



## **Unternehmenskommunikation auf den EK- und FK-Märkten**

**Dr. Adam Strzyz**

Ruhr-Universität Bochum, 21 January 2020

# Agenda

## Uniper's Role in the Energy World

Our Equity Story

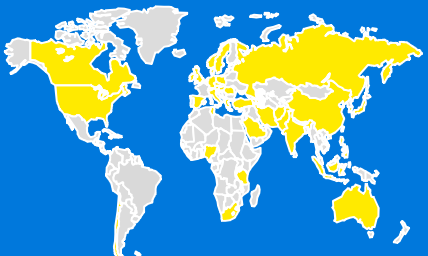
Profit Warnings, Guidance & Communication – What is „good“ IR-work?

Importance of Rating – The case of Fortum & Uniper




# Uniper at a Glance

### Where we operate













40+ countries around the world  
Among largest generators in Europe

### Employees: 11,000



- Power generation, Storage, Services - Europe
- Power generation - International
- Commodity Trading, Energy Sales

€1.5bn	100 years	34 GW
EBITDA	Experience	Generation

<b>European Generation</b>	 Gas-fired ~10 GW	 Coal-fired ~7 GW	 Hydroelectric ~4 GW	 Nuclear (SWE) ~1 GW
<b>Global Commodities</b>	 Gas Supply ~400 TWH LTC	 Gas Storage ~80 TWH	 Regasification ~50 TWH p.a.	 Energy sales ~1.000 customers
<b>International Power</b>	 Gas-fired ~9 GW	 Coal-fired ~2 GW		

## Datteln IV

commissioning last new coal-fired power plant in Germany

## #2 in coal

In terms of operated capacity in Germany

## 60mt CO2

Emitted in 2018; comparable to Finland



## Power-2-Gas

first company to operate a "green hydrogen" plant on industrial scale

## #1 in Hydro

In terms of operated capacity in Germany

## ~40% EBIT

From carbon free power generation in 2018

# Current Projects – Impressions from the Energy Sector

## Nord Stream 2 pipeline project

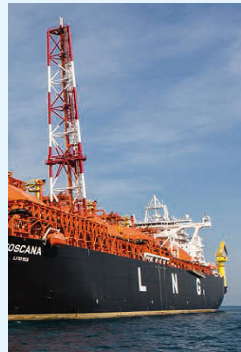


- Capacity: 55bcm
- Length: 2 X 1225km
- Invest up to 9.5 bn€
- Uniper financing partner @10%
- COD Mid 2020

*“Germany is making a tremendous mistake by relying so heavily on the pipeline”*  
(Donald Trump)

*“Es ist richtig und wichtig, dass Europa in gewisser Weise die Hoheit über seine Gasversorgung und die Diversität seiner Gasversorgung behält“* (Angela Merkel)

## LNG terminal Wilhelmshaven



- Capacity: 10bcm
- First Regas Terminal in Germany
- COD End 2022

*„Das ist ein wichtiger, notwendiger Übergangsschritt im Hinblick auf eine nachhaltige Wasserstoffwirtschaft, die aber erst mittel- und langfristig erreichbar ist.“*  
(Peter Altmeier)

*„...für einen Flüssiggasterminal ist Wilhelmshaven eindeutig der beste Standort.“* (Sigmar Gabriel)

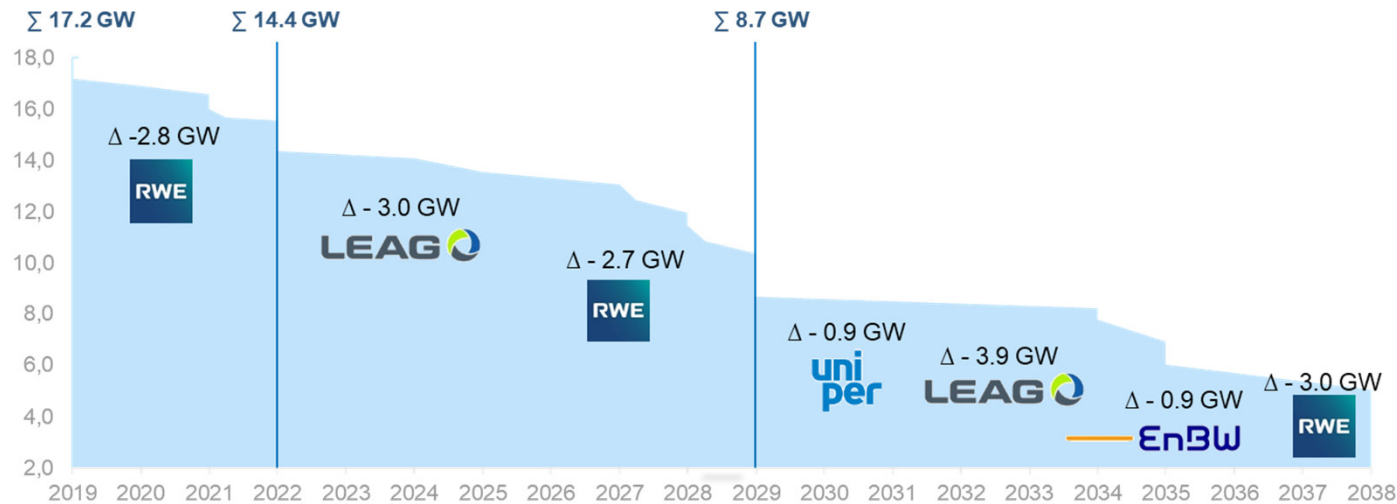
## Windgas Falkenhagen



- 2 MWeI / 360 m3/h H2 Alkaline electrolysis
- Operating since 2013
- H2 injection into gas transportation pipeline
- Expanded into 1MW catalytic methanation plant (“synthetic methane”)

*„Ich arbeite dafür, dass Deutschland bei Wasserstofftechnologien die Nummer 1 in der Welt wird“* (Peter Altmeier)


# Overview of German Lignite Exit Plan (16.01.2020)





- Uniper's Schkopau plant in Eastern Germany allowed to run up until 31.12.2034
- Uniper's hard Coal Plant Datteln IV is allowed to go into operations
- German Government spends ~50bn€ (40bn€ structural aid, 4.8bn€ for employees, 2.6bn€ for RWE, 1.8bn€ for LEAG)


# Emission Targets are a Key Priority for the Sector


## Carbon neutrality

- 


Achieve CO2 neutrality for the global generation portfolio by 2040 (path: -33% by 2020 and -70% by 2030 compared to 2012 levels)
- 


Be carbon-neutral until 2050 by having carbon-neutral buildings until 2030, an electrified fleet until 2030, reduce the carbon emissions of own business operations by 30% vs. 2016 and reduce the carbon emissions of customers per kWh by 50% vs. 2016
- 


Reduce scope 1 GHG emissions by 70% per kWh by 2030 from a 2017 base year, limiting them to 125g/kWh<sub>eq</sub>, and achieve full decarbonization by 2050; Reduce absolute scope 3 emissions by 40% by 2030 from a 2015 base year
- 

