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# **H1 2017 Interim results**

**Klaus Schäfer – CEO**

**Christopher Delbrück – CFO**

**08 August 2017**

# Agenda – Interim reporting H1 2017

## 1. Highlights and outlook

Klaus Schäfer – CEO

## 2. Financial results

Christopher Delbrück – CFO

## 3. Appendix



# Highlights of H1 2017 – Delivery mode

## Macro trends

Positive political signals for Europe's energy markets

## Action Plan

Voyager programme in execution mode;  
Large asset projects with additional clarity on timeline

## Earnings

Robust operating half-year results

## Outlook

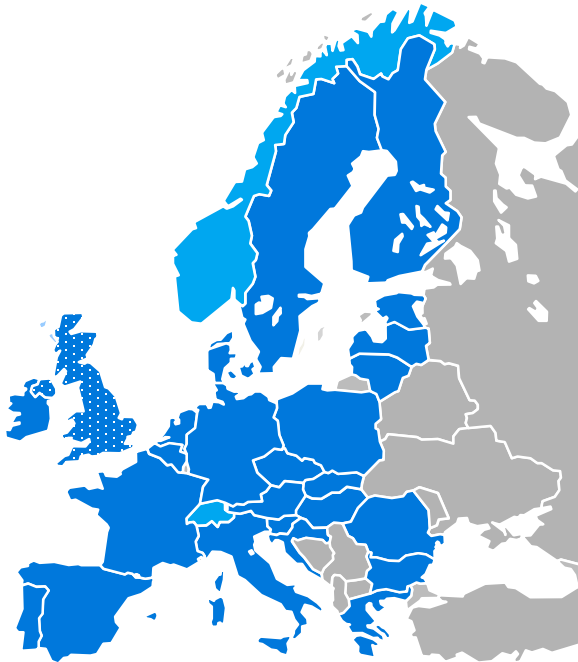
Adjusted EBIT outlook range narrowed from €0.9-1.2bn  
to €1.0-1.2bn

## Dividend

2017 dividend guidance increased to +25%  
versus 2016 levels i.e. to €250m

# Positive political signals

## European energy markets



### Germany energy policy in motion



#### North-Rhine Westphalia – a blueprint for Germany?

- New energy policy in North-Rhine Westphalia recognizes a more balanced approach is needed
- Support to re-establishing equal market conditions between technologies

#### Germany – a waiting game ahead of the federal elections

- Carbon emission reduction remains highly ranked on the political agenda
- Security-of-supply is gaining importance in the political debate

### Energy transition across Europe



#### Europe reshaping its electricity sector

- New governments targeting faster pace in shifting energy mix
- ~50 GW of conventional capacities could leave the market within few years
- Dealing-with reserve capacities gains relevance

#### EU empowers European emission trading scheme

- Faster reduction path motivated to reduce certificates surplus more quickly
- Empowering ETS to trigger carbon emission reduction by setting adequate price signals

# Update on large asset projects – more clarity

## Datteln IV coal plant



### Ready for commissioning

- Commissioning fully on track for 1st half of 2018
- Infrastructure for coal supply almost finished
- Plant in technical ramp-up mode
- Uniper has sued for court confirmation of the LTCs

## Berezovkaya III lignite plant



### Clarity on project metrics

- Final agreement with main contractor reached
- Pre-assembling has started
- RUB 8bn of capex have been spent so far
- RUB 28bn of capex still to be spent
- Full RUB 26bn insurance payments received
- COD expected in Q3 2019

## Nord Stream II gas pipeline



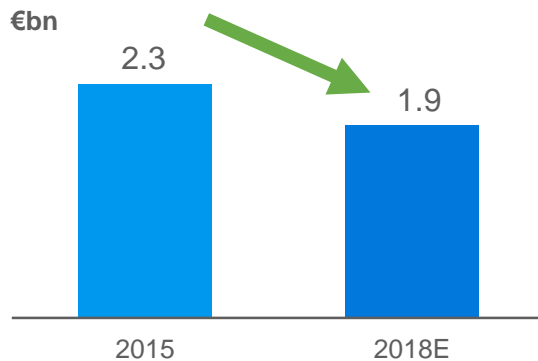
### Government supportive

- German government regards gas pipeline as beneficial to improve security of European gas supplies
- Germany considers EU regulation not applicable
- EU and Germany strongly opposed to the US sanctions
- US approach seen as interference into EU energy policy

# Action Plan progressing well

## Costs

### Controllable costs

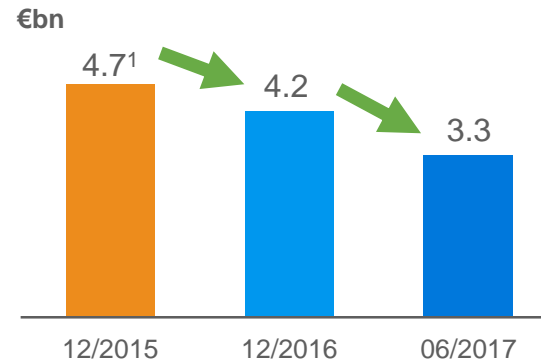


### Costs down

- Implementation of the Voyager savings program fully on track
- Controllable costs to be reduced by ~€0.2bn in 2017/18
- Reconciliation of interests for all departments concluded
- Execution of significant personnel-related savings embarked upon

## Cash

### Economic net debt

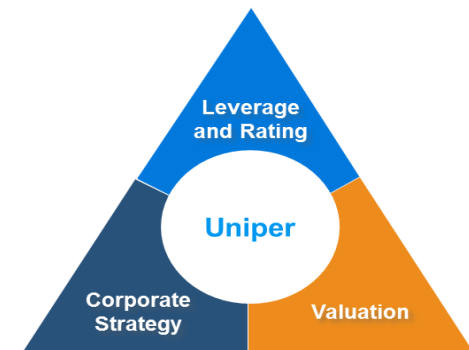


### Net debt down

- Strong OCF supported by solid operating results and improved working capital
- Lower provisions for pension funding
- Maintenance capex down – on track to reach ~€0.4bn in the full year

## Portfolio

### Evaluation approach



### Leverage target achieved

- Yuzhno-Russkoye disposal anticipated to close until year-end
- Necessary regulatory approvals received

