



Equity story of

FORTUM — For a cleaner world

Investor / Analyst material

June 2021

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.

Content

Fortum in brief	4 – 12
Fortum's strategy	13 – 21
Energy market transition	22 – 26
Interim report Q1 2021	27 – 44
Appendices	45
European and Nordic power markets	46 – 55
Fortum's Nordic power generation in detail	56
Fortum's history	57
Historical achieved prices	58
Dividend	59
IR contact	60

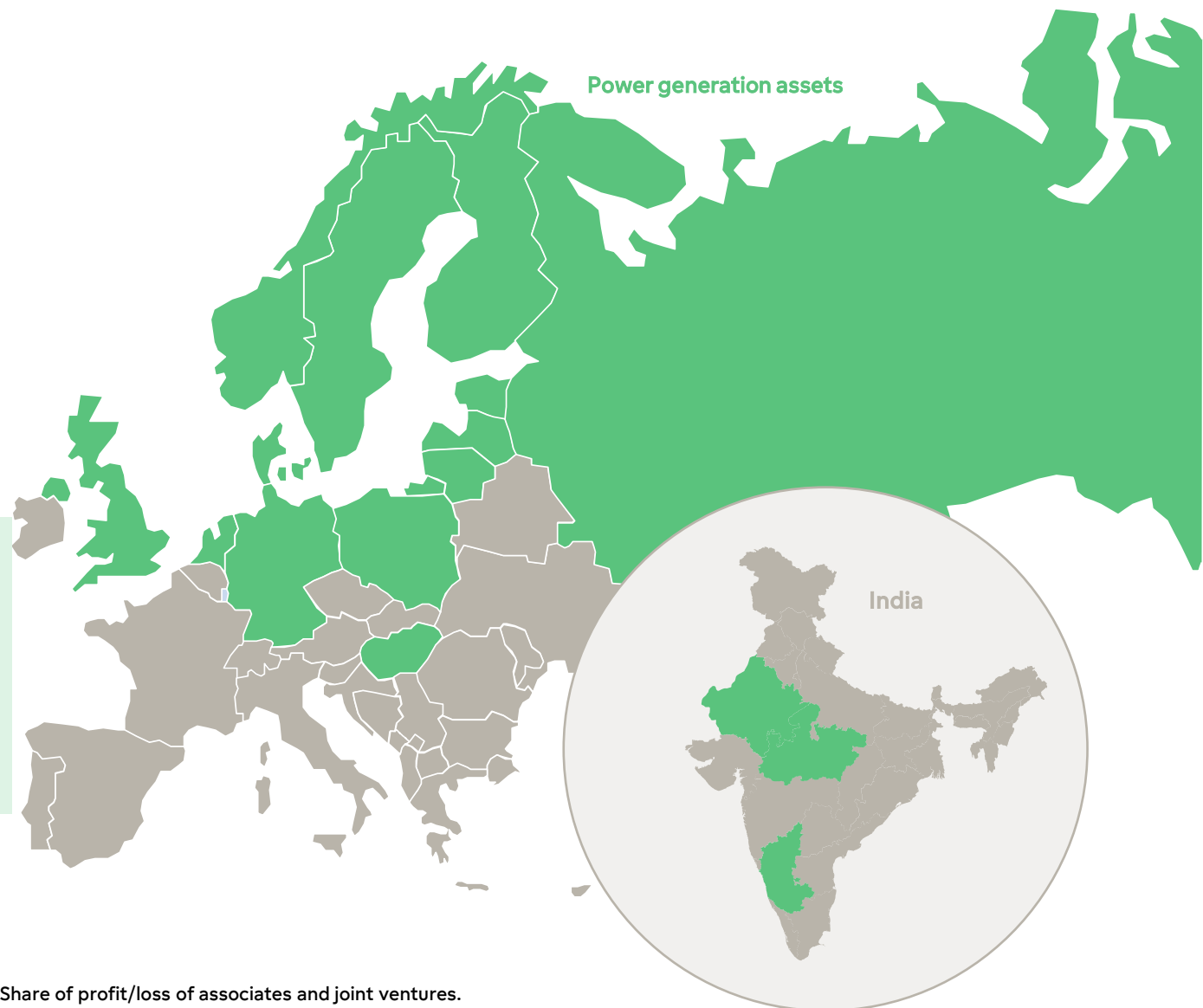


Fortum in brief

Key figures 2020¹

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

Main businesses ¹	Sales (€)	Volume ²	Capacity
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

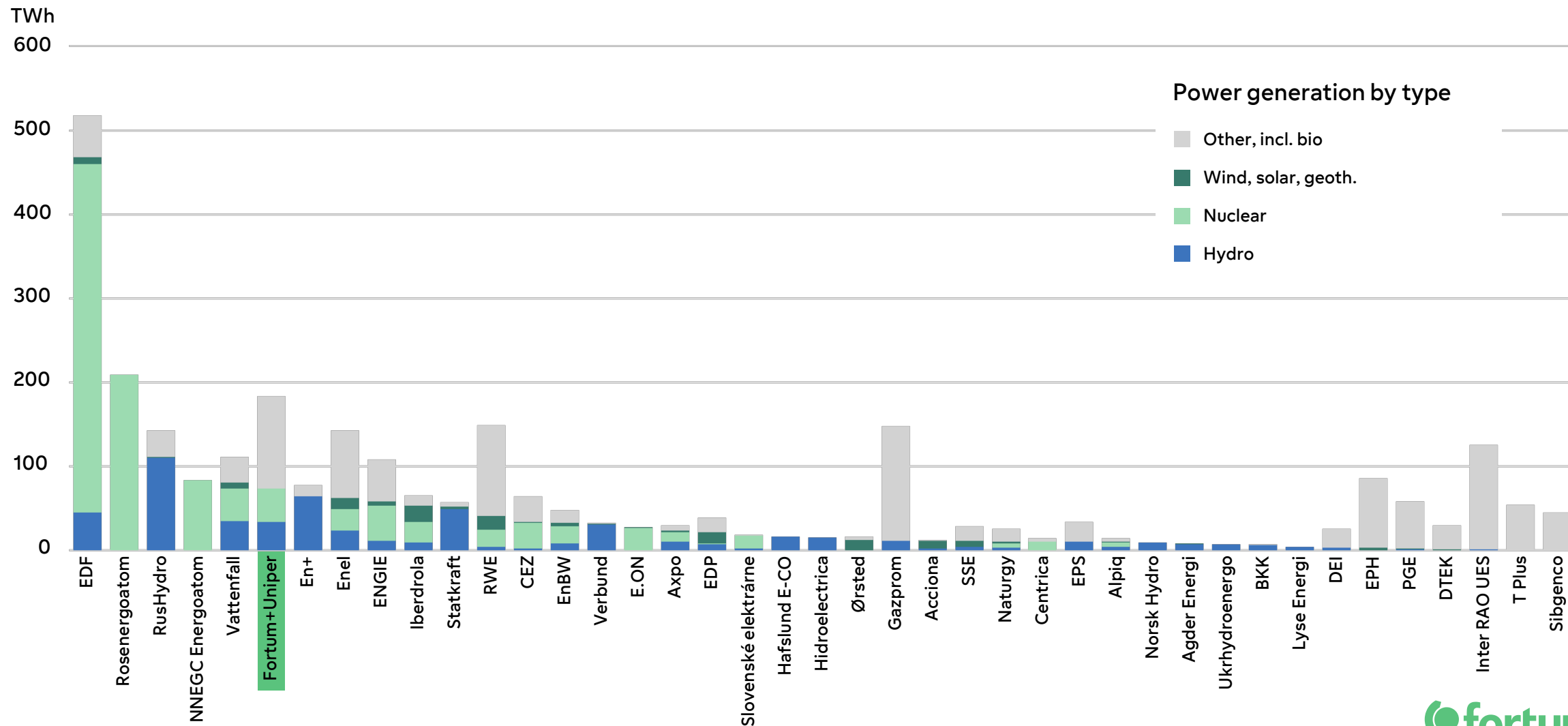
nuclear generator
in Europe



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

14.6 GW



Hydro

8.4 GW



Wind & Solar

1.7 GW



Nuclear

4.5 GW

Fortum is well positioned for the energy transition

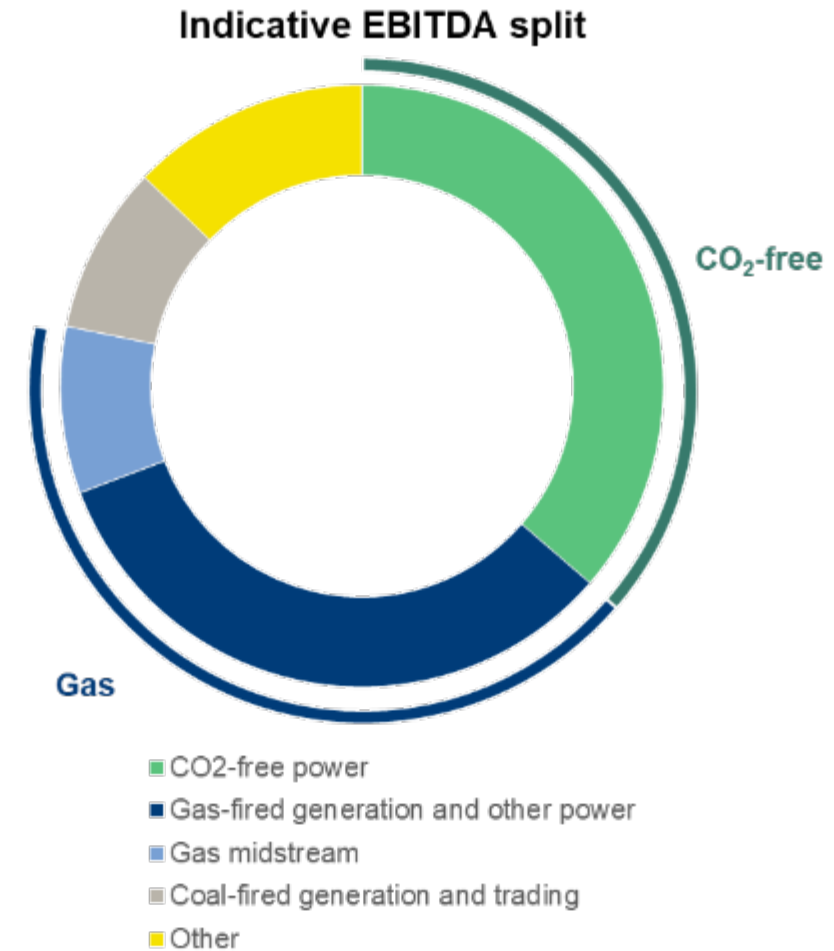
Third largest CO₂-free power generator in Europe with growing portfolio of wind and solar

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

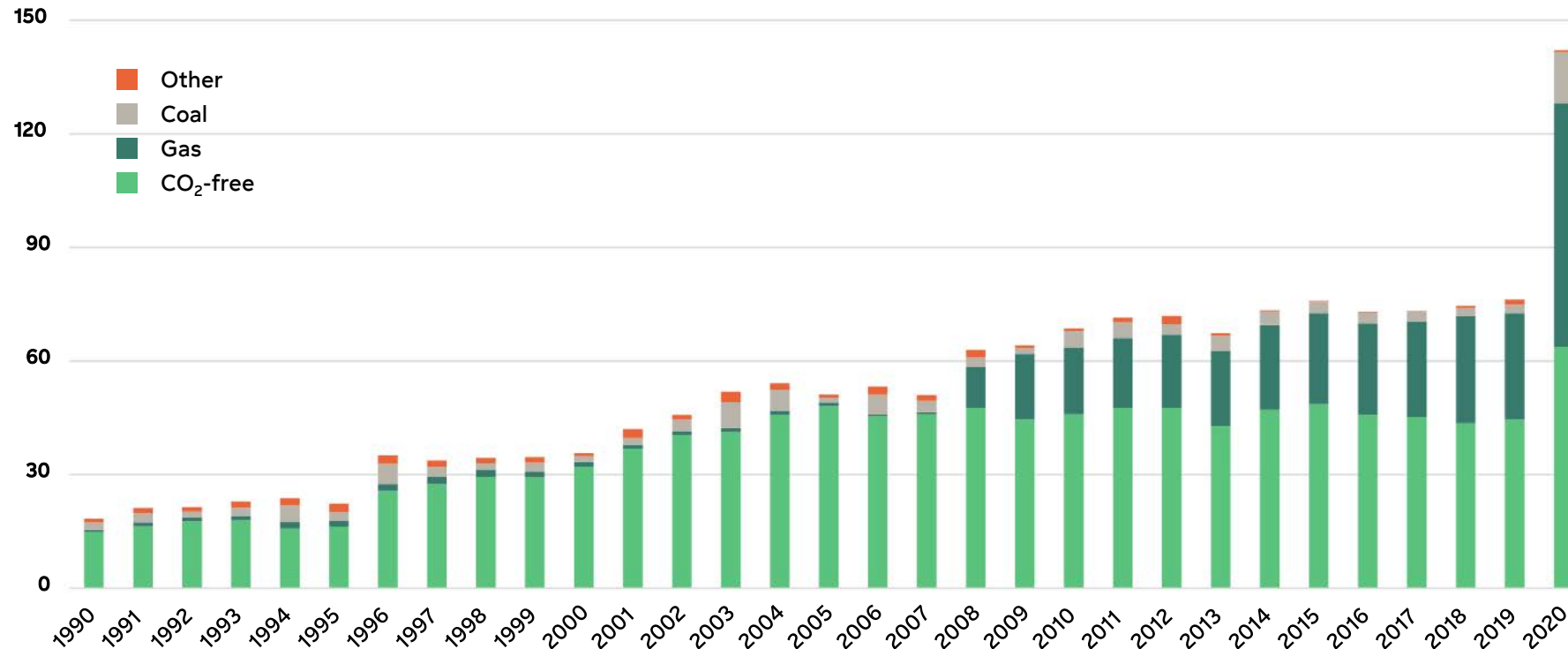
Phase out or exit announced of ~8 GW coal-fired generation by 2030



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:



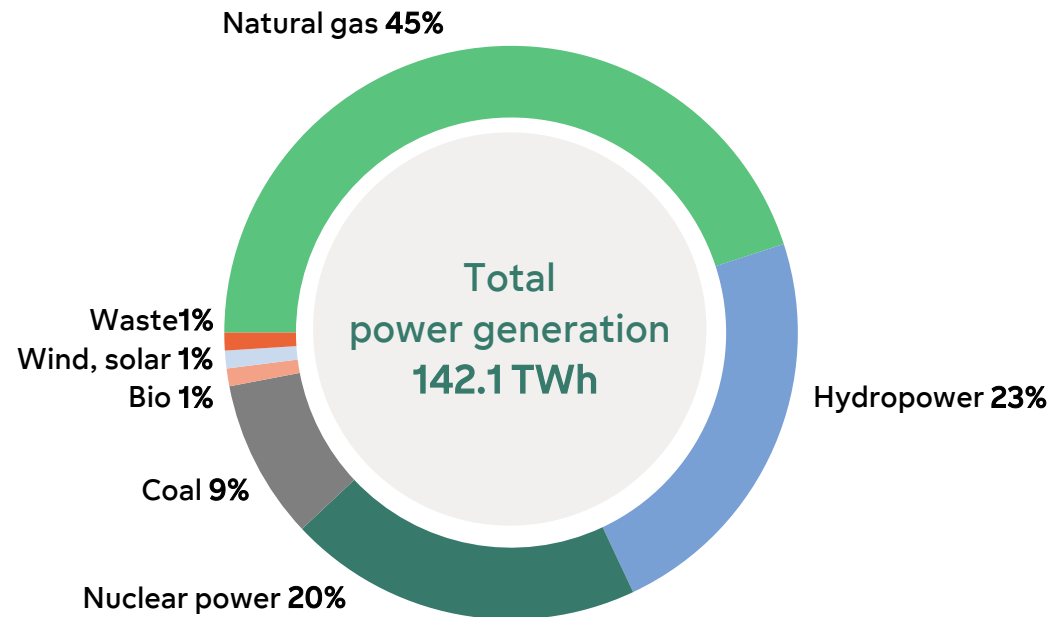
FTSE4Good



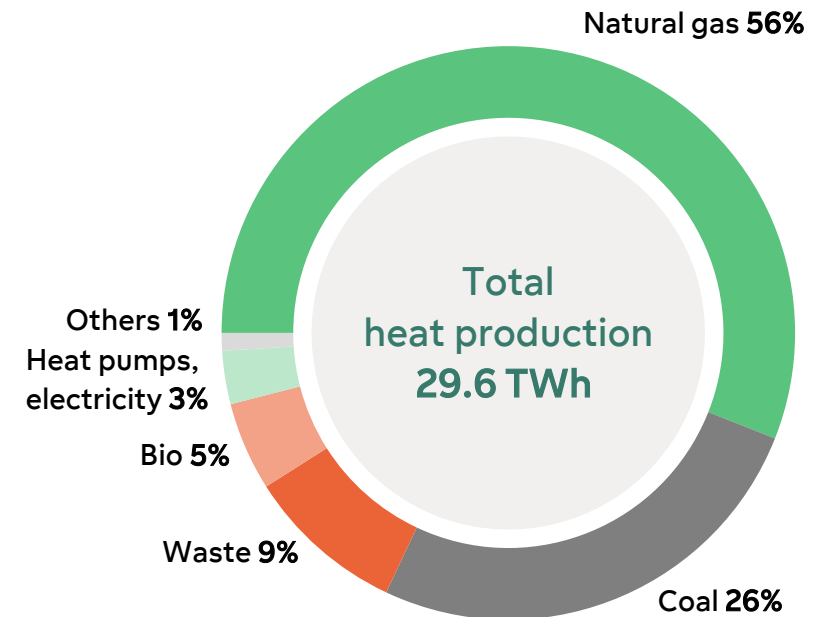
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Fortum's power generation and heat production by source