Reduce GHG emissions by 90% by 2021 from a 2011 base-year (Scope 1, Scope 2, and scope 3 emissions from fuel-and-energy related activities and business air travel); long term goal to be carbon neutral by 2050
- 

## Absolute or relative carbon reduction


- 


Reduce absolute scope 1 and 2 GHG emissions by 38% by 2030 from a 2017 base year and reduce absolute scope 3 GHG emissions from use of sold products by 20% by 2030 from a 2017 base year
- 


Help their customers to reduce emissions by 25%, by direct (3%) and indirect action (baseline: 2015)
- 


Reduce absolute scope 1,2 and 3 GHG emissions by 20% by 2030 from a 2017 base year


## Carbon intensity

- 

Carbon intensity target of 500g of CO2/kWh (on average) though 2020 based on direct CO2 emissions from fully consolidated, stationary fossil-fueled power plants and power-and-heat plants and these plants' power and heat output
- 

Carbon intensity target of <200g CO2/kWh from total energy production on a 5-year average
- 

Reduce scope 1 and 2 GHG emissions by 75% per TWh by 2030 from a 2015 base year and reduce scope 3 GHG emissions by 40% by 2030 from a 2015 base year
- 

Reduce Scope 1 and 2 GHG emissions by 98% per kWh by 2025 from a 2006 base year and reduce absolute scope 3 GHG by 50% by 2032 from a 2018 base year
- 

Reduce Scope 1 and 2 GHG emissions by 40% per MWh transported by 2030 from a 2015 base year

# Become a Uniper Trainee!

Take part in our **Trainee Program** -  
Explore our company and make the next step in your career!

As a Graduate in the Trainee Program, you have the opportunity to get to know different divisions and to gain valuable experience.

The semi-structured program with a combination of predefined and flexible stations also includes the opportunity to gain international work experience in various business units.

# Structure of the Uniper Trainee Program



The number and length of placements can be aligned according to individual interests and in consultation with the mentor.



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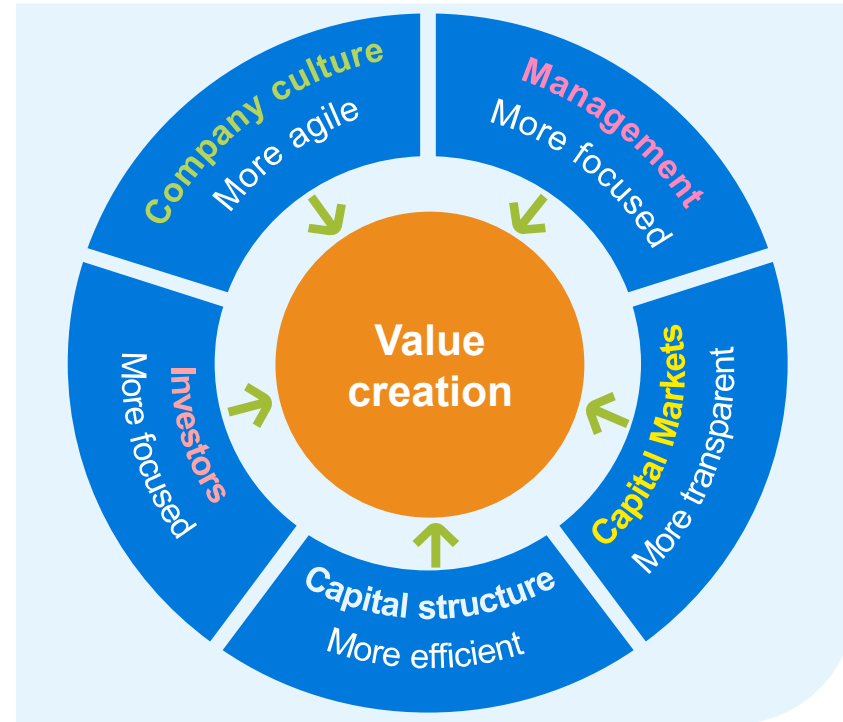
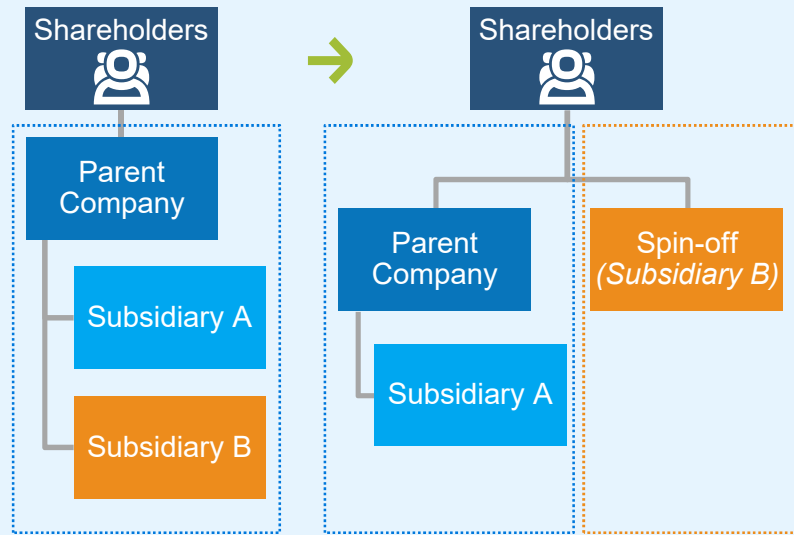
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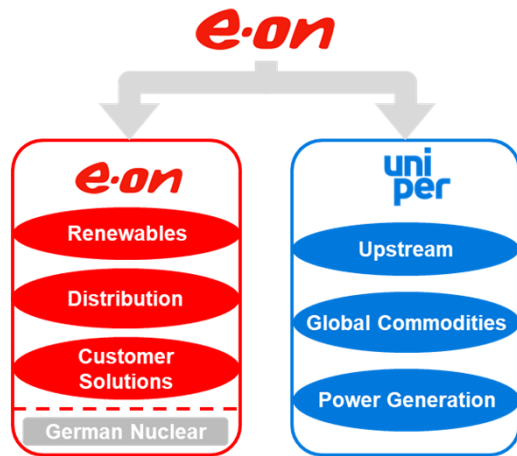


# Spin-offs Provide a Unique Opportunity

Parent firm distributes shares of the spin-off subsidiary to all existing parent company shareholders



# Capital market positioning milestones



**150** Roadshow meetings held

**250+** Institutional investors met

**10+** Key conferences attended

**40+** Days on the road meeting investors



- Dec. 2014: E.ON decides to split
- Jan. 2016: Uniper operationally independent
- Apr. 2016: Kick-off financing process
- Apr. 2016: First Capital Market Day
- May 2016: S&P publishes BBB- rating
- Jun. 2016: E.ON AGM formally to spin-off Uniper
- Jul. 2016: Syndication completed with 15 banks
- Sep. 2016: Stock exchange listing

# “We Will See a Bloodbath Today” – n-tv in the morning of listing

**Süddeutsche Zeitung**

„Uniper ... sort of bad bank”

