Investor and Analyst
H1 2016 Conference Call

Essen, 11 August 2016

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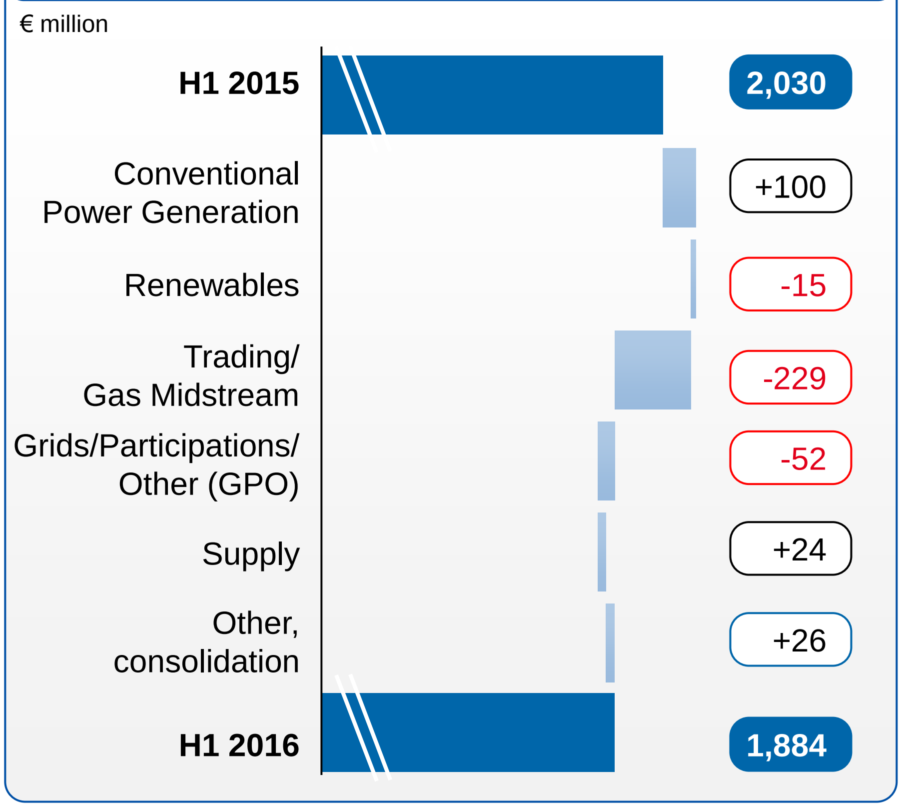
Main messages for H1 2016

- Financial performance for the first half of fiscal year 2016:
  EBITDA -5.5%, operating result -7.2%, adjusted net income +10.1%
- Supply UK: turnaround well on track
- Group earnings outlook for 2016 confirmed
- Higher net debt due to negative cash flow and higher pension provisions as a result of lower interest and discount rates
- Preparation for innogy IPO well on track
- No consensus found yet between German government and utilities about financing nuclear exit
- Agreement with Gazprom on long-term gas procurement contract
- Rating downgrade by Moody's and S&P to Baa3 and BBB-

Development of operating result in H1 2016

… by division (-€146 million; -7.2%)



- Conventional Power Generation: Cost reductions and one-off effects.
- Renewables: Moderately below previous year, due to lower wholesale prices and absence of positive one-off as in previous year.
- Trading/Gas Midstream: Significantly lower earnings from energy trading.
- GPO: Higher costs to operate and maintain our grid infrastructure partly compensated by misc. offsetting effects.
- Supply: Moderately above previous year. Among others due to recovery of Supply UK and lower energy procurement costs.

A detailed overview of the individual value drivers is given on slides 12 to 19 and in the Interim Report on pages 19 to 20.

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Development of the earnings figures in H1 2016

€ billion	H1 2016	+/- vs. H1 2015
EBITDA	**3.0**	-0.2
Depreciation	-1.1	0.0
Operating result	**1.9**	-0.1
Non-operating result	-0.2	+0.2
Financial result	-1.0	-0.3
Tax	-0.1	+0.4
Income from DCO[1]	-	-1.5
Minorities + hybrids	0.2	-0.1
Net income	**0.5**	-1.3
Adjustments	0.1	+1.3
Adjusted net income	**0.6**	**+0.1**

- Non-operating result: Positive impact from absence of provision for legal risks in 2015; impairment on German gas storage assets.
- Financial result: Among others mainly impacted by losses from the sale of securities compared to profits in 2015.
- Tax rate for reconciliation of reported net income at 8% and for adjusted net income at 13% extraordinarily low. Benefit from one-off effects from the reorganisation of the group.
- No income from DCO in H1 2016, while in 2015 the sale of RWE Dea contributed €1.5bn.
- Adjustments to net income 2016 comprise non-operating result and respective tax effect on it.

