

RWE

Fiscal Year 2019 Results

12 March 2020

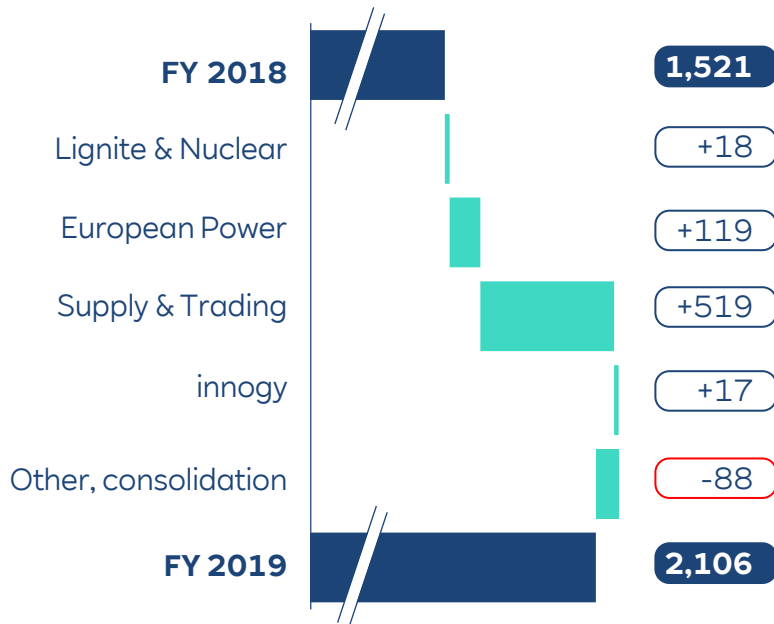


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Strong adj. EBITDA of €2.1 billion driven by continued extraordinary earnings from Supply & Trading

RWE stand-alone: Adj. EBITDA 2019 vs 2018 (€ million)



¹ innogy dividend as contractually agreed with E.ON.

- **Lignite & Nuclear:** Earnings slightly above previous year's level as a result of higher realised margins, inclusion of nuclear minorities in Q4, partly offset by lower generation volumes
- **European Power:** Resumption of GB capacity payments more than offsets earnings decline due to reduced production volumes and lower margins
- **Supply & Trading:** Extraordinary earnings on the back of outstanding trading performance and strong gas & LNG business
- **innogy** as part of RWE stand-alone: dividend of €700 million¹ in Q2 2019
- **Other, consolidation:** Mainly project costs, e.g. execution of transaction and separation from innogy IT

Lignite & Nuclear – adj. EBITDA slightly above previous year after inclusion of nuclear minorities in Q4 2019

Key financials

€ million	FY 2019	FY 2018	change
Adj. EBITDA	374	356	18
t/o non-recurring items ¹	-	-	-
Depreciation	-362	-279	-83
Adj. EBIT	12	77	-65
t/o non-recurring items ¹	-	-	-
Capex	-273	-228	-45
Cash contribution²	101	128	-27

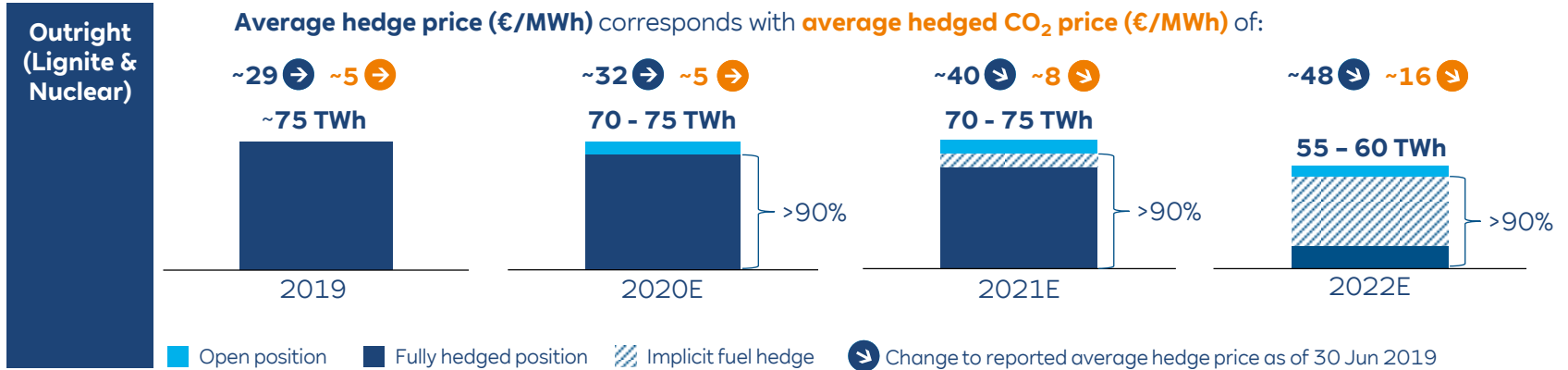
FY 2019 versus FY 2018:

- ⊕ Slightly higher realised generation margins
- ⊕ Earnings contribution from acquired nuclear minorities of €36 million in Q4 2019
- ⊖ Lower production volumes, among others due to restrictions at Hambach mine and outages

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. |

Hedge volumes adjusted for agreement on lignite closures and updated production plan

Expected positions and hedge status as of 31 December 2019 (includes expected impact from agreed lignite phaseout with German government and updated production plan)



CO₂

- CO₂ position financially hedged until end of 4th compliance period (2030).

European Power – earnings improvement due to resumption of GB capacity market payments

Key financials

€ million	FY 2019	FY 2018	change
UK	368	102	+266
Continental Europe	87	228	-141
Adj. EBITDA¹	453	334	119
t/o non-recurring items ²	51	-	51
Depreciation	-321	-297	-24
Adj. EBIT	132	37	95
t/o non-recurring items ²	51	-	51
Capex	-200	-245	45
Cash contribution³	253	89	164

FY 2019 versus FY 2018:

- ⊕ Resumption of GB capacity payments⁴
- ⊖ Lower production volumes
- ⊖ Lower margins

⁴ Under the GB capacity market regime RWE had secured capacity payments of c. €100 million for fiscal year 2018 and c. €180 million for fiscal year 2019. The payments had been suspended after the decision of the General Court of the European Court of Justice from November 2018. In 2018, RWE received capacity payments of c. €50 million for Q1-Q3 2018. The EC concluded that the GB capacity market is compliant with State Aid rules as of 24 Oct 2019. Given the reinstatement, RWE recognised in Q4 2019 capacity payments of €229 million, including €51 million repayment for Q4 2018, which are disclosed as a 'non-recurring item'.

¹ Total adj. 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.

Supply & Trading – exceptional earnings contribution continued with another good performance in Q4

Key financials

€ million	FY 2019	FY 2018	change
Adj. EBITDA	702	183	519
t/o non-recurring items ¹	-	-	-
Depreciation	-11	-6	-5
Adj. EBIT	691	177	514
t/o non-recurring items ¹	-	-	-
Capex	-9	-13	4
Cash contribution²	693	170	523

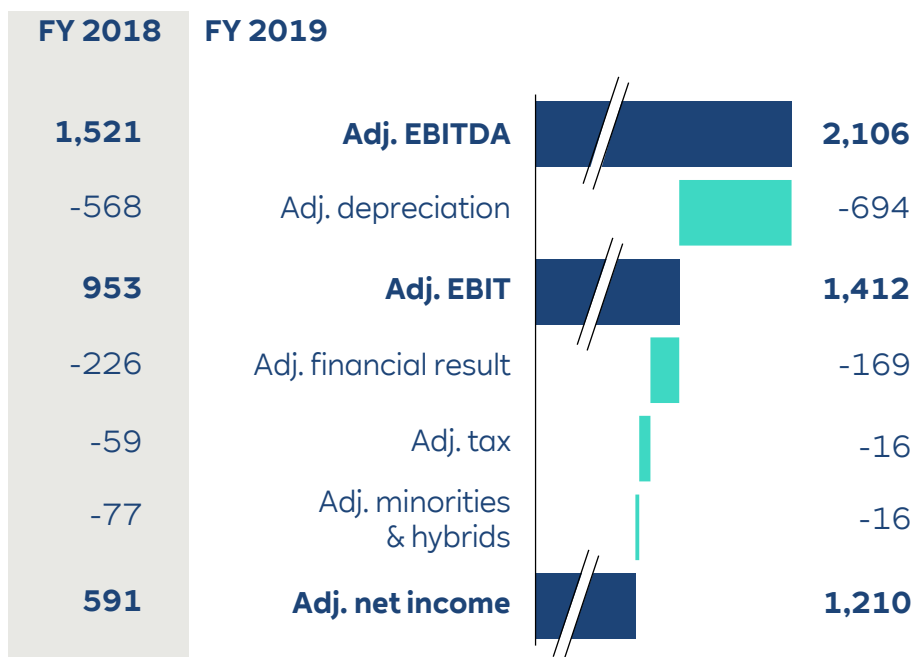
FY 2019 versus FY 2018:

- ⊕ Outstanding trading performance
- ⊕ Gas & LNG above previous year's result
- ⊕ Absence of value adjustment within Principal Investment portfolio in Q2 2018

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.

