

Name of recording: Fortum press conference on Uniper divestment

Date: 21 September 2022

Length of recording: 00:44:02

Fortum speakers:

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Ingela Ulfves [00:00:02]: Good morning everyone and welcome to Fortum's web cast news conference on today's news on the agreement between German government Fortum and Uniper on the solution for Fortum's Subsidiaries Uniper. My name is Ingela Ulfves and I'm the head of IR at Fortum. This event is being recorded and replay will be provided on our website later today. With me here in the studio is Fortum's CEO, Markus Rauramo and we also have our CFO Bernhard Günther joined online. Markus starts by presenting the key elements of the agreement as well as the next steps and after that we will open up for questions through the teleconference. Please know the dialling instructions in today's release and on the website. We have reserved a maximum of one hour for this call so with this I now hand over to Markus to start!

Markus Rauramo [00:01:07]: Thank you very much Ingela and thank you everyone on this webcast for joining us this morning on such short notice. Fortum, the German government and Uniper have today announced a new rescue package for Uniper, I would like to provide you with some more background and context to this announcement. As you all know we are currently living through an unprecedented political crisis. Uniper has been particularly hard hit by the curtailments of Russian gas since mid June. This is why in July, the German state, Fortum and Uniper had agreed on a stabilized package for Uniper. Since then we have been jointly working on implementing these measures. During the same time, Uniper's financial situation deteriorated rapidly and significantly in a way that none of us had foreseen back in July. No Russian gas volumes are being supplied through Nordstream I, both gas and power prices has been extremely high and volatile as a result. Uniper is currently loosing almost 100 million EURs per day and has accumulated close to 8,5 billion EURs in gas curtailment losses so far. Consequently new measures to resolve the situation was needed as both Uniper and Fortum were exposed to significant risks. In state-led solution, one in which the German state takes full control of Uniper was therefore required immediately. Before I discuss the details of our revised agreement I would like to thank the German government and our colleagues at Uniper as well as the Finnish government for their support and hard work in recent days and weeks. For Fortum, the new solution to Uniper's problems is a defining moment. Once successfully executed it will be a clean start for Fortum and a clean cut from the recent past, exiting Uniper and depend European presence. The investment is yet painful yet a necessary step to reduce the substantial risks for Fortum and to secure a new future. Fortum will be able to refocus on clean Nordic power generation as its core business once the transaction is completed. So let's now look into more detail at what has been agreed. For us at Fortum, it was important that the solution did not require additional capital from Fortum or the Finnish task payers. In addition, we were looking for a long-term solution that allows Uniper to continue providing security or supplies for its customers in Germany and Fortum to focus on its role as an indispensable clean energy provider to our

customers in the Nordics. Due to the run gate of the gas retainment losses Uniper needs a substantial capital injection. Consequently the German state intends to inject 8 billion EURs of capital into Uniper SE as 1.70 euro per share. This was substantially dilute all existing Shell orders. To cover the Uniper loss making the German state own bank KfW will provide required bridge financing to Uniper until the capital increase is implemented. Following this capital injection the German state intends to buy all Fortum's shares in Uniper for 1.70 euro per share which currents the response approximately half a billion euros in total. As a result of the capital injection and the share purchase, the German state will own more than 98% of Uniper. As a part of the agreement, Fortum's 4 billion euro loan to Uniper will be repaid and the 4 billion euros parent company guarantee will be released. Furthermore, Fortum will have a right of first offer until the end of 2026 if Uniper decides to sell its Swedish hydro and/or nuclear assets. The agreed transaction is naturally subject to customary regulatory clearance scenes and approvals by Uniper's extra ordinary general meeting. Closing is currently expected by the year end. On the next slide I will explain how the agreed capital measures will be implemented. As I already mentioned the German state will take a majority stake at Uniper. It will do so by subscribing approximately 4.7 billion new ordinary registered shares at nominal value of 1.70 euro per share against gas consideration of approximately 8 billion euros. This will dilute all existing shareholders including Fortum. Until this capital increase is completed, KfW bank will provide Uniper with further liquidity support by increasing its existing credit facility to cover gas related losses as needed. In the second step, immediately after the capital increase, the German state plans to buy all Fortum's shares in Uniper for a nominal value for a total consideration of approximately 500 million euros. As a result, the German state will become the new majority owner of Uniper with a share of approximately 98 %. At that point, the change of control close is triggered and the German state will provide financing for the redemption of the 8 billion euro credit arrangement provided by Fortum to Uniper. Fortum will be repaid the 4 billion euro share holder loan and the 4 billion EUR parent guarantee will be released. As just mentioned, the transaction is subject to certain regulatory approvals as well as approval by the Uniper EGM. To summarize, the agreement if successfully executed ensures that the total loss for Fortum is capped on the equity level. It will be a clean and comparably fast cut for Fortum, the investment is painful yet a necessary step to reduce risks and return to a stable footing. These steps secure Fortum's future and ability to refocus on clean energy as its core business. I now would like to present the financially facts of this agreement for Fortum which are shown on the next slide and this I actually hand over to Bernhard.

