RWE

Q1 2021 Results

12 May 2021

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Disclaimer

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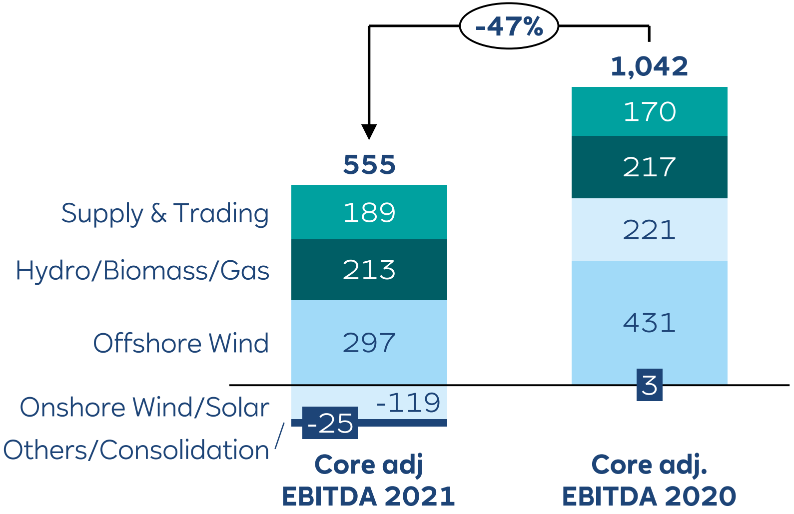
Q1 2021 – strong & important progress on long-term growth

- **Adj. EBITDA** decreased to €0.9bn mainly due to the one-off from the unprecedented Texas cold snap
- **FY 2021 outlook** and dividend target of €0.90 per share confirmed
- **Net debt** decreased significantly to €2.8 bn at the end of March
- Positive **credit rating** reviews: Fitch and Moody's, have both upgraded their rating to BBB+ and Baa2 respectively with a stable outlook
- **FID** taken on 1.4 GW UK **Sofia** offshore wind farm, which is our largest offshore project in the world to date
- **CfD awarded** for 350 MW F.E.W. Baltic II project – our first Polish offshore wind farm
- Our **target** of being **carbon neutral** by 2040 extended and now **includes scope 1 – 3 emissions**

Good operational Q1 performance besides setback in the wind/solar business

Core adj. EBITDA Q1 2021 vs. Q1 2020, € million



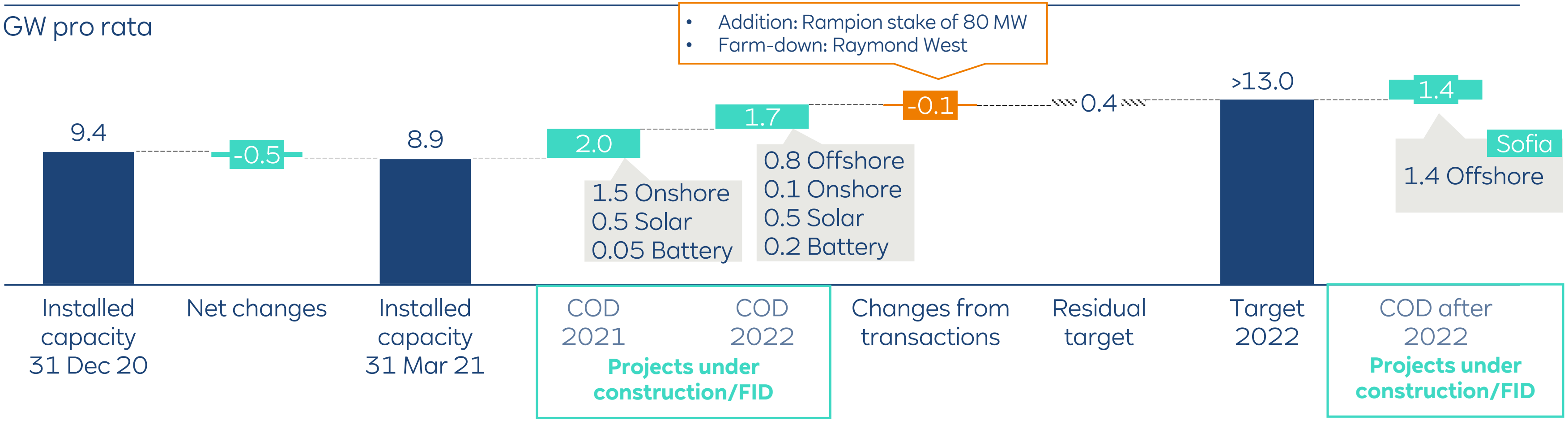
- **Offshore Wind** earnings down compared to very strong previous year due to below normal wind conditions
- **Onshore Wind/Solar** earnings decreased significantly on the back of the negative one-off from the Texas cold snap in Feb 2021
- Earnings at **Hydro/Biomass/Gas** remained stable at previous year's level
- High earnings at **Supply & Trading** slightly above strong previous year

