

An aerial photograph of a large dam and reservoir. The reservoir is a light blue color, surrounded by dense green forest. The dam is a long, straight structure made of reddish-brown material, stretching across the middle of the image. A dirt road runs along the left side of the dam, and a small building is visible near the top left. The background shows more forested hills.

Equity story of

FORTUM — For a cleaner world

Investor / Analyst material

September 2022

Disclaimer

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

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

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

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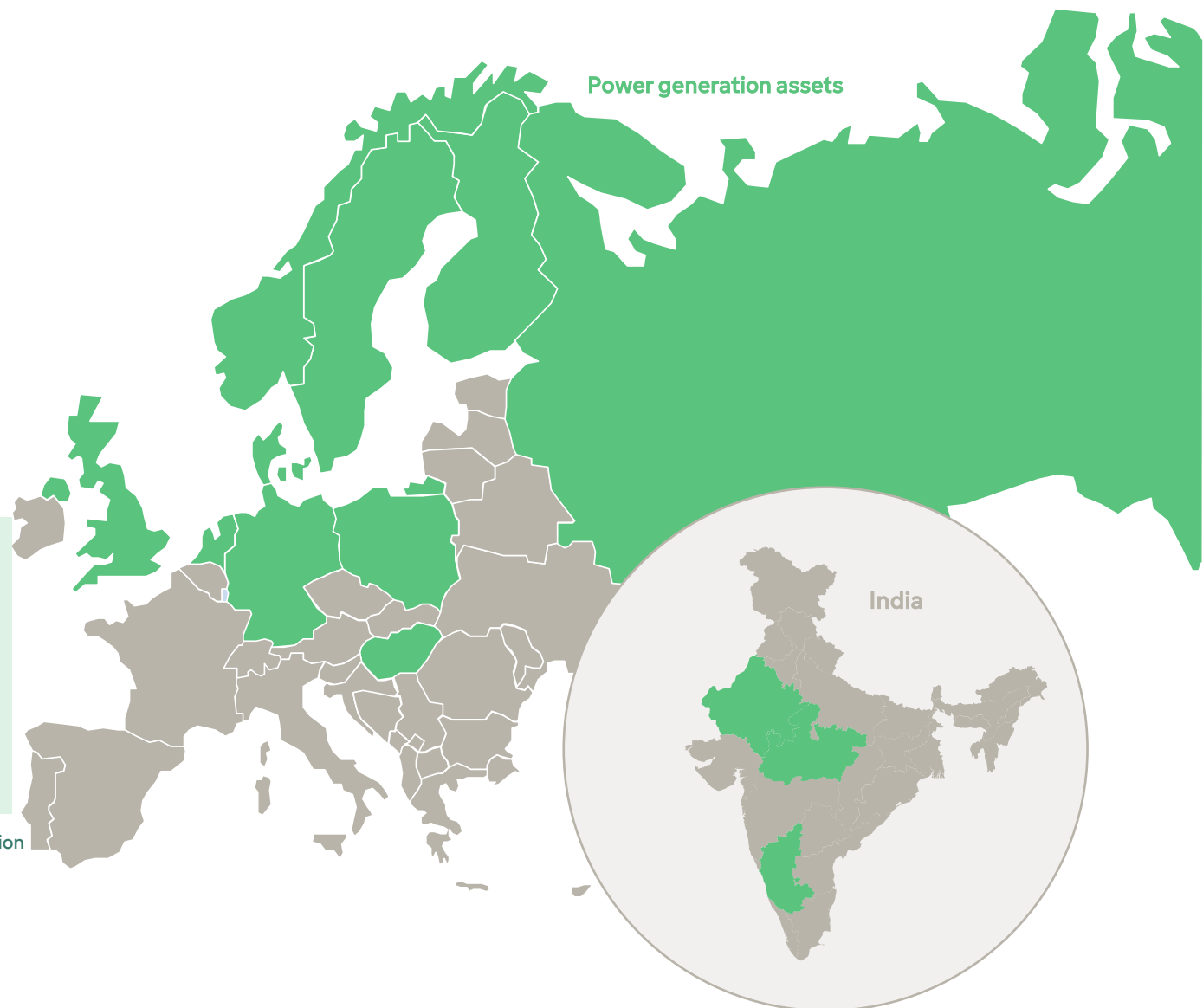
Fortum in brief

Key figures 2021

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

<u>Main businesses</u>	<u>Sales (€)</u>	<u>Volume¹</u>	<u>Capacity</u>
Power	34.3 bn	188 TWh	47.1 GW
Gas	60.0 bn	370 TWh	7.4 bcm
Heat	1.2 bn	33 TWh	16.9 GW

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



Strong position to drive the energy transition in Europe



3rd largest
power generator
in Europe and Russia



3rd largest
CO₂-free power generator
in Europe

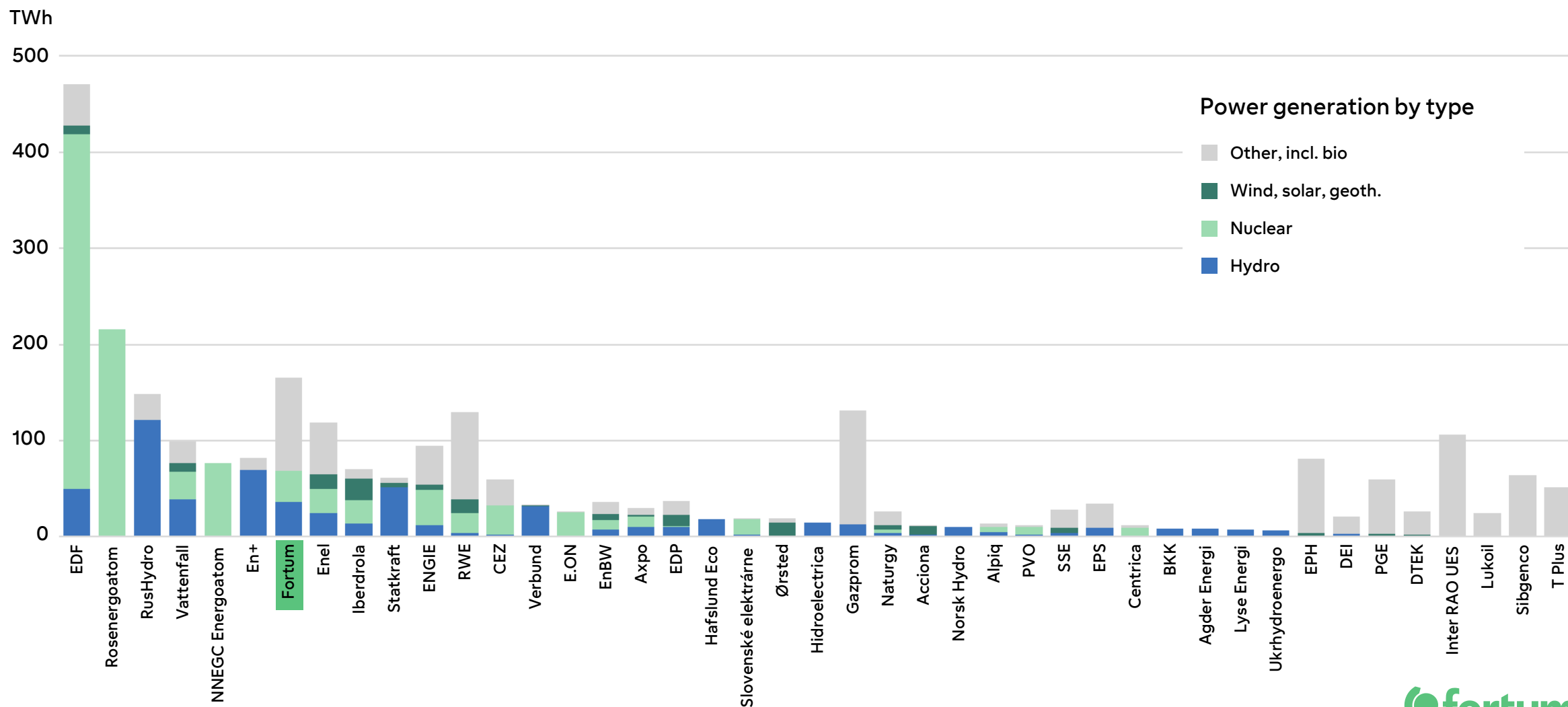


3rd largest
nuclear generator
in Europe



4th largest
gas storage operator
in Europe

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



Fortum is well positioned for the energy transition

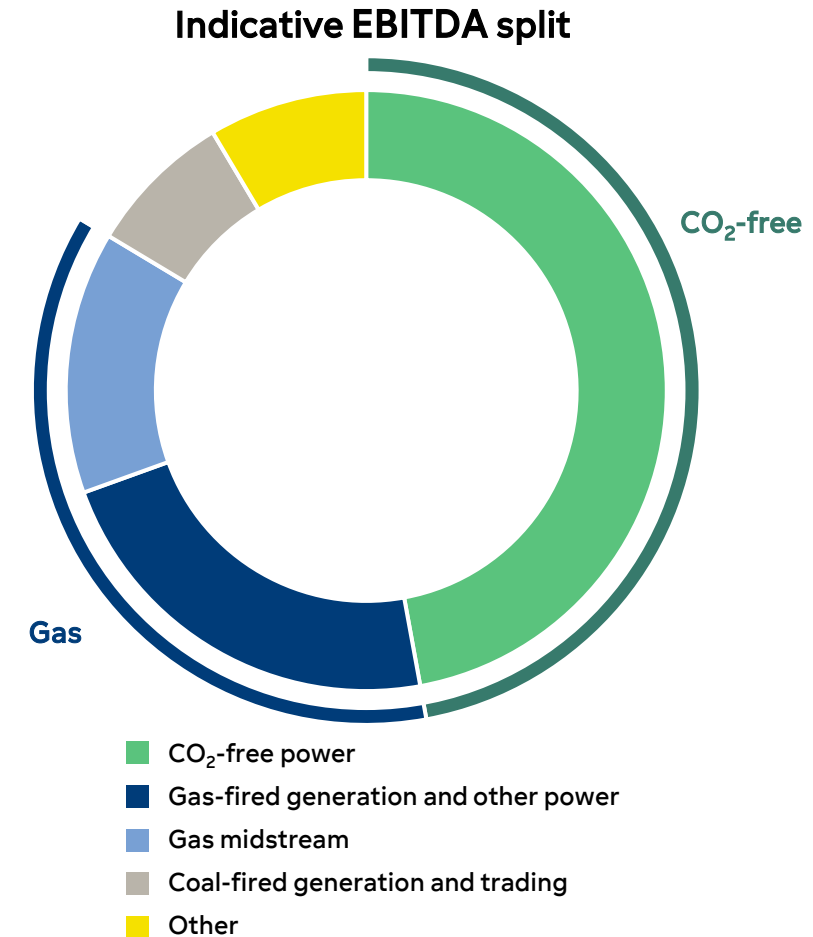
Third largest CO₂-free power generator in Europe with growing portfolio of wind and solar

Significant provider of flexible hydro and gas-fired power generation

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

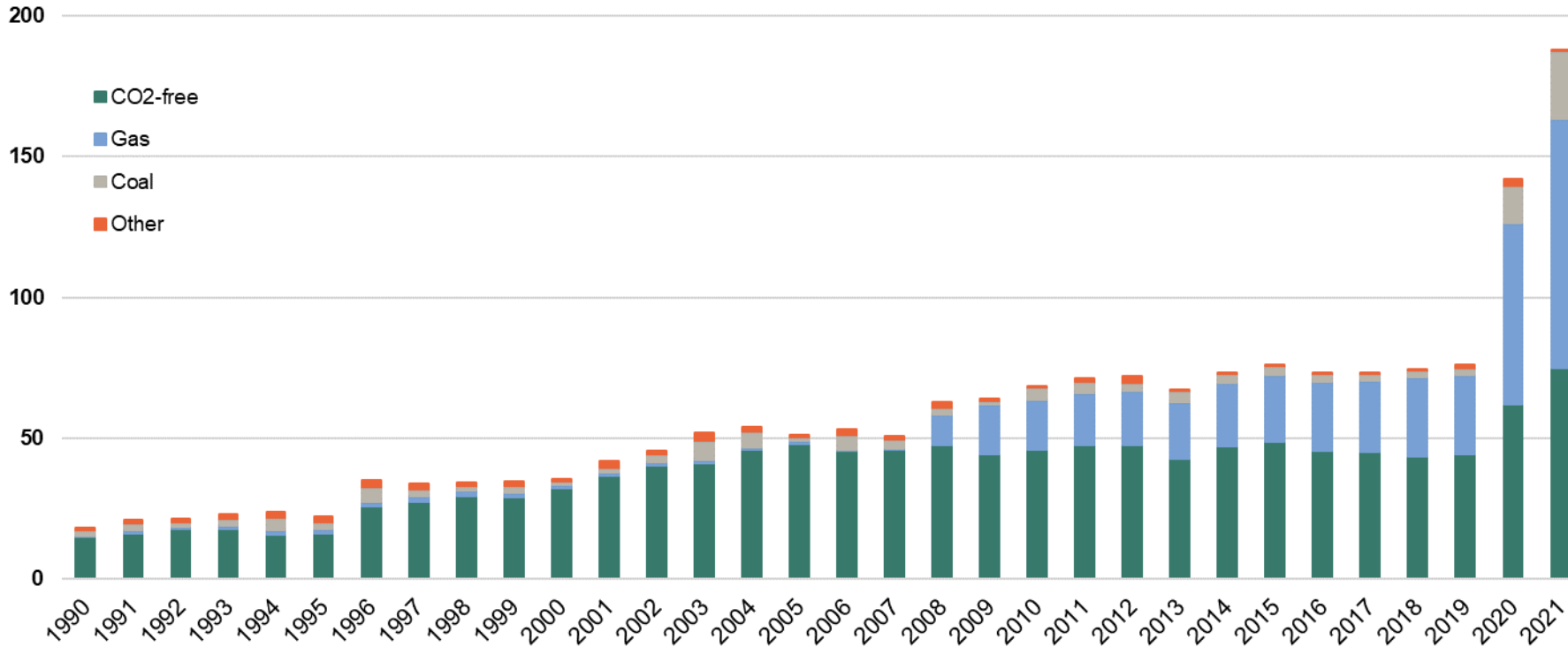
Versatile portfolio of decarbonisation and environmental solutions

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



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

Fortum's power generation, TWh



Fortum actuals 1990-2021.

Fortum*:

- CO₂-free generation 40%
- Gas-fired power generation 47%
- Share of coal-fired generation 13%
- Share of coal of sales revenue below 1%

* based on 2021 reported figures

Fortum is a forerunner in sustainability

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

3rd largest CO₂-free generator in Europe

CO₂-free power generation, including renewable and nuclear power, was 75 TWh in 2021. 64% of power generation in Europe, and 40% of total power generation was CO₂-free.

Specific CO₂ emissions

Fortum's specific CO₂ emissions from total energy production in Europe were 231 gCO₂/kWh in 2021, and 312 gCO₂/kWh globally.

