Fortum Corporation
Half-year Financial Report January–June 2020

Fortum Corporation
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Business ID 1463611-4

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Figures in brackets refer to the comparison period, i.e. the same period last year, unless otherwise stated.

Fortum Corporation
January-June 2020 Half-year Financial Report
19 August 2020 at 9:00 EEST

Exceptionally low Nordic spot prices largely offset by solid hedges

April-June 2020

- Comparable EBITDA was EUR 512 (372) million
- Comparable operating profit was EUR 207 (232) million
- Operating profit was EUR 534 (184) million, impacted by EUR 154 million of fair value change of non-hedge-accounted derivatives
- Share of profits of associates and joint ventures was EUR 37 (461) million, the decline mainly related to Uniper now being a subsidiary
- Earnings per share were EUR 0.35 (0.69), of which EUR 0.20 (-0.05) related to items affecting comparability
- Net cash from operating activities before change in net margin liabilities totalled EUR 459 (716) million
- Cash flow from operating activities totalled EUR -53 (740) million
- Adverse effects of Covid-19 only in the Group's Russian operations
- Total consideration from divestment of majority stake in Nordic wind and majority stake in Nordic charging operator EUR 262 million
- Markus Rauramo appointed President and CEO of Fortum
- Fortum consolidated Uniper's results into its income statement, which is the main reason for the change in quarterly, half-year, and last-twelve-month figures compared to the previous year

January-June 2020

- Comparable EBITDA was EUR 1,055 (918) million
- Comparable operating profit was EUR 600 (640) million
- Operating profit was EUR 1,126 (542) million, impacted by a EUR 431 million sales gain from the divestment of the Joensuu district heating operations and a one-time, non-cash income statement impact of EUR -222 million from Uniper becoming Fortum's subsidiary
- Share of profits of associates and joint ventures was EUR 516 (572) million, mainly related to Uniper reported as an associated company until 31 March 2020
- Earnings per share were EUR 1.40 (1.07), of which EUR 0.42 (-0.09) related to items affecting comparability
- Net cash from operating activities before change in net margin liabilities totalled EUR 1,020 (1,175) million
- Cash flow from operating activities totalled EUR 1,061 (1,491) million
- Adverse effects of Covid-19 only in the Group's Russian operations in the second quarter
- Total consideration from disclosed divestments EUR 1.2 billion, including divestment of district heating operations in Joensuu and Järvenpää, majority stake in Nordic wind, and majority stake in Nordic charging operator
- In March, Fortum became majority owner in Uniper, consolidated Uniper as a subsidiary

Events after the balance sheet date

- Fortum agreed to sell its district heating business in Järvenpää, Finland, for approximately EUR 375 million
- Fortum to assess strategic options, including possible divestment, of its 50% holding in Stockholm Exergi
- Fortum increases its ownership in Uniper to 75.01%

Summary of outlook

- The Generation segment's Nordic generation hedges: approximately 85% at EUR 34 per MWh for the remainder of 2020 and approximately 65% at EUR 33 per MWh for 2021
- The Uniper segment's Nordic generation hedges: approximately 90% at EUR 29 per MWh for the remainder of 2020, approximately 80% at EUR 27 per MWh for 2021, and approximately 40% at EUR 24 per MWh for 2022
- Capital expenditure, including maintenance but excluding acquisitions, is expected to be approximately EUR 700 million in 2020. This includes approximately EUR 200 million of solar and wind investments, which are subject to the capital recycling business model. This guidance does not include capital expenditure for the Uniper segment

Key figures

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Sales	12,330	1,144	13,687	2,834	5,447	16,300
Comparable EBITDA	512	372	1,055	918	1,766	1,903
Comparable operating profit	207	232	600	640	1,191	1,151
Operating profit	534	184	1,126	542	1,110	1,694
Share of profit/loss of associates and joint ventures	37	461	516	572	744	688
Profit before income taxes	570	652	1,583	1,076	1,728	2,235
Earnings per share, EUR	0.35	0.69	1.40	1.07	1.67	2.00
Net cash from operating activities before change in net margin liabilities*	459	716	1,020	1,175	1,658	1,503
Net cash from operating activities	-53	740	1,061	1,491	2,015	1,585
Shareholders' equity per share, EUR			14.86	13.93	14.61	
Financial net debt (at period-end)**			7,772		4,833	
Adjusted net debt (at period-end)**			10,060		4,978	
Interest-bearing net debt (at period-end)**			-	5,422	5,260	

* New subtotal added in the second quarter of 2020. Margin receivables and liabilities are included in financial net debt.
** Following the consolidation of Uniper, Fortum has updated its definition of net debt and uses financial net debt and adjusted net debt.

Fortum's President and CEO Markus Rauramo:

"Fortum has developed substantially over the past few years and is now at a pivotal turning point. I am excited to have taken on the responsibility to steer forward this great company as President and CEO from the beginning of July. Together with Uniper, we will accelerate the transformation towards the goal to become a leader in the European energy transition. My number one short-term priority will be to have a joint strategy for the consolidated Group by the end of the year. We will continue to reduce our coal-based production and pursue decarbonisation through growth in clean energy and, as part of our joint strategy, set new climate targets for the whole Group.

At Fortum, we continuously evaluate and optimise our business portfolio, as can be seen in the acquisitions and divestments we have made over the last few years. We will continue to do so with the aim to have a more focused business portfolio for the whole Group in the future. In the long term, we will also invest in profitable growth. These investments will be strategic, selective, and substantial.

In the shorter term, we will work to secure the financial strength of the Group, which in this current uncertain market situation due to Covid-19 is even more important. Having a strong balance sheet and a solid investment grade rating of at least BBB continues to be a priority for Fortum. We are focusing on optimising cash flow, maximising our profitability, prioritising our capital expenditure, and continuing the optimisation of our portfolio. This year we have already concluded or disclosed divestments for a total consideration of EUR 1.2 billion.

The strategic review of our selected district heating assets is proceeding well. In early July, we signed an agreement to divest our district heating business in the Järvenpää-Tuusula area in Finland for EUR 375 million and expect to record a capital gain of approximately EUR 290 million in our third-quarter results. At the end of July, we announced that we also initiated a strategic review of our 50% stake in Stockholm Exergi, in addition to the ongoing review of the Polish and Baltic district heating operations.

During the second quarter, the very wet hydrology continued, especially in Norway, and caused an exceptional 84% drop in the Nordic spot power price. The area prices for Finland and Sweden also declined, but to a lesser extent. At the same time, the CO_2-price increased clearly during the second quarter. While all of this widens the spread between the German and Nordic power prices, it also increases the potential for a rebound in Nordic prices once the hydrological situation eventually normalises.

The low power prices negatively affected the results of the Generation segment, but our high hedge levels cushioned the impact. The market uncertainty due to the Covid-19 pandemic continued, but had only a marginal effect on the Nordic power consumption. In Russia, power consumption declined notably as a result of Covid-19 and lower demand from the oil and gas industries, pushing down the electricity market price. Coupled with the weaker Russian rouble, the contribution from the Russia segment clearly decreased from last year. The results of the Consumer Solutions and City Solutions segments were stable.

Following the majority transactions on Uniper in the first quarter, we already consolidated Uniper's balance sheet from 31 March this year, and this quarter we consolidated Uniper as a subsidiary also in our income statement. Consequently, Uniper, for the first time, contributed to our comparable operating profit in the second quarter. Uniper successfully utilised the gas market conditions in the first quarter, which caused a profit shift between the quarters. The overall effect was positive and showed as a positive result in Fortum's first-quarter share of Uniper's profits, but also lowered the comparable operating profit for the Uniper segment in the second quarter. Similarly to our Generation and Russia segments, also the Uniper segment was affected by lower Nordic power prices and Covid-induced lower Russian power demand. Uniper's hedging and optimisation activities, however, to a large extent mitigated the effects in the Nordics and central Europe. Since becoming the majority owner of Uniper we have slightly increased our ownership and earlier this week we reached the 75% ownership threshold.

Finally, I look forward to working together with all our employees, both at Fortum and Uniper, to utilise the combined knowledge and competencies to build a leader in the European energy transition."

Changes in reporting

Uniper consolidation

As the majority owner of Uniper, Fortum consolidated Uniper as a subsidiary as of 31 March 2020. This entails changes in Fortum's reporting structure, accounting policies, as well as definitions of certain key figures, among others. The changes are being implemented in phases over the financial year 2020. Fortum consolidated Uniper into its balance sheet as of 31 March 2020 and, from the second quarter, consolidated Uniper's results into its income statement. Uniper is reported as a separate reportable segment.

Following the consolidation of Uniper, Fortum has changed its definition of net debt. New definitions of financial net debt and adjusted net debt are used in Fortum's financial reporting.

When consolidating Uniper's results into Fortum's income statement, the income statement line items have been classified in accordance with Fortum's income statement categorisation and, as such, may not be fully comparable to Uniper's standalone income statement. In the consolidation of Uniper's results, Fortum has utilised the 'Components of adjusted EBIT' reported by Uniper (see Uniper's Half-Year Interim Report 2020, page 16). Further, reporting of both the Uniper segment and the Generation segment are impacted by adjustments for the joint ownership in the Swedish nuclear company, OKG AB. No further adjustments have been made to Uniper's standalone income statement during the second quarter of 2020, as the preparation of the purchase price allocation and alignment of accounting principles is still ongoing. For further details see Note 1.

Uniper's energy trading and optimisation business accounts for more than 90% of the Uniper group's sales. A substantial portion of Uniper's sales arises from the physical assets and contract portfolio optimisation, which is accounted for on a gross basis.

Uniper prepares its financials in accordance with IFRS accounting standards. Following the acquisition of Uniper, Fortum has commenced a review of Uniper's accounting policies to identify any significant differences to Fortum's accounting policies.

The preparation of the purchase price allocation for the Uniper acquisition has been initiated. The purchase price allocation will be completed within the one-year window from the acquisition date in accordance with IFRS.

For further details on the consolidation of Uniper, see Note 1.

Financial results

Sales by segment

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Generation	450	500	1,024	1,101	2,141	2,064
Russia	202	239	519	537	1,071	1,053
City Solutions	212	228	554	633	1,200	1,121
Consumer Solutions	237	346	661	1,015	1,835	1,481
Uniper	11,365	-	11,365	-	-	11,365
Other Operations	34	28	68	54	115	129
Netting of Nord Pool transactions	-54	-99	-137	-291	-529	-375
Eliminations	-115	-98	-366	-214	-387	-539
Total	**12,330**	**1,144**	**13,687**	**2,834**	**5,447**	**16,300**

Comparable EBITDA by segment

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Generation	212	225	485	484	939	940
Russia	74	107	213	242	469	440
City Solutions	32	31	138	168	309	279
Consumer Solutions	35	34	82	75	141	148
Uniper	184	-	184	-	-	184
Other Operations	-26	-25	-48	-50	-91	-89
Total	**512**	**372**	**1,055**	**918**	**1,766**	**1,903**

Comparable operating profit by segment

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Generation	173	191	409	414	794	789
Russia	37	69	135	168	316	283
City Solutions	-15	-15	43	77	121	87
Consumer Solutions	19	19	51	44	79	86
Uniper	27	-	27	-	-	27
Other Operations	-34	-32	-65	-63	-119	-121
Total	**207**	**232**	**600**	**640**	**1,191**	**1,151**

Operating profit by segment

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Generation	130	148	400	352	771	819
Russia	37	69	136	168	317	285
City Solutions	-8	-10	476	84	127	519
Consumer Solutions	45	9	55	3	20	72
Uniper	294	-	294	-	-	294
Other Operations	36	-33	-235	-65	-127	-297
Total	**534**	**184**	**1,126**	**542**	**1,110**	**1,694**

Share of profit/loss of associates and joint ventures

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Generation	14	24	-24	39	10	-53
Russia	15	34	27	43	59	43
City Solutions	1	3	37	42	37	32
Consumer Solutions	0	0	0	0	0	0
Uniper	5	-	5	-	-	5
Other Operations*	2	399	471	448	638	661
Total	**37**	**461**	**516**	**572**	**744**	**688**

* The first-quarter 2020 share of profits of associates and joint ventures of Other Operations includes Fortum's share of Uniper's fourth-quarter 2019 and first-quarter 2020 profits.

Fortum consolidated Uniper into its balance sheet as of 31 March 2020 and, from the second quarter, consolidated Uniper's results into its income statement. The main reason for the change in quarterly, half-year, and last-twelve-month figures compared to the previous year is thus the consolidation of Uniper.

April-June 2020

Sales were EUR 12,330 (1,144) million.

Comparable operating profit decreased to EUR 207 (232) million. In the Generation segment, the comparable operating profit was burdened by the low spot prices; in the Russia segment, the lower power margins and volumes depressed the results.

Operating profit for the period was impacted by EUR 328 (-48) million of items affecting comparability, mainly due to changes in fair values of non-hedge-accounted derivatives, impairment charges and reversals, as well as capital gains.

The share of profits of associates and joint ventures was EUR 37 (461) million. The decline in the share of profits of associates and joint ventures is mainly related to Uniper now being a subsidiary (Note 11).

On 27 April 2020, Fortum signed an agreement to sell the majority of Fortum Recharge AS, its public charging point operator for electrical vehicles in the Nordics, to Infracapital. The transaction closed on 29 May 2020, and Fortum recorded a tax-exempt capital gain of EUR 72 million in Other Operations' second-quarter 2020 results. The cash consideration was EUR 87 million.

January-June 2020

Sales were 13,687 (2,834) million.

Comparable operating profit was EUR 600 (640) million. In the Russia segment, the lower power margins and volumes decreased the second-quarter comparable operating profit. The main reasons for the clearly weaker profitability in the City Solutions segment were lower heat sales volumes, lower power prices, and lower Norwegian heat prices.

Operating profit for the period was impacted by EUR 527 (-98) million of items affecting comparability, mainly due to the sales gain of EUR 431 million from the divestment of the Joensuu district heating business and a one-time, non-cash income statement impact of EUR -222 million from Uniper becoming Fortum's subsidiary on 31 March 2020. This one-time item did not affect Fortum's total equity, as it is merely a reclassification within equity (Notes 1 and 4).

The share of profits of associates and joint ventures was EUR 516 (572) million. Since Fortum has accounted for Uniper's share of profits with a time-lag of one quarter, Fortum's first-quarter 2020 results include the share of Uniper's fourth-quarter 2019 profits of EUR 162 million and first-quarter 2020 profits of EUR 307 million. Fortum's share of Uniper's profits, EUR 469 (448) million, includes a reversal of the adjustment that Fortum recorded in the fourth quarter of 2019 related to the positive impact from the reinstatement of the UK capacity market. Further, Fortum also made a reversal of EUR 449 million after tax related to the impairments Uniper recorded in the fourth quarter of 2019 and first quarter of 2020. In this reversal, Fortum utilised the fair value adjustments recorded in the purchase price allocation in 2018 (Note 11).

Net finance costs amounted to EUR 59 (38) million.

For further details, see Segment reviews.

Financial position and cash flow

Fortum consolidated Uniper into its balance sheet as of 31 March 2020, and, from the second quarter, consolidated Uniper's results into its income statement. The main reason for the change in quarterly, half-year, and last-twelve-month figures compared to the previous year is thus the consolidation of Uniper.

Cash flow

In January-June 2020, net cash from operating activities decreased by EUR 430 million to EUR 1,061 (1,491) million. Net cash from operating activities before change in net margin liabilities decreased by EUR 155 million to EUR 1,020 (1,175) million.

Net cash from investing activities was EUR -987 (-46) million. Capital expenditure decreased by EUR 18 million to EUR 351 (369) million. Acquisition of shares, net of liquid funds, amounted to EUR 1,419 million, mainly from acquiring shares in Uniper. Divestment of shares, mainly from the divestment of the Joensuu district heating business, amounted to EUR 783 million. In the comparison period in 2019, the release of cash collaterals and restricted cash was EUR 322 million. Cash flow before financing activities decreased to EUR 75 (1,445) million.

Proceeds from long-term liabilities were EUR 2,477 (2,809) million. On 24 March 2020, Fortum drew a term loan of EUR 2,000 million and on 6 May 2020 a bridge loan of EUR 300 million to finance the acquisition of Uniper shares. In the comparison period in 2019, Fortum issued new bonds totalling EUR 2.5 billion under the Euro Medium Term Note (EMTN) programme. The total payments of long-term liabilities were EUR 414 (2,546) million. The net increase in liquid funds was EUR 990 (673) million.

Assets

At the end of the reporting period, total assets amounted to EUR 57,984 (23,364 at the end of 2019 and 68,550 at the end of March 2020) million. The increase from year-end mainly relates to the consolidation of Uniper. Liquid funds at the end of the period were EUR 2,403 (1,433 at the end of 2019 and 4,081 at the end of March 2020) million.

Equity

Equity attributable to owners of the parent company totalled EUR 13,197 (12,982 at the end of 2019 and 13,776 at the end of March 2020) million. The increase of EUR 215 million was mainly related to the net profit for the period of EUR 1,244 million, the positive impact from fair valuation of cash flow hedges of EUR 246 million, partly offset by the dividend payment of EUR 977 million and the negative translation differences of EUR 280 million.

Financing

Following the consolidation of Uniper, Fortum updated its definition of net debt in the first quarter and uses financial net debt and adjusted net debt. At the end of the reporting period, financial net debt was EUR 7,772 (6,983 at the end of the March 2020) million and adjusted net debt EUR 10,060 (9,104 at the end of the March 2020) million. Net debt according to the old definition was EUR 5,260 million at the end of 2019 (Note 13).

At the end of the reporting period, the Group's liquid funds totalled EUR 2,403 (1,433 at the end of 2019 and 4,081 at the end of the March 2020) million. Liquid funds include cash and bank deposits of EUR 669 (1,328 at the end of the March 2020) million held by Uniper.

At the end of the reporting period, Fortum had undrawn committed credit facilities amounting to EUR 5,400 million. The undrawn facilities include an EUR 1,800 million revolving credit facility, maturing in November 2021 (with an option to extend the maturity by one year), an EUR 1,750 million revolving credit facility maturing in June 2023, and Uniper's revolving credit facility of EUR 1,800 million, which matures in September 2024.

In January 2020, Fortum cancelled EUR 3,000 million and in June 2020, EUR 1,200 million of facilities and a revolving credit facility. Parts of the facilities were for the purchase of Uniper shares.

In March 2020, Fortum drew a term loan of EUR 2,000 million, maturing on 31 October 2022, under these facilities for the acquisition of Uniper shares. In April 2020, Fortum signed a ten-year EUR 70 million bilateral loan agreement. In May 2020, under the facilities, Fortum drew a bridge loan of EUR 300 million, which was prepaid in June 2020.

In March 2020, Standard & Poor's resolved its CreditWatch Negative placement by affirming Fortum's BBB long-term rating, with a Negative Outlook. The short-term rating is at level A-2. In April 2020, Fitch removed Fortum's Rating Watch Negative placement by affirming Fortum's BBB long-term rating, with a Negative Outlook.

In March 2020, Standard & Poor's also resolved the CreditWatch Negative on Uniper's rating by affirming Uniper's BBB rating, with a Negative Outlook.

Segment reviews

Generation

Generation is responsible for Nordic power generation. The segment comprises nuclear, hydro, wind, and thermal power generation, as well as power portfolio optimisation, trading, industrial intelligence, and global nuclear services. The segment does not include the Nordic hydro and nuclear power generation or the trading activities of Uniper. As of 31 March 2020, the segment includes Generation's proportionate share of OKG AB (Note 1).

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Sales	450	500	1,024	1,101	2,141	2,064
- power sales	427	476	952	1,030	2,006	1,928
of which Nordic outright power sales*	348	383	774	800	1,568	1,542
- other sales	22	24	72	70	135	137
Comparable EBITDA	212	225	485	484	939	940
Comparable operating profit	173	191	409	414	794	789
Operating profit	130	148	400	352	771	819
Share of profit/loss of associates and joint ventures**	14	24	-24	39	10	-53
Comparable net assets (at period-end)			5,790		6,147	
Comparable return on net assets, %					12.8	12.4
Capital expenditure and gross investments in shares	34	63	68	101	260	227
Number of employees			1,208		1,109	

* The Nordic outright power sales includes hydro, wind, and nuclear generation. It does not include thermal generation, minorities, customer business, or other purchases.
** Power plants are often built jointly with other power producers, and owners purchase power at cost. The share of profit/loss is mainly IFRS adjustments (e.g. accounting for nuclear-related assets and liabilities) and depreciations on fair value adjustments from historical acquisitions (Note 19 in the Consolidated Financial Statements 2019).

Power generation by source

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Hydropower, Nordic	5.1	5.3	11.5	10.2	20.3	21.6
Nuclear power, Nordic	5.6	5.9	11.9	12.2	23.5	23.2
Wind power, Nordic	0.1	0.1	0.3	0.2	0.4	0.5
Thermal power, Nordic	0.1	0.0	0.1	0.1	0.2	0.2
Total	**10.8**	**11.3**	**23.7**	**22.7**	**44.4**	**45.4**

Nordic sales volumes

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Nordic sales volume	12.5	13.0	27.3	26.3	51.3	52.3
of which Nordic outright power sales volume*	10.4	10.9	22.9	21.8	42.7	43.8

* The Nordic outright power sales volume includes hydro, wind, and nuclear generation. It does not include thermal generation, minorities, customer business, or other purchases.

Achieved power price

EUR/MWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Generation’s Nordic achieved power price*	33.6	35.0	33.8	36.7	36.8	35.2

* Generation’s Nordic achieved power price includes hydro, wind, and nuclear generation. It does not include thermal generation, minorities, customer business, or other purchases.

April-June 2020

The Generation segment’s total power generation in the Nordic countries decreased due to lower hydro and nuclear volumes and longer nuclear outages. The segment’s overall operational performance and the load factor for nuclear generation were at a good level. The CO_2-free generation accounted for 99% (100%) of the total power generation.

The achieved power price in the Generation segment declined by EUR 1.4 per MWh. This corresponds to a 4% decline, which is marginal, compared to the 84% drop in spot power prices, thanks to the high hedge level. The Nordic spot price dropped significantly mainly due to the wet hydrology.

Comparable operating profit declined by 9%, mainly affected by the lower achieved power price but also due to lower generation volumes.

Operating profit was affected by EUR -43 (-43) million of items affecting comparability, mainly related to the fair value change of non-hedge-accounted derivatives (Note 3).

The share of profits of associates and joint ventures totalled EUR 14 (24) million (Note 11).

On 14 May 2020, Fortum closed the transaction to sell an 80% stake in its Nordic wind portfolio to funds managed by Credit Suisse Energy Infrastructure Partners (CSEIP). The total consideration on a debt- and cash-free basis was approximately EUR 170 million. Fortum will retain a 20% minority ownership in this wind power portfolio, continue to manage the construction, and serve as long-term asset manager for the wind portfolio (Note 6).

January-June 2020

The Generation segment’s total power generation in the Nordic countries increased due to clearly higher hydro volumes compared to the historically low levels in the first quarter of 2019. The CO_2-free generation accounted for 100% (99%) of the total power generation.

The achieved power price in the Generation segment decreased by EUR 2.9 per MWh. This corresponds to an 8% decline, which is clearly less than the 75% drop in spot power prices.

Comparable operating profit decreased by 1%, mainly due to the lower achieved power price. The impact was partly offset by higher hydro volumes in the first quarter.

Operating profit was affected by EUR -8 (-63) million of items affecting comparability (Note 3).

The share of profits of associates and joint ventures totalled EUR -24 (39) million (Note 11).

Russia

The Russia segment comprises power and heat generation and sales in Russia. The segment also includes Fortum's more than 29% holding in TGC-1, which is an associated company and is accounted for using the equity method, as well as Fortum's joint ventures for heat sales, power sales, and for building renewable power generation. The segment does not include Uniper's Russian subsidiary Unipro.

