

Fortum to sell its district heating business in Joensuu, Finland for approximately EUR 530 million

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Fortum has today signed an agreement to sell its district heating business in Joensuu, Finland to Savon Voima Oyj. The total consideration on a debt- and cash-free basis is approximately EUR 530 million. Fortum expects to record a tax exempt capital gain of approximately EUR 430 million in the City Solutions segment's first-quarter 2020 results. The transaction is subject to customary closing conditions and is expected to be completed in the first quarter of 2020.

In June 2019, Fortum announced it would review and consider strategic options for the Joensuu and Estonian district heating businesses. The strategic review for the Estonian district heating business is still ongoing. In line with its strategy, Fortum continuously reviews its businesses to optimise its portfolio for value creation.

"The Joensuu district heating business is centred around the highly efficient and modern combined heat and power plant. The business transformation to lower carbon intensity has largely been done and the detailed plans for further decarbonisation have been prepared. The divestment raised large interest among buyers and provided a great opportunity for us to sell the business to a reliable company with the ambition to further develop the business locally in Joensuu. In Finland, we can now focus our efforts on the decarbonisation project targeting discontinuation of the use of coal in 2025 in the district heating network in the City of Espoo," says **Per Langer**, Executive Vice President, City Solutions at Fortum.

"In line with our strategy, this is an excellent opportunity to extend our core district heating business to the Joensuu network in close vicinity to our existing networks. We value the solid fundamentals of the asset and see potential in further developing it along with the existing team, including continuing the peat-to-bio conversion of the Joensuu district heating business according to the plans laid out by Fortum," says **Arto Sutinen**, CEO of Savon Voima Oyj.

In 2018, Fortum produced approximately 550 GWh of heat and approximately 240 GWh of power in Joensuu. The operations currently employ three Fortum employees, who will transfer with the business as old employees. The operation and maintenance services are sourced from an external partner.

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Fortum

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 some 8,000 professionals in the Nordic and Baltic countries, Russia, Poland and India. In 2018, our sales were EUR 5.2 billion and 57% of our electricity generation was CO2 free. Fortum's share is listed on Nasdaq Helsinki. www.fortum.com