



**RWE**

# **Q1-Q3 2020 Results**

**12 November 2020**

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# Disclaimer

This document contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management, and are based on information currently available to the management. Forward-looking statements shall not be construed as a promise for the materialisation of future results and developments and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting the Company, and other factors. Neither the Company nor any of its affiliates assumes any obligations to update any forward-looking statements.

# Strong operational performance for 9M and outlook FY2020 confirmed

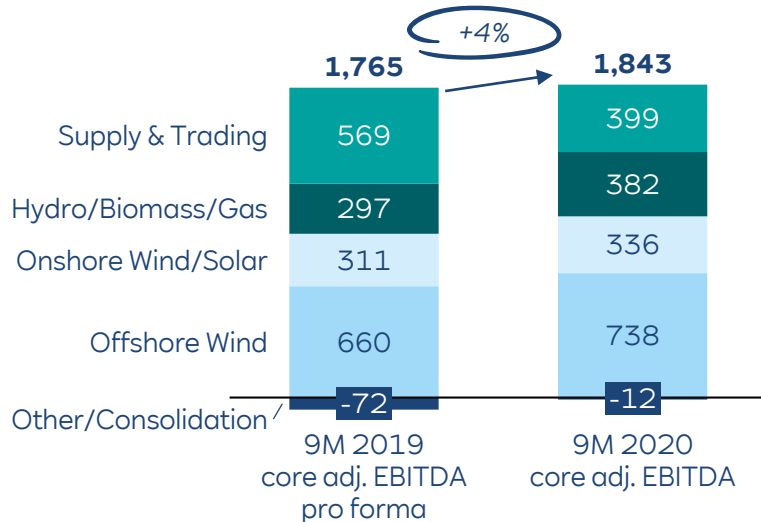
- **Adj. EBITDA** for core business up ~4% to €1.8bn versus pro forma 2019, adj. EBITDA of RWE Group at €2.2bn
- **FY2020 outlook** and dividend target of €0.85 per share confirmed. Adj. EBITDA for core business and Group to be at the upper end of guidance
- **Successful capital increase** of €2bn to accelerate mid- to long-term renewables growth
- **Net debt** reduced to €5.9bn at the end of September
- **Redemption of €539 million hybrid bond** at first call date in October 2020
- **Acquisition of Nordex Onshore Wind/Solar development pipeline of 2.7 GW** completed
- **New Executive Board members** have **joined** effective as of 1 November 2020

# 'Our energy for a sustainable life' – continuous ESG progress

- **85% of our 9M investments comply with** the proposed green investment criteria of the **EU Taxonomy**
- **Transition Pathway Initiative (TPI) confirmed RWE's** ambitious climate protection plans are **in line with the targets of the 2015 Paris Climate Agreement**
- **Review process started** for our emission reduction targets **with the Science Based Targets Initiative (SBTi)**
- **RWE is a founding member of the UN Global Compact CFO Taskforce** committed to the Sustainable Development Goals (SDGs)

# Adj. EBITDA of core business grows to €1.8bn

Core adj. EBITDA 9M 2020 vs. 9M 2019 pro forma, € million



- Excellent wind conditions in Q1 keep **Offshore Wind** earnings at high level
- Capacity additions and good wind conditions strengthen earnings at **Onshore Wind/Solar**
- Increase in result at **Hydro/Biomass/Gas** due to GB capacity payments
- **Supply & Trading** delivers strong 9M performance

