S&P Global Ratings

Research

Fortum Oyj

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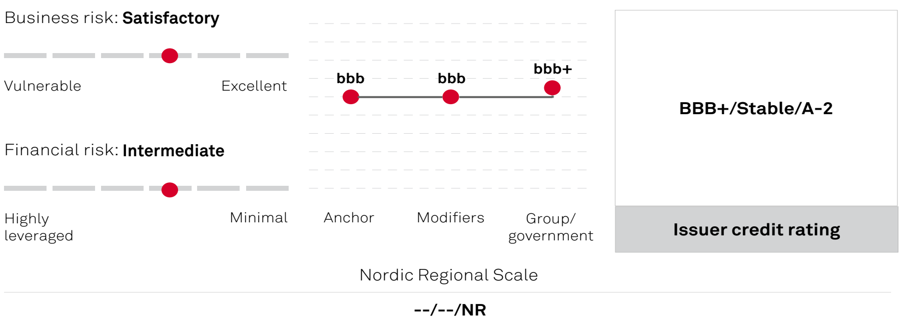
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Strong position in the Nordic markets, especially as the largest power generator in Finland.	Sensitive to fluctuations in power prices and generated volumes, given it derives a high share of EBITDA, typically about 85%, from electricity generation.
Sufficient rating headroom, with funds from operations (FFO) to debt estimated at 50%-55% in 2026-2027, well above the rating expectations of 35%.	Aggressive dividend policy, with dividends representing about two-thirds of the expected FFO over 2026 and 2027, may result in weak discretionary cash flow (DCF).
Well positioned to achieve net zero by 2040 given a very competitive emissions profile. Steady government support, with the government of Finland owning 51.26%.	Low investment risk to lead to less growth than peers.

We expect softer power prices will weaken Fortum's EBITDA to €1.0 billion-€1.3 billion over 2025-2026, from €1.6 billion in 2024. Power price realization is the primary driver of Fortum's revenue and cash flow, and in the first nine months of 2025 (9M 2025), the Nord Pool system spot price averaged €30.6/megawatt-hour (MWh), down from €37.8/MWh in 2024. While Fortum

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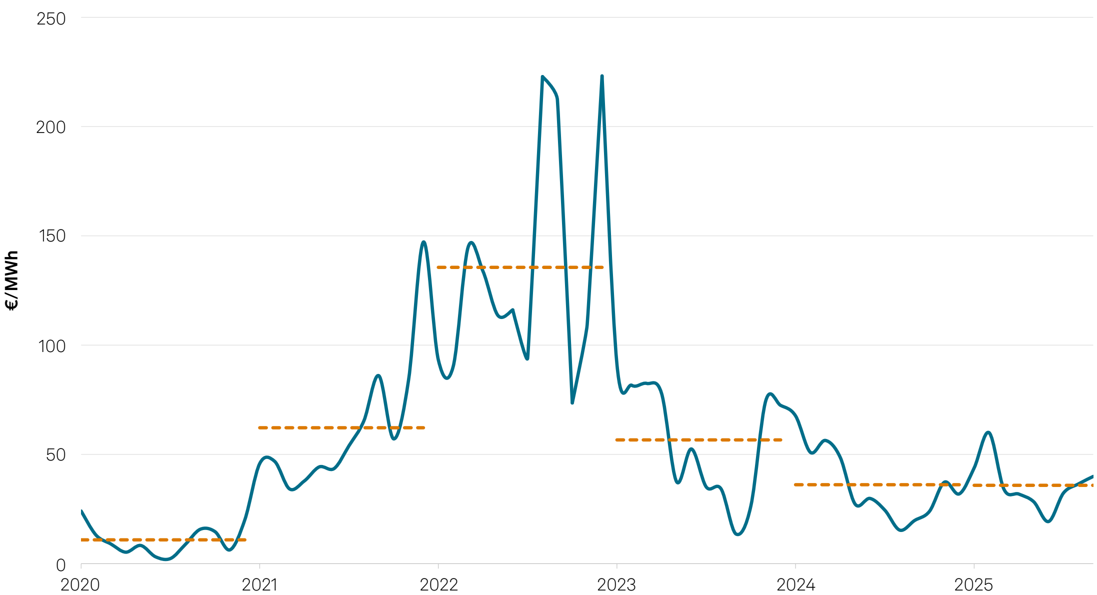
prudently hedges its production, this primarily offers protection in the short- to mid-term. By the end of September 2025, the company had, on average, hedged about 90% of the Nordic power sales volume for the rest of the year (estimated at €42/MWh), around 70% of the volume projected in 2026 (€41/MWh), and 45% for 2027 (€39/MWh). In addition, its production was about 1.7 terawatt-hour (TWh) lower in 9M 2025 due to temporarily low output from nuclear and hydro assets.

