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MANAGEMENT DISCUSSION SECTION

Ingela Ulfves

Vice President-Investor Relations and Financial Communications, Fortum Oyj

Good morning, everyone, and greetings from a cold Helsinki. A warm welcome to Fortum's Joint Webcast and News Conference for the investor community and media on our full year financial statements 2025.

My name is Ingela Ulfves and I'm heading the Investor Relations at Fortum. As always, this event is being recorded and there will be a replay for you later today to be found on our website. With me here in the studio are again our CEO, Markus Rauramo; and our CFO, Tiina Tuomela. Markus and Tiina will present the group's financial and operational performance during the fourth quarter and full year 2025.

Now, let's go to our presentations, after which we will take your questions in the Q&A session. So, I hand over to Markus to start.

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

Thank you very much, Ingela.

A warm welcome to our full year 2025 results call, also from my side. I will start by going through the key elements of our highlights and our financial performance, then say a couple of words about the hydrological situation and our strategic KPIs. After that, Tiina will provide more details on the financials and how the operational performance turned into our results.

Let me now start with the highlights. Starting with the outright sales price, in the fourth quarter and full year, the achieved power price was slightly below last year's level, €51.4 per megawatt-hour, compared to €52.5 per megawatt-hour for the full year. Our realized market price, i.e. the blended price for Fortum's price areas, was almost at the same level as last year, €38.5 per megawatt-hour in 2025, compared to €38.4 per megawatt-hour in 2024.

One of the clear highlights during last year was the optimization premium. In line with our guidance in the autumn, the realized premium in 2025 was €9.7 per megawatt-hour. Last year was abnormal regarding generation volumes, especially the prolonged unplanned outages at the Oskarshamn nuclear power plant negatively affected volumes. Overall, hydro and nuclear volumes were 3.9 terawatt-hours lower than in 2024 and approximately 6 terawatt-hours below the level of normal volumes.

Our efficiency improvement program came to an end at the end of 2025. We reduced our annual fixed costs by €100 million, excluding inflation. The full run rate will be effective from the beginning of 2026, and we expect our fixed cost to amount to approximately €870 million this year.

In 2025, we acquired two renewables development project portfolios in Finland from Enersense and ABO Energy. Fortum's pipeline of onshore wind and solar projects in the permitting phase is now approximately 8 gigawatts, with more projects in the early development phase. Our Consumer Solutions also made one acquisition when we bought Orange Energia in Poland. This doubled our Polish Consumer Solutions customer base.

When it comes to decarbonization of our own fleet, we are making progress through the decarbonization projects in Poland, both in Czeszochowa and Zabrze. This is in line with our target to exit coal by the end of 2027. At the beginning of the year, we also committed to SBTi validated short and long-term targets and net zero target by 2040. In 2025, 99% of Fortum's power generation came from renewable or nuclear sources, leading to one of the lowest specific CO2 emissions among European utilities.

At our Investor Day in November, we updated and published some new financial targets and new strategic KPIs to support strategy execution going forward. We have a strong balance sheet and good liquidity, so our overall financial position is strong. This gives our Board the confidence to propose a dividend of €0.74 per share, which corresponds to a payout of 90% of our comparable earnings per share, in line with our dividend policy. The dividend is proposed to be paid in one installment in April 2026.

Our Annual General Meeting will be held on the 31st of March. The AGM invitation was published this morning.

Then, over to our main figures and financial KPIs. Here are our familiar comparable headline KPIs for the group's fourth quarter and for the full year 2025. Almost all KPIs decreased in both periods. The full year figures reflect the clearly lower generation volumes. In Q4, our comparable earnings per share increased from €0.18 to €0.23 per share. Comparable operating profit totaled €251 million, while in the previous year it was €257 million. Operative cash flow decreased clearly to €53 million.

On a full year basis, the group's comparable operating profit declined to €924 million, our comparable EPS declined from €1 to €0.82 per share, and operative cash flow declined from approximately €1.4 billion to €840 million. All of these lead to a leverage of 1.2 times for the financial net debt to comparable EBITDA ratio. Tiina will go into more details on the result analysis in her part.

Next, a few words about the market environment. Let's start by looking at the hydro reservoir situation for the Nordic market. It's good to note that this is not only Fortum's reservoirs, but the whole market. During Q4, the precipitation amounts were slightly above normal, especially in October and December. Hydro inflows were very high, around 11 terawatt-hours above normal due to both high temperatures, almost 2 centigrades above normal and larger than normal precipitation amounts. As a result, spot prices and the Nordic near-term futures development was soft, especially during the latter part of the fourth quarter before the weather turned cold and dry during the holidays, which led to increasing power prices.

Overall, the market hydro reservoir situation in the Nordics is close to normal at the moment, as you can see from this graph on the left-hand side. So it seems that hydro volumes would be closer to normal in 2026. As we also said at our Investor Day in November, our nuclear volumes are expected to be below our normal annual level of 26 terawatt-hours. Tiina will get back to this.

I want to also say a few words about the current Nordic market situation. At the beginning of this year, colder, drier and less windy weather than usual, increased demand and reduced hydro reservoir levels. In early January, there was a consumption record in Finland, and both Sweden and Norway also experienced days with very high demand. The weather conditions, consequent lower hydro reservoir levels and higher demand have increased spot and forward power prices. Spot prices have clearly risen to levels above €100 per megawatt-hour during past weeks in all Nordic countries, and forward prices for the next quarter have also increased.

