uniper

Quarterly Statement: Q1–Q3 2020

Financial Results

Performance Indicators at a Glance

Financial and Non-Financial Indicators for the Uniper Group

January 1–Sept. 30	Unit	2020	2019	2018	2017	2016
Sales[1]	€ in millions	30.825	46.852	53.059	52.938	47.997
Adjusted EBIT[2]	€ in millions	405	203	386	952	1.252
For informational purposes: Adjusted EBITDA[2]	€ in millions	891	720	891	1.423	1.822
Net income/loss[1]	€ in millions	446	981	-521	782	-4.233
Earnings per share[1 3 4]	€	1,06	2,55	-1.50	1.87	-11.56
Cash provided by operating activities (operating cash flow)	€ in millions	833	-277	89	950	2.389
Adjusted net income[5]	€ in millions	308	82	N/A	N/A	N/A
Investments	€ in millions	491	401	387	512	511
Growth	*€ in millions*	*283*	*223*	*230*	*304*	*272*
Maintenance and replacement	*€ in millions*	*208*	*178*	*157*	*208*	*239*
Economic net debt[6]	€ in millions	3.091	2.650	2.509	2.445	4.167
Employees as of the reporting date[6]		11.644	11.532	11.780	12.180	12.635

[1]The comparative figures shown have been restated based on changes in accounting and presentation methods for the first to third quarters of 2019. Further information can be found in Note 3 to the 2019 Consolidated Financial Statements. The first to third quarters for 2016–2018 continue to be presented as originally reported.
[2]Adjusted for non-operating effects.
[3]Basis: outstanding shares as of reporting date.
[4]For the respective fiscal year.
[5]Adjusted net income is used as a management indicator for the entire Group for the first time beginning in 2020. The figure for 2019 is disclosed solely for informational purposes to provide year-over-year comparability.
[6]Figures as of September 30, 2020; comparative figures as of December 31 of each year.

This document is a Quarterly Statement pursuant to Section 53 of the Exchange Rules ("Börsenordnung") of the Frankfurt Stock Exchange ("Frankfurter Wertpapierbörse") as of August 24, 2020, and does not represent an interim financial report as defined in International Accounting Standard ("IAS") 34.

A glossary of significant terms can be found on pages 237–240 of the 2019 Annual Report.
Only the German version of this Quarterly Statement is legally binding.

Uniper applies commercial rounding. Any rounding differences existing between individual amounts and totals are accepted.

The Uniper Group's business activities are subject to substantial seasonal fluctuations, which can have effects on the Uniper Group's assets, financial condition and earnings. Financial indicators communicated during the year can thus differ materially from the figures of the corresponding prior-year quarter and are therefore of limited significance for full-year results.

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 Chances Report. Furthermore, Uniper SE does not intend, and specifically disclaims any obligation, to update such forward-looking statements or to adjust them in line with future events or developments.

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Significant Developments of the Months of January through September 2020

- Nine months adjusted EBIT and adjusted net income significantly higher year over year
- Third quarter loss in adjusted EBIT and adjusted net income as expected, however very strong operating cash flow
- Higher economic net debt compared to the beginning of the year due to interest-related higher pension provisions
- Direct CO_2 emissions in nine months down by 12.5% compared to prior year to 30.1 million tons
- Earnings forecast and planned dividend proposal for 2020 reaffirmed

Business Model of the Group

Uniper is a parent-owned international energy company with operations in more than 40 countries and with 11,644 employees. Its business is the secure provision of energy and related services in an increasingly decarbonizing environment. The Uniper Group is composed of three operating business segments: European Generation, Global Commodities, and Russian Power Generation. The Russian Power Generation operating segment was previously called 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 parent company of the Uniper Group is Uniper SE; the corporate headquarters are in Düsseldorf, Germany. The majority shareholder of Uniper SE, with an indirect interest of more than 75 %, is Fortum Oyj, Espoo, Finland ("Fortum"). As a separate listed group, Uniper publishes its quarterly statements, its half-year interim financial statements, and its consolidated annual financial statements, all of which are also included in Fortum's respective consolidated financial statements. The majority shareholder of Fortum is the Republic of Finland.

Business Report

Industry Environment

The 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

On September 17, 2020, the European Commission communicated its climate targets and a proposal to amend the Climate Law. The Commission now proposes to cut greenhouse gas emissions by at least 55% by 2030, paving the way to becoming climate-neutral by 2050. To achieve these (interim) targets for 2030, the Commission will review the essential legislative proposals by June 2021. Policy changes will concentrate on carbon pricing – as a legislative instrument – by expanding the EU Emissions Trading System (EU ETS) to include buildings and road transport. Maritime transport and international aviation shall also be included in the EU ETS at a later date. In addition, emissions from land use, land use change and forestry shall now be integrated fully into the EU's proposed greenhouse gas target for 2030.

In a vote on October 7, 2020, the European Parliament adopted its position on the EU climate law, stipulating the following key elements:

- The climate-neutrality target for 2050 should be applied to individual member states instead of merely the EU as a whole.
- The target to reduce emissions by 2030 should be 60% compared with 1990 levels, the Commission should establish an EU-wide greenhouse-gas budget by December 31, 2021, and an additional interim emissions-reduction target for 2040 should be proposed by the Commission by May 31, 2023.
- An independent scientific body should be set up to monitor the EU's progress toward a greener future, and all direct and indirect subsidies for fossil fuels must be phased out by 2025.

The effects on Uniper can only be assessed once the legislative process for implementation in Germany has become a more specific one.

In Germany, following the presentation of the National Hydrogen Strategy in the second quarter of 2020, the National Hydrogen Council commenced its work. With Andreas Schierenbeck representing the energy industry, Uniper is closely involved in the Council's working groups. In a stakeholder dialogue hosted by the Ministry of Economic Affairs and Energy, there were discussions on how an exemption of electrolyzers from the surcharge mandated by the Renewable Energy Sources Act might be designed. As a member of the Power-to-X Alliance, Uniper is also closely involved in government-relations work. The Power-to-X Alliance is a cross-industry alliance of businesses and associations established to bring together different areas of expertise in power-to-X technologies.

The Coal Phase-Out Act, which ends lignite-fired power generation in Germany and also specifies the phase-out path for the country's hard-coal power plants, was enacted by the Bundestag and the Bundesrat on July 3, 2020. The Structural Enhancement of Coal Regions Act was enacted at the same time. This law seeks to regulate the structural change that will occur where coal-fired power plants are located, and to provide funding for these regions. The deadline to participate in the first auction for the first coal-fired power plants to be decommissioned in 2020 was September 1, 2020. The auction results are expected to be announced in late December 2020 at the latest.

The Dutch government is currently preparing its Urgenda package, which seeks to achieve climate protection targets. The measures are being taken as a consequence of the ruling by the Supreme Court of the Netherlands in December 2019 ordering the government to deliver a reduction in carbon emissions of 25% (from 1990 levels) by the end of 2020. The Urgenda measures could include a production limit for coal-fired power plants.

Sweden's Minister for Energy and Digital Development is considering a potential reform of the electricity market by means of compensation payments for system services. Uniper has been invited by the Swedish network operator for discussions on models and ideas for such compensation payments. The Swedish government has adopted a national plan to adapt hydroelectric power to modern environmental conditions, including a program for investment in hydrogen that extends the current energy program for industry and also includes support for new industrial projects in hydrogen production. Other government proposals include investments in electric transportation and electric vehicles.

The UK government conducted a consultation on a carbon emissions tax that could be introduced in the United Kingdom from January 1, 2021. Other options include a stand-alone UK emissions trading system or linking such a system to the EU ETS. The relevant budget announcement due in November 2020 has been cancelled, so there is no clear instrument for introducing such a carbon tax system. The government announced the creation of the Hydrogen Advisory Council (HAC) in the summer. Uniper currently holds a seat in one of the HAC's five working groups, and has expressed interest in joining three other groups.

In Russia, the competitive capacity auction mechanism for the modernization of thermal power plants (KOMMod) was introduced by government decree of January 25, 2019. The selection of power plants to be included in KOMMod for 2026 was originally planned for the end of June 2020, but has been postponed several times by the Russian government in recent months. The current auction dates for 2026 are February 15, 2021, for KOM 2026 (auction for older power plants) and December 1, 2020, for KOMMod 2026 (including KOMMod 2026–2028 for innovative CCGT projects).

