

Half-year Financial Report January-June 2024

Fortum Corporation
15 August 2024

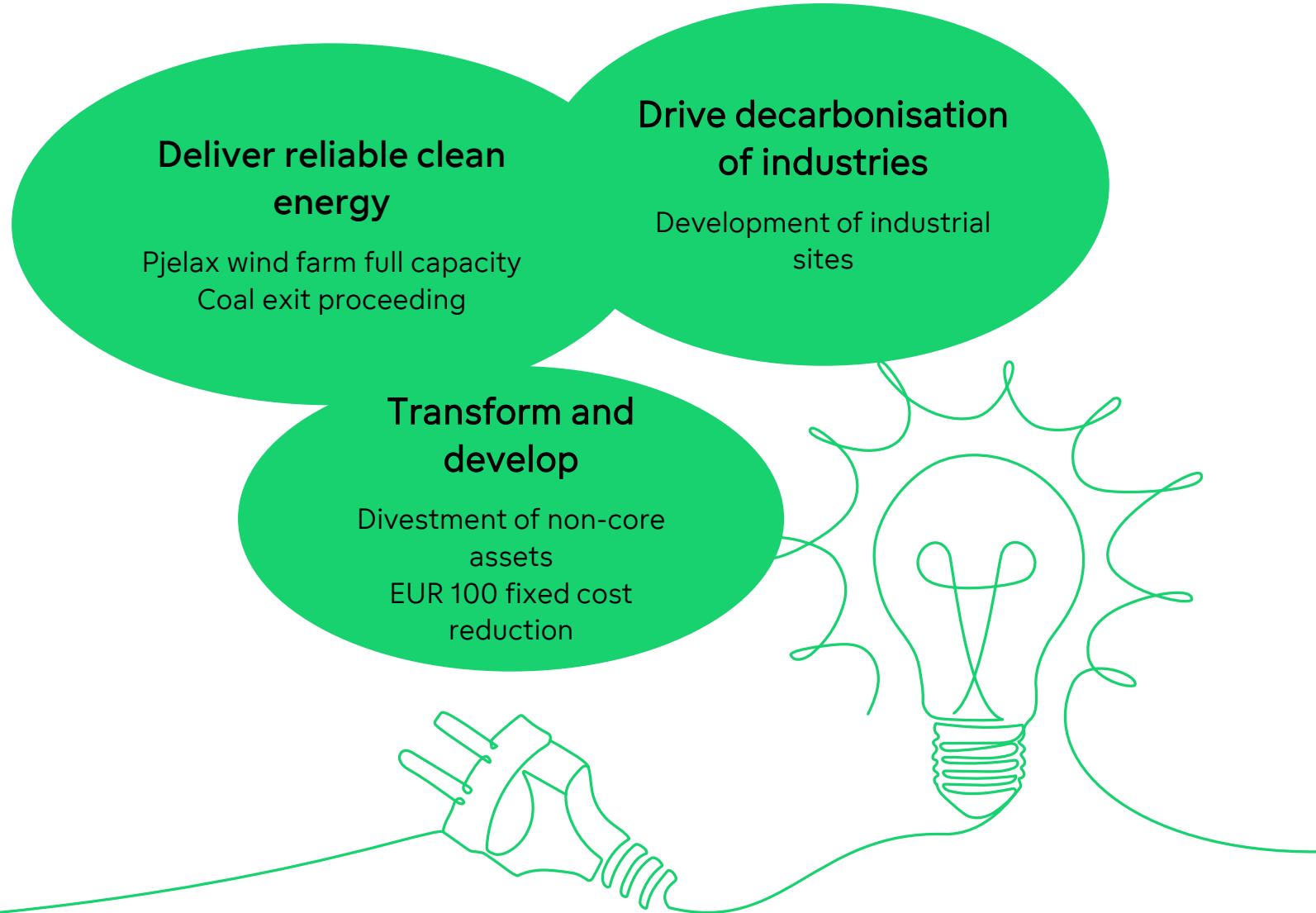




Markus Rauramo
President and CEO

Quarterly highlights Q2 2024

- Resilient performance despite lower prices
 - Successful hedging and physical optimisation
- Pjelix wind farm at full capacity
- Coal exit proceeding
- Industrial site development
- Focus on core business, divestment of
 - Indian 185 MW solar
 - Q3: Recycling and waste business
- Efficiency improvement programme



I-II/2024

Operating profit

declined due to lower achieved power price in the Generation segment

Cash flow

declined due to lower comparable EBITDA, lower positive change in working capital and realised foreign exchange losses, partly offset by lower paid income taxes

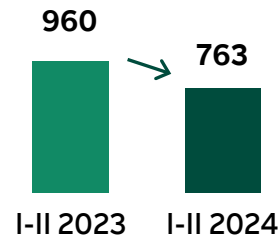
Financial net debt-to-Comparable EBITDA

at 0.5x, financial net debt at EUR 0.9 bn

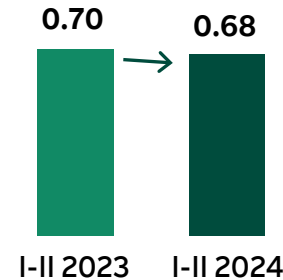
Solid financial performance despite seasonally lower power prices in the Nordics

