

Q1-Q3 2017 Results Presentation

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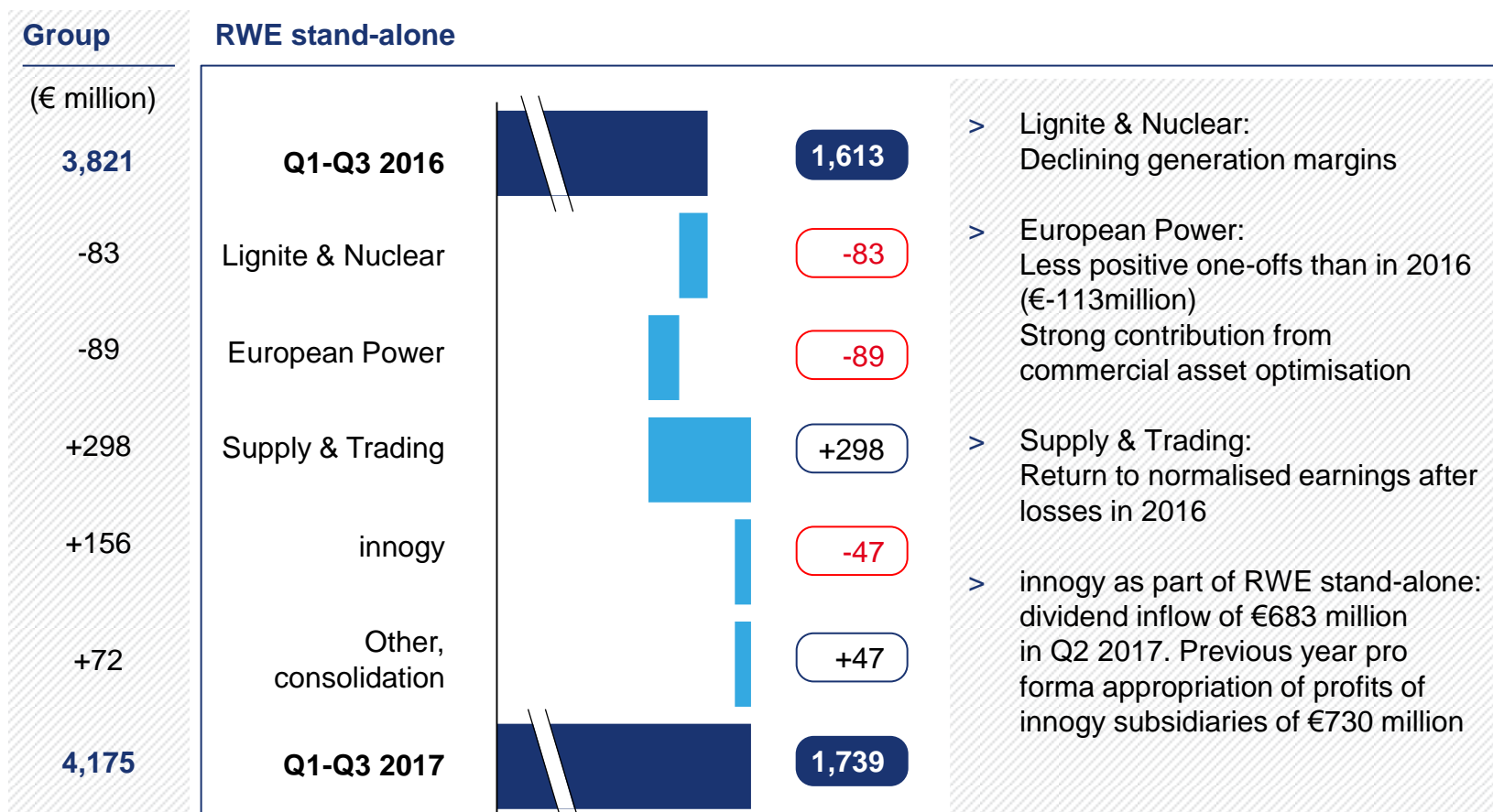
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This document contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management, and are based on information currently available to the management. Forward-looking statements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

Key messages

- ✓ First nine months with significant earnings improvement, in line with expectations
 - RWE consolidated group: adj. EBITDA €4,175 m (+€354 m); adj. net income €876 m (+€649 m)
 - RWE stand alone: adj. net income €930 m; distributable cash flow €493 m
- ✓ Outlook for 2017 confirmed. Expectation to reach the upper end of guidance
- ✓ Strong operational performance
 - Reduction of operational cost base well on track
 - Restored profitability of Supply & Trading
 - Excellent cooperation between technical and commercial asset management
- ✓ Significant reduction in net debt and optimisation of capital structure and financing
 - Hybrid capital reduced by 50% due to call of hybrid bonds with first call date in 2017 and hybrid bonds buy back
 - Amended syndicated credit facility for RWE stand alone

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



Lignite & Nuclear – Driven by lower realised generation margins

Key financials

€ million	Q1-Q3 2017	Q1-Q3 2016	change
Adj. EBITDA	551	634	-83
t/o non-recurring items ¹	-1	-19	18
Depreciation	202	294	-92
Adj. EBIT	349	340	9
t/o non-recurring items ¹	-1	-19	18
Capex²	163	173	-10
Cash contribution²	388	461	-73

¹ Non-recurring items (not included in non-operating result)

² Cash contribution = adj. EBITDA minus capex with effect on cash (before changes in provisions), excl. investments from assets held for sale

Q1-Q3 2017 versus Q1-Q3 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
- ⊕ Phase out of nuclear fuel tax in 2016 (+€0.15 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

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

Key financials

€ million	Q1-Q3 2017	Q1-Q3 2016	change
UK	198	218	-20
Continental Europe	119	201	-82
Adj. EBITDA	324	413	-89
t/o non-recurring items ¹	86	199	-113
Depreciation	228	318	-90
Adj. EBIT	96	95	1
t/o non-recurring items ¹	86	199	-113
Capex²	86	32	54
Cash contribution²	238	381	-143