Bernhard Günther [00:07:58]: Yes, thank you Markus and hello from me as well! On this slide you see the various financial effects. Fortum's financial for the continued operations will no longer include any impact from Uniper operations which are shown as discontinued. As you know from the H1 numbers, Fortum has recorded significant accumulated losses, mainly in the form of provisions and fairvaluation adjustments from Uniper and these are also caused by the Russian gas curtailments. Further Uniper losses in the third quarter and onwards will accordingly have no effect on Fortum's group equity as these losses will be offset by the deconsolidation and effect when Uniper is moved to discontinued operations. Based on Fortum's balance sheet as in the end of June the deconsolidation effect would strengthen Fortum's group equity with around 5 billion euros. The parent company, Fortum Oyj local equity is negatively impacted by the divestment however, but Fortum has assessed that the equity remains as a confidently comfortable level so that it does not require any

additional capital measures. Another effect of the divestment is that we will record the 4 billion euros shield alone as receivable and the same will be applied to the 500 million euros consideration from the sale of Fortum's Uniper shares until this is actually paid. Fortum will also restate its comparable quarterly information with the Q3 numbers and now, let me close with two words on the continued operations on the last slide! For that I think I hand over back to you Markus!

Markus Rauramo [00:10:03]: Thank you Bernhard for going through the financial and accounting part. So following divestment of Uniper Fortum's operations will now focus on carbon free, indispensable and profitable Nordic energy infrastructure as well as low carbon district heating and sustainable industrial and customer solutions. In the current environment our priorities are very clear. First, we need to stabilize the company. With the signing of today's agreement we took another step to get back to stable footing. Second, we need to recalibrate. In the future, our clear focus will be on clean Nordic energy. We also continue to pursue a controlled exit from the Russian market as announced earlier this year. Third, we need to get traction again. We will review our strategy in light of the changed environment to overcome this crisis and forge a path towards a sustainable future. Fortum's CO2-free generation assets are needed more than ever. We will keep on working hard to regain the trust of all of our stakeholders. With these words I conclude my presentation and over to you Ingela!

Ingela Ulfves [00:11:30]: Thank you Markus! Thank you Markus and thank you Bernhard! We are now ready to take your questions, please state your name and your company before asking the question or in the teleconference and we also ask you to limit yourself to a maximum of two questions each! Let's begin the Q&A session, moderator, please start!

Moderator [00:11:59]: If you wish to ask a question, please dial star 5 on your telephone keypad to enter the queue! If you wish to withdraw your question, please dial star 5 again on your telephone keypad. The next question comes from Wanda Servinowska, from Credit Swiss. Please go ahead!

Questioner 1 [00:12:24]: Good morning, congratulations Ingela and Markus! Two questions for me if I may! The first one is on the net debt Fortum stand alone basis, could you give us that clean net debt figure as of end of H1 or the end of last year excluding the 8 billion shareholder loan guarantee impact? And the second question is: should we consider that the agreement set in stone? I mean, is there any other points that need to be still agreed on?

Markus Rauramo [00:12:58]: Okay, I can take the second point and I will ask Bernhard to comment on the net debt and the various components there. But I will take the second one! If you, Bernhard, want to comment on the first?