Key financial indicators for continuing operations

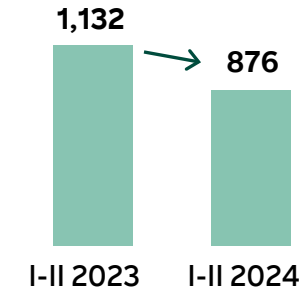
Comp. OP



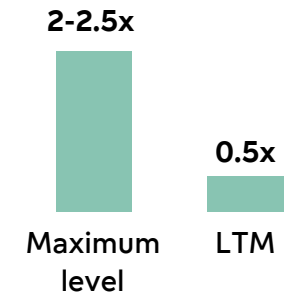
Comp. EPS



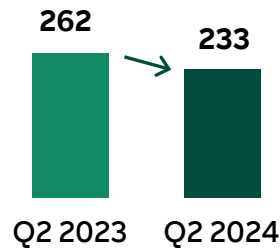
OCF



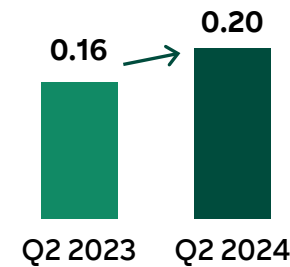
Leverage



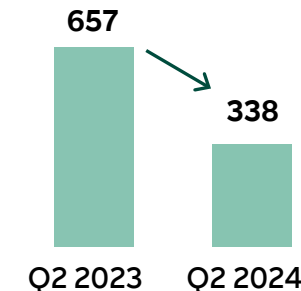
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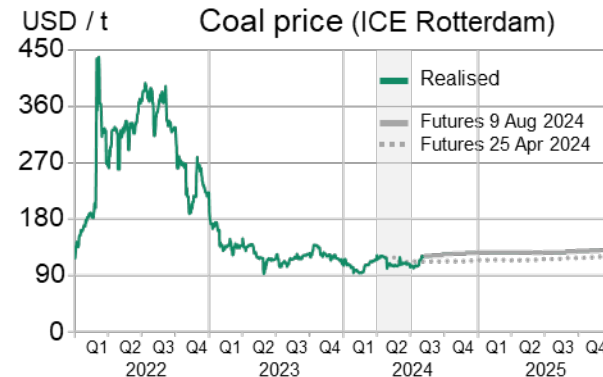
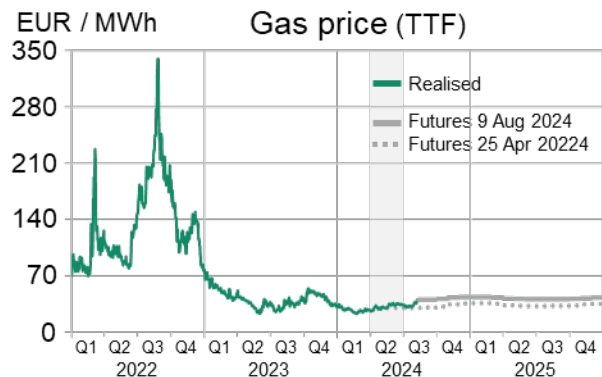
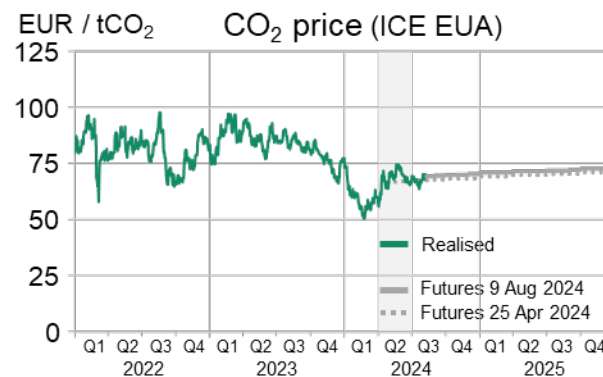
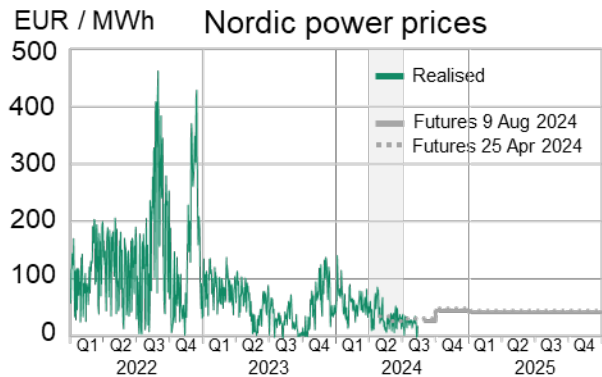
Comp. EPS



OCF



Weather was driving Nordic power prices in the second quarter



Source: NordPool, BloombergNEF
Daily market prices 9 August 2024; 2024 and 2025 future quotations

- In Q2, gas prices incorporated supply risk premium as European supply tightened on sizeable maintenance and higher Asian LNG demand. This supported carbon and power prices in Continental Europe.
- Spot volatility, especially in Finland, continued amid prolonged nuclear maintenance and significant limitations on transmission lines.
- The power futures market experienced weather driven volatility. In Q2, power futures developed sideways.



