

Paving the way for growth with continued focus on financial discipline

Essen, 10 March 2015

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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 judgment 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.

Agenda



A

Peter Terium

Paving the way for growth

B

Bernhard Günther

Continued focus on financial discipline



On our way to financial robustness as base for long-term growth

What we have achieved so far



- > Establishment of European generation business to drive cost efficiencies and portfolio measures
- > First two waves of efficiency programme delivered ahead of time
- > Positive cash balance achieved ahead of time
- > Successful disposal of RWE Dea for an EV of €5.1 bn
- > Improvement of net debt position
- > Reduction of capex level on plan

What we are focusing on



- 1 Identification and fostering of growth areas
- 2 Review of set-up of conventional power generation portfolio
- 3 Third wave of efficiency programme
- 4 Financial discipline with regards to investments

Changing energy market offers growth potential

➤ Renewables

- > Focus on on- and off-shore wind
- > ~ €1 bn in growth capex (2015-2017)
- > Partnering solutions will diversify risks and leverage project pipeline
- > Double digit compound annual earnings growth rate over the next three years secured



➤ Grids

- > Best in class grid management
- > Investments of > €3 bn between 2015 and 2017
- > Additional growth potential from smart technologies
- > Single digit earnings growth possible longer term

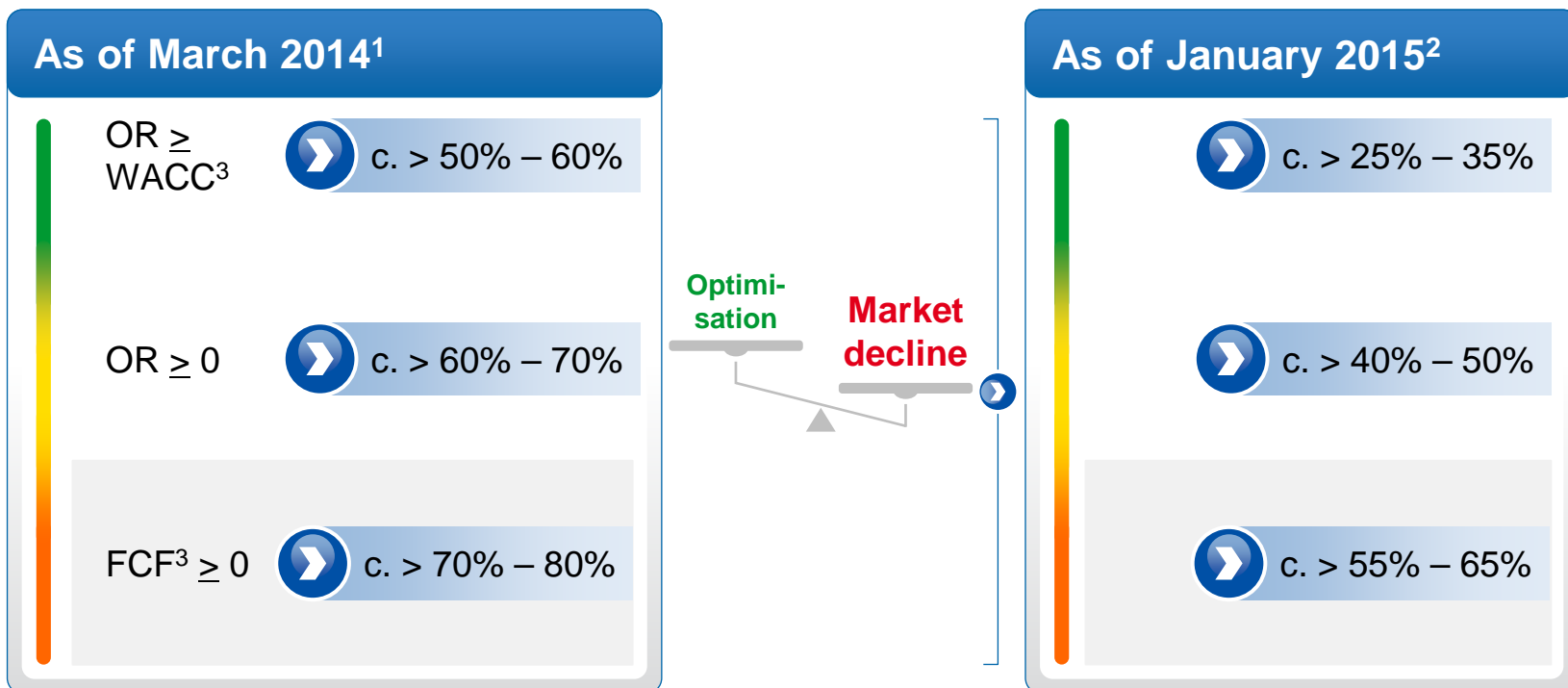


➤ Retail

- > Strong Pan European Retail organisation with 23m customers
- > Decentralised energy market models as opportunity
- > Innovation: growth catalyst for new products and services
- > Single digit earnings growth rate mid term envisaged



Increased earnings pressure on conventional power generation

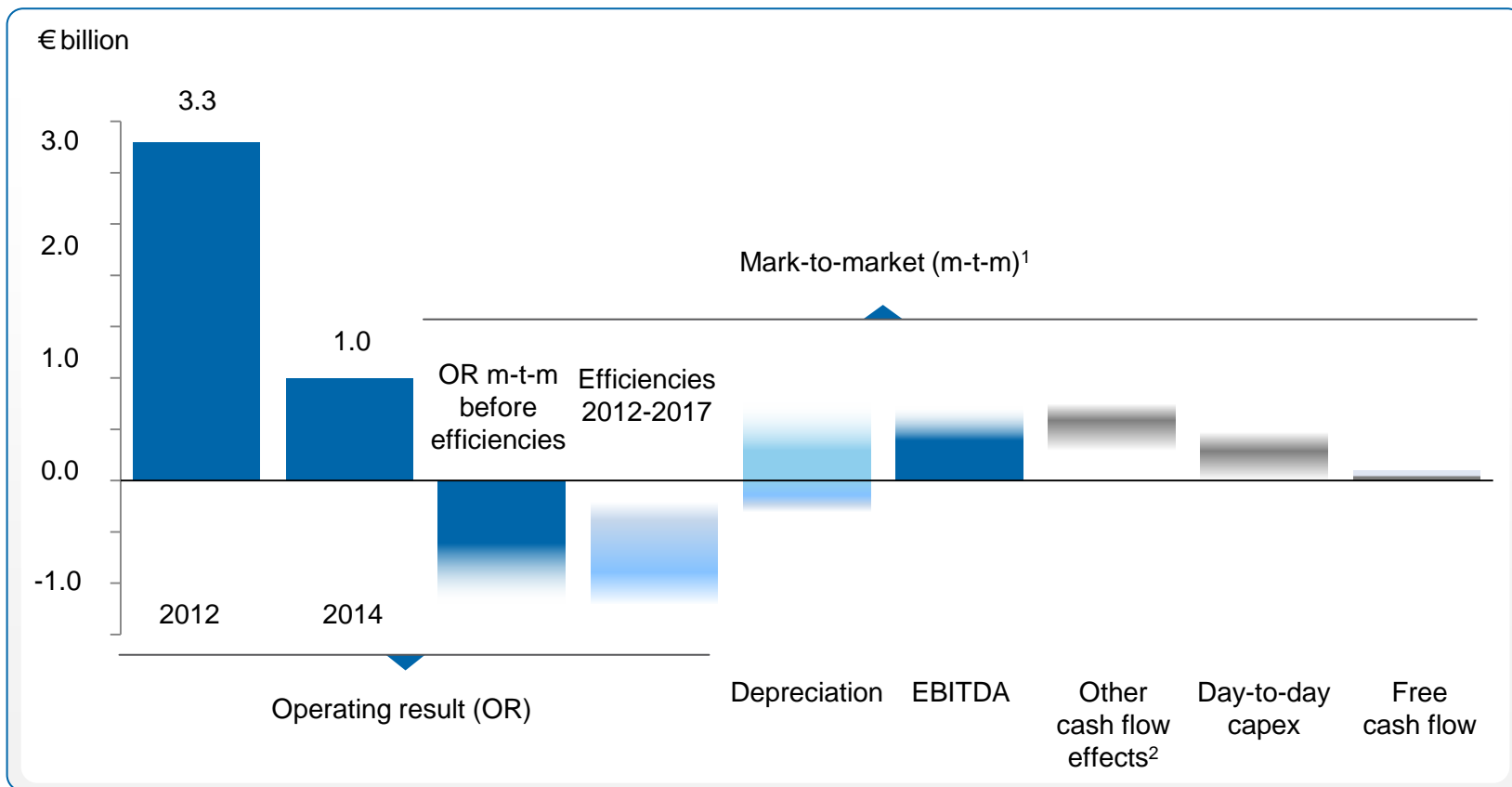


1 Rough profitability analysis for 2014 to 2016 in % of installed capacity of RWE's conventional power generation portfolio in Germany, UK and NL (average c. 41 GW) based on market parameters as of October 2013.

2 Rough profitability analysis for 2015 to 2019 in % of installed capacity of RWE's conventional power generation portfolio in Germany, UK and NL (average c. 41 GW) based on market parameters as of November 2014.

3OR = operating result; WACC = weighted average cost of capital pre tax; FCF = free cash flow = revenue – cash costs.

Conventional Power Generation: mark-to-market free cash flow neutral



1 Mark-to-market as of January 2015 at market prices of around €32/MWh for German base load forwards and anticipating the expiry of the nuclear fuel tax.

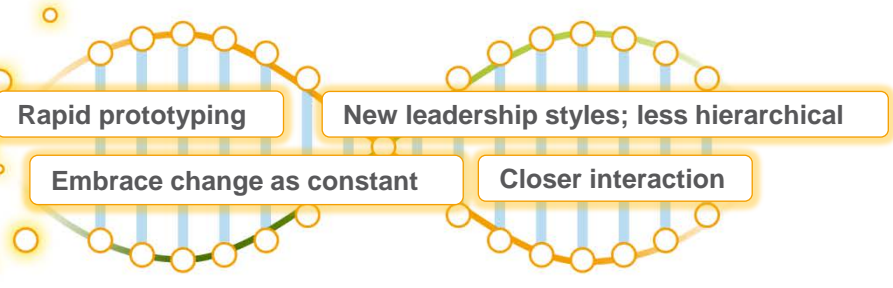
2 Changes in provisions, funds from operations financial income and tax, changes in working capital.

