



Transaction update

Fortum and Uniper – stronger together

- Creating a leader in the European energy transition

October 2019

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Accelerating strategic realisation from Uniper investment

- Fortum has entered into a transaction agreement with Elliott and Knight Vinke to acquire at least an additional 20.5% in Uniper for approximately EUR 2.3 billion, corresponding to EUR 29.93 per share, taking its ownership to at least 70.5% post closing
- Closing of transaction is subject to regulatory clearance in Russia and the US
- Fortum intends to be represented on Uniper's Supervisory Board commensurate with its ownership without delay
- Fortum offers comprehensive commitments to Uniper's employees and rules out a domination and/or profit and loss transfer agreement or squeeze-out for at least two years
- Transaction financed with existing cash and credit facilities underwritten by Barclays Bank PLC, with Fortum committed to maintaining an investment grade rating post transaction

Creating a leader in the European energy transition

- Transaction delivers on Fortum's vision and strategy, investing in a diversified European power generation with attractive hydro, nuclear and gas assets and a platform for growth
- Fortum and Uniper have the strategic mix of businesses and expertise required to successfully drive Europe's transition from conventional to cleaner and more secure energy
- As a responsible and committed parent company, Fortum looks forward to working with Uniper's management team and employees on the creation and implementation of a joint vision
- Fortum is committed to protecting the core interests of Uniper's employees and to providing attractive prospects

Transaction highlights

Agreement

- Fortum has entered into agreements with Elliott and Knight Vinke to acquire in excess of 20.5% in Uniper for approximately EUR 2.3 billion, corresponding to EUR 29.93 per share, increasing Fortum's share in Uniper to more than 70.5% and the total investment in Uniper to approximately EUR 6.2 billion (average price paid EUR 23.97 per share)
- Fortum rules out a domination and/or profit and loss transfer agreement (DPLTA) or squeeze-out for a period of at least two years
- Fortum intends to be represented on Uniper's Supervisory Board commensurate with its ownership without delay
- Fortum offers commitments to Uniper's employees and seeks continued dialogue with employee representatives

Regulatory approvals

- Closing of the transaction, subject to customary regulatory clearances in Russia and the United States, is expected by the end of the first quarter of 2020. Fortum is in discussions with the Russian state authorities and has made a preparatory filing to the Russian Federal Antimonopoly Service
- No further European Commission clearance is required; in 2018, Fortum already received unconditional merger clearance from the Commission

Financials

- Fortum will fully consolidate Uniper as a subsidiary in its financial statements from closing of the transaction
- The transaction will be financed with existing cash resources and committed credit facilities underwritten by Barclays Bank PLC
- Fortum is committed to maintaining an investment grade rating post transaction and to strengthening its financial profile longer term, which will provide appropriate financial stability and support to the enlarged group

Illustrative combined key financials

Financial information in the table below is derived and based on Fortum's Half-year Financial Report January-June 2019 and Financials 2018 and Uniper's Half-year Interim Report 2019 and Annual Report 2018

EUR million	Fortum LTM Q2 2019	Uniper LTM Q2 2019	Impact from transaction ⁽⁴⁾	Combined LTM Q2 2019
Sales	5,404	78,928		84,332
Comparable EBITDA ⁽¹⁾	1,621	1,260		2,881
Capex ⁽²⁾	715	638		1,353
Interest-bearing liabilities, 30 June 2019 ⁽³⁾	6,719	1,570	2,253	10,542
Liquid funds, 30 June 2019 ⁽³⁾	1,297	717		2,014
Net interest-bearing liabilities, 30 June 2019 ⁽³⁾	5,422	853	2,253	8,528
Number of employees, 30 June 2019	8,383	11,962		20,345

Combined key financials are presented for illustrative purposes only and they do not include possible impacts from aligning differences in accounting principles, effects from co-owned power companies or eliminations of sales, purchases, receivables and payables between the Groups.

(1) Comparable EBITDA is based on the Fortum's Comparable EBITDA and Uniper's Adjusted EBITDA as defined in Fortum's and Uniper's financial statements. No impacts from the assumed transaction has been included.

