RWE continues to reshape its future

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

(Euro million)

<table>
<thead>
<tr>
<th>2017 adj. EBITDA</th>
<th>Guidance</th>
<th>Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,600 – 1,900</td>
<td>✔️</td>
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</table>

<table>
<thead>
<tr>
<th>2017 adj. net income</th>
<th>Guidance</th>
<th>Actuals</th>
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<tbody>
<tr>
<td>700 – 1,000</td>
<td>✔️</td>
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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

- Lignite & Nuclear
  - 25% Gundremmingen
  - 12.5% Emsland
- European Power
- Renewables
  - innogy RES
  - E.ON RES
- Supply & Trading
  - Gas storage

Financial portfolio

- 16.7% E.ON
- 37.9% Kelag
- 25.1% Amprion

~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)

> 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 Mátra) plus E.ON’s and innogy’s renewables businesses.
Leading renewables player with attractive growth platform

- 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

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 | > 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 price\(^1\) and implied EV/EBITDA 2018E of 10.5x\(^2\)  
| RWE asset purchases      | > E.ON Renewables business\(^3\)  
| (economic effect as of 1 Jan 2018) | > 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        | > E.ON to issue 440m shares to RWE implying a post money stake of 16.7% in E.ON  
| Innogy dividend          | > RWE to receive fiscal 2017 and 2018 innogy dividend  
| Cash payment             | > 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 contracted operations with visible and stable earnings profile

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**RWE stand-alone EBITDA**

<table>
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<th>Sector</th>
<th>Contribution</th>
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<tr>
<td>Lignite &amp; Nuclear</td>
<td>~15%</td>
</tr>
<tr>
<td>European Power</td>
<td>~25%</td>
</tr>
<tr>
<td>Supply &amp; Trading</td>
<td>~40%</td>
</tr>
<tr>
<td>Renewables</td>
<td>~20%</td>
</tr>
<tr>
<td>Dividends</td>
<td>~10%</td>
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**Pro forma EBITDA**

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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**

- **Nuclear provisions**: ~€0.8bn
- **Provisions for wind asset dismantling**: ~€0.9bn
- **Pension provisions**: ~€0.5bn
- **Tax equity liabilities**: ~€0.6bn
- **Total debt increase**: ~€2.8bn

**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

**Financing**

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

- **2018**
  - E.ON public tender offer (PTO) for innogy minorities
  - Merger control and regulatory reviews and approvals

- **2019**
  - Implementation of full control under corporate law

**Announcement of transaction (12 March 2018)**

**Closing I**
- RWE sale of 76.8% innogy stake
- E.ON issuance of 440m shares to RWE
- RWE purchase of E.ON minority stakes in nuclear plants Gundremmingen (25.0%) and Emsland (12.5%)
- RWE cash payment of ~€1.5bn to E.ON

**Closing II**
- RWE purchase of innogy Renewables
- RWE purchase of E.ON Renewables
- RWE purchase of innogy Gas Storage and 37.9% in Kelag

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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

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<tr>
<th>Year</th>
<th>Operational dividend</th>
<th>Special dividend</th>
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<tr>
<td>2017</td>
<td>€1.50(^1)</td>
<td></td>
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<tr>
<td>2018</td>
<td>€1.00</td>
<td>€0.70(^2)</td>
</tr>
<tr>
<td>2019</td>
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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