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Speakers



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Rob Pulleyn

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Prepared Remarks

**Ingela Ulfves**

VP of Investor Relations and Financial Communications | Fortum

Good morning everyone, and warmly welcome to Fortum's joint webcast and news conference for the investor community and media on our third quarter 2026 interim report. My name is Ingela Ulfves, and I am heading Investor Relations at Fortum. As always, there will be a replay on this webcast later today on our website. With me here in the studio are our CEO, Markus Rauramo, and our CFO, Tiina Tuomela. Markus and Tiina will together present the group's financial and operational performance. Now let's go to our presentation, after which we will take your questions in the Q&A session. With this, I hand over to Markus to start.

**Markus Rauramo**

CEO | Fortum

Thank you very much, Ingela. A warm welcome to this call also from my side. I will start by going through the highlights of our third quarter and our financial performance, and then talk about market development. After that, Tiina will provide more details on the financials and how the operational performance turned into our results. Let me now start with the highlights. Our results in the third quarter improved compared to last year. At the same time, it is good to note that the third quarter typically is the smallest quarter result-wise, and we generate most of the results during the first and fourth quarters. Before we dive deeper into the results, let's look at the highlights of the third quarter. Our achieved power price in the third quarter amounted to EUR 45.5/MWh, compared to EUR 46.1/MWh last year.

**Markus Rauramo**

CEO | Fortum

The realized market price, i.e., the blended price in Fortum's generation areas, was EUR 46/MWh, i.e., approximately EUR 10 up compared to EUR 36.70/MWh one year ago. The main reasons for the slightly lower achieved power price were lower physical value creation and a high hedge ratio. This year, nuclear generation was higher as there were fewer nuclear outage days compared to the third quarter last year. Weaker hydro conditions and allocation of hydro volumes to future periods resulted in somewhat lower hydro output. Our outright generation volume was 9.8 TWh, which is 0.7 TWh more than in the third quarter last year. We maintain our full-year guidance for the optimisation premium intact. It is expected to be between EUR 8 to EUR 10/MWh.

**Markus Rauramo**

CEO | Fortum

We continue to have a strong balance sheet and good liquidity, so our overall financial position continues to be very robust. Despite uncertainty in the operating environment, we continue to see robust underlying customer demand from various industrial sectors, which we believe reflects the long-term power demand growth. One proof point of this strong customer demand is the 22-year nuclear lifetime extension PPA with Google that we signed in September. At the end of June, Fortum also took a significant strategic step for growth in our Consumer Solutions business as we announced the conditional voluntary cash tender offer to acquire all issued and outstanding shares in the Norwegian company Elmera Group ASA. I will come back to more details on both of these next. In September, we signed the largest sales agreement in Fortum's history. It is also the first large-scale lifetime extension nuclear PPA in Europe.

**Markus Rauramo**

CEO | Fortum

The agreement provides economic certainty for the lifetime extension and power upgrades of the Loviisa Nuclear Power Plant through 2050 and demonstrates the important role of nuclear power in meeting a growing customer demand for reliable, low-carbon electricity. Alongside the agreement, we also signed a memorandum of understanding covering potential future cooperation in renewables, flexibility solutions, nuclear new build, and overall energy portfolio management services for Google. A couple of words about the Elmera VTO and process. We are very excited about this transaction as the combination of Elmera and our Consumer Solutions business will create a stronger Nordic business with greater capabilities to serve customers and create long-term value. We are very pleased that Elmera's board of directors and the whole management supported the deal and recommended the transaction to all shareholders.

**Markus Rauramo**

CEO | Fortum

As we received the approval from the competition authorities in Norway already in September and achieved the 90% threshold at the beginning of October, the VTO process has been rather fast and is now being finalized in the coming weeks. On 23rd of October, we settled the voluntary cash tender offer for all issued and outstanding shares in Elmera, excluding Elmera's treasury shares. The total consideration was approximately EUR 463 million and represents almost 92% of all Elmera's issued and outstanding share capital. Elmera is now expected to be consolidated into Fortum Group and included in the Consumer Solutions segment from 31st October onwards. Next, we intend to carry out a compulsory acquisition of the remaining shares or the squeeze-out process. After that, Elmera will be delisted from Euronext Oslo Børs.

**Markus Rauramo**

CEO | Fortum

In the previous result call, I went through the strategic rationale for the offer and how it supports our strategy and long-term value creation for our stakeholders. In short, the rationale is built around four key elements. Number one, there is an ongoing structural change in the electricity market, serving Nordic customers and small and medium-sized enterprise customers. Number two, Consumer Solutions and Elmera are two complementary businesses. Three, this transaction creates value for our shareholders and other stakeholders. Number four, it makes us fit for the future. Together, we and Elmera will create a stronger Nordic platform with the scale, capabilities, and financial strength required to remain competitive. The combination of the two brings together complementary businesses with a shared focus to deliver value to customers.