We continue to focus on our work with customers in all segments. We see consistently high activity levels across various industrial sectors, especially in the data center industry. Recently, we disclosed a small site development project in Finland where we will be the development partner for a data center of several hundred megawatts. In

these kind of cases, our interest is naturally to also act as the power supplier. With our efficient, diverse generation fleet, we can offer a competitive baseload, low-carbon nuclear and hydro, which are not weather dependent and volatile.

Then over to our strategic KPIs. At the Investor Day, we updated our strategic goals and KPIs based on our focus areas of operations, commercialization and development. The aim is to ensure optimal performance, capture long-term opportunities, and manage business and market risks. First, for operations, we measure fleet availability and optimization premium. Unfortunately, last year, the situation was challenging with the significant impact from the unplanned and prolonged outage, especially at Oskarshamn 3. This has had a significant impact on our nuclear volumes. The outcome for nuclear availability was consequently 75%, far below the target of 90%.

While our hydro volumes were below the normal level mainly due to low inflows in the beginning of the year, the availability was 94%, almost at the target level of 95%. Efforts to ensure high availability for both baseload nuclear and flexible hydro will continue to be very high on our agenda. Our strength lies in the optimization of our flexible hydro fleet. This was proven by the very high optimization premium of €9.7 per megawatt-hour. For 2026, we expect the optimization premium to be in the range of €8 to €10. Forecasting the optimization premium becomes more challenging for further years, which is why we keep the earlier guidance of €6 to €8 per megawatt-hour from 2027 onwards.

Second, for commercialization, we measure long-term hedging share of rolling outright volumes on a 10-year basis and CSI or Customer Satisfaction Index. The target is to have at least 25% of our Nordic wholesale electricity production over a 10-year period by the end of 2028. At the end of 2025, the hedged share of our production for 10 years was 19%. For the CSI, we target 76 by 2028, and at the end of last year, it was 76%.

And for the third area, development, which over time provides us growth opportunities, we have set targets for the ready-to-build pipeline for renewables and also for ready-to-deploy flexibility solutions. At the end of last year, we had 70 megawatts of ready-to-build wind projects. Our target is to have 1.2 gigawatts at the end of 2028.

Projects are being developed to match customer demand, if and when customers request new capacity. Decisions for new investments would be linked to a PPA. Our project development portfolio totals approximately 8 gigawatts of renewable power projects in permitting phase in the Nordics, with more projects in the early stages of development. Our flexibility target is to have the readiness to deploy new flexibility services and assets of up to 2.5 gigawatts by the end of 2028. At the end of 2025, we had 730 megawatts of electricity-based district heating assets and customer assets under our management, including both market access and demand response.

This concludes my part, and I would now like to hand over to Tiina to talk more about business performance.

Tiina Marjukka Tuomela

Chief Financial Officer, Fortum Oyj

Thank you, Markus.

Good morning, everyone, also on my behalf. I will go through our financials in more detail. Let's start with the key financials.

I will start with some of the comparable KPIs. The comparable operating profit for the fourth quarter amounted to €251 million, a slight decrease from previous year. In the fourth quarter, both comparable net profit and comparable EPS increased. Our comparable net profit for the quarter increased to €207 million.

Consequently, our comparable EPS for the fourth quarter increased to €0.23 compared to €0.18 last year. Comparable EPS for the full year 2025 amounted to €0.82. Our cash flow during the quarter was €114 million lower than previous year and totaled €53 million, mainly reflecting the lower EBITDA and bigger negative change in working capital compared to the previous year. The main reason for the change in working capital in 2025 comes from higher inventory, mainly nuclear fuel in Loviisa.

Then over to the segment result for comparable operating profit. Let's have a look at the fourth quarter first. The group result is almost at the same level as in the previous year, despite the €2.6 per megawatt-hour lower achieved power price. The result in our Generation segment decreased, while both the Consumer Solutions and the Other Operations segment improved.

In the Generation segment, comparable operating profit decreased by €20 million to €245 million, mainly due to the lower hedge prices, lower sales of Guarantees of Origins and somewhat higher property taxes for nuclear and hydro in Sweden. Higher volumes partly offset the negative effect.

The fourth quarter shows a record performance in our Consumer Solutions business. The comparable operating profit reached an all-time high fourth quarter level of €26 million. This is an increase of €10 million, which mainly relates to improved electricity margins in the Nordics, and improved gas margins in the enterprise customer business in Poland.

In the Other Operations segment, comparable operating profit improved by €4 million, showing a negative result of €20 million. The main reason for the improvement was the positive effect from divestment finalized in 2024.

Then, let's move to the segment waterfall of the full year result. When looking at the waterfall for the whole year, the comparable operating profit shows the same pattern as for the fourth quarter. Compared to the previous year, the result in our Generation segment decreased, while both Consumer Solutions and Other Operations segments improved.

In the Generation segment, comparable operating profit decreased clearly by €325 million and amounted to €893 million. The main reasons were the lower hydro and nuclear volumes. The result was further impacted by lower hedge power prices, increased property taxes for nuclear and hydro in Sweden, and higher nuclear fuel costs. In the comparison period, the result of the renewables business was positively impacted by a sales gain of €16 million from the divestment of the Indian solar power portfolio.

Reaching an all-time high level also for the full year, Consumer Solutions comparable operating profit increased by €46 million and was €122 million. Every quarter recorded a record high result. The improvement was mainly a result of improved gas margins in the enterprise customer business in Poland, improved electricity margins in the Nordics, and approximately €13 million of cost synergies.

