

A photograph of an industrial facility, likely a refinery or chemical plant, in a winter setting. Two large, cylindrical, brown storage tanks are visible in the background, flanking a tall, slender smokestack. The foreground is filled with snow-covered bushes and trees, and the sky is a clear, bright blue.

Equity story of

# **FORTUM – For a cleaner world**

Investor / Analyst material

April 2022

# Disclaimer

This presentation does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Fortum shares.

Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

Any references to the future represent the management's current best understanding. However the final outcome may differ from them.



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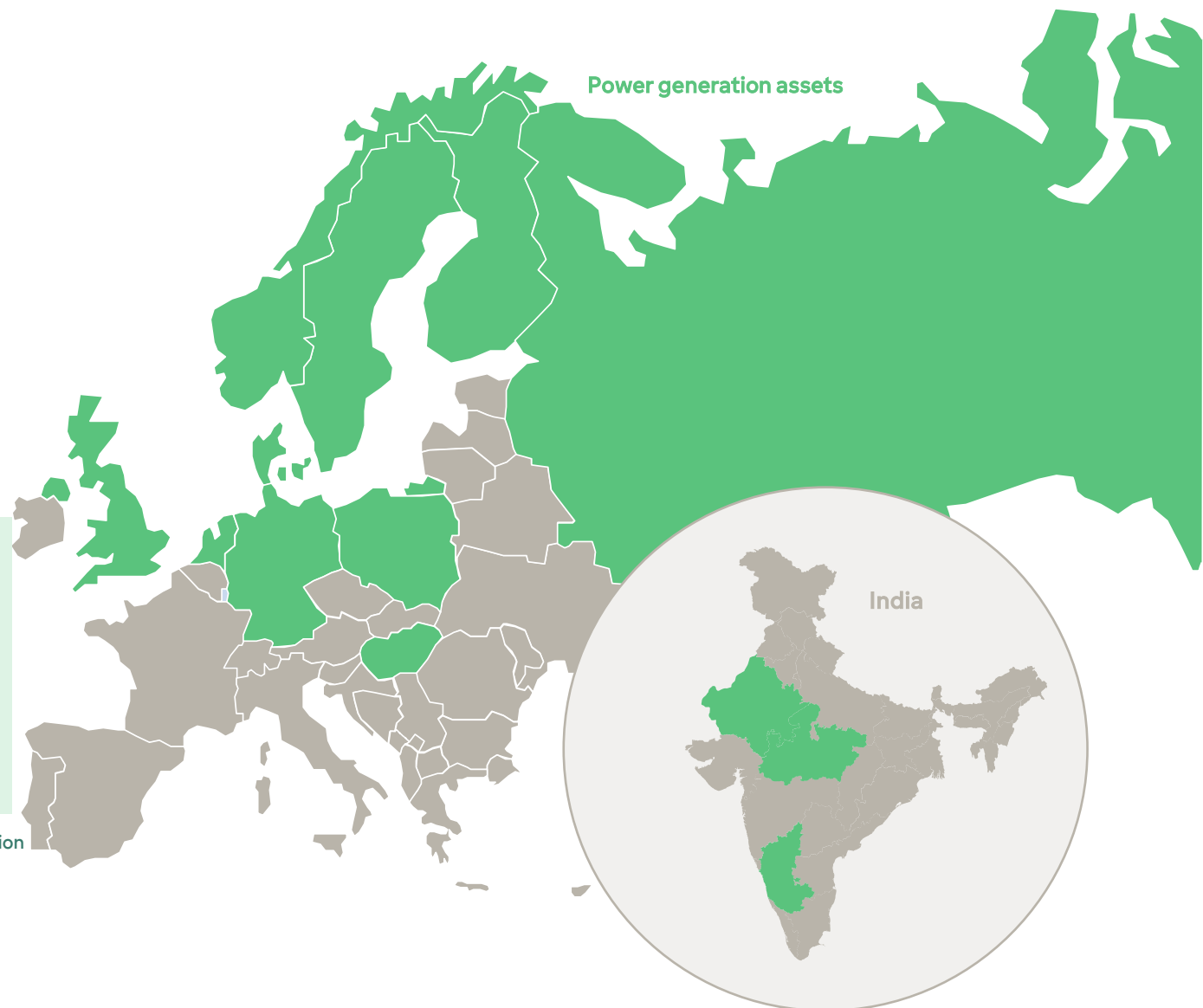
# Fortum in brief

## Key figures 2021

Sales	EUR ~112 bn
Comparable EBITDA	EUR 3.8 bn
Total assets	EUR ~150 bn
Personnel	19,140

<u>Main businesses</u>	<u>Sales (€)</u>	<u>Volume<sup>1</sup></u>	<u>Capacity</u>
Power	34.3 bn	188 TWh	47.1 GW
Gas	60.0 bn	370 TWh	7.4 bcm
Heat	1.2 bn	33 TWh	16.9 GW

1) For Power - Power generation, for Gas - Long-term gas supply contracts and for Heat – Heat production



# Strong position to drive the energy transition in Europe



**3rd largest**  
power generator  
in Europe and Russia



**3rd largest**  
CO<sub>2</sub>-free power generator  
in Europe

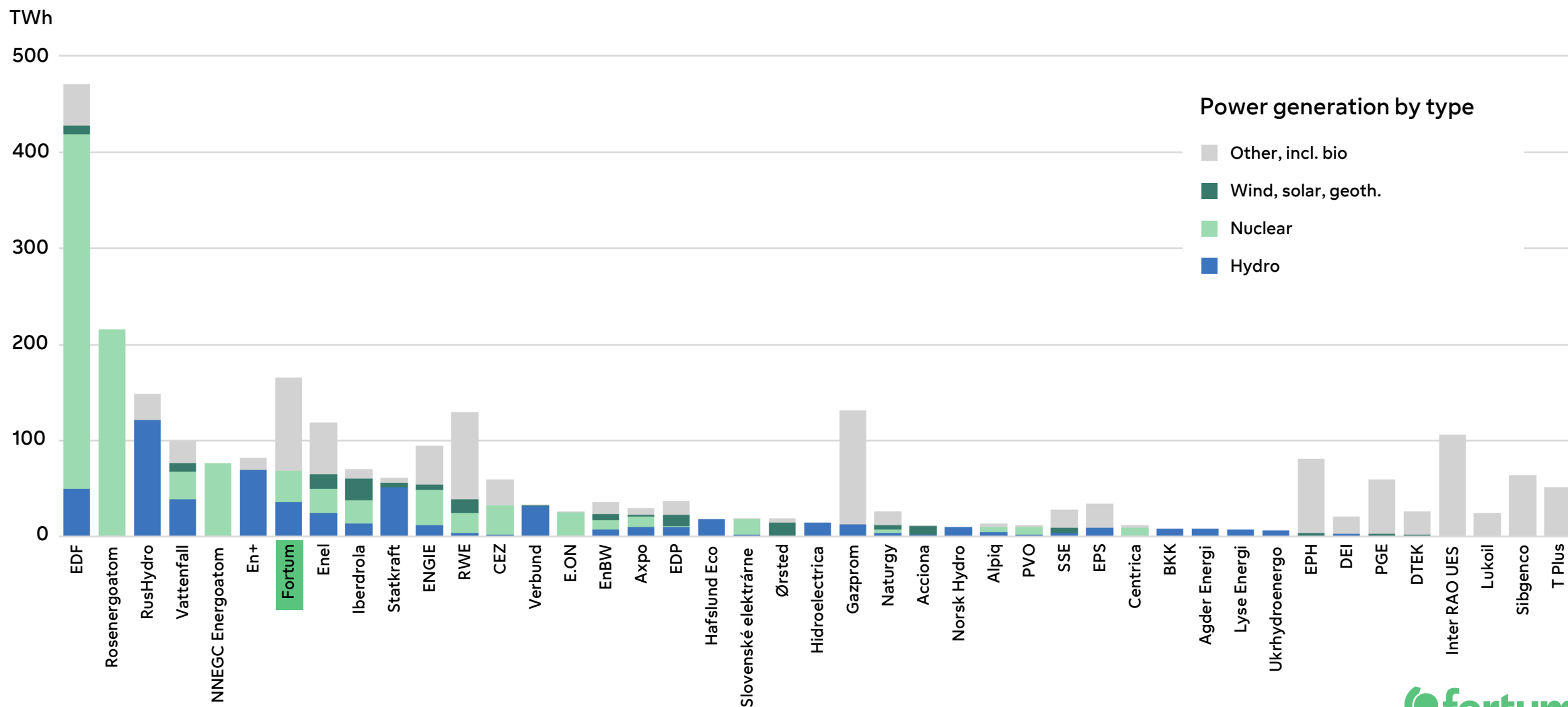


**3rd largest**  
nuclear generator  
in Europe



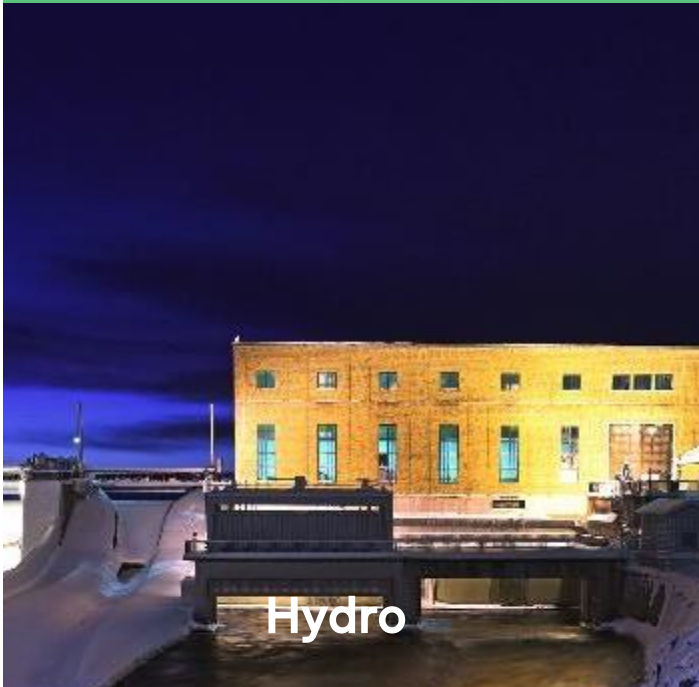
**4th largest**  
gas storage operator  
in Europe

# Fortum is the third largest CO<sub>2</sub>-free power generator in Europe



# Renewables and CO<sub>2</sub>-free power generation capacity of Fortum

## 16.6 GW



8.4 GW



3.6 GW



4.6 GW

# Fortum is well positioned for the energy transition

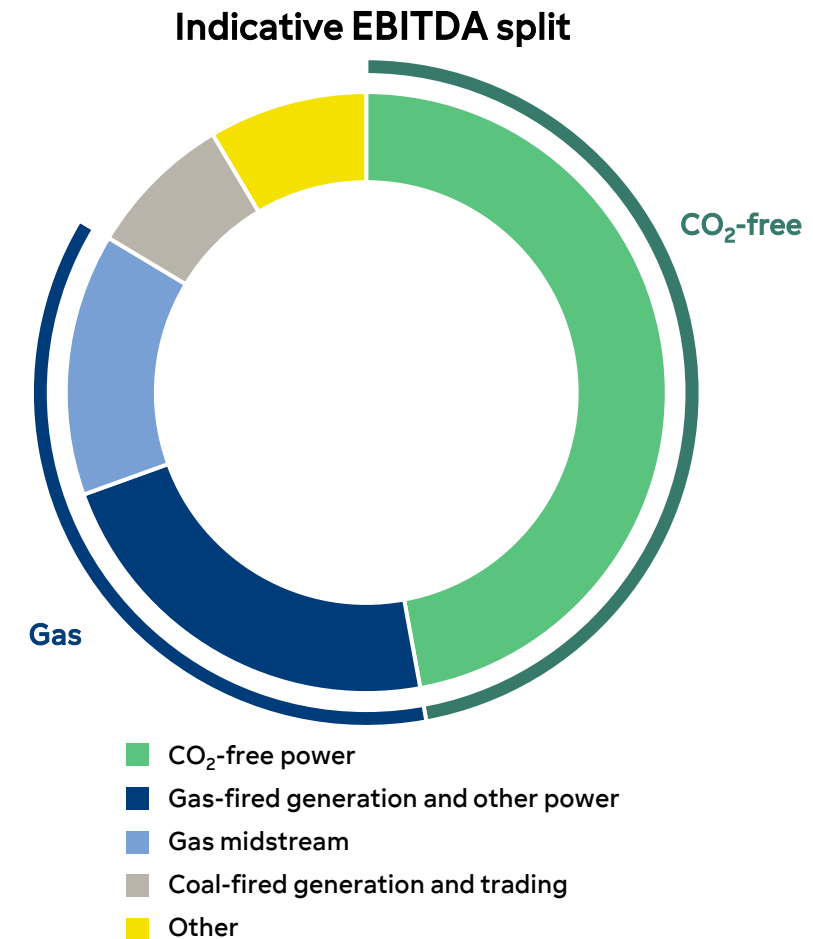
Third largest CO<sub>2</sub>-free power generator in Europe with growing portfolio of wind and solar

Significant provider of flexible hydro and gas-fired power generation

Major provider and trader of gas for Europe's energy and industrial customers

Versatile portfolio of decarbonisation and environmental solutions

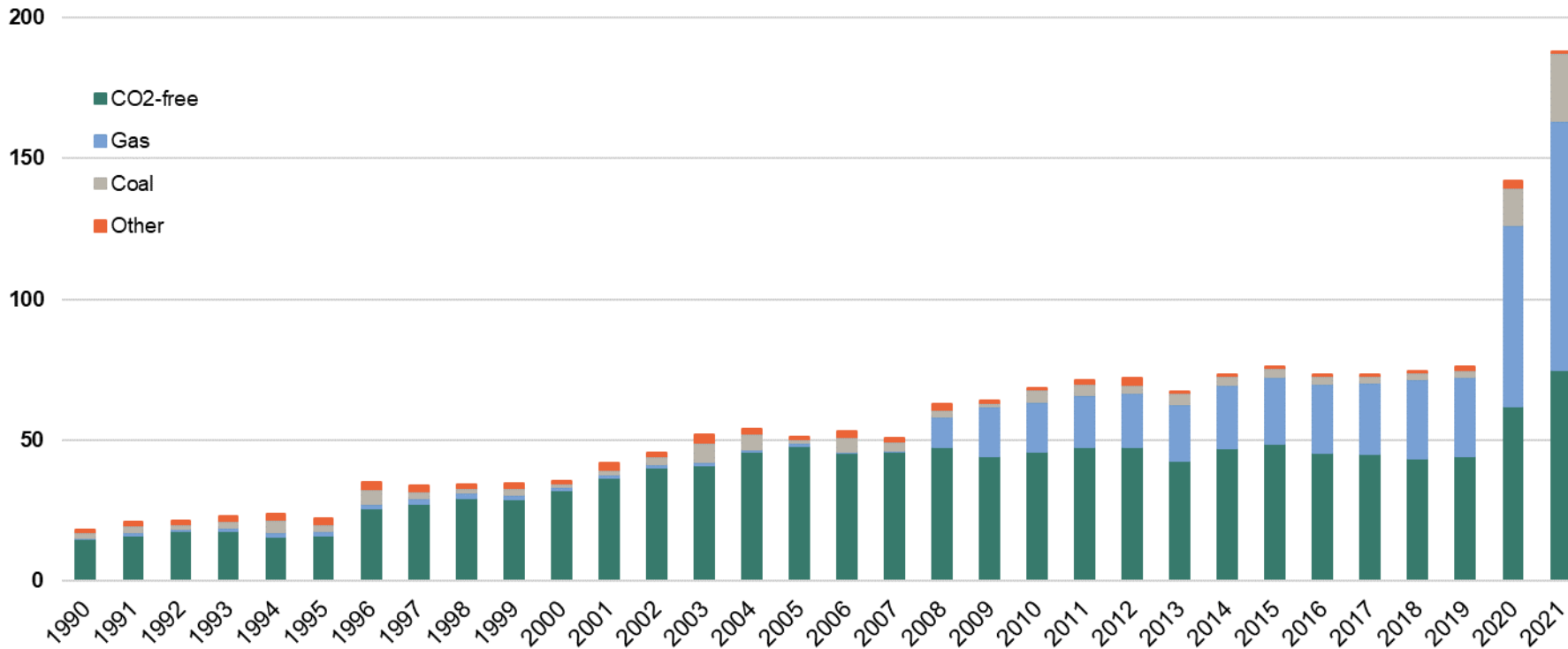
Phase out or exit announced of ~8 GW coal-fired generation by 2030





# Fortum's CO<sub>2</sub>-free power generation increased by ~60% as Uniper was consolidated as a subsidiary

Fortum's power generation, TWh



Fortum actuals 1990-2021.

## Fortum\*:

- CO<sub>2</sub>-free generation 40%
- Gas-fired power generation 47%
- Share of coal-fired generation 13%
- Share of coal of sales revenue below 1%

\* based on 2021 reported figures

# Fortum is a forerunner in sustainability

Our purpose is to drive the change for a cleaner world. We are securing a fast and reliable transition to a carbon-neutral economy by providing customers and societies with clean energy and sustainable solutions. This way we deliver excellent shareholder value.

## 3<sup>rd</sup> largest CO<sub>2</sub>-free generator in Europe

CO<sub>2</sub>-free power generation, including renewable and nuclear power, was 75 TWh in 2021. 64% of power generation in Europe, and 40% of total power generation was CO<sub>2</sub>-free.

## Specific CO<sub>2</sub> emissions

Fortum's specific CO<sub>2</sub> emissions from total energy production in Europe were 231 gCO<sub>2</sub>/kWh in 2021, and 312 gCO<sub>2</sub>/kWh globally.

## Growing in solar and wind

Targeting a multi-gigawatt wind and solar portfolio, which is subject to the build-operate-transfer business model. Targeting an indicative growth capex for EUR 3 billion for 2021-2025, of which 50-55% to renewables.

