

RWE continues to reshape its future

Presentation on the transaction between RWE
and E.ON on 13 March 2018

Powering. Reliable. Future.

RWE

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.

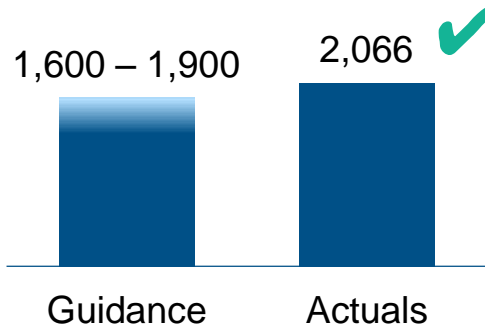
Overview of strategic rationale

Successful delivery of 2017 management targets

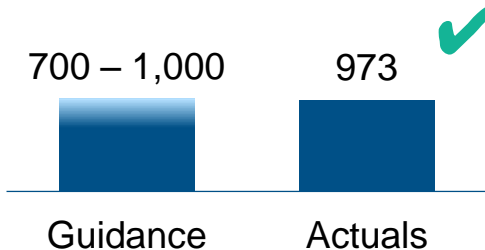
RWE stand-alone

(€ million)

2017 adj. EBITDA



2017 adj. net income



Earnings development above expectations



Return to clear dividend policy with minimum dividend of €0.50/share and future upside



Reimbursement of nuclear fuel tax and participation of shareholders via €1/share extraordinary dividend





Conclusion of restructuring of responsibilities for nuclear waste disposal





Optimisation of capital structure and stabilisation of investment grade rating


Transforming RWE into a leading European integrated renewables and conventional power generator

 Formation of premier power producer in Europe with highly complementary combination of renewable and conventional generation

 Creation of Europe's #3 renewables player with significant offshore capabilities and U.S. footprint

 Opportunity to extract value from combined generation portfolio via leading commercial asset optimisation and trading platform

 Substantial increase in operational earnings and sustainable cash flows providing foundation for attractive dividend development

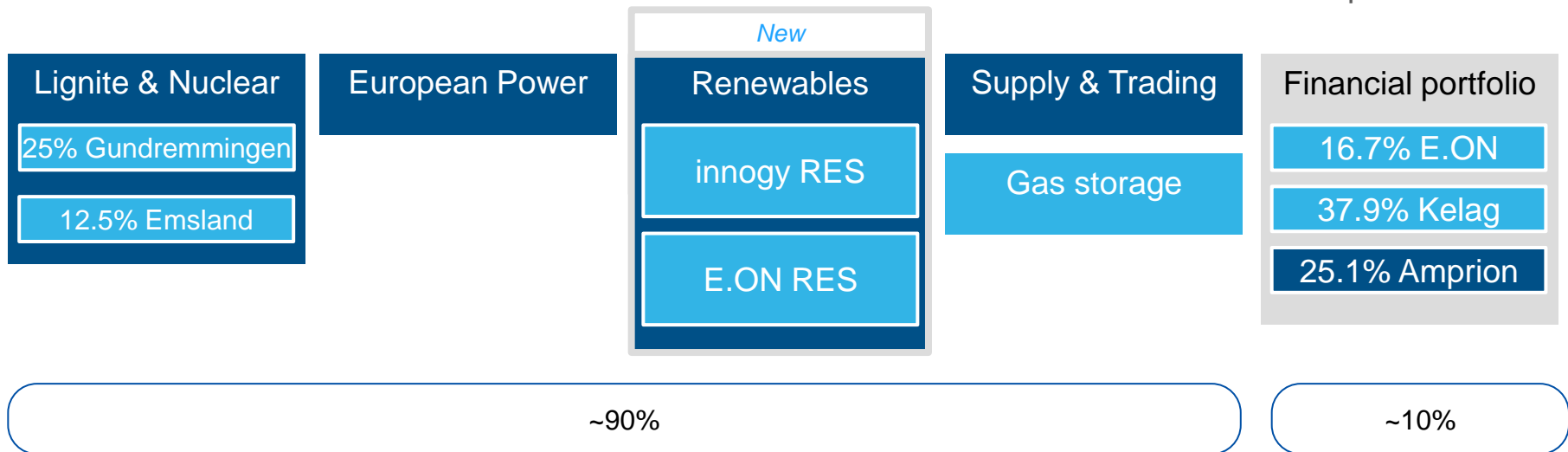
 Strengthened capital structure with the ability to support future growth

