

The background features a blue-toned collage of financial data. It includes several line graphs with fluctuating lines, bar charts, and data tables with columns of numbers. The overall aesthetic is that of a modern financial dashboard or data visualization.

uni per

Strategic and Financial Update

Klaus Schäfer – CEO

Christopher Delbrück – CFO

07 December 2017

Agenda – Strategic and Financial Update

1. Strategic Update

- Setting the scene
- Strategic focus by segment



Klaus
Schäfer

2. Financial Update

- Financial framework & capex plan
- Earnings and dividend outlook



Christopher
Delbrück

3. Uniper's perspectives in a nutshell



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Phase 1 of Uniper's strategy finalized

Phase 1

Tightening the ship

- ✓ **Transparency increased**
 - Increase market understanding of key cashflow drivers
 - Deep dives on core business
- ✓ **Performance improved**
 - Streamlined organization
 - Focus on direct and indirect costs, final delivery by end 2018
- ✓ **Cash optimized**
 - Working capital optimized
 - Maintenance capex at sustainable low
- ✓ **Portfolio streamlined**
 - Stringent portfolio review
 - Closing of Yuzhno-Russkoye deal

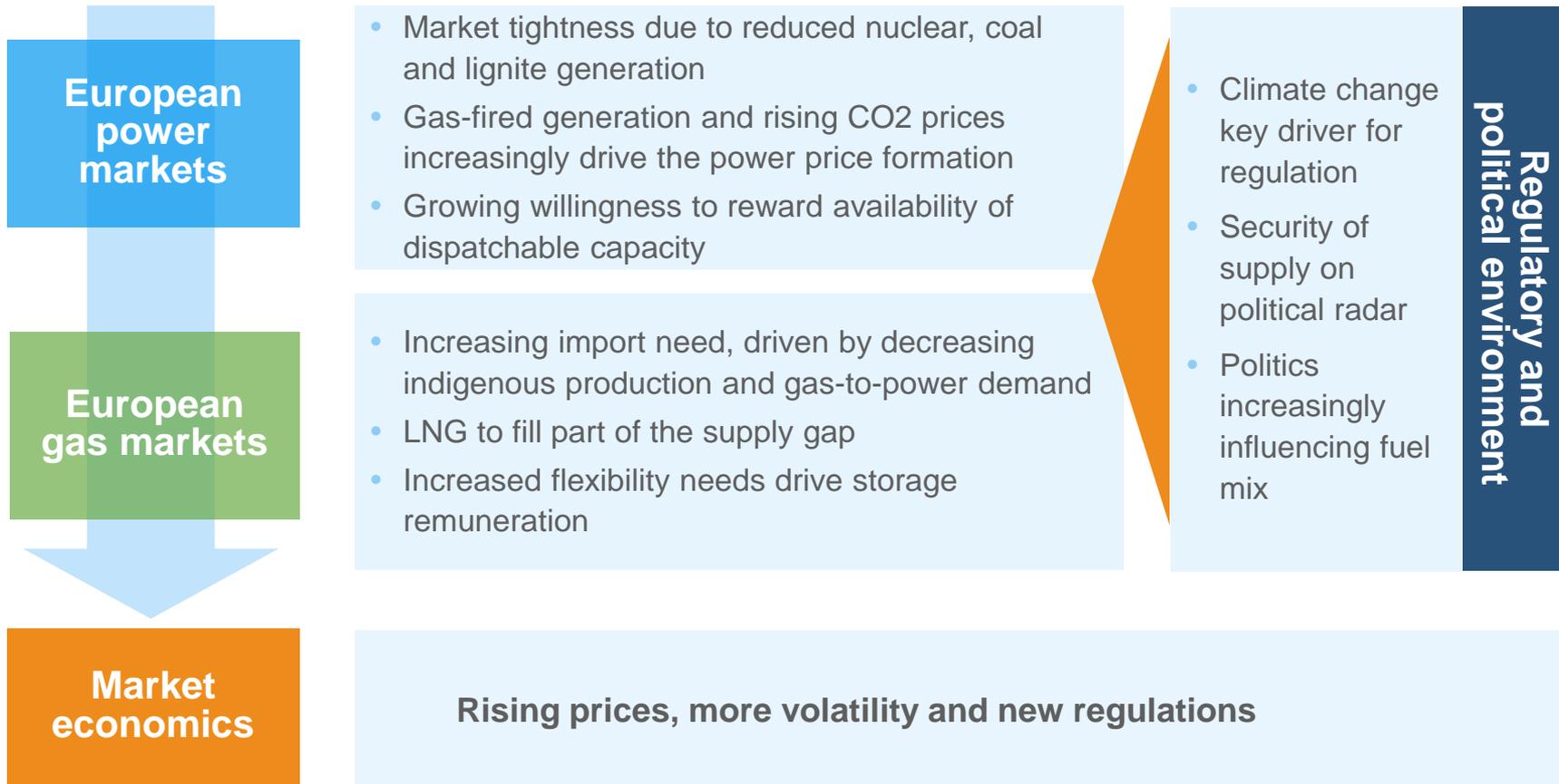
Phase 2

Setting the sails

- Benefit from security-of-supply**
 - Low-risk asset growth
 - Focus around existing sites
 - contracted positions
- Exploit linking energy markets**
 - Exploit strong portfolio
 - Expand commodity supply positions
 - Benefit from arbitrage between regions
- Seek partnerships to profit from global power growth**
 - Leverage capabilities in O&M
 - Link to fuel supply
 - Co-investment opportunities

Key beliefs for European markets – Decarbonization to be central driver in Europe

Underlying European market trends



Key beliefs for global markets – Attractive opportunities emerging

Underlying global market trends

Global power markets

- Underlying global demand growth mainly covered by renewable energy and gas
- Efficiency gains from modernization of aging fleet in key markets