Fortum does not have a significant share of regulated earnings or material long-term power price contracts: its earnings are therefore more volatile and also depend more on achieved power prices than those of its peers. In line with its message at Fortum's capital markets day on Nov. 25, 2025, management aims to increase the share of earnings from long-term power contracts with large industrial players. We believe this could strengthen the company's position if the contribution of long-term contracts becomes substantial; however, within its existing satisfactory business risk profile.

Chart 1

Evolution of the Nord Pool system price



*2025 data is as of Sept. 18, 2025. Source: S&P Global Ratings

Fortum broadly affirmed its strategic targets at its capital markets day, leading us to expect that its credit ratios will remain in line with the rating. The company announced a maximum financial net debt to comparable EBITDA target of 2.5x (versus 2.0x-2.5x earlier), a payout ratio of 60%-90%, and a long-term comparable return on net assets of 14%. We expect management to typically operate with ample headroom under the reported maximum leverage policy—its financial net debt to comparable EBITDA ratio is currently around 1x. The management guided for a maximum investment of about €4.5 billion over 2026-2030: a little more than half of this constitutes uncommitted capex and only about €1.25 billion maintenance capex. If Fortum were to increase capex spending from current committed growth and maintenance levels, with a guidance of about €500 million annually for 2026-2030, we assume dividend payments would decrease to the lower end of the specified range such that its financial net debt to comparable EBITDA remains below the guided 2.5x.

The inherent flexibility of Fortum's hydro assets is a key strength. These assets typically account for half of its production, and allow Fortum to generate a larger share of power when prices are higher. Their importance has increased over the last three-four years, as prices in the Nordic power market have turned more volatile. A daily variation of up to €100/MWh is not unusual, especially during winter. The company has guided for an optimization premium of €8/MWh-€10/MWh above the Nordic market for 2026 and €6/MWh-€8/MWh in 2027, compared with €8.7/MWh in 2024, and we therefore expect it will continue to achieve realized prices well above spot market rates.

Low investment risk to translate into slower-than-peer-average growth. We note Fortum's investments are less than those of most competitors, while its dividends remain high given the payout policy. In our base case, we estimate Fortum will distribute about €500 million in dividend a year in 2026-2027. This represents about half of EBITDA and exceeds capex, in contrast with most peers that typically pursue a more expansion-driven strategy. Other credit metrics, such as DCF to debt, weigh on our financial risk assessment, primarily due to large dividends. We view positively that dividend payouts may reduce in times of lower earnings--which we expect the company would be prepared for--and help stabilize DCF.

Fortum has however almost no requirements to invest in replacement of high-emission generation assets, in contrast to many European peers. Its generation assets of around 9 GW, primarily hydro and nuclear power, resulted in very low emissions of only 11 grams of carbon dioxide (CO_2) per kilowatt-hour (kWh) produced in 2024--among the lowest in Europe.

The subdued investment program also reflects management's cautious approach amid unfavorable Nordic power prices. The three-year average forward price of €33/MWh-€45/MWh implies new investments would likely jeopardize profitability and cash flow, even in solar and onshore wind assets. Investment in onshore wind business is at best likely reaching breakeven with current prices. We therefore assume Fortum's management will stick to a disciplined approach to investment and pursue further growth in Finland and Sweden only when projects can be backed by credit-supportive offtake agreements. That said, there is potential for power demand in the Nordics to increase at a faster pace over 2027-2035, above the historical trend. This suggests potentially higher power prices and the need for additional production capacity.

We therefore do not rule out Fortum embarking on larger projects over time as demand starts to pick up, likely due to significant industrial decarbonization projects in the northern regions of Sweden and Finland, or data centers. In 2025, Fortum also acquired project portfolios with more than 6 GW of onshore wind development projects at various stages in Finland, thereby increasing its projects under development in the permitting phase to 8 GW. This supports our rationale.

The estimated total purchase price, including future earn-outs at full buildout is about €100 million; however, Fortum has not made any investment commitment. This implies Fortum is well positioned to start construction once demand picks up. If this materializes, we expect dividend payouts will be lower.

We continue to incorporate one notch of uplift to our stand-alone credit profile (SACP) assessment of Fortum. The Finnish government is Fortum's major shareholder with a 51.26% stake. We view the company as important for Finland because it is the country's largest electricity producer.

Outlook

The stable outlook reflects our assumption that cash flow from Fortum's electricity generation segment will remain robust, albeit potentially very volatile, through 2027. We forecast total investment (maintenance and growth) of close to €1.4 billion over 2025-2027. Given Fortum's relatively low debt, this amount can be comfortably financed while keeping FFO to debt well above the minimum expectation of about 35%. We also expect the utility's relationship with the Finnish government to remain stable.

