



Equity story of

FORTUM — For a cleaner world

Investor / Analyst material

October 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.

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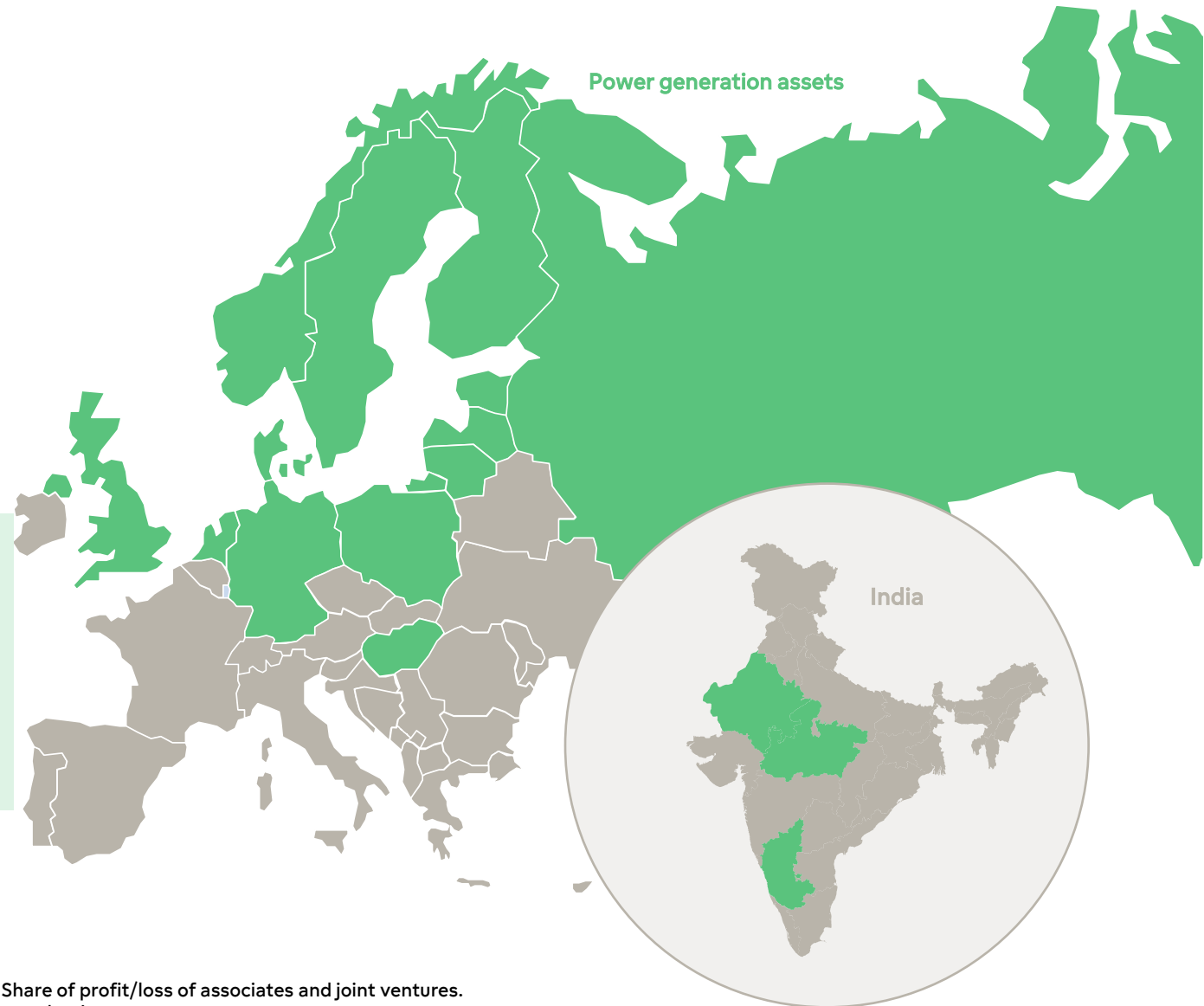


Fortum in brief

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

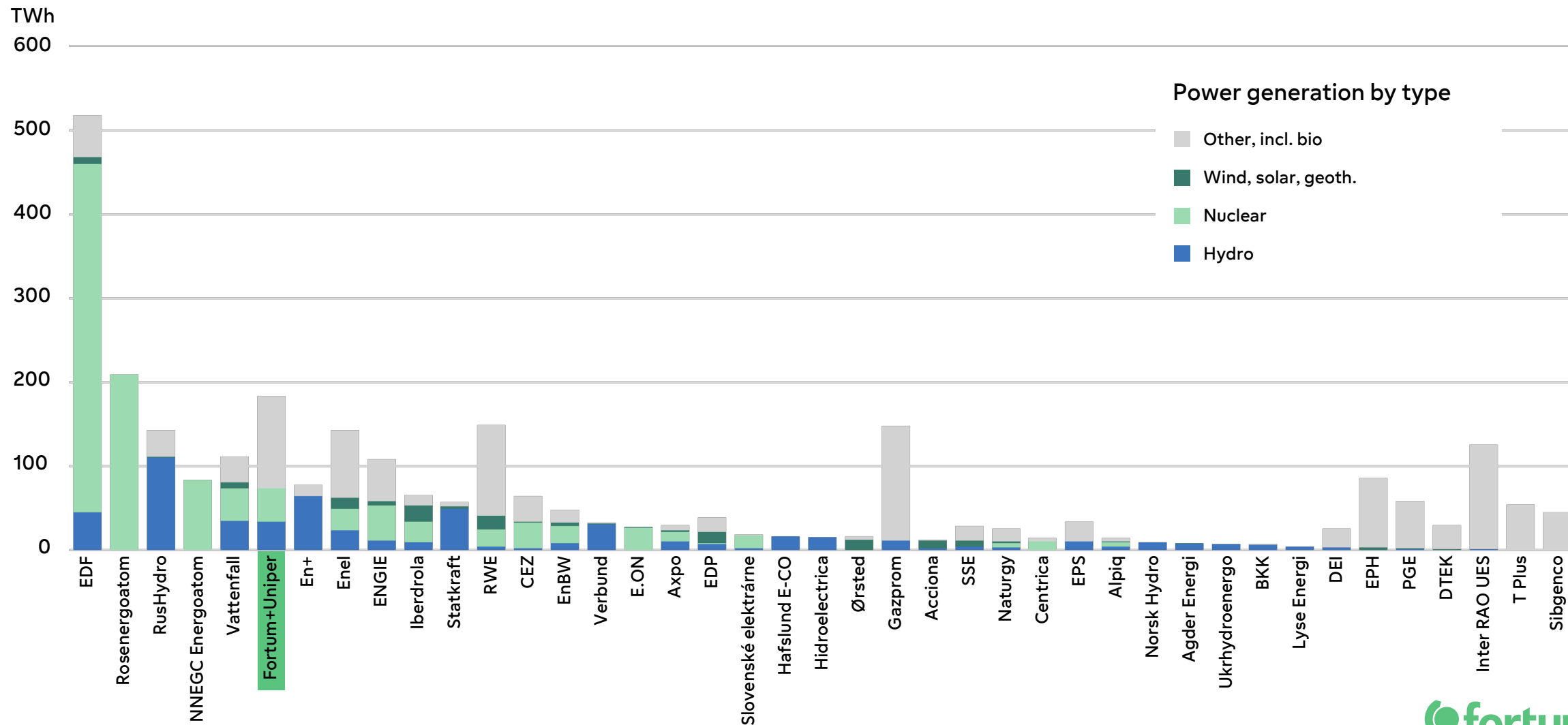
nuclear generator
in Europe



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

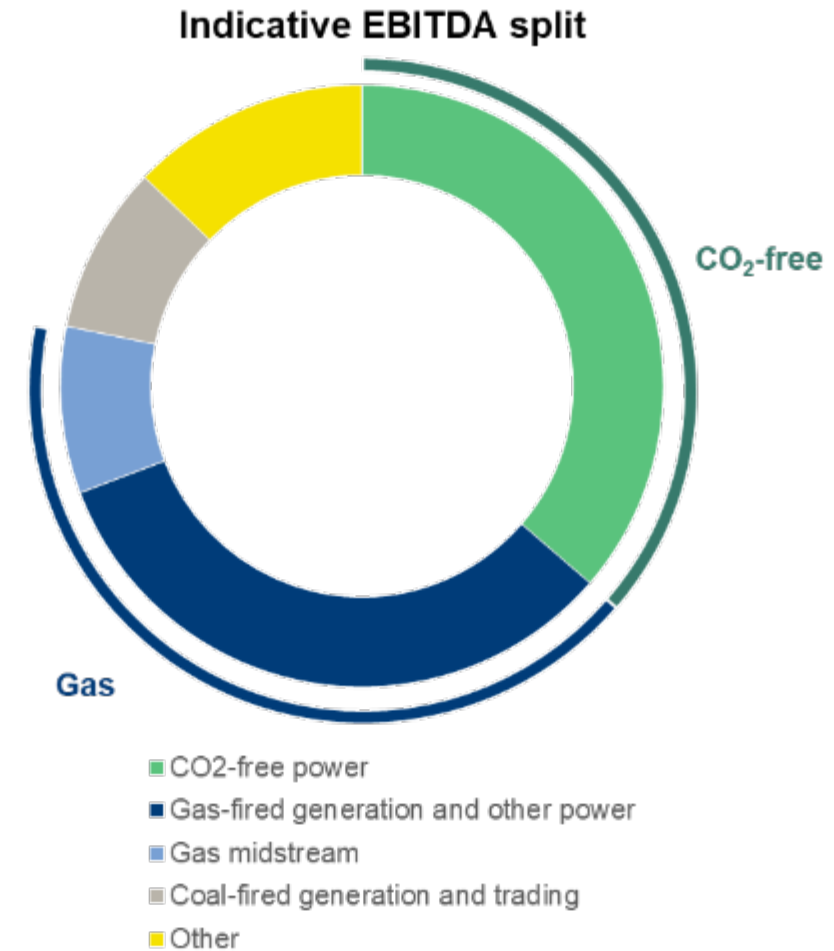
Third largest CO₂-free power generator in Europe with growing portfolio of wind and solar

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

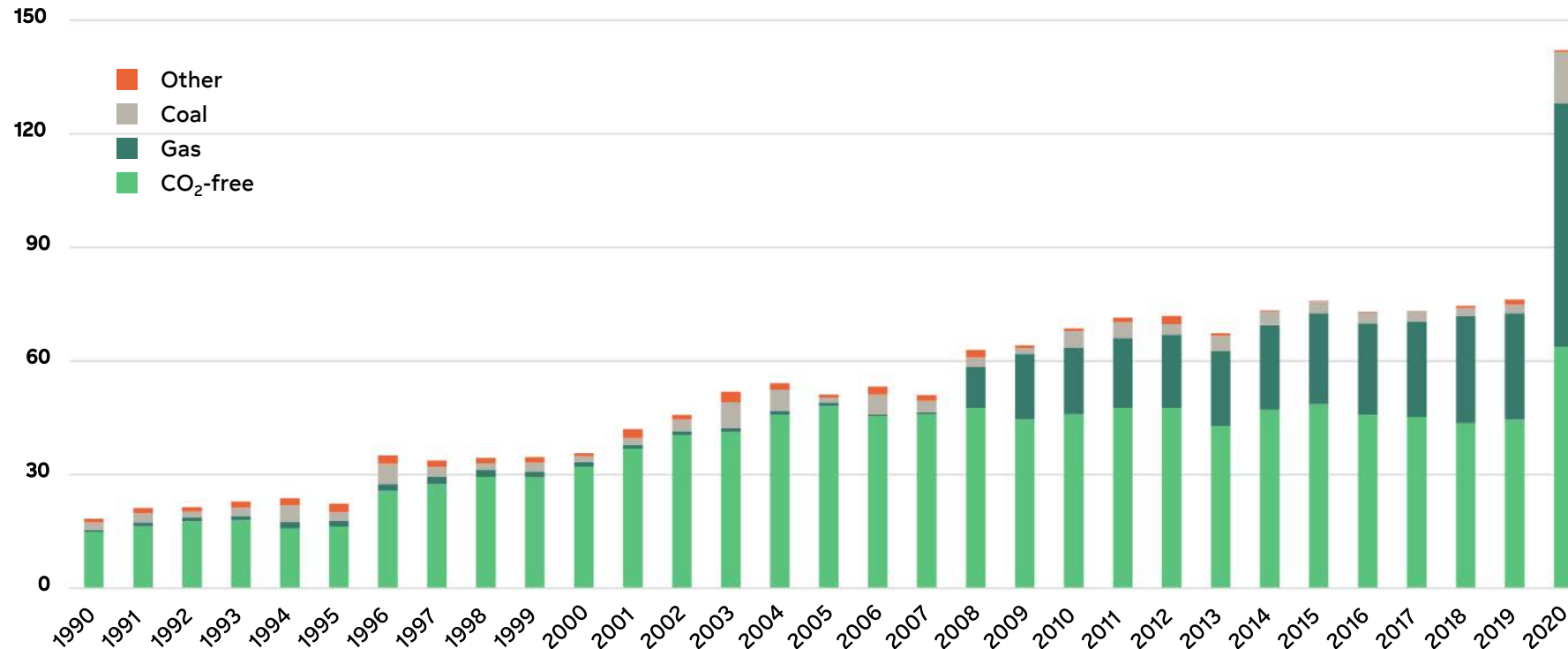
Phase out or exit announced of ~8 GW coal-fired generation by 2030



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



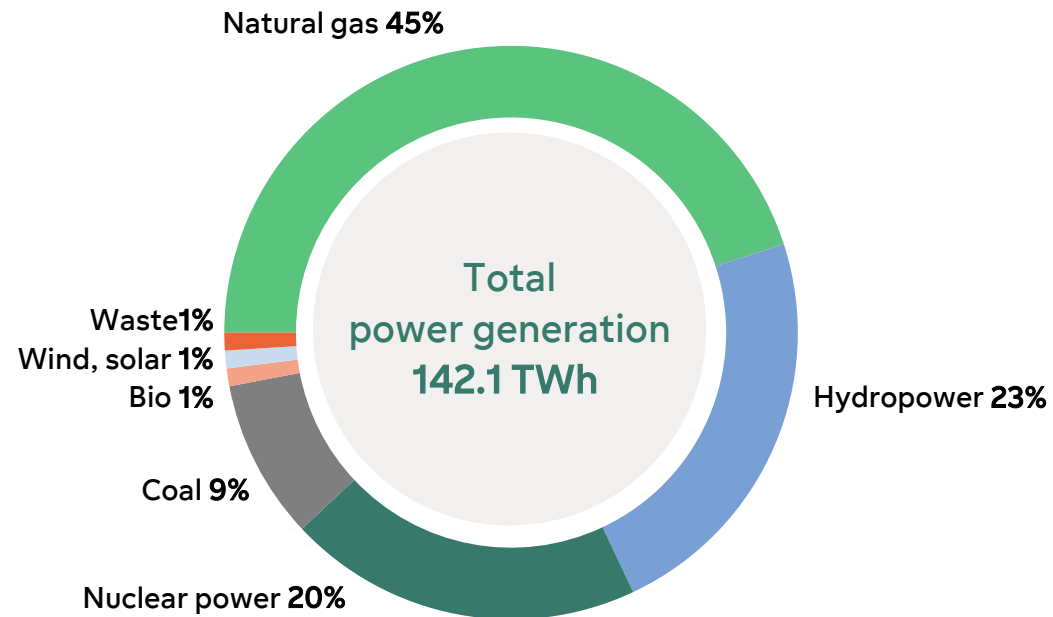
Fortum is listed in several sustainability indices and ratings:



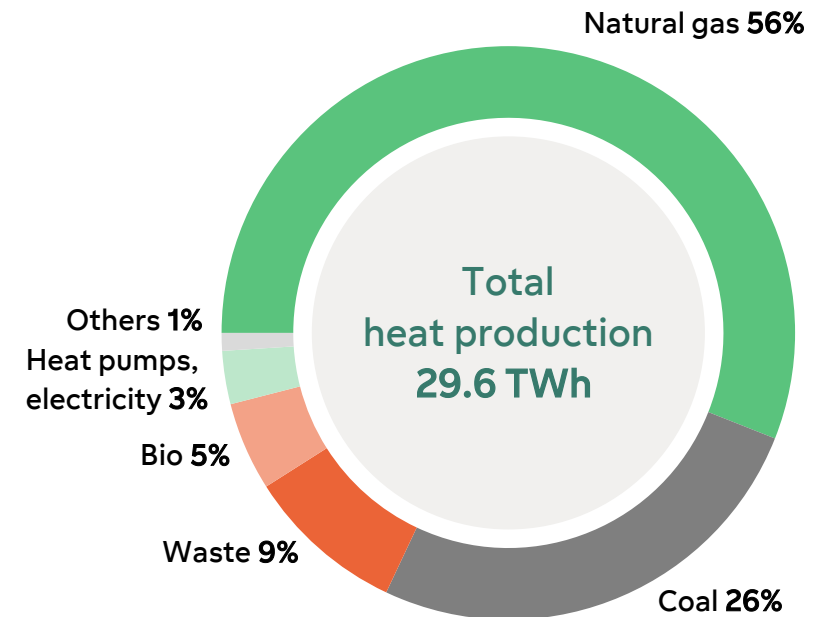
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Fortum's power generation and heat production by source

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

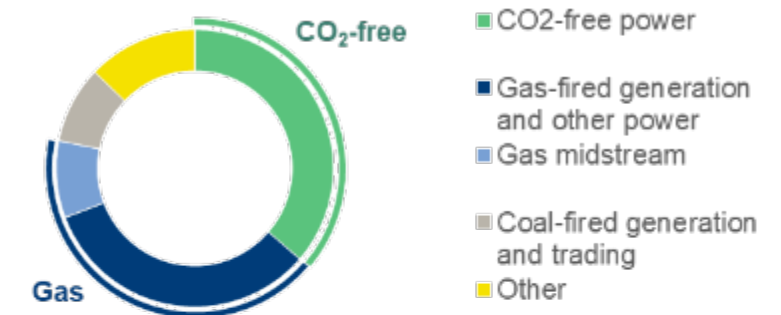
Russia power generation

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

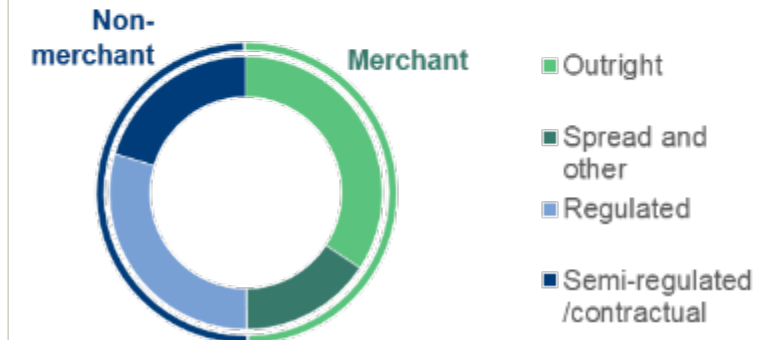
Growth based on strategy

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 (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:

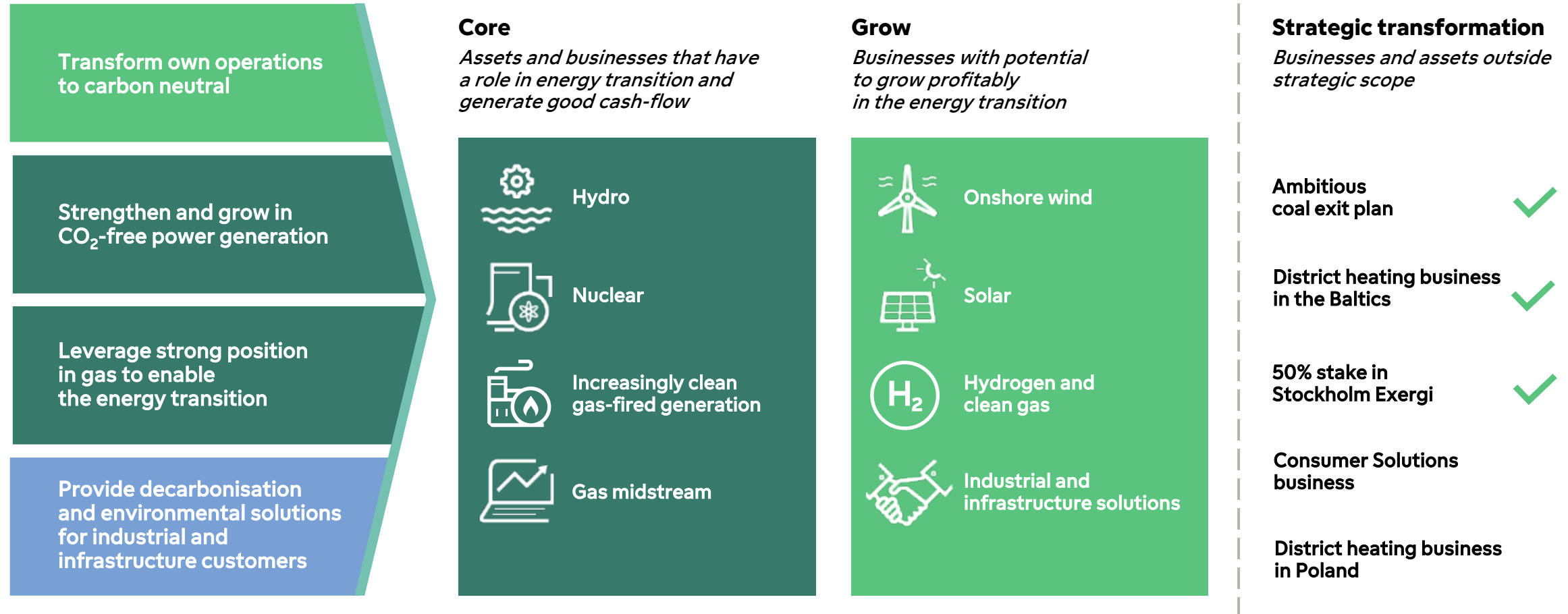
- Safety target: Total recordable incident frequency (TRIF) <1.0 in 2025



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

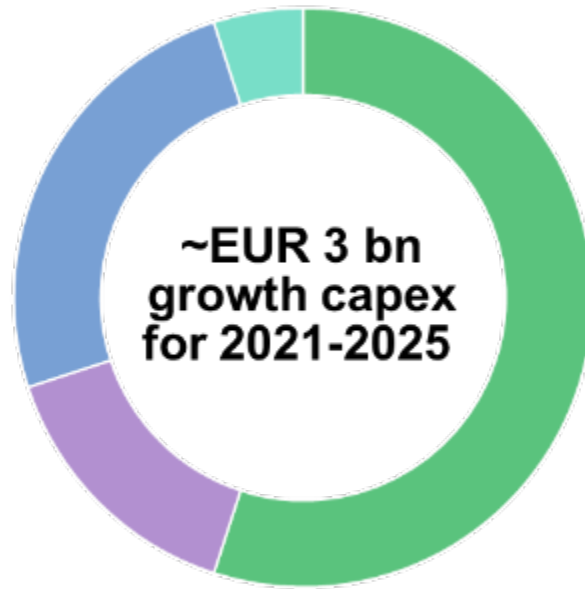
Target to increase dividend

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

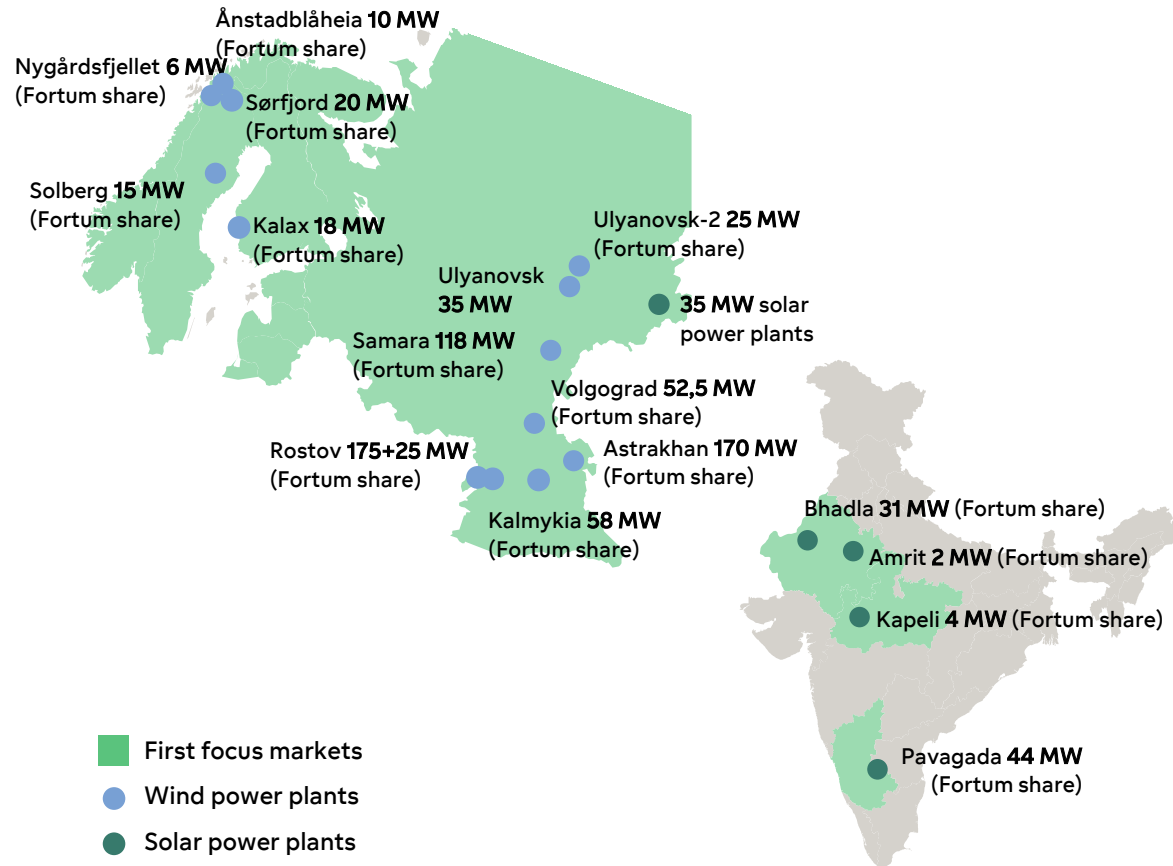
Indicative capital expenditure for growth investments in 2021-2025 – renewables and clean gas



- 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		3,409	1,740	
• 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
• Samara	Under construction	237	118	Q4 2022
• Rusnano JV	Under development	491	246	2022-2023
• Rusnano JV	Under development	~1,400	~700	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		3,941	1,890	
	Under development	1,891	946	
	Under construction	848	424	
	Operational	1,202	520	

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:

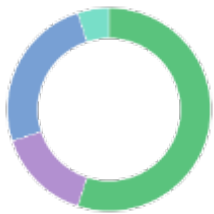
+100 bps for green investments

+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

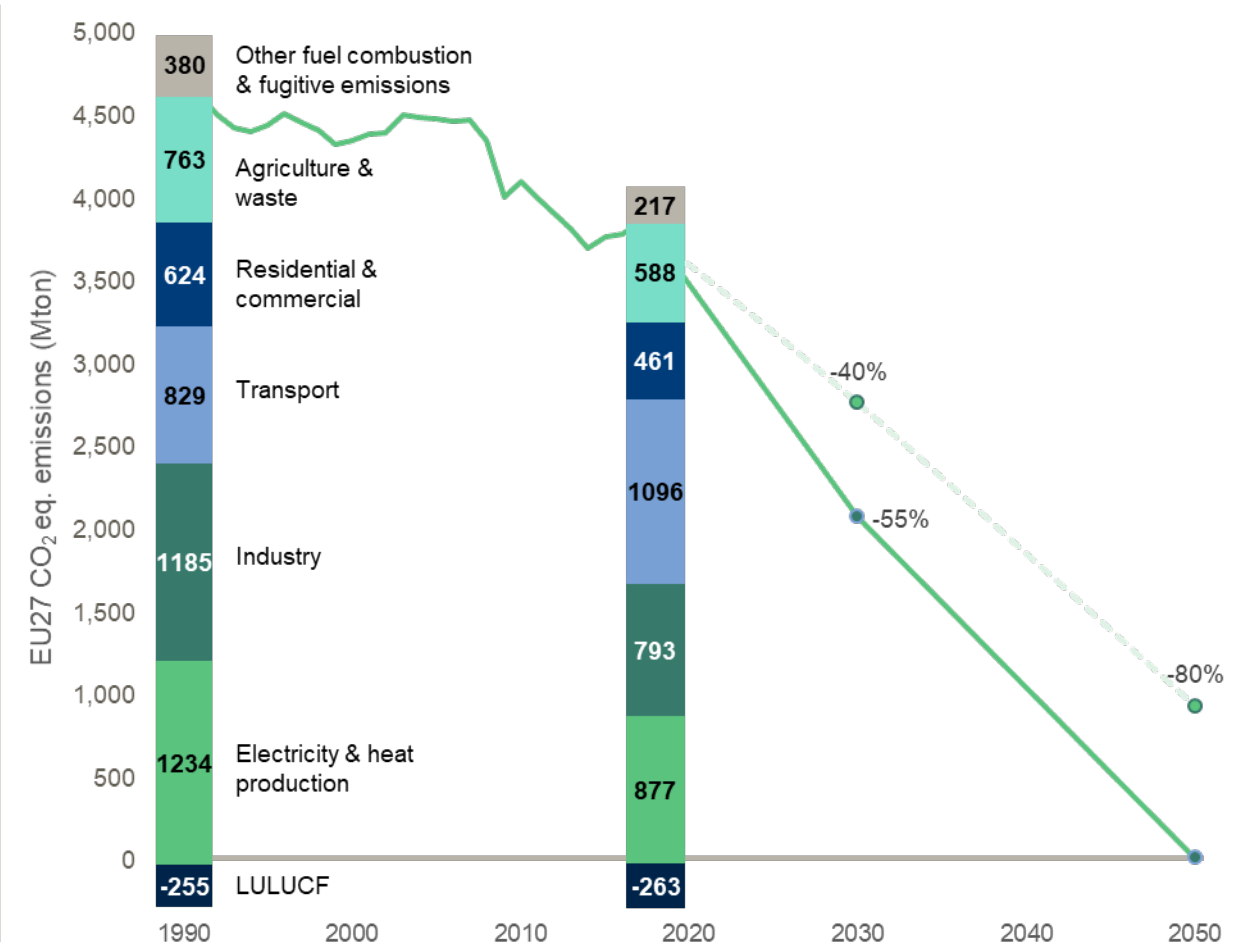
Cooperation benefits focus on monetary, safety, and environmental actions

- 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



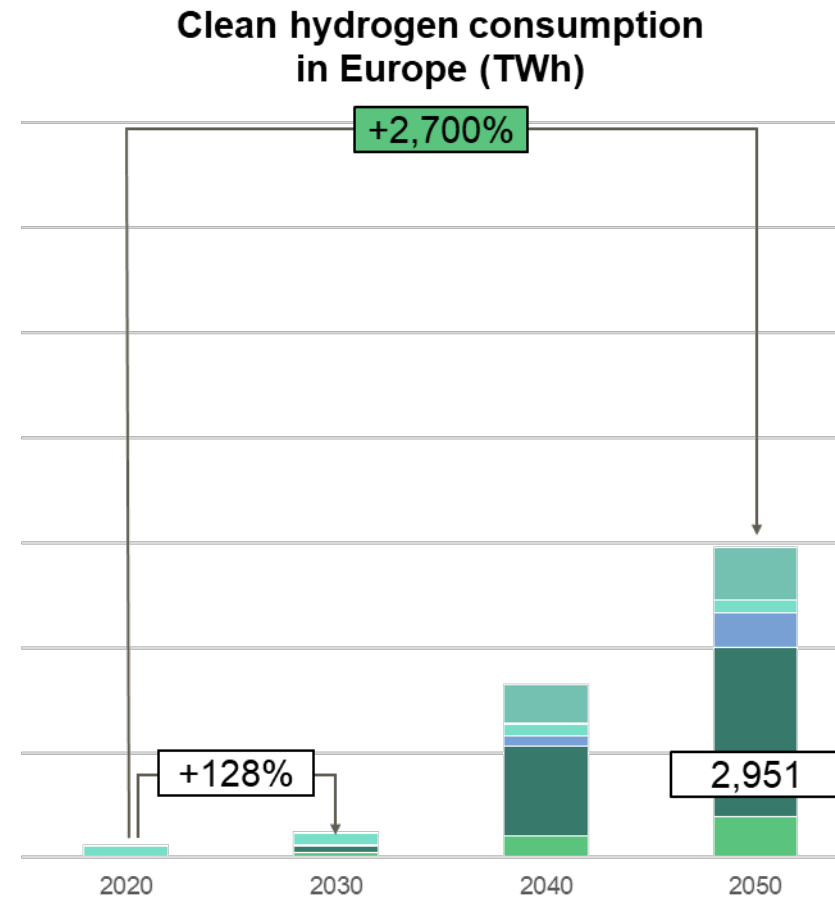
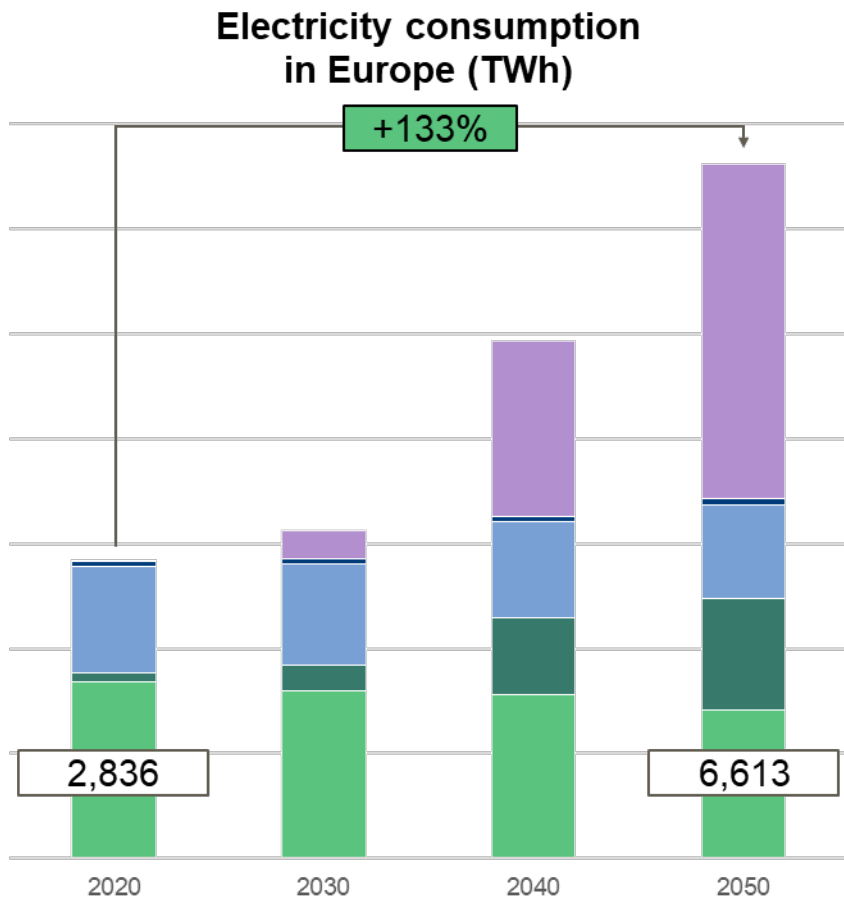
Europe committed to be a forerunner in reducing GHG emissions across all sectors

