

Q1 2017 Results Presentation

Investor and Analyst Conference Call 15 May 2017

Markus Krebber
Chief Financial Officer

Gunhild Grieve
Head of Investor Relations



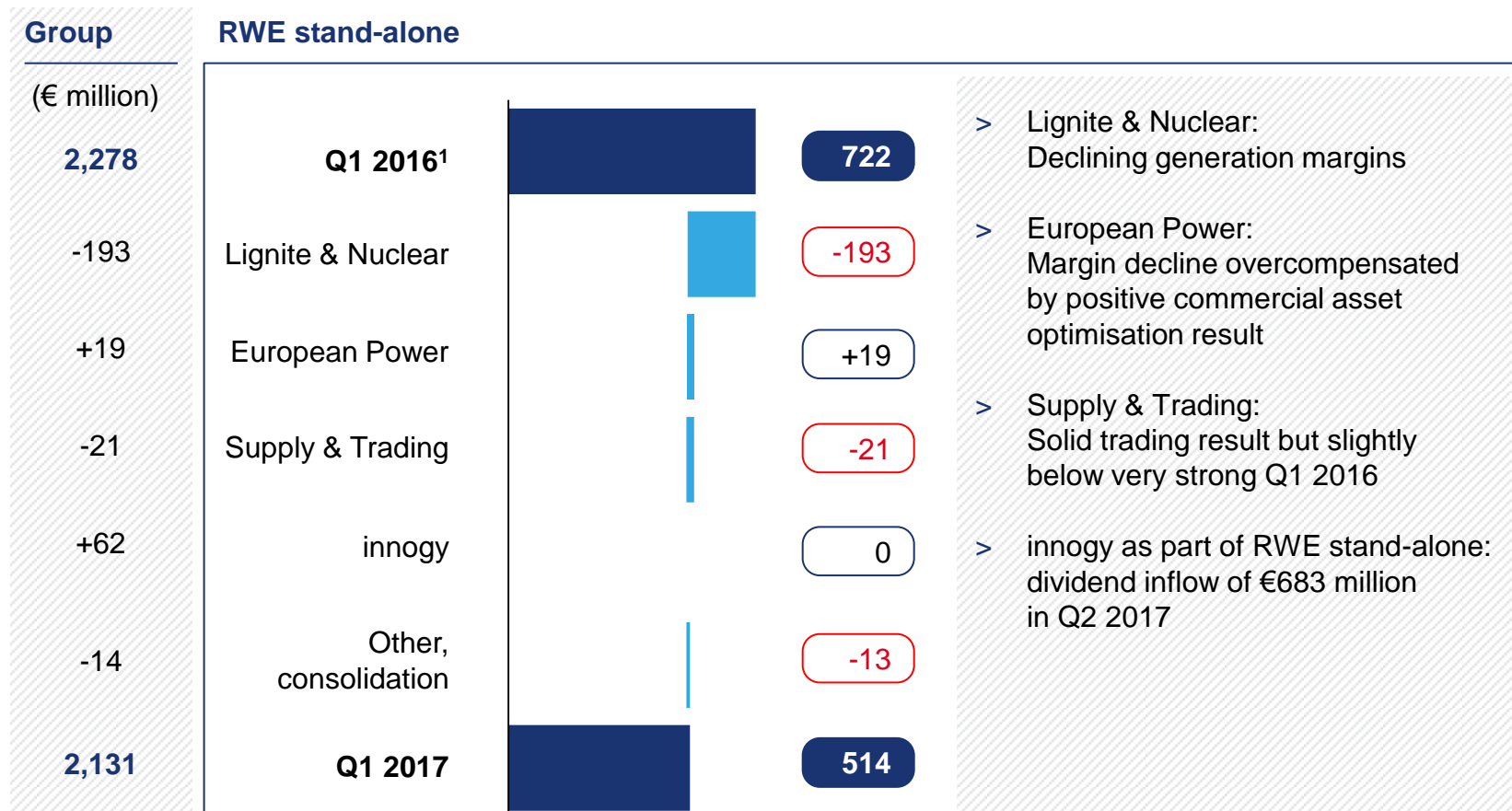
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Q1 2017 – key messages

- > RWE consolidated Group's Q1 2017 operational performance in line with expectations at moderately below previous year. Outlook for 2017 confirmed.
- > RWE stand-alone: Solid start to 2017 and guidance for 2017 confirmed
- > Successful participation in UK capacity auction for 2017/18
- > Transfer of senior bonds to innogy finalised
- > Call of hybrid bonds with a first call date in 2017 intended
- > Fitch confirms stand-alone BBB rating and upgrades outlook to stable

Development of EBITDA dominated by lower generation margins in Lignite & Nuclear



¹ Pro forma financial

Lignite & Nuclear – Driven by lower realised generation margins

Key financials

| € million | Q1 2017 | Q1 2016 | change |
|--------------------------------------|------------|------------|-------------|
| Adj. EBITDA | 213 | 406 | -193 |
| t/o non-recurring items ¹ | -1 | 10 | -11 |
| Depreciation | -74 | -100 | 26 |
| Adj. EBIT | 139 | 306 | -167 |
| t/o non-recurring items ¹ | -1 | 10 | -11 |
| Capex | -55 | -46 | -9 |
| Cash contribution² | 158 | 360 | -202 |

Q1 2017 versus Q1 2016:

- ⊖ Lower realised generation margins
- ⊖ Lower nuclear generation volumes due to maintenance cycle
- ⊖ Weather related lower income at Mátra
- ⊕ 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)
- ⊕ 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 – Good start to 2017 due to high contribution from commercial asset optimisation

Key financials

| € million | Q1 2017 | Q1 2016 | change |
|--------------------------------------|------------|------------|-----------|
| UK | 101 | 128 | -27 |
| Continental Europe | 65 | 25 | 40 |
| Adj. EBITDA | 167 | 148 | 19 |
| t/o non-recurring items ¹ | 20 | 26 | -6 |
| Depreciation | -76 | -101 | 25 |
| Adj. EBIT | 91 | 47 | 44 |
| t/o non-recurring items ¹ | 20 | 26 | -6 |
| Capex | -11 | -17 | 6 |
| Cash contribution² | 156 | 131 | 25 |

