FitchRatings

Corporates
Utilities - Non US
United States

RWE AG

RWE AG's ratings reflects the company's strong business profile as a large generation company with an increasing focus on clean technologies. EBITDA is supported by long-term contracted earnings across various segments, which offer good cash flow predictability in high-quality jurisdictions.

Fitch Ratings views RWE's strategy as largely unchanged following the recent announcement of a capex reduction in 2025-2026 and the introduction of a share buyback programme. We expect nuclear-adjusted funds from operations (FFO) net leverage to remain below the company's negative sensitivity of 2.5x over the forecast period, albeit with limited headroom in 2026.

Key Rating Drivers

Capex Reduced on Changing Market Conditions: RWE will cut net capex by around EUR2 billion in 2025 and 2026. Almost 50% of the cut will be in US offshore wind, where RWE sees higher risks and potential delays after the US elections. The rest will be in green hydrogen as the market is not developing as quickly as expected in Europe and UK. This will lower net capex to EUR7 billion a year on average in 2025-2026 from EUR8 billion. We do not expect this to affect our EBITDA forecasts, as these projects were anticipated to only add to earnings from 2030.

The capex revision is broadly in line with the trend from other investment-grade generation companies and integrated utilities that are following a more selective approach to investments in renewables, especially towards offshore wind projects.

Potential Delays to Investment Execution: RWE will continue with its green strategy but expects some delays versus its initial plan. The target was to invest EUR55 billion net capex over 2024-2030, allocated 75% to renewables with a target capacity of more than 65GW in 2030. After the capex cut and given market uncertainties, especially in the US, we expect this target to be reached beyond 2030, but RWE has not yet defined a new timeline. It has confirmed it will continue to expand renewables in core markets, where it sees rising demand for green power.

Share Buyback Announced: RWE has launched a share buyback programme of EUR1.5 billion, which will start in 4Q24 and last 18 months. This follows the shareholder authorisation granted by the board in 2023 to acquire up to 10% of the share capital until May 2025, with the intention of renewing the authorisation next year. The cash-out related to the share buyback largely offsets the capex cut, resulting in cumulatively lower cash spending of around EUR0.5 billion in 2025-2026, with a limited impact on RWE's financial profile.

3Q24 Earnings as Expected: RWE's adjusted EBITDA was around EUR4 billion in 9M24, down 30% from last year, as earnings normalised. In flexible generation (FlexGen), EBITDA fell 40% to EUR1.4 billion, due to declining margins and lower price volatility versus records in 2023. Supply & Trading (S&T) EBITDA fell 65% to EUR0.5 million from a record level last year. Offshore wind and onshore wind/solar had higher EBITDA (up 8% and 14%, respectively), on good wind conditions and full contribution of Con Edison Clean Energy Businesses assets.

Ratings

RWE AG

Long-Term IDR	BBB+
Short-Term IDR	F1
Senior Unsecured Debt - Long-Term Rating	BBB+
Senior Unsecured Debt - Short-Term Rating	F1
Subordinated Long-Term Rating	BBB-

Outlook

Long-Term Foreign-Currency IDR	Stable

RWE Finance US, LLC

Senior Unsecured Debt - Long-Term Rating	BBB+

RWE Finance Europe B.V.

Senior Unsecured Debt - Long-Term Rating	BBB+

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores

Environmental	4
Social	3
Governance	3

2035 Climate Vulnerability Signal: 55

Applicable Criteria

Sector Navigators – Addendum to the Corporate Rating Criteria (June 2024)

Corporate Recovery Ratings and Instrument Ratings Criteria (August 2024)

Corporate Hybrids Treatment and Notching Criteria (November 2020)

Corporate Rating Criteria (November 2023)

Related Research

Global Corporates Macro and Sector Forecasts

Investment-Grade EMEA Generation Companies–Relative Credit Analysis (July 2024)

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Quasi-Regulated Earnings to Increase: We expect Fitch-defined EBITDA to average EUR4.4 billion over 2024-2026. With the normalisation of energy prices and the expansion of renewables, we expect the share of quasi-regulated EBITDA to rise to 59% in 2026 from 48% in 2024 and below 40% in 2023. RWE derives about 70% of earnings from wind and solar under contracted support schemes with a remaining tenor of 14 years on average. RWE also benefits from capacity payments in the UK gas segment, which represent about 25% of FlexGen earnings.