(2) Capex is based on Fortum's reported Capex and Uniper's reported Investments.

(3) Fortum's interest-bearing liabilities and liquid funds as defined in Fortum's financial statements. Uniper's Interest-bearing liabilities includes 'Financial liabilities and liabilities from leases' as defined in Uniper's financial statements (but excludes 'Margining liabilities' amounting to EUR 1,002 million). Liquid funds as defined in Uniper's financial statements. Please see further information regarding Fortum's Net debt and Uniper's Net financial position and Economic net debt in their respective financial statements.

(4) 'Impact from transaction' is based on the acquisition of approximately 20.5% of Uniper's outstanding share capital at a price of EUR 29.93 per share.

Fortum is committed to protect the interests of Uniper and its employees

Priorities

A dedicated workforce is the foundation for the current and future success of Uniper and Fortum

Fortum is committed to **protecting the interests of the employees** and fully acknowledges the integrity of existing employee rights

Fortum has a **good track record in continuous employee dialogue**, and continuous improvement of safety, well-being and working conditions of its employees

Our commitments



General Principle: Partnership Approach – Joint Committee to create and implement vision



No DPLTA or squeeze out for a period of 2 years



No changes to **existing shop and collective bargaining agreements⁽²⁾** or similar agreements



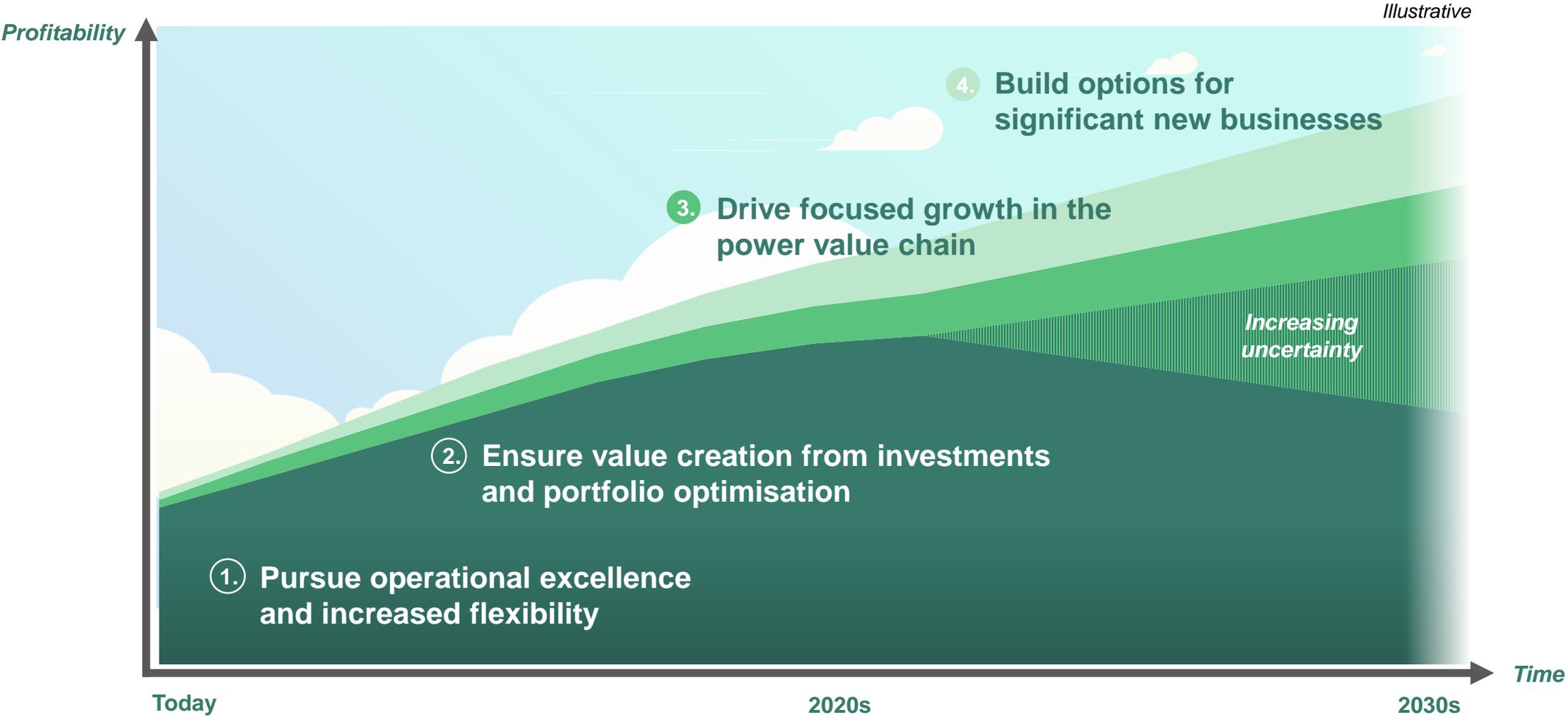
No changes to employers' **collective bargaining** jurisdiction or the existing level of **co-determination**