Bernhard Günther [00:13:12]: Yes! So on the net debt the numbers you will see in Q3 will be once where this 4 billion receivable that I mentioned as a shareholder loan, it won't be technically deducted from net debt so it will go up but the underlying net debt if you exclude this 4 billion receivable would be of a magnitude of 2.5 billion euro for Fortum stand alone.

Markus Rauramo [00:13:50]: Thanks Bernhard! And then for the agreements, all parties are very committed to the agreement. Compared to the agreement reached in July, of course things changed very rapidly. This agreement and the components from my point of view is simpler. The instruments are simpler and what they require is that we get the regulatory approvals and we start that work now and then the Uniper EGM. Just making reference still to the July agreement, I felt throughout the whole process that all parties worked really hard to implement that as well but it became clear that the situation has changed so much and the capital needs became so big that we needed to modify, we needed to work out a solution that works again for all parties in a good way. But simpler cleaner solution now!

Questioner 1 [00:14:57]: Thank you very much! Just a quick follow up on the net debt, my apologies! Did you mean the financial net debt or the adjusted net debt including provisions?

Markus Rauramo [00:15:11]: In my understanding, that's the adjusted net debt but may me check and come back for that! This has all been at great speed.

Questioner 1 [00:15:24]: Thank you very much!

Moderator [00:15:33]: The next question comes from Iris Theman from Carnegie. Please, go ahead!

Questioner 2 [00:15:42]: Yes, high! This is Iris from Carnegie. Just one question basically, how does your liquidity and collateral needs look after this divestments? Does this actually help the situation so that you don't need to use Solidium or the Finnish states backup facility? Thanks!

Markus Rauramo [00:16:07]: Thanks for the question Iris! So at the point when we arranged the 2.5 billion liquidity facility from Solidium the Nordic system price speak that for the next year pick the 480 per megawatt hour and now we are somewhere around 170. About, so we are 100 euros lower! So the liquidity need is lower but I would say that the market is still very uncertain and the war in Ukraine is going on. Nordstream I is not delivering, gas prices has come down similarly from at the same point a month ago going over 300, now 170. So we can't outrule that it wouldn't be further liquidity pressure so we are happy that we have the 2.3 billion liquidity facility in place which we of course had not had to draw until this point. But we have more comfort on liquidity and the situation is clearly better than it was a month ago.

Questioner 2 [00:17:24]: Okay, thank you!

Moderator [00:17:33]: The next question comes from Vincent Ayrat from JP Morgan! Please, go ahead!

Questioner 3 [00:17:41]: Hi, good morning and thank you for the presentation! Two quick questions! One, if coming back in July to recall properly, it was made clear that the German government committed not to in an (inaudible) bailout to further economically dilute the

shareholders. Here, clearly, we got further dilution. We could have had the stakeholder hold back more than just nominal. So what has been the rationale here for these general stands and how do you look at this specific point? I believe minorities would be to potentially look at the legal challenges in the future on that one. And the second question is regarding the liquidity measures which was after the previous, I am just doing a follow up. The European commission has (inaudible) narrow emergency measures. Have you heard anything about evidential change in the roof? This could be a systemic issue, we haven't heard any specific from the 15th of September so what can we expect and when on the collateral rules? Thank you very much!

Markus Rauramo [00:19:07]: Okay, so it's a good point that we agreed on economically non dilutive backstop instrument. And like I said earlier, my feeling is that all parties worked extremely hard to find solutions that would enable everybody to live up to the agreement. When the situation changed as a continue to deteriorate us as it did with higher gas curtailments and gas prices it became more and more difficult to find an instrument that could actually pass through state aid competition et cetera solutions and it became more and more obvious that the capital needs for Uniper are huge so they were much bigger than anticipated in July. KfW actually has provided even if the July package has not been fully documented, KfW has provided facilities up to 13 billion for Uniper so far! So Germany has provided the liquidity and now provided also the capital structural solution to keep Uniper going on and from Fortum's point of view this was a complete package consisting of getting the certainty of being repaid the 4 billion loan, releasing the 4 billion guarantee and then finding a solution for our equity exposure. So we can't pick and choose one instrument at a time, we have to look at the total package. So we are happy that Germany has been committed as it has been to provide the liquidity in form of loans and now is ready to subscribe to 8 billion of fresh equity into the situation. We will state aid and a whole EU approach, it's a good point to raise that we do need EU level solutions and we need national solutions and governments and companies need to work together to find a solution to the energy crisis we are facing which is caused by the Russian attack on Ukraine and Russia using energy as a weapon against Europe. So this is the total frame for the situation and I do not think that the situation is over coming back to my earlier point about having sufficiently liquidity buffers. So we need to solve Uniper, that we have an agreement, we need to solve Russia and we need to make sure that we have sufficient liquidity.

