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FY 2017 Results

Klaus Schäfer - CEO

Christopher Delbrück – CFO

08 March 2018



Agenda – 2017 Full Year Results

1. Highlights 2017

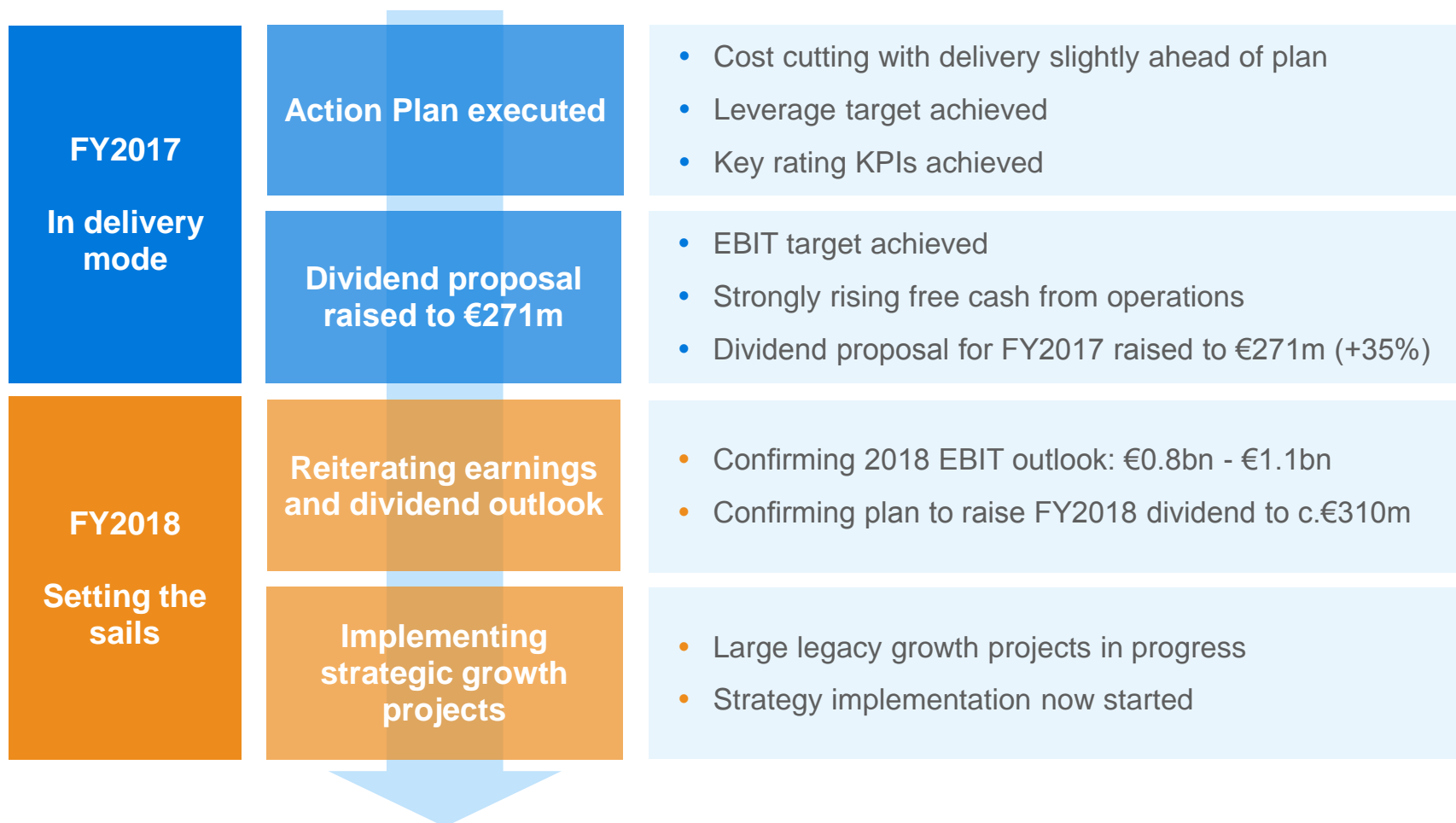
Klaus Schäfer, CEO

2. Financial Results 2017 and Outlook 2018

Christopher Delbrück, CFO

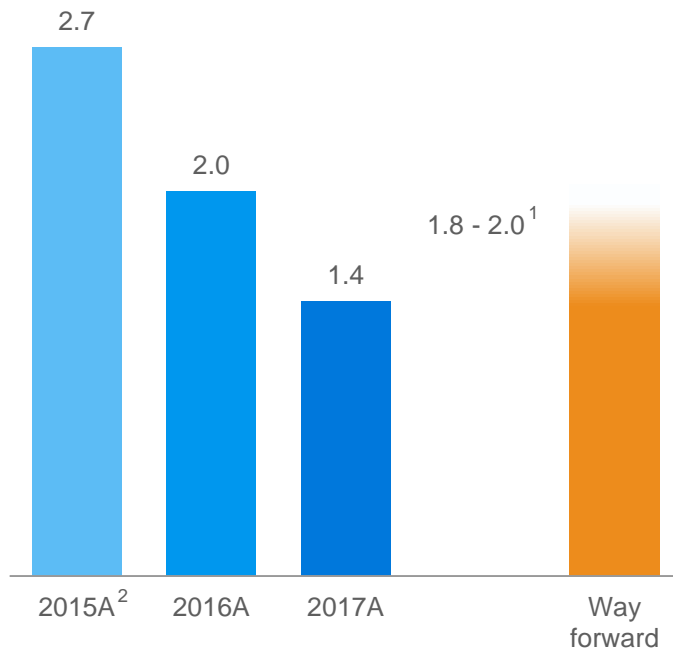
Appendix

Highlights – Action Plan completed, sound financials, setting sails with new strategy



Balance sheet in good shape – Rating upgrade pending

Economic net debt to EBITDA multiple



Key highlights

Deleveraging achieved

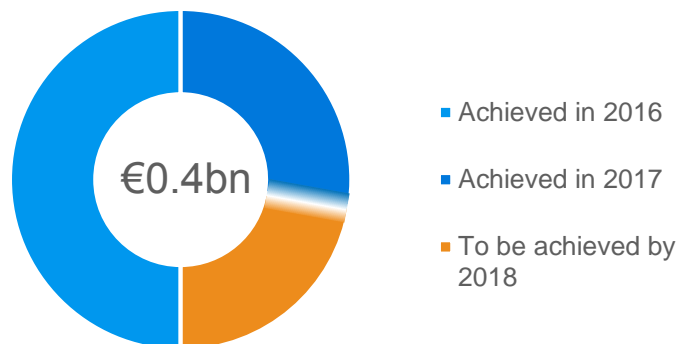
- Target level of Economic net debt to EBITDA of considerably below 2.0x achieved
- No further disposals needed – only for cash accretive capital rotation
- Delivery of growth projects will drive net debt to EBITDA development
- Target to stay below 2.0x, post adaptation of IFRS 16

S&P retains positive outlook

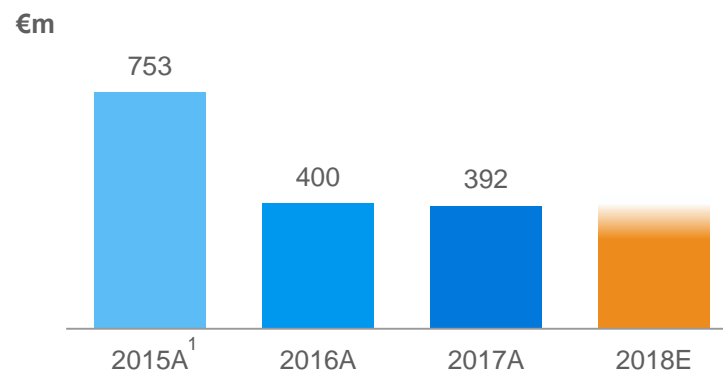
- Indicating a potential upgrade over the next 12 months barring any negative impact on Uniper's credit quality
- S&P requires improved visibility that there would be no change to Uniper's independence, strategy, or financial policy from new shareholder structure