Adj. EBITDA for RWE Group, incl. Coal/Nuclear amounts to **883 (-33%) at Q1 2021**

Note: restated adj. EBITDA for 2020 according to change in the accounting for tax benefits as of 1 Jan 2021

Well on course to meet 2022 growth target with 3.7GW currently under construction

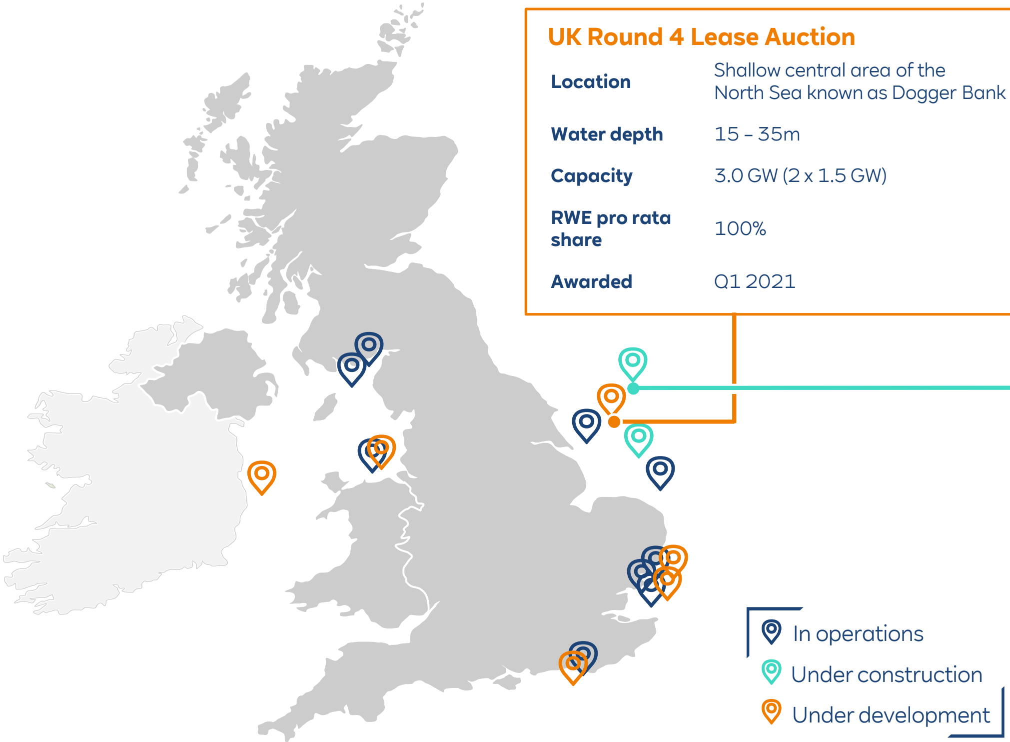
Capacity development Wind/Solar, as of 31 Mar 2021



- 0.5 GW of capacity reductions due to 75% farm-down at Stella, Cranell and Raymond East onshore wind farms. Closing and farm-down at Raymond West is expected in Q2
- FID's of ~0.7 GW in solar with co-located storage and onshore wind taken, mainly in the US
- Integration of remaining 20% stake in the UK offshore wind farm Rampion with closing as of 1 Apr 2021

Note: Information is in pro rata. As of 31 Mar 2021. | Rounding differences may occur.

