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Undelivered Russian gas has a significant adverse impact on Uniper's results in 2022; other operating businesses remain profitable

- **Adjusted EBIT of -€10.9 billion and adjusted net income of -€7.4 billion significantly below prior-year due to realized additional costs of gas procurement**
- **IFRS net loss of €19.1 billion exacerbated by recognition of anticipated losses from the procurement of replacement volumes of gas and by the deconsolidation of Unipro**
- **Uniper stabilization package finalized and implementation ongoing**
- **KfW credit facility prolonged**
- **Germany's first LNG terminal and extended commercial operation of power plants successfully contribute to supply security**
- **Adjusted EBIT and adjusted net income for 2023 above prior-year level expected**

Uniper recorded **adjusted EBIT** of -€10.9 billion in the 2022 financial year. Adjusted EBIT in the prior year amounted to €0.95 billion. Both numbers exclude Unipro, which is reported as Discontinued Operations and was deconsolidated as of year-end 2022.

Adjusted EBIT at the **Global Commodities** segment declined significantly year-on-year. Following very good earnings in the prior year, the decline is mainly attributable to the gas business, which is being adversely affected by higher replacement procurement costs due to the curtailment of Russian gas volumes from June 14, 2022. At the end of August 2022, this negative impact was further exacerbated by the complete freezing of the gas supply. In order to fulfill its customer contracts and ensure security of supply, Uniper has been forced to buy gas, primarily on the spot market, at high prices. The adjusted EBIT contribution from the other parts of the gas business was positive due to portfolio optimization.

The interruption of LNG deliveries from Freeport LNG terminal in the United States due to fire damage to its infrastructure adversely affected the international portfolio, as did the non-recurrence of extraordinary optimization income recorded in the prior year due to extremely cold weather.

The **European Generation** segment's adjusted EBIT was significantly above the prior-year level. The sharp increase is particularly attributable to positive earnings streams from margins in the fossil-fueled power generation business due to significantly higher spreads. Higher delivery and procurement costs for hard coal as part of Uniper's transitional strategy to diversify its coal procurement negatively affected adjusted EBIT relative to the prior year.

The disposal of Schkopau power station in the third quarter of 2021, lower income from the U.K. capacity market, and higher depreciation expense, particularly at the fossil-fueled generation fleet, adversely impacted adjusted EBIT. The nuclear energy business in Sweden was mainly impacted by higher adjusted EBIT-relevant additions to the provision for asset retirement obligations due to inflation, as well as unplanned unavailabilities.

Adjusted net income, which largely tracks adjusted EBIT, stood at -€7.4 billion after twelve months, significantly below the prior-year figure of €0.75 billion, both figures excluding Unipro.

The **IFRS net loss** at year-end 2022 of €19.1 billion contains about €13.2 billion of realized additional cost for procuring replacement gas and about €5.9 billion of future losses that are anticipated because of future procurement costs to replace undelivered Russian gas. Uniper had previously reported a net loss totaling roughly €40 billion for the first nine months of the 2022 financial year resulting from already realized losses and anticipated future losses relating to the costs of procuring replacement gas based on significantly higher market prices at that time.

The difference between adjusted net income and IFRS net-loss is mainly driven by non-operating effects relating to the Russian business as well as from discontinued operations. First, the IFRS-net loss includes above-mentioned costs for future gas replacements of €5.9 billion. Second, asset and goodwill impairments totaling €3.1 billion including a Nord Stream 2 loan impairment of €1 billion. Third, the deconsolidation of Unipro is leading to a deconsolidation loss of €4.4bn.

Economic net debt rose significantly from €324 million to €3 billion. The main reason was negative operating cash flow in conjunction with the reduction in Russian gas deliveries along with the buildup of gas storage inventory amid higher gas prices. Operating cash flow was also adversely affected by measures to optimize liquidity undertaken in 2021. Lower provisions for pensions due to higher interest rates and the capital increase in late 2022 had a positive effect on economic net debt.

