Half-Year Interim Report 2018

Financial Results

Performance Indicators at a Glance

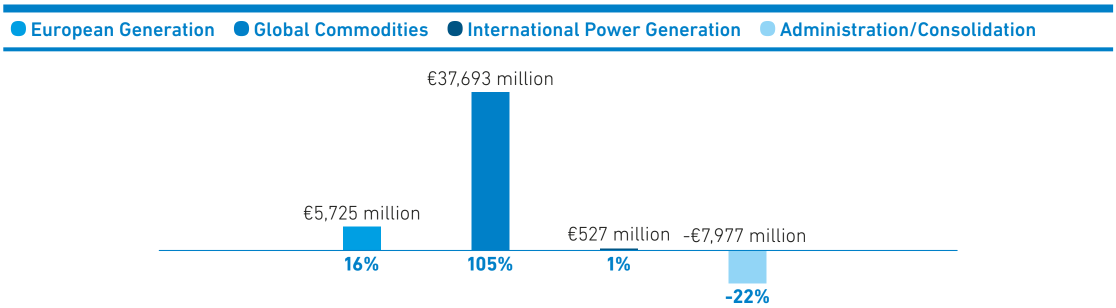
Financial and Non-financial Indicators for the Uniper Group

January 1–June 30	Unit	2018	2017	+/- %
Power procurement and owned generation	Billion kWh	359.4	376.7	-4.6
Electricity sales	Billion kWh	358.3	375.6	-4.6
Gas sales	Billion kWh	1,027.8	994.8	3.3
Sales[1]	€ in millions	35,968	37,305	-3.6
Adjusted EBIT[2]	€ in millions	601	930	-35.4
For information purposes: Adjusted EBITDA[2]	€ in millions	940	1,253	-25.0
Net income/loss	€ in millions	-522	1,057	-149.4
Earnings per share[3, 4]	€	-1.49	2.64	-156.4
Cash provided by operating activities	€ in millions	465	1,407	-67.0
Adjusted FFO[5]	€ in millions	589	678	-13.1
Investments	€ in millions	244	294	-17.0
Growth	*€ in millions*	*154*	*192*	*-19.8*
Maintenance and replacement	*€ in millions*	*90*	*102*	*-11.8*
Economic net debt	€ in millions	-3,294	-2,445[6]	34.7
Employees as of the reporting date		11,752	12,180[6]	-3.5

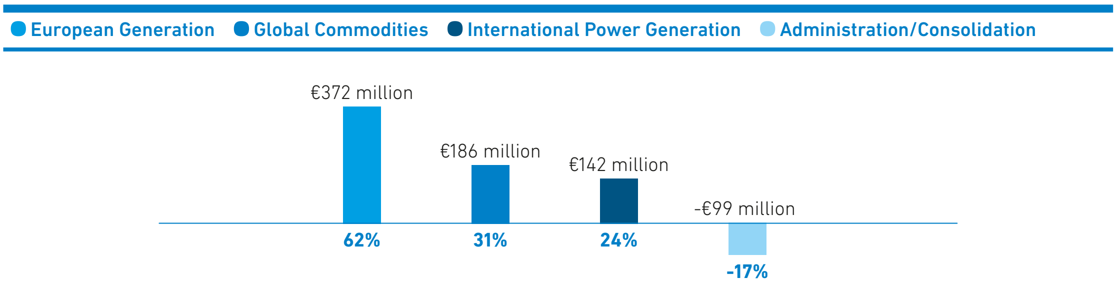
[1]See also "Business Report" and "Summary of Significant Accounting Policies." [2]Adjusted for non-operating effects. [3]Basis: outstanding shares as of reporting date. [4]For the respective fiscal year. [5]Primarily adjusted for operating cash flows not permanently available for distribution. [6]Comparative figure as of Dec. 31, 2017.

Selected Financial Performance Indicators by Segment

Sales



Adjusted EBIT



Only the German version of this Interim Report is legally binding.

Contents

This Interim Report, 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.

Interim Management Report

- → Adjusted EBIT down year over year, as expected, following the sale of Yuzhno-Russkoye and the absence of non-recurring effects from 2017
- → Full-year adjusted EBIT forecast for 2018 reaffirmed unchanged
- → Adjusted FFO below the level of the prior-year period, as expected
- → Economic net debt higher due to higher margin deposits and first-time adoption of IFRS 16, in line with expectations
- → Dividend proposal for 2018 reaffirmed

Business Model of the Group

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

Business Report

Industry Environment

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

Energy Policy and Regulatory Environment

Work on the European Commission's proposal to extend the scope of the Gas Directive continued in the Council of the European Union ("EU"). Under the Bulgarian EU Council Presidency, no agreement was reached between the member states; another effort will be made under Austria's EU Presidency in the second half of 2018.

Agreement was reached, however, on a number of points in the "Clean Energy for all Europeans" legislative package presented by the European Commission in 2016. This concerns the amendment to the Renewable Energy and Energy Efficiency Directive and the mechanism for monitoring national energy and climate protection targets. The debate on the proposed changes to the electricity market will continue and will probably be concluded with the adoption of a law before the end of 2018. Both this law and the amendments to the Renewable Energy and Energy Efficiency Directives, each with higher targets for the EU by 2030, will affect the market environment for Uniper.

The European Commission has also approved Germany's capacity reserve of two gigawatts, which is intended to secure supply in the German wholesale electricity market in the event of potential bottlenecks, until 2025. The corresponding German regulation is to enter into force before the end of this year, which means that the first auction can take place at the beginning of 2019. In addition, transmission system operators have announced an open-technology tender for special grid technology equipment in the amount of 1,200 megawatts. Uniper will examine the business opportunities arising from the regulation and the tender. The German government has established a Commission on Growth, Structural Change and Employment, commonly referred as the "Coal Commission." One of this commission's tasks is to submit by the end of 2018 a proposal for ending the use of coal to generate electricity – with a specific deadline and accompanying measures for the coal regions. Uniper will participate actively and constructively in the debate due to the potential impact on the Group.

In the Netherlands, the government presented a draft law to end the generation of electricity from coal by the end of 2029, and consulted the parties concerned. It also presented a draft that would enshrine the Dutch climate protection targets for 2030 and 2050 in law. Uniper participated in the consultation process for the ending of coal-fired power generation by submitting its own position paper.

The French government's final report on the social and structural impact of the phasing-out of coal-fired power generation and the impact on supply security was announced for July 2018 but is not yet available. It is intended to have the measures to implement the phase-out anchored in a multi-year program for energy by the end of 2018. Consultations with network operators on simplifying the capacity market in France is still ongoing. As in the Netherlands, Uniper is entering into the debate in order to ensure that its assets are secured.

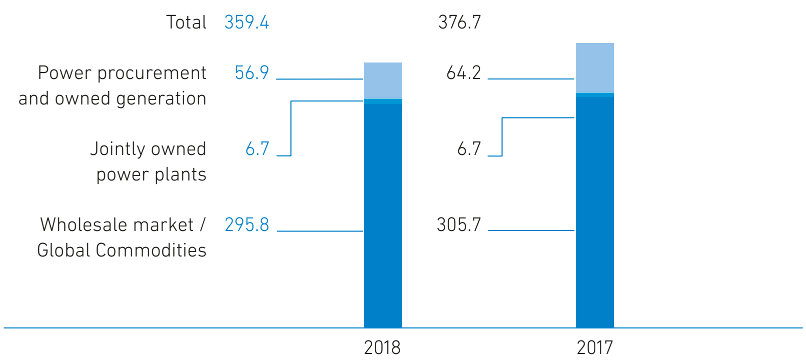
Business Performance

Power Procurement and Owned Generation

In the first half of 2018, the amount of electricity generated by our own power plants stood at 56.9 billion kWh, a significant decline of 7.3 billion kWh, or 11.4%, from the prior-year period. Purchased electricity also fell, by 9.9 billion kWh, or 3.3%, to 295.8 billion kWh.

Power Procurement and Owned Generation

Billion kWh in the first half-year



The European Generation segment's owned generation amounted to 34.2 billion kWh in the first half of 2018, a change of -5.5 billion kWh, or -13.8%, down significantly from the prior-year level of 39.7 billion kWh. Various factors contributed to this development. One of these was the decommissioning in June 2017 of Unit 1 of the Oskarshamn nuclear power plant in Sweden and of the Maasvlakte 1 and 2 coal-fired power plants in the Netherlands. Generation of electricity at the fossil-fuel power plants in Germany, the Netherlands and France was significantly reduced as well. The background here is a deterioration in market conditions and strikes in France. In addition, higher water levels at the beginning of the year in Sweden and Germany compared with those of the previous year led to an increase in hydroelectric generation.

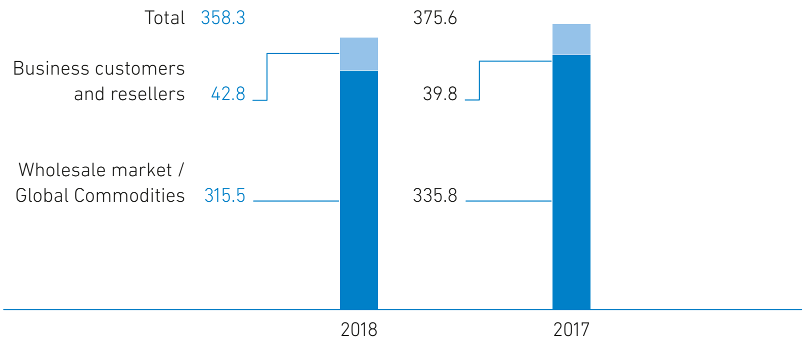
In the International Power Generation segment (Russia), our production fell year over year by 1.9 billion kWh, or 7.6%, from 24.5 billion kWh to 22.7 billion kWh in the first half of 2018. This was mainly attributable to the reduced "cold reserve" operating hours of the Surgutskaya and Berezovskaya (Units 1 and 2) power plants and to the three-month general overhaul of Unit 7 of the Surgutskaya plant in the first half of 2018.

Electricity Sales

In the first half of 2018, the Uniper Group's electricity sales stood at 358.3 billion kWh, a slight decrease of 4.6% from the level of 375.6 billion kWh recorded in the prior-year period.

Electricity Sales[1]

Billion kWh in the first half-year



[1]Difference from power procurement is caused by internal use and network losses.

The shifts in electricity sales volumes are mainly driven by reduced electricity trading activity and by portfolio optimization in the Global Commodities segment.

Alongside electricity trading in the energy markets, a portion of the Uniper Group's electricity sales to major customers such as municipal utilities and industrial customers in Germany and in Europe is transacted through an internal sales unit, Uniper Energy Sales GmbH ("UES"). In addition to sales, UES also handles marketing for the Uniper Group. It also offers its customers services in consulting, service and the electricity industry. Electricity sales by UES in the first half of 2018 came to 20.5 billion kWh, which is down significantly from the prior-year period (24.3 billion kWh) due to lower contracted volumes.

Gas Procurement

In the first half of 2018, the Global Commodities segment procured roughly 1,084.4 billion kWh of natural gas from domestic and foreign producers. Due to increased trading activity, this represents a noticeably higher level of natural gas procurement relative to the prior-year period (998.7 billion kWh).

Long-Term Gas Supply Contracts

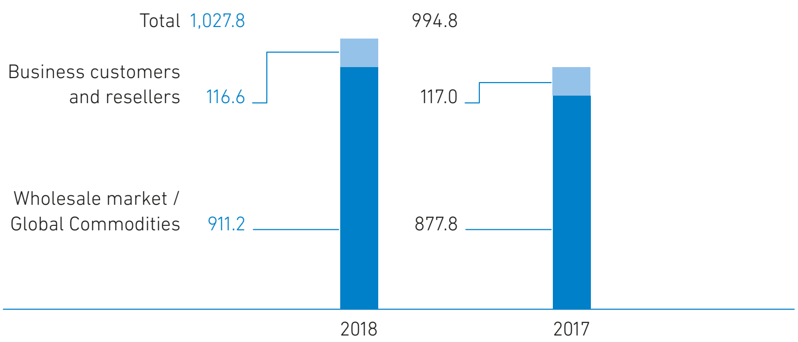
The procurement of gas takes place to a significant extent on the basis of various long-term contracts with gas producers. The gas required by the Uniper Group is supplied mainly by providers in Russia, the Netherlands, Germany and Norway. The contracted volume of gas from these contracts attributable to the first half of 2018 amounted to approximately 181 billion kWh (first half of 2017: 184 billion kWh).

Gas Sales

The Uniper Group's gas sales stood at 1,027.8 billion kWh in the first half of 2018, which is slightly above the level of the prior-year period (994.8 billion kWh).

Gas Sales

Billion kWh in the first half-year



The shifts in gas sales relate predominantly to the Global Commodities segment. The increase is driven mainly by significantly higher activity at gas trading points and by higher sales in the United Kingdom. At the same time, sales to business customers and resellers declined slightly in an intensely competitive environment.

Alongside gas trading in the energy markets, a portion of the Uniper Group's gas sales is transacted through the internal sales unit UES by means of long-term contracts with major customers such as municipal utilities, regional gas suppliers, industrial customers and power plants in Germany and abroad. Gas sales by UES in the first half of 2018 came to 111.9 billion kWh, which is below the level of the prior-year period (116.8 billion kWh). The decrease is due especially to lower contracted volumes.

