

H1 2017 Results Presentation

Investor and Analyst Conference Call 14 August 2017

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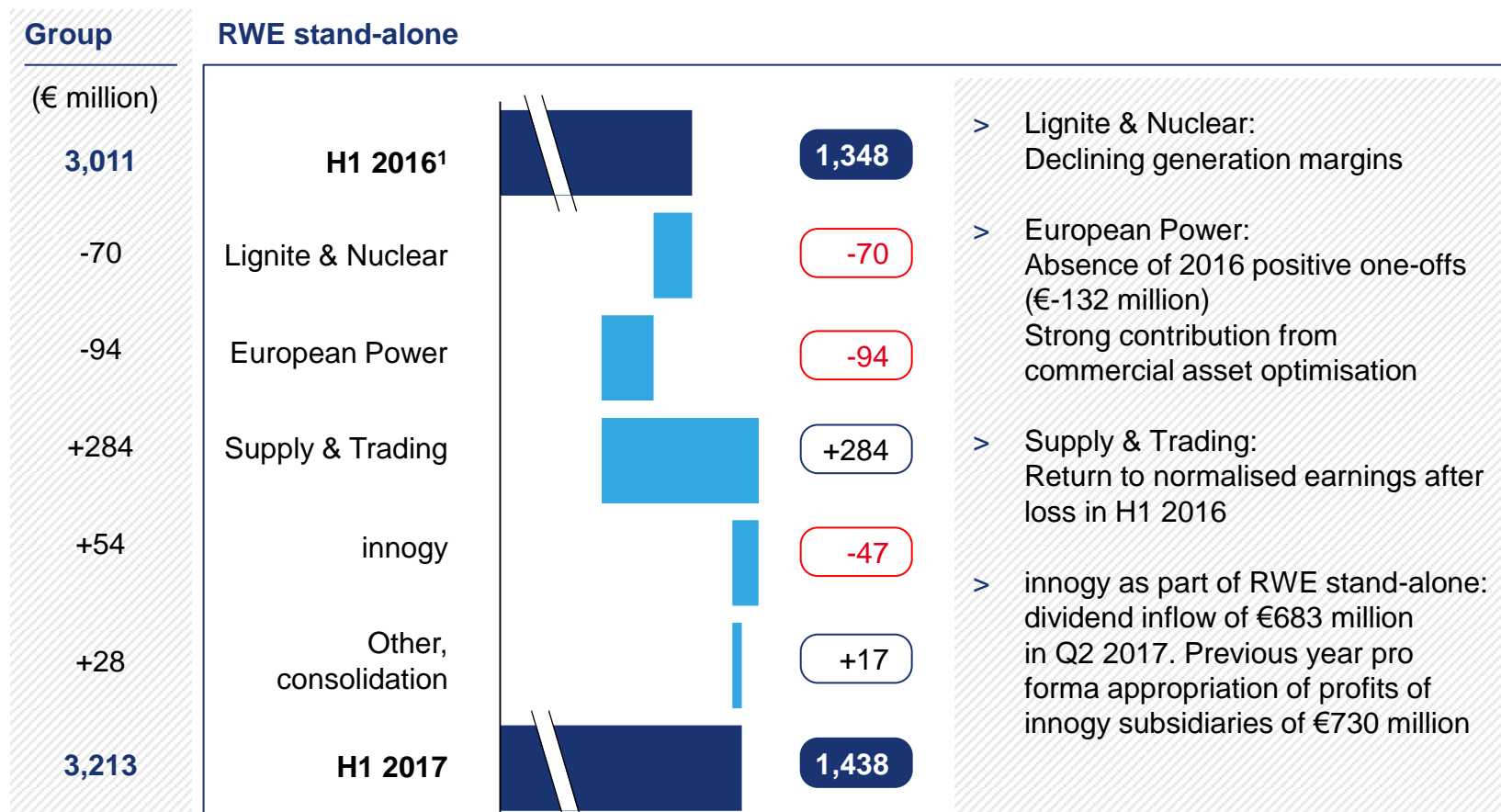
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This document contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management, and are based on information currently available to the management. Forward-looking statements 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.

H1 2017 – key messages

- > RWE consolidated Group: Good start to H1 2017, in line with expectations. EBITDA +7%; adjusted net income +35%. Outlook for 2017 confirmed.
- > RWE stand-alone: Improved earnings in H1 2017 due to normalised trading result. Outlook for 2017 confirmed; divisional outlook for European Power improved.
- > Reimbursement of nuclear fuel tax. Special dividend of €1/share on top of fiscal year 2017 dividend target of €0.50/share proposed. Predominant part of refund used to improve RWE's financial strength.
- > Restructuring of responsibilities for nuclear waste disposal concluded: New law in force, public contract with Government signed, money transferred on 3 July.
- > Rating updates confirm investment grade rating for RWE with stable outlook.

Development of EBITDA dominated by recovery of earnings at Supply & Trading



¹ Pro forma financial

Lignite & Nuclear – Driven by lower realised generation margins

Key financials

€ million	H1 2017	H1 2016	change
Adj. EBITDA	401	471	-70
t/o non-recurring items ¹	-1	1	-2
Depreciation	139	196	-57
Adj. EBIT	262	275	-13
t/o non-recurring items ¹	-1	1	-2
Capex	98	110	-12
Cash contribution²	303	361	-58

H1 2017 versus H1 2016:

- ⊖ Lower realised generation margins
- ⊖ Lower income at Mátra and classification as asset held for sale as of Q2 2017; i.e. earnings contribution from Q2 2017 onwards in non-operating result
- ⊕ Higher technical availability of lignite plants
- ⊕ Phase out of nuclear fuel tax in 2016 (+€0.1 bn)
- ⊕ Operating cost improvements

EBITDA outlook for 2017: significantly below previous year

- ⊖ Lower realised generation margins (hedged outright price: ~€31/MWh vs. €35/MWh in 2016)
- ⊖ Absence of non-recurring items (-€0.15 bn)
- ⊖ Unplanned outage at Neurath lignite plant and reclassification of Mátra as asset held for sale
- ⊕ Absence of nuclear fuel tax (€0.15 bn)
- ⊕ Operating cost improvements

¹ Non-recurring items (not included in non-operating result) | ² Adj. EBITDA minus capex (before changes in provisions)

