Interim Statement on the first half of 2024

Telephone press conference

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Speech by Dr. Markus Krebber, CEO of RWE AG and

Dr. Michael Müller, CFO of RWE AG

Check against delivery

Ladies and gentlemen,

Welcome to our press conference.

Never before has RWE produced so much electricity from renewables in six months. Over 26 million megawatt hours.

We can look back on a half-year in which RWE invested massively, grew profitably and significantly reduced its CO_2 emissions once again.

As expected, our Group earnings were down on the previous year due to significantly lower wholesale electricity prices. We already announced that.

The European energy market continued to normalise in the first half of the year. Wholesale prices for electricity are at the nominal level of 2021 - i.e. the level before Russia's attack on Ukraine.

We delivered a good financial performance in the first half of 2024. Adjusted EBITDA stood at €2.9 billion and adjusted net income at €1.4 billion. This means that we have already reached more than half of our EBITDA guidance for the full year 2024.

The main earnings driver was our renewables business, where we increased earnings in all business areas: in the Offshore business due to better wind conditions, and in the Onshore Wind/Solar segment also due to more favourable weather conditions as well as the commissioning of new projects. On top of that, Con Edison Clean Energy Businesses was recognised for the full six months for the first time. In contrast, the earnings of the Flexible Generation and Supply & Trading segments for the first six months were below last year's level, as expected.

Overall, we are well on track to achieve our targets for the current fiscal year.

We are also making good progress in reducing our CO_2 emissions. Since the middle of last year, we have reduced them significantly once again: by 27 percent.

Our investments have risen strongly. In the first six months of the current year, we invested €4.5 billion net in the further expansion of our portfolio.

We spent more than half of this on our offshore wind projects, including the UK North Sea wind farm Sofia and the Danish North Sea wind farm Thor. In addition, we acquired the three Norfolk projects from Vattenfall. With the final investment decisions for the German Nordseecluster and the Dutch OranjeWind projects, we have set sail for a further strong expansion in North Sea offshore wind.

Further investments – around €1.8 billion in total – went into onshore wind and solar farms, as well as battery projects. We currently have more than 90 projects under construction in 9 countries.

Ladies and gentlemen,

We remain committed to our buildout target of over 65 gigawatts by 2030. Our installed capacity – without the phaseout technologies – currently amounts to 36 gigawatts. A further 10 gigawatts is currently under construction. In addition, our development pipeline is well filled and broadly diversified both regionally and technologically. This has a big advantage: we can choose what to implement. And we don't take those decisions lightly.

Where projects do not meet our requirements in internal rate of return, we do not realise them. For example, the German offshore auction in June. We dropped out of this because the bid levels were not in line with our criteria for economically viable projects. We focus on value creation when we invest.

I am therefore very pleased about our success in the latest offshore auction in Germany at the beginning of the week. We have secured two sites in the North Sea with a combined capacity of 4 gigawatts. We were awarded the contract for both projects at an auction price totalling 250 million euros. This is an acceptable and significantly lower price level than at the last German auction. We also want to realise these wind farms together with partners - we are in talks with TotalEnergies, with whom we are already implementing our OranjeWind project in the Netherlands.

In addition to value creation, it is also important to secure returns over the long term.

For example, more than 95 percent of the projects we commissioned in the last one and a half years have secured offtake agreements. Be it through PPAs, contracts for difference or other revenue models. In the current year, we have already concluded PPAs with a total volume of 1.6 gigawatts.

We are also making progress with our hydrogen activities.

At the beginning of June, after a long wait, we finally received funding commitments from the German federal and state governments for our major projects. Following on from the initial project development phase, the funding approval has now taken more than three years of time, more than 1,000 pages of paper and an enormous effort to answer detailed questions. We really cannot afford this snail's pace in the ramping up of the hydrogen economy.

We certainly agree that such bureaucratic processes need to be speeded up. After all, there have been no material changes as a result of the years-long process – with the exception that everything has become more expensive in the three years of waiting. Hydrogen projects are pioneering work. They need private initiative and state start-up funding.

Two of our funded projects are part of the GET H2 initiative, which is taking an integrated approach along the entire hydrogen value chain. Several partners are planning the production, transport and storage of hydrogen. Our lighthouse project is being realised in Lingen, where we commissioned pilot electrolysis plants with 14 megawatts just two days ago. This is the preliminary stage of 300 megawatts of electrolyser capacity that will produce green hydrogen.

The plant will be one of the largest in Europe.

Construction is already underway on the site. The next 100 megawatts are expected to be ready next year. The full capacity is scheduled to go into operation in 2027.

