



Telephone conference for Media Representatives

Uniper's Business Performance in H1 2020

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Statement by:

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[Speaker: Andreas Schierenbeck]

Good morning and welcome to today's telephone conference. I'm glad you've joined us.

I still remember well the presentation of our first-half results almost exactly one year ago. It was one of my first public appearances as Uniper CEO. A lot has happened since then. I can assure you that my colleagues and I haven't had a single uneventful day. Let's take a look at the first half of 2020.

One issue of recent months has captured everyone's attention: COVID-19. Despite the disease's devastating social impact and serious economic repercussions in some regions, our company's first-half key performance indicators are in line with our full-year forecast, which we today reaffirm. Uniper is currently proving to be crisis-proof. On balance, the adverse impact on our company has been minor. To date, COVID-19's main adverse impact on our operating business has been in Russia, in particular the return to service of Beryozovskaya 3 generating unit, which we must now postpone until the first half of 2021. The reason is that local COVID-19 restrictions led to a temporary construction halt. Construction work is now under way again with a smaller crew.

The absence of severe repercussions across Uniper so far is due in part to the flexibility and attitude of our employees in all areas of the company. Our office staff, the crews at operating units, and our energy traders have done an outstanding job over the past several months. I'd therefore like to express my sincere gratitude to our entire workforce.

But it's not over yet. COVID-19 will remain a challenge for some time to come. When the pandemic began, we were among the "first movers" in taking protective measures. We shifted work to home offices where possible, divided the crews at our operating units into rotating teams, and restricted visitors and deliveries. Now we're "smart followers". That means there will only be a stable "new normal" when we have robust, safe plan in place. We're an energy company that operates critical infrastructure and therefore have no intention of carelessly jeopardizing supply security. We also need to safeguard our most important asset: our employees and their health.



It's already clear that COVID-19 has led to a lot of changes. We'll all emerge from this global crisis changed. In terms of the new freedom and flexibility—how, where, and when we work—some of the recent developments will be irreversible. That's a good thing. As an employer, we don't intend to resist these changes. On the contrary, we want to help shape and utilize these new opportunities. That's why we've launched a project called "The New Normal". The project team is already exploring new work arrangements and has been tasked with developing strategies and proposing solutions that in the future will best benefit our people and the company, beyond the pandemic.

There's a lot of potential, and we want Uniper to benefit from it. We have about 11,500 employees operating in more than 40 countries. This gives us a significant responsibility that we intend to live up to in the "new normal" as well.

A very important element for our future is the strategy we announced back in March. We're already reached its first milestones. To remind you, our strategy has three core components: decarbonization, customer orientation, and supply security. We're gradually decarbonizing our portfolio and aim for our power generation business in Europe to be carbon-neutral by 2035. We'll get there by systematically implementing our strategy. We're exiting coal-fired power generation, decarbonizing our fleet of gas-fired power plants, expanding our hydrogen business, and helping our customers decarbonize their portfolio. And we're doing all of this without neglecting supply security.

The coal phaseout is a challenging issue and not only from a business perspective. The upcoming changes need to be socially responsible as well.

A very important milestone in this regard is the social cooperation agreement we reached last month with employee representatives and unions. The agreement, which is based on the principle of social cooperation for our company's future, gives Uniper employees and the company further stability and job security.



Our company is going through a period of change, including with regard to the implementation of our new strategy. That's why it was very important to all of us to maintain our principles and ensure high social standards for our employees well into the future.

The cooperation agreement also provides the solid foundation necessary for our future collaboration with our majority shareholder, Fortum, because we're now beginning the process of setting both companies' future strategic course.

During this process we'll draw on our strengths, leverage synergies, and assign responsibilities where and how they make the most sense. What that ultimately looks like will be decided in the months ahead on the basis of constructive dialog between teams of both companies' representatives.

The important thing is that Fortum supports the strategy we announced earlier this year. We're making good progress, have already reached a number of milestones, and continue to move forward with the implementation of our strategy.

On July 3, the German Bundestag and the Bundesrat finally passed the Coal Exit Act and the Structural Aid Act. This decision marks the end of the policymaking stage of the coal phaseout that the German federal government initiated two years ago by establishing the Coal Commission. The next stage is implementation. We stand by the announcement we made in early January: we will decommission hard-coal-fired generating units with a total capacity of around 2,900 megawatts by the end of 2025.

Our recently concluded social cooperation agreement provides a good foundation for this process as well and will help us approach plant closures and conversions with confidence.

The commissioning of Datteln 4 is good news for the implementation of a systematic, successful energy transition and ongoing decarbonization. Datteln 4 provides a reliable supply of energy and emits less carbon dioxide than older power plants. One balance, the development can be seen as positive. The gradual coal phaseout will make clean gas-fired



power plants profitable again. This is one reason behind our decision to bring two technologically advanced gas-fired generating unit—Irsching 4 and 5—back online.

