Quarterly Statement Q3 2018

Financial Results

Performance Indicators at a Glance

Financial Indicators for the Uniper Group

January 1–Sept. 30	Unit	2018	2017	2016
Sales[1]	€ in millions	53,059	52,938	47,997
Adjusted EBIT[2]	€ in millions	386	952	1,252
Net income/loss	€ in millions	-521	782	-4,233
Earnings per share[3, 4]	€	-1.50	1.87	-11.56
Cash provided by operating activities	€ in millions	89	950	2,389
Adjusted FFO[5]	€ in millions	722	727	182
Investments	€ in millions	387	512	511
Growth	*€ in millions*	*230*	*304*	*272*
Maintenance and replacement	*€ in millions*	*157*	*208*	*239*
Economic net debt	€ in millions	-3,793	-2,445[6]	-4,167[6]

[1]See also "Business Report" and "Newly Adopted IFRS." [2]Adjusted for non-operating effects. [3]Basis: outstanding shares as of reporting date. [4]For the respective fiscal year. [5]Primarily adjusted for operating cash flows not permanently available for distribution. [6]Comparative figure as of Dec. 31.

This document is a Quarterly Statement pursuant to Section 53 of the Exchange Rules ("Börsenordnung") of the Frankfurt Stock Exchange ("Frankfurter Wertpapierbörse") as of September 17, 2018, and does not represent an interim financial report as defined in International Accounting Standard ("IAS") 34.

The main effects arising from the first-time adoption of International Financial Reporting Standard ("IFRS") 9, "Financial Instruments," IFRS 15, "Revenue from Contracts with Customers," and IFRS 16, "Leases," are presented in the Business Report and in the section "Newly Adopted International Financial Reporting Standards."

Only the German version of this Quarterly Statement is legally binding.

This Quarterly Statement, and especially the Forecast Report section, contains certain forward-looking statements that are based on current assumptions and forecasts made by Uniper SE management and on other information currently available to Uniper SE management. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial condition, development or performance of the Company to differ materially from that anticipated in the estimates given here. Risks and chances of this nature include, but are not limited to, the risks specifically described in the Risk and Chance Report.

Contents

Significant Developments of the Months of January through September 2018

- Adjusted EBIT down year over year, as expected, due especially to the absence of non-recurring effects from the insurance payments received for Berezovskaya 3 and from the sale of Yuzhno-Russkoye in 2017
- Full-year adjusted EBIT forecast for 2018 reaffirmed
- Adjusted FFO at prior-year level, full-year forecast reaffirmed
- Economic net debt higher due to seasonal effects and the first-time adoption of IFRS 16
- Intended dividend proposal for 2018 reaffirmed

Business Model of the Group

Uniper is an investor-owned international energy company with operations in more than 40 countries and some 12,000 employees. Its business is the secure provision of energy and related services. The Uniper Group is composed of three operating business segments: European Generation, Global Commodities and International Power Generation. Combined separately under Administration/Consolidation are administrative functions that are performed centrally across segments, as well as the consolidations required to be carried out at Group level. The ultimate lead company of the Group is Uniper SE; the corporate headquarters are in Düsseldorf, Germany.

Business Report

Industry Environment

The Uniper Group's business activities are subject to various statutory requirements, in particular those of European and national law. The corresponding regulatory environment has seen extensive change in the past in all of the countries where the Uniper Group operates, and it is expected to change significantly in the future as well. In particular, the energy policy and regulatory requirements in the markets in which the Uniper Group is active have had a considerable influence on its revenue and earnings in the past, and it is expected that they will continue to have an impact on revenues and earnings in the future.

Energy Policy and Regulatory Environment

In Germany, the Commission on Growth, Structural Change and Employment, commonly referred to as the "Coal Commission," has continued its deliberations in recent months. No results have been produced thus far. This commission is to submit recommendations to the German government by the end of 2018. In particular, it is tasked with preparing a proposal for ending the use of coal to generate electricity – with a specific deadline and accompanying measures for the regions affected from a phasing-out of coal-fired generation. Uniper is participating actively and constructively in the debate due to the potential impact on the Group, with particular emphasis on advocating for a secure long-term energy supply.

In the Netherlands, the law to end the generation of electricity from coal is being debated in parliament. The government also reaffirmed its goal of introducing a carbon price floor in 2020, the concrete form of which is to be laid down by law in 2019. To this end, direct talks will also be held with the industry to discuss the effects of the minimum price on supply security in the Netherlands. Uniper will play a constructive role in these talks.

The French government's final report on the social and structural impact of the phasing-out of coal-fired power generation and the impact on supply security is not yet available. It is still intended to have the measures to implement the phase-out anchored in a multi-year program for energy by the end of 2018.

On July 12, 2018, the British government published ideas for future relations with the EU. The report envisages, among other things, a continuation of cooperation in energy and climate protection policy and the continued granting of free movement of workers between the EU and the United Kingdom. Uniper is currently analyzing the potential effects of Brexit in a Group-wide project and is preparing mitigation measures. At the same time, the British government is also carrying out the legally required process of assessing the capacity market. The results should be available by mid-2019. The Welsh government is conducting a consultation on the decarbonization of the region and is considering measures that could also affect gas-fired power plants.

Following the parliamentary elections in Sweden on September 9, 2018, no party had a clear majority, which could delay the formation of a new government. Due to the non-partisan energy agreement currently in place, there are virtually no visible energy policy controversies at this time.

At European level, the consultations on the European Commission's proposal to extend the scope of the Gas Directive continue in the Council of the European Union ("EU") under Austria's Presidency. If no agreement is reached by the end of 2018, another effort will be made under Romania's EU Presidency in the first half of 2019.

Following the agreement on the "Amendments to the Directives on Renewable Energies and Energy Efficiency" in the "Clean Energy for all Europeans" legislative package presented by the European Commission in 2016, the remaining points are now being discussed. These include the points "capacity mechanisms" and "ownership of energy storage facilities." The ongoing negotiations between the European Council, the European Commission and the European Parliament could be concluded by the end of 2018.

