

Fortum Oyj

The upgrade of Fortum Oyj’s ratings is driven by the sustained de-leveraging achieved since 2023, coupled with Fitch Ratings’ expectation that Fortum’s funds from operations (FFO) net leverage will remain low at an average of 1.8x over 2025-2028 despite the low power price environment in the Nordics, benefitting from the CO₂-free and flexible generation assets. This is below the negative rating sensitivity of 2.3x at the ‘BBB+’ level, which we assess as consistent with the current business profile.

The Stable Outlook reflects our view that the company will balance dividend distributions and investments to adhere to its publicly stated financial policy and keep leverage adequately below the maximum threshold for reported EBITDA net leverage of 2.0x-2.5x.

Key Rating Drivers

Leverage Within ‘BBB+’ Guidelines: Fitch expects Fortum to maintain prudent financial discipline, with FFO net leverage at 1.5x over 2025-2026, comfortably below the negative threshold of 2.3x or the ‘BBB+’ Issuer Default Rating (IDR), although we expect the ample headroom to gradually diminish by 2028. We expect Fortum to generate positive pre-dividend free cash flow (FCF) of about EUR0.3 billion annually from 2025 to 2028 even though power prices in the Nordics remain low, supported by its robust clean generation business, integration with consumer solutions, discipline on capex deployment, and targeted fixed-cost reductions.

Headroom Against Financial Policy Key: The Stable Outlook reflects Fitch’s expectation that Fortum will maintain healthy headroom against its own maximum leverage guidance in the next years. In our view, a potential increase of the investment plan would need to be balanced with lower dividend distributions to protect the rating, although we expect it to allocate growth capex to investments that enhance revenue visibility and improve its business risk.

Fortum’s financial policy includes maximum reported EBITDA net leverage of 2.0x-2.5x and a dividend pay-out ratio of 60%-90% of comparable earnings per share, depending on financial performance and available investment opportunities. Fortum has limited appetite for growth investments in the current low power price environment and is paying dividends at the upper end of the range.

Low Leverage Despite Special Dividend: The special dividend of EUR0.4 billion announced for 2025 implies re-leveraging of 0.5x, which we see as manageable given the low starting point. Fortum’s 2024 EBITDA at EUR1.5 billion was in line with our expectations and below the previous year’s level (EUR1.9 billion in 2023), reflecting the decline in Nordic power prices and the company’s lower generation volumes in its nuclear and hydro fleet. Fortum’s FFO net leverage further decreased to 0.3x in 2024 (0.8x in 2023) despite the earnings decline, primarily due to the EUR0.8 billion divestment of recycling and waste assets, and EUR0.3 billion from margin calls collected.

Generation Earnings Depend on Prices: We expect Fortum’s EBITDA to further normalise at about EUR1.1 billion in 2025-2028. Fortum is materially exposed to Nordic electricity prices and downward pressure continues due to Finland’s strong ambitions in renewables and the abundant hydro resources in the region. A material penetration of renewables could affect Fortum’s load factors and prices, but would also create higher price volatility, from which Fortum could capture premium prices based on its flexible hydro fleet. The company reported a premium of EUR8.7 per megawatt hour (MWh) on all its CO₂-free production of about 45 terawatt-hours in 2024.

Ratings

Fortum Oyj	
Long-Term IDR	BBB+
Short-Term IDR	F2
Senior Unsecured Debt – Long-Term Rating	BBB+
Outlooks	
Long-Term Foreign-Currency IDR	Stable

[Click here for the full list of ratings](#)

ESG and Climate

Highest ESG Relevance Scores	
Environmental	3
Social	3
Governance	3

2035 Climate Vulnerability Signal: 31

Applicable Criteria

- [Corporate Rating Criteria \(June 2025\)](#)
- [Sector Navigators – Addendum to the Corporate Rating Criteria \(June 2025\)](#)
- [Corporates Recovery Ratings and Instrument Ratings Criteria \(August 2024\)](#)
- [Government-Related Entities Rating Criteria \(July 2025\)](#)

Related Research

- [EMEA Investment-Grade Generation Companies – Peer Credit Analysis \(May 2025\)](#)
- [EMEA Utilities Outlook \(December 2024\)](#)

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Prudent Capex Approach: Fortum's annual capex guidance remains subdued, with investments for 2025-2027 totalling EUR1.4 billion, of which half relates to maintenance capex. In our view, this reflects a cautious approach due to unfavourable power prices and subdued electricity demand in the short term. The company maintains flexibility to increase investments if the market environment improves and projects meet its investment and profitability criteria. We would expect Fortum to maintain its financial discipline if investment opportunities materialise.

Focus on Improving Predictability: Fortum's management is focused on reducing business risk and improving cash flow visibility through increased long-term hedging. It aims to reach a 20% hedged share of rolling 10-year generation by 2026 (up from 15% at end-2023 and 18% at end-2024). The company is also implementing an efficiency programme aiming for a gradual EUR100 million reduction in fixed costs by end-2025. We have relaxed our debt capacity, and now require Fortum to maintain FFO net leverage below 2.3x at 'BBB+' with the current business profile (previously we also required a material increase of contracted generation).

