

Facts + Figures 2018

STEAG: The right strategy pays

- + **EBIT exceeds forecast**
- + **Group result in the black**
- + **45 million euro profit transfer**
- + **Profitable overseas activities**

The year 2019 began with groundbreaking decisions. At the end of January, the Commission on Growth, Structural Change and Employment, commissioned by the German Federal Government, issued the recommendation in its final report that Germany should completely abandon coal-fired power generation by 2038. Following the statutory phasing-out of nuclear energy by the end of 2022, the course has then been officially set for the further transformation of the energy system. The energy generation and supply structures, which had grown over decades, are being completely rebuilt under great pressure of time. By 2030, the share of energy from renewable sources in gross electricity consumption is expected to reach 65 percent, rising to 80 percent by 2050.

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 are part of the grid reserve, and the construction of new combined cycle gas turbine (CCGT) plants at the Group's existing power plant sites.

In addition, STEAG could benefit increasingly in future from the Commission's view that 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 safely achieve its ambitious long-term climate protection targets. STEAG has been actively involved in shaping the transformation process of the energy system at these locations for years and will be able to make greater use of its recognized expertise in the future.

But another thing is also certain: Europe's largest economy will fail to meet the climate protection targets it set itself for 2020. This is not due to the energy sector or to the operators of coal-fired power plants: On the contrary, the operating hours of hard coal fired power plants have been declining for years due to the priority given to renewable energy feeding into the grid. At 12.8 percent in 2018, the share of the hard coal fired power plants in gross electricity generation in Germany had fallen to its lowest level since the introduction of electricity statistics.

In this context, STEAG's carbon footprint stands out: The Company had reduced its CO₂ emissions by 75 percent in 2018 compared to 1990, in particular through the early decommissioning of power plant capacities financed from its own resources. In other words, twelve years before the deadline set by the national climate protection plan for 2050, STEAG has already exceeded an important milestone for the energy sector. The plan envisages a 61 to 62 percent reduction in CO₂ emissions from the 1990 level by 2030.

"Since its foundation in 1937, STEAG has been facing up to change and anticipating changes in the industry. And so today we have a strategy that is geared to the current requirements of the energy market," says Joachim Rumstadt, Chairman of the Board of Management of STEAG GmbH. "This is why I am convinced that our qualified and highly motivated employees will enable us to master the challenges that lie ahead."

With an installed power plant capacity of currently 7,700 megawatts, STEAG is one of Germany's leading energy producers. The Generation division 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, STEAG has been commissioned by customers to operate power plants based on energy from both thermal and renewable sources with a total capacity of 7,300 megawatts. STEAG's technicians provide expert operation and maintenance support for further power generation plants with a total capacity of 3,600 megawatts. This service business is taking place primarily on the international markets with a focus on India and Brazil.

STEAG has made significant investments to establish a second pillar of the business: the Distributed Facilities and Renewables division. In Germany, France, Poland, Spain, Romania and Turkey, STEAG now operates over 200 plants for power generation from renewables and thermal energy. These distributed generation facilities have a total capacity of around 800 megawatts. That already corresponds to around one fifth of the generation capacity of STEAG's domestic hard coal fired power plants.

"In addition to the German market, the energy markets abroad are currently exhibiting considerable potential. Today, STEAG's management is consistently exploiting the opportunities offered by foreign markets and making full use of the earnings potential there. The municipal owners are therefore fully behind STEAG's international commitments," emphasizes Guntram Pehlke, Chairman of the Supervisory Board of STEAG GmbH.

Like all energy companies with a comparable business model, STEAG is in the midst of a far-reaching transformation process in the context of the energy transition. The STEAG management reacted to the changed framework conditions 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" continues to have a positive effect on the Company's earnings power in the 2018 financial year – although STEAG had to accept a decline in earnings compared to 2017, primarily due to the difficult market conditions in Germany. Earnings before interest and taxes (EBIT) fell by just under 20 percent to 160 million euros. STEAG thus significantly exceeded the earnings forecast issued at the beginning of the business year, which projected a 30 percent decline in EBIT. International business made a major contribution to this good result. Its share of the Group's EBIT increased to almost 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, so that it can make its interest and redemption payments from the STEAG purchase in full. With the recommendation of the Commission on Growth, Structural Change and Employment, the phasing out of coal fired power generation is now set as an objective for society as a whole. "Our strategy fits the current requirements of the markets and customers. Now we must continue to put that strategy into practice in real life," says Joachim Rumstadt, spurring on the approximately 6,600 employees of STEAG in Germany and abroad.

