FORTUM - Forerunner in clean energy

Investor / Analyst material
October 2016

Disclaimer

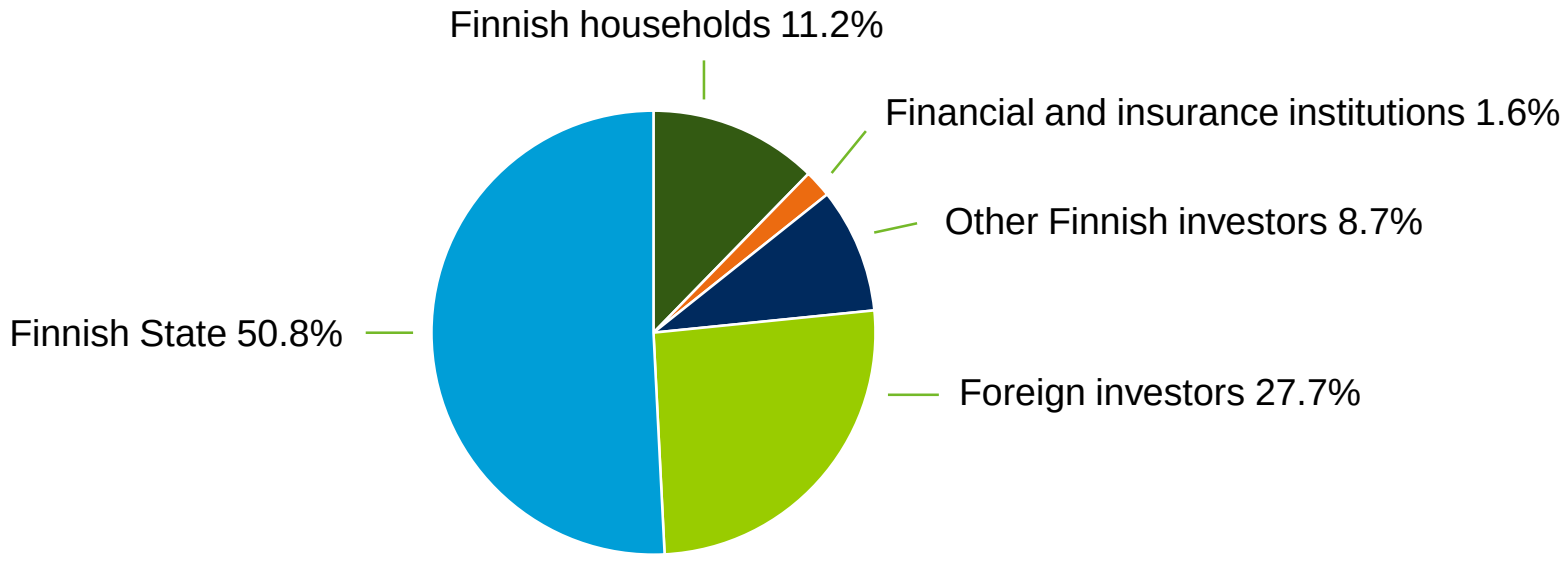
This presentation does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Fortum shares.

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

Content

Appr. 135,000 shareholders

- Power and heat company in the Nordic countries, Russia, Poland and the Baltics
- Listed at the Helsinki Stock Exchange since 1998
- Among the most traded shares on the Nasdaq Helsinki stock exchange
- Market cap ~14 billion euros



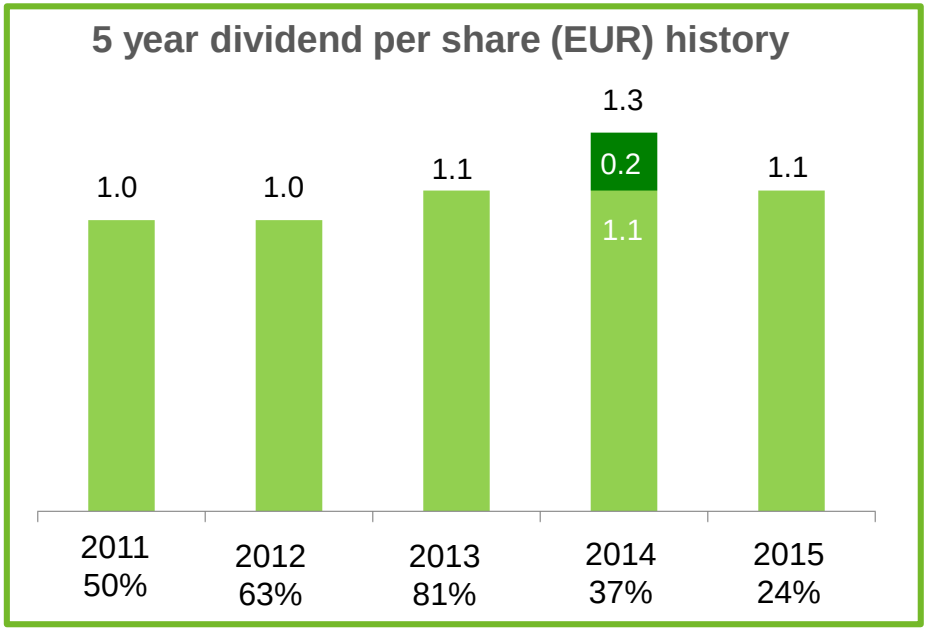
30 September 2016

Capital returns: 2015 EUR 1.10 per share ~ EUR 1 billion

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

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

Fortum has since 1998 annually paid dividends in total ~12,625 MEUR



Fortum – Forerunner in clean energy

MEGATRENDS

Climate change
Urbanisation
Active customers
Digitalisation, new technologies

MISSION

We provide customers with energy solutions that improve present and future life, and we deliver excellent shareholder value.

STRATEGY

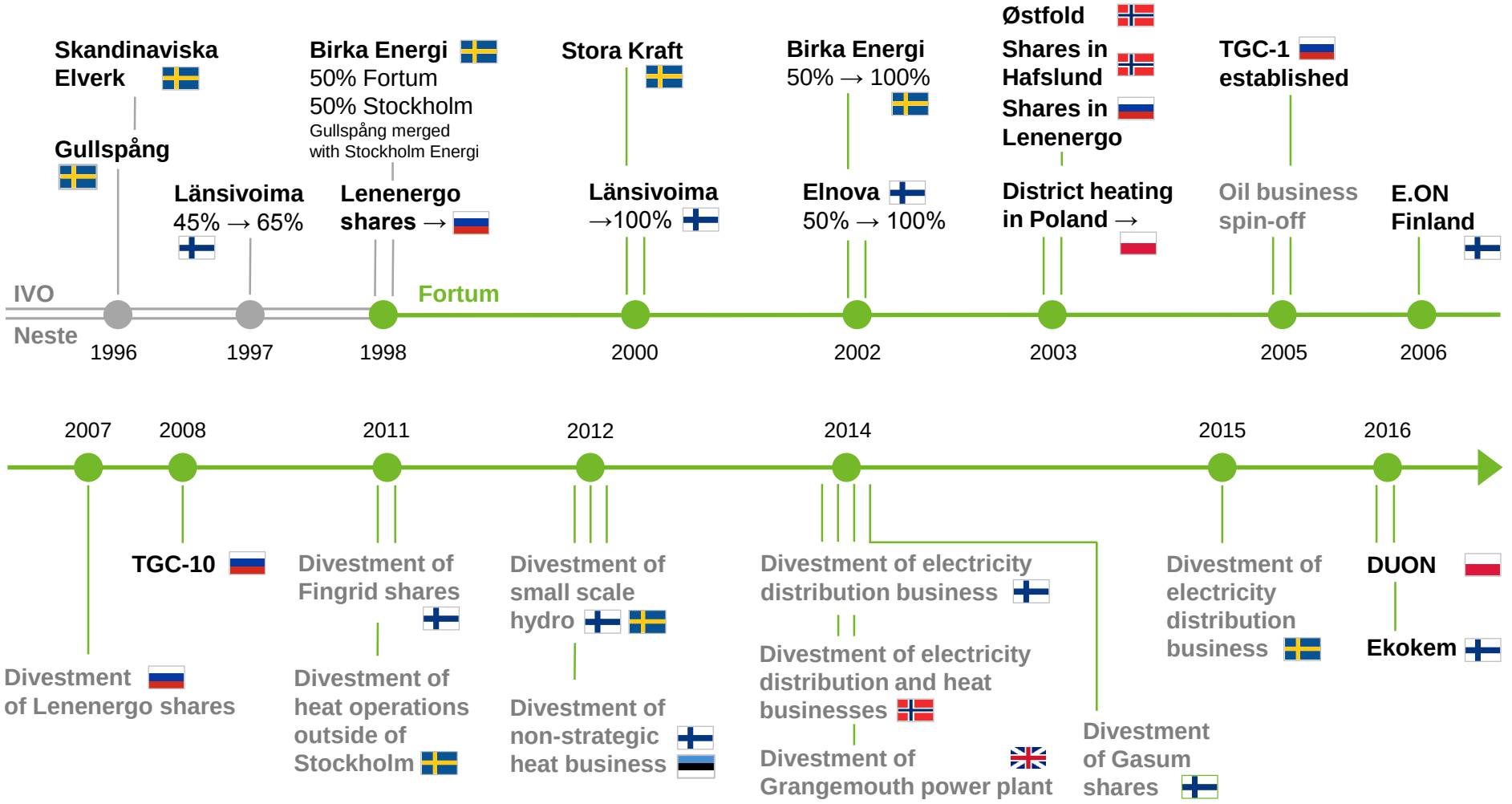
- Drive productivity and industry transformation
- Create solutions for sustainable cities
- Grow in solar and wind
- Build new energy ventures

MUST-WIN-BATTLES

Put the customer in the centre | Establish a culture of speed and agility | Digitalise our business for maximum scalability | Create value from market volatility | Drive competitive markets and fair regulation

Fortum

Our strategic route



Our current geographical presence

Nordic countries


Power generation

Power generation	48.8 TWh


Heat

Heat sales	3.1 TWh


Electricity sales

Electricity customers	1.3 million

Key figures 2015

Sales	EUR 3.5 bn
Comparable operating profit	EUR 0.8 bn
Balance sheet	EUR 23 bn
Personnel	7,800

Russia

OAO Fortum

Power generation	25.7 TWh
Heat sales	25.4 TWh

Poland

Power generation	0.7 TWh
Heat sales	3.4 TWh

Baltic countries

Power generation	0.7 TWh
Heat sales	1.2 TWh

India

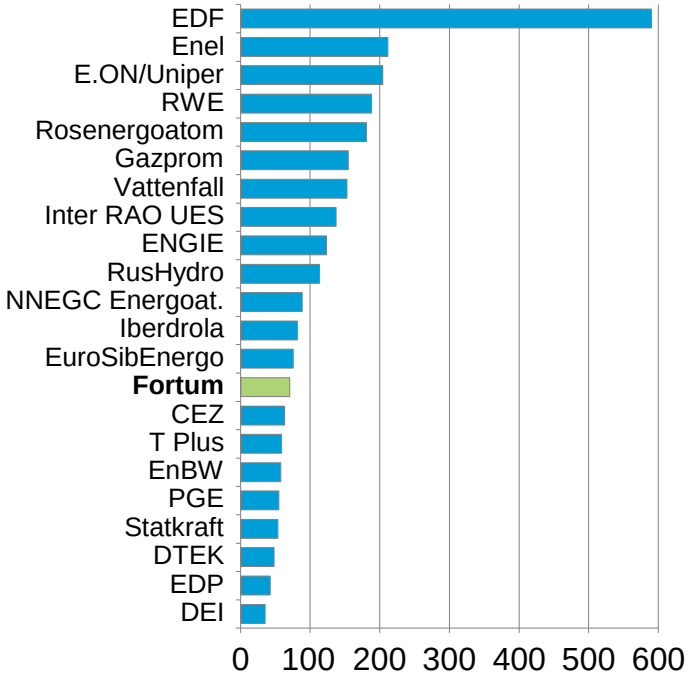
Power generation	26 GWh

Fortum

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

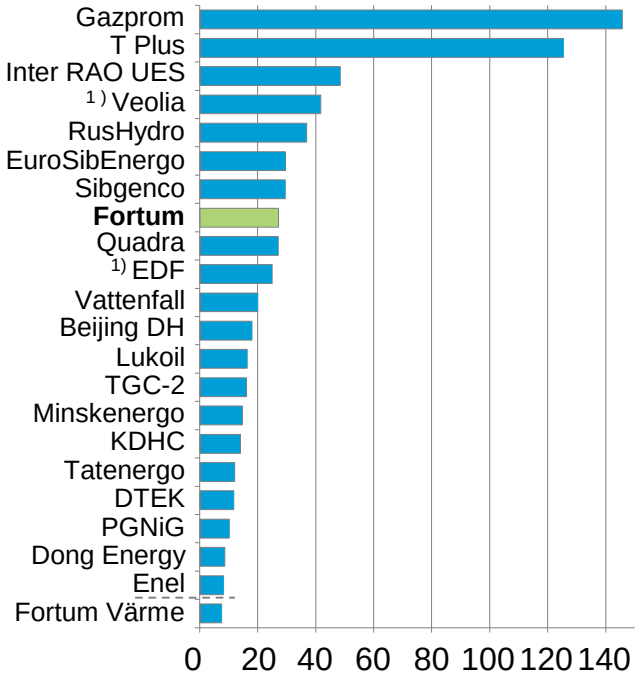
Power generation

Largest producers in Europe and Russia, 2014
TWh



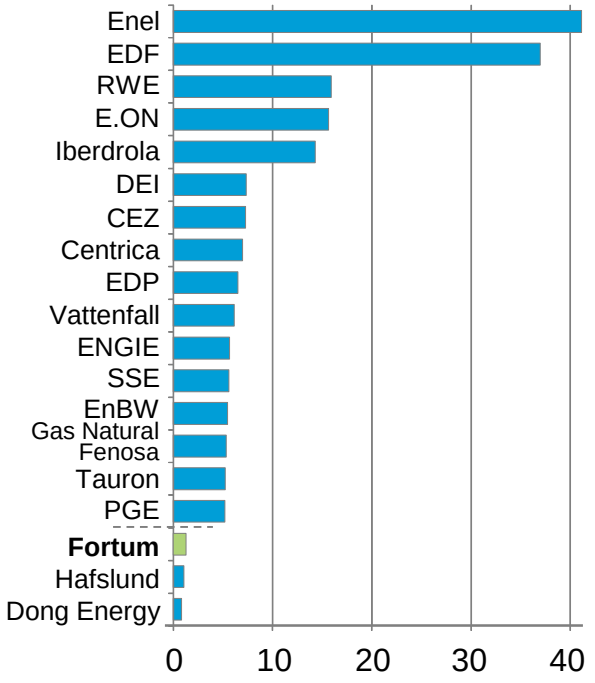
Heat production

Largest global producers, 2014
TWh



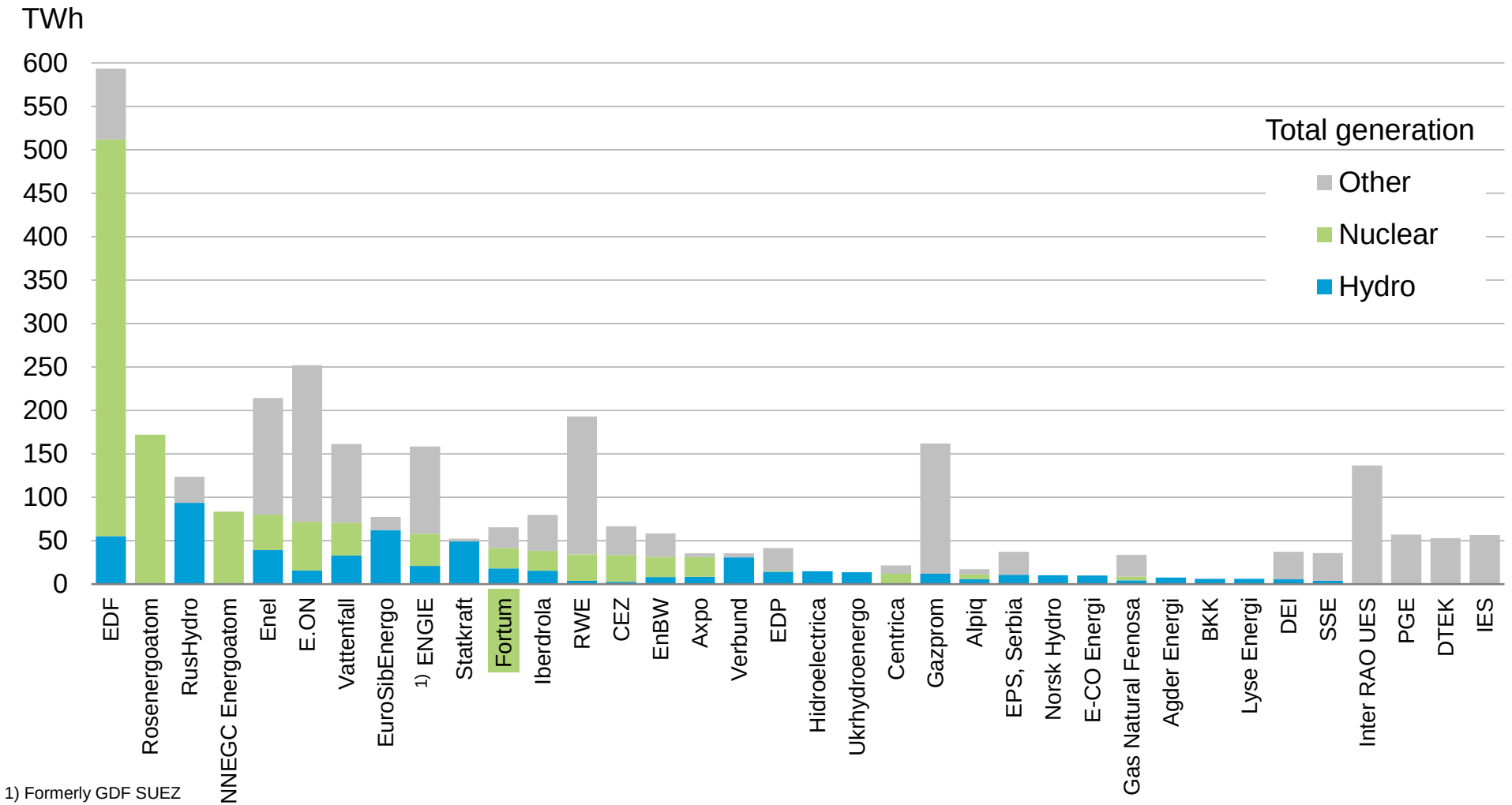
Customers

Electricity customers in EU, 2014
Millions



1) Veolia incl. Dalkia International and EDF incl. Dalkia's activities in France
Source: Company information, Fortum analyses, 2014 figures pro forma