Fundamental change is required to respond to market changes

> WHAT TO ACHIEVE



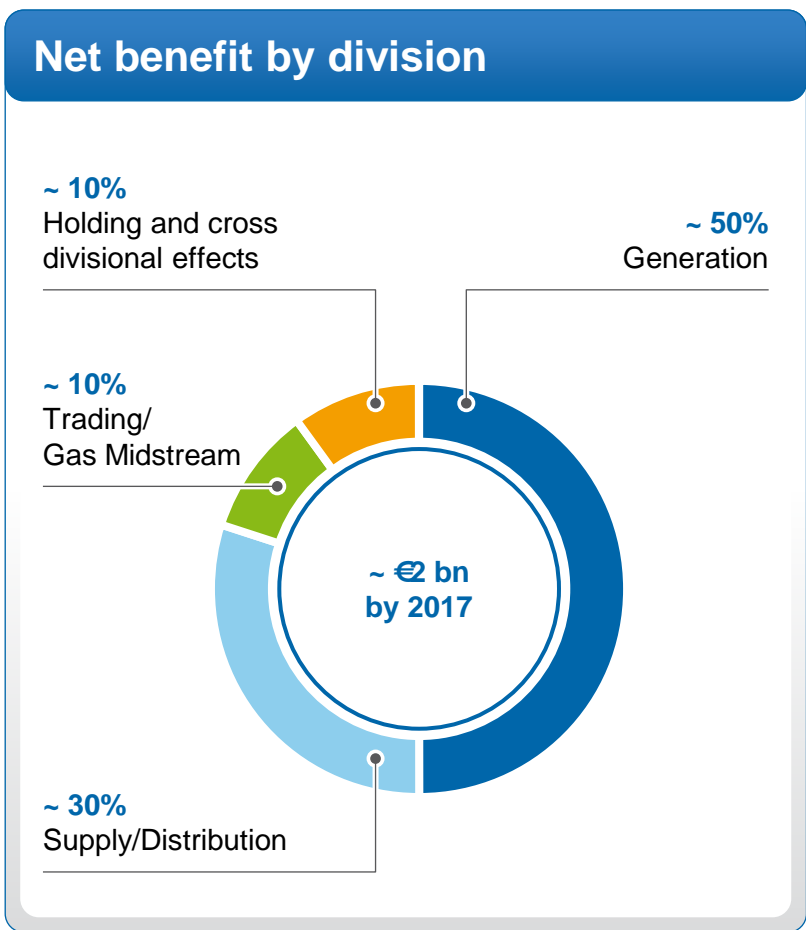
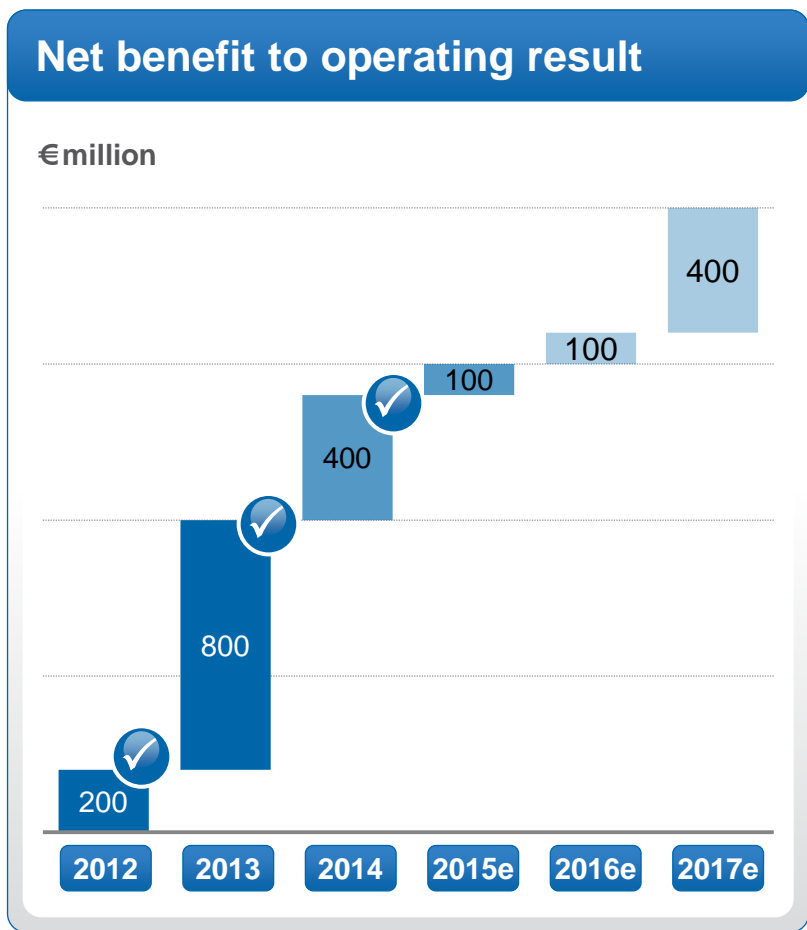
> WHAT WE DO DIFFERENTLY



> WHY WE CHANGE

- > Changes in markets and politics are fundamental and will continue
- > High leverage
- > Low wholesale power prices
- > Underperforming assets in parts of our business
- > Lack of near-term earnings growth

Efficiency programme ahead of schedule, additional measures contribute another €500 million



Next wave of efficiencies entails a wide range of performance measures

Additional measures focus on cost reduction and cash flow optimisation

Costs



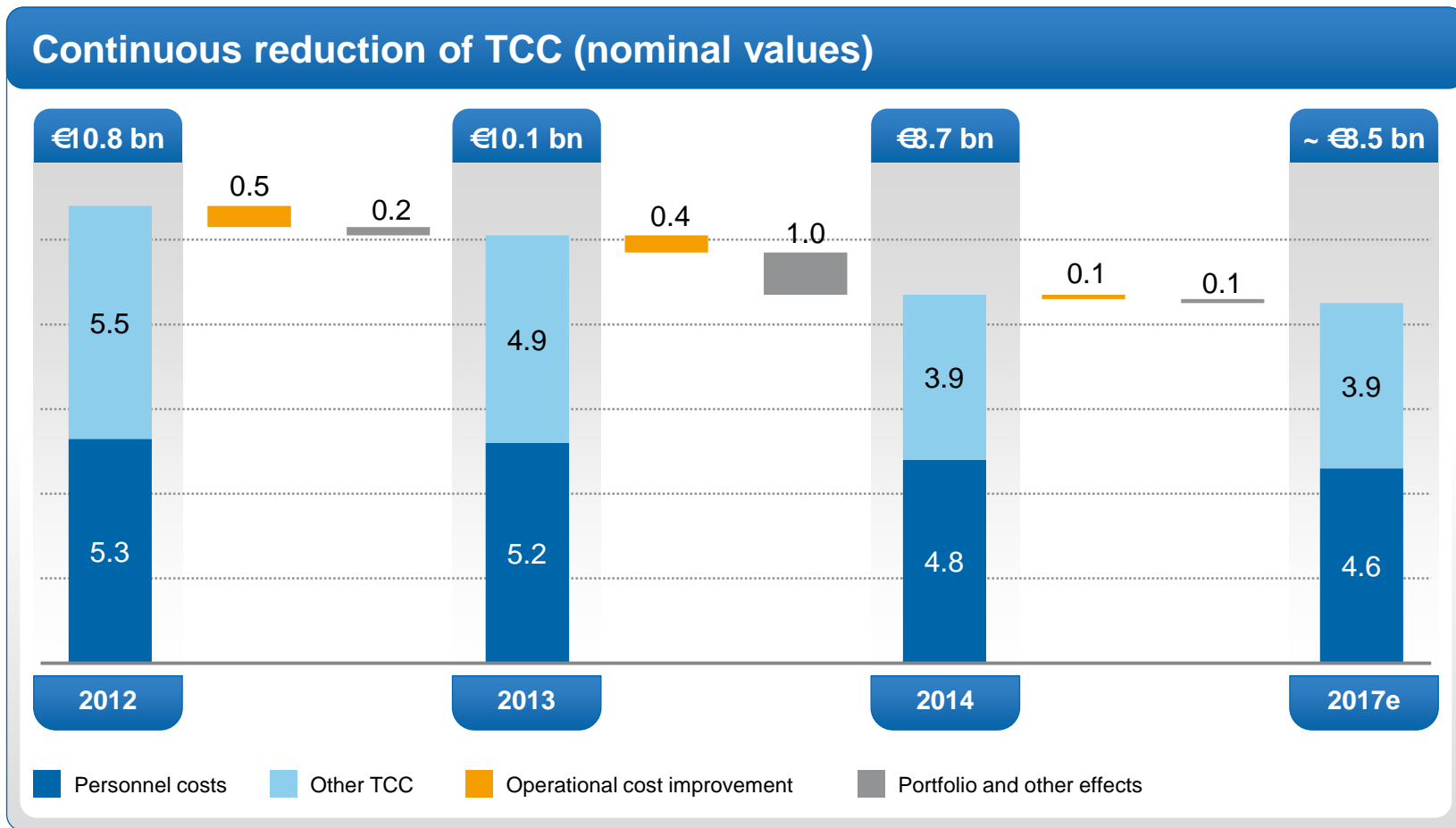
- > Implementation of lean programme and improved end-to-end processes
- > Consolidation of IT landscape
- > Reduction of costs of external service providers
- > Streamlining of organisational and legal structures: reduction of management levels and number of legal entities
- > Reduction of personnel costs through internal job market, lower travel costs, improved performance management

Cash



- > Optimisation of working capital should contribute c. €1.5 bn to debt reduction by 2016, of which c. 50% already achieved by 2014
- > Special focus on cash-optimising procurement process
- > Further integration of working capital measures in target setting and incentive process

Development of total controllable costs (TCC)



Capex programme reduced to maintenance level

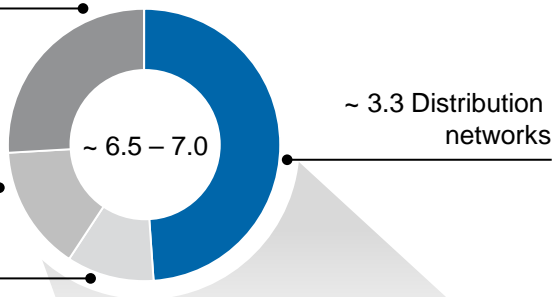
Further growth projects have to be financed debt-neutral, e.g. by the disposal of other assets or partnering solutions

€billion

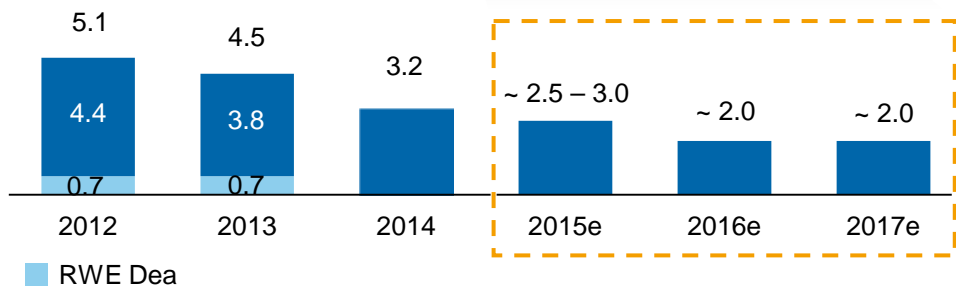
~ 1.5 – 2.0 Conventional power generation

