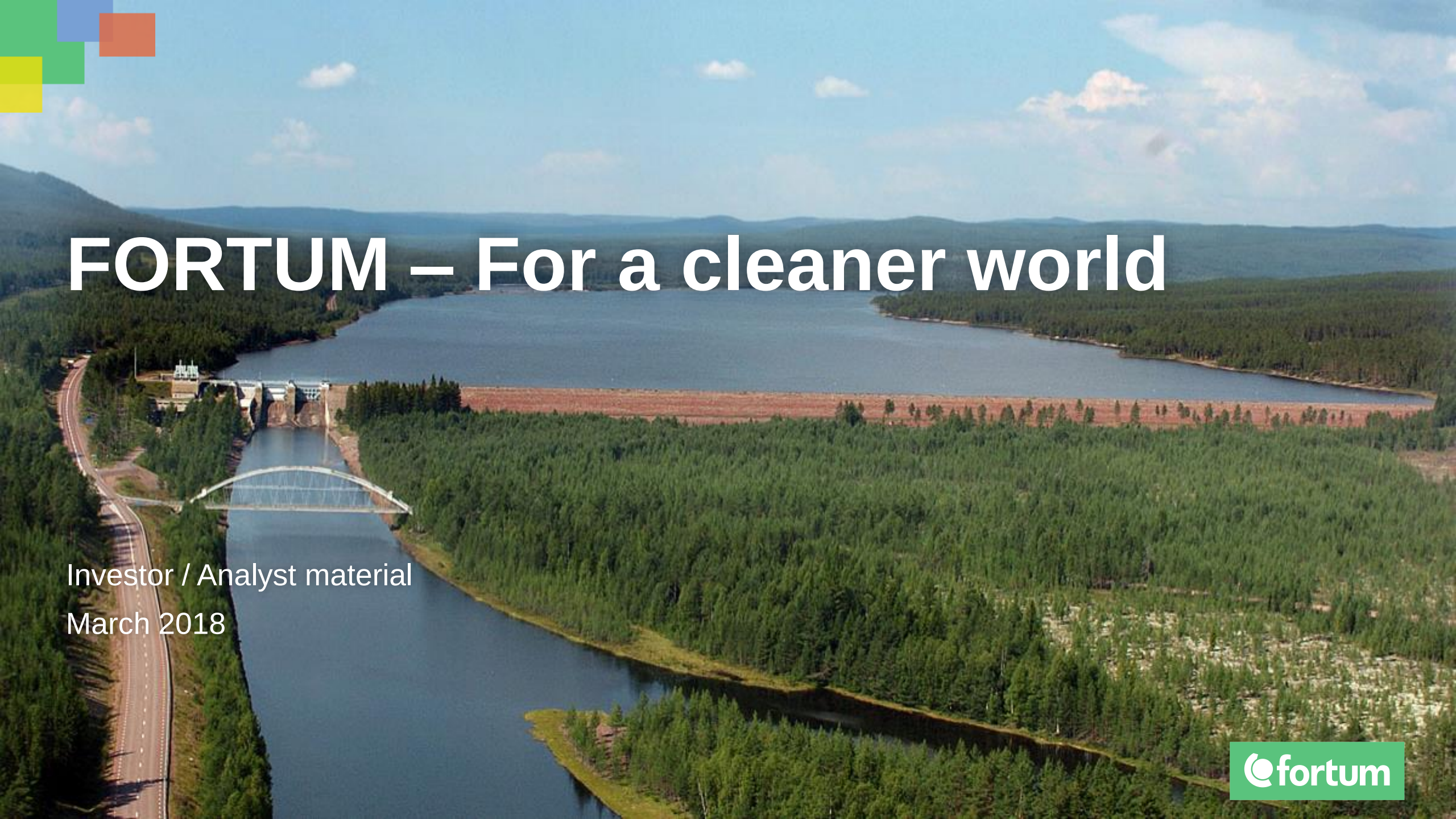


FORTUM – For a cleaner world

Investor / Analyst material

March 2018

Disclaimer

This presentation does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Fortum shares.

Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

Any references to the future represent the management's current best understanding. However the final outcome may differ from them.

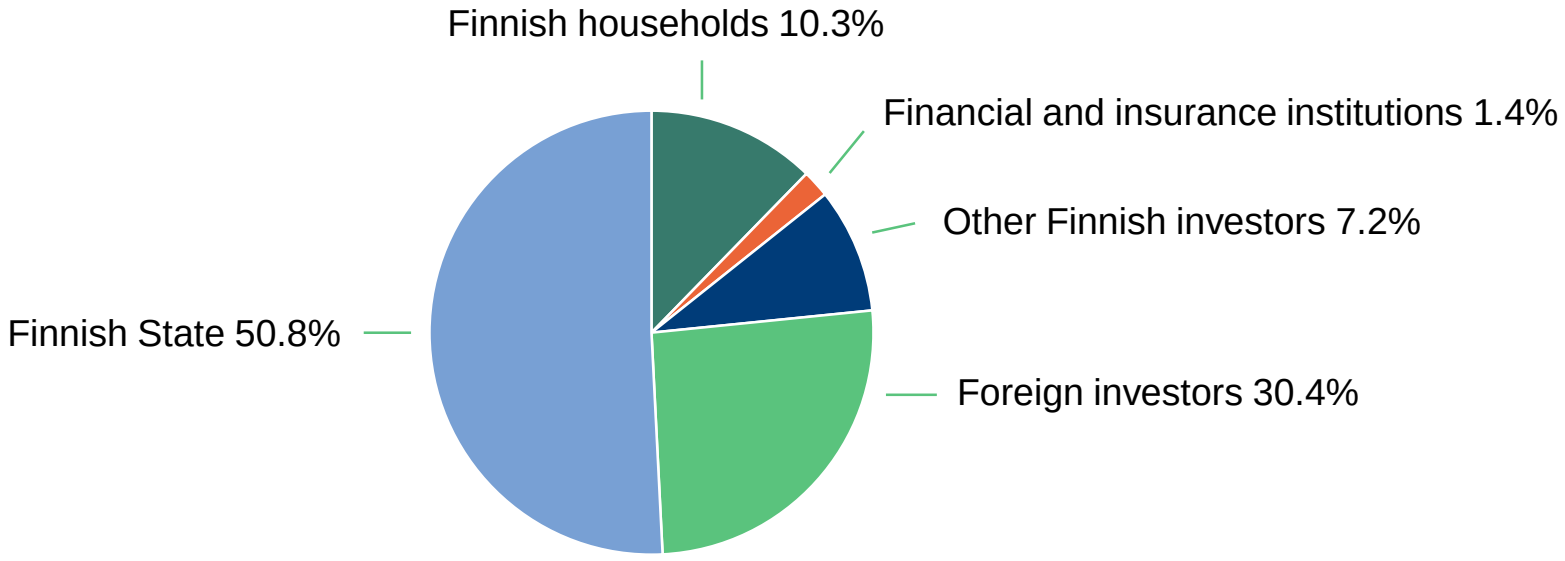
Content

Fortum today	pages 4 – 18
European and Nordic power markets	pages 19 – 26
Fortum’s nuclear fleet	pages 27 – 30
Russia	pages 31 – 33
Power capacity split in Russia	page 33
Historical achieved prices	page 34
Financial Statements Bulletin 2017	pages 35 – 55
Uniper investment	pages 56 - 59
IR contacts	pages 60



Appr. 130,000 shareholders

- Power and heat company in the Nordic countries, Russia, Poland and the Baltics
- Listed at the Helsinki Stock Exchange since 1998
- Among the most traded shares on the Nasdaq Helsinki stock exchange
- Market cap ~16 billion euros



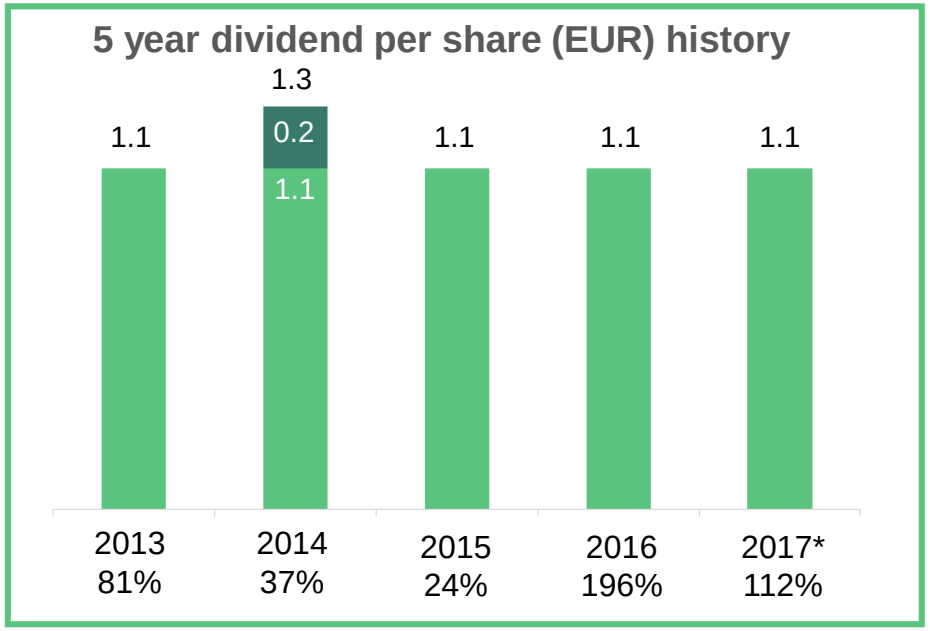
28 February 2018

Capital returns: 2017 EUR 1.10 per share ~ EUR 1 billion

- Fortum’s dividend policy is based on the following preconditions:
  - The dividend policy ensures that shareholders receive a fair remuneration for their entrusted capital, supported by the company’s long-term strategy that aims at increasing earnings per share and thereby the dividend.
  - When proposing the dividend, the Board of Directors looks at a range of factors, including the macro environment, balance sheet strength as well as future investment plans.

Fortum's target is to pay a stable, sustainable and over time increasing dividend of 50-80% of earnings per share excluding one-off items

Fortum has since 1998 annually paid dividends in total ~14,580 MEUR



* The BoD proposal for the AGM

Fortum – For a cleaner world

Megatrends

Climate change and resource efficiency
Urbanisation
Active customers
Digitalisation, new technologies



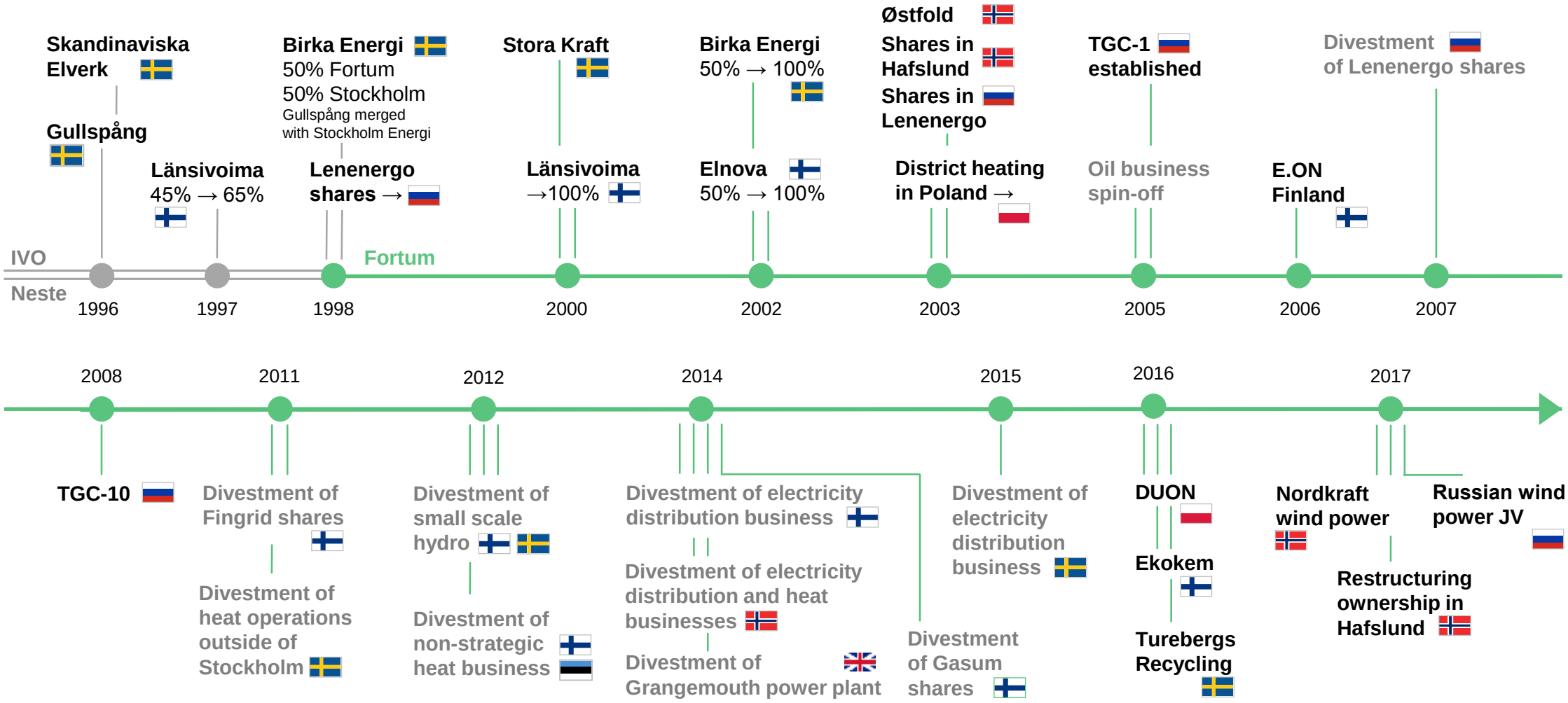
Mission

We engage our customers and society to drive the change towards a cleaner world.
Our role is to accelerate this change by reshaping the energy system, improving resource efficiency and providing smart solutions. This way we deliver excellent shareholder value.

Strategy

- Drive productivity and industry transformation
- Grow in solar and wind
- Create solutions for sustainable cities
- Build new energy ventures

Our strategic route



Our current geographical presence



Power generation



Heat



Electricity sales

Nordic countries

Power generation	45.4 TWh
Heat sales	4.3 TWh
Electricity customers	2.4 million

Key figures 2017

Sales	EUR 4.5 bn
Comparable operating profit	EUR 0.8 bn
Balance sheet	EUR 22 bn
Personnel	8,800

Russia

PAO Fortum

Power generation	26.3 TWh
Heat sales	19.8 TWh

Poland

Power generation	0.5 TWh
Heat sales	3.7 TWh

Baltic countries

Power generation	0.7 TWh
Heat sales	1.4 TWh

India

Power generation	0.3 TWh

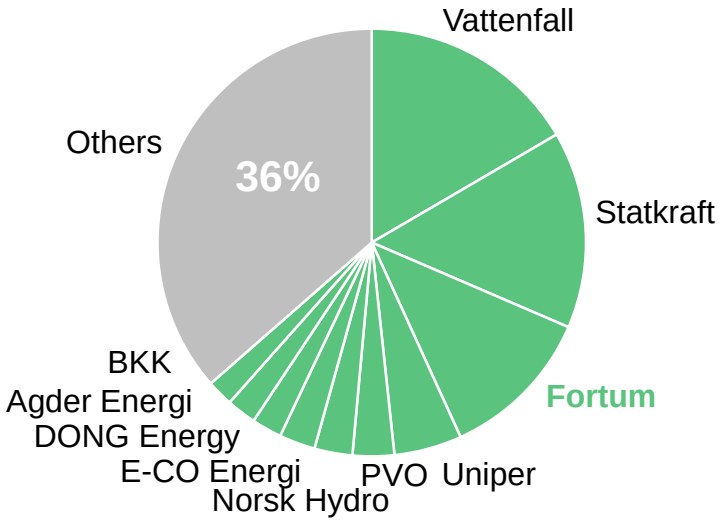
fortum

Still a highly fragmented Nordic power market

Fortum has largest electricity customer base in the Nordics

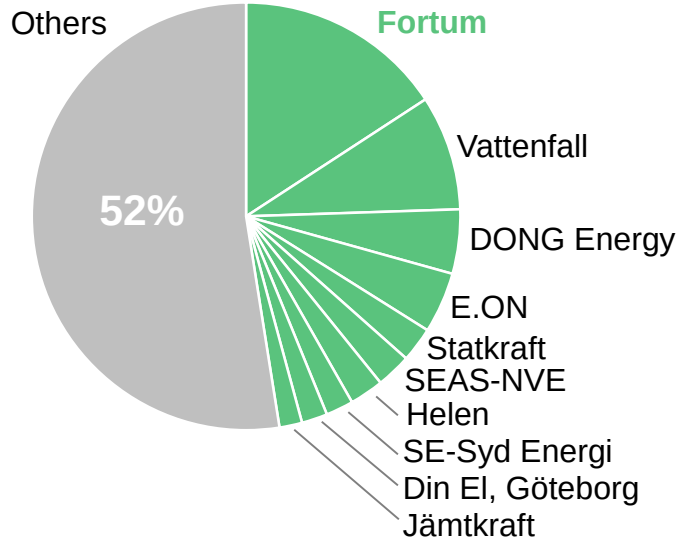
Power generation in 2016

395 TWh
>350 companies



Electricity retail

15 million customers
~350 companies

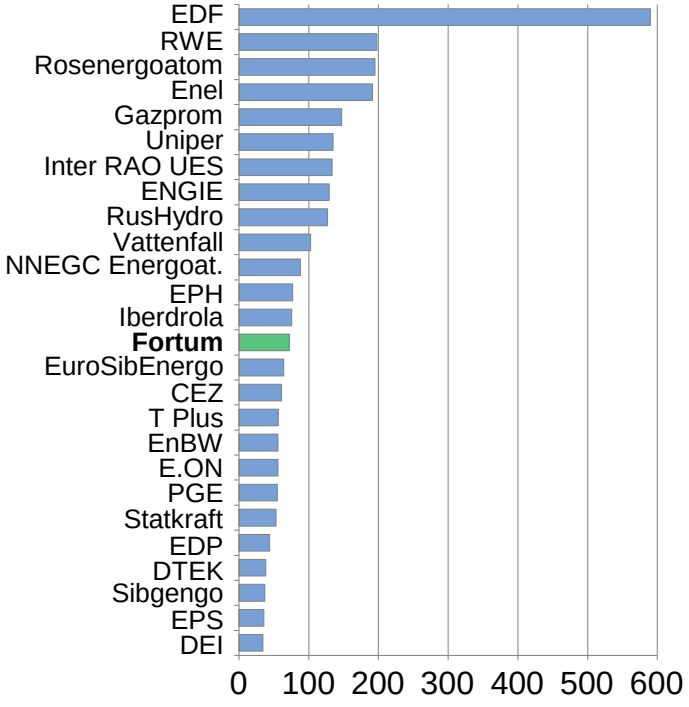


Source: Fortum, company data, shares of the largest actors, pro forma 2016 figures (Fortum incl. Hafslund's 1.1 million customers).