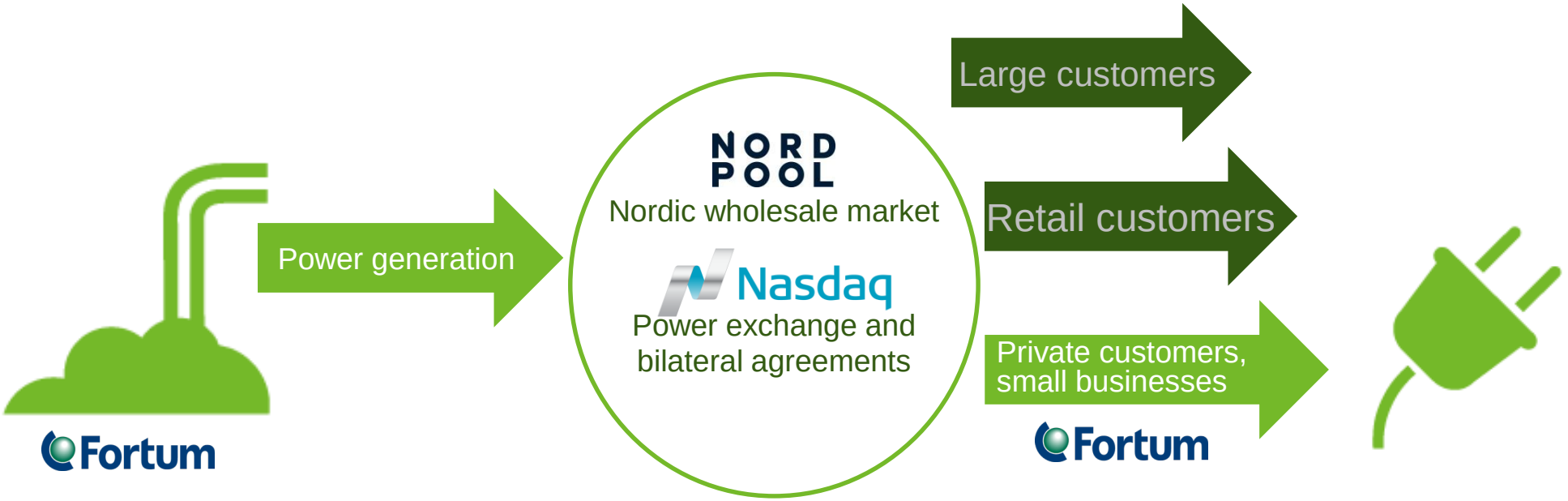
Biggest nuclear and hydro generators in Europe and Russia



1) Formerly GDF SUEZ

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

Fortum in the Nordic electricity value chain



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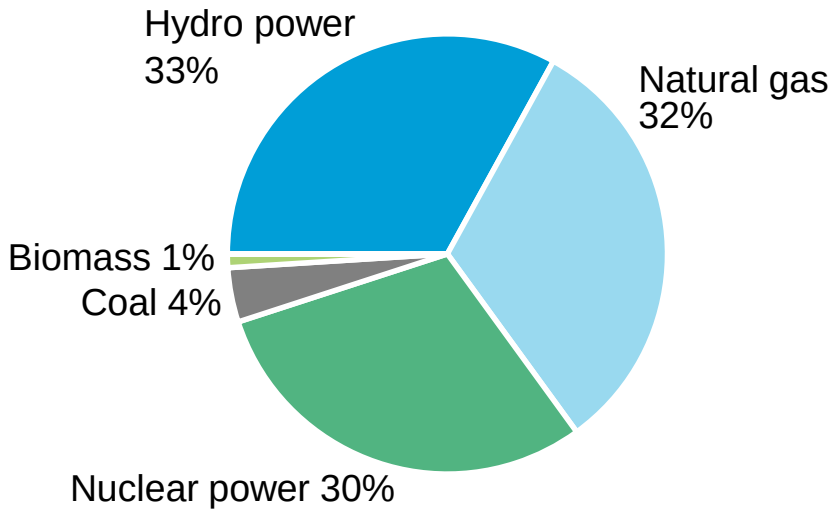
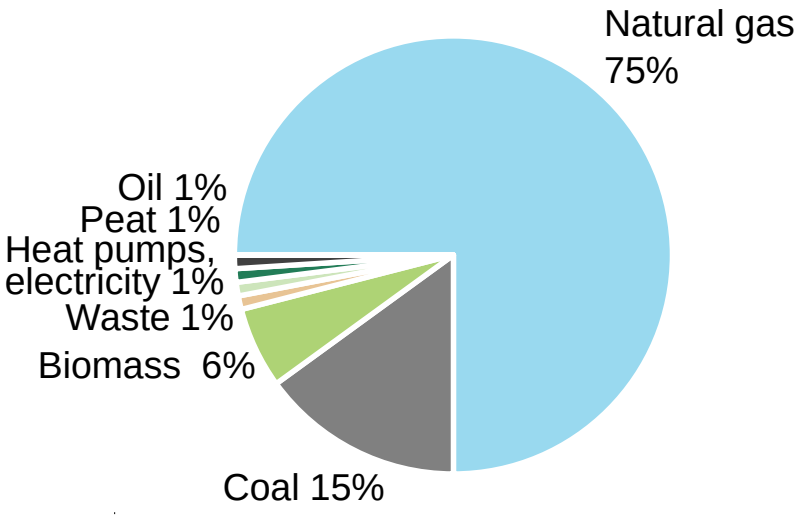
Fortum's power and heat production by source

Fortum's power generation in 2015



Total generation 75.9 TWh
(Generation capacity 13,692 MW)

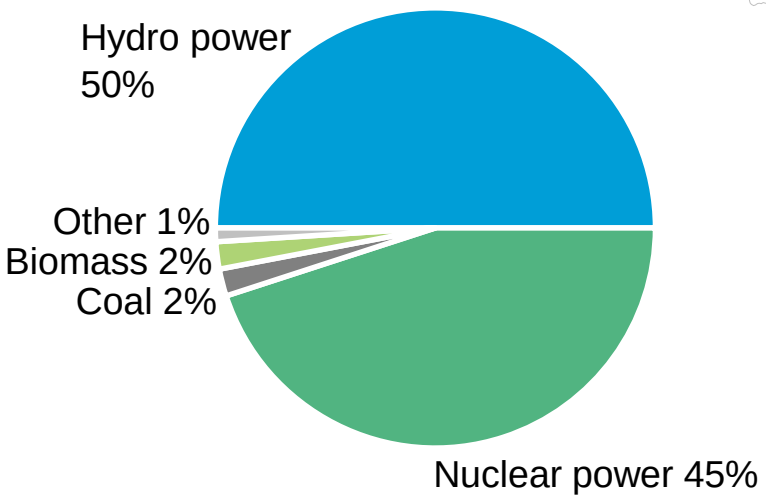
Fortum's heat production in 2015



Total production 32.2 TWh
(Production capacity 16,611 MW)

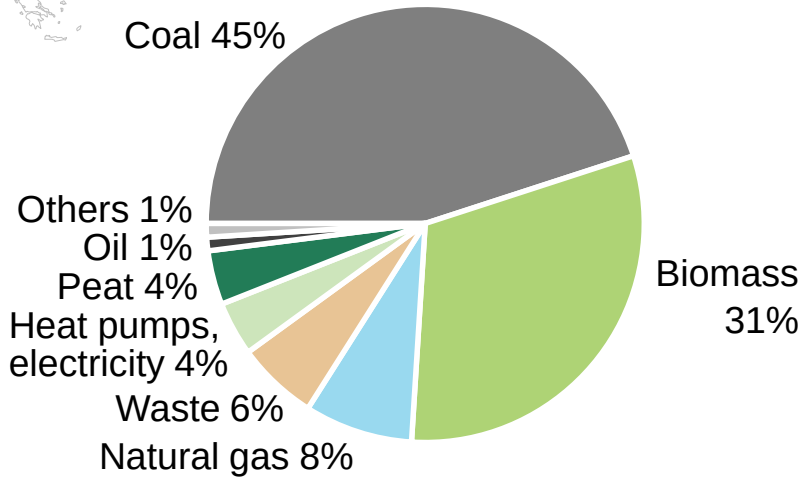
Fortum's European power and heat production

Fortum's European power generation in 2015



European generation 50.2TWh
(Generation capacity 8,774 MW)

Fortum's European heat production in 2015

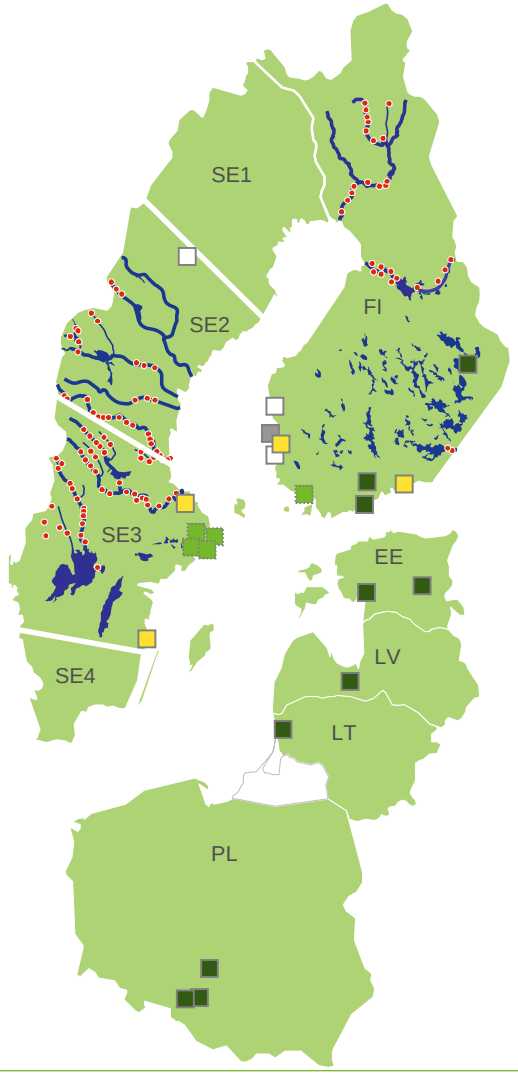


European production 6.4 TWh
(Production capacity 3,915 MW)

Fortum's Nordic, Baltic and Polish generation capacity

Generation capacity *MW*	
Hydro	4 623
Nuclear	3 004
CHP	728
Other thermal	389
Wind	30
Nordic, Baltic and Polish generation capacity	**8 774**

Sweden	
Price areas	*MW*
SE2	
Hydro	1 550
Wind	30
SE3	
Hydro	1 538
Nuclear	1 539
Other thermal	12
Generation capacity in Sweden	**4 669**



Finland	*MW*
Hydro	1 535
Nuclear	1 465
CHP	438
Other thermal	377
Wind	0.4
Generation capacity in Finland	**3 815**

Baltics and Poland	*MW*
Generation capacity, CHP	
in Estonia	**49**
in Latvia	**26**
in Lithuania	**18**
in Poland	**197**

Associated companies' plants (not included in the MW's)
Fortum Värme, Stockholm; TSE, Naantali

Figures 31 December 2015

Fortum a forerunner in sustainability

Emissions-free production is Fortum's strategic choice

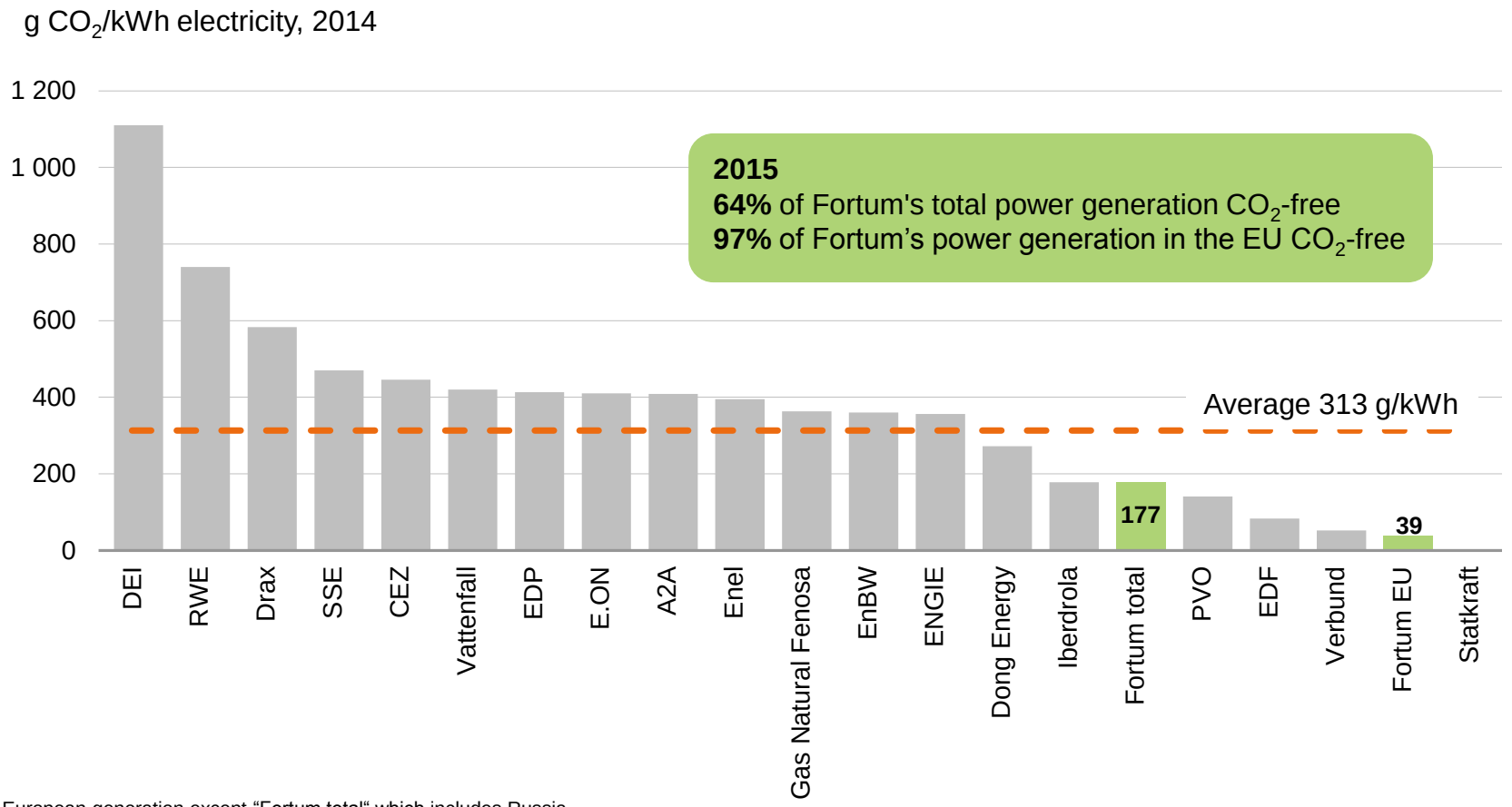
We are highly committed to sustainability. Our purpose is to create energy that improves life for present and future generations.