Coal Exposure to Diminish: Exposure to coal is still a weakness on RWE's debt capacity versus peers'. From 2024, the coal business will be reported as phase-out technologies under non-operating results, in line with RWE's strategy to exit coal in 2030. The increase in the share of quasi-regulated earnings and the gradual decrease of coal capacity would improve RWE’s business profile in the medium term.

Negative FCF Projected: We forecast cumulative net capex of EUR23.6 billion over 2024-2026. The high capex, together with steadily increasing dividends in line with management's commitment, results in negative free cash flow (FCF) of EUR4.7 billion on average over the period. This leads to a gradual increase in net debt (excluding nuclear provisions) to EUR7.3 billion in 2026 in our rating case, from a net cash position of EUR2 billion in 2023.

Moderate Leverage Headroom: We expect nuclear-adjusted FFO net leverage to average 1.8x over 2024-2026, increasing to 2.2x in 2026, reducing the headroom under the negative sensitivity of 2.5x. RWE's company-defined net debt/adjusted EBITDA target will increase to 3.5x post-2025 from 3.0x currently. RWE has reiterated its commitment to maintain a strong investment-grade rating and can cut capex (largely uncommitted) further, increase asset rotation and issue hybrids to control leverage. Such measures are not included in our rating case as we do not expect them to be required in 2024-2026.

Financial Summary

(EURm)	2021	2022	2023	2024F	2025F	2026F
EBITDA	3,444	5,899	7,554	4,607	3,979	4,577
FFO	4,249	7,408	7,190	3,550	4,161	4,238
FCF after acquisitions and divestitures	3,668	-2,983	-5,719	-6,603	-1,034	-7,171
FFO interest coverage (x)	14.4	10.1	7.7	11.8	15.0	28.3
FFO net leverage (x)	-0.6	-0.5	-0.3	0.9	0.6	1.7
Nuclear-adjusted FFO net leverage (x)	0.7	0.2	0.4	1.9	1.4	2.2

F = Forecast
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

RWE's closest peers are European generation companies like Fortum Oyj (BBB/Stable), Statkraft AS (A-/Negative; SCP: bbb+), and Orsted A/S (BBB+/Stable). RWE has a materially higher share of quasi-regulated business than Fortum, but remains more exposed to thermal generation, which ultimately leads to a broadly similar debt capacity.

RWE's rating is at the same level as the 'bbb+' Standalone Credit Profile of Statkraft. While both companies have comparable revenue size, the Nordic utility has a better generation mix due to its low-cost, flexible hydro-asset base and lower exposure to thermal generation. However, RWE has a higher share of quasi-regulated earnings and no emerging-market exposure, which leads to an overall similar debt capacity.

Orsted has a higher debt capacity of 3.2x compared with RWE's 2.5x for the same rating. This reflects Orsted's 80% quasi-regulated cash flow, a greater proportion of renewables in its generation mix and long-term price support mechanisms for its offshore wind power business. These strengths are partially offset by its higher concentration in offshore wind.

Navigator Peer Comparison

	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenues Visibility	Market Position	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility
ERG S.p.A.	BBB-/Stable	a-	a-	bbb	bbb	bbb+	bbb	bbb-	bb+	a-
Fortum Oyj	BBB/Stable	aa-	a-	bbb-	bbb	bbb+	bbb	bbb	bbb	bbb
Orsted A/S	BBB+/Stable	aa	bbb-	bbb+	bbb+	a-	bbb+	bbb-	bbb	bbb+
RWE AG	BBB+/Stable	aa	a-	bbb-	bbb+	bbb	bbb+	bbb-	bbb	a
Statkraft AS	A-/Negative	aa	a-	bb	bbb	a-	bbb-	bbb	bbb+	a-

Source: Fitch Ratings. **Relative Importance of Factor** Higher Moderate Lower

Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenues Visibility	Market Position	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility
ERG S.p.A.	BBB-/Stable	+3	+3	+1	+1	+2	+1	0	-1	+3
Fortum Oyj	BBB/Stable	+5	+2	-1	0	+1	0	0	0	0
Orsted A/S	BBB+/Stable	+5	-2	0	0	+1	0	-2	-1	0
RWE AG	BBB+/Stable	+5	+1	-2	0	-1	0	-2	-1	+2
Statkraft AS	A-/Negative	+4	0	-5	-2	0	-3	-2	-1	0

