

Fortum strategy “Power to renew”

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CEO

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Our purpose is

TO POWER A WORLD WHERE PEOPLE, BUSINESSES AND NATURE THRIVE TOGETHER.

STRATEGIC PRIORITIES

**Deliver reliable
clean energy**

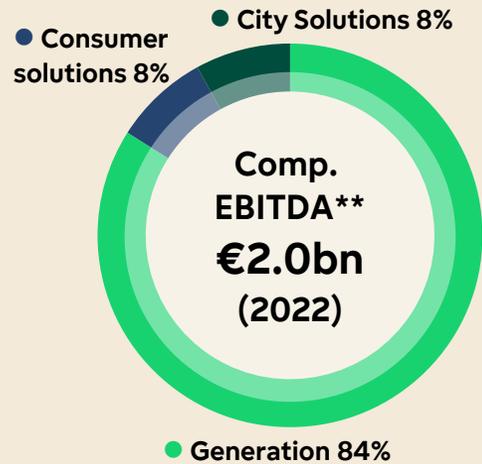
**Drive
decarbonisation
in industries**

**Transform
and develop**

We help societies to reach carbon neutrality and our customers to grow and decarbonise their processes in a reliable and profitable way, in balance with nature.

Fortum is well positioned as a Nordic clean energy provider

Earnings dominated by clean generation

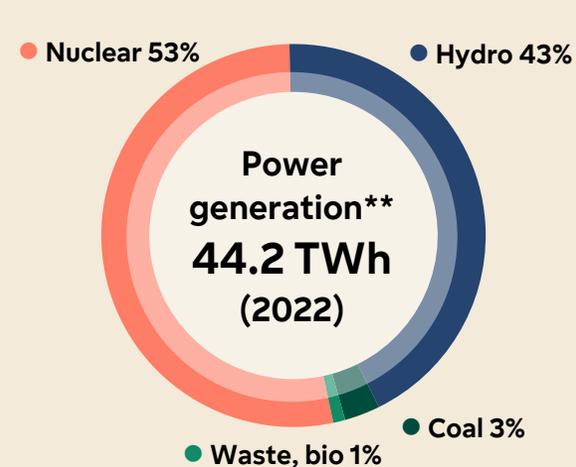


Key figures** (2022)

| | | |
|--------------|------|-------|
| Sales | € bn | 7.8 |
| Comp. Op | € bn | 1.6 |
| Total assets | € bn | ~22 |
| Personnel | | 4,988 |

**) Russia excluded

Clean power generation

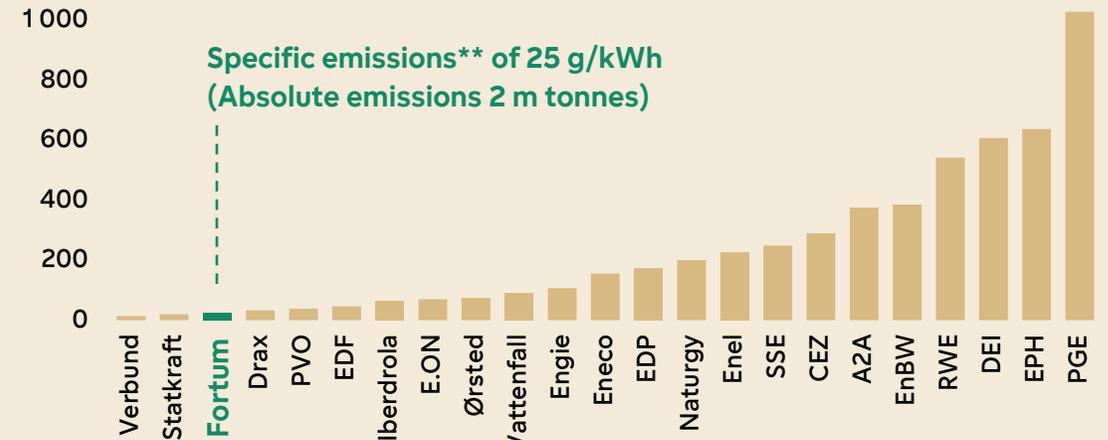


Generation capacity**, MW

| | |
|------------|-------|
| | 8,576 |
| Hydro | 4,653 |
| Nuclear | 2,823 |
| Condensing | 565 |
| CHP | 535 |

