



Growing Green –
Press conference on
new RWE strategy
Dr Markus Krebber and Dr Michael Müller

Essen, 15 November 2021

Check against delivery

Ladies and Gentlemen,

A warm welcome to our first in-person press conference here at our new RWE Campus in Essen.

And a warm welcome also to those of you who have dialled in from outside.

On the Executive Board and Leadership Team, we have focused strongly in recent months on RWE's future development.

We just presented the results at our Capital Market Day: our investment and growth programme, "Growing Green".

This is the first time we are giving you an outlook on RWE's development through to 2030. And now we'd like to run through the key points of this for you, too.

The 2020s are the key decade on the path to climate neutrality. Now is the decisive moment in terms of whether the climate targets will remain achievable, and whether Europe in particular will put its words into action.

It's about covering the gigantic need for green energy. And it's about making the path towards the climate-neutral age into an opportunity for industry and society.

Energy is the basis for our prosperity.
Security of supply is the basis for the success of industrial nations.



For governments and companies alike: The time to act is now. That's what we're doing at RWE. With green growth, and at a fast pace.

Ladies and Gentlemen,

The Climate Conference in Glasgow has just come to an end. The message could not be clearer.

Targets are important but they don't solve problems. Implementation is key. And when it comes to protecting the climate, the gap between vision and reality remains much too wide. Efforts to get the world onto a 1.5-degree path must be significantly intensified.

Glasgow was an urgent call to do more, now!

The key thing here is to finally significantly step up the pace of transformation. Time is of the essence – and it is quickly running out for effective climate protection.

Here's an example: The EU has set itself a CO₂ reduction target of 55% by 2030. So far 25% has been achieved since 1990. That means there is 30% left, but it now has to be achieved in just one-third of the time.

What are the four key elements for a green energy world? A world made up of green electrodes and green molecules.

1. We need to add significant wind and solar capacity.

Electricity generation from wind and sun must at least double worldwide by 2030; and in Germany too, it must increase from the current 240 TWh to potentially even more than 550 TWh, depending on the scenario.



2. The need for storage facilities and firm capacity has to be met.

We need solutions for green security of supply that compensate for the fluctuating electricity generation from the wind and the sun.

Batteries are part – but only part – of the solution.

What is primarily needed is back-up capacity that can ensure security of supply, also for longer periods.

Ultimately, power plants that are fuelled by green energy sources will take on this task. For example gas-fired power stations that operate on CO₂-free hydrogen.

In the meantime interim solutions must be applied. That's why many countries are discussing nuclear energy and gas. The United Kingdom, for example, is focusing on nuclear energy and gas for security of supply.

In Germany, the nuclear energy chapter is closed. So the only remaining interim solution is gas.

With the simultaneous exit from coal and nuclear energy, the need for additional capacity is particularly high. Studies show that power plants with a total capacity of 20 GW to 40 GW will be required by 2030.

To operate these plants reliably in the initial period, sufficient gas volumes from as many sources as possible must be available, including the option of LNG.

In addition, a concrete roadmap must be compiled quickly so that the gas-fired power stations can be operated as climate-neutral facilities in the medium term. Because without a clear framework, there will be no additional capacity built.

Here's an example: Only those who know when and how a site will be connected to the hydrogen network can be certain that the plants have a long-term future.



3. We have to forge ahead with the rapid ramp-up of the hydrogen economy.

Hydrogen is the key to the decarbonisation of industry. Only with hydrogen can sectors like chemicals and steel really be converted to climate neutrality.

This requires enormous volumes. The EU is planning for a generation capacity of 40 GW for carbon-neutral hydrogen by 2030.

Demand will be so high that every region possible should be used for the production of hydrogen. And a well-functioning infrastructure is required by 2030 that includes setting up importing possibilities.

Electrolyser capacity also needs to be massively increased. Here, we are talking about large-scale industrial production rather than piecemeal manufacturing.

And finally:

4. Customer solutions and sector coupling round off the move towards a climate-neutral industry.

All industrial products must be climate-neutral in just 25 years. The challenge is to ensure green production and remain competitive.