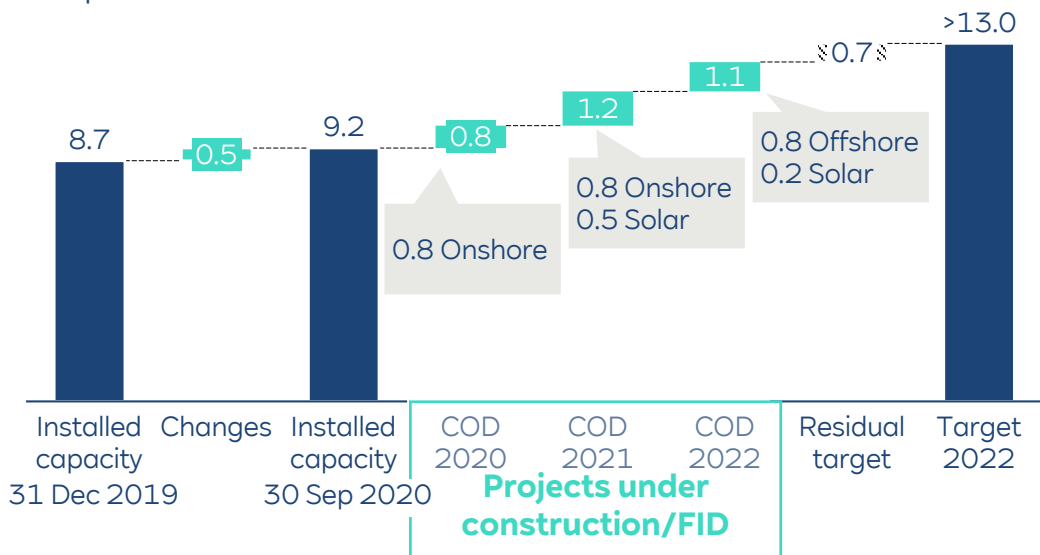
**Adj. EBITDA for RWE Group, incl. Coal/Nuclear amounts to €2,224 million (+13%) at 9M 2020**

Note: pro forma adj. EBITDA according to new business segments and inclusion of assets acquired from E.ON for full FY2019.

# On track: more than 300 MW commissioned in Q3. Further investment decisions taken mainly for onshore & solar projects

Wind/Solar installed capacity increases to 9.2 GW and further 3.1 GW under construction/FID  
**9M 2020**












GW pro rata



- Good 300 MW of onshore and solar capacity commissioned in Q3 2020
- FIDs on ~500 MW taken for onshore/solar/battery projects mainly in the US
- Lease agreements of ~900 MW for UK extension projects secured. Expected CODs in late 20s
- Additional 400 MW seabed option at existing Rampion offshore windfarm under development

Note: Additional 30 MW installed capacity from batteries as well as battery projects of 189 MW under construction/FID. | Excluding capacity addition from the Nordex development pipeline. | Information is in pro rata. | Rounding differences may occur.

# Where are we with our major construction projects?

	 Offshore Wind		 Onshore Wind			 Solar	
Project	Triton Knoll	Kaskasi	Boiling Springs	Big Raymond	Scioto Ridge	Hickory Park	Limondale
Country							
Capacity <i>pro rata</i>	506 MW	342 MW	148 MW	440 MW	250 MW	236 MW <sup>2</sup> 	249 MW
Expected COD	Q1 2022	Q4 2022	Q4 2020	Q4 2020 / Q1/2021 <sup>1</sup>	Q4 2020	Q4 2021	Q2 2021 <i>Prev. Q1 2021</i>
Status	Construction on track	Pre-Construction on track	Commissioning Phase	Commissioning of first phase / second phase slightly delayed	Construction slightly delayed	Construction on track	Commissioning Phase
Comments	All foundations and export cables on and offshore have been installed	Main contractors, e.g. foundation manufacture, started programmes on time	All turbines erected and turbine commissioning ongoing	COVID-19 and hurricane related issues have affected the turbine deliveries of second project phase	69/75 turbines erected. Delays due to COVID-19 related issues	Site mobilisation started	Grid commissioning (Hold Point testing) started, but delayed

<sup>1</sup> Gradual commissioning process: Raymond East, 200 MW expected COD Q4 2020, Raymond West, 240 MW expected COD Q1 2021. | <sup>2</sup> Including Storage (40 MW/80 MWh) | Note: Construction including pre-construction/preparation works.