In the Other Operations segment, comparable operating profit improved by €25 million and amounted to minus €91 million. The main reason was the positive impact from divestment finalized in the Circular Solution business in 2024.

Then over to the balance sheet, leverage and liquidity. Our financial position continues to be strong, primarily supporting our objective to maintain a credit rating of at least BBB. It naturally also provides a good financial foundation in this very uncertain and turbulent market environment, but also caters for growth and shareholder returns. In line with our capital allocation principles, we balance leverage, investment and dividends, while always

keeping the credit rating in mind. We are very pleased that Fortum's current long-term credit rating by both S&P Global Ratings and Fitch Ratings is BBB+ with Stable outlook.

For the fourth quarter, I want to go to the reconciliation of our financial net debt. As you can see, it increased slightly. At the end of the third quarter, our financial net debt was around €1.3 billion. In the fourth quarter, the operating cash flow was €53 million and investment amounted to €189 million. The change in interest-bearing receivables amounted to €47 million, while FX and other effects were €13 million. Consequently, at the end of the year, our financial net debt was around €1.5 billion, and the leverage ratio for financial net debt to comparable EBITDA was at 1.2 times.

Looking at our debt portfolio and the loan maturity profile, I want to highlight a few things. At the end of the year, our gross debt excluding leases totaled €4.6 billion. Our maturity profile is very balanced and there are no large maturities in any single year. Now, in February, a €750 million bond matures and will be repaid. Bonds are and continue to be our primary source of funding.

We continue to have ample liquidity reserves, €6.8 billion, with €2.9 billion of liquid funds and €3.9 billion of undrawn committed credit facilities and overdrafts. The cost for our €4.6 billion loan portfolio is 3.1%, while the interest income that we get for our €2.9 billion liquid funds has remained unchanged, being 2.1%. With the strong liquidity position, we continue to optimize our cash and credit lines. The overall objective is to have sufficient liquidity, while optimizing the balance between debt and cash to minimize funding costs.

Then over to the final section, the outlook. The outlook section comprises elements of guidance for outright portfolio, taxes, CapEx, and cost guidance. Let's start from the hedges. At the end of the year, the hedge price for 2026 was €41, and hedge ratio was 75%. From the last report, the hedge ratio has increased by 5 percentage points, while the hedge price has remained the same. The hedge price for 2027 is €40, €1 higher compared to last time disclosed, while the hedge ratio increased by 10 percentage point to 55%. Our optimization premium for 2026 is estimated to be between €8 to €10 per megawatt-hour, and for 2027 onwards, between €6 to €8 per megawatt-hour.

In a normal year, our annual outright volume is approximately 47 terawatt-hours. Based on announced outages, nuclear output for 2026 is estimated to be below the normal level of 26 terawatt-hours. Based on current market information, we estimate that our nuclear volume will be between 24 terawatt-hours to 24.5 terawatt-hours in 2026. Consequently, the variable procurement cost will be higher compared to the level in 2025 due to the higher generation volume from associated nuclear units.

Our capital expenditure guidance is unchanged, €550 million committed for the year 2026, including maintenance and excluding potential acquisitions. For the period 2026 to 2030, CapEx guidance is €2 billion, of which €750 million is growth. Annual maintenance is expected to be €250 million.

We have now concluded our fixed cost reduction program. For the year 2025, fixed cost totaled €873 million. The new run rate for our fixed cost base in 2026 will be approximately €870 million. This includes the fixed cost increase of €20 million in the Swedish property tax. While being disciplined, we continue to allocate development cost for growth. These relate, for example, to renewables development, site development, [ph] build up (00:35:03) the commercial organization and the hydrogen pilot project in Loviisa.

The guidance for our corporate tax rate also remained unchanged for 2026. We expect the comparable effective income tax rate to be in the range of 18% to 20%. The Finnish government plans to decrease the corporate tax

from 20% to 18% from the beginning of 2027. There is, however, no official law in place yet. Our very preliminary estimate is that this would lower the comparable effective income tax by 1 percentage point from 2027 onwards.

This was all for my presentation and we are now happy to answer your questions. So with this, Ingela, over to you.

Ingela Ulfves

Vice President-Investor Relations and Financial Communications, Fortum Oyj

Thank you, Tiina. And thank you, Markus.

So we are then ready to take your questions. There is already a queue. So let's begin the Q&A session now. Moderator, please go ahead.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] The next question comes from Harry Wyburd from BNP Paribas Exane. Please go ahead.

Harry Wyburd

Analyst, Exane

Q

Hi. Good morning, everyone. Thanks for taking my questions. I'm afraid I got three. And to start off with, so firstly, there was, I believe, a tender by Microsoft for a data center PPA in December. So, wondered if you could tell us whether you participated in that, and either way, when you would expect the results for that tender to be, and if you did win capacity there when you might be in the position to announce it?

Second is on debt. So debt came in a little bit higher than I was expecting, I think higher than consensus as well. You mentioned working capital. You mentioned nuclear fuel purchases. I wondered if you could quantify that. What kind of abnormal moves in working capital have you had this year, so you can help us model working capital for next year and future years?

And then the third one is, has there been any update on the Uniper Nordic assets, which you have right of first refusal on until I believe the end of this year. And if that right of first refusal lapsed, would that change your thinking on other uses of balance sheet, so for instance, something like a special dividend? Thank you.

