The way to financial independence
Susanne Weitz · Head of Finance

21 November 2017 · innogy Credit Day
The way to financial independence

**From IPO to Green Bond**

- **IPO**
  - Oct’16

- **innogy’s first credit ratings:**
  - Fitch (BBB+/A-)
  - S&P (BBB-)
  - Oct/Nov’16

- **CPP established**
  - €3bn
  - Dec’16

- **Consent solicitation:**
  - Guarantor & issuer change from RWE to innogy
  - Nov’16/Mar’17

- **First bond issued by innogy**
  - €750m, 8Y
  - Apr’17

- **DIP established**
  - €20bn
  - Apr’17

- **Credit rating from Moody’s (BBB)**
  - Jun’17

- **Upgrade by S&P (BBB)**
  - Oct’17

- **RCF established**
  - €2bn
  - Oct’17

- **First Green Bond**
  - €850m, 10Y
  - Oct’17

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Transferring senior bonds from RWE to innogy

**End of 2015**
Sale of RWE Finance B.V.

- External senior bonds transferred from RWE AG to innogy ~ €10bn¹ but still guaranteed by RWE AG

**H1 2016**
IC-loans

- Economic debt push down of RWE AG debt including private placements, hybrids and EIB loans through intercompany loans to innogy SE ~€6.0bn
- H1 capitalisation reflective of all relevant intercompany transactions related to formation of innogy incl. purchase price payments for transferred assets

**July 2016**
Cash contribution and D/E swap in

- €0.9bn cash capital contribution used for intercompany debt repayment
- Debt/equity swap of ~€1bn

**Oct 2016**
IPO of innogy SE

- Primary capital increase at IPO ~€2bn

**Nov 2016 – Mar 2017**
Guarantor & issuer change

- Change of guarantor of the bonds of Finance BVs from RWE AG to innogy SE ~ €10bn¹
- Change of issuer/exchange of bonds of RWE AG to innogy SE and cancelling corresponding IC-loans from RWE AG ~€1bn

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¹ Refers to bonds of Finance B.V. and Finance II B.V.
innogy’s funding programmes arranged, a stand-alone capital market access achieved

- Independent innogy debt issuance programme established
- Nominal volume: €20bn
- Deutsche Bank as arranger
- First senior unsecured bond successfully issued in Apr 2017:
  - €750m; maturity Apr 2025; coupon 1%; 3x oversubscribed; issuance spread 55bps
- First Green Bond (senior unsecured) successfully issued in Oct 2017:
  - €850m; maturity Oct 2027; coupon 1.25%; 5x oversubscribed; issuance spread 47bps

- Independent programme up and running since end 2016
- Nominal volume: €3bn
- Commerzbank as arranger
- Generally used for short term and bridge financing
- Due to the solid short-term credit ratings: F2/P2/A2 (Fitch/Moody’s/S&P) very attractive conditions available to innogy
Bank facilities

Bank financing independent from RWE established

- €2bn syndicated credit line by a diversified group of 22 international banks as back-up liquidity for general corporate purposes
- €1.5bn available on ‘the same day’ basis
- Volume increase option of €1bn available (at lenders’ discretion)
- Maturity in 2022 with two renewal options after the first and second year (at lenders’ discretion)
- No financial covenants
- Coordinators: Commerzbank, MUFG, UniCredit

Revolving Credit Facility

- > €1bn of guarantee lines
- > €1bn of trading lines
- Significant overdraft/day light facilities
- New bilateral credit lines to be established
### innogy’s current solicited credit ratings

| **Fitch** | • Fitch assigned innogy a BBB+ rating (outlook stable) on 31 October 2016. Due to assumed high recovery rates, senior unsecured bonds are rated even at A-.  
• Fitch takes into account innogy’s high degree of independence from RWE (e.g. independent Supervisory Board, separate financing, RWE holds innogy as a financial investment). |
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<td><strong>BBB+, stable outlook / F2</strong></td>
<td><strong>A- (senior unsecured)</strong></td>
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| **Moody’s** | • On 30 June 2017 Moody’s assigned innogy a Baa2 (outlook stable) senior unsecured rating. The same rating is also assigned to innogy’s debt issuance programme.  
• The ratings reflect the low business risk of innogy. The improved credit quality of RWE is also seen as supportive. |
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| **S&P** | • On 11 October 2017, S&P raised innogy’s long-term and short-term corporate credit ratings from BBB-/A-3, (outlook positive) to BBB/A-2, (outlook stable).  
• The upgrade follows innogy’s successful completion of autonomous funding arrangements through signing a new revolving credit facility (RCF) of €2bn underlying innogy’s financial independence from RWE AG. |
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innogy’s Green Bond Framework follows the Green Bond Principles\(^1\) and is reviewed by Sustainalytics.