Sustainability is part of our DNA

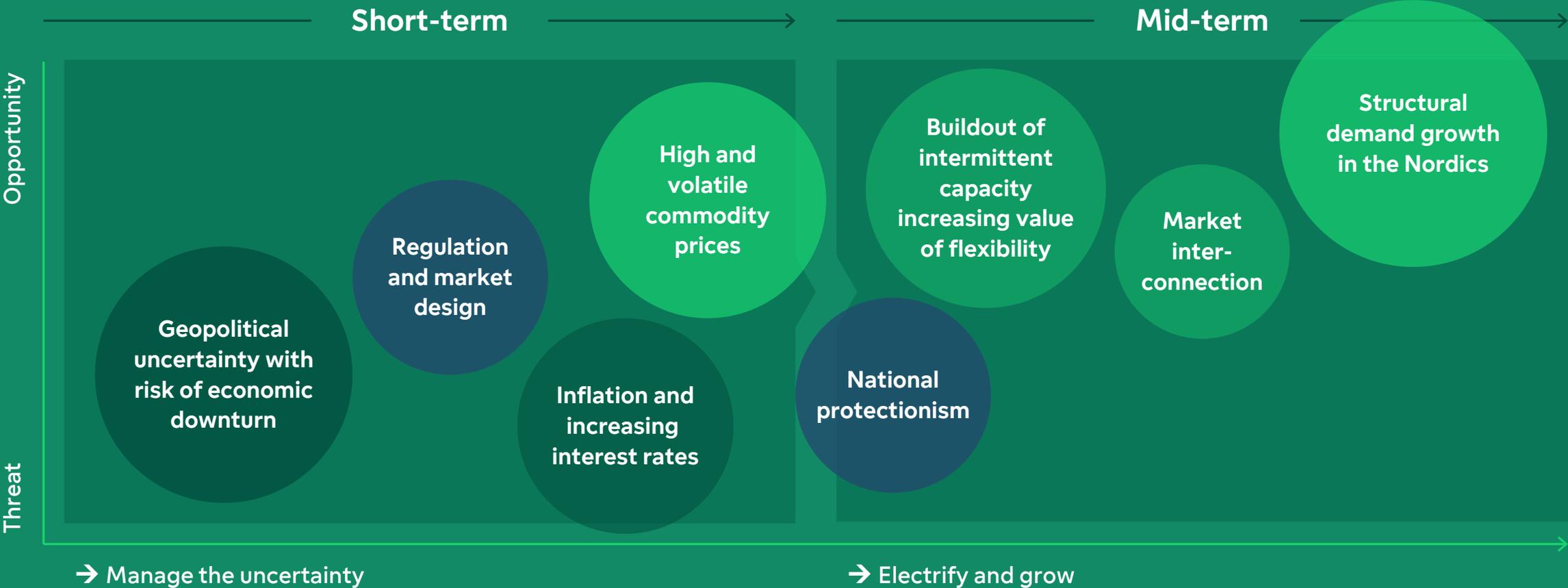
gCO₂/kWh, electricity*



*) Fortum include specific carbon dioxide emissions from power generation in Europe in 2022. All other figures, except Fortum, include European power generation in 2021. For some companies the PwC figures might also include heat production.
Source: PwC, October 2022, Climate change and Electricity, Fortum