- 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



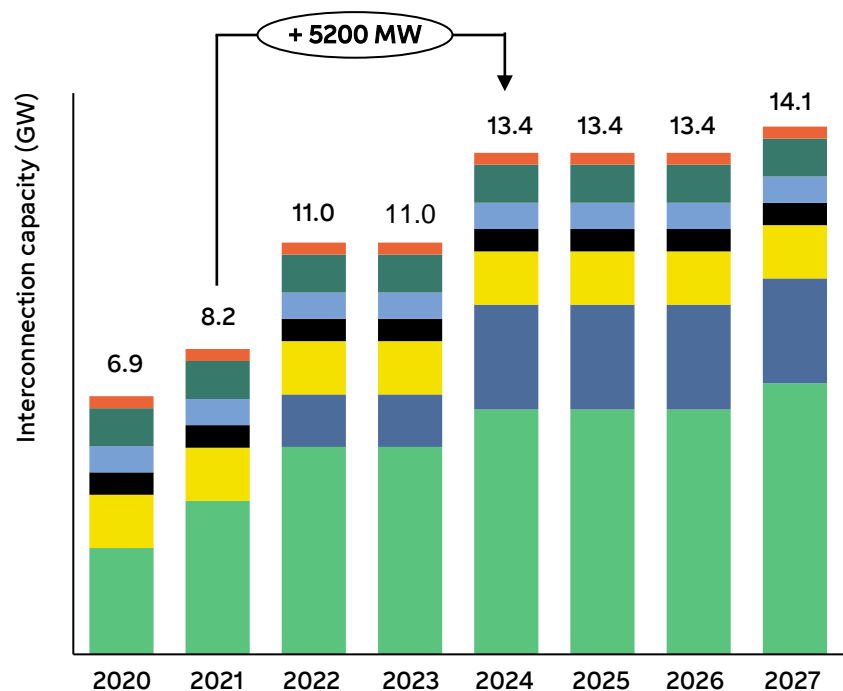
- Electricity
- Hydrogen
- Feedstocks
- Agriculture
- Industry
- Transport
- Residential and commercial

Source:
IHS Markit Net Zero
Carbon Europe
scenario

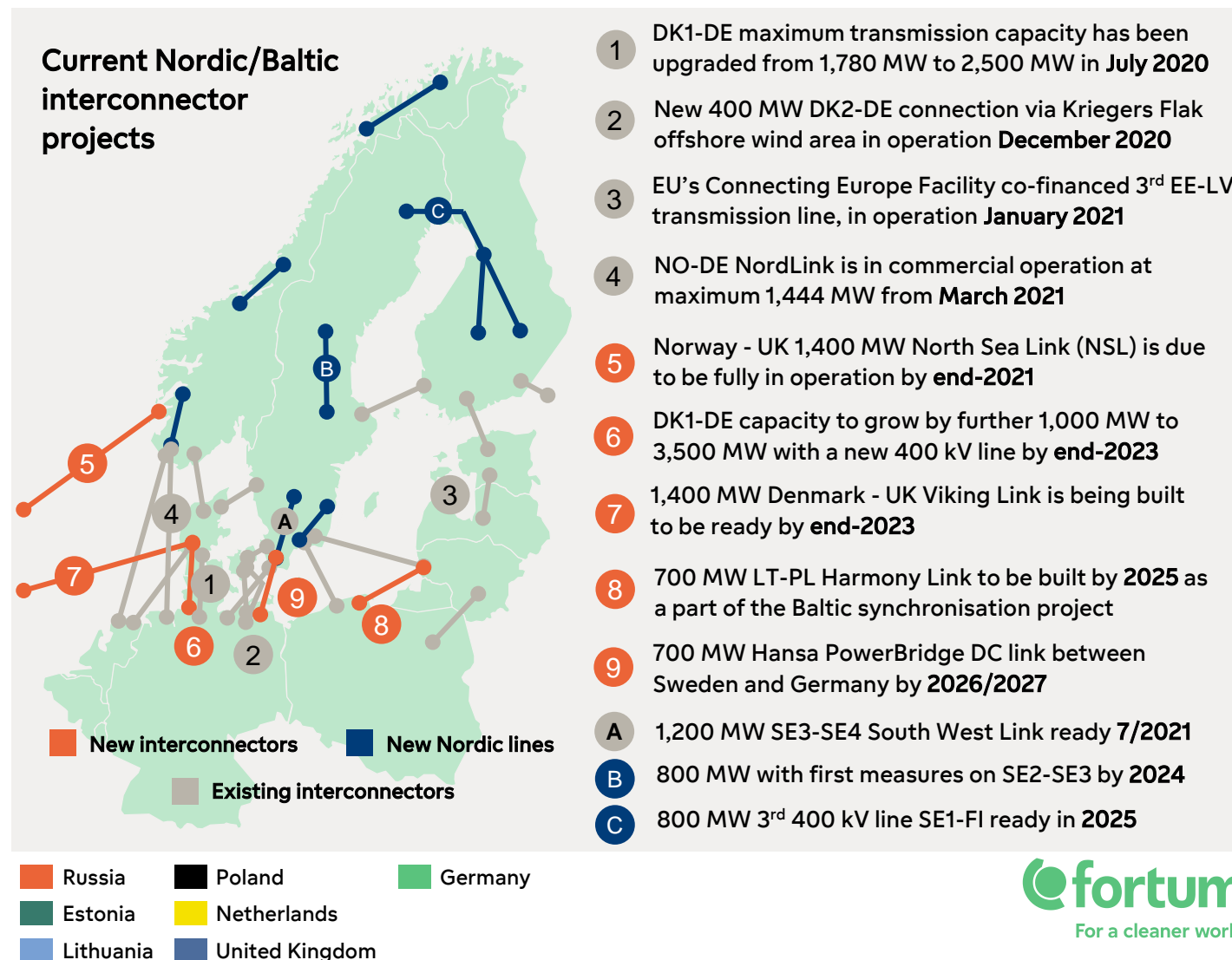
Nordic, Baltic, Continental and UK markets are integrating

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

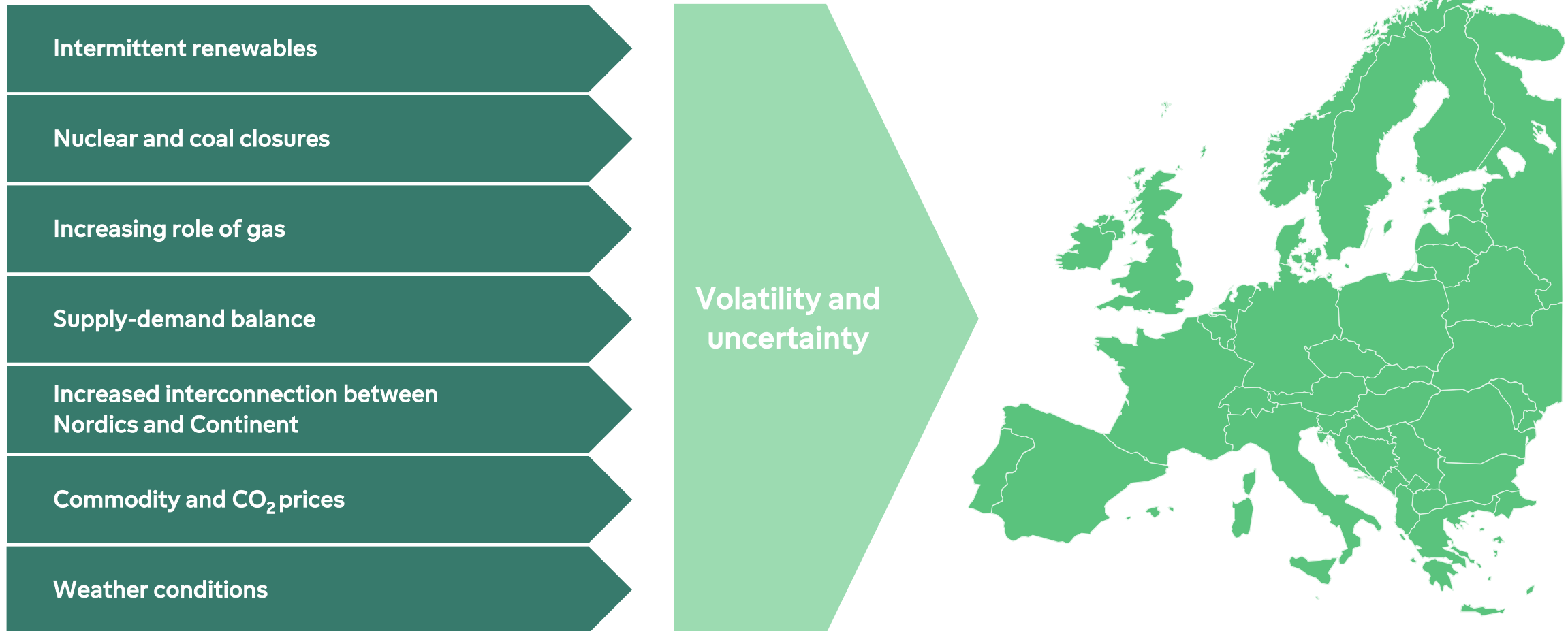
- Several interconnectors are currently under construction or decided to be built
- New interconnections will increase the Nordic export capacity from the current 9.6 GW to over 13 GW by end of 2023



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

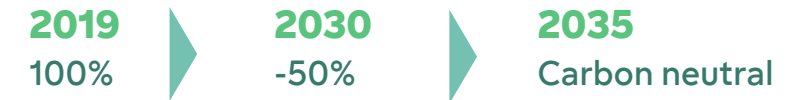
Carbon neutral in our European generation by 2035 at the latest

- 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

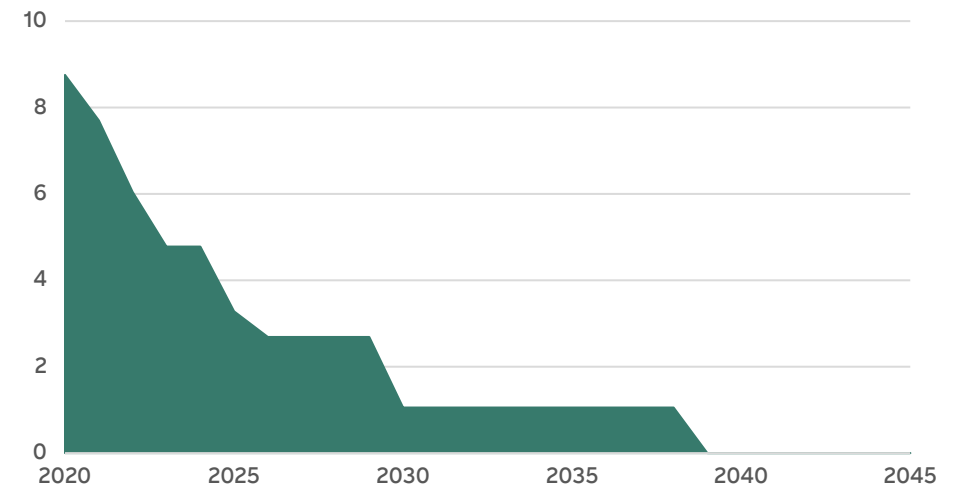
Carbon neutral as a group by 2050 at the latest in line with the Paris Agreement

- 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:



Coal fired capacity in Europe (GW)



*) Base year 2019

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

A close-up photograph of a plant, likely a shrub or tree, featuring small, delicate white flowers with prominent stamens and several green, unopened buds. The background is a soft, out-of-focus mix of green and brown tones, suggesting a natural outdoor setting.

Half-year Financial Report January-June 2021

Fortum Corporation

17 August 2021

Markus Rauramo
President and CEO



Market environment is improving



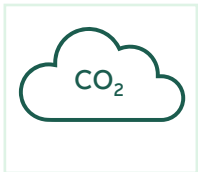
- Macroeconomic outlook is improving, and global growth forecasts have been upgraded lately as vaccination efforts appear to reduce disruptive effects of new Covid-19 waves on economic activity



- Strong year-on-year European demand growth reflects recovery from the very low levels impacted by Covid-19
- Energy commodity prices are supported by the ongoing economic recovery



- European power markets characterised by very strong performance during Q2 2021
- Normalising power demand led to significant growth in thermal power generation in central Europe
- Increasing interconnection capacity and higher price volatility (due to renewables)



- “Fit for 55” package was presented by the European Commission in mid-July
- The package puts strong focus on carbon pricing and extends the EU ETS to new sectors
- Carbon prices continued to set new records in 2021

Determined execution of our strategy


**We deliver
on our plans**

 Solid operational performance
across segments

 Financial performance fully
on track

**We deliver
on our strategy**

 Divestments concluded
of up to EUR 5.2 billion

 Rating outlook improved
to “stable”

**We deliver
on our way to net-zero**

 Use of coal in Fortum's Russia
segment to cease at the end of
2022

 Accelerated coal phase-out:
early closures in GER and UK

Good operational performance across the group despite phasing effects

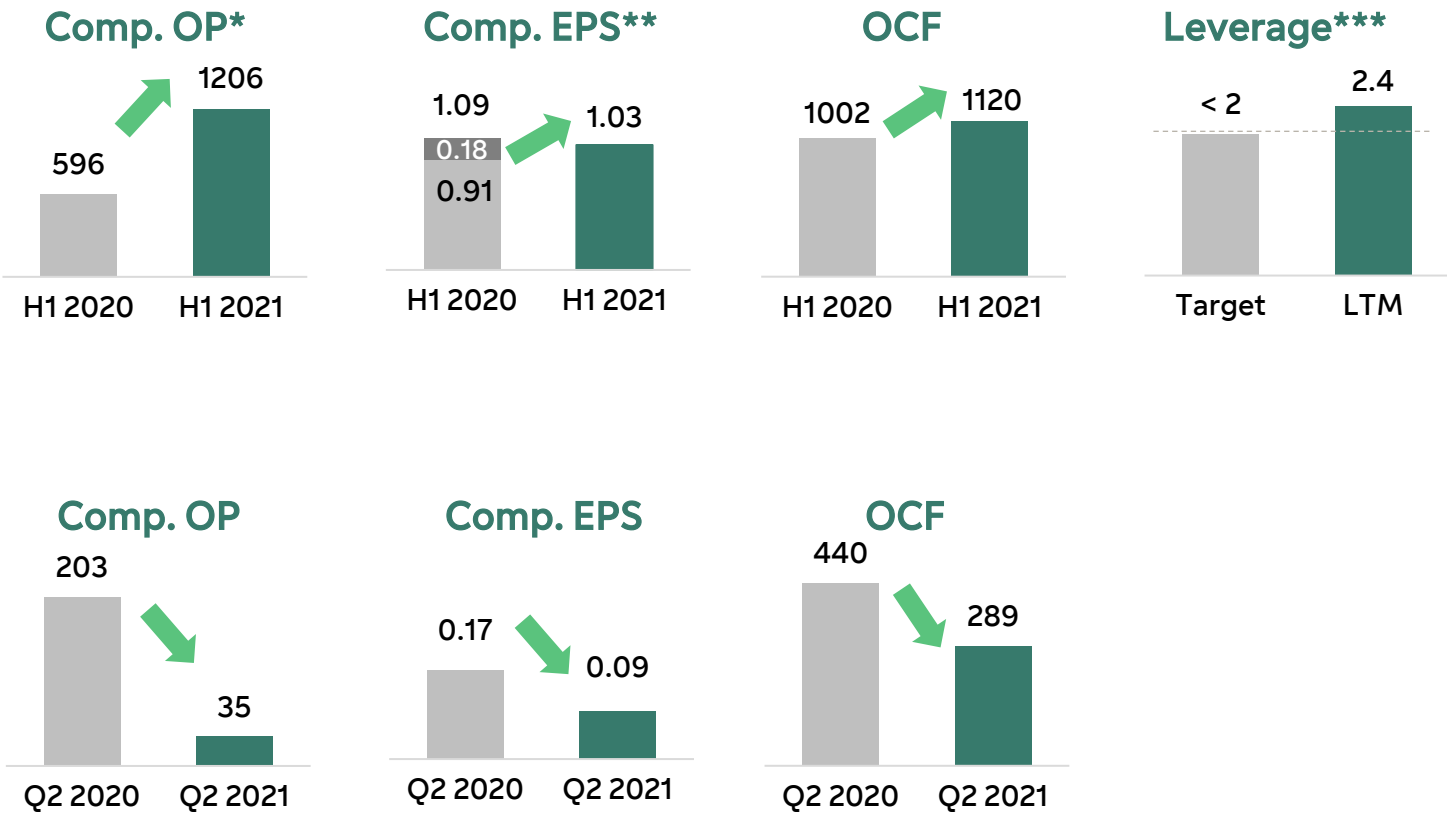
H1

Higher achieved power prices and higher generation volumes

Uniper fully consolidated since Q2 2020

Q2

Q2 2021 performance affected by phasing effects in Uniper segment



*Uniper full consolidation since Q2 2020.

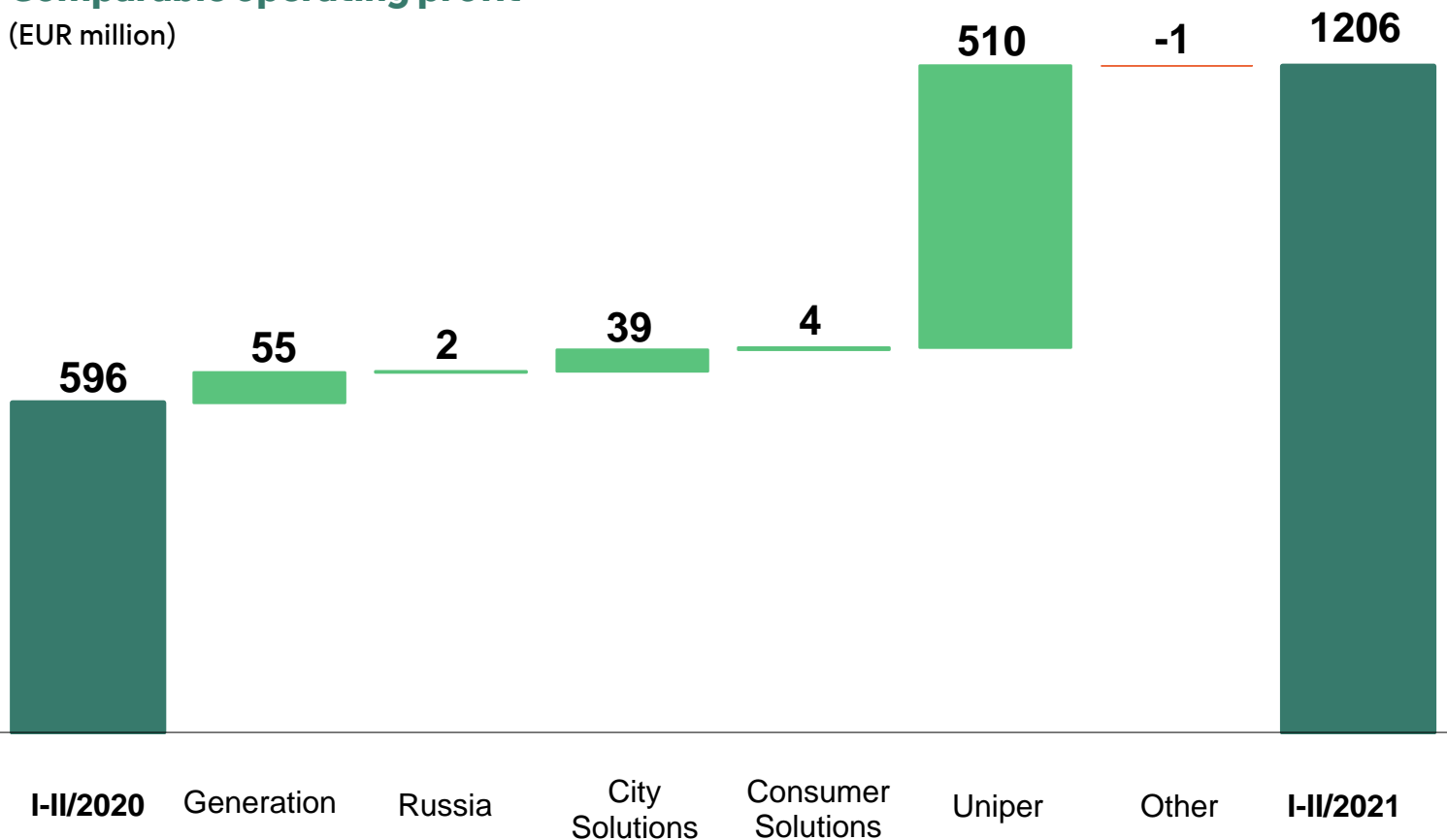
**Comp. EPS H1 2020 also includes Uniper Q4 2019 result as an associate with EUR 0.18.