Given the ongoing global coronavirus (Covid-19) pandemic, all European and national legislative projects may be subject to unforeseeable delays in parliamentary processes.

Business Performance

Business Developments and Key Events in the Months of January through September 2020

By resolution of the Supervisory Board of Uniper SE dated January 27, 2020, Niek den Hollander was appointed to succeed Keith Martin as a member of the Management Board of Uniper SE from June 1, 2020. The appointment was made for three years in accordance with the recommendations of the German Corporate Governance Code.

In the period from March 26, 2020 to August 18, 2020, Fortum increased its stake in Uniper to 75.01% of the shares and voting rights. Further details on this and the changes in the Supervisory Board resulting from the increase in Fortum's shareholding can be found in the 2020 Half-Year Interim Report.

In March 2020, the World Health Organization officially designated the outbreak of the novel lung disease (Covid-19) a pandemic that is currently spreading around the world. Uniper is continuously monitoring developments in this regard, and has taken measures to protect its employees and business partners, which among others include working from home for administrative functions and new shift models for operating works since March. Uniper also has effective business continuity plans in place for its operations and administrative functions, which ensure that the Company is well prepared for such events. Nevertheless, the pandemic and the measures taken to contain it worldwide have had a negative impact on the global traded markets and have contributed to significant decreases in prices and substantial price volatility in the commodity and financial markets. Uniper has not applied for assistance under the German government's package of measures to help businesses mitigate the impact of the coronavirus. These current – and possible future – developments, which were apparent as of the reporting date, also have an impact on Uniper's assets, financial condition, and earnings, and have been taken into account accordingly in the financial statements. Such developments mainly related to the measurement of derivatives, inventories, as well as the measurement of generation assets, particularly in the European Generation and Russian Power Generation segments. As a result of the government support programs in Germany and the ECB bond purchase programs, interest rates fell compared with year-end 2019, which led to a corresponding increase in pension provisions, while the fair value of plan assets almost remained the same level as at the end of 2019. Individual other equity investments were also measured at a lower fair value due to the updating of assumptions. The decrease in revenues and cost of materials is also affected by changes in market prices, as these are largely measured at Uniper at the price applicable upon contract fulfillment and not at the hedged price (see also "Earnings – Sales performance"). Hedging resulted in a net positive unrealized contribution to earnings due to lower prices.

In the third quarter of 2020, electricity prices and spreads recovered slightly. The average spot price in Germany rose by more than 75% compared to the previous quarter. This had a positive effect on the generation volumes of conventional power plants, which increased compared to the second quarter of 2020.

In Sweden, the hydrological situation normalized somewhat, but generation in the local hydroelectric power plants declined compared to the first two quarters of 2020 due to seasonal factors.

Besides these effects, the year generally has been characterized by very mild temperatures, which have led to lower demand, especially for gas sales. In particular for gas, the combination of a decrease in demand on the market and relatively high storage levels ultimately resulted in a significant decline in prices at individual gas trading points. This presented gas suppliers with the challenge of optimizing economically the volumes procured under long-term supply contracts. Uniper successfully mastered this challenge thanks to its diversified and flexible gas storage and gas optimization portfolio.
The decline in sales volumes in both the gas and electricity business was further intensified by the Covid-19 pandemic and the resulting measures (lockdown, reduced working hours). This resulted in significant declines in electricity sales to major customers in particular from April to August 2020. Since the middle of the third quarter of 2020, however, there have been signs that customers' procurement behavior is returning to normal.

The earnings performance of the Russian majority shareholding Unipro was negatively affected primarily by lower electricity prices in the day-ahead market due to the impact of the Covid-19 pandemic – especially at oil and gas producers, as well as by reduced foreign demand combined with a weather-related increase in supply.

Owing to circumstances including the impact of the Covid-19 pandemic, Uniper continues to expect that Unit 3 of the Berezovskaya power plant in Russia will return to service in the first half of 2021. The remaining investment amount now stands at roughly 4.5 billion rubles.

The following events had a significant impact on business in the first nine months of 2020:

In connection with the draft legislation to end coal-fired power generation adopted by the German federal government, Uniper announced on January 30, 2020, that it intended to decommission some power plant units. The coal phase-out in Germany was formally enacted into law by the Bundestag and the Bundesrat on July 3, 2020. Insofar as they are relevant as of the reporting date, the effects on Uniper have been taken into account.

In January 2020, Uniper and Gazprom Export agreed to end arbitration proceedings in which the parties had asked for price adjustments to natural gas supply contracts. Long-term gas supply contracts often include price review clauses that – under defined circumstances – enable each side to engage in discussions about the pricing. It is not unusual that these discussions lead to arbitration proceedings. Such proceedings do not prevent the parties from seeking to reach an out-of-court agreement through continued commercial negotiations.

On February 21, 2020, Uniper signed an agreement with Saale Energie GmbH ("Saale Energie"), a subsidiary of EPH (Energetický a průmyslový holding, a. s.), on the sale of its stake in the Schkopau lignite-fired power plant in Saxony-Anhalt. Uniper is the operator of the power plant and holds a stake in the power plant operating company of about 58%. Saale Energie already holds a stake of around 42% in the Schkopau power plant and will take over Uniper's stake with effect from October 2021. Once it has sold its interest in the Schkopau power plant, Uniper will have fully withdrawn from lignite-fired power generation in Europe.

In February 2020, Uniper entered into a six-year contract with the United Kingdom's National Grid Electricity System Operator to deliver innovative grid stability services. Following the contract signing, Uniper plans to deliver inertia services and voltage control to the British grid at its Killingholme and Grain power plants.

In the first quarter of 2020, Uniper received the payment from the British capacity market, which had been suspended from the end of 2018 through 2019. The associated revenues had already been recognized in the 2019 financial statements. The British capacity market has been functioning normally again since January 1, 2020, with corresponding income and payments in 2020.

The owners of the Irsching 5 gas power plant near Ingolstadt – Uniper, N-ERGIE, Mainova, and ENTEGA – decided on May 28, 2020, to return the plant to the market on October 1, 2020. This decision was made due to improved market prices – in particular, lower gas prices – which should make it possible to operate the highly efficient gas power plant profitably. At the same time – and for the same reasons – Uniper, as sole owner of the Irsching 4 gas-fired power plant, returned with this plant to the market on October 1, 2020. The owners reserve the right to reassess the situation from year to year and to revise the decision in the event of a deterioration in market conditions.

The Datteln 4 power plant was successfully commissioned on May 30, 2020.

The increasing share of renewable energies is presenting grid operators worldwide with growing challenges to maintain balance in electricity grids. Frequency deviations in the grid can lead to poorer power quality and, in the worst case, to power outages. On June 8, 2020, Uniper announced that it was launching an innovative battery solution that would meet the growing need for fast frequency control – and thus grid stability. The first implementation of this battery technology will take place in two of Uniper's hydroelectric power plants in northern Sweden: Edsele with a capacity of six megawatts and Lövön with a capacity of nine megawatts.

In June 2020, Uniper and General Electric (GE) signed a long-term cooperation agreement to decarbonize Uniper's gas-fired power plants and natural gas storage facilities. GE Gas Power and Uniper will study, evaluate, and develop technological options for the decarbonization of these facilities.

On July 9, 2020, Irkutsk Oil LLC and Uniper signed a long-term helium sales agreement for the purchase of part of the liquid helium from the future helium production of Irkutsk Oil LLC from the Yaraktinsky field. The plant near Ust-Kut, in the Russian region of Irkutsk, is currently under construction. Production is scheduled to start at the end of 2021.

Changes in Ratings

On Aug 31, 2020, S&P affirmed Uniper's rating at BBB, with a still negative outlook. The negative outlook reflects the negative outlook on the BBB rating of Uniper's majority owner Fortum Oyj which serves as a cap for Uniper's rating.

Uniper is rated BBB+ with a stable outlook by Scope Ratings. The rating was affirmed on May 25, 2020.

In general, Uniper strives to maintain a stable investment-grade rating of BBB. Further information on Uniper's credit ratings can be found on the Uniper website at https://www.uniper.energy/ratings.

