Equity story of

FORTUM — For a cleaner world

Investor / Analyst material

December 2020

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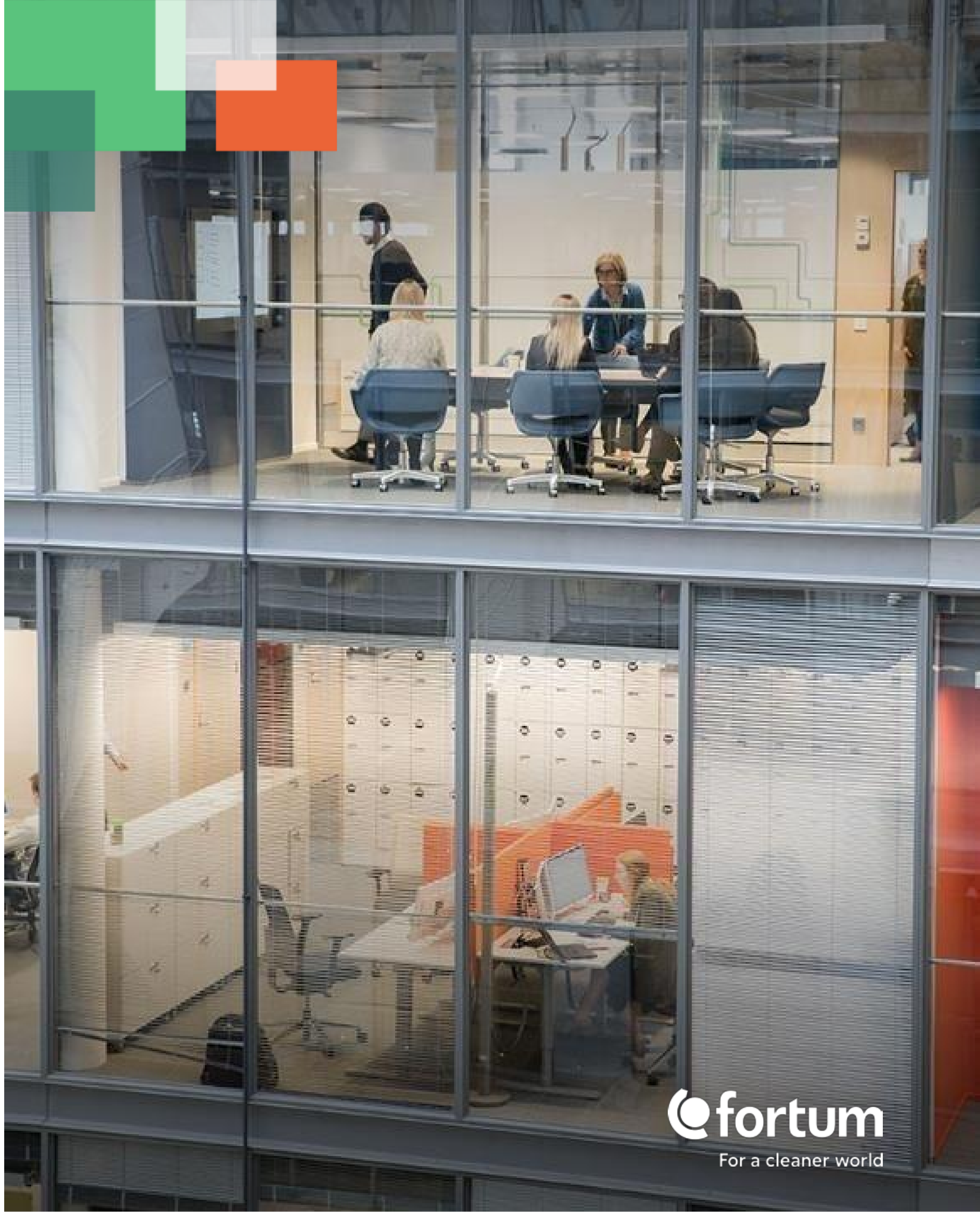
Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

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

Content



Good position to drive CO_2-free power generation in Europe

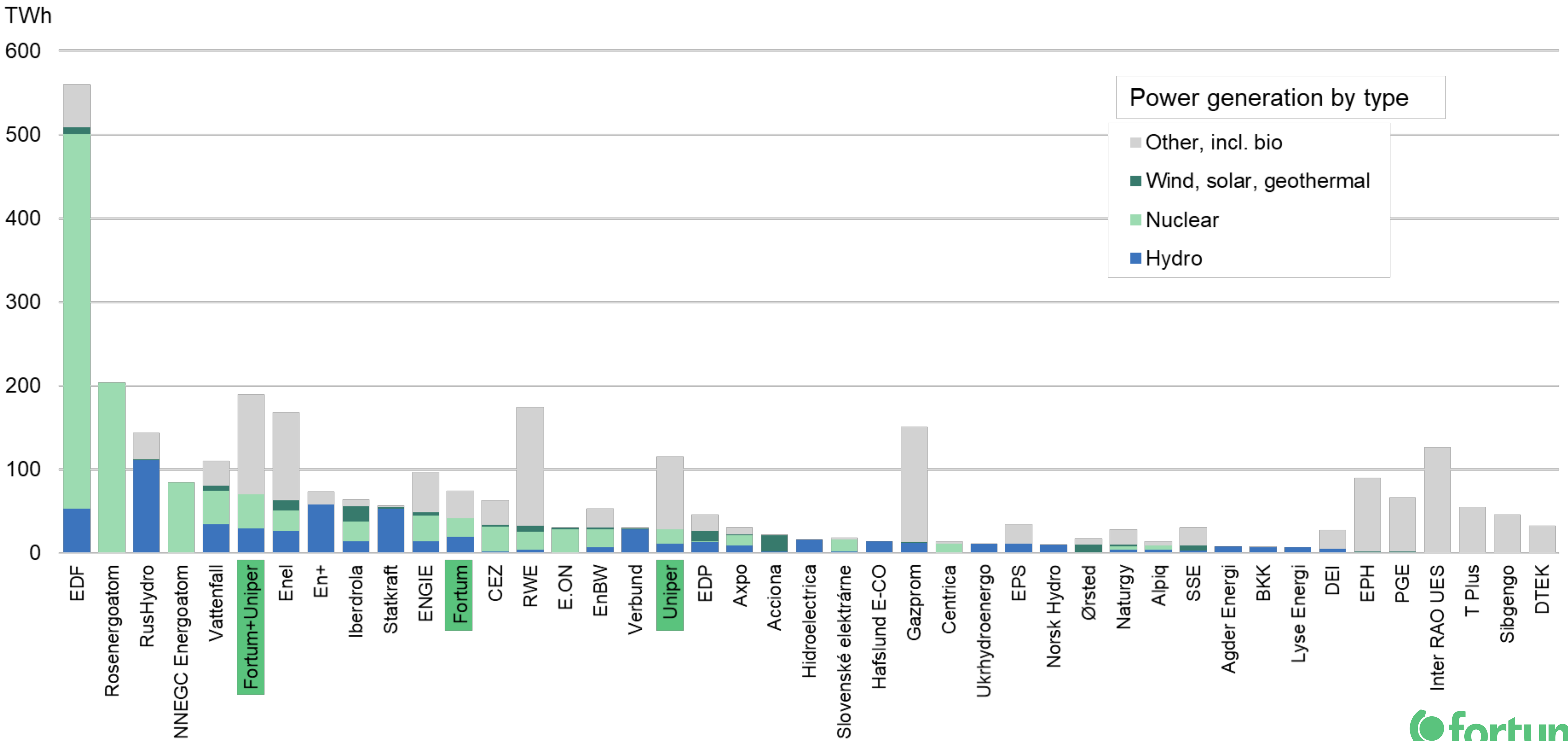
~60%
Increase in Fortum's CO_2-free power generation

3rd largest
CO_2-free generator in Europe

2nd largest
nuclear generator in Europe

66%
of our electricity production in Europe was CO_2-free in 2019

Consolidated Fortum is the third largest CO_2-free generator in Europe



Source: Company information, Fortum analyses, 2018 figures pro forma.
EPH incl. LEAG

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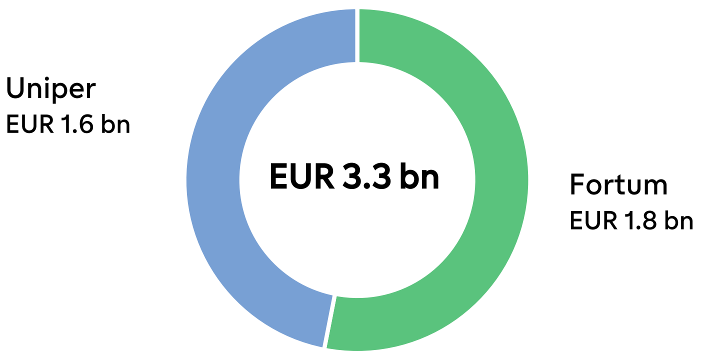
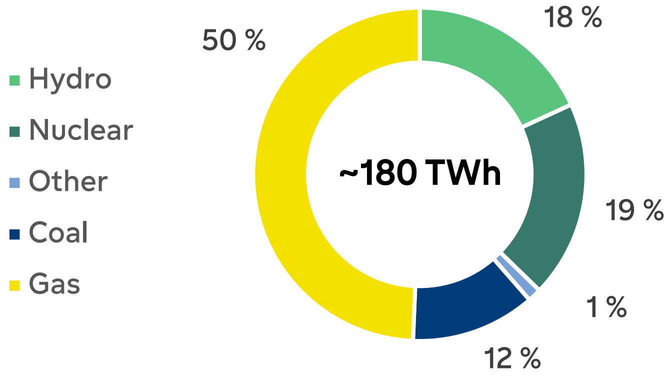
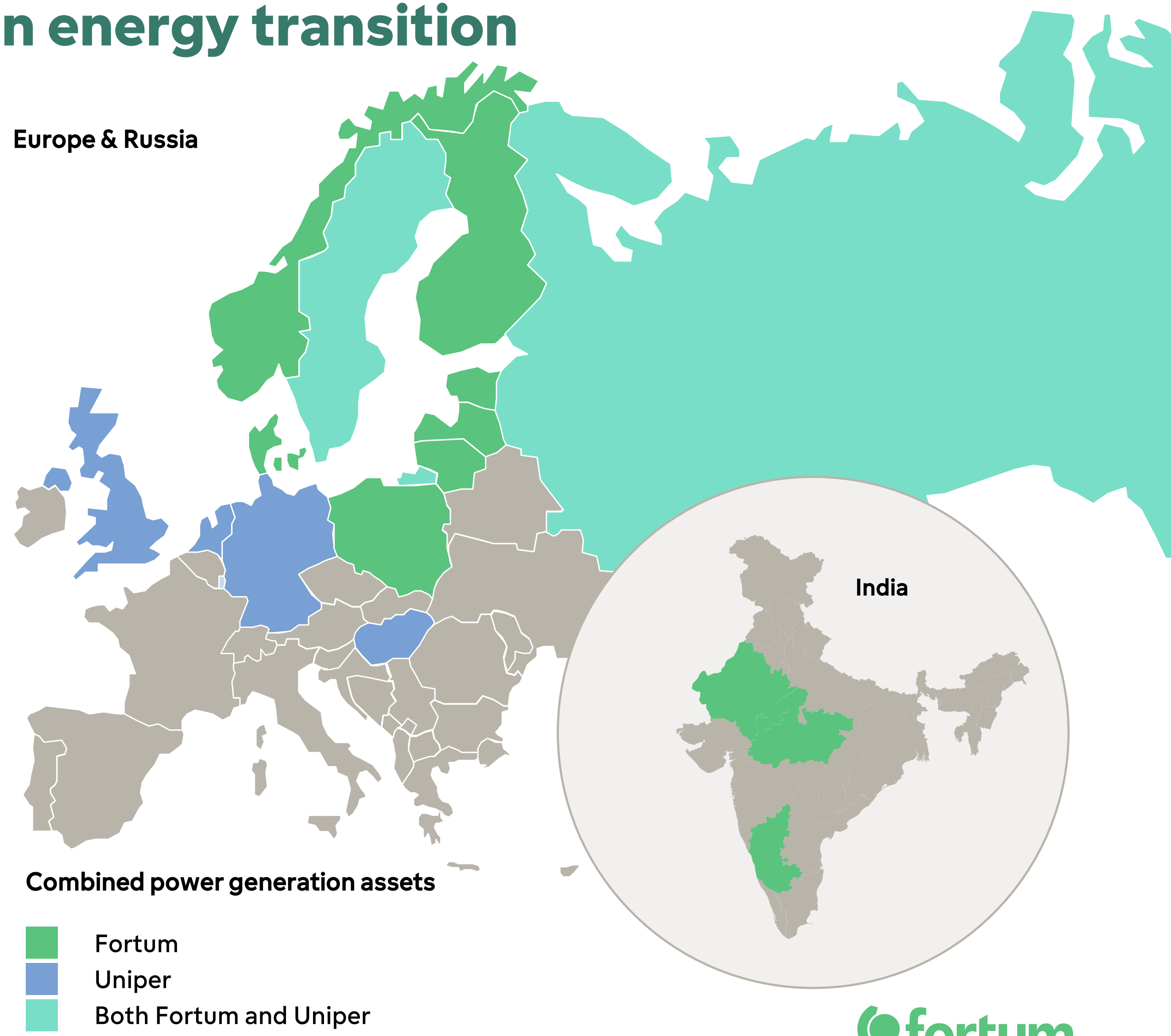
Fortum to grow and lead European energy transition

2019 combined comparable EBITDA[1,2]



Combined power generation (2019)[2]





1) Comparable EBITDA is based on the Fortum's Comparable EBITDA and Uniper's Adjusted EBITDA as defined in Fortum's and Uniper's financial statements. No impacts from the assumed transaction has been included.
2) Based on 2019 reported generation volumes (accounting view in Uniper). Not consolidated in 2019.

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Fortum is well positioned for the energy transition

Third largest CO_2-free power generator in Europe with growing portfolio of wind and solar

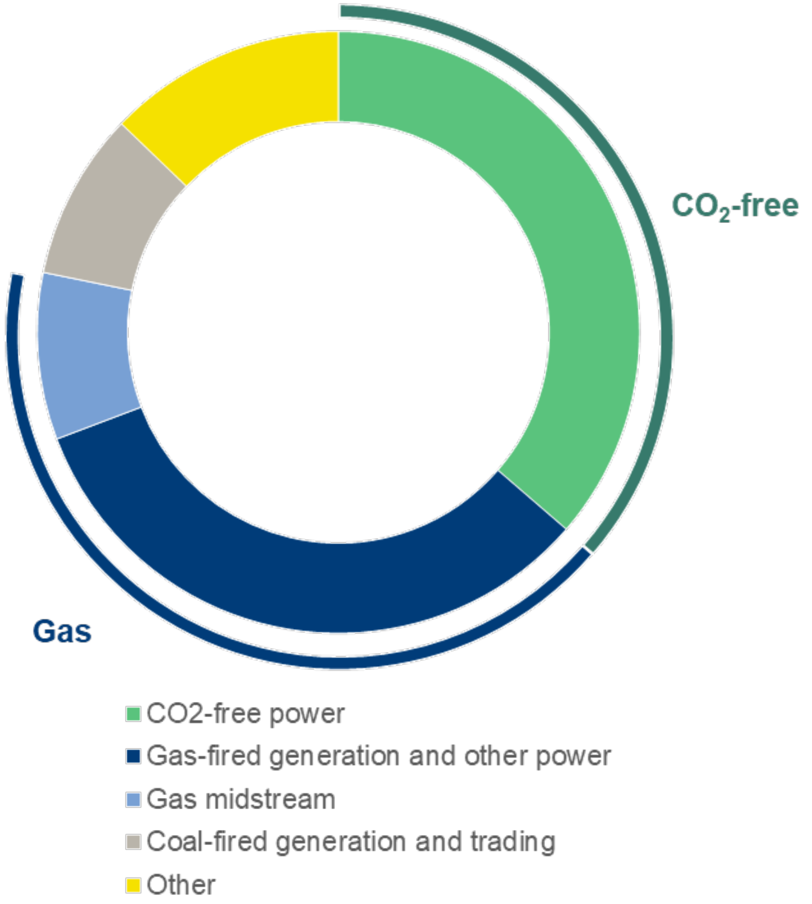
Significant provider of flexible hydro and gas-fired power generation

Major provider and trader of gas for Europe's energy and industrial customers

Versatile portfolio of decarbonisation and environmental solutions

Phase out or exit announced of ~8 GW coal-fired generation by 2030

Indicative EBITDA split



Source: Fortum and Uniper financial reporting

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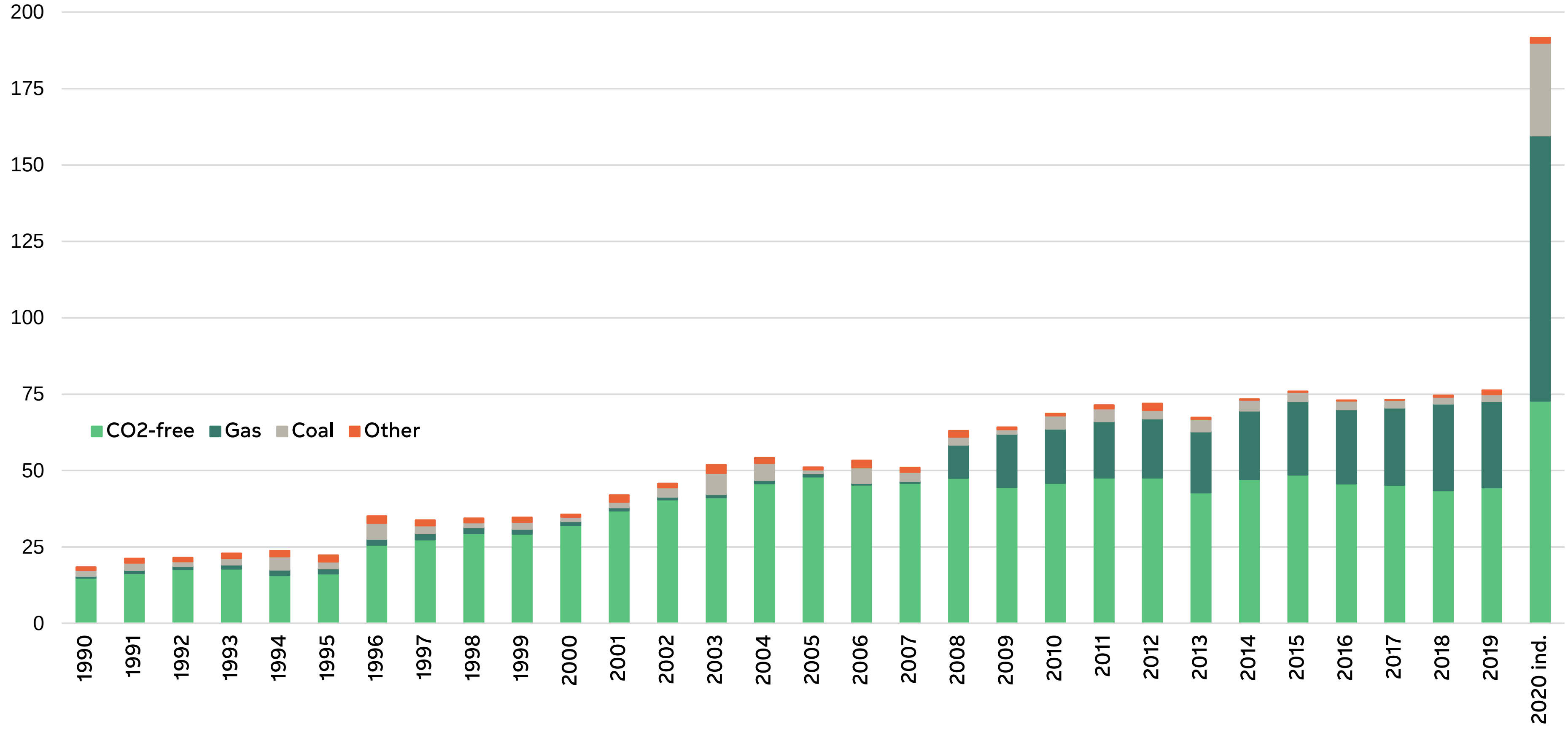
Fortum's CO_2-free power generation increases by ~60% as Uniper is consolidated as a subsidiary

Fortum's power generation, TWh



Fortum and Uniper consolidated*:

- CO_2-free generation +60%
- Gas-fired power generation triples
- Share of coal-fired generation ~12%
- Share of coal of sales revenue ~1%

* based on 2019 reported figures

INDICATIVE GENERATION FOR 2020, NOT OFFICIAL GUIDANCE.