Questioner 3 [00:22:11]: Thank you!

Bernhard Günther [00:22:13]: Maybe Markus, I just, maybe I have to correct the numbers I've given for the financial net debt. I've looked it up on Q2 statement so it's not the economic net debt. It was 4.2 at the end of Q2 but the financial net debt was at 2.4. The mechanics however are the same no matter if you look at the economic or the financial net debt. Thanks!

Markus Rauramo [00:22:43]: Thank you Bernhard!

Moderator [00:22:55]: Please, go ahead!

Questioner 4 [00:22:59]: (inaudible) actually, two questions from my side! So, first is related to parent company balance sheet. Could you comment what the value of Uniper, what you have by the end of last year and also what the book value is of a (inaudible) in parent company? The other question is related to use proposal related to capital of power generators of 180 euros per megawatt hour. Could you maybe comment what is your assessment of possible aspects being impacted by this basically initiative? Thank you!

Markus Rauramo [00:23:41]: Again, I let Bernhard take the parent company balance sheet. What I would just say there is that we own our operations outside of Finland through various holding structures so the impacts will not be direct of anything we would be doing but of course eventually we will flow through to the parent company. But on the revenue impact of 180 for an outright nuclear higher producer - 180 would be a very good level so if achieved prices were at 180 that would be very good for our profitability! Then, what would it do more broadly speaking? Well, we know where the coming months and coming quarters forward prices are with the coal and gas prices being where they are so if the production costs of assets are higher than this, then this kind of gap would mean reduction in supply so that would then mean that in the areas where this would be impacted, the demand must then be curtailed one way or the other. Either demand has to flex and then there will not be the same supply. So my comment there would be that this would have to be very carefully thought through, what are the implications and then have a plan on how to deal with the commercial, industrial and social consequences of actually reducing the availability of energy through such a gap. And Bernhard, if you want to comment on the Uniper ownership and Russia balance sheet values?

Bernhard Günther [00:25:48]: One more answer to be given on these! I think that you are referring to the parent company of Fortum Oyj, the legal entity as Markus said - neither Russia nor Uniper are held directly by Fortum Oyj but they are intermediate holding companies in between so there is no direct flow through these asset price movements if there are any like now at Uniper into the Oyj balance sheet that goes through these different layers up. But of course at a lower level below Fortum Oyj the original purchase has been accounted at the values that you know.

Moderator [00:26:43]: The next question comes from Louis Boujard at ODDO BHF. Please, go ahead!

Questioner 5 [00:26:52]: Yes, good morning and thank you for taking my question! Two questions from my side, the first one you mentioned in your press release in reference of Uniper answers regarding hydro and nuclear assets. Could you please give you a bit more details and data for these options (inaudible)? And also, I was wondering considering that if you loose a part of your (inaudible). (inaudible) Do you think that (inaudible) considering that at the same time you will have to keep on investing to the green energy transitions? Don't you think that it could be a good time to come with a new dividend policy going forward? Thank you very much!