European Power – Lower earnings due to absence of non-recurring items

Key financials

€ million	H1 2017	H1 2016	change
UK	135	187	-52
Continental Europe	88	134	-46
Adj. EBITDA	222	316	-94
t/o non-recurring items ¹	20	152	-132
Depreciation	153	201	-48
Adj. EBIT	69	115	-46
t/o non-recurring items ¹	20	152	-132
Capex	38	27	11
Cash contribution²	184	289	-105

H1 2017 versus H1 2016:

- ⊖ Absence of positive non-recurring items in 2016
- ⊖ Lower realised hard coal generation margins
- ⊕ Higher realised gas generation margins
- ⊕ Significantly higher income from commercial asset optimisation
- ⊕ Operating cost improvements

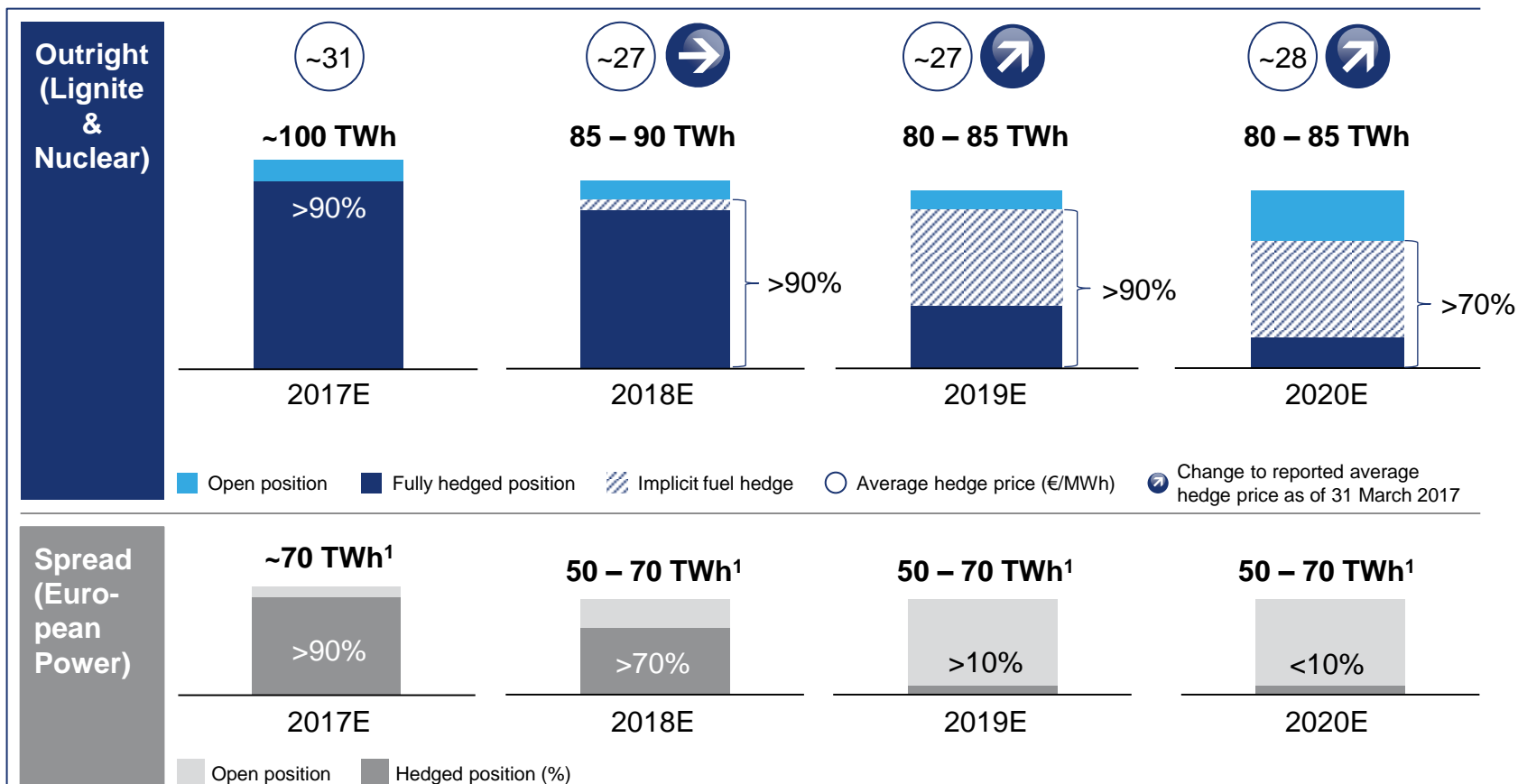
EBITDA outlook for 2017: significantly above previous year

- ⊕ Significantly higher income from commercial asset optimisation
- ⊕ Operating cost improvements
- ⊕ Higher realised gas generation margins
- ⊖ Lower realised hard coal generation margins

¹ Non-recurring items (not included in non-operating result) | ² Adj. EBITDA minus capex (before changes in provisions)

Hedging – Improved average hedge prices as a result of our implicit fuel hedge strategy

