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.

Any references to the future represent the management’s current best understanding. However the final outcome may differ from them.
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Appr. 123,000 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 ~17 billion euros

<table>
<thead>
<tr>
<th>Shareholders Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finnish State</td>
<td>50.8%</td>
</tr>
<tr>
<td>Finnish households</td>
<td>9.5%</td>
</tr>
<tr>
<td>Financial and insurance institutions</td>
<td>1.5%</td>
</tr>
<tr>
<td>Other Finnish investors</td>
<td>7.4%</td>
</tr>
<tr>
<td>Finnish households</td>
<td>9.5%</td>
</tr>
<tr>
<td>Foreign investors</td>
<td>30.8%</td>
</tr>
<tr>
<td>Other Finnish investors</td>
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<td>Financial and insurance institutions</td>
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<td>7.4%</td>
</tr>
<tr>
<td>Financial and insurance institutions</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

31 October 2018
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 ~14,580 MEUR
Positioning Fortum for the decade of electricity – For a cleaner world

1. **Pursue operational excellence and increased flexibility**
2. **Ensure value creation from investments and portfolio optimisation**
3. **Drive focused growth in the power value chain**
4. **Build options for significant new businesses**

Illustrative graph:
- **Profitability** over time:
  - **Today**
  - **2020’s**
  - **2030’s**

- **Increasing uncertainty**
- **Competitive benchmark portfolio**

---

6
Fortum’s strategic priorities in a changing energy market

1. Pursue operational excellence and increased flexibility
   - Ensure benchmark performance
   - Focus on cash flow and efficient use of balance sheet

2. Ensure value creation from investments and portfolio optimisation
   - Increase shareholder value from Uniper
   - Optimise portfolio to fit the changing business environment

3. Drive focused growth in the power value chain
   - Grow in CO₂-free power generation
   - Develop value-adding offerings and solutions for customers

4. Build options for significant new businesses
   - Create new sizeable profit contributor independent of power prices
   - Build on industrial logic and synergies with current businesses and competences
Our strategic route

- **Birka Energi** 50% Fortum 50% Stockholm Gullspång merged with Stockholm Energi
- **Länsivoima** →100%
- **Elnova** 50% → 100%
- **Birka Energi** 50% → 100%
- **District heating in Poland** →
- **Lenenergo shares** →
- **FORTUM**
- **Skandinaviska Elverk**
- **Gullspång**
- **Länsivoima** 45% → 65%

**1996**
- **NESTE**
- Divestment of heat operations outside of Stockholm
- Divestment of non-strategic heat business
- Divestment of Fingrid shares

**1997**
- Divestment of small scale hydro

**1998**
- Divestment of electricity distribution business

**2000**
- Divestment of electricity distribution and heat businesses
- Divestment of Grangemouth power plant
- Divestment of Gasum shares

**2002**
- Divestment of electricity distribution business

**2003**
- Divestment of electricity distribution business

**2005**
- Shares in Lenenergo
- Shares in Hafslund
- TGC-1 established
- Oil business spin-off

**2006**
- Østfold
- Shares in Lenenergo

**2007**
- TGC-10
- E.ON Finland

**2008**
- Divestment of Lenenergo shares

**2011**
- Divestment of small scale hydro

**2012**
- Divestment of non-strategic heat business

**2014**
- Divestment of heat operations outside of Stockholm

**2015**
- Divestment of electricity distribution business

**2016**
- DUON
- Ekokem
- Turebergs Recycling

**2017**
- Nordkraft wind power
- Restructuring ownership in Hafslund
- Russian wind power JV

**2018**
- Shares in Uniper
- Divestment of ownership in Hafslund Produksjon
Our current geographical presence

**NORDIC COUNTRIES**
- Power generation: 45.4 TWh
- Heat sales: 5.0 TWh
- Electricity customers: 2.4 million

**RUSSIA**
- Power generation: 26.3 TWh
- Heat sales: 19.8 TWh

**KEY FIGURES 2017**
- Sales: EUR 4.5 bn
- Comparable operating profit: EUR 0.8 bn
- Balance sheet: EUR 22 bn
- Personnel: 8,800

**POLAND**
- Power generation: 0.5 TWh
- Heat sales: 3.7 TWh

**BALTIC COUNTRIES**
- Power generation: 0.7 TWh
- Heat sales: 1.4 TWh

**INDIA**
- Power generation: 0.3 TWh
Still a highly fragmented Nordic power market
Fortum has largest electricity customer base in the Nordics

Power generation in 2017
402 TWh
>350 companies

Electricity retail
15 million customers
~350 companies

Source: Fortum, company data, shares of the largest actors, pro forma 2017 figures
Fortum mid-sized European power generation player; major producer in global heat
Biggest nuclear and hydro generators in Europe and Russia

1) Formerly Natural Gas Fenosa
Source: Company information, Fortum analyses, 2016 figures pro forma
Fortum in the Nordic electricity value chain

Nordic wholesale market

Power exchange and bilateral agreements

Large customers

Retail customers

Private customers, small businesses
Fortum's power and heat production by source

**Fortum's power generation in 2017**

- **Total generation**: 73.2 TWh
- **Nuclear power**: 31%
- **Natural gas**: 35%
- **Hydropower**: 28%
- **Others**: 1%
- **Biomass**: 1%
- **Coal**: 4%

**Fortum's heat production in 2017**

- **Total production**: 28.6 TWh
- **Natural gas**: 65%
- **Biomass**: 7%
- **Waste**: 8%
- **Coal**: 17%
- **Peat**: 1%
- **Heat pumps, electricity**: 2%