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

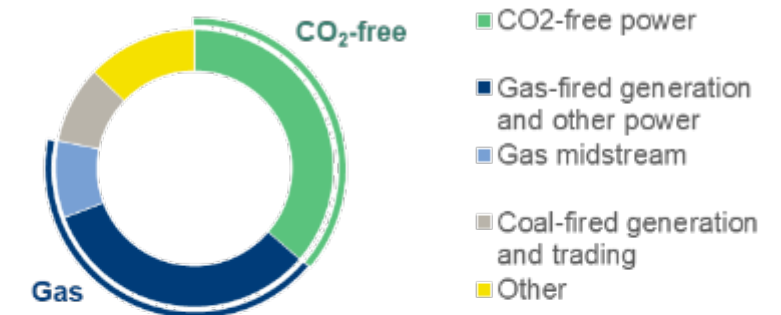
Russia power generation

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

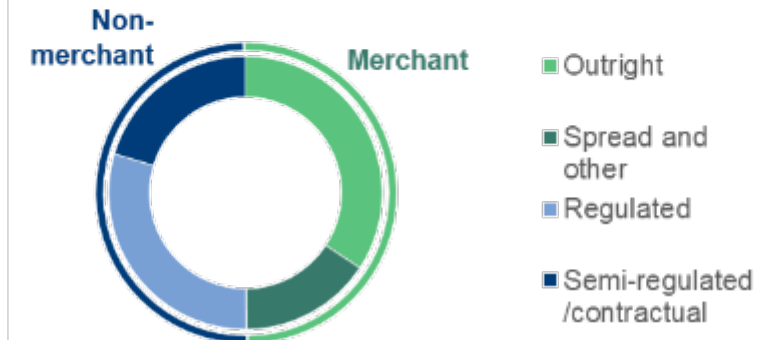
Growth based on strategy

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 (1, 2)
- CO₂ emission reduction of at least 50% by 2030 in European generation (1, 2)
- Scope 3 target for the indirect emissions from fuel sales business (Cat. 11) to be set during 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:

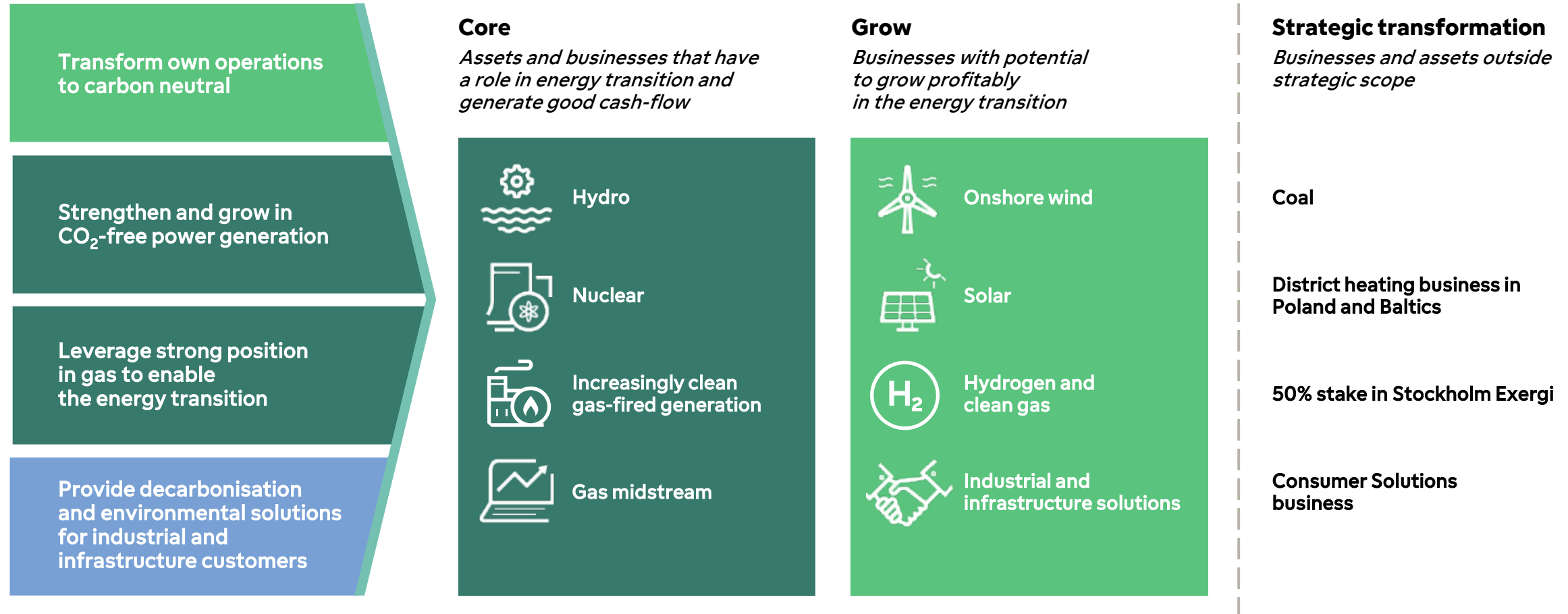
- Safety target: Total recordable incident frequency (TRIF) <1.0 in 2025



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

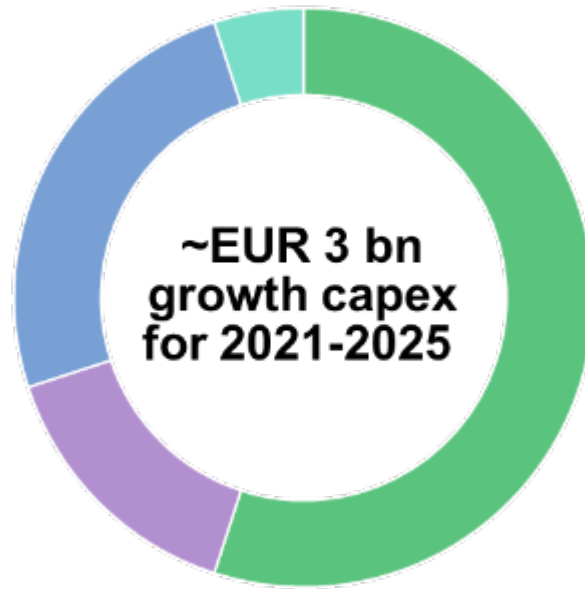
Target to increase dividend

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

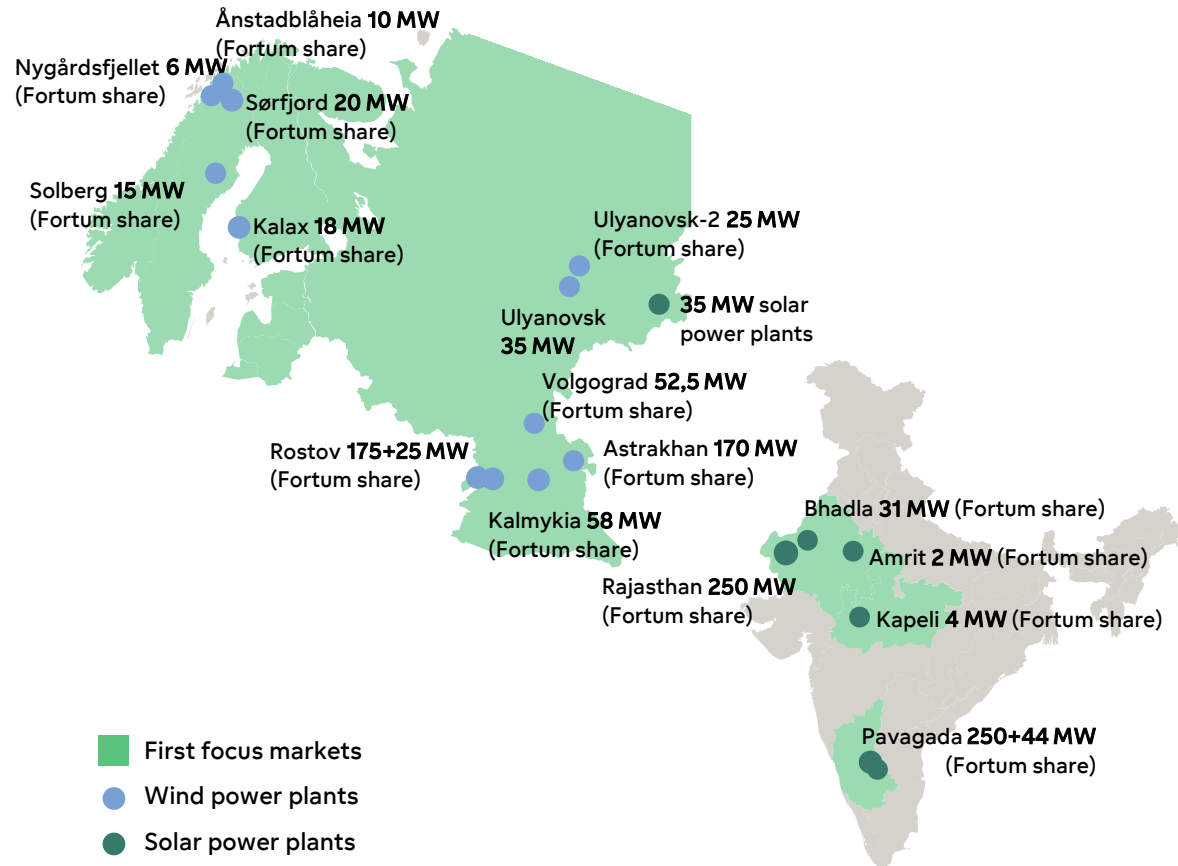
Indicative capital expenditure for growth investments in 2021-2025 – renewables and clean gas



- 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		90	18	
• Kalax	Operational	90	18	Q4 2020
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		2,009	1,040	
• Bugulchansk	Operational	15	15	2016-2017
• Pleshanovsk	Operational	10	10	2017
• Grachevsk	Operational	10	10	2017
• Kalmykia	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/Under construction	350+50	175+25	Q1 2020- Q4 2021
• Kalmykia	Operational	200	100	1.12.2020
• Astrakhan	Under construction	340	170	Q4 2021
• Volgograd	Under construction	88+17	44+9	Q4 2021- Q4 2022
• Rusnano JV	Under development	728	364	2022-2023
INDIA		685	581	
• Amrit	Operational	5	2	2012
• Kapeli	Operational	10	4	2014
• Bhadla	Operational	70	31	2017
• Pavagada	Operational	100	44	2017
• Pavagada 2	Operational	250	250	Q3 2019
• Rajasthan	Operational	250	250	Q1-Q2 2021
TOTAL		3,041	1,690	
	Under development	728	364	
	Under construction	611	306	
	Operational	1,702	1,020	

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 Negative	19 March 2020
Fitch Ratings	BBB/Outlook Negative	7 April 2020

Return targets for new investments

Return targets for new investments:

WACC+ hurdle rate:

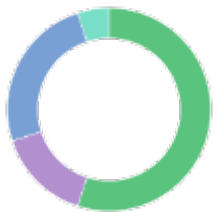
+100 bps for green investments

+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

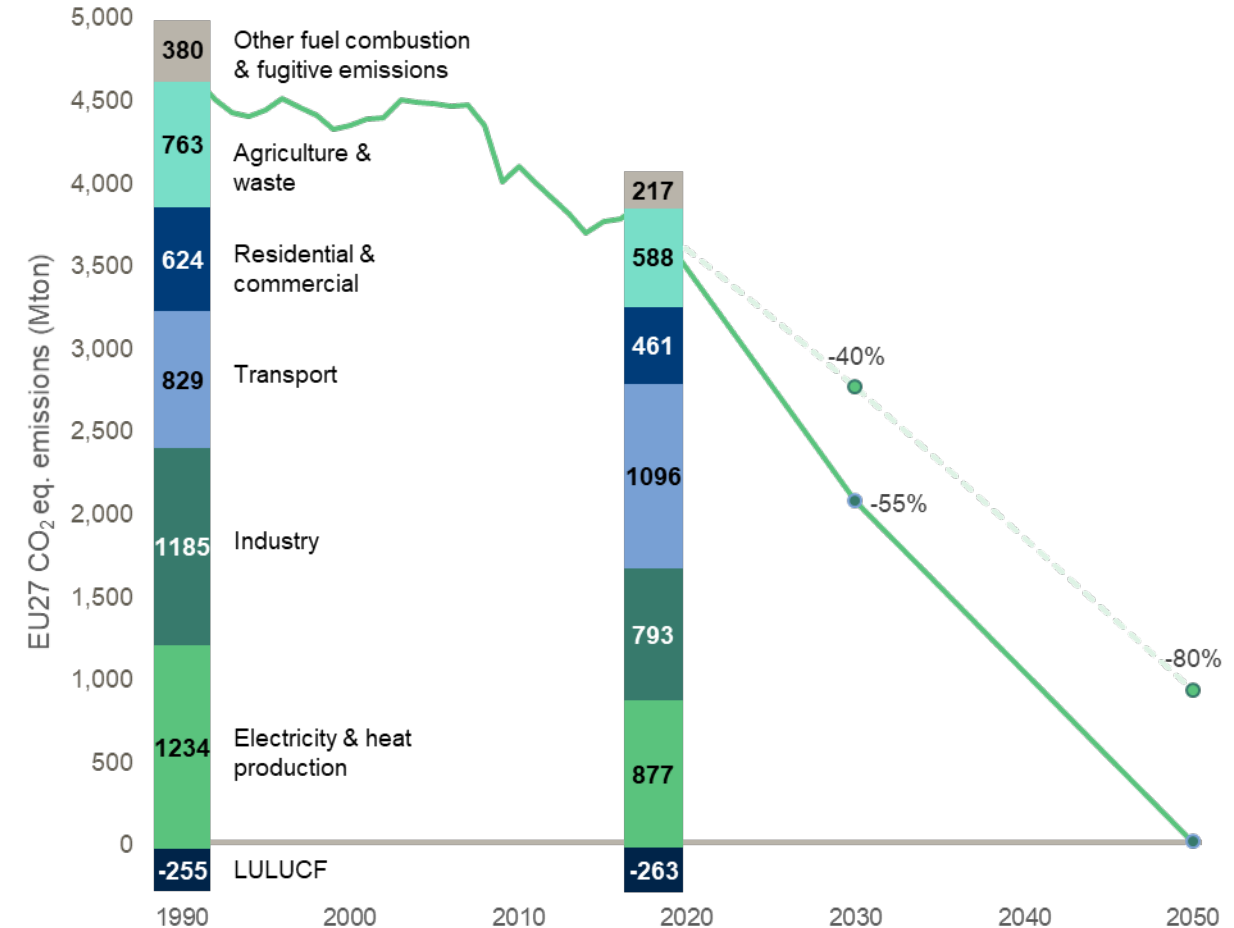
Cooperation benefits focus on monetary, safety, and environmental actions