Gas Storage Capacity

Uniper Energy Storage GmbH is responsible for the operation of gas storage for the Uniper Group. Its activities include technical and commercial development, the construction and operation of underground storage facilities for natural gas, the marketing of capacities, services and products in the European storage market and the development of new storage technologies. Uniper Energy Storage GmbH sells natural gas storage facilities in Germany, Austria and, through a subsidiary, in the UK. In the first half of 2018, gas storage capacity stood at 8.0 billion m^3, which is slightly below the prior-year period (8.3 billion m^3) and resulted primarily from expiring contracts for the marketing of gas storage facilities.

Business Developments and Key Events in the First Half of 2018

On November 7, 2017, Fortum Deutschland SE, a wholly-owned subsidiary of the Finnish energy company Fortum Oyj, issued a voluntary public offer to purchase all of the shares of Uniper SE. In total, shareholders of Uniper SE representing an interest of approximately 47.12% in the Company accepted Fortum Deutschland SE's offer to acquire the shares of Uniper SE. In particular, E.ON SE tendered its 46.65% stake in Uniper SE – held indirectly via E.ON Beteiligungen GmbH – to Fortum Deutschland SE as part of the takeover offer. Fortum Deutschland SE's takeover offer was completed effective June 26, 2018. E.ON SE is thus no longer an indirect shareholder in the Company. Fortum Deutschland SE is now the Company's new major shareholder.

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

Heavy snowfalls in the winter months were followed by a rapid rise in temperatures at the beginning of April, which led to higher inflows and increased production from running water in Germany. In Sweden, the second quarter was characterized by a short, but strong, spring flood due to the snow situation. In the second quarter, a higher result from short-term optimization was particularly evident. The persistent dry conditions that followed have since led to low water levels in the reservoirs.

The decisions on reducing surplus carbon allowances by transferring them to the market stability reserve within the EU ETS have led to a sharp carbon price increase in recent months. This development in the carbon market contributed to a good trading result.

The low temperatures in the second half of the first quarter of 2018 led to increased short-term demand for gas products and triggered extreme price fluctuations at individual gas trading points, which challenged gas utilities to deliver on the agreed supply contracts without resorting to significant gas-market purchases. Uniper successfully mastered this challenge thanks to its diversified, flexible gas portfolio consisting of gas storage facilities and flexible contracts. This meant that Uniper once again made a significant contribution to the security of supply in continental Europe.

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

The project to repair the boiler in Unit 3 of the Berezovskaya power plant remains on schedule and within expected cost parameters, allowing for its return to service in the third quarter of 2019. The remaining investment amount still to be spent now stands at roughly 17 billion rubles.

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

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

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

Changes in Ratings

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

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

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

Earnings

Sales Performance

Sales

January 1–June 30 € in millions	2018	2017	+/- %
European Generation	5,725	3,718	54.0
Global Commodities	37,693	36,916	2.1
International Power Generation	527	606	-13.0
Administration/Consolidation	-7,977	-3,935	-102.7
Total	**35,968**	**37,305**	**-3.6**

At €35,968 million, sales revenues in the first half of 2018 were roughly 4% below the prior-year figure (first half of 2017: €37,305 million).

The initial application of IFRS 15 has, in particular, led to a change in the presentation of income from financial hedging transactions and, to a limited extent, from proprietary trading, which for the first half of 2018 is shown within other operating income and, in contrast to the first half of 2017, no longer as sales. Further information is provided in the "Significant Earnings Trends" section.

European Generation

Sales in the European Generation segment rose by €2,007 million, from €3,718 million in the prior-year period to €5,725 million in the first half of 2018.

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

Global Commodities

Sales in the Global Commodities segment increased by €777 million, from €36,916 million in the prior-year period to €37,693 million in the first half of 2018.

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

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

International Power Generation

Sales in the International Power Generation segment fell by €79 million, from €606 million in the prior-year period to €527 million in the first half of 2018.

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

Administration/Consolidation

Revenues attributable to the Administration/Consolidation reconciliation item changed by -€4,042 million, from -€3,935 million in the first half of 2017 to -€7,977 million in the first half of 2018. This resulted mainly from the consolidation of intersegment effects due to the changed interface between the European Generation segment's power plant operating companies and UGC. The resulting changes in transfer pricing will have no noteworthy impact on the earnings, financial condition and net assets of the Uniper Group due to changed transfer pricing.

Sales by product break down as follows:

Sales

January 1–June 30 € in millions	2018	2017	+/- %
Electricity	13,388	14,953	-10.5
Gas	21,230	20,185	5.2
Other	1,350	2,167	-37.7
Total	**35,968**	**37,305**	**-3.6**

Significant Earnings Trends

The net loss of the Group was €522 million (first half of 2017: net income of €1,057 million). Income before financial results and taxes fell to -€744 million (first half of 2017: €1,308 million).

The principal factors driving this earnings trend are presented below:

The cost of materials fell by €1,638 million in the first half of 2018 to €34,190 million (first half of 2017: €35,828 million), thereby largely following the sales trend.

Personnel costs increased to a total of €542 million in the first half of 2018 (first half of 2017: €495 million). This increase resulted predominantly from the revaluation and settlement of allocations under the long-term incentive ("LTI") packages for the years 2015, 2016 and 2017 in connection with the change-of-control event that has now occurred following the closing of the acquisition by Fortum of the block of shares hitherto held indirectly by E.ON SE. Instead, there will be no more charges to personnel costs in subsequent quarters from the now-settled 2015–2017 LTI packages.

Depreciation, amortization and impairment charges amounted to €616 million in the first half of 2018 (first half of 2017: €369 million). The €247 million increase is predominantly attributable to impairments recognized in the first quarter of the reporting period for the Datteln 4 hard-coal power plant currently under construction. The initial application of IFRS 16 in 2018, and the associated initial recognition of right-of-use assets within property, plant and equipment, additionally led to a marginal increase in depreciation and amortization. This was partly offset by a reduction in future depreciation charges due to the disposal of assets in the context of the sale of the interest in the Russian gas field Yuzhno-Russkoye in 2017. In addition, a goodwill impairment charge had been recognized in the prior-year period in connection with the disposal of the Russian Yuzhno-Russkoye gas field stake.

Other operating income increased to €9,861 million in the first half of 2018 (first half of 2017: €7,742 million). The increase mainly reflected the income totaling €2,191 million from financial hedging transactions and, to a limited extent, from proprietary trading, which for the first time is shown within other operating income owing to the initial application of IFRS 15 beginning in the 2018 fiscal year, and no longer as sales. Furthermore, there were higher gains on derivative financial instruments, which increased compared with the prior-year period by €383 million to €7,077 million (first half of 2017: €6,694 million). This was caused by the marking to market of commodity derivatives.

Other operating expenses increased to €11,304 million in the first half of 2018 (first half of 2017: €7,206 million). This increase resulted primarily from the effects of expenses from financial hedging transactions and, to a limited extent, from proprietary trading totaling €2,313 million, which in the previous year had been shown within cost of materials. This change in reporting has also arisen in connection with the initial application of IFRS 15. The increase in other operating expenses is additionally attributable to higher losses on derivative financial instruments, which increased by €1,886 million to €8,118 million (first half of 2017: €6,232 million). The change was caused especially by the marking to market of commodity derivatives. These losses are primarily unrealized losses with corresponding unrecognized unrealized gains on the physical generation positions and procurement transactions, which may not be shown before they are realized. These positions represent economic hedging relationships for which hedge accounting according to IFRS 9 is not applied.

Reconciliation of Income/Loss before Financial Results and Taxes

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

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

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

Reconciliation of Income/Loss before Financial Results and Taxes

January 1–June 30 € in millions	2018	2017
Income/Loss before financial results and taxes	**-744**	**1,308**
Net income/loss from equity investments	1	3
EBIT	**-743**	**1,311**
Non-operating adjustments	1,344	-381
Net book gains (-)/losses (+)	*31*	–
Marking to market of derivative financial instruments	*1,057*	*-446*
Restructuring / Cost-management expenses (+)/income (-)[1, 2]	*-55*	*13*
Non-operating impairment charges (+)/reversals (-)[3]	*270*	*34*
Miscellaneous other non-operating earnings	*41*	*18*
Adjusted EBIT	**601**	**930**

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

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

Net Book Gains/Losses

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

Fair Value Measurement of Derivative Financial Instruments

The fair value measurement as of the reporting date of derivatives used to hedge the operating business against price fluctuations resulted in a net expense of €1,057 million as of June 30, 2018, due to higher market values (first half of 2017: net income of €446 million).

Restructuring / Cost Management

The income of €55 million in the first half of 2018 resulted primarily from the partial reversal of miscellaneous provisions that had been recognized for non-operating effects in the course of the spin-off from E.ON (first half of 2017: €13 million expense).

Non-operating Impairments/Reversals

In the first quarter of the reporting period, non-operating impairments amounting to €270 million were recognized in the European Generation segment for the Datteln 4 hard-coal power plant currently under construction (first half of 2017: €34 million in the European Generation and Global Commodities segments).

Miscellaneous Other Non-operating Earnings

Miscellaneous other non-operating earnings amounted to -€41 million in the first half of 2018 (first half of 2017: -€18 million). The deterioration resulted primarily from a charge recognized as part of the revaluation and settlement of allocations that vested prematurely under the long-term incentive ("LTI") packages for the years 2015, 2016 and 2017. These allocations arose from the change-of-control event that followed the closing of the acquisition by Fortum of the block of shares hitherto held indirectly by E.ON SE. The aforementioned charge was partly offset by the absence of depreciation on gas inventories recognized in the prior-year period.

Adjusted EBIT

Segments

The following table shows adjusted EBIT for the first half of 2018 and the first half of 2017 broken down by segment:

Adjusted EBIT

January 1–June 30 € in millions	2018	2017	+/- %
European Generation	372	284	31.0
Global Commodities	186	262	-29.0
International Power Generation	142	477	-70.2
Administration/Consolidation	-99	-93	-6.5
Total	**601**	**930**	**-35.4**

European Generation

Adjusted EBIT in the European Generation segment rose by €88 million, from €284 million in the prior-year period to €372 million in the first half of 2018.

This positive development is attributable especially to the elimination of special taxation of nuclear power plants and the reduction of the special taxation of hydroelectric power plants in Sweden, and from the introduction of the capacity markets in the United Kingdom and in France in the first half of 2017. Additional positive contributions to the European Generation segment's earnings during the reporting period came from reversals of provisions for other asset retirement obligations due to an altered dismantling plan for redevelopment obligations relating to renewable-energy power plants and infrastructure facilities, as well as from higher hydroelectric generation volumes.

This was offset by the impact from the decommissioning in June of the previous year of the Maasvlakte 1 and 2 power plant units in the Netherlands and of the Oskarshamn 1 nuclear power plant unit in Sweden. Moreover, the lower prices relative to the first half of 2017 obtained for nuclear and hydro power plant volumes that had been hedged in the past also weighed on adjusted EBIT.

Global Commodities

Adjusted EBIT in the Global Commodities segment fell by €76 million, from €262 million in the prior-year period to €186 million in the first half of 2018.

The non-recurrence of the earnings contribution made by the finalization of the sale of the stake in the Russian gas field Yuzhno-Russkoye at the end of 2017 had a negative impact. The realization of hedges for the liquefied natural gas ("LNG") activities, on the other hand, had a positive impact on adjusted EBIT in the reporting period.

International Power Generation

Adjusted EBIT in the International Power Generation segment fell in line with expectations by €335 million, from €477 million in the prior-year period to €142 million in the first half of 2018.

The principal negative impact on adjusted EBIT came from the non-recurrence of the insurance payment received in May 2017 for the damage caused by a boiler fire in the Berezovskaya 3 power plant unit in 2016. Furthermore, adjusted EBIT was adversely affected by negative currency translation effects and lower generation volumes. The higher tariff payments for new capacity at the Surgutskaya power plant, which were adjusted from April 2017, had a positive effect.

Administration/Consolidation

Adjusted EBIT attributable to the Administration/Consolidation reconciliation item changed by -€6 million, from -€93 million in the first half of 2017 to -€99 million in the first half of 2018.

Adjusted Funds from Operations

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

Adjusted FFO for the first half of 2018 amounted to €589 million, a year-over-year decrease of €89 million (first half of 2017: €678 million). The decrease primarily reflected reduced cash EBIT. Further information is also provided in the "Adjusted EBIT" section. It was partly offset both by lower usage of provisions and by positive tax effects.

Financial Condition

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

Debt

Compared with December 31, 2017, Uniper's net financial position changed by -€810 million to -€1,602 million (December 31, 2017: -€792 million). This effect was caused primarily by higher margin deposits for futures transactions on exchanges ("margining"), which amid rising commodity prices reduced liquid funds as of the end of the second quarter of 2018. Lease liabilities initially recognized in accordance with IFRS 16 additionally led to an increase in financial liabilities and liabilities from leases. Moreover, as of the end of the second quarter of 2018, the operating cash flow and the proceeds from disposals were not sufficient to cover the financing requirements for investments and the dividend distribution in June 2018. In addition, provisions for pensions and similar obligations increased by €77 million to -€753 million (December 31, 2017: -€676 million), mainly because of net actuarial losses that resulted mainly from the decline in the discount rate determined for the German Uniper companies, and by additions attributable to the net periodic pension cost. The total economic net debt as of June 30, 2018, amounted to -€3,294 million (December 31, 2017: -€2,445 million).