Q1-Q3 2017 versus Q1-Q3 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

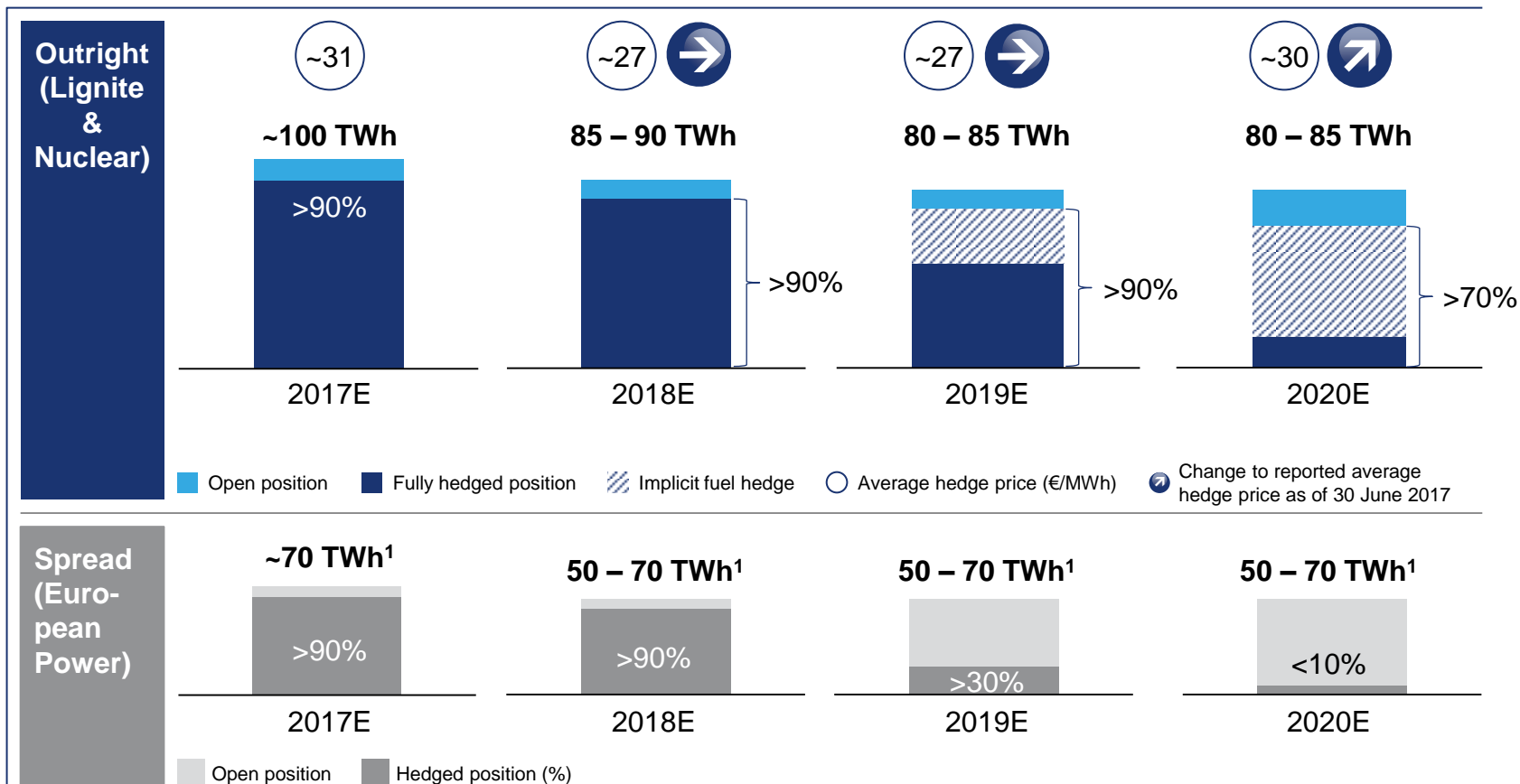
EBITDA outlook for 2017: significantly above previous year

- ⊕ 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 Cash contribution = adj. EBITDA minus capex with effect on cash (before changes in provisions)

