



Press Release
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Uniper delivers successful operating performance in first financial year

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- **Guidance met: Adjusted EBITDA of €2.1 billion significantly above prior-year figure**
- **Net loss continues to reflect substantial impairment charges**
- **Economic net debt reduced by €2.5 billion**
- **Proposed dividend for 2016 of €0.55 per share reaffirmed**
- **Deleveraging target fully achieved well ahead of schedule through sale of gas-field stake**
- **Outlook for 2017: Adjusted EBIT¹ expected to be between €0.9 and €1.2 billion**
- **Increase for fiscal year 2017 dividend of ~15% foreseen**

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Uniper delivered a solid operating performance and strengthened its balance sheet in its first financial year as an independent company after being spun off by E.ON. Uniper recorded adjusted EBITDA of €2.1 billion, which was at the upper end of the company's guidance range (2015: €1.7 billion). Its adjusted EBIT rose by €0.6 billion to €1.4 billion (2015: €0.8 billion). A strong gas business including significant nonrecurring items resulting from the renegotiation of gas-supply contracts had the primary positive impact on operating earnings. Uniper's cash-effective investments totaled €0.78 billion in 2016, likewise within the guidance range of €0.75 to €0.85 billion and about €0.3 billion lower than in 2015.

CEO Klaus Schäfer said: "Uniper's business is to provide its customers and markets with a reliable supply of gas and power. We were equally reliable in meeting our financial targets in our first year as an independent company. Our solid operating and balance-sheet performance in 2016 gives us good momentum for 2017. Continuing to implement the measures we announced will enable us to ensure Uniper's competitiveness for the long term. We today reaffirm our proposed dividend for the 2016 financial year, which remains unchanged at 55 euro cents per share."

European Generation's results in 2016 continued to be adversely affected by significantly lower achieved power prices. Higher provisions for nuclear-waste management obligations in Sweden and provisions for restructuring measures constituted another negative factor. This segment's adjusted EBITDA declined by €0.4 billion year on year to €0.7 billion (2015: €1.1 billion). It posted adjusted EBIT of €0.1 billion (2015: €0.5 billion). By contrast, Global Commodities' adjusted EBITDA rose substantially – by €1.1 billion – to €1.5 billion (2015: €0.4 billion). Its adjusted EBIT totaled €1.3 billion compared with €0.3 billion in the prior year. The main driver of this segment's earnings increase was a nonrecurring effect resulting from the release of provisions for long-term supply contracts with Gazprom; this release is recorded in income. This segment also generated significant earnings in its optimization activities. International Power's earnings in 2016 were adversely affected by the temporary outage of Berezovskaya3, an 800-megawatt generating unit in Russia. This segment's adjusted EBITDA declined by €0.1 billion to €0.2 billion

¹ Effective January 1, 2017, for purposes of internal management control and as an indicator of its businesses' operating performance, Uniper uses earnings before interest and taxes and adjusts that have been adjusted to exclude non-operating effects ("adjusted EBIT").



(2015: €0.3 billion). It recorded adjusted EBIT of €0.1 billion (2015: €0.2 billion). The decline in earnings was partially counteracted by the first insurance payment for the accident at Berezovskaya 3, which Uniper received in the fourth quarter of 2016.

Uniper made further progress with its cost-reduction and reorganization program. At the time it reported its results for the first nine months of 2016, Uniper announced its intention of reducing its controllable costs by €0.4 billion by year-end 2018 from a 2015 baseline. The company achieved about half of its savings target in 2016, in part by eliminating duplicate work and simplifying its administrative setup, which reduced personnel costs. It also began the process of reducing its cost of materials in procurement and IT.

Uniper's net loss of €3.2 billion for the 2016 financial year was due in particular to impairment charges of €2.9 billion. After reviewing its assumptions regarding the long-term development of commodity and power prices and policy issues relating to decarbonization, Uniper recorded impairment charges, primarily on generation and gas-storage assets, and created provisions of €1.1 billion. The marking to market of derivative financial instruments, which the company uses to hedge its forward power and gas positions, was another negative factor.

In 2016 Uniper significantly improved its operating cash flow, which rose by €0.7 billion year on year to €2.2 billion (2015: €1.5 billion), primarily because of changes in working capital. Strong operating cash flow was a key reason why the company reduced its economic net debt at year-end 2016 by €2.5 billion to €4.2 billion (year-end 2015: €6.7 billion). Proceeds on disposals, especially the Nord Stream I participation, also helped decrease debt. As announced, Uniper significantly reduced its cash-effective investments, which declined by €0.3 billion to €0.78 billion (2015: €1.1 billion).

In the first quarter of 2017 Uniper took another decisive step toward its target of substantially reducing its debt. On March, 5, 2017, Uniper agreed to sell its roughly 25-percent stake in Yuzhno-Russkoye to Austrian oil and gas company OMV for €1.75 billion (\$1.85 billion), enabling it to fully reach its debt-reduction target well ahead of schedule.

CFO Christopher Delbrück said: "In 2016 we successfully demonstrated our ability to maintain strict discipline on our expenditures and investments and lay the foundation for financial solidity. This gives us the flexibility to move Uniper forward in a persistently challenging and volatile market environment. In 2017 we intend to continue our solid operating performance."

Uniper expects its full-year 2017 adjusted EBIT to be between €0.9 and €1.2 billion. Uniper's 2017 guidance continues to reflect the difficult business environment in the energy industry as well as the non-recurrence of the positive one-off effect resulting from the agreement with Gazprom on long-term supply contracts. Uniper expects its cash-effective CAPEX to be slightly above the level for the 2016 financial year. Uniper foresees a ~15% increase for the 2017 dividend in line with its dividend policy, the current outlook and hence also factoring in the disposal of Yuzhno-Russkoye.

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 2016 financial year

€ in millions	2016	2015	+/- %
Uniper sales	67,285	92,115	-27.0%
European Generation	6,835	7,563	-9.6%
Global Commodities	66,465	91,207	-27.1%
International Power	1,063	1,134	-6.3%
Administration/Consolidation	-7,078	-7,789	9.1%
Uniper adjusted EBITDA¹	2,122	1,717	23.6%
European Generation ¹	654	1,125	-41.9%
Global Commodities ¹	1,456	449	>100%
International Power ¹	201	335	-40.0%
Administration/Consolidation ¹	-189	-192	1.6%
Uniper adjusted EBIT¹	1,362	801	70.0%
European Generation ¹	126	506	-75.1%
Global Commodities ¹	1,327	262	>100%
International Power ¹	106	236	-55%
Administration/Consolidation ¹	-197	-203	3.0%

¹Adjusted to exclude non-operating effects.

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