**Markus Rauramo**

CEO | Fortum

By combining customer volumes, operational infrastructure, and expertise across the value chain, the combined business is expected to achieve meaningful cost efficiencies and operational synergies to the benefit of Nordic consumers. The combination also benefits employees by creating a larger and more resilient organization with greater resources, broader capabilities, and increased opportunities for long-term development. I will move over to our main figures and financial performance. Let's look at our comparable headline KPIs for the group's third quarter and first nine months of 2026. In the third quarter, comparable operating profit increased while EPS remained flat. Our comparable operating profit totaled EUR 102 million, an increase of EUR 5 million. Comparable earnings per share amounted to EUR 0.08 per share. Operative cash flow increased slightly to EUR 134 million. Also for the first nine months, all KPIs developed positively.

**Markus Rauramo**

CEO | Fortum

Our leverage measured by the net debt to comparable EBITDA ratio was 1.4x. Next, a few words about the market environment. Let's first look at the spot price and hydro reservoir situation for the Nordic market. It is good to note that this is not Fortum's reservoirs, but the whole Nordic market. At the beginning of the third quarter, the reservoir balance had a deficit of around 5 TWh, which then declined rapidly in July to reach a significant deficit of 13 TWh by the end of the quarter. Nordic day ahead prices in the quarter increased year-on-year. Prices in some areas even doubled, driven by the lower reservoir levels and stronger continental price signals. Finnish spot prices were a notable outlier as they slightly declined year-on-year.

**Markus Rauramo**

CEO | Fortum

During August and September, there were low wind periods when the entire Nordic market benefited from strong continental spot prices, which were driven by surging gas prices. Nordic power demand in the third quarter increased by 1 TWh year-on-year as power consumption totaled 85 TWh. For the last 12 months, power demand in the Nordics was somewhat above 400 TWh. In September, Fingrid updated their demand forecast for the Finnish market. They anticipate slight growth for the coming years, mainly driven by increasing demand in the data center sector. In general, Finland is seen as one of the fastest-growing areas of Europe, measured by power demand growth. This concludes my part, and I would now like to hand over to Tiina to talk more about business performance.

**Tiina Tuomela**

CFO | Fortum

Thank you, Markus. Good morning, everyone, also on my behalf. I will now go through our financials in more detail. Let's start with the key figures. I will start with some of the comparable KPIs. Comparable operating profit for the third quarter increased from the previous year and amounted to EUR 102 million. In the quarter, comparable net profit decreased slightly to EUR 65 million. Consequently, our comparable EPS for the third quarter remained stable at EUR 0.08. Our cash flow during the quarter was EUR 3 million higher than in comparable quarter and totaled EUR 134 million. Then over to the segment result for comparable operating profit. Let's have a look at the third quarter waterfall by segments. The main reason for the improvement in the group's comparable operating profit was higher nuclear generation. This was partly offset by lower physical value creation.

**Tiina Tuomela**

CFO | Fortum

The result in both Consumer Solutions and the Other Operations segment declined. In the Generation segment, comparable operating profit increased by EUR 29 million, impacted mainly by the higher nuclear volume, partly offset by lower physical value creation. The result of district heating business decreased somewhat, impacted mainly by reduced availability related to ongoing decarbonization project and lower power prices in Poland. This was partly offset by higher heat volumes in the Nordic. Comparable operating profit for Consumer Solutions decreased by EUR 9 million, mostly due to the lower sales margin compared to the extraordinary strong margin last year. In the Other Operations segment, comparable operating profit decreased by EUR 15 million, mainly due to the higher fixed cost, including certain one-off items. The result of the Circular Solutions businesses was slightly lower compared to the comparison period.

**Tiina Tuomela**

CFO | Fortum

When looking at the year-to-date performance, we see the same result pattern across segments. The group's comparable operating profit increased by EUR 55 million to EUR 729 million. The Generation segment's result increased, while the result in the Consumer Solutions and Other Operations segment decreased. In the Generation segment, comparable operating profit increased by EUR 86 million, positively impacted mainly by higher spot prices and higher nuclear and hydro volumes, partly offset by a high hedge ratio. The result of the district heating business increased mainly due to the higher volumes, higher sales price of power, and new electricity-based production assets. This was partly offset by higher fuel cost and impacts from reduced availability in Poland.

