



Inside information: Fortum to sell its recycling and waste business to Summa Equity for approximately EUR 800 million

FORTUM CORPORATION INSIDE INFORMATION 18 JULY 2024 AT 9:00 EEST

Fortum has today signed an agreement to sell its recycling and waste business to the thematic impact investment firm, Summa Equity through its portfolio company NG Group. The total consideration on a debt- and cash-free basis is approximately EUR 800 million. Based on the balance sheet available at signing, Fortum would record a tax-exempt capital gain of approximately EUR 110 million, however, the final capital gain will depend on the balance sheet value at closing. The gain will be reported as Items Affecting Comparability in the Other Operations segment's results once the transaction is closed. The transaction is subject to customary closing conditions and is expected to be completed in the fourth quarter of 2024.

The divestment of the recycling and waste business is part of Fortum's strategic review of its Circular Solutions businesses. The strategic review was initiated in August 2023. Fortum's strategic focus is on delivering clean energy and driving decarbonisation of industries in the Nordics. Fortum's core operations are located in the Nordics and consist of CO₂-free power generation, electricity sales, and district heating and cooling. The Circular Solutions businesses are not in the core of the strategy.

The recycling and waste business to be sold comprises municipal and industrial waste management and end-to-end plastics, metals, ash, slag and hazardous waste treatment and recycling services. These businesses are located in Finland, Sweden, Denmark and Norway and currently employ approximately 900 employees.

"We are very pleased to have found a very suitable new owner that is well positioned to further enhance and drive future growth opportunities for the recycling and waste business. Next to the clean energy transition, material scarcity is one of the biggest societal challenges we need to solve. Now is the right time for the new owner to take over," says **Markus Rauramo**, President and CEO of Fortum.

Founded in 2016, Summa Equity is an impact investor focusing on three thematic areas: Resource Efficiency, Changing Demographics, and Tech-Enabled Transformation. The purpose of Summa is to invest in solving global challenges. Summa has approximately EUR 5 billion in assets under management and has made over 30 platform investments across three funds raised to date.

Materials account for 22% of the European CO₂ emissions. By combining Summa Equity's NG Group with Fortum recycling and waste business, we are creating a EU Taxonomy aligned Nordic Circularity champion, enabling the EU 2050 Climate Neutrality and EU 2050 Zero Pollution goals," says **Reynir Indahl**, Founder and Managing Partner of Summa.

"This unique platform will provide our customers with innovative and end-to-end solutions across the full value chain. We believe the complementarity and culture fit between NG Group and Fortum's recycling and waste business teams are strong and are key at the time of

embarking on this sustainable growth journey together,” says **Bertrand Camus**, Chairman of the Board, NG Group and Partner at Summa.

“This divestment provides us with the opportunity to put enhanced focus on our core operations in clean power generation to drive electrification and build preparedness for future growth. Following this divestment, we continue with our priorities for capital allocation; to balance between balance sheet strength, investments and shareholder returns based on our dividend policy,” Rauramo continues.

Recycling and Waste business (divested part of Circular Solutions)

The recycling and waste solutions’ assets subject to this divestment will be classified as Assets held for sale in the third quarter of 2024.

Key financials*, EUR million	LTM Q1 2024
Sales	400
Comparable EBITDA	64
Comparable Operating Profit	3
Capital Expenditure	60
Comparable Net Assets	626
Employees	~900

*Impact of the sold business to Fortum Group

Remaining businesses of Circular Solutions

After the divestment, Fortum continues the strategic review of its remaining Circular Solutions’ businesses: the turbine and generator services, battery recycling business, as well as ownerships in biobased solutions businesses and a UK-based waste-to-energy business. The net assets of these remaining businesses totals EUR 90 million and they have approximately 400 employees. For the last twelve months (including Q1 2024), the comparable EBITDA was EUR -29 million.

Revised capital expenditure following the transaction

The transaction will lower Fortum’s guidance for capital expenditure. From 2025 onwards, the group’s annual maintenance capital expenditure is expected to be EUR 250 million (previously: 300 million). Due to the lower annual maintenance capital expenditure, Fortum’s capital expenditure (excluding acquisitions) for 2024–2026 is expected to be up to EUR 1.6 billion (previously: up to EUR 1.7 billion).

Fortum Corporation

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Fortum

Fortum is a Nordic energy company. Our purpose is to power a world where people, businesses and nature thrive together. We are one of the cleanest energy producers in Europe and our actions are guided by our ambitious environmental targets. We generate and deliver clean energy reliably and help industries to decarbonise their processes and grow. Our core operations in the Nordics comprise of efficient, CO₂-free power generation as well as reliable supply of electricity and district heat to private and business customers. For our ~5 000 employees, we commit to be a safe, and inspiring workplace. Fortum's share is listed on Nasdaq Helsinki. fortum.com