



Rolf Martin Schmitz
Chief Executive Officer of RWE AG
Annual General Meeting

Essen, 28 April 2021

Check against delivery.

Shareholders, Friends and guests,
Ladies and Gentlemen,

Along with my fellow board members Markus Krebber, Nanna Seeger and Michael Müller, I'd like to welcome you all to the RWE Annual General Meeting.

To our shareholders, I'd like to say:

Your health and that of our guests and employees takes absolute priority.

That's why we're seeing each other on screens once again today. I would have preferred it not to be so for my final AGM. But right now it's unavoidable, if you want to act responsibly.

In these turbulent times, many people are worried about the virus or its consequences. So it's good that there's one thing they don't have to worry about, and that is having a secure electricity supply at all times. I'm sure that on behalf of all of you, I can express high praise and a big thank you to all of our employees.

We can now see the light at the end of the tunnel. And more importantly, it's getting closer. Vaccination is the way out of the crisis.

One year ago, it was something we could only dream about. Scientists, also and in particular in Germany, have done an amazing job in a very short space of time.



It goes without saying that RWE will be part of the vaccination drive as soon as company doctors are included in the vaccination campaign. Our medical department has extensive experience in this area thanks to the annual flu injection programme. We're prepared to start immediately at our locations as soon as the vaccines arrive.

Ladies and Gentlemen,

2020 was a year of special circumstances. But one that proved excellent for RWE.

I'm standing here in Essen, with a wonderful view across our new RWE Campus. We moved in a year ago, and it offers ideal conditions for us to collaborate closely and effectively while making use of the opportunities presented by the digitalisation of our working environment.

Taking our Campus from a building site to a state-of-the-art facility in a very short timeframe is the perfect symbol of the excellent progress RWE has made in recent years.

We did a very good job of overcoming the challenges posed by the transaction with E.ON, one of the largest in the history of German industry.

Today, we are one of the world's leading companies in the area of renewables. And of course we stand by our responsibility for the phase-out of nuclear energy and coal.

Let's look at this in detail, based on last year's results:

We exceeded our forecast significantly.

- Our adjusted EBITDA amounted to 3.2 billion euros. That means it increased by about seven per cent compared to the pro-forma result for the prior year. For 2021, we're expecting a figure of between 2.65 and 3.05 billion euros.



- Our adjusted net income reached 1.2 billion euros. The target for 2021 is between 0.75 and 1.1 billion euros.

The performance of our energy trading business was outstanding. The result in this area was much higher than the forecast range. That was a really great achievement.

Our result for Offshore Wind was also very good in 2020, with growth of 11 per cent.

We also achieved good progress in the area of Onshore Wind/Solar, which grew by 7 per cent compared to the prior year.

The extreme cold snap in Texas at the beginning of the year was widely reported in the German media. In combination with freezing rain, the cold temperatures that were totally unusual for that region resulted in substantial outages in electricity generation across all technologies. Our onshore wind farms were also affected. In the current year, this segment will therefore close below last year's level.

As expected, our result for Hydro/Biomass/Gas in 2020 was slightly below the result for 2019, when we benefited in particular from the one-off payment from the reinstatement of the British capacity market.

In the Coal/Nuclear segment, however, we earned over 60 per cent more than in 2019. That was mainly due to higher wholesale prices hedged on the forward market. This improvement was expected.

Ladies and Gentlemen,

The financial situation of the RWE Group has improved further, thanks to strong growth in earnings from operating activities.

And thanks to our capital increase of around two billion euros. It was oversubscribed by a factor of three. That shows how strong confidence in RWE is.



Our net debt at year-end amounted to 4.4 billion euros. Our leverage factor, measured as the ratio of net debt to adjusted EBITDA of our core business, is 1.7. Our objective is not to exceed three times our core adjusted EBITDA. So we're well within the safe zone.

Once again, we saw an improvement in our equity ratio. At the end of 2020 it was at a comfortable 29 per cent.

Our excellent financial situation means we can continue investing heavily. And that's what we're doing – and it's almost exclusively in "green energy".