## Signatory of TCFD

Fortum an official signatory of TCFD on March 2021



Fortum is listed in several sustainability indices and ratings:



MOODY'S | ESG Solutions



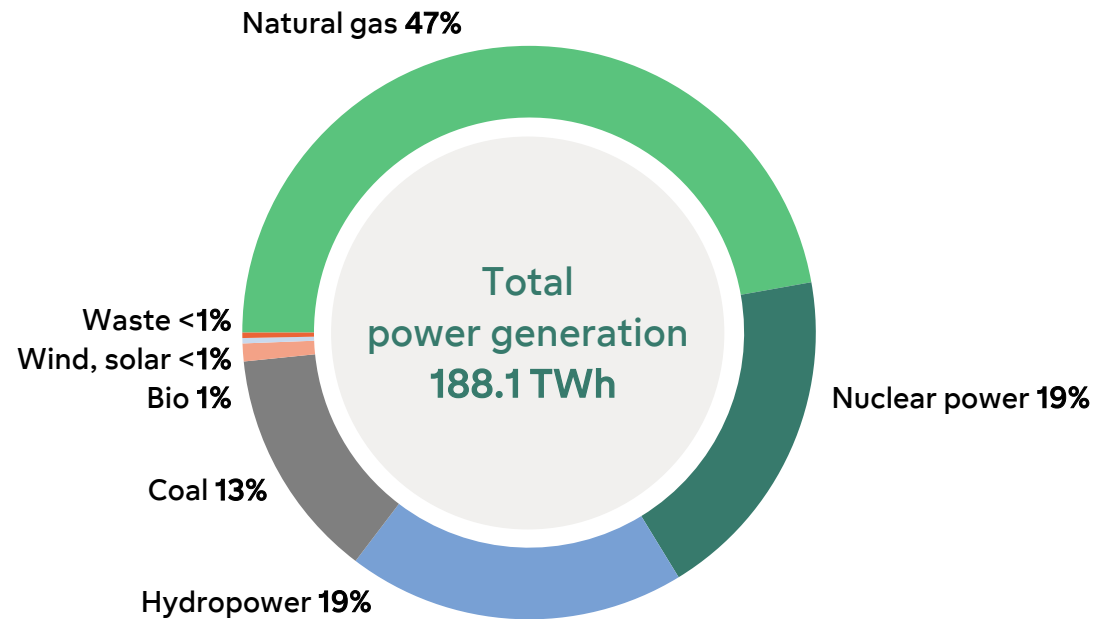
STOXX

Member 2021/2022  
ESG Leaders  
Indices

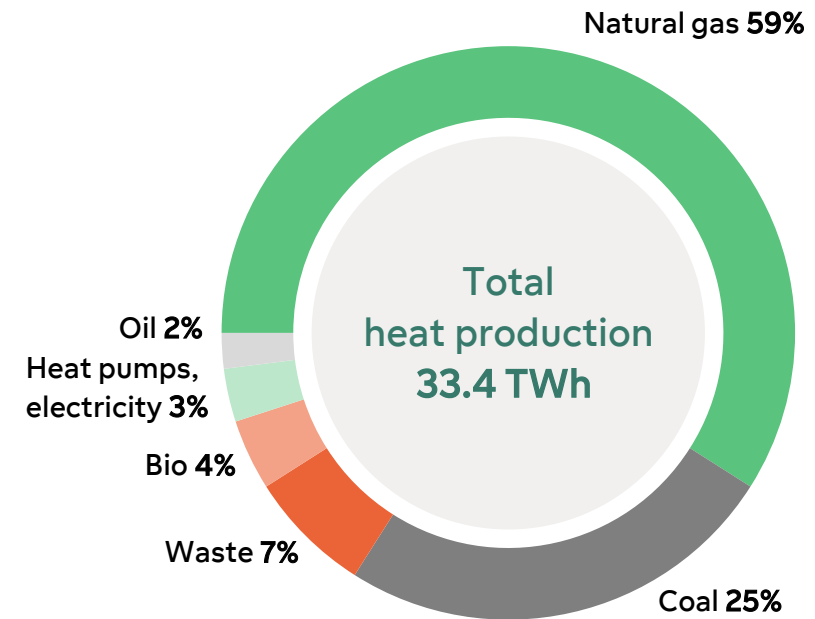
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# Fortum's power generation and heat production by source

## Fortum's power generation in 2021



## Fortum's heat production in 2021



# Fortum key profitability drivers

## Key market drivers:

### Power market

- EU coal/nuclear capacity closures
- Growing share of renewables
- Importance of gas-fired generation
- Commodity prices
- Increasing interconnections between Nordics, Continental Europe, and the UK
- Weather conditions
- Increased demand from decarbonisation and electrification

### Gas market

- Decreasing gas production in Europe
- More volatile gas demand
- Gas storage value
- Weather conditions

## Fortum profitability drivers:

### European power generation

- CO<sub>2</sub>-free generation: prices and volumes, hedging, PPAs
- Gas-fired generation: capturing the merchant upside
- Coal exit path, value from sites

### Gas midstream business

- Long-term contracts and sales
- Gas storage, spread, and volatility
- Optimisation business, price volatility

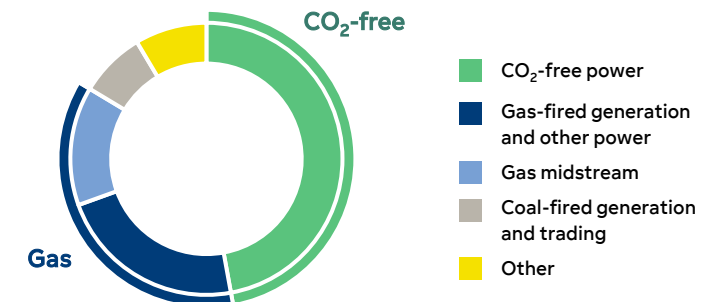
### Russia power generation

- Thermal CSAs gradually shifting to CCS scheme, selective modernisation projects
- Renewables capacity with higher CSAs
- Berezovskaya 3 (CSA)

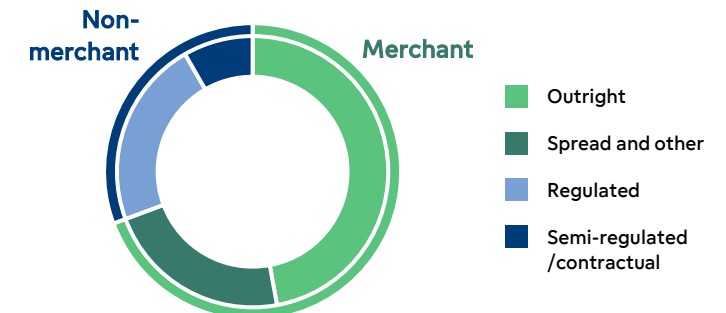
### Growth based on strategy

## Fortum Group's indicative EBITDA by business and market exposure

### Indicative EBITDA split



### Indicative market exposure





# Our strategy – Driving the clean energy transition and delivering sustainable financial performance

## For a cleaner world

### Transform own operations to carbon neutral

- Phase out and exit coal
- Transform gas-fired generation towards clean gas

### Strengthen and grow in CO<sub>2</sub>-free power generation

- Supply significant flexible and reliable CO<sub>2</sub>-free power generation
- Grow sizeable portfolio of renewables

### Leverage strong position in gas to enable the energy transition

- Provide security of supply and flexibility in the power system
- Secure supply of gas for heat, power, and industrial processes

### Partner with industrial and infrastructure customers

- Provide decarbonisation and environmental solutions
- Build on first-mover position in hydrogen

## Value creation targets



Carbon neutral as a Group latest by 2050, in line with the Paris Agreement, and in our European generation latest by 2035



Sustainable financial performance through attractive value from investments, portfolio optimisation, and benchmark operations



Strong financial position and over time increasing dividend

# Measuring success for Fortum



## Climate and environmental targets:

- Group carbon neutral latest by 2050 (Scope 1, 2, 3)
- European generation carbon neutral latest by 2035 (Scope 1, 2)
- CO<sub>2</sub> emission reduction of at least 50% by 2030 in European generation (Scope 1, 2)
- Scope 3 GHG emissions reduction of at least 35% by 2035 (compared to base-year 2021)
- Biodiversity target: Number of major voluntary measures enhancing biodiversity ≥12 in 2021



## Financial targets:

- Financial net debt/comparable EBITDA below 2x
- Hurdle rates for new investments
- Rating of at least BBB
- Stable, sustainable, and over time increasing dividend



## Social targets:

- Safety target: Total recordable incident frequency (TRIF) <1.0 in 2025



## Shareholder value creation:

- Portfolio optimisation and delivering on investments
- Realising financial benefits from the cooperation with Uniper

# Strategic steps going forward

**2014-2020**

**Major transformation**

Active portfolio rotation with focus on assets essential in the energy transition and with good cash flow

Uniper acquisition

Focus on aligned strategy

Flat dividend

**2021-2022**

**Balance sheet focus**

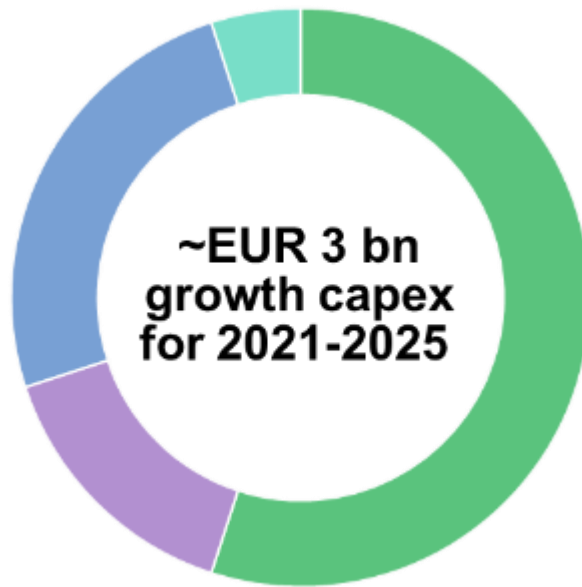
- ✓ Step up in Group EBITDA
- ✓ Secure strong balance sheet
- ✓ Rating of at least BBB
- ✓ Details of strategy implementation and first investments
- ✓ Target to increase dividend

**2023-2025**

**Growth in clean power and gas**

Growth in strategic areas  
Sustainable financial performance with benchmark operations  
Cooperation financial benefits  
Target to increase dividend

# Indicative capital expenditure for growth investments in 2021-2025 – renewables and clean gas

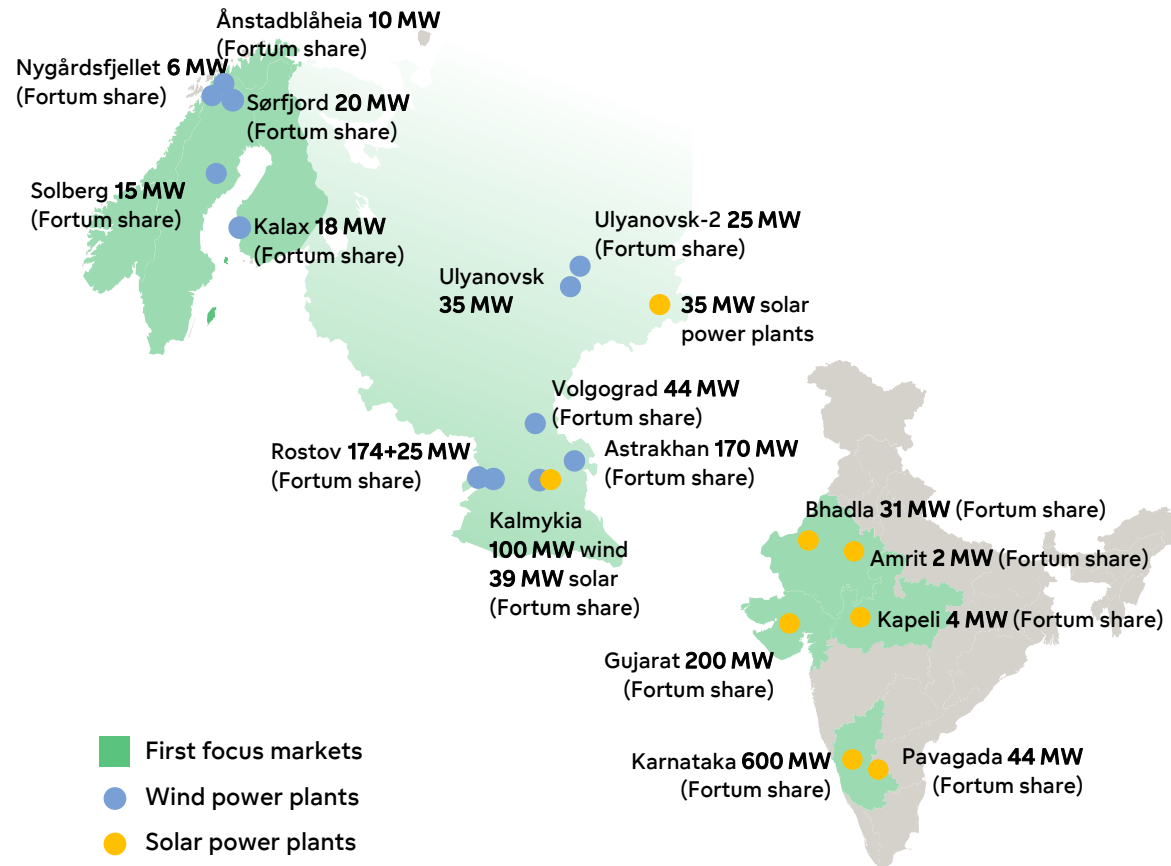


- 1 Renewables**  
On-shore wind and solar
- 2 Hydrogen and clean gas**  
Industrial decarbonisation solutions
- 3 Environmental and security of supply solutions**  
Waste-to-Energy, recycling, industrial and TSO services
- 4 Other**  
Venturing, innovation, digitalisation

Capital expenditure will depend on market conditions, asset rotation, and balance sheet strength



# Fortum's gigawatt scale solar and wind power generation fleet



\*) NOTE: Table numbers not accounting; tells the size of renewables projects. All not consolidated to Fortum capacities. All figures in MW and rounded to nearest megawatt. Additionally, target to invest 333 million euros in India solar and create partnership for operating assets. Under construction includes investment decisions made.

PORTFOLIO	STATUS	CAPACITY, MW	FORTUM SHARE, MW	SUPPLY STARTS/STARTED
<b>FINLAND</b>		<b>470</b>	<b>246</b>	
• Kalax	Operational	90	18	Q4 2020
• Pjelas-Böle & Kristinestad Norr	Under construction	380	228	Q2 2024 latest
<b>NORWAY</b>		<b>181</b>	<b>36</b>	
• Nygårdsfjellet	Operational	32	6	2006 and 2011
• Ånstadblåheia	Operational	50	10	2018
• Sørfjord	Operational	99	20	Q4 2019- Q1 2021
<b>SWEDEN</b>		<b>76</b>	<b>15</b>	
• Solberg	Operational	76	15	2018
<b>RUSSIA</b>		<b>3,409</b>	<b>2,440</b>	
• Bugulchansk	Operational	15	15	2016-2017
• Pleshanovsk	Operational	10	10	2017
• Grachevsk	Operational	10	10	2017
• Kalmykia	Operational / Under construction	78+38	39+19	Q4 2021- H2 2022
• Ulyanovsk	Operational	35	35	2018
• Ulyanovsk 2	Operational	50	25	1.1.2019
• Rostov	Operational	350+50	175+25	Q1 2020- Q4 2021
• Kalmykia	Operational	200	100	1.12.2020
• Astrakhan	Operational	340	170	Q4 2021
• Volgograd	Operational / Under construction	88+17	44+9	Q4 2021- Q4 2022
• Samara	Under construction	237	118	Q4 2022
• GPB JV	Under development	491	246	2022-2023
• Fortum	Under development	~1,400	~1,400	2025-2027
<b>INDIA</b>		<b>985</b>	<b>881</b>	
• Amrit	Operational	5	2	2012
• Kapeli	Operational	10	4	2014
• Bhadla	Operational	70	31	2017
• Pavagada	Operational	100	44	2017
• Karnataka/Gujarat	Under development	300+300 / 200	300+300 / 200	By 2024
<b>TOTAL</b>		<b>5,121</b>	<b>3,618</b>	
	Under development	2,691	2,446	
	Under construction	672	374	
	Operational	1,758	798	

# Strong commitment to maintain rating of at least BBB

**Ambition is to preserve financial flexibility and good access to capital markets.**

Fortum will carefully manage its balance sheet going forward focusing on

- Profitability
- Cash flow optimisation
- Capital expenditure prioritisation
- Portfolio optimisation

**Long term leverage target:**

**Financial net debt/comparable EBITDA**  
**<2x**

RATING AGENCY	CREDIT RATING	VALID SINCE
Standard & Poor's	BBB/Outlook Stable (Credit watch negative)	5 July 2021
Fitch Ratings	BBB/Outlook Stable	30 June 2021

# Return targets for new investments

## Return targets for new investments:

**WACC+** hurdle rate:

**+100 bps** for green investments

**+200 bps** for other investments

The requirement might be higher depending on, e.g., business model and technology and will be evaluated case-by-case.

**Group 2022 capital expenditure, including maintenance and excluding acquisitions, is estimated to be EUR 1.5 billion**

- Maintenance of EUR ~800 million
- Growth of EUR ~700 million



~EUR 3 bn  
growth capex  
for 2021-2025

Capital expenditure will depend on market conditions, asset rotation, and balance sheet strength

# Fortum and Uniper cooperation estimated to deliver significant financial benefits

Cooperation benefits focus on monetary, safety, and environmental actions

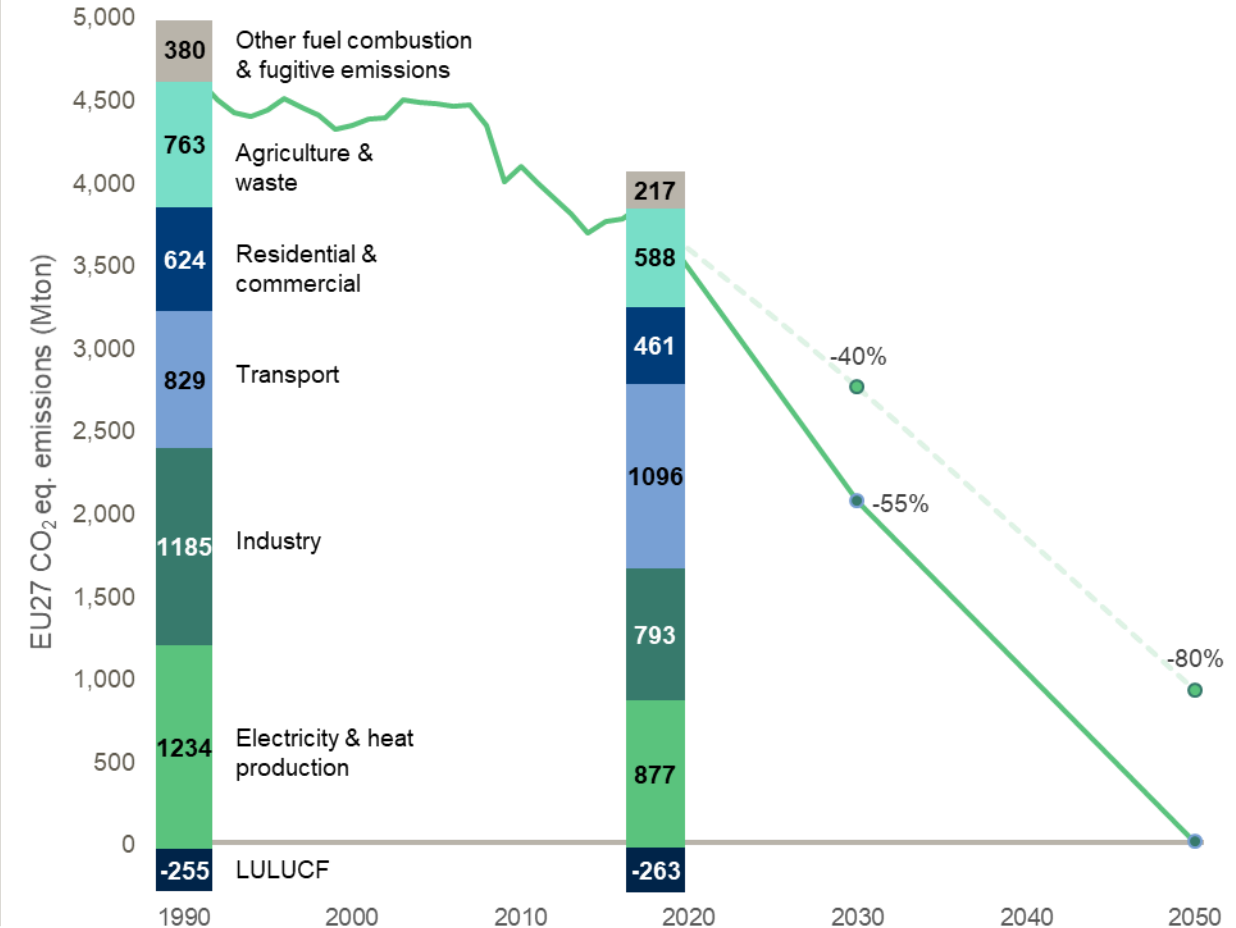
- Positive cash impact on a consolidated group basis is estimated to be ~EUR 100 million annually
- > EUR 50 million of these annual benefits gradually materialising by the end of 2023 and reaching full annual impact in 2025
- Approx. 450 people have been involved in various work streams