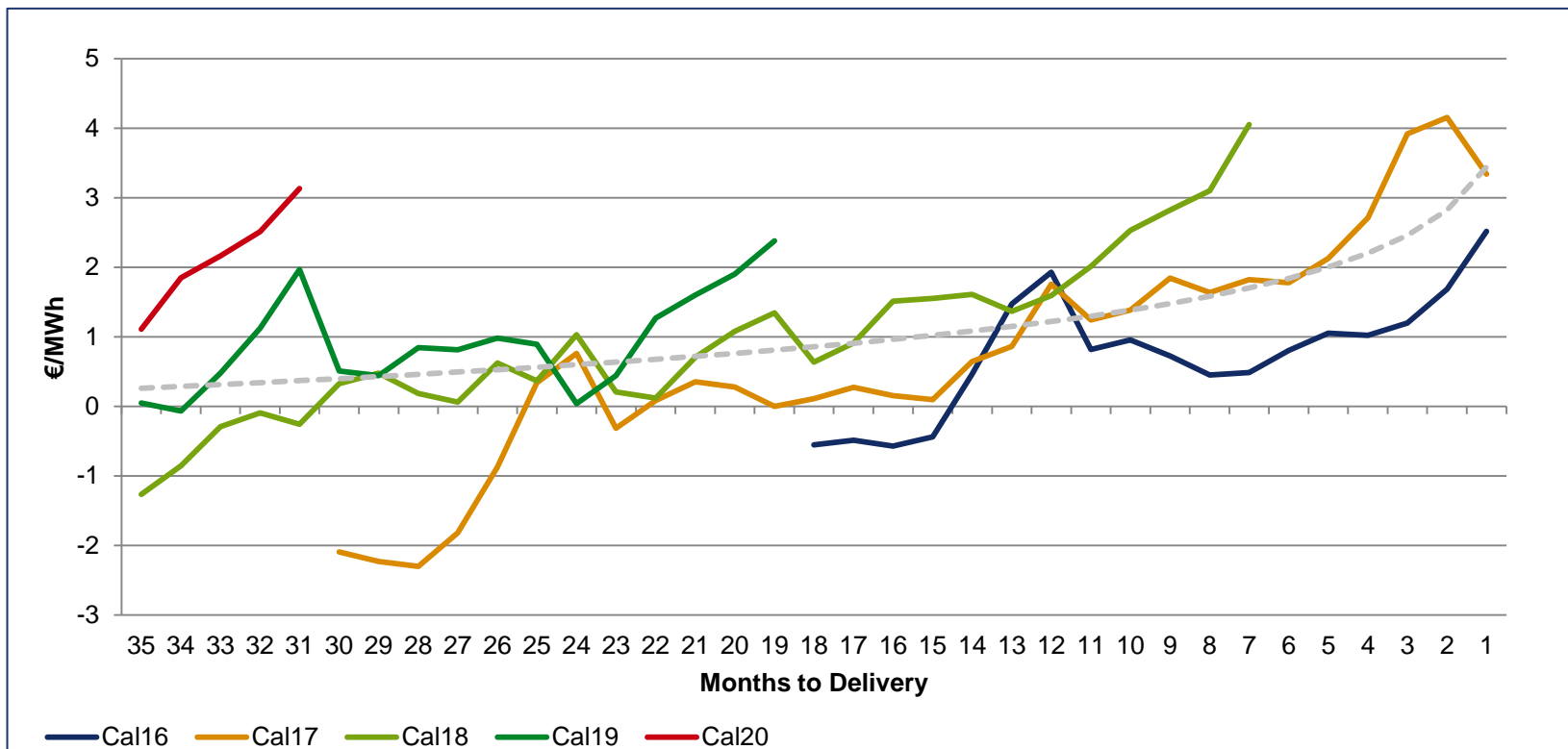
Expected positions and hedge status as of 30 June 2017



¹ Total in-the-money spread

Significant improvement of fuel spreads since March 2017

Development of German fuel spreads¹



¹ Fuel spread defined as: Power price – (pass-through-factor carbon × EUA price + pass-through-factor coal × coal price + pass-through-factor gas × gas price)
 Source: Bloomberg; data until 30 June 2017

Supply & Trading – Positive earnings development due to a return to normalised trading result

Key financials

€ million	H1 2017	H1 2016	change
Adj. EBITDA	131	-153	284
t/o non-recurring items ¹	-	-23	23
Depreciation	2	3	-1
Adj. EBIT	129	-156	285
t/o non-recurring items ¹	-	-23	23
Capex	1	1	-
Cash contribution²	130	-154	284

H1 2017 versus H1 2016:

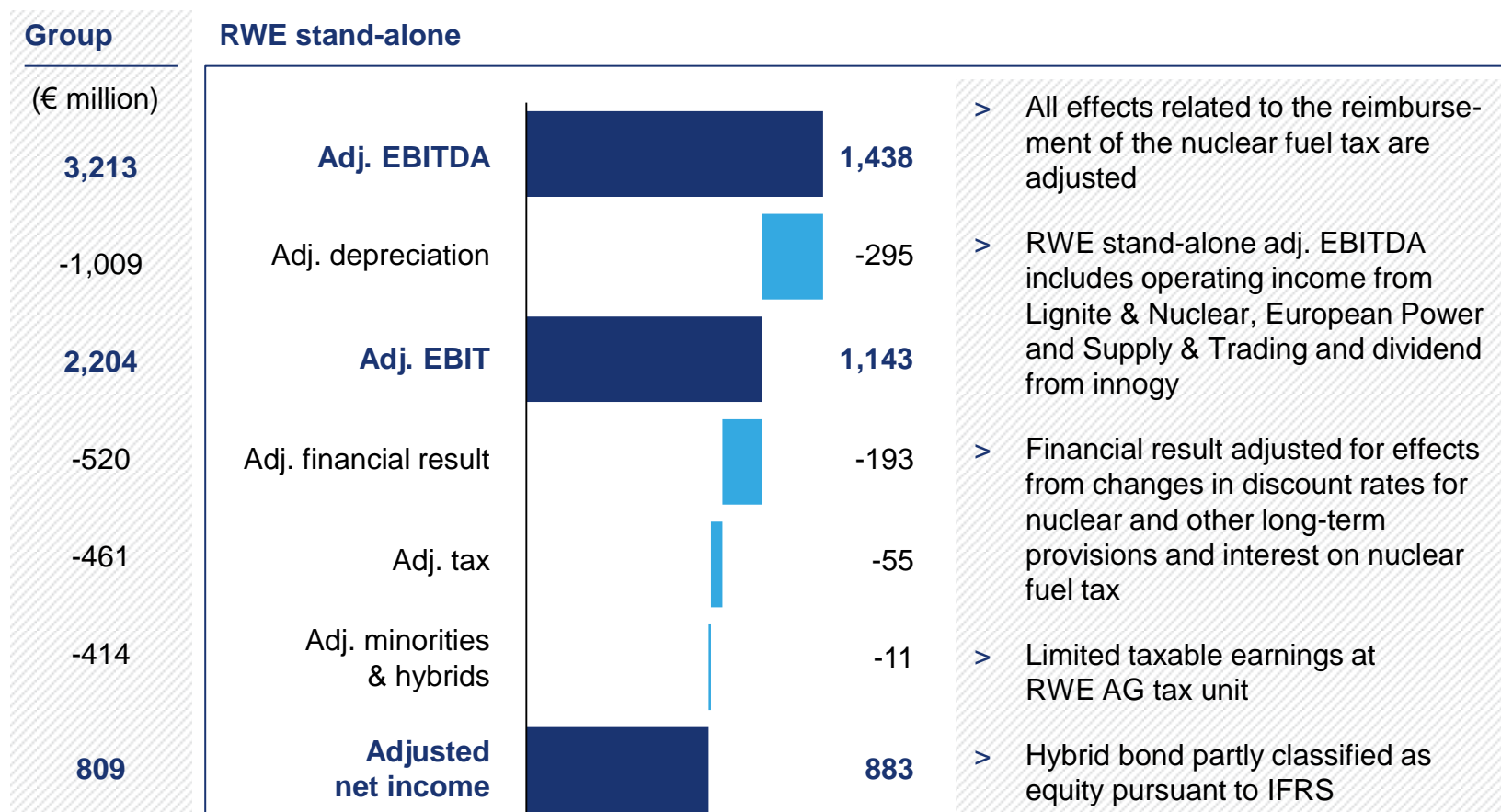
- ⊕ Normalised trading result after losses in 2016
- ⊕ Adjustment of long-term gas storage contracts to market prices in Q2 2016 (non-recurring items)
- ⊖ Absence of income from disposal of Lynemouth power plant in Q1 2016

