Low hydro volumes partly offset by higher prices

• Nordic power price volatile during the quarter, but significantly up from Q3 2017
• Low hydro reservoir levels
• Volatile commodity and CO₂ prices
• Comparable EBITDA at EUR 230 million, +10%
• Comparable operating profit at EUR 96 million, +2%
  – Profit of EUR 26 million from sale of Indian solar stake
• EPS at EUR 0.05 (0.40)
  – Items affecting comparability EUR -0.01 (0.34)
• Balance sheet discipline with focus on cash flow continues
New solar and wind to be built in Russia and India

Markus Rauramo to Uniper Supervisory Board

Arun Aggarwal joins Fortum Executive Management

Fincumet acquisition to expand recycling

Kivenlahti heat-only boiler investment decision

Solberg wind park in Sweden inaugurated
IPCC: Staying below 1.5°C requires “rapid and far-reaching transition” – Fortum calls for an ambitious EU climate strategy

- We need to reach global carbon neutrality by 2050
- The power sector should reduce emissions by 100% well before 2050
- 70-85% of electricity should come from renewables and nuclear will play a bigger role
- We believe electrification will be an enabler for decarbonisation
- We ask for a stable, visionary, and long-term political framework
- Carbon pricing should be the key for reaching carbon neutrality and market mechanisms developed to reward CO₂ removal
Nordic water reservoirs clearly below normal level – dry Q3 in the Nordics, increase only in Norway

Source: Nord Pool
Volatile commodity and CO₂ emissions prices

Source: ICE, Thomson Reuters
Market prices 19 October 2018; 2018-2019 future quotations
Wholesale power price volatility driven by changing hydrological situation during the quarter

Prices 19 October 2018
Source: Nord Pool, Thomson Reuters, Nasdaq Commodities
Clearly higher power prices in the Nordics

Changes refer to year-on-year difference (Q2 2018 versus Q2 2017)

NOTE: Achieved power price (includes capacity payments) in roubles increased by 5%
# Key figures

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Q1-Q3 2018</th>
<th>Q1-Q3 2017</th>
<th>2017</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>971</td>
<td>919</td>
<td>3,643</td>
<td>3,088</td>
<td>4,520</td>
<td>5,075</td>
</tr>
<tr>
<td>Comparable EBITDA</td>
<td>230</td>
<td>210</td>
<td>1,051</td>
<td>852</td>
<td>1,275</td>
<td>1,474</td>
</tr>
<tr>
<td>Comparable operating profit</td>
<td>96</td>
<td>94</td>
<td>654</td>
<td>516</td>
<td>811</td>
<td>949</td>
</tr>
<tr>
<td>Operating profit</td>
<td>91</td>
<td>387</td>
<td>829</td>
<td>843</td>
<td>1,158</td>
<td>1,144</td>
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<tr>
<td>Share of profits of associates and joint ventures</td>
<td>12</td>
<td>21</td>
<td>82</td>
<td>114</td>
<td>148</td>
<td>116</td>
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<tr>
<td>Profit before income taxes</td>
<td>45</td>
<td>351</td>
<td>779</td>
<td>811</td>
<td>1,111</td>
<td>1,079</td>
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<tr>
<td>Earnings per share, EUR</td>
<td>0.05</td>
<td>0.40</td>
<td>0.73</td>
<td>0.70</td>
<td>0.98</td>
<td>1.01</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>133</td>
<td>185</td>
<td>767</td>
<td>699</td>
<td>993</td>
<td>1,061</td>
</tr>
</tbody>
</table>
## Generation

- Lower comparable operating profit in Q3
  - All-time low hydro production 2.9 (5.0) TWh due to very low inflows and reservoir levels
  - Higher achieved power prices and lower taxes in Sweden
- Nuclear annual planned outages done
- Higher comparable operating profit in Q1-Q3, +39%
  - Higher achieved power prices and lower taxes in Sweden partly offset by lower hydro and nuclear volumes