1 Income from discontinued operations (DCO).
Rounding differences may occur.

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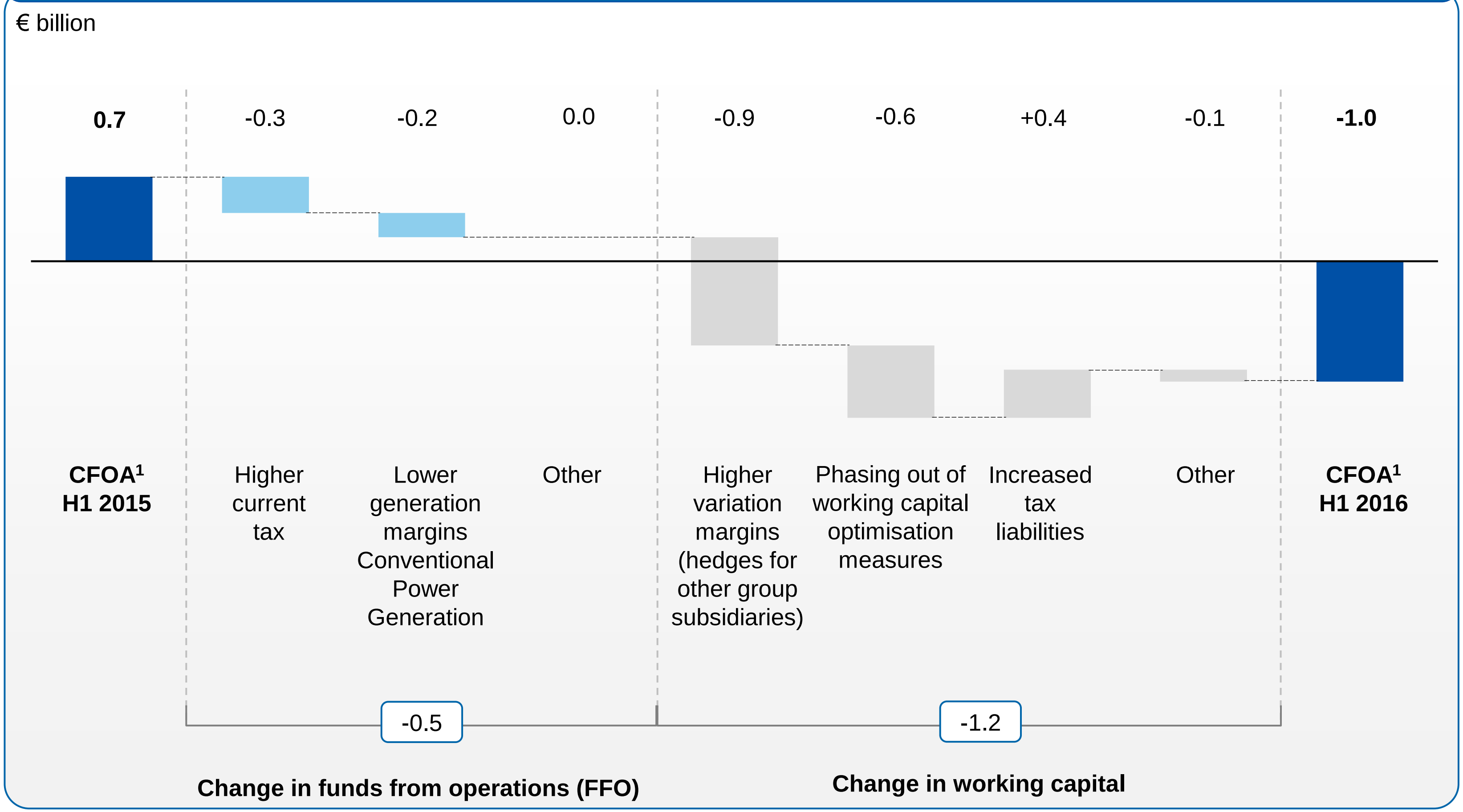
Development of cash flows from operating activities