Great progress in the UK offshore portfolio - FID taken for 1.4GW Sofia project and 3GW seabed on Dogger Bank awarded



UK Round 4 Lease Auction

Location	Shallow central area of the North Sea known as Dogger Bank
Water depth	15 – 35m
Capacity	3.0 GW (2 x 1.5 GW)
RWE pro rata share	100%
Awarded	Q1 2021

Sofia – our largest offshore development project

Key figures

Location	Shallow central area of the North Sea known as Dogger Bank
Water depth	20 – 35m
Capacity	~ 1.4 GW (100 turbines, each 14 MW Siemens Gamesa)
RWE pro rata share	100%
Load Factor	~ 50%
Capex	~ £3bn (incl. OFTO)
Subsidy regime	2-sided CfD with a strike price of 39.65 £/MWh[1] for 15 years

Timeline

FID	Q1 2021
Construction	Onshore start in Q2 2021, offshore start in 2023
Expected COD	Project fully operational by end of 2026

[1] 2012 prices, linked with CPI.

Core

Offshore Wind: Earnings down due to very high wind conditions last year and below normal wind speeds this year

Key financials Q1 - Offshore Wind

€ million	Q1 2021	Q1 2020	change
Adj. EBITDA	**297**	**431**	**-134**
t/o non-recurring items	-	-	-
Depreciation	-94	-95	1
Adj. EBIT	**203**	**336**	**-133**
t/o non-recurring items	-	-	-
Gross cash investments[1]	**-724**	**-159**	**-565**
Gross cash divestments[1]	**+5**	**+13**	**-8**

Q1 2021 vs. Q1 2020

- − Very high wind speeds in Q1 2020
- − Below normal wind speeds in Q1 2021

Outlook 2021 vs. FY 2020

Outlook 2021
€1,050 – 1,250m

- + Income from Triton Knoll commissioning phase
- + Consolidation effect from 20% increase of Rampion shareholding to 50.1%, closing as of 1 Apr 2021
- − Normalised weather conditions for the rest of the year assumed
- − Increased development expenses for mid- to long-term growth

[1] Gross cash (di-)investments: Sum of (di-)investments in (in-)tangible and financial assets, loans to non-consolidated affiliates and capital measures.

Onshore Wind/Solar: Earnings far below previous year due to one-off from Texas' unprecedented extreme cold snap

Key financials Q1 - Onshore Wind/Solar

€ million	Q1 2021	Q1 2020	change
Adj. EBITDA	**-119**	**221**	**-340**
t/o non-recurring items	-296	-	-296
Depreciation	-95	-93	-2
Adj. EBIT	**-214**	**128**	**-342**
t/o non-recurring items	-296	-	-296
Gross cash investments[1]	**-257**	**-233**	**-24**
Gross cash divestments[1]	**+306**	**+17**	**+288**

Q1 2021 vs. Q1 2020

- − Very high wind speeds in Q1 2020
- − Below normal wind speeds in Q1 2021 in northern Europe
- + Increased capacity partly offset by Texas farm-down

Adj. EBITDA significantly impacted by non-recurring items:

- − Negative one-off from Texas cold snap of ~-€400 million
- + Book gain from 75% farm-down of wind farms in Texas portfolio[2]

Outlook 2021 vs. FY 2020

Outlook 2021
€50 – 250m

- − One-off from Texas' extreme cold snap in Feb 2021
- − Increased development expenses for mid-to long-term growth
- + Increased capacity in Onshore Wind/Solar in the US and Europe
- + Book gain from 75% farm-down at Texas onshore portfolio

[1] Gross cash (di-)investments: Sum of (di-)investments in (in-)tangible and financial assets, loans to non-consolidated affiliates and capital measures. | [2] Book gain for three out of four wind farms. Outstanding farm-down at Raymond West expected with closing in Q2. | Note: restated figures for 2020 due to change in the accounting for tax benefits as of 1 Jan 2021.