Adj. net income for FY 2019 reaches €1,210 million

Adj. net income (€ million)



- **Adj. EBITDA** excludes non-operating result
- **Financial result** adjusted for impact from lower discount rates for long-term provisions, adjustment of provisions for interest on taxes referring to previous years as well as mark-to-market valuation of securities according to IFRS 9
- **Adjustments of tax resulting** from the adjustments in the non-operating and financial result as well as deferred taxes. Furthermore, adjustment of provisions for tax and tax refunds for previous periods
- **Limited adjusted taxable earnings** at RWE stand-alone
- **Hybrid bonds** partly classified as equity pursuant to IFRS (GBP 750 million bond called in March 2019)

High distributable cash flow mainly driven by strong adj. EBITDA

Distributable cash flow (€ million)

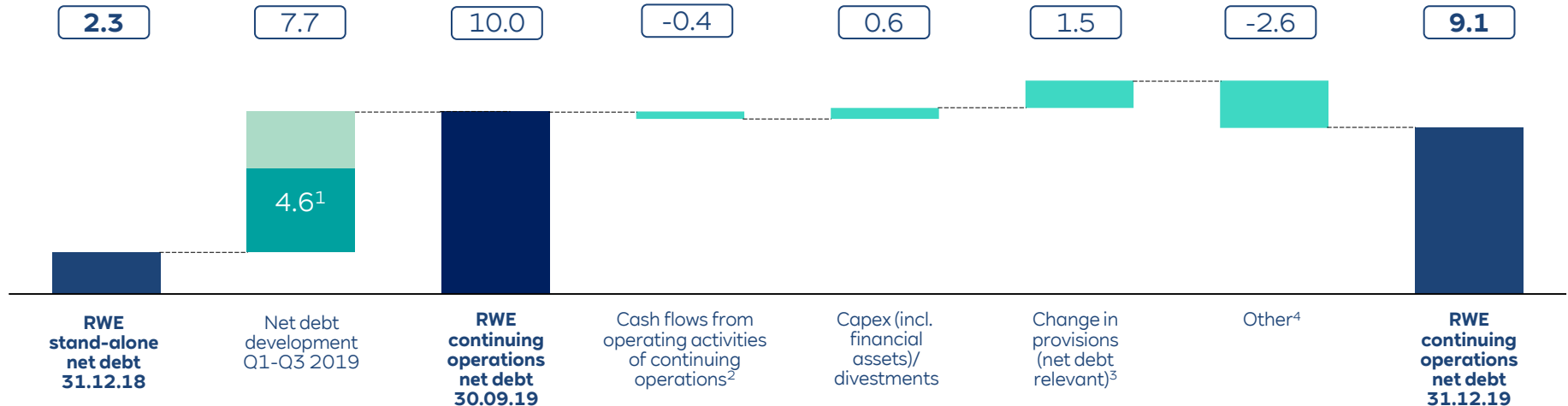
FY 2018		FY 2019
1,521	Adj. EBITDA	2,106
-586	Change in provisions & other non-cash items	-268
-485	Capex	-482
450	Cash contribution	1,356
-104	Change in operating working capital	-336
-21	Cash interests/taxes	-89
-64	Minorities & hybrids	-62
261	Distributable cash flow (DiCF)	870

- **Changes in provisions:** Significantly lower compared to previous year mainly due lower net change of legacy provisions
- **High capex level:** Mainly due to accelerated relocation in the lignite mining area and high level of plant maintenance
- **Change in operating working capital:** Mainly as a result of high level of gas inventories due to mild weather and increase in accounts receivable after reinstatement of GB capacity market (cash flow in 2020)
- **Minorities and hybrids:** Full year interest cash payment for GBP 750 million hybrid accounted for in Q1 2019; hybrid called in March 2019

Development of net debt for continuing operations of RWE in Q4 2019

Development of net debt (old definition before financially ring-fencing mining provisions as of FY 2020)

(€ billion)