Operational efficiency significantly improved

Cost reduction



Maintenance capex



Fully on track

- All major planned projects implemented
- Noticeable savings within IT infrastructure achieved
- Reconciliation of interest with workers council finalized with main effects incorporated for 2018
- No further cost cutting program on the agenda, but focus to establish a constant performance culture

Optimisation continues

- Clear ambition to stay below 400 million Euro mark
- New approach implemented successfully
 - Reduced maintenance capex achieved
 - Safety first priority
- Further efficiency projects ongoing

Large asset projects progressing

Berezovskaya III lignite plant



Repair measures on track

- Project progressing in line with time and budget
- Pre-assembling in advanced stage
- RUB~15bn capex spent so far¹
- RUB~21bn capex to be spent¹
- COD expected in Q3 2019

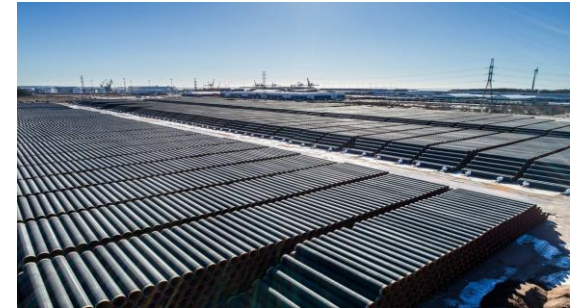
Datteln IV coal plant



Plant in ramp-up mode

- Investments to finalize project widely executed
- Steel related issues with boiler still under review
- Final assessment of impact on project timing expected soon
- COD not before Q4 2018
- Expecting a first court decision on validity of LTCs still in March

Nord Stream II pipeline project



Project still on track

- First national permits received, but political headwinds continue
- NS II has drawn mezzanine loans from European finance partners
- Remaining expenditures to be largely covered by project financing
- We stay confident that the key project parameters will hold

Energy policy – EU ETS reform almost finalized, our bullish view stays in tact

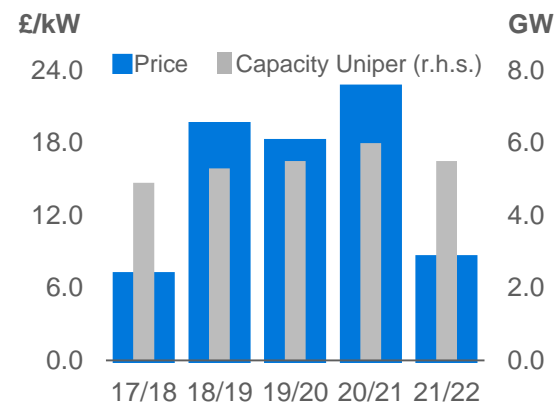
Europe-wide coal exit discussion



EU ETS reform on finishing straight



Security of supply: capacity market scheme UK



European coal exit plans becoming clearer

- France with ambitious exit target, scheduled for 2022
- Other governments target exit between 2025 and 2030
- Germany on slow trajectory

European Emissions Trading System empowered

- EU Parliament approved reform
- Final step is formal adoption by the Council in March or April
- Strong price signals by significantly tightening the market

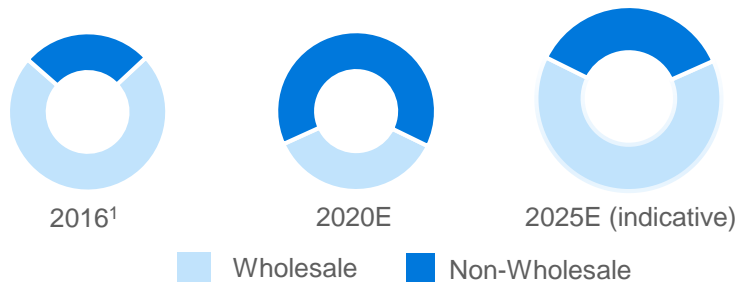
European capacity market schemes work

- EU Commission just approved new market-wide capacity mechanisms
- UK capacity market auction as a strong competitive tool
- Disappointing T-4 auction (2021/22) will require higher spreads

Strategy implementation now on the agenda

Grow non-wholesale and benefit from merchant upside as key strategic angle

(development of Group EBITDA mix over time)



Investment to foster non-wholesale exposure

- Benefit from merchant market upsides
- Diversify risks in contract portfolios
- Develop and grow non-wholesale elements

Examples

Modernization initiative in Russia – framework conditions

- Modernization of 4 GW p.a. with COD starting from 2022
- Supply agreements for 15 years based on tenders
- Prolongation of KOM horizon from 4 to 6 years
- Expected next steps in 2018:
 - Q2: new regulation to be approved
 - Q3: KOM considering new regulation
 - Q4: selection of modernization projects

New global trading activities – expanding coal marketing in the US

- Uniper takes advantages from changes in the US coal market where export and trading expertise becomes key success factor as players are withdrawing from the market
- Blackjewel joint venture gives constant export / trading flow and enables domestic versus export optimization
- Optimization potential further enlarged through additional offtake agreements with US coal producers
- Additional arbitrage opportunities by exporting into Asian market based on price levels and available logistic capacities

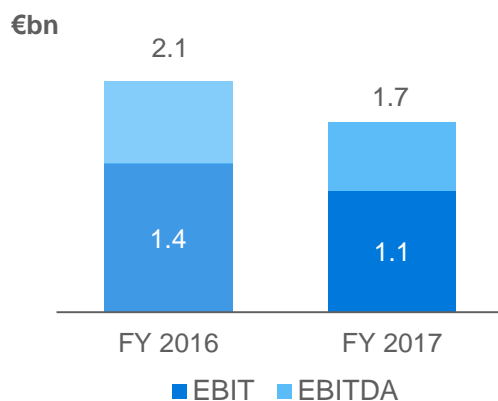
Agenda – 2017 Full Year Results

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Appendix

Key financials 2017

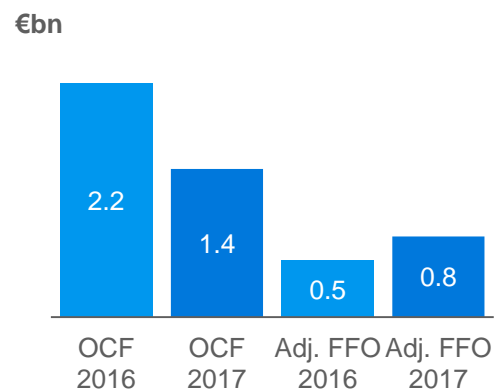
Adj. EBIT(DA)



Adj. EBIT(DA) down

- Driven by absence of 2016 one-off effects in the gas business (LTC-settlement and strong gas optimization results) ...
- ... partly offset by strong Unipro results

Operating cash flow, adj. FFO



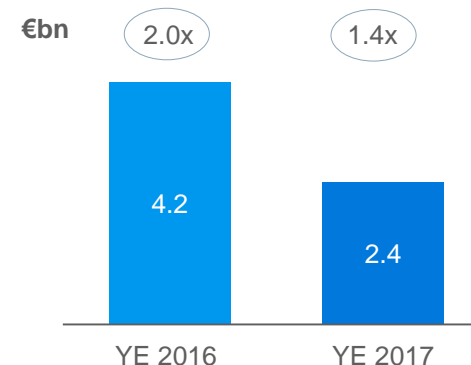
Normalization of operating cash flow

- Operating cash flow down based on omission of 2016 one-off effects and normalization of working capital effects