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

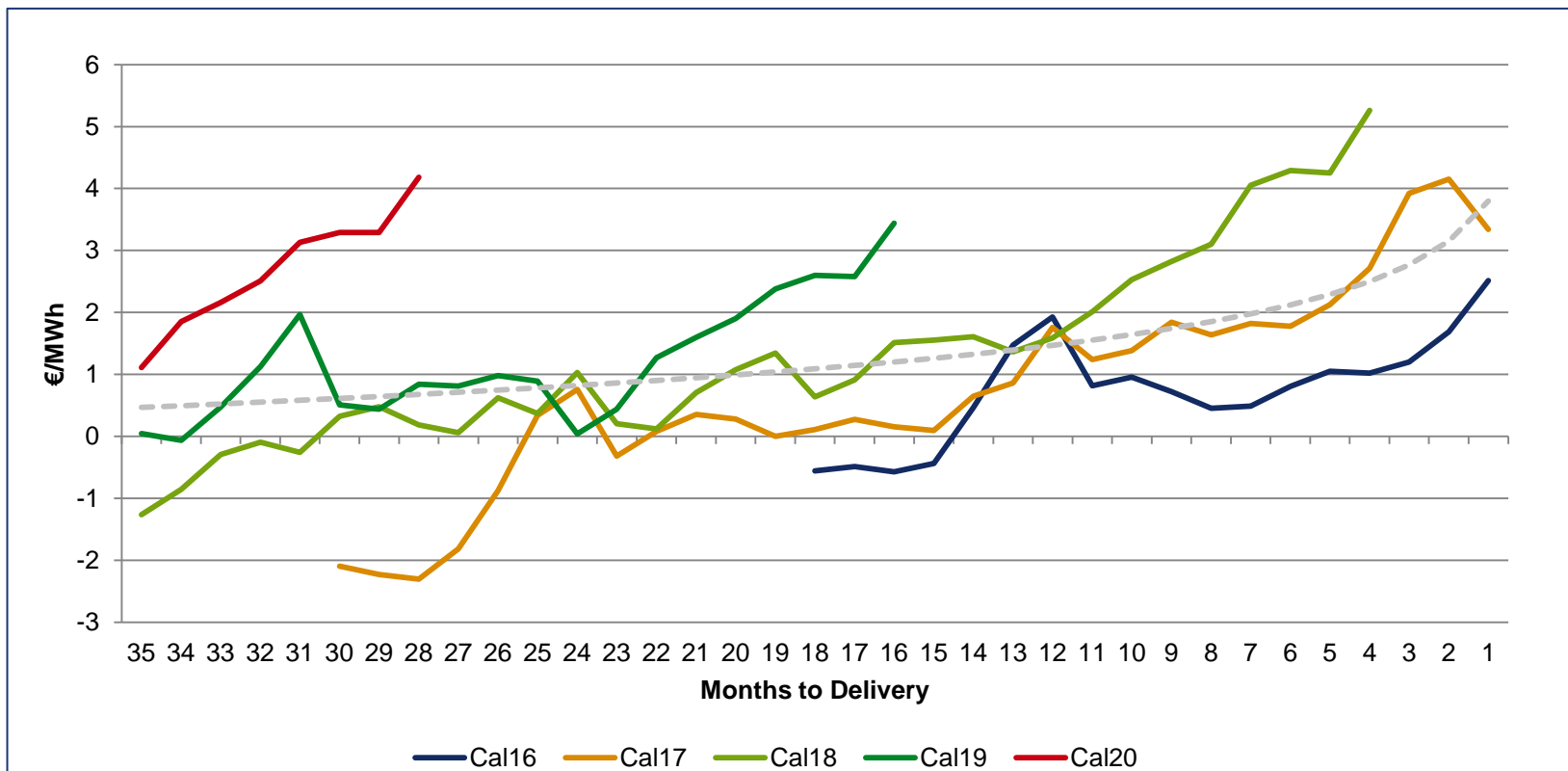
Expected positions and hedge status as of 30 September 2017



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 September 2017

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

Key financials

€ million	Q1-Q3 2017	Q1-Q3 2016	change
Adj. EBITDA	201	-97	298
t/o non-recurring items ¹	-	-15	15
Depreciation	4	3	1
Adj. EBIT	197	-100	297
t/o non-recurring items ¹	-	-15	15
Capex²	3	1	2
Cash contribution²	198	-98	296

Q1-Q3 2017 versus Q1-Q3 2016:

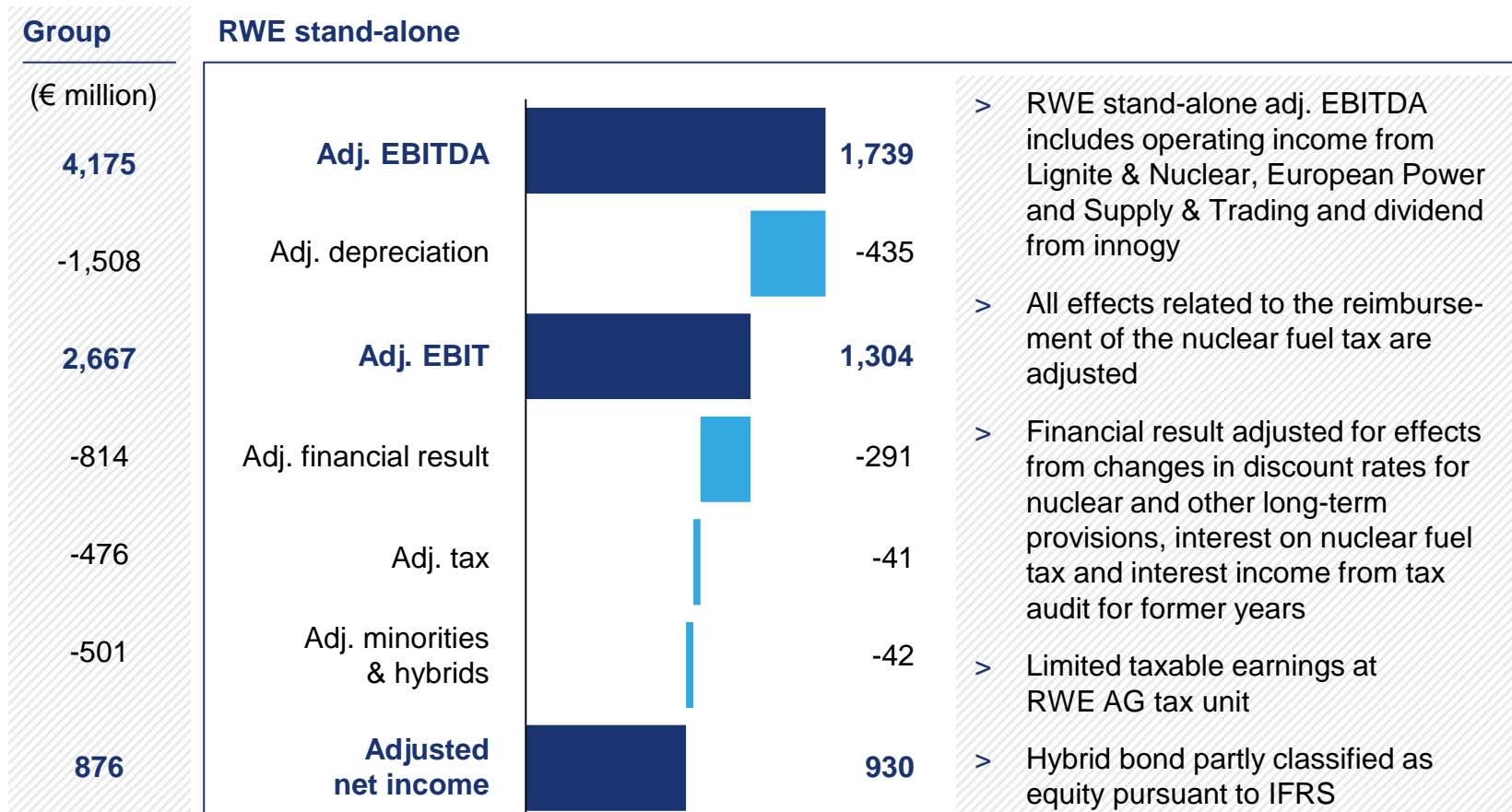
- ⊕ Normalised trading result after losses in 2016
- ⊕ Adjustment of long-term gas storage contracts to market prices in Q2 2016 (non-recurring items)
- ⊖ Absence of income from disposal of Lynemouth power plant in Q1 2016