Q1 2017 versus Q1 2016:

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

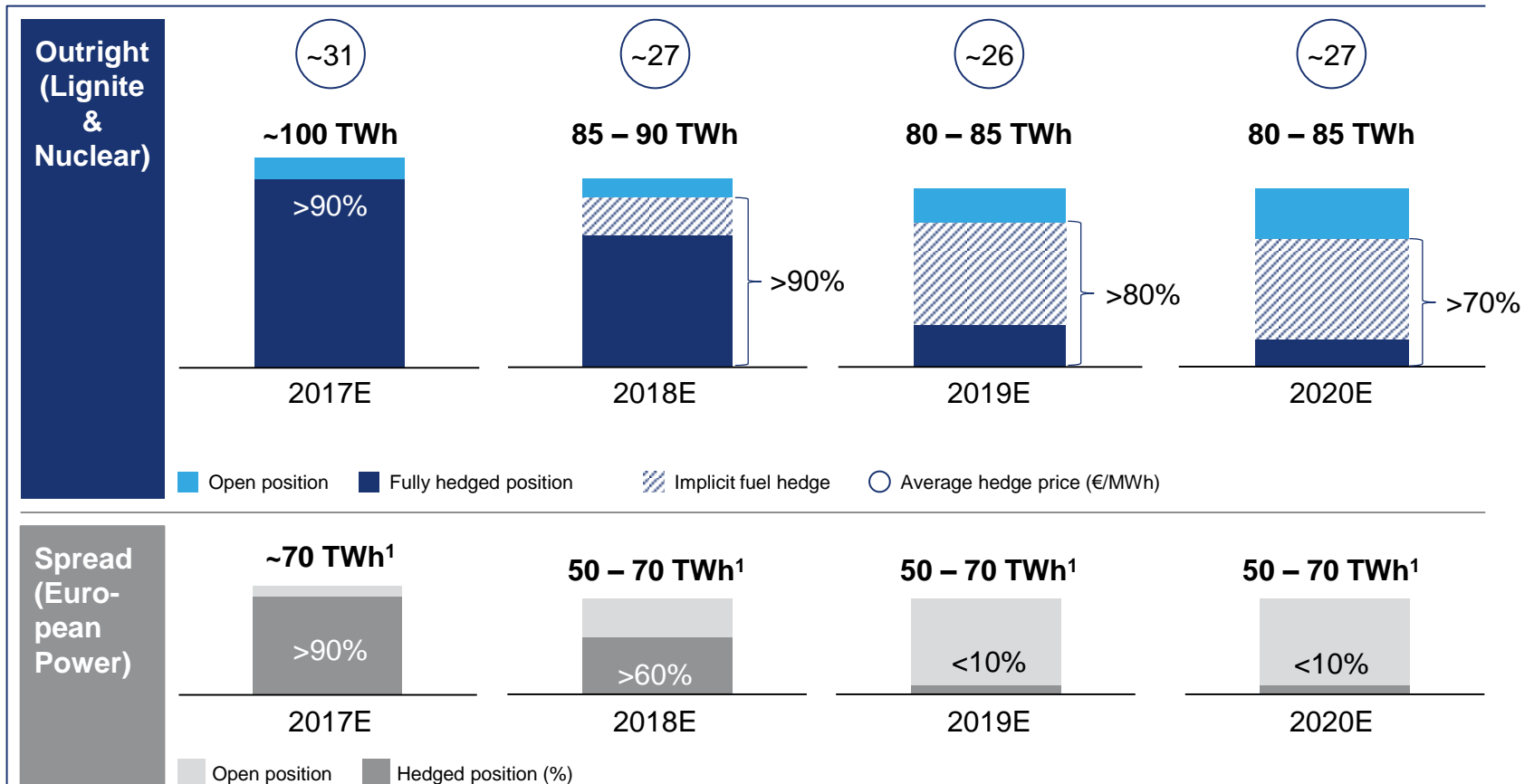
EBITDA outlook for 2017: significantly below previous year

- ⊖ Lower realised spreads
- ⊕ Operating cost improvements

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

Hedging – Fully hedged position for 2018 and implicit fuel hedge for 2019 and 2020 increased

Expected positions and hedge status as of 31 March 2017



¹ Total in-the-money spread

Supply & Trading – Solid start to the year based on good trading result

Key financials

| € million | Q1 2017 | Q1 2016 | change |
|--------------------------------------|------------|------------|------------|
| Adj. EBITDA | 146 | 167 | -21 |
| t/o non-recurring items ¹ | 0 | -28 | +28 |
| Depreciation | -1 | -1 | 0 |
| Adj. EBIT | 145 | 166 | -21 |
| t/o non-recurring items ¹ | 0 | -28 | +28 |
| Capex | -1 | 0 | -1 |
| Cash contribution² | 145 | 167 | -22 |

Q1 2017 versus Q1 2016:

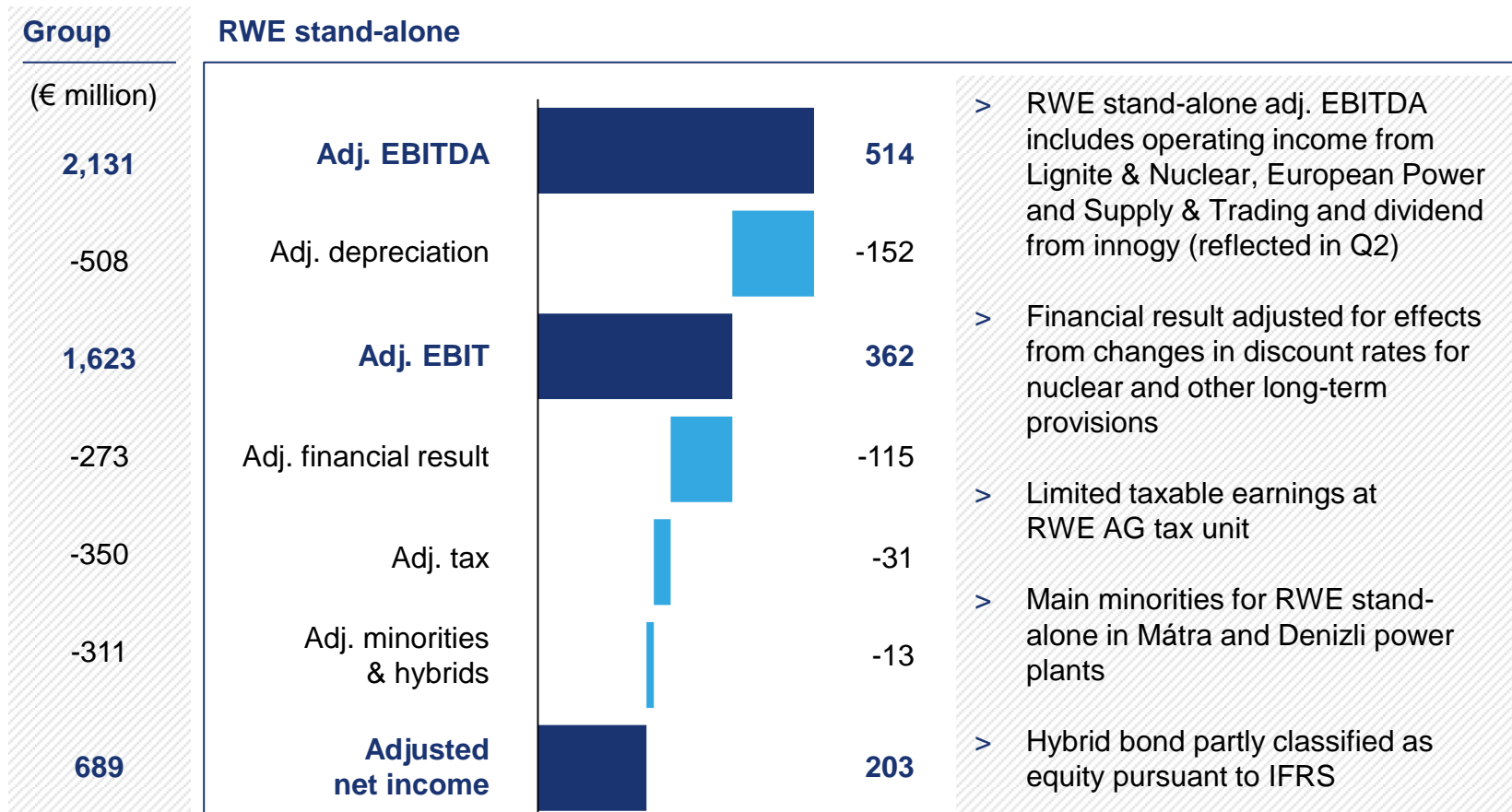
- ⊖ Good trading result but below very strong Q1 2016
- ⊖ Absence of disposal of Lynemouth power plant in Q1 2016
- ⊕ Adjustment of long-term gas storage contracts to market prices in Q2 2016 (non-recurring items)

EBITDA outlook for 2017: significantly above previous year

- ⊕ Normalisation of trading performance

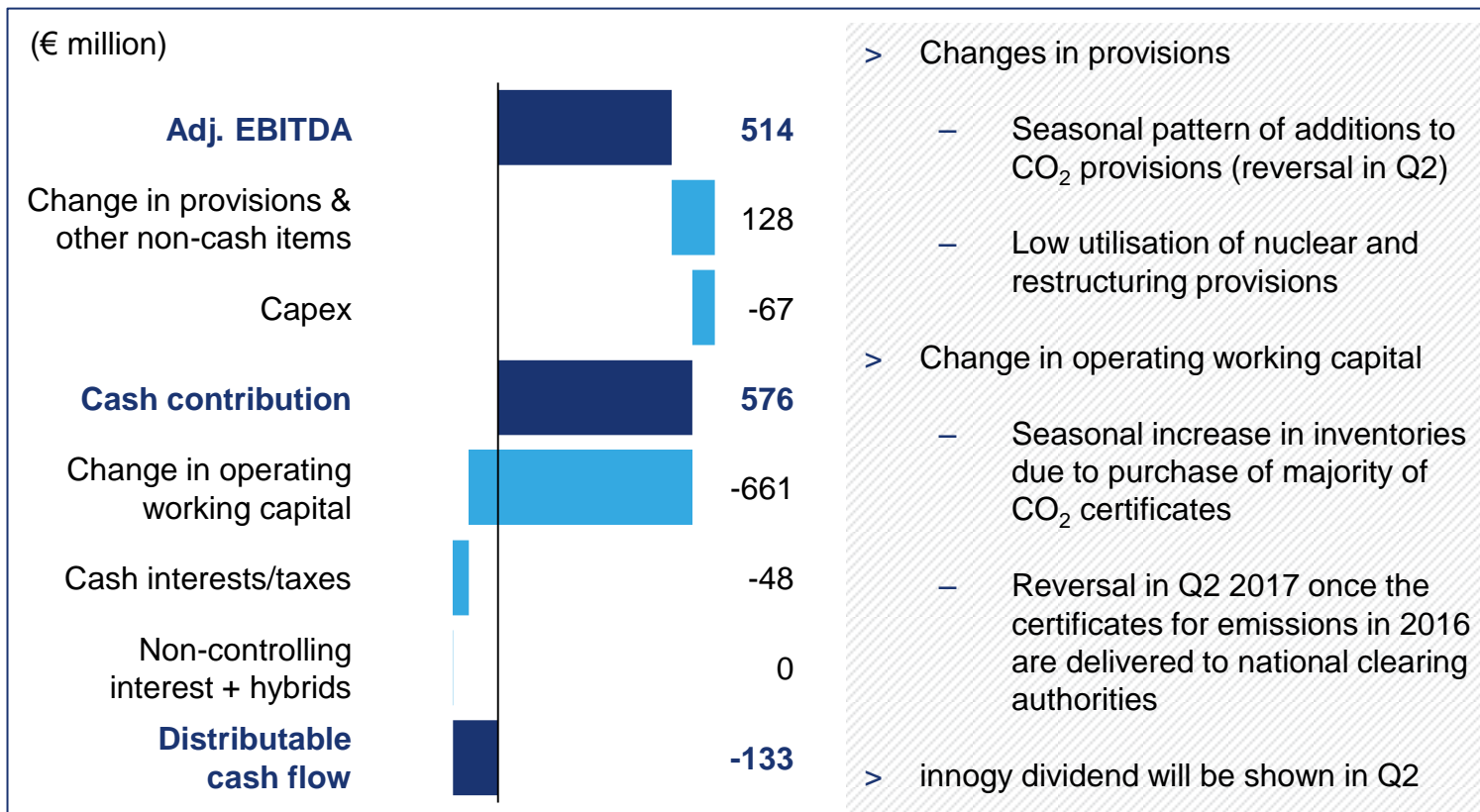
¹ Non-recurring items (not included in non-operating result) | ² Adj. EBITDA minus capex (before changes in provisions)

