

**Name:** Pekka Lundmark  
**Position:** CEO  
**Company:** Fortum  
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### **Interview with Pekka Lundmark**

#### **Guy Johnson**

Right, we've just talked about what's happening in Sweden with the Riksbank, let's turn our attention to what's happening in Finland. The Finnish energy company Fortum has reported operating profit for the third quarter that beat the highest estimate. The stock is drifting today in a market that is drifting as well. So let's not read too much into that.

Pekka Lundmark is the CEO of Fortum. He joins us now on the phone from Finland. Good morning, sir. I'm not going to spend too much time dwelling on what exactly is going on with the business right now, because the market is really concerned with what happens with the Uniper takeover. I understand that you've now submitted regulatory approval requests to BaFin, the German regulatory. Can you give us a sense of when you expect to maybe get some sort of feedback on that?

#### **Pekka Lundmark**

We expect to launch the offer immediately after BaFin has approved of our documentation. So in practice we are talking early November.

#### **Guy Johnson**

Early November, okay. Have you actually spoken to Klaus Schäfer? He is the CEO of this business. What kind of conversations are going on around what you hope to achieve?

#### **Pekka Lundmark**

Look, we have been saying all the time that we are open to having a constructive dialogue with Mr Schäfer and his team. Obviously the only agreement we have is with Eon on their 47 per cent stake in the company. And when you go over 30 per cent you are by law obliged to make a tender offer to all shareholders. And we would very much like to do this through a constructive dialogue with Mr Schäfer. But he has told us that he is not ready for a dialogue before he has seen our documentation and we obviously respect that.

#### **Guy Johnson**

So as soon as that goes through you're going to pick up the phone and you're going to start talking to him, yeah?

#### **Pekka Lundmark**

We are ready to talk at any time and that's what we have kept saying all the time.

#### **Guy Johnson**

In terms of how this is going to get structured, are you going to pick up all of the assets? Is that your plan? Are you going to try and dispose of some of the assets? Are you having conversations with anybody else about some of these assets at this stage?

#### **Pekka Lundmark**

We are just focusing on the Eon stake of 47 per cent and we have no plans whatsoever for any other asset disposals. We are not in discussions with any third parties about any of the assets. So we are just focusing on the Eon stake and now we are obviously launching a tender over to all shareholders. We are looking at this as an investment, not as a restructuring case.

#### **Guy Johnson**

Would you expect any regulatory pushback on that?

**Pekka Lundmark**

We need regulatory approval at least in the European Union, in Russia and in the United States. We have already received approval in the United States. We have filed in Russia and we are now in the process of preparing the filing in Brussels as well. And of course this is something that one should not pre-empt. We need to let the authorities do their work.

**Guy Johnson**

Do you think the Russian regulators could be a problem?

**Pekka Lundmark**

We have filed and we are in close cooperation with them right now. Russia is a very large country with an extremely large market overall. So we are looking forward to a constructive dialogue. The combined market shares of these two companies actually in Russia will not be that high. But this is something that we will discuss with the authorities.

**Guy Johnson**

You're pretty confident that coal and this kind of energy process has a future, yeah? If I'm a shareholder you've got my back here. That there isn't going to be a problem with emission standards, coal going forward? You're confident that this is not going to be the case. We have seen other companies being faced to make big write downs after acquisitions.

**Pekka Lundmark**

We are not basing this investment case on the assumption that coal would need to be run as long as possible. Most European countries will be publishing from the political side time schedules as to how quickly they will want to phase out coal and we are obviously going to be fully committed to whatever those time schedules are. What I want to point out though is that 70 per cent of Uniper's 38 gigawatt production portfolio, which is a very large portfolio is something else than coal. They have almost as much CO2 free hydro production as Fortum has today. So we see this portfolio being extremely competitive in many different scenarios depending on how the European energy policy will go.

**Guy Johnson**

We look forward to hearing more about it. Thank you very much indeed for spending time with us this morning. Pekka Lundmark, he is the CEO of Fortum.

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