



Equity story of

FORTUM — For a cleaner world

Investor / Analyst material

January 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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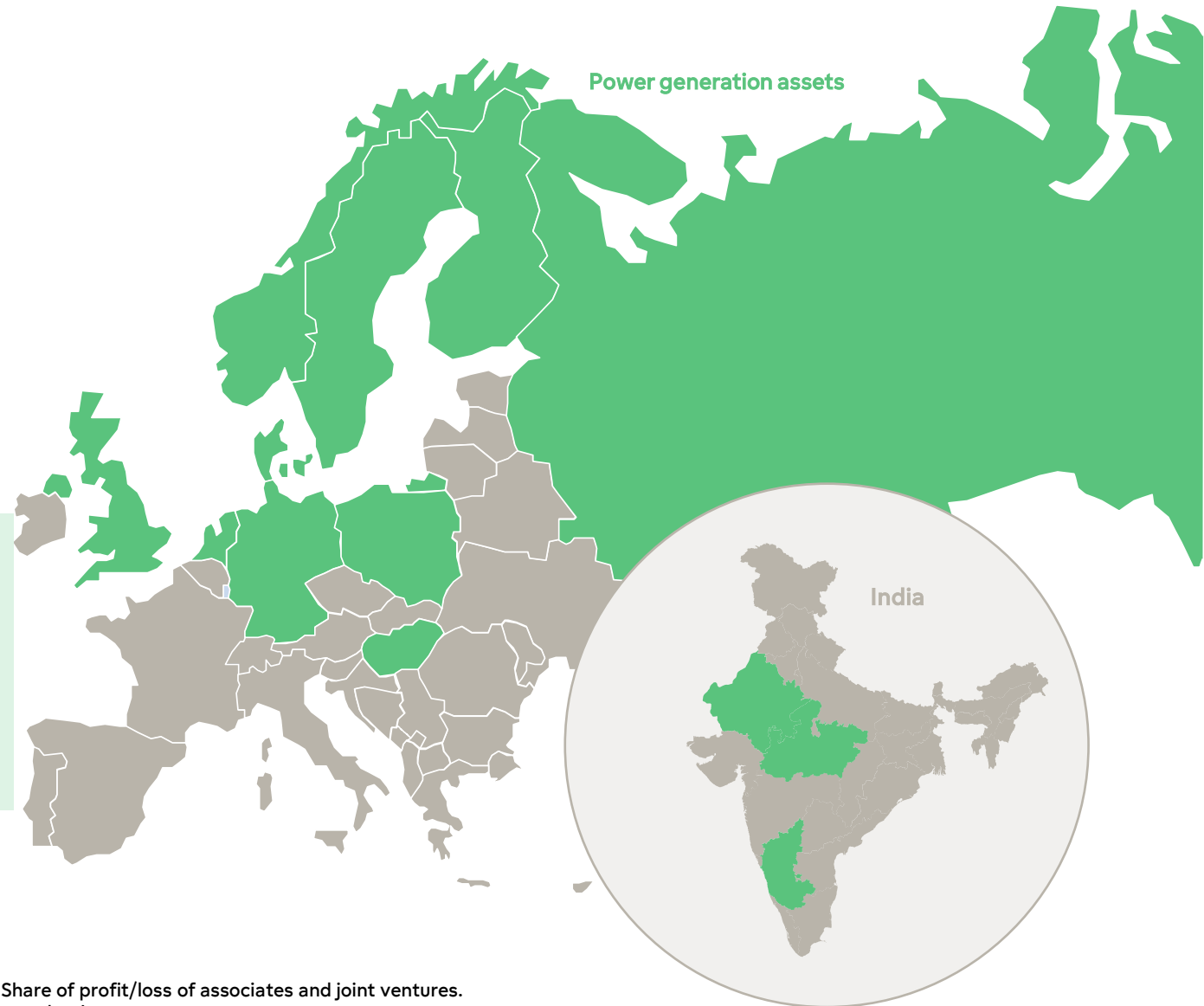


Fortum in brief

Key figures 2020¹

Sales	EUR 49.0 bn
Comparable EBITDA	EUR 2.4 bn
Total assets	EUR 57.8 bn
Personnel	19,933

<u>Main businesses¹</u>	<u>Sales (€)</u>	<u>Volume²</u>	<u>Capacity</u>
Power	20.8 bn	142 TWh	50.3 GW
Gas	22.4 bn	~370 TWh	7.6 bcm ³
Heat	0.8 bn	30 TWh	19.5 GW



1) Until 31 of March 2020 Uniper's contribution to the income statement was recognised in the Share of profit/loss of associates and joint ventures.

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

3) Gas storage capacity, billion cubic meters

Strong position to drive the energy transition in Europe



3rd largest

power generator
in Europe and Russia



3rd largest

CO₂-free power generator
in Europe



3rd largest

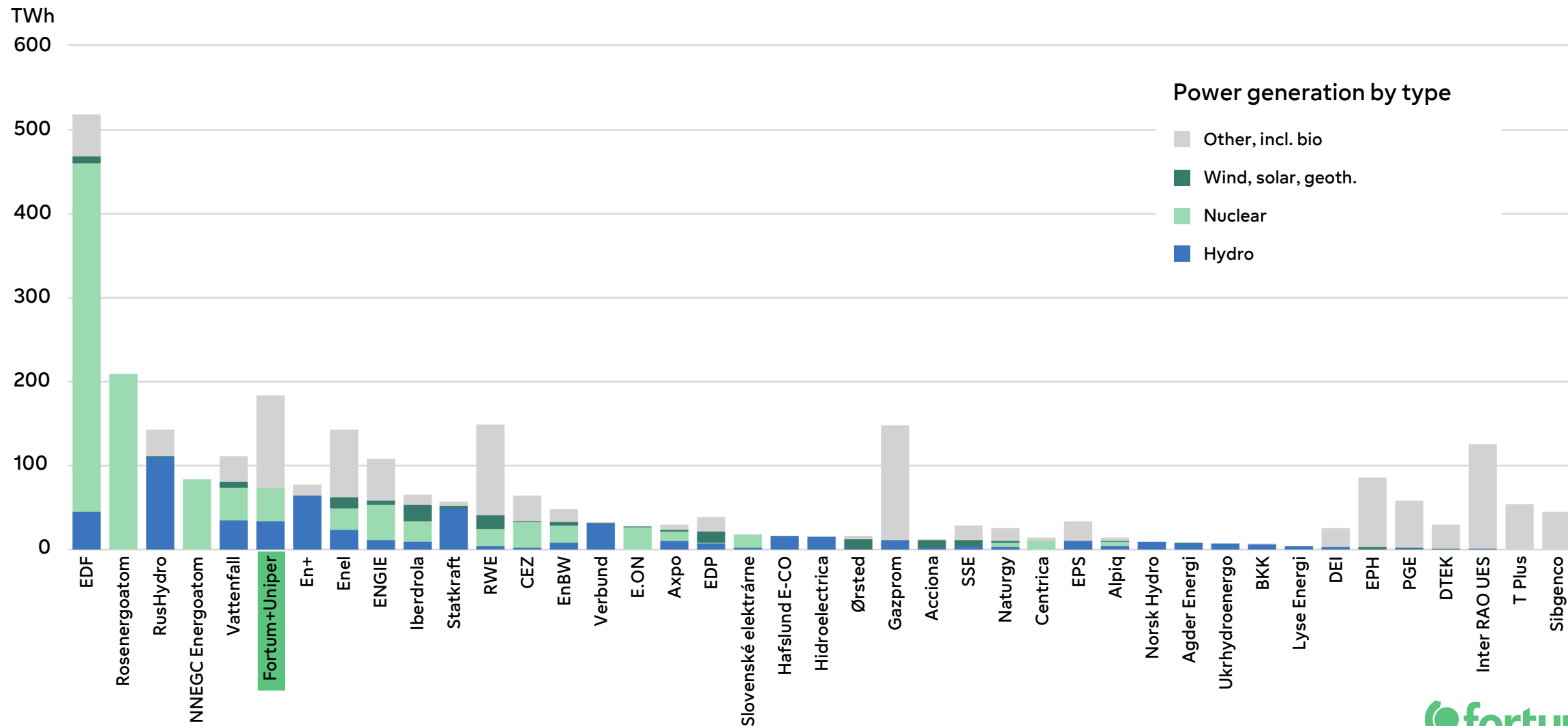
nuclear generator
in Europe



4th largest

gas storage operator
in Europe

Consolidated Fortum is the third largest CO₂-free power generator in Europe



Renewables and CO₂-free power generation capacity of Fortum

14.8 GW



Hydro

8.4 GW



Wind & Solar

1.9 GW



Nuclear

4.5 GW

Fortum is well positioned for the energy transition

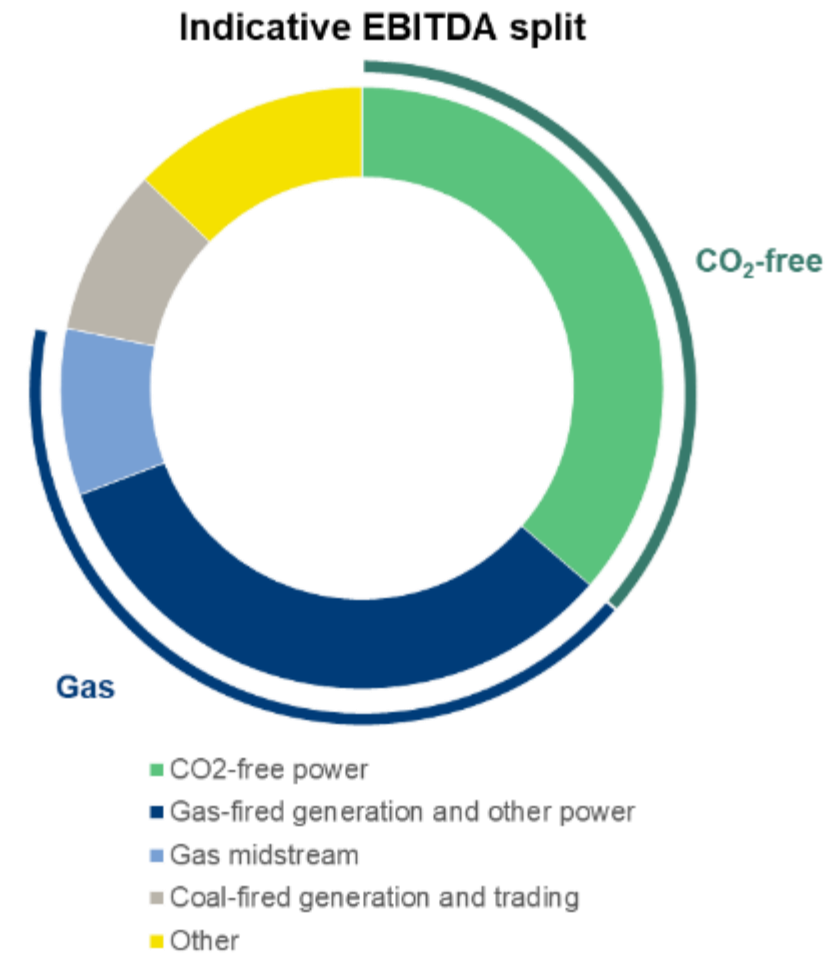
Third largest CO₂-free power generator in Europe with growing portfolio of wind and solar

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

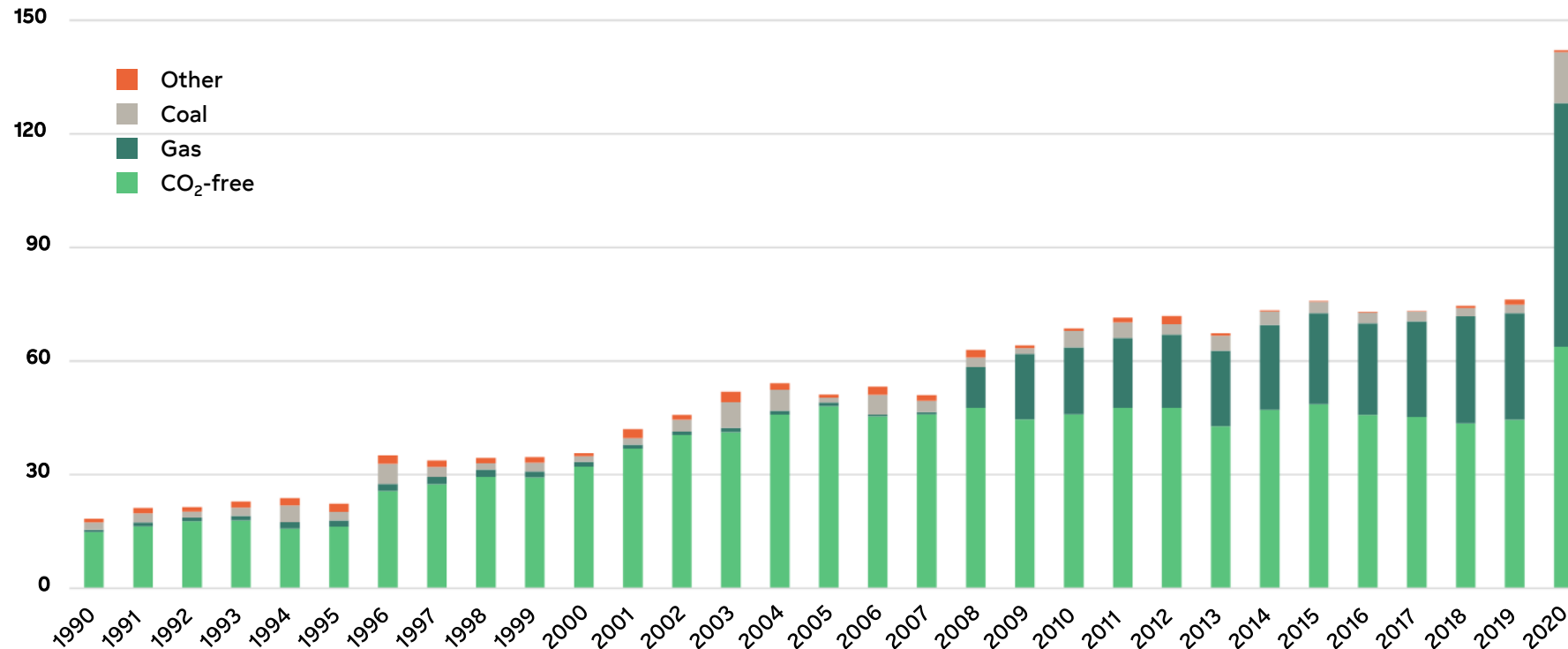
Phase out or exit announced of ~8 GW coal-fired generation by 2030



Source: Fortum and Uniper financial reporting

Fortum's CO₂-free power generation increases by ~60% as Uniper is consolidated as a subsidiary

Fortum's power generation, TWh



Fortum*:

- CO₂-free generation 45%
- Gas-fired power generation 45%
- Share of coal-fired generation 9%
- Share of coal of sales revenue ~1%

* based on 2020 reported figures

Note: Fortum actuals 1990-2020. Uniper consolidated from Q2/2020 onwards, Q1/2020 generation of Uniper excluded.

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.

3rd largest CO₂-free generator in Europe

CO₂-free power generation, including renewable and nuclear power, was 64 TWh in 2020. 73% of power generation in Europe, and 45% of total power generation was CO₂-free.

Specific CO₂ emissions

Fortum's specific CO₂ emissions from total energy production in Europe were 188 gCO₂/kWh in 2020, and 287 gCO₂/kWh globally.

Growing in solar and wind

Targeting a multi-gigawatt wind and solar portfolio, which is subject to the capital recycling 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



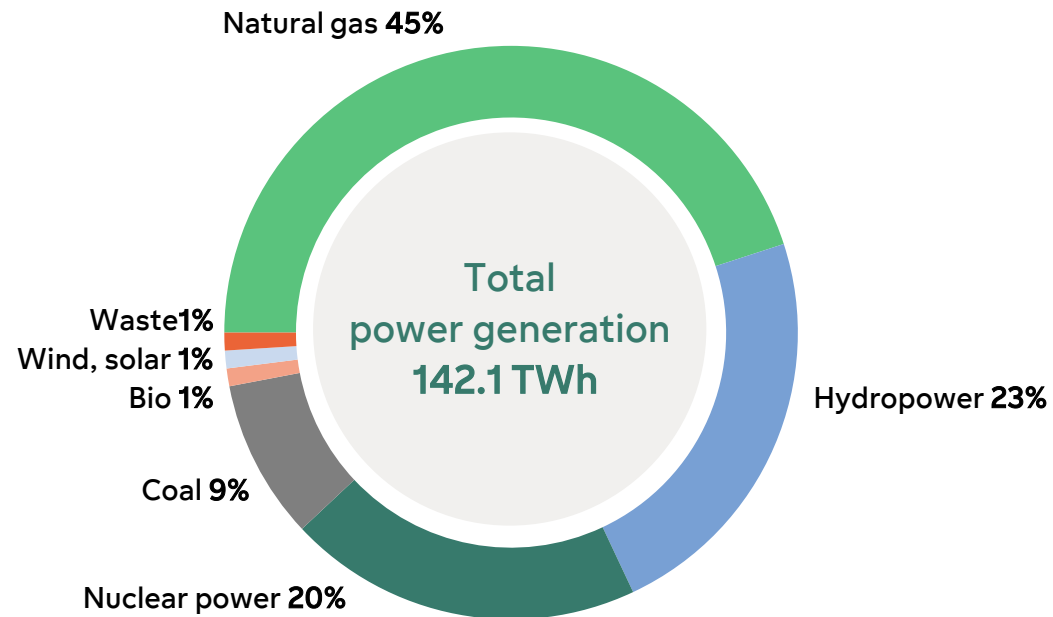
Fortum is listed in several sustainability indices and ratings:



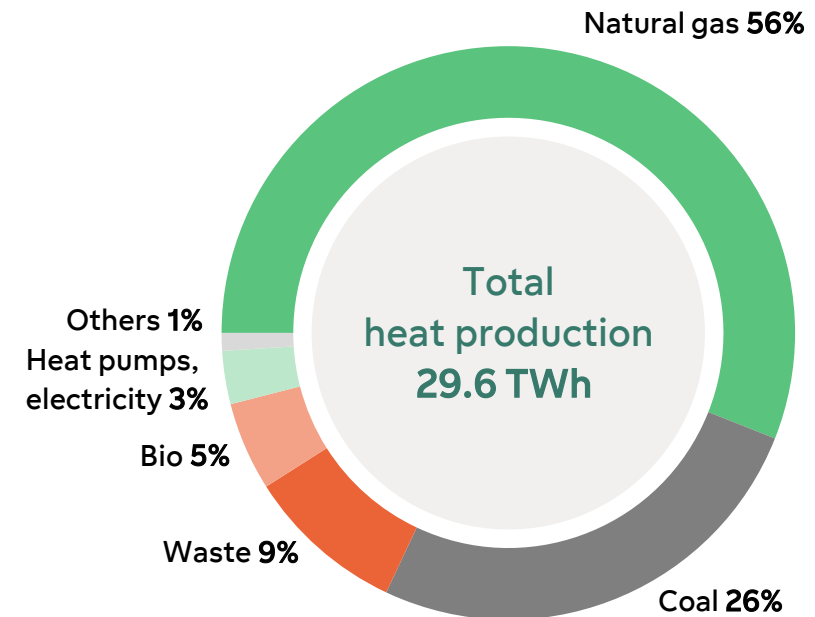
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Fortum's power generation and heat production by source