Growing in solar and wind

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

Signatory of TCFD

Fortum an official signatory of TCFD on March 2021



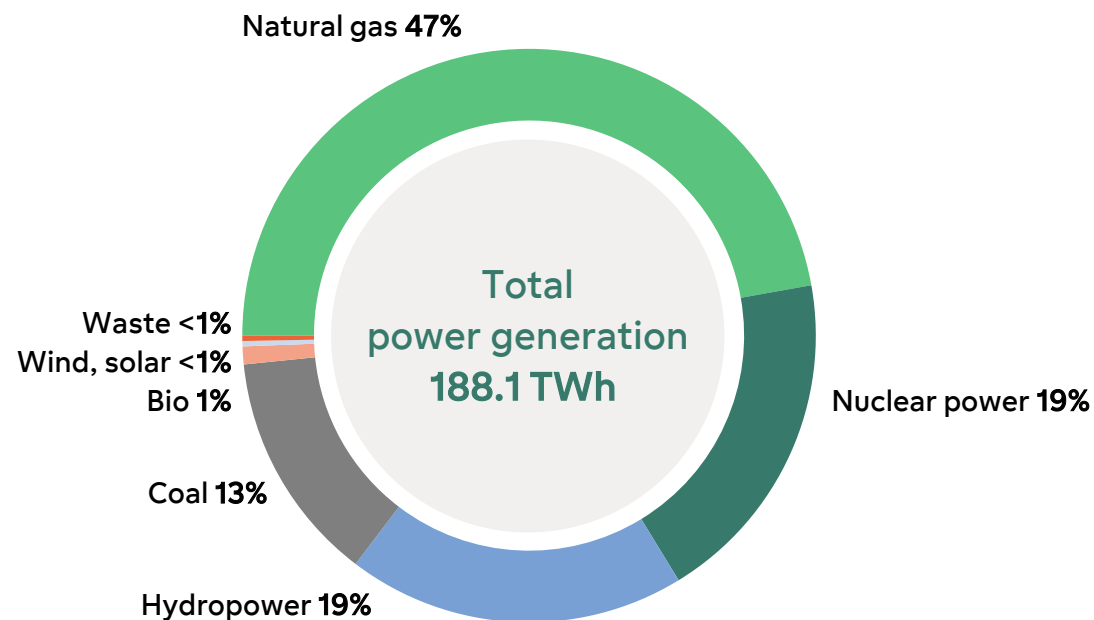
Fortum is listed in several sustainability indices and ratings:



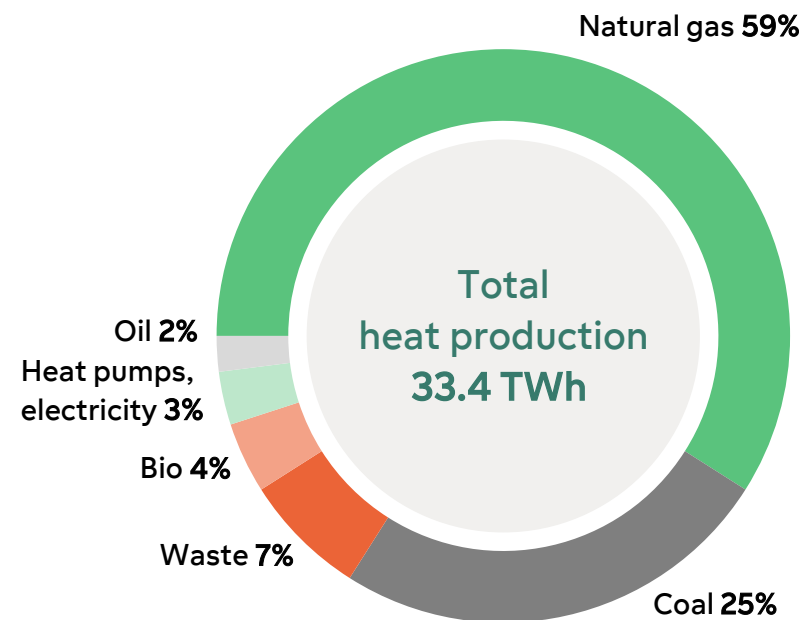
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Fortum's power generation and heat production by source

Fortum's power generation in 2021



Fortum's heat production in 2021



Fortum key profitability drivers

Key market drivers:

Power market

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

Gas market

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

Fortum profitability drivers:

European power generation

- 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

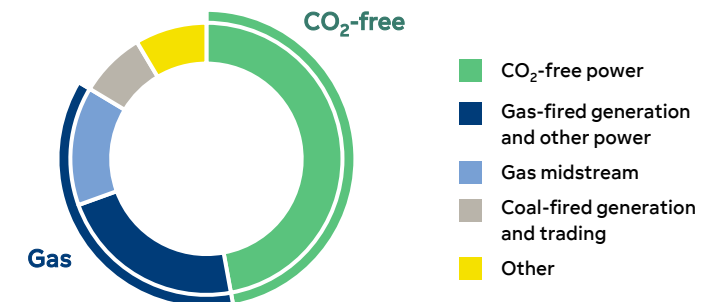
Russia power generation

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

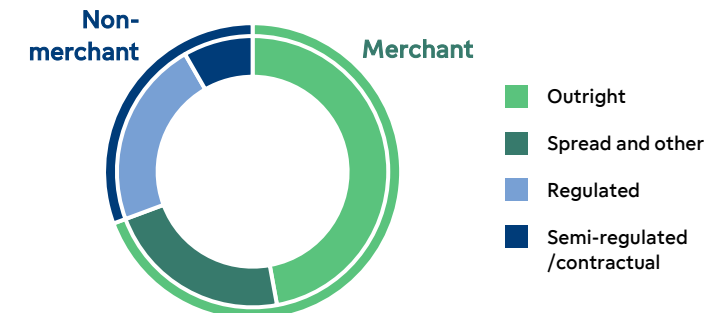
Growth based on strategy

Fortum Group's indicative EBITDA by business and market exposure

Indicative EBITDA split



Indicative market exposure



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

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

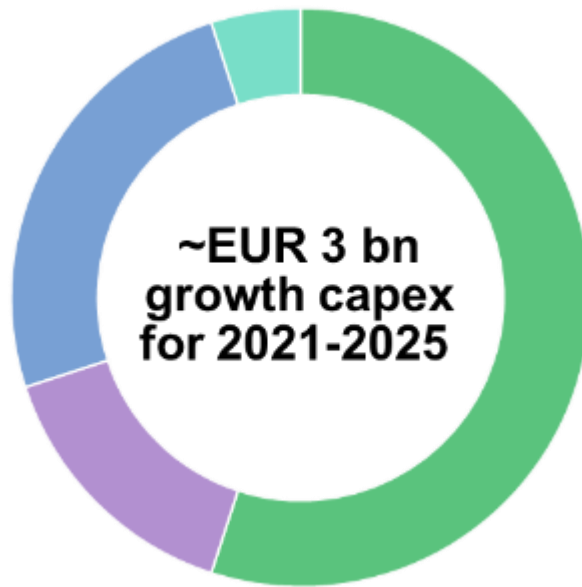
- ✓ Step up in Group EBITDA
- ✓ Secure strong balance sheet
- ✓ Rating of at least BBB
- ✓ Details of strategy implementation and first investments
- ✓ Target to increase dividend

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

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	16 May 2022
Fitch Ratings	BBB/Outlook Negative	23 June 2022

Return targets for new investments

Return targets for new investments:

WACC+ hurdle rate:

+100 bps for green investments

+200 bps for other investments

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

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

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

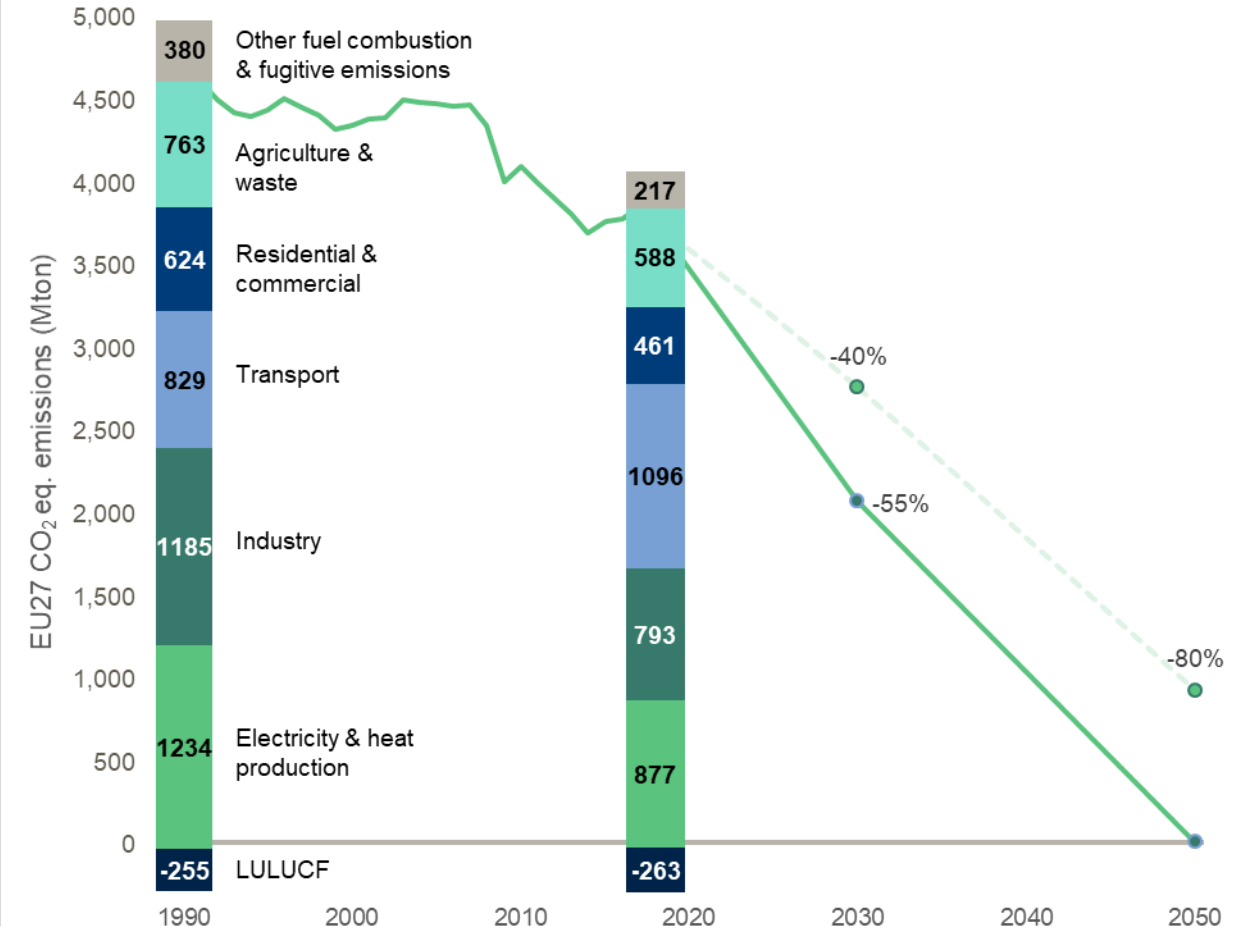


~EUR 3 bn
growth capex
for 2021-2025

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

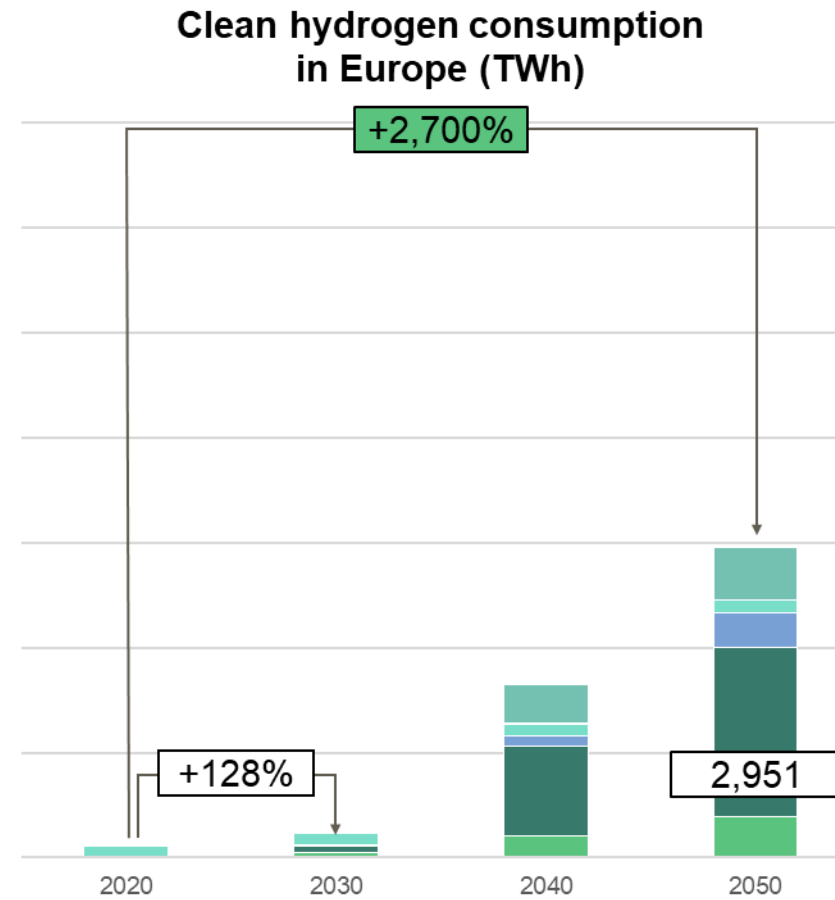
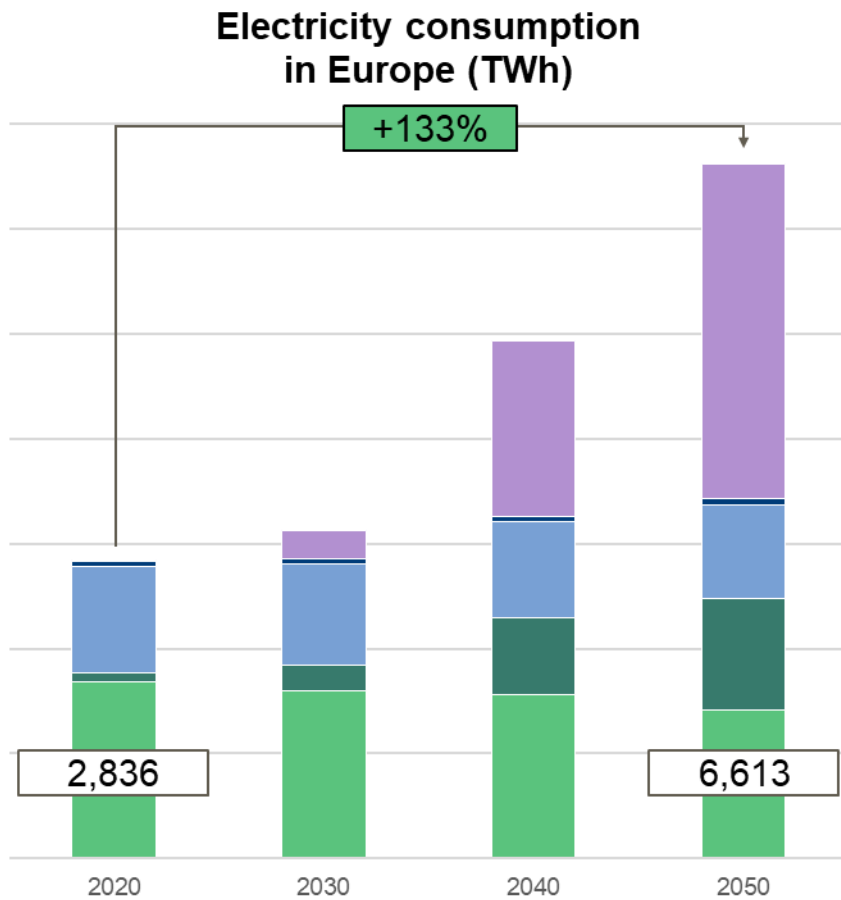
Europe committed to be a forerunner in reducing GHG emissions across all sectors

- 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



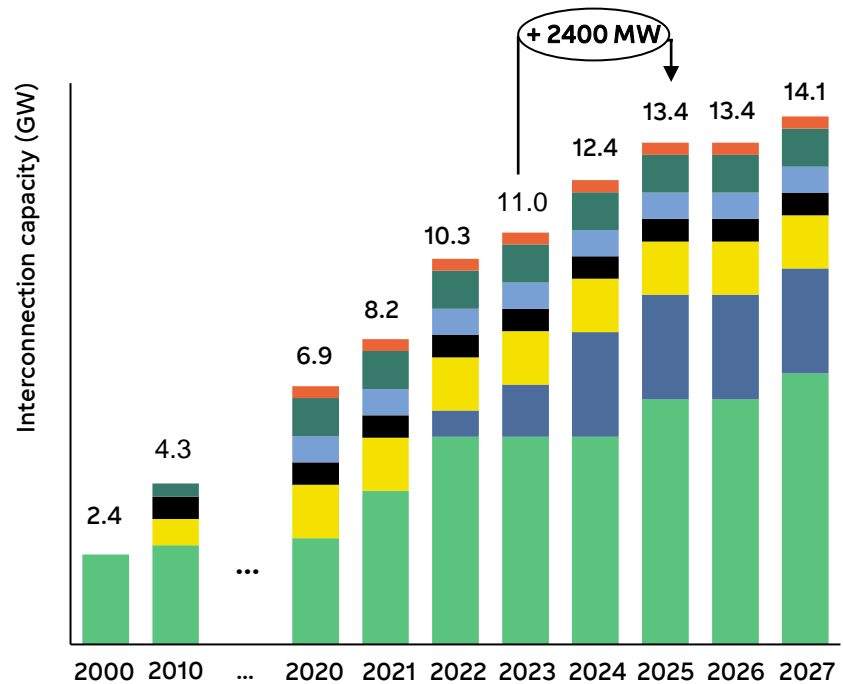
- Electricity
- Hydrogen
- Feedstocks
- Agriculture
- Industry
- Transport
- Residential and commercial