Business Performance

Key Events and Business Developments in the Months of January through September 2018

On November 7, 2017, Fortum Deutschland SE, a wholly-owned subsidiary of the Finnish energy company Fortum Oyj, had issued a voluntary public offer to purchase all of the shares of Uniper SE. In total, shareholders of Uniper SE representing an interest of approximately 47.12% in the Company had accepted Fortum Deutschland SE's offer to acquire the shares of Uniper SE. In particular, E.ON SE had tendered its 46.65% stake in Uniper SE – held indirectly via E.ON Beteiligungen GmbH – to Fortum Deutschland SE as part of the takeover offer. When the offer was completed effective June 26, 2018, Fortum Deutschland SE became the Company's new major shareholder.

The following events had a significant impact on business in the first nine months of 2018:

Heavy snowfalls in the winter months were followed by a rapid rise in temperatures at the beginning of April, which led to higher inflows and increased production from running water in Germany in the second quarter. In Sweden, the second quarter was similarly characterized by a short, but strong, spring flood due to the snow situation. In the third quarter, the continuing drought led to declines from the relatively high generation volumes of the preceding quarters – especially in Sweden.

The hot, dry summer and the relatively high price levels associated with it contributed to good optimization results for the entire generation fleet in most of Europe's electricity markets.

The decisions on reducing surplus carbon allowances by transferring them to the market stability reserve within the EU Emissions Trading System ("EU ETS") have led to a sharp carbon price increase in recent months.

The low temperatures in the second half of the first quarter of 2018 led to increased short-term demand for gas products and triggered extreme price fluctuations at individual gas trading points, which challenged gas utilities to deliver on the agreed supply contracts without resorting to significant gas-market purchases. Uniper successfully mastered this challenge thanks to its diversified, flexible gas portfolio consisting of gas storage facilities and flexible contracts. The subsequent months of the reporting period were characterized by an overall volatile market of rising prices. This was due to the need to refill gas storage facilities after extensive gas volumes were taken out of them in the first half of the year.

In the context of ongoing arbitration proceedings regarding various long-term gas supply contracts, Uniper is making preparations for the arbitration while at the same time pursuing a commercial agreement with the gas suppliers. An appropriate loss allowance has been recognized for the risk.

In the Datteln 4 hard-coal power plant currently under construction, initial supportable findings from the analysis of the extent and causes of the damage to the boiler unit indicated in the first quarter of 2018 that the boiler walls will have to be replaced to remedy the damage. This will delay the plant's planned commissioning, which will presumably take place in the summer of 2020. The delay led to a non-operating impairment charge in the first quarter of 2018.

The conversion from coal to biomass firing at Unit 4 of the Provence power plant in France ("Provence 4") is complete. The power plant was brought on stream in the second quarter of 2018. This, however, was followed by temporary production stoppages at the site in the third quarter of 2018, and Provence 4 will therefore not yet be able to achieve the specified minimum runtime hours in 2018. Given the associated future loss of revenue, a non-operating impairment charge was recognized for the power plant unit in the third quarter.

Due to the lack of viable market prospects, Uniper and its co-owners of the Irsching 5 gas-fired power plant, and Uniper as the sole owner of the Irsching 4 gas-fired power plant, once again announced on April 26, 2018, the temporary closure of the two units to the German Federal Network Agency and the network operator TenneT.

In the first half of 2018, the decision was made to build a new gas-fired power plant at the Scholven site with projected capital expenditure in the low three-digit million euro range. With this investment, Uniper will be able to continue to successfully expand its direct-to-consumer business.

The earnings performance of the Russian majority shareholding Unipro was affected mainly by the negative movement of the ruble's exchange rate in the reporting period. Lower generation volumes had an additional negative impact. This was mainly attributable to the reduced "cold reserve" operating hours of the Surgutskaya and Berezovskaya (Units 1 and 2) power plants and to the general overhaul of Unit 7 at the Surgutskaya power plant in the first nine months of 2018.

The project to repair the boiler in Unit 3 of the Berezovskaya power plant remains on schedule and within expected cost parameters. Its return to service could extend into the fourth quarter of 2019. The remaining investment amount still to be spent now stands at roughly 14 billion rubles.

On September 26, 2018, Uniper successfully concluded the early refinancing of the syndicated credit facility of €2.5 billion arranged in 2016. The new syndicated credit facility in an amount of €1.8 billion secures Uniper's backup liquidity reserve for the coming years. The facility has a tenor of five years plus two options to extend the maturity by one year each.

Changes in Ratings

On April 27, 2018, Standard & Poor's Global Ratings ("S&P") raised Uniper's rating from BBB- with a positive outlook to BBB with a stable outlook. S&P decided to upgrade the rating on the back of Uniper's sustained strong financial position, as well as S&P's expectation of improved earnings stability and profitability at the Company.

The rating upgrade and the stable outlook reflect S&P's view of a reduced risk of a negative impact from changes in Uniper's shareholder structure on the Company's credit quality, in particular its independence, strategy and financial policy. S&P has also elevated Uniper's business risk profile, which has been positively affected by recent electricity price trends in Germany and the Nordic countries, achieved cost savings, renegotiations of gas contracts and the successful sale of the Russian gas field Yuzhno-Russkoye in 2017.

Uniper has been assigned a long-term issuer credit rating of BBB+ by the rating agency Scope Ratings. That rating was reaffirmed in June 2018, and the outlook continues to be stable.

Earnings

Sales Performance

Sales

January 1–Sept. 30 € in millions	2018	2017	+/- %
European Generation	8,882	5,131	73.1
Global Commodities	56,443	52,273	8.0
International Power Generation	753	869	-13.3
Administration/Consolidation	-13,019	-5,335	-144.0
Total	**53,059**	**52,938**	**0.2**

At €53,059 million, sales revenues in the nine-month period of 2018 were at the level of the previous year (prior-year period: €52,938 million).