- Increasing demand for reliable power supply (especially in emerging markets)

Global gas / LNG markets

- Decarbonization trend with growing gas to power demand due to decommissioning and fuel switching
- Pacific basin to maintain its premium over Atlantic
- Europe to become more and more the global flexibility provider in LNG

Market economics

Rising global energy demand with gas to be a main beneficiary

Heading into phase 2 of Uniper's strategy

Phase 1

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Phase 2

Setting the sails

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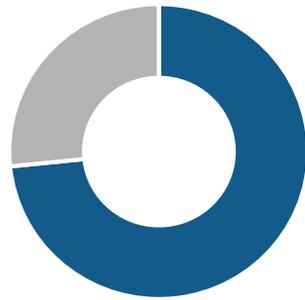
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Key strategic angle – grow non-wholesale and benefit from merchant upside

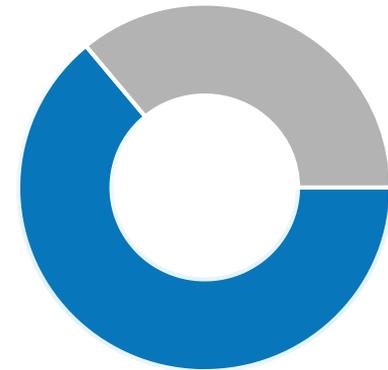
The right portfolio to benefit from market upsides
(development of Group EBITDA mix over time)



2016¹



2020E



2025E (indicative)

Strategic take – Focus on strengthening non-wholesale elements

- **European Generation:** Focus on security of supply and industrial solution business
- **Global Commodities:** Targeting diversification and broadening of global reach
- **International Power:** Modernize Russian fleet based on long term capacity market scheme

European Generation – Focus on security of supply and industrial solution business

Key considerations

Environment

- Capacity reductions and closures, carbon prices and fuel switch expected to support prices
- Renewables with continued support
- Flat demand development
- Coal generation under scrutiny by society and politics
- No major technological break-through for high capacity storage solutions with next 5 to 10 years

Portfolio

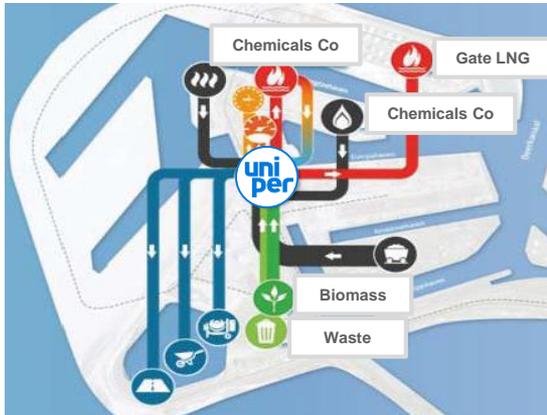
- High performing and flexible asset base
- Strong CO₂-free outright portfolio
- Assets with high share of non-merchant and non-power returns, e.g. customer contracts but declining portfolio
- Assets at pivotal locations to deliver security of supply