Source:
IHS Markit Net Zero
Carbon Europe
scenario

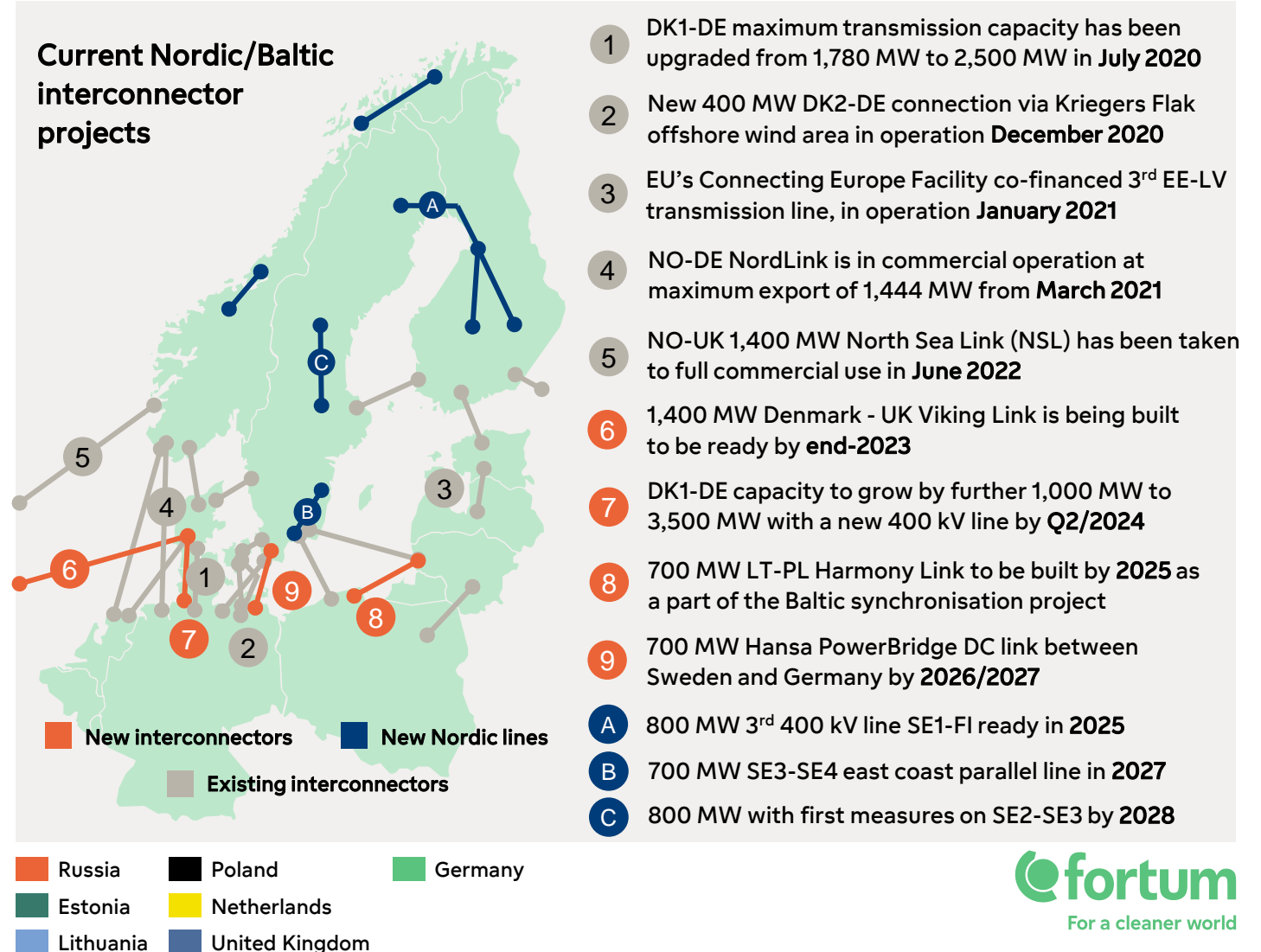
Nordic, Baltic, Continental and UK markets are integrating

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

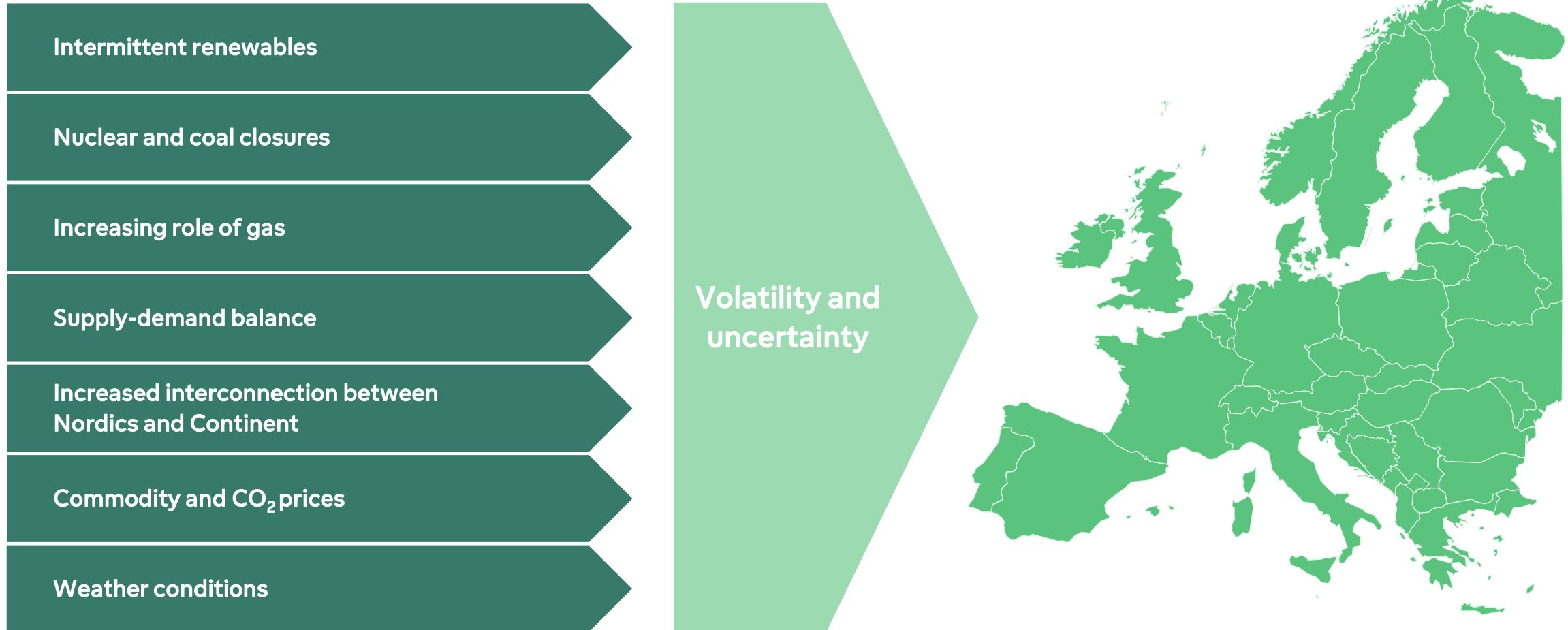
- Several **new interconnectors** have started operation, and more are under construction or decided to be built
- New interconnections will increase the **Nordic export capacity** from the current 11 GW to over 13 GW by summer 2024



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

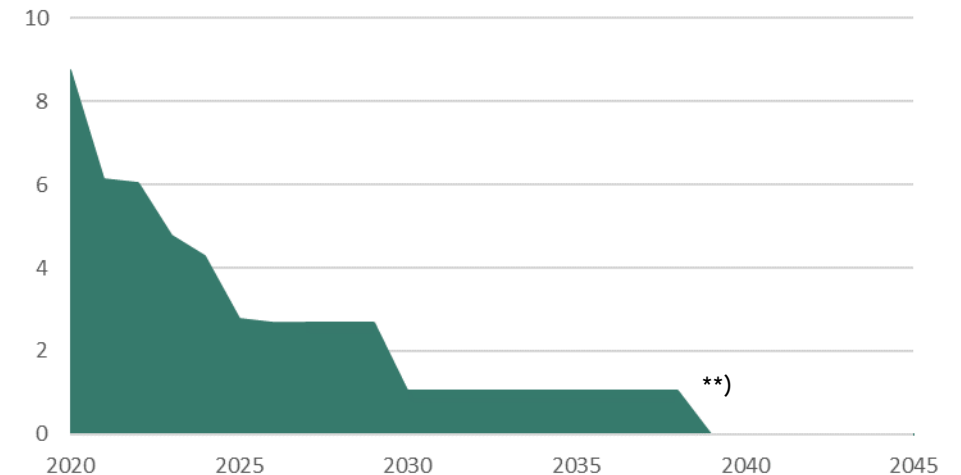
Carbon neutral as a group by 2050 at the latest in line with the Paris Agreement

- 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:

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.}

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

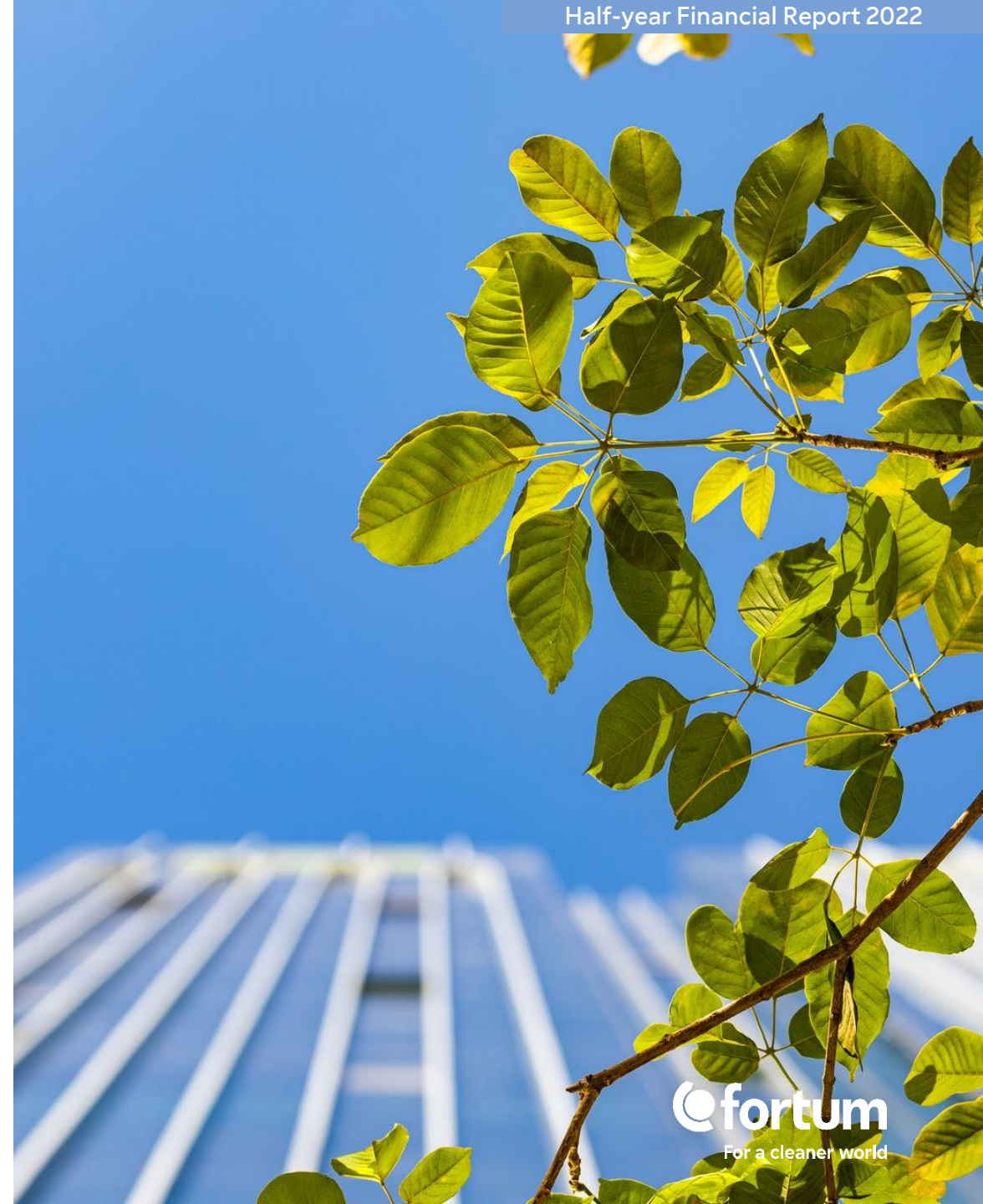


Half-year Financial Report January-June 2022

Fortum Corporation

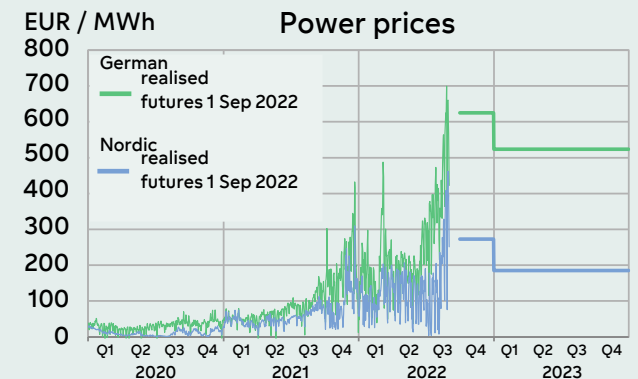
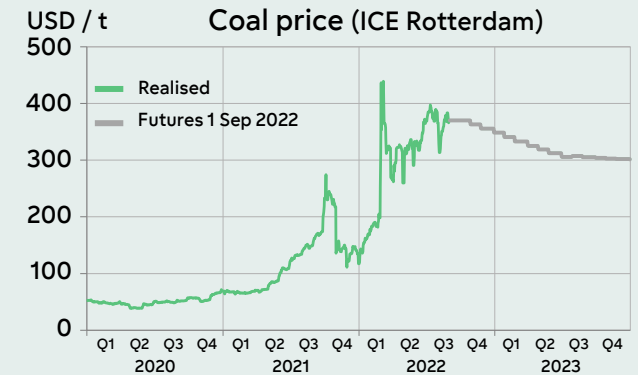
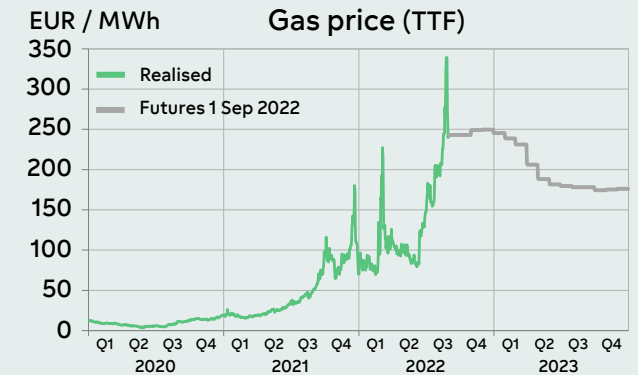
25 August 2022

Markus Rauramo **President and CEO**



The operating environment substantially impacts Fortum Group

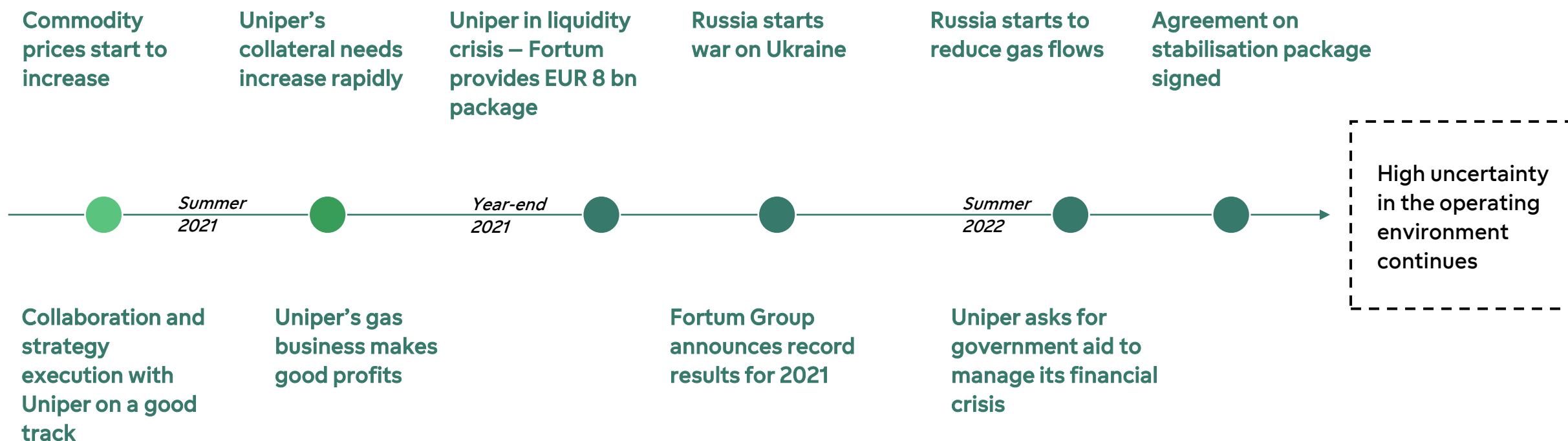
- Russia is waging a **full-scale energy war against Europe**, trying to sow internal division and lower European solidarity while human suffering continues.
- **Extreme prices and volatility** driven by supply fears, Russian gas curtailments and logistical limitations drive power prices on the continent and in the Nordics.
- **Governments are discussing ways to soften the impact** with price caps, tax rebates or direct subsidies and liquidity support for power intense industries and utilities.
- **Fortum Group is contributing to security of energy supply and clean energy**, with our low carbon, low cost and flexible generation assets.