The initial application of IFRS 15 has, in particular, led to a change in the presentation of income from financial hedging transactions and, to a limited extent, from proprietary trading, which for the first nine months of 2018 is shown within other operating income and, in contrast to the prior-year period, no longer as sales. Further information is provided in the “Significant Earnings Trends” section.

European Generation

Sales in the European Generation segment rose by €3,751 million, from €5,131 million in the prior-year period to €8,882 million in the first nine months of 2018.

The increase in sales resulted primarily from higher intersegment sales. The background here is the changed transfer-pricing mechanism between the power plant operating companies and Uniper Global Commodities SE (“UGC”), which has been in effect since January 1, 2018. Through the new interface, UGC locks in a future selling price for the electricity expected to be generated by the power plant operating companies by entering into hedges at current market prices in the context of a portfolio management contract, so that the resulting revenues are ultimately reported directly in the European Generation segment, while the power plant operating companies show the financial effect of price hedging of their generation positions. The change in the mechanism is also reflected in a corresponding increase in the cost of materials. The preceding effect was offset, in part, by the decommissioning of the Maasvlakte 1 and 2 power plant units in the Netherlands, and of the Oskarshamn 1 nuclear power plant in Sweden, all of which had still been in operation in the prior-year period before they were decommissioned in June 2017.

Global Commodities

Sales in the Global Commodities segment increased by €4,170 million, from €52,273 million in the prior-year period to €56,443 million in the first nine months of 2018.

Internal sales in the electricity business were increased by the changed transfer-pricing mechanism between UGC and the power plant operating companies (see above under "European Generation").

Overall, external sales were at the prior-year level. In the gas business, there was a significant increase in sales due to higher prices and higher sales volumes at gas trading points. There was a slight decline in the electricity business from optimization and trading activities involving physically settled transactions. External sales in the gas and electricity businesses were further reduced because of the initial application of the new IFRS 15, which provides that income from financial hedging transactions and, to a limited extent, from proprietary trading, are now recognized as other operating income.

International Power Generation

Sales in the International Power Generation segment fell by €116 million, from €869 million in the prior-year period to €753 million in the first nine months of 2018.

The decline in sales was due to negative currency translation effects, in particular. A further negative impact came from lower generation volumes, which were due mainly to the elevated periods of downtime at the Surgutskaya and Berezovskaya (Units 1 and 2) power plants, and to the general overhaul of the Surgutskaya plant's Unit 7. Higher tariff payments for new capacity at the Surgutskaya power plant, on the other hand, had a positive effect.

Administration/Consolidation

Revenues attributable to the Administration/Consolidation reconciliation item changed by -€7,684 million, from -€5,335 million in the prior-year period to -€13,019 million in the nine-month period of 2018. This resulted mainly from the consolidation of intersegment effects due to the changed interface between the European Generation segment's power plant operating companies and UGC. The resulting changes in transfer pricing will have no impact on the earnings, financial condition and net assets of the Uniper Group.

Sales by product break down as follows:

Sales

January 1–Sept. 30 € in millions	2018	2017	+/- %
Electricity	20,336	21,675	-6.2
Gas	30,799	28,109	9.6
Other	1,924	3,154	-39.0
Total	**53,059**	**52,938**	**0.2**

Significant Earnings Trends

The net loss of the Group was €521 million (prior-year period: net income of €782 million). Income before financial results and taxes fell to -€746 million (prior-year period: €958 million).

The principal factors driving this earnings trend are presented below:

Other operating income increased to €20,333 million in the first nine months of 2018 (prior-year period: €8,948 million). The principal contributor to this increase was income from derivative financial instruments, which rose by €8,208 million to €15,800 million (prior-year period: €7,592 million). This was caused by the marking to market of commodity derivatives and reflected the strong increases in the forward prices of electricity, gas and carbon allowances in 2018. Furthermore, the increase reflected income totaling €3,631 million from financial hedging transactions and, to a limited extent, from proprietary trading, which for the first time is shown within other operating income owing to the initial application of IFRS 15 beginning in the 2018 fiscal year, and no longer as sales.

Other operating expenses increased to €22,018 million in the first nine months of 2018 (prior-year period: €8,900 million). The increase resulted primarily from higher losses on derivative financial instruments, which increased by €9,125 million to €16,582 million (prior-year period: €7,457 million). The change was caused especially by the marking to market of commodity derivatives and reflected the strong increases in the forward prices of electricity, gas and carbon allowances in 2018. These losses are mostly unrealized losses on fair value measurement that are partly offset both by gains on fair value measurement of commodity derivatives and by unrecognized unrealized gains on the physical generation positions and procurement transactions, which may not be shown before they are realized. These positions represent economic hedging relationships for which hedge accounting according to IFRS 9 is not applied. The increase additionally resulted from the effects of expenses from financial hedging transactions and, to a limited extent, from proprietary trading totaling €4,123 million, which in the previous year had been shown within cost of materials. This change in reporting has also arisen in connection with the initial application of IFRS 15.

At €50,616 million, the cost of materials in the first three quarters of 2018 was at the previous year's level (prior-year period: €50,983 million), thereby largely following the sales trend.

Depreciation, amortization and impairment charges amounted to €875 million in the first nine months of 2018 (prior-year period: €520 million). The €355 million increase is predominantly attributable to impairment charges of €270 million recognized in the first quarter of the reporting period for the Datteln 4 hard-coal power plant currently under construction and of €91 million recognized for Provence 4 in the third quarter. The initial application of IFRS 16 in 2018, and the associated initial recognition of right-of-use assets within property, plant and equipment, additionally led to a marginal increase in depreciation and amortization. This was partly offset by a reduction in future depreciation charges due to the disposal of assets in the context of the sale of the interest in the Russian gas field Yuzhno-Russkoye in 2017. In addition, a goodwill impairment charge had been recognized in the prior-year period in connection with the disposal of the Russian Yuzhno-Russkoye gas field stake.