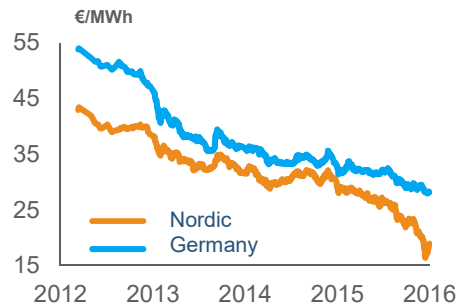
**DIE ZEIT**

“E.ON's Schmuttelkind”

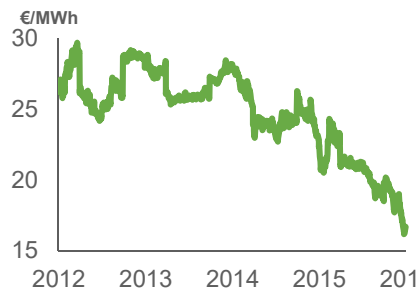
**Handelsblatt**

“Uniper, a difficult birth”

**Power Prices**



**Gas Prices (NCG)**



## Initial set-up

- Separation of companies on Jan 1, 2016
- General outlook on business given
- Government decision on nuclear liabilities

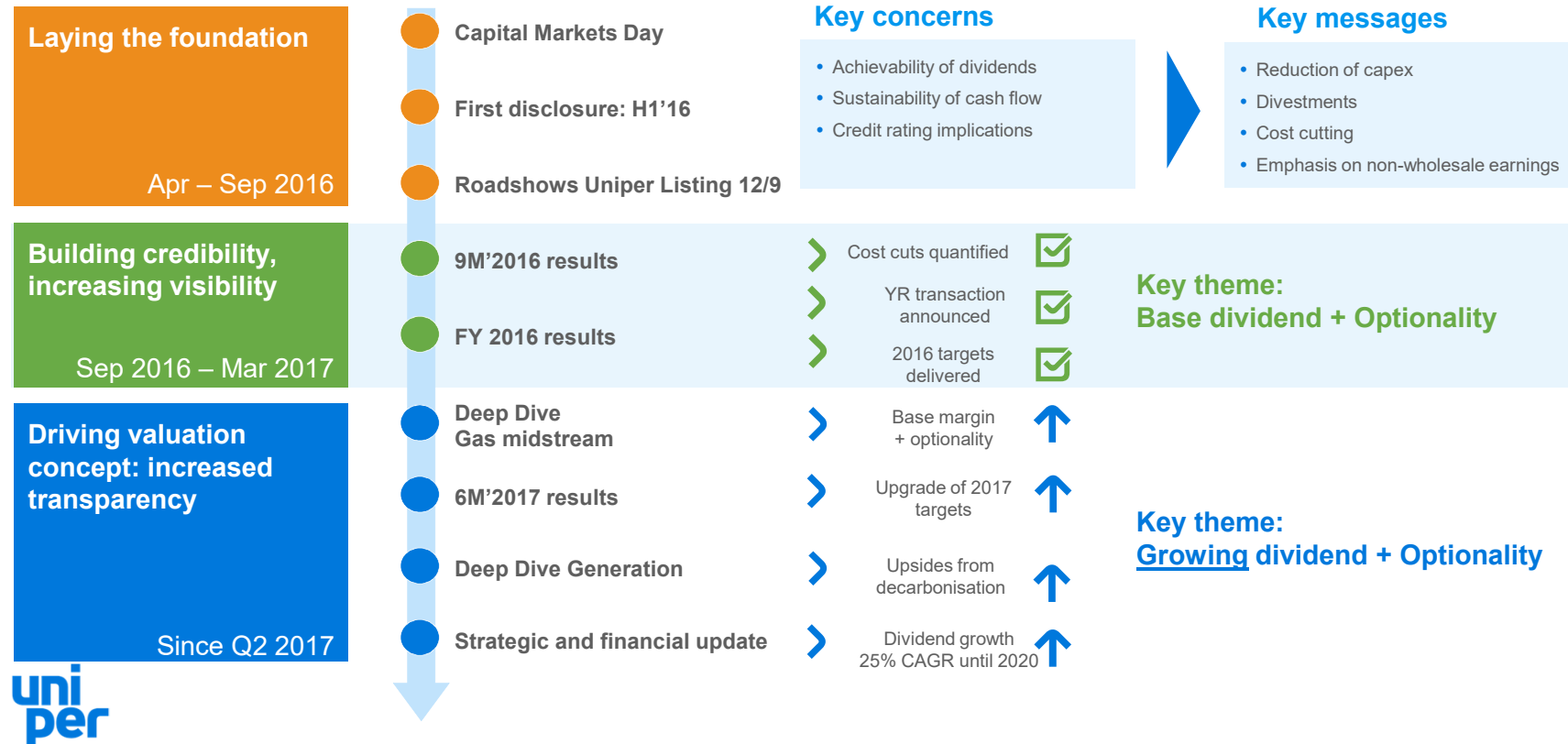
## 16H1: Headwinds from the markets

- Commodity market downturn in 16Q1
- Negative outlook for utilities in general
- Write-downs after impairment test in 16Q2

## Before listing day

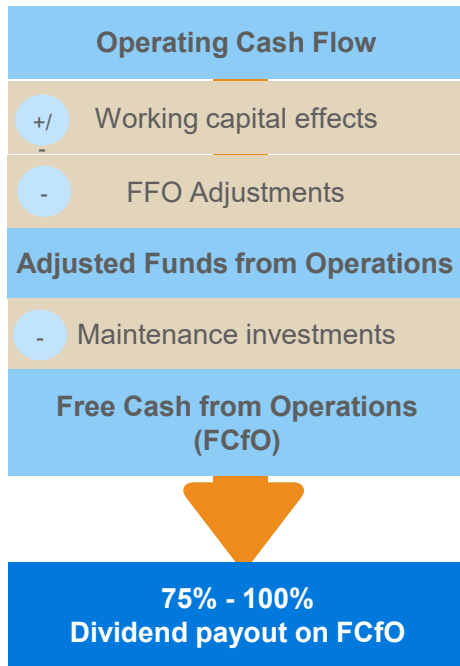
- Wide range of forecast market capitalization ranging from €2bn to €5bn+
- Featuring considerable market uncertainty

