

Interim Report January–September 2024

Fortum Corporation
29 October 2024

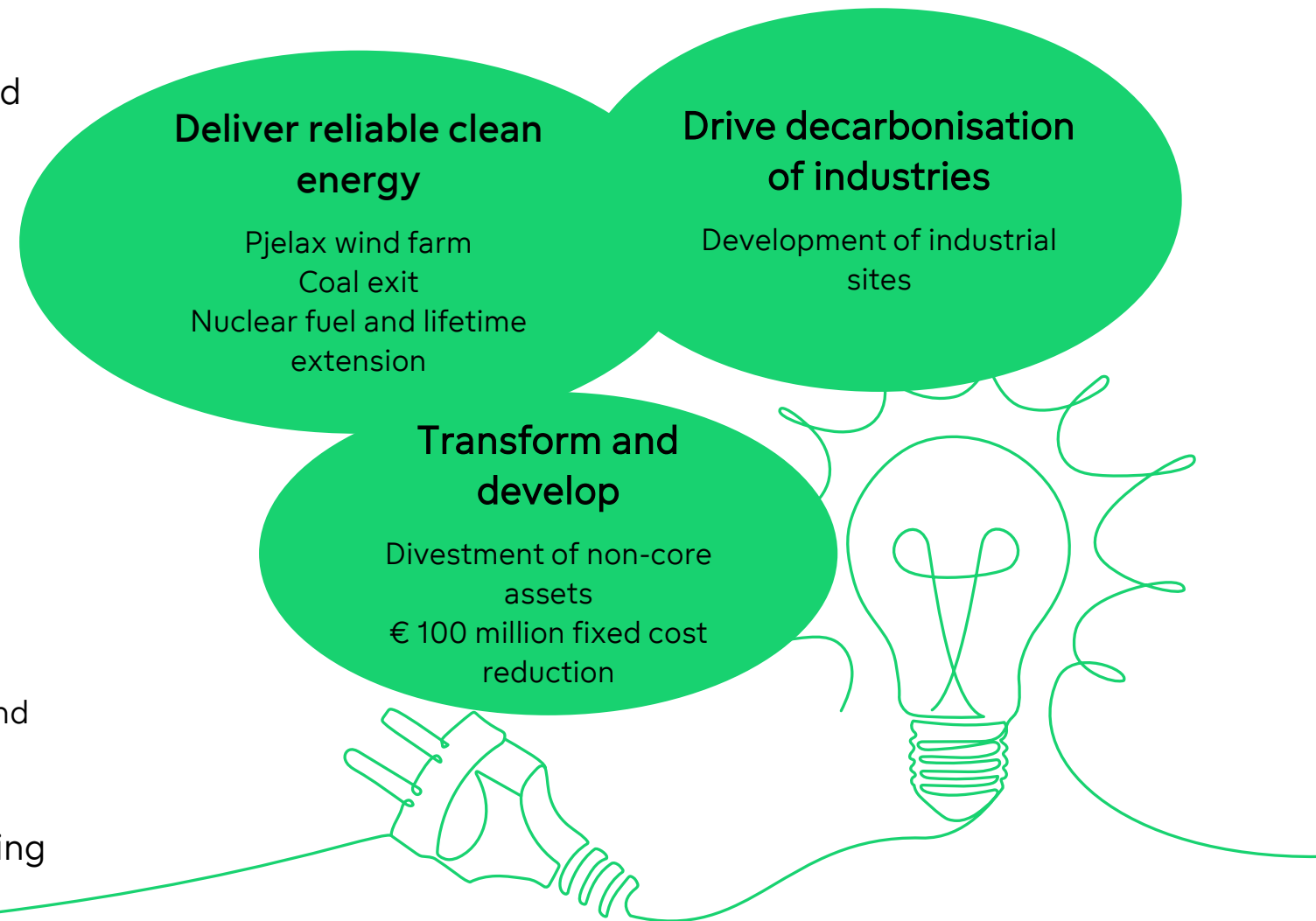




Markus Rauramo
President and CEO

Quarterly highlights Q3 2024

- Resilient performance despite lower prices and volumes
 - Successful hedging and physical optimisation
- Long-term PPAs
 - Pjelix started
- Loviisa Western fuel and lifetime extension
- Decarbonisation proceeding in Poland (Q4)
- Industrial site development – several sites reserved
- Focus on core business, divestment of
 - Recycling and waste business
 - Chempolis Oy, biobased solutions businesses, and shares in holding company of Assam Bio Ethanol Pvt Ltd in India
- Efficiency improvement programme progressing



