



Annual Press Conference of RWE AG
on Fiscal 2022

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Check against delivery

Markus Krebber:

Good morning, Ladies and Gentlemen,

A warm welcome to our press conference from my side too.

War has been raging in Europe for over a year now. Russia's attack on Ukraine has changed the world. And what Russia has been doing to the people in its neighbouring country is terrible.

The West – Europe – must stand up to it with resolve and with united strength. And we are doing that. Due to the war, 2022 was also characterised by a fundamental energy crisis.

Before the war, Russia was by far Europe's largest gas supplier. Large volumes flowed every year, especially to Germany. By interrupting its gas supplies, Russia deliberately created scarcity and triggered major uncertainty throughout Europe. The reliable availability of energy, the foundation of our modern society, was suddenly hanging in the balance. There was massive uncertainty, and the scarcity was palpable, all of which drove the prices up hugely.

But Russia failed in its plan to use Europe's dependence on Russian pipeline gas to divide the continent. Because policymakers, industry and society were united in their determination not to be blackmailed, and to activate all the reserves they had to ensure security of supply.

And they were successful. Work began in record time to build up alternative import capacities and to push ahead fast to create the necessary infrastructure. In Germany, the first floating LNG terminals, or FSRUs, which hardly anyone had heard of a year ago, are already in operation. That includes the two special ships which RWE chartered from our Norwegian partner Hoegh on behalf of the German government.



More LNG terminals will follow soon, just as they should. We must not be lulled into a false sense of security by the fact that we got through the winter well thanks to mild temperatures and lots of wind. No one knows what will happen going forward.

For the time being, saving gas in electricity generation is still the right thing to do. That's why plans to decommission power stations in 2022 were deferred. Plants that were in reserve were restored to the grid for a limited time.

All of this has kept us very busy here at RWE, too. Whether it was re-starting power stations and extending their use or building up LNG infrastructure – we have done all in our power to secure the energy supply to the greatest extent possible at short notice.

The challenges in terms of time as well as technical and human input were huge. Just to extend the operation of our power stations in the Rhenish lignite mining region, around 1,000 additional employees needed to be sourced within only a few weeks. Many of our colleagues immediately agreed to return from retirement or delay their retirement plans, and we were able to recruit others via the labour market. My heartfelt thanks go out to everyone who made this possible.

Let me also say, however, that we do not want to operate the coal-fired power stations from our security reserve for longer than necessary. Nor do we want to operate LNG infrastructure in the long term. We are doing this on behalf of the German government, and we will hand the infrastructure over to the relevant state-owned companies in the foreseeable future.

Ladies and Gentlemen,

Overcoming the energy crisis was the focus in 2022. RWE helped wherever we were needed.

However, that did not change any aspect of our strategic goals. RWE remains on its strategic course. Our focus is on setting up a climate-neutral energy supply. Even during the crisis year of 2022, we therefore kept this as a guiding principle for all our medium and long-term decisions.

One of the most impactful events in this regard was the agreement to phase out coal by 2030. We were the first German company to reach an agreement with policymakers to this end. It's a significant step for RWE, and a further contribution to climate protection.



Even before that, our strategy was in line with the Paris Agreement. With the exit from coal in 2030, we are now creating the basis for getting our company onto the 1.5-degree path for our CO₂ emissions.

We continued to consistently pursue our investment and growth strategy “Growing Green”. And we delivered.

In 2022, we invested EUR 4.4 billion net. 2.4 gigawatts of new capacity were commissioned – in the US, Canada, the UK, Ireland, France, the Netherlands, Sweden, Poland, Spain, Italy and Germany. In addition, we currently have 6 gigawatts under construction.

Another outstanding achievement was the acquisition of Con Edison Clean Energy Businesses, which we announced at the beginning of October and completed in record time, by 1 March. This expanded our position in the US to 8 gigawatts at a single stroke. Our development pipeline of now more than 24 gigawatts is one of the largest in the US. It offers us tremendous opportunities for sustainable and value-accretive growth.