Markus Rauramo [00:27:54]: Okay! On the right of first offer for hydro and nuclear, the concept is that if Uniper were to start their sales process, the agreement says that then we have the right to make the first offer and then Uniper will evaluate that and look at the

merits of such an offer and decide whether they will transact with us or whether they open a broader process. So that gives us a possibility, the point is that it gives us a possibility for bilateral discussions and of course Uniper has to evaluate would such an offer be an interest of all of its stakeholders. Normal process but first with Fortum. Then on the point of dividends - like before also going forward dividend is balanced against two other points and that's the balance sheet and growth. So we have these three elements that has to be in balance. As a capital intensive, you deal with the business. It makes sense for us to have debt on the balance sheet and to run our operations overall. We need a solid investment grade rating so the balance sheet has to be in shape and then we have to balance that if there is headroom available - how is that used between dividends and growth? And on that point I would say that our Nordic platform and competences in the Fortum segments gives us good possibilities for growth in clean energy and in industrial and commercial solutions going forward and that growth we then have to balance against the dividend which we know that many of our investors value highly, stable and predictable dividends. But it's balance of the industry elements also going forward and then we will look if there is a need to then work on the wording of the dividend policy but that is something we then come back to if there is a need for that.

Questioner 5 [00:30:20]: Thank you very much!

Moderator [00:30:31]: The next question comes from Pasi Väisänen from Nordea. Please, go ahead!

Questioner 6 [00:30:39]: Thanks! This is Pasi from Nordea. A couple of questions from my side! Looking at you current group structure of the Uniper exit, what could be actually the sustainable long-term operating profit for your Nordic generation segment and what are actually these core investments that are already highlighted and are you actually now changing your structure and going to offshore wind power in the Nordic area? And practically, that would actually mean to cut to a non evident payment? How can you actually be keeping up the dividend promise regardless the group structure is being changed and your obvious lacking of core story? How long we would actually expect until getting the dividend guidance? Thanks!

Markus Rauramo [00:31:32]: So, on the operating profit guidance you know that we do not give a number but you know the Nordic generations productions volumes, 45 terawatt hours plus minus and then our hit business are the consumer solutions business and city solution business. And from the head ratios that we have published and has prices plus the value of the open position I would say it's a fairly straight forward calculation that one can make to estimate the comparable operating profit level also for the near term years. Then, with regards to the growth potential we have been tapping into that growth potential that I mentioned already so we are growing in clean power, we just finished the Kalax wind project, we have 380 megawatt wind project going on in Pjelaž Böle but the battery recycling is very big in a European scale in Harjavalta and 1 billion lifetime extension investments into Loviisa. This happens to be in Finland but that just highlights the good prospects actually in the Nordics for the clean energy production. On the city solutions, I would still highlight the data centre projects the world's largest heat off take from data centres that we have with Microsoft. So these are some examples of what kind of growth

projects we have going on at the moment. Then, more specifically, then we will come back to the strategy in the due course. With regards to the point about dividends we haven't exactly made a dividend promise but rather we have given the dividend policy and that's the policies that we aim for. Stable and sustainable overtime increasing dividend. But that is then based on the companies balance sheets, earnings and the growth prospects. So it is not a commitment to fix the dividend per say but it should be evaluated annually based on what the balance sheet and earnings potentials and liquidity look like. And again, that is something we will do in the due course with our board once we get to that point of the year and the dividend proposal to the spring AGM.

Questioner 6 [00:34:27]: Yes, I hear you! So summing it up, you are not going to offshore wind power projects and you might pay 70 or 80 euro cents as a dividend going forward, so is that the conclusion?

Markus Rauramo [00:34:40]: We will come back to what are the potential growth areas in the due course so I would say that in the Nordics there is good possibilities to grow in clean power and customer solutions and on the dividend we look at the three points - balance sheet, growth prospect and the dividend. So these has to be in balance on the short and long-term basis.

Questioner 6 [00:35:12]: Yes, I fully understood! Thanks, that was all from my side!

Markus Rauramo [00:35:15]: Thank you!

Moderator [00:35:21]: If you wish to ask a question, please dial star 5 on your telephone keypad! The next question comes from James Brand from Deutsche Bank! Please, go ahead!

Questioner 7 [00:35:42]: Hi, good morning and thanks for taking my questions! I just had one really, I was just wondering if you could give an update on the latest discussions and users around wind fall tax in Finland and Sweden. I was thinking about you were talking about different countries and some from the Nordics. I want to get your update on what the discussions are! Thanks!

