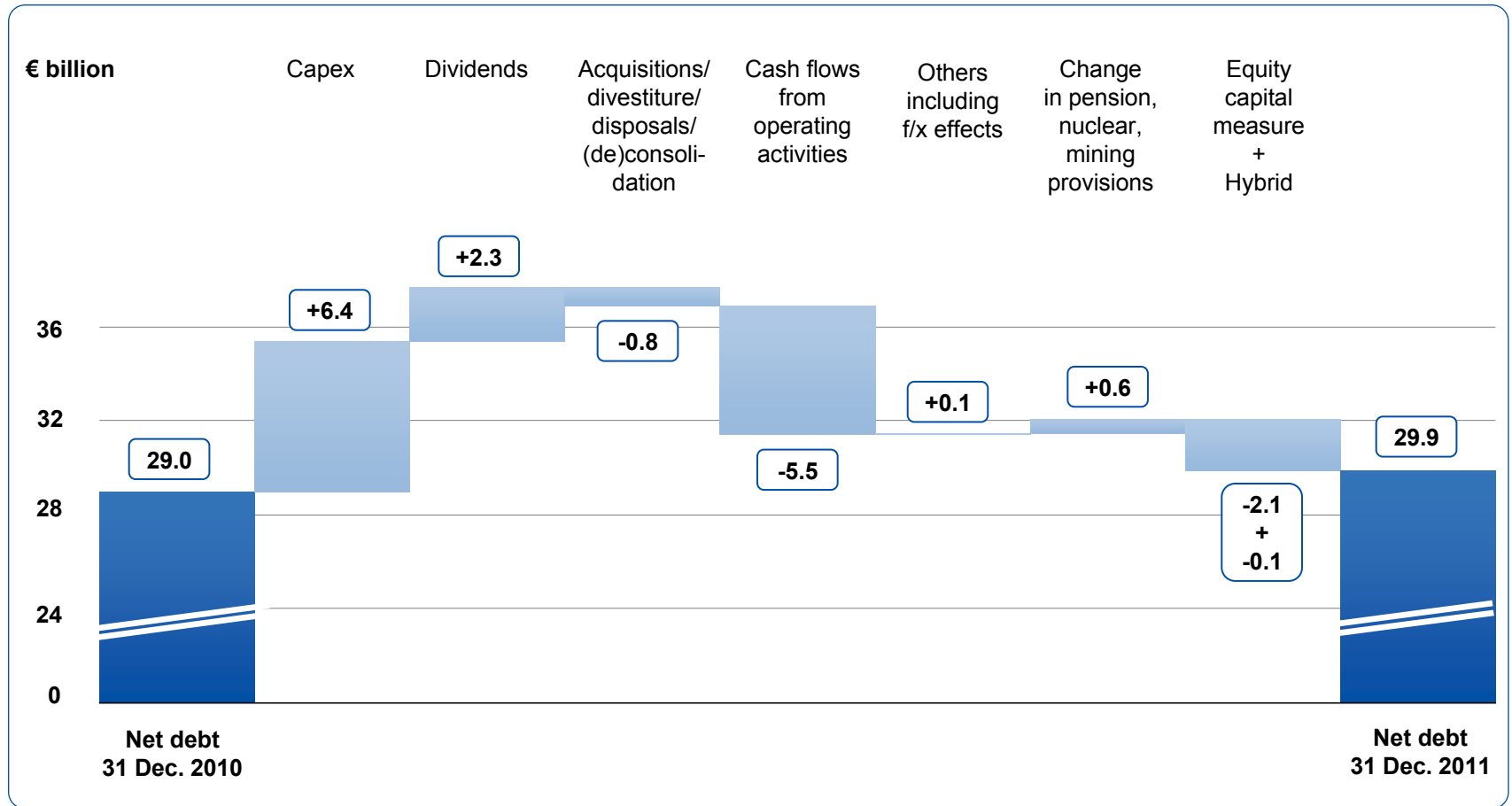
<sup>2</sup> Net of electricity purchased from third parties.

<sup>3</sup> Difference between electricity production and electricity sales volume due to grid losses, operating consumption by lignite production and pumped-storage power plants.

