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**Hosts:** Pekka Lundmark, CEO  
Markus Rauramo, CFO  
Ingela Ulfves, VP ,Investor Relations and Financial Communications  
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Ingela Ulfves: Welcome to all of you, to those of you who are here at our headquarters in Espoo, and those of you who are listening online. We are happy to host a joint webcasted news conference on Fortum's first quarter interim results here today. Please note that this event is being recorded and a replay will be available on our website after the presentation.

My name is Ingela Ulfves and I am the Head of Investor Relations and Financial Communications at Fortum. Together with me here today is our CEO, Pekka Lundmark; and our CFO Markus Rauramo as well as Måns and Rauno from the IR team. Pekka and Markus will start by presenting Fortum's Q1 numbers and performance, after which we will open up for Q&A. You are also able to ask the questions on our webcast chat. I now hand over to Pekka. The stage is yours.

Pekka Lundmark: Thank you very much, Ingela. Good morning to all of you. It's a real pleasure for me to present the result of the first quarter because this was a pretty good start for the year. We are pleased with our development. And there are several supporting factors behind the good performance which I will now go through. Well first of all the market foundations were favourable. We had increased wholesale power prices in the Nordics supported by cold weather and lower-than-normal precipitation.

But in addition to that, a very important development in the quarter was that it now finally seems that the EU Emission Trading Scheme is starting to deliver. We had clearly higher CO2 emission



prices during the quarter. Our comparable EBITDA is up 27% and comparable operating profit up 29% in the quarter and EPS up EUR 0.05 to EUR 0.43. So this was a good start. Of course, I know that the Uniper's investment[?] is something that everybody is interested.

And I will come back to that a little bit later. And then actually in his comments, Markus will discuss some of the aspects of our balance sheet discipline going forward which is of course going to be extremely important now when we're putting a lot of money into the Uniper investment. Before I go deeper into the result, a couple of other developments in the quarter. Many of these are not directly relevant to our results in the short-term, but some of them are strategically, extremely important in the longer term.

The first one, we now have 35 megawatts of wind power operational in Russia in Ulyanovsk. This capacity is now receiving CSA payments for a guaranteed period of 15 years. And with the approximate or estimated wind production the prices that we will be receiving will be roughly a EUR 180 per megawatt hour. So it is a pretty good tariff. Number two talking about R&D, bio-economy is an important strategic opportunity for us going forward.

We have as you know been earlier investing in the development of technologies and processes for pyrolysis oil. Now we have a new agreement with Valmet and Preem to start a larger-scale testing of bio oil and its further development into transportation fuels. Fortum and Valmet's role is to develop and commercialise production technology for upgraded pyrolysis oil. And Preem our partner will focus on processing the upgraded pyrolysis oil into transportation fuels under refinery conditions with the feasible technology.

One acquisition during the quarter, acquisition of a small start-up team actually in Berlin, Germany called Plugsurfing. Plugsurfing connects its user base of approximately 50,000 electric vehicle drivers to over 200 charging networks. And this allows them to charge at more than 65,000



chargers across 24 European countries. We are currently a market leader in EVA charging services in the Nordic region. Here we've been here we have been focusing on both services and then also physical charging infrastructure.

Plugsurfing is very much a software and a service company. They do not invest in their own charging infrastructure. But they make deals with owners of physical charging infrastructure and they in a way create the software and service layer on top of the physical infrastructure which is something that we feel is very interesting. Of course, we noted with satisfaction that TVO signed an agreement with Areva and Siemens which is now expected to enable the completion of Olkiluoto 3.

And then finally an important deal that we've announced which kind of strengthens our solar development. The largest solar system ever to be built, solar power system to be built in the Nordic region with S Group, approximately 40 commercial buildings across Finland with a total power capacity of about 10 megawatts. This is an agreement that Fortum and S Group signed during the quarter. If I then move on to the Uniper situation. On 7th of February, we successfully completed the offer period of the public takeover offer for Uniper.

