

NEW MANAGEMENT TEAM AT RWE AG



Dr. Rolf Martin Schmitz



Dr. Markus Krebber



Uwe Tigges

Upcoming events:

14 March 2017
Annual report for fiscal 2016

27 April 2017
Annual General Meeting

Shortly after innogy's successful IPO, a new management team was formed at RWE AG. Rolf Martin Schmitz, previously Deputy Chairman of the Executive Board, was appointed as Chief Executive Officer with effect from 15 October 2016. He took over from Peter Terium, who left this position to dedicate himself completely to the management of innogy.

At its meeting on 16 September 2016, the Supervisory Board of RWE AG appointed Markus Krebber as a member of the Executive Board of RWE AG for a period of three years, effective from 1 October 2016. On 15 October, he took over the position of CFO from Bernhard Günther, who had held the dual positions of CFO at RWE AG and innogy SE up to that time, and is now only a member of the Management Board of innogy. For the time being, Markus Krebber will continue in his role as the CEO of RWE Supply & Trading. In contrast, Uwe Tigges will continue in his role as Chief HR Officer and Labour Director at both RWE and innogy until the end of April 2017. Amongst other things, he will be responsible for the pending transfers of employees between the two companies, after which he will only be active for innogy.

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OUTLOOK FOR 2016

Outlook for 2016 Group result confirmed

We anticipate that EBITDA for the 2016 fiscal year will be between €5.2 billion and €5.5 billion. The operating result is expected to range from €2.8 billion to €3.1 billion. Adjusted net income should total between €0.5 billion and €0.7 billion.

RWE Group key figures – at a glance		Jan – Sep 2016	Jan – Sep 2015 ¹	+/- %	Jan – Dec 2015 ¹
Power generation	billion kWh	157.7	154.9	1.8	213.0
External electricity sales volume	billion kWh	195.3	190.7	2.4	261.5
External gas sales volume	billion kWh	178.3	192.6	-7.4	273.0
External revenue	€ million	33,206	35,045	-5.2	48,090
EBITDA	€ million	3,821	4,403	-13.2	7,017
Operating result	€ million	2,116	2,648	-20.1	3,837
Income from continuing operations before tax	€ million	386	1,354	-71.5	-637
Net income	€ million	11	1,935	-99.4	-170
Adjusted net income	€ million	227	545	-58.3	1,125
Earnings per share	€	0.02	3.15	-99.4	-0.28
Adjusted net income per share	€	0.37	0.89	-58.4	1.83
Cash flows from operating activities of continuing operations	€ million	608	2,177	-72.1	3,339
Capital expenditure	€ million	1,344	1,896	-29.1	3,303
Property, plant and equipment and intangible assets	€ million	1,179	1,669	-29.4	2,898
Financial assets	€ million	165	227	-27.3	405
Free cash flow	€ million	-536	508	-205.5	441
		30 Sep 2016	31 Dec 2015		
Net debt	€ million	27,447	25,463	7.8	
Workforce ²		59,024	59,762	-1.2	

¹ Some figures adjusted; see introductory commentary on reporting on page 1 et seq. and the footnote to the table 'Net debt' on page 13 of the interim statement on the first three quarters of 2016.

² Converted to full-time positions.

RWE CONFIRMS FULL-YEAR OUTLOOK FOR 2016

As a result of the successful IPO of innogy SE, RWE AG now encompasses the conventional power generation and energy trading business areas as well as the majority stake in innogy SE, which is fully consolidated in RWE's economic data.

In the first three quarters of 2016, the RWE Group posted EBITDA of €3.8 billion. The operating result amounted to €2.1 billion. This corresponds to year-on-year declines of 13% and 20%, respectively. Adjusted net income fell by 58% to €227 million compared to the same period in 2015. On the whole, earnings developed as expected.

"In view of the difficult conditions, above all in conventional electricity generation, we recorded respectable earnings in the first three quarters," declared Markus Krebber, CFO of RWE AG since 15 October.

