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Fortum

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Prepared Remarks

**Ingela Ulfves**

VP of Investor Relations and Financial Communications | Fortum

Good morning, everyone. A warm welcome to Fortum's joint webcast and news conference on our first quarter 2026 results. My name is Ingela Ulfves, and I'm heading the Investor Relations at Fortum. As always, this event is being recorded, and there will be a replay on the website later today. With me here in the studio are our CEO Markus Rauramo and our CFO Tiina Tuomela. They will present the group's financial and operational performance for the first quarter. Let's go to our presentations after which we will take your questions in the Q&A session. With this, I hand over to you Markus to start.

**Markus Rauramo**

President and CEO | Fortum

Thank you very much, Ingela. A warm welcome to this call also from my side. I will start by going through the key elements of our highlights and our financial performance, then say a couple of words about the 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. Starting with achieved power price. In the first quarter, it was slightly above last year's level, EUR 62.5 per MWh compared to EUR 60.1 in the first quarter last year. The realized market price, i.e. the blended price for Fortum's price areas, was EUR 85.7 per MWh compared to EUR 46 per MWh in the first quarter 2025.

**Markus Rauramo**

President and CEO | Fortum

One of the clear highlights during the quarter was the optimization premium. It was again double digit, as it was also 1 year ago.

**Markus Rauramo**

President and CEO | Fortum

We keep our full year guidance for the premium intact, and it is expected to be between EUR 8-10 per MWh. The first quarter was characterized by relatively high spot prices and several price spikes, especially in January and February. Because of these high prices, we maximized our hydro generation, and the outcome was 5.9 TWh of output from hydro in the quarter. Nuclear generation was almost at last year's level despite the unplanned outage in Oskarshamn 3. Overall, our outright generation volume was 12.2 TWh, which is 0.6 TWh more than in the first quarter last year. 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. We see the data center sector remaining very active, particularly in Finland.

**Markus Rauramo**

President and CEO | Fortum

As we have announced this year, we are supporting DayOne in its plans to build a data center in Nurmijärvi and Nscale Group with it plans to establish a data center in Harjavalta. We are progressing with our site development to meet future customer needs. Due to this high activity level from data centers and considering the projected demand growth, there has been discussions, especially in Finland, about future power availability. Current supply demand balance in the Nordics shows a surplus with existing capacity. Lifetime extensions of nuclear power plants and preparedness to invest in renewables and other capacity can allow power generators to meet the foreseen increase in consumption. We have a strong balance sheet and good liquidity, so our overall financial position continues to be strong. The cash dividend of EUR 0.74 per share was paid in the second quarter.

**Markus Rauramo**

President and CEO | Fortum

After the reporting period, we signed a new EUR 2.7 billion revolving credit facility which replaces the previous one. Over to our main figures and financial performance. Here are our familiar comparable headline KPIs for the group's first quarter 2026. Positive development in all KPIs except cash flow and the reason for cash flow decrease is higher working capital. In Q1, our comparable operating profit totaled EUR 521 million, an increase of EUR 59 million. Comparable earnings per share increased from EUR 0.42 to EUR 0.45 per share. Operative cash flow decreased clearly to EUR 355 million due to increased working capital. The increased working capital reflects higher sales prices. All of these lead to a leverage of 1.1x measured by net debt to comparable EBITDA ratio. Tiina will tell you more about our new net debt definition and transition of the Nordic Power Futures from Nasdaq to Euronext.

**Markus Rauramo**

President and CEO | Fortum

Next, a few words about the market environment. Let's start by looking at the spot price and hydro reservoir situation for the Nordic market. It is good to note that this is not only Fortum's reservoirs but the whole market. In the first quarter, Nordic spot prices increased significantly year-on-year. The reason was a combination of elevated consumption due to cold weather. Reservoir levels being below average levels and low wind power supply. Nordic power demand increased by approximately 8 TWh year-on-year, while wind availability was significantly below the seasonal average in the Nordics. In January and February, these weather conditions resulted in higher Nordic hydropower generation. At the beginning of the year, there was some moderate Nordic reservoir surplus, which then deteriorated during the quarter.

**Markus Rauramo**

President and CEO | Fortum

In March, Nordic weather-driven fundamentals softened, resulting in a clear decline in spot prices and some recovery in the Nordic reservoir balance. Meanwhile, continental European electricity prices also strengthened in March as gas prices surged following the escalation of the conflict in the Middle East. Precipitation levels were well below normal, particularly in January and February. Temperatures were colder than normal, while March was milder than the historical average. As a result, hydro inflows were close to normal, but Nordic hydro generation was above average, driven by higher power demand. The reservoir balance at the beginning of the year with the moderate surplus declined sharply during the quarter. 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. The comparable operating profit for the first quarter amounted to EUR 521 million, which is a clear increase from previous year. In the quarter, also, comparable net profit and comparable EPS increased. Our comparable net profit for the quarter improved to EUR 404 million. Consequently, our comparable EPS for the first quarter rose to EUR 0.45 compared to EUR 0.42 last year. Our cash flow during the quarter was EUR 98 million lower than previous year and totaled EUR 355 million. The positive effect of the higher EBITDA was offset by the negative change in working capital compared to the previous year.

**Tiina Tuomela**

CFO | Fortum

The main reason for the higher working capital comes from higher receivables in Consumer Solutions caused by higher power prices. Over to the segment result for the comparable operating profit. Let's have a look at the first quarter. The group's comparable operating profit improved due to the higher result in Generation segment. The profits of Consumer Solutions was good and basically at the same level as last year, while the other operation segments result declined. In the Generation segment, comparable operating profit increased by 67 million to EUR 503 million, mainly due to the higher hydro volumes and power prices, partly offset by the high hedge ratio. The optimization premium was good and similar to last year, it was double digit. Consumer Solutions comparable operating profit was almost at last year's level, which means that the result was the second best quarterly result.