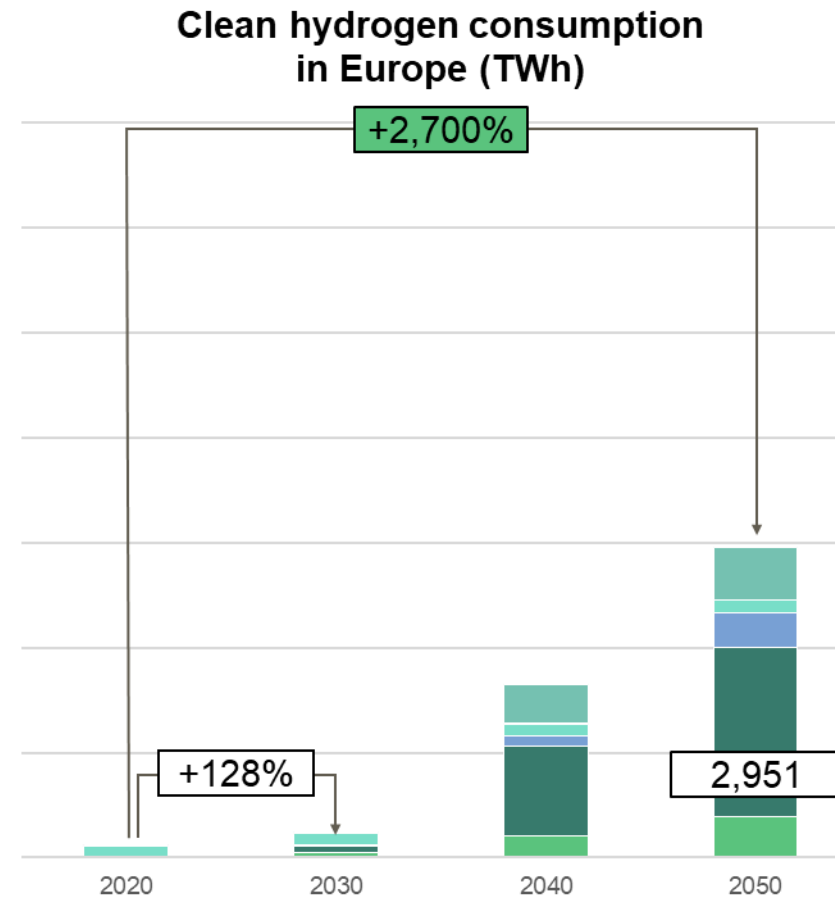
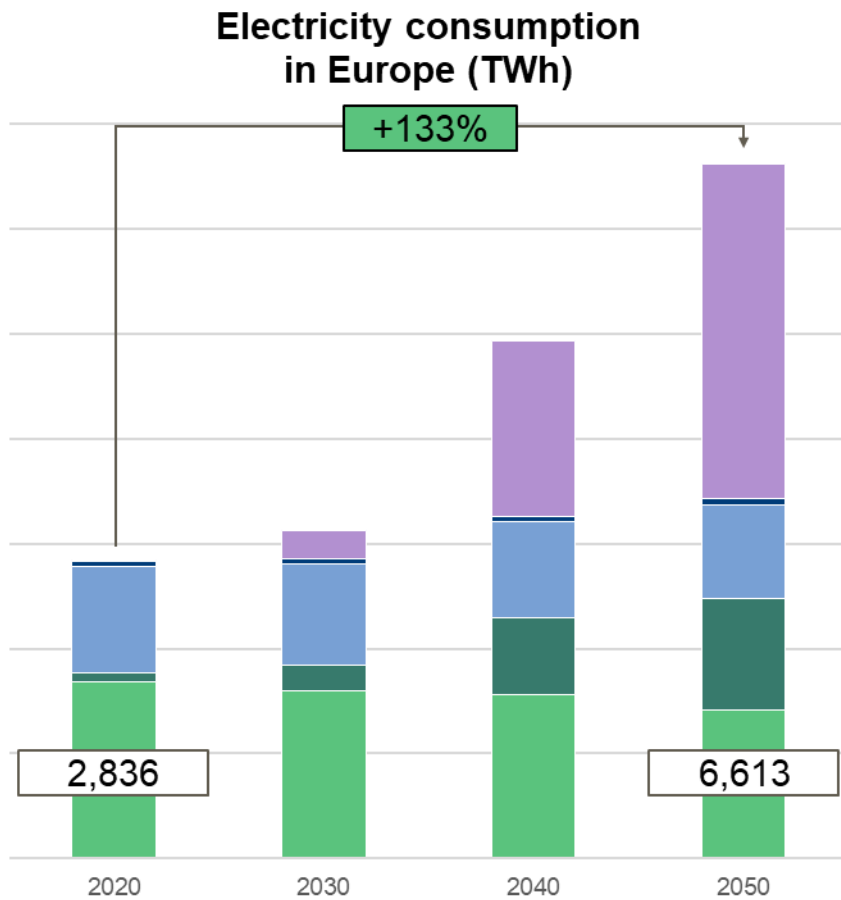
# Europe committed to be a forerunner in reducing GHG emissions across all sectors

- EU is tightening both its 2030 and 2050 emissions targets
  - Requires emission reductions in all sectors, especially residential & commercial, transport, and industry
- Sector coupling – clean electricity and gas enable other sectors to decarbonise
  - Emissions from some industrial and heavy transport sectors are difficult to abate by electrification
- Successful energy transition must balance
  - Sustainability
  - Affordability
  - Security of supply



Source: European Environment Agency  
LULUCF: Land use, land-use change, and forestry

# Energy transition will increase demand for electricity and hydrogen



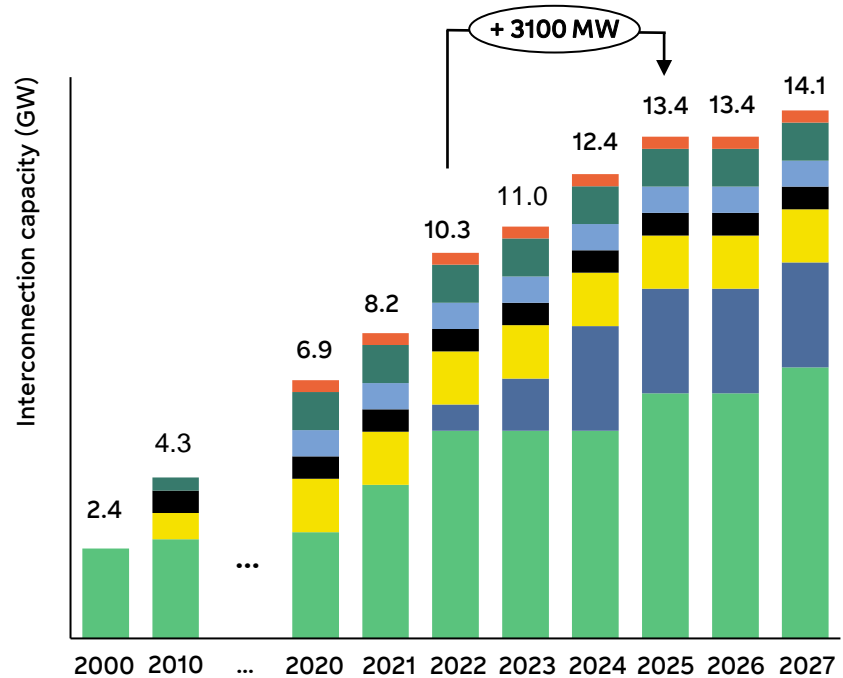
- Electricity
- Hydrogen
- Feedstocks
- Agriculture
- Industry
- Transport
- Residential and commercial

Source:  
IHS Markit Net Zero  
Carbon Europe  
scenario

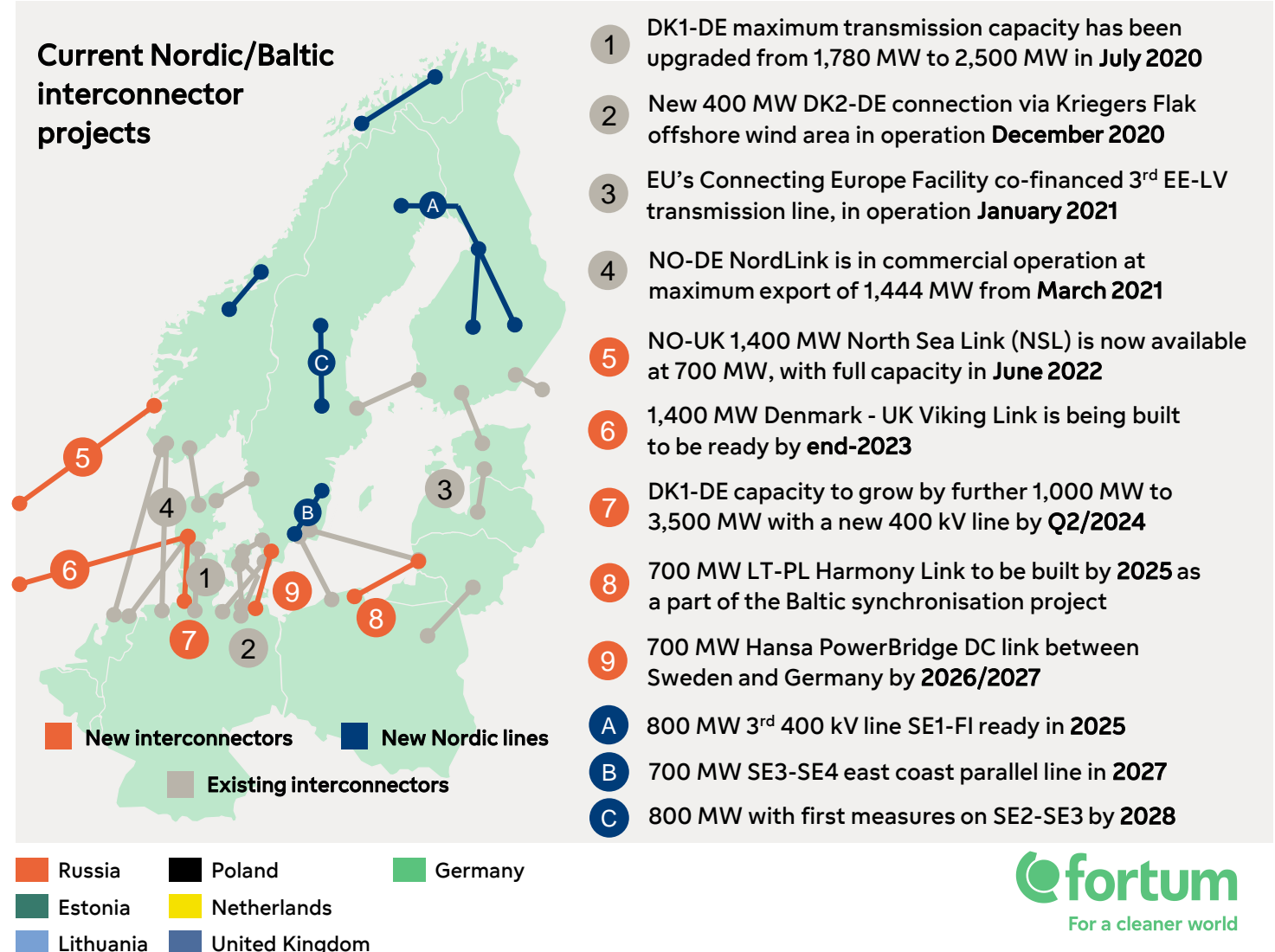
# Nordic, Baltic, Continental and UK markets are integrating

## – Interconnection capacity growing to over 13 GW by mid-2024

- Several **new interconnectors** have started operation, and more are under construction or decided to be built
- New interconnections will increase the **Nordic export capacity** from the current 10.3 GW to over 13 GW by summer 2024



Years in the chart above refer to a snapshot of 1<sup>st</sup> of January each year.  
Source: Fortum Market Intelligence



# Volatility and uncertainty in the European power market increases the value of flexible assets





# Own transformation – coal exit to reach carbon neutrality by 2035 in European generation

Transform own operations to carbon neutral

Strengthen and grow in CO<sub>2</sub>-free power generation

Leverage strong position in gas to enable the energy transition

Partner with industrial and infrastructure customers

## Carbon neutral in our European generation by 2035 at the latest

- Current trajectory to reduce CO<sub>2</sub> emissions in our European generation by at least 50%<sup>\*)</sup> by 2030
- Exit ~6 GW of coal capacity by end of 2025
- Aim to decarbonise gas-fired power generation and transit to clean gas over time

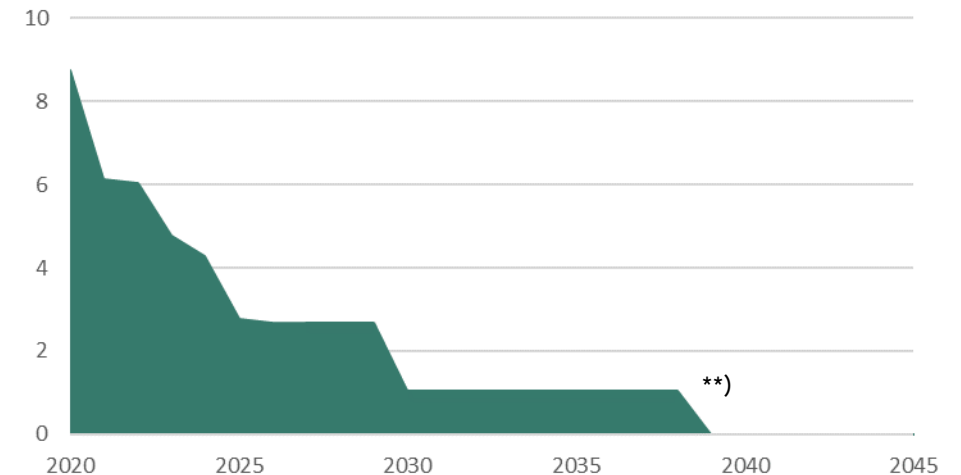
## Carbon neutral as a group by 2050 at the latest in line with the Paris Agreement

- Reduction of the Group's coal-fired generation capacity by >50% to ~5 GW by the end of 2025
- Over time transform the Russian business portfolio by reducing the fossil exposure

## European generation CO<sub>2</sub> net emissions:

2019 100% → 2030 -50% → 2035 Carbon neutral

## Coal fired capacity in Europe (GW)



<sup>\*)</sup> Base year 2019

<sup>\*\*) Datteln4 decommissioning as defined in the German coal-exit law.</sup>

The strategic review of Fortum's Polish district heating business was discontinued in March 2022. Fortum will evaluate alternatives for further decarbonisation of these assets. At the end of 2021, Fortum's coal based capacity in Poland was 0.1 GW.

# Financial Statements 2021

Fortum Corporation

3 March 2022



## **Markus Rauramo** **President and CEO**



# Fortum Group's Russian businesses

## CEO Statement:

- We are deeply concerned about the war in Ukraine. There is no justification for it.
- Whilst operations continue to run as normal, including gas supplies, continuing with business as usual is not an option.
- For now, Fortum has stopped all new investment projects in Russia until further notice and will continue to reduce thermal exposure in Russia.
- Fortum is complying with all applicable laws and regulations, including sanctions, and is preparing for various scenarios.
- Fortum can support security of supply in a decarbonising Europe.

