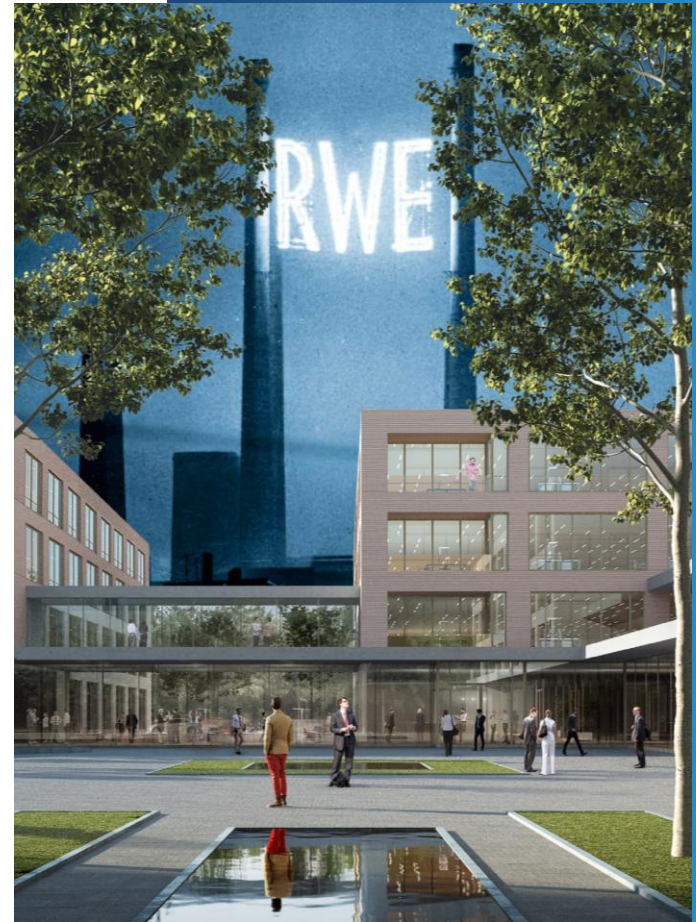


H1 2018 Results Presentation

Investor and Analyst Conference Call
14 August 2018

Markus Krebber
Chief Financial Officer

Gunhild Grieve
Head of Investor Relations



Powering. Reliable. Future.

RWE

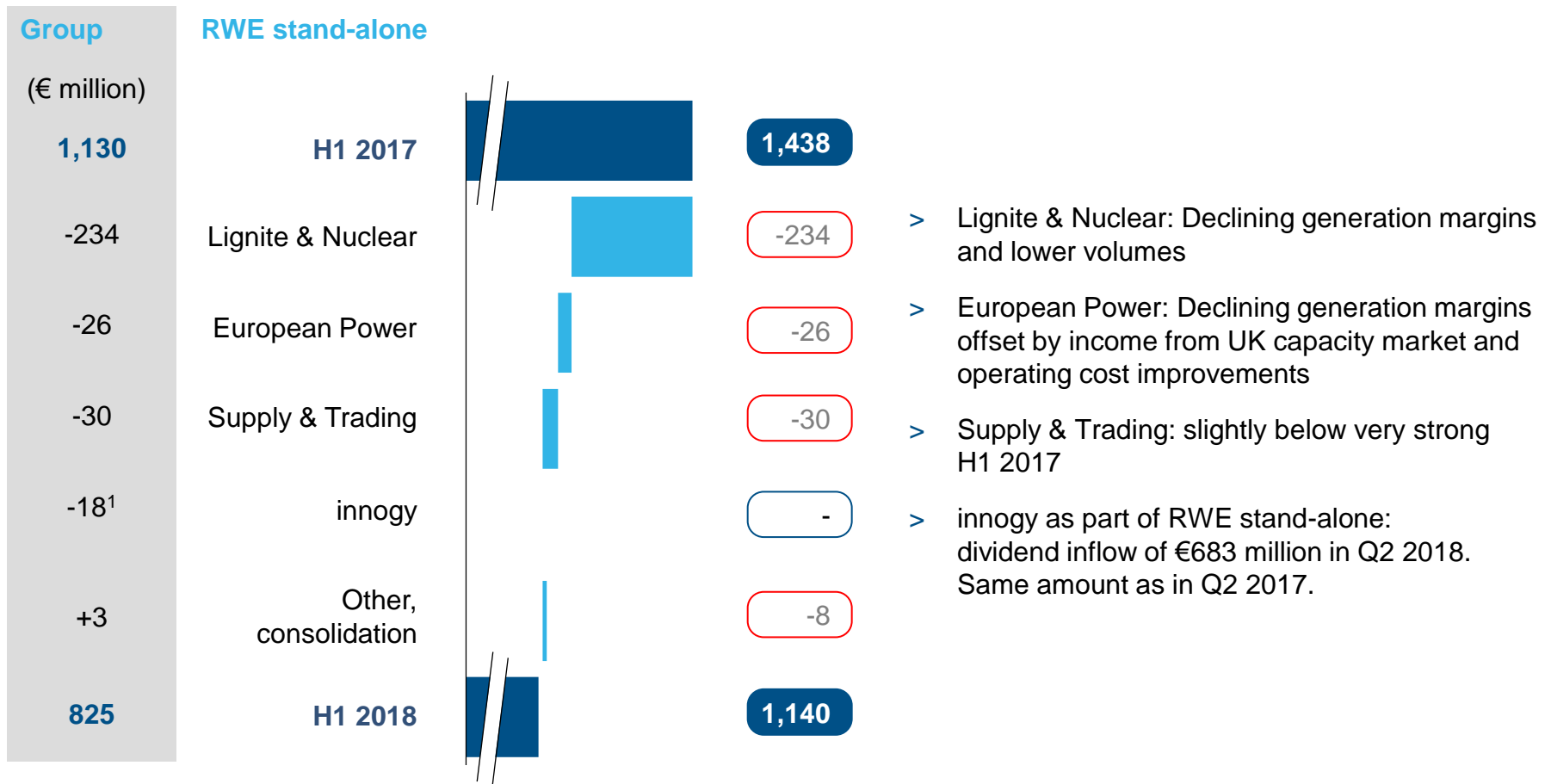
Disclaimer

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.