**Tiina Tuomela**

CFO | Fortum

The reporting period includes a marginally positive effect of the acquisitions of Orange Energia completed in June 2025. In the other operation segment, comparable operating profit decreased by EUR 8 million, showing a negative result of EUR 28 million. The main reason was higher fixed cost and lower internal charges for services of enabling functions. 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 triple B. It naturally also provides a good financial foundation in this very uncertain and turbulent market environment, but it also caters for growth and shareholder returns. In these uncertain times with various geopolitical conflicts, this is a very good position to be in. Before going through the reconciliation of our net debt, I want to highlight a few changes that we have made.

**Tiina Tuomela**

CFO | Fortum

These relate to our derivative trading and our definition of net debt. In March this year, Nasdaq Nordic Power Futures business and trading with Nordic Power Futures transitioned to Euronext and Fortum's position at Nasdaq was migrated to Euronext accordingly. Following the transition of our power futures business to Euronext, Fortum has simplified the measure for indebtedness and reports net debt instead of financial net debt from the first quarter of 2026 onwards. In the previously used financial net debt, the margin receivables and liabilities and the collateral arrangement receivables were netted. With the new definition, net debt, the net margin receivables, and the collateral arrangement receivables are not netted anymore. From the first quarter onwards, the net debt is consequently defined only as interest-bearing loans, lease liabilities, and liquid funds.

**Tiina Tuomela**

CFO | Fortum

Going forward, our leverage ratio is consequently net debt to comparable EBITDA compared to the earlier financial net debt to comparable EBITDA. The maximum leverage for the net debt to comparable EBITDA remains unchanged at 2.5x. We have presented the effect of this change in our interim report. Following the change, our net debt increased by EUR 364 million. Please see further information in notes 5 and 12 in our interim report. At the beginning of the first quarter, according to the new definition, our net debt was EUR 1.8 billion. In the first quarter, the operating cash flow was EUR 355 million, and investments amounted to EUR 113 million. The change in interest bearing receivables amounted to EUR 40 million, while effects and other effects were EUR 32 million.

**Tiina Tuomela**

CFO | Fortum

The change in collateral debt was EUR 141 million. Consequently, at the end of the quarter, our net debt was EUR 1.5 billion, and the leverage ratio for the net debt to comparable EBITDA was at 1.1x. The dividend of EUR 664 million was paid in April, i.e., in the second quarter. If considering this amount in the net debt, leverage would have been 1.6x. 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 3.8 billion. Our maturity profile is very balanced, and there are no large maturities in any single year. In February, we repaid a maturing EUR 750 million bond. In 2028, a EUR 500 million bond will mature.

**Tiina Tuomela**

CFO | Fortum

Bonds are and continue to be our primary source of funding. We continue to have ample liquidity reserves, EUR 6.4 billion, with EUR 2.5 billion of liquid funds and EUR 3.9 billion of undrawn committed credit facilities and overdrafts at the end of March 2026. In April 2026, we successfully renewed our revolving credit facility with EUR 2.7 billion facility. The syndication was well oversubscribed. A total 15 banks participated in the facility. This new larger RCF further strengthens our liquidity position. The cost of our EUR 3.8 billion loan portfolio is 3.4%, while the interest income that we get for our EUR 2.5 billion liquid funds is 2%. The overall objective is to have sufficient liquidity while optimizing the balance between debt and cash to minimize funding costs.

**Tiina Tuomela**

CFO | Fortum

Over to the final sections, the outlook. The outlook section includes guidance regarding our Uniper portfolio, capital expenditure, and taxation. Let's start with the hedges. At the end of the first quarter, the hedge price for the rest of the year was EUR 39, and the hedge ratio was 75%. The hedge price for 2027 is EUR 40. Same as last time disclosed, while the hedge ratio increased by 5 percentage points to 60%. Our optimization premium for 2026 is estimated to be between EUR 8-10 per MWh and the following years between EUR 6-8 per MWh. Based on announced outages, nuclear output for 2026 is estimated to be below the normal level of 26 TWh.

**Tiina Tuomela**

CFO | Fortum

Based on current market information, we estimate that our nuclear volume will be between 23.5 TWh and 24 TWh in 2026.

**Tiina Tuomela**

CFO | Fortum

Previously disclosed volume was between 24-24.5 TWh. Our CapEx guidance is unchanged. We have EUR 550 million committed for the year 2026. This includes maintenance, but excludes potential acquisitions. For the period 2026-2030, 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 rate also remains unchanged for 2026. We expect the comparable effective income tax rate to be in the range of 18%-20%. The Finnish government plans to decrease the corporate tax from 20% to 18% from the beginning of 2027. There is, however, no official law in place yet.

**Tiina Tuomela**

CFO | Fortum

Our preliminary estimate is that this would lower the comparable effective income tax by 1 percentage point from 2027 onwards. This was all for my presentation. Now we are happy to answer your questions. With this, Ingela, over to you.

Q&A

**Ingela Ulfves**

VP of Investor Relations and Financial Communications | Fortum

Thank you, Tiina, and thank you, Markus. With this rather straightforward quarter, we are already now then ready to take your questions. Let's begin the Q&A session. Moderator, please go ahead.