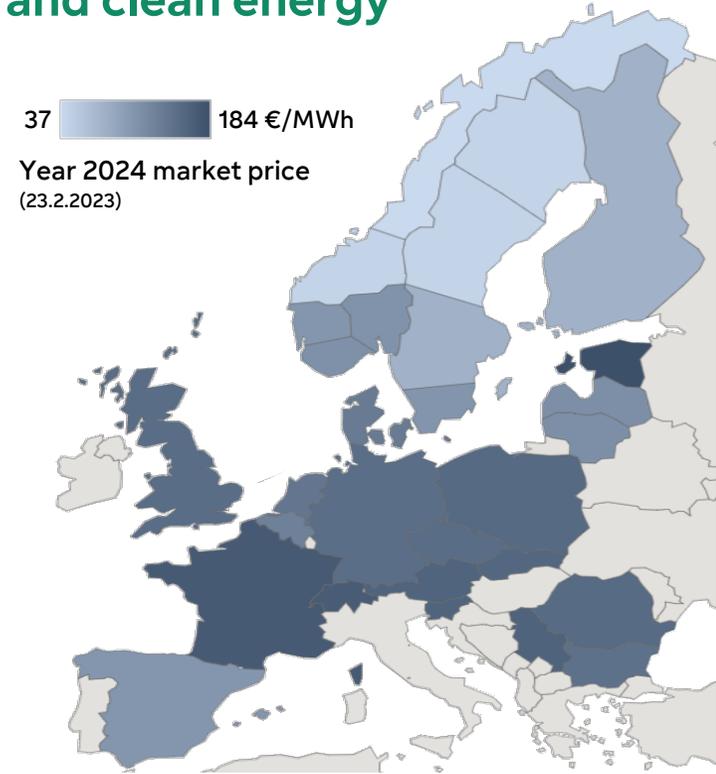


The ongoing sector disruption has increased uncertainty in the short term but provides opportunities going forward

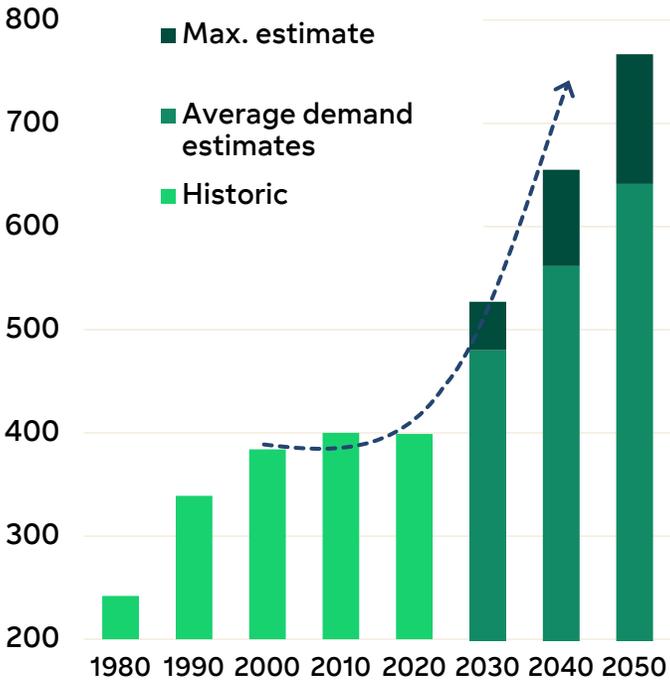


Nordic power market with clean power and competitive prices to accelerate demand for Nordic clean energy

The Nordic region is a source for extremely competitive and clean energy



Nordic power demand driven by decarbonisation and electrification



Source: various external sources with granted permission

Energy-intensive industrials need significant amount of clean power

Examples of publicly disclosed potential projects, not Fortum assigned

LKAB
SSAB Green steel production using hydrogen

northvolt Battery production

Microsoft Data centers: Google, Microsoft and Amazon

Liquid Wind Green fuels: Liquid Wind, Maersk

How our strategy translates into shareholder value creation

VALUE CREATION

STRATEGIC PRIORITIES

Deliver reliable
clean energy

Drive decarbonisation
in industries

Transform and
develop

CLIMATE AND ENVIRONMENTAL TARGETS

Carbon neutrality

→ Best-in-class operations

→ Selective growth

→ Improved competitiveness

→ Tighter climate targets



Hydro
Nuclear



Consumer business
Heating and cooling



Explore H2
Explore SMR



Renewables



Improve efficiency
De-risking



Carbon-neutrality
ESG central to decision making

Deliver reliable clean energy in the Nordics – the base for success

Best-in-class operations

Develop our best-in-class operations for efficiency, flexibility and optimisation