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

Economic Net Debt

€ in millions	June 30, 2018	Dec. 31, 2017
Liquid funds	862	1,027
Non-current securities	92	104
Financial liabilities and liabilities from leases	-2,556	-1,923
Net financial position	**-1,602**	**-792**
Provisions for pensions and similar obligations	-753	-676
Provisions for asset retirement obligations[1]	-939	-977
Economic net debt	**-3,294**	**-2,445**

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

Investments

Investments

January 1–June 30 € in millions	2018	2017
Investments		
European Generation	*136*	*188*
Global Commodities	*11*	*13*
International Power Generation	*83*	*66*
Administration/Consolidation	*14*	*27*
Total	**244**	**294**
Growth	*154*	*192*
Maintenance and replacement	*90*	*102*

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

In the first half of 2018, €136 million was invested in the European Generation segment, €52 million less than the €188 million reported for the prior-year period. The change was due especially to lower investment spending on the growth projects Datteln 4 and Maasvlakte 3.

In the Global Commodities segment, investments were largely held at the prior-year level, at €11 million.

The increase of €18 million in the International Power Generation segment in the first half of 2018 is due predominantly to the investment in the reconstruction of Unit 3 of the Berezovskaya power plant.

Investment spending in the Administration/Consolidation segment totaled €14 million in the first half of 2018, down €13 million compared with the first half of 2017. This development was attributable to the non-recurrence of spending on the acquisition of licenses by Uniper IT and on the ownership transfer from E.ON of Uniper HR Services Hannover GmbH in 2017.

Cash Flow

Cash Flow

January 1–June 30 € in millions	2018	2017
Cash provided by (used for) operating activities (operating cash flow)	**465**	**1,407**
Cash provided by (used for) investing activities	**-908**	**-264**
Cash provided by (used for) financing activities	**25**	**-551**

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

Cash provided by operating activities (operating cash flow) fell by €942 million in the first half of 2018 to €465 million (first half of 2017: €1,407 million). The principal reason for the reduction in operating cash flow was, firstly, the reduction in cash EBIT. Further information is also provided in the "Adjusted EBIT" section. Secondly, an increase in working capital, due to a difference in the timing of payments, also led to a reduction in operating cash flow.

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

Operating Cash Flow before Interest and Taxes

January 1–June 30 € in millions	2018	2017	Difference
Operating cash flow	**465**	**1,407**	**-942**
Interest payments	6	6	0
Tax payments	-23	106	-129
Operating cash flow before interest and taxes	**448**	**1,519**	**-1,071**

Cash Flow from Investing Activities

Cash provided by investing activities fell from -€264 million in the first half of 2017 by €644 million to -€908 million in the first half of 2018. This change was caused mainly by higher margining and by higher cash payments for units of institutional investment funds. By contrast, reduced cash payments of €244 million for investments in property, plant and equipment (first half of 2017: €294 million), as well as the €125 million increase in proceeds from disposals (first half of 2017: €12 million), both had positive effects.

Cash Flow from Financing Activities

In the first half of 2018, cash provided by financing activities amounted to €25 million (first half of 2017: -€551 million). The change is principally due to the repayment of an €800 million loan from the syndicated bank financing agreement in the first half of 2017. The Commercial Paper Programme was used less intensively in the first half of 2018 than in the prior-year period. The increase in margining liabilities provided an inflow of cash in the reporting period.

Assets

Consolidated Assets, Liabilities and Equity

€ in millions	June 30, 2018	Dec. 31, 2017
Non-current assets	25,960	22,877
Current assets	22,345	20,284
Total assets	**48,305**	**43,161**
Equity	11,645	12,789
Non-current liabilities	15,160	11,713
Current liabilities	21,500	18,659
Total equity and liabilities	**48,305**	**43,161**

Non-current assets as of June 30, 2018, rose relative to December 31, 2017, from €22,877 million to €25,960 million. This was caused primarily by the valuation-related increase of €3,233 million in assets from derivative financial instruments.

Current assets rose from €20,284 million as of December 31, 2017, to €22,345 million. The principal cause of the increase was the valuation-related increase in assets from derivative financial instruments from €8,241 million by €3,906 million to €12,147 million. This was partly offset by the decline of €1,781 million in trade receivables to €5,345 million (December 31, 2017: €7,126 million).

Equity fell from €12,789 million to €11,645 million as of June 30, 2018. The net loss of the Group contributed €522 million to the decrease. Net income attributable to non-controlling interests amounted to €24 million. Apart from the dividend distributed to Uniper shareholders in the amount of €271 million, the effect of foreign exchange rates on assets and liabilities in the amount of €191 million, as well as the remeasurement of defined benefit plans and the effects from the initial application of IFRS 9 and IFRS 16 amounting to €55 million in total, also all had negative impacts on equity.

Non-current liabilities increased significantly from €11,713 million at the end of the previous year to €15,160 million as of June 30, 2018. Significant effects resulted from the valuation-related increase in liabilities from derivative financial instruments from €3,040 million by €3,633 million to €6,673 million and from the increase in non-current lease liabilities additionally recognized in connection with the initial application of IFRS 16. This was partly offset by the decline of €453 million in non-current provisions, brought about primarily by transfers to current provisions and the effects of foreign exchange rates.

Current liabilities rose from €18,659 million as of December 31, 2017, to €21,500 million as of June 30, 2018. This development is attributable especially to the valuation-related increase in liabilities from derivative financial instruments from €8,033 million by €4,587 million to €12,620 million. It was partly offset by a decrease of €1,220 million in liabilities to pay for goods or services that have not been invoiced and a reduction of €569 million in current contract liabilities according to IFRS 15.

Human Resources

Employees[1]

	June 30, 2018	Dec. 31, 2017	+/- %
European Generation	5,382	5,765	-6.6
Global Commodities	1,209	1,265	-4.4
International Power Generation	4,381	4,354	0.6
Administration/Consolidation	780	796	-2.0
Total	**11,752**	**12,180**	**-3.5**

[1]Figures do not include board members, managing directors, apprentices, work-study students and interns. As of the respective reporting date.

On June 30, 2018, the Uniper Group had 11,752 employees, 184 apprentices and 123 work-study students and interns worldwide. The workforce thus declined by 3.5% compared with December 31, 2017.

In the European Generation segment, the decline in the number of employees is mainly attributable to the implementation of the measures taken under the current cost-reduction program, the disposal of the sales business in the Netherlands and the closure of power plant units in Sweden.

In the Global Commodities segment, the number of employees decreased as a result of measures taken under the current cost-reduction program.

The number of employees in the International Power Generation segment, which encompasses almost entirely the workforce in Russia, remained stable.

In Administration/Consolidation, the number of employees also fell as part of the current cost-reduction program.

At 62%, the proportion of employees working outside Germany (7,326) remained constant.

Risk and Chances Report

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

Risk and Chances Profile of the Uniper Group

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

Categories of Risks and Chances* in the Uniper Group

Category	Subcategory
Financial Risks/Chances	
Credit Risks/Chances	
Market Risks/Chances	Commodity Price Risks/Chances
	Foreign Currency and Interest Rates Risks/Chances
	Market Environment Risks/Chances
Operational Risks/Chances	Asset Operation Risks/Chances
	Asset Project Risks
	People and Processes Risks
	Information Technology (IT) Risks
	Legal Risks/Chances
	Political and Regulatory Risks/Chances

*Categorization of material risks and chances with potential effects on adjusted EBIT and/or consolidated net income.

To assess its risk and chances profile, the Uniper Group uses a two-stage process. In a first step, all quantified individual risks and chances with a potential impact on planned Adjusted EBIT and/or Net Income are allocated to the categories and subcategories described above. For this all risks/chances which, in the worst-/best-case scenario (99%/1% confidence interval), after consideration of risk management measures could cause net losses/gains of more than €20 million in one year are considered.

In a second step, all risks/chances allocated to one category/subcategory are aggregated via a Monte Carlo simulation. From the resulting aggregated distribution function per year, the 1% (Best Case) and 99% (Worst Case) confidence intervals are gathered and an average over the three-year mid-term plan time horizon is calculated. Based on this average value, each category/subcategory is assigned an assessment class for the best and worst case in accordance with the following table.

Assessment Classes

Assessment class	Potential average impact on earnings per year (best case/worst case)
Insignificant	≤ €5 million
Low	€5.1 million–€20 million
Moderate	€20.1 million–€100 million
Significant	€100.1 million–€300 million
Major	> €300 million

Changes to the risk and chances profile as of June 30, 2018 compared to December 31, 2017 are highlighted below if those changes are not driven by temporary circumstances, but deemed lasting changes which are expected to continue at least until year-end 2018. This covers changes in the assessment class of the above risk and chances categories, changes to major quantified individual risks/chances, as well as changes to major qualitative-risks/chances impacting earnings and/or liquidity. An individual risk (chance) is considered major if it has a potential negative (positive) impact on earnings or the cash flow of at least €300 million in one year.

The assessment class for the Financial Risks/Chances category improved from "significant" to "moderate" in the worst case and from "low" to "moderate" in the best case. This development results from new chances that existing provisions don't have to be used but can be released instead. The assessment class for other risk- and chances-categories has not changed compared to December 31, 2017 or changes are not considered lasting. Non-lasting changes are caused by the development of commodity prices and their impact on related risk-/chances categories for which offsetting effects are expected in the medium term.

European governments are at varying stages of decision making on the coal exit. In case countries decide on earlier exit dates than the current financial planning assumes, without offering compensation, Uniper faces a risk from potential impairments, reduced Adjusted EBIT as well as social plan and dismantling costs. Based on an initial qualitative assessment, this risk could have a major impact in aggregate across all Uniper coal plants. The ultimate size of a potential impact depends on the confirmed date, the ongoing consultation process and the specifics of the coal exit implementation.

Due to the ongoing political tensions between the US and Russia, and the dynamic nature of the threat of sanctions, Uniper remains exposed to the risk of becoming a target of US sanctions. Transactions, non-intentional and/or unavoidable, with entities or persons on the various sanction lists as well as Uniper's involvement in the Nord Stream 2 project, are the main sources of US sanctions risk. Uniper continues to actively monitor the situation and takes all required actions to prevent any impacts from US sanctions. Due to the potential wide-reaching impacts, the risk is qualitatively assessed as having a potential major worst-case impact but due to the adoption of various preventive measures the probability of occurrence is currently assessed as moderate.

Driven primarily by the sanction risk a new major liquidity risk has been reported as per June 30, 2018. The risk assumes the possibility that Nord Stream 2 might not be able to obtain the full amount of project financing from the financial market and that Uniper would have to provide additional funding, limited by the agreed commitment to fund the project. However, the worst-case impact of this major risk is viewed as having a low likelihood.

On April 27, 2018 S&P raised Uniper's rating to BBB with stable outlook. With this step Uniper achieved its targeted comfortable investment grade rating. While this did not change the worst case of Uniper's major liquidity risk from getting downgraded below investment grade, it significantly reduced its probability of occurrence.

Information on the Risk Situation of Strategically Important Asset Projects

As announced with the Quarterly Statement Q1 2018 the risk of a delay of the Commercial Operation Date (COD) for Datteln 4 has materialized and COD is now presumably expected in the summer of 2020. In Q2 2018, the risk situation around the Datteln project has not changed. The planned replacement of the boiler walls is progressing as planned.

The project to repair the boiler of the Berezovskaya 3 power plant in Russia is progressing according to plan.

The risk situation around unit 4 of "Provence", Uniper's power plant in France, has significantly improved compared to the year-end 2017. The conversion of this power plant from coal to biomass firing has been completed and the plant was successfully commissioned in April this year. Due to this, all project related risks were closed (e.g. delay and budget overrun risks). In addition to this, the first step in the legal process to appeal against the withdrawal of the original permit from 2012 has been successful. If the ongoing legal process is successful, no new permit would be required. If it is unsuccessful, then an application for a new permit has already been submitted to the authorities, and it is fully expected that this would deliver a new permit if required. The key remaining risk would be not to achieve certain minimum runtime hours also due to strikes.

Assessment of the Overall Risk Situation

Uniper's risk bearing capacity, measured via the market value of its equity, has remained stable in the first half of 2018. At the same time, Uniper Group's overall risk exposure (considering correlations between categories of risks/chances) has not materially changed compared to year end 2017. Based on this, the overall risk situation of the Uniper Group is not considered to be a threat to the company's continued existence.

Also with regards to the financial targets the overall risk situation is still considered appropriate. However, the materialization of the Datteln 4 delay risk has significantly reduced the headroom which was available in the financial plan for risk absorption.

Forecast Report

Macroeconomic Situation

After several years of weak growth, according to OECD estimates, the global economy is now expanding again at the average pace of recent decades. Despite recent trade tensions, global growth is expected to rise from 3.7% in 2017 to 3.8% this year and 3.9% next year. However, the accelerated growth is largely due to a higher degree of fiscal policy expansion, especially in the U.S. following the tax reform at the beginning of the year, rather than to rising productivity gains.