~ 1.0 Renewables

~ 0.7 Retail

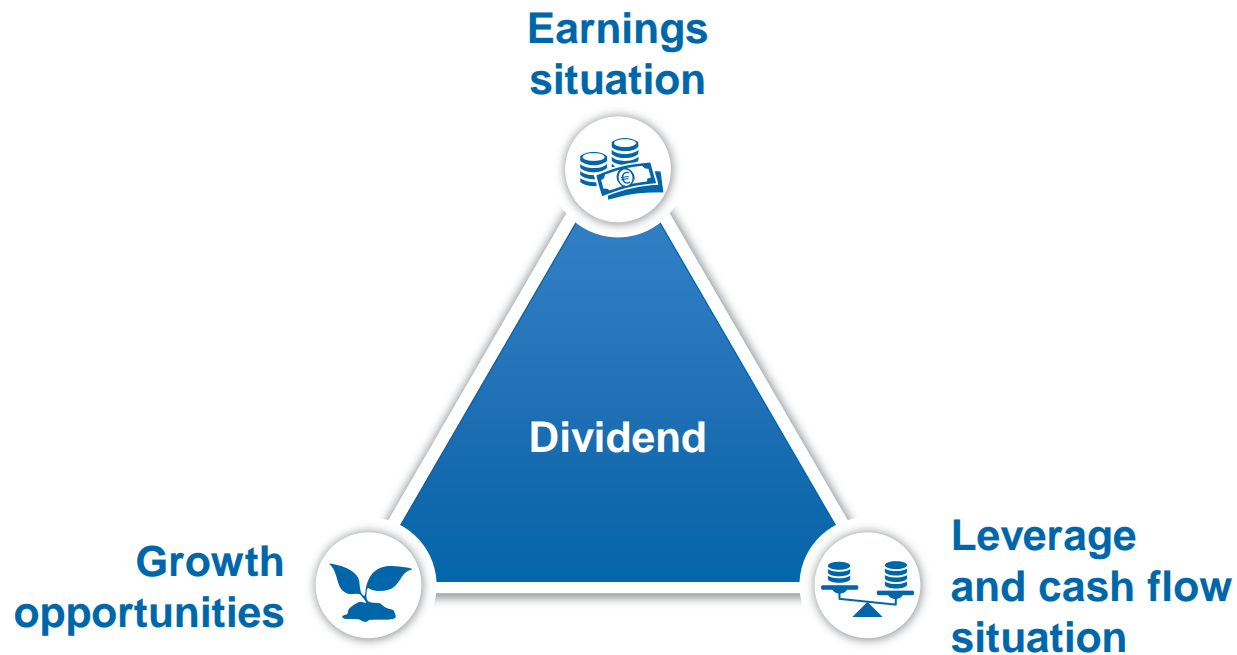


- > Approx. €6.5 – 7.0 bn capex programme for 2015 – 2017:
 - ~ €1.5 – 2.0 bn for major projects
 - ~ €5.0 bn for day-to-day incl. grids
- > Completion of new-build power plant programme
- > Completion of large offshore wind farm projects in 2015



Dividend policy reflects whole economic situation

Dividend of the preceding year serves as a reference point for the dividend proposal



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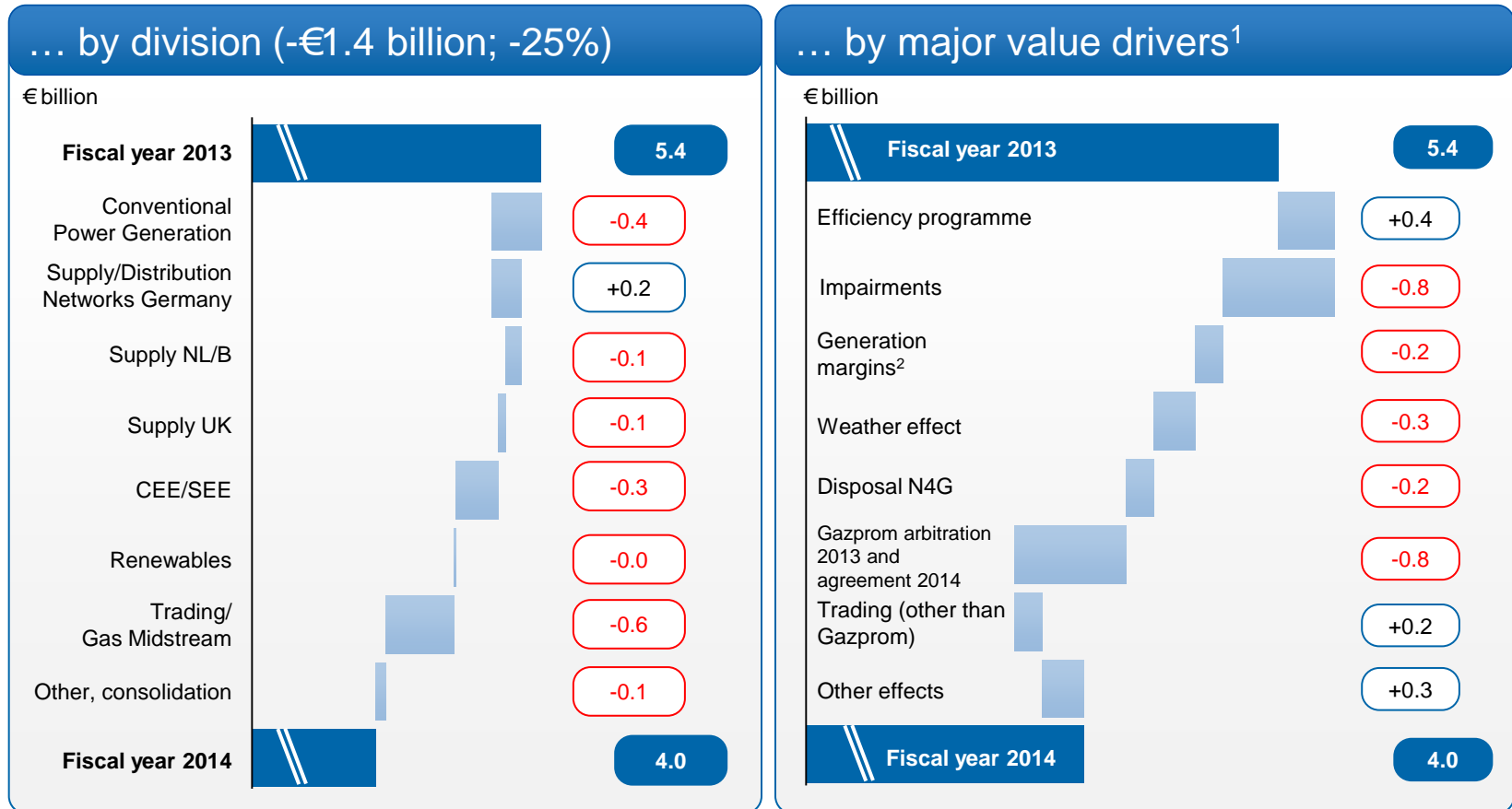


Development of the major earning figures in 2014

€ billion	Fiscal year 2014 +/- vs. 2013	
EBITDA	7.1	-0.8
Depreciation	-3.1	-0.6
Operating result	4.0	-1.4
Non-operating result	0.1	+5.6
Financial result	-1.8	+0.1
Tax	-0.6	+0.2
Income from DCO	0.4	+0.1
Minorities/hybrids	-0.4	-0.0
Net income	1.7	+4.5
Adjustments	-0.4	-5.5
Recurrent net income	1.3	-1.0

- Depreciation increases due to recognition of asset impairments in the operating result in 2014
- Non-operating result improves as previous year's figure included impairments
- Tax rate for determining recurrent net income at 32% (previous year 33%)
- Adjustments for recurrent net income comprise non-operating result including tax effects and one-off items from taxes. Furthermore, Dea is recognised with the pro-rata interest on the sale price

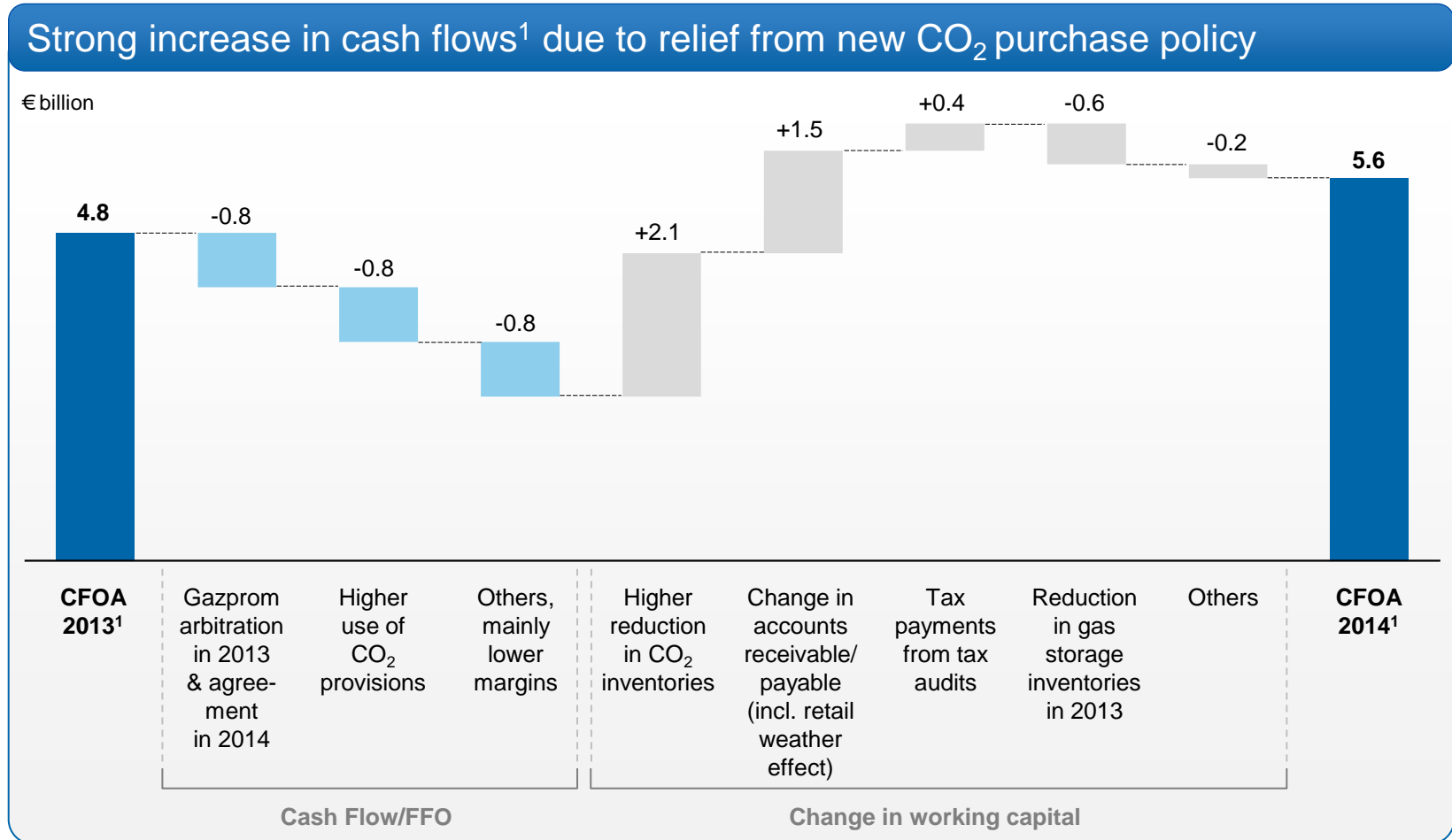
Development of operating result ...