**Note:** Fortum's power generation capacity 13,722 MW and heat production capacity 14,765 MW
Fortum's European power and heat production by source

Fortum's European power generation in 2017

- Nuclear power: 49%
- Hydropower: 44%
- Others: 1%
- Waste: 1%
- Biomass: 2%
- Coal: 3%

European generation: 46.6 TWh

Fortum's heat European production in 2017

- Coal: 32%
- Waste: 27%
- Peat: 5%
- Heat pumps, electricity: 7%
- Natural gas: 7%
- Biomass: 22%

European production: 8.6 TWh

Note: Fortum's European power generation capacity 8,743 MW and heat production capacity 4,671 MW
Fortum’s Nordic, Baltic and Polish generation capacity

**GENERATION CAPACITY MW**

- **Hydro**: 4,672
- **Nuclear**: 2,814
- **CHP**: 774
- **Other thermal**: 376
- **Wind**: 107

Nordic, Baltic and Polish generation capacity: **8,743**

*Figures 31 December 2017*

- **FINLAND**
  - Hydro: 1,547
  - Nuclear: 1,480
  - CHP: 451
  - Other thermal: 376
  - Generation capacity: **3,854**

- **SWEDEN**
  - Price areas
    - NO4, Wind: 32
    - NO1, CHP: 19
  - Generation capacity: **51**

  - Price areas
    - SE2, Hydro: 1,550
    - SE2, Wind: 75
    - SE3, Hydro: 1,575
    - SE3, Nuclear: 1,334
    - SE3, CHP: 9
  - Generation capacity: **4,543**

- **BALTICS AND POLAND**
  - Generation capacity, CHP in Estonia: 49
  - Generation capacity, CHP in Latvia: 26
  - Generation capacity, CHP in Lithuania: 18
  - Generation capacity, CHP in Poland: **186**

- **DENMARK, DK2**
  - Generation capacity, CHP: **16**
Fortum a forerunner in sustainability

We engage our customers and society to drive the change towards a cleaner world. Our role is to accelerate this change by reshaping the energy system, improving resource efficiency and providing smart solutions. This way we deliver excellent shareholder value.

Fortum is listed in several sustainability indexes:

- CDP Nordic rating
- STOXX® Global ESG Leaders indices
- ECPI® Indices
- ISS-oekom
- OMX GES Sustainability Finland index
- Euronext Vigeo Eurozone 120 index
Fortum's carbon exposure among the lowest in Europe

g CO₂/kWh electricity, 2016

Note: All figures, except “Fortum total”, include only European power generation.
Fortum’s specific emissions of the power generation in 2017 in the EU were 28 g/kWh and in total 174 g/kWh, same as in the previous year.
Source: PwC, December 2017, Climate Change and Electricity (including those companies with data for power generation available only), Fortum
Fortum is growing towards gigawatt scale target in solar and wind power production

### Portfolio

<table>
<thead>
<tr>
<th>TECHNOLOGY</th>
<th>STATUS</th>
<th>CAPACITY MW</th>
<th>FORTUM SHARE, MW</th>
<th>SUPPLY STARTS/STARTED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NORWAY</strong></td>
<td></td>
<td>179</td>
<td>179</td>
<td></td>
</tr>
<tr>
<td>Nygårdsfjellet Wind</td>
<td>Operational</td>
<td>32</td>
<td>32</td>
<td>2006 and 2011</td>
</tr>
<tr>
<td>Åstadblåheia Wind</td>
<td>Under construction</td>
<td>50</td>
<td>50</td>
<td>2018</td>
</tr>
<tr>
<td>Solberg Wind</td>
<td>Under construction</td>
<td>97</td>
<td>97</td>
<td>2019</td>
</tr>
<tr>
<td><strong>SWEDEN</strong></td>
<td></td>
<td>323</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Blaiken Wind</td>
<td>Operational</td>
<td>248</td>
<td>37 (15%)</td>
<td>2017*</td>
</tr>
<tr>
<td>Solberg Wind</td>
<td>Operational</td>
<td>76</td>
<td>38 (50%)</td>
<td>2018</td>
</tr>
<tr>
<td><strong>RUSSIA</strong></td>
<td></td>
<td>2 003</td>
<td>1 092</td>
<td></td>
</tr>
<tr>
<td>Bugulchansk Solar</td>
<td>Operational</td>
<td>15</td>
<td>15</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Pleshanovsk Solar</td>
<td>Operational</td>
<td>10</td>
<td>10</td>
<td>2017</td>
</tr>
<tr>
<td>Grachevsk Solar</td>
<td>Operational</td>
<td>10</td>
<td>10</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>Solar</td>
<td>Under development</td>
<td>110</td>
<td>110</td>
</tr>
<tr>
<td>Ulyanovsk Wind</td>
<td>Operational</td>
<td>35</td>
<td>35</td>
<td>2018</td>
</tr>
<tr>
<td>Ulyanovsk-2 Wind</td>
<td>Under construction</td>
<td>50</td>
<td>25 (50%)</td>
<td>2019</td>
</tr>
<tr>
<td>Rusnano JV Wind</td>
<td>Under construction</td>
<td>200</td>
<td>100 (50%)</td>
<td>H1 2020</td>
</tr>
<tr>
<td>Rusnano JV Wind</td>
<td>Under development</td>
<td>1 573</td>
<td>787 (50%)</td>
<td>2018-2023</td>
</tr>
<tr>
<td><strong>INDIA</strong></td>
<td></td>
<td>435</td>
<td>335</td>
<td></td>
</tr>
<tr>
<td>Amrit Solar</td>
<td>Operational</td>
<td>5</td>
<td>2 (46%)</td>
<td>2012</td>
</tr>
<tr>
<td>Kapeli Solar</td>
<td>Operational</td>
<td>10</td>
<td>5 (46%)</td>
<td>2014</td>
</tr>
<tr>
<td>Bhadla Solar</td>
<td>Operational</td>
<td>70</td>
<td>32 (46%)</td>
<td>2017</td>
</tr>
<tr>
<td>Pavagada Solar</td>
<td>Operational</td>
<td>100</td>
<td>46 (46%)</td>
<td>2017</td>
</tr>
<tr>
<td>Pavagada Solar</td>
<td>Under development</td>
<td>250</td>
<td>250</td>
<td>2019</td>
</tr>
<tr>
<td><strong>TOTAL PORTFOLIO</strong></td>
<td></td>
<td>2 941</td>
<td>1 681</td>
<td></td>
</tr>
<tr>
<td>Under development</td>
<td>1 933</td>
<td>1 147</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under construction</td>
<td>397</td>
<td>272</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational</td>
<td>611</td>
<td>262</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) Blaiken last stage IV inaugurated in 2017. NOTE: All figures in MWac and rounded to nearest megawatt. Additionally, target to invest 200 – 400 million euros in India solar and create partnership for operating assets. Under construction includes investment decisions made.
The decades of electricity will affect several sectors – and Fortum is well positioned for decarbonisation