Note: Fortum actuals 1990-2019 excluding associated company Stockholm Exergi. 2020 indicative figures adjusted for Nordic wind and Joensuu CHP assets sold in 2020. Uniper's disclosed 2018 numbers used for indicative consolidation 2020 with the following corrections/assumptions: normal hydrological year, accounting view adjusted to pro forma, French coal assets sold, Datteln 4 approximately 2.2 TWh in 2020, no net increase in generation from Beresovskaya 3, coal-to-gas switch 2 TWh, Ringhals 2 closed on 31 Dec 2019.

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Fortum is a forerunner in sustainability

Fortum is listed in several sustainability indices and ratings:

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.

Increasing CO_2-free power generation

Annual CO_2-free power generation will increase appr. 60% from ~45 TWh to ~70 TWh when consolidating Uniper

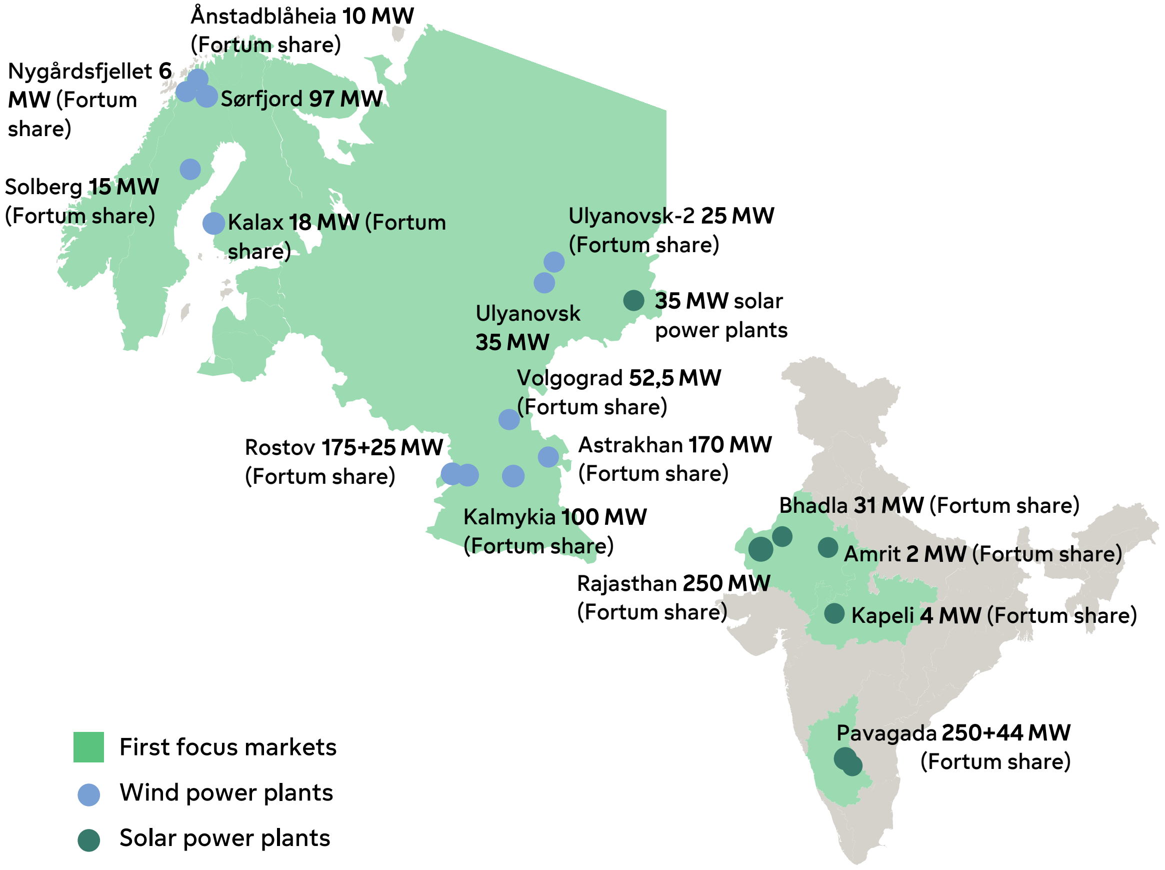
Among the lowest specific emissions

96% of power generation in the EU and 59% of total power generation was CO_2-free in 2019. Fortum's specific emissions from power generation in Europe were 27 gCO_2/kWh in 2019, total 183 gCO_2/kWh.

Growing in solar and wind

Targeting a multi-gigawatt wind and solar portfolio, which is subject to the capital recycling business model

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



PORTFOLIO	STATUS	CAPACITY, MW	FORTUM SHARE, MW	SUPPLY STARTS/STARTED
FINLAND		**90**	**18**	
• Kalax	Under construction	90	18 (20%)	Q1 2021
NORWAY		**179**	**113**	
• Nygårdsfjellet	Operational	32	6 (20%)	2006 and 2011
• Ånstadblåheia	Operational	50	10 (20%)	2018
• Sørfjord	Under construction	97	97	Q4 2019-Q3 2020
SWEDEN		**76**	**15**	
• Solberg	Operational	76	15 (20%)	2018
RUSSIA		**2,009**	**1,098**	
• Bugulchansk	Operational	15	15	2016-2017
• Pleshanovsk	Operational	10	10	2017
• Grachevsk	Operational	10	10	2017
	Under development	110+6	110+6	2021-2022
• Ulyanovsk	Operational	35	35	2018
• Ulyanovsk 2	Operational	50	25 (50%)	1.1.2019
• Rostov	Operational/Under construction	350+50	175+25 (50%)	Q1 2020-Q4 2021
• Kalmykia	Operational	200	100 (50%)	1.12.2020
• Astrakhan	Under construction	340	170 (50%)	Q4 2021
• Volgograd	Under construction	88+17	44+8,5(50%)	Q4 2021- Q4 2022
• Rusnano JV	Under development	728	364 (50%)	2021-2023
INDIA		**685**	**581**	
• Amrit	Operational	5	2 (44%)	2012
• Kapeli	Operational	10	4 (44%)	2014
• Bhadla	Operational	70	31 (44%)	2017
• Pavagada	Operational	100	44 (44%)	2017
• Pavagada 2	Operational	250	250	Q3 2019
• Rajasthan	Under construction	250	250	Q4 2020
TOTAL		**3,039**	**1,825**	
	Under development	844	480,5	
	Under construction	932	612,5	
	Operational	1,263	732	

*) NOTE: Table numbers not accounting; tells the size of renewables projects. All not consolidated to Fortum capacities. All figures in MW and rounded to nearest megawatt. Additionally, target to invest 200 – 400 million euros in India solar and create partnership for operating assets. Under construction includes investment decisions made.

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Portfolio well positioned for energy transition – overall combined share of coal based activities is moderate

Coal share from generation and from sales (calculated from disclosed numbers assumptions below)

	Fortum 2019	Uniper 2019	Combined
Sales, MEUR	5,447	65,804	71,251[1]
Coal and lignite generation based sales, MEUR	217	810	1,027[1]
Share of coal based sales	4%	1%	1%
Generation (power and heat), TWh	103	104	207
Coal and lignite based, TWh	7	20	27
Share of coal based power generation	7%	19%	13%

Note: Fortum sales data includes also heat production, Uniper sales data only power generation. For Fortum avg. coal based power sales price assumption 38 €/MWh and for heat 28 €/MWh; for Uniper avg. coal based sales price assumption 41 €/MWh.
1. Combined sales is presented for illustrative purposes only and do not include possible impacts from aligning differences in accounting principles, effects from co-owned power companies or eliminations of sales between the Groups.
Source: Fortum Sustainability report 2019, page 17 and Fortum Financials 2019, page 3 and Fortum Q4 2019 additional quarterly tables. Uniper Annual Report 2019, pages 2, 110 and 132

Own transformation – coal exit to reach carbon neutrality by 2035 in European generation

Transform own operations to carbon neutral

Strengthen and grow in CO_2-free power generation

Leverage strong position in gas to enable the energy transition

Partner with industrial and infrastructure customers

Carbon neutral in our European generation by 2035 at the latest

- Current trajectory to reduce CO_2 emissions in our European generation by at least 50%*) by 2030
- Exit ~6 GW of coal capacity by end of 2025
- Aim to decarbonise gas-fired power generation and transit to clean gas over time

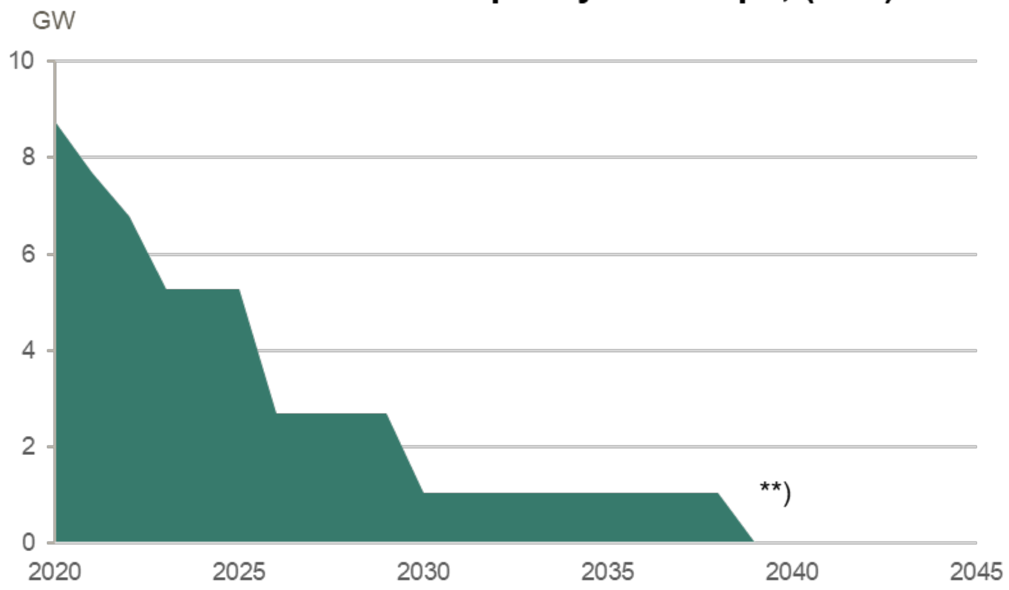
Carbon neutral as a group by 2050 at the latest in line with the Paris Agreement

- Reduction of the Group's coal-fired generation capacity by >50% to ~5 GW by the end of 2025
- Over time transform the Russian business portfolio by reducing the fossil exposure

European generation CO_2 net emissions:

2019	2030	2035
100%	-50%	Carbon neutral

Coal-fired capacity in Europe, (GW)



*) Base year 2019
**) Datteln4 decommissioning as defined in the German coal-exit law

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Fortum key profitability drivers

Key market drivers:

Power market

- EU coal/nuclear capacity closures
- Growing share of renewables
- Importance of gas-fired generation
- Commodity prices
- Increasing interconnections between Nordics, Continental Europe, and the UK
- Weather conditions
- Increased demand from decarbonisation and electrification

Gas market

- Decreasing gas production in Europe
- More volatile gas demand
- Gas storage value
- Weather conditions

Fortum profitability drivers:

European power generation

- CO2-free generation: prices and volumes, hedging, PPAs
- Gas-fired generation: capturing the merchant upside
- Coal exit path, value from sites

Gas midstream business

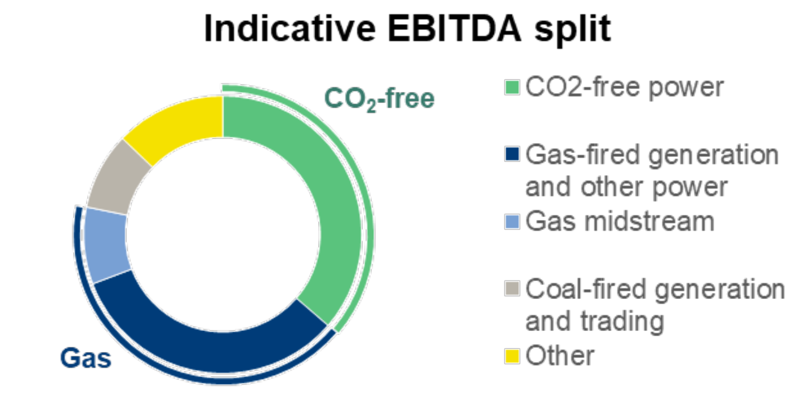
- Long-term contracts and sales
- Gas storage, spread, and volatility
- Optimisation business, price volatility

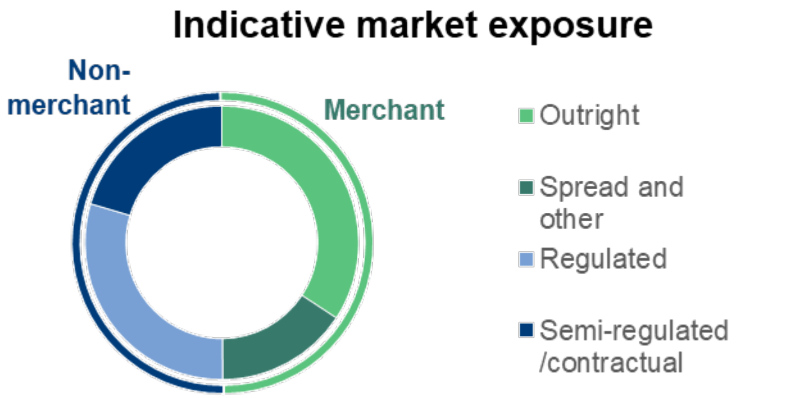
Russia power generation

- Thermal CSAs gradually shifting to CCS scheme, selective modernisation projects
- Renewables capacity with higher CSAs
- Berezovskaya 3 (CSA)

Growth based on strategy

Fortum Group's indicative EBITDA by business and market exposure





Source: Fortum & Uniper financial reporting
PPA= Power Purchase Agreement
CSA= Capacity Supply Agreements
CCS= Competitive Capacity Selection (=KOM)

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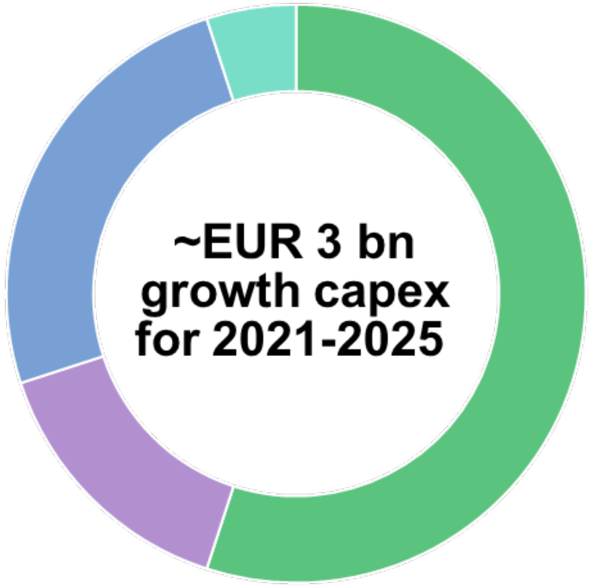
Indicative capital expenditure for growth investments in 2021-2025 – renewables and clean gas



1. **Renewables**
   On-shore wind and solar
2. **Hydrogen and clean gas**
   Industrial decarbonisation solutions
3. **Environmental and security of supply solutions**
   Waste-to-Energy, recycling, industrial and TSO services
4. **Other**
   Venturing, innovation, digitalisation

Capital expenditure will depend on market conditions, asset rotation, and balance sheet strength

Strong commitment to maintain rating of at least BBB

Ambition is to preserve financial flexibility and good access to capital markets.

Fortum will carefully manage its balance sheet going forward focusing on

- Profitability
- Cash flow optimisation
- Capital expenditure prioritisation
- Portfolio optimisation

Long term leverage target:

Financial net debt/comparable EBITDA

<2x

RATING AGENCY	CREDIT RATING	VALID SINCE
Standard & Poor's	BBB/Outlook Negative	19 March 2020
Fitch Ratings	BBB/Outlook Negative	7 April 2020

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Return targets for new investments

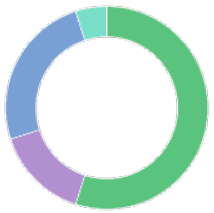
Return targets for new investments:

WACC+ hurdle rate:
+100 bps for green investments
+200 bps for other investments

The requirement might be higher depending on, e.g., business model and technology and will be evaluated case-by-case.