# RWE Group gas sales volume (by geographic regions)

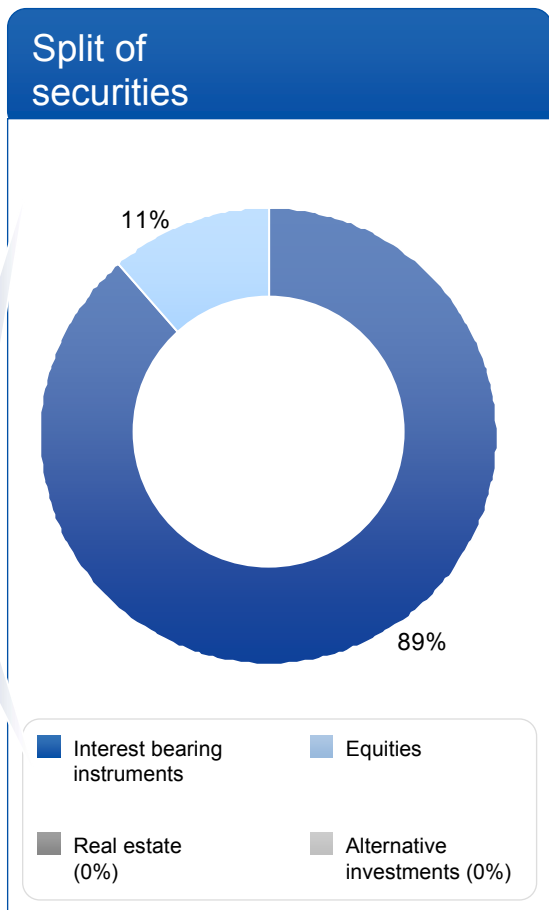
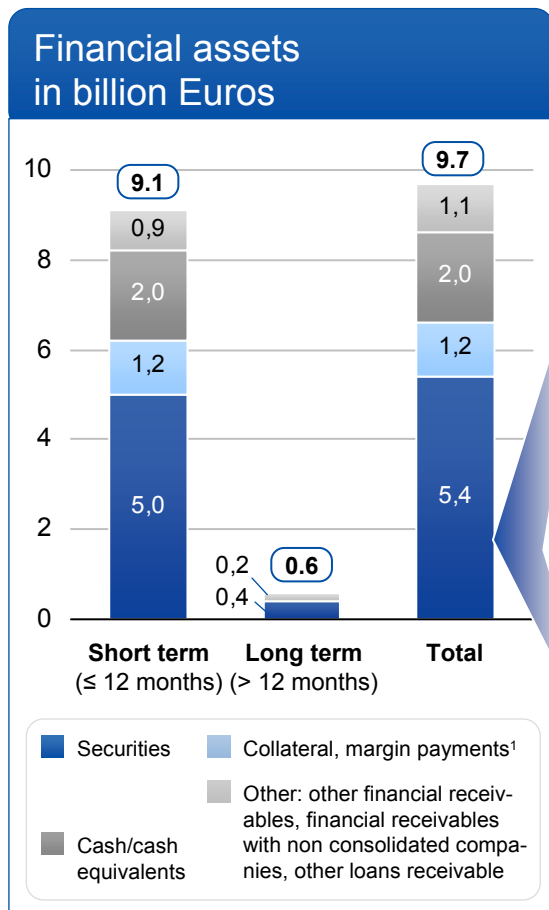
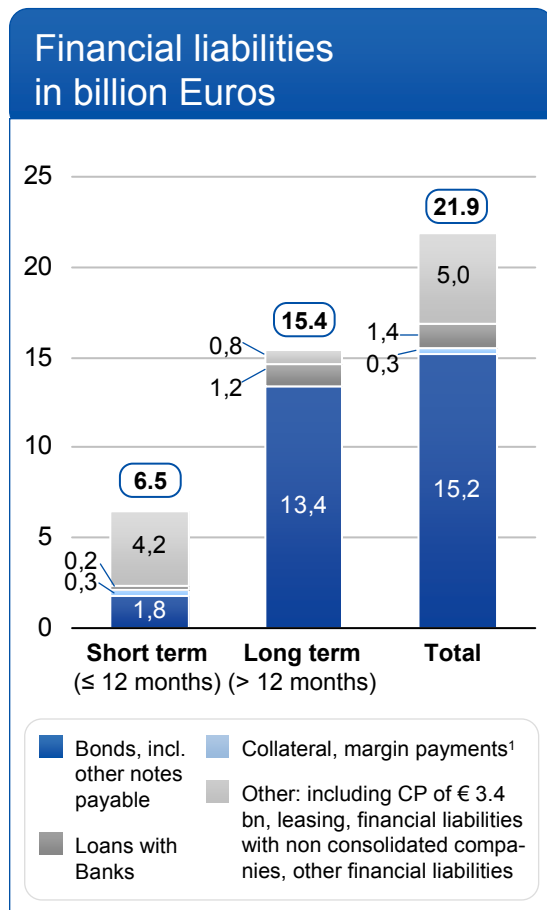
| January – December<br>in TWh            | Germany      | Czech<br>Rep. | NL          | UK          | Other       | Total<br>2011 | Total<br>2010 |
|---|--------------|---------------|-------------|-------------|-------------|---------------|---------------|
| Residential and commercial<br>customers | 27.5         | 26.9          | 35.9        | 38.0        | 1.1         | 129.4         | 156.6         |
| Industrial and corporate<br>customers   | 40.8         | 16.5          | 56.5        | 2.3         | 13.1        | 129.2         | 155.7         |
| Distributors                            | 56.6         | 4.7           | 0.0         | 0.1         | 2.2         | 63.6          | 83.1          |
| <b>Total</b>                            | <b>124.9</b> | <b>48.1</b>   | <b>92.4</b> | <b>40.4</b> | <b>16.4</b> | <b>322.2</b>  | <b>395.4</b>  |