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Sales	202	239	519	537	1,071	1,053
- power sales	182	217	444	465	924	903
- heat sales	19	22	74	70	145	149
- other sales	1	1	1	1	2	2
Comparable EBITDA	74	107	213	242	469	440
Comparable operating profit	37	69	135	168	316	283
Operating profit	37	69	136	168	317	285
Share of profit/loss of associates and joint ventures	15	34	27	43	59	43
Comparable net assets (at period-end)			2,807		3,205	
Comparable return on net assets, %					12.3	11.0
Capital expenditure and gross investments in shares	47	14	51	19	133	165
Number of employees			2,982		2,955	

Power generation and heat production for the Russia segment

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Russian power generation	5.4	6.9	13.8	15.2	29.3	27.9
Russian heat production	2.5	2.7	8.7	9.6	17.3	16.4

Prices for the Russia segment

	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Average capacity price for CCS and other, tRUB/MW/month* **	146	142	156	152	154	155
Average capacity price for CSA, tRUB/MW/month**	961	996	1,064	1,097	1,096	1,079
Average capacity price, tRUB/MW/month	549	563	611	621	624	619
Achieved power price for the Russia segment, RUB/MWh	1,886	1,976	1,842	1,990	1,990	1,911
Achieved power price for the Russia segment, EUR/MWh***	23.3	27.2	24.0	26.8	27.3	25.8

* Including capacity receiving payments under "forced mode status", regulated tariffs, and bilateral agreements.
** Capacity prices paid for the capacity volumes, excluding unplanned outages, repairs, and own consumption.
*** Translated using the average exchange rate.

April-June 2020

Power generation volumes declined by 22% while heat production volumes declined by 7%. Reduced oil production and lower overall economic activity following the OPEC+ decisions and Covid-19 restrictions had an adverse effect on power demand, and the supply from hydropower generators was high. Heat volumes were negatively affected especially by the warmer weather in the Chelyabinsk and Tyumen areas.

Sales decreased by 15% due to lower power prices and volumes as well as the weaker Russian rouble. This was a consequence of the generally softer macro-economic situation, emphasised by the Russia segment's exposure to the oil and gas sectors, which was affected by weaker demand. The negative impact was partly offset by increased power sales to Fortum's and Vostok's electricity retail joint venture in Chelyabinsk. The effect of the change in the Russian rouble exchange rate was EUR -25 million.

Comparable operating profit decreased by 47%, mainly due to lower power margins and volumes, partly offset by higher heat tariffs. There was no increase in credit losses in the second quarter, however, the comparison period in 2019 includes a positive one-time bad debt effect. The effect of the change in the Russian rouble exchange rate was EUR -7 million.

The share of profits of associates and joint ventures totalled EUR 15 (34) million (Note 11).

January-June 2020

Power generation volumes declined by 9% and heat production volumes declined by 9%.

Sales decreased by 3%. The negative effect of lower power prices and volumes and the weaker Russian rouble was partly offset by sales to Fortum's and Vostok's electricity retail joint venture in Chelyabinsk. The effect of the change in the Russian rouble exchange rate was EUR -17 million.

Comparable operating profit decreased by 20%, mainly due to lower power margins and volumes and lower Capacity Supply Agreement (CSA) payments, partly offset by higher heat tariffs. The decline in CSA payments is related to the lower Government bond yields. The effect of the change in the Russian rouble exchange rate was EUR -4 million.

The share of profits of associates and joint ventures totalled EUR 27 (43) million (Note 11).

In April 2020, the Russian Market Council published its annual rating of generating companies, ranking Fortum as the most efficient generating company in Russia for the second year in a row.

City Solutions

City Solutions is responsible for sustainable solutions for urban areas. The segment comprises heating, cooling, waste-to-energy, and other circular economy solutions, as well as solar power generation, services, and development of new biomass-based businesses. The business operations are located in the Nordics, the Baltic countries, Poland, and India. The segment also includes Fortum's 50% holding in Stockholm Exergi, which is a joint venture and is accounted for using the equity method. The segment does not include the operations of Fortum's subsidiary Uniper.

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Sales	212	228	554	633	1,200	1,121
- heat sales	89	98	294	351	615	558
- power sales	20	26	57	81	153	129
- waste treatment sales*	62	59	126	121	250	255
- other sales**	41	45	76	80	181	177
Comparable EBITDA	32	31	138	168	309	279
Comparable operating profit	-15	-15	43	77	121	87
Operating profit	-8	-10	476	84	127	519
Share of profit/loss of associates and joint ventures	1	3	37	42	37	32
Comparable net assets (at period-end)			3,577		3,892	
Comparable return on net assets, %					4.7	3.8
Capital expenditure and gross investments in shares	30	136	69	207	322	184
Number of employees			2,103		1,970	

* Waste treatment sales comprise gate fees and environmental construction services.
** Other sales mainly comprise operation, maintenance and other services, the sale of recycled products, as well as fuel sales.

Heat sales by country

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Finland	0.7	0.7	1.7	2.1	3.8	3.4
Poland	0.5	0.5	1.9	2.0	3.3	3.2
Norway	0.2	0.2	0.8	0.9	1.7	1.6
Other countries	0.5	0.3	1.1	1.1	2.0	2.0
Total	**2.0**	**1.8**	**5.6**	**6.1**	**10.8**	**10.3**

Power sales by country

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Finland	0.2	0.3	0.5	1.0	1.6	1.1
Poland	0.1	0.1	0.3	0.3	0.6	0.6
Other countries	0.4	0.2	0.8	0.4	1.0	1.4
Total	**0.6**	**0.6**	**1.5**	**1.7**	**3.2**	**3.0**

April-June 2020

The effect of the divestment of the Joensuu district heating business in early January 2020 corresponded to a 5% decrease in heating sales. In spite of this, the heat sales volumes increased by 11%, as temperatures were somewhat lower in most heating areas compared to the previous year. The commissioning of the Pavagada 2 solar park in India in August 2019 contributed to higher power sales volumes in 'Other countries'.

Comparable operating profit was flat. The general performance in the district heating business was fairly stable; the Norwegian district heating business, however, was affected by very low power prices. The lower result in Norway was partly offset by the improvement in the recycling and waste business and the contribution from the Pavagada 2 solar plant.

Operating profit was affected by EUR 7 (5) million of items affecting comparability related to the fair value change of non-hedge-accounted derivatives (Note 3).

The share of profits of associates and joint ventures totalled EUR 1 (3) million (Note 11).

January-June 2020

Heat sales volumes decreased by 9% as temperatures were clearly higher than normal in all heating areas in the first quarter of 2020. Part of the lower heat sales volume was related to the divestment of the Joensuu district heating business in early January 2020. The commissioning of the Pavagada 2 solar park in India in August 2019 contributed to higher power sales volumes in ‘Other countries’.

Comparable operating profit decreased by EUR 34 million, down by 44%. The main reasons for the clearly weaker profitability were lower heat sales volumes, lower power prices, and lower Norwegian heat prices in the first quarter as well as the lower second-quarter results in the Norwegian district heating business. In Norway, the district heat pricing is linked to the power price development, which in this market environment resulted in a clear negative impact on the heat prices. In addition, structural changes, mainly the divestment of the Joensuu district heating business, had a EUR 10 million negative impact on the results of the first two quarters. The Pavagada 2 solar park, commissioned in August 2019, contributed positively to the result.

Operating profit was affected by EUR 433 (7) million of items affecting comparability, mainly the sales gain of EUR 431 million from the divestment of the Joensuu district heating business and the fair value change of non-hedge-accounted derivatives (Note 3).

The share of profits of associates and joint ventures totalled EUR 37 (42) million (Note 11).

On 20 December 2019, Fortum signed an agreement to sell its district heating business in Joensuu, Finland, to Savon Voima Oyj. The total consideration on a debt- and cash-free basis was approximately EUR 530 million, and the cash was received at the completion of the divestment on 10 January 2020. Fortum recorded a tax-exempt capital gain of EUR 431 million in the City Solutions segment’s first-quarter 2020 results.

On 6 February 2020, Fortum decided to assess strategic options, including possible divestment, of its district heating and cooling businesses in Poland, Estonia, Lithuania, Latvia, and in Järvenpää, Finland. Based on initial assessments, these district heating and cooling businesses were identified as operations that could provide higher growth and value potential with an alternative ownership structure. On 3 July, Fortum announced it had agreed to sell the district heating business in Järvenpää for approximately EUR 375 million. Fortum expects to close the transaction and record a tax-exempt capital gain of approximately EUR 290 million in the City Solutions segment’s third-quarter 2020 results. In July, Fortum increased its ownership to 100% in the Tartu district heating business in order to increase the flexibility of potential future options for the Estonian district heating businesses. The assessments in Poland and the Baltics are progressing according to plan. On 31 July, Fortum announced its decision to assess strategic options, including possible divestment, of its 50% holding in Stockholm Exergi.

Consumer Solutions

Consumer Solutions is responsible for the electricity and gas retail businesses in the Nordics, Poland, and Spain, including the customer service, invoicing, and debt collection businesses. Fortum is the largest electricity retail business in the Nordics, with approximately 2.4 million customers across different brands in Finland, Sweden, Norway, Poland, and Spain. The business provides electricity as well as related value-added and digital services.

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Sales	237	346	661	1,015	1,835	1,481
- power sales	189	305	540	903	1,630	1,267
- other sales	48	41	121	112	206	215
Comparable EBITDA	35	34	82	75	141	148
Comparable operating profit	19	19	51	44	79	86
Operating profit	45	9	55	3	20	72
Comparable net assets (at period-end)			540		640	
Capital expenditure and gross investments in shares	13	13	28	27	55	56
Number of employees			1,305		1,327	

Sales volumes

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Electricity	6.3	6.2*	15.8	16.3*	30.6	30.0
Gas	0.9	0.8	2.5	2.1	4.1	4.5

Not including wholesale volumes.
* Figure corrected from previously published.

Number of customers

Thousands*	30 June 2020	31 Dec 2019
Electricity	2,310	2,340
Gas	50	40
Total	**2,360**	**2,380**

* Rounded to the nearest 10,000.

April-June 2020

The electricity sales volumes increased by 2%. Total sales revenue decreased by 32%, following the extremely low electricity price in the Nordics compared to the level in the second quarter of 2019. Competition in the Nordics continued to be intense with high customer churn. The Covid-19 pandemic increased market uncertainty especially in the small and medium-sized enterprises sector; so far, however, no major negative implications on the business, such as credit losses, have materialised. Despite this uncertainty, Consumer Solutions' competitiveness continued to strengthen.

The result performance continued to be solid and the comparable operating profit increased marginally.

Operating profit was affected by EUR 26 (-9) million of items affecting comparability, due to the fair value change of non-hedge-accounted derivatives (Note 3).

January-June 2020

The electricity sales volumes decreased by 3%, mainly due to warmer weather in the Nordics in the first quarter. Total sales revenue decreased by 35%, following the significantly lower electricity price in the Nordics compared to the first half of 2019.

Comparable operating profit continued to improve and increased by 16%, mainly driven by higher sales margins in the first quarter. The higher sales margins are a result of active development of the service offering following the Hafslund integration and subsequent development of the business.

Operating profit was affected by EUR 4 (-41) million of items affecting comparability, due to the fair value change of non-hedge-accounted derivatives (Note 3).

Uniper

The Uniper segment comprises Fortum's majority ownership in Uniper, a subsidiary to Fortum. Uniper is a leading international energy company with activities in more than 40 countries. Its business is the secure provision of energy and related services. Its main activities include power generation in Europe and Russia as well as global energy trading and optimisation, which Uniper reports in three businesses – European Generation, Global Commodities, and Russian Power Generation – in its financial statements. The segment includes Uniper's proportionate share of OKG AB (Note 1).

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Sales	11,365	-	11,365	-	-	11,365
- power sales	4,938	-	4,938	-	-	4,938
of which Nordic outright power sales*	143	-	143	-	-	143
- heat sales	58	-	58	-	-	58
- gas sales	5,752	-	5,752	-	-	5,752
- other sales	618	-	618	-	-	618
Comparable EBITDA	184	-	184	-	-	184
Comparable operating profit	27	-	27	-	-	27
Operating profit	294	-	294	-	-	294
Share of profit/loss of associates and joint ventures	5	-	5	-	-	5
Comparable net assets (at period-end)			7,035		-	
Capital expenditure and gross investments in shares	145	-	145	-	-	145
Number of employees			11,591		-	

* The Nordic outright power sales includes hydro, wind, and nuclear generation. It does not include thermal generation, minorities, customer business, or other purchases.

Power generation by source

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Hydropower, Nordics	2.4	-	2.4	-	-	2.4
Nuclear power, Nordics	2.8	-	2.8	-	-	2.8
Thermal power, Nordics	0.0	-	0.0	-	-	0.0
Hydropower, Central Europe	1.1	-	1.1	-	-	1.1
Thermal power, Central Europe	5.3	-	5.3	-	-	5.3
Thermal power, Russia	9.4	-	9.4	-	-	9.4
Total	**21.1**	**-**	**21.1**	**-**	**-**	**21.1**

Nordic sales volumes

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Nordic sales volume	5.3	-	5.3	-	-	5.3
of which Nordic outright power sales volume*	5.2	-	5.2	-	-	5.2

* The Nordic outright power sales volume includes hydro, wind, and nuclear generation. It does not include thermal generation, minorities, customer business, or other purchases.

Prices for the Uniper segment

EUR/MWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Uniper's Nordic achieved power price*	27.6	-	27.6	-	-	27.6
Average capacity price for Uniper CCS and other, tRUB/MW/month** ***	131	-	131	-	-	131
Average capacity price for Uniper CSA, tRUB/MW/month***	900	-	900	-	-	900
Average capacity price for Uniper, tRUB/MW/month	245	-	245	-	-	245
Achieved power price for Uniper in Russia, RUB/MWh	1,787	-	1,787	-	-	1,787
Achieved power price for Uniper in Russia, EUR/MWh****	22.1	-	22.1	-	-	22.1

* Uniper's Nordic achieved power price includes hydro, wind, and nuclear generation. It does not include thermal generation, minorities, customer business, or other purchases.
** Including capacity receiving payments under "forced mode status", regulated tariffs, and bilateral agreements.
*** Capacity prices paid for the capacity volumes, excluding unplanned outages, repairs, and own consumption.
**** Translated using the average exchange rate.

Introduction to Uniper's business

Uniper is an international energy company with operations in more than 40 countries. With about 34 GW of installed generation capacity, Uniper is among the largest global power generators. Approximately 50% of the power generating capacity is gas-based, 30% coal-based, and 20% hydro- or nuclear-based. Its main activities include power generation in Europe and Russia as well as global energy trading and optimisation, including a diversified gas portfolio that makes Uniper one of Europe's leading gas companies.

Uniper's energy trading and optimisation business accounts for more than 90% of the Uniper group's sales. A substantial portion of Uniper's sales arises from the physical assets and contract portfolio optimisation, which is accounted for on a gross basis.

The Uniper business generally follows a seasonal pattern with the first and fourth quarters being the strongest. Therefore, the contribution in the second and third quarters is usually limited.

April-June 2020

Aside from the Nordics, power markets in the second quarter were characterised by lower demand due to the Covid-19 pandemic. The supply from renewable power generation was on a fairly high level with high water reservoir levels in the Nordics. This resulted in lower power prices and lower spreads in Uniper's core markets and, accordingly, in lower generation volumes in the fossil fuel fleet. However, given the optimisation and hedging activities of the power generation fleet, as well as an increased focus on spot, intraday, and system-services, the financial impact of the lower thermal generation was to a large extent mitigated, while supported by Nordic hydropower generation.

Reduced market demand combined with relatively high storage levels and robust supply depressed European gas prices. This presented gas suppliers with the challenge of optimising the supply and sales portfolio. Uniper's commodity business benefited especially from the settlement of coal, freight, and oil trading deals.

The Russian business contributed positively to Uniper's comparable operating profit in the second quarter despite lower electricity prices in the day-ahead market, due to the impact of the Covid-19 pandemic, especially at oil and gas producers, reduced foreign demand, as well as a weather-related increase in supply.

Comparable operating profit amounted to EUR 27 (-) million.

Operating profit was affected by EUR 267 (-) million of items affecting comparability, mainly EUR 160 (-) million of fair value change of non-hedge-accounted derivatives and EUR 71 (-) million of impairment charges and reversals (Note 3).

The share of profits of associates and joint-ventures totalled EUR 5 (-) million (Note 11).

On 20 May 2020, Uniper held its Annual General Meeting, which approved the dividend of EUR 421 million.

On 28 May 2020, Uniper and its co-shareholders decided to return the Irsching 4 and 5 gas power plants to the market due to improved market prices – in particular lower gas prices – which should make it possible to operate the highly efficient gas power plant economically.

On 30 May 2020, Uniper commissioned the Datteln 4 coal power plant.

On 10 June 2020, the German Federal Government passed the national hydrogen strategy and decided on the members of the National Hydrogen Council (Nationaler Wasserstoffrat). The CEO of Uniper, Andreas Schierenbeck, was appointed to the expert committee.

Uniper investment

Fortum consolidated Uniper into its balance sheet as of 31 March 2020 and, from the second quarter, Fortum consolidated Uniper's results into its income statement. The reason for the change in quarterly, half-year, and last-twelve-month figures compared to the previous year is thus the consolidation of Uniper. Fortum's first-quarter share of Uniper's results is reported in the share of profits of associates and joint venture of Other operations; see Changes in reporting and Note 1.

In 2017, Fortum announced a public takeover offer to buy shares in Uniper. In June 2018, the offer was settled and Fortum's ownership was 47.12%. At the end of 2018, Fortum's ownership in Uniper was 49.99%. The total acquisition cost for the initial 49.99% stake in Uniper, including direct costs relating to the acquisition, was EUR 3,968 million (Note 6).

On 8 October 2019, Fortum announced it had entered into agreements with Elliott and Knight Vinke to acquire an additional stake of at least 20.5% in Uniper, increasing Fortum's share in Uniper to more than 70% and the total investment in Uniper to approximately EUR 6.5 billion. On 26 March 2020, Fortum closed the first tranche of the transaction after receiving all necessary regulatory clearances. Fortum's shareholding in Uniper thereby increased to 69.6%. On 8 May 2020, Fortum closed the second and final tranche, thereby increasing the ownership to 73.4%. In August 2020, Fortum increased its ownership in Uniper to 75.01% (Notes 6 and 11).

In April 2020, the chairman of Uniper's Supervisory Board as well as four other board members resigned from their duties and the Düsseldorf District Court appointed five new Supervisory Board members. Fortum's Executive Management members Sirpa-Helena Sormunen and Tiina Tuomela as well as Klaus-Dieter Maubach, member of Fortum's Board of Directors, joined Fortum's current President and CEO Markus Rauramo on the Supervisory Board of Uniper. The Supervisory Board elected Mr. Maubach as the new chairman of Uniper's Supervisory Board.

For further information, see Uniper's second-quarter 2020 report published on 11 August 2020.

Capital expenditures, divestments, and investments in shares

Fortum consolidated Uniper into its balance sheet as of 31 March 2020 and, from the second quarter, Fortum consolidated Uniper's results into its income statement. The main reason for the change in quarterly, half-year, and last-twelve-month figures compared to the previous year is thus the consolidation of Uniper.

In the second quarter of 2020, capital expenditures and investments in shares totalled EUR 381 (234) million (Note 6). Capital expenditures were EUR 236 (226) million (Note 3).

Fortum expects to start, or has started, power and heat production capacity of new power plants and expects to upgrade its existing plants as follows:

	Type	Electricity capacity, MW	Heat capacity, MW	Supply starts/started	Latest announced
Generation					
Sørfjord, Norway*	Wind	97		IV/2019-IV/2020	20 Dec 2019
Russia					
Solar**	Solar	116		2021-2022	17 Jun 2019
City Solutions					
Kivenlahti, Finland	Bio HOB***		58	May 2020	24 Sep 2019
Suomenoja, Finland	Heat pump		20	2021	24 Sep 2019
Rajasthan, India	Solar	250		I/2021	4 Mar 2019
Uniper					
Datteln IV, Germany	Coal	1,052	380	30 May 2020	30 May 2020
Berezovskaya 3, Russia	Lignite	754		I-II/2021	11 Aug 2020
Irsching 6, Germany	Gas	300		Oct 2022	9 Jan 2019
Scholven, Germany	Gas	137	125	IV/2022	6 Feb 2020
Killingholme and Grain, UK	Grid stability			Apr 2021	6 Feb 2020
Surgutskaya 1, Russia	Gas	20		I/2022	12 Nov 2019
Surgutskaya 4, Russia	Gas	20		IV/2025	12 Nov 2019
Surgutskaya 6, Russia	Gas	20		III/2024	12 Nov 2019

* The Sørfjord wind park is part of the transaction with Credit Suisse Energy Infrastructure Partners and an 80% share will be sold once it is commissioned.
** Subject to separate investment decision.
*** Biofuel-fired heat-only boiler.

Generation

In December 2019, Fortum and Credit Suisse Energy Infrastructure Partners (CSEIP) signed an agreement whereby funds advised by CSEIP would acquire an 80% stake in Fortum's Nordic wind portfolio. Fortum will retain a 20% minority ownership in this wind power portfolio, continue to manage the construction, and serve as long-term asset manager for the wind portfolio. The transaction was closed on 14 May 2020 (Note 6).

Russia

In 2017 and 2018, the Fortum-Rusnano wind investment fund won the right to build a total of 1,823 MW of wind capacity in CSA auctions. The wind parks will receive a guaranteed CSA price for a period of 15 years. 350 MW of the capacity is operational, 476 MW under construction, and 997 MW under development.

The investment decisions related to the solar and wind capacities won by Fortum and the Fortum-Rusnano wind investment fund in the Russian CSA auctions in 2017, 2018, and 2019 are made on a case-by-case basis. Fortum's maximum equity commitment is RUB 15 billion.

City Solutions

In December 2019, Fortum signed an agreement to sell its district heating business in Joensuu, Finland, to Savon Voima Oyj. The total consideration on a debt- and cash-free basis was approximately EUR 530 million. The transaction was completed on 10 January 2020, and Fortum recorded a tax-exempt capital gain of EUR 431 million in the City Solutions segment's first-quarter 2020 results.

On 6 February 2020, Fortum decided to assess strategic options, including possible divestment, of its district heating and cooling businesses in Poland, Estonia, Lithuania, Latvia, and in Järvenpää, Finland. Based on initial assessments, these district heating and cooling businesses have been identified as operations that could provide higher growth and value potential with an alternative ownership structure. On 3 July, Fortum announced it had agreed to sell the district heating business in Järvenpää for approximately EUR 375 million. Fortum expects to close the transaction and record a tax-exempt capital gain of approximately EUR 290 million in the City Solutions segment's third-quarter 2020 results. In July, Fortum increased its ownership to 100% in the Tartu district heating business in order to increase the flexibility in potential future options for the Estonian district heating businesses. The assessment in Poland and the Baltics is progressing according to plan. On 31 July, Fortum announced its decision to assess strategic options, including possible divestment, of its 50% holding in Stockholm Exergi.

Uniper

The repair of the boiler at Berezovskaya 3 continues to suffer from limited workforce availability following Covid-19 cases at the site. As a result, the targeted commercial operation date in the fourth quarter of 2020 has been revised and the new commercial operation date is now expected to be in the first half of 2021.

Other Operations

On 27 April 2020, Fortum signed an agreement to sell 60% of Fortum Recharge AS, its public charging point operator for electrical vehicles in the Nordics, to Infracapital. The transaction closed on 29 May 2020, and Fortum recorded a tax-exempt capital gain of EUR 72 million in Other Operations' second-quarter 2020 results. The cash consideration was EUR 87 million.

Operating and regulatory environment

European power markets

According to preliminary statistics, electricity consumption in the Nordic countries was 87 (88) TWh during the second quarter of 2020. The Nordic power demand showed a minor decline while temperatures were close to the long-term average and slightly below the level in the second quarter of 2019.

Measures taken against the spreading of Covid-19 impacted power demand in various European countries during the second quarter of 2020. There was a large decline across Continental Europe and the UK, with Italy, the UK, France, Spain, and Germany seeing a 10%, or higher, drop in power demand. In the Nordic countries, power demand was close to the previous year's levels, and the impact of the Covid-19 pandemic has so far been negligible.

Electricity is expected to continue to gain a higher share of total energy consumption in the longer term. Over the next few years, electricity demand in the Nordic countries is expected to grow annually by approximately 0.5% on average. The growth rate, however, will largely be determined by the macroeconomic development in Europe and especially in the Nordic countries. In the longer term, the rate of electrification of the industrial, transportation, and heating sectors is a key element determining the growth in electricity consumption.

At the beginning of 2020, the Nordic water reservoirs were at 79 TWh, which is 5 TWh lower than the long-term average and 5 TWh higher than one year earlier. The rainy and mild winter led to a rapid strengthening of the Nordic water reservoirs during the first quarter. However, the spring was fairly cold and thus the spring inflows were significantly delayed. At the end of the second quarter of 2020, the reservoirs were at 93 TWh, which is 9 TWh above the long-term average and 2 TWh higher than one year earlier.