**Operator**

If you wish to ask a question, please dial pound key 5 on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial pound key 6 on your telephone keypad. The next question comes from Harry Wyburd from BNP Paribas. Please go ahead.

**Harry Wyburd**

Research Analyst | BNP Paribas

Hi. Morning, everyone. Thanks for the presentation. I'm sorry to torture you, this is going to be a slightly numbers intensive couple of questions. The first one's on your achieved pricing. I want to particularly focus on this because the achieved pricing on different quarters is going to be different this year, because Q1 was very strong. I wonder if you could bear with me and maybe help me a little bit walk through what your achieved price might be for the full year, and sort of correct me if I'm wrong here. I think you're aiming for about 45 TWh of output for the full year based on the new nuclear guidance. You've already sold 12 TWh of that at EUR 62.5.

**Harry Wyburd**

Research Analyst | BNP Paribas

If I've done your hedge disclosures right, you're saying, you've hedged about 25 TWh at 48, if you include a EUR 9 optimization premium. Then on the remaining 8 TWh, on my forward calculator spreadsheet, I'm looking at about a 51 achieved price if you include regional premiums and a EUR 9 optimization premium. You'd basically be looking at an achieved price of about EUR 52 all in, including optimization premiums and regional premiums for the full year, which is a little bit lower than the EUR 54 I think that was in the Vara consensus. I'm sorry that that's a very detailed set of numbers, but is there anything that I've done wrong there, or would you push back on any of that?

**Harry Wyburd**

Research Analyst | BNP Paribas

I'm sure any clients who are listening, feel free to push back to me on Bloomberg. That's the first question. Then the second one, again, apologies, this is a numbers one, but on my model, and I know everyone will have sort of different valuations, but I have to put in around the mid-60s in long-term achieved all-in price to sort of get up to kind of EUR 21, EUR 22 where your share price is today. If you look at the forwards, I know we don't necessarily believe in long forwards, but for what it's worth, you know, they're probably in the sort of low to mid-50s if you include a EUR 8 or EUR 9 optimization premium.

**Harry Wyburd**

Research Analyst | BNP Paribas

Basically, on my math, you'd need to get a EUR 10-15 premium now on top of sort of forward Nord Pool and your optimization premium guidance to kind of get into the low 20s. I wondered if we could just revisit and I know you've talked in the past about that you could get premiums on data center PPAs, but I just wanted to revisit that. Do you think getting a EUR 10-15 premium and then, you know, effectively that being applied to entire output is really plausible? Sorry for the very long and numbers-heavy questions.

**Markus Rauramo**

President and CEO | Fortum

Okay. Two questions. Maybe I start answering, and Tiina, you can then fill in.

**Tiina Tuomela**

CFO | Fortum

Sure.

**Markus Rauramo**

President and CEO | Fortum

Not commenting the actual number, but I just revisit what are the components we give. Indeed, we try to guide what is the normalized level of production. Hydropower, we do not know exactly what it will be for the rest of the year, but you can look at normalized years. Nuclear volume, we guided a little bit downwards, so you can look at that component. Then the hedge ratio for the rest of the year, 75%, at EUR 39. Then you do the math's on the open position, what you expect there and what would be the optimization premium. These are the components we are giving. Tiina, if there's something I missed, then please fill in. On the, on the second point, similar math. We give the production volumes and now we have the 60% hedged at EUR 40 for next year. That's the only

**Markus Rauramo**

President and CEO | Fortum

Price guidance we give and with regards to the forward curve versus our pricing. We have said that that forward curve is one indication, and it's a very thin indication of what the forward price would be. We continue to price every customer contract individually, then reflecting the different characteristics that the profile or different types of energy that the customer needs. This all will come in then eventually into the achieved power price and on top of that, the optimization premium as well. All the customer elements and then the optimization premium. We're obviously not commenting what would be the future achieved price. What I will, though, once again say is that we do expect that the power consumption will increase, driven by different sectors and new production.

**Markus Rauramo**

President and CEO | Fortum

Full load production cannot be produced. It cannot be invested in with today's prices, so it will have to command a higher price. Maybe, Tiina, is there something I missed there?

**Tiina Tuomela**

CFO | Fortum

No, I think you covered it very, very well. Only to comment the first quarter. Of course, when the spot prices were very high, in our areas over EUR 80, EUR 85 per MWh. Of course that meant that we maximize the absolute outcome and EBIT. Therefore, the production volume was higher in the first quarter, which in a way increased also the achieved power price. The profile of different quarters, of course, we optimize inside the year as well. The components are as you said, Markus.

**Markus Rauramo**

President and CEO | Fortum

One thing now when I look at my notes on what all have we told you previously. We did in the Investor Day, we spoke about the EUR 330 million improvement that would come on a like-for-like basis from generation in availability and also the improvements in the other businesses that are all within our hands. The EUR 40 million improvement from Consumer Solutions and as well as improvements in other. This is perhaps a component that you need to put into the model as well.

**Harry Wyburd**

Research Analyst | BNP Paribas

Okay. Thank you. Maybe just a follow-up and again, so sorry, such a convoluted, long question for monopolizing everything. Markus, maybe just in very simple terms, do you still think it's plausible that you, if you did sign a PPA with a data center operator or an industrial customer, that you would be able to achieve a higher price than, you know, the sort of current medium-term forwards plus optimization premium? I think you've sort of alluded in the past that you could. Do you think that's still plausible that you could get a premium above what you were sort of looking at, that you might achieve on the forward market and the current optimization premium guidance?