Adj. FFO significantly up

- Strong increase driven by lower provision utilization

Economic net debt



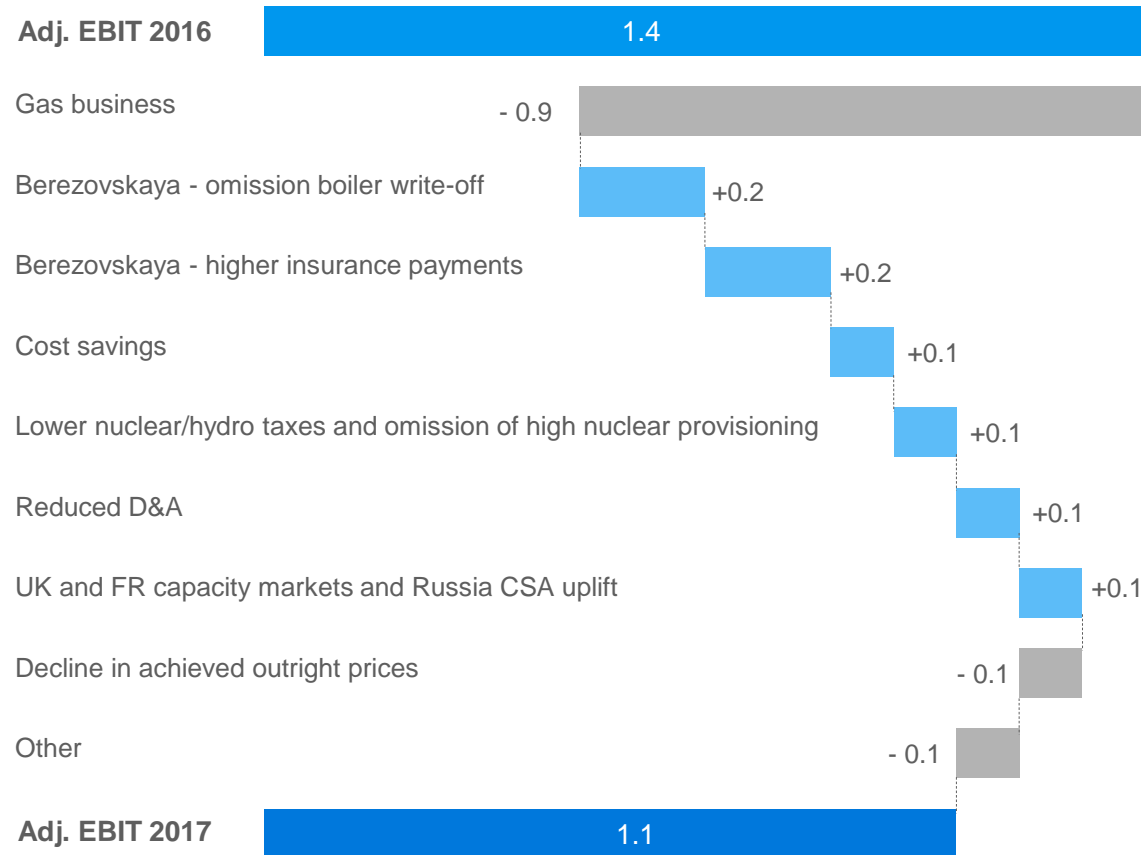
Economic net debt significantly reduced

- Net financial debt position significantly reduced vs. YE 2016 due to sale of Yushno Russkoye gas field to OMV
- Furthermore supported by strong OCF and lower pension provisions

Adjusted EBIT – 2017 earnings reduction driven by normalization in gas business

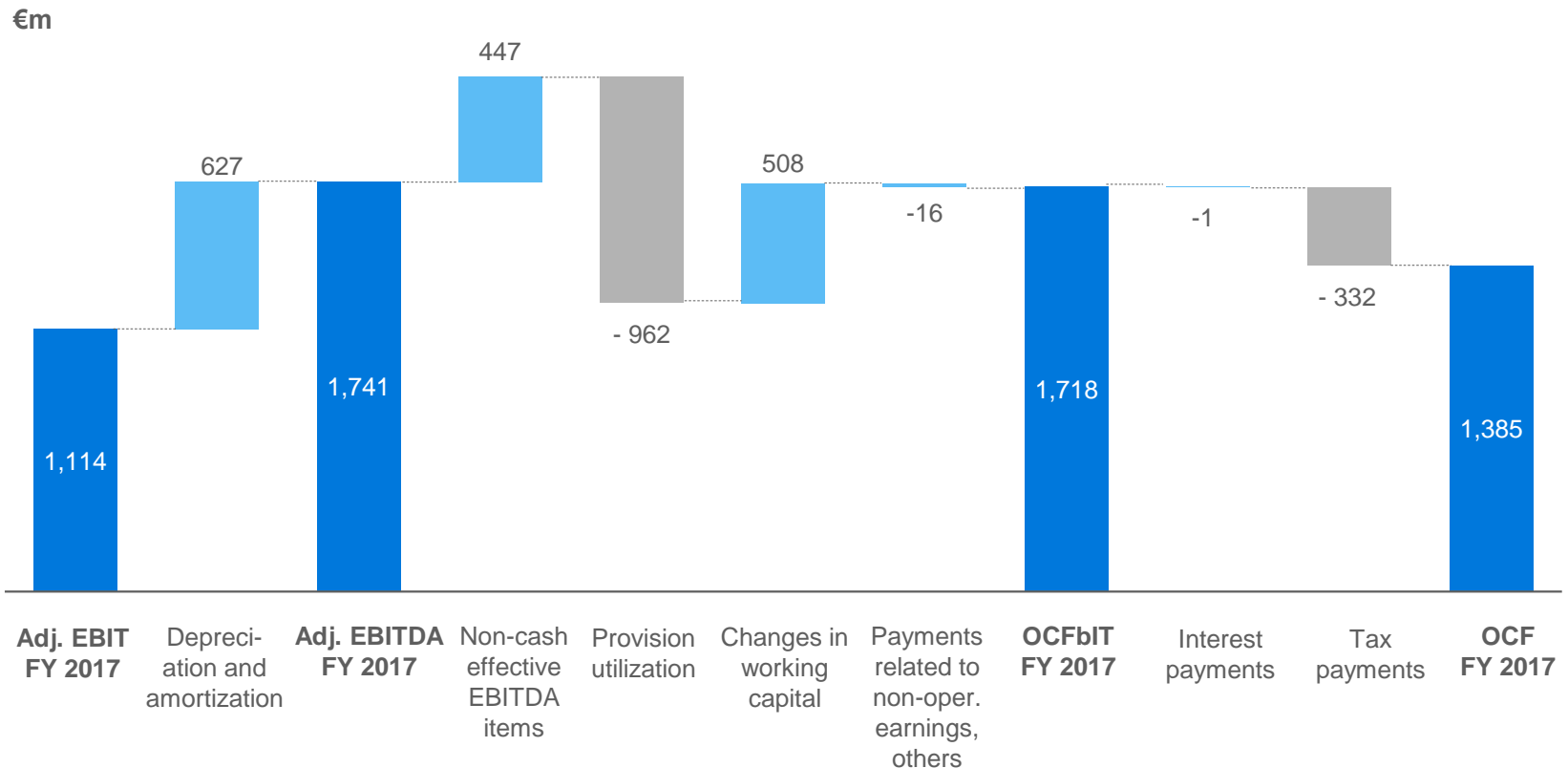
Reconciliation Adj. EBIT 2016 to Adj. EBIT 2017