**Tiina Tuomela**

CFO | Fortum

Comparable operating profit of the Consumer Solutions segment decreased by EUR 16 million to EUR 80 million, mainly due to the lower sales margins compared to the strong sales margin in the comparison period and higher fixed costs. In the Other Operations segments, comparable operating loss increased to EUR 86 million. The result of the Circular Solutions businesses improved slightly compared to the comparison period. Then over to the loan maturities, leverage, and liquidity. Our financial position continues to be strong, primarily supporting our objective to maintain a credit rating of at least BBB. It naturally also provides a good financial foundation in this very turbulent market environment, but it also caters the growth and shareholder returns. In these uncertain times with various geopolitical conflicts, this is a very good position to be in. At the beginning of the third quarter, our net debt was EUR 1,761 million.

**Tiina Tuomela**

CFO | Fortum

In the third quarter, operating cash flow was EUR 134 million, and investment amounted to EUR 146 million. The change in interest-bearing receivables and margining amounted to EUR 43 million, while FX and other effects were EUR 29 million. The change in collateral debts was EUR 24 million. Consequently, at the end of the quarter, our net debt was EUR 1,811 million, and the leverage ratio for the net debt to comparable EBITDA was at 1.4x. This does not take into the account the Elmera transaction of EUR 463 million, which was paid last week on 23rd October. Looking at our debt portfolio and the loan maturity profile, I want to highlight a few things. At the end of the quarter, our gross debt, excluding leases, totaled EUR 4 billion. Our maturity profile is very balance, and there are no large maturities in any single year.

**Tiina Tuomela**

CFO | Fortum

In 2028, a EUR 500 million bond will mature. Bonds are and continue to be our primary source of funding. We continue to have ample liquidity reserve of EUR 6.7 billion. At the end of September, these were split in EUR 2.3 billion of liquid funds and EUR 4.4 billion of undrawn committed credit facilities. The cost for our EUR 4 billion loan portfolio is 3.4%, while interest income that we get for our EUR 2.3 billion liquid funds is 2.5%. The overall objective is to have sufficient liquidity while optimizing the balance between debt and cash to minimize funding cost. Then over to the final section, the outlook. The outlook section includes guidance regarding our outright portfolio, capital expenditure and taxation. Let's start with the hedges. For the remainder of this year, the hedge price is EUR 43 and the hedge ratio is 80%.

**Tiina Tuomela**

CFO | Fortum

The hedge price for 2027 increased by EUR 1 to EUR 42, while the hedge ratio increased by 5 percentage points to 70%. The hedges for 2028 are now disclosed for the first time. The hedge price for 2028 is EUR 42, while the hedge ratio is 45%. We are including financial contracts and PPAs in these figures. It is good to note that the 2028 hedges include the share of the Google PPA for the first year of the contract. For the year 2026, we maintain the guidance for optimisation premium estimated to be between EUR 8 to 10/MWh. Predictability becomes more uncertain the further out in time you go. Consequently, our longer-term guidance for the year 2027 and onwards is between EUR 6 to 8/MWh.

**Tiina Tuomela**

CFO | Fortum

Taking into account all announced outages, nuclear output for 2026 is estimated to be below the normal level of 26 TWh. Based on the current market information, we estimate that our nuclear volume will be approximately 23 TWh in 2026. Previously, our estimate was between 23 to 23.5 TWh. Our capital expenditure guidance remains unchanged. We have EUR 550 million committed for the year 2026. This includes maintenance but excludes potential acquisition such as the Elmera transaction. For the period from 2026 to 2030, the committed CapEx is EUR 2 billion, of which EUR 750 million is growth. Annual maintenance is expected to be EUR 250 million. The guidance for our corporate tax rates also remains unchanged for 2026. We expect the comparable effective income tax rate to be in the range of 18%-20%.

**Tiina Tuomela**

CFO | Fortum

This was all for my presentation, and now we are happy to answer your questions. With this, Ingela, over to you.

**Ingela Ulfves**

VP of Investor Relations and Financial Communications | Fortum

Thank you so much, Tiina, and thank you, Markus. This was a rather straightforward quarter. With this, we are now ready to take your questions so we can begin the Q&A session. Moderator, please go ahead.

Q&A

**Operator**

If you wish to ask a question, please dial pound key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial pound key six on your telephone keypad. The next question comes from Harry Wyburd from BNP Paribas Exane. Please go ahead.

**Harry Wyburd**

Analyst | BNP Paribas Exane

Hi. Morning, everyone. Thank you for taking my question. Firstly, can we talk a little bit about the newly disclosed 2028 hedging? It is a little bit lower than I might have expected, and I just wanted to dig into it a bit. If you look at the region premium inclusive prices over the last six months or so, they have been more like 45%. I guess you are going to have some, as you mentioned, some Google PPA in there. Could you help us understand roughly how many terawatt-hours in 2028 you expect from the Google PPA, which should help us weight things? Why is it EUR 42? Is it because you laid most of the hedge late last year or very early this year? Any color you can give us on the makeup of the EUR 42.