Fortum's power generation in 2020 *



Fortum's heat production in 2020 *



* Uniper consolidated as of Q2/2020

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

- CO₂-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

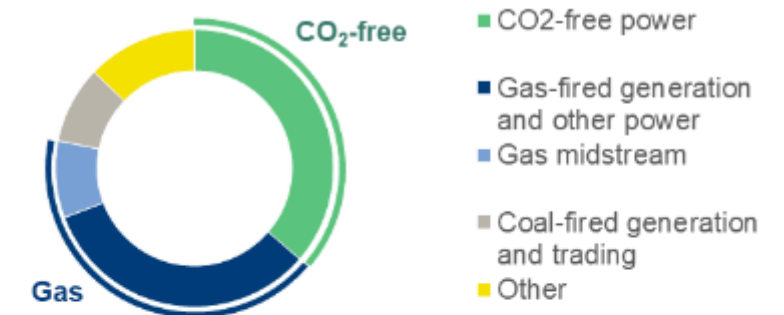
Russia power generation

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

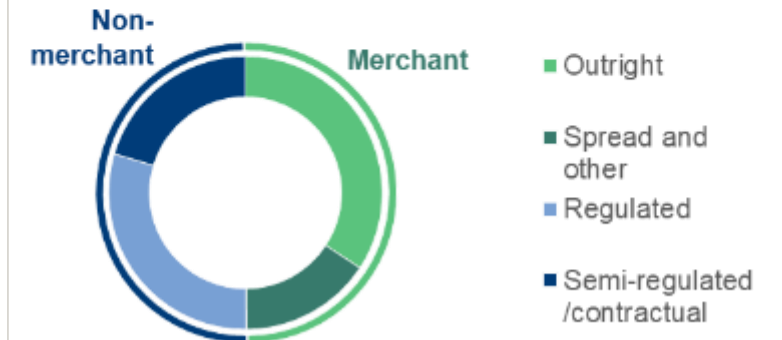
Growth based on strategy

Fortum Group's indicative EBITDA by business and market exposure

Indicative EBITDA split



Indicative market exposure



Source: Fortum & Uniper financial reporting
 PPA= Power Purchase Agreement
 CSA= Capacity Supply Agreements
 CCS= Competitive Capacity Selection (=KOM)

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 CO₂-free power generation

- Supply significant flexible and reliable CO₂-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)
- CO₂ 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:

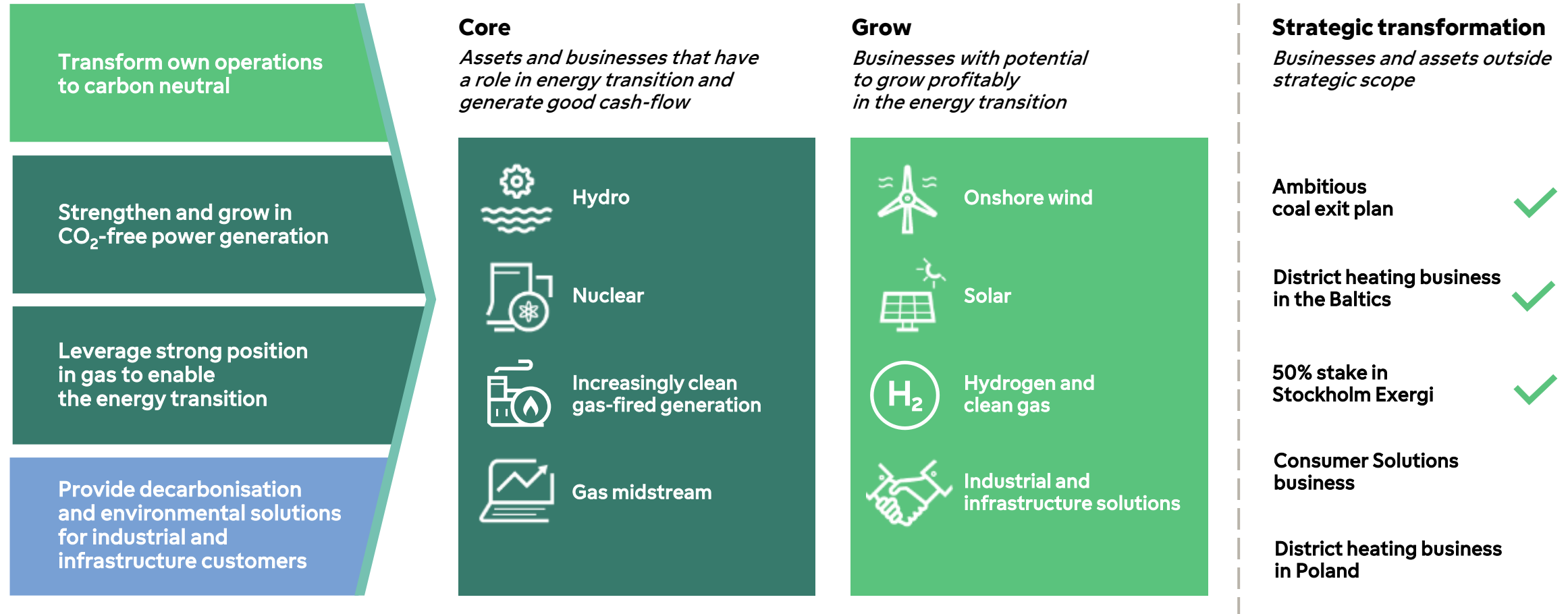
- Safety target: Total recordable incident frequency (TRIF) <1.0 in 2025



Shareholder value creation:

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

Fortum – A leader in clean power and gas



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

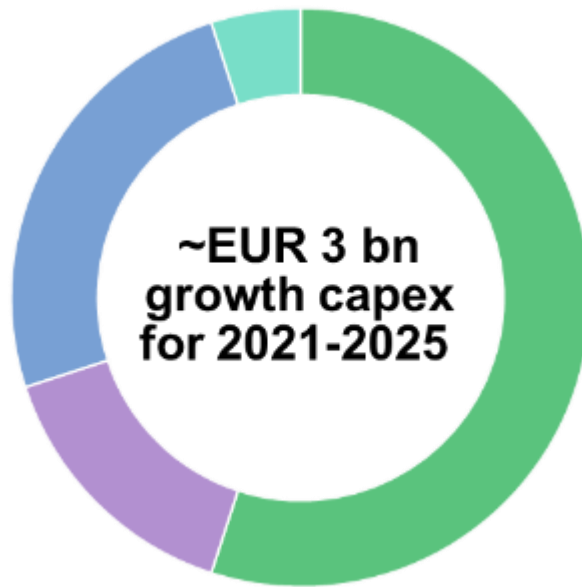
Growth in clean power and gas

Growth in strategic areas
Sustainable financial performance
with benchmark operations

Cooperation financial benefits

Target to increase dividend

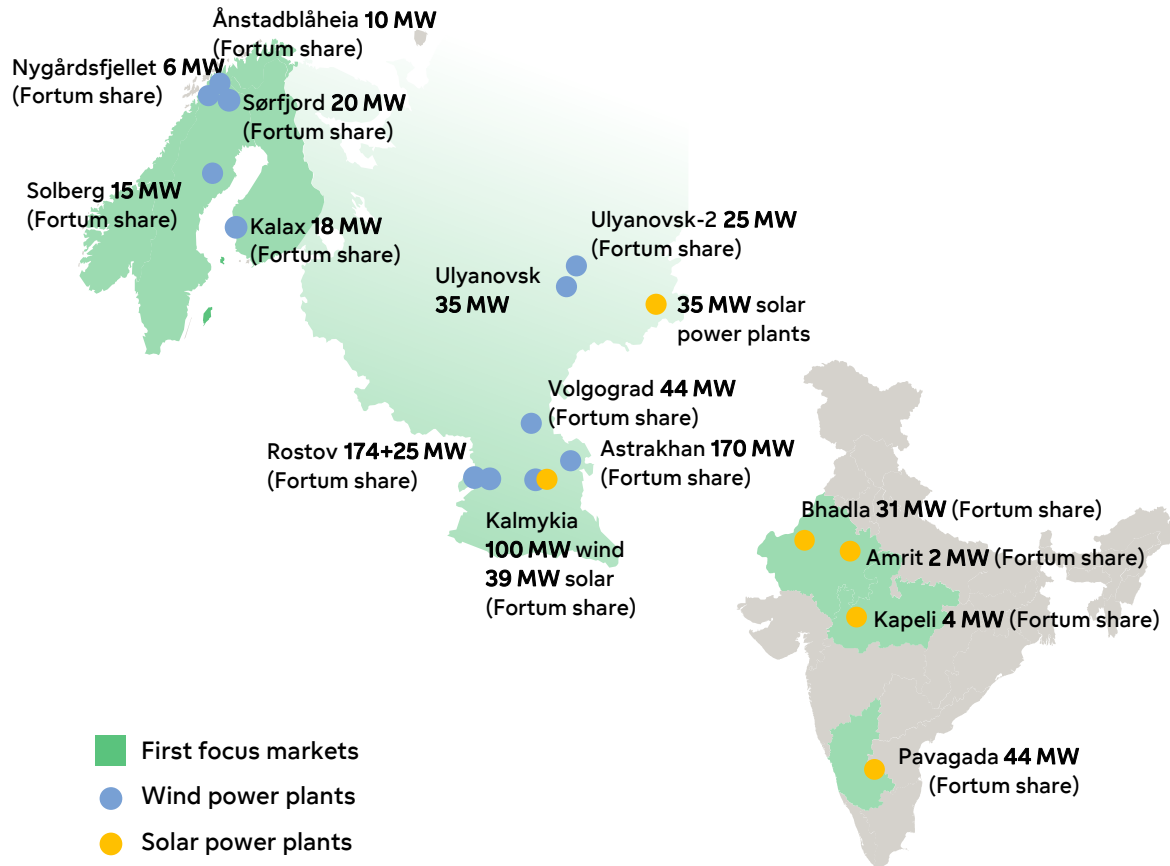
Indicative capital expenditure for growth investments in 2021-2025 – renewables and clean gas



- 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 is growing towards gigawatt scale target in solar and wind power generation



*) 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 200 – 400 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
FINLAND		470	246	
• Kalax	Operational	90	18	Q4 2020
• Pjela-Böle & Kristinestad Norr	Under construction	380	228	Q2 2024 latest
NORWAY		181	36	
• Nygårdsfjellet	Operational	32	6	2006 and 2011
• Ånstadblåheia	Operational	50	10	2018
• Sørfjord	Operational	99	20	Q4 2019- Q1 2021
SWEDEN		76	15	
• Solberg	Operational	76	15	2018
RUSSIA		3,410	2,441	
• 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	349+50	174+25	Q1 2020- Q4 2021
• Kalmykia	Operational	200	100	1.12.2020
• Astrakhan	Operational	339	170	Q4 2021
• Volgograd	Operational / Under construction	88+17	44+9	Q4 2021- Q4 2022
• Samara	Under construction	233	117	Q4 2022
• GPB JV	Under development	498	249	2022-2023
• Fortum	Under development	~1,400	~1,400	2025-2027
INDIA		185	81	
• Amrit	Operational	5	2	2012
• Kapeli	Operational	10	4	2014
• Bhadla	Operational	70	31	2017
• Pavagada	Operational	100	44	2017
TOTAL		4,322	2,819	
	Under development	1,898	1,649	
	Under construction	668	373	
	Operational	1,756	797	

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	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 2021 capital expenditure, including maintenance and excluding acquisitions, is estimated to be EUR 1.4 billion

- Maintenance of EUR 700 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

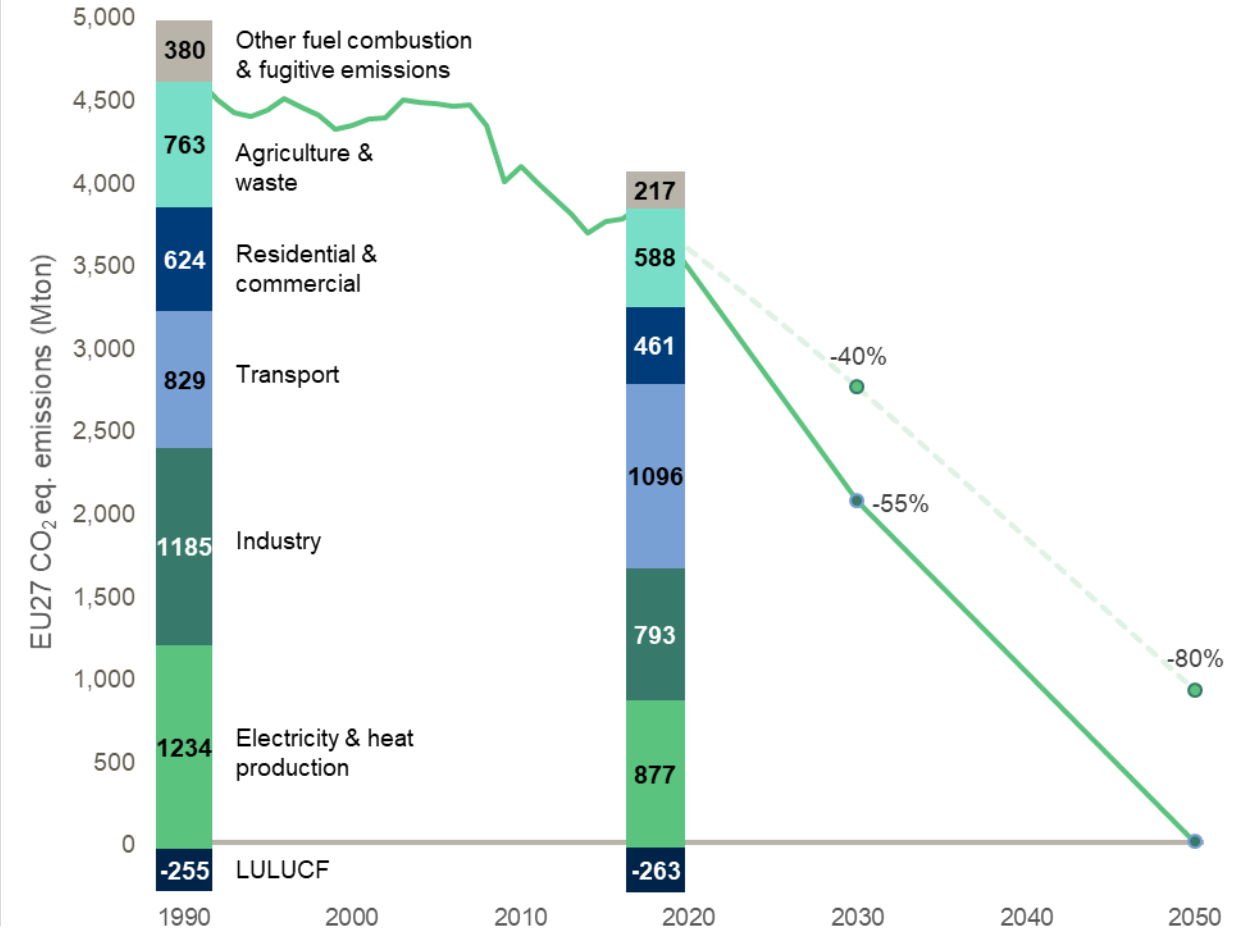
Cooperation benefits focus on monetary, safety, and environmental actions

- 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



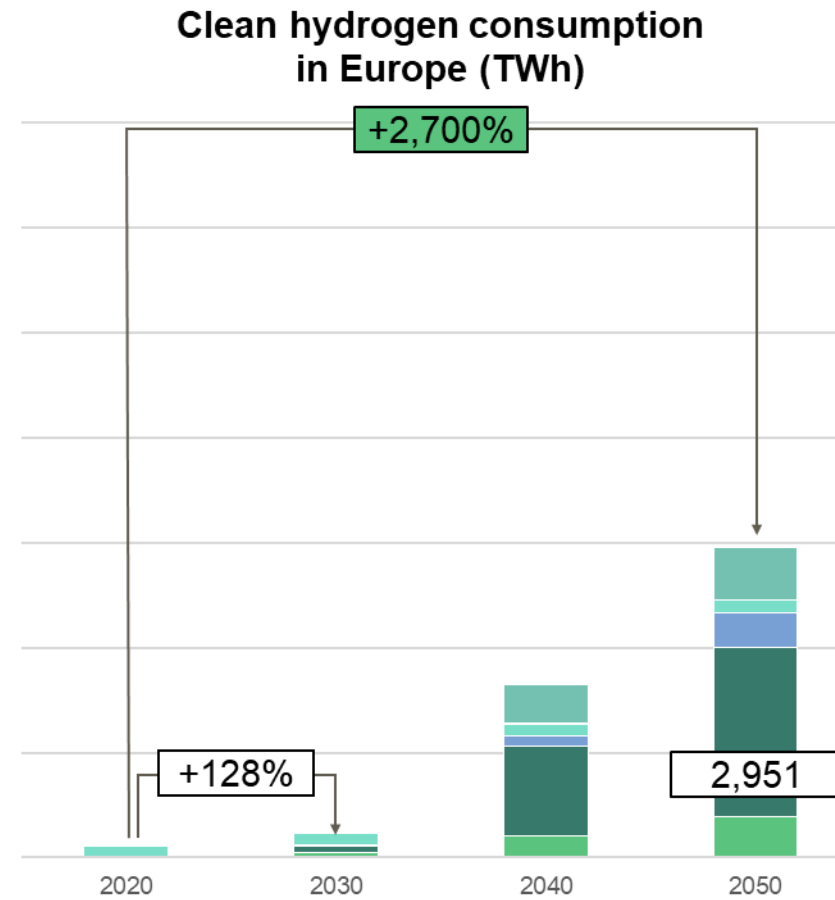
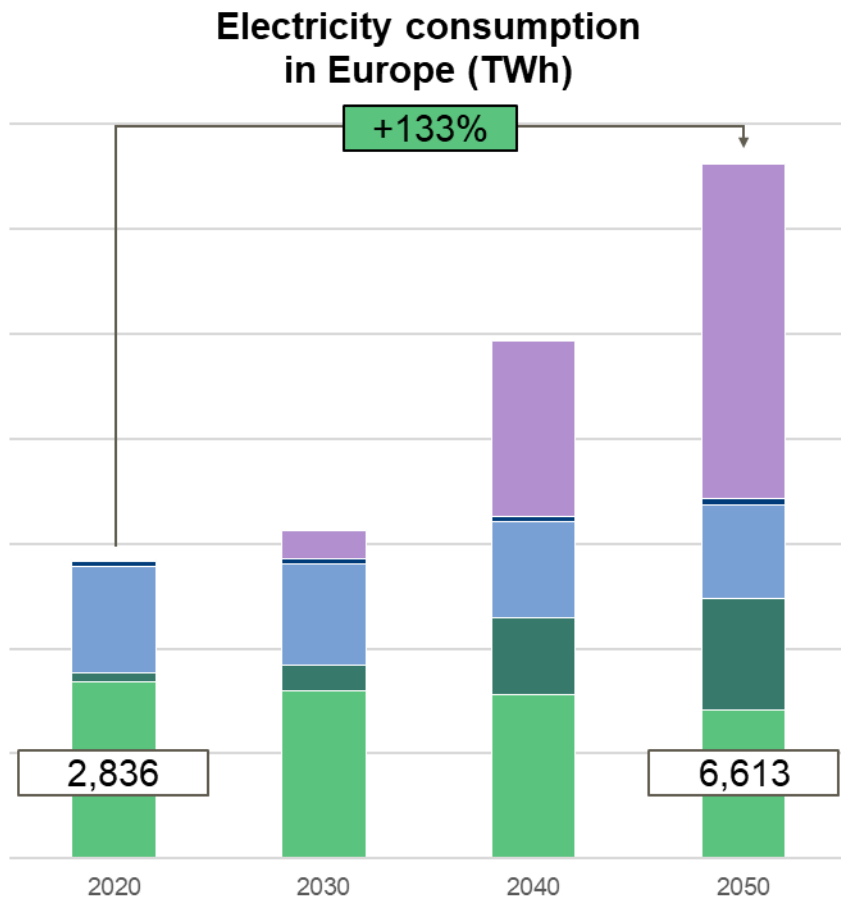
Europe committed to be a forerunner in reducing GHG emissions across all sectors