# Development of net debt



# Financial liabilities and assets

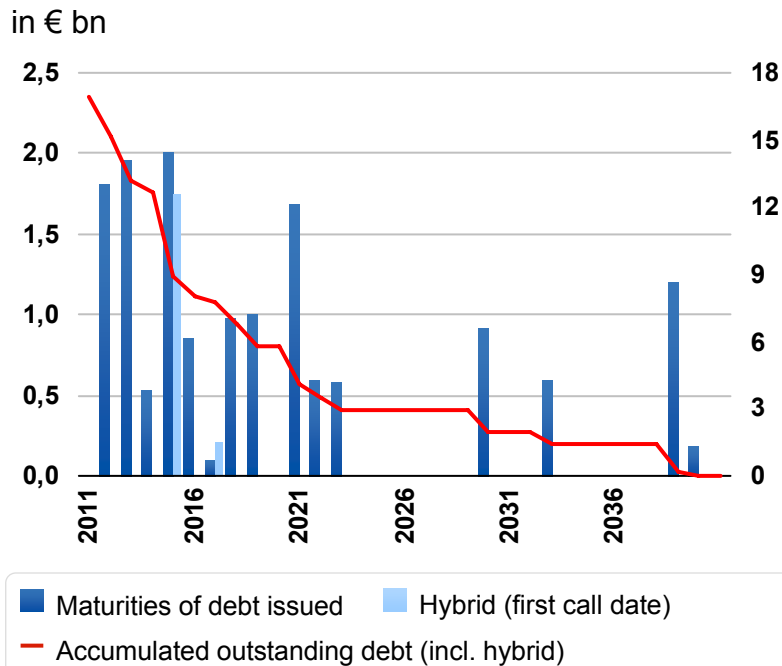
(excluding hybrid capital, as of 31 December 2011)



<sup>1</sup> 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

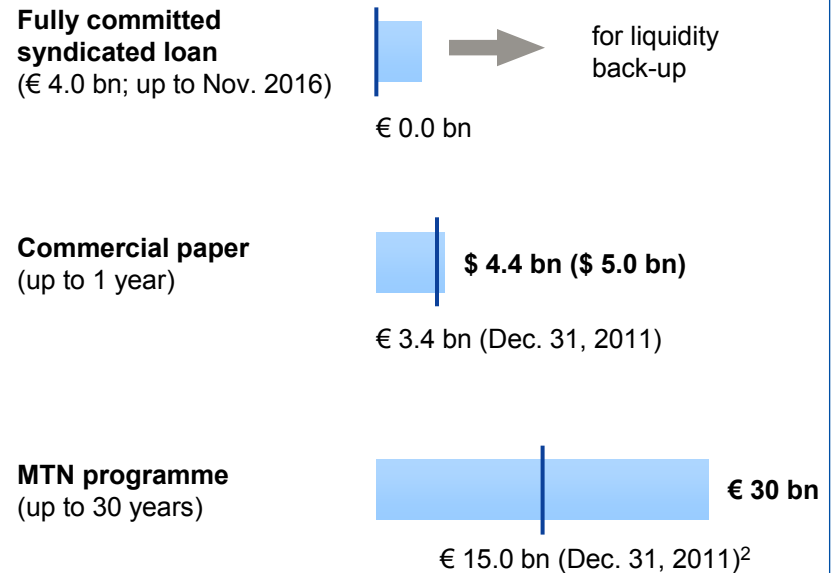
## Capital market debt maturities<sup>1</sup>



**Balanced profile with limited maturities up to end of 2014 (~€ 4.3 billion)**

<sup>1</sup> RWE AG and RWE Finance B.V., as of 31 Dec. 2011.