EBITDA outlook for 2017: significantly above previous year

- ⊕ Normalisation of trading performance

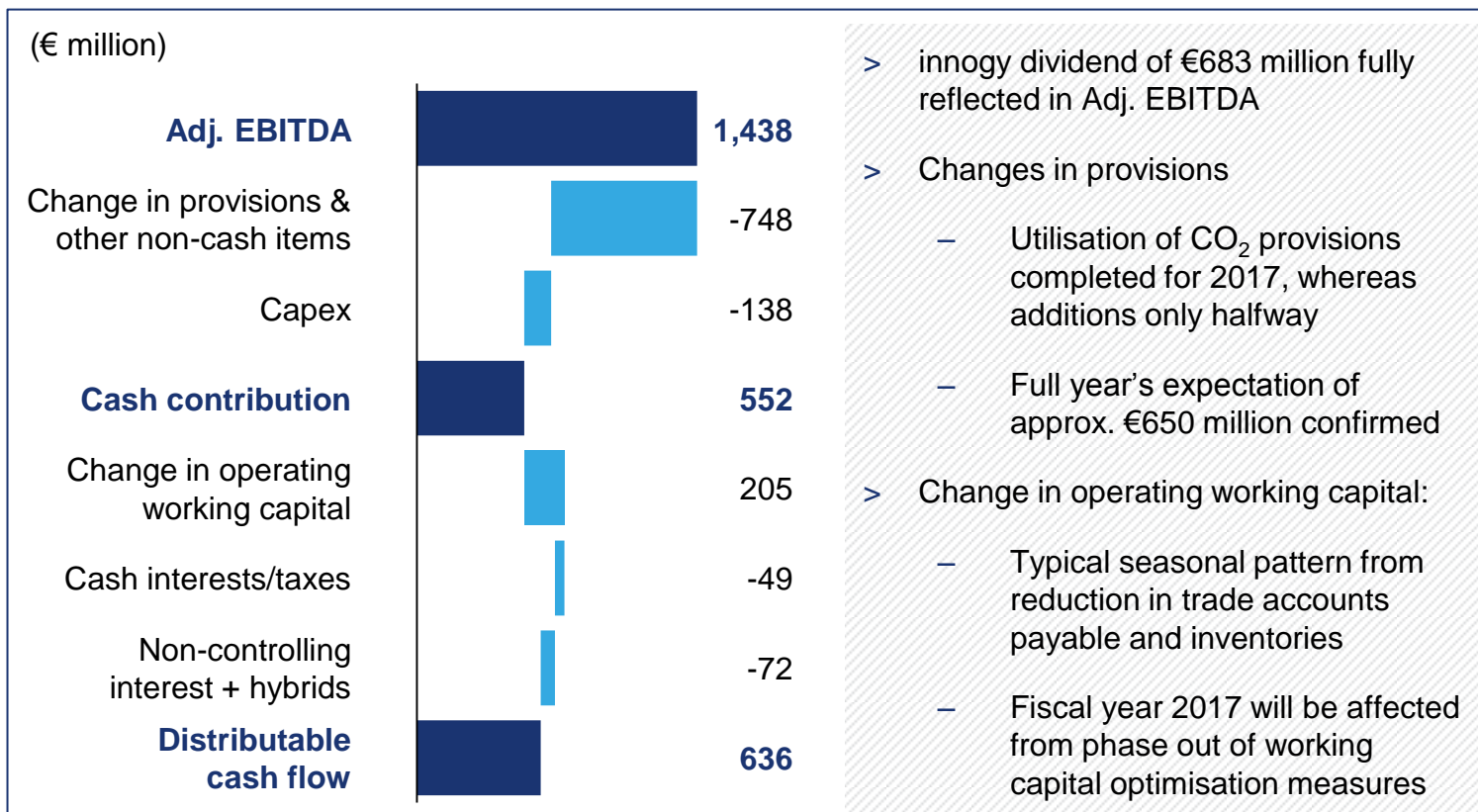
¹ Non-recurring items (not included in non-operating result) | ² Adj. EBITDA minus capex (before changes in provisions)

Adjusted net income H1 2017 reaches €0.9 billion



High H1 2017 distributable cash flow due to full amount of innogy dividend in Q2 2017