In 2040, at the same level of production, the green electricity required by Germany's chemical industry alone will be the same as the total amount of electricity being generated now – about 600 billion kilowatt hours.

And that's just one example. Aluminium, steel, cement, paper – in all sectors, companies have to convert their processes. That drives demand up sharply.

To meet it, not only will huge amounts of green electricity and hydrogen be required, but also solutions above and beyond energy sources and technologies – individually tailored to the needs of companies in every sector.



If this fundamental transformation is to succeed, it is necessary to think in terms of integrated solutions that connect up the different sectors.

That has to happen fast. To make sure that this decade becomes the decade of implementation.

And this will require a joint effort: by governments, industry and society. And by every one of us.

The success of these efforts will also depend on how fast the exit from coal can happen. This is the result of an accelerated expansion of renewables, grids, storage facilities and firm capacity.

RWE began to phase out coal some time ago now. It will be possible to bring this forward if the rigorous expansion of new technologies is actually massively accelerated.

With our determined efforts to expand renewables and willingness to create alternatives for security of supply, we are working towards fulfilling the phase-out conditions faster than currently planned.

Ladies and Gentlemen,

RWE has been rigorously preparing itself for this challenging decade since 2017. Our strategic transformation has now been completed.

All courses have been set for wind, solar, batteries, flexible generation, hydrogen and tailored customer solutions.

RWE is now one of the leading companies worldwide in renewables.

We are number two worldwide in the offshore wind business.

With our onshore wind, solar and battery activities, we are also active in many attractive markets – with dedicated teams that develop, build and operate projects.



When it comes to the future topic of hydrogen, we have all the possibilities under one roof: from green electricity production, to expertise in green hydrogen production and storage, to energy trading that can tailor the fuel to the needs of industrial customers. We are already involved in over 30 projects with strong partners.

With its comprehensive understanding of the global markets, our Supply & Trading business develops innovative energy supply solutions for industrial customers. For example in the areas of green electricity, energy-adjacent services and the development of hydrogen solutions.

Financially we are in a very good position to implement our projects. Over 80% of our investments are already green today.

To put it in a nutshell: We have laid the organisational and financial basis for a decade of strong growth.

And we have anchored sustainability at the core of our strategy, with priorities on all three ESG pillars:

- On Environmental, with a focus on climate change, biodiversity and recultivation.
- On Social, with a focus on social responsibility and diversity, equality and inclusion.
- And on Governance, with a focus on the circular economy and sustainable investments.

Ladies and Gentlemen,

The foundations have been laid, RWE is fit for the upcoming challenges and we are looking forward to them.

And that's why we are now stepping up the pace significantly and setting ourselves targets through to 2030 for the first time. With our investment and growth strategy "Growing Green".



Our targets in seven specific points:

1. By 2030 we will have invested €50 billion gross in our green core business – that's €50 billion for climate protection.
2. We are massively expanding our own capacity in offshore and onshore wind, solar, batteries, flexible generation and hydrogen. In 2030 it will be 50 GW in total, almost twice as much as today.

The basis for this leap in growth is our well-filled project pipeline. Across all technologies, it has a capacity of over 55 GW.

3. To expand flexible electricity generation, we want to add at least 2 GW of gas-fired power station capacity. This will come with a clear decarbonisation roadmap. We are also developing a clear "green conversion" roadmap for all existing stations.
4. In the area of green hydrogen, we will build up 2 GW of our own electrolyser capacity by the end of the decade.
5. We will significantly expand our trading in green energy sources: We offer our customers tailored solutions for the procurement of green energy products. Going forward this will also include green energy imports.
6. For 2030, we are working towards an adjusted EBITDA of €5 billion. This will come exclusively from our core business in 2030.

And finally

7. We will be growing particularly strongly in Germany, investing up to €15 billion gross in the expansion of offshore and onshore wind, solar, batteries, flexible generation and hydrogen.



These seven points are backed up by very specific measures. What do they mean in detail?

- Our investments of €50 billion gross are spread across all technologies: offshore and onshore wind, solar, batteries, flexible generation and hydrogen.

€10 to €15 billion are earmarked for Germany. We plan to invest the same amount in both the United Kingdom and North America. We want to invest a further €10 to €15 billion in our other markets.

