

Investor and Analyst H1 2012 Conference Call

Essen, 14 August 2012

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Forward Looking Statement

This presentation contains certain forward-looking statements within the meaning of the US federal securities laws. Especially all of the following statements:

- Projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items;
- Statements of plans or objectives for future operations or of future competitive position;
- Expectations of future economic performance; and
- Statements of assumptions underlying several of the foregoing types of statements

are forward-looking statements. Also words such as “anticipate”, “believe”, “estimate”, “intend”, “may”, “will”, “expect”, “plan”, “project” “should” and similar expressions are intended to identify forward-looking statements. The forward-looking statements reflect the judgement of RWE’s management based on factors currently known to it. No assurances can be given that these forward-looking statements will prove accurate and correct, or that anticipated, projected future results will be achieved. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Such risks and uncertainties include, but are not limited to, changes in general economic and social environment, business, political and legal conditions, fluctuating currency exchange rates and interest rates, price and sales risks associated with a market environment in the throes of deregulation and subject to intense competition, changes in the price and availability of raw materials, risks associated with energy trading (e.g. risks of loss in the case of unexpected, extreme market price fluctuations and credit risks resulting in the event that trading partners do not meet their contractual obligations), actions by competitors, application of new or changed accounting standards or other government agency regulations, changes in, or the failure to comply with, laws or regulations, particularly those affecting the environment and water quality (e.g. introduction of a price regulation system for the use of power grid, creating a regulation agency for electricity and gas or introduction of trading in greenhouse gas emissions), changing governmental policies and regulatory actions with respect to the acquisition, disposal, depreciation and amortisation of assets and facilities, operation and construction of plant facilities, production disruption or interruption due to accidents or other unforeseen events, delays in the construction of facilities, the inability to obtain or to obtain on acceptable terms necessary regulatory approvals regarding future transactions, the inability to integrate successfully new companies within the RWE Group to realise synergies from such integration and finally potential liability for remedial actions under existing or future environmental regulations and potential liability resulting from pending or future litigation. Any forward-looking statement speaks only as of the date on which it is made. RWE neither intends to nor assumes any obligation to update these forward-looking statements. For additional information regarding risks, investors are referred to RWE’s latest annual report and to other most recent reports filed with Frankfurt Stock Exchange and to all additional information published on RWE’s Internet Web site.

Today's Agenda

A

Peter Terium

Strategy update, H1 2012 highlights and group outlook 2012

B

Rolf Pohlig

H1 2012 group results, divisional performance and outlook 2012

Main messages



H1 2012 operating performance: EBITDA +9%, operating result +9%, recurrent net income on last year's level



Completion of hybrid bond programme – € 2 billion in total volume (in several currencies) achieved



Confirmation of A3 (negative outlook) by Moody's; downgrade to BBB+ (stable outlook) by Standard & Poor's



Successful settlement of gas price review with Statoil



Sale of 24.95% stake in Berliner Wasserbetriebe for € 618 million



Confirmation of guidance for FY 2012

Key priorities for next 12 – 24 months

Disposal programme	Gas supply contracts	Efficiency enhancement
<ul style="list-style-type: none">> Divestments of up to €7 billion by the end of 2013> Majority of sales processes underway> Disposal of 19% in VSE (GER) closed> Agreement for sale of Berliner Wasserbetriebe signed	<ul style="list-style-type: none">> Completion of gas price reviews envisaged for 2013 at the latest> Structural solutions to eliminate gas-to-oil spread> Renegotiations continue for remaining contracts with combined volume of 11 bcm	<ul style="list-style-type: none">> 2012 programme on track to be completed> Measures of new programme fully identified> “RWE 2015” is laying the foundation for further efficiencies post 2014

RWE's journey over the next 5 years

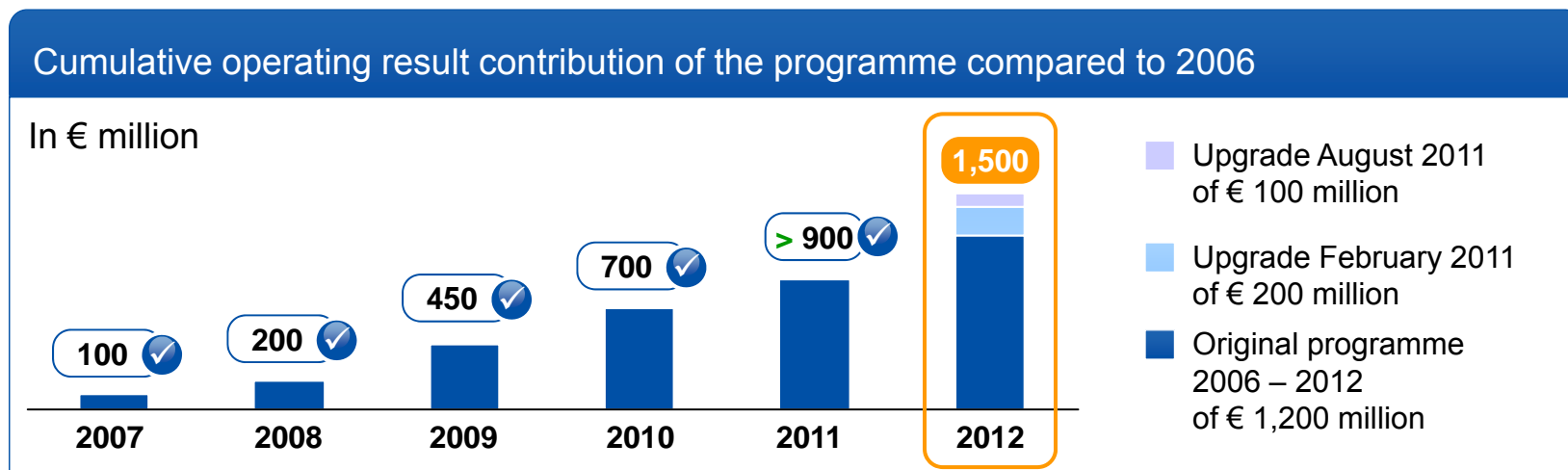


- > Cornerstones of **strategy remain**
- > **Adjust execution** of strategy to changing framework conditions
 - No further **nuclear** ambitions with existing operations phasing out
 - Continued expansion of **renewables** including position in **photovoltaic**
- > **Increasing partnerships** to reduce risks and leverage capital base
- > Disciplined **investment approach**: operating cash flow to cover dividends and capex by 2014/15 at the latest