# Offshore Wind: Earnings up thanks to excellent wind conditions in Q1

## Key financials 9M - Offshore Wind

€ million	9M 2020	<i>pro forma</i> 9M 2019	change
<b>Adj. EBITDA</b>	<b>738</b>	<b>660</b>	<b>+78</b>
t/o non-recurring items	-	-	-
Depreciation	-277	-283	+6
<b>Adj. EBIT</b>	<b>461</b>	<b>377</b>	<b>+84</b>
t/o non-recurring items	-	-	-
<b>Gross cash investments<sup>1</sup></b>	<b>-521</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Gross cash divestments<sup>1</sup></b>	<b>+82</b>	<b>n.a.</b>	<b>n.a.</b>

## 9M 2020 vs. 9M 2019 pro forma

- + Stronger performance on the back of above average wind speeds in Q1 2020

## Outlook 2020 vs. FY 2019 pro forma

- + Normalised weather conditions for the remainder of the year assumed versus low wind levels in 2019

Outlook 2020  
€900 - 1,100m

<sup>1</sup> Gross cash (di-)investments: Sum of (di-)investments in (in-)tangible and financial assets, loans to non-consolidated affiliates and capital measures. | Note: pro forma - new business segments and inclusion of assets acquired from E.ON for full FY2019.



# Onshore Wind/Solar: Solid earnings on the back of capacity additions and better weather conditions in Q1

## Key financials 9M - Onshore Wind/Solar

€ million	9M 2020	<i>pro forma</i> 9M 2019	change
<b>Adj. EBITDA</b>	<b>336</b>	<b>311</b>	<b>+25</b>
t/o non-recurring items	-	-	-
Depreciation	-286	-258	-28
<b>Adj. EBIT</b>	<b>50</b>	<b>53</b>	<b>-3</b>
t/o non-recurring items	-	-	-
<b>Gross cash investments<sup>1</sup></b>	<b>-876</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Gross cash divestments<sup>1</sup></b>	<b>+22</b>	<b>n.a.</b>	<b>n.a.</b>

## 9M 2020 vs. 9M 2019 pro forma

- + Increased capacity in Onshore Wind/Solar, Europe and US
- + Higher earnings in Europe from above average weather conditions in Q1 2020, partly offset by below average weather conditions in the US
- Lower earnings from open generation position

## Outlook 2020 vs. FY 2019 pro forma

Outlook 2020  
€500 - 600m

- + Increased capacity in Onshore Wind/Solar in Europe and US
- + Normalised weather conditions for the remainder of the year assumed versus low wind levels in 2019
- Construction delays, mainly at US assets due to Covid-19
- Lower earnings from open generation position

<sup>1</sup> Gross cash (di-)investments: Sum of (di-)investments in (in-)tangible and financial assets, loans to non-consolidated affiliates and capital measures. | Note: pro forma - new business segments and inclusion of assets acquired from E.ON for full FY2019.

# Hydro/Biomass/Gas: Increased 9M result owing to GB capacity payments

## Key financials 9M - Hydro/Biomass/Gas

€ million	9M 2020	<i>pro forma</i> 9M 2019	change
<b>Adj. EBITDA</b>	<b>382</b>	<b>297</b>	<b>+85</b>
t/o non-recurring items	-	-	-
Depreciation	-248	-242	-6
<b>Adj. EBIT</b>	<b>134</b>	<b>55</b>	<b>+79</b>
t/o non-recurring items	-	-	-
<b>Gross cash investments<sup>1</sup></b>	<b>-210</b>	<b>n.a.</b>	<b>n.a.</b>

## 9M 2020 vs. 9M 2019 pro forma

- + Income from GB capacity payments (+€105 million)<sup>2</sup>
- Lower earnings from Eemshaven power plant

## Outlook 2020 vs. FY 2019 pro forma

Outlook 2020  
€550 - 650m

- FY 2020 GB capacity payments of ~€160 million; 2019 includes one-off payment of €51 million for 2018<sup>2</sup>
- Fire at Eemshaven power plant led to a temporary stoppage of biomass co-firing

<sup>1</sup> Gross cash (di-)investments: Sum of (di-)investments in (in-)tangible and financial assets, loans to non-consolidated affiliates and capital measures. | <sup>2</sup> Resumption of GB capacity payments in Q4 2019 after suspension. Revenues from GB capacity market amounted to €229 million in 2019 and included a one-off payment of €51 million for 2018. | Note: pro forma - new business segments. Former European Power, including hydro and biomass activities from innogy, excluding German hard coal activities and including 37.9% stake in Kelag.