Fortum will not cause Uniper to implement⁽¹⁾ ...

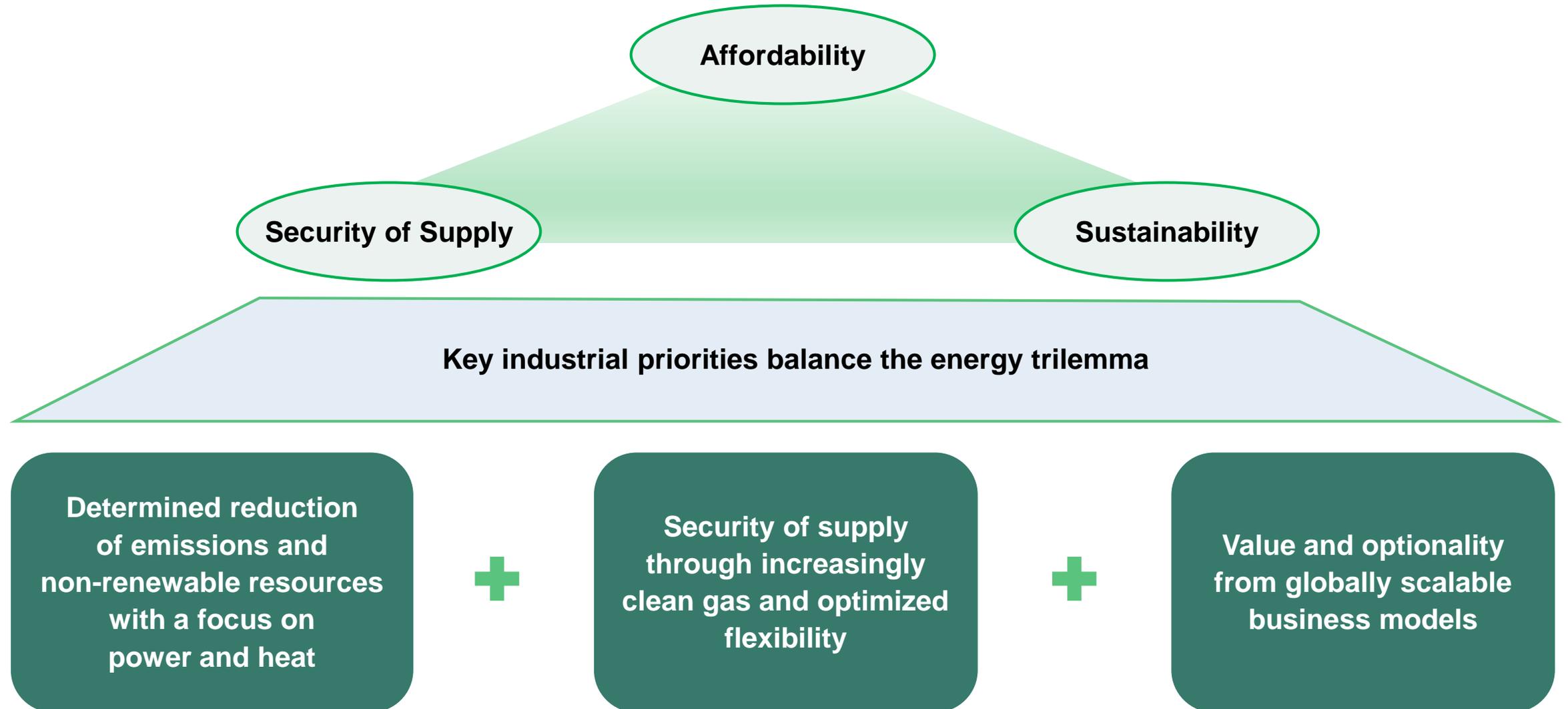
... compulsory redundancies

... change to corporate seat

Fortum's strategy is based on the long-term vision: 'For a cleaner world'



Fortum's core beliefs and key industrial priorities



Fortum and Uniper together create a European energy transition leader

Energy sector is undergoing a transition, markets are growing and competitors are consolidating



1 Diversified portfolio in **hydro**, **nuclear** and **gas**-fired generation, and also in **coal**

2 Strong asset base along the **entire gas value chain**

3 Strong **trading competences**