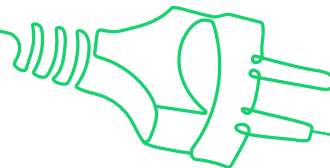
Tiina Tuomela
CFO

Comparable net profit and EPS increased in the second quarter

MEUR	II/2024	II/2023	I-II/2024	I-II/2023	2023	LTM
Sales	1,255	1,368	3,270	3,632	6,711	6,349
Comparable EBITDA	326	344	948	1,125	1,903	1,726
Comparable operating profit	233	262	763	960	1,544	1,347
Comparable net profit	184	147	614	629	1,150	1,134
Comparable EPS	0.20	0.16	0.68	0.70	1.28	1.26
Net cash from operating activities	338	657	876	1,132	1,710	1,454
Financial net debt / Comp. EBITDA					0.5	0.5

Lower power prices reflected in the result (LTM)

- Comparable operating profit at EUR 1,347 million
- Excellent credit metrics with Financial net debt-to-Comparable EBITDA ratio at 0.5x
- Comparable net profit at EUR 1,134 million
- Net cash from operating activities EUR 1,454 million



Income statement

MEUR, continuing operations	II/2024	II/2023	I-II/2024	I-II/2023	2023	LTM
Sales	1,255	1,368	3,270	3,632	6,711	6,349
Other Income	23	5	33	13	32	51
Materials and services	-696	-790	-1,864	-2,037	-3,808	-3,635
Fixed costs	-255	-239	-492	-484	-1,031	-1,039
Depreciations and amortisation	-93	-82	-185	-165	-359	-378
Comparable operating profit	233	262	763	960	1,544	1,347
Items affecting comparability	7	5	49	76	118	91
Operating profit	240	267	812	1,036	1,662	1,439
Share of profits/loss of associates and joint ventures	2	-42	23	-20	59	103
Finance costs - net	29	-50	16	-145	-138	23
Profit before income tax	272	175	852	871	1,583	1,564
Income tax expense	-57	199	-163	45	-69	-276
Profit for the period	215	374	689	916	1,515	1,288
Attr. to owners of parent	217	376	688	916	1,514	1,286
Attr. to non-controlling interest	-2	-3	0	0	1	2

- EUR 16 million in Q2 CompOP from sold Indian solar asset
- Fixed cost level appr. EUR 1 billion
- Finance costs net in Q2 at EUR 29 million including EUR 19 million pre-tax interest income from Belgian tax case and nuclear related items
- Non-controlling interest at EUR -2 million in Q2 2024, Pjelax wind farm negative result
- Reported LTM EPS at EUR 1.43

Q2/2024

Generation

Profit decreased mainly due to lower spot and hedge prices, somewhat offset by higher hydro generation. Indian solar power sales gain in CompOP. Pjelax marginally negative.

Consumer Solutions

Profit increased mainly due to improved electricity sales margins and discontinuation of the regulated electricity price cap for end users in Poland, the positive effect of which was partly offset by lower gas sales margin and higher fixed costs.