# Supply & Trading: Strong EBITDA contribution in the first nine months

## Key financials 9M - Supply & Trading

€ million	9M 2020	<i>pro forma</i> 9M 2019	change
<b>Adj. EBITDA</b>	<b>399</b>	<b>569</b>	<b>-170</b>
t/o non-recurring items	-	-	-
Depreciation	-32	-30	-2
<b>Adj. EBIT</b>	<b>367</b>	<b>539</b>	<b>-172</b>
t/o non-recurring items	-	-	-
<b>Gross cash investments<sup>1</sup></b>	<b>-56</b>	<b>n.a.</b>	<b>n.a.</b>

## 9M 2020 vs. 9M 2019 pro forma

- Strong trading performance as well as good result for gas & LNG business; however, earnings contribution below exceptionally high level in the previous year

## Outlook 2020 vs. FY 2019 pro forma

Outlook 2020  
€150 - 350m

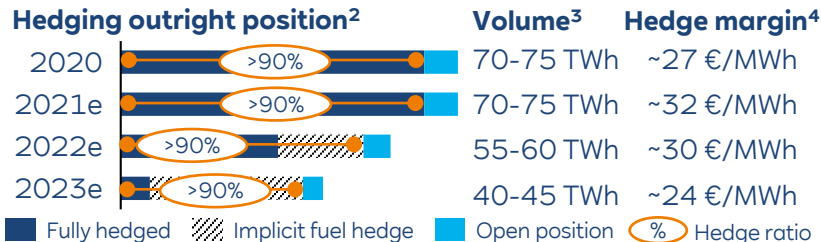
- Exceptionally high earnings contribution in 2019 due to outstanding trading performance and strong contribution from gas and LNG
- Long-term average earnings of ~€250 million, including stable earnings contribution from gas storage

<sup>1</sup> Gross cash (di-)investments: Sum of (di-)investments in (in-)tangible and financial assets, loans to non-consolidated affiliates and capital measures. | Note: pro forma - new business segments. Includes gas storage activities acquired from E.ON for full FY2019.

# Coal/Nuclear: Solid earnings on the strength of a good hedge performance

## Key financials 9M - Coal/Nuclear

€ million	9M 2020	pro forma 9M 2019	change
<b>Adj. EBITDA</b>	<b>381</b>	<b>205</b>	<b>+176</b>
t/o non-recurring items	-	-	-
Depreciation	-235	-265	+30
<b>Adj. EBIT</b>	<b>146</b>	<b>-60</b>	<b>+206</b>
t/o non-recurring items	-	-	-
<b>Gross cash investments<sup>1</sup></b>	<b>-119</b>	<b>n.a.</b>	<b>n.a.</b>



## 9M 2020 vs. 9M 2019 pro forma

- + Higher realised generation margin for outright position
- + Production plan updated after lignite phaseout agreement

## Outlook 2020 vs. FY 2019 pro forma

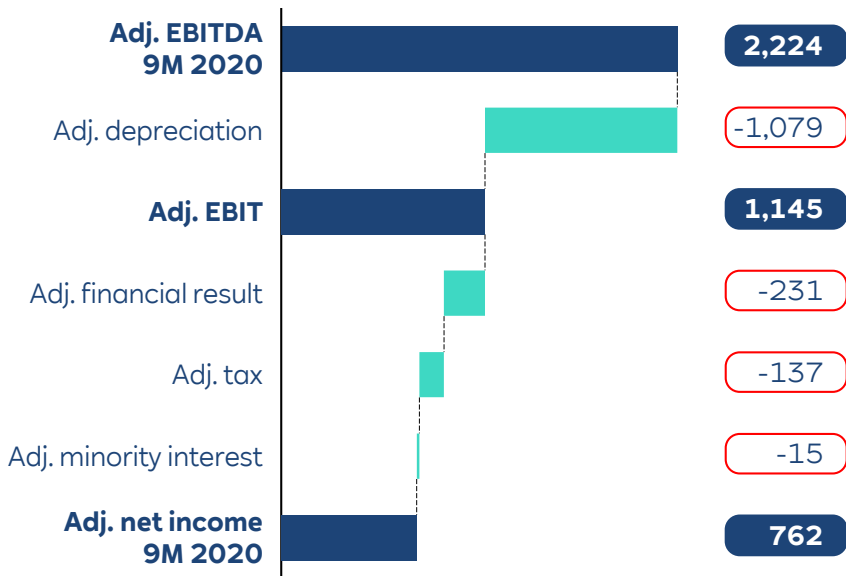
Outlook 2020  
€500 - 600m

- + Higher realised generation margin for outright position, ~+3 EUR/MWh in 2020
- + Production plan updated after lignite phaseout agreement