In 2020, this amounted to about 1.9 billion euros in wind power and solar plants. 84 per cent of our capital expenditure meets the taxonomy criteria for environmentally sustainable investment, as proposed by the EU Commission.

The level of such sustainable capital expenditure as a proportion of our overall capital expenditure on property, plant and equipment also plays a major part in terms of our syndicated credit line. It's one of three features of very specific sustainability criteria that we've agreed on with the banks for a part of our credit line, for the first time and on our initiative. This also includes fixed targets for carbon reduction and the share of renewables in our overall capacity.

This demonstrates that we're making every effort to ensure RWE becomes more and more sustainable. We keep our promises.



Ladies, Gentlemen and shareholders,

Rating agencies Moody's and Fitch recently upgraded our rating.

Moody's raised the long-term rating from Baa3 to Baa2 with a stable outlook. Our assessment for subordinated hybrid capital bonds and the short-term rating has also improved.

Fitch also upgraded RWE's long-term credit rating by one level to BBB+ with a stable outlook. The short-term credit score and the rating pertaining to subordinated hybrid bonds were also raised.

These positive assessments are further evidence that RWE's strategic realignment is being recognised.

You'll be particularly pleased to know that this has also been reflected in our share price. It has performed consistently well. In 2020, RWE was once again one of the top DAX companies, a repeat performance of 2017, 2018 and 2019.

Our enterprise value is growing. And as shareholders, we want you to benefit from this positive trend.

In 2019, our dividend was set at 80 cents per share. For 2020, the Executive Board and Supervisory Board are proposing to increase this to 85 cents per share.

I ask you to approve this proposal.

The Executive Board expects this trend to continue in 2021, with an increase in the planned dividend to 90 cents per share.

Ladies and Gentlemen,

RWE continues to focus on value-added growth for its portfolio. We are spending a lot of money in order to achieve our wind and solar capacity target of more than 13 gigawatts by 2022. A net total of five billion euros between 2020 and 2022, one billion euros of which in Germany.



In 2020, we commissioned approximately 800 megawatts of new wind power and solar capacity. Our wind power, photovoltaics and storage portfolio has therefore increased to 9.4 gigawatts. Another 3 gigawatts are now under construction.

A prerequisite for these many construction projects is a well filled project pipeline. Ours now comprises more than 30 gigawatts. That includes the Nordex development pipeline, which we acquired in the summer of 2020, involving projects mainly in France and Poland.

That means we're well on the way towards achieving our target, and to growing even beyond that.

Here are a few examples:

- In March we made the financial investment decision for the Sofia project off the British coast. With a capacity of 1.4 gigawatts, it will be the largest of our offshore projects globally. The investment totals about three billion pounds sterling. Work begins this year.
- Against fierce competition, we were also successful in the latest British offshore auction for seabed rights, and were awarded a potential total capacity of three gigawatts on Dogger Bank.
- And in Poland, the government put the legal framework in place in January to financially support wind farms in the Baltic. That smooths the way for our 350-megawatt project Baltic 2, for which we've had a bilateral contract for differences in place since the beginning of April. This is still subject to approval by the European Commission.

We're making good progress with the two large-scale offshore wind farms that are currently under construction:

- At the end of February, Triton Knoll began feeding electricity into the British grid. The wind farm will be completed in 2022, with a generating capacity of 857 megawatts.



- Kaskasi, now our third offshore wind farm off Heligoland, will also go into commercial operation next year. It will have an installed capacity of 342 megawatts.

Ladies and Gentlemen,

Designing, building and operating offshore wind farms far from the coast is an art in itself. And it's an art that we at RWE have mastered.

Take the Kaskasi project, for which 38 huge wind turbines are being transported out to the open sea. We anchor them in the sea floor at a depth of about 25 metres, and they soar above the water with a hub height of 110 metres.

Our wind turbines are state of the art. Their fibreglass blades are perfectly aerodynamic, ensuring an ideal energy yield.

For me as an engineer, it's something I'm proud to see. After all, offshore wind power is by far the most effective form of renewable electricity generation. It's particularly valuable for the energy transition, and for RWE.