## Fortum Group\* operations in Russia

### Fortum Russia – business description 2021

Employees	6,902	
Power plants	12	
Power generation	15.5 GW capacity	71.9 TWh generation
Heat production	10.2 GW capacity	19.1 TWh production
Uniper gas midstream	Long-term gas contracts	~50% of total ~370 TWh/a is sourced from Russia
NordStream2 project	10% share of total financing	~EUR 1 billion

### Fortum Russia – financials 2021

Russia total assets book value	EUR ~5.5 billion	
Comparable Operating Profit	EUR ~500 million	~20% of total Group

\* Including Uniper



# Strong performance in an exceptional commodity market enables highest comparable KPIs in Fortum's history

## FY

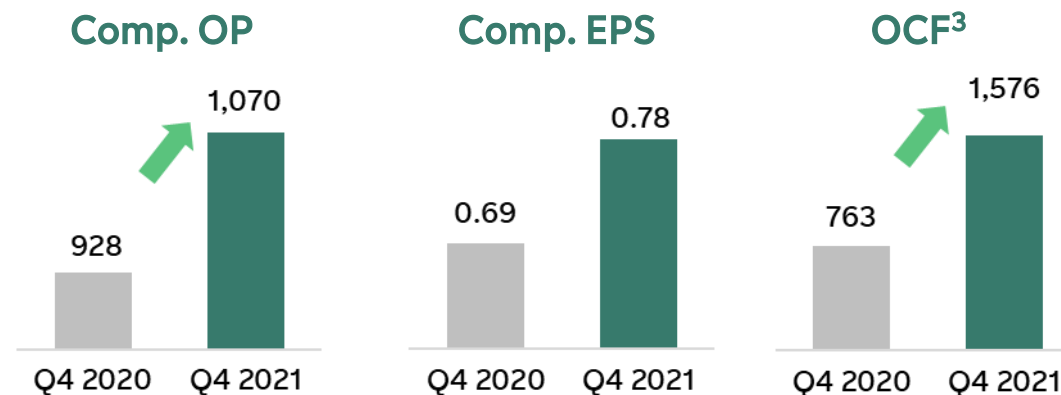
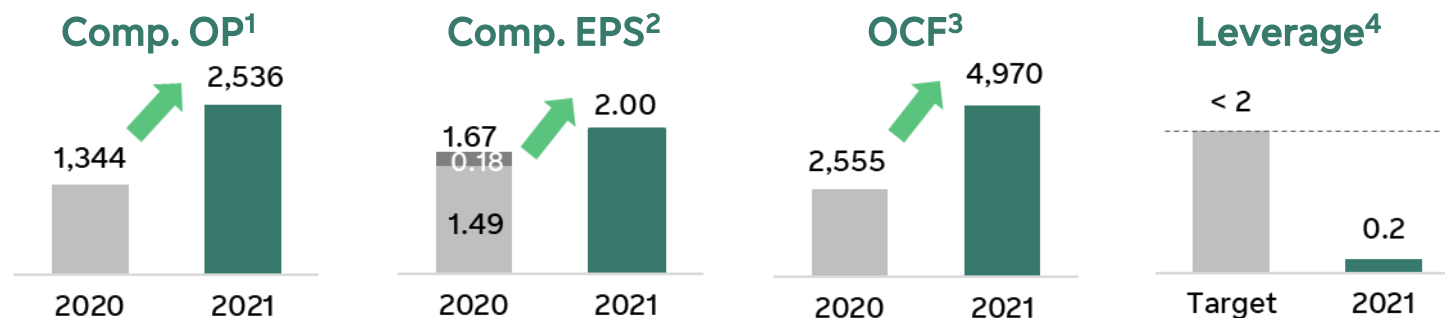
Higher achieved power prices and higher generation volumes with strong physical optimisation

Uniper fully consolidated since Q2 2020 with strong contribution from gas midstream

Dividend proposal of 1.14 EUR/s

## Q4

Extraordinary market fundamentals and strong performance across the group



1. Uniper full consolidation since Q2 2020.

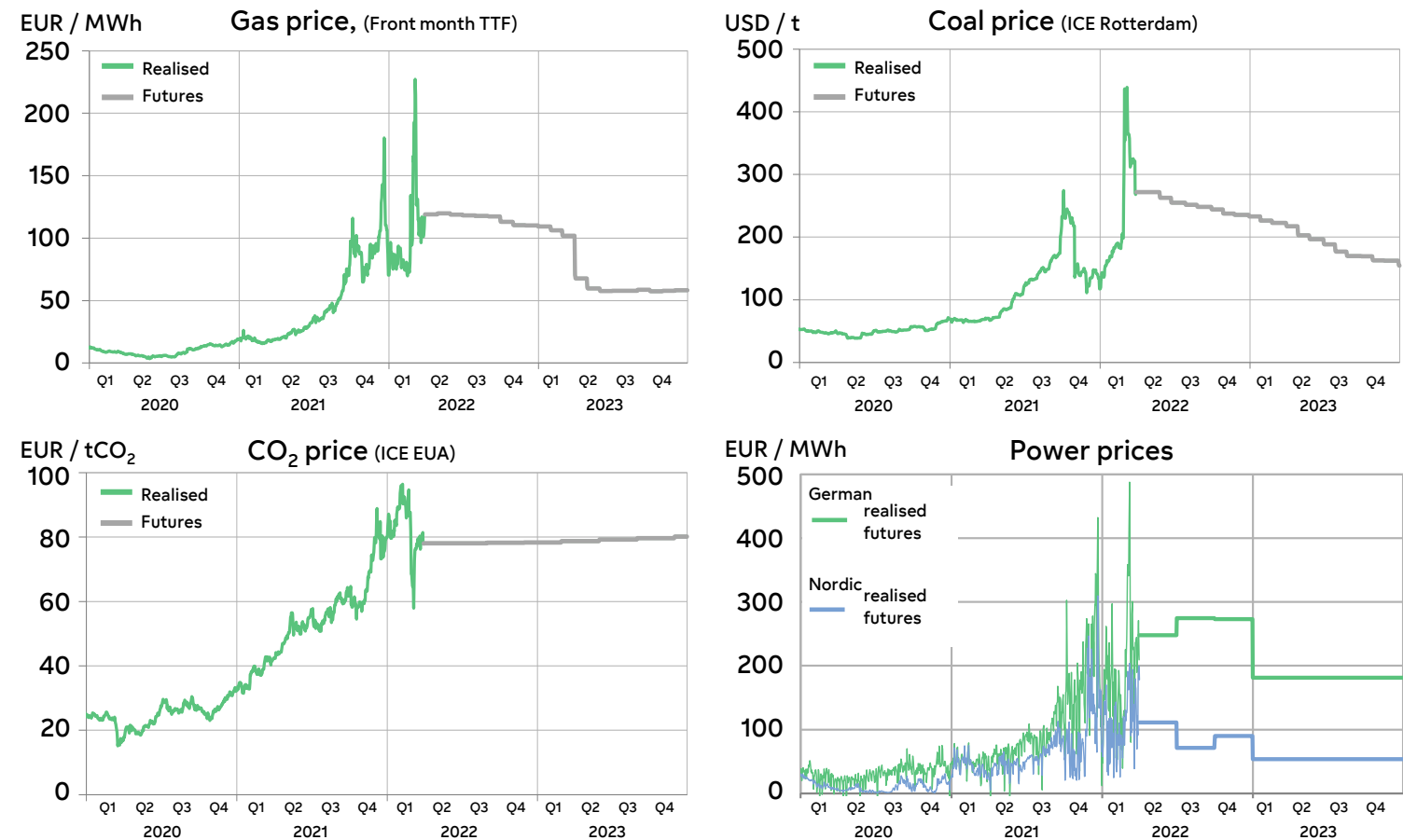
2. Comp. EPS FY 2020 also includes Uniper Q4 2019 result of EUR 0.18 as an associated company.

3. Net cash from operating activities

4. Financial net debt to comparable EBITDA

# Energy commodities driving power prices

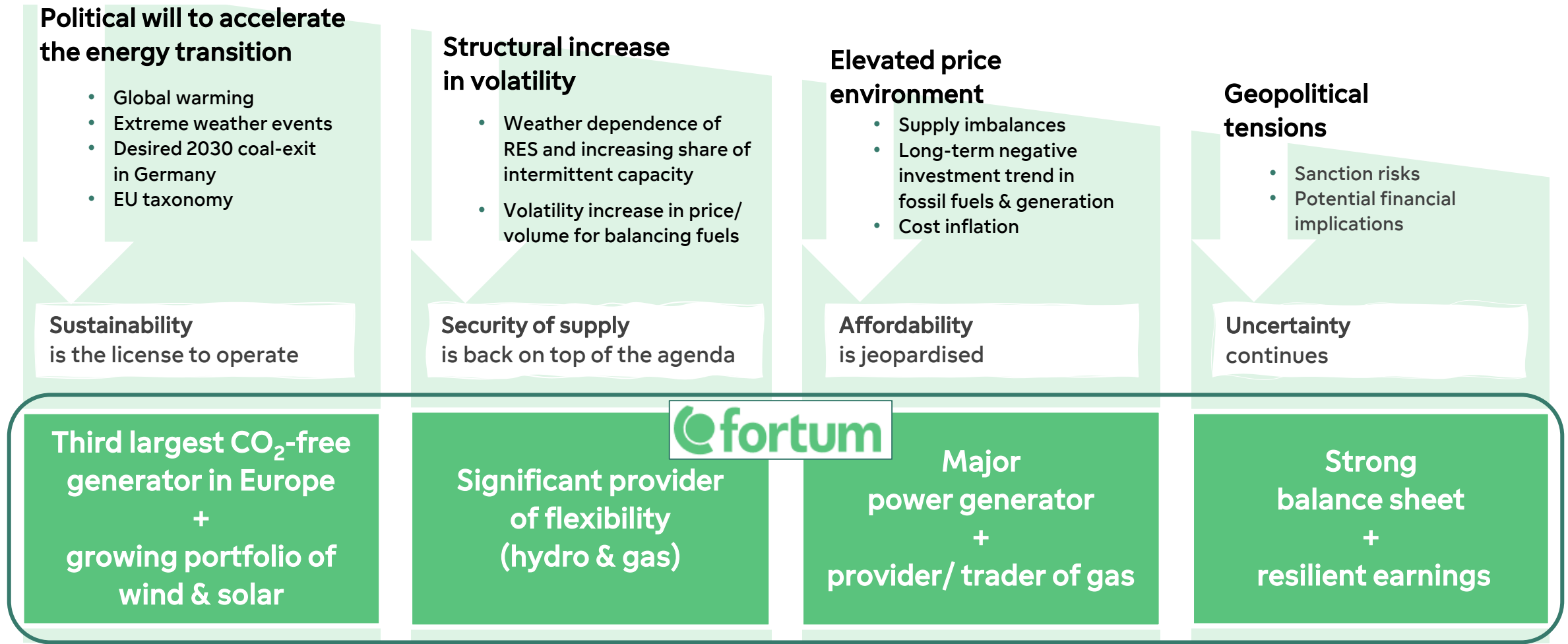
## Energy commodities reaching new record highs



Source: Refinitiv, Bloomberg  
Daily market prices 30 March 2022; 2022-2023 future quotations



# Fortum Group is well positioned to drive the energy transition and to navigate through the turbulence



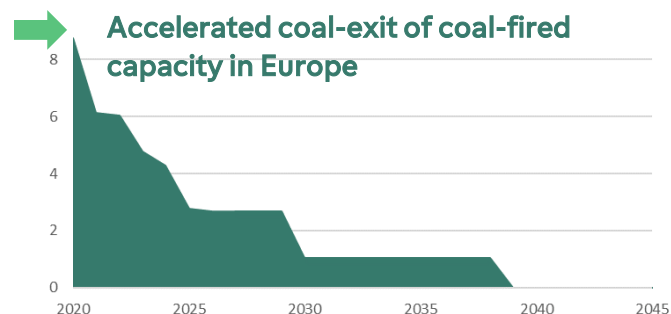
# Fortum is executing its strategy

## Transform own operations to carbon neutral

### Fortum climate targets

- Carbon neutral as Group latest by 2050 in line with Paris Agreement
- European Generation carbon neutral latest by 2035
- Scope 3 indirect emissions -35% by 2035 at the latest, compared to the base year 2021

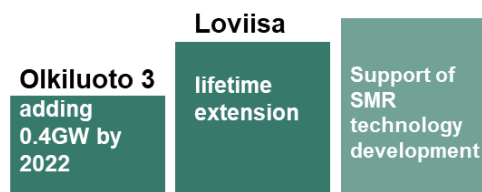
### Coal-exit ahead of plan in Europe



## Strengthen and grow in CO<sub>2</sub>-free power generation

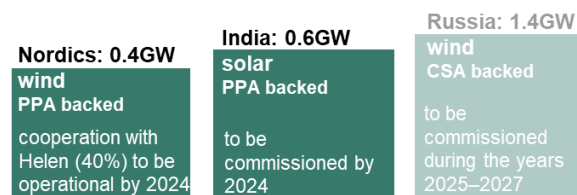
### Supply significant reliable CO<sub>2</sub>-free power

#### → Nuclear capacity addition and lifetime expansion



### Growing a sizeable renewables portfolio

#### → 2.6 GW of new projects disclosed



## Leverage strong position in gas to enable the energy transition

### Provide security of supply and flexibility

#### → Providing grid stability



### Build on first-mover position in hydrogen

#### → 1 GW of electrolyser capacity targeted for 2030



# Strengthen and grow in CO<sub>2</sub>-free power generation

## Loviisa lifetime extension

### Fortum's fully-owned Loviisa nuclear power plant lifetime extension

#### Reliable backbone of the energy transition

- Extension potential of operations until 2050 offering up to 170 TWh of additional CO<sub>2</sub> free power

#### Competitive economics

- Very reasonable addition of nuclear supply with limited capital expenditure of estimated approx. EUR 1bn

#### Taxonomy aligned

- Upgrade project in line with taxonomy powering the energy transition

#### Solution for waste

- Finland has a solution for nuclear waste

#### Public backing

- Fortum is the local reliable operator for decades



2021: 10% of Finland's electricity generation  
2021: 92.9% load factor  
2017-21: EUR 325 million invested  
315 TWh CO<sub>2</sub> free power generated so far

**Bernhard Günther**  
**CFO**





# Key financials

MEUR	IV/2021	IV/2020	2021	2020
Sales	50,079	21,279	112,400	49,015
Comparable EBITDA	1,416	1,247	3,817	2,434
Comparable operating profit	1,070	928	2,536	1,344
Comparable share of profits of associates and joint ventures	27	63	154	656
Comparable profit before income taxes	1,054	969	2,651	1,897
Comparable net profit	693	610	1,778	1,483
Comparable EPS	0.78	0.69	2.00	1.67
Net cash from operating activities	1,576	763	4,970	2,555
Financial net debt / Comp. EBITDA			0.2	2.9

Extraordinary strong financial KPIs

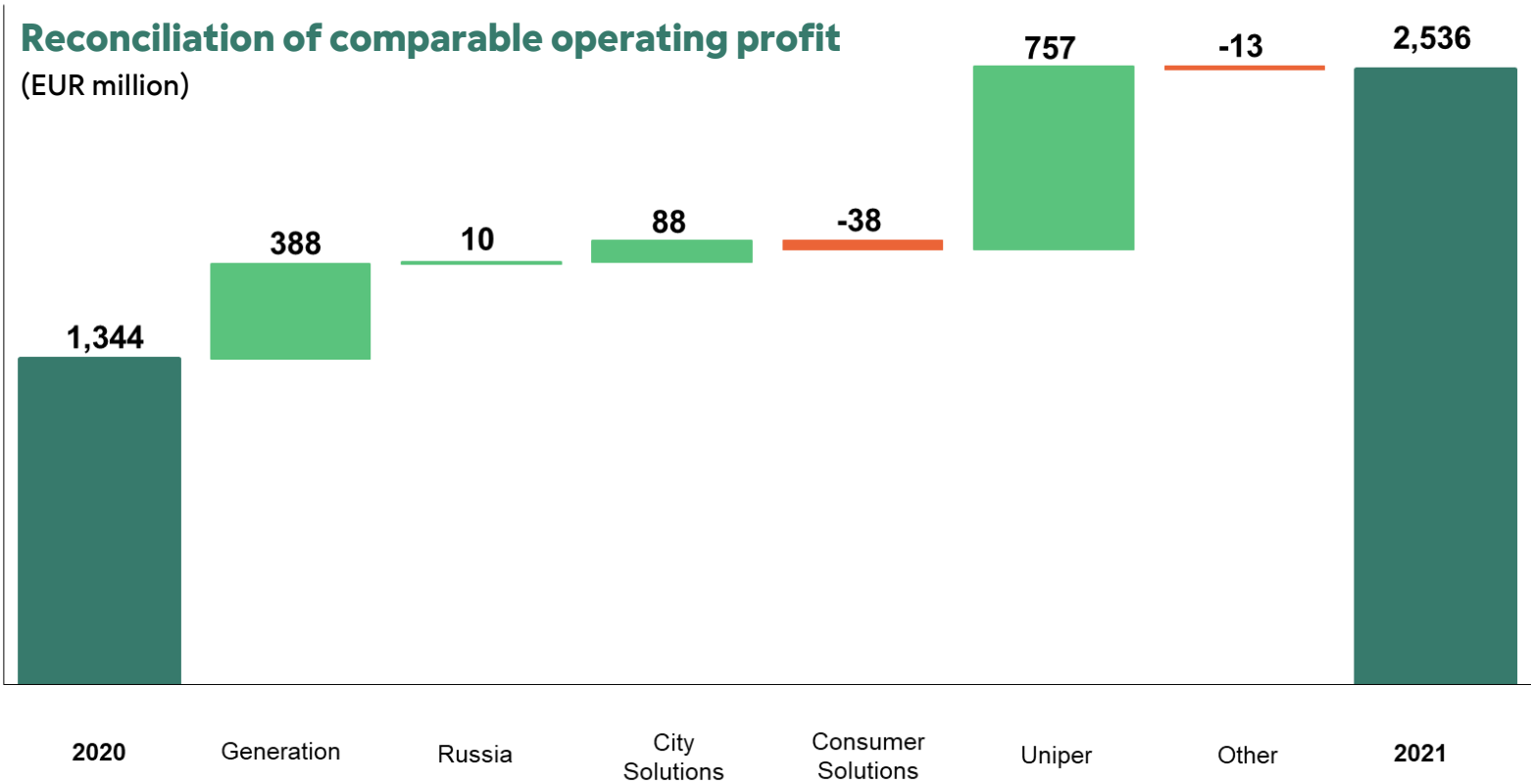
Comparable EBITDA on record high level of EUR 3.8 billion

Comparable EPS at EUR 2.00

Strong credit metrics with Financial net debt / Comp. EBITDA of 0.2x clearly below target level of <2x following latest divestments

S&P confirmed Fortum's and Uniper's BBB rating with stable outlook

# 2021, almost all segments improved – volumes and prices contributed



## Generation

higher volumes and achieved power price with strong physical optimisation

## Russia

one-off effect and higher power prices offsetting negative FX and declining CSAs

## City Solutions

higher power and heat sales

## Consumer Solutions

challenging Q4 and negative customer development

## Uniper

good underlying performance, change mainly related to consolidation of Uniper from Q2 2020



# P&L - reported IFRS figures dominated by changes in fair values

MEUR	IV/2021	IV/2020	2021	2020
Sales	50,079	21,279	112,400	49,015
Materials and services	-48,003	-19,127	-105,170	-44,298
Other	-659	-904	-3,413	-2,283
Depreciations and amortisation	-346	-320	-1,281	-1,090
<b>Comparable operating profit</b>	<b>1,070</b>	<b>928</b>	<b>2,536</b>	<b>1,344</b>
Items affecting comparability	942	-470	-3,124	255
<b>Operating profit</b>	<b>2,012</b>	<b>458</b>	<b>-588</b>	<b>1,599</b>
Share of profits/loss of associates and joint ventures	40	113	192	656
Finance costs - net	76	-18	107	-56
<b>Profit before income tax</b>	<b>2,128</b>	<b>554</b>	<b>-289</b>	<b>2,199</b>
Income tax expense	-1,125	-142	175	-344
<b>Profit for the period</b>	<b>1,003</b>	<b>411</b>	<b>-114</b>	<b>1,855</b>
Attr. to owners of parent	842	379	739	1,823
Attr. to non-controlling interest	162	31	-852	32

Strong increase in sales following the increase in commodity prices

Items affecting comparability includes EUR -5.4bn changes in fair values of derivatives hedging future earnings and EUR 2.7bn capital gains (Share in Stockholm Exergi and Baltic district heat sale)

In addition to interest expense, net finance costs include Uniper's interest income and positive nuclear fund adjustments