We provide sustainable solutions for society while delivering excellent value to our shareholders. We want to act responsibly, both in the short term and long term.

Fortum is listed in several sustainability indexes:

- Nordic Climate Disclosure Leadership Index (CDLI)
- STOXX® Global ESG Leaders indices
- oekom
- OMX GES Sustainability Finland Index
- ECPI® Indices

Fortum's carbon exposure among the lowest in Europe



Note: Only European generation except "Fortum total" which includes Russia.
Fortum's specific emissions of the power generation in 2015 in the EU were 21 g/kWh and in total 166 g/kWh.
Source: PWC, November 2015, Changement climatique et Électricité, Fortum

Fortum's renewables investment is already ramping up

Bio, MW	**Power**	**Heat**	**Year**
Kivenlahti, Finland, *Pellet conversion*		80	2016
Zabrze, Poland, *waste/ coal CHP*	75	145	2018

Associated companies, MW			
Värtan, Sweden, *bio-CHP (50% share)*	130	280	2016
Naantali, Finland, *bio-CHP (49.5% share)*	142	244	2017
Kaunas, Lithuania, *waste-CHP (49% share)*	24	71	2019

Wind, MW	**Power**	**Year**
Blaiken, Sweden	12	2016
Uljanovsk, Russia	35	2017
Solberg, Sweden	75	2018

Solar, India, MW		
Bhadla	70	Conts. starting
Paragada	100	Planning phase

Hydro, MW		
Maintenance/upgrade	~10	Annually

Total: ~ 520 MW power and ~ 520 MW heat capacity (Fortum's share)

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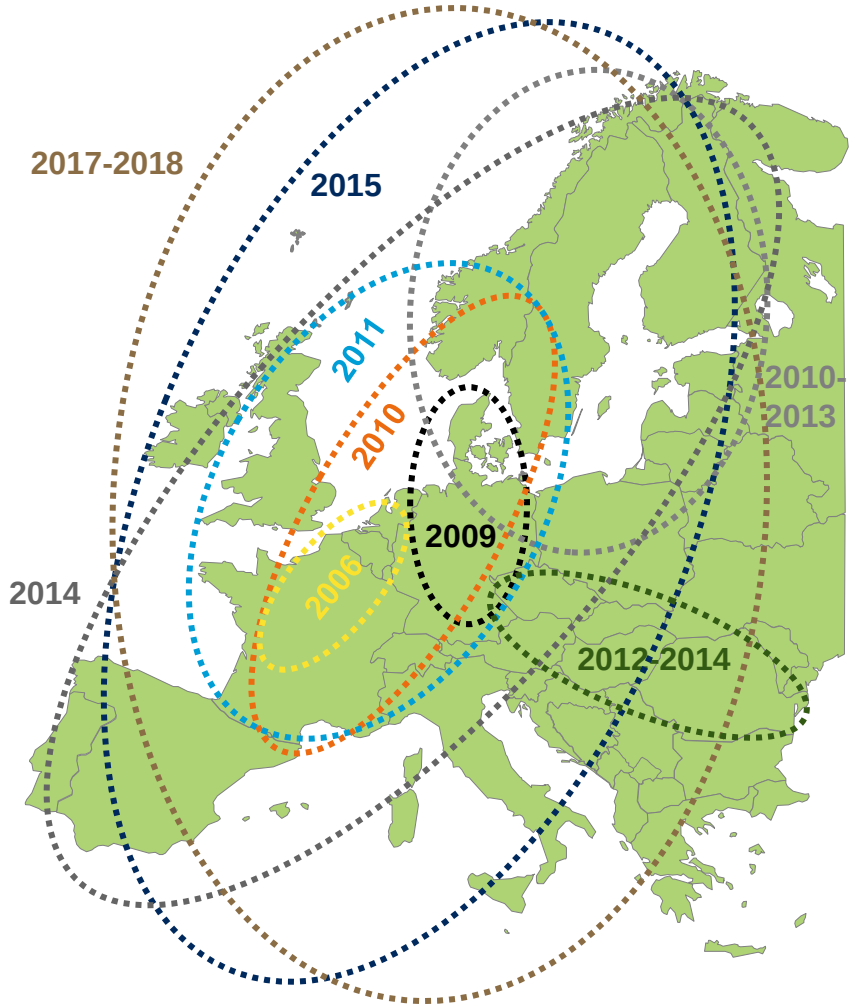
Market coupling milestones
- cross-border power flows optimised by power exchanges

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



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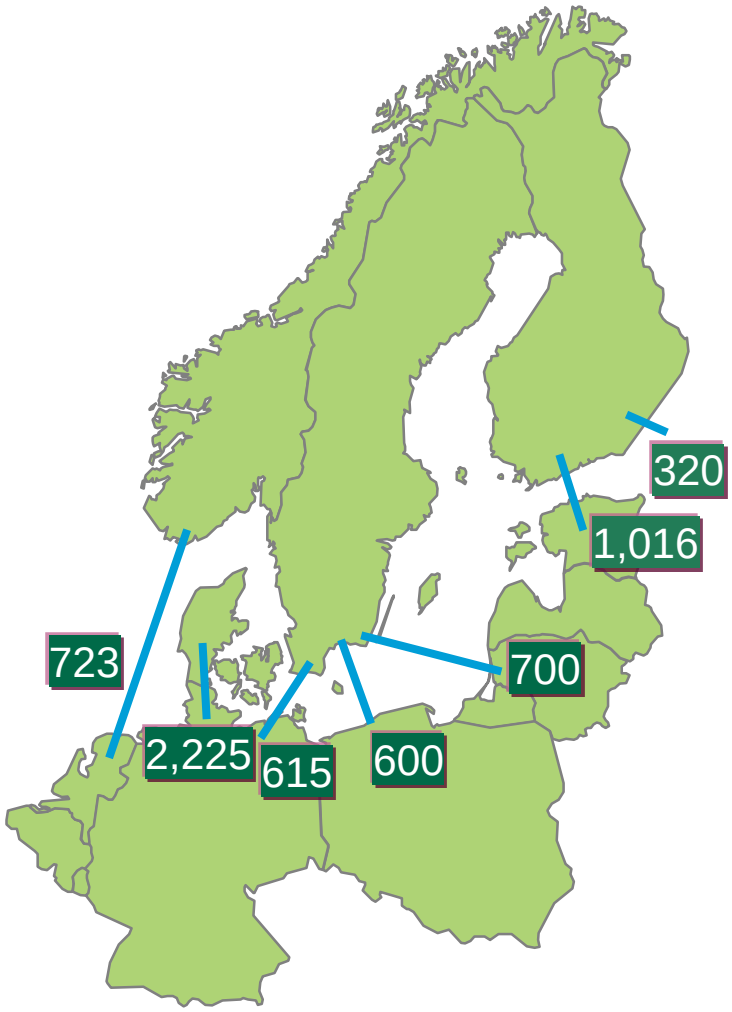
Current transmission capacity from Nordic area is over 6,000 MW

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

- Theoretical maximum in transmission capacity ~40 TWh per annum, but restrictions especially between DK & DE
- Net export from the Nordic area to Continental Europe and Baltics during year 2015 was 18 TWh
- During 2014 the net export was 13 TWh
- Approximately 25 TWh of net export is now reachable



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Nordic, Baltic, Continental and UK markets are integrating – interconnection capacity will double by 2023

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

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

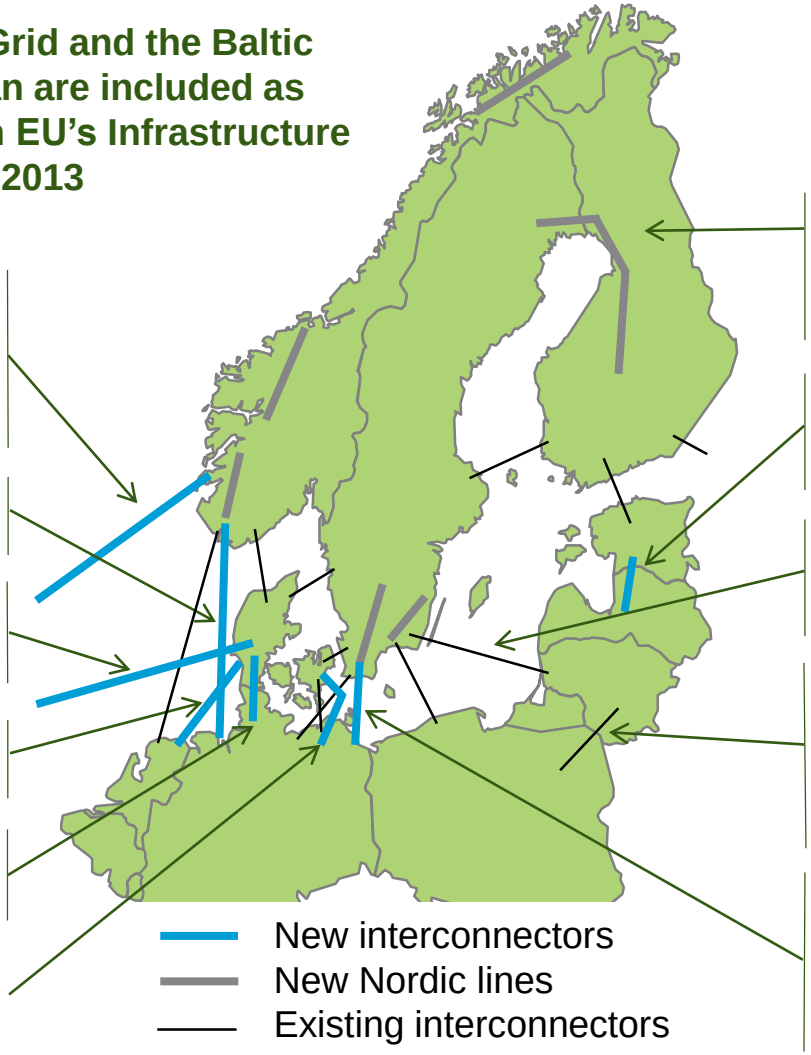
1,400 MW NordLink as first direct NO-DE link to be built by end-2019

New 1,400 MW DK-UK Viking Link not yet decided, but planned to be built by end-2022

700 MW COBRAcable from DK to NL due to be ready by 2019

Jutland – DE capacity planned to grow by 860 MW by 2020, with further 500 MW increase by 2022

New 400 MW Zealand – DE Kriegers Flak connection by 2019



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

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

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

EU's European Energy Programme for Recovery co-financed 700 MW NordBalt (operation started 2/2016)

LitPol Link (500 MW in operation since 12/2015) with another 500 MW by 2020. It has opened a new transmission route from the Nordic market to the Continent

Svenska Kraftnät and 50Hertz signed 11/2015 a cooperation agreement to build 700 MW Hansa PowerBridge DC link between Sweden and Germany by 2025

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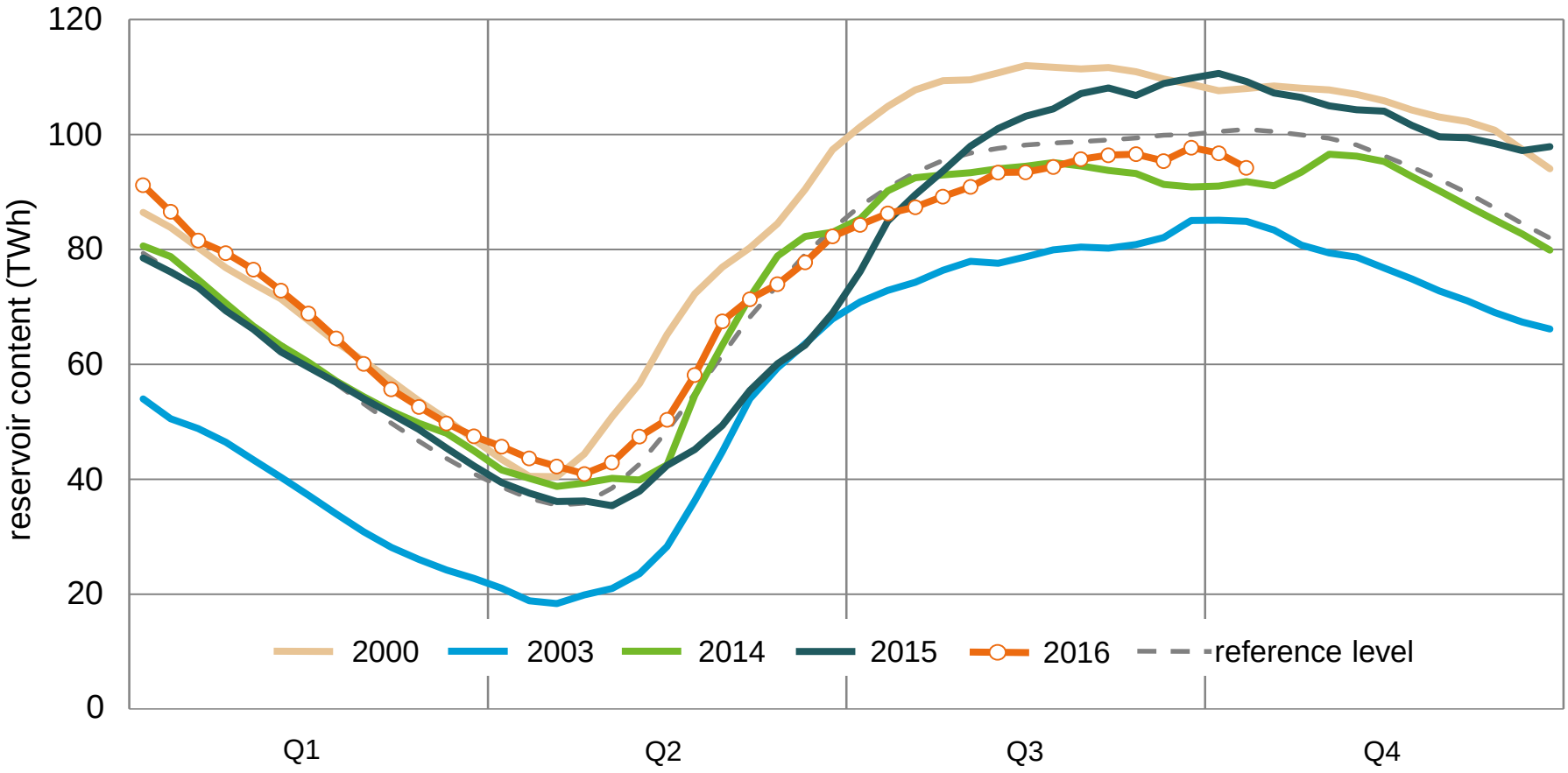
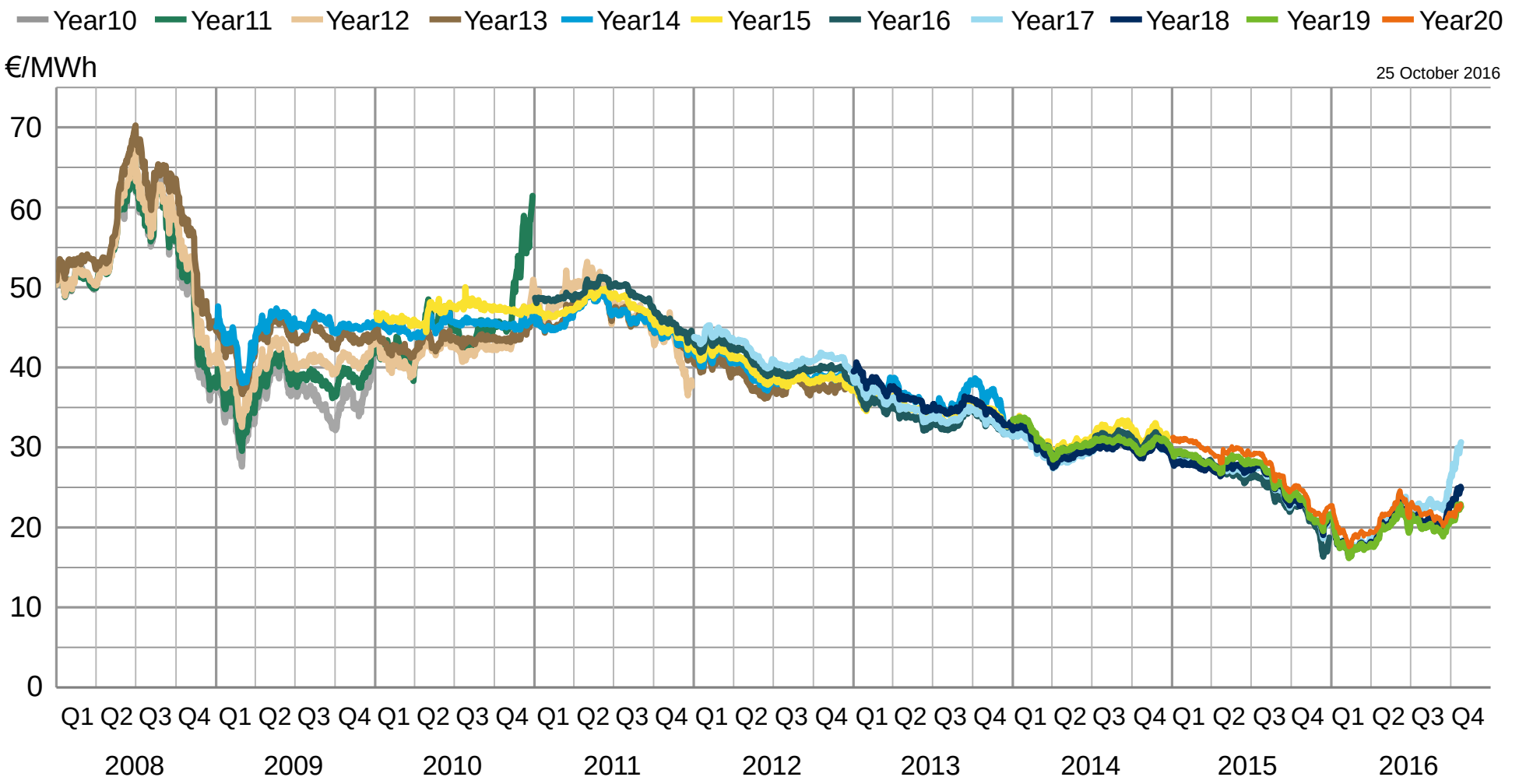
Nordic water reservoirs