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

A

Okay. Thank you very much for the questions. We had technical issue in the beginning. So we got your second question about debt, working capital, fuel purchases, and the third one regarding Uniper Nordic. So the first one we actually missed. So if you can repeat that, please.

Harry Wyburd

Analyst, Exane

Q

Okay. Yeah. And I will...

[indiscernible] (00:42:07)

Markus Heikki Erdem Rauramo*President & Chief Executive Officer, Fortum Oyj*

A

Sorry, if you also introduce yourself, because we missed that as well. Sorry.

Harry Wyburd*Analyst, Exane*

Q

Okay. Sorry. So, sorry. It's Harry Wyburd from BNP Paribas Exane. So assuming you got the second two, which I think you mentioned, the first one, which I think is important because it's the most important one that people want to hear about. So I believe there was a Microsoft PPA tender in December.

So the question was, did you participate in that tender? And if you did, or if you didn't, when would you expect the results to be announced? And if you did win capacity in it, at what point would you be ready to announce that to market? And then I believe you've got the second two, right?

Markus Heikki Erdem Rauramo*President & Chief Executive Officer, Fortum Oyj*

A

Indeed.

Tiina Marjukka Tuomela*Chief Financial Officer, Fortum Oyj*

A

Yeah.

Markus Heikki Erdem Rauramo*President & Chief Executive Officer, Fortum Oyj*

A

Yes. So I think I'll take the Uniper Nordic assets and the Microsoft tender, and Tiina, if you want to comment to working capital. If I start with the tender, so this is an issue related to what is the capacities that are being tendered. And we did not participate in the final stages of that tender. So we don't know when any outcomes would be released.

And then for the Uniper Nordic assets, so we continue to be interested in nuclear and hydro in the Nordics. So if the assets were to come available, then we would certainly look at them. But we haven't heard any news from the German side.

And then, Tiina, on the working capital?

Tiina Marjukka Tuomela*Chief Financial Officer, Fortum Oyj*

A

Yes. So the working capital in 2025 increased. Partly, that was normal price-related fluctuation with the receivables and payables, but the normal price-related movements. The additional increase related to Loviisa, where we have increased inventory level. Partly, this is reflecting the higher prices, but also the main reason is the higher volume and the amount was roughly €100 million.

Harry Wyburd*Analyst, Exane*

Q

Okay. That's clear. Thank you.

Operator: The next question comes from Julius Nickelsen from Bank of America. Please go ahead.

Julius Nickelsen

Analyst, Bank of America

Q

Greetings. Thank you. It's Julius here from BofA. Just a few questions on the price environment in Q1. Maybe just to start off, could you give us some color where your hedging would be right now and at what prices? And then also maybe, given that obviously the prices were quite high, but it seems like also quite volatile, could you give us a little bit of color on how the opportunities for the optimization premium look like in the first quarter, or at least for the weeks that have passed now? That would be super-useful. Thank you.

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

A

Okay. So I can start and Tiina, if there's something to add. Indeed, we have experienced very cold January in the Nordics. So we saw Finnish consumption records and also Norwegian and Swedish consumption has been high and the near-term forwards have increased substantially. Very little movement when we go into 2027. So if we can capture the high prices with our open position now in Q1, that would have a positive impact on the results. So we have hedged 75% at the end of the year for the full year of 2026. And now, the question is the open position for the first quarter. For the hedging, prices in the second quarter and partly also for the latter part of the year have increased. So, that gives us potential for hedging in the short term.

Then for the optimization premium, price volatility, of course, is positive for our assets, assuming that we have hydropower and the – or hydro in the reservoirs that we can then regulate. So, all in all, volatility is a positive. But the outcome we will then see later on. And, of course, we only report on the full year basis. Guidance now is the €8 to €10 per megawatt-hour for optimization premium.

Julius Nickelsen

Analyst, Bank of America

Q

Okay. That's clear. Thank you.

Operator: The next question comes from Pavan Mahbubani from JPMorgan. Please go ahead.

Pavan Mahbubani

Analyst, JPMorgan Securities Plc

Q

Hi, team. Good morning and thank you for taking my questions. I also have three. Firstly, positive to see an increase in your forward selling price, particularly for 2027. I appreciate there's a lot of rounding in your hedging numbers. Are you in a position to give a bit more precisely where your forward sales were for 2027 between Q3 and today? That's my first question.

Secondly, on the development agreement with DayOne, and you mentioned in your opening remarks, it would be your ambition to sign PPAs alongside the work that you're doing with them. Can you give us any color on when you see this data center being commissioned, and any indication of a timeline on when you think there would be a PPA tender?

And finally, following up on Harry's question on the Microsoft data center PPA, appreciate these are commercial discussions, but can you give a bit of flavor as to why you didn't participate in the later rounds? Thank you.

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

A

Yeah. Thank you. So, Tiina, would you take the hedging question, and I can take the two latter ones?

Tiina Marjukka Tuomela

Chief Financial Officer, Fortum Oyj

A

Yes. All right. So as mentioned, our hedge price for 2027 is €40, so which increased €1 from the previous quarter and the hedge ratio, 55%. I think it is worth to remember that our hedge price and the ratio includes both the spot and the area. So it is not only the spot prices, but also the area which in – what we have experienced has varied quite a lot in the past. The rounding, yes, we round the numbers with every 5 percentage points. So – But we haven't given any more specific quarterly numbers for different hedge period, only on the yearly level.

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

A

Okay. And then to DayOne, so we have been developing a site in Nurmijärvi, not far away from Helsinki. And regarding the data center development, that's up to DayOne then to comment when they expect commissioning for the site. So also for the municipal permitting and zoning purposes, this had to be announced because it went into City Council handling.

