



GRANINGE

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Press release

Graninge can obtain majority in Kainuun Sähkö but wants City of Kajana's support

Graninge extends offer to the shareholders in Kainuun Sähkö

In early May Graninge reached an agreement with the Finnish municipalities of Kajana, Kuhmo, Sotkamo, Suomussalmi and Vaala to purchase their shares in Kainuun Sähkö Oyj for a combined price of FIM 370 million.

The agreement, which is conditional on the approval of each municipality, is based on an offer that was directed to the municipalities in April.

Kuhmo, Sotkamo, Suomussalmi and Vaala, representing around 37% of the shares in the company, want to complete the offer.

According to the terms of the agreement, the City of Kajana was to transfer its holding in the district heating company Kajaanin Lämpö and the production company Kainuun Voima to Kainuun Sähkö.

In a vote by the Kajana city council, however, a number of alternative were put before the members that were not part of the original agreement. With so many alternatives on the table it was not possible to obtain a political majority for a sale of the operations in the original agreement.

Against this background, Graninge has decided to extend the offer until the end of August.

Graninge's Managing Director and CEO, Lars Enslöf, comments:

"We understand that the smaller municipalities are eager to sell their shares now that they have decided to do so.

“At the same time, it is essential that Kainuun Sähkö is allowed to buy Kajana’s shares in Kajaanin Lämpö and Kainuun Voima.

“In order to give the smaller municipalities a chance to sell their shares, we are extending the offer in the hope that we can find a solution for Kajana’s shares in the three companies Kainuun Sähkö, Kajaanin Lämpö and Kainuun Voima.”

Kainuun Sähkö Oyj has its registered office in Kajana, east of Uleå. Of the five municipalities, the largest shareholders are the City of Kajana with 38% and Kuhmo with 17%. Since 1997, Grange owns 25.6% of Kainuun Sähkö Oyj, with more than 50,000 electricity and network customers. Kainuun Sähkö had an annual turnover of MFIM 267 in 2000. Electricity sales amounted to 1,027 GWh, transmission on the company’s own networks to 740 GWh and district heating deliveries to 258 GWh. Electricity production in the company’s own and leased power plants totalled 230 GWh.

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