I-III/2024

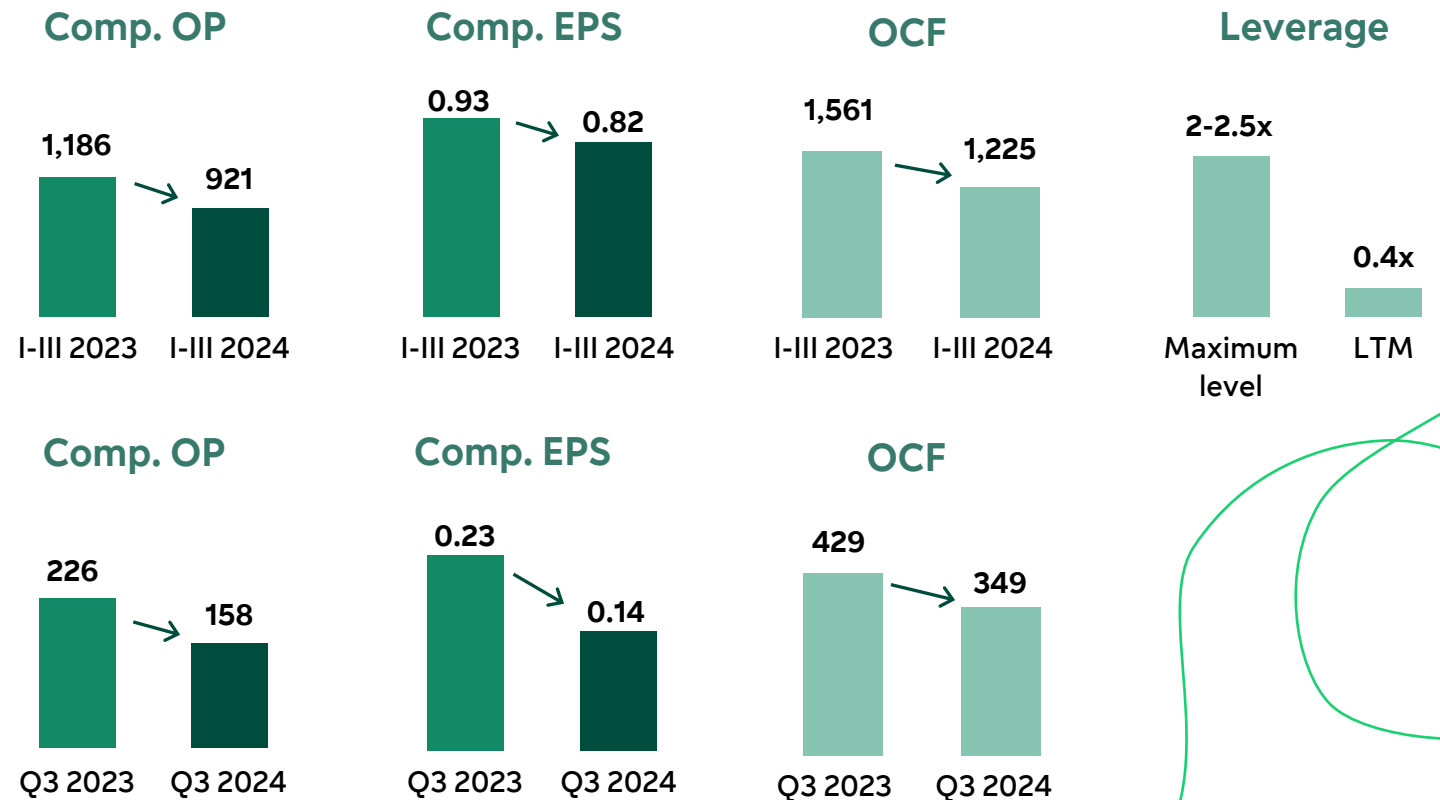
Comparable operating profit
declined due to lower achieved power price in the Generation segment

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 0.4x, financial net debt at EUR 0.7 bn

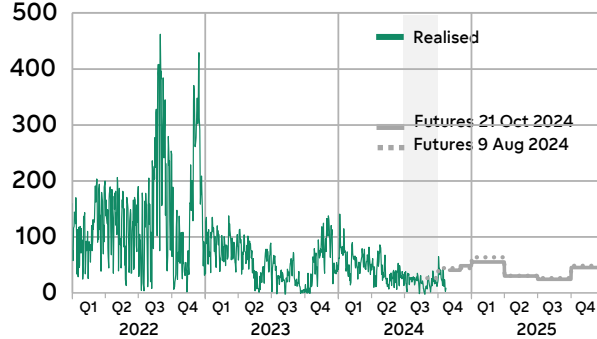
Resilient performance amid seasonally lower power prices in the Nordics

Key financial indicators for continuing operations

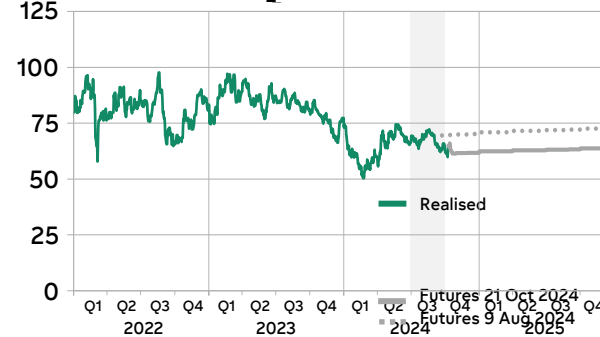


Price pressure due to precipitation and wind generation

EUR / MWh Nordic power prices



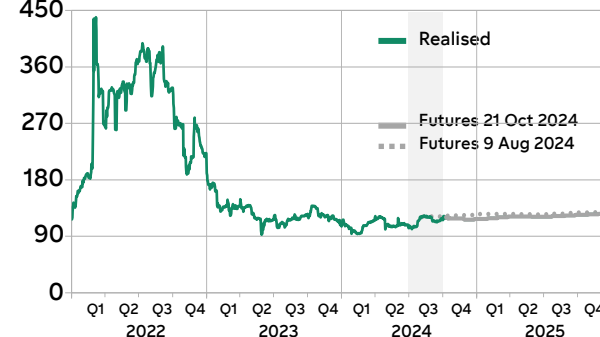
EUR / tCO₂ CO₂ price (ICE EUA)



