



Uniper SE Annual Shareholders Meeting

Essen, June 8, 2017

Statement by:

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Good morning, ladies and gentlemen. On behalf of my colleagues on the Management Board, I'd like to welcome you, the owners of Uniper SE, to your company's first Annual Shareholders Meeting. Uniper is a new and modern company, but one whose predecessor entities give it a more than one hundred year history. For all of us—for you as well as for us on the Management Board and the Supervisory Board—today is a very special day.

I'd of course also like to welcome all shareholder representatives, members of the media, and our guests. All of you have followed this new and dynamic company closely in recent months.

Exactly a year ago today—on June 8, 2016—I, like some of you, was here in the Grugahalle. Uniper's distinctive blue corporate color wasn't much in evidence that day. Instead, E.ON red was the dominant color. Although at time Uniper had been operationally independent for half a year, we weren't yet publicly listed and were still a wholly owned E.ON subsidiary. Consequently, E.ON shareholders' overwhelming approval of the Uniper spinoff exactly a year ago was, as Bernhard Reutersberg just mentioned, probably one of the most important milestones on our road to independence. It gave us the green light for our public listing.

The months that followed were exciting as well as work-intensive for all of us here at Uniper. From the beginning, we've been strongly motivated by the opportunity to create something new; the opportunity to shape a new company and, at the same time, tomorrow's energy world. Looking back on the past twelve months, we're justified in being a little bit proud of what we already accomplished during this massive change process. Nevertheless, we still face the significant challenges of tomorrow's energy world. At Uniper, we're convinced that we'll be able to meet these challenges and to play a key role in this world. We have this confidence because we combine capabilities in conventional energy with an instinct for opportunities and solutions for the future.

Before I talk in greater detail about our business and performance in our first year as an independent company, I'd like to present my colleagues on the Uniper Management Board. At our first Annual Shareholders Meeting, we consider it a courtesy to introduce you to the leadership team that bears responsibility for your company's future.

Our Chief Financial Officer, Christopher Delbrück, not only knows all of our numbers backwards and forwards, he's also very familiar with our markets and the commercial side of our business from his time as the CEO of our Global Commodities segment. The same applies to our business in Sweden, which he helped lead for several years. His Board responsibilities include digitalization and IT as well.

Eckhard Rümmler is responsible for everything having to do with our assets. And who could do that better than someone who himself spent many years as a top manager in our generation business and who was once even a plant manager of one of our assets: Staudinger power station in central Germany. Eckhard Rümmler was also CEO of E.ON



Climate & Renewables, which makes him a perfect fit for overseeing innovation and sustainability at Uniper.

Finally, Keith Martin, who has overseen our global commodity trading business since 2016. He's also responsible for sales and procurement. Previous positions at companies like Shell, Gazprom, and PetroChina have given him extensive expertise and international experience in energy trading and gas.

On behalf of Uniper, I'd like to take this opportunity to thank you for providing us with your faith and capital so that we can work to continue Uniper's success story and to build its future.

Many of you are Uniper shareholders simply because you were E.ON shareholders and were allocated Uniper stock based on your E.ON holdings. It's therefore not a given that you've remained loyal to us. I promise you that in the future we'll do everything we can to remain a reliable and successful energy company.

We're also pleased to welcome those of you who became Uniper shareholders after our listing last autumn. We've gotten off to a very good start. Uniper share opened trading on September 12 at about €10 per share. Since then, our share price has increased by over 75 percent and our market capitalization has risen by almost €3.0 billion to more than €6.5 billion. In our many discussions with representatives of the capital market, we hear repeatedly that there's a growing appreciation for the value and potential of our portfolio. Investors are putting more faith in us, in part because their understanding of our business has improved significantly. A year ago, the market wasn't yet certain that we'd actually meet our targets. So far, we've reached our important milestones and demonstrated that we consistently deliver on our promises. Perhaps that's why there's much greater faith in our future performance, earnings strength, and ability to pay dividends. This growing trust spurs us on. We'll continue to do everything we can to deepen it.