- Excel in operational efficiency and ensure high availability and load factors
- Run fleet cost efficiently
- Secure and increase flexibility of our assets
- Invest in productivity and lifetime extensions to develop and maintain scale
- Maintain high level of physical and financial optimisation
- Safety is the license to operate

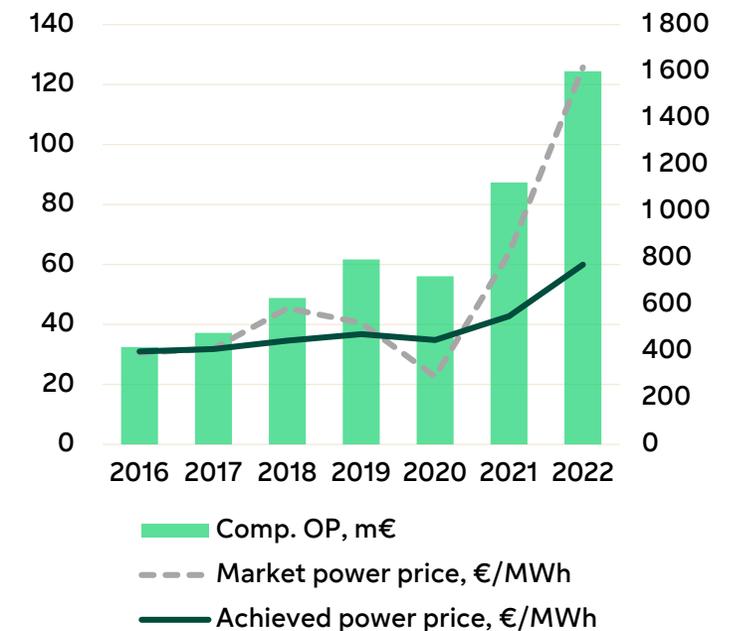
Continue to decarbonise and modernise operations

- Continue decarbonisation of heating and cooling in Finland and in Poland to reduce emissions and ensure competitiveness

Strong capability to optimise

~45 TWh

outright hydro and nuclear portfolio
in volatile environment



Drive decarbonisation in industries

Disciplined capital allocation with profitable projects

Selective growth

Partner with strategic customers

- Focus on electricity intensive industries
- Offer long-term contracts to enable industrial decarbonisation

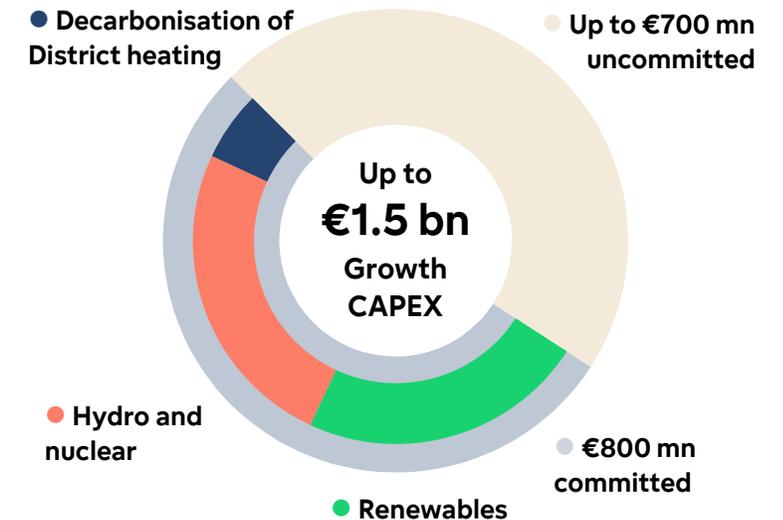
Develop and build new clean power in the Nordics