RWE 2015 – four action fields to align RWE with changing market environment

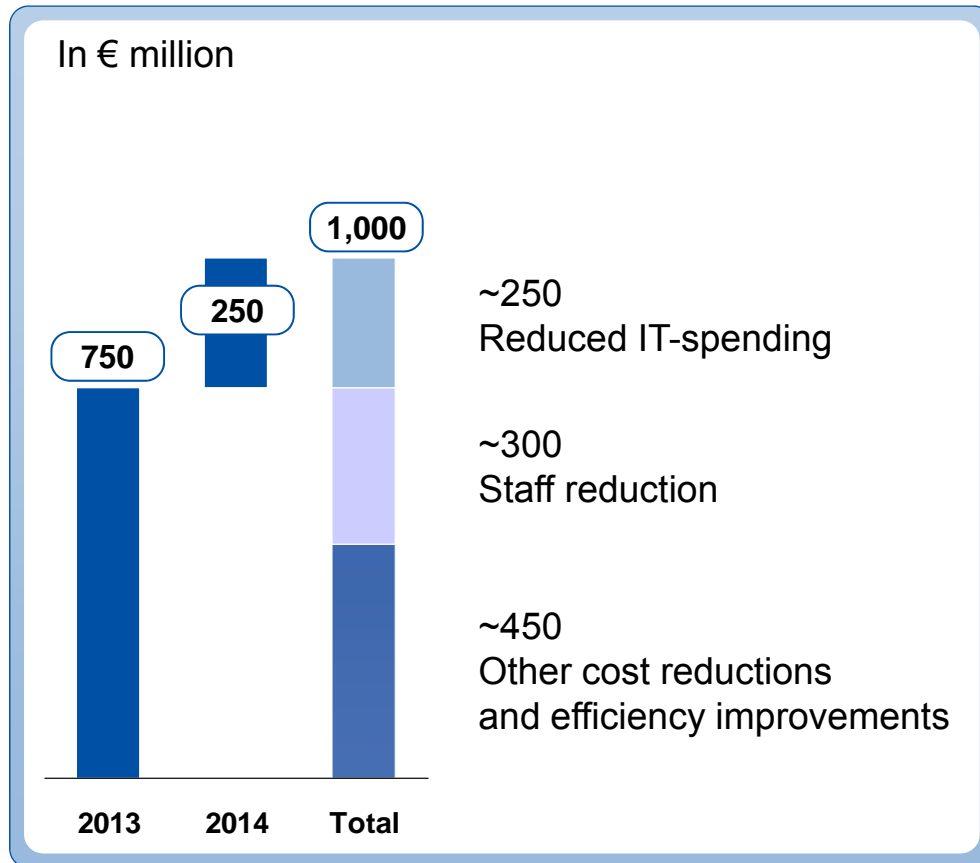


Efficiency programme well on track and stepped up



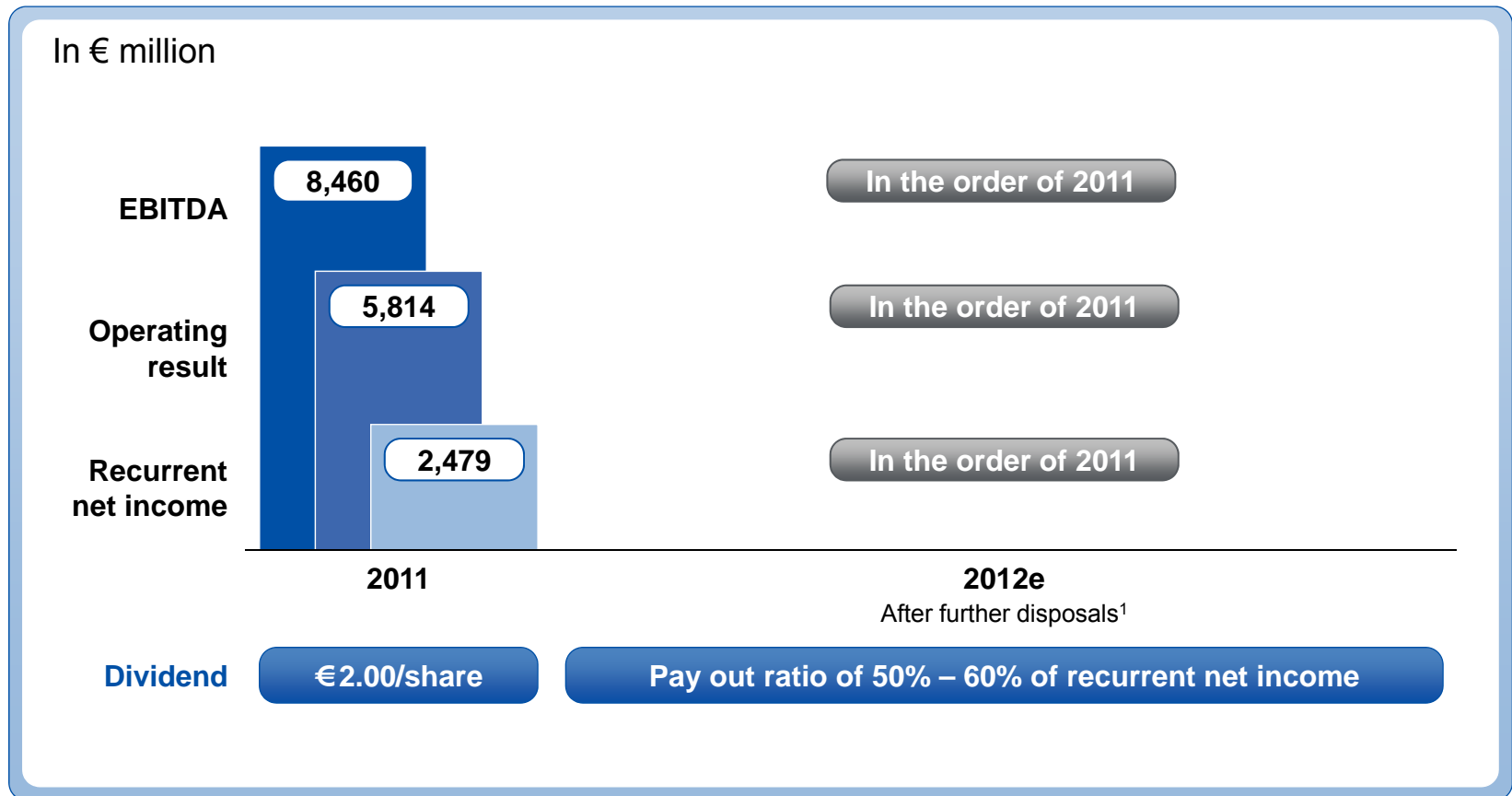
- > Efficiency programme of € 1.2 billion 2006 to 2012 stepped up by € 200 million in February 2011 and another € 100 million in August 2011 to a total of € 1.5 billion
- > Additional efficiency measures by optimising cost for services and materials in our overhead functions and project costs. Introduction of new IT systems in UK
- > Fully accretive to operating result (i.e. post cost inflation and one-off cost of programme)

Further efficiency enhancements of € 1 bn initiated



- ▶ € 1 bn programme now backed bottom-up by operational measures
- ▶ Several hundred individual measures across the whole RWE group
- ▶ Programme includes c. € 300 m from workforce reduction in 2013/14
- ▶ Fully accretive to operating result (i.e. post cost inflation and one-off cost of programme)

Outlook for 2012 confirmed



¹ No major earnings dilution effect for 2012 expected.