€bn



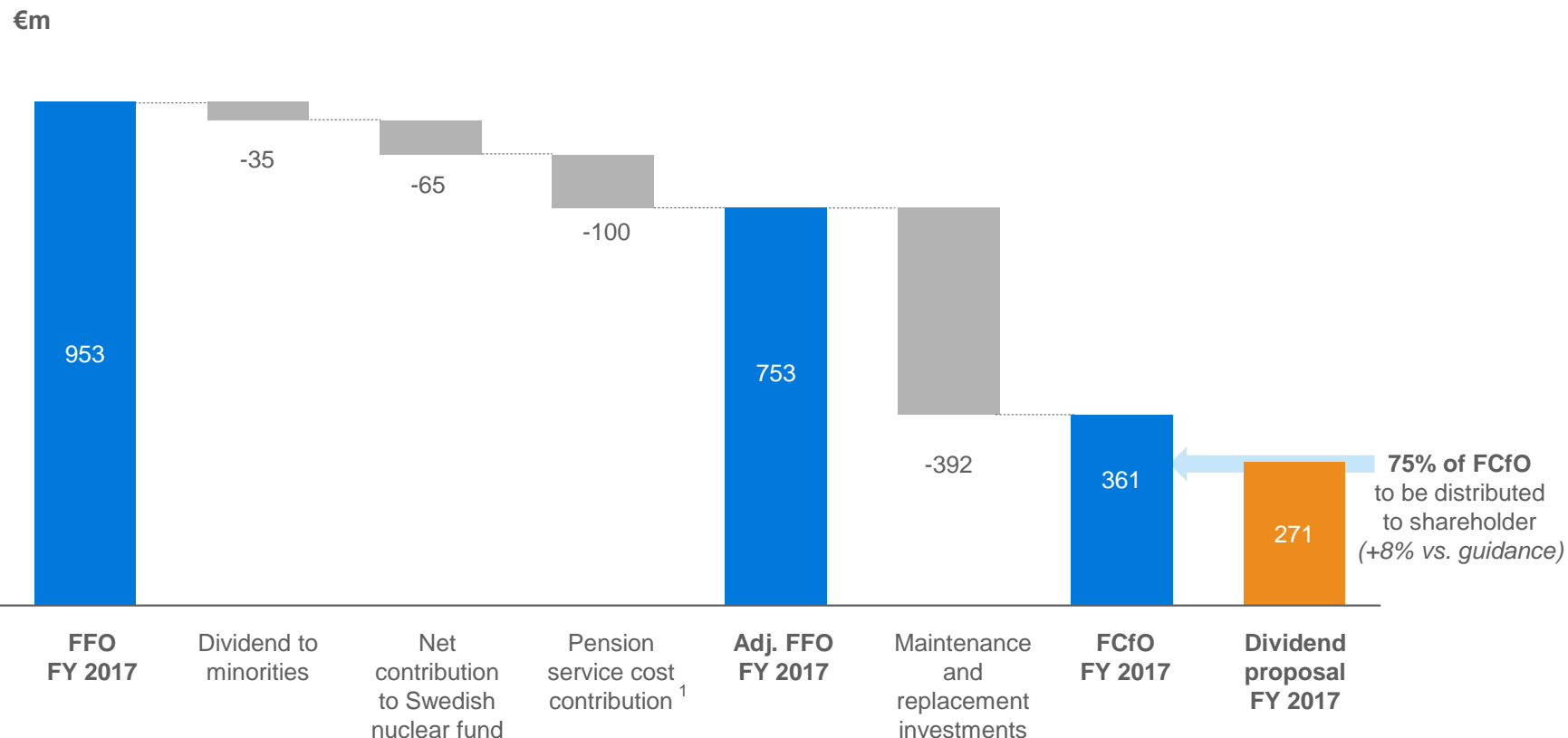
Adj. EBIT(DA) to OCF conversion back to more normalized levels

Reconciliation Adj. EBIT 2017 to operating cash flow 2017



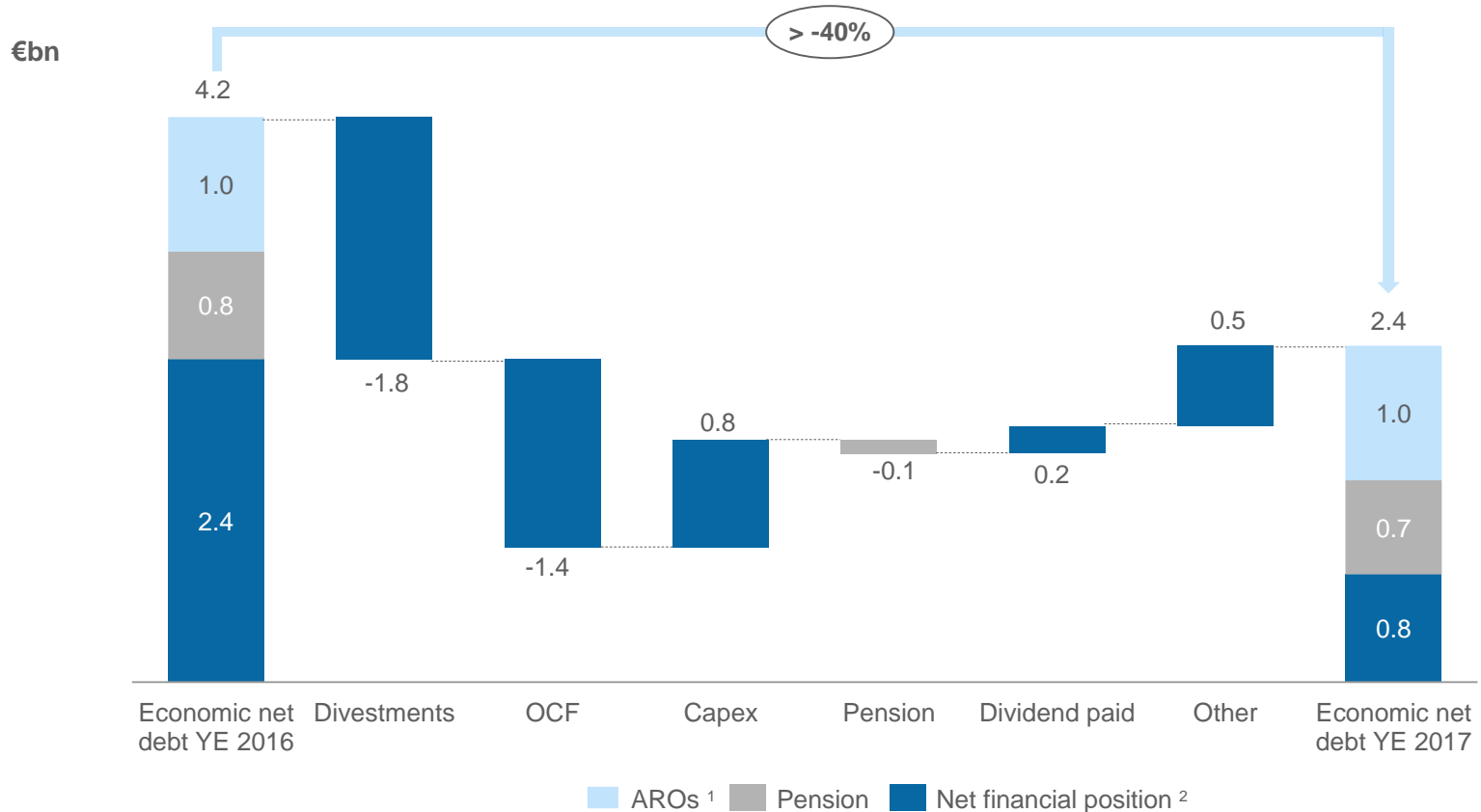
FFO to dividend conversion substantiates dividend increase for fiscal 2017

Reconciliation funds from operations (FFO) to free cash from operations (FCfO)