Key messages of H1 2018

- ✓ Good first half of fiscal year 2018 – RWE stand-alone earnings outlook confirmed
- ✓ RWE Group figures and outlook amended after classification of innogy's grid and retail businesses as 'discontinued operations'
- ✓ Transaction with E.ON well on track: agreement reached with innogy on principles of integration and support of transaction
- ✓ Moody's confirmed RWE's rating at Baa3 and restored outlook to stable
- ✓ German Commission 'Growth, Structural Change and Employment' started work to submit concept to achieve climate protection goals in the energy sector

Lower adjusted EBITDA mainly due to declining generation margins in conventional power generation



¹ innogy continuing operations.

Lignite & Nuclear – earnings driven by lower realised generation margins and volumes

Key financials

€ million	H1 2018	H1 2017	change
Adj. EBITDA	167	401	-234
t/o non-recurring items ¹	-	-1	+1
Depreciation	-134	-139	+5
Adj. EBIT	33	262	-229
t/o non-recurring items ¹	-	-1	+1
Capex	-102	-98	-4
Cash contribution²	65	303	-238

H1 2018 versus H1 2017:

- ⊖ Lower realised generation margins
- ⊖ Closure of Gundremmingen B nuclear unit
- ⊖ Longer outages and higher overhaul costs
- ⊕ Operating cost improvements

Outlook for FY 2018 adjusted EBITDA: between €350 and €450 million

- ⊖ Lower realised generation margins (hedged outright price: ~€28/MWh vs. €31/MWh in 2017)
- ⊖ Closure of Gundremmingen B nuclear unit
- ⊕ Operating cost improvements

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.

European Power – operational performance on a par with previous year's level

Key financials

€ million	H1 2018	H1 2017	change
UK	99	135	-36
Continental Europe	95	88	+7
Adj. EBITDA¹	196	222	-26
t/o non-recurring items ²	-	20	-20
Depreciation	-147	-153	+6
Adj. EBIT	49	69	-20
t/o non-recurring items ²	-	20	-20
Capex	-67	-38	-29
Cash contribution³	129	184	-55

¹ Total adjusted EBITDA includes further income from other subsidiaries.

² Non-recurring items not included in non-operating result.

³ Cash contribution = adj. EBITDA minus capex with effect on cash; before changes in provisions.

H1 2018 versus H1 2017:

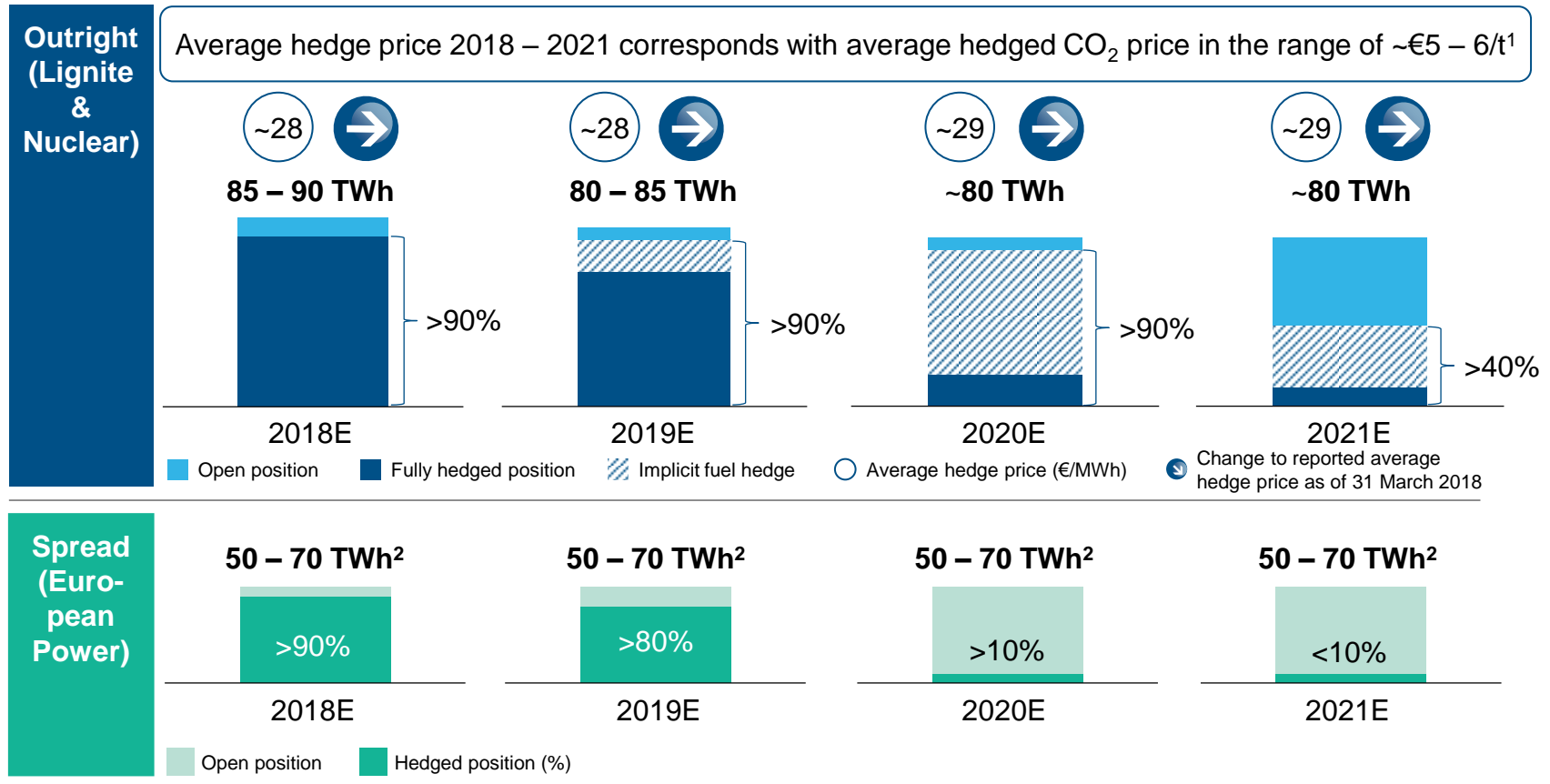
- ⊖ Lower realised generation margins
- ⊖ Absence of positive one-offs (e.g. land sales)
- ⊕ Earnings contribution from UK capacity market
- ⊕ Operating cost improvements