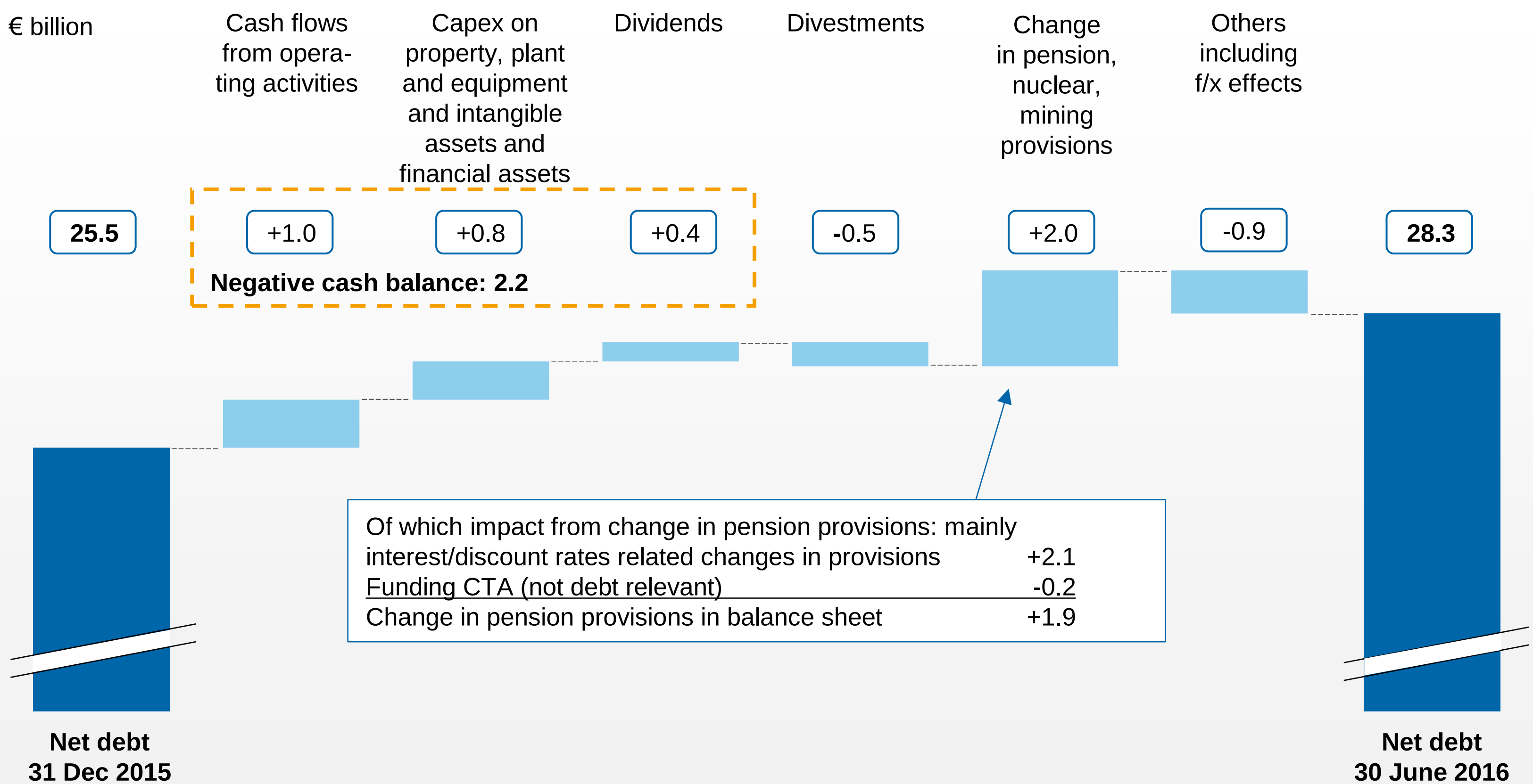
Strong decline in cash flows[1] driven by changes in working capital



1 CFOA = cash flows from operating activities.

Development of net debt[1]

Higher net debt due to negative cash balance and interest driven higher pension provisions



1 Positive prefix means increase in net debt. We have started including provisions for dismantling wind farms in net debt. Figures for 2015 have been adjusted accordingly. See also Interim Report H1 2016 page 14.

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Outlook for 2016 confirmed

€ million	2015 reported	2016e[1]
EBITDA	7,017	5,200 – 5,500
Operating result	3,837	2,800 – 3,100
Adjusted net income	1,125	500 – 700
Dividend[2]	Common shares: - Preferred shares: €0.13	Oriented towards growth opportunities, indebtedness and earnings situation.

1 The outlook accounts for the current status of the nuclear fuel tax law. In case the Constitutional Court declares the tax illegal and decides fully in our favour, we expect a positive earnings contribution of up to €1.7bn to EBITDA, operating result and adjusted net income.

2 Suspension of the dividend payment to holders of common shares for fiscal 2015. For owners of preferred shares, dividend corresponds to the preferred share of profits of €0.13 per share stipulated by the Articles of Incorporation.

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RWE's 2016 divisional outlook for the operating result

€ million	2015[1]	2016 forecast[2]
Conventional Power Generation[3]	596	Significantly below 2015
Renewables	488	Significantly below 2015
Trading/Gas Midstream	156	Significantly below 2015
Grids/Participations/Other	1,955	Significantly below 2015
Supply	830	In the order of 2015

1 Some figures adjusted; see Interim Report H1 2016 page 13.
2 Qualifiers such as 'moderately', and 'significantly' indicate percentage deviations from the previous year's figures.
3 The outlook takes into account the current status of the nuclear fuel tax law.

innogy's 2016 and 2017 outlook for EBITDA

	2015 (€ million)	2016 forecast (€ billion)	2017 forecast (€ billion)
Renewables	818	0.6 – 0.8	
Grid & Infrastructure	2,878	2.5 – 2.7	
Retail	988	1.0 – 1.2	
Total	4,521	4.1 – 4.4	4.3 – 4.7