Downside scenario

We could lower the ratings if Fortum's FFO to debt declines to less than 35% without signs of recovery. This could stem from lower-than-anticipated electricity prices or debt-funded investments, which we see as unlikely over 2025-2027. We also factor in the company's financial policy, which we think could lead net debt to EBITDA to approach at least 2.5x temporarily. We could also lower the rating if our assessment of government support weakens, although we view this as very unlikely.

Upside scenario

A potential upgrade would depend on Fortum's business growth strategy and financial policy, including on dividends, specifically whether it can offset exposure to power prices and the lack of regulated earnings.

Our Base-Case Scenario

Assumptions

- Nord Pool system price averaging €35/MWh-€40/MWh in 2025 and 2026.
- Annual production volume of 44 TWh-46 TWh, with about 50% each from hydro and nuclear assets.
- About 90% of estimated Nordic generation hedged at €42/MWh for 2025 and approximately 70% for 2026 at €41/MWh and 45% hedged at €39/MWh for 2027.
- Capex of €500 million-€600 million a year, including toward growth and maintenance, which could include smaller acquisitions.
- Dividends based on 60%-90% of comparable earnings per share/net profit.
- 18%-20% corporate tax.

Key metrics

Fortum Oyj--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil.€)	**2021a**	**2022a**	**2023a**	**2024a**	**2025e**	**2026f**	**2027f**
EBITDA	4,683	2,249	1,914	1,619	1,158	1,172	1,097
Less: Cash interest paid	(202)	(201)	(228)	(225)	(183)	(175)	(174)
Less: Cash taxes paid	(493)	(167)	(454)	(196)	(156)	(153)	(143)
Funds from operations (FFO)	3,988	1,881	1,232	1,198	819	844	780
Capital expenditure (capex)	1,178	534	576	472	500-600	500-600	500-600
Free operating cash flow (FOCF)	3,792	1,570	1,134	920	403	571	491

Fortum Oyj--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil.€)	**2021a**	**2022a**	**2023a**	**2024a**	**2025e**	**2026f**	**2027f**
Dividends	1,166	1,032	817	1,032	1,256	561	550
Debt (reported)	16,145	7,666	5,792	4,734	4,700	4,404	4,480
Plus: Lease liabilities debt	1,075	119	118	94	94	94	94
Plus: Pension and other postretirement debt	879	--	--	--	--	--	--
Less: Accessible cash and liquid Investments	(7,703)	(3,672)	(4,183)	(4,136)	(3,264)	(2,989)	(3,011)
Plus/(less): Other	576	15	18	19	19	19	19
Debt	10,972	4,128	1,745	711	1,500-1,600	1,500-1600	1,500-1600
Adjusted ratios							
Debt/EBITDA (x)	2.3	1.8	0.9	0.4	1.3	1.3	1.4
FFO/debt (%)	36.3	45.6	70.6	168.4	52.9	55.2	49.3
FOCF/debt (%)	34.6	38.0	65.0	129.4	26.0	37.4	31.0
DCF/debt (%)	23.9	13.0	18.2	(15.7)	(55.1)	0.7	(3.7)
Return on capital (%)	14.2	6.1	16.0	14.5	8.7	8.7	7.9

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast.

We forecast cash flow will adequately cover annual capex, which we estimate at €500 million-€650 million, as the group recently affirmed its 2026-2030 spending plan at €2 billion (about €1.25 billion of this should be toward maintenance and €0.75 billion committed growth capex). Our forecast instead suggests that cash flow would be consumed with dividend payouts of €500 million-€600 million annually, and we therefore expect Fortum’s debt will be broadly neutral or moderately negative.

The largest share of Fortum’s commitment growth capex of €750 million mainly relates to the Loviisa nuclear plant’s lifetime (or 10-year) extension until 2050 and the extension of some hydro plants. At its capital markets day in November, Fortum mentioned that potential, non-committed capex could increase to €2.5 billion during 2026-2030. Therefore, we would expect dividend to decrease such that debt to EBITDA remains below 2.5x.

Given a low corporate tax rate of 20% and average interest rate of only 3.6%, we expect a relatively high cash conversion rate, especially compared with Norwegian peers that face a substantially higher tax on generation assets.