Group 2021 capital expenditure, including maintenance and excluding acquisitions, is estimated to be EUR 1.4 billion

- Maintenance of EUR 700 million
- Growth of EUR 700 million



~EUR 3 bn growth capex for 2021-2025

Capital expenditure will depend on market conditions, asset rotation, and balance sheet strength

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Fortum and Uniper cooperation estimated to deliver significant financial benefits

Cooperation benefits focus on monetary, safety, and environmental actions

- Positive cash impact on a consolidated group basis is estimated to be ~EUR 100 million annually
- > EUR 50 million of these annual benefits gradually materialising by the end of 2023 and reaching full annual impact in 2025
- Approx. 450 people have been involved in various work streams

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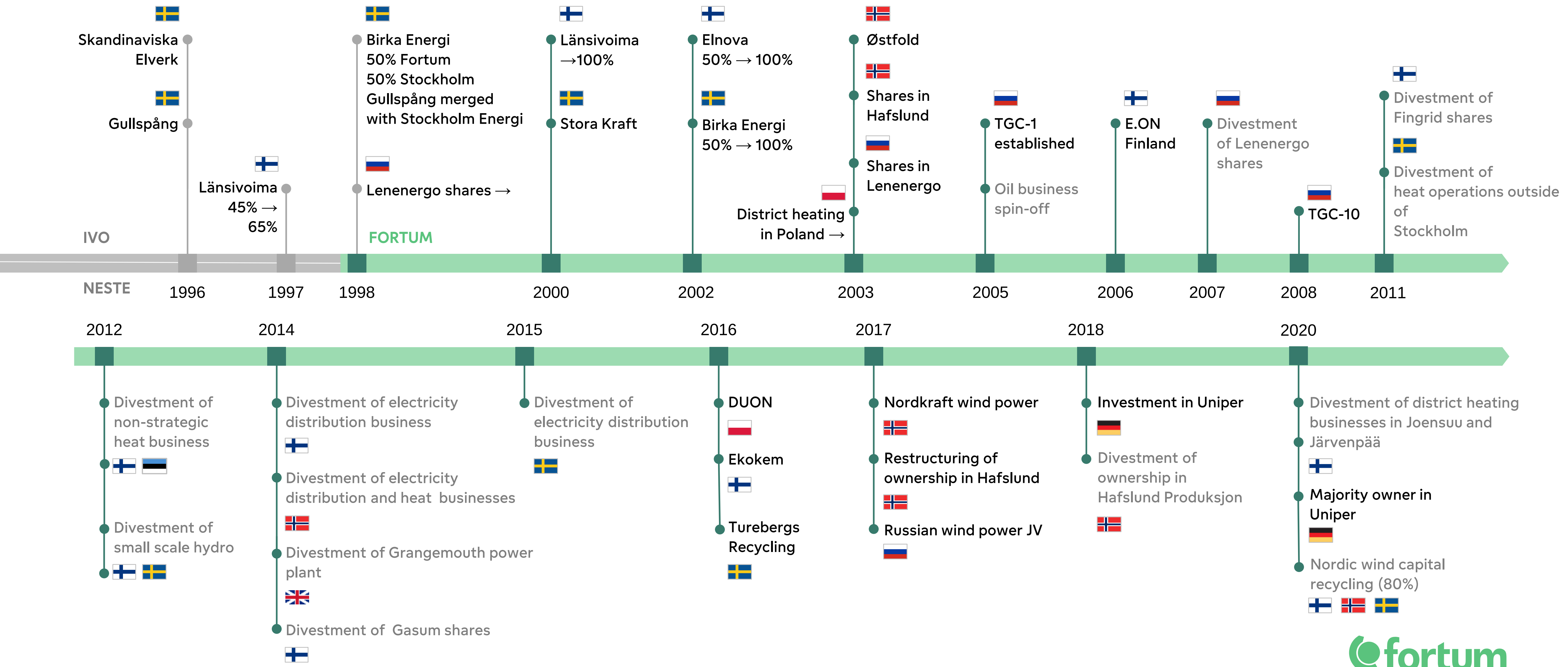
Fortum's evolution and historical strategic route



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Our strategy – Driving the clean energy transition and delivering sustainable financial performance

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Transform own operations to carbon neutral

- Phase out and exit coal
- Transform gas-fired generation towards clean gas

Strengthen and grow in CO_2-free power generation

- Supply significant flexible and reliable CO_2-free power generation
- Grow sizeable portfolio of renewables

Leverage strong position in gas to enable the energy transition

- Provide security of supply and flexibility in the power system
- Secure supply of gas for heat, power, and industrial processes

Partner with industrial and infrastructure customers

- Provide decarbonisation and environmental solutions
- Build on first-mover position in hydrogen

Value creation targets

Carbon neutral as a Group latest by 2050, in line with the Paris Agreement, and in our European generation latest by 2035

Sustainable financial performance through attractive value from investments, portfolio optimisation, and benchmark operations

Strong financial position and over time increasing dividend

Fortum — A leader in clean power and gas

- Transform own operations to carbon neutral
- Strengthen and grow in CO_2-free power generation
- Leverage strong position in gas to enable the energy transition
- Provide decarbonisation and environmental solutions for industrial and infrastructure customers

Core

Assets and businesses that have a role in energy transition and generate good cash-flow

- Hydro
- Nuclear
- Increasingly clean gas-fired generation
- Gas midstream

Grow

Businesses with potential to grow profitably in the energy transition

- Onshore wind
- Solar
- Hydrogen and clean gas
- Industrial and infrastructure solutions

Strategic transformation

Businesses and assets outside strategic scope

- Coal
- District heating business in Poland and Baltics
- 50% stake in Stockholm Exergi
- Consumer Solutions business

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Measuring success for Fortum

Climate and environmental targets:

- Group carbon neutral latest by 2050 (scope 1, 2, 3)
- European generation carbon neutral latest by 2035 (1, 2)
- CO_2 emission reduction of at least 50% by 2030 in European generation (1, 2)
- Scope 3 target for the indirect emissions from fuel sales business (Cat. 11) to be set during 2021
- Biodiversity target: Number of major voluntary measures enhancing biodiversity ≥12 in 2021

Financial targets:

- Financial net debt/comparable EBITDA below 2x
- Hurdle rates for new investments
- Rating of at least BBB
- Stable, sustainable, and over time increasing dividend

Shareholder value creation:

- Portfolio optimisation and delivering on investments
- Realising financial benefits from the cooperation with Uniper

Social targets:

- Safety target: Total recordable incident frequency (TRIF) <1.0 in 2025

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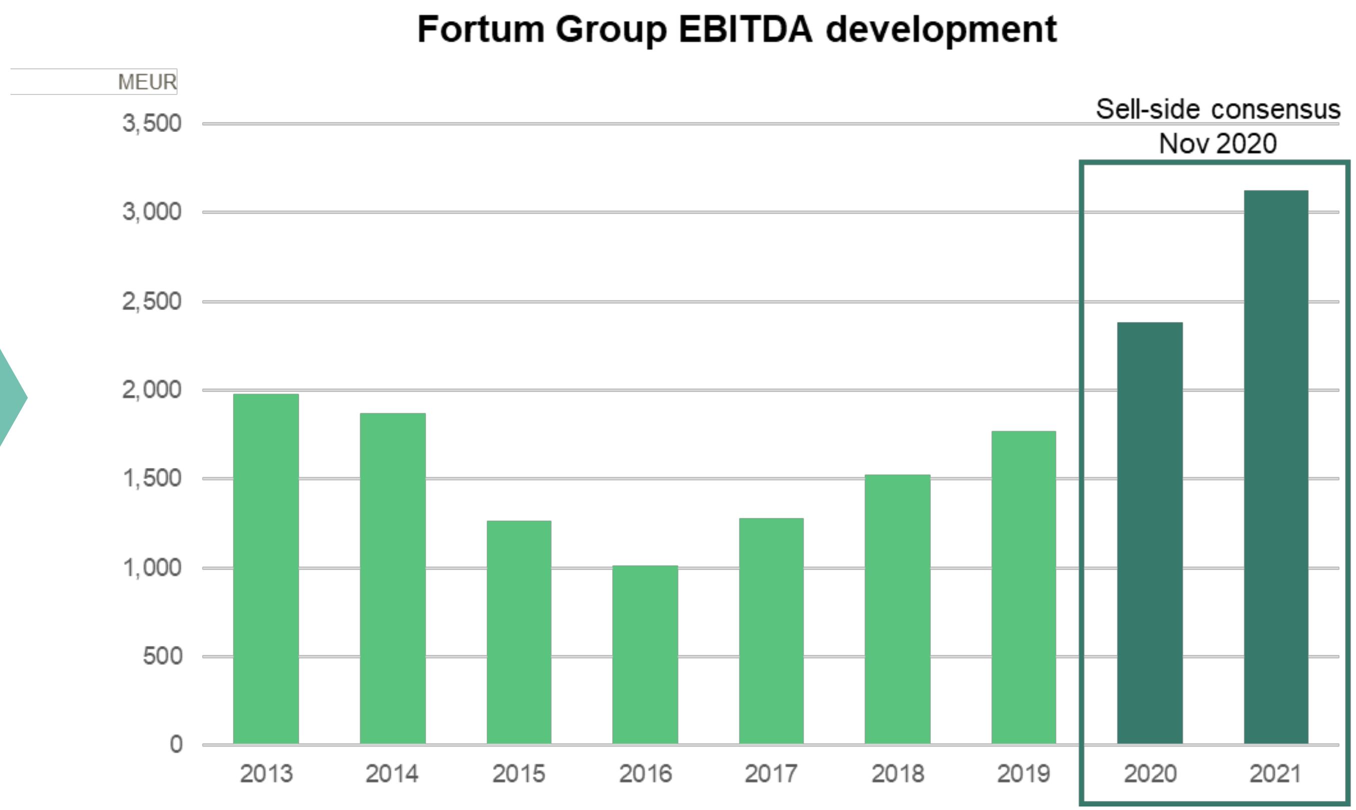
Strategic steps going forward

2014-2020	2021-2022	2023-2025
Major transformation	**Balance sheet focus**	**Growth in clean power and gas**
Active portfolio rotation with focus on assets essential in the energy transition and with good cash flow	Step up in Group EBITDA	Growth in strategic areas
Uniper acquisition	Secure strong balance sheet	Sustainable financial performance with benchmark operations
Focus on aligned strategy	Rating of at least BBB	Cooperation financial benefits
Flat dividend	Details of strategy implementation and first investments	Target to increase dividend
	Target to increase dividend	

Growing EBITDA from transformation and consolidation of Uniper

Growth investments of EUR 11 billion EV/EBITDA multiple of ~7x

Divestments of EUR 12 billion EV/EBITDA multiple of ~17x



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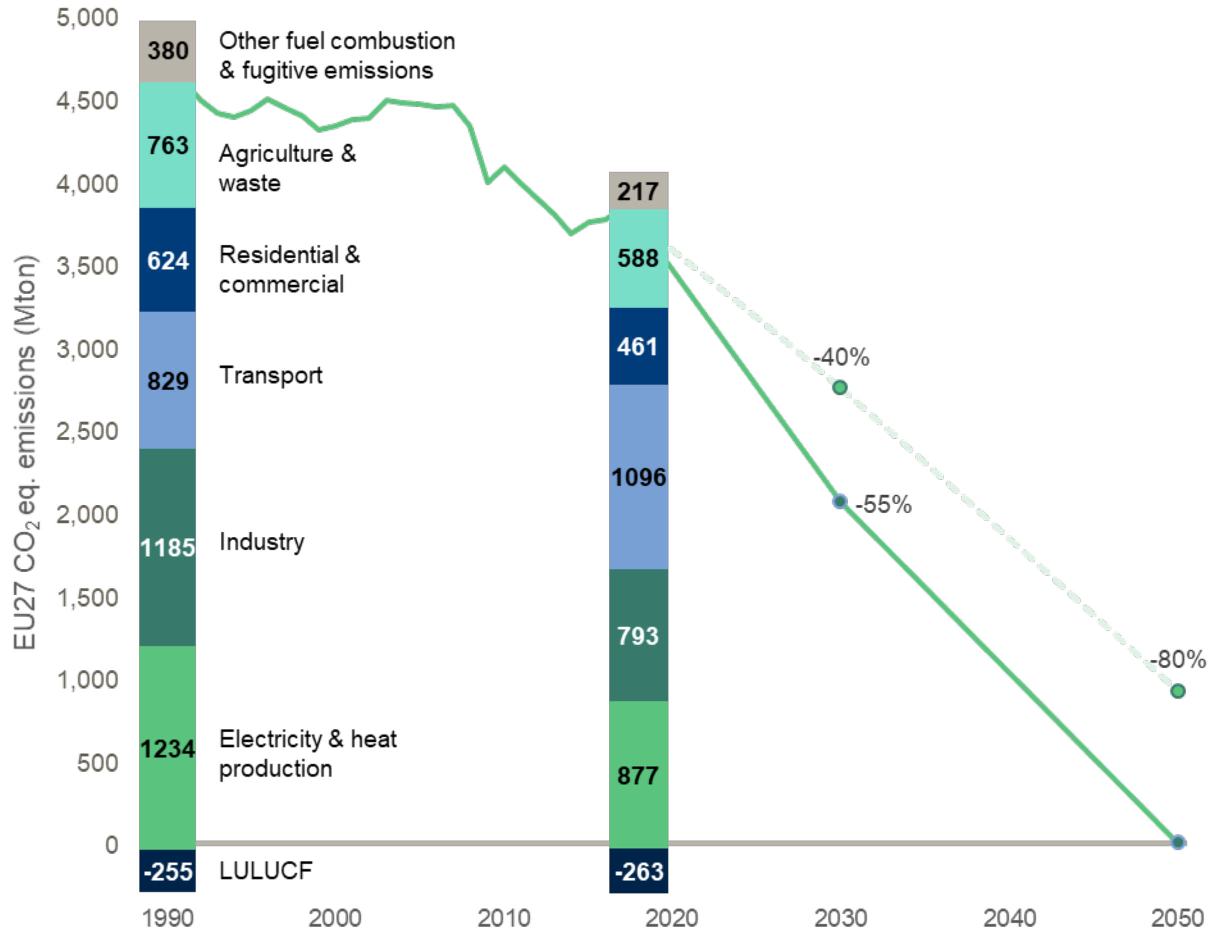
Europe committed to be a forerunner in reducing GHG emissions across all sectors

- EU is tightening both its 2030 and 2050 emissions targets
  - Requires emission reductions in all sectors, especially residential & commercial, transport, and industry
- Sector coupling – clean electricity and gas enable other sectors to decarbonise
  - Emissions from some industrial and heavy transport sectors are difficult to abate by electrification
- Successful energy transition must balance
  - Sustainability
  - Affordability
  - Security of supply



Source: European Environment Agency
LULUCF: Land use, land-use change, and forestry

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Volatility and uncertainty in the European power market increases the value of flexible assets

- Intermittent renewables
- Nuclear and coal closures
- Increasing role of gas
- Supply-demand balance
- Increased interconnection between Nordics and Continent
- Commodity and CO_2 prices
- Weather conditions

Volatility and uncertainty

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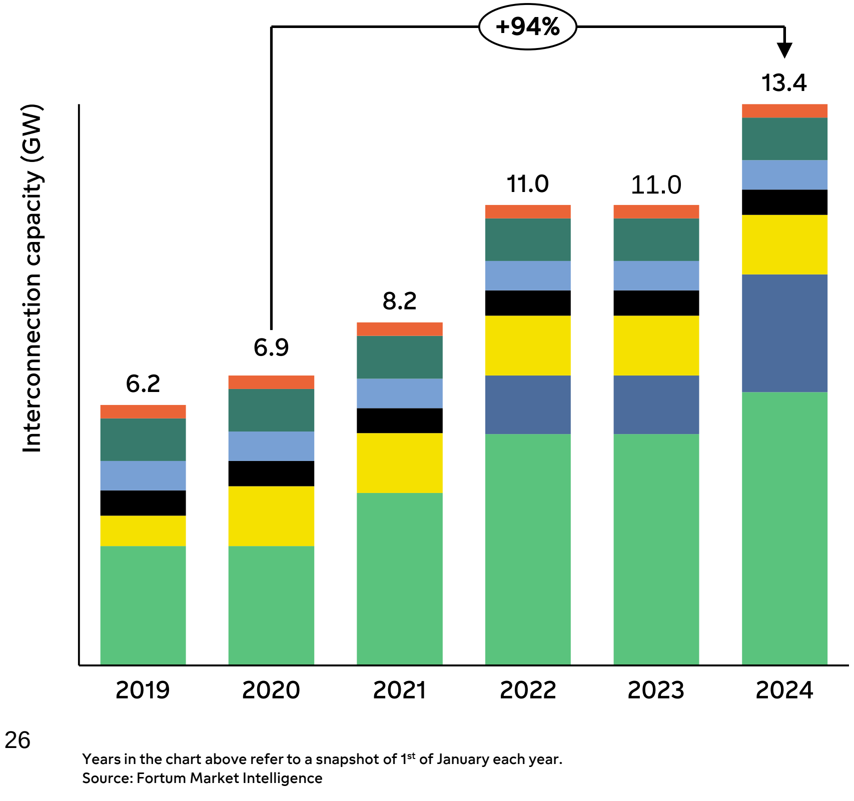
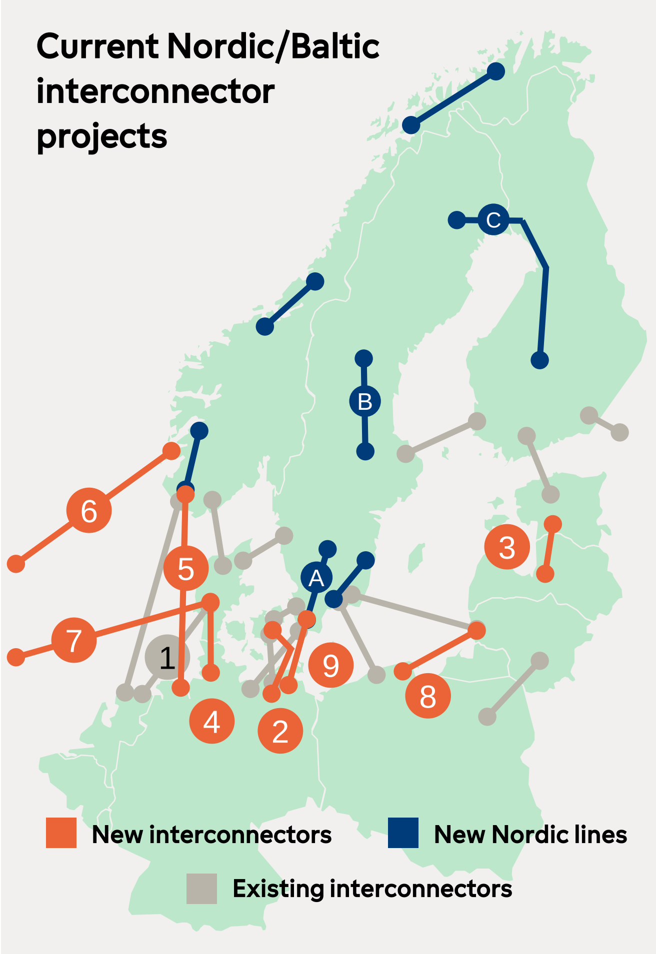
Nordic, Baltic, Continental and UK markets are integrating – Interconnection capacity growing to over 13 GW by end-2023