The greatest risk to global economic development at present is the risk of a trade war, which would significantly worsen the export climate. The U.S. first imposed or announced tariffs on steel and aluminum from the EU and other countries, which in turn imposed or announced their own retaliatory tariffs, and there are now signs of an escalation in the trade dispute between the U.S. and China. The recent agreement struck between U.S. President Trump and European Commission President Juncker, which seeks to resolve the trade dispute through negotiations while refraining from introducing any further tariffs, has provided some cause for hope. However, given its rather vague wording and the prevailing ambiguity on the extent to which agriculture, for example, should be included, a healthy dose of skepticism about the solidity of the agreement would seem warranted. The continuing uncertainty about the progress of the negotiations on the United Kingdom's departure from the EU is also having a negative impact. Finally, political uncertainty in Europe has increased again following the victory of populist parties in the Italian elections.

Anticipated Earnings

The forecast for the 2018 fiscal year, especially in relation to the forward marketing of generation capacity, remains adversely affected by the difficult conditions in the energy industry and the associated lower prices of recent past years in all of Europe's electricity markets. In addition, the non-recurrence of the insurance payment for the damage to the Berezovskaya 3 power plant unit, as well as the loss of earnings contributions from the stake in the Russian gas field Yuzhno-Russkoye after its sale, will have a negative impact on earnings in 2018.

These effects may partially be mitigated by positive earnings effects from sources such as the reduced taxation of nuclear power plants and hydroelectric installations in Sweden and additional earnings contributions from capacity markets, as well as by cost-cutting and higher income from the early termination in 2017 of forward contracts to optimize credit risk. Adjusted EBIT is still expected to range from €0.8 billion to €1.1 billion.

For each of the operating segments, this means:

For the European Generation segment, adjusted EBIT for 2018 is expected to be significantly higher than in the previous year, due in large part to the reduced taxation of Swedish nuclear power plants and the similarly reduced taxation of hydroelectric installations in Sweden, as well as higher capacity premiums in the United Kingdom, the commissioning of the Provence 4 biomass power plant, non-recurring effects from reversals of provisions and higher hydroelectric generation volumes. These effects will be partly offset by lower achieved prices in all European electricity markets.

For the Global Commodities segment, Uniper expects adjusted EBIT for 2018 to be significantly higher than it was in 2017. The electricity business is expected to deliver higher earnings contributions from optimization, while the early termination in 2017 of forward contracts to optimize credit risk will provide an additional positive effect. The LNG, coal and freight businesses are expected to experience a significant improvement in earnings. The finalization of the sale of the stake in the Russian gas field Yuzhno-Russkoye at the end of 2017 will have a negative impact on 2018 adjusted EBIT due to the absence of its earnings contribution.

In the International Power Generation segment, Uniper expects adjusted EBIT for 2018 to be significantly below the prior-year figure, but this is attributable to the non-recurrence of insurance payments received in 2017 for the fire damage sustained by the Berezovskaya 3 power plant unit.

Adjusted FFO as applied beginning in 2017, which is the measure used as the basis for the dividend distribution, is expected to be significantly higher than in the previous year.

The disclaimer statement below the table of contents of this Half-Year Interim Report applies in particular to the forward-looking statements made here.

Review Report

To Uniper SE, Düsseldorf

We have reviewed the condensed consolidated interim financial statements – comprising the income statement, statement of recognized income an expenses, balance sheet, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of Uniper SE, Düsseldorf, for the period from January 1 to June 30, 2018 which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, August 6, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Markus Dittmann	Michael Servos
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Condensed Consolidated Interim Financial Statements

Uniper SE and Subsidiaries Consolidated Statements of Income

		April 1–June 30		January 1–June 30	
€ in millions	**Note**	**2018**	**2017**	**2018**	**2017**
Sales including electricity and energy taxes		15,048	15,178	36,204	37,561
Electricity and energy taxes		-105	-126	-236	-256
Sales	**(13)**	**14,943**	**15,052**	**35,968**	**37,305**
Changes in inventories (finished goods and work in progress)		11	17	17	40
Own work capitalized		15	31	29	45
Other operating income		5,277	1,309	9,861	7,742
Cost of materials		-14,064	-14,527	-34,190	-35,828
Personnel costs		-303	-224	-542	-495
Depreciation, amortization and impairment charges	(6)	-182	-157	-616	-369
Other operating expenses		-6,582	-1,201	-11,304	-7,206
Income from companies accounted for under the equity method		16	62	33	74
Income/loss before financial results and taxes		**-869**	**362**	**-744**	**1,308**
Financial results	(4)	-24	-21	-9	19
Net income/loss from equity investments		*1*	*4*	*1*	*3*
Income from other securities, interest and similar income		*30*	*9*[1]	*55*	*63*[1]
Interest and similar expenses		*-67*	*-49*	*-80*	*-72*
Other financial results		*12*	*15*[1]	*15*	*25*[1]
Income taxes		241	-35	231	-270
Net income/loss		**-652**	**306**	**-522**	**1,057**
Attributable to shareholders of Uniper SE		*-660*	*234*	*-546*	*967*
Attributable to non-controlling interests		*8*	*72*	*24*	*90*
in €					
Earnings per share (attributable to shareholders of Uniper SE) - basic and diluted	**(5)**				
from continuing operations		-1.80	0.64	-1.49	2.64
from net loss/income		**-1.80**	**0.64**	**-1.49**	**2.64**

[1]In the previous year, the valuation result from the Swedish Nuclear Waste Fund was reported as interest income (first half of 2017: €25 million, second quarter of 2017: €15 million).

Uniper SE and Subsidiaries Consolidated Statements of Recognized Income and Expenses

€ in millions	April 1–June 30 2018	April 1–June 30 2017	January 1–June 30 2018	January 1–June 30 2017
Net income/loss	**-652**	**306**	**-522**	**1,057**
Remeasurements of investments	-10	N/A	-17	N/A
Remeasurements of defined benefit plans	-15	67	-108	148
Remeasurements of defined benefit plans of companies accounted for under the equity method	–	-1	–	-1
Income taxes	7	-22	34	-49
Items that will not be reclassified subsequently to the income statement	**-18**	**44**	**-91**	**98**
Cash flow hedges	1	1	–	-7
Unrealized changes	*–*	*1*	*–*	*-1*
Reclassification adjustments recognized in income	*1*	*–*	*–*	*-6*
Available-for-sale securities	N/A	-15	N/A	6
Unrealized changes	*N/A*	*-14*	*N/A*	*7*
Reclassification adjustments recognized in income	*N/A*	*-1*	*N/A*	*-1*
Currency translation adjustments	-111	-506	-218	-243
Unrealized changes	*-111*	*-517*	*-218*	*-254*
Reclassification adjustments recognized in income	*–*	*11*	*–*	*11*
Companies accounted for under the equity method	33	-39	29	-22
Unrealized changes	*2*	*-39*	*-2*	*-22*
Reclassification adjustments recognized in income	*31*	*–*	*31*	*–*
Income taxes	–	-5	–	-2
Items that might be reclassified subsequently to the income statement	**-77**	**-564**	**-189**	**-268**
Total income and expenses recognized directly in equity	**-95**	**-520**	**-280**	**-170**
Total recognized income and expenses (total comprehensive income)	**-747**	**-214**	**-802**	**887**
Attributable to shareholders of Uniper SE	*-739*	*-227*	*-795*	*824*
Attributable to non-controlling interests	*-8*	*13*	*-7*	*63*

Uniper SE and Subsidiaries Consolidated Balance Sheets

€ in millions	Note	June 30, 2018	Dec. 31, 2017
Assets			
Goodwill		1,861	1,890
Intangible assets		803	819
Property, plant and equipment and right-of-use assets		11,092	11,496
Companies accounted for under the equity method	(7)	448	448
Other financial assets	(7)	760	814
Equity investments		*668*	*710*
Non-current securities		*92*	*104*
Financial receivables and other financial assets		3,384	3,308
Operating receivables, other operating assets and contract assets	(10)	6,422	3,206
Income tax assets		6	6
Deferred tax assets		1,184	890
Non-current assets		**25,960**	**22,877**
Inventories		1,669	1,659
Financial receivables and other financial assets		1,592	1,195
Trade receivables, other operating assets and contract assets	(10)	18,115	16,163
Income tax assets		107	170
Liquid funds		862	1,027
Securities and fixed-term deposits		*336*	*64*
Restricted cash and cash equivalents		*97*	*112*
Cash and cash equivalents		*429*	*851*
Assets held for sale	(3)	–	70
Current assets		**22,345**	**20,284**
Total assets		**48,305**	**43,161**
Equity and Liabilities			
Capital stock	(8)	622	622
Additional paid-in capital	(8)	10,825	10,825
Retained earnings	(8)	2,925	3,399
Accumulated other comprehensive income that might be reclassified subsequently to the income statement		-3,346	-2,699
Equity attributable to shareholders of Uniper SE		**11,026**	**12,147**
Attributable to non-controlling interests		619	642
Equity		**11,645**	**12,789**
Financial liabilities and liabilities from leases		1,176	961
Operating liabilities and contract liabilities	(10)	7,230	3,618
Provisions for pensions and similar obligations	(9)	753	676
Miscellaneous provisions		5,615	6,068
Deferred tax liabilities		386	390
Non-current liabilities		**15,160**	**11,713**
Financial liabilities and liabilities from leases		1,380	962
Trade payables, other operating liabilities and contract liabilities	(10)	18,913	16,277
Income taxes		12	55
Miscellaneous provisions		1,195	1,362
Liabilities associated with assets held for sale		–	3
Current liabilities		**21,500**	**18,659**
Total equity and liabilities		**48,305**	**43,161**

Uniper SE and Subsidiaries Consolidated Statements of Cash Flows

January 1–June 30 € in millions	2018	2017
Net income/loss	**-522**	**1,057**
Depreciation, amortization and impairment of intangible assets, of property, plant and equipment, and of right-of-use assets	616	369
Changes in provisions	-433	-323
Changes in deferred taxes	-232	73
Other non-cash income and expenses	63	-18
Gain/loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (> 3 months)	-50	4
Changes in operating assets and liabilities and in income taxes	1,023	245
Cash provided by operating activities	**465**	**1,407**
Proceeds from disposal of	125	12
Intangible assets and property, plant and equipment	*123*	*11*
Equity investments	*2*	*1*
Purchases of investments in	-244	-294
Intangible assets and property, plant and equipment	*-239*	*-281*
Equity investments	*-5*	*-13*
Cash payments in connection with disposals	–	-66
Proceeds from disposal of securities (> 3 months) and of financial receivables and fixed-term deposits	362	650
Purchases of securities (> 3 months) and of financial receivables and fixed-term deposits	-1,166	-524
Changes in restricted cash and cash equivalents	15	-42
Cash used for investing activities	**-908**	**-264**
Payments received/made from changes in capital[1]	5	11
Cash dividends paid to shareholders of Uniper SE	-271	-201
Proceeds from financial liabilities	375	612
Repayments of financial liabilities and reduction of outstanding lease liabilities	-84	-973
Cash provided by financing activities	**25**	**-551**
Net increase/decrease in cash and cash equivalents	**-418**	**592**
Effect of foreign exchange rates on cash and cash equivalents	-5	-21
Cash and cash equivalents at the beginning of the year[2]	852	169
Cash and cash equivalents from disposal groups	–	-62
Cash and cash equivalents at the end of the reporting period	**429**	**678**
Supplementary Information on Cash Flows from Operating Activities		
Income taxes paid (less refunds)	23	-106
Interest paid	-36	-30
Interest received	30	24
Dividends received	19	62

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

Statement of Changes in Equity

€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income that might be reclassified subsequently to the income statement: Currency translation adjustments	Available-for-sale securities	Cash flow hedges
Balance as of January 1, 2017	**622**	**10,825**	**4,156**	**-3,718**	**324**	**12**
Dividends			-201			
Total comprehensive income			1,064	-239	5	-6
Net income/loss			*967*			
Other comprehensive income			*97*	*-239*	*5*	*-6*
Remeasurements of defined benefit plans			*97*			
Changes in accumulated other comprehensive income				*-239*	*5*	*-6*
Balance as of June 30, 2017	**622**	**10,825**	**5,019**	**-3,957**	**329**	**6**
Balance as of January 1, 2018	**622**	**10,825**	**3,399**	**-3,191**	**488**	**4**
Adjustments arising from IFRS applied for the first time (after taxes)[1]			433		-488	
As of January 1, 2018, after IFRS changes	**622**	**10,825**	**3,832**	**-3,191**	**N/A**	**4**
Dividends			-271			
Total comprehensive income			-636	-160	N/A	1
Net income/loss			*-546*			
Other comprehensive income			*-90*	*-160*	*N/A*	*1*
Remeasurements of defined benefit plans			*-73*			
Remeasurements of investments			*-17*			
Changes in accumulated other comprehensive income				*-160*	*N/A*	*1*
Balance as of June 30, 2018	**622**	**10,825**	**2,925**	**-3,351**	**N/A**	**5**

[1]For further information, see Note 1.