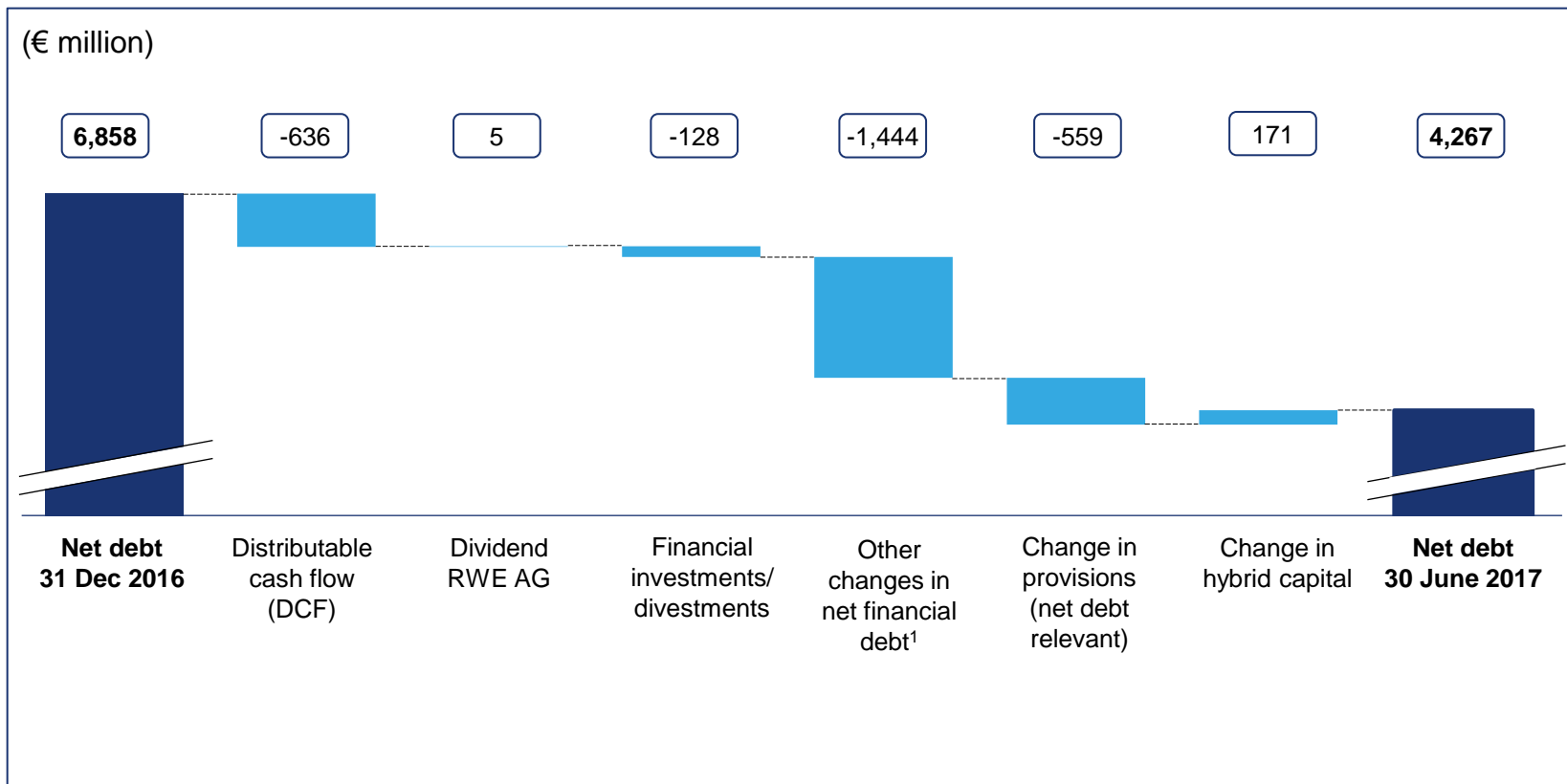
RWE stand-alone¹



¹ Pro forma financial

Strong decline of net debt due to positive DCF, nuclear fuel tax refund and reduction of provisions

Development of net debt (RWE stand-alone)



¹ Includes €1.7 bn of nuclear fuel tax refund. Furthermore it includes tax account receivables/payable, tax provisions and variation margins.

RWE stand-alone – Outlook for 2017 confirmed

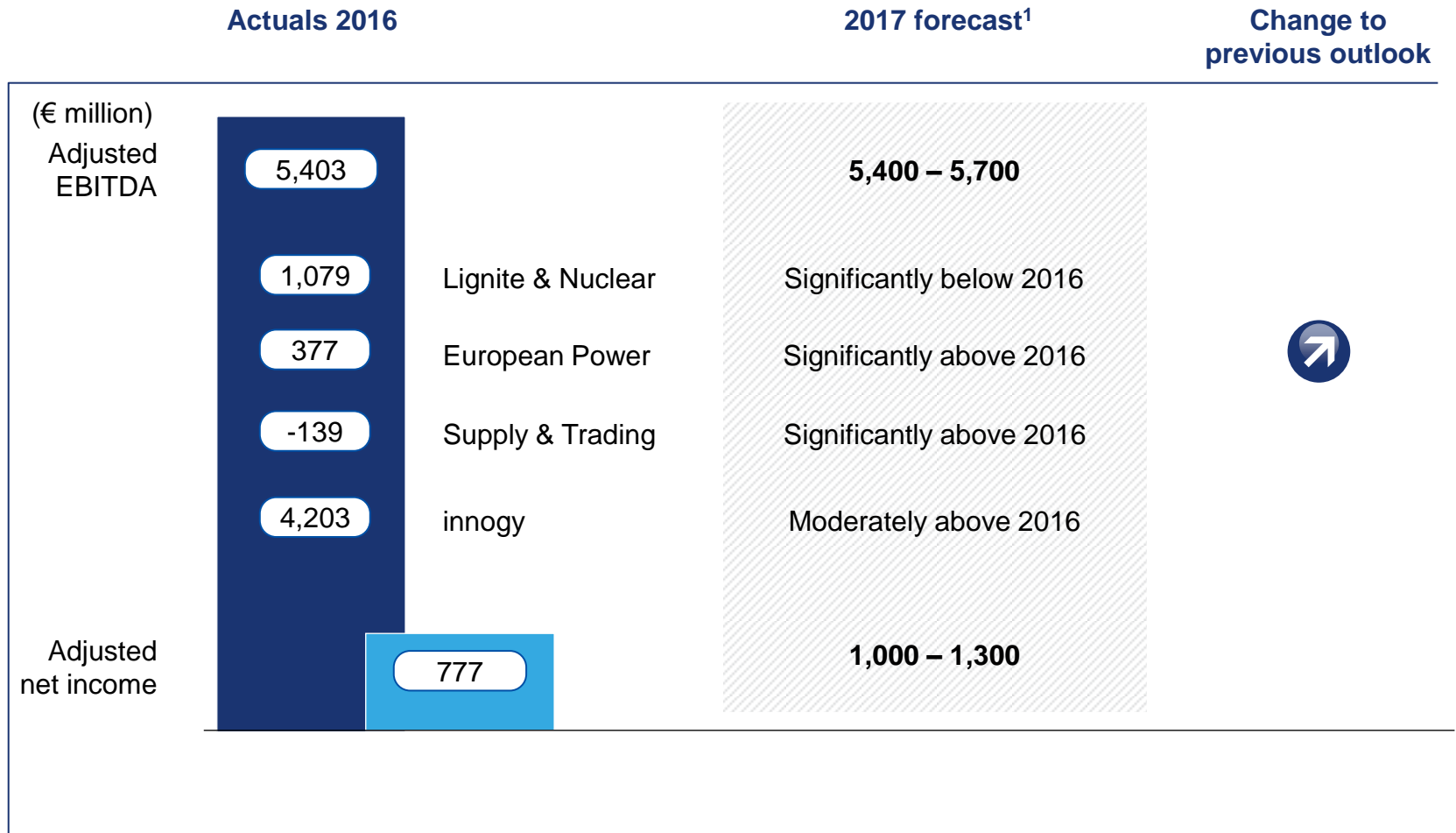
2016		2017	
€1.9 bn	Adjusted EBITDA	€1.6 bn – €1.9 bn	
-€0.9 bn	Adj. depreciation	↘	> Reduction by ~€0.3 bn from impairments
-€1.0 bn	Adj. net financial result	↘	> Reduction in interest accretion to provisions (€0.4 – 0.5 bn) > Lower losses from sale of securities and impact from lower discount rates on non-current provisions (€0.2 bn)
€0.0 bn	Adj. taxes	→	> Principally 95% tax exemption for innogy dividend > Utilisation of deferred tax assets in German tax unit
-€0.1 bn	Adj. minorities & hybrid	→	> Stable development expected
-€0.0 bn	Adjusted Net Income	€0.7 bn – €1.0 bn	
	Dividend (per share)	€0.50	> Management target for ordinary and preferred shares; > further goal to maintain at least this level in the years thereafter
		+	
		€1.00	> Special dividend from reimbursement of nuclear fuel tax

