



**Annual Results Press Conference  
Düsseldorf, March 9, 2017**

Statement by:

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**Please check against delivery.**



Hello, everyone. I'm delighted to welcome you to Uniper SE's first annual results press conference, which we're holding at our offices in Düsseldorf's Media Harbor district. Our commodity-trading business and its experts from 40 countries have been here since 2008. This building also houses our integrated gas business (essentially, former Ruhrgas operations) and the people who manage our entire European power-generation business.

A new building is under construction across the street. We've rented office space in it. When it's finished, all of our other Düsseldorf employees will move into it. Uniper will then have its main Düsseldorf offices and its corporate headquarters here in Düsseldorf's former commercial river port.

Why did we choose this location? Because it's brimming with creativity, openness, optimism, and international flair—characteristics that are also part of our corporate culture. We're not a startup, but rather a new company with its own culture and a modern understanding of teamwork. At the same time, our predecessor entities give us a century-long history. The first of these was Innwerk, Bayerische Aluminium AG, which was founded in 1917 in Munich. Its original purpose was to construct Töging hydroelectric station in order to provide the company's nearby aluminum factory with a reliable source of electricity. As you can see, close partnerships with industry, supply security, and innovation are part of our DNA.

We're not just making our offices closer. Our first financial year brought us closer as a team, too. It began with the successful separation of our operations from E.ON effective January 1, 2016. Next, we swiftly obtained an investment-grade rating and secured €4.5 million in external funding through a broad consortium of banks. In June, E.ON shareholders voted almost unanimously for the Uniper spinoff. We've been listed on the Frankfurt Stock Exchange since September and in the M-DAX since mid-December. It all happened very quickly and on schedule. And just a few days ago we announced the sale of our financial interest in Yuzhno-Russkoye gas field in Russia to OMV for €1.75 billion, which will enable us to reduce our debt even earlier than anticipated. Since the listing, Uniper stock has performed very well, indicating that the capital market considers it a good investment. The analyst assessments are predominantly positive, and we can look back on



a truly good year. This also applies to our key figures for the 2016 financial year, which Christopher Delbrück will talk about in a moment. In sum, we achieved our milestones, successfully listed our company on the stock market, and earned investors' endorsement of our business model.

But before we get to our numbers I'd like to say a word about our people here. In view of our business environment, the success of our operating business was by no means a given. And most of our employees and managers were still busy with the spinoff: with the legal aspects, financing, our organizational setup, HR processes, and hundreds of other matters. In some departments, the workload far exceeded that of a typical year. For most of our employees, the tasks related to the spinoff from E.ON were on top of their usual tasks.

Moreover, many employees weren't certain whether they would have a job or what this job would be in the new organizational setup. Based on numerous discussions with our people, my Management Board colleagues and I are very aware of the stress that accompanies a major restructuring project like this one. In addition, our cost-reduction program isn't yet completed and will keep us busy this year as well. This gives me all the more reason to praise what this company achieved last year.

We've grown closer. Uniper has a lean setup and a new spirit. We know that we have a lot of unfinished business. But we don't complain. We're getting the job done, designing practical solutions, and showing what we have to offer. Successful teamwork is possible even in difficult times. This maxim guides our work and is how we want to be perceived: as a company that ensures a secure and competitive energy supply for our customers and markets.

Last year we demonstrated our customer orientation in many ways. For example, some of our power plants are part of industrial clusters and work closely with nearby chemical and other manufacturing enterprises. Our power plants typically provide them not only with power but also with heat, steam, cooling water, or other by-products of power generation. Some of these arrangements extend over decades. Last year, for instance, some of the



customers of our Maasvlakte power plant in Rotterdam's port district extended their contracts beyond 2030. Our customers see us as a reliable partner.

The logistics of these industrial clusters is a big advantage for both sides. Raw materials and by-products are used as efficiently as possible and often recycled. For example, heat and steam from power production can be used for district heating or for nearby industrial facilities and greenhouses. Maasvlakte is one of our power plants that already does this, and Datteln will in the future. This enables these power plants to be more than 60-percent fuel-efficient. These arrangements help customers conserve resources and protect the earth's climate.

In recent weeks we again demonstrated how we ensure supply security. These weeks made very apparent that wind and solar energy alone are not capable of meeting Europe's power needs. Renewables frequently require backup. The second half of January was a noteworthy example of this. Temperatures were unseasonably low, as was the output of wind and solar power. France almost activated an emergency plan, which would've temporarily disconnected some customer load. In Germany, renewables only supplied 1 percent of the country's power in the morning hours of January 24. Conventional power plants met nearly all of the country's power needs, about 60 gigawatts. The media spoke of "windless overcast weather," which aptly describes the situation.