This transaction makes RWE the fourth-largest company for renewables in the United States, and the second-largest owner and operator of solar farms in the country. It means that we are now in leading positions in all our core regions – in the European Union, the UK and the US.

Ladies and Gentlemen,

Our extensive investments are also reflected financially, in our good earnings last year. And apart from the Coal and Nuclear segment, the results in all divisions were better than in the previous year.

We generated a total adjusted EBITDA at Group level of EUR 6.3 billion. And we closed the year with EUR 3.2 billion in adjusted net income.

In addition to the capacity expansion in renewables, the key drivers were improved market conditions in electricity generation with regard to price levels and power plant deployment as well as a very strong performance in the Supply & Trading business.

Our earnings are above all the result of hard work by our employees – and for that I warmly thank the entire workforce. My colleague Michael Müller will now explain the earnings to you in greater detail.



Michael Müller:

Ladies and Gentlemen,

A warm welcome from me, too.

RWE brought in a good performance in 2022. This was due to high earnings contributions from Supply & Trading and the Hydro/Biomass/Gas segment. A further driver was the added capacity in renewables.

We can therefore confirm today the preliminary results for the RWE Group that we published at the end of January.

Let's take a look at the segments.

In the Offshore Wind segment, we saw higher earnings last year than in the previous year, with adjusted EBITDA of EUR 1.4 billion. This was mainly due to the commissioning of new capacity. Our UK offshore wind farm Triton Knoll was commissioned at the beginning of 2022. And in the course of the year we were able to install all of the turbines of the German wind farm Kaskasi and feed electricity into the grid. Although wind levels improved compared to the low levels of the previous year, they were still well below the long-term average overall.

In the Onshore Wind/Solar segment, we achieved adjusted EBITDA of EUR 827 million in 2022. Adjusted EBITDA more than tripled compared to the previous year's figure. This was mainly due to the fact that a one-off burden as a result of the cold snap in Texas did not recur. In addition, wind conditions were more favourable. In this segment, too, our investments and the resulting strong additions to capacity had a positive effect. Last year, we completed and commissioned a total of over 30 wind farms and solar plants. The two largest onshore wind farms were Nysäter in Sweden and Blackjack Creek in Texas. Our largest solar project, Hickory Park in Georgia, has a generation capacity of 200 megawatts and it optimises energy yield via an integrated battery storage system. The solar modules cover an area of around seven square kilometres. In times of growing, volatile feed-in from renewables, battery storage systems are becoming more and more important. Here too, we are stepping up the pace. Four storage facilities with a capacity of over 200 megawatts went into operation in 2022.

In the international Hydro/Biomass/Gas business, adjusted EBITDA, at EUR 2.4 billion, was significantly higher than in the previous year. This was mainly the result of higher earnings from short-term power plant dispatch and higher generation margins. In addition, our power plants were used more due to less favourable wind conditions at the end of the year.



RWE Supply & Trading also posted outstanding performance in 2022. Adjusted EBITDA, at EUR 1.2 billion, exceeded the already high prior-year figure.

In the German coal and nuclear energy business, by contrast, we earned less than in the previous year. Adjusted EBITDA amounted to EUR 751 million. That's 16% less than in 2022 and was mainly due to power station closures in line with Germany's coal and nuclear phaseouts. In addition, we had already sold forward the bulk of our electricity production from our German lignite and nuclear power stations before the onset of the current energy crisis.

We confirm our dividend target and will propose a dividend of 90 euro cents per share for fiscal 2022 to the Annual General Meeting.

Thanks to our solid financing situation we were able to successfully navigate the turbulence on the energy markets.