And then for the PPA tendering, we do not have visibility when DayOne would be tendering and if there would be a tendering for the energy procurement. So if and when we get color and contracts of the scale that they would be announced, then we will of course inform the market.

Then for the Microsoft PPA, this relates then, from my point of view, to the renewable pipeline that we have and our target is that we would have relevant offering in solar or wind that would fit then the additionality requirements and timelines that industries would need. And in this case, we did not have capacity to be offered at the right time in this tender. So it was a question of our pipeline availability. And this is exactly why we have the target for developing our 8 gigawatts in permitting with a target to have 1.2 gigawatts ready-to-build assets in 2028.

Pavan Mahbubani

Analyst, JPMorgan Securities Plc

Q

Thank you.

Operator: The next question comes from James Brand from Deutsche Bank. Please go ahead.

James Brand

Analyst, Deutsche Bank AG

Q

Hi. I think I'll probably have a go at three questions as well. Obviously, lots to talk about, lots of things happening. I don't know how easy these questions to ask, but I'm just wondering whether you could step back a bit on the kind of whole PPAs, right, potentially site sales that everyone's been so excited about from data centers because we've had kind of hope around this for like quite a long time and encouraging comments from you in Q4, but we're kind of still waiting for a major deal. I think in Q4, you kind of suggested that some of the negotiations that you were in kind of felt like they've become a bit more tangible and a bit more serious. Is that still the case now that you feel like the momentum behind these things has accelerated, or has that been maybe a bit of a slowing down, again? That's the kind of the first question.

The second one is on demand growth. Obviously, you're not really in the business for making a forecast for demand growth necessarily, but we didn't see any, as you highlighted in your statement, any demand growth in Nordics last year. Do you have any expectations for what we'll see this year? Do you think that we'll see an acceleration in demand growth this year? Or is it credible that we might just not see any growth again, and it's kind of it's further down the track that we'll see demand growing?

And then, thirdly, I wanted to ask sort of big picture questions here. The Q1 prices, you gave quite a nice explanation for what was going on there, but it's been pretty dramatic on the back of, I guess, obviously, the weather's been cold, I guess wind hasn't been great, but the hydro seems to have been kind of okay. Overall, it's not like we went into Q1 with like particularly low reservoir levels. So kind of how exceptional do you think Q1 is because it's quite noteworthy that we haven't seen any increase in the forward curve on the back of this? So the market seems to be assuming that, this is just a one-off. But it doesn't seem like the market conditions are that unusual for us to just say this is entirely a one-off. Thank you very much.

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

A

Yeah. Thank you. Good big picture questions. All three are actually related. So I would agree with what you were implying in the last question that this price spike that we see, this is situation. Also, it is unusually cold now. So not the normal January. The temperatures in the Nordics have been, let's say, roughly between minus 10 and minus 30 now for the whole of January. And they continue to be – seem to be also going into February, just looking at the next week or – two forecast. And I assume that that is why also we do not see this impacting the 2027 prices.

Indeed, if we look at what we just said about the hydro reservoir, so we went into this situation with a fairly balanced situation. So there is capacity available. But then as typically happens with very cold weather, the wind speeds tend to slow down. So – out of, let's say, the Finnish 9 gigawatts of wind capacity, the daily capacities have been a few gigawatts. So nowhere close to what the max could be.

Then this partly relates then to the demand growth and PPA sales and whole momentum question. So when we look at both the – what TSOs are forecasting for demand – based on the demand connection inquiries and what we see customers asking us, we see that there's potential for a good amount of financial investment decisions in 2026. The momentum compared to Q3 and Q4 continues to be positive. So things are advancing, but they seem to take time. But overall, I think the feeling is positive.

I don't think the whole geopolitical backdrop is supportive. So, that probably adds to that decisions maybe moving to the right direction, but they take time. And then how does this then translate into demand growth. So we would estimate that if FIDs by customers are made this year, then this will translate into new demand really picking up in 2029-2030. And then we see, of course, smaller additions, data centers and so on, that have been decided already and are being built. They will come online later this year, 2027-2028. So demand would increase based on this.

And then finally coming more specifically to your first question about the – then where are the PPAs and site sales coming from? So we see – again, even if the data centers are making headlines, but we see good activity in steel, aluminium, hydrogen, data centers and other sectors. And I would characterize it so that, that even inside those sectors, you have incumbents who make their own decarbonization decisions, and then you have new entrants who come with potentially a different business model. But this is characterizing the whole market. So momentum steady, moving continuously forward. So we anticipate that the customers will be making decisions this year.

James Brand*Analyst, Deutsche Bank AG*

Q

Great. That was super interesting. Thank you very much.

Operator: The next question comes from Deepa Venkateswaran from Bernstein. Please go ahead. Deepa Venkateswaran, Bernstein, your line is now unmuted. Please go ahead. The next question comes from Anna Webb from UBS. Please go ahead.

Anna Webb*Analyst, UBS AG (London Branch)*

Q

Hi. Good morning. Thank you for taking my questions. Two from me. Firstly, on the optimization premium guidance you gave, which is the kind of €8 to €10 for this year, but then kind of a more – what you would call normalized from 2027. Given your kind of comments on power demand and I know in the report, you put kind of in the first line of your statement, Markus, that you kind of expect power demand growth in the Nordics. That would suggest that kind of volatility would continue and if the power market is tighter, then the opportunity for optimizing with your hydro would be better or at least continue the same level. So I guess my question is, is this kind of lower optimization premium guidance conservatism, or is there a reason that you think volatility will be lower?