Outlook for FY 2018 adjusted EBITDA: between €300 and €400 million

- ⊖ Lower realised generation margins
- ⊖ Return of commercial asset optimisation to normalised level
- ⊖ Absence of positive one-offs (e.g. land sales)
- ⊕ Higher earnings contribution from UK capacity market

Hedging – stable average hedge prices

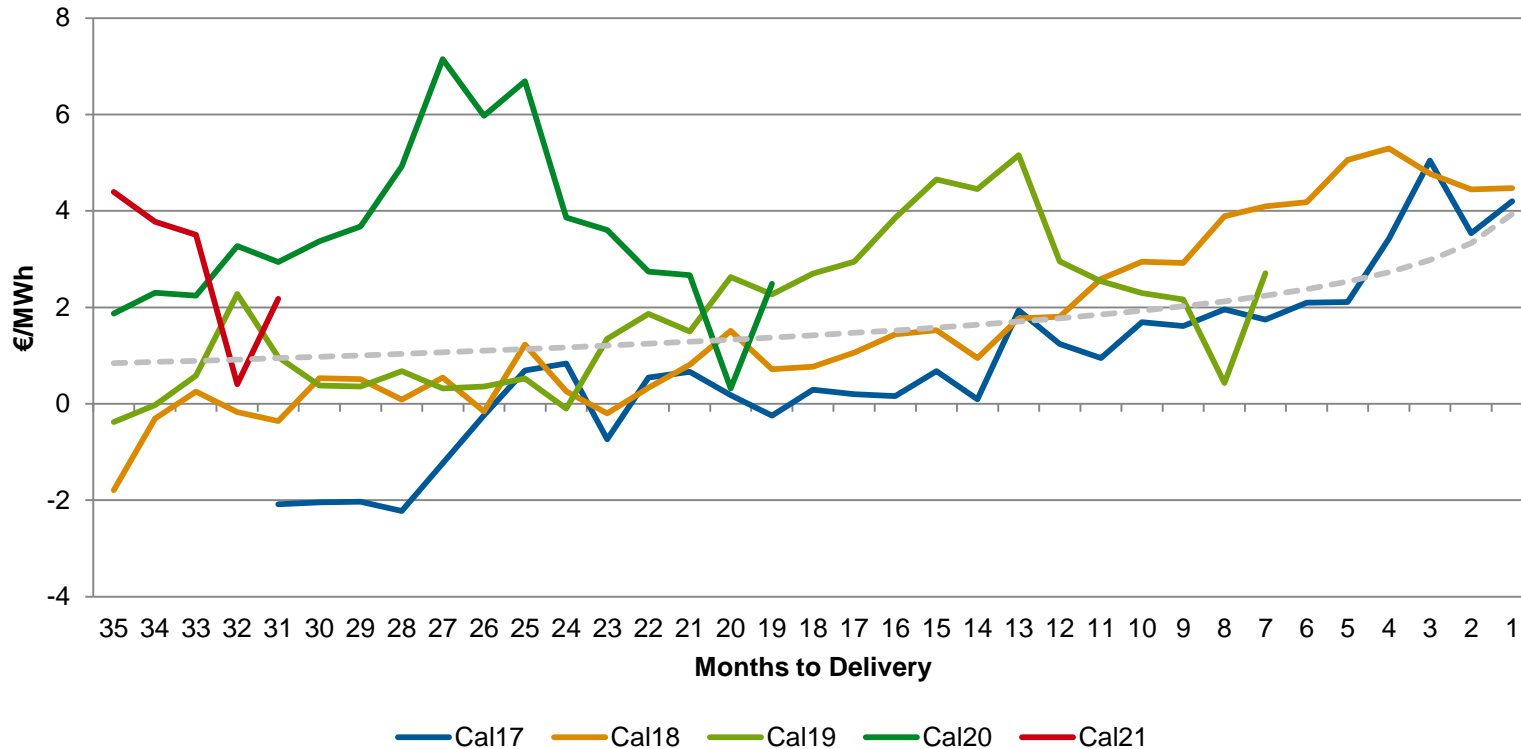
Expected positions and hedge status as of 30 June 2018



CO₂ > **CO₂ position financially hedged until end of 2022**

Recovery of fuel spreads at the end of Q2 2018 after strong decline since end of 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).
 Note: Shown figures based on fuel spreads per end of month (€/MWh).
 Source: Bloomberg; data until 30 June 2018.