- 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



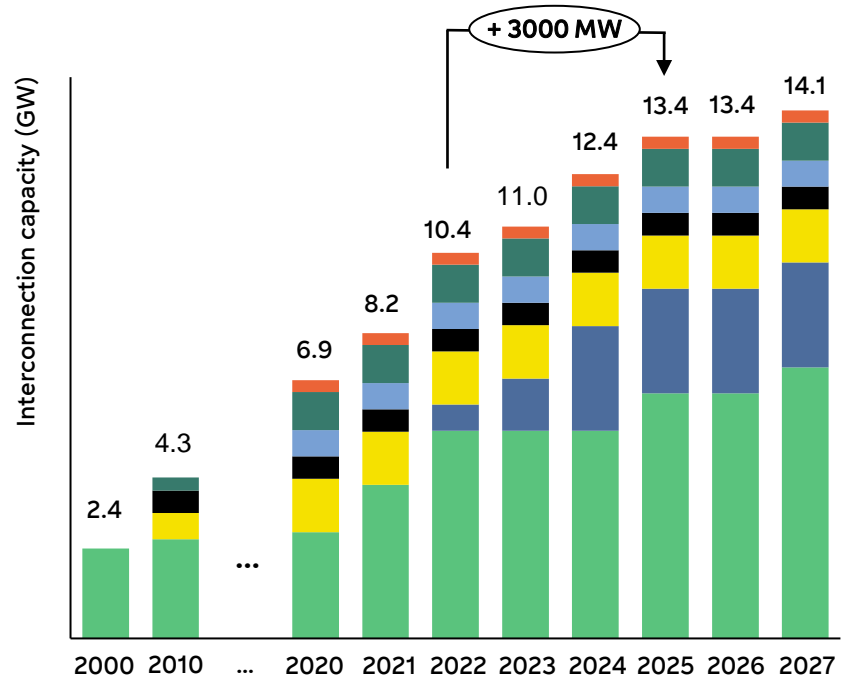
- Electricity
- Hydrogen
- Feedstocks
- Agriculture
- Industry
- Transport
- Residential and commercial

Source:
IHS Markit Net Zero
Carbon Europe
scenario

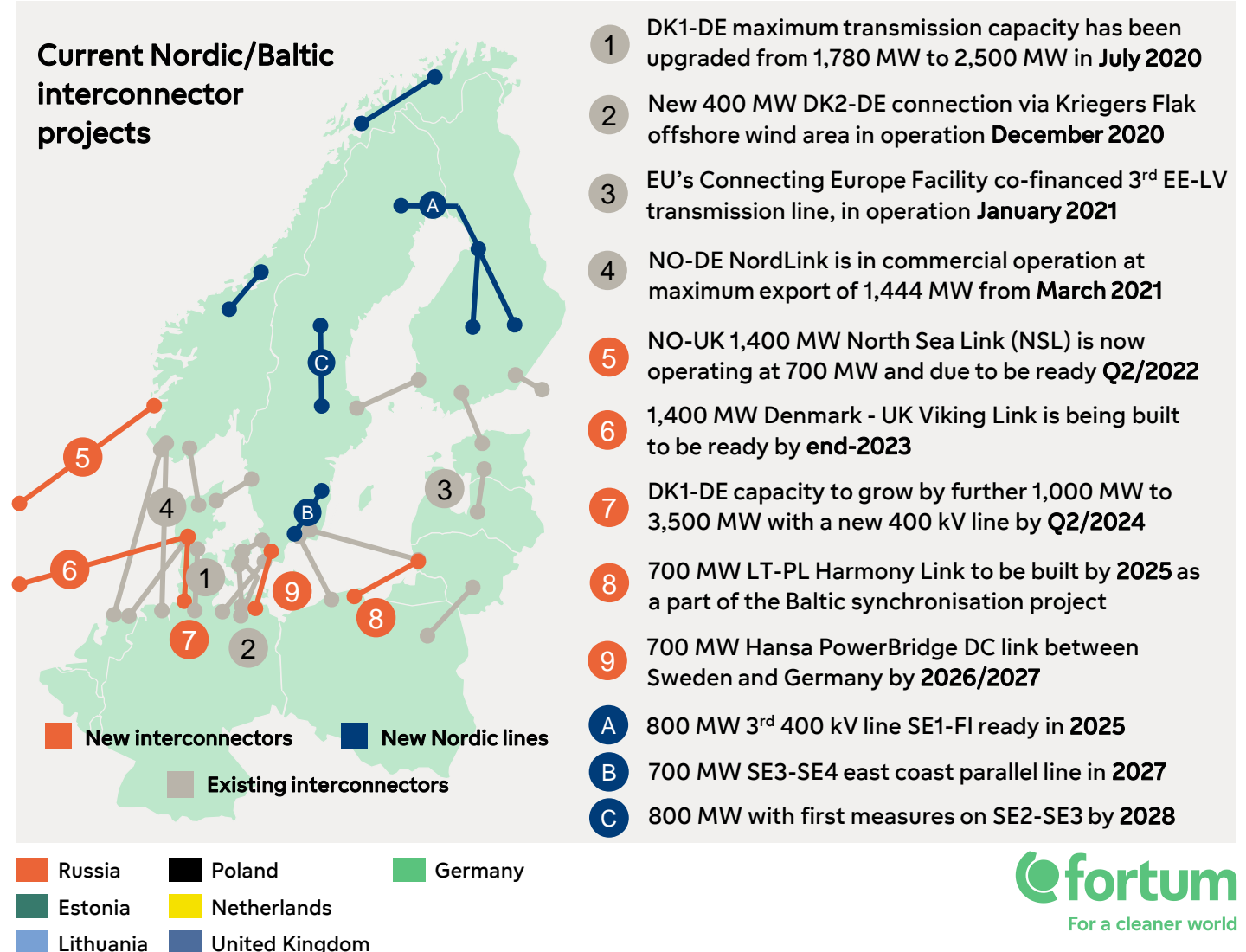
Nordic, Baltic, Continental and UK markets are integrating

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

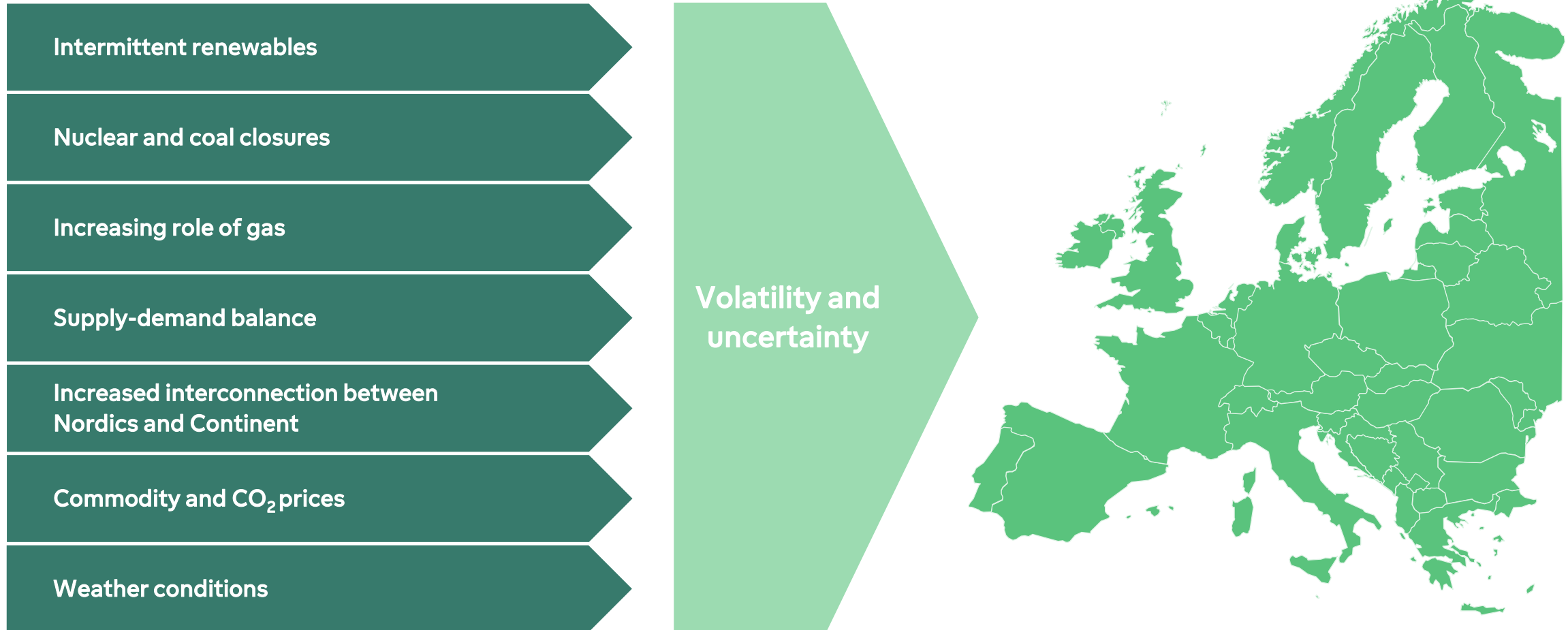
- Several **new interconnectors** have started operation, and more are under construction or decided to be built
- New interconnections will increase the **Nordic export capacity** from the current 10.4 GW to over 13 GW by summer 2024



Years in the chart above refer to a snapshot of 1st 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 CO₂-free power generation

Leverage strong position in gas to enable the energy transition

Partner with industrial and infrastructure customers

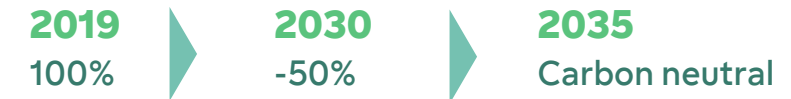
Carbon neutral in our European generation by 2035 at the latest

- Current trajectory to reduce CO₂ emissions in our European generation by at least 50%*) 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

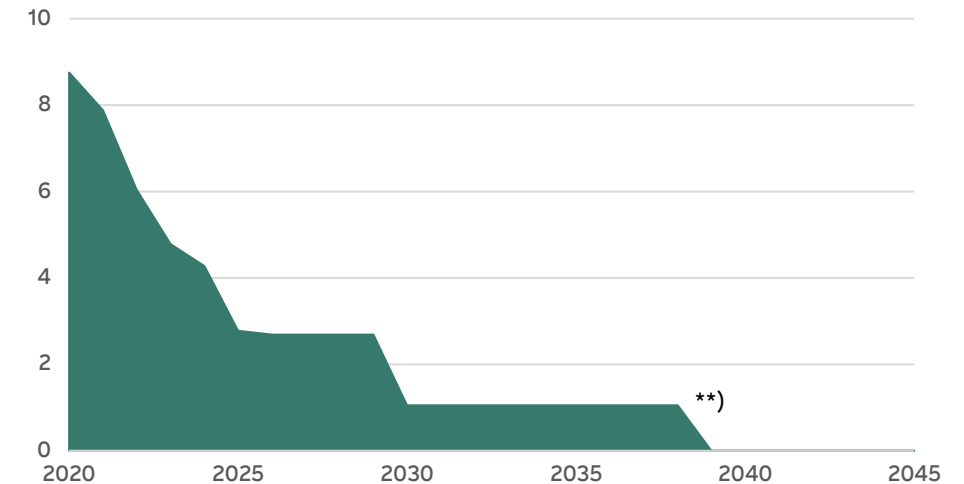
Carbon neutral as a group by 2050 at the latest in line with the Paris Agreement

- 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 CO₂ net emissions:



Coal fired capacity in Europe (GW)



*) Base year 2019

**) Datteln4 decommissioning as defined in the German coal-exit law



Interim Report January-September 2021

Fortum Corporation

12 November 2021

Markus Rauramo **President and CEO**



Strong performance in an exceptional commodity market

Q3

Performance affected by extraordinary market fundamentals

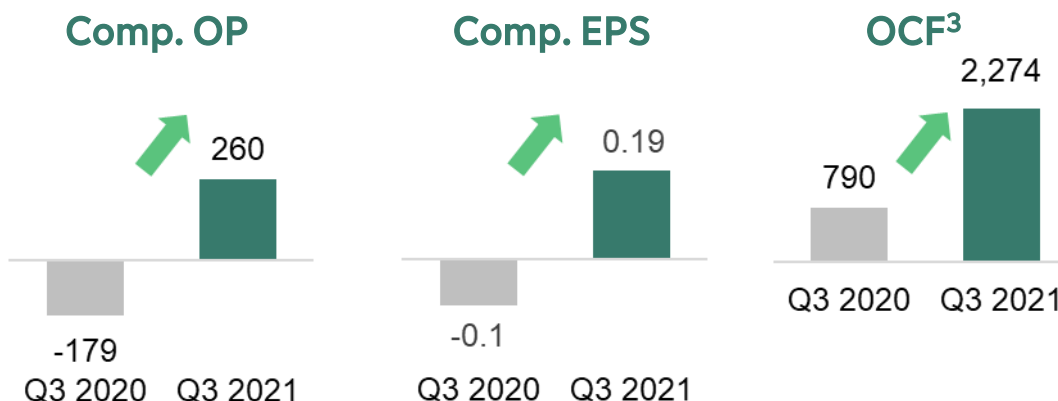
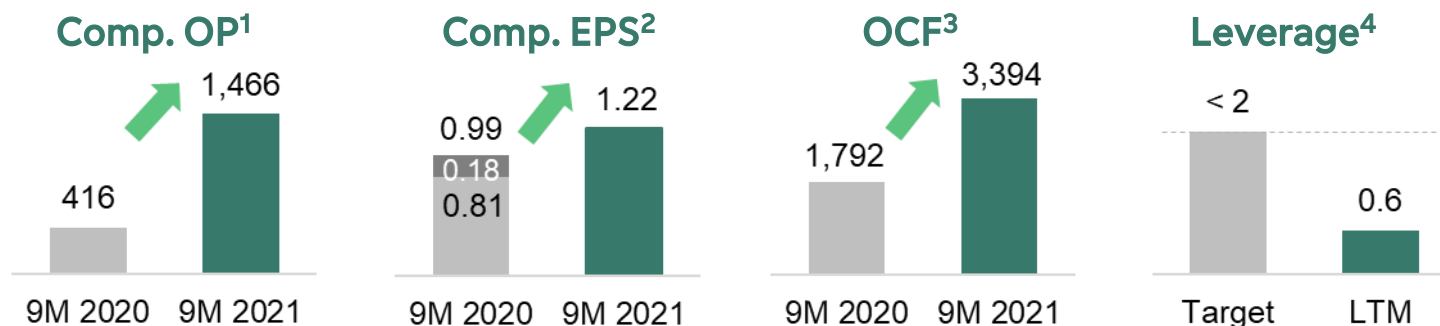
9M

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

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

LTM

Comparable operating profit solid at EUR 2.4 bn



1. Uniper full consolidation since Q2 2020.

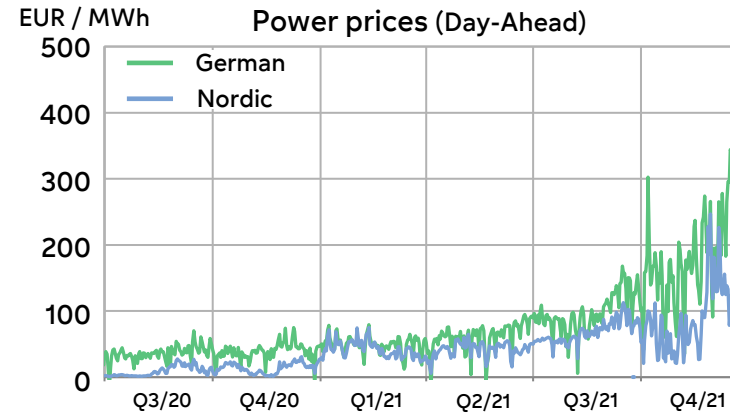
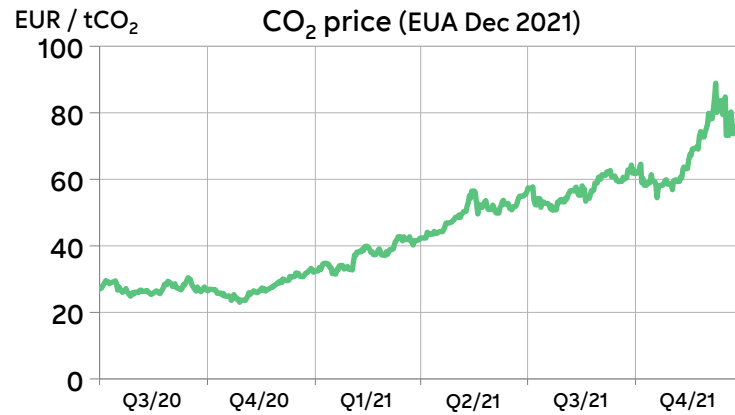
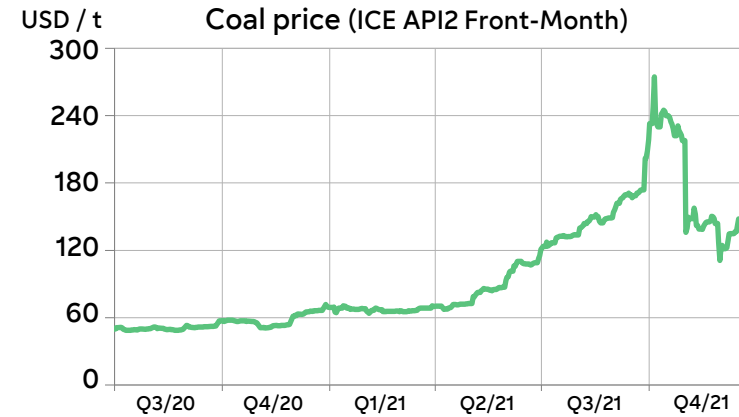
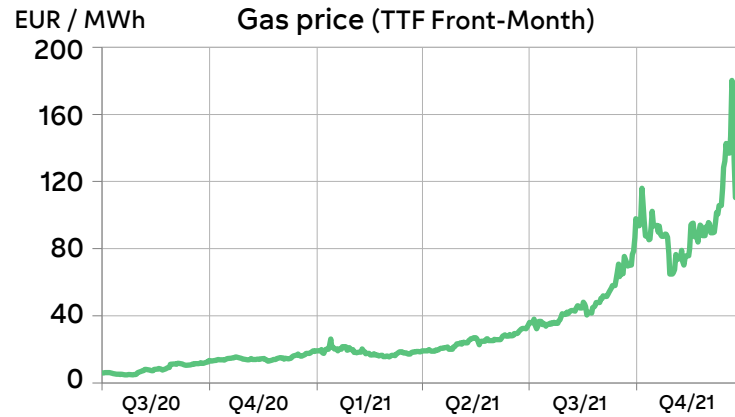
2. Comp. EPS 9M 2020 also includes Uniper Q4 2019 result of EUR 0.18 as an associated company.