Adjusted net income Q1 2017 reaches €0.2 billion



Q1 2017 distributable cash flow still excluding innogy dividend

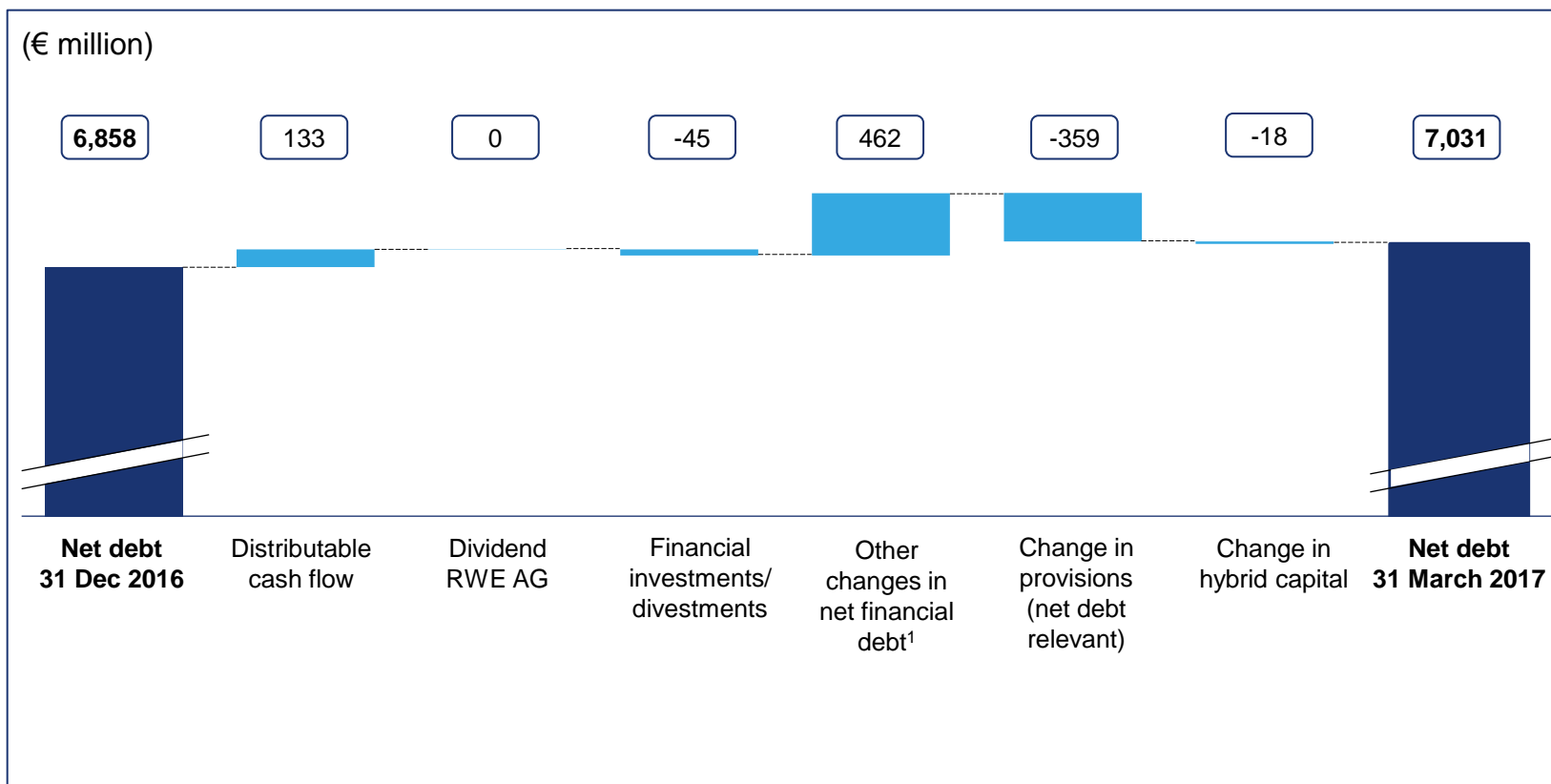
RWE stand-alone¹



¹ Pro forma financial

RWE stand-alone net debt nearly unchanged compared to end of 2016

Development of net debt (RWE stand-alone)



¹ Includes mainly variation margins and tax account receivables/payable, tax provisions.