# Uniper's Answer for the Capital Markets

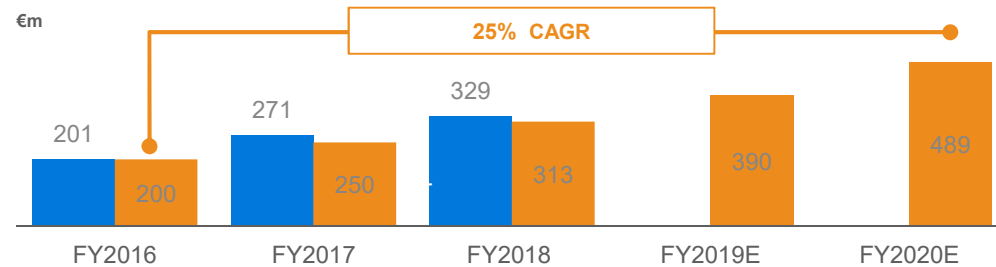


# Uniper's Attractive Dividend Policy

## Uniper's dividend policy



## Dividend growth



## Key messages

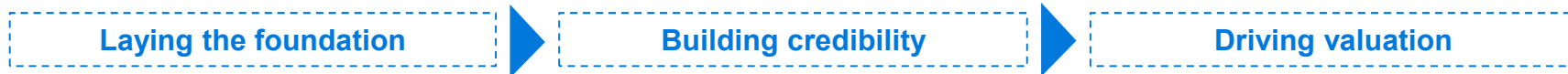
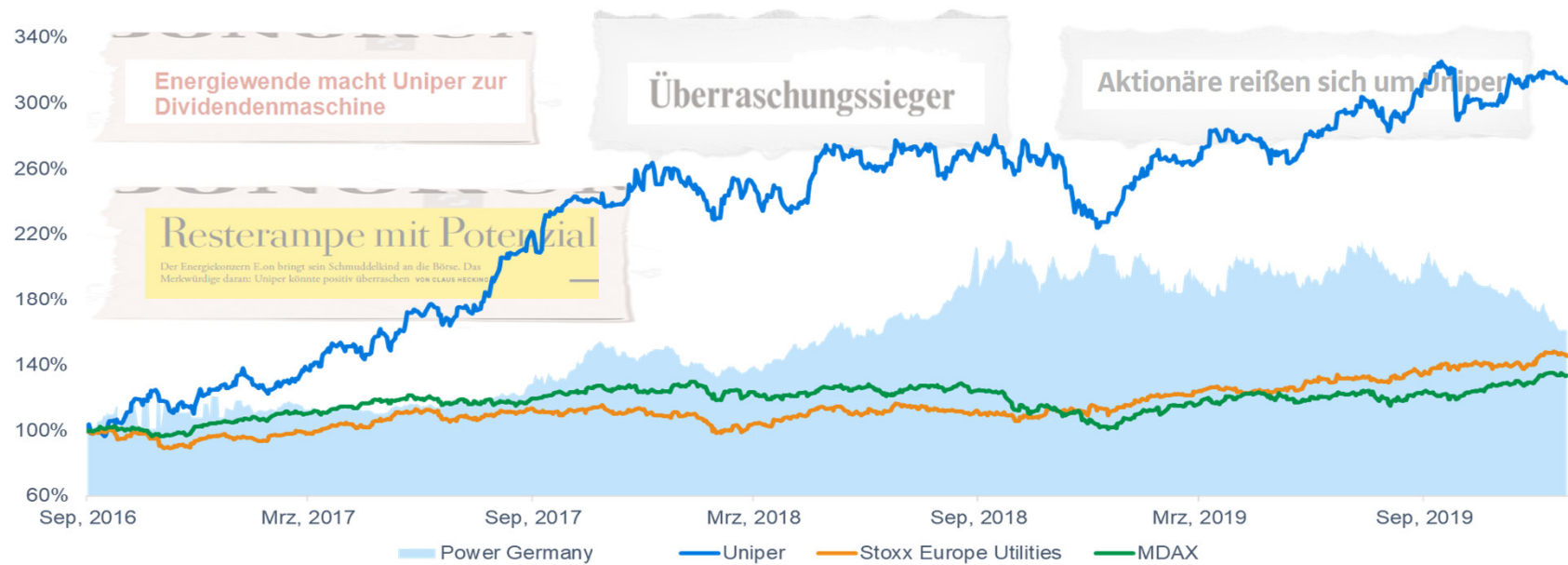
- A purely cash flow based dividend story
- Above sector average payout ratio with at least 75% of FCfO to be cashed out
- Starting with a base dividend in FY2016 to set the benchmark
- Ambitious dividend growth path of CAGR 25% between 2016 and 2020
- Favorable free cash flow growth and outpacing 25% growth path for financial year 2017 and 2018

# Uniper Way – a Different Way to Shape the Culture

	Keep & Foster ✓	Stop ✗	Start !
<b>Leadership</b> <i>Grow and empower people</i>	Valuing our people and their capabilities	Being inconsequential	Taking responsibility
<b>Teamwork</b> <i>Become one team and simplify proceedings</i>	Working together	Thinking in silos	Reducing complexity
<b>Your Individual Contribution</b> <i>Act as if it were your own company</i>	Striving for excellence	Staying in your comfort zone	Being entrepreneurial

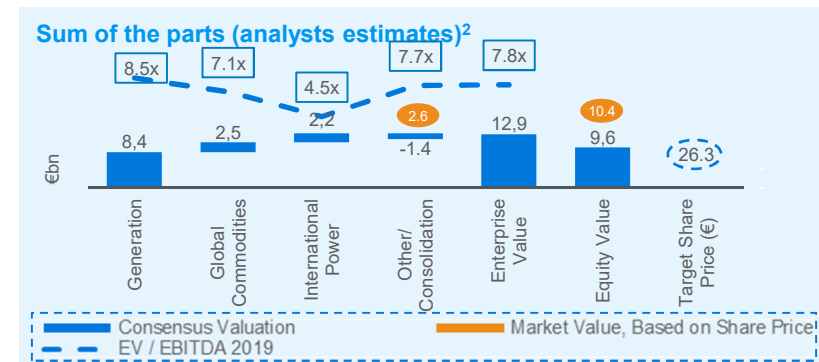
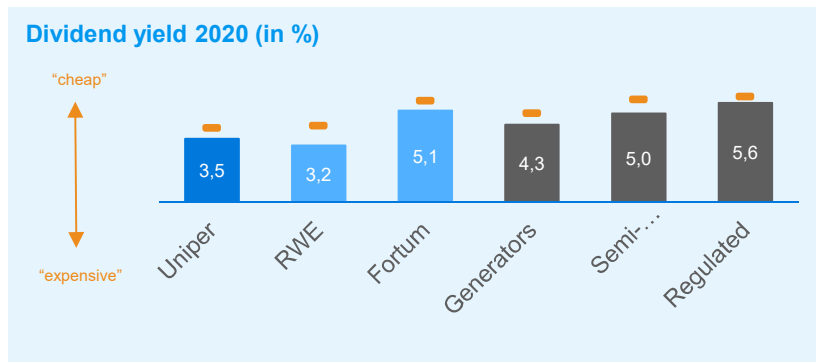
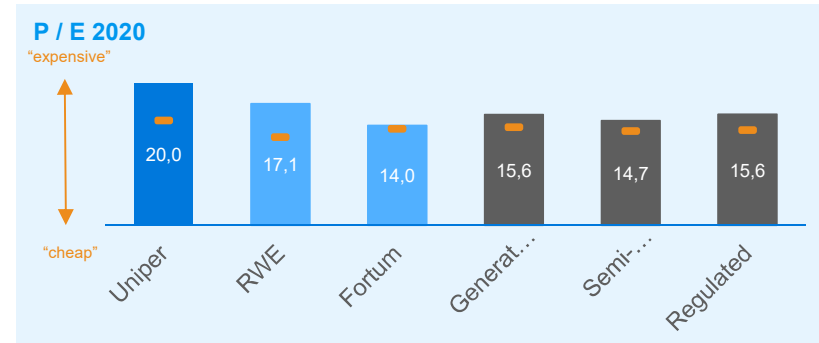
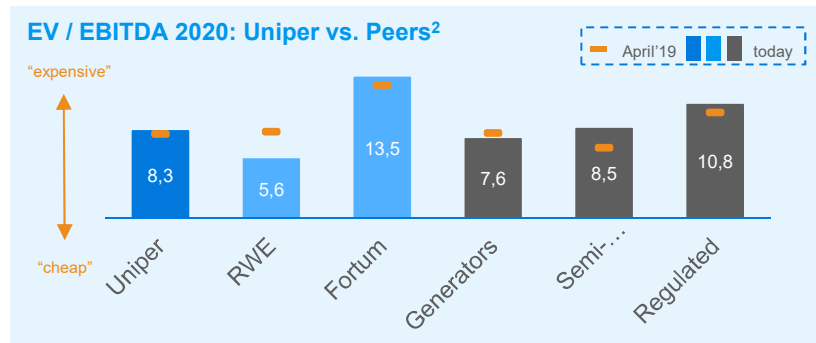