Source: Refinitiv, Bloomberg

Uniper's liquidity crisis also turned into a supply crisis

Fortum's current situation is the result of events that began last summer

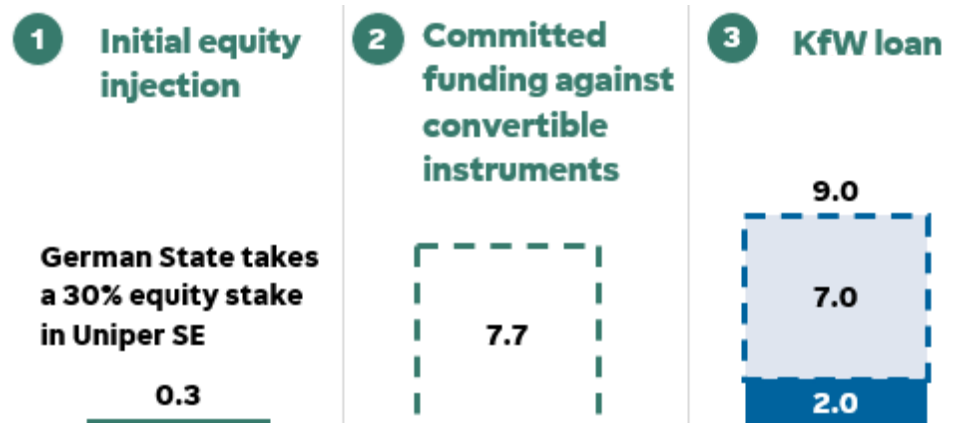


Comprehensive stabilisation package agreed to provide financial relief to Uniper

Support measures from Fortum

- EUR 4 billion shareholder loan
- EUR 4 billion parent guarantees for margin requirements

Support measures from German government



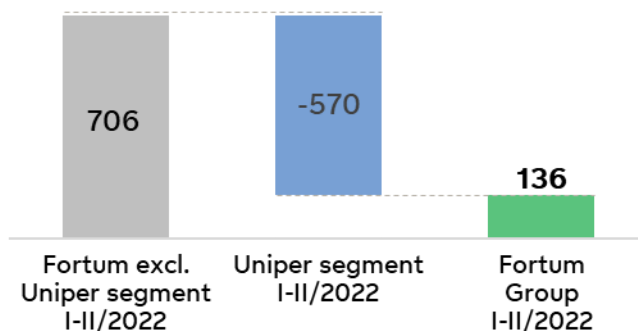
- Cost absorption mechanism (covers 90% of losses)
- Additional financial support (backstop)
- De-risking and structural solution of Long-Term Gas Contracts to be reached by end of 2023

Rationale for Fortum

- ✓ Immediate stabilisation of Uniper
- ✓ No requirement for additional capital from Fortum to Uniper going forward
- ✓ A dilution of Fortum's stake in Uniper to 56% is the consequence of the substantial losses
- ✓ Option to convert shareholder loan to convertible instruments. If option not used, Fortum's ownership would dilute further
- ✓ Rating affirmed for Uniper's and Fortum's long-term credit rating

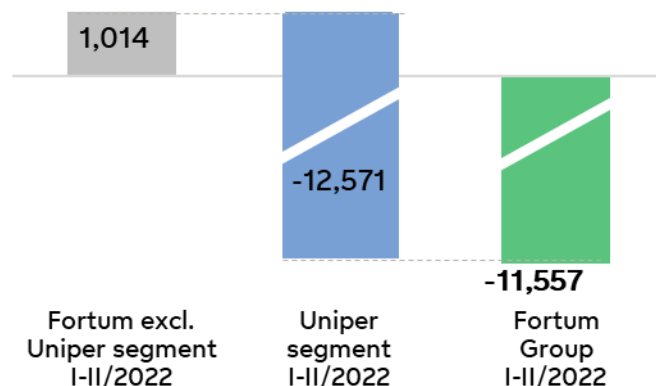
Substantial curtailments of Russian gas imports have caused dire financial difficulties

H1 Comparable operating profit



- **Excluding Uniper, Fortum's result is driven by strong increase in achieved power prices** in the Generation segment following the substantial uplift in Nordic power spot prices and strong physical optimisation despite lower generation volumes
- **Uniper segment's result includes substantial intra-year earnings shifts into later quarters (carbon phasing) and EUR -403 million of gas curtailment losses from mid-June until end of June 2022**

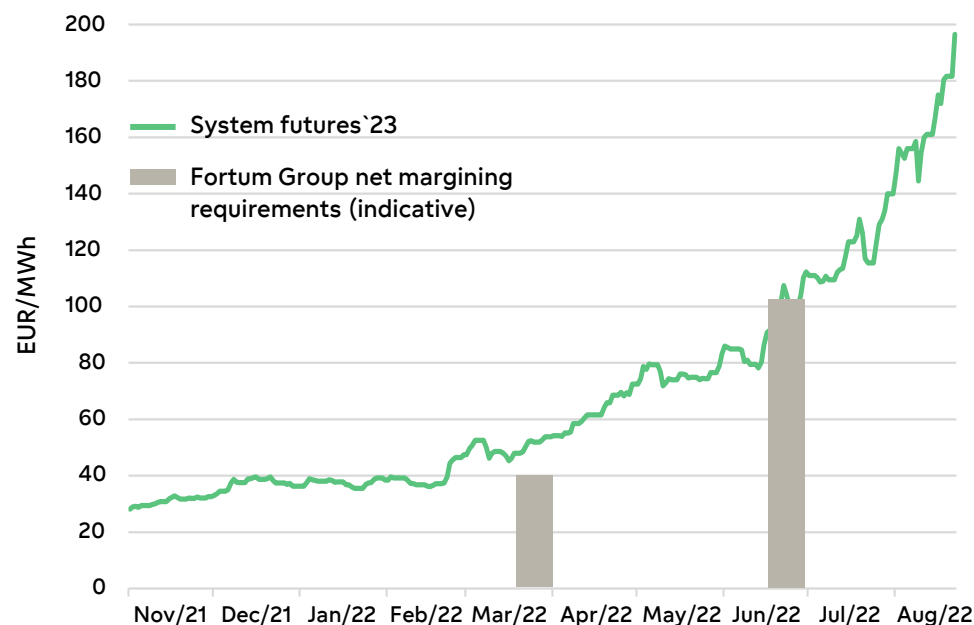
H1 Reported operating profit



- **Fortum excl. Uniper segment** includes EUR 320 million of impairments related to fixed assets and goodwill for the Russia segment
- **Uniper segment** impacted by EUR -12,000 (-813) million of Items Affecting Comparability, including EUR 6,500 million anticipated losses from gas curtailments

Exchange traded futures markets not fit for today - significant consequences

- Fortum follows a prudent hedging approach to reduce price risks and securing predictable future cashflows and earnings
- However; the higher the prices, the higher the margining requirements for existing power futures – shifting price risk into even more significant cash liquidity risk and counterparty risk
- Fortum uses both exchange traded futures and bilateral agreements when hedging the outright position



Source: Bloomberg

The situation on Nasdaq Commodities is challenging for all market participants:

- Possibility to hedge in the market reduces leaving businesses and consumers increasingly exposed to volatility and high prices.
- Energy industry's visibility, predictability and even ability to invest decrease by oversized collaterals despite highly profitable operations.

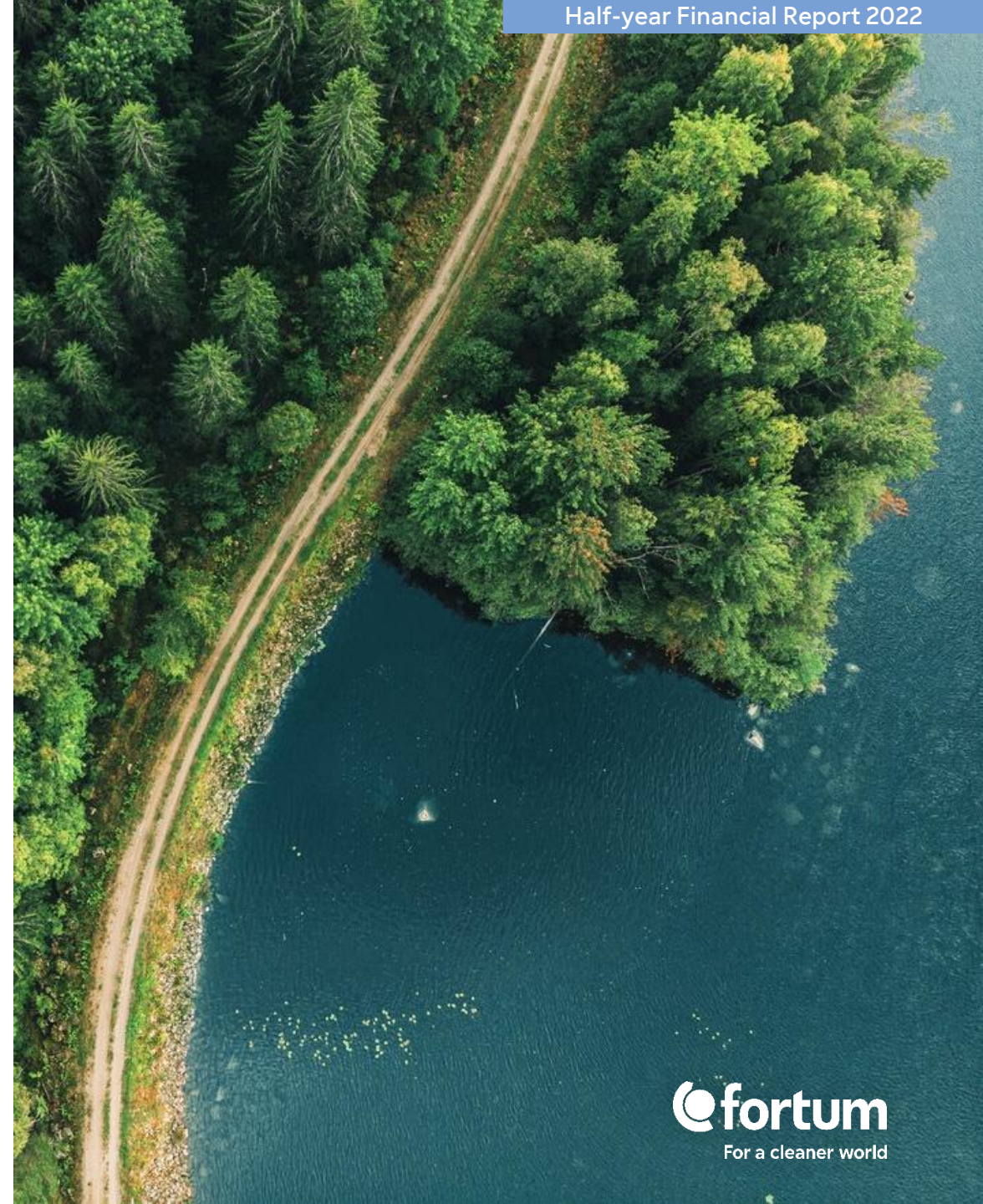
The markets need to function also under exceptional circumstances – call for our governments:

- Secure that working capital financing is available for market participants to cover high margining and collateral needs
- Change the EU EMIR-regulation that determines margining requirements

Priorities ahead for the Group



Bernhard Günther
CFO



Key financials

MEUR	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Sales	38,237	17,128	81,860	38,621	112,400	155,639
Comparable EBITDA	920	348	816	1,827	3,817	2,807
Comparable operating profit	574	35	136	1,206	2,536	1,466
Comparable share of profits of associates and joint ventures	25	52	51	119	154	86
Comparable profit before income taxes	1,254	97	976	1,354	2,651	2,274
Comparable net profit*	885	79	786	915	1,778	1,649
Comparable EPS	0.99	0.09	0.88	1.03	2.00	1.85
Net cash from operating activities	275	289	-1,254	1,120	4,970	2,596
Financial net debt / Comp. EBITDA					0.2	0.8

* Comparable net profit is adjusted for items affecting comparability, adjustments to share of profit of associates and joint ventures, net finance costs, and income tax expenses

H1 comparable OP affected by EUR 403m of Russian gas curtailment losses in Uniper

- In coming quarters, gas curtailment losses will burden Uniper's segment result and consequently Fortum's Comparable Operating Profit

Comp. EPS at EUR 0.88 despite negative Q1 result

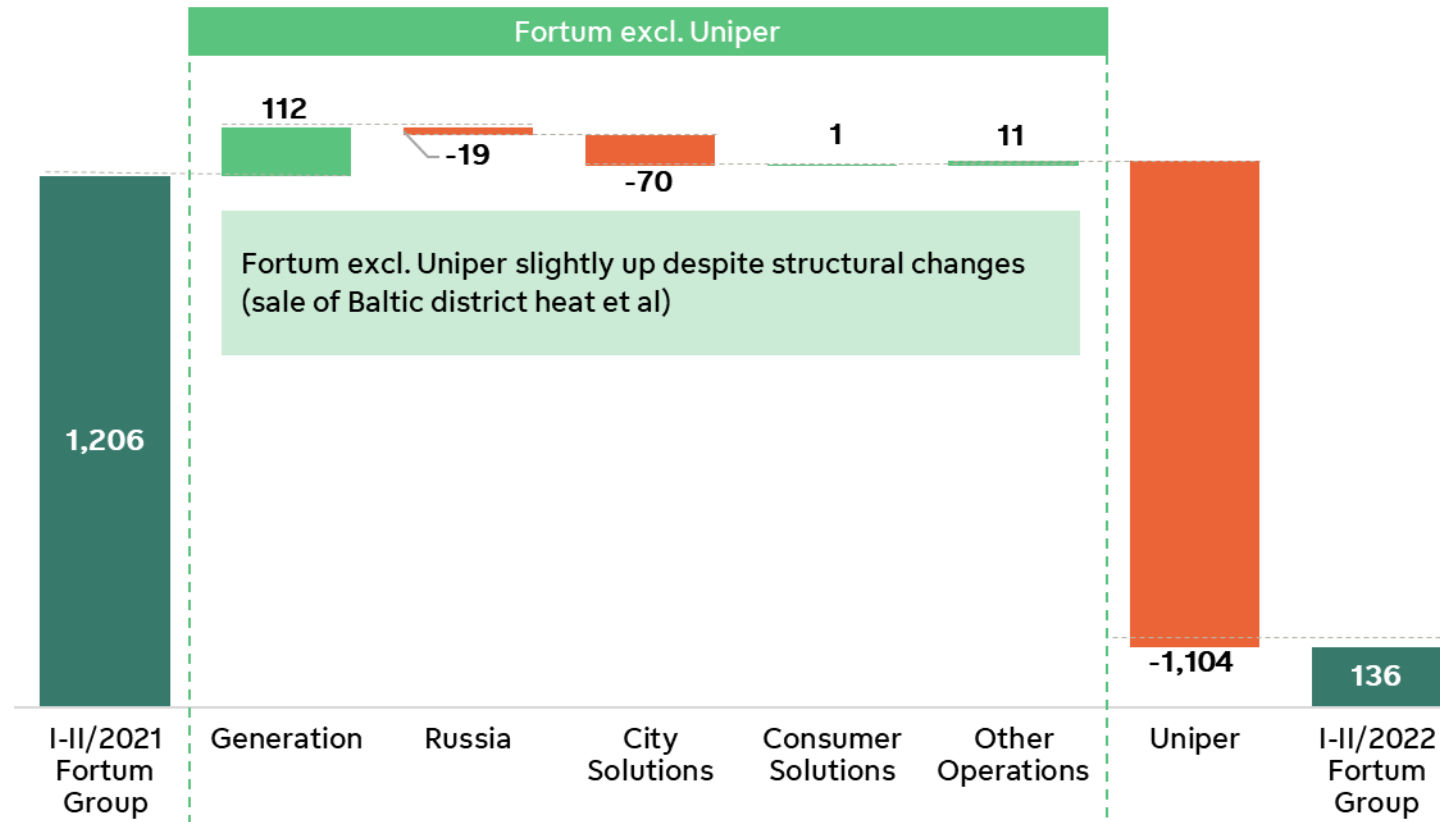
Solid credit metrics with Financial net debt / Comp. EBITDA at 0.8x

Net cash from operating activities negative due to reversion of Q4 2021 liquidity measures

H1 consolidated figures dominated by Uniper's gas business

Reconciliation of comparable operating profit

(EUR million)



Generation

Higher achieved power price with strong physical optimisation but lower volumes

Russia

One-off effect in 2021 and declining CSAs (Nyagan 1)

City Solutions

Structural changes due to divestments and higher fossil fuel and CO₂ prices

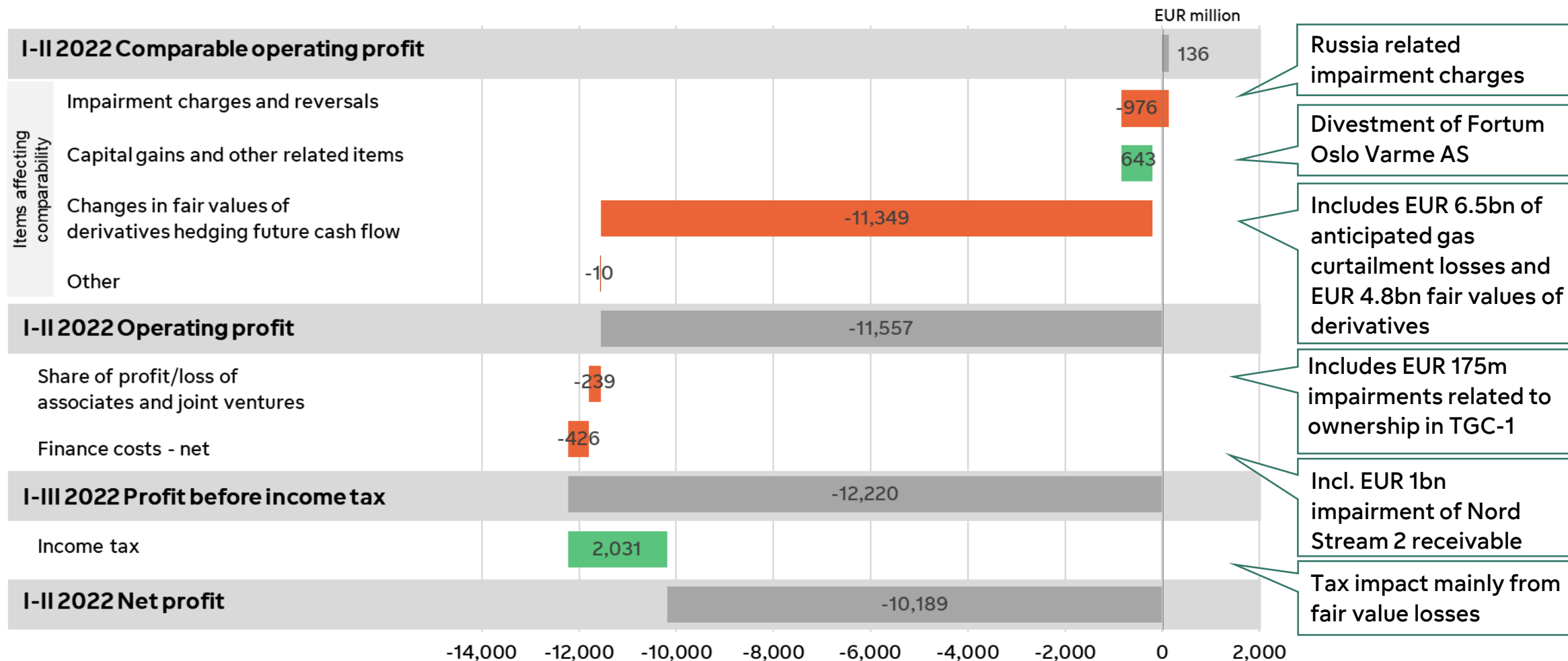
Consumer Solutions

Higher margins offset by higher costs

Uniper

Gas business impacted by Russian gas curtailment and higher fuel costs in generation

