

RWE achieves outstanding financial year 2020, creating basis for future growth

- **Growth of 7% and 16% respectively for adjusted EBITDA and adjusted EBIT compared to pro-forma result for prior year; adjusted net income reached €1.2 billion**
- **84% of capital expenditure already environmentally sustainable: Wind and solar power portfolio expected to expand to more than 13 gigawatts by end of 2022, with 3 gigawatts currently under construction**
- **Dividend proposal for 2020 is €0.85 – increase to €0.90 planned for 2021**

Essen, 16 March 2021

Rolf Martin Schmitz, CEO of RWE AG: “The past financial year was an outstanding one for RWE, despite the challenges of the coronavirus crisis. We clearly exceeded our forecast. This is a very good basis to continue our growth course. We are investing billions of euros in renewables. At the same time, we are rigorously and reliably reducing our CO₂ emissions with a clear target: RWE will become carbon neutral by 2040.”

In fiscal 2020, RWE successfully forged ahead with its transformation. The transaction with E.ON was completed, and the company continued to expand its renewables business. By the end of 2022, RWE aims to expand its portfolio of wind and solar power plants from over 9 gigawatts (GW) to more than 13 GW. The company is currently building new plants with an installed capacity of 3 GW. The project pipeline comprises development projects totalling about 34 GW. RWE is convinced that, in addition to the further expansion of renewables, green hydrogen will be an essential factor in making the energy transition a success. The company is participating in some 30 hydrogen projects.

Another important element in the transformation of RWE is the rigorous and reliable phaseout of coal. The company decommissioned its last hard coal-fired power plants in Germany and the United Kingdom in 2020, and the first lignite-fired unit was also taken off the grid as a consequence of the German coal phaseout. RWE has taken a considerable step forward towards its target of becoming carbon neutral by 2040. Carbon emissions decreased by more than 60% between 2012 and 2020.



RWE

Operational performance in 2020 clearly exceeded expectations

2020 was a successful year for RWE from a financial perspective, as well: Adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) reached €3.2 billion (pro forma result for 2019: €3.0 billion). That meant the upper limit of the forecast range of €2.7 billion to €3.0 billion was surpassed. Adjusted EBITDA from the core business, at €2.7 billion (pro-forma result for 2019: €2.7 billion) exceeded the forecast of €2.15 billion to €2.45 billion. RWE achieved an adjusted EBIT of €1.8 billion (pro-forma result for 2019: €1.5 billion) against an earnings forecast of between €1.2 billion and €1.5 billion. Adjusted net income of €1.2 billion exceeded the outlook of €0.85 billion to €1.15 billion. The operating performance is primarily thanks to the very good results from the Supply & Trading business.

For fiscal 2021, RWE aims to achieve an adjusted EBITDA of between €2.65 billion and €3.05 billion at Group level; in the core business, it should amount to between €1.8 billion and €2.2 billion. The forecast for adjusted EBIT is between €1.15 billion and €1.55 billion, and for adjusted net income the target is between €0.75 billion and €1.1 billion. The expected decline in the result is mainly due to the impact of the extreme cold snap in Texas. The compensation payment for the accelerated phaseout of nuclear energy in Germany on the other hand, is not included in the outlook and is part of the non-operating result.

Offshore Wind: Compared to the pro-forma result for 2019, adjusted EBITDA in this segment increased by 11% to €1,069 million. This can be largely attributed to very favourable wind conditions in the first quarter of 2020. For the current fiscal year, RWE forecasts a result of between €1,050 million and €1,250 million. A positive effect will result from RWE increasing its stake in the Rampion wind farm in the UK to 50.1%, as agreed with E.ON, and the fact that the first turbines at the UK wind farm Triton Knoll are already delivering electricity.

Onshore Wind/Solar: Compared to the pro-forma result for 2019, adjusted EBITDA in this segment increased by 7% to €472 million. The main reason for this is the commissioning of new wind farms and solar plants with a total capacity of around 800 megawatts (MW), even though the completion of several plants, particularly in the US, was delayed because of the Covid-19 pandemic. For the current year, RWE expects adjusted EBITDA of between €50 million and €250 million for this segment, closing down on last year's level. This is primarily due to the impact on earnings of the state of emergency resulting from the exceptional weather situation in Texas in the US in February. Production outages caused by winter storms and icy rain made it necessary to purchase electricity at extremely high prices. The resulting losses are reflected in this segment's outlook. RWE expects to see a positive impact on earnings from the commissioning of a large number of onshore wind and solar farms as well as battery storage facilities.

Hydro/Biomass/Gas: Adjusted EBITDA in this segment was €621 million. This is down on the prior year, as expected, mainly because of the one-off payment arising from the reinstatement of the UK capacity market in 2019. For the current fiscal year, RWE expects to achieve an adjusted EBITDA of between €500 million and €600 million. This forecast is down slightly year on year as RWE is expecting lower income from the commercial optimisation of power plant dispatch.