Long-Term Power Demand Prospects: Fortum forecasts robust long-term prospects in the Nordic region due to its low energy costs, although power demand has not picked up materially so far and current power prices do not seem sufficient to incentivise significant new generation capacity. We also expect some demand increase driven by the electrification of the industry and demand from data centres, but it is unclear at which relative pace demand and supply will grow. Fortum sees nuclear lifetime extensions as a valid solution in the near term so long as the economic conditions for new capacity remain challenging.

GRE Status Rating Neutral: Fitch applies its *Government-Related Entities Rating Criteria* to reflect the Finnish state's controlling 51.3% stake in Fortum. However, this has no rating impact as we do not assess precedents of support as 'Strong', nor do we expect a Fortum default to have any material financial contagion risk for Finland. We assess decision-making and oversight as 'Strong', due mainly to the state's commitment to retain control (minimum 50.1% stake).

Financial Summary

(EURm)	2022	2023	2024	2025F	2026F	2027F
EBITDA	2,004	1,881	1,530	1,061	1,053	928
FFO	1,875	1,498	1,277	828	812	737
FCF after acquisitions and divestitures	543	2,063	950	-1,013	-210	-176
FFO net leverage (x)	1.7	0.8	0.3	1.4	1.6	2.0
FFO interest coverage (x)	10.0	7.0	5.7	5.3	5.2	4.8

F = Forecast

Source: Fitch Ratings, Fitch Solutions

Peer Analysis

Fortum's closest peers are European generation companies RWE AG (BBB+/Stable) and Statkraft AS (BBB+/Stable).

Statkraft is Europe's largest generator of hydro energy and the leading power company in Norway (AAA/Stable). Statkraft is fully owned by the Norwegian government and its rating includes a single-notch uplift that reflects stronger government links than Fortum's.

Statkraft benefits from a large, low-cost, and flexible hydro-asset base and a higher share of long-term contracted revenue. Fortum's earnings are more exposed to Nordic power prices, but it benefits from a strong CO₂-free generation mix (well balanced between baseload nuclear and flexible hydro) and its customer solutions provide some vertical integration. Overall, we see Statkraft's debt capacity as better than Fortum's.

RWE is one of the largest utilities in Germany, with operations in several other European markets and worldwide. RWE derives about 70% of earnings from wind and solar under contracted support schemes but its exposure to coal is still a weakness versus peers. RWE remains more exposed to thermal generation than Fortum but has a materially higher share of quasi-regulated business, which ultimately leads to slightly higher debt capacity for RWE.

ERG S.p.A. (BBB-/Stable) is an independent producer of clean energy and the leading onshore wind power operator in Italy. ERG benefits from higher contracted revenues (generally through auctions or power purchase agreements) than Fortum, which results in slightly higher debt capacity even though it is smaller in size and lacks hydro generation and integration into supply. ERG's lower rating derives entirely from its higher leverage.

Navigator Peer Comparison

	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenues Visibility	Market Position	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility
Fortum Oyj	BBB+/Stable	aa-	a-	bbb-	bbb	bbb+	bbb	bbb	bbb	bbb+
Statkraft AS	BBB+/Stable	aa	a-	bb	bbb	a-	bbb-	bbb	bbb	a-
RWE AG	BBB+/Stable	aa	a-	bbb-	bbb+	bbb	bbb+	bbb-	bbb	a
ERG S.p.A.	BBB-/Stable	a-	a-	bbb	bbb	bbb+	bbb	bbb-	bb+	a-
Orsted A/S	BBB/Negative	aa	bbb-	bbb+	bbb+	bbb+	bbb+	bb+	bbb-	bbb+

Source: Fitch Ratings

Relative Importance of Factor: Higher (Red), Moderate (Blue), Lower (Light Blue)

Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenues Visibility	Market Position	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility
Fortum Oyj	BBB+/Stable	+4	+1	-2	-1	0	-1	-1	-1	0
Statkraft AS	BBB+/Stable	+5	+1	-4	-1	+1	-2	-1	-1	+1
RWE AG	BBB+/Stable	+5	+1	-2	0	-1	0	-2	-1	+2
ERG S.p.A.	BBB-/Stable	+3	+3	+1	+1	+2	+1	0	-1	+3
Orsted A/S	BBB/Negative	+6	-1	+1	+1	+1	+1	-2	-1	+1

Source: Fitch Ratings

Factor Score Relative to IDR: Worse positioned than IDR (Red), Within one notch of IDR (Blue), Better positioned than IDR (Light Blue)

Rating Sensitivities

Developments that May Collectively or Individually Lead to Negative Rating Action/Downgrade

