Fortum to sell its district heating business in Järvenpää, Finland for approximately EUR 375 million

FORTUM CORPORATION INVESTOR NEWS 3 JULY 2020 AT 9:00 EEST

Release category: Investor news

Fortum has signed an agreement to sell its district heating business in the Järvenpää-Tuusula area in Finland to a consortium consisting of Vantaa Energy Ltd, Infranode, and Keva. The total consideration on a debt- and cash-free basis is approximately EUR 375 million. Fortum expects to record a tax exempt capital gain of approximately EUR 290 million in the City Solutions segment’s third-quarter 2020 results. The transaction is subject to customary closing conditions and is expected to be completed in the third quarter of 2020.

The divestment of our district heating business in the Järvenpää-Tuusula area follows the successful divestment of the Joensuu district heating business in line with our portfolio optimisation. We are pleased that the buyer is a consortium with strong local presence with high ambitions to further develop the business in this area. In our heating business in Finland, we will continue 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.

“We’re pleased that Fortum chose our consortium as the new owner of the district heating business in Järvenpää-Tuusula area. Vantaa Energy has a strong expertise in producing district heating services in a sustainable way. The share of renewable and carbon neutral energy forms in production has been increased consistently, and the company will continue in the same direction. Keva and Infranode both have strong experience in implementing similar investments and expertise in the field of energy infrastructure in the Nordics,” says Jukka Toivonen, CEO of Vantaa Energy.

“We are excited about the opportunity to invest together with Vantaa Energy and Infranode in this important Finnish core infrastructure in a developing and growing region. Keva is a long-term investor and this type of infrastructure investment fits excellently in our investment portfolio. The investment offers a stable, predictable, and long-term cash flow. The company uses considerable amounts of renewable energy, which naturally suits Keva well as a responsible investor,” says Ari Huotari, CIO at Keva.

“With this important investment we continue in our effort to be a preferred infrastructure investment partner to Finnish municipalities. We are very happy for doing this investment in partnership with Vantaa Energy as co-owner and operating partner offering attractive synergies,” adds Carl-Emil Lindholm, Director at Infranode.

In 2019, Fortum produced approximately 330 GWh of heat and approximately 90 GWh of power in Järvenpää. 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.

Fortum Corporation

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Fortum

Fortum is a European energy company with activities in more than 40 countries. We provide our customers with electricity, gas, 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. Together with our subsidiary Uniper, we are the third largest producer of CO2-free electricity in Europe. With approximately 19,000 professionals and a combined balance sheet of approximately EUR 69 billion, we have the scale, competence and resources to grow and to drive the energy transition forward. Fortum’s share is listed on Nasdaq Helsinki and Uniper’s share on the Frankfurt Stock Exchange. www.fortum.com

Vantaa Energy Ltd

Vantaa Energy is one of Finland's largest city energy companies. We produce district heat and electricity and sell heating services. The energy sector has a significant role to play in combating climate change. We want to be part of the solution. We will stop using coal in our energy production in 2022. We are a growing circular economy energy company that invests in finding carbon-neutral energy solutions.
Infranode

Infranode is a long-term infrastructure investor with a specific focus on the Nordic countries. Infranode covers the main infrastructure sectors of energy & utilities, renewables, digital infrastructure, transportation, and social infrastructure. Infranode has offices in Helsinki, Stockholm and Oslo and a team of 15 infrastructure investment professionals with extensive local and international experience. Infranode currently has c. EUR 1 billion of capital under management from some of the most renowned Nordic institutional investors. Our investors include e.g. Keva, LocalTapiola, European Investment Bank, the Swedish Municipalities Pension fund KPA Pension and AP4, the Swedish State Pension fund.

Keva

Keva is Finland’s largest pension provider and it administers the pensions of local government, State, Evangelical Lutheran Church and Kela employees. Our 530-strong staff serve a total of 1.3 million public sector employees and pensioners as well as some 2,000 employer customers, i.e. local government organisations, State employers and parish unions. We are responsible for funding the pensions of local government employees and for investing their pension funds. The market value of Keva’s investments at the end of 2019 was EUR 56 billion.