Supply & Trading: Adjusted EBITDA of €539 million in 2020 was well above expectations, mainly due to outstanding performance towards the end of the year in particular. For the current year, RWE is expecting a figure in the range of €150 million to €350 million.

Coal/Nuclear: In 2020, this segment contributed to the Group operating result with adjusted EBITDA of €559 million. As announced, this was well up on the prior year. This was in particular due to higher realised generation margins. Adjusted EBITDA of between €800 million and €900 million is expected for 2021. The year-on-year growth will result from higher hedged margins on forward sales of our electricity generation. However, RWE anticipates additional costs from the implementation of the German coal phaseout. Effects from the payments announced by the German federal government in accordance with the agreement with the nuclear power plant operators are not included in the segment's outlook.

High capital expenditure lays foundation for further growth

In 2020, RWE invested €2.3 billion in property, plant and equipment. Of this, €1.9 billion were used for the construction of new wind power and solar plants as well as battery storage facilities. 84% of the capital expenditure meets the criteria for environmentally sustainable investment, based on a draft EU taxonomy.

RWE will continue to focus on growth in 2021. The company is forging ahead with construction work on the Triton Knoll offshore wind farm (857 MW, RWE share 59%) in the North Sea off the coast of the UK, as well as on Kaskasi near Heligoland (342 MW, RWE share 100%). Both wind farms will be completed in 2022. In addition, over 20 onshore wind, solar and battery plants with a total capacity of around 2 GW will start commercial operation this year. Between 2020 and 2022, RWE will invest more than €5 billion net in its renewables portfolio.

Strong financial situation and reliable dividend

As at 31 December 2020, the equity ratio had improved to 29.1% (31 December 2019: 27.3%), primarily due to the capital increase of €2 billion in August 2020. This also had a positive impact on net debt, which fell to €4.4 billion as at the reporting date. In view of its strong results, RWE reaffirms its dividend statement: The dividend payment of €0.85 per share for fiscal 2020 will be proposed to the virtual Annual General Meeting on 28 April. The dividend payout for the current fiscal year is to be raised once again, to €0.90 per share.

CFO Markus Krebber comments: "Our financial situation further improved in 2020, thanks to a strong growth in earnings from operating activities and our capital increase. We are investing billions of euros in sustainable projects and are thus laying the foundation for RWE's long-term success."



Key figures at a glance

€ million	Outlook 2021	2020 actual	Outlook 2020 March 2020	2019 actual pro forma*
Adjusted EBITDA Offshore Wind	1,050 - 1,250	1,069	900 - 1,100	961
Adjusted EBITDA Onshore Wind/Solar	50 - 250	472	500 - 600	442
Adjusted EBITDA Hydro/Biomass/Gas	500 - 600	621	550 - 650	671
Adjusted EBITDA Supply & Trading	150 - 350	539	150 - 350	731
Adjusted EBITDA Core business	1,800 - 2,200	2,676	2,150 - 2,450	2,676
Adjusted EBITDA Coal/Nuclear	800 - 900	559	500 - 600	340
Adjusted EBITDA Group	2,650 - 3,050	3,235	2,700 - 3,000	3,015
Adjusted EBIT	1,150 - 1,550	1,771	1,200 - 1,500	1,531
Adjusted net income	750 - 1,100	1,213	850 - 1,150	-

*Pro forma: Inclusion of E.ON's assets for the entire 2019 financial year.

For enquiries:

Stephanie Schunck
RWE AG
Head of Group Corporate
Communications & Public Affairs
T +49 201 5179-5177
M +49 162 26 555 88
stephanie.schunck@rwe.com

Vera Buecker
RWE AG
Head of Media Relations
International & Finance
T +49 201 5179-5112
M +49 162 251 73 29
vera.buecker@rwe.com

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RWE is one of the world's leading renewable energy companies. It has capacity of around 11 gigawatts based on renewable energy, including hydropower and biomass as well as a highly efficient gas fleet and an international energy trading business. RWE wants to expand this position by investing in onshore and offshore windpower, photovoltaics and storage technologies. As a driver of the energy transition, the company also focusses on innovative projects such as floating offshore as well as the generation and use of hydrogen. In addition to its core business, RWE generates electricity from nuclear energy and coal. Government-mandated phaseout roadmaps have been defined for both of these energy sources. The company has a total of around 41 gigawatts of generating capacity in its portfolio and employs around 20,000 people worldwide. RWE has a clear ambition: to be carbon-neutral by 2040. On its way there, the company has set itself ambitious targets for all activities that cause greenhouse gas emissions. The renowned Science Based Targets initiative has scientifically confirmed that these emission reduction targets are in line with the Paris Agreement.

Forward-looking statements

This press release 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 press release.

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