<table>
<thead>
<tr>
<th>Global climate challenge (indicative)</th>
<th>Electricity demand (2018-2050)</th>
<th>Sector</th>
<th>Future solutions, examples</th>
<th>Fortum’s current offering, examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>4°C</td>
<td>+</td>
<td>Power</td>
<td>CO₂-free generation, hydrogen, batteries, demand response</td>
<td>Nuclear, hydro, solar, wind</td>
</tr>
<tr>
<td>1.5°C</td>
<td>+++</td>
<td>Transport</td>
<td>Electric vehicles, hydrogen/biofuels for heavy transport</td>
<td>E-mobility, pyrolysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Heating &amp; cooling</td>
<td>Low-CO₂ DH/CHP, heat pumps, hydrogen</td>
<td>Biofuel, waste-to-energy DH/CHP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Industry</td>
<td>Electrified processes, hydrogen, resource efficiency, CCS</td>
<td>B2B solutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>Recycling, biomaterials (e.g. fractioning)</td>
<td>Plastic recycling</td>
</tr>
</tbody>
</table>

DH/CHP = District heating/combined heat and power
CCS = Carbon capture and storage
Europe needs to eliminate CO$_2$ emissions to reach climate goals

Greenhouse gas emissions

European emissions (MtCO$_2$ eq.)

- 40%
- 60%
- 80%

EU 2050 roadmap target

- 95%

1 including international aviation and marine
2 residential and commercial heating & cooling
3 iron & steel and chemicals are among the biggest contributors
4 non-energy related emissions: industrial processes and product use, waste management, agriculture, fugitive emissions

Source: IEA World Energy Outlook 2017, Eurostat, Eurelectric, Fortum Industrial Intelligence
Building the utility of the future

FUTURE UTILITY

Power-to-Gas
- Sustainable hydrogen production
- Synthetic “clean” gas production

CO₂-sink
- Carbon capture and storage
- Carbon capture and utilization

Sustainable materials
- Recycling
- Energy recovery

Bio economy
- Traffic fuels
- Bio-based material production

UTILITY TODAY

Decarbonising power generation
Decarbonising heat production
Customer solutions

Hydrogen and methane for traffic and industrial use
Hydrogen, methane and excess heat

Electricity
Heat

Electricity
Electricity

CO₂
Raw material
Market coupling milestones – Cross-border power flows optimised by power exchanges

- Day-ahead market coupling between NL, BE and FR since 2006
- 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
- Czech, Slovakia and Hungary coupled together since 2012. Romania joined in 2014
- A common market coupling for the whole western Europe was started in 2014. Italy and Slovenia joined in 2015, Croatia in June 2018 and Ireland in October 2018
- Flow-based cross-border capacity allocation for further trade optimisation taken into use in May 2015 for the CWE region. Nordic flow-based implementation planned for 2021
- CEE (Central Eastern Europe) market coupling region to join possibly in 2020 with flow-based capacity allocation. Switzerland waiting for agreement with the EU
- In addition to day-ahead coupling, European-wide intraday market coupling has started with Nordic, Baltic and Continental Western European markets in June 2018
- Balancing market integration under development as well, based on both regional projects and the EU Guideline on Electricity Balancing, in force since 18 December 2017
Current transmission capacity from Nordic area is over 6,000 MW

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>TRANSMISSION CAPACITY MW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From Nordics</td>
</tr>
<tr>
<td>Denmark - Germany</td>
<td>2,225</td>
</tr>
<tr>
<td>Sweden - Germany</td>
<td>615</td>
</tr>
<tr>
<td>Sweden - Poland</td>
<td>600</td>
</tr>
<tr>
<td>Sweden - Lithuania</td>
<td>700</td>
</tr>
<tr>
<td>Norway - Netherlands</td>
<td>723</td>
</tr>
<tr>
<td>Finland - Estonia</td>
<td>1,016</td>
</tr>
<tr>
<td>Finland - Russia</td>
<td>320</td>
</tr>
<tr>
<td>Total</td>
<td>6,199</td>
</tr>
</tbody>
</table>

- 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 2017 was 15 TWh
- Net export was 18 TWh in 2015 and 10 TWh in 2016
- Approximately 25 TWh of net export is now reachable
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