Personnel costs increased to a total of €754 million in the first nine months of 2018 (prior-year period: €737 million). This increase resulted primarily from the revaluation and settlement of allocations under the long-term incentive ("LTI") packages for the years 2015, 2016 and 2017 in connection with the change-of-control event that has now occurred following the closing of the acquisition by Fortum of the block of shares hitherto held indirectly by E.ON SE. Instead, there will be no more charges to personnel costs in subsequent quarters from the now-settled 2015–2017 LTI packages.

Reconciliation of Income/Loss before Financial Results and Taxes

Unadjusted earnings before interest and taxes ("EBIT") represents the Uniper Group's income/loss before financial results and taxes in accordance with IFRS, taking into account the net income/loss from equity investments.

In order to increase its meaningfulness as an indicator of the operating performance of Uniper's business, EBIT is adjusted for certain non-operating effects to produce a reliable adjusted EBIT measure, which is used for internal management control purposes.

The non-operating effects on earnings for which EBIT is adjusted include, in particular, income and expenses from the fair value measurement of derivative financial instruments used in hedges and, where material, book gains/losses, expenses for restructuring / cost-management programs initiated prior to the spin-off and impairment charges/reversals on non-current assets, on companies accounted for under the equity method and other long-term financial assets and on goodwill in the context of impairment tests, as well as other contributions to non-operating earnings.

Reconciliation of Income/Loss before Financial Results and Taxes

January 1–Sept. 30 € in millions	2018	2017
Income/Loss before financial results and taxes	**-746**	**958**
Net income/loss from equity investments	6	2
EBIT	**-740**	**960**
Non-operating adjustments	1,126	-8
Net book gains (-)/losses (+)	*31*	–
Marking to market of derivative financial instruments	*731*	*-72*
Restructuring / Cost-management expenses (+)/income (-)[1, 2]	*-51*	*13*
Non-operating impairment charges (+)/reversals (-)[3]	*361*	*34*
Miscellaneous other non-operating earnings	*54*	*17*
Adjusted EBIT	**386**	**952**
For information purposes: Adjusted EBITDA	891	1,423

[1]Expenses/Income for restructuring / cost management in the Global Commodities segment included depreciation and amortization of €6 million in the third quarter of 2018 (third quarter of 2017: €7 million).
[2]Expenses/Income for restructuring / cost management do not include expenses incurred for the current restructuring program and its related subprojects.
[3]Non-operating impairment charges/reversals consist of non-operating impairment charges and reversals triggered by regular impairment tests. The total of the non-operating impairment charges/reversals and economic depreciation and amortization/reversals differs from depreciation, amortization and impairment charges reported in the income statement since the two items also include impairment charges on companies accounted for under the equity method and other financial assets; in addition, a small portion is included in restructuring / cost-management expenses and in miscellaneous other non-operating earnings.

Owing to the adjustments made, the earnings items shown here may differ from the figures determined in accordance with IFRS.

Net Book Gains/Losses

In the reporting period, a book loss of €31 million was realized from the sale of the investment in the joint venture Pecém II Participações S.A. This loss resulted primarily from the reclassification to the income statement of currency translation differences that had been recognized in other comprehensive income in preceding periods. No book gains or losses on sales had been realized in the prior-year period.

Fair Value Measurement of Derivative Financial Instruments

The fair value measurement as of the reporting date of derivatives used to hedge the operating business against price fluctuations resulted in a net expense of €731 million as of September 30, 2018, due to higher market values (prior-year period: net income of €72 million).

Restructuring / Cost Management

The income of €51 million in the nine-month period of 2018 resulted largely from the partial reversal of miscellaneous provisions that had been recognized for non-operating effects in the course of the spin-off from E.ON (prior-year period: €13 million expense).

Non-operating Impairments/Reversals

In the reporting period, non-operating impairments amounting to €361 million were recognized in the European Generation segment (prior-year period: €34 million in the European Generation and Global Commodities segments). Of this total, an amount of €270 million was recognized for the Datteln 4 hard-coal power plant currently under construction in the first quarter of 2018. Reduced minimum runtime hours at Provence 4 and the associated losses of revenue led to the recognition of a €91 million non-operating impairment charge in the third quarter of 2018.

Miscellaneous Other Non-operating Earnings

Miscellaneous other non-operating earnings amounted to -€54 million in the nine-month period of 2018 (prior-year period: -€17 million). The deterioration resulted primarily from a charge recognized as part of the revaluation and settlement of allocations that vested prematurely under the long-term incentive ("LTI") packages for the years 2015, 2016 and 2017. These allocations arose from the change-of-control event that followed the closing of the acquisition by Fortum of the block of shares hitherto held indirectly by E.ON SE. The aforementioned charge was partly offset by the absence of depreciation on gas inventories recognized in the prior-year period.

Adjusted EBIT

Segments

The following table shows adjusted EBIT for the first nine months of 2018 and for the corresponding prior-year period broken down by segment:

Adjusted EBIT

January 1–Sept. 30 € in millions	2018	2017	+/- %
European Generation	260	280	-7.1
Global Commodities	126	278	-54.7
International Power Generation	204	537	-62.0
Administration/Consolidation	-204	-143	-42.7
Total	**386**	**952**	**-59.5**

European Generation

Adjusted EBIT in the European Generation segment fell by €20 million, from €280 million in the prior-year period to €260 million in the first nine months of 2018.

This negative development is mostly attributable to the lower prices obtained, compared with the first nine months of 2017, for nuclear and hydro generation volumes that had been hedged in the past. In addition, temporary price-related higher provisions for carbon certificate costs had a negative impact on business compared with the prior-year period. The higher certificate costs are partly offset by hedges that will not be realized until the end of 2018. The decommissioning in June of the previous year of the Maasvlakte 1 and 2 power plant units in the Netherlands and of the Oskarshamn 1 nuclear power plant unit in Sweden, as well as the non-recurrence of positive one-time effects from 2017, also contributed to a year-over-year decline in earnings.