Supply & Trading – Strong performance in Q2 2018

Key financials

€ million	H1 2018	H1 2017	change
Adj. EBITDA	101	131	-30
t/o non-recurring items ¹	-	-	-
Depreciation	-2	-2	-
Adj. EBIT	99	129	-30
t/o non-recurring items ¹	-	-	-
Capex	-4	-1	-3
Cash contribution²	97	130	-33

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.

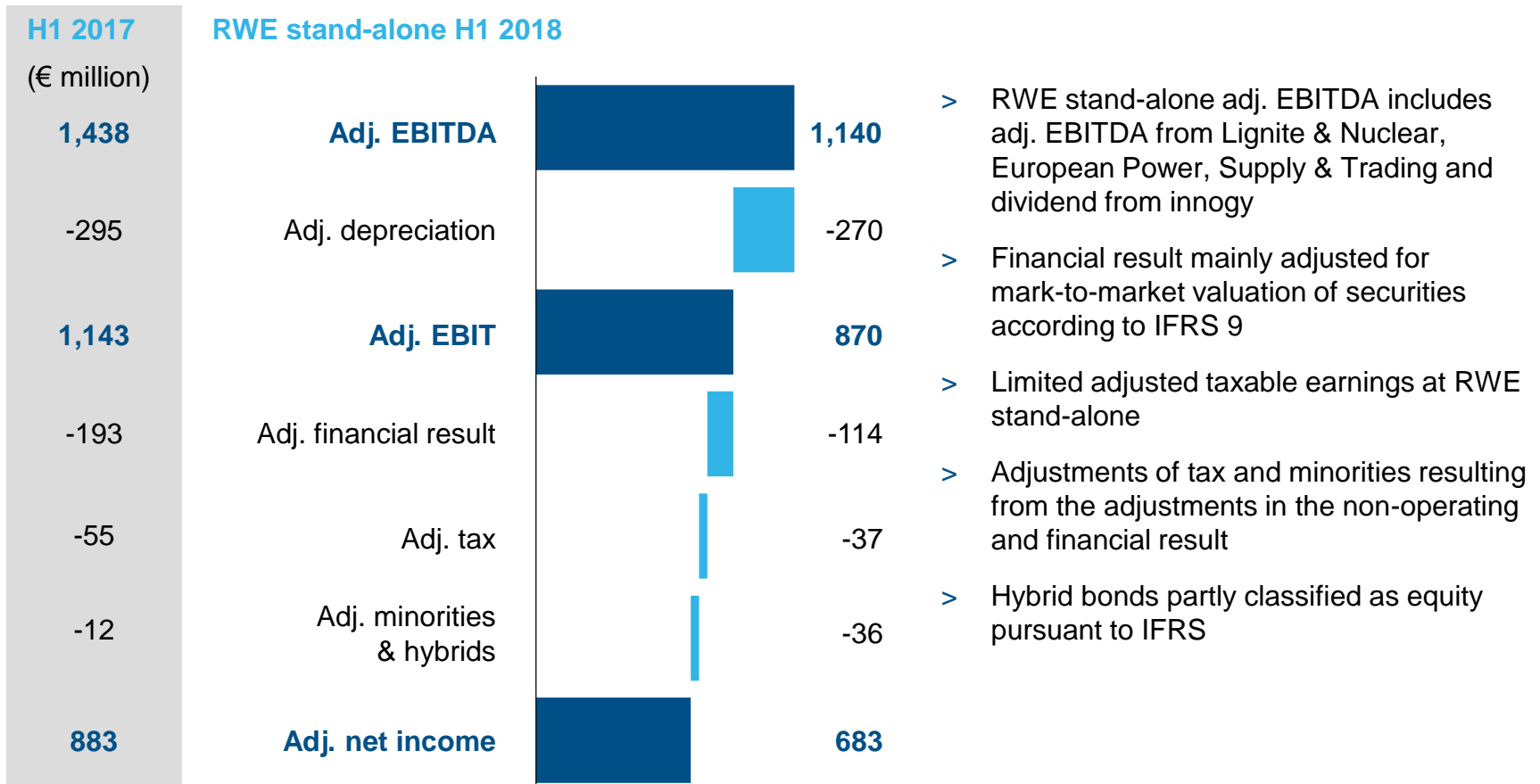
H1 2018 versus H1 2017:

- ⊕ Very good trading performance in Q2 2018
- ⊖ Good performance of gas and LNG business; however, earnings contribution below high previous year's result
- ⊖ Value adjustment within Principal Investment portfolio