And right now the transaction is subject to regulatory clearances, approvals. And we expect to receive these approvals by mid 2018. And upon closing of the transaction Fortum will be the largest shareholder in Uniper with a stake of 47.12%. And we look forward to becoming an active long-term partner to Uniper. If I just quickly reiterate our investment in Uniper will support us in accelerating Europe's energy transition and in delivering our vision for a cleaner world.

Fortum's and Uniper's assets and expertise are highly complementary. And we consequently see a great potential for value creation through close cooperation between the two companies. There is an interesting other transaction going on in Europe at the moment. And that is of course the

transaction between EON and RWE. And in a way we could say that it follows a little bit the same logic when we talk about the new RWE after the transaction.

Also in that case they are talking about combining and making renewable and conventional power generation services to work together, so that we could really be talking through one strategy talk about energy transition from conventional towards renewable power in such a way that you take care of security of supply, affordability and decarbonisation all through the same strategy. It does not need to be either or it will be both.

And this is very much our thinking as well. And this is the key reason why we believe that the strategies and production portfolios of Uniper and Fortum are as highly complementary as we've been talking about. In light of these market dynamics we are convinced more than ever that close cooperation between Uniper and Fortum is highly beneficial and in the best interests of all stakeholders of both of them.

Having said this, it's important to remember that Uniper and Fortum operate as two separate companies. And we are unable at this time to provide any additional details. We now continue to work closely with the relevant regulatory authorities. And we will update the market as more information will be available. Then I would like to go back to the market conditions which whereas I already said fairly favourable.

Weather in the Nordic region was mild in January, but cold in February and March. And as a consequence of cold February and March the electricity consumption was 121 terawatt hours which was 7% higher than in Q1 2017. Precipitation was clearly below normal. And as I already said the price development was favourable. The spot price in the Nordic system improved to EUR 38.60, up from EUR 31 in a year ago.

And also, both Finnish area prices and Swedish area prices developed favourably. And the price for the CO2 emissions developed in a pretty strong way during the quarter around 13.30 at the end of the quarter, roughly more or less on the same level as we are speaking today. This is now showing that the ETS system has started to deliver. Of course, there is still a long way to go to make this really the central driving instrument in decarbonisation as we would like it to become, but there are promising signs now.

The new directive has now been approved for the period of 2021 to 2030. The markets that we really serve starts with 24% intake rate in the beginning of 2019. And the so-called linear reduction factor will be increased to 2.2% in 2023 -- sorry 2021. So the linear reduction factor will be 2.2% from 21 onwards. And all these factors are now strengthening and creating expectations for ETS to start to deliver.

These levels EUR 13 to EUR 15 is roughly the level where with today's fuel prices, today's coal and gas prices this is important to remember. This is roughly the level where we could start switching market-based switching from low efficiency coal to high efficiency gas to start to happen. Then on the Russian side, electricity consumption slightly higher and first price on consumption which is the relevant area for us, 220 terawatt hours compared to 217 terawatt hours driven by industrial demand and cold weather also there.

And average electricity spot price, roughly flat in the euros area. Here you're seeing graphical format of the Nordic water situation. Clearly below normal level. If the orange line which is representing 2018 the balance was 7 terawatt hours negative at the end of Q1. And this development has continued in the beginning of the second quarter. Right now, we are around minus 10 terawatt hours. So it is really quite dry in historical comparison right now.

Here you see the commodities in graphical format, the CO<sub>2</sub> that I already mentioned the upper right-hand corner. Here there you see how fast the increase in the price has been. We are now looking at the seven-year high in CO<sub>2</sub> price. And this of course has an important connection to both short-term and marginal cost of coal, and then that way also to electricity prices. Coal price and gas price, there was a slight drop in the beginning of the year.