Hydro/Biomass/Gas: Sound earnings on the back of higher income from capacity payments

Key financials Q1 - Hydro/Biomass/Gas

€ million	Q1 2021	Q1 2020	change
Adj. EBITDA	**213**	**217**	**-4**
t/o non-recurring items	-	-	-
Depreciation	-72	-82	10
Adj. EBIT	**141**	**135**	**6**
t/o non-recurring items	-	-	-
Gross cash investments[1]	**-20**	**-155**	**135**

Q1 2021 vs. Q1 2020

- (+) Higher income from GB capacity payments
- (−) Absence of income from Georgia Biomass due to disposal in H1 2020

Outlook 2021 vs. FY 2020

Outlook 2021
€500 – 600m

- (−) Return to a normalised earnings level from the day-to-day optimisation of our power plant dispatch
- (−) Absence of income from Georgia Biomass due to disposal in H1 2020
- (+) Recovery from fire in Eemshaven

[1] Gross cash investments: Sum of investments in (in-)tangible and financial assets, loans to non-consolidated affiliates and capital measures. | Note: including 37.9% stake in Kelag.

Supply & Trading: Very strong trading performance leads to earnings on a par with previous year's high level

Key financials Q1 - Supply & Trading

€ million	Q1 2021	Q1 2020	change
Adj. EBITDA	**189**	**170**	**19**
t/o non-recurring items	-	-	-
Depreciation	-11	-10	-1
Adj. EBIT	**178**	**160**	**18**
t/o non-recurring items	-	-	-
Gross cash investments[1]	**-13**	**-21**	**8**

Q1 2021 vs. Q1 2020

+ Very strong trading performance partly offset by lower performance of Gas & LNG business

Outlook 2021 vs. FY 2020

Outlook 2021
€150 – 350m

− Return to normalised earnings level after very high earnings contribution in 2020 due to very strong trading performance and strong contribution from gas & LNG

- Long-term average earnings of ~€250 million

[1] Gross cash investments: Sum of investments in (in-)tangible and financial assets, loans to non-consolidated affiliates and capital measures.

Coal/Nuclear: Solid earnings on the strength of higher realised hedged generation margins

Key financials Q1 - Coal/Nuclear

€ million	Q1 2021	Q1 2020	change
Adj. EBITDA	**328**	**282**	**46**
t/o non-recurring items	-	-	-
Depreciation	-63	-76	13
Adj. EBIT	**265**	**206**	**59**
t/o non-recurring items	-	-	-
Gross cash investments[1]	**-41**	**-39**	**-2**

Q1 2021 vs. Q1 2020

- (+) Higher realised hedged generation margins
- (−) Costs associated with the German coal phaseout

Outlook 2021
€800 – 900m

Outlook 2021 vs. FY 2020

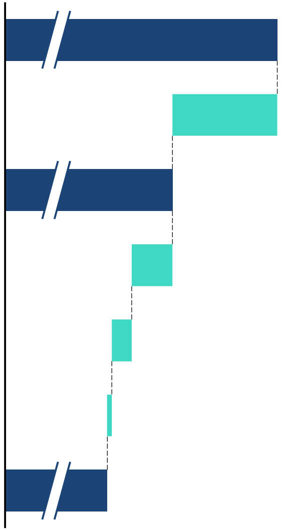
- (+) Higher realised hedged generation margins
- (−) Costs associated with the German coal phaseout

[1] Gross cash investments: Sum of investments in (in-)tangible and financial assets, loans to non-consolidated affiliates and capital measures.