RWE is reshaping its operating business and financial portfolio



Operating business

Financial portfolio



~90%

~10%



Strengthening and future proofing of the core operating business

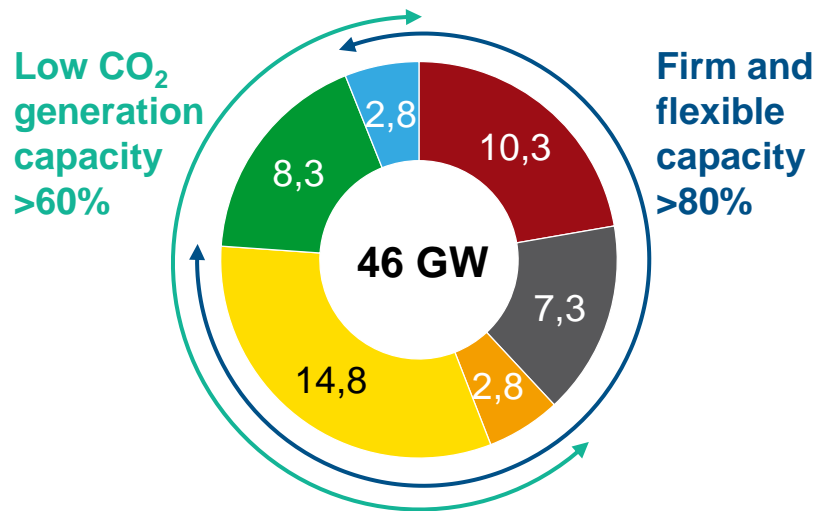


Optimised financial portfolio with stable and attractive dividends

% Expected future EBITDA share.

Highly complementary renewables and conventional generation portfolio

Pro forma combined electricity generation capacity¹
(as at 31 December 2017)



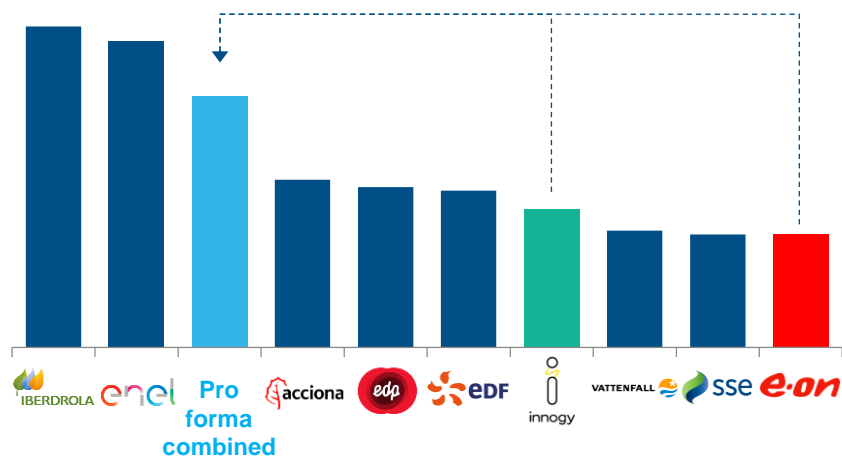
■ Gas ■ Renewables ■ Other
■ Lignite ■ Hard coal ■ Nuclear

- > Leading European generator with diversified and balanced generation technologies
- > De-risking of portfolio with >60% of low CO₂ generation capacity
- > Leading provider of reliable and flexible generation capacity to balance intermittent production of renewables
- > Opportunity to extract value from enlarged portfolio through leading commercial asset optimisation platform