Earnings

Sales Performance

Sales

January 1–Sept. 30 € in millions	2020	2019[1]	+/- %
European Generation	4.938	8.394	-41,2
Global Commodities	32.338	50.563	-36,0
Russian Power Generation	684	809	-15,4
Administration/Consolidation	-7.135	-12.914	-44,8
Total	**30.825**	**46.852**	**-34,2**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the 2019 Consolidated Financial Statements.

At €30,825 million, sales revenues in the nine-month period of 2020 were 34.2% below the figure for the previous year (prior-year period: €46,852 million). The comparative figures shown for the prior-year period of the first nine months of 2019 have been restated in view of a change in accounting and presentation methods (further information is provided in Note 3 to the 2019 Consolidated Financial Statements). The decrease is due mainly to changes in market prices, since a significant portion of the contracts involving physical settlement that Uniper enters into (failed own-use contracts) is realized at the spot price applicable on the settlement date - applying the recognition and measurement rules codified in IFRS - rather than at the originally hedged contract price. The difference between the spot price and the contractually hedged price is instead recognized in the line items for other operating income and expenses. Driven down by the pandemic, the decreased commodity spot prices have thus brought about a shift in the presentation of realized income and expenses from revenues and cost of materials to other operating income and expenses, but that shift does not affect contractual cash flows and therefore has no impact on adjusted EBIT. A reconciliation to the contractual sales revenues and cost of materials relevant for earnings can be found in the section "Reconciliation of income/loss before financial results and taxes".

European Generation

Sales in the European Generation segment fell by €3,456 million, from €8,394 million in the prior-year period to €4,938 million in the first nine months of 2020.

The decline in sales from the previous year resulted primarily from the sale in the third quarter of 2019 of Uniper's activities in France, which thus were still contributing to the segment's revenues in the prior-year period. In addition, there was a decline in sales due to significantly lower spot prices in all markets of the European Generation segment. In addition, the absence of a positive effect from 2019 (the inverse of Global Commodities) from the management of the long-term price risk of emissions allowances had a negative impact compared to the previous year period.

Global Commodities

Sales in the Global Commodities segment fell by €18,225 million, from €50,563 million in the prior-year period to €32,338 million in the first nine months of 2020.

Internal sales in the electricity business decreased significantly owing to lower transaction levels between the power plant operating companies in the European Generation segment and the trading unit in the Global Commodities segment and due to lower trading and optimization activities. External sales in the gas business fell because of lower realized prices. Sales in the first nine months of 2020 also fell because the revenues from the generation and sales activities in France that were sold in the third quarter of 2019 were now absent.

Russian Power Generation

Sales in the Russian Power Generation segment declined by €125 million, from €809 million in the prior-year period to €684 million in the first nine months of 2020.

The sales performance in the Russian Power Generation segment was negatively affected primarily by lower electricity prices in the day-ahead market due to the impact of the Covid-19 pandemic – especially at oil and gas producers, as well as by reduced foreign demand combined with a weather-related increase in the supply of electricity due to weather conditions.

Administration/Consolidation

Revenues attributable to the Administration/Consolidation reconciliation item changed by €5,779 million, from -€12,914 million in the prior-year period to -€7,135 million in the first nine months of 2020.

This is primarily a consolidation effect arising from lower intersegment effects between the power plant operating companies of the European Generation segment and the Uniper Group's trading unit in the Global Commodities segment.

Sales by product break down as follows:

Sales

January 1–Sept. 30 € in millions	2020	2019[1]	+/- %
Electricity	12.407	18.463	-32,8
Gas	16.403	26.237	-37,5
Other	2.015	2.152	-6,4
Total	**30.825**	**46.852**	**-34,2**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the 2019 Consolidated Financial Statements.

Significant Earnings Trends

The net income of the Group was €446 million (prior-year period: net income of €981 million; prior-year figure restated, see also Note 3 to the 2019 Consolidated Financial Statements). Income before financial results and taxes decreased to €507 million (prior-year period: €1,187 million; prior-year figure restated, see also Note 3 to the 2019 Consolidated Financial Statements).

The principal factors driving this earnings trend are presented as follows:

The cost of materials decreased by €15,609 million in the first nine months of 2020 to €29,482 million (prior-year period: €45,091 million; prior-year figure restated, see also Note 3 to the 2019 Consolidated Financial Statements). The sales trend described above was a key factor in this development.

Personnel costs increased by €27 million in the first nine months of 2020 to €735 million (prior-year period: €708 million). The increase resulted from expenses incurred for Uniper's strategy execution, which includes, among other things, a proactive phase-out plan for coal in Europe, as well as from higher expenses for occupational retirement benefits. Negotiated pay adjustments led to increases in wages and salaries, as did the non-recurring expense from the revaluation and settlement of allocations under the long-term incentive (LTI) packages for the years 2018, 2019, and 2020 in connection with the occurrence of the change-of-control event that took place when Fortum Deutschland SE acquired seventy-five percent of Uniper's shares. The increases mentioned were partially offset especially by the disposal of Uniper's activities in France in the third quarter of 2019.

Depreciation, amortization and impairment charges amounted to €727 million in the first nine months of 2020 (prior-year period: €554 million). The increase of €174 million is primarily attributable to an increase in impairment charges on property, plant, and equipment recognized in the European Generation and Russian Power Generation segments to €237 million (prior-year period: €32 million) related to the first six months. Reversals of impairments amounted to €149 million in the first nine months of 2020 (prior-year period: €0 million); this related to the first six months. The reversals related primarily to impairment charges previously recognized on two gas-fired power plants in Germany, which were reversed to reflect their planned return to the market. Total regular depreciation and amortization were only marginally lower, having declined by €36 million year over year.

Other operating income increased to €22,113 million in the first nine months of 2020 (prior-year period: €21,239 million; prior-year figure restated, see also Note 3 to the 2019 Consolidated Financial Statements). This was caused primarily by the marking to market of commodity derivatives. Income from invoiced and open transactions and from related currency hedges amounted to €21,471 million, having increased by €926 million year over year (prior-year period: €20,545 million).

Other operating expenses increased to €21,598 million in the first nine months of 2020 (prior-year period: €20,687 million; prior-year figure restated, see also Note 3 to the 2019 Consolidated Financial Statements). Expenses from invoiced and open transactions and from related currency hedges increased by €908 million year over year to €20,704 million (prior-year period: €19,796 million).

Reconciliation of Income/Loss before Financial Results and Taxes

Unadjusted earnings before interest and taxes (EBIT") represent 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 gains and losses from the fair value measurement of derivative financial instruments used in hedges, as well as certain effects resulting from the measurement of physically settled contracts within the scope of IFRS 9, which are measured at the market price at physical settlement instead of the contractually hedged price. Additionally, certain book gains/losses, expenses for (and income from) restructuring and 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, are eliminated.

Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and other operating expenses. Effects from the fair value measurement of derivatives are also included in other operating expenses and income. These hedges entered into as part of the energy trading business, however, have no impact on adjusted EBIT until maturity. In addition, for physically settled derivative financial instruments within the scope of IFRS 9, further non-operating adjustments of revenues, cost of materials, other operating income, and other operating expenses are also made to adjust for the difference between the economically and contractually hedged contract price and the spot price on the settlement date that is relevant for income and expense recognition under IFRS. Since unadjusted EBIT is derived from the revenue and cost of materials (i.e. inventories and emission rights, including their subsequent measurement) measured for these transactions at the IFRS-relevant spot price when they are settled, the difference between such measurement and one based on the economically hedged contract price is adjusted accordingly to determine adjusted EBIT.

Expenses for (and income from) restructuring and cost-management programs initiated prior to the spin-off represent additional expenses and income that are not directly attributable to the operating business.

Other non-operating earnings encompass other non-operating income and expenses that are unique or rare in nature. Depending on the particular case, such income and expenses may affect different line items in the income statement.

The reported net income before financial results and taxes of €507 million (prior-year period: €1,187 million) is adjusted for non-operating effects totaling -€112 million (prior-year period: -€986 million) and, in addition, increased by the net income from equity investments of €9 million (prior-year period: €1 million) to produce adjusted EBIT of €405 million (prior-year period: €203 million).