And then secondly, going back to the question on the tender, and you commented that you kind of didn't have the renewable pipeline ready to match kind of what was being demanded. Is there a reason you couldn't fulfill that with your existing power capacity? I mean, you have, I'm assuming, towards the end of the decade, still a lot of uncontracted or unhedged volumes. So is there a specific reason it had to be new capacity for that tender? That would be really helpful. Thank you.

Markus Heikki Erdem Rauramo*President & Chief Executive Officer, Fortum Oyj*

A

Thank you, so to your questions. Tiina, do you want to take the optimization premium question? I can take the...

Tiina Marjukka Tuomela*Chief Financial Officer, Fortum Oyj*

A

Yeah.

Markus Heikki Erdem Rauramo*President & Chief Executive Officer, Fortum Oyj*

A

...the tender. So what I understand is that it was specifically a new renewable tender and therefore our capacity that otherwise, of course, would match customer needs technically was not qualified for that. So that was a specific feature, if I understand correctly. But we don't have all the details because we haven't been there in the final rounds.

Tiina Marjukka Tuomela*Chief Financial Officer, Fortum Oyj*

A

Yes.

Markus Heikki Erdem Rauramo*President & Chief Executive Officer, Fortum Oyj*

A

And then, Tiina?

Tiina Marjukka Tuomela

Chief Financial Officer, Fortum Oyj

A

Thank you. The optimization premium, so it is really driven from the volatility. And when we look at the numbers for 2025, so we can see that in Finland, the volatility has been the highest, slightly down in the last quarter, but still on the high level, whereas in the other market, Sweden, Norway, the volatility has even increased a bit. So I think this is a big, big driver and therefore also gives a good backing for our this year's optimization premium for a cost – or guidance, €8 to €10 per megawatt-hour.

As we have said that, then to give a guidance further, it is more difficult to forecast because the volatility and how it will develop, so it's still a bit uncertain. So I would say that it is more the kind of the conservative side, and we will further define our guidance as we have more visibility and see how our optimization works.

Anna Webb

Analyst, UBS AG (London Branch)

Q

Great. Thank you.

Operator: The next question comes from Harrison Williams from Morgan Stanley. Please go ahead.

Harrison Williams

Analyst, Morgan Stanley & Co. International Plc

Q

Hi there. Thanks for taking my questions. Two from me. Firstly, maybe continuing on the Microsoft tender, I'm afraid, previously you have suggested that the lifetime extension to your Loviisa power plant would qualify for additionality. I just want to confirm, in this tender, is it that they explicitly excluded nuclear, or this now apply to all potential tenders where they are looking for additionality?

Maybe, secondly, as a follow-up question to that, I mean, if these new data centers are explicitly looking for new renewable capacity and that's mostly wind in Finland, I mean, looking at capture prices for wind in Finland in 2025, they were below 60%, which is leading to quite a heavy distortion in the market and driving up volatility quite significantly. Is that coming into any of these questions and debates with these off-takers? So that's kind of the first, apologies, quite long-winded question.

And the second just on nuclear volumes, so appreciate the additional guidance or volumes to 2026. That's now two years where we are relatively meaningfully below your kind of 26 terawatt-hours long-term guidance. Can you remind us of the outages this year and what gives you conviction that 26 terawatt-hours is still the right number going forward? Thanks.

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

A

So I can take the first two ones. Then if you take the nuclear volumes.

Tiina Marjukka Tuomela

Chief Financial Officer, Fortum Oyj

A

Yes.

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

A

Yes. Okay. So for the Microsoft tender and the whole question about the lifetime extension additionality, yes, indeed, we can offer additional lifetime extended nuclear to customers when they specifically require that. And, of course, that's a very different product compared to intermittent and volatile renewables. So, these are different things. And this was, to my understanding, certainly not the tendered subject in this case. So that is available. And this tender is specific for the renewables.

Then for the capture prices and that new renewables with increased volatility, that's certainly recognized in our discussions with customers who require additional renewables. So we're having continuous discussions about how can we then together also bring storage and flexible demand and flexible assets to the market. So this relates to backup power and so on. And these discussions are happening across our customer sectors. Relates also to our 2.5 gigawatt flexible ready-to-deploy assets by 2028. So I think that gives a flavor of the scale that we are targeting, because the majority of that 2.5 gigawatts would be customer assets, and that relates both to industrial as well as consumer. So, yes, this is very much in discussions with the various customer segments.

And then to nuclear volume.

Tiina Marjukka Tuomela

Chief Financial Officer, Fortum Oyj

A

Yes. So nuclear in 2025, so I would say that that was exceptionally low because mostly because of the Oskarshamn long outage. So for 2026, the situation is better as we indicate that based on the current outage plan, so the production volume would be around 24 terawatts to 24.5 terawatts. We have still some long outages in 2026, and the bigger ones are, again, in Oskarshamn, roughly two-months outage; also in Loviisa, Loviisa 2, we have a 1.5-months outage this year; and then also Forsmark 1 and 2, they have nearly three-months outages. So those will still impact this year's production volumes.

Harrison Williams

Analyst, Morgan Stanley & Co. International Plc

Q

Great. That's helpful. Thanks.

Operator: The next question comes from Iiris Theman from DNB Carnegie. Please go ahead.

