



# LEADING THROUGH A CRISIS AS A FIRST-TIME GROUP CEO

Once a major importer of Russian gas, Uniper faced financial turmoil in 2022, culminating in an adjusted EBIT loss of €10.9 billion—due in large part to the non-delivery of gas from Russia—and stabilisation measures implemented by the German Government. **Michael Lewis**, who took on the Group CEO role in 2023, talks to Criticaleye about a bold strategy to rebuild the company as a sustainable energy provider



**E**stablished in 2016 following the separation of E.ON's fossil fuel assets, Uniper has evolved into one of Northwestern Europe's largest power producers, boasting around 22.4 gigawatts of installed generation capacity. The German company's energy mix is notably diverse, including coal, gas, hydro and nuclear power sources.

However, as one of the largest importers of Russian gas before the energy crisis, when the war with Ukraine started and the taps were turned off, the company

had to buy gas on the wholesale market at elevated prices. Meanwhile, Uniper continued to fulfil its contracts without passing on the extra costs to its customers. On the brink of bankruptcy by the end of 2022, the German government stepped in and bought approximately 99 percent of the system-relevant company due to Uniper's vital role as an energy supplier that could not have been replaced overnight.

After the retirement of former CEO Prof. Klaus-Dieter Maubach, who steered the

company through the crisis, Uniper needed a new CEO and a strategy to transform its performance. That's when it hired **Michael Lewis**, who had been running E.ON UK since 2017. "I decided this was a great opportunity," he says about taking on the huge task ahead. "I knew Uniper, as it used to be part of E.ON, and it's where I started in the power generation business at Powergen in the 1990s. I knew the business and the people, and I knew there was one big problem, namely the Gazprom contract. And if we could solve that, the company could have a great future." >



Here, he talks to Criticaleye Senior Editor, **Bridgette Hall**, about his priorities for turning the business around, his vision for the future and his advice for stepping up as a Group CEO in a crisis.

**BH: When you took on the Group CEO role at Uniper in 2023, what changes did you feel you needed to prioritise?**

**ML:** The company had faced the worst crisis in its history. There was an enormous loss in 2022, but it was driven by that one problem. It wasn't a systematic issue; it was a 'Black Swan' event.

The first thing was to fix the operating result, which meant essentially ensuring that as the gas price fell, we could buy gas at a price below the cost at which we were selling it. At the beginning of 2023, when the price came down, we were able to buy gas in very large volumes to back our position, stemming the losses. So we haven't had to take a penny of government money since the end of 2022.

**BH: What do you see as the central goal of Uniper?**

**ML:** The core mission is to transform ourselves into a flexible, green power and gas provider. The big difference is that Uniper was historically a fossil fuel-based company with an extensive coal and gas portfolio. It had some carbon-free generation, hydro and nuclear, but still a large amount of coal. We've now massively reduced the coal portfolio and we're working to close it.

We also want to invest in decarbonising existing gas plants and building new gas plants that can run on green gas, hydrogen, predominantly, or with carbon

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capture. Our unique role in the energy transition is to deliver that flexibility.

**BH: What milestones are you working towards?**

**ML:** The most important thing is to keep delivering the strategy. We have received significant approval for new investments this year and we aim to continue to do that in clean and flexible generation. We're also preparing the company for a potential sale by the German government. The German government is obliged to reduce its stake in Uniper by the end of 2028 to 25 percent plus one share. That means, we need to deliver operational performance, to deliver our strategy and to ensure that we have a coherent equity story that the capital market finds appealing.

**BH: What's it like to be a Group CEO given this is your first time in that role?**

**ML:** From a personal perspective, being a Group CEO gives you more

opportunity to shape the strategy and the fundamental development of the company in a way that you don't get when you're a divisional CEO. It felt like a natural step in my career and the next challenge because I had been a divisional CEO at E.ON UK for six years and, before that, about two years at E.ON Renewables. This felt like the right move for me to complete that final step.

**BH: How do you define a high-performance leadership team?**

**ML:** The single most important thing is straightforward and open discussion. You only progress if you can have clear, fact-based discussions with honest feedback and honest debate. I don't mind lots of small mistakes. What I don't like is big mistakes. You avoid big mistakes by making lots of small ones and being open and transparent about them, and you build that into how your team works. That is what drives a high-performing team. They're not afraid to make decisions. They are not scared to do things but in a balanced way. Don't bet the farm every day, but take well-judged risks, and if you do it well, you get it right more often than you get it wrong and when you are wrong, it's not catastrophic.