EBITDA outlook for 2017: significantly above previous year

- ⊕ Normalisation of trading performance

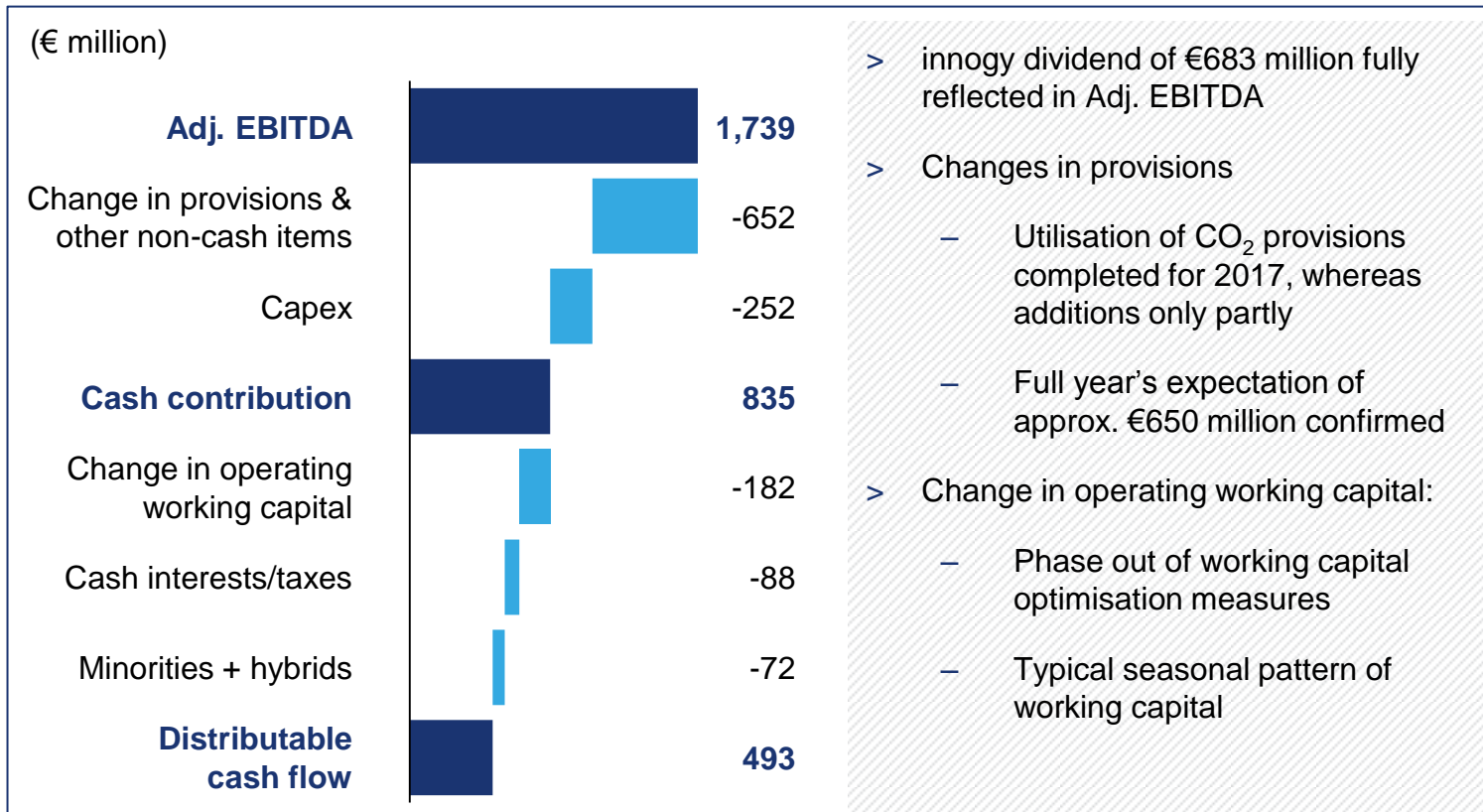
¹ Non-recurring items (not included in non-operating result) | ² Cash contribution = adj. EBITDA minus capex with effect on cash (before changes in provisions)