- FFO net leverage above 2.3x on a sustained basis, assuming an unchanged business profile
- Deterioration of the business profile or the operating environment (for example resulting from an increase in its merchant exposure, adverse regulatory developments, lower-than-expected profitability)

Developments that May Collectively or Individually Lead to Positive Rating Action/Upgrade

- We do not expect an upgrade to the 'A' category. Upside is limited by Fortum's business profile as an electricity generation utility with no regulated earnings

Liquidity and Debt Structure

As of March 2025, Fortum had a strong liquidity position, comprising readily available cash of about EUR4.3 billion, and undrawn committed credit lines of EUR4 billion. This comfortably covers EUR0.5 billion of short-term debt maturities and EUR1.5 billion of cumulative negative FCF (after dividends) in our forecasts for 2025-2028.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

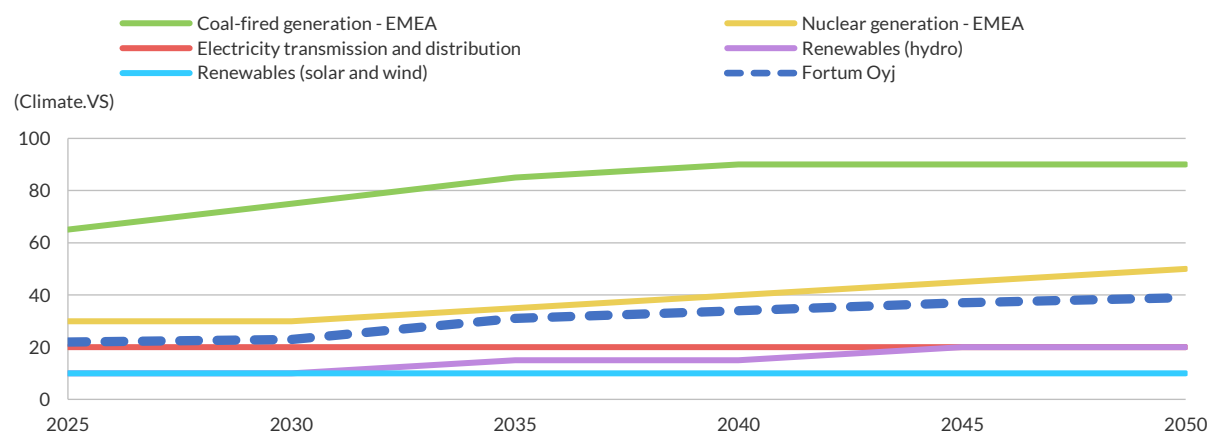
Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's [Corporate Rating Criteria](#). For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see [Climate Vulnerability Signals for Non-Financial Corporate Sectors](#).

The 2024 revenue-weighted Climate.VS for Fortum Oyj for 2035 is 31 out of 100, suggesting low exposure to climate-related risks in that year.

Climate.VS Evolution

As of Dec 31, 2024



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(EURm)	2025F	2026F
Available liquidity		
Beginning cash balance	4,136	2,646
Rating case FCF after acquisitions and divestitures	-1,014	-210
Total available liquidity (A)	3,122	2,436
Liquidity uses		
Debt maturities	-476	-757
Total liquidity uses (B)	-476	-757
Liquidity calculation		
Ending cash balance (A+B)	2,646	1,679
Revolver availability	4,100	3,300
Ending liquidity	6,746	4,979
Liquidity score (x)	15.2	7.6

F – Forecast.

Source: Fitch Ratings, Fitch Solutions, Fortum Oyj

Scheduled debt maturities

(EURm)	31 Dec 24
2025	476
2026	757
2027	15
2028	522
Thereafter	2,751
Total	4,521

Source: Fitch Ratings, Fitch Solutions, Fortum Oyj

Key Assumptions

- Seventy-five per cent of 2025 volumes hedged at EUR40/MWh, and 50% of 2026 volumes at EUR41/MWh in line with management guidance
- Achieved prices on unhedged volumes averaging EUR43/MWh in 2025-2028, and declining over the period
- Annual CO₂-free electricity generation volumes at about 47 TWh on average over 2025-2028
- EBITDA averaging EUR1 billion a year in our rating case for 2025-2028
- Cost of debt close to 4% in 2025-2028
- Capex of around EUR0.5 billion a year in our rating case for 2025-2028
- Dividends at around EUR1.25 billion in 2025 and at EUR0.35 billion a year in 2026-2028 (reflecting a 90% pay-out ratio assumed by Fitch for 2025-2028 and the special dividend announced for 2025)
- No new M&As and no material disposal proceeds