Sales

2.9 billion euros

EBITDA 2018

307.1 million euros

Group net income in 2018

12.7 million euros

EBIT 2018

160.6 million euros

Total investments

173.7 million euros

Free cash flow

100.5 million euros

Total liquidity

565.5 million euros

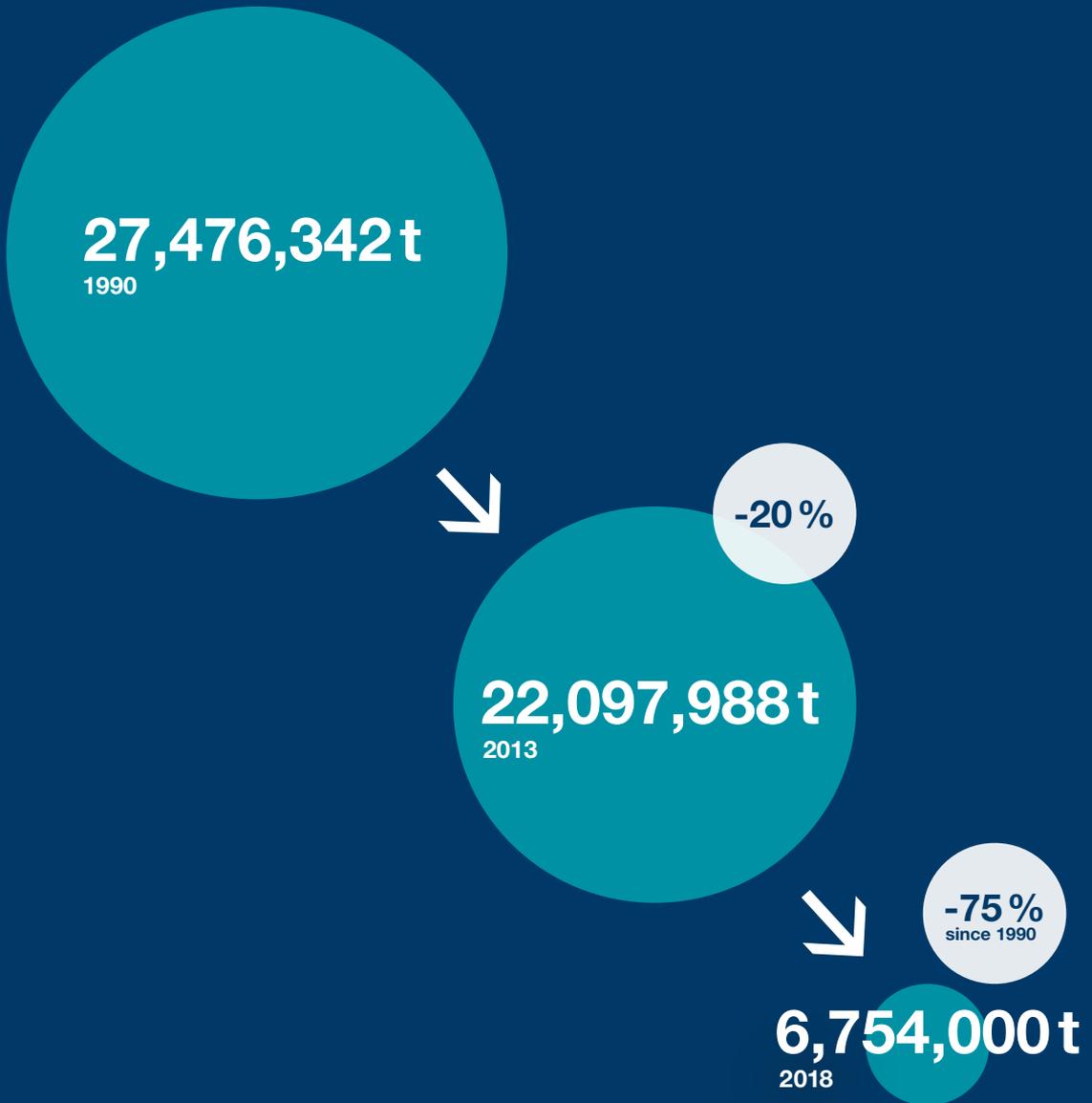
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Dividends paid to the shareholder