1. Two 1,400 MW NO-UK links as EU Projects of Common Interest: NSL to England due to be ready in 2021, NorthConnect to Scotland under debate in Norway and not yet permitted

2. 1,400 MW NordLink as first direct NO-DE link is being built by 2020

3. 1,400 MW DK-UK Viking Link under final permitting in the UK, with commissioning timetable to be determined during 2018

4. 700 MW COBRACable from DK to NL due to be ready during Q3/2019

5. Jutland – DE capacity planned to grow by 860 MW in 2020, with further 1,000 MW increase in 2022

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

7. EU’s Connecting Europe Facility co-financing 3rd EE-LV transmission line, due to be ready in 2020

8. Baltic synchronisation roadmap in June 2018 prioritised a DC sea cable as the required additional PL-LT interconnection by 2025

9. Svenska Kraftnät and 50Hertz signed 1/2017 a cooperation agreement on building the 700 MW Hansa PowerBridge DC link between Sweden and Germany by 2025/26

10. New 400 MW Zealand – DE connection via Kriegers Flak offshore wind area by May 2019

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

Source: Nasdaq Commodities, Bloomberg
Wholesale power prices

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

- **Hydro**
  - *221 TWh (55%)
  - 6 TWh (25%)

- **Nuclear**
  - 85 TWh (21%)
  - -

- **Fossil fuel**
  - 26 TWh (7%)
  - 12 TWh (55%)

- **Biomass**
  - 24 TWh (6%)
  - 2 TWh (9%)

- **Waste**
  - 4 TWh (1%)
  - 0 TWh (1%)

- **Wind**
  - 40 TWh (10%)
  - 2 TWh (10%)

- **Solar**
  - 1 TWh (0%)
  - 0 TWh (0%)

- **Others**
  - 1 TWh (0%)
  - 0 TWh (0%)

**Total generation**
- 402 TWh (100%)
- Net export 9 TWh
- Net import 6 TWh

Source: ENTSO-E Statistical Factsheet

Graph sizes are illustrative.

*) Normal annual Nordic hydro generation 200 TWh, variation +/- 40 TWh.
Estimated annual net changes in nuclear and thermal capacity

<table>
<thead>
<tr>
<th>DATE</th>
<th>CAPACITY</th>
<th>AREA</th>
<th>UNIT/TRANSMISSION</th>
<th>COMMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2017</td>
<td>-1344 MW</td>
<td>DE</td>
<td>Gundremmingen B</td>
<td>Decommissioning; German nuclear phase-out</td>
</tr>
<tr>
<td>1.1.2018</td>
<td>≈ 500 MW</td>
<td>DK1-DE</td>
<td>Transmission</td>
<td>Lowest available capacity will be increased to 700 MW, available capacity during last years has been ca 200 MW</td>
</tr>
<tr>
<td>during 2018</td>
<td>+1100 MW</td>
<td>DE</td>
<td>Datteln 4</td>
<td>Uniper’s coal condensing unit; targeted commissioning mid-2018.</td>
</tr>
<tr>
<td>1.10.2018</td>
<td>-1100 MW</td>
<td>DE</td>
<td>Lignite reserve</td>
<td>Niederaußem E &amp; F and Jänschwalde F moved to lignite reserve</td>
</tr>
<tr>
<td>31.12.2018</td>
<td>-280 MW</td>
<td>NO2</td>
<td>Mongstad CHP</td>
<td>The CHP at Mongstad is phased out following several years of unprofitable operations.</td>
</tr>
<tr>
<td>31.12.2018</td>
<td>+0-400 MW</td>
<td>DK2-DE</td>
<td>Kriegers Flak</td>
<td>Offshore connection between DK2 and DE used for both grid connection of offshore wind farms and interconnection.</td>
</tr>
<tr>
<td>31.5.2019</td>
<td>+1600 MW</td>
<td>FI</td>
<td>Olkiluoto 3</td>
<td>The previously announced commissioning date in the end of 2018 has been delayed to May 2019.</td>
</tr>
<tr>
<td>30.3.2019</td>
<td>+700 MW</td>
<td>DK1-NL</td>
<td>Transmission</td>
<td>Cobra cable: trial operation of the interconnector is expected to begin in Q1 2019.</td>
</tr>
<tr>
<td>30.6.2019</td>
<td>-854 MW</td>
<td>SE3</td>
<td>Ringhals 2</td>
<td>Decommissioning</td>
</tr>
<tr>
<td>14.6.2020</td>
<td>-856 MW</td>
<td>SE3</td>
<td>Ringhals 1</td>
<td>Decommissioning</td>
</tr>
</tbody>
</table>

Estimated capacity changes based on publically announced information from various stakeholders
Wholesale electricity price too low to attract investments

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.
The MSR introduces tightness to carbon market – so far coal to gas switching has been modest due to high gas price

**Linear reduction factor (LRF) tightened**

- When TNAC\(^2\) > 833 Mt, MSR deducts 24% of the TNAC from the auction volume each year placing them into the reserve during 2019-2023
  - MSR rate is 12% during 2024-2030
  - When TNAC < 400 Mt, MSR releases 100 million EUAs annually from the reserve adding them to future auctions
  - 900 million backloaded allowances from 2014-2016 will be transferred into the MSR in 2019-2020
  - As from 2023, allowances in MSR above the total number of allowances auctioned during the previous year will be cancelled
  - Next MSR review is scheduled in 2024

**Market stability reserve restores scarcity by reducing future auction volumes**

- Carbon price has developed positively due to the tightening impact of MSR
- However, abatement from coal-to-gas switching depends on relative coal and gas short-run marginal costs which carbon price affects
- Gas price has been very strong in Europe, leaving coal competitive despite carbon price increase
- More switching happens if gas price decreases, or coal and/or carbon price increases further