- **Several interconnectors are currently under construction** or decided to be built
- **New interconnections** will increase the Nordic export capacity from the current 7.8 GW to over 13 GW by end of 2023



Years in the chart above refer to a snapshot of 1st of January each year.
Source: Fortum Market Intelligence



1. 700 MW COBRAcable from DK to NL has been taken into operation in September **2019**
2. New 400 MW Zealand – DE connection via Kriegers Flak offshore wind area due in **December 2020**
3. EU's Connecting Europe Facility co-financing 3rd EE-LV transmission line, due to be ready by **end-2020**
4. DK1-DE capacity has grown to 2500 MW in **July 2020**, with further 1,000 MW increase by **end-2023**
5. 1,400 MW NordLink as first direct NO-DE link is due to start commercial operation in March **2021**
6. Norway - UK 1,400 MW North Sea Link (NSL) is due to be ready by **end-2021**
7. 1,400 MW DK-UK Viking Link has been contracted to be built by **end-2023**
8. 700 MW LT-PL Harmony Link to be built by **2025** as a part of the Baltic synchronisation project
9. 700 MW Hansa PowerBridge DC link between Sweden and Germany by **2026/2027**

- A: 1200 MW SE3-SE4 South West Link ready **3/2021**
- B: 800 MW with first measures on SE2-SE3 by **2024**
- C: 800 MW 3rd 400 kV line SE1-FI ready in **2025**

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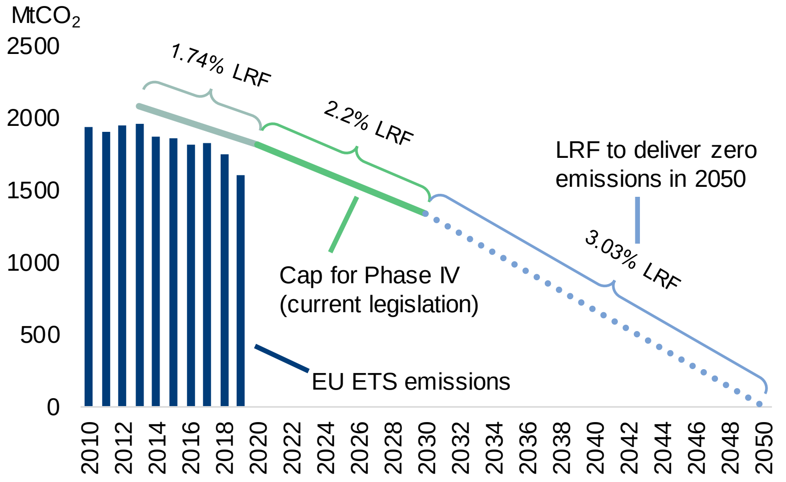
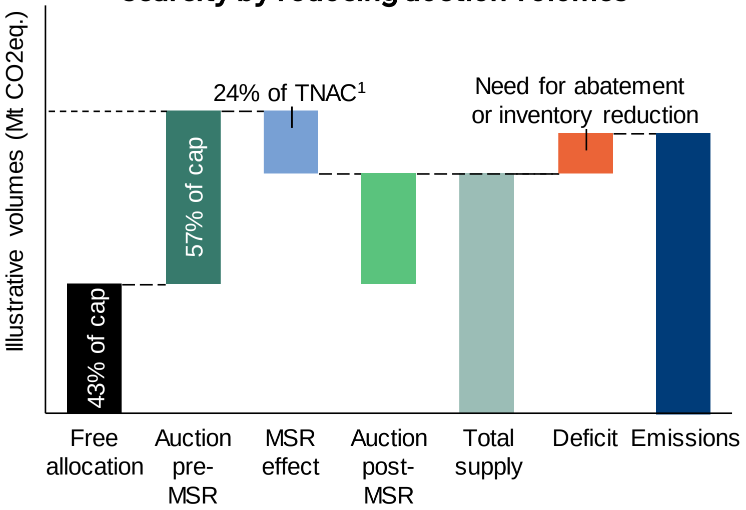
Phase IV of EU ETS starts in 2021 amid expectations for significant revisions due to new EU 2030 emissions target

Linear reduction factor (LRF) tightens the market



- Linear reduction factor (LRF) reduces the annual supply of allowances (cap) every year. It is set at
  - 1.74% for 2013–2020 (= 38 $MtCO_2$/year)
  - **2.2% for 2021–2030** (= 48 $MtCO_2$/year)
- Under current legislation, ETS emissions are set to decrease by 43% by 2030 vs. 2005
- EU Commission has proposed to increase the **2030 total emissions reduction target to at least 55%**, which would **require revisions to the LRF and possibly a one-time cap reduction**
- ETS might also be **expanded to cover new sectors**, such as shipping and transport
- Legislation work is ongoing, and revisions could take effect somewhere around 2024

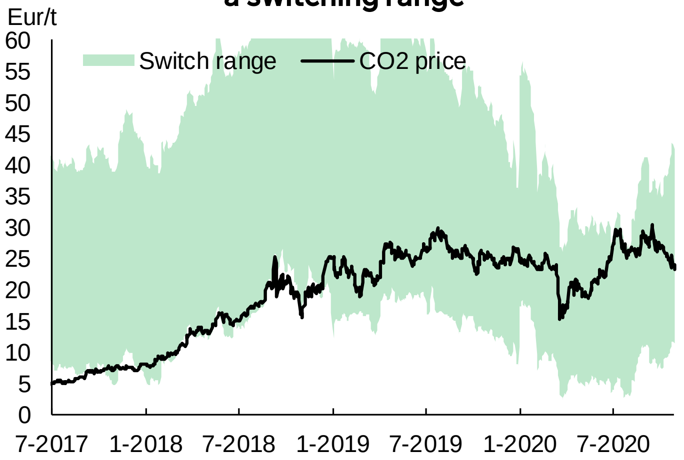
Market stability reserve (MSR) restores scarcity by reducing auction volumes



- MSR deducts yearly auction volumes by 24% of the TNAC[1] if TNAC > 833 Mt, and places the volumes into the reserve
  - From 2024, MSR intake rate is set to decrease from 24% to 12% reducing its effect
- If TNAC < 400 Mt, 100 Mt allowances are released from the reserve
- **In 2019, MSR reduced auction volumes by 397 Mt**
- As from 2023, allowances in MSR exceeding the previous year's auction volumes will be cancelled
- **An MSR review is scheduled for 2021,** leaving open the possibility to continue with 24% intake rate after 2024 and/or tighten the TNAC thresholds

[1] TNAC = total number of allowances in circulation = cumulative supply – (cumulative demand + allowances in the MSR). According to the latest publication May 8, 2020 the TNAC corresponds to 1385 million allowances.

Abatement from coal-to-gas switching depends on coal and gas prices, together represented by a switching range



- CO_2 price is now 3–4 times higher than in Nov- 2017, when the final EU ETS rules were decided, including the intake rate of the MSR
- Market tightness forces the market to find ways to reduce emissions, including by coal-to-gas switching. Thus, the relative coal/gas price forms an important price anchor for CO_2
- In addition to ETS revision, other political developments, like Brexit and national coal phase-out policies, continue to play a role in CO_2 prices

Efficiency assumptions in switching range; at low-end: gas 52% and coal 34%; at high-end: gas 45% and coal 42%. O&M cost assumptions apply.

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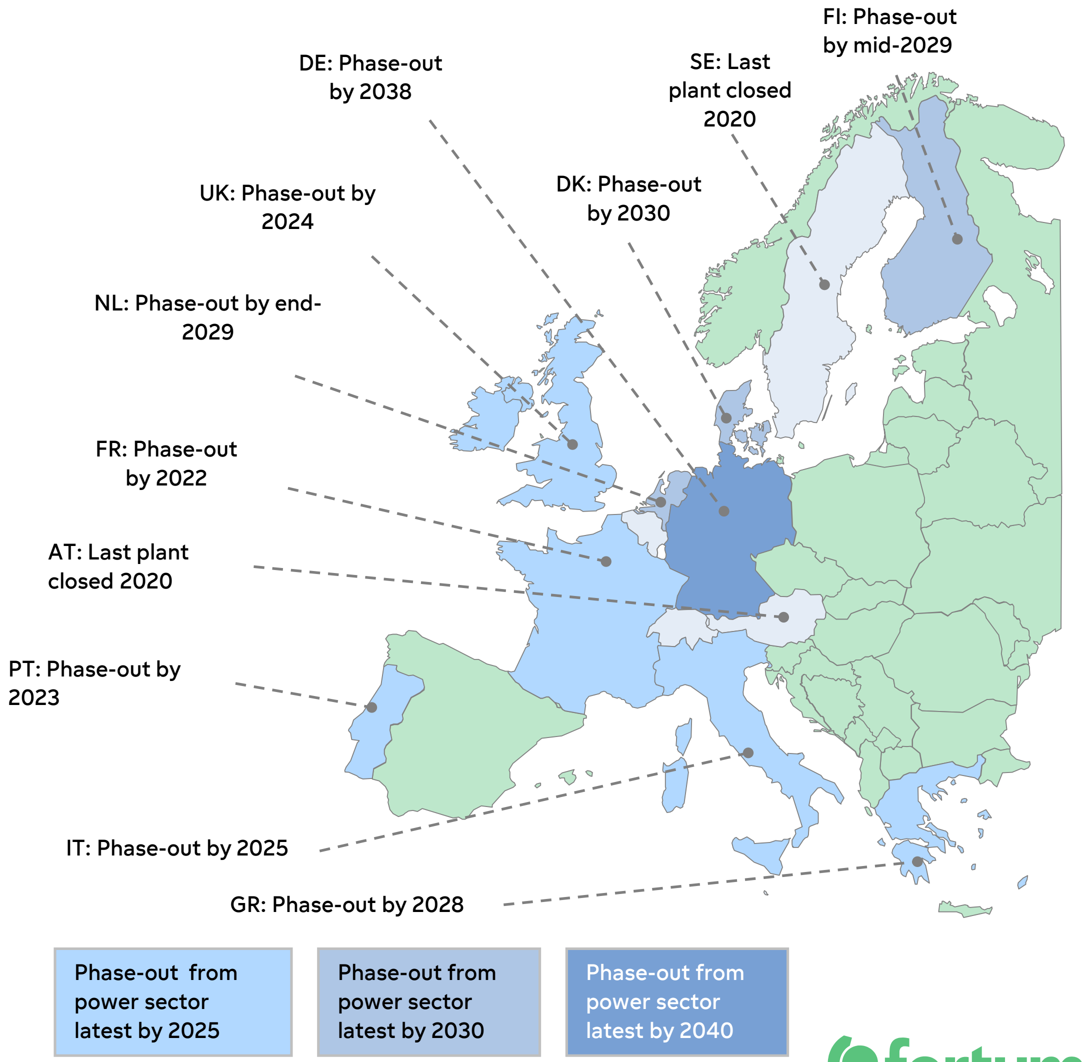
Western European countries exiting coal during this decade

- Sweden and Austria closed their last coal plants during 2020
- France is committed to phase out coal by 2022
- Portugal has 2023 as national exit goal, but operators aim for full closure already in 2021
- UK targets full exit in 2024 by restricting coal plants' access to market
- Italy and Ireland have both announced phase-out by 2025
- Greece has stated 2028 as year for full phase-out
- Netherlands and Finland have 2029 as regulated phase-out year, Denmark is committed to 2030
- Germany to phase out coal by end-2038 latest, possibly already 2035
- Significant coal countries without explicit exit date include e.g. Spain, Czechia and Poland
  - In Spain, significant number of coal plants have recently already closed, and operators are underway to close down even the rest by mid-2020s
  - In Czechia, a multi-stakeholder commission to propose timing for phase-out during 2020
  - Poland expects share of coal in the power mix to decline and targets lower-carbon generation in newbuilds, but no timeline for phase-out of coal exists



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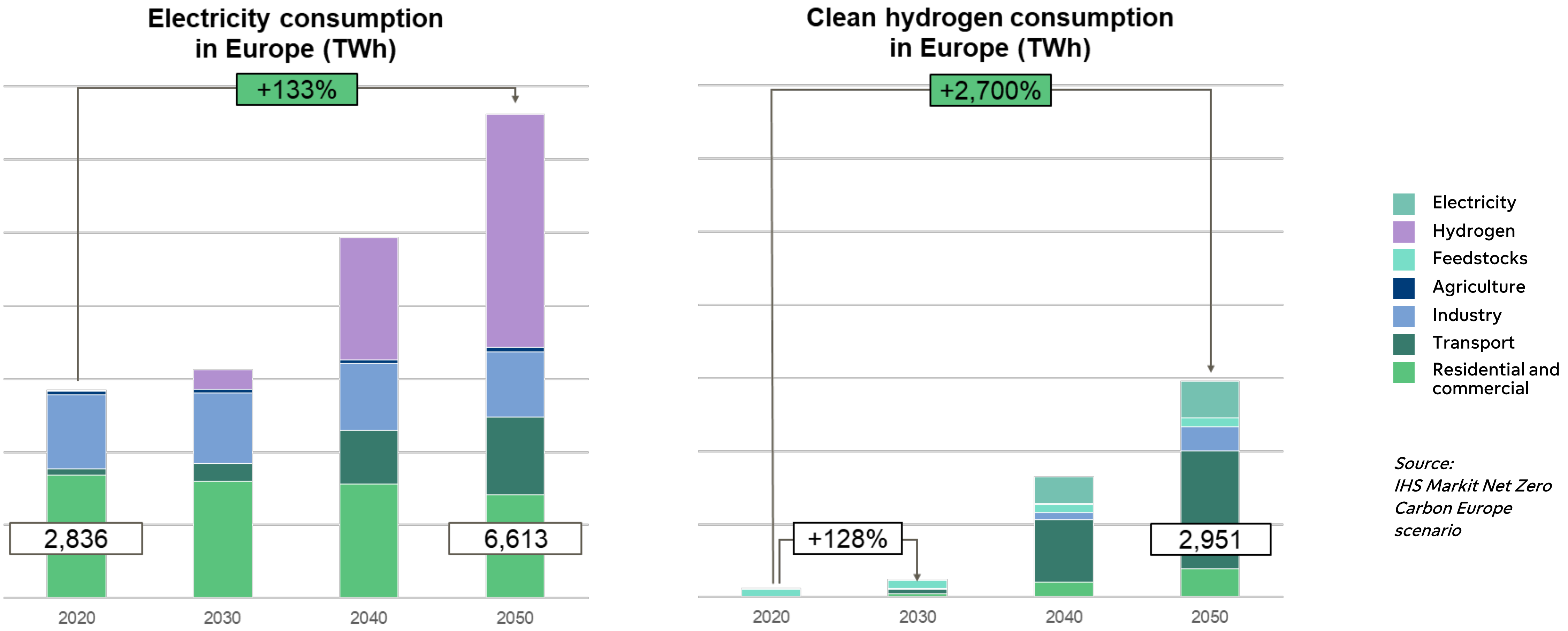
Energy transition will increase demand for electricity and hydrogen



Source:
IHS Markit Net Zero Carbon Europe scenario

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Interim Report January-September 2020

Fortum Corporation

17 November 2020

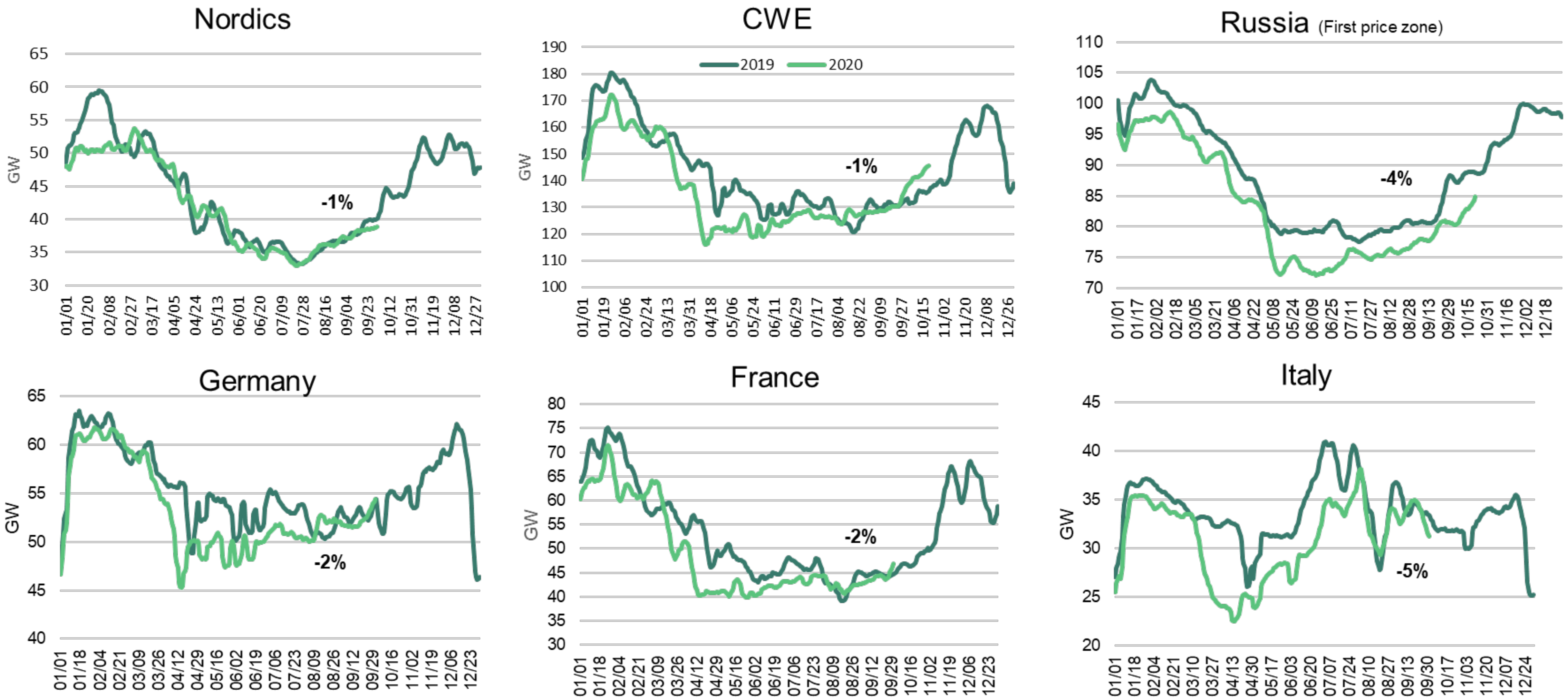
Seasonally weak Uniper quarter burdened Fortum's results – Generation segment stable on good hedges

- Stable power and heat consumption in the Nordics
  - Nordic spot price down 74%
  - Generation segment achieved power price up 4%
  - Wet hydrology continued in Q3
- Comparable EBITDA at EUR 132 (295) million
- Comparable operating profit at EUR -176 (153) million
  - Uniper segment CompOp EUR -307 million
- Fortum's share of profits from associates of EUR 23 (106) million
- EPS at EUR 0.23 (0.20)
  - Items affecting comparability EUR 0.33 (-0.02) mainly related to the divestment Järvenpää district heating