Adjusted net income Q1-Q3 2017 reaches €930 million



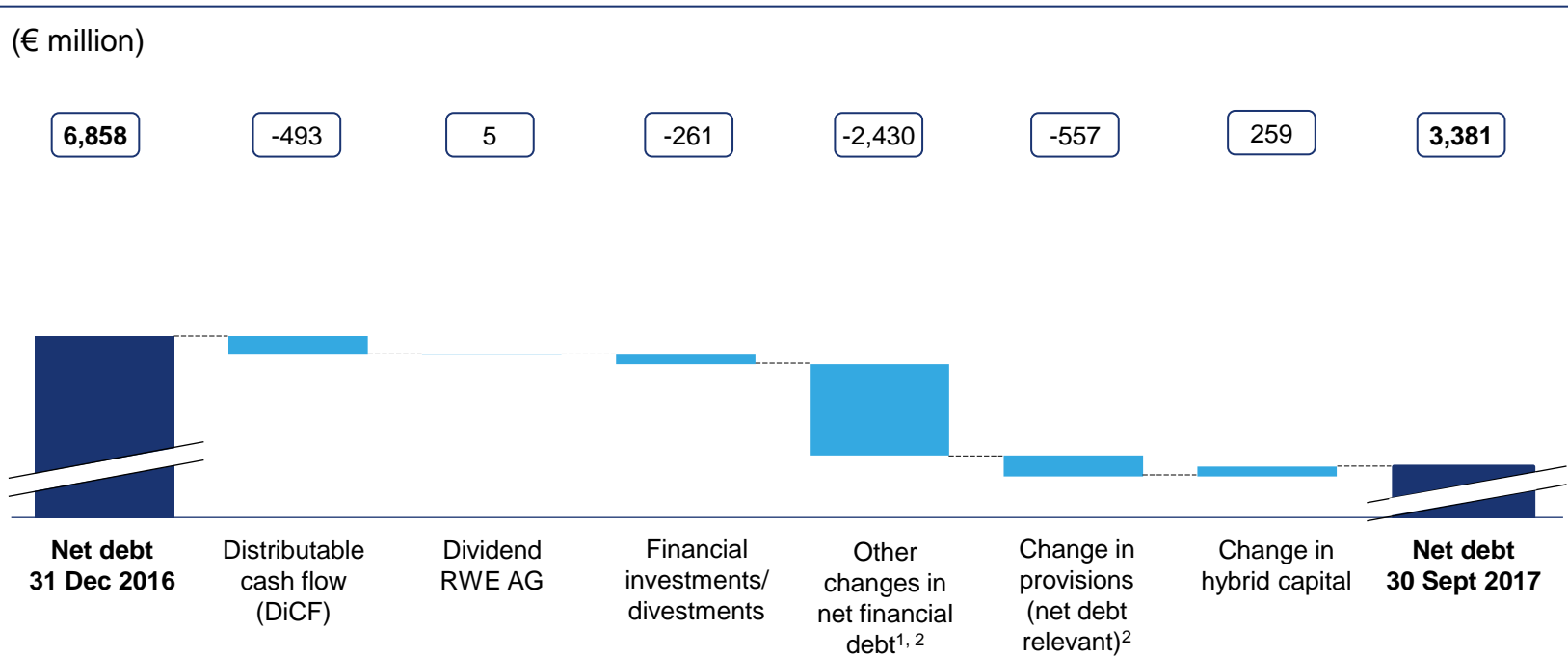
High Q1-Q3 2017 distributable cash flow due to full amount of innogy dividend in Q2 2017

RWE stand-alone



Strong decline of net debt due to positive DiCF, 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 variation margins, historic tax account receivables/payable and tax provisions.

² Net of contribution to nuclear energy fund (€7.0 billion).