***Financial net debt/Comparable EBITDA does not include divestment of Baltic district heating (closed in July 2021) and divestment of 50% in Stockholm Eixerg (expected to close in H2 2021).

H1, all segments improved

— significant impact from Uniper profits

Comparable operating profit
(EUR million)



Generation
higher achieved power price

Russia
stronger underlying performance
offsetting negative FX

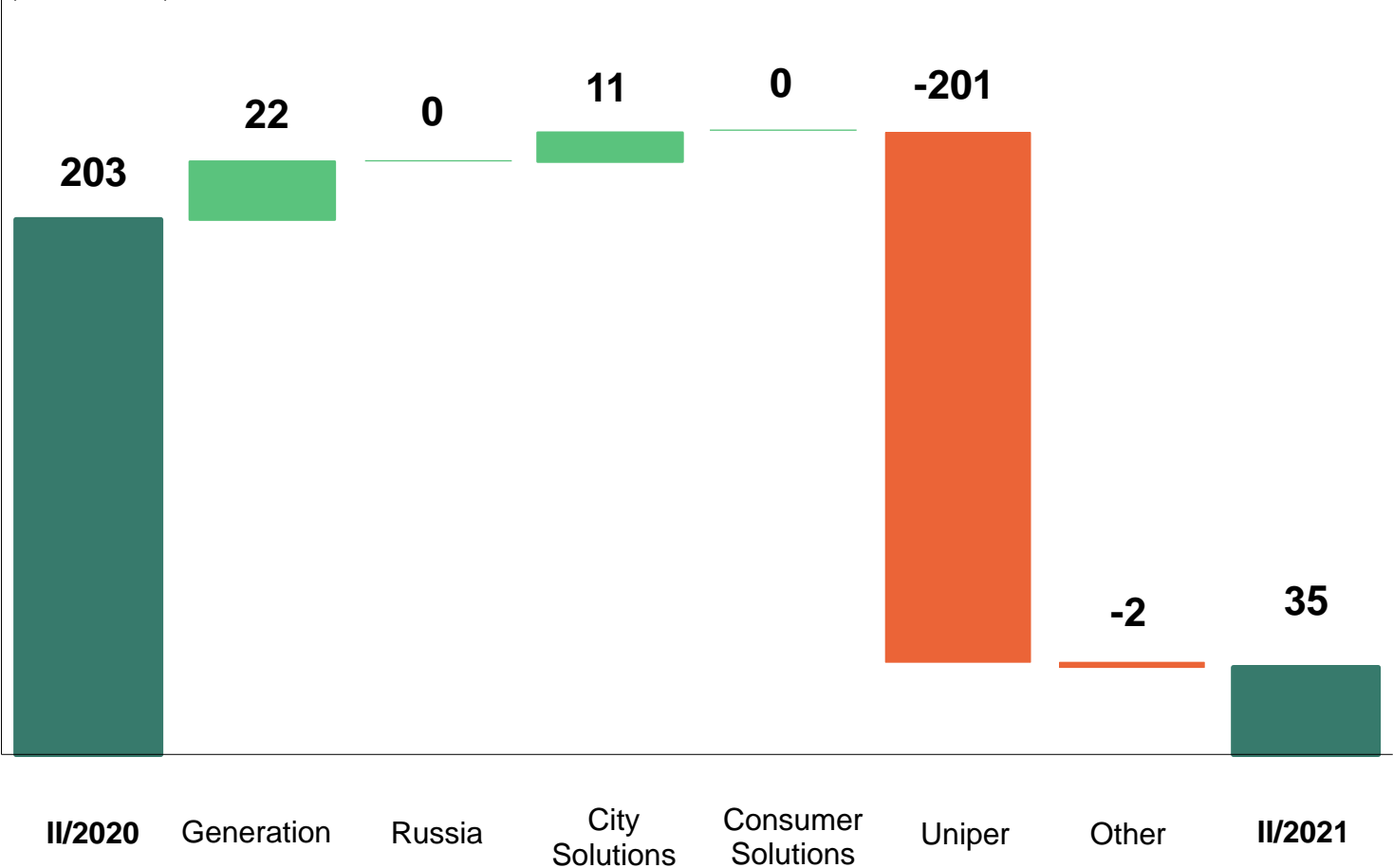
City Solutions
higher power and heat sales

Consumer Solutions
higher margins from value added services

Uniper
fully consolidated from Q2 2020

Q2 – Significant phasing effects in Uniper segment

Comparable operating profit
(EUR million)



Generation
successful physical optimisation partly offset by slightly higher costs

Russia
stronger underlying performance offsetting lower CSAs

City Solutions
higher power sales

Consumer Solutions
higher margins from value added services

Uniper
strong result in commodities business in Q2 2020 and negative phasing effect in Q2 2021

Determined execution of our transformation strategy continues

Strengthening balance sheet

EUR 5.2 billion of divestments in 1.5 years

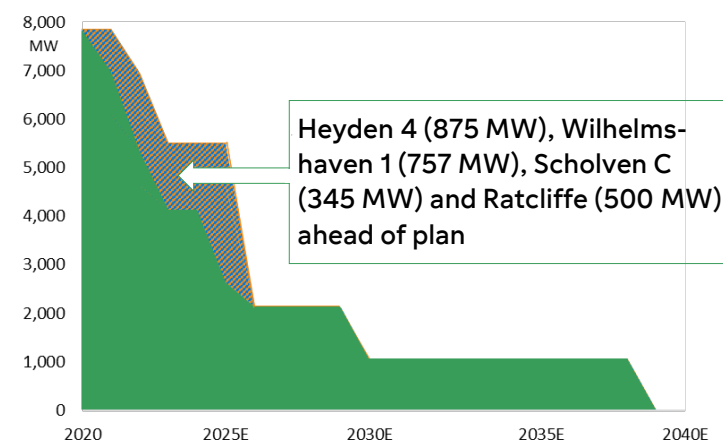
- **Stockholm Exergi:** Sale of 50% ownership for EUR 2.9 billion, closing expected in H2 2021
- **Baltic district heating business,** closing in Q3 with total considerations of EUR ~710 million
- **Solar power in India:** divestment of 500 MW, total consideration including the effect of deconsolidating net debt EUR ~280 million, closing expected in H2 2021 and H1 2022
- Strategic reviews of the heating and cooling businesses in Poland and the Consumer Solutions business still ongoing.

Accelerated decarbonisation

Fortum Russia division end of coal-fired generation by end of 2022

- Sale of Argayash coal-fired CHP, Chelyabinsk CHP-2 transition to gas
- Reduction of annual CO₂ emissions by approximately 2 million tonnes p.a.

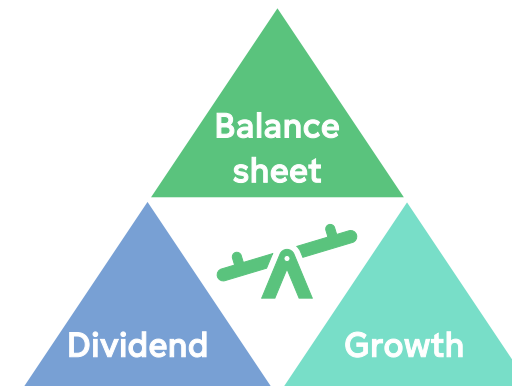
Accelerated coal-exit path at Uniper*



* Source: Uniper, illustrative

Balanced growth

Leverage target:
Financial net debt/
comparable EBITDA
ratio <2x



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

Return targets for new investments
WACC + hurdle rate
+100 bps for green invest.
+200 bps for other invest.

Bernhard Günther
CFO



Key financials

MEUR	II/ 2021	II/ 2020	I-II/ 2021	I-II/ 2020	FY 2020	LTM
Sales	17,128	12,330	38,621	13,687	49,015	73,950
Comparable EBITDA	348	512	1,827	1,055	2,434	3,206
Comparable operating profit	35	203	1,206	596	1,344	1,954
Comparable share of profits of associates and joint ventures	52	23	119	574	656	201
Comparable profit before income taxes	97	209	1,354	1,110	1,897	2,141
Comparable net profit	79	155	915	968	1,483	1,431
Comparable EPS	0.09	0.17	1.03	1.09	1.67	1.61
Net cash from operating activities	289	440	1,120	1,002	2,555	2,673
Financial net debt / Comp. EBITDA					2.9	2.4

H1 strong financial performance

LTM comparable EBITDA at EUR 3.2 billion

LTM Comparable EPS at EUR 1.61

Healthy credit metrics of 'BBB' with improved outlook to "stable" by S&P and Fitch

Latest announced divestments to bring Financial net debt / Comp. EBITDA clearly below target level of <2x

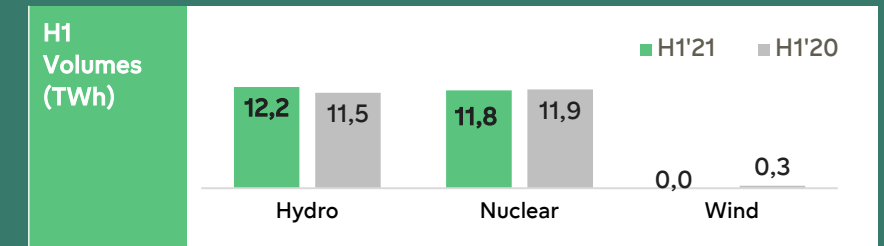
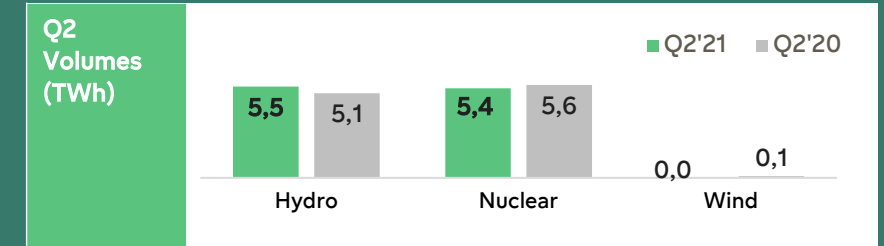
Generation: Higher achieved power prices

Q2 2021 vs. Q2 2020

- Comparable operating profit +13% mainly due to higher achieved power prices and slightly higher volumes
 - Higher achieved power price EUR 38.1, +4.5 per MWh
 - Very successful physical optimisation and higher spot prices
- Partly offset by slightly higher costs

H1 2021 vs. H1 2020

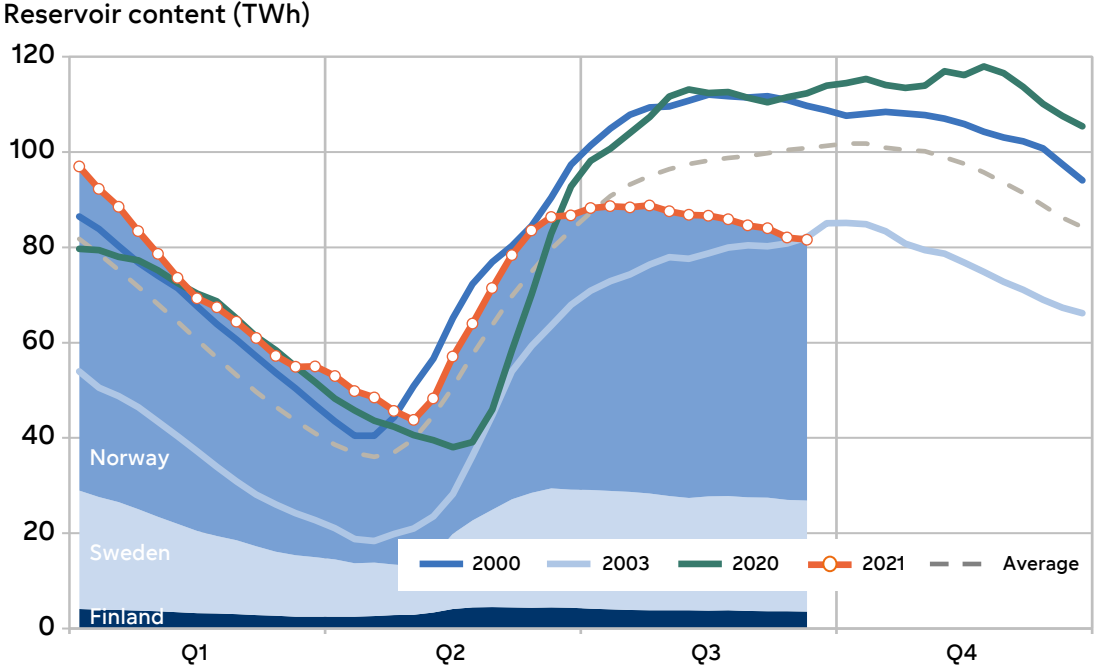
- Positive contribution from higher achieved prices and slightly higher hydro volumes (+0.7 TWh) while nuclear volumes marginally lower (-0.1 TWh) due to maintenance breaks
- Tax-exempt capital gain of EUR 50 million in Q1 2021



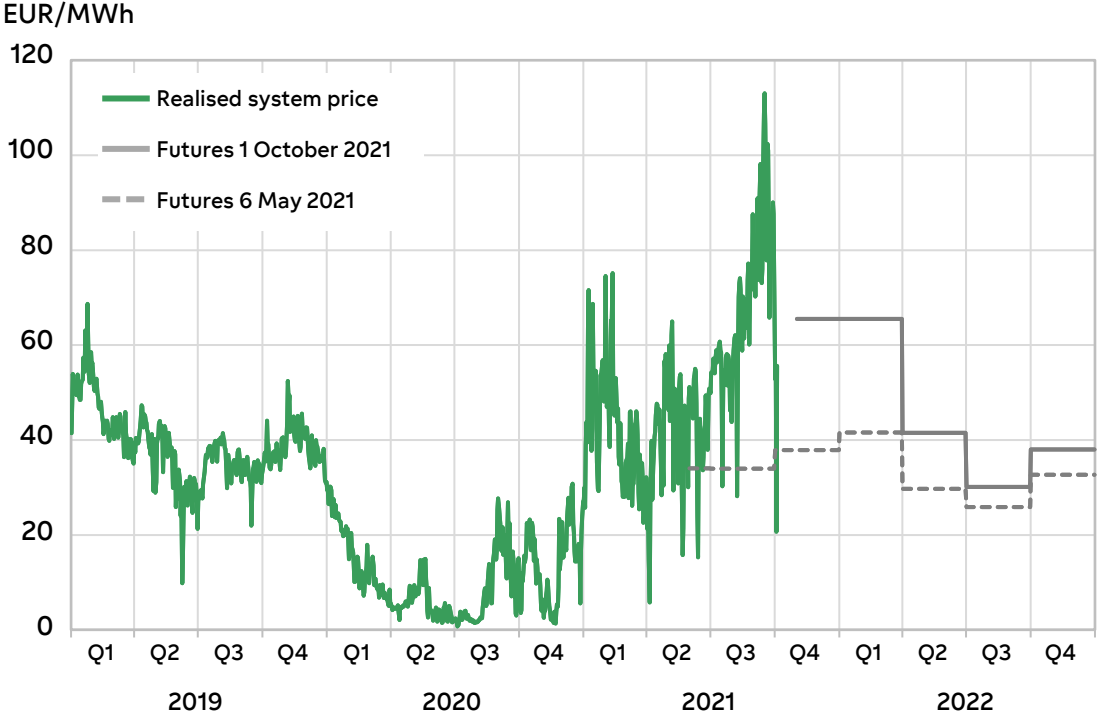
MEUR	II/ 2021	II/ 2020	I-II/ 2021	I-II/ 2020	FY 2020	LTM
Sales	575	450	1,251	1,024	2,006	2,233
Comp. EBITDA	243	212	558	485	886	959
Comp. OP	195	173	464	409	722	778
Comp. net assets			6,207	5,957	6,234	
Comp. RONA %					12.2	13.0
Gross investment	35	34	62	68	228	222