3. Net cash from operating activities

4. Financial net debt to comparable EBITDA

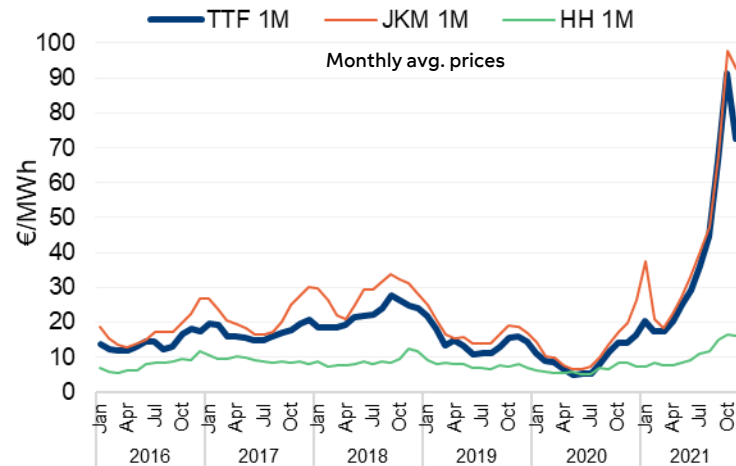
Energy commodities driving power prices

Energy commodities reaching new record highs



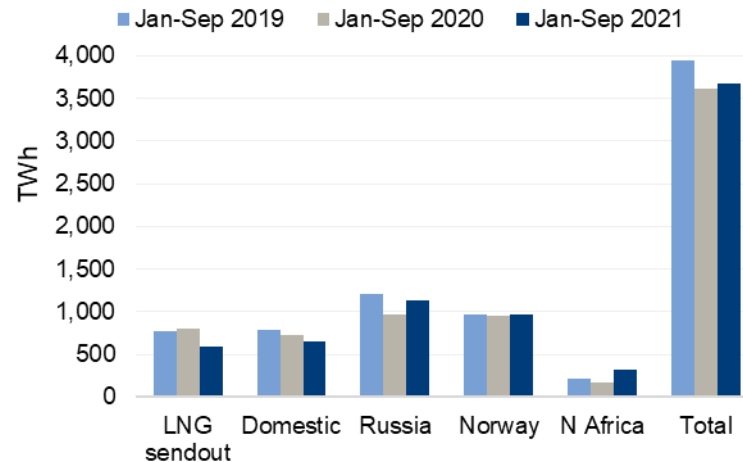
Gas market driven by economic recovery and supply constraints

Tight market conditions drive global gas prices



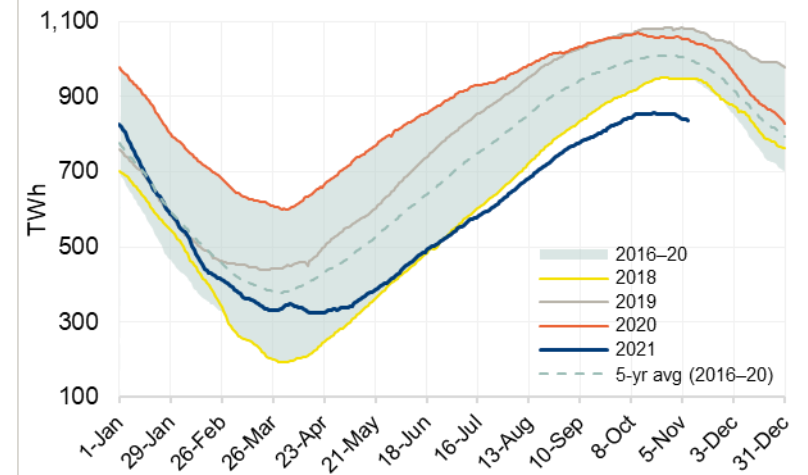
- **Market tightness** is a result of:
 - ongoing economic recovery post-COVID-19, combined with
 - cold winter and spring,
 - increased global competition for LNG,
 - longer-term gas supply underinvested

European gas supply decreased vs 2019



- Majority of European supply sources are underperforming this year, compared to 2019

European gas storages are below average levels

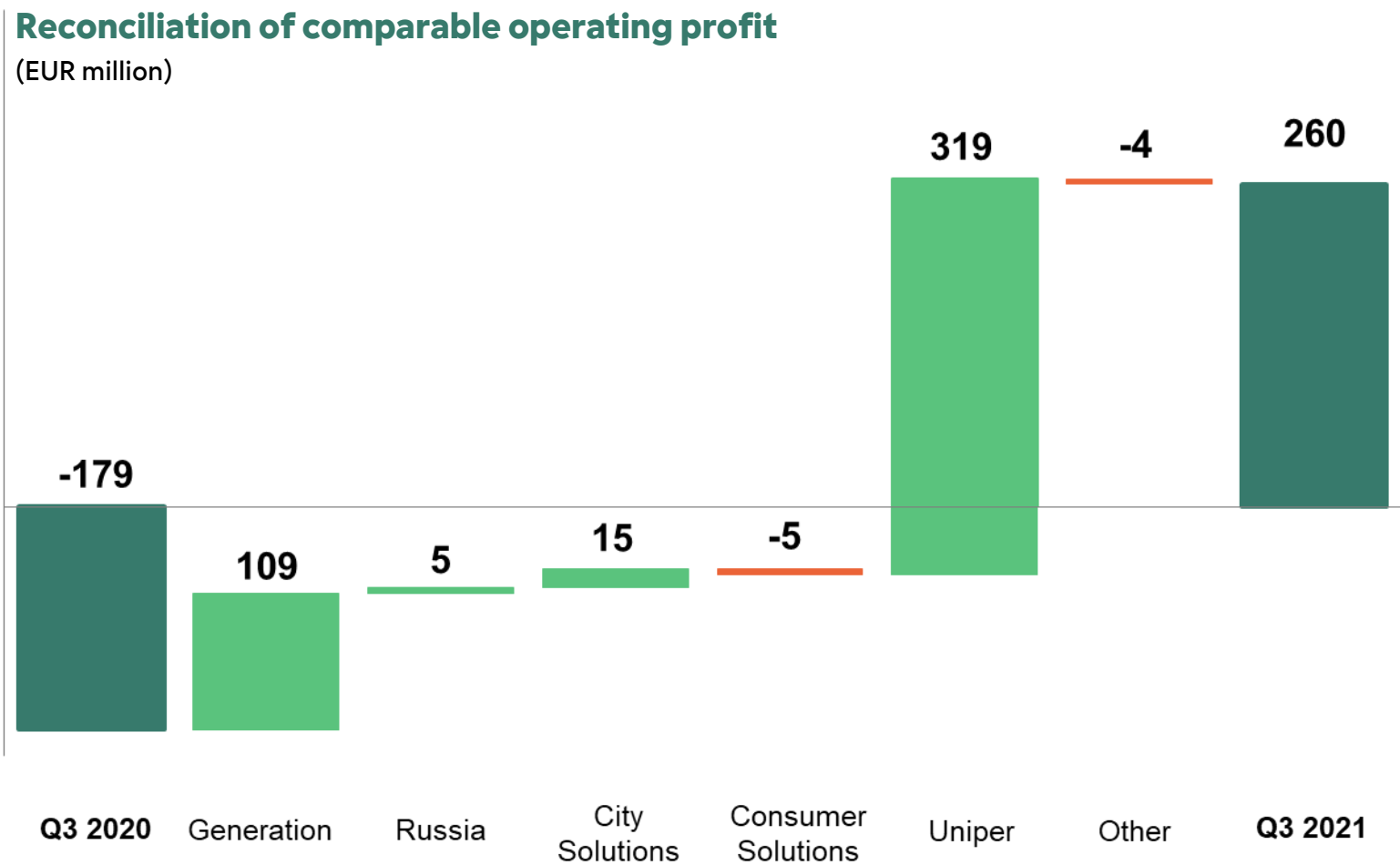


- **European gas storage physical filling at low levels:** by the end of September (storages were about 75% filled), 15% below 2016-2020 average and lowest since 2014



Security of supply is core and back on the European agenda

Q3, normally weak – now supported by strong market fundamentals



Generation
higher volumes and higher achieved prices
with successful physical optimisation

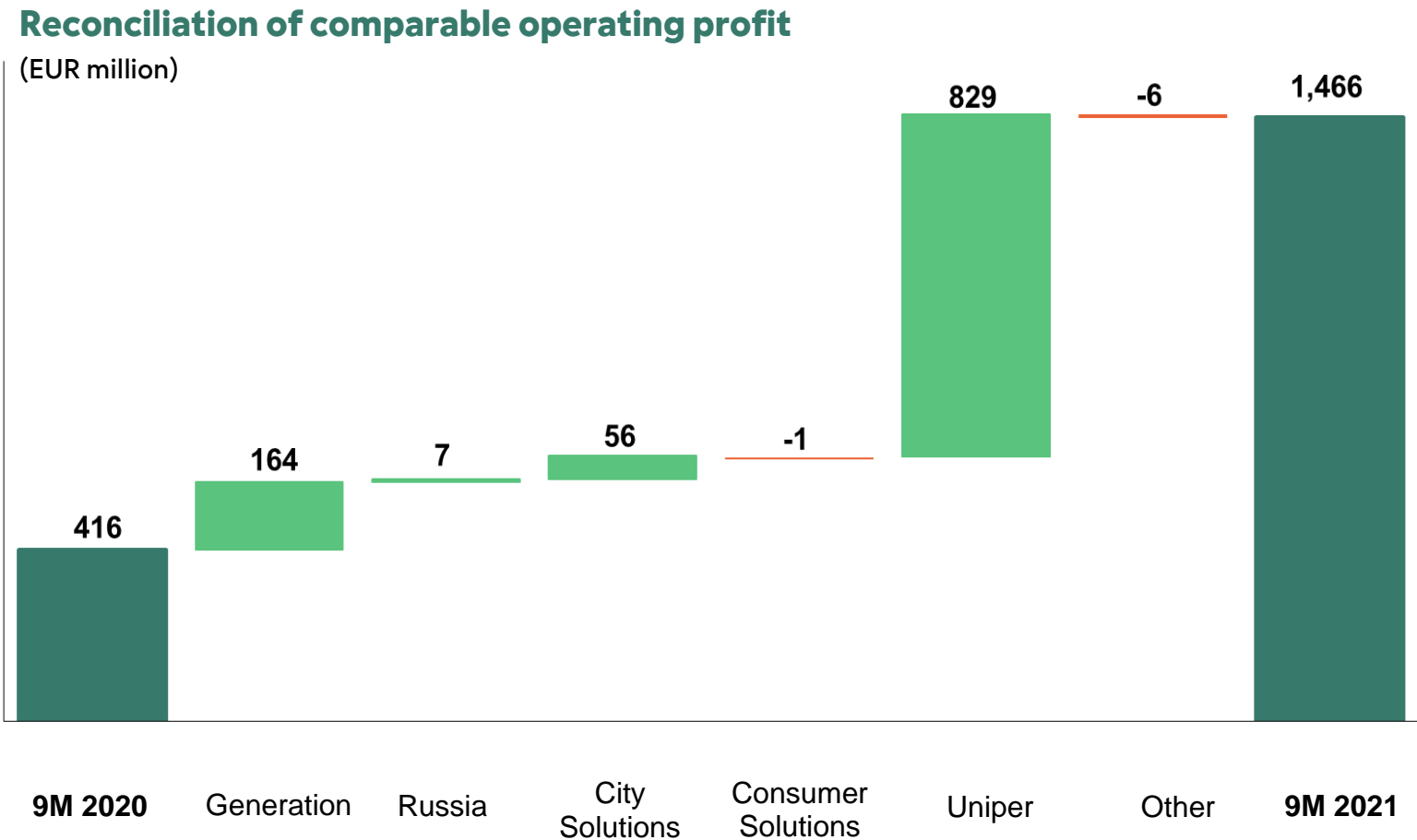
Russia
improved underlying performance
offsetting lower contribution from CSAs

City Solutions
higher power prices

Consumer Solutions
negative customer development

Uniper
strong result in global commodities business

Q1-Q3, almost all segments improved – significant impact from Uniper results



Generation
higher achieved power price

Russia
one-off effect and higher power prices
offsetting negative FX

City Solutions
higher power and heat sales

Consumer Solutions
negative customer development

Uniper
fully consolidated from Q2 2020

Determined execution of our strategy continues

Decarbonisation progressing

- **Discontinuing the use of coal in Fortum Russia by the end of 2022** is moving ahead with the closing of the divestment of Argayash coal-fired CHP in Q3
- **Closing of the Group's lignite chapter in Germany** with the Uniper's Schkopau divestment closed
- **Fortum well positioned for market transformation:** The important role of gas is core in the energy transition

Renewables growth ramping

- **Fortum and its wind JV in Russia wins wind auction** with CSA remuneration for new wind power generation corresponding to estimated 1.4 GW of new capacity, commissioning in 2025–2027
- **Good progress for existing 1.8 GW Russian renewables projects**
 - 670 MW operational
 - 778 MW under construction

Balance sheet strengthened

- **Closing of 3.6 billion of divestments in Q3**
 - 50% ownership in Stockholm Exergi (EUR 2.9 billion)
 - Baltic district heating business (EUR 710 million)
- **Financial net debt/ Comp. EBITDA at 0.6x, clearly below target of <2x,** credit rating of 'BBB' with stable outlook
- **Good access to capital markets** with liquid funds of EUR 6.2 billion and undrawn credit facilities of EUR 3.7 billion*

Fortum and Uniper cooperation gearing up

- **Cooperation is moving ahead**
 - A joint organisation established at Fortum for the Nordic Hydro and Physical Trading Optimisation with 400 employees, operations starting in Q1 2022
 - Uniper developing for renewables and hydrogen business
 - Cooperation in nuclear decommissioning services since October
 - 1,000 colleagues at Fortum and Uniper working with >80 business cooperation projects
- **Business continuation and value creation is key**

Drive the clean energy transition and delivering sustainable financial performance



Bernhard Günther
CFO



Key financials

MEUR	III/ 2021	III/ 2020	I-III/ 2021	I-III/ 2020	FY 2020	LTM
Sales	23,700	14,049	62,322	27,736	49,015	83,601
Comparable EBITDA	574	132	2,401	1,187	2,434	3,648
Comparable operating profit	260	-179	1,466	416	1,344	2,394
Comparable share of profits of associates and joint ventures	9	19	127	593	656	190
Comparable profit before income taxes	243	-182	1,597	928	1,897	2,566
Comparable net profit	170	-93	1,086	874	1,483	1,695
Comparable EPS	0.19	-0.10	1.22	0.99	1.67	1.90
Net cash from operating activities	2,274	790	3,394	1,792	2,555	4,157
Financial net debt / Comp. EBITDA					2.9	0.6

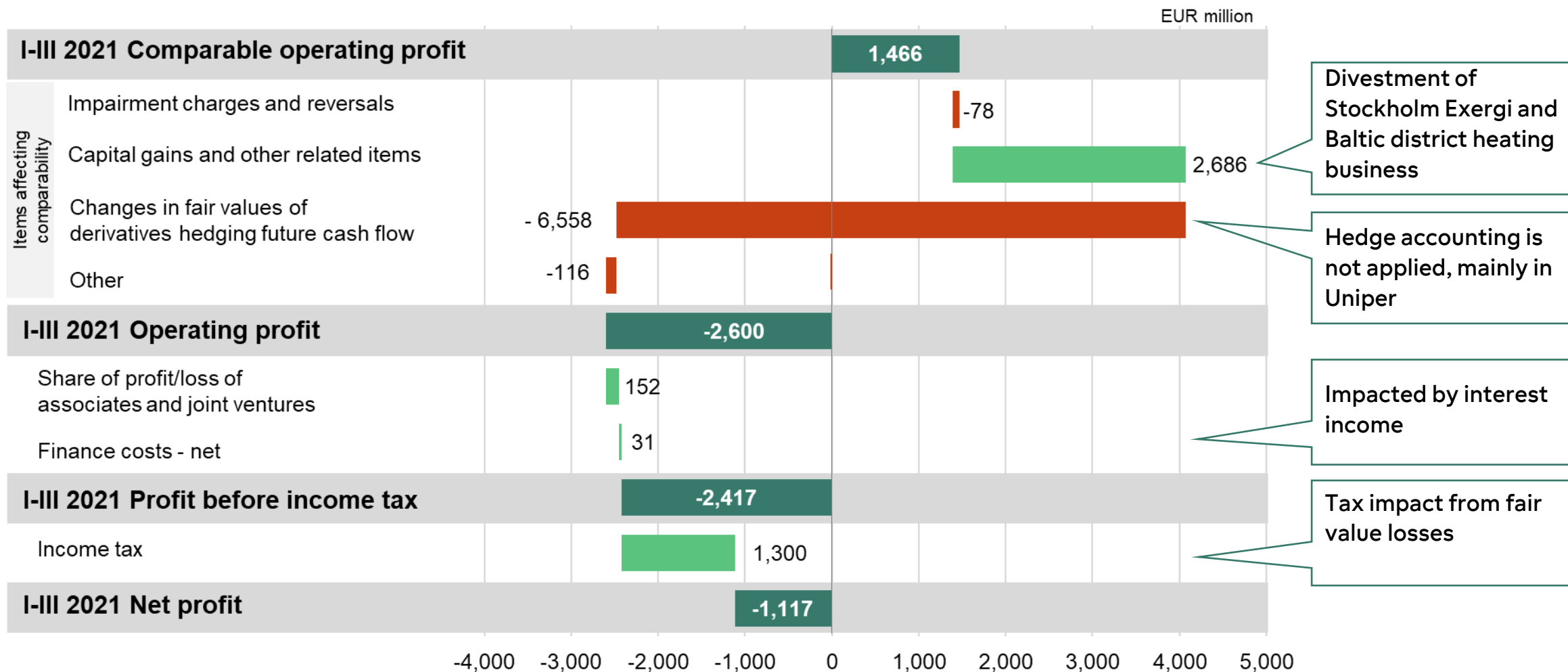
9M strong financial KPIs

LTM comparable EBITDA at EUR 3.65 billion

LTM Comparable EPS at EUR 1.90

Strong credit metrics with Financial net debt / Comp. EBITDA of 0.6x clearly below target level of <2x following latest divestments

Reported income statement dominated by changes in fair values



Strong cash flow management to secure financial flexibility

MEUR	III/ 2021	III/ 2020	I-III/ 2021	I-III/ 2020	FY 2020	LTM
Comparable EBITDA	574	132	2,401	1,187	2,434	3,648
Non-cash and other items	533	178	914	374	293	833
Paid net financial costs, income taxes and dividends received	-33	-38	-342	-267	-308	-383
Change in working capital	1,200	519	422	499	136	59
Net cash from operating activities	2,274	790	3,394	1,792	2,555	4,157
Capital expenditures	-278	-331	-849	-682	-1,101	-1,267
Acquisitions of shares	-66	-225	-270	-1,643	-1,801	-428
Proceeds from sales of property, plant and equipment	2	4	18	11	16	23
Divestments of shares and capital returns	3,597	440	3,748	1,223	1,244	3,769
Shareholder loans to associated companies and JVs	-2	-7	-23	-40	-44	-27
Change in margin receivables	-3,956	-221	-5,241	14	-552	-5,807
Change in other interest-bearing receivables	-37	27	-101	72	98	-74
Net cash from/used in investing activities	-739	-313	-2,718	-1,047	-2,140	-3,811
Proceeds from long-term liabilities	77	-2	142	2,475	2,569	235
Payments of long-term liabilities	-69	-53	-696	-467	-507	-736
Change in short-term liabilities	1,776	-82	2,570	-111	207	2,887
Dividends paid to the owners of the parent	0	0	-995	-977	-977	-995
Dividends paid to non-controlling interests	-1	0	-145	-147	-160	-158
Change in margin liabilities	1,178	-236	2,358	-430	-623	2,164
Other financing items	-3	-2	-3	2	-3	-8
Net cash from/used in financing activities	2,959	-375	3,230	346	505	3,389
Net increase in liquid funds	4,494	102	3,906	1,092	920	3,734

Change in working capital driven by operational liquidity measures in Uniper

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

Margin receivables increased due to higher prices almost netted...

