

# RWE: One Group - Two companies with a clear strategic focus to unlock value

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# The IPO of the new subsidiary is the next logical step in transforming RWE

## RWE becomes leaner

- > In 2012, RWE started a Group-wide efficiency programme
- > €1.5bn savings already effective by year end 2015; some €2bn by 2017
- > Active portfolio management (e.g. sale of Dea)
- > Significant decline in net debt

## RWE becomes faster and more agile

- > Silo mentality was overcome, partnership oriented customer approach established
- > RWE has accelerated decision-making through
  - > Implementation of a functional steering model and matching management structure
  - > Reduction of legal entities and organisational complexity

## New strategic alignment

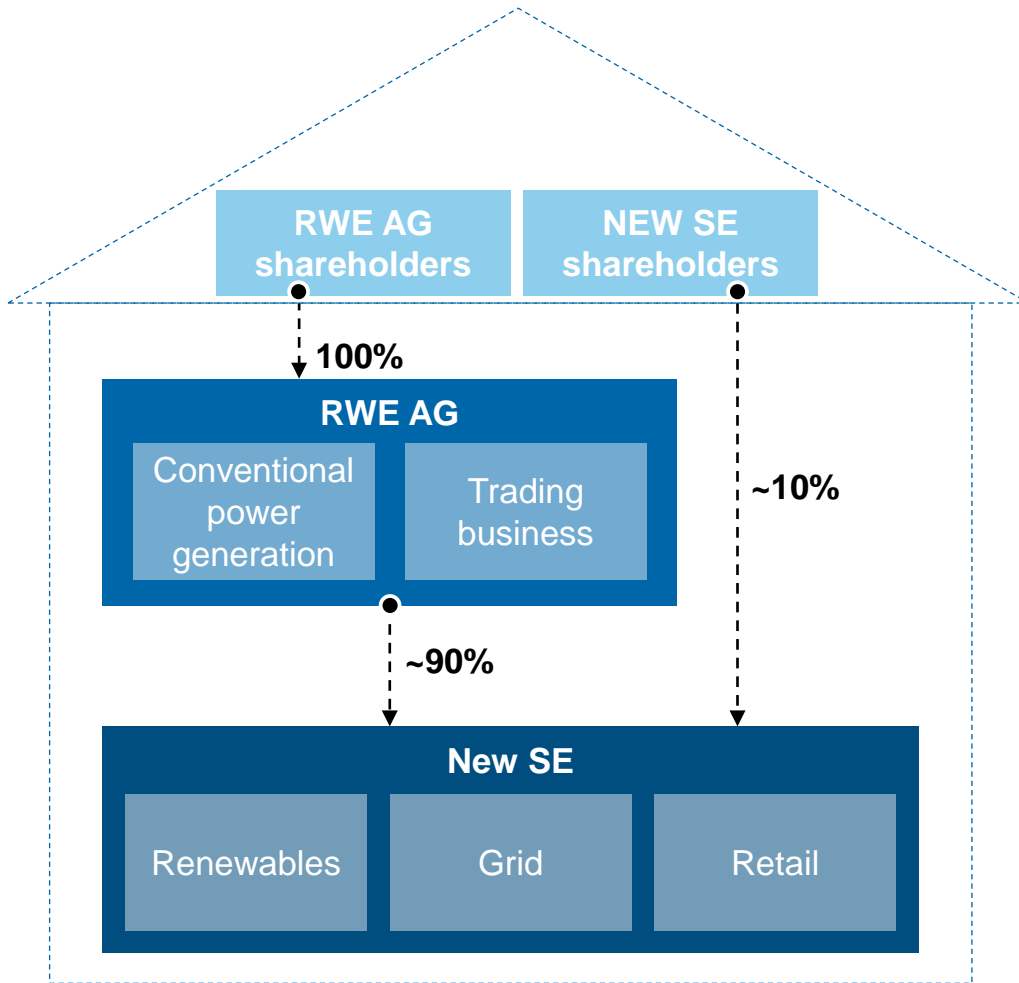
- > Two companies with clear strategic focus:
  - > RWE AG will focus on conventional power generation and trading in energy and commodities
  - > The new company will focus on renewables, grids and retail activities in Germany and abroad

We have paved the way for the new strategic alignment of RWE

# We will create the innovative and decentralised energy company of the future

- > We will group our renewables, grids and retail activities in Germany and abroad in a new subsidiary. In so doing, we will create a solid **platform for growth**.
- > We will remain **one Group**. The IPO provides a second access to the capital market. There will be no dilution of our asset base.
- > There will be no change to the asset base available to **back liabilities**.
- > We will increase our financial flexibility, thereby strengthening the **viability** of the entire RWE group.
- > We will continue to take full **responsibility** in fulfilling our role with respect to the energy transition, the nuclear phase-out and as an operator of conventional power plants.
- > We will **safeguard jobs** and **reinforce North Rhine-Westphalia** as the centre of the German energy industry.

