

TVO confirms agreement on Olkiluoto 3 project completion and related disputes

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Earlier today Teollisuuden Voima Oyj (TVO) confirmed that they have signed a comprehensive settlement agreement with the plant supplier consortium companies Avera NP, Areva GmbH, and Siemens AG, as well as Areva SA concerning the completion of the Olkiluoto 3 EPR (OL3) project and related disputes. The entry into force of the agreement is subject to certain conditions that are currently expected to be met during March 2018. Fortum is participating with a 25% ownership in the building of OL3, a 1,600 MW nuclear power plant unit in Finland, through its interest in TVO.

According to the agreement, the supplier will secure adequate and competent resources and funds to secure the completion of the project. Furthermore, the International Chamber of Commerce (ICC) arbitration concerning the costs and losses caused by the delay of the OL3 project is settled by a financial compensation of EUR 450 million to be paid to TVO by the supplier consortium companies. In addition, the supplier is entitled to receive an incentive payment upon the timely completion of the project. In the event that the supplier fails to complete the project by the end of 2019 the supplier shall pay a penalty to TVO. The parties withdraw all on-going legal actions related to OL3 including the ICC arbitration. The turnkey principle of the OL3 plant contract and the joint and several liability of the supplier consortium companies Areva and Siemens will remain in full force.

Based on the current project schedule and the effect of the settlement agreement TVO estimates the total investment in OL3 to be approximately EUR 5.5 billion.

OL3 is funded through external loans, share issues and shareholder loans according to shareholder agreements between the owners and TVO. The settlement agreement does not have any immediate effect on Fortum's current shareholder loan commitments for the OL3 project.

The plant's start of regular electricity production is expected to take place in May 2019 according to the plant supplier.

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Fortum

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