Today's Agenda

A

Peter Terium

Strategy update, H1 2012 highlights and group outlook 2012

B

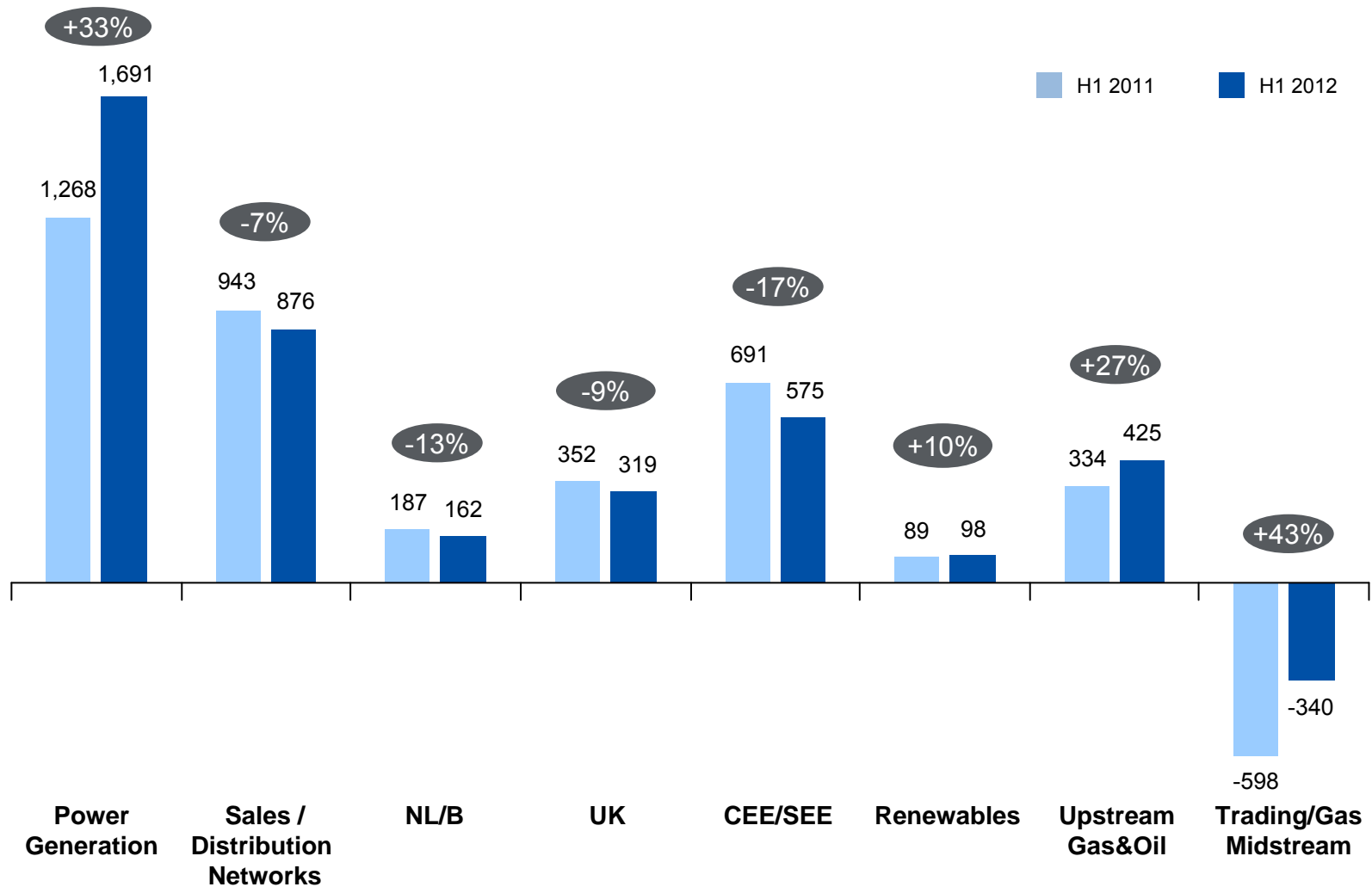
Rolf Pohlig

H1 2012 group results, divisional performance and outlook 2012

RWE Group key performance indicators

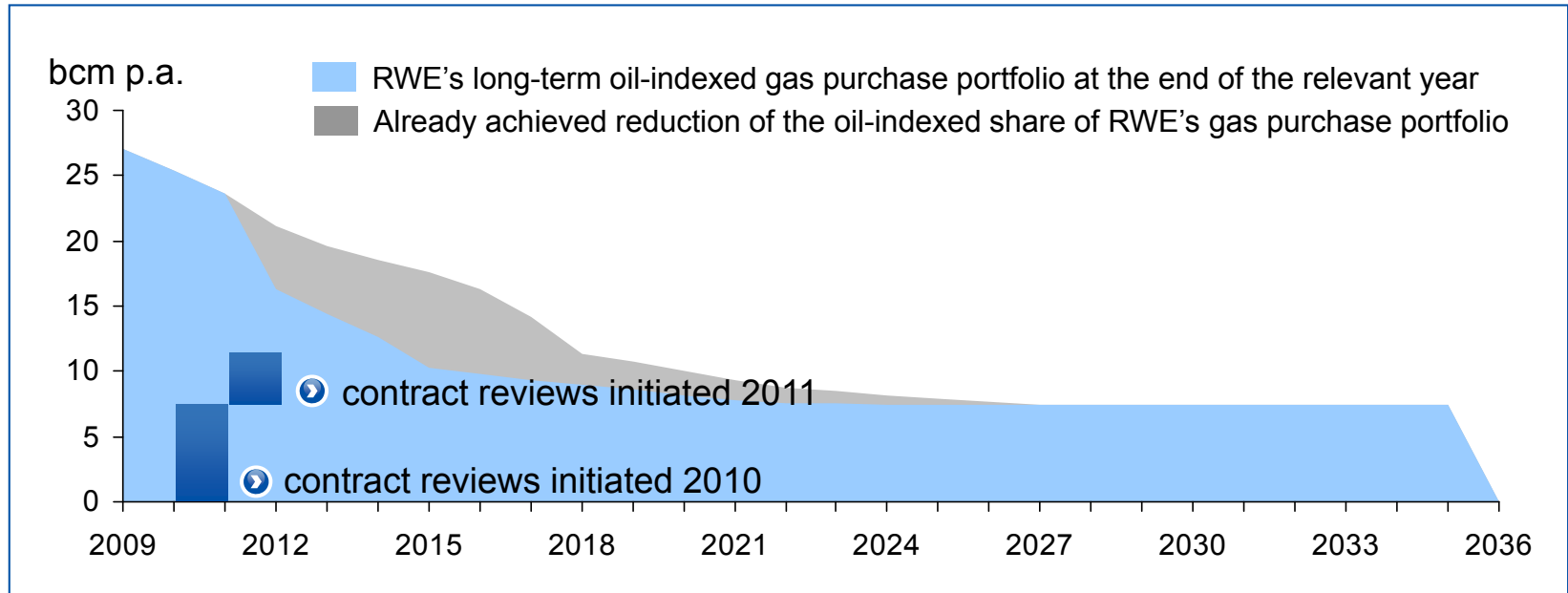
January – June €million	2012	2011	Change in %
External revenue	27,090	27,457	-1.3
Cash flows from operating activities	1,371	3,139	-56.3
EBITDA	5,040	4,622	9.0
Operating result	3,642	3,341	9.0
Non-operating result	-142	-210	32.4
Financial result	-857	-706	-21.4
Taxes on income	-879	-643	-36.7
Minorities	137	162	-15.4
Hybrid investors' interest	43	30	43.3
Net income	1,584	1,590	-0.4
Recurrent net income	1,665	1,667	-0.1

Operating Result by Division (in € million)



Germany

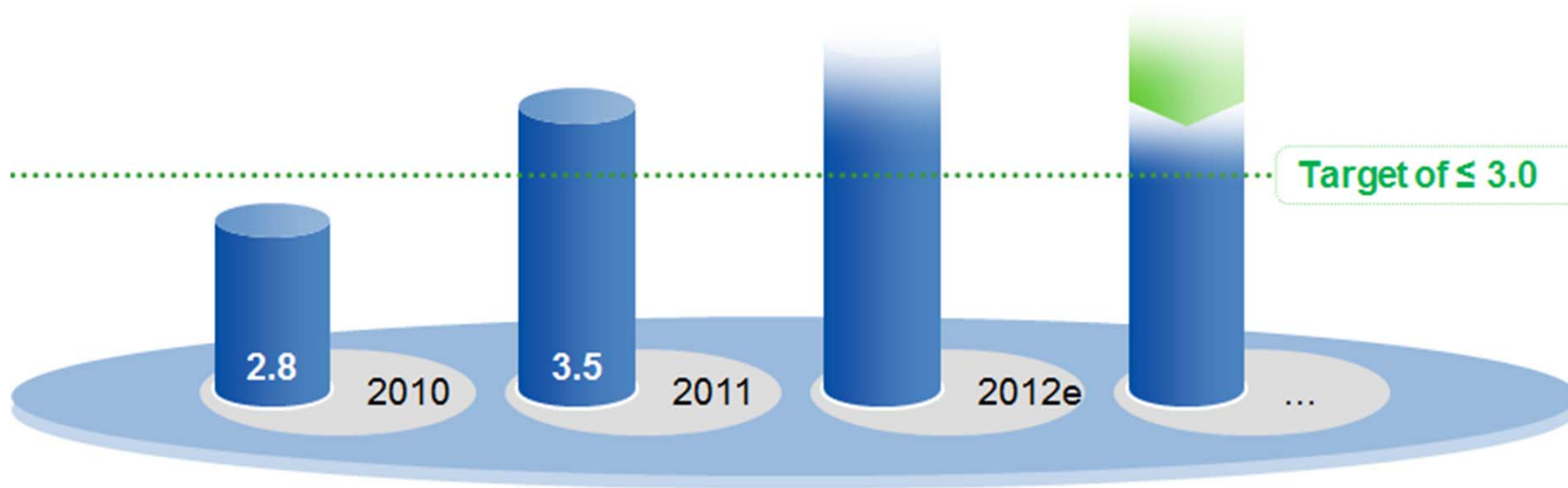
Further reduction of the gas-to-oil-spread exposure



- > RWE and Statoil have reached an agreement on the outstanding gas contracts including a gradual adjustment of the contract price towards the prevailing market conditions and compensation for the historic period since the start of the renegotiations
- > Including the settlement with Statoil in June 2012 we have renegotiated more than 50% of our oil-indexed contract volumes since 2009. We are still in the price review process with 2 gas suppliers with a total volume of approx. 11 bcm p.a.

Continued execution of measures to support financial strength

Expected development of leverage factor (Net debt¹/EBITDA)



Measures to improve financial headroom

Capital measures

completed ✓

Divestments

up to €7bn by 2013

progressing

Focused long-term capex programme

€4 – 5 bn/a

from 2013 ✓

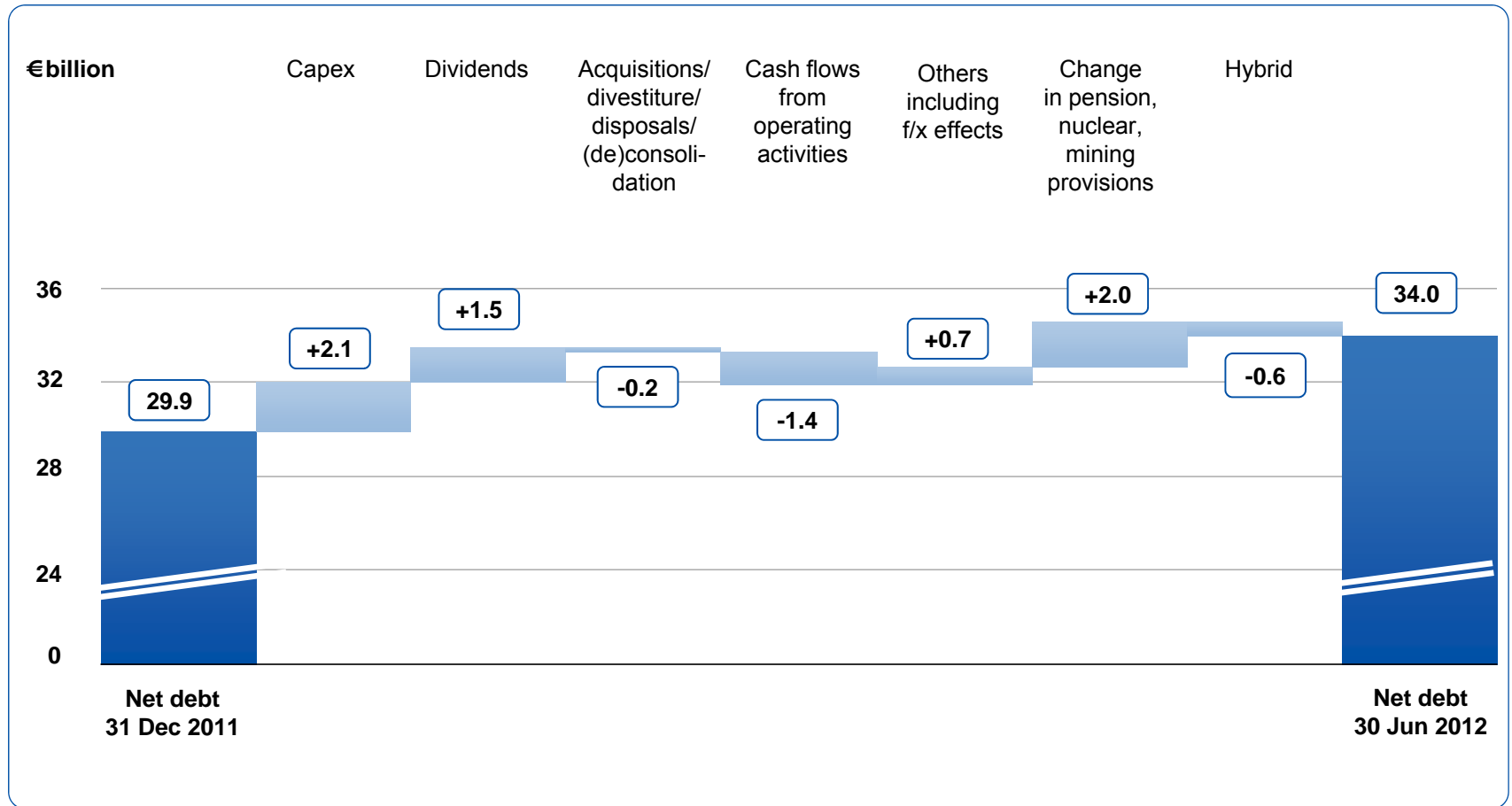
Efficiency programme

€1bn by 2014

identified ✓

¹ Net debt = net financial debt + pension, mining and nuclear provisions + 50% of hybrid capital; (at year end).