**Harry Wyburd**

Analyst | BNP Paribas Exane

Secondly, flipping things a little bit, looking further forward, Nordic power prices are incredibly strong for 2027, 2028, et cetera. More so than would be purely explained by just the moves in gas prices and carbon prices. I wonder, could you give us a little bit of a thought and diagnosis of what is driving forward prices up to three years out? Is this a demand response or is this sort of lower hydro volumes echoing down the forward curve? Is it interconnects of prices because neighboring regions are going higher? Just some color on why you think we are seeing such incredible strength in longer forwards. Thank you.

**Markus Rauramo**

CEO | Fortum

Okay. Thank you very much for the good questions. I can start with the 2028 hedging. Tiina, if you want to talk about what are the drivers behind Nordic pricing. But starting with hedging. We do the hedging several years ahead, as you know historically. The hedge prices that you see today for 2028, these are a result of already some years of building up the hedging portfolio.

**Markus Rauramo**

CEO | Fortum

In looking at how have we come to the EUR 42 level, it is a result of going back a couple of years and looking at where the prices were then. Then on top of that, there is a piece of the Google transaction, and when we communicated the transaction, we did not disclose the price. We gave the RONA impact and said that the deal starts in 2028, and then it goes into full effect in 2030. It is now still a part of the volume for 2028, 2029, and then full effect for 2030. These are the components that get us to the hedge price that we see now for 2028. Then Tiina about the Nordic dynamics.

**Tiina Tuomela**

CFO | Fortum

Very good. As we know, the Nordic system is very hydro-driven. I would say that the hydro situation is currently one of the main reasons. At the moment, the Nordic reservoir levels are around 13 TWh below the normal level. I think this is the first indicator. Then of course, the Continental Europe's power price and also the gas price situation. Price is nearly double, at least when it comes to the power in some market areas. That has an impact also indirectly to the Nordics. Then the third one, of course, is what is the outlook for overall demand-supply situation. We see many data center projects coming on the lines, which obviously they come step by step, not immediately, but probably this is the assumption that how the overall demand-supply situation will impact. I would highlight these three reasons.

**Harry Wyburd**

Analyst | BNP Paribas Exane

Okay, understood. Thank you.

**Operator**

The next question comes from Rob Pulleyn from Morgan Stanley. Please go ahead.

**Rob Pulleyn**

Analyst | Morgan Stanley

Hi. Yeah. Good morning, everyone. Thank you for taking a couple of questions from me. Firstly, if we can take the data center angle on a different angle. We saw that the Finnish supervisory agency instructed Google to cease work at the Muhos and Kajaani, if I'm pronouncing that correctly, sites. I wondered whether this would have any impact upon your current contract, future contract, or in general, just data center development in Finland, given this seems to have been all over the media, shall we say.

**Rob Pulleyn**

Analyst | Morgan Stanley

Second question, on a different angle, is that you have a financial stake in Oskarshamn 3, which is obviously run by Uniper, and we were wondering, given obviously the life expiry of this particular plant as it stands, whether there was any scope for extension there like you've done at— which, of course, would create more volumes and more volume visibility over the coming years. Thank you very much.

**Markus Rauramo**

CEO | Fortum

Okay. Same thing, I can take the data center angle. If you want to talk about the lifetime extensions in general, Tiina. Starting, indeed, we have seen the environmental authorities and the supervisory authorities' activities. I regard this as quite normal, no impact on our contract and no impact on our future MOU either. This is in the normal course of business. Companies have to file and follow the supervisory authorities' requests. Overall, I would say in that context that there's a very large portfolio of customer demand on our side coming from steel, aluminum, data centers and other sectors, prospects of hydrogen also going forward. That's why we continue to talk about the robust demand in our customer portfolio. We are responding to that also with our supply portfolio when customers need additional supply.

**Markus Rauramo**

CEO | Fortum

The Finnish fundamentals continue to be very robust. Then over to Tiina and OKG and lifetime extensions.

**Tiina Tuomela**

CFO | Fortum

Yes. Lifetime extension is clearly in our focus, being one of the major value driver if we look at our current asset portfolio. At Loviisa, we have already approval to extend the lifetime, and now with the Google deal also, this commercial support. In Oskarshamn as well, like in Forsmark, they are investigating the lifetime extension. The system is a bit differently, so there is a regular regulatory check of the condition of the plant. It is not a similar process, but a similar intention. Similar intentions to look how the lifetime could be extended. That is on the planning.

**Rob Pulleyn**

Analyst | Morgan Stanley

Okay. Thank you. That sounds reassuring on both sides. If I may, a quick follow-up, and this might open the door on it, but if we could give an update on your position vis-à-vis Uniper's Nordic assets. We are getting close to the end of the year, when I think that this option you have expires and where the latest thinking is or anything you can add. Thank you very much.

