

STEAG's strategy pays

- Earnings from normal operations exceed forecast
- Group result in the black
- 45 million euro profit transfer
- Profitable overseas activities support transformation

Essen. For the shareholders, their investment in the STEAG Group has once again paid off. The Essen-based energy company is transferring 45 million euros in profits for the 2018 business year to its owner, Kommunale Beteiligungsgesellschaft (KSBG). "We faced up to the far-reaching challenges in the energy industry at an early stage," said Joachim Rumstadt, Chairman of the Board of Management of STEAG GmbH, during the annual press conference at the company's headquarters in Essen. The energy company continued its process of stabilization in 2018.

The year 2019 began with groundbreaking decisions. At the end of January, the Commission on Growth, Structural Change and Employment ("WSB Commission"), appointed by the German Federal Government, issued the recommendation in its final report that Germany should abandon coal-fired power generation step by step in the period up to 2038. "The phasing out of coal has now been set out as an official objective. STEAG has the right strategy to shape the journey there," Joachim Rumstadt said. "I am convinced that we will master the challenges ahead."

For STEAG, one of the leading power and heat suppliers in Germany, the final report of the Commission contains numerous favorable points of departure. These relate, for example, to the two STEAG power plants in Saarland which have been part of the grid reserve since April 2017 and classified as system-relevant by transmission system operator Amprion because they are indispensable if reliable energy supply is to be ensured at all times. They also relate to the construction of new combined cycle gas turbine (CCGT) plants at several of the Group's existing power plant sites.

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In addition, STEAG could benefit increasingly in future from the Commission's view that climate-friendly heat supply should have an even higher priority. A systematic expansion of the district heating supply on the basis of environmentally friendly combined heat and power generation in the Rhine-Ruhr metropolitan region would improve the national CO₂ balance and help Germany to achieve its ambitious long-term climate protection targets.

“STEAG 2022” program making an impact

Like many other energy companies, STEAG is in the midst of a far-reaching transformation process. The STEAG management reacted to the consequences of the energy transition at an early stage with the “STEAG2022” program in particular. At its core, implementation of the program is about increasing efficiency, optimizing the portfolio and occupying new growth areas.

“STEAG2022 continued to have a positive effect on the company's earnings power in the 2018 financial year, emphasized Joachim Rumstadt. The measures initiated by the STEAG management have led to an improvement of 107 million euros. 55 percent of that was accounted for by increased efficiency, 30 percent by earnings from active portfolio management, and 15 percent by growth initiatives.

As a result of the lower overall capacity utilization at STEAG's power plants and the final closure of three power plant units in the previous year, Group sales in 2018 fell from 3.6 billion euros to 2.9 billion euros. Consolidated net income also declined compared with 2017. In terms of earnings before interest and taxes (EBIT), STEAG clearly exceeded the earnings forecast issued at the beginning of the business year, which predicted a decline of 30 percent. However, EBIT fell by only 19 percent to 160 million euros in 2018.

Municipal owners fully behind STEAG's international commitments

International business made a major contribution to this good result. Its share of the Group's EBIT increased to 57 percent in 2018. With net income of 12.7 million euros, the consolidated result is once again in the black. As in the previous year, 45 million euros will be transferred to the shareholder, Kommunale Beteiligungsgesellschaft (KSBG).

“Energy markets abroad are currently exhibiting considerable potential. STEAG's dedicated staff are consistently exploiting the opportunities offered by foreign markets and deploying their expertise to make full use of the earnings potential there. The municipal owners are fully behind STEAG's international commitments,” emphasizes Guntram Pehlke, Chairman of the Supervisory Board of STEAG GmbH.

For the 2019 business year, the STEAG management forecasts an increase in sales to 3.1 billion euros. Earnings before interest and taxes are expected to improve by 20 to 25 per cent from the 2018 level. Investments in the amount of 230 million euros are planned – a figure which is around one third higher than in the previous year.

About STEAG

With an installed power plant capacity of currently 7,700 megawatts, 5,500 of which is in Germany, STEAG is one of Germany's leading energy producers. STEAG operates its own hard coal fired power plants in the Ruhr region, in the Saarland and at overseas sites in Colombia, the Philippines and Turkey. In addition, the Essen-based company is appointed by customers to provide operation and maintenance (O&M) services at power plants using thermal and renewable energy sources with a total capacity of 7,300 megawatts. STEAG's technicians also provide O&M support for further power generation plants with a total capacity of 3,600 megawatts.

The second division comprises distributed generation facilities and renewables. In Germany, France, Poland, Spain, Romania and Turkey, STEAG operates more than 200 renewables-based and thermal generation plants. These distributed facilities have a total capacity of around 800 megawatts.

At the end of 2018, STEAG employed a total of 6,575 people across the Group, almost half of them abroad. For over 80 years, STEAG has stood nationally and internationally for efficient and reliable power generation. As an experienced partner, we support our customers comprehensively in all phases of energy supply. We design, develop, construct, operate and market highly efficient power plants and their by-products. In addition to customized solutions in the field of electricity and heat supply, we offer a wide range of energy services.