Source: Nord Pool

Fortum

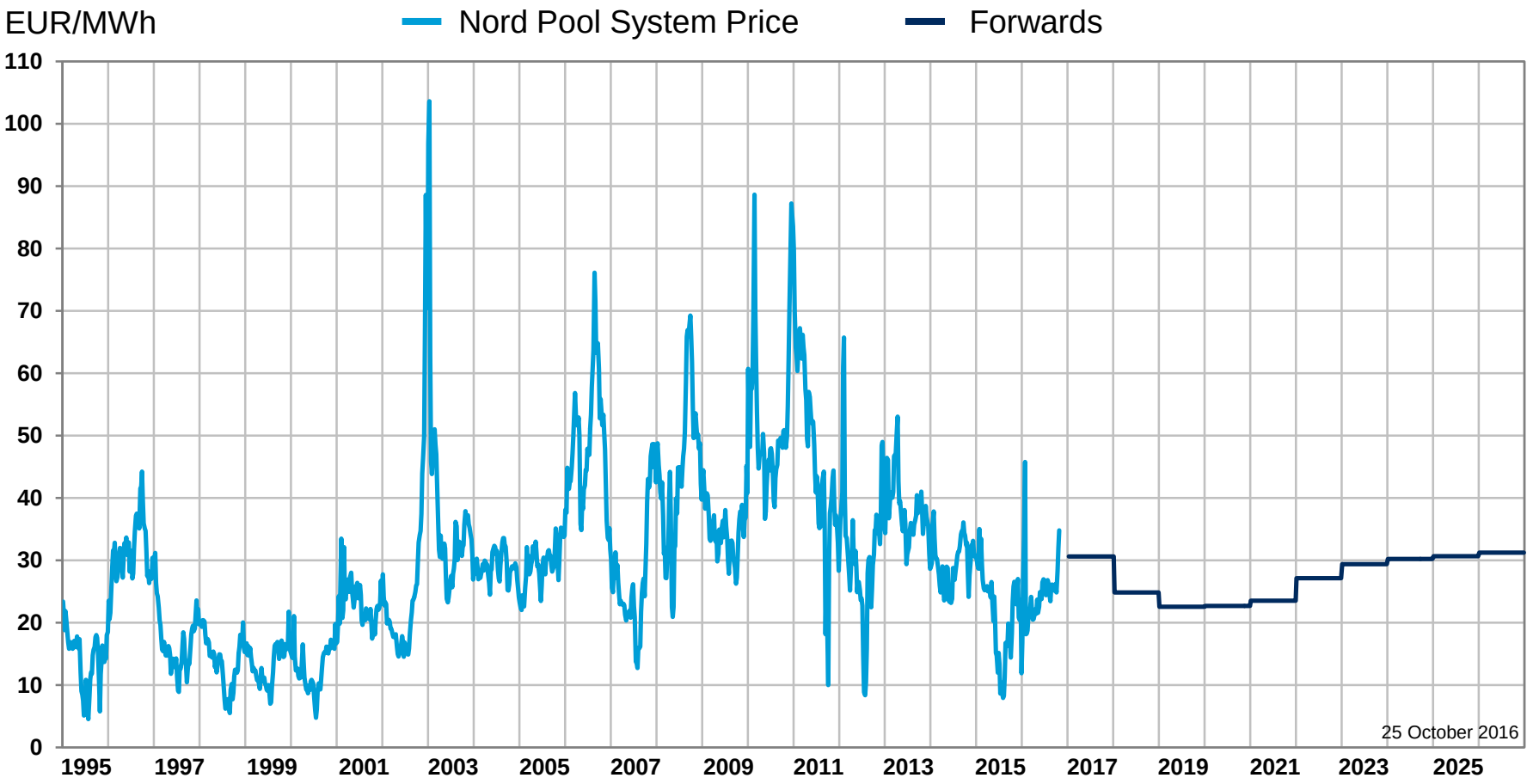
Nordic year forwards



Source: Nasdaq Commodities

Fortum

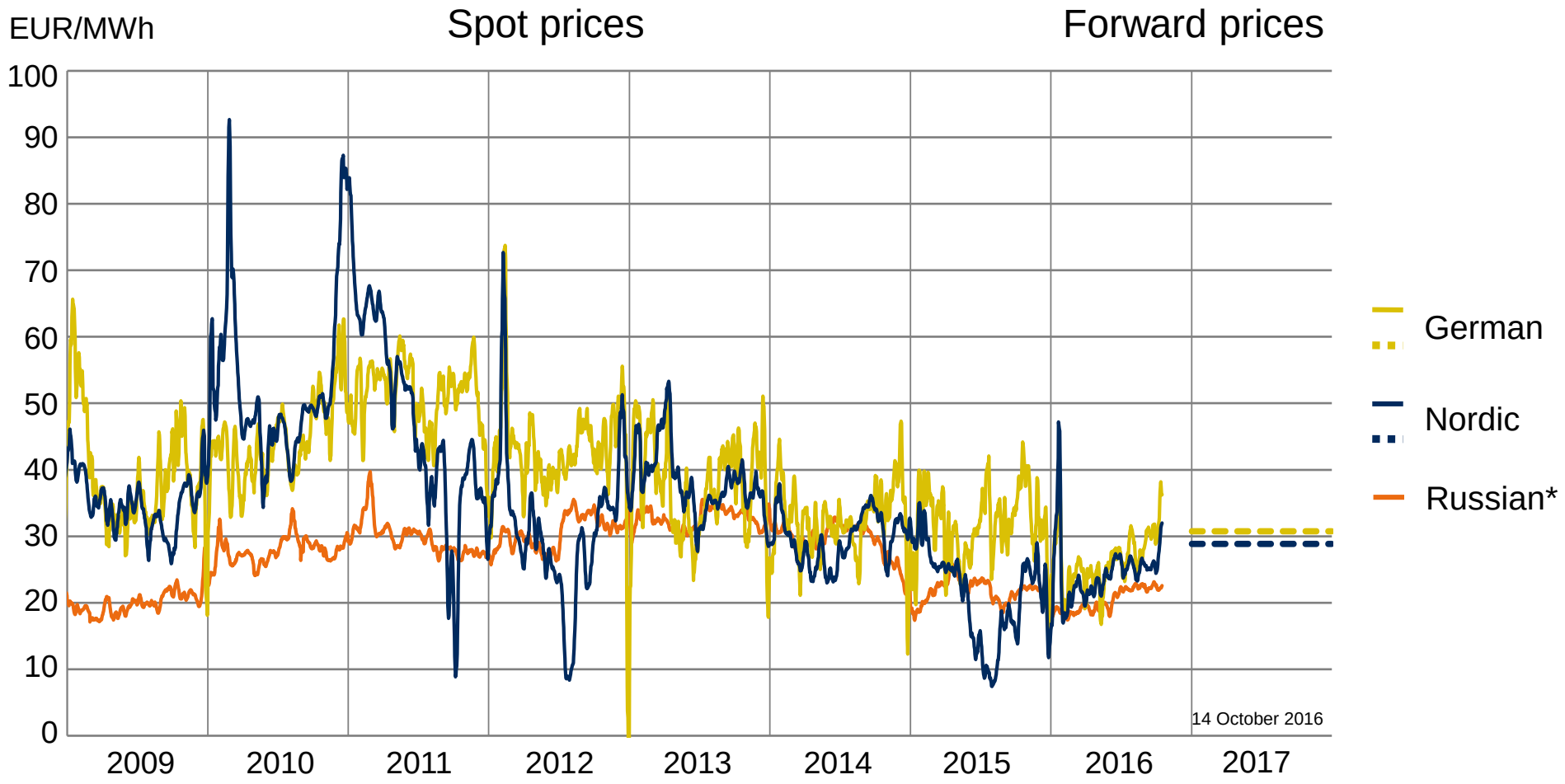
Wholesale price for electricity



Source: Nord Pool, Nasdaq Commodities

Fortum

Wholesale prices for electricity



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

* Including weighted average capacity price

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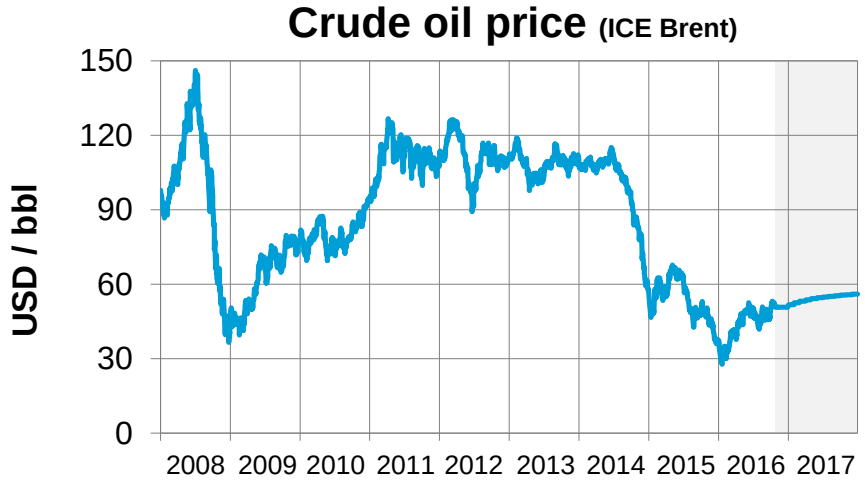
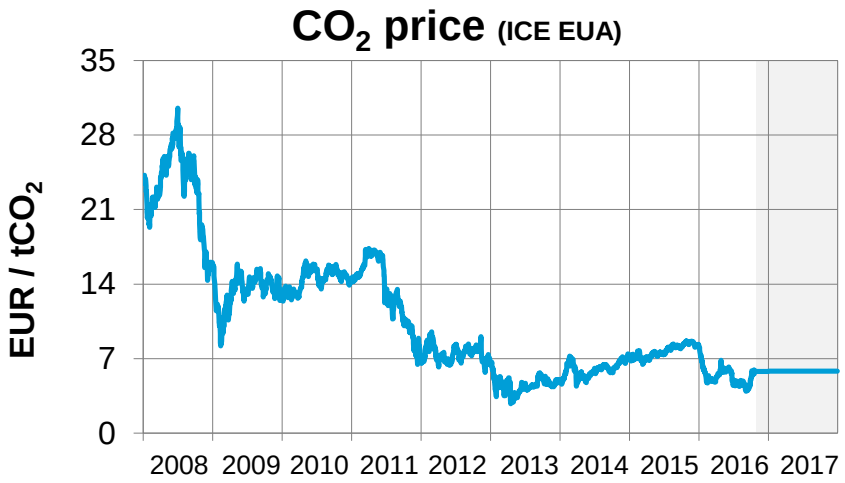
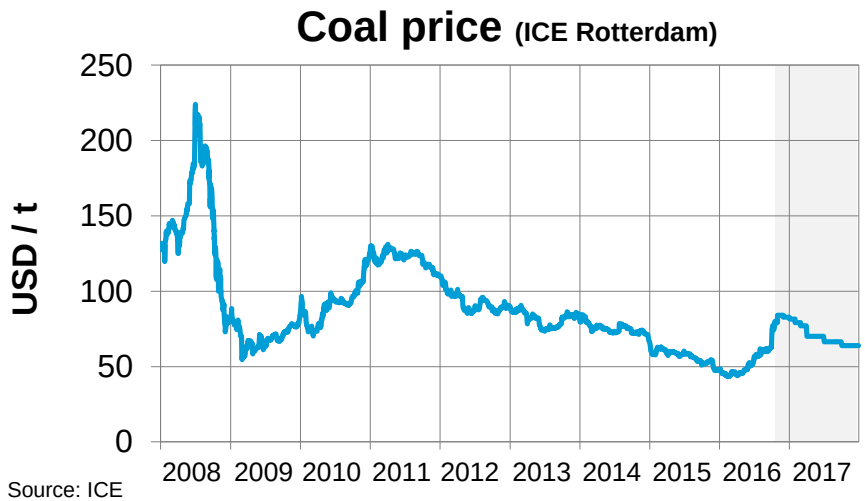
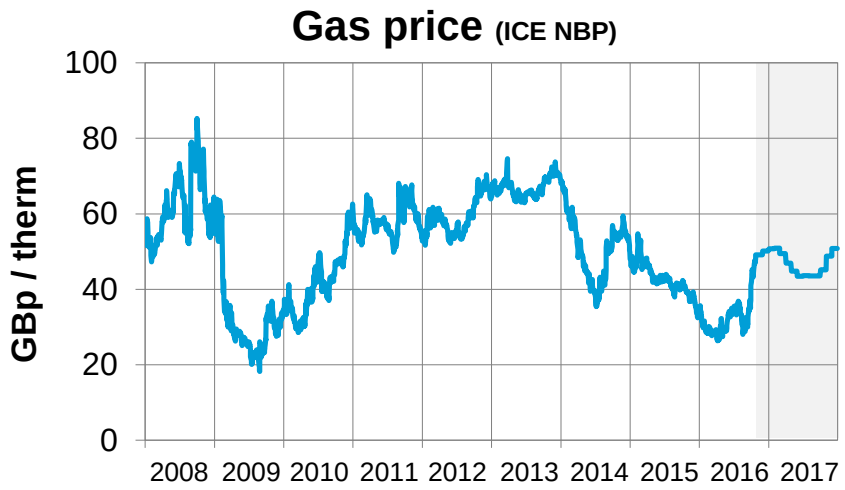
Fuel and CO_2 allowance prices