**Markus Rauramo**

CEO | Fortum

Yeah, thanks for the question. We continue with our position that if there is hydro or nuclear available in the Nordics, we are interested and we would look at it. For what we know now is that the German government has sought for indications of interest publicly for up to 75% of all Uniper shares. This is something where we have said that this is not interesting for us. If nuclear and hydro are available, then we continue to be interested. But now the German government is assessing, as far as we understand, the IPO track and the bilateral sale up to 75%, and we are not part in that.

**Rob Pulleyn**

Analyst | Morgan Stanley

Very clear. I will turn it over. Thank you.

**Operator**

The next question comes from James Brand from Deutsche Bank. Please go ahead.

**James Brand**

Analyst | Deutsche Bank

Hi, thanks for taking my questions. I was hoping I could sneak in three. Firstly, you obviously completed the offer for Elmera now. I was wondering whether you could say, obviously you have not announced a synergy target, but is there anything you can say about potential synergies or any markers? I imagine that they could be quite substantial. That is the first question. The second one is on data centers. In Finland, as I understand it, there is about 2 GW that is under construction and at least another 1 GW that looks very advanced and very likely to come through in the next two, three years. So around 3 GW, maybe 4 GW.

**James Brand**

Analyst | Deutsche Bank

I was just wondering whether you could You kind of said earlier there was robust customer demand for PPAs, but maybe you could just give us a bit of an update in terms of you in discussions around PPAs with all of this capacity. Are these counterparties contracting at this point? Or are they holding off? It is super interesting to kind of know what is going on there. Then thirdly, I was wondering whether you could give an update on the Finnish data center law. You gave a bit of an update on your last results call, but is that still kind of moving forward? Do you have any fresh expectations for whether that is likely to be coming through? Thank you.

**Markus Rauramo**

CEO | Fortum

Okay. So, three questions. I will start with the Elmera. Tiina, if you want to take reflections on the DC law and grid prioritization and so on, I can talk about also the contracting pipeline. Starting with Elmera. Elmera is almost 1 million customers. We have 2.3 million. That is the expectation that there will be very meaningful synergies as we have had from previous transactions all the way to Hafslund to Telia, Orange Energia. We will then disclose what our synergy targets are and what would be the expected timelines of those once we have then closed the transactions and done the delisting and go into execution. We are targeting to benefit our stakeholders, our customers and the whole market with this. This should give good results for everybody, better services, better quality, better results for us, good products for customers.

**Markus Rauramo**

CEO | Fortum

Regarding data centers, indeed, one way to track the progress is now to look at the construction company's order books and what is happening on that front. We see indeed progress as you described, in the sector. We are discussing with data center sector, with hyperscalers, colocators, neoclouds here and globally about their interest, but also with the other sectors. Metals and mining, steel, aluminum, battery factories. Then on top of that, there is electrified heating coming online with high speed, as well as electric mobility increasing. So active discussion with all of the sectors, and we will then update on the material transactions as they happen, like the Google transaction, or otherwise, then quarterly, in connection with the quarterly results, the hedge ratios and hedge prices. But activity across the board, which does indeed feel very robust.

**Markus Rauramo**

CEO | Fortum

Then, Tiina, if you want to talk about reflections on the DC and grid.

**Tiina Tuomela**

CFO | Fortum

Yep. So indeed, lot of interest on the data centers in overall in the Nordics. Particularly, I think Finland has been the main focus in many of the companies. I think one number or reflection on the overall Nordic is that there are project around overall 10 GW. In Finland also, those numbers, what you indicated, so many of the project going on. Of course, the other thing is that how many there will be completed and in what timetable. This has, of course, then raised a concern that what is the grid availability and how to make all these projects to fit to the system, provided also that the other industrial projects are prioritized and make sure that they are getting to the access to the market.

**Tiina Tuomela**

CFO | Fortum

Therefore, there is this grid connection prioritization framework under preparation, which is now planned to be online early next year. Many companies, including us, are giving the comments to the prioritization in a way work. But we are a bit concerned that there is a quite long timeline when there would be an answer who gets or who don't get to the permit or access to the grid. It would be very important to, in a way, support now the growth, what is now seeing in many fronts while, of course, taking care of that the grid is stable and we get the main project in line. But at the moment, I think good progress overall.

**Markus Rauramo**

CEO | Fortum

I'll add one thing to that. We observe the concerns in Europe, in the Nordics, globally of grid availability and power availability. The way we work around that ourselves is that when we see the customer demand, we are developing powered sites. We work around the concern of the availability and find availability together with TSOs and DSOs. We are not going to places that are already tight on grid access but rather find sites where there is space in the grid that even supports the grid use, close to production, close to new production, and then look at what can we do, for example, to get more capacity out of the grid. I'll give a very practical example. In Suomenoja with our electrical boiler, heat-only boiler, we have agreed a flexible grid agreement.

