Press Conference for Media Representatives

Uniper's Business Performance in FY 2019

Düsseldorf, March 10, 2020

Statement by:

Sascha Bibert, CFO, Uniper SE

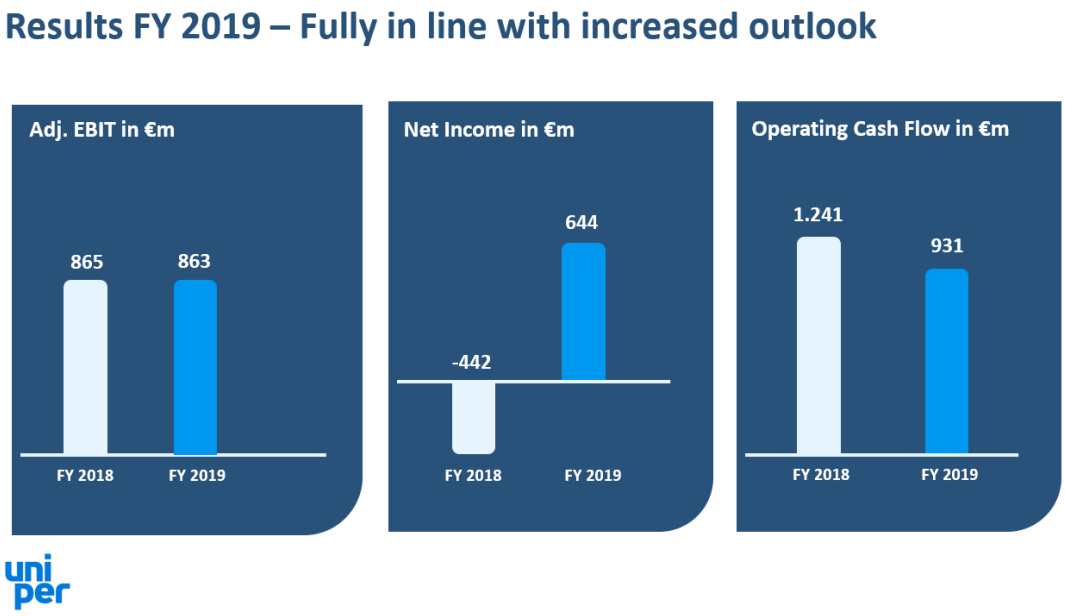
Please check against delivery.

[Speaker: Sascha Bibert]

Thanks, Andreas. Good morning, everyone. A warm welcome from me as well to today's annual results press conference on our 2019 Annual Report.

I'll start with our key performance indicators and the operational developments behind them. I'll then provide you our outlook for the 2020 financial year.

As anticipated, a strong fourth quarter enabled Uniper to achieve all of its financial targets for 2019. As you know, we increased these targets last November at the presentation of our nine-month results.



Adjusted EBIT of €863 million was roughly at the prior-year level and thus in the upper half of the forecast range that we issued in November 2019 in conjunction with the release of our last quarter's numbers.

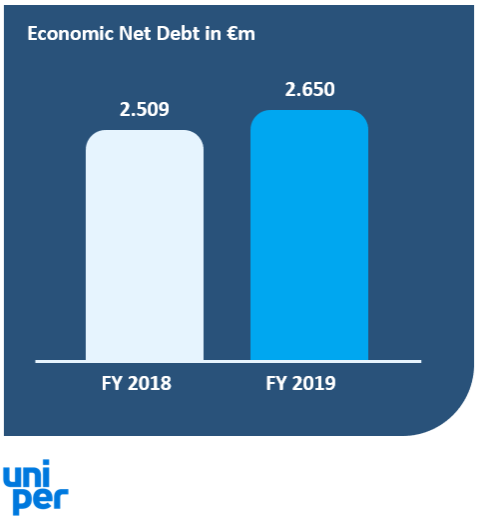
Most of the developments are likely familiar to you. Earnings were adversely affected by the non-recurrence of a number of positive one-off items recorded in 2018 and by temporary production outages in the first four months of the year at unit 2 of Ringhals nuclear power station in Sweden, in which we have a minority stake, as well as the unavailability of Maasvlakte 3, our coal-fired power plant in the Netherlands. Provisions for asset-retirement obligations at our nuclear energy business in Sweden resulting from a new estimate by the Swedish Nuclear Fuel and Waste Management Company were an additional negative factor.

The reinstatement of the U.K. capacity market in late October 2019 had a particularly positive impact on earnings. It enables us to make claims for back payments from October 2018 onward. This effect amounts to about €150 million but also includes suspended payments of around €30 for the fourth quarter of 2018. Higher power prices and output enabled our hydro and nuclear power stations to earn more, which had a positive impact on earnings, as did the improvement at our trading business and our business in Russia.

Our full-year **net income** stands at €644 million. The increase relative to the prior year, in which we recorded a net loss of €442 million, is attributable, alongside the aforementioned items in our adjusted EBIT performance, primarily to positive effects from the marking to market of the commodity derivatives that we use to shield our power and gas business from price fluctuations.

Operating cash flow of €932 million was below the prior-year figure of €1,241 million. Although our operating cash flow stood at minus €277 million after the first nine months of the year, the anticipated strong fourth quarter led to a significant increase. That this figure is nevertheless below that of the prior year is mainly attributable to a reduction in sendout from our gas storage facilities in the first quarter of 2019 due to market factors and an increase in working capital.