- Last twelve months:
  - Net profit of EUR 1,828 million, EPS at EUR 2.03

Power demand has recovered close to 2019 level in most areas

Change in percentages from Q3 2019 to Q3 2020 (%)



Source: ENTSO-E and ATS (Russia) hourly reported power demand, 7 day moving avg
CWE = Central Western Europe (Germany, France, Netherlands, Belgium, Austria, Switzerland)
Percentage change in Q3 2020 compared to Q3 2019

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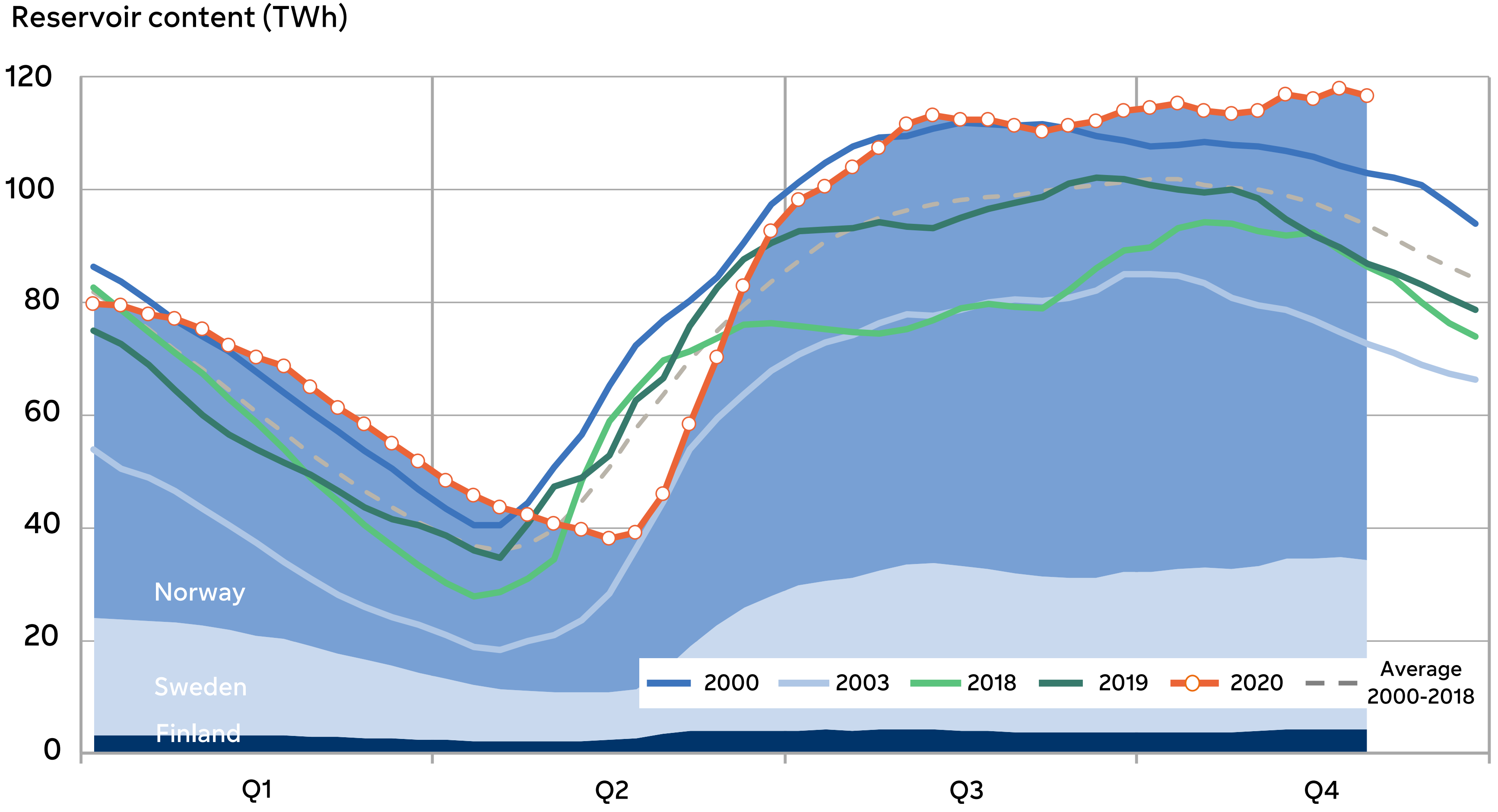
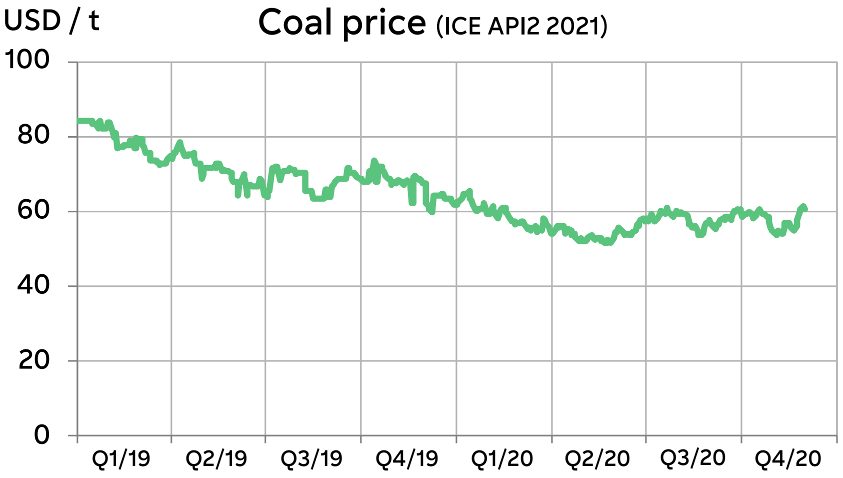
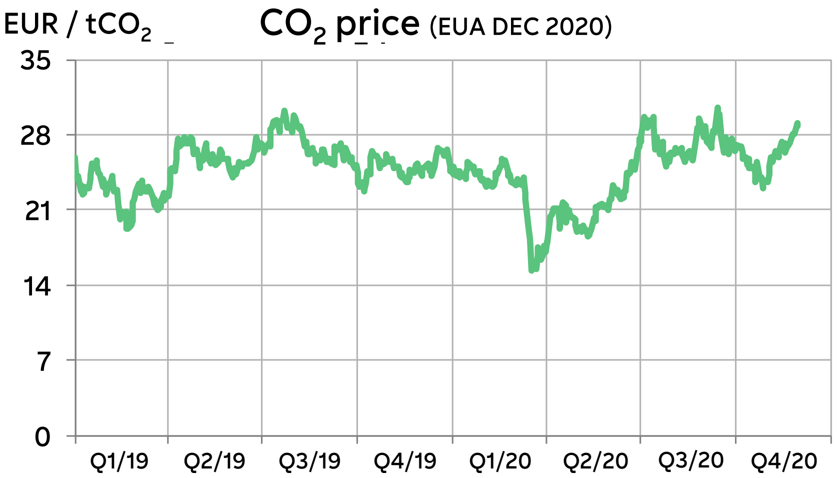
Nordic water reservoirs

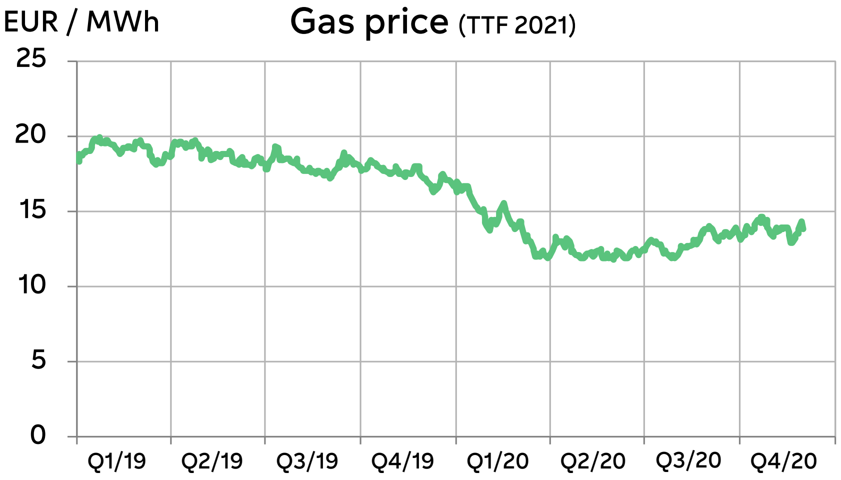


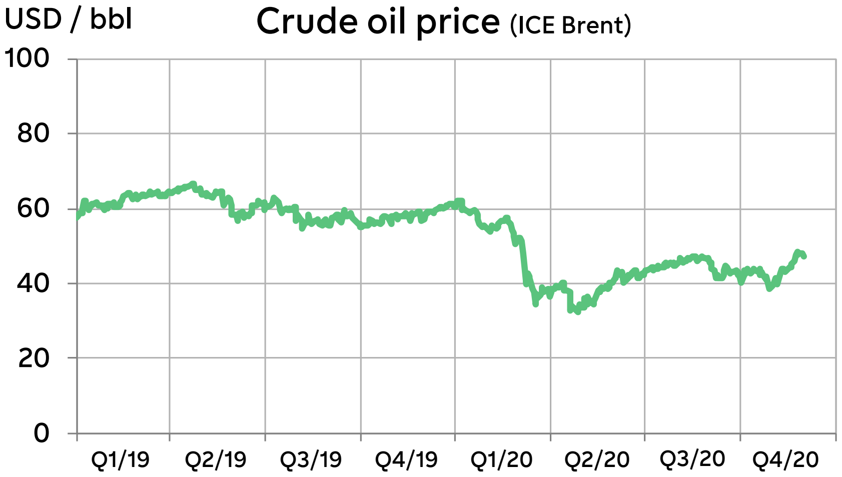
Source: Nord Pool, 2020 by country

Fuel and CO_2 allowance prices









Source: Bloomberg

1 December 2020

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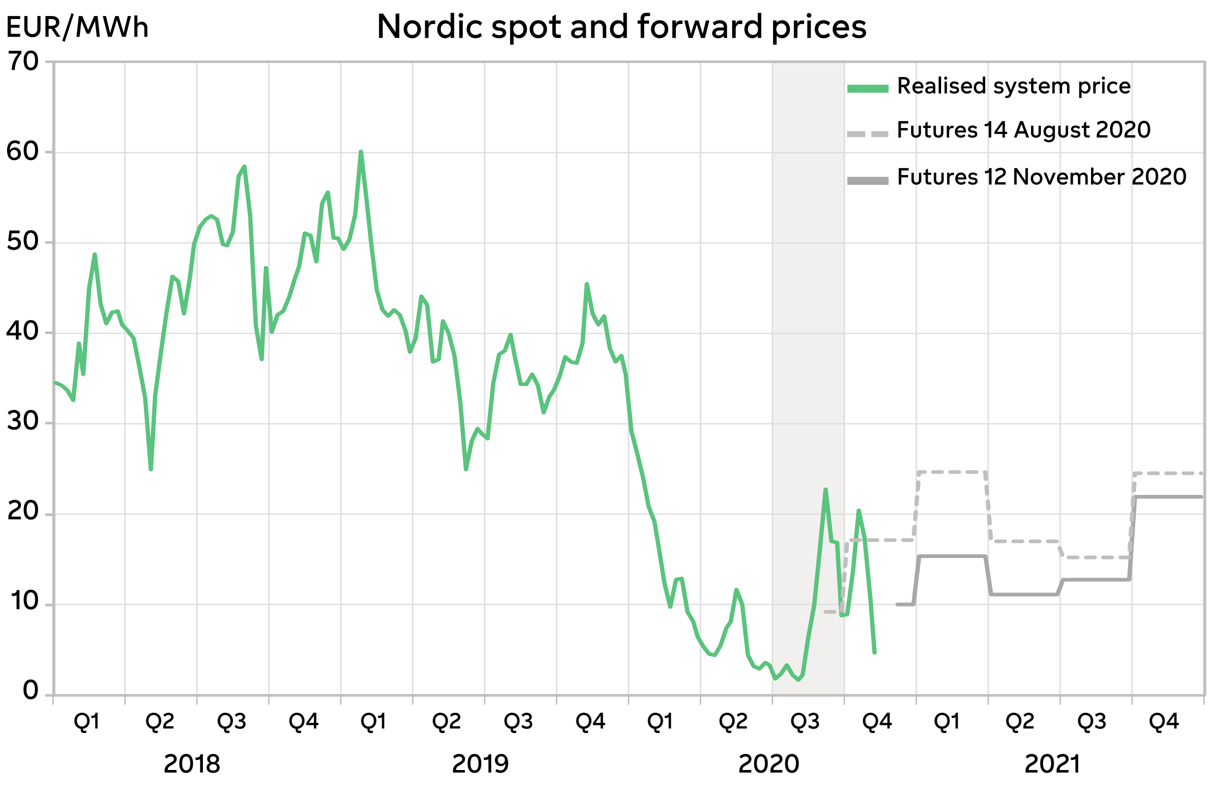
High water reservoirs kept the Nordic system price low during Q3



Source: Nord Pool, Nasdaq Commodities

- During Q3, the average Nord Pool system spot price was exceptionally low at 8.9 EUR/MWh (34.7)
- Sharp decline during Q1 and Q2 2020 was caused by an exceptionally rainy and mild winter. The development was further amplified by low spot prices in Continental Europe, driven especially by declining gas prices.
- High water reservoirs have kept the Nordic system price low during Q3.

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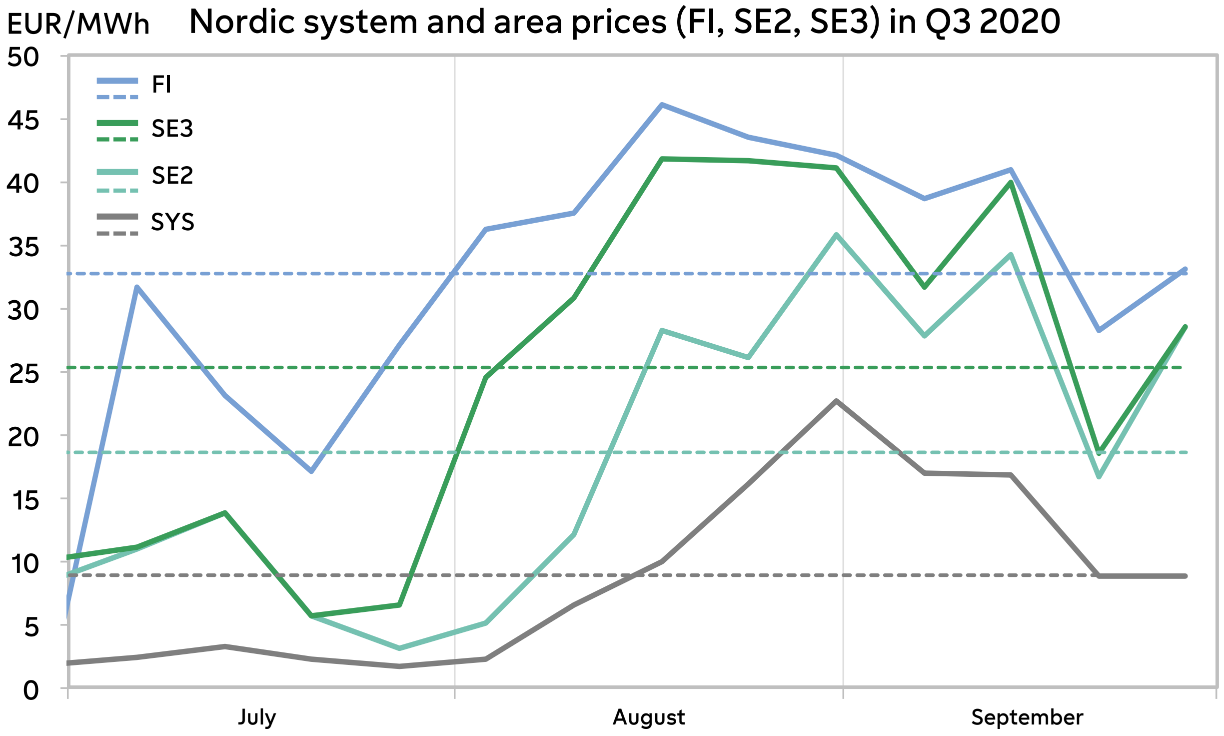
Nordic system and area prices highly decoupled in Q3 2020



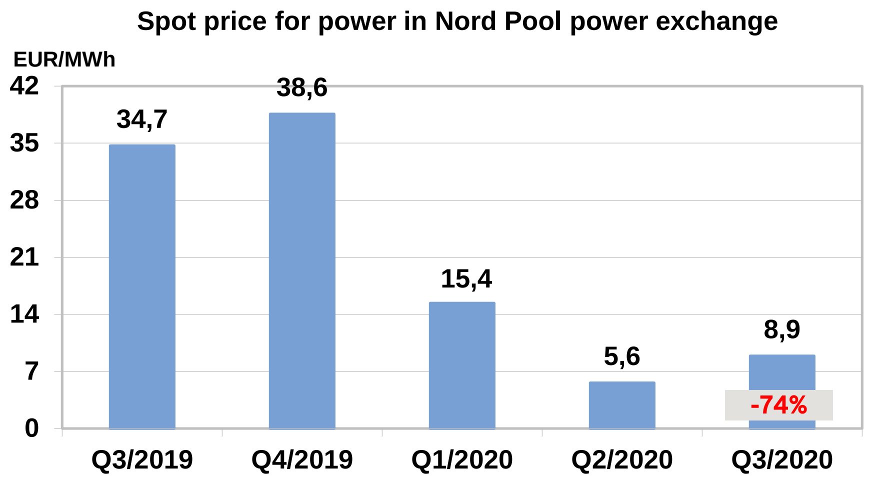
High hydrology kept the system price depressed, in FI and SE3 low nuclear production and transmission capacity limitations with Southern Norway as well as higher Continental European prices supported prices.