4 Track record and growth pipeline in **wind and solar**

5 Nordic leader in **district heating**, **recycling and waste solutions**, and **electricity retail solutions**

6 Strong experience and attractive growth opportunities in **industrial customer solutions**

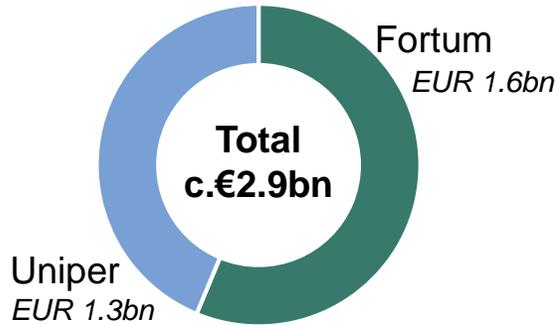
7 Respected partner in developing **policies and regulation** on national and EU level

8 Scale and expertise to drive **R&D in important areas for transition**, such as hydrogen, batteries, e-mobility, bio-based products

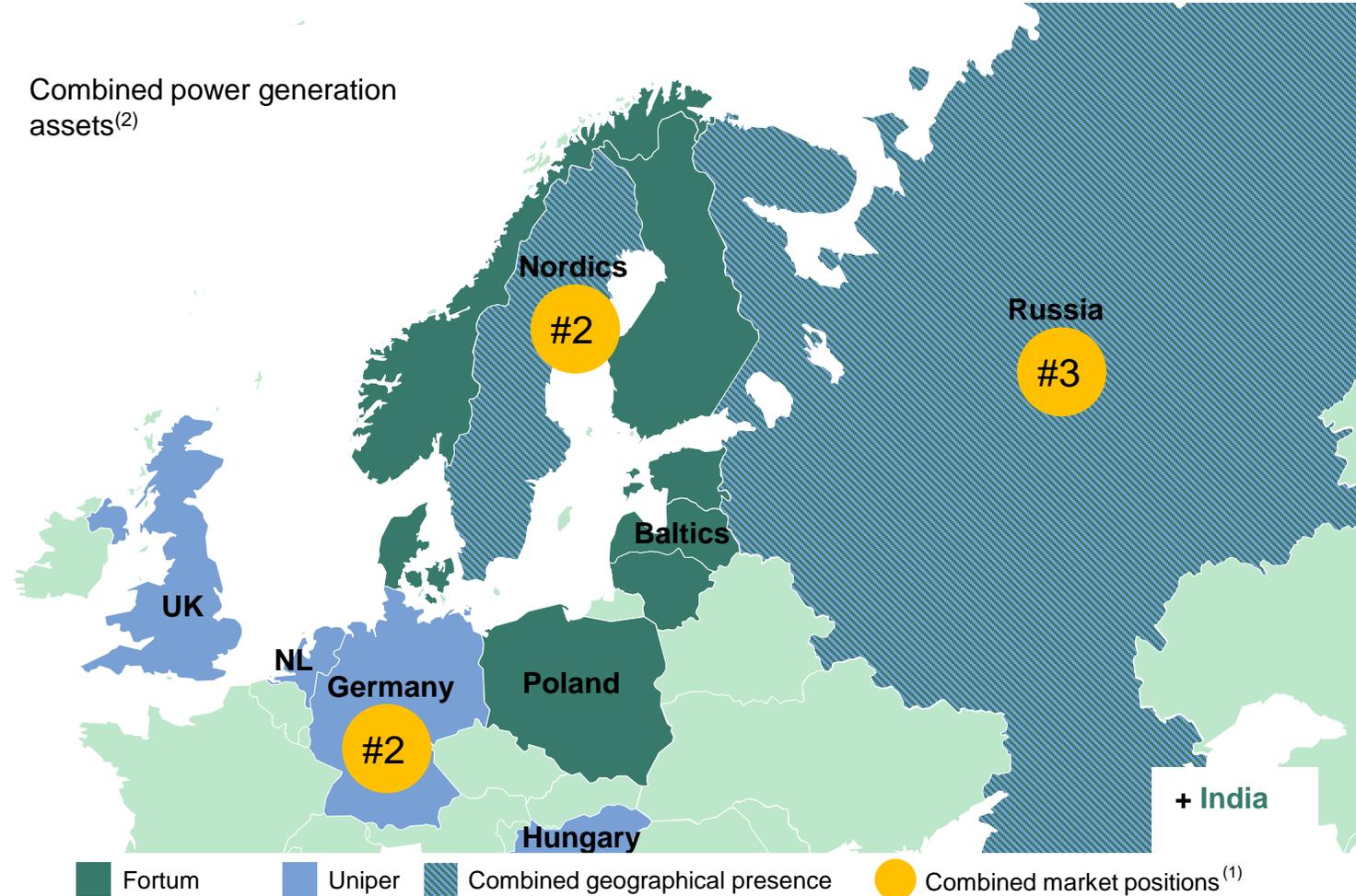
Scale, competences and resources to prosper, grow and lead energy transition to a clean and secure energy future