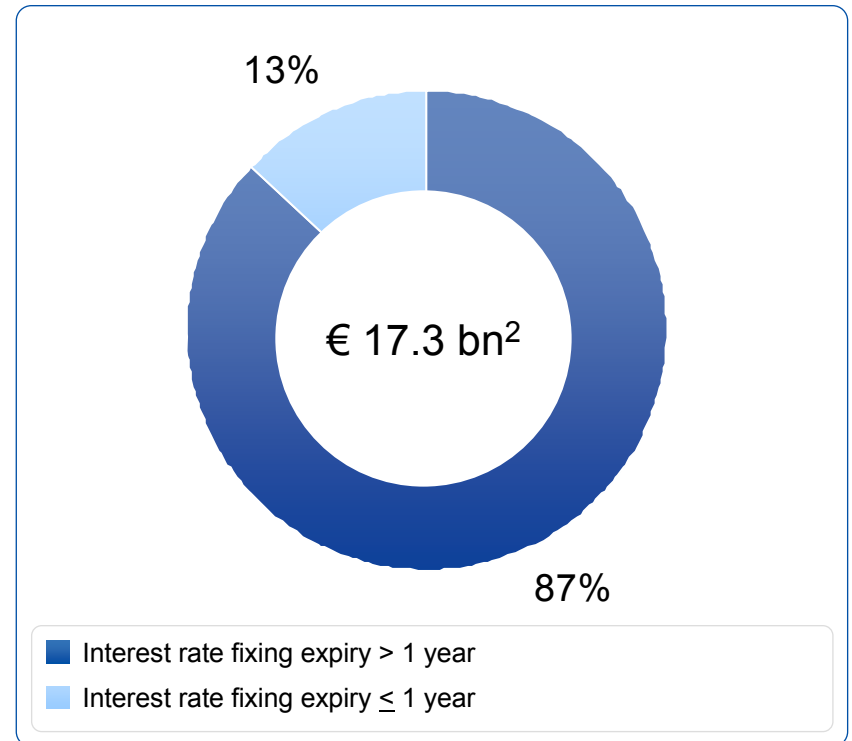
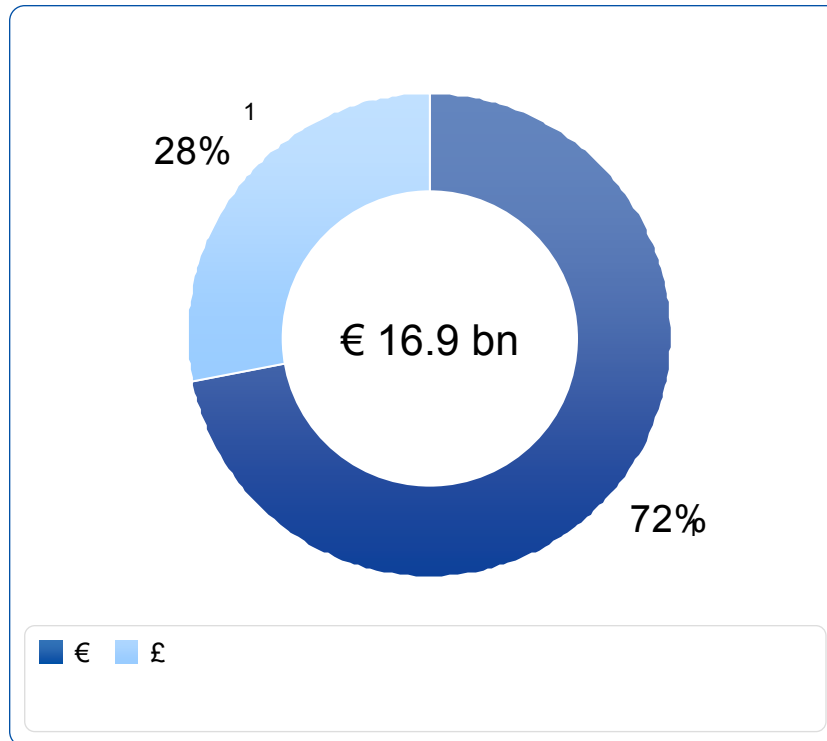
## Strong sources of financing



<sup>2</sup> Bonds outstanding under the MTN-programme, i.e. excluding hybrid. Including hybrid: € 16.9 bn.

# Capital market debt currency and interest exposure

(as of 31.12.2011)