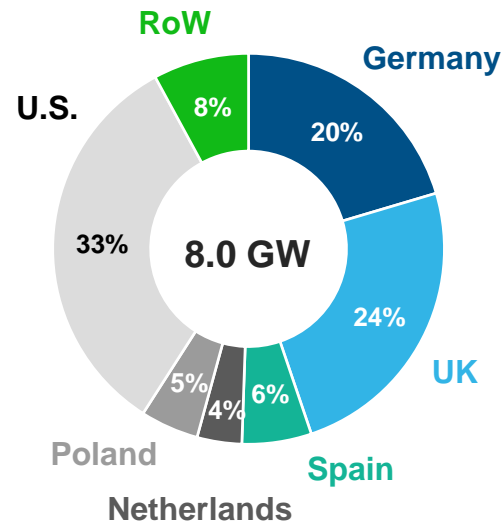
¹ RWE stand-alone (excluding Máttra) plus E.ON's and innogy's renewables businesses.

Leading renewables player with attractive growth platform

Installed renewable capacity in Europe¹



Pro forma combined renewables capacity²



- > No. 3 renewables player in Europe with well-balanced portfolio and strong position in U.S. onshore wind market
- > Leading European offshore wind platform with 1.9 GW in operation and 1.3 GW in construction and advanced development
- > Strong development pipeline in attractive growth markets and scope for efficiencies

¹ Bloomberg New Energy Finance, March 2018.

² As at 31 December 2017. Accounting view. Excludes RWE's own renewable capacity.

Transaction parameters and financial impact

Key transaction parameters

E.ON acquisition of innogy	<ul style="list-style-type: none"> > E.ON to acquire RWE's 76.8% stake in innogy for a total consideration of €17.1bn, including fiscal 2017 and 2018 dividend > E.ON to launch a voluntary public takeover offer for innogy minorities at €40 per share (adjusted for dividend payments until closing) > Offer value of €40 per share represents a premium of 28% to the unaffected innogy share price¹ and implied EV/EBITDA 2018E of 10.5x²
RWE asset purchases <i>(economic effect as of 1 Jan 2018)</i>	<ul style="list-style-type: none"> > E.ON Renewables business³ > innogy Renewables business > innogy's German and Czech Gas Storage business > E.ON minority stakes in RWE's nuclear plants Gundremmingen (25.0%) and Emsland (12.5%) > innogy's 37.9% stake in Kelag
RWE stake in E.ON	<ul style="list-style-type: none"> > E.ON to issue 440m shares to RWE implying a post money stake of 16.7% in E.ON
Innogy dividend	<ul style="list-style-type: none"> > RWE to receive fiscal 2017 and 2018 innogy dividend
Cash payment	<ul style="list-style-type: none"> > E.ON to receive ~€1.5 bn from RWE