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 > Potential utilisation of tax assets in German tax unit |
| -€0.1 bn | Adj. minorities & hybrids | → | > 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 |

Appendix

Income statement Q1 2017

| (€ million) | RWE stand-alone | RWE Group |
|--|-----------------|---------------|
| Revenue (including natural gas tax/electricity tax) | 5,162 | 13,294 |
| Natural gas tax/electricity tax | -36 | -762 |
| Revenue | 5,126 | 12,532 |
| Other operating result | 55 | -249 |
| Cost of materials | -4,103 | -8,794 |
| Staff costs | -437 | -1,156 |
| Depreciation, amortisation and impairment losses | -170 | -527 |
| Income from investments accounted for using the equity method | 19 | 66 |
| Other income from investments | 8 | 28 |
| Financial result | -88 | -226 |
| Income before tax | 410 | 1,674 |
| Taxes on income | -31 | -390 |
| Income | 379 | 1,284 |
| of which: non-controlling interest | 1 | -323 |
| of which: RWE AG hybrid capital investors' interest | -14 | -14 |
| of which: net income/income attributable to RWE AG shareholders | 366 | 946 |

Balance sheet Q1 2017

| (€ million) | RWE stand-alone | RWE Group |
|---|-----------------|---------------|
| Assets | | |
| Intangible assets | 1,041 | 12,770 |
| Property, plant and equipment | 6,884 | 24,655 |
| Investment property | 43 | 59 |
| Investments accounted for using the equity method | 640 | 2,936 |
| Other financial assets ¹ | 15,335 | 1,060 |
| Inventories | 1,233 | 1,649 |
| Financial receivables | 5,401 | 2,097 |
| Trade accounts receivable | 2,742 | 6,521 |
| Other receivables and other assets | 5,245 | 6,704 |
| Income tax assets | 344 | 535 |
| Deferred taxes | 521 | 2,763 |
| Marketable securities | 7,523 | 10,225 |
| Cash and cash equivalents | 2,245 | 3,696 |
| | 49,197 | 75,670 |
| Equity and liabilities | | |
| RWE AG shareholders' interest | 10,620 | 3,729 |
| RWE AG hybrid capital investors' interest | 896 | 896 |
| Non-controlling interests | 296 | 4,576 |
| | 11,812 | 9,201 |
| Provisions | 24,804 | 32,843 |
| Financial liabilities | 6,055 | 19,449 |
| Other liabilities | 6,365 | 13,401 |
| Income tax liabilities | 63 | 147 |
| Deferred taxes | 98 | 629 |
| | 37,385 | 66,470 |
| | 49,197 | 75,670 |

¹ Includes innogy stake at market value as at 31 March 2017

Net debt Q1 2017

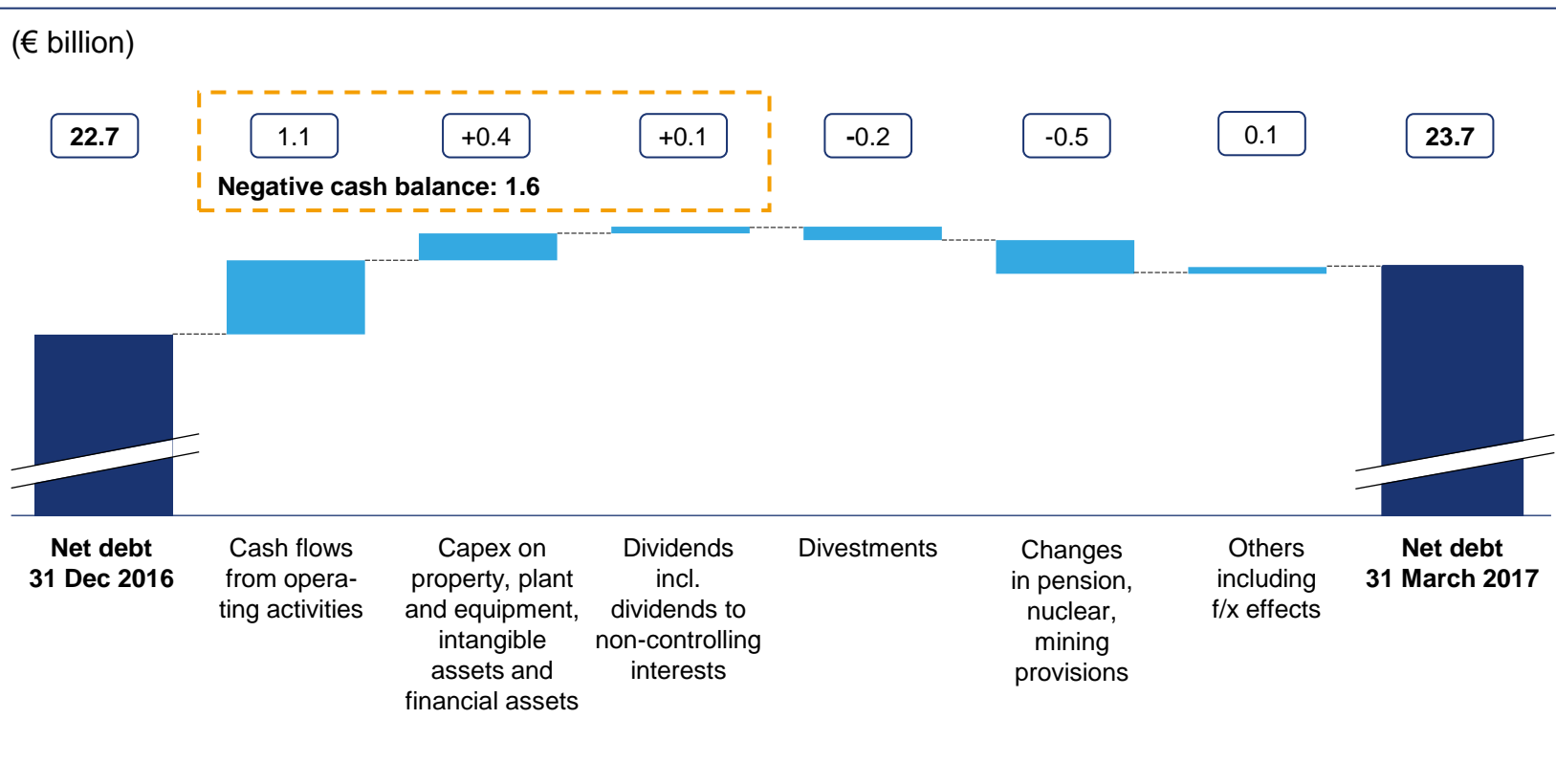
| (€ million) | RWE stand-alone | RWE Group |
|---|-----------------|---------------|
| Cash and cash equivalents | 2,245 | 3,696 |
| Marketable securities | 7,644 | 10,437 |
| Other financial assets | 1,522 | 1,834 |
| Financial receivables against innogy | 3,856 | - |
| Financial assets | 15,267 | 15,967 |
| Bonds, other notes payable, bank debt, commercial paper | 4,770 | 17,114 |
| Hedge transactions related to bonds | -237 | -249 |
| Other financial liabilities | 1,285 | 2,335 |
| Financial liabilities | 5,818 | 19,200 |
| Net financial debt | -9,449 | 3,233 |
| Provisions for pensions and similar obligations | 2,521 | 6,169 |
| Surplus of plan assets over benefit obligations | 0 | -29 |
| Provisions for nuclear waste management | 12,653 | 12,653 |
| Mining provisions | 2,402 | 2,402 |
| Provisions for decommissioning of wind farms | 0 | 384 |
| Adjustments for hybrid capital (portion of relevance to the rating) | -1,095 | -1,095 |
| Plus 50% of the hybrid capital stated as equity | 448 | 448 |
| Minus 50% of the hybrid capital stated as debt | -1,543 | -1,543 |
| Total net debt | 7,031 | 23,717 |