As at the 2022 balance sheet date, RWE posted net assets of EUR 1.6 billion and an equity ratio of 21%. These figures are all the more gratifying in view of our extensive investment activities. In 2022, we invested around 50% more than in the previous year. Over 80% of our capital expenditure was taxonomy-aligned. The largest investment was in the German offshore wind farm Kaskasi. Considerable amounts were also dedicated to the Sofia wind farm in the UK North Sea, which we are expecting to complete in 2026.

In addition, there was the one-off lease fee for a site in the New York Bight, on which we intend to build offshore wind turbines, and of course the investments in the new facilities in the area of onshore wind and solar that we've already mentioned.

We will continue to massively invest in the energy transition. In 2023, we plan to once again invest much more than we did in the prior year. Since the beginning of this year, we have completed three large acquisitions, with investments in further new wind farms and solar plants, batteries and flexible generation capacities to follow during the year.

We cover the financing requirements for this strong growth mainly by our cash flows from our operating activities. We invest what we earn in our green transformation. In addition, we have a wide range of financing tools at our disposal.



The issuance of a green bond four weeks ago demonstrates that trust on the capital market in our “Growing Green” strategy is unbroken. Our bond met with high demand and we were able to place it at attractive conditions.

Our investment grade rating was confirmed by Moody’s and Fitch.

This shows that we are in an excellent financial position to fund our ambitious growth plans. The expectations on the capital market with regard to RWE’s future development are also positive. Between 2018 and 2022, the RWE share achieved a performance of over 180 percent. We have thus significantly outperformed the benchmark index of the European energy companies.

And now to the outlook:

We are confident that we will be able to pick up where we left off last year in terms of our earnings position.

We expect adjusted EBITDA in 2023 to be between EUR 5.8 billion and EUR 6.4 billion.

And adjusted EBIT should lie between EUR 3.6 billion and EUR 4.2 billion.

Our target for adjusted net income is between EUR 2.2 billion and EUR 2.7 billion.

Our dividend proposal for fiscal 2023 is EUR 1 per share. We also consider this our new floor for the coming years.

You will find details on the outlook for our segments in our Annual Report.

And now I will pass over to Markus.



Markus Krebber:

Thank you, Michael.

Ladies and Gentlemen,

In 2022, we continued to implement our investment and growth strategy “Growing Green”. And we stepped up the pace even more with the acquisition of Con Edison Clean Energy Businesses in the US. We implemented this transaction in addition to our previous investment and growth targets. It represents a huge boost for RWE’s green expansion in the US.

Three weeks ago, on 1 March, we closed the transaction. The integration with our existing business in the US has already taken place.

RWE Clean Energy, our newly named, now much larger US subsidiary, got off to a successful start.

And what better person to tell you about what we plan to do in the US going forward than Mark Noyes, CEO of RWE Clean Energy. So I’m very happy to have him with us today. He will now give you a brief insight into our US business.

Over to you, Mark.

Statement Mark Noyes on US activities

Markus Krebber:

Thank you, Mark, for those insights. It’s a very exciting task. I’m certain that you and our great US team will make it a success. Many thanks for being here today, and for being available to take questions afterwards.

Ladies and Gentlemen,

Let’s now get back to Europe and the current energy policy topics. Following the measures taken to manage the crisis, which were the right ones, the focus must now be on the future. It’s about setting the right course for a sustainable, secure and competitive energy supply in Europe and Germany.

The expansion of the grids and renewable energies is the most obvious challenge. The renewables proportion of gross electricity consumption in



Germany is to be at least 80% by 2030. In 2022 it was about 46%. So it needs to almost double in eight years. It was therefore both necessary and the right thing to do for the German government to introduce measures to accelerate the expansion.

Whether they are sufficient to get on the path towards achieving the expansion targets will become evident in the next 18 months. By that time, we will see whether court decisions on lawsuits against new wind farms tend to be positive and are being made more quickly. And whether environmental assessments as well as approval processes speed up.

It is good that the German government has already announced that it will adjust these measures as required. At RWE we will do what we can to support the energy transition. We are aiming to build every project that's possible.