Back-up charts

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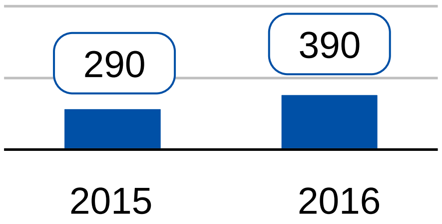
Performance of the Conventional Power Generation Division

Jan – June: operating result: +34% (+€100 million)

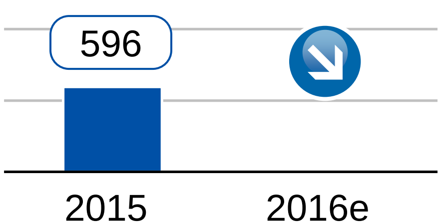
€ million



- Efficiency improvements
- Lower depreciation
- Income from sale of real estate
- Lower nuclear fuel tax
- Lower realised electricity generation spreads

Outlook for fiscal 2016: significantly below previous year

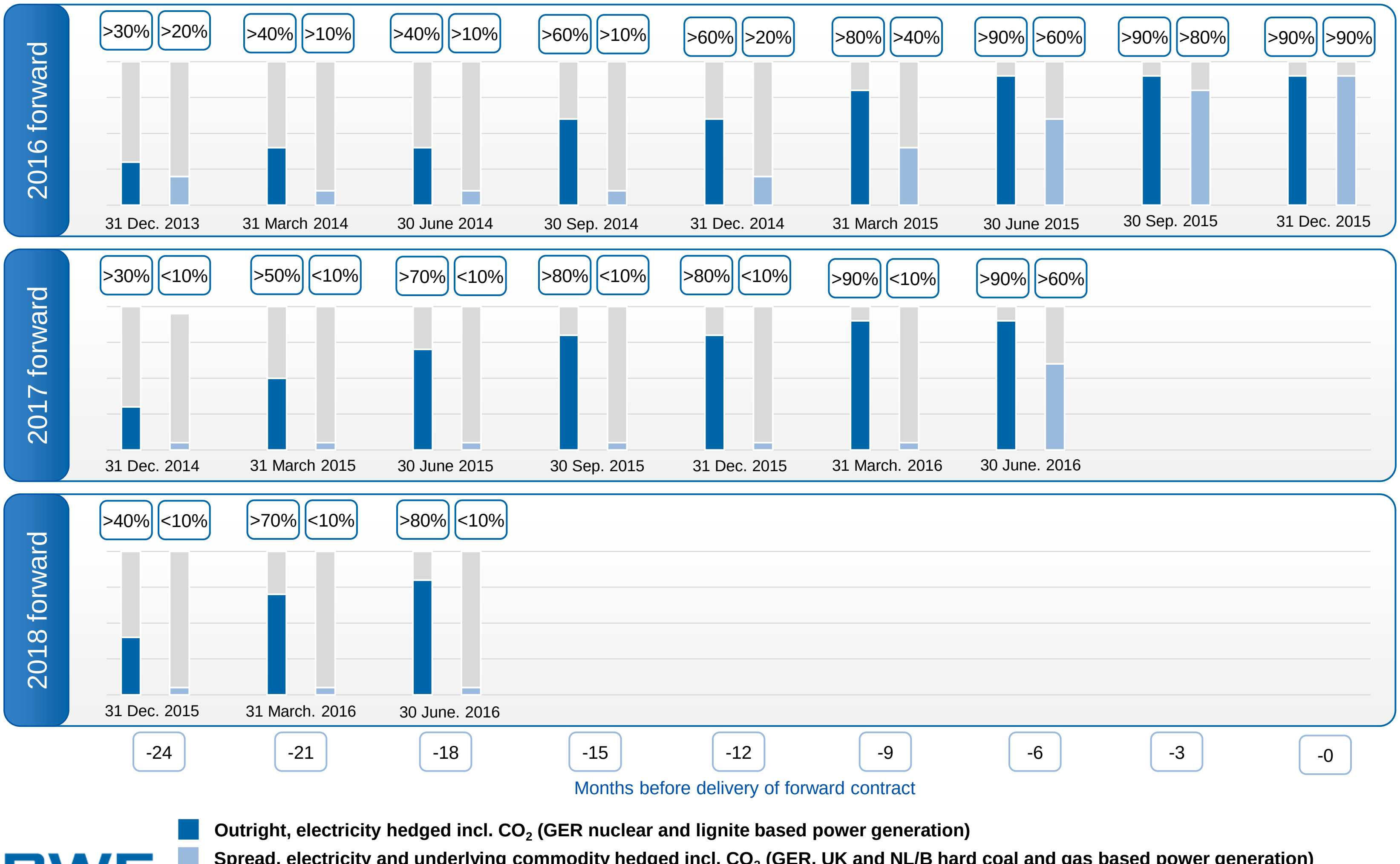
€ million



- Lower realised electricity generation spreads
- Higher costs due to larger plant revision programme
- Efficiency improvements and lower depreciation
- Absence of one-off costs from termination of power plant project Hamm D in 2015 as well as income from sale of real estate

RWE's forward hedging of conventional electricity production (German, Dutch and UK portfolio)