<sup>1</sup> Gross cash (di-) investments: Sum of (di-) investments in (in-) tangible and financial assets, loans to non-consolidated affiliates and capital measures. | <sup>2</sup> Outright: Lignite and Nuclear. | <sup>3</sup> Financial hedged volume. | <sup>4</sup> Hedge margin after carbon costs. CO<sub>2</sub> position financially hedged until end of 4<sup>th</sup> compliance period (2030). | Note: pro forma - new business segments. Former division Lignite & Nuclear plus German hard coal and nuclear minorities for full FY2019.

# Adj. net income at solid level of ~€0.8bn following good operational performance, despite negative one-off in Q1 financial result

Adj. net income, € million  
9M 2020

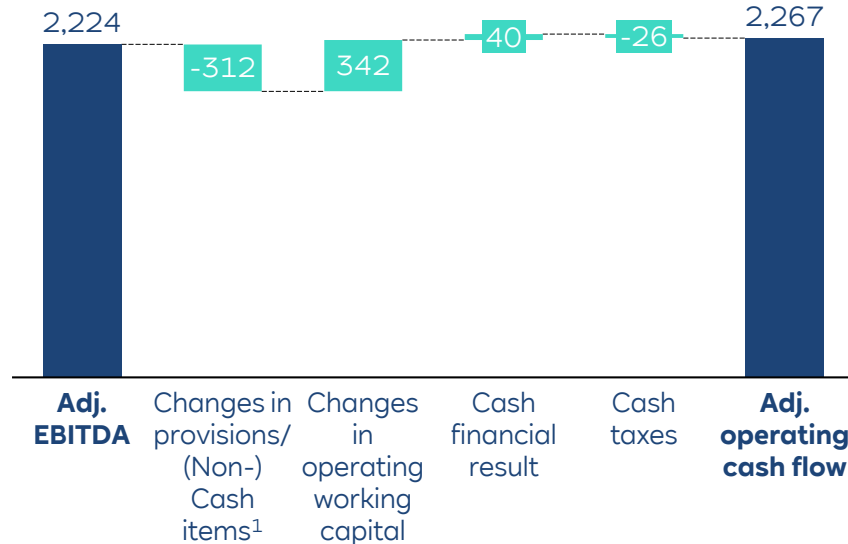


- **Adj. EBITDA** excludes non-operating result
- **Adj. financial result** includes E.ON dividend of €182 million as well as losses in financial asset portfolio from Q1 and negative mark-to-market valuation of FX derivatives. Financial result mainly adjusted for lower discount rates of mining provisions
- **Adjustments of tax** refer to a general tax rate of 15% in line with the expected mid-term tax level at RWE Group<sup>1</sup>
- **Adj. minority interest** mainly for fully consolidated wind/solar projects, adjusted for minorities stemming from discontinued operations

<sup>1</sup> General tax rate of 15% for the planning horizon is based on a blended calculation of local tax rates, the use of loss carry forwards and low taxed dividend income, e.g. from E.ON and Amprion.