It's in this very segment that we are world leaders. And that's where we want to remain. That's why we don't just produce electricity using state-of-the-art technologies. We also do pioneering work, researching new opportunities such as wind turbines that float on the sea, or what we call "floating offshore".

RWE is also pressing ahead with the expansion of onshore wind power. Onshore projects with a total capacity of 1.6 gigawatts have been definitively approved or are now under construction in the USA and in our European core markets.

Here too, we are exploring new technologies such as kites in order to tap into further potential in the future.



Ladies and Gentlemen,

Offshore, onshore, solar – these form the foundation of climate-friendly electricity production. Inseparably linked to these are powerful storage systems that will help to further minimise the use of conventional power stations.

One fascinating technology is redox flow, in which energy is saved in liquid chemical compounds. In November we completed the first step away from the lab and into practice by installing a test facility here at our Campus in Essen.

We are also exploring whether, and how, we could use our underground gas storage facilities to store hydrogen made from green electricity.

But we also need small, short-term storage facilities to offset fluctuations in electricity production and keep the grid stable. Here, development is at a more advanced stage. A good example is the USA, where we made a number of investment decisions in favour of large battery storage facilities by the end of 2020. We can use these to store more than 200 megawatt hours of electricity.

For the foreseeable future, we will still need to use conventional power stations to ensure security of supply. Modern gas-fired power stations are ideally suited to this task. They're capable of bridging quite lengthy periods with no wind or sun, using green gas in the longer term.

The German Federal Network Agency agrees, and it has therefore put out a tender for the construction of small-scale power stations, or "grid reserve plants". They will be used only if requested by the network operators. RWE has been awarded the contract to build and operate a 300-megawatt plant of this type in Biblis. It is expected to go into service in autumn next year.



In Great Britain and the Netherlands, we are also continuing to play our part in maintaining security of supply. The upgraded King's Lynn gas-fired power station in Great Britain has boosted our fleet since the beginning of 2020. It has a capacity of 382 megawatts. And in the Netherlands, we put our Claus C power station back on the grid last year. It has a capacity of 1,300 megawatts.

Ladies and Gentlemen,

The second pillar of the energy transition in addition to green electricity is hydrogen. It offers a realistic opportunity to decarbonise the areas that can't be electrified. Industry above all. That is the only way to achieve climate goals, world-wide.

There is also huge potential in hydrogen for RWE. We have everything we need under one roof: green electricity, expertise in production, storage capacity and trading know-how.

But there's still a lot to do in this regard: Investment in green hydrogen is not yet financially viable. That's because there's no market for green hydrogen yet, there's no established legal framework, and we don't have the conditions in place for a fast market ramp-up.

It will still be some time until we see large-scale investments in this area. But here at RWE we're already working hard on the preparations. We want to be there when it really takes off.

That's why, early this year, we created a dedicated portfolio for hydrogen within the Board of RWE Generation. In this way we're pooling our skills within the Group, driving projects forward and forging alliances. And we're working with strong partners to give ourselves an edge from the start. We are currently involved in 30 innovative projects in Germany, the Netherlands and Great Britain.



As you can see, the subject of hydrogen is on everyone's lips in the energy industry. If you're interested in more details, I recommend the videos on our social media channels or our website.

Ladies and Gentlemen,

For me, the two things go together: We're building up a state-of-the-art and climate-friendly electricity production system. At the same time, we're taking our leave of the world of energy based on coal and nuclear power. We're approaching this consistently, responsibly, and with great respect for the workforce.

We still have around fourteen hundred employees working in nuclear energy, who have had to put up with a lot of public, and from my perspective unjustified, criticism in the past.

Our employees have never let up. They're highly motivated, day after day. They are working through to the end to maintain reliable electricity production. And just as conscientiously to dismantle the plants. I take my hat off to them.

There is now clarity regarding the compensation provisions for the accelerated phase out of nuclear energy. It is good that the German government and the operators reached an agreement on this at the beginning of March.

Germany's Constitutional Court had repeatedly called for a definitive arrangement to regulate the question of compensation.

This agreement is an important step toward achieving legal certainty for everyone involved. It's also a good signal for boosting confidence in Germany as an industrial location and thus to encourage the substantial investments that are now needed to transform the energy system.