Fortum mid-sized European power generation player; major producer in global heat

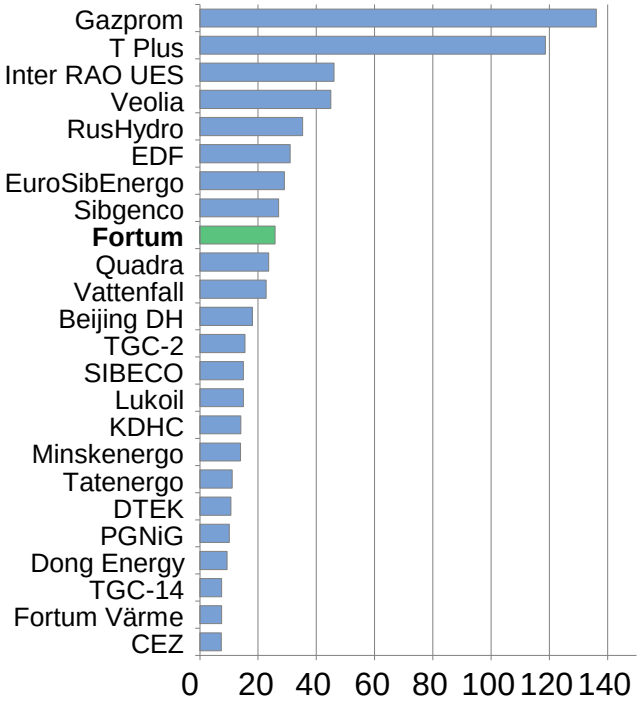
Power generation

Largest producers in Europe and Russia, 2015
TWh



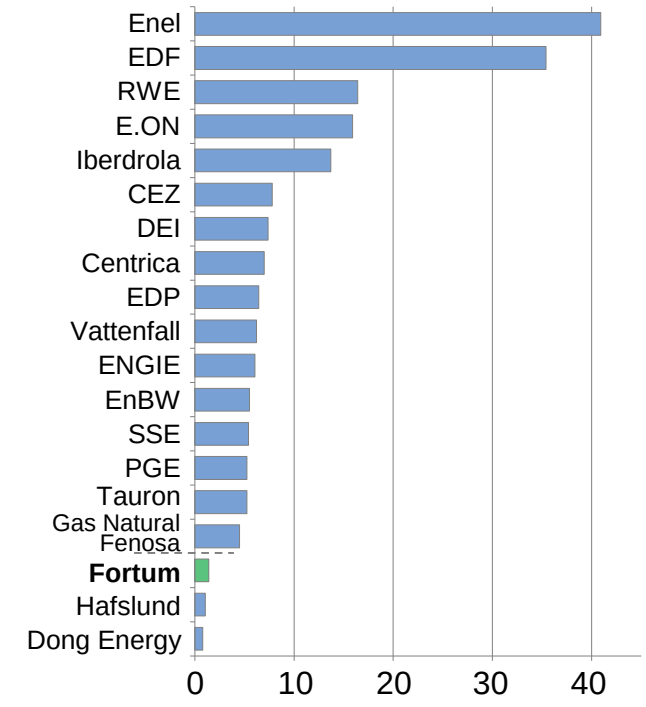
Heat production

Largest global producers, 2015
TWh



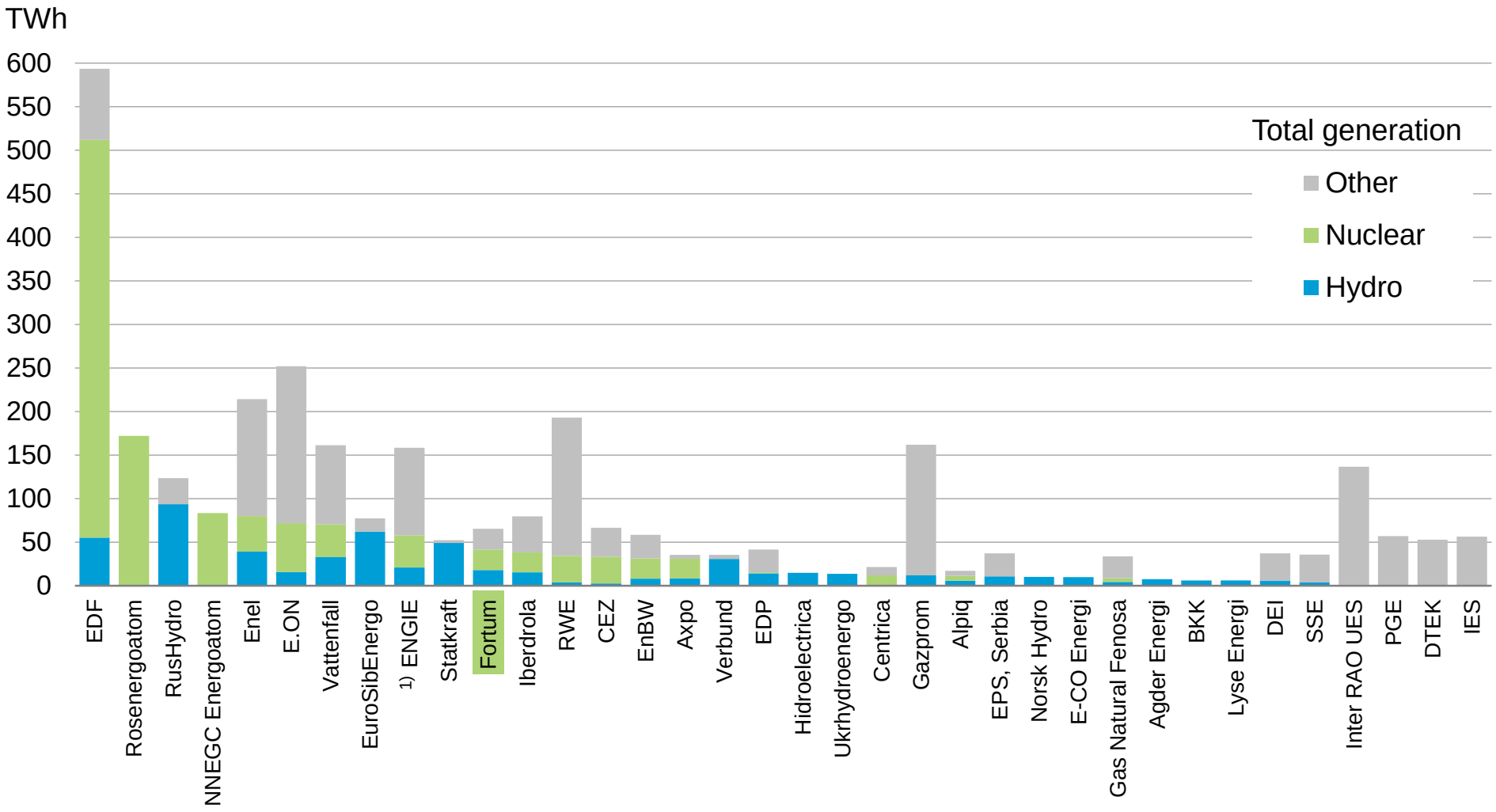
Customers

Electricity customers in EU, 2015
Millions



Source: Company information, Fortum analyses, 2015 figures pro forma, Chinese heat production data incomplete.

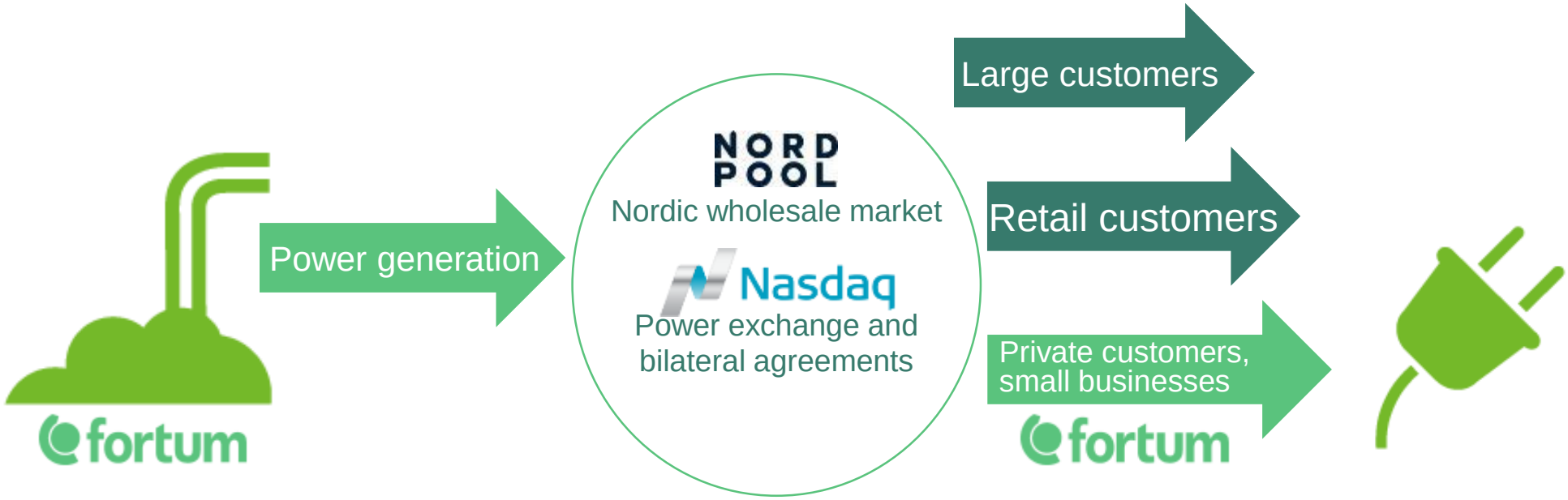
Biggest nuclear and hydro generators in Europe and Russia



1) Formerly GDF SUEZ

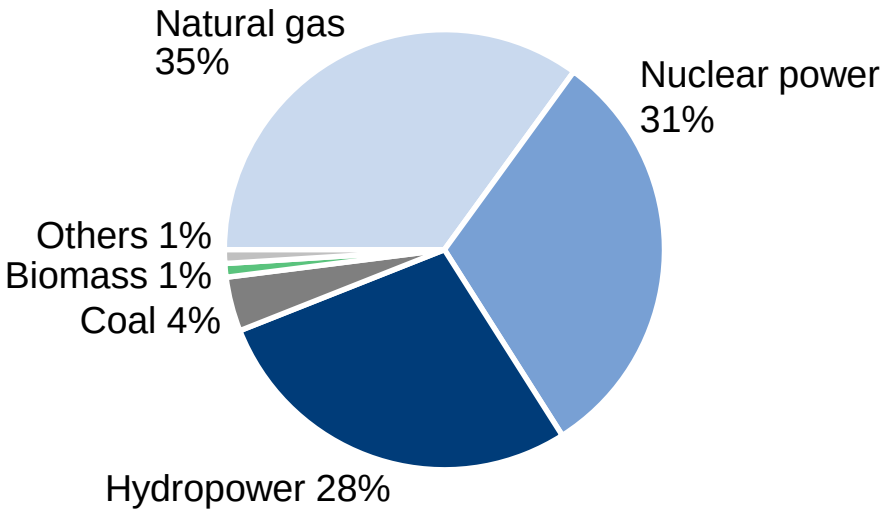
Source: Company information, Fortum analyses, 2013 figures pro forma

Fortum in the Nordic electricity value chain



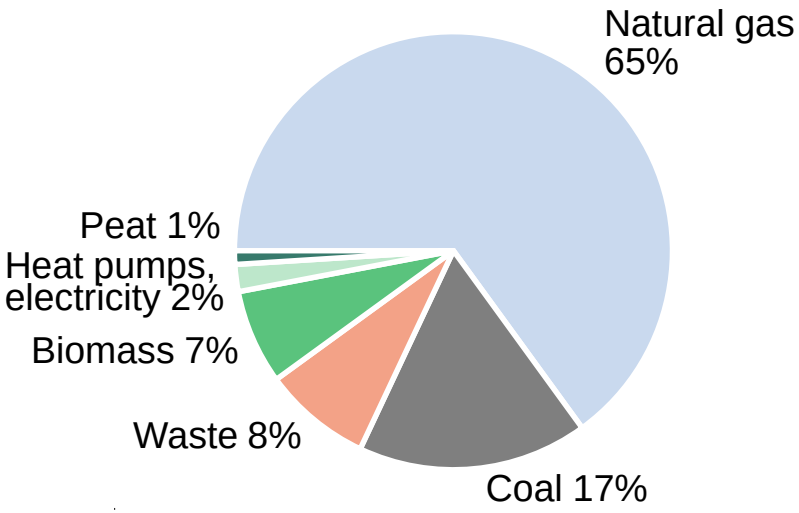
Fortum's power and heat production by source

Fortum's power generation in 2017



Total generation 73.2 TWh
(Generation capacity 13,722 MW)

Fortum's heat production in 2017

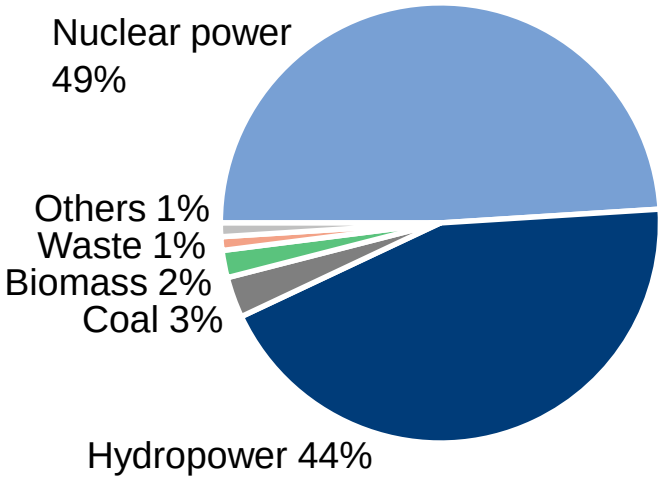


Total production 28.6 TWh
(Production capacity 14,765 MW)

Fortum's European power and heat production

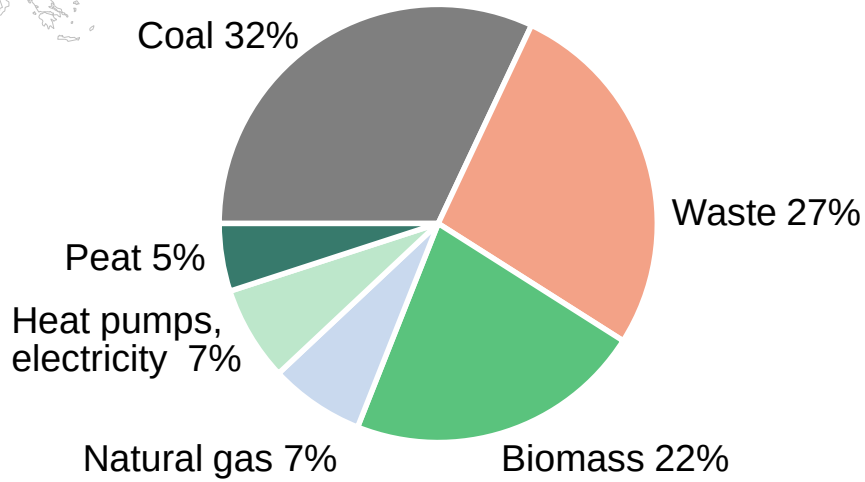


Fortum's European power generation in 2017



European generation 46.6 TWh
(Generation capacity 8,743 MW)

Fortum's European heat production in 2017



European production 8.6 TWh
(Production capacity 4,671 MW)

Fortum’s Nordic, Baltic and Polish generation capacity

Generation capacity	MW
Hydro	4 672
Nuclear	2 814
CHP	774
Other thermal	376
Wind	107
Nordic, Baltic and Polish generation capacity	**8 743**

Figures 31 December 2017

Associated companies’ plants
(not included in the MWs)
Stockholm Exergi (Former Fortum Värme), Stockholm; TSE, Naantali

Norway

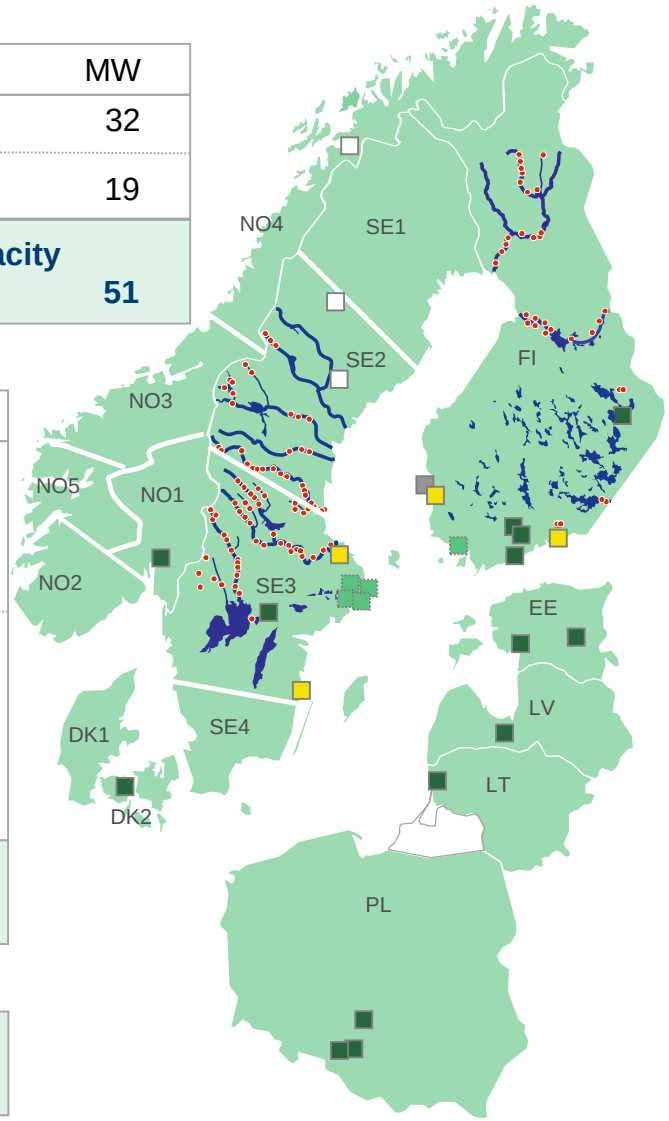
Price areas	MW
NO4, Wind	32
NO1, CHP	19
Generation capacity in Norway	**51**