Source: ICE

Market prices 25 October 2016; 2016-2017 future quotations

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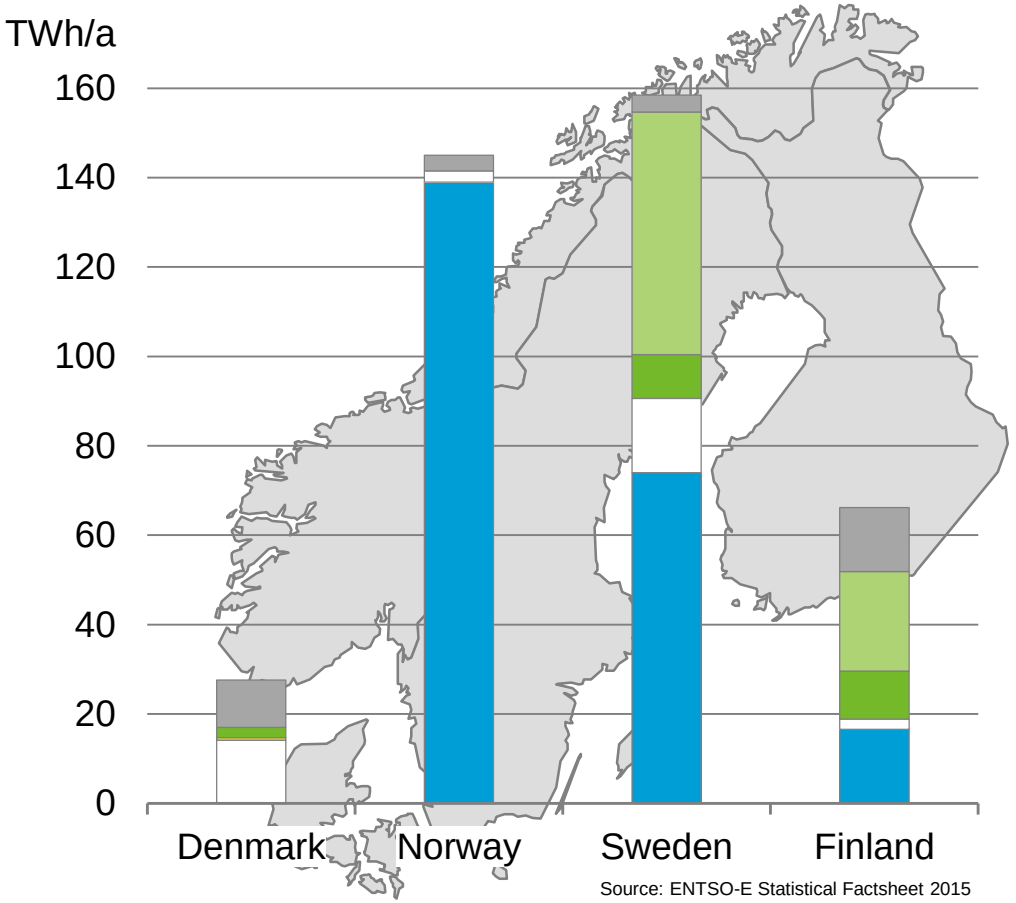
Nordic power generation
– dominated by hydro, but fossil needed



Source: ENTSO-E Statistical Factsheet 2015

Total Nordic generation
397 TWh in 2015

	TWh	%
Fossil fuels	32	8
Nuclear	77	19
Biomass	23	6
Solar	1	0.2
Wind	35	9
Hydro *	229	58

Net export in 2015: 16 TWh

Net generating capacity as of 31 Dec 2015, MW

Hydro	7	31,200	16,184	3,263
Nuclear	-	-	9,076	2,752

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

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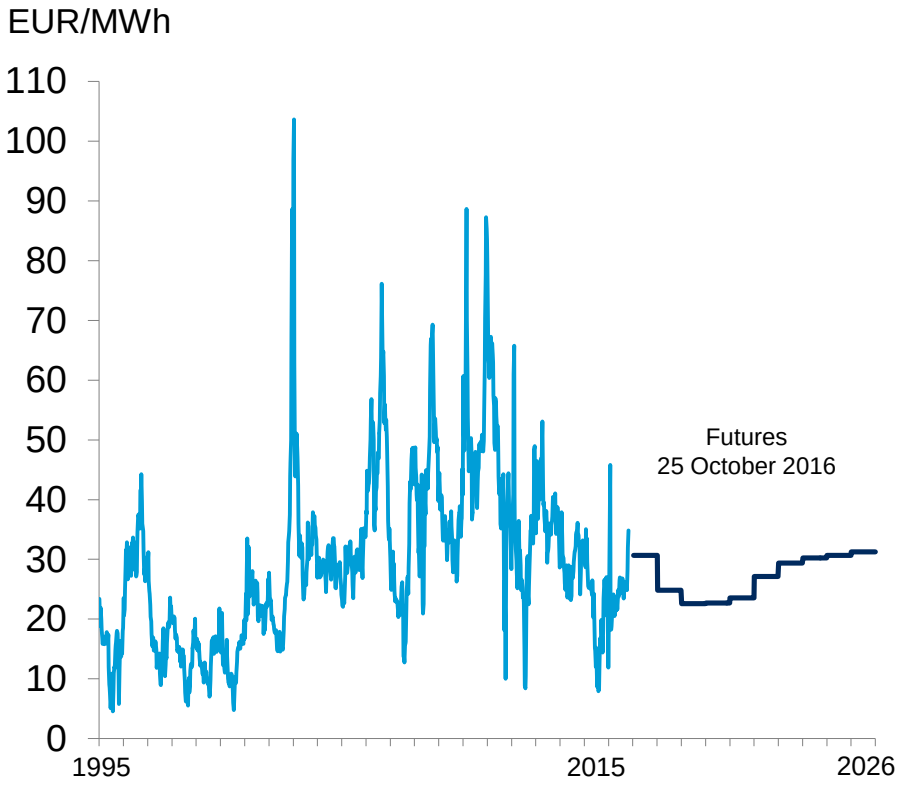
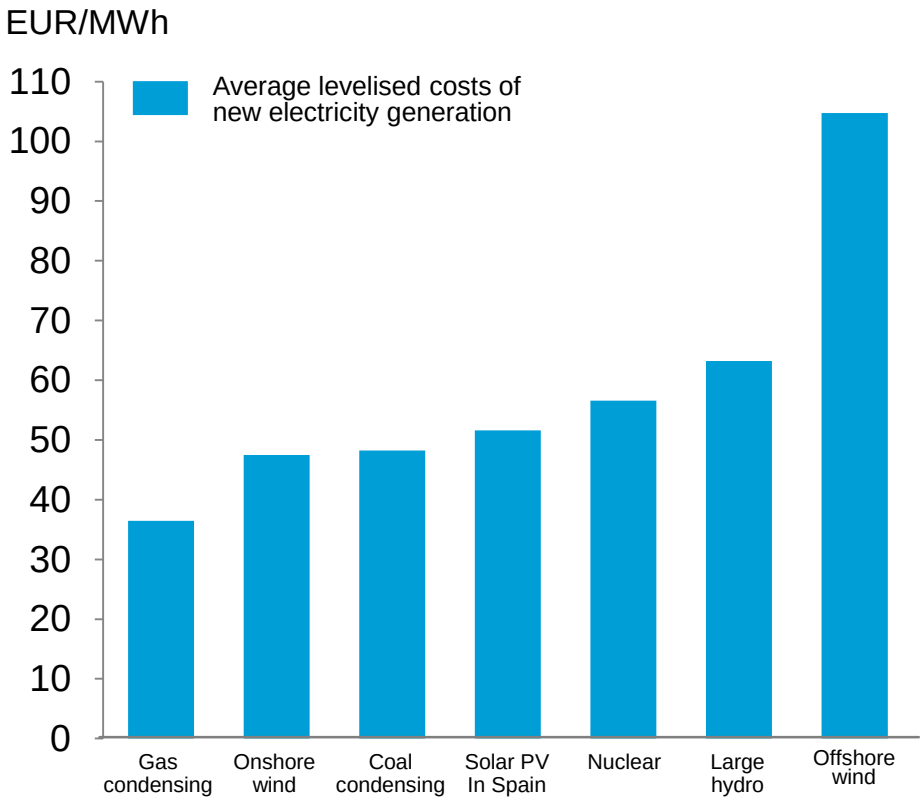
Wholesale electricity price too low to attract investments



Source: Nord Pool, Nasdaq Commodities



Commodity prices are forward prices as of September 2016, extended with inflation

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

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Overview of Fortum's nuclear fleet




	LOVIISA	OLKILUOTO	OSKARSHAMN	FORSMARK
Commercial operation started	Unit 1: 1977 Unit 2: 1981	Unit 1: 1978 Unit 2: 1980 Unit 3: (Under construction)	Unit 1: 1972 Unit 2: 1974 (out of oper.) Unit 3: 1985	Unit 1: 1980 Unit 2: 1981 Unit 3: 1985
Generation Capacity	Unit 1: 498 MW Unit 2: 500 MW **Total: 997 MW**	Unit 1: 880 MW Unit 2: 880 MW (Unit 3: 1,600 MW) **Total: 1,760 MW (3,360)**	Unit 1: 473 MW Unit 2: 638 MW Unit 3: 1,400 MW **Total: 1,873 MW**	Unit 1: 984 MW Unit 2: 1,120 MW Unit 3: 1,167 MW **Total: 3,271 MW**
Fortum's share		27% 468 MW	43% 812 MW	22% 727 MW
Yearly production Fortum's share of production	8 TWh 8 TWh	14 TWh 4 TWh	12 TWh 5 TWh	26 TWh 6 TWh
Share of Fortum's Nordic production	18%	9%	12%	13%
Majority owner Fortum's share	Fortum	Pohjolan Voima 26.6%	Uniper 43.4%	Vattenfall 22.2%
Operated by	Fortum	Teollisuuden Voima (TVO)	OKG Aktiebolag	Forsmarks Kraftgrupp

Responsibilities

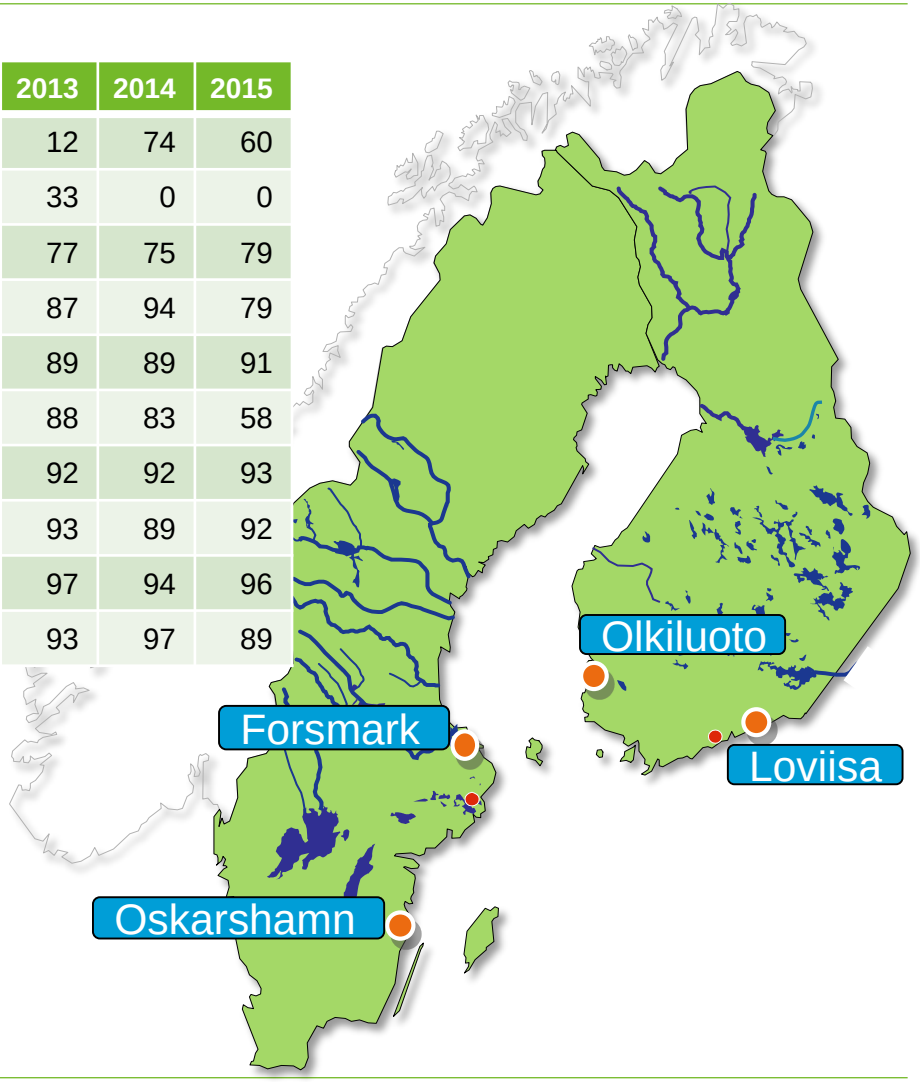
Loviisa: Fortum is the owner, licensee and operator with all the responsibilities specified in the Nuclear Energy Act, Nuclear Liability Act, and other relevant nuclear legislation

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

Fortum's nuclear power in the Nordics

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

Source: Fortum



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

Variety of technologies and ages

Unit	MWe (Net)	Share (%)	Share (MWe)	Commercial operation	Age	Type/ Generation [1)]	Supplier
Loviisa 1	498	100,0	498	1977-05-09	38	PWR / 1	AEE (Atomenergoexport)
Loviisa 2	500	100,0	500	1981-01-05	35	PWR / 1	AEE (Atomenergoexport)
Olkiluoto 1	880	26,6	234	1979-10-10	37	BWR / 3	Asea-Atom / Stal-Laval
Olkiluoto 2	880	26,6	234	1982-07-10	35	BWR / 3	Asea-Atom / Stal-Laval
Olkiluoto 3	(1,600)	25,0	(400)	(end of 2018)		PWR / 3	Areva / Siemens
Oskarshamn 1	473	43,4	205	1972-02-06	43	BWR / 1	Asea-Atom / Stal-Laval
Oskarshamn 2	638	43,4	277	1975-01-01	41	BWR / 2	Asea-Atom / Stal-Laval
Oskarshamn 3	1,400	43,4	607	1985-08-15	30	BWR / 4	Asea-Atom / Stal-Laval
Forsmark 1	984	23,4	230	1980-12-10	35	BWR / 3	Asea-Atom / Stal-Laval
Forsmark 2	1,120	23,4	262	1981-07-07	34	BWR / 3	Asea-Atom / Stal-Laval
Forsmark 3	1,167	20,1	236	1985-08-18	30	BWR / 4	Asea-Atom / Stal-Laval

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

Planned capacity increase:

- Forsmark 1, potential capacity increase of total ~110 MW in 2017-2020.

Closing of the units:

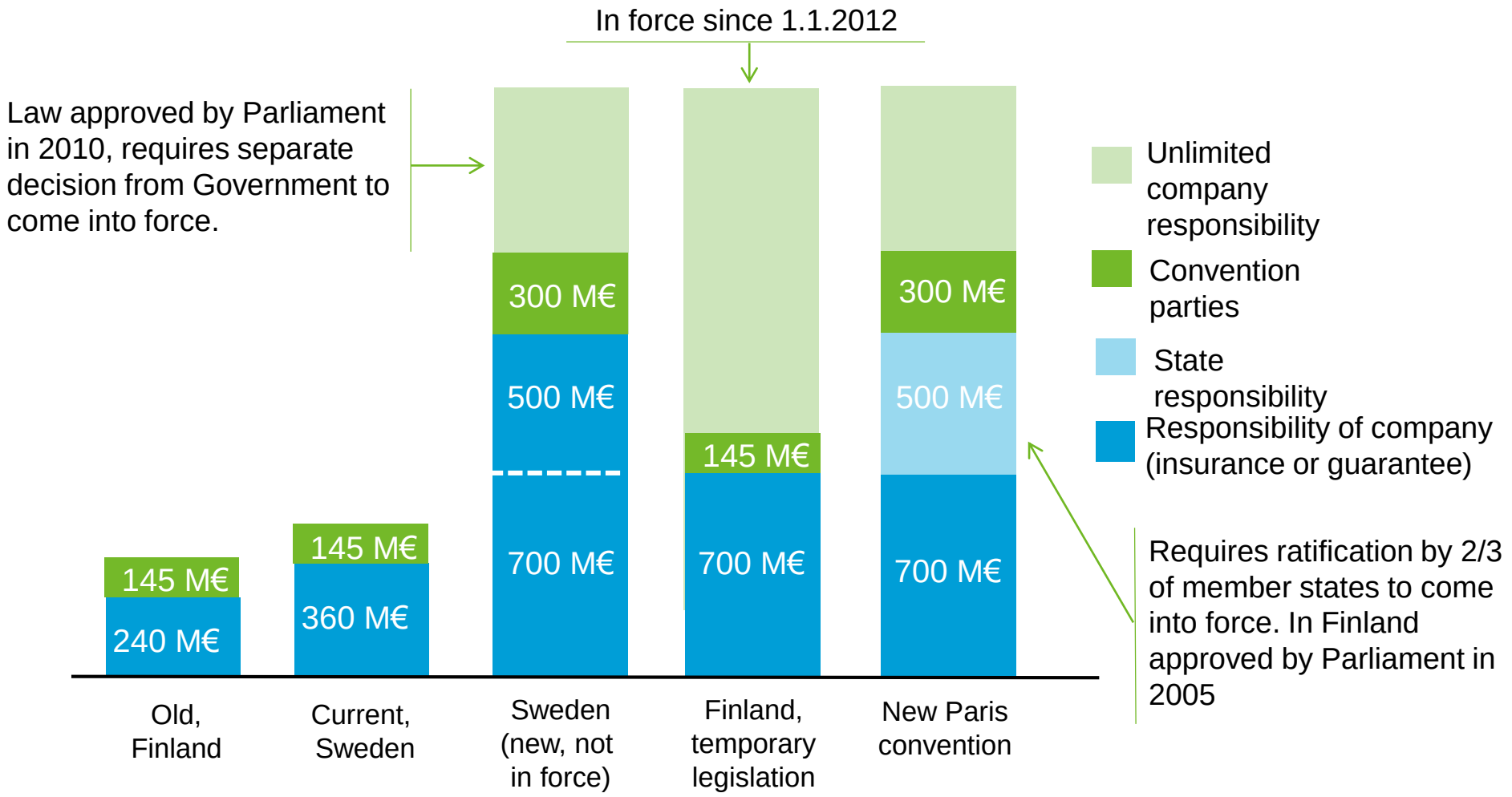
- OKG AB's Extraordinary shareholders' meeting decided on 14 October 2015 on the closure of Oskarshamn nuclear power plant units 1 and 2 in Sweden. Unit 1 will be taken out of operation and transferred into service mode after the applied environmental permit has been received, approximately during 2017– 2019. Unit 2 has been out of operation since June 2013 due to an extensive safety modernisation, and it will not be put back into operation. The closing process for both units is estimated to take several years.