Financial Data

(EURm)	2022	2023	2024	2025F	2026F	2027F
Summary income statement						
Gross revenue	7,773	6,711	5,800	4,937	5,145	5,125
Revenue growth (%)	-93.1	-13.7	-13.6	-14.9	4.2	-0.4
EBITDA before income from associates	2,004	1,881	1,530	1,062	1,053	928
EBITDA margin (%)	25.8	28.0	26.4	21.5	20.5	18.1
EBITDA after associates and minorities	2,003	1,897	1,544	1,075	1,065	940
EBITDAR	2,004	1,881	1,530	1,062	1,053	928
EBITDAR margin (%)	25.8	28.0	26.4	21.5	20.5	18.1
EBIT	1,607	1,543	1,176	777	766	647
EBIT margin (%)	20.7	23.0	20.3	15.7	14.9	12.6
Gross interest expense	-181	-287	-234	-173	-174	-176
Pretax income including associate income/loss	455	1,584	1,399	723	666	562
Summary balance sheet						
Readily available cash and equivalents	4,051	4,183	4,136	3,221	2,712	2,606
Debt	7,462	5,467	4,521	4,506	4,209	4,286
Net debt	3,411	1,284	385	1,285	1,497	1,680
Lease-adjusted debt	7,462	5,467	4,521	4,506	4,209	4,286
Summary cash flow statement						
EBITDA	2,004	1,881	1,530	1,062	1,053	928
Cash interest paid	-198	-226	-223	-173	-174	-176
Cash tax	-167	-454	-196	-145	-133	-112
Dividends received less dividends paid to minorities (inflow/outflow)	-1	16	14	13	12	12
Other items before FFO	153	128	-84	-21	-19	19
FFO	1,875	1,498	1,277	828	812	737
FFO margin (%)	24.1	22.3	22.0	16.8	15.8	14.4
Change in working capital	-218	191	95	44	-36	-8
CFO (Fitch-defined)	1,657	1,689	1,372	872	776	729
Total non-operating/nonrecurring cash flow	-750	1,803	348	—	—	—
Capex	-476	-576	-472	—	—	—
Capital intensity (capex/revenue) (%)	6.1	8.6	8.1	—	—	—
Common dividends	-1,013	-817	-1,032	—	—	—
FCF	-582	2,099	216	—	—	—
FCF margin (%)	-7.5	31.3	3.7	—	—	—
Net acquisitions and divestitures	1,125	-36	734	—	—	—
Other investing and financing cash flow items	-967	-197	-44	—	—	—
Net debt proceeds	-3,619	-1,601	-953	-15	-297	77
Net equity proceeds	—	—	—	—	—	—
Total change in cash	-4,043	265	-47	-915	-509	-106
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-1,114	374	-422	-1,885	-986	-904
FCF after acquisitions and divestitures	543	2,063	950	-1,013	-210	-176
FCF margin after net acquisitions (%)	7.0	30.7	16.4	-20.5	-4.1	-3.4
Gross leverage ratios (x)						
EBITDA leverage	3.7	2.9	2.9	4.2	4.0	4.6
EBITDAR leverage	3.7	2.9	2.9	4.2	4.0	4.6
FFO leverage	3.8	3.5	3.6	5.0	4.6	5.1
FFO adjusted leverage	3.8	3.5	3.6	5.0	4.6	5.1