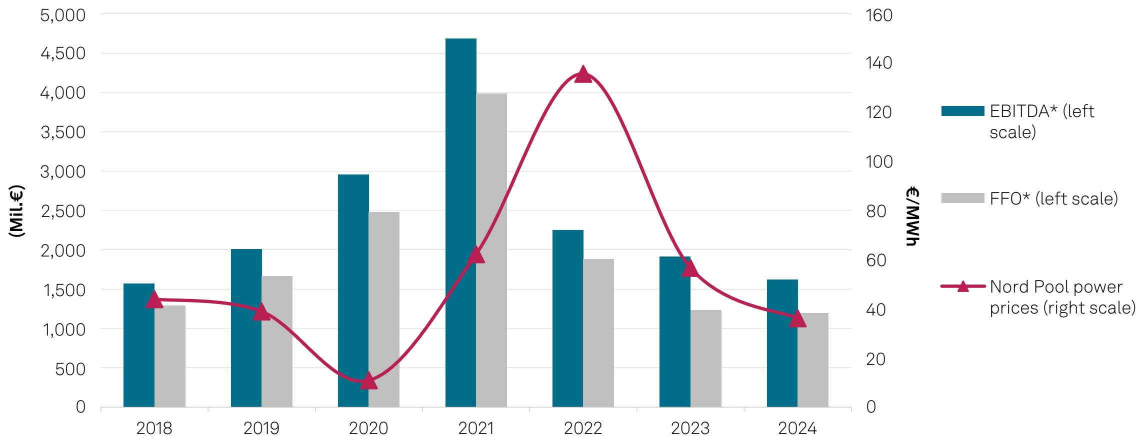
We expect limited mergers and acquisitions over 2025-2027. Fortum has disposed of most of its non-core assets over the last four to five years. These included its 50% stake in Stockholm Exergi (BBB/Stable) that the company sold for around €2.9 billion in 2021, its recycling and waste business divested for €720 million, and the disposal of several smaller non-core operations. We therefore do not expect any larger disposals over our forecast horizon, but expect to see smaller to midsize bolt-on acquisitions from time to time in its geographical operations, such as the project portfolios acquired in 2025.

Fortum paid an extraordinary dividend of €449 million in 2025, leading to a distribution of €1.3 billion. We note that during the year, Fortum received proceeds of €720 million from the sale of its recycling and waste business. We do not expect the company will make further extraordinary dividend payments.

We expect Fortum’s credit metrics will remain well in line with the rating, but fluctuate due to its high correlation to achieved power prices.

Chart 2

Fortum's credit metrics have a high correlation to power prices, with some delay in passthrough due to hedging



*Adjusted by S&P Global Ratings. FFO--Funds from operations. MWh--Megawatt-hour.
Source: S&P Global Ratings.

Company Description

Fortum engages in the generation and sale of electricity and heating solutions in Nordic countries. It is the third-largest CO2-free generator in Europe because almost all of its generation assets are CO2-free.

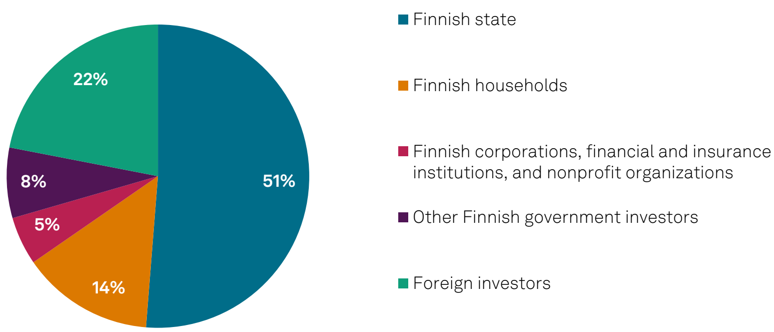
Fortum's main activities consist of three segments: generation, consumer solutions, and other (which includes circular solutions). The generation segment represents the vast majority of Fortum's EBITDA and mainly comprises hydro and nuclear generation. In 2024, Fortum reported EBITDA of €1.5 billion and for the first nine month of 2025 reported EBITDA stood at €903 million.

Fortum's main shareholder is the Finnish state, holding 51.26% of its share capital.

Chart 3

Fortum's shareholding structure

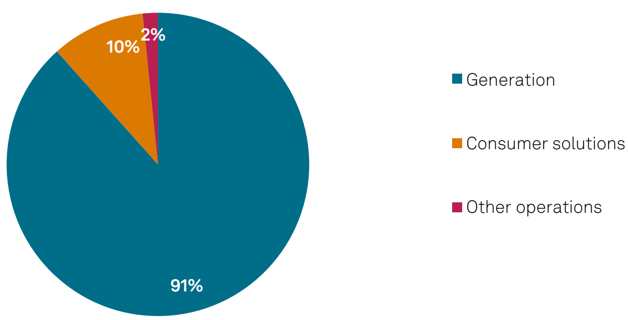
As of Dec. 31, 2024



Source: S&P Global Ratings.

Chart 4

Fortum's 2024 EBITDA split by segment



Source: S&P Global Ratings.