1 Value drivers are adjusted for efficiencies to show efficiency measures in one amount.

2 Including one-off adjustment of provision for pending losses from an electricity purchase contract in 2013.

Development of cash flows from operating activities



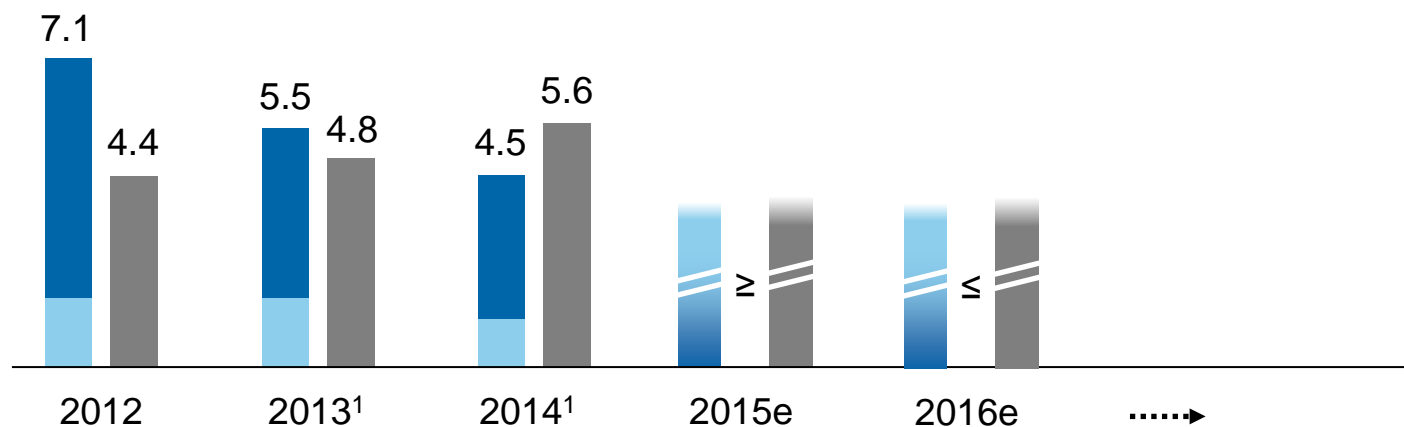
¹ CFOA = cash flows from operating activities; excluding discontinued operations.

Positive cash balance reached 1 year ahead of plan

Cash flows from operating activities to cover investments and dividends

€ billion

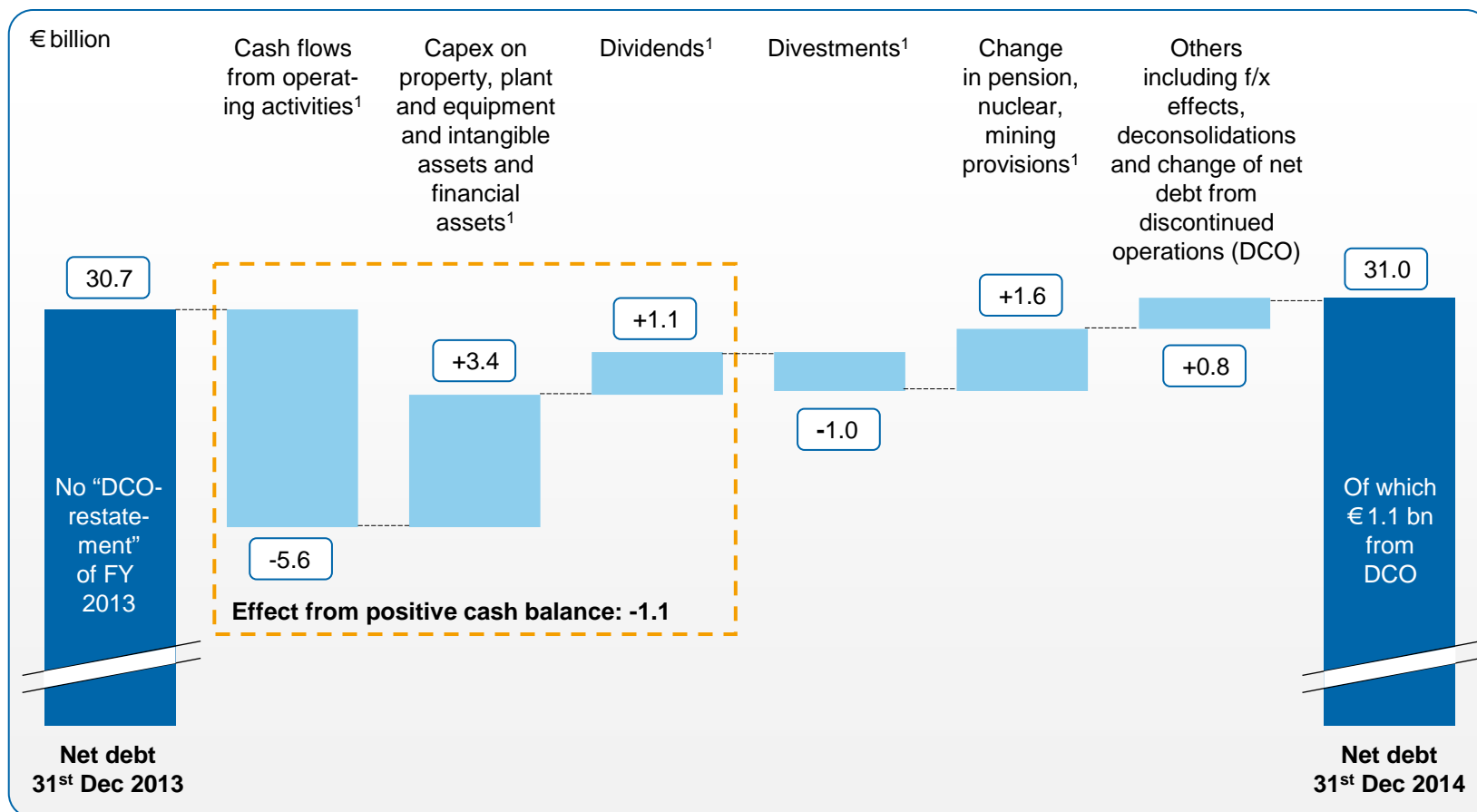
-2.7 -0.7 +1.1 <0 >0 Cash balance



- Capex in property, plant & equipment and financial assets (according to cash flow statement)
- Dividends (incl. minority payments; year of payment)
- Cash flows from operating activities

¹ From continuing operations (excluding RWE Dea).

Development of net debt



1 From continuing operations.

Excellent access to the capital market is key to us

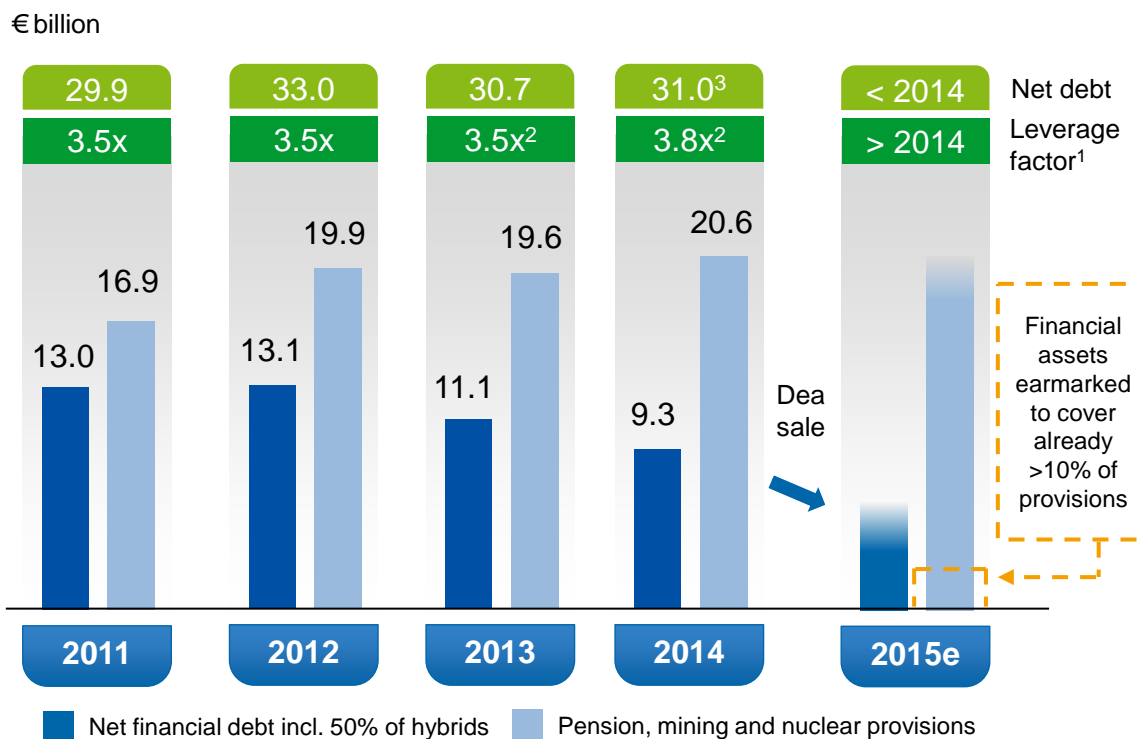
Significant reduction of net financial debt

Achievements

- > Strong decrease of net financial debt
- > Net financial debt/ EBITDA <1x (2015e)
- > Ample liquidity after Dea sale

Financial policy

- > Access to the capital market at all times through...
 - keeping solid investment grade rating
 - first funding of provisions
 - targeting ongoing positive cash balance

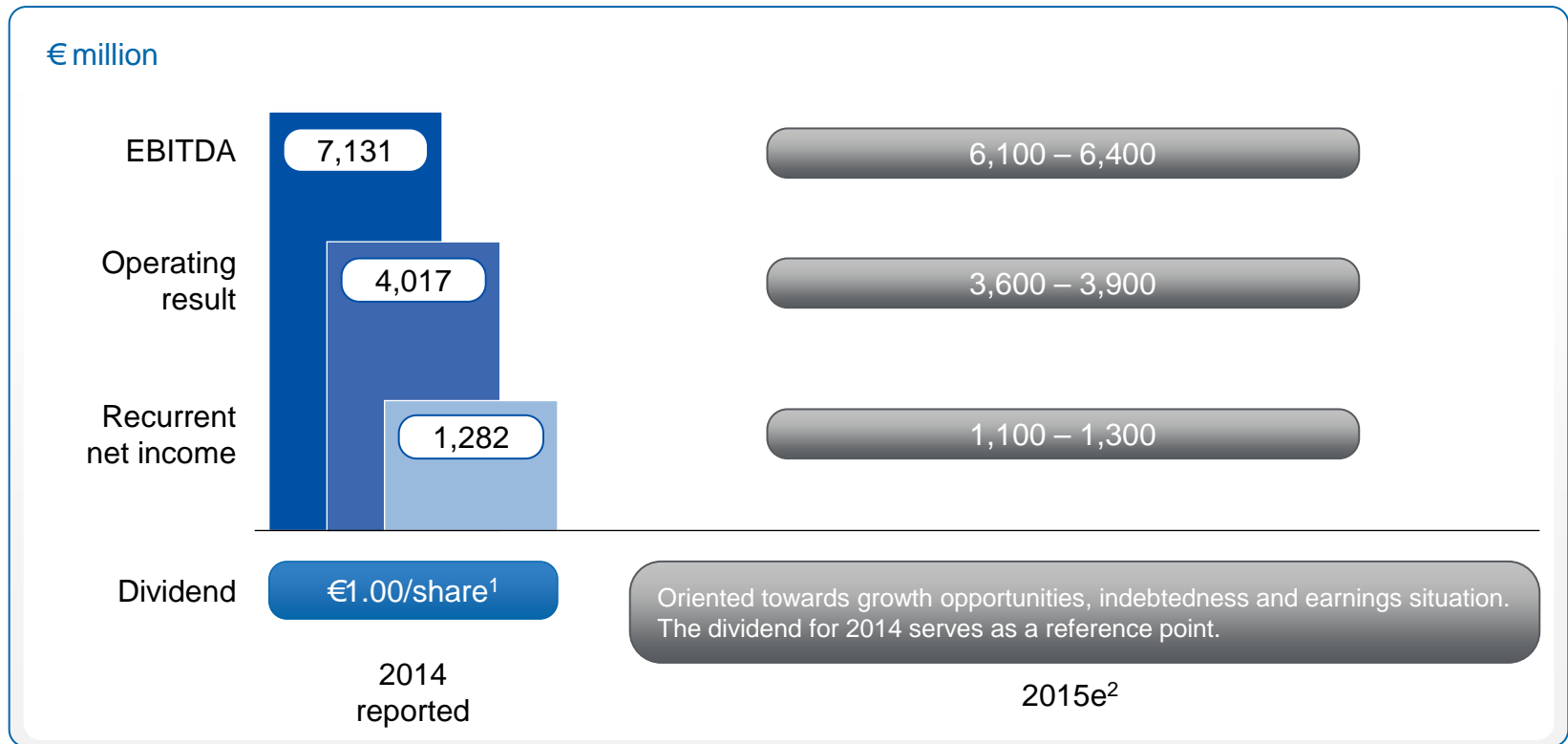


1 Leverage factor (Net financial debt (incl. 50% of hybrids) + pension, mining and nuclear provisions)/EBITDA.

2 Pro-forma leverage factor including the EBITDA of RWE Dea, as reported net debt still includes RWE Dea.

3 Including €1.1 bn net debt from discontinued operations (= RWE Dea).

Outlook for 2015



1 Executive and Supervisory Board propose to the AGM on 23.04.2015 a dividend of €1 per share for fiscal year 2014.

2 The outlook considers the current status of the nuclear fuel tax law. In case nuclear fuel tax is declared finally illegal and fully in our favour, we expect a positive earnings contribution of c. €1.6 bn to EBITDA and operating result and c. €1.1 bn to net income.

