RWE AG Annual Press Conference on Fiscal 2024
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Check against delivery

Markus Krebber

Good morning, ladies and gentlemen,

A warm welcome to our annual press conference.

We live in troubled times. And in 2025, the situation is no better. The global political tensions are palpable. The situation is very challenging.

The development of individual companies seems to almost fade into the background.

Therefore, I am all the more pleased to welcome you here on campus and on your screens. Thank you for your attention!

RWE can look back on a successful fiscal year, both operationally and financially:

Our financial figures are good. We have expanded our portfolio by a further 2 gigawatts. Our new-build projects are progressing according to plan. And they are the basis for positive future earnings developments.

In a nutshell: we are in a robust position and well on track.

This is primarily the result of the successful work of our employees. The result of the people who work for RWE and who make RWE what it is. I would therefore like to express my sincere thanks to all our colleagues.

In 2024, we achieved an adjusted EBITDA of €5.7 billion and an adjusted net income of €2.3 billion. That was more than we had expected at the beginning of 2024.

Our electricity production from renewables reached a new record of almost 50 million megawatt hours. This is an increase of around 8%.

Our CO_2 emissions have continued to fall significantly: by a further 13% year on year. This means that our emissions from electricity generation have more than halved since 2018.

In 2024, we invested €10 billion net in the expansion of our generation portfolio. A large portion was invested in offshore wind projects in the North Sea, primarily in the construction of Sofia off the British coast and Thor in Danish waters.

In addition, we acquired Vattenfall's Norfolk projects off the east coast of England. They have a planned total capacity of 4.2 gigawatts and development is already well advanced.

With the investment decisions for Nordseecluster in Germany and OranjeWind in the Netherlands, we have also set the course for the further expansion of wind power in the North Sea.

And – most importantly – we have brought partners on board: Masdar for our 3-gigawatt projects on Dogger Bank in the United Kingdom, and TotalEnergies for OranjeWind and for the German sites located north-west of the island of Borkum.

Joint projects that benefit both sides. On the one hand, we spread future billion-euro investments across several shoulders. On the other hand, our partners get a stake in attractive projects.

In addition to offshore wind, we have also continued to invest heavily in new onshore wind projects, solar farms and battery storage facilities.

In total, we have almost 150 projects with a combined capacity of 12.5 gigawatts under construction. We will commission the majority of these this year and next – a total of around 9 gigawatts of new capacity.

Ladies and Gentlemen,

Our operational and financial performance is strong. The prospects for our business are fundamentally positive.

Global demand for electricity is expected to increase significantly, not least due to electrification and artificial intelligence.

With our integrated portfolio of renewables, battery storage and flexible generation, as well as a broad project pipeline of possible new builds, we are well positioned to respond to this positive market development.

However, we also have to recognise that the investment environment has become more uncertain:

Continued high inflation and rising interest rates, constraints in supply chains, geopolitical tensions, possible additional tariffs and possible adjustments in the direction of energy policy in our core markets – these are risk factors that need to be taken into account when deciding on new investments.

Our multi-billion euro investments in new wind and solar farms, energy storage systems, electrolysers and power plants are made over decades. And therefore require stable, reliable framework conditions.

Given greater uncertainties, it is all the more important that we are even more cautious.

This is reflected in stricter risk management for new investments. And we have raised our return expectations for all of our future projects from an average of 8% to more than 8.5%.

As a result, we project a lower investment volume in the years ahead than we had anticipated in the past.

We are currently planning net investments totalling €35 billion for the years 2025 to 2030. This is €10 billion less than we had previously planned for this period.

In November, we already announced investment delays in view of increased risks in offshore wind projects in the US and a slower-than-expected ramp-up of the European hydrogen economy.

The funds saved will be used for our share buy-back programme worth €1.5 billion. This will be completed by the second quarter of 2026.

Share buybacks will remain part of our possible capital allocation decisions in the future.

Ladies and gentlemen,

Value-creating growth is the compass for all our investment decisions.

Thanks to our large project pipeline, which is broadly diversified in terms of region and technology, we can very precisely select where we allocate our capital.

We are therefore reaffirming our earnings targets despite the reduced investment programme.

In 2027, we want to achieve adjusted earnings per share of around €3. And increase it to €4 per share by 2030.

What do we expect for the current year?

For 2025, we expect adjusted EBITDA in the range of €4.55 billion to €5.15 billion.

We forecast adjusted net income of between €1.3 billion to €1.8 billion.

This means that our earnings will not reach the level of the past fiscal year, as expected.

This is because we expect income from the short-term optimisation of our power plant dispatch and earnings in the trading business to normalise in 2025. In addition, margins on electricity sales should be lower due to lower electricity prices. However, we expect the commissioning of new wind and solar farms as well as battery storage facilities to have a positive impact.

As announced, we intend to pay a dividend of €1.10 per share for fiscal year 2024. This is €0.10 more than in the previous year. For the current financial year, we plan to increase the dividend by a further €0.10. This means a total of €1.20 per share.

And with that, I will now hand over to Michael.