...with an increase of **short-term financing** and...

...increase in **margin liabilities**

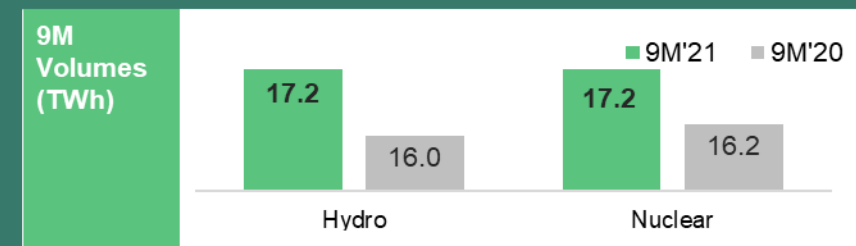
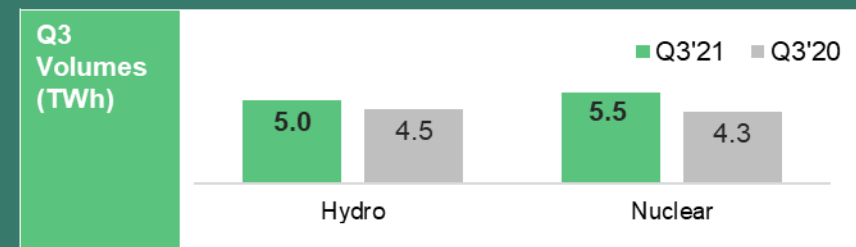
Generation: Higher achieved power prices

Q3 2021 vs. Q3 2020

- Comparable operating profit +80% mainly due to
 - Higher achieved power prices of EUR 43.7, +6.6 per MWh
 - Increased nuclear and hydro volumes
- Higher achieved power price
 - Higher spot prices and successful physical optimisation

9M 2021 vs. 9M 2020

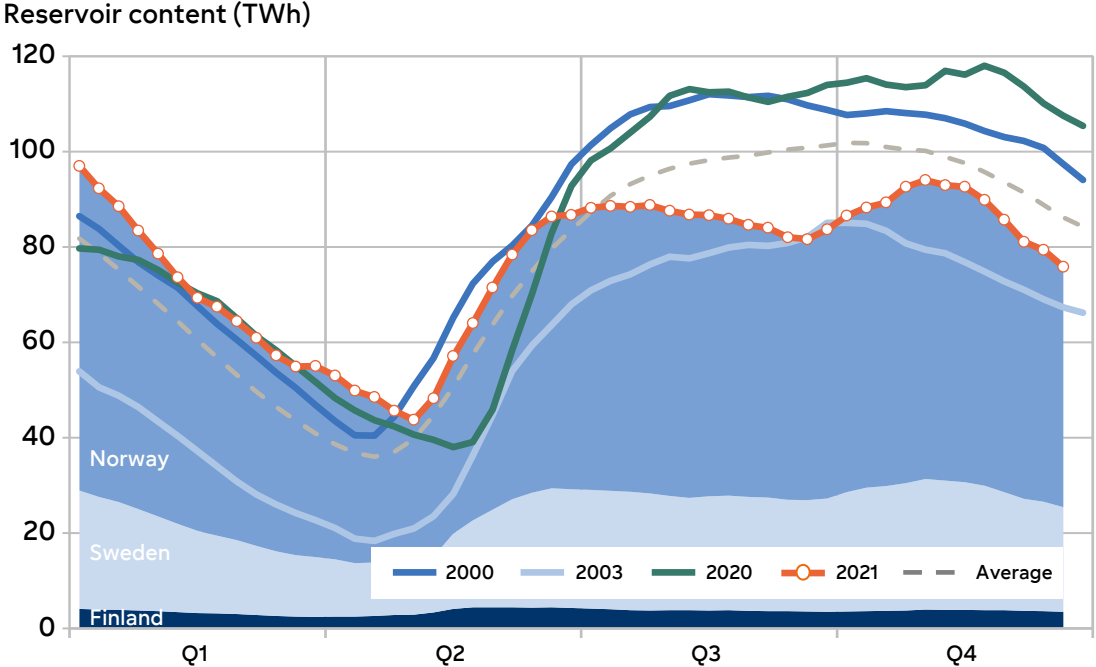
- Comparable operating profit +30% mainly due to
 - Higher achieved prices of EUR 39.5, +4.8 per MWh,
 - Increased hydro and nuclear volumes
- Higher achieved power price
 - Successful physical and financial optimisation and higher spot prices



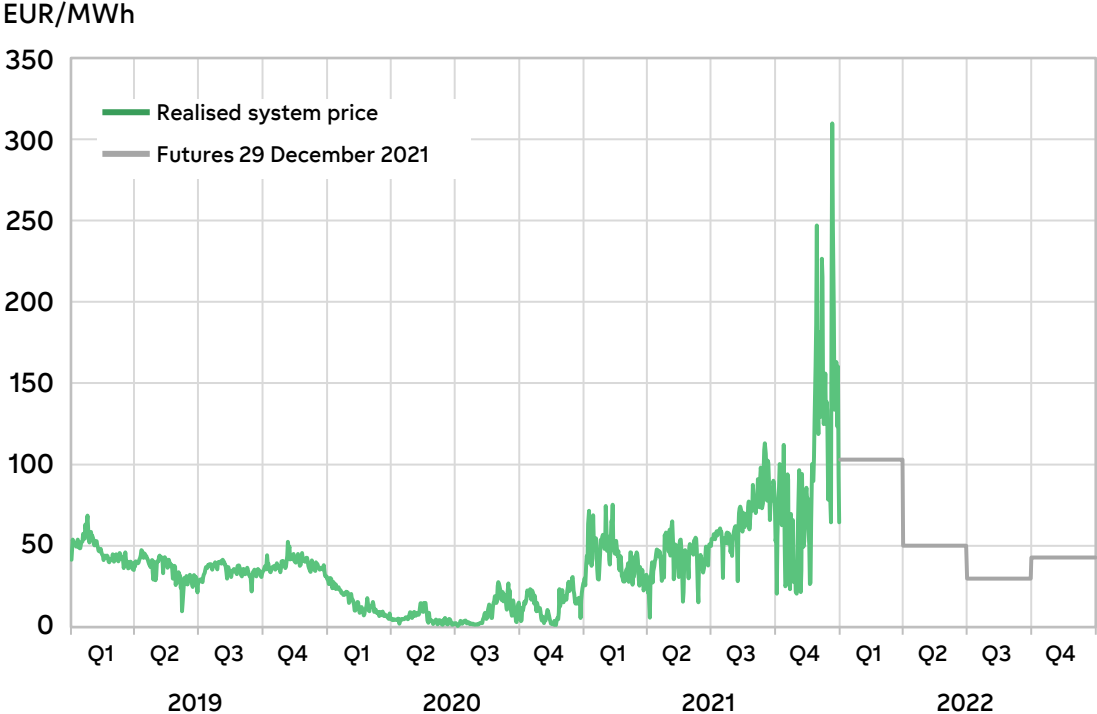
MEUR	III/ 2021	III/ 2020	I-III/ 2021	I-III/ 2020	FY 2020	LTM
Sales	684	441	1,935	1,465	2,006	2,476
Comp. EBITDA	291	181	849	666	886	1,069
Comp. OP	245	136	709	545	722	887
Comp. net assets			6,195	5,921	6,234	
Comp. RONA %					12.2	14.6
Gross investment	37	46	99	113	228	214

Nordic water reservoirs and wholesale power price

Hydro reservoirs



Power price



Source: Nord Pool, Nasdaq Commodities

Russia:

Solid underlying performance

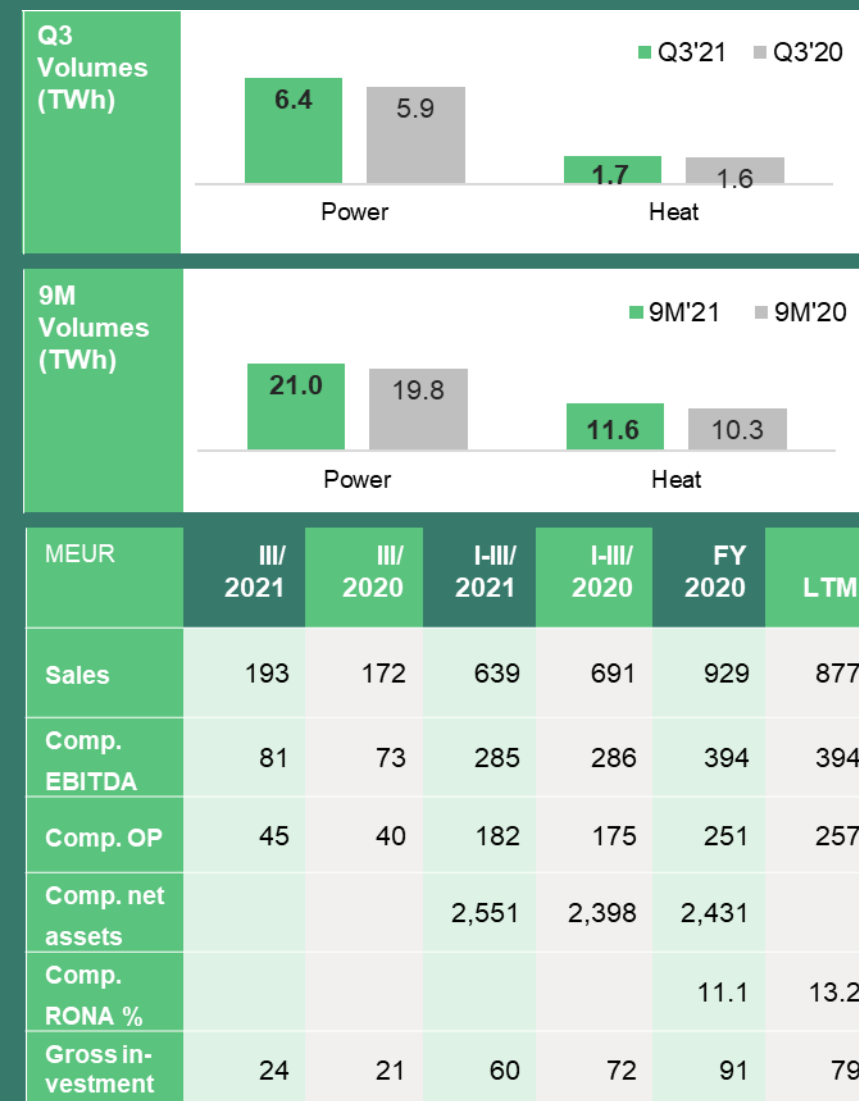
Q3 2021 vs. Q3 2020

- Comparable operating profit up by 13% to EUR 45 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 4 million
 - Russian power demand recovering with increasing electricity prices and increased achieved price

9M 2021 vs. 9M 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 -19 million

CSA = Capacity Supply Agreement



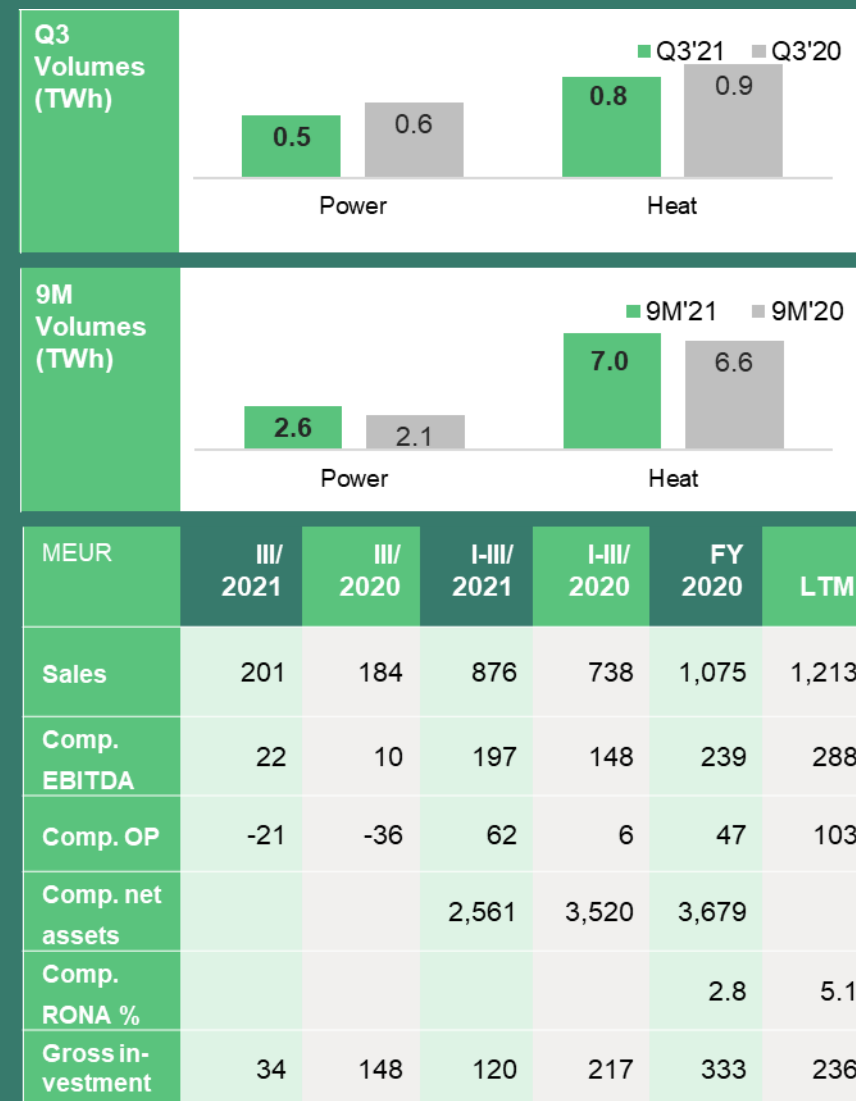
City Solutions: Performance improved

Q3 2021 vs. Q3 2020

- District heating with higher power prices and higher power sales
- Almost all business areas improved its result from the previous year, especially in the areas of waste and metals recycling business
- Recorded tax-exempt capital gains of EUR 2,350 million from the sale of 50% ownership in Stockholm Exergi and EUR 254 million the sale of the Baltic district heating business

9M 2021 vs. 9M 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



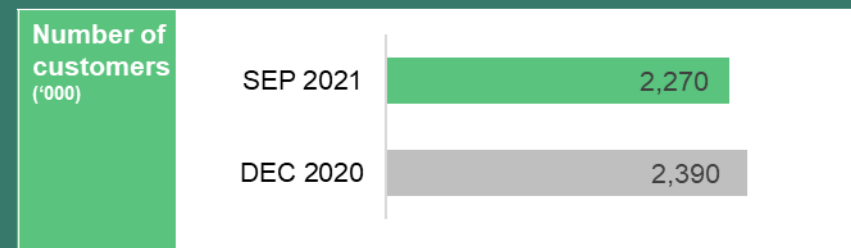
Consumer Solutions: Challenging market environment

Q3 2021 vs. Q3 2020

- Both gas and electricity volumes increased
- Comparable operating profit slightly down due to negative customer development combined with tough competition in the Nordic market

9M 2021 vs. 9M 2020

- Challenging market environment combined with tough competition in the Nordic market continued
- Negative customer development
- Several new digital services were launched
- Strategy: Strategic review of the business still ongoing



MEUR	III/ 2021	III/ 2020	I-III/ 2021	I-III/ 2020	FY 2020	LTM
Sales	485	235	1,570	896	1,267	1,941
Comp. EBITDA	31	33	120	116	153	158
Comp. OP	13	18	68	69	90	89
Comp. net assets			701	533	565	
Gross investment	13	15	49	43	57	63

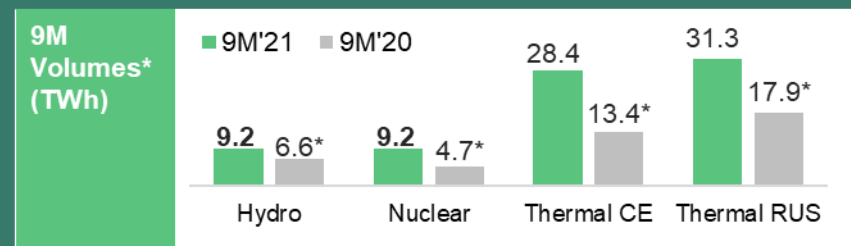
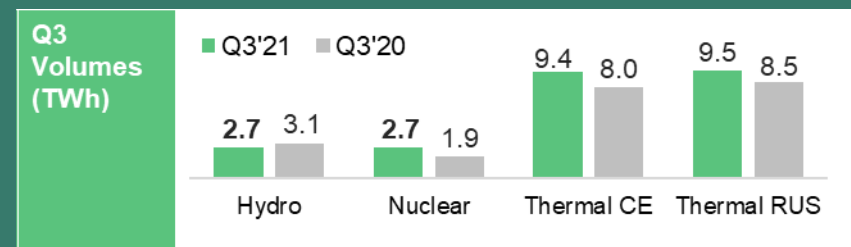
Uniper: Solid underlying performance