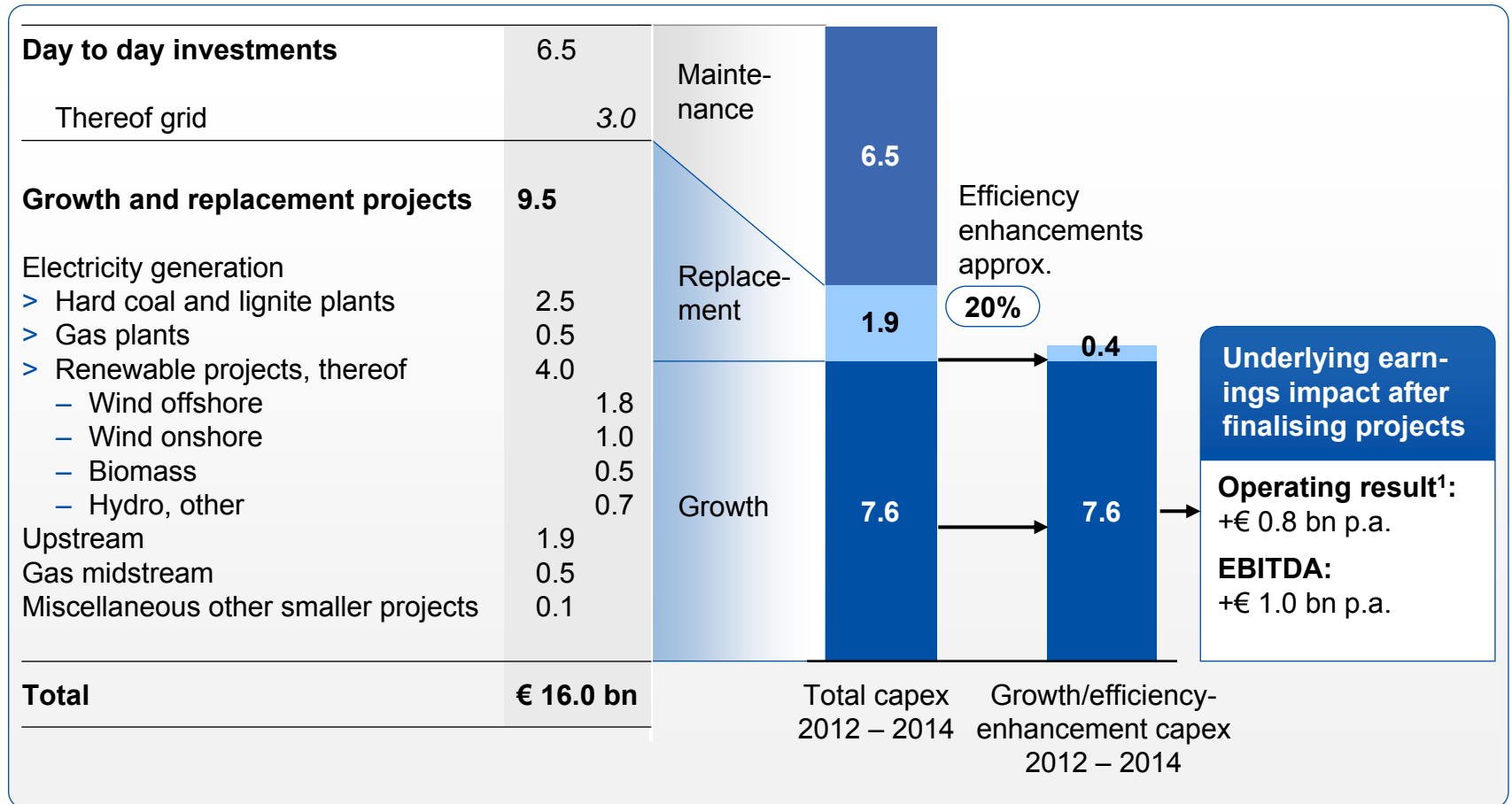


<sup>1</sup> Capital market debt = bonds of € 15.0 bn and hybrids of c. € 2.0 bn; split into currencies includes cross-currency swaps.