And then after that a slight recovery, a slight increase actually but no dramatic moves in the beginning of the year. Electricity price development, the Nordic system, North Pole system price. This is quite interesting because as you can see we've been talking about a potential trend that was it so that there was a long down going trend and then a low point in -- latter part or actually in the late summer of 2015 and then the trend changed.

Of course, we've been saying that it's too early to call this a trend, but of course now there are more and more signs that perhaps it is a trend. The forward market which has not been that representative to spot price development in the last few years is also clearly up. It is EUR 10 higher than it was one to two years ago. And this is of course very important for us because we need to remember that the rule of thumb is that every euro in achieved power prices EUR 45 million in our operating profit.

Here are once again the power prices in a graphical format. On a quarterly basis and this Q1 system price was 24% higher than the year before. Of course, hedges take away most of the gain in the short term, but still our achieved price also was 3% higher than a year ago, 33.60. And fairly a flat development in Russia, the euro denominated achieved price including capacity payments was 10% down mostly because of the currency exchange rate.

Key figures for the first quarter. Our sales went back surely over EUR 1.5 billion, 1585. And I already mentioned that comparable operating profit was up 29%, EUR 405 million. And EPS EUR



0.43 compared to EUR 0.38 a year ago. And Markus will comment then on the cash flow development in a little bit more detail. And before I let Markus to continue, brief comments on each division. Of course, the result driver in this quarter was clearly the generation division.

The slightly higher achieved power price supported the result. But the strong driver was hydro volumes 6.4 terawatt hours compared to 5.2 terawatt hours a year ago. But of course, the power price achieved 33.60 compared to 32.60 also had an impact. We had good nuclear availability. But year over year in Q1 nuclear production was slightly lower due to the closure of Oskarshamn 1 last year. So that was still in the numbers in Q1 last year, but not any more this year.

Overall really strong result improvement from EUR 136 million to EUR 220 million in comparable operating profit. City Solutions division also increased comparable operating profit with a pretty handsome percentage, 55%. Here we have to remember that a strong driver behind this was the Hafslund transaction that we implemented last year which is strongly supporting the results, comparable operating profit went from EUR 56 million to EUR 87 million in the quarter.

There are then other factors behind, high heat sales offset by slightly unfavourable fuel mix and fuel prices and some availability issues which are not untypical to a business like this. There's nothing dramatic, but there's quite a lot of factors then behind the numbers when you zoom a little bit deeper. Consumer Solutions result also improved, 42%. But here we also have to remember that this is very much because of the Hafslund transaction.

The acquisition of Hafslund markets which has now made us clearly the largest player in the Nordic retail electricity market. It is going to be as I have said earlier a challenging year from a profitability point of view. And the overall trend in the electricity retail market with very strong competition, new competitors and a general margin pressure just shows how important the Hafslund transaction is for us. And of course, we are now working on the integration.



We are working on synergies and we are working very much on the development of new typically digitally enabled services for the consumers to increase differentiation in this business, and to increase the share of value-added services other than just plain electricity that we could offer to these customers. But these measures will obviously take time, and that's why some patience is now needed in the short term especially during 2018 before we can expect or start to see a real profit recovery and real half synergies to start taking effect.

Russia development fairly stable, but there is a EUR 12 million negative impact from a weaker rouble which is clearly seen in the comparison, EUR 104 million operating profit or comparable operating profit compared to EUR 132 million the year ago. In addition to the rouble comparison, the other factor behind the lower profit is actually a comparable figure in 2017, which as we then told included a positive one-time impact from bad debt collection.

If we take this away, the underlying performance was solid and actually supported by higher CSA payments and introduction of new renewables capacity. I already mentioned the new wind farm that we now have in operations. So everything going pretty much according to our plan in Russia. And now I would like to ask Markus to continue before we take questions.