# Balance sheet tripled due to derivative financial instruments

MEUR	31-Dec-21	31-Dec-20	MEUR	31-Dec-21	31-Dec-20
Property, plant and equipment and right-of-use assets	19,049	19,367	<b>Total equity</b>	<b>13,665</b>	<b>15,577</b>
Derivative financial instruments	82,488	10,477	Derivative financial instruments	88,604	10,594
Intangible assets	2,167	2,268	Interest-bearing liabilities	17,220	10,662
Participations in associates and JVs	2,461	2,912	Nuclear provisions	3,891	3,866
Shares in Nuclear Waste Funds	3,515	3,445	Other provisions	6,407	4,232
Interest-bearing receivables	3,107	3,000	Pension obligations, net	1,190	1,520
Inventories	2,275	1,936	Other	1,224	1,296
Margin receivables	9,163	1,132	Margin liabilities	985	331
Other assets including trade receivables	17,736	10,630	Trade and other payables	16,477	9,525
Liquid funds	7,592	2,308			
Assets held for sale	108	335	Liabilities related to assets held for sale	-	206
<b>Total assets</b>	<b>149,661</b>	<b>57,810</b>	<b>Total equity + liabilities</b>	<b>149,661</b>	<b>57,810</b>

Financial derivatives substantially up following the strong increase in commodity prices and high portfolio churn

Interest-bearing liabilities up as a consequence of operational liquidity measures

Margin receivables up – but also margin liabilities based on higher prices

Liquid funds increase by EUR 5.28bn following divestments and the drawing of the RCF

# Strong cash flow management to secure financial flexibility

EUR million	IV/2021	IV/2020	2021	2020
Comparable EBITDA	1,416	1,247	3,817	2,434
Non-cash and other items	940	282	1,506	394
Interest received	27	14	75	46
Interest paid	-39	-51	-202	-208
Dividends received	23	29	124	121
Income taxes paid	-165	-33	-493	-267
Change in working capital	-626	-725	144	35
<b>Net cash from operating activities</b>	<b>1,576</b>	<b>763</b>	<b>4,970</b>	<b>2,555</b>
Capital expenditures	-329	-419	-1,178	-1,101
Acquisitions of shares	-24	-158	-294	-1,801
Proceeds from sales of property, plant and equipment	2	5	20	16
Divestments of shares and capital returns	115	21	3,863	1,244
Shareholder loans to associated companies and joint ventures	15	-4	-8	-44
Change in margin receivables	-2,723	-566	-7,964	-552
Change in other interest-bearing receivables	-65	27	-166	98
<b>Net cash from/used in investing activities</b>	<b>-3,009</b>	<b>-1,093</b>	<b>-5,727</b>	<b>-2,140</b>
Proceeds from long-term liabilities	3,297	93	3,439	2,569
Payments of long-term liabilities	-1,619	-40	-2,315	-507
Change in short-term liabilities	2,794	317	5,364	207
Dividends paid to the owners of the parent	0	0	-995	-977
Dividends paid to non-controlling interests	-26	-13	-171	-160
Change in margin liabilities	-1,709	-193	649	-623
Other financing items	46	-5	43	-3
<b>Net cash from/used in financing activities</b>	<b>2,783</b>	<b>159</b>	<b>6,013</b>	<b>505</b>
<b>Net increase(+)/decrease(-) in liquid funds</b>	<b>1,350</b>	<b>-172</b>	<b>5,256</b>	<b>920</b>

Change in **non-cash /other items** and **working capital** was impacted by operational liquidity measures in the Uniper segment

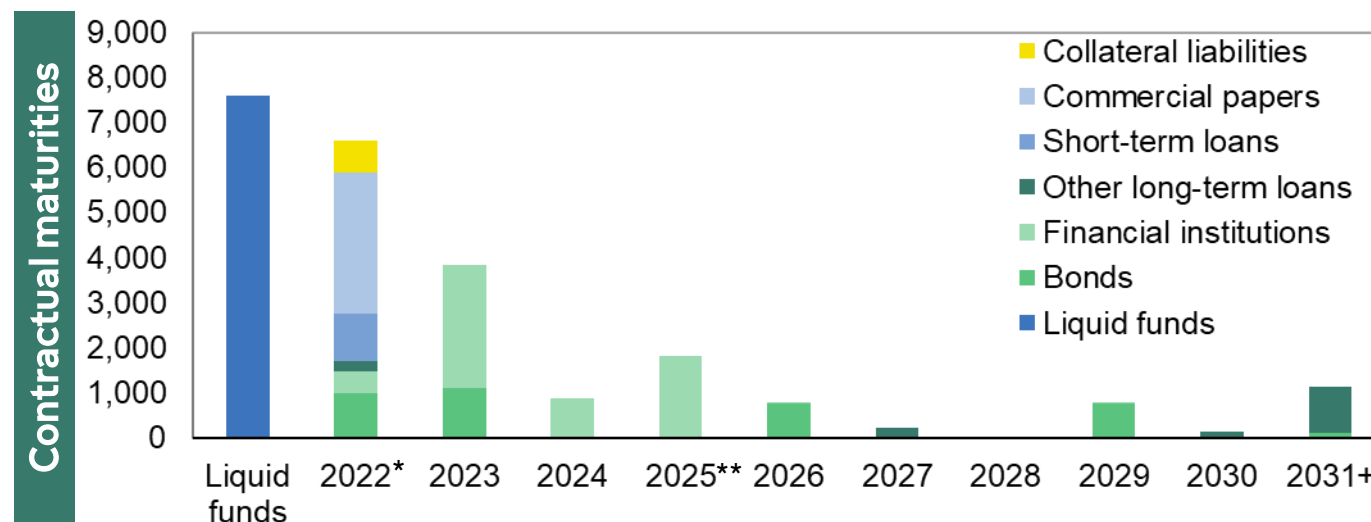
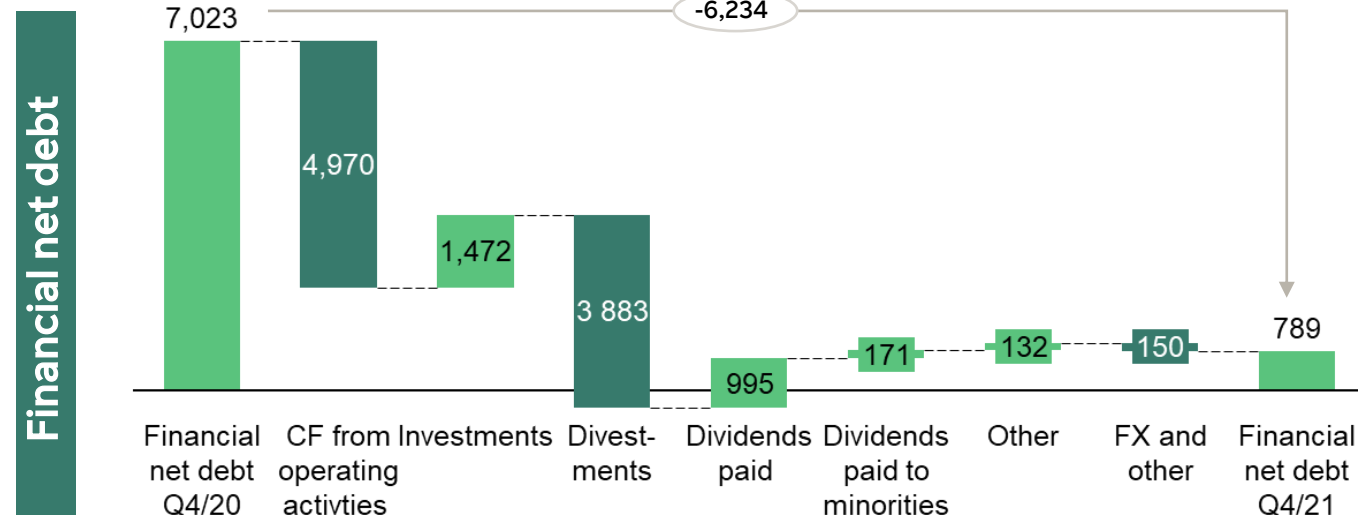
**Sales proceeds** from divestments of 50% ownership in Stockholm Exergi and from Baltic district heating

**Margin receivables** increased due to higher commodity prices covered...

... by additional **financing**...

...and **increase in margin liabilities**

# Leverage below target and good access to debt capital market



(\*) After the closing date, in January 2022, Uniper signed a EUR 2,000 million short-term revolving credit facility with German state-owned KfW-Bank (maturing in April 2022) and Fortum signed a EUR 3,000 million revolving credit facility (maturing in April 2022 with extension option of three months). These facilities have not been used. Maturities in 2022 also include liabilities of EUR 736 million with no contractual due date.

(\*\*) Uniper's drawn revolving credit facility of EUR 1,800 million has an ultimate contractual maturity in 2025 and is consequently shown here for the year 2025. However, this facility is classified as current liability on the balance sheet due to planned earlier repayment.

## Solid credit metrics

**S&P Global Ratings**

'BBB' long-term issuer credit rating, stable outlook

**Fitch Ratings**

'BBB' long-term issuer credit rating, stable outlook

**Target ratio:**

< 2x Financial net debt / Comp. EBITDA

## Fortum's objective:

Maintain solid investment grade rating of at least BBB to maintain financial strength, preserve financial flexibility, and good access to capital.

## Total loans EUR 16,144 million (excl. lease)

- Average interest for Fortum Group loan portfolio including derivatives hedging financial net was 1.3% (2020: 1.5%).
- EUR 925 million (2020: 634) was swapped to RUB with average interest 8.3% (2020: 6.2%) including cost for hedging

Liquid funds of EUR 7,592 million

Undrawn credit facilities of EUR 400 million \*

## Hedging

### Generation Nordic hedges:

For 2022: 75% hedged at EUR 34 per MWh  
(Q3: 65% at EUR 32)

For 2023: 50% hedged at EUR 31 per MWh  
(Q3: 40% at EUR 31)

### Uniper Nordic hedges:

For 2022: 80% hedged at EUR 18 per MWh  
(Q3: 85% at EUR 22)

For 2023: 60% hedged at EUR 18 per MWh  
(Q3: 55% at EUR 21)

For 2024: 20% hedged at EUR 30 per MWh

**2022 Estimated annual capital expenditure**, including maintenance and excluding acquisitions, of appr.

**EUR 1,500 million** of which maintenance capital expenditure is EUR 800 million

### **Tax guidance for 2022:**

The comparable effective income tax rate for Fortum is estimated to be in the range of 22-25%.

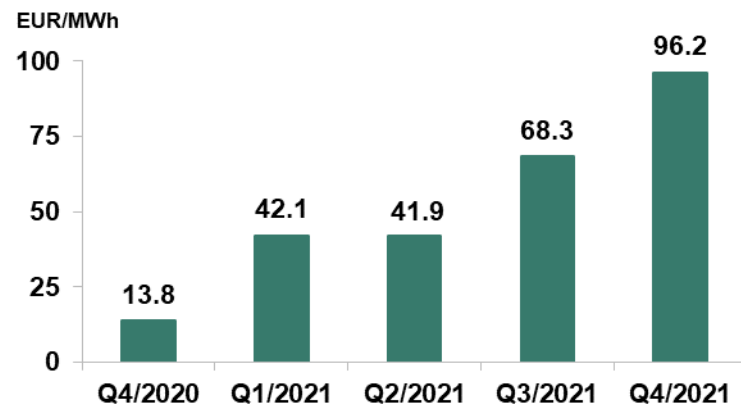


# Q&A

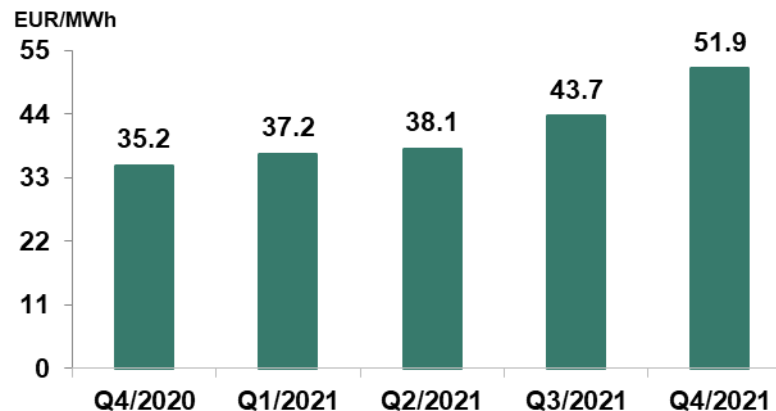


# Higher power prices

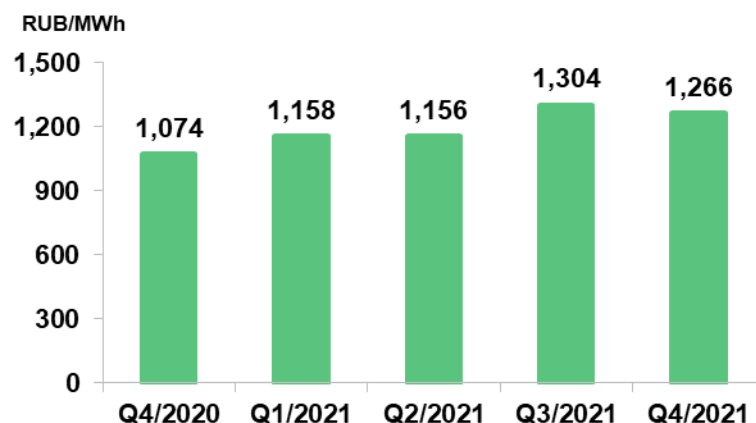
## System spot power price, Nord Pool



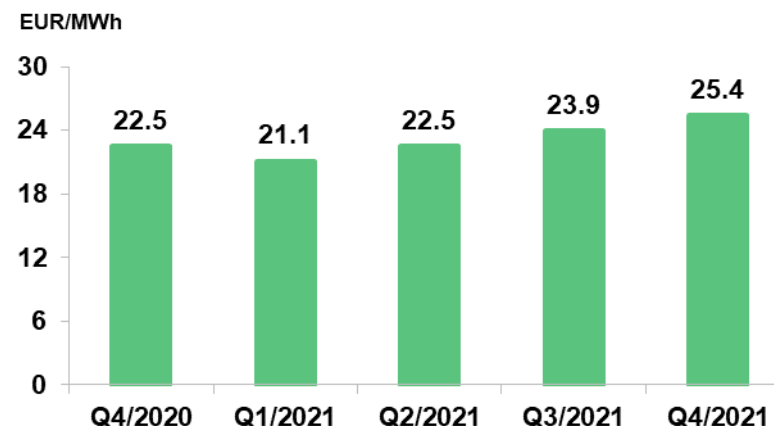
## Achieved power price, Generation segment



## Spot power price, Urals hub



## Achieved power price, Russia segment\*



\* Achieved power price (includes capacity payments) in RUB increased 3%.

\* Does not include Uniper's subsidiary Unipro

Significantly higher spot power prices in the Nordics

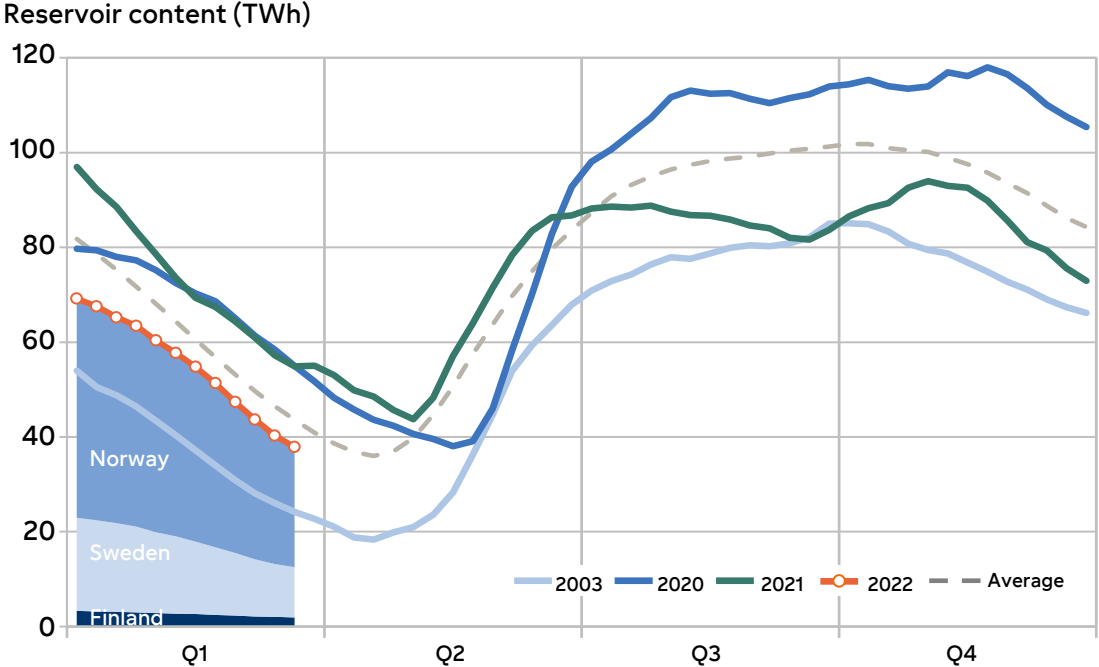
Higher achieved power prices

Russian power demand recovering with increasing electricity prices

Russian achieved price increased

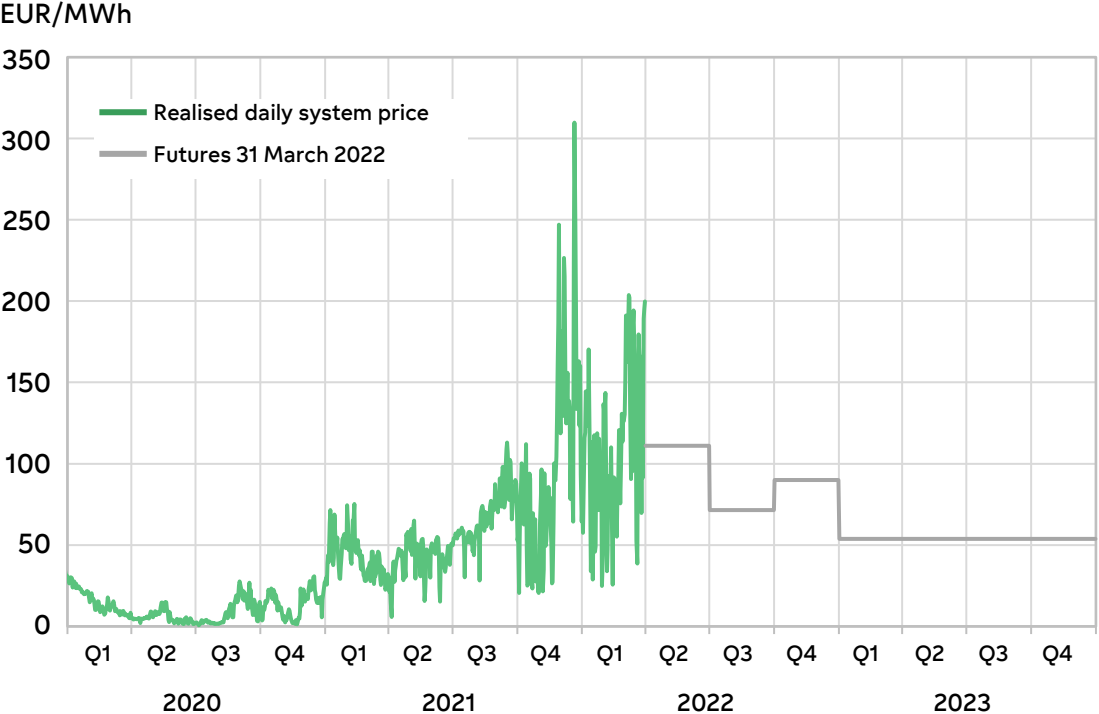
# Nordic water reservoirs and wholesale power price