Nordic water reservoirs and wholesale power price

Hydro reservoirs



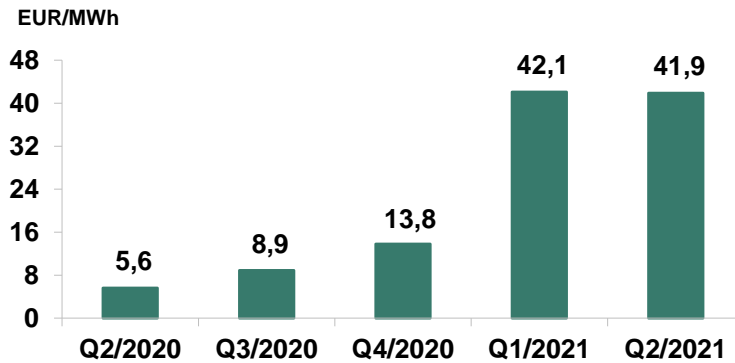
Power price



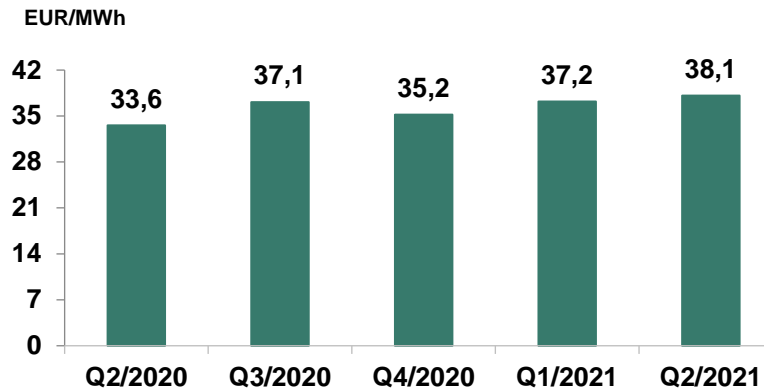
Source: Nord Pool, Nasdaq Commodities

Higher achieved power prices

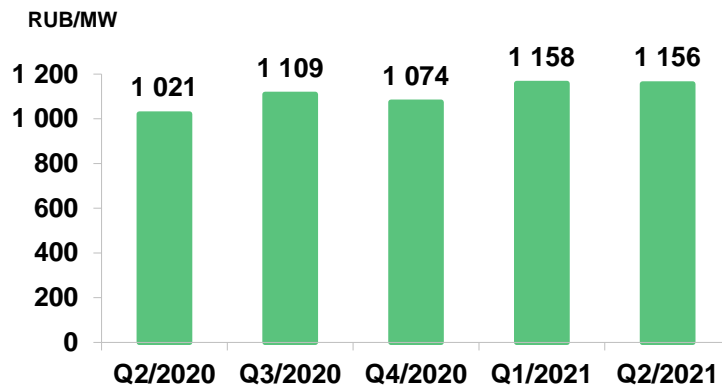
System spot power price, Nord Pool



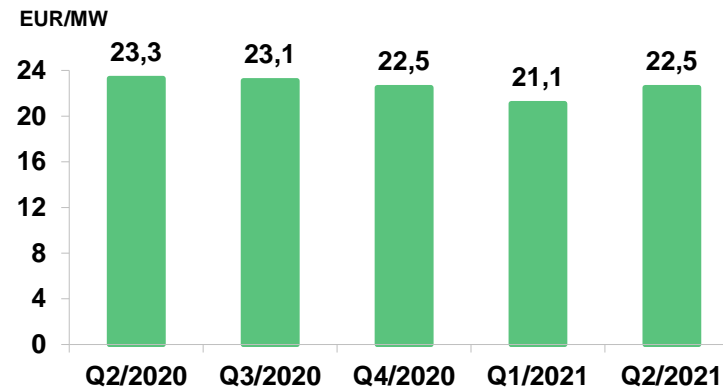
Achieved power price, Generation segment



Spot power price, Urals hub



Achieved power price, Russia segment*



NOTE: Achieved power price (includes capacity payments) in RUB increased by 7%

* 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

Russia: Solid underlying performance

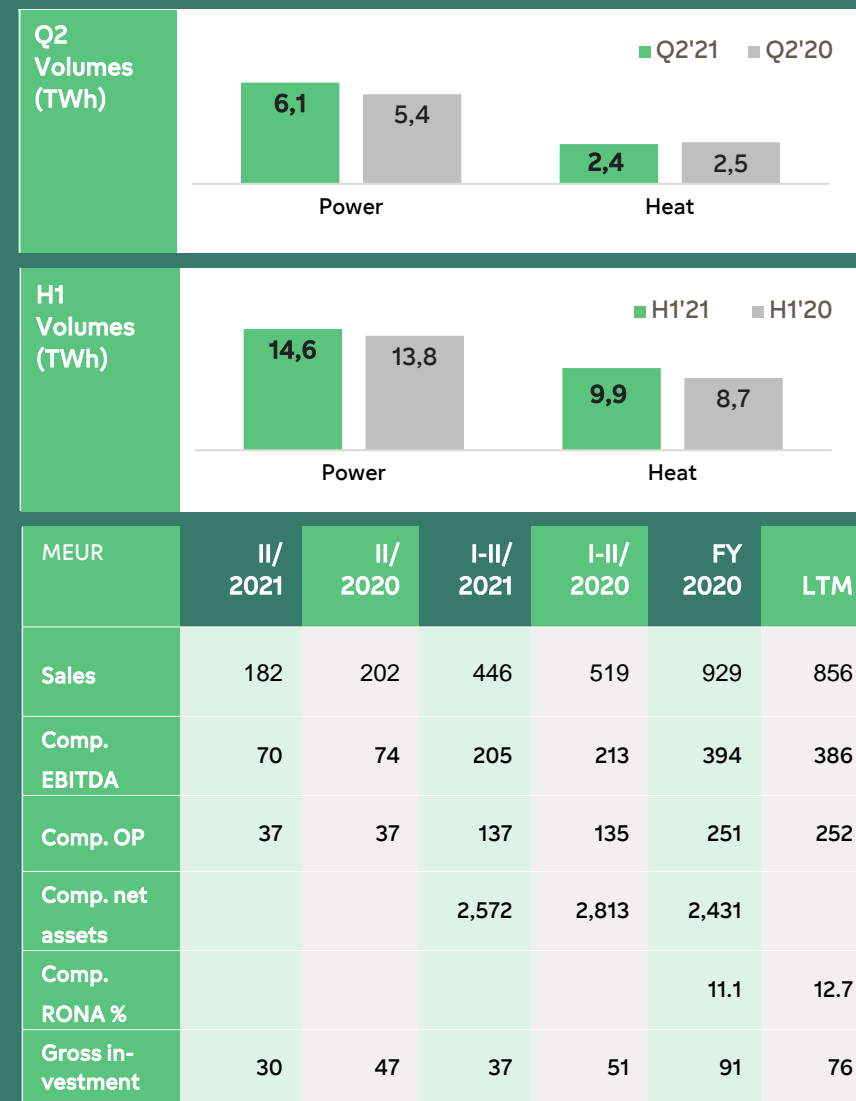
Q2 2021 vs. Q2 2020

- Comparable operating profit flat at EUR 37 million
 - Changes in CSA* payments, lower bond yield, and higher power prices
 - Impact of the Russian ruble exchange rate was EUR -2 million
- Strategy execution:
 - Divestment of Argayash CHP and decision to cease coal use by the end of 2022
 - Annual CO₂ emissions to be reduced by ~2 million tonnes

H1 2021 vs. H1 2020

- Comparable operating profit increased by 1%
 - EUR 17 million positive effect of the sale of the 116-MW solar project
 - Changes in CSA* payments, lower bond yield, and higher power prices
 - Change in the Russian ruble exchange rate was EUR -23 million

* CSA = Capacity Supply Agreement



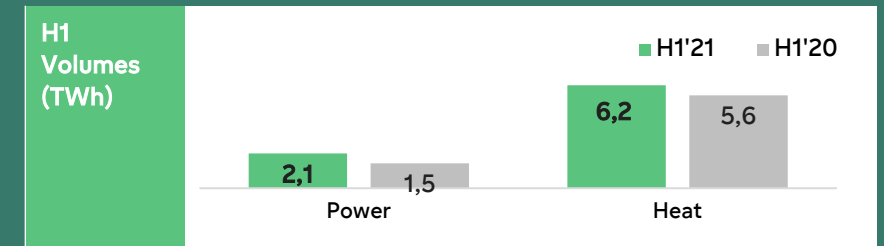
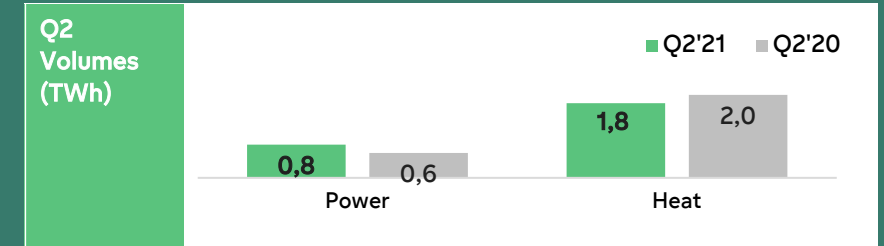
City Solutions: Performance improved

Q2 2021 vs. Q2 2020

- District heating with higher power prices and higher power sales

H1 2021 vs. H1 2020

- Higher heat sales volumes, higher power prices, and higher Norwegian heat prices
- Strategy execution:
 - Announced divestment of 50% ownership in Stockholm Exergi
 - Announced divestment of 500 MW of solar power plants in India
 - Closing of the sale of the Baltic district heating business in July



MEUR	II/ 2021	II/ 2020	I-II/ 2021	I-II/ 2020	FY 2020	LTM
Sales	256	212	674	554	1,075	1,196
Comp. EBITDA	43	32	175	138	239	276
Comp. OP	-4	-15	82	43	47	87
Comp. net assets			2,572	3,628	3,679	
Comp. RONA %					2.8	4.4
Gross investment	39	30	86	69	333	350

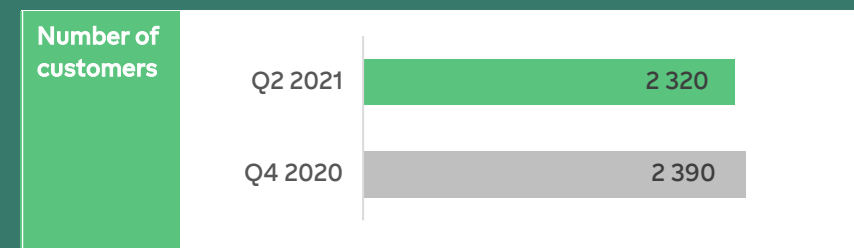
Consumer Solutions: Continued profitability improvement

Q2 2021 vs. Q2 2020

- Comparable operating profit flat
- 15th consecutive quarter of comparable EBITDA improvement
- The gas volume increased mainly due to an increase of enterprise customers in Poland

H1 2021 vs. H1 2020

- Consumer Solutions' competitiveness continued to strengthen
- Several new digital services were launched during the first half of 2021
- Higher margins from value-added services
- Strategy execution:
 - Strategic review ongoing



MEUR	II/ 2021	II/ 2020	I-II/ 2021	I-II/ 2020	FY 2020	LTM
Sales	424	237	1,085	661	1,267	1,691
Comp. EBITDA	36	35	89	82	153	161
Comp. OP	19	19	55	51	90	94
Comp. net assets			618	543	565	
Gross investment	25	13	36	28	57	65

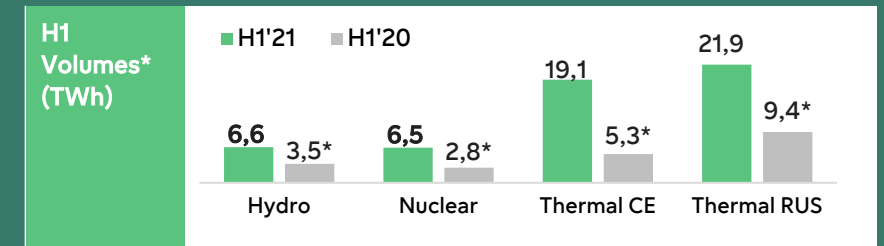
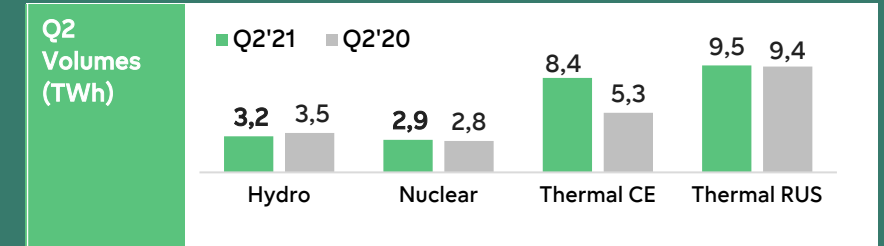
Uniper: Solid underlying performance

Q2 2021 vs. Q2 2020

- European Generation business benefitted from Irsching 4 & 5 and Datteln 4 contribution
- Global Commodities business was significantly below previous year due to a positive effect of the realisation of hedges in the coal, freight, and oil business in Q2 2020
- Russian Power Generation's Berezovskaya 3 back online in Q2 2021
- Changes in fair value of derivatives of EUR -910 (160) million
- Strategy execution:
 - Accelerated closure of more than 2 GW's of coal: Heyden 4, Wilhelmshaven, Scholven C, and Ratcliffe

H1 2021 vs. H1 2020

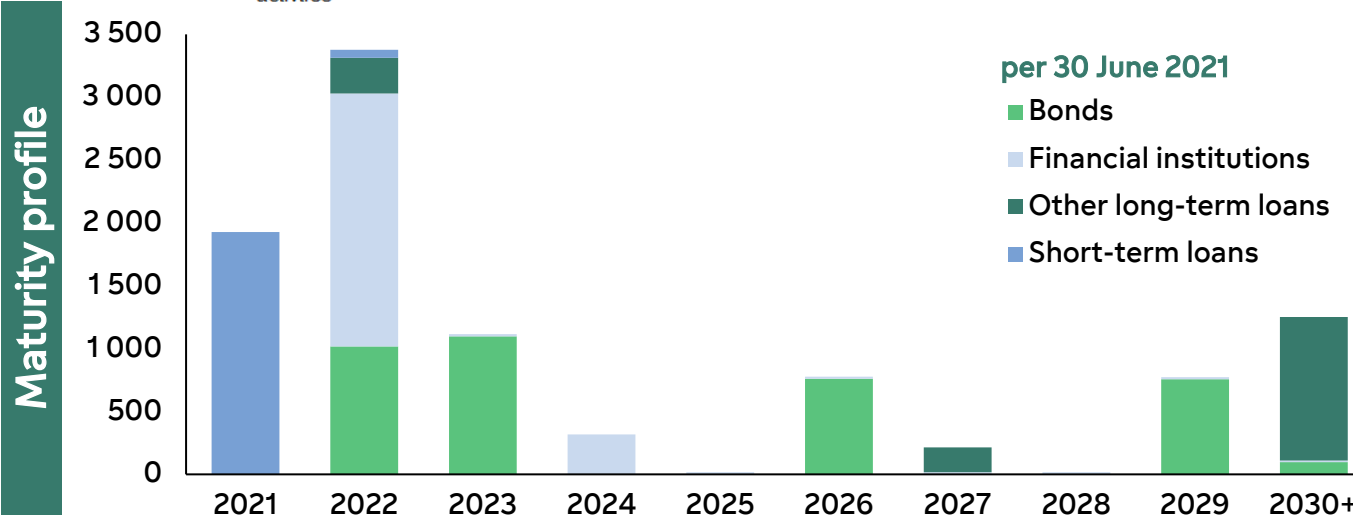
- Uniper as a subsidiary from Q2 2020
- Strong Q1 2021 contribution (optimisation gains)



MEUR	II/ 2021	II/ 2020	I-II/ 2021	I-II/ 2020	FY 2020	LTM
Sales	15,893	11,365	35,663	11,365	44,514	68,812
Comp. EBITDA	-17	184	851	184	856	1,523
Comp. OP	-177	24	534	24	363	873
Comp. net assets			8,233	7,768	7,432	
Comp. RONA %						12.1
Gross investment	184	145	320	145	639	813

* Uniper consolidated from Q2 2020

Credit outlook improved



Solid credit metrics

S&P Global Ratings	'BBB' long-term issuer credit rating, stable outlook
FitchRatings	'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 9,790 million (excl. lease)

- Average interest of 1.5% (2020: 1.5%) for Group loan portfolio incl. derivatives hedging financial net
- EUR 685 million (2020: 634) swapped to RUB with average interest 6.4% (2020: 6.2%) incl. hedging cost
- Average interest of 0.7% (2020: 0.9%) for EUR loans

Liquid funds of EUR 1,703 million

Undrawn credit facilities of EUR 5,100 million

Outlook

Hedging

Generation Nordic hedges:

For the rest of 2021: 75% hedged at EUR 33 per MWh

For 2022: 60% hedged at EUR 31 per MWh (Q1: 55% at EUR 31)

Uniper Nordic hedges:

For the rest of 2021: 90% hedged at EUR 26 per MWh

For 2022: 85% hedged at EUR 24 per MWh (Q1: 80% at EUR 24)

For 2023: 45% hedged at EUR 22 per MWh (Q1: 35% at EUR 21)

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%)