Source: Fitch Ratings. **Factor Score Relative to IDR** Worse positioned than IDR Within one notch of IDR Better positioned than IDR

Rating Sensitivities

Factors That Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Deterioration of the business profile, for example due to delays to investments in renewables, lower-than-expected profitability of new assets or persistently depressed electricity prices
- Nuclear-adjusted FFO net leverage above 2.5x on a sustained basis

Factors That Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- We do not anticipate an upgrade to the 'A' category. Upside is limited by RWE's business profile as an electricity generation utility with no networks and its large thermal exposure. However, signs of a quicker shift to renewables, for example with over 75% EBITDA contribution from quasi-regulated activities, while keeping leverage low, could lead to positive rating action.

Liquidity and Debt Structure

At end-September 2024, RWE had EUR11.3 billion of cash and marketable securities and EUR10 billion committed undrawn revolving credit facilities. This compares with Fitch-expected negative FCF (after acquisitions and divestitures) of EUR6.6 billion in 2024 and EUR0.5 billion in 2025 and a EUR1.25 billion bond maturity in 2025. During 9M24, RWE issued three bonds totalling EUR2.4 billion, demonstrating solid market access.

RWE has a EUR5 billion syndicated credit facility with a maturity in July 2025 and extension options at the company's discretion. It also has credit lines of EUR3 billion and EUR2 billion, which run until April 2026. In addition, RWE's 15% stake in E.ON (around EUR4.5 billion) is a source of financial flexibility if it decides to divest the stake in full or in part.

ESG Considerations

RWE has an ESG Relevance Score of '4' for 'GHG Emissions & Air Quality' and 'Energy Management'. ESG issues affect the ratings primarily through the presence of coal in RWE's generation fuel mix. These factors have a negative impact on the credit profile, and are relevant to the ratings in conjunction with other factors. However, RWE has been reducing its carbon footprint and is on a decarbonisation path with a CO_2 neutrality goal set for 2040. RWE has also agreed to exit coal in 2030.

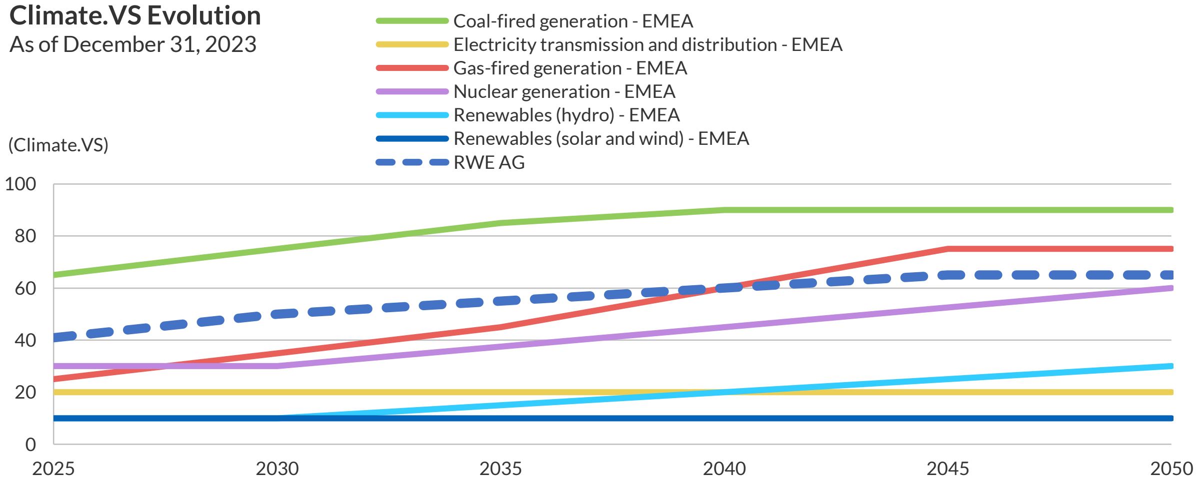
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, click here.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's Corporate Rating Criteria. For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Climate Vulnerability Signals for Non-Financial Corporate Sectors.

