RWE

Press Release

RWE announces new, higher earnings forecast for fiscal 2019

- **Reinstatement of British capacity market and continued good business performance: RWE stand-alone is now expected to achieve adjusted EBITDA of between €1.8 billion and €2.1 billion/adjusted net income set to total between €0.9 billion and €1.2 billion**
- **Dividend target for fiscal 2019 of 80 euro cents per share confirmed**
- **Successful start for RWE Renewables: project pipeline grows thanks to new projects in the USA, UK and Poland**

Essen, 14 November 2019

Markus Krebber, CFO of RWE AG:

"RWE is profitable in operating terms and we have a very solid equity base. Our finances have put us back in a position to achieve growth – above all in the renewable energy business where we have formidable prospects. These are good reasons to tackle the tasks ahead of us with great optimism."

In view of the reinstatement of the British capacity market and the continued strong trading performance in the first nine months, RWE is raising its full-year earnings outlook for fiscal 2019. The company now expects adjusted EBITDA, i.e. adjusted earnings before interest, taxes, depreciation and amortisation, for RWE stand-alone of between €1.8 billion and €2.1 billion, as opposed to the previous forecast of €1.4 billion to €1.7 billion. RWE now anticipates that adjusted net income will range between €0.9 billion and €1.2 billion (previously €0.5 billion to €0.8 billion). Management confirms the dividend target of 80 euro cents per share for 2019.

"Both the business performance to date as well as the prospects provided by our new strategy give us reason to be very confident," states RWE CFO Markus Krebber. The positive development of the Group's operating activities in the first half of the year continued in the third quarter. Furthermore, the reinstatement of the British capacity market will have a positive impact on earnings in the European Power segment. This had not been considered in the earlier outlook for RWE stand-alone.

Renewable energy business continues to develop dynamically

EBITDA for RWE stand-alone does not include income from the operations acquired from E.ON. We anticipate that adjusted EBITDA from September through to the end of the year will total between €200 million and €300 million here. RWE's renewable energy business has continued to develop dynamically in recent weeks: RWE has embarked on new wind and solar projects in the USA, UK and Poland and signed new contracts with partners. The current portfolio, which has a size of over 9 gigawatts (GW), is set to be expanded through up to €1.5 billion in net investments every year. About 2.6 GW are under construction, supplemented by a project pipeline with a current capacity of approximately 20 GW.

Business performance in the first three quarters significantly better year on year

In the first three quarters of 2019, RWE stand-alone recorded €1.5 billion in adjusted EBITDA after €1.3 billion in the same period last year. Adjusted net income totalled €854 million in the first nine months (first nine months of 2018: €645 million).

Lignite & Nuclear segment: on a par year on year in operating terms

In the first nine months of the year, the segment recorded adjusted EBITDA of €231 million and thus remained at the previous year's level. Two opposing effects offset each other: higher wholesale prices were realised, whereas electricity generation was down compared to 2018 due to the halt to clearance work at the Hambach opencast mine and power plant overhauls. As before, RWE anticipates that the segment will end fiscal 2019 with adjusted EBITDA of between €300 million and €400 million.

European Power segment: substantial earnings growth expected

The segment posted €130 million in adjusted EBITDA compared to €234 million in the first three quarters of 2018. This was predominantly due to the suspension of payments from the British capacity market. In view of the European Commission's reapproval of the capacity market and the UK government's corresponding announcements, the €230 million in payments suspended in 2018 and 2019 are expected to be made retrospectively. RWE expects to receive these payments at the beginning of 2020, but they will already have an impact on earnings in 2019. Therefore, management is raising the segment's earnings outlook. RWE now anticipates adjusted EBITDA of between €450 million and €550 million instead of the previous range of €250 million to €350 million.

Supply & Trading segment: continued good business performance

The first nine months saw Supply & Trading post exceptionally good earnings of €545 million compared to the €183 million achieved in the same period last year. The rise was primarily thanks to the trading business, with gas and LNG activities also making a strong contribution to earnings. RWE anticipates that Supply & Trading will record adjusted EBITDA clearly in excess of €300 million for 2019 as a whole.

Key figures for RWE stand-alone include innogy only with the dividend, which RWE received in the second quarter.

