



Report on the first three quarters of 2020

Telephone press conference for journalists

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Check against delivery

Ladies and Gentlemen,

Welcome to our press conference on the results for the first three quarters of 2020. It's great to see you all here and in good health today. I hope everyone continues to manage through these difficult times, considering the huge impact the pandemic has had on the world.

Our company is putting all its efforts into supporting the measures that have been put in place to prevent infection.

We are continuing to do all we can to protect against the coronavirus: observing social distancing, wearing masks, disinfecting hands and work surfaces, ensuring good ventilation, and making use of warning apps.

In addition, changed shift schedules and working methods continue to apply, business travel has been reduced to the absolute minimum necessary, and mobile working is preferred wherever possible – to name just a few examples. Our employees are dealing with the crisis in a very responsible manner, and I owe special thanks to every one of them.

The pandemic is having a profound effect on the economy, although to a very different extent in the various sectors. The energy industry is much less affected than other sectors.

Electricity consumption increased again during the summer. Consumption in Germany averaged more than 1.3 terawatt hours per day at the beginning of October. This equates to the average for the years 2016 to 2019, and is an indicator of the temporary economic recovery in industry. It remains to be seen how long this trend will continue during autumn and winter.

The pandemic has compromised supply chains as well, and RWE has also been affected to a certain extent here. Some construction projects, in the USA in particular, have been delayed, so they will not be commissioned until next year. But overall, we can still say that RWE has



weathered the crisis well. Our business is resistant to short-term fluctuations in demand.

This is reflected in our good results:

Up to the end of September, RWE's adjusted EBITDA amounted to 2.2 billion euros – an increase of 13 per cent on the pro-forma figure for the same period last year. Adjusted EBIT rose by 29 per cent, to 1.1 billion euros. The bottom line figure for our adjusted net income is 762 million euros. I will discuss the details of the development of earnings later.

Ladies and Gentlemen,

Many of you will remember that just over a year ago we gathered at a construction site, where you were introduced to the new RWE and our new way forward. Since then, that construction site has grown into our attractive, state-of-the-art RWE Campus: a symbol of our development during the past year.

- We are one of the world's leading suppliers of renewables. Wind, solar systems, biomass and hydropower already account for more than half of our earnings.
- We have a clear goal: to be carbon-neutral by 2040.
- As we announced, we are growing consistently in the area of renewables, while at the same time we are phasing out electricity generation based on coal and nuclear energy.

Between now and 2022, we want to invest 5 billion euros net. This year, we have already invested 1.4 billion euros in our core business, mainly in the construction of new wind turbines and solar energy systems. Capital expenditure eligible for green investments according to the proposed EU taxonomy amounted to 85 per cent.

A look back at recent weeks shows how well we have progressed with the expansion:

- At the end of September, we concluded new lease agreements with the British Crown Estate, so we can now work with our partners to develop expansion projects for four existing offshore wind farms. These could be put into operation toward the end of the decade. That would represent growth of about 900 megawatts for our portfolio.



- Also in September we began construction of a utility-scale solar plant in Kerkrade, our first such project in the Netherlands. Here, too, we are aiming to build up an extensive solar portfolio.
- In October, our Cranell wind farm went into operation, with a generating capacity of 220 megawatts. This is our 25th wind farm in the USA.
- And the latest news: A few days ago, we finished the process of taking over the European onshore wind and solar development business of Nordex. The project pipeline comprises a total of 2.7 gigawatts, most of it in France, which will secure us a broad entry into the market there.

This year we have already commissioned about 500 megawatts of new wind and solar power plants, and we intend to add about 800 megawatts to this total during the fourth quarter. We will thus expand our solar and wind power portfolio to about 10 gigawatts by the end of the year.

As you can see, there's a lot happening at RWE. That also applies to the Executive Board, which since November has included Nanna Seeger as Labour Director and Michael Müller as future CFO.

I am looking forward to working with them.

Ladies and Gentlemen,

From many personal conversations, I have learned that the path adopted by RWE is being well received by the industry, policy-makers and investors.

Just a few weeks ago, the renowned British investor group Transition Pathway Initiative confirmed for the first time that our ambitions are in line with the objectives of the Paris Climate Agreement. That's clear proof that we're on the right path. And we want to increase the pace of our transformation.