The 2023 revenue-weighted Climate.VS for RWE for 2035 is 55 out of 100, above average compared with sector peers, due to 24% of RWE's 2023 power generation being derived from coal-based power plants. At the moment, this exposure does not have a material impact on RWE's rating as Germany (where all RWE's coal-based power plants are located) plans to phase-out coal, ideally by 2030. In addition, RWE is continuously growing its renewables portfolio as part of its growing green energy. From 2024, the company will also start reporting its coal and nuclear segments (phase-out technologies) as non-operating EBITDA.

Climate.VS Evolution
As of December 31, 2023



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(EURm)	2024F	2025F
Available liquidity		
Beginning cash balance	14,641	10,089
Rating case FCF after acquisitions and divestitures	-6,603	-1,034
Bonds issued in 2024	2,400	—
Total available liquidity (A)	**10,438**	**9,055**
Liquidity uses		
Debt maturities	-349	-1,657
Total liquidity uses (B)	**-349**	**-1,657**
Liquidity calculation		
Ending cash balance (A+B)	10,089	7,398
Revolver availability	10,000	5,000
Ending liquidity	**20,089**	**12,398**
Liquidity score (x)	58.6	8.5

F – Forecast.
Source: Fitch Ratings, Fitch Solutions, RWE AG

Scheduled Debt Maturities

(EURm)	December 31, 2023
2024	349
2025	1,657
2026	1,398
2027	226
2028	1,046
Thereafter	7,776
Total	**12,452**

Source: Fitch Ratings, Fitch Solutions, RWE AG

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer

- Installed capacity to increase to 55GW in 2026 comprising 24.5GW from wind and solar, 22GW from FlexGen and 8GW from coal
- Fitch-defined EBITDA of EUR4.6 billion in 2024, and averaging EUR4.3 billion in 2025-2026
- Average net capex of EUR7.9 billion a year over 2024-2026
- Average dividends of about EUR800 million a year over 2024-2026

Financial Data

(EURm)	2021	2022	2023	2024F	2025F	2026F
Summary income statement						
Gross revenue	24,526	38,366	28,566	29,994	31,494	33,069
Revenue growth (%)	79.2	56.4	-25.5	5.0	5.0	5.0
EBITDA before income from associates	3,444	5,899	7,554	4,607	3,979	4,577
EBITDA margin (%)	14.0	15.4	26.4	15.4	12.6	13.8
EBITDA after associates and minorities	3,289	5,595	7,280	4,622	4,000	4,420
EBIT	2,443	4,452	7,642	2,896	2,104	2,417
EBIT margin (%)	10.0	11.6	26.8	9.7	6.7	7.3
Gross interest expense	-435	-773	-946	-329	-297	-155
Pretax income including associate income/loss	1,522	715	4,006	6,057	3,561	2,883
Summary balance sheet						
Readily available cash and equivalents	13,861	20,456	14,641	10,006	11,367	7,322
Debt	11,251	16,385	12,452	13,414	14,102	14,613
Net debt	-2,610	-4,071	-2,189	3,408	2,735	7,291
Summary cash flow statement						
EBITDA	3,444	5,899	7,554	4,607	3,979	4,577
Cash interest paid	-298	-773	-946	-329	-297	-155
Cash tax	150	-437	-448	-429	-194	-266
Dividends received less dividends paid to minorities (inflow/outflow)	-155	-304	-274	15	21	-157
Other items before FFO	848	2,667	470	-315	652	238
FFO	4,249	7,408	7,190	3,550	4,161	4,238
FFO margin (%)	17.3	19.3	25.2	11.8	13.2	12.8
Change in working capital	-2,126	-1,281	-1,209	1,872	745	-1,111
CFO (Fitch-defined)	2,123	6,127	5,981	5,422	4,907	3,126
Total non-operating/nonrecurring cash flow	4,832	-4,127	-2,214	-1,349	271	-437
Capex	-3,689	-3,303	-5,146	—	—	—
Capital intensity (capex/revenue) (%)	15.0	8.6	18.0	—	—	—
Common dividends	-575	-609	-669	—	—	—
FCF	2,691	-1,912	-2,048	—	—	—
FCF margin (%)	11.0	-5.0	-7.2	—	—	—
Net acquisitions and divestitures	977	-1,071	-3,671	—	—	—
Other investing and financing cash flow items	-4,804	-5,382	6,262	—	—	—
Net debt proceeds	2,371	7,179	-576	962	688	511
Net equity proceeds	-184	2,349	-38	—	-1,000	-500
Total change in cash	1,051	1,163	-71	-2,225	-843	297
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	1,545	-9,110	-11,700	-12,025	-5,941	-10,298
FCF after acquisitions and divestitures	3,668	-2,983	-5,719	-6,603	-1,034	-7,171
FCF margin after net acquisitions (%)	15.0	-7.8	-20.0	-22.0	-3.3	-21.7
Gross Leverage ratios (x)						
EBITDA leverage	3.4	2.9	1.7	2.9	3.5	3.3
FFO leverage	2.6	2.1	1.7	3.5	3.2	3.3
CFO-capex/debt	-13.9	17.2	6.7	-33.0	-0.0	-38.9