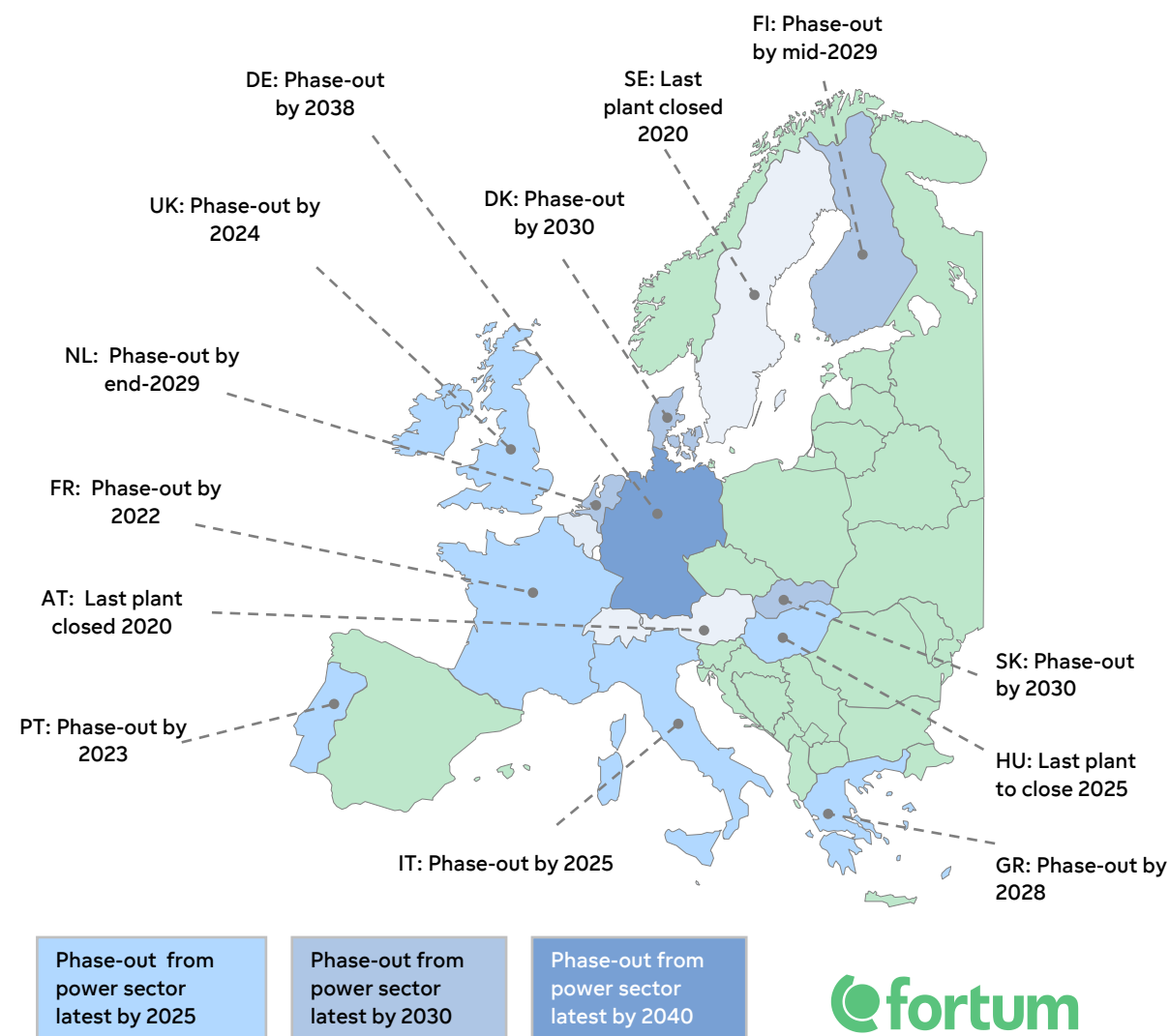
Changes in CSA and CCS capacities:
see interim report p. 22-23, 25

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

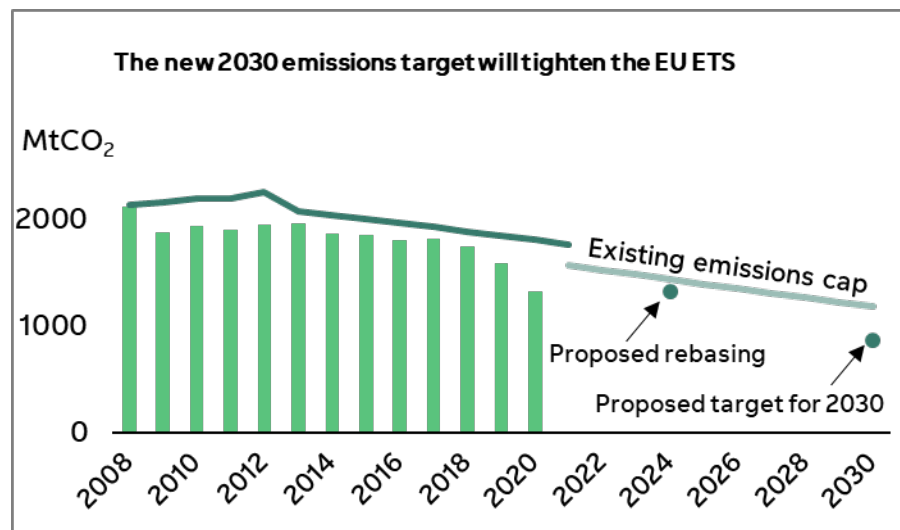
Appendices

Western European countries exiting coal during this decade

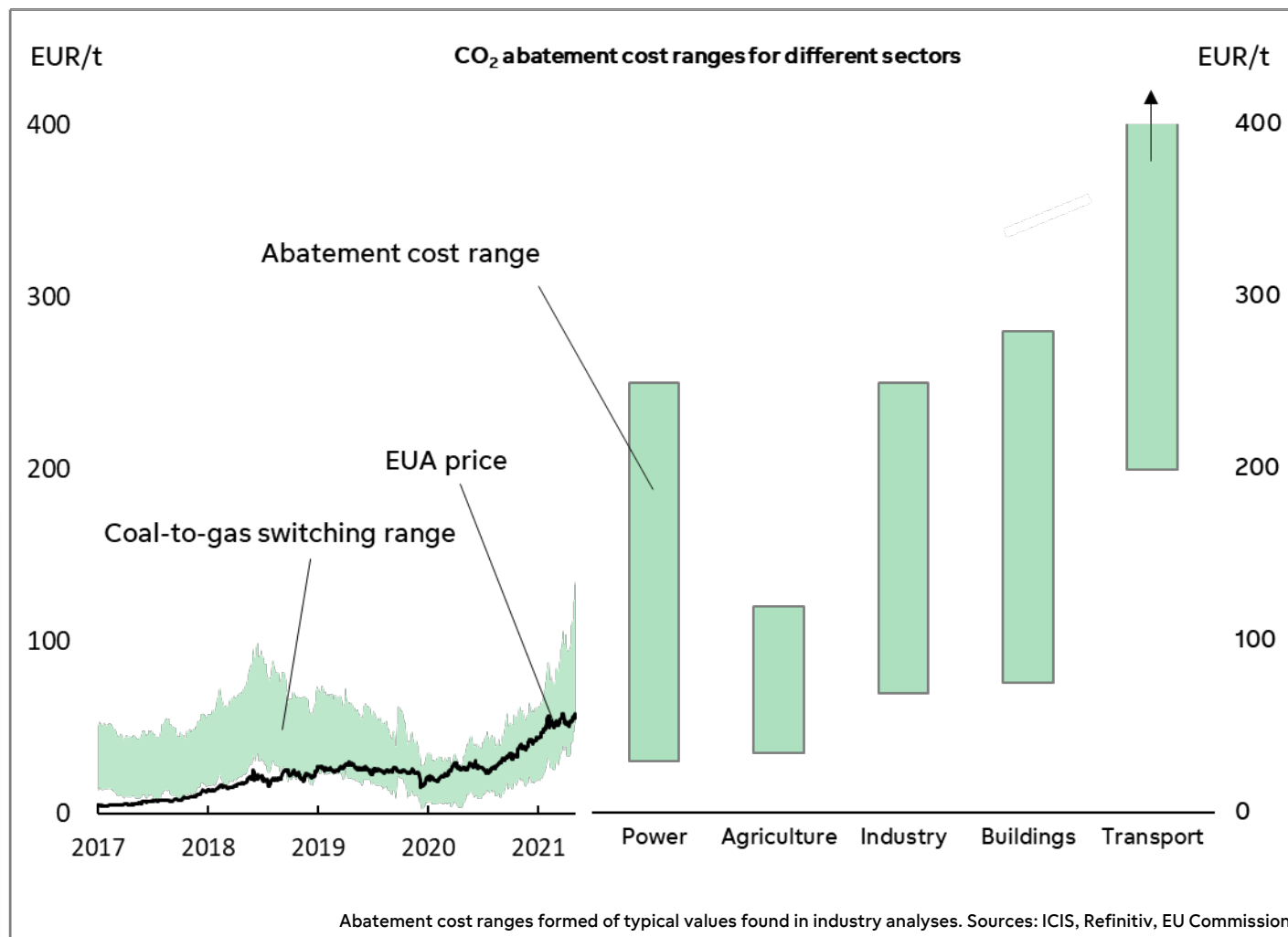
- Sweden and Austria closed their last coal plants during 2020
- France is committed to phase out coal by 2022
- Portugal has 2023 as national exit goal, but operators aim for full closure already in 2021
- UK full exit by the end of 2024 by restricting coal plants' access to market
- Italy and Ireland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



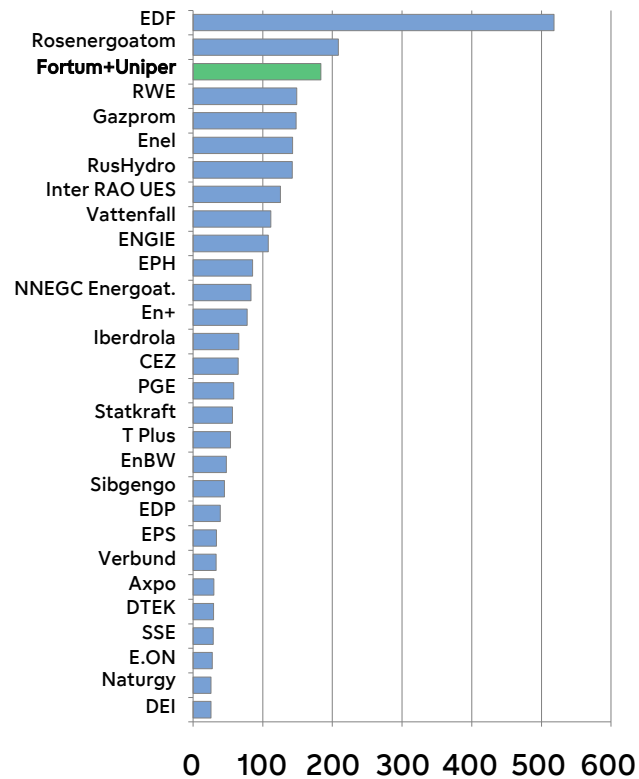
- The EU has agreed to increase the **2030 total emissions reduction target to 55% vs 1990**.
- In July 2021, EU Commission put forward a **“Fit for 55” package**, laying out the roadmap for achieving the new ambitious climate target
- **Proposed EU ETS revisions** widen its scope, tighten supply and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

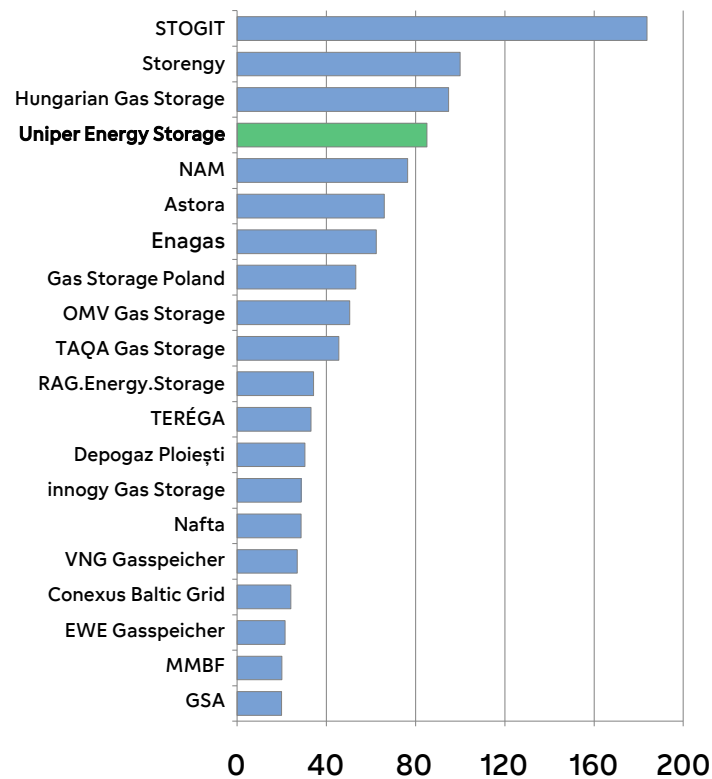
Power generation

Largest generators in Europe and Russia, 2019
TWh



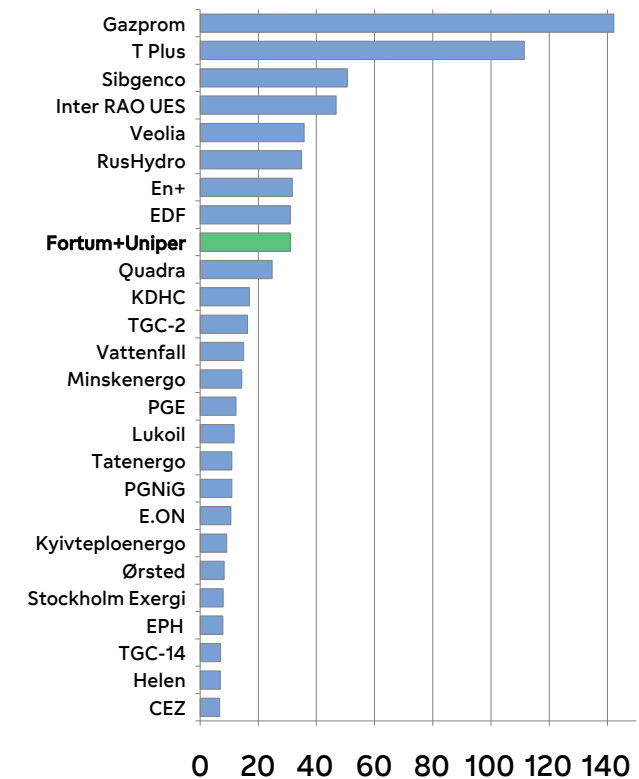
Gas

Largest European gas storage operators, 2018
TWh



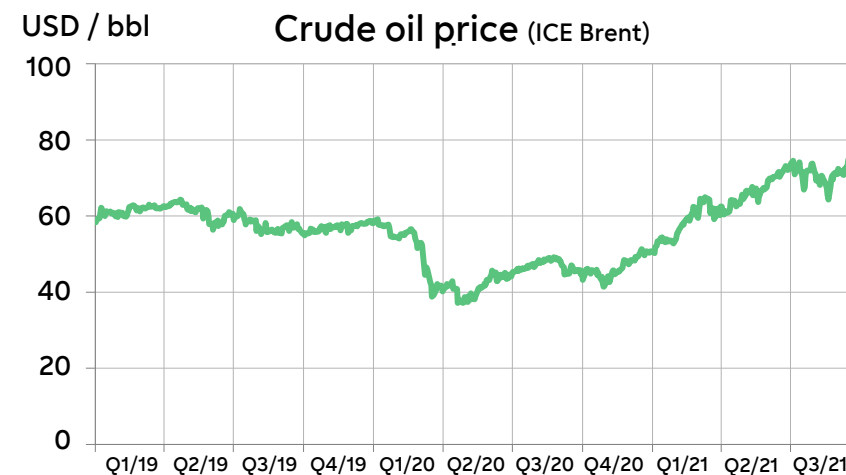
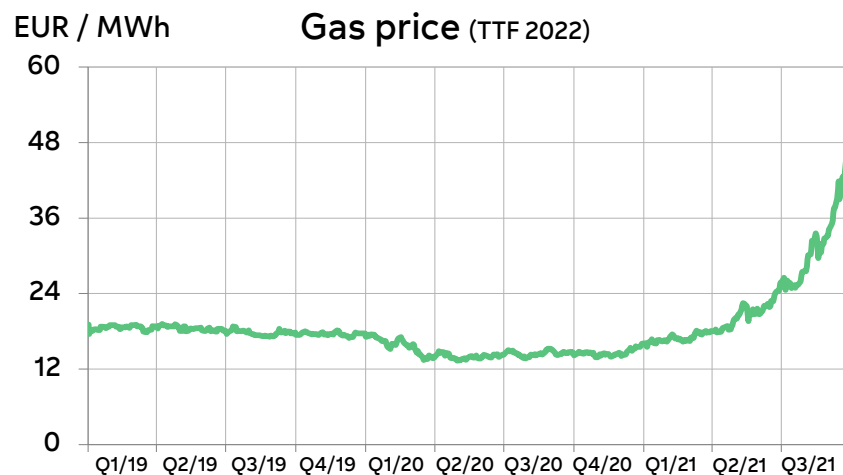
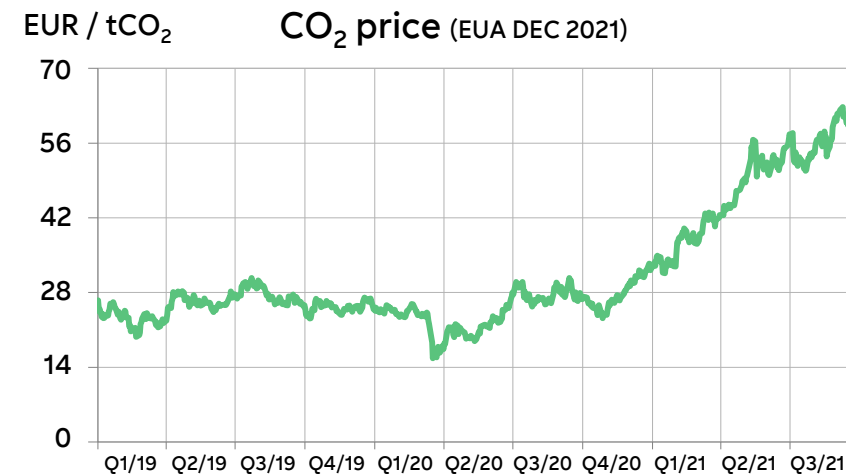
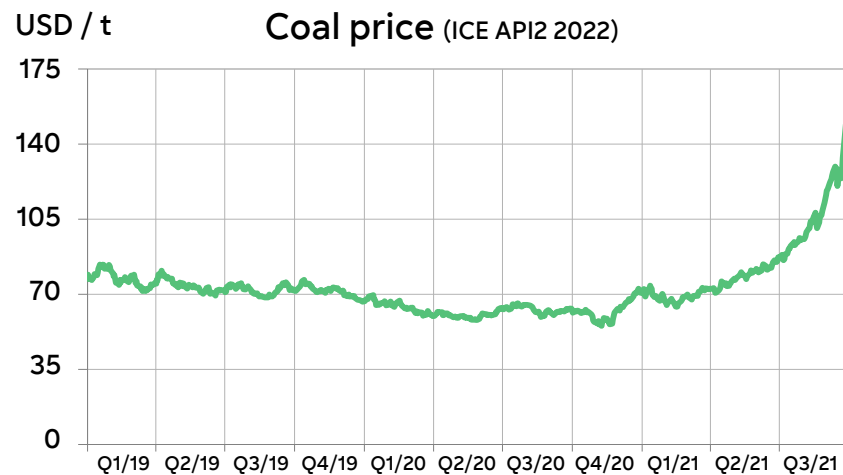
Heat production