In the second quarter of 2020, the average system spot price in Nord Pool decreased exceptionally to EUR 5.6 (35.6) per MWh. The decline in the Finnish and Swedish price areas was also significant, but clearly less than in the Nordic system price. The average area price in Finland was EUR 22.5 (37.4) per MWh, in the SE3-area in Sweden (Stockholm) EUR 15.1 (33.0) per MWh, and in the SE2-area in Sweden (Sundsvall) EUR 8.2 (33.0) per MWh. A strong hydrological surplus and the risk of spilling in many hydro reservoirs were the main reasons for the very low spot prices during the second quarter of 2020. During January-June 2020, the average system spot price in Nord Pool was EUR 10.5 (41.2) per MWh. The average area price in Finland was EUR 23.2 (42.4) per MWh, in the SE3-area in Sweden (Stockholm) EUR 16.9 (39.7) per MWh, and in the SE2-area in Sweden (Sundsvall) EUR 11.9 (39.5) per MWh.

According to preliminary statistics, electricity consumption in central western Europe (Germany, France, Austria, Switzerland, Belgium, and the Netherlands) was 265 (299) TWh during the second quarter. The significant drop in power consumption was caused by the impact mainly on industrial demand following the Covid-19 pandemic. In Germany, the average spot price decreased significantly to EUR 20.3 (35.8) per MWh in the second quarter of 2020. Low gas prices together with decreased power demand pushed down the German spot prices during the second quarter. In January-June 2020, the average German spot price was EUR 23.4 (38.3) per MWh.

In mid-August 2020, the Nordic system electricity forward price on Nasdaq Commodities for the remainder of 2020 was around EUR 15 per MWh and for 2021 around EUR 20 per MWh. The Nordic water reservoirs were about 16 TWh above the long-term average and 20 TWh higher than one year earlier. The German electricity forward price for the remainder of 2020 was around EUR 35 per MWh and for 2021 around EUR 39 per MWh.

Commodity markets

Gas demand in central western Europe was 380 (419) TWh during the second quarter. The central western European gas storage levels increased from 337 TWh at the beginning of the quarter to 500 TWh at the end of the quarter, which is 40 TWh higher than a year earlier and 144 TWh higher than the five-year average (2015–2019).

The average gas spot price (TTF) during the second quarter was EUR 5.4 (13.0) per MWh. The 2021 price developed mainly sideways, being at EUR 12.1 per MWh at the beginning of the quarter and closing at EUR 12.5 per MWh at the end of the quarter.

During the second quarter, European Emission Allowances (EUA) were strong, the price recovered and increased from EUR 17.7 per tonne at the beginning of the quarter to EUR 27.0 per tonne at the end of the quarter, which is close to the price level one year earlier.

The forward quotation for coal (ICE Rotterdam) for 2021 increased from USD 55 per tonne at the beginning of the quarter to USD 58 per tonne at the end of the quarter, which is USD 10 per tonne below the price one year earlier.

In mid-August 2020, the TTF forward price for gas for the remainder of 2020 was EUR 10 per MWh and for 2021 EUR 13 per MWh. The forward quotation for EUAs for 2020 was at the level of EUR 26 per tonne. The forward price for coal (ICE Rotterdam) for the remainder of 2020 was USD 50 per tonne.

Russian market

Fortum's Russia division operates mainly in the Tyumen and Khanty-Mansiysk area of western Siberia, where industrial production is dominated by the oil and gas industries, and in the Chelyabinsk area of the Urals, which is dominated by the metal industry. Uniper's Russian subsidiary Unipro PJSC operates in the Smolensk, Moscow, Krasnoyarsk regions, the Perm territory, and the Khanty-Mansiysk Autonomous District.

The Russian market is divided into two price zones and Fortum's Russia division operates in the first price zone (European and Urals part of Russia), while Uniper operates in both the first and second price zones.

According to preliminary statistics, Russian electricity consumption was 232 (244) TWh during the second quarter of 2020. The corresponding figure for the first price zone was 176 (186) TWh and for the second price zone 48 (49) TWh. The decline in consumption was caused by a decrease in oil production and economic activity in the second quarter of 2020.

In the second quarter, the average electricity spot price, excluding capacity prices, decreased by 13% to RUB 1,160 (1,334) per MWh in the first price zone and by 13% to RUB 902 (1,042) in the second price zone. The spot price in the Urals hub decreased by 11% and was RUB 1,021 (1,151) per MWh.

The Russian Government increased the gas price by 1.4% in July 2019 and by 3% in August 2020.

In Russia, capacity payments based on CSA contracts are a key driver for earnings growth, as CSA payments are considerably higher than for capacities selected in Competitive Capacity Selection (CCS) auctions. Currently, Fortum's Russia segment's CSA capacity amounts to 2,368 MW. Correspondingly, Uniper's CSA capacity amounts to 2,455 MW. In February 2020, the System Administrator of the wholesale market published data from 2019 regarding the rate of return and the CPI, which were used to calculate the CSA price for 2020. The CSA payments were revised downwards to reflect the lower Government bond rates and higher earnings from the electricity-only market.

In addition, thermal power plants are entitled to clearly higher CSA payments starting approximately six years after commissioning (see tables below). In 2020, an increase in CSA payments is expected for one unit of Fortum's Uniper segment, but none for Fortum's Russia segment's generation fleet. After the CSA period ends, units can receive CCS payments from CCS auctions.

Fortum's Russia segment's units	CSA starts	Higher CSA starts	CSA ends
Tyumen CHP 1, unit 2	1 Feb 2011	1 Oct 2016	31 Dec 2020
Chelyabinsk CHP 3, unit 3	1 Jun 2011	1 Nov 2016	31 Dec 2020
Nyagan, unit 1	1 Apr 2013	1 Jan 2018	31 Dec 2021
Nyagan, unit 2	1 Dec 2013	1 Aug 2018	31 Dec 2022
Nyagan, unit 3	1 Jan 2015	1 Jan 2021	31 Dec 2025
Chelyabinsk CHP 4, unit 1	1 Dec 2015	1 Jan 2021	31 Dec 2024
Chelyabinsk CHP 4, unit 2	1 Mar 2016	1 Jan 2021	31 Dec 2024
Ulyanovsk*	1 Jan 2018	n/a	30 Nov 2031
Bugulchansk**	Nov 2016 – Mar 2017	n/a	Nov 2030 – Nov 2031
Pleshanovsk**	1 Mar 2017	n/a	30 Nov 2031
Grachevsk**	1 Mar 2017	n/a	30 Nov 2031

* Wind CSA.
** Solar CSA.

Fortum's Uniper segment's units	CSA starts	Higher CSA starts	CSA ends
Surgutskaya-2 GRES-2, unit 7	1 May 2011	1 May 2017	31 Jul 2021
Surgutskaya-2 GRES-2, unit 8	1 Jun 2011	1 Jun 2017	31 Aug 2021
Shaturskaya GRES, unit 7	1 Oct 2010	1 Oct 2016	31 Dec 2020
Yaivinskaya GRES, unit 5	1 Jan 2011	1 Jan 2017	31 Dec 2020
Berezovskaya GRES, unit 3	1 Nov 2014	1 Nov 2020	31 Oct 2024
Surgutskaya-2 GRES-2, unit 1*	Mar 2022	n/a	Feb 2038
Surgutskaya-2 GRES-2, unit 4*	Dec 2025	n/a	Nov 2041
Surgutskaya-2 GRES-2, unit 6*	Sep 2024	n/a	Aug 2040

* Modernisation CSA 2.

Fortum's Russia division's generation capacity not receiving CSA payments, totalling 2,560 MW, is allowed to participate in the annual CCS auctions. Uniper's generation capacities allowed to participate in the CCS auction totalled 8,790 MW. The next CCS auction, for the year 2026, is expected to be held in the fourth quarter of 2020.

Year	2019	2020	2021	2022	2023	2024	2025
CCS auction price, tRUB/MW/month, first price zone*	110	115	134	168	171	182	193
CCS auction price, tRUB/MW/month, second price zone*	190	191	225	264	267	279	303
Fortum's Russia segment							
Selected in CCS auction, MW, first price zone	2,365	2,331	2,848	3,451	3,904	3,904	4,351
Fortum's Uniper segment							
Selected in CCS auction, MW, first price zone	7,190	7,190	8,829	8,035	8,035	7,225	6,427
Selected in CCS auction, MW, second price zone	1,600	1,600	1,600	1,600	1,600	2,400	2,400

* Excluding inflation.

More detailed information about the market fundamentals is included in the tables at the end of the report.

Regulatory environment

EU Sustainable Finance Regulation

The Taxonomy Regulation, setting sustainability criteria for about seventy business sectors, was formally adopted by the European Council and Parliament in mid-June. The detailed metrics for the criteria are still to be defined in the delegated acts that the Commission will issue. The status of nuclear power is still open, and the Commission therefore decided to establish an expert group to investigate the environmental impact of nuclear power generation.

Fortum has consistently called for a European taxonomy that is well-aligned with the EU's 2050 climate neutrality goal and that takes duly into account the complementing role of technologies aimed at reducing or removing greenhouse gas emissions. Fortum has also asked for a prompt assessment of the environmental impact of nuclear power.

Ambitious EU financial and budgetary response to Covid-19 approved

In July, the EU member states reached a political agreement on the EU budget and Covid-19 recovery package. The ambitious EUR 1.85 trillion recovery package, composes of a seven-year EU budget amounting to EUR 1.1 trillion and a EUR 750 billion 'Next Generation EU' fund. This recovery plan is unprecedented and innovative as it allows bringing the recovery and the European Green Deal together whilst leveraging the high EU credit rating to borrow under the best conditions. To sustain its ambition, the Commission is relying on a temporary increase of national contributions of 2% of GDP together with new revenue streams. The package will be finalised during the autumn.

Fortum supports the emphasis placed on climate change mitigation and digitalization in the recovery as well as sticking to the commitments on the Green Deal.

German and EU hydrogen strategies

On 10 June, the German Government approved the National Hydrogen Strategy, which focuses on hydrogen produced on renewable energy (green hydrogen). The strategy provides a framework as well as a mid-term action plan for hydrogen generation, transport, and use. To advise in implementation of the strategy, the Government has set up a National Hydrogen Council, in which Uniper's CEO Andreas Schierenbeck has been appointed as a member.

EU's Hydrogen Strategy was published on 8 July. Although the EU is focusing on green hydrogen, the Commission also allows hydrogen produced from gas during a transition phase. The strategy proposes both quantitative targets for electrolysers (6 GW installed by 2024 and 40 GW by 2030) and possible sector specific quantitative targets for hydrogen use to create demand pull.

Fortum welcomes the strategies with the strong push to develop the hydrogen economy based on renewables and gas, however regrets that the role of nuclear in hydrogen production is overlooked. Uniper is well positioned to participate in the development and ramp-up of the hydrogen market, with experience from the natural gas sector and power-to-gas pilot projects.

German coal phase-out

In June, the German Parliament passed the coal phase-out law. It sets the path to phase out hard coal and lignite-fired electricity generation by 2038 at the latest. In 2019, 23 GW of hard coal and 21 GW of lignite capacity were on the market.

The Government has set the schedule for the exit of lignite mining and power generation in a contract with the lignite operators. The closures of hard coal plants will, up until 2027, be determined based on auctions.

Uniper announced a strategy for decommissioning of its European coal power plant fleet already in March 2020.

Finnish Waste Law under consultation

In April, the Ministry of the Environment published a draft law for consultation that would implement the EU 2018 waste package into Finnish legislation. The proposal also includes some national changes in the producer's responsibility for packaging waste.

For Fortum, the most significant issues are reorganising the producer's responsibility and defining the cost responsibility for the collection of packaging waste. The draft law proposes that the producers of packaging material would be responsible for only 80% of the collection cost of packaging waste instead of 100% that has been prescribed in the EU Waste Directive. The proposed change may restructure the collection of packaging waste and lead to one single producer responsibility entity instead of the existing five entities.

Fortum has highlighted the need to allow the possibility for specialised producer responsibility entities in order not to harm the positive development for plastic waste collection started in 2016. Fortum also opposes the proposal to lower the cost responsibility of packaging producers to 80%.

Final Governmental decision on nuclear repository still pending in Sweden

The 30-year-long process of developing a final repository for spent nuclear fuel in Sweden is coming closer to an end. In June, the final legislative hurdles were cleared in the Swedish Parliament. The municipality of Östhammar is expected to approve the project in September, and thereafter the Swedish Government is expected to make its final decision; the time schedule, however, still remains open.

The estimated annual cost for delaying the project totals EUR 80 million for all nuclear owners. Furthermore, the approval of the final repository is part of the same approval process as the expansion of the short-term storage for spent nuclear fuel. This storage will reach its capacity limit in a few years and, consequently, needs to be expanded.

Waste incineration taxes under preparation in several Nordic countries

On 1 April, the tax on waste incineration entered into force in Sweden. The Tax Agency interprets the regulation as non-hazardous waste received at an incineration plant being subject to the taxation no matter if it will be incinerated or not. This interpretation causes an unfavourable tax burden for non-hazardous waste dedicated for other, non-incineration treatment options.

The development in Sweden is being monitored closely in Norway. The pending steering alternatives are either a waste incineration tax or opting waste-to-energy into the ETS (Emission Trading System) starting from 2021.

In Finland, the Ministry of the Environment commissioned a consultant study on the feasibility of a waste incineration tax in order to promote the preparation and use of recycled raw materials, to be completed by the end of this year.

Fortum opposes the waste incineration taxes, as they will not have any meaningful or demonstrated steering effect to stimulate waste prevention, recycling, or lower greenhouse gases. Taxes or product design standards must be placed higher up in the waste hierarchy.

Swedish National Prioritisation Plan for hydropower adopted

On 25 June 2020, the Swedish Government adopted a National Prioritisation Plan for Hydropower. As a part of the process to fully implement the EU Water Framework Directive, the plan sets out the timeline and priorities for renewing hydropower permits during a 20-year period. The Government emphasises the need to keep generation losses of all Swedish generators below the 1.5 TWh level when deciding on environmental measures, also taking into account the impact from Nature 2000 areas.

The plan is well in line with Fortum's position and provides the authorities with clear guidelines.

Proposal for the reduction of electricity tax in Finland

The Ministry of Finance is proposing to reduce the electricity tax for industry to the EU minimum level from the beginning of 2021. This change has political support in the Government and therefore the proposal is likely to be approved. The electricity tax for industry (EUR 7.0 per MWh) in Finland is currently much higher than e.g. in Sweden where the EU minimum level (EUR 0.5 per MWh) is applied. The reduction of the electricity tax would support the electrification of society and improve Finland's attractiveness for international investments in data centers.

Key drivers and risks

Fortum's financial results are exposed to a number of financial, operational, strategic, and sustainability-related risks. Fortum is exposed to these risks both directly and indirectly through its subsidiaries, associated companies, and joint ventures. The principal associated companies and joint ventures are Teollisuuden Voima Oyj (TVO), Forsmarks Kraftgrupp AB, Kemijoki Oy, TGC-1, and Stockholm Exergi AB. For more information about the risk exposures, please see each respective company's annual report.

On 26 March 2020, Fortum became the majority shareholder of Uniper. Fortum consolidated Uniper into Fortum's balance sheet as of 31 March 2020. From the second quarter of 2020, Fortum consolidated Uniper's results into its income statement. However, Uniper remains a separate company, listed in Germany, and therefore has its own risk management systems, risk governance framework, and a separate disclosure of its material risks and uncertainties. The methods and models used to quantify and assess risk in Uniper differ from Fortum partly due to different requirements set by local regulations. As Uniper now is a subsidiary of Fortum, Fortum and Uniper have initiated discussions on risk management systems and frameworks to ensure continued compliance with corporate governance codes, relevant disclosure requirements, and regulations.

Uniper's business is predominantly exposed to the following four risk categories: market risk, credit risk, operational risk, and financial risk. Market risk comprises risks from market price movements (commodity, interest rates, and foreign exchange rates), as well as from the market environment. Operational risk includes risks related to Uniper's asset operations, asset projects, IT, political & regulatory environment, legal proceedings, as well as people and process-related risks. Financial risks comprise margining risks, tax risks, and risks from unforeseeable non-periodic financial results. As per the end of the second quarter of 2020, the categories credit risk, market risk, legal risk, financial risk, as well as asset project risk are the major sources of uncertainty for Uniper's financial performance. For more information on the risk exposure, please see Uniper's annual report and half-year 2020 interim report.

One of the key factors influencing Fortum's business performance is the Nordic electricity wholesale price. The key short-term drivers behind the electricity wholesale price development in the Nordic region are commodity prices, such as coal and gas, European electricity wholesale prices, prices for CO_2 emission allowances, the hydrological situation, temperatures, and the electricity import-export balance. In the longer term, global economic growth and changes to energy policy and regulations impact commodity and CO_2 emission allowance prices, which, in turn, impact the Nordic wholesale price of electricity. In addition, increased volatility in exchange rates could have both translation and transaction effects on Fortum's financials, especially through the Russian rouble and Swedish krona.

Operational risks resulting from failed internal processes or systems or from external events can have a negative impact on Fortum's results. In all regions, fuel prices and power plant availability also impact profitability.

Changes in the regulatory and fiscal environment create risks and opportunities for the energy and environmental management business. The main strategic risk is that the regulatory and market environment develops in a way that we have not been able to foresee and prepare for. In response to these uncertainties, Fortum analyses and assesses a number of future market and regulation scenarios, including the impact of these on different generation forms and technologies. As a result, Fortum's strategy includes broadening of the revenue base and diversification into new businesses, technologies, and markets. The environmental management business is based on the framework and opportunities created by environmental regulation. Being able to respond to customer needs created by the tightening regulation is a key success factor.

For Fortum's Russian business, the key drivers are economic growth, the rouble exchange rate, regulation of the heat business, and the further development of the electricity and capacity markets. A key profitability driver is the received capacity payments based on the CSA contracts and CCS auctions. The main part of Fortum's generation capacity built after 2007 is entitled to CSA payments for approximately 10 years after commissioning of each new unit (approximately 15 years for renewable generation). The received capacity payments vary, depending on the age, location, type, and size of the plant, as well as on seasonality and availability. The CSA payments are adjusted for, among other factors, the rate of return, the consumer price index (CPI), and re-examination of earnings from the electricity-only (spot) market (done every three and six years after commissioning of a unit). In addition, thermal power plants are entitled to clearly higher CSA payments starting approximately six years after commissioning.

Due to the ongoing Covid-19 pandemic, the exposure to risk and uncertainty in all risk categories has increased compared to the year-end situation. Although there has been a certain stabilisation and partial recovery of prices in the second quarter, market prices for Nordic electricity remain lower than at the beginning of the year, due to lower commodity prices and European demand as well as the extremely wet, warm, and windy winter in the Nordics during the first quarter. Fortum's hedges, especially for the remainder of 2020 and for the year 2021, will offer some protection against short-term fluctuations in Nordic electricity and other commodity market prices, but if the Covid-19 pandemic continues longer than expected or results in a more severe economic downturn than anticipated, results will be negatively impacted, as the hedge level for future years is lower.

Additionally, there is an increased risk of credit defaults caused by the abrupt shut-down of society in many parts of the world. Fortum hedges the majority of its Nordic power production through exchanges where contracts are cleared through clearing houses, such as Nasdaq Clearing AB, thus limiting credit exposure. However, Fortum also has retail electricity and heat sales to businesses and households primarily in the Nordics, Poland, and Russia as well as exposure towards customers in the recycling and waste solutions business. Credit defaults have not yet had a significant impact, but if the pandemic continues for a longer period of time without effective support schemes for affected businesses, we expect to see increased default rates and delayed payments from customers, especially in the small and medium businesses in high-risk sectors. Fortum applies the expected credit loss model when recognising loss allowances for expected credit losses on financial assets and for credit value adjustments to the fair value of derivatives contracts. The model inputs have been reviewed taking into account the ongoing Covid-19 pandemic. There is no significant increase in credit losses due to Covid-19, however, the probability of defaults used in the expected credit loss model have generally increased, resulting in slightly higher loss allowances and credit value adjustments.

Operational risks have also increased due to the pandemic. Travel restrictions, risk of prolonged absences of key personnel, and difficulties in obtaining key materials, parts, and resources from our suppliers increase the risk of operational incidents or prolonged maintenance periods. So far, the risks have been mitigated through activation of business continuity plans and a review of the timing and prioritisation of maintenance work. No significant incidents have impacted Fortum's operations, but the longer the Covid-19 pandemic continues, the higher the risk of such incidents in the future.

Fortum has established a pandemic task force that is closely monitoring the development of the pandemic and its effects on our operations so that we can quickly respond to changes and continue to ensure safe and reliable delivery of electricity, heat and related services.

For further information about the risks, see Fortum's Annual Report for 2019.

Outlook

Hedging

At the end of June 2020, approximately 85% of the Generation segment's estimated Nordic power sales volume was hedged at EUR 34 per MWh for the remainder of 2020 and approximately 65% at EUR 33 per MWh for 2021 (at the end of the first quarter of 2020: 50% at EUR 34 per MWh).

At the end of June 2020, approximately 90% of the Uniper segment's estimated Nordic power sales volume was hedged at EUR 29 per MWh for the remainder of 2020, approximately 80% at EUR 27 per MWh for 2021 (at the end of the first quarter of 2020: 70% at EUR 28 per MWh), and approximately 40% at EUR 24 per MWh for 2022 (at the end of the first quarter of 2020: 15% at EUR 23 per MWh).

The reported hedge ratios are based on the hedges and power generation forecasts of the Generation segment and of Uniper's Nordic generation. The underlying generation assets and definition of hedges differ to some extent and thus are not fully comparable.

The reported hedge ratios may vary significantly, depending on Fortum's and Uniper's actions on the electricity derivatives markets. Hedges are mainly financial contracts, most of them electricity derivatives quoted on Nasdaq Commodities.

Capital expenditure

Fortum currently estimates its capital expenditure, including maintenance but excluding acquisitions, to be approximately EUR 700 million in 2020. This includes approximately EUR 200 million of solar and wind investments, which are subject to the capital recycling business model. The maintenance capital expenditure in 2020 is estimated to be approximately EUR 300 million, well below the level of depreciation. This guidance does not include capital expenditure for the Uniper segment.

Fortum and Uniper share the view of the importance of credit rating and take it into account when making new decisions on capital expenditures.

Generation

The Generation segment's achieved Nordic power price typically depends on factors such as hedge ratios, hedge prices, spot prices, availability and utilisation of Fortum's flexible generation portfolio, as well as currency fluctuations. Excluding the potential effects from changes in the power generation mix, a 1 EUR/MWh change in the Generation segment's achieved Nordic power price will result in an approximately EUR 45 million change in Fortum's annual comparable operating profit. The achieved power price also includes the results of optimisation of Fortum's hydro and nuclear generation, as well as operations in the physical and financial commodity markets.

The Swedish hydropower real-estate tax decreased from 1.0% to 0.5% in January 2020. In 2019, the tax amounted to EUR 40 million and is expected to be approximately EUR 25 million in 2020.

City Solutions

The development of Fortum Oslo Varme's business operations is estimated to require one-time integration-related costs and investments over the coming years. The cost synergies materialised gradually during 2019, with targeted annual synergies of EUR 5-10 million expected to be achieved by the end of 2020.

Uniper guidance

With regard to Uniper, reference is made to the guidance that the company publishes quarterly.

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.

In June 2018, the Swedish Government decided to lower the Swedish corporate tax in two steps, from 22.0% to 21.4%, effective January 2019, and to 20.6%, effective January 2021.

Legal actions

On 16 June 2020, the Court of Appeal of Ghent, Belgium, ruled in favour of Fortum on Fortum's income tax assessments in Belgium for the year 2008. The additional taxes claimed for 2008 amount to EUR 36 million. Fortum has similar tax cases pending for the years 2009-2012 and expects the remaining years to follow the decisions for 2008. All taxes have been paid and booked as income tax receivables. The Belgian tax authority may appeal the decision by the Court of Appeal to the Supreme Court. Should the decision become final, the possible repayment of the disputed amounts of EUR 114 million for all years 2008-2012 would have a positive cash flow effect for Fortum.

For further information on legal actions, see Note 19.

Sustainability

Creating a joint strategy for Fortum and Uniper also includes defining a joint vision on decarbonisation and other areas of sustainability. The review of the objectives, policies, and reporting of sustainability has been initiated and the work continues during 2020. Fortum's target is to announce new Group sustainability targets by year-end 2020.

As the majority owner of Uniper, Fortum consolidates Uniper as a subsidiary as of 31 March 2020. This may entail changes in Fortum's sustainability policies and definitions of certain key figures, among others. Changes will be implemented in phases over the financial year 2020. As a subsidiary to Fortum, Uniper remains, however, a separate company, listed in Germany, and therefore as of now still has its own sustainability processes, approach and standalone sustainability reporting.