Iiris Theman

Analyst, DNB Carnegie Investment Bank AB (Finland)

Q

Hi. Thanks for taking my questions. I have two. So firstly, still regarding Microsoft's tender, so did they also exclude hydro? And my second question is that how do you expect the market supply to develop this year? And basically, how do you see the overall supply/demand situation in Finland this year? Thank you.

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

A

Okay. Tiina, if you take the supply/demand question and for the Microsoft tender, so I come back to that. Our understanding is that this was regarding new renewables. If it had been hydro, of course, we would have well qualified for such a tender.

Tiina Marjukka Tuomela*Chief Financial Officer, Fortum Oyj*

A

Yeah. Well, the market situation, so depends fully the – as the demand/supply and how the project will start to move on. And as Markus indicated that, yes, something probably will happen this year, but when and how so still, of course, are uncertain. The other factors from the supply side is the hydro balance, and as we currently see, that the hydro reservoir levels at the Nordic level are roughly on the average level. So that would indicate that the supply side is fairly normal. But as we have seen, the hydro balance can move very quickly during the year. And nuclear also better than the previous year, but still a bit lower. So, it is really the balance between these two and how they go forward. So I would say, overall, better situation, but of course remain to be seen.

Iiris Theman*Analyst, DNB Carnegie Investment Bank AB (Finland)*

Q

Thank you.

Operator: The next question comes from Piotr Dzięciołowski from Citi. Please go ahead.

Piotr Dzięciołowski*Analyst, Citibank Handlowy SA*

Q

Hi. Thank you for the presentation. May I please ask two questions? So the first one is, I want to come back to this data center topic. So in the next tender, whenever it happens, would it also be subject to additionality and the nuclear extension could qualify, or how do you think it's, the tender by tender, or this Microsoft tender was just a small tender for new renewables, and the new tenders will may have a very different structure? How do you see ability to tender in your nuclear capacity into the future tenders?

And the second question I have regarding RWE assets. So RWE recently sold some Swedish wind business. Have you looked at it? And more broadly, when you look at your pipeline, do you think that this is good size and maturity and you looking for something extra? And this RWE offer was not the right size, or you think you are good to go when it comes to your development pipeline?

Markus Heikki Erdem Rauramo*President & Chief Executive Officer, Fortum Oyj*

A

Yeah. Thank you. So for the data center and other tenders, so customers have varying requirements. So some just need straightforward profile as they want it. The only criteria may be that it's CO2-free. So either existing nuclear or hydro. And then there are varying degrees of special requirements. Could be RFNBO qualified or compatible. Can be new renewables, could be additional nuclear. So we are exactly trying to answer the customer needs that we see. And the renewable pipeline of 8 gigawatts under permitting is built based on what we perceive the customer needs to be. But then in order to qualify in those tenders, you need to be able to deliver, then the project you start when the customer needs it.

Our philosophy also, as a backdrop, is that if we tender and historically we have done this also outside of the Nordics, if we tender then we want to have certainty on permitting, zoning, grid connection and equipment tenders and that, of course, takes a lot of effort. And again, we get back to our 1.2 gigawatt of ready-to-build target. And that ready-to-build then truly means that we know the investment parameters and we can match the customer's timing and need and then start a project.

Then on the Swedish wind business, so there have been wind assets and wind development portfolios for sale over the last few years. Basically, we look at everything that's in the market, that's relevant for us. And right now, after the acquisitions of Enersense and ABO wind development portfolios, our situation with regards to development portfolio in Finland is very good. So we have the biggest portfolio. In Sweden, we would have room for more development. And then if there are operating assets, then these are interesting for us at the right price. So if there are acquisitions that would meet our profitability criteria, and this takes into account what was discussed earlier, capture rates and so on, then we are interested also in operating assets.

Piotr Dzięciołowski

Analyst, Citibank Handlowy SA

Okay. Thank you very much.

Q

Operator: The next question comes from Louis Boujard from ODDO BHF. Please go ahead.

Louis Boujard

Analyst, ODDO BHF SCA

Yes. Hi. Good morning. Thanks for taking my question. Maybe two question on my side, one regarding the nuclear availability, notably maybe beyond 2026, if you can give us a little bit more visibility on this. You are currently at 75% availability. We understand that you still be below your target of 90% in 2026 because you already mentioned this. Regarding 2027, should we expect that you will be indeed at the 90%, or you still have some expected outages that will be taken into consideration, considering that indeed you will reach the 90% target in 2028?

Q

Second question would be regarding the flexibility assets. I understand that you have ready-to-deploy 730 megawatts. At the same time, we see huge volatility, notably with the spot price at the moment, but also irregularity is very strong in your region. So is there any way that you could eventually consider taking final investment decision, a new flexible asset, even if it's not related to a specific contract or to a specific client? Shall you eventually make some deployment and some CapEx expansion in order to take the position and to improve your capacity to reach and to eventually go beyond your current flexible assets? That would be my second question. Thank you very much.

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

Okay. Thank you very much. I'll take the second question, and Tiina, if you want to comment the nuclear availability.

A

Tiina Marjukka Tuomela

Chief Financial Officer, Fortum Oyj

Yes.

A

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

So I can start with the flexibility. So indeed we have been developing flexible consumption assets and also in small scale batteries as well as customer flexibility. The biggest flexible electricity consumption is our electrified heating. If we look at Espoo alone, we have more than 400 megawatts of electrified heating capacities either operating or under construction in form of electric boilers, water-to-water heat pumps and then air-to-water heat

A

pumps. And these are an excellent match with the volatile and intermittent renewables. Payback times have been very short and very competitive. That's also a factor that plays in when we consider the value of flexibility. So if there's a lot of volatile production, there will be also a business case for volatile or flexible consumption.