Strategic response

1. Keep outright positions and commodity upside exposure
2. Increase absolute contribution of non-wholesale earnings
3. Limit regulatory risk exposures

European Generation – Growing opportunity for B2B power generation business

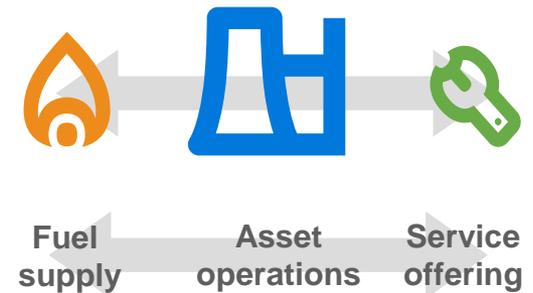
Energy hubs



Industrial solutions

	Tied to local assets	Complexity	Barriers for market entry
Electricity	● (1/4)	●	●
Natural gas	●	●	● (1/4)
Process steam	●	● (1/2)	● (1/2)
Heat	●	● (1/4)	● (1/2)

Gas power for security of supply



New LTCs and prolongation

- Adjust offerings to the current and future need of large customers
- Playing the competitive advantage being part of industrial hubs

Continuous need for process steam

- Market entry barriers with need for local captive production due to product characteristics
- Sizeable accessible market
- Target industries entering into a phase of re-investment needs
- Need for competitive/secure supply

Growing demand for predictable energy supply

- Locking-in contracted earnings streams by offering non-standardized solutions
- Window of opportunity for investments in new gas plants once regulated earnings will reward for security of supply

Global Commodities – Targeting diversification and broadening of global reach

Key considerations

Environment

- US LNG supply driving global LNG as well as European gas market prices and volatility
- Global demand for gas and coal increasing while shifting from Atlantic to Pacific
- European gas market interconnection as well as linkage to global LNG market increasing

Portfolio

- Attractive gas midstream portfolio, i.e. sales, storages, infrastructure and LTCs
- Atlantic centric LNG, coal & freight portfolio
- Growing power contract portfolio

Strategic response

1. Expand short to mid-term structured commodity contract portfolio
2. Diversify global footprint, primarily by moving into US and Asia
3. Support competitiveness of international generation projects

Global Commodities – Exemplary projects and concepts diversifying in a growing global market

Key projects

LNG supply Canada



Up to 4.8 mtpa / 20 years supply contract signed, based on North-western European hub pricing with global destination flexibility

LNG supply USA



Up to 0.9 mtpa / 20 years supply contract, signed with global destination flexibility

Expansion of US coal supply



Broadening coal trading scale with third parties via entrepreneurial joint ventures in coal trading and logistics

Gas midstream



Long-term gas supply signed with the Azerbaijani state company SOCAR in context of Shah Deniz field - planned start in 2020

Sharjah LNG supply & infrastructure



Planned joint venture to supply LNG into United Arab Emirates (Sharjah) to supply local customers

Expansion of Pacific coal supply



Build Pacific position with contractual agreements and joint ventures in coal trading and logistics

International Power – Modernize Russian fleet based on long term capacity market scheme

Key considerations

Environment

- Global power demand is continuing to grow, making use of all available technologies, including Renewables as well as gas and coal fired generation
- Remuneration schemes are diverse – partially regulated, partially merchant or PPA based
- Russia with approach to modernize electricity sector

Portfolio

- Strong generation portfolio in Russia with stable and attractive returns
- Russian cluster risk reduced due to Yuzhno-Russkoye disposal
- With engineering/energy services and global coal and LNG supply important building blocks available to Uniper

Strategic response

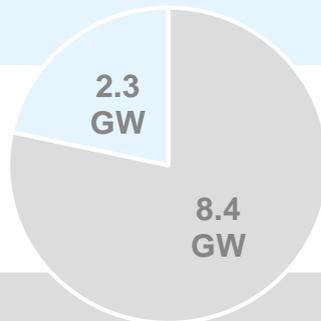
1. Replenish Russian portfolio without increasing cluster risk
2. Diversify by adding different locations and using link to global commodity flow

