



Fortum to sell its 50% ownership in Stockholm Exergi to an investor consortium led by APG for approximately EUR 2.9 billion

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Fortum has today signed an agreement to sell its 50% ownership in the Swedish district heating and cooling company – Stockholm Exergi Holding AB (publ) – to a group of long-term European institutional investors with a strong commitment to the infrastructure sector. The consortium comprises APG, Alecta, PGGM, Keva and AXA. The total consideration is approximately SEK 29.5 billion (approximately EUR 2.9 billion based on current currency rate) based on a 100% enterprise value of SEK 71.9 billion (approximately EUR 7.1 billion based on current currency rate). Fortum expects to record a tax-exempt capital gain of approximately EUR 2.4 billion in the City Solutions segment's results in connection with closing of the transaction. The transaction is subject to customary closing conditions. Fortum expects closing to take place before the end of 2021.

A key part of Fortum's strategy execution is to continuously review, optimise, and rotate businesses for value creation and to enable new growth. In particular, Fortum has a good track-record in transforming and decarbonising assets and businesses. Accordingly, in July 2020, Fortum announced it would begin the strategic evaluation of its 50% ownership in Stockholm Exergi. In 2020, Fortum divested the district heating businesses in Joensuu and Järvenpää, in Finland, and in March 2021, Fortum announced it had agreed to sell its district heating businesses in the Baltics. The strategic reviews of the heating and cooling businesses in Poland and the Consumer Solutions business are currently ongoing.

"We are very pleased to have found an excellent new owner for our 50% shareholding. Stockholm Exergi is a well-run and well-invested company, where the transition to low-carbon intensity has largely been done. This transaction now concludes our two-decade era of good collaboration with the City of Stockholm and I am proud of our contribution to the transformation of Stockholm Exergi. Now is the right time for a new owner to take over and continue to develop the company further in close cooperation with the city," says **Markus Rauramo**, President and CEO of Fortum.

In 2020, Stockholm Exergi's heating and cooling sales were 7.6 TWh and power sales 0.7 TWh. The EBITDA was SEK 2.8 billion. For Fortum, Stockholm Exergi is a joint venture and is accounted for using the equity method. In 2020, Fortum recorded EUR 46 million in 'share of profits from associates and joint ventures' from Stockholm Exergi, consequently there was no impact on Fortum's EBITDA.

"The investment in Stockholm Exergi represents a significant milestone of APG's overall commitment to significantly reduce CO2 emissions worldwide. Stockholm Exergi has a fantastic track record of growth, leadership in ESG and delivering and developing customer centric solutions (like Carbon Capture and Storage), all of which are driving the long-term sustainable energy transition of Stockholm and the region. We intend to grow the Company by investing significant capital, targeting to enhance the environmental sustainability and

efficiency of its heating plants and district heating networks. Alongside our partners, we are looking forward to working with Management to support them in their ambitious vision, and with the City of Stockholm to develop our future long term partnership”, says **Carlo Maddalena**, Senior Portfolio Manager at APG,

“We believe Stockholm Exergi is an excellent business that exhibits all the financial and ESG characteristics we look for when investing in the infrastructure asset class. The experienced management team of Stockholm Exergi has made remarkable ESG accomplishments during the last couple of years and we are keen to support the Exergi in pursuing its ambitious goal of becoming climate-positive by 2025 and generating negative emissions”, **Johanna Strömsten Friberg**, Portfolio Manager at Alecta continues.

“For the world to meet the climate change, both renewable energy and negative emissions are needed. Our goal is a climate-positive business in 2025 and to succeed in this, strong, committed and long-term owners are required who share our view of sustainability - properties such as the City of Stockholm, Fortum and the investor consortium led by APG all share. We want to thank Fortum for their important contribution as co-owners and look forward to the next chapter in our journey towards creating the world's first climate-positive capital, together with partners, customers and owners”, says **Anders Egelrud**, CEO of Stockholm Exergi.

Stockholm Exergi is the owner and operator of the largest and most versatile district heating and cooling system in the Nordics. 24 hours a day, all year round, the company provides highly environmentally sustainable district heating, cooling and waste management services for both corporate and residential customers across seven municipalities in the Stockholm County. And critical electricity capacity to the Stockholm electricity grid.

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Fortum

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