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

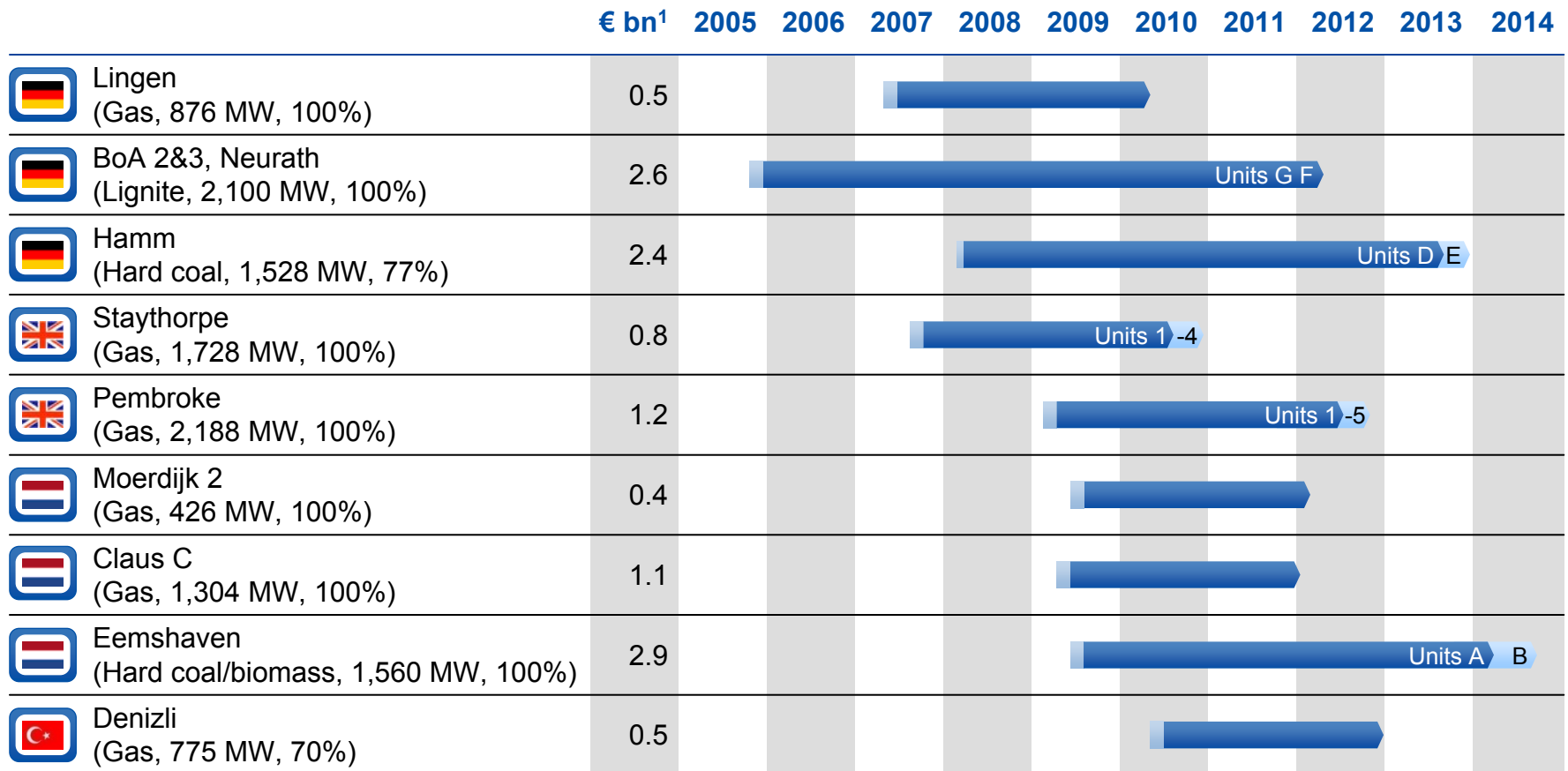
# RWE's capex programme 2012 to 2014

## How capex leads to earnings growth



<sup>1</sup> Average impact. Depending on depreciation period, operating result lower in early years and higher in later years.








# Conventional power plant new build programme



<sup>1</sup> Capex at 100% share.



# RWE Dea's largest field developments





| Production start  | RWE share | Capex <sup>1</sup> (€ bn) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-----------|---------------------------|------|------|------|------|------|------|
|  West Nile Delta (Egypt)     | 40%       | 2.7                       |      |      |      |      |      |      |
|  Breagh (UK)                 | 70%       | 0.4                       |      |      |      |      |      |      |
|  Reggane (Algeria)           | 19.5%     | 0.4                       |      |      |      |      |      |      |
|  Luno (Norway)               | 20%       | 0.7                       |      |      |      |      |      |      |
|  Knarr (Norway) <sup>2</sup> | 10%       | 0.2                       |      |      |      |      |      |      |
|  NC193 (Libya) <sup>3</sup>  | 100%      | 0.3                       |      |      |      |      |      |      |
|  NC195 (Libya) <sup>3</sup>  | 100%      | 0.2                       |      |      |      |      |      |      |

<sup>1</sup> RWE's share in capex.

<sup>2</sup> Formerly "Jordbær".

<sup>3</sup> The political situation in Libya has caused delays.

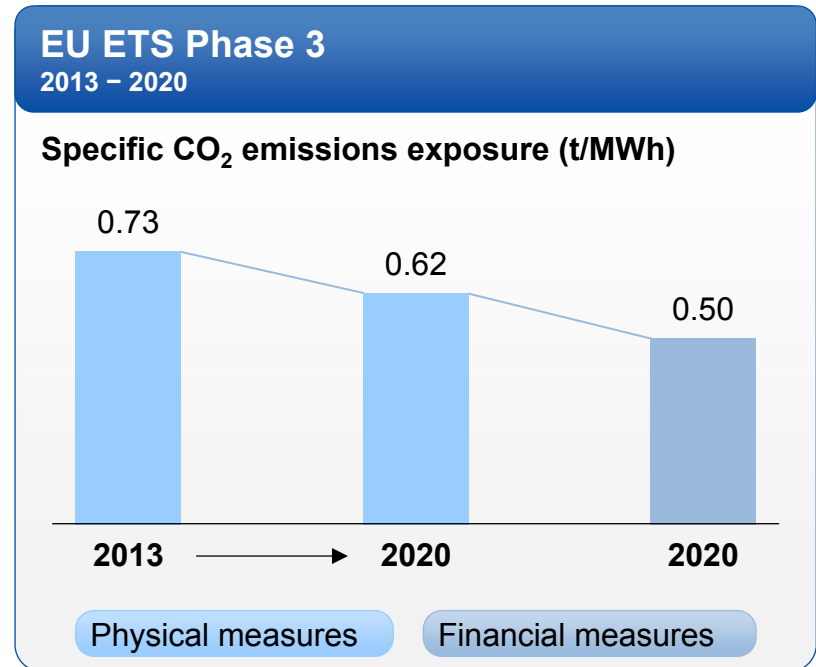
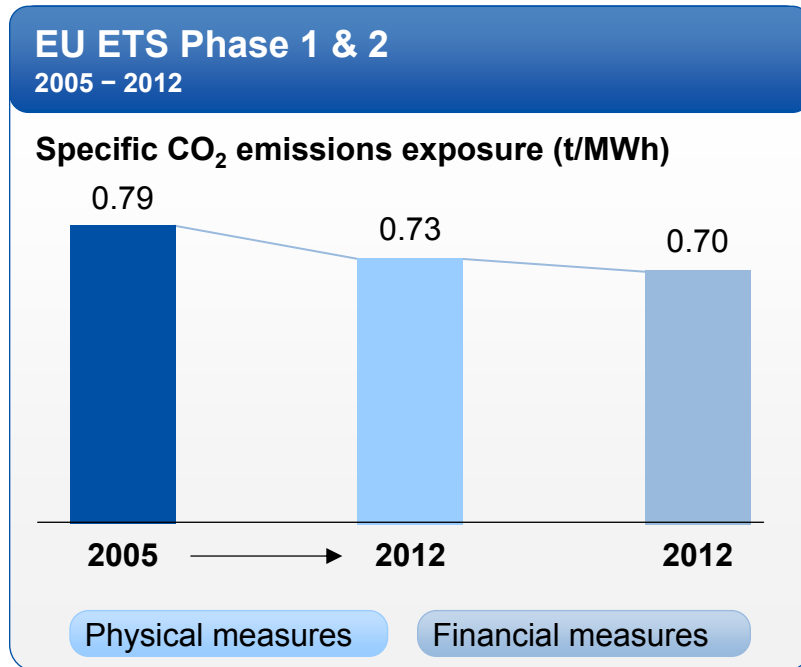
# RWE Innogy major project portfolio