RWE stand-alone – Outlook for 2017 confirmed

FY 2016		FY 2017e	
€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

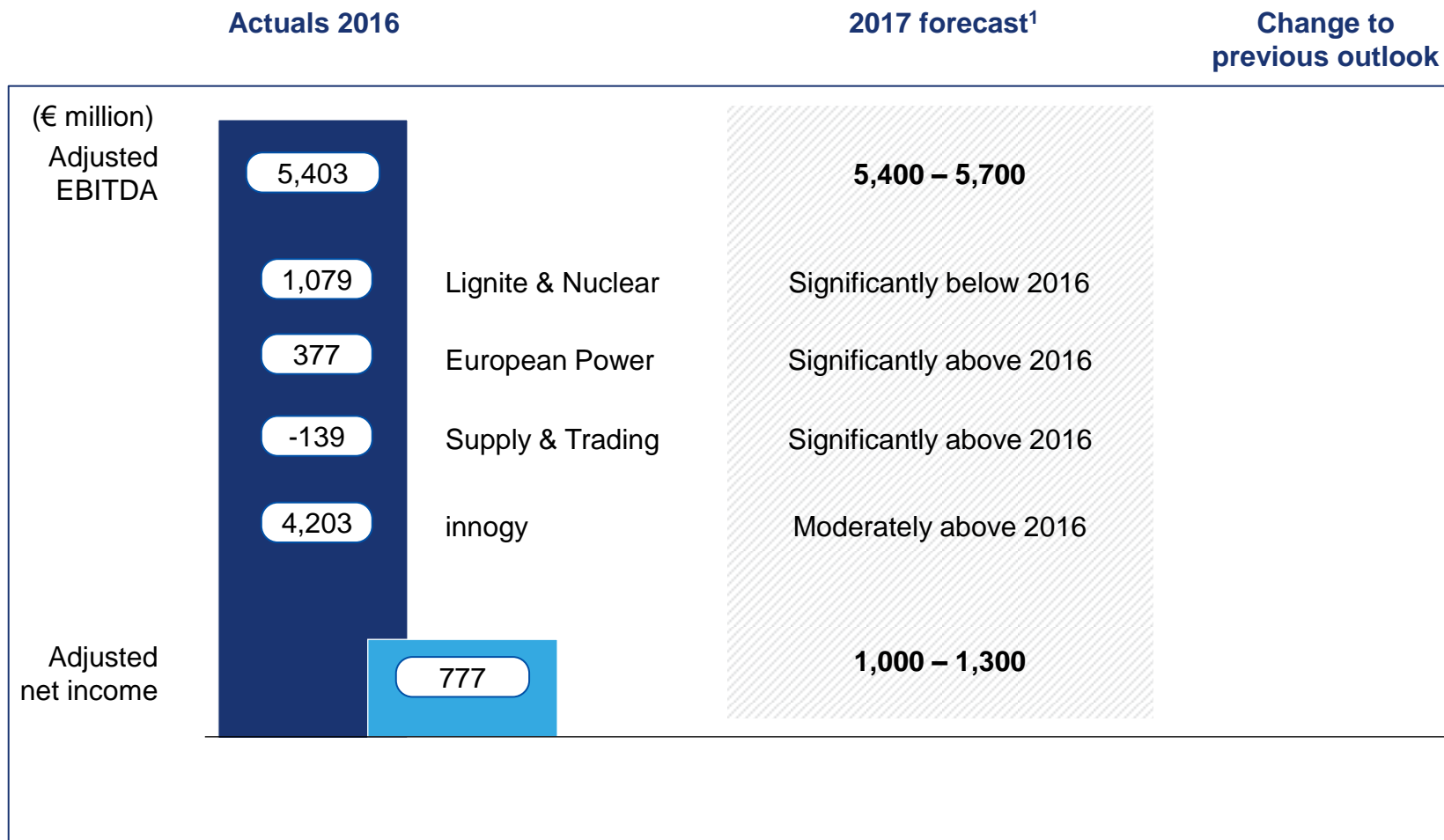
Appendix

Reconciliation to Q1-Q3 2017 adjusted net income

(€ million)	RWE stand-alone			RWE Group		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Adjusted EBITDA	1,739	-	1,739	4,175	-	4,175
Depreciation	-435	-	-435	-1,508	-	-1,508
Adjusted EBIT	1,304	-	1,304	2,667	-	2,667
Non-operating result	1,355	-1,355	-	883	-883	-
Financial result	69	-360	-291	-425	-389	-814
Taxes on income (Tax rate)	-228 (8%)	187	-41 (4%)	-670 (21%)	194	-476 (26%)
Income	2,500	-1,528	972	2,455	-1,078	1,377
- Non-controlling interests ¹	153	-159	-6	-200	-265	-465
- Hybrid investors' interest ¹	-36	-	-36	-36	-	-36
Net income	2,617	-1,687	930	2,219	-1,343	876

¹ Mathematical prefix.

RWE Group: Outlook for 2017 confirmed



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

Income statement Q1-Q3 2017

(€ million)	RWE stand-alone	RWE Group
Revenue (including natural gas tax/electricity tax)	11,491	32,385
Natural gas tax/electricity tax	-101	-1,450
Revenue	11,390	30,935
Other operating result	1,654	678
Cost of materials	-9,160	-22,623
Staff costs	-1,290	-3,497
Depreciation, amortisation and impairment losses	-760	-2,314
Income from investments accounted for using the equity method	74	227
Other income from investments	751 ¹	144
Financial result	69	-425
Income before tax	2,728	3,125
Taxes on income	-228	-670
Income	2,500	2,455
of which: non-controlling interest	-153	200
of which: RWE AG hybrid capital investors' interest	36	36
of which: net income/income attributable to RWE AG shareholders	2,617	2,219

¹ Includes innogy dividend of €683 million.

Balance sheet as at 30 September 2017

(€ million)	RWE stand-alone	RWE Group
Assets		
Intangible assets	1,039	12,250
Property, plant and equipment	6,326	24,170
Investment property	40	54
Investments accounted for using the equity method	624	2,907
Other financial assets ¹	16,461	1,118
Inventories	1,739	2,247
Financial receivables	3,723	1,836
Trade accounts receivable	1,944	4,373
Other receivables and other assets	3,980	5,442
Income tax assets	172	493
Deferred taxes	479	2,656
Marketable securities	2,629	4,628
Cash and cash equivalents	3,879	5,431
Assets held for sale	123	123
	43,158	67,728
Equity and liabilities		
RWE AG shareholders' interest	14,987	6,243
RWE AG hybrid capital investors' interest	925	925
Non-controlling interests	128	4,124
	16,040	11,292
Provisions	16,937	24,124
Financial liabilities	4,223	18,159
Other liabilities	5,683	13,260
Income tax liabilities	23	89
Deferred tax liabilities	124	676
Liabilities held for sale	128	128
	27,118	56,436
	43,158	67,728

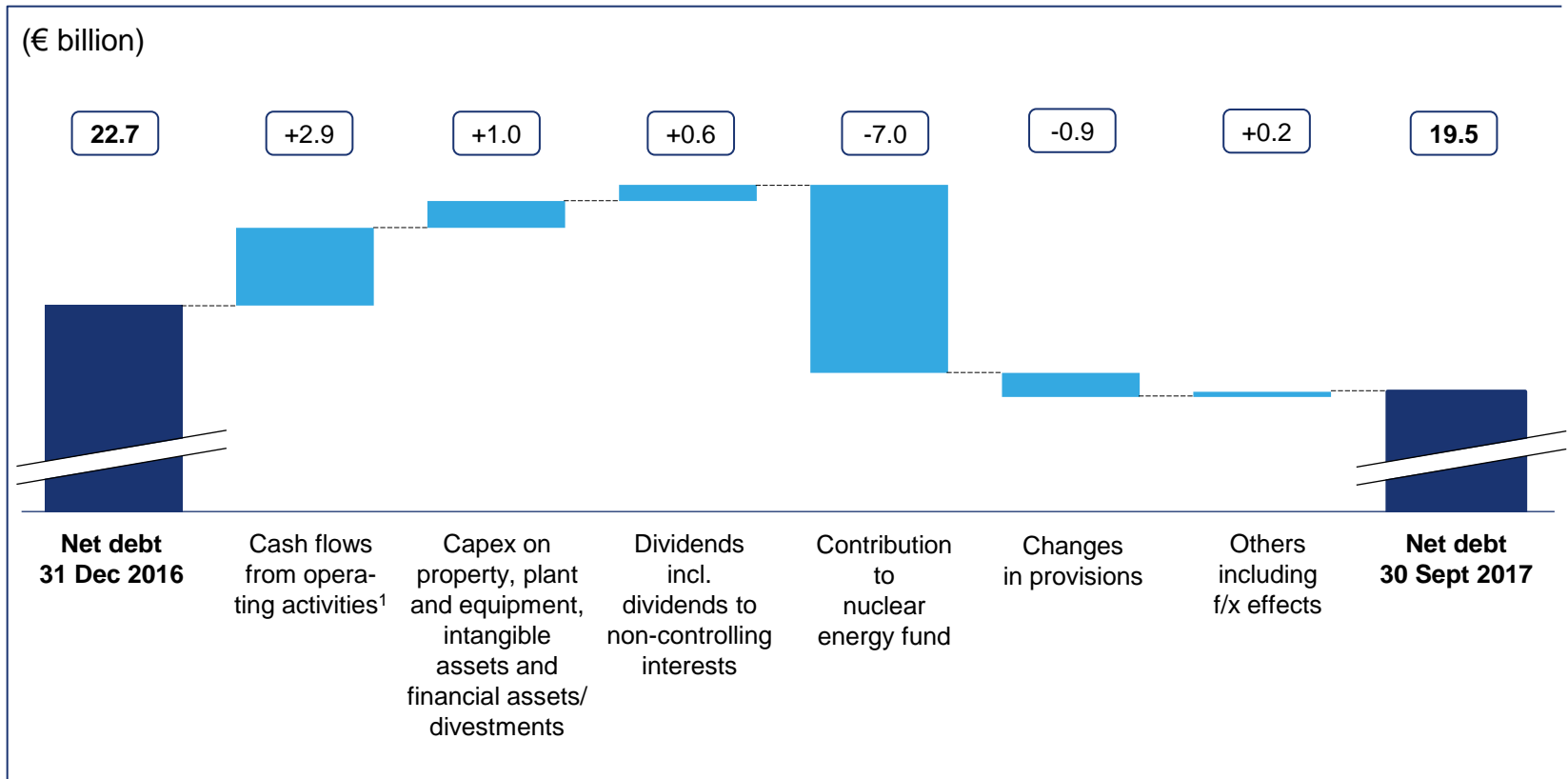
¹ Includes innogy stake at market value of €16.1 billion as at 30 Sept 2017