- 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



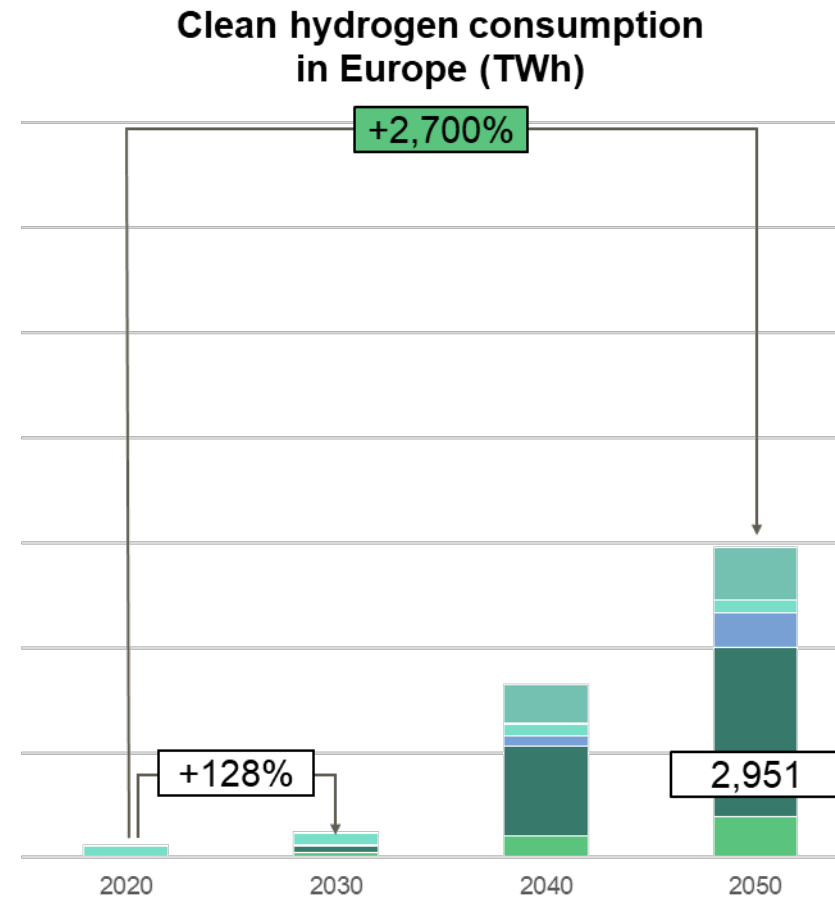
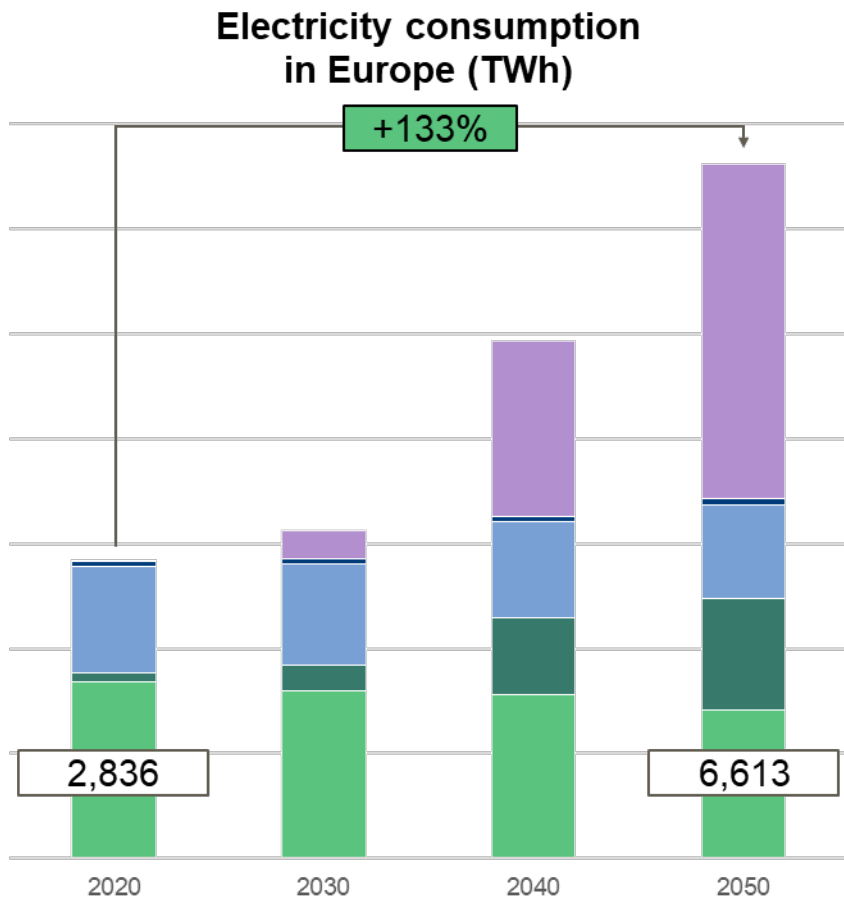
Europe committed to be a forerunner in reducing GHG emissions across all sectors

- 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



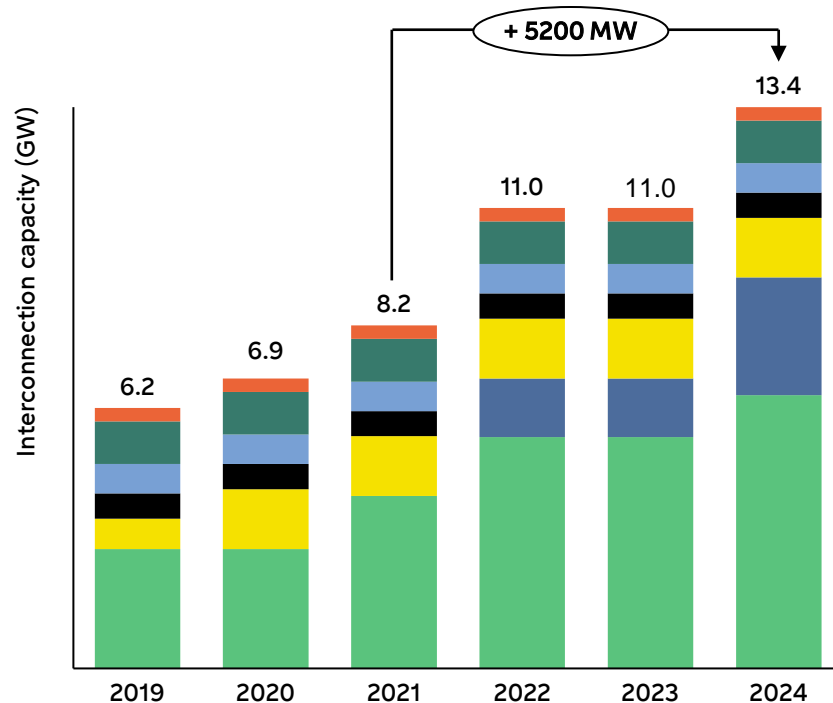
- Electricity
- Hydrogen
- Feedstocks
- Agriculture
- Industry
- Transport
- Residential and commercial

Source:
IHS Markit Net Zero
Carbon Europe
scenario

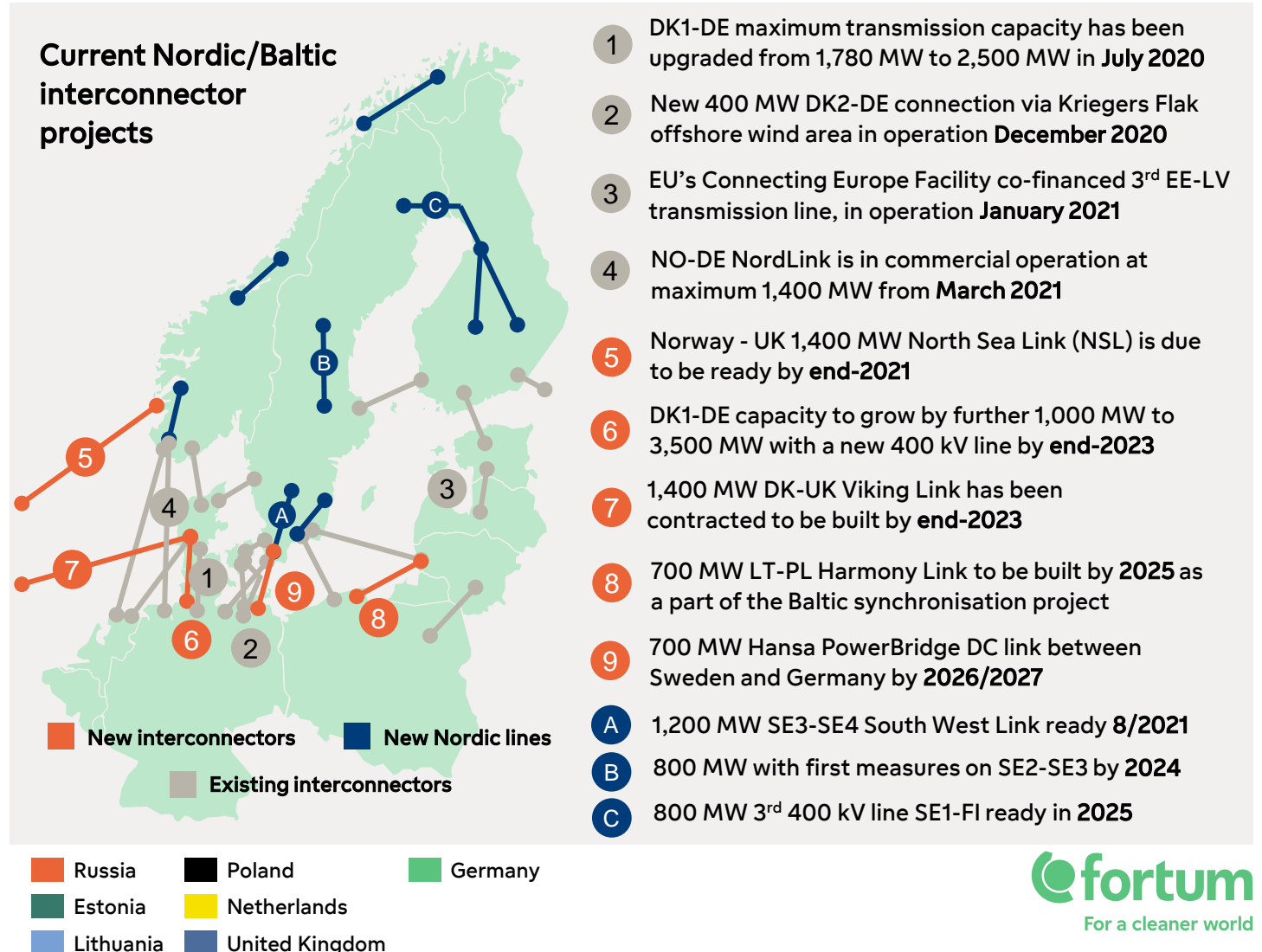
Nordic, Baltic, Continental and UK markets are integrating

– Interconnection capacity growing to over 13 GW by end-2023

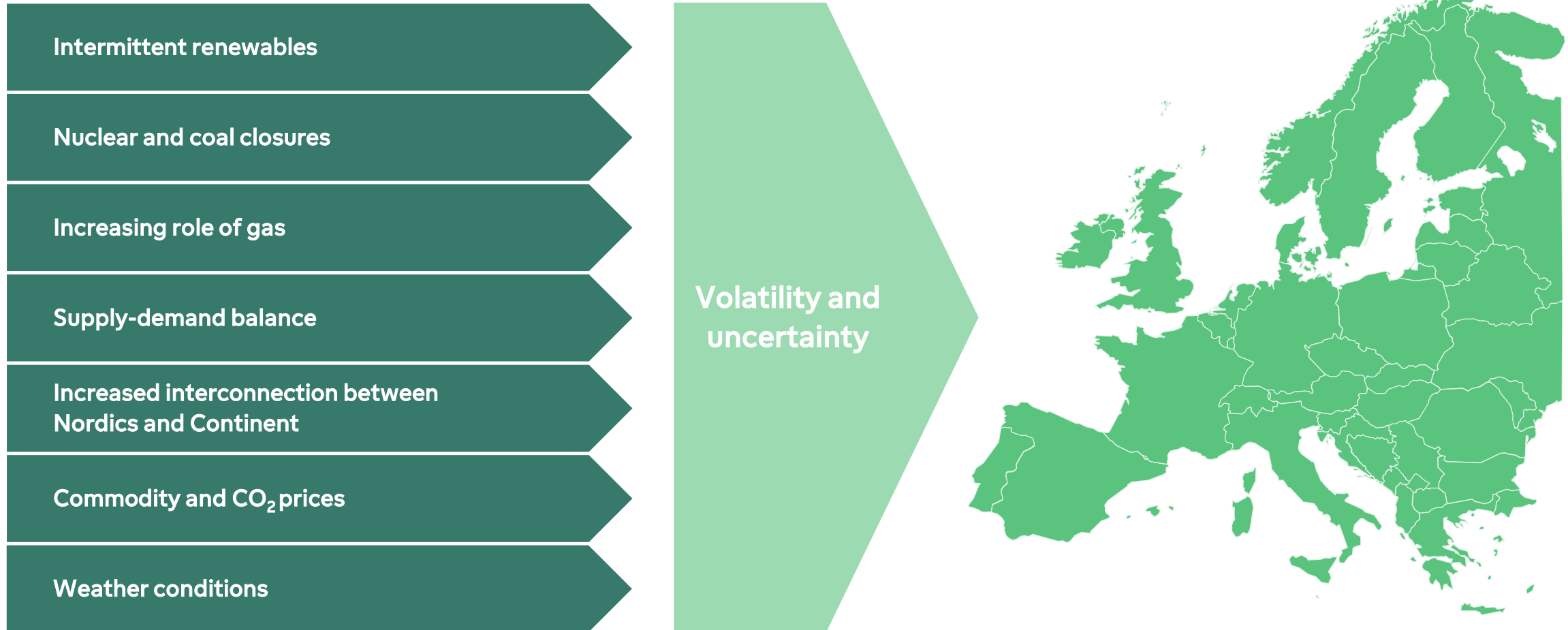
- Several interconnectors are currently under construction or decided to be built
- New interconnections will increase the Nordic export capacity from the current 9.6 GW to over 13 GW by end of 2023



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

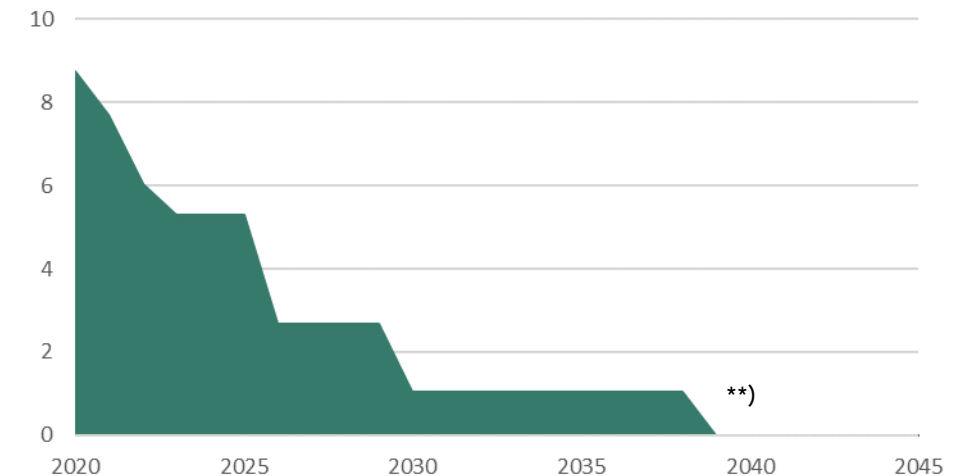
Carbon neutral as a group by 2050 at the latest in line with the Paris Agreement

- 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:

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

Coal fired capacity in Europe (GW)



*) Base year 2019

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



Interim Report January-March 2021

FORTUM CORPORATION

12 May 2021

Markus Rauramo President and CEO



Q1 Highlights

**Active portfolio optimisation
and benchmark operations**

Improving market environment

**Accelerated execution of
strategic priorities**

Strong performance

- Good performance across all segments securing supply to our customers during the colder winter quarter compared to previous year
- Good level of outright volumes while at the same time clearly increased spot prices
- Supporting market fundamentals with strong carbon price pushing for decarbonisation

Strategy execution moving ahead

- Changes in senior management at Uniper and Fortum to establish a more diverse and pan-European leadership team to leverage existing experience and expertise more widely and to develop a joint culture
- Updated ambitions on the group-wide 'One Team' approach within the strategic areas of Nordic hydro and physical trading optimisation, wind & solar, and hydrogen development
- Disclosed divestments of approximately EUR 1 billion
- Strategic reviews ongoing of Polish district heating, 50% stake in Stockholm Exergi and Consumer Solutions

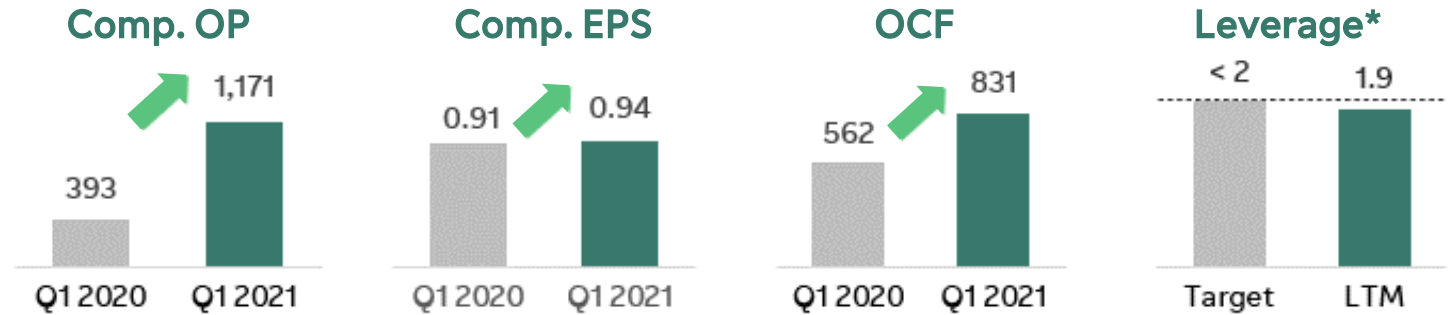
Strong start for 2021

Strong headline numbers

Improved results in all segments

Strengthened balance sheet

Dividend of EUR 1.12/share



First-quarter summary

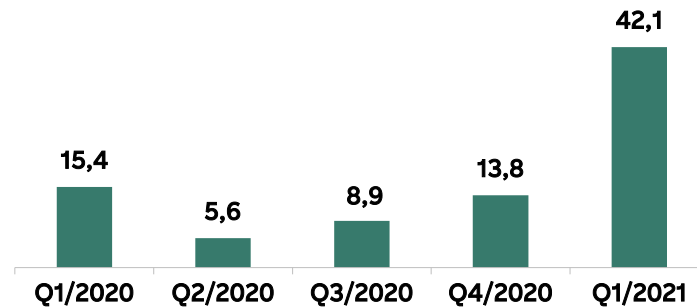
- Results supported by improved operational performance across all segments
- Material impact from full Uniper consolidation – Uniper result outlook for full year 2021 increased
- Comparable EPS of EUR 0.94 of which Uniper contribution EUR 0.51
- Robust cash flow from operating activities
- Balance sheet deleveraging on track being within our envisaged target ratio of Financial net debt-to-Comparable EBITDA < 2x
- Dividend of EUR 1.12/share paid on 7 May