# We will remain one Group: RWE after the IPO of the new subsidiary



- > In connection with a capital increase, listing of ~10% of the new company's share capital via primary offering in late 2016
- > IPO proceeds used to finance further growth in markets with good future prospects
- > At the same or later point in time, placing of further stakes of the new company by RWE AG via secondary offer possible
- > RWE AG will remain the new company's majority shareholder over the long term and consolidate it fully

# We safeguard the viability of the entire RWE Group

## One Group, two companies

- > Two companies with a **clear strategic focus**: It enables the management teams of both companies to give their undivided attention to the specific opportunities and challenges of their respective business areas
- > **Unlock value** through higher transparency and investment capacity
- > **Increased financial flexibility** for the entire Group. As solid growth and dividend stock, the new company will reinforce RWE AG's ability to pay dividends

**RWE AG:**  
The backup for renewables

**New SE:**  
A solid platform for growth

# RWE AG: The backup of renewables and a profitable trading business

## Conventional power generation



- > Highly efficient and modernised power plant portfolio
- > Target: positive free cash flow
- > Benefit from change in wholesale power prices or new market design
- > Financial flexibility regarding nuclear phase-out
- > Reduction of power generation from lignite in line with national CO<sub>2</sub> targets

## Trading business



- > Commercial asset optimisation of generation fleet
- > Expansion of trading business into new markets and commodities
- > Growth of Principal Investment activities
- > Commodity solutions for industrial customers
- > Management of long-term gas supply, storage and transport contracts

# The new company: Renewables as growth engine and strong downstream business

## Renewables



- > Renewables portfolio of more than 3.5 GW mainly in six European markets
- > RWE belongs to the top 5 in offshore wind globally
- > With a capacity of 2 GW, RWE is one of the largest operators of onshore wind parks in Europe
- > Doubling of the operating profit to about €0.4bn expected for 2015

## Grid



- > RWE operates 550,000 km of grid assets in five European markets
- > In Germany, no DSO is transporting more electricity than RWE
- > Excellent distribution grid management for electricity and gas supply
- > Pioneer in smart grids
- > Operating result of about €2.0bn (2014)

## Retail



- > Strong retail organisation with over 23m customers in twelve European markets
- > RWE is No. 3 in terms of electricity sales and No. 5 in terms of gas sales in Europe
- > Well positioned in various B2C markets in terms of profitability, customer growth and customer satisfaction
- > German market leader in online retail business
- > Operating result of about €0.9bn (2014)

# The new subsidiary: Going forward in all future-oriented business fields

## Renewables

- > The new company will invest half of IPO proceeds in the expansion of renewables
- > Realisation of existing offshore projects and development of new projects
- > Expansion of onshore wind capacity
- > Build up of utility scale PV business

## Grid

- > The new company will invest up to €3bn until 2017 in the expansion and modernisation of networks to enable integration of renewables
- > Invest in smart technologies and communication technologies