Efficiency assumptions in switching range:
- low-end gas 58% and coal 35%
- high-end gas 50% and coal 45%

\(^1\) average annual total quantity of allowances in the period from 2008 to 2012

\(^2\) TNAC = total number of allowances in circulation = supply – (demand + allowances in the MSR). According to the latest publication May 15, 2018 the TNAC corresponds to 1655 million allowances.
Fortum’s nuclear fleet

<table>
<thead>
<tr>
<th></th>
<th>LOVIISA</th>
<th>OLKILUOTO</th>
<th>OSKARSHAMN</th>
<th>FORSMARK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>operation started</td>
<td>Unit 1: 1977</td>
<td>Unit 1: 1978</td>
<td>Unit 1: 1972 (out of oper.)</td>
<td>Unit 1: 1980</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Unit 3: 1985</td>
<td>Unit 3: 1981</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generation Capacity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unit 1: 507 MW</td>
<td>Unit 1: 880 MW</td>
<td>Unit 1: 473 MW</td>
<td>Unit 1: 984 MW</td>
</tr>
<tr>
<td></td>
<td>Unit 2: 502 MW</td>
<td>Unit 2: 890 MW</td>
<td>Unit 2: 638 MW</td>
<td>Unit 2: 1,120 MW</td>
</tr>
<tr>
<td></td>
<td><strong>Total: 1009 MW</strong></td>
<td>(Unit 3: 1,600 MW)</td>
<td>Unit 3: 1,400 MW</td>
<td>Unit 3: 1,167 MW</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total: 1,770 MW (3,370)</strong></td>
<td><strong>Total: 1,400 MW</strong></td>
<td><strong>Total: 3,271 MW</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>27% 470 MW</strong></td>
<td><strong>43% 602 MW</strong></td>
<td><strong>22% 727 MW</strong></td>
</tr>
<tr>
<td>Fortum’s share</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yearly production</td>
<td>8 TWh</td>
<td>13 TWh</td>
<td>9 TWh</td>
<td>24 TWh</td>
</tr>
<tr>
<td>Fortum’s share of production</td>
<td>8 TWh</td>
<td>4 TWh</td>
<td>4 TWh</td>
<td>5 TWh</td>
</tr>
<tr>
<td>Share of Fortum’s Nordic production</td>
<td>19%</td>
<td>9%</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Majority owner</td>
<td>Fortum</td>
<td>Pohjolan Voima</td>
<td>Uniper</td>
<td>Vattenfall</td>
</tr>
<tr>
<td>Fortum’s share</td>
<td></td>
<td>26.6%</td>
<td>43.4%</td>
<td>22.2%</td>
</tr>
<tr>
<td>Operated by</td>
<td>Fortum</td>
<td>Teollisuuden Voima (TVO)</td>
<td>OKG Aktiebolag</td>
<td>Forsmarks Kraftgrupp</td>
</tr>
</tbody>
</table>

RESPONSIBILITIES

Lovisa: 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.
O1 was shut down for decommissioning earlier as originally announced, starting 17.6.2017.

**LOAD FACTOR (%)**

<table>
<thead>
<tr>
<th>Location</th>
<th>Year 2005</th>
<th>Year 2006</th>
<th>Year 2007</th>
<th>Year 2008</th>
<th>Year 2009</th>
<th>Year 2010</th>
<th>Year 2011</th>
<th>Year 2012</th>
<th>Year 2013</th>
<th>Year 2014</th>
<th>Year 2015</th>
<th>Year 2016</th>
<th>Year 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oskarshamn 1</td>
<td>80</td>
<td>51</td>
<td>63</td>
<td>85</td>
<td>68</td>
<td>77</td>
<td>72</td>
<td>1</td>
<td>12</td>
<td>74</td>
<td>60</td>
<td>81</td>
<td>82</td>
</tr>
<tr>
<td>Oskarshamn 2</td>
<td>90</td>
<td>78</td>
<td>76</td>
<td>86</td>
<td>75</td>
<td>90</td>
<td>77</td>
<td>81</td>
<td>33</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Oskarshamn 3</td>
<td>85</td>
<td>95</td>
<td>88</td>
<td>70</td>
<td>17</td>
<td>31</td>
<td>68</td>
<td>69</td>
<td>77</td>
<td>75</td>
<td>79</td>
<td>83</td>
<td>77</td>
</tr>
<tr>
<td>Forsmark 1</td>
<td>85</td>
<td>76</td>
<td>81</td>
<td>88</td>
<td>88</td>
<td>93</td>
<td>79</td>
<td>88</td>
<td>87</td>
<td>94</td>
<td>79</td>
<td>95</td>
<td>88</td>
</tr>
<tr>
<td>Forsmark 2</td>
<td>94</td>
<td>72</td>
<td>85</td>
<td>79</td>
<td>64</td>
<td>38</td>
<td>94</td>
<td>82</td>
<td>89</td>
<td>89</td>
<td>91</td>
<td>75</td>
<td>82</td>
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<tr>
<td>Forsmark 3</td>
<td>95</td>
<td>92</td>
<td>88</td>
<td>69</td>
<td>86</td>
<td>81</td>
<td>85</td>
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<td>88</td>
<td>83</td>
<td>58</td>
<td>82</td>
<td>86</td>
</tr>
<tr>
<td>Loviisa 1</td>
<td>95</td>
<td>93</td>
<td>94</td>
<td>86</td>
<td>96</td>
<td>93</td>
<td>94</td>
<td>84</td>
<td>92</td>
<td>92</td>
<td>93</td>
<td>88</td>
<td>93</td>
</tr>
<tr>
<td>Loviisa 2</td>
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<td>88</td>
<td>96</td>
<td>93</td>
<td>95</td>
<td>89</td>
<td>94</td>
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<td>93</td>
<td>89</td>
<td>92</td>
<td>93</td>
<td>93</td>
</tr>
<tr>
<td>Olkiluoto 1</td>
<td>98</td>
<td>94</td>
<td>97</td>
<td>94</td>
<td>97</td>
<td>92</td>
<td>95</td>
<td>90</td>
<td>97</td>
<td>94</td>
<td>96</td>
<td>91</td>
<td>93</td>
</tr>
<tr>
<td>Olkiluoto 2</td>
<td>94</td>
<td>97</td>
<td>94</td>
<td>97</td>
<td>95</td>
<td>95</td>
<td>91</td>
<td>96</td>
<td>93</td>
<td>97</td>
<td>89</td>
<td>94</td>
<td>81</td>
</tr>
</tbody>
</table>