Scale, competences and resources to prosper, grow and lead European energy transition

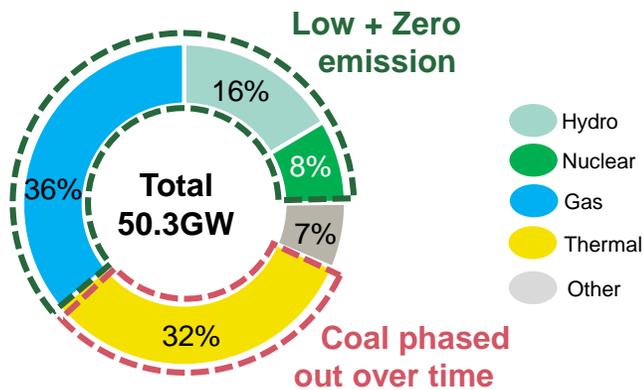
Q2 2019 LTM combined Comparable EBITDA⁽¹⁾



Combined power generation assets⁽²⁾



Combined capacity split⁽³⁾



(1) Comparable EBITDA is based on the Fortum's Comparable EBITDA and Uniper's Adjusted EBITDA as defined in Fortum's and Uniper's financial statements. No impacts from the assumed transaction has been included.

(2) Market positions for Central-Europe/Europe and Nordics are based on total installed capacity; the market position in Russia is based on thermal capacity.

(3) Based on 31 Dec. 2018 capacity.

Portfolio well positioned for energy transition - overall combined share of coal based activities is moderate

Coal share from generation and from sales
(calculated from disclosed numbers assumptions below)