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Q1-Q3 2018</th>
<th>Q1-Q3 2017</th>
<th>2017 LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>359</td>
<td>367</td>
<td>1,282</td>
<td>1,243</td>
<td>1,677</td>
</tr>
<tr>
<td>Comparable EBITDA</td>
<td>103</td>
<td>134</td>
<td>538</td>
<td>412</td>
<td>603</td>
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<tr>
<td>Comparable operating profit</td>
<td>70</td>
<td>104</td>
<td>442</td>
<td>317</td>
<td>478</td>
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<tr>
<td>Comparable net assets</td>
<td></td>
<td></td>
<td>5,912</td>
<td>5,727</td>
<td>5,672</td>
</tr>
<tr>
<td>Comparable RONA %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8.4</td>
</tr>
<tr>
<td>Gross investments</td>
<td>47</td>
<td>141</td>
<td>123</td>
<td>207</td>
<td>264</td>
</tr>
</tbody>
</table>
City Solutions

- Warm weather lowered heat volumes, -10%
- Comparable operating loss in Q3
  - Lower heat and power volumes, change in seasonal heat pricing in Finland
  - Consolidation of Fortum Oslo Varme EUR -11 (-6) million
- Improved comparable operating profit in Q1-Q3, +19%
  - Good result in Q1, positive impact of EUR 19 (-6) from Fortum Oslo Varme partly offset by lower heat and power volumes and weaker result in recycling and waste business in Q2

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Q1-Q3 2018</th>
<th>Q1-Q3 2017</th>
<th>2017</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>174</td>
<td>179</td>
<td>736</td>
<td>674</td>
<td>1,015</td>
<td>1,077</td>
</tr>
<tr>
<td>Comparable EBITDA</td>
<td>21</td>
<td>21</td>
<td>171</td>
<td>152</td>
<td>262</td>
<td>281</td>
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<tr>
<td>Comparable operating profit</td>
<td>-22</td>
<td>-20</td>
<td>44</td>
<td>37</td>
<td>98</td>
<td>105</td>
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<tr>
<td>Comparable net assets</td>
<td></td>
<td></td>
<td>3,688</td>
<td>3,705</td>
<td>3,728</td>
<td></td>
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<tr>
<td>Comparable RONA %</td>
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<td></td>
<td></td>
<td></td>
<td>5.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Gross investments</td>
<td>59</td>
<td>422</td>
<td>142</td>
<td>485</td>
<td>556</td>
<td>213</td>
</tr>
</tbody>
</table>
Consumer Solutions

- Higher sales in Q3 and Q1-Q3 driven by the Hafslund consolidation
  - High competition and customer churn in the Nordics continued
- Slightly higher comparable operating profit in Q3
  - Hafslund result impact of EUR 4 million
- Increased comparable operating profit in Q1-Q3, +57%
  - Consolidation of Hafslund had a positive impact of EUR 24 million
  - Profitability burdened by lower sales margins and the amended service agreements for the divested electricity distribution companies

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Q1-Q3 2018</th>
<th>Q1-Q3 2017</th>
<th>2017</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>332</td>
<td>238</td>
<td>1,204</td>
<td>644</td>
<td>1,097</td>
<td>1,657</td>
</tr>
<tr>
<td>Comparable EBITDA</td>
<td>22</td>
<td>10</td>
<td>79</td>
<td>32</td>
<td>57</td>
<td>104</td>
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<tr>
<td>Comparable operating profit</td>
<td>7</td>
<td>5</td>
<td>36</td>
<td>23</td>
<td>41</td>
<td>54</td>
</tr>
<tr>
<td>Comparable net assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>631</td>
<td>661</td>
<td>638</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer base, million</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.47</td>
<td>2.48</td>
<td>2.49</td>
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<td></td>
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<tr>
<td>Gross investments</td>
<td>12</td>
<td>488</td>
<td>33</td>
<td>491</td>
<td>493</td>
<td>35</td>
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</tbody>
</table>
Russia

- Increased comparable operating profit in Q3, +54%
  - Positive impact from higher CSA payments (Nyagan 1 and Nyagan 2), improved bad-debt collection and contribution from new production units
  - Weaker rouble EUR -4 million

- Lower comparable operating profit in Q1-Q3, -14%
  - New units and higher CSA payments offset by negative impact from weakened rouble EUR -22 million, bad debt provisions and lower electricity margins