Markus Rauramo: Thank you, Pekka. Okay I will summarise the results. We have seen good development sales up, EBITDA up, comparable operating profit up. And what we are pleased about this that the good topline development has actually translated into good results. Still summarising the divisional performance, we had good development in generation with positive impact on the mix with more hydro and less nuclear. Also higher prices and lower taxes.

City Solutions and Consumer Solutions improved due to the Hafslund acquisition and consolidation. Otherwise City Solutions is flat and we continue to see the same pressures as before in the



Consumer Solutions business. We also had negative impacts from the sale and divestment of the infrastructure business in Poland and also losing some of the distribution-related services that we have been selling earlier which are not really impacting the underlying business.

In Russia, we had a negative impact from FX. Lower spot margins, but better CSA's. Not having now the positive impact from the bad debt collection, but operationally flat. And then the new capacity is actually improving the results. And the other area was flat year on year. So all in all good development, EUR 92 million better comparable operating profit. Then some comments about the cash flow statement where there are big movements and big items.

If we look at the first two left-hand columns EBITDA, year-on-year strong development. Going down the lines, the cash impact from rolling the rouble and Swedish krona internal loans had a hundred million positive impact on cash flow. We had higher sales and that resulted in higher operating working capital. And then we had also due to the higher prices negative impact from gas settlement of the NASDAQ futures.

Capex was lower year on year, about 50 million and then the even larger impact came from the cash collaterals for the NASDAQ futures, 245 million year on year. These are of course items that vary due to the prices and they will neutralise over time. But all in all operatively very good, a big impact from the derivative settlements and internal loans. And both in 2017 and the last 12 months, there are big impacts from the Hafslund acquisition, divestments and transactions in the acquisition of shares and divestment of shares.

So large items on the two right-hand columns. And I turn over to balance sheet and our financial position. The financial position is strong. EBITDA improved up to 1.39 billion. And debt decreased somewhat and this resulted in a positive development in the net debt EBITDA which was at 0.6



times at the quarter end. We had a very good cash position at the quarter end, 3.5 billion. Of course, one has to remember that after that we have paid the dividend close to EUR 1 billion.

But we have close to EUR 3 billion in cash after that. We have committed credit lines, 1.8 billion and then the Uniper acquisition, related acquisition facility at EUR 3.8 billion. So the financial preparedness and financial position is good and solid. But even with this good development and strong financial position, we continue to focus on the balance sheet and cash flow discipline to ensure that we have the financial flexibility we need going forward.

So what we will do is we will scrutinise both our maintenance and growth investments and prioritise those. We will continuously go through our whole asset portfolio and assess the future of potential non-core assets to ensure that we do have the focus on the right things. We will continue the good cost consciousness and fixed-cost scrutiny we have had in the past years and continue the discipline there. And of course, also focus on working capital efficiency and scrutiny.

And the objective of all these areas is to ensure our strategic focus, ensure that our resources are in the right places and that we maintain the financial flexibility we want to have. Finally, for the outlook the hedging percentages are at 65% for the remainder of 2018, hedged at EUR 27 per megawatt hour and for 2019 45% at EUR 26. We estimate the Capex to be this year between EUR 600 million and EUR 700 million and this is excluding potential acquisitions.

So if we make further announcements of transactions, they will then be in addition to this number. The Hafslund combination has proceeded very well. We are very pleased with the progress and performance. We target cost synergies of EUR 15 million to EUR 20 million materialising in 2019, into 2020. And you see the City Solutions and Consumer split here. But I would say the first steps have been very encouraging in both areas.



The taxation, effective tax rate remains at 19% to 21% for 2018. And all in all there are positive developments in Sweden, especially also continuing this year of the earlier-made decisions. And the demand growth we expect to be at 0.5% in the Nordic area. And finally, I would say that we see really good structural support from what was mentioned earlier. The EPS and MSR developments, the added interconnections between Nordic countries and Mainland Europe, and then the closures of production capacities in Mainland Europe. So all of these are supportive factors for us. With this, we are now ready to take questions with Pekka.