International Power – Modernization scheme as attractive investment opportunity in Russia

Uniper fleet in Russia as of end 2017

New capacities:

Capacity tariff (CSA): ~1.0 million RUB¹
Average age: ~7 years
Remaining time of tariff: 3-7 years → then KOM



High tariffs running out by 2025

Old capacities:

Capacity tariff (KOM): 0.1-0.2 million RUB¹
Average age: ~34 years
Timeline of tariff: infinitely²

Potential for modernization

Investments into modernization

New incentives for modernisation

- Modernisation incentives approved in principle, exact regulation to be prepared by H1 2018
- Expected outcomes:
 - Improved conditions for KOM (higher payments, longer time horizon)
 - New CSA tariff for modernization
 - Clarified rules for decommissioning
 - Up to 70 GW to be modernized³
 - Up to RUB1,200bn to be invested³

Investment opportunities for Uniper

- 1-2 GW of less profitable capacities to be replaced by modernised ones
- Lifetime prolongation by >20 years
- Attractive guaranteed double digit IRR
- Project CODs possible in mid 2020ties

Summary – Strategic focus



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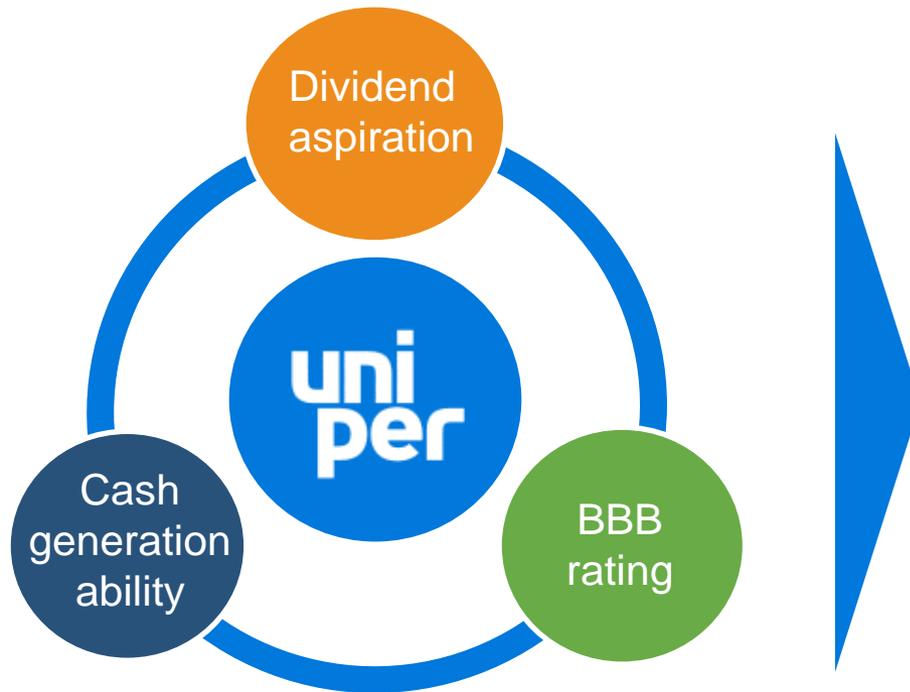


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Financial framework sets key boundaries for future strategic development

Financial framework



Financial framework setting clear boundaries

- Debt level: comfortably below 2x Economic net debt / EBITDA
- Target rating: BBB (flat)
- Dividend payout ratio: min. 75% to 100% of Free Cash from Operations
- Investing with discipline

Longer term investment approach with two phases

Mid-term plan – until 2020

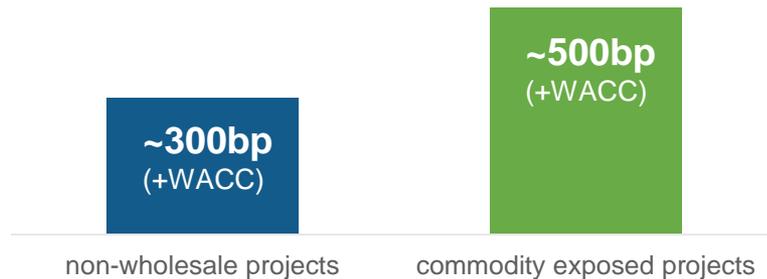
- Meeting dividend aspiration
- Limited financial headroom
- First smaller growth initiatives
- Asset rotation as option