In this interim report, Fortum, for the first time, discloses selected sustainability key performance indicators that include Uniper. No historical figures have been restated. Indicators following the same calculation principles have been consolidated and are disclosed as one figure representing the Group. In cases where the definitions currently differ, two KPIs are presented; one for Fortum, excluding Uniper, and one for Uniper.

Both Fortum and Uniper highlight the importance of decarbonisation and climate change mitigation, while at the same time the necessity to secure reliable and affordable energy for all. The Group also gives balanced consideration in its operations to the promotion of energy efficiency and a circular economy, as well as its impacts on personnel and societies.

Based on the above mentioned priorities, the Group's sustainability priority areas include:

Climate and resources	**Personnel and society**	
Climate change and GHG emissions	Business ethics and compliance	Employee wellbeing, health and safety
Security of supply	Human rights	Labour rights
Energy efficiency	Customer rights and satisfaction	Innovation and digitalisation
Circular economy	Corporate governance	Economic value creation
Emissions to air, land and water	Stakeholder engagement	Diversity and equal opportunity
Water use		

The Group's sustainability performance is monitored and disclosed in interim and annual reporting. Fortum publishes an annual Sustainability Report with more extensive information on the Group's sustainability performance.

Group sustainability performance 2020

	II/2020	II/2019	I-II/2020	I-II/2019	2019
Climate and resources					
Specific CO_2 emissions from total energy production*, gCO_2/kWh	298	184	248	189	189
Energy availability of CHP plants**, %	94.0	96.8	95.3	97.2	95.9
Asset availability of Uniper's power generation plants***, %	77.2	-	77.2	-	-
Personnel and society					
Lost Workday Injury Frequency, own personnel and contractors*	1.0	2.0	1.1	2.0	1.7
Severe occupational accidents*, no.	0	0	0	0	1

Fortum consolidated Uniper's results into its income statement from the second quarter of 2020. The first-second quarters of 2020 do not include Uniper for the first quarter of 2020. The figures for the second quarter of 2019, first-second quarters of 2019, and full year 2019 do not include Uniper.
* 2020 figures include Uniper from the second quarter of 2020.
**Excludes Uniper.
*** Includes only Uniper's power generation from gas and coal power plants in the second quarter of 2020.

Other key sustainability performance indicators 2020*

	II/2020	II/2019	I-II/2020	I-II/2019	2019
Climate and resources					
Major EHS incidents, no.	10	6	12	6	11
Personnel and society					
Quality of investigation process of occupational accidents, major EHS incidents and near misses	Level 4.0	Level 2.0	Level 4.0	Level 3.0	Level 3.0
GAP index, implementation of EHS minimum requirements	Level 3.0	Level 3.0	Level 3.0	Level 3.0	Level 3.0
Contractor Safety Improvement index	Level 3.0	Level 2.0	Level 3.0	-**	Level 3.0**
Sickness-related absences, %	2.1	2.8	2.7	3.2	2.9***

* All figures excluding Uniper.
** Reporting of the Contactor Safety Improvement index started in the second quarter of 2019.
*** The figure has been revised from the one presented in the Financial statements bulletin 2019 and the Financials 2019 report (3.0).

Fortum's goal is to continuously achieve excellent financial performance in strategic core areas through its strong competence and responsible ways of operating. Fortum is ranked in category B in the CDP Climate Change 2019 rating, and Uniper in category B-. In the MSCI ESG Ratings 2020 assessment, Fortum, excluding Uniper, received a "BBB" rating and Uniper a "BB" rating. Both companies have also participated in the 2020 rating by ISS ESG Corporate Rating, where Fortum, excluding Uniper, received a "Prime Status (B-)" rating and Uniper a "Medium C" rating. In addition, Fortum, excluding Uniper, is listed on the Nasdaq Helsinki exchange and is included in the STOXX Global ESG Leaders, OMX Sustainability Finland, ECPI®, Euronext Vigeo Eurozone 120, Euronext Vigeo Europe 120, FTSE4Good, and Equileap Gender Equality indices.

Climate and resources

Fortum's key performance indicators for climate and resources are related to CO_2 emissions, security of supply, energy efficiency and major Environmental, Health, and Safety (EHS) incidents. Operational-level activities follow the requirements set forth in the ISO 14001 environmental management standard, and 99.6% of Fortum's power and heat production worldwide has ISO 14001 certification. The figure also covers Uniper's power and heat production.

Fortum's energy production (excluding Uniper) is primarily based on carbon dioxide-free hydro and nuclear power and on energy-efficient combined heat and power (CHP) production. Fortum is also investing in solar and wind power with the target to create a multi-gigawatt portfolio, which is subject to the capital recycling business model. Uniper's power production is based on hydro and nuclear power, gas and coal-fired power generation. Coal will be phased out over time on the basis of the national time schedules in Europe. Uniper also operates a large commodities trading business and has natural gas storage sites, which play an important role in ensuring a secure and flexible gas supply.

Both companies offer engineering services that help customers improve their performance and reduce the environmental impact of their operations. In addition, Fortum's aim is to promote resource efficiency, e.g. through its waste and recycling business, and the transition towards a more extensive circular economy.

Fortum and Uniper want to enable the energy transition by providing a reliable and affordable supply of low-carbon energy. In the future, the energy system will be based on renewable energy, increasingly clean gas (e.g. hydrogen) and nuclear power where socially acceptable. The joint strategy, due to be launched by the end of the year, will be based on these premises and will address the need to reduce the Group's climate impact.

In January-June 2020, Fortum's direct CO_2 emissions, including Uniper, were 18.3 Mt. Of the total CO_2 emissions, 4.9 Mt were within the EU ETS. The estimate for Fortum's free emission allowances, including Uniper, in 2020 is 0.8 Mt.

Fortum's total CO_2 emissions (million tonnes, Mt)	II/2020	II/2019	I-II/2020	I-II/2019	2019	LTM
Total emissions	12.8	4.1	18.3	10.1	19.1	27.4
Emissions subject to ETS	4.4	0.3	4.9	1.2	2.1	5.8
Free emission allowances	-	-	-	-	0.7	-
Emissions not subject to ETS in Europe	0.2	0.2	0.4	0.4	0.7	0.7
Emissions in Russia	8.2	3.6	13.0	8.5	16.3	20.9

Fortum consolidated Uniper's results into its income statement from the second quarter of 2020. The first-second quarters of 2020 do not include Uniper for the first quarter of 2020. The figures for the second quarter of 2019, first-second quarters of 2019, and full year 2019 do not include Uniper. The last-twelve-months figure only includes Uniper from the second quarter of 2020.

In January-June 2020, Fortum's specific CO_2 emissions from total energy production including Uniper were 248 gCO_2/kWh.

An uninterrupted and reliable energy supply is critical for society to function. The definitions for asset availability differ between Fortum and Uniper. The energy availability of Fortum's CHP plants (excl. Uniper) excludes planned maintenance outages, whereas Uniper's asset availability for power production includes planned outages in addition to unplanned technical unavailability. In January-June 2020, the energy availability of Fortum's CHP plants, excluding Uniper, was, on average, 95.3%, and the asset availability of Uniper's gas and coal-fired power production plants was, on average, 77.2%. For Uniper the figure (77.2%) only includes the second quarter of 2020.

Major EHS incidents are monitored, reported and investigated, and corrective actions are implemented. In January-June 2020, there were 12 major EHS incidents in Fortum's operations, excluding Uniper. The major EHS incidents consisted of four fires, seven leaks or spills, and one INES level 1 incident. The major EHS incidents did not have significant environmental impacts, apart from the oil spill that occurred at the Inkoo oil storage in Finland. The responsibility for the clean-up measures was transferred to Inkoo Municipality from the rescue authorities in April 2020. At the same time, the nature of the work was changed from prevention and clean-up to after-treatment. The definitions of major EHS incidents vary between the two companies; therefore, Uniper's EHS incidents are currently not included in the reporting.

Personnel and society

Fortum's key performance indicators for personnel and society are related to operational and occupational safety, and employee wellbeing. For Fortum, excellence in safety is the foundation of the company's business and an absolute prerequisite for efficient and interruption-free production. Fortum strives to be a safe workplace for the employees, contractors, and service providers who work for the company. A certified OHSAS 18001 or ISO 45001 safety management system covers 98.9% of Fortum's power and heat production worldwide. The figure also covers Uniper's power and heat production.

In January-June 2020, Fortum's Lost Workday Injury Frequency (LWIF) for own personnel and contractors, including Uniper, was 1.1. In January-June 2020, there were no severe occupational accidents in the company's operations, including Uniper. Fortum and Uniper strive for zero severe occupational accidents.

Fortum applies three internal control points covering the Group's EHS processes, excluding Uniper. These include the quality of the investigation process of occupational accidents, major EHS incidents, and serious near misses; the GAP index; and the Contractor Safety Improvement index.

In January-June 2020, the quality of the investigation process of occupational accidents, major EHS incidents, and serious near misses was at the very good level of 4.0.

During the first half of the year, the GAP index was at the desired level of 3.0. The GAP index measures how well the Group's EHS minimum requirements are realised at the power plant level.

The Contractor Safety Improvement index was at the desired level of 3.0 in January-June 2020. The Contractor Safety Improvement index measures how well Fortum has managed to implement measures targeting improvements in contractor safety.

Fortum's goal regarding workplace wellbeing activities is to promote the health and occupational safety of employees and the functionality of the work community. In January-June 2020, the percentage of sickness-related absences was 2.7. The figure excludes Uniper.

Fortum (excl. Uniper) expects its business partners to act responsibly and to comply with the Fortum Code of Conduct and the Fortum Supplier Code of Conduct. Respectively, Uniper implements the requirements set forth in the company's Code of Conduct and Supplier Code of Conduct. Fortum (excl. Uniper) assesses the performance of its business partners with supplier qualification and supplier audits. In January-June 2020, Fortum (excl. Uniper) conducted a total of 2 supplier audits: one in India and one in Indonesia. Due to the Covid-19 pandemic and travelling restrictions, it has not been possible to conduct on site supplier audits since March 2020. Uniper applies its own processes for ESG Due Diligence and Know Your Counterparty. Both companies are members of the Bettercoal Initiative and use the Bettercoal tools to improve sustainability in the coal supply chain.

Shares and share capital

Fortum shares on Nasdaq Helsinki

January-June 2020	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR*	Last EUR
FORTUM	560,576,945	10,143,443,057	23.46	12.25	18.14	16.91

* Volume weighted average.

	30 June 2020	30 June 2019
Market capitalisation, EUR million	16.9	17.3
Number of shareholders	192,230	128,710
Finnish State holding, %	50.8	50.8
Nominee registrations and direct foreign shareholders, %	25.3	29.3
Households, %	12.6	9.7
Financial and insurance corporations, %	2.2	1.7
Other Finnish investors, %	9.2	8.6

In addition to Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example Boat, Cboe and Turquoise, and on the OTC market. During the first two quarters of 2020, approximately 70% of Fortum's shares were traded on markets other than Nasdaq Helsinki (source Bloomberg).

On 30 June 2020, Fortum Corporation's share capital was EUR 3,046,185,953 and the total number of registered shares was 888,294,465. Fortum Corporation does not hold any of the company's own shares.

Group personnel

The operations of the Fortum Group are mainly based in the Nordic countries, Central-Europe, Russia, Poland and the Baltic Rim area. The total number of employees at the end of June 2020 was 20,179 (8,191 at the end of 2019 and 19,935 at the end of March 2020).

At the end of June 2020, the Generation segment had 1,208 (1,109 at the end of 2019) employees, Russia 2,982 (2,955 at the end of 2019), City Solutions 2,103 (1,970 at the end of 2019), Consumer Solutions 1,305 (1,327 at the end of 2019), Uniper 11,591 (was not consolidated at the end of 2019, and 11,611 at the end of March 2020), and Other Operations 990 (830 at the end of 2019).

Changes in the Group management

On 2 March 2020, Fortum announced that the President and CEO Pekka Lundmark had resigned from the company to become the CEO of Nokia Corporation. Mr. Lundmark left Fortum at the end of July 2020.

On 24 June 2020, Fortum's CFO Markus Rauramo was appointed President and CEO of Fortum as of 1 July 2020. As of 1 July 2020, Timo Karttinen, former CFO of Fortum (2014-2017), will be acting CFO for the interim period. A search process for a new CFO is ongoing.

Authorisations of the Board

Fortum's Annual General Meeting 2020 authorised the Board of Directors to decide on the repurchase and disposal of the company's own shares up to a maximum number of 20,000,000 shares, which corresponds to approximately 2.25% of all the shares in the company. These authorisations will be effective until the next Annual General Meeting and, in any event, for a period no longer than 18 months.

The Annual General Meeting authorised the Board of Directors to decide on contributions in the total maximum amount of EUR 500,000 for charitable or similar purposes and to decide on the recipients, purposes, and other terms of the contributions. The authorisation will be effective until the next Annual General Meeting.

These authorisations have not been used as of 19 August 2020.

Other major events during the reporting period

Revision of Fortum's long-term financial targets

Following the consolidation of Uniper, Fortum's business profile has changed and Fortum has concluded that the previous long-term financial targets do not appropriately reflect the Group's current business profile. On 15 May 2020, Fortum's Board of Directors consequently decided to remove the financial targets (return on capital employed of at least 10% and comparable net debt-to-EBITDA of around 2.5x) as of the first quarter of 2020. Fortum aims to revise its long-term financial targets by the end of 2020 at the latest.

Fortum's dividend policy, however, remains intact:

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

Fortum targets to have a solid investment grade rating of at least BBB to maintain its financial strength, preserve financial flexibility, and good access to capital markets for the enlarged Group. Fortum and Uniper will carefully manage their balance sheets going forward, focusing on profitability, optimising of cash flow, and tight prioritising of capital expenditure in the current market and business environment.

As one financial metric, Fortum will closely monitor that its comparable net debt-to-EBITDA ratio remains at a level that ensures a credit rating of at least BBB. For now, no specific target has been set for the comparable net debt-to-EBITDA ratio. Following the consolidation of Uniper, Fortum updated its definition of net debt and uses financial net debt and adjusted net debt (Note 13).

Together with Uniper, the ambition is to develop a joint vision and achieve strategic alignment between the companies during 2020. By the end of the year at the latest, Fortum aims to set new long-term financial targets for the enlarged Group and ambitious decarbonisation targets covering the combined operations of both companies.

Events after the reporting period

On 3 July 2020, Fortum signed an agreement to sell its district heating business in the Järvenpää-Tuusula area in Finland to a consortium consisting of Vantaa Energy Ltd, Infranode, and Keva. The total consideration on a debt- and cash-free basis is approximately EUR 375 million. Fortum expects to record a tax-exempt capital gain of approximately EUR 290 million in the City Solutions segment's third-quarter 2020 results. The transaction is subject to customary closing conditions and is expected to be completed in the third quarter of 2020. In July, Fortum increased its ownership to 100% in the Tartu district heating business in order to increase the flexibility of potential future options for the Estonian district heating businesses, as part of the ongoing assessment of strategic options for the district heating assets in the Baltics.

On 31 July, Fortum announced its decision to assess strategic options, including possible divestment, of its 50% holding in Stockholm Exergi.

In August 2020, Fortum increased its ownership in Uniper to 75.01%.

Espoo, 18 August 2020

Fortum Corporation
Board of Directors

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The condensed Half-year Financial Report has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The half-year financials have not been audited.

Financial calendars in 2020

Fortum will publish its January-September Interim Report on 17 November 2020 at approximately 9:00 EET.

Fortum's Capital Markets Day 2020 is planned for 3 December 2020.

Uniper publishes its financial calendar on the website www.ir.uniper.energy. Uniper will publish its Financial Results January-September 2020 on 10 November 2020.

Financial calendar in 2021

Uniper will publish its 2020 Annual Report on 4 March 2021.

Uniper will publish its interim reports in 2021:

- Financial Results January-March 2021 on 6 May 2021
- Financial Results January-June 2021 on 10 August 2021

Distribution:

Nasdaq Helsinki
Key media
www.fortum.com

More information, including detailed quarterly information, is available on Fortum's website at www.fortum.com/investors

Interim Financial Statements are unaudited

Condensed consolidated income statement

EUR million	Note	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Sales	3	12,330	1,144	13,687	2,834	5,447	16,300
Other income		2,134	23	2,157	44	110	2,223
Materials and services		-11,424	-526	-12,000	-1,443	-2,721	-13,278
Employee benefits		-353	-123	-477	-245	-480	-712
Depreciation and amortisation	3	-306	-141	-456	-278	-575	-753
Other expenses		-2,174	-146	-2,312	-273	-591	-2,630
Comparable operating profit	3	**207**	**232**	**600**	**640**	**1,191**	**1,151**
Items affecting comparability	3, 4	328	-48	527	-98	-81	544
Operating profit	3	**534**	**184**	**1,126**	**542**	**1,110**	**1,694**
Share of profit/loss of associates and joint ventures	3, 11	37	461	516	572	744	688
Interest expense		-47	-37	-93	-88	-167	-172
Interest income		42	8	48	17	28	59
Other financial expenses - net		3	36	-13	33	14	-32
Finance costs - net		-2	7	-59	-38	-125	-146
Profit before income tax		**570**	**652**	**1,583**	**1,076**	**1,728**	**2,235**
Income tax expense		-191	-45	-266	-109	-221	-378
Profit for the period		**379**	**607**	**1,317**	**967**	**1,507**	**1,857**
Attributable to:							
Owners of the parent		314	607	1,244	948	1,482	1,778
Non-controlling interests		65	0	73	19	25	79
		379	**607**	**1,317**	**967**	**1,507**	**1,857**
Earnings per share for profit attributable to the equity owners of the company (EUR per share)							
Basic		0.35	0.69	1.40	1.07	1.67	2.00

As Fortum currently has no dilutive instruments outstanding, diluted earnings per share is the same as basic earnings per share.

EUR million	Note	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Comparable operating profit		**207**	**232**	**600**	**640**	**1,191**	**1,151**
Impairment charges and reversals		71	0	71	-3	-8	66
Capital gains and other related items	6	69	3	482	6	7	483
Impact from acquisition accounting		0	0	-222	0	0	-222
Changes in fair values of derivatives hedging future cash flow		154	-5	172	-50	-72	150
Nuclear fund adjustment	14	-4	-46	-14	-51	-9	28
Other		38	0	38	0	0	38
Items affecting comparability	4	328	-48	527	-98	-81	544
Operating profit		**534**	**184**	**1,126**	**542**	**1,110**	**1,694**

See Note 22 Definitions of key figures.

Condensed consolidated statement of comprehensive income

EUR million	Note	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Profit for the period		**379**	**607**	**1,317**	**967**	**1,507**	**1,857**
Other comprehensive income							
Items that may be reclassified to profit or loss in subsequent periods:							
Cash flow hedges							
Fair value gains/losses in the period [1]		-414	-80	297	175	82	204
Transfers to income statement		-10	148	13	376	635	272
Transfers to inventory/property, plant and equipment		0	0	-1	-1	-4	-4
Deferred taxes		88	-15	-64	-117	-151	-98
Net investment hedges							
Fair value gains/losses in the period		-36	5	17	-15	-24	8
Deferred taxes		9	-1	-1	3	5	1
Exchange differences on translating foreign operations [2]		660	-27	-215	178	259	-134
Share of other comprehensive income of associates and joint ventures		5	63	-251	15	72	-194
Transfer to income statement due to impact from acquisition accounting	4	0	0	222	0	0	222
Other changes		-44	0	-40	4	5	-39
		259	**92**	**-24**	**616**	**877**	**237**
Items that will not be reclassified to profit or loss in subsequent periods:							
Remeasurement of investments		-2	0	-2	0	0	-2
Actuarial gains/losses on defined benefit plans		-113	1	-81	1	-21	-103
Actuarial gains/losses on defined benefit plans in associates and joint ventures		0	0	70	-39	-208	-99
		-115	**1**	**-13**	**-38**	**-229**	**-204**
Other comprehensive income/expense for the period, net of deferred taxes		**144**	**93**	**-37**	**578**	**649**	**34**
Total comprehensive income for the period		**523**	**700**	**1,280**	**1,545**	**2,155**	**1,890**
Total comprehensive income attributable to:							
Owners of the parent		406	700	1,183	1,514	2,120	1,789
Non-controlling interests		117	1	97	31	36	102
		523	**700**	**1,280**	**1,545**	**2,155**	**1,890**

1) Fair valuation of cash flow hedges mainly relates to fair valuation of derivatives, such as futures and forwards, hedging electricity price for future transactions, where hedge accounting is applied. When electricity price is higher (lower) than the hedging price, the impact on equity is negative (positive).
2) Translation differences from translation of foreign entities, mainly RUB and SEK.

Condensed consolidated balance sheet

EUR million	Note	30 June 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets	9	1,950	1,143
Property, plant and equipment and right-of-use assets	10	19,404	10,123
Participations in associates and joint ventures	11	2,983	6,435
Shares in Nuclear Waste Funds	14	3,106	813
Other non-current assets		444	151
Deferred tax assets		958	77
Derivative financial instruments	5	4,541	180
Long-term interest-bearing receivables	12	2,345	651
Total non-current assets		**35,732**	**19,571**
Current assets			
Inventories		2,094	230
Derivative financial instruments	5	10,951	131
Short-term interest-bearing receivables	12	566	384
Income tax receivables		195	133
Margin receivables	13	372	177
Trade and other receivables		5,670	999
Liquid funds	13	2,403	1,433
Total current assets		**22,251**	**3,486**
Assets held for sale	6	**0**	**307**
Total assets		**57,984**	**23,364**
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,046	3,046
Share premium		73	73
Retained earnings		9,894	9,982
Other equity components		184	-118
Total		**13,197**	**12,982**
Non-controlling interests		3,068	252
Total equity		**16,265**	**13,235**
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	13	8,657	6,118
Derivative financial instruments	5	4,463	137
Deferred tax liabilities		1,233	865
Nuclear provisions	14	3,400	813
Other provisions	15	3,236	87
Pension obligations, net	16	1,212	125
Other non-current liabilities		432	167
Total non-current liabilities		**22,632**	**8,311**
Current liabilities			
Interest-bearing liabilities	13	1,550	570
Derivative financial instruments	5	9,786	252
Other provisions	15	556	13
Margin liabilities	13	761	32
Trade and other payables		6,434	898
Total current liabilities		**19,087**	**1,766**
Liabilities related to assets held for sale	6	**0**	**52**
Total liabilities		**41,719**	**10,129**
Total equity and liabilities		**57,984**	**23,364**

Condensed consolidated statement of changes in total equity

				Retained earnings		Other equity components					
EUR million	**Note**	**Share capital**	**Share premium**	**Retained earnings**	**Translation of foreign operations**	**Cash flow hedges**	**Other OCI items**	**OCI items associates and joint ventures**	**Owners of the parent**	**Non-controlling interests**	**Total equity**
Total equity 1 January 2020		**3,046**	**73**	**12,441**	**-2,459**	**-70**	**60**	**-108**	**12,982**	**252**	**13,235**
Net profit for the period				1,244					1,244	73	1,317
Translation differences					-280	1	-1	0	-279	64	-215
Other comprehensive income						245	-68	41	218	-40	178
Total comprehensive income for the period				1,244	-280	246	-68	41	1,183	97	1,280
Cash dividend				-977					-977	-146	-1,123
Changes due to business combinations	6								0	2,959	2,959
Impact from acquisition accounting	4			-84				84	0		0
Transactions with non-controlling interests				-8					-8	-94	-102
Other				16					16	0	16
Total equity 30 June 2020		**3,046**	**73**	**12,632**	**-2,738**	**175**	**-9**	**17**	**13,197**	**3,068**	**16,265**
Total equity 1 January 2019		**3,046**	**73**	**11,937**	**-2,705**	**-638**	**99**	**30**	**11,841**	**236**	**12,077**
Net profit for the period				948					948	19	967
Translation differences					160	10	1	-2	170	8	178
Other comprehensive income				0		432	-12	-23	396	4	400
Total comprehensive income for the period				947	160	442	-11	-25	1,514	31	1,545
Cash dividend				-977					-977	-23	-1,000
Other				-3					-3	2	-1
Total equity 30 June 2019		**3,046**	**73**	**11,904**	**-2,545**	**-196**	**88**	**5**	**12,374**	**246**	**12,621**
Total equity 1 January 2019		**3,046**	**73**	**11,937**	**-2,705**	**-638**	**99**	**30**	**11,841**	**236**	**12,077**
Net profit for the period				1,482					1,482	25	1,507
Translation differences					247	7	0	-1	253	6	259
Other comprehensive income						561	-40	-136	385	5	390
Total comprehensive income for the period				1,482	247	568	-40	-137	2,120	36	2,156
Cash dividend				-977					-977	-23	-1,000
Other				-2					-2	4	2
Total equity 31 December 2019		**3,046**	**73**	**12,441**	**-2,459**	**-70**	**60**	**-108**	**12,982**	**252**	**13,235**

Translation differences

Translation of financial information from subsidiaries in foreign currency is done using the average rate for the income statement and the end rate for the balance sheet. The exchange rate differences arising from translation (mainly related to RUB and SEK) to EUR are recognised in equity. For information regarding exchange rates used, see Note 1.7 Key exchange rates used in consolidated financial statements.

