



Telephone Conference for Media Representatives

Uniper's Business Performance in 9M/Q3 2017

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Statement by:

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Please check against delivery.



Thank you, Astrid. I too would like to welcome you to today's telephone conference on our nine-month results for 2017.

As Astrid just explained, we can't comment on specific details of Fortum's takeover offer today. I ask for your understanding. We'll make a detailed statement about it as soon as we've been able to examine the specific offer carefully with our shareholders and employees' interests in mind. We're here today to talk about Uniper's business performance in the first nine months of the year. I can assure you that the entire Uniper team—despite the unrest—is very focused and motivated as we work hard to continue this company's positive performance. We'll continue to do everything we can to deliver on our promises, and are now in the final sprint to meet our targets for 2017. As of today, we can state that in the first nine months of the year, in what remained a persistently challenging market environment, Uniper's operating business delivered a stable performance. In addition, Uniper's success as an independent company is once again reflected in the continued positive performance of our stock price and in our strong balance sheet.

Current market developments also give us cause for cautious optimism. There are signs that electricity markets in Western and Northern Europe will face a significant supply shortage in the years ahead. The main factors are the decommissioning of older power plants and Germany's phase-out of nuclear energy. We expect that, over time and particularly for the years after 2019, this will lead to a recovery of electricity prices and a reassessment of supply security. This will create clear opportunities for Uniper's flexible, technologically advanced asset portfolio, particularly our gas-fired power plants. In recent months, the price of baseload electricity has recovered from its lows of around €20 per megawatt-hour to reach a current level of more than €35 per megawatt-hour. Prices are heading in the right direction.

We believe the revitalization of the European emissions trading system (EU ETS), which is currently under discussion, can provide further positive impetus. Under the current system, carbon prices are so low that they don't provide any incentives for advanced, climate-friendlier generation assets. This system is in the process of being reformed so that it



makes economic and environmental sense. Europe must continue to set the pace for lower carbon emissions. Yet if each country sets its own carbon price, this will further distort the price signals sent by the EU ETS without achieving any additional emission reductions. If EU ETS prices reached a level of around €25 to €30 per metric ton, they would force old and high-emission power plants out of the market across Europe, with the slack being taken up by low-emission technologies.

The policymaking environment, which is important for our business, remains busy and in flux. Discussions are currently under way in Germany to form a new coalition government. We clearly stated our wishes for Germany's future energy policy at the time we released our half-year figures: supply security finally needs to be placed high on the country's policy agenda. It's high time to talk about introducing a competitive market for power generating capacity. Such a solution would be more efficient, cheaper, more transparent, and provide greater supply security than the many emergency interventions necessary in Germany's energy system today. In our home region, North Rhine-Westphalia's new state government has already sent out positive signals. It would be a big step forward if Germany could establish, as has been proposed, open capacity markets founded on technology neutrality and efficiency. Because we believe that technology neutrality and energy efficiency are essential prerequisites for successfully managing the coming upheavals and challenges in electricity and gas markets. This applies not only to Germany, but to our European neighbors as well.

Just over a month ago, the new coalition government in the Netherlands proposed to phase out coal-fired power generation by 2030. The good news is that this will take place in dialog with operators of coal-fired power plants. The government also intends to supplement the EU ETS with a national carbon tax for the purpose of increasing the price of carbon to €43 per metric ton by 2030. If this happens, it could possibly affect our Maasvlakte 3, one of Europe's most technologically advanced coal-fired power plants. Maasvlakte 3 is optimally integrated into the industrial cluster in Rotterdam's harbor district and supplies not only electricity to local industrial enterprises but process steam as well. It can also co-fire biomass. We'll revisit the Dutch government's plans in the months ahead.



Before I comment on our numbers in detail, I'd like to give you a brief overview of our major ongoing capital projects. As promised, in the second half of the year we've continued to work without letup to move forward with these projects.

Datteln 4, our new hard-coal-fired power plant in west-central Germany, is making good progress toward commissioning. Around 700 people are currently working to complete this state-of-the-art power plant. We're currently conducting test runs of individual components, and test operations have begun. Coal is already being regularly delivered by ship, and the first coal fire was lit in the boiler. We're therefore confident that we'll be able to commission the power plant in the second quarter of 2018. Datteln 4 will be the largest supplier of electricity to Germany's Federal Railway Service. It also has the capacity to supply up to two million households with electricity and around 100,000 households with district heating.

Nord Stream 2, which we co-finance along with other European energy companies, is making steady progress. The German government has repeatedly made it clear that the construction of two additional gas pipelines across the Baltic Sea is a purely commercial endeavor that it supports politically. We continually monitor the political, legal, and economic developments surrounding the law enacted by the United States this past August regarding possible sanctions against Russia. The U.S. Department of State has since issued public guidance on the sections of the law dealing with Russian energy export pipelines. We believe that at first glance this guidance looks positive; we're still in the process of reviewing the precise details. I'd like to take this opportunity to reiterate that we at Uniper remain firmly convinced that Nord Stream 2, which is a strategically important project, will be completed and that our own contribution to its financing will be profitable.

We received Russian regulatory approval to sell our stake in Yuzhno Russkoye gas field. We now just await the approval of the other owners. We remain confident that the transaction will close by the end of the year as planned.

The reconstruction of Berezovskaya 3 power plant in Russia is moving forward on schedule and on budget. The main parameters, which we explained to you back in August, remain unchanged. We expect the power plant to be back online in the third quarter of 2019. The



remaining repair costs total roughly RUB 25 billion. A substantial portion of the damage was covered by insurance.