# Adj. operating cash flow increased to ~€2.3bn mainly in light of the good adj. EBITDA

Reconciliation to adj. operating cash flow, € million  
9M 2020

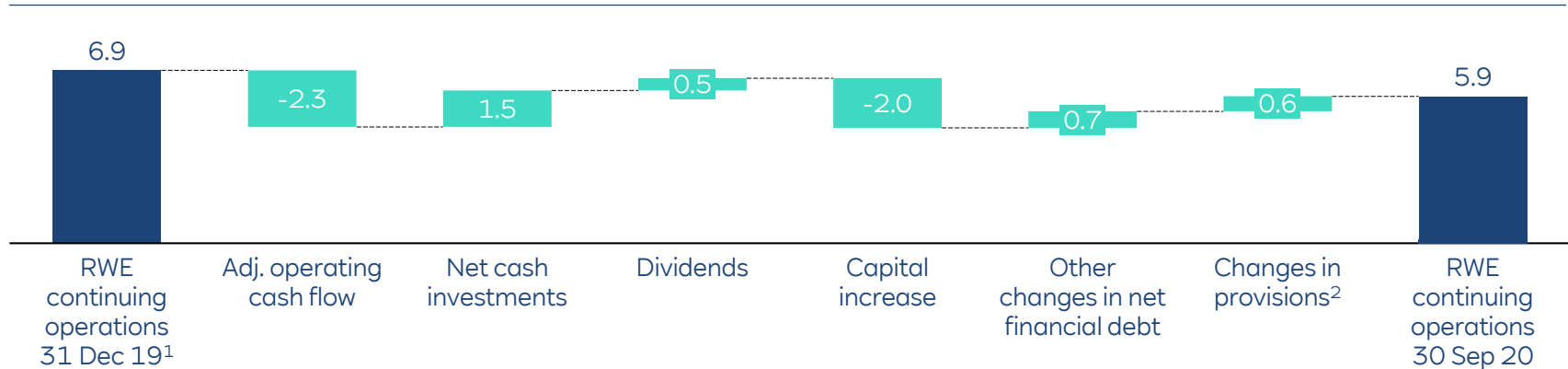


- **Changes in provisions** driven by legacy and restructuring provisions among others
- **Positive effects in 'Changes in operating working capital'** mainly from receipt of GB capacity market payments for the years 2018 (pro rata) and 2019 as well as reduction of gas inventories
- Positive **'Cash financial result'** as a result of E.ON dividend in Q2

<sup>1</sup> Excludes nuclear provisions since utilisation is not net debt effective and will be refinanced via financial debt.

# Net debt down on the back of a very good operational performance and the capital increase

## Development of net debt continuing operations, € billion 9M 2020



- Very good adj. operating cash flow of €2.3bn and capital increase of €2bn on 18 Aug 2020 drives net debt down
- Timing effects from hedging such as variation margins and CO<sub>2</sub> provisions of €0.8bn in 'Other changes in net financial debt'
- Changes in provisions driven by an increase in pension provisions of approx. €0.4bn due to lower discount rates

<sup>1</sup> Adjustment of approx. -€0.1bn from retroactive adjustment to the initial consolidation of the renewable energy business acquired from E.ON in 2019. | <sup>2</sup> Includes pension and wind provisions but excludes nuclear provisions as they are not part of adj. operating cash flow. | Note: Rounding differences may occur.