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

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

Fortum

Third party nuclear liability in case of severe accident



Fortum - a major player in Russia

OAO Fortum (former TGC-10)

- Operates in the heart of Russia's oil and gas producing region, fleet mainly gas-fired CHP capacity
- 26 TWh power generation, 26 TWh heat production in 2015
- Investment programme to add 85%, almost 2,200 MW to power generation capacity

TGC-1

- 29.5% of territorial generating company TGC-1 operating in north-west Russia
- ~7,000 MW electricity production capacity (more than 40% hydro), ~24 TWh electricity, ~27 TWh heat in 2015

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

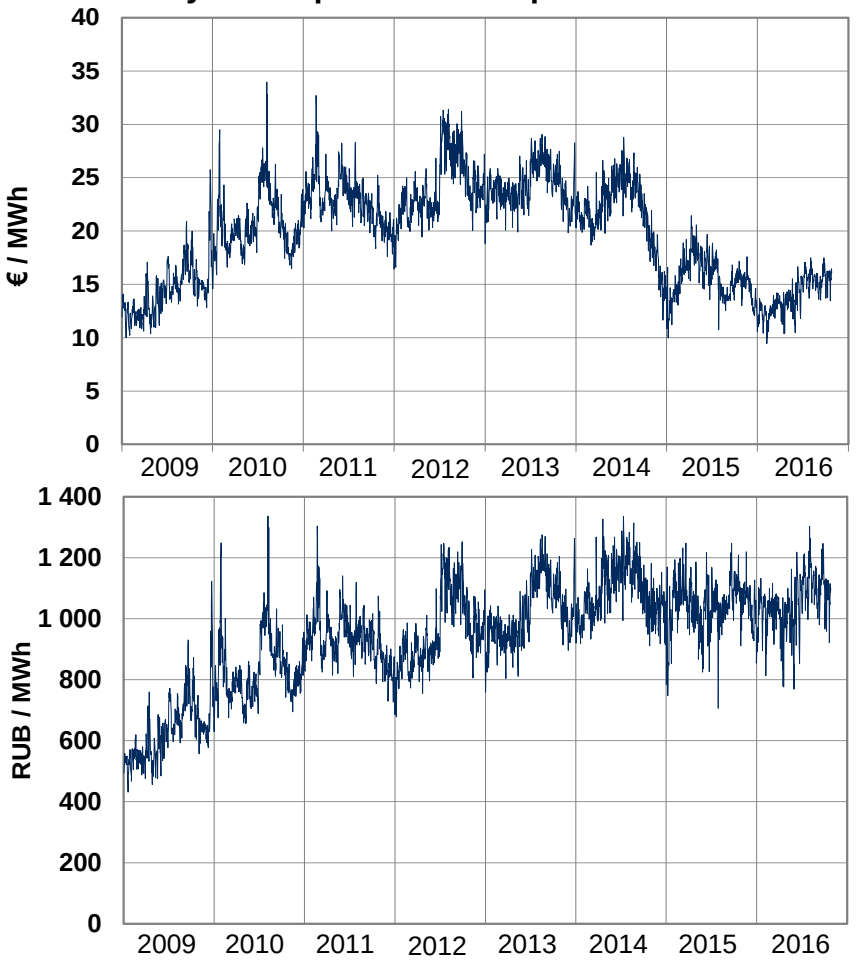
In October 2015, Fortum announced that the discussions related to the potential restructuring of TGC-1 will continue, and it is not possible to estimate the time schedule or outcome of the discussions.

Day ahead wholesale market prices in Russia

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

	III/16	III/15	I-III/16	I-III/15	2015	LTM
Electricity spot price (market price), Urals hub, RUB/MWh	1,125	1,051	1,052	1,041	1,047	1,055
Average regulated gas price, Urals region, RUB 1000 m^3	3,614	3,614	3,614	3,446	3,488	3,614
Average capacity price for CCS "old capacity", tRUB/MW/month	130	134	136	146	149	142
Average capacity price for CSA "new capacity", tRUB/MW/month	724	567	777	620	641	759
Average capacity price, tRUB/MW/month	433	319	456	346	359	440
Achieved power price for Fortum in Russia, RUB/MWh	1,796	1,612	1,704	1,556	1,555	1,664
Achieved power price for Fortum in Russia, EUR/MWh	24.6	22.3	22.5	23.0	22.5	22.1

Day ahead power market prices for Urals



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

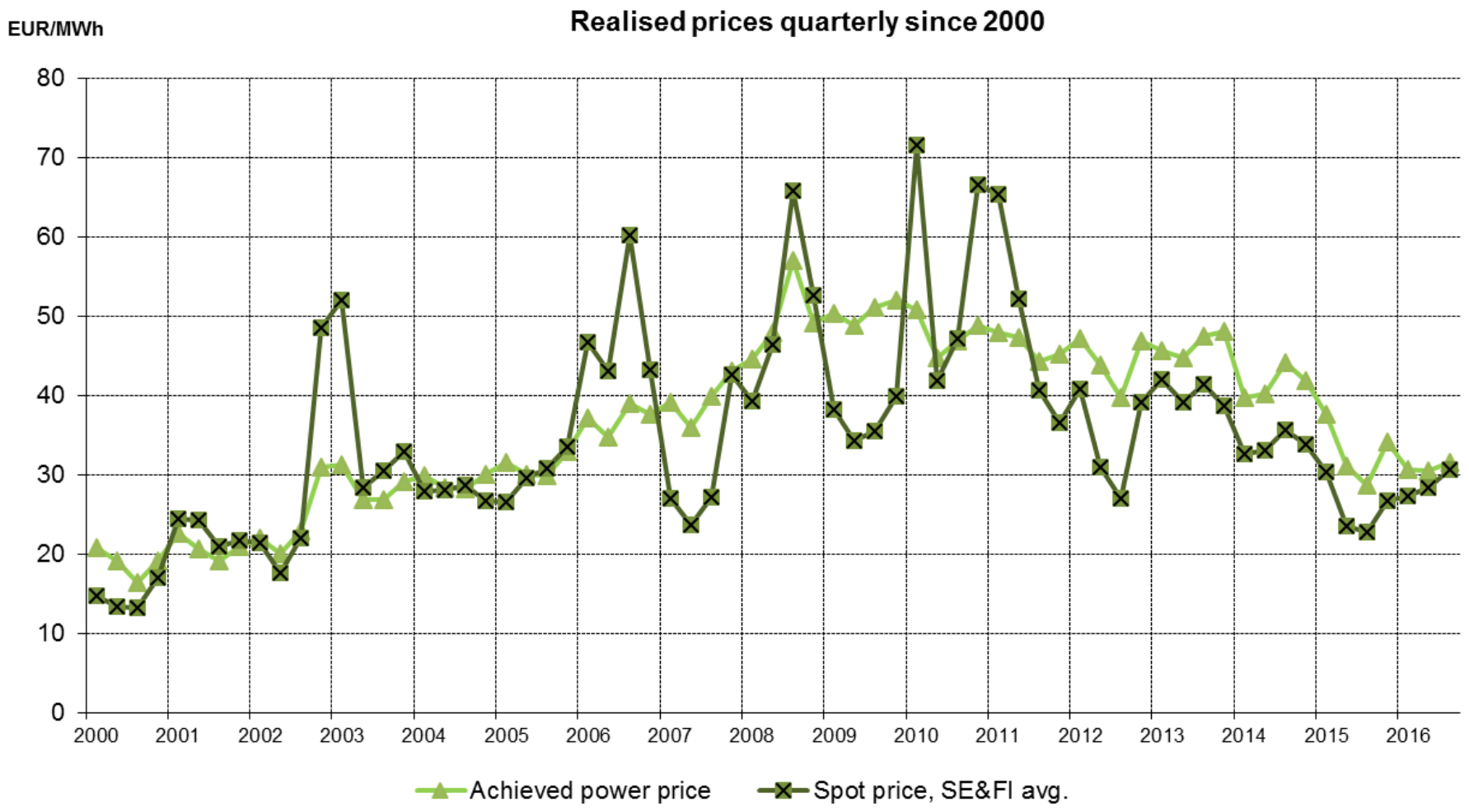
85% increase in power generation capacity in Russia through the investment program

Year	Supply starts	Power plant	Fuel type	Existing capacity	New investments	Production type	Total capacity
< 2011		Tyumen CHP-2	Gas	755		CHP/Condensing	755
		Chelyabinsk CHP-2	Gas, coal	320		CHP/Condensing	320
		Argayash CHP	Gas, coal	195		CHP/Condensing	195
		Chelyabinsk CHP-1	Gas, coal	149		CHP/Condensing	149
2011	Feb/2011	Tyumen CHP-1	Gas	472	209	CHP/Condensing	681
	June/2011	Chelyabinsk CHP-3	Gas	360	216	CHP/Condensing	576
	Oct/2011	Tobolsk CHP*	Gas	452	213	CHP/Condensing	665*
2013	April/2013	Nyagan 1 GRES	Gas		418	Condensing	418
	Dec/2013	Nyagan 2 GRES	Gas		418	Condensing	418
2015	Jan/2015	Nyagan 3 GRES	Gas		418	Condensing	418
	Dec/2015	Chelyabinsk GRES	Gas	82	248	CHP/Condensing	330
2016	March/2016	Chelyabinsk GRES	Gas		248	CHP/Condensing	248
				2,333 MW	**2,175 MW**		**4,508 MW**

*Tobolsk power plant was sold in Q1/2016

Fortum

Hedging improves stability and predictability



2009 onwards thermal and import from Russia excluded

Fortum

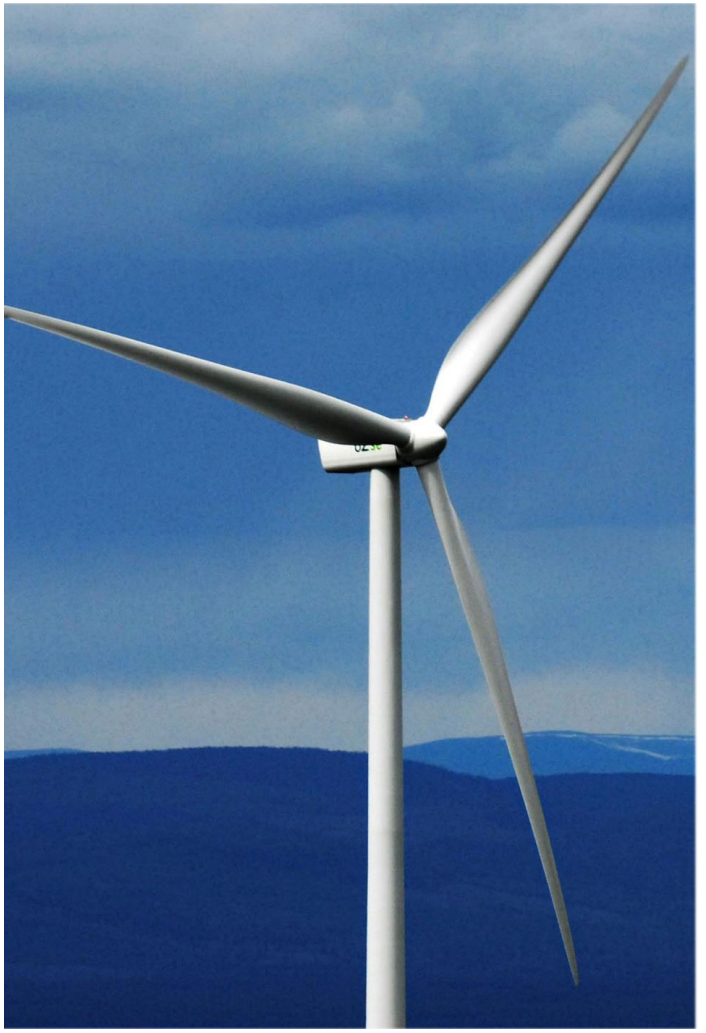
Interim Report January-September 2016

Fortum Corporation

25 October 2016

Summary of the third quarter of 2016

- The third quarter is always challenging due to the seasonality of our business; significantly lower hydro production volumes continued to decline the results
- The achieved power price was higher
- Nuclear availability was good and hence volumes were higher
- The Russia segment performed well mainly due to higher received capacity payments and the commissioning of new units
- We have continued reducing fixed costs according to earlier announced plan and progress has been good
- The acquisition of Ekokem, a leading Nordic circular economy company, was finalised
- IFRS accounting treatment of electricity hedges impacted negatively on EPS
- In Sweden, timetable was announced for proposed energy tax changes



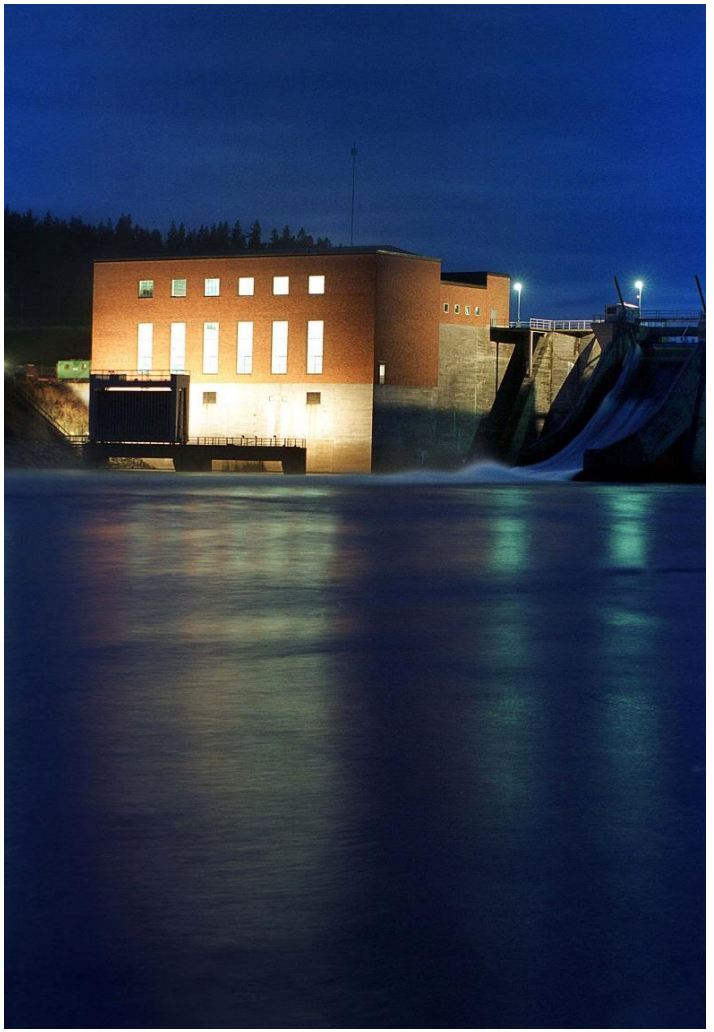
Fortum

Swedish proposed energy taxation

- The nuclear capacity tax will be reduced to 1,500 SEK/MW per month from 1 July 2017 and abolished on 1 January 2018
  - In 2016, the estimated nuclear capacity tax on Fortum is approximately EUR 84 million
  - In 2017, the tax is estimated to decrease with approximately EUR 32 million. In addition to that, a decision of early closure of Oskarshamn nuclear unit 1, will ease our taxburden by EUR 5 million
  - In 2018, there is no capacity tax