Longer term ambition – beyond 2020

- Further dividend/earnings upside
- Increased financial headroom
- Execution of strategy
- Asset rotation as option

Investing with discipline

Hurdle rates – surcharges over WACC



Conservative hurdle rates

- Project hurdle rates derived as cost of capital plus surcharges
- 300bp surcharge for projects with less/no commodity exposure
- 500bp surcharge for other projects

Investment principles

Valuation criteria

- Multiple valuation criteria considering the strategic context of the projects (payback, IRR, cash generation)

Non-wholesale projects

- Good credit quality of counterparts
- Secured (best contractually) capacity mechanisms

Commodity exposed projects

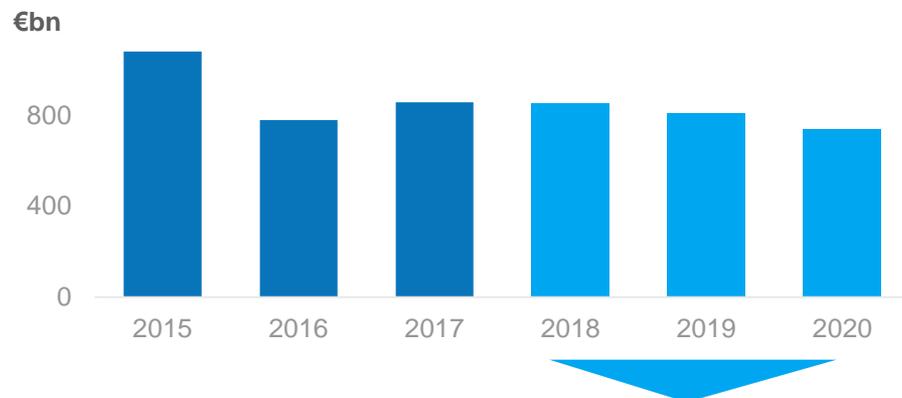
- Risk diversifying character
- Limited cash-effective capex exposure

Asset rotation

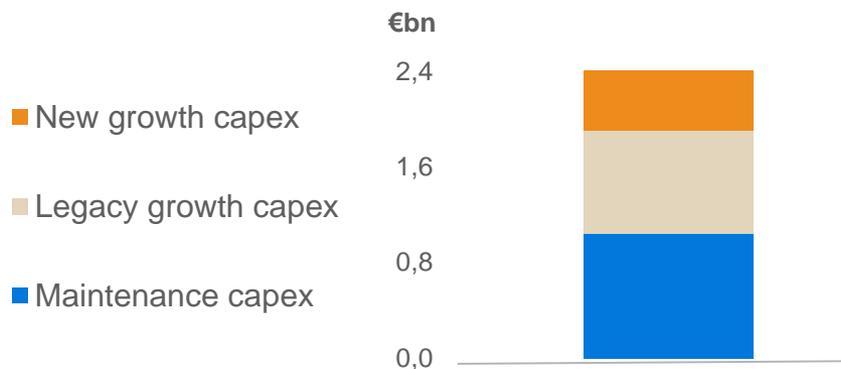
- No cash dilution

Mid term capex plan still with decent share of legacy growth capex

Capex – Mid-term plan until 2020



Capex – Main buckets 2018 – 2020



Key highlights

Maintenance capex

- Staying at low and sustainable level below €0.4bn p.a

Legacy growth projects

- Finalizing repair of Russian lignite plant Berezovskaya III in 2019 for c. RUB25bn
- Finalizing German coal plant Datteln IV in 2018
- Security upgrade in Oskarshamn 3
- Finalizing biomass project

Growth projects

- Total of €0.5bn earmarked for new growth projects
- Spread over three years, backend loaded
- Mainly smaller scale optimization projects within existing portfolio
- Potentially smaller acquisitions

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2017 Outlook – Reiterated

Adj. EBIT

€bn



Dividend

€bn

Adjusted EBIT contribution by segment

€bn	EBIT 2016	EBIT 2017E vs 2016
European Generation	0.13	↑
Global Commodities	1.33	↓
International Power	0.11	↑
Administration/Consolidation	-0.20	→
Total		Range 1.0 - 1.2