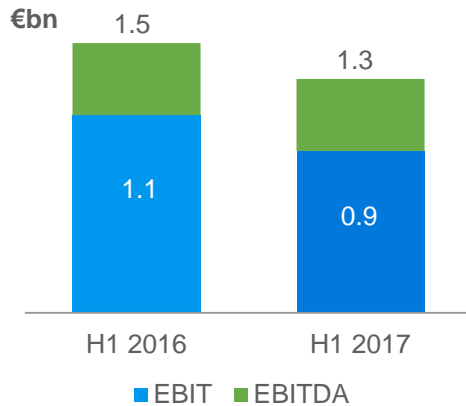
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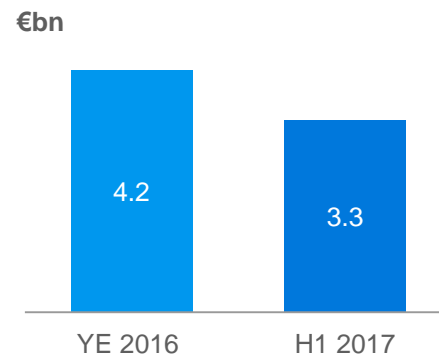


# Key financials H1 2017 – Solid overall picture

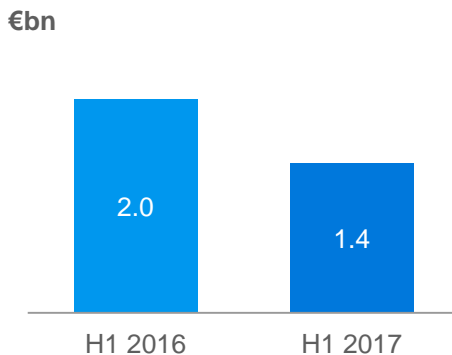
## Adj. EBIT(DA)



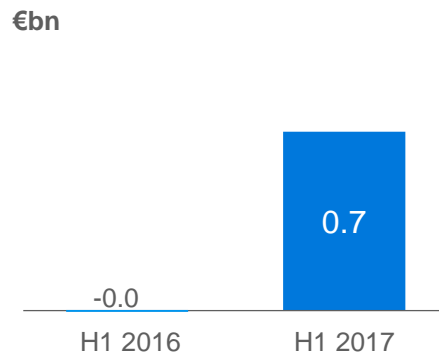
## Economic net debt



## Operating cash flow



## Adj. FFO



## Key highlights

### Adj. EBIT(DA) down

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

### Strong cash conversion

- Operating cash flow benefits from insurance payment and working capital effects

### Economic net debt reduced

- Significantly lower net financial position benefits from strong operating cash flow and reduced pension obligations