Impact from acquisition accounting

Consolidation of an associated company results includes recording a share of the associated company’s other comprehensive income (OCI). If an associated company is either divested or becomes a subsidiary, IFRS requires that these previously recorded OCI items are reclassified inside equity either via the consolidated income statement or directly to retained earnings, depending on the nature of the OCI item. Reclassification does not have an impact on total equity. The above resulted in EUR -84 million being reclassified from OCI to retained earnings. See Note 4 Items affecting comparability.

Cash flow hedges

The impact on equity attributable to owners of the parent from fair valuation of cash flow hedges mainly relates to fair valuation of derivatives, such as futures and forwards, hedging electricity price for future transactions, where hedge accounting is applied. When electricity price is higher (lower) than the hedging price, the impact on equity is negative (positive).

Cash dividends

A dividend for 2019 was decided in the Annual General Meeting on 23 April 2020 and paid on 5 May 2020. See Note 8 Dividend per share.

Non-controlling interests

Non-controlling interests increased by EUR 2,959 million following the acquisition of Uniper at 31 March 2020, including EUR 416 million non-controlling interest from Uniper's standalone balance sheet; and EUR 2,543 million representing the 26.6% non-controlling interest in Uniper when Uniper was consolidated as a subsidiary to Fortum Group. See also Note 6.1 Acquisitions.

Condensed consolidated cash flow statement

EUR million	Note	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Cash flow from operating activities							
Profit for the period		**379**	**607**	**1,317**	**967**	**1,507**	**1,857**
Adjustments:							
Income tax expense		191	45	266	109	221	378
Finance costs - net		2	-7	59	38	125	146
Share of profit/loss of associates and joint ventures	11	-37	-461	-516	-572	-744	-688
Depreciation and amortisation	3	306	141	456	278	575	753
Operating profit before depreciations (EBITDA)		**840**	**324**	**1,582**	**820**	**1,685**	**2,447**
Items affecting comparability	3, 4	-328	48	-527	98	81	-544
Comparable EBITDA		**512**	**372**	**1,055**	**918**	**1,766**	**1,903**
Non-cash and other items		191	15	200	6	0	194
Interest received		14	13	17	17	29	29
Interest paid		-66	-45	-110	-114	-177	-173
Dividends received		54	229	54	229	239	64
Income taxes paid		-107	-76	-190	-67	-165	-288
Funds from operations		**598**	**507**	**1,026**	**989**	**1,691**	**1,728**
Change in working capital		-139	209	-6	186	-33	-225
Net cash from operating activities before change in net margin liabilities [1]		**459**	**716**	**1,020**	**1,175**	**1,658**	**1,503**
Change in net margin liabilities		-512	24	41	316	356	81
Net cash from operating activities		**-53**	**740**	**1,061**	**1,491**	**2,015**	**1,585**
Cash flow from investing activities							
Capital expenditures	3	-241	-219	-351	-369	-695	-677
Acquisitions of shares	6	-575	-4	-1,419	-16	-107	-1,510
Proceeds from sales of property, plant and equipment		7	5	7	5	35	37
Divestments of shares and capital returns	6	259	24	783	32	53	804
Shareholder loans to associated companies and joint ventures	12	-35	-33	-33	-34	9	10
Change in other interest-bearing receivables	12	5	15	26	336	336	26
Net cash from/used in investing activities		**-581**	**-213**	**-987**	**-46**	**-369**	**-1,310**
Cash flow before financing activities		**-634**	**527**	**75**	**1,445**	**1,646**	**276**
Cash flow from financing activities							
Proceeds from long-term liabilities	13	368	303	2,477	2,809	2,805	2,473
Payments of long-term liabilities	13	-357	-38	-414	-2,546	-2,567	-435
Change in short-term liabilities	13	15	-197	-29	-38	-78	-69
Dividends paid to the owners of the parent	8	-977	-977	-977	-977	-977	-977
Dividends paid to non-controlling interests		-147	-23	-147	-23	-23	-147
Other financing items		6	5	4	2	1	3
Net cash from/used in financing activities		**-1,093**	**-927**	**915**	**-773**	**-839**	**849**
Net increase(+)/decrease(-) in liquid funds		**-1,727**	**-400**	**990**	**673**	**806**	**1,123**
Liquid funds at the beginning of the period	13	**4,081**	**1,692**	**1,435**	**584**	**584**	**1,297**
Foreign exchange differences in liquid funds		49	6	-22	40	44	-18
Liquid funds at the end of the period [2]	13	**2,403**	**1,297**	**2,403**	**1,297**	**1,435**	**2,403**

1) New subtotal added in the second quarter of 2020. Margin receivables and liabilities are included in Financial net debt. See Note 1.4 Capital risk management.
2) Includes cash balances of EUR 2 million relating to assets held for sale at 31 December 2019. See Note 6.3 Assets held for sale.

Additional cash flow information

Change in working capital

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Change in interest-free receivables, decrease(+)/increase(-)	2,011	306	2,189	354	63	1,898
Change in inventories, decrease(+)/increase(-)	-261	-11	-257	-11	4	-242
Change in interest-free liabilities, decrease(-)/increase(+)	-1,889	-86	-1,938	-157	-100	-1,881
Total	**-139**	**209**	**-6**	**186**	**-33**	**-225**

Capital expenditure in cash flow

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Capital expenditure	236	226	320	355	713	678
Change in not yet paid investments, decrease(+)/increase(-)	19	-5	46	19	-9	18
Capitalised borrowing costs	-14	-2	-15	-5	-9	-19
Total	**241**	**219**	**351**	**369**	**695**	**677**

Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 1,419 million during I-II/2020 (I-II/2019: 16), including mainly the acquisition of shares in Uniper SE. For additional information, see Note 6.1 Acquisitions.

Divestment of shares in cash flow

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Proceeds from sales of subsidiaries, net of cash disposed	255	0	779	4	15	790
Proceeds from sales and capital returns of associates and joint ventures	2	24	2	24	33	11
Proceeds from sales of other investments	2	0	2	4	4	2
Total	**259**	**24**	**783**	**32**	**53**	**804**

During I-II/2020 Fortum completed the divestment of the district heating business in Joensuu, Finland, the 80% stake in the Nordic wind portfolio and the 60% stake in the public charging point operator for electrical vehicles in the Nordics. For further information, see Note 6.2 Disposals.

Change in net debt

From I/2020 Fortum updated the definition of net debt to align it with Uniper. See further details in Note 13 Interest-bearing net debt.

EUR million	Note	I–II/2020
Net debt, beginning of the period		**5,260**
Collateral arrangement securities		-281
Net margin liabilities		-145
Financial net debt, beginning of the period		**4,833**
Comparable EBITDA		1,055
Non-cash and other items		200
Paid net financial costs and dividends received		-39
Income taxes paid		-190
Change in working capital		-6
Capital expenditures		-351
Acquisitions		-1,419
Divestments and proceeds from sale of property, plant and equipment		790
Change in interest-bearing receivables		-7
Dividends to the owners of the parent		-977
Dividends to non-controlling interests		-147
Other financing activities		4
Net cash flow		-1,086
Acquired financial debt		1,849
Foreign exchange rate differences and other changes		4
Financial net debt, end of the period	13	**7,772**

Key ratios

From I/2020 Fortum modified the key ratios presented and updated the definition of net debt to align it with Uniper. See further details in Note 13 Interest-bearing net debt and Note 22 Definitions of key figures.

Fortum aims to set new long-term financial targets by the end of the year at the latest, as Fortum's business profile has changed following the consolidation of Uniper. The current long-term financial targets return on capital employed and comparable net debt-to-EBITDA do not appropriately reflect the Group and have consequently been removed. See Note 1.4 Capital risk management.

	30 June 2020	30 June 2019	31 Dec 2019	LTM
Comparable EBITDA, EUR million	1,055	918	1,766	1,903
Earnings per share (basic), EUR	1.40	1.07	1.67	2.00
Financial net debt, EUR million	7,772	-	4,833	
Adjusted net debt, EUR million	10,060	-	4,978	
Interest-bearing net debt, EUR million	-	5,422	5,260	
Capital expenditure and gross investments in shares, EUR million	3,585	369	819	4,035
Capital expenditure, EUR million	320	355	713	678
Equity per share, EUR	14.86	13.93	14.61	
Number of employees	20,179	8,383	8,191	
Average number of shares, 1,000 shares	888,294	888,294	888,294	
Diluted adjusted average number of shares, 1,000 shares	888,294	888,294	888,294	
Number of registered shares, 1,000 shares	888,294	888,294	888,294	
Number of registered shares excluding treasury shares, 1,000 shares	888,294	888,294	888,294	

Notes to the condensed consolidated interim financial statements

1. Significant accounting policies

1.1 Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The condensed interim financial report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

The figures in the consolidated interim financial statements have been rounded and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

Part of Fortum's business operations are seasonal, with the comparable operating profit usually being higher for the first and fourth quarter of the year. Columns labelled as 'LTM' or 'last twelve months' present figures for twelve months preceding the reporting date. Fortum consolidated Uniper's income statement from the second quarter of 2020, which is the main reason for the change in quarterly, half-yearly and LTM figures compared to the previous year. See also Note 1.2 Summary of Uniper impacts to Fortum's interim report.

Impact of Covid-19 on consolidated financial statements

Fortum has considered the potential impact of the Covid-19 pandemic on its business operations, and concluded the overall effect in the consolidated financial statements not to be significant in the second quarter of 2020.

Fortum has assessed whether there are any indications for impairment based on internal and external sources of information, such as the effects of the Covid-19. Fortum does not currently foresee that Covid-19 would have such long-term effects that it would impact the overall values of its non-current assets, such as property, plant and equipment and intangible assets. In this uncertain economic environment Fortum continues to closely monitor the situation in the coming quarters and will respond accordingly.

The Uniper segment's second-quarter 2020 results include impairment charges on property, plant and equipment, mainly due to Covid-19 related continuing project delays in the Berezovskaya power plant unit 3 in Russia. In connection with the purchase price allocation, Fortum will fair value the acquired net assets and assess also the circumstances for these impairment charges and related items. See note 6.1 Acquisitions.

Fortum applies the expected credit loss model when recognising loss allowances for expected credit losses on financial assets and for credit value adjustments to the fair value of derivative contracts. The model inputs have been reviewed taking into account the ongoing Covid-19 pandemic. There is no significant increase in credit losses due to Covid-19, however, the probability of defaults used in the expected credit loss model have generally increased resulting in slightly higher loss allowances and credit value adjustments.

Discount rates for the largest pension plans were updated to reflect the fall in interest rates, which led to a corresponding increase in pension provisions during 2020.

1.2 Summary of Uniper impacts to Fortum's interim report

Consolidation of Uniper as a subsidiary at 31 March 2020

On 8 October 2019, Fortum entered into agreements to acquire all the shares held by funds managed by Elliott Management Corporation and its affiliates ("Elliott") and Knight Vinke Energy Advisors Limited and its affiliates ("Knight Vinke"). The transaction was closed in two tranches. Control of Uniper was acquired on 26 March 2020 upon closing of the first tranche of the agreement, 19.6% of the shares. A liability for the maximum amount of shares in the second tranche, 3.8% of the shares, was recognised on the acquisition date. The second tranche of the agreement was closed on 8 May 2020 with the maximum amount of shares.

On 31 March 2020, Fortum's consolidated stake in Uniper was 73.4%, including the shares from the second tranche. On 31 March 2020, Fortum consolidated only the balance sheet of Uniper. The income statement impact from 26 March 2020 to 31 March 2020 was not material. See Note 6.1 Acquisitions.

Consolidation of Uniper's income statement from 1 April 2020

Fortum consolidated Uniper's results into its income statement from the second quarter of 2020. Income statement line items have been classified in accordance with Fortum's income statement categorisation and, as such, may not be fully comparable to Uniper's standalone income statement. Further, reporting of both the Uniper segment, and the Generation segment are impacted by adjustments for the joint ownership in the Swedish nuclear company, OKG AB. See paragraph below. No further adjustments have been made to Uniper's standalone income statement during the second quarter of 2020 as the preparation of the purchase price allocation is still ongoing. See note 6.1 Acquisitions.

One-time impact from acquisition accounting

Consolidation of an associated company results includes recording a share of the associated company's other comprehensive income (OCI). If an associated company is either divested or becomes a subsidiary, IFRS requires that these previously recorded OCI items are reclassified inside equity either via the consolidated income statement or directly to retained earnings, depending on the nature of the OCI item. Reclassification does not have an impact on total equity.

The above reclassification resulted in a one-time, non-cash income statement impact of EUR -222 million on 31 March 2020 when Uniper became Fortum's subsidiary. This amount represented a part of Fortum's share of Uniper's OCI for the time when Uniper was an associated company, with no impact to Fortum's total equity. The amount mainly related to exchange rate differences arising from translation of foreign operations recorded by Uniper. See Note 4 Items affecting comparability.

Share of profits from associates

Fortum has previously accounted for Uniper as an associated company with a three-month time lag as Fortum published interim reports before Uniper's financial information was available. As of the first quarter 2020, Fortum has revised its financial reporting schedule and reports its quarterly results after Uniper. Fortum's first quarter results therefore included Fortum's share of Uniper's results from 1 October 2019 to 31 March 2020. See Note 11 Participations in associated companies and joint ventures.

Segment reporting

Following the consolidation of Uniper as a subsidiary on 31 March 2020, Fortum revised its reportable segments and reports Uniper as a separate segment. Until 31 March 2020 Fortum's share of Uniper's associated company results was presented in Other operations. See Note 3 Segment information.

Reporting of both the Uniper segment, and the Generation segment are impacted by adjustments for the joint ownership in the Swedish nuclear company, OKG AB. See paragraph below.

Joint ownership in the Swedish nuclear company OKG AB

Fortum and Uniper are co-owners in the Swedish nuclear company OKG Aktiebolag (OKG AB). OKG AB is consolidated into Uniper Group as a subsidiary with a 45.5% minority representing Fortum's ownership in OKG AB. Fortum accounted for the shareholding in OKG AB as an associated company until 31 March 2020. As of 31 March 2020, OKG AB is consolidated as a subsidiary to Fortum Group.

Fortum has adjusted Uniper's standalone income statement and balance sheet numbers in respect of Fortum's shareholding in OKG AB, as well as adjusted operating profit, share of profit/loss in associates and joint ventures and net assets of OKG AB recorded in the Generation segment. Consequently, the Group's subsidiary, OKG AB, is split between the two segments according to ownership. This means that the standalone income statement and balance sheet as reported by Uniper in its interim reports is not fully comparable to Uniper's income statement and balance sheet as consolidated to Fortum Group. The adjustments made to Uniper's standalone income statement and balance sheet mainly impact Interest-bearing liabilities, Share of Nuclear fund, Nuclear provisions and Non-controlling interest as reported by Uniper. See Note 6.1 Acquisitions and Note 13 Interest-bearing Net debt.

Alignment of accounting policies

Uniper prepares its financials in accordance with IFRS. Following the acquisition of Uniper, Fortum has commenced the review of Uniper's accounting policies to identify any significant differences to Fortum accounting policies. Fortum is still evaluating potential impact on consolidated financial statements.

Purchase price accounting

The preparation of the purchase price allocation for the Uniper acquisition has been started and will be completed within the one-year window from the acquisition date. Preparing a purchase price allocation requires management to make judgements when determining the fair values of the assets acquired and liabilities assumed. The preliminary purchase price allocation will change when analyses are conducted and further information becomes available. Any adjustments to the fair values of the assets acquired and liabilities assumed will impact the preliminary estimate of goodwill. These adjustments may be material. Fortum expects to conduct further analysis to assess the fair values of items such as property, plant and equipment, provisions, contingent liabilities and long-term purchase obligations. See Note 6.1 Acquisitions.

1.3 Alternative performance measures

According to the ESMA Guidelines on Alternative Performance Measures, an Alternative Performance Measure (APM) is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Fortum uses APMs, such as Comparable operating profit and Comparable EBITDA in the financial target setting and forecasting, management's follow-up of financial performance of segments and the Group, as well as for the allocation of resources in the Group's performance management process. Items affecting comparability are excluded from Comparable operating profit and Comparable EBITDA and disclosed separately in Fortum's consolidated income statement to support the transparency of underlying business performance when comparing results between periods.

Following the consolidation on Uniper's income statement in the second quarter of 2020, Fortum updated the definition of Items affecting comparability and Comparable operating profit to align with Uniper's Adjusted earnings before interest and tax (Adjusted EBIT) definition. This update resulted in some changes to definitions of existing items, as well as one new category (Other) for other non-operating items.

Items affecting comparability are now categorised as follows:

- Impairment charges and reversals (reversal of previously recorded impairment charges has been added)
- Capital gains and other related items
- Impact from acquisition accounting
- Changes in fair values of derivatives hedging future cash flow
- Nuclear fund adjustment
- Other (including restructuring and cost management expenses and other miscellaneous non-operating items)

See Note 4 Items affecting comparability and Note 22 Definitions of key figures.

1.4 Capital risk management

Following the consolidation of Uniper, Fortum's business profile has changed and Fortum has concluded that the current long-term financial targets do not appropriately reflect the Group's current business profile. On 15 May 2020, Fortum's Board of Directors consequently decided to remove the financial targets (return on capital employed of at least 10% and comparable net debt-to-EBITDA of around 2.5x) as of the first quarter 2020. Fortum aims to revise its long-term financial targets by the end of 2020 at the latest.

Fortum's dividend policy, however, remains intact:

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

Fortum targets to have a solid investment grade rating of at least BBB to maintain its financial strength, preserve financial flexibility, and good access to capital markets for the enlarged Group. Fortum and Uniper will carefully manage their balance sheets going forward, focusing on profitability, optimising of cash flow, and tight prioritising of capital expenditure in the current market and business environment.

As one financial metric, Fortum will closely monitor that its comparable net debt-to-EBITDA ratio remains at a level that ensures a credit rating of at least BBB. For now, no specific target has been set for the comparable net debt-to-EBITDA ratio. Following the consolidation of Uniper, Fortum has updated its definition of net debt and will use financial net debt and adjusted net debt. See Note 13 Interest-bearing net debt.

Following the consolidation of Uniper in the first quarter of 2020, Fortum updated the definition of net debt to align it with Uniper. Fortum uses financial net debt and adjusted net debt going forward when following indebtedness of the Group. The previously used net debt included interest-bearing loans, lease liabilities and liquid funds. Margin receivables and liabilities (settlement of futures) are included in Financial net debt. Until now, fluctuations in commodity prices have caused an asymmetric impact to net debt as the funds received or paid from future settlements have been recognised as a change in working capital. See Note 13 Interest-bearing net debt.

Together with Uniper, the ambition is to develop a joint vision and achieve strategic alignment between the companies during 2020. By the end of the year at the latest, Fortum aims to set new long-term financial targets for the enlarged Group and ambitious decarbonisation targets covering the combined operations of both companies.

1.5 Principles for consolidation

Certain subsidiaries and associated companies of Uniper are not included in the consolidated financial statements on materiality grounds. These companies are accounted for outside the scope of IFRS 9 and measured at cost, with adjustments for any loss allowance.

1.6 Accounting policies

The same accounting policies that were applied in the preparation of the consolidated financial statements for the year ended 31 December 2019, have been applied in these condensed interim financial statements. New standards, amendments and interpretations effective from 1 January 2020 have not had a material impact on Fortum's consolidated financial statements.

1.7 Key exchange rates used in consolidated financial statements

The balance sheet date rate is based on the exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of daily closing rates from the European Central Bank. Until 2019 the average exchange rate was calculated as an average of each month's ending rate.

Key exchange rates used in consolidated financial statements:

Average rate	Jan-June 2020	Jan-Mar 2020	Jan-Dec 2019	Jan-Sept 2019	Jan-June 2019	Jan-Mar 2019
Great Britain (GBP)	0.8746	0.8623	0.8773	0.8841	0.8761	0.8717
Norway (NOK)	10.7324	10.4652	9.8524	9.7861	9.7356	9.7491
Poland (PLN)	4.4120	4.3241	4.2992	4.3056	4.2865	4.2961
Russia (RUB)	76.6692	73.8205	72.7949	73.4459	74.2121	75.6930
Sweden (SEK)	10.6599	10.6689	10.5572	10.5547	10.4782	10.3776
United States (USD)	1.1020	1.1027	1.1214	1.1241	1.1334	1.1397

Balance sheet date rate	30 June 2020	30 Mar 2020	31 Dec 2019	30 Sept 2019	30 June 2019	31 Mar 2019
Great Britain (GBP)	0.9124	0.8864	0.8508	0.8857	0.8966	0.8583
Norway (NOK)	10.9120	11.5100	9.8638	9.8953	9.6938	9.6590
Poland (PLN)	4.4560	4.5506	4.2568	4.3782	4.2496	4.3006
Russia (RUB)	79.6300	85.9486	69.9563	70.7557	71.5975	72.8564
Sweden (SEK)	10.4948	11.0613	10.4468	10.6958	10.5633	10.3980
United States (USD)	1.1198	1.0956	1.1234	1.0889	1.1380	1.1235

2. Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019, except as explained in Note 1.1 Basis of preparation regarding the impact of Covid-19 on consolidated financial statements, and as follows. Following the consolidation of Uniper, Uniper’s assets and liabilities were consolidated at 31 March 2020 to Fortum Group. Critical accounting estimates and judgements relating to Uniper’s assets and liabilities include estimates for the measurement and recognition of deferred tax assets, pension obligations and other provisions; as well as judgement used in impairment testing, in determining the fair value of certain financial instruments, and in the accounting for price-adjustment clauses contained in long-term contracts. See Note 6.1 Acquisitions for further information on Uniper’s balance sheet at 31 March 2020.

3. Segment information

Fortum's reportable segments under IFRS are Generation, Russia, City Solutions, Consumer Solutions and Uniper. Other Operations includes corporate functions, R&D and technology development projects.

Uniper is a leading international energy company with activities in more than 40 countries. Its business is the secure provision of energy and related services. Its main activities include power generation in Europe and Russia as well as global energy trading.

Following the consolidation of Uniper as a subsidiary on 31 March 2020, Fortum revised its reportable segments and reports Uniper as a separate segment. As Fortum has accounted for Uniper as an associated company with three-month time lag (see Note 11 Participations in associated companies and joint ventures), Fortum's first quarter results included Fortum's share of Uniper results from 1 October 2019 to 31 March 2020 reported in Other Operations.

Reporting of both the Uniper segment, and the Generation segment are impacted by adjustments for the joint ownership in the Swedish nuclear company, OKG AB. See also Note 1.2 Summary of Uniper impacts to Fortum’s interim report.