Peer Comparison

We see Fortum's business risk profile as weaker than that of more diversified peers, especially those such as Vattenfall and Verbund, which enjoy earnings that partly come from regulated activity. We view Statkraft's generation assets as stronger because of its larger size and higher proportion of Norwegian reservoir-based hydro assets, with fewer asset retirement obligations and less operating risk than nuclear-based power. Additionally, a higher share of hydro output is sold under long-term price agreements, which gives some visibility.

That said, Fortum's exposure to construction risk is very limited. In August 2025, we also revised Orsted's business risk to Fair, partly due to the exposure to construction risks. In contrast to peers, Fortum's dividend payments outweigh its capex and its capex-to-dividend ratio is significantly lower than peers' and also credit negative. Statkraft, Vattenfall, and Orsted spend at least twice as much on investments as they do on dividends.

Fortum's SACP is 'bbb', which assumes it maintains adjusted FFO to debt above 35% (we calibrate this to our standard volatility table). This compares with our threshold metrics for the following peers:

- Statkraft AS (SACP 'bbb'): adjusted FFO to debt above 23%
- Vattenfall AB (SACP 'bbb'): adjusted FFO to debt of about 25%
- Verbund AG (SACP 'a'): adjusted FFO to debt above 50%
- Orsted A/S (SACP 'bb+'): adjusted FFO to debt above 30%

Fortum Oyj--Peer Comparisons

	Fortum Oyj	Vattenfall AB	Statkraft AS	Orsted A/S	Verbund AG
Foreign currency issuer credit rating	BBB+/Stable/A-2	BBB+/Stable/A-2	A-/Stable/A-2	BBB-/Stable/A-3	A+/Stable/--
Local currency issuer credit rating	BBB+/Stable/A-2	BBB+/Stable/A-2	A-/Stable/A-2	BBB-/Stable/A-3	A+/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	EUR	EUR	EUR	EUR	EUR
Revenue	5,800	21,431	7,112	9,525	8,217
EBITDA	1,619	4,093	3,006	4,250	3,071
Funds from operations (FFO)	1,198	3,526	1,062	2,698	2,146
Interest	264	397	301	747	106
Cash interest paid	225	324	195	704	51
Operating cash flow (OCF)	1,392	5,391	646	1,847	3,237
Capital expenditure	472	2,556	1,026	5,584	1,126
Free operating cash flow (FOCF)	920	2,836	(381)	(3,737)	2,111
Discretionary cash flow (DCF)	(112)	2,321	(1,488)	(4,330)	177
Cash and short-term investments	4,136	7,438	2,691	4,459	798
Gross available cash	4,136	7,438	2,691	4,459	798
Debt	711	5,959	4,496	11,654	2,140
Equity	9,154	18,577	12,499	11,130	11,065
EBITDA margin (%)	27.9	19.1	42.3	44.6	37.4
Return on capital (%)	14.5	10.9	16.9	15.0	20.8
EBITDA interest coverage (x)	6.1	10.3	10.0	5.7	28.9
FFO cash interest coverage (x)	6.3	11.9	6.5	4.8	43.2
Debt/EBITDA (x)	0.4	1.5	1.5	2.7	0.7
FFO/debt (%)	168.4	59.2	23.6	23.2	100.3
OCF/debt (%)	195.7	90.5	14.4	15.8	151.3
FOCF/debt (%)	129.4	47.6	(8.5)	(32.1)	98.7
DCF/debt (%)	(15.7)	39.0	(33.1)	(37.2)	8.3

Business Risk

Fortum is a pure power generator and therefore highly exposed to volatile merchant power generation. In 2024, Fortum reported about 91% of its comparable EBITDA from power generation, making it heavily reliant on Nordic power prices. These prices fluctuate based on supply-demand dynamics, weather conditions, and broader economic factors. While this allows Fortum to capitalize on high prices during periods of scarcity--such as cold winters or low hydro production--it also exposes the company to significant risks when prices drop due to oversupply, mild weather, or increased competition from cheaper renewable sources. Moreover, as a generator with a substantial portfolio of hydro and nuclear assets, Fortum faces the challenge of balancing operational costs against volatile market returns, potentially squeezing margins if prices fall below production costs.

While the heavy reliance on Nordic power prices underscores a weakness due to lack of diversification beyond power generation and makes Fortum susceptible to market downturns, the company's strong asset base and strategic position in the Nordic energy market translate into resilience. Additionally, its use of hedging offers some protection against revenue downturns. These typically involve long-term fixed-price contracts, providing Fortum more stable and predictable cash flows.

Fortum's nuclear operations play a vital role in its generation profile, accounting for 35% of installed capacity and 52% of total power generated in 2024. The company's ownership and operation of the 1 GW Loviisa nuclear power plant in Finland, along with its minority stakes in one Finnish and two Swedish nuclear power companies (which together add 2.2 GW), resulted in nuclear generation capacity of 3.2 GW by year-end 2024.