(EURm)	2021	2022	2023	2024F	2025F	2026F
Net Leverage ratios (x)						
EBITDA net leverage	-0.8	-0.7	-0.3	0.7	0.7	1.7
FFO net leverage	-0.6	-0.5	-0.3	0.9	0.6	1.7
Nuclear-adjusted FFO net leverage	0.7	0.2	0.4	1.9	1.4	2.2
CFO-capex/net debt	60.0	-69.4	-38.1	-130.0	-0.1	-78.0
Coverage ratios (x)						
EBITDA interest coverage	11.0	7.2	7.7	14.1	13.5	28.5
FFO interest coverage	14.4	10.1	7.7	11.8	15.0	28.3
FFO fixed-charge coverage	14.4	10.1	7.7	11.8	15.0	28.3

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator

Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	☐ Stable

FitchRatings

RWE AG

Corporates Ratings Navigator
Global Electricity Generation

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Management and Corporate Governance

a+	Management Strategy	a	Coherent strategy and good track record in implementation.
a	Governance Structure	a	Experienced board exercising effective check and balances. Ownership can be concentrated among several shareholders.
a-	Group Structure	bbb	Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions.
bbb+	Financial Transparency	a	High quality and timely financial reporting.
bbb			

Revenues Visibility

bbb+	Contracted Position	bb	Moderate visibility under PPAs or incentives with short to medium (3 years) term residual life, with manageable merchant risk. 50% to 80% contracted or incentivised.
bbb	Contract Renewal Risk	bbb	Likely re-contracting prospects with similar to potentially moderately worse contractual terms.
bbb-	System / Capacity Payments	bbb	Less transparent or shorter duration market pricing structures with some risk of political interference proving medium term price visibility for power generators.
bb+	Degree of Supply Integration	b	Minimal supply integration. Significant long or short generation position.
bb	Resource Predictability	bbb	Stable and predictable capacity factor.

Market Position

a	Supply/Demand Dynamics	bbb	Moderately favorable outlook for prices. Balanced reserve margin with capacity addition pace matching demand growth. Supply/Demand balance aided by regulatory system mechanism.
a-	Competitive Position	bbb	Efficient generation with recurrent merit dispatch.
bbb+	Relative Size and Scale	a	Large scale operations with diverse generation asset base or company supplies more than 50% of electricity to the systems where it operates or strong competitive position in a localized market
bbb			
bbb-			

Asset Base and Operations

a-	Asset Quality and Diversity	bbb	Good single asset quality or partial diversification by geography and/or generation source.
bbb+	Exposure to Environmental Regulations	bb	Significant exposure to environmental regulations. Energy production largely deriving from thermal sources; high carbon exposure.
bbb	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bbb-			
bb+			

Commodity Exposure

a	Counterparty Risk	bbb	Diversified, medium counterparty risk or weighted average credit quality of actual and potential off-takers is in line with 'BBB' rating. Single 'BBB' rated off-taker under well-structured PPA.
a-	Costs Pass-Through and Supply Mix	bbb	Limited exposure to changes in commodity costs with ability to pass cost changes to end users. Low variable costs and moderate flexibility/certain of supply.
bbb+	Hedging Strategy	a	Strong portfolio/cash flow smoothing effects from extensive contractual hedge.
bbb			
bbb-			

Profitability

bbb+	Free Cash Flow	bb	Structurally moderately negative FCF across the investment cycle.
bbb	Cash Flow Predictability	bbb	Stability and predictability cash flow in line with peers.
bbb-			
bb+			
bb			

Financial Structure

a-	EBITDA Leverage	bbb	3.3x
bbb+	FFO Leverage	bbb	3.5x
bbb	FFO Net Leverage	bbb	3.0x
bbb-			
bb+			

Financial Flexibility

aa-	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
a+	Liquidity	a	No need for external funding beyond committed facilities in the next 12 months even under a severe stress scenario. Well-spread maturities. Diversified funding.
a	FFO Interest Coverage	a	5.5x
a-	DSCR		n.a.
bbb+	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Effective hedging in place.