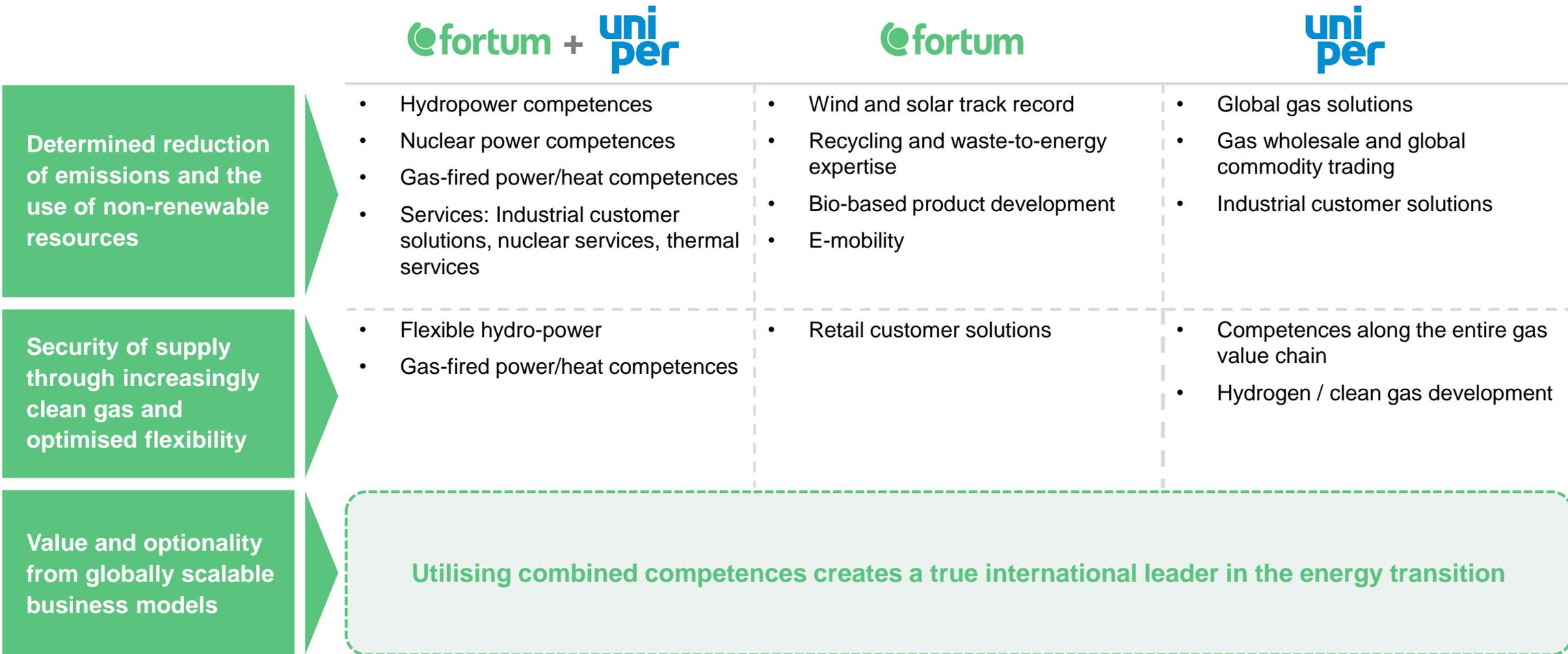
	Fortum 2018	Uniper 2018	Combined
Sales, MEUR	5,242	78,176	83,418 ⁽¹⁾
Coal and lignite generation based sales, MEUR	242	1,590	1,832 ⁽¹⁾
Share of coal based sales, (%)	5	2	2
Generation (power and heat), TWh	104	114	218
Coal and lignite based, TWh	7	32	39
Share of coal based generation, (%)	7	28	18

Note: For Fortum avg. coal based power sales price assumption 35 €/MWh and for heat 35 €/MWh, for Uniper avg. coal based sales price assumption 50 €/MWh. Fortum data includes also heat production, Uniper data only power generation.

1. Combined sales is presented for illustrative purposes only and do not include possible impacts from aligning differences in accounting principles, effects from co-owned power companies or eliminations of sales between the Groups.

Source: Fortum Sustainability report 2018, page 22 and Fortum Financial statements and operating and financial review 2018, page 2.
Uniper Sustainability Report 2018, page 62.