If you look at what makes up our company, it's clear that our employees are our most valuable asset. Since our spinoff from E.ON, they've done great things. My Management Board colleagues and I would like to express our sincere gratitude to our roughly 13,000 employees around the world for their outstanding work over the past year and a half. Without them, we wouldn't be here on this stage today. We didn't simply continue existing businesses under a new name. We completely reorganized our company in terms of its legal entities, setup, and personnel. This process was and remains accompanied by uncertainty, necessary adjustments, and changes.

For some employees and departments, the workload far exceeded that of a typical financial year. It's therefore to the credit of all employees for working with so much dedication and passion over the past months, always bearing in mind that we want to create something new together.



My gratitude extends further than Uniper's current workforce. The shareholders here today in this auditorium include many former colleagues who worked for one of Uniper's many predecessor entities. Uniper's success so far is to a not inconsiderable extent their success as well and the result of their many years of hard work and dedication. I'd like to thank them for remaining loyal to us.

Uniper's business is to provide a secure supply of energy and related services. Our flexible, dispatchable power stations along with our many years of experience in gas procurement enable us to play a decisive role in ensuring supply security in many European countries.

Uniper's generation portfolio is broadly diversified, both geographically and by fuel type. Our technologically advanced and rapidly adjustable gas-fired and coal-fired power plants in Europe and Russia are available around the clock to help maintain a reliable power supply. Our portfolio also includes hydroelectricity, the oldest source of renewable energy. We operate more than 200 hydroelectric stations in Germany and Sweden. They not only keep the power supply reliable, they also emit zero carbon.

Uniper supports the energy transition by making sure that electricity flows even when the wind doesn't blow and the sun doesn't shine. The expansion of renewables, albeit a very good thing, increases the need for flexible generating capacity. This capacity ensures that the energy supply remains reliable.

More and more countries—including those with large power markets like France, the United Kingdom, and Sweden—recognize that supply security is very valuable and can't be taken for granted. They've already put in place new mechanisms for ensuring the continuous availability of a sufficient quantity of generating capacity. What these new mechanisms are called is of no importance. The only important thing is that enough electricity is generated—even at times of system stress—at fair prices that result from competition between various providers. Germany's reserve generating capacity, which every power customer relies on, has so far not received sufficient compensation. But the provision of this capacity is essential, particularly at a time when the power system is going through a transformation phase.

I'm confident that sooner or later German policymakers will also come to this conclusion. After all, reserve soccer players receive a salary for waiting on the bench. And taxi drivers leave the meter running when they're asked to wait in front of a customer's house. Our power plants provide a similar service: they perform when they're needed. I'll give you a specific example to illustrate what I'm talking about. This past January, Germany experienced several days when there was simultaneously very little wind or sunlight. On one of these mornings in mid-January, there was a dead calm in the hours before sunrise. Most wind turbine blades in Germany stood still. But across the country people were turning on lights, using hot water, and turning up the heat. Where does electricity come from on days like this? It comes from power plants that have the ability to balance out the fluctuations in renewables output. On the morning of January 24, renewables could only meet 1 percent of the country's power needs. Right now, Germany still has enough conventional generating



capacity to pick up the slack on days like this. But in the decade ahead, when all of Germany's remaining nuclear power stations and many of its fossil-fueled power stations will be permanently shut down, this task could become increasingly difficult.

By pointing this out, we're not trying to raise fear but rather to remind people that the energy market is highly complex. Competition is keen, and our industry is experiencing unprecedented change. At Uniper, we're doing everything we can to ensure that the energy supply in Germany and Europe remains reliable and affordable. And it goes without saying that we'll actively participate in the policy discussion regarding the energy transition and that we'll do our part to make this transition a success. But we'll also remind people that we should receive fair compensation for the role we play in the energy system.

Uniper's business encompasses not only power production in Europe and Russia. Trading energy commodities and products is also a mainstay of our business. We buy and sell natural gas, power, hard coal, freight, and emissions allowances on the global market, for our own power plants and for our customers. Our trading activities help connect global energy markets and supply chains and promote supply security.