**Markus Rauramo**

CEO | Fortum

If the DSO says that they have to limit our access, then we have made an agreement that that's okay, we don't have to use the boiler all the time. Of course, this doesn't fit all users, but this is a way to find innovative solutions to answer the different concerns. Bottom line is we create a lot of optionality, we create a big funnel so that we can serve our customer needs within the frameworks that are at any given time available.

**James Brand**

Analyst | Deutsche Bank

Thank you very much.

**Operator**

The next question comes from Artem Beletski from SEB. Please go ahead.

**Artem Beletski**

Analyst | SEB

Yes, good morning, and thank you for taking my question. First one is maybe a bit broader question relating to your hedging strategy and thinking about years 2028 and beyond. Given extensive Google PPA and a lot of activity relating to further long-term PPA agreements, how do you think about your hedging rates looking midterm? Should we anticipate higher hedging rates or are you planning to reduce this type of short-term agreements, the magnitude of those being done with your customers? The second question is relating to nuclear volumes, and you have taken further down the outlook for this year, talking about 23 TWh and the normal is 26 TWh. If you look at maintenance activity for next year, should we expect a more normal year in terms of output on this front? Thank you.

**Markus Rauramo**

CEO | Fortum

Okay, Tiina, if you take the maintenance activity part, I will take the first part. We continue with our normal short-term hedging strategy, where the target is to create visibility for the short-term cash flows. When we think about longer-term PPAs, then, of course, we take into account our view of what is the price development going forward, what is the market demand, supply. If the price level for PPAs is not to our satisfaction, then we can as well keep the power and hedge in the short term. Even when we do the short-term hedging, we need to think about when could the potential long-term PPA start. We know that the Google deal starts in 2028, so when we have been negotiating that deal, we take it into account in our hedging. As you can see, 45% hedging ratio is quite fine.

**Markus Rauramo**

CEO | Fortum

We could still do more deals that would start in 2028. We have no problem with that. We are continuously matching the midterm, long-term potential customer need for PPAs versus the short-term hedging. Both are coexisting. Then for what is our appetite to do more, we have appetite to do profitable long-term large deals that would increase the 10-year rolling hedge ratio. Now we said 25% is the target level. Our appetite to do more then depends on the outlook and what the pricing could be there. Then over to the maintenance activity.

**Tiina Tuomela**

CFO | Fortum

Yes. So as we have already earlier communicated, this year has been kind of the year of the long outages. Many planned longer outages based on the circle, in a way, this eight-year, four-year period. This year, many of those happened to occur this year, like Loviisa outages. Therefore, we have already earlier indicated that our normal nuclear output would be around 26 TWh, and this year now 23 TWh. Next year, at the moment, looks that it is more normal maintenance year, and we should be closer to our normal production numbers again.

**Artem Beletski**

Analyst | SEB

Okay, great. That's all from my side. Thank you.

**Operator**

The next question comes from Ajay Patel from Goldman Sachs. Please go ahead.

**Ajay Patel**

Analyst | Goldman Sachs

Good morning, and thank you very much for your presentation. I guess mine are two areas. One is on optimisation and the guidance you give at the moment beyond 2026. A lot has changed in this market over the last two years. I just wondered if you could give us a little bit more on why the drop on optimisation and why these numbers aren't improving, given the increased and better outlook that you talk about on demand. Then the second question was more on the powered land at the 5 GW that you talk are developing. Is there any insight that you can give us on this pipeline in terms of what's mature, what's not, what potentially could be available in the next couple of years, what may take a bit longer?

**Ajay Patel**

Analyst | Goldman Sachs

Because it's a sizable number, but we just at the moment don't have really reference to what's more immediate and what's not. Any sort of help on either of those would be really helpful. Thank you.

**Markus Rauramo**

CEO | Fortum

Thank you. I could start with the powered land, and Tiina, if you want to talk about the optimization volatility versus flexible assets. Regarding the powered land, yes, we have, we call it 5 GW of powered land. It is in different stages and we will develop it to whatever is then the readiness that the customer needs, or we agree with, plus the landowners, grid companies and so on. Any site will take some work to get to the point where a transaction would be done, but that then depends on our bilaterals with the customers. When we see that customer demand increases, we will actually develop more sites. This is something where we have a dynamic portfolio.

**Markus Rauramo**

CEO | Fortum

We are continuously talking with our customers, and we know that this is a valuable resource and we have several discussions going on, not only in D.C. sector, but in other sectors as well. Bottom line, different stages and they will be developed to the finish line, once the real practical customer needs are known. To the volatility and flexibility.