Combination supports sustainability, affordability and security of supply



Strong rationale for combination with attractive Uniper portfolio

Uniper operating segments

European Generation

~39% of Adj. EBIT 2018



- A leading European generator with ~24GW of capacity (mainly dispatchable)
- Diversified across technologies and geographies, including significant hydro (3.6GW) and nuclear (1.9GW) capacities
- Strong capabilities in construction, operations and maintenance

Global Commodities

~32% of Adj. EBIT 2018



- A leading physical energy trader with a global footprint, including a portfolio of long term gas contracts (400TWh)
- Significant revenues driven by optimization and trading activities
- Large gas midstream business, including storage and pipeline interests
- Participation in Nord Stream 2 gas pipeline

International Power

~28% of Adj. EBIT 2018



- Unipro is the number 3 privately-owned Russian generation company
- 11.1 GW of generation assets / 47 TWh of electricity generated
- Some of the most efficient heat generating plants in Russia

Extensive value creation opportunities through combined efforts

Significantly larger combination providing scale, competences and resources to prosper, grow and lead energy transition to a clean and secure energy future

Operational excellence and cost savings

- Fuel sourcing
- Procurement and real estate
- Best practice sharing and benchmarking in operations and maintenance

Growth and new business creation

- Scale and cash flow generation enables significant growth investments
- Stronger presence in wider range of markets
- Industrial customer solutions and B2B services
- Storage and flexibility solutions
- Stronger voice on national and European level
- Waste to energy and recycling solutions
- Wind and solar growth
- Hydrogen, clean gas development
- eMobility



”Stronger Together”

Appendix

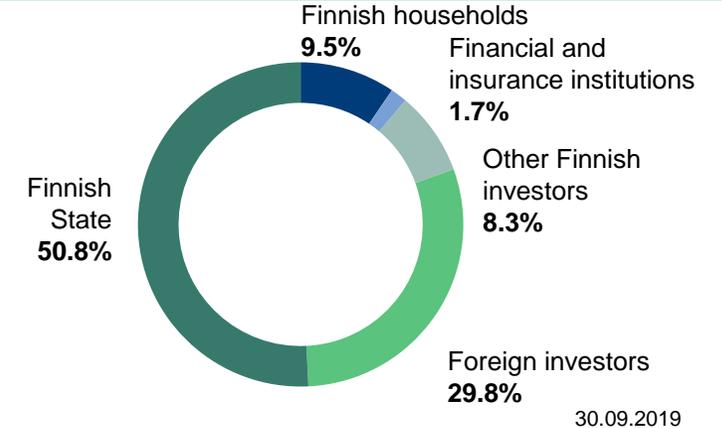
Fortum at a glance

Description of Fortum

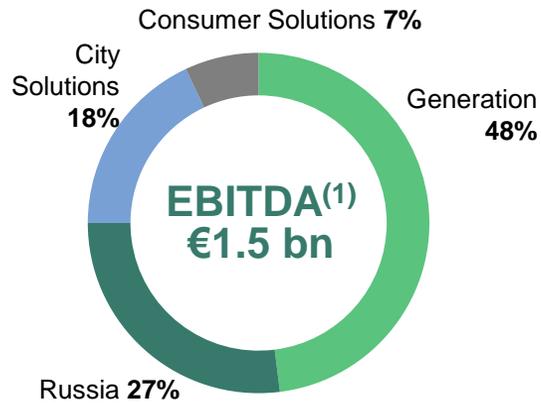
- A leading clean-energy company across the Nordic region, the Baltic countries, Poland, and Russia
- A circular economy champion, providing solutions for sustainable cities, including waste, recycling, and biomass
- Rated BBB (CreditWatch Negative) by S&P and BBB (Rating Watch Negative) by Fitch