1. Use of proceeds

Green Bonds are exclusively used to finance or refinance\(^2\) Eligible (Green) Projects of the following three categories:

- Renewable energy projects
- Energy efficiency projects
- Clean Transportation projects

2. Project evaluation and selection

- Business units propose projects and provide information
- The Green Bond Committee\(^3\) (GBC) verifies and finally selects Eligible Projects.

3. Management of proceeds

- Internal monitoring and tracking of the proceeds
- In case of divestment/cancellation reallocation to other Eligible Projects.
- Unallocated proceeds will be invested in e.g. money market products and/or marketable securities.

4. Reporting

- Prior to issuance of each bond, disclosure of relevant Eligible Projects and expected environmental impact
- Annual reporting of the following information:
  - The total amount of proceeds allocated
  - The amount of unallocated proceeds (if any)
  - Climate and/or environmental benefits

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\(^2\) Disbursements not earlier than 2014.

\(^3\) The GBC consists of representatives from Corporate Responsibility, Treasury, and on case by case basis members of business units involved.
Green Bond

innogy’s inaugural Green Bond

Terms & conditions

- **Launch date:** 12.10.2017
- **Issuer:** innogy Finance BV
- **Guarantor:** innogy SE
- **Issue ratings:** A-/Baa2/BBB (F/M/S&P)
- **Format:** DIP; senior, unsecured green bond
- **Second Opinion:** Sustainalytics
- **Structural advisors:** ABN AMRO, Societe General
- **Other banks:** DZ-Bank, HSBC, LBBW, MUFG

### Amount: €850 million

- **Maturity date:** 19.10.2027
- **Coupon:** 1.25%
- **Yield/Price:** 1.359% / 98.987%
- **Spread:** 47bps
- **IPT:** 65bps area
- **Guidance:** 50bps +/- 3

- **The first German corporate Green Bond in benchmark size and with investment grade rating**
- **Green Bond proceeds to refinance five On- and Offshore wind parks in DE, UK, NL**
- **Two day execution, at the end of the first day S&P raised the rating of innogy from BBB- to BBB**
- **Fair value estimated to be c. 50bps over mid €-swap; no competing €-supply in the market**
- **Initial price talk announced at 65bps area; guidance of 50bps +/- 3**
- **On the back of a strong orderbook the volume was enhanced to €850m (5x oversubscribed) with a final spread of 47bps**
- **SG estimated a participation of green investors of more than 50% (graph in the right upper corner)**

*as estimated by SG*

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innogy invests in its sustainable business

- innogy is a sustainable company by conviction and business model
- The company provides services along the entire value chain: power generation from various renewable sources, efficient transport and distribution, supply of energy and related services
- Envisaged capex of €6.5-7.0 bn (‘17-’19E)

- innogy believes that Green Bonds offer great transparency and traceability to investors

- Therefore innogy prepared a Green Bond Framework to be able to finance/refinance its sustainable investments partly via Green Bonds

Indicative capex split 2017-2019E
Outlook

Refinancing needs between €1bn and €2bn in the coming years

Maturity profile as of 31 October 2017 (€ billion)

- innogy issued its first senior bond in April 2017 (€750m, 1%, maturity 2025) and its first Green Bond in October 2017 (€850m, 1.25%, maturity 2027)
- Total financial debt as of end of October amounts to ~€15bn:
  - t/o senior bonds of innogy SE/Finance B.V. of c. €12bn
  - t/o loans from RWE AG of c. €2bn
  - t/o EIB loans of c. €1bn

Cumulative maturities

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<tr>
<th>As of 31 October 2017</th>
<th>2017-2019</th>
<th>2020-2022</th>
<th>2023-2025</th>
<th>2026+</th>
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<tr>
<td>Senior bonds + RWE + EIB loans (€bn)</td>
<td>3.0</td>
<td>4.3</td>
<td>2.5</td>
<td>5.1</td>
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<td>% of total debt</td>
<td>20%</td>
<td>29%</td>
<td>17%</td>
<td>34%</td>
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