As of 30 June 2016



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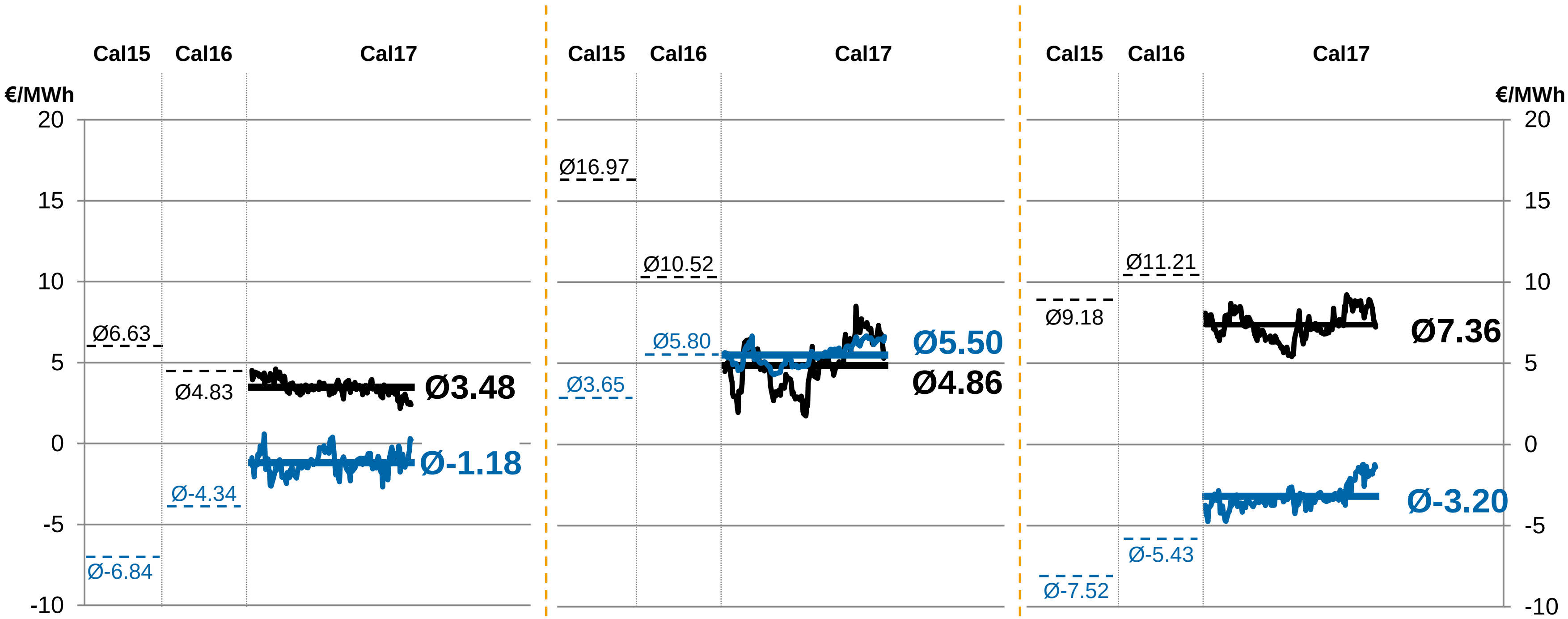
Clean Dark (CDS) and Spark Spreads (CSS) – 2015 - 2017 forwards for Germany, UK and Netherlands[1]

Germany | UK[2] | Netherlands



Germany
- CDS Cal 17 base load (assumed thermal efficiency: 37%)
- CSS Cal 17 peak load (assumed thermal efficiency: 50%)

UK[2]
- CDS Cal 17 base load (assumed thermal efficiency: 35%)
- CSS Cal 17 base load (assumed thermal efficiency: 49%)

Netherlands
- CDS Cal 17 base load (assumed thermal efficiency: 37%)
- CSS Cal 17 base load (assumed thermal efficiency: 50%)

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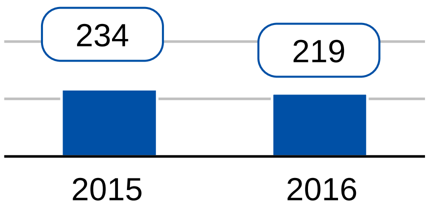
1 Settlement one year ahead (Cal+1)
2 Including UK carbon tax.
Source: RWE Supply & Trading, prices through to 29 July 2016.