* Financial net debt/Comparable EBITDA

Higher achieved power prices

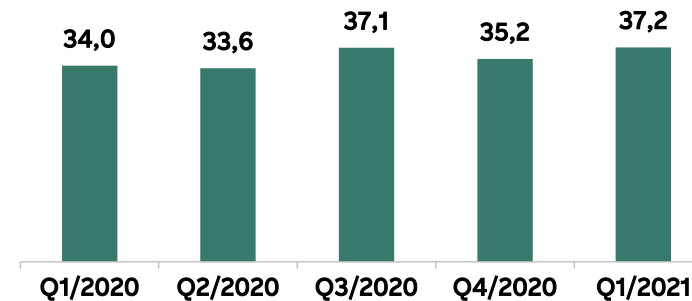
System spot power price, Nord Pool

EUR/MWh



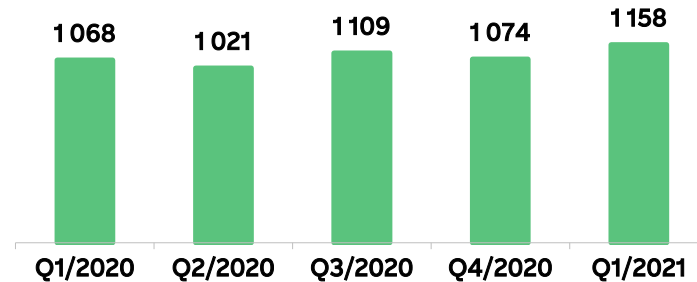
Fortum Generation's Nordic power price

EUR/MWh



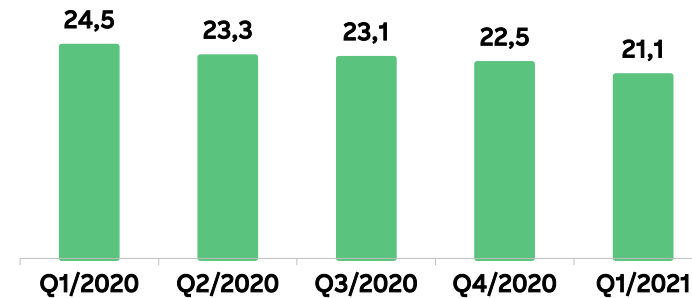
Spot power price, Urals hub

RUB/MWh



Achieved power price, Russia segment*

EUR/MWh



NOTE: Achieved power price (includes capacity payments) in RUB increased by 3%

* Does not include Uniper's subsidiary Unipro

Substantially higher spot power prices in the Nordics

Increased achieved power prices

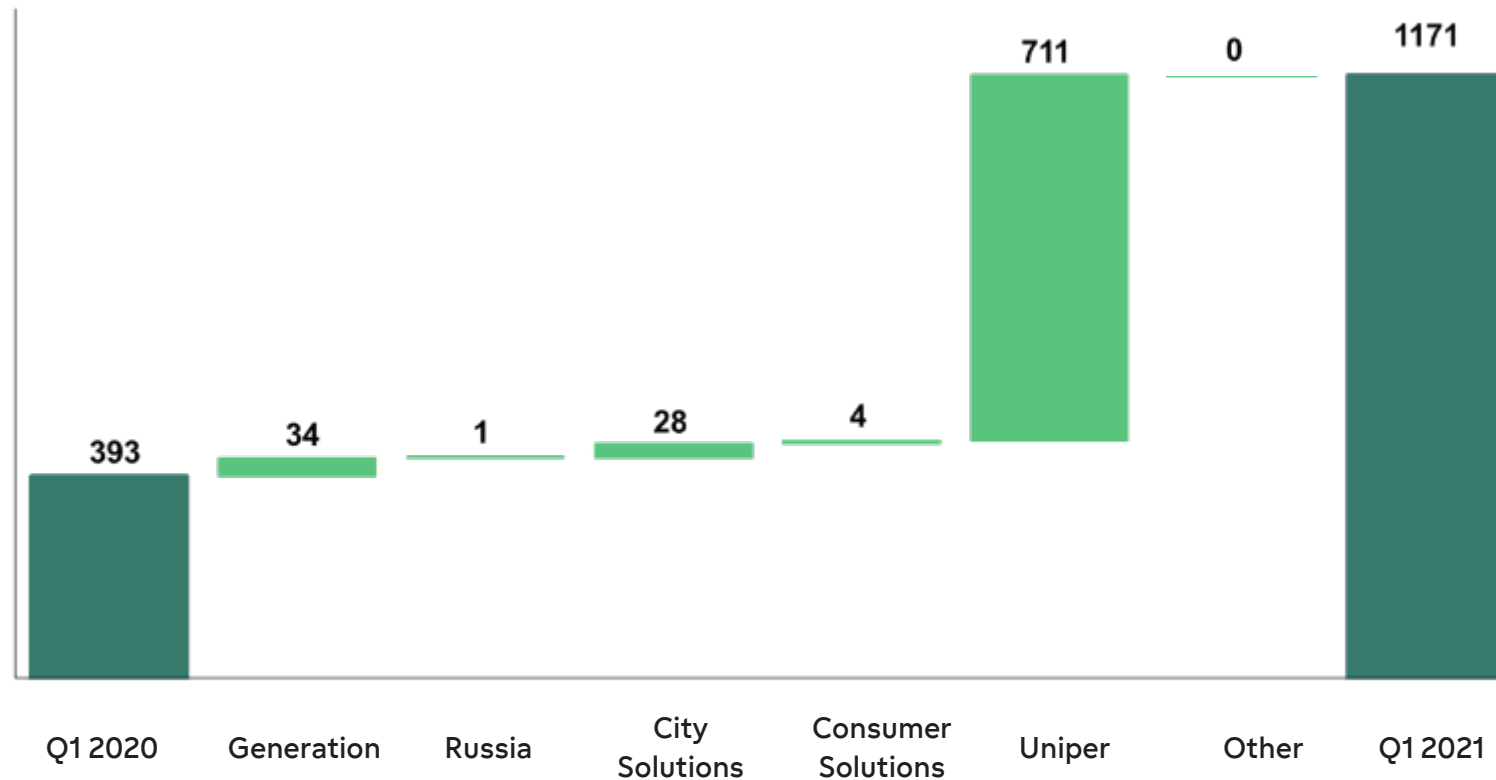
Russian power demand picking up with increasing electricity prices

Russian achieved price in rubles increased while declining in euro terms

All segments improved – significant impact of Uniper profits

Comparable operating profit

(EUR million)



Generation

higher achieved power price

Russia

stronger underlying performance

City Solutions

higher heat sales volumes and improvement in recycling and waste solutions

Consumer Solutions

higher margins from power sales

Uniper

full consolidation

Executing our strategy – decarbonisation is key

Transform operations to carbon neutral

Partner with industrial and infrastructure customers

Regulatory framework - steps in the right direction

Accelerated execution on strategic priorities

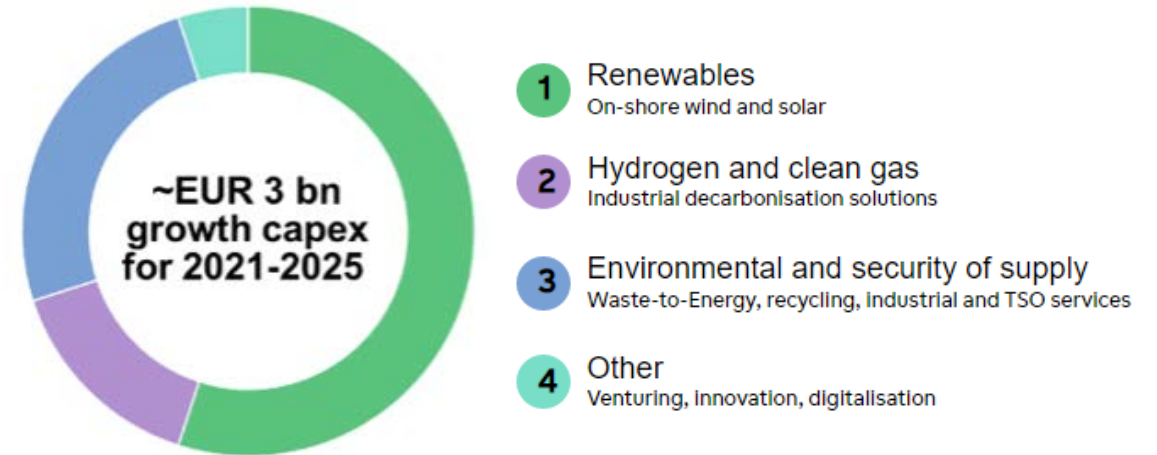
- **Coal-exit proceeding ahead of plan** with the early closure of another coal-fired plant, Wilhelmshaven, following the early closure of Heyden
- **Steps forward in first mover hydrogen position:** Several early-stage hydrogen projects initiated – establish national hubs for hydrogen across northwestern Europe (e.g. Rotterdam, Hamburg, Wilhelmshaven)
- **TCFD (Task Force on Climate-related Financial Disclosures) supporter and climate lobbying review**
- **EU Taxonomy** regulation is taking shape with a substantial positive impact on climate and environment

Fortum fleet broadly taxonomy aligned

Fortum assets

Hydro ✓	Nuclear ✓	
Wind (on/offshore) ✓	Solar ✓	Waste to energy ○
Hydrogen ✓	CCS ✓	Gas ✓
Biomass ✓	Hazardous waste ✓	Coal ✗

Fortum growth CAPEX



Portfolio transformation to further increase taxonomy alignment



Bernhard Günther CFO



Key financials

MEUR	Q1 2021	Q1 2020	2020	LTM
Sales	21,493	1,357	49,015	69,152
Comparable EBITDA	1,479	543	2,434	3,370
Comparable operating profit	1,171	393	1,344	2,122
Comparable share of profits of associates and joint ventures	67	551	656	172
Comparable profit before income taxes	1,257	901	1,897	2,253
Comparable net profit	837	812	1,483	1,508
Comparable EPS	0.94	0.91	1.67	1.70
Net cash from operating activities	831	562	2,555	2,825
Financial net debt / Comp. EBITDA			2.9	1.9

Q1 strong financial performance

Introduction of Comparable Net Profit and Comparable EPS as new APM's

First time Uniper consolidated as a subsidiary for a full four quarters

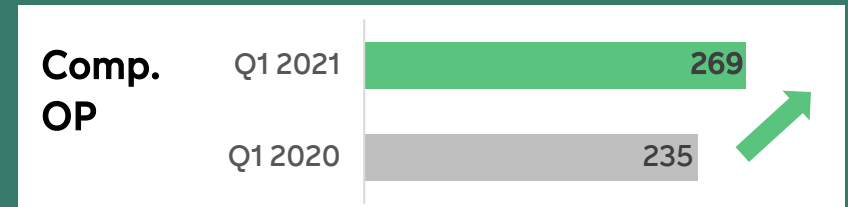
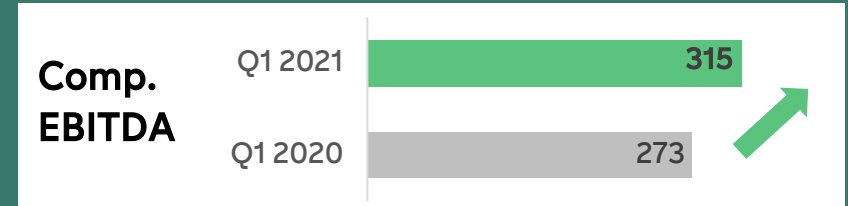
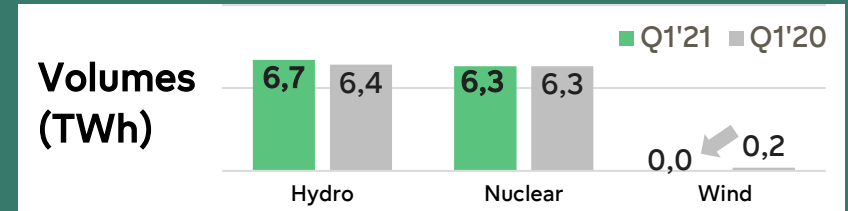
LTM Comparable EPS at EUR 1.70

Healthy credit metrics – strong cash flow from operating activities

Generation: Higher volumes and prices

Q1 2021 vs. Q1 2020

- Comparable operating profit up 14% mainly due to higher achieved power prices
 - Higher achieved power price +3.2€/MWh, +9%
 - Successful physical and financial optimisation and higher spot prices
- Higher power generation volumes
- Generation recorded a tax-exempt capital gain of EUR 50 million during the quarter following the sale of eight small hydropower plants in Sweden
- Strategy execution: Olkiluoto 3 performed fuel loading end of March targeting commencing power generation in October this year and regular power generation in February 2022

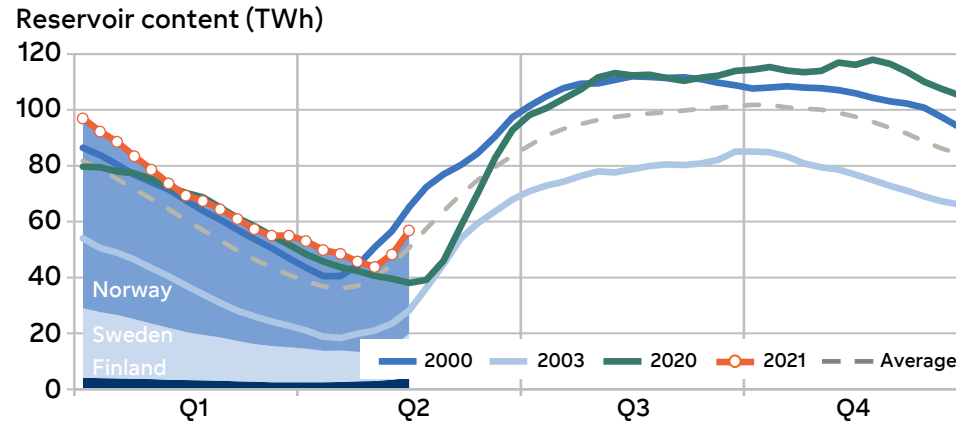


MEUR	Q1 2021	Q1 2020
Sales	675	574
Comparable EBITDA	315	273
Comparable OP	269	235
Comparable net assets	6,135	5,899
Comparable RONA % (LTM)	12.6	12.2*
Gross investments	27	34

* full year 2020, recalculated following introduction of Comparable net profit in Q1 2021

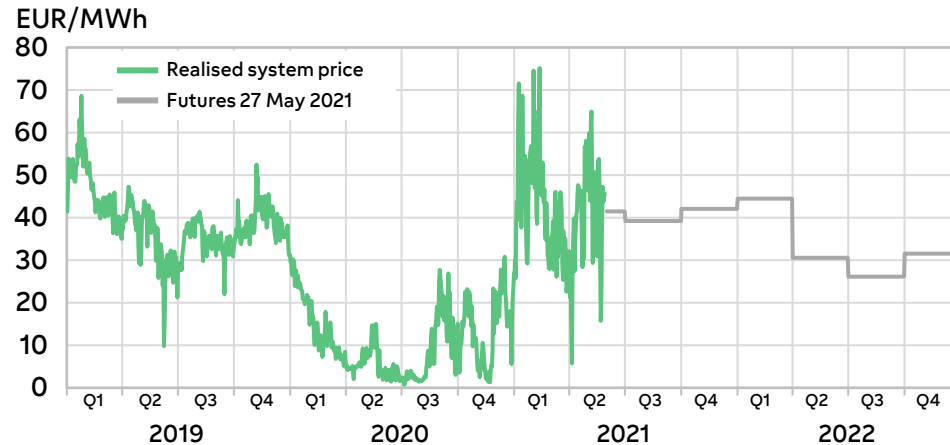
Nordic hydro reservoirs towards normal levels while spot prices are catching up

Hydro reservoirs



- Cold winter with below normal wind generation and higher availability of export capacity led to strong hydro generation in Q1
- This can be seen as increased utilisation of Nordic water reservoirs and gradually normalising reservoir levels
- Nordic water reservoirs 14 TWh above long term average at the end of Q1 2021