EUR / MWh Gas price (TTF)



USD / t Coal price (ICE Rotterdam)



Source: NordPool, Refinitiv
Daily market prices 21 October 2024; 2024 and 2025 future quotations

Weather - the main driver for Nordic Q3 power prices

- In Q3 European gas prices increased, while coal and carbon remained almost unchanged QoQ. However, all three commodities were impacted by strong volatility.
- Nordic power demand increased to pre-crisis levels with LTM reaching 401 TWh.
- The Nordic power spot and futures market was impacted by high precipitation putting pressure on spot price and decline in the futures market. Good nuclear availability and increasing wind and solar generation contributed to the lower spot prices.
- Contrary to low summer prices, Finnish area prices increased late August and September caused by tight Finnish power balance amid import restrictions and nuclear maintenance during days with low wind power generation.



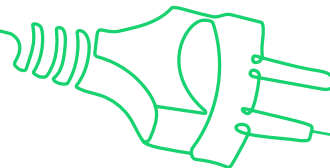
Tiina Tuomela
CFO

Comparable net profit almost halved in the third quarter

MEUR	III/2024	III/2023	I-III/2024	I-III/2023	2023	LTM
Sales	1,094	1,220	4,365	4,853	6,711	6,223
Comparable EBITDA	254	318	1,202	1,443	1,903	1,661
Comparable operating profit	158	226	921	1,186	1,544	1,280
Comparable net profit	117	204	731	833	1,150	1,048
Comparable EPS	0.14	0.23	0.82	0.93	1.28	1.17
Net cash from operating activities	349	429	1,225	1,561	1,710	1,374
Financial net debt / Comp. EBITDA					0.5	0.4

Lower power prices reflected in the result (LTM)

- Comparable operating profit at EUR 1,280 million
- Excellent credit metrics with Financial net debt-to-Comparable EBITDA ratio at 0.4x
- Comparable net profit at EUR 1,048 million
- Net cash from operating activities EUR 1,374 million



Income statement

MEUR, continuing operations	III/2024	III/2023	I-III/2024	I-III/2023	2023	LTM
Sales	1,094	1,220	4,365	4,853	6,711	6,223
Other Income	5	8	38	22	32	48
Materials and services	-611	-665	-2,474	-2,702	-3,808	-3,581
Fixed costs	-236	-246	-727	-730	-1,031	-1,028
Depreciations and amortisation	-96	-92	-281	-258	-359	-381
Comparable operating profit	158	226	921	1,186	1,544	1,280
Items affecting comparability	-35	25	14	101	118	32
Operating profit	123	251	935	1,286	1,662	1,311
Share of profits/loss of associates and joint ventures	34	-9	57	-30	59	146
Finance costs - net	3	-17	20	-162	-138	43
Profit before income tax	160	224	1,012	1,095	1,583	1,500
Income tax expense	-27	-38	-190	7	-69	-265
Profit for the period	133	187	822	1,102	1,515	1,235
Attr. to owners of parent	132	188	820	1,104	1,514	1,230
Attr. to non-controlling interest	1	-1	2	-1	1	5

Last twelve months

- Fixed costs of EUR ~1 billion
- Share of profits of associates includes positive fair value changes from co-owned nuclear
- Finance costs – net, positive net interest effect including interest income from Belgian tax case and nuclear related items

Q3/2024

Generation

Lower result mainly due to lower spot and hedge prices, lower hydro volumes and somewhat higher costs for co-owned nuclear production. Marginally negative result from Pjelax wind farm. Improved result from the district heat business mainly due to higher sales price for power in Poland.

Consumer Solutions

Lower result mainly from lower gas sales margin, partly offset by reduced scope of the Polish regulated price cap for end users.