- Develop strong pipeline for selective growth in renewables through PPAs and LTCs with customers
- Assess growth options for CO₂-free power
- Explore business opportunities in nuclear (SMR) with customers and partner

Drive the development of clean hydrogen in the Nordics

- Explore hydrogen and provide clean power for hydrogen production
- Develop pipeline and explore investment opportunities in clean hydrogen production with customers and partners
- Actively participate to shape the Nordic hydrogen ecosystem

Disciplined growth capex 2023-2025



Committed clean energy solutions in Finland:

- Loviisa nuclear power plant lifetime extension
- Pjelax wind farm
- Waste heat usage from Microsoft data centres

Transform and develop to ensure value creation

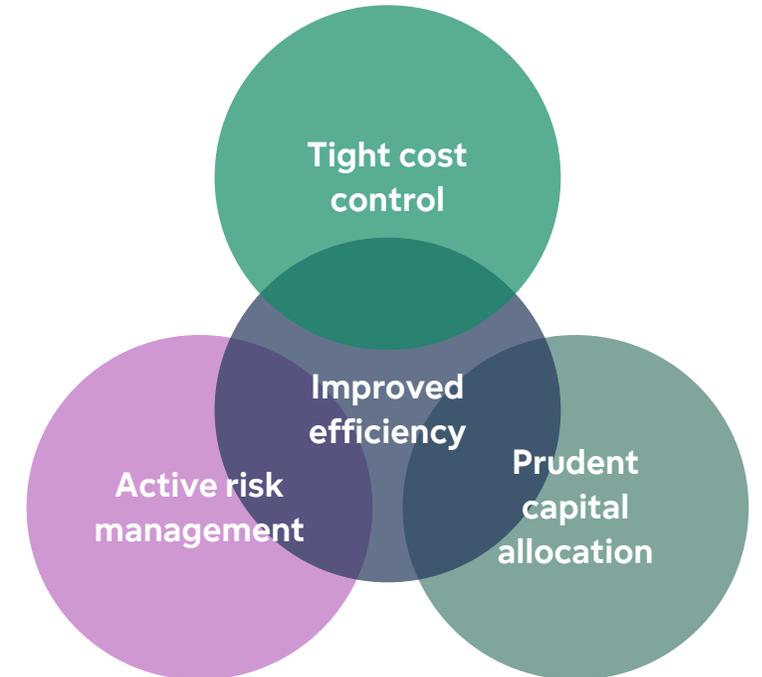
Improved competitiveness

Improve efficiency

- Recalibrate cost base - shrink to fit new business structure
- Prudent capital allocation

Manage and reduce business risk

- Reduce merchant exposure by partnering with customers in strategic projects and long-term contracts for power on both existing and new generation
- Actively balance between market, counterparty and liquidity risks
- Drive development of regulation and market design



Aiming to become leader in sustainability with tight targets

Tighter climate targets

Carbon neutrality by 2030
(Scope 1, 2, 3)

Previous target: for the Group by 2050

Coal exit by end of 2027

Previous target: by the end of 2035/38

Commitment to SBTi 1.5°C
climate target*

Previous target: N/A

Specific emission target of below
10g/kWh by 2028 (power)

Specific emission target of below
20g/kWh by 2028 (total)