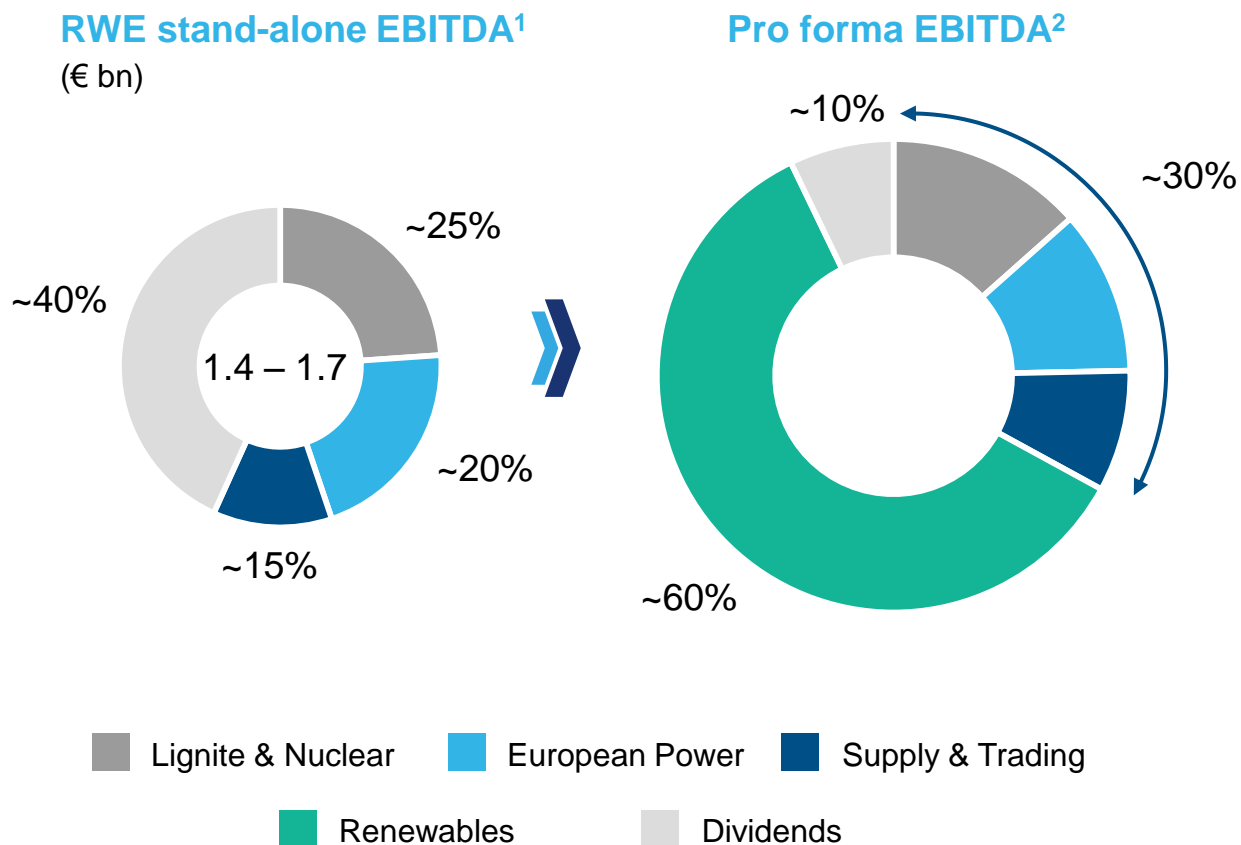
¹ As of 22 February 2018.

² Based on implied enterprise value of €43 bn and mid-point of guided innogy EBITDA 2018 of €4.1 bn and €4.2 bn.

³ Excluding German and Polish onshore wind assets belonging to e.dis (151 MW) and 20% stake in Rampion offshore wind farm (80 MW).

Step-change in operating business with doubling of EBITDA post transaction

- > Significant earnings accretion with more than 90% of EBITDA from operating businesses
- > Diversification of earnings mix
- > ~60% contribution from renewables to pro forma EBITDA
- > ~50% of operating EBITDA coming from contracted³ operations with visible and stable earnings profile



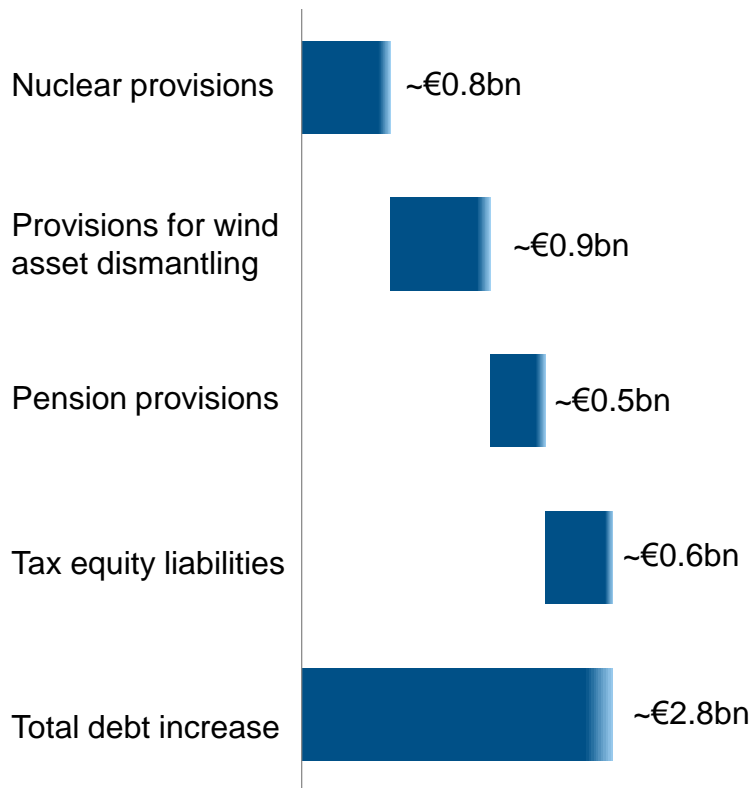
¹ EBITDA split based on mid-point 2018 EBITDA guidance for RWE stand alone.