Just recently, we awarded a contract for our Nordseecluster. In two phases, almost 1.6 gigawatts of offshore wind capacity are to be built here, for which we have the construction rights with our partner Northland Power.

And of course we will also take part in the large German offshore auctions in summer this year.

We also aim to grow further in onshore wind power and solar. In Germany alone, there are currently 16 projects representing around 400 megawatts pending approval by the relevant authorities.

We are waiting for positive decisions, and then we plan to get started as quickly as possible. And many other projects are being developed at the same time.

To increase our impact even more, last year we recruited more than 300 new colleagues for our renewables business in Germany. They include more than 80 employees who are responsible solely for securing sites and project development. In addition, we opened seven new office locations throughout Germany.

Regarding our international business, Mark Noyes has just explained our major expansion plans for the US. That also applies to many other countries where we boosted our presence strongly in 2022.

In Poland, for example, where we expanded our project pipeline by another 3 gigawatts through the purchase of Alpha Solar. Or in the UK, where we acquired JBM Solar and thus a development pipeline of about 6 gigawatts just a few weeks ago.



Ladies and Gentlemen,

It's a truism that the energy transition needs renewables. But it is equally important to build up carbon-neutral security of supply. Especially with hydrogen-ready gas-fired power stations, which can step in whenever there is not enough electricity from wind and solar power.

The German government assumes that an additional 20 to 30 gigawatts of secured capacity will be needed into the early 2030s to guarantee security of supply following the phase-out of nuclear energy and coal.

But time is of the essence, since constructing these plants will take six to seven years. However, before companies can make investment decisions, they need clarity about the remuneration framework. The plants earn hardly any money in active operation, since they are mainly on stand-by. A price for provisioning capacity will therefore be needed. Just like paying for the fire brigade, which must be available, even when it's not needed. Only when remuneration is provided for keeping capacity on stand-by will investment in H₂-ready gas-fired power stations take place.

In any case, RWE is in the starting blocks.

By the end of the decade, we plan to build hydrogen-ready gas-fired power stations with a capacity of about 3 gigawatts in Germany, mainly on former power station sites. In the Netherlands we have even moved a step further. There, we have purchased the Magnum gas-fired power plant and integrated it into our flexible power plant fleet. Thanks to its design, the plant can be converted to immediately run with up to 30% hydrogen. A full conversion to hydrogen by the end of the decade is possible.

To be able to supply the power stations with hydrogen, too, clarity is urgently needed regarding the step-by-step set-up of a hydrogen grid. As in the Netherlands, here in Germany, too, everyone should know when and where hydrogen is flowing. That's an essential condition when selecting locations for the new hydrogen-ready power plants.

That also applies to ramping up the hydrogen economy quickly. This may sound a bit cumbersome, but in simple terms it means that very large volumes of hydrogen will have to be available within the next few years in order to be able to operate the new facilities at all.

Here, too, RWE is ahead of the game. We have entered into a partnership with Norwegian company Equinor. From 2030, Equinor aims to supply us with hydrogen via a new pipeline to be constructed between Norway and Germany. Blue hydrogen to begin with, which will become green over time.

RWE

Blue hydrogen is produced using CCS technology. The CO₂ is separated from the natural gas and permanently stored in former gas fields in Norway. The CCS technology will also be a key factor in feasibly decarbonising other parts of the energy-intensive industry. In Germany, we need to have this discussion, including how to transport and store CO₂.

Back to our partnership with Equinor: Equinor also wants to take a stake in the construction of our hydrogen-ready gas-fired power plants. That emphasises how strong the interests of both companies are in driving forward the transformation together.

RWE itself plans to generate green hydrogen in Germany, too. We have placed the order for our first electrolyser with a capacity of two times 100 megawatts and thus the largest in Germany, although the subsidy application is still sitting in Brussels, where it has been for the last 18 months. The EU must become much more pragmatic overall with regard to ramping up the hydrogen economy.