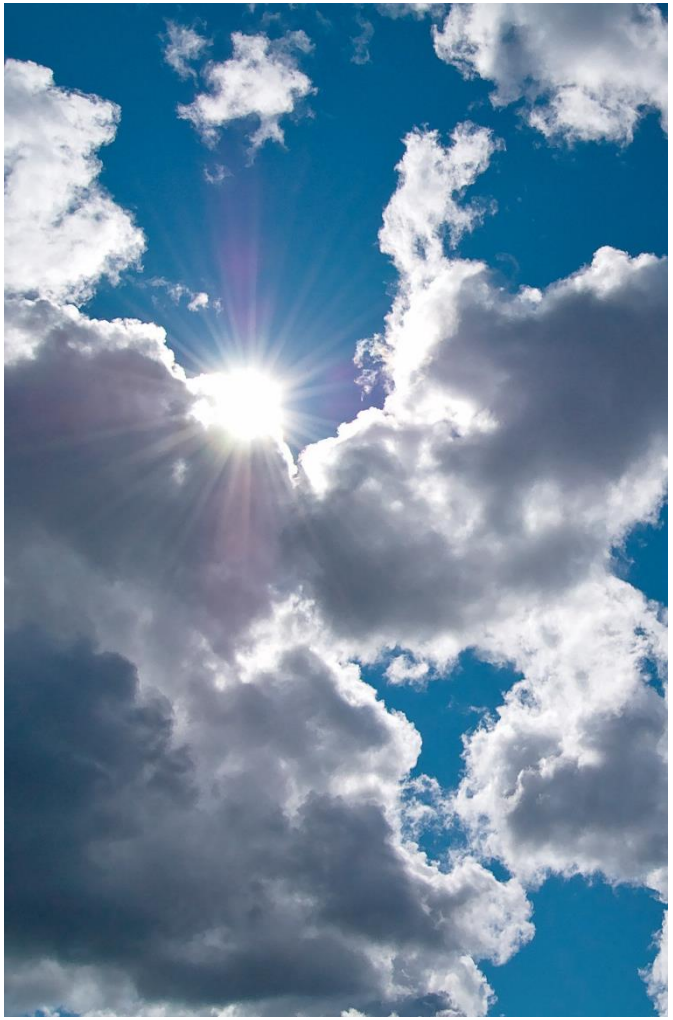
- The hydro assets' real-estate tax will decrease over a four-year period beginning in 2017, from todays 2.8% to 0.5% in four steps
  1. in January 2017, to 2.2%
  2. in January 2018, to 1.6%
  3. in January 2019, to 1.0%
  4. in January 2020, to 0.5%

  - In 2016, the real-estate tax is estimated to be approximately EUR 115 million
  - In 2017, the estimated decrease is approximately EUR 20 million



Market conditions in the third quarter of 2016

Some positive signs were seen in power market, mainly driven by commodity and emission prices; forward market prices increased at the very end of the quarter



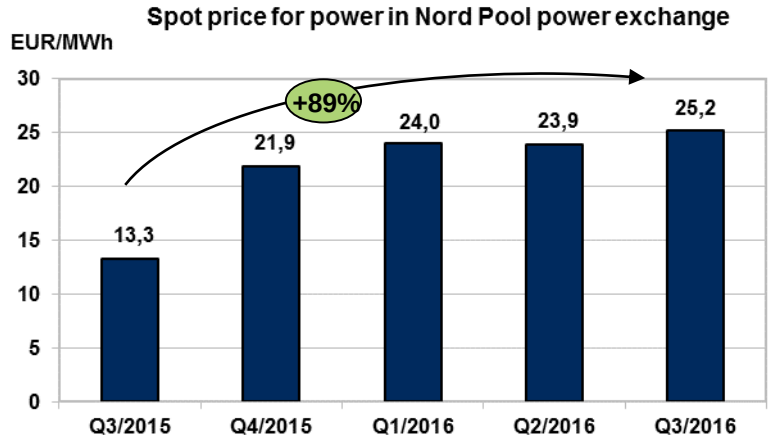
Nordic countries

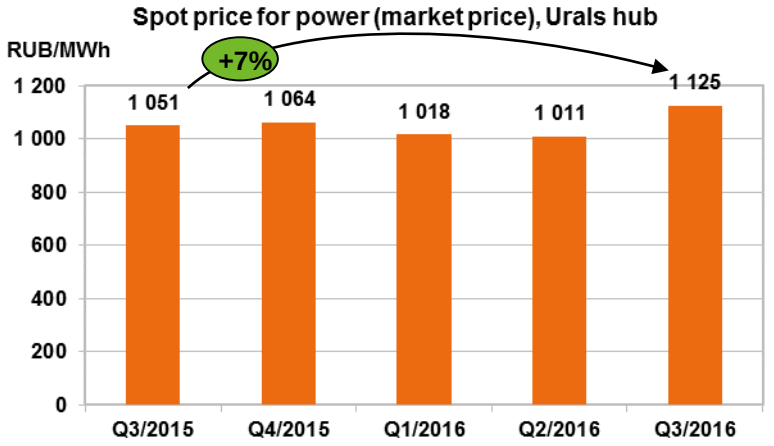
- The electricity consumption totalled 80 (81) TWh
- The system spot price and Swedish area price increased compared to the exceptionally low level in the comparison quarter 2015. The Finnish area price was at approximately same level.
- The market price of CO_2 emission allowances (EUA) was volatile during the quarter and was at EUR 4.9 per tonne at the end of September 2016

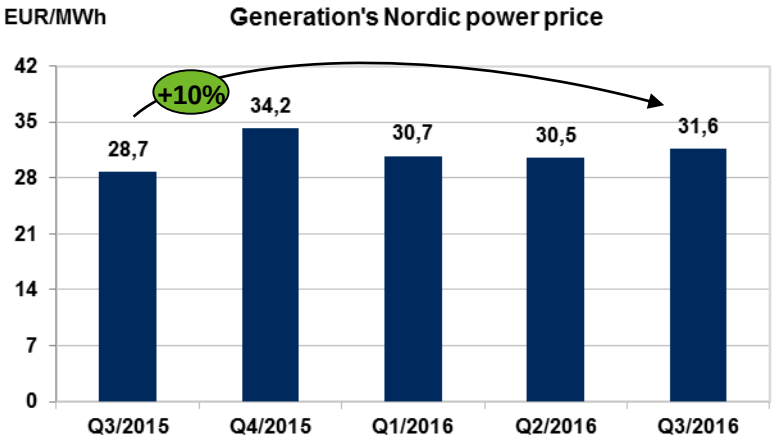
Russia

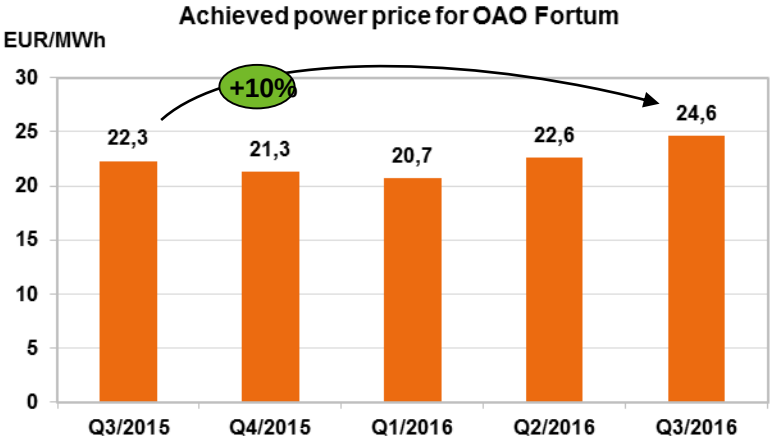
- Russian electricity consumption increased slightly and was 231 (225) TWh. The corresponding figure in Fortum's operating area in the First price zone (European and Urals part of Russia) was 179 (174) TWh
- The average electricity spot price, excluding capacity price, increased by 10%

Price development in the Nordic region and Russia









NOTE: *Achieved power price in roubles also increased 11%*
Includes capacity income

Q3/2016: Low hydro production volumes affected seasonally weak quarter

Key figures (MEUR), continuing operations	III/2016	III/2015	I-III/2016	I-III/2015	2015	LTM
Sales	**732**	661	**2,489**	2,495	3,459	**3,453**
Comparable EBITDA	**151**	163	**717**	787	1,102	**1,033**
Operating profit	**-6**	-682	**430**	-188	-150	**468**
Comparable operating profit	**58**	79	**455**	565	808	**698**
Share of profits of associates and joint ventures	**11**	-95	**116**	-15	20	**151**
Profit before taxes	**-40**	-818	**411**	-325	-305	**431**
Earnings per share, EUR	**-0.03**	-0.74	**0.40**	-0.28	-0.26	**0.41**
Net cash from operating activities	**101**	151	**471**	896	1,228	**803**

Fortum

Generation

- Hydro volumes somewhat lower than average – volumes historically high in comparison period
- Market prices started to increase at the end of the quarter
- Positive taxation decision in Sweden – different forms of CO_2-free production now treated more equally

MEUR	III/16	III/15	I-III/16	I-III/15	2015	LTM
Sales	371	377	1,222	1,282	1,722	1,662
Comparable EBITDA	104	131	410	506	680	584
Comparable operating profit	77	102	330	419	561	472
Comparable net assets			5,685	5,856	5,931	
Comparable RONA %					9.5	8.4
Gross investments	47	52	124	122	203	205

City Solutions

- Acquisition of Ekokem finalised and the company has been consolidated into Fortum as of end of August
- Higher sales and marketing costs burdened electricity sales business

MEUR	III/16	III/15	I-III/16	I-III/15	2015	LTM
Sales	237	185	894	835	1,187	1,246
Comparable EBITDA	15	12	133	129	209	213
Comparable operating profit	-16	-13	49	55	108	102
Comparable net assets			2,931	2,067	2,182	
Comparable RONA %					7.9	7.6
Gross investments	716	33	871	67	128	932

Russia

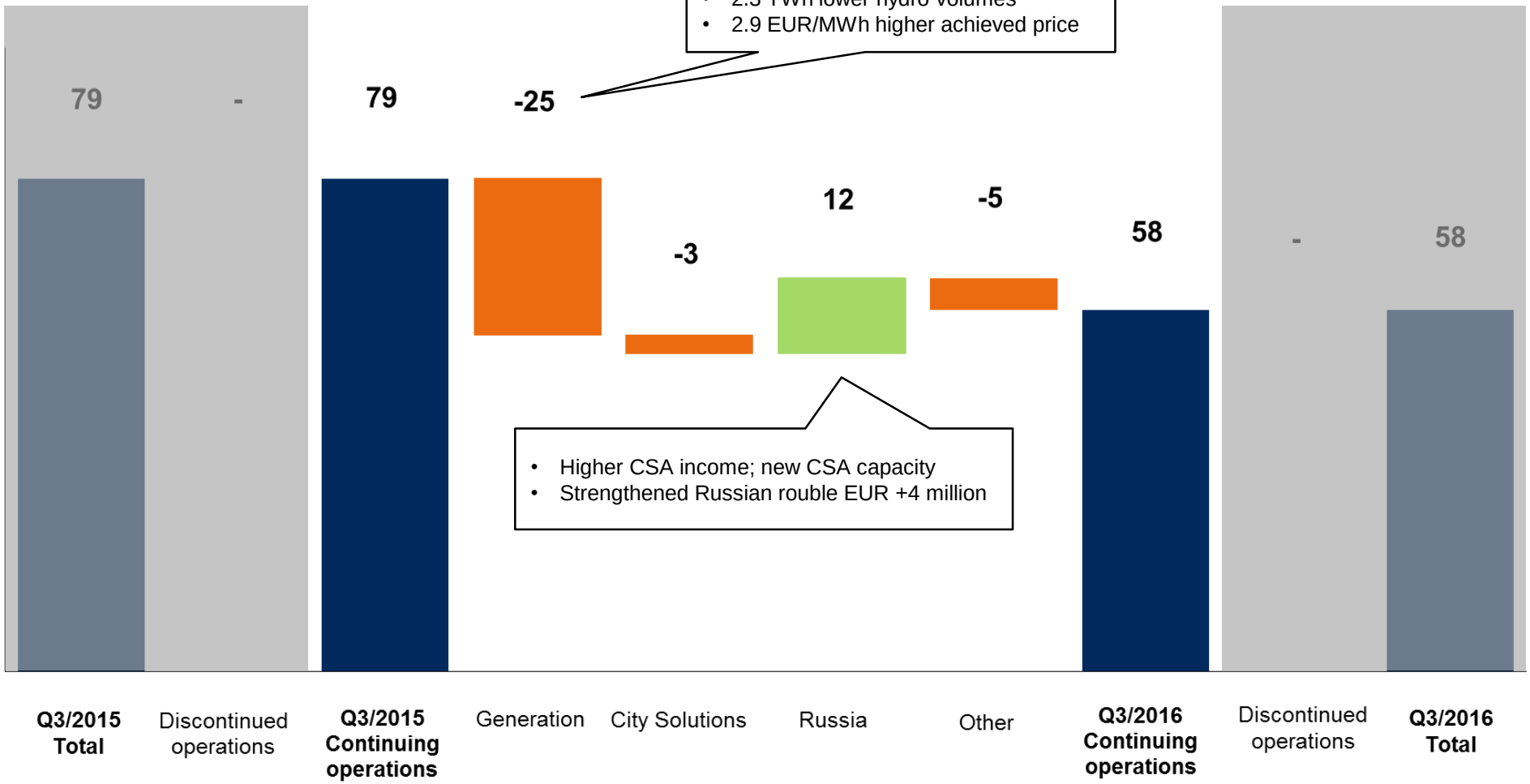
- The new capacity has been the key driver for earnings growth, as the investment program in Russia has been completed
- Comparable EBITDA for the last 12 months approximately EUR 300 million

MEUR	III/16	III/15	I-III/16	I-III/15	2015	LTM
Sales	175	154	606	627	893	872
Comparable EBITDA*	43	27	212	186	267	293
Comparable operating profit	12	0	125	132	201	194
Comparable net assets			2,916	2,736	2,561	
Comparable RONA %					8.2	8.2
Gross investments	41	84	133	198	285	220