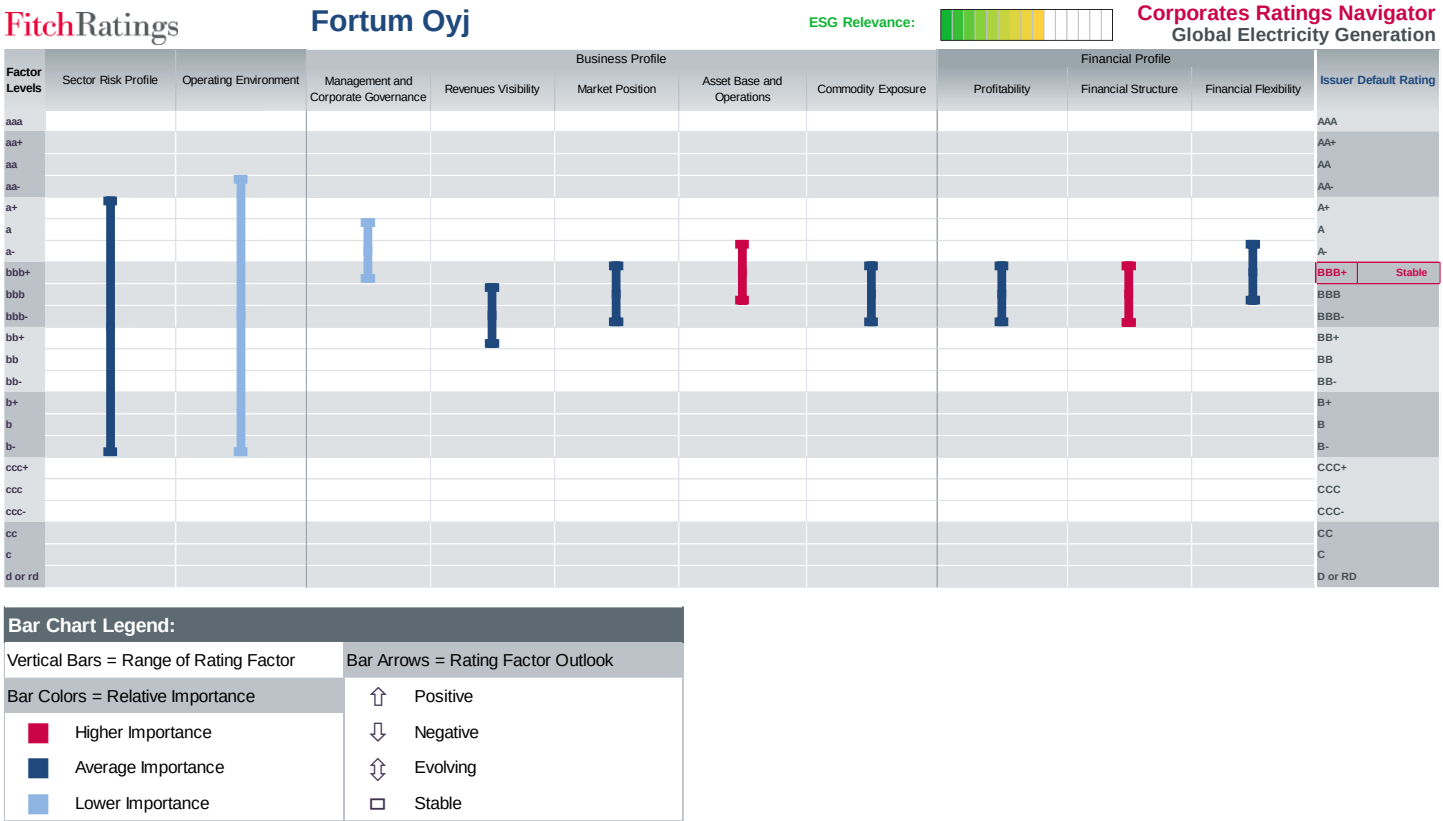
(CFO-capex)/debt (%)	15.8	20.4	19.9	5.0	7.4	7.1
Net leverage ratios (x)						
EBITDA net leverage	1.7	0.7	0.3	1.2	1.4	1.8
EBITDAR net leverage	1.7	0.7	0.3	1.2	1.4	1.8
FFO net leverage	1.7	0.8	0.3	1.4	1.6	2.0
FFO adjusted net leverage	1.7	0.8	0.3	1.4	1.6	2.0
(CFO-capex)/net debt (%)	34.6	86.7	233.8	17.6	20.7	18.1
Coverage ratios (x)						
EBITDA interest coverage	10.1	8.4	6.9	6.2	6.1	5.3
EBITDAR fixed-charge coverage	10.1	8.4	6.9	6.2	6.1	5.3
EBITDAR net fixed-charge coverage	17.6	26.0	-118.8	13.3	10.6	8.5
FFO interest coverage	10.0	7.0	5.7	5.3	5.2	4.8
FFO fixed-charge coverage	10.0	7.0	5.7	5.3	5.2	4.8

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Operating Environment

aa	Economic Environment	a	Strong combination of countries where economic value is created and where assets are located.
aa-	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption, government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Management and Corporate Governance

a+	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
a	Governance Structure	a	Experienced board exercising effective check and balances. Ownership can be concentrated among several shareholders.
a-	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
bbb+	Financial Transparency	a	High quality and timely financial reporting.
bbb			

Revenues Visibility

bbb+	Contracted Position	b	Merchant contractual position with low likelihood of entering into long-term PPAs or getting incentives. More than 50% merchant position or materially over-contracted.
bbb	Contract Renewal Risk	bbb	Likely re-contracting prospects with similar to potentially moderately worse contractual terms.
bbb-	System / Capacity Payments	bbb	Less transparent or shorter duration market pricing structures with some risk of political interference proving medium term price visibility for power generators.
bb+	Degree of Supply Integration	bbb	Balanced supply integration with strong retail position contributing to cash-flow stability and predictability.
bb	Resource Predictability	bbb	Stable and predictable capacity factor.

Market Position

a-	Supply/Demand Dynamics	bb	Lower certainty outlook for prices. Potential price volatility from bulky capacity/demand expansion in system.
bbb+	Competitive Position	bbb	Efficient generation with recurrent merit dispatch.
bbb	Relative Size and Scale	a	Large scale operations with diverse generation asset base or company supplies more than 50% of electricity to the systems where it operates or strong competitive position in a localized market
bbb-			
bb+			

Asset Base and Operations

a	Asset Quality and Diversity	bbb	Good single asset quality or partial diversification by geography and/or generation source.
a-	Exposure to Environmental Regulations	a	No exposure to environmental regulations. Energy generation mostly from clean sources and low carbon exposure.
bbb+	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bbb			
bbb-			