|   | € bn <sup>1</sup> | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-------------------|------|------|------|------|------|------|------|------|------|------|
|  Gwynt y Môr<br>(Wind offshore, 576 MW, 60%)                               | 2.4               |      |      |      |      |      |      |      |      |      |      |
|  Greater Gabbard<br>(Wind offshore, 504 MW, 50%)                           | 1.9               |      |      |      |      |      |      |      |      |      |      |
|  Markinch (Biomass CHP)<br>45 MW <sub>e</sub> , 88 MW <sub>th</sub> , 100% | 0.3               |      |      |      |      |      |      |      |      |      |      |
|  Nordsee Ost<br>(Wind offshore, 295 MW, 100%)                              | 0.9               |      |      |      |      |      |      |      |      |      |      |

- ▶ Capacity and earnings target for RWE Innogy until 2014 is mainly driven by 4 major projects
- ▶ Large scale projects, especially in offshore wind, play a vital role in achieving European renewable targets as growth potentials in other areas are limited
- ▶ Utilities like RWE have a competitive advantage in these large-scale projects as we can build on expert knowledge gained in our other large projects

<sup>1</sup> Capex at 100% share.

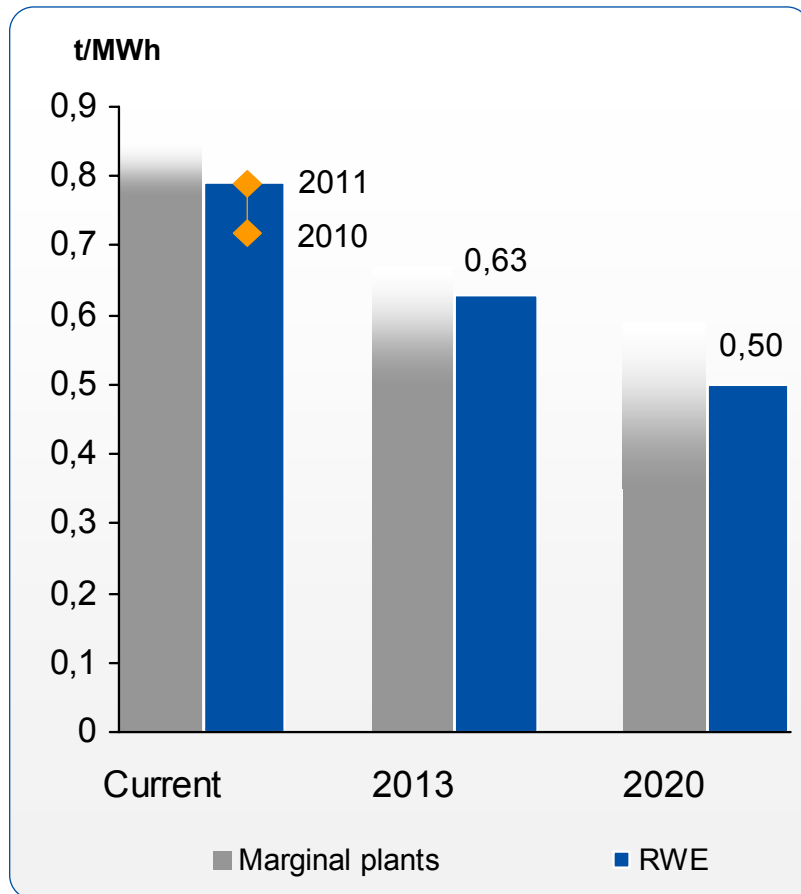
# RWE has taken physical and financial measures to reduce its CO<sub>2</sub> exposure significantly



- ▶ **Physical measures** include new-builds of highly-efficient power plants, shut-downs of existing power plants with higher CO<sub>2</sub> intensity, and growth in electricity generation from renewable sources.
- ▶ Additional **financial measures** include the use of Kyoto Credits as well as financial portfolio measures, e.g. the sale of electricity under long-term PPA's.