Power price



- Nord Pool system spot price saw a rapid recovery, reaching 42.1 EUR/MWh (15.4) in Q1 2021
- A multitude of factors contributed to strong Nordic price recovery, including cold winter, low precipitation amounts, below normal wind production, as well as the new Nordlink interconnector
- Naturally, strong power prices in Continental Europe, driven especially by gas and carbon prices, supported the Nordic power prices

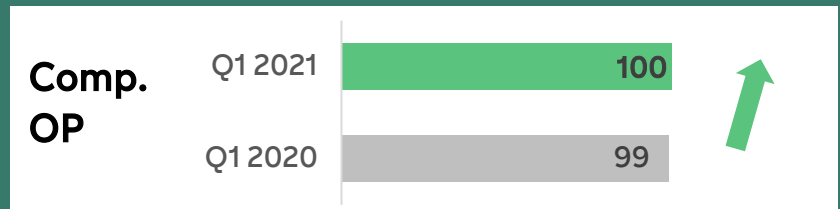
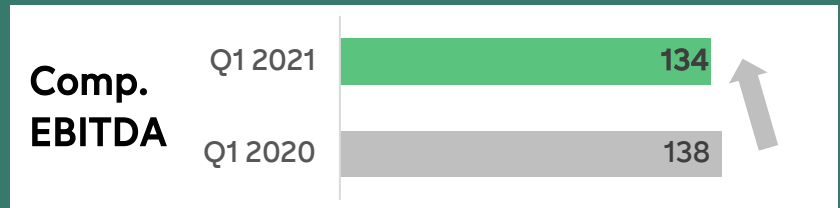
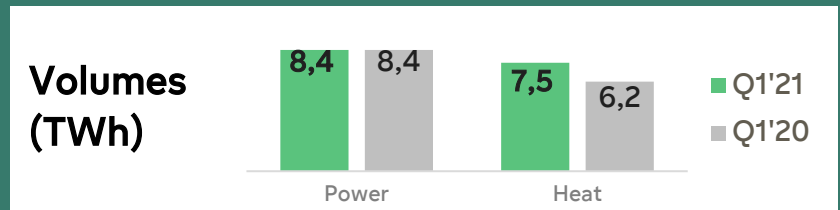
Source: Nord Pool, Nasdaq Commodities

Russia: Solid underlying performance

Q1 2021 vs. Q1 2020

- Comparable operating profit increased by 1%
 - Russian RUB FX effect of EUR -21 million
 - Sale of the 116-MW CSA-backed solar power project to JV contributed EUR 17 million
 - Higher power prices
 - Higher heat production volumes +21% due to cold temperatures and stable power generation
- Lower CSA** prices
 - The positive effect of three units entering the four-year period of higher CSA payments more than offset by the effect of the CSA period ending for the two units, and lower bond yields
- Strategy execution: Fortum to construct the largest solar power plant in Russia through a joint venture (78 MW expected to be commissioned in Q4)

** = Capacity Supply Agreement



MEUR	Q1 2021	Q1 2020
Sales	264	317
Comparable EBITDA	134	138
Comparable OP	100	99
Comparable net assets	2,517	2,612
Comparable RONA % (LTM)	12.1	11.1*
Gross investments	7	4

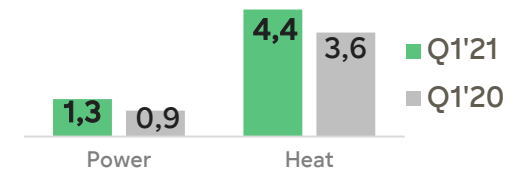
* full year 2020

City Solutions: Clearly improved performance

Q1 2021 vs. Q1 2020

- Comparable operating profit increased close to 50%
 - Clearly higher heat sales volumes in all heating areas
 - Higher Norwegian heat prices
 - Improved results in the recycling and waste business
- The Covid-19 pandemic did not have any significant adverse effect
- Strategy execution:
 - Agreement to sell the Baltic district heating business for EUR 800 million (debt- and cash-free). Tax-exempt capital gain of approx. EUR 240 million in Q2
 - Commissioning of 150 MW (of 250 MW) Rajasthan solar park in India. The remaining 100 MW is expected to be commissioned in Q2

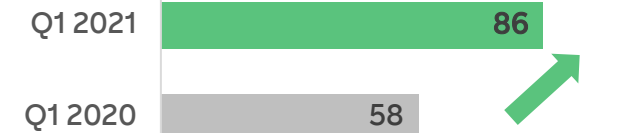
Volumes (TWh)



Comp. EBITDA



Comp. OP



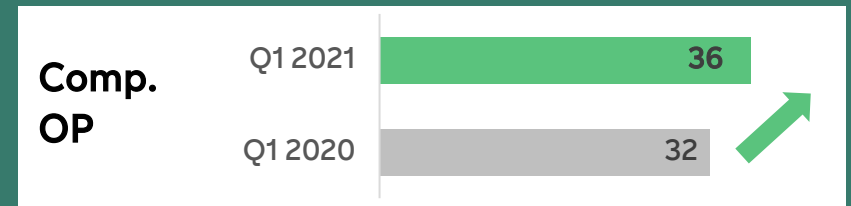
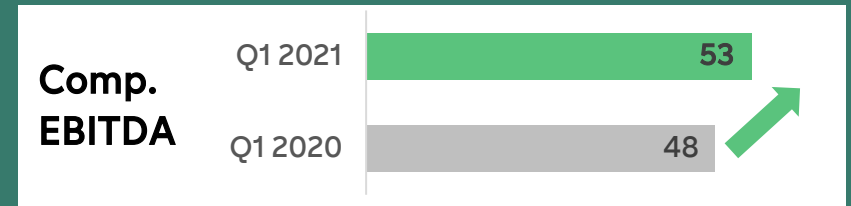
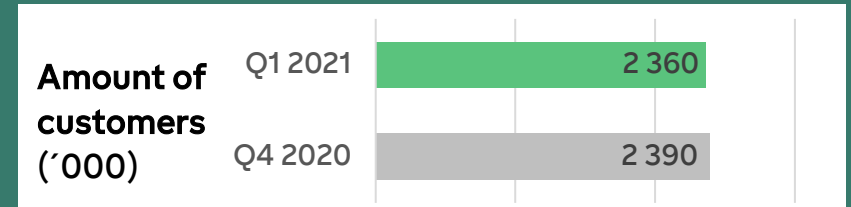
MEUR	Q1 2021	Q1 2020
Sales	418	342
Comparable EBITDA	132	106
Comparable OP	86	58
Comparable net assets	3,305	3,625
Comparable RONA % (LTM)	3.8	2.8*
Gross investments	48	38

* full year 2020

Consumer Solutions: Continued improvement

Q1 2021 vs. Q1 2020

- Comparable operating profit continued to improve, +12%
 - Higher margins from power sales
 - Higher prices in the Nordics compared
 - Higher electricity sales volumes mainly due to clearly colder weather in the Nordics
- The gas volume increased by 23%, mainly due to an increase of enterprise customers in Poland
- The Covid-19 pandemic has increased market uncertainty, but no major negative implications materialised
- 14th consecutive quarter of comparable EBITDA improvement



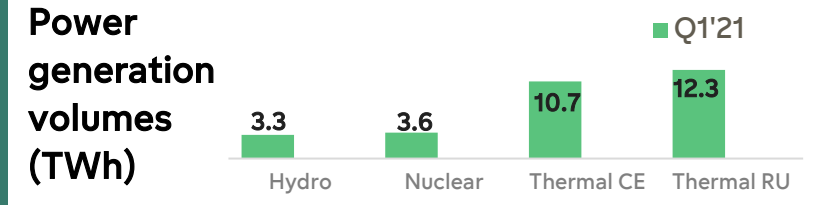
MEUR	Q1 2021	Q1 2020
Sales	661	424
Comparable EBITDA	53	48
Comparable OP	36	32
Gross investments	11	15

Uniper: Very strong Q1 results

Q1 2021 vs. Q1 2020

- Consolidation:
 - Until Q1 2020: Uniper as an associated company
 - From Q2 2020: Uniper as a subsidiary
- European Generation: benefitted from Irsching 4&5 and Datteln 4 contribution, not in the market in Q1 2020
- Global Commodities: Optimisation of supply-demand imbalances in North America and Asia following cold weather. Normalised contribution in gas midstream vs Q1 2020, still strong with high withdrawals during cold spells
- Unipro: Operating environment significantly improved, offset by expiry of CSA payments for two gas-fired units and weaker RUB; Completed repair work at Berezowskaya 3 power unit (800 MW), capacity payments May 2021 onwards

CSA=Capacity Supply Agreements

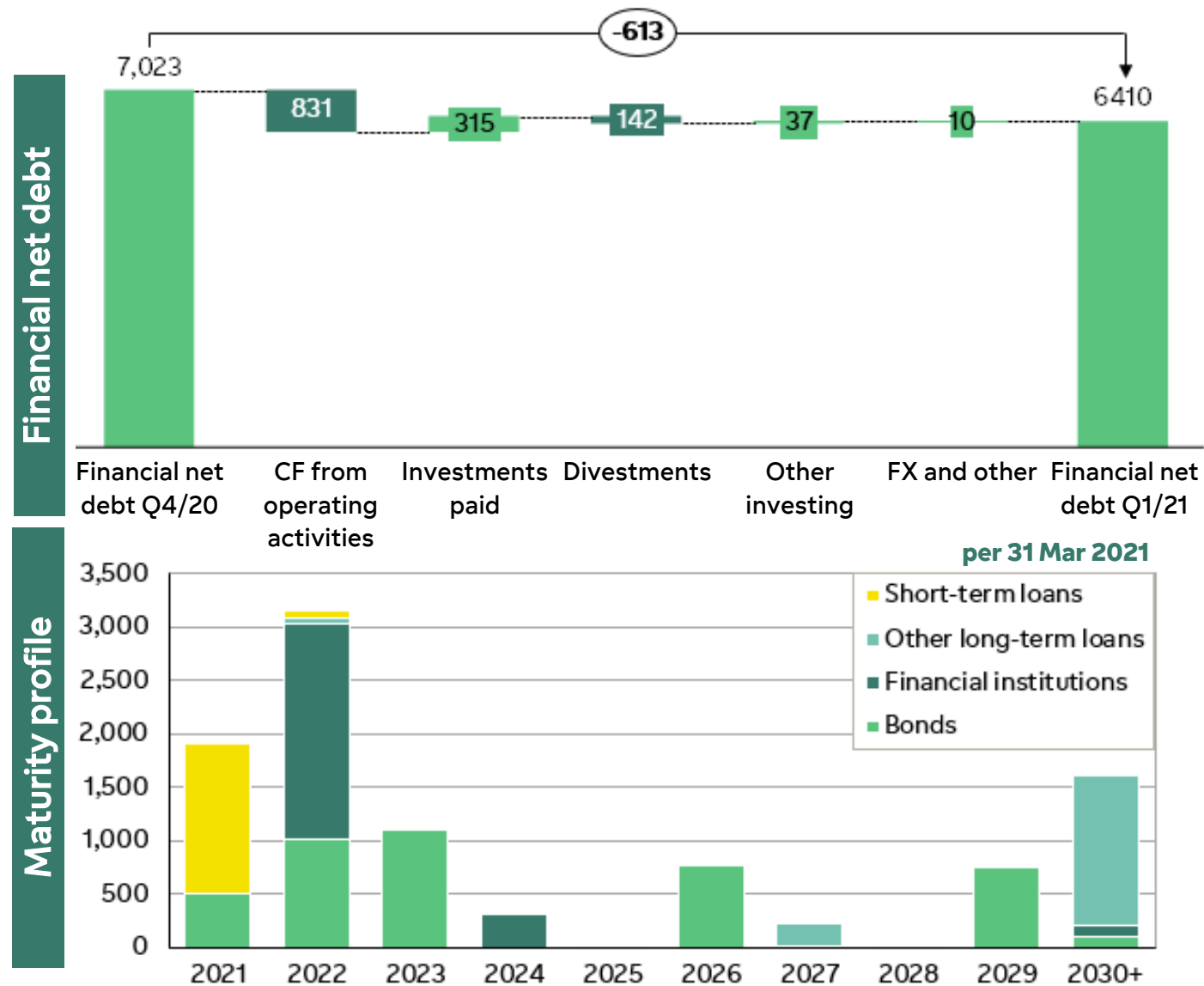


Comp. EBITDA	Q1 2021	868
	Q1 2020	

Comp. OP	Q1 2021	711
	Q1 2020	

MEUR	Q1 2021	Q1 2020
Sales	19,770	-
Comparable EBITDA	868	-
Comparable OP	711	-
Comparable net assets	8,240	7,569
Comparable RONA %	14.9	-
Gross investments	136	-

Improved financial net debt



Solid credit metrics

S&P Global Ratings

'BBB' long-term issuer credit rating, negative 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 9,910 million (excl. lease)

- Average interest of 1.5% (2020: 1.5%) for Group loan portfolio incl. derivatives hedging financial net
- EUR 652 million (2020: 634) swapped to RUB with average interest 6.5% (2020: 6.2%) incl. hedging cost
- Average interest of 0.9% (2020: 0.9%) for EUR loans

Liquid funds of EUR 3,598 million

Undrawn credit facilities of EUR 5,100 million

Outlook

Hedging

Generation Nordic hedges:

For the rest of 2021: 80% hedged at EUR 32 per MWh

For 2022: 55% hedged at EUR 31 per MWh (Q4: 50% at EUR 31)

Uniper Nordic hedges:

For the rest of 2021: 85% hedged at EUR 27 per MWh

For 2022: 80% hedged at EUR 24 per MWh (Q4: 65% at EUR 24)

For 2023: 35% hedged at EUR 21 per MWh (Q4: 25% 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, bond yield 6.3% (7.6%)

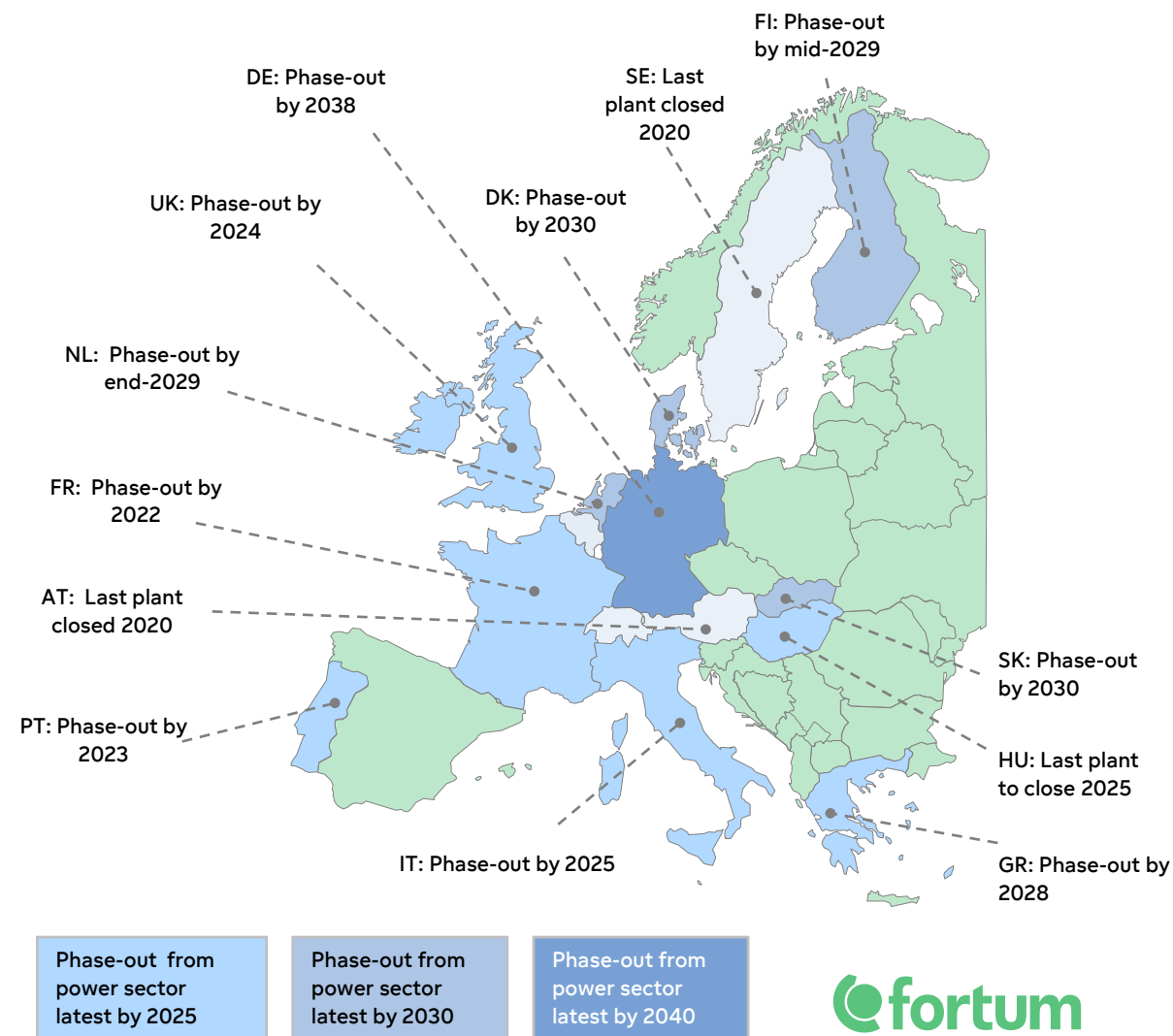
Changes in CSA and CCS capacities:
see interim report p. 18-19, 24

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.