Source: Fortum

*) O1 was shut down for decommissioning earlier as originally announced, starting 17.6.2017.

### Finnish units world class in availability

Overview of production and consumption: [www.fortum.com/investors](http://www.fortum.com/investors) - energy related links
Variety of technologies and ages

<table>
<thead>
<tr>
<th>UNIT</th>
<th>MWE (NET)</th>
<th>SHARE (%)</th>
<th>SHARE (MWE)</th>
<th>COMMERCIAL OPERATION</th>
<th>AGE</th>
<th>TYPE/GENERATION</th>
<th>SUPPLIER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loviisa 1</td>
<td>507</td>
<td>100,0</td>
<td>507</td>
<td>1977-05-09</td>
<td>40</td>
<td>PWR / 1</td>
<td>AEE (Atomenergoexport)</td>
</tr>
<tr>
<td>Loviisa 2</td>
<td>502</td>
<td>100,0</td>
<td>502</td>
<td>1981-01-05</td>
<td>36</td>
<td>PWR / 1</td>
<td>AEE (Atomenergoexport)</td>
</tr>
<tr>
<td>Olkiluoto 1</td>
<td>880</td>
<td>26,6</td>
<td>234</td>
<td>1979-10-10</td>
<td>38</td>
<td>BWR / 3</td>
<td>Asea-Atom / Stal-Laval</td>
</tr>
<tr>
<td>Olkiluoto 2</td>
<td>890 (1,600)</td>
<td>26,6</td>
<td>237</td>
<td>1982-07-10 (May 2019)</td>
<td>35</td>
<td>BWR / 3</td>
<td>Asea-Atom / Stal-Laval</td>
</tr>
<tr>
<td>Olkiluoto 3</td>
<td>25,0</td>
<td>25,0</td>
<td>237 (400)</td>
<td></td>
<td></td>
<td>PWR / 3</td>
<td>Areva / Siemens</td>
</tr>
<tr>
<td>Oskarshamn 1</td>
<td>473</td>
<td>43,4</td>
<td>205</td>
<td>1972-02-06</td>
<td>45</td>
<td>BWR / 1</td>
<td>Asea-Atom / Stal-Laval</td>
</tr>
<tr>
<td>Oskarshamn 2</td>
<td>638</td>
<td>43,4</td>
<td>277</td>
<td>1975-01-01</td>
<td>42</td>
<td>BWR / 2</td>
<td>Asea-Atom / Stal-Laval</td>
</tr>
<tr>
<td>Oskarshamn 3</td>
<td>1,400</td>
<td>43,4</td>
<td>607</td>
<td>1985-08-15</td>
<td>32</td>
<td>BWR / 4</td>
<td>Asea-Atom / Stal-Laval</td>
</tr>
<tr>
<td>Forsmark 1</td>
<td>984</td>
<td>23,4</td>
<td>230</td>
<td>1980-12-10</td>
<td>37</td>
<td>BWR / 3</td>
<td>Asea-Atom / Stal-Laval</td>
</tr>
<tr>
<td>Forsmark 2</td>
<td>1,120</td>
<td>23,4</td>
<td>262</td>
<td>1981-07-07</td>
<td>36</td>
<td>BWR / 3</td>
<td>Asea-Atom / Stal-Laval</td>
</tr>
<tr>
<td>Forsmark 3</td>
<td>1,167</td>
<td>20,1</td>
<td>236</td>
<td>1985-08-18</td>
<td>32</td>
<td>BWR / 4</td>
<td>Asea-Atom / Stal-Laval</td>
</tr>
</tbody>
</table>

Generation refers to technical resemblance 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 2018-2020.

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 was taken out of operation on June 17, 2017. 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 in 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.
Third party nuclear liability in case of severe accident

Law approved by Parliament in 2010, requires separate decision from Government to come into force.

In force since 1 January 2012

- Unlimited company responsibility
- Convention parties
- State responsibility
- Responsibility of company (insurance or guarantee)

Requires ratification by 2/3 of member states to come into force. In Finland approved by Parliament in 2005.

