

Very good H1 operating result gives RWE tailwind for transaction with E.ON

- **Significantly improved earnings: adjusted EBITDA for ‘RWE stand-alone’ up about 20%, adjusted net income up over 30%**
- **Transaction with E.ON expected to close in September**

Essen, 14 August 2019

Dr. Rolf Martin Schmitz, CEO of RWE AG: *“The strong operating result gives us tailwind for the coming months, which will be one of the most exciting periods in our company’s history. RWE will soon turn into a ‘new RWE’ – an international player with a clear focus on renewables and energy storage. We will rank among the world’s leading green energy producers, which is something we’re already looking forward to!”*

RWE ended the first half of 2019 with a very good result. From January to June, ‘RWE stand-alone’ achieved adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) of €1,372 million, compared to €1,140 million in the same period last year. Adjusted net income totalled €914 million compared to €683 million in the first half of 2018. This good accomplishment was primarily driven by a strong trading performance.

Against this backdrop, the company raised its forecast as early as 30 July. RWE now anticipates adjusted EBITDA of between €1.4 billion and €1.7 billion (previously between €1.2 billion and €1.5 billion) and adjusted net income of between €500 million and €800 million (previously between €300 million and €600 million) for the full year. RWE confirms the outlook for the dividend: management envisages raising it for fiscal year 2019 from €0.70 to €0.80.

The greatest focus in the coming weeks will be on the transaction with E.ON. It is expected to close in September. Rolf Martin Schmitz, CEO of RWE AG, emphasises, “The framework for the future RWE Renewables has been defined, we have chosen the management team, and the integration has been prepared as far as we can under competition law. We’re ready to go!”

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The transaction will turn RWE into the second-largest offshore wind farm operator, making the company one of the world's leading producers of electricity from renewables. RWE's renewable energy portfolio will have a total capacity of about 9 gigawatts. The company will set aside a net €1.5 billion each year to continue expanding the business.

Lignite & Nuclear segment: slightly up year on year in operating terms

In the first six months of 2019, the Lignite & Nuclear segment recorded adjusted EBITDA of €172 million. Despite a drop in electricity generation, this figure was slightly higher than the €167 million registered in the same period last year. Reduced capacity utilisation was offset by higher wholesale prices. RWE continues to anticipate achieving adjusted EBITDA of between €300 million and €400 million for the year as a whole.

European Power segment: in line with expectations

Adjusted EBITDA posted by the European Power segment totalled €99 million compared to €196 million in the first half of 2018. Power plant outages for overhauls and unfavourable market conditions for hard coal-fired power stations led to a significant decline in generation. In addition, earnings from commercial optimisation were weaker and no capacity payments were received for UK power plants. The rise in demand for gas-fired power stations triggered by low gas prices partially offset the drop in volumes. RWE expects that adjusted EBITDA in this segment will be at the bottom of the forecast range of €250 million to €350 million for 2019.

Supply & Trading segment: unusually good performance

The Supply & Trading segment fared exceptionally well in the first half of the year, posting adjusted EBITDA of €434 million (previous year: €101 million). The increase was mainly due to a very good trading performance. Large contributions to earnings were also made by the gas and LNG business. Moreover, the burdens experienced last year did not recur. In view of the positive development, RWE is raising its forecast for the segment's earnings and now anticipates adjusted EBITDA clearly exceeding the upper end of the previous range of €100 million to €300 million.

innogy: dividend received in the second quarter

In May, RWE received a dividend from innogy SE, which is still being held as a financial investment. innogy published details on earnings in its report on the first six months of the year on 9 August.

Net debt develops as expected

Net debt directly attributable to RWE amounted to €4.7 billion as of 30 June 2019, which was about €2.4 billion higher than as of 31 December 2018. This was primarily due to an advance effect. In the first half of 2018, changes in commodity prices resulted in substantial margin increases, leading to an above-average decline in net debt. As expected, this effect is being partially offset.

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Further contributing factors were the redemption of the £750 million hybrid bond cancelled in March, the increase in provisions, and the dividend payment at the beginning of May.

CFO Markus Krebber says, “Looking back on the first six months demonstrates that RWE is in good shape. We have profitable operations, have resolutely reduced costs in the last few years and constantly improved our financial position. This provides a good basis for tackling the challenges of the future.”

Additional information on the business figures can be found [here](#):

- Interim report for the first half of 2019
- Key financials for the first half of 2019
- Speech from the press conference call
- Slide-based presentation for the investor and analyst conference call
- Video interview of Dr. Markus Krebber, CFO of RWE AG

Note on RWE’s financial reporting

The financial investment innogy stopped being presented as a fully consolidated company in the consolidated financial statements in the middle of 2018. The segment has since been called ‘innogy – continuing operations’. It only includes those parts of the company that are due to remain within the RWE Group over the long term. This applies to the renewables business, gas storage and the stake in Austria-based Kelag. The other parts of innogy, which will be transferred to E.ON, will be classified as ‘discontinued operations’ until their date of sale. The current consolidated financial statements do not include the business of E.ON’s renewables division or the dividend which will be paid to RWE through its future shareholding in E.ON. The minority interests in the Gundremmingen and Emsland nuclear power plants, which RWE will acquire from E.ON, have not been presented, either.

Due to the transaction with E.ON, RWE adjusted its financial reporting for the Group in compliance with International Financial Reporting Standards (IFRS) at the middle of 2018. As a result of this change, the consolidated key figures for the RWE Group are only of limited informational value. The focus rests on the key figures for ‘RWE stand-alone’. They encompass the Lignite & Nuclear, European Power and Supply & Trading divisions plus the innogy dividend. The company is using these key figures to manage its operating activities and determine the dividend for its shareholders.

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RWE AG

RWE AG, with its headquarters in Essen, Germany, has three operating divisions: Lignite & Nuclear, European Power based on gas, coal, hydro and biomass, and Supply & Trading. The company plays a major role in power system operations and security of supply across Europe. Its fourth pillar of business is a majority stake in innogy SE, one of the continent's leading energy companies. In March 2018, RWE announced that it will transfer this equity holding to E.ON as part of an asset swap. In exchange, RWE will receive the renewable energy activities of innogy and E.ON as well as further assets. The transaction is expected to be executed by the end of 2019. This will turn RWE into a leading supplier of renewable energy in Europe, with a total of over 20,000 employees.

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.