Nuclear power, despite being a CO2-free source of energy, poses inherent risks such as handling and storage of spent fuel. However, state-established funds cover the costs of final disposal of spent fuel, management of radioactive waste, and decommissioning of nuclear facilities. This ensures sufficient provisions are in place to meet expected expenses. It is important to note that costs may exceed current estimates. In such a scenario, Fortum would be responsible for covering any additional costs in proportion to its share in these operations.

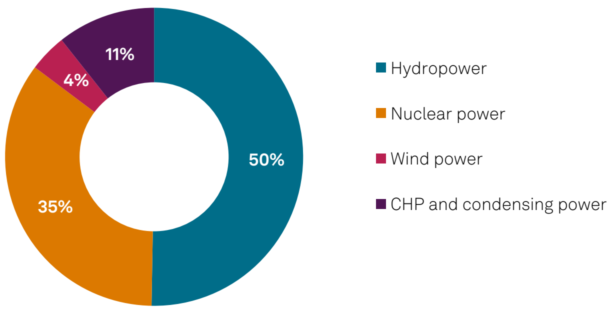
Fortum’s key activities focus on CO2-free power generation, with a robust market position in the Nordics. In 2024, the company generated 46.3 TWh of electricity: about 44% from hydropower, 52% from nuclear sources, and the rest from wind, combined heat and power, and condensing power. As power demand continues to grow--particularly with an increasing emphasis on sustainability--Fortum is well positioned to seize growth opportunities arising from the escalating need for CO2-free energy. The company is committed to achieving net zero by 2040, which enhances its competitive advantage.

While we recognize that reaching net zero is both attainable and challenging, it necessitates that Fortum’s supply chain becomes scope 3 emissions-free--a goal the company can influence but not fully control. That said, this commitment distinguishes Fortum from many of its European peers, as only a handful have pledged to achieve net-zero emissions, including scope 3. Another significant differentiating factor is that Fortum does not need to invest in replacing capacity to meet its net-zero target, unlike many of its European counterparts.

Chart 5

Fortum's generation capacity by type

As of Dec. 31, 2024

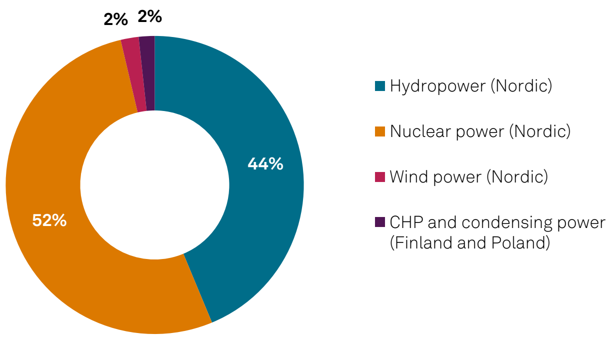


CHP--Combined heat and power. Source: S&P Global Ratings.

Chart 6

Fortum's power generation by source

As of Dec. 31, 2024



CHP--Combined heat and power. Source: S&P Global Ratings.

Financial Risk

We assess Fortum's balance sheet as robust, with credit ratios well aligned with our 'BBB+' rating (SACP: bbb). At the end of 2024, S&P Global Ratings-adjusted net debt to EBITDA was 0.4x, but increased to 1.2x following normal and special dividend payments of €1.3 billion in April 2025. We do not anticipate any further special dividends and expect the ratio will remain at 1.0x-1.5x over 2025-2026. We believe this ratio could increase over time but only as a result of higher investment or bolt-on acquisitions. Even so, we would expect Fortum to continue to operate prudently within the range of its financial policy target, which sets net debt to EBITDA at a maximum of 2.5x.

Adjustments to reported numbers: S&P Global Ratings has only adjusted reported debt with unfunded pensions of €19 million and deducted available cash of €4.1 billion.

In both Finland and Sweden, a state-established fund to which nuclear power plant operators contribute based on ownership provides for the cost of final disposal of spent nuclear fuel. The scheme has a small overfund (€70 million) for Fortum's fully owned nuclear operations, and is therefore a neutral consideration for the adjusted debt metric.

We also note that Fortum owns 25.5%, 45.5%, and 26.6% in Forsmark, OKG AB, and TVO nuclear plants, and receives the pro-rata share of electricity produced at these facilities. The electricity produced via these joint ventures is invoiced to the owners at total cost, and consolidated as equity in Fortum's accounts. Our base case doesn't assume any new construction at those plants.