The bottom line in the table below shows the detailed reconciliation of income/loss before financial results and taxes in accordance with IFRS to adjusted EBIT, and additionally provides an overview of what items are affected by non-operating adjustments:

Matrix for Reconciliation of Income/Loss before Financial Results and Taxes 2020[1]

		Adjustments of items of income/loss before financial results and taxes to adjusted EBIT								
January 1–Sept. 30 € in millions	**Income statement items**	**Net book gains (-) / losses (+)**	**FV measure-ment of deriv-atives**	**Adj. of reve-nues and cost of materials**	**Restruc-turing[2] [3]**	**Misc. other non-op. earnings**	**Impair-ment charges/ reversals**	**Total adjust-ments**	**Income from equity invest-ments[4]**	**Components of adjusted EBIT**
Sales including electricity and energy taxes	31.044	–	–	11.648	–	–	–	11.648	–	42.692
Electricity and energy taxes	-218	–	–	–	–	–	–	0	–	-218
Sales	**30.825**	**–**	**–**	**11.648**	**–**	**–**	**–**	**11.648**	**–**	**42.473**
Changes in inventories (finished goods and work in progress)	28	–	–	–	–	–	–	0	–	28
Own work capitalized	54	–	–	–	–	–	–	0	–	54
Other operating income	22.113	-9	-16.536	–	–	-117	-148	-16.810	–	5.302
Cost of materials	-29.482	–	–	-11.276	–	38	–	-11.238	–	-40.720
Personnel costs	-735	–	–	–	36	12	–	48	–	-686
Depreciation, amortization and impairment charges	-727	–	–	–	4	–	236	240	–	-488
Other operating expenses	-21.598	2	15.971	–	12	16	–	16.000	–	-5.598
For informational purposes: Subtotal of the components of adjusted EBIT before income/loss accounted for under the equity method and income from equity investments	N/A	0	0	0	0	0	0	0	0	367
Income from companies accounted for under the equity method	28	–	–	–	–	–	–	0	–	28
For calculation purposes: Income from equity investments[4]	N/A	0	0	0	0	0	0	0	9	9
Reconciliation of income/loss before financial results and taxes to adjusted EBIT (summarized)	**507**	**-7**	**-565**	**372**	**51**	**-51**	**88**	**-112**	**9**	**405**

[1]Owing to the adjustments made, the earnings items shown here may differ from the figures determined in accordance with IFRS.
A reconciliation of income/loss before financial results and taxes prepared in compliance with the Guidelines on Alternative Performance Measures published by the European Securities Markets Authority (ESMA) is provided in the notes to the interim financial statements.
[2]Expenses for (and income from) restructuring and cost management in the Global Commodities segment included depreciation and amortization of €4 million in the third quarter of 2020 (third quarter of 2019: €9 million).
[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 the 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.
[4]In the income statement according to IFRS, income from equity investments is part of the financial result not shown in this matrix and is added as a component of adjusted EBIT. The presentation within the items of the income statement that make up income before financial result and taxes is used in this matrix solely to determine adjusted EBIT.

Matrix for Reconciliation of Income/Loss before Financial Results and Taxes 2019[1]

January 1–Sept. 30 € in millions	Income statement items	Adjustments of items of income/loss before financial results and taxes to adjusted EBIT: Net book gains (-) / losses (+)	FV measure-ment of deriv-atives	Adj. of reve-nues and cost of materials	Restruc-turing[2 3]	Misc. other non-op. earnings	Impair-ment charges/ reversals[4]	Total adjust-ments	Income from equity invest-ments[5]	Components of adjusted EBIT
Sales including electricity and energy taxes[2]	47.137	–	–	5.987	–	–	–	5.987	–	53.124
Electricity and energy taxes	-286	–	–	–	–	–	–	0	–	-286
Sales	**46.852**	**–**	**–**	**5.987**	**–**	**–**	**–**	**5.987**	**–**	**52.838**
Changes in inventories (finished goods and work in progress)	29	–	–	–	–	–	–	0	–	29
Own work capitalized	55	–	–	–	–	–	–	0	–	55
Other operating income[2]	21.239	-5	-14.375	–	–	-227	–	-14.607	–	6.632
Cost of materials[2]	-45.091	–	–	-6.130	–	78	–	-6.052	–	-51.143
Personnel costs	-708	–	–	–	1		–	1	–	-707
Depreciation, amortization and impairment charges	-554	–	–	–	9	–	28	37	–	-517
Other operating expenses[2]	-20.687	4	13.680	–	-43	8	–	13.649	–	-7.038
For informational purposes: Subtotal of the components of adjusted EBIT before income/loss accounted for under the equity method and income from equity investments	N/A	0	0	–	0	0	–	0	–	150
Income from companies accounted for under the equity method	51	–	–	–	–	–	–	0	–	51
For calculation purposes: Income from equity investments[5]	N/A	0	0	0	0	0	0	0	1	
Reconciliation of income/loss before financial results and taxes to adjusted EBIT (summarized)	**1.187**	**0**	**-695**	**-144**	**-33**	**-142**	**28**	**-986**	**1**	**203**

[1]Owing to the adjustments made, the earnings items shown here may differ from the figures determined in accordance with IFRS.
A reconciliation of income/loss before financial results and taxes prepared in compliance with the Guidelines on Alternative Performance Measures published by the European Securities Markets Authority (ESMA) is provided in the notes to the interim financial statements.
[2]The comparative figures shown have been restated. Further information can be found in Note 3 to the 2019 Consolidated Financial Statements.
[3]Expenses for (and income from) restructuring and cost management in the Global Commodities segment included depreciation and amortization of €9 million in the third quarter of 2019 (third quarter of 2018: €6 million).
[4]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 the 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.
[5]In the income statement according to IFRS, income from equity investments is part of the financial result not shown in this matrix and is added as a component of adjusted EBIT. The presentation within the items of the income statement that make up income before financial result and taxes is used in this matrix solely to determine adjusted EBIT.

The net book gains of €7 million in the reporting period are primarily attributable to the disposal of the stake in Gas Union GmbH (prior-year period: net book gain of €0 million on the disposals of the remaining ownership interest in ENEVA S.A. and of the shareholding in OLT Offshore LNG Toscana S.p.A.).

The fair value measurement of derivatives used to hedge the operating business against price fluctuations resulted in a net gain of €565 million in the first nine months of 2020, due to changed market values in connection with volatile commodity prices in the forward markets (prior-year period: net gain of €695 million).

Revenues and cost of materials for physically settled commodity derivatives (contracts that are accounted for under IFRS 9 (failed own-use contracts)) were adjusted for the difference between the spot prices relevant pursuant to IFRS and the contract prices relevant from the management perspective by a net expense of €372 million in the first nine months of 2020 (prior-year period: net income of €144 million).

In the first nine months of 2020, restructuring and cost-management expenses/income changed by €84 million relative to the prior-year period. The expenses in the first nine months of 2020 amounted to €51 million (prior-year period: income of €33 million). They consisted primarily of expenses which include, among other things, a proactive phase-out plan for coal in Europe. In the previous year, mainly income from the spin-off and transfer agreement with E.ON had been adjusted on a non-operating basis.

Income of €51 million was classified as miscellaneous other non-operating earnings in the first nine months of 2020 (prior-year period: income of €141 million). The change resulted primarily from temporary reductions in current assets and from adjustments of provisions recognized for non-operating effects in the Global Commodities segment.

Non-operating impairment charges totaling €88 million were recognized in the reporting period. The impairments were primarily attributable to the European Generation and Russian Power Generation segments. Reversals of impairments recognized in previous years related primarily to the European Generation segment in the first nine months of 2020. In the prior-year period, non-operating impairments had been reported in the amount of €28 million.

Adjusted EBIT

Adjusted EBIT, a measure of earnings before interest and taxes adjusted for non-operating effects, is the key measure in the Uniper Group for purposes of internal management control and as the most important indicator of the profitability of its operations.

Segments

The following table shows adjusted EBIT for the first nine months of 2020 and the first nine months of 2019, broken down by segment:

Adjusted EBIT

January 1–Sept. 30 € in millions	2020	2019	+/- %
European Generation	211	137	54,7
Global Commodities	288	1	–
Russian Power Generation	169	220	-23,4
Administration/Consolidation	-263	-155	-70,4
Total	**405**	**203**	**99,0**

European Generation

Adjusted EBIT in the European Generation segment increased by €74 million, from €137 million in the prior-year period to €211 million in the first nine months of 2020.