Ladies and Gentlemen,

We're also bringing the chapter on coal to a close. In the spring of 2020, we closed our last hard coal-fired power station in Great Britain. And at the end of December, our last two hard coal-fired power stations in Germany followed.

The Netherlands will phase out coal by the end of the decade, which we fully support. Our Amer power station is already operating with 80 per cent biomass, and for the plant at Eemshaven that figure is 15 per cent. Both power stations have thus succeeded in reducing their carbon emissions and helping to maintain security of supply at the same time.

In the process of phasing out lignite in Germany, we signed an agreement under public law with the German government in February.

In anticipation of that agreement, we took our first lignite unit at Niederaussem offline two months earlier. Another three units will follow this year.

By 2030 we will have decommissioned two-thirds of our lignite-fired power station capacity. Two-thirds of our opencast mines will have been closed by then.

This will mean cutting 6,000 of 10,000 positions. Essentially, RWE alone will carry the lion's share of Germany's phaseout of lignite for the first few years.

We will observe our responsibility toward our employees who will lose their jobs with the same commitment as our obligations to recultivate the land.

We are as good as our word. You can count on RWE.

There can be no doubt: The phaseout of coal is a historic step for RWE. It's also an emotional one for many of our employees. I understand that. After all, coal is a part of our more than one-hundred-and-twenty-year company history. And the history of our country, whose prosperity has heavily depended on this energy source.



Here again, it's important for me to express respect for our employees in this area. They are working hard to provide a reliable supply of electricity. Just as policy-makers and society have expected of them for decades.

Ladies and Gentlemen,

Our carbon emissions are declining substantially. Between 2012 and the end of 2020, we reduced them by more than 60 per cent. By 2030, that figure will be at least 75 per cent. And by 2040, we will be carbon-neutral.

That's ten years faster than both Germany and the EU have set as their target.

In other words, our company matches its words with deeds. And that's being acknowledged.

For example, the high-profile Science Based Targets initiative has certified that our strategy is in line with the Paris Agreement.

We have also received a positive assessment from the Transition Pathway Initiative, a global initiative of financial institutions and asset managers.

Ladies and Gentlemen,

For RWE, 2020 was an excellent year. And it was also a successful year for the energy transition.

It's gaining pace worldwide. A glance at the statistics makes this clear:

2020 was the seventh year in a row in which global investment in renewables exceeded the 250-billion US dollar mark. And it did that by a clear margin last year, at more than 300 billion US dollars.



And so it continues. The world has set new standards with the Paris Agreement. This calls for a massive transformation of industry, the economy and society as a whole. It comes with clear conditions, important milestones, and a defined goal: carbon-neutrality.

This will be the key decade in this regard.

Now we have to put it into practice.

As we all know from our everyday lives, our first steps are crucial in defining what happens next: The initial passes on the pitch. The first notes at a concert. And starting your day on the right foot, as the saying goes.

It's no different as we work toward carbon-neutrality. The first steps are vital:

- Policy requirements that are both ambitious and realistic,
- Conditions that ensure carbon-neutral products are competitive,
- Appropriate stimuli to encourage businesses to make more green investments,
- And meaningful financing instruments to support the transformation of industry.

When all these elements come together, things will really take off.

The Green Deal and the ambitious measures taken by many countries provide a good launch pad.

And assistance with economic recovery following the pandemic may also provide a turbo boost to expand climate-friendly technologies even more quickly.

The signs have been there for some time. In Europe, capital investment in renewables climbed to about 82 billion US dollars in 2020. That's the highest level since 2012, and an increase of 52 per cent compared to 2019.

RWE

- The front runner is Great Britain, with more than 16 billion US dollars.
- In the Netherlands, capital investment more than doubled in 2020, to over 14 billion US dollars.
- And the figure for Spain was 10 billion US dollars.

Things are buzzing, in other words.

And where does Germany stand in this regard? This country invested about 7 billion US dollars in renewables.

Half as much as in the Netherlands, in other words. Even so, that's a 14 per cent increase on the prior year.