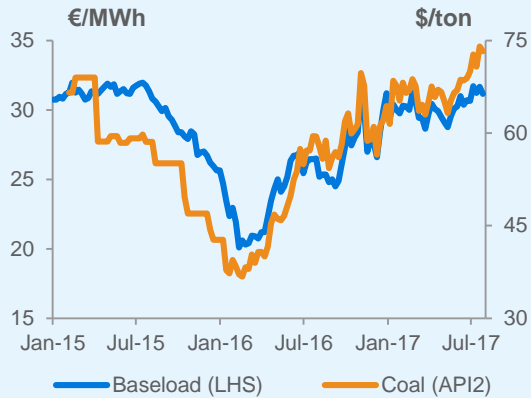
### Adj. FFO significantly up

- Strong increase driven by lower provision utilization

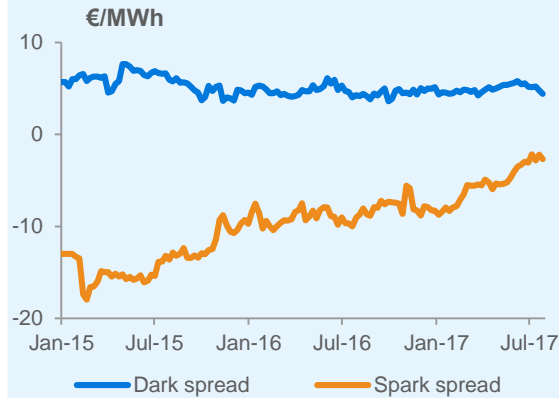


# Markets – Power prices and commodities

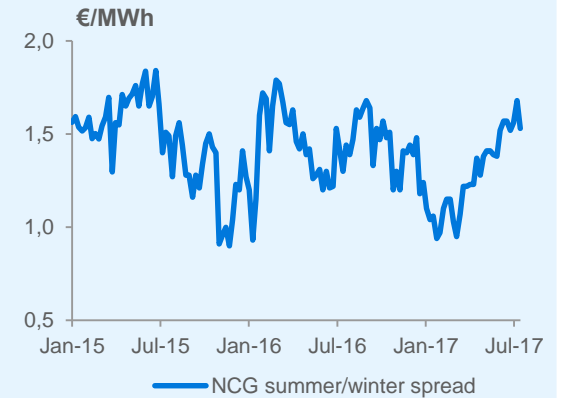
Germany – Baseload power 2018



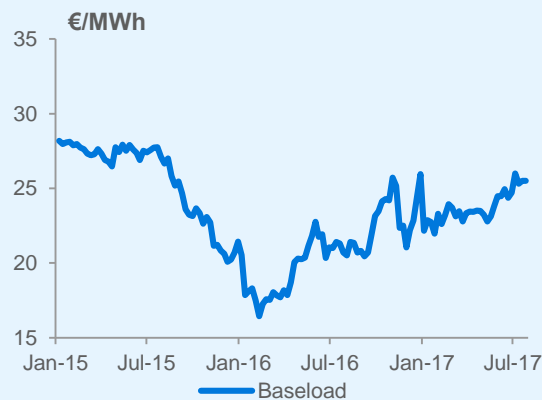
Germany – CDS, CSS 2018



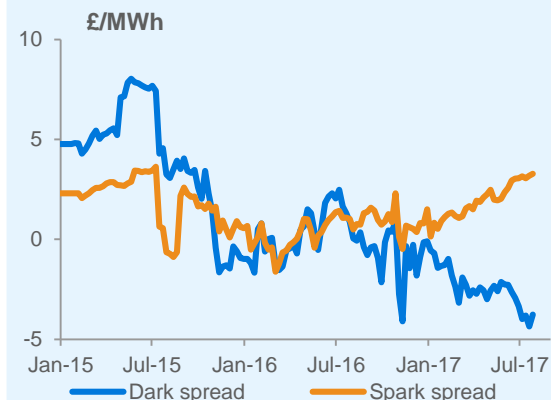
Gas Europe – summer/winter spread



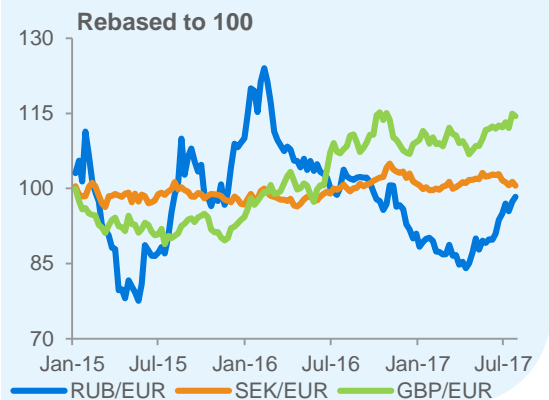
Sweden – Baseload power 2018



UK – CDS, CSS 2018

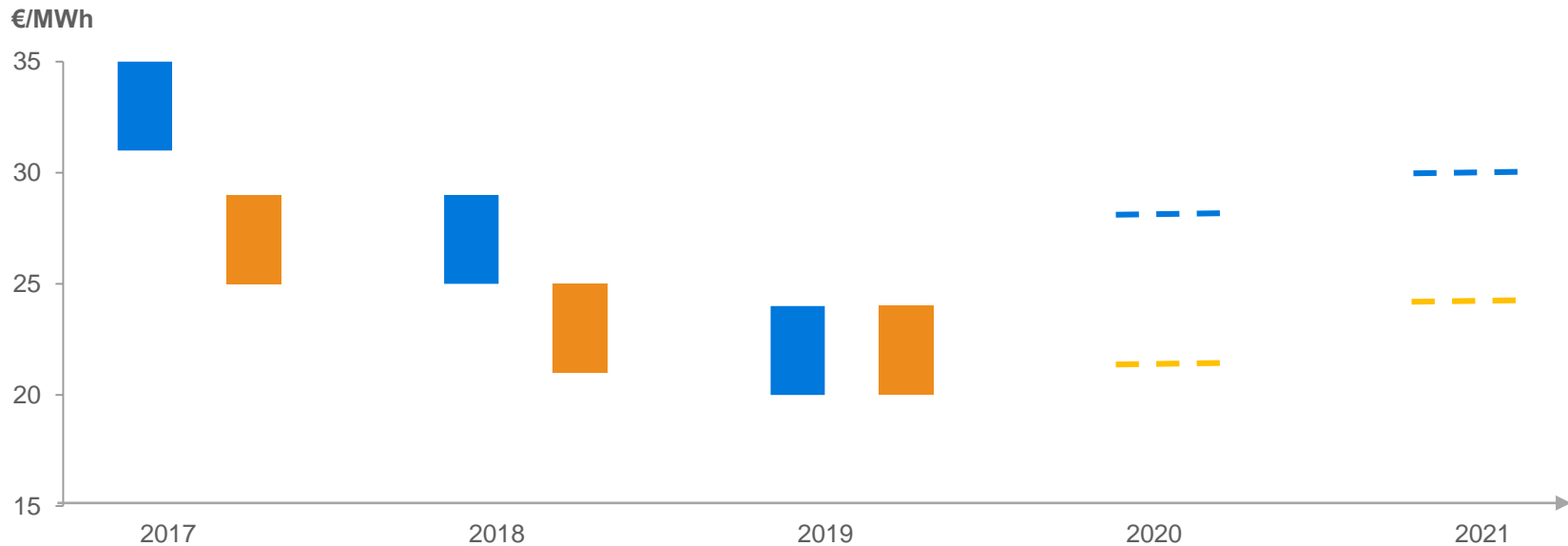


FX



# Turning point of outright power prices ahead

## Outright position – baseload power price<sup>1</sup>

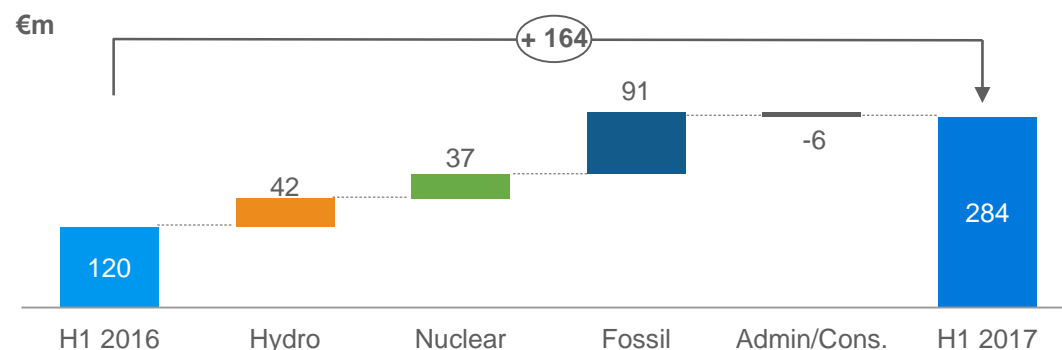


Indicative development of hedge ratio<sup>2</sup>

- Achieved price (Germany)
- Achieved price (Sweden)
- - Power Baseload Forward (Germany)
- - Power Baseload Forward (Nordic)

# European Generation in H1 2017 – Increase across all activities

## Adj. EBIT development by sub-segment in H1 2017



## Adj. EBIT(DA) in H1 2017

€m	EBITDA H1 2017	EBIT H1 2017
Hydro	169	141
Nuclear	77	45
Fossil	288	125
Other/Consolidation	-27	-27
<b>Total</b>	<b>507</b>	<b>284</b>

## Main effects

### Hydro

- (+) Lapse of 2016 restructuring one-off

### Nuclear

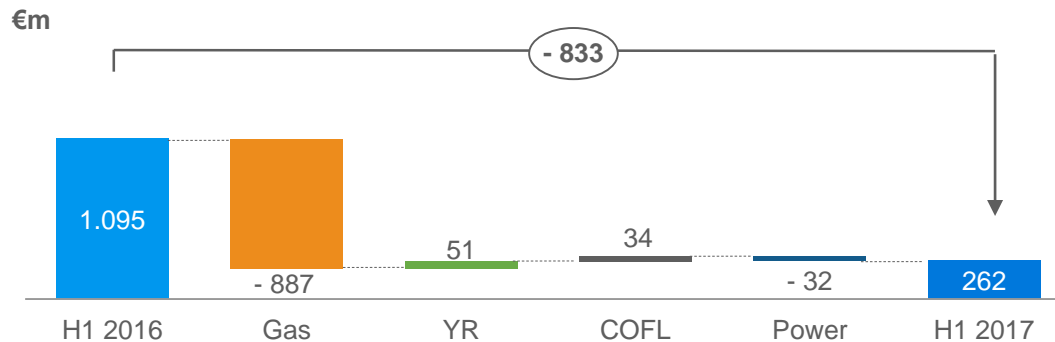
- (+) Positive volume effects:
  - Ringhals 2 back in operation
  - Shift of Oskarshamn 3 maintenance into Q3
  - Oskarshamn 1 running flat out on finishing straight
- (-) Lower achieved prices