We're working on the implementation of master plans for the power plants concerned. These are individually tailored secondary-use plans that will provide a future for the plants' employees, continued business prospects for Uniper, and options for local governments. We're pursuing a number initiatives and projects. I'll mention two examples:

- Just last month we signed a letter of intent with Ruhr Oel GmbH – BP Gelsenkirchen (ROG). The aim is to use industrial waste heat for the Ruhr region's district heating network. Initial estimates indicate that this will enable us to reduce carbon emissions by about 60,000 metric tons every year. Waste heat from refinery processes could provide heat for up to 30,000 households in Gelsenkirchen, Gladbeck, and as far away as Recklinghausen. The agreement with BP will serve as the blueprint for partnerships with other industrial enterprises.
- Another example: in late June we announced a letter of intent with the state of Lower Saxony, the city of Wilhelmshaven, Salzgitter AG, and Rhenus. Together, we want to conduct a feasibility study for Salzgitter AG on the production and handling of direct reduced iron (DRI), also known as sponge iron. The planned DRI plant would use hydrogen produced from electrolysis. It would be sited on the grounds of our hard-coal-fired power plant in Wilhelmshaven. This would enable plant's infrastructure to be used for a forward-looking project for Germany's steel industry.

On various occasion in recent months, I've repeatedly emphasized hydrogen's importance for tomorrow's energy world and for Uniper's future strategy. In a couple decades, hydrogen could be as important for the world as oil was in the past. Uniper is a pioneer and leader in hydrogen. This puts us in an excellent position to benefit from developments in this technology. Currently, hydrogen is still only a small ingredient in the energy mix. But it's already an important part of our strategy and will be a cornerstone of our future business.



The importance of hydrogen's future role is reflected in the recently adopted EU Green Deal and Germany's national hydrogen strategy. Everyone is aware that European policymakers and industry have set the ambitious goal of establishing a hydrogen economy. Achieving it will be neither quick nor easy. That's why it's important to start now with the things that we can already do efficiently and effectively.

Above all, this means that we have to switch from fossil fuels like coal and oil to gas as quickly as possible. This will enable us to rapidly reduce emissions in heavy industry, space heating, and transport and mobility. Converting to gas is, incidentally, the fastest and most cost-effective way for Europe to reduce its carbon emissions by 65 percent by 2040.

Such goals are usually not achieved in isolation. We need partnerships and we need to combine the expertise of different players in different areas. That's why we've forged partnerships with the world's leading manufacturers like General Electric (GE) and Siemens Energy. Our partnership with Siemens Energy, for example, involves working together on projects that promote sector integration and reduce greenhouse-gas emissions along the entire value chain. Projects range from reconfiguring our power plants to generate energy from hydrogen to designing environmentally friendly hydrogen production plants. Equally important is our agreement with GE for a long-term partnership to decarbonize our gas-fired power plants and natural gas storage facilities. In particular, many of our assets in the United Kingdom and the Netherlands are being equipped by GE.

Both of these are good examples of the above-mentioned combining of expertise, for which we have high expectations.

At the same time, our existing portfolio is helping propel the development of the hydrogen economy. We recognized early that hydrogen would play a key role in a decarbonized energy future. We launched hydrogen projects whose technology is now ready to be ramped up and developed on an industrial scale. Hydrogen will also play an increasingly important role in power generation, for example as a fuel for gas-fired power plants. In theory, this is already possible today.



The federal cabinet's adoption of a national hydrogen strategy is therefore a good sign for Germany's energy and industrial sectors. I'm aware and proud of my responsibility as a member of the National Hydrogen Council, which advises the German federal government on hydrogen issues. The hydrogen strategy will give a significant boost to hydrogen technology and the hydrogen economy in Germany and in the EU. It's also relevant for Uniper's transformation: as part of our "Empower Energy Evolution" strategy we intend to invest a total of €2.7 billion by the end of 2020, including €1.2 billion in new, primarily green growth projects.

More specifically, this means that we're also investing to expand our hydrogen business, which focuses exclusively on the development of our hydrogen strategy and combines and manages all of Uniper's hydrogen-related activities. So the technology and know-how are there.

We're convinced that we've got the right strategy and set Uniper on the right course. Germany's coal phaseout is now law; we're decarbonizing our portfolio and investing in hydrogen. In this process, we're focusing primarily on transformation. We're aware of our responsibility for our coal-fired power plants. The master plans we're designing and implementing for Wilhelmshaven and elsewhere are proof that we're living up to this responsibility.

Of course, COVID-19 remains an issue. But so far our far-sighted approach has enabled us to be cautiously optimistic.

One thing is clear: the first half of 2020 was very intense. The next six months will be no less so.

With that I'll hand things over to Sascha Bibert, who will provide you with insights into our first-half numbers.

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