Conventional Power Generation Division

The operating result posted by the Conventional Power Generation Division rose by 7% to €435 million. A major success factor was the ongoing efficiency-enhancement programme. Proceeds on the sale of land in the United Kingdom and the damages settlement for the Hamm hard coal power station completed in early July also had a positive effect on earnings. The fact that electricity generation was sold for lower wholesale prices than in 2015 had a negative effect on earnings, especially for the lignite and nuclear power plants. On the whole, the margins of hard coal and gas-fired power plants were more stable due to a reduction in fuel prices. The company is raising its full-year forecast for Conventional Power Generation due to the better than expected earnings so far this year.

Trading/Gas Midstream Division

The operating result recorded by the Trading/Gas Midstream Division deteriorated by €226 million to –€100 million. Energy trading became profitable again in the third quarter, but was unable to offset the losses experienced in the second quarter.

New subsidiary innogy makes successful debut on the stock market

The IPO of innogy SE, RWE's renewable, grid and retail subsidiary, marks the passing of a milestone en route to the organisational realignment and financial strengthening of the RWE Group. On 7 October, the innogy share was traded on the Frankfurt Stock Exchange for the first time. With an issue volume of €4.6 billion, it was the largest IPO in Germany since the end of 2000. The sale of treasury stock generated €2.6 billion in proceeds for RWE.

Additional financial headroom due to proceeds from innogy IPO

The proceeds from the IPO and the majority interest in innogy have given RWE new room for manoeuvre through increased financial flexibility. They have been earmarked for the reorganisation of nuclear waste management envisaged by the government, among other things. In this context, it is envisaged that the energy companies pay a total of €23.6 billion into a public fund. RWE's share amounts to approximately €6.8 billion. It includes a high risk premium of a good 35%, which is a huge financial burden. RWE is in the process of identifying the most economically reasonable option for financing its share.

Adjusted net income significantly down year on year

The Group's adjusted net income amounted to €227 million. This represents a 58% drop compared to 2015. The main reasons were the expected weaker operating result and the deterioration of the financial result, which benefited from capital gains on the sale of securities last year. By contrast, losses were incurred from sales of securities in the first three quarters of 2016 in anticipation of the impending funding of the nuclear energy fund.

Net debt increased to €27.4 billion

As of 30 September 2016, RWE had €27.4 billion in net debt, €2.0 billion more than as of 31 December 2015. The main reason was the significant decrease in market interest rates, which led to an increase in provisions for pensions. RWE's net debt, excluding the net debt of innogy, currently totals about €8.7 billion.

RWE share indicators		2015	2014	2013	2012	2011
Earnings per share ¹	€	–0.28	2.77	–4.49	2.13	3.35
Adjusted net income per share ¹	€	1.83	2.09	3.76	4.00	4.60
Cash flows from operating activities of continuing operations per share ¹	€	5.43	9.04	7.81	7.15	10.22
Dividend per common share	€	–	1.00	1.00	2.00	2.00
Dividend per preferred share	€	0.13	1.00	1.00	2.00	2.00
Dividend payment	€ million	5	615	615	1,229	1,229
Dividend yield on common shares ²	%	–	3.9	3.8	6.4	7.4
Dividend yield on preferred shares ²	%	1.5	5.3	4.3	7.0	7.9
Common share price						
End of fiscal year	€	11.71	25.65	26.61	31.24	27.15
High	€	25.68	32.83	31.90	36.90	55.26
Low	€	9.20	24.95	20.74	26.29	21.77
Preferred share price						
End of fiscal year	€	8.94	18.89	23.25	28.53	25.44
High	€	19.62	25.61	29.59	34.25	52.19
Low	€	7.33	18.89	20.53	24.80	20.40
Number of shares outstanding (average)	thousands	614,745	614,745	614,745	614,480	538,971
Market capitalisation at the end of the year	€ billion	7.1	15.5	16.2	19.1	16.6

1 Based on the annual average number of shares outstanding.

2 Ratio of the dividend per share to the share price at the end of the fiscal year.

Ticker symbols of RWE shares	Common shares	Preferred shares
Reuters: Xetra	RWEG.DE	RWEG_p.DE
Reuters: Frankfurt	RWEG.F	RWEG_p.F
Bloomberg: Xetra	RWE GY	RWE3 GY
Bloomberg: Frankfurt	RWE GR	RWE3 GR
German Securities Identification Number (WKN)	703712	703714
International Securities Identification Number (ISIN)	DE 0007037129	DE 0007037145
American Depository Receipt (CUSIP Number)	74975E303	–

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