**Markus Rauramo**

President and CEO | Fortum

I'll repeat my earlier remark that the forward curve is at best indicative, and it's very short term. When we go into longer tenors, then the question is that what does a customer need in availability? What is what is the profile that the customers need? What are the characteristics? What type, RFNBO guarantees of origin, et cetera. There are many components. I will not go further than that.

**Harry Wyburd**

Research Analyst | BNP Paribas

Okay, fair enough. Thank you very much.



Operator

The next question comes from Julius Nickelson from Bank of America. Please go ahead. Please go ahead. The next question comes from Ajay Patel from Goldman Sachs. Please go ahead.



Ajay Patel

Senior Equity Research Analyst | Goldman Sachs

Good morning, and thank you for the presentation. I guess mine's all around the optimization. Is there any sense you can give us how the Q1 performance was against last year? Was it higher, lower, the same? I'm just trying to understand what's sort of embedded for the second half of the year for optimization, given the strong start. Then the other thing is any drivers that you can just help us with, more high level, for this year's optimization versus last? Anything that's maybe declining that we need to just keep in mind when we're thinking about that picture. Thank you.



Markus Rauramo

President and CEO | Fortum

On the detailed picture, if, Tiina, you want to comment that. Regarding the high level drivers, which are now impacting this year's guidance versus last year and the coming years. I go back to that. The main part is the physical optimization. In today's market, we have a lot of flexible capacity, which we can then utilize to support the market when it needs it, when power is in high demand and prices are high, so we can produce. Then it's the grid services that we provide for the TSOs. The third one is the guarantees of origin.



Markus Rauramo

President and CEO | Fortum

If we look then going forward, we expect that there will be competition in this space for part of the services from batteries and from electrified heating. However, this then again makes room for new investments in renewables when the power demand grows and customers would contract more capacities. I do see that these elements are supportive of each other. What we have today is the long duration flexibility, which has a different value than short duration batteries.



Ajay Patel

Senior Equity Research Analyst | Goldman Sachs

On Q1's optimizations. First slide.



Markus Rauramo

President and CEO | Fortum

Tiina. Do you know anything there?



Tiina Tuomela

CFO | Fortum

Q1 optimization. Usually, the first quarter is very strong. What we said that also this year like the last year, it was the double-digit number. I think what really matters is that what is the volatility. When we look at the volatility numbers, compared to full last year, it increased, particularly in Finland. In Finland it was the highest, but also in Sweden in price area 2 and 3 it increased. Overall, at least the 1st part of the year looks what comes to the volatility high. Of course, that will depend how the full year continues. As the new renewables are quite a lot of in the system, solar coming also to the market, increases the overall picture.



Ajay Patel

Senior Equity Research Analyst | Goldman Sachs

If it's a similar level to last year, in the broad brush sense, is that just generally you're making the expectation as you go through the next 3 quarters that the optimization achieved in the last 9 months of the year versus the first 3 months is lower year-on-year? And hence, there's some conservatism there or is that too optimistic?



Tiina Tuomela

CFO | Fortum

Well, I think what we have in general said that, further we go to the time span, it is more difficult to estimate what is the volatility. Therefore, I think, we give the more precise guidance to the near term when we also can estimate that what are the hydro reservoirs, the snow situation, how does the market overall demand supply situation look like. I would say that it is the forecast and accuracy which will really dominate our guidance in the short-term.



Ajay Patel

Senior Equity Research Analyst | Goldman Sachs

Okay. Thank you very much.

**Operator**

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

**James Brand**

Director | Deutsche Bank

Hi. Morning. Thank you for the presentation. I've got three questions, if that's okay. The first one is on the data centers, the DayOne and Nscale that you've been involved in helping them with some of their procedures they need to go through to get data center up and running. I was just wondering whether you could clarify what the rough timelines are for those data centers and also if you could give a bit more detail exactly what your role is, the things you're doing to help them. That's the first question. Secondly, you mentioned in your comments at the beginning of the presentation that there have been some concerns in Finland around power availability.

**James Brand**

Director | Deutsche Bank

Could you give us a bit more detail in terms of what's being said there, you know, on what discussions are being held? Is it something that's being considered that new data centers will be required to have renewables built alongside the data center in order to deal with any power issues? Those were both quite long, but the third one's relatively simple. For Q1, you mentioned the 8 total hours of weather-related extra demand. Where does that leave demand growth in Q1 ex weather? From our numbers, it seems like it leaves it quite flat, but maybe you could clarify that. Thank you very much.

**Markus Rauramo**

President and CEO | Fortum

Yeah. I can start with the two latter ones and partly comment that DayOne and Nscale and Tiina if you want to fill in there. First of all, I think the concerns about the Finnish power availability vis-a-vis data centers is something we can observe across the world. We hear similar discussions in the U.S., Continental Europe, as well as Finland. People are quite focused on that. Well, there's a new project. What does that mean? In data centers, the numbers often are quite high that are being published and spoken about. In reality the ramp ups are much more linear and gradual. There is discussion about how different energy users are carrying their responsibility for new supply.

**Markus Rauramo**

President and CEO | Fortum

Our answer to that whole discussion is that when we look across the sectors, and I've given several interviews today on the same topic, we see the biggest demand in our customer pipeline coming from steel, aluminum, hydrogen derivatives and data centers are then a part of it, but not the biggest part. They are, however, coming faster and more linearly. Our answer to the power availability is that if there is customer interest in additional capacity, at Fortum we are preparing for that. We have the renewable pipeline, we have a flexibility pipeline, and if there is customer willingness to pay for new additional capacity, we can do that.