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Q1-Q3 2018</th>
<th>Q1-Q3 2017</th>
<th>2017</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>200</td>
<td>200</td>
<td>764</td>
<td>786</td>
<td>1,101</td>
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<tr>
<td>Comparable EBITDA</td>
<td>76</td>
<td>61</td>
<td>291</td>
<td>317</td>
<td>438</td>
<td>412</td>
</tr>
<tr>
<td>Comparable operating profit</td>
<td>40</td>
<td>26</td>
<td>182</td>
<td>211</td>
<td>296</td>
<td>267</td>
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<tr>
<td>Comparable net assets</td>
<td>2,853</td>
<td>3,117</td>
<td>3,161</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Comparable RONA %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10.1</td>
<td>10.1</td>
</tr>
<tr>
<td>Gross investments</td>
<td>11</td>
<td>37</td>
<td>51</td>
<td>110</td>
<td>277</td>
<td>218</td>
</tr>
</tbody>
</table>
Q3 2018 – All-time low hydro volumes, profit from sale of solar stake and improved operative result in Russia

- 2.1 TWh lower hydro volumes
- 2.1 EUR/MWh higher achieved price
- Lower taxes
- Seasonal pricing in Finland
- Improved operative result
- Consolidation of Hafslund
- Higher CSA payments
- Improved bad-debt collection
- New production units
- Lower electricity margin
- FX-effect MEUR -4

- MEUR 26 profit from selling a 54% share of Fortum’s Indian solar power plants
Q1-Q3 2018 – Comparable operating profit positively impacted by higher hydro volumes and higher achieved price

<table>
<thead>
<tr>
<th>EUR million</th>
<th>516</th>
<th>125</th>
<th>7</th>
<th>13</th>
<th>-29</th>
<th>24</th>
<th>654</th>
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<tbody>
<tr>
<td>Q1-Q3 2017</td>
<td></td>
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<tr>
<td>Generation</td>
<td></td>
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</tr>
<tr>
<td>City Solutions</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Consumer Solutions</td>
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<td>Russia</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1-Q3 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- 0.7 TWh lower hydro volumes
- 0.8 TW lower nuclear volumes
- 2.0 EUR/MWh higher achieved price
- Lower taxes
- Consolidation of Fortum Oslo Varme
- Higher fuel prices in Q1
- Lower heat and power sales in Q2
- Weaker result in recycling and waste in Q2
- Consolidation of Hafslund
- Lower sales margin
- Negative impact from amended service agreements for the divested electricity distribution companies
- FX- effect MEUR -22
- Lower electricity margin
- Negative impact of bad-debt provisions
- Lower electricity margins
- New production units
- Higher CSA payments
- 2017 was positively affected by improved bad-debt collections
- Profit from selling a 54% share of Fortum’s Indian solar power plants

- Profit from selling a 54% share of Fortum’s Indian solar power plants
### Cash flow statement

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Q1-Q3 2018</th>
<th>Q1-Q3 2017</th>
<th>2017</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable EBITDA</td>
<td>230</td>
<td>210</td>
<td>1,051</td>
<td>852</td>
<td>1,275</td>
<td>1,474</td>
</tr>
<tr>
<td>Realised FX gains/losses</td>
<td>72</td>
<td>-8</td>
<td>205</td>
<td>-72</td>
<td>-83</td>
<td>194</td>
</tr>
<tr>
<td>Paid net financial costs, income taxes and other</td>
<td>-80</td>
<td>-78</td>
<td>-226</td>
<td>-207</td>
<td>-281</td>
<td>-299</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-89</td>
<td>61</td>
<td>-263</td>
<td>126</td>
<td>81</td>
<td>-308</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>133</td>
<td>185</td>
<td>767</td>
<td>699</td>
<td>993</td>
<td>1,061</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>-142</td>
<td>-162</td>
<td>-394</td>
<td>-470</td>
<td>-657</td>
<td>-581</td>
</tr>
<tr>
<td>Acquisitions of shares</td>
<td>-163</td>
<td>-878</td>
<td>-3,913</td>
<td>-929</td>
<td>-972</td>
<td>-3,956</td>
</tr>
<tr>
<td>Divestments of shares</td>
<td>88</td>
<td>740</td>
<td>258</td>
<td>740</td>
<td>741</td>
<td>259</td>
</tr>
<tr>
<td>Change in cash collateral and restricted cash</td>
<td>89</td>
<td>-97</td>
<td>-87</td>
<td>-24</td>
<td>-3</td>
<td>-66</td>
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<tr>
<td>Other investing activities</td>
<td>-19</td>
<td>-15</td>
<td>29</td>
<td>72</td>
<td>85</td>
<td>41</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td>-147</td>
<td>-412</td>
<td>-4,107</td>
<td>-611</td>
<td>-807</td>
<td>-4,303</td>
</tr>
<tr>
<td><strong>Cash flow before financing activities</strong></td>
<td><strong>-14</strong></td>
<td><strong>-227</strong></td>
<td><strong>-3,340</strong></td>
<td><strong>88</strong></td>
<td><strong>187</strong></td>
<td><strong>-3,241</strong></td>
</tr>
<tr>
<td>Paid dividends</td>
<td>-977</td>
<td>-977</td>
<td>-977</td>
<td>-977</td>
<td>-977</td>
<td>-977</td>
</tr>
</tbody>
</table>