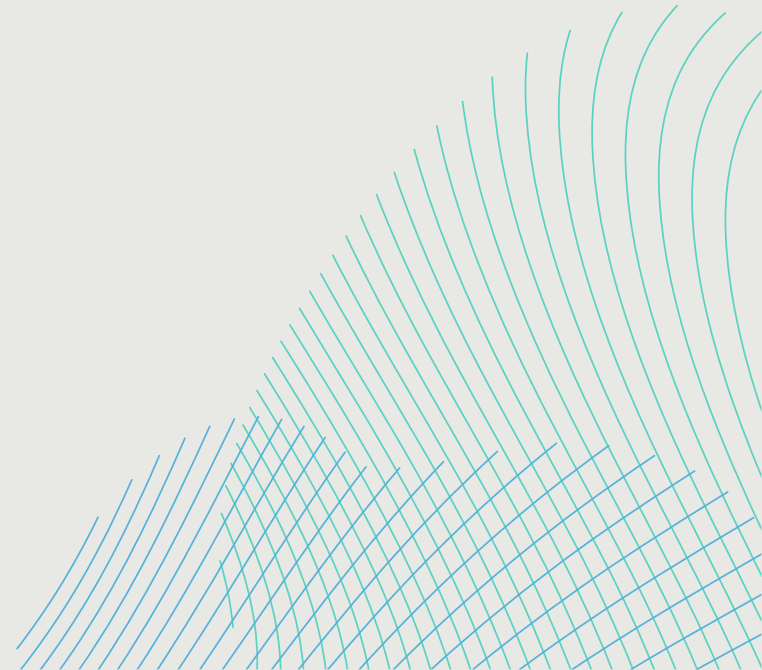
¹ innogy transaction effect at RWE stand-alone as of 30.09.2019. Assumed debt, thereof nuclear provisions: €0.7 bn, provisions for wind asset dismantling: €1.0 bn, pension provisions: €0.04 bn, tax equity liabilities: €0.8 bn, lease liabilities €0.5 bn.

² Includes an outflow of approx. €0.1bn from financing effects such as change in variation margins (full year 2018: inflow of €4.4 bn; Q1-Q3 2019 outflow of €2.1 bn).

³ Includes €2.0 bn change in mining provisions due to lignite phase out agreement.

⁴ Includes €2.6 bn accounts receivable against the German government as part of the lignite phase out agreement.

Appendix



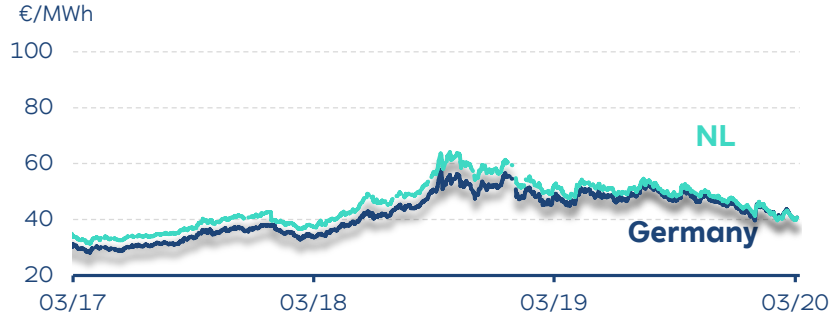
Reconciliation to adj. net income

RWE stand-alone (€ million)	FY 2019			FY 2018	change
	Reported	Adjustments	Adjusted	Adjusted	Adjusted
Adj. EBITDA	2,106	-	2,106	1,521	+585
Depreciation	-694	-	-694	-568	-126
Adj. EBIT	1,412	-	1,412	953	+459
Non-operating result	-684	+684	-	-	-
Financial result	-896	+727	-169	-226	+57
Taxes on income (Tax rate)	200 (-)	-216	-16 (1%)	-59 (8%)	+43
Income (of which:)	32	1,195	1,226	669	557
Non-controlling interests	1	-	1	18	-17
Hybrid investors' interest	15	-	15	59	-44
Net income¹	16	+1,195	1,210	591	+619

¹ Income attributable to RWE AG shareholders. | Note: Rounding differences may occur.