Reconciliation to Q1 2017 adjusted net income

| (€ million) | RWE stand-alone | | | RWE Group | | |
|-------------------------------|-----------------|-------------|--------------|---------------|-------------|---------------|
| | Reported | Adjustments | Adjusted | Reported | Adjustments | Adjusted |
| Adjusted EBITDA | 514 | 0 | 514 | 2,131 | 0 | 2,131 |
| Depreciation | -152 | 0 | -152 | -508 | 0 | -508 |
| Adjusted EBIT | 362 | 0 | 362 | 1,623 | 0 | 1,623 |
| Non-operating result | 136 | -136 | 0 | 277 | -277 | 0 |
| Financial result | -88 | -27 | -115 | -226 | -47 | -273 |
| Taxes on income (Tax rate) | -31 (8%) | 0 | -31 (13%) | -390 (23%) | +40 | -350 (26%) |
| Income | 379 | -163 | 216 | 1,284 | -284 | 1,000 |
| - Non-controlling interests | 1 | 0 | 1 | -324 | 27 | -297 |
| - Hybrid investors' interest | -14 | 0 | -14 | -14 | 0 | -14 |
| Net income | 366 | -163 | 203 | 946 | -257 | 689 |

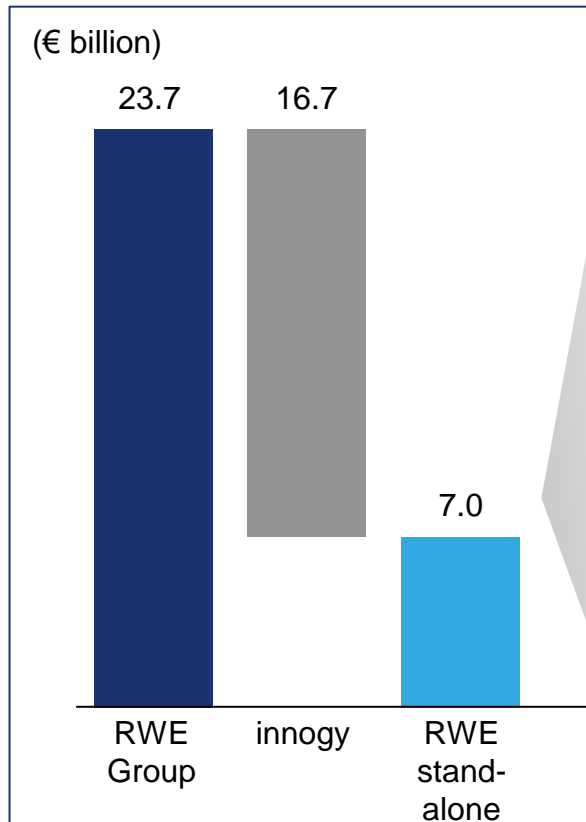
Higher Group net debt due to seasonal negative cash balance

Development of net debt (RWE Group)



Net debt for RWE stand-alone significantly lower than market value of RWE's stake in innogy