The construction of a hydrogen storage facility in Gronau-Epe is also being funded. In addition to the hydrogen core network, such storage systems will play a key role in the ramp-up of the hydrogen economy. The different production profile and demand profile can only be bridged with storage.

A third grant went to a consortium working towards the construction of a 100-megawatt electrolysis plant as part of the HyTechHafen Rostock project. We are involved in this consortium with other partners.

Ladies and gentlemen,

As you can see, we have made good progress in the first six months – in all areas. Michael Müller will now explain more details from the first half of the year.

Michael Müller

Thank you, Markus. A warm welcome from my side as well.

Growing Green, the name of our strategy, perfectly describes our first half of the year.

In the first six months, we generated around 20 percent more electricity from wind and solar than in the same period last year.

A key driver of this was onshore wind and solar. Overall, renewables now account for 45 percent and thus almost half of our power production.

This is also reflected in our earnings: 1.6 billion euros – more than half of our adjusted EBITDA – was delivered by the wind and solar business. And this business is constantly growing: by around 20 percent year-on-year.

I will now turn to the results for our four segments.

In the **Offshore Wind** segment, we achieved adjusted EBITDA of €828 million in the first six months. The increase of around 9 percent compared to the same period last year is due to higher wind power production on the back of better wind conditions.

In the **Onshore Wind/Solar** segment, adjusted EBITDA rose to €730 million. This corresponds to an increase of around 40 percent. The commissioning of new wind and solar farms as well as battery storage systems contributed to this – a total of 1.8 gigawatts of new capacity since the end of June 2023. In addition, our acquisition in the United States was recognised for a full six months for the first time. Furthermore, we realised higher electricity prices than in 2023 – above all in the USA – and benefited from more favourable weather conditions.

In the **Flexible Generation** segment, we achieved an adjusted EBITDA of around €1 billion. This was significantly less than in the first half of 2023. As expected, the margins on electricity forward sales and income from the short-term optimisation of power plant dispatch fell short of the exceptionally high level recorded last year.

In the **Supply &Trading** segment, adjusted EBITDA was €318 million. This was lower than in the same period last year. Performance was below the extraordinarily high level of 2023.

Since this fiscal year, we have been managing our lignite-based electricity generation business and our nuclear decommissioning activities on the basis of adjusted cash flows. This business is no longer included in our key earnings figures.

As explained, we are continuing to invest massively in the expansion of our generation portfolio. We finance the majority of our investments from our strong operating cash flow. For further financing, we mainly use green bonds, supplemented by debt instruments such as green loans.

In June, we took out such a loan with the European Investment Bank. The EIB makes such funds available exclusively for projects that contribute directly to the EU Green Deal. We will use the 1.2 billion euros for the construction of our Danish offshore wind farm Thor.

Despite our high level of investment, we have a strong balance sheet. Our equity ratio improved once again and now stands at 35 percent – an increase of 4 percentage points since year-end.

Due to our high growth investments, the leverage factor, i.e. the ratio of net debt to adjusted EBITDA, is likely to increase in the current fiscal year. However, we will probably remain well below our self-imposed upper limit of 3.0.

Today, I can also confirm our dividend target: for the current fiscal year, we intend to pay €1.10 per share, as previously announced.

And so back to you, Markus.

Markus Krebber:

Ladies and gentlemen,

We will continue to drive forward our Growing Green strategy with determination.

The market fundamentals for investments in green technologies remain supportive, as the demand for green power is increasing. Both the energy industry and the energy policy environment in our core markets will continue to provide a good framework for this in the future.

Worldwide, we see further strong growth in electricity demand. Drivers include the rapid expansion of data centres for digitisation and AI, increasing electromobility and the increased use of air conditioning systems and heat pumps.

The expansion of CO_2-free power generation is making rapid progress on an international scale. More than 3,000 gigawatts of renewables are installed worldwide. The annual capacity increase is around 300 gigawatts. This is good because the energy transition must not be allowed to grind to a halt. Because climate change will not stop. This makes it all the more important that politicians continue to set the course for the rapid expansion of renewables. And 2024 is a critical year here for our core markets.

At the moment, all eyes are on the United States. We are witnessing an exciting election campaign. Regardless of the outcome, I am convinced that the expansion of renewables there will continue at a fast pace.

There are two reasons for this:

Firstly, US electricity demand is growing strongly. In the first six months of this year alone, it has increased by around 4 per cent compared to the same period last year. Renewables in particular are benefiting from the rising demand, because American technology companies want long-term supply contracts for green electricity – and without being mandated to do so by the government. A great example of this: We have just concluded a PPA with Meta for almost 400 MW. The electricity comes from two of our solar farms in Illinois and Louisiana.