Adj. net income as expected and in line with the performance of adj. EBITDA

Adj. net income, € million

Q1 2020	Q1 2021	
1,324	**Adj. EBITDA Q1 2021**	**883**
-357	Adj. depreciation	-335
967	**Adj. EBIT**	**548**
-233	Adj. financial result	-130
-110	Adj. tax	-63
-10	Adj. minority interest	-15
614	**Adj. net income Q1 2021**	**340**

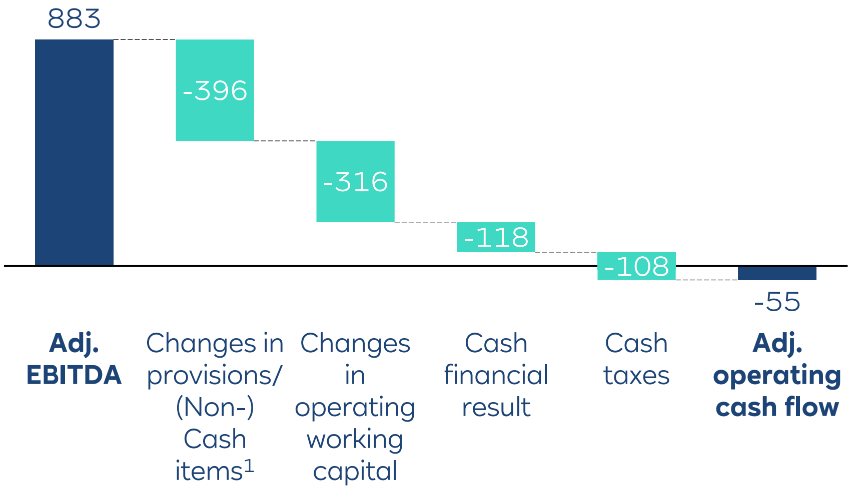


- **Adj. EBITDA** excludes non-operating result
- **Financial result mainly adjusted for** tax interests from tax refunds unrelated to the accounting period, among other things
- **Adjustments of tax** refer to a general tax rate of 15% at RWE Group[1]
- **Adj. minority interest** stem from fully consolidated wind/solar projects

[1] 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 impacted by seasonal effects in working capital

Reconciliation to adj. operating cash flow, € million
Q1 2021

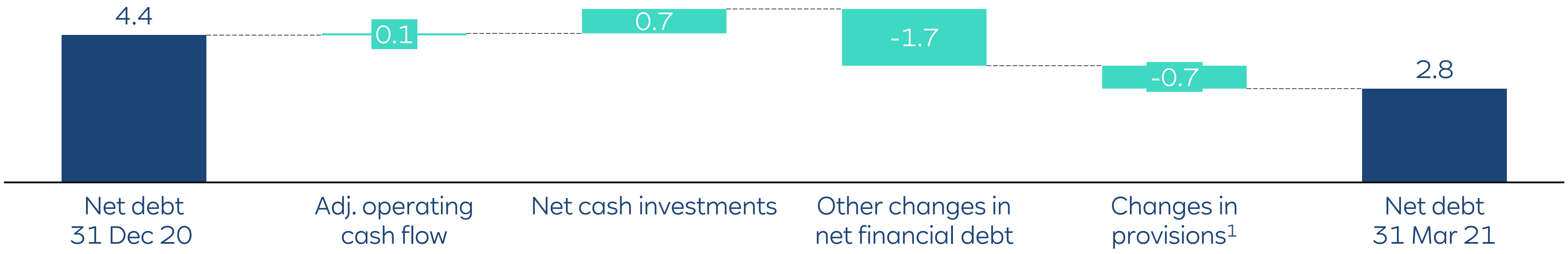


- **Changes in provisions/(Non-) Cash items** among others driven by book gains from the farm-down of Texas wind farms as well as legacy and restructuring provisions
- **Changes in operating working capital** mainly due to negative seasonal effects from purchase of CO_2 certificates. Partly compensated by reduction of gas inventories and decrease of accruals
- **Cash financial result** mainly impacted by interest payments
- **Cash taxes** driven by income taxes in the UK

[1] Excludes nuclear provisions since utilisation is not net debt effective and will be refinanced via financial debt.