Performance of the Renewables Division

Jan - June: operating result: -6.4% (-€15 million)

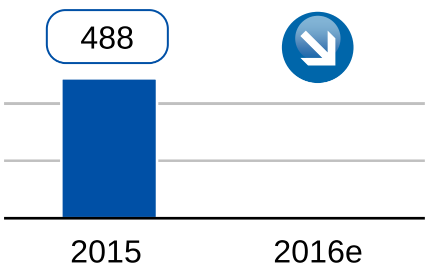
€ million



- Lower revenues due to lower wholesale prices (−)
- Book gain from disposal of grid infrastructure of Gwynt y Môr in 2015 (−)
- Increased earnings contribution from Nordsee Ost and Gwynt y Môr offshore wind farms (+)
- Book gain from sale of run-of-river plants in Germany (+)

Outlook for fiscal 2016: significantly below previous year

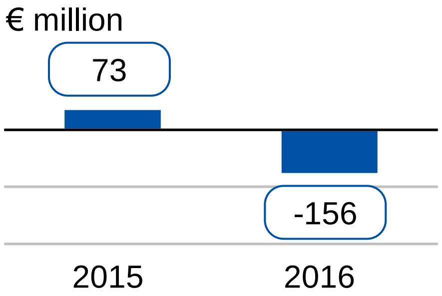
€ million



- One-off from disposal of stake in Galloper wind farm project and grid infrastructure of Gwynt y Môr in 2015 (−)
- Lower revenues due to lower wholesale prices, generation volumes and end of subsidy for some onshore wind projects in the NL (−)
- Full-year earnings contribution from new offshore wind farms Nordsee Ost and Gwynt y Môr (+)
- Impact of impairments in 2015 (+)
- Book gain from sale of run-of-river plants in Germany (+)

Performance of the Trading/Gas Midstream Division

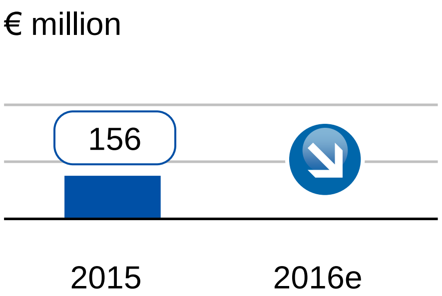
Jan - June: operating result: -€229million



Trading:

- Significantly lower earnings from trading activities

Outlook for fiscal 2016: significantly below previous year

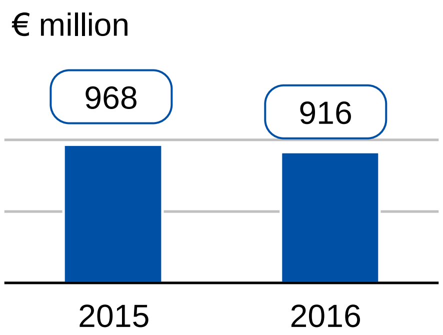


Trading:

- Lower earnings after weak performance in Q2 2016

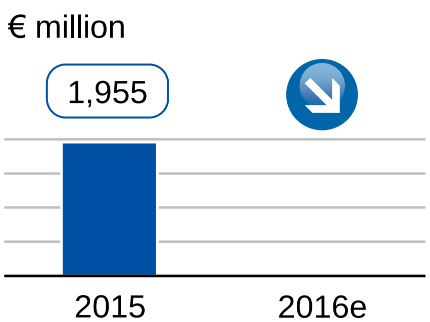
Performance of Grids/Participations/Other Division

Jan - June: operating result: -5.4% (-€52 million)



- Increased costs to operate and maintain the distribution grid
- Provision for early retirement programme in Germany
- Positive weather effect in CZ gas business

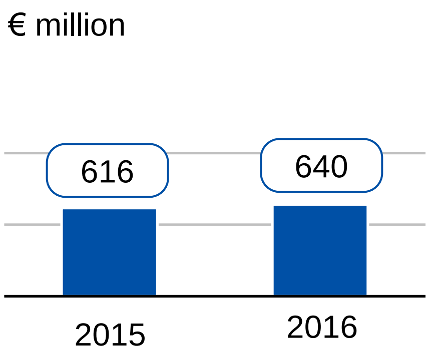
Outlook for fiscal 2016: significantly below previous year



- Efficiency improvements
- Increased costs to operate and maintain the distribution grid
- Lower earnings from the disposal of grid assets in Germany
- VSE (Slovakia): One-off effect from asset revaluation linked to the full consolidation in 2015 (-€143 million)

Performance of the Supply Division I

Jan - June: operating result: +3.9% (+€24 million)



- (+) Lower commodity procurement costs

Germany:

- (–) Higher grid fees, taxes and levies could only partly be passed on

Netherlands:

- (+) Improved earnings in business with household customers
- (–) One-off from provision release in 2015

UK:

- (+) Recovery from process and system-related problems in B2C billing system in previous year
- (–) Loss of customers and shift to lower margin contracts in 2015 have full negative effect on margins in 2016

East:

- (+) First time full consolidation of VSE

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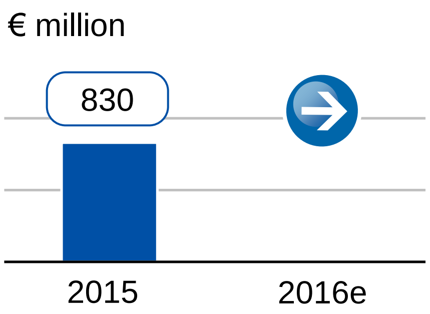
Performance of the Supply Division II