**Old, Finland**
- 145 M€
- 240 M€

**Current, Sweden**
- 145 M€
- 360 M€

**Sweden (new, not in force)**
- 300 M€
- 500 M€
- 700 M€

**Finland, temporary legislation**
- 145 M€
- 700 M€

**New Paris convention**
- 300 M€
- 500 M€
- 700 M€

- 700 M€
Fortum - a major player in Russia

PAO 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, 20 TWh heat production in 2017 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), ~27 TWh electricity, ~29 TWh heat in 2017
- 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 PAO Fortum area

<table>
<thead>
<tr>
<th></th>
<th>III/18</th>
<th>III/17</th>
<th>I-III/2018</th>
<th>I-III/2017</th>
<th>2017</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity spot price (market price), Urals hub, RUB/MWh</td>
<td>1,059</td>
<td>1,080</td>
<td>1,025</td>
<td>1,042</td>
<td>1,041</td>
<td>1,0258</td>
</tr>
<tr>
<td>Average regulated gas price, Urals region, RUB 1000 m³</td>
<td>3,812</td>
<td>3,755</td>
<td>3,774</td>
<td>3,661</td>
<td>3,685</td>
<td>3,769</td>
</tr>
<tr>
<td>Average capacity price for CCS, tRUB/MW/month</td>
<td>138</td>
<td>139</td>
<td>144</td>
<td>145</td>
<td>148</td>
<td>147</td>
</tr>
<tr>
<td>Average capacity price for CSA, tRUB/MW/month</td>
<td>993</td>
<td>808</td>
<td>1,033</td>
<td>870</td>
<td>899</td>
<td>1,021</td>
</tr>
<tr>
<td>Average capacity price, tRUB/MW/month</td>
<td>556</td>
<td>484</td>
<td>585</td>
<td>521</td>
<td>535</td>
<td>583</td>
</tr>
<tr>
<td>Achieved power price for Fortum in Russia, RUB/MWh</td>
<td>1,884</td>
<td>1,790</td>
<td>1,854</td>
<td>1,801</td>
<td>1,813</td>
<td>1,852</td>
</tr>
<tr>
<td>Achieved power price for Fortum in Russia, EUR/MWh</td>
<td>24.8</td>
<td>25.8</td>
<td>25.4</td>
<td>27.6</td>
<td>27.5</td>
<td>25.8</td>
</tr>
</tbody>
</table>

Day ahead power market prices for Urals

Source: ATS
In addition to the power price generators receive a capacity payment.
Thermal power generation capacity in Russia at 31.12.2017

<table>
<thead>
<tr>
<th>YEAR</th>
<th>SUPPLY STARTS</th>
<th>POWER PLANT</th>
<th>FUEL TYPE</th>
<th>CCS CAPACITY</th>
<th>CSA CAPACITY</th>
<th>PRODUCTION TYPE</th>
<th>TOTAL CAPACITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 2011</td>
<td></td>
<td>Tyumen CHP-2</td>
<td>Gas</td>
<td>755</td>
<td></td>
<td>CHP/Condensing</td>
<td>755</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chelyabinsk CHP-2</td>
<td>Gas, coal</td>
<td>320</td>
<td></td>
<td>CHP/Condensing</td>
<td>320</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Argayash CHP</td>
<td>Gas, coal</td>
<td>195</td>
<td></td>
<td>CHP/Condensing</td>
<td>195</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chelyabinsk CHP-1</td>
<td>Gas, coal</td>
<td>134</td>
<td></td>
<td>CHP/Condensing</td>
<td>134</td>
</tr>
<tr>
<td>2011</td>
<td>Feb/2011</td>
<td>Tyumen CHP-1</td>
<td>Gas</td>
<td>450</td>
<td>210</td>
<td>CHP/Condensing</td>
<td>660</td>
</tr>
<tr>
<td></td>
<td>Jun/2011</td>
<td>Chelyabinsk CHP-3</td>
<td>Gas</td>
<td>360</td>
<td>233</td>
<td>CHP/Condensing</td>
<td>593</td>
</tr>
<tr>
<td></td>
<td>Oct/2011</td>
<td>Tobolsk CHP*</td>
<td>Gas</td>
<td>452</td>
<td>213</td>
<td>CHP/Condensing</td>
<td>665*</td>
</tr>
<tr>
<td>2013</td>
<td>Apr/2013</td>
<td>Nyagan 1 GRES</td>
<td>Gas</td>
<td>453</td>
<td></td>
<td>Condensing</td>
<td>453</td>
</tr>
<tr>
<td></td>
<td>Dec/2013</td>
<td>Nyagan 2 GRES</td>
<td>Gas</td>
<td>453</td>
<td></td>
<td>Condensing</td>
<td>453</td>
</tr>
<tr>
<td>2015</td>
<td>Jan/2015</td>
<td>Nyagan 3 GRES</td>
<td>Gas</td>
<td>455</td>
<td></td>
<td>Condensing</td>
<td>455</td>
</tr>
<tr>
<td></td>
<td>Dec/2015</td>
<td>Chelyabinsk GRES</td>
<td>Gas</td>
<td>247</td>
<td></td>
<td>CHP/Condensing</td>
<td>247</td>
</tr>
<tr>
<td>2016</td>
<td>Mar/2016</td>
<td>Chelyabinsk GRES</td>
<td>Gas</td>
<td>248</td>
<td></td>
<td>CHP/Condensing</td>
<td>248</td>
</tr>
<tr>
<td>2017</td>
<td>Dec/2017</td>
<td>Chelyabinsk GRES</td>
<td>Gas</td>
<td>248</td>
<td></td>
<td>CHP/CCGT</td>
<td>248</td>
</tr>
</tbody>
</table>

2,462 MW  2,298 MW  4,760 MW

*) Tobolsk power plant was sold in Q1/2016
Hedging improves stability and predictability - principles based on risk mitigation

Realised prices quarterly since 2000

EUR/MWh

- Achieved power price
- Spot price, SE&FI avg.

