

Fortum initiates an efficiency programme to manage uncertainty, improve profitability and secure cash flows – updates guidance for capital expenditure 2023-2025

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Fortum's operating environment and the general economic sentiment have further weakened after the summer. Uncertainty has increased, visibility has reduced and industrial investments are postponed while inflation and interest rates continue to be high. In order to improve its profitability and ensure its competitiveness over time, Fortum initiates an efficiency improvement programme to cut fixed costs and secure cash flows.

Fixed cost reduction of EUR 100 million

Fortum targets to reduce its annual fixed costs by EUR 100 million gradually until the end of 2025. The reduction of EUR 100 million corresponds to some 10% of the Group's fixed costs for the year 2022. The efficiency programme includes strategic prioritisation and assessment of allocated resources as well as turnaround actions for underperforming businesses. To reach the target, it is expected that actions will also include personnel reductions.

Update on capital expenditure for 2023-2025

As part of the action plan, Fortum updates its outlook for capital expenditure. In 2023, capital expenditure is expected to be approximately EUR 650 million (previously EUR 700 million) and in 2024 EUR 550 million (new). Annual maintenance capital expenditure for both years is expected to be approximately EUR 300 million (unchanged). Growth capital expenditure (excluding acquisitions) continues to be selective and disciplined and is estimated to be up to EUR 1 billion for the years 2023-2025 (previously up to EUR 1.5 billion).

Planning of more detailed execution of the programme starts now and Fortum will provide more details in due course.

In March 2023, in conjunction with the launch of Fortum's new strategy, it was communicated that the strategy will be implemented in phases. Fortum's focus for the next years continues to be on its best-in-class operations, efficiency and risk management as well as earnings and cash flow to ensure solid performance. This requires balance between the balance sheet, capital expenditure and dividends.

"The current operating environment is challenging and we need to manage in the prevailing uncertainty and secure our long-term competitiveness. Compared to a year ago, Fortum is a different, much smaller company. Therefore, we need to prioritise and adjust to fit to our new structure. Our focus is now on efficiency through cost cutting and restructuring of underperforming businesses to ensure that we are in good shape and have the required preparedness to respond to demand when it picks up again," says **Markus Rauramo**,

President and CEO of Fortum.

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Fortum

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