It was offset in part by the elimination of special taxation on Swedish nuclear power plants, the reduction of special taxation on hydroelectric power plants in Sweden and the introduction of capacity markets in the United Kingdom and in France. A further positive contribution to the European Generation segment's earnings during the reporting period came from reversals of provisions for other asset retirement obligations due to an altered dismantling plan for redevelopment obligations relating to hydroelectric power plants and infrastructure.

Global Commodities

Adjusted EBIT in the Global Commodities segment fell by €152 million, from €278 million in the prior-year period to €126 million in the first nine months of 2018.

The non-recurrence of the earnings contribution made by the finalization of the sale of the stake in the Russian gas field Yuzhno-Russkoye at the end of 2017 had a negative impact. The rising carbon price produced an additional, temporary negative effect. Moreover, a slower operating business trend in the gas business, as well as the loss allowance recognized in the context of pending arbitration proceedings in connection with long-term gas supply contracts, further diminished earnings. The realization of hedges in the liquefied natural gas business, on the other hand, had a positive impact on adjusted EBIT in the reporting period.

International Power Generation

Adjusted EBIT in the International Power Generation segment fell by €333 million, from €537 million in the prior-year period to €204 million in the first nine months of 2018.

The segment's adjusted EBIT was substantially diminished by the non-recurrence of the insurance payment received in May 2017 for the damage caused by a boiler fire in the Berezovskaya 3 power plant unit in 2016. Furthermore, adjusted EBIT was adversely affected by negative currency translation effects and lower generation volumes. Higher tariff payments relative to 2017 for new capacity at the Surgutskaya power plant had a positive effect.

Administration/Consolidation

Adjusted EBIT attributable to the Administration/Consolidation reconciliation item changed by -€61 million, from -€143 million in the prior-year period to -€204 million in the nine-month period of 2018, due to consolidation effects in the reporting period and the non-recurrence of positive one-time effects from 2017.

Adjusted Funds from Operations

Beginning in 2017, adjusted funds from operations ("adjusted FFO") is now a key performance indicator used by the Uniper Group for, among other things, determining indirectly the residual cash flow available for distribution to shareholders and the variable compensation of the Management Board. The definition of adjusted FFO has been described in detail in the 2017 Uniper SE Annual Report. The Management Board, with the approval of the Supervisory Board, decided to make an additional one-time adjustment to adjusted FFO for the 2018 fiscal year for the non-recurring effect resulting at the end of June from the premature ending of the term of the 2015–2017 LTI packages. This means that the premature LTI vesting, triggered by an exogenous event, will not be reflected in the performance indicator adjusted FFO, and will therefore have no impact on the dividend amount for the 2018 fiscal year.

Adjusted FFO for the first nine months of 2018 amounted to €722 million, a year-over-year decrease of €5 million (prior-year period: €727 million). The decrease mostly reflected the impact of reduced cash EBIT, as described in further detail in the "Adjusted EBIT" section. It was partly offset both by lower usage of provisions and by positive tax effects.

Financial Condition

The Uniper Group presents its financial condition using financial measures including economic net debt and operating cash flow before interest and taxes, among others.

Debt

Compared with December 31, 2017, Uniper's net financial position declined by -€1,422 million to -€2,214 million (December 31, 2017: -€792 million). This effect was caused primarily by higher margin deposits for futures transactions on exchanges ("margining"), which amid rising commodity prices reduced liquid funds as of the end of the third quarter of 2018. These margin deposits rose by €432 million to €864 million (December 31, 2017: €432 million). Lease liabilities initially recognized owing to the initial application of IFRS 16 effective January 1, 2018, in the amount of -€324 million, as well as increased utilization of Commercial Paper Programme, additionally led to an increase in financial liabilities and liabilities from leases. Moreover, as of the end of the third quarter of 2018, the operating cash flow and the inflows from disposals were not sufficient to cover the financing requirements for investments and the dividend distribution in June 2018. The preceding was partly offset by the reduction in provisions for pensions and similar obligations to -€655 million (December 31, 2017: -€676 million), which was mainly due to the increase in the discount rate determined for the Uniper companies in the United Kingdom and to additions to employer contributions. Provisions for asset retirement obligations also fell, to -€924 million (December 31, 2017: -€977 million). The total economic net debt amounted to -€3,793 million as of September 30, 2018 (December 31, 2017: -€2,445 million).

The following table breaks down economic net debt by major balance sheet item as of September 30, 2018, and December 31, 2017, respectively:

Economic Net Debt

€ in millions	Sept. 30, 2018	Dec. 31,2017
Liquid funds	1,276	1,027
Non-current securities	91	104
Financial liabilities and liabilities from leases	-3,581	-1,923
Net financial position	**-2,214**	**-792**
Provisions for pensions and similar obligations	-655	-676
Provisions for asset retirement obligations[1]	-924	-977
Economic net debt	**-3,793**	**-2,445**

[1]Reduced by receivables from the Swedish Nuclear Waste Fund.

Investments

Investments

January 1–Sept. 30 € in millions	2018	2017
Investments		
European Generation	*225*	*318*
Global Commodities	*12*	*28*
International Power Generation	*129*	*134*
Administration/Consolidation	*21*	*32*
Total	**387**	**512**
Growth	*230*	*304*
Maintenance and replacement	*157*	*208*

Investment spending for the Uniper Group as a whole was below the prior-year level.

In the first three quarters of 2018, €225 million was invested in the European Generation segment, €93 million less than the €318 million reported for the prior-year period. The change was due especially to lower investment spending on the growth projects Datteln 4 and Provence 4 and to lower maintenance investments for coal-fired power plants.

In the Global Commodities segment, investments were down €16 million from the prior-year level, primarily due to lower IT spending.

The International Power Generation segment invested €129 million in the first nine months of 2018. These investments mostly related to the construction of Unit 3 of the Berezovskaya power plant and were €5 million lower than in the prior-year period (€134 million).

Investment spending in the Administration/Consolidation segment totaled €21 million in the first nine months of 2018, down €11 million compared with the nine-month period of 2017. This development was attributable to the non-recurrence of spending on the acquisition of licenses by Uniper IT and on the ownership transfer from E.ON of Uniper HR Services Hannover GmbH in 2017.