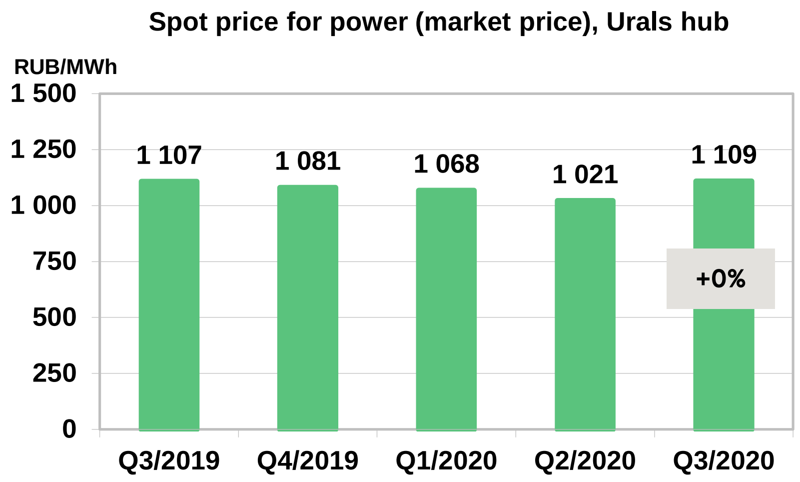
Area spot prices in Q3 2020:

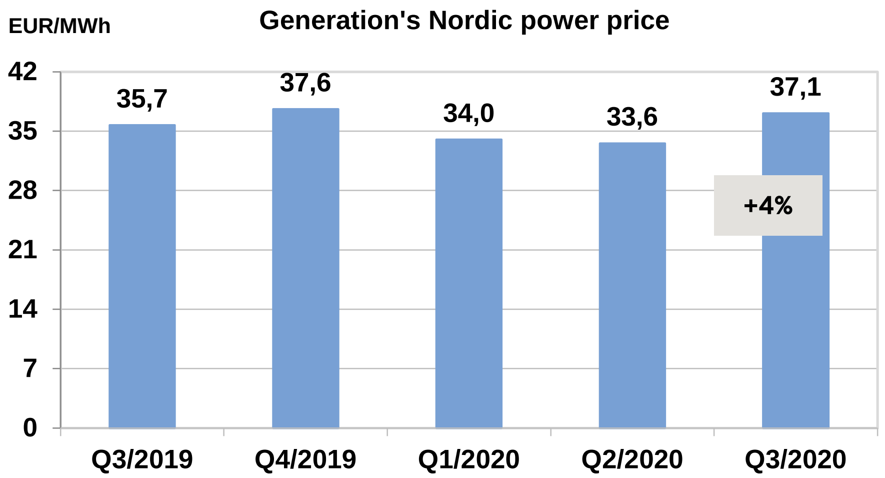
- 32.8 EUR/MWh (47.8) in Finland
- 25.3 EUR/MWh (35.6) in Sweden-SE3 (Stockholm)
- 18.6 EUR/MWh (35.3) in Sweden-SE2 (Sundsvall)
- 8.9 EUR/MWh (34.7) system price

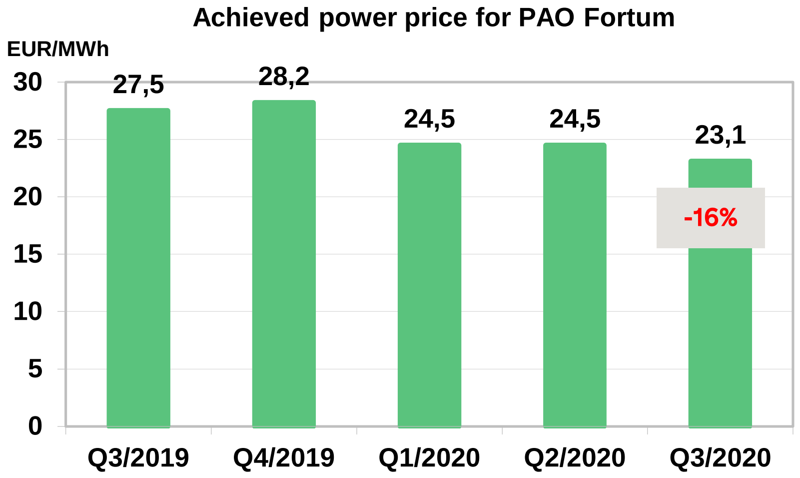
Source: Nord Pool Weekly System and area prices for FI, SE2, SE3 and corresponding Q3 2020 averages.

Hedging supported Fortum's achieved power price in the Nordics, Russian achieved price in roubles increased









Changes refer to year-on-year difference (Q3 2020 versus Q3 2019)
NOTE: Achieved power price (includes capacity payments) in rubles increased by 4%

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Generation

Q3 2020

- Lower power generation
  - Nuclear -0.7 TWh,
  - Hydro +0.2 TWh
  - Wind -0.1 TWh
- Higher achieved power price, +4% (+1.4 EUR/MWh), good optimisation of the flexible generation fleet and higher hedge prices

Q1-Q3 2020

- Higher power generation
  - Hydro +1.5 TWh
  - Nuclear -1.0 TWh
  - Wind unchanged
- Lower achieved power price, -5% (-1.7 EUR/MWh) supported by relatively high hedge levels

MEUR	III/2020	III/2019	I-III/2020	I-III/2019	2019	LTM
Sales	441	458	1,465	1,558	2,141	2,048
Comparable EBITDA	181	176	666	660	939	945
Comparable operating profit	136	140	545	555	794	784
Comparable net assets			5,772		6,147	
Comparable RONA %					12.8	12.6
Gross investments	46	81	113	184	260	189

Russia

Q3 2020

- FX effect of EUR -11 million
- Lower power generation and heat production
- Lower CSA payments
- Lower bad debt provisions

Q1-Q3 2020

- Lower power generation and heat production
- Lower power margins and higher heat tariffs
- Lower CSA payments
- FX effect of EUR -16 million
- 300 MW of new capacity commissioned in wind joint venture

MEUR	III/2020	III/2019	I-III/2020	I-III/2019	2019	LTM
Sales	172	229	691	765	1,071	997
Comparable EBITDA	73	91	286	333	469	422
Comparable operating profit	40	53	175	222	316	269
Comparable net assets			2,398		3,205	
Comparable RONA %					12.3	10.7
Gross investments	21	16	72	35	133	170

CSA=Capacity Supply Agreements

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City Solutions

Q3 2020

- Improved result in district heating business in Finland and Norway
  - Lower results in the Baltic countries
- In district heating in Norway, change in the NOK exchange rate more than offset the negative effect of the lower power price

Q1-Q3 2020

- Q1 impacted negatively
  - Lower heat sales volumes
  - Lower power sales prices
  - Lower Norwegian heat sales prices
- Negative result impact of structural changes (Joensuu divestment)
- Pavagada 2 solar plant contributed positively

MEUR	III/2020	III/2019	I-III/2020	I-III/2019	2019	LTM
Sales	184	200	738	834	1,200	1,104
Comparable EBITDA	10	11	148	179	309	278
Comparable operating profit	-36	-36	6	41	121	86
Comparable net assets			3,520		3,892	
Comparable RONA %					4.7	3.9
Gross investments	148	53	217	262	322	277


Jelgava, Latvia

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Consumer Solutions

Q3 2020

- 12th consecutive quarter of comparable EBITDA improvement
- Competition continued to be intense in the Nordics
- Covid-19 pandemic increased uncertainty – no impact of credit losses
- Several new digital services launched during the quarter

Q1-Q3 2020

- Higher sales margins as a result of active development of the service offering following the Hafslund integration and subsequent development of the business
- Customer recommendation & employee engagement on all-time-high levels

MEUR	III/2020	III/2019	I-III/2020	I-III/2019	2019	LTM
Sales	235	311	896	1,326	1,835	1,405
Comparable EBITDA	33	31	116	106	141	151
Comparable operating profit	18	16	69	60	79	88
Comparable net assets			533		640	
Customer base, million			2.34		2.38	
Gross investments	15	13	43	39	55	59

Digital private health and energy service in Poland. Mobile app-based registration and usage

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Uniper

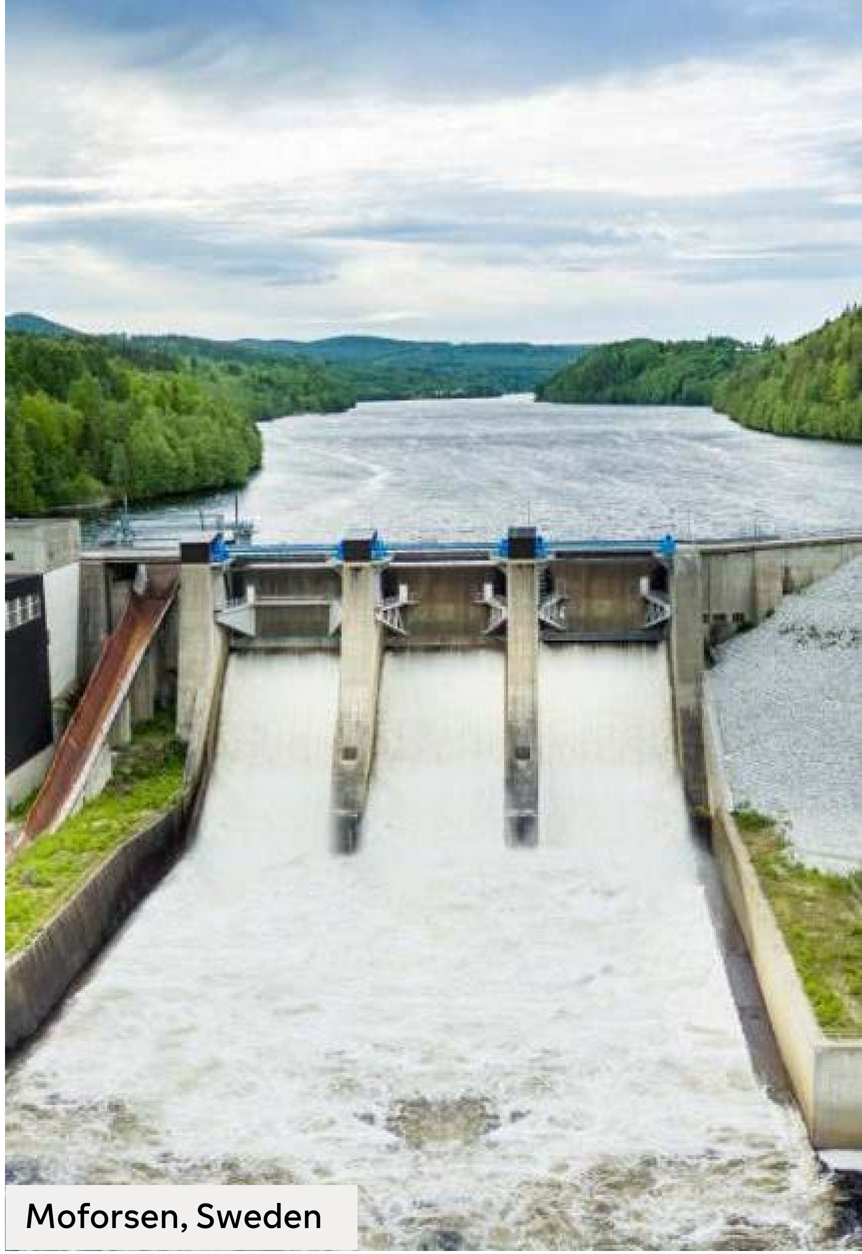
Q3 2020

- Uniper's Q1 2020 were exceptionally strong, shift between quarters; at the expense of the Q3 2020
- Russia contributed positively

Q1-Q3 2020

- In Q1, Fortum's share of Uniper's profits as Uniper recorded as an associated company in Other Operations
- Uniper contribution to Fortum's EPS 0.43 (0.60)
- Uniper's full year guidance unchanged

MEUR	III/2020	III/2019	I-III/2020	I-III/2019	2019	LTM
Sales	13,159	-	24,524	-	-	24,524
Comparable EBITDA	-147	-	37	-	-	37
Comparable operating profit	-307	-	-279	-	-	-279
Comparable net assets		-	6,618	-	-	
Gross investments	233	-	377	-	-	377



Moforsen, Sweden

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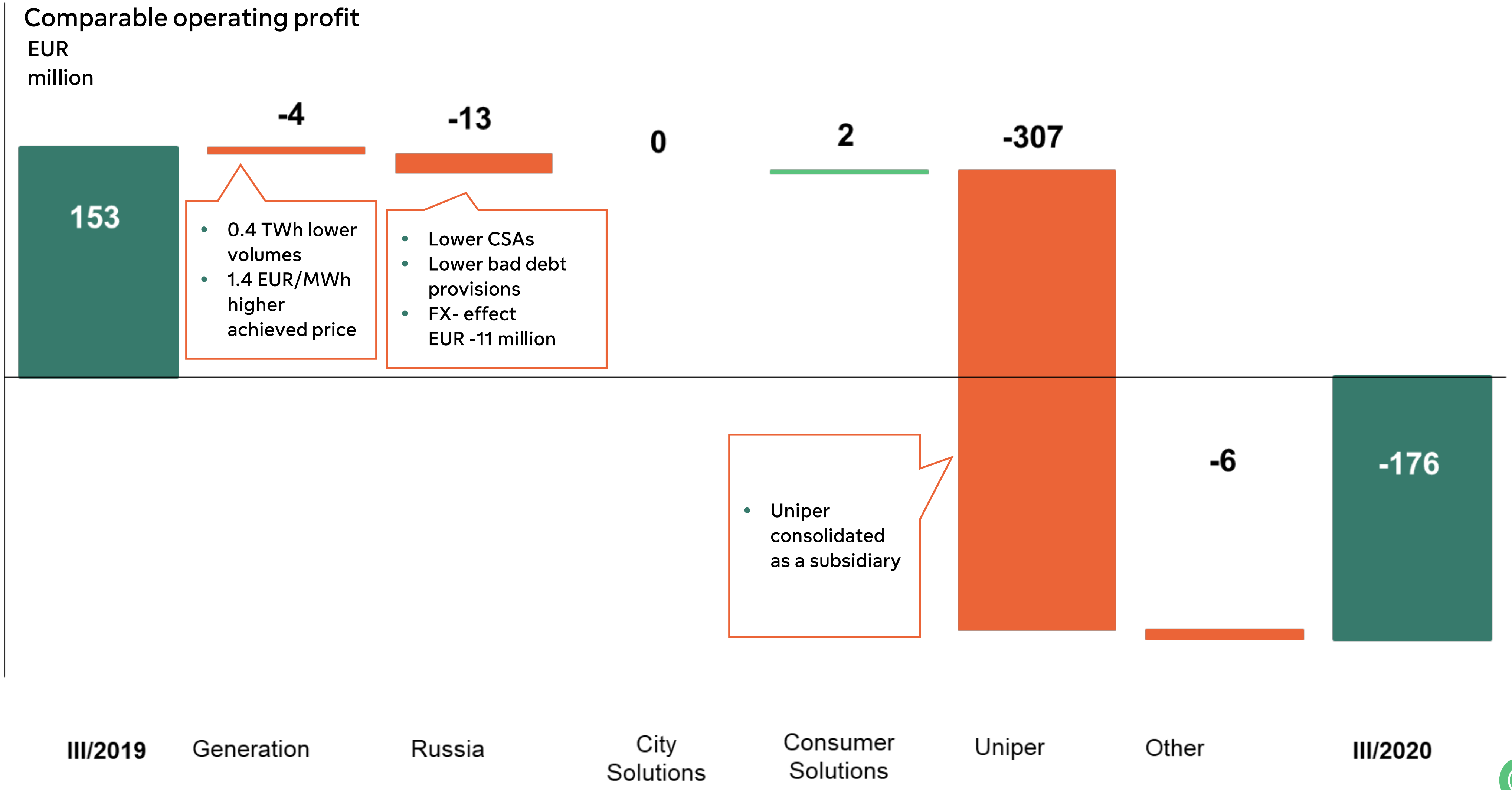
Q3 2020 – Seasonality in Uniper segment burdened Fortum's results, Uniper's full year guidance unchanged



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Highlights in income statement

MEUR	III/2020	III/2019	I-III/2020	I-III/2019	2019	LTM
Comparable operating profit	**-176**	**153**	**424**	**793**	**1,191**	**822**
Items affecting comparability	236	-29	763	-127	-81	809
Operating profit	**60**	**124**	**1,186**	**666**	**1,110**	**1,630**
Share of profits/loss of associates and joint ventures	23	106	540	678	744	606
Finance costs - net	23	-32	-36	-70	-125	-91
Profit before income tax	**106**	**198**	**1,690**	**1,274**	**1,728**	**2,144**
Income tax expense	37	-25	-229	-134	-221	-316
Profit for the period	**144**	**173**	**1,461**	**1,140**	**1,507**	**1,828**

Uniper:

- In 2019 as an associated company
- From Q2 2020 onwards as a subsidiary

Q3 items affecting comparability includes EUR 291 million tax exempt sales gain from divestment of Järvenpää district heating

Net finance costs in Q3 2020 impacted by Uniper's interest income and positive fair value change from Swedish nuclear fund

Q1-Q3 2020 the comparable effective income tax rate was 23.9%

- In Q3 2020 tax rate was negative due to loss making underlying business and tax exempted sales gain

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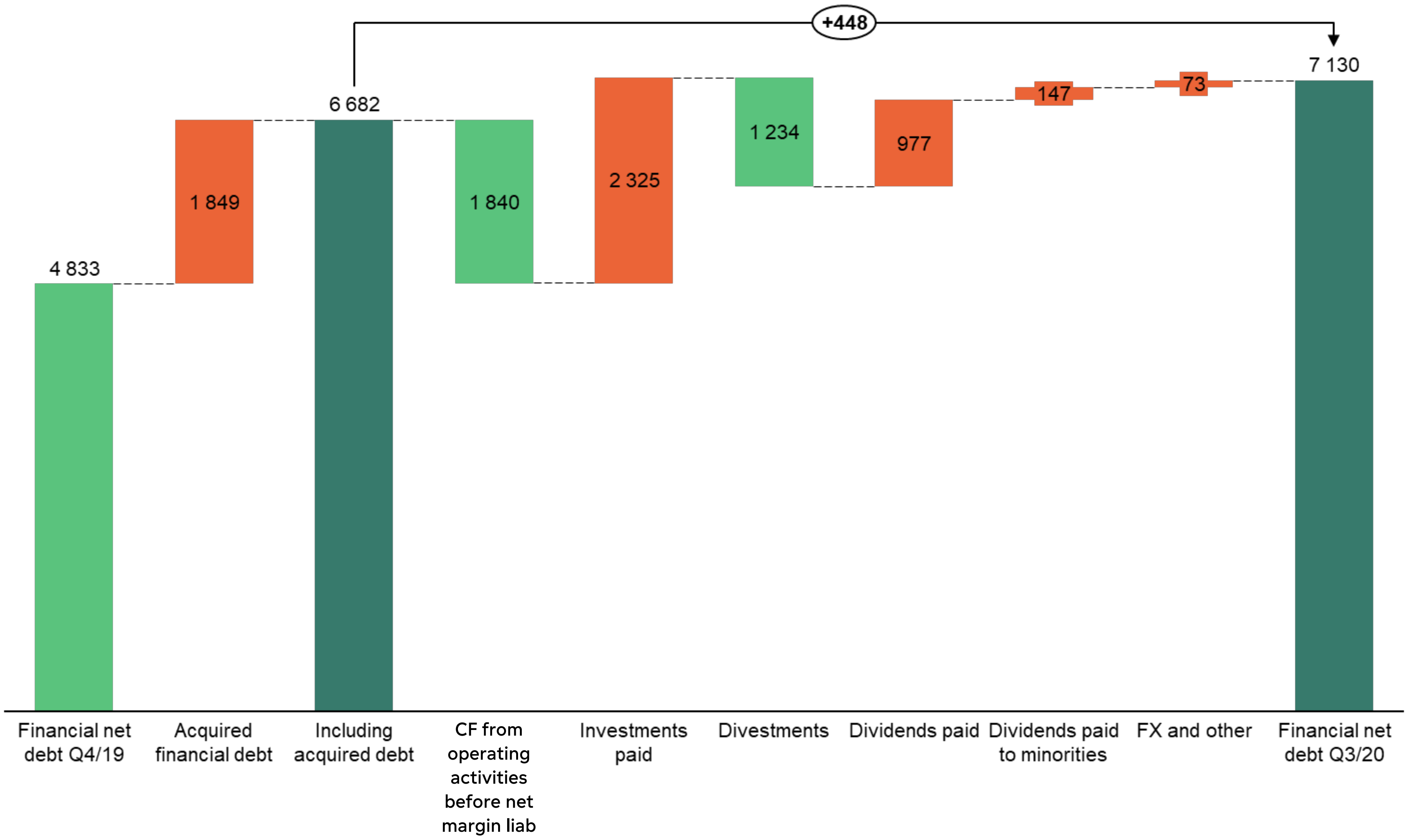
Cash flow and change in financial net debt Q1-Q3 2020