As usual, I'll now provide you with an overview of the development of our key financial figures.

Overall, we delivered a stable operating performance and are right on track to achieve our financial targets for full-year 2017. Today we again reaffirm our improved outlook for the 2017 financial year, which we communicated at the beginning of August. We expect our adjusted EBIT to be between €1 and €1.2 billion. In addition, we'll aim to increase the dividend for the 2017 financial year by 25 percent relative to the dividend for 2016. This would result in a dividend payout of €250 million.

Back to the third quarter. This quarter is one in which the typical seasonal patterns in our business are particularly apparent. This means that earnings and cash flow usually reflect the lower electricity and gas consumption of the summer months and the increase in gas storage inventory.

We generated adjusted EBIT of €952 million in the first nine months of 2017. The year-on-year decline of €300 million resulted primarily from the non-recurrence of substantial one-off items recorded in 2016. This applies in particular to the significant positive effect of the agreement with Gazprom to adjust the terms of long-term gas procurement contracts as well as the unusually high earnings posted by Uniper's gas optimization activities. Nine-month earnings in the current year benefited from the non-recurrence of the impairment charge on Berezovskaya 3, our damaged generating unit in Russia, along with the receipt of the related insurance payment.

Our diversified European generation portfolio proved to be a stable source of earnings in the first nine months of 2017, even though it benefited to some degree from one-off items in all quarters. Despite narrower achieved margins, our European Generation segment continued its robust earnings trend. Its adjusted EBIT improved by €127 million year on year, from €153 million to €280 million. As you know, we had to record substantial



impairment charges on fossil-fueled power stations last year. This led to a significant reduction in scheduled depreciation charges in the first nine months of this year, which had a positive impact on earnings. One-off effects relative to the prior-year period, such as the non-recurrence of provisions for restructuring measures, contributed to the earnings improvement at our hydro business. Ringhals 2 nuclear power station returned to service at the end of 2016, which improved our earnings in the current year in Sweden. Here, we also benefited from lower taxes on hydro and nuclear power. Just to remind you, in 2016 the Swedish government decided to reduce the property taxes on hydroelectric stations and to reduce, and possibly eliminate entirely starting in 2018, the taxes on the thermal capacity of nuclear power stations.

Global Commodities' nine-month adjusted EBIT decreased by about €1 billion year on year, from €1.3 billion to €278 million. As anticipated, the decline is chiefly attributable to the fact that our gas business's earnings, which were extremely strong in the prior-year period, returned to a normal level this year. First, the positive one-off item resulting from our agreement with Gazprom did not recur. Second, as anticipated, our optimization earnings returned to a normal level.

International Power's nine-month adjusted EBIT rose by €554 million to €537 million compared with -€17 million last year. This sharp increase is mainly attributable to the following items:

- The adverse earnings impact of the impairment charges on the 800 MW unit 3 at Berezovskaya power station in Russia did not recur.
- We received the remaining insurance payment for Berezovskaya 3 this year.
- We benefited from higher tariff payments and favorable developments in the ruble exchange rate.

Uniper recorded nine-month net income of €782 million. Net income attributable to Uniper shareholders totaled €683 million. In the prior-year period we posted a net loss of €4.2 billion. The significant improvement in our net income in the first nine months of 2017 reflects the non-recurrence of the substantial impairment charges we had to record on our generation and storage business in Europe in 2016. The marking to market of our



commodity derivatives also had a positive impact on net income, although it wasn't nearly as large as at the half-year mark.

Our operating cash flow amounted to €950 million. Our ability to generate cash therefore remains at a good level. Nevertheless, our business and cash flow also reflected typical seasonal effects. The decline in our nine-month operating cash flow relative to the half-year figure is principally attributable to the increase in our gas storage inventory in the third quarter to meet demand in the upcoming winter months.

I'd like to take a moment to remind you of the main reasons for the year-on-year decline in our operating cash flow, which I already explained when we released our half-year results:

- In the first three quarters of 2016, Uniper had comparatively low payments for gas procured under long-term supply contracts, which had a positive impact on our prior-year operating cash flow
- In addition, in the first quarter of 2016 we received a one-off payment from Fortum for the partial shutdown of Oskarshamn nuclear power station in Sweden
- These items were partially offset by the one-time payment we made to Gazprom in 2016 in conjunction with the agreement on new terms for our long-term gas supply contracts.

Our economic net debt stood at €4.1 billion at September 30, 2017, slightly below the level of year-end 2016. As I said repeatedly at our last telephone conference, our economic net debt depends on effects relating to the balance-sheet date. Our operating cash flow in particular is subject to seasonal fluctuations, which are especially significant in the third quarter. In the first nine months, our operating cash flow was needed to cover our dividend payout and cash-effective investments, which is why our nine-month economic net debt was only slightly below its level at year-end 2016. We continue to expect a successful closing of the Yuzhno-Russkoye transaction by the end of 2017, which will improve our economic net debt accordingly.

Our nine-month cash-effective investments of €512 million were essentially at the prior-year level. About €300 million went toward our remaining growth projects, primarily our



technologically advanced coal-fired power plant Datteln 4 and the reconstruction of Berezovskaya 3 in Russia. We invested about €200 million in maintenance and replacement; we expect these investments to be just under €400 million for the year as a whole.

Overall, Uniper had a stable third quarter with the usual seasonal effects. We're right on track and are taking this momentum into the final sprint to achieve our targets for 2017.

That concludes my remarks. I'll hand things back to Astrid Quarten.

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