Economic net debt significantly improved thanks to Yuzhno disposal

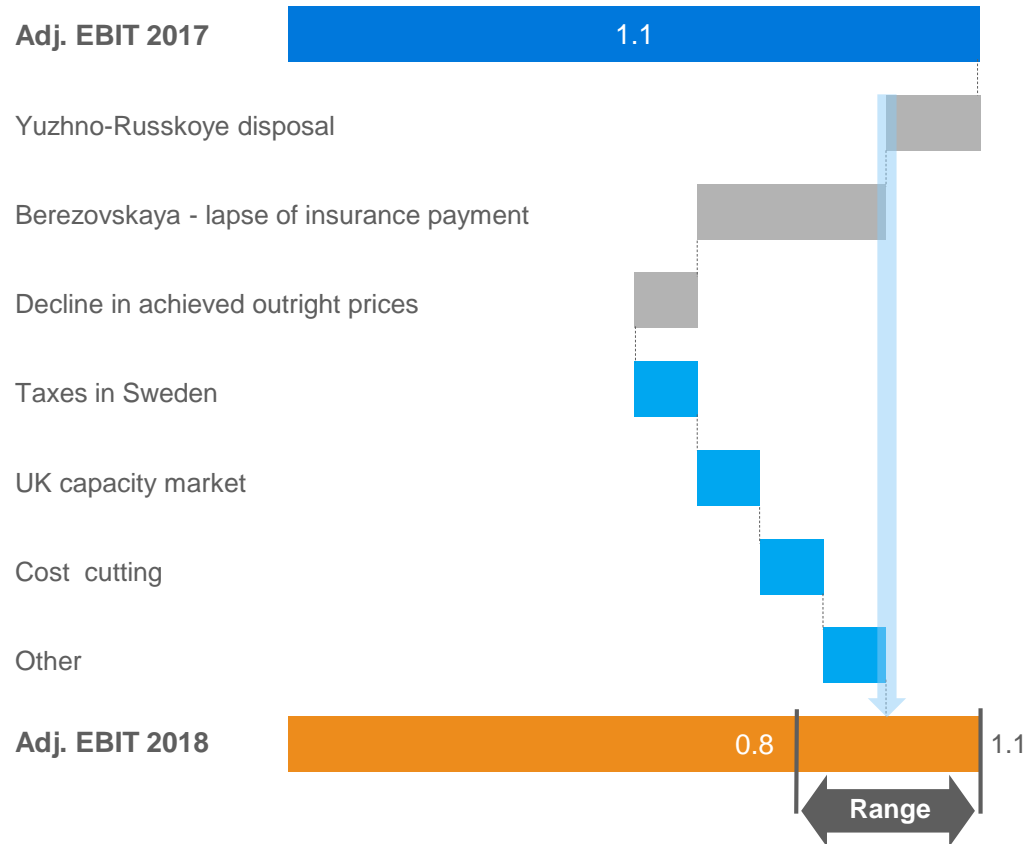
Economic net debt



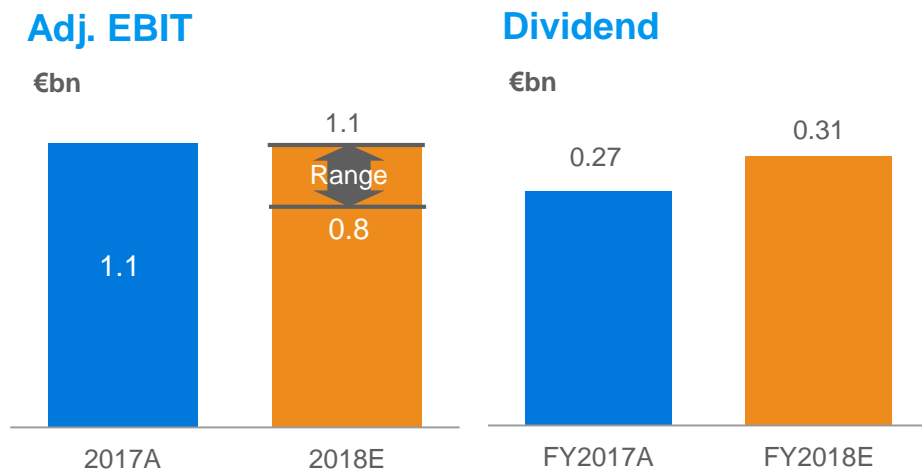
2018 Outlook – Earnings like for like unchanged

Reconciliation from Adj. EBIT 2017 to Adj. EBIT 2018

€bn



2018 Outlook – Further dividend growth ahead



Adjusted EBIT contribution by segment

Segments	EBIT 2018E vs 2017A
European Generation	Noticeably above
Global Commodities	Significantly above
International Power	Significantly below

Key highlights

European Generation

- Increasing contribution from UK and French capacity payments
- Final reduction of Swedish nuclear capacity tax and further reduction of hydro property tax
- Lower achieved outright prices

Global Commodities

- Improved earnings in power, coal and LNG
- Lapse of Yuzhno-Russkoye gas upstream earnings
- Cost savings

International Power

- Increased payments from capacity supply agreements
- Lapse of insurance payments for Berezovskaya III power plant

Focus on our shareholder from day one on

Getting the house in order

- Good financial performance 2017 giving upside for higher dividend proposal
- Action Plan executed balancing attractive cash returns and balance sheet stability
- Strong share performance since inception



Proven commitment to shareholders since spin off

Setting the sails

- Earnings mix to improve significantly towards 2020
- Significant additional upside from outright positions in power and gas
- Strongly growing base dividend



Attractive development potential for Uniper shares

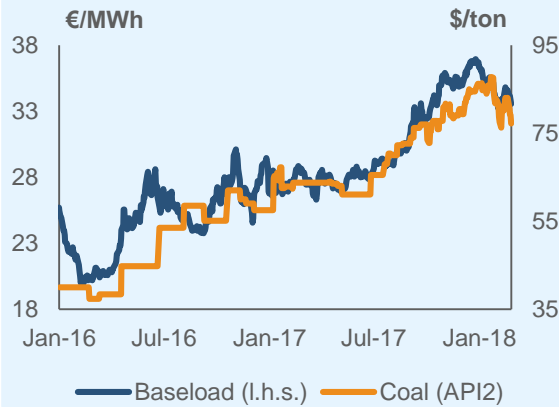
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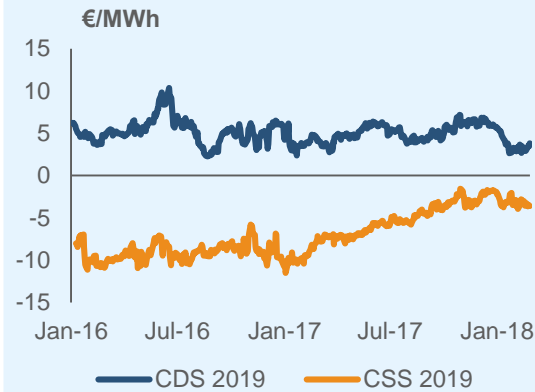
Appendix