**Markus Rauramo**

President and CEO | Fortum

Primarily we are interested in selling from our existing portfolio, obviously. Cater for the customer needs right away. On the public side, we are bringing facts to the table on the good infrastructure and good availability for all sectors of power as well. Then for the third question, the weather-related. Indeed, that is the case. The increase was more on the private side, and that we can all experience in our homes here. It was really cold.

**Markus Rauramo**

President and CEO | Fortum

Minus 15 to minus 20 degrees throughout January and February, which lead to increased heating and increased use of electricity. Weather-adjusted, quite modest growth. Industrial demand did not change materially. The DayOne and Nscale involvement. This is reflecting our, like, gradual development of the whole industrial site availability. Initially, our idea has been to catalyze new demand and bring new sites, bring new infrastructure to attract new customers to our areas and this is what we have done with these sites. These have been developed in good cooperation with the municipalities to facilitate new investments.

**Markus Rauramo**

President and CEO | Fortum

Whether there would be other involvement or PPAs that we would then, if they are material, we will announce it separately and otherwise you will see the results in our hedge ratios and hedge prices over time. Tiina, anything more on that?

**Tiina Tuomela**

CFO | Fortum

No, I think it is as you said. If we look at the countries, particularly I think the demand was kind of the higher side in Finland and Norway and maybe in Sweden more kind of the stable or even flatter or decreasing. Of course, countries also differ slightly, but overall picture as you said.

**James Brand**

Director | Deutsche Bank

Great. Thanks very much to powerful.

**Markus Rauramo**

President and CEO | Fortum

Thank you.

**Operator**

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

**Artem Beletski**

Head of Equity Research | Skandinaviska Enskilda Banken

Yes. Hi, and 2 questions from my side. The first 1 is just continuing on this site development agreements, what you have done with DayOne and Nscale. Could you maybe talk about potential monetary impact? Is it anyhow significant? Secondly, is there any commitment to do then eventually PPA with you as those data centers are completed? Then the second question what I had was relating actually to some press, local press coverage, what we have seen around Fennovoima site and possible new nuclear build-out there. Could you maybe provide your some comments on this topic? What you actually hear and see happening on that front? Thank you.

**Markus Rauramo**

President and CEO | Fortum

Yes. If I start with the with the Pyhäjoki question. Yes, we have seen this speculation, and I will not comment on on other other companies' projects but this is a real estate developer that I think was mentioned in connection with this. Our own focus is in our new new build feasibility study, which we are doing with EDF and Westinghouse and GE Hitachi, both for Finland and Sweden. In Finland, our focus would be on the on the Loviisa site and right now on the lifetime extensions of Loviisa, where we are then taking investment by investment.

**Markus Rauramo**

President and CEO | Fortum

We bought the land area in Loviisa for developing potential future energy-intensive industry site development and potentially also even for new nuclear, but obviously no decisions on this front. Enabling this possibility. Regarding the site development. If there were material impacts financially, then we would announce that separately. On the individual customer PPA. If they're material, we will announce them, and otherwise, you will see the impacts then in our hedge ratios and prices over time.

**Artem Beletski**

Head of Equity Research | Skandinaviska Enskilda Banken

Maybe just a quick follow-up relating to site development. At the Investor Day, you showed this number of 5 GW of potential capacity could be developed on your sites. How much is actually left for new projects at this stage? You have been doing agreements like Nscale and DayOne and some other projects already.

**Markus Rauramo**

President and CEO | Fortum

Yeah. We have certain developments going on, for example, in Inkoo, but the majority of this 5 gigawatts is still in our control and under development. If there is some hold on the land then that is not in all cases even definitive. I would say most of these 5 gigawatts is available for customer development.

**Artem Beletski**

Head of Equity Research | Skandinaviska Enskilda Banken

Okay. That's very clear. Thank you.

**Markus Rauramo**
President and CEO | Fortum

Good to say that in different stages, obviously. We are in different stages of the grid connections and the land agreements and so on. We will develop this to the final stages depending on potential customer demand.

**Artem Beletski**
Head of Equity Research | Skandinaviska Enskilda Banken

Great. Thank you.

**Markus Rauramo**
President and CEO | Fortum

Yep.



Operator

The next question comes from Ingo Becker from Kepler Cheuvreux. Please go ahead.

**Ingo Becker**
Head of Utilities and Renewable Energy | Kepler Cheuvreux

Yes, thank you very much. Good morning. I have a question on your optimization premium as well. Apparently, we have a new energy crisis which induced quite a lot of price impact on Europe and also, I guess, contributed to at least higher volatility in the Nordic market. Still, you haven't changed your optimization guidance, neither the higher range for this year nor perhaps the one for next year. Do you see any impact from the crisis effects yet? How would you think will that perhaps change during the remainder of the year? If you can, is or not, any of those effects, are they included in your optimization guidance for this year and next, or would it perhaps come on top? Thank you very much.

**Markus Rauramo**
President and CEO | Fortum

Thank you. Indeed, the Middle East crisis and other geopolitical crisis are impacting customer demand, customer sentiment, both on consumer side and industrial side. I would say that there are risks out there that are hard to evaluate at the moment. Definitely, this is not something that's positive for long-term development. We see that the crisis has had an clearly increasing impact on gas prices and coal prices, obviously oil prices as well. In the times when the price signal comes from the continent to the Nordics, then it will have a positive impact on Nordic prices.