² Split based on estimated numbers post closing.

³ Contracted operations include earnings from capacity payments for conventional generation, ROCs, CfDs, feed-in tariffs and PPAs.

Strong financial position post transaction provides ability to support future growth

Transactional debt effects



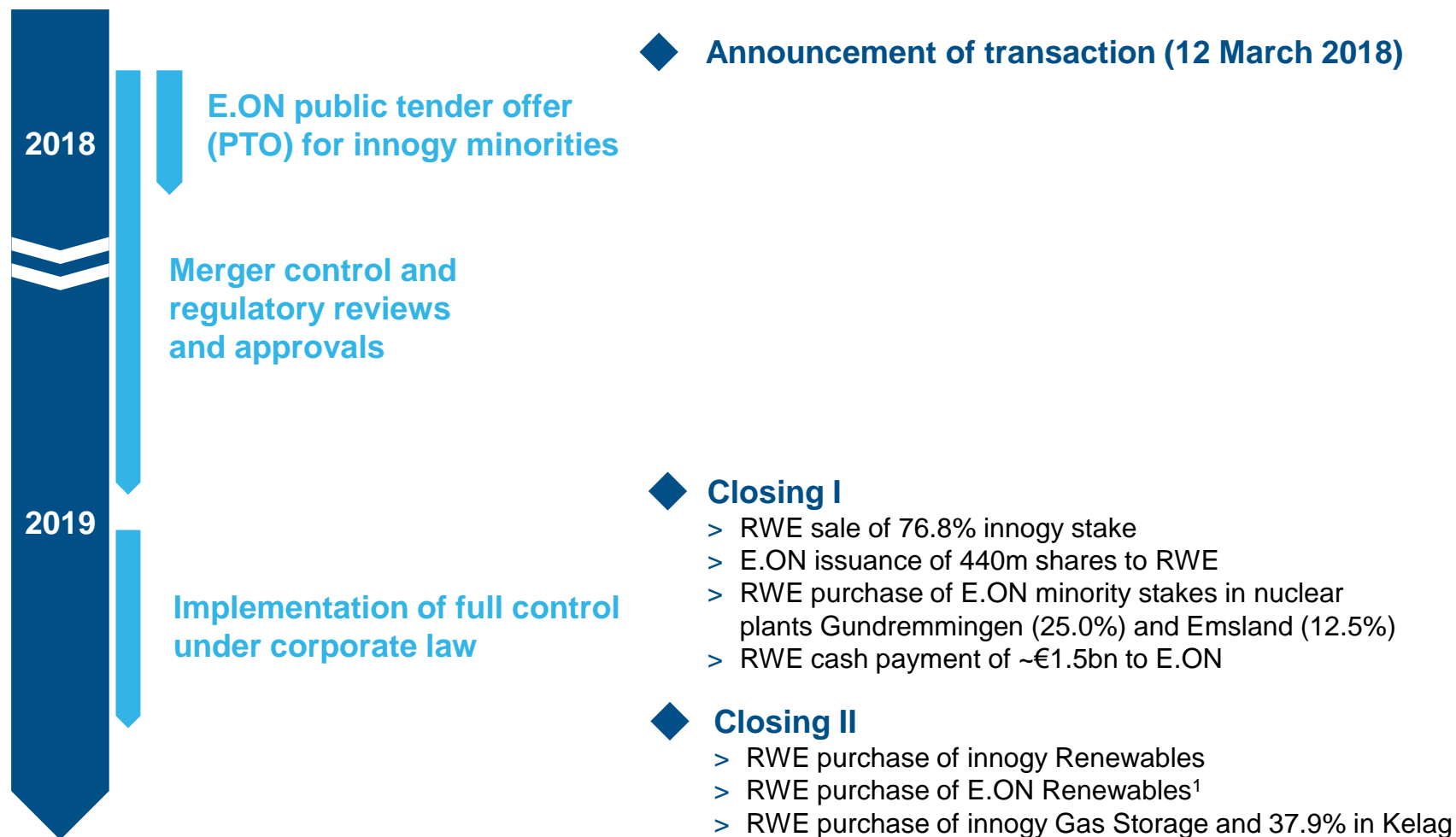
Financing

- > Limited cash requirements from transaction financed through own liquidity and funds
- > No assumption of capital market debt or plans to issue senior bonds

Rating strategy

- > Strong commitment to investment grade rating
- > Leverage supported by strong operational cash flows and financial portfolio
- > Pro forma net debt / EBITDA post transaction of 2.5x – <3.0x

Major transaction and legal milestones until closing

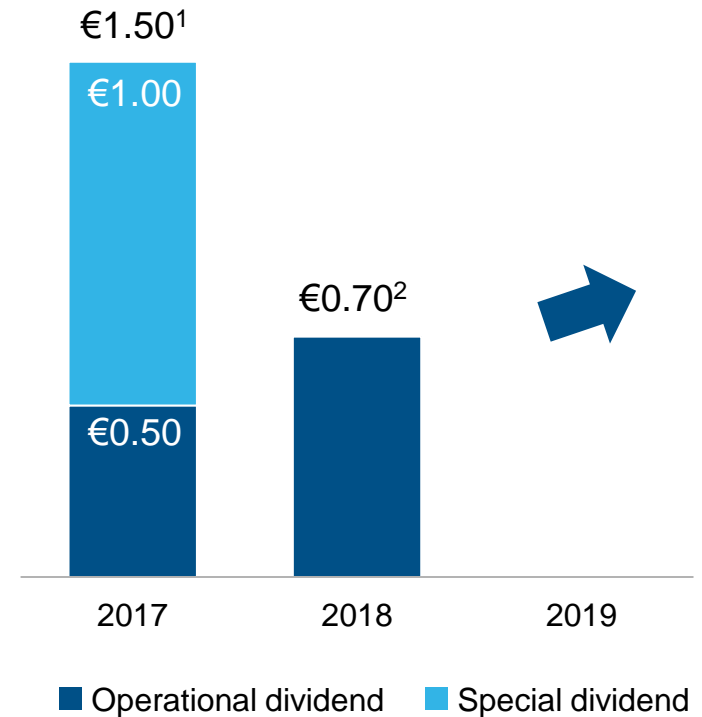


¹ Excluding German and Polish onshore wind assets belonging to e.dis (151 MW) and 20% stake in Rampion offshore wind farm (80 MW).

Clear perspective of growing dividend

Elements of dividend policy for next two years

- > Dividends driven by distributable cash flow of RWE stand-alone
- > Target to fully pay out entire distributable cash flow over planning horizon
 - Smooth short-term volatility of trading business
- > Objective of sustainable dividend payout
 - No pay out of substance
 - Anticipate known power price developments



¹ Dividend proposal for RWE AG's 2017 fiscal year, subject to the passing of a resolution by the 26 April 2018 Annual General Meeting.

² Envisaged by management board.

Securing a prosperous long-term future for RWE



Creation of a renewables player of scale



Forming a premier integrated generator with portfolio benefits



Attractive platform for future growth



Strong operational earnings to support appealing dividend

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