# Uniper's Share Price History





# Is Uniper's Current Share Price Fair?



1. Using Bloomberg quotes: "Generators" group includes RWE, Fortum, Verbund, CEZ, Drax; "Semi-regulated" group includes E.ON, EDF, Enel, Engie, Endesa, Iberdrola, Innogy, EDP, Centrica; "Regulated" group includes Enagas, Red Electrica, Seven Trent, Pennon, National Grid, REN  
 2. EV on "Uniper vs Peers" chart includes market value for equity, EV on SOTP chart includes value for Equity based on analysts' target prices

## Uniper's Shareholder Base – Finnish Investor



- After the spin-off, E.ON sold its stake in Uniper to Fortum. As of today the Finnish utility holds 49.99% of Uniper shares.
- On October 8<sup>th</sup> 2020 Fortum signed a deal to purchase at least 20.5% of additional shares from Elliot & Knight Vinke, which will increase Fortum's stake to at least 70.5%
- The transaction is subject to approval from Russian authorities, which is still pending
- Final closing expected for Q1 2020 according to Fortum

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# Impact of Profit Warnings on Individual Careers

## CECONOMY

Pieter Haas und sein Finanzvorstand müssen nach Gewinnwarnungen und Aktienabsturz gehen (14.10.2018)



Nach Gewinnwarnung: Innogy-Chef mit sofortiger Wirkung entlassen (20.12.2017)



KRONES-Finanzchef muss nach Gewinnwarnung gehen (24.07.2019)



Kuka CEO Till Reuter geht: „Es gab zwei Gewinnwarnungen. Wir haben uns zusammengesetzt und gemeinsam entschieden, dass es eine Veränderung geben soll“ (26.11.2018)



Aurubis-Chef Jürgen Schachler wurde mit sofortiger Wirkung entlassen. Ein millionenschweres Investitionsprojekt ist gescheitert und eine Gewinnwarnung besorgte die Anleger (13.06.2019)



Nach Gewinnwarnung: Siemens-Chef Löscher muss gehen (27.07.2013)

# Ad Hoc Disclosure of Inside Information

## EU Market Abuse Regulation (16.04.2014)

### General Rule

An issuer shall inform the public as soon as possible of inside information which directly concerns that issuer.

### Definition of Inside Information

- information of a precise nature,
- not been made public,
- relating, directly or indirectly, to issuers or financial instruments, and which
- likely to have a significant effect on the prices, if made public

### Exemption

Delayed disclosure to the public of inside information only possible, if all of the following conditions are met:

- immediate disclosure is likely to prejudice the legitimate interests of the issuer or emission allowance market participant;
- delay of disclosure is not likely to mislead the public;
- the issuer is able to ensure the confidentiality of that information.



#### Daimler AG: Vorläufige Ergebnisse für das zweite Quartal 2019 - Daimler passt Ergebniserwartung an

Daimler AG / Schlagwort(e): Gewinnwarnung/Halbjahresergebnis  
Daimler AG: Vorläufige Ergebnisse für das zweite Quartal 2019 - Daimler passt Ergebniserwartung an

12.07.2019 / 08:30 CET/CEST  
Veröffentlichung einer Insiderinformationen nach Artikel 17 der Verordnung (EU) Nr. 596/2014, übermittelt durch DGAP - ein Service der EQS Group AG.  
Für den Inhalt der Mitteilung ist der Emittent / Herausgeber verantwortlich.

#### Hohes Ergebnis für Q2/2019

Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München / Schlagwort(e):  
Quartalsergebnis  
Hohes Ergebnis für Q2/2019

#### Deutsche Börse AG: Deutsche Börse AG rechnet mit deutlicher Überschreitung der Gewinnprognose für 2018

Deutsche Börse AG / Schlagwort(e): Jahresergebnis  
Deutsche Börse AG: Deutsche Börse AG rechnet mit deutlicher Überschreitung der Gewinnprognose für 2018

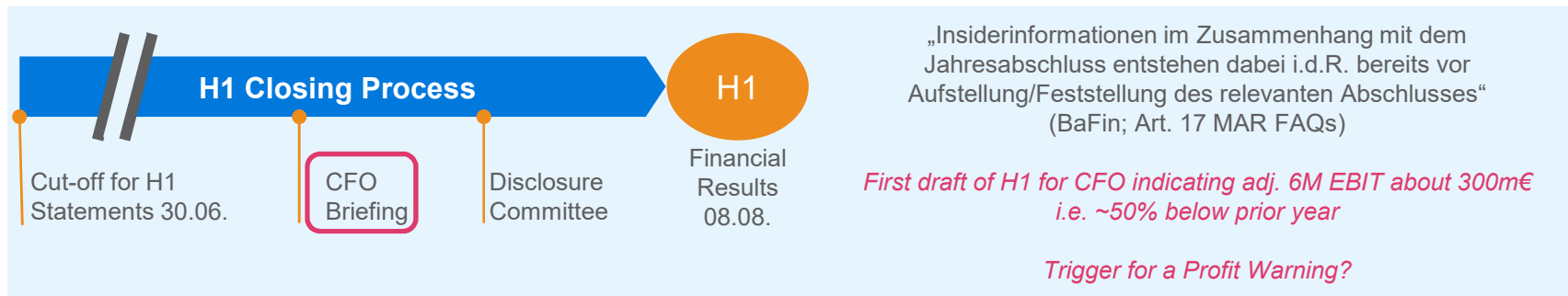
#### Zalando SE: ZALANDO ERWARTET BEREINIGTES EBIT IM ERSTEN QUARTAL 2019 ÜBER KONSENSUS

Zalando SE / Schlagwort(e): Quartalsergebnis  
Zalando SE: ZALANDO ERWARTET BEREINIGTES EBIT IM ERSTEN QUARTAL 2019 ÜBER KONSENSUS