### Fossil

- (+) Lower depreciation
- (+) Cost savings
- (-) Further pressure on spreads

# Global Commodities in H1 2017 – Normalization in midstream gas business

## Adj. EBIT development by sub-segment in H1 2017



## Adj. EBIT(DA) in H1 2017

€m	EBITDA H1 2017	EBIT H1 2017
Gas	202	176
YR	101	87
COFL	22	16
Power	-12	-17
<b>Total</b>	<b>313</b>	<b>262</b>

## Main effects

### Gas

- (-) Lapse of 2016 one-offs
  - Gazprom provision release
  - Lower (extraordinary) optimization gains

### Yuzhno Russkoye (YR)

- (+) Higher volumes  
(2016 was the make-up year)

### COFL

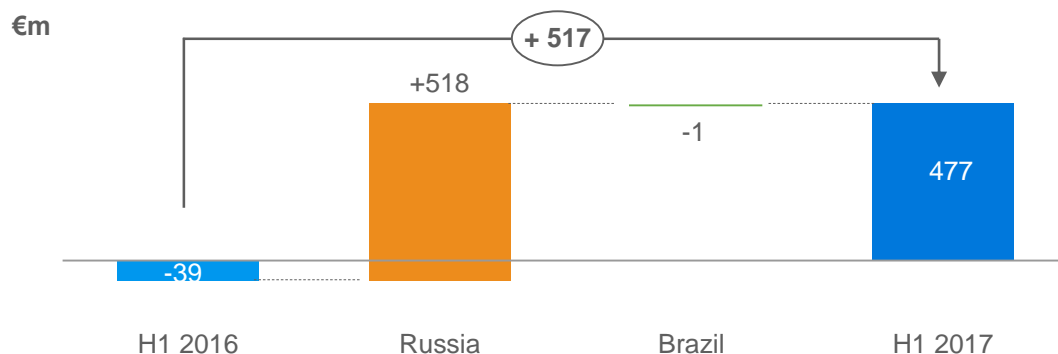
- (+) Increased LNG profitability
- (+) Portfolio compression in the coal business conducted in Q4 2016

### Power

- (-) Contains remaining handover effects

# International Power H1 2017 – Insurance coverage for Berezovskaya fully cashed in

## Adj. EBIT development by sub-segment in H1 2017



## Adj. EBIT(DA) in H1 2017

€m	EBITDA H1 2017	EBIT H1 2017
Russia	529	480
Brazil	-3	-3
<b>Total</b>	<b>526</b>	<b>477</b>

## Main effects

### International Power

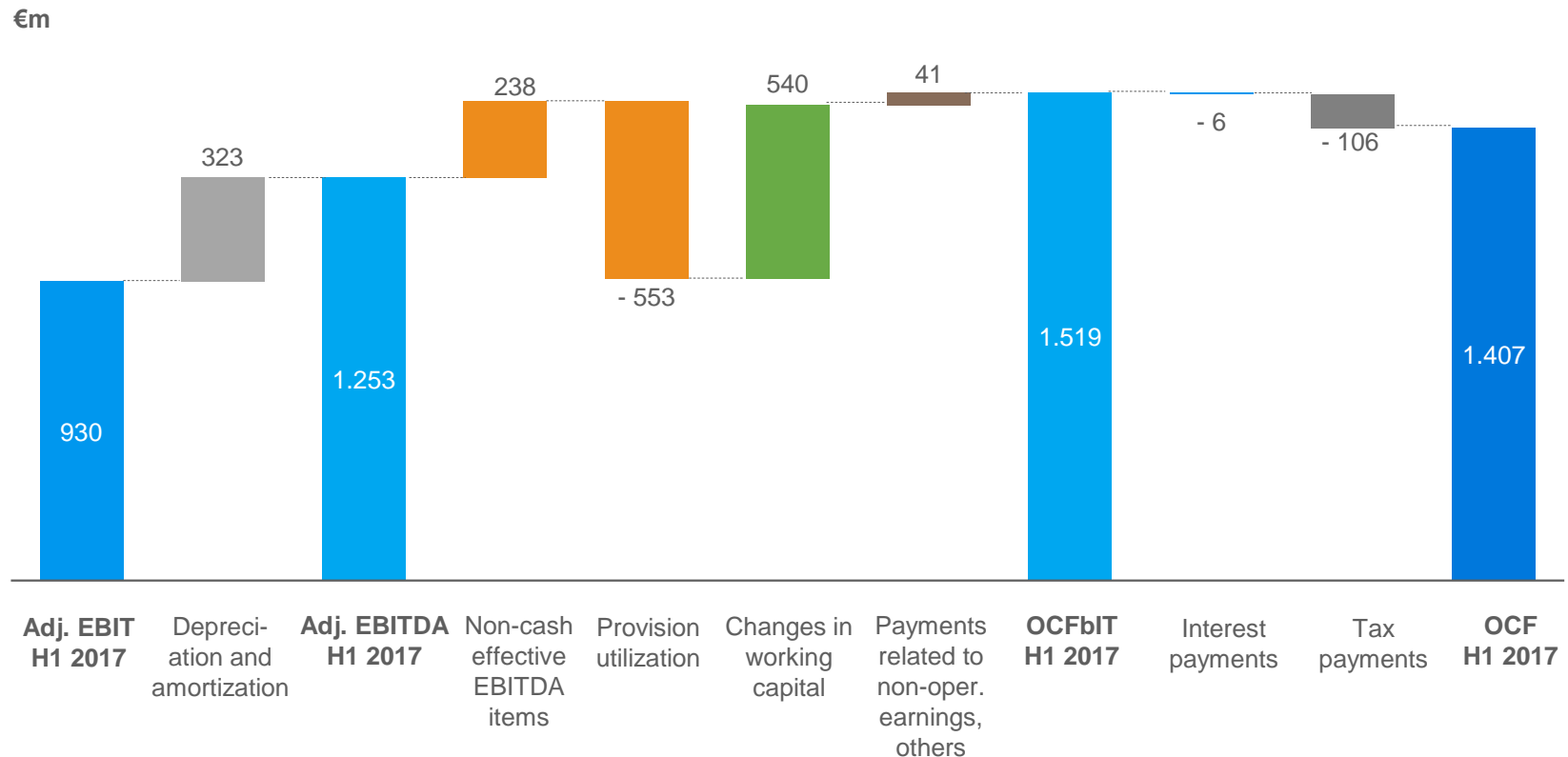
- Stable underlying business in a favorable regulated market environment