Michael Müller:

Ladies and gentlemen,

A warm welcome from my side as well.

RWE's business performance in 2024 was strong: Our adjusted EBITDA was higher than what we forecast at the beginning of the year. Adjusted net income also exceeded our expectations.

This was partly due to a strong performance in the Supply & Trading and Flexible Generation segments. Both segments performed better than expected. Our continued expansion of renewables also had a positive impact. Overall, however, as expected and announced, we were unable to match the unusually strong earnings registered in the previous year.

Let's take a look at the segments in detail:

In the Offshore Wind segment, we achieved adjusted EBITDA of €1.6 billion in 2024. This is 6% less than in the previous year. This expected decrease is due to lower prices than in 2023 for the part of our offshore wind capacity for which we do not have long-term offtake contracts. In addition, expenses for the repair and maintenance of the plants increased.

In the Onshore Wind/Solar segment, we achieved an adjusted EBITDA of €1.5 billion in 2024, an increase of around 20%. This was mainly due to the commissioning of new facilities. In addition, the US business from Con Edison, acquired on 1 March 2023, contributed to earnings for the first time for the full year.

In the Flexible Generation segment, we achieved adjusted EBITDA of €1.9 billion. As expected, this was significantly below the previous year. However, we exceeded the forecast from the beginning of the year. This was mainly due to higher-than-expected income from the short-term optimisation of our power plant dispatch.

Supply & Trading once again posted strong earnings in 2024 with adjusted EBITDA at €680 million. The performance was better than expected. But, as anticipated, there was a significant decrease compared to the exceptional high earnings level of the previous year.

Since 2024, 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.

Details on this and the outlook for each segment can be found in our Annual Report.

Last year, RWE invested €10 billion net. We forged ahead with expanding our portfolio of renewables and flexible generation.

We currently have four offshore wind projects under construction. We are making good progress. At Sofia, our 1.4-gigawatt project in the UK, work to install the foundations began last spring. More than half of the total of 100 foundations are now firmly anchored in the seabed. Construction work is also in full swing at our Danish offshore wind farm Thor. The installation of foundations will begin this spring.

A few days ago, the first foundations for our German Nordseecluster project arrived at the base port in Eemshaven. We will also use Eemshaven as a base for the Dutch wind farm OranjeWind. Offshore construction work will start next year. We are also significantly increasing our capacity in onshore wind, battery storage and solar. Especially in photovoltaics. This is mainly due to expansion in the US, where we are building large solar farms – often in combination with battery storage systems.

Our large-scale batteries in Germany and other European markets are usually operated independently. We have just commissioned one of the largest battery storage systems in Germany at our sites in Hamm and Neurath. The two battery systems have a combined capacity of 220 megawatts and can deliver within seconds.

The construction of our large electrolysis plant in Lingen is also progressing well. The pilot plant is already in operation. In total we plan to build 300 megawatts of capacity at the site. From 2030, our partner TotalEnergies will purchase around 30,000 metric tons of green hydrogen a year from Lingen and use it to decarbonise its refinery in Leuna. This is the largest green hydrogen purchase agreement in Germany to date. And it shows that the hydrogen economy is making progress.

We have set ambitious growth targets, and that means that we need a solid financial position. This is the case at RWE. We have the required financial headroom to fund our multi-billion-euro investment programme, dividend payments to our shareholders and for our share buyback programme. We cover most of our financial needs with our operating cash flows. In 2024, this amounted to €5.9 billion.

Thanks to our strong operating cash flows, our net debt was moderate. It amounted to €11.2 billion as of 31 December 2024.

Our leverage factor, which reflects the ratio of net debt to adjusted EBITDA, was 2.0 in the year under review. It remained well below the upper limit of 3.0 that we have set for this key figure. We also expect to remain below the 3.0 threshold in the current fiscal year. Our credit rating remains strong. The rating agencies Moody’s and Fitch confirmed our solid investment grade-rating.

We want to increase value for our shareholders and let them participate in the company’s success. Thanks to our strong earnings, we are able to pay an attractive dividend. And we want to keep increasing it. We are aiming for an annual increase of our dividend of 5 % to 10 % through to 2030

And with that, I will hand back to Markus.

Markus Krebber:

Thank you, Michael.

Ladies and Gentlemen,

The market fundamentals for power demand are promising.

In October, the International Energy Agency published its latest outlook. It expects global electricity demand to almost double by 2050. The main drivers are the further electrification of transport, of buildings – for heating and cooling – and of industrial processes. And of course, the growing demand from data centres and for AI.

To supply the increasing demand for electricity, a combination of renewables, storage and flexible gas-fired power plants is the right mix. And there needs to be a massive amount of additional generation capacity.

An attractive and stable environment is crucial as a prerequisite for long-term investments.

It is equally crucial to retain industrial competitiveness. A secure and affordable energy supply is essential to this.

It is therefore right that the European Commission and the coalition partners of the future German government are putting competitiveness at the top of their agenda.

The European Commission's Clean Industrial Deal and the Action Plan for Affordable Energy now provide guidelines for achieving this goal.

And the problem of excessive bureaucracy, which undermines our competitiveness, has also been recognised.