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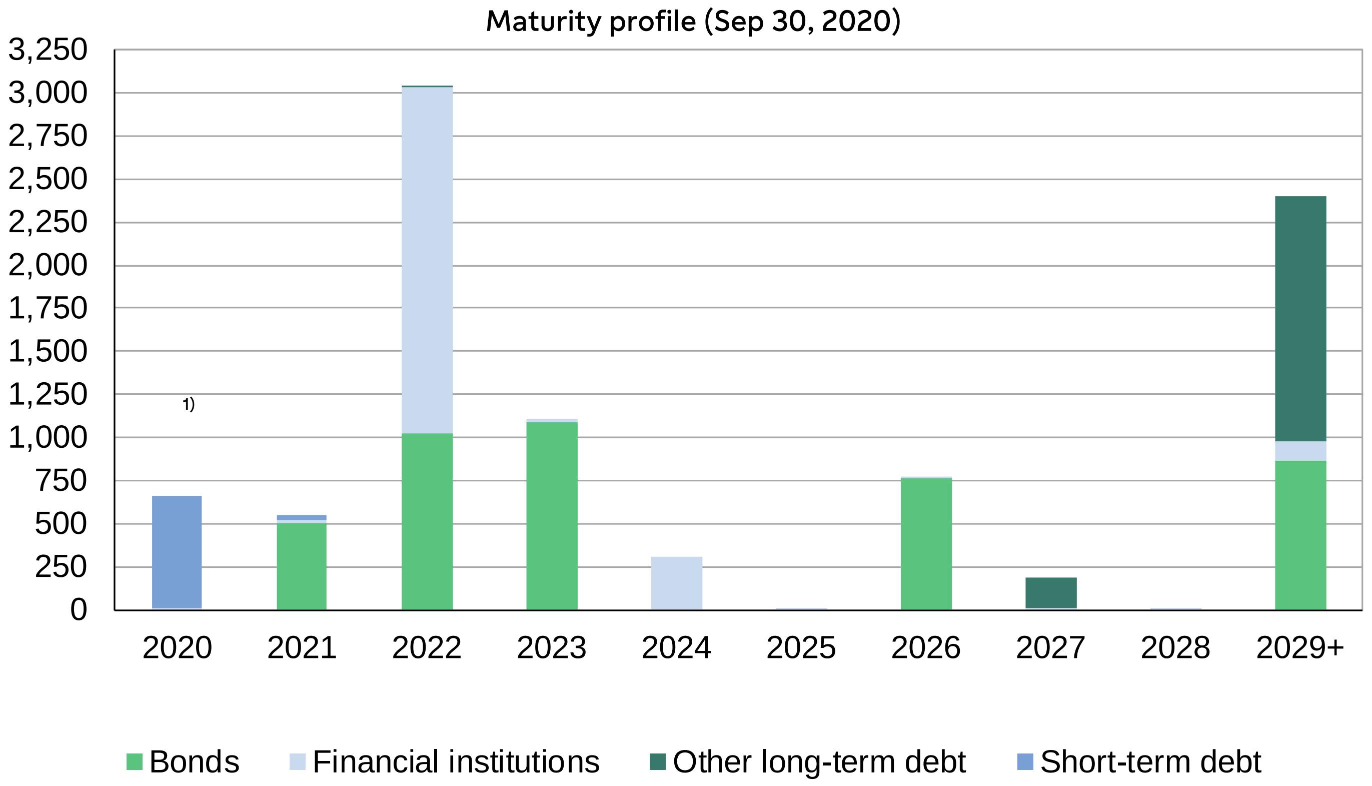
Focus remains on optimising of cash flow and maintaining of financial flexibility

- Fortum's objective is to have a solid investment grade rating of at least BBB to maintain its financial strength, preserve financial flexibility and good access to capital.
- Focus is on profitability, optimising of cash flow and prioritising of capital expenditure.



- Total loans of EUR 9,247 million (excluding lease liabilities):
  - Average interest for Group loan portfolio incl. derivatives hedging financial net of 1.7% (2019: 2.3%)
  - EUR 623 million (2019: 787) swapped to RUB with average interest of 6.7% (2019: 7.8%) incl. cost for hedging
  - Average interest for euro denominated loans of 0.9% (2019: 0.9%)
  - Uniper loans EUR 486 million
- Liquid funds of EUR 2,474 million
- Undrawn credit facilities of EUR 5,100 million

[1] In addition, Fortum has received EUR 202 million based on collateral agreements with several counterparties. This amount has been booked as a short-term liability.

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Outlook

Hedging

<u>**Generation Nordic hedges:**</u>
For the remainder of 2020: 85% hedged at EUR 34 per MWh
For 2021: 75% hedged at EUR 33 per MWh (Q2: 65% at EUR 33)
For 2022: 40% hedged at EUR 32 per MWh (Q2: not disclosed)

<u>**Uniper Nordic hedges:**</u>
For the remainder of 2020: 90% hedged at EUR 29 per MWh
For 2021: 85% hedged at EUR 28 per MWh (Q2: 80% at EUR 27)
For 2022: 55% hedged at EUR 24 per MWh (Q2: 40% at EUR 24)

2020 Estimated annual capital expenditure, including maintenance and excluding acquisitions, of

EUR 600 million
(previously EUR 700 million)

Note: capital expenditure guidance does not include capital expenditure for the Uniper segment

Income taxation

In 2020, the comparable effective corporate income tax rate for Fortum is estimated to be in the range **20-25%**, as Uniper is consolidated into Fortum's results from the end of the first quarter. The wider range is mainly a consequence of volatility in the taxation of Uniper's operations.

Kalmykia, Russia

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Appendices

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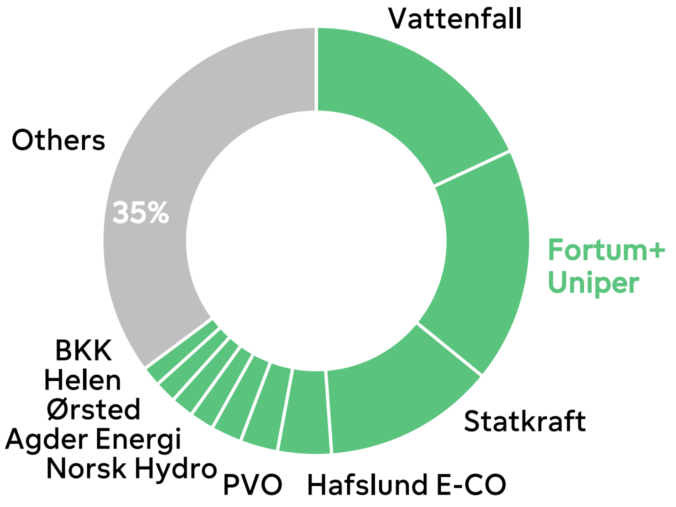
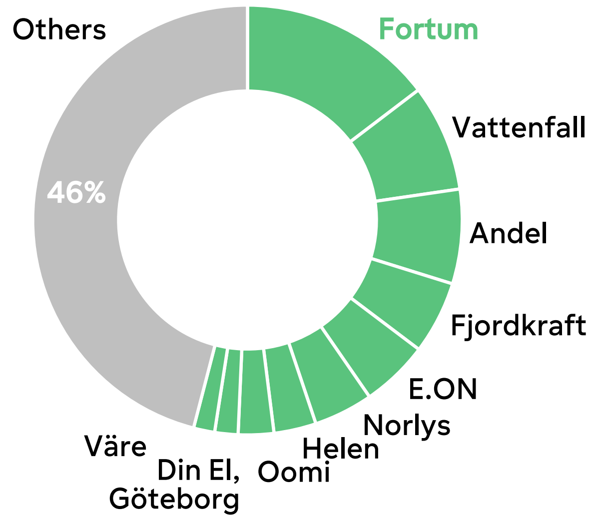
Still a highly fragmented Nordic power market

Power generation in 2019
394 TWh
>350 companies



Electricity retail
16 million customers
~350 companies



Source: Fortum, company data, shares of the largest actors, pro forma 2019 figures
Andel (former SEAS-NVE) has acquired Ørsted's sales business. Fjordkraft has acquired Innlandskraft (Gudbrandsdal Energi and Eidsiva Marknad).
Oomi was formed through the merger of the retail businesses of Oulun Seudun Sähkö, Lahti Energia, Vantaan Energia, Pori Energia and Oulun Sähkönmyynti Oy and its stakeholders Oulun Energia, Tornion Energia, Haukiputaan Sähköosuuskunta, Raahen Energia, Rantakairan Sähkö and Tenergia in Finland

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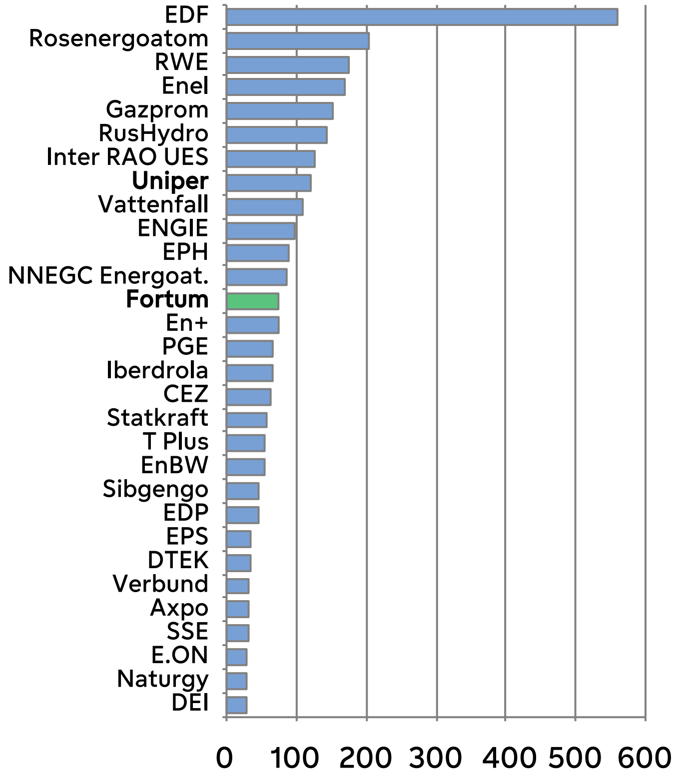
Fortum mid-sized European power generation player – major producer in global heat

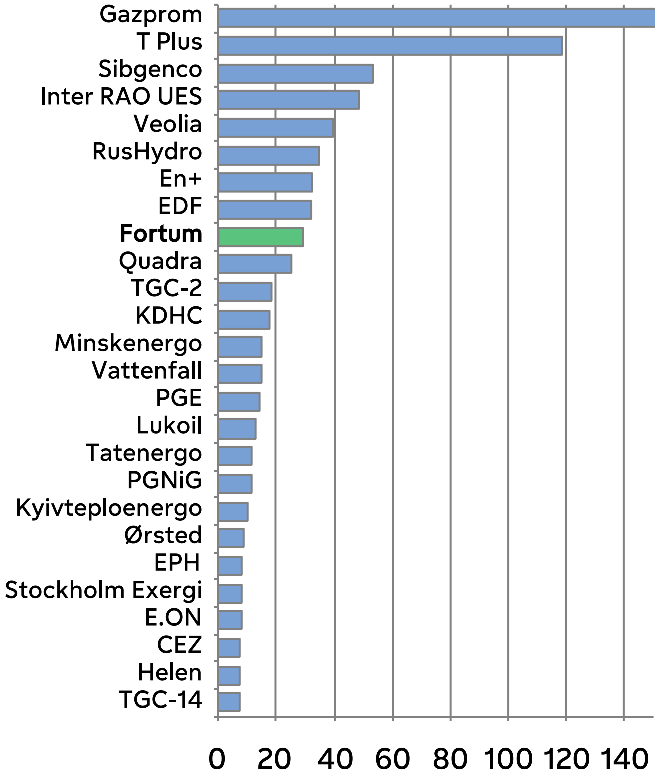
Power generation

Largest producers in Europe and Russia, 2018
TWh



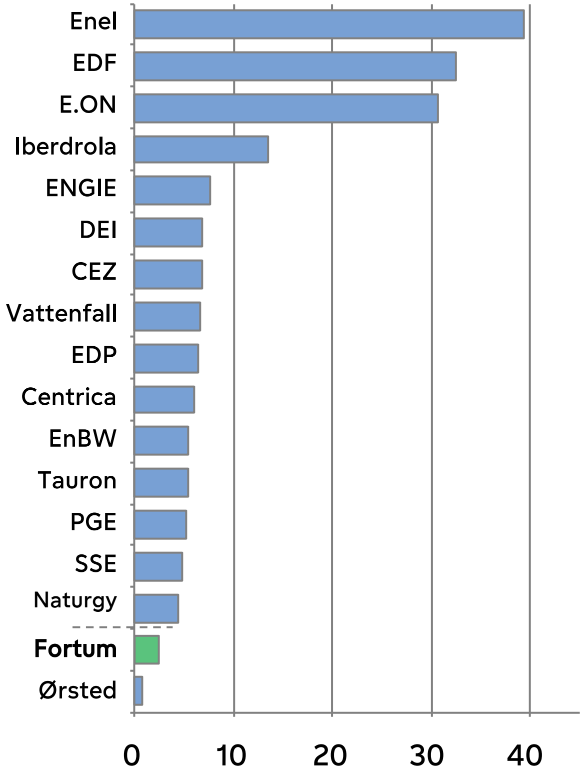
Heat production

Largest global producers, 2018
TWh



Customers

Electricity customers in Europe, 2018
Millions



Source: Company information, Fortum analyses, 2018 figures pro forma.
EPH incl. LEAG, E.ON incl. Innogy customers. No data from China.

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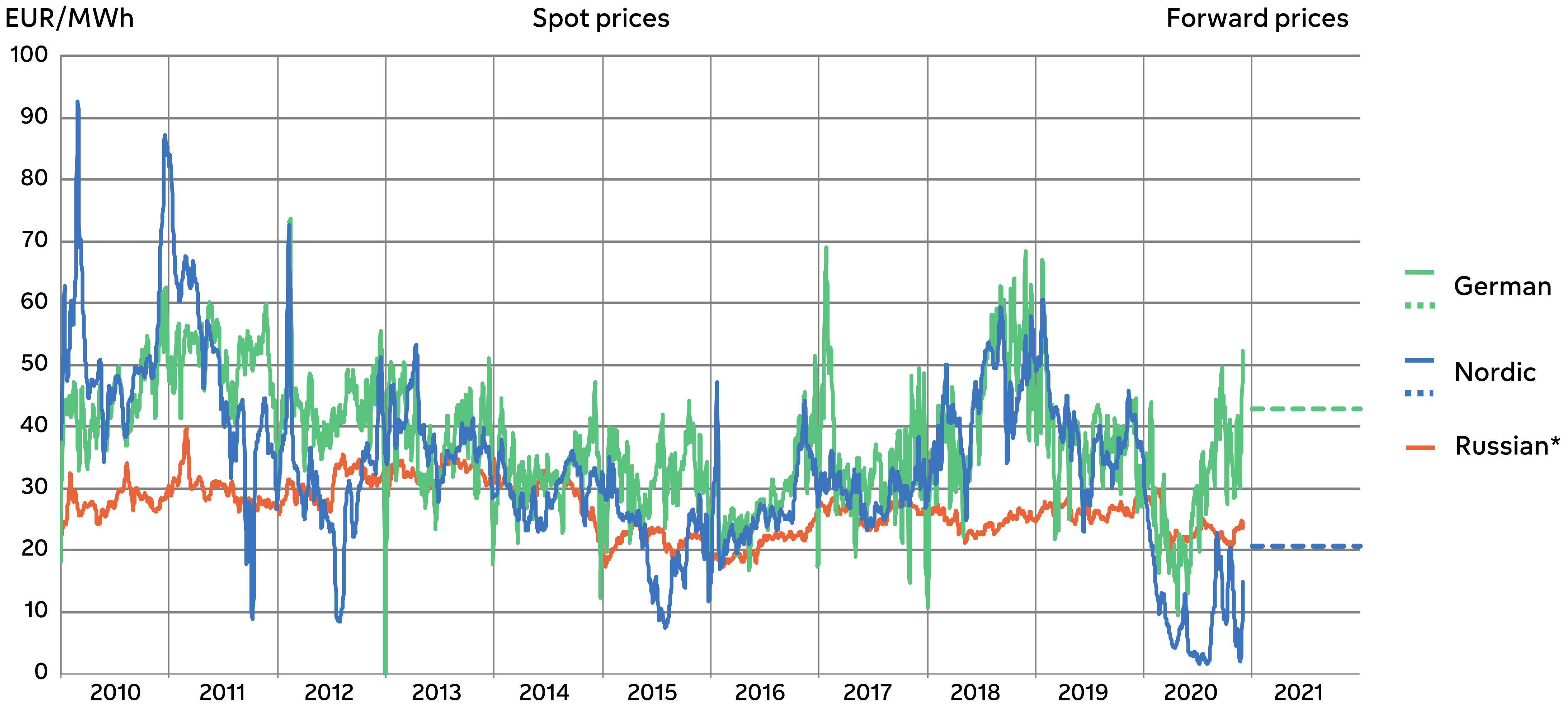
Wholesale power prices