- With this we are adding capacity much faster than planned: We originally wanted to increase our total capacity by an average of 1.5 GW per year. In future this figure is to be 2.5 GW on average per year – an increase of a good 70%.
 - In offshore wind we are planning to triple our capacity: from currently 2.4 GW to 8 GW in 2030.
 - In onshore wind and solar we will expand from currently 7 GW of installed capacity to 20 GW, half of which will be allocated to Europe and North America respectively. We will significantly expand our solar capacity in particular. From currently under 1 GW to 8 GW in 2030.
 - We are already involved in over 10 battery projects with 600 MW of capacity. By 2030 we will increase our capacity to 3 GW.
- Flexible generation as the backbone of supply security is becoming more and more important.

We want to harness the great growth opportunities emerging from this in our traditional markets in particular: Germany, the United Kingdom and the Benelux countries.



Gas-fired power stations will play an important role here. With 14 GW of installed capacity, we currently operate the second-largest gas fleet in Europe. We want to convert and expand these as quickly as possible. A clear decarbonisation roadmap is a must. This means, for example, preparing them for operation using green gas, hydrogen.

- Hydrogen will become an integral part of our green growth strategy. We will soon initiate the ordering process for the first 100 MW of electrolyser capacity. By the end of the decade we will build up 2 GW of our own electrolysis capacity based on our project pipeline, which contains potential projects with a total capacity of up to 10 GW.
- To supply Europe's industry, we are developing new business opportunities in importing hydrogen and ammonia.

For this purpose, we have already entered into partnerships in Australia, Malaysia, Slovenia, Ukraine and other countries. Collaborations with industry and PPAs for green electrification complement our product range.

- RWE is growing internationally. We are already a globally active company. Germany, however, is our home market. And this is where it's at. There is huge potential here. Because Germany is the only industrial country where both nuclear energy as well as coal have to be replaced – fast. That's why we want to accelerate massively here in terms of adding capacity.

Next year we will open seven new offices in different parts of Germany to develop the very regional onshore wind and solar business. And we will recruit around 200 new employees in the short term, who will work exclusively on local project development.

The aim is clear: In the area of renewables in Germany, every project that's possible is to be implemented. Here, we are relying on the intention of the future German government to drive forward the expansion of renewables by significantly accelerating planning and approval processes.



Ladies and Gentlemen,

For RWE, the 2020s will be marked by an enormous investment and growth offensive in the energy transition.

With €50 billion in investments.

With the expansion of our powerful and green generation capacities to 50 GW.

With an increase in our adjusted EBITDA to €5 billion.

Or, to put it in a nutshell:

In 2030, RWE will be greener, bigger and more valuable.

My colleague Michael Müller will now talk about the financial aspects of our agenda for accelerated investments and growth.

Michael Müller

Thank you, Markus!

Ladies and Gentlemen,

A warm welcome from me as well to our press conference.

Markus just described in detail the massive expansion of our investments and the growth path that this involves. There is one reason why we are moving in this direction with self-confidence and optimism:

RWE is built on a very solid financial foundation.



We will invest an average of €5 billion gross each year through to 2030: 45% of this will be spent on offshore wind projects, with another 45% going into onshore wind, solar energy and batteries. The remaining 10% will go into flexible generation and the expansion of hydrogen.

The priorities here are clear:

- achieve attractive returns,
- secure access to capital,
- engage in rigorous risk management and thus
- create added value for our shareholders.

It is important to note here that the larger the share of renewables, storage facilities and flexible generation in our portfolio, the higher the value of the entire company will be.

Some of our new projects will also be carried out with partners in order to accelerate our transformation and limit risks.

After subtracting the proceeds from planned sales of stakes, for example in wind farms under construction, RWE will be investing €30 billion net through to 2030.

That's an average of €3 billion net per year.

And more than 90% of our investments will be sustainable, in line with the EU taxonomy criteria.

All of these investments have to fulfil strict requirements: Only projects that comply with our internal profit requirements get the green light. Based on the different risk profiles, we apply different criteria for the individual technologies.