Reported income statement dominated by changes in fair values with gas curtailment losses of EUR 6.5bn



Balance sheet driven by increased commodity prices

MEUR	30-Jun-22	31-Dec-21	MEUR	30-Jun-22	31-Dec-21	
Property, plant and equipment and right-of-use assets	18,336	19,049	Totalequity	1,311	13,665	Equity down by EUR 12 bn due to Uniper reported losses and paid Fortum dividend
Derivative financial instruments	167,800	82,488	Derivative financial instruments	182,065	88,604	Financial derivatives substantially up following the strong increase in commodity prices
Intangible assets	1,897	2,167	Interest-bearing liabilities	14,277	17,220	
Participations in associates and JVs	2,316	2,461	Nuclear provisions	3,726	3,891	
Shares in Nuclear Waste Funds	3,213	3,515	Other provisions	11,877	6,406	Other provision increase in context of the anticipated gas curtailment losses
Interest-bearing receivables	2,015	3,107	Pension obligations, net	484	1,190	
Inventories	3,983	2,275	Other	1,402	1,224	
Margin receivables	10,719	9,163	Margin liabilities	3,587	985	Net of margin receivables and liabilities slightly down despite higher prices due to mitigation measures
Other assets including trade receivables	17,132	17,736	Trade and other payables	12,939	16,477	
Liquid funds	4,165	7,592				
Assets held for sale	92	108	Liabilities related to assets held for sale	-	-	Liquid funds decreased by EUR 3.4 bn following the repayment of debt and dividend payment
Total assets	231,669	149,661	Total equity + liabilities	231,669	149,661	

Operating cash flow turned negative in H1

MEUR	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Comparable EBITDA	920	348	816	1,827	3,817	2,807
Non-cash and other items	-1,600	-97	-1,214	181	1,506	112
Paid net financial costs, income taxes and dividends received	-254	-174	-491	-310	-497	-679
Change in working capital	1,209	212	-365	-578	144	356
Net cash from operating activities	275	289	-1,254	1,120	4,970	2,596
Capital expenditures	-185	-277	-387	-570	-1,178	-994
Acquisitions of shares	-16	-182	-28	-205	-294	-117
Proceeds from sales of property, plant and equipment	14	2	89	15	20	93
Divestments of shares and capital returns	1,011	22	1,017	151	3,863	4,729
Shareholder loans to associated companies and JVs	-24	-2	2	-21	-8	14
Change in margin receivables	-3,266	-1,301	-1,543	-1,285	-7,964	-8,222
Change in other interest-bearing receivables	-243	-45	-199	-64	-166	-301
Net cash from/used in investing activities	-2,709	-1,785	-1,050	-1,979	-5,727	-4,798
Proceeds from long-term liabilities	0	3	0	65	3,439	3,374
Payments of long-term liabilities	-2,235	-585	-2,536	-627	-2,315	-4,224
Change in short-term liabilities	1,693	499	-95	794	5,364	4,476
Dividends paid to the owners of the parent	-1,013	-995	-1,013	-995	-995	-1,013
Dividends paid to non-controlling interests	-24	-144	-24	-144	-171	-51
Change in margin liabilities	1,707	841	2,583	1,180	649	2,051
Other financing items	-110	-2	-185	-1	43	-141
Net cash from/used in financing activities	18	-384	-1,270	271	6,013	4,472
Net increase in liquid funds	-2,417	-1,880	-3,574	-588	5,256	2,270

Non-cash and other items impacted by CO₂ emission allowances

Sales proceeds from divestment of Fortum Oslo Varme AS closed in May 2022

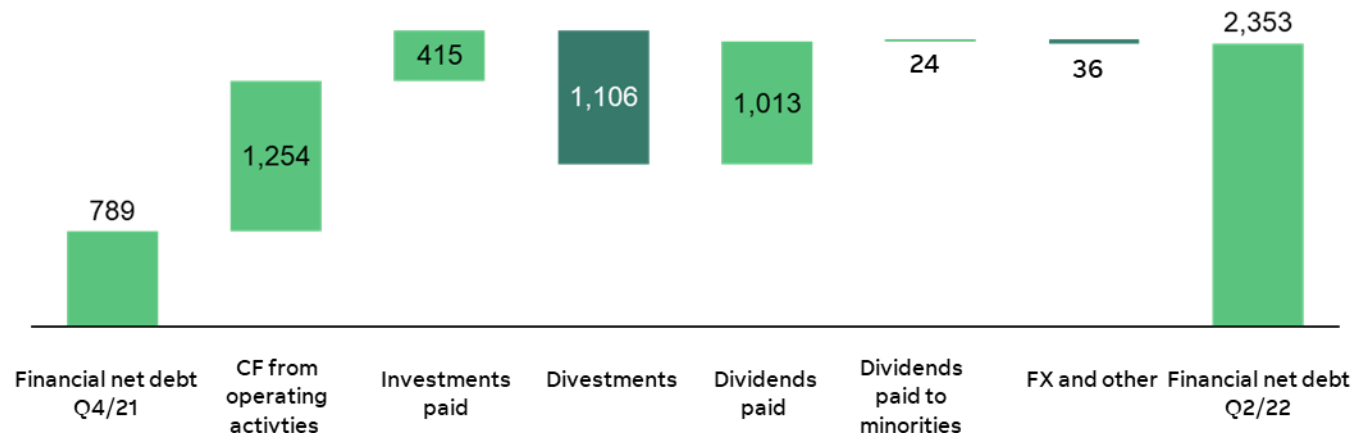
Margin receivables increased due to higher prices

Financing: repayments of commercial papers

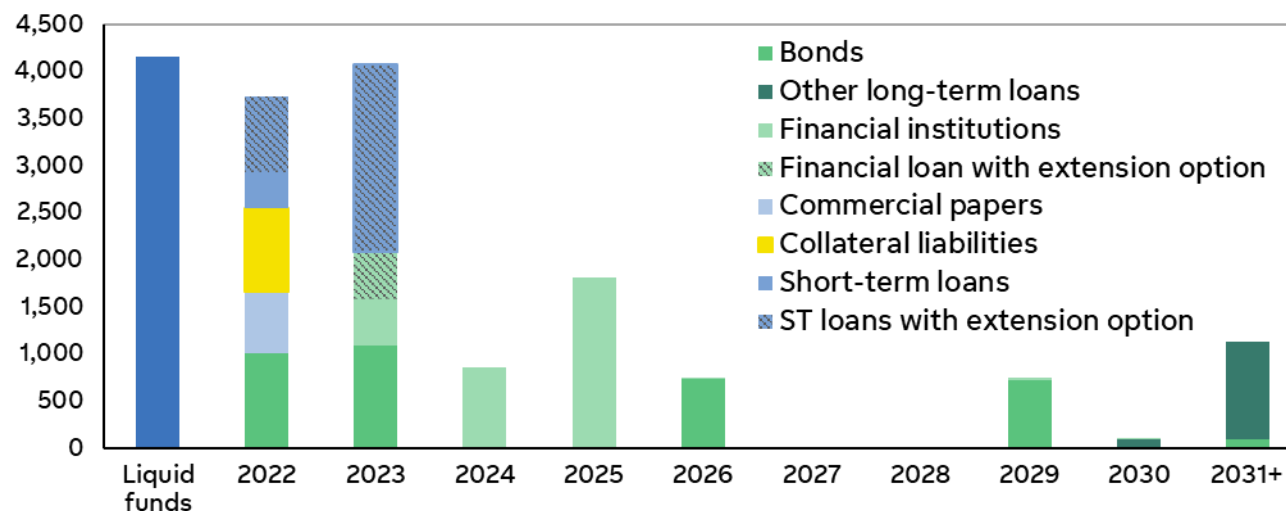
Margin liabilities increased due to higher prices

Leverage below target, gross debt down (status on 30th of June 2022)

Financial net debt



Contractual maturities



Solid credit metrics

S&P Global Ratings

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

Fitch Ratings

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

Target ratio:

Financial net debt / Comp. EBITDA < 2x

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 13.3 billion (excl. lease)

- Average interest for Fortum Group loan portfolio including derivatives hedging financial net at 1.3% (2021: 1.3%).
- Average interest for EUR loans 1.0% (2021: 0.6%)

Liquid funds of EUR 4.2 billion

Undrawn credit facilities of EUR 5.5 billion

Outlook

Hedging

Generation Nordic hedges:

For rest of 2022: 80% hedged at EUR 38 per MWh

For 2023: 60% hedged at EUR 37 per MWh

(Q1: 55% at EUR 33)

Uniper Nordic hedges:

For rest of 2022: 70% hedged at EUR 26 per MWh

For 2023: 55% hedged at EUR 30 per MWh

(Q1: 50% at EUR 31)

For 2024: 25% hedged at EUR 30 per MWh

(Q1: 25% at EUR 30)

On 17 August 2022, Uniper announced that the company expects to record negative earnings for 2022 and in its IFRS net result (EUR -12.3 billion) the company recorded losses approximately EUR 6.5 billion related to anticipation to future impact from gas curtailments based on situation at the end of June 2022. These losses will be presented in Comparable Operating Profit once they have materialised.

The capex guidance for 2022 was cancelled (Previously: estimated annual capital expenditure, including maintenance and excluding acquisitions, of appr. EUR 1,500 million of which maintenance capital expenditure is EUR 800 million)

Tax guidance for 2022:

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

The reported hedge ratios may vary significantly, depending on Fortum's and Uniper's actions on the electricity derivatives markets

Q&A

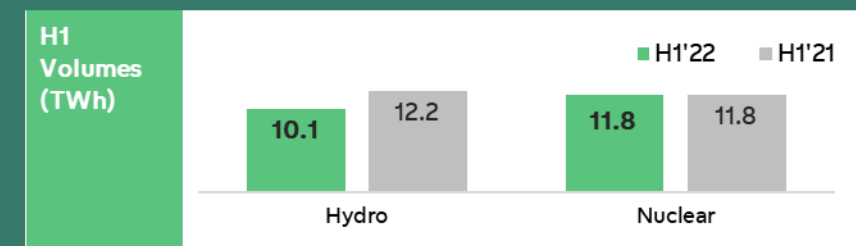
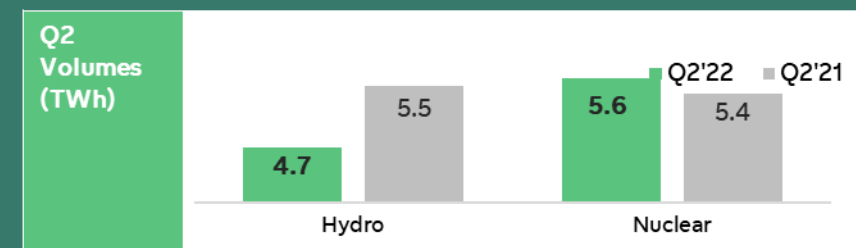
Generation: Higher achieved power prices

Q2 2022 vs. Q2 2021

- Comparable operating profit increased by 51% mainly due to
 - Higher achieved power prices of EUR 52.3 (+EUR 14.2 per MWh)
 - Lower hydropower volumes due to lower inflow and lower reservoir levels at the beginning of the quarter, Nuclear volumes increased slightly due to shorter planned outages compared to the second quarter of 2021
 - The achieved power price was also negatively impacted by significant price difference in Sweden between high system price and lower SE2-area spot price (Sundsvall). Due to low liquidity in SE2-area price products, the hedge ratio in SE2-area was lower than the system price hedge ratios consequently, negatively affected the achieved power price.

H1 2022 vs. H1 2021

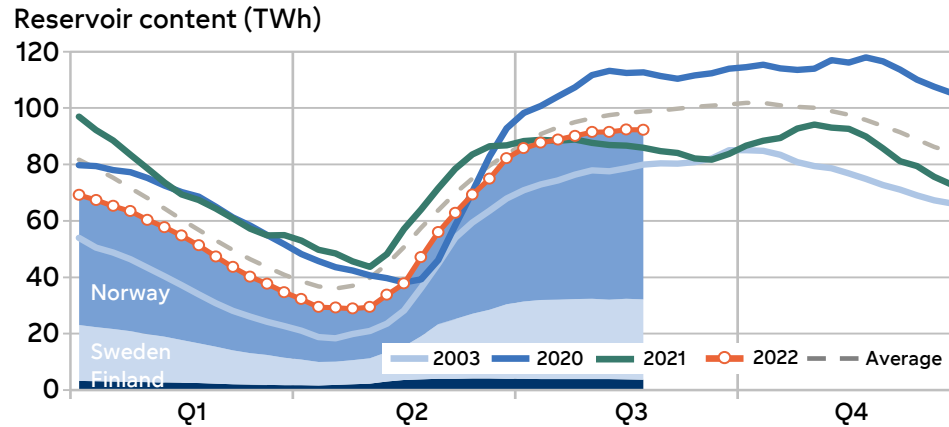
- Comparable operating profit increased by 24% mainly due to
 - Achieved power price increased by EUR 10.3 per MWh, up by 27% following very successful physical optimisation and higher spot prices but also impacted by liquidity in SE2-area price products
 - The Generation segment's total power generation in the Nordic countries decreased due to lower hydropower volumes.



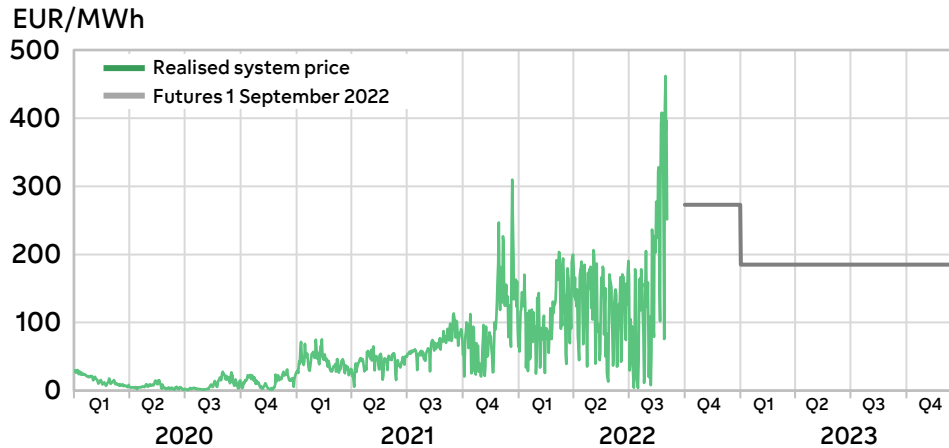
MEUR	II/ 2022	II/ 2021	I-II/ 2022	I-II/ 2021	FY 2021	LTM
Sales	722	575	1,432	1,251	2,899	3,080
Comp. EBITDA	340	243	670	558	1,299	1,411
Comp. OP	294	195	576	464	1,110	1,221
Comp. net assets			6,110	6,207	6,336	
Comp. RONA %					18.0	19.9
Gross investment	42	35	75	62	175	188

Nord Pool system price driven to new price record

Water reservoirs



Power price



Source: Nord Pool, Nasdaq Commodities

- Compared to long-term average, Nordic water reservoirs were filling up from -6 TWh to -2 TWh during Q2.
- Spring inflow realised above normal while hydro generation was at normal level in the second quarter of 2022.
- There is currently a clear division with reservoirs being below normal in southern price areas and above normal in northern areas.
- Nord Pool system spot price made fourth consecutive quarterly record, reaching EUR 121 (42) per MWh in Q2 2022. Next year forward price climbed around 200 €/MWh.
- Nordic SYS spot price was driven by high fuel and continental power prices together with low precipitation in Southern Norway and discontinuation of Russian electricity exports to Finland.
- Similarly, the Nordic forward curve is supported by prices in the Continental Europe, recent additions to interconnector capacity and stop in Russian power imports.
- Prices in Continental Europe, in turn, are impacted by high fuel prices and low availability in French nuclear fleet.