Ingela Ulfves: Thank you, Markus and thank you, Pekka. So as said we are ready for the Q&A session. And we will start it here with the audience in Espoo. You are also able to ask your questions in Finnish or in Swedish if you so wish. After these questions, we open up for the teleconference questions. And if there are further questions here in the audience, we can come back to those. Please raise your hand if you have a question, and I will then bring you a microphone. And when asking the question, please state your name and your company. We are ready.

Speaker: Yes hi. Actually, I have three questions. And as a first one when it comes hedging activity what is your sort of say policy right now given the fact that looking at Q1 performance hedge rate actually came down for this year increased slightly for next year. And also Pekka has been talking a lot about EPS peaks and software potentially CO2 prices have been picking up. So are you more sort of say reluctant to do hedges right now given the current outlook of the market?

Pekka Lundmark: Now when we look at what has happened in the market the fact that we have been in the last couple of years we have actually been slightly more open in our position than some of our competitors has proved out to be a good thing. You mentioned that this year the hedge rate would have come down. Technically that is true. But we have to remember that it is for the rest of the year and we now have a high price, typically seasonally high price quarter behind us.



So it is in reality that explains it. And then next year's number actually went up. We are in 2019 hedges, we are at the upper end of the historical range at the moment. And that probably reflects the way how we see the situation from our cash flow management point of view. We are doing a big transaction now through the investment in Uniper. And that increases the need for us to increase predictability of our cash flow.

Markus Rauramo: and Mitigation[?].

Speaker: And then maybe a second question regarding Russia. So we have seen that let's say excluding CSA payments or capacity payments overall, it seems that the margins have been under some pressure here in Q1. What is your let's say longer-term view on outright margins what you can make in Russian business? So how demand supply situation looks in your opinion?

Markus Rauramo: The Russian market as the Nordic market is currently oversupplied which does put pressure on spot prices. But we have to remember that our Russian income is more coming from capacity -- from the capacity market than the spot market. Of course, sometimes in the 2020 gradually unit by unit CSA payments will start to come down. And then what will be important is the competitive capacity payments, TCS payments and spot prices.

There is a target which has been stated by the authorities also is push out old, inefficient and polluting capacity from the market in order to get the better market balance. It's very difficult, but we do not want to pre-empt that what the result of all this will be. But then when we look at our earnings potential in the longer term, it will depend a lot on what then the market-based TCS and spot prices will be. And this will be especially important in the second half of 2020.



Until then we are fairly safe when it comes to the CSA payments. And we have to remember that we have actually what has now exceeded our stated target for the investments which pushed the 18.2 billion rouble annual operating profit amount.

Speaker: And then the last one from my side. So Markus mentioned about looking at the potential non-core assets what comes to sort of say getting better cash flow and so on in future. Are we talking about let's say larger divestments? Or what is roughly the potential magnitude we are talking about here?

Markus Rauramo: The idea was not to indicate any such things. This is normal scrutiny. We want to increase the discipline now both on the divestment side and we are also seeing if there could be something non-core. But this is not a dramatic piece of news or anything like that. We see this as normal scrutiny and being disciplined when it comes to the balance sheet when we are in the process of making a large investment.

Speaker: Excellent, thank you.

Speaker: [Finnish].

Pekka Lundmark: [Finnish].

Speaker: [Finnish].

Pekka Lundmark: [Finnish].

Ingela Ulfves: Thank you so much. Maybe just a brief summary on this. The question was from Finnish media, STT mainly regarding the recent writings in the Finnish and Russian media around Fortum



and the Russian energy market. The answer from Pekka Lundmark was that we do not see that there would be any change in the business environment and that this is not affecting our business. And there were some detailed questions also around how you see the -- how we see the Russian markets developing also related to Uniper. And Pekka's brief summary of that was that --

Pekka Lundmark: I can take that in English as well that Uniper is of course a very large company with a large substantial position in Russia. But in relative terms the share of Russia both when it comes to turnover and result in Uniper is actually smaller than that in Fortum. And then I also said that we do not believe that some of these articles that have been published in Russia that they would in any way, the negative articles that they would in any way reflect the views of the Russian government.