Net debt as at 30 September 2017

(€ million)	RWE stand-alone	RWE Group
Cash and cash equivalents	3,879	5,431
Marketable securities	2,747	4,854
Other financial assets	3,697	1,560
t/o financial receivables against innogy	2,431	-
Financial assets	10,323	11,845
Bonds, other notes payable, bank debt, commercial paper	3,233	16,111
Hedge transactions related to bonds	-43	-55
Other financial liabilities	989	2,048
Financial liabilities	4,179	18,104
Net financial debt	-6,144	6,259
Provisions for pensions and similar obligations	2,371	5,740
Surplus of plan assets over benefit obligations	-	-61
Provisions for nuclear waste management	5,579	5,579
Mining provisions	2,394	2,394
Provisions for dismantling wind farms	-	366
Adjustments for hybrid capital (portion of relevance to the rating)	-819	-819
Plus 50% of the hybrid capital stated as equity	463	463
Minus 50% of the hybrid capital stated as debt	-1,282	-1,282
Net debt	3,381	19,458

RWE Group net debt improved due to change in provisions and refund of nuclear fuel tax

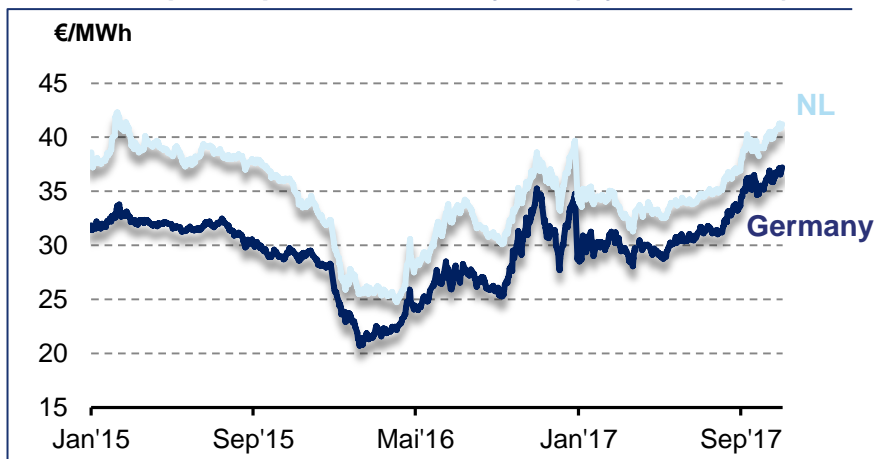
Development of net debt (RWE Group)



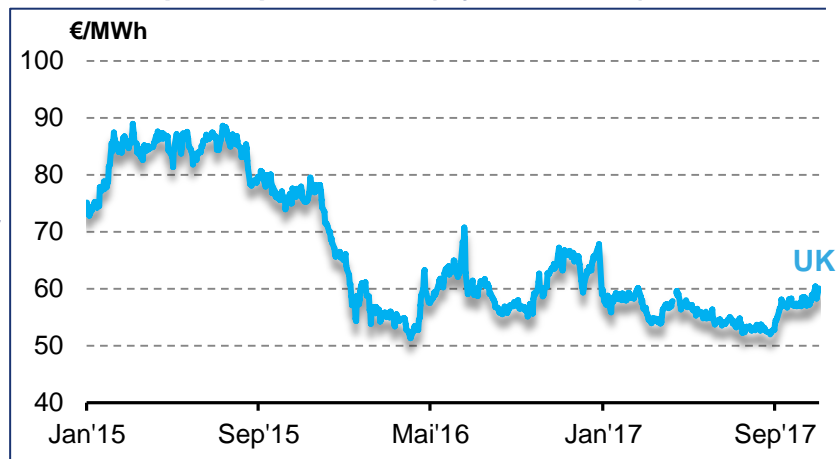
¹ Includes €1.7 bn of nuclear fuel tax refund and €7.0 bn contribution to nuclear energy fund.