Quarter

		Generation[1)]		Russia		City Solutions[1)]		Consumer Solutions		Uniper		Other Operations		Total	
EUR million	**Note**	**II/2020**	**II/2019**	**II/2020**	**II/2019**	**II/2020**	**II/2019**	**II/2020**	**II/2019**	**II/2020**	**II/2019**	**II/2020**	**II/2019**	**II/2020**	**II/2019**
Income statement data by segment															
Power sales [1)]		427	476	182	217	20	26	189	305	4,938	-	0	0	5,756	1,023
Heat sales		0	0	19	22	89	98	0	0	58	-	0	0	166	120
Gas sales		0	0	0	0	0	0	0	0	5,752	-	0	0	5,752	0
Waste treatment sales		0	0	0	0	62	59	0	0	0	-	0	0	62	59
Other sales		22	24	1	1	41	45	48	41	618	-	34	28	763	139
Sales		**450**	**500**	**202**	**239**	**212**	**228**	**237**	**346**	**11,365**	**-**	**34**	**28**	**12,500**	**1,341**
Internal eliminations		-76	-50	-1	0	-10	-9	-1	-17	0	-	-27	-22	-115	-98
Netting of Nord Pool transactions [2)]														-54	-99
External sales		373	450	201	239	202	219	236	329	11,365	-	7	6	12,330	1,144
Comparable EBITDA		**212**	**225**	**74**	**107**	**32**	**31**	**35**	**34**	**184**	**-**	**-26**	**-25**	**512**	**372**
Depreciation and amortisation		-39	-35	-38	-37	-47	-46	-16	-15	-157	-	-9	-7	-306	-141
Comparable operating profit		**173**	**191**	**37**	**69**	**-15**	**-15**	**19**	**19**	**27**	**-**	**-34**	**-32**	**207**	**232**
Impairment charges and reversals		0	0	0	0	0	0	0	0	71	-	0	0	71	0
Capital gains and other related items	6	0	0	1	0	0	4	0	0	-2	-	70	-1	69	3
Impact from acquisition accounting	4	0	0	0	0	0	0	0	0	0	-	0	0	0	0
Changes in fair values of derivatives hedging future cash flow		-39	4	0	0	7	1	26	-9	160	-	0	0	154	-5
Nuclear fund adjustment	14	-4	-46	0	0	0	0	0	0	0	-	0	0	-4	-46
Other		0	0	0	0	0	0	0	0	38	-	0	0	38	0
Items affecting comparability	4	-43	-43	1	0	7	5	26	-9	267	-	70	-1	328	-48
Operating profit		**130**	**148**	**37**	**69**	**-8**	**-10**	**45**	**9**	**294**	**-**	**36**	**-33**	**534**	**184**
Share of profit/loss of associates and joint ventures	11	14	24	15	34	1	3	0	0	5	-	2	399	37	461
Finance costs - net														-2	7
Income taxes														-191	-45
Profit for the period														**379**	**607**
Gross investments / divestments by segment															
Gross investments in shares	6	3	5	39	1	-1	0	0	0	2	-	102	2	145	8
Capital expenditure		31	58	8	13	31	136	13	13	143	-	10	5	236	226
Gross divestments of shares	6	171	0	0	0	0	2	0	0	3	-	81	0	255	2

1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the difference between average contract price and realised spot price. Power sales contains realised result from commodity derivatives, which have not had hedge accounting status under IFRS 9, but have been considered operatively as hedges.
2) Sales and purchases with Nord Pool Spot are netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.

Year-to-date

EUR million	Note	Generation[1] I–II/2020	Generation[1] I–II/2019	Russia I–II/2020	Russia I–II/2019	City Solutions[1] I–II/2020	City Solutions[1] I–II/2019	Consumer Solutions I–II/2020	Consumer Solutions I–II/2019	Uniper I–II/2020	Uniper I–II/2019	Other Operations I–II/2020	Other Operations I–II/2019	Total I–II/2020	Total I–II/2019
Income statement data by segment															
Power sales [1]		952	1,030	444	465	57	81	540	903	4,938	-	0	0	6,930	2,479
Heat sales		0	0	74	70	294	351	0	0	58	-	0	0	426	421
Gas sales		0	0	0	0	0	0	0	0	5,752	-	0	0	5,752	0
Waste treatment sales		0	0	0	0	126	121	0	0	0	-	0	0	126	121
Other sales		72	70	1	1	76	80	121	112	618	-	68	54	956	318
Sales		**1,024**	**1,101**	**519**	**537**	**554**	**633**	**661**	**1,015**	**11,365**	**-**	**68**	**54**	**14,191**	**3,339**
Internal eliminations		-273	-163	-1	0	-32	-21	-6	12	0	-	-54	-42	-366	-214
Netting of Nord Pool transactions [2]														-137	-291
External sales		750	938	518	537	522	612	655	1,026	11,365	-	14	12	13,687	2,834
Comparable EBITDA		**485**	**484**	**213**	**242**	**138**	**168**	**82**	**75**	**184**	**-**	**-48**	**-50**	**1,055**	**918**
Depreciation and amortisation		-77	-70	-78	-73	-95	-91	-31	-31	-157	-	-18	-13	-456	-278
Comparable operating profit		**409**	**414**	**135**	**168**	**43**	**77**	**51**	**44**	**27**	**-**	**-65**	**-63**	**600**	**640**
Impairment charges and reversals		0	-3	0	0	0	0	0	0	71	-	0	0	71	-3
Capital gains and other related items	6	0	3	1	0	431	4	0	0	-2	-	53	-2	482	6
Impact from acquisition accounting		0	0	0	0	0	0	0	0	0	-	-222	0	-222	0
Changes in fair values of derivatives hedging future cash flow		6	-12	0	0	3	3	4	-41	160	-	0	0	172	-50
Nuclear fund adjustment	14	-14	-51	0	0	0	0	0	0	0	-	0	0	-14	-51
Other		0	0	0	0	0	0	0	0	38	-	0	0	38	0
Items affecting comparability		-8	-63	1	0	433	7	4	-41	267	-	-170	-2	527	-98
Operating profit		**400**	**352**	**136**	**168**	**476**	**84**	**55**	**3**	**294**	**-**	**-235**	**-65**	**1,126**	**542**
Share of profit/loss of associates and joint ventures	11	-24	39	27	43	37	42	0	0	5	-	471	448	516	572
Finance costs - net														-59	-38
Income taxes	7													-266	-109
Profit for the period														**1,317**	**967**
Gross investments / divestments by segment															
Gross investments in shares	6	7	5	40	1	6	4	0	0	2	-	3,211	4	3,266	15
Capital expenditure		61	96	11	18	63	203	28	27	143	-	15	10	320	355
Gross divestments of shares	6	171	4	0	0	527	2	0	0	3	-	81	4	782	10

1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the difference between average contract price and realised spot price. Power sales contains realised result from commodity derivatives, which have not had hedge accounting status under IFRS 9, but have been considered operatively as hedges.
2) Sales and purchases with Nord Pool Spot are netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.

Last twelve months

EUR million	Note	Generation[1] LTM	Generation[1] 2019	Russia LTM	Russia 2019	City Solutions[1] LTM	City Solutions[1] 2019	Consumer Solutions LTM	Consumer Solutions 2019	Uniper[2] LTM	Uniper[2] 2019	Other Operations LTM	Other Operations 2019	Total LTM	Total 2019
Income statement data by segment															
Power sales [1]		1,928	2,006	903	924	129	153	1,267	1,630	4,938	-	0	0	9,165	4,714
Heat sales		0	0	149	145	558	615	0	0	58	-	0	0	765	760
Gas sales		0	0	0	0	0	0	0	0	5,752	-	0	0	5,752	0
Waste treatment sales		0	0	0	0	255	250	0	0	0	-	0	0	255	250
Other sales		137	135	2	2	177	181	215	206	618	-	129	115	1,277	639
Sales		**2,064**	**2,141**	**1,053**	**1,071**	**1,121**	**1,200**	**1,481**	**1,835**	**11,365**	**-**	**129**	**115**	**17,215**	**6,363**
Internal eliminations		-369	-259	-1	0	-56	-45	-15	3	0	-	-98	-86	-539	-387
Netting of Nord Pool transactions [3]														-375	-529
External sales		1,695	1,883	1,052	1,071	1,065	1,155	1,468	1,839	11,365	-	31	29	16,300	5,447
Comparable EBITDA		**940**	**939**	**440**	**469**	**279**	**309**	**148**	**141**	**184**	**-**	**-89**	**-91**	**1,903**	**1,766**
Depreciation and amortisation		-152	-145	-158	-153	-192	-188	-62	-62	-157	-	-33	-28	-753	-575
Comparable operating profit		**789**	**794**	**283**	**316**	**87**	**121**	**86**	**79**	**27**	**-**	**-121**	**-119**	**1,151**	**1,191**
Impairment charges and reversals		0	-3	0	0	0	0	0	0	71	-	-6	-6	66	-8
Capital gains and other related items	6	0	3	2	1	432	5	0	0	-2	-	53	-2	483	7
Impact from acquisition accounting	4	0	0	0	0	0	0	0	0	0	-	-222	0	-222	0
Changes in fair values of derivatives hedging future cash flow		3	-15	0	0	2	2	-14	-59	160	-	0	0	150	-72
Nuclear fund adjustment	14	28	-9	0	0	0	0	0	0	0	-	0	0	28	-9
Other		0	0	0	0	0	0	0	0	38	-	0	0	38	0
Items affecting comparability	4	32	-23	2	1	433	7	-14	-59	267	-	-176	-8	544	-81
Operating profit		**819**	**771**	**285**	**317**	**519**	**127**	**72**	**20**	**294**	**-**	**-297**	**-127**	**1,694**	**1,110**
Share of profit/loss of associates and joint ventures	11	-53	10	43	59	32	37	0	0	5	-	661	638	688	744
Finance costs - net														-146	-125
Income taxes														-378	-221
Profit for the period														**1,857**	**1,507**
Gross investments / divestments by segment															
Gross investments in shares	6	15	13	105	66	11	9	0	0	2	-	3,225	18	3,357	106
Capital expenditure		212	247	60	67	173	313	56	55	143	-	36	31	678	713
Gross divestments of shares	6	179	12	0	0	527	2	0	0	3	-	93	16	802	30

1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the difference between average contract price and realised spot price. Power sales contains realised result from commodity derivatives, which have not had hedge accounting status under IFRS 9, but have been considered operatively as hedges.
2) LTM for the Uniper segment is calculated based on cumulative figures from 1 April 2020.
3) Sales and purchases with Nord Pool Spot are netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour

Segment assets and liabilities

		Generation		Russia		City Solutions		Consumer Solutions		Uniper		Other Operations		Total	
EUR million	**Note**	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**
Non-interest-bearing assets		**6,928**	**6,433**	**2,205**	**2,630**	**3,343**	**3,728**	**682**	**942**	**18,613**	**-**	**177**	**192**	**31,947**	**13,924**
Participations in associates and joint ventures	11	832	838	670	681	566	584	0	0	881	-	34	4,331	2,983	6,435
Eliminations														-34	-107
Total segment assets		**7,760**	**7,271**	**2,875**	**3,311**	**3,909**	**4,312**	**682**	**942**	**19,494**	**-**	**211**	**4,523**	**34,896**	**20,252**
Interest-bearing receivables	12													2,911	1,035
Deferred tax assets														958	77
Other assets														16,815	567
Liquid funds														2,403	1,435
Total assets														**57,984**	**23,364**
Segment liabilities		**1,970**	**1,124**	**67**	**107**	**331**	**419**	**142**	**302**	**12,459**	**-**	**132**	**167**	**15,101**	**2,119**
Eliminations														-34	-107
Total segment liabilities														**15,067**	**2,012**
Deferred tax liabilities														1,233	885
Other liabilities														15,212	537
Total liabilities included in capital employed														**31,512**	**3,435**
Interest-bearing liabilities	13													10,207	6,694
Total equity														16,265	13,235
Total equity and liabilities														**57,984**	**23,364**
Number of employees		1,208	1,109	2,982	2,955	2,103	1,970	1,305	1,327	11,591	-	990	830	20,179	8,191

Segment assets and liabilities include assets held for sale. See Note 6.3 Assets held for sale.

Comparable operating profit including share of profits from associates and joint ventures and Comparable return on net assets

		Generation		Russia		City Solutions		Consumer Solutions		Uniper [2]	
EUR million	**Note**	**LTM**	**31 Dec 2019**	**LTM**	**31 Dec 2019**	**LTM**	**31 Dec 2019**	**LTM**	**31 Dec 2019**	**LTM**	**31 Dec 2019**
Comparable operating profit		**789**	**794**	**283**	**316**	**87**	**121**	**86**	**79**	**27**	**-**
Share of profit/loss of associates and joint ventures	11	-53	10	43	59	32	37	0	0	5	-
Adjustment to share of profit/loss of associates and joint ventures		-6	-13	0	0	22	22	0	0	0	-
Comparable operating profit including share of profit of associates and joint ventures		**729**	**791**	**326**	**375**	**140**	**179**	**86**	**79**	**33**	**-**
Segment assets at the end of the period		7,760	7,271	2,875	3,311	3,909	4,312	682	942	19,494	-
Segment liabilities at the end of the period		1,970	1,124	67	107	331	419	142	302	12,459	-
Comparable net assets		**5,790**	**6,147**	**2,807**	**3,205**	**3,577**	**3,892**	**540**	**640**	**7,035**	**-**
Comparable net assets average [1]		**5,867**	**6,190**	**2,960**	**3,041**	**3,726**	**3,823**	**565**	**602**	**N/A**	**-**
Comparable return on net assets, %		**12.4**	**12.8**	**11.0**	**12.3**	**3.8**	**4.7**	**15.2**	**13.2**	**N/A**	**-**

1) Average net assets are calculated using the opening balance of the financial year and each quarter's closing value.
2) LTM for the Uniper segment is calculated based on cumulative figures from 1 April 2020. Comparable return on net assets for the Uniper segment will be presented from the first quarter of 2021 once information for full 12 months is available.

Segment assets and liabilities include assets held for sale. See Note 6.3 Assets held for sale.

4. Items affecting comparability

EUR million	**Note**	**II/2020**	**II/2019**	**I–II/2020**	**I–II/2019**	**2019**	**LTM**
Comparable operating profit		**207**	**232**	**600**	**640**	**1,191**	**1,151**
Impairment charges and reversals		71	0	71	-3	-8	66
Capital gains and other related items	6	69	3	482	6	7	483
Impact from acquisition accounting		0	0	-222	0	0	-222
Changes in fair values of derivatives hedging future cash flow		154	-5	172	-50	-72	150
Nuclear fund adjustment	14	-4	-46	-14	-51	-9	28
Other		38	0	38	0	0	38
Items affecting comparability		328	-48	527	-98	-81	544
Operating profit		**534**	**184**	**1,126**	**542**	**1,110**	**1,694**

Impairment charges and reversals

The Uniper segment's II/2020 results include impairment charges of EUR 67 million, mainly relating to continuing project delays in the Berezovskaya power plant unit 3 in Russia; and reversals of impairment charges of EUR 138 million, mainly relating to two gas-fired power plants in Germany, which are planned to return to the market.

In connection with the purchase price allocation, Fortum will fair value the acquired net assets and assess also the circumstances for these impairment charges and related items. See note 6.1 Acquisitions.

Capital gains and other related items

Capital gains and other related items in II/2020 included EUR 72 million gain from the divestment of Fortum Recharge AS (see Note 6.2 Disposals). Capital gains and other related items in I-II/2020 include also EUR 431 million gain from the divestment of the district heating business in Joensuu, Finland (see Note 6.2 Disposals), and Uniper acquisition-related costs of EUR 20 million (see Note 6.1 Acquisitions).

Impact from acquisition accounting

Consolidation of an associated company results includes recording a share of the associated company’s other comprehensive income (OCI). If an associated company is either divested or becomes a subsidiary, IFRS requires that these previously recorded OCI items are reclassified inside equity either via the consolidated income statement or directly to retained earnings, depending on the nature of the OCI item. Reclassification does not have an impact on total equity.

The above reclassification resulted in a one-time, non-cash income statement impact of EUR -222 million on 31 March 2020 when Uniper became Fortum’s subsidiary. This amount represented a part of Fortum's share of Uniper's OCI for the time when Uniper was an associated company, with no impact to Fortum’s total equity. The amount mainly related to exchange rate differences arising from translation of foreign operations recorded by Uniper. Fortum’s share of Uniper’s non-recyclable other comprehensive income, EUR -84 million, was reclassified to retained earnings. See Consolidated statement of changes in equity.

5. Financial risk management

Fortum has initiated discussions with Uniper and started to review its risk management systems and policies for the combined Group. See Fortum Group's consolidated financial statements for the year ended 31 December 2019 for current financial risk management objectives and policies.

Impact from first time consolidation of Uniper in I/2020 to total assets in the fair value hierarchy table was EUR 22,210 million (Level 1: EUR 7,752 million, Level 2: EUR 14,295 million, Level 3: EUR 162 million); and to total liabilities EUR 21,129 million (Level 1: EUR 7,591 million, Level 2: EUR 13,491 million, Level 3: EUR 46 million) mainly due to commodity derivatives. For Uniper’s impact on accounting policies, see more information in Note 1 Significant accounting policies, and for consolidation impacts of Uniper, see more information in Note 6.1 Acquisitions.

Fair value hierarchy information

Financial instruments that are measured in the balance sheet at fair value are presented according to following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs).

See also accounting policies in the consolidated financial statements 2019, in Note 16 Financial assets and liabilities by fair value hierarchy.

Financial assets

	Level 1		Level 2		Level 3		Netting [1]		Total	
EUR million	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**
In non-current assets										
Other investments [2]			44		83	75			127	75
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			117	9			-17	-8	99	1
Non-hedge accounting	601	10	3,592	27	96		-98	-16	4,191	21
Interest rate and currency derivatives										
Hedge accounting			147	154					147	154
Non-hedge accounting			104	2					104	2
Interest-bearing receivables	87				18	23			105	23
Total in non-current assets	**688**	**10**	**4,004**	**192**	**197**	**98**	**-115**	**-24**	**4,773**	**278**
In current assets										
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			335	101			-54	-59	282	42
Non-hedge accounting	5,874	315	5,311	306	7		-663	-547	10,529	74
Interest rate and currency derivatives										
Hedge accounting			25	9					25	9
Non-hedge accounting			115	7					115	7
Interest-bearing receivables	333	281	95		17	34			445	315
Total in current assets	**6,207**	**596**	**5,881**	**423**	**24**	**34**	**-717**	**-606**	**11,396**	**446**
Total in assets	**6,896**	**606**	**9,885**	**615**	**221**	**132**	**-832**	**-630**	**16,169**	**724**

1) Receivables to and liabilities from electricity and other commodity exchanges arising from standard derivative contracts with same delivery period are netted, except for receivables and liabilities from the acquisition of Uniper.
2) Other investments, i.e. shares which are not classified as associated companies or joint ventures, consist mainly of shares in unlisted companies of EUR 127 million (31 Dec 2019: 75) including Fortum's indirect shareholding in Fennovoima of EUR 39 million (31 Dec 2019: 33).

Financial liabilities

	Level 1		Level 2		Level 3		Netting [1]		Total	
EUR million	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**	**30 June 2020**	**31 Dec 2019**
In non-current liabilities										
Interest-bearing liabilities [2]			2,203	2,293					2,203	2,293
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			35	38			-17	-8	18	30
Non-hedge accounting	367	11	3,883	37	221		-98	-16	4,373	32
Interest rate and currency derivatives										
Hedge accounting			52	72					52	72
Non-hedge accounting			20	3					20	3
Total in non-current liabilities	**367**	**11**	**6,192**	**2,443**	**221**	**0**	**-115**	**-24**	**6,666**	**2,430**
In current liabilities										
Interest-bearing liabilities			503	281					503	281
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			177	143			-54	-59	123	84
Non-hedge accounting	5,128	334	4,993	328	126		-663	-547	9,585	115
Interest rate and currency derivatives										
Hedge accounting			9	4					9	4
Non-hedge accounting			69	49					69	49
Total in current liabilities	**5,128**	**334**	**5,752**	**805**	**126**	**0**	**-717**	**-606**	**10,289**	**533**
Total in liabilities	**5,495**	**345**	**11,944**	**3,248**	**347**	**0**	**-832**	**-630**	**16,954**	**2,963**

1) Receivables to and liabilities from electricity and other commodity exchanges arising from standard derivative contracts with same delivery period are netted, except for receivables and liabilities from the acquisition of Uniper.
2) Fair valued part of bonds when hedge accounting is applied (fair value hedge).

Net fair value amount of interest rate and currency derivatives is EUR 242 million, including assets of EUR 391 million and liabilities of EUR 149 million. Fortum has cash collaterals based on collateral agreements with some counterparties. At the end of June 2020, Fortum had received EUR 217 million from collateral agreements. The received cash was booked as a short-term liability.

During 2020, no reclassification took place between Levels 1 and 2 of the fair value hierarchy. At each reporting period, Fortum assesses whether there might be grounds for reclassifications between hierarchy levels. No financial instruments were reclassified into Level 3, nor were any reclassified out of Level 3 into Level 2.

Regarding the interest-bearing receivables and liabilities, see Note 12 Interest-bearing receivables, Note 13 Interest-bearing net debt and Note 18 Pledged assets and contingent liabilities.

6. Acquisitions, disposals and assets held for sale

6.1 Acquisitions

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Gross investments in shares in subsidiary companies	100	5	3,213	5	13	3,221
Gross investments in shares in associated companies and joint ventures	40	1	43	5	73	111
Gross investments in other shares	5	2	9	5	20	24
Total	**145**	**8**	**3,266**	**15**	**106**	**3,357**

Uniper acquisition in March 2020

On 8 October 2019, Fortum entered into agreements to acquire all the shares held by funds managed by Elliott Management Corporation and its affiliates ("Elliott") and Knight Vinke Energy Advisors Limited and its affiliates ("Knight Vinke"). The transaction was closed in two tranches. Control of Uniper was acquired on 26 March 2020 upon closing of the first tranche of the agreement, 19.6% of the shares. A liability for the maximum amount of shares in the second tranche, 3.8% of the shares, was recognised on the acquisition date. The second tranche of the agreement was closed on 8 May 2020 with the maximum amount of shares.

At 31 March 2020 Fortum's consolidated stake in Uniper was 73.4%. The total purchase consideration for the combined shareholding was EUR 2.6 billion, which increased Fortum's total investment in Uniper to EUR 6.5 billion.

EUR million	Uniper
Purchase consideration	2,587
Liquid funds in acquired companies	-1,328
Unpaid investments [1)]	-428
Acquisition of shares in cash flow	**831**
Interest-bearing liability for unpaid investments [1)]	428
Interest-bearing liabilities in acquired companies	1,414
Other financial net debt in acquired companies	435
Gross investments in shares	**3,108**

1) Paid in May 2020.

Acquisition accounting

The preparation of the purchase price allocation for the Uniper acquisition has been started and will be completed within the one-year window from the acquisition date.

Preparing a purchase price allocation requires management to make judgements when determining the fair values of the assets acquired and liabilities assumed. The preliminary purchase price allocation will change when analyses are conducted and further information becomes available. Any adjustments to the fair values of the assets acquired and liabilities assumed will impact the preliminary estimate of goodwill. These adjustments may be material. Fortum expects to conduct further analysis to assess the fair values of items such as property, plant and equipment, provisions, contingent liabilities and long-term purchase obligations.

Fortum elected to measure non-controlling interest in Uniper based on the proportionate value of acquired net assets. Any adjustments to the fair values of the assets acquired and liabilities assumed will impact the value of non-controlling interest.

Acquired net assets are presented in the following table. Excess of the acquisition value over Uniper's net assets is presented as preliminary goodwill.

EUR million	
ASSETS	
Goodwill	1,779
Other intangible assets	980
Property, plant and equipment and right-of-use assets	9,068
Participations in associates and joint ventures	881
Derivative financial instruments	21,958
Interest-bearing receivables	1,840
Shares in Nuclear Waste Funds	1,602
Margin receivables	413
Trade and other receivables	7,189
Deferred and income tax assets	1,021
Inventories	1,565
Liquid funds	1,328
Total assets	**49,623**
LIABILITIES	
Derivative financial instruments	21,084
Interest-bearing liabilities	1,414
Pension obligations	953
Nuclear provisions	1,746
Other provisions	3,445
Deferred and income tax liabilities	452
Margin liabilities	924
Trade and other payables	7,852
Total liabilities	**37,868**
Net assets on Uniper's balance sheet	**11,755**
Less goodwill on Uniper's balance sheet [1)]	-1,779
Net assets from Uniper excluding goodwill	**9,976**
Purchase consideration	2,587
Previously held equity interest	4,613
Acquisition value	**7,201**
Non-controlling interest on Uniper's balance sheet	-416
Non-controlling interest from Uniper acquisition	-2,543
Total non-controlling interest (NCI)	**-2,959**
Preliminary goodwill	**184**

1) Goodwill on Uniper's balance sheet is deducted as it is not an identifiable asset of Fortum according to IFRS.

Acquired net assets are based on Uniper's first quarter financial report published on 7 May 2020. Balance sheet line items have been classified in accordance with Fortum's balance sheet categorisation and, as such, may not be fully comparable to Uniper's standalone balance sheet. Further, Fortum and Uniper are both co-owners in the Swedish nuclear company OKG AB. OKG AB is consolidated into Uniper Group as a subsidiary with a 45.5% minority representing Fortum's ownership in OKG AB. Fortum accounted for the shareholding in OKG AB as an associated company until 31 March 2020. As of 31 March 2020, OKG AB is consolidated as a subsidiary to Fortum Group.