**Markus Rauramo**
President and CEO | Fortum

Good to remember now that in the current situation, the Nordics as a whole are exporting energy on an annual basis to the continent about 40 terawatt-hours. Most of the time the power flow is going from the Nordics to the continent. Then for the optimization premium. The biggest element in the volatility is the high penetration of renewables in the Nordics. This is causing the price volatility. We analyze, of course, the impacts, all the impacts that are impacting volatility and our optimization premium. We have held based on our analysis, the guidance for this year and the coming years at the current level.

**Markus Rauramo**
President and CEO | Fortum

The really biggest elements that are impacting it is the future capacity build-out, which will be mostly renewables in the short-term that will increase volatility. On the other hand, the amount of batteries and electrified heating, which are then able to absorb volatility. These two factors that offset each other are the big elements impacting volatility in the midterm.

**Ingo Becker**
Head of Utilities and Renewable Energy | Kepler Cheuvreux

All right. Thank you very much.



Operator

The next question comes from Louis Boujard from ODDO BHF. Please go ahead.

**Louis Boujard**

Senior Equity Analyst on Utilities | ODDO BHF

Yes. Hi, good morning. Thank you for taking my question. Maybe going a little bit into the framework and regulatory framework regarding the potential impact of the revision of the EU ETS, how do you assess it? How do you see the potential adjustment to the industrial policy, like the Industrial Accelerator Act? Is it something that you consider could have a meaningful impact into your projection in terms of future growth demand for the electricity? Then regarding the potential taxation or the taxation for the data center, that has been an ongoing discussion and on which there is still some detail, I think, that should be discussed, not only in Finland.

**Louis Boujard**

Senior Equity Analyst on Utilities | ODDO BHF

Do you think that it is something that could have some impact going forward on the final demand that could be expected from a data center, or it's something that could be completely neutral for your for your forecast at this point? Thank you.

**Markus Rauramo**

President and CEO | Fortum

Maybe, Tiina, if you take the taxation and how has that impacted our discussions with the data centers. The first one, regarding the discussion around energy market design and ETS. Also as in my role as the chair of Eurelectric, we have scanned all of the member countries in Eurelectric, which comprises the whole of EU plus more. There is very strong support for the energy market design. Having a functioning market mechanism which decides then which assets are dispatched and when, there is very strong support for that. I don't see wavering there despite calls for changing that. That is coming from distressed industries which we respect a lot.

**Markus Rauramo**

President and CEO | Fortum

On ETS, similarly, there's on EU level and on national level, there is strong support for ETS because that is really in the core of EU's climate policy. If we think about the what is the crisis we are right now seeing, it's a fossil fuel crisis. The countries that are faring well now are the ones who have actually invested in clean production and clean energy. Homegrown clean energy is the solution for dependency and fossil fuel-related risks. The importance of ETS is highly recognized. Simultaneously, the distress that many energy-intensive companies and industries are facing, that has to be addressed by EU and on national level. The answer that EU, for example, is providing for that is that national governments can use the tools that they have.

**Markus Rauramo**

President and CEO | Fortum

They have free allowances on ETS, how to use the ETS revenues if they want and can support certain industries selectively. This is the discussion that I see happening right now. Crisis is recognized. There certainly are ways that the national governments can address this and decide how they want to use and that EU would facilitate also them using it. With that, taxation, do you wanna comment that?

**Tiina Tuomela**

CFO | Fortum

All right. Yes. The electricity tax for data centers, there will be a change from July and onwards in Finland. Previously, data centers have belonged to the kind of the lower tax category, EUR 0.5 per MWh electricity tax. Now they will move to the normal tax, EUR 22.4 per MWh. At the same time, there is a discussion whether there could be some kind of the investment support supporting the data centers, but this is open. No decision yet. I think what is important for the data centers is predictable environment so that they know when they do the investment calculations and investment decisions that what is the future.

**Tiina Tuomela**

CFO | Fortum

I think this is the big issue to know what are the circumstances, not only the tax, but also the other issues. I would say that still, whatever the tax rate is in Finland, the power is very competitive in general if we compare, for example, Central Europe or other markets. Predictability, that is the topic and that what the data centers also are looking for.

**Louis Boujard**

Senior Equity Analyst on Utilities | ODDO BHF

Thank you very much.

**Operator**

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

**Rob Pulleyn**

Utilities and Clean Energy Equity Research | Morgan Stanley

Good morning. Thank you for taking my question. 2, if I may. Firstly, a follow-up on the optimization topic. I was wondering what we should infer from the use of the adjective strong in the strong double-digit. Does that mean to say teens or sub-teens? That would be interesting. Secondly, given lots of other things that are covered, if I may ask, again, your balance sheet, of course, looks under-levered versus your max gearing. I was wondering if there was any update on what the use of capital allocation could be throughout the year and beyond. Thank you.

**Markus Rauramo**

President and CEO | Fortum

Okay, I can start with the balance sheet and Tiina, if you wanna comment on the optimization premium.

**Markus Rauramo**

President and CEO | Fortum

Indeed, after first quarter, the leverage was at 1.1 times. We paid the dividend after that increases our leverage to the same level as it was in the end of the year. We're about 1 notch below what we have said to be the max level. This gives us the possibility to help our customers with additional capacity if they need that. We are in a position to invest. We are also in a position to look at acquisitions. Examples from near-term history are the ABO Wind and Enersense acquisitions on renewables, and Telia and Orange Energia on the Consumer Solutions side. Consumer Solutions, district heating, cooling, renewables are interesting for us.

**Markus Rauramo**

President and CEO | Fortum

If, like we have said before, if nuclear or hydropower would be on the market, we would constructively look at that as well. Then we have the dividend policy, so 60%-90% of our comparable earnings, net profit, this we dividend, pay as a dividend, at the higher end when the balance sheet is strong and investment pipeline is thinner. If we have large investments or a levered balance sheet, then we can use the lower end of the range. These are the three areas where we can use the balance sheet capacity.