Net debt decreased due to timing effects from hedging activities and higher discount rates for pension liabilities

Development of net debt, € billion
Q1 2021

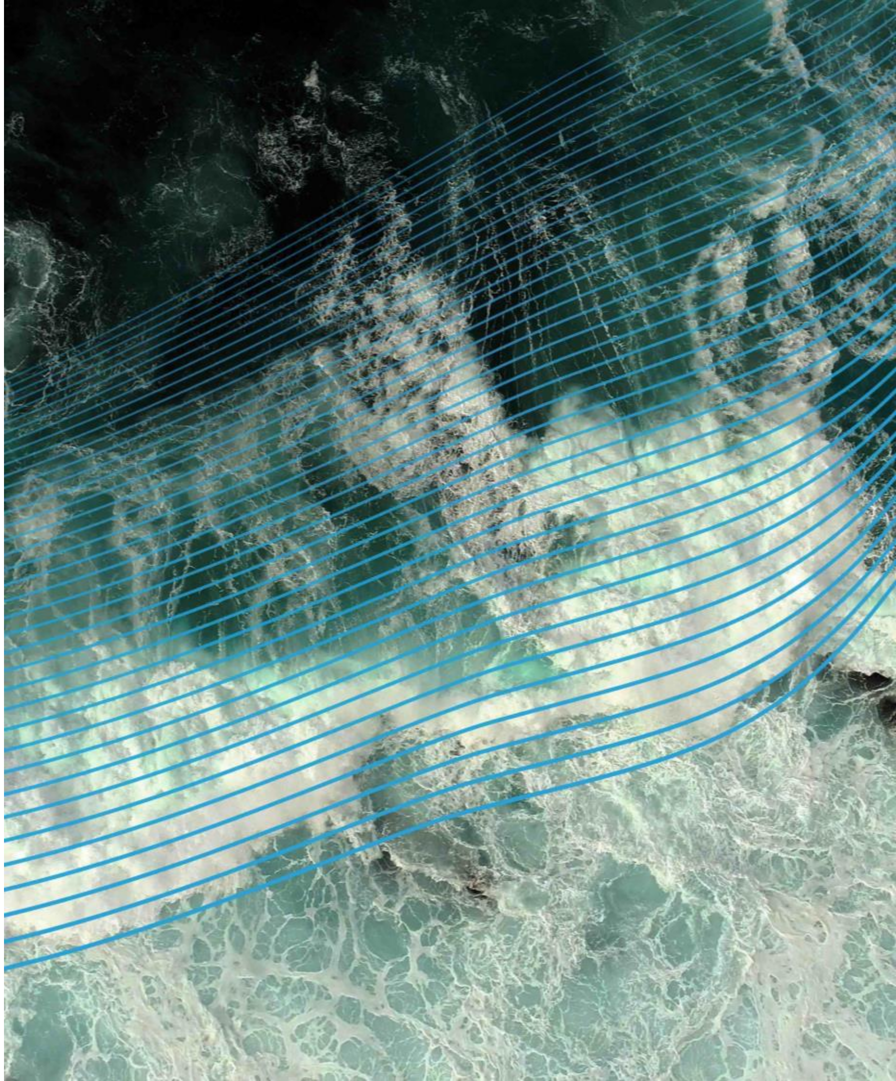


- 'Other changes in net financial debt' include timing effects from hedging such as variation margins and CO_2 provisions of €1.5bn
- 'Changes in provisions' driven by decrease of pension provisions due to higher discount rates and good performance of plan assets

[1] Includes pension and wind provisions but excludes nuclear provisions as they are not part of adj. operating cash flow. Furthermore, CTA allocation of €1.1bn with no effect on net debt. Payment is offset by the decrease in pension provisions. | Note: Rounding differences may occur.