Development of net debt influenced by increase in provisions due to low interest environment



Divisional outlook for the operating result

€ million	2011 actual	2012 forecast versus 2011
Germany	4,205	Above last year's level
Power Generation	2,700	Above last year's level
Sales/Distribution networks	1,505	In the order of last year's level
Netherlands/Belgium	245	Below last year's level
United Kingdom	357	Above last year's level
Central Eastern and South Eastern Europe	1,109	Below last year's level
Renewables	181	Above last year's level
Upstream Gas & Oil	558	Significantly above last year's level
Trading/Gas Midstream	-800	In the order of last year's level

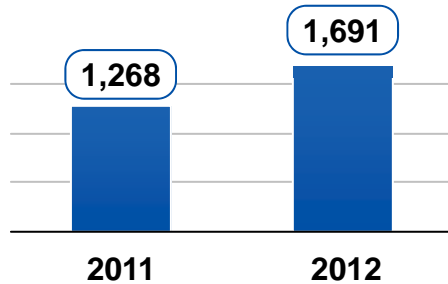
Back-up Charts



Performance of the Germany Division (I) Power Generation Business Area (RWE Power)

January – June: operating result: +33.4%

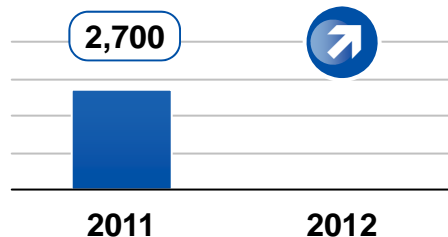
€ million



- ⊕ Absence of one-off burdens from new German energy policy in 2011
- ⊕ Lower realised electricity prices offset by higher volumes (c. +€30m), (including positive effects from the trial run of the new lignite-fired power plant BoA 2&3)
- ⊖ Higher fuel costs (c. -€160m) – including nuclear fuel tax – partly offset by lower costs associated with CO₂ certificates (c. +€70m)
- ⊕ Lower fixed operating and maintenance costs (c. +€230m)
- ⊕ Impact from change in nuclear and mining provisions (c. +€100m)

Guidance for fiscal year 2012: above last year

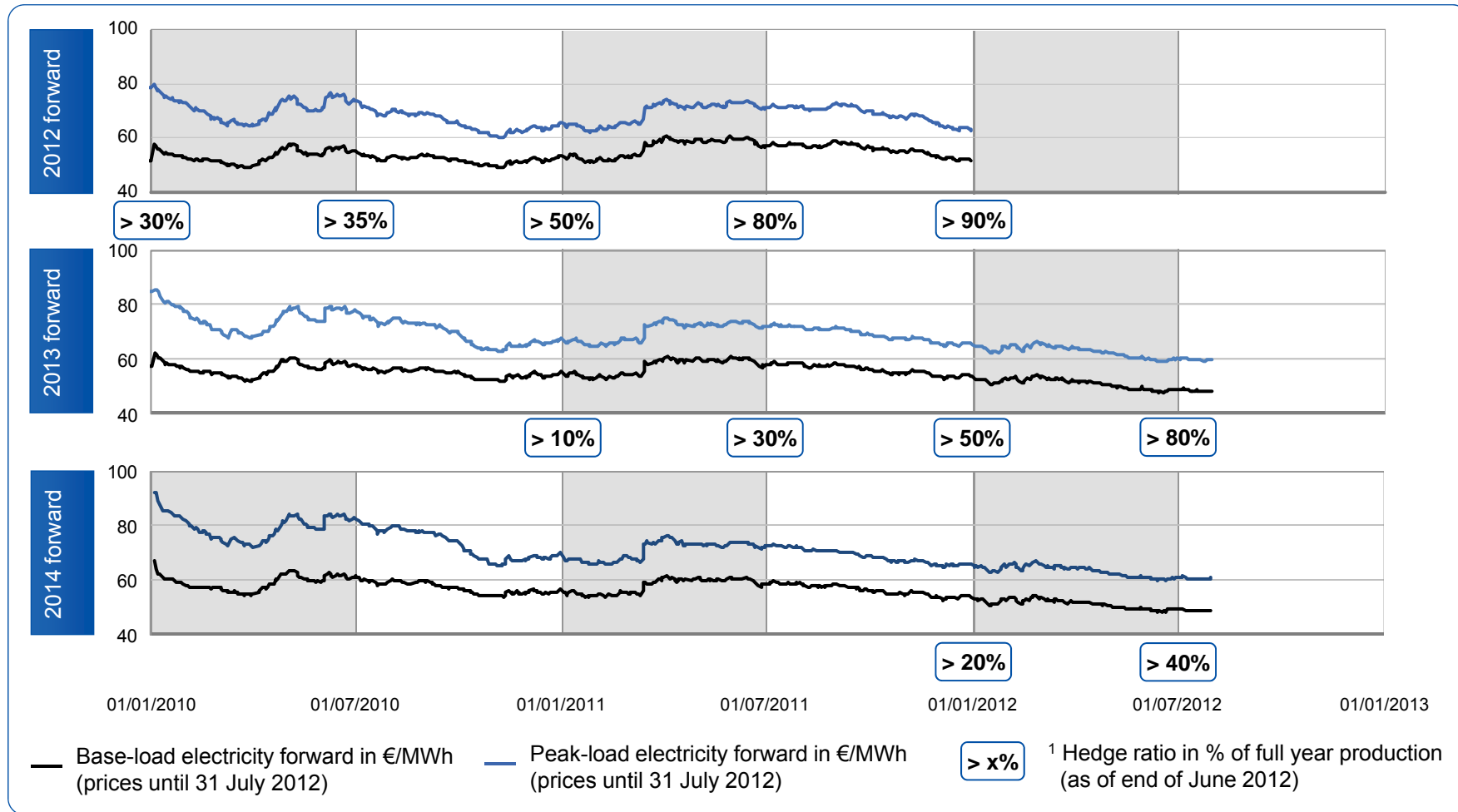
€ million



- ⊕ Absence of one-off burdens from new German energy policy in 2011
- ⊕ Start of commercial operation of new lignite-fired power plant BoA 2&3
- ⊕ Lower fixed operating and maintenance costs
- ⊕ Impact from change in nuclear and mining provisions
- ⊕ Lower CO₂ costs
- ⊖ Lower realised electricity prices and higher fuel costs (incl. nuclear fuel tax)

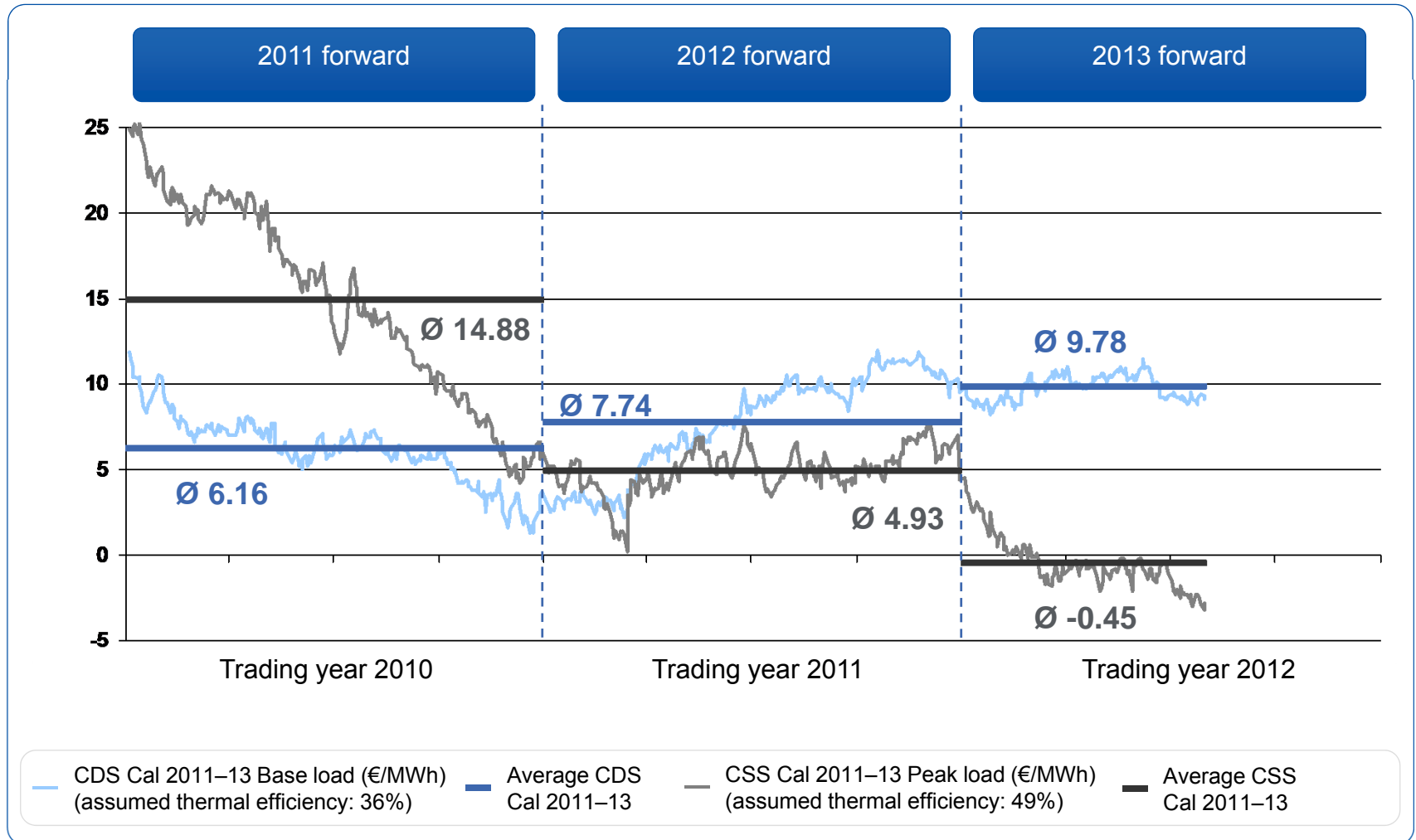
Forward selling¹ by RWE Power in the German market

(Base-load & peak-load forwards in €/MWh)



(Average realised price for 2011: €63/MWh (2010: €67/MWh)).