Q3 2021 vs. Q3 2020

- Global Commodities business was significantly above previous year due to higher result in the gas midstream business
- European Generation business benefitted from higher nuclear and thermal production
- Russian Power Generation's Berezovskaya 3 back online since Q2 2021, higher prices and volumes
- Operating profit was affected by EUR -6,122 (-121) million of items affecting comparability, mainly related to the fair value change of non-hedge-accounted derivatives

9M 2021 vs. 9M 2020

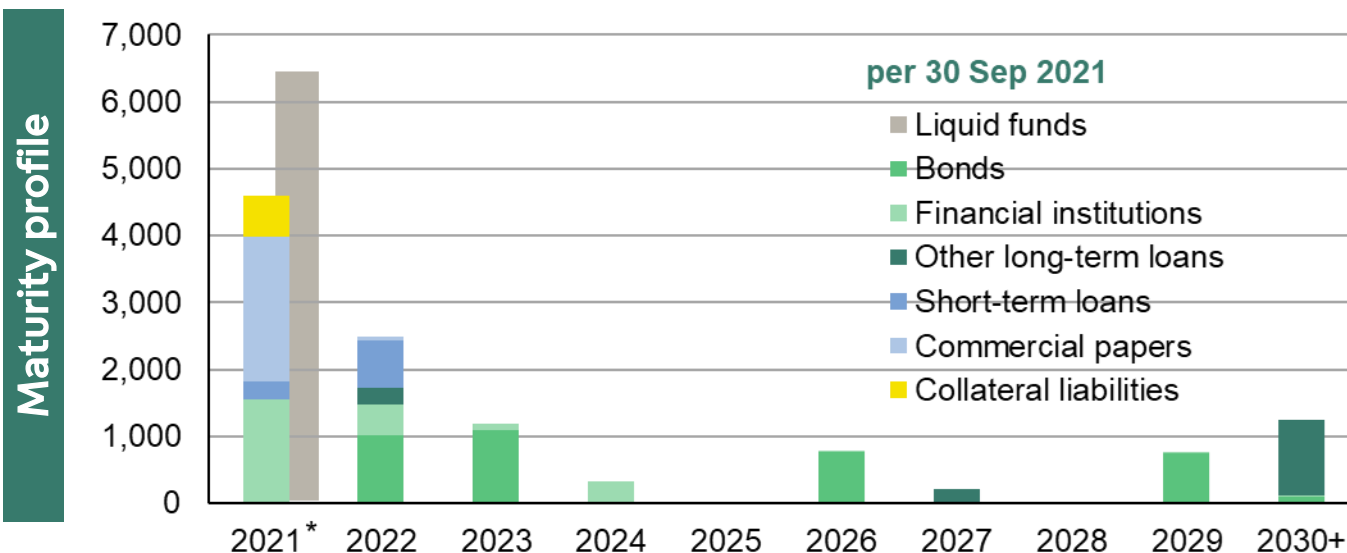
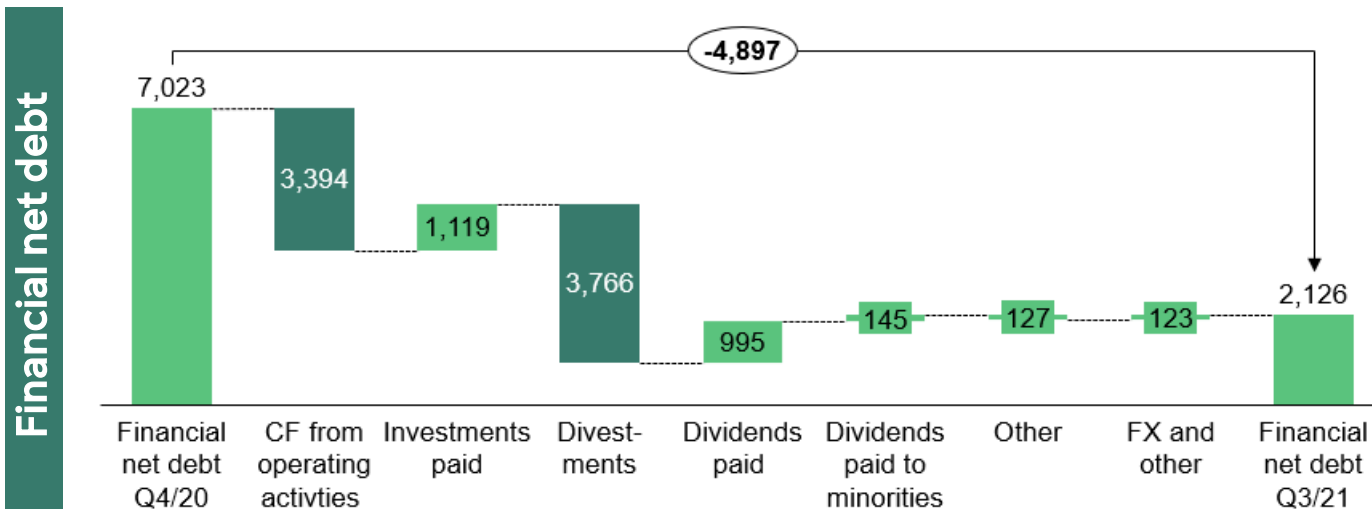
- Gas mid-stream and international commodity business reflecting successful optimisation
- Operating profit was affected by EUR -6,936 (150) million of items affecting comparability, mainly related to the fair value change of non-hedge-accounted derivatives



MEUR*	III/ 2021	III/ 2020	I-III/ 2021	I-III/ 2020	FY 2020	LTM
Sales	22,411	13,159	58,074	24,524	44,514	78,064
Comp. EBITDA	175	-147	1,026	37	856	1,845
Comp. OP	9	-310	543	-286	363	1,192
Comp. net assets			6,229	6,653	7,432	
Gross investment	178	233	498	377	639	759

* Uniper consolidated from Q2 2020

Leverage below target and good access to debt capital market



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 11,658 million (excl. lease)

- Average interest of 1.3% (2020: 1.5%) for Group loan portfolio incl. derivatives hedging financial net
- EUR 716 million (2020: 634) swapped to RUB with average interest 6.7% (2020: 6.2%) incl. hedging cost
- Average interest of 0.7% (2020: 0.9%) for EUR loans

Liquid funds of EUR 6,236 million

Undrawn credit facilities of EUR 3,689 million

Outlook

Hedging

Generation Nordic hedges:

For the rest of 2021: 75% hedged at EUR 34 per MWh

For 2022: 65% hedged at EUR 32 per MWh (Q2: 60% at EUR 31)

For 2023: 40% hedged at EUR 31 per MWh

Uniper Nordic hedges:

For the rest of 2021: 85% hedged at EUR 25 per MWh

For 2022: 85% hedged at EUR 22 per MWh (Q2: 85% at EUR 24)

For 2023: 55% hedged at EUR 21 per MWh (Q2: 45% at EUR 22)

2021 Estimated annual capital

expenditure, including maintenance and excluding acquisitions, of

EUR 1,400 million

of which maintenance capital expenditure is EUR 700 million

Tax guidance for 2021:

The comparable effective income tax rate for Fortum is estimated to be in the range of 20-25%

Russia

CSA changes:

Lower bond yield, 6.3% (7.6%)

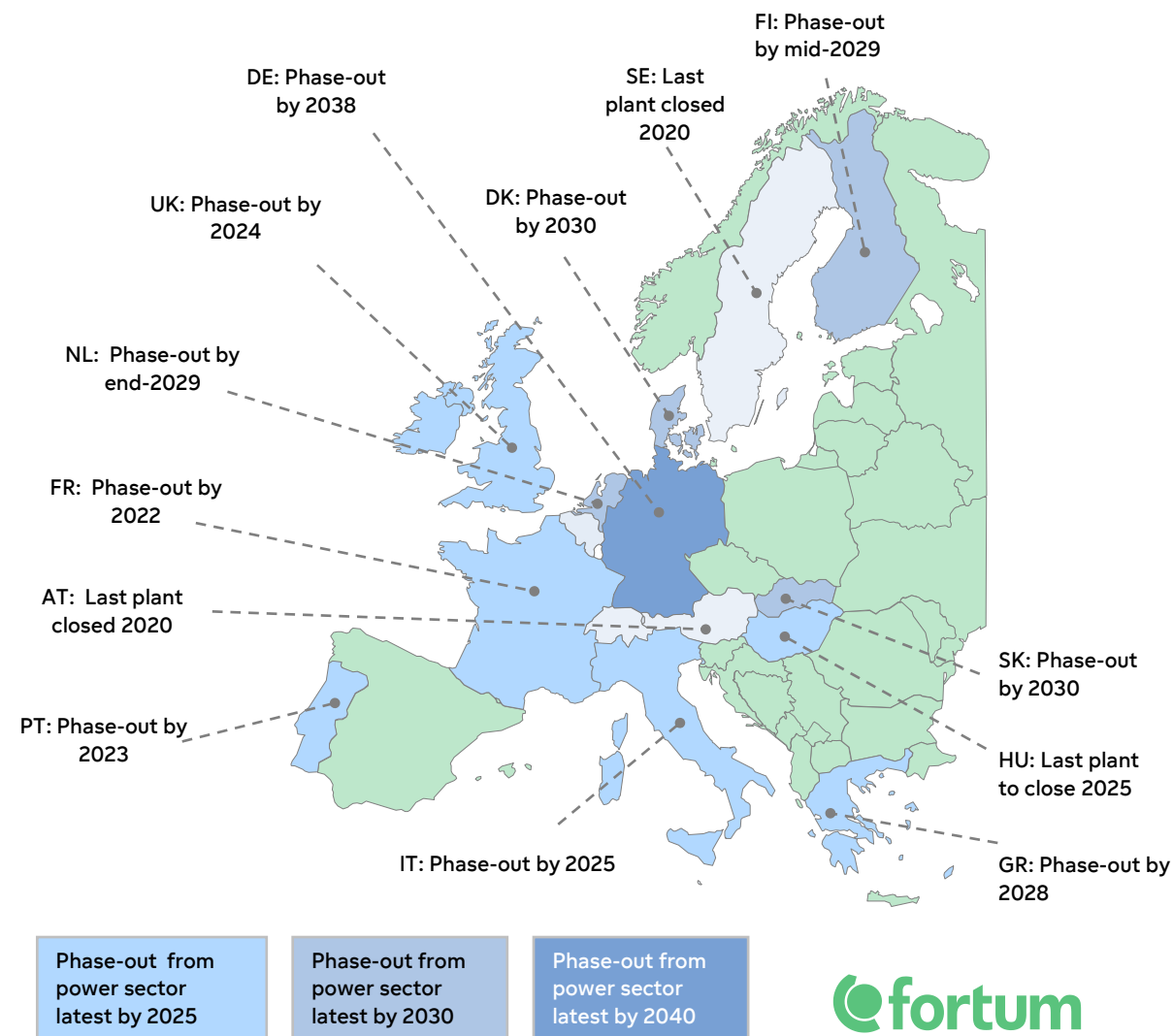
Changes in CSA and CCS capacities:
see interim report p. 22-23, 25

In 2021, in the Russia segment, the negative financial effect related to the ending of the CSA period of two production units is expected to exceed the positive effect of three units entering the four-year period of higher CSA payments

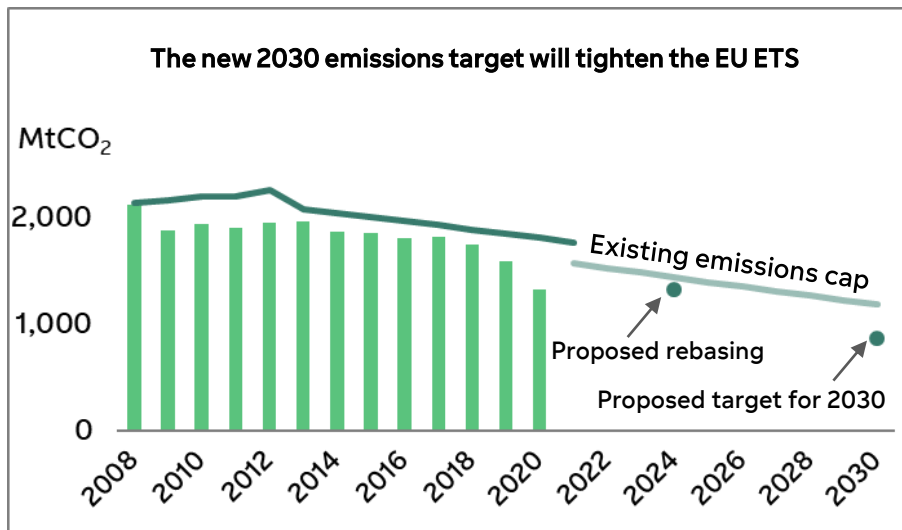
Appendices

Western European countries exiting coal during this decade

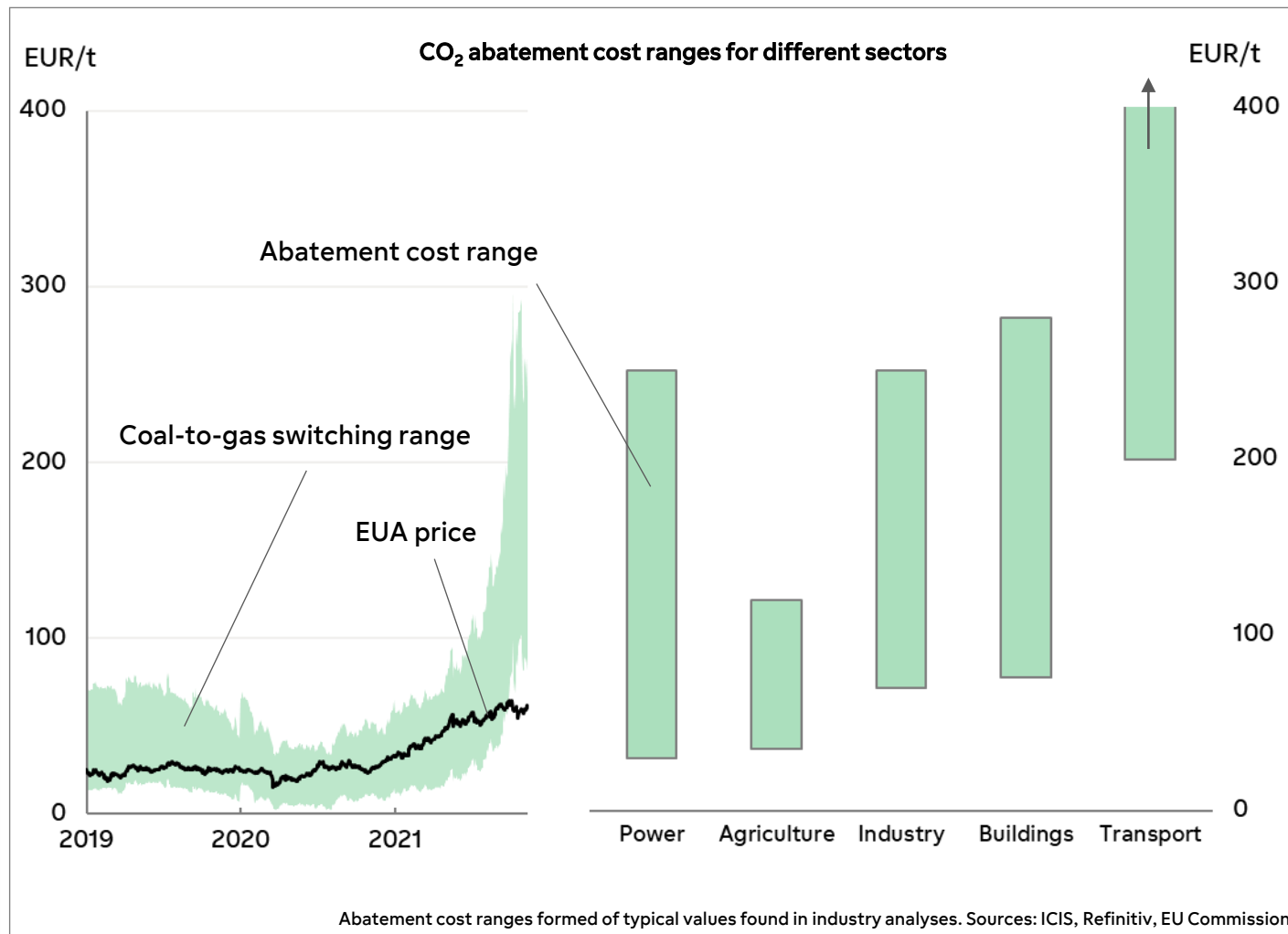
- Sweden and Austria closed their last coal plants during 2020
- France is committed to phase out coal by 2022
- Portugal has 2023 as national exit goal, but operators aim for full closure already in 2021
- UK full exit by the end of 2024 by restricting coal plants' access to market
- Italy and Ireland have both announced phase-out by 2025, also Hungary to close its last coal plant by then
- Greece has stated 2028 as year for full phase-out
- Netherlands and Finland have 2029 as regulated phase-out year, Denmark is committed to 2030 as is Slovakia
- Germany to phase out coal by end-2038 latest, possibly already 2035
- Significant coal countries without explicit exit date include e.g. Spain, Czechia and Poland
 - In Spain, significant number of coal plants have recently already closed, and operators are underway to close down even the rest by mid-2020s
 - In Czechia, a multi-stakeholder commission has proposed a coal phase-out by 2038, but no political decision available as of yet
 - Poland expects share of coal in the power mix to decline and targets lower-carbon generation in newbuilds, but no timeline for phase-out of coal exists



Decarbonisation requires other sectors to join



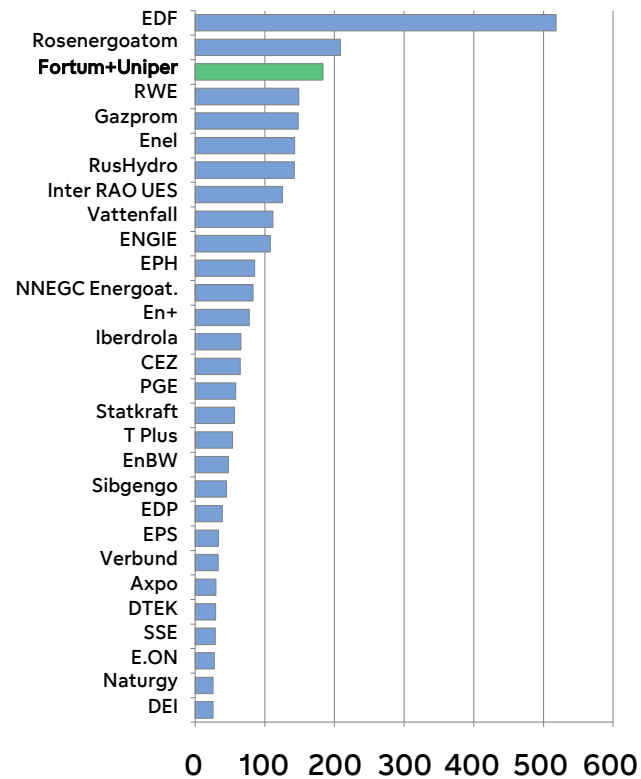
- The EU has agreed to increase the **2030 total emissions reduction target to 55% vs 1990**.
- In July 2021, EU Commission put forward a **“Fit for 55” package**, laying out the roadmap for achieving the new ambitious climate target
- **Proposed EU ETS revisions** widen its scope, tighten supply and 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