Shares attributable to shareholders of Uniper SE	Non-controlling interests	Total
12,221	**582**	**12,803**
-201	-18	-219
824	63	887
967	*90*	*1,057*
-143	*-27*	*-170*
97	*1*	*98*
-240	*-28*	*-268*
12,844	**627**	**13,471**
12,147	**642**	**12,789**
-55		-55
12,092	**642**	**12,734**
-271	-16	-287
-795	-7	-802
-546	*24*	*-522*
-249	*-31*	*-280*
-73	*-1*	*-74*
-17	*–*	*-17*
-159	*-30*	*-189*
11,026	**619**	**11,645**

Notes to the Condensed Consolidated Interim Financial Statements

(1) Summary of Significant Accounting Policies

The Interim Financial Statements for the six months ended June 30, 2018, have been prepared in accordance with those International Financial Reporting Standards ("IFRS") and related interpretations of the IFRS Interpretations Committee ("IFRS IC") effective and adopted for use in the European Union ("EU").

These Interim Financial Statements prepared in accordance with IAS 34 are condensed relative to the reporting scope applied to the Consolidated Financial Statements for the full year. Except for the changes described below arising from the initial application of IFRS 9, "Financial Instruments" ("IFRS 9"), IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), and IFRS 16, "Leases" ("IFRS 16"), the accounting policies and consolidation principles used were the same as those applied in the preparation of the Consolidated Financial Statements for the 2017 fiscal year. Further information, including information about the risk management system, is provided in Uniper's Consolidated Financial Statements for the year ended December 31, 2017, which serve as the basis for these Interim Financial Statements.

The Interim Financial Statements and the Consolidated Financial Statements of the Uniper Group are generally prepared based on amortized cost, with the exception of those other equity investments measured at fair value "through other comprehensive income" (changes in value recognized in equity), and of financial assets and liabilities (including derivative financial instruments) measured at fair value "through profit or loss" (changes in value recognized in income).

Financial Instruments

IFRS 9, "Financial Instruments," is being applied for the first time effective January 1, 2018. The transition from IAS 39 to IFRS 9 took place retrospectively, with no restatement of prior-year figures. Transition effects at the effective date were recognized cumulatively in equity. The comparative period of the previous year is presented in accordance with the provisions of IAS 39.

Financial Assets

With the exception of trade receivables, which, in accordance with IFRS 15, are measured at their transaction price at initial recognition, all financial assets are measured at their fair value on the settlement date when acquired. For financial assets that are not subsequently measured at fair value through profit or loss, transaction costs must be included. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value shall use relevant observable inputs to the greatest extent possible – and minimize the use of unobservable inputs. The valuation methods used for each class of financial instruments are disclosed in accordance with IFRS 13.

Subsequent measurement of financial assets is governed by the categories defined in IFRS 9.

A financial asset is carried at amortized cost if it is held within a business model whose objective is to collect contractual cash flows, and if these cash flows solely represent payments of principal and interest on the principal amount outstanding. At Uniper, this relates primarily to trade receivables, liquid funds and certain individual loans to external companies. Amortized cost is determined using the effective interest method.

For other equity investments that are not held for trading, Uniper has elected to present changes in fair value in other comprehensive income, and to maintain this recognition in equity even on the disposal of such investments. Other equity investments for which there were no quoted prices in active markets were carried at cost under IAS 39, taking into account any impairment losses. The difference of €4 million between amortized cost and fair value was recognized in retained earnings. The fair value was determined using common valuation methods (Level 3 of the fair value hierarchy). Dividends from other equity investments are recognized in income.

All other financial assets are measured at fair value through profit or loss. Unless they form part of an effective hedging relationship, gains and losses from changes in fair value are immediately recognized in income. At Uniper, this relates primarily to derivative financial instruments (currency and commodity forwards, as well as options), embedded derivatives and securities. Changes in the fair value of derivative financial instruments subject to recognition in income are presented as other operating income or expenses. Gains and losses are netted, provided they meet the corresponding accounting prerequisites. Unrealized gains and losses on securities (especially investment funds, equity funds, bond funds, etc.) are included in the other financial result.

As part of fair value measurement, the counterparty risk is also taken into account for derivative financial instruments. The Uniper Group determines this risk based on a portfolio valuation in a bilateral approach, both its own credit risk ("debt value adjustment") and the credit risk of the corresponding counterparty ("credit value adjustment"). The counterparty risks thus determined are allocated to the individual financial instruments by applying the relative fair value method on a net basis.

Unrealized gains and losses resulting from the initial measurement of a derivative ("day one" gains and losses) are immediately recognized in income only if they are supported by quoted market prices in an active market, verified by comparison with other observable current market transactions, or determined using a valuation technique that relies solely on observable market data.

Contracts that are entered into for purposes of receiving or delivering non-financial items in accordance with the Uniper Group's anticipated purchase, sale or usage requirements, and held as such, are classified as own-use contracts. They are not accounted for as derivative financial instruments at fair value, but as open transactions subject to the provisions of IAS 37.

Primary and derivative financial instruments are netted on the balance sheet if the Uniper Group has both an unconditional right – even in the event of the counterparty's insolvency – and the intention to settle offsetting positions simultaneously or on a net basis.

The changed categorization and the partially changed subsequent measurement of financial assets compared with IAS 39 resulted in the following effects at the effective date of initial application:

Reconciliation of Financial Assets from IAS 39 to IFRS 9

€ in millions

Classification according to IAS 39	IAS 39 carrying amount as of Dec. 31, 2017	Measurement difference due to new classification	Expected credit losses	IFRS 9 carrying amount as of Jan. 1, 2018	Change of scope	Classification according to IFRS 9
Equity investments						
Available for sale	*710*	*4*	*–*	*592*	*122*[1]	*Fair value through other comprehensive income*
Other financial assets						
Loans and receivables	*1,962*	*–*	*-1*	*1,961*	*–*	*Amortized cost*
Trade receivables						
Loans and receivables	*7,126*	*–*	*-6*	*7,120*	*–*	*Amortized cost*
Derivatives with no hedging relationships						
Held for trading	*11,249*	*–*	*–*	*11,249*	*–*	*Fair value through profit or loss*
Other operating assets						
Loans and receivables	*354*[2]	*–*	*–*	*274*	*–*	*Amortized cost*
				80		*Fair value through profit or loss*
Securities and fixed-term deposits						
Available for sale	*168*	*–*	*–*	*10*	*–*	*Amortized cost*
				158		*Fair value through profit or loss*
Cash and cash equivalents						
Loans and receivables	*851*	*–*	*–*	*851*	*–*	*Amortized cost*
Restricted cash						
Loans and receivables	*112*	*–*	*–*	*112*	*–*	*Amortized cost*
Other provisions						
N/A	*–*	*–*	*-1*	*-1*	*–*	*N/A*

[1]Beginning in the 2018 fiscal year, subsidiaries and associates that are not included in the Consolidated Financial Statements on immateriality grounds, and which had been presented as available-for-sale financial assets accounted for at cost under IAS 39, are accounted for outside of IFRS 9, retaining the existing measurement rules.
[2]The carrying amount of other operating assets totaling €994 million at year-end 2017 included €354 million within the scope of IFRS 7 and IAS 39.

Allowances for Losses on Financial Assets

Loss allowances for expected credit losses are recognized on financial assets carried at amortized cost, lease receivables and contract assets, as well as on loan commitments and financial guarantees. The simplified loss allowance model is applied to trade receivables and contract assets, and allowances are always measured at an amount equal to lifetime expected credit losses. This applies even for those trade receivables and contract assets that contain a significant financing component. For all other financial assets within the scope of the IFRS 9 loss allowance model, 12-month expected credit losses are measured as long as the credit risk of a financial instrument has not increased significantly since initial recognition. If the credit risk of a financial asset does increase significantly, loss allowances are also recognized in an amount equal to full lifetime expected credit losses. A quarterly assessment takes place to determine whether there has been a significant increase in credit risk since initial recognition. If the credit risk is low, it is assumed not to have increased significantly. A financial asset with an investment-grade rating is assumed to have low credit risk. On the other hand, if an asset loses its investment-grade rating after initial recognition, it is assumed that the credit risk has increased significantly. A financial asset will continue to be directly written down if there are no reasonable expectations of recovering it in its entirety or a portion of it.

Uniper calculates expected credit losses using probabilities of default, which are determined for significant financial assets within credit risk management and applied both for expected credit losses pursuant to IFRS 13 and for the purposes of IFRS 9. Whenever possible, they are derived from available market data (liquid credit default swaps or liquid debt instruments). If there are no publicly available market data, an internal credit rating is applied. This ensures that forward-looking information is sufficiently considered.

The effects arising from the initial application of the IFRS 9 impairment model are shown in the following table:

Reconciliation of IAS 39 Impairment Allowances to IFRS 9 Loss Allowances

€ in millions

Classification according to IAS 39	IAS 39 impairment allowances as of Dec. 31, 2017	Expected credit losses	IFRS 9 loss allowances as of Jan. 1, 2018	Classification according to IFRS 9
Other financial assets				
Loans and receivables	–	-1	-1	*Amortized cost*
Trade receivables				
Loans and receivables	-72	-6	-78	*Amortized cost*
Other provisions				
N/A	–	-1	-1	*N/A*
Total	**-72**	**-8**	**-80**	

Expected credit losses on loan commitments are presented as other provisions.

In the first half of 2018, additional loss allowances for expected credit losses were recognized in the amount of €8 million. Of these, €7 million related to trade receivables. These loss allowances are presented under other operating expenses.

Financial Liabilities

Financial liabilities are initially measured at fair value. For financial liabilities that are not subsequently measured at fair value through profit or loss, transaction costs are taken into account. Non-derivative financial liabilities, including trade payables, are subsequently measured at amortized cost, using the effective interest method.

Derivative liabilities are measured at fair value through profit or loss. The explanations concerning fair value and the presentation of derivative assets apply by analogy.

The fair value option for financial liabilities is currently not in use.

The transition from IAS 39 to IFRS 9 had no impact.

Hedging Transactions

Derivative financial instruments are entered into primarily for optimization and hedging purposes, which are accounted for and presented in accordance with the aforementioned provisions. Uniper applies hedge accounting only in individual cases and prepares corresponding documentation on the respective hedging relationships regarding the hedging instruments being used and the items being hedged, the type of risk being hedged, and the evaluation of the effectiveness of the hedge, including the specification of the hedge ratio. A hedging relationship satisfies all hedge effectiveness requirements if an economic relationship exists between the hedged item and the hedging instrument, if credit risk does not dominate changes in value, and if the hedge ratio corresponds to the quantities actually used for risk management.

Uniper carries no fair value hedges in its financial statements at this time. In cash flow hedges and hedges of a net investment in a foreign operation, the effective gains and losses on the hedging instrument are recognized in other comprehensive income and subsequently reclassified to the income statement when the hedged item is recognized in income. Any ineffective portions of the hedging instrument are immediately recognized in income.

The transition from IAS 39 to IFRS 9 had no impact.

Revenue Recognition

IFRS 15 was first adopted effective January 1, 2018, using the modified retrospective method. Adjustments to comply with the provisions of IFRS 15 were made in the opening balance as of January 1, 2018. The accounting and presentation methods of the previous year have not been adjusted and continue to reflect the IAS 18 provisions.

The Company generally recognizes revenue upon delivery of goods to customers, or upon completion of services rendered. Delivery is deemed complete when the control associated with ownership has been transferred to the purchaser as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. Revenues from the sale of goods and services are measured at the amount of the consideration received or receivable. They reflect the value of the volume supplied and, for seasonal delivery profiles, include an accrual for the volume supplied to customers between the date of the last invoice and the end of the period.

Uniper's commodity supply contracts with customers generally contain a performance obligation for which the entire transaction price is recognized as revenue when the obligation is satisfied. Progress is usually measured in terms of the volume of energy supplied. For contracts having solely a consumption-based price component, Uniper recognizes revenue in the amount the Company bills to the customer. Furthermore, contracts also exist where, in addition to the consumption-based component, the transaction price also includes a fixed component. The recognition of revenue from the fixed price component is adjusted to match the customer's actual consumption profile. The timing difference between payment and revenue recognition occurs only within fiscal years for contracts having a seasonal delivery profile, meaning that there will be no impact on the revenue from such contracts for any fiscal year as a whole. The consumption-based price component is recognized as revenue based on the volume supplied.

Revenues from trading operations are generated via wholesale markets and recognized when control is transferred to the purchaser. Income from financial hedging transactions may not, pursuant to the rules of IFRS 15 in conjunction with IFRS 9, be considered revenues generated from customers, because the transactions are not physically settled. It is instead presented within other operating income. Proprietary trading is generally shown within other operating income.

Revenues from the rendering of services are recognized on an ongoing basis as services are rendered. The simplification provision allowing the recognition of revenue in the amount invoiced by Uniper is applied.

The initial application of IFRS 15 resulted in two effects of particular significance. The first of these is a change totaling €2,191 million as of June 30, 2018, in the presentation of income from financial hedging transactions and, to a limited extent, from proprietary trading, which for the first time has been shown within other operating income and no longer as sales. Expenses from these transactions of €2,313 million as of June 30, 2018, hitherto presented within cost of materials, are henceforth presented correspondingly as other operating expenses. Overall, these changes have no effect on the net loss or on adjusted EBIT.

Secondly, contract assets of roughly €10 million and deferred tax liabilities of roughly €2 million were deferred in the first half of 2018. These items result from contracts in which the consumption by the customer, and payments by the customer of the base or service price, vary seasonally.