Going forward, indeed, our thinking is that we do not need customer PPAs or customer contracts to develop storage or flexible assets. They fit very nicely into our existing portfolio and they can be a good complement for hydro. And what this – like conventional hydro. So what this could be, it can be batteries and this we have done actually since a very long time already, but in smaller scale. And then on the large scale, long duration pumped hydro is the potential where we have a development pipeline in our co-owned company, Kemijoki, in Finland as well as three sites in Sweden. So all together, we talk about around 2 gigawatts of pumped hydro flexible potential. That goes beyond our 2.5 gigawatt target because the timing is actually goes further than that.

Coming back to the 2.5 gigawatts, we estimate that the big part of that would come from customer flexibility. And that goes to different customer segments, steel, aluminium, hydrogen, also data centers, where in our customer discussions we are visualizing for our customers the value of their flexibility. So we can get to a different price point. If a customer is ready to flex, say 10%, 20%, we can take the cost of providing the firm profile down significantly. And then by that also advance the deployment of renewables.

So maybe that in the broad scale from flexibility. And then, Tiina, on the nuclear?

Tiina Marjukka Tuomela

Chief Financial Officer, Fortum Oyj

A

Then the nuclear availability, yes, the target of the 90%, that's very, very ambitious target. Overall, if we compare worldwide the nuclear availabilities, but in the Nordic, I think we have the good records and all the possibilities to achieve that. The development towards the 90%, I would say it is more gradual than jumping immediately. So from last year, 75%, so that was exceptionally low. So based on the current UMM, so this year should take us over 80%. And I would say that then it would be gradually increasing to the 90% towards the end of 2030. That said, so some of the units like our Loviisa, already last year, they were very close to 90%, likewise, Olkiluoto. Olkiluoto 1, very good performance. So there are units which are achieving this 90% earlier. But when we look at the overall portfolio, so then it will take a bit more time.

Louis Boujard

Analyst, ODDO BHF SCA

Q

Thank you very much.

Operator: The next question comes from Deepa Venkateswaran from Bernstein. Please go ahead.

Deepa Venkateswaran

Analyst, Bernstein Autonomous LLP

Q

Hi. Hopefully, you can hear me now.

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

A

Yes.

Tiina Marjukka Tuomela*Chief Financial Officer, Fortum Oyj*

A

Yes, we can.

Deepa Venkateswaran*Analyst, Bernstein Autonomous LLP*

Q

Yes. Apologies to jump back on the PPA data center demand. I had two questions. One is the – the deal that you announced with DayOne, we had seen a similar kind of deal that RWE had done for one of their sites in the UK. However, they did the permitting and they sold the land to the hyperscaler and they got a tidy amount of gain. So can I clarify that you are – will you be participating in some kind of games at a later stage, or have you just sold the land for a nominal sum? So just wanted to understand what happens if you don't get a PPA.

And secondly, on the PPA, a lot of investors like your stock because they expect that you will find PPA for your nuclear fleet at a premium to the forward prices. So far, it seems like Microsoft is wanting new wind generation or new clean energy generation, which is likely to be wind. So, are the investors wrong in hoping you would sign PPAs for existing nuclear sites at some point, or how would you characterize the position on the nuclear plants you have? Thank you.

Markus Heikki Erdem Rauramo*President & Chief Executive Officer, Fortum Oyj*

A

Thank you. Okay. So if I start with the latter part, so I go back to the different sectors. So we see the big demand portfolio and pipeline from steel, aluminium, chemicals, hydrogen as well as data centers. And there seems to be demand basically for all of the existing products that we have, as well as additionality. So if I characterize that the customers are asking for baseload like mid to long-term – baseload PPA indications, they're asking for additional renewables as produced. Some are asking quotes for additional nuclear. So that goes across the board. And then also for, for example, RFNBO compatible supply. So everything that we have in our portfolio is under discussion.

Then the second good question about the site development, so there are various approaches to our site development. So that ranges from everything from fully owned own sites where we control the land, own the land, and if we sell it, we can sell it at the price that matches the customer needs.

Then we have also more from a demand creation point of view, we develop land together with the municipalities, which is, for example, the case in Nurmijärvi with DayOne, where we have developed land in agreement with the municipality that if we find an investor, then we can buy and sell the land to that investor, and then the premiums tend to be small. And then if it's fully-owned land that we control, that can be a different case.

And then our interest with the sites is, of course, that we could combine and we can offer to our customers multiple features and services. So what we would, of course, ideally like is that we combine land development and grid access with PPAs, with additional new supply and locking in our current supply with attractive prices.

Deepa Venkateswaran*Analyst, Bernstein Autonomous LLP*

Q

Thank you.

Ingela Ulves*Vice President-Investor Relations and Financial Communications, Fortum Oyj*

Thank you. We are now already a bit over time. So and there was a lot of questions. Thank you for your questions. Any further questions, we are happy to help you with those then in the IR team. But at this point of time, I want to thank you everyone for your participation here today and wish you a very nice rest of the day.

Markus Heikki Erdem Rauramo

President & Chief Executive Officer, Fortum Oyj

Thank you very much. Have a good day.

Tiina Marjukka Tuomela

Chief Financial Officer, Fortum Oyj

Thank you. Bye-bye.

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