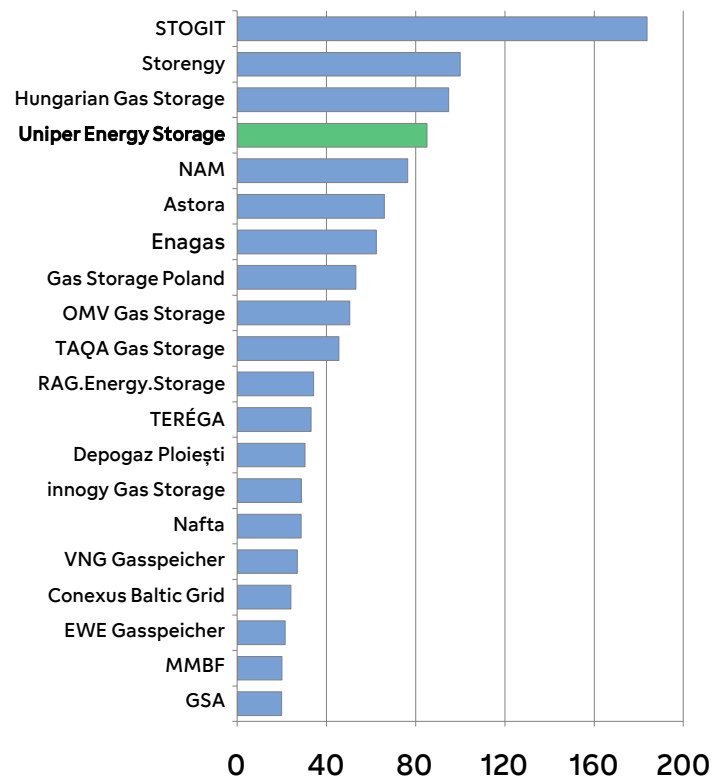
Power generation

Largest generators in Europe and Russia, 2019
TWh



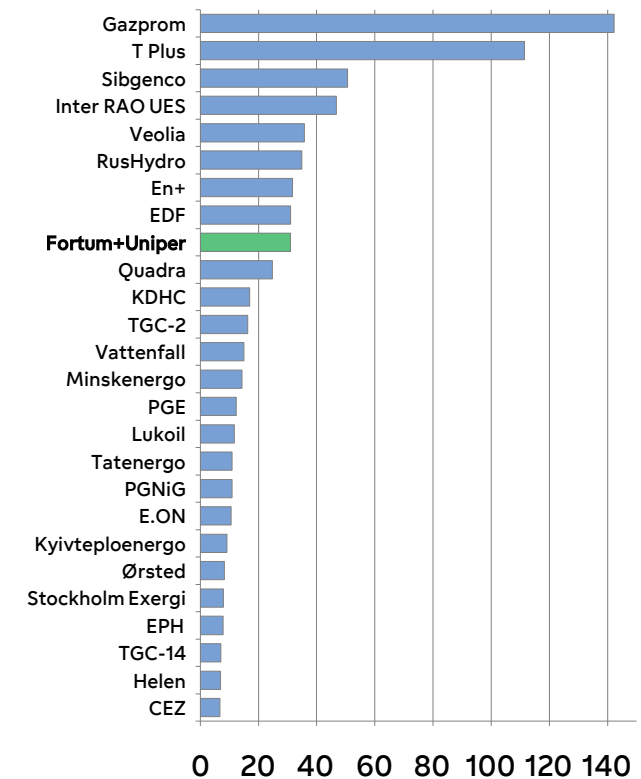
Gas

Largest European gas storage operators, 2018
TWh



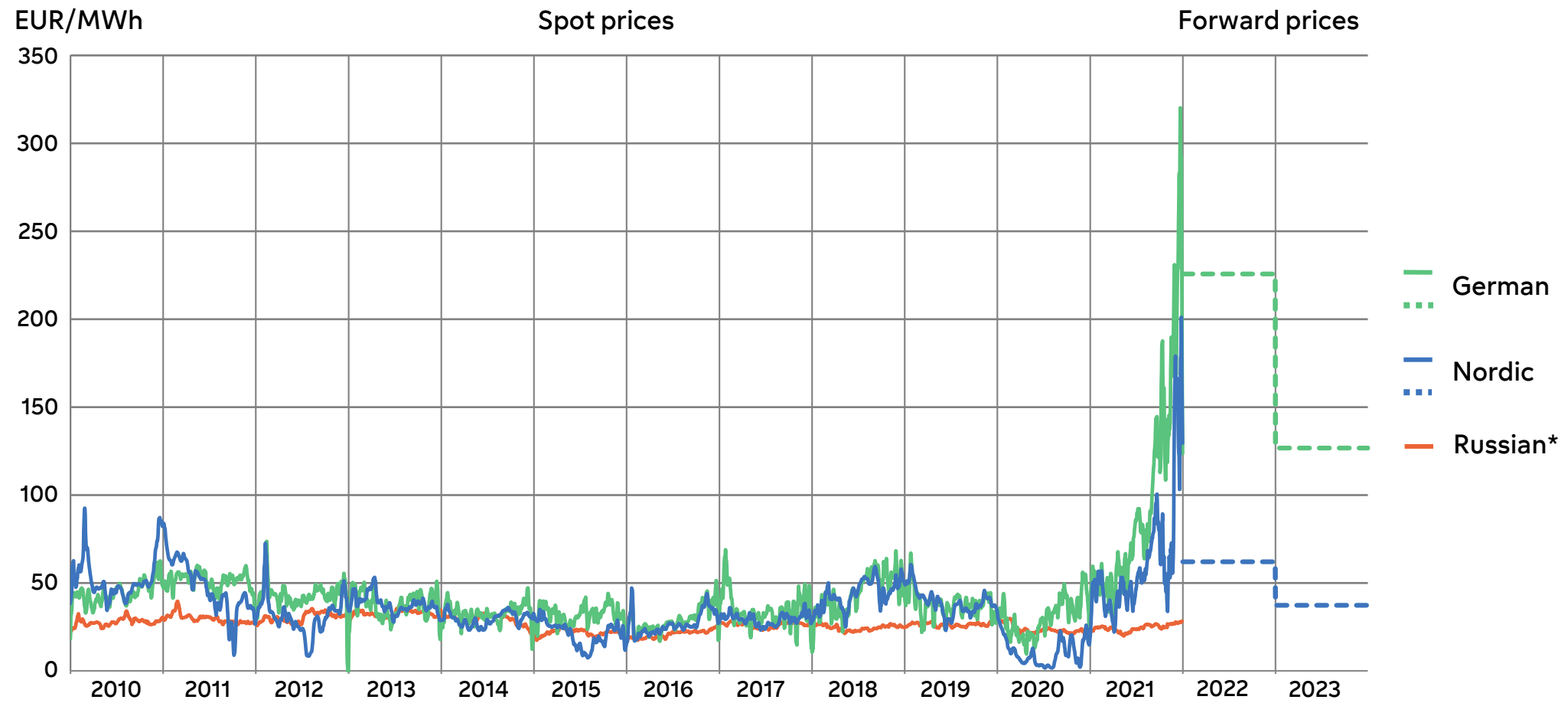
Heat production

Largest global producers, 2019
TWh



Source: Company information, Fortum analyses, 2019 figures pro forma. GIE Storage Database.
EPH incl. LEAG. No data from China.

Wholesale power prices



Forwards 28 December 2021
Rolling 7-day average spot price until 31 December 2021

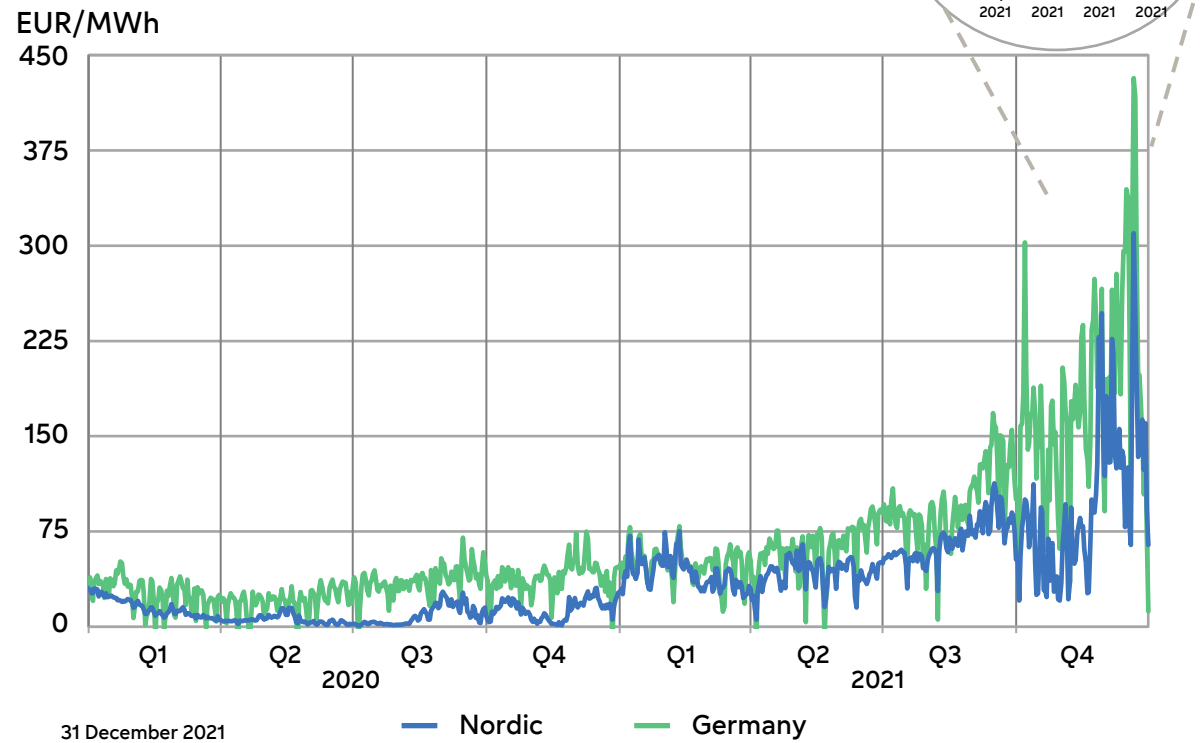
* Including weighted average capacity price

Nordic year forwards

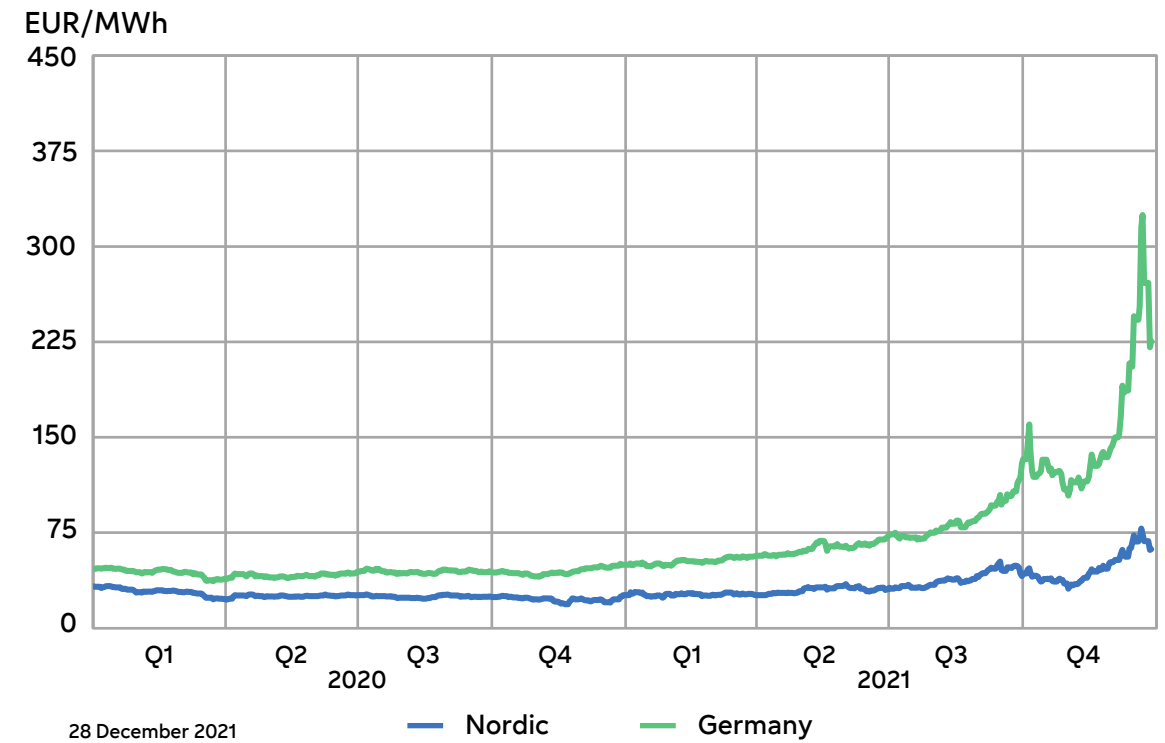


German and Nordic forward spread

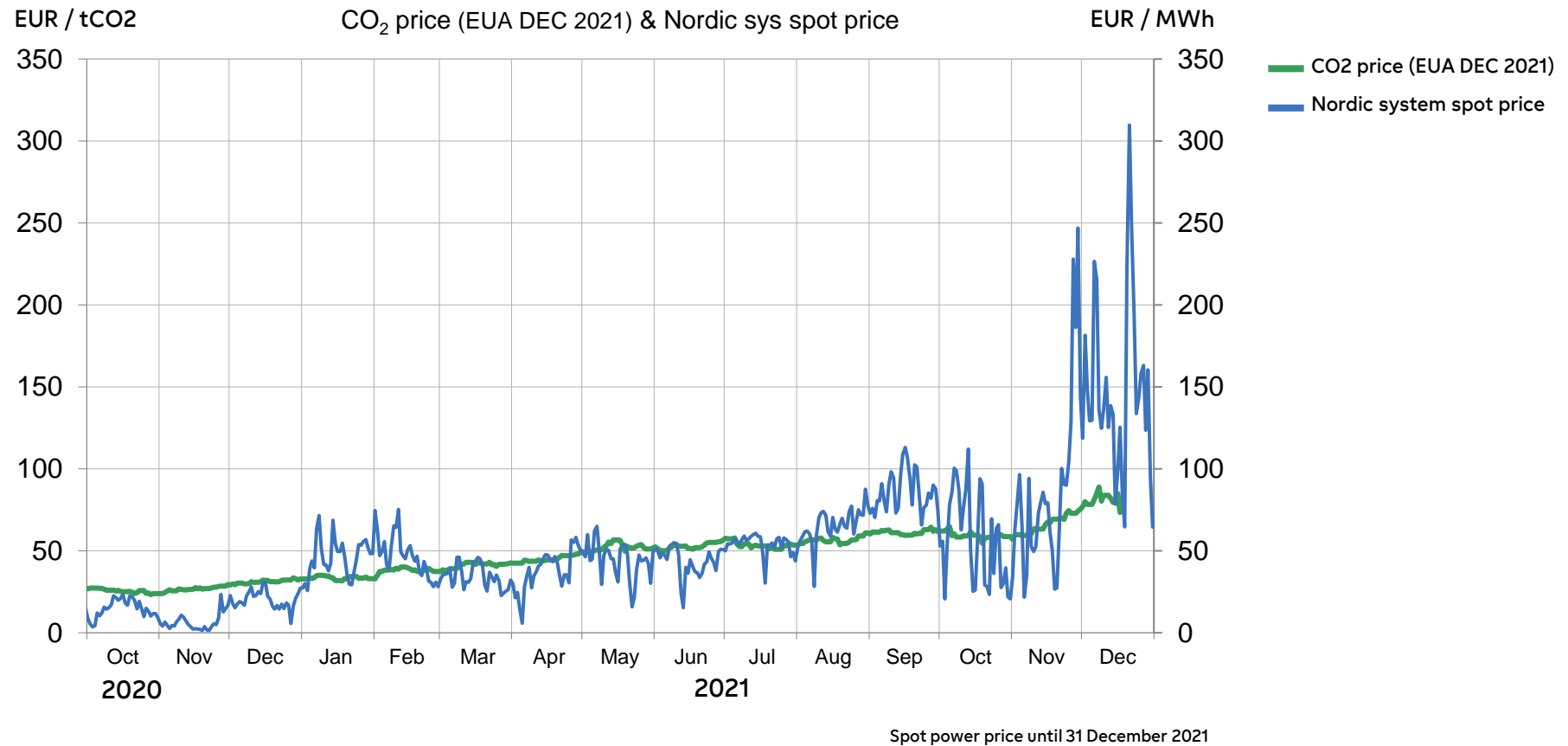
Nordic and German daily spot prices in 2020 – 2021



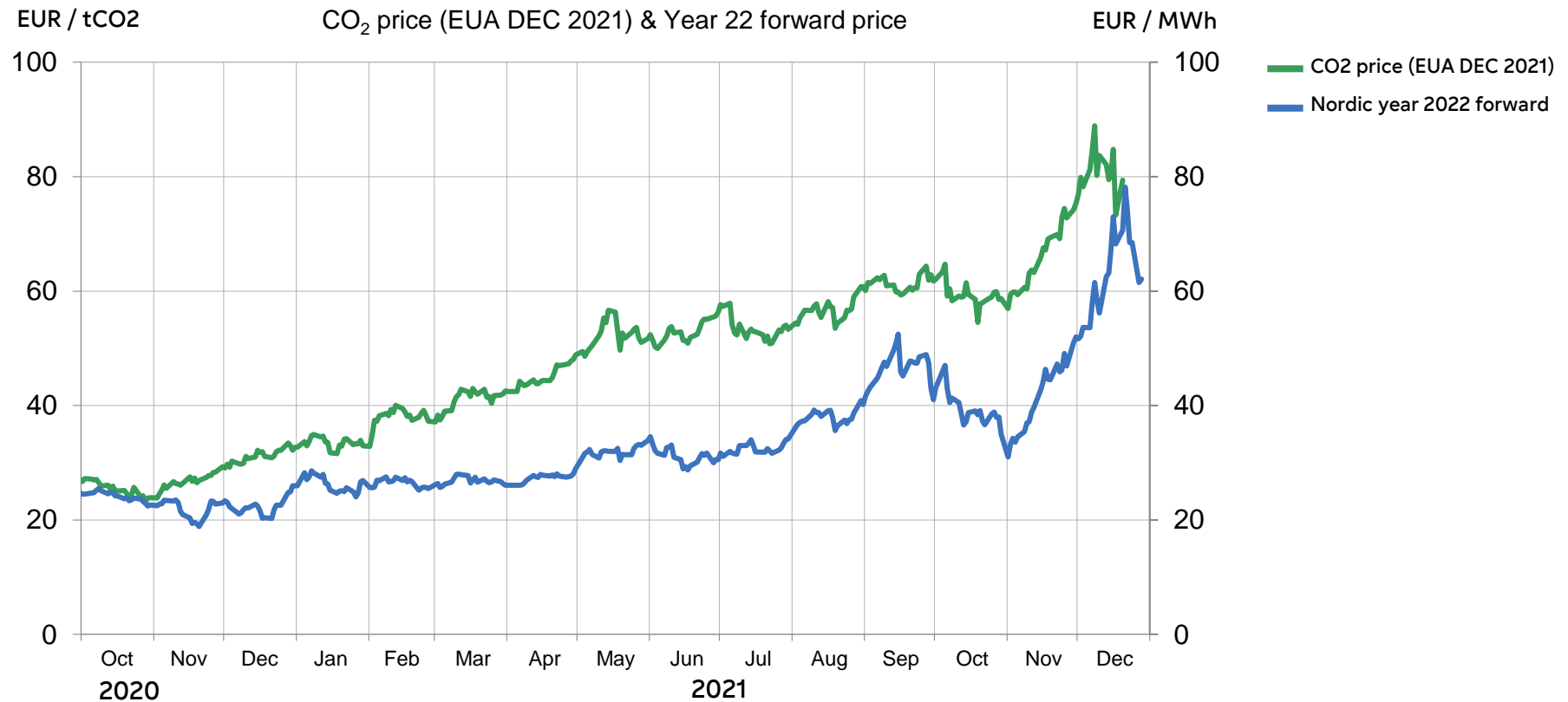
Nordic and German year 2022 forwards in 2020 – 2021