Outlook for fiscal year 2021

Core adj. EBITDA:	€1.80 – 2.20bn
Adj. EBITDA RWE Group:	€2.65 – 3.05bn
Adj. EBIT:	€1.15 – 1.55bn
Adj. net income:	€0.75 – 1.10bn
Dividend target:	€0.90 per share



Appendix

Reconciliation to adj. net income

(€ million)	Q1 2021 Reported	Q1 2021 Adjustments	Q1 2021 Adjusted
Adjusted EBITDA	**883**	**-**	**883**
Depreciation	-335	-	-335
Adjusted EBIT	**548**	**-**	**548**
Non-operating result	-17	17	-
Financial result	96	-226	-130
Income from continuing operations before tax	**627**	**-209**	**418**
Taxes on income (Tax rate)	283 (-45%)	-346	-63 (15%)
Income of continuing operations	**910**	**-555**	**355**
Income, of which	**910**	**-555**	**355**
Minority interest	15	-	15
Net income[1]	**895**	**-555**	**340**

[1] Income attributable to RWE AG shareholders. | Note: Rounding differences may occur.

Economic net debt

Net debt (€ million)	31 Mar 2021	31 Dec 2020	+/-
Cash and cash equivalents	**6,339**	**4,774**	**1,565**
Marketable securities	3,099	4,517	-1,418
Other financial assets	2,556	2,507	49
Financial assets	**11,994**	**11,798**	**196**
Bonds, other notes payable, bank debt, commercial paper	2,743	2,160	583
Hedging of bond currency risk	19	31	-12
Other financial liabilities	2,889	3,038	-149
Financial liabilities	**5,651**	**5,229**	**422**
Minus 50% of the hybrid capital recognised as debt	-279	-278	-1
Net financial assets (including correction of hybrid capital)	**6,622**	**6,847**	**-225**
Provisions for pensions and similar obligations	2,161	3,864	-1,703
Surplus of plan assets over benefit obligations	-191	-172	-19
Provisions for nuclear waste management	6,397	6,451	-54
Provisions for dismantling wind farms	1,076	1,136	-60
Net debt	**2,821**	**4,432**	**-1,611**

Net debt definition

- Net debt does not contain mining provisions, which essentially cover our obligations to recultivate opencast mining areas
- Financial assets, we currently use to cover these provisions are also not part of the net debt, i.e.
  - €2.6bn claim against the state for damages arising from the lignite phaseout
  - E.ON stake of 15%

Key sensitivities to our planning assumptions for FY2021

Driver	Segment	Type	Sensitivity	Group impact[1]
Wind levels	Offshore Wind	P&L	+/- 10% production	+/- €160 million
	Onshore Wind/Solar	P&L	+/- 10% production	+/- €100 million
Power prices	Offshore Wind and Onshore Wind/Solar	P&L	+/- 10%	+/- €70 million[2]
Main f/x (USD & GBP)	RWE Group	P&L	+/- 10%	+/- €130 million
CO_2 prices	RWE Group	P&L	+/- €1/t	Hedged until 2030
Pension provisions	RWE Group Germany	B/S	+/- 0.1%[3]	-€160/+€180 million[4]
	RWE Group abroad	B/S	+/- 0.1%[3]	-€100/+€110 million[4]
Nuclear provisions	RWE Group	B/S	+/- 0.1%[3]	-/+ €45 million
Mining provisions	RWE Group	B/S	+/- 0.1%[3]	-/+ €140 million

[1] All figures are rounded numbers. P&L figures refer to adjusted EBITDA. | [2] Earnings impact on merchant position before hedging. For 2021 we have already hedged a significant amount of our merchant production volumes. | [3] Change in real discount rate (net effect from change in nominal discount rate and escalation rate). | [4] 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 Dec 2020.

Your contacts in Investor Relations

Important Links

- Annual and interim reports & statements
- Investor and analyst conferences
- IR presentations & further factbooks
- IR videos
- Consensus of analysts' estimates

ADR programme available

Further information on our homepage
RWE shares/ADR

Contact for ADR-holders at BNY Mellon
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1-888-269-2377 (within the US)

Financial Calendar

- **12 August 2021**
  Interim report on the first half of 2021
- **11 November 2021**
  Interim statement on the first three quarters of 2021
- **15 March 2022**
  Annual Report for fiscal 2021
- **28 April 2022**
  Annual General Meeting
- **12 May 2022**
  Interim statement on the first quarter of 2022

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