Furthermore, an amount of approximately €830 million in advance payments received and construction grants already accounted for was reclassified as of January 1, 2018, as contract liabilities within the same balance sheet item. The balance sheet item has been amended accordingly to improve transparency.

Leasing

In line with the option under IFRS 16 in connection with IFRS 15, IFRS 16 is being applied early effective January 1, 2018, using the modified retrospective method. Applying this method, the comparative information for the 2017 fiscal year has not been restated. The previous determination pursuant to IAS 17 and IFRIC 4 of whether a contract is a lease has been maintained for existing contracts. In the context of initial application, Uniper has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value assets.

A lease arrangement is established by a contract (the lease) that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. A portion of an asset is an identified asset if it is physically distinct. If it is not physically distinct, the portion of an asset is not an identified asset, unless the lessee has the right to use substantially all of the capacity of the asset during the lease term.

If a contract contains more than one lease component, or a combination of leasing and selling transactions, the consideration is allocated to each of the lease and non-lease components on conclusion and on each subsequent remeasurement of the contract on the basis of their relative stand-alone selling prices.

Uniper as Lessee

For leases with terms not exceeding twelve months and for leases of low-value assets, Uniper has exercised the optional application exemptions. The lease payments under these contracts are generally recognized on a straight-line basis over the lease term as other operating expenses.

In all other leases in which Uniper acts as the lessee, the present value of future lease payments is recognized as a financial liability. Lease payments are split into principal and interest portions, using the effective interest method.

Correspondingly, the right-of-use asset is recognized within property plant and equipment at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. Payments made before the commencement date and incentives received from the lessor are also included in the carrying amount of the right-of-use asset. The right-of-use asset is depreciated on a straight-line basis over the lease term or, if it is shorter, over the useful life of the leased asset. The provisions of IAS 36 concerning the determination and recognition of impairments of assets also apply to right-of-use assets.

If the expected lease payments change as a result of index-linked consideration, for example, or on the basis of new assessments of contractual options, the liability is remeasured. The adjustment to the new carrying amount generally takes place in equity, with a corresponding adjustment to the right-of-use asset.

The following table presents the reconciliation of lease liabilities as of January 1, 2018:

Reconciliation of Lease Liabilities pursuant to IFRS 16

€ in millions	
Minimum lease payments under operating leases as of December 31, 2017	**456**
Recognition exemption	*-65*
for short-term leases	*-62*
for leases of low-value assets	*-3*
Effect from discounting at the incremental borrowing rate as of January 1, 2018	-67
Liabilities additionally recognized based on the initial application of IFRS 16 as of January 1, 2018	**324**
Liabilities from finance leases as of December 31, 2017	452
Liabilities from leases as of January 1, 2018	**776**

The weighted-average incremental borrowing rate for lease liabilities initially recognized as of January 1, 2018, was 1.6% p.a.

Uniper as Lessor

Leases in which Uniper acts as the lessor and substantially all the risks and rewards arising from the use of the leased asset are transferred to the lessee are classified as finance leases. In this type of lease, the present value of the minimum lease payments is recorded as a receivable. Payments by the lessee are apportioned between a reduction of the lease receivable and interest income. The income from such arrangements is recognized over the lease term, using the effective interest method.

All other lease arrangements in which Uniper is the lessor are classified as operating leases; the leased asset continues to be presented on the Uniper Group's balance sheet and the lease payments are generally recognized as income on a straight-line basis over the lease term.

Other Provisions Applied for the First Time

The initial application of the following IFRS and IFRIC pronouncements had no material impact on assets, financial condition and earnings:

- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Omnibus standard "Annual Improvements to IFRS Standards 2014–2016 Cycle"
- IFRIC 22, "Foreign Currency Transactions and Advance Consideration"

Where new or amended standards and interpretations were adopted, respectively, by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRS IC") but are not mentioned here, Uniper believes that such omitted pronouncements are not relevant to its financial statements because Uniper's business model is not covered by their scope.

Summarized Presentation of Changes in Opening Balances as of January 1, 2018

The major changes arising from the initial application of IFRS 9, IFRS 15 and IFRS 16 are shown in the following table. It contains only those balance sheet items affected by the initial application, and therefore cannot be fully reconciled with the balance sheet.

Changes in Opening Balances Resulting from IFRS Changes

€ in millions	Dec. 31, 2017	Adjustment basis IFRS 9	Adjustment basis IFRS 15	Adjustment basis IFRS 16	Total	Jan. 1, 2018
Assets	**43,161**	**-2**	**0**	**266**	**264**	**43,425**
Property, plant and equipment and right-of-use assets	11,496	–	–	245	245	11,741
Other financial assets	814	4	–	–	4	818
Financial receivables and other financial assets	3,308	–	–	10	10	3,318
Deferred tax assets	890	1	–	11	12	902
Non-current assets	**22,877**	**5**	**0**	**266**	**271**	**23,148**
Financial receivables and other financial assets	1,195	-1	–	–	-1	1,194
Trade receivables, other operating assets and contract assets	16,163	-6	–	–	-6	16,157
Current assets	**20,284**	**-7**	**0**	**0**	**-7**	**20,277**
Equity and Liabilities	**43,161**	**-2**	**0**	**266**	**264**	**43,425**
Retained earnings[1]	3,399	485		-52	433	3,832
Accumulated other comprehensive income that might be reclassified subsequently to the income statement	-2,699	-488	–	–	-488	-3,187
Attributable to shareholders of Uniper SE	**12,147**	**-3**	**0**	**-52**	**-55**	**12,092**
Equity	**12,789**	**-3**	**0**	**-52**	**-55**	**12,734**
Financial liabilities and liabilities from leases	961	–	–	270	270	1,231
Operating liabilities and contract liabilities	3,618					3,618
Advance payments received, construction grants and other deferred income	*398*		*-151*		*-151*	*247*
Contract liabilities	*–*		*151*		*151*	*151*
Miscellaneous provisions	6,068	1	–	-2	-1	6,067
Deferred tax liabilities	390	–	–	–	–	390
Non-current liabilities	**11,713**	**1**	**0**	**268**	**269**	**11,982**
Financial liabilities and liabilities from leases	962	–	–	54	54	1,016
Trade payables, other operating liabilities and contract liabilities	16,277	–	–	-3	-3	16,274
Advance payments received and construction grants	*684*	*–*	*-679*	*–*	*-679*	*5*
Contract liabilities	*–*	*–*	*679*	*–*	*679*	*679*
Miscellaneous provisions	1,362	–	–	-1	-1	1,361
Current liabilities	**18,659**	**0**	**0**	**50**	**50**	**18,709**

[1]Other comprehensive income that is not reclassified subsequently to the income statement is presented under retained earnings.

(2) Scope of Consolidation and Equity Investments

The number of consolidated companies breaks down as shown in the following table:

Scope of Consolidation

	Domestic	Foreign	Total
Consolidated companies as of January 1, 2018	**27**	**37**	**64**
Additions	–	–	–
Disposals/mergers	–	*1*	*1*
Consolidated companies as of June 30, 2018	**27**	**36**	**63**

As of June 30, 2018, a total of 3 domestic and 11 foreign associated companies were accounted for under the equity method (December 31, 2017: 3 domestic companies and 12 foreign companies). The decrease in the number of foreign companies accounted for under the equity method relates to Pecém II Participações S.A., which was sold in the second quarter.

(3) Disposals and Assets Held For Sale

Disposals and Assets Held for Sale in the First Half of 2018

There were no significant disposals in the first half of 2018, nor were there any significant assets held for sale.

Disposals and Assets Held For Sale in the First Half of 2017

Yuzhno-Russkoye

In March 2017, Uniper Exploration & Production GmbH, Düsseldorf, Germany, entered into an agreement with the Austrian oil and gas company OMV Exploration & Production GmbH ("OMV"), Vienna, Austria, on the sale of its interest in the Russian gas field Yuzhno-Russkoye. Uniper owned a share of roughly 25% in Yuzhno-Russkoye through equity investments in OAO Severneftegazprom and AO Gazprom YRGM Development. OMV acquired 100% of Uniper's shares in both companies.

The transaction value was USD 1,850 million (approximately €1,749 million based on an agreed exchange rate of €1 = USD 1.0575), including cash and cash equivalents being transferred, based on the company's balance sheet as of the December 31, 2016, effective date.

Held as a disposal group in the Global Commodities segment, the major asset and liability items of these activities as of June 30, 2017, were goodwill (€0.5 billion), other non-current assets (€1.3 billion) and current assets (€0.1 billion), as well as liabilities (€0.2 billion).

The transaction closed at the end of November 2017.

(4) Financial Results

The following table provides details of financial results for the periods indicated:

Financial Results

€ in millions	April 1–June 30 2018	April 1–June 30 2017	January 1–June 30 2018	January 1–June 30 2017
Income from companies in which equity investments are held	1	4	1	4
Impairment charges on other financial assets	0	0	–	-1
Net income from equity investments	**1**	**4**	**1**	**3**
Interest and similar income	30	9[1]	55	63[1]
Interest and similar expenses	-67	-49	-80	-72
Net interest income	**-37**	**-40**[1]	**-25**	**-9**[1]
Other financial results	**12**	**15**[1]	**15**	**25**[1]
Financial results	**-24**	**-21**	**-9**	**19**

[1]Reclassification of the valuation result from the Swedish Nuclear Waste Fund from interest income to other financial results.

In the first half of 2018, financial results decreased by €28 million to -€9 million (first half of 2017: €19 million). The principal cause of this decrease was the lower result from the measurement of provisions, which fell by -€40 million. The measurement of provisions resulted in interest income of €1 million (first half of 2017: €26 million) and interest expenses of €71 million (first half of 2017: €56 million). This effect was partly offset by interest income from financing in connection with the construction of the Nord Stream 2 pipeline in the Baltic Sea, which amounted to €21 million in the first half of 2018 (first half of 2017: €1 million).

Other financial results of €15 million are being reported for the first time as of June 30, 2018 (first half of 2017: €25 million). For the first half of 2018, this figure includes, based on the initial application of IFRS 9, the valuation result arising from other securities and the expected credit losses on debt instruments. In line with European industry practice, the valuation result arising from the Swedish Nuclear Waste Fund ("Kärnavfallsfonden" or "KAF"), hitherto contained in net interest income, is now also included, for the first time, in other financial results. The comparative disclosures have been adjusted accordingly.

Other financial results were negatively affected especially by the reduced valuation result from the Swedish Nuclear Waste Fund in the amount of €22 million (first half of 2017: €25 million) and by the valuation result arising from other securities in the amount of -€6 million (first half of 2017: N/A).

(5) Earnings per Share

The computation of earnings per share for the periods indicated is shown below:

Earnings per Share

€ in millions	April 1–June 30 2018	April 1–June 30 2017	January 1–June 30 2018	January 1–June 30 2017
Income/loss from continuing operations	-652	306	-522	1,057
Less: Non-controlling interests	-8	-72	-24	-90
Income/loss from continuing operations (attributable to shareholders of Uniper SE)	**-660**	**234**	**-546**	**967**
Net income/loss attributable to shareholders of Uniper SE	**-660**	**234**	**-546**	**967**
in €				
Earnings per share (attributable to shareholders of Uniper SE)				
from continuing operations	-1.80	0.64	-1.49	2.64
from net income/loss	**-1.80**	**0.64**	**-1.49**	**2.64**
Weighted-average number of shares outstanding (in millions)	366	366	366	366

The computation of diluted earnings per share is identical to that of basic earnings per share because Uniper SE has issued no dilutive potential ordinary shares. Earnings per share is derived from the relationship between net income and the number of shares outstanding.

(6) Impairments

Impairments on property plant and equipment totaled €288 million in the first half of 2018 (first half of 2017: €33 million) and related primarily to the Datteln 4 hard-coal power plant currently under construction. This impairment charge was recognized in the first quarter of 2018. Impairment charges in the comparative period of the previous year related to the Provence 4 power plant in France and the Vilvoorde power plant in Belgium.

(7) Companies Accounted for under the Equity Method and Other Financial Assets

The following table shows the structure of financial assets:

Companies Accounted for under the Equity Method and Other Financial Assets

€ in millions	June 30, 2018			Dec. 31, 2017		
	Uniper Group	Associates[1]	Joint ventures[1]	Uniper Group	Associates[1]	Joint ventures[1]
Companies accounted for under the equity method	448	436	12	448	422	26
Equity investments	668	21	13	710	22	13
Non-current securities	92	–	–	104	–	–
Total	**1,208**	**457**	**25**	**1,262**	**444**	**39**

[1]The associates and joint ventures presented as equity investments are associated companies and joint ventures accounted for at cost on materiality grounds.

(8) Equity and Dividend

At the Annual Shareholders Meeting of Uniper SE on June 6, 2018, shareholders resolved to use the net income available for distribution of €270,810,400 to distribute a dividend of €0.74 per share (365,960,000 shares) of the dividend-paying capital stock of €622.1 million. The dividend distribution in the amount of €271 million took place on June 11, 2018.

(9) Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations increased by €77 million from December 31, 2017, to €753 million as of June 30, 2018. The increase was caused especially by net actuarial losses, which resulted primarily from the decline in the discount rate determined for the German Uniper companies, and by additions attributable to the net periodic pension cost. These effects were partly offset by employer contributions to plan assets in the first half of 2018.