#### Uniper SE: Uniper hebt Ergebnisprognose für das Geschäftsjahr 2019 an

Uniper SE / Schlagwort(e): Prognoseänderung  
Uniper SE: Uniper hebt Ergebnisprognose für das Geschäftsjahr 2019 an

# Uniper's H1 2019 Process – Need for a Profit Warning?



## Recap Definition of Inside Information

- information of a precise nature,
- not been made public,
- relating, directly or indirectly, to issuers or financial instruments, and which
- ? likely to have a significant effect on the prices, if made public

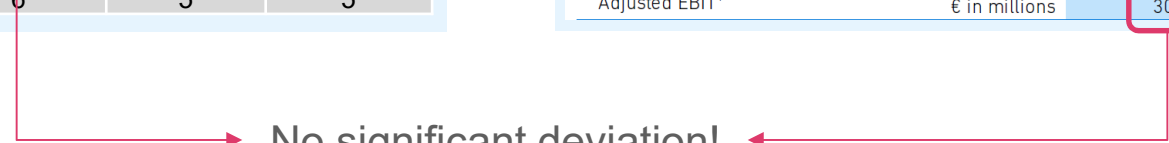
This is the case for financial information, if there is a **significant** deviation from

1. **Intra-year forecasts published by company** X  
(if not available, then)
2. **Market expectation i.e. consensus** ?  
(if not available, then)
3. **Prior year figures**

# Uniper's H1 2019 Process – Consensus in Line with H1

6M Consensus			
	Adjusted EBIT	Adjusted EBITDA	Adjusted net income
Highest	315	655	200
Lowest	301	649	165
Mean	309	652	180
<b>Median</b>	<b>311</b>	<b>653</b>	<b>172</b>
Number of estimates	6	5	5

6M H1 Results			
January 1–June 30	Unit	2019	2018
Power procurement and owned generation	Billion kWh	318.7	359.4
Electricity sales	Billion kWh	316.5	358.3
Gas sales	Billion kWh	1,105.2	1,027.8
Sales	€ in millions	26,720	35,968
Adjusted EBIT <sup>1</sup>	€ in millions	308	601



No significant deviation!



Not likely to have an impact on share price!



No profit warning!



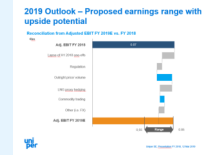
# How to Provide Guidance for a ,fair‘ Consensus?

## 1. Continuous Tracking of Consensus

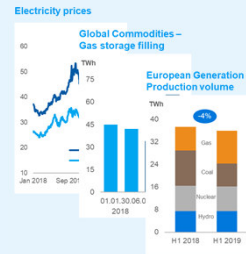
Source	Price Target		Recommendation		Last Update
	Broker	Target Price	% to Current Price	Current	
Deutsche Bank	30,50	7%	Hold	19.12.2019	
Bankhaus Metzler	30,00	6%	Buy	22.10.2019	
Berenberg Bank	30,00	6%	Buy	10.10.2019	
J.P. Morgan Cazenove	28,50	0%	Neutral	09.01.2020	
BoA Merrill Lynch	27,50	-3%	Underperform	09.01.2020	
Credit Suisse	27,50	-3%	Neutral	23.10.2019	
UBS	27,50	-3%	Neutral	11.11.2019	
Commerzbank	27,00	-5%	Reduce	12.11.2019	
Citigroup	25,30	-11%	Sell	10.01.2020	
MainFirst Bank	25,00	-12%	Neutral	22.10.2019	
Exane BNP Paribas	24,00	-15%	Underperform	08.01.2020	
Societe Generale	21,20	-25%	Sell	15.11.2019	
AB Bernstein	21,00	-26%	Underperform	09.01.2020	
Kepler Cheuvreux	20,00	-30%	Reduce	12.11.2019	
Consensus (average)	26,07	-8%			

## 2. Use of all public available Data

Financials from past periods

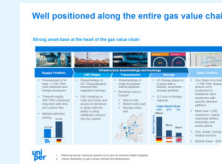
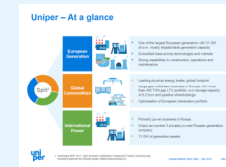
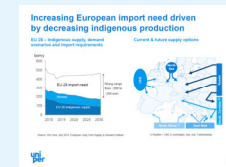
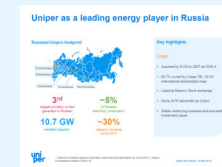


Reference to given Guidance



Operational indicators (storage-filling levels, prices, weather, announced outages)

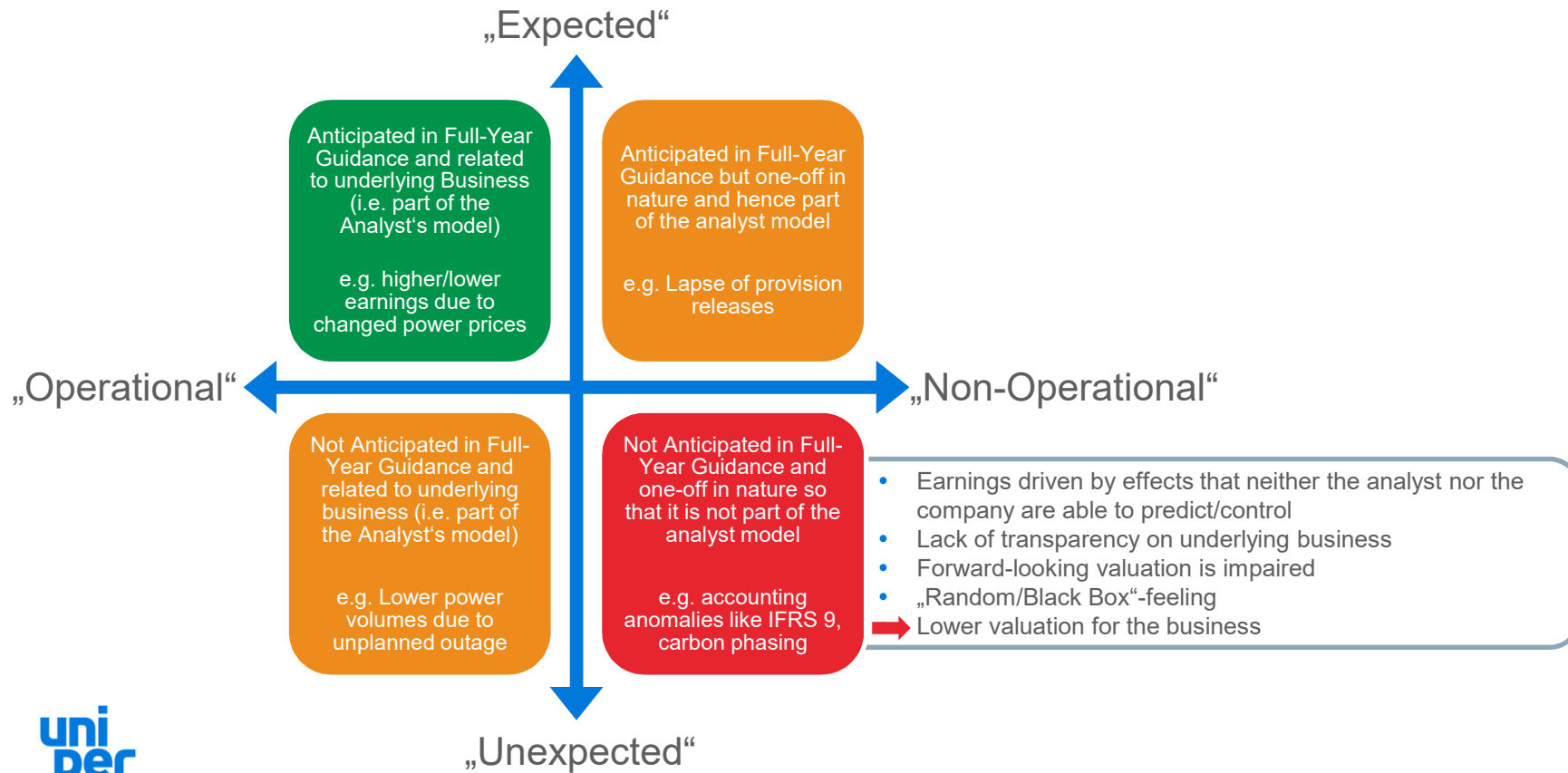
## 3. Increase Business & KPI Understanding