**BH: What qualities do you believe are essential for leaders navigating complex transitions, like the shift to renewables in the energy sector?**

**ML:** Maybe I'm a bit old-fashioned, but I think you need deep domain knowledge. It helps to have significant industry experience. In the energy industry – and it's probably true for other sectors as well – you need to understand how all the pieces fit together. >



The second thing is that you need to learn to live with ambiguity. There are numerous technologies currently available, and there have been some unsuccessful initial attempts. Additionally, energy policy is inherently political, and it is crucial to understand this dynamic and know when it is appropriate to take risks and when it is not.

The last thing is resilience. You know things will go wrong. You will get bad news, and when it comes, you've got to brush it off and keep moving forward.

**BH: What's one piece of advice you've received that has resonated throughout your career, especially when navigating crises or change?**

**ML:** When I first started in the energy industry, my very first boss, in the early 1990s said to me, 'Mike, now you're

thinking that because the industry has been privatised and liberalised, there's no more politics. Wrong. Politics will always be part of the energy industry. And if you learn nothing else from working for me, learn that.' He was absolutely right, and I've always carried that with me.

The second thing is that it's not personal. When you receive criticism, praise and blame, some of it is justified, some not. It's not because of who you are; it's because of the chair you're sitting on. I learned that lesson when I worked at E.ON UK because it was a customer-facing business. You get the full blast of angry customers, politicians, regulators and anybody else who was angry during the energy crisis when we had to put prices up. There was a lot of criticism, some of it very personal, in the newspapers and so on. But I remembered that advice, and I still

believe it to hold true. The day I stepped down and moved jobs, they're not attacking me anymore. They're attacking the next person who's sitting in the chair.

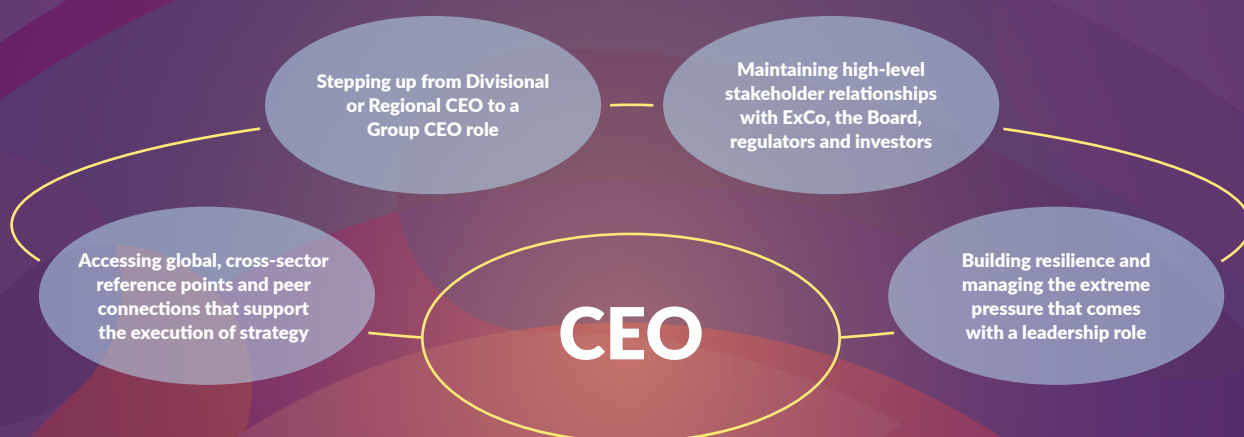
**BH: What advice would you give to someone stepping into a Group CEO role for the first time?**

**ML:** I would advise them to take time to talk to people who've been through the same transition as they have. The first thing is to pick up little bits of advice and guidance. It is helpful to build up a clear perspective and not to underestimate the difference between leading a regional entity and being Group CEO. It's a category change, not just an intensity change.

Finally, put yourself into it and enjoy it. If you don't enjoy it, you shouldn't be doing it. ■

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