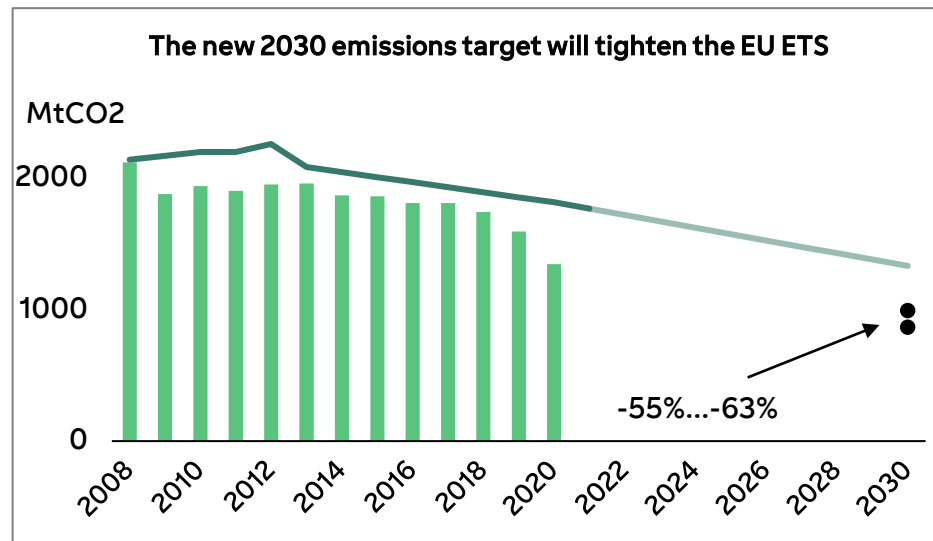
Appendices

Western European countries exiting coal during this decade

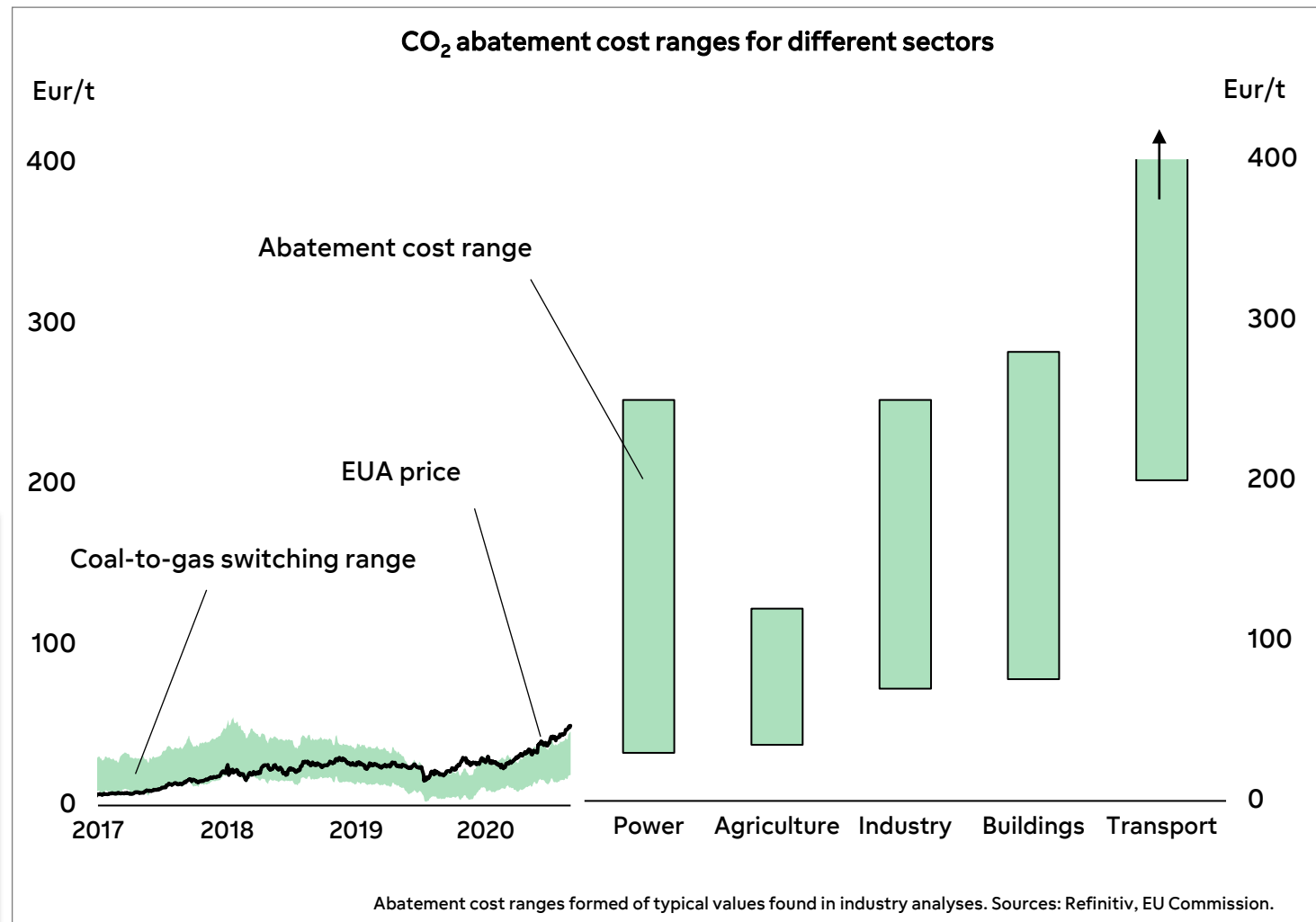
- Sweden and Austria closed their last coal plants during 2020
- France is committed to phase out coal by 2022
- Portugal has 2023 as national exit goal, but operators aim for full closure already in 2021
- UK full exit by the end of 2024 by restricting coal plants' access to market
- Italy and Ireland 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



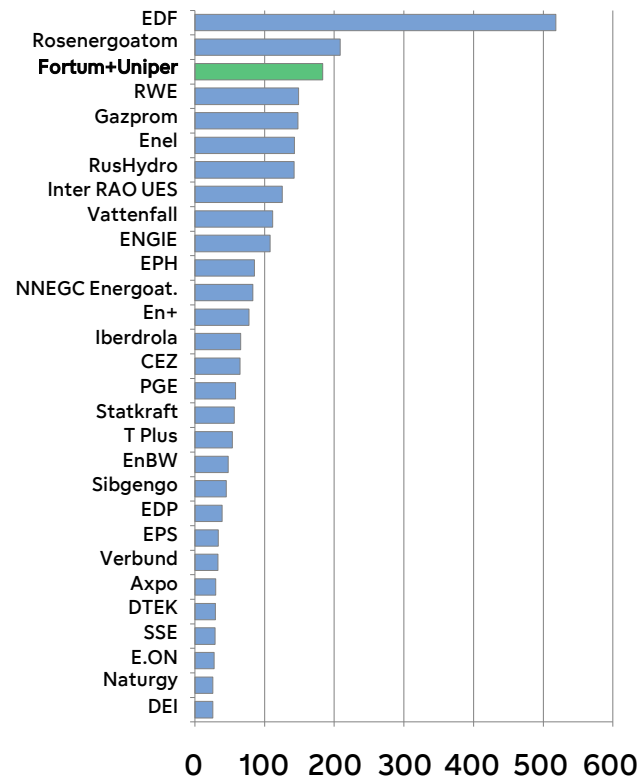
- The EU has agreed to increase the **2030 total emissions reduction target to 55% vs 1990**, which will require changes to existing policies, including the EU ETS
- One of the changes needed is to tighten the EU ETS target for 2030 from -43% currently to -55%...-63% (baseline year 2005)
- The EU Commission is also planning to **expand the EU ETS to other sectors sectors**, such as transport and buildings
- EU Commission proposals for revisions of the EU ETS by end of Q2 2021
- Revisions could take effect somewhere around 2024-2026
- The EU ETS already has a self-tightening mechanism called the **Market Stability Reserve** (not shown), which reduces the annual supply to the market and cancels allowances as long as a historical surplus exists



Fortum major player in power, gas and heat

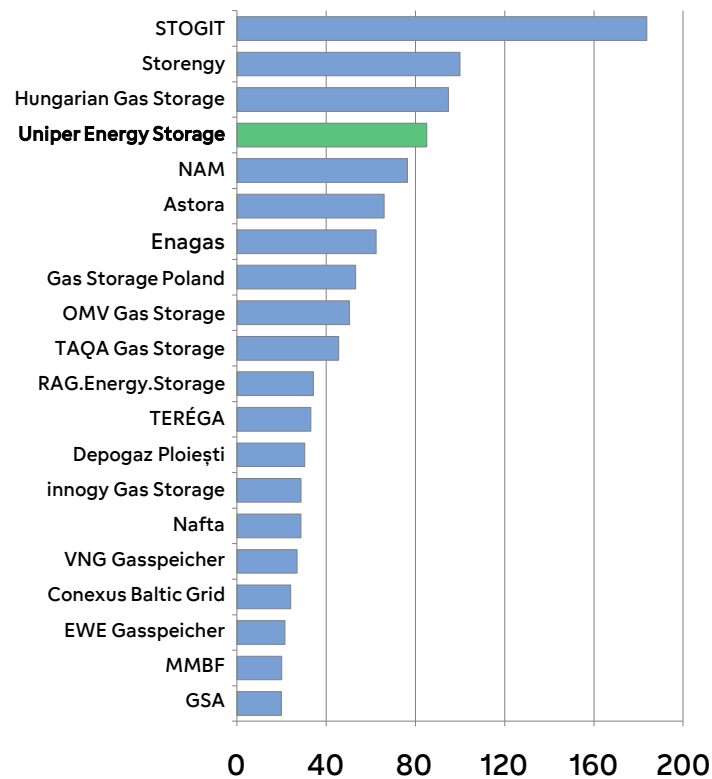
Power generation

Largest generators in Europe and Russia, 2019
TWh



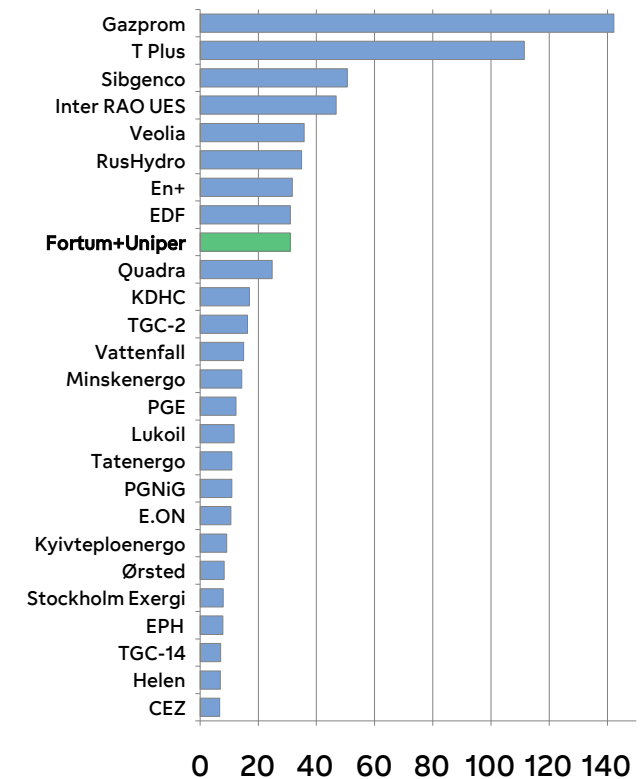
Gas

Largest European gas storage operators, 2018
TWh



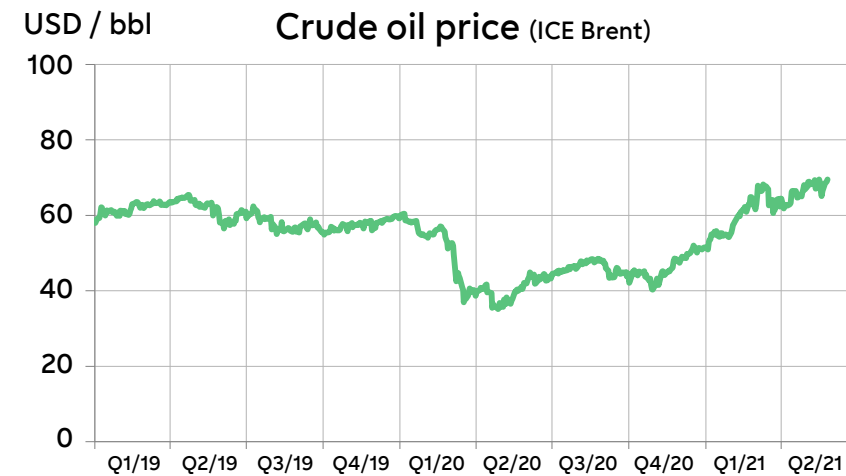
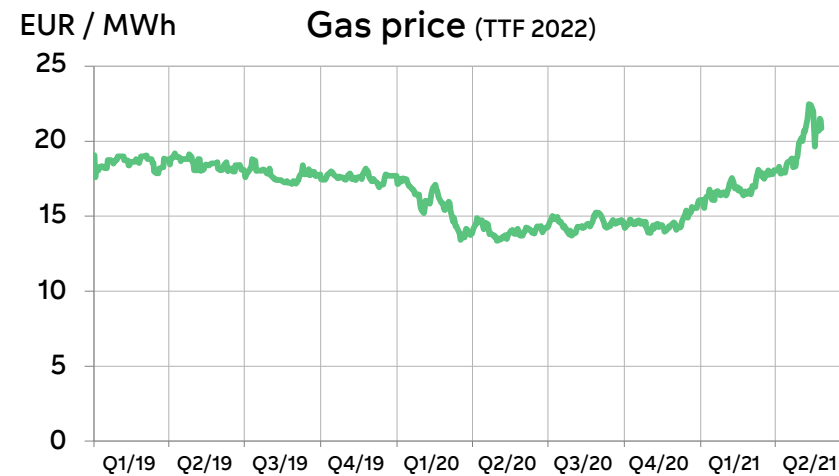
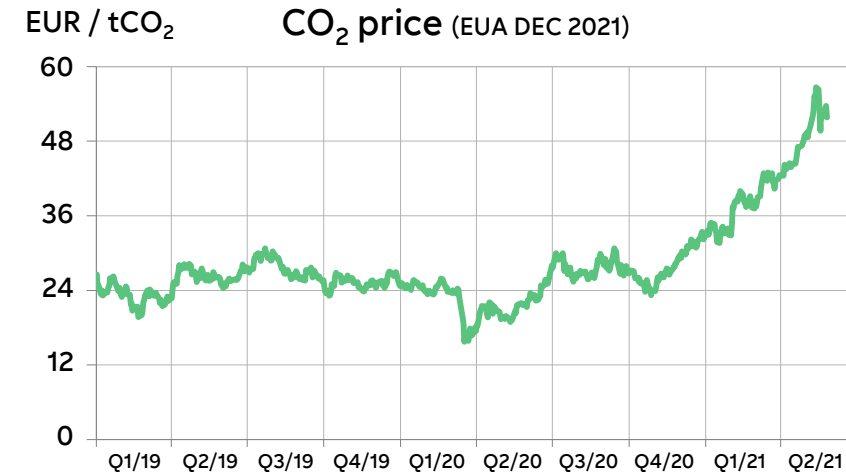
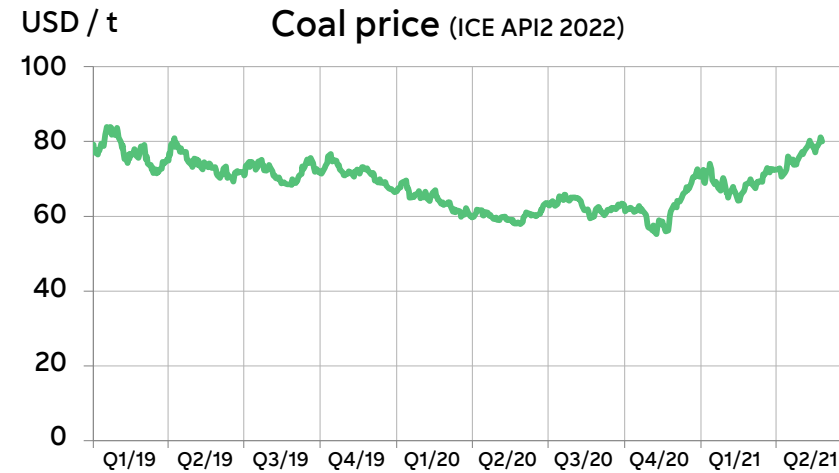
Heat production