Fortum has adjusted Uniper's standalone balance sheet numbers of 31 March 2020 in respect of Fortum's shareholding in OKG AB, as well as adjusted the net assets of OKG AB recorded in the Generation segment. Consequently, the Group's subsidiary, OKG AB, is split between the two segments according to ownership. This means that the standalone balance sheet on 31 March 2020 as reported by Uniper in its first quarter interim report is not fully comparable to Uniper's balance sheet as consolidated to Fortum Group. The adjustments made to Uniper's standalone balance sheet mainly impact Interest-bearing liabilities, Share of Nuclear fund, Nuclear provisions and Non-controlling interest as reported by Uniper. See Note 13 Interest-bearing Net debt.

No further adjustments have been made to Uniper's standalone balance sheet during the second quarter of 2020 as the preparation of the purchase price allocation is still ongoing.

Shareholding in Uniper has been acquired in stages as Fortum held 49.99% of Uniper shares prior to the acquisition of control on 26 March 2020. Under IFRS, the previously held associated company interest is fair valued upon gaining control, and any gain or loss from the difference between the balance sheet value and the fair value of the interest is recognised to the consolidated income statement. The fair value of the previously held associated company interest in Uniper was EUR 4,613 million. The fair value was based on Uniper share price at 26 March 2020, slightly adjusted by a premium for significant influence. There are no significant unobservable inputs used in the valuation (market approach corresponding to fair value hierarchy level 2). No gain or loss was recognised from fair valuing the previously held equity interest as the fair value was approximately equal to the carrying amount.

Acquisition-related costs of EUR 20 million are included in items affecting comparability in the consolidated income statement. See Note 4 Items affecting comparability.

See Note 3 Segment information for Uniper's impact on Fortum's consolidated income statement.

Acquisitions during 2019

In May 2019, Fortum announced the restructuring of Fortum's and Skellefteå Kraft's ownership in the two jointly owned Swedish wind parks Solberg and Blaiken. Through an asset swap arrangement Fortum became the sole owner of the 76-MW Solberg wind park and Skellefteå Kraft the sole owner of the 248-MW Blaiken wind park. Both the investments in Solberg and divestment of Blaiken includes shares and assets. The asset swap arrangement was finalised in August 2019 and had only a minor impact on Fortum's cash flow and results.

During 2019 Fortum invested EUR 66 million to the wind investment fund 50/50 owned by Fortum and RUSNANO in Russia.

6.2 Disposals

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Gross divestments of shares in subsidiary companies	252	0	779	4	15	790
Gross divestments of shares in associated companies and joint ventures	1	2	1	2	10	9
Gross divestments of other investments	2	0	2	4	4	2
Total	**255**	**2**	**782**	**10**	**30**	**802**

Disposals during 2020

In December 2019, Fortum signed an agreement to sell its district heating business in Joensuu, Finland to Savon Voima Oyj. The total consideration on a debt- and cash-free basis was approximately EUR 530 million. The transaction was completed on 10 January 2020, and Fortum recorded a tax-exempt capital gain of EUR 431 million in the City Solutions segment's first quarter 2020 results.

In December 2019, Fortum and Credit Suisse Energy Infrastructure Partners (CSEIP) signed an agreement whereby funds advised by CSEIP will acquire an 80% stake in Fortum's Nordic wind portfolio. The total consideration on a debt-and cash-free basis was approximately EUR 170 million. The transaction, excluding the Sørfjord wind park which is still under construction, was closed on 14 May 2020.

On 27 April 2020, Fortum signed an agreement to sell 60% of its public charging point operator, Fortum Recharge AS, for electrical vehicles in the Nordics to Infracapital. The transaction closed on 29 May 2020, and Fortum recorded a tax-exempt capital gain of EUR 72 million in Other Operation's second-quarter 2020 results. The cash consideration was EUR 87 million.

Disposals during 2019

In August 2019 the restructuring of Fortum's and Skellefteå Kraft's ownership in the two jointly owned Swedish wind parks Solberg and Blaiken was finalised. See note 6.1 Acquisitions for additional information.

6.3 Assets held for sale

Assets held for sale at 31 December 2019 included the Nordic wind portfolio, excluding the Sørfjord wind park which is still under construction (Generation segment); as well as the district heating business in Joensuu, Finland (City Solutions segment). These transactions were closed on 14 May 2020 and 10 January 2020, respectively.

EUR million	**31 Dec 2019**
Assets held for sale	
Intangible assets and property, plant and equipment and right-of-use assets	290
Other non-current and current assets	15
Liquid funds	2
Total	**307**
Liabilities related to assets held for sale	
Lease liabilities	6
Deferred tax liabilities	20
Other liabilities and provisions	26
Total	**52**

7. Income taxes

Taxes during I-II/2020 totalled EUR 266 million (I-II/2019: 109). The effective income tax rate according to the income statement was 16.8% (I-II/2019: 10.1%). The comparable effective income tax rate, excluding the impact of the share of profit from associated companies, joint ventures as well as items affecting comparability, tax rate changes and other major one-time income tax effects, was 21.6% (I-II/2019: 20.9%).

The definition of comparable effective income tax rate was updated in the second quarter of 2020 to exclude the tax effect of all items affecting comparability. Prior definition excluded only the effect of tax-exempt capital gains and losses. See Note 22 Definitions of key figures.

Fortum has paid taxes in previous years regarding ongoing tax disputes. The appeal processes are ongoing and based on legal analysis and legal opinions the payments are booked as a receivable, EUR 114 million (31 Dec 2019: 114), included in Income tax receivables. For additional information see Note 19 Legal actions and official proceedings.

8. Dividend per share

A dividend for 2019 of EUR 1.10 per share, amounting to a total of EUR 977 million, was decided in the Annual General Meeting on 23 April 2020. The dividend was paid on 5 May 2020.

A dividend for 2018 of EUR 1.10 per share, amounting to a total of EUR 977 million, was decided in the Annual General Meeting on 26 March 2019 and the dividend was paid on 4 April 2019.

9. Intangible assets

EUR million	30 June 2020	31 Dec 2019
Goodwill	750	612
Other intangible assets	1,201	531
Total	**1,950**	**1,143**

Goodwill includes Uniper acquisition-related preliminary goodwill of EUR 184 million, and excludes goodwill on Uniper's balance sheet at 31 March 2020, EUR 1,779 million, that is not considered to be an identifiable asset according to IFRS. See more information in Note 6.1 Acquisitions. Other changes during 2020 mainly relate to translation differences.

Other intangible assets include EUR 980 million from the acquisition of Uniper at 31 March 2020. See more information in Note 6.1 Acquisitions. Other changes during 2020 mainly relate to the return of the emission allowances.

10. Property, plant and equipment, and right-of-use assets

Property, plant and equipment, and right-of-use assets include EUR 9,068 million from the acquisition of Uniper at 31 March 2020, mainly relating to machinery and equipment; and buildings, plants and structures. The balance from Uniper included EUR 640 million of right-of-use assets. See more information in Note 6.1 Acquisitions.

Other changes during 2020 mainly relate to depreciations and translation differences partly offset by capital expenditures.

11. Participations in associates and joint ventures

11.1 Participations in associates and joint ventures

EUR million	30 June 2020	31 Dec 2019
Uniper SE	-	4,306
Other associates and joint ventures	2,983	2,128
Total	**2,983**	**6,435**

As of 31 March 2020 Fortum consolidated Uniper as a subsidiary, meaning that Uniper is no longer included in participations in associates and joint ventures on Fortum's balance sheet. Other associates and joint ventures include EUR 881 million from the acquisition of Uniper at 31 March 2020.

Fortum and Uniper are co-owners in the Swedish nuclear company OKG AB. Fortum accounted for the shareholding in OKG AB as an associated company until 31 March 2020. As of 31 March 2020, OKG AB was consolidated as a subsidiary to Fortum Group. See also Note 1.2 Summary of Uniper impacts to Fortum's interim report.

11.2 Share of profit/loss of associates and joint ventures

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Uniper SE	0	399	469	448	632	653
TGC-1	17	25	18	33	54	39
Stockholm Exergi AB	-2	-1	31	34	24	21
Other associates and joint ventures	23	38	-1	57	34	-24
Total	**37**	**461**	**516**	**572**	**744**	**688**

Uniper

Fortum previously accounted for Uniper as an associated company with a three-month time lag as Fortum published interim reports before Uniper's financial information was available. As of the first quarter 2020, Fortum revised its financial reporting schedule and reports its quarterly results after Uniper. Fortum's first quarter results therefore included Fortum's share of Uniper's results from 1 October 2019 to 31 March 2020.

Fortum's share of Uniper's IV/2019 profits, EUR 162 million, included a reversal of the adjustment which Fortum already made in IV/2019 related to the impact from the reinstatement of the UK capacity market. Fortum also made a reversal of EUR 389 million (after tax) related to the negative impact of Uniper's IV/2019 impairments.

Fortum's share of Uniper's I/2020 profits, EUR 307 million, included a reversal of EUR 61 million after tax related to the negative impact of Uniper's I/2020 impairments.

In the purchase price allocation for the acquisition of 49.99% of the shares in Uniper, Fortum recorded a fair value adjustment of EUR 613 million (after tax), relating to political and regulatory risks of certain generation and production assets of Uniper. If Uniper reports negative impacts relating to these generation and production assets, Fortum assesses the potential need to use this fair value adjustment to reverse these negative impacts. Fortum has assessed and concluded to use the fair value adjustment to reverse the majority of this negative impact from the impairments reported by Uniper in their IV/2019 and I/2020 results.

The remaining fair value adjustment from the purchase price allocation for the acquisition of 49.99% of the shares in Uniper ceased to exist on 31 March 2020. Following the consolidation of Uniper as a subsidiary, Fortum will prepare a new purchase price allocation which will be completed within the one-year window from the acquisition date.

12. Interest-bearing receivables

EUR million	30 June 2020	31 Dec 2019
Interest-bearing receivables	2,709	1,035
Finance lease receivables	203	-
Total	**2,911**	**1,035**

EUR million	Carrying amount 30 June 2020	Fair value 30 June 2020	Carrying amount 31 Dec 2019	Fair value 31 Dec 2019
Long-term loan receivables from associates and joint ventures	1,102	1,157	625	668
Non-current securities	87	87	-	-
Other long-term interest-bearing receivables	966	966	26	27
Total long-term interest-bearing receivables	**2,155**	**2,210**	**651**	**695**
Collateral arrangement securities	333	333	281	281
Other short-term interest-bearing receivables	221	221	103	103
Total short-term interest-bearing receivables	**554**	**554**	**384**	**384**
Total	**2,709**	**2,764**	**1,035**	**1,079**

Long-term interest-bearing receivables from associated companies and joint ventures, EUR 1,102 million (31 Dec 2019: 625), include EUR 957 million from Swedish nuclear companies, Forsmarks Kraftgrupp AB and Ringhals AB (31 Dec 2019: 558 from OKG AB and Forsmarks Kraftgrupp AB), which are mainly funded with shareholder loans, pro rata to each shareholder's ownership.

Interest-bearing receivables include interest bearing receivables EUR 1,634 million and finance lease receivables EUR 206 million from the acquisition of Uniper at 31 March 2020. See more information in Note 6.1 Acquisitions.

13. Interest-bearing net debt

Financial net debt and adjusted net debt

EUR million	30 June 2020	31 Dec 2019
+ Interest-bearing liabilities [1]	**10,207**	**6,694**
- Liquid funds	**2,403**	**1,435**
- Non-current securities	87	0
- Collateral arrangement securities	333	281
- Securities in interest-bearing receivables	**421**	**281**
- Margin receivables	372	177
+ Margin liabilities	761	32
+ Net margin liabilities	**389**	**-145**
Financial net debt	**7,772**	**4,833**
+ Pension obligations	**1,212**	**125**
+ Other asset retirement obligations	782	20
- Share of Finnish and Swedish Nuclear Waste Funds	3,106	813
+ Nuclear provisions	3,400	813
+ Nuclear provisions net of assets in Nuclear Waste Funds	294	0
+ Total provisions net of assets in Nuclear Waste Funds	**2,288**	**145**
Adjusted net debt	**10,060**	**4,978**

1) Included lease liabilities of EUR 6 million related to assets held for sale at 31 December 2019.

From I/2020 Fortum updated the definition of net debt to align it with Uniper. Fortum uses financial net debt and adjusted net debt going forward when following indebtedness of the Group. The previously used net debt included interest-bearing loans, lease liabilities and liquid funds.

Margin receivables and liabilities (settlement of futures) are included in Financial net debt. Until now, fluctuations in commodity prices have caused an asymmetric impact to net debt as the funds received or paid from future settlements have been recognised as a change in working capital.

In 2019, Fortum entered into a collateral arrangement to release cash from the Nordic Power Exchange. This arrangement is presented with equal amounts as a short-term interest-bearing liability and an interest-bearing receivable. Previously only the liability of the arrangement was included in net debt, but now collateral arrangement securities in interest-bearing receivables are also included in financial net debt calculations.

Underfunded pension obligations and asset retirement obligations, net of share in nuclear waste funds, are included in adjusted net debt.

Net debt 31 December 2019

EUR million	Net debt 31 Dec 2019	Classified as assets held for sale [1)	Balance sheet 31 Dec 2019
Interest-bearing liabilities	6,694	-6	6,688
Liquid funds	1,435	-2	1,433
Net debt	**5,260**	**-4**	**5,256**

1) See Note 6.3 Assets held for sale.

Interest-bearing liabilities

EUR million	30 June 2020	31 Dec 2019
Loans	9,251	6,580
Lease liabilities [1)	956	108
Total interest-bearing liabilities	**10,207**	**6,688**

1) Excluded lease liabilities of EUR 6 million relating to assets held for sale at 31 December 2019. See Note 6.3 Assets held for sale.

Lease liabilities include EUR 857 million from the acquisition of Uniper at 31 March 2020.

Loans

EUR million	Carrying amount 30 June 2020	Fair value 30 June 2020	Carrying amount 31 Dec 2019	Fair value 31 Dec 2019
Bonds	4,261	4,434	4,251	4,478
Loans from financial institutions	2,554	2,629	362	378
Reborrowing from the Finnish State Nuclear Waste Management Fund [1)	1,145	1,215	1,185	1,250
Other long-term interest-bearing liabilities	456	503	304	346
Total long-term loans [2)	**8,415**	**8,780**	**6,102**	**6,452**
Collateral arrangement liability	333	333	281	281
Other short-term interest-bearing liabilities	503	503	197	197
Total short-term loans	**836**	**836**	**478**	**478**
Total	**9,251**	**9,616**	**6,580**	**6,930**

1) The reborrowing from the Finnish State Nuclear Waste Management Fund includes the part relating to Loviisa nuclear power plant as well as borrowing done through TVO.
2) Includes current portion of long-term liabilities of EUR 572 million (31 Dec 2019: 73).

Fortum used cash and credit facility to finance the first tranche of acquiring Uniper shares. On 24 March 2020 Fortum drew a loan of EUR 2,000 million under the credit facility.

On 22 April 2020, Fortum signed a ten-year EUR 70 million bilateral loan agreement, and on 6 May 2020 Fortum drew a bridge loan of EUR 300 million under the facilities for the purchase of Uniper shares. The bridge loan was prepaid on 8 June 2020.

The average interest rate for the portfolio of EUR loans was 0.9% at the balance sheet date (31 Dec 2019: 0.9%). The average interest rate on total loans and derivatives was 1.7% at the balance sheet date (31 Dec 2019: 2.3%). Part of the external loans, EUR 721 million (31 Dec 2019: 787), have been swapped to RUB and the average interest cost for these loans, including cost for hedging the RUB, was 7.0% at the balance sheet date (31 Dec 2019: 7.8%).

Maturity of loans

EUR million	30 June 2020
2020 1)	852
2021	548
2022	3,028
2023	1,132
2024	311
2025 and later	3,380
Total	**9,251**

1) Cash received as collateral based on collateral agreements, amounting to EUR 217 million, has been recognised as a short-term liability.

Maturity of undiscounted lease liabilities

EUR million	30 June 2020
Due within a year	121
Due after one year and within five years	439
Due after five years	1,145
Total	**1,704**

In addition, Fortum has EUR 92 million commitment to leases that have not yet commenced. This commitment is from Uniper, and includes EUR 84 million commitments for short-term leases.

Liquid funds

EUR million	30 June 2020	31 Dec 2019
Deposits and securities with maturity more than 3 months	167	76
Cash and cash equivalents	2,236	1,356
Total 1)	**2,403**	**1,433**

1) Excluded cash balances of EUR 2 million relating to assets held for sale at 31 December 2019. Note 6.3 Assets held for sale.

Liquid funds totalling EUR 2,068 million (31 Dec 2019: 1,099) are placed with counterparties that have an investment grade credit rating.

At the end of the reporting period, the Group's liquid funds totalled EUR 2,403 million (31 Dec 2019: 1,433). Liquid funds include cash and bank deposits of EUR 669 million held by Uniper. EUR 147 million (31 Dec 2019: 201) of liquid funds are cash and bank deposits held by Russian entities.

Committed credit facilities

At the end of the reporting period, Fortum had undrawn committed credit facilities amounting to EUR 5,400 million. The undrawn revolving credit facilities include EUR 1,800 million revolving credit facility, maturing in November 2021 (with an option to extend the maturity by one year), EUR 1,750 million revolving credit facility maturing in June 2023 and Uniper's revolving credit facility of EUR 1,800 million, which matures in September 2024.

In January 2020 Fortum cancelled EUR 3,000 million and in June 2020 EUR 1,200 million from the facilities for the purchase of Uniper shares and a revolving credit facility.

14. Nuclear related assets and liabilities

Fortum owns Loviisa nuclear power plant in Finland, and through the acquisition of Uniper, OKG Aktiebolag (OKG) and Barsebäck Kraft AB (Barsebäck) nuclear power companies in Sweden. Fortum and Uniper are co-owners in the Swedish nuclear company OKG AB. Fortum accounted for the shareholding in OKG AB as an associated company until 31 March 2020. As of 31 March 2020, OKG AB was consolidated as a subsidiary to Fortum Group. See also Note 1.2 Summary of Uniper impacts to Fortum's interim report.

On Fortum's consolidated balance sheet, Share in the Nuclear Waste Fund and the Nuclear provisions relate to Loviisa, OKG and Barsebäck nuclear power plants. Fortum also has minority interests in other nuclear power companies, i.e. Teollisuuden Voima Oyj (TVO) in Finland and Forsmarks Kraftgrupp AB (Forsmark) in Sweden. The minority shareholdings are classified as associated companies and joint ventures and are consolidated with equity method. Both the Finnish and the Swedish companies are non-profit making, i.e. electricity production is invoiced to the owners at cost according to local GAAP.

In Finland and Sweden nuclear operators are legally obligated for the decommissioning of the plants and the disposal of spent fuel (nuclear waste management). In both countries, the nuclear operators are obligated to secure the funding of nuclear waste management by paying to government operated nuclear waste funds. The nuclear operators also have to give securities to guarantee that sufficient funds exist to cover future expenses of decommissioning of the power plant and the disposal of spent fuel.

14.1 Nuclear related assets and liabilities for consolidated nuclear power plants

EUR million	30 June 2020	31 Dec 2019
Carrying values on the balance sheet		
Nuclear provisions	3,400	813
Fortum's share of the Nuclear Waste Funds	3,106	813
Fortum's share of the fair value of the net assets in the Nuclear Waste Funds in Finland and Sweden	3,701	1,180
Share of fund not recognised on the balance sheet	595	316
Short-term receivable from the Nuclear Waste Fund	-	51

Nuclear provision and fund accounted for according to IFRS

Nuclear provisions include the provision for the decommissioning and the provision for the disposal of spent fuel. Provisions are based on the same cash flows for future costs as the legal liability but the legal liability is not discounted to net present value.

The carrying value of nuclear provisions, calculated according to IAS 37, increased by EUR 2,587 million compared to 31 December 2019, totalling EUR 3,400 million at 30 June 2020. The increase is mainly driven by the acquisition of Uniper.

Fortum's share of the Nuclear Waste Funds are from an IFRS perspective overfunded by EUR 595 million, since Fortum's share of the Funds on 30 June 2020 was EUR 3,701 million and the carrying value on the balance sheet was EUR 3,106 million. The Fund on Fortum's balance sheet can at maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, the operating profit is adjusted positively if the provisions increase more than the Fund, and negatively if the provision decreases below the actual value of the fund. This accounting effect is not included in comparable operating profit but as Nuclear fund adjustment in items affecting comparability, see Note 3 Segment information and Note 4 Items affecting comparability.

Legal liability for Loviisa nuclear power plant

The legal liability on 30 June 2020, decided by the Ministry of Economic Affairs and Employment in November 2019, was EUR 1,214 million.

The legal liability is based on a cost estimate, which is updated every year; and a technical plan, which is updated every three years. The legal liability is determined by assuming that the decommissioning would start at the beginning of the year following the assessment year.

Fortum's share in the Finnish Nuclear Waste Management Fund

According to the Nuclear Energy Act, Fortum is obligated to contribute funds in full to the State Nuclear Waste Management Fund to cover the legal liability. Fortum contributes funds to the Finnish State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in connection with the decision of size of the legal liability. Based on the law, Fortum applied for a periodisation of the fund target, due to a change in the legal liability. The application was approved by the Ministry of Economic Affairs and Employment in November 2019 confirming the funding target at EUR 1,135 million.

Borrowing from the State Nuclear Waste Management Fund

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum uses the right to borrow back and has pledged shares in Kemijoki Oy as security for the loans. The loans are renewed annually. See Note 13 Interest-bearing net debt and Note 18 Pledged assets and contingent liabilities.

OKG and Barsebäck nuclear power plants in Sweden

In Sweden, Svensk Kärnbränslehantering AB (SKB), a company owned by the nuclear operators, takes care of all nuclear waste management related activities on behalf of nuclear operators. SKB receives its funding from the Swedish Nuclear Waste Fund, which in turn is financed by the nuclear operators.

Nuclear waste fees and guarantees are updated every three years by governmental decision after a proposal from the Swedish Radiation Safety Authority (SSM). From September 2018, the proposal is prepared by the National Debt Office. The proposal is based on cost estimates done by SKB and the license holders. An updated technical plan for nuclear waste management was decided by SKB in September 2019 and was handed in to SSM in the end of III/2019. In December 2017 the Swedish government decided the waste fees and guarantees for years 2018-2020. Nuclear waste fees paid by licensees with a unit/units that are still in operation are currently based on future costs with the assumed lifetime of 50 years (40 years in previous decision) for each unit of a nuclear power plant. The fee is calculated in relation to the energy delivered and set as an amount of öre (1 öre = SEK 0,01) per kWh delivered. For Barsebäck, which have no units in operation, the fee is determined as a fixed fee in SEK per year.

14.2 Nuclear power plants in associated companies and joint ventures

Forsmark and TVO are non-profit making companies, i.e. electricity production is invoiced to the owners at cost. Invoiced cost is accounted according to local GAAP. In addition to the invoiced electricity production cost, Fortum makes IFRS adjustments to comply with Fortum's accounting principles. These adjustments include also Fortum's share of the companies' nuclear waste funds and nuclear provisions.

The tables below present the 100% figures relating to nuclear funds and provisions for the companies as well as Fortum's net share.

Nuclear related assets and liabilities relating to associated companies (100%)

	30 June 2020	31 Dec 2019
Carrying values with Fortum assumptions		
Nuclear provisions	3,323	4,973
Share of the Nuclear Waste Fund	3,087	4,403
of which Fortum's net share consolidated with equity method	-52	-202
Fortum's share of the fair value of the net assets in the Nuclear Waste Funds	845	1,426
Receivables from the waste fund that are overfunded (underfunded) from an IFRS perspective	63	-78
of which TVO overfunded	115	124

TVO's legal liability, provision and share of the fund are based on same principles as described above for Loviisa nuclear power plant.

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum is using the right to reborrow funds through TVO based on its ownership. See more information in Note 13 Interest-bearing net debt.

Forsmark’s provision and share of the fund are based on same principles as described above for OKG and Barsebäck nuclear power plants.

Status of TVO's Olkiluoto 3 project

In Finland, Fortum is participating in the country's fifth nuclear power plant unit, Olkiluoto 3 (OL3), through the shareholding in Teollisuuden Voima Oyj (TVO) with an approximately 25% share representing some 400 MW in capacity. Olkiluoto 3 EPR (OL3 EPR), currently under construction, was procured as a fixed-price turnkey project from a consortium (Supplier) formed by Areva GmbH, Areva NP SAS and Siemens AG. As stipulated in the plant contract, the consortium companies have joint and several liability for the contractual obligations.