What is currently still missing, however, and what is urgently needed, is a real change of mentality. It is not enough to describe the general direction. We need concrete measures quickly.

These would be:

- The new German government's more pragmatic power plant strategy will be approved within three months and a central capacity market within 18 months.
- The overregulated definition of green hydrogen will be abolished. Decarbonisation is already taking place via the CO_2 trading system – the current requirement for green hydrogen has no impact on climate policy. Instead, it systematically slows down the ramp-up instead of boosting it. And makes it unnecessarily expensive.
- The review of whether further EU financial market regulation should be applied to energy markets will be discontinued. Why consider tightening it up when that would only cause companies to consider relocating to the US or the UK.
- Excessive bureaucracy will be specifically reduced. Sustainability reporting will be scaled back to a reasonable level and the EU Supply Chain Law will be limited for all companies, not just for small and medium-sized enterprises.
- And finally, a true capital markets union with harmonised insolvency laws and a true digital union with harmonised data protection rules will be created. Today's fragmentation prevents investment in the EU.

This list of specific examples that provide real relief could be continued.

Germany urgently needs a stable and resolute government that is also prepared to take the lead in Europe.

It is good that the CDU/CSU and SPD have quickly concluded the exploratory talks. Now it is important to maintain the pace of the coalition negotiations.

The new agenda for our country must be geared towards economic dynamism.

A successful and productive economy is the basis for providing the funds for our defence and the modernisation of our infrastructure in the long term. And a successful economy will take the wind out of the sails of the political radicals.

Affordable energy is a basic requirement for a competitive industry. That is why, in Germany too, greater attention must be paid to security of supply and economic efficiency.

In other words, German energy policy needs a fresh start for the coming years.

It requires:

First: A clear focus on what is necessary in the next few years.

What does this mean in concrete terms?

A major driver of energy costs is the cost of grid expansion. Grid expansion planning is currently based on maximum demand planning. This needs a reality check. Expansion must be dynamically aligned with verifiable factors such as the actual electricity demand.

When it comes to hydrogen and CCS infrastructure, we should initially focus the build-out in industrial centres.

And when it comes to renewables, it is not a matter of achieving previously set gigawatt targets. It is a matter of building where it makes sense.

This also applies to offshore wind, where the expansion target of 70 gigawatts should be adjusted downwards. More important than the pure increase in capacity is the efficient use of sites, so that wind farms do not block each other and can achieve sufficient wind yield. This also saves costs.

And most importantly, we need security of supply.

I have said it many times before and it is still true:

We need competitive tenders for new gas-fired power plants. And we need them as soon as possible.

Second: We need to look at the system as a whole, instead of getting bogged down in isolated individual solutions.

Renewables are the cornerstone of the modern energy market. They need to be planned and remunerated more from the perspective of the system as a whole.

The best locations are where they cause the least additional costs for the grid. And where they provide the highest yields for the system as a whole.

This could be managed by means of more transparency. If there were a traffic light system that shows everyone where it makes sense to build based on grid expansion plans and where it does not, we could become considerably more efficient.

It would also be helpful if those who build in areas without sufficient grid capacity were to contribute to the grid connection costs. It is not a good solution that all costs, whether or not they make sense from the point of view of the system as a whole, are imposed on the general public.

Incidentally, this also applies to private PV systems with feed-in tariffs. They receive guaranteed remuneration and pay a small contribution to the grid fees, but they always use the grid precisely when it is already at maximum capacity. Here, too, urgent action is needed.

Third: There needs to be more trust in market instruments.

Here, too, are some very specific examples:

We should let emissions trading take effect. Any double regulation makes the energy transition more expensive.

Why, for example, do we need fixed conversion dates from gas-fired power plants to hydrogen? This costs money, increases uncertainty and has no impact on climate policy.

The expansion of renewables must also be market-based. Fixed feed-in tariffs must be abolished. Compensation is no longer justified during hours when electricity prices are negative.

Further expansion should be based more on own commercialisation or long-term supply contracts. If state-organised long-term purchase contracts – CfDs – are used, they should be integrated into the market competitively. There are proposals for this, such as production-independent financial CfDs.

Further cost reductions can be achieved by using the grid connection points more efficiently. Why is it not possible in Germany to connect several plants to one grid connection point?

It is significantly cheaper overall to do it this way than to create a separate grid connection point for each plant.

The list could be extended further.

Together with E.ON, we have published a paper in which we have compiled very specific proposals for how a fresh start to the energy transition can be made possible at significantly lower costs.

Dear Ladies and Gentlemen,

To conclude, let me summarise our company's situation once again:

Our operational and financial performance is strong.

With our portfolio, we are in a robust position to meet the growing demand for electricity.

Given major uncertainties, we are increasing our requirements for future investments. And therefore expect to invest less than before up to 2030.

We will continue to realise attractive projects internationally – and, of course, here in Germany.

Despite the slight reduction in our investment expectations, we confirm our previous long-term earnings and dividend targets.

The times are and will remain challenging. We are well prepared for this.

And now we look forward to your questions.