Cash Flow

Cash Flow

January 1–Sept. 30 € in millions	2018	2017
Cash provided by operating activities (operating cash flow)	**89**	**950**
Cash used for investing activities	**-1,166**	**-634**
Cash provided by financing activities	**1,042**	**100**

Cash Flow from Operating Activities, Operating Cash Flow before Interest and Taxes

Cash provided by operating activities (operating cash flow) fell by €861 million in the first nine months of 2018 to €89 million (prior-year period: €950 million). The principal reason for the reduction in operating cash flow was, firstly, the reduction in cash EBIT. Further information is also provided in the "Adjusted EBIT" section. Secondly, an increase in working capital, due to a difference in the timing of payments and a more intensive build-up of gas inventories, in particular, compared with the previous year, also led to a reduction in operating cash flow.

The following table presents the reconciliation of cash flow from operating activities (operating cash flow) to operating cash flow before interest and taxes:

Operating Cash Flow before Interest and Taxes

January 1–Sept. 30 € in millions	2018	2017	Difference
Operating cash flow	**89**	**950**	**-861**
Interest payments	13	-1	14
Tax payments	-83	240	-323
Operating cash flow before interest and taxes	**19**	**1,189**	**-1,170**

Cash Flow from Investing Activities

Cash flow from investing activities fell from -€634 million in the nine-month period of 2017 by €532 million to -€1,166 million in the first nine months of 2018. This change was caused mainly by higher margining and by higher cash payments for units of institutional investment funds. By contrast, reduced cash payments of €387 million for investments in property, plant and equipment (prior-year period: €512 million), as well as the €130 million increase in proceeds from disposals (prior-year period: €28 million), both had positive effects.

Cash Flow from Financing Activities

In the first nine months of 2018, cash provided by financing activities amounted to €1,042 million (prior-year period: €100 million). The Commercial Paper Programme has been used more intensively in 2018 than it was in the prior-year period, resulting in cash inflows. Margin deposits for commodities – primarily carbon certificates – also provided an inflow of cash in the reporting period.

Assets

Consolidated Assets, Liabilities and Equity

€ in millions	Sept. 30, 2018	Dec. 31,2017
Non-current assets	33,213	22,877
Current assets	27,311	20,284
Total assets	**60,524**	**43,161**
Equity	11,635	12,789
Non-current liabilities	21,070	11,713
Current liabilities	27,819	18,659
Total equity and liabilities	**60,524**	**43,161**

Non-current assets as of September 30, 2018, rose relative to December 31, 2017, from €22,877 million to €33,213 million. This was caused primarily by the valuation-related increase of €10,539 million in assets from derivative financial instruments.

Current assets rose from €20,284 million as of December 31, 2017, to €27,311 million. The principal cause of the increase was the valuation-related increase of €6,494 million in assets from derivative financial instruments, which rose from €8,241 million to €14,735 million. In addition, inventories increased by €441 million to €2,100 million, mainly due to the seasonal build-up of gas inventories in the third quarter of 2018.

Equity fell from €12,789 million to €11,635 million as of September 30, 2018. The net loss of the Group contributed €521 million to the decrease. Net income attributable to non-controlling interests amounted to €29 million. Apart from the dividend distributed to Uniper shareholders in the amount of €271 million, the effect of foreign exchange rates on assets and liabilities amounting to €292 million and the effects from the initial application of IFRS 9 and IFRS 16 amounting to €55 million in total also had negative impacts on equity. The revaluation of defined benefit pension plans and the revaluation of investments nearly offset each other in terms of amounts.

Non-current liabilities increased significantly from €11,713 million at the end of the previous year to €21,070 million as of September 30, 2018. Significant effects resulted from the valuation-related increase of €9,673 million in liabilities from derivative financial instruments, which rose from €3,040 million to €12,713 million, as well as from the increase in non-current lease liabilities additionally recognized in connection with the initial application of IFRS 16. This was partly offset by the decline of €453 million in non-current miscellaneous provisions to €5,615 million, brought about primarily by transfers to current provisions and the effects of foreign exchange rates.

Current liabilities rose by €9,160 million, from €18,659 million as of December 31, 2017, to €27,819 million as of September 30, 2018. This development is attributable especially to the valuation-related increase of €8,189 million in liabilities from derivative financial instruments, which rose from €8,033 million to €16,222 million. In addition, commercial paper in the amount of €1,000 million was issued in 2018 that had not existed as of December 31, 2017.

Risk and Chance Report

The Risk management system, as well as the measures taken to manage risks and chances per category across the Uniper Group, are described in detail in the Combined Management Report for the year 2017.

The commercial activity of the Uniper Group is naturally linked with uncertainties which lead to risks and chances. Resulting financial-, credit-, market- and operational- risks and chances including their sub-categories are explained in detail in the 2017 Combined Management Report. The categories of risks/chances, as well as the methodology to determine the assessment classes, have not changed compared to the 2017 Consolidated Financial Statements.

In the 2018 Half-Year Interim Report, which has been available online at www.uniper.energy since it was published on August 7, 2018, those risk (sub)categories have been discussed in which the assessment class had changed as of June 30, 2018, compared with December 31, 2017. Also changes to major individual risks/ chances with a potential earnings or cash flow impact of at least € 300 million in one year were described. The present risk and chance report describes the material changes of the reporting date September 30, 2018 relative to the situation on June 30, 2018.

Regarding the quantifiable risks and chances, the risk and chance profile of the Uniper group has deteriorated as of September 30, 2018 compared to the situation on June 30, 2018. Due to the rise in commodity prices, Uniper's liquidity risk from posting margins at exchanges (Margining risk) as well as the default risk on exposures with counterparties (Credit Risk) has increased. Both risks are resulting from Uniper's commercial- and hedging activity and now get classified as major individual risks. In light of the persistently low interest rates, the interest rate risk on Asset Retirement Obligations increased to become a major individual risk and led to a higher potential worst case impact of Uniper's Exchange Rate/ -Interest Rate risk category. Following a complete revision of the assessment method for Uniper's IT risks, together with recent infrastructural changes, the potential worst case impact of this risk category has increased and the best case impact has decreased.