The following discount rates were applied for the computation of provisions for pensions and similar obligations in Germany and in the United Kingdom:

Discount Rates

Percentages	June 30, 2018	Dec. 31, 2017
Germany	2.40	2.60
United Kingdom	2.80	2.60

The net defined benefit liability, which is equal to the difference between the present value of the defined benefit obligations and the fair value of plan assets, is determined as shown in the following table:

Net Defined Benefit Liability

€ in millions	June 30, 2018	Dec. 31, 2017
Present value of all defined benefit obligations	3,003	2,892
Fair value of plan assets	2,250	2,216
Net defined benefit liability	**753**	**676**
Presented as provisions for pensions and similar obligations	*753*	*676*

The net periodic pension cost for defined benefit plans included in the provisions for pensions and similar obligations breaks down as shown in the following table:

Net Periodic Pension Cost for Defined Benefit Plans

	April 1–June 30		January 1–June 30	
€ in millions	2018	2017	2018	2017
Employer service cost	20	22	38	42
Past service cost	–	3	2	4
Gains (-) and losses (+) on settlements	–	1	–	7
Net interest on the net defined benefit liability	5	5	9	10
Total	**25**	**31**	**49**	**63**

(10) Additional Disclosures on Financial Instruments

Measurement of Financial Instruments

The value of financial instruments that are generally measured at market value is determined on the basis of fair value measurement. The fair value of derivative financial instruments is sensitive to movements in the underlying market variables. The Company assesses and monitors the fair value of derivative instruments at regular intervals. The fair value determined for each derivative financial instrument is the price at which one party can sell to a third party the rights and/or obligations embodied in that derivative. The fair values of derivative instruments are calculated using common market valuation methods with reference to market data available on the measurement date. The counterparty credit risk is recognized in the form of a credit value adjustment.

Derivative financial instruments are covered by industry-standard netting agreements. Master netting agreements based on those developed by the International Swaps and Derivatives Association ("ISDA"), and supplemented by appropriate schedules, are in place with banks. Trading operations conducted within the energy industry are generally governed by master agreements developed by the European Federation of Energy Traders ("EFET"). The aforementioned netting agreements are taken into account when determining the fair values of financial instruments.

As part of fair value measurement in accordance with IFRS 13, the counterparty risk is also taken into account for derivative financial instruments. The Uniper Group determines this risk based on a portfolio valuation in a bilateral approach for both own credit risk ("debt value adjustment") and the credit risk of the corresponding counterparty ("credit value adjustment"). The credit value adjustment for derivative assets was €18 million as of June 30, 2018 (December 31, 2017: €14 million) and the debt value adjustment for derivative liabilities was €15 million (December 31, 2017: €8 million).

The fair values of individual assets are determined using published exchange or market prices at the time of acquisition in the case of marketable securities. If exchange or market prices are unavailable for consideration, fair values are determined using the most reliable information available that is based on market prices for comparable assets or on suitable valuation techniques. In such cases, Uniper determines fair value using the discounted cash flow method by discounting estimated future cash flows by a weighted-average cost of capital. Estimated cash flows are consistent with the internal mid-term planning data for the next three years, followed by two additional years of cash flow projections, which are extrapolated until the end of an asset's useful life using a growth rate based on industry and internal projections. The discount rate reflects the specific risks inherent in the activities.

Additional Disclosures on Financial Instruments

The following table shows the carrying amounts of the financial assets and financial liabilities that are measured at fair value, classified by measurement source:

Carrying Amounts of Financial Instruments as of June 30, 2018

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets measured at fair value			
Equity investments	548	51	21
Derivatives	18,388	6,082	11,961
Other operating assets	152	5	118
Securities and fixed-term deposits	442	386	56
Liabilities measured at fair value			
Derivatives	19,293	6,331	12,897

Carrying Amounts of Financial Instruments as of December 31, 2017

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets measured at fair value			
Equity investments	710	80	104
Derivatives	11,249	3,906	6,890
Other operating assets	354	–	–
Securities and fixed-term deposits	168	54	44
Liabilities measured at fair value			
Derivatives	11,073	3,970	6,973

The carrying amounts of trade receivables are considered reasonable estimates of their fair values because of their short maturity. The carrying amounts of commercial paper and borrowings under short-term credit facilities, as well as the carrying amount of trade payables, are used as the fair values for these items owing to their short maturities. The fair value of the bond as of June 30, 2018, was €501 million (carrying amount as of June 30, 2018: €500 million), which corresponds to its value as of December 31, 2017 (carrying amount as of December 31, 2017: €499 million).

Included within financial assets are securities held in institutional investment funds with a total fair value of €384 million (December 31, 2017: €47 million). Their effect in the income statement amounted to €8 million (first half of 2017: €10 million).

At the end of each reporting period, Uniper assesses whether there might be grounds for reclassification between hierarchy levels. The proportion of fair values measured at Level 1 to those measured at Level 2 has not changed materially compared with December 31, 2017. There were no material reclassifications between these two fair value hierarchy levels in the first half of 2018. No equity investments were reclassified into Level 3 during this period, and no derivatives were reclassified out of Level 3 into Level 2. The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

Fair Value Hierarchy Level 3 Reconciliation (Values Determined Using Valuation Techniques)

							Transfers			
€ in millions	**Jan. 1, 2018 IAS 39**	**Jan. 1, 2018 IFRS 9[1]**	**Purchases (including additions)**	**Sales (including disposals)**	**Settlements**	**Gains/ Losses in income statement**	**into Level 3**	**out of Level 3**	**Gains/ Losses in OCI**	**June 30, 2018**
Equity investments	526	509	–	–	–	–	–	–	-33	476
Derivative financial instruments	323	323	–	–	–	-43	–	–	–	280
Total	**849**	**832**	**0**	**0**	**0**	**-43**	**0**	**0**	**-33**	**756**

[1]Beginning in the 2018 fiscal year, subsidiaries and associates that are not included in the Consolidated Financial Statements on immateriality grounds have been accounted for outside of IFRS 9, retaining the existing measurement rules, and have not been included in the Level 3 reconciliation. Under IAS 39, these equity investments had been presented as available-for-sale financial assets, which leads to a changed opening balance as of January 1, 2018, pursuant to IFRS 9.

At the beginning of the year, a net gain of €202 million from the initial measurement of derivatives was deferred. After realization of €10 million in deferred losses and €5 million in deferred gains, the remainder at the end of the reporting period was a deferred gain of €197 million, which will be realized when the contracts are settled at the end of their terms.

Certain long-term energy contracts are measured using valuation models based on internal fundamental data if market prices are not available. A hypothetical 10% increase or decrease in these internal valuation parameters as of the balance sheet date would lead to a theoretical decrease in market values of €124 million or an increase of €124 million, respectively.

Credit Risk

Whenever possible, pledges of collateral are agreed with counterparties for the purpose of reducing credit risk. Guarantees issued by the respective parent companies or evidence of profit and loss transfer agreements in combination with letters of awareness are accepted as collateral. To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. As of June 30, 2018, risk-management collateral was accepted in the amount of €2,986 million (December 31, 2017: €3,372 million). Derivative transactions are generally executed on the basis of standard agreements that allow for the netting of all open transactions with individual counterparties. To further reduce credit risk, bilateral margining agreements are entered into with selected counterparties. Limits are imposed on the credit and liquidity risk resulting from bilateral margining agreements and exchange clearing. As of June 30, 2018, exchange-traded forward and option contracts, as well as exchange-traded emissions-related derivatives, bear no credit risk. For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

(11) Other Financial Obligations

In addition to provisions and liabilities carried on the balance sheet and to contingent liabilities, there also are other mostly long-term financial obligations arising mainly from contracts entered into with third parties, or on the basis of legal requirements.

Material changes relative to the December 31, 2017, balance sheet date occurred especially in long-term contractual obligations related to the purchase of fossil fuels such as natural gas, lignite and hard coal. The financial obligations under these purchase contracts amounted to approximately €109 billion on June 30, 2018 (due within one year: €3.1 billion) and to approximately €143.3 billion on December 31, 2017 (due within one year: €6.6 billion). The decrease in contractual obligations for purchases of fossil fuels is primarily attributable to a price-related reduction in the minimum purchase requirements for gas procurement and to an increase in contracts measured at fair value. The latter have already been included in the financial statements at their market values.

Gas is usually procured on the basis of long-term purchase contracts with large international producers of natural gas. Such contracts are generally of a "take-or-pay" nature. The prices paid for natural gas are tied to the prices of competing energy sources or market reference prices, as dictated by market conditions. The conditions of these long-term contracts are reviewed at certain specific intervals (usually every three years) as part of contract negotiations and may thus change accordingly. In the absence of agreement on a pricing review, a neutral board of arbitration usually makes a final and binding decision. Financial obligations arising from these contracts are calculated based on the same principles that govern internal budgeting. Furthermore, the take-or-pay conditions in the individual contracts are also considered in the calculations.

(12) Transactions with Related Parties

Related Companies

Uniper exchanges goods and services with a large number of companies as part of its continuing operations. In the reporting period, these included related parties of the E.ON Group, the Fortum Group and the Uniper Group.

Effective June 26, 2018, the takeover offer of Fortum Deutschland SE, a subsidiary of the Finnish company Fortum Oyj, was completed. As E.ON Beteiligungen GmbH also accepted the takeover offer, E.ON SE's significant influence ended at that time.

On the basis of the completed takeover offer, Uniper has included Fortum Oyj and its subsidiaries and joint ventures, as well as the Republic of Finland as majority shareholder of Fortum Oyj, as related parties in its financial reporting.

Due to E.ON SE's significant influence on Uniper in the first half of 2018 until the completion of the takeover offer, income and expenses with E.ON SE and its subsidiaries and joint ventures will, for the purpose of disclosing transactions with related parties, continue to be presented as transactions involving entities with significant influence over Uniper until the date of acquisition. At the same time, receivables and liabilities with E.ON SE and its subsidiaries and joint ventures are presented as related-party transactions as of December 31, 2017.

Receivables and liabilities with Fortum Oyj and its subsidiaries and joint ventures are presented as related-party transactions as of June 30, 2018.

Transactions with associated companies of the Uniper Group and their subsidiaries, as well as with joint ventures of the Uniper Group, are presented separately. Transactions with subsidiaries of the Uniper Group that are not fully consolidated are presented as transactions with other related parties.

The share of the transactions referred to in the following section made up by transactions with other related parties is not material.

The following transactions with related parties, in particular, took place in the first half of 2018. The prior-year figures and the figures for the first half of 2018 relate primarily to transactions with E.ON SE:

Related-Party Transactions – Income Statement

January 1–June 30 € in millions	2018	2017
Income	**2,406**	**4,620**
Entities with significant influence over Uniper	*2,222*	*4,418*
Associated companies	*163*	*182*
Joint ventures	*15*	*8*
Other related parties	*6*	*12*
Expenses	**1,375**	**1,944**
Entities with significant influence over Uniper	*1,068*	*1,713*
Associated companies	*240*	*172*
Joint ventures	*30*	*21*
Other related parties	*37*	*38*

At the end of 2017, receivables from and liabilities to the E.ON Group had been an integral part of transactions with related parties. Given the date of these financial statements, however, receivables from and liabilities to the Fortum Group are presented as transactions with related parties as of June 30, 2018:

Related-Party Transactions – Balance Sheet

€ in millions	June 30, 2018	Dec. 31, 2017
Receivables	**915**	**2,262**
Entities with significant influence over Uniper	*0*	*1,235*
Associated companies	*468*	*531*
Joint ventures	*414*	*454*
Other related parties	*33*	*42*
Liabilities	**554**	**1,500**
Entities with significant influence over Uniper	*256*	*1,166*
Associated companies	*110*	*144*
Joint ventures	*51*	*48*
Other related parties	*137*	*142*

Transactions for Goods and Services and Financing Activities

Income from transactions and goods and services received and expenses from transactions with the E.ON Group were as follows in the first half of 2018:

Business relationships with related parties primarily consisted of the Group-wide procurement and sales activities of Uniper Global Commodities SE, mainly in connection with electricity and gas in the commodity markets, for the E.ON Group. These relationships are responsible for the extensive mutual obligations and trading relationships.

Income generated from transactions with E.ON SE and E.ON Group companies included, in particular, revenues from deliveries of electricity and gas in the amount of €1,865 million (first half of 2017: €3,477 million). Expenses from transactions with E.ON SE and E.ON Group companies principally related to material costs associated with electricity and gas procurement in the amount of €789 million (first half of 2017: €1,396 million). Both revenues and cost of materials result from spot and forward transactions concluded at market terms that were conducted by Uniper Global Commodities SE as part of the provision of market access for the E.ON Group's companies.

As of December 31, 2017, receivables from and liabilities to E.ON SE and E.ON Group companies consisted primarily of trade receivables relating to electricity and gas transactions amounting to €589 million and trade payables relating to electricity and gas transactions amounting to €245 million.

There are no receivables from Fortum Oyj and Fortum Group companies. Liabilities to Fortum, on the other hand, amount to €256 million as of June 30, 2018. They are the result of Fortum's share in the financing of the jointly operated nuclear power plant in Sweden.