Economic Net Debt impacted by interest rate



S&P Global Ratings

BBB

Watch negative

Economic net debt at year-end 2019 totaled €2,650 million and was thus €141 million above the figure at year-end 2018. The main factor was a more than €200 million increase in provisions for pensions due to a decline in interest-rate levels.

Cash-effective investments of €657 million were slightly above the prior-year level. We invested €297 million in existing growth projects and €361 million in maintenance. Growth investments went mainly toward our two existing power-plant projects, Datteln 4 in Germany and Beryozovskaya 3 in Russia. In addition, we invested a total of roughly €50 million in the conversion of Scholven power station, which will involve building a new gas-based generation solution, and in the construction of a new gas-fired generating unit at Irsching power station.

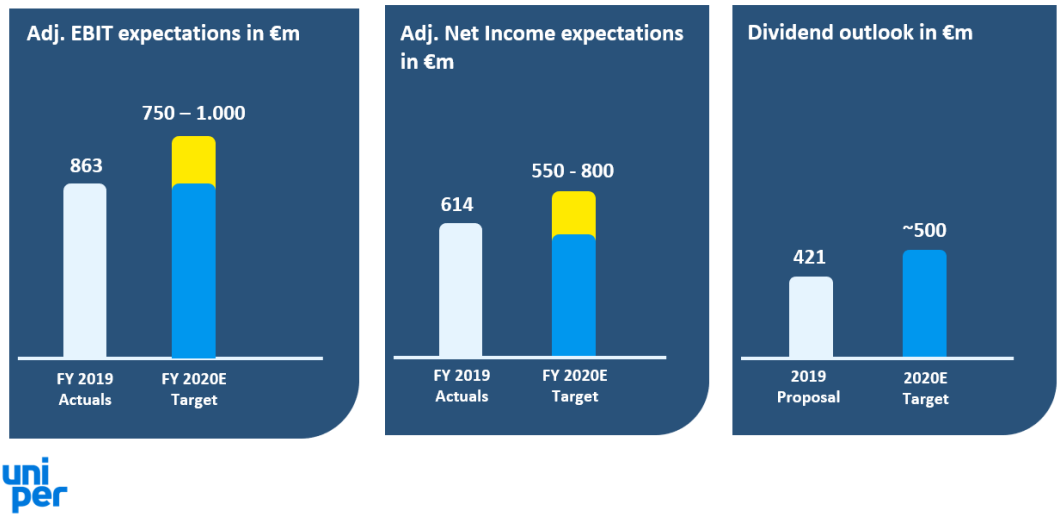
The sale of our remaining stake in Eneva of Brazil, our stake in OLT Offshore LNG Toscana, and our operations in France had a positive impact on economic net debt.

An important metric for Uniper's **rating** is debt factor, which is the ratio of economic net debt to adjusted EBITDA. This metric stands at 1.7 and thus better than the aspired range of 1.8 to 2.0 that is commensurate with a comfortable investment-grade rating. Standard & Poor's rating of Uniper in the 2019 financial year was unchanged: an investment-grade rating of BBB with a stable outlook. Based on the announcement made by Fortum, Uniper's largest shareholder, in early October 2019 that it intended to increase its Uniper stake to over 70 percent, Standards & Poor's changed the outlook to "credit watch negative." We expect the credit watch to be removed when the transaction closes.

I'll turn now to our dividend proposal for the 2019 financial year. At the presentation of our results for the first nine months of the 2019 financial year, I said that, based on assumptions about our business performance in the remainder of the financial year, we saw potential for improving the dividend proposal. As I've shown you, we're very satisfied with this performance, particularly with the fourth quarter. Based on this positive performance, we're increasing the dividend proposal from €390 million to €421 million. This not only fulfills our dividend policy of paying out to shareholders at least 75 percent and up to 100 percent of free cash from operations (FCfO). It also surpasses our target of increasing the dividend payout by an average of 25 percent per year for the period 2016 to 2020.

Let us now turn to the outlook. In short: We expect both rising earnings and a further increase in the dividend.

Outlook: Earnings and dividend expected to increase



We anticipate adjusted EBIT of between €750 million and €1 billion for 2020.

We expect a significant surge in earnings from the commissioning Datteln 4 and Berezovskaya 3 this year. Together with higher achieved prices from the marketing the electricity output of our hydro and nuclear power stations, this should more than offset lower earnings at our conventional power stations and at the trading business.

Going forward, **adjusted net income** will become an increasingly important indicator for us for the purpose of managing our operations. This is because a number of new-build projects like the Irsching 6 generating unit are classified as financial leases under IFRS and thus will generate interest income instead of earnings that are reflected in EBIT. Similarly, the income from our financial investment in the Nord Stream 2 project is interest income that won't be reflected in EBIT. For this reason, we're introducing adjusted net income as a new key performance indictor from the 2020 financial year onward. By doing so, we're also

meeting the expectations of the capital market, where adjusted EBIT or adjusted EBITDA and adjusted net income are more common and facilitate good comparability between companies.

For 2020 we expect adjusted net income to range from €550 to €800 million.

For the 2020 financial year we're aiming for a dividend payout of €500 million.

Our previous key performance indicators for dividend, free funds from operations, and free cash from operations belong to the past. I think few of you will really miss any of them. After all, they weren't exactly self-explanatory. For the period since our stock-market listing in 2016, however, they were the right performance indicators to best portray the upside potential of Uniper's business.

With that I'll hand back to Andreas Schierenbeck, who will explain to you how we're going to further propel the energy world forward.