RWE Dea: In 2014 and 2015 RWE Dea is not included in EBITDA and operating result. The recurrent net income includes the pro rata interest on the sale price.

2015 divisional outlook for the operating result

€million	2014	2015 forecast versus 2014
Conventional Power Generation ¹	979	Significantly below 2014
Supply/Distribution Networks Germany	1,871	Moderately below 2014
Supply NL/B	146	Significantly above 2014
Supply UK	227	Moderately above 2014
Central Eastern and South Eastern Europe	690	Moderately below 2014
Renewables	186	Significantly above 2014
Trading/Gas Midstream	274	Moderately below 2014

¹ The outlook considers the current status of the nuclear fuel tax law.

Operating result outlook for fiscal year 2015

Trend for major value drivers in fiscal year 2015

Operating result (OR) 2014

€4.0 bn

Efficiency programme



c. €100 million envisaged for 2015

Depreciation



Lower depreciation as 2014 includes impairments

Electricity generation margins (D;NL;UK);
volumes, prices and spreads



Lower realised generation spreads

Weather effect



Normalised weather conditions assumed

Growth in renewables



Commissioning of new generation capacity and absence of impairments recorded in 2014 (see comment depreciation above)

Other



Among others: book gains from grid sales in 2014; absence of impact from change in provisions in 2014

OR fiscal year 2015 outlook

€3.6 – 3.9 bn

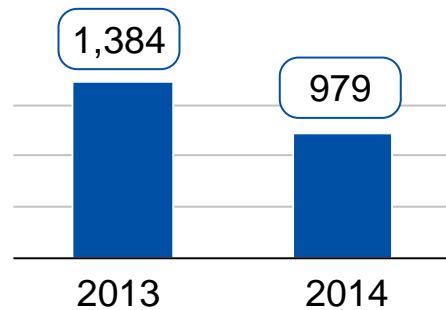
Back-up Charts



Performance of the Conventional Power Generation Division

January – December: operating result: -29% (-€405 million)

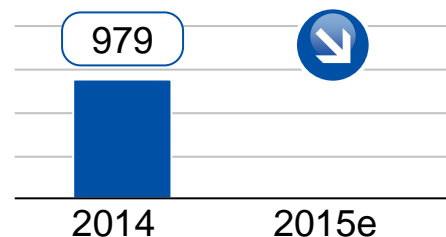
€ million



- ⊖ Lower realised electricity generation spreads
- ⊖ Closure of Tilbury and Didcot A power plants
- ⊖ Higher depreciation due to impairments
- ⊕ Efficiency improvements
- ⊕ Absence of negative one-off for adjustment of provision for pending losses from an electricity purchase contract in 2013
- ⊕ Positive impact from change of provisions

Outlook for fiscal 2015: significantly below previous year

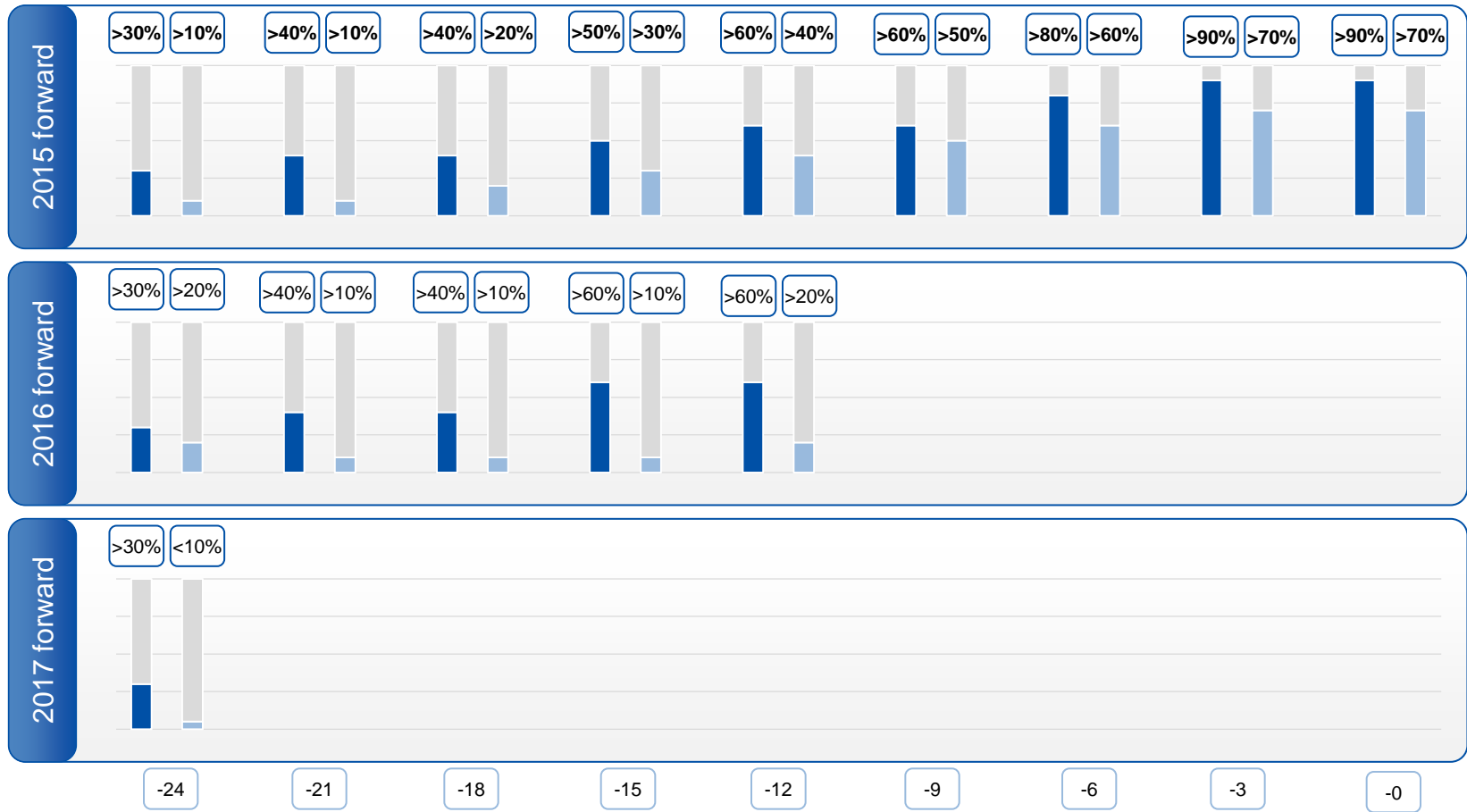
€ million



- ⊖ Lower realised electricity generation spreads
- ⊖ Negative impact from change of provisions
- ⊕ Lower depreciation due to absence of impairments in 2014
- ⊕ Efficiency improvements

RWE's forward hedging of conventional electricity production (German, Dutch and UK portfolio)

As of 31 December 2014



■ Outright (GER nuclear and lignite based power generation)

■ Spread (GER, UK and NL/B hard coal and gas based power generation)

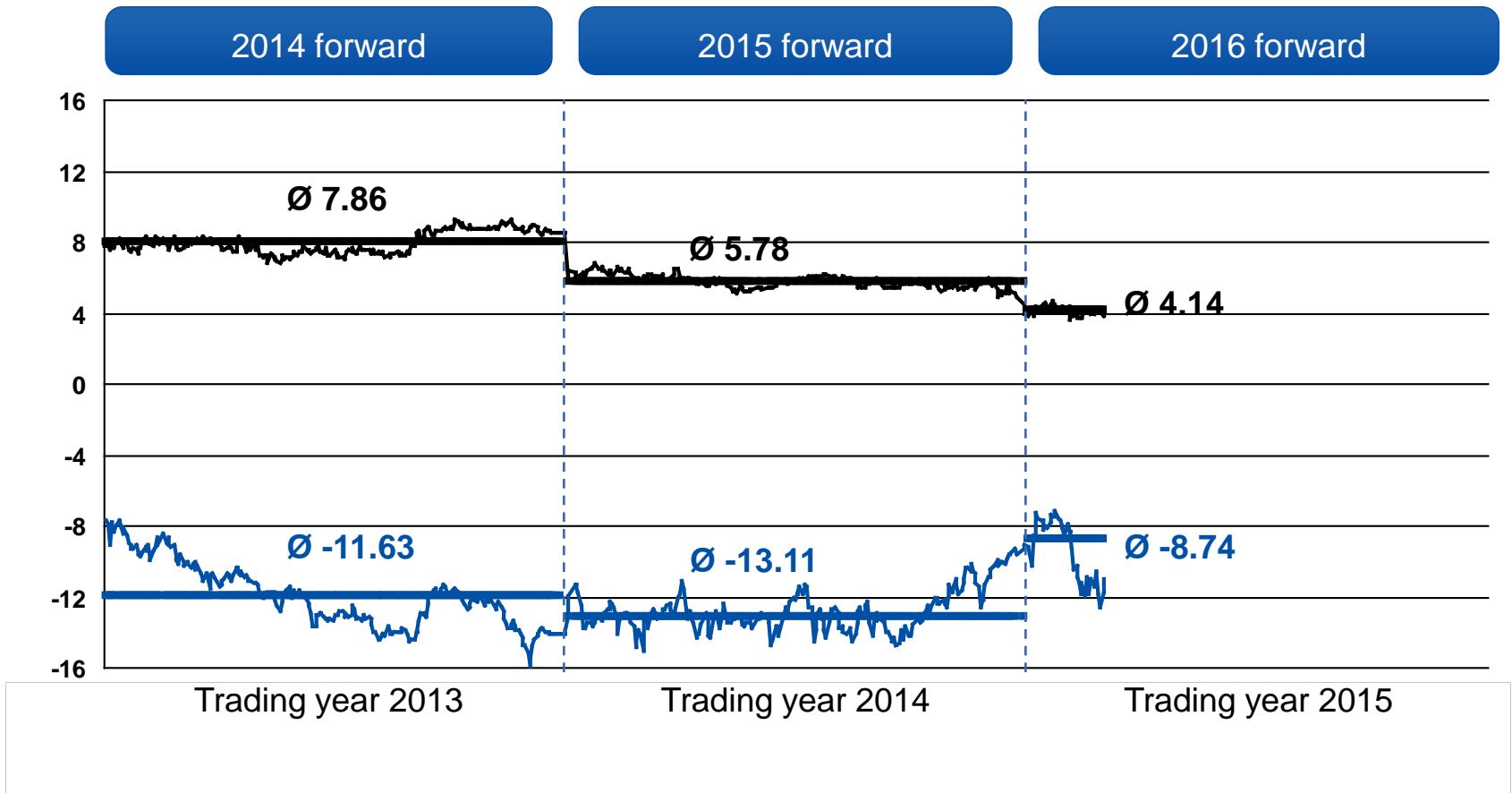
RWE successfully qualified approx. 8 GW for the UK capacity market

Plant	MW ¹	Plant type
Aberthaw	1,486	Coal/OCGT
Didcot B	1,364	CCGT
Great Yarmouth	361	CCGT
Little Barford	683	CCGT
Pembroke	2,090	CCGT
Staythorpe	1,633	CCGT
Miscellaneous smaller units	395	CHP/OCGT/CCGT
	8,012	

¹ De-rated power plant capacity, i.e. capacity which effectively can participate in the auction process. Different from net generation capacity.