### Russia

- (+) Significant one-off effects:
  - Lapse of 2016 write-off on Berezovskaya III boiler
  - Insurance proceeds (RUB20bn) received and booked in Q2
- (+) Improving underlying earnings due to increase of capacity payments
- (+) Positive FX effects

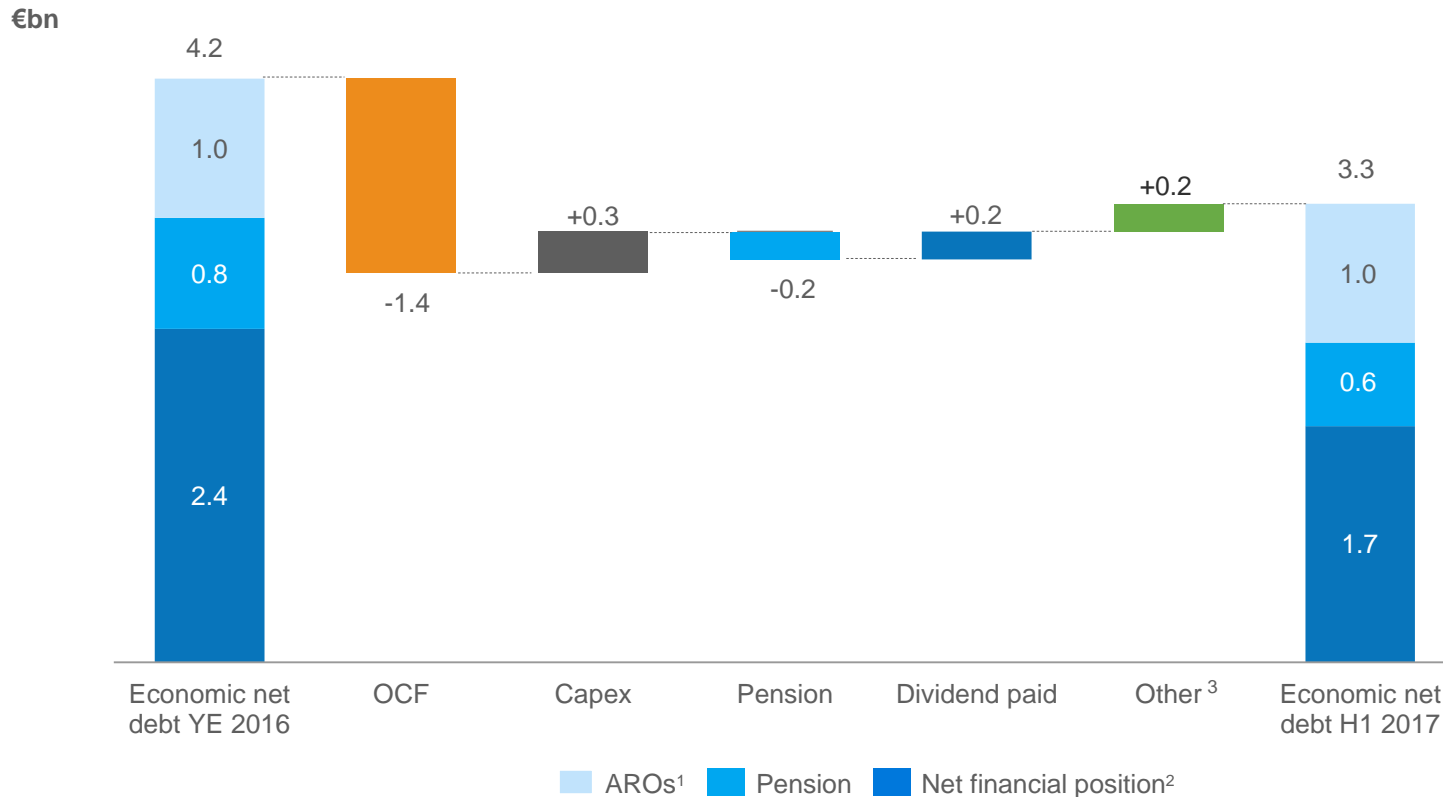
# Strong Adj. EBIT(DA) to OCF conversion

## Adj. EBIT to operating cash flow reconciliation



# Economic net debt benefits from strong OCF

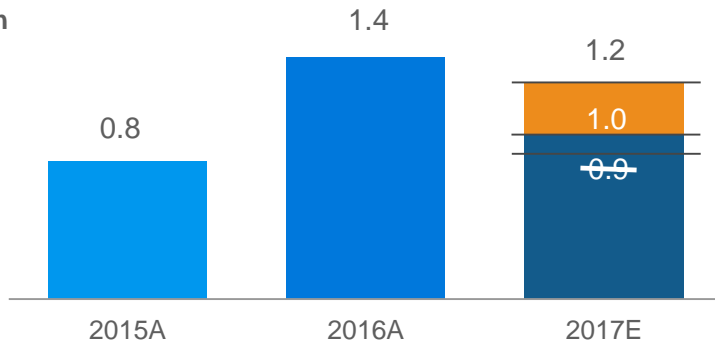
## Economic net debt



# 2017 Outlook upgraded

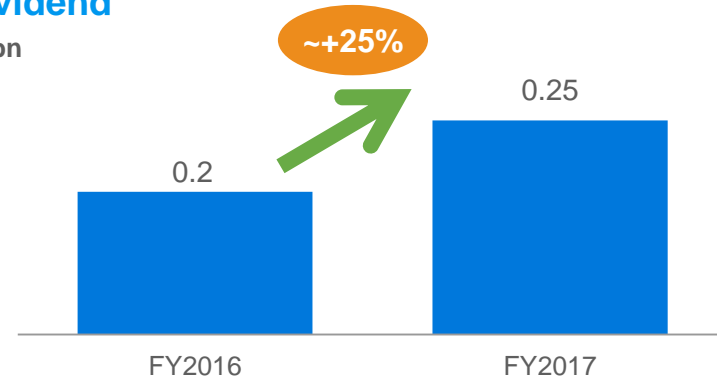
## Adj.EBIT

€bn



## Dividend

€bn



### More visibility limits downside risk

- Range narrowed by €0.1bn towards upper end
- Segmental outlook unchanged
- European Generation - significant increase
- Global commodities - significant decrease
- International power - significant increase