The increase in adjusted EBIT is attributable especially to higher prices obtained in the nuclear power business and to a rise in volumes in the hydroelectric power business. Positive results from portfolio optimization of the fossil-fuel power plants in the European Generation segment also helped drive earnings higher. Moreover, the resumption of the British capacity market led to an additional positive earnings effect compared with the prior-year period. These positive marketing effects in the fossil-fuel business are partially offset especially by higher expenses for carbon-allowance provisions compared with the prior-year period, reflecting higher carbon prices. Higher expenses recognized in the context of measuring provisions for carbon allowances as part of operating activities are offset by hedges that will not be realized until the end of 2020, and for which interim gains on fair value measurement, which were higher compared with the prior-year period, are reported as non-operating earnings until they are realized. The positive results were further offset by the absence of a positive effect from 2019 (the inverse of Global Commodities) from the management of the long-term price risk of emission allowances with the Global Commodities segment.

Global Commodities

Adjusted EBIT in the Global Commodities segment rose by €287 million, from €1 million in the prior-year period to €288 million in the first nine months of 2020.

The increase in adjusted operating earnings is mainly attributable to the gas business, which benefited from unusual price structures. In this very volatile environment, the supply mix was successfully adapted to meet customer demand. Particularly in the first quarter, this led to major positive earnings contributions, some of which then diminished in the following quarters, as expected. Furthermore, the absence of a negative effect (the inverse of European Generation) resulting from the management of the long-term price risk for emission allowances with the European Generation segment had a positive impact.

Russian Power Generation

Adjusted EBIT in the Russian Power Generation segment declined by €51 million, from €220 million in the prior-year period to €169 million in the first nine months of 2020.

The Russian Power Generation segment's adjusted EBIT performance was negatively affected primarily by lower electricity prices in the day-ahead market due to the impact of the Covid-19 pandemic – especially at oil and gas producers – and by reduced foreign demand combined with a weather-related increase in supply. Earnings in the segment were depressed further by currency-translation effects.

Administration/Consolidation

Adjusted EBIT attributable to the Administration/Consolidation reconciliation item changed by -€108 million, from -€155 million in the prior-year period to -€263 million in the first nine months of 2020. The reconciliation of the operating segments' adjusted EBIT to the Group's adjusted EBIT with respect to the measurement of the provisions for carbon emissions (remeasurement to cross-segment figures at Group level) had a clearly negative impact. There was also a negative effect from the remeasurement of coal inventories across segments.

Adjusted Net Income

Beginning in the 2020 fiscal year, the Uniper Group is using adjusted net income as an additional internal management indicator and as a further key indicator of the after-tax profitability of its operations – one that also takes into account important income and expense components that are not included in adjusted EBIT – as well as for determining the variable compensation of the Management Board as well as of all executives, non-tariff and tariff employees.

Adjusted net income is composed of adjusted EBIT, net operating interest income, and income taxes on operating earnings, less non-controlling interests in operating earnings.

The starting point is adjusted EBIT, which is reconciled from income/loss before financial results and taxes as previously presented. Adjusted EBIT is further adjusted for selected non-operating items. They include net non-operating interest income and other financial results, as well as income taxes on non-operating earnings and non-controlling interests in non-operating earnings.

Included in other financial results are effects such as measurement effects from changes in the fair value of securities and of the KAF (the Swedish Nuclear Waste Fund; "Kärnavfallsfonden"). Not being a component of adjusted EBIT, other financial results are added back to adjusted EBIT in a first step to determine adjusted net income, together with net interest income, so that all earnings components of the income statement are also shown in the reconciliation to adjusted net income. They are then eliminated in a second step, together with non-operating interest expense and income. Other financial results thus have no effect on adjusted net income. Non-operating interest effects include, for example, interest on provisions financed through the KAF, which are eliminated correspondingly with other financial results.

Reconciliation to Adjusted Net Income

January 1–Sept. 30 € in millions	2020	2019
Income/Loss before financial results and taxes[1]	**507**	**1.187**
Net income/loss from equity investments	9	1
EBIT[1]	**517**	**1.189**
Non-operating adjustments	-112	-986
Adjusted EBIT	**405**	**203**
Interest income/expense and other financial results	*36*	*1*
Non-operating interest expense and negative other financial results (+) / interest income and positive other financial results (-)	*-3*	*-50*
Operating interest income/expense and other financial results	33	-48
Income taxes	*-106*	*-209*
Expense (+) / Income (-) resulting from income taxes on non-operating earnings	*12*	*174*
Income taxes on operating earnings	-95	-35
Less non-controlling interests in operating earnings	-34	-38
Adjusted net income	**308**	**82**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the 2019 Consolidated Financial Statements.

Aside from other financial results, the adjustments for financial effects relate primarily to the interest effects of the provisions financed through the KAF in the European Generation segment and of other non-operating provisions in the Global Commodities segment. Income of €3 million was adjusted for in total (prior-year period: €50 million).

In the first nine months of 2020, there was a non-operating tax expense of €12 million (prior-year period: €174 million). The operating tax expense amounted to €95 million (prior-year period: €35 million). This has resulted in an effective operating tax rate of 21.7% (prior-year period: 22.6%).

Adjusted net income for the first nine months of 2020 amounted to €308 million, a year-over-year increase of €226 million (prior-year period: €82 million). Adjusted net Income developed in-line with the adjusted EBIT, additionally supported in the year-over -year comparison by a higher economic interest result mainly due to lower interest expense following a lower revaluation of asset retirement obligations, which resulted from less decreasing interest rates, as well as a slightly lower operating tax rate.

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.

Economic Net Debt

Economic net debt is used by Uniper to manage the Group's capital structure.

The table Economic Net Debt included for the first time as of March 31, 2020, all details of the positions previously aggregated within a hitherto separate table "financial liabilities and liabilities from leases." The extended table increases transparency and presents all information on financial liabilities in one place without changing the definition of Economic Net Debt. Since June 30, 2020, restricted cash is no longer included as part of the liquid funds within Uniper's economic net debt. Instead, economic net debt includes "cash and cash equivalents" and "current securities" as separate items. In addition, margining receivables also include collateral pledged for hedging foreign exchange positions. These changes increase transparency on the type and availability of cash, cash equivalents, securities and receivables as part of the net financial position of Uniper.

The following table shows the determination of economic net debt as of September 30, 2020:

Economic Net Debt

€ in millions	Sept. 30, 2020	Dec. 31, 2019
Cash and cash equivalents[1]	378	825
Current securities	243	46
Non-current securities	89	100
Margining receivables[1]	335	336
Financial liabilities and liabilities from leases	1.846	1.935
Bonds	*–*	*–*
Commercial paper	*60*	*–*
Liabilities to banks	*136*	*120*
Lease liabilities	*807*	*817*
Margining liabilities	*330*	*499*
Liabilities to co-shareholders from shareholder loans	*392*	*396*
Other financing	*121*	*102*
Net financial position	**801**	**628**
Provisions for pensions and similar obligations	1.339	1.031
Provisions for asset retirement obligations[2]	952	991
Other asset retirement obligations	*771*	*754*
Asset retirement obligations for Swedish nuclear power plants[3]	*2.465*	*2.557*
Receivables from the Swedish Nuclear Waste Fund recognized on the balance sheet[3]	*2.284*	*2.320*
Economic net debt	**3.091**	**2.650**
For informational purposes: Receivables from the Swedish Nuclear Waste Fund (KAF) ineligible for capitalization[3]	287	291
For informational purposes: Fundamental economic net debt	**2.804**	**2.359**

[1]Comparative figures adjusted (margins increased and liquid funds decreased).

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

[3]Due to IFRS valuation rules (IFRIC 5), €287 million (December 31, 2019: €291 million) of Uniper's share of the fair value of the net assets of the Swedish Nuclear Waste Fund may not be capitalized on the balance sheet. Accordingly, there exists an additional receivable from the Swedish Nuclear Waste Fund ineligible for recognition on the balance sheet, and the economic net obligation for the decommissioning of the Swedish nuclear power plants is thus reported too high in the table by the amount of this receivable.

Compared with December 31, 2019, economic net debt as of September 30, 2020, increased by €441 million to €3,091 million (December 31, 2019: €2,650 million). The net financial position increased by €173 million to €801 million compared with year-end 2019 (December 31, 2019: €628 million).