## Hydro reservoirs



Source: Nord Pool, Nasdaq Commodities

## Power price



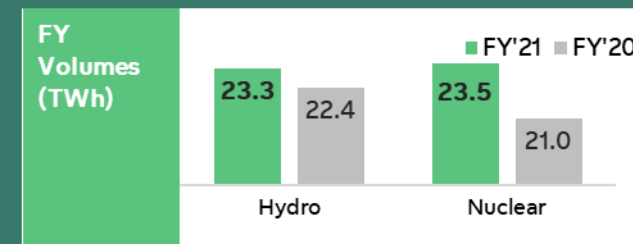
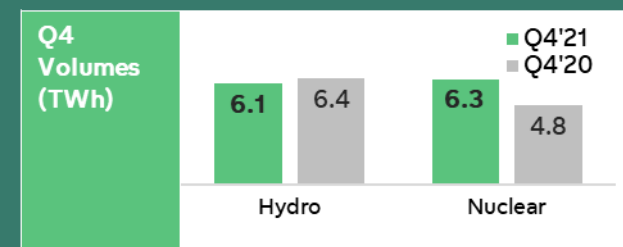
# Generation: Higher achieved power prices

## Q4 2021 vs. Q4 2020

- Comparable operating profit more than doubled mainly due to
  - Higher achieved power prices of EUR 51.9, +16.7 per MWh
  - Significantly increased nuclear volumes due to higher availability
- Higher achieved power price
  - Higher spot prices and successful physical optimisation

## FY 2021 vs. FY 2020

- Comparable operating profit more than doubled mainly due to
  - Higher achieved prices of EUR 42.8, +8.0 per MWh,
  - Increased hydro and nuclear volumes
- Higher achieved power price
  - Successful physical and financial optimisation and higher spot prices



MEUR	IV/ 2021	IV/ 2020	2021	2020
Sales	965	541	2,899	2,006
Comp. EBITDA	450	220	1,299	886
Comp. OP	401	177	1,110	722
Comp. net assets			6,336	6,234
Comp. RONA %			18.0	12.2
Gross in- vestment	76	115	175	228

# Russia: Solid underlying performance

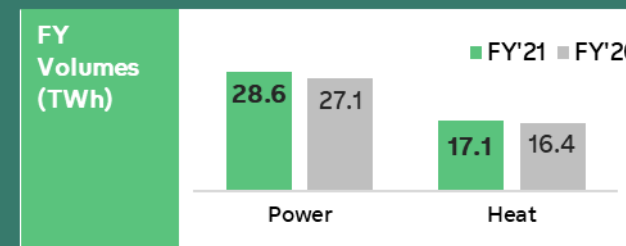
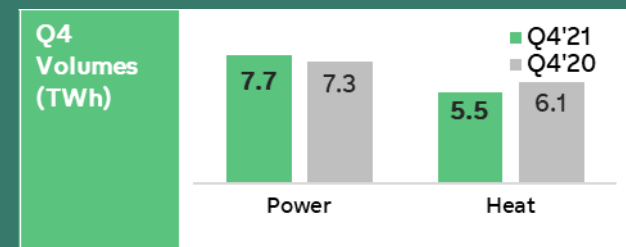
## Q4 2021 vs. Q4 2020

- Comparable operating profit up by 5% to EUR 80 million
  - Slight negative effect of changes in CSA payments, lower bond yield, and higher power prices
  - Impact of the Russian rouble exchange rate was EUR 6 million
  - Russian power demand recovering with increasing electricity prices and increased achieved price

## FY 2021 vs. FY 2020

- Comparable operating profit increased by 4%
  - EUR 17 million positive effect of the sale of the 116-MW solar project to the Fortum-RDIF JV
  - Higher power prices, slight negative effect of changes in CSA payments, lower bond yield
  - Change in the Russian rouble exchange rate was EUR -14 million

CSA = Capacity Supply Agreement



MEUR	IV/ 2021	IV/ 2020	2021	2020
Sales	267	238	906	929
Comp. EBITDA	118	108	404	394
Comp. OP	80	76	261	251
Comp. net assets			2,508	2,431
Comp. RONA %			12.9	11.1
Gross investment	23	19	83	91

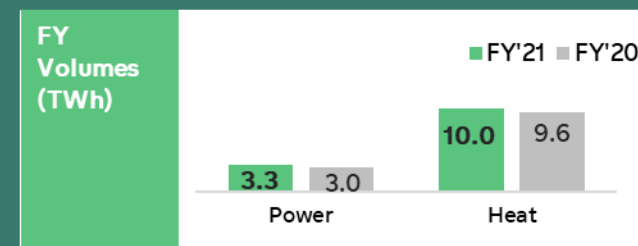
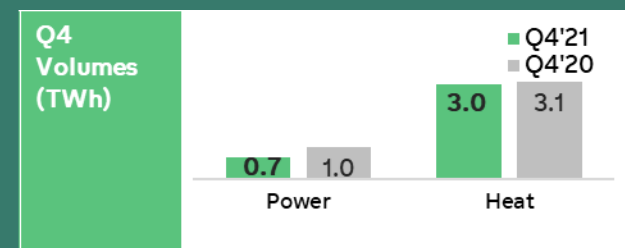
# City Solutions: Performance improved

## Q4 2021 vs. Q4 2020

- Comparable operating profit improved as a result of clearly higher heat sales volumes and higher prices in all heating areas
- This excludes the Baltics due to the divestment (EUR –15 million)
- Almost all business areas improved its result from the previous year, which also included the tax-exempt capital gains of EUR 11 million from the sale of the 500-MW solar plants in Pavagada and Rajasthan

## FY 2021 vs. FY 2020

- Higher heat sales volumes, higher power prices, and higher Norwegian heat prices
- Recorded tax-exempt capital gains of EUR 2.6 billion following the sale of Stockholm Exergi and the sale of the Baltic district heating business in Q3
- Strategic review of the Polish DH business discontinued



MEUR	IV/ 2021	IV/ 2020	2021	2020
Sales	427	337	1,302	1,075
Comp. EBITDA	119	90	317	239
Comp. OP	73	41	135	47
Comp. net assets			2,456	3,679
Comp. RONA %			6.1	2.8
Gross investment	42	116	162	333

# Consumer Solutions: Challenging market environment

## Q4 2021 vs. Q4 2020

- Negative impacted by higher electricity purchase costs.
- The cold weather in the Nordics during December resulted in higher than expected electricity consumption requiring additional electricity volumes at prices that were clearly higher than the agreed customer prices, resulting in higher electricity purchase costs and negative margins

## FY 2021 vs. FY 2020

- Negative impacted by higher electricity purchase costs.
- Challenging market environment combined with tough competition in the Nordic market continued
- Negative customer development
- Strategic review of the business discontinued

Number of customers ('000)	DEC 2021	2,230
	DEC 2020	2,390

MEUR	IV/ 2021	IV/ 2020	2021	2020
Sales	1,052	370	2,622	1,267
Comp. EBITDA	3	38	123	153
Comp. OP	-17	21	52	90
Comp. net assets			1,125	565
Gross investment	19	14	68	57



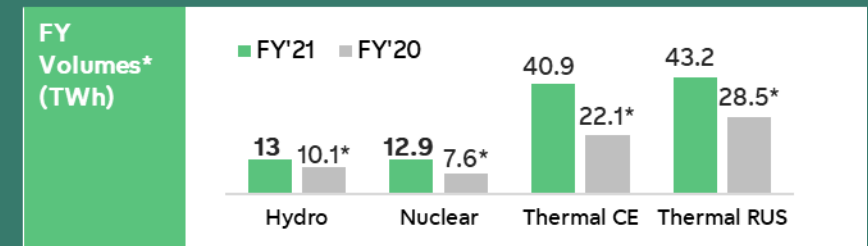
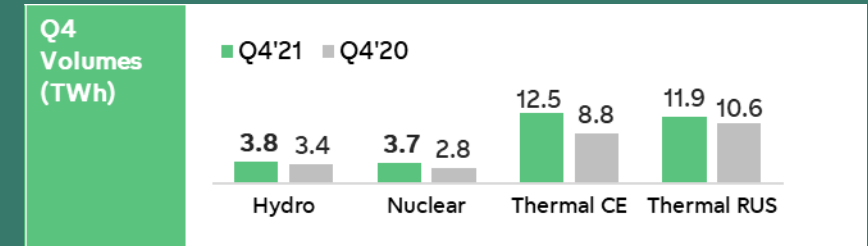
# Uniper: Solid underlying performance

## Q4 2021 vs. Q4 2020

- The Global Commodities business' result slightly down.
- Negative effects in Global Commodities' the trading of power and carbon business and rescheduled LNG deliveries shifting earnings into 2022 were almost compensated by an intra-year CO2 emission rights phasing effect that shifted margins from the previous quarters to the fourth quarter of 2021.

## FY 2021 vs. FY 2020

- The main reason for the change in cumulative figures, and vs. 2020, is the consolidation of Uniper into the income statement.
- European generation with higher volumes (Datteln 4, Irsching 4/5, higher availability in nuclear) offset by nuclear provisions in Q4
- Uniper's gas business benefitted from the extraordinary market developments with volatile and rising prices despite additional capital requirements offset by negative contribution from carbon and power trading



MEUR*	IV/ 2021	IV/ 2020	2021	2020
Sales	47,918	19,990	105,992	44,514
Comp. EBITDA	763	819	1,789	856
Comp. OP	578	649	1,120	363
Comp. net assets			4,971	7,432
Gross investment	185	261	683	639

\* Uniper consolidated from Q2 2020

# Appendices

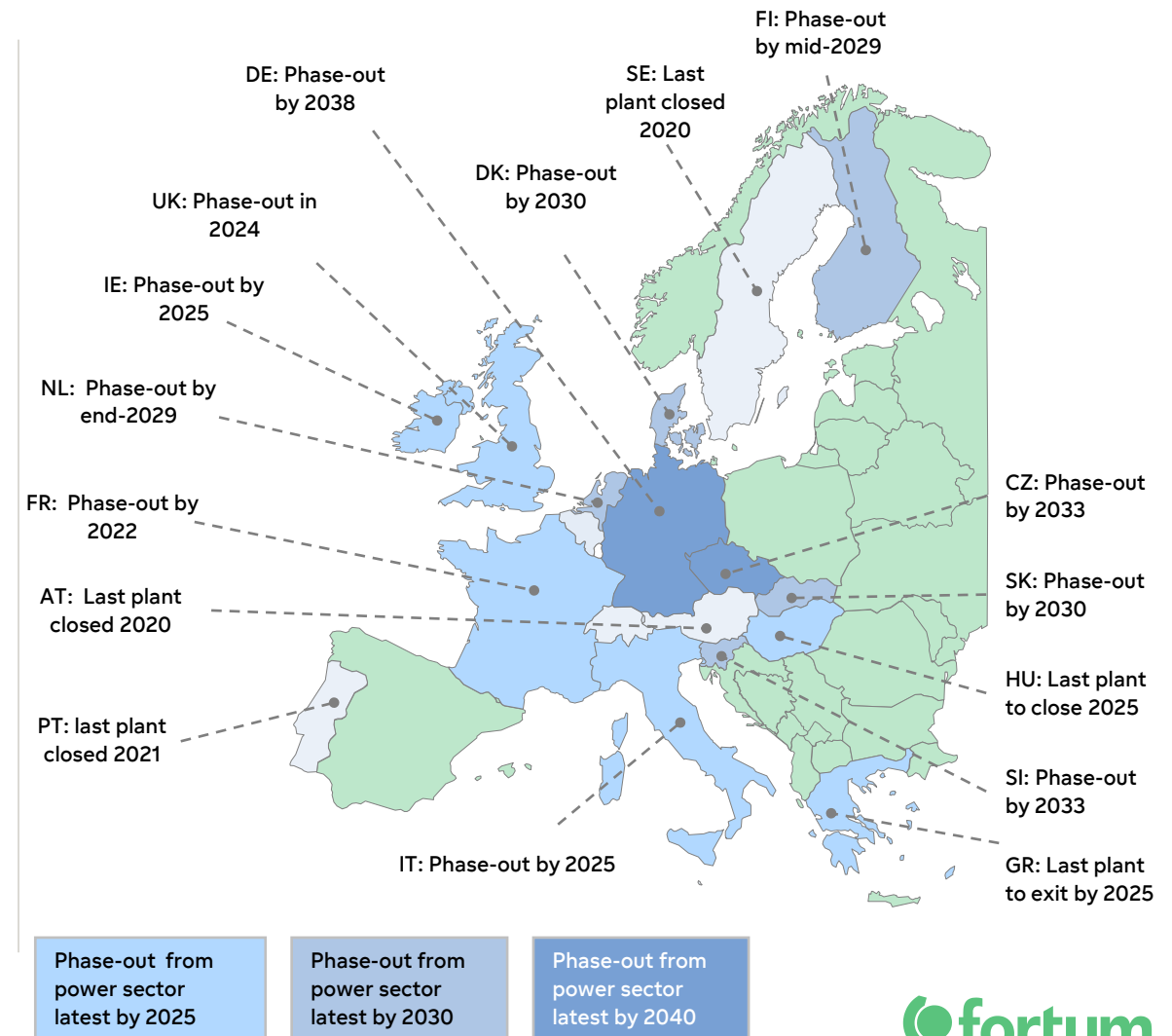
# Most West European countries to exit coal by 2030

- Sweden and Austria closed their last coal plants in 2020, Portugal in 2021
- France is committed to a phase out by 2022<sup>\*)</sup>
- UK to end coal-fired power generation in 2024
- Italy and Ireland have both announced phase-out by 2025, also Hungary and Greece to close their last plants by then
- Netherlands and Finland have 2029 as regulated phase-out year
- Denmark and Spain committed to a 2030 exit, Spanish operators however already underway to close last units by mid-2020s
- Czechia and Slovenia plan phase-outs by 2033<sup>\*\*)</sup>
- Germany to phase out coal at latest 2038, ideally however already 2030<sup>\*\*)</sup>
- Poland to phase out its coal by 2049

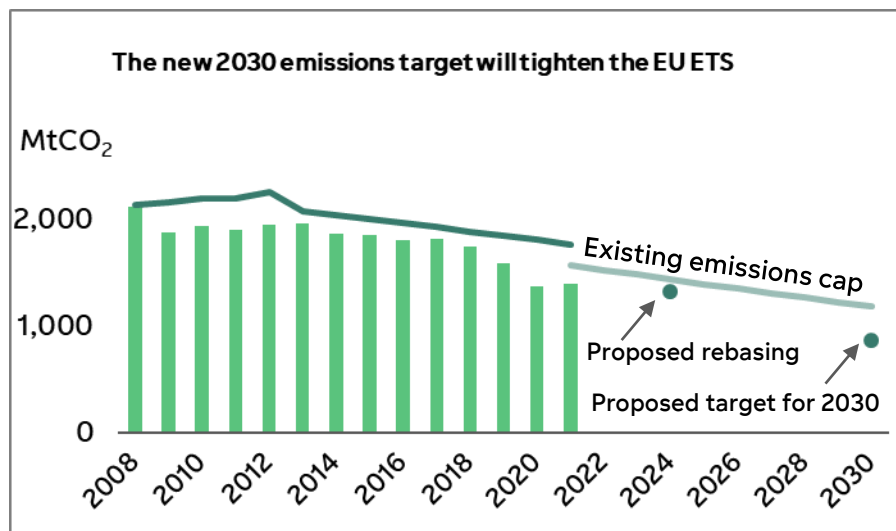
<sup>\*)</sup> Limited use beyond allowed

<sup>\*\*)</sup> As per current government programmes

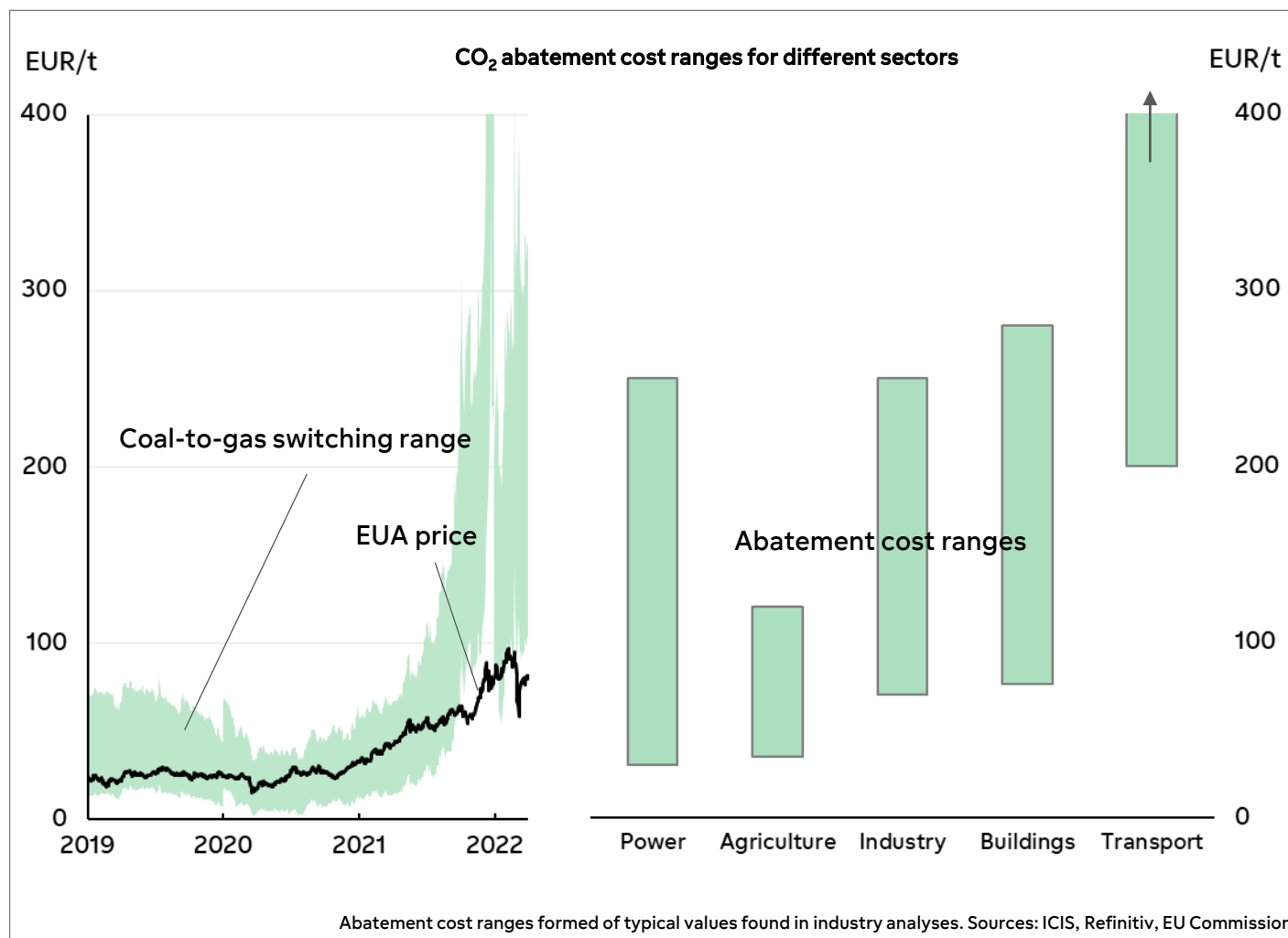
Sources: Europe Beyond Coal, national sources