Key highlights

European Generation

- Swedish hydro and nuclear tax reduction
- UK, France capacity payments
- Lapse of restructuring one-off and Swedish nuclear provision effect
- Cost savings

Global Commodities

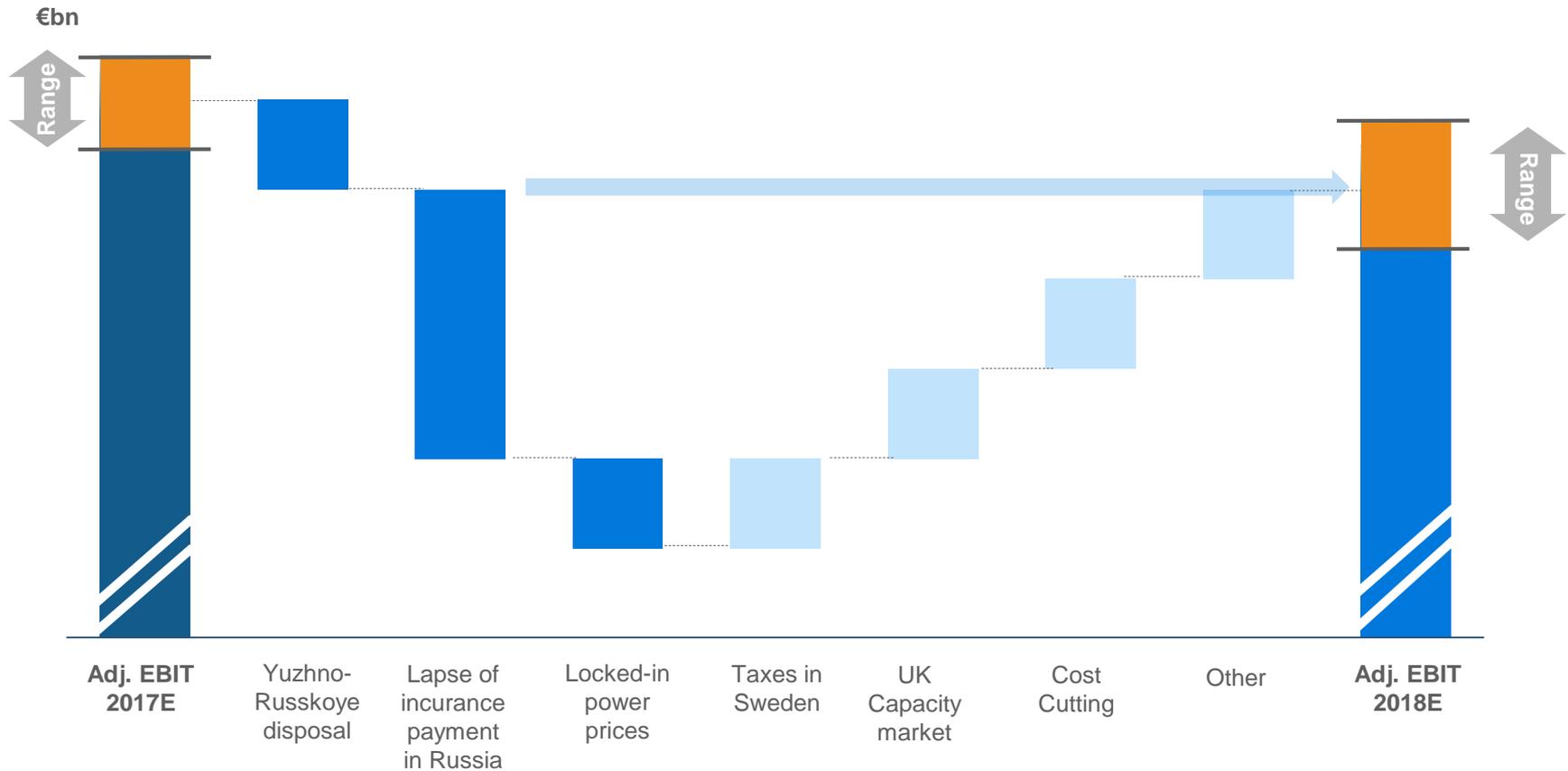
- One-off effects of Gazprom LTC agreement fall away
- Extraordinary gas optimization gains can not be assumed repeatable
- Cost savings