A big part of our operations is our gas business. I'll readily admit that since my time as CEO of the former E.ON Ruhrgas and perhaps even earlier, I've felt a certain passion for natural gas. For good reason: gas is not only a comparatively climate-friendly and flexible energy source that complements renewables. Gas also has the potential to be produced regeneratively and therefore to be a green energy source itself. That means that the admixture of green gases—such as biogas as well as methane produced from surplus renewable power—could, over the long term, make fossil natural gas into a renewable, climate-neutral gas. If we're really serious about the energy transformation, then we must pay greater attention to the potential of gas for enhancing climate protection while at the same time keeping availability reliable.

Our gas business makes a significant contribution to the security of Europe's energy supply. The diversity of Europe's gas supply is a key issue for Uniper. Supply security requires supply diversity. That's because as Europe's domestic supply of gas dries up in the decades ahead, it will become even more important for Germany and the rest of Europe to have access to a large and competitively priced supply of imported gas. Uniper currently procures gas by pipeline from Russia and Norway as well as liquefied natural gas by ship from regions like the Middle East, North Africa, and, in the future, from the United States. We also have partnerships with companies in the Middle East and in the Caspian Sea basin. Hardly any other gas company has a broader portfolio than Uniper or can draw on as much experience in this business.

We aim for our customers and partners to experience no interruptions in their gas supply—including at times of the year when supply can be tight. For example, our gas storage facilities ensure that millions of households have a reliable supply of gas and thus heat in the winter months. Uniper's gas storage facilities could, by themselves, provide all the flexibility that the German power market currently needs due to the preferential dispatch of



renewables. This includes storing surplus renewable power in the form of hydrogen or synthetic natural gas, which of course then has to be transformed back into power. But system-relevant power plants that are dispatched by network operators in times of system stress also rely on gas from storage facilities in the winter. So the capacity is there. In Germany's current regulatory environment, however, this capacity isn't adequately compensated. If policymakers want companies to continue to invest in storage facilities and for such facilities to remain in service well into the future, they need to take action. The situation is similar to that of our reserve power plants.

I've already mentioned gas's substantial potential for climate protection. At Uniper, we've been confronting important societal challenges like climate change since we began operating. You can read about the specifics in our first Sustainability Report, which we published today. This report demonstrates that Uniper addresses the environmental impact and the social challenges of our business and that we take the expectations of our various stakeholders seriously. We've already taken the first in a series of steps to enhance our sustainability. For example, the modernization of our generation fleet in recent years has significantly reduced our carbon emissions. Our sustainability activities also include our Liqvis subsidiary's efforts to promote the use of liquefied natural gas instead of diesel in heavy trucks, our plan to help a customer produce green hydrogen at one of its refineries, and the development of innovative energy-storage technologies. Without question, we have many sustainability challenges ahead of us. But we've set off on this journey. Here, too, we aim to work systematically to transform our words into deed and thus to deepen our stakeholders' trust. We invite you to continue to accompany us on our journey.

I'd now like to talk about two things:

1. I'd like to review the main milestones of our first year as an independent company and our 2016 results.
2. I'd like to take a brief look at the first quarter of 2017, give you an outlook for the current financial year, and update on the situation with our most important large-scale projects.

I'll start with the milestones we reached in 2016:

- On January 1 Uniper began operating as an independent company.
- In the spring Uniper was assigned a stable investment-grade rating, which enabled our company to secure, at an early stage, €4.5 billion in external funding from a consortium of banks.
- In April we presented Uniper to the capital market at an event in London.
- As I mentioned at the beginning of my remarks, in June E.ON shareholders overwhelmingly approved the spinoff, paving the way for Uniper's stock-market listing.
- On September 12 Uniper had its successful debut on the Frankfurt Stock Exchange.
- On December 19 your company became listed in the MDAX, another important milestone, which we reached at the earliest possible time.



We also deliver on our promises when it comes to our financial targets. Our numbers for the 2016 financial year were line with our guidance and perhaps even somewhat above the expectations of some analysts and investors. Our adjusted EBIT for 2016 rose by 70 percent year on year to €1.4 billion, primarily because of a strong gas business including substantial nonrecurring items.

But I also don't want to ignore the fact that Uniper nevertheless recorded a net loss of €3.2 billion for 2016. This demonstrates that last year as well our earnings situation was adversely affected by substantial impairment charges on assets that we invested in during the last few decades, particularly in our coal-fired generation and gas-storage businesses in Europe.