# Decarbonisation requires other sectors to join



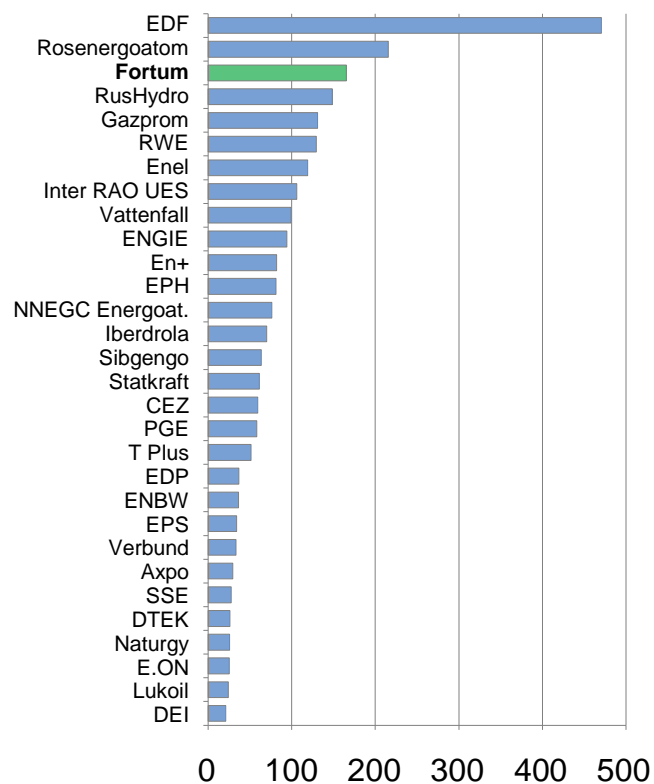
- The EU has agreed to increase the **2030 total emissions reduction target to 55% vs 1990**.
- In July 2021, EU Commission put forward a **“Fit for 55” package**, laying out the roadmap for achieving the new ambitious climate target
- **Proposed EU ETS revisions** widen its scope, tighten supply and push for faster decarbonisation:
  - Emissions reduction **target increased** from 43% to **61%** from 2005 level
  - EU ETS scope to expand and **include maritime** sector
  - **Higher LRF** (4.2% instead of 2.2%) combined with **cap rebasing**
  - **Free allocation** to be gradually **phased out**
  - **Higher MSR** intake rate (24%) and thresholds (400-833) **maintained**
  - Cross Border Adjustment Mechanism (**CBAM**) proposed
- **Proposed revisions** will have to go through the EU legislative process and are expected to **take effect not earlier than late 2022 or 2023**



# Fortum major player in power, gas and heat

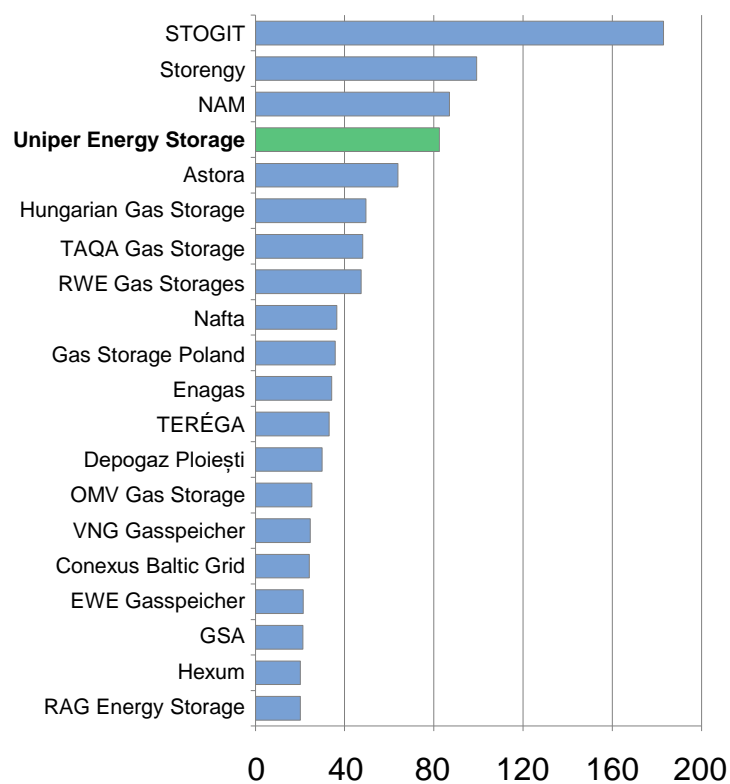
## Power generation

Largest generators in Europe and Russia, 2020  
TWh



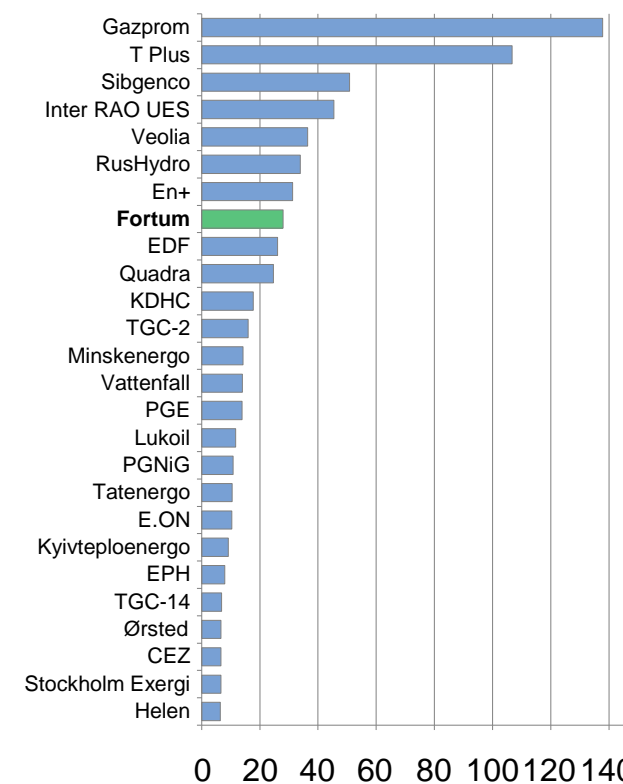
## Gas

Largest European gas storage operators, 2021  
TWh



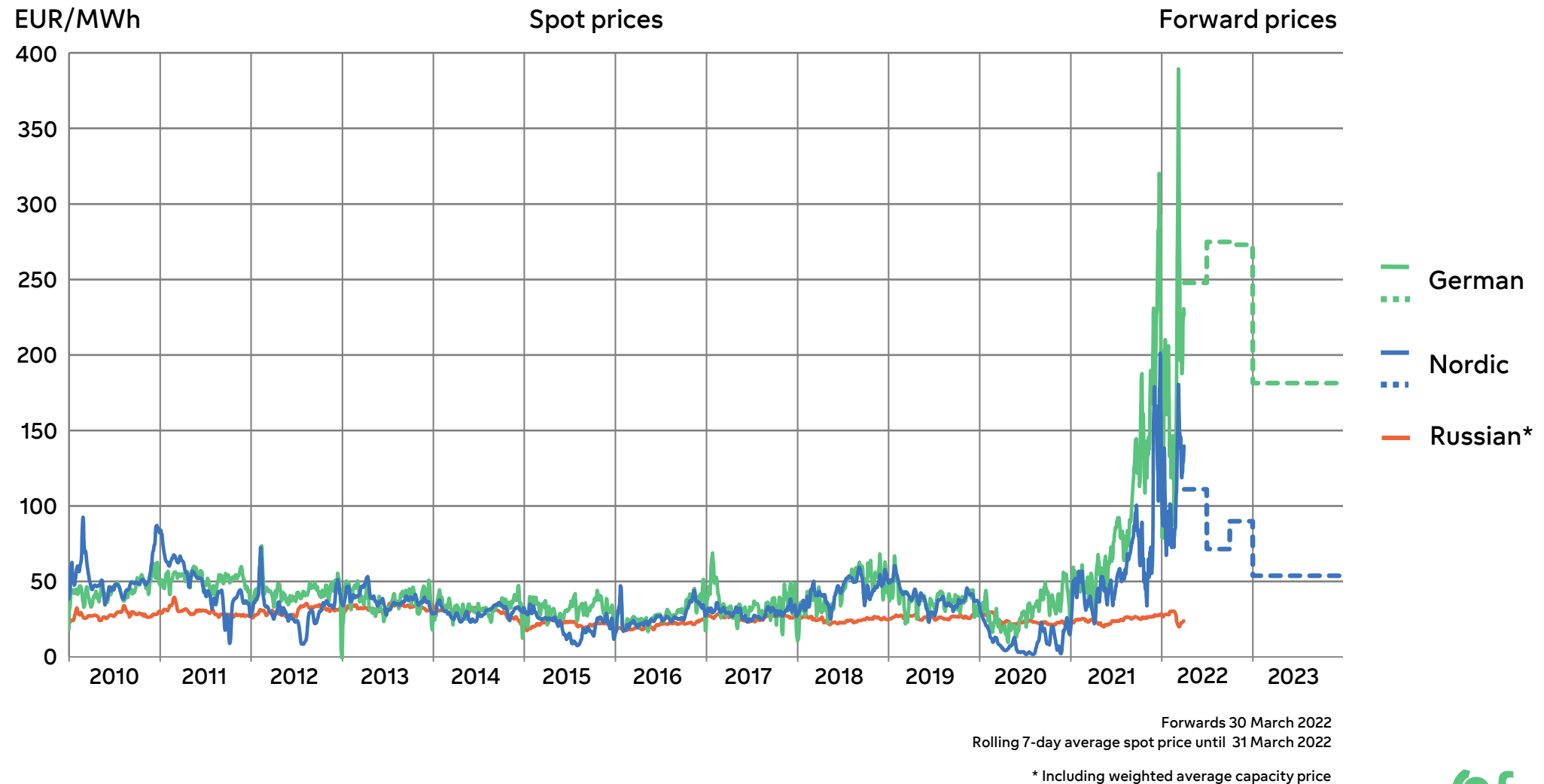
## Heat production

Largest global producers, 2020  
TWh

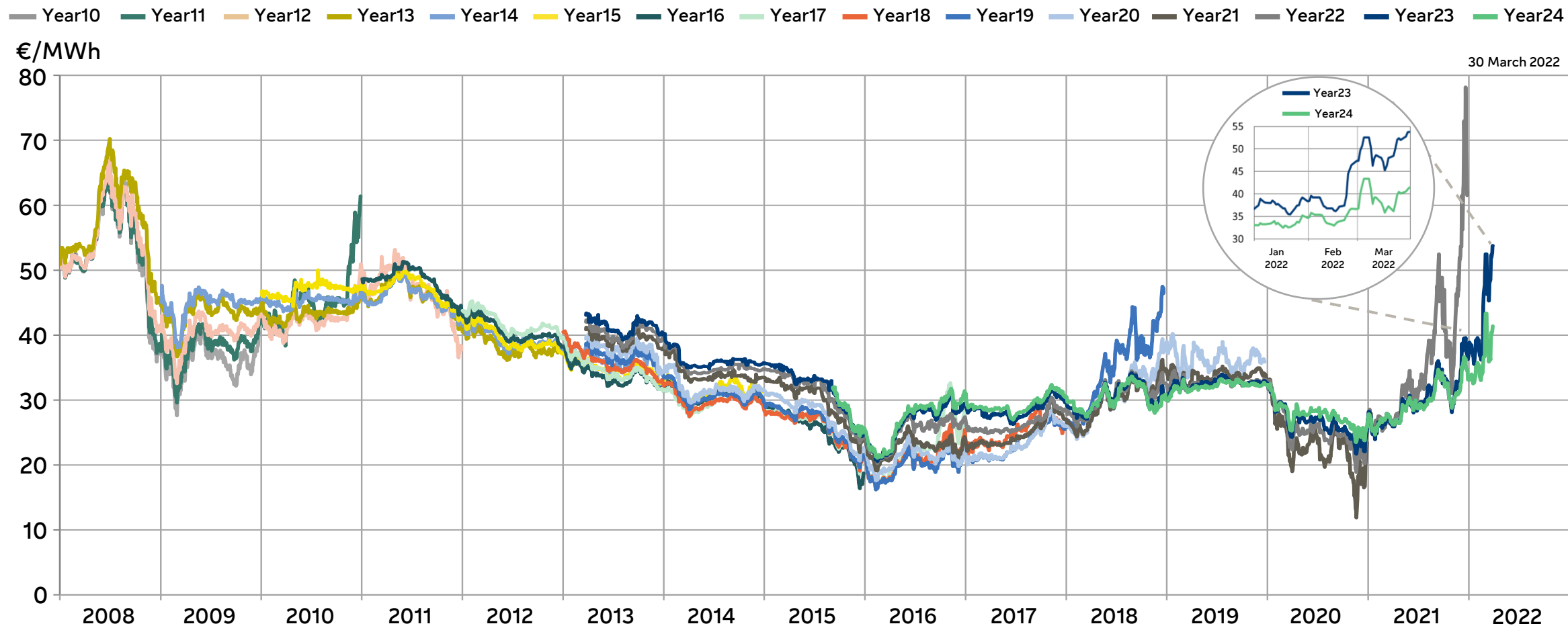


Source: Company information, Fortum analyses, 2020 figures pro forma. GSE, figures as of July 2021  
Fortum incl. Uniper. EPH incl. LEAG. No data from China.