Largest global producers, 2019
TWh



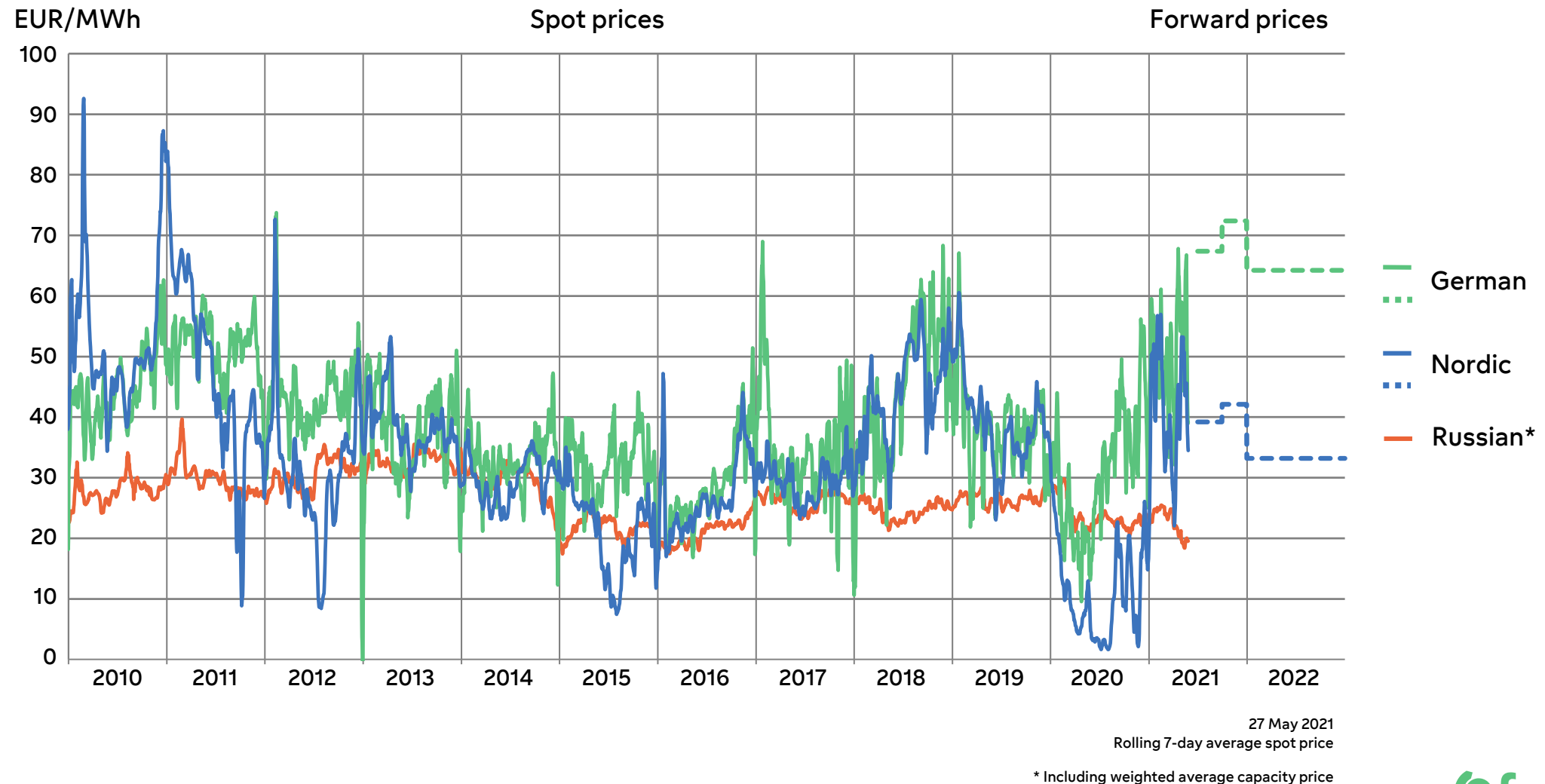
Source: Company information, Fortum analyses, 2019 figures pro forma. GIE Storage Database.
EPH incl. LEAG. No data from China.

Commodity prices

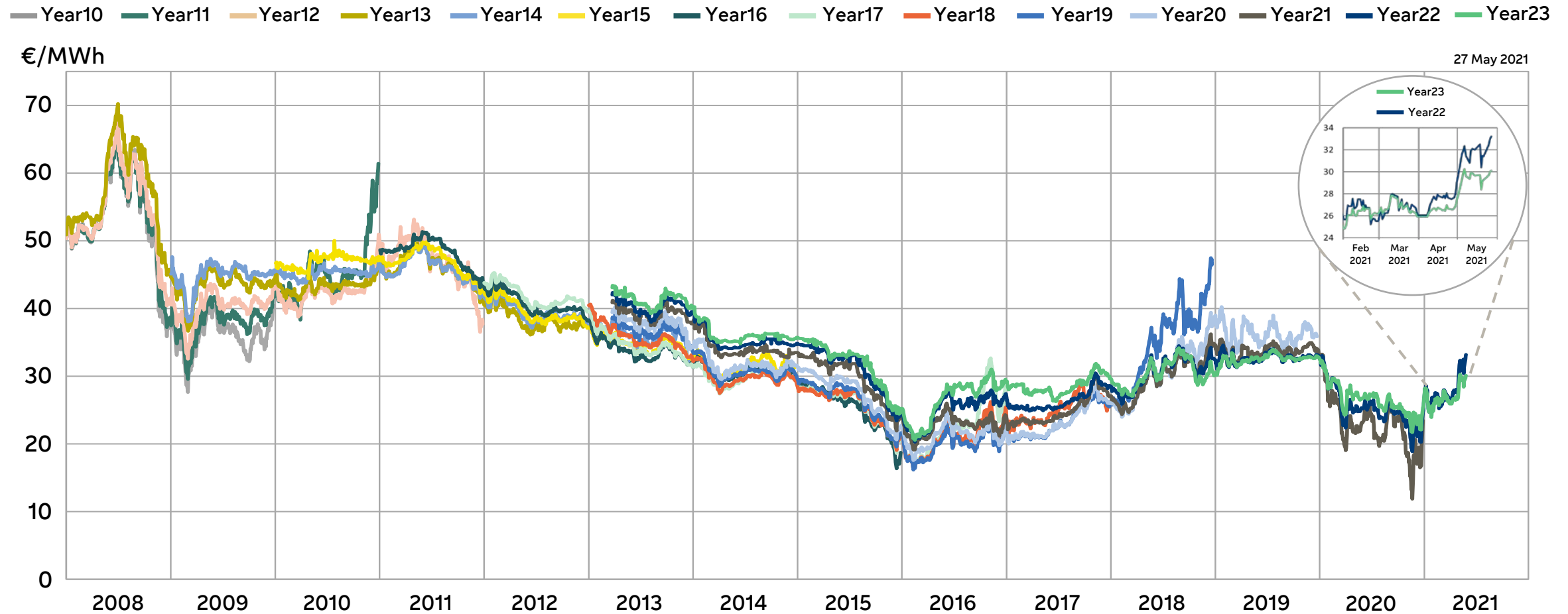


Source: Bloomberg, Refinitiv for coal price
27 May 2021

Wholesale power prices



Nordic year forwards



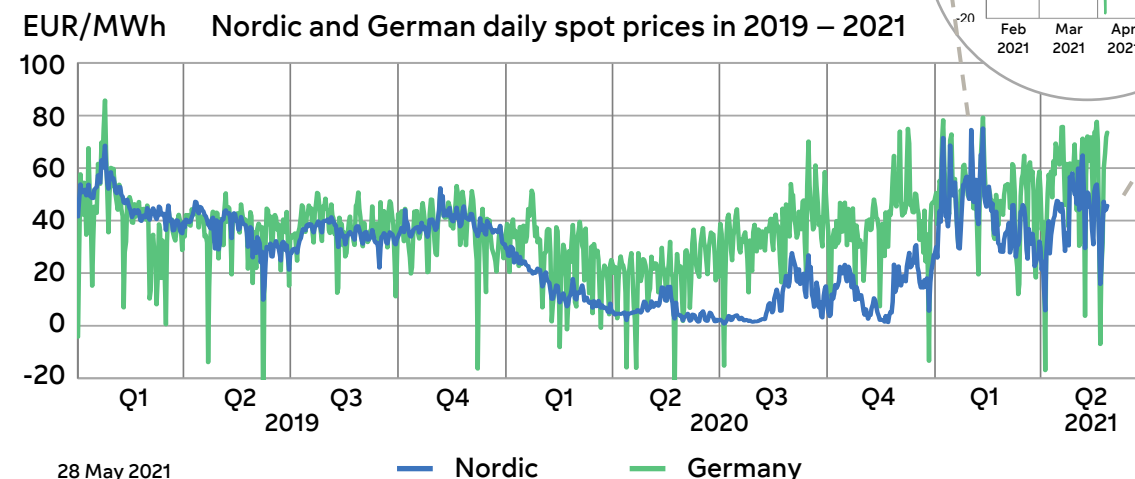
German and Nordic forward spread

Spot price

- Nordic system price remained exceptionally depressed by the strong hydrological surplus for most of 2020. The German-Nordic spread for 2020 realised at 20 €/MWh.
- Both Nordic and Continental electricity prices saw a recovery during Q1 2021. In Nordic prices the gains were especially strong, driven by cold winter and normalising Nordic hydrological balance.
- German-Nordic spread for Q1 2021 realised at 8 €/MWh.

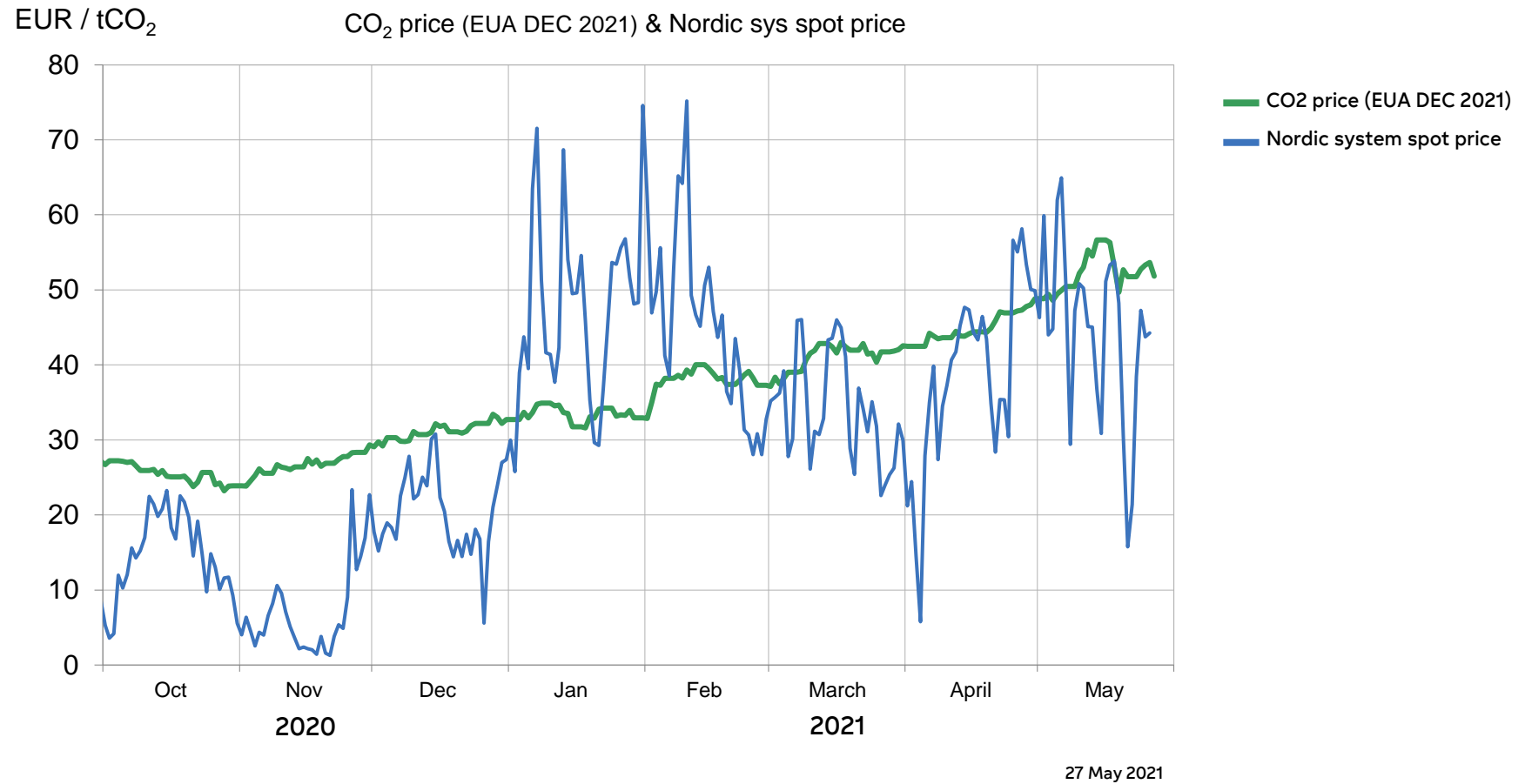
Forward price

- The German contract for 2022 delivery is trading close to 58 €/MWh, while corresponding Nordic SYS contract is close to 28 €/MWh.
- The German-Nordic spread for 2022 delivery has increased from 15 EUR/MWh during the start of 2020 to a level of 30 EUR/MWh recently.
- German contract is tracking the changes in short-run marginal costs for gas and coal fired condensing units, reflecting the stronger exposure to fossil fuel and CO₂ prices.
- The Nordic contract is influenced by growing Nordic renewable supply and limited interconnector capacity towards the Continental Europe.