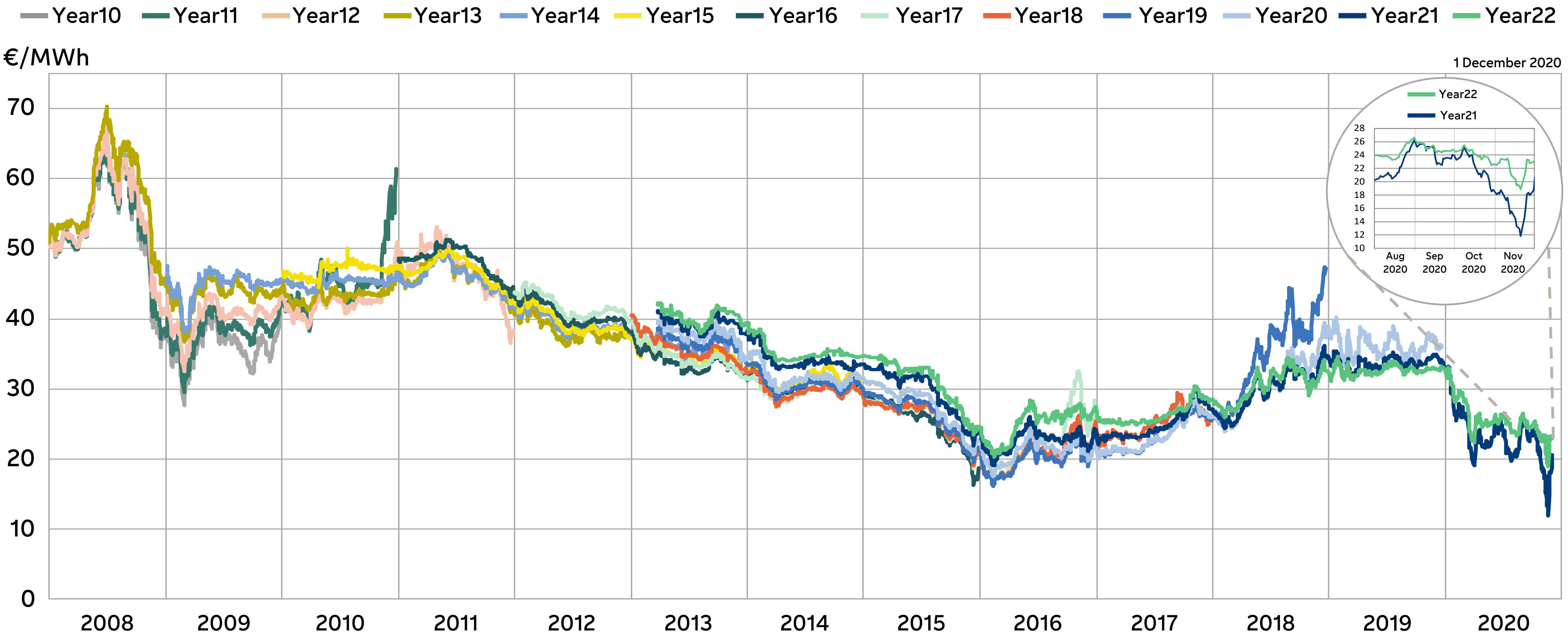


1 December 2020

* Including weighted average capacity price

Source: Nord Pool, Bloomberg Finance LP, ATS, NP "Market Council", Fortum

Nordic year forwards



Source: Nasdaq Commodities, Bloomberg

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German and Nordic forward spread

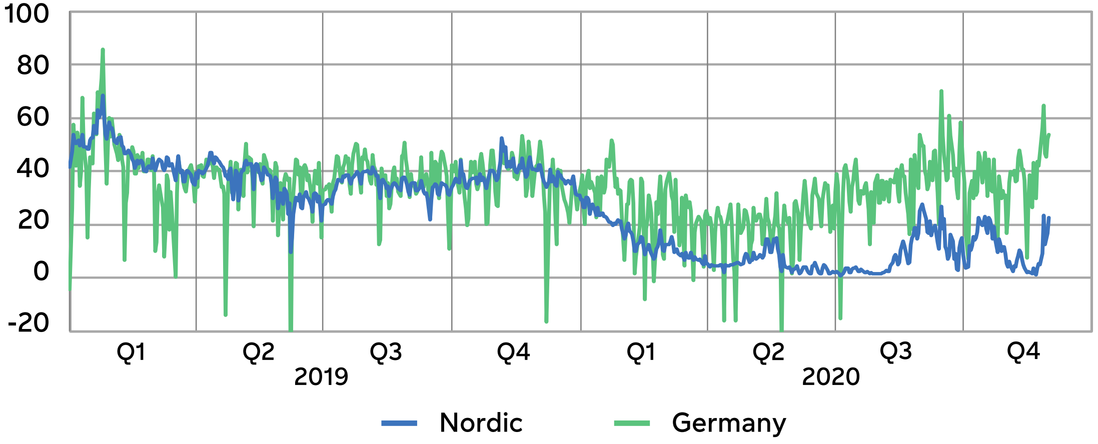
Spot price

- Nordic system price depressed by the strong hydrological surplus since the beginning of the year.
- Continental European spot prices were pushed down by dampening gas price and lowered demand by Covid-19 measures in Q2.
- Supported by lower French nuclear production, recovering demand and booming EUA price, the Continental spot prices increased again in Q3.
- German-Nordic spread for Q3 realized at 27 €/MWh, driven by recovering German spot prices and very low Norwegian spot price level.

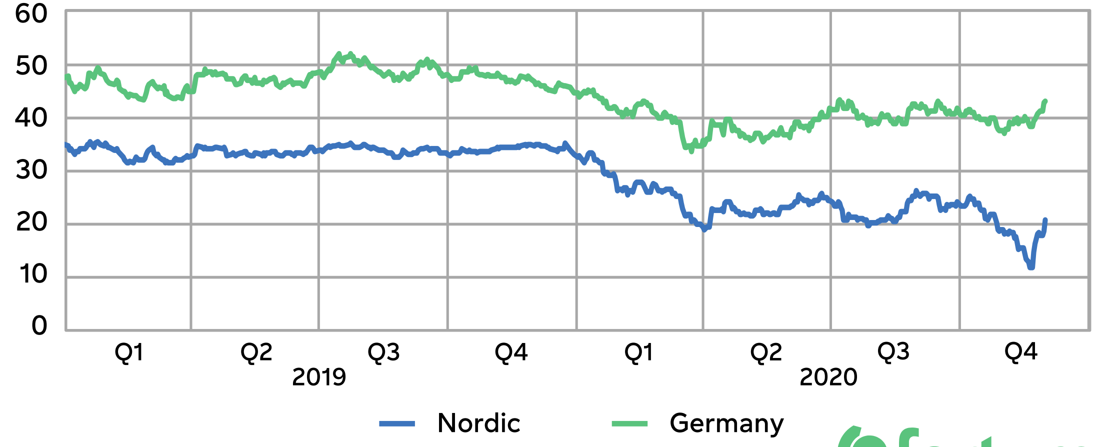
Forward price

- The German contract for 2021 delivery is trading close to 40 €/MWh, while corresponding Nordic SYS contract is close to 20 €/MWh.
- The German-Nordic spread for 2021 delivery has increased from 11 EUR/MWh during the start of the year to a range of 15...20 EUR/MWh during Q3.
- German contract is tracking the changes in short-run marginal costs for gas and coal fired condensing units, reflecting the stronger exposure to fossil fuel and CO_2 prices.
- The Nordic contract has become more influenced by continuing strong hydrological surplus and weak system spot price.

EUR/MWh Nordic and German daily spot prices in Jan 2019 – Dec 2020



EUR/MWh Nordic and German year 2021 forwards in Jan 2019 – Dec 2020



Including 1 December 2020
Source: Nord Pool, Bloomberg

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Fortum's Nordic, Baltic and Polish generation capacity

GENERATION CAPACITY	MW
Hydro	4,677
Nuclear	2,821
CHP	831
Other thermal	565
Wind	159
Nordic, Baltic and Polish generation capacity	9,053

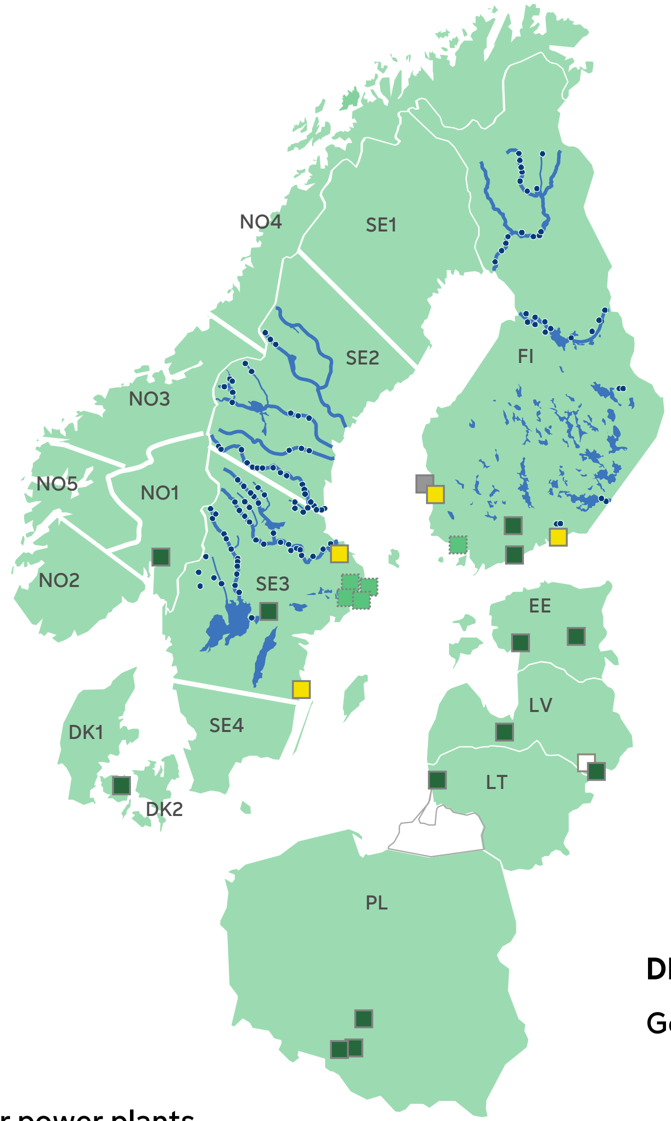
Figures 31 December 2019

The capacity includes the 52 MW Joensuu CHP plant in Finland, which has been sold in January 2020.

The capacity includes the 157 MW wind portfolio in Norway and Sweden, of which a majority 80% ownership has been sold in May 2020.

The capacity includes the 23 MW Järvenpää CHP plant in Finland, which has been sold in August 2020.

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



NORWAY	MW
Price areas	
NO4, Wind	82
NO1, CHP	20
Generation capacity	102

SWEDEN	MW
Price areas	
SE2, Hydro	1,550
SE2, Wind	75
SE3, Hydro	1,574
SE3, Nuclear	1,334
SE3, CHP	9
Generation capacity	4,542

DENMARK, DK1	MW
Generation capacity, CHP	16

FINLAND	MW
Hydro	1,553
Nuclear	1,487
CHP	452
Other thermal	565
Generation capacity	4,057

BALTICS AND POLAND	MW
Generation capacity,	CHP
in Estonia	49
in Latvia	34
in Lithuania	18
in Poland	233
in Latvia, Wind	2

Excluding capacities of Uniper power plants

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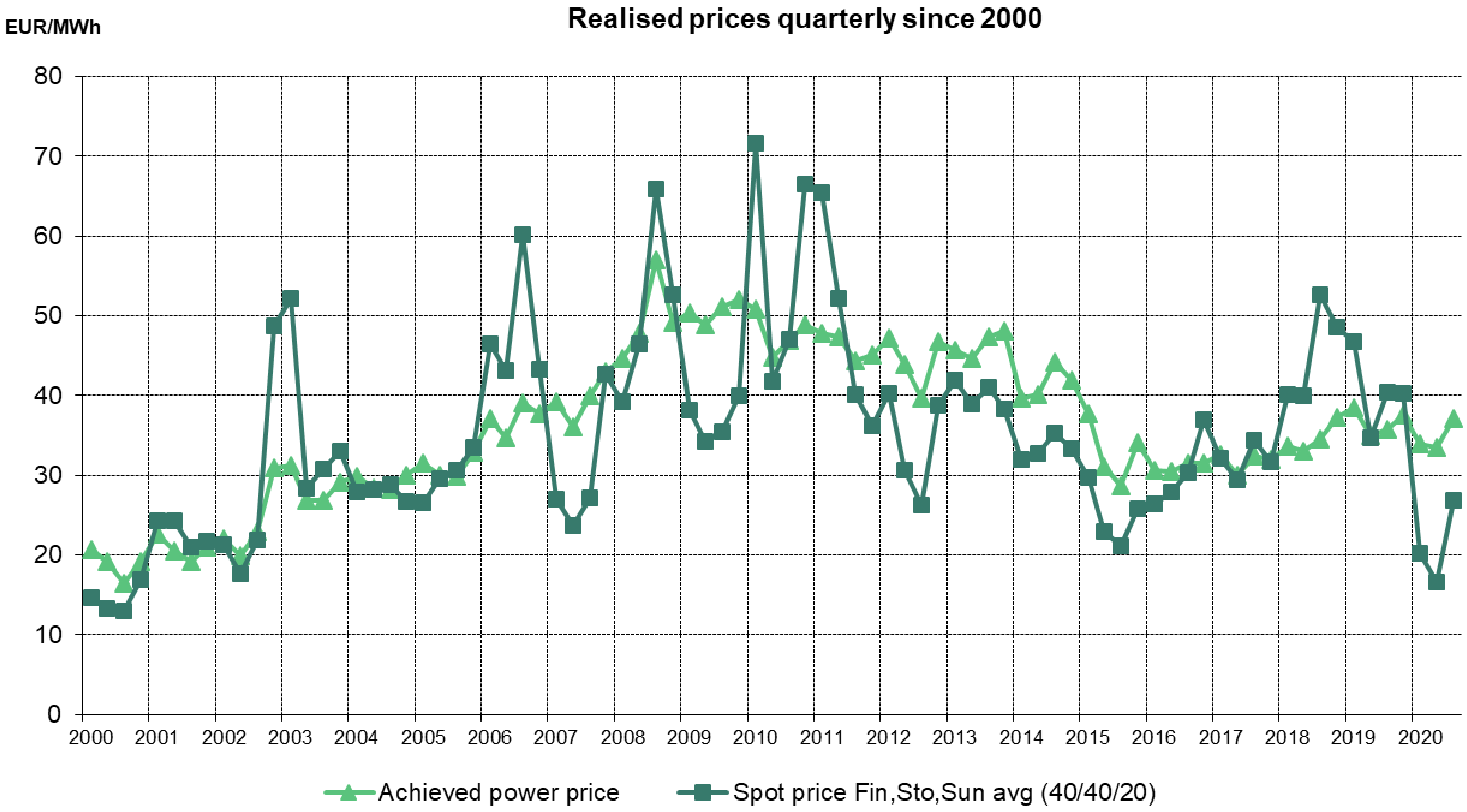
Hedging improves stability and predictability – principles based on risk mitigation



2009 onwards thermal and import from Russia excluded

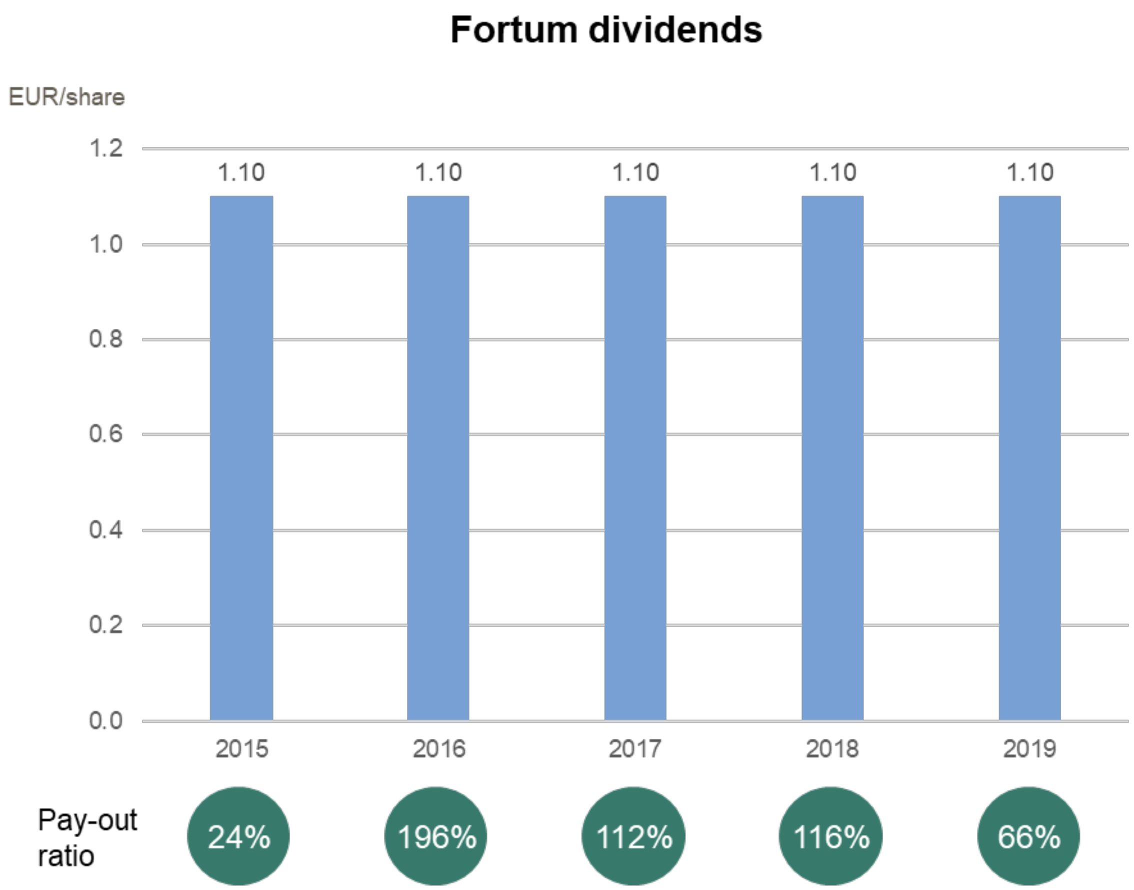
Revised dividend policy aiming at increasing dividend

Dividend policy:

"Fortum's dividend policy is to pay a stable, sustainable, and over time increasing dividend."

Fortum's Board of Directors aims to propose a dividend for the year 2020 of EUR 1.12/share with the aim to increase the dividend going forward.

The formal dividend proposal will be made in the spring by the Board of Directors.



Next events:

Fortum Corporation's Financial Statements Bulletin for the year 2020 will be published on 12 March 2021

January-March Interim Report on 12 May 2021

January-June Interim Report on 17 August 2021

January-September Interim Report on 12 November 2021

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