Germany: Clean Dark and Spark Spreads (CDS/CSS)



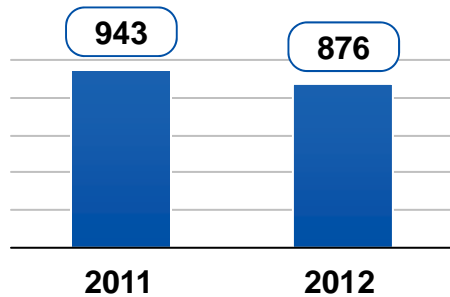
Source: RWE Supply & Trading, prices until 31 July 2012.

Performance of the Germany Division (II)

Sales/Distribution Networks Business Area

January – June: operating result: -7.1%

€ million



- Absence of positive one-off items compared to 2011

Sales

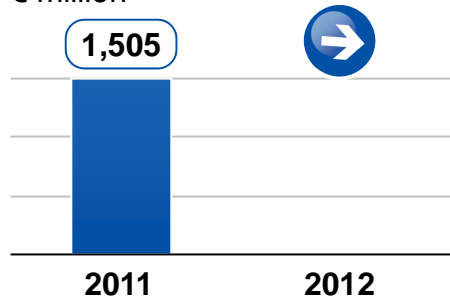
- Lower margins in electricity sales

Distribution networks

- + Improved efficiency enhancement
- + Income from sale of distribution networks due to loss of concession rights

Guidance for fiscal year 2012: in the order of last year's level

€ million



- Absence of positive one-off items compared to 2011

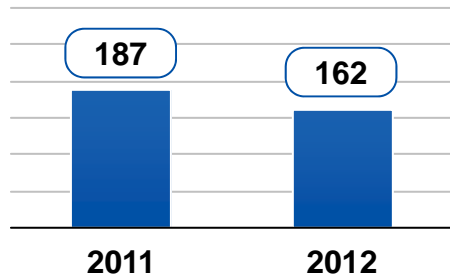
- + Improved efficiency enhancement

- Lower income from investments from participations

Performance of the Netherlands/Belgium Division (Essent)

January – June: operating result: -13.4%

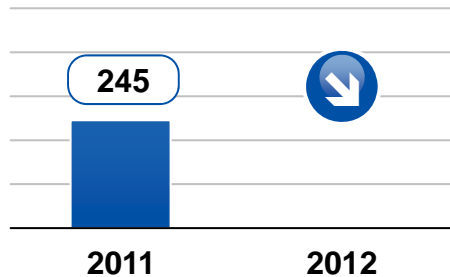
€ million



- Lower electricity generation spreads
- + Start of commercial operation of new gas-fired power plants Claus C and Moerdijk 2
- Higher depreciation
- + Improved margins in the sales business due to cost cutting and gas sourcing optimisation

Guidance for fiscal year 2012: below last year

€ million

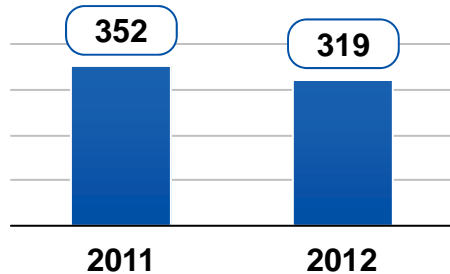


- Lower electricity generation spreads
- Higher depreciation
- + Better retail margins
- + Efficiency improvements and synergies

Performance of the United Kingdom Division (RWE npower)

January – June: operating result: -9.4 %

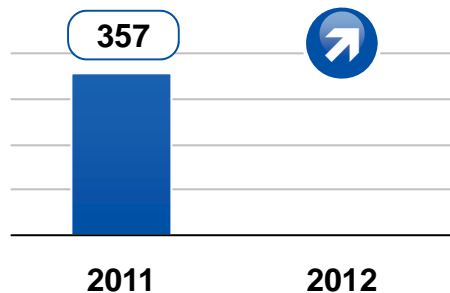
€ million



- Absence of non-recurrent item relating to settlement of claims in 2011
- Power generation
- Significantly lower margins
- Fire at biomass power plant in Tilbury
- Retail
- + Improved commodity cost management
- + Higher sales volumes due to higher customer numbers and cold weather
- Lower margins in business segment

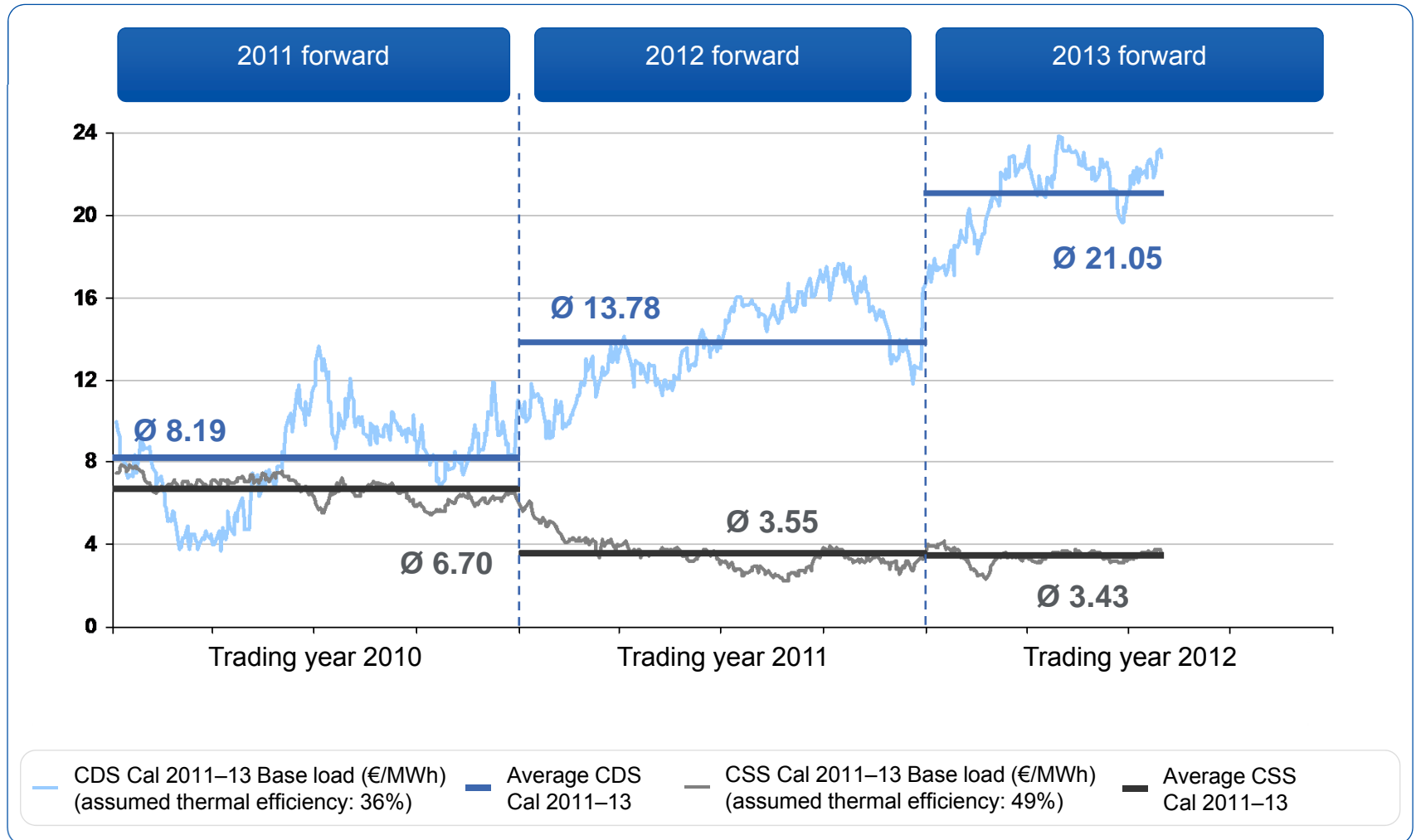
Guidance for fiscal year 2012: above last year

€ million



- + Further cost reductions / efficiency improvements
- + Positive f/x effects
- Power generation
- Further decline of spreads
- + Earnings contribution from Tilbury biomass
- + Commissioning of gas-fired power plant at Pembroke
- Retail
- + Progress on squeezed domestic margins

UK: Clean Dark and Spark Spreads (CDS/CSS)

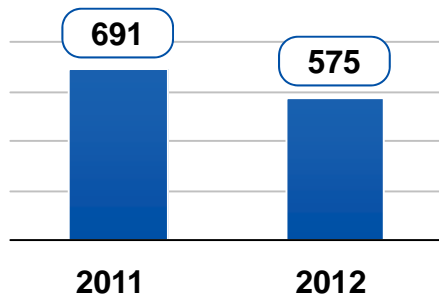


Source: RWE Supply & Trading, prices until 31 July 2012.