Commodity Exposure

a-	Counterparty Risk	bbb	Diversified, medium counterparty risk or weighted average credit quality of actual and potential off-takers is in line with 'BBB' rating. Single 'BBB' rated off-taker under well-structured PPA.
bbb+	Costs Pass-Through and Supply Mix	bbb	Limited exposure to changes in commodity costs with ability to pass cost changes to end users. Low variable costs and moderate flexibility/certain of supply.
bbb	Hedging Strategy	bbb	Portfolio/cash flow smoothing effects from extensive contractual hedge.
bbb-			
bb+			

Profitability

a-	Free Cash Flow	bbb	Structurally neutral to slightly negative FCF across the investment cycle.
bbb+	Cash Flow Predictability	bb	Lower stability and predictability of cash flow relative to peers.
bbb			
bbb-			
bb+			

Financial Structure

a-	EBITDA Leverage	bbb	3.3x
bbb+	FFO Leverage	bbb	3.5x
bbb	FFO Net Leverage	bbb	3.0x
bbb-			
bb+			

Financial Flexibility

a	Financial Discipline	bbb	Less conservative policy, but generally applied consistently.
a-	Liquidity	a	No need for external funding beyond committed facilities in the next 12 months even under a severe stress scenario. Well-spread maturities. Diversified funding.
bbb+	FFO Interest Coverage	a	5.5x
bbb	DSCR	n.a.	
bbb-	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Effective hedging in place.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Credit-Relevant ESG Derivation

				Overall ESG	
Fortum Oyj has 13 ESG potential rating drivers				key driver	0 issues
Emissions from operations				driver	0 issues
Fuel use to generate energy and serve load				potential driver	13 issues
Water used by hydro plants or by other generation plants, also effluent management				not a rating driver	1 issues
Impact of waste from operations				driver	0 issues
Plants' and networks' exposure to extreme weather					
Product affordability and access					

Showing top 6 issues

For further details on Credit-Relevant ESG scoring, see page 3.

Credit-Relevant ESG Derivation

Fortum Oyj has 13 ESG potential rating drivers

- ➔ Fortum Oyj has exposure to emissions regulatory risk but this has very low impact on the rating.
- ➔ Fortum Oyj has exposure to energy productivity risk but this has very low impact on the rating.
- ➔ Fortum Oyj has exposure to water management risk but this has very low impact on the rating.
- ➔ Fortum Oyj has exposure to waste & impact management risk but this has very low impact on the rating.
- ➔ Fortum Oyj has exposure to extreme weather events but this has very low impact on the rating.
- ➔ Fortum Oyj has exposure to access/affordability risk but this has very low impact on the rating.

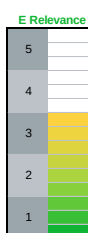
Showing top 6 issues

ESG Relevance to Credit Rating

key driver	0	issues	5	
driver	0	issues	4	
potential driver	13	issues	3	
not a rating driver	1	issues	2	
	0	issues	1	

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability
Water & Wastewater Management	3	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Profitability



How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

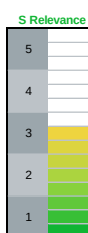
The **Environmental (E)**, **Social (S)** and **Governance (G)** tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The **Credit-Relevant ESG Derivation** table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

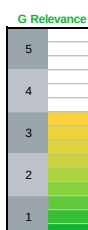
Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Revenues Visibility; Profitability
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Asset Base and Operations
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability
Employee Wellbeing	2	Worker safety and accident prevention	Asset Base and Operations
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Revenues Visibility; Profitability; Financial Structure



Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance; Financial Structure
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance; Commodity Exposure
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