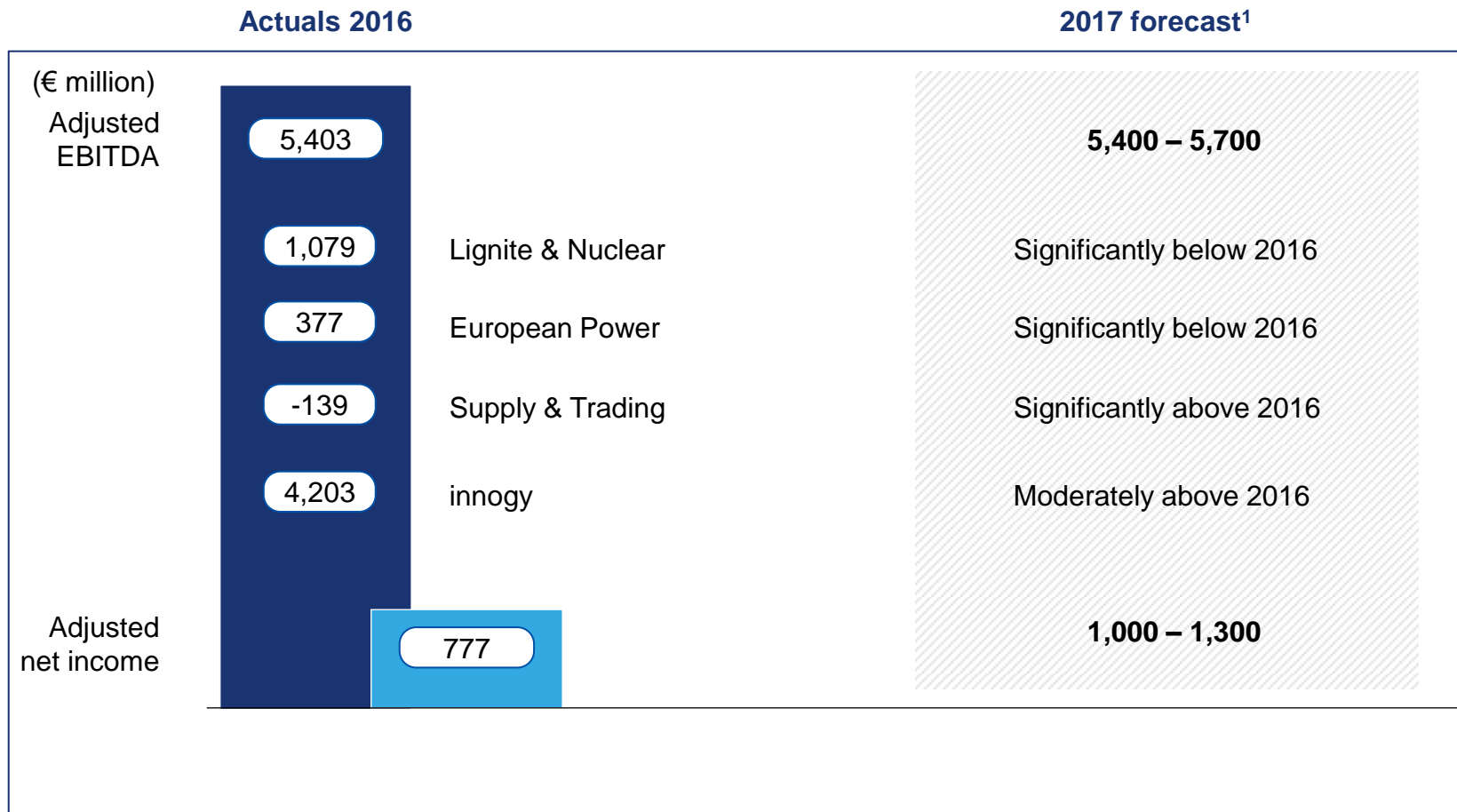
As of 31 March 2017



| | |
|---|-------------|
| Financial assets and receivables | 15.3 |
| > Financial receivables against innogy | 3.9 |
| > Financial assets | 11.4 |
| Financial liabilities | 11.7 |
| > Bonds, bank debt, commercial paper | 4.5 |
| > Other financial liabilities | 1.3 |
| > Hybrid adjustments | -1.1 |
| > Nuclear energy fund (consolidated stake) ¹ | 7.0 |
| Net financial assets | 3.6 |
| Long-term liabilities | 10.6 |
| > Nuclear provisions ² | 5.7 |
| > Mining provisions | 2.4 |
| > Pension provisions | 2.5 |
| Total net debt | 7.0 |

¹ Includes base amount and risk premium; RWE's economic stake: €6.8 bn | ² Excludes nuclear energy fund base amount and risk premium

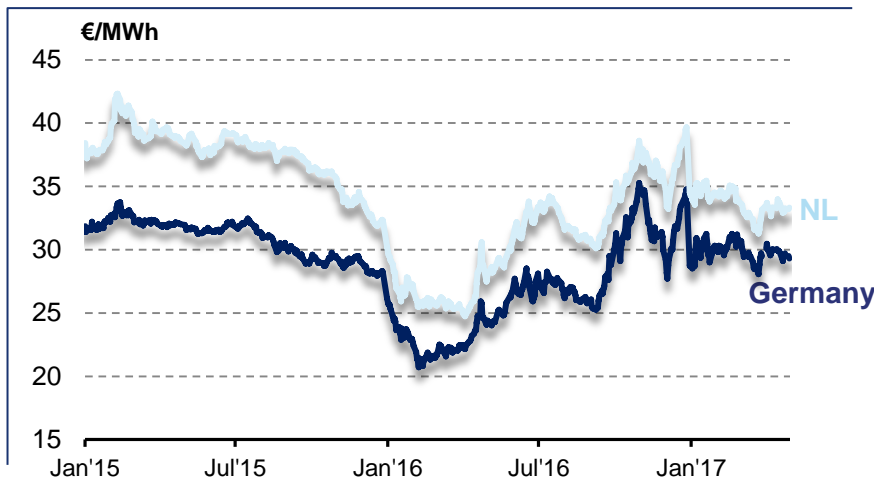
RWE Group: Outlook for 2017 confirmed



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

Power prices and commodities

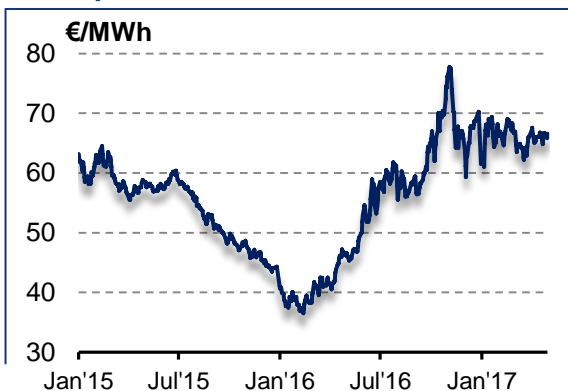
Base load power prices – Germany, NL (1 year forward)