Outlook for fiscal 2016: in the order of 2015



East:

VSE: One-off effect from asset revaluation linked to the full consolidation in 2015 (-€42 million)

UK:

Improved earnings from operating activities and restructuring programme

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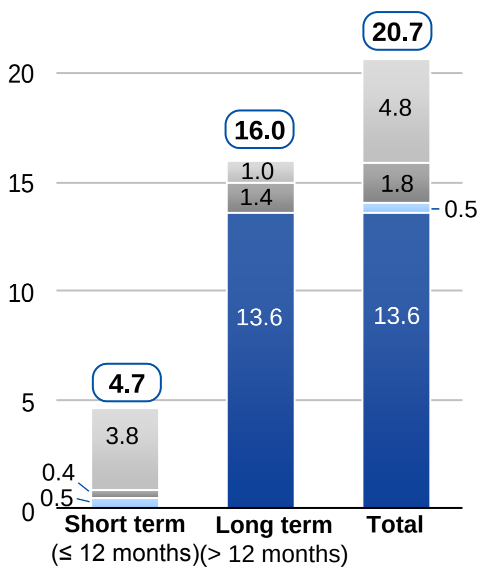
Financial liabilities and assets

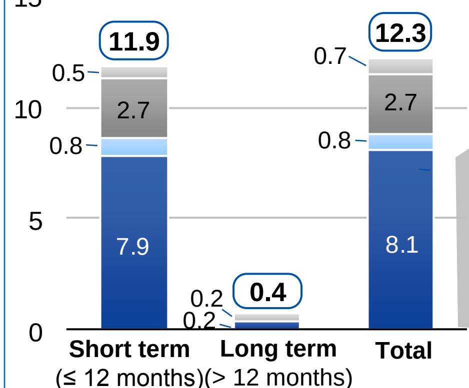
(Excluding hybrid capital as of 30 June 2016)

Financial liabilities
€ billion



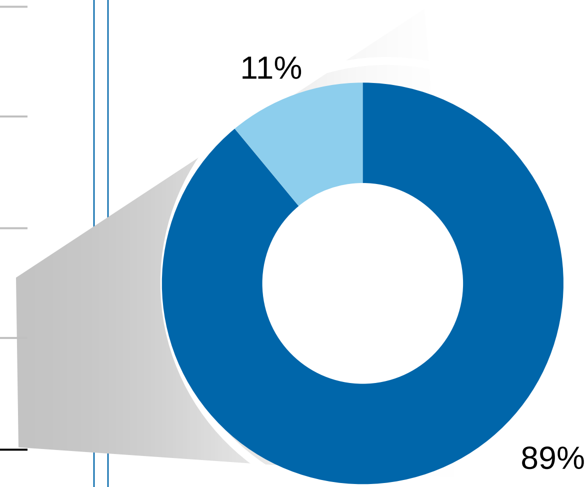
- Bonds, incl. other notes payable[1]
- Collateral, margin payments received[2]
- Loans with banks
- Other: including CP of €3.1bn, finance leases, financial liabilities with non-consolidated companies, other financial liabilities

Financial assets
€ billion



- Securities
- Collateral, margin payments[1]
- Cash/cash equivalents
- Other: other financial receivables, financial receivables from non-consolidated companies, other loans receivable

Split of securities



- Interest-bearing instruments
- Equities

1 Including currency rate hedges of bonds.
2 Excluding variation margins which are netted against the fair values of the respective derivatives.