Of course these are just snapshots. But they still demonstrate that our insistence on the crucial role played by conventional power plants is justified. They ensure that the energy supply is secure 24/7, throughout the year.

Other countries have taken a proactive approach to this issue. France, the United Kingdom, and Sweden have competitive capacity auctions to ensure their power supply in the years ahead. Most Uniper power plants were successful in these auctions and were awarded contracts. Our power plants have prevailed in these markets because they are efficient, flexible, and able to balance out changes in demand on short notice. Until renewable energy can be stored on a massive scale, it will need flexible backup fueled by gas and other sources. This also applies to situations when there's too much wind and solar power



in the market. Here, too, there need to be conventional power plants that can respond quickly, in this case by ramping down to make room for renewables and to maintain system frequency. Flexibility is necessary in these situations as well, and here it's generally provided by hard-coal-fired capacity. In short, I believe that last year we demonstrated that our portfolio gives us a strong position on Europe's markets for reserve capacity.

On the subject of supply security, I'd like to speak briefly about gas storage facilities as well. They were likewise in great demand in the winter months, and their inventory is now at a very low level, even though it was historically high at the start of the winter (facilities were more than 90 percent full in November 2016). The situation in southern Germany is particularly alarming, especially in Bavaria. Here the level of the inventory of the gas storage facilities is only at around 15 percent (Status March 6). But gas storage inventory is historically low in the rest of Europe as well. I'd like to again state my position clearly: Germany has enough gas storage capacity to ensure the security of its gas supply. Uniper's gas storage facilities could, by themselves, provide all the flexibility that the German power market currently needs due to the preferential dispatch of renewables. This includes storing surplus renewable power in the form of gas, which of course then has to be transformed back into power. But system-relevant power plants that are dispatched by system operators in times of system stress also rely on gas from storage facilities in the winter.

So the capacity is there. As with power plants, however, the compensation is currently insufficient to justify investing in new storage capacity or to maintain the existing capacity over the long term. The regulatory situation is insufficient as well. Although gas storage facilities indisputably perform functions that benefit the system, they're at a disadvantage relative to other sources of flexibility due to levies and the existing tariff system. Equally difficult to comprehend is why the gas pipeline system, which also helps ensure system security, receives fixed returns, whereas gas storage facilities do not. But the security of the gas supply involves more than maintaining infrastructure. In particular, it also involves a clear delegation of responsibilities. Germany's current gas market design is founded on unbundling: all market participants act in accordance with their own business interests. Germany lacks a clear regulation for who is responsible for ensuring the security of the country's gas supply. I can only advise German policymakers to close this regulatory gap



quickly if they want to avoid a tight supply situation in the wake of a long winter. Last-minute countermeasures won't work. In the end, this situation could have a massive impact on households, on industrial customers, and also on gas-fired power plants, which are crucial for the electricity supply. This is why I've drawn attention to this issue on various occasions.

Our objective is to make energy markets more reliable and to provide our customers with a reliable supply of energy. But we also want to be reliable in meeting our financial objectives. And that's exactly what we did: our numbers for 2016 are in line with our guidance and perhaps even somewhat above the expectations of some analysts and investors. Our adjusted EBITDA was up significantly year on year, primarily because of a strong gas business including substantial nonrecurring items. As promised, we achieved a significant reduction in our investments, which were also in line with our guidance for 2016. And today we reaffirm our proposed dividend for the 2016 financial year, which is unchanged at 55 cents per share. The aforementioned sale of our financial interest in Yuzhno-Russkoye gas field in Russia will enable us to almost fully achieve our debt-reduction target well ahead of schedule.

We made progress operationally as well. In particular, Datteln 4, our large power-plant project in west-central Germany, reached important milestones: construction resumed in 2016, and the Münster district government issued an emission-control permit in 2017. We can now complete the power plant and are confident that it will enter service in 2018. The repair of Berezovskaya 3 in Russia is challenging but under way. From today's perspective, we have to assume that Berezovskaya 3 will not receive capacity payments in 2018. The good news is that our insurance covers a large part of the damage.

I think I can say that we kept our word:

- Our listing went according to plan, and so far our stock is a success story.
- Our 2016 results were solid. We're significantly reducing our costs and our debt. We said we'd do that as well.
- The situation in our markets remains a real challenge. The measures we've announced are absolutely necessary. By continuing to implement them fully, we'll secure Uniper's competitiveness for the long term.



- Our power plants are successful on Europe's capacity markets and play a decisive role in ensuring supply security in a variety of countries.

Overall, we're making good progress but certainly haven't yet reached our destination.

And with that I'll hand things over to Christopher Delbrück, who will talk to you in detail about our 2016 numbers and our guidance for 2017.

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