Credit-Relevant ESG Derivation

RWE AG has 2 ESG rating drivers and 11 ESG potential rating drivers

- Emissions from operations
- Fuel use to generate energy and serve load
- Water used by hydro plants or by other generation plants, also effluent management
- Impact of waste from operations
- Plants' and networks' exposure to extreme weather
- Product affordability and access

Showing top 6 issues

			Overall ESG
key driver	0	issues	5
driver	2	issues	4
potential driver	11	issues	3
not a rating driver	1	issues	2
	0	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

FitchRatings

RWE AG

Corporates Ratings Navigator
Global Electricity Generation

Credit-Relevant ESG Derivation

RWE AG has 2 ESG rating drivers and 11 ESG potential rating drivers

- RWE AG has exposure to emissions regulatory risk which, in combination with other factors, impacts the rating.
- RWE AG has exposure to energy productivity risk which, in combination with other factors, impacts the rating.
- RWE AG has exposure to water management risk but this has very low impact on the rating.
- RWE AG has exposure to waste & impact management risk but this has very low impact on the rating.
- RWE AG has exposure to extreme weather events but this has very low impact on the rating.
- RWE AG has exposure to access/affordability risk but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	2	issues	4
potential driver	11	issues	3
not a rating driver	1	issues	2
	0	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	4	Emissions from operations	Asset Base and Operations	5
Energy Management	4	Fuel use to generate energy and serve load	Asset Base and Operations; Counterparty and Commodity Exposure; Profitability	4
Water & Wastewater Management	3	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Profitability	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Profitability	2
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Profitability	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Revenues Predictability; Profitability	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Asset Base and Operations	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability	3
Employee Wellbeing	2	Worker safety and accident prevention	Asset Base and Operations	2
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Revenues Predictability; Profitability; Financial Structure	1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Governance (G) Relevance Scores

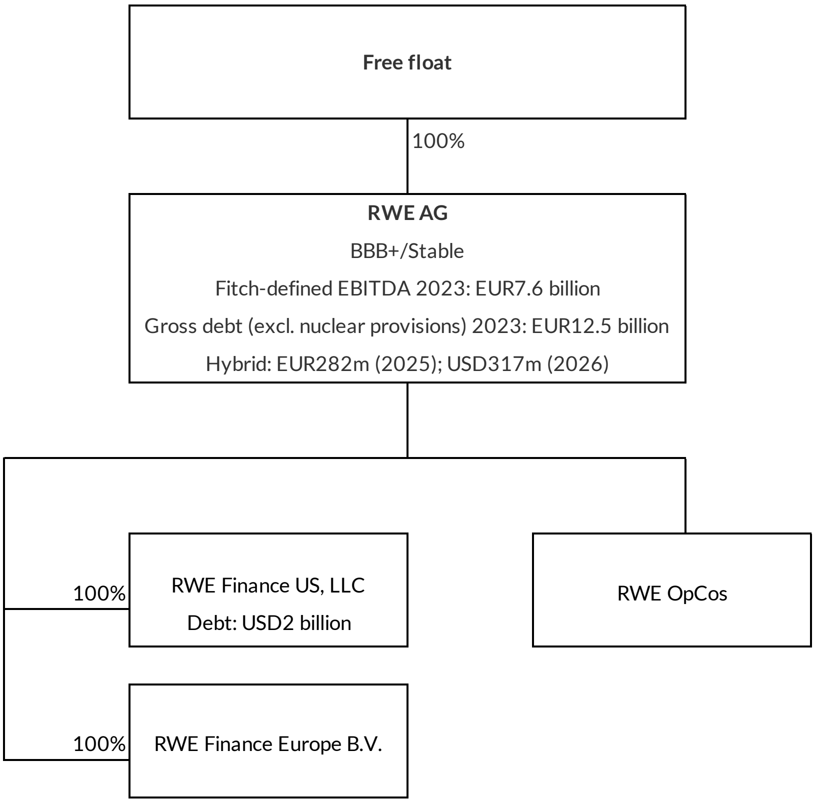
General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance; Financial Structure	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance; Counterparty and Commodity Exposure	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