Sweden

Price areas	MW
SE2	
Hydro	1 550
Wind	75
SE3	
Hydro	1 575
Nuclear	1 334
CHP	9
Generation capacity in Sweden	**4 543**

Denmark, DK2

	MW
Generation capacity, CHP in Denmark	**16**



Finland

	MW
Hydro	1 547
Nuclear	1 480
CHP	451
Other thermal	376
Generation capacity in Finland	**3 854**

Baltics and Poland

	MW
Generation capacity, CHP	
in Estonia	**49**
in Latvia	**26**
in Lithuania	**18**
in Poland	**186**

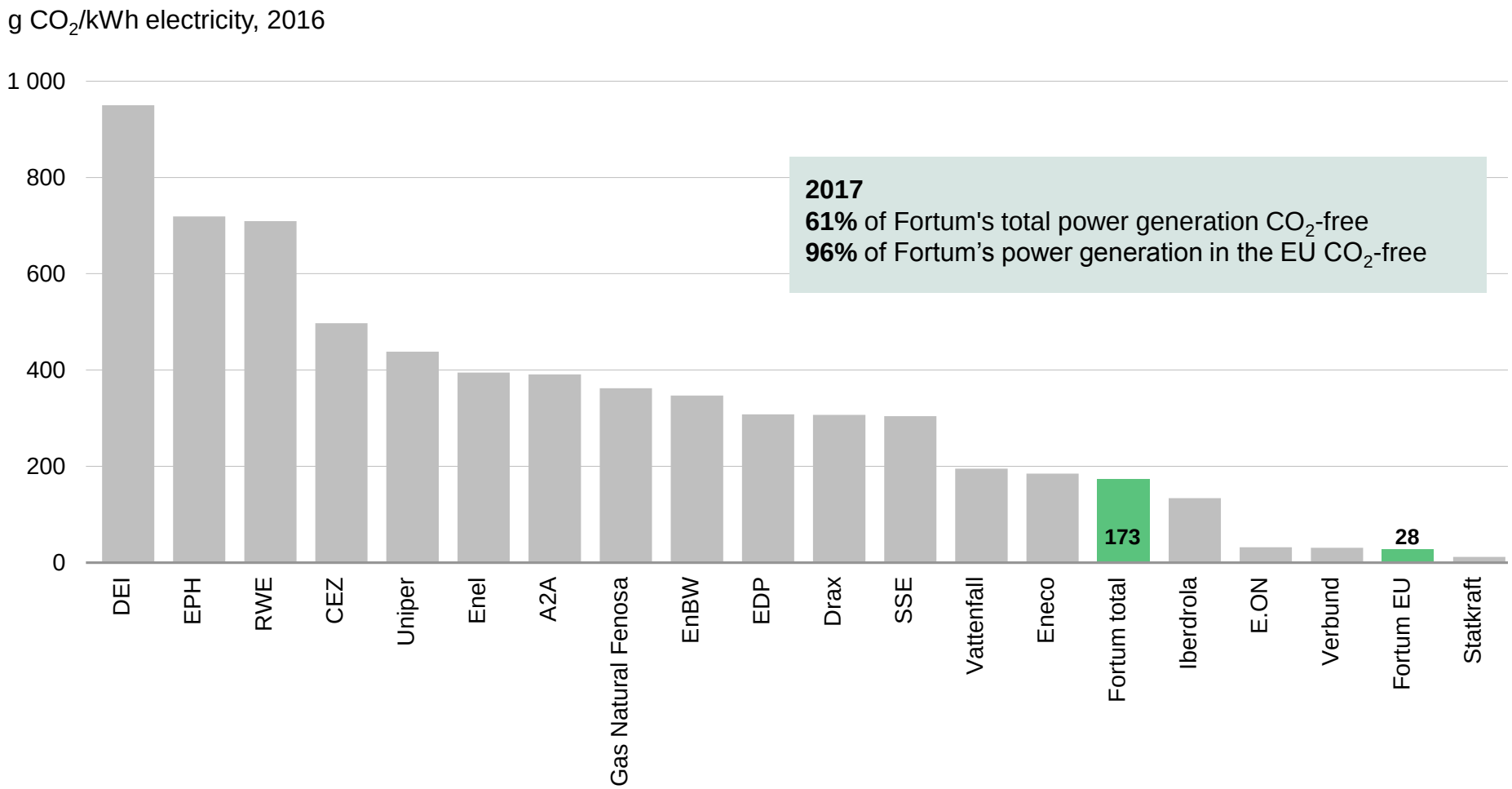
Fortum a forerunner in sustainability

We engage our customers and society to drive the change towards a cleaner world. Our role is to accelerate this change by reshaping the energy system, improving resource efficiency and providing smart solutions. This way we deliver excellent shareholder value.

Fortum is listed in several sustainability indexes:

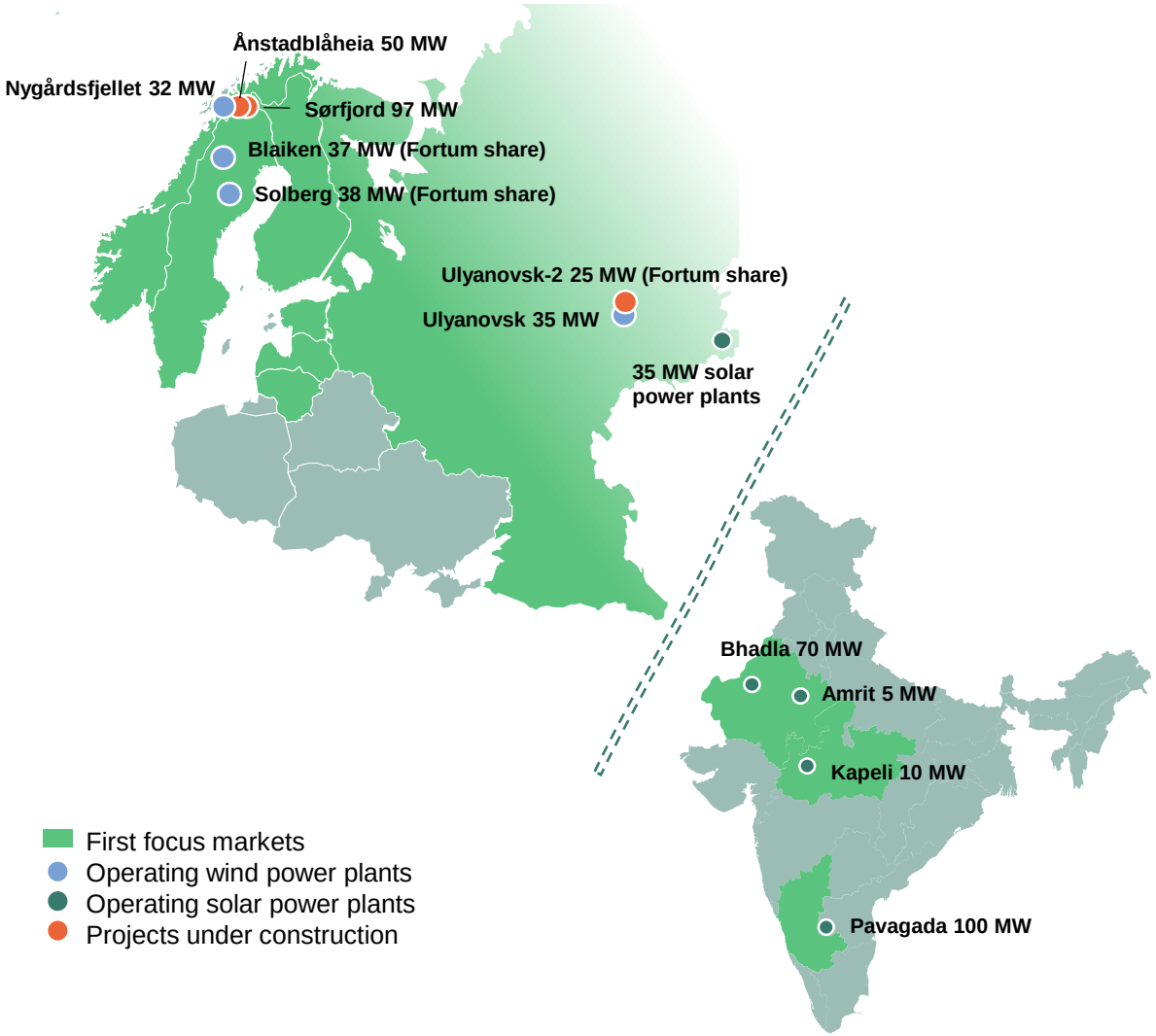
- CDP Nordic rating
- STOXX® Global ESG Leaders indices
- ECPI® Indices
- oekom
- OMX GES Sustainability Finland index
- Euronext Vigeo Eurozone 120 index

Fortum's carbon exposure among the lowest in Europe



Note:
All figures, except "Fortum total", include only European power generation.
Fortum's specific emissions of the power generation in 2017 in the EU were 28 g/kWh and in total 173 g/kWh, same as in the previous year.
Source: PwC, December 2017, Climate Change and Electricity (including those companies with data for power generation available only), Fortum

Fortum is growing towards gigawatt scale target in solar and wind power production



Portfolio	Technology	Status	Capacity MW	Fortum share MW	Supply starts/started
Norway			**179**	**179**	
Nygårdsfjellet	Wind	Operational	32	32	2006 and 2011
Ånstadblåheia	Wind	Under construction	50	50	2018
Sørfjord	Wind	Under construction	97	97	2019
Sweden			**323**	**75**	
Blaiken	Wind	Operational	248	37 (15%)	2017*
Solberg	Wind	Operational	76	38 (50%)	2018
Russia			**1 070**	**570**	
Bugulchanskaya	Solar	Operational	15	15	2016-2017
Pleshanovskaya	Solar	Operational	10	10	2017
Grachevskaya	Solar	Operational	10	10	2017
Ulyanovsk	Wind	Operational	35	35	2018
Ulyanovsk-2	Wind	Under construction	50	25 (50%)	2019
Rusnano JV	Wind	Under development	950	475 (50%)	2018-2022
India			**185**	**185**	
Amrit	Solar	Operational	5	5	2012
Kapeli	Solar	Operational	10	10	2014
Bhadla	Solar	Operational	70	70	2017
Pavagada	Solar	Operational	100	100	2017
Total portfolio			**1 758**	**1 009**	
		Under development	950	475	
		Under construction	197	172	
		Operational	611	362	

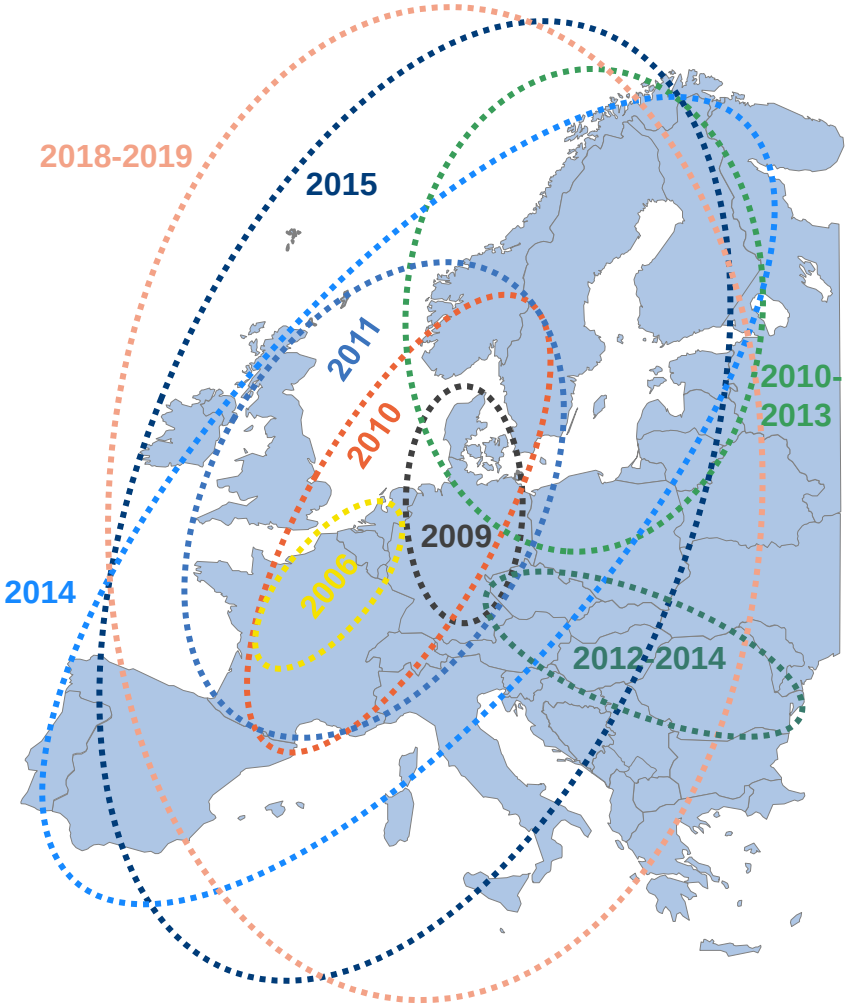
** Blaiken last stage IV inaugurated in 2017.*

NOTE: All figures in MWac and rounded to nearest megawatt.
Additionally, target to invest 200 – 400 million euros in India solar and create partnership for operating assets.

Market coupling milestones

- Cross-border power flows optimised by power exchanges

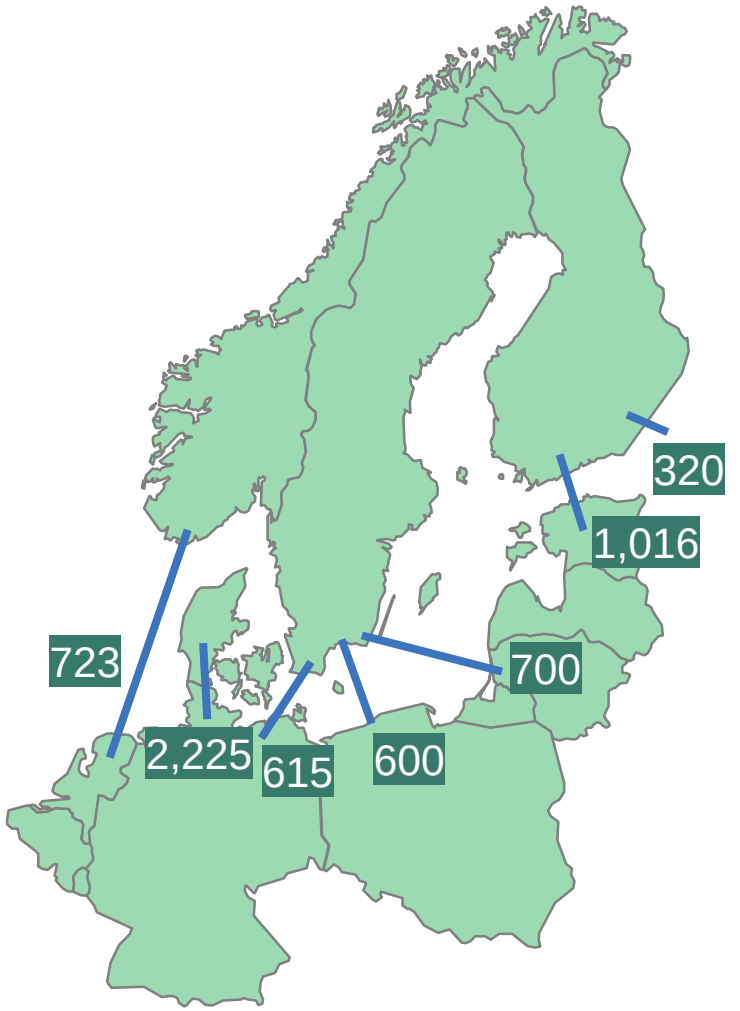
- Market coupling between NL, BE and FR since 2006
- Germany – Nord Pool coupling started 11/2009
- Market coupling for Central Western Europe (DE, FR, NL, BE) since 11/2010 with a continued coupling with Nord Pool. NorNed (NO-NL) and BritNed (UK-NL) included in 2011
- Nord Pool price area for Estonia in 2010, Lithuania in 2012 and Latvia in 2013. Poland coupled with Nord Pool since 2010
- Czech, Slovakia and Hungary coupled together since 2012. Romania joined in 2014
- A common day-ahead market coupling for the whole north-western Europe (incl. Spain & Portugal) was started in 2014. Italy and Slovenia joined in 2015
- Flow-based cross-border capacity allocation for further trade optimisation taken into use in May 2015 for the CWE region. Nordic flow-based implementation planned for 2020
- CEE (Central Eastern Europe) market coupling region due to join latest in 2019 with flow-based capacity allocation. Switzerland waiting for agreement with the EU
- In addition to day-ahead coupling, European-wide intraday market coupling is due to start with Nordic, Baltic and Continental Western European markets in June 2018
- Balancing market integration under development as well, based on both regional projects and the EU Guideline on Electricity Balancing, in force since 18 December 2017



Current transmission capacity from Nordic area is over 6,000 MW

Countries	Transmission capacity MW	
	From Nordics	To Nordics
Denmark - Germany	2,225	2,100
Sweden - Germany	615	615
Sweden - Poland	600	600
Sweden - Lithuania	700	700
Norway - Netherlands	723	723
Finland - Estonia	1,016	1,016
Finland - Russia	320	1,300
Total	**6,199**	**7,054**

- Theoretical maximum in transmission capacity ~40 TWh per annum, but restrictions especially between DK & DE
- Net export from the Nordic area to Continental Europe and Baltics during year 2017 was 9 TWh
- Net export was 18 TWh in 2015 and 10 TWh in 2016
- Approximately 25 TWh of net export is now reachable



Nordic, Baltic, Continental and UK markets are integrating

– Interconnection capacity will double by 2023

The Northern Seas Offshore Grid and the Baltic Energy Market Integration Plan are included as priority electricity corridors in EU's Infrastructure Guidelines, approved in April 2013