### Dividend growth guidance raised

- Based on our dividend policy, on the current outlook after Q2 and taking the cash dilutive impact of the Yuzhno-Russkoye disposal into account we now foresee a 25% increase in dividends (from 15% previously) i.e. to €250m



# IR roadmap for H2 2017

**Connect**

September roadshow activity in all key destinations

**Educate**

Generation Deep Dive planned for October

**Finalize**

Yuzhno Russkoye closing

**Shape**

Strategic and financial update

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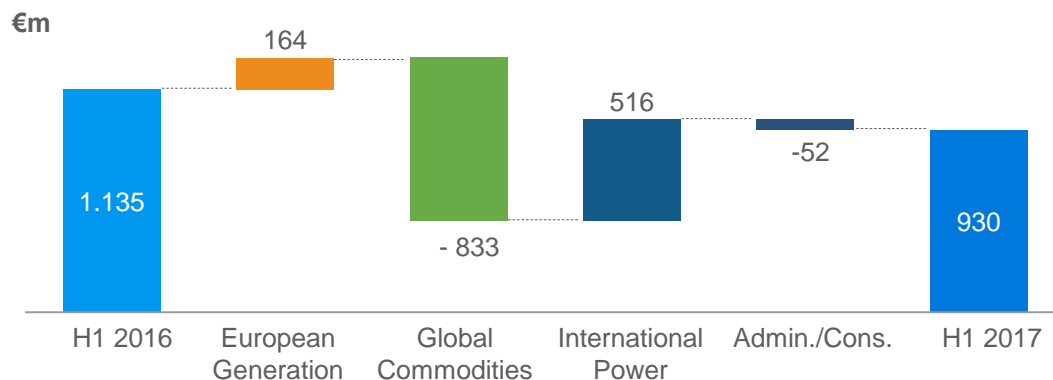
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## 3. Appendix



# Group EBIT(DA) in H1 2017 with robust performance

## Adj. EBIT development by segment in H1 2017



## Adj. EBIT(DA) in H1 2017

€m	EBITDA H1 2017	EBIT H1 2017
European Generation	507	284
Global Commodities	310	262
International Power	526	477
Administration/Consolidation	-90	-93
<b>Total</b>	<b>1,253</b>	<b>930</b>

## Highlights

### European Generation

- (+) Good nuclear output in Sweden
- (+) Lapse of restructuring one-off
- (+) Lower depreciation

### Global Commodities

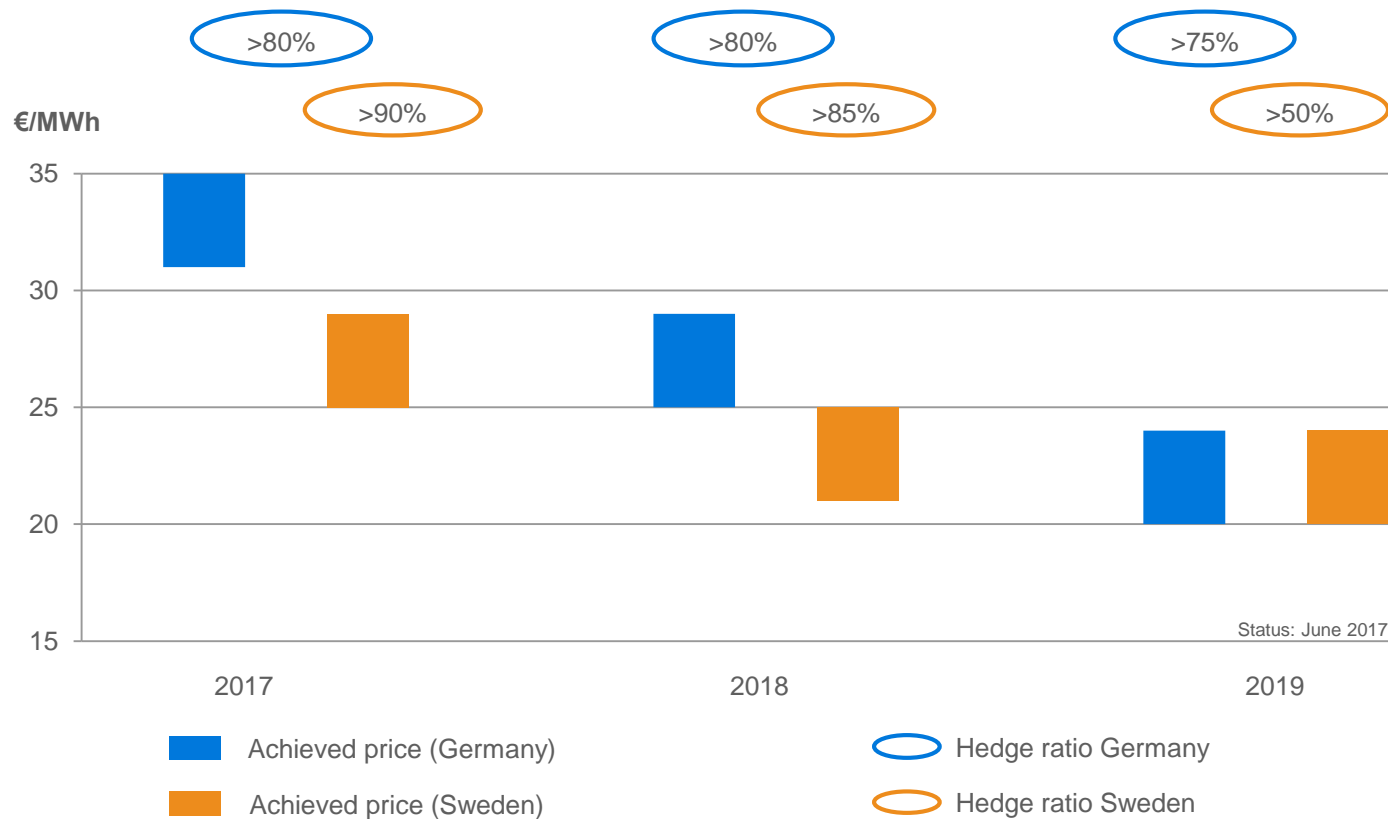
- (-) Lapse of Gazprom one-off effects
- (-) Normalization of optimization results

### International Power

- (+) Lapse of write-off on Berezovskaya III boiler
- (+) Final insurance payment received
- (+) Stable operating performance

