

## Fortum signs agreement with E.ON

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- Fortum Corporation and E.ON SE have today signed a transaction agreement under which E.ON has the right to decide to tender its 46.65% shareholding in Uniper SE into the public takeover offer in early 2018 for the same consideration as offered to all shareholders
- Fortum to launch voluntary public takeover offer to all Uniper shareholders
- Cash offer to Uniper shareholders (including E.ON) with total value of EUR 22 per share
  - The total value implies a premium of 36% to the price prior to intense market speculation on a potential transaction at the end of May
  - The total equity value of E.ON's 46.65%-stake amounts to EUR 3.76 billion, total equity value of the Offer corresponds to EUR 8.05 billion for all outstanding shares of Uniper
  - No minimum acceptance threshold
- The offer will be subject to competition and regulatory approvals

### Agreement with E.ON

Fortum Corporation and E.ON SE have today signed a transaction agreement regarding E.ON's 46.65% shareholding in Uniper SE. Pursuant to this agreement, Fortum, through a wholly owned subsidiary, has announced its intention to launch a voluntary public takeover offer ("Offer") in accordance with §10 of the German Securities Acquisition and Takeover Act (attached). E.ON will have the right to decide to tender its shares into the Offer in early 2018 at the same total value per share as delivered to all shareholders who tender.

The agreement further provides that, if E.ON does not tender its Uniper stake, Fortum will have the right to sell to E.ON any Uniper shares acquired in connection with the Offer and in addition receive a compensation payment from E.ON of at least 20% of the total equity value of the E.ON stake.

"I am confident that our investment will strengthen the position of both companies to advance Europe's energy transition and believe that all stakeholders will greatly benefit," said **Pekka Lundmark**, Fortum's President and CEO. "Uniper is a highly successful company. We look forward to closely working with Uniper management in developing the company further."

### Public takeover offer

Pursuant to the Offer, Uniper shareholders will receive a total value of EUR 22 per share which includes the value of an expected dividend of Uniper of EUR 0.69 per share for the fiscal year 2017.

The total value of EUR 22 per share payable in connection with the Offer corresponds to a total equity value of approximately EUR 3.76 billion for E.ON's 46.65% shareholding in Uniper. At total value, 100% of Uniper shares is valued at EUR 8.05 billion.

Uniper shareholders will have the opportunity to realise an attractive and certain value by tendering their shares into the Offer following the publication of the offer document. The total value implies a premium of 36% (calculated based on a price adjusted for dividends, EUR 0.55 pre ex-dividend date) to the price prior to intense market speculation on a potential transaction at the end of May and a 120% premium to the initial trading price post spin-off of EUR 10.

"Our focus is on acquiring the E.ON stake, although we do believe our offer will also be attractive to other Uniper shareholders," said Pekka Lundmark.

"We welcome Fortum's offer as an opportunity for all Uniper shareholders to sell at a valuation level that reflects Uniper's strong performance since its spin-off. We consider Fortum as a responsible and reliable strategic partner to Uniper with excellent complementary businesses and capabilities," said **Dr Johannes Teysen**, Chairman of the Board of Management of E.ON.

### **Strategic rationale**

The investment in Uniper delivers on Fortum's previously announced capital redeployment strategy and investment criteria. Uniper's businesses are well aligned with Fortum's core competencies, are close to Fortum's home markets and are highly cash generative. Fortum expects the investment to deliver an attractive return that will support the company in accelerating the development and implementation of sustainable energy technologies, without sacrificing a competitive dividend.

"We are investing in a strong, successful company with a diversified portfolio," said Pekka Lundmark. "Fortum is absolutely committed to work for a cleaner Europe. To make this vision a reality we must also provide customers with a secure energy supply at a competitive price during the transition towards lower emissions. Conventional energy, especially gas, can respond to the increasing intermittent renewable production, providing the flexibility needed to ensure supply in geographies where sufficient hydropower resources are not available."

The businesses and competencies of Fortum and Uniper are highly complementary. Uniper's production portfolio in Sweden is mainly based on CO<sub>2</sub>-free hydro and nuclear power, and is therefore an excellent fit with Fortum, one of the cleanest power producers in Europe. In Russia, Uniper's production fleet, like that of Fortum, is largely based on highly efficient gas-fired generation. In Continental Europe, Uniper has a technologically advanced, flexible and highly cost-efficient generation portfolio predominantly based on gas, coal and hydropower. In addition, Uniper has extensive commodities trading activities that are complementary to the power generation business. The commodities business also includes sizeable gas storage and long-term contract portfolios that play a key role in ensuring security of supply.

**A constructive partner**

Fortum will focus on being an active, supportive and reliable shareholder of Uniper and a constructive strategic partner to the company, its management and employees following the completion of the Offer and provided that E.ON decides to tender its stake.