* Excluding the net release of CSA provision

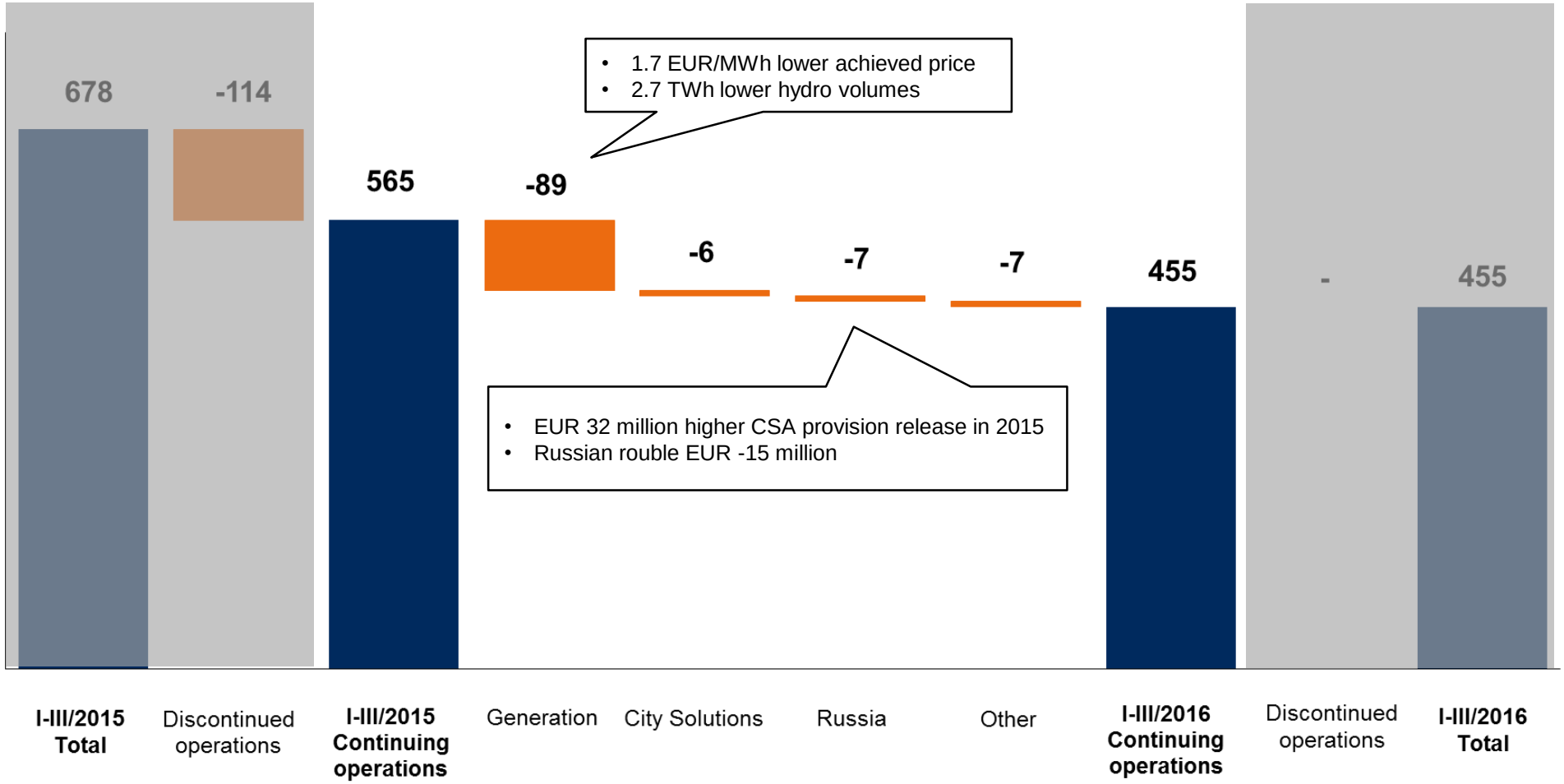
Q3: Result was burdened by lower hydro volumes

Comparable operating profit, EUR million



I-III/2016: Result was burdened by lower achieved price and low hydro volumes

Comparable operating profit, EUR million



Financials

Comparable and reported operating profit

MEUR	Comparable operating profit		Reported operating profit		Comparable operating profit		Reported operating profit	
	III/2016	III/2015	III/2016	III/2015	I-III/2016	I-III/2015	I-III/2016	I-III/2015
Generation	77	102	18	-651	330	419	261	-332
City Solutions	-16	-13	-21	-22	49	55	60	51
Russia	12	0	12	1	125	132	159	134
Other	-15	-10	-16	-9	-49	-42	-49	-41
Total, continuing operations	**58**	79	**-6**	-682	**455**	565	**430**	-188
Discontinued operations	-	-	-	-	-	114	-	4,395
Total, Fortum	**58**	79	**-6**	-682	**455**	678	**430**	4,207

Fortum's operating profit for the third quarter was impacted by items affecting comparability, including sales gains, Ekokem transaction costs and fair value change of derivatives and nuclear fund adjustments for continuing operations, amounting to EUR -65 (-761) million. The corresponding figures for January-September were EUR -25 (-752) million

Fortum

Income statement

MEUR	III/2016	III/2015	I-III/2016	I-III/2015	2015	LTM
Sales	**732**	661	**2,489**	2,495	3,459	**3,453**
Other income and expenses	**-674**	-582	**-2,034**	-1,930	-2,651	**-2,755**
Comparable operating profit	**58**	79	**455**	565	808	**698**
Items affecting comparability	**-65**	-761	**-25**	-752	-958	**-231**
Operating profit	**-6**	-682	**430**	-188	-150	**468**
Share of profit of associates and jv's	**11**	-95	**116**	-15	20	**151**
Financial expenses, net	**-44**	-42	**-135**	-123	-175	**-187**
Profit before taxes	**-40**	-818	**411**	-325	-305	**431**
Income tax expense	**9**	160	**-54**	80	78	**-56**
Net profit, continuing operations	**-31**	-659	**357**	-246	-228	**375**
Net profit, discontinued operations	**-**	-	**-**	4,369	4,369	**-**
Net profit, Fortum total	**-31**	-659	**357**	4,123	4,142	**376**
EPS (EUR), continuing operations	**-0.03**	-0.74	**0.40**	-0.28	-0.26	**0.41**
EPS (EUR), discontinued operations	**-**	-	**-**	4.92	4.92	**-**
EPS (EUR), Fortum Total	**-0.03**	-0.74	**0.40**	4.64	4.66	**0.41**

Fortum

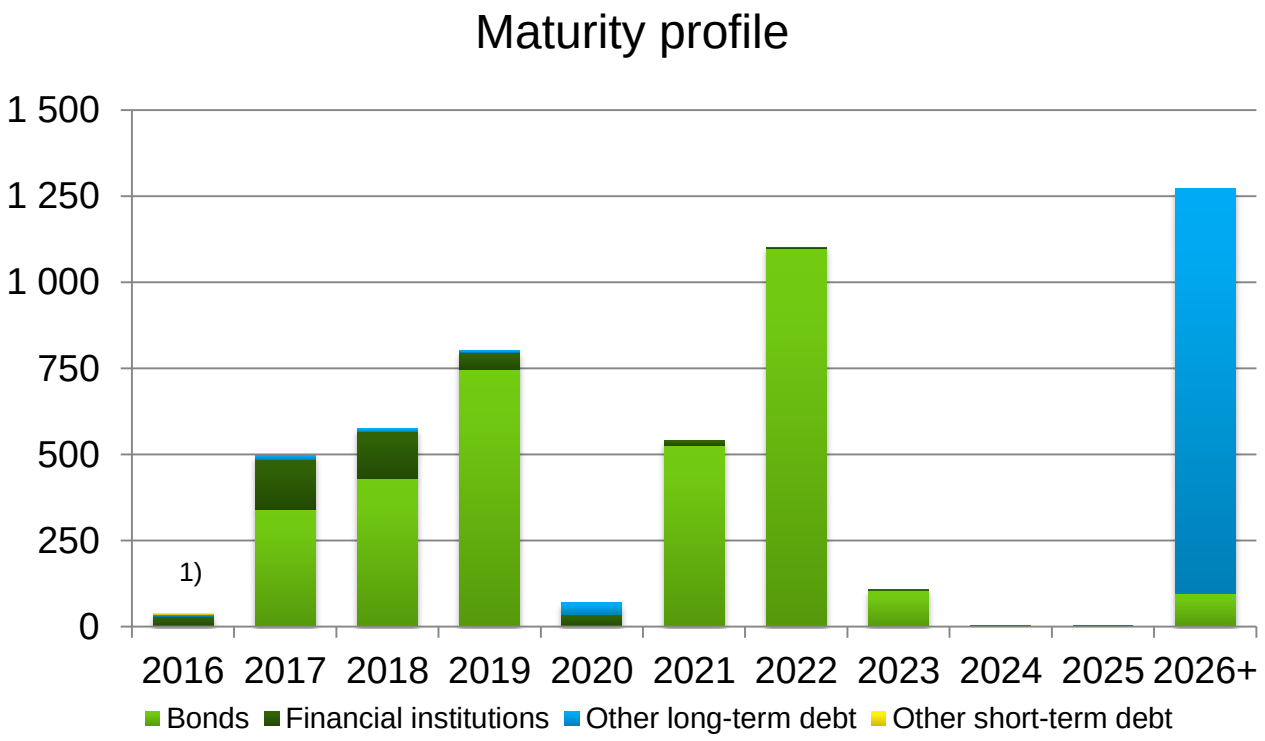
Cash flow statement

MEUR	III/2016	III/2015	I-III/2016	I-III/2015	2015	LTM
Cash from operating activities:						
Realised FX gains/losses	-16	46	112	249	292	155
Other funds from operations	91	115	325	587	907	645
Change in working capital	26	-10	34	60	29	3
Cash from operating activities, cont. operations	101	151	471	896	1,228	803
Cash from operating activities, discontinued operations	-	-	-	154	154	-
Cash from operating activities, total Fortum	**101**	**151**	**471**	**1,050**	**1,381**	**802**
Cash used in investing activities:						
Paid capital expenditures	-124	-138	-367	-347	-527	-547
Proceeds from divestments	1	16	46	53	55	48
Other investment activities	-675	53	-1,118	294	437	-975
Total investing activities, continuing operations	-798	-69	-1,439	0	-35	-1,474
Total investing activities, discontinued operations	-	-	-	6,303	6,303	-
Cash used in investing activities, total Fortum	**-798**	**-69**	**-1,439**	**6,303**	**6,268**	**-1,474**
Cash flow before financing activities, total Fortum	**-697**	**82**	**-968**	**7,353**	**7,650**	**-671**

Fortum

Debt portfolio and average interest rate on the balance sheet date

30 September 2016



- Total interest-bearing debt EUR 5,185 million
  - Average interest 3.4% (2015: 3.7%)
  - Portfolio mainly in EUR and SEK with average interest cost 2.0% (2015: 2.6%)
  - EUR 734 million (2015: 641) swapped to RUB, average interest cost including cost for hedging 11.7% (2015: 12.8%)

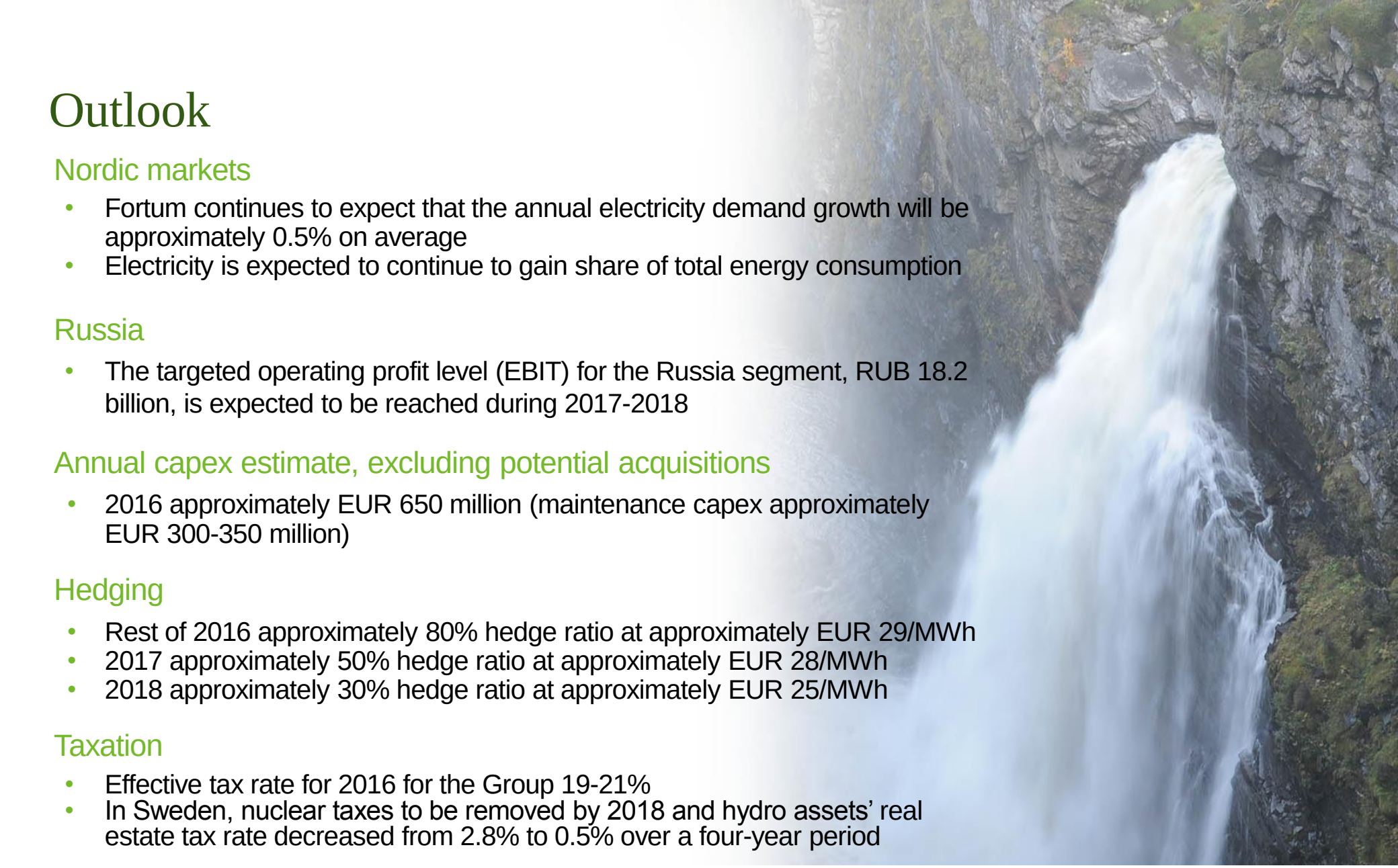
[1] In addition Fortum has received EUR 172 million based on Credit Support Annex agreements with several counterparties. This amount has been booked as a short term liability.

Fortum has a strong financial position

MEUR	LTM	2015	Target
Comparable EBITDA, continuing operations	1,033	1,102	
Comparable EBITDA, total Fortum	1,033	1,265	
Interest-bearing net debt, total Fortum	-137	-2,195	
Comparable net debt/EBITDA, total Fortum	-0.1	-1.7	Around 2.5
ROCE % Return on capital employed, total Fortum	3.2	22.7	At least 10%

Liquid funds totalled EUR 5.3 billion
Committed credit lines total EUR 2.0 billion

Outlook



Nordic markets

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

Russia

- The targeted operating profit level (EBIT) for the Russia segment, RUB 18.2 billion, is expected to be reached during 2017-2018

Annual capex estimate, excluding potential acquisitions

- 2016 approximately EUR 650 million (maintenance capex approximately EUR 300-350 million)

Hedging

- Rest of 2016 approximately 80% hedge ratio at approximately EUR 29/MWh
- 2017 approximately 50% hedge ratio at approximately EUR 28/MWh
- 2018 approximately 30% hedge ratio at approximately EUR 25/MWh

Taxation

- Effective tax rate for 2016 for the Group 19-21%
- In Sweden, nuclear taxes to be removed by 2018 and hydro assets' real estate tax rate decreased from 2.8% to 0.5% over a four-year period

Fortum

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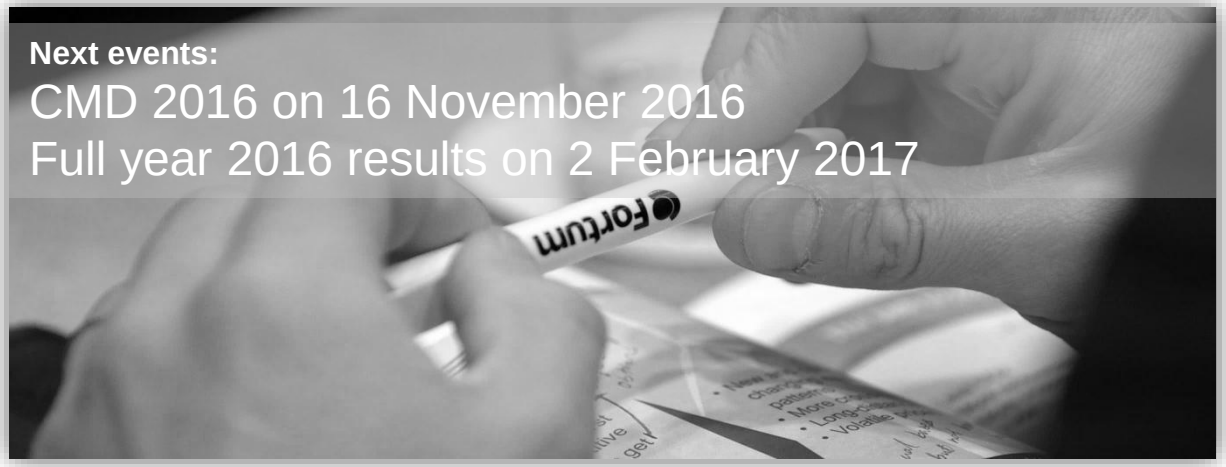

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