We conducted a capital increase in August. The additional financial flexibility amounting to 2 billion euros will enable us to grow even faster in the areas of wind and solar power in the mid and long term. The response to the capital increase showed how attractive our business model is: it was oversubscribed almost three times.

Here at RWE, we are investing in many green future technologies, to enable us to identify the growth fields of tomorrow at an early stage.



One example is floating offshore wind. We are currently researching the opportunities offered by floating wind turbines in three pilot projects in Europe and the USA.

Another example involves battery storage systems, which are used to store reserve power and keep the grid stable as the proportion of volatile power being fed into the grid increases. One keyword for innovative technologies is “redox flow”. This would enable large flow batteries to be created in salt caverns, for example, providing storage for several gigawatt hours of electricity.

We are continuing to expand our existing storage capacity based on lithium-ion batteries, especially in connection with our solar power plants. The most recent example is our Hickory Park project in the USA, where we have under construction a 196-megawatt solar facility in conjunction with an 80-megawatt-hour battery.

Ladies and Gentlemen,

That brings me to our results:

In the first nine months of the year we achieved adjusted EBITDA of 2.2 billion euros, which was much higher than the pro-forma result of 2.0 billion euros for the same period last year. Our adjusted EBIT also improved greatly, by 29 per cent, to reach 1.1 billion euros. In the prior-year period, the pro-forma figure was 891 million euros. Our adjusted net income at the end of the third quarter was 762 million euros.

We achieved a very good result in all segments. On this basis, we confirm our outlook for 2020:

- For the current fiscal year, we plan to achieve adjusted EBITDA of between 2.7 and 3.0 billion euros at Group level.
- For our adjusted EBIT, we are aiming for a range of 1.2 to 1.5 billion euros.
- We expect that we will close the year at the upper end of the forecast es for both adjusted EBITDA and adjusted EBIT.
- For adjusted net income, our target is between 850 million and 1.15 billion euros.



We confirm our plan to increase the dividend to 85 cents per share for fiscal 2020.

Ladies and Gentlemen,

Our core business comprises the segments of Offshore Wind, Onshore Wind/Solar, Hydro/Biomass/Gas and Supply & Trading. In total, we achieved an adjusted EBITDA of 1.8 billion euros in the first three quarters of this year.

In the Offshore Wind segment, the increase was 12 per cent year on year. This was largely the result of higher wind volumes. In the first nine months of 2020, we achieved adjusted EBITDA of 738 million euros, compared to a pro-forma 660 million euros in the same period last year. Our target for the operating segment result in 2020 remains unchanged, at between 900 million and 1.1 billion euros.

In the Onshore Wind/Solar segment, too, we performed better than the previous year, thanks mainly to additional new wind turbines and photovoltaic systems. Adjusted EBITDA here reached 336 million euros, compared to a pro-forma 311 million euros in the first nine months of 2019. In this segment we want to achieve adjusted EBITDA of between 500 and 600 million euros in 2020.

We are also much better positioned in the Hydro/Biomass/Gas segment. In this area, adjusted EBITDA was 382 million euros at the end of the first three quarters, compared to a pro-forma 297 million euros for the same period in 2019. This higher result comes mainly from the reinstatement of the British capacity market. For the current year, we expect adjusted EBITDA of between 550 and 650 million euros.

The Supply & Trading segment achieved adjusted EBITDA of 399 million euros. The figure for the same period last year was unusually high, at a pro-forma 569 million euros. For fiscal 2020 we anticipate adjusted EBITDA of between 150 and 350 million euros. We assume that we will close the year at the top of the forecast range.

That covers the four segments forming our core business.



In the fifth segment we bundle our activities in the areas of coal and nuclear energy. In this area we achieved adjusted EBITDA of 381 million euros for the first nine months of the year, compared to a pro-forma 205 million euros in the same period last year.

This was mainly due to the fact that we realised higher margins with our lignite-fired and nuclear power plants than in 2019. For the year as a whole, we continue to expect adjusted EBITDA of between 500 and 600 million euros for this segment.

And finally, let's take a look at our financial situation, which has significantly improved once again. Net debt fell to 5.9 billion euros, and the equity ratio was up to more than 30 per cent as at the cut-off date.

Ladies and Gentlemen,

Our results at the end of the first three quarters of the year are very presentable:

- We achieved adjusted EBITDA of 2.2 billion euros. Adjusted net income is 762 million euros.
- We confirm the outlook for the current fiscal year, and
- we confirm our dividend proposal.