Performance of the Central Eastern and South Eastern Europe Division

January – June: operating result: -16.8%

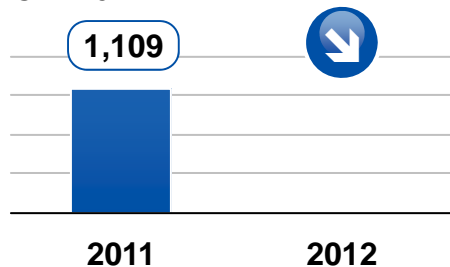
€ million



- Negative f/x-effects
- Czech Republic:
 - Lower gas retail and distribution margins
- Hungary:
 - Lower electricity generation and retail margins

Guidance for fiscal year 2012: below last year

€ million

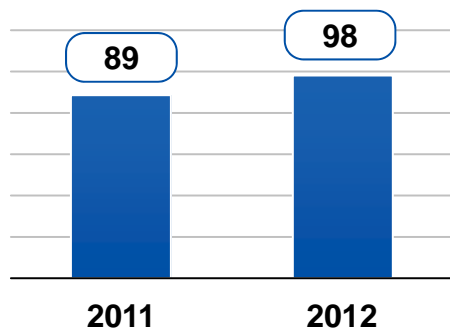


- Czech Republic:
 - Lower distribution network margins
 - Stable gas transport and retail businesses
- Hungary: Lower electricity margins
- Poland: Stable earnings contribution

Performance of the Renewables Division (RWE Innogy)

January – June: operating result: +10.1%

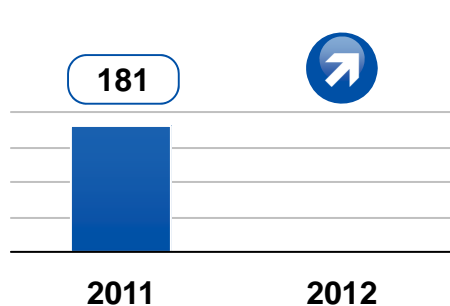
€ million



- + Increased generation volumes (partly driven by improved wind conditions and growth investments)
- + Improved electricity wholesale prices
- Absence of positive one-off in 2011 relating to liquidated damages

Guidance for fiscal year 2012: above last year

€ million

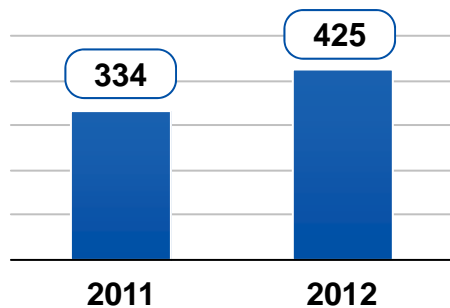


- + Commissioning of new projects
- + Normalised weather conditions assumed
- Absence of positive one-off in 2011 relating to liquidated damages
- Upfront costs of large investment programme including higher staff costs

Performance of the Upstream Gas & Oil Division (RWE Dea)

January – June: operating result: +27.2%

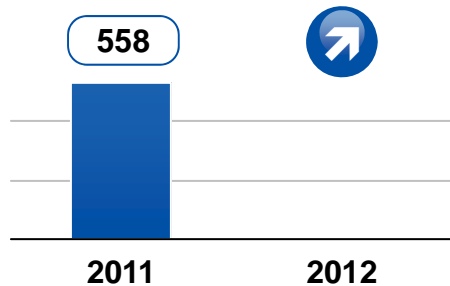
€ million



- ⊕ Higher realised oil and gas prices
- ⊕ Positive f/x effects
- ⊖ Higher depreciation
- ⊖ Higher royalties

Guidance for fiscal year 2012: significantly above last year

€ million

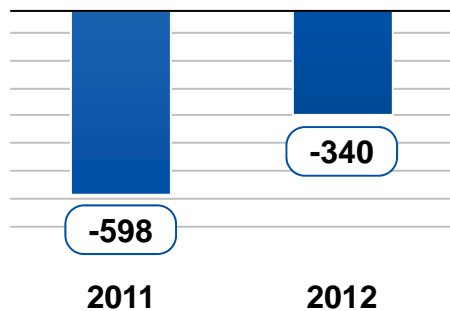


- ⊕ Higher gas prices
- ⊕ Positive f/x effects
- ⊕ Slightly lower exploration expenditures
- ⊕ Start of production in new gas fields
- ⊖ Higher depreciation
- ⊖ Increased cost of production and higher royalties

Performance of the Trading/Gas Midstream Division (RWE Supply & Trading)

January – June: operating result: +43.1%

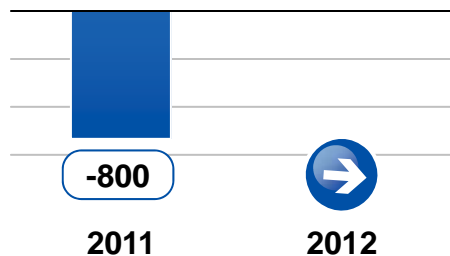
€ million



- Trading
- ⊕ Improved performance in the energy trading business
- Supply
- ⊖ Burdens from long-term oil-indexed gas contracts
 - ⊕ Compensation from commercial settlements

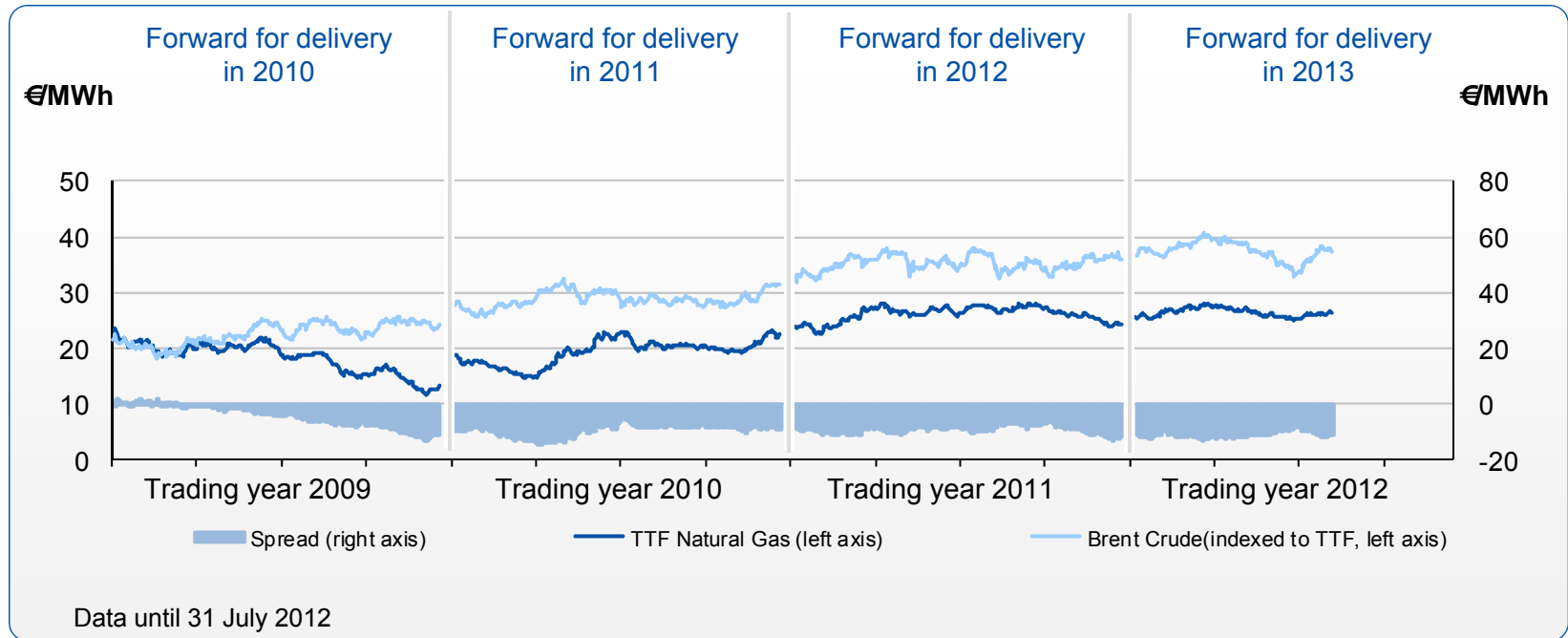
Guidance for fiscal year 2012: in the order of last year's level

€ million



- Trading
- ⊕ Improved performance compared to weak previous year
- Supply
- ⊖ Burdens from long-term oil-indexed gas contracts

Development of TTF gas price and brent oil price



Relative development of the TTF and brent forwards for the years 2010, 2011, 2012 and 2013 since January 1st, 2009. To compare both, the brent oil price is based to the TTF gas price as of January 1st, 2009. The curves simply illustrate the development of the market prices which should give a rough indication on the gas-to-oil-spread situation. The real gas-to-oil-spread exposure depends on the individual contract details and will deviate from this slide.

Cash flow statement

January – June €million	2012	2011	Change (absolute)
Funds from operations (FFO)	2,451	2,984	-533
Change in working capital of which variation margins	-1,080 232	155 -570	-1,235 +802
Cash flows from operating activities	1,371	3,139	-1,768
Minus capex on fixed assets	-2,111	-2,709	+598
Free cash flow	-740	430	-1,170



FFO – among other things:

- > Higher tax expenses and absence of Amprion FFO



Change in working capital – among other things:

- > Absence of a temporary liquidity effect at Amprion
- > Increase in accounts payable of our German Sales and Distribution Network Business Unit against Amprion
- > Fluctuation in payments in connection with purchases and sales at our trading business



Capex on fixed assets – among other things:

- > Extension and modernisation of our generation fleet

RWE Group electricity production (by geographic regions)

January – June in TWh	Germany	UK	NL/BE	Other Internat.	Total 2012	Total 2011
Lignite	39.2			2.5	41.7	36.1
Nuclear	14.7				14.7	19.1
Hard coal	17.1	8.8	3.4	0.2	29.5	23.8
thereof contracts	10.6				10.6	10.5
Gas	4.3	11.9	3.1	0.1	19.4	19.9
Renewables	2.4	1.5	1.0	0.9	5.8	4.5
thereof contracts	0.3	0.6			0.9	0.5
Pumped storage, oil, other	1.4				1.4	0.9
thereof contracts	1.1				1.1	0.6
Subtotal	79.1	22.2	7.5	3.7	112.5	104.3
Electricity purchases ¹					39.1	59.1
Total					151.6	163.4

¹ Net, excluding trading. Purchases for physical deliveries to customers only.

RWE Group electricity sales volume (by geographic regions)

January – June in TWh	Germany	UK	NL/BE	Poland	Hungary	Other	Total 2012	Total 2011
Residential and commercial customers	13.2	9.2	5.6	1.2	2.7	0.2	32.1	32.3
Industrial and corporate customers	27.8	16.0	7.5	1.8	2.3	0.4	55.8	57.9
Distributors	42.2				2.9	0.9	46.0	52.0
Electricity trading ¹	7.8						7.8	11.8
Total	91.0	25.2	13.1	3.0	7.9	1.5	141.7²	154.0²

¹ Net of electricity purchased from third parties.