Hedging Transactions and Derivative Financial Instruments

Gains from the marking to market of commodity forward transactions with E.ON Group companies amounted to €308 million in the first half of 2018 (first half of 2017: €847 million); corresponding losses amounted to €246 million (first half of 2017: €273 million).

Collateral, Global Letters of Awareness, Guarantees

Fortum has not provided any collateral to Uniper. As of December 31, 2017, the guarantees issued by the E.ON Group had amounted to €2,488 million.

The previous year's guarantees from E.ON for the Uniper Group referred to above include guarantees in connection with the Swedish nuclear power activities. Those guarantees had been issued to cover possible additional costs related to the disposal of high-level radioactive waste and to the decommissioning of nuclear power plants. The transfer of these guarantees and obligations from E.ON to Uniper requires the approval of the Swedish regulatory authorities, which had not been granted in the previous year and remains outstanding as of June 30, 2018. Until such regulatory approval is received, the Uniper Group has released E.ON from any obligations arising from these guarantees by means of an indemnification agreement.

Related Persons

As of June 30, 2018, there were no material changes to the disclosures in the 2017 Annual Report concerning related persons, with the exception of the matters described below.

On June 6, 2018, the Supervisory Board resolved to lift the suspension of the share purchase obligation, subject to the fulfillment of the conditions for the transfer to Fortum of the block of Uniper shares indirectly held by E.ON. The share purchase obligation will thus come into force again, provided that the second build-up year ends on September 11, 2019. Members of the Management Board are obliged to accumulate holdings of Uniper shares worth 100% of their annual fixed base salary, and to hold the acquired shares during their tenure. The period for forming the relevant stock portfolio is a maximum of four years from the date of registration of the spin-off in the commercial register of E.ON SE.

The acquisition by Fortum of the block of shares indirectly held by E.ON SE on June 26, 2018, resulted in a change-of-control event within the meaning of the plan conditions for the multi-year variable compensation ("LTI") for 2015, 2016 and 2017. This led to the premature ending of the term and, subsequently, to the settlement of the corresponding allocations to the Management Board. As of June 30, 2018, therefore, these obligations had to be revalued, with all expenses still to be incurred for the allocation periods still open previously brought forward for inclusion in the revaluation. Instead, there will be no more charges to personnel costs in subsequent quarters from the now-settled 2015–2017 LTI packages. The personnel costs recognized in the first half of 2018 in this context amounted to €13 million (first half of 2017: €4 million). The corresponding liabilities as of June 30, 2018, amounted to €21 million (December 31, 2017: €8 million). The payout will take place in the third quarter of 2018.

(13) Segment Information and Reconciliation of Income/Loss before Financial Results and Taxes

The following information for the first half of 2018 is provided on the basis of the Uniper Group's internal reporting system in order to enable an assessment to be made of the nature and financial consequences of the business activities conducted by the Uniper Group and of the economic environment in which the Group operates.

IFRS 8 Operating Segments

European Generation

The European Generation segment comprises the various power and heat generation facilities that the Uniper Group operates in Europe. In addition to fossil-fuel power plants (coal, gas, oil and combined gas and steam power plants) and hydroelectric power plants, these generation facilities also include nuclear power plants in Sweden, a biomass plant in France, and a small number of solar and wind power facilities. The majority of the energy generated is sold to the Global Commodities segment, which is responsible for the marketing and sale of the energy to major customers via the trading markets and its own sales organization. A further portion of the energy generated is marketed by means of long-term electricity and heat supply contracts. In addition to the power plant business, this segment is also engaged in the marketing of energy services ranging from fuel procurement and engineering to operational and maintenance services to trading services (under the "Energy Services" brand).

Global Commodities

The Global Commodities segment bundles the energy trading activities and forms the commercial interface between the Uniper Group and the global wholesale markets for energy as well as the major customers. Within this segment, the fuels required for power generation (mainly coal and gas) are procured, emission allowances are traded, the electricity produced is marketed, and the portfolio is optimized by managing the use of the power plants. The gas business is engaged in the supply of gas to industrial and municipal-utility customers and in the importation of gas from various sources. In addition, this segment includes infrastructure investments and gas storage operations.

International Power Generation

The International Power Generation segment brings together the operating power generation business of the Uniper Group in Russia and a financial investment in Brazil. PAO Unipro, an indirect subsidiary of Uniper SE listed in Russia, is responsible for conducting all business in connection with power generation and associated activities in Russia. These include the procurement of the fuels needed for the power plants, the operation and management of the plants and the trading and sale of the energy produced. The Uniper Group's business in Brazil comprises a 6.1% financial investment in the energy utility ENEVA S.A. held by the Uniper Group.

In addition, the Group-wide non-operating functions carried out centrally for all segments of the Uniper Group are brought together under Administration/Consolidation. The consolidations required to be carried out at Group level are also made here.

Adjusted EBIT, earnings before interest and taxes adjusted for non-operating effects, is the key measure at Uniper for purposes of internal management control and as the most important indicator of a business's operating performance.

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

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

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

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. Expenses for restructuring/cost management programs initiated prior to the spin-off represent additional expenses 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 table below presents the reconciliation of the Group's earnings under IFRS to adjusted earnings before interest and taxes:

Reconciliation of Income/Loss before Financial Results and Taxes

January 1–June 30 € in millions	2018	2017
Income/Loss before financial results and taxes	**-744**	**1,308**
Net income/loss from equity investments	1	3
EBIT	**-743**	**1,311**
Non-operating adjustments	1,344	-381
Net book gains (-)/losses (+)	*31*	–
Marking to market of derivative financial instruments	*1,057*	*-446*
Restructuring / Cost-management expenses (+)/income (-)[1, 2]	*-55*	*13*
Non-operating impairment charges (+)/reversals (-)[3]	*270*	*34*
Miscellaneous other non-operating earnings	*41*	*18*
Adjusted EBIT	**601**	**930**
For information purposes: Adjusted EBITDA	*940*	*1,253*

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

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

Net Book Gains/Losses

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

Fair Value Measurement of Derivative Financial Instruments

The fair value measurement as of the reporting date of derivatives used to hedge the operating business against price fluctuations resulted in a net expense of €1,057 million as of June 30, 2018, due to higher market values (first half of 2017: net income of €446 million).

Restructuring / Cost Management

The income of €55 million in the first half of 2018 resulted primarily from the partial reversal of miscellaneous provisions that had been recognized for non-operating effects in the course of the spin-off from E.ON (first half of 2017: €13 million expense).

Non-operating Impairments/Reversals

In the first quarter of the reporting period, non-operating impairments amounting to €270 million were recognized in the European Generation segment for the Datteln 4 hard-coal power plant currently under construction (first half of 2017: €34 million in the European Generation and Global Commodities segments).

Miscellaneous Other Non-operating Earnings

Miscellaneous other non-operating earnings amounted to -€41 million in the first half of 2018 (first half of 2017: -€18 million). The deterioration resulted primarily from a charge recognized as part of the revaluation and settlement of allocations that vested prematurely under the long-term incentive ("LTI") packages for the years 2015, 2016 and 2017. These allocations arose from the change-of-control event that followed the closing of the acquisition by Fortum of the block of shares hitherto held indirectly by E.ON SE. The aforementioned charge was partly offset by the absence of depreciation on gas inventories recognized in the prior-year period.

Financial Information by Segment

January 1–June 30 € in millions	European Generation		Global Commodities	
	2018	2017	2018	2017
External sales	1,711	1,520	33,726	35,173
Intersegment sales	4,014	2,198	3,967	1,743
Sales	**5,725**	**3,718**	**37,693**	**36,916**
Adjusted EBIT (segment result)	**372**	**284**	**186**	**262**
Equity-method earnings[1]	–	–	33	76
Operating cash flow before interest and taxes	**526**	**265**	**-267**	**847**
Investments	**136**	**188**	**11**	**13**

[1]The income/loss from companies accounted for under the equity method presented here is generally adjusted for non-operating effects and therefore differs from the income/loss from companies accounted for under the equity method as presented in the income statement in accordance with IFRS.

The investments presented in the financial information by business segment tables are the purchases of investments reported in the Consolidated Statements of Cash Flows.

Transactions within the Uniper Group are generally executed at market prices.

The following table shows the reconciliation of operating cash flow before interest and taxes to operating cash flow:

Operating Cash Flow before Interest and Taxes

January 1–June 30 € in millions	2018	2017	Difference
Operating cash flow	**465**	**1,407**	**-942**
Interest payments	6	6	–
Tax payments	-23	106	-129
Operating cash flow before interest and taxes	**448**	**1,519**	**-1,071**

The following segment information by product reflects the classification of revenues in line with IFRS 15, and allocates to the segments the revenues generated from each product:

Sales by Segment and Product

January 1–June 30 € in millions	European Generation		Global Commodities	
	2018	2017	2018	2017
Electricity	4,386	3,190	14,778	13,944
Gas	962	227	21,568	20,532
Other	377	301	1,347	2,440
Total	**5,725**	**3,718**	**37,693**	**36,916**

	International Power Generation		Administration/Consolidation		Uniper Group	
	2018	2017	2018	2017	2018	2017
	527	606	4	6	35,968	37,305
	–	–	-7,981	-3,941	–	–
	527	**606**	**-7,977**	**-3,935**	**35,968**	**37,305**
	142	**477**	**-99**	**-93**	**601**	**930**
	–	-3	–	1	33	74
	192	**522**	**-3**	**-115**	**448**	**1,519**
	83	**66**	**14**	**27**	**244**	**294**

	International Power Generation		Administration/Consolidation		Uniper Group	
	2018	2017	2018	2017	2018	2017
	509	581	-6,285	-2,762	13,388	14,953
	–	–	-1,300	-574	21,230	20,185
	18	25	-392	-599	1,350	2,167
	527	**606**	**-7,977**	**-3,935**	**35,968**	**37,305**

(14) Summary of Significant Changes from the Previous Year

The decrease in the Group's sales and cost of materials resulted primarily from the first-time adoption of IFRS 15 described in Note 1.

The fair value measurement of commodity derivatives led to increases in other operating income and expenses in the income statement for the first half of 2018. Non-current operating receivables and current other operating assets, as well as current and non-current liabilities, were all increased on the balance sheet in this connection. Seasonal effects, on the other hand, led to reductions in trade payables and trade receivables.

Except for the changes already described for commodity derivatives, other operating expenses and other operating income changed as follows:

Other operating income for the first half of 2018 included income totaling €2,191 million from financial hedging transactions and from proprietary trading, which has for the first time been shown within other operating income owing to the initial application of IFRS 15 in 2018, and no longer as sales. Other operating income in the prior-year period had included the insurance payment of €326 million for the boiler damage caused by the fire in Unit 3 of the Berezovskaya power plant. Other operating expenses for the first half of 2018 included expenses from financial hedging transactions and from proprietary trading totaling €2,313 million, which in the previous year had been shown within cost of materials. This change in reporting has also arisen in connection with the initial application of IFRS 15.

The loss before income taxes resulted in half-year tax income of €231 million for the reporting period (first half of 2017: -€270 million).

The principal changes in property, plant and equipment resulted from depreciation, amortization and impairment charges, and from the recognition of right-of-use assets as part of the initial application of IFRS 16. Additional information is provided in Note 1 and Note 6.

The balance of deferred tax assets and liabilities increased by €298 million to €798 million (June 30, 2017: €500 million). The change in deferred taxes resulted especially from expenses from the fair value measurement of derivatives.

The increase in current financial receivables is attributable to higher margin deposits.

Liquid funds declined by €165 million to €862 million (December 31, 2017: €1,027 million).

The net loss of the Group and the distributed dividend, as well as the effect of foreign exchange rates on assets and liabilities, all contributed to reduce equity. The initial application of IFRS 9 brought about a reclassification from cumulative other comprehensive income to retained earnings in the amount of €488 million, which as a whole had no effect on total equity.

Non-current financial liabilities increased primarily because of the non-current lease liabilities that were additionally recognized in connection with the initial application of IFRS 16.

The decline in non-current miscellaneous provisions was brought about primarily by transfers to current provisions, as well as by the reversal of provisions and by effects of foreign exchange rates.

Current financial liabilities were higher primarily due to the commercial paper issued to fund working capital requirements and to higher margin deposits.

Current miscellaneous provisions were lower primarily because of the usage of these provisions.

The average borrowing rate as defined by IAS 23 was 1.55% p.a. (June 30, 2017: 2.60% p.a.). The reduction is primarily due to the initial application of IFRS 16 and the issuance of short-term commercial paper.

(15) Other Significant Issues after the Balance Sheet Date

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

Declaration of the Management Board

To the best of our knowledge, we declare that, in accordance with applicable principles for interim financial reporting, the Condensed Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the Interim Group Management Report provides a fair review of the development and performance of the business and the position of the Uniper Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Düsseldorf, July 31, 2018

The Management Board

Klaus Schäfer	Christopher Delbrück
Keith Martin	Eckhardt Rümmler

Financial Calendar

November 13, 2018
Quarterly Statement: January–September 2018

March 12, 2019
2018 Annual Report

May 7, 2019
Quarterly Statement: January–March 2019

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

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

November 12, 2019
Quarterly Statement: January–September 2019

Further Information

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