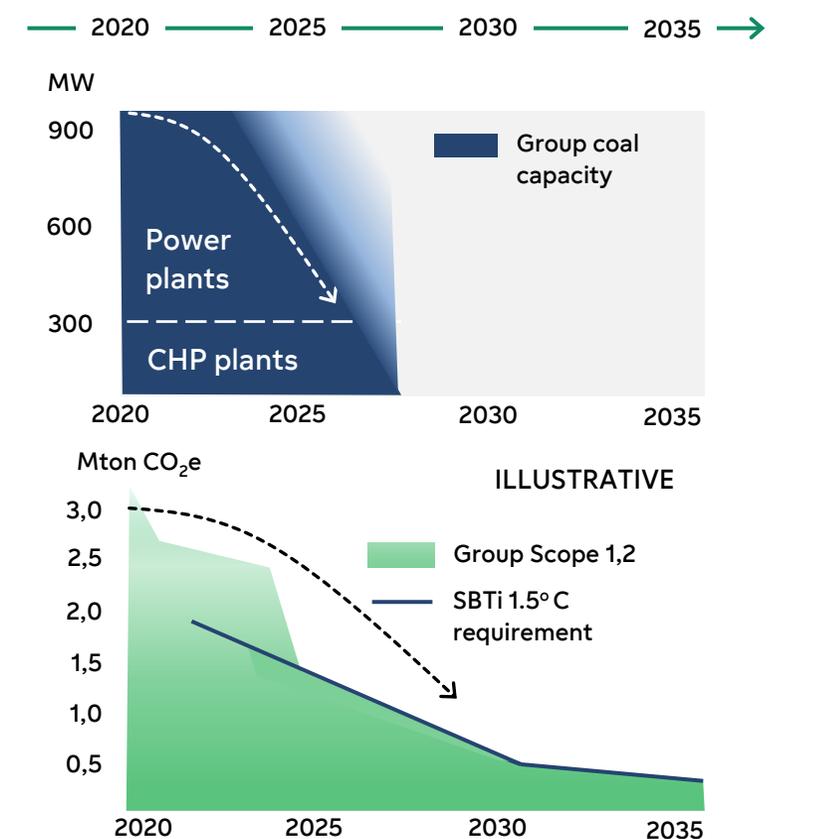
Previous target: N/A

Ambitious biodiversity commitment:

Previous target: N/A

- **No net loss of biodiversity** from direct operations 2030 onwards (excluding all aquatic impacts)
- **50% reduction** in dynamic terrestrial impacts in upstream Scope 3 by 2030 vs. 2021.
- Commitment to continue local initiatives and develop science based methodology to assess the aquatic impacts of hydropower.

Carbon neutrality



*Note: SBTi commitment assumes full exit from Russia

Financial targets to create shareholder value

Strong financial foundation

Solid financials

Strong investment grade rating of at least BBB

Financial net debt-to-Comp EBITDA of 2-2.5 times

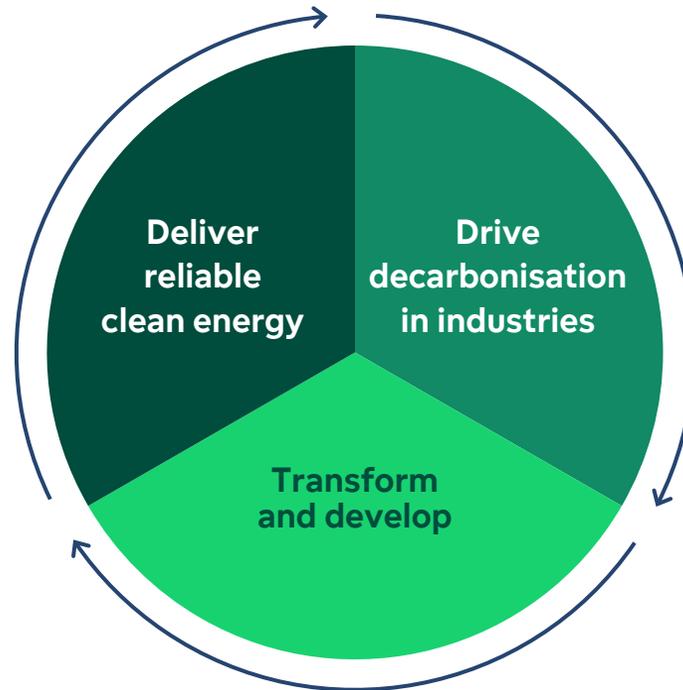
Dividend policy

Payout ratio of 60-90% of Comparable EPS

Dividend proposal of 0.91 for 2022

Payments in two annual instalments (Q2 and Q4)

Clear framework for value creation



Financial discipline

Selective capital allocation with profitable growth

For the years 2023-2025:

Total CAPEX of €2.4 bn of which

- €0.9 bn maintenance
- Up to €1.5 bn growth

Investment hurdles of project WACC + 150–400 bps

Sustainability targets

Environmental targets

Social targets

- Safety targets (TRIF < 1)

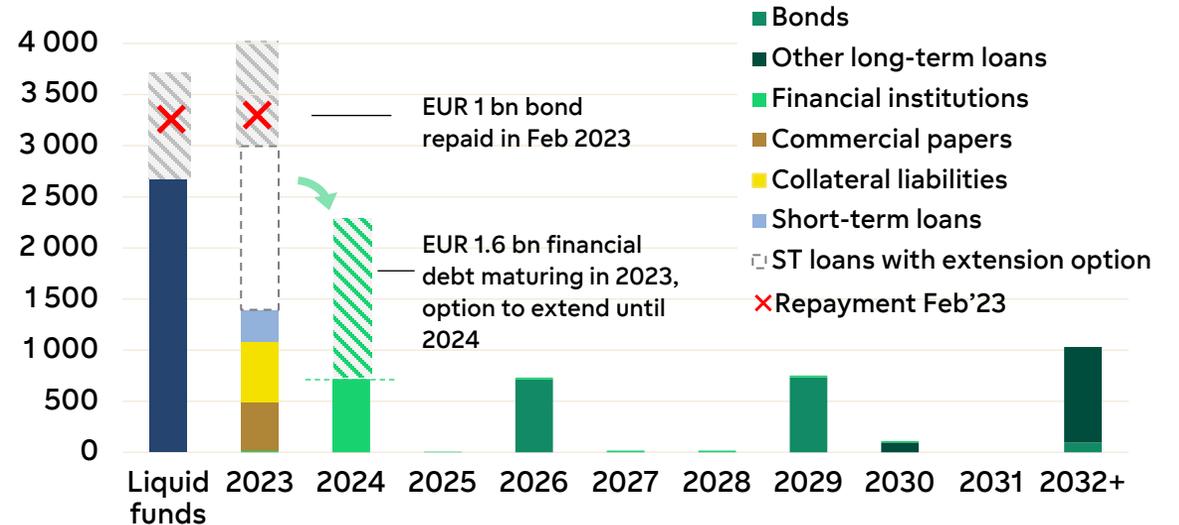
Commitment to maintain credit rating of at least BBB – ambition to make a strong return to bond markets

Fortum’s short term priority is to improve and maintain its financial flexibility to support strategy execution:

- Strong liquidity position of EUR 3.7 bn and committed RCF’s of EUR 7.2 bn
- Strengthened balance sheet, financial net debt of EUR 1.1 bn, leverage of 0.6 times
- Clearly lower gross debt with option to extend EUR 1.6 bn of debt portfolio
- Aim to refinance current debt during 2023 and return to the European bond market
- Improved ESG profile supports possibilities for sustainable financing, carbon neutral latest by 2030

Note: all figures are excluding Russia

Maturity profile, as per 31 December 2022



Long-term leverage:
Financial net debt-to-Comp EBITDA of 2.0-2.5 times

| Rating Agency | Credit Rating | Valid since |
|-------------------|-----------------------|-------------|
| Standard & Poor's | BBB, Outlook Negative | 3 Aug 2022 |
| Fitch Ratings | BBB, Outlook Negative | 23 Jun 2022 |

Phased strategy execution to manage the uncertainty

Short-term →

‘Manage the uncertainty’

Optimise the operation of the generation portfolio and manage the business risk

Focus on earnings and cash flow

Refinance debt portfolio and return to bond markets

Disciplined capital allocation

Dividend according to policy

Mid-term → →

‘Electrify and grow’