Power prices and commodities

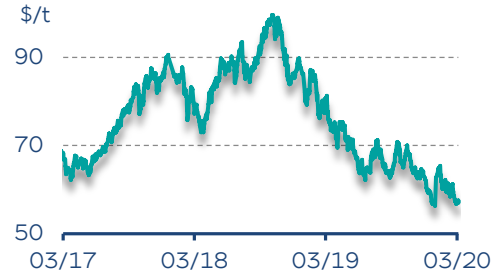
Base load power prices – Germany, NL (1 year forward)



Base load power prices – UK (1 year forward)



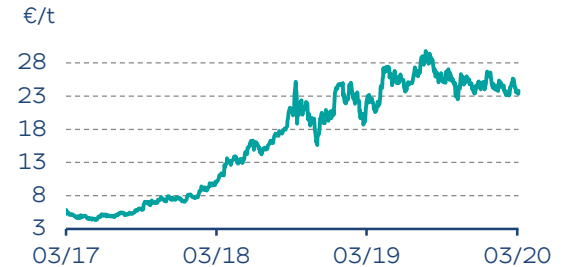
Coal prices – API2 Cal-ahead



Gas prices – TTF Cal-ahead

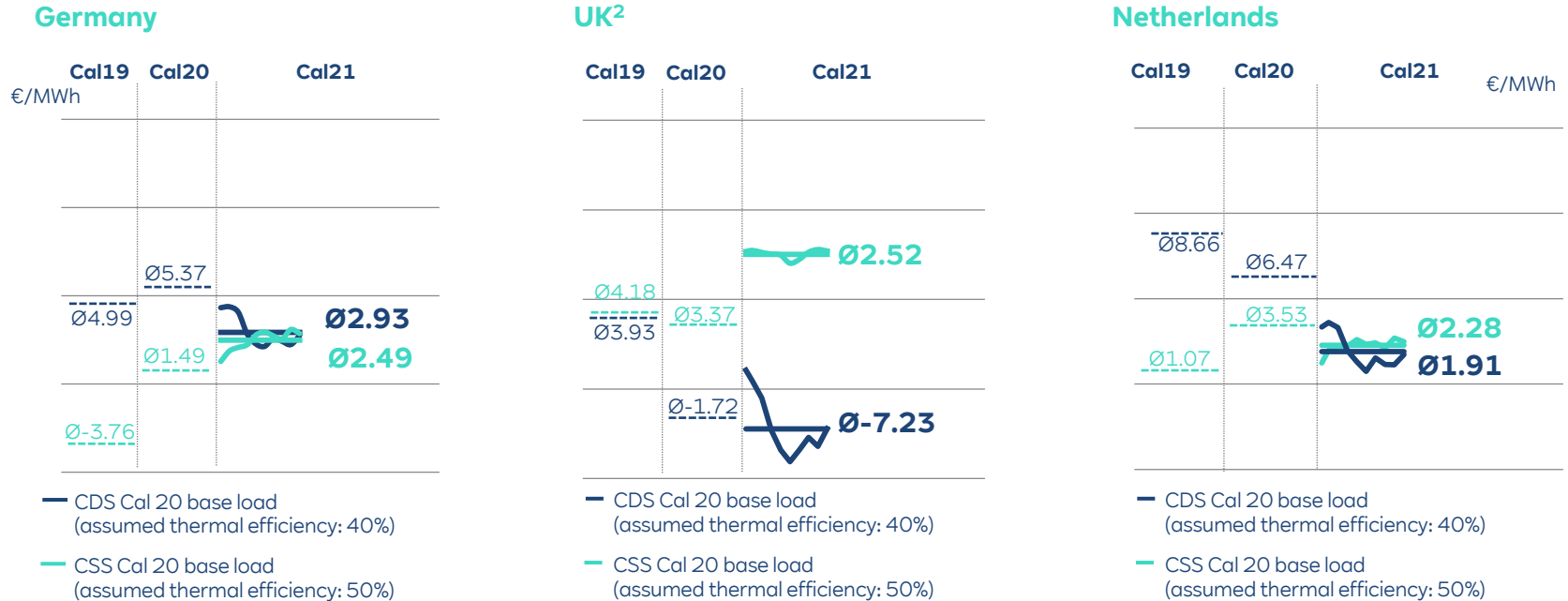


Carbon prices - EU ETS



Source: Bloomberg; prices through to 4 Mar 2020.

Clean Dark (CDS) and Spark Spreads (CSS) – 2019 – 2021 forwards¹ for Germany, UK and NL



¹ Settlement one year ahead (Cal+1). | ² Including UK carbon tax. | Source: RWE Supply & Trading, prices through to 4 Mar 2020.

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+1 201 680-6255 (outside from the US)
1-888-269-2377 (within the US)

Financial Calendar

- **28 April 2020**
Annual General Meeting
- **04 May 2020**
Dividend payment
- **14 May 2020**
Q1 2020 results
- **13 August 2020**
H1 2020 results
- **12 November 2020**
Q1-Q3 results

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