Ingela Ulfves: Thank you so much. Any further questions here in the audience? If not, then operator we are ready for the teleconference questions. Please go ahead.

Operator: Thank you. If any participant would like to ask a question over the telephone, please press star one. We will now take our first question. Please go ahead.

Alex Leng: Good morning. This is Alex Leng from UBS. Thank you for taking my question. And congratulations on your performance this quarter. One question around the Uniper deal if I may. I have a slight follow-up to the question earlier. I was wondering, could you give us some colour on why you expect the Uniper deal will close in mid year? In December you flagged that the deal will need strategic investment clearance from Russia and it has to be in the bag by the end of October at least. What I'm just trying to confirm is have you had any signals around the strategic clearance decision or perhaps an indication why you might be confident that this position would be made? Thank you.



Pekka Lundmark: Well we repeated actually exactly what we have said earlier that we expect clearance by mid 2018. And this is both when it comes to Russia and when it comes to Brussels i.e., the European Union. Of course we do not want to speculate the detailed outcome of the discussions. Sorry?

Alex Leng: What I was trying to gather was whether there had been any sort of signal that you might be able to share with us that or if there's any sort of new news on why this decision might be made at midyear?

Pekka Lundmark: We still believe that we will get clearances by mid-year. And when it comes to the Russian situation, yes you are correct. We need both clearance from the point of view of the strategic investment law. And then if you will the normal anti-trust clearance and we are in good discussions regarding both clearances. And we expect to receive them by mid this year. And we have not received such messages or information that we would not be getting these clearances.

Alex Leng: Okay great. Thank you very much.

Operator: Thank you. We will now take our next question. Please go ahead. And this question is from Vincent Lerone[?]. Your line is open and Vincent please go ahead.

Speaker: Hi, I'm Vincent Lerone from JPMorgan. So the question regarding Russia has been asked. I will just bounce back quickly on the comments you made regarding your Capex. You're talking for 2018 EUR 600 million to EUR 700 million. And you say specifically basically to exclude any potential future M&A announcement. So I am a bit concerned regarding Uniper and basically want to know if you're considering anything in the short term or what were you alluding to? Was it potentially mid size or large size? Thank you very much.



Pekka Lundmark: What we said was that of course yes first of all correctly that EUR 600 million to EUR 700 million is excluding any acquisitions and very much of course excluding the investment into Uniper. There is a need to take care of the balance sheet going forward because Uniper is a big investment. And that means that we will exercise a pretty high degree of scrutiny when it comes to both in a way organic investment, building new things and also making decisions about investments into existing facilities, and also potential new acquisitions.

So a high degree of scrutiny and prioritisation will be applied to all of this in order to take care of the balance sheet and our flexibility. Because of course our goal is to have a healthy balance sheet that makes it possible to manoeuvre in different situations. And that's why you can see it pretty easily from the numbers that the Uniper investment takes our leverage to a rather high level which automatically means that we have to be careful with the balance sheet going forward. We have not given any numeric guidance as to how much the Capex would be in the coming years. But I hope this signal is well received that we will be highly disciplined when making the decisions.

Markus Rauramo: And without any further decisions that we wouldn't have announced the Capex will come down as the projects that they are now doing quite grown us subset etc. Once they come to an end without new decisions Capex will naturally go down.

Speaker: Thank you.

Operator: Okay, we will now take our next question. Please go ahead.

Speaker: Yeah hello here. A question on Nordic forward power prices. The 2019 forward prices being extraordinarily strong year to date of about 20% much more with prices elsewhere in Europe. I was just wondering if you could share any insights as to why it was so strong. And my second



question was regarding Russia. I was just wondering if you've had any conversations with the Russian authorities regarding modernisation of existing power plants?

