Telephone conference for Media Representatives

Uniper's Business Performance in 9M 2020

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Statement by:

Sascha Bibert

CFO, Uniper SE

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[Speaker: Sascha Bibert]

Thanks, Andreas. Good morning, everyone. A warm welcome from me as well to the presentation of our nine-month numbers.

As usual, I'll start with **adjusted EBIT,** which at €405 million was significantly above the prior-year figure of €203 million. As anticipated, in the third quarter we were unable to add to the positive results from an exceptionally strong first half of the year.

The fact that we recorded negative operating earnings in the third quarter itself – specifically, minus €287 million – isn't surprising. The main reason is the performance of Global Commodities' gas business. I explained what was behind this when we presented our first-quarter results back in May and pointed out that some of the optimization results that we generally expect to see in the second half of the year have already been achieved in the first quarter. Consequently, the development of earnings this year isn't a surprise. The third quarter is generally much weaker anyway. Although the magnitude was particularly pronounced this year, a third-quarter loss isn't unusual.

Turning to our other segments, Uniper's hydro and nuclear power stations in the European Generation segment delivered increased earnings in the first nine months. Because their output was hedged at lower prices, they benefited from higher power prices. Average achieved prices were about €4 per megawatt-hour higher than in the prior-year period. Higher output at our hydropower stations in Sweden was largely offset by lower output at our hydropower stations in Germany. Output at nuclear power stations in Sweden was lower year-on-year due to the closure of Ringhals 2 at the end of 2019 and production interruptions at Oskarshamn 3 and Ringhals 1 and 3.

Our fossil generation portfolio delivered higher earnings as well. While these increases in earnings are primarily due to market conditions, the commissioning of Datteln 4 and the return of the Maasvlakte 3 power plant to the market must still be taken into account. Maasvlakte 3 had been offline for a long time last year due to turbine damage. Earnings also benefited from the fact that, unlike in the first half of 2019, we again recorded income from the U.K. capacity market.

Carbon phasing had an adverse impact on earnings. The reason for this is that the expenditures for each metric ton of carbon emissions are factored into our adjusted EBIT through provisions we create based on the spot-market price at the quarterly balance-sheet date. The corresponding carbon hedging transactions won’t be unwound until the end of the year. At the nine-month balance-sheet date we had to record higher provisions for carbon allowances than in the prior year owing to higher carbon prices and higher output in the third quarter.

The European Generation segment recorded higher nine-month earnings, whereas earnings at our Russian Power segment were below the strong prior-year figure. The earnings decline is principally attributable to lower electricity prices on the day-ahead market due to a weather-driven increase in the supply of hydropower in Siberia, lower demand from oil and gas companies due to COVID-19, and lower demand from neighboring countries. Currency-translation effects also had a negative impact on earnings. The weakening of the ruble gained momentum, particularly in the previous third quarter.

Nine-month **adjusted net income** of €308 million surpassed the prior-year figure of €82 million by a wide margin. Adjusted net income essentially tracks adjusted EBIT. But the size of the increase is larger because of a somewhat lower tax rate and a reduction in interest expenses for asset retirement obligations due to lower interest-rate levels than in the prior-year period.

Uniper recorded nine-month **operating cash flow** of €833 million. The roughly €1.1 billion increase relative to the first nine months of 2019 resulted mainly from the increase in cash-effective earnings, which are essentially operating earnings before depreciation and amortization (excluding changes in provisions), and from the positive development of working capital, particularly in the gas business.

Economic net debt rose by €441 million from the figure at year-end 2019 to just under €3.1 billion, principally because of a more than €300 million increase in provisions for pensions due to the decline in interest-rate levels. On the positive side, economic net debt at the end of nine months was about €200 million below the figure at June 30, 2020, due to strong operating cash flow.

Cash-effective investments of €491 million in the first nine months of 2020 were significantly above the prior-year level of €401 million. €283 million went toward growth investments, €208 million toward maintenance investments.

Uniper is making good progress operationally and financially in a challenging environment. Our business model has demonstrated its robustness. We're benefiting from our hedging strategies and optimization opportunities as well as from motivated employees to achieve, in each situation, the best possible outcome for the company, its shareholders, and business partners.

In conclusion, I'll turn to our **forecast.** With an eye on the fourth and final quarter of this year, we're convinced that we'll achieve our targets. In other words, we continue to anticipate adjusted EBIT of €800 million to €1 billion and adjusted net income of €600 million to €800 million. We likewise continue to aim for a dividend payout of €500 million for the 2020 financial year.

And now Andreas and I would be happy to take your questions.