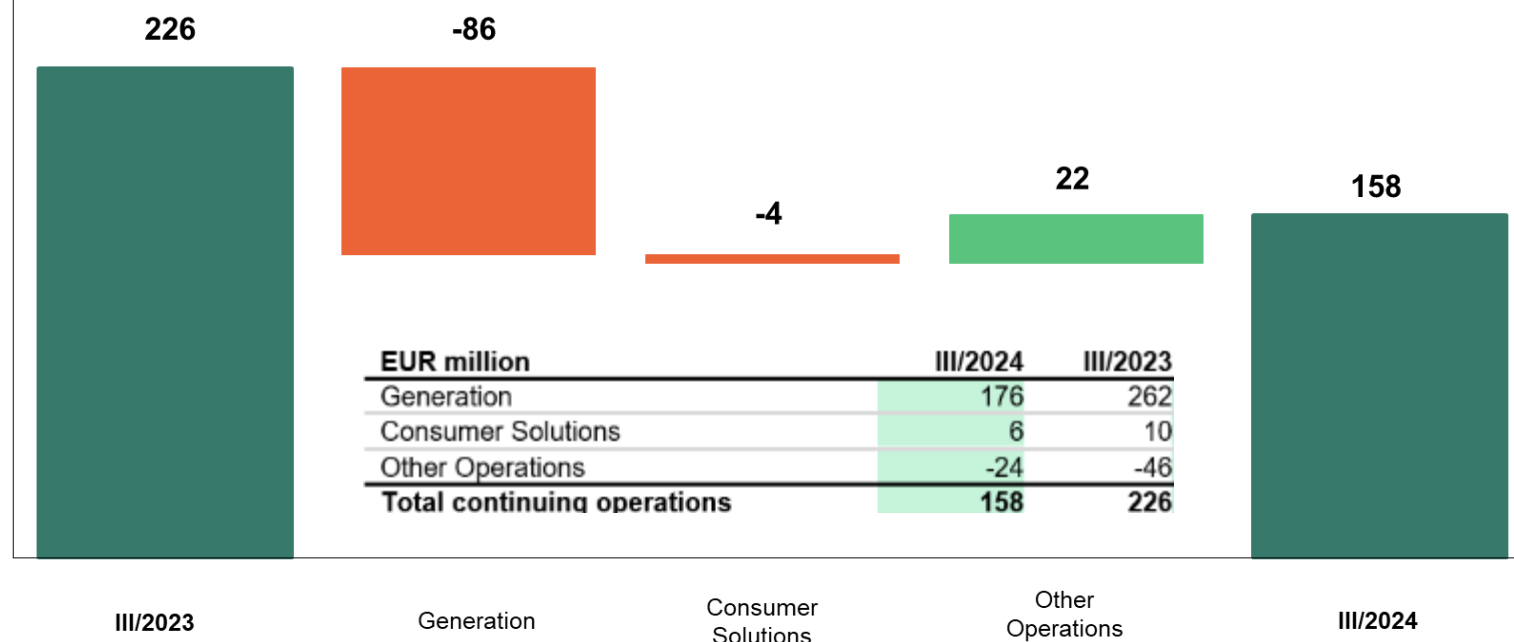
Other Operations

Improved result mainly due to higher internal charges for services of enabling functions. Flat result from Circular Solutions business.

Results impacted by lower power prices

Comparable operating profit

(EUR million)



I-III/2024

Generation

Lower result mainly due to the lower spot and hedge prices, partly offset by higher hydro volumes. EUR 16 million sales gain from the Indian renewables' divestment. Pjelax wind farm result was slightly positive. District heat business improved mainly due to lower fuel and CO₂ costs and higher sales price for heat and power in Poland.

Consumer Solutions

Improved result mainly due to higher electricity sales margins, reduced scope of Polish regulated price cap for end users and higher sales margins for value-adding services, partly offset by lower gas sales margins in Poland and higher amortisation.