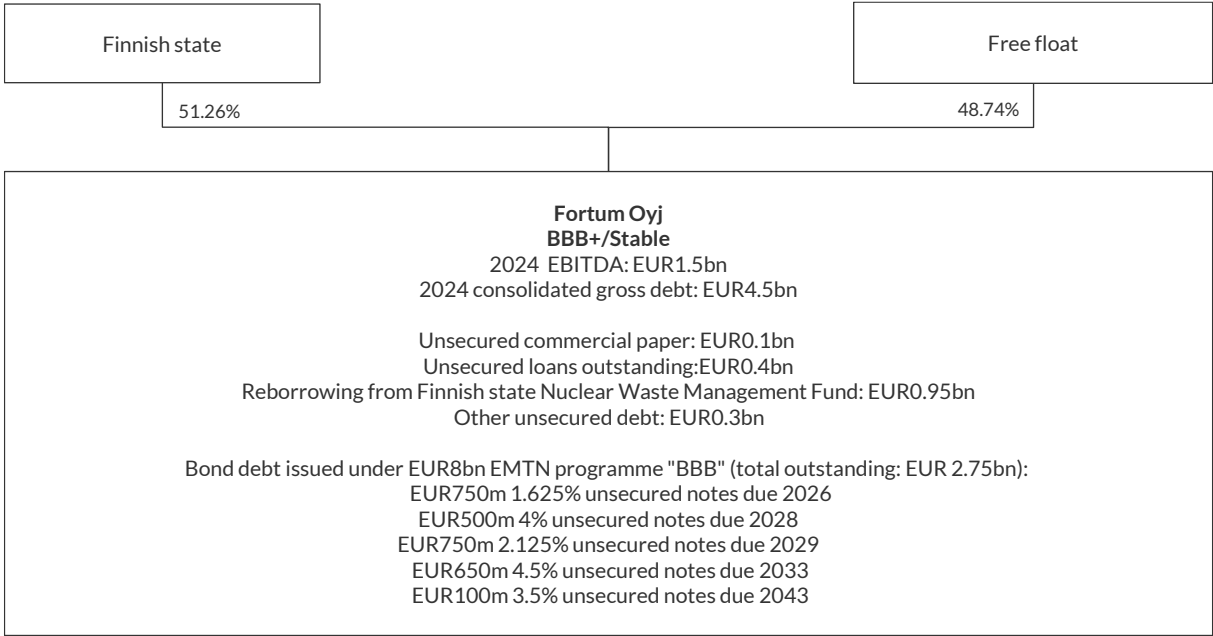


CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Inrelevant to the entity rating but relevant to the sector.
1	Inrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, Fortum Oyj. As at December 2024

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	EBITDA (EURm)	FFO (EURm)	FCF after acquisitions and divestitures (EURm)	FFO interest coverage (x)	FFO net leverage (x)
Fortum Oyj	BBB+						
	BBB	2024	1,530	1,277	950	5.7	0.3
	BBB	2023	1,881	1,498	2,063	7.0	0.8
	BBB	2022	2,004	1,875	543	10.0	1.7
Alperia SpA	BBB						
	BBB	2023	312	181	605	4.9	2.3
	BBB	2022	232	205	-395	11.1	4.9
	BBB	2021	228	168	-359	15.1	4.0
ERG S.p.A.	BBB-						
	BBB-	2023	520	471	220	50.9	3.0
	BBB-	2022	502	405	744	14.9	3.5
	BBB-	2021	581	495	-284	16.3	4.1
Orsted A/S	BBB						
	BBB+	2024	3,104	1,885	-1,496	3.4	3.9
	BBB+	2023	2,891	2,059	-1,284	3.9	2.9
	BBB+	2022	2,681	2,224	-1,030	5.8	1.8
RWE AG	BBB+						
	BBB+	2024	5,007	3,106	-5,337	4.9	0.7
	BBB+	2023	7,554	7,190	-5,719	7.7	-0.3
	BBB+	2022	5,899	7,408	-2,983	10.1	-0.5
Statkraft AS	BBB+						
	A-	2024	2,803	1,092	-2,945	6.1	3.5
	A-	2023	3,832	1,481	-2,290	13.7	0.6
	A-	2022	5,285	3,940	2,030	42.6	-0.5

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(EURm as of 31 Dec 2024)	Notes and formulas	Standardised values	Other adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		5,800	—	—	—	5,800
EBITDAR	(a) = (c-b)	1,704	—	-27	-147	1,530
Lease expense for capitalised leased assets	(b)	—	—	—	—	—
EBITDA	(c)	1,704	—	-27	-147	1,530
Depreciation and amortisation		-379	—	25	—	-354
EBIT		1,325	—	-2	-147	1,176
Balance sheet summary						
Debt	(d)	4,828	—	-94	-213	4,521
Of which other off-balance-sheet debt		—	—	—	—	—
Lease-equivalent debt	(e)	—	—	—	—	—
Lease-adjusted debt	(f) = (d+e)	4,828	—	-94	-213	4,521
Readily available cash and equivalents	(g)	4,136	—	—	—	4,136
Not readily available cash and equivalents		—	—	—	—	—
Cash flow summary						
EBITDA	(c)	1,704	—	-27	-147	1,530
Dividends received from associates less dividends paid to minorities	(h)	14	—	—	—	14
Interest paid	(i)	-225	—	2	—	-223
Interest received	(j)	236	—	—	—	236
Preferred dividends paid	(k)	—	—	—	—	—
Cash tax paid		-196	—	—	—	-196
Other items before FFO		-233	—	2	147	-84
FFO	(l)	1,300	—	-23	—	1,277
Change in working capital		443	—	—	-348	95
CFO	(m)	1,743	—	-23	-348	1,372
Non-operating/nonrecurring cash flow		—	—	—	348	348
Capex	(n)	-472	—	—	—	-472
Common dividends paid		-1,032	—	—	—	-1,032
FCF		239	—	-23	—	216
Gross leverage (x)						
EBITDA leverage	d / (c+h)	2.8	—	—	—	2.9
EBITDAR leverage	f / (a+h)	2.8	—	—	—	2.9
FFO leverage	d / (l-i-j-k)	3.8	—	—	—	3.6
FFO adjusted leverage	f / (l-i-j-k-b)	3.8	—	—	—	3.6
(CFO-capex)/debt (%)	(m+n) / d	26.3	—	—	—	19.9
Net leverage (x)						
EBITDA net leverage	(d-g) / (c+h)	0.4	—	—	—	0.3
EBITDAR net leverage	(f-g) / (a+h)	0.4	—	—	—	0.3
FFO net leverage	(d-g) / (l-i-j-k)	0.5	—	—	—	0.3
FFO adjusted net leverage	(f-g) / (l-i-j-k-b)	0.5	—	—	—	0.3
(CFO-capex)/net debt (%)	(m+n) / (d-g)	183.7	—	—	—	233.8
Coverage (x)						