**Tiina Tuomela**

CFO | Fortum

All right. Then for the optimization premium and the first quarter. During the first quarter, the spot prices were very high, so in our areas, EUR 85 per MWh. That led that we also run a lot of hydro because there was a demand and of course the prices were high. I would say that the overall, we optimized the whole result, not only the optimization premium. That is the one element. Therefore, I would say that the optimization premium, double digits, very strong. The overall absolute result was of course always in the focus.

**Rob Pulleyn**

Utilities and Clean Energy Equity Research | Morgan Stanley

Thank you.

**Operator**

The next question comes from Julius Nickelsen from Bank of America. Please go ahead.

**Julius Nickelsen**

Equity Research Analyst | Bank of America

Hi there. I hope you can hear me now.

**Markus Rauramo**

President and CEO | Fortum

Yes.



Julius Nickelsen
Equity Research Analyst | Bank of America

Apologies for earlier. I don't know what went wrong there. Two questions from me on the data centers. First one on like a follow-up on the timeline. I mean, there've been a lot of announcements over the last few weeks and months, the different players, especially like hyperscalers, want to build new data centers. Could just maybe give us like a generic example if, let's say, a data center would take an FID in 2026 and start construction on a new project, how long would you expect that to take until it's basically operational and when would you expect them to sign a PPA? The second one is a quick one.



Julius Nickelsen
Equity Research Analyst | Bank of America

There was an article today in Finnish press saying that Microsoft had already signed the first or the first full 200 MW of its first stage of its data centers. Just to confirm, is that the 10 that we were talking about at the last results call where you didn't participate or is it even more? Again, just to confirm, you didn't participate in that one. Thank you.



Markus Rauramo
President and CEO | Fortum

Okay. If I start with the timeline. What we see in our total customer portfolio is that we foresee that customers are making FIDs this year and next year. This is kind of the expectation from the announced projects in various sectors. If these FIDs take place, the demand, and this is not data centers only, this is across the board, would lead to demand increase roughly in 2029, 2030. Of course we know depending on project, it takes 2 years to 4 years to build and have the capacity up and running in whichever business. For data centers specifically, I referred earlier to that the headline numbers can be very big and the buildup actually is gradual.



Markus Rauramo
President and CEO | Fortum

Let's say if there's a data center where capacity is 100 or 200 MW, this is very anecdotal, but we see happening is that these are built in the tens of MW increments depending on the customer demand. The demand ramp up is gradual. If you would have an aluminum plant or steel plant, then it's more binary. When you start, after the startup curve, you go for full capacity. If these announcements happen, we will see more lumpy demand happening. For any customer related transactions. If we have material transactions, we would be announcing those.



Markus Rauramo
President and CEO | Fortum

Otherwise, you will see our customer contracts reflected in our hedge ratio and hedge prices. We are moving towards our target on the 10-year rolling hedging. You have seen historically the increases, and we continue to focus on that.



Julius Nickelsen
Equity Research Analyst | Bank of America

Okay. Very clear. Maybe just a quick follow-up. If you say demand will increase 2029, 2030, is it then fair to assume that usually players will sign PPAs a year before that, before they will actually like, start needing electricity?



Markus Rauramo
President and CEO | Fortum

This varies. It's a very good question. This varies business by business, again, empirically. But if I try to kind of put some frame around it. If you are a startup business in steel or aluminum or hydrogen related products, if your business is to forward sell your end production, then these customers typically would have an interest to lock in the input components before they take the financial decision. This is the type of discussion we are having with certain sectors. For the bankability of a project, certain type of customers need visibility on both their sales and their inputs.



Markus Rauramo
President and CEO | Fortum

For the data center customers, let's say hyperscalers, they of course have the funding to build their build out, and they are not dependent on locking in electricity first. They can go to production; they can be exposed to short-term market prices as well. This is a very crude generalization but just giving the kind of two examples of different type of customers.



Julius Nickelsen
Equity Research Analyst | Bank of America

Yeah. Very clear. Thank you so much.



Operator

The next question comes from Wanda Serwinowska from UBS. Please go ahead.



Wanda Serwinowska

Executive Director of Utilities Equity Research | UBS

Hi. Two questions from me. The first one, Markus, you referred to a material impact a few times when you were talking about PPAs. Can you disclose what is the exact definition of material impact? Because I remember you signed a couple of PPAs in the past with an industrial customer, but there was never price attached. So, I'm just wondering at what threshold or what is the criteria to basically give us more details once PPA is signed. The second question is on the site development. Are you expecting any EBIT contribution from helping data center/hyperscalers to develop the sites? If so, I mean, apart from the PPA, if so, what is the magnitude of the EBIT or EPS impact from helping to develop the sites? Thank you.



Markus Rauramo

President and CEO | Fortum

Yep. Tiina, if you want to comment on how we think about materiality overall in our, in our communication. On the site development. Historically, like I said, we have been developing sites so that it has been done to attract new demand. It has been land development and then some premiums over the land values. In the long run what is our interest is that of course our business is to produce electricity. In the long run we are looking at that, how can we connect things that are important for us into the site development. That depends then on the competitive situation around the site development. Tiina, if you want to comment on the materiality.