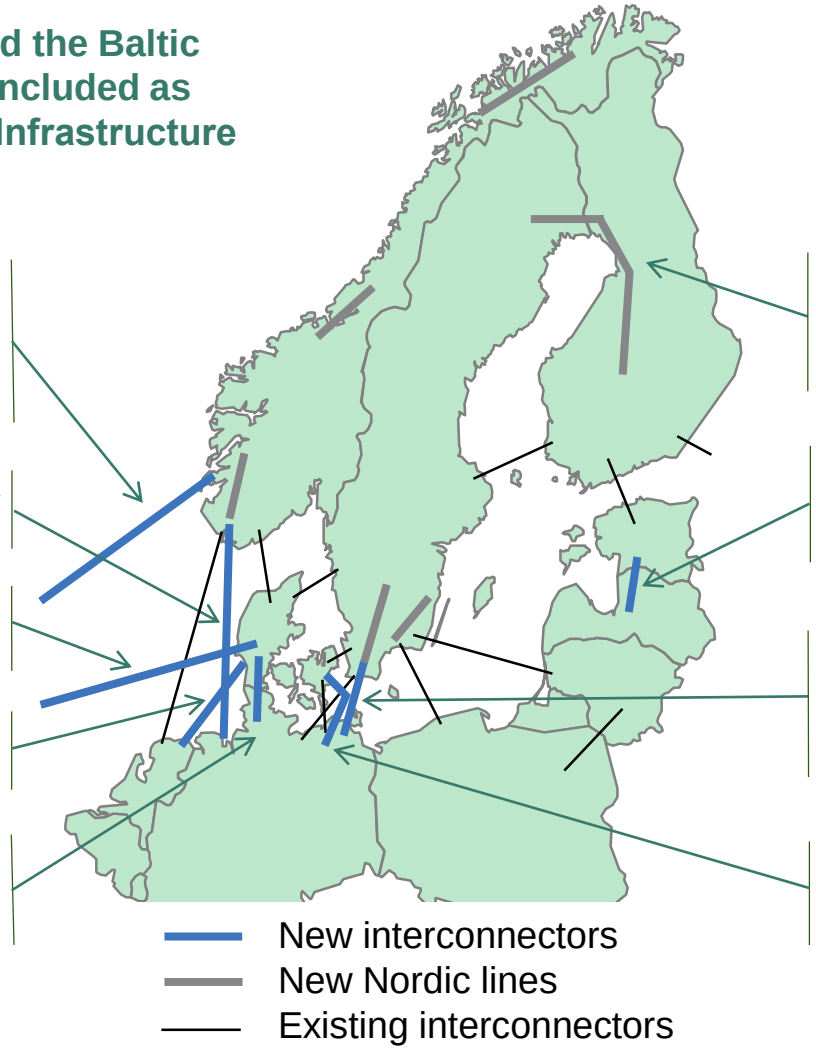
Two 1,400 MW NO-UK links as EU Projects of Common Interest: NSL to England due to be ready in 2021, NorthConnect to Scotland still requiring Norwegian permission

1,400 MW NordLink as first direct NO-DE link is being built by end-2019

1,400 MW DK-UK Viking Link planned to be built by end-2022, with final investment decision due in spring 2018

700 MW COBRAcable from DK to NL due to be ready in March 2019

Jutland – DE capacity planned to grow by 860 MW in 2020, with further 1,000 MW increase in 2022



New interconnections will double the export capacity to over 12,000 MW by 2023

New internal Nordic grid investments provide for increased available capacity for export to the Continent and Baltics

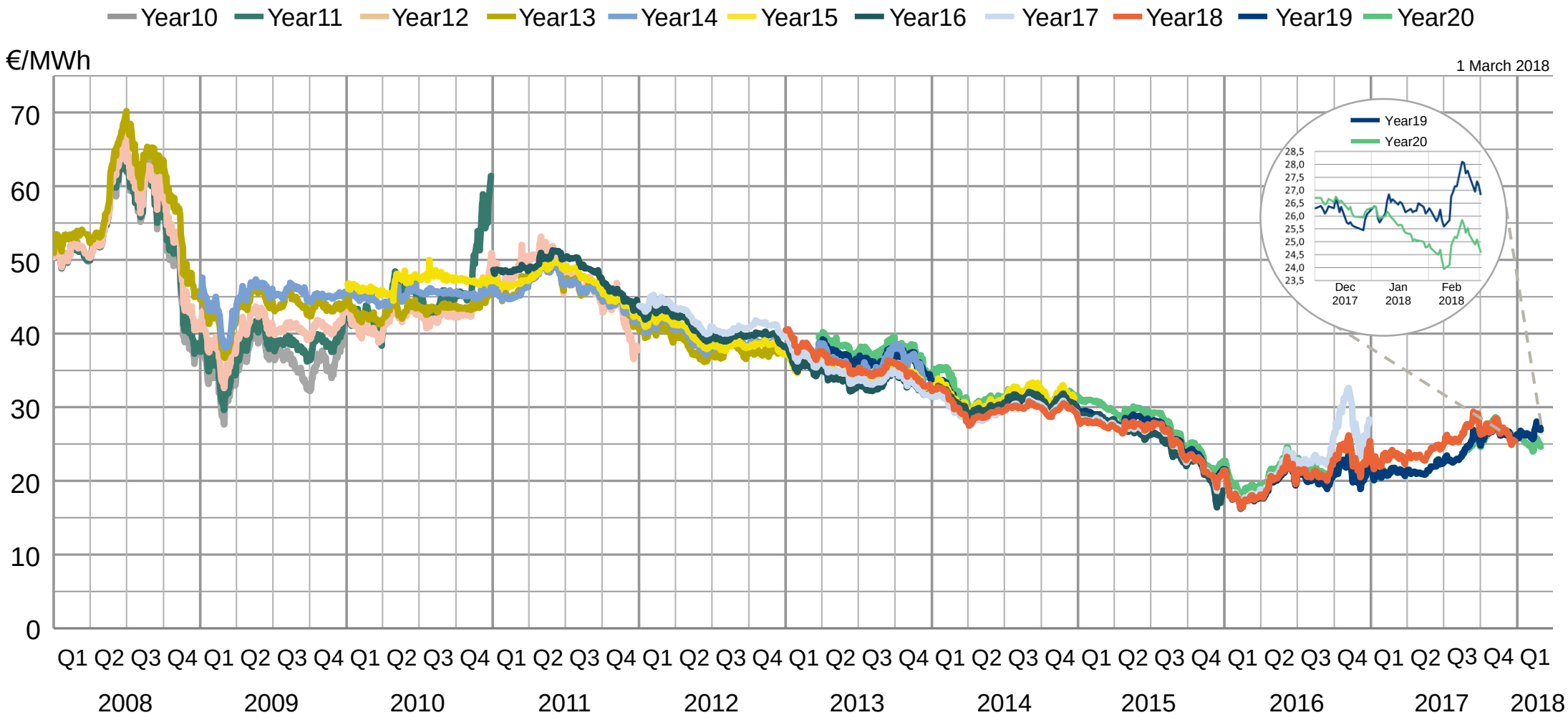
EU's Connecting Europe Facility co-financing 3rd EE-LV transmission line, due to be ready in 2020

Svenska Kraftnät and 50Hertz signed 1/2017 a cooperation agreement on building the 700 MW Hansa PowerBridge DC link between Sweden and Germany by 2025/26

New 400 MW Zealand – DE connection via Kriegers Flak offshore wind area by end-2018

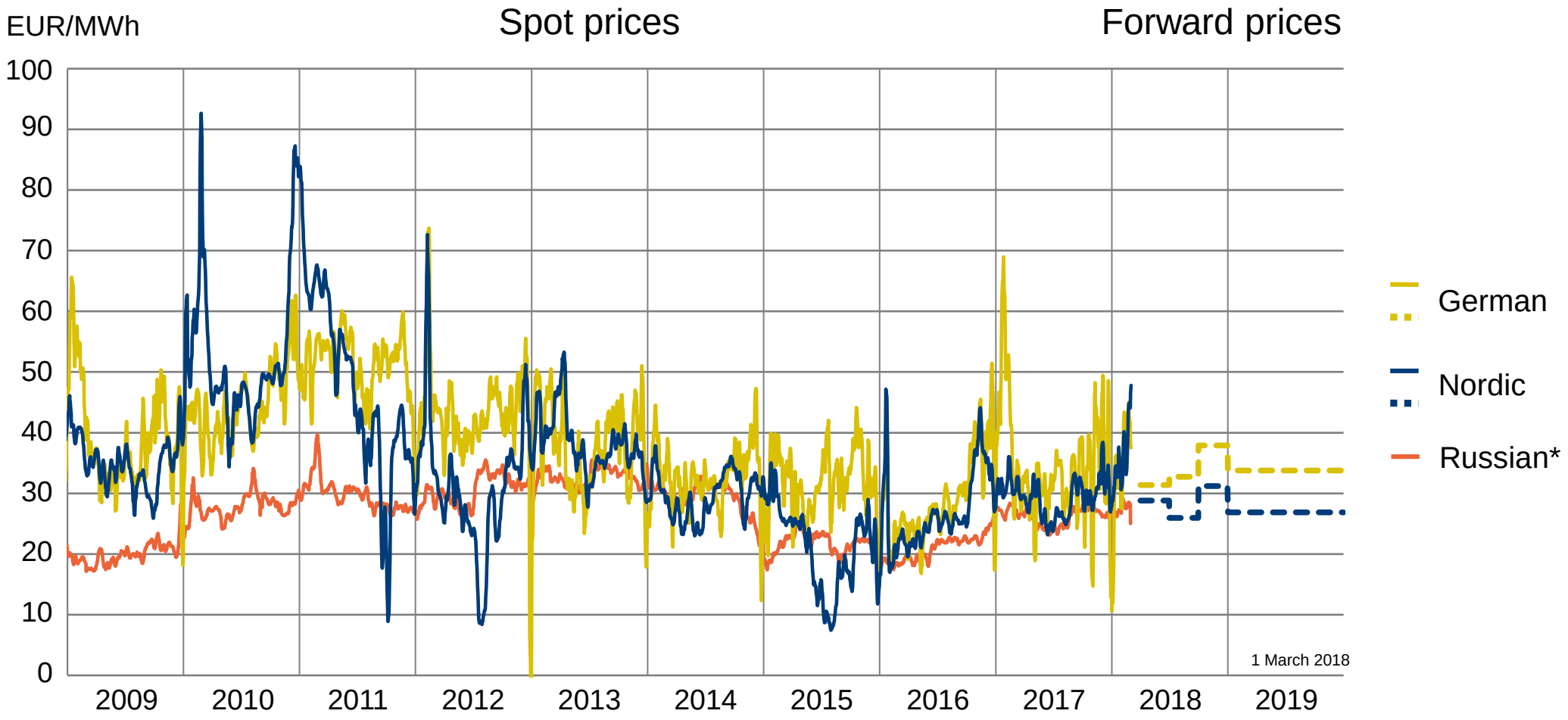
fortum

Nordic year forwards



Source: Nasdaq Commodities, Bloomberg

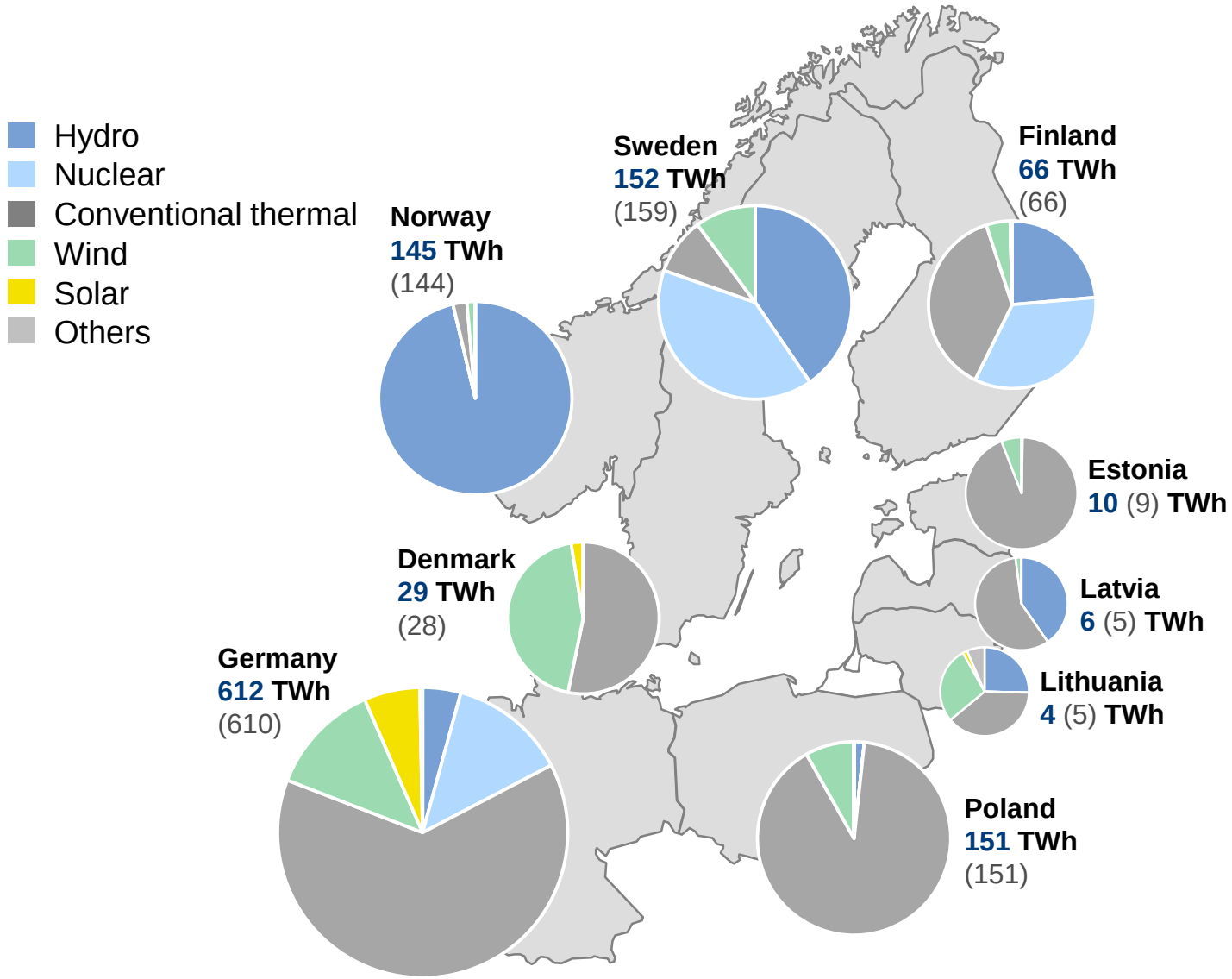
Wholesale power prices



* Including weighted average capacity price

Source: Nord Pool, Nasdaq Commodities, Bloomberg Finance LP, ATS, NP “Market Council”, Fortum

Power Generation in the Baltic Rim in 2016 (2015)



2016	Nordics TWh	Nordics %	Baltics TWh	Baltics %
Hydro	* 217	55	4	18
Nuclear	83	21	-	-
Conv. thermal	58	15	15	72
Wind	33	9	2	9
Solar	0.8	0.2	0.1	0.2
Others	0	0	0.3	1
Total generation	**392**		**21**	

Net export **4** TWh

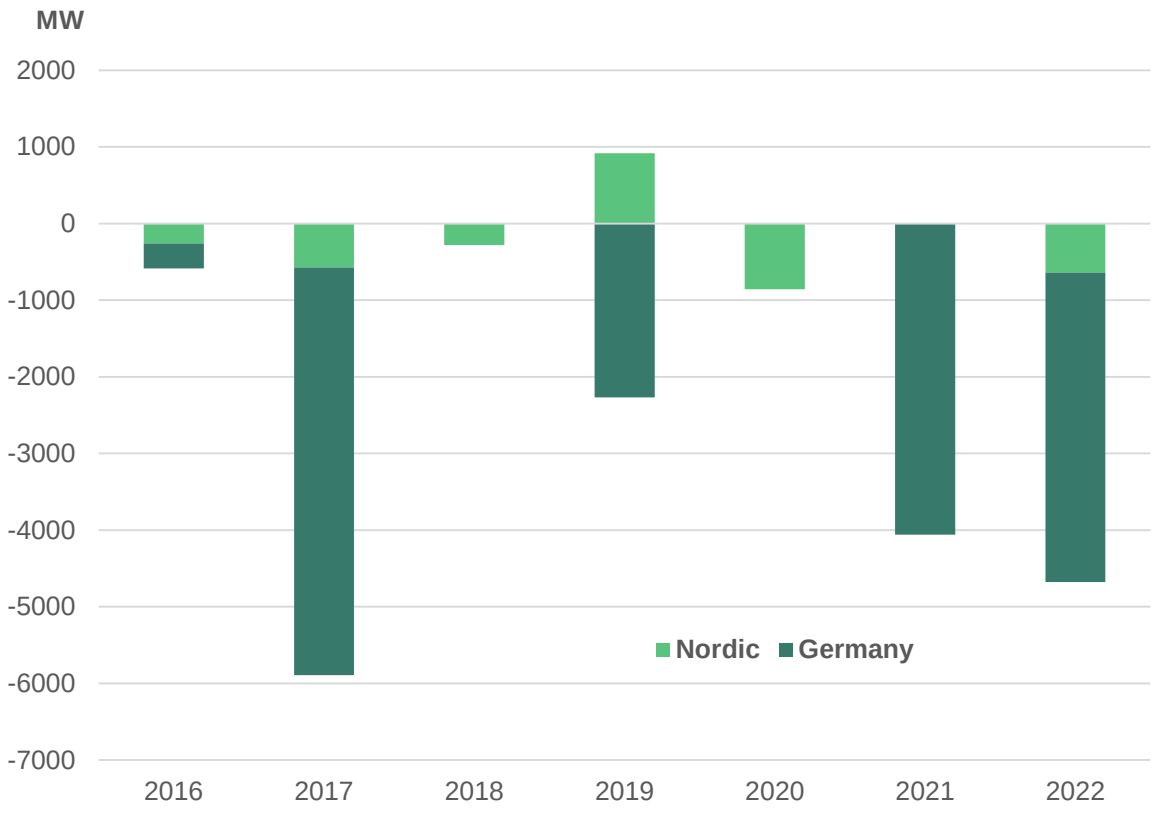
Net import **7** TWh

*) Normal annual Nordic hydro generation 200 TWh, variation +/- 40 TWh.

Source: Eurostat figures
Graph sizes are illustrative.