The operating cash flow (€833 million) did not offset the dividend payment (€421 million) and investment spending (€654 million) in the first nine months of 2020. As a result and additionally due to moving excess liquidity to the amount of €198 million into current securities, cash and cash equivalents decreased by €447 million to €378 million compared with year-end 2019 (December 31, 2019: €825 million).

Within the net financial position, financial liabilities and liabilities from leases decreased as of September 30, 2020, by €89 million to €1,846 million (December 31, 2019: €1,935 million). The decrease is mainly caused by a reduction of margining liabilities of €169 million. This effect overcompensates the issuance of commercial paper; as of September 30, 2020, €60 million in commercial paper was outstanding (December 31, 2019: no commercial paper).

Furthermore, provisions for pensions and similar obligations increased by €308 million to €1,339 million (December 31, 2019: €1,031 million). This development resulted from a reduction in interest rates compared with those at year-end 2019, which led to a corresponding increase in pension obligations, while market values of plan assets increased only slightly compared with year-end 2019. Provisions for asset retirement obligations decreased to €952 million as of September 30, 2020 (December 31, 2019: €991 million).

Investments

Investments

January 1–Sept. 30 € in millions	2020	2019
Investments		
European Generation	*361*	*233*
Global Commodities	*35*	*17*
Russian Power Generation	*86*	*134*
Administration/Consolidation	*9*	*17*
Total	**491**	**401**
Growth	*283*	*223*
Maintenance and replacement	*208*	*178*

At €491 million in total, the investments of the Uniper Group in the first nine months of 2020 significantly exceeded the €401 million reported for the prior-year period. Of the €283 million reported for growth investments in the first nine months of 2020, €105 million is attributable to new growth projects.

In the first nine months of 2020, €361 million was invested in the European Generation segment, €128 million more than the €233 million reported for the prior-year period. The change was mainly due to higher growth investment spending on the completion of Datteln 4 and on the new Scholven 3 and Irsching 6 projects, as well as to an increase in maintenance investments, especially in the United Kingdom.

In the Global Commodities segment, investments amounted to €35 million in the first nine months of 2020, which was €18 million higher than in the prior-year period and is primarily attributable to an increase in growth investments.

In the first nine months of 2020, €86 million was invested in the Russian Power Generation segment, €48 million less than the €134 million spent in the prior-year period. These investments are primarily attributable to the repair of Unit 3 of the Berezovskaya power plant.

Investment spending in the Administration/Consolidation segment totaled €9 million in the first nine months of 2020. This was below the level of the prior-year period and relates primarily to investments in IT projects.

Cash Flow

Cash Flow

January 1–Sept. 30 € in millions	2020	2019
Cash provided by operating activities (operating cash flow)	**833**	**-277**
Cash provided by investing activities	**-654**	**461**
Cash provided by financing activities	**-612**	**-997**

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

Cash provided by operating activities (operating cash flow) rose by €1,110 million in the first nine months of 2020 to €833 million (prior-year period: -€277 million). This resulted from the positive change in operating income. Operating cash flow was additionally enhanced by positive changes in working capital, especially within the gas business.

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	2020	2019	+/-
Cash flow from operating activities	**833**	**-277**	**1.110**
Interest payments and receipts	16	16	–
Income tax payments (+) / refunds (-)	78	44	34
Operating cash flow before interest and taxes	**926**	**-218**	**1.144**

Cash Flow from Investing Activities

Cash provided by investing activities declined by €1,115 million, from a cash inflow of €461 million in the prior-year period to a cash outflow of €654 million in the first nine months of 2020. This development resulted primarily from changes in margin deposits for futures and forward transactions and from a reduction in proceeds from disposals. Margin deposits for futures and forward transactions (margining receivables) changed by -€364 million. Where there had been a cash inflow of €346 million in the prior-year period, there was a cash outflow of €18 million in the first nine months of 2020. Cash proceeds from disposals declined by €259 million, from a cash inflow of €323 million in the prior-year period to a cash inflow of €64 million in the first nine months of 2020. There had been an additional positive effect of €204 million from the sale of securities in the prior-year period. Compared with the prior-year period (€401 million), cash outflows for investments in intangible assets and in property, plant, and equipment increased significantly, by €90 million, to €491 million.

Cash Flow from Financing Activities

In the first nine months of 2020, cash provided by financing activities amounted to -€612 million (prior-year period: cash outflow of €997 million). Following the redemption in full of all commercial paper outstanding as of year-end 2019, new commercial paper was issued in the amount of €60 million in the first nine months of 2020 (prior-year period: cash outflow of €493 million). The return of margin deposits received for futures and forward transactions led to a cash outflow of €169 million (prior-year period: cash outflow of €87 million) and reduced margining liabilities. Liquid funds were additionally reduced by repayments of lease liabilities in the amount of €111 million (prior-year period: cash outflow of €69 million) and by the distribution of Uniper SE's dividend in the amount of €421 million (prior-year period: cash outflow of €329 million).

Assets

Consolidated Assets, Liabilities and Equity

€ in millions	Sept. 30, 2020	Dec. 31, 2019[1]
Non-current assets	21.653	23.732
Current assets	15.663	20.024
Total assets	**37.316**	**43.756**
Equity	10.907	11.942
Non-current liabilities	11.859	12.954
Current liabilities	14.551	18.860
Total equity and liabilities	**37.316**	**43.756**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the 2019 Consolidated Financial Statements.

Non-current assets as of September 30, 2020, decreased relative to December 31, 2019, from €23,732 million to €21,653 million. This was due in large part to the €1,257 million reduction in receivables from derivative financial instruments from €4,787 million to €3,530 million resulting from valuation adjustments and to the €621 million decline in property, plant and equipment from €10,201 million to €9,580 million, which was mainly due to currency-translation effects (€703 million).

Current assets decreased relative to December 31, 2019, from €20,024 million to €15,663 million. The principal causes were the decline of €1,885 million in trade receivables, which fell from €7,090 million to €5,205 million, and the valuation-related reduction of €2,452 million in receivables from derivative financial instruments, which decreased from €8,601 million to €6,149 million. Liquid funds fell from €871 million by €250 million to €621 million.

Equity decreased from €11,942 million to €10,907 million as of September 30, 2020. The effect of foreign exchange rates on assets and liabilities in the amount of -€779 million, as well as the dividend of €421 million distributed in May 2020, both had negative impacts on equity. The net income of the Group of €446 million (of which €59 million is attributable to non-controlling interests) had a positive effect. The remeasurement of defined benefit plans in the amount of -€214 million again had a negative effect on equity. The applicable discount rates have fallen relative to the beginning of the year. The equity ratio was 29% (December 31, 2019: 27%).

Non-current liabilities decreased from €12,954 million at the end of the previous year to €11,859 million as of September 30, 2020, predominantly because of the valuation-related reduction of €807 million in liabilities from derivative financial instruments, which decreased from €4,277 million to €3,470 million.

Current liabilities decreased relative to December 31, 2019, from €18,860 million to €14,551 million on September 30, 2020. This development is primarily attributable to the valuation-related reduction of €2,736 million in liabilities from derivative financial instruments, which decreased from €8,238 million to €5,502 million, and to the decline of €1,268 million in trade payables, which fell from €7,308 million to €6,040 million.

Risk and Chances Report

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 subcategories as well as the risk management system of the Uniper Group, are explained in detail in the 2019 Combined Management Report. The categories of risks/chances, as well as the methodology to determine the assessment classes, have not changed compared to the 2019 Consolidated Financial Statements.

In the 2020 Half-Year Interim Report, which has been available online at www.uniper.energy since it was published on August 11, 2020, those risk (sub)categories have been discussed in which the assessment class had changed as of June 30, 2020, compared with December 31, 2019. Also changes to major individual risks/chances were described. Major individual risks/chances are those with a potential earnings or cash flow impact of at least € 300 million in one year. The present risk and chance report describes the material changes of the reporting date September 30, 2020, relative to the situation on June 30, 2020.

Changes in the Risk and Chances Profile of the Uniper Group

The risk and chance profile of the Uniper Group has not materially changed as of September 30, 2020, compared with the situation on June 30, 2020.