Largest global producers, 2019
TWh



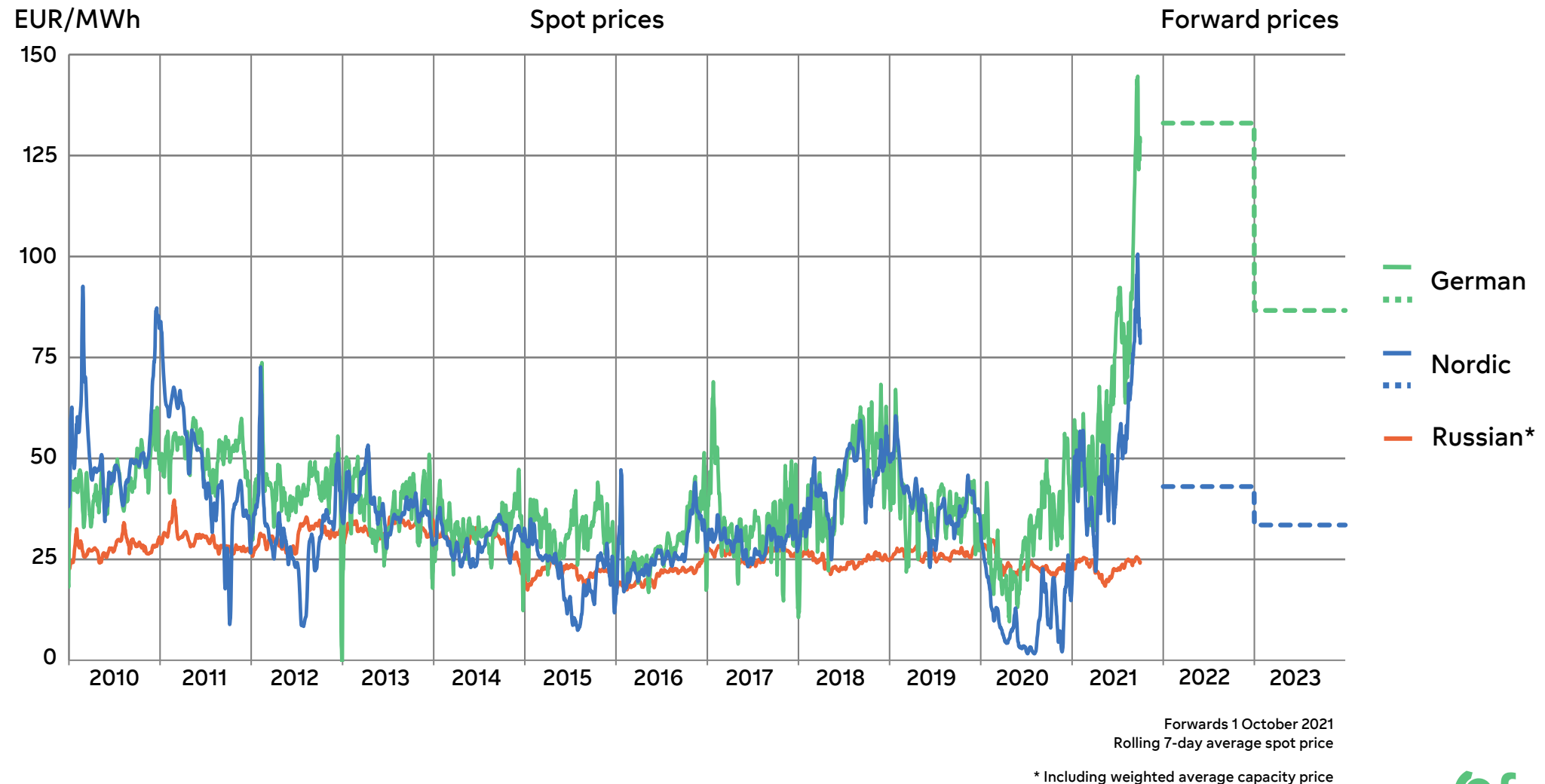
Source: Company information, Fortum analyses, 2019 figures pro forma. GIE Storage Database.
EPH incl. LEAG. No data from China.

Commodity prices

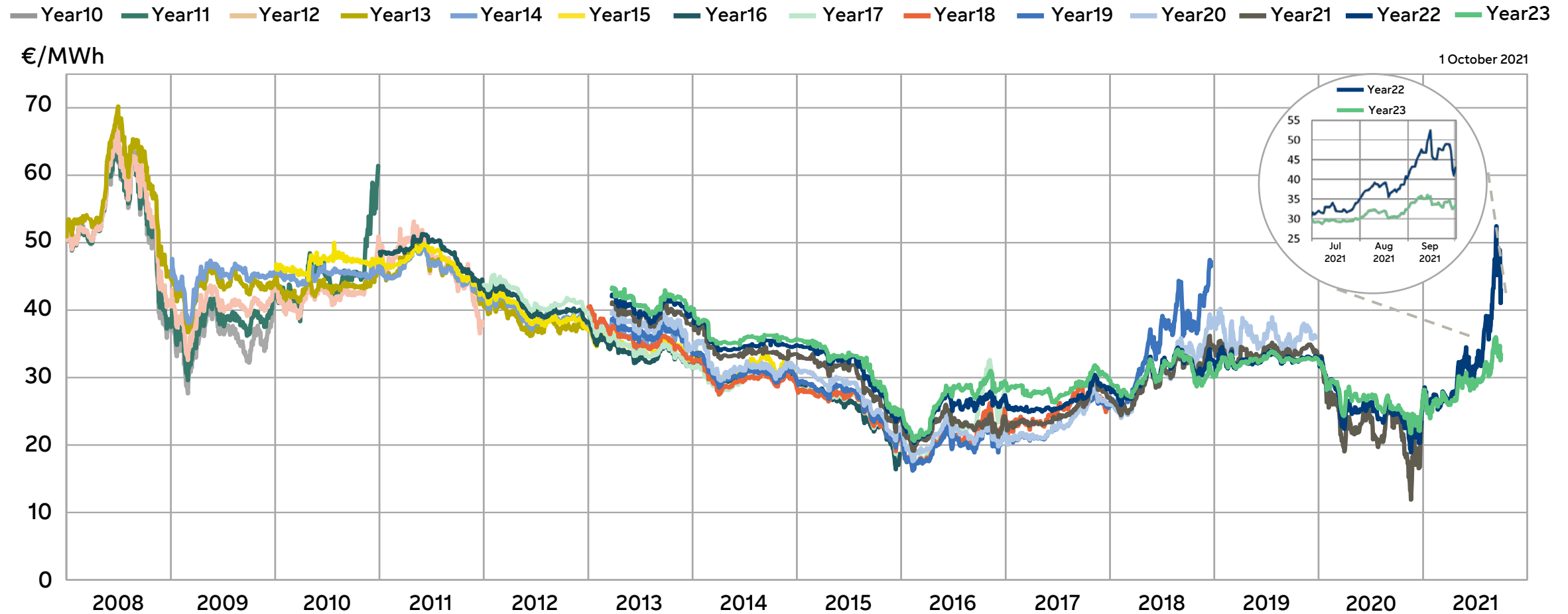


Source: Bloomberg
1 October 2021

Wholesale power prices

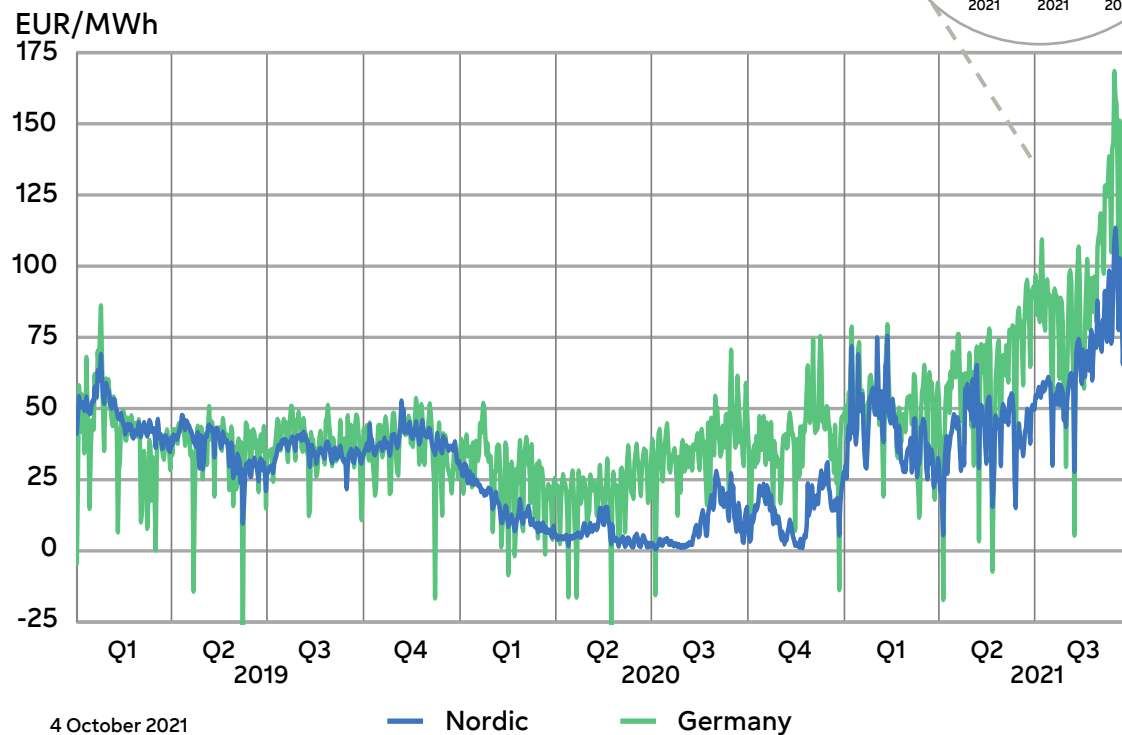


Nordic year forwards

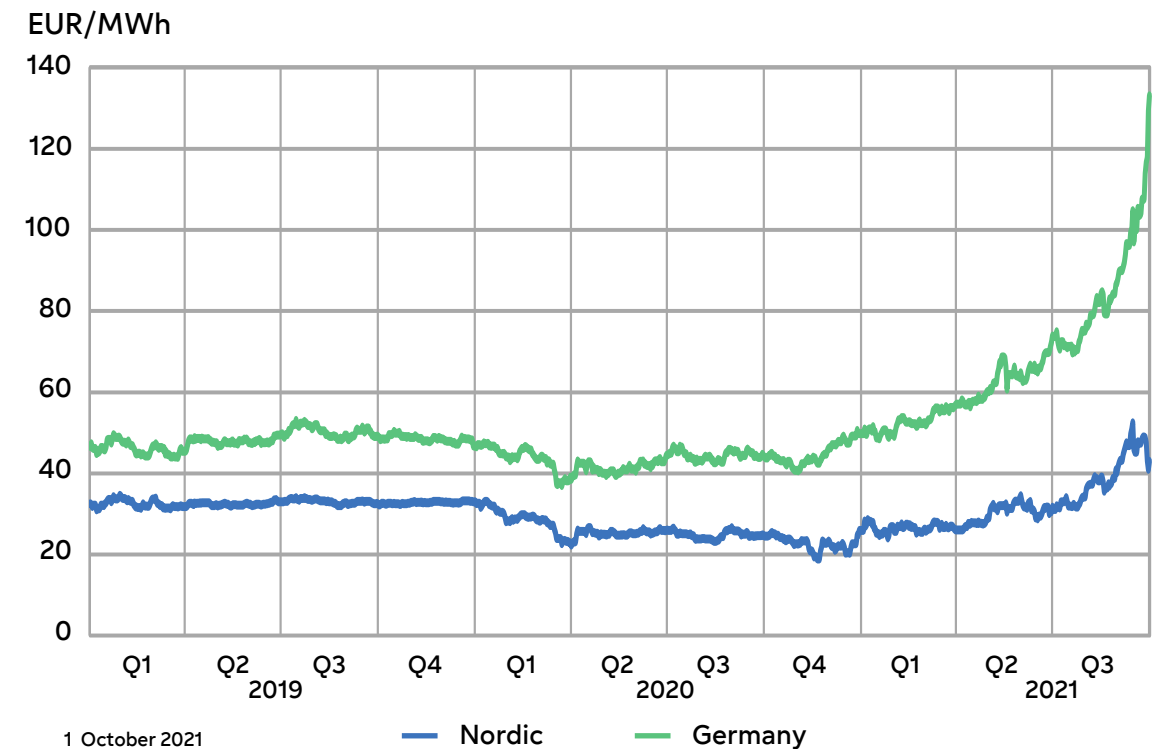


German and Nordic forward spread

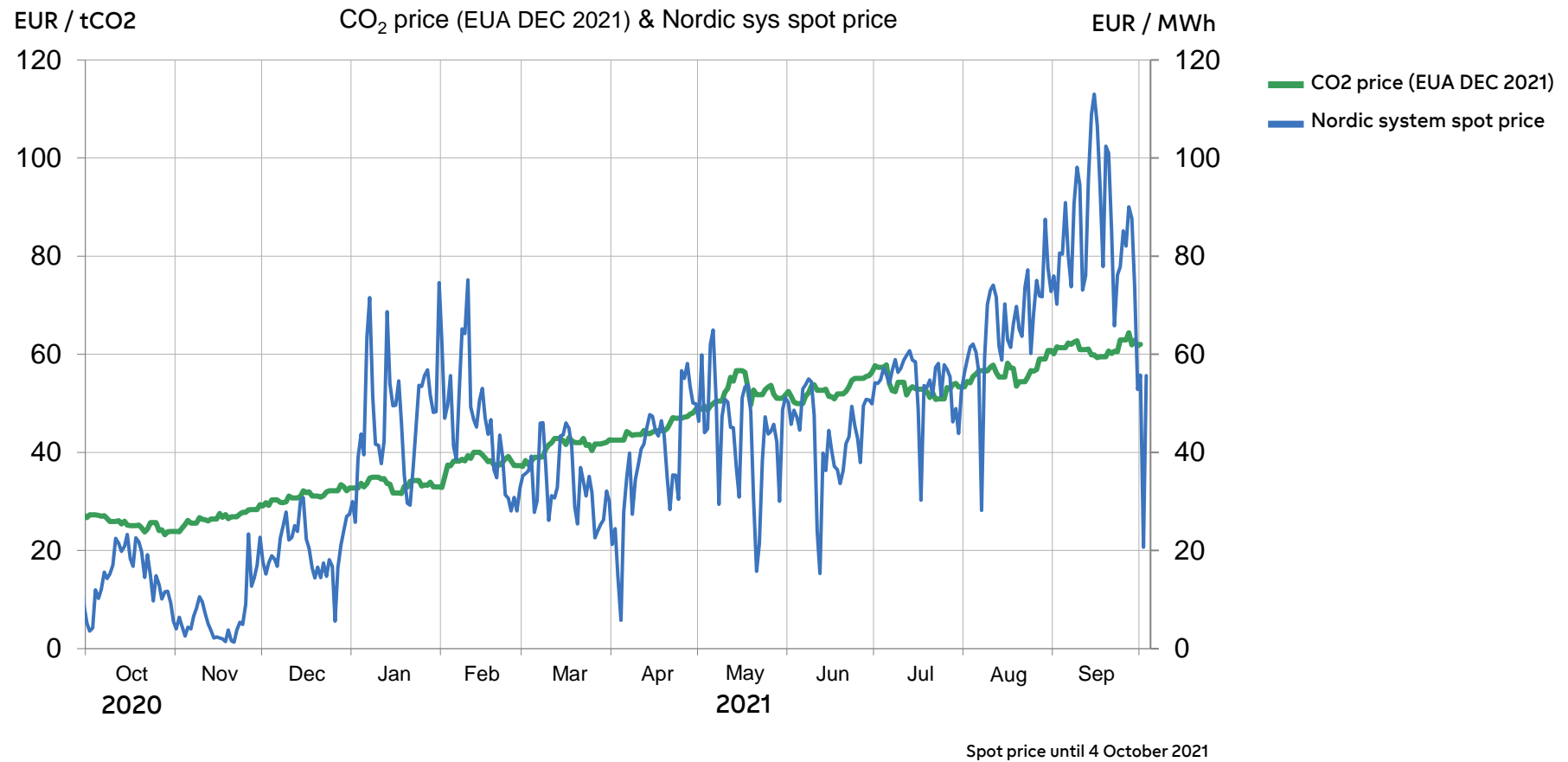
Nordic and German daily spot prices in 2019 – 2021



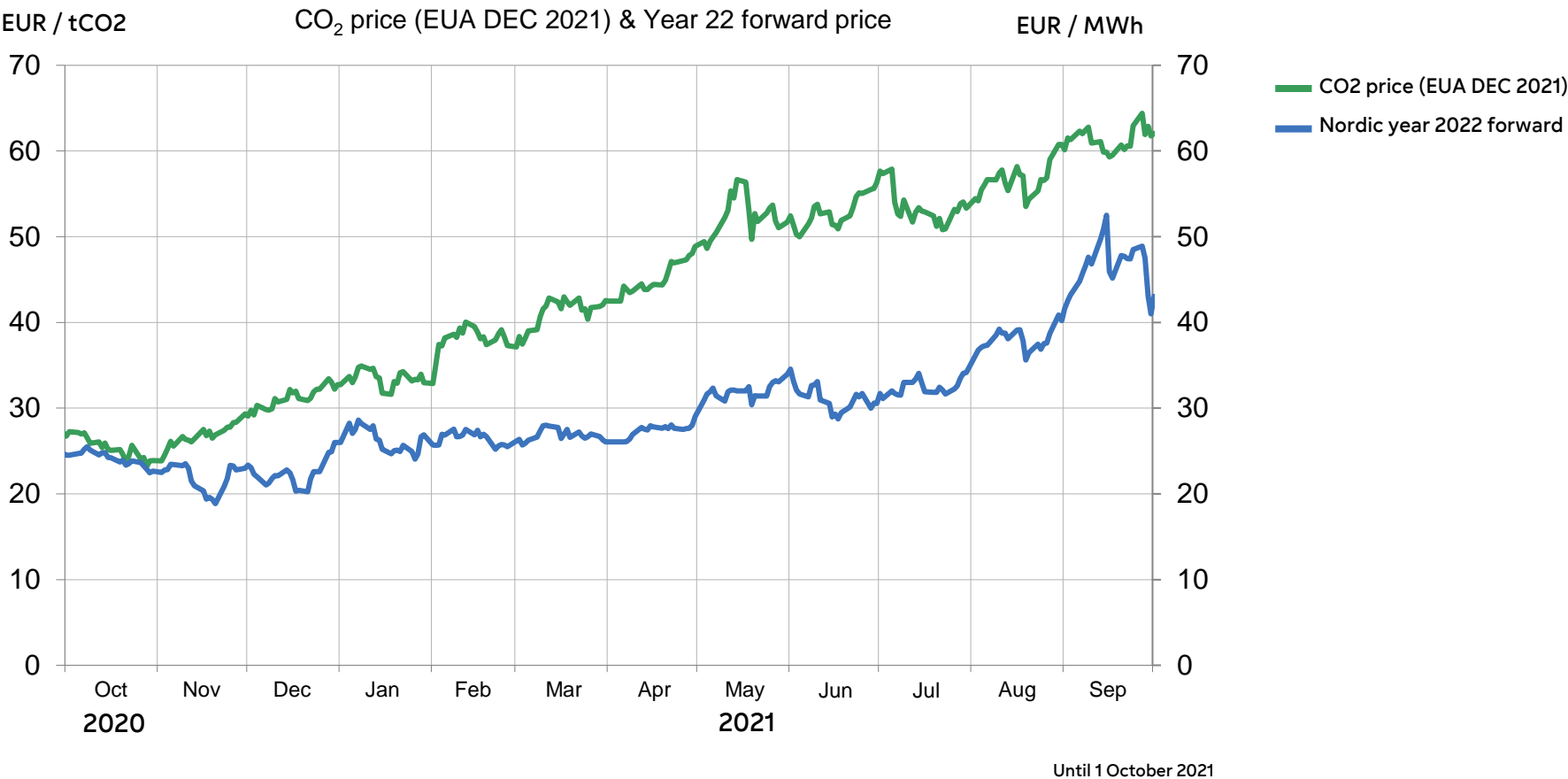
Nordic and German year 2022 forwards in 2019 – 2021