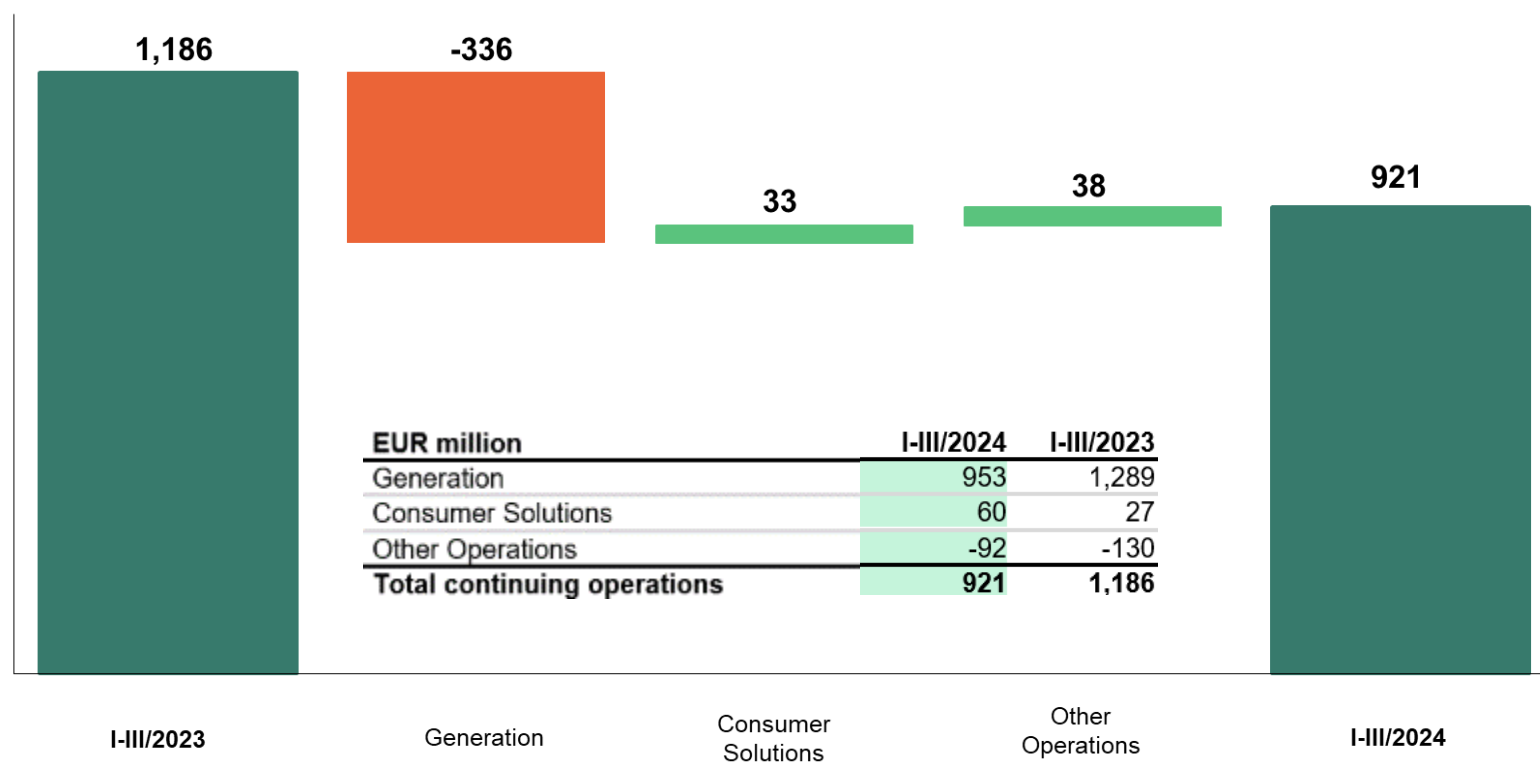
Other Operations

Improved result mainly due to higher internal charges for services of enabling functions and slightly higher result in the Circular Solutions business.

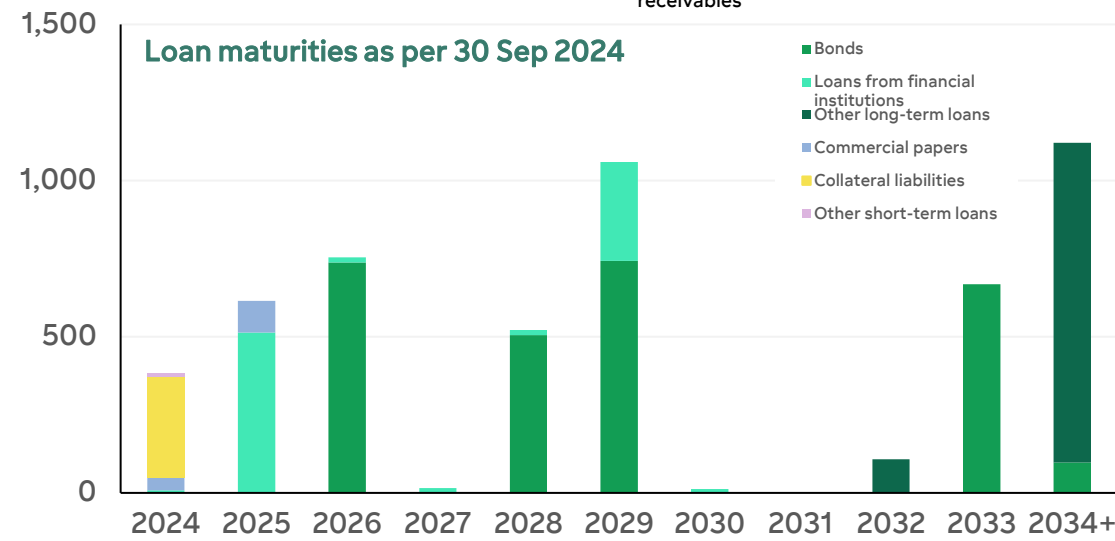
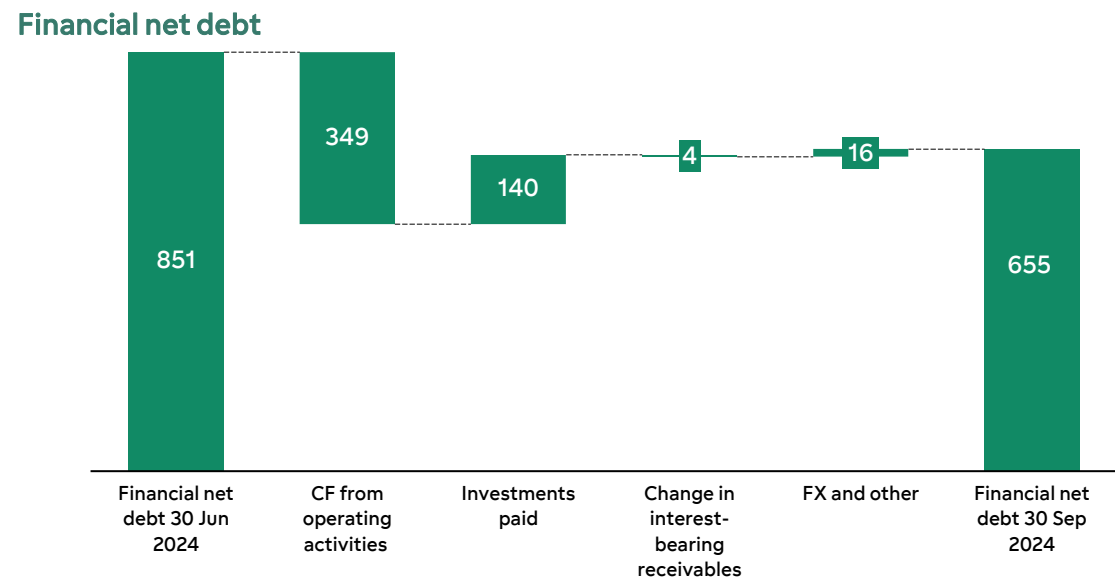
Group results negatively affected by lower results in the Generation segment