Tiina Tuomela

CFO | Fortum

Sure. So basically, of course we will include all the PPAs for our hedge ratio, hedge price, and then of course we have this longer-term hedge ratio what also covers the next 10 years. In addition, of course, based on the stock exchange rules, so if there is a really material contract, so we need to provide more information so that then that can be assessed what kind of financial impact or it could have to us. Typically, those relates to the size of the deal or length of the deal somehow, where you and us and can evaluate the impact. That is also, of course, case by case.



Wanda Serwinowska

Executive Director of Utilities Equity Research | UBS

Thank you. If I can just ask very, very quick follow-up. On the site development and the PPAs, do you bundle them always or what is the ratio of the site developments with a bundled PPA, with unbundled so we can understand? Because I don't expect you to develop site at a 0 EBIT contribution in the long-term if you don't bundle it with a PPA at some stage, or am I missing something?



Markus Rauramo

President and CEO | Fortum

Yeah. Depending on the competitive situation. Of course, our business is to produce electricity and sell that to our customers. That is what in the long run, what we are targeting. That site development will bring us additional business. How that materializes depends on the competitive situation in land development and grid access development.



Wanda Serwinowska

Executive Director of Utilities Equity Research | UBS

Thank you.



Operator

The next question comes from Ingo Becker from Kepler Cheuvreux. Please go ahead.



Ingo Becker

Head of Utilities and Renewable Energy | Kepler Cheuvreux

Yeah. Thank you for taking my second question. Can I just get your feedback on an observation within the Nordic system? What we're seeing since quite a while actually is that when system prices are higher, actually our EPADs go down and vice versa. The seemingly a realizable or attainable price, what you call the blended market price isn't really moving that much. Would you share that observation? Related to that, are your off takers in the different markets, your industrial counterparties signing contracts with you, which you then include in your hedge ratio on your hedge price going forward, do they behave in a similar way or are they looking at different curves? Thank you very much.



Markus Rauramo
President and CEO | Fortum

I'll leave it to Tiina to comment on the kind of short-term movements if you have a view on that, it's a good question. I take the high-level view that we don't take price area risk. When we do our, both our hedging and our PPAs, we do it by price area. We either produce or we purchase the electricity that we sell in the same price area. We do not take a basis risk. What you are referring to, I cannot really comment that but that's then a short-term movement that's unrelated to the hedging and PPAs that we do.



Tiina Tuomela
CFO | Fortum

What comes to the EPADs, I think it really depends on the demand-supply situation and then also the transmission or capacity between the different areas or whether there are outages of the lines which might impact. For example, Q1, system price it was EUR 90 and in Finland actually the prices were higher, so nearly EUR 93, whereas in price area 2 and 3 they were EUR 86 and EUR 66, quite big differences. I think it tells that there are still bottlenecks between the different areas which make this situation change and of course Finland being in the kind of the last island, so the volatility here is seen more than in the other markets.



Tiina Tuomela
CFO | Fortum

The Aurora Line, that has partly balanced the prices in Sweden One and Two and the Finnish Area.



Ingo Becker
Head of Utilities and Renewable Energy | Kepler Cheuvreux

Okay. Thank you.



Operator

As a reminder, if you wish to ask a question, please dial #5 on your telephone keypad. The next question comes from Pierre-Alexandre Ramondenc from AlphaValue. Please go ahead.



Pierre-Alexandre Ramondenc
Equity Research Analyst | AlphaValue

Hi. Good morning. Thank you for taking my question. I'm sorry to come back on this topic, but I'm still struggling to understand your outright price as at the end of 2025. You indicated that around 75% of volumes were hedged at EUR 41 per MWh, and now you're reporting an achieved price of more than EUR 62. Clearly elevated that given even in 2023 you achieved a bit more than EUR 63 for the full year. If we do a simple math, that will imply realize prices of above EUR 100, EUR 120 per megawatt-hour on the remaining 25% of unhedged volume, right?



Pierre-Alexandre Ramondenc
Equity Research Analyst | AlphaValue

I know that the picture is a bit more complex and largely reflects the optimization premium, but I find it difficult to fully bridge the magnitude of this gap. Especially as, I guess, as Q1 was more heavily hedged at the beginning of the year than the following quarter. If you could try to give us an indication of the achieved prices potential on the unhedged portion, this might be very helpful. Many thanks.



Markus Rauramo
President and CEO | Fortum

I can address that. It's a good question; how do we get from our hedged prices to the achieved price? If we start with that, we have the hedges in place. That includes both the exchange hedges and the PPAs, which are most of the hedging actually. For the what was 25% in the end of last year for this year as the open position, we got the price for that, and we had good hydro volumes. We had good volumes in Q1. The optimization premium, when we look at the physical optimization, that's what we got compared to the average spot also.

Markus Rauramo
President and CEO | Fortum



We also time our production, and then we get the grid services and the guarantees of origin, and that goes then for all of our volumes. The double-digit optimization premium, that's not only for the open position but for the totality that we have produced and sold in the first quarter. These are the three elements, and that's how we get to the EUR 62.5 for the first quarter.



Pierre-Alexandre Ramondenc
Equity Research Analyst | AlphaValue

Thank you.



Operator

There are no more questions at this time, so I hand the conference back to the speakers.



Ingela Ulfves
VP of Investor Relations and Financial Communications | Fortum

Thank you, moderator, and thank you all for your questions. We're really happy that we had this high activity here at the webcast. Thank you all for your participation here today, and we wish you all a very nice rest of the day. To everyone in the Nordics, have a very nice Vappu as well.



Markus Rauramo
President and CEO | Fortum

Thank you. Happy Vappu.



Ingela Ulfves
VP of Investor Relations and Financial Communications | Fortum

Thank you. Happy Vappu.