Fitch Ratings

RATING ACTION COMMENTARY

Fitch Rates Uniper 'BBB-'; Outlook Stable

Thu 11 Jun, 2026 - 5:48 AM ET

Fitch Ratings - Madrid - 11 Jun 2026: Fitch Ratings has assigned Uniper SE a Long-Term Issuer Default Rating (IDR) of 'BBB-' with a Stable Outlook. Its Standalone Credit Profile (SCP) is 'bb+'.

The IDR benefits from a one-notch uplift from the SCP for support from the German government (AAA/Stable; 99.1% stake in the company) under Fitch's Government-Related Entities (GRE) Rating Criteria, reflecting the 'Very Strong' precedent of state support during Uniper's 2022 stabilisation.

The SCP reflects Uniper's solid financial structure, supported by a sizeable net cash balance at end-2025 and its position as a large European utility involved in power generation, gas midstream activities, and downstream energy sales. These strengths are balanced by Uniper's still high merchant exposure and the structurally higher-risk nature of its commodities business.

Fitch expects Uniper to maintain its strong financial profile over 2026-2028, as it uses its large cash balances only gradually to support the development of quasi-regulated and contracted earnings, improving medium-term cash flow visibility.

KEY RATING DRIVERS

Large Utility; Merchant Exposure: Uniper benefits from diversification across its Green Generation (GreenGen), Flexible Generation (FlexGen) and Greener Commodities (GC) segments. GreenGen comprises hydropower plants in Germany and Sweden and nuclear plants in Sweden, while FlexGen is centered on gas- and coal-fired generation in the UK, Germany and the Netherlands. Uniper's GC business comprises the trading and sale of gas, power, LNG and low-carbon commodities mainly to B2B customers, alongside global commodities trading activities.

Uniper was severely affected by the curtailment of Russian gas supplies in 2022 (which led to its nationalisation by the government), but it has since changed its business model, stabilised its earnings and reduced the market risk of its trading business. However, the material contribution of merchant businesses and a limited record after the crisis constrain Uniper's SCP at 'bb+'.

High Initial Leverage Headroom: Uniper has a very strong financial profile, with net cash of EUR4.7 billion at end-2025, and we expect substantial rating headroom over 2026-2028. This could support rating upside. Our forecasts assume capex-driven negative free cash flow (FCF) averaging EUR1 billion annually to 2030, and a gradual re-leveraging, with net debt expected at EUR1.5 billion and funds from operations (FFO) net leverage at 2.5x by end-2030. Uniper's debt capacity could improve if it delivers on its strategy and strengthens its business profile.

Investments to Improve Business Mix: Uniper plans to invest EUR8 billion by early 2030s. In GreenGen, capex is aimed at expanding renewable capacity (solar PV and onshore wind), while in FlexGen, spending is directed at both decarbonising existing assets and adding flexible lower-carbon capacity. Fitch expects these investments to improve Uniper's business over the medium term, although execution depends on the timely and continued implementation of supportive regulatory frameworks.

Higher Quasi-Regulated Earnings Key: Uniper aims to improve earnings stability and visibility, by raising the share of quasi-regulated earnings to 50% of EBITDA at normalised commodity prices by 2029. This increase should be driven by capacity payments in Germany and the UK, power purchase agreements (PPAs) and medium- to long-term B2B contracts. In our view, this improvement should, over time, support a stronger business profile and higher debt capacity.

Conservative Financial Policy: Uniper's financial policy is conservative, based on maintaining the company-defined economic net debt/adjusted EBITDA below 2.5x, alongside strong liquidity. However, this leverage target is not directly comparable with Fitch's leverage sensitivities, since economic net debt includes net pension liabilities, asset retirement obligations and margining balances, which are excluded from Fitch-defined net debt.

Re-Privatisation Creates Uncertainty: the EU-mandated re-privatisation process could create execution risk, as new shareholders may be less supportive of the business improvement strategy, or may push for a more aggressive financial policy. However, our base case is that the government will retain a stake in Uniper and prevent any material change in strategy.

High-Risk Commodities Business: Uniper's GC segment remains exposed to high business risk from commodity price volatility inherent in trading and portfolio optimisation. Since the energy crisis, management has focused on reducing the risk of commodity portfolios, diversifying gas and liquefied natural gas (LNG) sourcing, and enforcing stricter risk management. Exposures are managed centrally within board-approved risk limits, with tight controls. GC remains Uniper's highest-risk activity, but its risk profile has materially improved since 2022.

Strong GreenGen Asset Base: GreenGen benefits from a competitive and low-carbon generation base, combining flexible hydropower (32% of total generation in our 2026-2028 forecasts) and baseload nuclear (30%). Output is sold through traded markets, Uniper's sales business and long-term supply contracts, providing route-to-market flexibility. GreenGen is predominantly exposed to wholesale power prices although contracted earnings are increasing. To improve earnings visibility, Uniper plans selective renewables expansion and growth in long-term PPAs.

FlexGen Growth Depends on Regulation: FlexGen benefits from a sizeable gas-fired fleet and its earnings are largely driven by non-merchant income, especially from UK capacity market payments. However, merchant earnings from FlexGen remain exposed to weak spark and dark spreads and declining load factors. Planned investments in low-carbon FlexGen in Germany and UK could improve business risk, but they depend heavily on regulatory support, including auction awards and capacity mechanisms.