Markets – Power prices and commodities

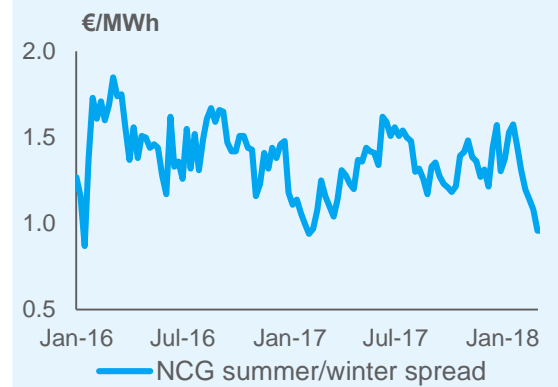
Germany – Baseload power 2019



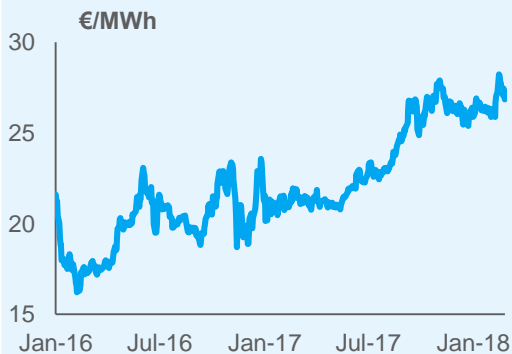
Germany – CDS, CSS 2019



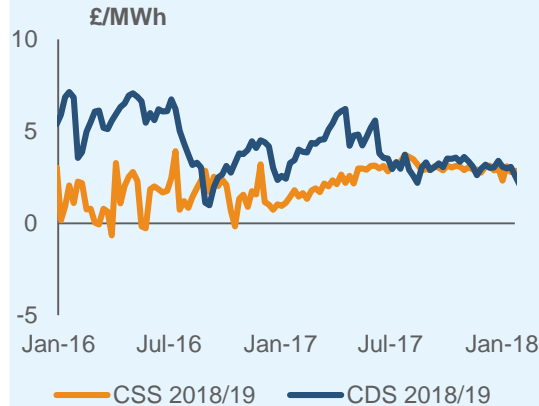
Gas Europe – summer/winter spread



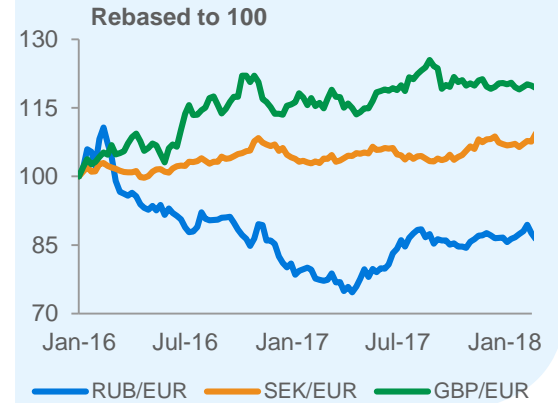
Nordpool – Baseload power 2019



UK – CDS, CSS Winter 2018/19

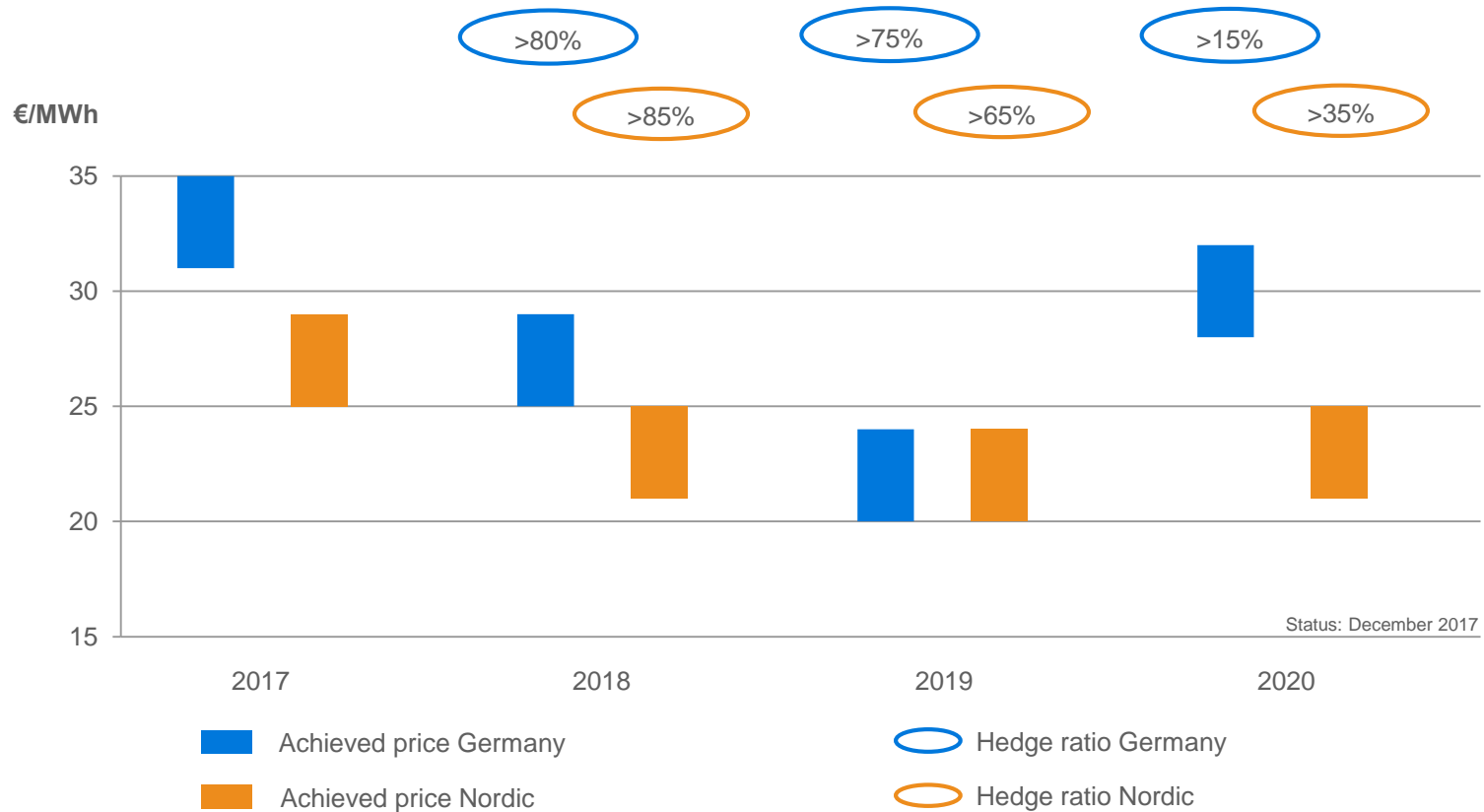


FX



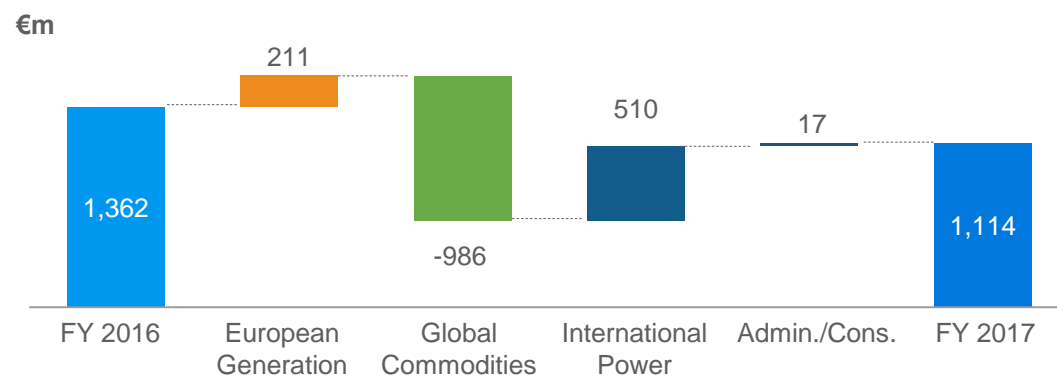
Outright power hedging in Germany and Nordic

Outright position – baseload power price



Group EBIT(DA) in FY 2017 – Robust performance

Adj. EBIT development by segment in FY 2017



Adj. EBIT(DA) in FY 2017

€m	EBITDA FY 2017	EBIT FY 2017
European Generation	780	337
Global Commodities	420	341
International Power	714	616
Administration/Consolidation	-173	-180
Total	1,741	1,114

Highlights

European Generation

- (+) Reduced hydro property tax and nuclear capacity tax
- (+) Lapse of restructuring one-off
- (+) Lower depreciation
- (-) Lower outright prices and spreads

Global Commodities

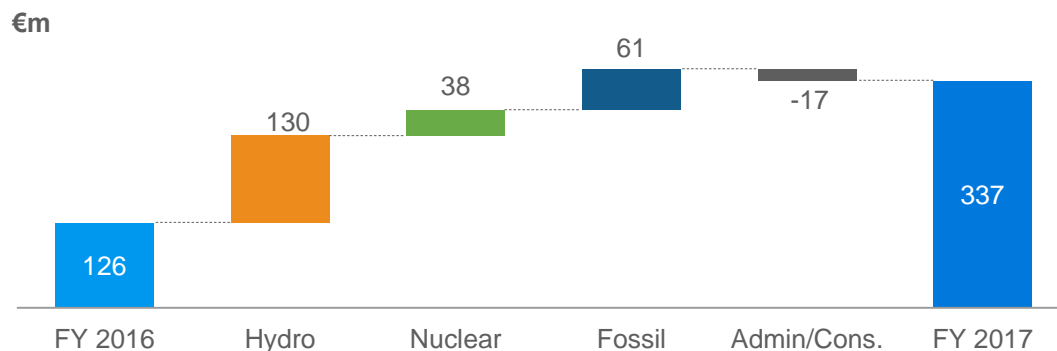
- (-) Lapse of Gazprom one-off effects
- (-) Normalization of optimization results

International Power

- (+) Lapse of write-off on Berezovskaya III boiler
- (+) Final insurance payment received
- (+) Improving underlying earnings due to increase of capacity payments

European Generation in FY 2017 – Solid performance across all activities

Adj. EBIT development by sub-segment in FY 2017



Adj. EBIT(DA) in FY 2017

€m	EBITDA FY 2017	EBIT FY 2017
Hydro	381	323
Nuclear	85	22
Fossil	360	40
Other/Consolidation	-45	-48
Total	780	337

Main effects

Hydro

- (+) Lapse of 2016 restructuring one-off
- (+) Reduced hydro property tax
- (+) positive volume effect in Sweden