Appendix

Reconciliation to H1 2017 adjusted net income

(€ million)	RWE stand-alone			RWE Group		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Adjusted EBITDA	1,438	-	1,438	3,213	-	3,213
Depreciation	-295	-	-295	-1,009	-	-1,009
Adjusted EBIT	1,143	-	1,143	2,204	-	2,204
Non-operating result	1,500	-1,500	-	1,617	-1,617	-
Financial result	147	-340	-193	-150	-370	-520
Taxes on income (Tax rate)	-269 (10%)	214	-55 (6%)	-711 (19%)	250	-461 (27%)
Income	2,521	-1,626	895	2,960	-1,737	1,223
- Non-controlling interests	160	-147	13	-267	-123	-390
- Hybrid investors' interest	-24	-	-24	-24	-	-24
Net income	2,657	-1,774	883	2,669	-1,860	809

RWE Group: Outlook for 2017 confirmed – Divisional outlook for European Power improved



¹ Qualifiers such as 'moderately', and 'significantly' indicate percentage deviations from the previous year's figures.

Income statement H1 2017

(€ million)	RWE stand-alone	RWE Group
Revenue (including natural gas tax/electricity tax)	8,486	23,321
Natural gas tax/electricity tax	-67	-1,148
Revenue	8,419	22,173
Other operating result	1,723	1,110
Cost of materials	-6,762	-15,999
Staff costs	-866	-2,328
Depreciation, amortisation and impairment losses	-620	-1,335
Income from investments accounted for using the equity method	53	147
Other income from investments	696 ¹	53
Financial result	147	-150
Income before tax	2,790	3,671
Taxes on income	-269	-711
Income	2,521	2,960
of which: non-controlling interest	-160	267
of which: RWE AG hybrid capital investors' interest	24	24
of which: net income/income attributable to RWE AG shareholders	2,657	2,669

¹ Includes innogy dividend of €683 million.

Balance sheet as at 30 June 2017

(€ million)	RWE stand-alone	RWE Group
Assets		
Intangible assets	1,040	12,727
Property, plant and equipment	6,395	24,112
Investment property	41	55
Investments accounted for using the equity method	608	2,895
Other financial assets ¹	15,171	1,099
Inventories	1,351	1,804
Financial receivables	4,646	1,523
Trade accounts receivable	1,814	5,241
Other receivables and other assets	4,864	6,832
Income tax assets	124	420
Deferred taxes	492	2,656
Marketable securities	2,825	5,067
Cash and cash equivalents	9,978	10,904
Assets held for sale	105	105
	49,454	75,440
Equity and liabilities		
RWE AG shareholders' interest	12,922	5,757
RWE AG hybrid capital investors' interest	910	910
Non-controlling interests	121	4,162
	13,953	10,829
Provisions	16,619	24,520
Financial liabilities	5,440	18,733
Other liabilities	13,207	20,509
Income tax liabilities	47	132
Deferred taxes	78	607
Liabilities held for sale	110	110
	35,501	64,611
	49,454	75,440