Regarding the qualitatively assessed risks and chances, the potential worst case impact of Uniper's major individual risk from the renegotiation of long-term gas supply contracts has significantly increased. This is based on claims Uniper recently received from one gas supplier relating to the ongoing arbitration proceedings regarding various long-term gas supply contracts. Uniper is now preparing for the arbitration and in parallel pursuing a commercial agreement with the gas supplier.

In addition to the above, a Brexit risk scenario has been identified. Since the summer, the view in the ongoing Brexit negotiations between the UK and the EU has emerged that there is a real possibility of a no deal outcome, either from the end of March 2019 or following the transition period if agreed. Although the consequences of a no deal outcome are complex and wide ranging, based on an initial qualitative assessment, this risk is not expected to be a major individual risk for the Uniper Group. A Group wide, internal project is currently analyzing the potential impacts of a no deal scenario and preparing mitigation measures.

The risk situation for Uniper's strategically important asset projects in Datteln and Berezovskaya hasn't changed materially compared to the situation on June 30, 2018 even though the commissioning of Berezovskaya 3 may extend into the fourth quarter of 2019. Ongoing court proceedings could indirectly influence the capacity payments for block 3 of Berezovskaya. For Provence 4 which was commissioned in the second quarter of 2018, the risk outlined previously of not achieving certain minimum runtime hours has partially materialized. While mitigations were put in place to avoid further realization this together with other effects led to an impairment. The entire French business of Uniper currently undergoes a strategic review including all options which may lead to a change in the risk profile of this business and continues to be closely monitored.

The risk situation around Uniper potentially becoming a target of US sanctions as well as the envisaged coal exit in different European countries hasn't changed compared to the situation on June 30, 2018.

Despite the above-mentioned changes, the overall risk situation of the Uniper Group is not considered to be a threat to the company's continued existence. Also with regards to the financial targets the overall risk situation is still considered appropriate.

Forecast Report

The forecast for the 2018 fiscal year remains affected by the environment and developments already described in the 2018 Half-Year Interim Report. Overall, the ranges previously communicated for full-year 2018 are reaffirmed.

Other

No events or developments occurred after the end of the reporting period that would have led to a material change in the recognition, measurement or presentation of individual assets or liabilities as of September 30, 2018, or would have to be reported.

Newly Adopted International Financial Reporting Standards

Since the beginning of the 2018 fiscal year, Uniper has been applying the financial reporting standards IFRS 9, "Financial Instruments," IFRS 15, "Revenue from Contracts with Customers," and – as an early adopter – IFRS 16, "Leases." In line with the transition methods chosen, the figures for the comparative period of the previous year are not restated. Detailed information about the changes in assets, liabilities and equity can be found in the 2018 Half-Year Interim Report. Any potential application effects on the first nine months of 2018 relative to the comparative period of the previous year are described directly in those parts of the Business Report of this Quarterly Statement to which they relate.

Additional provisions applied for the first time have no material impact on the Uniper Group.

Further information and corresponding explanations can be found in the 2018 Half-Year Interim Report.

Uniper SE and Subsidiaries Consolidated Statements of Income

	July 1–September 30		January 1–Sept. 30	
€ in millions	**2018**	**2017**	**2018**	**2017**
Sales including electricity and energy taxes	17,207	15,755	53,411	53,316
Electricity and energy taxes	-116	-122	-352	-378
Sales	**17,091**	**15,633**	**53,059**	**52,938**
Changes in inventories (finished goods and work in progress)	4	6	21	46
Own work capitalized	21	34	50	79
Other operating income	10,472	1,206	20,333	8,948
Cost of materials	-16,426	-15,155	-50,616	-50,983
Personnel costs	-212	-242	-754	-737
Depreciation, amortization and impairment charges	-259	-151	-875	-520
Other operating expenses	-10,714	-1,694	-22,018	-8,900
Income from companies accounted for under the equity method	21	13	54	87
Income/Loss before financial results and taxes	**-2**	**-350**	**-746**	**958**
Financial results	36	7	27	26
Net income/loss from equity investments	*5*	*-1*	*6*	*2*
Income from other securities, interest and similar income	*41*	*30*[1]	*96*	*93*[1]
Interest and similar expenses	*-17*	*-38*	*-97*	*-110*
Other financial results	*7*	*16*[1]	*22*	*41*[1]
Income taxes	-33	68	198	-202
Net income/loss	**1**	**-275**	**-521**	**782**
Attributable to shareholders of Uniper SE	*-4*	*-284*	*-550*	*683*
Attributable to non-controlling interests	*5*	*9*	*29*	*99*
in €				
Earnings per share (attributable to shareholders of Uniper SE) – basic and diluted				
From continuing operations	-0.01	-0.78	-1.50	1.87
From net loss/income	**-0.01**	**-0.78**	**-1.50**	**1.87**

[1]In the previous year, the valuation result from the Swedish Nuclear Waste Fund was reported as interest income (1st–3rd quarter of 2017: €41 million, 3rd quarter of 2017: €16 million).