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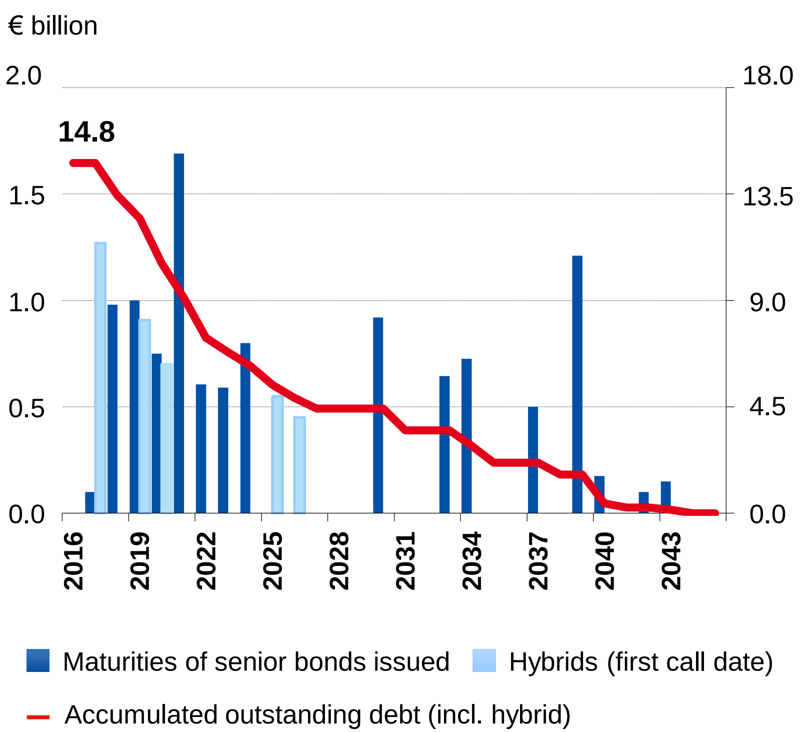
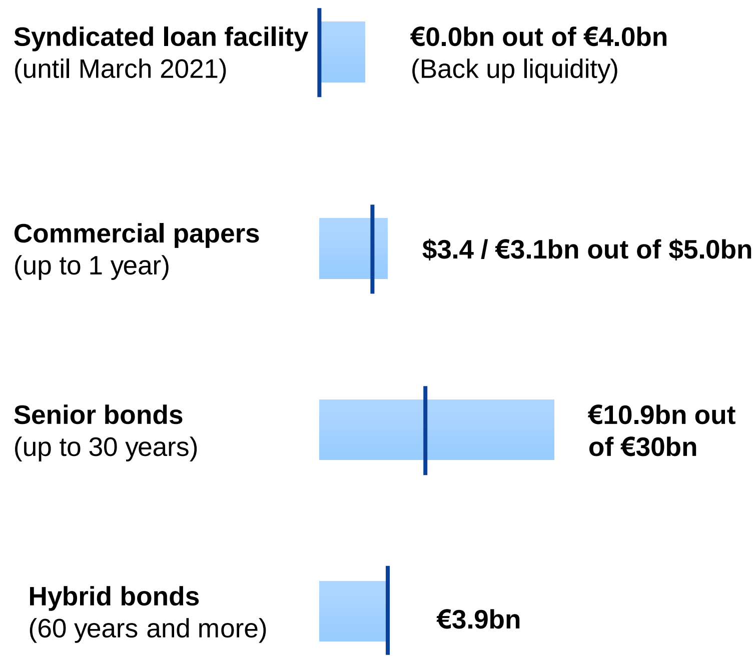
Capital market debt maturities and sources of financing

Capital market debt maturities[1]



Sources of funding[1]



Balanced profile with limited maturities up to end of 2018 (~ €1.1 billion[2])

1 RWE AG, RWE Finance B.V. and RWE Finance II B.V. as of 30 June 2016.
2 Excluding first call dates of hybrids.

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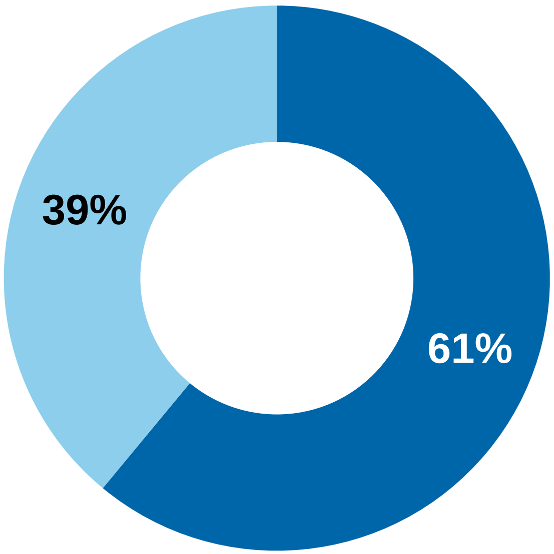
Capital market debt: Currency and interest exposure

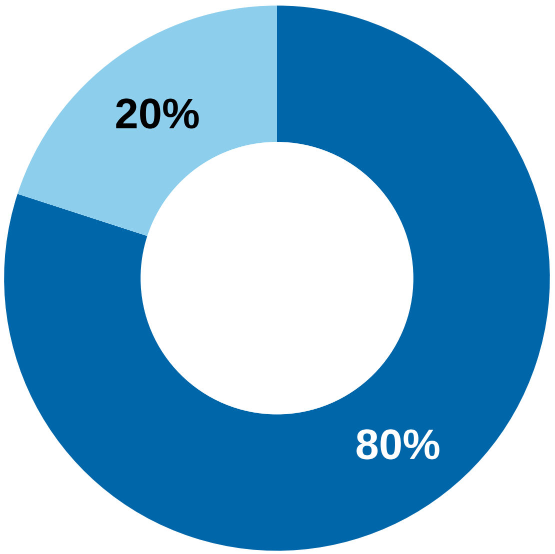
(as of 30 June 2016)

Currency exposure[1]



■ €
■ £

Interest exposure[2]



■ Fixed interest payments
■ Floating interest payments (fixing expiry ≤ 1 year)

1 Capital market debt (senior bonds and hybrids) including cross-currency swaps. Total €14.6bn.
2 Capital market debt (senior bonds and hybrids) + commercial paper including cross-currency and interest rate swaps. Total €17.7bn.

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Financial Calendar

14 November 2016
Interim Report on the first three quarters of 2016

14 March 2017
Annual Report

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