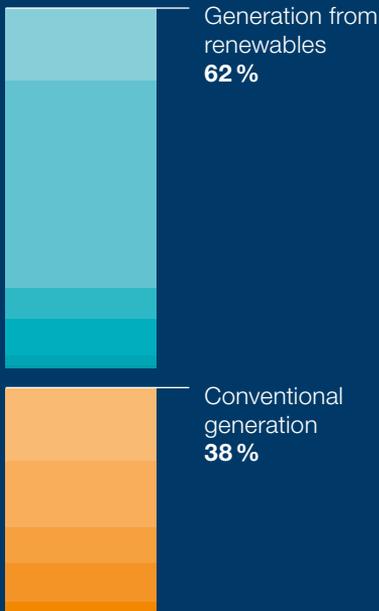
45 million euros

Development of STEAG's CO₂ emissions – an enormous contribution to savings.

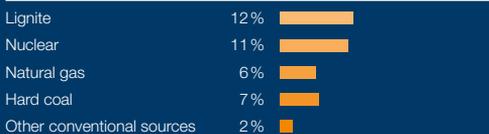
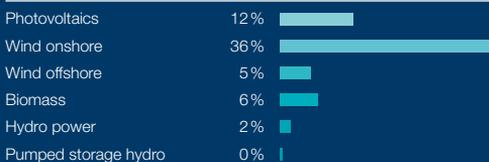
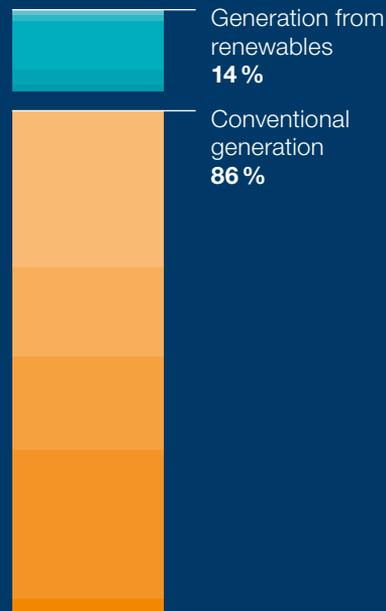


Transformation of the energy system – conventional generation continues to provide reliable energy.

Fri., 8 February 2019, 1 p.m.



Thu., 24 January 2019, 9 p.m.



Conventional generation

7,700 MW
installed capacity

5,500 MW
of that in Germany

Generation from renewables

over

200

plants for generation from renewable energy sources and for distributed energy supply

Energy services

As a service provider, STEAG is responsible for the operation of around

7,300 MW

Operation and Maintenance support

3,600 MW

2.74 million euros
annual benefit

Company
suggestions
system

957
suggestions
submitted

6,575
employees

including
218
trainees

We are STEAG.

local. regional. international.

With locations, projects and plants on five continents, we are always close to our customers in many countries across the globe.





STEAG Headquarters
Essen, Germany

„The municipal owners
are fully behind
STEAG’s international
commitments.“

Guntram Pehlke, Chairman of the Supervisory Board of STEAG GmbH



We are STEAG.



At a glance

Founded	1937
Headquarters	Essen
Core competencies	Planning, construction and operation of high-efficiency power plants using fossil fuels (hard coal, natural gas and refinery by-products) and renewable energy sources (biomass, biogas, mine gas, geothermal energy and wind)
Management	Joachim Rumstadt (Chairman) Michael Baumgärtner Dr.-Ing. Wolfgang Cieslik Alfred Geißler
Power generation in Germany	Hard coal fired power plants at seven locations in Germany, one refinery power plant and over 200 additional plants for generating power from renewable and conventional energy sources and for distributed energy supply
Power generation around the world	Hard coal fired power plants in Colombia, Turkey and the Philippines (each in a joint venture with local partners); distributed generation plants in Poland; wind farms in France, Romania and Turkey; subsidiaries and representatives in European countries and in Brazil, the USA, India, South Africa and Singapore.
Major subsidiaries	STEAG Energy Services GmbH STEAG Fernwärme GmbH STEAG New Energies GmbH STEAG Power Minerals GmbH STEAG Technischer Service GmbH STEAG Waste to Energy GmbH
Employees	6.575
Sales	2.9 billion EUR
EBITDA	307.1 million EUR
EBIT	160.6 million EUR
Group net income	12.7 million EUR
Installed capacity	7,700 MW (thereof in Germany: 5,500 MW)
Capacity operated under O&M contracts	7,300 MW
O&M support	3,600 MW

The above information is correct as at December 31, 2018.