Pekka Lundmark: You are right that the price development both on the spot market and the forward market has been strong. We of course don't publish our forecast. So we will be as before restricted as to how much we want to comment that. But very clearly the prices have been driven up by dry hydrology. And when you look at the -- especially when you look at the German Nordic spread development there was a pretty high spread at the end of the year.

But that has clearly come down now when the hydrology has dried up. Then of course you can only speculate that what type of effect then for example the ETS and the CO2 allowance price has to all of this. But we do not want to get into more details than that. Then when it comes to the Russian situation of course we are following with a lot of interest that what will happen on the modernisation market.

But I would say that the same applies in Russia as applies in the whole company that we will exercise a high degree of investment scrutiny now when our balance sheet will be more stretched. The big investment programme in Russia has come to an end. We have not stopped our new investments. We are investing in renewables in Russia at the moment. But in general, we will be pretty disciplined and prioritise only a handful of new investments.

Speaker: Okay, thank you.

Operator: Thank you. We will now take our next question. Please go ahead.

Speaker: Hi. A couple of questions for me. The first one is on Uniper. In February you told us that the cooperation agreement was progressing much rather slowly. Has there been any acceleration



since? That's the first question. The second one is would you give a clarification on the CSA payments on wind in Russia? Can you just repeat the terms? I think you mentioned EUR 180 megawatt hour roughly. Over what time period is that? And I sort of wanted also a clarification on something you said earlier. You saw on CO2 that we are getting close to the level where the fuel switch starts to kick in. Can you just remind me off the level where you think that starts to become relevant?

Pekka Lundmark: Okay if I start from the last question, and Markus will take the CSA question. This of course are very rough numbers because it's dependent on the fuel price development as well. But roughly speaking EUR 13 to EUR 15 is the level where you can start seeing switching from low efficiency coal to high efficiency gas. And then again, the other end of the spectrum again with current fuel prices, switch from high efficiency coal to low efficiency gas the EUA price would have to be over EUR 20 before you would start to see that happen.

So that's why we are saying that we are now approaching the levels where the system would start to deliver. But there is still a way to go. On the speed of the discussions with the Uniper, I said in February that the progress is slow. I still say the same thing. There are discussions, but they are progressing slowly. And we have to be realistic here. The two companies are competitors on the market. And before we have regulatory clearance, there are many things that cannot even be discussed. But we have a fairly strict NDA with Uniper, so I will not comment any details of the content of the discussion.

Markus Rauramo: When it comes to CSA, so for the existing already operating conventional plans that we have in the CSA period was ten years as you know. And for the new renewables Ulyanovsk solar and then the Rusnano joint venture, it is 15 years, and then the levels we disclosed in our release. And I didn't quite get, did you have a follow-up question on the CSA still after that?



Speaker: No, no that was it, very clear. Thank you.

Operator: Thank you, we will now take our next question. Please go ahead.

Speaker: Hi good morning, a couple of questions from my side. Firstly, with regards to hedging, does your disclosed hedging for 2019 incorporate volumes on Olkiluoto 3 which I was expecting to commission in May 19 or will this be on top of any of your disclosed hedging profile? Secondly can you just talk us through quickly your expectations of how working capital develops for the rest of the year, let's say in a rising power price environment? I just want to see what happens if this NASDAQ OMX settlements. And then thirdly very quickly is it possible to get an update on the construction of Sør fjord[?] just to see is this still on track to commission at the end of 2018? Thanks.

Pekka Lundmark: Okay, I'll let Markus to think about the first two questions. And while he's doing that, I can just confirm that Sør fjord[?] is on time and on schedule. So we are still looking at inaugurating it this year.