New RWE already presented on the balance sheet: equity ratio increases to about 27%
The IFRS consolidated balance sheet as of 30 September already presents the new RWE. In concrete terms, this means that the operations acquired from E.ON are now accounted for by RWE. In addition, the balance sheet includes the innogy assets that were transferred to E.ON temporarily and will return to RWE in 2020: the renewable energy business, the gas storage facilities and the 37.9% stake in the Austrian energy utility Kelag. This procedure is in line with international accounting standards.

A look at RWE's asset base shows that RWE has a very solid setup following the transaction. RWE has approximately €16 billion in shareholders' equity. This results in an equity ratio of about 27%. At the end of 2017, before the transaction with E.ON was announced, it was 17%. The RWE Group's net debt now amounts to some €10 billion as opposed to roughly €20 billion at the end of 2017.

Higher Group net income primarily due to deconsolidation effects
The new RWE is not yet fully reflected in the consolidated income statement. For example, the operations acquired from E.ON are included in the operating result merely for two weeks of September. The deconsolidation of innogy's grid and retail activities led to a capital gain of €8.3 billion. This sum is the difference between the fair value of the assets transferred to E.ON, which are the foundation of the agreement with E.ON, and the historic amortised costs, which were stated on RWE's consolidated balance sheet. The capital gain is a pure accounting effect and will not lead to cash inflows at RWE. In view of these one-off effects of the transaction with E.ON, the RWE Group's current income statement is only of limited informational value. Consequently, RWE will continue to base reporting on business performance on RWE stand-alone's adjusted EBITDA and adjusted net income until the end of 2019.

For further enquiries:

Stephanie Schunck
RWE AG
Head of Corporate Communications & Energy Policy
T +49 (0) 201 12-22088
M +49 (0) 162 2655588
E stephanie.schunck@rwe.com

Lothar Lambertz
RWE AG
Head of Group Press Relations
T +49 (0) 201 12-23984
M + 49 (0) 162 2845484
E lothar.lambertz@rwe.com

RWE AG
RWE supplies clean, secure and affordable electricity via its four operating companies RWE Renewables, RWE Generation, RWE Power and RWE Supply & Trading as well as a portfolio of about 46 gigawatts of generation capacity. In its new setup after the completion of the transaction with E.ON, RWE has an installed capacity of more than 9 gigawatts based on renewable energy. The company intends to strengthen this position by making annual net investments of up to 1.5 billion euros in onshore and offshore wind, photovoltaics and storage. Furthermore, RWE produces electricity from hard coal, lignite, nuclear energy, hydro power and biomass. The Group's trading arm RWE Supply & Trading is the interface between RWE and energy markets the world over. RWE is spurring the energy transition through innovative projects such as thermal storage power stations, the production of hydrogen and its use as a source of energy as well as power-to-x technologies. The Group has a total of approximately 20,000 people on its payroll worldwide. RWE AG is headquartered in Essen, Germany.

Forward-looking statements

This press release includes forward-looking statements. These statements reflect management's current assessments, expectations and assumptions and are based on the information currently available to it. Forward-looking statements provide no assurance that future results and developments will occur and are subject to known and unknown risks and uncertainties. As a result of various factors, actual future results and developments may differ materially from the expectations and assumptions expressed herein. In particular, these factors include changes in the general economic environment and the competitive situation. Above and beyond this, developments on the financial markets, fluctuations in exchange rates, changes to national and international law – especially with regard to tax regulations – and other factors can influence the future results and performance of the Company. Neither the Company nor any of its associated companies undertake to update the statements contained in this press release.

German General Data Protection Regulation (GDPR)

Following the introduction of the GDPR, RWE would like to continue to send you press releases featuring information on the latest topics regarding RWE and to contact you via electronic means for this purpose. We hereby inform you that we have updated our privacy policy. We will not disclose any personal data that we have collected, stored and processed for the purposes of sending you our press releases to third parties. Your personal data has been submitted on a voluntary basis. You have the right to prohibit this use at any time. You have the right to obtain information from us concerning your stored personal data at any time and free of charge and to object to the processing or use of your data. If you do not wish to continue to receive press releases, please inform us of this via datenschutz-kommunikation@rwe.com. Your data will then be removed from our system and you will not receive any more press releases from us. Please direct enquiries regarding our privacy policy to datenschutz@rwe.com.