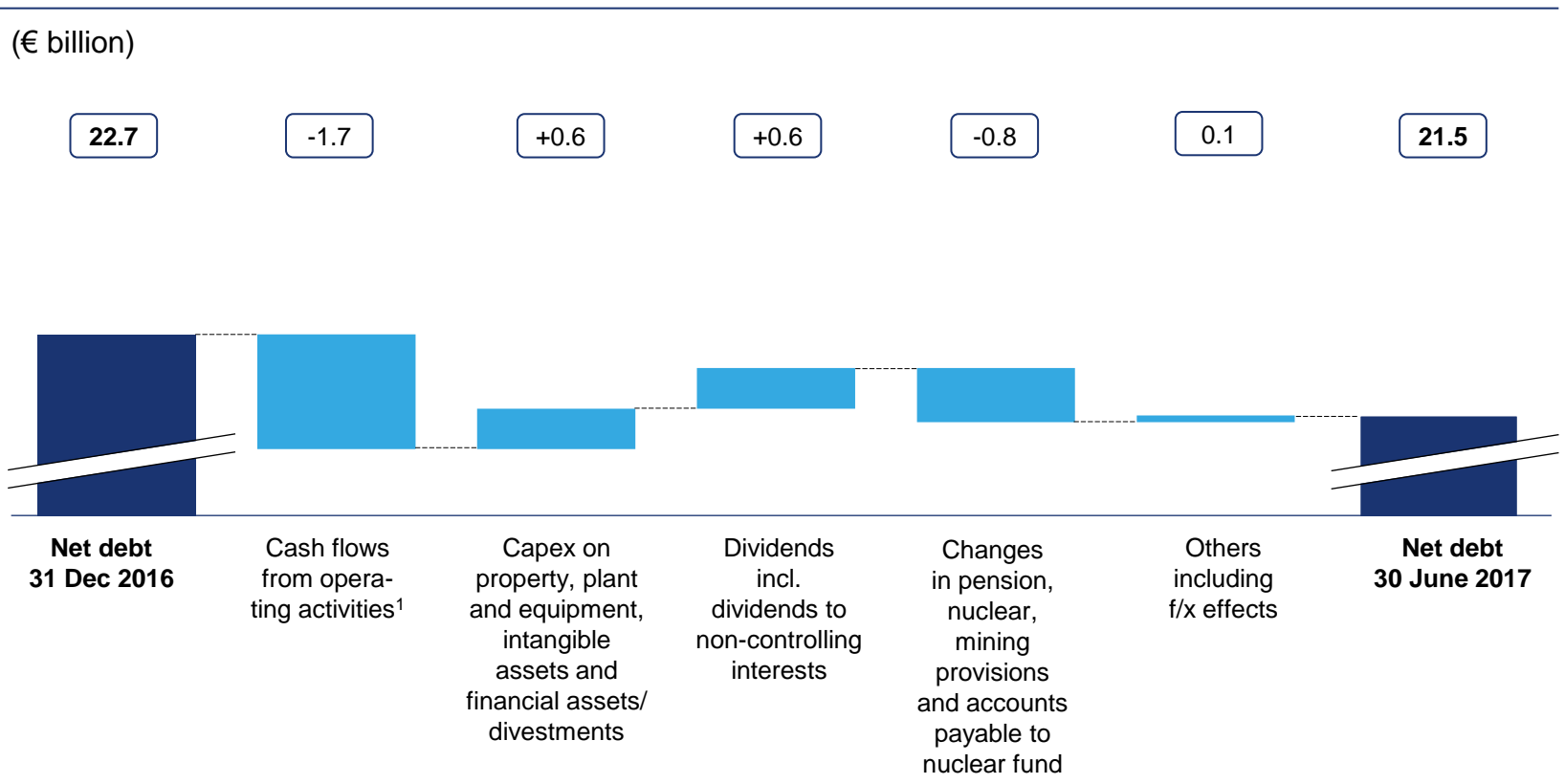
¹ Includes innogy stake at market value of €14.9 billion as at 30 June 2017

Net debt as at 30 June 2017

(€ million)	RWE stand-alone	RWE Group
Cash and cash equivalents	9,978	10,904
Marketable securities	2,943	5,278
Other financial assets	4,623	1,251
t/o financial receivables against innogy	3,634	-
Financial assets	17,544	17,433
Bonds, other notes payable, bank debt, commercial paper	4,459	16,651
Hedge transactions related to bonds	-99	-97
Other financial liabilities	982	2,082
Financial liabilities	5,342	18,636
Net financial debt	-12,202	1,203
Provisions for pensions and similar obligations	2,424	5,900
Surplus of plan assets over benefit obligations	-	-54
Provisions for nuclear waste management	5,547	5,547
Liabilities to the nuclear energy fund	7,035	7,035
Mining provisions	2,370	2,370
Provisions for decommissioning of wind farms	-	382
Adjustments for hybrid capital (portion of relevance to the rating)	-907	-907
Plus 50% of the hybrid capital stated as equity	455	455
Minus 50% of the hybrid capital stated as debt	-1,362	-1,362
Total net debt	4,267	21,476

RWE Group net debt improved due to positive cash flow and change in provisions

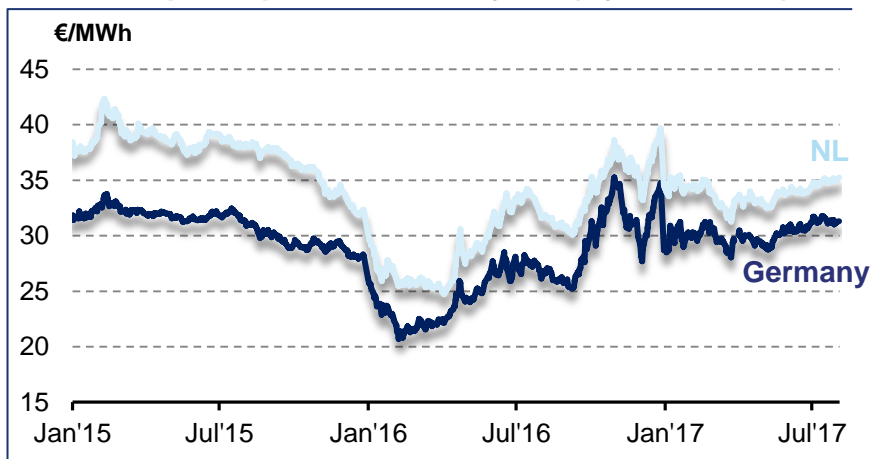
Development of net debt (RWE Group)



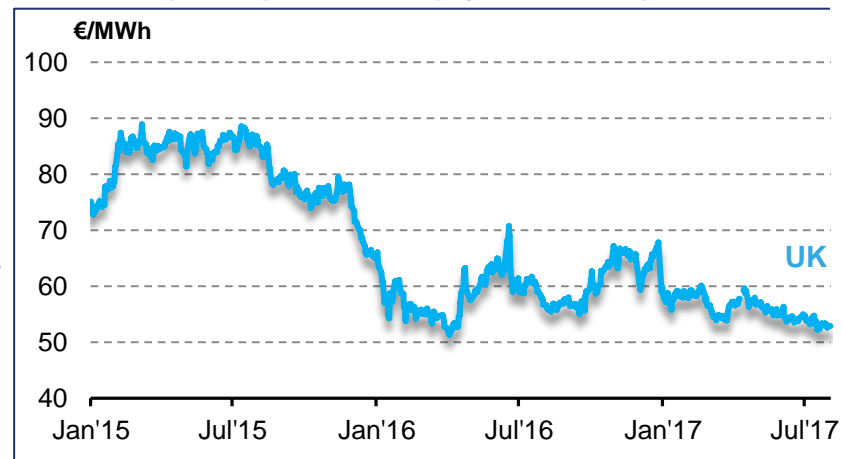
¹ Includes €1.7 bn of nuclear fuel tax refund.