Key shareholders

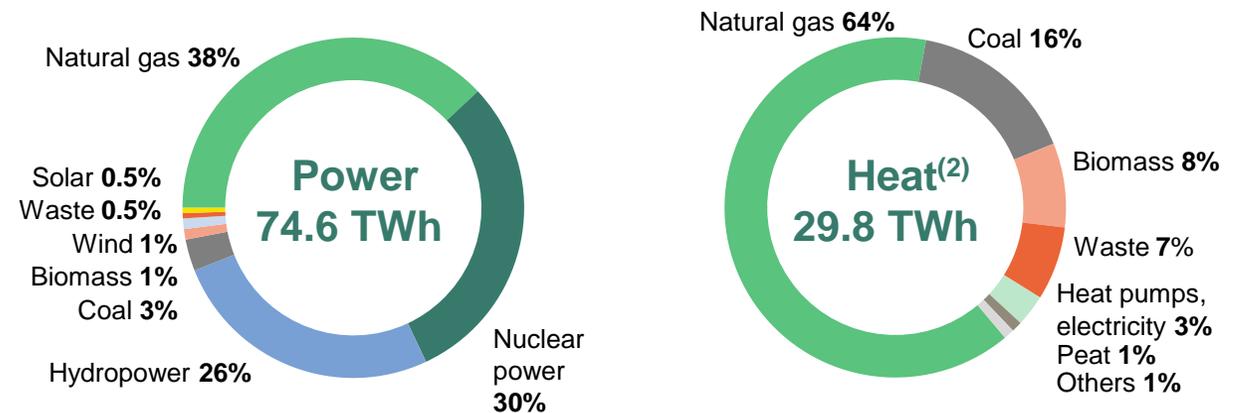
- Listed on the Helsinki Stock Exchange since 1998
- Market capitalisation of ~EUR 19 bn
- Finnish State is a majority owner



Operations by business segment



Production by source



Note: All data as of FYE 2018 unless otherwise stated.

(1) Comparable EBITDA defined as operating profit plus depreciation and amortisation less items affecting comparability.

(2) In addition, Fortum owns 50% of Stockholm Exergi AB with annual power generation 1.7 TWh/a and heat production of 8 TWh/a. Fortum also owns ~30% in TGC 1 with annual power generation 29.3 TWh/a and heat production of 29.8 TWh/a.

Fortum's geographical footprint

Nordic countries



- #3 Power generation
43.5 TWh
- #4 Heat sales
5.9 TWh
- #1 Electricity customers
2.4 million

Russia



- PAO Fortum
- #10 Power generation
29.5 TWh
- #8 Heat sales
20.7 TWh

Key figures 2018

Sales	€5.2 bn
Comparable EBITDA	€1.5 bn
Total assets	€22 bn
Personnel	8,300

Poland



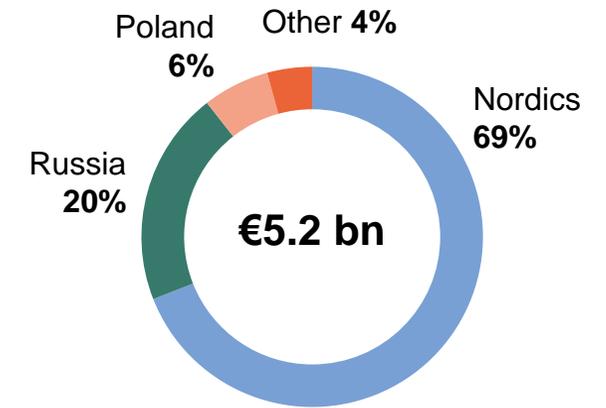
- Power generation
0.6 TWh
- Heat sales
3.5 TWh

Baltic countries



- Power generation
0.7 TWh
- Heat sales
1.4 TWh

Sales by market area 2018



x = Fortum market share ranking

Note: Ranking based on year 2017 pro forma figures.
Sources: Fortum, company data, shares of the largest actors.

Coal to be phased out in Germany by 2038 at the latest

- Government legislative proposal on coal phase out rules expected in autumn 2019
- Roadmap for capacity closures agreed by capping maximum allowed coal capacity on the market:
 - In 2017 there was appr. 42.5 GW coal capacity in Germany
 - After 2022 there can be max 30 GW, and after 2030 17 GW
 - Latest 2038 all coal capacity must be closed
- Affected companies and regions will be compensated:
 - Coal regions will receive specific compensation to mitigate the effects of structural change
 - Compensation for hard coal operators expected to be based on auctions
 - Lignite operators negotiate compensations directly with the government

“We welcome the Coal Commission’s proposal and hope that the government will swiftly address the details necessary for the implementation.

The proposal highlights the importance of gas during the transition towards a fully decarbonised energy system and underlines the need for every utility to have a solid decarbonisation strategy.”

- Fortum