Northern European conventional capacity decreasing

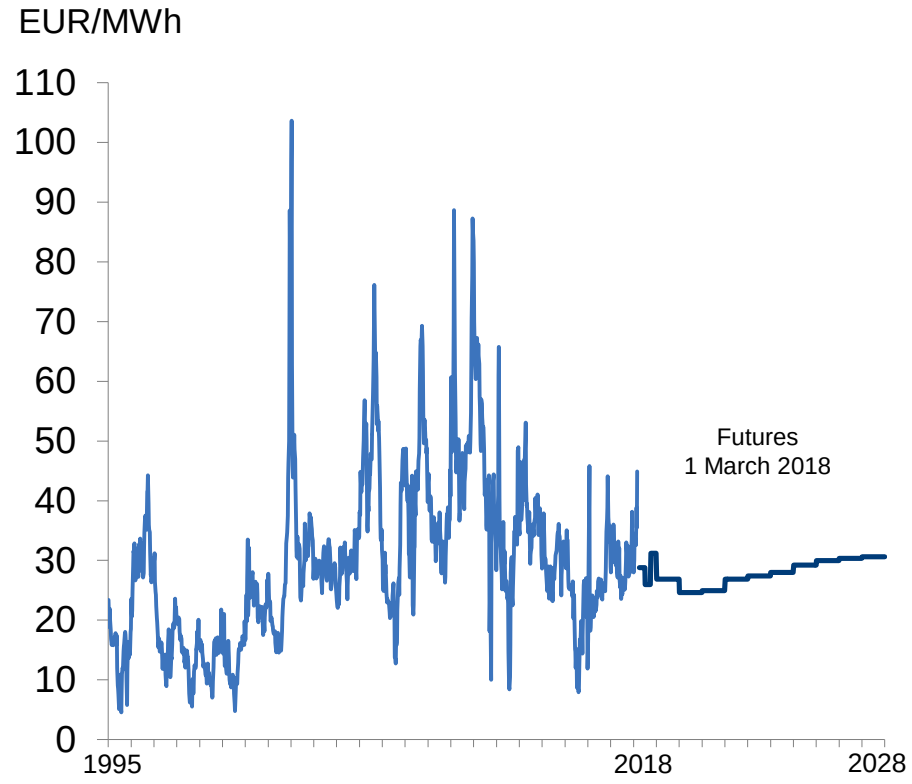
Estimated annual net changes in nuclear and thermal capacity



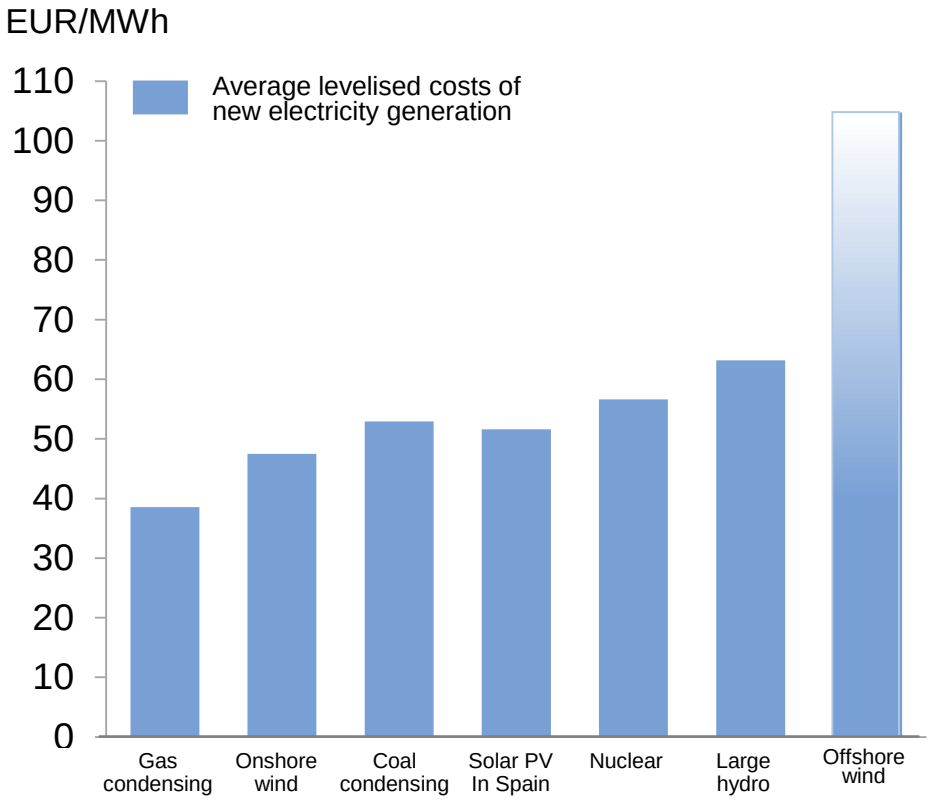
Date	Capacity	Area	Unit/Transmission	Comment
1.10.2017	-562 MW	DE	Frimmersdorf P & Q	Moved to ”Lignite reserve” for 4 years, operational within 10 days notice period. Decommissioning in 1.10.2021.
31.12.2017	-1344 MW	DE	Gundremmingen B	Decommissioning; German nuclear phase-out
1.12.2017	+1200 MW	SE3-SE4	Transmission	Commissioning Sydvästlänken in two steps between, Dec 2017 and Mar 2018. Project is significantly delayed, further delays possible.
1.1.2018	≈ 500 MW	DK1-DE	Transmission	Lowest available capacity will be increased to 700 MW, available capacity during last years has been ca 200 MW
during 2018	+ 1100 MW	DE	Datteln 4	Uniper’s coal condensing unit; targeted commissioning mid-2018.
1.10.2018	- 1100 MW	DE	Lignite reseve	Niederaußem E & F and Jänschwalde F moved to lignite reserve
31.12.2018	-280 MW	NO2	Mongstad CHP	The CHP at Mongstad is phased out following several years of unprofitable operations.
31.12.2018	+0-400 MW	DK2-DE	Kriegers Flak	Offshore connection between DK2 and DE used for both grid connection of offshore wind farms and interconnection.
31.5.2019	+ 1600 MW	FI	Olkiluoto 3	The previously announced commissioning date in the end of 2018 has been delayed to May 2019.
30.3.2019	+700 MW	DK1-NL	Transmission	Cobra cable: trial operation of the interconnector is expected to begin in Q1 2019
30.6.2019	-854 MW	SE3	Ringhals 2	Decommissioning
14.6.2020	-856 MW	SE3	Ringhals 1	Decommissioning

Estimated capacity changes based on publically announced information from various stakeholders

Wholesale electricity price too low to attract investments



Source: Nord Pool, Nasdaq Commodities



Commodity prices are forward prices as of January 2018, extended with inflation

NOTE: The presented figures are calculated based on data from recent public reports and do not represent Fortum's view. Average achieved price (€/MWh) for the production type depends on availability and flexibility. There are large variations in the cost of hydro, wind and solar depending on location and conditions.

Overview of Fortum’s nuclear fleet






	LOVIISA	OLKILUOTO	OSKARSHAMN	FORSMARK
Commercial operation started	Unit 1: 1977 Unit 2: 1981	Unit 1: 1978 Unit 2: 1980 Unit 3: (Under construction)	Unit 1: 1972 (out of oper.) Unit 2: 1974 (out of oper.) Unit 3: 1985	Unit 1: 1980 Unit 2: 1981 Unit 3: 1985
Generation Capacity	Unit 1: 507 MW Unit 2: 502 MW **Total: 1009 MW**	Unit 1: 880 MW Unit 2: 890 MW (Unit 3: 1,600 MW) **Total: 1,770 MW (3,370)**	Unit 1: 473 MW Unit 2: 638 MW Unit 3: 1,400 MW **Total: 1,400 MW**	Unit 1: 984 MW Unit 2: 1,120 MW Unit 3: 1,167 MW **Total: 3,271 MW**
Fortum’s share		27% 470 MW	43% 602 MW	22% 727 MW
Yearly production Fortum’s share of production	8 TWh 8 TWh	13 TWh 4 TWh	9 TWh 4 TWh	24 TWh 5 TWh
Share of Fortum’s Nordic production	19%	9%	11%	13%
Majority owner Fortum’s share	Fortum	Pohjolan Voima 26.6%	Uniper 43.4%	Vattenfall 22.2%
Operated by	Fortum	Teollisuuden Voima (TVO)	OKG Aktiebolag	Forsmarks Kraftgrupp

Responsibilities

Loviisa: Fortum is the owner, licensee and operator with all the responsibilities specified in the Nuclear Energy Act, Nuclear Liability Act, and other relevant nuclear legislation

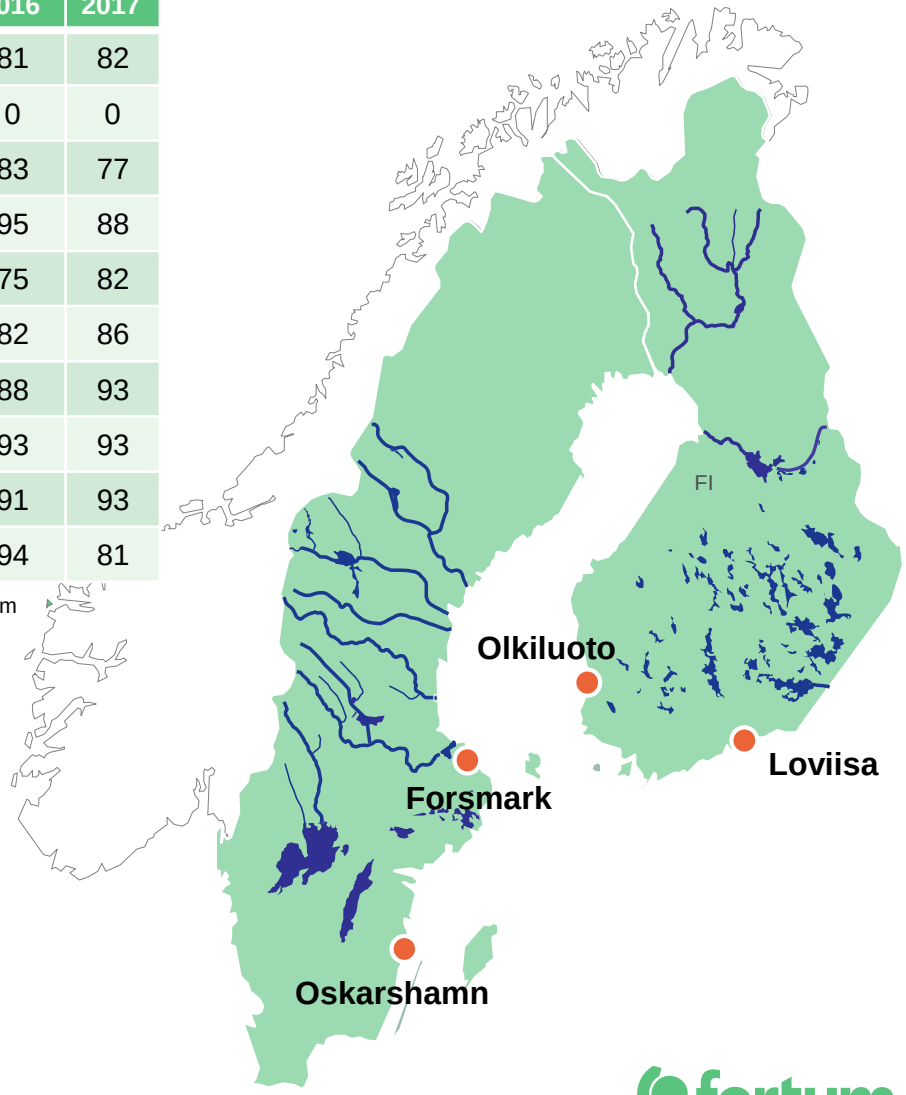
Other units: Fortum is solely an owner with none of the responsibilities assigned to the licensee in the nuclear legislation. Other responsibilities are specified in the Companies Act and the Articles of Association and are mostly financial.

Fortum's nuclear power in the Nordics

Load factor (%)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Oskarshamn 1*	80	51	63	85	68	77	72	1	12	74	60	81	82
Oskarshamn 2	90	78	76	86	75	90	77	81	33	0	0	0	0
Oskarshamn 3	85	95	88	70	17	31	68	69	77	75	79	83	77
Forsmark 1	85	76	81	88	88	93	79	88	87	94	79	95	88
Forsmark 2	94	72	85	79	64	38	94	82	89	89	91	75	82
Forsmark 3	95	92	88	69	86	81	85	93	88	83	58	82	86
Loviisa 1	95	93	94	86	96	93	94	84	92	92	93	88	93
Loviisa 2	95	88	96	93	95	89	94	91	93	89	92	93	93
Olkiluoto 1	98	94	97	94	97	92	95	90	97	94	96	91	93
Olkiluoto 2	94	97	94	97	95	95	91	96	93	97	89	94	81

*O1 was shut down for decommissioning earlier as originally announced, starting 17.6.2017.

Source: Fortum



- Finnish units world class in availability
- Overview of production and consumption: www.fortum.com/investors - energy related links

Variety of technologies and ages

Unit	MWe (Net)	Share (%)	Share (MWe)	Commercial operation	Age	Type/ Generation [1)]	Supplier
Loviisa 1	507	100,0	507	1977-05-09	40	PWR / 1	AEE (Atomenergoexport)
Loviisa 2	502	100,0	502	1981-01-05	36	PWR / 1	AEE (Atomenergoexport)
Olkiluoto 1	880	26,6	234	1979-10-10	38	BWR / 3	Asea-Atom / Stal-Laval
Olkiluoto 2	890	26,6	237	1982-07-10	35	BWR / 3	Asea-Atom / Stal-Laval
Olkiluoto 3	(1,600)	25,0	(400)	(May 2019)		PWR / 3	Areva / Siemens
Oskarshamn 1	473	43,4	205	1972-02-06	45	BWR / 1	Asea-Atom / Stal-Laval
Oskarshamn 2	638	43,4	277	1975-01-01	42	BWR / 2	Asea-Atom / Stal-Laval
Oskarshamn 3	1,400	43,4	607	1985-08-15	32	BWR / 4	Asea-Atom / Stal-Laval
Forsmark 1	984	23,4	230	1980-12-10	37	BWR / 3	Asea-Atom / Stal-Laval
Forsmark 2	1,120	23,4	262	1981-07-07	36	BWR / 3	Asea-Atom / Stal-Laval
Forsmark 3	1,167	20,1	236	1985-08-18	32	BWR / 4	Asea-Atom / Stal-Laval

[1)] Generation refers to technical resemblence based on KSU classification and not to reactor design generations. All reactors are of Generation II except Olkiluoto-3 (EPR) which is of Generation III.

Planned capacity increase:

- Forsmark 1, potential capacity increase of total ~110 MW in 2018-2020.

Closing of the units:

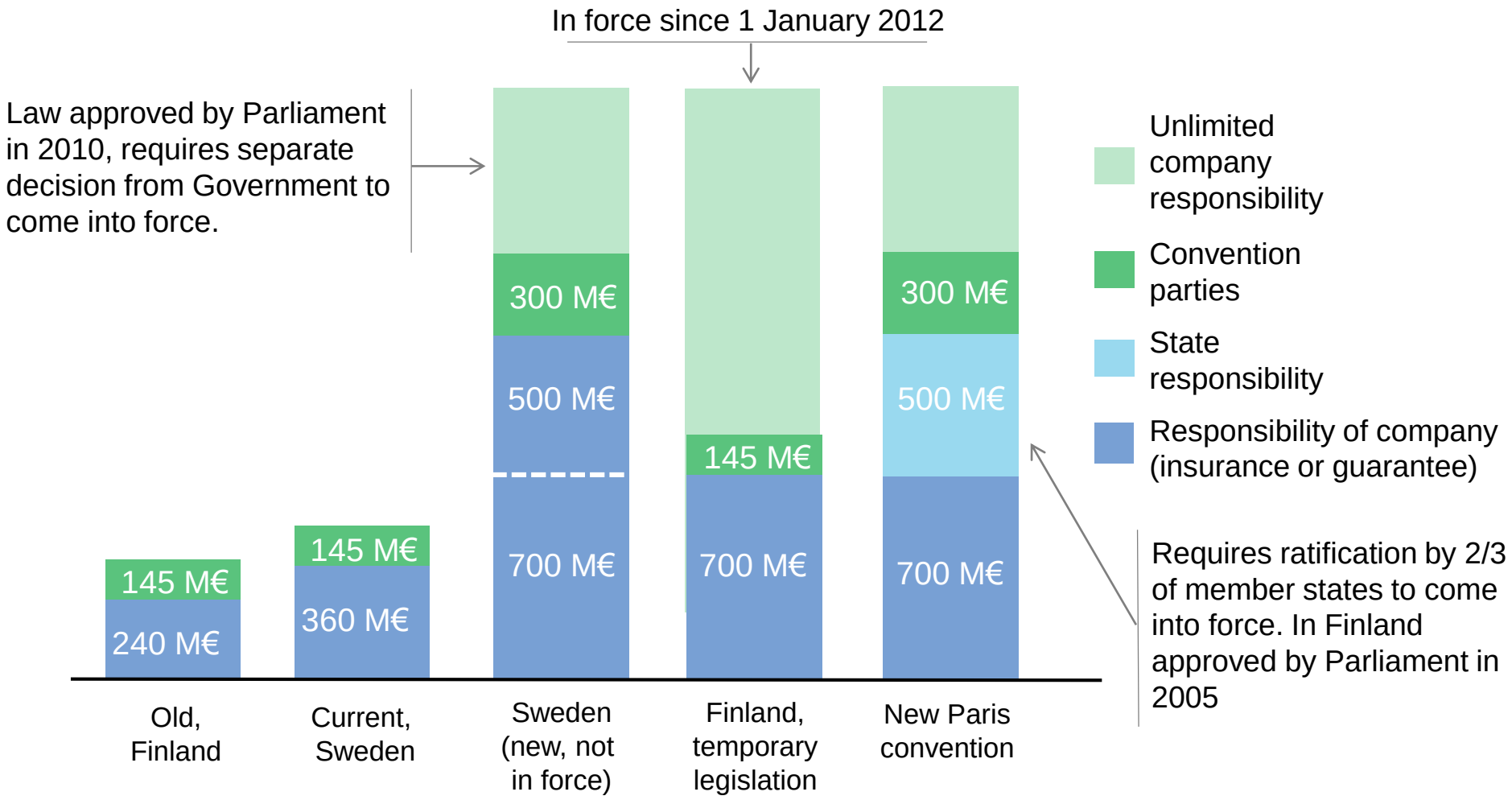
- OKG AB's Extraordinary shareholders' meeting decided on 14 October 2015 on the closure of Oskarshamn nuclear power plant units 1 and 2 in Sweden.
- Unit 1 was taken out of operation on June 17, 2017. Unit 2 has been out of operation since June 2013 due to an extensive safety modernisation, and it will not be put back into operation. The closing process for both units is estimated to take several years.

PWR = (Pressurized Water Reactor) The most common reactor type in the world (e.g. all French units, most US units). Also the Loviisa units are PWRs, but based on Russian design. High pressure prevents water from boiling in the reactor. The steam rotating the turbine is generated in separate steam generators.

BWR = (Boiling Water Reactor) Similar to the PWR in many ways, but the steam is generated directly in the reactor. Popular reactor type e.g. in Sweden, the US and Japan.