Uniper SE and Subsidiaries Consolidated Statements of Recognized Income and Expenses

€ in millions	July 1–September 30 2018	July 1–September 30 2017	January 1–Sept. 30 2018	January 1–Sept. 30 2017
Net income/loss	**1**	**-275**	**-521**	**782**
Remeasurements of investments	11	N/A	-6	N/A
Remeasurements of defined benefit plans	112	-23	4	125
Remeasurements of defined benefit plans of companies accounted for under the equity method	–	–	–	-1
Income taxes	-32	7	2	-42
Items that will not be reclassified subsequently to the income statement	**91**	**-16**	**0**	**82**
Cash flow hedges	–	-7	–	-14
Unrealized changes	*–*	*-2*	*–*	*-3*
Reclassification adjustments recognized in income	*–*	*-5*	*–*	*-11*
Available-for-sale securities	N/A	-7	N/A	-1
Unrealized changes	*N/A*	*9*	*N/A*	*16*
Reclassification adjustments recognized in income	*N/A*	*-16*	*N/A*	*-17*
Currency translation adjustments	-104	-32	-322	-275
Unrealized changes	*-104*	*-32*	*-322*	*-286*
Reclassification adjustments recognized in income	*–*	*–*	*–*	*11*
Companies accounted for under the equity method	1	-3	30	-25
Unrealized changes	*1*	*-3*	*-1*	*-25*
Reclassification adjustments recognized in income	*–*	*–*	*31*	*–*
Income taxes	1	0	1	-2
Items that might be reclassified subsequently to the income statement	**-102**	**-49**	**-291**	**-317**
Total income and expenses recognized directly in equity	**-11**	**-65**	**-291**	**-235**
Total recognized income and expenses (total comprehensive income)	**-10**	**-340**	**-812**	**547**
Attributable to shareholders of Uniper SE	*1*	*-340*	*-794*	*484*
Attributable to non-controlling interests	*-11*	*0*	*-18*	*63*

Uniper SE and Subsidiaries Consolidated Balance Sheets

€ in millions	Sept. 30, 2018	Dec. 31, 2017
Assets		
Goodwill	1,839	1,890
Intangible assets	794	819
Property, plant and equipment and right-of-use assets	10,978	11,496
Companies accounted for under the equity method	464	448
Other financial assets	772	814
Equity investments	*681*	*710*
Non-current securities	*91*	*104*
Financial receivables and other financial assets	3,494	3,308
Operating receivables, other operating assets and contract assets	13,747	3,206
Income tax assets	6	6
Deferred tax assets	1,119	890
Non-current assets	**33,213**	**22,877**
Inventories	2,100	1,659
Financial receivables and other financial assets	1,599	1,195
Trade receivables, other operating assets and contract assets	22,251	16,163
Income tax assets	85	170
Liquid funds	1,276	1,027
Securities and fixed-term deposits	*340*	*64*
Restricted cash and cash equivalents	*125*	*112*
Cash and cash equivalents	*811*	*851*
Assets held for sale	–	70
Current assets	**27,311**	**20,284**
Total assets	**60,524**	**43,161**
Equity and Liabilities		
Capital stock	622	622
Additional paid-in capital	10,825	10,825
Retained earnings	3,011	3,399
Accumulated other comprehensive income that might be reclassified subsequently to the income statement	-3,431	-2,699
Equity attributable to shareholders of Uniper SE	**11,027**	**12,147**
Attributable to non-controlling interests	608	642
Equity	**11,635**	**12,789**
Financial liabilities and liabilities from leases	1,164	961
Operating liabilities and contract liabilities	13,266	3,618
Provisions for pensions and similar obligations	655	676
Miscellaneous provisions	5,615	6,068
Deferred tax liabilities	370	390
Non-current liabilities	**21,070**	**11,713**
Financial liabilities and liabilities from leases	2,417	962
Trade payables, other operating liabilities and contract liabilities	23,924	16,277
Income taxes	65	55
Miscellaneous provisions	1,413	1,362
Liabilities associated with assets held for sale	–	3
Current liabilities	**27,819**	**18,659**
Total equity and liabilities	**60,524**	**43,161**

Uniper SE and Subsidiaries Consolidated Statements of Cash Flows

January 1–September 30 € in millions	2018	2017
Net income/loss	**-521**	**782**
Depreciation, amortization and impairment of intangible assets, of property, plant and equipment, and of right-of-use assets	875	520
Changes in provisions	-224	-357
Changes in deferred taxes	-207	1
Other non-cash income and expenses	7	-40
Gain/loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (> 3 months)	-48	-22
Changes in operating assets and liabilities and in income taxes	207	66
Cash provided by operating activities	**89**	**950**
Proceeds from disposal of	130	29
Intangible assets and property, plant and equipment	*126*	*15*
Equity investments	*4*	*14*
Purchases of investments in	-387	-512
Intangible assets and property, plant and equipment	*-381*	*-497*
Equity investments	*-6*	*-15*
Cash payments in connection with disposals	–	-66
Proceeds from disposal of securities (> 3 months) and of financial receivables and fixed-term deposits	455	939
Purchases of securities (> 3 months) and of financial receivables and fixed-term deposits	-1,351	-938
Changes in restricted cash and cash equivalents	-13	-86
Cash used for investing activities	**-1,166**	**-634**
Payments received/made from changes in capital[1]	5	11
Cash dividends paid to shareholders of Uniper SE	-271	-201
Cash dividends paid to other shareholders	-16	-17
Proceeds from financial liabilities	1,419	1,242
Repayments of financial liabilities and reduction of outstanding lease liabilities	-95	-935
Cash provided by financing activities	**1,042**	**100**
Net increase/decrease in cash and cash equivalents	**-35**	**416**
Effect of foreign exchange rates on cash and cash equivalents	-6	-13
Cash and cash equivalents at the beginning of the year[2]	852	169
Cash and cash equivalents from disposal groups	–	-59
Cash and cash equivalents at the end of the reporting period	**811**	**513**
Supplementary Information on Cash Flows from Operating Activities		
Income taxes paid (less refunds)	83	-240
Interest paid	-60	-47
Interest received	47	48
Dividends received	22	64

[1]No material netting has taken place in either of the years presented here.
[2]Cash and cash equivalents at the beginning of 2017 also include an amount of €21 million that had been attributable to the divested stake in the Russian gas field Yuzhno-Russkoye.

Financial Calendar

March 12, 2019
Release of the 2018 Annual Report

May 7, 2019
Quarterly Statement: January–March 2019

May 22, 2019
2019 Annual Shareholders Meeting (Düsseldorf, Congress Center)

August 8, 2019
Half-Year Interim Report: January–June 2019

November 12, 2019
Quarterly Statement: January–September 2019

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