Prerequisite: Credibility of the IR guidance based on track record



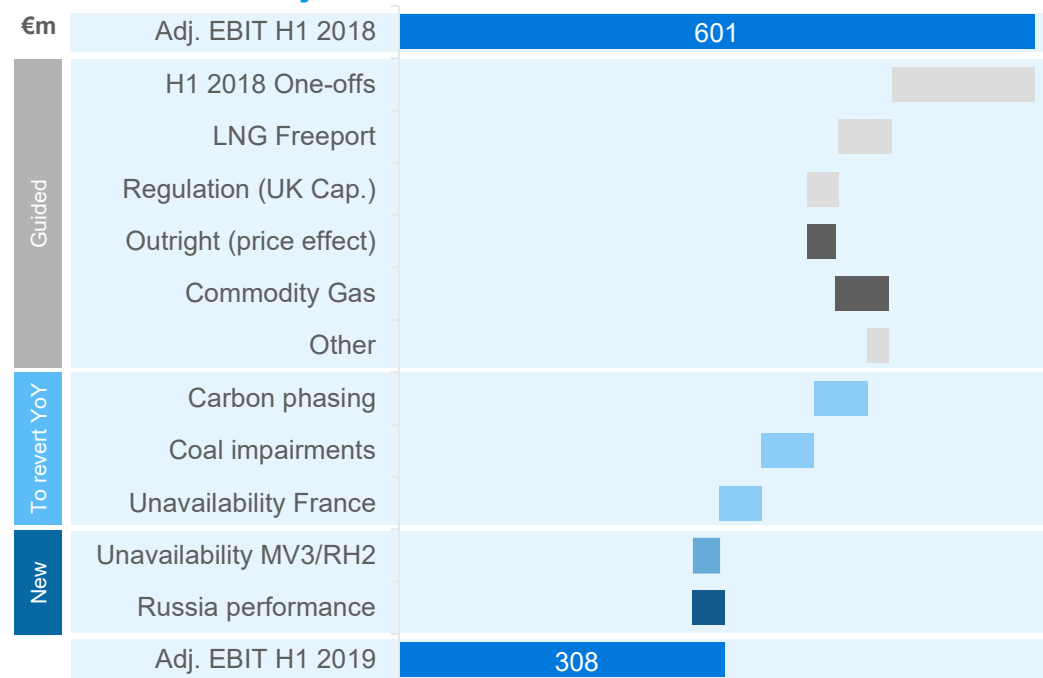
# Communication of Earnings – The WHY Matters!



Example from Uniper SE, H1 2019 Interim Results, 08 Aug. 2019

## Adj. EBIT H1 2019 – Down Largely Due to Structural Effects

### Reconciliation Adj. EBIT H1 2018 to H1 2019



### Key developments

Most negative effects are either:

- 'Guided', i.e. they are anticipated within full-year guidance, or
- 'to revert', i.e. won't be impacting the year-on-year development on full-year basis

New drivers with relevance for full year are:

- Outages in Maasvlakte 3 & Ringhals 2,
- overcompensated by strong performance in Russia

# So, how was H1 Percieved by the Capital Market?

## Neutral tones prevailing in feedbacks “as poor year as expected, but actually better than expected”

**Main tenor:  
Weak H1 results  
in line**

### “In line” across headlines

- “H1 2019 results in line, 2019 guidance reiterated, but a few questions remain” (*Credit Suisse*)
- “H1 2019 headline results in line, underlying better than poor expectations, ND a bit high” (*JP Morgan*)
- “Weak Q2-2019, strong H2 needed to match FY guidance” (*MainFirst*)

**But no real doubt  
that 2019 EBIT-  
guidance could  
be missed**

### Optimistic about Uniper’s 2019 guidance

- “The results are likely to be taken as a small positive overall, with pressure to consensus EBIT forecasts to move up to the top end of the overall range.” (*RBC*)
- “Overall we believe today’s result are a ‘non-Event’, and reiterate our neutral recommendation.” (*JP Morgan*)
- “As part of the H1 head winds should reverse in H2 (carbon phasing, missing earnings/losses from France), we still expect Uniper to meet its adj. EBIT outlook for 2019 of €550m-€850m and its dividend target of €390m” (*Commerzbank*)



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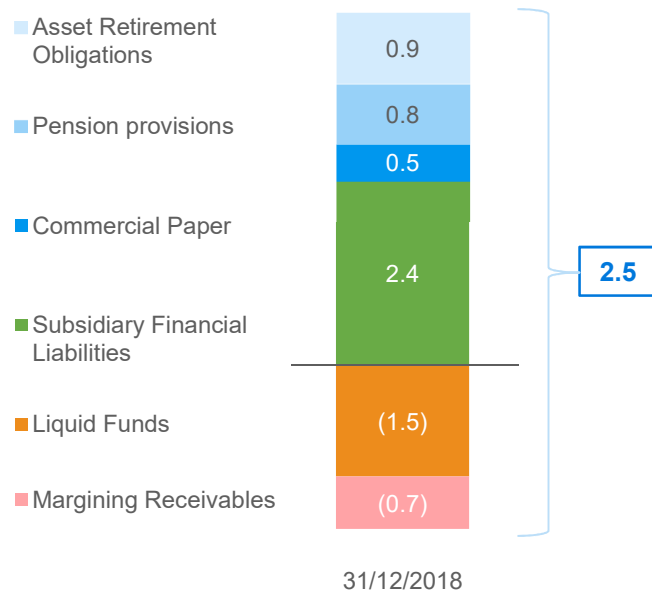
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**Importance of Rating – The case  
of Fortum & Uniper**



# Uniper's Balance Sheet Shows Virtually no "Bank Debt"

Uniper's Economic Net Debt (in €bn)



