



Press Release
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Uniper off to stable start in 2017 financial year

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- **Adjusted EBIT in Q1 2017 of €514 million (Q1 2016: €871 million); decline relative to prior-year period due primarily to non-recurrence of significant positive one-off effects in gas business**
- **Net income of €751 million (Q1 2016: €646 million)**
- **Earnings forecast and plan to increase dividend for 2017 financial year by about 15% affirmed**

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Uniper's first-quarter operating performance maintained the momentum from 2016, its solid first financial year. Uniper generated adjusted EBIT of €514 million. Although that represents a year-on-year decline of about €360 million, in the first quarter of 2016 Uniper benefited from extraordinarily high positive one-off effects. Alongside the roughly €400 million resulting from the agreement with Gazprom to adjust the terms of long-term gas procurement contracts, Uniper recorded significant earnings at its gas optimization activities in the first quarter of 2016. On the positive side, the impairment charge on Berezovskaya 3, Uniper's damaged generating unit in Russia, did not recur in the first quarter of 2017. If these items are factored out, Uniper's first-quarter operating earnings were roughly at the prior-year level.

"The first quarter of 2017 laid a good foundation for the rest of the year and for us to meet our forecast," CFO Christopher Delbrück said. "Today we therefore affirm our forecast for our full-year adjusted EBIT to be between €0.9 and €1.2 billion and our plan to increase the dividend for 2017 financial year by about 15 percent."

The **European Generation** segment's first-quarter earnings performance was comparatively stable. Its adjusted EBIT of €226 million was roughly at the prior-year level (Q1 2016: €219 million). This segment recorded impairment charges in the prior-year period, whereas its first-quarter earnings this year benefited primarily from a reduction in scheduled depreciation charges and initial cost savings. By contrast, earnings were adversely affected by a weather-driven decline in hydro output in Germany and Sweden along with narrower margins at fossil-fueled assets in the United Kingdom.

Global Commodities' first-quarter adjusted EBIT decreased by €516 million to €230 million (Q1 2016: €746 million). The earnings decline is chiefly attributable to the non-recurrence of the positive one-off Gazprom item and of the extremely high optimization earnings in the gas business recorded in the first quarter of 2016.

Unlike last year, **International Power's** operating earnings were not adversely affected by significant one-off items. Its adjusted EBIT rose by €147 million to €92 million (Q1 2016: -€55 million). The primary difference relative to the first quarter of 2016 is that the adverse earnings impact of the fire in the 800-MW unit 3 at Berezovskaya power station in Russia did not recur. In addition, higher tariff payments for new generating capacity at Shaturskaya and Yaivinskaya, two of Uniper's other power stations in Russia, had a positive impact on earnings. Uniper expects to receive the anticipated RUB 20 billion fire insurance payment in the second quarter of 2017.



Uniper recorded first-quarter **net income** of €751 million (Q1 2016: €646 million). Net income attributable to Uniper shareholders totaled €733 million (Q1 2016: 652 million). The increase relative to the prior-year quarter is principally attributable to earnings effects from the marking to market of derivative financial instruments at the balance-sheet date. Uniper uses derivatives in part to hedge our long-term power and gas positions in its trading business.

Uniper's first-quarter **operating cash flow before interest and taxes** totaled €919 million and benefited primarily from seasonal effects in working capital: cold temperatures early in the year resulted in significant withdrawals from the company's gas-storage facilities, which improved its cash inflow.

The positive development of Uniper's operating cash flow was also a key factor in the reduction of its **economic net debt**, which declined by €1.2 billion, from €4.2 billion at year-end 2015 to €3.0 billion at March 31, 2017. However, the comparatively high availability of funds, which helped reduce the company's debt, was primarily the result of balance-sheet-date effects. Alongside the seasonal effects in operating cash flow, Uniper's investment expenditures were comparatively low in the first quarter, as is typical for the start of the year. Furthermore, the dividend for the 2016 financial year has not yet been paid out to Uniper shareholders. In the remainder of the year, these factors will influence Uniper's available funds accordingly.

"For us to continue to work systematically to further improve Uniper's cash and thus debt situation independent of balance-sheet-date effects, the successful conclusion of the sale of our stake in Yuzhno Russkoye gas field remains a high priority," Delbrück said. "We continue to expect the transaction to close by the end of the year at the latest."

In anticipation of a further significant reduction of Uniper's economic net debt following the successful conclusion of the sale of its stake in Yuzhno Russkoye gas field, rating agency Standard & Poor's raised the outlook for Uniper's rating from stable to positive. This reflects the possibility that the rating could be upgraded from BBB- to BBB. This would be in line with Uniper's goal of having a comfortable investment-grade rating.

First-quarter **cash-effective investments** of €140 million were up slightly (Q1 2016: €121 million). First-quarter investments went primarily toward Datteln 4, Uniper's new hard-coal-fired power plant in North Rhine-Westphalia. They included funds for Datteln's district-heating pipeline, which will eventually supply heat to 100,000 households in the Ruhr region.

Uniper is a leading international energy company with operations in more than 40 countries and around 13,000 employees. Uniper's business is to provide a reliable supply of energy and related services. Its main operations include power generation in Europe and Russia and global energy trading. Its headquarters are in Düsseldorf, Germany.



Uniper's sales and earnings performance in the first quarter of 2017

€ in millions	Q1 2017	Q1 2016	+/-
Uniper sales	22,253	19,564	13.7%
European Generation	2,226	1,864	19.4%
Global Commodities	21,996	19,179	14.7%
International Power	335	275	21.8%
Administration/Consolidation	-2,304	-1,754	-31.4%
Uniper adjusted EBITDA¹	689	1,079	-36.1%
European Generation ¹	343	368	6.8%
Global Commodities ¹	260	780	>-100%
International Power ¹	117	-33	>100%
Administration/Consolidation ¹	-31	-36	13.9%
Uniper adjusted EBIT¹	514	871	-41.0%
European Generation ¹	226	219	3.2%
Global Commodities ¹	230	746	-69.2%
International Power ¹	92	-55	>100%
Administration/Consolidation ¹	-34	-39	12.8%

¹Adjusted to exclude non-operating effects.

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