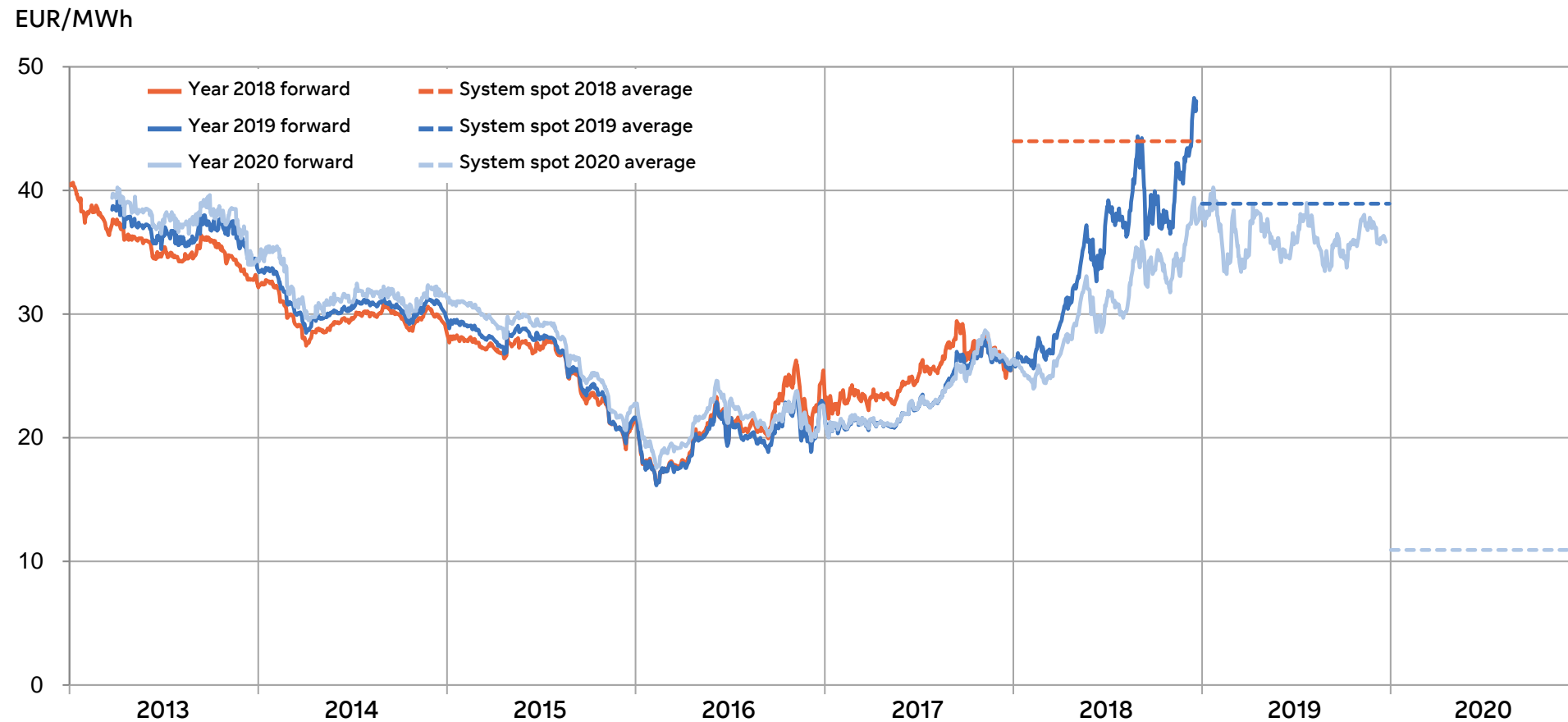
CO₂ price and Nordic spot power price



CO₂ price and Nordic forward price



Nordic forward prices and Nordic sys spot averages



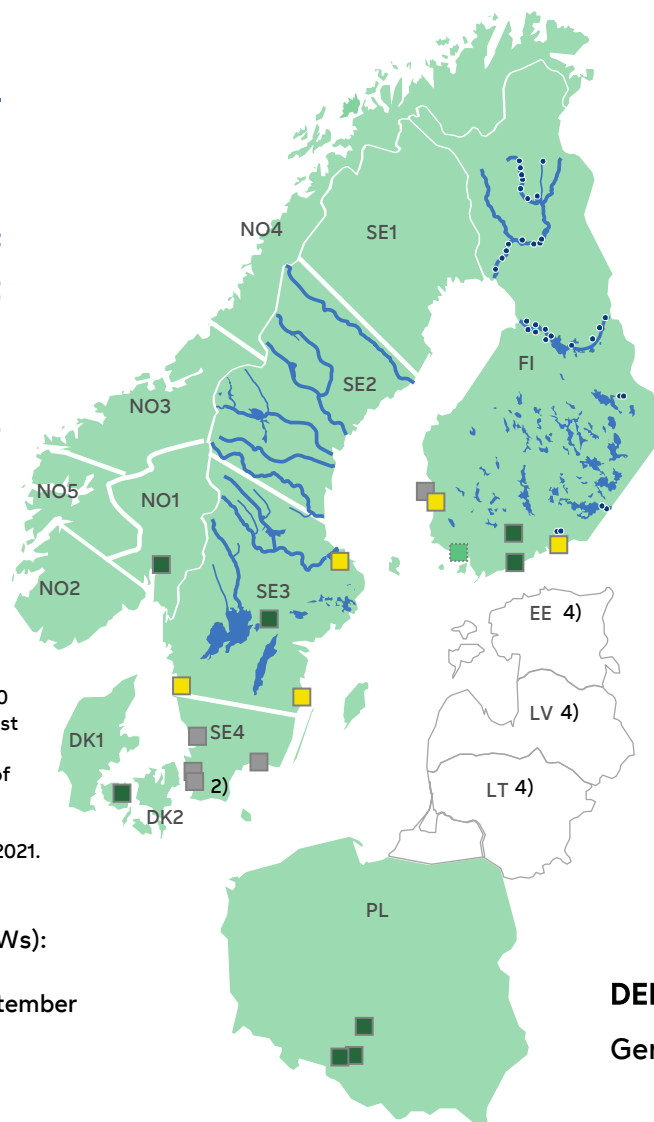
Fortum's Nordic and Polish generation capacity

GENERATION CAPACITY	Fortum	Of which Uniper
Hydro	6,448	1,771
Nuclear	4,818 ¹	1,996 ¹
CHP	1,185 ^{2,4}	449 ²
Other thermal	1,727	1,162
Wind	101 ^{3,4}	-
Generation capacity, MW	14,279	5,378

Figures 31 December 2020

- 1) Ringhals 1 (of which Uniper's share 269 MW) closed at the end of 2020
 2) Öresundsverket 449 MW facility mothballed in 2018 and sold in August 2021
 3) The capacity includes the Sørfjord 99 MW wind portfolio in Norway, of which a majority 80% ownership has been sold in January 2021.
 4) The capacity includes the 89 MW CHP assets in the Baltics and the 2 MW wind power plant in Latvia, which have been divested in July 2021.

Associated companies' plant (not included in the MWs):
 TSE in Naantali;
 Stockholm Exergi shares have been divested in September 2021.



NORWAY	MW
Price areas	
NO4, Wind	99 ³
NO1, CHP	24
Generation capacity	123

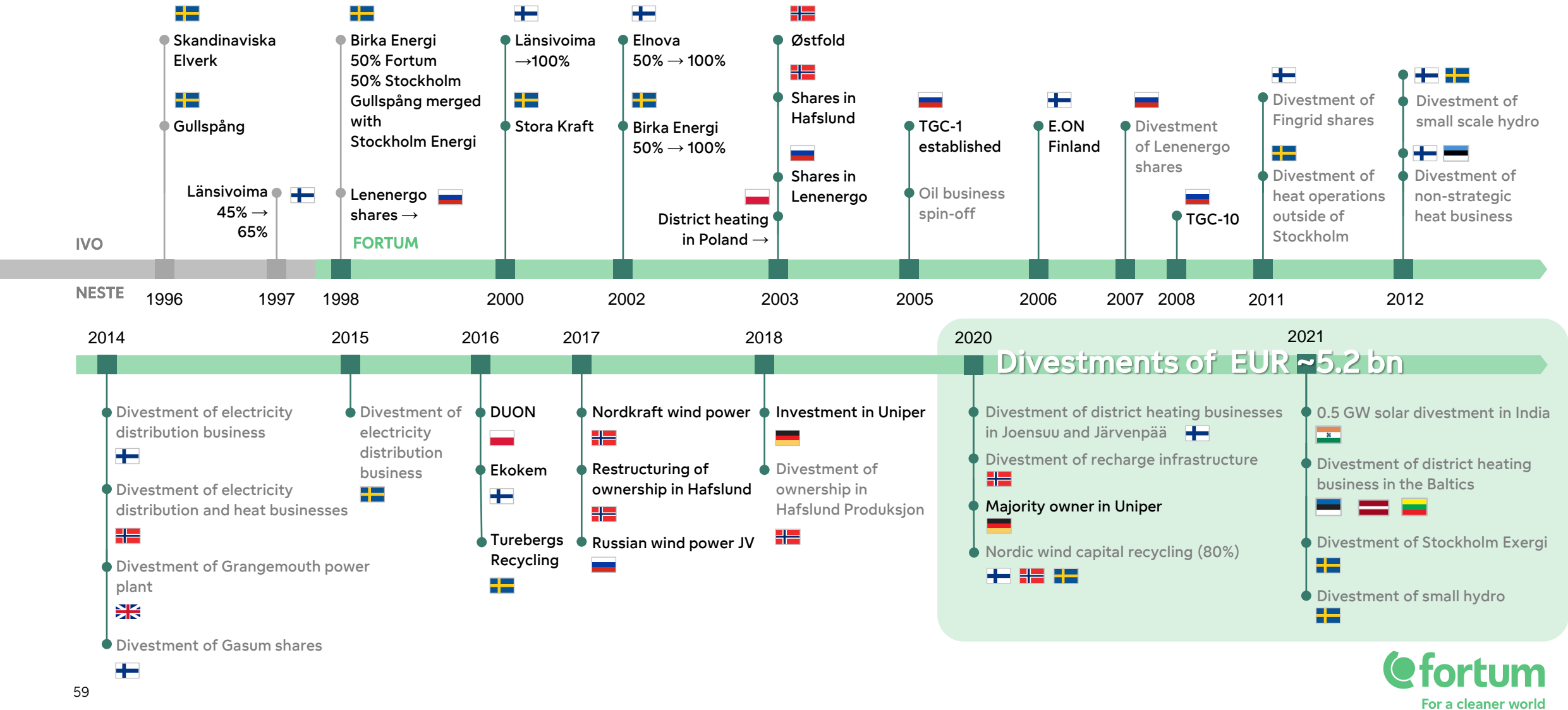
SWEDEN	Fortum	Of which Uniper
Price areas		
SE2, Hydro	3,185	1,635
SE3, Hydro	1,587	13
SE4, Hydro	123	123
SE3, Nuclear	3,331 ¹	1,996 ¹
SE3, CHP	6	-
SE4, CHP	449 ²	449 ²
SE4, Other th.	1,162	1,162
Gen. capacity	9,843	5,378

DENMARK, DK1	MW
Generation capacity, CHP	9

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

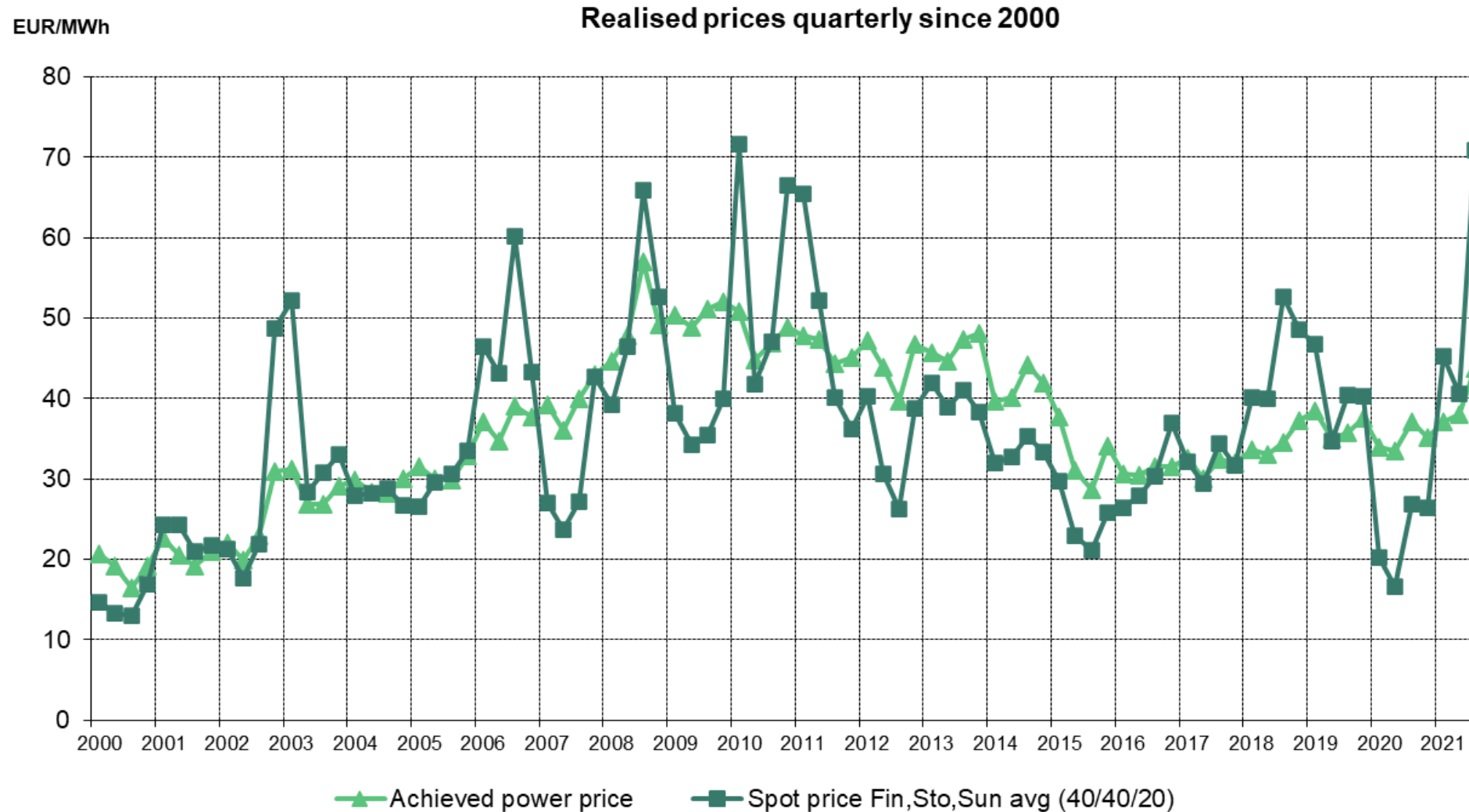
BALTICS ⁴ AND POLAND	MW
Generation capacity, CHP	
in Estonia	43 ⁴
in Latvia	28 ⁴
in Lithuania	18 ⁴
in Poland	233
in Latvia, Wind	2 ⁴

Fortum's evolution and historical strategic route



Hedging improves stability and predictability

— principles based on risk mitigation, (Generation segment)

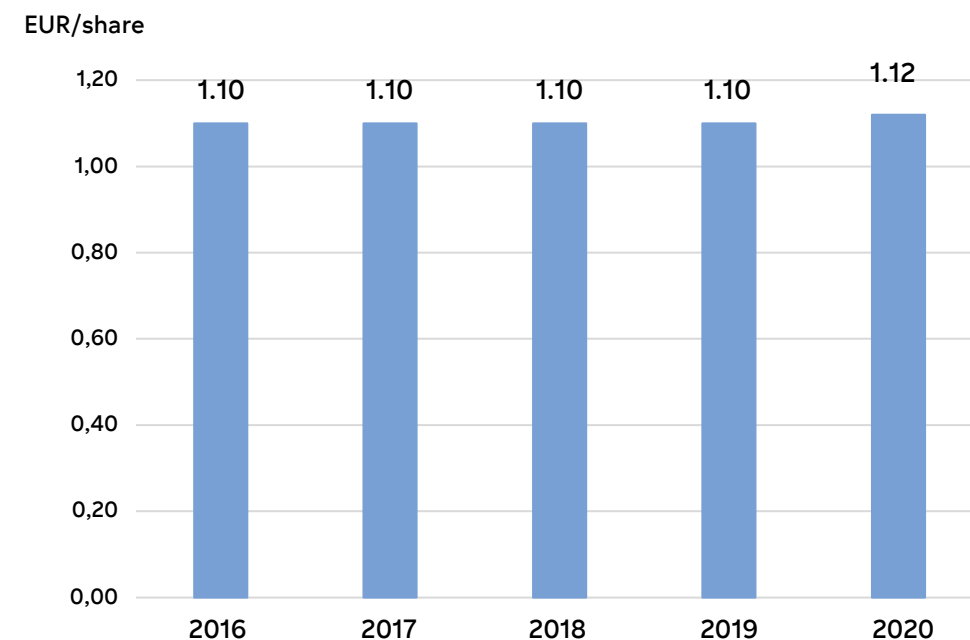


Fortum's dividend policy aiming at increasing dividend

Dividend policy:

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

Fortum dividends



For more information,
please visit www.fortum.com/investors

Fortum Investor Relations and Financial Communications

Next events:

Fortum Corporation's Financial Statements Bulletin for the year 2021 will be published on 3 March 2022

Fortum's Annual General Meeting 2022 is planned to be held on 5 April 2022

The ex-dividend date, 6 April 2022

The dividend payment date, 14 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

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