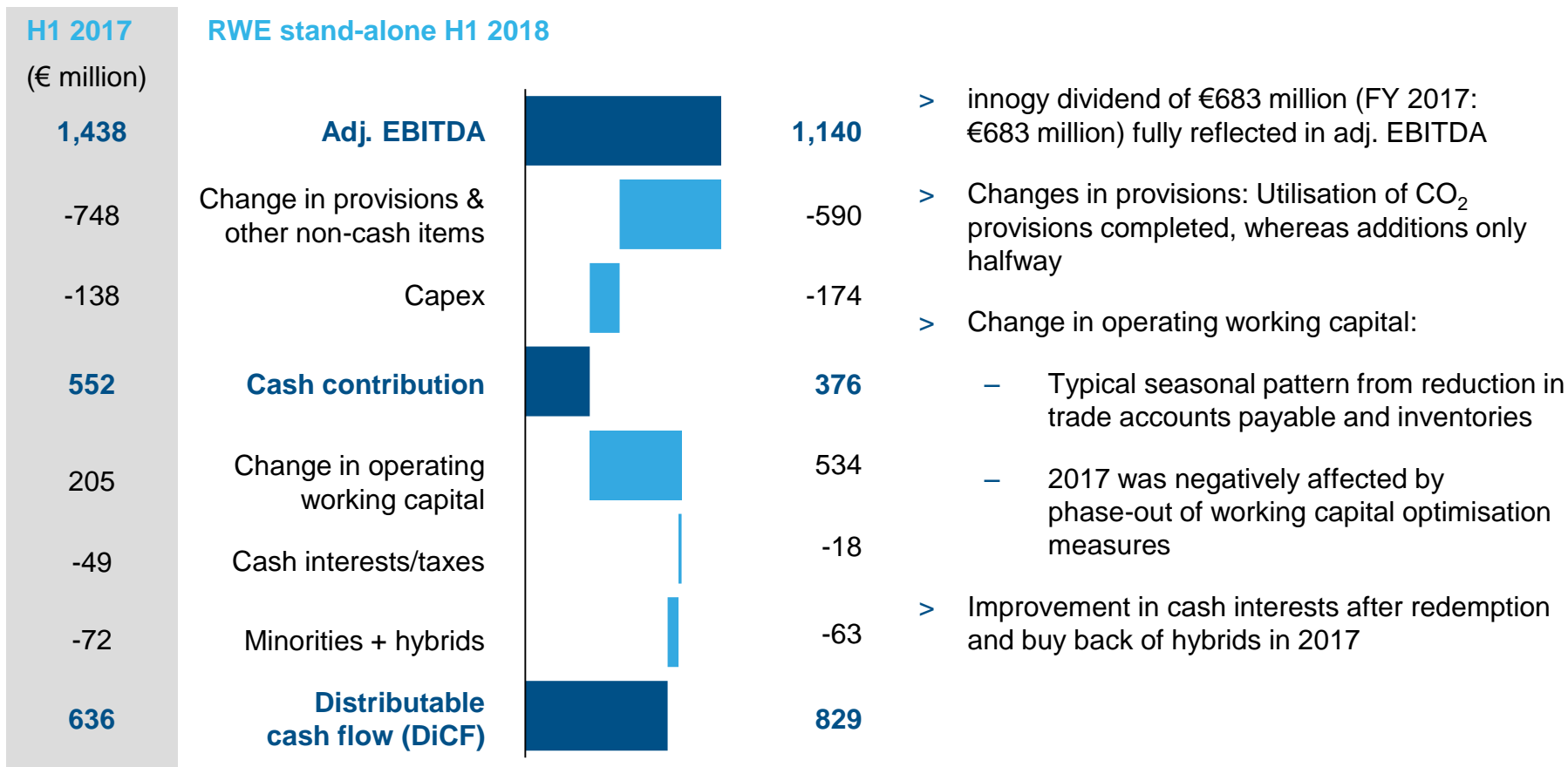
Outlook for FY 2018 adjusted EBITDA: between €100 and €300 million

- > Expected longer-term average earnings contribution of approx. €200 million

Adjusted net income for H1 2018 reaches €683 million



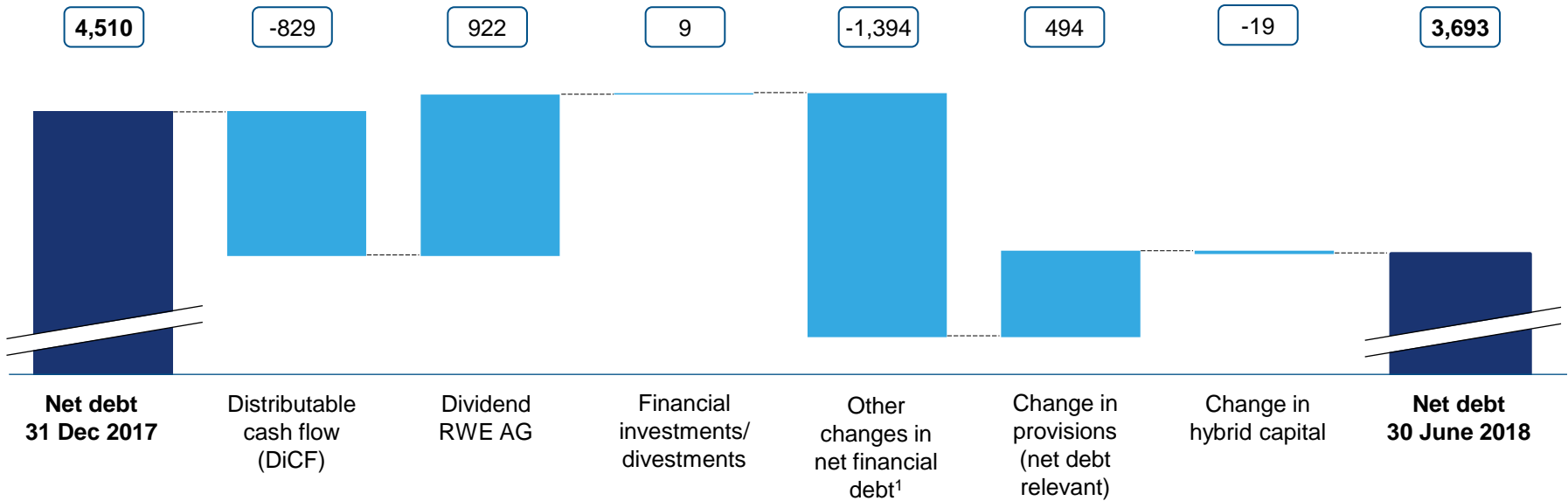
High H1 2018 distributable cash flow due to full amount of innogy dividend and cyclical working capital development



Strong decline of net debt due to high inflow of variation margins

Development of net debt (RWE stand-alone)

(€ million)



¹ Includes approx. €1.5 billion from change in variation margins which will revert once the underlying transactions will be realised or commodity trends turn around.