Fortum acknowledges that the dedication of the Uniper workforce is the foundation for the current and future success of Uniper's operations. As a strategic investor and responsible major shareholder in Uniper, Fortum is committed to protecting the interests of Uniper's employees and other stakeholders:

- Fortum has no intention to cause Uniper to implement forced redundancies in connection with the transaction nor for Uniper to change its corporate seat from Düsseldorf, Germany
- Fortum fully acknowledges the integrity of existing employee rights, including:
  - existing shop agreements, collective bargaining agreements or similar agreements of Uniper, including pension rights;
  - the existing rights of the employees, works councils and unions;
  - the employer's collective bargaining jurisdiction; and
  - the existing level of co-determination in the Supervisory Board

“We intend to be a long-term investor in Uniper and we take our responsibility to all stakeholders very seriously. We are looking forward to discussing with Uniper management how our commitments can be adequately formalised to provide a strong foundation for our future cooperation. It is absolutely clear that we will honor all existing commitments of Uniper towards its employees in full,” said Pekka Lundmark. “Uniper management has done an outstanding job to put the company on the map with investors. We look forward to close cooperation between the two companies to uncover significant benefits for all stakeholders and are fully supportive of Uniper management's declared strategy to focus on further value creation.”

**Financials**

The Offer will be financed with existing cash resources and committed credit facilities, with Barclays Bank PLC underwriting 100% of credit facilities, including ongoing liquidity requirements. Dividends received from the stake in Uniper will contribute towards a stable and sustainable dividend for Fortum's shareholders.

Fortum will account for Uniper as an associated company unless control according to IFRS is attained; as such, EBITDA and cash flow contribution, as well as the EPS effect on Fortum's results, will depend on the final outcome of the Offer. Whilst leverage at Fortum will increase as a result of this transaction to above our guidance net debt/EBITDA level of around 2.5x, Fortum expects its ongoing cash generation together with the dividend from Uniper to reduce this position toward our stated target.

**Next steps**

The offer document will be published following approval by the German Federal Financial Supervision Authority (BaFin) and will then be accessible on the following website: [www.powerful-combination.com](http://www.powerful-combination.com). The acceptance period for the Offer will commence following permission by BaFin and is expected to last for ten weeks. There will be no minimum acceptance condition to the Offer. The Offer will be subject to competition and other regulatory approvals. Fortum expects to finalise the transaction in mid-2018.

Fortum

Måns Holmberg

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The presentation material can be downloaded prior to the event at [www.fortum.com/investors](http://www.fortum.com/investors). An on-demand version and transcript of the teleconference will be available at the same site after the event.

**Distribution**

Nasdaq Helsinki  
Key media  
[www.fortum.com](http://www.fortum.com)

**Attachment**

Announcement of the decision to make a public takeover offer

**Important notice**

This announcement is neither an offer to purchase nor a solicitation of an offer to sell shares of Uniper. The definite terms and conditions of the Offer, as well as further provisions concerning the Offer, will be published in the offer document only after the German Federal Financial Supervisory Authority has granted permission to publish the offer document. Investors and holders of shares in Uniper are strongly advised to read the offer document and all other relevant documents regarding the Offer when they become available, since they will contain important information.

Fortum reserves the right, to the extent permissible under applicable law, to acquire, directly or indirectly, additional Uniper Shares outside of the Offer on or off the stock exchange. To the extent such acquisitions occur, information about them will be published according to the applicable statutory provisions.

**Uniper**

Uniper is an international energy company with activities in Europe, Russia and numerous other markets worldwide. The company employs around 13,000 people. Uniper operates power plants in Europe and Russia, with a total installed capacity of around 40 gigawatts, and it runs an extensive energy trading business. Uniper also maintains gas storage facilities in Germany, Austria and the UK, which help to create a flexible balance between supply and demand in the gas supply system. Furthermore, the company develops energy storage solutions to support renewable energies. In 2016, Uniper's sales totaled EUR 67.3 billion and adjusted EBITDA was EUR 2.1 billion. Uniper is listed on the Frankfurt stock exchange (Börse Frankfurt). [www.uniper.energy](http://www.uniper.energy)

**Fortum**

Fortum is a leading clean-energy company that provides its customers with electricity, heating and cooling as well as smart solutions to improve resource efficiency. We want to engage our customers and society to join the change for a cleaner world. We employ some 8,000 professionals in the Nordic and Baltic countries, Russia, Poland and India, and 62% of our electricity generation is CO<sub>2</sub> free. In 2016, our sales were EUR 3.6 billion. Fortum's share is listed on Nasdaq Helsinki. [www.fortum.com](http://www.fortum.com)