- > First UK capacity auction for winter 2018/19 settled at £19.40/kW (2012 money).
- > The result was broadly in line with our expectations.
- > Capacity Market will provide the necessary support for plants required for system security and prices in future will need to remunerate the marginal MW on the system.
- > RWE has a total of 8,012 MW of capacity that will receive the capacity payments, equivalent to £155 million in 2012 money.

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

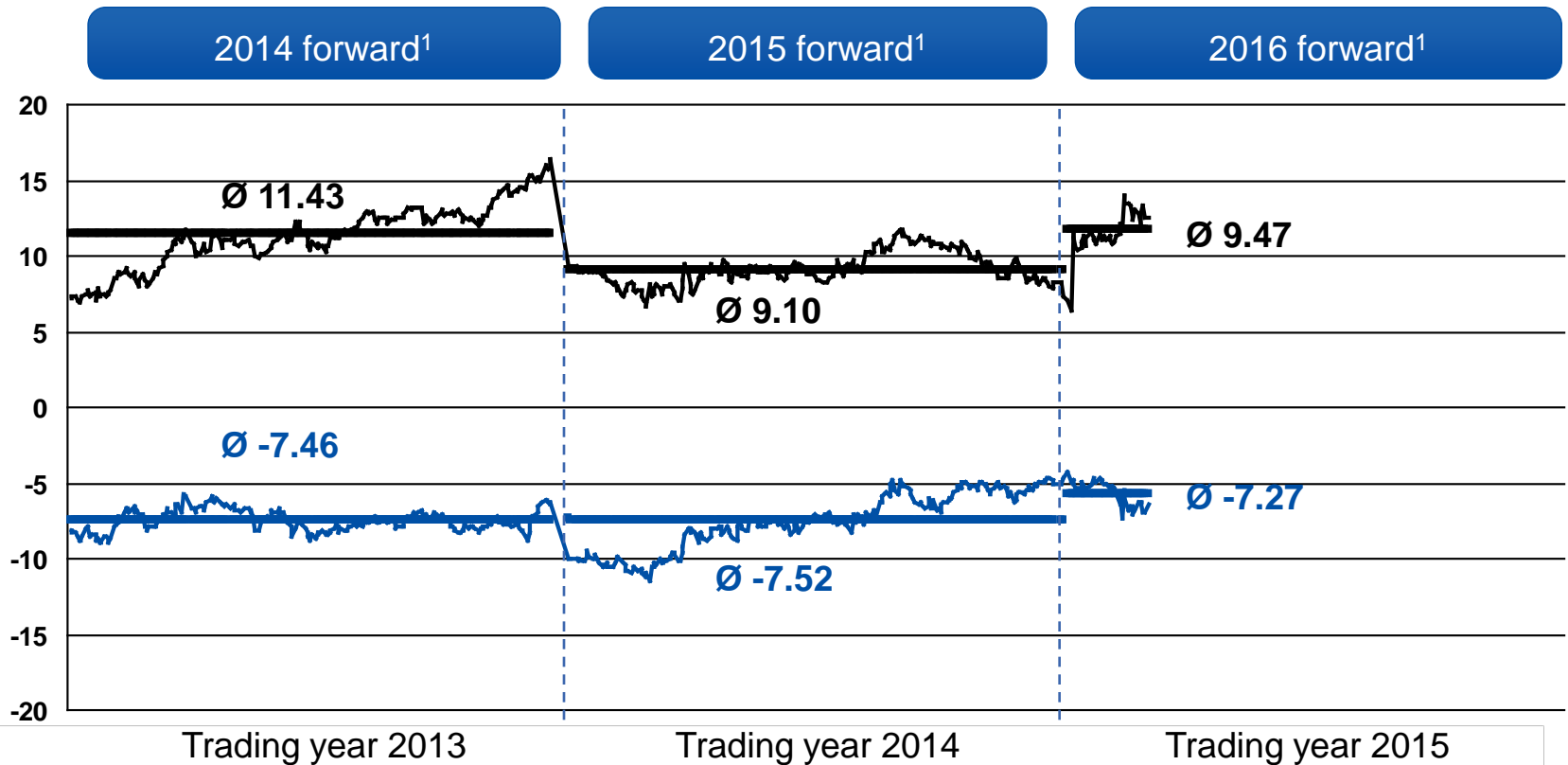


— CDS Cal 2014–16 base load (€/MWh)
(assumed thermal efficiency: 36%)

— CSS Cal 2014–16 peak load (€/MWh)
(assumed thermal efficiency: 49%)

Source: RWE Supply & Trading, prices through to 02 March 2015

NL: Clean Dark (CDS) and Spark Spreads (CSS) and Spark Spreads (CSS)



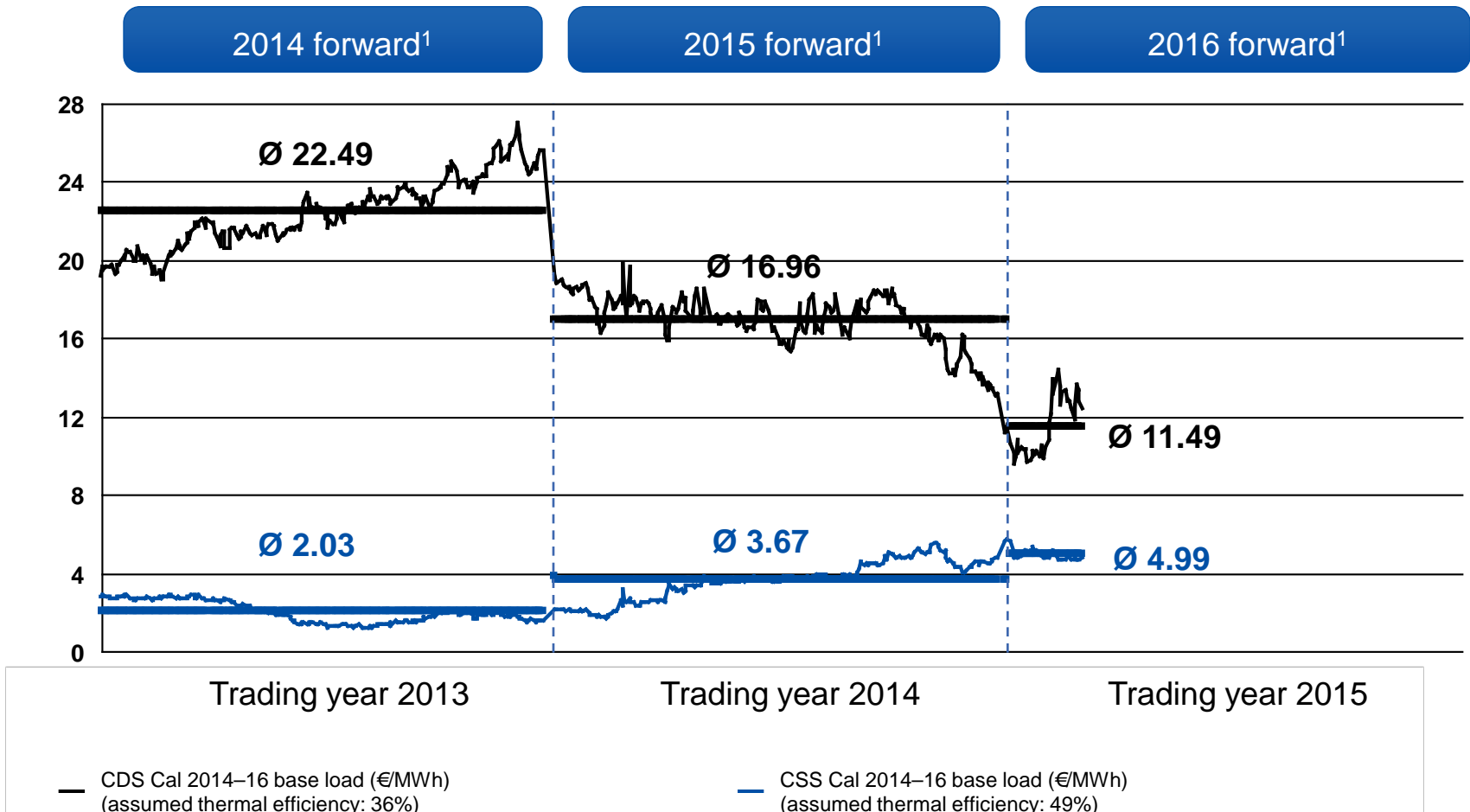
— CDS Cal 2014–16 base load (€/MWh)
(assumed thermal efficiency: 37%)

— CSS Cal 2014–16 base load (€/MWh)
(assumed thermal efficiency: 49%)

1 CDS: Including coal tax.

Source: RWE Supply & Trading, prices through to 02 March 2015

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



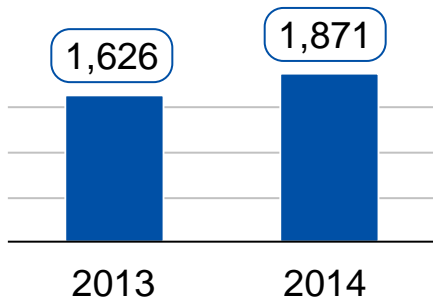
1 Including UK carbon tax.