All this enables us to look to the future with confidence.

Ladies and Gentlemen,

That would normally be the end of my speech. But I'd like to address one more subject, one that's important to me personally. It's hydrogen, a topic that many of you report on frequently.

There is a lot of hype surrounding hydrogen. It's being discussed within the industry and addressed by research analysts, as well as receiving high click rates in media reports. Hydrogen is no longer a subject only for experts.

This is because it can make a substantial contribution toward reducing global CO₂ emissions. The decarbonisation of industry or sectors like aviation or heavy goods transportation can't succeed without H₂.



We want to play a key role here. Across all RWE companies, about 250 employees are already working on 30 projects in Germany, the Netherlands and the UK to make this happen. We are deliberately collaborating with partners in this area.

Our partners come from the Who's Who of European industry: BP, Evonik, Siemens, ThyssenKrupp, Gasunie – to name just a few.

If all these projects were implemented, it would trigger investments of more than 6 billion euros. Of course, a lot is still in the early stages, and it will not be possible to implement all of the things we envision today. But the huge potential offered by hydrogen is becoming clear. For climate protection, for the economy and employment, and for RWE.

Especially since we have a unique selling proposition: we're represented all along the value chain.

- RWE Renewables can supply the clean electricity needed for production.
- RWE Generation has the expertise to produce green hydrogen.
- RWE Gas Storage can temporarily store hydrogen in its gas storage systems, and Supply & Trading can make the fuel available to meet the demands of industrial customers.
- And lastly, the gas-fired power plants of RWE Generation are potential customers for green hydrogen in the long term.

It is still unclear which area will be the most promising for us. That's why we are participating in a range of projects to ensure we're involved in all the technologies, and can cover every option.

This is exemplified by a number of projects that we are driving forward in collaboration with partners:

- With its AquaVentus initiative, RWE is pursuing the idea of a 10-gigawatt offshore electrolysis system in the North Sea. This is to be achieved over the next 10 to 15 years through a series of coordinated projects, including a pilot plant for a decentralised wind/hydrogen turbine.



- In the Netherlands, at our site in Eemshaven, a 50-megawatt electrolyser will generate hydrogen using power from an RWE onshore wind farm. Together with Gasunie we are testing the conversion of an existing gas pipeline to transport the hydrogen that local businesses in the chemical industry want to buy, and using a salt cavern to provide temporary storage.
- Our gas-fired power plant in Pembroke, Wales, is part of a large industrial complex involving steel, chemical, oil and cement businesses. This is where the West Wales Hydrogen Hub will be developed for future hydrogen production. We are currently reviewing the options in this connection with our partners.

There is a particular focus on GET H2 in Lingen, in Lower Saxony. Not only is this the most advanced project in the field, it's also Germany's largest hydrogen project.

So what's it all about? Together with partners we want to initiate the development of a nationwide hydrogen infrastructure in Germany. This will involve establishing a 100-megawatt electrolysis plant to produce green hydrogen at our power plant location. The hydrogen would then flow via a repurposed gas pipeline into the Northern Ruhr region to serve refineries and chemical parks.

GET H2 paves the way for the launch of the hydrogen industry in Germany. But it needs assistance. A 100-megawatt electrolyser, for example, requires investment of more than 100 million euros. And because green hydrogen will be more expensive than conventionally produced hydrogen for the foreseeable future, it can't succeed without government support.

I'm optimistic that policy-makers will also see it this way, and will act accordingly. The direction is now being set at a global level, and it's important for the EU, and Germany, to be right at the forefront in this regard.



Ladies and Gentlemen,

According to a study by the World Energy Council, a global hydrogen market with an annual volume of about 270 million tonnes could be in place by 2050. To be able to produce that sort of volume, we would need to use almost all the plants currently installed worldwide to generate power from renewables. This makes it clear why hydrogen appeals so strongly to the imagination around the world. That applies not just to production, but also to the entire infrastructure.

Despite all the hype and ideas, a little expectation management is needed here. Hydrogen will be an important cornerstone of a sustainable world. I'm absolutely sure of it. But it won't happen overnight. It will need policy-makers, the scientific community and business to pull together.

Here at RWE, we're playing our part: Our energy for a sustainable life.

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 press release.