(EURm as of 31 Dec 2024)	Notes and formulas	Standardised values	Other adjustments	Lease treatment	Other adjustments	Adjusted values
EBITDA interest coverage	(c+h) / (-i)	7.6	—	—	—	6.9
EBITDAR fixed-charge coverage	(a+h) / (-i-b)	7.6	—	—	—	6.9
FFO interest coverage	(l-i-j-k) / (-i-k)	5.7	—	—	—	5.7
FFO fixed-charge coverage	(l-i-j-k-b)/(-i-k-b)	5.7	—	—	—	5.7

CFO – Cash flow from operations
Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region.
Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Source: Fitch Ratings, Fitch Solutions, Fortum Oyj

Government Related Entity Analysis

Fortum Oyj Rating Derivation Summary

GRE Key Risk Factors and Support Score

Responsibility to support	5.0
Decision-making and oversight	Strong
Precedents of support	Not Strong Enough
Incentives to support	0.0
Preservation of provision of public service or sovereignty or strategic assets	Not Strong Enough
Contagion risk	Not Strong Enough
Support score	5.0

Summary

Supporting government	Finland
Government LT IDR	AA
Notching expression	—
GRE LT IDR	BBB+

LT IDR – Long-Term Issuer Default Rating.
GRE – Government-related entity.
SCP – Standalone Credit Profile.
n.a. – Not applicable.
Source: Fitch Ratings

Government LT IDR	GRE SCP	GRE LT IDR
AAA	aaa	AAA
AA+	aa+	AA+
AA	aa	AA
AA-	aa-	AA-
A+	a+	A+
A	a	A
A-	a-	A-
BBB+	bbb+	BBB+
BBB	bbb	BBB
BBB-	bbb-	BBB-
BB+	bb+	BB+
BB	bb	BB
BB-	bb-	BB-
B+	b+	B+
B	b	B
B-	b-	B-
CCC+	ccc+	CCC+
CCC	ccc	CCC
CCC-	ccc-	CCC-
CC	cc	CC
C	c	C
RD	rd	RD
D	d	D

Source: Fitch Ratings

Notching Guideline

	A	B	C	D	E	F	G
GRE's SCP – Government's IDR	Equal to or more than 45.0	Between 42.5 and 35.0 ^a	Between 32.5 and 30.0 ^a	Between 25.0 and 20.0 ^a	15.0 ^a	12.5	Equal to or less than 10.0
>0	Standalone or constrained	Standalone or constrained	Standalone or constrained	Standalone or constrained	Standalone or constrained	Standalone or constrained	Standalone or constrained
0	0	0	0	Standalone	Standalone	Standalone	Standalone
-1	0	0	0	+1 ^b	Standalone	Standalone	Standalone
-2	0	0	0	+1	Standalone	Standalone	Standalone
-3	0	0	-1	+1	Standalone	Standalone	Standalone
-4	0	-1	-2	+1	Standalone	Standalone	Standalone
-5	0	-1	-2	+2	+1	Standalone	Standalone
-6	0	-1	-2	+3	+2	+1	Standalone
-7	0	-1	-2	+4	+2	+1	Standalone
-8	0	-1	-2	+4	+3	+1	Standalone
-9	0	-1	-2	+5	+3	+1	Standalone
-10	0	-2	-3	+5	+3	+1	Standalone
-11	-1	-2	-4	+5	+3	+1	Standalone
-12	-1	-3	-4	+5	+3	+1	Standalone
-13	-2	-3	-5	+5	+3	+1	Standalone
-14	-2	-3	-5	+5	+3	+1	Standalone
-15	-2	-3	-5	+5	+3	+1	Standalone
No SCP	0	-1	-2	-3	n.a.	n.a.	n.a.

^a Including those values.

^b Capped at government IDR minus one if the credit drivers of the GRE are largely similar to or interrelated with those of the government (typical for policy GREs).

Note: Columns A to C refer to notching down from the government IDR and columns D to F refer to notching up from the Standalone Credit Profile.

See Fitch's *Government-Related Entities Rating Criteria* for more information.

GRE – Government-related entity.

SCP – Standalone Credit Profile.

LT IDR – Long-Term Issuer Default Rating.

n.a. – Not applicable.

Source: Fitch Ratings

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