**Tiina Tuomela**

CFO | Fortum

Yes. The optimisation premium, what we have indicated for this year, is EUR 8 to 10/MWh, and next year and further out, EUR 6 to 8/MWh. But we have also indicated that the predictability, of course, when it comes in a way, we come to the closer to the period, it's easier to give the, in a way, more kind of accurate guidance. I think overall, if we look at where the optimisation premium comes from, the majority comes from the hydro flexibility, and this has been very strong, more renewables coming to the system, prices, in a way, being more volatile. This we see are still very strong. The other part of the optimization is the ancillary services. This is the part, which is moving a bit while the batteries are coming in, also demand response coming in.

**Tiina Tuomela**

CFO | Fortum

There are more volatility also in that front. The third element in the optimisation premium is environmental values. There actually, we have seen a positive tick what comes to the guarantee of origin of the hydro. The price is slightly increasing. It is the combination of all these three items. If we look at the overall volatility, it is there and anticipated to continue. What is the exact value? We will update more information and more kind of visibility we get to those numbers.

**Ajay Patel**

Analyst | Goldman Sachs

Thank you very much.

**Operator**

As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad. The next question comes from Louis Boujard from ODDO BHF. Please go ahead.

**Louis Boujard**

Analyst | ODDO BHF

Yes, hi. Thank you very much for the presentation. Maybe, just to start with a very quick follow-up on the optimisation premium, because indeed there is maybe room for upside here. Just wondering if you could provide us with an updated figure after nine months, where you stand at the moment compared to your EUR 8 to 10/MWh target. My understanding in your previous answer is that you might have, maybe some room to be a little bit more upward-oriented, for the next few quarters, considering notably the hydro flex and most likely the increasing value of the renewable aspects. I am not sure to understand what is about the ancillary services. Is it going in the right direction or in the opposite direction at this point in time? This one is just a follow-up.

**Louis Boujard**

Analyst | ODDO BHF

If you allow me, I would ask to ask another two questions. Beyond the initial PPA, what concrete opportunities are covered by the memorandum of understanding with Google, particularly in renewable flexibility and the new nuclear? What could become material within the next few years, by the end of the decade, according to you, based on this MOU? Regarding the 864 MW pumped storage project, Bastvålen and Lekstjärnen, excuse me for the pronunciation. Could you clarify the key condition required to reach a final investment decision here? What level of visibility would you need on power price, ancillary services revenue and regulatory framework, in order to go to the FID?

**Louis Boujard**

Analyst | ODDO BHF

What would be the earliest realistic commissioning date for these two projects? Thank you very much.

**Markus Rauramo**

CEO | Fortum

I could take the Google question and the pumped hydro, and Tiina, if you then continue on the PPA. Maybe on the optimisation premium—

**Tiina Tuomela**

CFO | Fortum

Yep. Very good.

**Markus Rauramo**

CEO | Fortum

—take that first.

**Tiina Tuomela**

CFO | Fortum

All right. As you know, we give the guidance only for the full-year. We do not comment any kind of the quarterly numbers. I think it is fair to say that the optimisation premium varies between the quarters. I think the overall guidance is the full-year. In third quarter, we also commented that the hydro value creation was a bit lower, which of course indicates that when there is less water or inflow, that gives a bit less opportunities to do that perfectly. The other comment what we said that of course, we look at how do we allocate the hydro between different quarters. What is the total optimization? Therefore, I think the quarterly number is not that important.

**Tiina Tuomela**

CFO | Fortum

It is important what is the full-year, and as is indicated that if we look at the volatility numbers, they are still showing the same development being higher level than a couple of years ago.

**Markus Rauramo**

CEO | Fortum

Okay, thank you. For the Google MOU, new renewables, flexibility, new nuclear and energy management services. Google's philosophy, as they said in connection with announcing this transaction, is that they will bring new power to the market as their consumption grows. It is then Google's timeline that defines how much new capacity and new production would come. In this MOU, we are in a position to work with them to make this happen. New renewables, for new wind, it takes about 2.5 years to bring it online. New solar, 1.5 years, give or take. Batteries are fast to build.

**Markus Rauramo**

CEO | Fortum

Then for new nuclear, having a customer who wants to develop new nuclear and has a view that there could be a price level that they can commit to and where technology cost can meet that is essential for new nuclear to happen. So we need technology, timelines, cost of technology. We need customers with the demand. That is critically important for us. Then financing for that. Then potentially, states can make it easier for new nuclear to happen because the construction times are long, so loans, guarantees, CFDs potentially de-risk these kind of projects. All of these we are working on with Google in their own development timeline with the projects that they have in Muhos, Vaala, Kajaani, and Hamina. For pumped hydro, we have four projects, one in Finland and three in Sweden.