# Outright power hedging in Germany and Nordic

## Outright position – baseload power price



# Uniper Group – Adjusted EBIT(DA) by segment

## Adj. EBITDA

€m	H1 2017	H1 2016	%
European Generation	507	406	+25
Global Commodities	310	1,165	-73
International Power	526	5	-
Administration / Consolidation	-90	-36	-150
<b>Total</b>	<b>1,253</b>	<b>1,540</b>	<b>-19</b>

## Adj. EBIT

€m	H1 2017	H1 2016	%
European Generation	284	120	+137
Global Commodities	262	1,095	-76
International Power	477	-39	-
Administration / Consolidation	-93	-41	-127
<b>Total</b>	<b>930</b>	<b>1,135</b>	<b>-18</b>

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

## Adj. EBITDA and EBIT

€m		H1 2017 Adj. EBITDA	H1 2016 Adj. EBITDA	H1 2017 Adj. EBIT	H1 2016 Adj. EBIT
European Generation	Hydro	169	127	141	99
	Nuclear	77	37	45	8
	Fossil	288	239	125	20
	Other/ Consol.	-27	2	-28	-8
	<b>Subtotal</b>	<b>507</b>	<b>406</b>	<b>284</b>	<b>120</b>
Global Commodities	Gas	202	1,110	177	1,063
	YR	101	54	88	36
	COFL	22	-18	16	-19
	Power	-12	18	-16	15
	<b>Subtotal</b>	<b>310</b>	<b>1,165</b>	<b>262</b>	<b>1,095</b>
International Power	Russia	528	7	480	-37
	Brazil	-3	-2	-3	-2
	<b>Subtotal</b>	<b>526</b>	<b>5</b>	<b>477</b>	<b>-39</b>
Administration / Consolidation		<b>-90</b>	<b>-36</b>	<b>-93</b>	<b>-41</b>
<b>Total</b>		<b>1,253</b>	<b>1,540</b>	<b>930</b>	<b>1,135</b>

# Uniper Group – Key P&L items at a glance

## Key P&L items

€m	H1 2017	H1 2016
<b>Sales</b>	<b>37,305</b>	<b>33,327</b>
<b>Adjusted EBITDA</b>	<b>1,253</b>	<b>1,540</b>
Economic depreciation and amortization / reversals	-323	-405
<b>Adjusted EBIT</b>	<b>930</b>	<b>1,135</b>
Non-operating adjustments	381	4,595
<b>EBIT</b>	<b>1,311</b>	<b>-3,460</b>
Net interest income / expense	16	-375
Income taxes	-270	-50
<b>Net income / loss after income taxes</b>	<b>1,057</b>	<b>-3,885</b>
<b>Attributable to the shareholders of Uniper SE</b>	<b>967</b>	<b>-3,871</b>
Attributable to non-controlling interests	90	14

# Uniper Group – Details on non-operating adjustments

## Non-operating adjustments

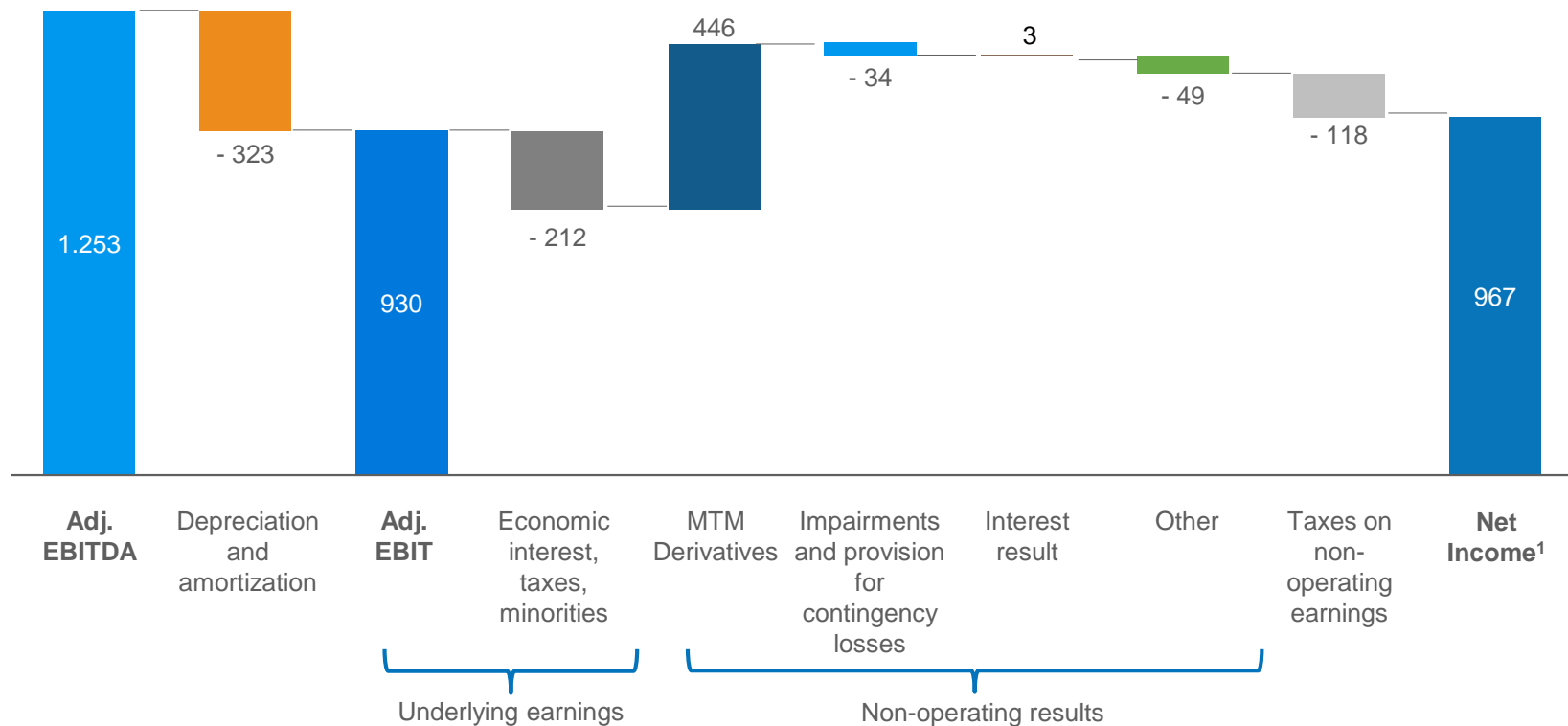
€m	H1 2017	H1 2016
Net book gains / losses	-	522
Fair value measurement of derivative financial instruments	446	-1,034
Restructuring / cost management expenses	-13	-223
Non-operating impairment charges / reversals	-34	-2,863
Miscellaneous other non-operating earnings	-14	-1,155
<b>Non-operating adjustments</b>	<b>385</b>	<b>-4,753</b>