# Outlook for fiscal year 2020

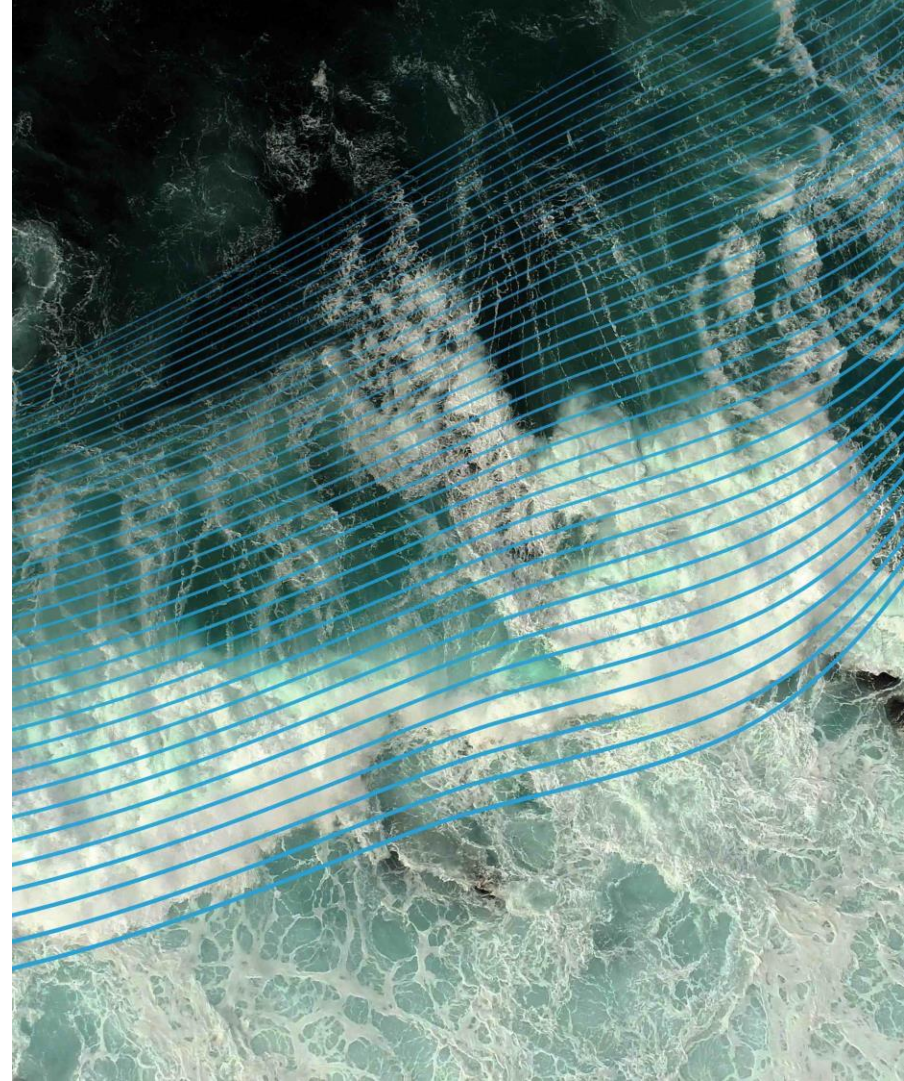
**Core adj. EBITDA:** ~€2.15 – 2.45bn

**Adj. EBITDA RWE Group:** ~€2.7 – 3.0bn

**Adj. EBIT:** ~€1.2 – 1.5bn

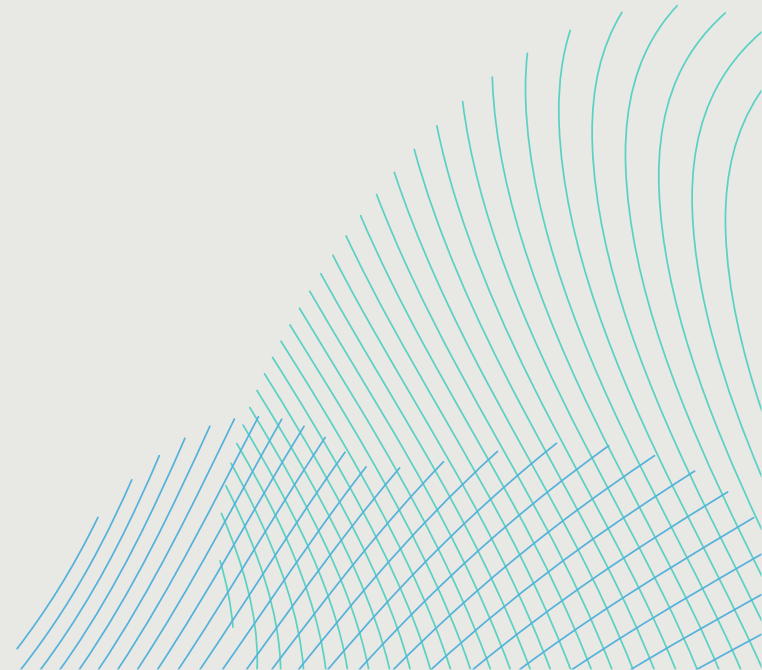
**Adj. net income:** ~€0.85 – 1.15bn

**Dividend target:** €0.85 per share





# Appendix



# Reconciliation to adj. net income

(€ million)	9M 2020		
	Reported	Adjustments	Adjusted
<b>Adj. EBITDA</b>	<b>2,224</b>	<b>-</b>	<b>2,224</b>
Depreciation	-1,079	-	-1,079
<b>Adj. EBIT</b>	<b>1,145</b>	<b>-</b>	<b>1,145</b>
Non-operating result	1,161	-1,161	-
Financial result	-395	+164	-231
<b>Income from continuing operations before taxes</b>	<b>1,911</b>	<b>-997</b>	<b>914</b>
Taxes on income (Tax rate)	-500 (26%)	+363	-137 (15%)
<b>Income of continuing operations</b>	<b>1,411</b>	<b>-634</b>	<b>777</b>
Income of discontinued operations	221	-221	-
<b>Income, of which</b>	<b>1,632</b>	<b>-855</b>	<b>777</b>
Minority interest	49	-34	15
<b>Net income<sup>1</sup></b>	<b>1,583</b>	<b>-821</b>	<b>762</b>

<sup>1</sup> Income attributable to RWE AG shareholders. | Note: Rounding differences may occur.