Our increased investments will also be reflected in significant growth of our adjusted EBITDA, which will rise by an average of 9% every year in our core business.



In 2030, adjusted EBITDA is expected to amount to €5 billion, which is likely to be more than twice the figure for the current fiscal year.

As of 2023, we expect that our remaining coal-fired activities will only contribute to a smaller extent to the Group operating result.

This means that from then onwards, almost all of our earnings will come from renewables, batteries, flexible generation and, potentially in the future, hydrogen.

Therefore, we expect a decline in our adjusted net income to between €0.7 billion and €1.1 billion in 2023.

As early as 2027, adjusted net income is expected to return to the current range of €1.0 billion to €1.4 billion due to the strong growth of our core business.

Ladies and Gentlemen,

We finance by far the largest share of our investment programme from our strong cash flows from operating activities.

In addition, we also include proceeds from sales of stakes in projects in our financing calculations. By bringing partners on board, we spread funding requirements and risks, and use our partners' expertise.

Furthermore, some divestments are required by the regulatory authorities. Here's an example: When new offshore wind farms are built in the United Kingdom, the grid connection needs to be installed as part of the project. It then has to be sold. We invest the proceeds from such divestments in new projects, thus enlarging our portfolio.

Thanks to our low debt, we have plenty of financial headroom, which we will make use of. Due to our outstanding creditworthiness we have excellent access to the financial market.



We want to maintain our strong investment grade rating. In the long term, the ratio of our net debt to our adjusted EBITDA should therefore not exceed 3.5.

We want to finance our green growth with green funds.

We know that our investors value green bonds. Future bonds will therefore be primarily green. This too, underlines our sustainability-based strategy.

We also want our shareholders to benefit from the development of our earnings.

The dividend for fiscal 2021 is to increase to 90 euro cents per share. For the coming years we plan to keep our dividend at a floor of 90 euro cents per share.

In the long term, the pay-out to our shareholders is to be 50% to 60% of adjusted net income. In this way, our shareholders also profit from the growth in our earnings.

The numbers show that with our investment and growth strategy "Growing Green" we have a clear picture of how RWE will develop through to 2030.

We have the financial basis to do it.

Our growth programme adds value and is sustainable.

On that note, I'll hand back to you, Markus.



Markus Krebber

Thank you, Michael.

Ladies and Gentlemen,

We have set our sights high. That's good for RWE and it's good for the energy transition. Because the transformation towards a climate-neutral society requires drivers who put their energy, their passion and all their experience and expertise into this herculean task. That's what we are doing.

And we can deliver what this transformation towards the green energy world in 2030 needs.

- We supply energy from wind and sun to a society that needs more and more green energy.
- We deliver storage facilities and flexible generation to secure green energy supply.
- We are actively involved in forging ahead with the ramp-up of the hydrogen economy.
- We deliver integrated customer solutions that supply industry with green energy.

Our CO₂ reduction roadmap is in line with the Paris Agreement, and scientifically confirmed by the Science Based Targets Initiative. Now we are becoming even more ambitious by embarking on the 1.5-degree path. And by 2040 we will be climate-neutral.

Our employees are the guarantee for our success. Highly qualified and highly motivated, they work on exciting and fascinating projects. Across international borders, they are working with state-of-the-art technologies to drive forward the climate-neutral transformation of industry and society.



And as an employer, we take responsibility for those employees who are affected by the exit from current technologies. We find socially responsible solutions.

One goal unites us all at RWE: Leading the way to a green energy world in 2030.

“Our energy for a sustainable life”.

Forward-looking statements

This speech contains forward-looking statements. The statements reflect the current assessments, expectations and assumptions of the management and are based on the information available to the management at the current time. Forward-looking statements provide no assurance that future events or developments will occur and are subject to known and unknown risks and uncertainties. As a result of various factors, actual future events and developments may differ materially from the expectations and assumptions expressed in this publication. In particular, these factors include changes in the general economic environment and the competitive situation. Above and beyond this, developments on the financial markets, fluctuations in exchange rates, changes to national and international law, especially with regard to tax regulations, and other factors can influence the future results and performance of the Company. Neither the Company nor any of its associated companies undertake to update the statements contained in this speech.