Nuclear

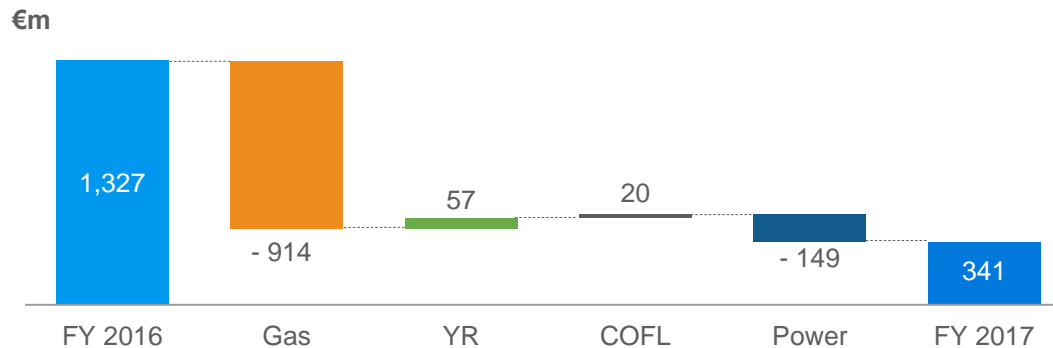
- (+) Ringhals 2 back in operation
- (+) Nuclear capacity tax reduced
- (-) Lower achieved prices
- (+) Lapse of one-off nuclear provision

Fossil

- (+) Lower depreciation
- (+) Lapse of 2016 restructuring one-off
- (+) Income from system operators
- (-) Further pressure on spreads

Global Commodities in FY 2017 – Normalization in midstream gas business

Adj. EBIT development by sub-segment in FY 2017



Adj. EBIT(DA) in FY 2017

€m	EBITDA FY 2017	EBIT FY 2017
Gas	465	420
YR	146	133
COFL	-6	-18
Power	-185	-195
Total	420	341

Main effects

Gas

- (-) Lapse of 2016 one-offs
 - Gazprom provision release
 - Extraordinary optimization gains not repeated

Yuzhno Russkoye (YR)

- (+) Higher volumes and prices (2016 was a make-up year)

COFL

- (+) Coal business supported by coal price spike
- (+) Improved LNG performance

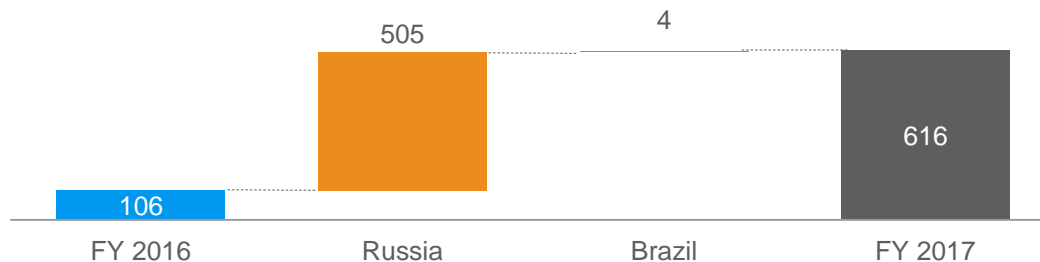
Power

- (-) Lower power optimization and trading result

International Power in FY 2017 – Significant one-off effects and strong underlying earnings

Adj. EBIT development by sub-segment in FY 2017

€m



Adj. EBIT(DA) in FY 2017

€m	EBITDA FY 2017	EBIT FY 2017
Russia	719	621
Brazil	-6	-6
Total	714	616

Main effects

Russia

- (+) Significant one-off effects:
 - Lapse of 2016 write-off on Berezovskaya III boiler
 - Insurance proceeds received and booked in Q2
- (+) Improving underlying earnings due to increase of capacity payments and day-ahead market price
- (+) Positive FX effects

Uniper Group – Adjusted EBIT(DA) by segment

Adj. EBITDA

€m	FY 2017	FY 2016	%
European Generation	780	654	19
Global Commodities	420	1,456	-71
International Power	714	201	255
Admin / Consolidation	-173	-189	-8
Total	1,741	2,122	-18

Adj. EBIT

€m	FY 2017	FY 2016	%
European Generation	337	126	168
Global Commodities	341	1,327	-74
International Power	616	106	480
Admin / Consolidation	-180	-197	-9
Total	1,114	1,362	-18

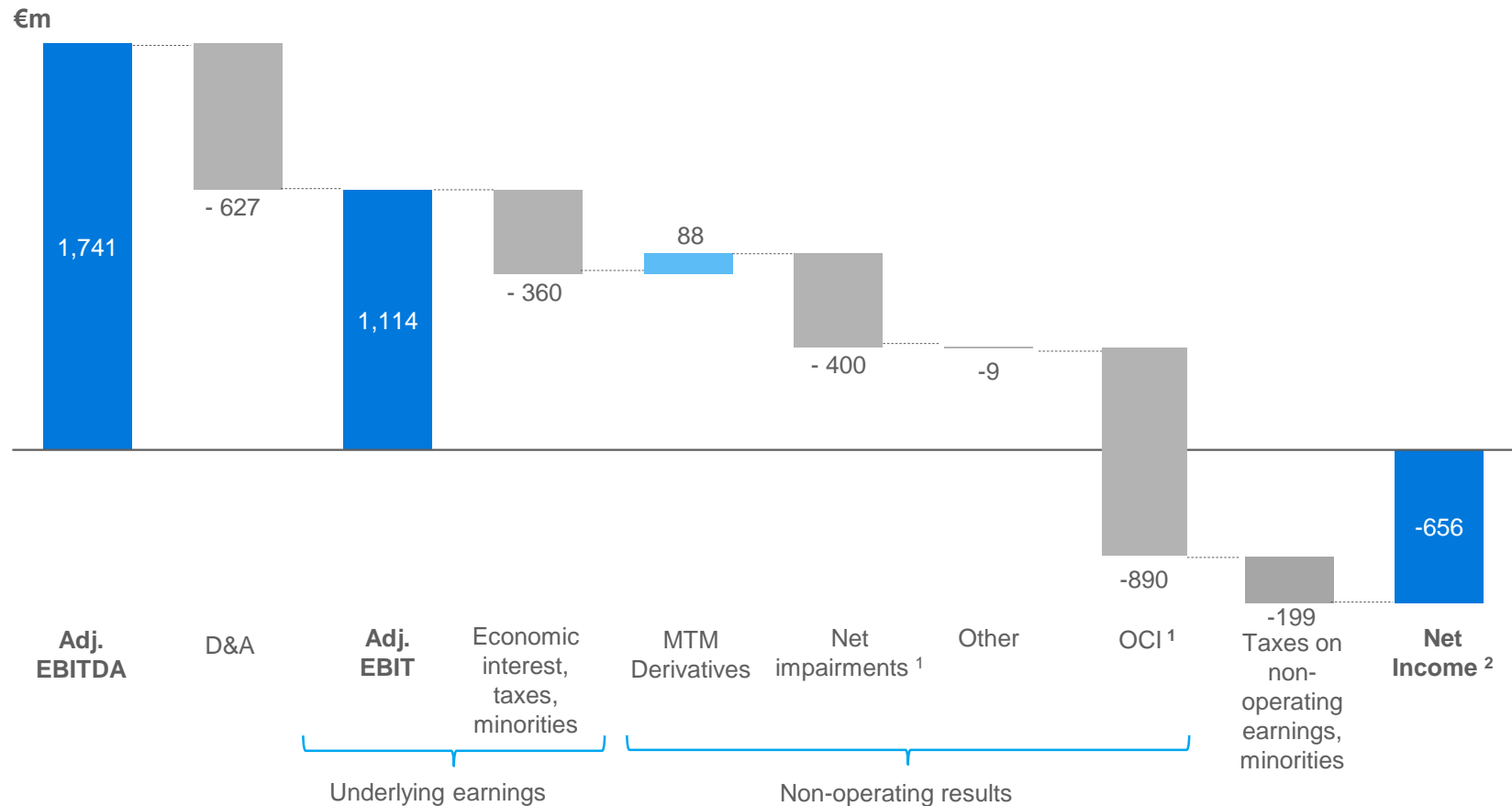
Uniper Group – Adjusted EBIT(DA) by sub-segment