And there was a strong decline in 2019. So we hope that was the start of a turnaround in the trend in Germany.

The basic circumstances have definitely improved. For example, Germany's policy-makers have reformed the Renewable Energy Act. That was necessary, and the right thing to do.

But Germany cannot afford to let up now. There is huge competition for investment.

That's why we hope that the German Federal government will introduce regulations in further areas before the end of the current legislative period, as it has announced. That includes increasing the expansion roadmap for renewables in particular.

A lot more dynamism is needed in the expansion of renewables in connection with the phaseout of nuclear energy and coal. How fast we proceed with the expansion of renewables and the grids will be one factor that determines the timing for the phaseout of coal.

The coalition in Berlin has also set itself the task of gradually reducing the levy under the Renewable Energy Act. I can only encourage policy-makers to put this into practice swiftly.

We also need a comprehensive refinement of the regulatory framework if we are to be competitive at an international level.



The question of bilateral contracts for difference, or CfDs, must be put forward once again. These are the best instrument for efficiently hedging renewables. This applies to capital-intensive technologies such as offshore wind in particular.

CfDs have now become standard in Europe. They were developed and perfected in Great Britain. It's therefore no coincidence that the largest offshore projects to date are being tackled there.

Let me repeat: Germany should do the same and also make use of CfDs, because it makes economic sense for the country. Because it keeps costs for consumers as low as possible. And because it creates more certainty for the energy transition in Germany.

Let me come back to hydrogen: We need a clear legal framework and suitable conditions in place, and quickly. Those are the preconditions for being able to actually generate, transport and use green hydrogen cost-effectively.

The EU has announced it will put forward the appropriate proposals by the end of the year.

I'm pleased that the German Federal government wants to lead the way in this area. However, instead of designing, regulating and financing gas and hydrogen networks separately, the existing gas network regulations should be extended to cover hydrogen. That would allow for meaningful integrated planning.

We also need to clear up uncertainties regarding the extent of the expected grid fees and security of investment for the network operators. We are counting on the Bundestag, the German parliament, to make further improvements in this area.



Ladies and Gentlemen,

My time as CEO of RWE comes to an end in about 60 hours from now. After 35 years in the energy sector, and 23 in Board and management positions. It has always been exciting, the past five years especially so.

When I became CEO of RWE, I was asked in an interview with our employee magazine what I'd like to read about myself at the end of my term. My answer was: "He did a good job".

Ladies and Gentlemen,

With a view to the future, I'd like to emphasise one thing: RWE is a wonderful company:

- with great employees,
- with a huge will to survive,
- with a business model for the future
- and a proud tradition.

RWE has held its own on the market since 1898 with its core product: electricity. The company and its employees have been constantly on the move throughout this time.

They've never stood still. RWE has reinvented itself over and over again, and has remained agile and competitive.

There's plenty of evidence for that – in countless stories about our company. The current transformation is certainly one of the major developments in its history. But it's not disruptive. We continue to do the same thing: generating electricity. Every energy has its time. And now it's time for renewables.



Ladies and Gentlemen,

And finally, a big thank you from me:

- First of all, to you, our shareholders. You've always supported RWE, and me personally. Without your support, our transformation would have been unthinkable. And every bit as important have been the many comments, suggestions, enquiries, and constructive criticism. All this is helpful. That way no-one thinks they can just sit back and take it easy.
- I'd also like to express a very big thank you to our Supervisory Board. Our collaboration has been invaluable. Even in difficult times, you stood by the company and myself. I'm sure that wasn't always easy.
- A big thank you goes to all my colleagues at RWE. Our values of trust, performance and passion are more than just words on paper for them. They live them in their daily lives and in the way they work together. Our employees are the real deal: They're enthusiastic on the job, with a wealth of expertise, and always looking for opportunities for improvement.

Ladies and Gentlemen,

TeamRWE is about to get a new boss: Markus Krebber. Together with Nanna Seeger and Michael Müller, he'll ensure that you, as our shareholders, continue to enjoy your interaction with RWE. I'm absolutely sure of it.

I wish you all the best, and stay healthy!



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.