Russia:

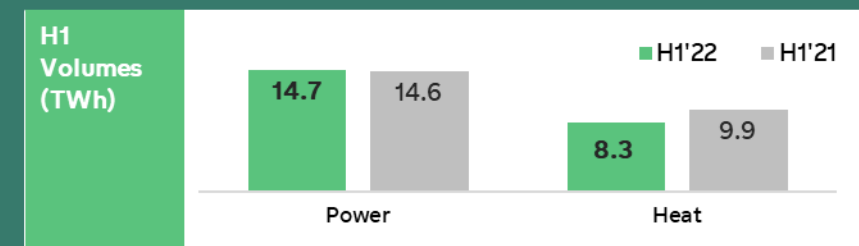
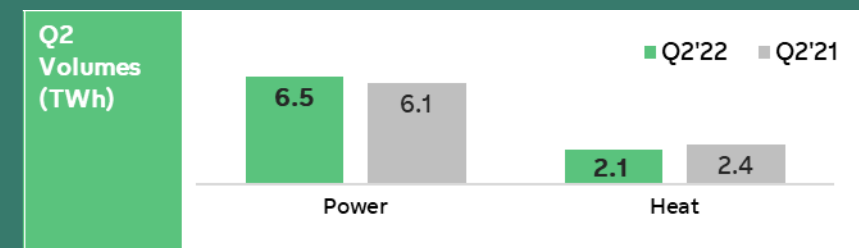
Solid underlying performance

Q2 2022 vs. Q2 2021

- Comparable operating profit increased by 54%, or by EUR 20 million. The positive effects from the EUR 12 million change in the Russian rouble exchange rate, improved bad debt collection, lower depreciation following impairments recognised in the first quarter as well as higher power prices were partly offset by the expiry of the CSA period for the Nyagan 1 production unit.
- Power generation volumes increased by 7% mainly due to maintenance work in the second quarter of 2021 partly offset by the divestment of the Argayash coal-fired plant (CHP).

H1 2022 vs. H1 2021

- Comparable operating profit decreased by 14% due to negative effect from the CSA expiry for Nyagan 1, partly offset by higher power prices and lower depreciation following impairments recognised in the first quarter.
- The comparison period includes a EUR 17 million positive effect of the sale of a solar power project to Fortum-RDIF joint venture.



MEUR	II/ 2022	II/ 2021	I-II/ 2022	I-II/ 2021	FY 2021	LTM
Sales	218	182	441	446	906	901
Comp. EBITDA	91	70	183	205	404	382
Comp. OP	57	37	118	137	261	242
Comp. net assets			3,352	2,572	2,508	
Comp. RONA %					12.9	10.3
Gross investment	2	30	13	37	83	59

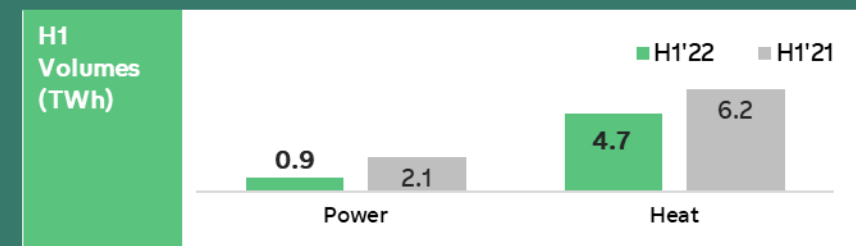
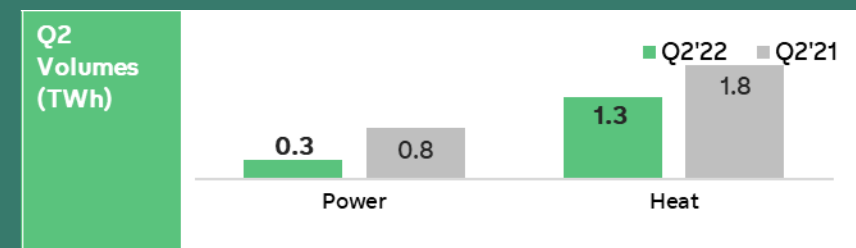
City Solutions: Structural changes and lower volumes

Q2 2022 vs. Q2 2021

- Comparable operating profit decreased by EUR 32 million, due to
 - clearly higher fossil fuel and CO₂ emission allowance prices as well as a change in fuel mix, partly offset by higher power prices and the divestment of the ownership in Fortum Oslo Varme.
 - structural changes from the divestments of the Baltic district heating business and the 500-MW solar plants in Rajasthan and Karnataka in India – also impacting generation volumes.

H1 2022 vs. H1 2021

- Comparable operating profit decreased by EUR 70 million, mainly
 - as a result of clearly higher fossil fuel and CO₂ emission allowance prices as well as lower heat volumes due to warmer weather, partially offset by higher power prices and the divestment of the ownership in Fortum Oslo Varme.
 - Structural changes from the divestments of the Baltic district heating business and 250-MW Pavagada II and the 250-MW Rajasthan solar plants in – also impacting generation volumes.



MEUR	II/ 2022	II/ 2021	I-II/ 2022	I-II/ 2021	FY 2021	LTM
Sales	229	256	619	674	1,302	1,247
Comp. EBITDA	0	43	90	175	317	231
Comp. OP	-36	-4	12	82	135	65
Comp. net assets			1,614	2,572	2,456	
Comp. RONA %					6.1	3.4
Gross in- vestment	38	39	63	86	162	139

Consumer Solutions: Challenging market environment

Q2 2022 vs. Q2 2021

- Comparable operating profit increased by 11%, mainly due to improved electricity and gas sales margins.
- In the Nordics, the electricity sales volumes increased by 2%, mainly due to slightly colder weather conditions. In Poland, gas sales volumes decreased by 17%, due to warmer weather and customer contracts ended compared to the second quarter of 2021. Sales increased by 102%, driven by significantly higher electricity and gas prices in the Nordics and Poland.

H1 2022 vs. H1 2021

- Comparable operating profit slightly up on the quarter due to higher electricity and gas sales margins, offset by higher costs.
- Higher temperatures in the Nordics compared to clearly colder weather in the first quarter of 2021 and slightly lower customer base had a negative impact on electricity and gas sales volumes
- Total sales revenue increased significantly driven by significantly higher electricity and gas prices in all markets.

Number of customers ('000)	JUN 2022	2,190				
	DEC 2021	2,230				

MEUR	II/ 2022	II/ 2021	I-II/ 2022	I-II/ 2021	FY 2021	LTM
Sales	856	424	2,024	1,085	2,622	3,561
Comp. EBITDA	40	36	94	89	123	128
Comp. OP	21	19	56	55	52	53
Comp. net assets			809	618	1,125	
Gross investment	17	25	32	36	68	64

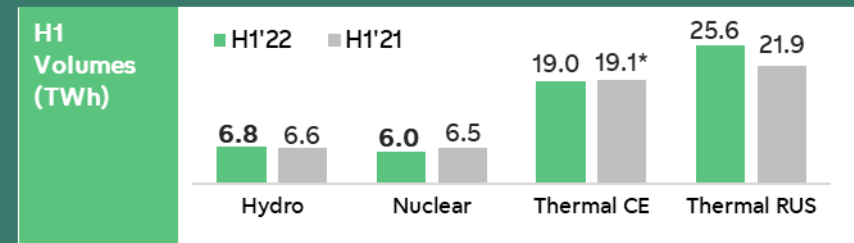
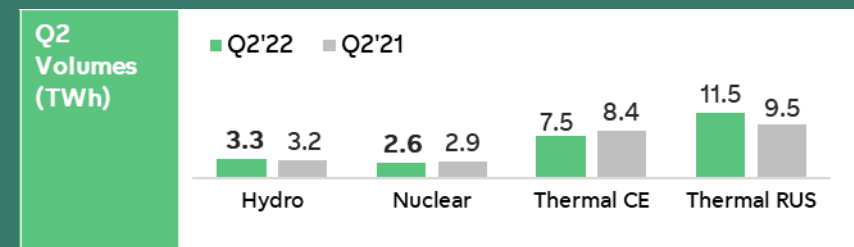
Uniper: Suffering from gas curtailment losses

Q2 2022 vs. Q2 2021

- Comparable operating profit increased to EUR 263 (-177) million. The result improvement was mainly driven by higher results due to the shift of up to EUR 750 million of earnings from the first quarter into the second quarter result in context of storage optimisation.
- This result shift was partly offset by EUR 403 million of losses from the Russian gas curtailment and by an intra-year CO₂ emission right phasing effect that shifted margins from the second quarter to the fourth quarter of 2022 and significantly lower result in the international business.

H1 2022 vs. H1 2021

- The main driver for the significantly lower result was the substantial curtailment of Russian gas volumes since mid-June, an intra-year CO₂ emission right phasing effect that shifted margins from the first half of 2022 to the fourth quarter of 2022 and that exceptionally strong earnings in the international trading portfolio from last year did not repeat.



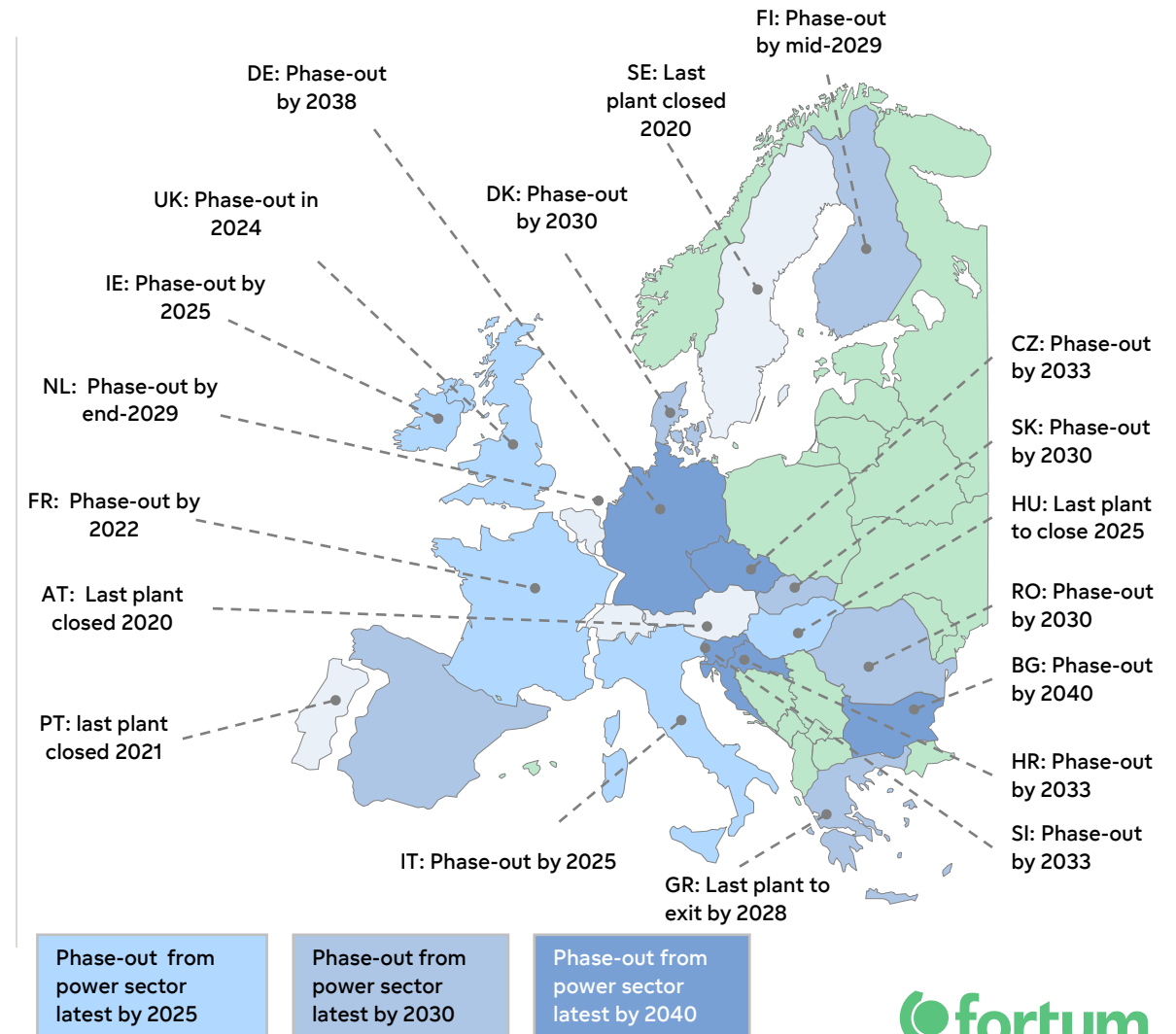
MEUR	II/ 2022	II/ 2021	I-II/ 2022	I-II/ 2021	FY 2021	LTM
Sales	36,487	15,893	77,971	35,663	105,992	148,301
Comp. EBITDA	468	-17	-177	851	1,789	761
Comp. OP	263	-177	-570	534	1,120	16
Comp. net assets			1,173	8,233	4,971	
Gross investment	150	184	232	320	683	595

Appendices

Most of Western Europe to exit coal by 2030

Timetables largely undisturbed by short term additions of coal into reserves

- Sweden and Austria^{*)} closed their last coal plants in 2020, Portugal in 2021
- France is committed to a phase out by 2022^{*)}
- UK to end coal-fired power generation in 2024
- Italy and Ireland have both announced phase-out by 2025, also Hungary aims to close its last plant by then
- Greece recently adjusted their exit year back to 2028
- Netherlands and Finland both have 2029 as regulated phase-out year
- Denmark, Romania^{*)} and Spain all committed to a 2030 exit, with Spanish operators already underway to close last units by mid-2020s
- Czechia, Slovenia and Croatia plan phase-outs by 2033^{**)}
- Germany to phase out coal at latest 2038, ideally however already 2030^{**)}
- Bulgaria has announced a phase out by 2038-2040^{**)}
- Poland to phase out its coal by 2049

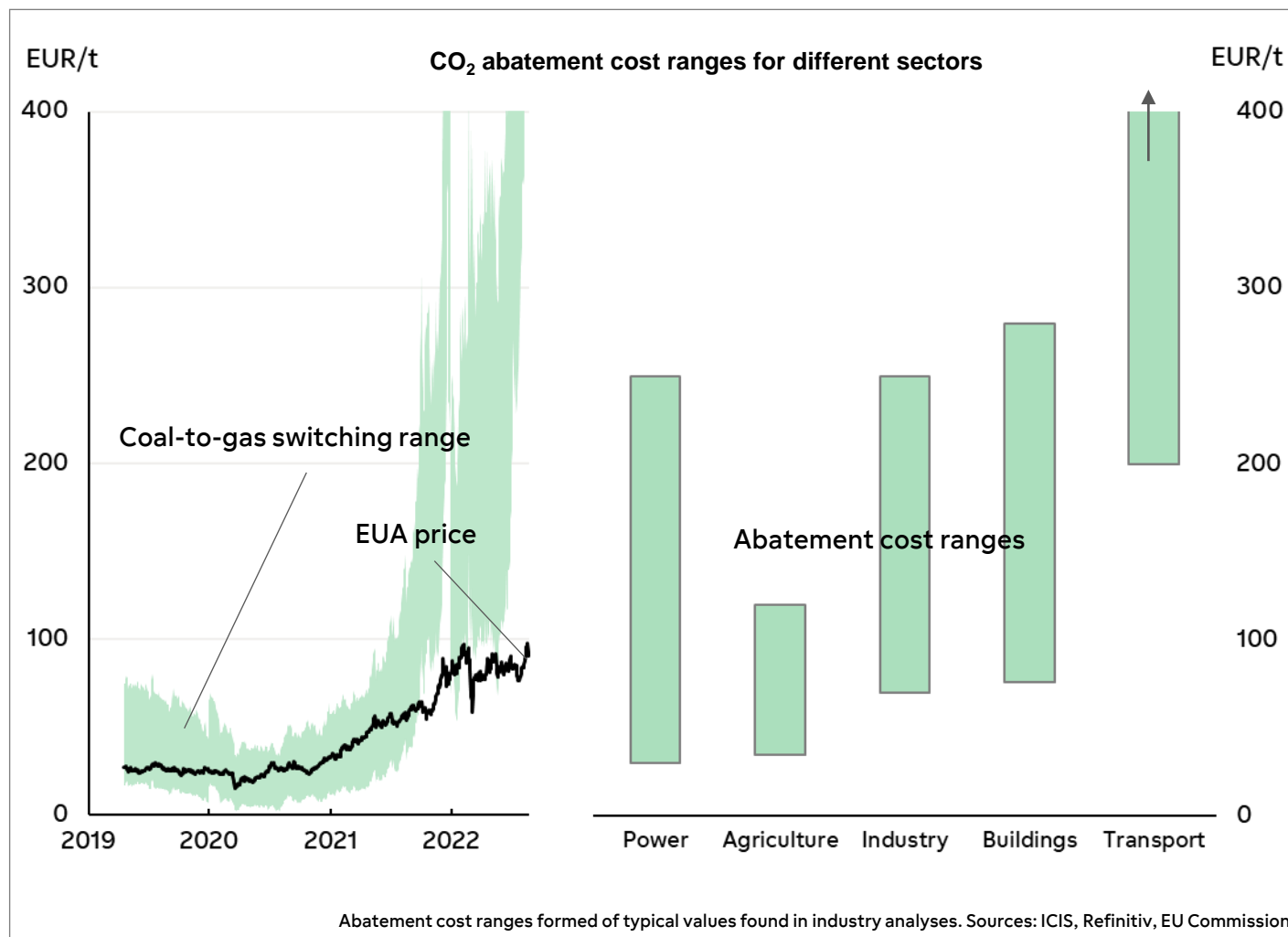
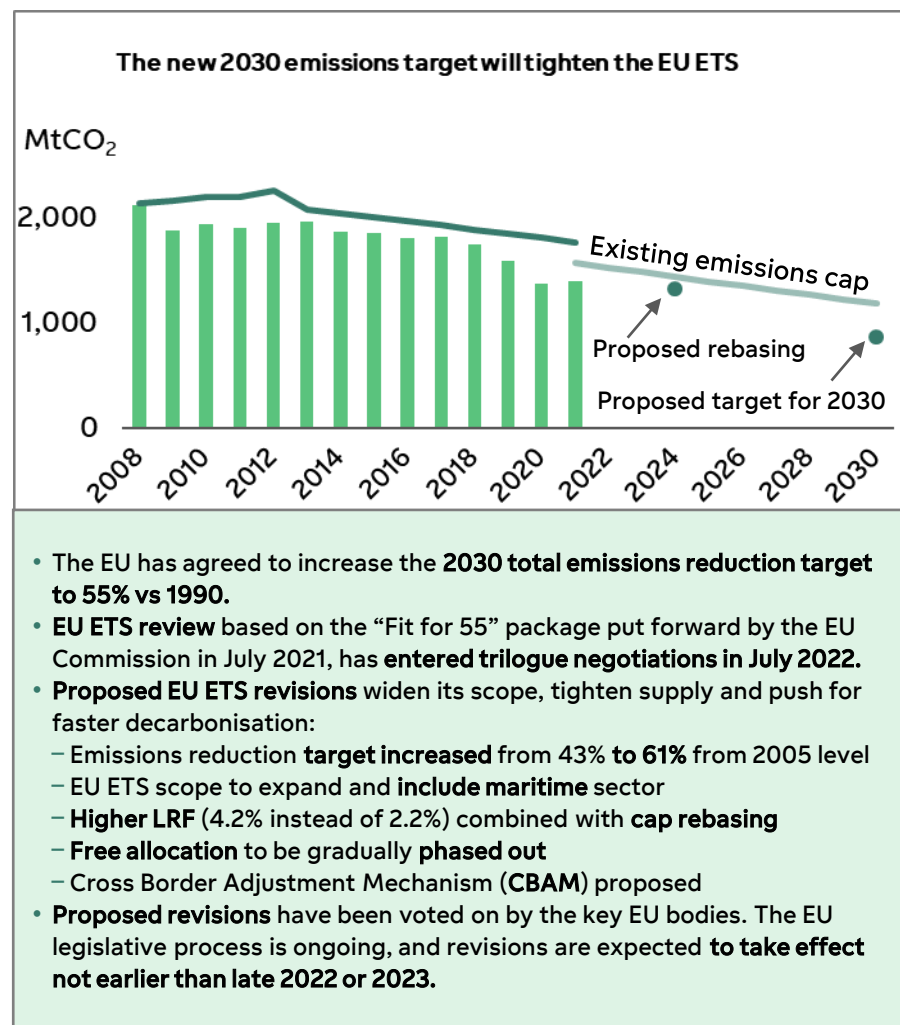


