

Press Release

RWE expands portfolio and increases result

- Adjusted EBITDA increases by 13% to €2.2 billion; adjusted EBIT up 29% to €1.1 billion; adjusted net income at €762 million.
- Wind and solar power portfolio expected to increase to about 10 GW by year-end
- RWE involved in more than 30 projects in the promising field of hydrogen

Essen, 12 November 2020

Markus Krebber, CFO of RWE AG: "The strong operating result we achieved for the first three quarters shows that RWE has weathered the coronavirus crisis well. We therefore confirm our earnings forecast for 2020. Our plan to increase the dividend for the current fiscal year also remains unchanged. Our successful capital increase in summer will enable us to accelerate our mid to long-term growth in renewables. We have already taken the first step by acquiring the Nordex pipeline, a transaction we have just completed."

RWE continues to expand its renewables business: in the first three quarters of 2020, the company commissioned about 500 megawatts (MW) of new wind and solar power plants, with about 800 MW more expected during the fourth quarter. RWE will thus expand its wind and solar power portfolio to about 10 gigawatts by the end of the year.

RWE's earnings in the first three quarters of 2020 increased: adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) rose to €2.2 billion. This represents an increase of 13% compared to the pro forma figure of €2.0 billion for the same period last year. A 29% rise was registered for adjusted EBIT, to €1.1 billion. The pro forma figure from the same period last year was €891 million. Adjusted net income reached €762 million. On this basis, RWE confirms its earnings forecast for 2020: adjusted EBITDA should be between €2.7 billion and €3.0 billion, and adjusted EBIT between €1.2 billion and €1.5 billion. In view of its strong trading performance during the first three quarters, RWE projects that the final key figures will probably be at the upper end of the forecast ranges. The target for adjusted net income is between €850 million and €1.15 billion. The company is adhering to its planned dividend increase to €0.85 per share for the current fiscal year.

On track in financial terms

In its core business of Offshore Wind, Onshore Wind/Solar, Hydro/Biomass/Gas and Supply & Trading, RWE achieved adjusted EBITDA of €1.8 billion for the first three quarters of the year. Compared with the pro forma result for the prior-year period, that amounts to an increase of 4%. For the year as a whole, RWE expects adjusted EBITDA of between €2.15 billion and €2.45 billion for its core business.

Key Figures for Q1-Q3 2020 €million	Jan-Sep 2020	Jan-Sep 2019 pro forma*
Adjusted EBITDA Offshore Wind	738	660
Adjusted EBITDA Onshore Wind/Solar	336	311
Adjusted EBITDA Hydro/Biomass/Gas	382	297
Adjusted EBITDA Supply & Trading	399	569
Adjusted EBITDA Other, consolidation	-12	-72
Core business	1,843	1,765
Adjusted EBITDA Coal/Nuclear	381	205
Adjusted EBITDA	2,224	1,968
Adjusted EBIT	1,145	891
Adjusted net income	762	-

*Pro forma: New reporting structure and E.ON assets included for the entire 2019 fiscal year

Offshore Wind: higher wind farm utilisation

Adjusted EBITDA in the Offshore Wind segment increased significantly in the first three quarters of 2020, to €738 million. This compares with a pro forma €660 million for the same period last year. The increase of 12% can be largely attributed to better wind conditions in the first quarter of 2020. For the current fiscal year, RWE expects adjusted EBITDA of between €900 million and €1,100 million for this segment.

Onshore Wind/Solar: new plants contribute to improved result

In the Onshore Wind/Solar segment, adjusted EBITDA increased by 8% year on year to €336 million. The pro forma figure for the first three quarters of 2019 was €311 million. This performance was driven by the commissioning of new onshore wind and solar power plants in Europe and North America, and higher wind volumes. Because of the coronavirus pandemic, the commissioning of some plants has been delayed until next year, in the USA in particular. For the current year, RWE continues to expect adjusted EBITDA of between €500 million and €600 million for this segment.

Hydro/Biomass/Gas: strong improvement in operating result

Strong earnings were also registered in the Hydro/Biomass/Gas segment, for which adjusted EBITDA increased to €382 million from a pro forma figure of €297 million for the same period in 2019. The reinstatement of the British capacity market was an important factor here. For the current year, RWE expects adjusted EBITDA of between €550 million and €650 million for this segment.

Supply & Trading: good business performance

RWE's trading activities delivered very satisfactory results despite the coronavirus crisis. Adjusted EBITDA reached €399 million, compared to a pro forma €569 million for the same period in 2019. For fiscal 2020, RWE expects this segment to close the year at the upper end of the forecast range for adjusted EBITDA of between €150 million and €350 million.



Good results also outside of core business

Adjusted EBITDA in the Coal/Nuclear segment was €381 million, compared to a pro forma €205 million for the prior-year period. This was mainly due to the fact that higher margins were realised with the lignite-fired and nuclear power plants than in 2019. For the year as a whole, RWE continues to expect adjusted EBITDA of between €500 million and €600 million for this segment.

85% of capital expenditure meets “green” criteria

In the first three quarters of 2020, capital expenditure on property, plant and equipment amounted to €1.6 billion. €1.3 billion of this went into the construction of new wind and solar power plants as well as battery storage, such as the large Triton Knoll offshore wind farm off the coast of England and Kaskasi, near Heligoland. Thus, capex eligible for green investments according to the proposed EU taxonomy amounted to 85%.

Strong financial position: equity ratio increases to more than 30%

As at 30 September 2020, the equity ratio had improved once again, reaching 31.3% (31 December 2019: 27.3%). This was mainly the result of the proceeds from the capital increase of €2 billion in August. This also had a positive impact on net debt, which fell to €5.9 billion as at the reporting date.

Promising field of hydrogen: RWE involved in more than 30 projects in three countries
Hydrogen offers huge potential for the energy transition, and thus for RWE. The company is one of the few to be involved in projects along the entire hydrogen value chain. In addition to constructing facilities that supply power from renewables for green hydrogen, RWE also has the expertise to produce it using large-scale electrolyzers, store it in its own gas storage systems, and supply it to industrial customers to meet their requirements. The company's own gas-fired power stations are also potential customers in the longer term.

RWE is driving forward what is currently Germany's largest hydrogen project, GET H2. Together with partners, the company is currently planning an electrolyser with a generating capacity of 100 MW at RWE's power plant location in Lingen in Lower Saxony. In total, RWE is working with prominent partners from industry and the scientific community to drive forward more than 30 hydrogen projects in Germany, the Netherlands and the United Kingdom.

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