# Wholesale power prices



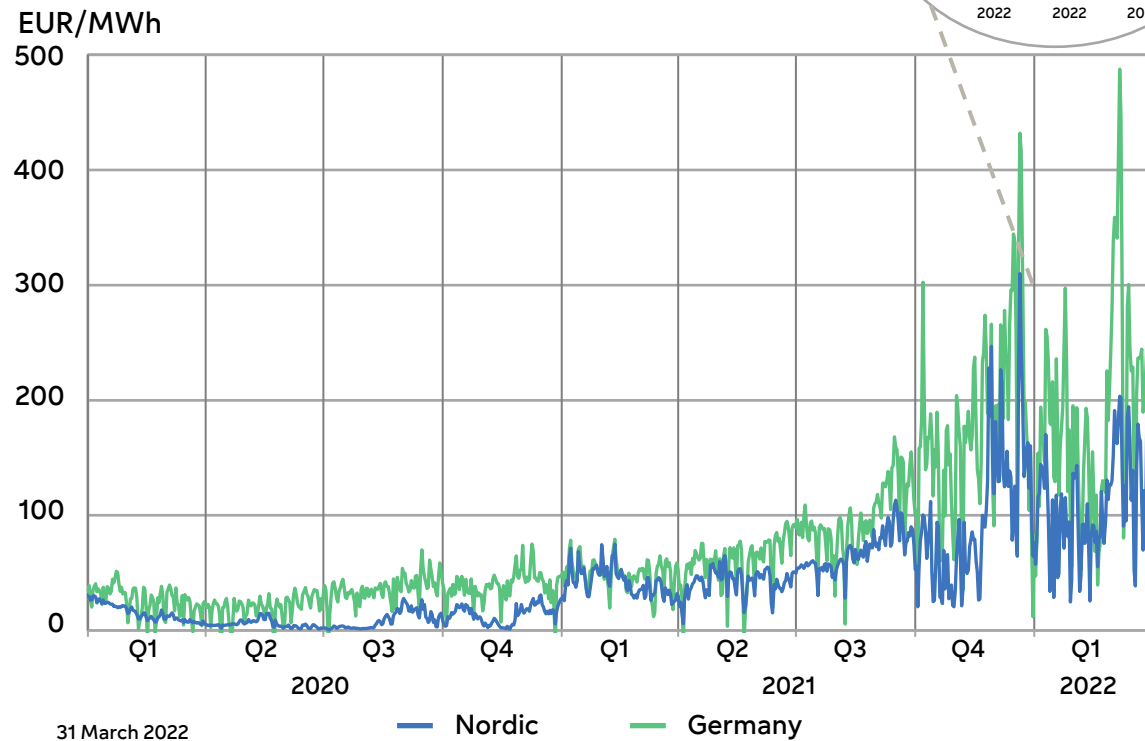
# Nordic year forwards



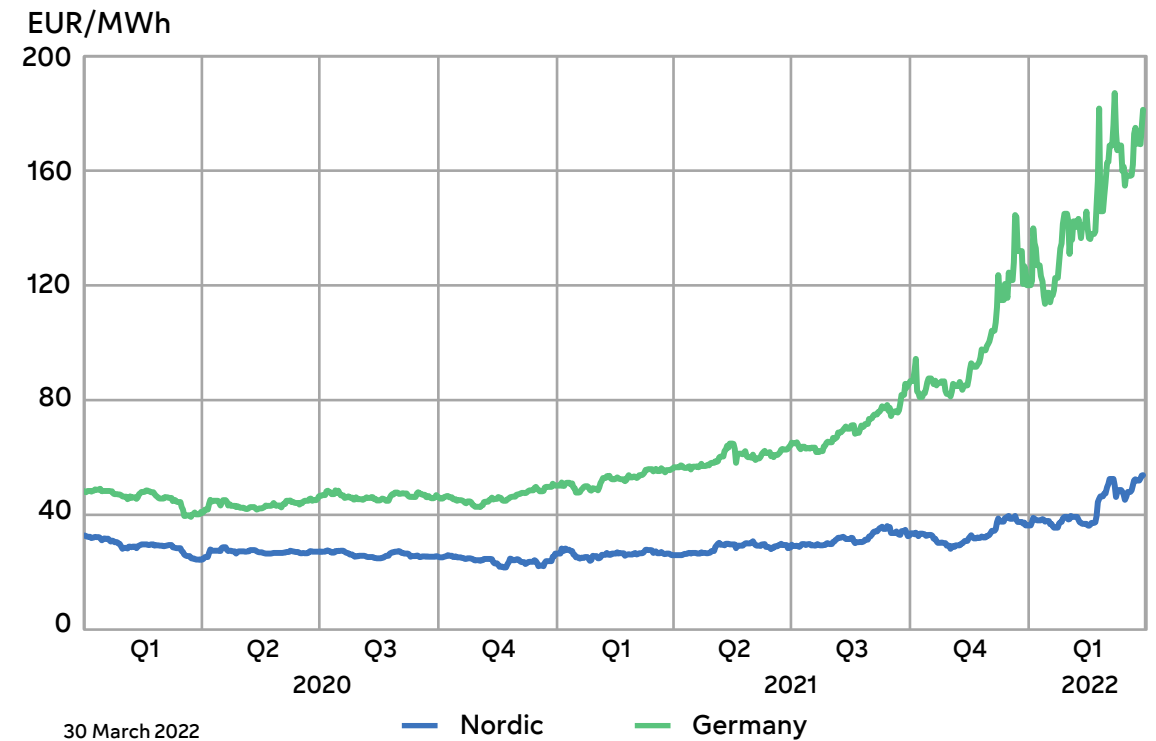


# German and Nordic forward spread

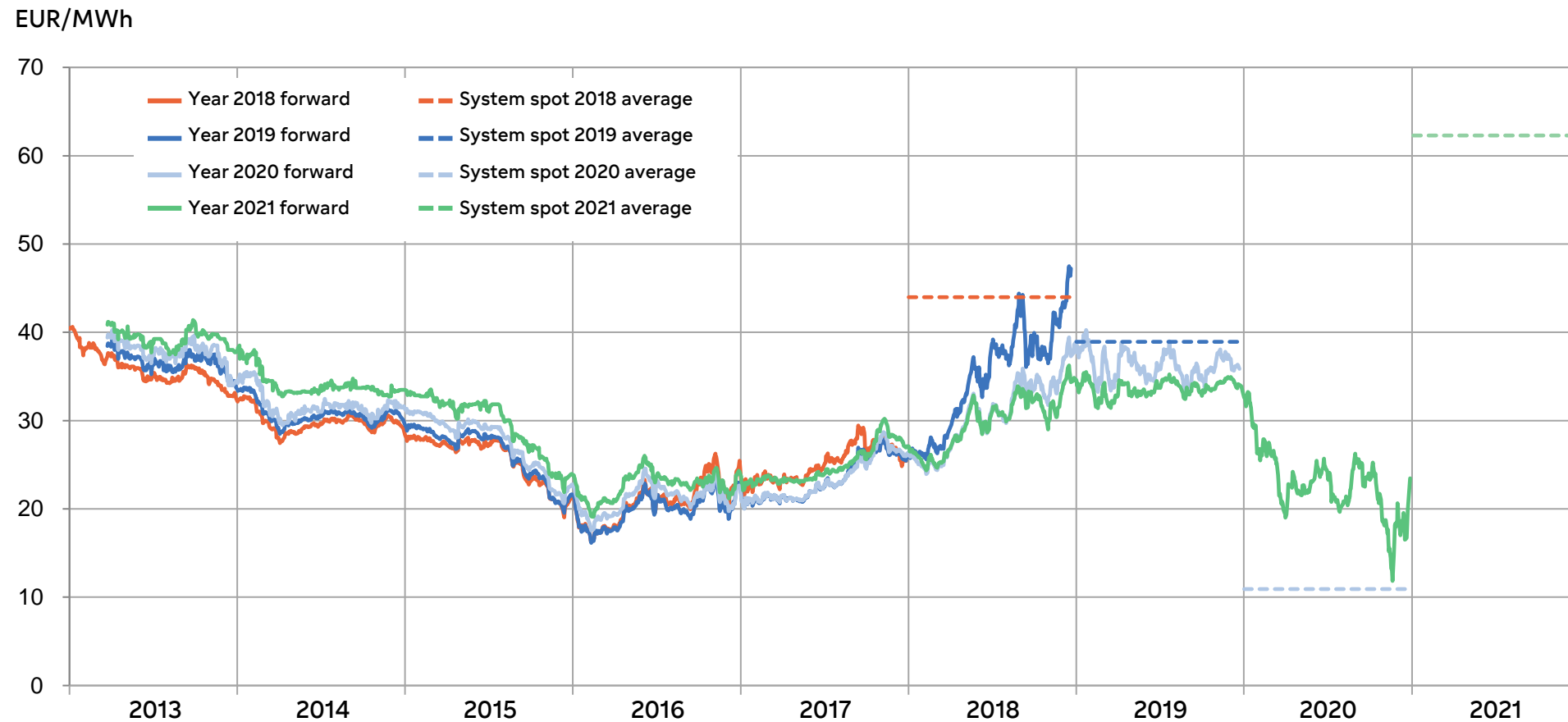
Nordic and German daily spot prices in 2020 – 2022



Nordic and German year 2023 forwards in 2020 – 2022



# Nordic forward prices and Nordic sys spot averages



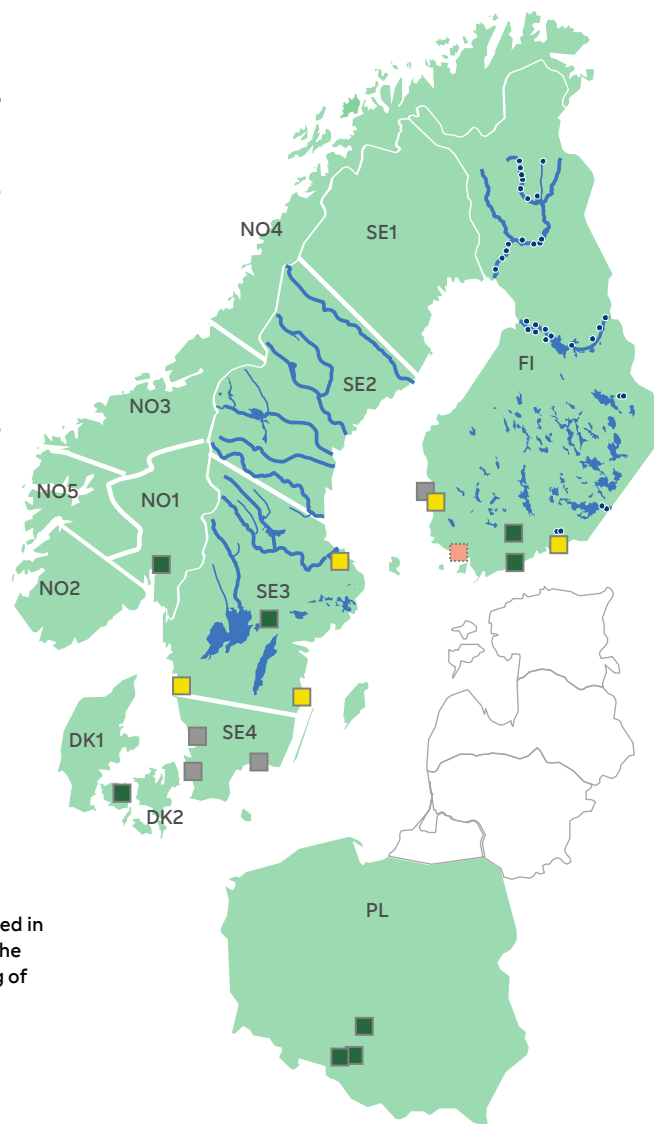
# Fortum's Nordic and Polish generation capacity

GENERATION CAPACITY	Fortum	Of which Uniper
Hydro	6,424	1,772
Nuclear	4,560	1,737
CHP	559 <sup>1</sup>	-
Other thermal	1,740	1,175
Wind	-	-
<b>Generation capacity, MW</b>	<b>13,283</b>	<b>4,684</b>

Figures 31 December 2021

Associated company TSE's plant in Naantali is not included in the MWs

1) The capacity includes the 24 MW CHP assets, which will be divested in Norway. Fortum has signed an agreement to sell its 50% ownership in the district heating company Fortum Oslo Varme AS in Norway. The closing of the transactions is expected during the second quarter of 2022.



NORWAY	MW
Generation capacity	
Price area NO1, CHP	24 <sup>1</sup>

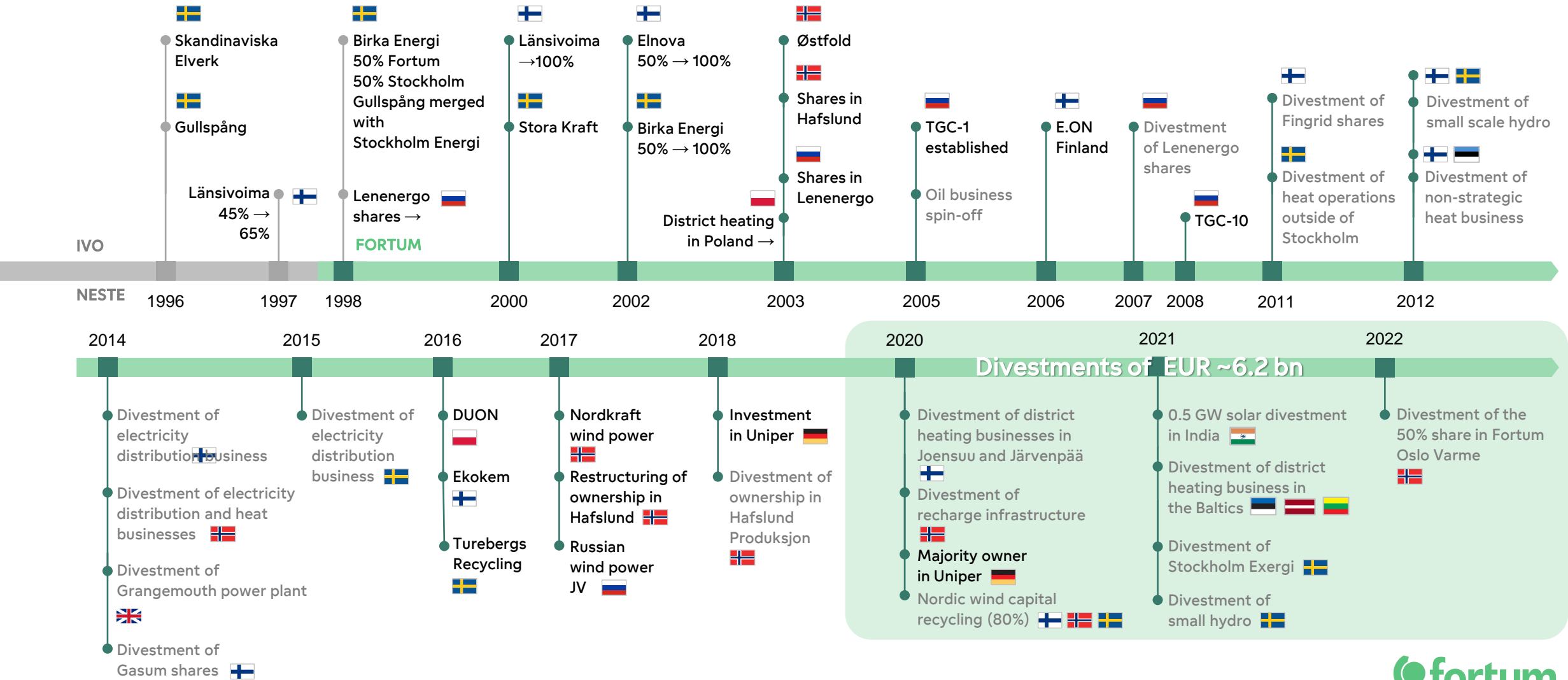
SWEDEN	Fortum	Of which Uniper
Price areas		
SE2, Hydro	3,177	1,635
SE3, Hydro	1,571	13
SE4, Hydro	123	123
SE3, Nuclear	3,073	1,737
SE3, CHP	6	-
SE4, Other th.	1,175	1,175
<b>Gen. capacity</b>	<b>9,125</b>	<b>4,684</b>

FINLAND	MW
Hydro	1,553
Nuclear	1,487
CHP	375
Other thermal	565
<b>Generation capacity</b>	<b>3,980</b>

DENMARK, DK1	MW
Generation capacity, CHP	9

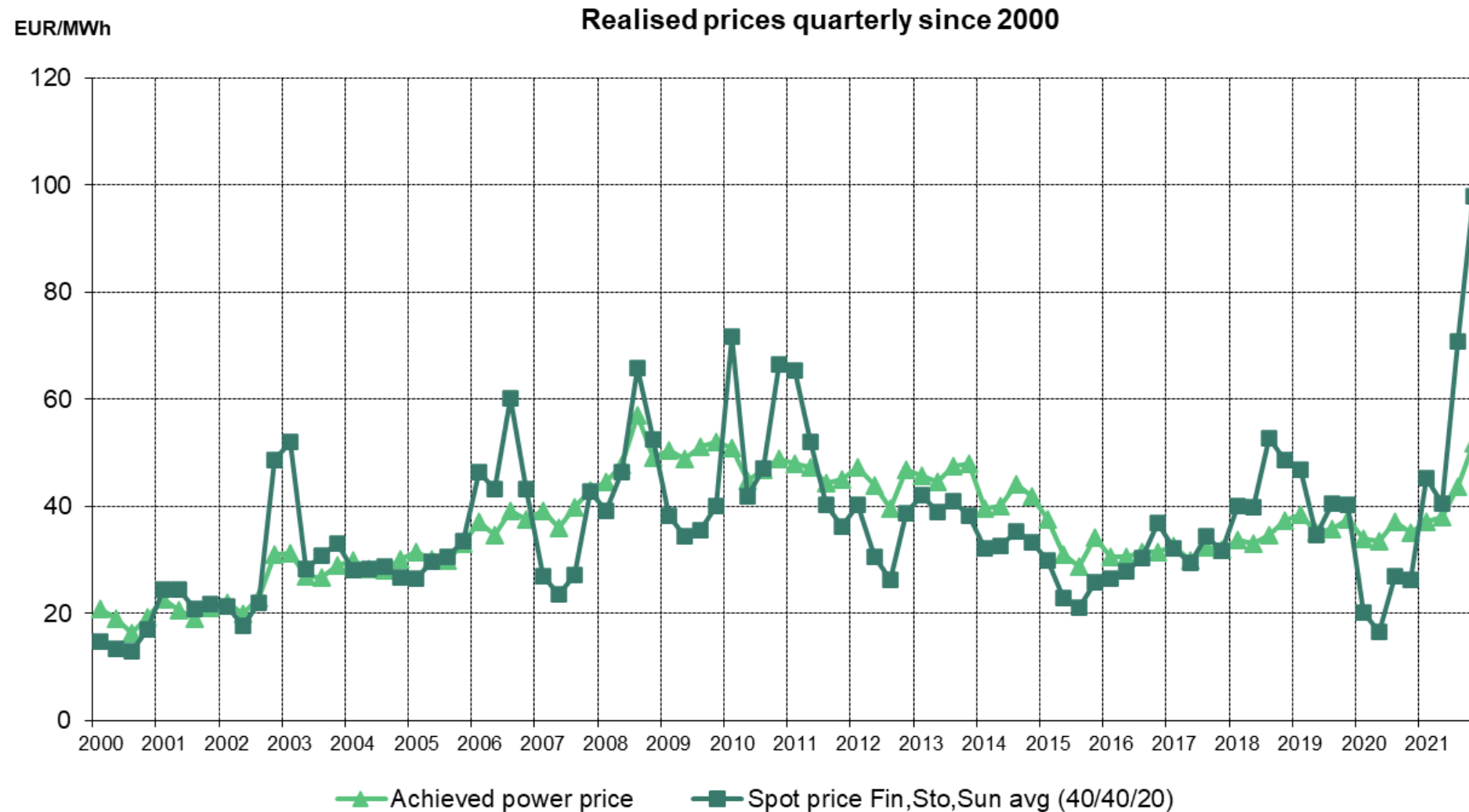
POLAND	MW
Generation capacity, CHP	145

# Fortum's evolution and historical strategic route



# Hedging improves stability and predictability

## — principles based on risk mitigation, (Generation segment)

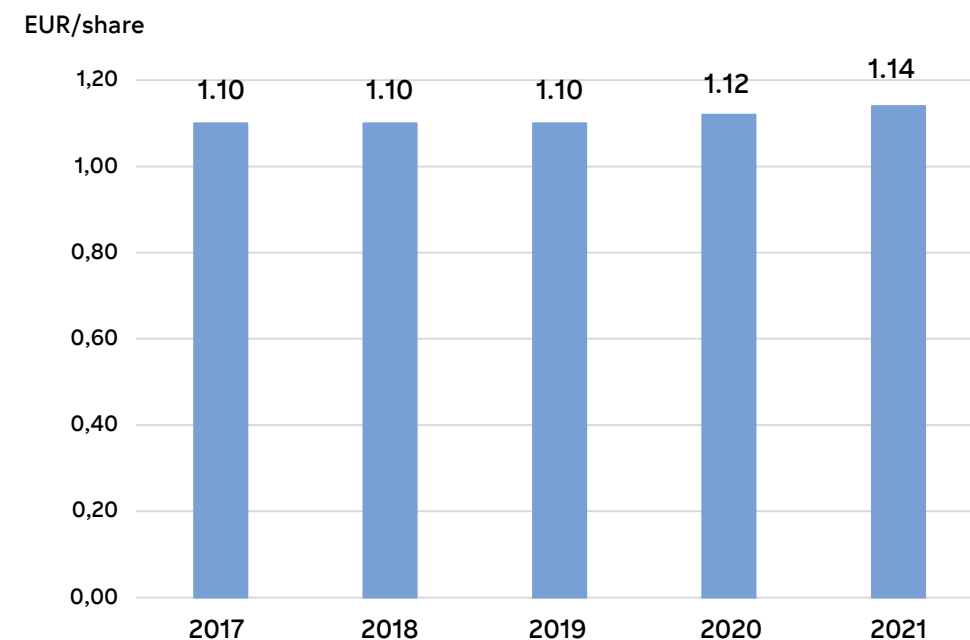


# Fortum's dividend policy aiming at increasing dividend

## Dividend policy:

“Fortum's dividend policy is to pay a stable, sustainable, and over time increasing dividend.”

Fortum dividends





**Next events:**

The dividend payment date, 6 April 2022

January-March Interim Report 2022 on 12 May 2022

January-June Half-Year Report 2022 on 12 August 2022

January-September Interim Report 2022 on 10 November 2022

For more information,  
please visit [www.fortum.com/investors](http://www.fortum.com/investors)

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**Ingela Ulfves**

Vice President,  
Investor Relations and  
Financial Communication

+358 (0)40 515 1531

[ingela.ulfves@fortum.com](mailto:ingela.ulfves@fortum.com)

**Rauno Tiihonen**

Manager

+358 (0)10 453 6150

[rauno.tiihonen@fortum.com](mailto:rauno.tiihonen@fortum.com)

**Carlo Beck**

Manager

+49 172 751 2480

[carlo.beck@fortum.com](mailto:carlo.beck@fortum.com)

**Nora Hallberg**

Manager

+358 (0)40 720 1775

[nora.hallberg@fortum.com](mailto:nora.hallberg@fortum.com)

**Pirjo Lifländer**

IR Specialist

+358 (0)40 643 3317

[pirjo.liflander@fortum.com](mailto:pirjo.liflander@fortum.com)

**Camilla Nikk**

Coordinator

+358 (0)50 516 9484

[camilla.nikk@fortum.com](mailto:camilla.nikk@fortum.com)

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