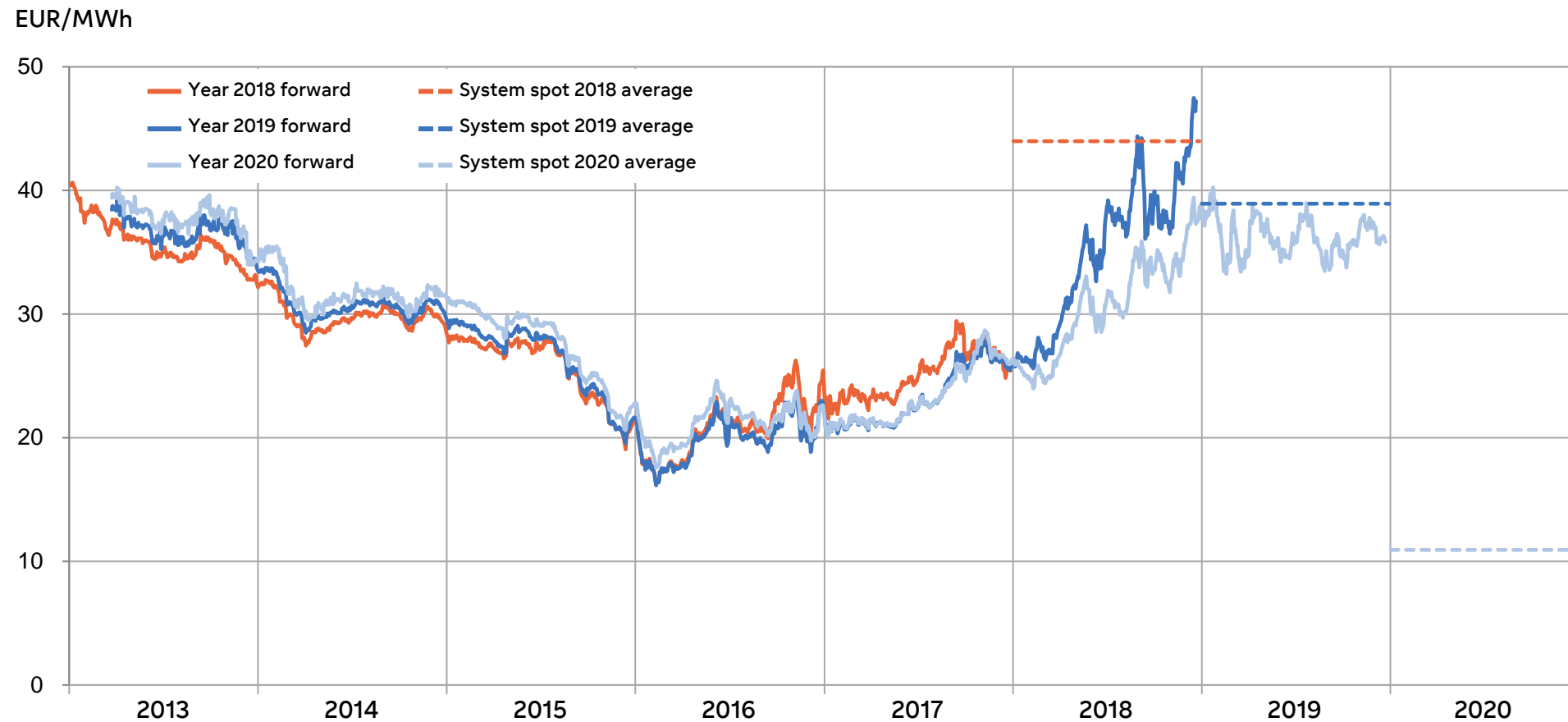
CO₂ price and Nordic spot power price



CO₂ price and Nordic forward price



Nordic forward prices and Nordic sys spot averages



Fortum's Nordic, 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 ^{2,4}	449 ²
Other thermal	1,727	1,162
Wind	101 ^{3,4}	-
Generation capacity, MW	14,279	5,378

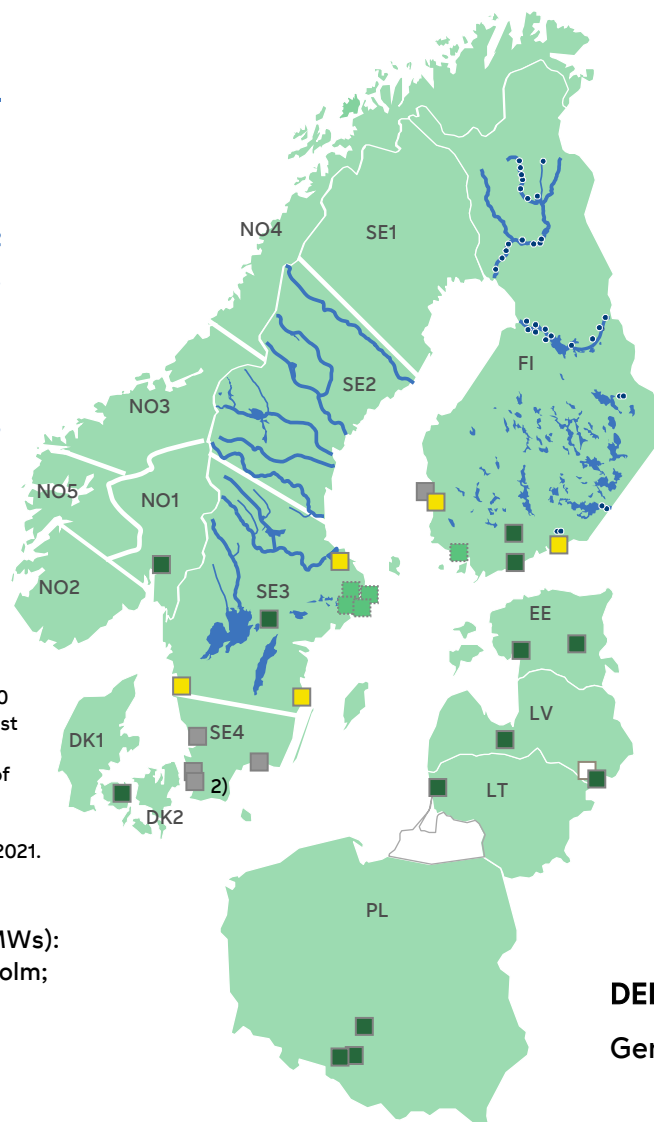
Figures 31 December 2020

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' 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

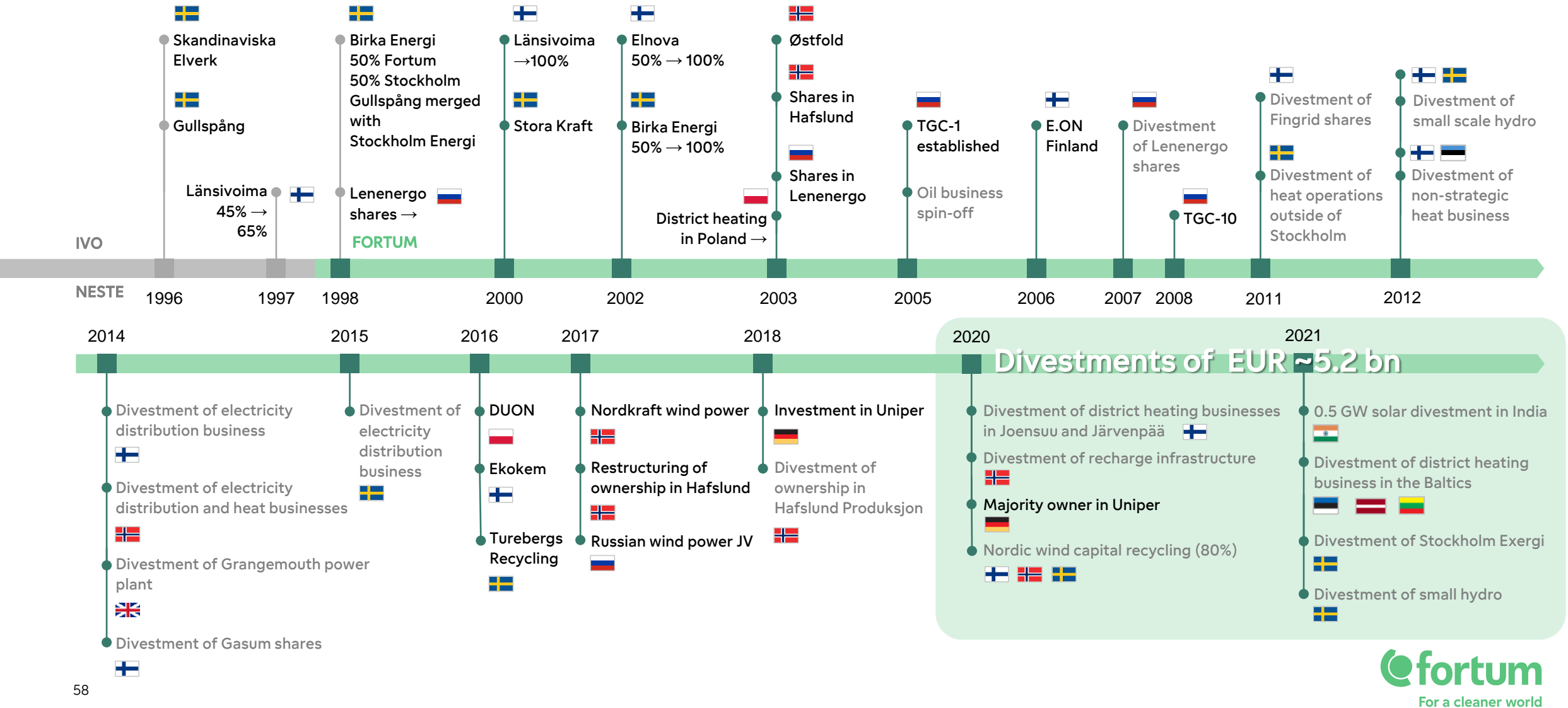
SWEDEN	Fortum	Of which Uniper
Price areas		
SE2, Hydro	3,185	1,635
SE3, Hydro	1,587	13
SE4, Hydro	123	123
SE3, Nuclear	3,331 ¹	1,996 ¹
SE3, CHP	6	-
SE4, CHP	449 ²	449 ²
SE4, Other th.	1,162	1,162
Gen. capacity	9,843	5,378

DENMARK, DK1	MW
Generation capacity, CHP	9

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

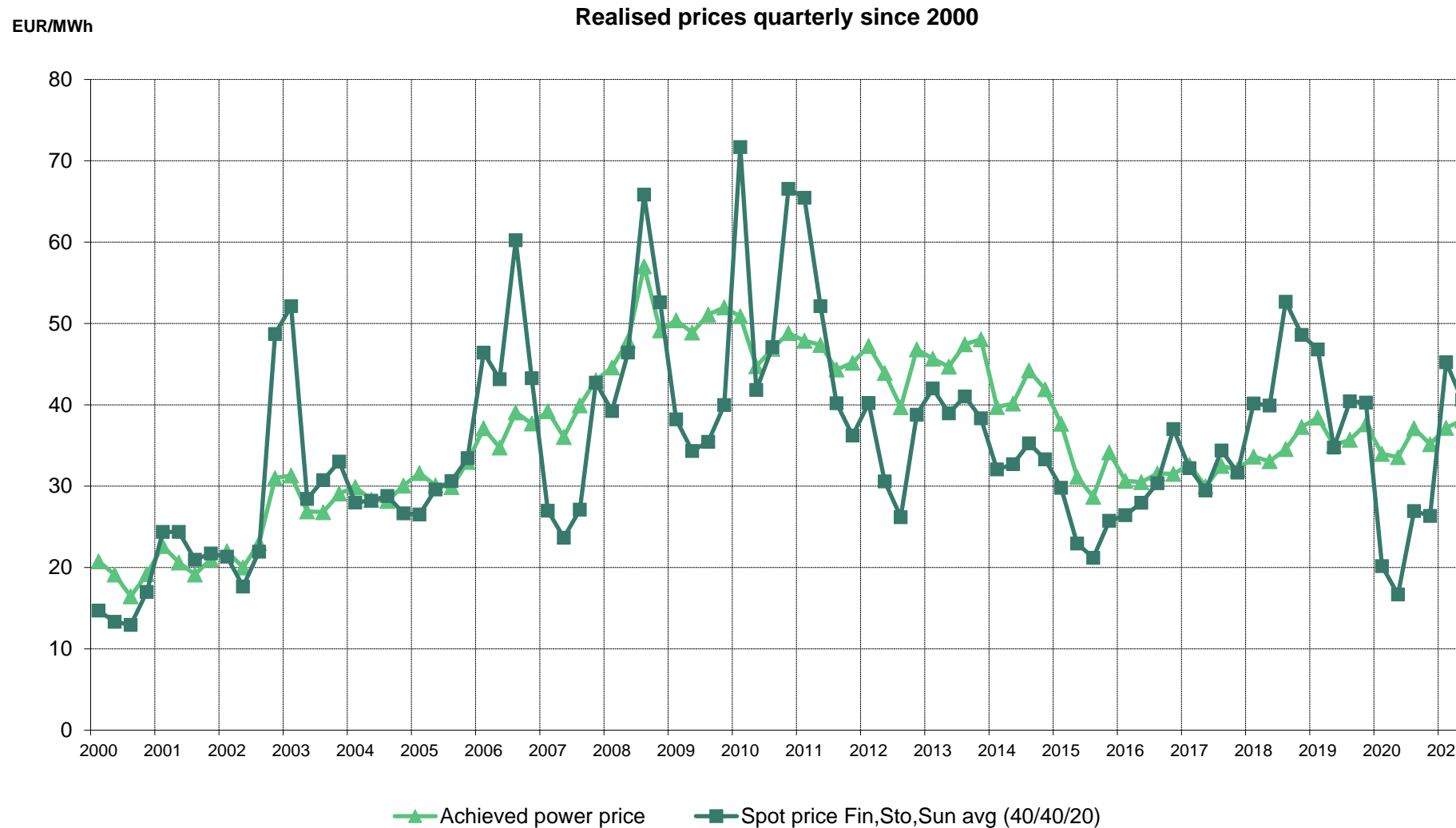
BALTICS AND POLAND	MW
Generation capacity, CHP	
in Estonia	43 ⁴
in Latvia	28 ⁴
in Lithuania	18 ⁴
in Poland	233
in Latvia, Wind	2 ⁴

Fortum's evolution and historical strategic route



Hedging improves stability and predictability

— principles based on risk mitigation, (Generation segment)

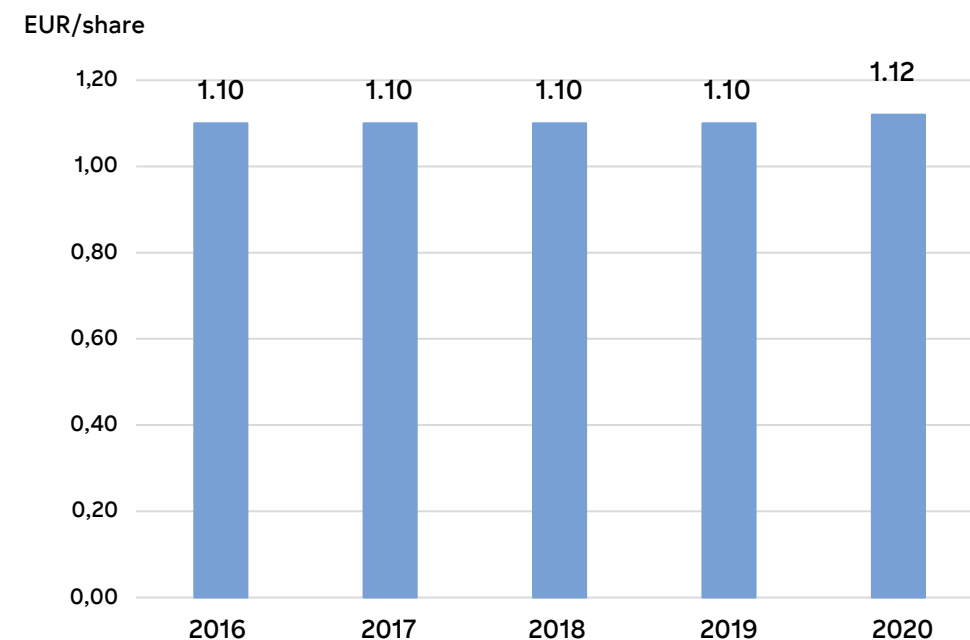


Fortum's dividend policy aiming at increasing dividend

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:

January-September Interim Report 2021 on 12 November 2021

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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