Adj. EBITDA and EBIT

€m		FY 2017 Adj. EBITDA	FY 2016 Adj. EBITDA	FY 2017 Adj. EBIT	FY 2016 Adj. EBIT
European Generation*	Hydro	381	255	323	193
	Nuclear	85	42	22	-16
	Fossil	360	385	40	-22
	Other/ Cons.	-45	-28	-48	-30
	Subtotal	780	654	337	126
Global Commodities	Gas	465	1,415	420	1,334
	YR	146	114	133	77
	COFL	-6	-34	-18	-38
	Power	-185	-39	-195	-46
	Subtotal	420	1,456	341	1,327
International Power	Russia	719	211	621	116
	Brazil	-6	-10	-6	-10
	Subtotal	714	201	616	106
Admin./ Consolidation		-173	-189	-180	-197
Total		1,741	2,122	1,114	1,362






Uniper Group net income distorted by Yuzhno-Russkoye disposal

Reconciliation Adj. EBITDA 2017 to net income 2017



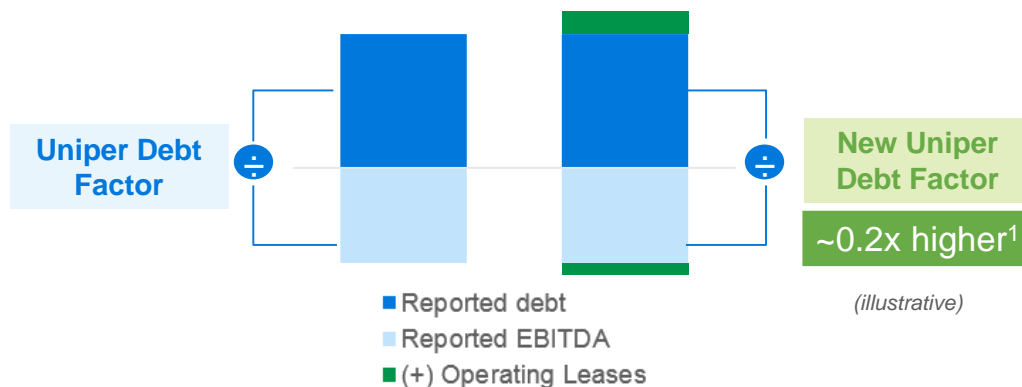
IFRS 16 leases – Higher debt but also higher EBITDA; nothing new for rating agencies

Balance sheet impact: increased liabilities

	Old Treatment		New Treatment
	Finance Leases	Operating Leases	All Leases
Assets		---	
Liabilities		---	
Off balance rights	---		---
Off balance obligations	---	---	---

(illustrative)

IFRS 16 raises Uniper's debt factor



Main effects

Additional liabilities on balance sheet

- In 2018, IFRS 16 adds operating lease on balance as liabilities
- Operating leases are mostly concentrated on large gas storage contracts

Slightly positive earnings impact

- Expenses for operating lease booked under EBITDA line
- Profit before tax not affected

Net debt factor

- With IFRS 16 leases, pro-forma debt factor as of end 2017 would be higher by ~0.2x¹
- Rating Agencies already accounted for these liabilities also before 2018
- No impact on rating expected

Impact already incorporated in 'Strategic & Financial Update' in December 2017

Uniper SE and subsidiaries – Key P&L items at a glance

Key P&L items

€m	FY 2017	FY 2016
Sales	72,238	67,285
Adjusted EBITDA	1,741	2,122
Economic depreciation and amortization / reversals	-627	-760
Adjusted EBIT	1,114	1,362
Non-operating adjustments	-1,226	-5,325
EBIT	-112	-3,963
Net interest income / expense	-18	-295
Income taxes	-408	1,024
Net income / loss after income taxes	-538	-3,234
Attributable to the shareholders of Uniper SE	-656	-3,217
Attributable to non-controlling interests	118	-17

Uniper SE and subsidiaries – Details on non-operating adjustments

Non-operating adjustments

€m	FY 2017	FY 2016
Net book gains / losses	-890	522
Fair value measurement of derivative financial instruments	88	-1,636
Restructuring / cost management expenses	-18	-344
Non-operating impairment charges / reversals	-400	-2,921
Miscellaneous other non-operating earnings	-6	-946
Non-operating adjustments	-1,226	-5,325

Uniper SE and subsidiaries – Consolidated balance sheet (1/2)

Balance sheet of the Uniper Group – assets

€m	31 Dec 2017	31 Dec 2016
Goodwill	1,890	2,701
Intangible assets	819	2,121
Property, plant and equipment	11,496	11,700
Companies accounted for under the equity method	448	827
Other financial assets	814	728
<i>Equity investments</i>	710	568
<i>Non-current securities</i>	104	160
Financial receivables and other financial assets	3,308	3,054
Operating receivables and other operating assets	3,206	3,857
Income tax assets	6	6
Deferred tax assets	890	2,205
Non-current assets	22,877	27,199
Inventories	1,659	1,746
Financial receivables and other financial assets	1,195	1,268
Trade receivables and other operating assets	16,163	18,250
Income tax assets	170	64
Liquid funds	1,027	341
Assets held for sale	70	3
Current assets	20,284	21,672
Total assets	43,161	48,871

Uniper SE and subsidiaries – Consolidated balance sheet (2/2)

Balance sheet of the Uniper Group – equity and liabilities

€m	31 Dec 2017	31 Dec 2016
Capital stock	622	622
Additional paid-in capital	10,825	10,825
Retained earnings	3,399	4,156
Accumulated other comprehensive income	-2,699	-3,382
Equity attributable to the shareholders of Uniper SE	12,147	12,221
Attributable to non-controlling interest	642	582
Equity (net assets)	12,789	12,803
Financial liabilities	961	2,376
Operating liabilities	3,618	3,993
Provisions for pensions and similar obligations	676	785
Miscellaneous provisions	6,068	6,517
Deferred tax liabilities	390	1,601
Non-current liabilities	11,713	15,272
Financial liabilities	962	494
Trade payables and other operating liabilities	16,277	18,348
Income taxes	55	188
Miscellaneous provisions	1,362	1,766
Liabilities associated with assets held for sale	3	–
Current liabilities	18,659	20,796
Total equity and liabilities	43,161	48,871

Uniper SE and subsidiaries – Net financial position

Net financial position of the Uniper Group

€m	31 Dec 2017	31 Dec 2016
Liquid funds	1,027	341
Non-current securities	104	160
Financial liabilities	-1,923	-2,870
Net financial position	-792	-2,369
Provisions for pensions and similar obligations	-676	-785
Asset retirement obligations ¹	-977	-1,013
Economic net debt	-2,445	-4,167

Uniper SE and subsidiaries – Consolidated statement of cash flows

Statement of cash flows of the Uniper Group

€m	FY 2017	FY 2016
Net income / loss	-538	-3,234
Depreciation, amortization and impairment of intangibles / property, plant, equipment	1,198	4,135
Changes in provisions	-608	11
Changes in deferred taxes	309	-1,184
Other non-cash income and expenses	-96	-298
Gain / loss on disposals	865	-404
Changes in operating assets and liabilities and in income tax	255	3,158
Cash provided (used for) by operating activities	1,385	2,184
Proceeds from disposals	1,796	1,235
Payments for investments	-843	-781
Payments from disposals	-66	-
Proceeds from disposals of securities (>3M) and of financial receivables	951	790
Purchases of securities (>3M) and of financial receivables	-1,215	-1,561
Changes in restricted cash and cash equivalents	-106	-11
Cash provided (used for) by investing activities	517	-328
Payments received / made from changes in capital	15	127
Transactions with the E.ON Group	-	-2,738
Cash dividends paid to shareholders of Uniper SE	-201	-
Cash dividends paid to other shareholders	-35	-44
Proceeds from financial liabilities	23	1,662
Repayment of financial liabilities	-931	-1,007
Cash provided (used for) by financing activities	-1,129	-2,000
Net increase / decrease in cash and cash equivalents	773	-144
Effect from foreign exchange rates on cash and cash equivalents	-12	14
Cash and cash equivalents at the beginning of the year	169	299
Cash and cash equivalents of deconsolidated companies	-79	-
Cash and cash equivalents at the end of the quarter	851	169

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Financial calendar & further information

Financial calendar

08 May 2018

Quarterly Statement January – March 2018

06 June 2018

AGM (Essen, Grugahalle)

07 August 2018

Interim Report January – June 2018

13 November 2018

Quarterly Statement January – September 2018

Further information

<https://ir.uniper.energy>

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