² Difference between electricity production and electricity sales volume due to grid losses, operating consumption by lignite production and pumped-storage power plants.

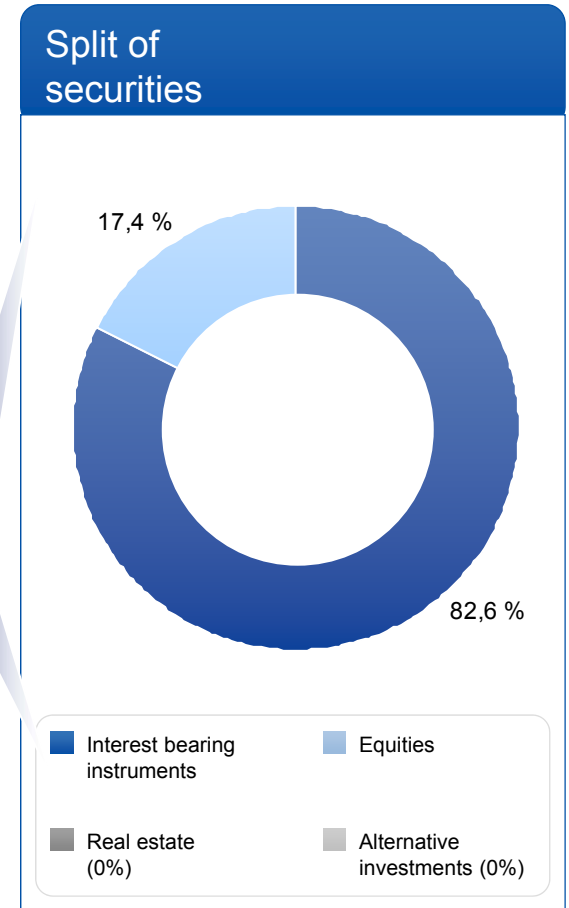
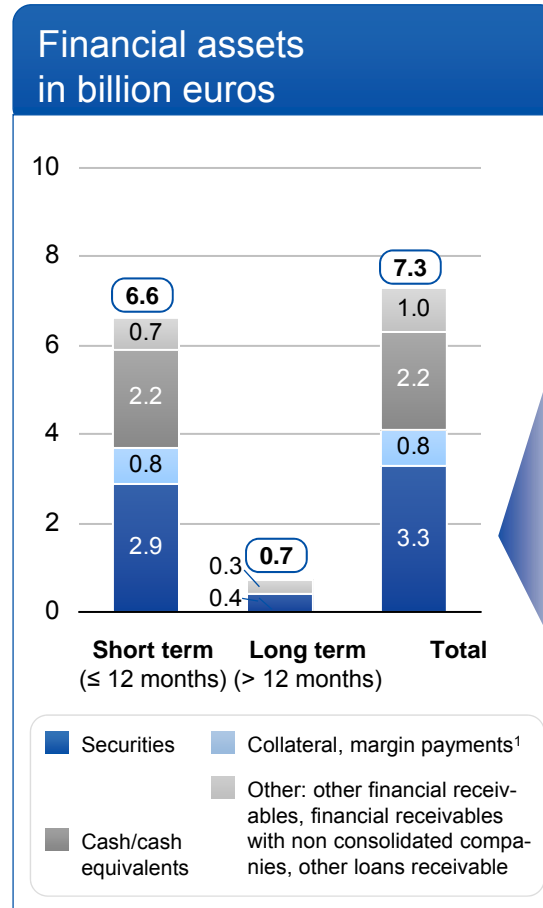
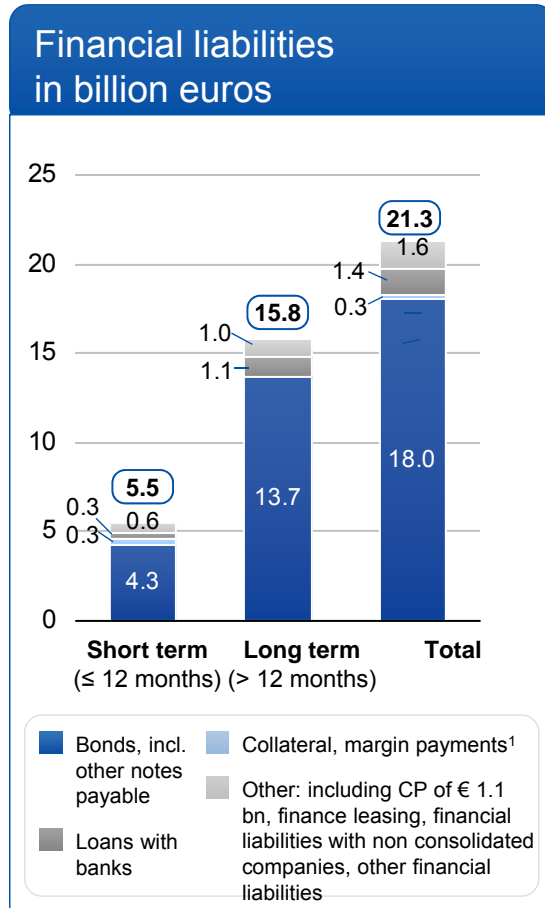
RWE Group gas sales volume (by geographic regions)

January – June in TWh	Germany	Czech Rep.	NL	UK	Other	Total 2012	Total 2011
Residential and commercial customers	17.1	11.9	21.1	24.5	1.7	76.3	76.9
Industrial and corporate customers	14.9	9.3	24.1	1.4	6.3	56.0	68.6
Distributors ¹	23.2	8.9	0.0	0.4	0.5	33.0	39.8
Total	55.2	30.1	45.2	26.3	8.5	165.3	185.3

¹ Includes gas trading in 2011.

Financial liabilities and assets

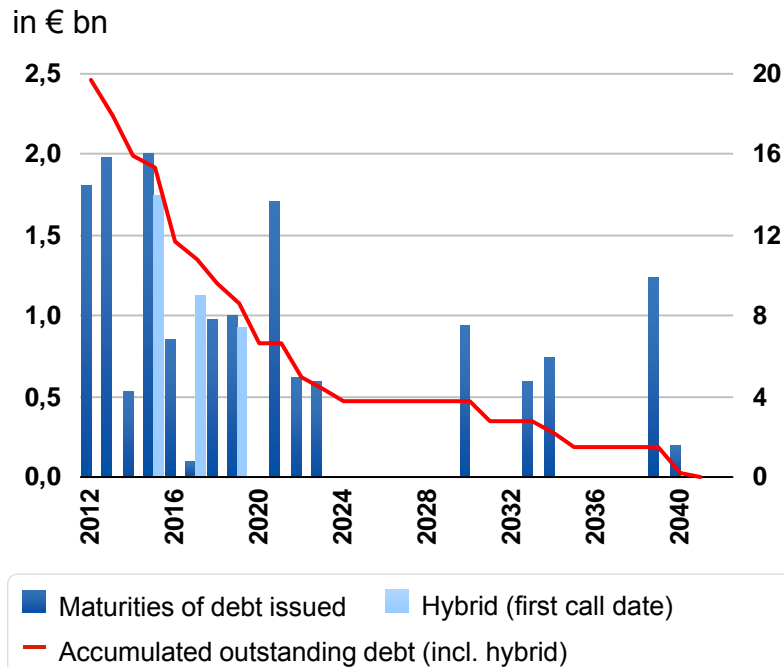
(excluding hybrid capital, as of 30 June 2012)



¹ Excluding variation margins which are netted against the fair values of the respective derivatives.

Capital market debt maturities and sources of financing

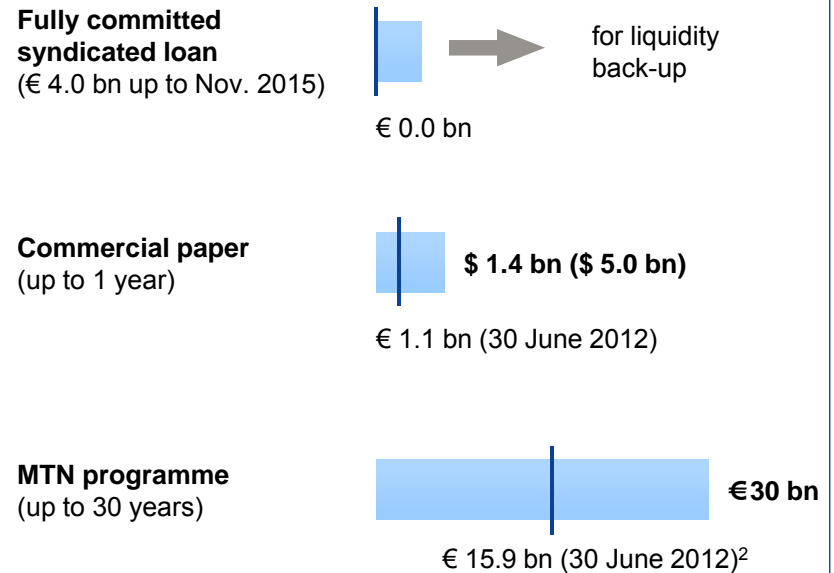
Capital market debt maturities¹



Balanced profile with limited maturities up to end of 2014 (~€ 4.3 billion)

¹ RWE AG and RWE Finance B.V., as of 30 June 2012 (incl. USD and CHF hybrid, issued 21st and 28th of June)