International Power

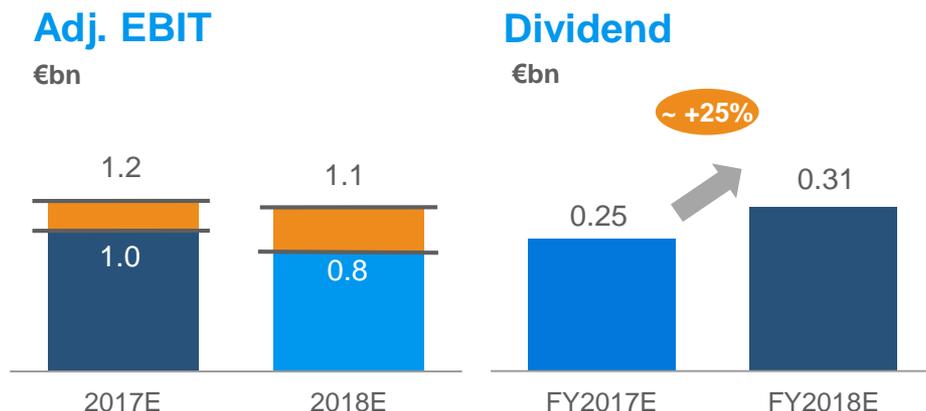
- RUB20bn of insurance payments for Berezovskaya III power plant on top of underlying operations

2018 Outlook – Earnings like for like unchanged

Adjusted EBIT – Main drivers 2018 vs 2017



2018 Outlook – Further dividend growth ahead



Adjusted EBIT contribution by segment

€bn	EBIT 2018E vs 2017E
European Generation	
Global Commodities	
International Power	
Administration/Consolidation	
Total	Range 0.8 - 1.1

To be specified with full year presentation in March 2018

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

2020 outlook¹ – Especially ‘non-wholesale’ supportive of earnings development

Regulated business

- ➕ Increasing contribution from UK capacity payments
- ➕ Re-start of Berezovskaya III in Q3 2019 (ramp-up mode assumed for 2020)



Contracted generation

- ➕ Datteln IV plant – commissioning in Q4 2018
- ➕ Pellet co-firing Maasvlakte III – commissioning in Q4 2018 expected
- ➖ Contract expirations/renegotiations



Gas midstream

- Expected to be rangebound within guided range
- Renegotiation with Gazprom starting 2018
- First gas deliveries from Azerbaijan



Outright power

- ➕ After low in 2019, average achieved prices to recover
- ➕ Lower hydro property tax in Sweden
- ➖ Lower volumes due to phase-out of Ringhals



Other earnings drivers

- ➖ Downside on US LNG position at current spreads
- ➖ Ruble devaluation assumed
- ➕ Positive contribution of growth capex