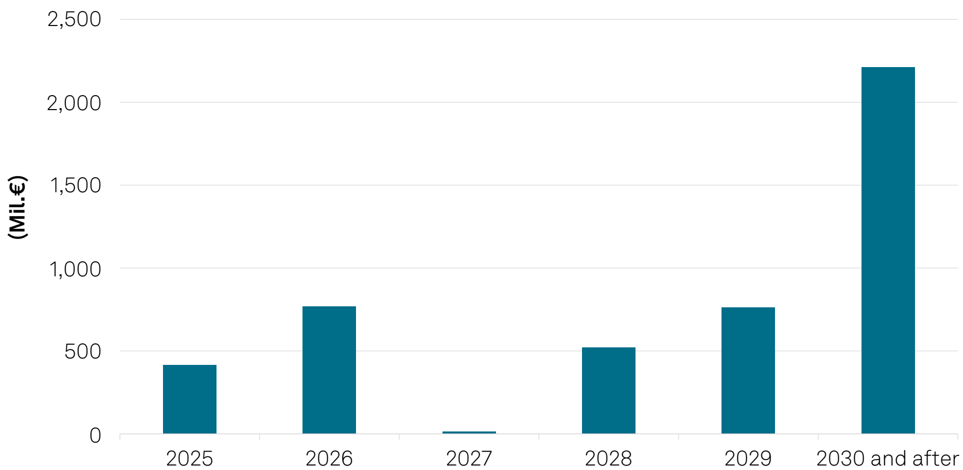
However, there is a risk that such costs could exceed estimated fund provisions in the future. We note that unlike nuclear power assets in other European countries, the final disposal repository Posiva, jointly owned by Fortum and TVO, will be operational within the next few years.

Debt maturities

Chart 7

Fortum's debt maturity profile

As of Sept. 30, 2025



Source: S&P Global Ratings.

Fortum Oyj--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	5,447	49,015	112,400	8,804	6,711	5,800
EBITDA	2,008	2,955	4,683	2,249	1,914	1,619
Funds from operations (FFO)	1,666	2,480	3,988	1,881	1,232	1,198
Interest expense	210	276	293	233	352	264
Cash interest paid	177	208	202	201	228	225

Fortum Oyj--Financial Summary

Operating cash flow (OCF)	2,015	2,555	4,970	2,104	1,710	1,392
Capital expenditure	695	1,101	1,178	534	576	472
Free operating cash flow (FOCF)	1,320	1,454	3,792	1,570	1,134	920
Discretionary cash flow (DCF)	320	317	2,626	538	317	(112)
Cash and short-term investments	1,432	2,308	7,592	3,919	4,183	4,136
Gross available cash	1,432	2,406	7,703	3,672	4,183	4,136
Debt	6,478	9,878	10,972	4,128	1,745	711
Common equity	13,234	15,577	13,664	7,737	8,499	9,154
Adjusted ratios						
EBITDA margin (%)	36.9	6.0	4.2	25.5	28.5	27.9
Return on capital (%)	10.1	11.1	14.2	6.1	16.0	14.5
EBITDA interest coverage (x)	9.6	10.7	16.0	9.7	5.4	6.1
FFO cash interest coverage (x)	10.4	12.9	20.7	10.4	6.4	6.3
Debt/EBITDA (x)	3.2	3.3	2.3	1.8	0.9	0.4
FFO/debt (%)	25.7	25.1	36.3	45.6	70.6	168.4
OCF/debt (%)	31.1	25.9	45.3	51.0	98.0	195.7
FOCF/debt (%)	20.4	14.7	34.6	38.0	65.0	129.4
DCF/debt (%)	4.9	3.2	23.9	13.0	18.2	(15.7)

Reconciliation Of Fortum Oyj Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2024									
Company reported amounts	4,734	9,075	5,800	1,721	1,325	226	1,619	1,392	1,032	472
Cash taxes paid	-	-	-	-	-	-	(196)	-	-	-
Cash interest paid	-	-	-	-	-	-	(225)	-	-	-
Lease liabilities	94	-	-	-	-	-	-	-	-	-
Postretirement benefit obligations/ deferred compensation	-	-	-	1	1	-	-	-	-	-
Accessible cash and liquid investments	(4,136)	-	-	-	-	-	-	-	-	-
Share-based compensation expense	-	-	-	6	-	-	-	-	-	-
Dividends from equity investments	-	-	-	13	-	-	-	-	-	-
Asset-retirement obligations	19	-	-	-	-	38	-	-	-	-

Reconciliation Of Fortum Oyj Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Nonoperating income (expense)	-	-	-	-	253	-	-	-	-	-
Noncontrolling/ minority interest	-	79	-	-	-	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	(183)	(183)	-	-	-	-	-
EBITDA: Derivatives	-	-	-	61	61	-	-	-	-	-
Total adjustments	(4,023)	79	-	(102)	132	38	(421)	-	-	-
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	711	9,154	5,800	1,619	1,457	264	1,198	1,392	1,032	472

Liquidity

We view Fortum's liquidity as strong since the ratio of cash sources to cash needs is very robust--we see it at about 3.5x for the next 12 months. This is above our minimum expectation of 1.5x, and we project the ratio will exceed 1.0x in the second year.