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Third party nuclear liability in case of severe accident



Fortum - a major player in Russia

PAO Fortum (former TGC-10)

- Operates in the heart of Russia's oil and gas producing region, fleet mainly gas-fired CHP capacity
- 26 TWh power generation, 20 TWh heat production in 2017 Investment programme to add 85%, almost 2,200 MW to power generation capacity

TGC-1

- 29.5% of territorial generating company TGC-1 operating in north-west Russia
- ~7,000 MW electricity production capacity (more than 40% hydro), ~27 TWh electricity, ~29 TWh heat in 2017

In December 2014, Fortum and Gazprom Energoholding signed a protocol to start a restructuring process of TGC-1. Currently Gazprom Energoholding owns 51.8% of the TGC-1 shares and Fortum 29.5%. As part of the restructuring, Fortum will establish a joint venture together with Rosatom to own the hydro assets of TGC-1, while Gazprom Energoholding continues with the heat and thermal power businesses of TGC-1. By utilising its present stake in TGC-1, Fortum would obtain a 75-plus-percent ownership in the new hydro power company, and Rosatom a 25-minus-percent minority holding.

In October 2015, Fortum announced that the discussions related to the potential restructuring of TGC-1 will continue, and it is not possible to estimate the time schedule or outcome of the discussions.

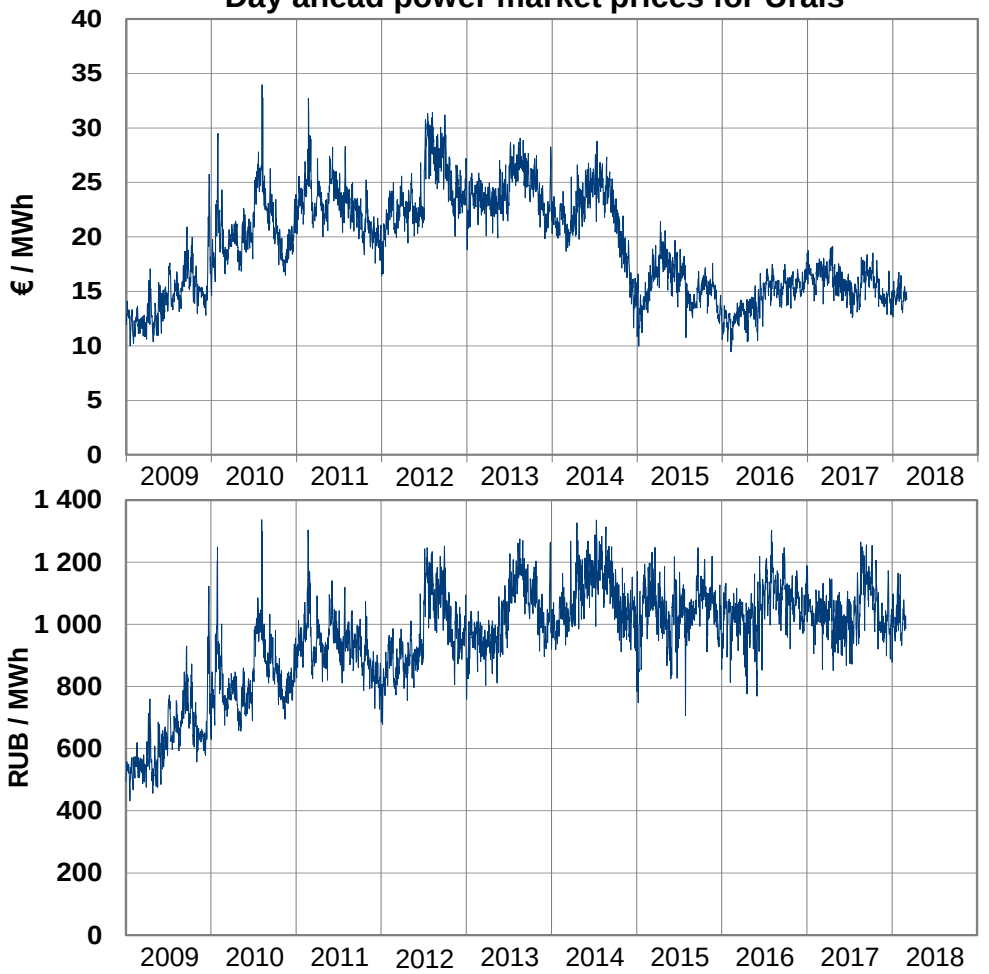


Day ahead wholesale market prices in Russia

Key electricity, capacity and gas prices in the PAO Fortum area

	IV/17	IV/16	2017	2016
Electricity spot price (market price), Urals hub, RUB/MWh	1,038	1,063	1,041	1,055
Average regulated gas price, Urals region, RUB 1000 m^3	3,755	3,614	3,685	3,614
Average capacity price for CCS ”old capacity”, tRUB/MW/month	157	155	148	140
Average capacity price for CSA ”new capacity”, tRUB/MW/month	983	924	899	815
Average capacity price, tRUB/MW/month	577	556	535	481
Achieved power price for Fortum in Russia, RUB/MWh	1,845	1,818	1,813	1,734
Achieved power price for Fortum in Russia, EUR/MWh	27.0	26.2	27.5	23.5

Day ahead power market prices for Urals



In addition to the power price generators receive a capacity payment. Source: ATS

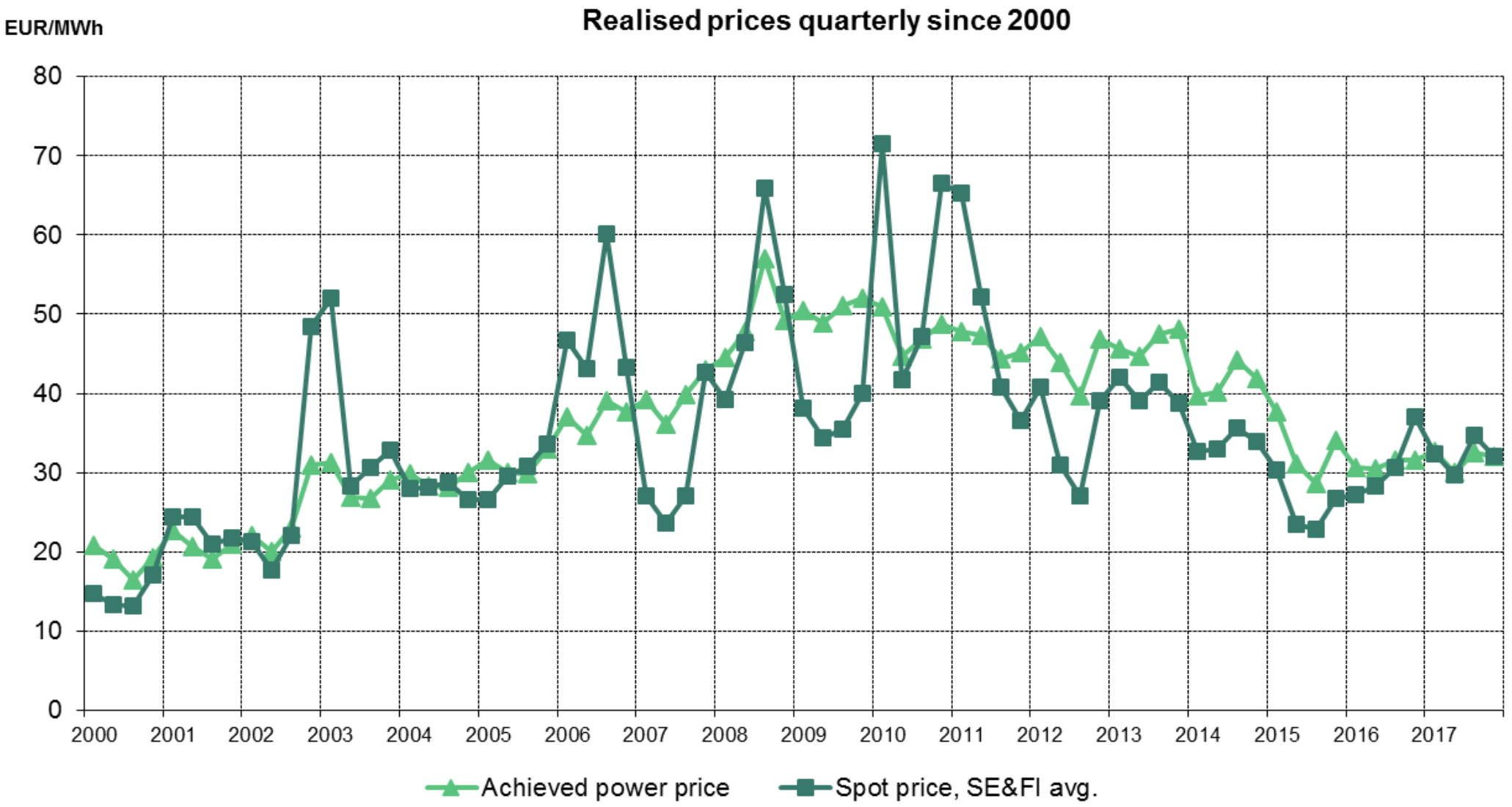
Thermal power generation capacity in Russia at 31.12.2017

Year	Supply starts	Power plant	Fuel type	CCS capacity	CSA capacity	Production type	Total capacity
< 2011		Tyumen CHP-2	Gas	755		CHP/Condensing	755
		Chelyabinsk CHP-2	Gas, coal	320		CHP/Condensing	320
		Argayash CHP	Gas, coal	195		CHP/Condensing	195
		Chelyabinsk CHP-1	Gas, coal	134		CHP/Condensing	134
2011	Feb/2011	Tyumen CHP-1	Gas	450	210	CHP/Condensing	660
	Jun/2011	Chelyabinsk CHP-3	Gas	360	233	CHP/Condensing	593
	Oct/2011	Tobolsk CHP*	Gas	452	213	CHP/Condensing	665*
2013	Apr/2013	Nyagan 1 GRES	Gas		453	Condensing	453
	Dec/2013	Nyagan 2 GRES	Gas		453	Condensing	453
2015	Jan/2015	Nyagan 3 GRES	Gas		455	Condensing	455
	Dec/2015	Chelyabinsk GRES	Gas		247	CHP/Condensing	247
2016	Mar/2016	Chelyabinsk GRES	Gas		248	CHP/Condensing	248
2017	Dec/2017	Chelyabinsk GRES	Gas	248		CHP/CCGT	248
				2,462 MW	**2,298 MW**		**4,760 MW**

*Tobolsk power plant was sold in Q1/2016

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Hedging improves stability and predictability



2009 onwards thermal and import from Russia excluded

Delivering on our growth strategy



180 MW wind
power in Norway, 35 MW in Russia and a 1,000 MW wind JV in Russia

International growth for Nordic market leader
Charge & Drive

Agreement with E.ON
Uniper public takeover offer

Chelyabinsk GRES unit 3
started commercial operation

170 MW solar
power in India, 35 MW in Russia

Hafslund restructuring

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Good performance in 2017

- Wholesale power prices showing signs of improvement, yet still on low levels
- Comparable EBITDA +26% at EUR 1,275 million
- Comparable operating profit +26% at EUR 811 million
  - Increase mainly related to Generation and Russia segments
- EPS at EUR 0.98 (0.56)
  - Items affecting comparability EUR 0.38 (-0.02)
  - Swedish tax case EUR -0.14 (0.00)
- Hafslund transaction completed
- Uniper offer – E.ON tendered their 46.65% stake in January 2018
- EUR 100 million fixed cost savings achieved
- The Board of Directors proposes that the dividend is unchanged at EUR 1.10 per share



Investment in Uniper delivers on our capital redeployment strategy

- Uniper's businesses are aligned with our core competences, close to our home markets and highly cash generative
- Uniper and Fortum have a mutually complementary, strategic mix of assets and expertise to actively drive Europe's transition towards a low-carbon and secure energy system
- Fortum sees good cooperation opportunities with Uniper to create value for all stakeholders
  - talks initiated with Uniper management
- We are satisfied with 46.93% acceptance rate at the end of initial tender period
  - Total value EUR 22 per share
  - Final outcome of the offer to be published on 7 February
  - Closing of the offer is subject to competition and regulatory approvals
  - Fortum expects to finalise the transaction in mid-2018

Stable market conditions with improving prices in 2017

Nordic countries

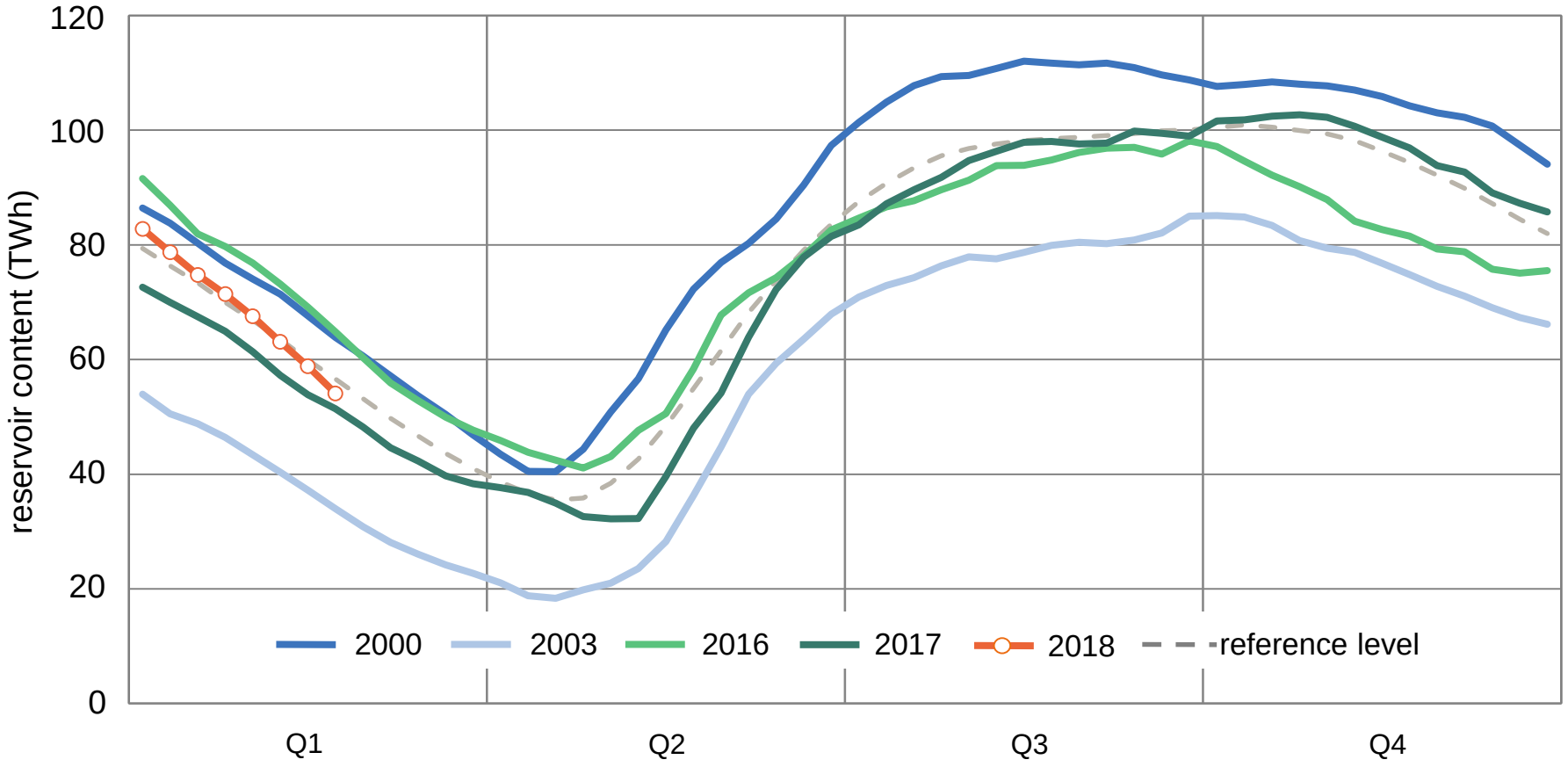
- Electricity consumption at 392 (390) TWh Y/Y
  - The Nordic precipitation in Q4 and FY 2017 clearly above normal level
- System spot price increased to 29.4 (26.9) EUR/MWh
  - Finnish area price was 33.2 (32.4) EUR/MWh and Swedish (SE3) area price 31.2 (29.2) EUR/MWh
- Market price for CO_2 emission allowances (EUA)
  - Increase from EUR 6.5/t at the beginning of 2017 to EUR 8.2/t at the end of 2017

Russia

- Electricity consumption slightly higher at 1,035 (1,027) TWh
  - First price zone (Fortum's operating area price) at 799 (787) TWh
  - Average electricity spot price flat in Urals hub