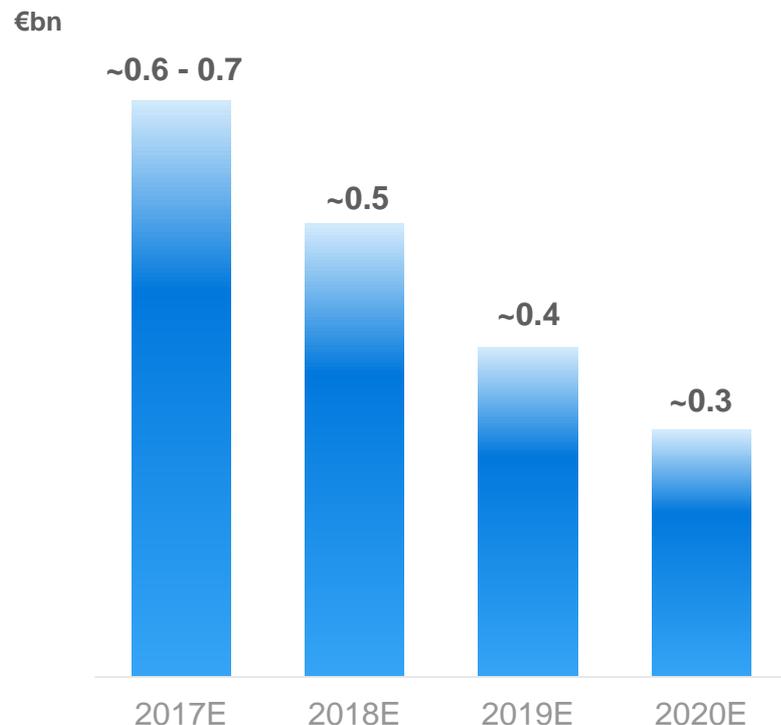


Improving earnings mix



Provision utilization key driver for higher cash flows

Sum of key net provision utilization items



Key highlights

Provision utilization trending down

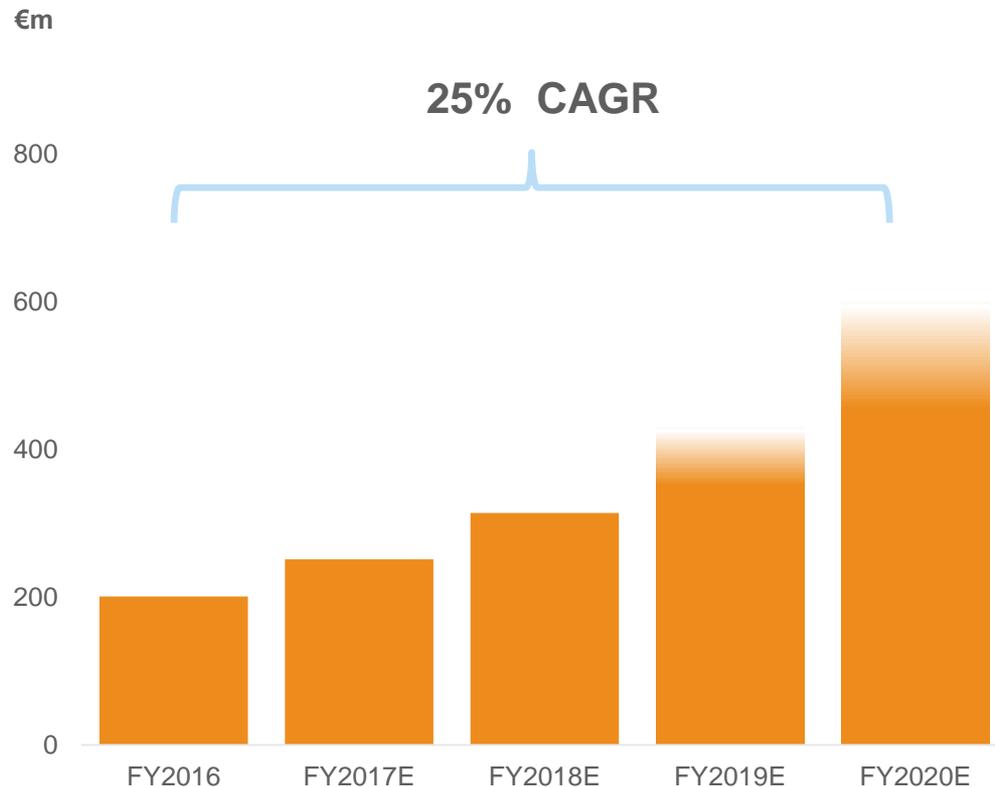
- 2017 and 2018 still impacted by one-off effects linked to spin-off and cost cutting
- Non-KAF-funded decommissioning utilization with peak in 2018/2019
- Underlying provision utilization for gas infrastructure reflective of current depressed market environment

FFO adjustments supportive as well

- Pension service costs rather stable over planning horizon
- Funding (net) of Swedish Nuclear Waste Fund (KAF) benefits from increasing payments for decommissioning
- Minority dividends assumed to be flat

Growing base dividend with optionality

Dividend growth path until 2020



Uniper's ambition

Dividend policy ...

- Ambition to pay a sustainable and rising dividend
- Commitment to current payout policy of min. 75% to 100% on free cash from operations

... linked with investment plans

- Achieved deleveraging allows for additional growth without compromising dividend policy
- In case of more sizeable growths options, asset rotation would be available

Cautious 2020 guidance

- Planning with forward Ruble
- Still reduced Berezovskaya availability assumed
- Power prices from end of Sep.

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Uniper equity story in phase II – Strongly growing base dividend with further upside



End of presentation

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Financial calendar & further information

Financial calendar

08 March 2018

Annual Report 2017

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

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