Source: RWE Supply & Trading, prices through to 02 March 2015

Performance of the Supply/Distribution Networks Germany Division

January – December: operating result: +15% (+€245 million)

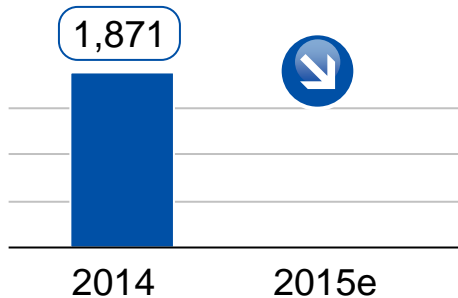
€ million



- ⊕ Efficiency improvements
- ⊕ Higher earnings from the disposal of grid assets
- ⊖ Weather-induced decline in gas earnings

Outlook for fiscal 2015: moderately below previous year

€ million

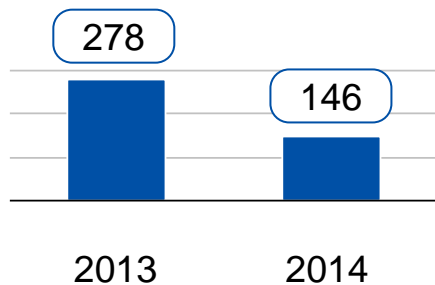


- ⊖ High earnings from the disposal of grid assets in 2014
- ⊖ Higher costs to improve the quality of our grid
- ⊕ Normalised weather conditions assumed

Performance of the Supply Netherlands/Belgium Division (Essent)

January – December: operating result: -48% (-€132 million)

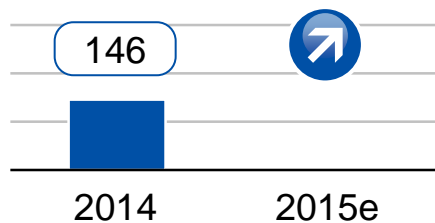
€ million



- ➖ Absence of positive impact from release of provisions in 2013
- ➖ Weather-induced reduction in gas earnings
- ➖ Competition-induced pressure on gas margins
- ➕ Marketing of new supply offerings

Outlook for fiscal 2015: significantly above previous year

€ million

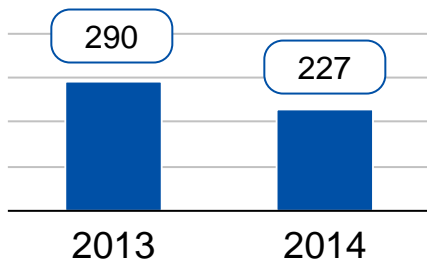


- ➕ Normalised weather conditions assumed
- ➕ Efficiency improvements

Performance of the Supply United Kingdom Division (RWE npower)

January – December: operating result: -22% (-€63 million)

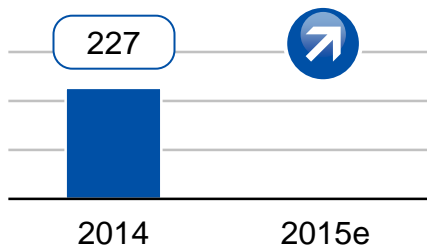
€ million



- ⊖ Higher grid fees and commodity costs
- ⊖ Negative weather effects
- ⊖ Additional costs for customer service improvements
- ⊖ Earnings dilution from sale of retail sales units to Telecom Plus
- ⊕ Price adjustments and efficiency improvements
- ⊕ Positive f/x effects

Guidance for fiscal 2015: moderately above previous year

€ million

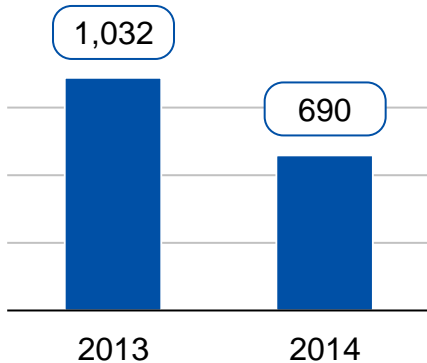


- ⊕ Efficiency improvements
- ⊕ Lower costs for customer service improvements
- ⊕ Lower gas procurement costs
- ⊖ Reduction of standard gas tariff by 5.1%
- ⊖ Higher grid fees
- ⊖ Higher costs to improve IT infrastructure

Performance of the Central Eastern and South Eastern Europe Division

January – December: operating result: -33% (-€342 million)

€ million



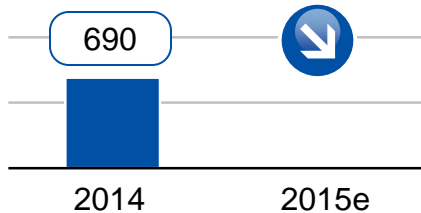
- ⊖ Disposal of NET4GAS (as of 2 August 2013; -€171 million)
- ⊖ Positive effects in 2013 from derivatives to hedge f/x risks

Czech Republic:

- ⊖ Weather-induced reduction in gas earnings
- ⊖ Lower gas storage margins

Outlook for fiscal 2015: moderately below previous year

€ million



Czech Republic:

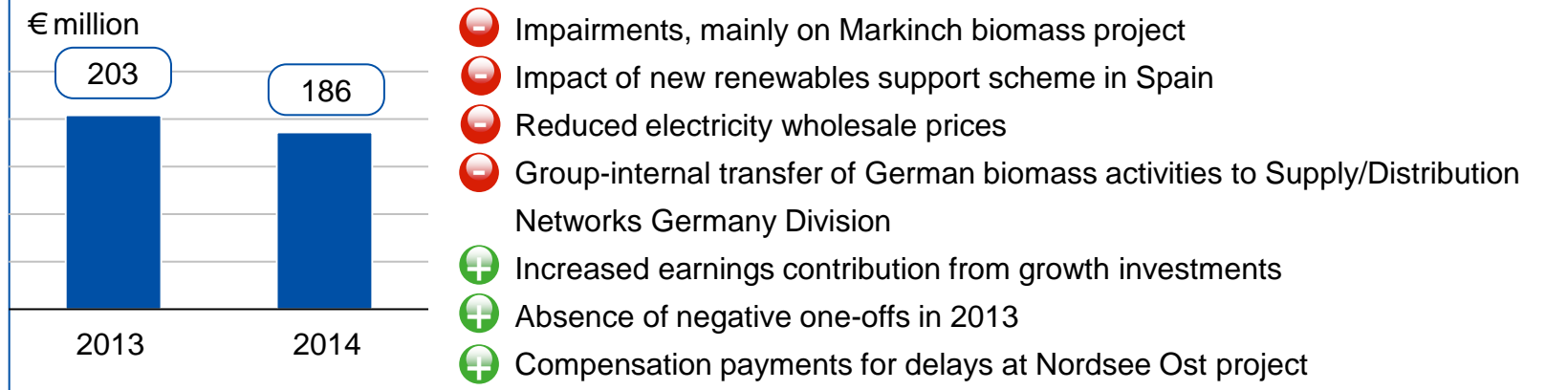
- ⊖ Price related lower margins in storage and sales
- ⊕ Normalised weather conditions assumed

Hungary:

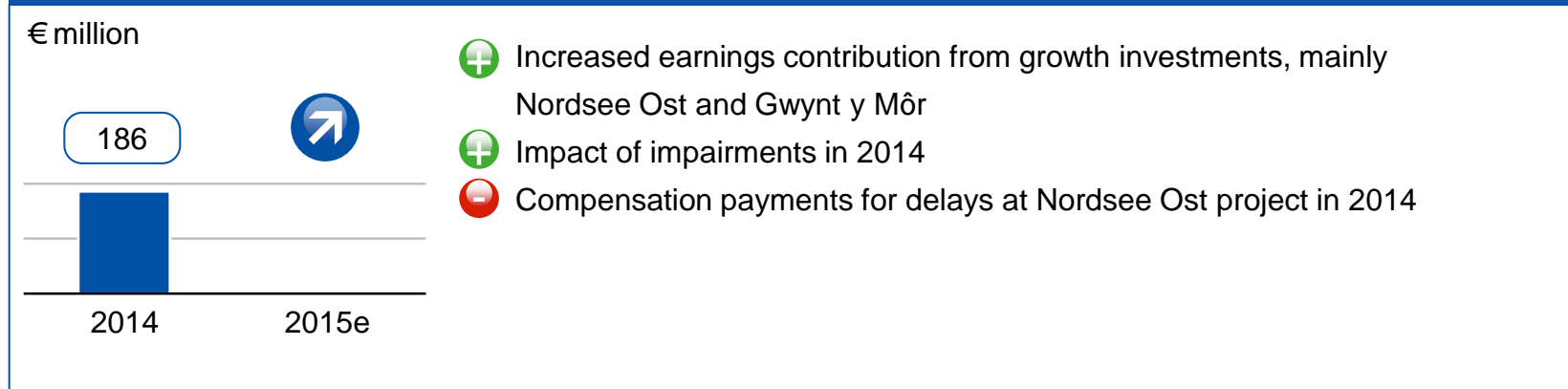
- ⊖ Lower production volumes at Mátra lignite plant due to a revision

Performance of the Renewables Division (RWE Innogy)

January – December: operating result: -8.4% (-€17 million)



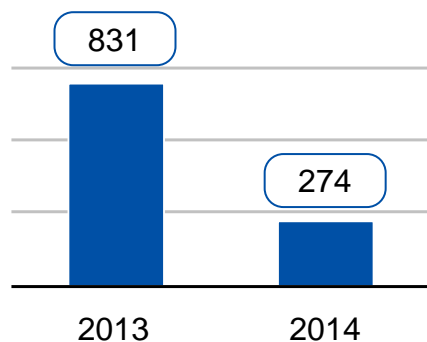
Outlook for fiscal 2015: significantly above previous year



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

January – December: operating result: -67% (-€557 million)

€ million



Trading:

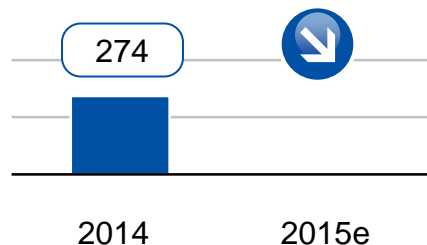
- ⊕ Significantly better performance in the energy trading business

Supply:

- ⊖ Absence of one-off from Gazprom arbitration ruling in 2013
- ⊕ Commercial settlement with Gazprom re. our long-term gas supply contract
- ⊖ Burdens from long-term gas storage and gas transport contracts

Outlook for fiscal 2015: moderately below previous year

€ million



Trading:

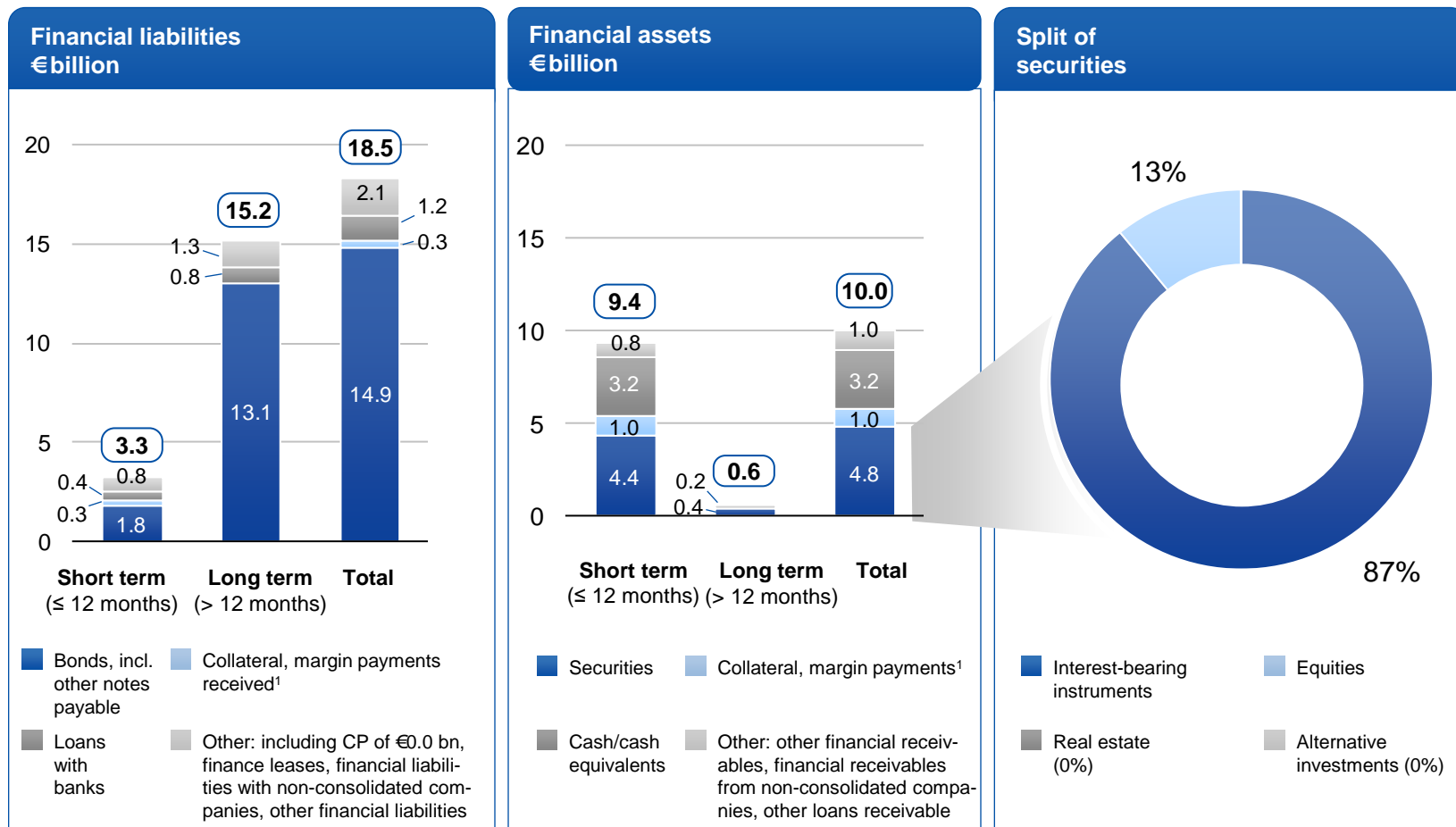
- ⊖ Performance not expected to reach high level of 2014