2009 onwards thermal and import from Russia excluded
Interim Report
January-September 2018

Fortum Corporation
24 October 2018
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
Multi-fuel CHP inaugurated in Zabrze, Poland
New solar and wind to be built in Russia and India
Markus Rauramo to Uniper Supervisory Board
Arun Aggarwal joins Fortum Executive Management
Kivenlahti heat-only boiler investment decision
Solberg wind park in Sweden inaugurated
Fincumet acquisition to expand recycling
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

Reservoir content (TWh)

Source: Nord Pool
Fuel and CO₂ allowance prices

Source: ICE, Thomson Reuters
Market prices 1 November 2018; 2018-2019 future quotations
Wholesale power price

Source: Nord Pool, Nasdaq Commodities
Clearly higher power prices in the Nordics

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EUR/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3/2017</td>
<td>28,6</td>
</tr>
<tr>
<td>Q4/2017</td>
<td>30,6</td>
</tr>
<tr>
<td>Q1/2018</td>
<td>38,6</td>
</tr>
<tr>
<td>Q2/2018</td>
<td>39,0</td>
</tr>
<tr>
<td>Q3/2018</td>
<td>50,5</td>
</tr>
</tbody>
</table>

**Spot price for power in Nord Pool power exchange**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EUR/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3/2017</td>
<td>32,5</td>
</tr>
<tr>
<td>Q4/2017</td>
<td>32,0</td>
</tr>
<tr>
<td>Q1/2018</td>
<td>33,6</td>
</tr>
<tr>
<td>Q2/2018</td>
<td>33,1</td>
</tr>
<tr>
<td>Q3/2018</td>
<td>34,6</td>
</tr>
</tbody>
</table>

**Generation's Nordic power price**

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></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>
</tr>
<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>
</tr>
<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>
</tr>
<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>
• 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</th>
<th>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>
<td>1,716</td>
</tr>
<tr>
<td>Comparable EBITDA</td>
<td>103</td>
<td>134</td>
<td>538</td>
<td>412</td>
<td>603</td>
<td>729</td>
</tr>
<tr>
<td>Comparable operating profit</td>
<td>70</td>
<td>104</td>
<td>442</td>
<td>317</td>
<td>478</td>
<td>603</td>
</tr>
<tr>
<td>Comparable net assets</td>
<td></td>
<td></td>
<td>5,912</td>
<td>5,727</td>
<td>5,672</td>
<td></td>
</tr>
<tr>
<td>Comparable RONA %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8.4</td>
<td>10.3</td>
</tr>
<tr>
<td>Gross investments</td>
<td>47</td>
<td>141</td>
<td>123</td>
<td>207</td>
<td>264</td>
<td>180</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>
</tr>
<tr>
<td>Comparable operating profit</td>
<td>-22</td>
<td>-20</td>
<td>44</td>
<td>37</td>
<td>98</td>
<td>105</td>
</tr>
<tr>
<td>Comparable net assets</td>
<td>3,688</td>
<td>3,705</td>
<td>3,728</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparable RONA %</td>
<td></td>
<td></td>
<td>5.5</td>
<td>5.0</td>
<td></td>
<td></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>
</tr>
<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>631</td>
<td>661</td>
<td>638</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer base, million</td>
<td>2.47</td>
<td>2.48</td>
<td>2.49</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross investments</td>
<td>12</td>
<td>488</td>
<td>33</td>
<td>491</td>
<td>493</td>
<td>35</td>
</tr>
</tbody>
</table>
• 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>
<td>1,079</td>
</tr>
<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>
</tr>
<tr>
<td>Comparable net assets</td>
<td>2,853</td>
<td>3,117</td>
<td>3,161</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparable RONA %</td>
<td></td>
<td></td>
<td></td>
<td>10.1</td>
<td>10.1</td>
<td></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

- 0.7 TWh lower hydro volumes
- 0.8 TWh 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

516
125
7
13
-29
24
654

Q1-Q3 2018
### Cash flow statement

<table>
<thead>
<tr>
<th></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><strong>Comparable EBITDA</strong></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>of which change of settlements for futures</td>
<td>-8</td>
<td>30</td>
<td>-298</td>
<td>124</td>
<td>141</td>
<td>-281</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 collaterals and restricted cash</td>
<td>89</td>
<td>-97</td>
<td>-87</td>
<td>-3</td>
<td>85</td>
<td>41</td>
</tr>
<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>-14</td>
<td>-227</td>
<td>-3,340</td>
<td>88</td>
<td>187</td>
<td>-3,241</td>
</tr>
<tr>
<td>Paid dividends</td>
<td>-14</td>
<td>-227</td>
<td>-3,340</td>
<td>88</td>
<td>187</td>
<td>-3,241</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
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

<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

Ongoing actions to deleverage with aim to optimise cash flow and maintain financial flexibility
**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

**Demand growth**

Electricity demand in the Nordics is expected to grow by ~0.5% on average
Debt portfolio and average interest rate
September 30, 2018

Maturity profile

- **Total interest-bearing debt EUR 5,975 million**
  - Average interest 2.4% (2017: 3.6%)
  - Portfolio mainly in EUR and SEK with average interest cost 1.6% (2017: 2.4%)
  - EUR 716 million (2017: 773) swapped to RUB, average interest cost including cost for hedging 7.9% (2017: 9.5%)

1) In addition Fortum has received EUR 106 million based on Credit Support Annex agreements with several counterparties. This amount has been booked as a short term liability.
For more information, please visit www.fortum.com/investors

Fortum Investor Relations and Financial Communications

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Next events:
FY 2018 results on 1 February 2019
The AGM on 26 March 2019
Q1/2019 results on 26 April 2019
Q2/2019 results on 19 July 2019
Q3/2019 results on 24 October 2019

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