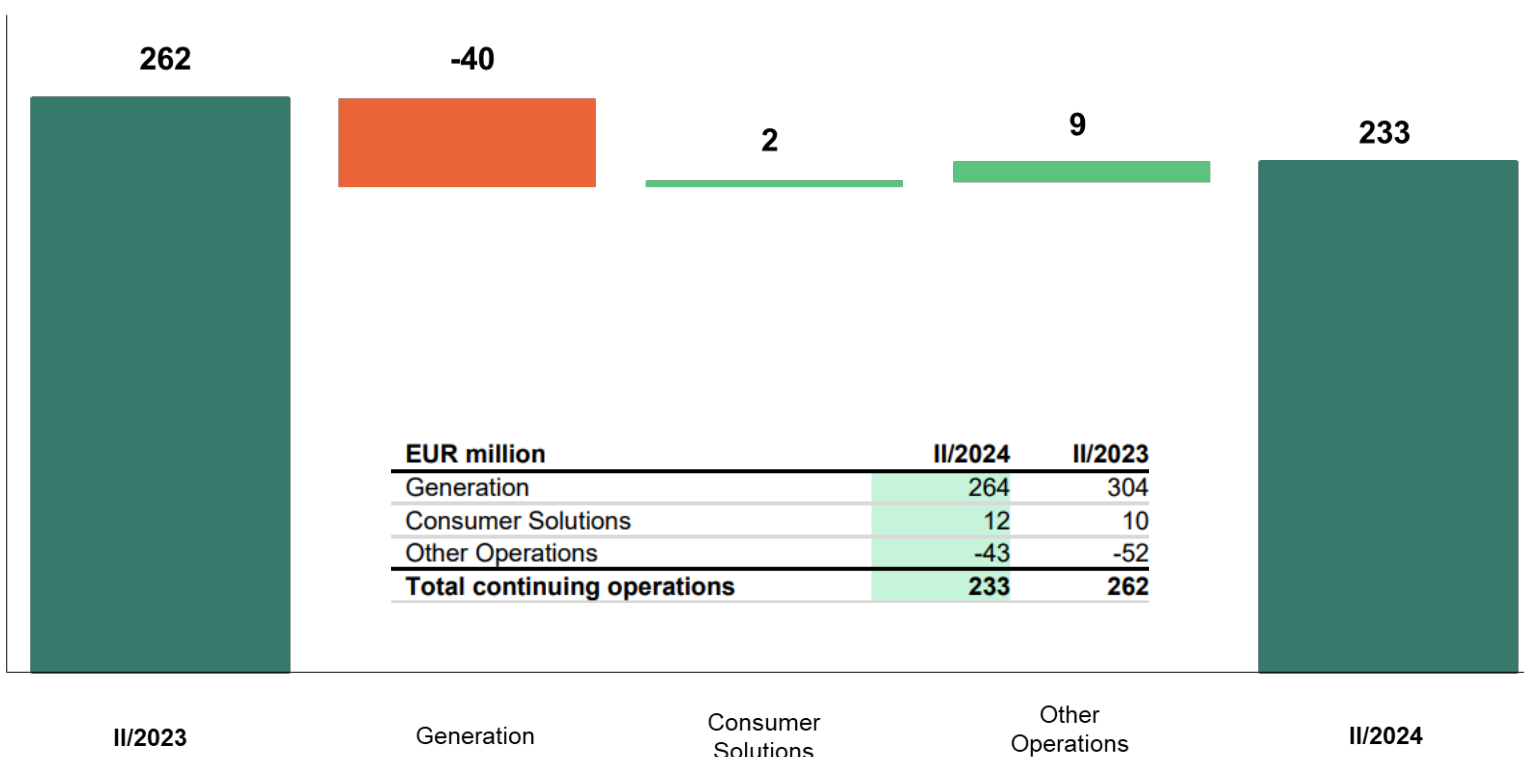
Other Operations

Profit improved mainly due to higher internal charges for enabling functions' services and higher earnings in the Circular Solutions business.

Results impacted by lower power prices

Comparable operating profit

(EUR million)



H1/2024

Generation

Profit decreased mainly due to clearly lower spot and hedge prices, partly offset by higher hydro generation. Pjelix slightly positive.

Consumer Solutions

Profit increased mainly due to higher electricity sales margins, discontinuation of the regulated electricity price cap for end users in Poland and higher sales margins for value-adding services, the effect of which was partly offset by lower gas sales margins in Poland and higher fixed costs.