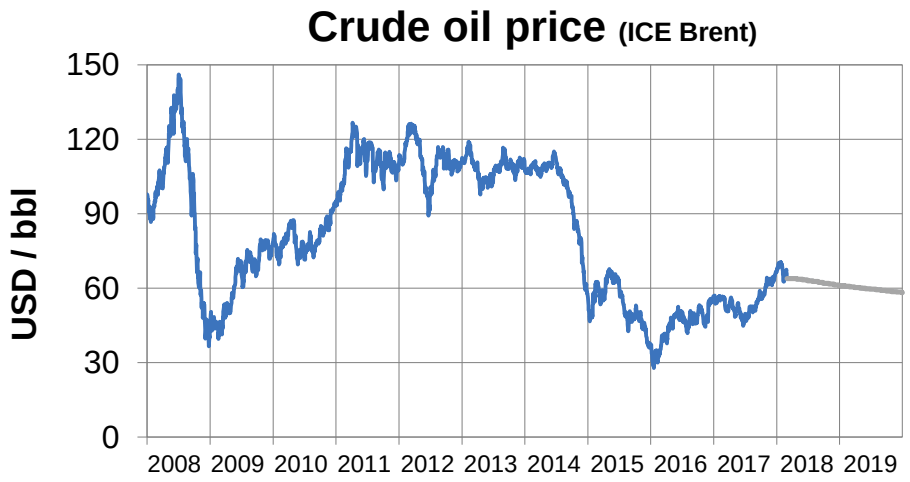


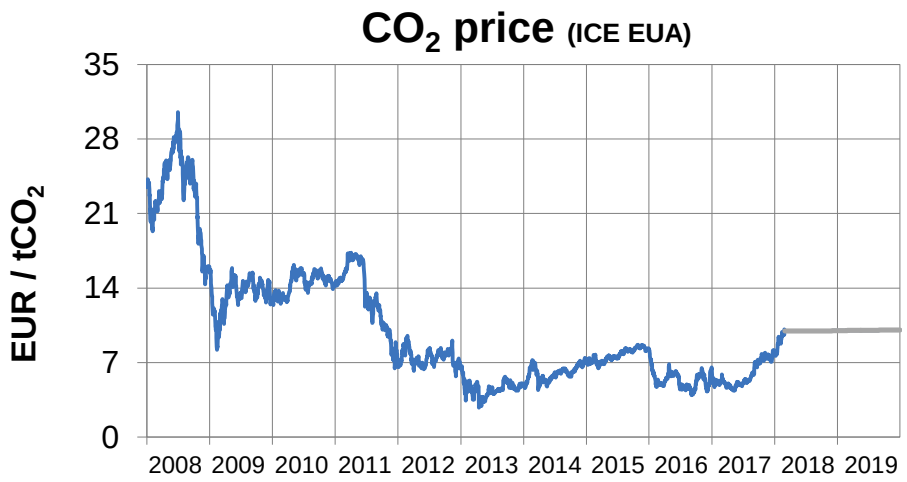
Nordic water reservoirs

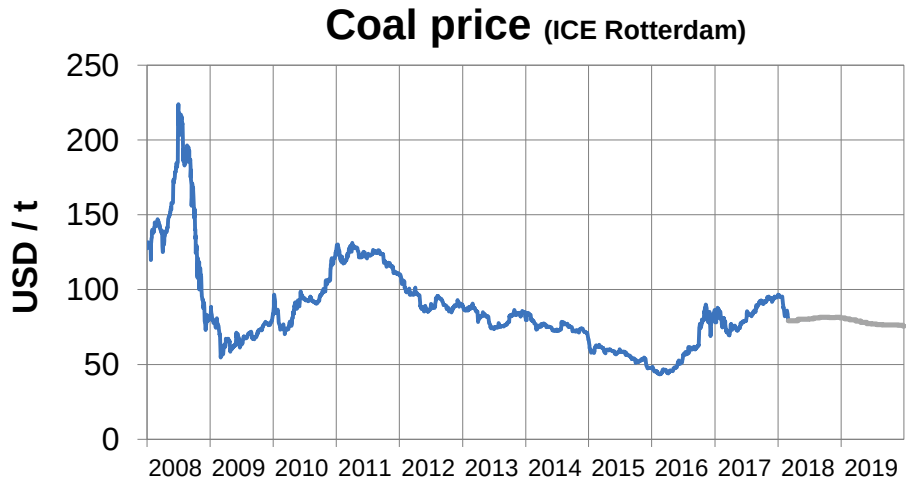


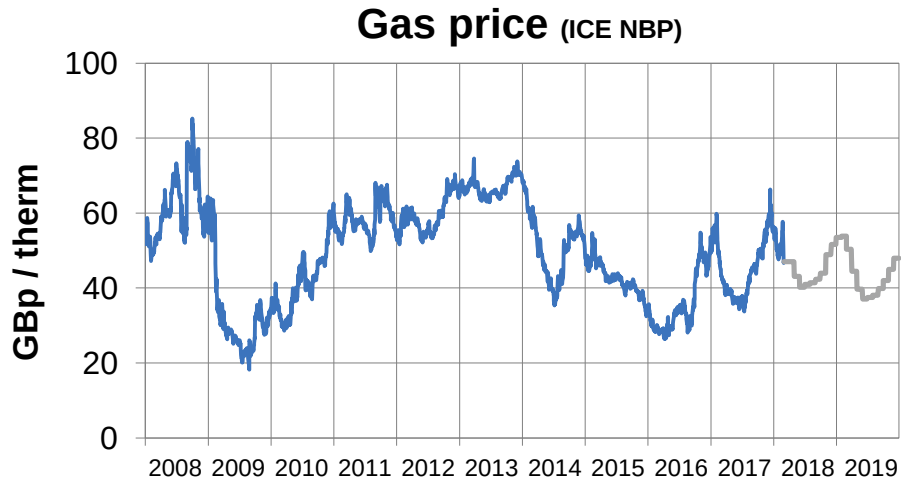
Source: Nord Pool

Fuel and CO_2 allowance prices





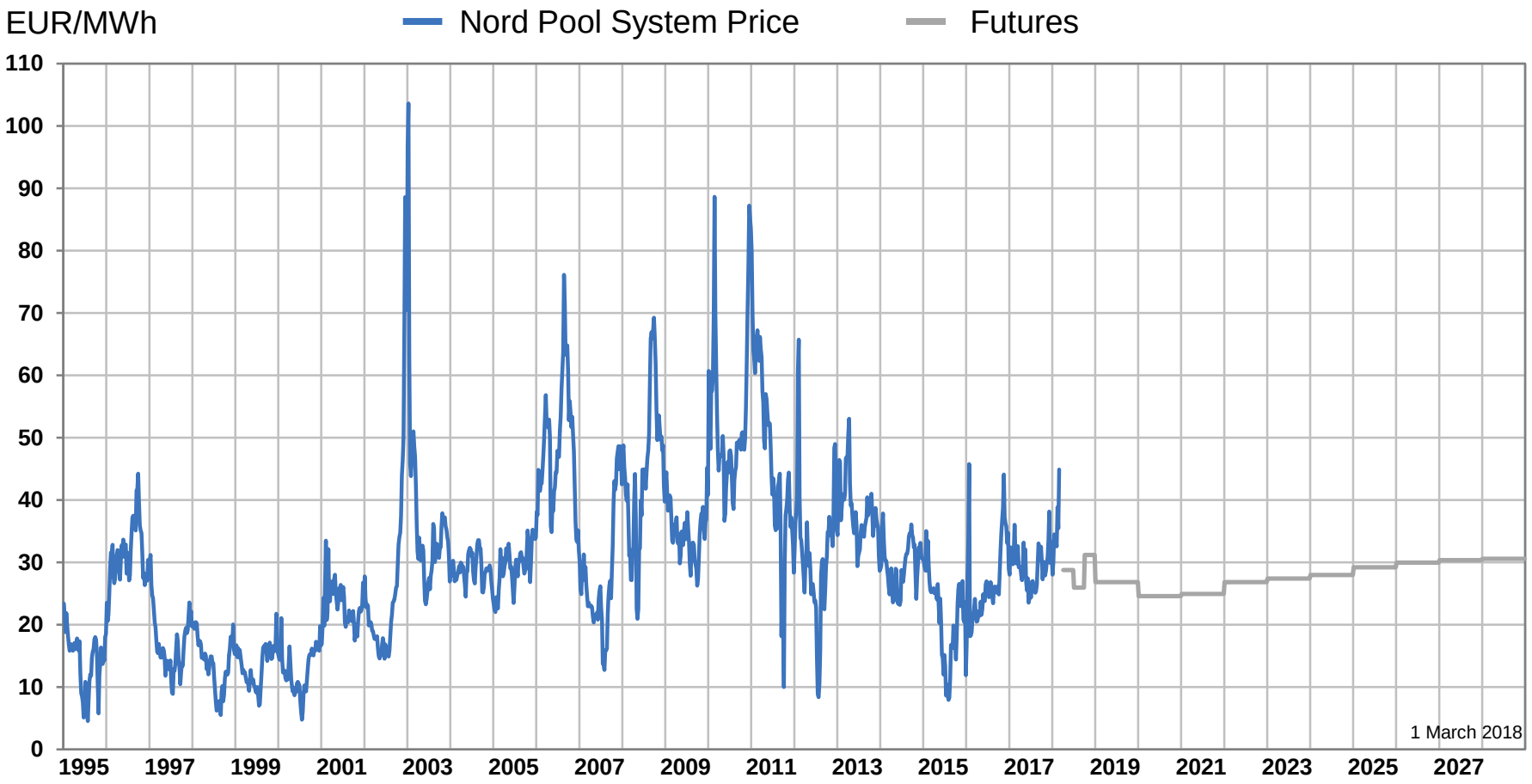




Source: ICE, Thomson Reuters

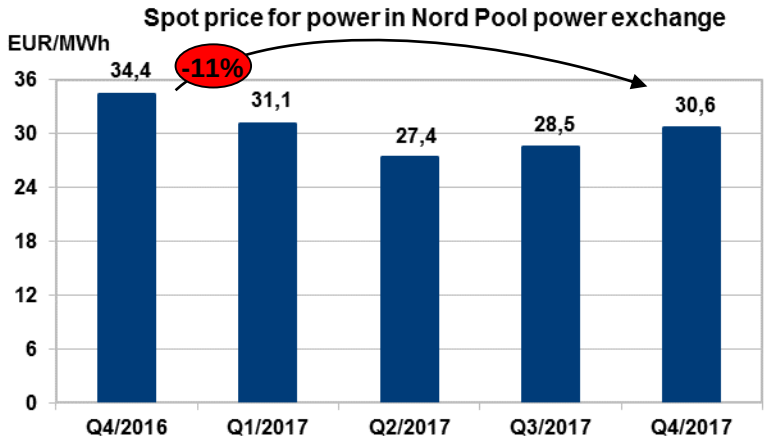
Market prices 1 March 2018; 2018-2019 future quotations

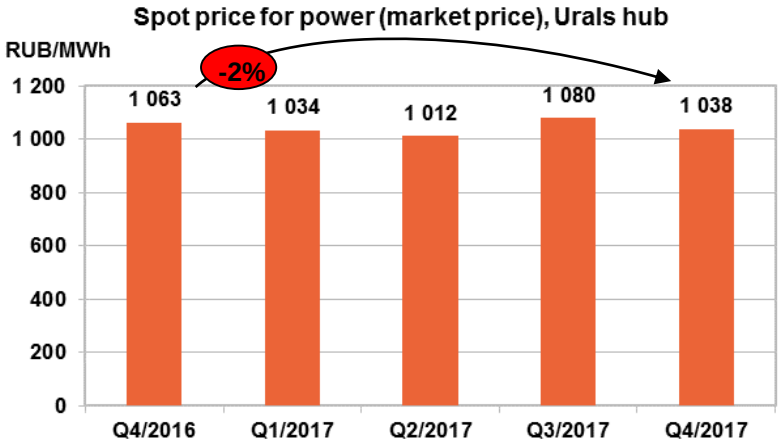
Wholesale power price

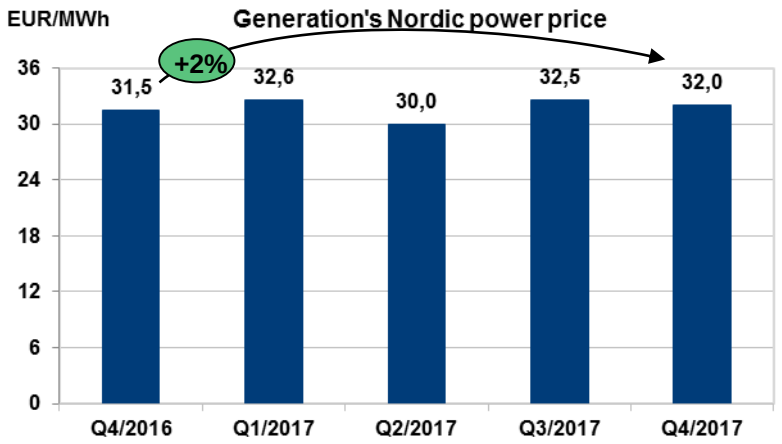


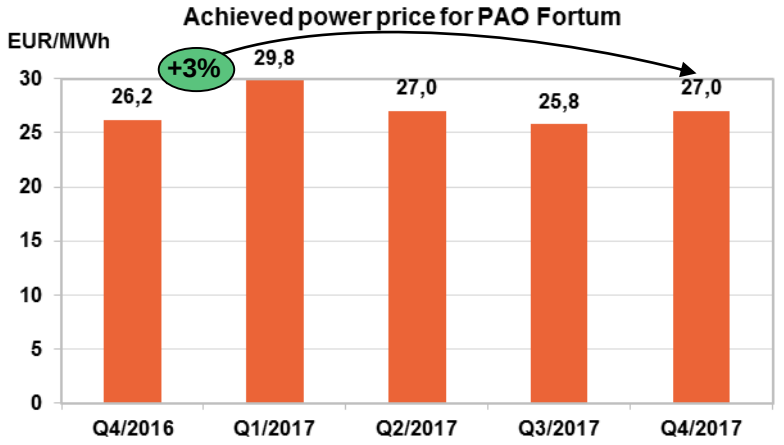
Source: Nord Pool, Nasdaq Commodities

Power price development in the Nordic region and Russia









NOTE: *Achieved power price in roubles increased appr.1%*
Includes capacity income

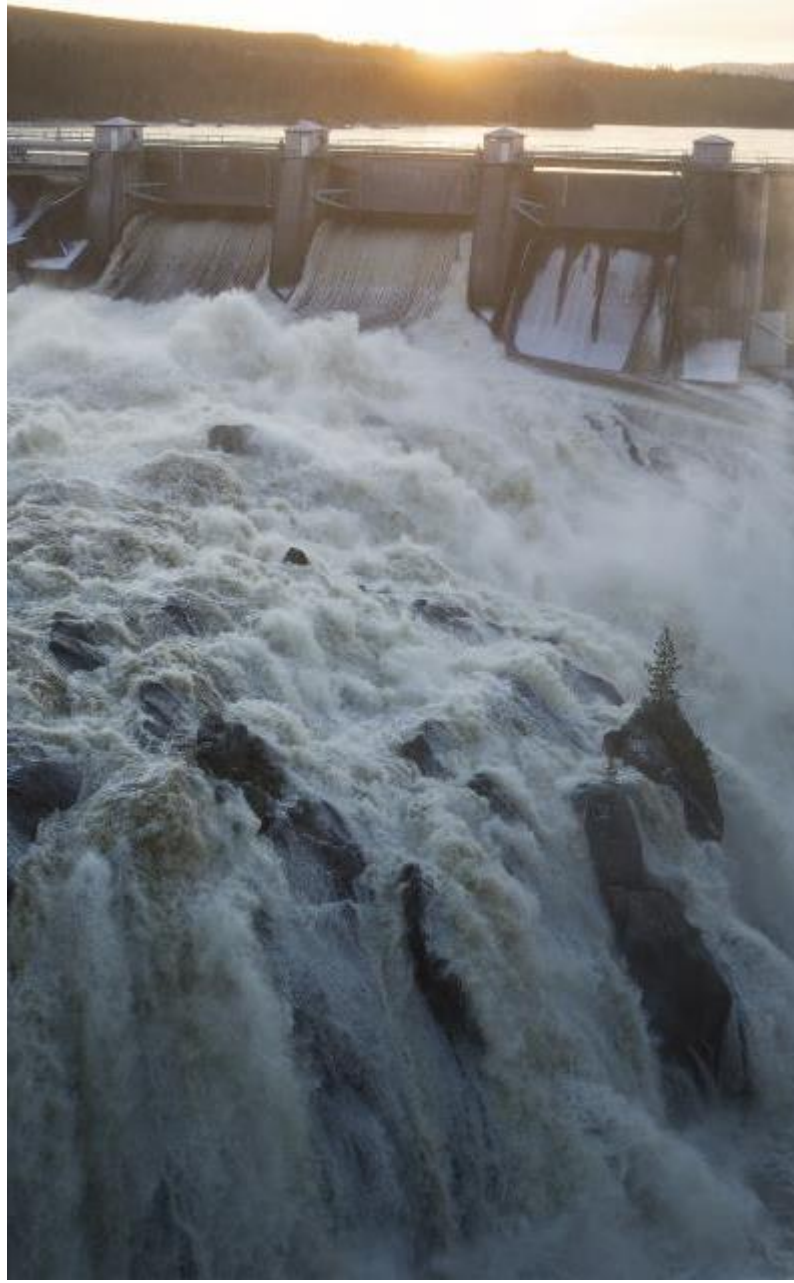
Key figures in Q4 and FY 2017

MEUR	IV/17	IV/16	2017	2016
Sales	1,432	1,143	4,520	3,632
Comparable EBITDA	424	298	1,275	1,015
Comparable operating profit	295	188	811	644
Operating profit	315	202	1,158	633
Share of profits of associates and joint ventures	34	15	148	131
Profit before income taxes	300	184	1,111	595
Earnings per share, EUR	0.28	0.16	0.98	0.56
Net cash from operating activities	295	150	993	621

Generation

- Higher achieved power price improved results in 2017
- Lower real-estate and capacity taxes in Sweden
  - Hydro and nuclear power plants
- Lower nuclear volumes due to closure of Oskarshamn 1 and lower availability
  - Record production year at Loviisa nuclear power plant

MEUR	IV/17	IV/16	2017	2016
Sales	433	435	1,677	1,657
Comparable EBITDA	191	116	603	527
Comparable operating profit	160	87	478	417
Comparable net assets			5,672	5,815
Comparable RONA %			8.4	6.9
Gross investments	55	80	264	203



City Solutions

- Higher sales driven by Fortum Oslo Varme (Hafslund)
- Consolidation of Fortum Oslo Varme had a positive effect of EUR 15 million on the comparable operating profit in 2017
- Consolidation of Ekokem, power prices and fuel mix further improved results
- The share of profits from associated companies and joint ventures totalled EUR 80 (76) million mainly Fortum Värme

MEUR	IV/17	IV/16	2017	2016
Sales	340	316	1,015	782
Comparable EBITDA	110	90	262	186
Comparable operating profit	61	50	98	64
Comparable net assets			3,728	2,873
Comparable RONA %			5.5	5.9
Gross investments	69	55	556	807



Consumer Solutions

- Higher sales driven by the Hafslund transaction
  - Total customer base at the end of the period was 2.49 (1.36) million
- Comparable operating profit EUR 13 million positively impacted by Hafslund transaction in 2017
  - Offset by lower average margin in electricity and gas products, higher costs due to development of new digital services and renegotiated invoicing service agreements for external distribution companies

MEUR	IV/17	IV/16	2017	2016
Sales	453	221	1,097	668
Comparable EBITDA	25	15	57	55
Comparable operating profit	18	13	41	48
Comparable net assets			638	154
Customer base, million			2.49	1.36
Gross investments	3	2	493	120