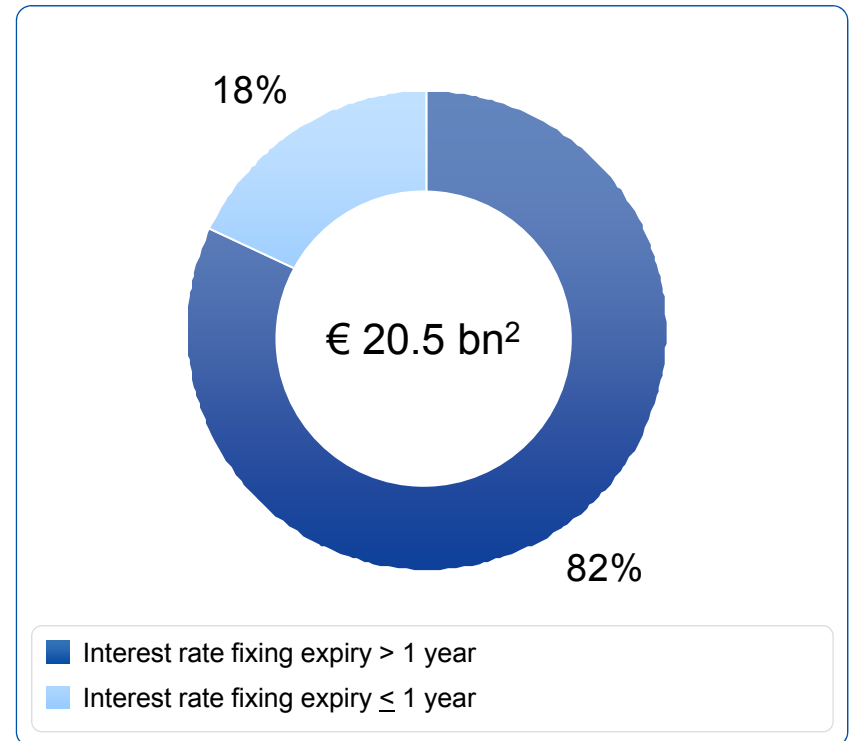
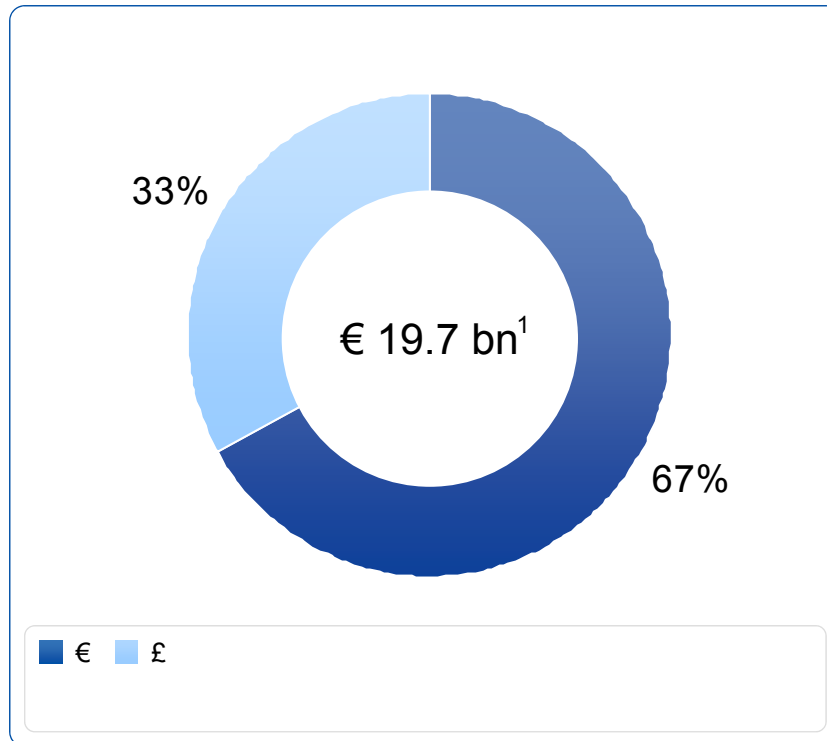
Strong sources of financing



² Bonds outstanding under the MTN-programme, i.e. excluding hybrids. Including hybrids: € 19.7 bn

Capital market debt currency and interest exposure

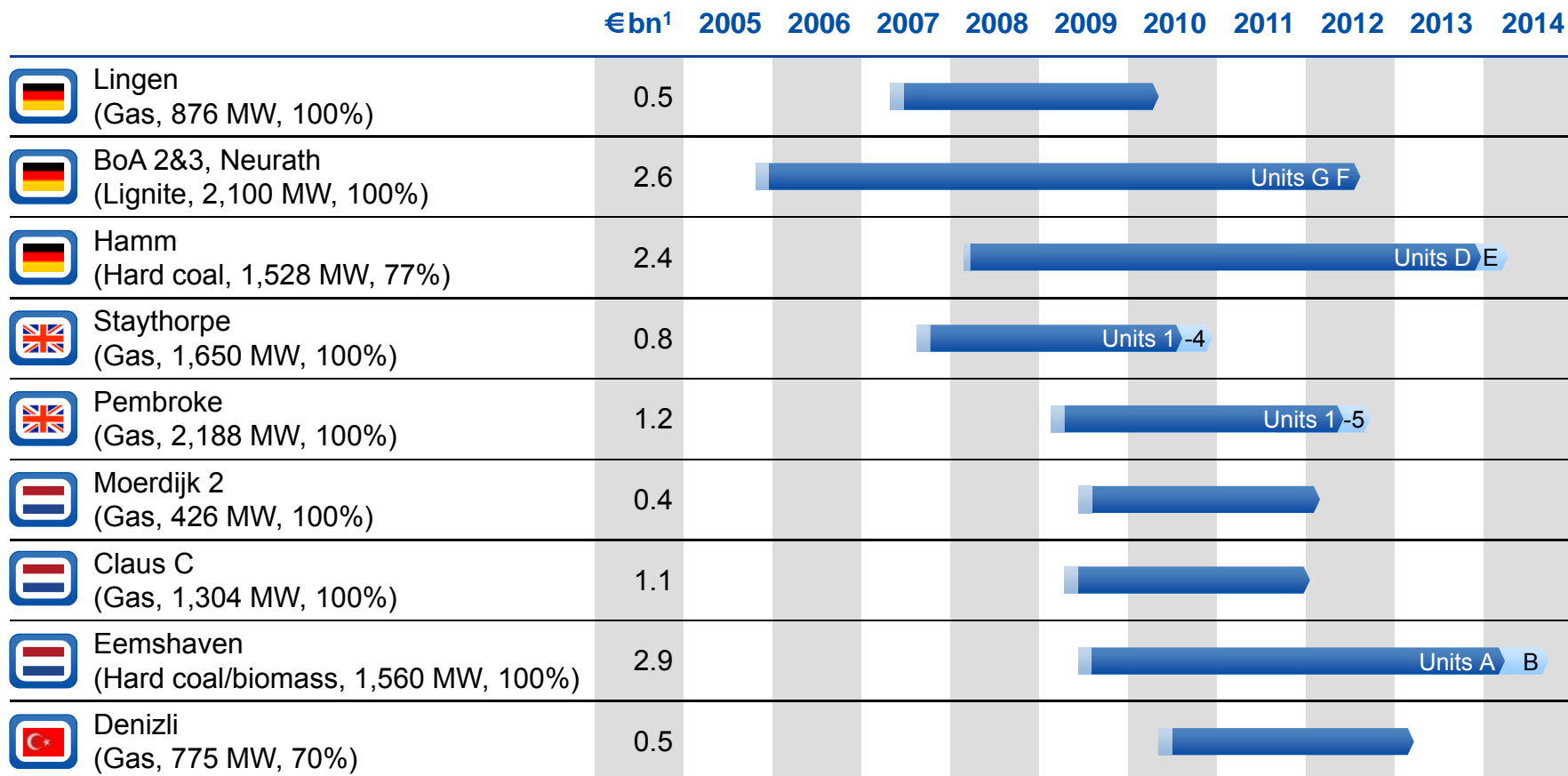
(as of 30 June 2012)



¹ Capital market debt = bonds of € 15.9 bn and hybrids of € 3.8 bn; split into currencies includes cross-currency swaps








² Capital market debt plus other interest rate-related positions such as commercial paper and cash; including interest and cross-currency swaps

Conventional power plant new build programme



¹ Capex at 100% share

RWE Dea's largest field developments

Production start		RWE share	Capex ¹ (€bn)	2011	2012	2013	2014	2015	2016	2017	2018
	West Nile Delta (Egypt) NA 40% WMDW 20%		2.9								
	Disouq (Egypt) ² (Operator)	100%	0.2								
	Breagh Phase 1 (GB) (Operator)	70%	0.4								
	Reggane (Algeria)	19,5%	0.4								
	Edvard Grieg (Norway) ³	20%	0.6								
	Knarr (Norway) ⁴	10%	0.2								
	NC 193 / 195 (Libya) (Operator)	100%	0.5								

¹ RWE's share in capex.





² Budget "doubling" mainly due to rounding.

³ Formerly "Luno".

⁴ Formerly "Jordbær".

Bars indicate start of production.

RWE Innogy major projects under construction

	€bn ¹	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
 Gwynt y Môr (Wind offshore, 576 MW, 60%)	2.4										
 Greater Gabbard (Wind offshore, 504 MW, 50%)	1.9										
 Markinch (Biomass CHP, 45 MW _e , 88 MW _{th} , 100%)	0.3										
 Nordsee Ost ² (Wind offshore, 295 MW, 100%)	0.9										

- ▶ Capacity and earnings target for RWE Innogy until 2014 is mainly driven by 4 major projects
- ▶ Large scale projects, especially in offshore wind, play a vital role in achieving European renewable targets as growth potentials in other areas are limited
- ▶ Utilities like RWE have a competitive advantage in these large-scale projects as we can build on expert knowledge gained in our other large projects

¹ Capex at 100% share; UK offshore includes investment for grid connection.

² The construction schedule had to be revised in 2012 due to the delay in the offshore grid connection. In light of latest statements by grid operator TenneT there is a risk of even further delays.

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