Markus Rauramo [00:36:08]: Thanks James, I got the wind fall part but did you say what's the latest on...? I didn't quite catch you in the beginning! Was it only wind fall or something else also?

Questioner 7 [00:36:19]: Yes, just wind fall tax!

Markus Rauramo [00:36:21]: Wind fall tax! Yes, so there is definitely like I said earlier we are facing a European wide identity crisis and now governments are struggling with the high energy prices and how to help consumers, industries, commercial energy users in the situation that they are facing so I'm not surprised to see the discussions about price caps and wind fall taxes and the discussions around that. What I could pick up from the Finnish discussion is that it's quite a balanced discussion so some of the headlines that I picked up is that on the government level the government is then looking if something has to be done to support the customers. If it's assumed that the companies are making big profits and they

would be taxed. Then the question would be how these companies then would be able to invest in growth and providing more energy, more competitive energy to the market. So I would say that it's still wide open what would happen and how it would happen. But what we know already, what the announced facts are - the government in Finland is providing VAT release release of about 300 million of direct support for low income or high energy use customers and then to help with the liquidity and margining needs the government announced a 10 billion euro package which is then available for the margining needs for the market participants. So what is happening? The government needs to respond, both reactively and hopefully then proactively to the situations.

Questioner 7 [00:38:35]: Great, thank you very much!

Moderator [00:38:42]: The next question comes from George Hay from Reuters Breaking News! Please, go ahead!

Questioner 8 [00:38:52]: Good morning and thanks for the presentation! Just basically throughout the year you had (inaudible) worth almost 15 billion euros and that kind of gone down to nothing pretty much. (inaudible) low price consolidation? I mean if you are on a more Finnish tax, how would you think about this?

Markus Rauramo [00:39:30]: That's a good question! At the year end indeed, end of last year Uniper was trading at very high levels. When we look at our investments in Uniper we invested around 7 billions into the equity. We've got about 900 billion in dividends throughout the year from ownership and now we would recover through this agreement, half a billion for the shares. So it is clear that we can not be happy of what happened, this definitely has not gone as we have planned or I had anticipated and we definitely need to be humble about that and acknowledge that things did not go the way we had thought. The context where this all happened is looking exactly back at last year, Fortum group produced its highest ever result in history and half of that came from Uniper and a big part of that came from the gas business. Russia had delivered gas every single megawatt hour that had been denominated for 50 years, both for Russia and the Soviet Union. And the mistake we made was that we thought that Russia would act rationally when it comes to their energy sales. So we did not expect, this was not something we had anticipated, that the 50 year continuous gas and air supply would be curtailed the way it was. Now we are seeing the damage cost by that, not only for Uniper and Fortum but for the whole European economy and that's why we need as Europe - governments, companies, the society together - we need to work our way through this but we are humble facing this situation. We invested 7 billion, now we have recovered somewhat more than a billion all together in dividends and as the purchase price for the shares. We are happy that we are recovering through the arrangement, we are recovering the 4 billion shareholder loan and we are recovering the 4 billion parent company guarantee that we put in place and we are happy for the cooperation with the German government who has then through KfW provided very big amounts of capital and liquidity to Uniper and is now stabilizing Uniper with an 8 billion capital injection in form of new equity into the company. But things did not go as we had thought, that's our situation!

Questioner 8 [00:42:35]: On the deconsolidation effect, could it have something to do with the mark to mark on derivatives? I mean that's currently the case and you kind of estimated from that as the result from that? Is that the right way to look at it?

Markus Rauramo [00:42:55]: The deconsolidation impact is due to that Uniper already made provisions for the anticipated losses in Q3 and Q4 and there onwards. Now when we deconsolidate we stop accumulating the losses at the end of Q2 and then we see the impacts on Q3 numbers. So we are now with this reversing the parts that has happened and was anticipated to happen at the end of Q2.

Questioner [00:43:27]: Alright! Thank you!

Markus Rauramo [00:43:30]: Thank you!

Ingela Ulfves [00:43:33]: Thank you everyone! The last questions from investors and financial international media so with this we are now concluding this session! Thank you all for participating! Have a nice rest of the day!

Markus Rauramo [00:43:54]: Thank you very much everybody! Have a good day!