## Retail

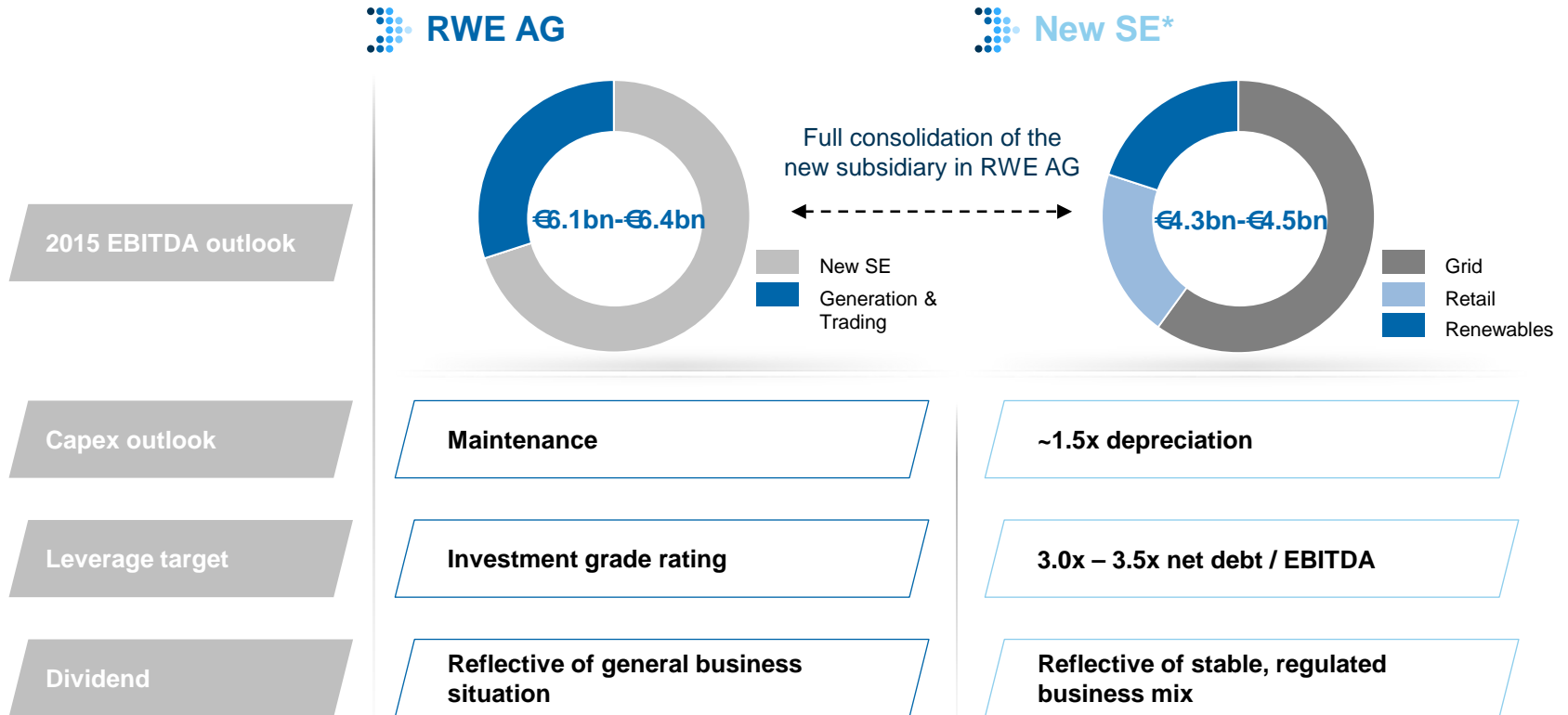
- > Growth based on smart and decentralised energy solutions
- > Development and commercialisation of energy management services
- > Organic growth in Eastern European markets

## Innovations and new markets

- > Development of new products and businesses within the Group
- > Participation in promising start-ups
- > Seize opportunities, inter alia in MENA\* region



# Two companies, two financial profiles



**Two separately listed companies with solid financial outlook, stable capital structures and strong financial liquidity**

# The next steps

Today 

## Strategic transformation

- > Internal re-organisation and streamlining of legal entities
- > Design of support functions for the new company
- > Identification of markets with good future prospects

## Establishment of New SE

- > Establishment of the new subsidiary
- > Determination of Corporate Governance
- > Nomination of members of the Executive Board of the new company
- > Preparation of IPO

## IPO of New SE

- > Management Roadshow
- > Initial public offering of the new company

# The IPO of the new subsidiary is in the interest of all our stakeholders

## Shareholders

- > Additional funds for investments will unlock value for the entire Group. All shareholders will benefit from the transformation.

## Customers

- > The new company will bring us much closer to the customers. Our customers will benefit from innovative, digital and decentralised products and services.

## Politics

- > We will continue to take full responsibility for the nuclear phase-out and strengthen North Rhine-Westphalia as the centre of the German energy industry.

## Employees

- > We will safeguard jobs throughout the RWE Group and create new jobs in Germany and abroad over the medium to long term.