RWE stand-alone – outlook for 2018 confirmed

FY 2017

FY 2018e

€2.1 bn

Adj. EBITDA

€1.4 bn –
€1.7 bn

-€0.6 bn

Adj. depreciation



> Stable development expected

-€0.4 bn

Adj. net financial result



> Significant improvement after redemption and buy back of hybrids in 2017 and impact from settlement of nuclear energy fund in July 2017

-€0.1bn

Adj. taxes



> Stable development expected

-€0.1bn

Adj. minorities & hybrid



> Stable development expected

€1.0 bn

Adj. net income

€0.5 bn –
€0.8 bn

Dividend (per share)

€0.50

> Ordinary dividend

€0.70

> Management target

+

€1.00

> Special dividend

RWE Group: Amended outlook for 2018 after classification of innogy's grid and retail businesses as DCO¹

(€ million)

Actuals 2017

2018 forecast

Adjusted EBITDA

2,149

1,500 – 1,800

671

Lignite & Nuclear

350 – 450

463

European Power

300 – 400

271

Supply & Trading

100 – 300

785

innogy – continuing operations

700 – 800

Capex continuing operations

685

1,200 – 1,400

30 June 2018

Net debt continuing operations

5,447

Moderately below
30 June 2018

¹ Discontinued operations.

Appendix

Reconciliation to adjusted net income

RWE stand-alone (€ million)	H1 2018			H1 2017	change
	Reported	Adjustments	Adjusted	Adjusted	Adjusted
Adjusted EBITDA	1,140	-	1,140	1,438	-298
Depreciation	-270	-	-270	-295	25
Adjusted EBIT	870	-	870	1,143	-273
Non-operating result	-226	226	-	-	-
Financial result	-164	50	-114	-193	79
Taxes on income (Tax rate)	-38 (8%)	1	-37 (5%)	-55 (6%)	18
Income (of which:)	442	277	719	895	-176
Non-controlling interests	5	1	6	-12	18
Hybrid investors' interest	30	-	30	24	6
Net income¹	407	276	683	883	-200

¹ Income attributable to RWE AG shareholders.

Income statement H1 2018

(€ million)

	RWE stand-alone	RWE Group
Revenue (including natural gas tax/electricity tax)	6,304	6,827
Natural gas tax/electricity tax	-69	-69
Revenue	6,235	6,758
Other operating result	6	-16
Cost of materials	-5,090	-5,138
Staff costs	-895	-974
Depreciation, amortisation and impairment losses	-270	-440
Income from operating activities of continuing operations	-14	190
Income from investments accounted for using the equity method	75	102
Other income from investments	583	-40
of which: income from the investment in innogy	683	-
Financial result	-164	-184
Income before tax	480	68
Taxes on income	-38	-86
Income of continuing operations	442	-18
Income discontinued operations	-	539
Income	442	521
of which: non-controlling interests	5	329
of which: RWE AG hybrid capital investors' interest	30	30
of which: net income/income attributable to RWE AG shareholders	407	162

Balance sheet as at 30 June 2018

(€ million)

Assets

Intangible assets	1,034	2,121
Property, plant and equipment	6,534	11,988
Investments accounted for using the equity method	655	1,406
Other financial assets ¹	15,937	365
Inventories	1,363	1,415
Financial receivables	2,990	1,484
Trade accounts receivable	1,948	1,399
Other receivables and other assets	8,595	8,926
Income tax assets	602	611
Deferred taxes	376	851
Marketable securities	3,301	3,301
Cash and cash equivalents	3,037	3,253
Assets held for sale	-	38,838

46,372

75,958

Equity and liabilities

RWE AG shareholders' interest	15,790	7,384
RWE AG hybrid capital investors' interest	910	910
Non-controlling interests	134	4,176

Total equity

16,834

12,470

Provisions	17,190	17,940
Financial liabilities	2,135	2,241
Other liabilities	9,977	9,949
Income tax liabilities	2	45
Deferred tax liabilities	234	449
Liabilities held for sale	-	32,864

Total liabilities

29,538

63,488

46,372

75,958

¹ Includes innogy stake at market value of €15.6 billion as at 30 June 2018.