## The different types of financing at Uniper

- Revolving Credit Facility** (dotted box): Back-up facility for overall short-term funding instruments and for credit rating purposes
- Commercial Paper Program** (blue box): Commercial paper used for short-term liquidity fluctuations (OTC, usually one month duration)
- Subsidiary Fin. Liabilities** (green box): Liabilities that are not managed on holding company level, mainly leases and margining liabilities
- Liquid funds** (orange box): Liquid funds of €1.5bn as of Dec 2018
- Margining Receivables** (pink box): Margining cashed-out for commodity forward deals



# Trading Business Requires Margining Capital

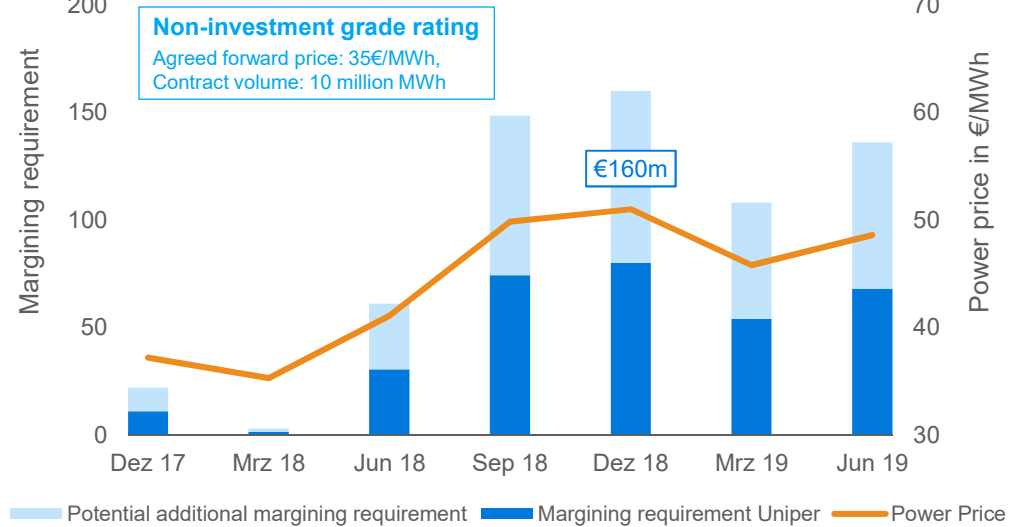
## Uniper is a large-scale commodity trader

- Procurement: CO<sub>2</sub> emission certificates, fuels for power production such as coal and gas
- Forward hedging of power prices
- In addition: Hedging of exchange and interest rates, optimization gains
- More than **100,000 trades per day**

## Margin postings

- Trading results in margin postings that are usually provided in the form of cash collateral
- The amount of margins to be posted depends on a company's rating, i.e. its creditworthiness
- Average amount of margins posted by Uniper in 2018: **~€900m**

## Example: Power price hedging



➤ **Maintaining a large-scale trading business requires an investment grade rating**

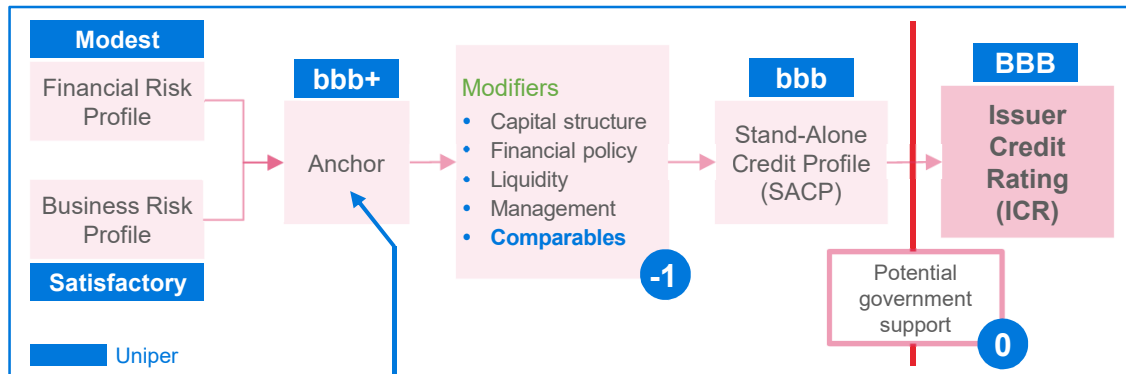


# Uniper's Current Rating Based on S&P's Methodology

## S&P Corporate Criteria Framework

- S&P's rating assessment is driven by a combination of a company's business risk and financial risk profiles
- The resulting anchor is equal to the final issuer credit rating in 90% of the cases
- Uniper's anchor is lowered by a modifier for comparables' rating analysis

➤ Current rating **BBB** → solid investment grade



Rating-Anchor – Combination of business and financial risk profile						
Business Risk	Financial Risk					
	1 (minimal)	2 (modest)	3 (intermediate)	4 (significant)	5 (aggressive)	6 (highly levered)
1 (excellent)	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
2 (strong)	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
3 (satisfactory)	a/a-	<b>bbb+</b>	bbb/bbb-	bbb-/bb+	bb	b+
4 (fair)	bbb/bbb-	bbb-	bb+	bb	bb-	b
5 (weak)	bb+	bb+	bb	bb-	b+	b/b-
6 (vulnerable)	bb-	bb-	bb-/b+	b+	b	b-

## Current rating guidance for Uniper

- Uniper's business risk profile is currently assessed as 'satisfactory', although at the lower end of the category
- Given this 'satisfactory' business risk profile: For a **BBB (flat) rating** Uniper currently needs to achieve an FFO/Debt of >55% ('Modest' financial risk profile)

Uniper's target rating

BBB

Standard & Poor's rating ratios (FFO / Net Debt)

>55%

Translation into Uniper debt factor (Net Debt/EBITDA)

1.8 – 2.0x



# Key Takeaways from S&P CreditWatch Report

”

The CreditWatch placement for Fortum reflects the **significant likelihood of a one-notch downgrade** once the deal closes.”

We expect to resolve the CreditWatch placement on Fortum when the transaction closes and after receiving clarity on potential remedy measures.”

Given the business risk deterioration, [Fortum] will need stronger financial metrics to achieve the same rating level; **for a 'BBB' rating, funds from operations to debt would need to be above 35%**, compared to 25% today.”

We will likely fully consolidate Uniper into Fortum and **link the issuer credit rating on Uniper to that on Fortum** upon antitrust approval.”

We expect to resolve the CreditWatch placement on Uniper in line with that on Fortum, when the transaction closes and after receiving more clarity on Fortum's intended group strategy and implementation thereof, as well as on future Uniper's governance and financial policy.”

**We could rate Uniper one notch above Fortum if there were sufficient elements of separation between the two companies post-closing.”**

Source:

S&P Research Update  
(Oct 09, 2019)

**S&P Global**  
Ratings

*“Fortum Oyj and Uniper SE Ratings on CreditWatch Negative Following Fortum's Purchase of Additional Stake in Uniper”*



Thank You!

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