



Telephone conference for media representatives

Uniper's business performance for Q1 2021

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[Speaker: Tiina Tuomela]



Thank you, Klaus-Dieter. Good morning from me as well and welcome to today's presentation of our results for the first quarter of 2021.

I too look forward to the tasks ahead and am confident that Uniper can make an important contribution to the success of the energy transition and thus to progress towards a sustainable society.

My first days at Uniper have left me impressed by the organization, its special corporate culture, and of course the expertise of its people. I'm now part of Uniper and look forward to working with this great team. Of course I'll use my previous professional experience to further improve the company. It's also particularly important to me to make even more progress in reporting transparently on the chances and risks that climate change creates for Uniper's business. This plays an important role in helping analysts, investors, and other stakeholders accurately assess Uniper's potential in a low-carbon world.

Turning to Uniper's financial performance in the first quarter of 2021, I can't imagine a better start to my tenure as Uniper's CFO. You're all familiar with the ad hoc announcement about the increase of our earnings forecast for the full-year 2021.

Last year Uniper recorded first-quarter adjusted EBIT of €651 million, an extremely good result. This year's first-quarter **adjusted EBIT** of €731 million is 12 percent above the outstanding prior-year figure.

Just like last year, our strong performance is mainly due to the Global Commodities segment. This year, however, it wasn't due to our midstream gas business in Europe but to our international business unit, which benefited from a strong upturn in energy demand in Asia and also the United States during winter. We were able to utilize the flexibility of our LNG portfolio to swiftly redirect supplies to the Pacific region. When prices in the region rose sharply, it was at times even advantageous for us to unwind hedges in Europe and sell to Asia. The situation in the United States was similar, although rather than LNG it was mainly our flexible gas portfolio that supported supply security and helped keeping markets supplied during a tough winter.

Although Global Commodities' international business posted sharply higher earnings, its midstream gas business in Europe recorded significantly lower earnings than in the prior-year quarter. But this is hardly surprising, since first-quarter earnings last year were exceptionally good: in a highly volatile market, we did an outstanding job of matching customer demand to our procurement portfolio. Hence, in 2021 we now see a still very good, but nevertheless normalized situation.

On balance, Global Commodities recorded first-quarter adjusted EBIT of €560 million, €119 million more than in the prior-year period.

Turning to our **European Generation** segment, its adjusted EBIT of €224 million surpassed the prior-year figure by about €34 million. The earnings increase is principally attributable to the commissioning of Datteln 4 coal-fired power plant in late May 2020 and the return of Irsching 4 and 5 gas-fired power plants to commercial operation in the fourth quarter of 2020. Higher income from the U.K. capacity market also contributed to the year-on-year earnings increase.

This increase was partially offset by higher expenditures for provisions for carbon allowances compared with the prior-year period due to price and volume factors. This is the carbon-phasing effect with which you're no doubt already familiar from previous years and which is not going to burden our results on a full-year basis.

Although European Generation and Global Commodities recorded higher earnings, our **Russian Power Generation** segment's adjusted EBIT of €54 million was below the prior-year figure of €78 million. The decline is due in part to the expiration of long-term capacity payments for two generating units at Shaturskaja and Jaivinskaja power stations and in part to the weakening of the ruble.



Adjusted net income of €594 million in the first quarter of 2021 surpassed the prior-year figure of €499 million and increased at a higher rate than adjusted EBIT. The principal reason was our economic net interest, which benefited from the revaluation of provisions due to higher interest rates.

First-quarter **operating cash flow** of €408 million was €289 million above the prior-year figure, mainly because of the improvement in our operating earnings and the different utilization of our European gas portfolio in comparison to last year.

Our **economic net debt** declined from about €3.1 billion at year-end 2020 to roughly €2.5 billion. In addition to the improvement in our net financial position, the decrease was also due to a reduction in provisions for pensions and similar obligations. This resulted primarily from an increase in actuarial interest rates compared with year-end 2020, which led to a corresponding reduction in the present value of our pension obligations.

At €157 million, first-quarter cash-effective investments in 2021 were significantly above the prior-year level of €141 million. Growth investments went in particular toward our Scholven 3 power-plant project in Germany and network-stabilization measures in the United Kingdom.

Turning finally to our **outlook**, our strong first quarter enabled us to increase our earnings guidance for full-year 2021, which we communicated on April 27 in an ad hoc announcement. Based on these results and our assumptions for the rest of the 2021 financial year, the Management Board decided to increase our 2021 forecast range for **adjusted EBIT** from €700 to €950 million to €800 to €1,050 million and to increase the forecast range for **adjusted net income** from €550 to €750 million to €650 to €850 million.

Like last year's, this year's AGM on May 19 will again be conducted entirely virtually. This will enable us to make timely payment of the proposed **dividend** of €1.37 per share for the 2020 financial year. We'll provide a specific outlook on our dividend policy for the 2021 financial year at a later date. It's important for the dividend to be in balance with our rating and investments.



It is clear that we as Uniper's Board of Management have a great interest in creating planning security for our shareholders, especially in these challenging times. It is equally important to us to ensure the best possible rights for shareholders in the virtual format of the Annual General Meeting. And with this personal commitment, I would like to come to the end of my statement.

As you can see, ladies and gentlemen, there are many good reasons for us to be optimistic about a decarbonized energy future.

Klaus-Dieter and I now look forward to your questions.

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