The following non-material risk developments are worth noting:

Covid-19 Pandemic-related Risks
Uniper continues to monitor Covid-19-related risks. The main development in the third quarter 2020 is the continued exacerbation of the foreseen demand reduction for different products and services of the Group. Despite this, the overall Covid-19 risk situation for the Group has not deteriorated compared to June 30 2020. All risks remain high in management focus and are mitigated where possible.

Brexit 2.0
With the decision of the UK Government from July 2020 not to extend the transition period which ends on December 31, 2020, and no trade agreement with the EU having been reached so far, the risk of a No-deal-Brexit is back. Potential commodity price and GBP exchange-rate fluctuations as a direct result of the trade relations between the EU and the UK dropping back to World Trade Organization rules lead to uncertainty in the market and could impact the value of the Uniper Group's asset portfolio. Due to this, Uniper has reestablished the initial project which closely monitors the Brexit developments and identifies and manages potential risks and opportunities for the Uniper Group from this situation.

Assessment of the Overall Risk Situation

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 considered appropriate.

Forecast Report

Even accounting for the general impacts of the Covid-19 pandemic and the associated volatile development of prices on all European electricity markets, the forecast for the 2020 fiscal year is reaffirmed. Uniper continues to expect adjusted EBIT for 2020 to be at the level of the previous year and within a range from €800 to €1,000 million. Adjusted net income is continuously expected within a range between €600 and €800 million for 2020. Uniper continues to aspire a dividend proposal of €500 million for fiscal year 2020.

Other

There are no other significant circumstances after the balance sheet date as of September 30, 2020.

Non-Financial Information

Uniper from now on discloses selected non-financial indicators on a quarterly basis. The aim is to underscore Uniper's ongoing commitment to playing a leading role in enabling the decarbonization of the energy industry and to scaling up innovative technologies like green gases and alternative fuels.

Uniper's decarbonization strategy aims to enable the energy transition by providing a reliable and affordable supply of low-carbon energy. A key element of this strategy is for Uniper's European Generation segment to be carbon-neutral by 2035.

Uniper's direct CO_2 emissions totaled 30.1 million tons in the first three quarters of 2020, compared to the same period in 2019 which was 34.4 million tons. The main reductions are due to decreased generation in Russia and the UK.

Direct CO_2-Emissions Fuel Combustion by Country

January 1–Sept. 30 Million metric tons	2020	2019
European Generation	14,4	16,1
Germany	*8,2*	*7,9*
United Kingdom	*2,9*	*4,3*
Netherlands	*2,6*	*2,0*
France[1]	*–*	*1,0*
Hungary	*0,6*	*0,7*
Czech Republic[2]	*0,06*	*0,08*
Sweden	*< 0.01*	*< 0.01*
Russian Power Generation	15,7	18,3
Total	**30,1**	**34,4**

Uniper uses the operational control approach. This means that Uniper counts 100% of the direct emissions of any generation assets over which it has operational control. With the exception of Russia, all data were calculated using the European Union Emissions Trading Scheme rules. Rounding may result in minor deviations from the totals.

[1]Generation business activities in France sold in July 2019.

[2]For 2020 emissions for Teplarna Tabor in the Czech Republic, which was divested in April 2020, reflect estimates based on actual 2019 generation data.

Between January 1, 2018 and September 30, 2020 Uniper's average carbon intensity was 467 grams of carbon dioxide per kWh. Uniper uses the financial control approach for carbon dioxide intensity as defined by the Greenhouse Gas Protocol. The generation dataset that is used to calculate intensity includes data points that are inconsistent with regard to boundaries, combining both grid feed-in and net generation volume for different plants (e.g. the Russian plants use net generation volume and the German plants use grid feed-in volume). The divestment of generation business activities in France and the Czech Republic in July 2019 and April 2020 respectively had a negligible impact on Uniper's carbon intensity.

Uniper aims to prevent incidents at its operations that could have adverse impacts on the environment. It has therefore committed to maintaining 100% ISO14001 certification for its operational assets. At September 30, 2020, 97.2% of its assets were certified. The sole exception was Datteln 4, a power plant in west-central Germany that started operation at the end of May 2020, whose certification is expected to be completed by the end of 2020.

An uninterrupted and reliable energy supply is critical for society to function. There are two kinds of plant outages: planned outages for maintenance and unplanned outages due to technical faults. During the first three quarters of 2020, the average availability factor of Uniper's gas- and coal-fired power plants was 81% (previous year: 77%). These figures exclude availability data from Teplarna Tabor in the Czech Republic.

Uniper strives to be a safe workplace for the employees, contractors, and service providers. It also seeks to operate responsibly in the communities in which it operates. Therefore, it aims to certify all of its operating entities' health and safety management systems to OHSAS 18001 or the new ISO 45001. 97.2% of such systems were certified as of September 30, 2020. The only outstanding certification is for Datteln 4, which will be completed in the first half of 2021 as part of the fleet transition to ISO 45001.

A safety metric used at Uniper is combined Total Recordable Incident Frequency (TRIF). The combined TRIF measures the number of work-related accidents sustained both by Uniper's Group's employees and by those of external companies engaged by Uniper – per million hours of work. At September 30, 2020, the combined TRIF was 1.13 (previous year: 1.69). Uniper is aiming to maintain a combined TRIF at or below 1.0 by 2025. In September 2020 there was a severe accident. An employee of Uniper was fatally injured by an electrical shock while working on a switchgear upgrade project at a customer's premises in Germany. An investigation is under way to determine the incident's circumstances and root causes.

Consolidated Financial Statements

Uniper Consolidated Statement of Income

€ in millions	July 1–Sept. 30 2020	July 1–Sept. 30 2019	January 1–Sept. 30 2020	January 1–Sept. 30 2019
Sales including electricity and energy taxes[1]	10.920	13.186	31.044	47.137
Electricity and energy taxes	-72	-70	-218	-286
Sales	**10.848**	**13.116**	**30.825**	**46.852**
Changes in inventories (finished goods and work in progress)	6	7	28	29
Own work capitalized	26	20	54	55
Other operating income[1]	5.645	6.656	22.113	21.239
Cost of materials[1]	-10.546	-12.808	-29.482	-45.091
Personnel costs	-226	-217	-735	-708
Depreciation, amortization and impairment charges	-165	-197	-727	-554
Other operating expenses[1]	-5.959	-6.513	-21.598	-20.687
Income from companies accounted for under the equity method	11	11	28	51
Income/Loss before financial results and taxes[1]	**-361**	**74**	**507**	**1.187**
Financial results	68	3	45	3
Net income/loss from equity investments	*4*	*-3*	*9*	*1*
Interest and similar income	*28*	*34*	*93*	*96*
Interest and similar expenses	*-24*	*-60*	*-103*	*-214*
Other financial results	*60*	*32*	*45*	*119*
Income taxes[1]	62	-17	-106	-209
Net income/loss[1]	**-231**	**61**	**446**	**981**
Attributable to shareholders of Uniper SE[1]	*-254*	*57*	*387*	*934*
Attributable to non-controlling interests[1]	*23*	*4*	*59*	*47*
€				
Earnings per share (attributable to shareholders of Uniper SE) – basic and diluted				
From continuing operations[1]	-0,69	0,15	1,06	2,55
From net income/loss[1]	**-0,69**	**0,15**	**1,06**	**2,55**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the 2019 Consolidated Financial Statements.

Uniper Consolidated Statement of Recognized Income and Expenses

	July 1–Sept. 30		January 1–Sept. 30	
€ in millions	**2020**	**2019**	**2020**	**2019**
Net income/loss[1]	**-231**	**61**	**446**	**981**
Remeasurements of equity investments	-16	–	-59	10
Remeasurements of defined benefit plans	-211	-201	-311	-463
Remeasurements of defined benefit plans of companies accounted for under the equity method	–	–	-2	–
Income taxes	66	62	99	132
Items that will not be reclassified subsequently to the income statement	**-161**	**-139**	**-273**	**-321**
Cash flow hedges	5	–	4	-5
Unrealized changes	*5*	*–*	*5*	*-3*
Reclassification adjustments recognized in income	*–*	*–*	*-2*	*-1*
Currency translation adjustments	-365	28	-779	292
Unrealized changes	*-365*	*28*	*-779*	*292*
Reclassification adjustments recognized in income	*–*	*–*	*–*	*–*
Companies accounted for under the equity method	3	–	-	-1
Unrealized changes	*–*	*–*	*-3*	*-1*
Reclassification adjustments recognized in income	*3*	*–*	*3*	*–*
Income taxes	-2	0	-1	5
Items that might be reclassified subsequently to the income statement	**-358**	**28**	**-776**	**291**
Total income and expenses recognized directly in equity	**-519**	**-111**	**-1.049**	**-30**
Total recognized income and expenses (total comprehensive income)[1]	**-750**	**-50**	**-604**	**951**
Attributable to shareholders of Uniper SE[1]	*-721*	*-57*	*-547*	*855*
Attributable to non-controlling interests[1]	*-30*	*7*	*-57*	*96*

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the 2019 Consolidated Financial Statements.