Power prices and commodities

Base load power prices – Germany, NL (1 year forward)



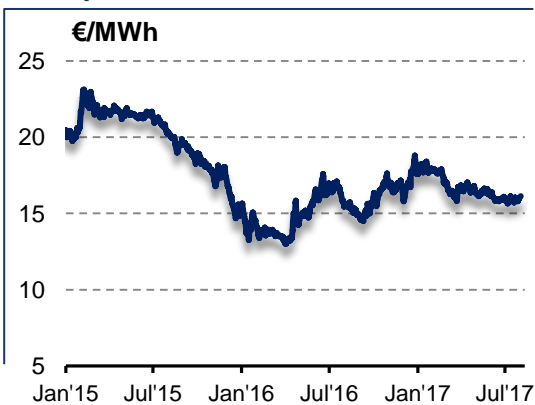
Base load power prices – UK (1 year forward)



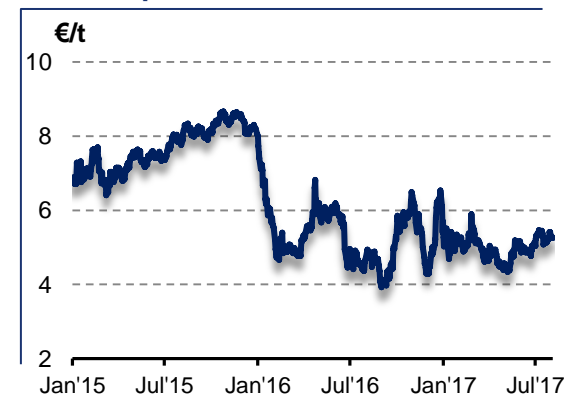
Coal prices – API2 Cal-ahead



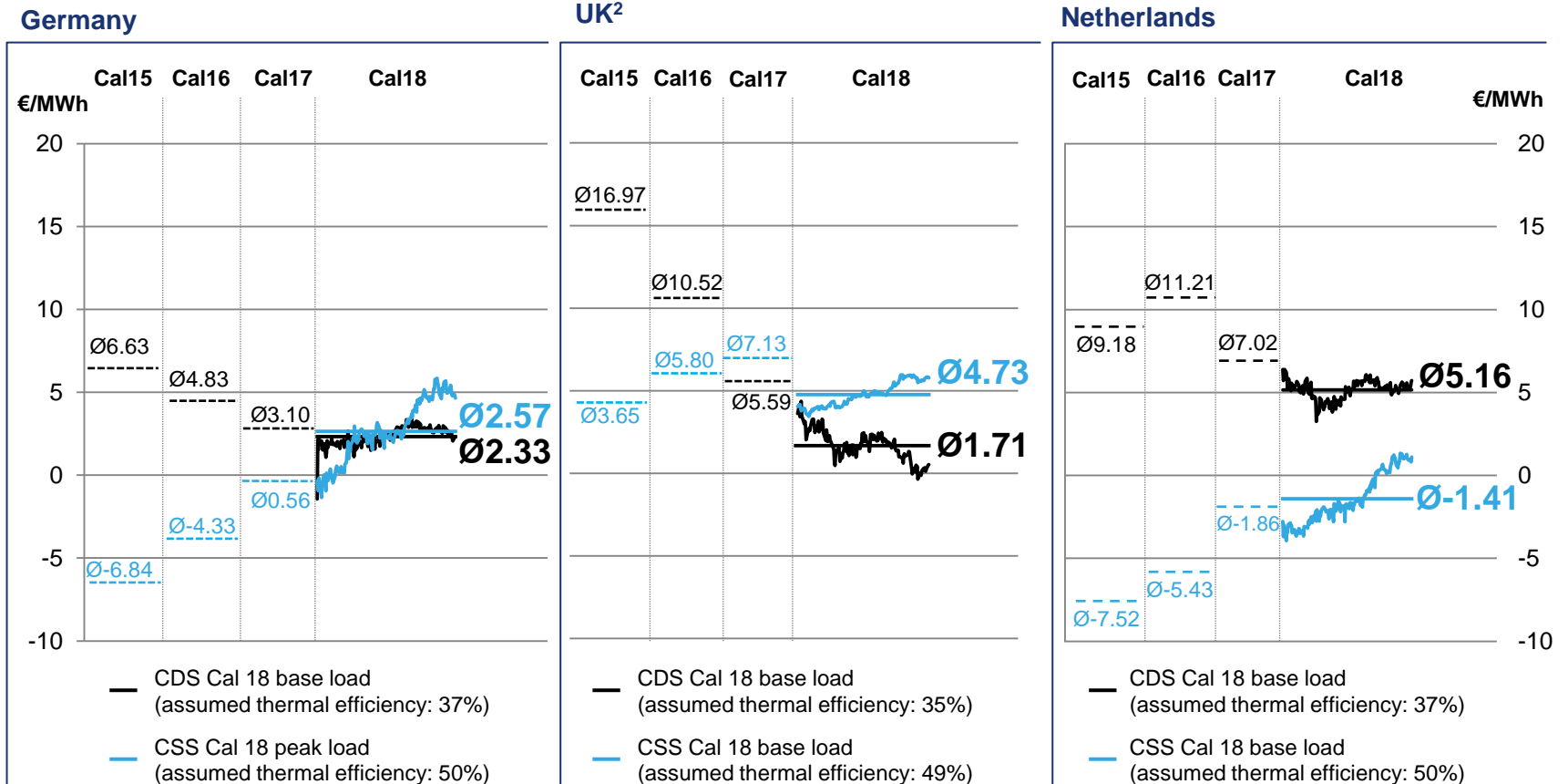
Gas prices – TTF Cal-ahead



Carbon prices - EU ETS



Clean Dark (CDS) and Spark Spreads (CSS) – 2015 - 2018 forwards for Germany, UK and NL¹







¹ Settlement one year ahead (Cal+1) | ² Including UK carbon tax | Source: RWE Supply & Trading, prices through to 9 August 2017

RWE Investor Relations – contacts

Important Links

-  Annual and Interim Reports
<http://www.rwe.com/ir/reports/>
-  Investor and Analyst Conferences
<http://www.rwe.com/ir/investor-and-analyst-conferences/>
-  IR presentations & further factbooks
<http://www.rwe.com/ir/presentations/>
-  IR videos
<http://www.rwe.com/ir/videos/>
-  Consensus of analysts' estimates
<http://www.rwe.com/ir/consensus-estimates>

Financial Calendar

-  14 November 2017
Interim statement on the first three quarters of 2017
-  13 March 2018
Annual Report 2017
-  26 April 2018
Annual General Meeting
-  2 May 2018
Dividend payment

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