We were very successful in 2016 in improving our operating cash flow, which rose by more €700 million year on year to €2.2 billion.

We also made a good deal of progress in reducing our economic net debt, just as we planned and need to do. Our economic net debt declined from €6.7 billion at year-end 2015 to €4.2 billion at year-end 2016.

Improving our cost situation is likewise necessary for Uniper to be consistently competitive well into the future. We aim to reduce our annual controllable costs from a 2015 baseline of €2.3 billion to €1.9 billion by 2018. By year-end 2016, we'd already achieved half of this cost-cutting target.

In order to have sufficient financial flexibility even in a persistently challenging market environment, we imposed strict discipline on our expenditures and investments. We were successful here, as well. In 2016 we reduced our cash-effective investments by 27 percent, or more than €300 million, relative to 2015.

The Management Board and Supervisory Board want you, our owners, to benefit from Uniper's solid operating performance in 2016. Today, we're therefore proposing to pay a dividend of 55 cents per share, which would result in a total dividend payout of about €200 million.

Uniper's operations have gotten off to a stable start in 2017 as well. Factoring out substantial nonrecurring items recorded in 2016, our first-quarter operating earnings of €514 million were roughly at the prior-year level. Net income attributable to shareholder of Uniper SE totaled €733 million.

As previously communicated, we expect our adjusted EBIT for the 2017 financial year to be between €0.9 and €1.2 billion. Based on our dividend policy and our current outlook, we foresee to increase our proposed dividend for the 2017 financial year by 15 percent.



We're also making good progress operationally and with our remaining growth projects, although in some cases we've had to overcome obstacles or deal with setbacks.

Datteln 4, our large power-plant project in west-central Germany, reached important milestones: construction resumed in 2016, and the Münster district government issued an emission-control permit in early 2017.

On the other hand, we were forced to file notification for the temporary shutdown of Irsching 4 and 5, two technologically advanced and highly efficient combined-cycle gas turbines. We did this because neither plant has the prospect of being economically viable in the foreseeable future. Irsching 4 and 5 provide backup for the volatility of wind and solar output. But current market design doesn't provide sufficient compensation for such backup capacity. We don't believe that it's reasonable for us to provide this capacity at prices that don't cover our costs.

The repair and reconstruction of Berezovskaya 3 power plant in Russia remains challenging. To our knowledge, this project's scope and complexity make it the first of its kind in the world. Even though we've made tangible progress, we don't expect this plant to reenter service before 2019. The good news is that a significant portion of the damages is covered by insurance.

Just a few weeks ago, we announced that we and a number of other European energy companies will help fund the construction of the Nord Stream 2 gas pipeline. This investment will yield us an attractive return and will help further ensure the security of Europe's gas supply.

A big success of the first quarter was the agreement to sell our stake in Yuzhno Russkoye gas field to Austrian energy company OMV. This puts reaching our debt-reduction target early well within our reach. We expect the transaction to close in the second half of this year.

Ladies and gentlemen, your Uniper is on a good course. We achieved all of our financial targets for 2016 and implemented numerous measures to make Uniper competitive well into the future, just as we said we would. In other words, we delivered on our promises. We intend to maintain this approach in 2017.

In 2017 we want to further improve our financial profile and to continue on our solid course operationally. At the same time, we want to seize opportunities in the marketplace, to take advantage of innovations, and identify new businesses for Uniper. We'll focus primarily on projects in which we can draw on our experience and technological expertise. This will enable us to create value for our customers and partners.

The trend of Uniper's share price seems to indicate that we've done some things right and that we've convinced quite a few people. Since its listing, Uniper has been one of the most successful shares in the energy sector. And even though nothing is older than yesterday's share price, today we're justified in being pleased about it.



But tomorrow we'll be back at work to position your Uniper to be an indispensable part of the energy transition, which, and I'm happy to reiterate, we all support. Uniper will successfully shape tomorrow's energy world. We have the energy to put all of this into motion. On behalf of everyone at Uniper, I can promise you that. Our contribution to a secure energy supply will be needed for a long time to come. I invite you to continue to accompany us on the exciting journey of the energy transition.

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