One-Notch Uplift for Government Support: Uniper's rating benefits from a one-notch uplift for government support from its SCP, reflecting 'Modest' expectations of support under Fitch's GRE Rating Criteria. This is solely based on the 'Very Strong' assessment of precedents of support from the German state based on the stabilisation package put in place in 2022, which included sizeable equity and liquidity support. Our GRE assessment is forward-looking and incorporates the planned reduction of the German government's stake to 25% plus one share by 2028.

PEER ANALYSIS

While Uniper's large and volatile commodity trading business is a differentiating factor, we view its business profile as broadly comparable to Energetický a Průmyslový Holding, a.s. (EPH, BBB-/Stable), Drax Group Holdings Limited (BB+/Stable), Energia Group Limited (BB/Stable), and RWE AG (BBB+/Stable).

Drax's operations include wood pellet production in North America, electricity generation and energy supply to UK business customers. Relative to Uniper, Drax has materially lower generation capacity and diversification. However, 75% of its earnings stem from quasi-regulated sources and it has no exposure to gas trading. We see its debt capacity broadly in line with Uniper's.

Energia Group is an electricity generation and supply company operating in Northern Ireland and the Republic of Ireland (AA/Stable). It derives 40% of earnings from quasi-regulated activities and 10% from regulated activities. However, its EBITDA of about EUR300 million is materially smaller than Uniper's of about EUR1 billion, which explains its slightly lower debt capacity.

EPH is one of Europe's largest utilities focused on conventional and nuclear generation. EPH's higher rating than Uniper reflects its greater debt capacity, supported by a better earnings mix, including regulated business (8%), long-term contracted earnings (6%), and capacity-based, incentivised or must-run regime activities (36%).

RWE is one of the largest power generation and trading companies in Germany, with operations in Europe and internationally. RWE's higher rating reflects significantly lower business risk due to better cash flow visibility (50%-60% of earnings from contracted/incentivised wind and solar), better integration between generation and supply and lower volatility in its trading business.

FITCH’S KEY RATING-CASE ASSUMPTIONS

- Annual CO2-free electricity generation volumes at about 27 TWh on average over 2026-2028 on a pro-rata basis

- Achieved electricity prices over 2026-2028 averaging EUR39/MWh for Nordic generation and EUR84/MWh for German generation, considering management guidance on hedged prices and volumes

- Earnings in the FlexGen segment driven by capacity-market payments, particularly in the UK over 2026-2028

- The commodities business generating a stable, moderate earnings contribution over 2026-2028

- EBITDA averaging close to EUR1 billion a year over 2026-2028

- Capex of about EUR1.8 billion a year over 2026-2028

- Divestment proceeds totalling about EUR1 billion over 2026-2028

- Dividend payments to resume ahead of the German government's share reduction by end-2028

CORPORATE RATING TOOL INPUTS AND SCORES

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the SCP:

Business and financial profile factors (assessment, relative importance): management ('bbb', Lower), sector characteristics ('bbb-', Lower), market and competitive positioning ('bbb', Moderate), diversification and asset quality ('bbb-', Moderate), company operational characteristics ('bb', Higher), profitability ('bb-', Higher), financial structure ('a', Moderate), and financial flexibility ('a', Moderate). The quantitative financial subfactors are based on custom CRT financial period parameters: 20% weight for the historical year 2025, 20% for the forecast year 2026, 15% for the forecast year 2027, 15% for the forecast year 2028, 15% for the forecast year 2029 and 15% for the forecast year 2030.

The Governance assessment of 'good' has no impact.

The Operating Environment assessment of 'aa-' has no impact.

The SCP is 'bb+'.

To derive the Long-Term IDR:

Application of Fitch's GRE Rating Criteria results in a bottom-up +1 approach.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- FFO net leverage above 2.9x on a sustained basis would be negative for both the SCP and the IDR

- A weaker-than-expected progress in improving cash flow visibility or a higher-than-expected structural share of merchant earnings would be negative for debt capacity

- A more aggressive financial policy, including sizeable shareholder distributions or special dividends, inconsistent with Uniper's current strategy to improve its credit profile

- Weaker links between Uniper and the German government, for example as a result of full re-privatisation

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- FFO net leverage remaining below 2.2x on a sustained basis, together with continued stable performance of the commodity business and timely execution of the business strategy, would be positive for both the SCP and the IDR, assuming unchanged links with the government

- An increasing share of contracted or quasi-regulated earnings on a sustained basis may lead to an upward revision of debt capacity

LIQUIDITY AND DEBT STRUCTURE

At end-2025, Uniper's liquidity was supported by a strong cash balance of about EUR5 billion and a fully undrawn EUR3 billion syndicated revolving credit facility, which was extended to March 2029. We view Uniper's current liquidity as strong, although it can be materially affected by margining requirements related to commodity trading and exchange activity.

ISSUER PROFILE

Uniper is a large, diversified European utility company headquartered in Düsseldorf and 99%-owned by the German government.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

Click here to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

CLIMATE VULNERABILITY SIGNALS

The Climate.VS for 2035 for Uniper is 56 due to exposure to gas-fired generation, reduced exposure to coal-fired generation and physical risk on its nuclear assets in

Sweden.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT	RATING TYPE	RATING	RATING ACTION
Uniper SE	LT IDR	BBB- Rating Outlook Stable	New Rating

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Government-Related Entities Rating Criteria (pub. 18 Jul 2025)

Corporate Rating Criteria (pub. 09 Jan 2026) (including rating assumption sensitivity)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub. 09 Jan 2026)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

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Uniper SE	-

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