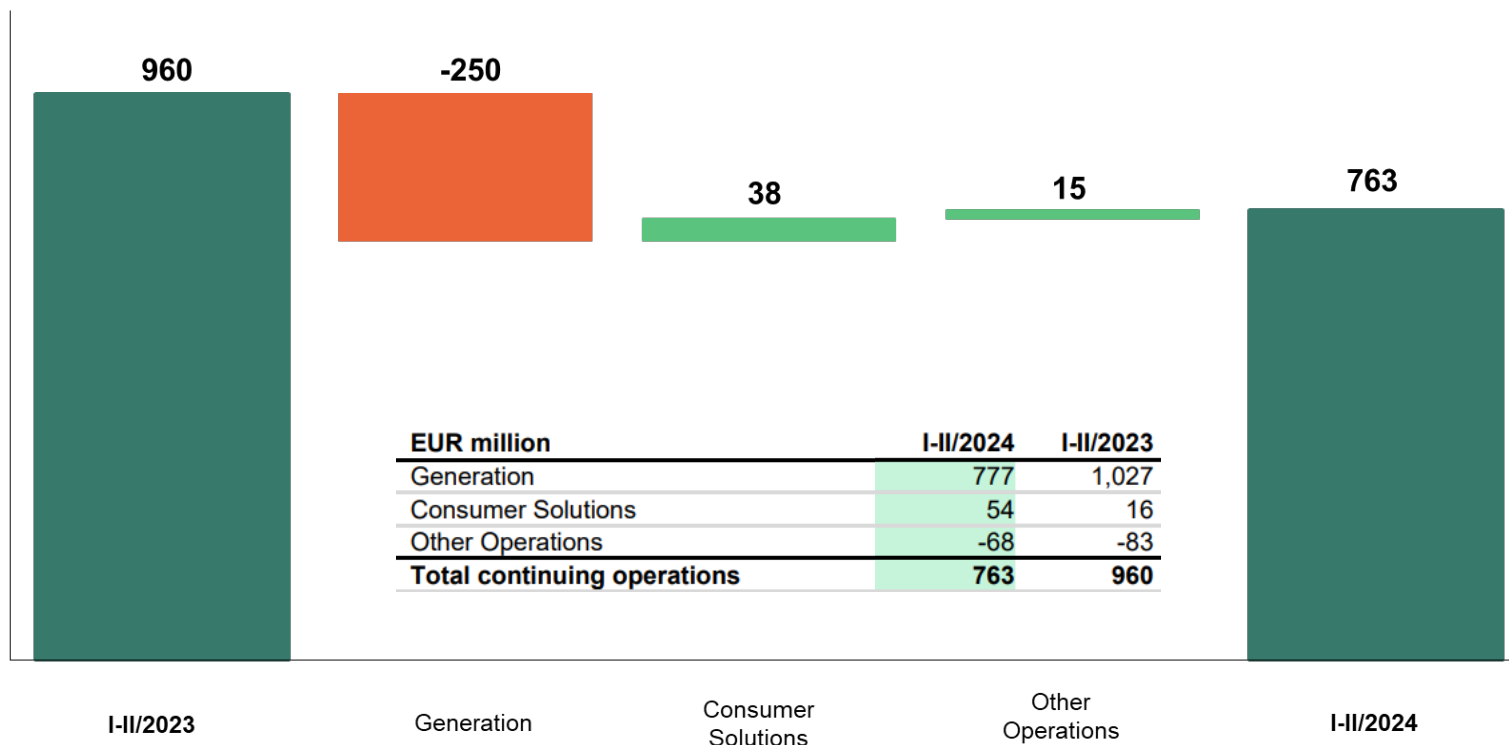
Other Operations

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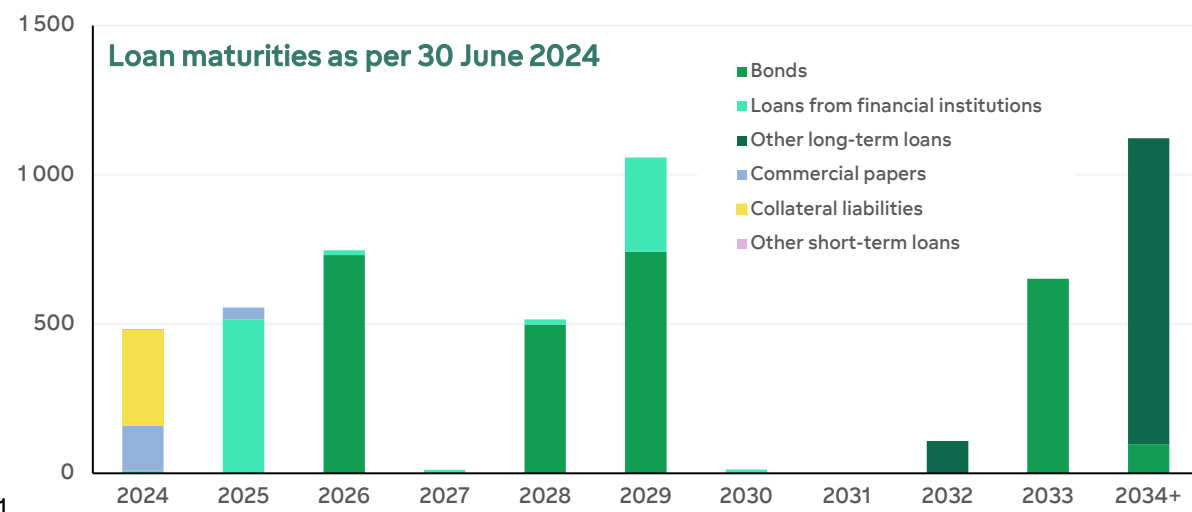
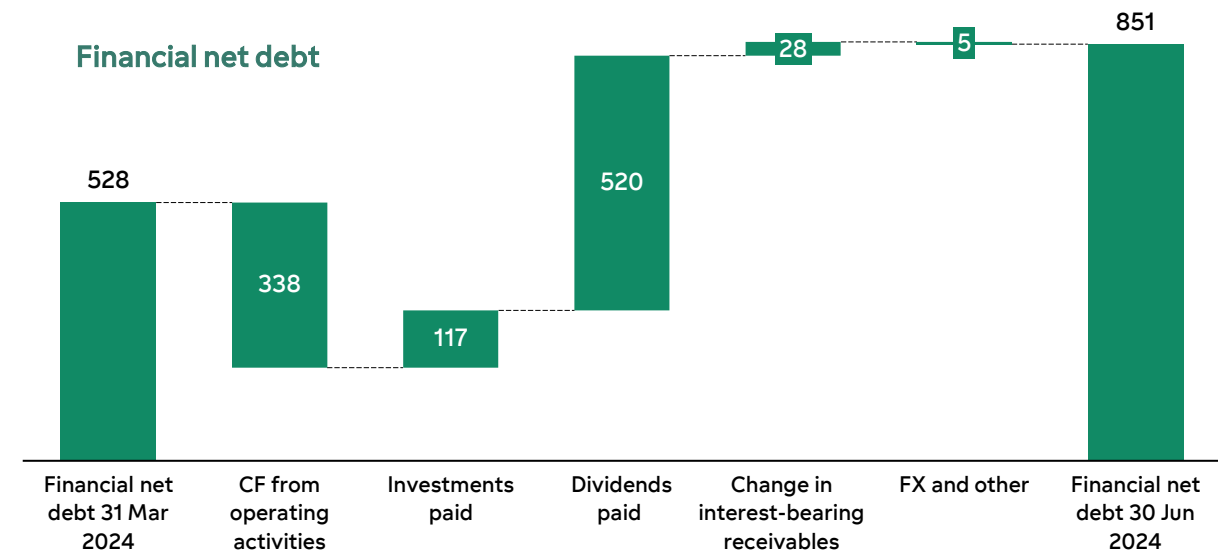
Generation had the biggest impact

Comparable operating profit

(EUR million)



Low leverage and strong liquidity position



Solid credit metrics

S&P Global Ratings 'BBB+' long-term issuer credit rating, Stable outlook

FitchRatings 'BBB' long-term issuer credit rating, Stable outlook

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

- As per 30 June 2024:**
- Total loans of € 5.3 bn excl. leases
 - Average interest rate of 4.2% for Fortum Group loan portfolio incl. derivatives hedging financial net
 - Liquidity reserves of € 7.4 bn
 - Liquid funds of € 4.1 bn with average interest rate of 3.8%
 - Undrawn credit facilities of € 3.3 bn

Outlook

Generation's Nordic outright (47 TWh/a):

Hedges

- For the rest of 2024: 75% hedged at 43 €/MWh
- For 2025: 60% hedged at 42 €/MWh (previously reported: 50% at 42 €/MWh)

Optimisation premium

- 6-8 €/MWh annually depending on market conditions

Tax guidance for 2024-2026:

Comparable effective income tax rate estimated to be 18-20%

Property tax in Sweden increases by € 25 million from 2025, new run-rate until and including 2030

Capital expenditure guidance:

2024: Capital expenditure, including maintenance capex of € 300 million, (excluding potential acquisitions) expected to be € ~550 million