# Uniper Group – Adjusted EBITDA to net income

## Reconciliation Adj. EBITDA to net income

€m



# Uniper Group – Cash effective investments

## Investments by segment

€m	H1 2017	H1 2016	%
European Generation	188	177	+6
Global Commodities	13	66	-80
International Power	66	44	+50
Administration / Consolidation	27	5	-
<b>Total</b>	<b>294</b>	<b>292</b>	<b>+1</b>

## Investment split – maintenance and growth

€m	H1 2017	H1 2016	%
Maintenance & replacement	102	148	-31
Growth	192	144	+33
<b>Total</b>	<b>294</b>	<b>292</b>	<b>+1</b>

# Uniper Group – Consolidated balance sheet (1/2)

## Balance sheet of the Uniper Group – assets

€m	30 Jun 2017	31 Dec 2016
Goodwill	2,205	2,701
Intangible assets	823	2,121
Property, plant and equipment	11,439	11,700
Companies accounted for under the equity method	586	827
Other financial assets	673	728
<i>Equity investments</i>	574	568
<i>Non-current securities</i>	99	160
Financial receivables and other financial assets	3,265	3,054
Operating receivables and other operating assets	2,965	3,857
Income tax assets	6	6
Deferred tax assets	1,217	2,205
<b>Non-current assets</b>	<b>23,179</b>	<b>27,199</b>
Inventories	1,396	1,746
Financial receivables and other financial assets	973	1,268
Trade receivables and other operating assets	11,642	18,250
Income tax assets	97	64
Liquid funds	795	341
Assets held for sale	1,987	3
<b>Current assets</b>	<b>16,890</b>	<b>21,672</b>
<b>Total assets</b>	<b>40,069</b>	<b>48,871</b>

# Uniper Group – Consolidated balance sheet (2/2)

## Balance sheet of the Uniper Group – equity and liabilities

€m	30 Jun 2017	31 Dec 2016
Capital stock	622	622
Additional paid-in capital	10,825	10,825
Retained earnings	5,019	4,156
Accumulated other comprehensive income	-3,622	-3,382
<b>Equity attributable to the shareholders of Uniper SE</b>	<b>12,844</b>	<b>12,221</b>
Attributable to non-controlling interest	627	582
<b>Equity (net assets)</b>	<b>13,471</b>	<b>12,803</b>
Financial liabilities	1,485	2,376
Operating liabilities	2,907	3,993
Provisions for pensions and similar obligations	631	785
Miscellaneous provisions	6,311	6,517
Deferred tax liabilities	494	1,601
<b>Non-current liabilities</b>	<b>11,828</b>	<b>15,272</b>
Financial liabilities	1,046	494
Trade payables and other operating liabilities	11,658	18,348
Income taxes	311	188
Miscellaneous provisions	1,508	1,766
Liabilities associated with assets held for sale	247	
<b>Current liabilities</b>	<b>14,770</b>	<b>20,796</b>
<b>Total equity and liabilities</b>	<b>40,069</b>	<b>48,871</b>

# Uniper Group – Net financial position

## Net financial position of the Uniper Group

€m	30 Jun 2017	31 Dec 2016
Liquid funds	795	341
Non-current securities	99	160
Financial liabilities	-2,531	-2,870
<b>Net financial position</b>	<b>-1,637</b>	<b>-2,369</b>
Provisions for pensions and similar obligations	-631	-785
Asset retirement obligations	-994	-1,013
<b>Economic net debt</b>	<b>-3,262</b>	<b>-4,167</b>

# Uniper Group – Consolidated statement of cash flows

## Statement of cash flows of the Uniper Group

€m	H1 2017	H1 2016
<b>Net income / loss</b>	<b>1,057</b>	<b>-3,885</b>
Depreciation, amortization and impairment of intangibles / property, plant, equipment	369	3,275
Changes in provisions	-323	-1
Changes in deferred taxes	73	42
Other non-cash income and expenses	-18	-27
Gain / loss on disposals	4	-383
Changes in operating assets and liabilities and in income tax	245	2,931
<b>Cash provided (used for) by operating activities</b>	<b>1,407</b>	<b>1,952</b>
Proceeds from disposals	12	1,175
Payments for investments	-294	-292
Proceeds from disposals of securities (>3M) and of financial receivables	584	845
Purchases of securities (>3M) and of financial receivables	-524	-783
Changes in restricted cash and cash equivalents	-42	-
<b>Cash provided (used for) by investing activities</b>	<b>-264</b>	<b>945</b>
Payments received / made from changes in capital	11	127
Transactions with the E.ON Group	-	-2,233
Dividends paid to shareholders of Uniper SE	-201	-
Changes in financial liabilities	-361	-600
<b>Cash provided (used for) by financing activities</b>	<b>-551</b>	<b>-2,706</b>
<b>Net increase / decrease in cash and cash equivalents</b>	<b>592</b>	<b>191</b>
Effect from foreign exchange rates on cash and cash equivalents	-21	38
Cash and cash equivalents at the beginning of the year	169	299
Cash and cash equivalents of assets held for sale	-62	-
<b>Cash and cash equivalents at the end of the quarter</b>	<b>678</b>	<b>528</b>

# Uniper – Contact your Investor Relations team

## Uniper SE Investor Relations

E.ON-Platz 1  
40479 Duesseldorf  
Germany

+49 211 4579 4400  
ir@uniper.energy

## Udo Giegerich Executive Vice President Group Finance & Investor Relations

udo.giegerich@uniper.energy



## Marc Koebernick Head of Investor Relations (SVP)

+49 211 4579 4489  
marc.koebernick@uniper.energy



## Carlo Beck Manager Investor Relations

+49 211 4579 4402  
carlo.beck@uniper.energy



## Mikhail Prokhorov Manager Investor Relations

+49 211 4579 4484  
mikhail.prokhorov@uniper.energy



## Peter Wirtz Manager Investor Relations

+49 211 4579 4414  
peter.wirtz@uniper.energy



# Financial calendar & further information

## Financial calendar

07 November 2017

Quarterly Statement January – September 2017

08 March 2018

Annual Report 2017

08 May 2018

Quarterly Statement January – March 2018

06 June 2018

AGM (Essen, Grugahalle)

## Further information

<https://ir.uniper.energy>





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