The graphs reflect RWE's projections based on current assumptions regarding future commodity price development .  
PPA: Power Purchase Agreement.

# RWE's physical and financial portfolio measures lead to a largely neutral financial CO<sub>2</sub> position



## Pass-through factor<sup>1</sup>

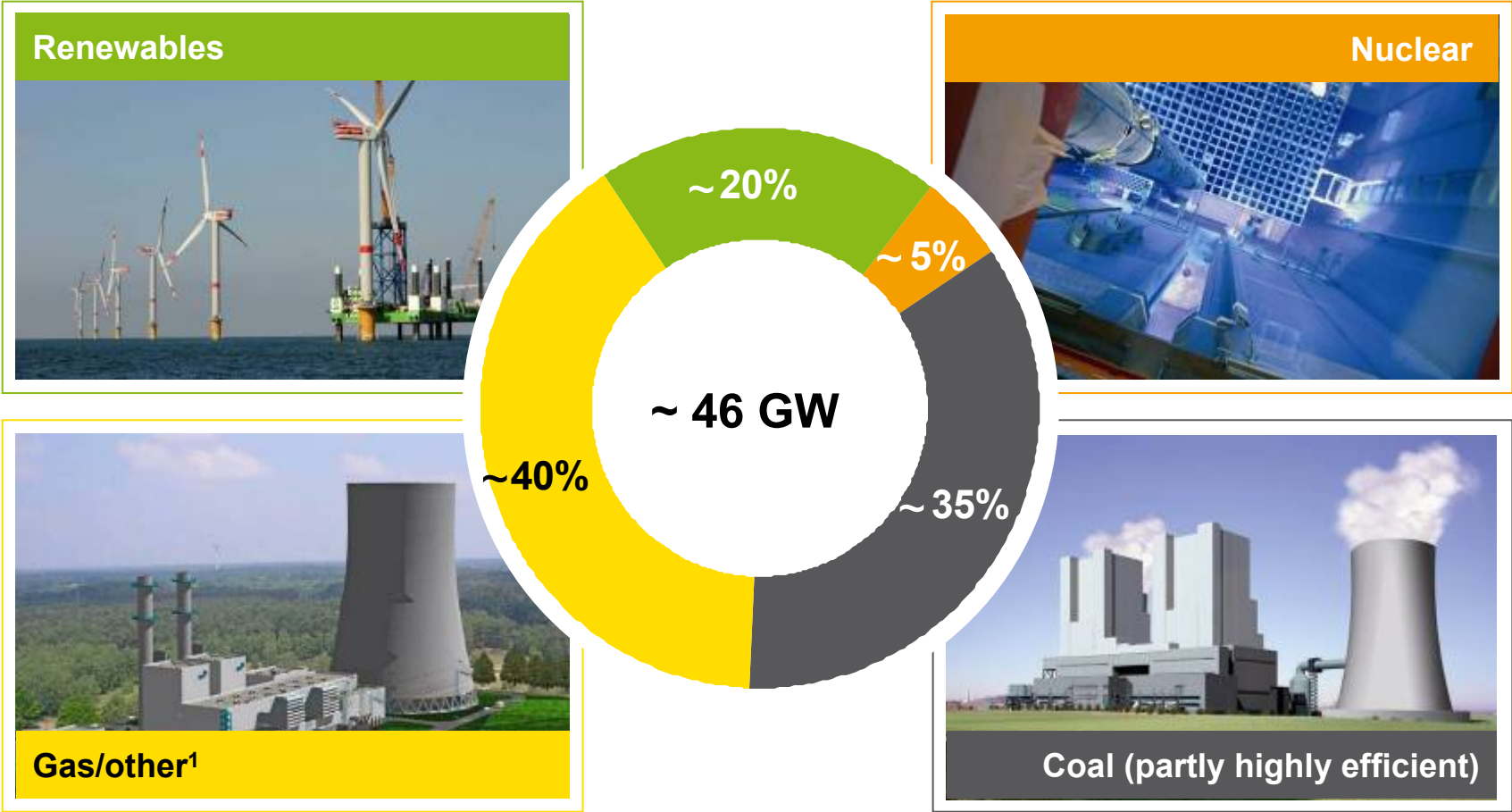
- > Factor by which the CO<sub>2</sub> price is reflected in the power price
- > Set by the specific emission factor of the marginal plant in every hour

## RWE's CO<sub>2</sub> market exposure

- > RWE reduces its CO<sub>2</sub> emissions by modernizing its power plant portfolio
- > This, together with other portfolio measures (physical & financial), will lead to a financially neutral CO<sub>2</sub> position, i.e. RWE's results are expected to be largely neutral to CO<sub>2</sub> price variations

<sup>1</sup> Range of average specific emissions of marginal plants. Projected factors depend – inter alia – on commodity price assumptions.

# In 2020 approx. 20% of RWE's generation capacity will be in renewables



<sup>1</sup> Including approx. 8% of others, mainly pumped storage.

# Always be informed about RWE...

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