Note: For hybrids the first call date is presented. Bonds issued by RWE Finance US, LLC and RWE Finance Europe B.V. are guaranteed by RWE AG
Source: Fitch Ratings, RWE AG as at November 2024

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	EBITDA (EURm)	FFO (EURm)	FCF after acquisitions and divestitures (EURm)	FFO interest coverage (x)	FFO net leverage (x)
RWE AG	BBB+						
	BBB+	2023	7,554	7,190	-5,719	7.7	-0.3
	BBB+	2022	5,899	7,408	-2,983	10.1	-0.5
	BBB+	2021	3,444	4,249	3,668	14.4	-0.6
Statkraft AS	A-						
	A-	2023	3,809	1,459	-2,312	13.5	0.6
	A-	2022	5,285	3,940	2,030	42.6	-0.5
	BBB+	2021	2,773	2,335	1,520	46.4	0.1
Orsted A/S	BBB+						
	BBB+	2023	2,891	2,059	-1,282	3.9	2.9
	BBB+	2022	2,681	2,224	-1,029	5.8	1.8
	BBB+	2021	2,079	1,240	-1,311	4.6	3.0
Fortum Oyj	BBB						
	BBB	2023	1,881	1,498	2,063	7.0	0.8
	BBB	2022	2,004	1,875	543	10.0	1.7
	BBB	2021	4,501	3,012	-1,239	18.3	2.6
ERG S.p.A.	BBB-						
	BBB-	2023	520	471	220	50.9	3.0
	BBB-	2022	502	405	744	14.9	3.5
	BBB-	2021	581	495	-284	16.3	4.1

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(EUR millions as of 31 Dec 2023)	Notes and formulas	Standardised values	Lease treatment	Other adjustments	Adjusted values
Income statement summary					
Revenue		28,566	—	—	28,566
EBITDA	(a)	7,813	-259	—	7,554
Depreciation and amortization		-2,029	194	1,923	88
EBIT		5,784	-65	1,923	7,642
Balance sheet summary					
Debt	(b)	15,610	-1,913	-1,245	12,452
Of which other off-balance-sheet debt		—	—	—	—
Lease-equivalent debt		—	—	—	—
Lease-adjusted debt		15,610	-1,913	-1,245	12,452
Readily available cash and equivalents	(c)	14,641	—	—	14,641
Not readily available cash and equivalents		—	—	—	—
Cash flow summary					
EBITDA	(a)	7,813	-259	—	7,554
Dividends received from associates less dividends paid to minorities	(d)	-274	—	—	-274
Interest paid	(e)	-1,011	65	—	-946
Interest received	(f)	834	—	—	834
Preferred dividends paid	(g)	—	—	—	—
Cash tax paid		-448	—	—	-448
Other items before FFO		-2,931	—	3,401	470
FFO	(h)	3,983	-194	3,401	7,190
Change in working capital		-22	—	-1,187	-1,209
CFO	(i)	3,961	-194	2,214	5,981
Non-operating/nonrecurring cash flow		—	—	-2,214	-2,214
Capex	(j)	-5,146	—	—	-5,146
Common dividends paid		-669	—	—	-669
FCF		-1,854	-194	—	-2,048
Gross leverage (x)					
EBITDA leverage	b / (a+d)	2.1	—	—	1.7
FFO leverage	b / (h-e-f-g)	3.8	—	—	1.7
(CFO-capex)/debt (%)	(i+j) / b	-7.6	—	—	6.7
Net leverage (x)					
EBITDA net leverage	(b-c) / (a+d)	0.1	—	—	-0.3
FFO net leverage	(b-c) / (h-e-f-g)	0.2	—	—	-0.3
(CFO-capex)/net debt (%)	(i+j) / (b-c)	-122.3	—	—	-38.1
Coverage (x)					
EBITDA interest coverage	(a+d) / (-e)	7.5	—	—	7.7
FFO interest coverage	(h-e-f-g) / (-e-g)	4.1	—	—	7.7

CFO – Cash flow from operations
Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region. Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Source: Fitch Ratings, Fitch Solutions, RWE AG

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