Uniper Consolidated Balance Sheet

€ in millions	Sept. 30, 2020	Dec. 31, 2019[1]
Assets		
Goodwill	1.749	1.886
Intangible assets	729	742
Property, plant and equipment and right-of-use assets	9.580	10.201
Companies accounted for under the equity method	390	446
Other financial assets	687	710
Equity investments	*597*	*610*
Non-current securities	*89*	*100*
Financial receivables and other financial assets[2]	3.838	3.813
Receivables from derivative financial instruments	3.530	4.787
Other operating assets and contract assets	150	159
Deferred tax assets	1.000	988
Non-current assets	**21.653**	**23.732**
Inventories	1.581	1.508
Financial receivables and other financial assets	650	651
Trade receivables	5.205	7.090
Receivables from derivative financial instruments	6.149	8.601
Other operating assets and contract assets	1.396	1.287
Income tax assets	61	16
Liquid funds[2]	621	871
Current assets	**15.663**	**20.024**
Total assets	**37.316**	**43.756**
Equity and Liabilities		
Capital stock	622	622
Additional paid-in capital	10.825	10.825
Retained earnings	2.844	3.145
Accumulated other comprehensive income	-3.867	-3.207
Equity attributable to shareholders of Uniper SE	**10.424**	**11.386**
Attributable to non-controlling interests	483	556
Equity	**10.907**	**11.942**
Financial liabilities and liabilities from leases	1.102	1.119
Liabilities from derivative financial instruments	3.470	4.277
Other operating liabilities and contract liabilities	263	694
Provisions for pensions and similar obligations	1.339	1.031
Miscellaneous provisions	5.332	5.422
Deferred tax liabilities	352	410
Non-current liabilities	**11.859**	**12.954**
Financial liabilities and liabilities from leases	744	815
Trade payables	6.039	7.308
Liabilities from derivative financial instruments	5.502	8.238
Other operating liabilities and contract liabilities	1.185	1.322
Income taxes	68	61
Miscellaneous provisions	1.012	1.115
Current liabilities	**14.551**	**18.860**
Total equity and liabilities	**37.316**	**43.756**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the 2019 Consolidated Financial Statements.

[2]Comparative figures adjusted (margins increased and liquid funds decreased). Further information can be found in Note 10 to the Interim Financial Statements.

Uniper Consolidated Statement of Cash Flows

January 1–Sept. 30 € in millions	2020	2019
Net income/loss[1]	**446**	**981**
Depreciation, amortization and impairment of intangible assets, of property, plant and equipment, and of right-of-use assets	727	554
Changes in provisions[1]	-111	-632
Changes in deferred taxes[1]	73	198
Other non-cash income and expenses	-289	-199
Gain/Loss on disposal of intangible assets, property, plant and equipment, equity investments and securities (> 3 months)	-7	-12
Changes in operating assets and liabilities and in income taxes[1]	-7	-1.168
Cash provided by operating activities (operating cash flow)	**833**	**-277**
Proceeds from disposal of	65	323
Intangible assets and property, plant and equipment	*7*	*9*
Equity investments	*57*	*314*
Purchases of investments in	-491	-401
Intangible assets and property, plant and equipment	*-477*	*-399*
Equity investments	*-14*	*-2*
Proceeds from disposal of securities (> 3 months) and of financial receivables and fixed-term deposits	193	1.116
Purchases of securities (> 3 months) and of financial receivables and fixed-term deposits	-421	-577
Cash provided by investing activities	**-654**	**461**
Cash proceeds/payments arising from changes in capital structure[2]	4	3
Cash dividends paid to shareholders of Uniper SE	-421	-329
Cash dividends paid to other shareholders	-15	-16
Proceeds from new financial liabilities	290	1.353
Repayments of financial liabilities and reduction of outstanding lease liabilities	-470	-2.007
Cash provided by financing activities	**-612**	**-997**
Net increase in cash and cash equivalents	**-434**	**-813**
Effect of foreign exchange rates on cash and cash equivalents	-15	9
Cash and cash equivalents at the beginning of the reporting period	825	1.138
Cash and cash equivalents from first-time consolidated companies	–	-4
Cash and cash equivalents of first-time consolidated companies	1	8
Cash and cash equivalents at the end of the reporting period	**378**	**338**
Supplementary Information on Cash Flows from Operating Activities		
Income Tax payments	-78	-44
Interest paid	-45	-53
Interest received	29	37
Dividends received	23	26

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the 2019 Consolidated Financial Statements.

[2]No material netting has taken place in either of the periods presented here.

Additional Indicators

Hedged Prices and Hedged Ratios for Outright Power Generation

	Year	Hedged price as of Sept. 30, 2020 (€/MWh)	Hedged ratio as of Sept. 30, 2020 (%)
Hedged Prices and Hedged Ratios Germany[1]	2020	45	100
	2021	46	95
	2022	48	80
Hedged Prices and Hedged Ratios Nordics[1] [2]	2020	29	90
	2021	28	85
	2022	24	55

[1]Calculations are based on Uniper Group's legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants). Figures for 2020 reflect forward months, i.e. excluding realized period.
[2]The prices shown include region-specific premiums and discounts. Hedged price Nordic: €29.6 per MWh in the first nine months of 2020.

Generation Capacity

in MW[1]		Sept. 30, 2020	Dec. 31, 2019
Gas	Russia[2]	7.139	7.131
	UK	4.180	4.188
	Germany	3.347	2.912
	Netherlands	525	526
	Sweden	447	447
	Hungary	428	428
Hard Coal	Germany	3.954	2.902
	UK	2.000	2.000
	Netherlands	1.070	1.070
Lignite	Russia[2]	1.895	1.906
	Germany	500	500
Hydro	Germany	1.927	1.927
	Sweden	1.771	1.771
Nuclear	Sweden	1.996	1.988
Other	Germany	1.418	1.418
	Sweden	1.162	1.162
	UK	221	221
Total		**33.981**	**32.497**

[1]Legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants).
[2]Incl. Czech Republic / Czech Republic business sold as of April 28, 2020.

Electricity Generation Volumes

in TWh[1]		July 1–Sept. 30 2020	January 1–Sept. 30 2020	January 1–Sept. 30 2019
Gas	Russia[2]	8,4	26,5	28,4
	UK	2,6	7,3	9,0
	Germany	0,1	0,5	0,6
	Netherlands	0,4	1,1	1,3
	France	0,0	0,0	2,0
	Hungary	0,5	1,7	1,8
	Sweden	0,0	0,0	0,0
Hard Coal	Germany	2,3	4,9	4,2
	UK	0,1	0,1	0,6
	Netherlands	1,4	3,2	1,6
	France[3]	0,0	0,0	0,3
Lignite	Russia[2]	0,1	2,9	4,1
	Germany	0,5	1,8	2,7
Hydro	Germany[4]	1,2	3,4	4,3
	Sweden	1,9	6,9	6,1
Nuclear	Sweden	2,0	8,7	12,3
Total		**21,5**	**69,0**	**79,4**

[1]Legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants): net generation production volumes = owned generation – own use losses – sales to minority owners + purchases from minorities.

[2]Gross production (own consumption is not considered).

[3]Sale of the Uniper activities in France in July 2019.

[4]Germany's net sales of hydroelectric power generation also include pumped-storage-related water flows and pipeline losses from pumping operations.

Financial Calendar

March 4, 2021
2020 Annual Report

May 6, 2021
Quarterly Statement: January–March 2021

May 19, 2021
2021 Annual Shareholders Meeting (Congress Center, Düsseldorf)

August 10, 2021
Half-Year Interim Report: January–June 2021

November 5, 2021
Quarterly Statement: January–September 2021

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