Its decisions are excruciatingly detailed, and far too complicated. So much so, that a lot of subsidy funds are not even accessed but remain in the pot. That is no help, and it needs to change. Understandable regulations, clear structures and simple processes are crucial.

Ladies and Gentlemen,

Full attention to the energy transition, and a clear division of tasks: The policymakers set the framework and private companies are to invest in expanding the green energy world. This is the only way the transformation can succeed.

That requires a stable and reliable investment framework. Constant debates about changes in market design or new ideas on how to leverage randomly determined windfall and excess profits are anything but helpful in this regard. These uncertainties are already leading to delays in investment decisions.

A glance across the Atlantic shows how it can be done differently. In addition to attractive framework conditions, the Inflation Reduction Act takes a pragmatic, results-oriented approach and, what's more, creates long-term certainty for investors. It has provided the initial spark for massive investment in decarbonisation.



Ladies and Gentlemen,

RWE has made a clear commitment: We will invest a total of more than EUR 50 billion gross in our green core business by 2030. EUR 15 billion of this is earmarked for Germany alone.

However, fair competition is a prerequisite for this, with the State itself not being active as a long-term player in the energy industry. Private companies would not be able to compete in such an environment for the long term. It is impossible to catch up with that kind of disadvantage.

I therefore expect the government to pull back from areas where it has had to become involved because of the crisis and put the business back into private hands as quickly as possible.

The right division of roles between the government and private players is of decisive importance in terms of making the energy transition a success.

Another challenge relates to building up the European supply chains.

By 2030, for example, 165 gigawatts of offshore wind capacity are to be built throughout Europe. That demands a rapid increase in annual installation rates.

Currently, capacity of three gigawatts per year is being built, but this is to increase to more than 20 gigawatts from 2027. Every year.

To be able to obtain nacelles, turbines, converter stations or electricity cables in the necessary quantities, the European supply chains need to be expanded quickly. Otherwise there will be delays to the energy transition or resort will have to be taken to other non-European suppliers.

If this is not wanted, policymakers need to create incentives quickly to massively build up production capacities in Europe.

That can be achieved through direct or indirect support.

For example, supporting criteria and requirements to bolster the European supply chains could be integrated into the auction design. If important components had to be produced in Europe on a specific proportional basis, that would make it easier for manufacturers to plan reliably.

Expanding production capacities would be made easier in turn.

Here, too, the Inflation Reduction Act is a good template. It ensures that specific production capacities come back into the US, and that their expansion is subject to tax benefits.



That is something that Europe should also consider, in order to prevent dependencies at an early stage and ensure that good industrial jobs are created here in key industries.

Ladies and Gentlemen,

Of course, the conversion of our energy system is a complex and challenging process. But the will is there to make it happen – both on the part of policymakers and on the part of the energy industry.

Our focus at RWE will remain clearly on our “Growing Green” strategy.

We are already one of the world’s leading companies in renewable energies and we aim to strengthen this position through further massive investments in our core business.

Ladies and Gentlemen,

For RWE, therefore, I am looking forward to 2023 with optimism. A year in which we are celebrating a special anniversary.

We have been shaping the energy world for 125 years. Again and again. And redefining it every time. That’s exactly what we will continue doing, resolutely and with all our energy.

Many thanks, and we now look forward to taking your questions.

Forward-looking statements

This speech contains forward-looking statements. These statements reflect the current views, expectations and assumptions of management, and are based on information currently available to management. Forward-looking statements do not guarantee the occurrence of future results and developments and are subject to known and unknown risks and uncertainties. Actual future results and developments may deviate materially from the expectations and assumptions expressed in this document due to various factors. These factors primarily include changes in the general economic and competitive environment. Furthermore, developments on financial markets and changes in currency exchange rates as well as changes in national and international laws, in particular in respect of fiscal regulation, and other factors influence the company’s future results and developments. Neither the company nor any of its affiliates undertakes to update the statements contained in this speech.