^{*)} Limited use beyond allowed

^{**)} As per current government programmes

Sources: Europe Beyond Coal, national sources

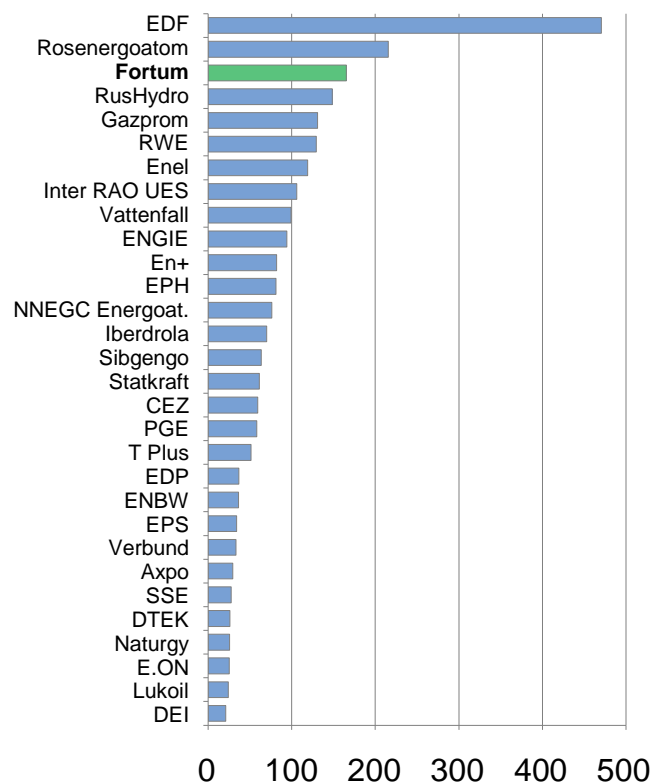
Decarbonisation requires other sectors to join



Fortum major player in power, gas and heat

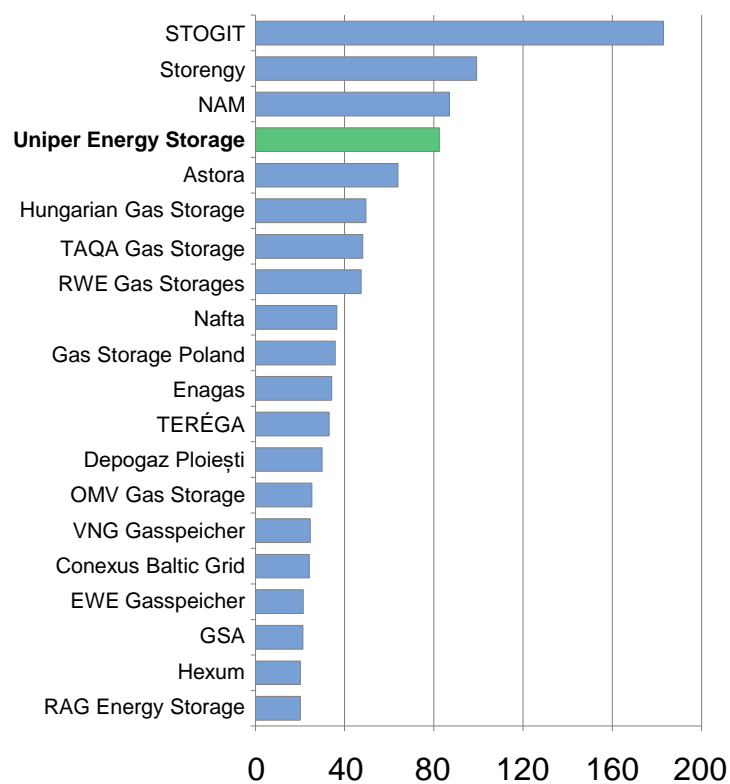
Power generation

Largest generators in Europe and Russia, 2020
TWh



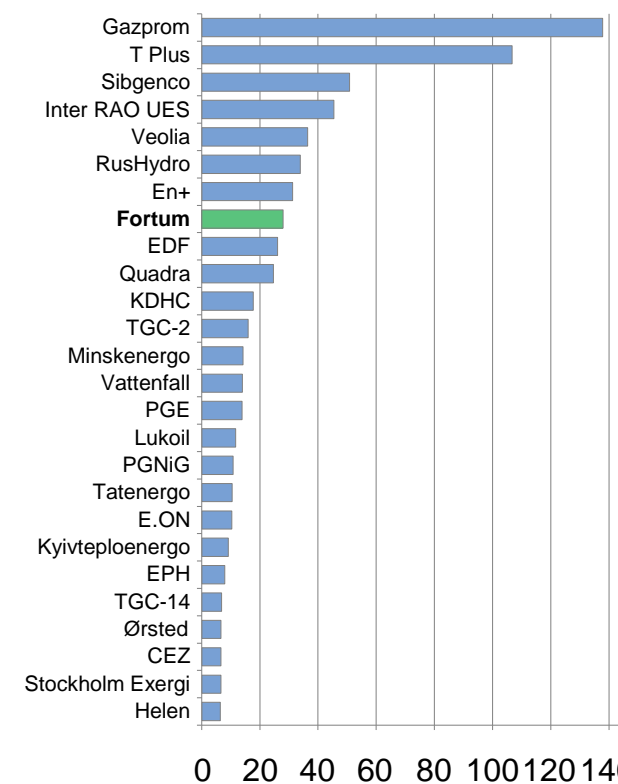
Gas

Largest European gas storage operators, 2021
TWh



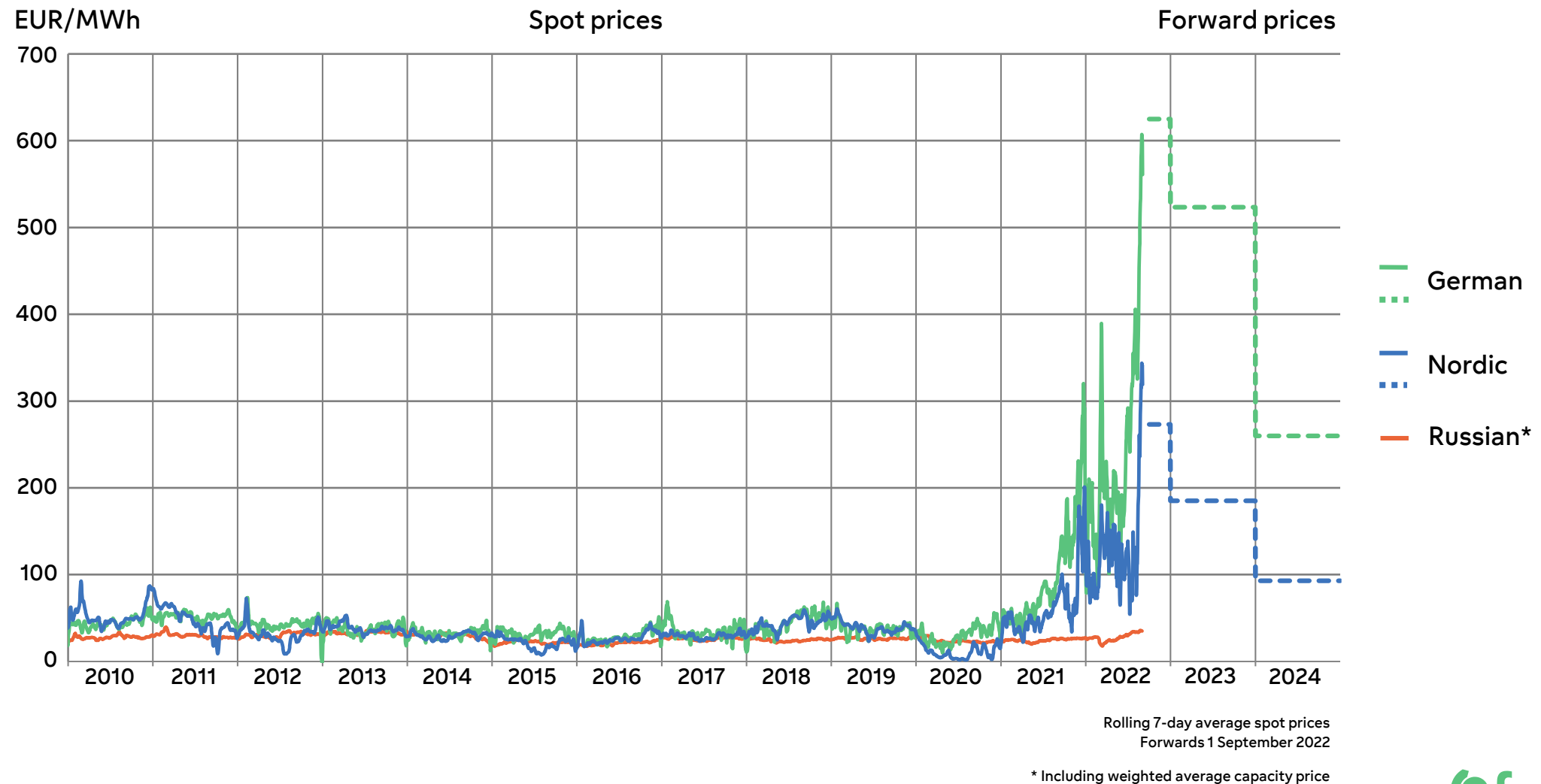
Heat production

Largest global producers, 2020
TWh

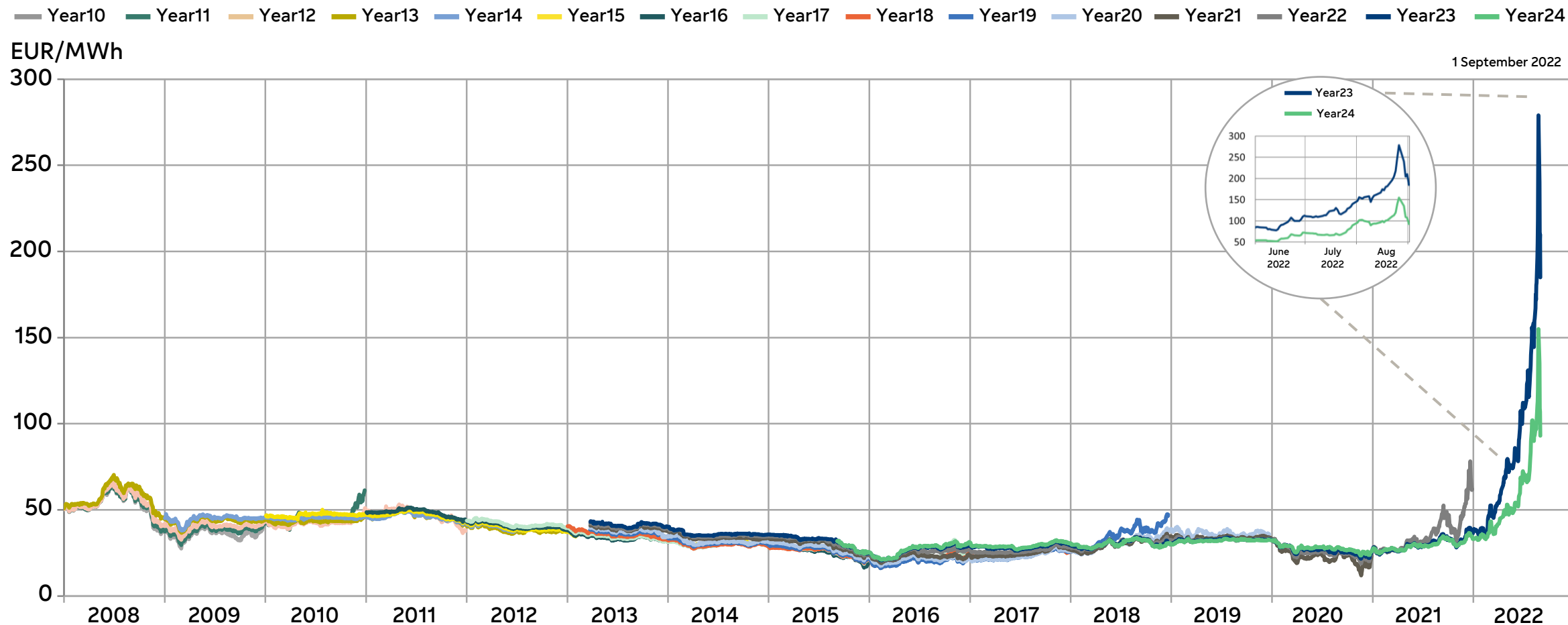


Source: Company information, Fortum analyses, 2020 figures pro forma. GSE, figures as of July 2021
Fortum incl. Uniper. EPH incl. LEAG. No data from China.

Wholesale power prices



Nordic year forwards



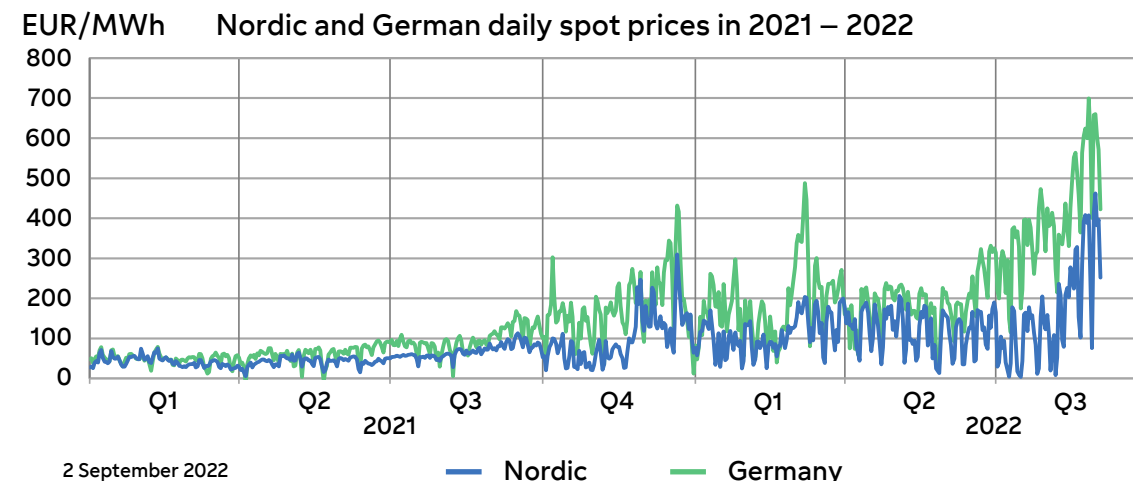
German and Nordic forward spread

Spot price

- Continental spot prices have been impacted by the record high commodity prices and low availability of the French nuclear fleet. German Q2 2022 spot realised at EUR 187 per MWh, being slightly above the price of winter quarters Q4-21 (179) and Q1-22 (185).
- Low precipitation and deficit in the water reservoirs in Southern Norway, together with new interconnections from Norway to Germany and to UK, allowed some of the hydro production to price close to the cost of coal fired power generation. Nordic Q1 2022 SYS spot realised again at all time high EUR 121 per MWh.