Markus Rauramo: Yeah then for our hedging ratios of course that is we disclosed the ratios on our planned production or planned purchases. Then for the working capital development if prices would continue to increase then on a like-for-like basis yes there would be more working capital tie-up into the forwards and futures. But as we know this is volatile. And ultimately when these derivatives come to the settlement of course then these impacts will be wound out.

Speaker: Okay, thank you.

Operator: Thank you. We'll now take our next question. Please go ahead. Nicolo, your line is open. Please go ahead. So the participant has removed himself from the queue. So we will take our next question. Thank you.



Speaker: Hi. You said earlier in the television interview with my colleagues that any further investment in electric vehicle charging will be focusing on the software side of things rather than physical charging stations. Do you have a specific investment programme for that? So you can you give us some rough idea of numbers there? Thank you.

Pekka Lundmark: We have not disclosed any numbers. What I said to Bloomberg this morning is that in general in our strategy and on making that business scalable, we feel that it makes more sense to shift the focus gradually from physical hardware towards software and services. We have 2.5 million consumer customers, a larger and larger share of which will be interested in EV related and e-mobility type of services. That's point number one.

These are in our existing markets. And then of course when you talk about the international expansion, it would not be realistic for a company like us to have as a spearhead in that expansion, investment into Capex, into physical charging posts. That's why we are much more seeking co-operation with the owners of physical charging infrastructure, so that we can make those charging stations available to our customers.

Speaker: Okay, thank you.

Operator: Thank you. There are no further questions over the telephone.

Ingela Ulfves: Okay and thank you for the questions. We seem to have some questions here on the chat.  
So Måns, if you would like to ask those?

Måns Holmberg: Yes. So the first question is how will Fortum becoming the biggest shareholder in Uniper affect the operation of the Oskarshamn nuclear power plant?

Pekka Lundmark: That is a highly speculative question. As we have said, we are still in the process of getting regulatory clearances. And before we have them it is very difficult to start planning any practical cooperation. There are countries where both companies are present, Sweden and Russia being the most obvious ones where there would be cooperation possibilities. We are co-owners in the same assets including Oskarshamn. But what that cooperation could mean in practice, it is premature at the moment.

Måns Holmberg: Okay. And then we have a second question here. Could you talk a bit about the impact of the planned increase of the CO<sub>2</sub> heating fuels in Finland? What is the implication for the profitability for Fortum's CO<sub>2</sub> fleet?

Markus Rauramo: Yes, so without knowing the details what the tax would be, it is very difficult to say. But of course, us having also fossil fuels in the production mix it would have an impact. In any case we do believe in the decarbonised future. So our plants are targeting that. We will also in the given time table or even faster get away from the fossil-fuel based production. We have been investing heavily in that in not only in Finland, but also other countries. So we have done even almost full decarbonisation of various heating systems.

Pekka Lundmark: Our largest emissions in Finland are in the district heating system here in Espoo. And in our cooperation agreement with the City of Espoo we have a target of phase-out of coal by 2030. And now the new Finnish government proposal actually would make that one year earlier, 2029. So we are fully committed to decarbonisation. We would like that to happen so that emissions trading would be the key policy tool to make that happen. And we noted the proposal from actually from the Finnish government yesterday which was presented together with other ministers from other EU countries yesterday where they suggested that heating not only district heating, but also individual house heating would be included in the ETS system.



And we think this would be a very welcome development that would increase the scope of ETS. And then in connection with this type of renewal, we would hope that then also the whole taxation of heating would be reviewed. So that the emissions trading with hopefully rising prices would become the key policy tool in decarbonisation.

Ingela Ulfves: Thank you, Pekka. One last check here in the audience. Are there any further questions here? No. Then we are done with the Q&A session. Just as a last reminder, we are publishing our second quarter results on the 19th of July. So already now then we invite you back then. Hope to see you here. Thank you for your participation. Thank you to the presenters and thank you for the questions. We wish you a very nice rest of the day.

Pekka Lundmark: Thank you.

Markus Rauramo: Thank you.