Power prices and commodities

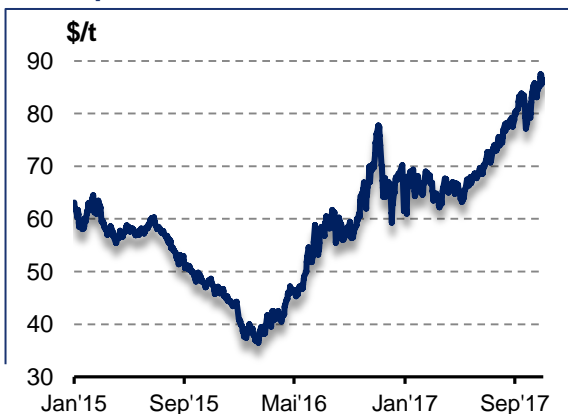
Base load power prices – Germany, NL (1 year forward)



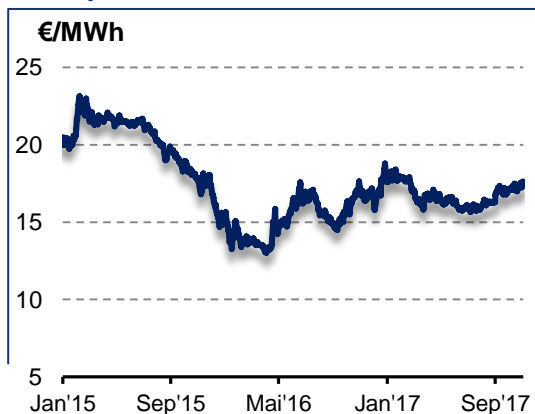
Base load power prices – UK (1 year forward)



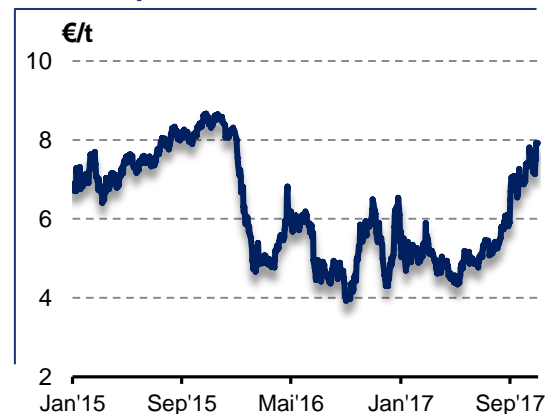
Coal prices – API2 Cal-ahead



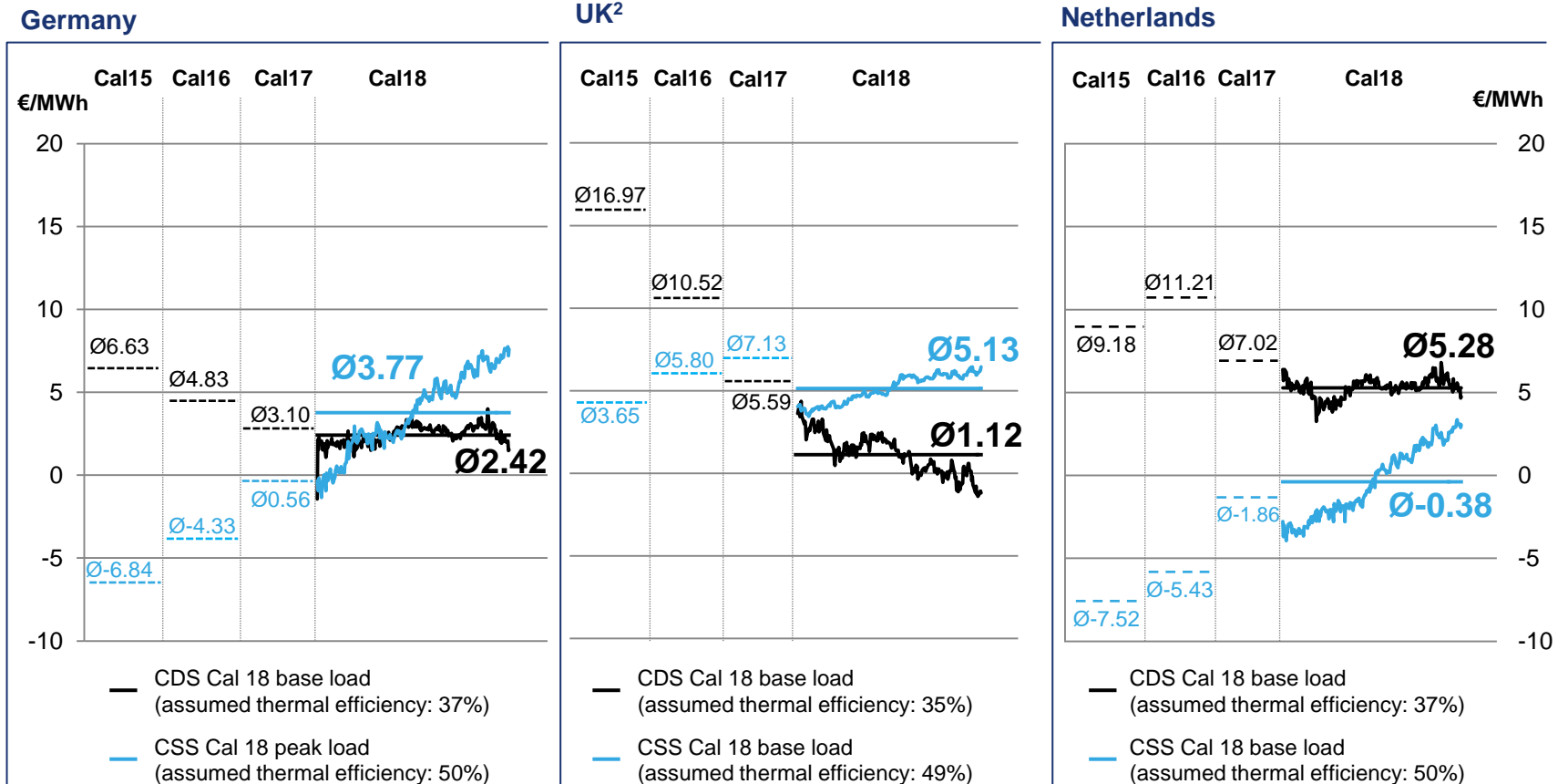
Gas prices – TTF Cal-ahead



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 1 November 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

-  13 March 2018
Annual Report 2017
-  26 April 2018
Annual General Meeting
-  2 May 2018
Dividend payment
-  15 May 2018
Interim statement on the first quarter of 2018

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