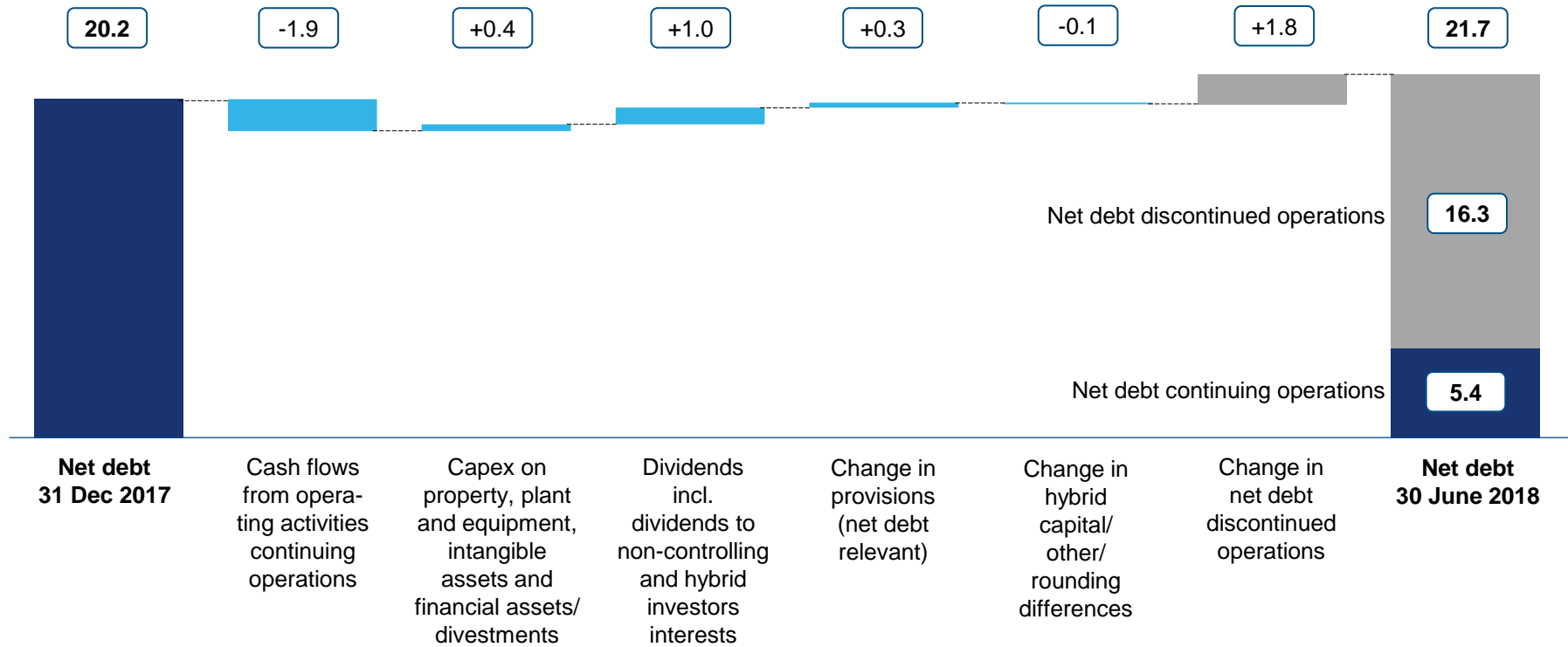
Net debt as at 30 June 2018

(€ million)	RWE stand-alone	RWE Group
Cash and cash equivalents	3,037	3,253
Marketable securities	3,506	3,506
Other financial assets	2,970	1,337
t/o financial receivables against innogy	1,656	-
Financial assets	9,513	8,096
Bonds, other notes payable, bank debt, commercial paper	1,314	1,366
Hedge transactions related to bonds	17	17
Other financial liabilities	820	875
Financial liabilities	2,151	2,258
Net financial debt	-7,362	-5,838
Provisions for pensions and similar obligations	2,775	2,880
Capitalised surplus of plan assets over benefit obligations	-	-233
Provisions for nuclear waste management	5,951	5,951
Mining provisions	2,425	2,425
Provisions for dismantling wind farms	-	358
Adjustment for hybrid capital (portion of relevance to the rating)	-96	-96
Plus 50% of the hybrid capital stated as equity	455	455
Minus 50% of the hybrid capital stated as debt	-551	-551
Net debt from continuing operations	3,693	5,447
Net debt from discontinued operations	-	16,300
Net debt	3,693	21,747

Higher RWE Group net debt mainly due to increase in net debt of discontinued operations

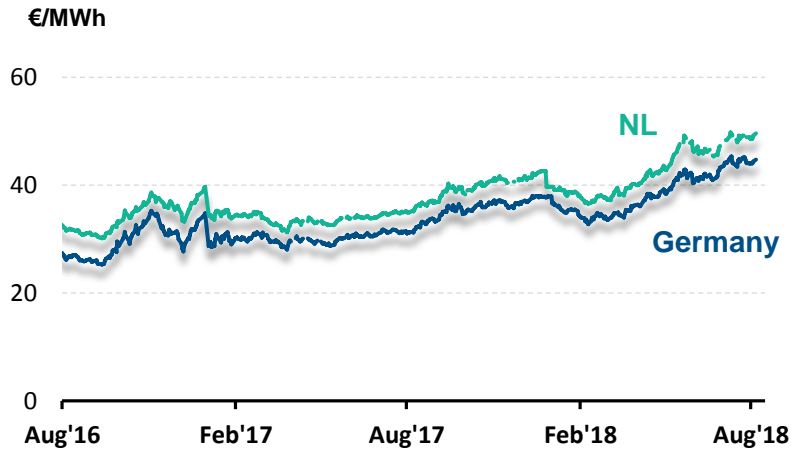
Development of net debt (RWE Group)

(€ billion)



Power prices and commodities

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



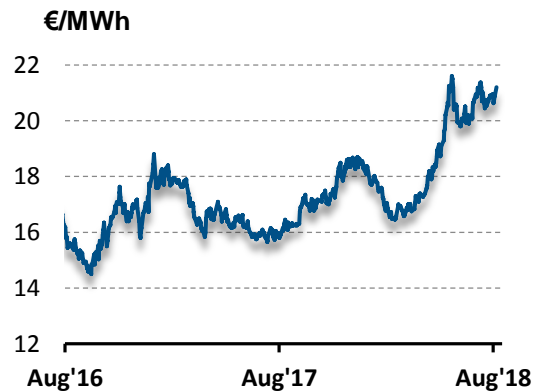
Base load power prices – UK (1 year forward)