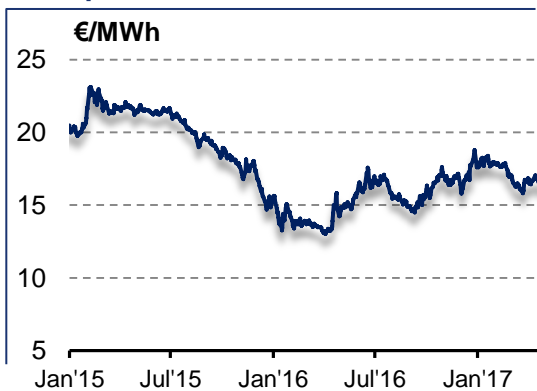
Base load power prices – UK (1 year forward)



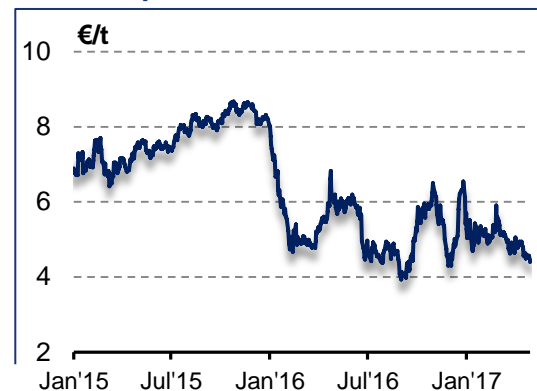
Coal prices – API2 Cal-ahead



Gas prices – TTF Cal-ahead



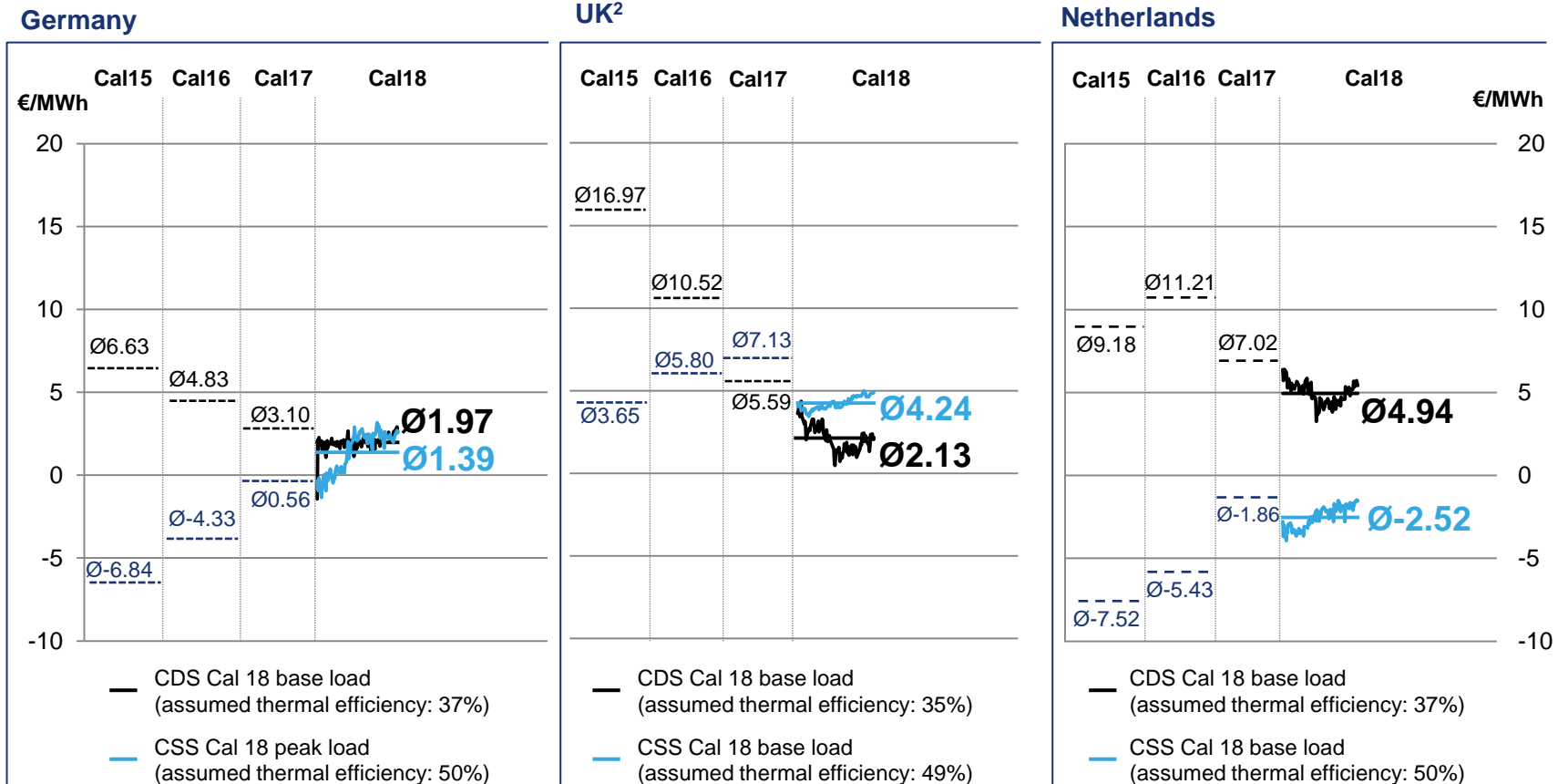
Carbon prices - EU ETS



Source: Bloomberg



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 10 May 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 August 2017
Interim report on the first half of 2017
-  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

Contacts for Institutional Investors & Financial Analysts



Gunhild Grieve

Head of Investor Relations
Tel. +49 201 12-15169
gunhild.grieve@rwe.com



Lenka Zikmundova

Tel.: +49 201 12-15046
lenka.zikmundova@rwe.com



Martin Vahlbrock

Tel.: +49 201 12-15055
martin.vahlbrock@rwe.com



Jérôme Hördemann

Tel.: +49 201 12-45025
jerome.hoerdemann@rwe.com



Dr. Burkhard Pahnke

Tel.: +49 201 12-15182
burkhard.pahnke@rwe.com

Contact for Private Shareholders



Sabine Gathmann

Tel.: +49 201 12-15160
sabine.gathmann@rwe.com

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