In March 2018, TVO signed a comprehensive settlement agreement concerning the completion of the OL3 EPR project and related disputes with the plant supplier consortium companies as well as with Areva Group parent company Areva SA, a company wholly owned by the French State. The supplier consortium companies undertook that adequate funds exist for the completion of the OL3 EPR project covering also applicable guarantee periods, including setting up a trust mechanism funded by Areva companies to secure the financing of the costs of completion of the OL3 project. During the period under review the trust has been replenished in accordance with the terms of the agreement.

The settlement agreement stipulates that if the Supplier fails to complete the OL3 project by the end of 2019, the Supplier pays a penalty to TVO for the delay, not exceeding EUR 400 million. TVO’s management has estimated that TVO is entitled to receive the compensation of EUR 318 million assuming that the start of regular electricity production of the OL3 takes place in March 2021. TVO has recognized a receivable from the Supplier for the accumulated compensation from 1 January 2020 to the balance sheet date and decreased the carrying value of property, plant and equipment on the balance sheet accordingly.

TVO submitted on 8 April 2020 a permission application to the Finnish Radiation and Nuclear Safety Authority (STUK) for nuclear fuel loading of the OL3 EPR unit. TVO estimates that it will take a few months to obtain the permit.

The work at Olkiluoto 3 has not progressed exactly as planned. According to the most recent schedule provided by the Supplier in December 2019, the nuclear fuel loading was to take place in June 2020, electricity production should be starting in November 2020 and regular electricity production in March 2021.

TVO issued on 2 July, 2020 a stock exchange release stating that TVO has received interim information of the rebaseline schedule for the commissioning of the OL3 EPR plant unit from the plant supplier Areva–Siemens Consortium. The schedule work is estimated to be completed in August 2020. The new management of Areva, the plant supplier party, is preparing a financial solution to complete the project according to an upcoming schedule. TVO is also negotiating with the plant supplier Areva–Siemens consortium on the terms of completing the OL3 project.

15. Other provisions

EUR million	30 June 2020	31 Dec 2019
Asset retirement	782	20
Supplier-related	818	-
Generation-related	636	-
Distribution-related	381	-
Environmental remediation and similar	269	49
Other	906	32
Total	**3,791**	**100**

Other provisions include EUR 3,445 million from the acquisition of Uniper at 31 March 2020. See more information in Note 6.1 Acquisitions. Other changes during 2020 mainly relate to increases in Supplier-related provisions.

16. Pension obligations

Fortum Group has a number of pension schemes in accordance with local conditions and practices in the countries in which it operates, including defined benefit plans where the pension obligation is based on actuarial calculations using assumptions for discount rate, future salary and pension increases, inflation and life expectancy.

Pension obligations include EUR 953 million from the acquisition of Uniper at 31 March 2020, mainly relating to pension obligations in Germany. See more information in Note 6.1 Acquisitions. Other changes during 2020 mainly relate to changes in discount rates and fair value of plan assets.

Net defined benefit liability

EUR million	30 June 2020	31 Dec 2019
Present value of defined benefit obligation	4,110	529
Fair value of plan assets	2,900	406
Net defined benefit liability	**1,210**	**123**
Of which Germany	1,078	-
Presented on the balance sheet as follows:		
Pension obligations, net	1,212	125
Pension assets in Other non-current assets	1	2

Discount rates

The following discount rates have been used for the calculation of the present value of the defined benefit obligation:

%	30 June 2020	31 Dec 2019
Germany	1.40	-
United Kingdom	1.60	-
Finland	1.50	0.80
Sweden	1.40	1.20

17. Capital and other commitments

Capital and other commitments are contractual or regulatory obligations that are not recognised as liabilities on the balance sheet, or disclosed as contingent liabilities.

Capital commitments

EUR million	30 June 2020	31 Dec 2019
Property, plant and equipment and intangible assets	960	260

Capital commitments include EUR 670 million from the acquisition of Uniper at 31 March 2020.

Long-term purchase commitments

Fortum has long-term contractual obligations for the purchase of fossil fuels of approximately EUR 114.9 billion (of which EUR 4.6 billion is due within one year). The amount includes EUR 114.4 billion from the acquisition of Uniper at 31 March 2020. These contracts are generally take-or-pay in nature and primarily relate to the purchase of natural gas. Price paid for natural gas is normally tied to market reference prices, as dictated by market conditions and the procurement behaviour of wholesale market customers. The conditions of these long-term contracts are reviewed at certain specific intervals (usually every three years) as part of contract negotiations and may thus change accordingly.

For more information on other commitments, see Note 35 Capital and other commitments of the consolidated financial statements 2019.

18. Pledged assets and contingent liabilities

Fortum has issued direct and indirect guarantees and warranties on own behalf and on behalf of associated companies and joint ventures, which may obligate Fortum to make payments on the occurrence of certain events. For the Swedish nuclear companies there are two types of guarantees given. The Financing Amount is given to cover Fortum's share of the uncovered part in the Nuclear Waste Fund, assuming no further production and that no further nuclear waste fees are paid in. The uncovered amount is calculated by the authorities and is based on the difference between the expected costs and the funds to cover these costs at the time of the calculation. The Supplementary Amount constitutes a guarantee for deficits that can arise as a result of unplanned events. For more information see Note 14 Nuclear related assets and liabilities.

Further, Fortum has pledged certain assets for debt and other commitments, both on own behalf and on behalf of others, including EUR 105 million (31 Dec 2019: 2) of real estate mortgages for the liability to the Finnish State Nuclear Waste Management Fund and EUR 269 million (31 Dec 2019: 269) for shares pledged in Kemijoki Oy as a security for borrowing from the Finnish State Nuclear Waste Management Fund. In addition Fortum has EUR 333 million (31 Dec 2019: 281) of securities for trading of electricity, gas and CO2 emission allowances; EUR 285 million (31 Dec 2019: 137) of other real estate mortgages; and EUR 51 million (31 Dec 2019: 54) of restricted cash, mainly for trading. The increase in other real estate mortgages during 2020 is from Solar operations in India.

For more information see Note 36 Pledged assets and contingent liabilities of the consolidated financial statements 2019.

19. Legal actions and official proceedings

Various routine court actions, arbitration proceedings, tax and regulatory investigations and proceedings are currently pending against entities of the Group, and further actions or proceedings may be instituted or asserted in the future.

Through the acquisition of Uniper, the Group is facing wider expose, this in particular includes legal actions and proceedings on contract amendments and price adjustments initiated in response to market upheavals and the changed economic situation in the gas and electricity sectors (also as a consequence of the energy transition) and concerning anticompetitive practices, as well as general commercial contract disputes.

The aforementioned proceedings include several court and arbitration proceedings with major customers and major suppliers, also initiated in some instances by the Group, on contract amendments and price adjustments in long-term supply contracts and procurement options for electricity and gas, as well as long-term bookings of line capacity and long-term contracts for storage capacity in response to the altered situation brought about by market upheavals, and also reimbursements of costs. In some of these cases, the validity of the price-adjustment clauses and of the contracts in their entirety is being challenged; in others, the effectiveness of contract terminations is in dispute. Long-term LNG and gas procurement contracts generally include the option for producers and importers to adjust the terms in line with changed market conditions. On this basis, the Group is currently involved in court and arbitration proceedings and continuously conducts extensive negotiations with producers. The possibility of further legal disputes cannot be excluded. Applying the provisions of IAS 37.92, Fortum is making no additional disclosures on the proceedings presented or on the associated risks or measures taken, particularly because such disclosure could prejudice their outcome.

Furthermore, proceedings are pending concerning the obligation to pay statutory energy-sector levies and the clarification of regulatory requirements. Applying the provisions of IAS 37.92, Fortum is making no additional disclosures on the proceedings presented or on the associated risks or measures taken, particularly because such disclosure could prejudice their outcome.

Public-law disputes are pending, in particular, in connection with the operating license for the hard-coal power plant in Datteln. Applying the provisions of IAS 37.92, Fortum is making no additional disclosures on the proceedings presented or on the associated risks or measures taken, particularly because such disclosure could prejudice their outcome.

Tax cases in Belgium

On 16 June 2020, the Court of Appeal of Ghent, Belgium, ruled in favour of Fortum on Fortum's income tax assessments in Belgium for the year 2008. The decision concerns Fortum's Belgian financing company, Fortum EIF NV, which granted internal financing to a Swedish group company for financing of an acquisition in Russia. The Belgian tax authorities argued that Fortum EIF should not benefit from the notional interest deduction regime in Belgium.

The additional taxes claimed for 2008 amount to EUR 36 million. Fortum has similar tax cases pending for the years 2009-2012 and expects the remaining years to follow the decisions for 2008. The disputed amount for years 2008-2012 totals EUR 114 million. All taxes have been paid and recognised as income tax receivables.

The Belgian tax authority may appeal the decision by the Court of Appeal to the Supreme Court. Should the decision become final, the possible repayment of the disputed amounts of EUR 114 million would have a positive cash flow effect for Fortum.

20. Related party transactions

Related parties are described in more detail in the consolidated financial statements for the year ended 31 December 2019. On 31 March 2020, Uniper SE was reclassified from an associated company to a subsidiary. Transactions with Uniper Group companies are presented until 31 March 2020, but balances with Uniper Group companies at 31 March 2020 were excluded since Uniper was consolidated as a subsidiary. In addition, balances with any Uniper Group's related parties that have become Fortum Group's related parties through the acquisition are disclosed from 31 March 2020.

At the end of 2019 the Finnish State owned 50.76% of Fortum's shares. There has been no change in the number of shares the Finnish State owns in Fortum during 2020.

Transactions with associates and joint ventures

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Sales	81	9	89	17	23	95
Purchases	139	84	240	186	373	427
Interest income on loan receivables	22	3	24	6	12	30

Balances with associates and joint ventures

EUR million	30 June 2020	31 Dec 2019
Long-term interest-bearing loan receivables	1,102	625
Trade and other receivables	128	86
Long-term loan payables	293	294
Trade and other payables	252	24

21. Events after the balance sheet date

On 3 July 2020, Fortum signed an agreement to sell its district heating business in the Järvenpää-Tuusula area in Finland to a consortium consisting of Vantaa Energy Ltd, Infranode, and Keva. The total consideration on a debt- and cash-free basis is approximately EUR 375 million. Fortum expects to record a tax-exempt capital gain of approximately EUR 290 million in the City Solutions segment’s third-quarter 2020 results. The transaction is subject to customary closing conditions and is expected to be completed in the third quarter of 2020.

In July 2020, Fortum increased its ownership to 100% in the Tartu, Estonia district heating business. The transaction is related to the assessment of strategic options for the district heating assets in the Baltics.

22. Definitions of key figures

Alternative performance measures

Business performance	Definition	Reason to use the measure	Reference to reconciliation
Comparable EBITDA	Operating profit + depreciations and amortisations - items affecting comparability	Comparable EBITDA is representing the underlying cash flow generated by the total Group and segments. Used as a component in the capital structure target of Comparable net debt /EBITDA.	Capital structure and key ratios after cash flow statement
Comparable operating profit	Operating profit - items affecting comparability	Comparable operating profit is used in financial target setting and forecasting, management's follow up of financial performance and allocation of resources in the group's performance management process.	Income statement
Items affecting comparability	Impairment charges and reversals + capital gains and other related items + impact from acquisition accounting + changes in fair values of derivatives hedging future cash flow + nuclear fund adjustment + other	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Impairment charges and reversals	Impairment charges and related provisions (mainly dismantling), as well as the reversal of previously recorded impairment charges. Impairment charges are adjusted from depreciation and amortization, and reversals from other income.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Capital gains and other related items	Capital gains and transaction costs from acquisitions, which are adjusted from other income and other expenses respectively. Profits from the capital recycling business model are presented in comparable operating profit because the business results are realised through divesting the shareholding, either partially or totally.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Impact from acquisition accounting	Non-cash accounting impact resulting from reclassifying part of Uniper's other comprehensive income to the income statement when Uniper was consolidated as a subsidiary.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Changes in fair values of derivatives hedging future cash flow	Effects from financial derivatives hedging future cash-flows where hedge accounting is not applied or own use exemption cannot be used according to IFRS 9, which are adjusted from other income or to sales and materials and services respectively when calculating Fortum's alternative performance measures.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement

Business performance	Definition	Reason to use the measure	Reference to reconciliation
Nuclear fund adjustment	Effects from the accounting of Fortum´s part of the Finnish Nuclear Waste Fund where the asset on the balance sheet cannot exceed the related liabilities according to IFRIC interpretation 5, which is adjusted from materials and services. In addition adjustments are made for accounting effects from valuation according to IFRS.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Other	Restructuring and cost management expenses, and other miscellaneous non-operating items, which are adjusted mainly from materials and services or employee benefits.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Comparable return on net assets, %	$\frac{\text{Comparable operating profit + share of profit /loss in associates and joint ventures + adjustment for share of profit /loss in associates and joint ventures}}{\text{Comparable net assets average}} \times 100$	Comparable return on net assets is used in financial target setting and forecasting, management's follow up of financial performance and allocation of resources in the group's performance management process.	Note 3 Segment information
Adjustment for Share of profit /loss in associates and joint ventures	Adjustment for material items affecting comparability.	Share of profit/loss in associates and joint ventures is included in profit component in the comparable return on net assets calculation and the adjustments are done based on similar components as in Items affecting comparability.	Note 3 Segment information
Comparable net assets	Non-interest-bearing assets + interest-bearing assets related to the Nuclear Waste Fund - non-interest-bearing liabilities - provisions (non-interest-bearing assets and liabilities do not include finance related items, tax and deferred tax and assets and liabilities from fair valuations of derivatives used for hedging future cash flows).	Comparable net assets is a component in Comparable return on net assets calculation where return on capital allocated directly to the businesses is measured.	Note 3 Segment information

Capital structure	Definition	Reason to use the measure	Reconciliation
Financial net debt	Interest-bearing liabilities - liquid funds - securities in interest-bearing receivables + net margin liabilities	Starting from Q1 2020 Fortum has updated the definition of net debt. Financial net debt will be used in the follow-up of the indebtedness of the group.	Note 13 Interest-bearing net debt
Adjusted net debt	Financial net debt + underfunded pension obligations and asset retirement obligations, net of share in nuclear waste funds	Starting from Q1 2020 Fortum has updated the definition of net debt. Adjusted net debt will be used in the follow-up of the indebtedness of the group.	Note 13 Interest-bearing net debt
Interest-bearing net debt	Interest-bearing liabilities - liquid funds	Until Q1 2020 interest-bearing net debt was used in the follow-up of the indebtedness of the group i.e. capital structure especially as a component in the long-term over-the-cycle financial target of Comparable net debt / EBITDA in the Group.	Note 13 Interest-bearing net debt

Other key figures

Share based key figures

Earnings per share (EPS)	$\dfrac{\text{Profit for the period - non-controlling interests}}{\text{Average number of shares during the period}}$	
Equity per share	$\dfrac{\text{Shareholder's equity}}{\text{Number of shares at the end of the period}}$	

Other key figures

Capital expenditure	Capitalised investments in property, plant and equipment and intangible assets including maintenance, productivity, growth and investments required by legislation including borrowing costs capitalised during the construction period. Maintenance investments expand the lifetime of an existing asset, maintain usage/availability and/or maintains reliability. Productivity investments improve productivity in an existing asset. Growth investments' purpose is to build new assets and/or to increase customer base within existing businesses. Legislation investments are done at certain point of time due to legal requirements.
Gross investments in shares	Investments in subsidiary shares, shares in associated companies and joint ventures and other investments. Investments in subsidiary shares are net of liquid funds and grossed with interest-bearing liabilities and other items included in financial net debt in the acquired company.

Definitions for tax figures

Effective income tax rate,%	$\dfrac{\text{Income tax expense}}{\text{Profit before income tax}}$	x 100
Comparable effective income tax rate,%	$\dfrac{\text{Income tax expense – effects from tax rate changes - taxes on items affecting comparability - other major onetime tax effects}}{\text{Profit before income tax - share on profits from associated companies and joint ventures - items affecting comparability}}$	x 100
Last twelve months (LTM)	Twelve months preceding the reporting date	

Market conditions and achieved power prices

Power consumption

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Nordic countries	87	88	199	204	392	387
Russia	232	244	518	533	1,059	1,044
Tyumen	20	22	45	46	94	93
Chelyabinsk	8	8	17	17	35	35
Russia Urals area	56	61	125	131	260	254

Average prices	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Spot price for power in Nord Pool power exchange, EUR/MWh	5.6	35.6	10.5	41.2	38.9	23.6
Spot price for power in Finland, EUR/MWh	22.5	37.4	23.3	42.4	44.0	34.5
Spot price for power in Sweden, SE3, Stockholm EUR/MWh	15.1	33.0	16.9	39.7	38.4	27.0
Spot price for power in Sweden, SE2, Sundsvall EUR/MWh	8.2	33.0	11.9	39.5	37.9	24.2
Spot price for power in the First Price Zone of Russia, RUB/MWh [1]	1,160	1,334	1,194	1,321	1,289	1,224
Spot price for power in the Second Price Zone of Russia, RUB/MWh [1]	902	1,042	905	1,033	892	827
Average capacity price for the Russia segment, tRUB/MW/month	549	563	611	621	624	619
Average capacity price for the Uniper segment, tRUB/MW/month	245	-	245	-	-	245
Spot price for power in Germany, EUR/MWh	20.3	35.8	23.5	38.3	37.7	30.2
Average regulated gas price in Urals region, RUB/1000 m^3	3,937	3,883	3,937	3,883	3,910	3,937
Average capacity price for the Russia segment's CCS, tRUB/MW/month [2] [3]	146	142	156	152	154	155
Average capacity price for the Russia segment's CSA, tRUB/MW/month [3]	961	996	1,064	1,097	1,096	1,079
Average capacity price for the Uniper segment's CCS, tRUB/MW/month [2] [3]	131	-	131	-	-	131
Average capacity price for the Uniper segment's CSA, tRUB/MW/month [3]	900	-	900	-	-	900
Spot price for power (market price), Urals hub, RUB/MWh [1]	1,021	1,151	1,044	1,140	1,117	1,069
CO_2, (ETS EUA), EUR/tonne CO_2	21	25	22	24	25	24
Coal (ICE Rotterdam), USD/tonne	43	56	26	66	61	52
Oil (Brent Crude), USD/bbl	33	68	42	66	64	52

1) Excluding capacity tariff.
2) Including capacity receiving payments under "forced mode status", regulated tariffs, and bilateral agreements.
3) Capacity prices paid for the capacity volumes, excluding unplanned outages, repairs, and own consumption.

Water reservoirs

TWh	30 June 2020	31 Dec 2019
Nordic water reservoirs level	93	79
Nordic water reservoirs level, long-term average	84	84

Export/import

TWh (+ = import to, - = export from Nordic area)	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Export / import between Nordic area and Continental Europe + Baltics	-5	-4	-11	-4	-8	-15
Export / import between Nordic area and Russia	0	2	1	4	8	5
Export / import Nordic area, Total	-5	-2	-10	0	0	-10

Power market liberalisation in Russia

%	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Share of power sold at the liberalised price	74%	81%	77%	80%	80%	79%

Achieved power prices

	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Generation segment's Nordic achieved power price, EUR/MWh	33.6	35.0	33.8	36.7	36.8	35.2
Uniper segment's Nordic achieved power price, EUR/MWh	27.6	-	27.6	-	-	27.6
Russia segment's achieved power price, RUB/MWh	1,886	1,976	1,842	1,990	1,990	1,911
Russia segment's achieved power price, EUR/MWh [1]	23.3	27.2	24.0	26.8	27.3	25.8
Uniper segment's achieved power price in Russia, RUB/MWh	1,787	-	1,787	-	-	1,787
Uniper segment's achieved power price in Russia, EUR/MWh [1]	22.1	-	22.1	-	-	22.1

1) Translated using average exchange rate.

Fortum's production and sales volumes

Uniper sales and production volumes are disclosed from the second quarter of 2020.

Power generation

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Power generation in Nordics	16.2	11.3	29.5	23.3	45.5	51.7
Power generation in other European countries	6.7	0.3	7.0	0.7	1.3	7.6
Power generation in Russia	14.8	6.9	23.2	15.2	29.3	37.3
Power generation in other countries	0.1	0.0	0.3	0.0	0.2	0.5
Total	**37.8**	**18.5**	**60.1**	**39.2**	**76.3**	**97.2**

Heat production

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Heat production in Nordics	1.0	0.8	2.9	2.9	6.3	6.3
Heat production in other European countries	1.9	0.5	3.0	1.7	2.8	4.1
Heat production in Russia	2.7	2.7	8.9	9.6	17.3	16.6
Total	**5.6**	**4.0**	**14.8**	**14.2**	**26.4**	**27.0**

Power generation capacity by segment

MW	30 June 2020	31 Dec 2019
Generation [1]	8,101	8,220
Russia	4,928	4,928
City Solutions	1,005	1,082
Uniper	36,214	-
Total	**50,248**	**14,230**

1) Including 308 MW of Meri-Pori power plant, which is under reserve capacity agreement during period July 2017 - June 2020.

Heat production capacity by segment

MW	30 June 2020	31 Dec 2019
Russia	8,437	8,437
City Solutions	4,446	4,812
Uniper	4,313	-
Total	**17,197**	**13,249**

Power generation by source in the Nordic area

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Hydro and wind power	7.6	5.4	14.2	10.4	20.7	24.5
Nuclear power	8.4	5.9	14.7	12.2	23.5	26.0
Thermal power	0.3	0.0	0.6	0.7	1.4	1.3
Total	**16.2**	**11.3**	**29.5**	**23.3**	**45.5**	**51.7**

Power generation by source in the Nordic area

%	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Hydro and wind power	47	45	48	45	45	47
Nuclear power	52	52	50	52	52	50
Thermal power	2	3	2	3	3	3
Total	**100**	**100**	**100**	**100**	**100**	**100**

Power generation by source in other European countries

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Hydro and wind power	1.1	0.0	1.1	0.0	0.0	1.1
Nuclear power	0.0	0.0	0.0	0.0	0.0	0.0
Thermal power	5.5	0.3	5.9	0.7	1.3	6.5
Total	**6.7**	**0.3**	**7.0**	**0.7**	**1.3**	**7.6**

Power generation by source in other European countries

%	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Hydro and wind power	17	0	16	0	0	14
Nuclear power	0	0	0	0	0	0
Thermal power	83	100	84	100	100	86
Total	**100**	**100**	**100**	**100**	**100**	**100**

Power sales

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Power sales in Nordics	555	611	1,141	1,522	2,877	2,496
Power sales in other European countries [1)]	4,683	42	4,739	90	186	4,835
Power sales in Russia	390	217	652	465	924	1,111
Power sales in other countries	5	0	11	0	8	19
Total	**5,634**	**871**	**6,544**	**2,078**	**3,995**	**8,461**

1) Including commodity trading.

Heat sales

EUR million	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Heat sales in Nordics	48	59	158	223	390	325
Heat sales in other European countries	94	39	181	129	228	280
Heat sales in Russia	22	22	77	70	145	152
Total	**164**	**119**	**415**	**422**	**763**	**756**

Power sales by area

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Finland	5.7	6.8	12.2	14.1	23.1	21.2
Sweden	12.4	7.7	21.7	16.0	31.5	37.2
Russia	19.6	8.0	30.3	17.3	33.8	46.8
Norway	2.9	3.0	7.4	8.1	15.0	14.3
Germany [1)]	104.4	0.0	104.4	0.0	0.0	104.4
United Kingdom	3.2	0.0	3.2	0.0	0.0	3.2
Netherlands	1.8	0.0	1.8	0.0	0.0	1.8
Other countries	0.8	0.5	1.7	1.1	2.5	3.1
Total	**150.9**	**25.9**	**182.7**	**56.6**	**105.8**	**231.9**

1) Including commodity trading.

NordPool transactions are calculated as a net amount of hourly sales and purchases at the Group level.

Heat sales by area

TWh	II/2020	II/2019	I–II/2020	I–II/2019	2019	LTM
Russia	2.7	2.7	8.9	9.2	16.9	16.6
Finland	0.7	0.7	1.7	2.1	3.8	3.4
Poland	0.5	0.5	1.9	2.0	3.3	3.2
Germany	0.7	0.0	0.7	0.0	0.0	0.7
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	0.6	0.0	0.6	0.0	0.0	0.6
Other countries	0.7	0.6	1.9	2.0	3.6	3.5
Total	**6.0**	**4.4**	**15.8**	**15.3**	**27.6**	**28.1**