# Economic net debt

<b>Net debt <sup>1</sup></b>			
(€ million)	30 Sep 2020	31 Dec 2019	+/-
Cash and cash equivalents	4,095	3,192	903
Marketable securities	3,932	3,523	409
Other financial assets	2,024	2,383	-359
<b>Financial assets</b>	<b>10,051</b>	<b>9,098</b>	<b>953</b>
Bonds, other notes payable, bank debt, commercial paper	2,359	2,466	-107
Hedging of bond currency risk	18	7	11
Other financial liabilities	2,759	3,147	-388
<b>Financial liabilities</b>	<b>5,136</b>	<b>5,620</b>	<b>-484</b>
Minus 50% of the hybrid capital recognised as debt	-558	-562	4
<b>Net financial assets (including correction of hybrid capital)</b>	<b>5,473</b>	<b>4,040</b>	<b>1,433</b>
Provisions for pensions and similar obligations	3,931	3,446	485
Surplus of plan assets over benefit obligations	-220	-153	-67
Provisions for nuclear waste management	6,539	6,723	-184
Provisions for dismantling wind farms	1,134	951	183
<b>Net debt of continuing operations</b>	<b>5,911</b>	<b>6,927</b>	<b>-1,016</b>

## New net debt definition

- Net debt no longer contains mining provisions, which essentially cover our obligations to recultivate opencast mining areas
- Assets, we use to cover these provisions are also not part of the net debt, e.g. €2.6 bn claim against the state for damages arising from the lignite phaseout

<sup>1</sup> New definition of net debt. | Note: Adjustment of approx. -€0.1bn from retroactive adjustment to the initial consolidation of the renewable energy business acquired from E.ON in 2019. Previously net debt of €7.0bn as of 31 Dec 2019.

# Key sensitivities to our planning assumptions for FY2020

Driver	Segment	Type	Sensitivity	Group impact <sup>1</sup>
Wind levels	Offshore Wind	P&L	+/- 10% production	+/- €150 million
	Onshore Wind/Solar	P&L	+/- 10% production	+/- €100 million
Power prices	Offshore Wind and Onshore Wind/Solar	P&L	+/- 10%	+/- €60 million <sup>2</sup>
Main f/x (USD & GBP)	RWE Group	P&L	+/- 10%	+/- €125 million
CO <sub>2</sub> prices	RWE Group	P&L	+/- €1/t	Hedged until 2030
Pension provisions	RWE Group Germany	B/S	+/- 0.1% <sup>3</sup>	-€150/+€170 million <sup>4</sup>
	RWE Group abroad	B/S	+/- 0.1% <sup>3</sup>	-€90/+€100 million <sup>4</sup>
Nuclear provisions	RWE Group	B/S	+/- 0.1% <sup>3</sup>	-/+ €50 million
Mining provisions	RWE Group	B/S	+/- 0.1% <sup>3</sup>	-/+ €140 million

<sup>1</sup> All figures are rounded numbers. P&L figures refer to adjusted EBITDA. | <sup>2</sup> Earnings impact on unhedged position. For 2020 we have already hedged a significant amount of our merchant production volumes. |

<sup>3</sup> Change in real discount rate (net effect from change in nominal discount rate and escalation rate). | <sup>4</sup> Gross effect of changes in present value of defined benefit obligations. No offsetting effect from development of plan assets included. | Note: as of end of Nov 2019.

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## Financial Calendar

- **16 March 2021**  
Annual Report for fiscal 2020
- **28 April 2021**  
Annual General Meeting
- **03 May 2021**  
Dividend payment
- **12 May 2021**  
Interim statement on the first quarter of 2021
- **12 August 2021**  
Interim report on the first half of 2021

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