- Increased net cash from operating activities due to improved EBITDA
- Positive impact of EUR 277 million due to realised FX compared to Q1-Q3 2017
- More cash tied to the daily cash settled futures and cash collateral for forwards hedging power price
- Uniper PTO was financed with existing cash resources of EUR 1.95 billion and bridge loan financing of EUR 1.75 billion
- Nasdaq Clearing default fund loss of EUR 20 million as financial cost
- Payment of dividend EUR 977 million
Ongoing actions to deleverage with aim to optimise cash flow and maintain financial flexibility

<table>
<thead>
<tr>
<th></th>
<th>LTM</th>
<th>2017</th>
<th>TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable EBITDA, MEUR</td>
<td>1,474</td>
<td>1,275</td>
<td></td>
</tr>
<tr>
<td>Interest-bearing net debt, MEUR</td>
<td>5,244*</td>
<td>988</td>
<td></td>
</tr>
<tr>
<td>Comparable net debt/EBITDA ratio</td>
<td>3,6x</td>
<td>0.8x</td>
<td>Around 2.5x</td>
</tr>
<tr>
<td>Return on capital employed (ROCE), %</td>
<td>7.0</td>
<td>7.1**</td>
<td>At least 10%</td>
</tr>
</tbody>
</table>

*) As per 30.9.2018
**) Includes capital gains of Hafslund transactions

Higher debt and lower cash due to payment of the Uniper investment in Q2 2018
Liquid funds EUR 0.7 billion
Committed credit lines of EUR 1.8 billion

Disciplined agenda to continue:
1. Capex prioritisation
2. Business focus and cash flow optimisation
3. Overall efficiency improvements
Outlook

**Hedging**

For remainder of 2018: 
~80% hedged at EUR 30 per MWh 
(75% at EUR 29)

For 2019: 
~65% hedged at EUR 30 per MWh 
(60% at EUR 28)

For 2020: 
~35% hedged at EUR 28 per MWh 
(not disclosed earlier)

**2018 Estimated annual capital expenditure, including maintenance and excluding acquisitions**

EUR 600-700 million

**Targeted cost synergies of Hafslund transaction EUR 15-20 million gradually materialising 2019-2020**

City Solutions: 
EUR 5-10 million

Consumer Solutions: 
~EUR 10 million

**Taxation**

Effective tax rate for 2018 for the Group 19-21%

In Sweden nuclear capacity tax abolished from 2018 and hydro assets’ real estate tax rate to decrease over a four-year period (2017-2020)

**Demand growth**

Electricity demand in the Nordics is expected to grow by ~0.5% on average

**2018 Estimated annual capital expenditure, including maintenance and excluding acquisitions**

EUR 600-700 million

**Targeted cost synergies of Hafslund transaction EUR 15-20 million gradually materialising 2019-2020**

City Solutions: 
EUR 5-10 million

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~EUR 10 million

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Effective tax rate for 2018 for the Group 19-21%

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**Demand growth**

Electricity demand in the Nordics is expected to grow by ~0.5% on average
Q&A
For more information, please visit www.fortum.com/investors

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