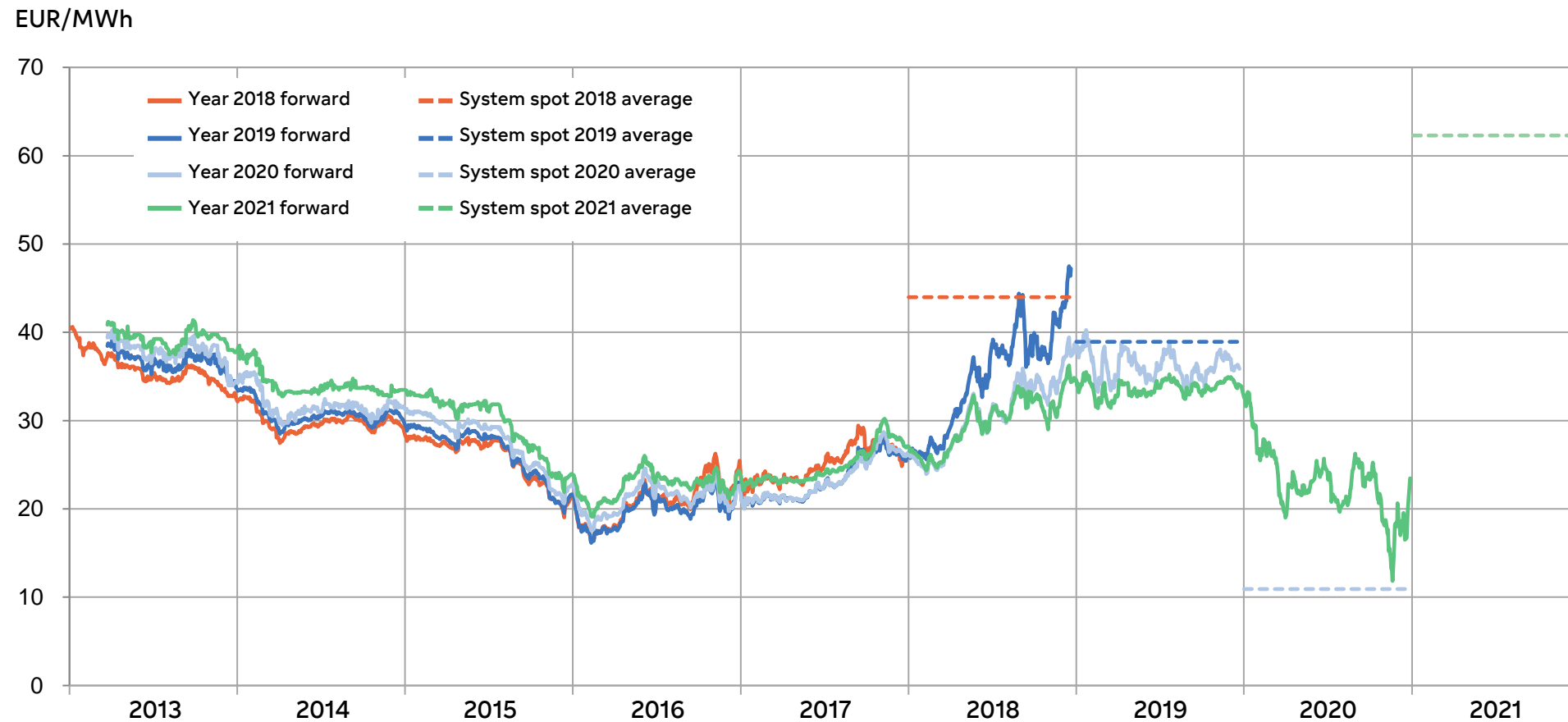
Forward price

- Early July the German contract for 2023 delivery is trading above EUR 300 per MWh, while corresponding Nordic SYS contract is close to EUR 110 per MWh.
- The German-Nordic spread for 2023 delivery has increased from 84 €/MWh in the beginning of 2022 to the current level of 200 €/MWh.
- German contract is tracking the changes in the short-run marginal costs for gas to power units, reflecting the tighter power balance in the Continental Europe due to decreasing thermal capacity.
- The Nordic contract is balancing between the growing Nordic renewable and nuclear (OL3) supply vs new interconnector capacity.



Source: Nord Pool, Bloomberg

Nordic forward prices and Nordic sys spot averages



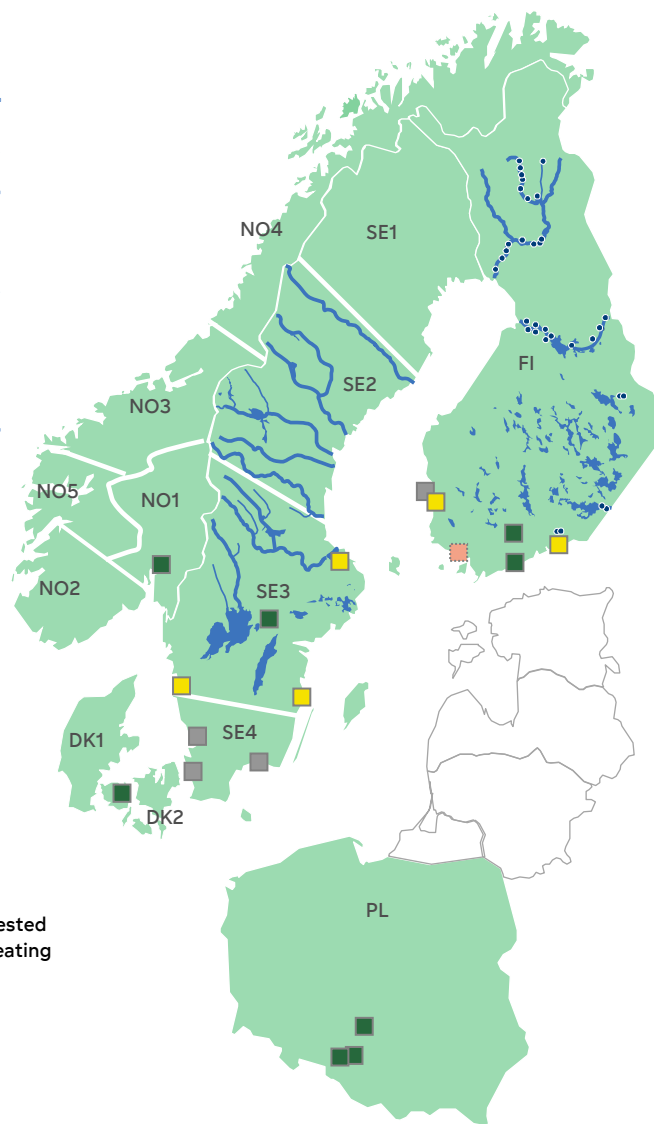
Fortum's Nordic and Polish generation capacity

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

Figures 31 December 2021

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

1) The capacity includes the 24 MW CHP assets, which has been divested in Norway in May 2022. Fortum sold its 50% ownership in the district heating company Fortum Oslo Varme AS in Norway.



NORWAY	MW
Generation capacity	
Price area NO1, CHP	24 ¹

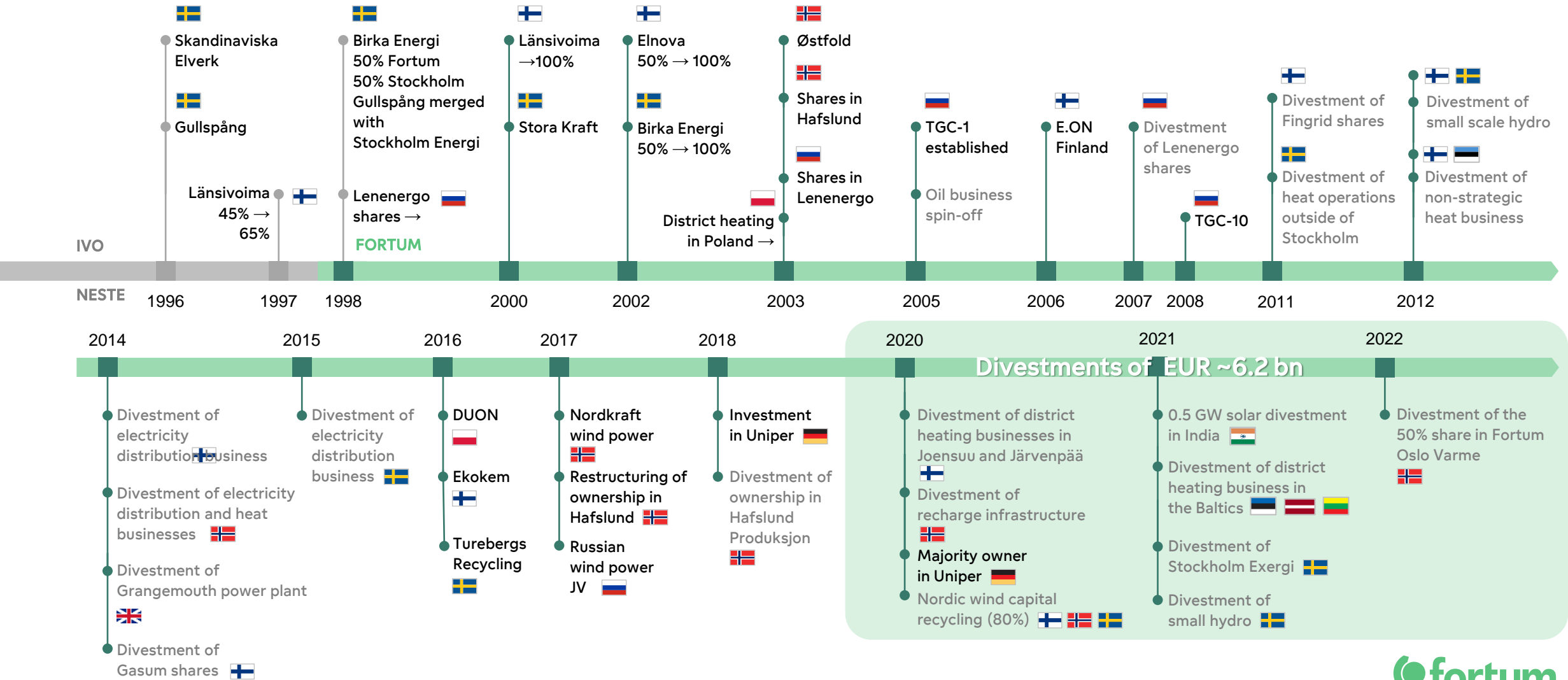
SWEDEN	Fortum	Of which Uniper
Price areas		
SE2, Hydro	3,177	1,635
SE3, Hydro	1,571	13
SE4, Hydro	123	123
SE3, Nuclear	3,073	1,737
SE3, CHP	6	-
SE4, Other th.	1,175	1,175
Gen. capacity	9,125	4,684

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

DENMARK, DK1	MW
Generation capacity, CHP	9

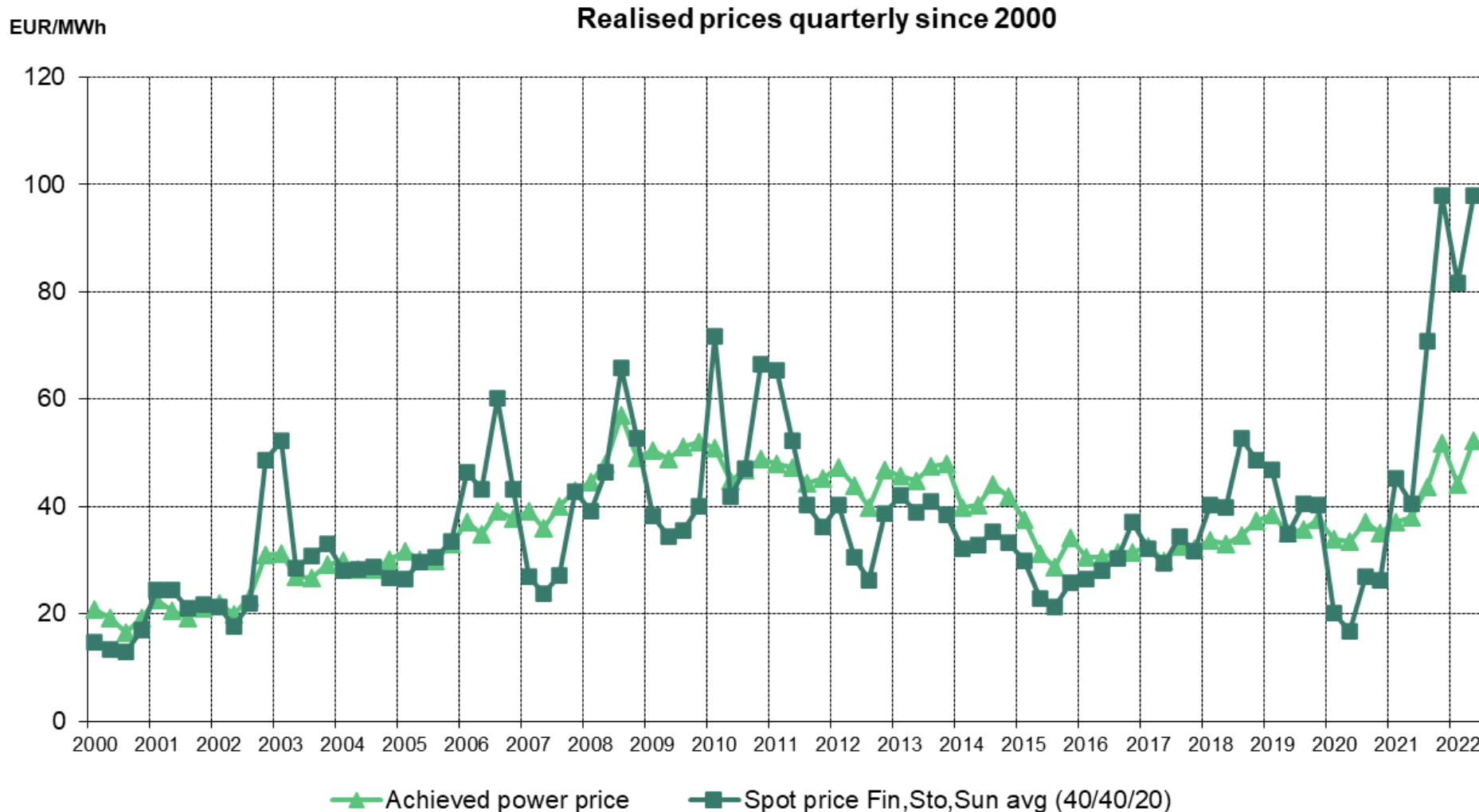
POLAND	MW
Generation capacity, CHP	145

Fortum's evolution and historical strategic route



Hedging improves stability and predictability

— principles based on risk mitigation, (Generation segment)

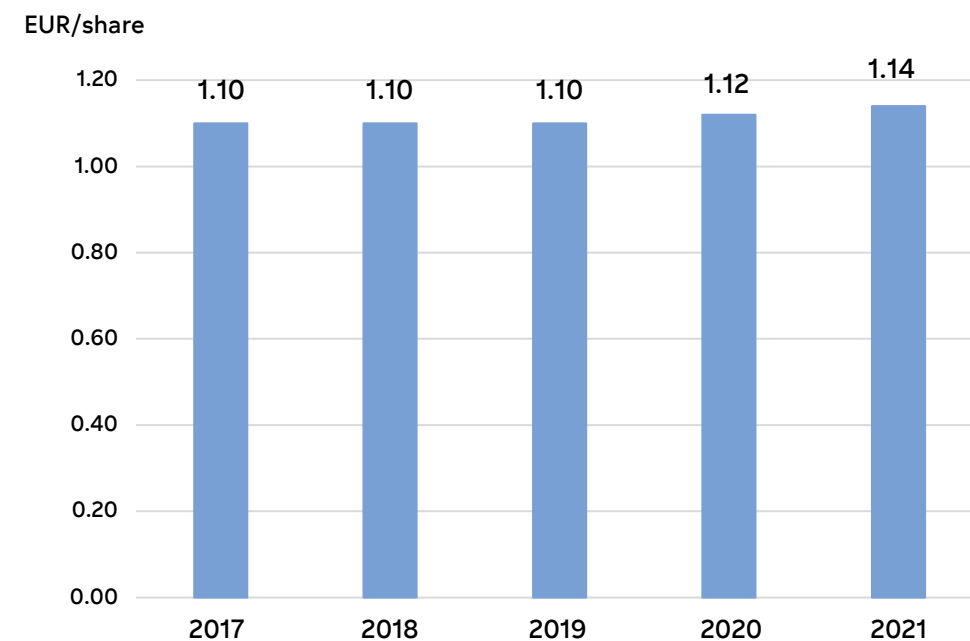


Fortum's dividend policy

Dividend policy:

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

Fortum dividends



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Fortum Investor Relations and Financial Communications

Next events:

January-September Interim Report 2022 on 10 November 2022

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