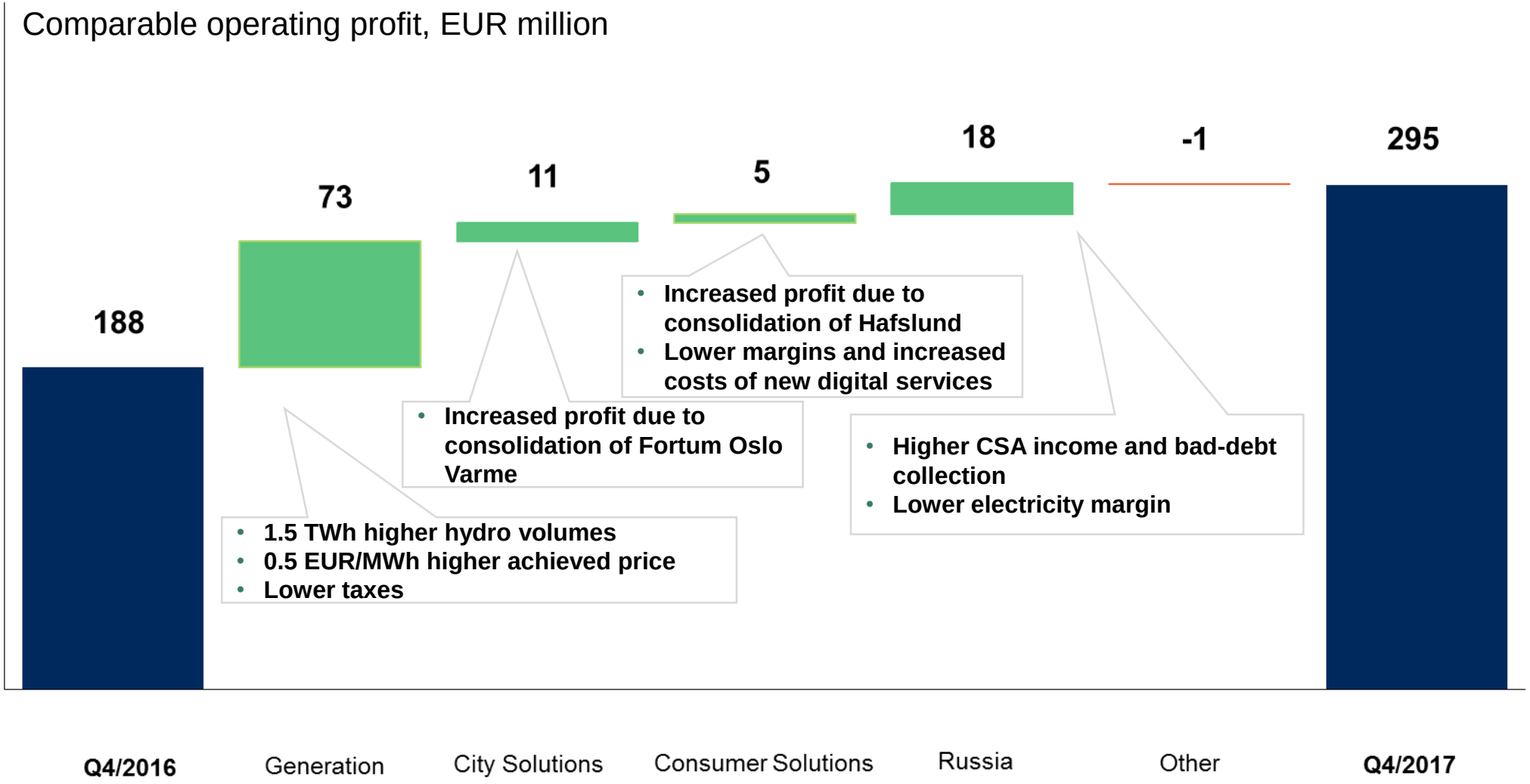
Russia

- Comparable operating profit in 2017 increased due to
  - Commissioning of the new units, higher received CSA payments, higher power volumes, and improved bad-debt collections
  - Positive effect of EUR 31 million from strengthened Russian ruble
- New capacity from Chelyabinsk GRES (248 MW), Ulyanovsk wind (35 MW) and solar (35 MW)

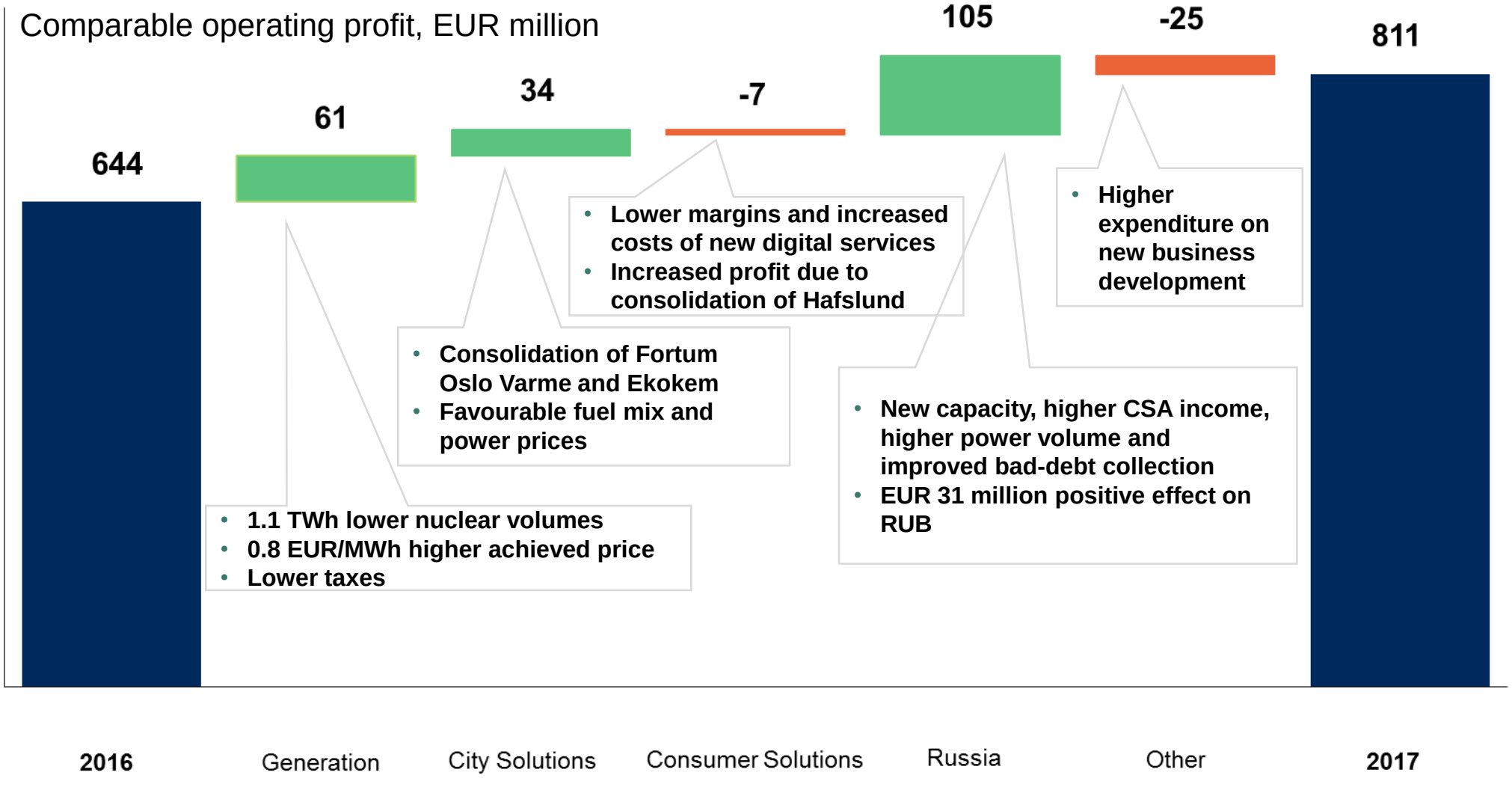
MEUR	IV/17	IV/16	2017	2016
Sales	314	289	1,101	896
Comparable EBITDA	121	100	438	312
Comparable operating profit	84	66	296	191
Comparable net assets			3,161	3,284
Comparable RONA %			10.1	8.0
Gross investments	167	67	277	201



Q4/2017: Higher hydro volumes – improved results in Russia



2017: Improved results in Russia – Higher achieved power price in Generation



Income statement

MEUR	IV/17	IV/16	2017	2016
Sales	1,432	1,143	4,520	3,632
Other income and expenses	-1,136	-955	-3,709	-2,988
Comparable operating profit	**295**	**188**	**811**	**644**
Items affecting comparability	20	14	347*	-11
Operating profit	**315**	**202**	**1,158**	**633**
Share of profit of associates and joint ventures	34	15	148	131
Finance costs, net	-49	-34	-195	-169
Profit before income taxes	**300**	**184**	**1,111**	**595**
Income tax expense	-43	-37	-229	-90
Net profit	**257**	**147**	**882**	**504**
EPS (EUR)	0.28	0.16	0.98	0.56

* Hafslund sales gain of EUR 324 million

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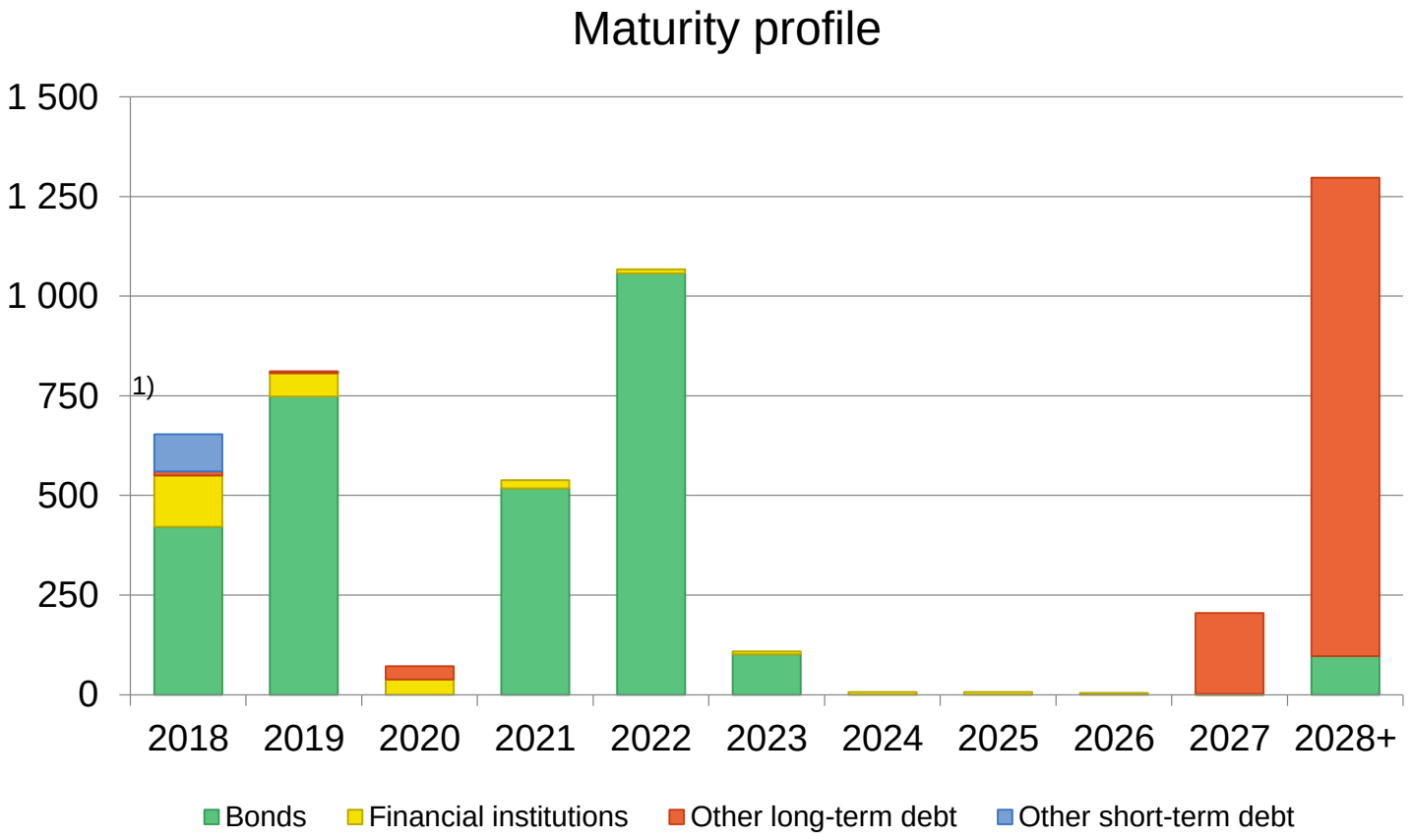
Cash flow statement

MEUR	IV/17	IV/16	2017	2016
Cash from operating activities:				
Comparable EBITDA	424	298	1,275	1,015
Realised FX gains/losses	-12	-2	-83	110
Paid net financial costs, income taxes and other	-71	-11	-281	-402*
Change in working capital	-45	-136	81	-102
Cash from operating activities	**295**	**150**	**993**	**621**
Cash used in investing activities:				
Capital expenditures	-187	-232	-657	-599
Acquisitions of shares	-44	-29	-972	-695
Divestments of shares	1	0	741	39
Change in cash collaterals	21	34	-3	-359
Other investing activities	13	-36	85	-87
Cash flow from investing activities	**-195**	**-263**	**-807**	**-1,701**
Cash flow before financing activities	**99**	**-113**	**187**	**-1,080**

* Including the payment of income taxes of EUR 127 million regarding the Swedish income tax case

Debt portfolio and average interest rate on the balance sheet date

31 December 2017



- Total interest-bearing debt of EUR 4,885 million
  - Average interest rate of 3.6% (3.5%)
  - Portfolio mainly in EUR and SEK with average interest cost 2.4% (2.1%)
  - EUR 773 million (805) swapped to RUB, average interest cost including cost for hedging 9.5% (11.4%)

[1] In addition Fortum has received EUR 113 million based on Credit Support Annex agreements with several counterparties. This amount has been booked as a short term liability.

Strong financial position
- financial headroom enables the Uniper investment

MEUR	2017	2016	Target
Comparable EBITDA	1,275	1,015	
Interest-bearing net debt	988	-48	
Comparable net debt/EBITDA	0.8	0.0	Around 2.5
ROCE % Return on capital employed	7.1*	4.0	At least 10%

* Includes sales gain of Hafslund shares

Liquid funds EUR 3.9 billion
Committed credit lines EUR 1.9 billion
In addition, EUR 12.0 billion for Fortum's offer for Uniper shares

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Outlook

Nordic markets

- Fortum continues to expect that the annual electricity demand growth will be approximately 0.5% on average
- Electricity is expected to continue to gain share of total energy consumption

2018 Estimated annual capital expenditure, excluding acquisitions

- Approximately EUR 600-700 million (maintenance capex appr. EUR 300 million)

Hedging

- 2018 approximately 70% hedged at EUR 28/MWh
- 2019 approximately 40% hedged at EUR 25/MWh

Synergies of Hafslund transaction going forward EUR 15-20 million by the end of 2020

- City Solutions EUR 5-10 million by the end of 2020
- Consumer Solutions appr. EUR 10 million by the end of 2020

Taxation

- Effective tax rate for 2018 for the Group 19-21%*
- In Sweden nuclear capacity tax abolished from 2018 and hydro assets' real estate tax rate to decrease over a four-year period



* Excluding the impact of the share of profits of associated companies and joint ventures, non-taxable capital gains, and a Swedish income tax case.

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Annual General Meeting 2018 and dividend distribution proposal

- Fortum's Annual General Meeting 2018 is planned to take place on 28 March 2018 at 11:00 a.m. EET
  - At the Finlandia Hall in Helsinki
- The Board of Directors proposes a dividend of EUR 1.10 per share
- Dividend-related dates planned for 2018:

– Ex-dividend	29 March 2018
– Record date for dividend payment	3 April 2018
– Dividend payment date	10 April 2018



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Transaction highlights

Agreement with E.ON

- Fortum and E.ON have signed a transaction agreement regarding E.ON’s 46.65% shareholding in Uniper
- E.ON has the right to tender into the offer in early 2018 at the same total value as all other shareholders
- If E.ON does not tender its shares:
  - Fortum will have the right to sell to E.ON any Uniper shares acquired in connection with the offer
  - Fortum will receive a compensation payment from E.ON of 20% to 40% of the total equity value of E.ON's stake in Uniper

Key offer terms

- Fortum has launched an all cash offer for all outstanding Uniper shares
  - Total value of EUR 22 per share, which includes an expected dividend of Uniper of EUR 0.69 per share for 2017
    - 36% premium to the price at the end of May, prior to speculation on a potential transaction
    - 120% premium to the initial trading price post spin-off
  - No minimum acceptance threshold
  - Offer will be subject to competition and regulatory approvals
  - Offer provides immediate and certain value to Uniper shareholders
- Total value corresponds to a total equity value of approximately EUR 3.76 billion for E.ON’s 46.65% shareholding in Uniper and approximately EUR 8.05 billion for 100% of Uniper shares

Financials

- Offer financed by existing cash resources and committed credit facilities
- Barclays originally underwrote 100% of credit facilities, including ongoing liquidity requirements; syndicated in Oct 2017
- Fortum will account for Uniper as an associated company unless control according to IFRS is attained
- EBITDA, cash flow and EPS effect on Fortum’s results will depend on the final outcome of the offer

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Uniper and Fortum – two highly complementary businesses

	Uniper	Fortum
Hydro	3.6 GW of which 1.6 GW in Sweden and 2.0 GW in Germany	4.6 GW Nordic hydro portfolio
Nordic nuclear	1.9 GW Swedish nuclear portfolio	3.0 GW Nordic nuclear portfolio, world class track record in availability
Russia	10.7 GW power production portfolio, among most efficient operators	4.5 GW power and 9.9 GW heat portfolio and strong renewables pipeline, most modern fleet
European generation	~22 GW power production portfolio in Central Europe and UK	Growing power and heat player in Poland
Renewables, waste and consumer business	Wind and solar in France, limited biomass	Growing in wind and solar, among EU's largest bioenergy companies, strong growth in waste, consumer business and e-mobility
Trading and mid-stream gas business	Large power and fuel trading, significant mid-stream assets	Strong competence in asset optimization and trading

Note: Uniper capacities presented represent accounting view.

An attractive investment for Fortum shareholders

- Delivers on Fortum's, disciplined capital redeployment strategy and investment criteria

- Uniper has a:
  - Strong EBITDA
  - Strong operating profit
  - Strong net profit
  - Strong dividends

Broker consensus median for 2018 [1]	
Adj. EBITDA	1,564
Adj. EBIT	944
Net profit	626
Dividend [2]	274

- EV/EBITDA multiple of 6.1x based on consensus estimates for 2018
- Contributes towards a stable and sustainable dividend for Fortum's shareholders
- EBITDA and cash flow contribution, EPS effect on Fortum's results, will depend on the final outcome of the offer

1) Source: www.uniper.energy, December 2017
2) Dividend for 2018 to be paid in 2019

Next steps

26 SEP	Announcement of intention to launch public takeover offer
24 OCT	The offer documents to the German Federal Financial Supervision Authority (BaFin)
7 NOV	Publication of offer documents
7 NOV	10-week acceptance period commences
16 JAN-18	Acceptance period ends
20 JAN to 2 FEB-18	Expected additional acceptance period
Mid 2018	Regulatory approvals expected
Mid 2018	Transaction closing expected

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