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 Sep 2024:**
- Total loans of EUR 5.3 bn excl. leases
 - Average interest rate of 3.9% for Fortum Group loan portfolio incl. derivatives hedging financial net
 - Liquidity reserves of EUR 7.6 bn
 - Liquid funds of EUR 4.3 bn with average interest rate of 3.5%
 - Undrawn credit facilities of EUR 3.3 bn

Outlook

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

Hedges

- For the rest of 2024: 80% hedged at 44 €/MWh
- For 2025: 65% hedged at 42 €/MWh (previously reported: 60% at 42 €/MWh)
- For 2026: 40% hedged at 41 €/MWh (previously N/A)

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

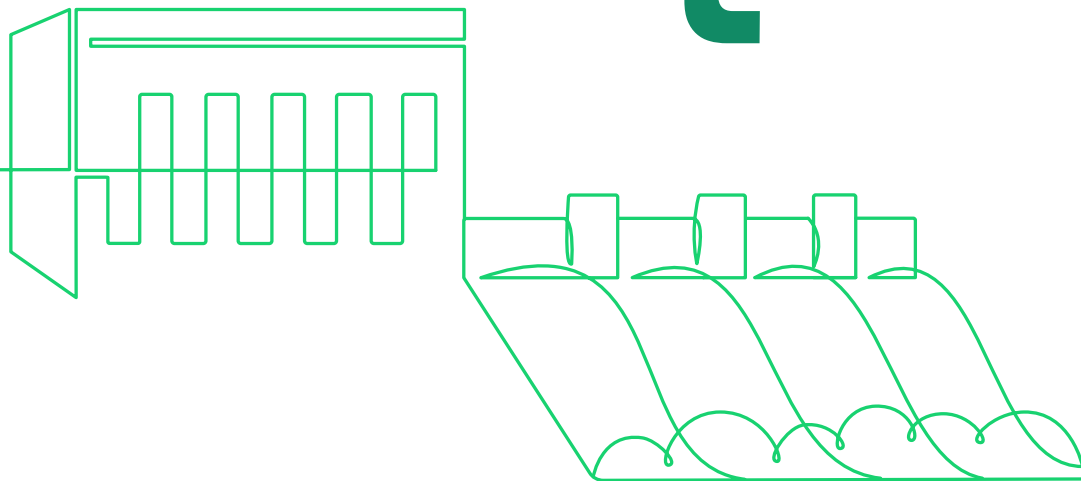
2024-2026: Total capital expenditure to € 1,600 million

Efficiency improvement programme:

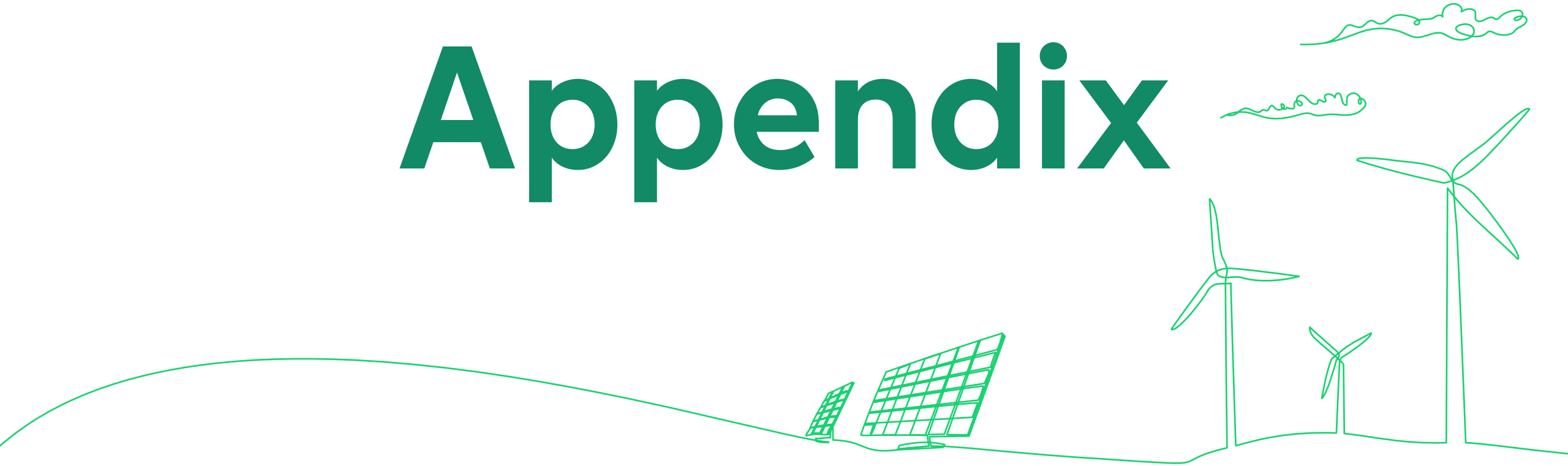
Fortum targets to gradually reduce its annual fixed cost base by € 100 million (excluding inflation) until end of 2025 with full run rate from the beginning of 2026