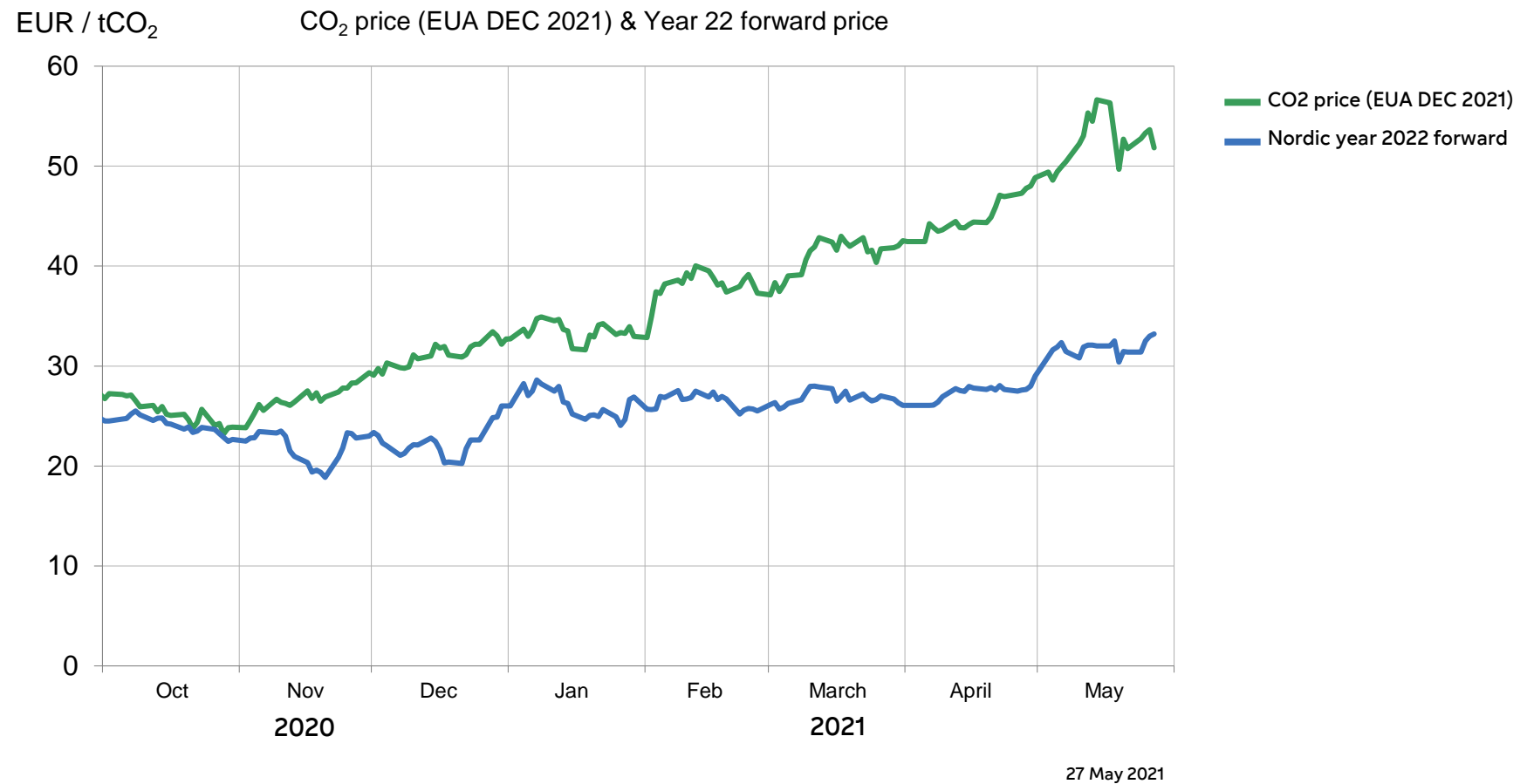


Source: Nord Pool, Bloomberg

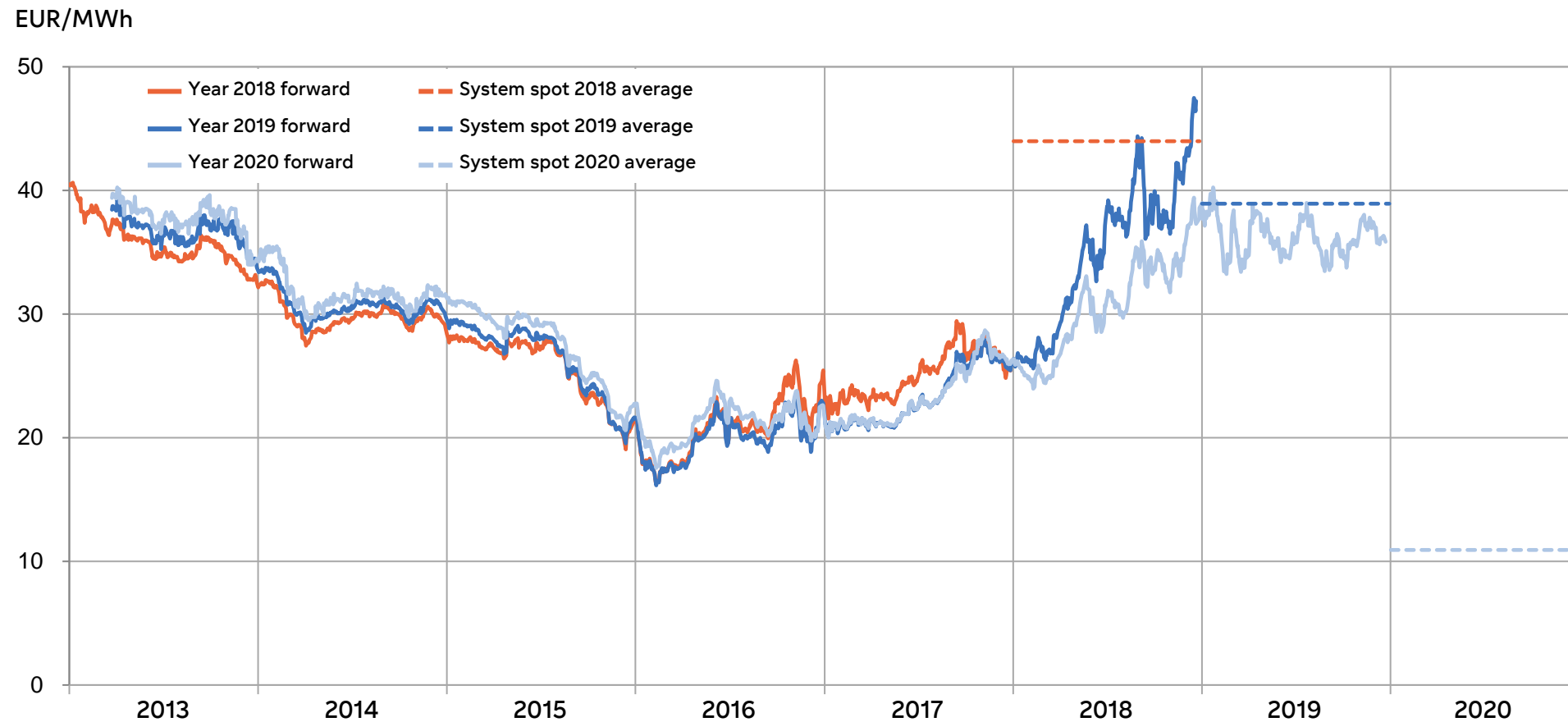
CO₂ price and Nordic spot power price



CO₂ price and Nordic forward price



Nordic forward prices and Nordic sys spot averages



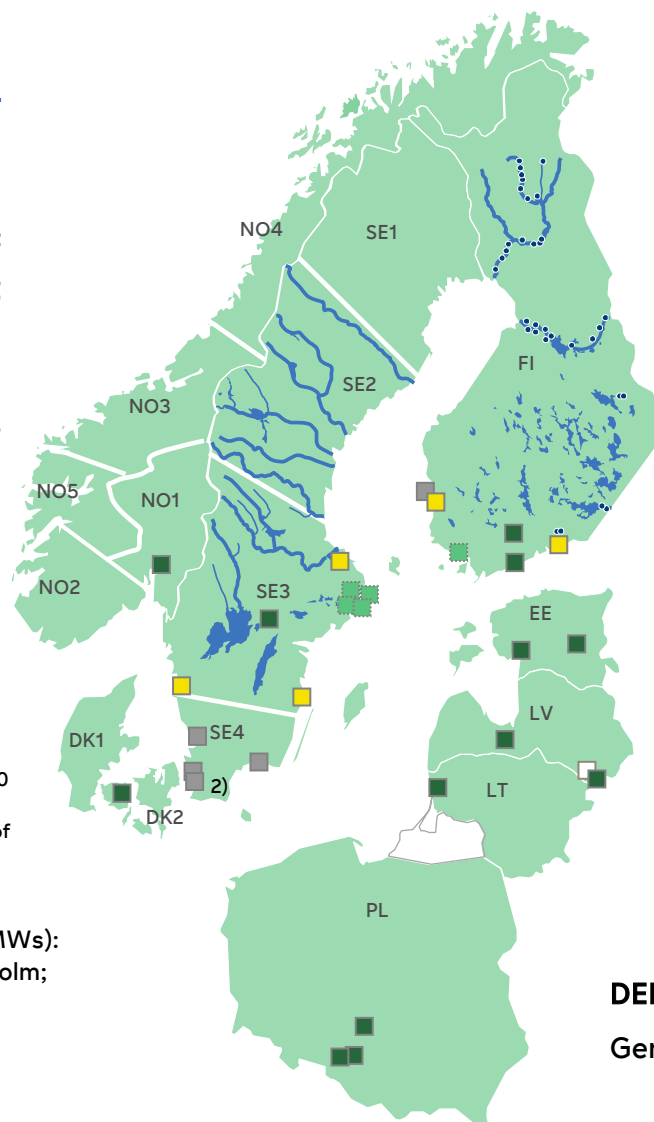
Fortum's Nordic, Baltic and Polish generation capacity

GENERATION CAPACITY	Fortum	Of which Uniper
Hydro	6,448	1,771
Nuclear	4,818 ¹	1,996 ¹
CHP	1,185 ²	449 ²
Other thermal	1,727	1,162
Wind	101 ³	-
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
 3) The capacity includes the Sørkjord 99 MW wind portfolio in Norway, of which a majority 80% ownership has been sold in January 2021.

Associated companies' plants (not included in the MWs):
 Stockholm Exergi (Former Fortum Värme) in Stockholm;
 TSE in Naantali



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

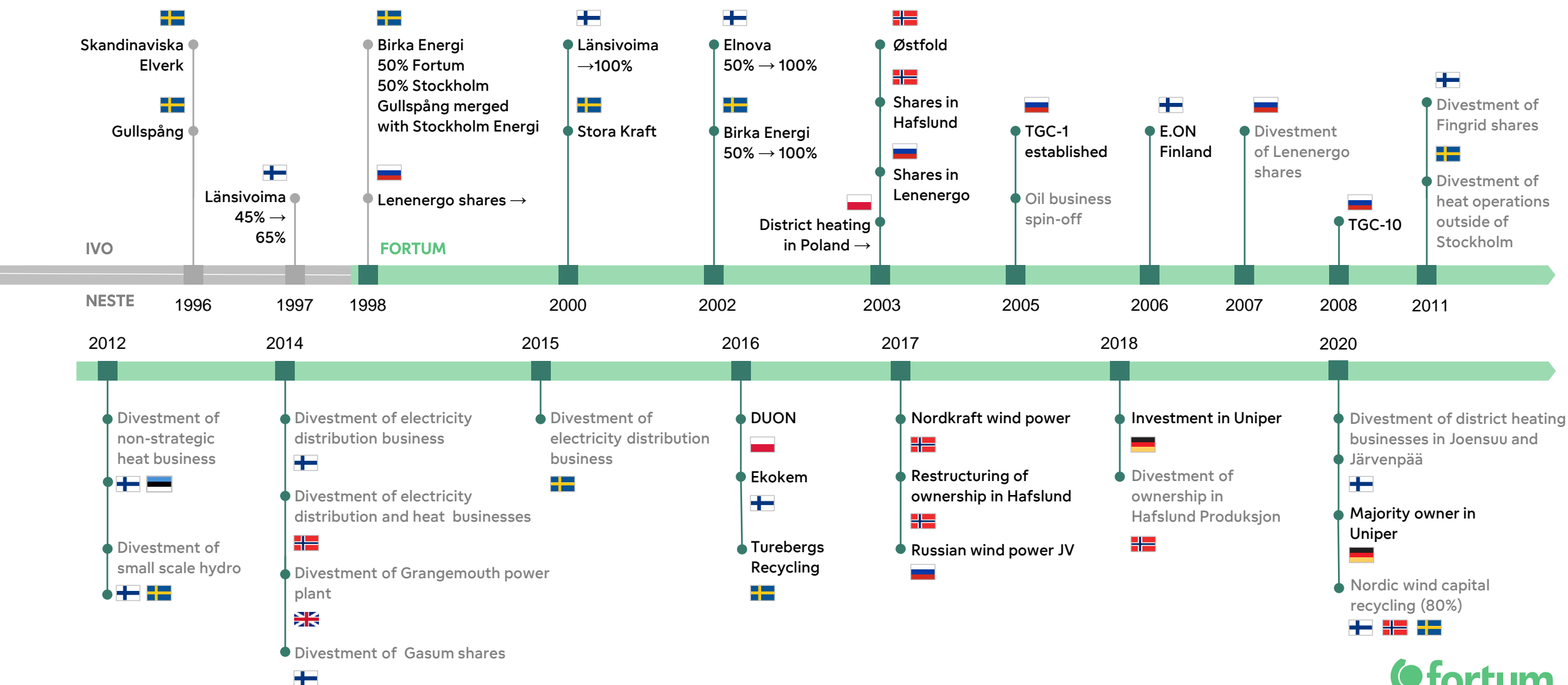
SWEDEN	Fortum	Of which Uniper
Price areas		
SE2, Hydro	3,185	1,635
SE3, Hydro	1,587	13
SE4, Hydro	123	123
SE3, Nuclear	3,331 ¹	1,996 ¹
SE3, CHP	6	-
SE4, CHP	449 ²	449 ²
SE4, Other th.	1,162	1,162
Gen. capacity	9,843	5,378

DENMARK, DK1	MW
Generation capacity, CHP	9

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

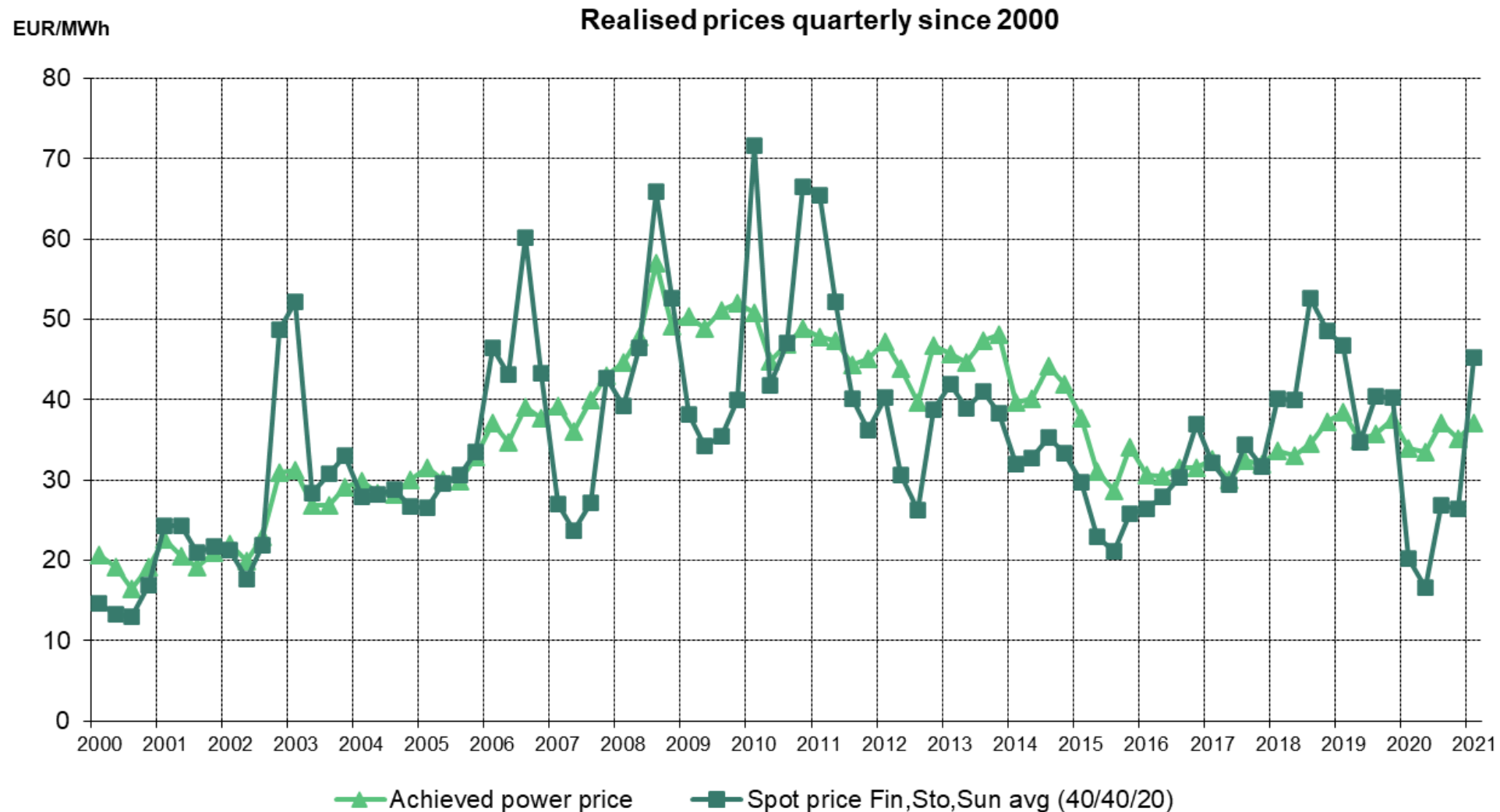
BALTICS AND POLAND	MW
Generation capacity, CHP	
in Estonia	43
in Latvia	28
in Lithuania	18
in Poland	233
in Latvia, Wind	2

Fortum's evolution and historical strategic route



Hedging improves stability and predictability

— principles based on risk mitigation, (Generation segment)

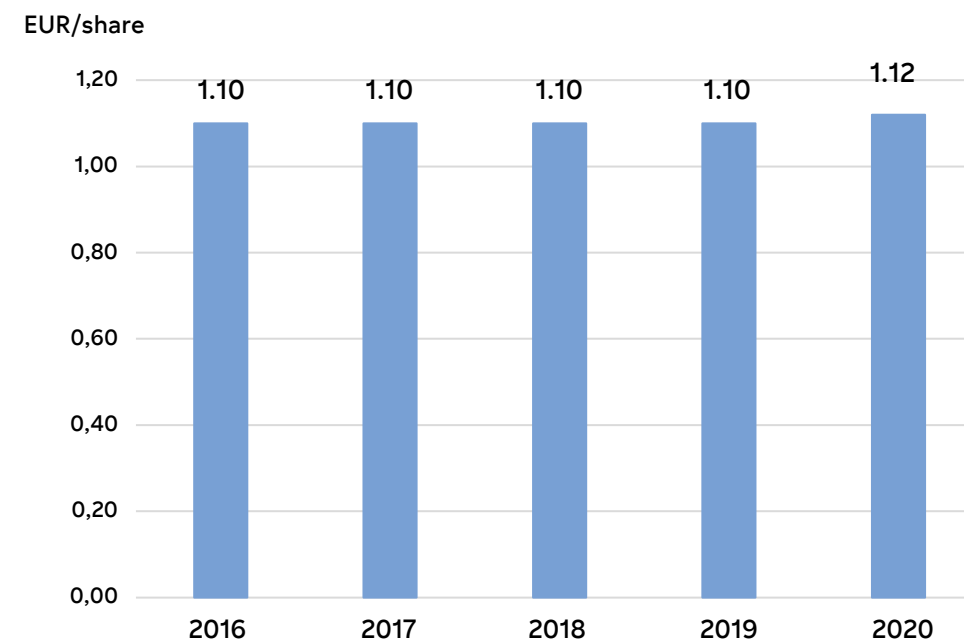


Fortum's dividend policy aiming at increasing dividend

Dividend policy:

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

Fortum dividends



Next events:

January-June Interim Report on 17 August 2021

January-September Interim Report on 12 November 2021

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