**Markus Rauramo**

CEO | Fortum

What is critical for pumped hydro is that we have the technology there. It is rather conventional with hydro turbines and the hydro equipment. Then big civil works. That is an area that needs very thorough investigation and of course, environmental permitting and deep local consultation. Then the projects depend on the financial conditions and the market. The pumped hydro operates based on the market volatility and when can you pump up water to reservoirs when the price is low, and then put it back to the market when the prices are higher. There can be customer demand or direct market demand for this product. We can build profiled services or take use of the volatility in the market.

**Markus Rauramo**

CEO | Fortum

Clearly, a structural need for this kind of long-duration storage exists even today, and if the renewable production increases, there will continue to be demand for that going forward. These are some of the main conditions for pumped hydro to happen. So many big building blocks need to be in place before such projects would start.

**Louis Boujard**

Analyst | ODDO BHF

Thank you.

**Operator**

The next question comes from Piotr Dzieciolowski from Citi. Please go ahead.

**Piotr Dzieciolowski**

Analyst | Citi

Hi. Good morning, everybody. I have two questions, please. The first one is, I wanted to ask you about the response of clients, not from data center industry, but from the steel and industry clients and other types. To what extent, these, which is majority of the consumption, they are willing to accept much higher PPA prices than what you see on the forward curve and what they used to pay in the past. What is your approach to this negotiation? Do you tell them, "Look, we can sell volumes at these high prices. You have to match it." How do you see this thing playing out? That is the question number one. The second question I have about if you have any specific view how quickly the Northern Swedish prices can converge to the Southern level.

**Piotr Dzieciolowski**

Analyst | Citi

Is this going to develop as in line with the current forward curve? Or there could be a somewhat quicker process of catching up of these prices? Thank you very much.

**Markus Rauramo**

CEO | Fortum

Okay. I can take both of these questions. Regarding the clients in the different segments, the appetite and structural appetite for PPAs is different. If I start with the data center segment, we can see that there is appetite for many customers for securing power and the price for very long term. Google transaction is a good example of that. There are additionality needs and that is what has stimulated a big part of the Nordic renewables in the last years, the data segment. Then if we look at traditional heavy industries and look at their own order books, pulp and paper, chemicals, metals, oftentimes the price resets quite frequently. In effect, these businesses are locking a spread. When they only know their own demand and prices half a year or a year ahead, that is typically the hedging horizon. Not very long.

**Markus Rauramo**

CEO | Fortum

Their business lives, both legs live in time. For that segment, we find solutions as well, both for the short-term forecastability and if there is appetite to do mid-term hedging for that as well. Then there are the new entrants where the business model for new steel or new aluminum can be that the projects need visibility both on the income side and the cost side. Then there is indeed appetite to do longer deals, both for their own customer offtakes and then matching that with input costs. Again, it comes ultimately to the spread that they need to secure. Then both the demand and supply, demand of energy and supply of energy are impacting what is then the ultimate price that such a company can offer to their own customers.

**Markus Rauramo**

CEO | Fortum

This is to say that we look to serve all customer needs with products that suit them and that give us the required return on our new investments and, of course, what do we regard as the correct price to commit our existing assets. Good solutions for all customer segments. Then for the Northern Swedish convergence or not. Indeed, in Norway, Sweden, also other areas where you have several price areas, then the prices are determined by the demand and supply in those areas, the nature of the production, as well as the interconnection. The ability to transport energy from one area to the other. As we know, in Sweden and Norway the power cannot flow so that you would have all the time the same spot prices or the forward prices.

**Markus Rauramo**

CEO | Fortum

What can happen in Sweden is that more interconnections would be built, prices would converge, or then more demand goes to the places where prices are structurally lower. That is something we see happening as well, that North Sweden is an attractive place to place new projects and there are big electrification projects in Northern Sweden also in the pipeline. This is part of the customer portfolio that we are also talking with continuously.

**Piotr Dzieciolowski**

Analyst | Citi

Okay. Thank you very much.

**Ingela Ulfves**

VP of Investor Relations and Financial Communications | Fortum

Thank you. Before we end the Q&A session, I still want to come back to Harry's first question on this 2028 hedge that we published today. This because there has been a lot of questions this morning already around the 2028 hedges. As Markus already also said about the hedge ratio, that when you compare to the 2027 hedge that we announced last year in Q3, then the hedge ratio was the same 45%. It is also good to note that the price at the time was EUR 39. So these are obviously not fully comparable, but it is just for you when you do your backtracking and your calculations of how the hedges are built up. It is good to keep that also in mind. With this I thank you all for your participation here today.

**Ingela Ulfves**

VP of Investor Relations and Financial Communications | Fortum

Really good questions and we all wish you a very nice rest of the day.

**Markus Rauramo**

CEO | Fortum

Thank you.