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

Q&A

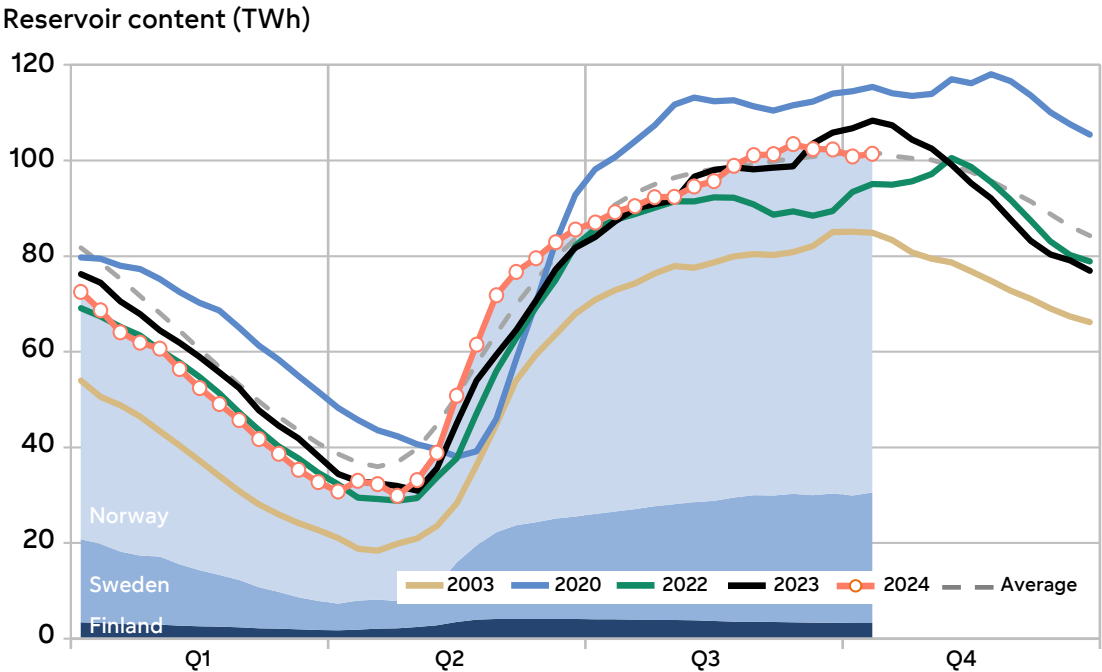


Appendix



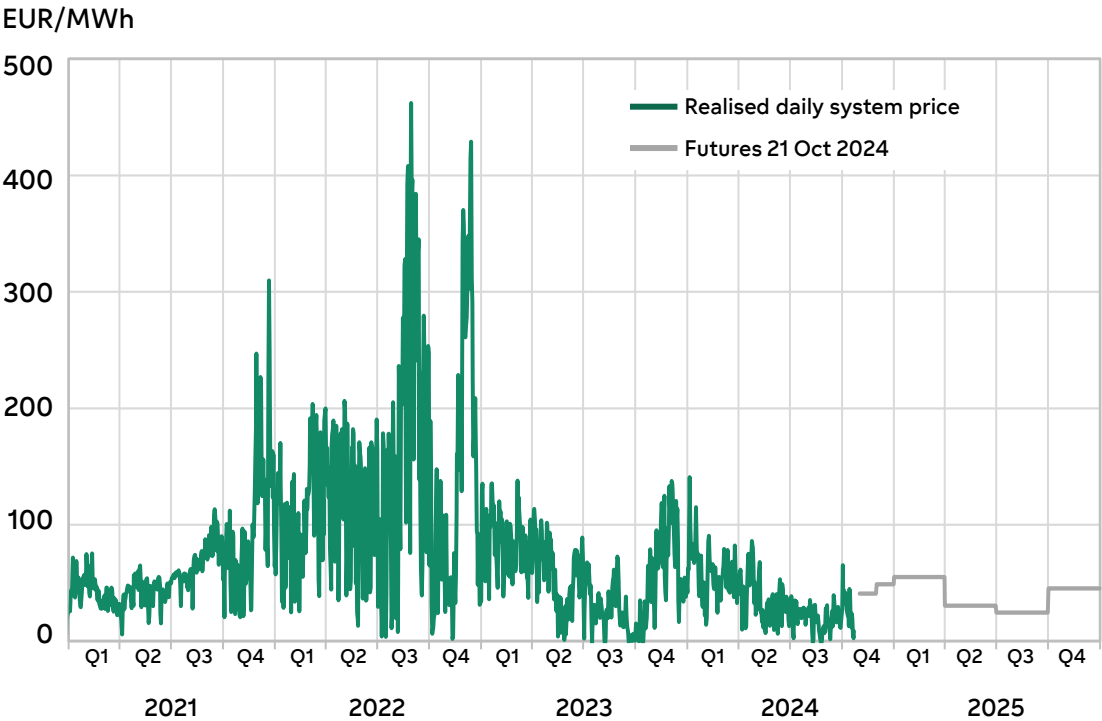
Nordic hydro reservoirs and wholesale power price

Hydro reservoirs



Source: Nord Pool, Nasdaq Commodities

Power price



GENERATION:

Achieved power price at 44.1 €/MWh

Q3/2024 vs. Q3/2023

Comparable operating profit down by 33% to EUR 176 mn,

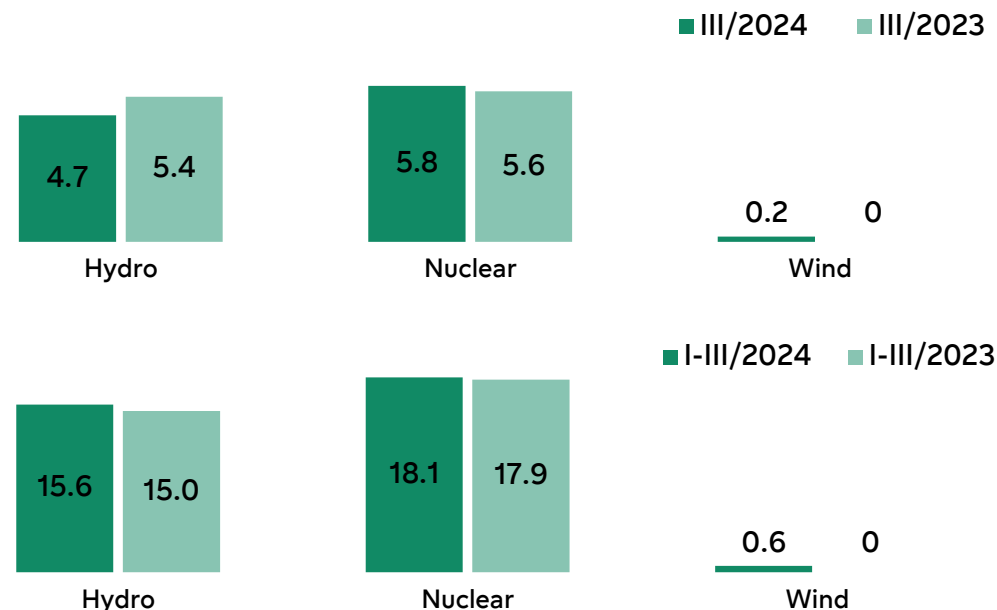
mainly due to the lower spot and hedge prices. Lower hydro volumes due to lower inflow and somewhat higher costs for co-owned nuclear production negatively affected the result further. The result contribution of the Pjelaž wind farm was marginally negative. The result of the district heat business improved, mainly due to the higher sales price for power in Poland.

I-III/2024 vs. I-III/2023

Comparable operating profit down by 26% to EUR 953 mn,

mainly due to the lower spot and hedge prices, partly offset by higher hydro volumes. The result of the renewables business was positively impacted by a sales gain of EUR 16 million from the divestment of Fortum's remaining share in the Indian solar power portfolio which comprises four solar power plants with a total capacity of 185 MW. The result contribution of the Pjelaž wind farm was slightly positive. 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 the higher sales price for heat and power in Poland.

Power generation volumes, TWh



MEUR	III/2024	III/2023	I-III/2024	I-III/2023	2023	LTM
Sales	644	847	2,853	3,081	4,420	4,192
Comparable EBITDA	225	307	1,102	1,422	1,874	1,554
Comparable operating profit	176	262	953	1,289	1,679	1,343
Comparable net assets			7,533	7,016	7,263	
Comparable RONA %					24.2	18.9
Gross investments	95	116	250	342	454	362

CONSUMER SOLUTIONS:

Improved and more normalised results

Q3/2024 vs. Q3/2023

Comparable operating profit decreased by EUR 4 mn to EUR 6 mn,

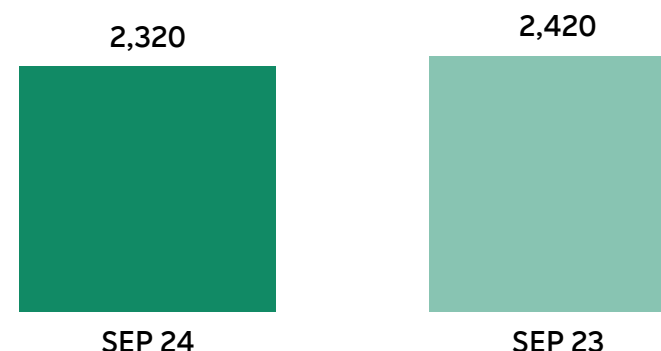
mainly due to lower gas sales margin, the effect of which was partly offset by the reduced scope of the regulated price cap for end users in Poland.

I-III/2024 vs. I-III/2023

Comparable operating profit increased by EUR 33 mn to EUR 60 mn,

mainly due to higher electricity sales margins, reduced scope of the regulated 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 amortisations of customer acquisition costs.

Number of customers ('000)



MEUR	III/2024	III/2023	I-III/2024	I-III/2023	2023	LTM
Sales	509	563	2,281	2,697	3,766	3,350
Comparable EBITDA	26	27	121	78	108	151
Comparable operating profit	6	10	60	27	38	72
Comparable net assets			543	537	838	
Comparable RONA %					4.5	11.1
Gross investments	18	41	53	81	103	75

OTHER OPERATIONS:

Results improved

Q3/2024 vs. Q3/2023

Comparable operating profit improved by EUR 22 mn to EUR -24 mn,

mainly due to higher internal charges for services of enabling functions. The result of the Circular Solutions business was flat.

I-III/2024 vs. I-III/2023

Comparable operating profit improved by EUR 38 mn to EUR -92 mn,

mainly due to higher internal charges for services of enabling functions and slightly higher earnings in the Circular Solutions business.

MEUR	III/2024	III/2023	I-III/2024	I-III/2023	2023	LTM
Sales	165	138	455	401	548	602
Comparable EBITDA	3	-16	-21	-57	-80	-44
Comparable operating profit	-24	-46	-92	-130	-173	-135
Gross investments	20	21	59	72	107	94