Grow in clean energy and partner with industrial customers

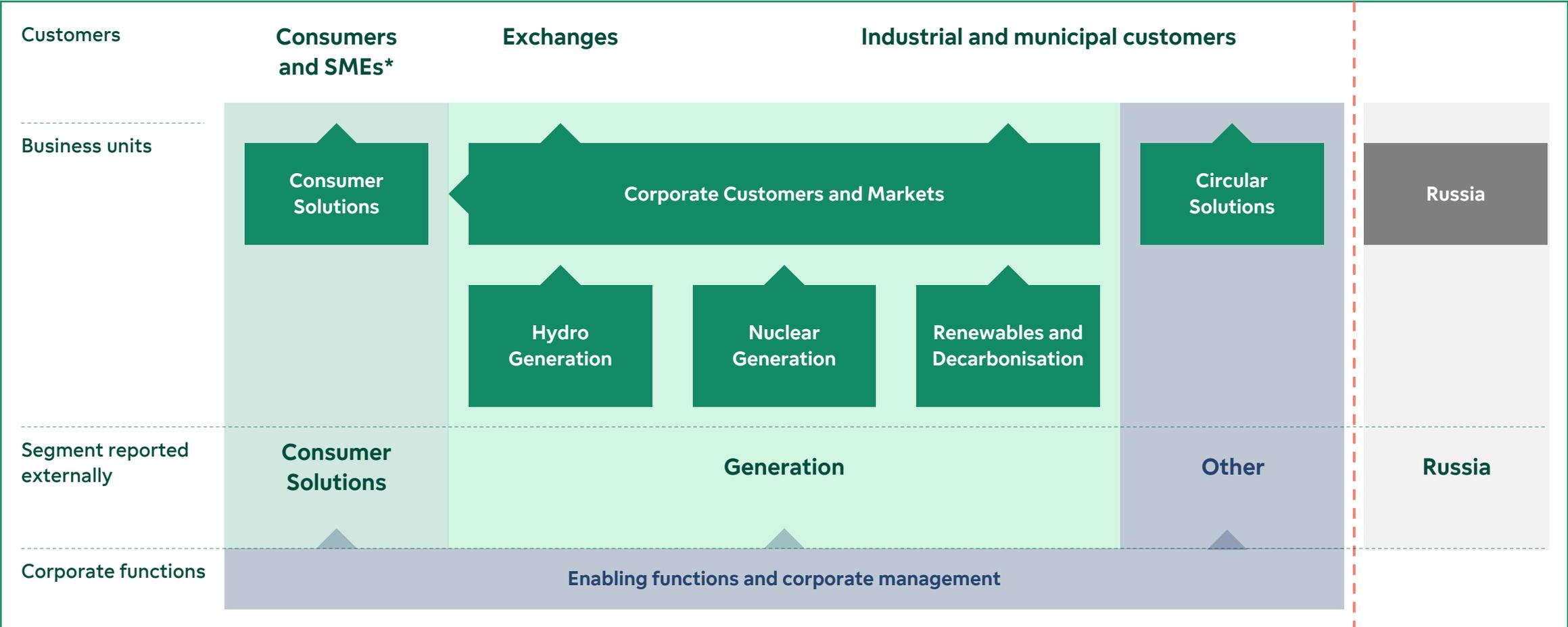
Capital allocation with attractive returns

De-risked generation portfolio

Decarbonised operations

Dividend according to policy

Fortum's new business structure and operating model



* SMEs=small- and medium-size enterprises

New Fortum Leadership Team



President and CEO
Markus Rauramo



Consumer Solutions
Mikael Rönblad



**Corporate Customers
and Markets**
Simon-Erik Ollus



**Renewables and
Decarbonisation**
Peter Strannegård



Hydro Generation
Mikael Lemström



Nuclear Generation
Petra Lundström



CFO
Tiina Tuomela



**Sustainability and
Corporate Relations**
Nebahat Albayrak



**People and
Procurement**
Eveliina Dahl



Legal
Nora
Steiner-Forsberg



Transformation and IT
Bernhard Günther

Fortum has what it takes to drive the transition

**Best-in-class operations
with sustainable earnings**



**We have a competitive
Nordic generation portfolio**

**A leader in ESG to enable
decarbonisation**



**We have a CO₂ free
generation fleet**

**Prudent capital allocation
with selective growth**



**We have regained our
financial position**

Q&A