Supply:

Stable earnings situation as we are still suffering from out of the money long-term gas storage contracts

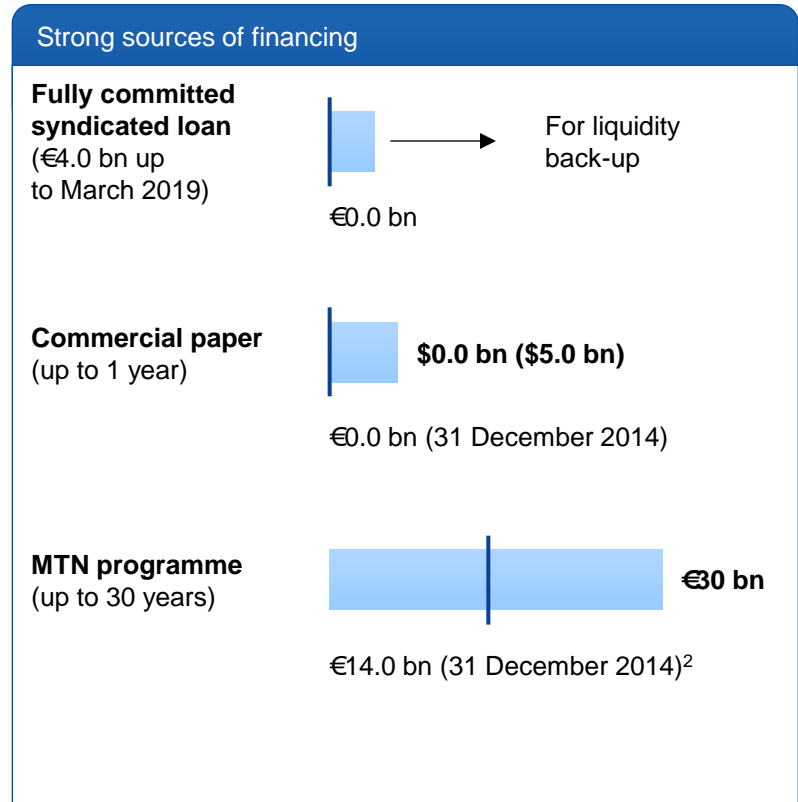
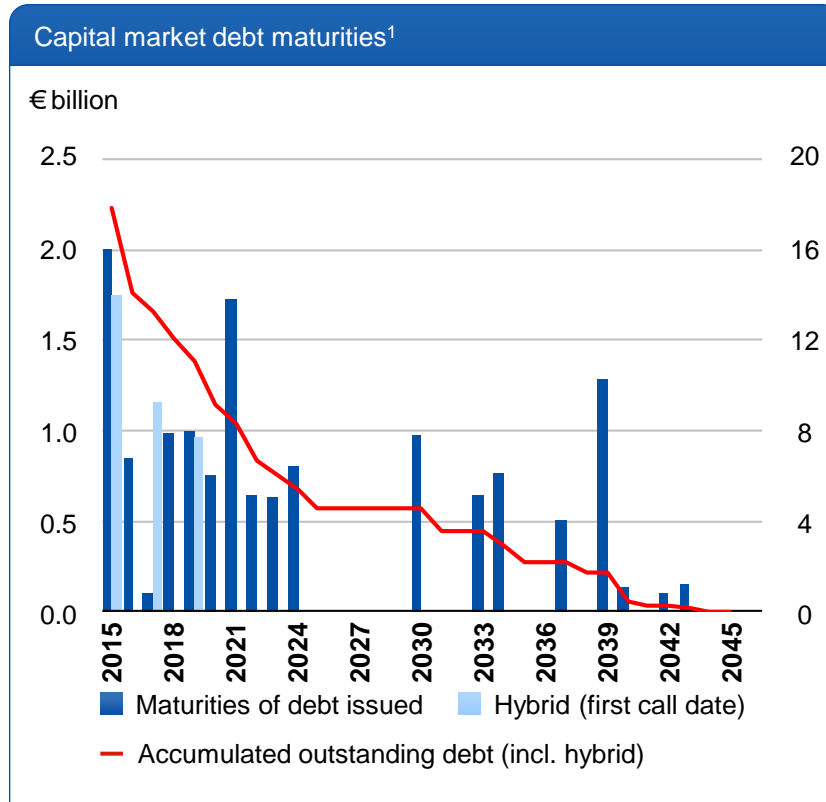
Financial liabilities and assets

(Excluding hybrid capital and RWE Dea, as of 31 December 2014)



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

Capital market debt maturities and sources of financing



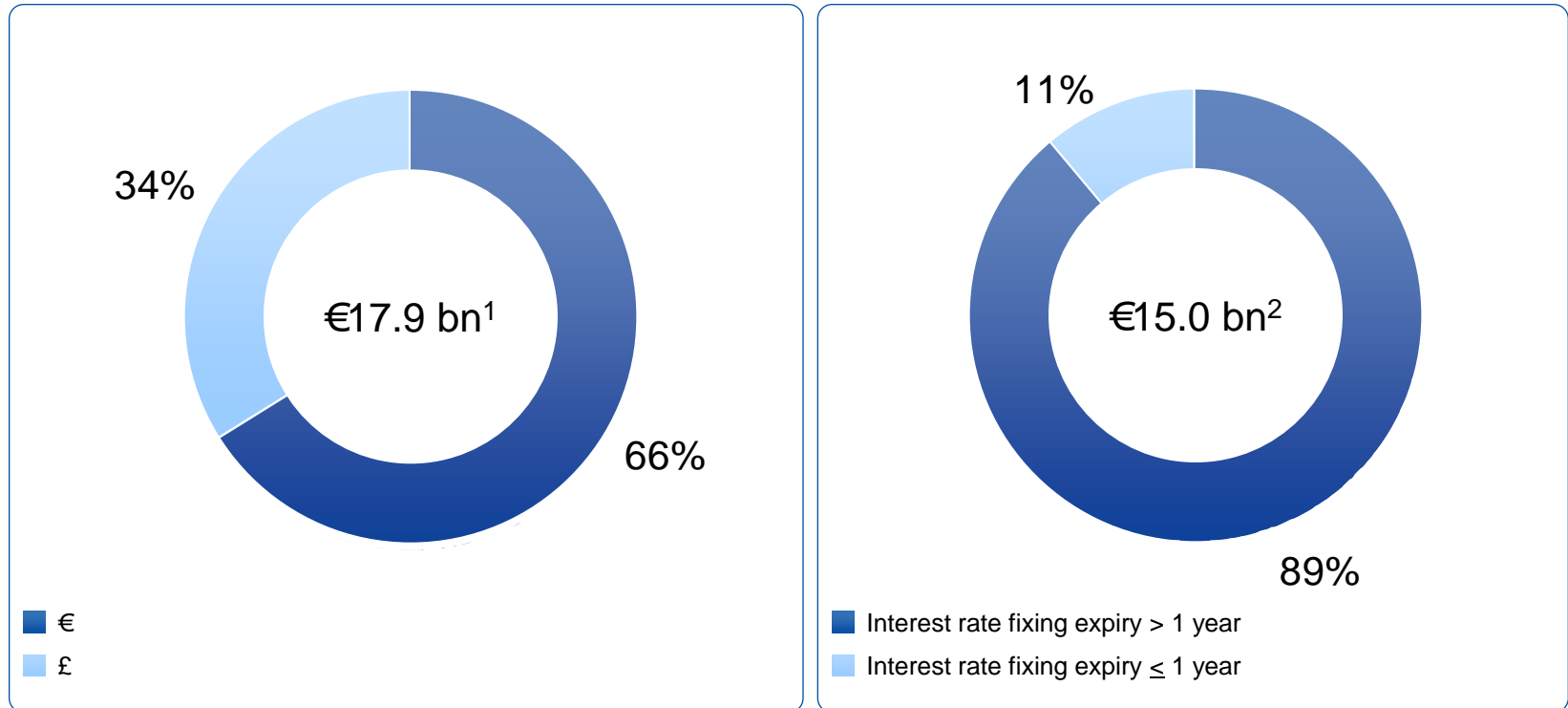
➔ **Balanced profile with limited maturities up to end of 2015 (~ €3.75 billion)**

¹ RWE AG and RWE Finance B.V. as of 31 December 2014.

² Bonds outstanding under the MTN-programme, i.e. excluding hybrids. Including hybrids: €17.9 bn.

Capital market debt currency and interest exposure





(as of 31 December 2014)



1 Capital market debt = bonds of €14.0 bn and hybrids of €3.9 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.

RWE's major investment projects

		RWE share	Capex (€bn)	2013	2014	2015	2016	2017	2018
Conventional new build power plant programme (capex at 100% share)									
	Hamm (hard coal, 1,528 MW) ¹	77%	2.5	Unit E (764 MW)					
	Eemshaven (hard coal/biomass, 1,554 MW)	100%	3.1	Units A&B					
1 The date for bringing unit D (764 MW) into operation is pending.									
RWE Innogy: major projects under construction (capex at 100% share)									
	Gwynt y Môr (offshore wind, 576 MW)	60% ²	2.4 ³						
	Nordsee Ost (offshore wind, 295 MW)	100%	1.4						
2 Sale of 10% to Green Investment Bank (GIB) envisaged in 2015.									
3 After sale of transmission assets in February 2015.									

Keep up with RWE ...



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Financial calendar

<http://www.rwe.com/web/cms/en/110614/rwe/investor-relations/events/calendar/>



Annual and Interim Reports

<http://www.rwe.com/web/cms/en/110822/rwe/investor-relations/reports/>



Investor and Analyst Conferences

<http://www.rwe.com/web/cms/en/1460144/rwe/investor-relations/events/investor-and-analyst-conferences/>



Facts & Figures – The Guide to RWE and the Utility Sector – as well as further factbooks

<http://www.rwe.com/web/cms/en/2495606/rwe/investor-relations/presentations-videos/presentations/>



Consensus of analysts' estimates of RWE's key performance indicators

<http://www.rwe.com/web/cms/en/345802/rwe/investor-relations/shares/analyst-consensus-estimates/>