2025 onwards: Annual maintenance capital expenditure expected to be € ~250 million (previously € ~300 million)

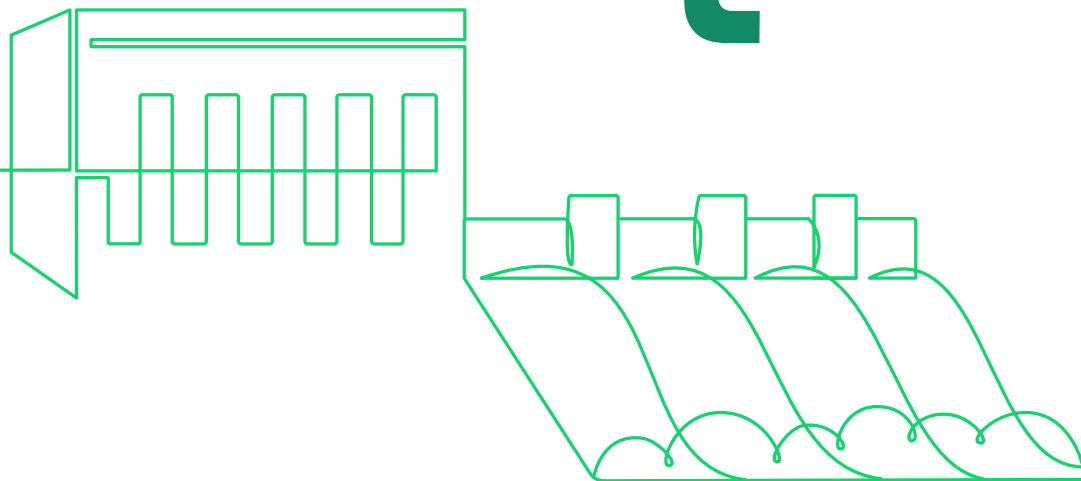
2024-2026: Total capital expenditure can be up to € 1,600 million (previously up to € 1,700 million)

Efficiency improvement programme:

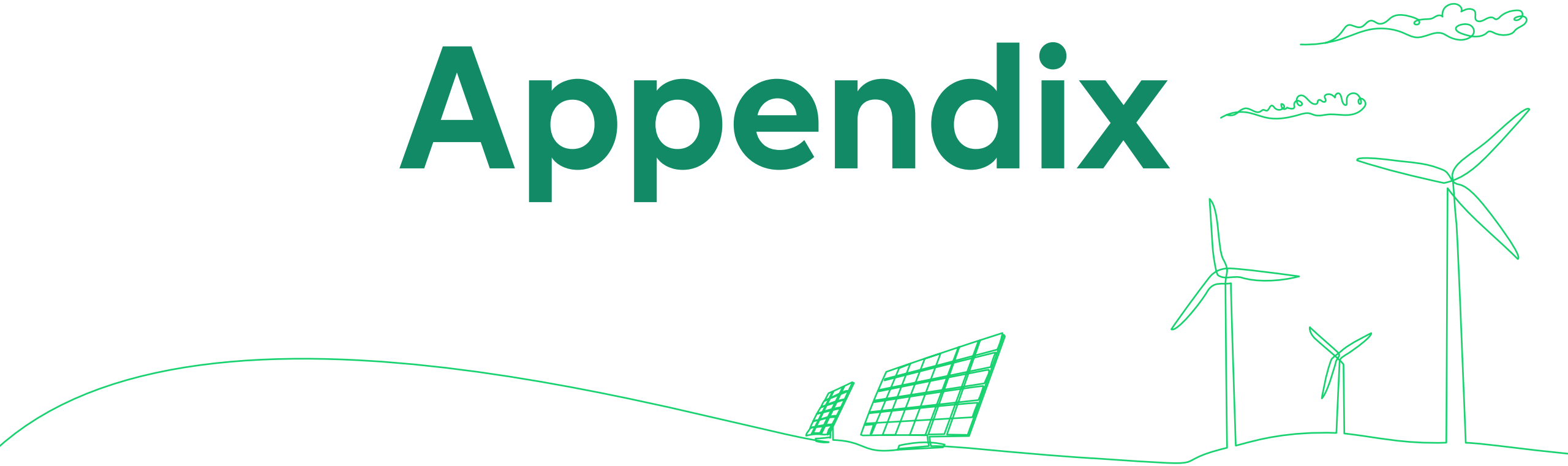
Fortum targets to gradually reduce its annual fixed cost base by € 100 million (excluding inflation) until end of 2025 with full run rate from the beginning of 2026

Fortum expects to reduce its recurring fixed cost base by more than € 50 million by the end of 2024