The high uncertainties regarding the development of gas prices and the associated gas replacement costs may lead to a high volatility of adjusted EBIT in financial year 2023. Against this background, Uniper expects the Uniper Group's **adjusted EBIT for the 2023** financial year to be above the prior-year level. Uniper also expects an increase in adjusted net income compared to financial year 2022.

Systematic implementation of the stabilization measures and EU remedies
At an Extraordinary General Meeting on December 19, 2022, a large majority of Uniper shareholders approved the proposed capital measures to stabilize the company. This paved the way for state stabilization in the form of an €8 billion capital increase and €25 billion in authorized capital. About €5.5 billion of authorized capital had been utilized by year-end 2022. Going forward, authorized capital is to be used in tranches. State-owned KfW Bank is to provide the required amount of interim financing until the implementation of each respective capital increase from authorized capital.

The issue of gas replacement cost will be overcome latest by the end of 2024 and therefore the extraordinary financial support from the state via equity injections and also via KfW credit facilities to support liquidity needs will be phasing out over time. In a first step, the €18 billion KfW facility has been replaced by an initially sized €16.5 billion KfW facility with a maturity until 2026 which will be reduced over time until maturity.

The European Commission's approval under state aid law, which was a precondition for the implementation of the stabilization package, was granted on December 20, 2022. It contains several structural remedies that Uniper must fulfill. This includes the sale of the stake in Unipro as well as certain conventional power plants and certain ownership interests. Uniper has already been able to conclude agreements on the sale of its 20% stake in the Dutch BBL Company V.O.F. and its marine fuels trading business in the United Arab Emirates.

Uniper CEO Klaus-Dieter Maubach said: “The burden of gas replacement procurement costs has put our company in an extremely difficult situation, which was resolved by government support Uniper is at its core a strong company that has successfully got through the most difficult year in its history. Despite these adverse circumstances, our employees and our assets have made a crucial contribution to the security of Germany’s gas and power supply. The exceptionally swift construction of Germany’s first LNG terminal in Wilhelmshaven has demonstrated that Uniper is a reliable partner for complex infrastructure projects. We’ve returned more than 2 GW of reliable generating capacity to the German power market to reduce gas consumption during the current tight supply situation. The task of the new Management Board and Supervisory Board will be to continue to develop Uniper and make it profitable again. Supply security and decarbonization will be the company’s guiding principles because they’re two sides of the same coin.”

Uniper CFO Tiina Tuomela said: “The development of gas prices has a very significant influence of the costs of Uniper’s gas replacement procurement. As is well known, Uniper must replace missing deliveries from Russia by procuring gas elsewhere. The significant decline in gas prices at year-end 2022 made it possible to reduce anticipated losses for gas replacement procurement costs from roughly €30 billion to roughly €5.9 billion compared to the first nine months of the financial year. We must be aware that in future quarters, too, Uniper’s earnings will depend to a significant extent on the amount of gas replacement procurement costs. These costs, in turn, depend largely on the price of gas.”

About Uniper

Düsseldorf-based Uniper is an international energy company with activities in more than 40 countries. With around 7,000 employees, it makes an important contribution to security of supply in Europe. Uniper’s core businesses are power generation in Europe, global energy trading, and a broad gas portfolio. Uniper procures gas—including liquefied natural gas (LNG)—and other energy sources on global markets. The company owns and operates gas storage facilities with a capacity of more than 7 billion cubic meters. Uniper plans for its 22.5 GW of installed power-generating capacity in Europe to be carbon-neutral by 2035. The company already ranks among Europe’s largest operators of hydroelectric plants and intends to further expand solar and wind energy, which are essential for a more sustainable and autonomous future.

Uniper is a reliable partner for communities, municipal utilities, and industrial enterprises for planning and implementing innovative, lower-carbon solutions on their decarbonization journey. Uniper is a hydrogen pioneer, is active worldwide along the entire hydrogen value chain, and is conducting projects to make hydrogen a mainstay of the energy supply.

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