Protecting European security of supply

Stabilisation package for Fortum’s subsidiary Uniper

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Fortum Corporation
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Disclaimer

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Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

Any references to the future represent the management’s current best understanding. However, the final outcome may differ from them.
Highlights

✓ Comprehensive stabilisation package agreed to provide financial relief to Uniper
✓ Interests of all parties involved being considered
✓ Measures to address Uniper’s loss-making and substantial liquidity needs
✓ Joint initiative to de-risk Uniper’s gas business and secure Uniper’s credit rating
✓ No additional capital from Fortum – or the Finnish taxpayers – required
✓ Fortum remains the majority shareholder in Uniper
✓ Uniper continues to be able to fulfil its critical role for security of supply
# How Russian gas curtailments have impacted Uniper

## Pre-crisis situation (as of 23 February 2022)\(^1\)

- **Uniper generated CompOP of EUR ~1.1 billion:**
  - Half of Fortum Group’s operating profit in 2021
- **Investment-grade credit rating:** BBB
- **Stable outlook**

## Current situation (as of June 2022)

- **Significant liquidity need**
- **Losses amounting to mid to high double-digit million euros per day**\(^2\)
- **~60-100% gas curtailments from NordStream1 since June 16**

## Additional Information

1. Uniper FY2021 results presentation
2. Largely dependent on the daily degree of curtailment and gas prices
### Support measures from the German government for Uniper

#### Main components of stabilisation package, in billion euros

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Initial equity injection</td>
<td>0.3</td>
</tr>
<tr>
<td>2</td>
<td>Committed funding against other convertible instruments</td>
<td>7.7</td>
</tr>
<tr>
<td>3</td>
<td>Kfw loan</td>
<td>9.0</td>
</tr>
</tbody>
</table>

- **The German State takes a 30% equity stake in Uniper SE by subscribing ~157 million new ordinary registered shares at a nominal value of EUR 1.70 per share against cash.**
- **The German government has committed to making available further capital of up to EUR 7.7 billion against mandatory convertible instruments, as and if needed, to address potential losses.**
- **An additional EUR 7 billion in liquidity support through the increase of the existing KFW credit facility from EUR 2 billion to EUR 9 billion.**

#### Additional components

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Cost absorption</td>
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<tr>
<td>The German government intends to introduce a cost absorption mechanism that covers 90% of the losses resulting from higher costs for gas replacement volumes caused by Russian gas curtailments from 1 October</td>
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<td>Additional financial support (if needed)</td>
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<tr>
<td>The German government stands ready to provide further support if Uniper’s accumulated net operating losses stemming from continued gas curtailments exceed the agreed total amount of EUR 7 billion</td>
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<tr>
<td>De-risking Long Term Contracts</td>
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<tr>
<td>Uniper, with the support of Fortum and the German Government, will work on a long-term stable and shareholder value-preserving solution to reform the wholesale gas contract architecture. The parties intend to agree on the solution by the end of 2023</td>
<td></td>
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Support measures from Fortum for Uniper

Debt and shareholder guarantees extended by Fortum to Uniper, in billion euros

1. Fortum extended debt
   - 4.0

2. Fortum extended shareholder guarantees
   - 4.0

Fortum’s existing shareholder loan to stay in place for the duration of the stabilisation measures

Fortum’s parent company guarantees to stay in place for the duration of stabilisation

Additional commentary

- No additional capital from Fortum or Finnish taxpayers
- Dilution from equity injection
  - Fortum’s stake in Uniper to be diluted from ~80% to 56%
  - Fortum will remain Uniper’s majority shareholder and will continue to consolidate Uniper as a subsidiary
- Ability to convert loan to hybrid instruments
  - In consideration of its liquidity support, Fortum will have the possibility to convert existing shareholder loan to a hybrid instrument (max. 70% of outstanding subscribed mandatory convertible instrument)

- The agreement foresees that the liquidity support of EUR 8 billion granted by Fortum at year end 2021 is left in the company for margin requirements
- This way, both Fortum and the German government provide liquidity support
- However, the Finnish taxpayers do not have to contribute any new money
Further conditions of the stabilisation package

Uniper dividends and management remuneration

- No dividend payments by Uniper
- Restrictions on the variable compensation of Uniper’s Board of Management

Governance

- Adequate representation of the German Government on Uniper’s Supervisory Board

Other

- Subject to applicable regulatory approvals, in particular clearance by EU Commission, and a Uniper Extraordinary General Meeting (EGM)
- Confirmation of Uniper’s investment grade rating
- Withdrawal of the lawsuit against the Netherlands under the Energy Charter Treaty (ECT)
Way forward and next steps regarding the stabilisation package

Agreement on stabilisation package
Signing of final term sheet

Coordination on State Aid
Start of coordination of German government with EU Commission

Regulatory filings
Filings for regulatory approvals (e.g. EU State Aid, merger control)

Today

Convocation of Uniper EGM
Publication of invitation

EU State Aid process (1-4 months)

Conclusion of framework agreement
Incl. completion of full documentation for hybrid capital instrument and other features

Uniper EGM Approval and publication of resolutions

Implementation
Equity elements of the stabilisation package to be implemented

Note: Timeline only indicative and subject to change.