Coal prices – API2 Cal-ahead



Gas prices – TTF Cal-ahead

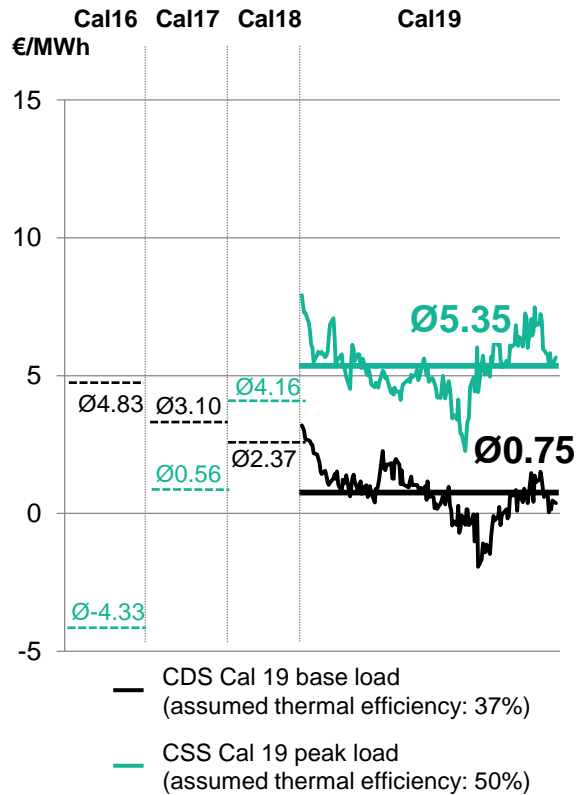


Carbon prices - EU ETS

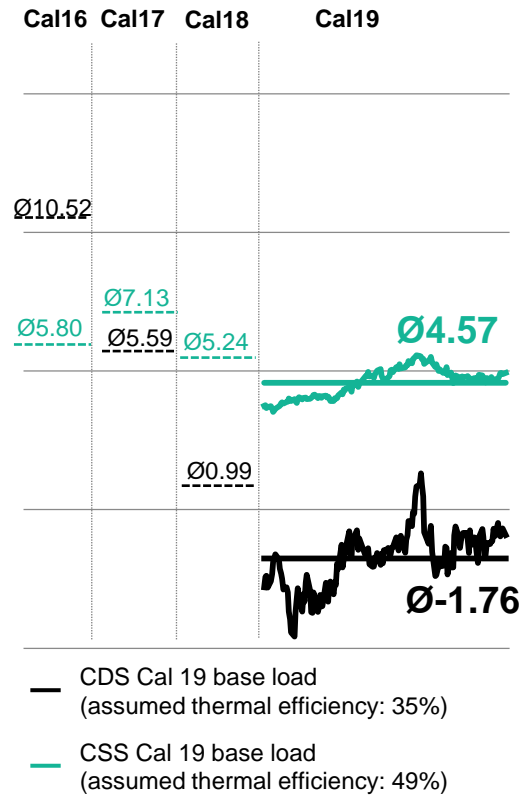


Clean Dark (CDS) and Spark Spreads (CSS) – 2016 - 2019 forwards for Germany, UK and NL¹

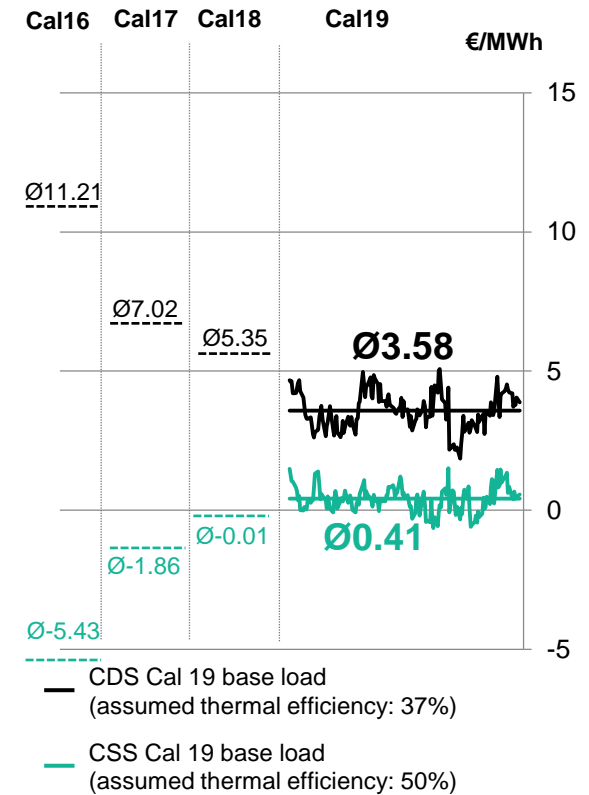
Germany



UK²



Netherlands



¹ Settlement one year ahead (Cal+1) | ² Including UK carbon tax | Source: RWE Supply & Trading, prices through to 6 August 2018

Your contacts @RWE Investor Relations

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
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- > IR videos
<http://www.rwe.com/ir/videos>
- > Consensus of analysts' estimates
<http://www.rwe.com/ir/consensus-estimates>



Financial Calendar

- > **14 August 2018**
Interim report on the first half of 2018
- > **14 November 2018**
Interim statement on the first three quarters of 2018
- > **14 March 2019**
Annual report 2018
- > **3 May 2019**
Annual General Meeting
- > **15 May 2019**
Interim statement on the first quarter of 2019



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