Second, it has been recognised that the promotion of renewables through the Inflation Reduction Act has many advantages. The increase in supply through the expansion of renewables makes electricity cheaper for private households as well as for the economy. This strengthens the competitiveness of the United States as a whole.

In addition, many states and municipalities benefit directly, because the IRA acts as a jobs engine and stimulates investment in structurally weak regions. It is well known that states such as Texas, California or New York rely on renewables. But Georgia or Michigan, for example, also win. Thanks to the financial incentives of the IRA, battery factories and other production facilities for new technologies have been built there.

In Europe, the energy policy environment also continues to be positive. After the European elections, for example, there is once again a clear majority in the European Parliament that is committed to climate protection and the Green Deal – that is good news. In addition to an ambitious climate policy, Europe will also need a stronger focus on industrial policy in the future.

In concrete terms, this means that in many places the EU should focus more on the market than on state control. Instead of issuing bans, it is better to create incentives. Instead of overloading everything with regulations down to the smallest detail in an ideologically motivated way, the costs of transformation must play a greater role.

One example of this is the granular regulation for the definition of green hydrogen. It not only slows down the hydrogen ramp-up, it also makes it unnecessarily more expensive. Another example are the European calls for a fixed conversion date from gas to hydrogen as part of the German power plant strategy. This also drives up costs massively – without having any climate policy effect.

More pragmatism is needed here. After all, climate and industrial policy are not opposites – the two can and must go hand in hand. In short, climate policy needs to focus much more on economic efficiency than in the past. With the European Emissions Trading System, we have a key climate policy instrument for this. We must strengthen this and we should rely on it.

Elections have also just been held in the UK, another core market of RWE. Among other things, the Labour Party has set itself the goal of massively accelerating the expansion of renewables in order to make the United Kingdom a “clean energy superpower” by 2030. To this end, the new government wants to quadruple the capacity of offshore wind power, to 60 gigawatts. Solar energy is to be tripled to 45 gigawatts. For onshore wind, the aim is to double this to 30 gigawatts. All by the end of the decade.

The first few days show how serious Labour is about its announcement: as one of its first measures, the government lifted the de facto ban on new onshore wind farms which has existed in England since 2015. And 2 weeks ago, it announced that it would increase the budget for the ongoing auction round for renewables by around 45 percent.

Ladies and gentlemen,

There are good economic and political reasons for us to be optimistic about the coming years. Internationally, we still have numerous options for good, new projects.

Of course, we also want to invest in Germany; after all, this is our home market. Here, too, we have received a tailwind for our strategy in many areas.

One example of this is the significant acceleration of approval procedures. We are now able to complete individual onshore projects in less than a year. The conditions for ground-mounted PV have also improved significantly. At the same time, however, the key challenges of the energy transition are also known.

It is therefore good and right that a paper has now been presented in which options for the electricity market design of the future are examined. It contains many good approaches and steers the discussion in the right direction. In many places, it is about thinking more closely about how climate protection and economic efficiency can work together.

However, it is still completely unclear what the concrete proposals will look like in the end. It is also unclear whether and how quickly they can actually be implemented. However, clarity about the investment environment and speed of implementation are essential to ensure that the necessary expansion of renewables, grids and backup capacities can be delivered. What we have experienced so far is that many well-conceived projects stall or are not implemented optimally.

The draft law for the construction of hydrogen-capable gas-fired power plants is just one particularly striking example - it is still not available. When new remuneration models for renewables are discussed, it can be quite astonishing that there is no clear call for contracts for difference. After all, the European Union - also with German approval - has just defined this as the leading model for remuneration.

It has also long been foreseeable that the expansion of infrastructure, i.e. the electricity and hydrogen grids as well as a CO_2 infrastructure, will require billions of euros in investment.The months-long deliberations about taking over the German grid of the transmission system operator Tennet, only to then shelve the plan again have also left potential investors in the German energy infrastructure questioning and hesitant.

These examples show that although many urgent issues are initiated, they are not consistently implemented.

We must succeed in reversing this so that we have clarity for the massive investments quickly and do not lose any more time.

The future of Germany as a business location is at stake. Of course, we at RWE are also thinking about where we make our investments. Germany is and will remain one of our most important markets. We want to invest 20 percent of our total capital expenditure in Germany by 2030. That's a total of around 11 billion euros. Ultimately, however, all projects in our markets are in competition with each other. What matters most here is long-term profitability and confidence in the investment framework.

Ladies and gentlemen,

At RWE, we will continue to drive forward the expansion of green technologies with all our strength.

We are doing this internationally and investing billions of euros in valuable projects. We are growing profitably and have a clear focus on our goal of achieving net-zero by 2040.

And with good investment conditions, we would also be very happy to invest even more in our domestic market. Demand is particularly high here.

And now we look forward to your questions.