



# Fortum closes transaction to become majority owner in Uniper

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*Release category: Other information disclosed according to the rules of the exchange*

Fortum Corporation has today closed the first tranche of the agreement to purchase the Uniper SE (“Uniper”) shares held by Elliott Management Corporation and its affiliates and Knight Vinke Energy Advisors Limited and its affiliates. Fortum now holds 69.6% of the shares and voting rights in Uniper. The second tranche, a minimum of 1.0% and a maximum of 3.8% of the shares, will be closed within two months of today. Fortum is paying up to EUR 2.6 billion for the combined shareholding, increasing Fortum’s total investment in Uniper to a maximum of EUR 6.5 billion.

“Today represents an important milestone on our path to build a leading energy group and a true European champion. Uniper is a successful, international energy provider and trader, and a great match with Fortum. By aligning our strategies, we will be able to take a leading role in the European energy transition and create value for all stakeholders,” says **Pekka Lundmark**, President and CEO of Fortum.

“To drive the energy transition forward, carbon emissions from power generation must be reduced and significant investments must be made not only in renewables but also in increasingly clean gas, energy storage, and other flexibility solutions that provide security of supply in the next decades,” Pekka Lundmark continues.

In Fortum’s view, Uniper’s recent strategy update provides a good starting point for the strategy alignment and development of a joint vision for Fortum and Uniper. Fortum welcomes Uniper’s carbon neutrality target for its European generation by 2035 and supports Uniper’s exit plan for coal assets and commitment to develop clean gas solutions. Fortum’s own European generation is already 96% carbon free. As one outcome of the joint strategy work, Fortum and Uniper want to set ambitious decarbonisation targets covering the combined operations of both companies.

“We welcome Fortum’s support of our future strategic direction as they become our new majority owner,” says **Andreas Schierenbeck**, CEO of Uniper. “The Uniper team wants to empower the energy evolution towards a clean and secure future with our unique competencies, and our transition to a climate-friendlier company is well under way. We look forward to discussing with Fortum in the coming weeks how our two strong companies can drive the strategic change needed in the energy world.”

In the interest of strengthening the basis for a trustful engagement with Uniper and its employees, Fortum has ruled out any domination and/or profit and loss transfer agreement (DPLTA) or squeeze-out of minority until the end of 2021. Thereby Uniper remains a separate company, listed in Germany. Fortum wishes to provide Uniper employees certainty and stability and is in ongoing constructive talks with the Uniper Works Councils about commitments to benefit Uniper employees. Fortum is also currently discussing with Uniper the process by which Fortum’s Supervisory Board representation is to be arranged to best facilitate strategic alignment and collaboration in the interests of both companies.

The transactions are financed with existing cash and committed credit facilities. Fortum and Uniper’s financial positions are solid as confirmed by Standard & Poor’s recent rating affirmation of BBB, with negative outlook, for both companies. Fortum’s key objective is to have a solid investment grade credit rating of at least BBB to maintain its financial strength, preserve financial flexibility and good access to capital markets for the enlarged group post-closing. Fortum and Uniper will carefully manage their balance sheets going forward. Following closing of the transactions, Fortum has substantial available committed credit facilities of EUR 4.5 billion in addition to currently existing cash reserves of approximately EUR 2.5 billion. Both companies are focusing on optimising cash flow and carefully managing capital expenditures in the current market and business environment.

## Consolidation and financial reporting

Following the closing of the first tranche, Fortum will consolidate Uniper as a subsidiary and report Uniper as a separate reporting segment.

Fortum will consolidate Uniper into Fortum’s balance sheet as of 31 March 2020 starting in Fortum’s first-quarter interim report. From the second quarter of 2020, Fortum will consolidate Uniper’s results into its income statement. In its first-quarter reporting, Fortum will consolidate its share of Uniper’s fourth-quarter 2019 and first-quarter 2020 profits in the share of profits of associates and joint ventures reported in ‘Other operations’. As previously communicated, Fortum’s share of Uniper’s fourth-quarter 2019 result is expected to be approximately EUR 90 million.

Fortum will provide further details on the consolidation, the status of alignment of accounting principles, and definitions of key financial metrics in its first-quarter 2020 interim report at the latest. The purchase price allocation related to the consolidation of Uniper as a subsidiary will be completed within the one-year window from the acquisition date according to IFRS.

In order to be aligned with Uniper’s financial reporting calendar Fortum has amended its financial calendar for 2020 as follows:

- January-March Interim Report on 15 May at approximately 9:00 EEST
- January-June Half-year Financial Report on 19 August at approximately 9:00 EEST
- January-September Interim Report on 17 November at approximately 9:00 EET

Uniper will publish its interim reports 2020 on the following dates:

- Financial Results January-March on 7 May 2020

- Financial Results January-June on 11 August 2020
- Financial Results January-September on 10 November 2020

Fortum Corporation

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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 more than 8,000 professionals in the Nordic and Baltic countries, Russia, Poland and India. In 2019, our sales were EUR 5.4 billion and 59% of our electricity generation was CO<sub>2</sub> free. Fortum's share is listed on Nasdaq Helsinki. [www.fortum.com](http://www.fortum.com)