Fortum's strong relationships with its core banks and owner continue to support its liquidity. This was demonstrated in 2022 when Finland, via Solidium Oy, provided Fortum a bridge financing arrangement of €2.3 billion to help the group meet its marginal requirements. Amid elevated energy prices, several bank lines were renewed and increased, serving as a stress test due to significant market volatility. In our analysis, we take into account Fortum's long-term credit lines, while noting the company has access to shorter-term credit facilities that mature within one year; however, we do not include these in our calculations.

We note Fortum's debt documents do not contain any financial covenants. Fortum relies on three key revolving credit facilities totaling about €3.8 billion, with the first maturing in January 2027 and the other two in June 2027. The debt maturities due over the next two years could be covered by cash (€3 billion) if needed. The largest near-term maturity is its 1.625%, €750 million bond that matures in February 2026. We expect cash will remain at about €3 billion over 2025-2026, as it is more likely that Fortum will roll over some of the debt that comes due.

Principal liquidity sources

- Cash and equivalents of about €3 billion at Fortum's parent entity;
- Access to undrawn facilities of more than €3.8 billion; and
- Cash FFO of about €800 million in the next 12 months, by our estimates.

Principal liquidity uses

- Debt of about €1.2 billion maturing in the next 12 months;
- Capex of about €500 million; and
- Dividends of about €500 million in the next 12 months, typically paid in the second quarter of each year.

Environmental, Social, And Governance

We assess Fortum's management and governance as neutral. We believe Fortum, following its attempt to acquire Uniper, is pursuing a more conservative strategy. This strategy, presented in 2023, focuses more on Fortum's core market and expertise, which we view as less risky.

We believe Fortum is among the European power generators best-positioned to deliver net zero emissions, given it has one of the lowest carbon footprints per produced electricity unit among rated utilities, with CO_2 emissions of 11 grams/kWh of power generation during 2024. This allows Fortum to focus more on growth and not on transitioning its generation fleet, unlike other generators looking to phase out thermal generation or transition to renewable sources.

Government Influence

Our rating on Fortum continues to incorporate a one-notch uplift in line with our view of a moderate likelihood of extraordinary government support if needed, based on Fortum's:

- Strong link with the government, given Finland's 51.26% ownership. We believe the government is likely to retain its majority stake in Fortum because it has categorized the group as a strategically important entity; and
- Limited role for the government. Notwithstanding Fortum's position as the owner and operator of a sizable share of Finland's nuclear power capacity, we consider the group operates in a liberalized electricity market, and that many of its services could be provided by a private sector entity or another government-related entity.

A negative reassessment of the likelihood of extraordinary government support would likely lead us to lower our rating on Fortum by one notch. This could occur if the Finnish government reduces its stake below 50.1% (from 51.26% currently), which we consider unlikely at this stage and which would require parliament approval.

Issue Ratings--Subordination Risk Analysis

Capital structure

Fortum’s consolidated debt stands at €4,828 million at the group level and €788.8 million at the subsidiary level.

Analytical conclusions

The issue rating on Fortum's senior unsecured debt is 'BBB+', in line with the issuer credit rating, as no significant elements of subordination risk are present in the capital structure.

Rating Component Scores	
Foreign currency issuer credit rating	**BBB+/Stable/A-2**
Local currency issuer credit rating	**BBB+/Stable/A-2**
Business risk	**Satisfactory**
Country risk	Very Low
Industry risk	Moderately High
Competitive position	Satisfactory
Financial risk	**Intermediate**
Cash flow/leverage	Intermediate
Anchor	**bbb**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb**

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

Related Research

- Nordics Utilities Outlook 2024: Increasing Volatility Fuels Uncertainty, Feb. 15, 2024
- Industry Credit Outlook 2024: EMEA Utilities, Jan. 9, 2024

Ratings Detail (as of December 12, 2025)*

Fortum Oyj		
Issuer Credit Rating		BBB+/Stable/A-2
Nordic Regional Scale		--/--/NR
Senior Unsecured		BBB+
Issuer Credit Ratings History		
25-Mar-2024		BBB+/Stable/A-2
09-Mar-2023		BBB/Stable/A-2
03-Aug-2022		BBB/Negative/A-2
05-Jul-2022		BBB/Watch Neg/A-2
16-May-2022		BBB/Negative/A-2
14-Mar-2022		BBB/Watch Neg/A-2
05-Jul-2021		BBB/Stable/A-2
05-Jun-2015	*Nordic Regional Scale*	--/--/NR
13-Jan-2003		--/--/K-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.