Q&A

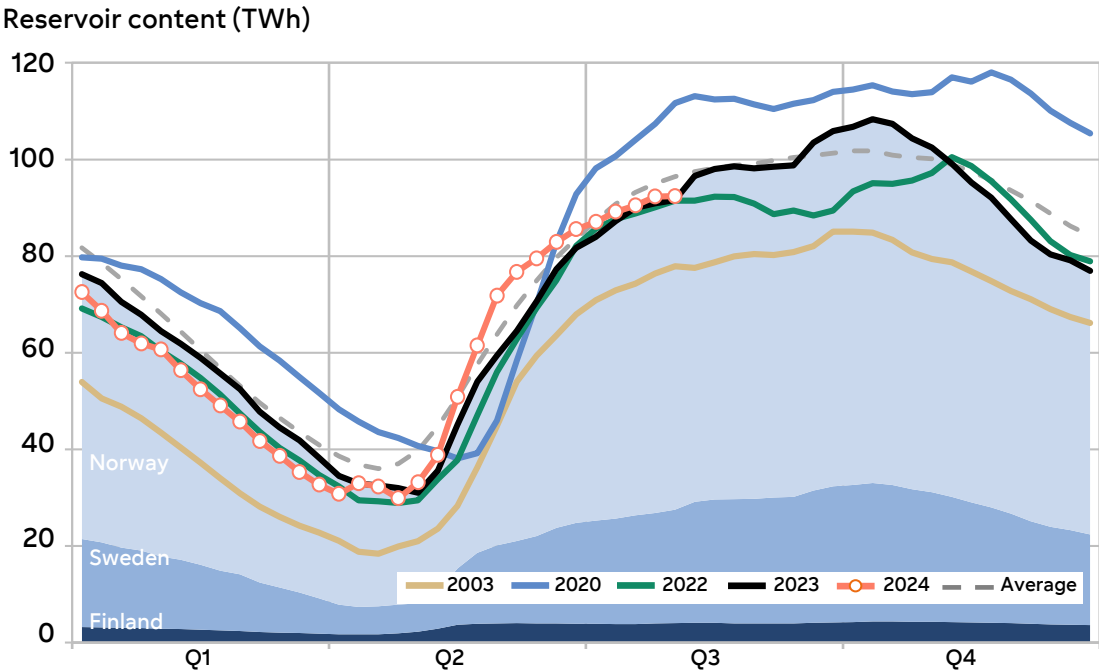


Appendix



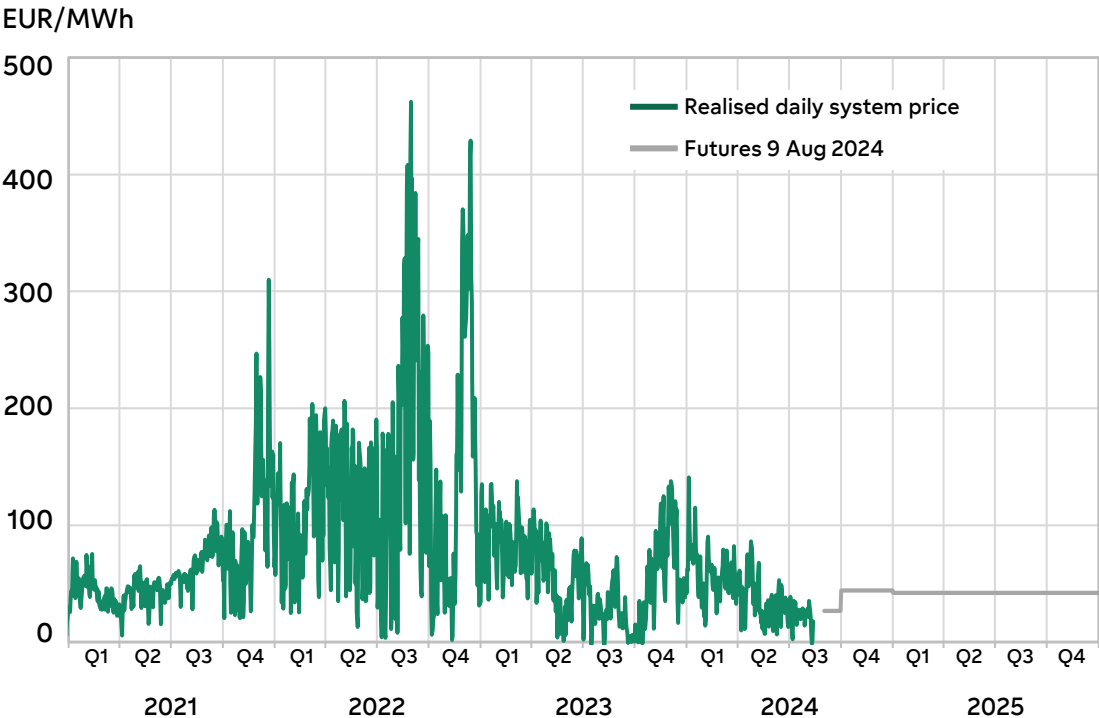
Nordic hydro reservoirs and wholesale power price

Hydro reservoirs



Source: Nord Pool, Nasdaq Commodities

Power price



GENERATION:

Achieved power price at 48.6 €/MWh

Q2/2024 vs. Q2/2023

Comparable operating profit down by 13% to EUR 264 million

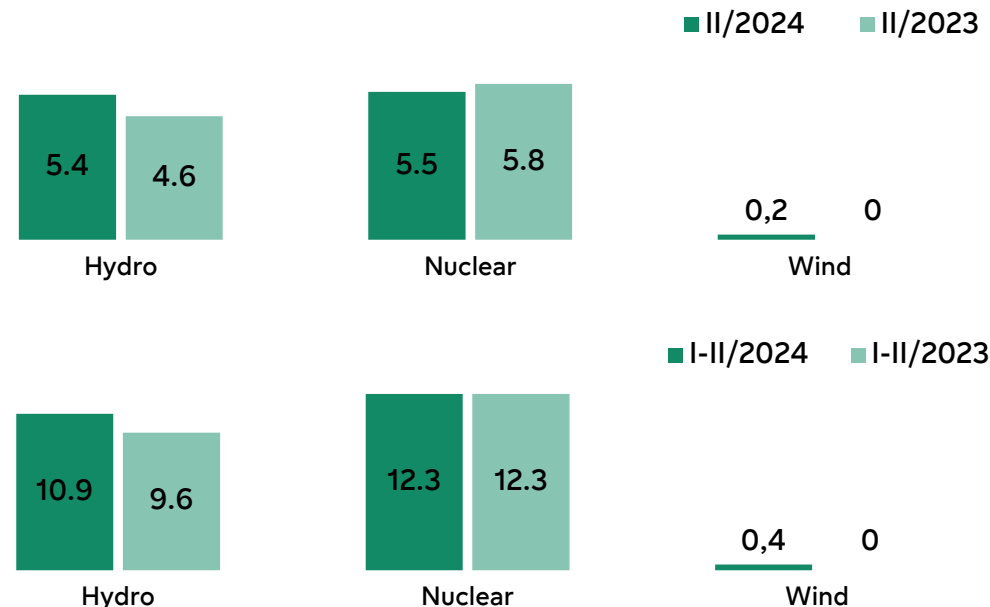
Mainly due to the lower spot and hedge prices. Lower nuclear volumes due to the extended outage in Olkiluoto's third unit and higher fixed costs negatively affected the result further, the effect of which was partly offset by higher hydro volumes. Fortum recorded a sales gain of EUR 16 million from the Indian solar divestment in connection with the closing of the transaction in the second quarter of 2024. The result of the district heating business improved mainly due to higher sales price for power in Poland as well as lower fuel and CO₂ costs supported by more electricity-based heat production in Finland.

H1/2024 vs. H1/2023

Comparable operating profit down by 24% to EUR 777 million

Mainly due to the clearly lower spot and hedge prices, partly offset by higher hydro volumes. The result was also negatively affected by a weaker energy mix resulting from higher-cost nuclear volumes from Olkiluoto's third unit. A sales gain of EUR 16 million from the divestment of Fortum's remaining Indian solar portfolio. The result of the district heating business improved mainly due to lower fuel and CO₂ costs supported by more electricity-based heat production in Finland and higher sales price for heat and power in Poland.

Power generation volumes, TWh



MEUR	II/2024	II/2023	I-II/2024	I-II/2023	2023	LTM
Sales	796	805	2,208	2,234	4,420	4,394
Comparable EBITDA	313	348	877	1,115	1,874	1,637
Comparable operating profit	264	304	777	1,027	1,679	1,429
Comparable net assets			7,453	6,876	7,263	
Comparable RONA %					24.2	20.6
Gross investments	94	135	155	226	454	383

CONSUMER SOLUTIONS:

Improved and more normalised results

Q2/2024 vs. Q2/2023

Comparable operating profit increased by EUR 2 mn to EUR 12 mn

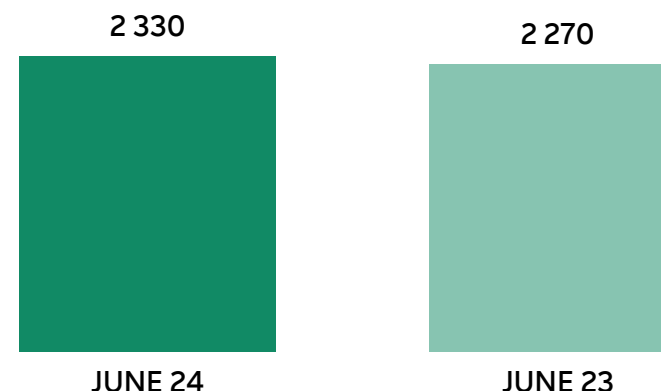
Mainly due to improved electricity sales margins and discontinuation of the regulated electricity price cap for end users in Poland effective during 2023, the positive effect of which was partly offset by lower gas sales margin and higher fixed costs.

H1/2024 vs. H1/2023

Comparable operating profit increased by EUR 37 mn to EUR 54 mn

Mainly due to higher electricity sales margins, discontinuation of the regulated electricity price cap for end users in Poland effective during 2023 and higher sales margins for value-adding services, the effect of which was partly offset by lower gas sales margins in Poland and higher fixed costs.

Number of customers ('000)



MEUR	II/2024	II/2023	I-II/2024	I-II/2023	2023	LTM
Sales	619	750	1,773	2,134	3,766	3,404
Comparable EBITDA	33	27	95	51	108	152
Comparable operating profit	12	10	54	16	38	75
Comparable net assets			580	604	838	
Comparable RONA %					4.5	11.5
Gross investments	18	20	35	40	103	98

OTHER OPERATIONS:

Results improved slightly

Q2/2024 vs. Q2/2023

Comparable operating profit improved by EUR 9 mn to EUR -43 mn

Mainly due to higher internal charges related to changes in internal charges for enabling functions' services and higher earnings in the Circular Solutions business.

H1/2024 vs. H1/2023

Comparable operating profit improved by EUR 15 mn to EUR -68 mn

Mainly due to higher internal charges related to changes in internal charges for enabling functions' services and higher earnings in the Circular Solutions business.

MEUR	II/2024	II/2023	I-II/2024	I-II/2023	2023	LTM
Sales	146	127	289	262	548	575
Comparable EBITDA	-21	-31	-24	-41	-80	-63
Comparable operating profit	-43	-52	-68	-83	-173	-158
Gross investments	24	28	39	51	107	95